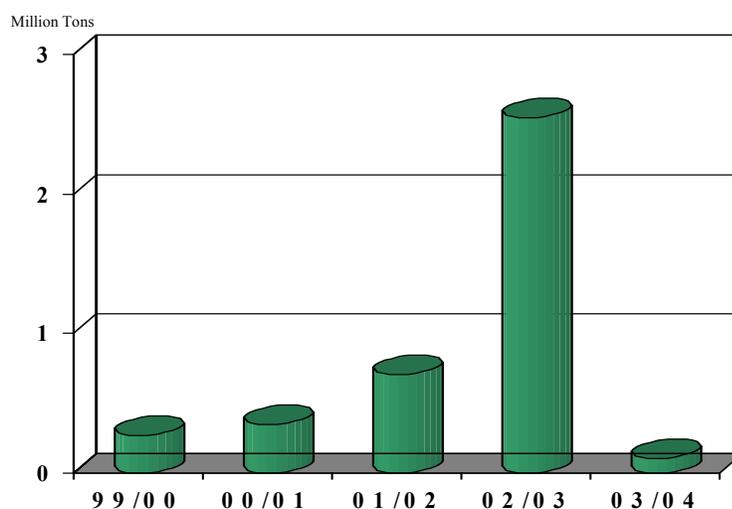

WHEAT: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

French Wheat Returns to Egypt: GASC, Egypt's official buyer (accounting for around 75 percent of all imports), has already purchased 420,000 tons of wheat from France after more than a year's hiatus. High prices and the absence of EU export subsidies allowed the United States and Australia to boost exports there last year. With the approach of a record EU-25 crop, however, French prices have dropped nearly \$50 during the last 3 months, and the United States and Australia now face renewed French competition, even without export subsidies.

French Exports to Egypt

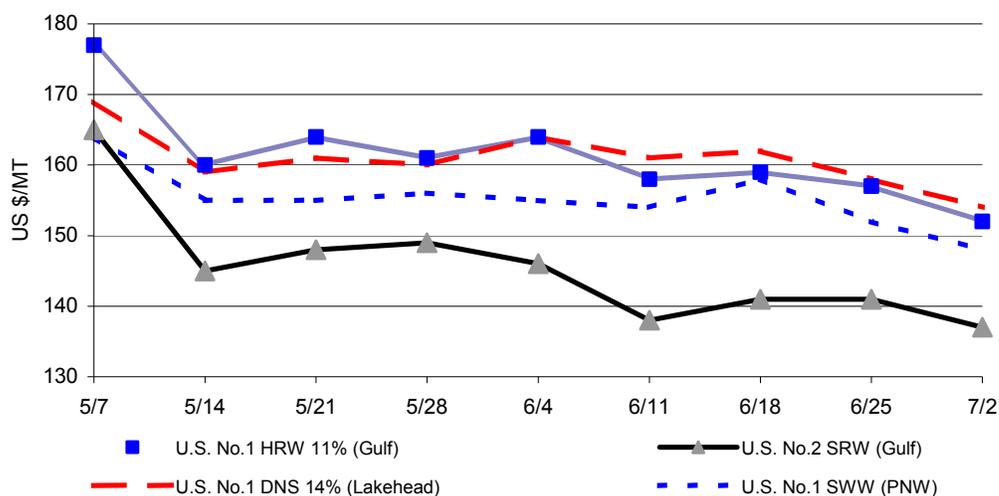


PRICES:

Domestic: Prices continued to trend downward during June with seasonal harvest pressure and the likelihood of larger exportable supplies from the FSU and the EU-25. Mid-month rains slowed the U.S. harvest and caused concerns about quality. However, lax export sales, Egyptian purchases from France, and good U.S. spring crop prospects sent prices down even further as June came to a close.

For the week ending July 2, average HRW and SRW prices were \$12 a ton and \$9 a ton, respectively, lower than those in the first week of June. HRS prices lost \$10 a ton while SWW ended the month with a loss of \$7 a ton.

**U.S. Weekly FOB Export Bids
(05/07/04 to 07/02/04)**



TRADE CHANGES IN 2004/2005

Selected Exporters

- **Bulgaria** up 200,000 tons to 400,000 with a larger expected crop. The government recently lifted a ban on wheat and flour exports.

Selected Importers

- **Pakistan** up 500,000 tons to 1.0 million, the largest amount in 5 years, as the government has announced a tender for half a million tons in order to rebuild strategic stocks, and another tender is expected to follow.
- **Romania** down 400,000 tons to 100,000 on prospects for a much larger crop.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **Argentina** down 500,000 tons to 7.0 million because of a slow pace of sales and exports.
- **Australia** up 500,000 tons to 14.5 million due to larger-than-expected late season exports.

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- **Kazakhstan** down 500,000 tons to 5.7 million as exports slowed during the second half of the year.
 - **EU-25** up 300,000 tons to 9.8 million due to a strong pace of shipments.

Selected Importers

- **China** up 500,000 tons to 3.5 million as the result of larger-than-expected imports during the last quarter of the trade year.
- **South Korea** up 200,000 tons to 3.5 million with larger-than-expected feed-quality wheat imports, especially from China.
- **Morocco** up 300,000 tons to 2.4 million due to a faster pace of imports. A similar increase was made to the 2004/05 estimate.
- **South Africa** down 300,000 tons to 900,000 with a slower-than-expected pace of imports.
- **EU-25** down 1.0 million tons to 6.0 million as the result of lower-than-anticipated imports by the new member states.
- **United States** down 100,000 tons to 1.9 million due to smaller-than-expected wheat product imports. A similar reduction was made to the 2004/05 estimate.