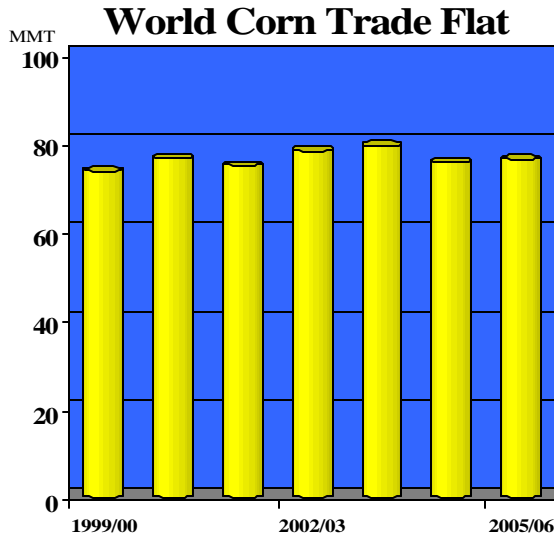


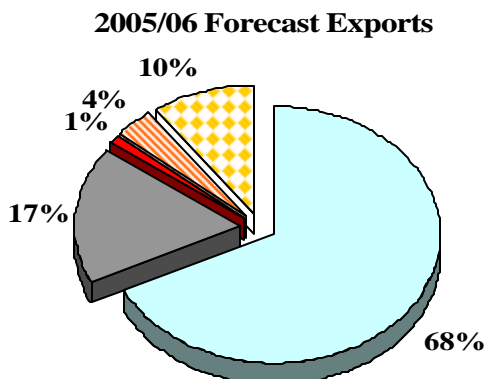
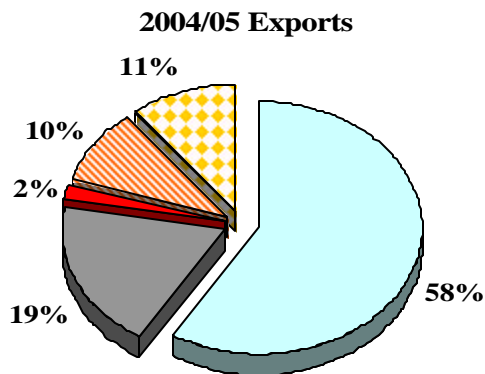


Grain: World Markets and Trade

U.S. Corn Market Share Higher Amidst Stagnant Import Demand



World corn trade is expected to stagnate in 2005/06. Despite strong import growth in the Western Hemisphere, where falling domestic production necessitates higher imports in Mexico and Canada, and expanding feed use lifts imports in Brazil, demand in much of the rest of the world is expected to be weak. In East Asia, rising meat imports in both Japan and Taiwan are suppressing feed demand, while abundant feed-quality wheat curbs demand for corn use in South Korea. In Southeast Asia, there was a drastic drop in Indonesia's feed consumption last year due to Avian Influenza, and recovery is likely to be slow. In the Middle East, competition from feed-quality wheat is constraining corn demand in Israel, while large government stocks and a record crop in Turkey reduce that country's imports.



Amidst the overall stagnant global demand picture, however, there are changes in the export market. Diminished competition is expected from China and Brazil with lower exportable supplies. Argentina remains the world's second largest exporter, but smaller crop prospects will also reduce its exportable supplies. U.S. market share is thus expected to increase 10 percentage points, with total exports reaching their highest level in 7 years.