



# Grain Industry Briefing

June 15, 2006

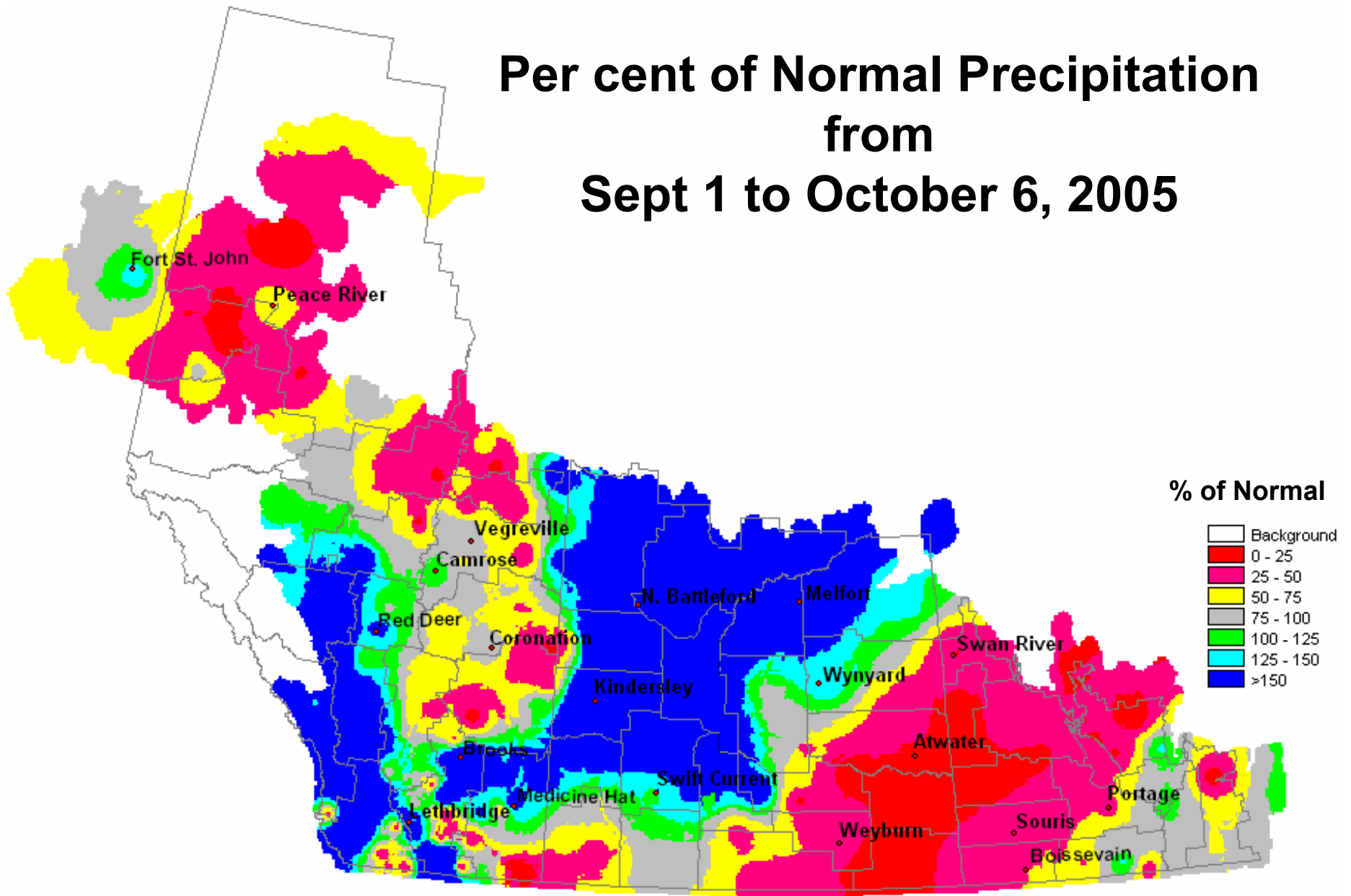


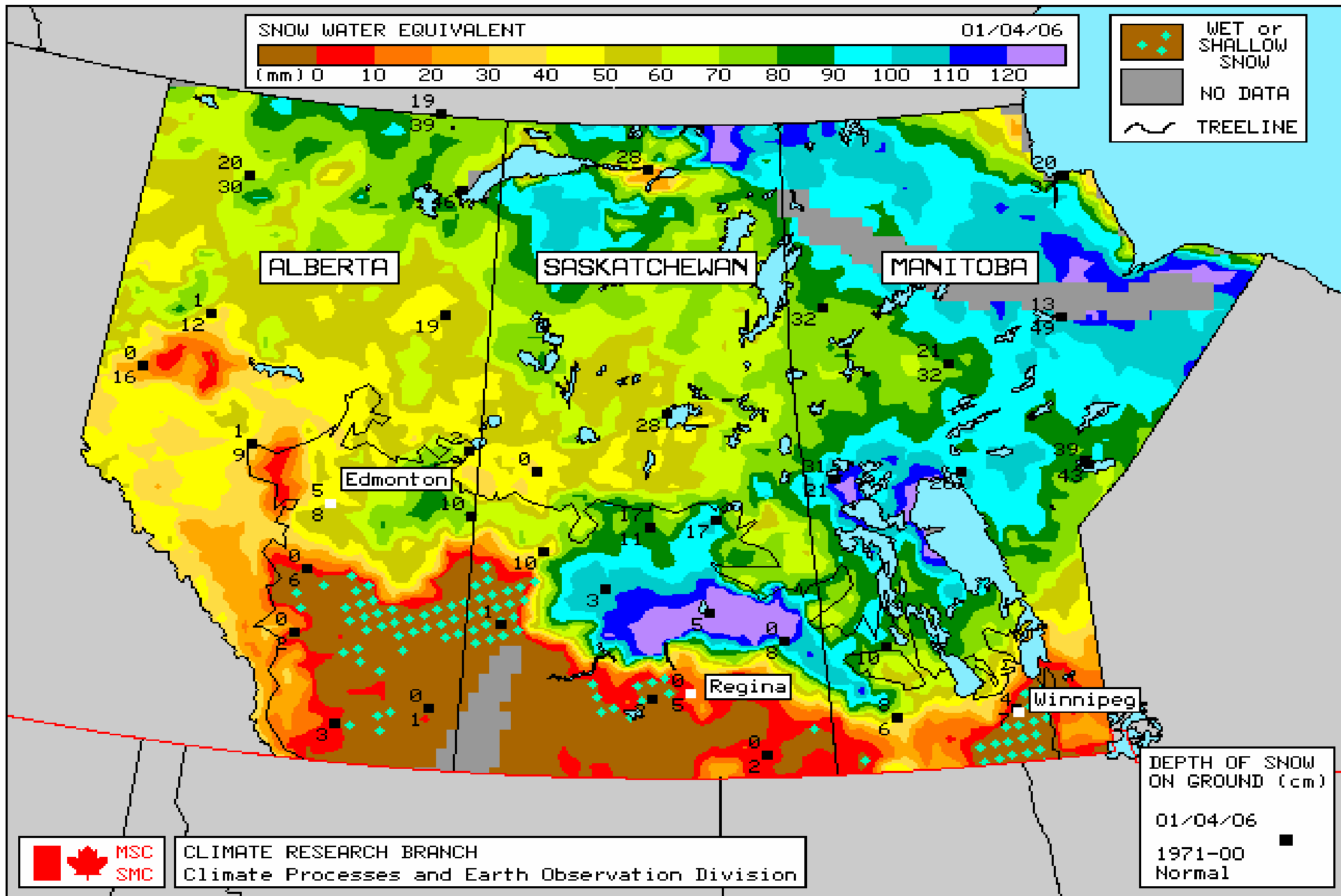
**Prairie strong, worldwide**

# Western Canada

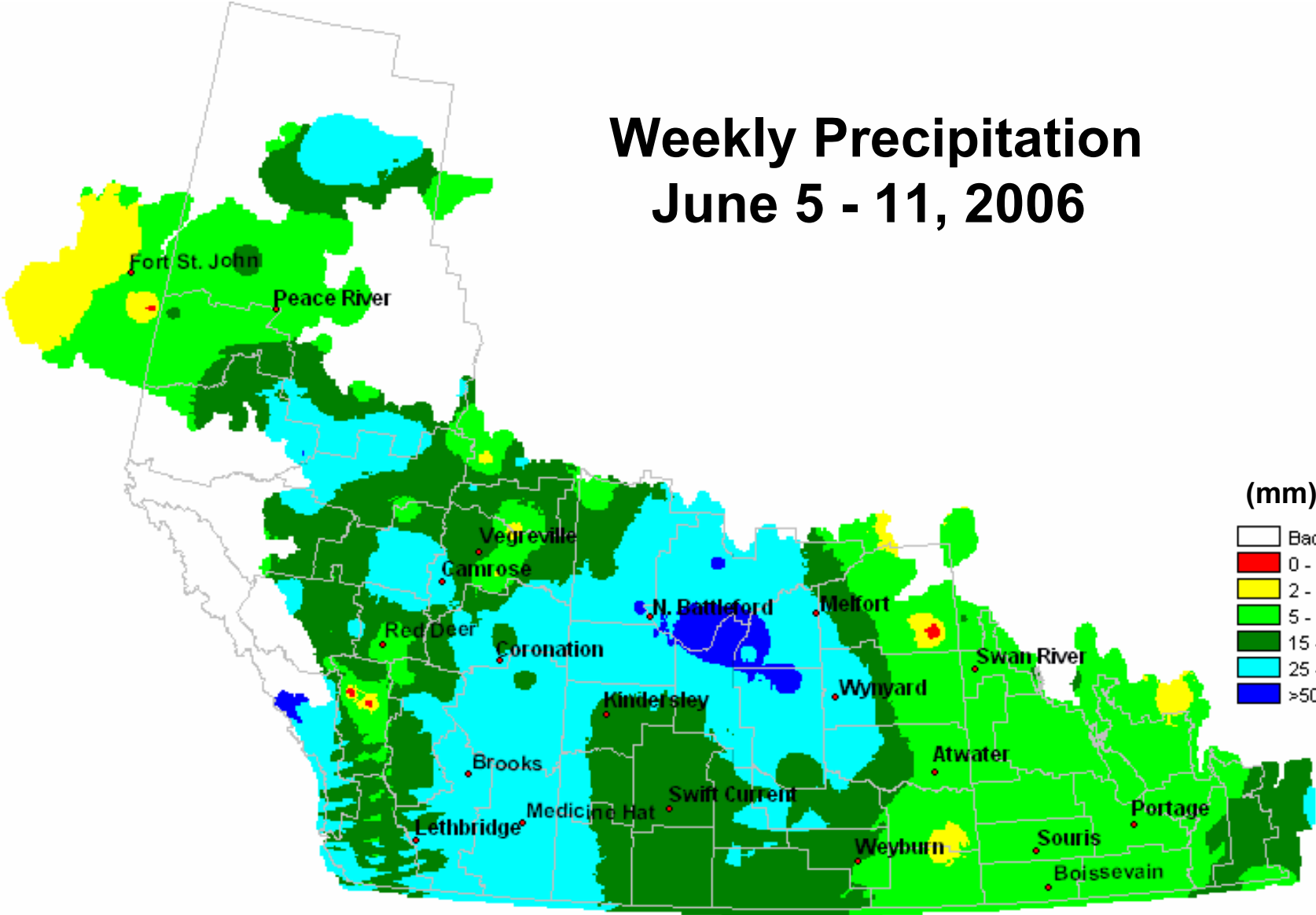
- Heavy rains last week have halted the 2006 planting season
- Prairie crops are mostly in good to excellent condition
- Warmer than normal temperatures have boosted early season growth
- Winter wheat in southern areas will be harvested in late July.

# Per cent of Normal Precipitation from Sept 1 to October 6, 2005

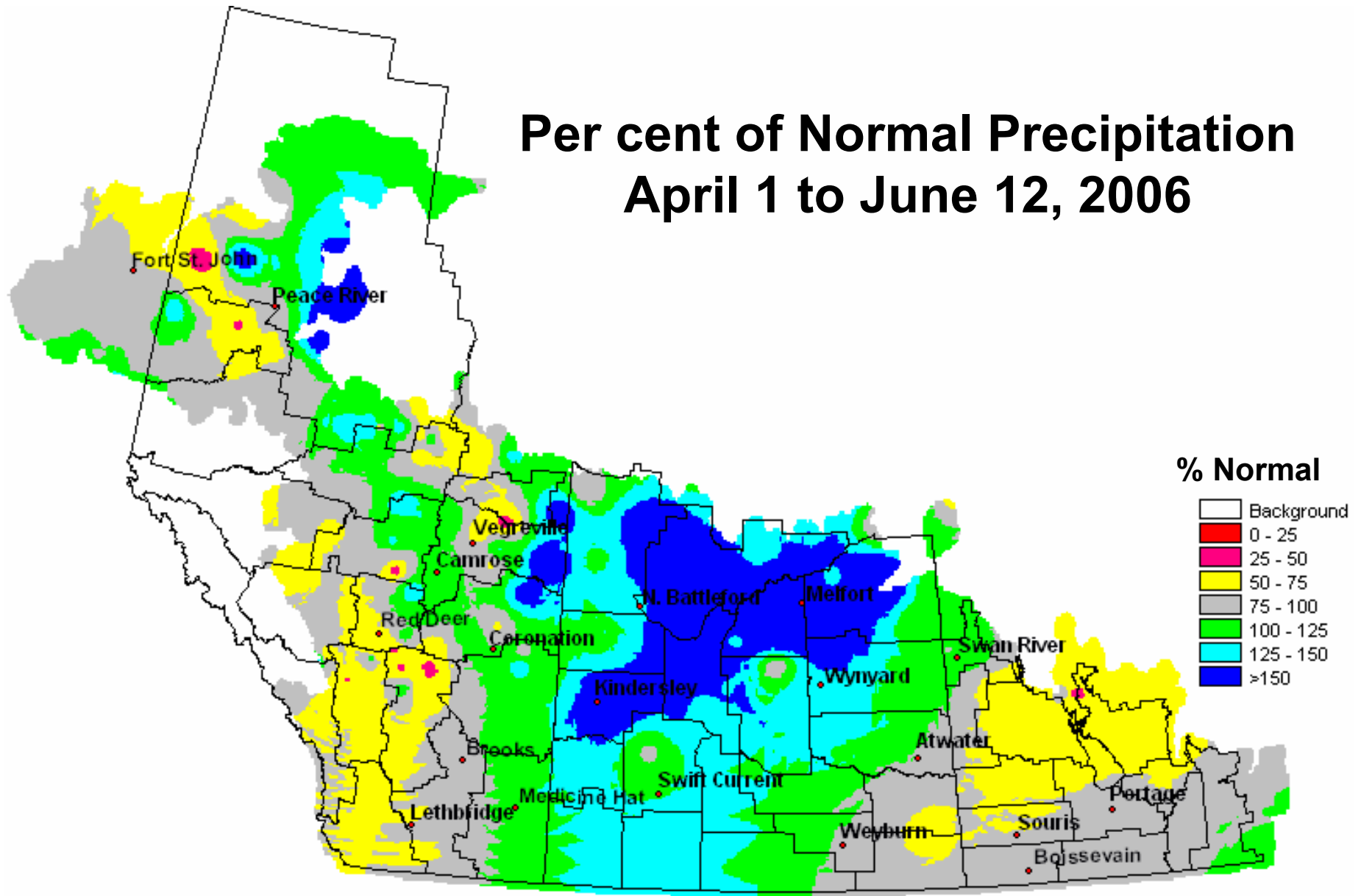




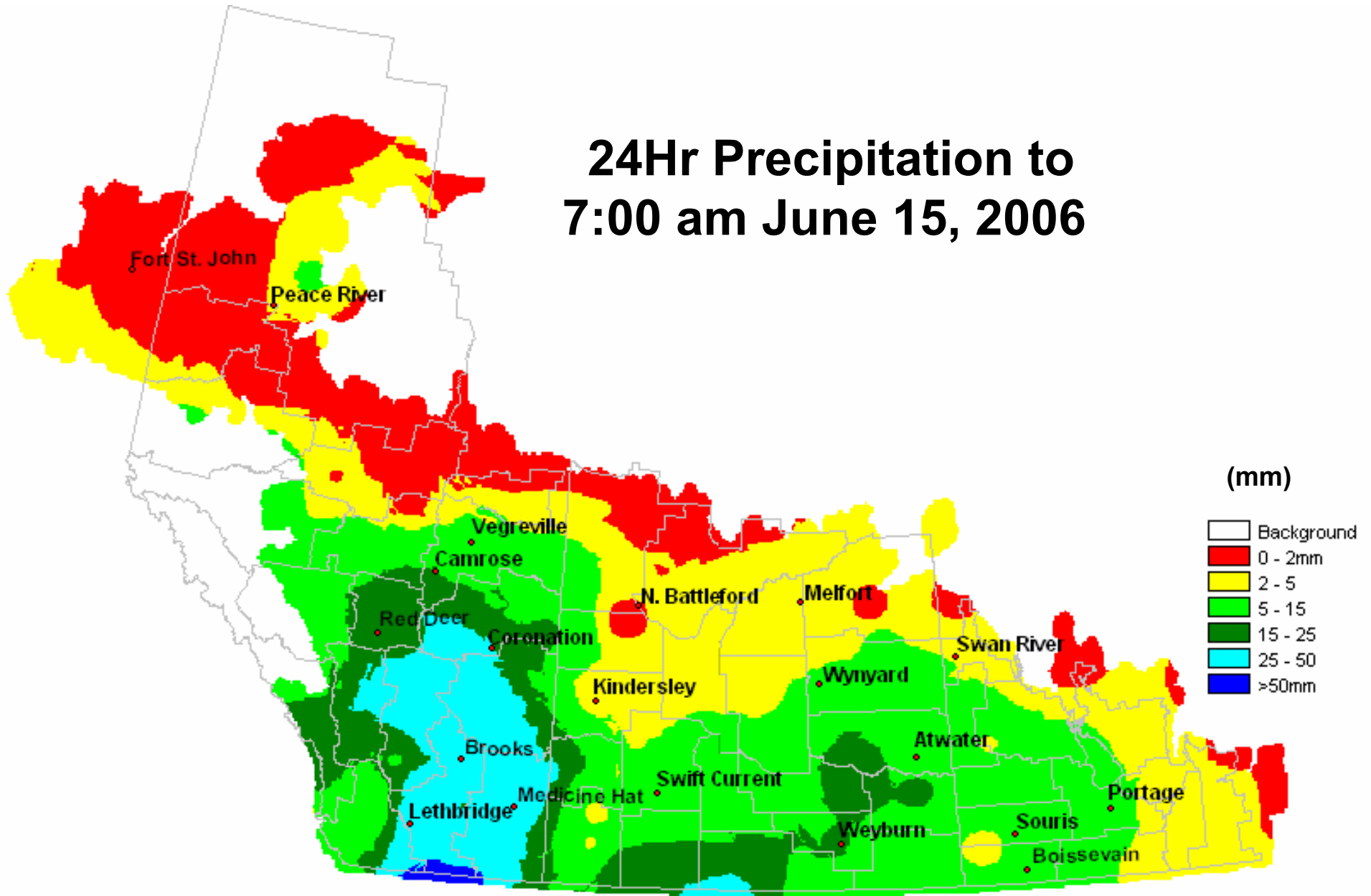
# Weekly Precipitation June 5 - 11, 2006



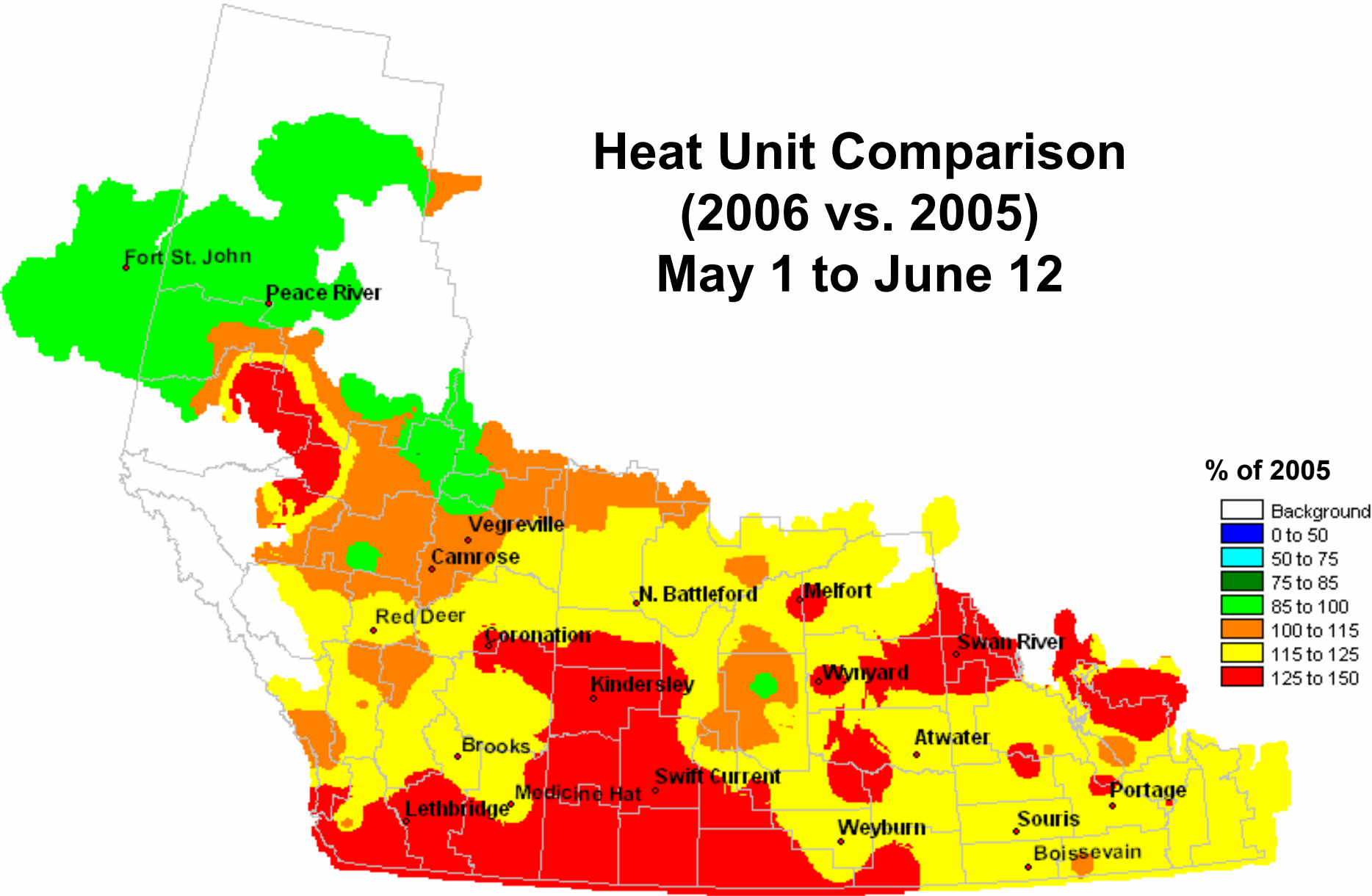
# Per cent of Normal Precipitation April 1 to June 12, 2006



# 24Hr Precipitation to 7:00 am June 15, 2006

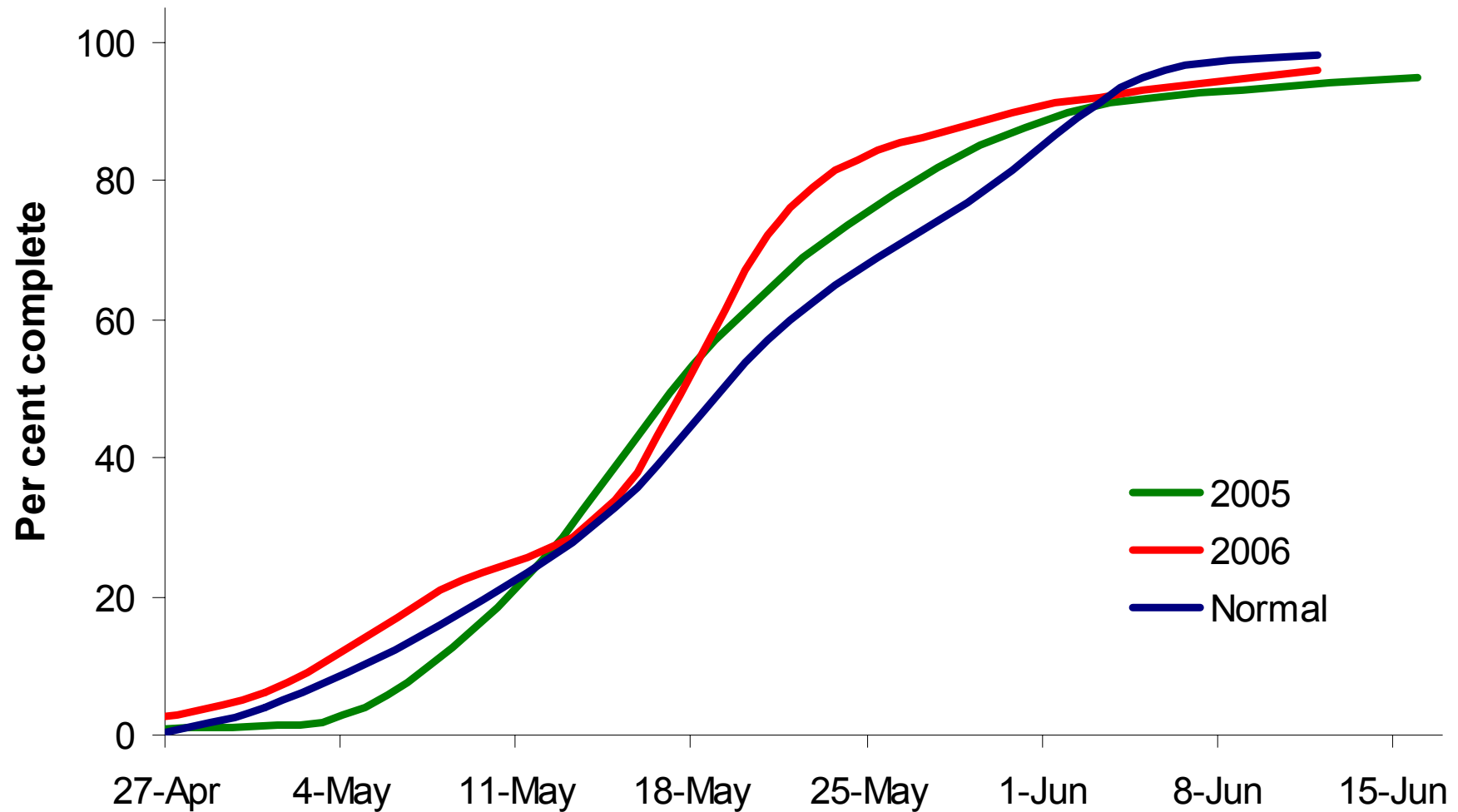


# Heat Unit Comparison (2006 vs. 2005) May 1 to June 12





## Western Canada Seeding Progress - 6 Major Grains



# Western Canada sown area

## Western Canada Sown Area (million acres)

	Intentions 2006	2005	<b>2006</b>	% Change
All Wheat	24.24	23.77	<b>25.32</b>	6.5%
Durum	4.05	5.79	<b>4.65</b>	-19.6%
Oats	4.90	4.13	<b>4.65</b>	12.7%
Barley	9.71	10.29	<b>9.65</b>	-6.2%
Rye	0.29	0.31	<b>0.29</b>	-4.9%
Flax	2.25	2.08	<b>1.95</b>	-6.3%
Canola	11.58	13.49	<b>11.69</b>	-13.3%
Six Grains and Oilseeds	52.96	54.06	<b>53.55</b>	-0.9%

# Yield estimates

<b>Western Canada</b>			
CWB weather model yields*			
	10th Percentile (bu/ac)	<b>50th Percentile (bu/ac)</b>	90th Percentile (bu/ac)
All Wheat	31.7	<b>35.7</b>	38.1
Durum	29.2	<b>33.5</b>	36.1
Oats	61.9	<b>65.1</b>	67.2
Barley	53.1	<b>57.5</b>	60.1
Rye	31.1	<b>34.8</b>	36.8
Flax	17.5	<b>20.1</b>	21.4
Canola	24.8	<b>27.3</b>	28.5

\*Estimates based on weather model of Western Canada



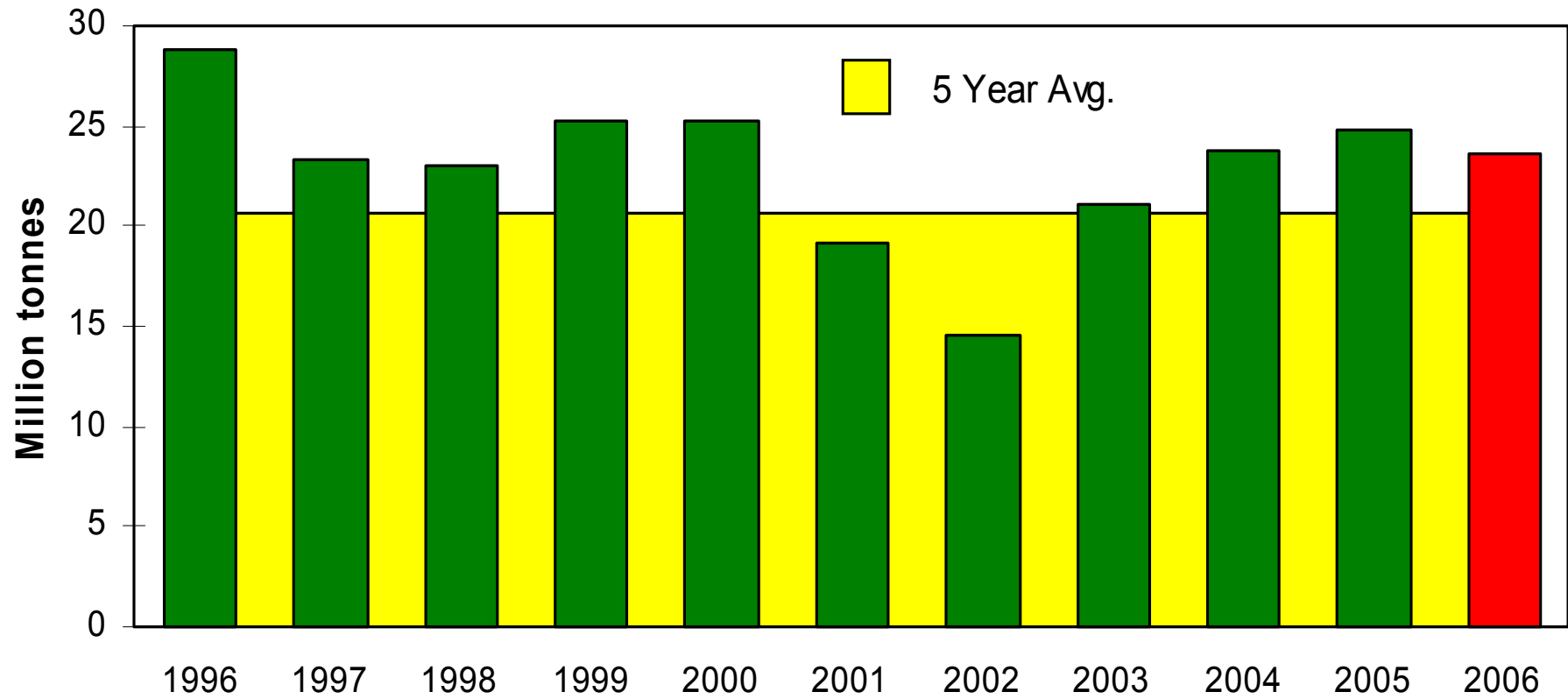
# Western Canada Production

Western Canada production* (million tonnes)					
Statistics Canada			CWB		
	5 Year Average	2005	2006		
			10th Percentile	50th Percentile	90th Percentile
All Wheat	20.7	24.8	21.0	<b>23.6</b>	25.2
Durum	4.4	5.9	3.4	<b>4.0</b>	4.3
Oats	2.9	3.0	2.6	<b>2.7</b>	2.8
Barley	10.3	11.7	9.7	<b>10.5</b>	11.0
Rye	0.2	0.3	0.2	<b>0.2</b>	0.3
Flax	0.8	1.1	0.9	<b>1.0</b>	1.1
Canola	6.6	9.6	6.4	<b>7.1</b>	7.4

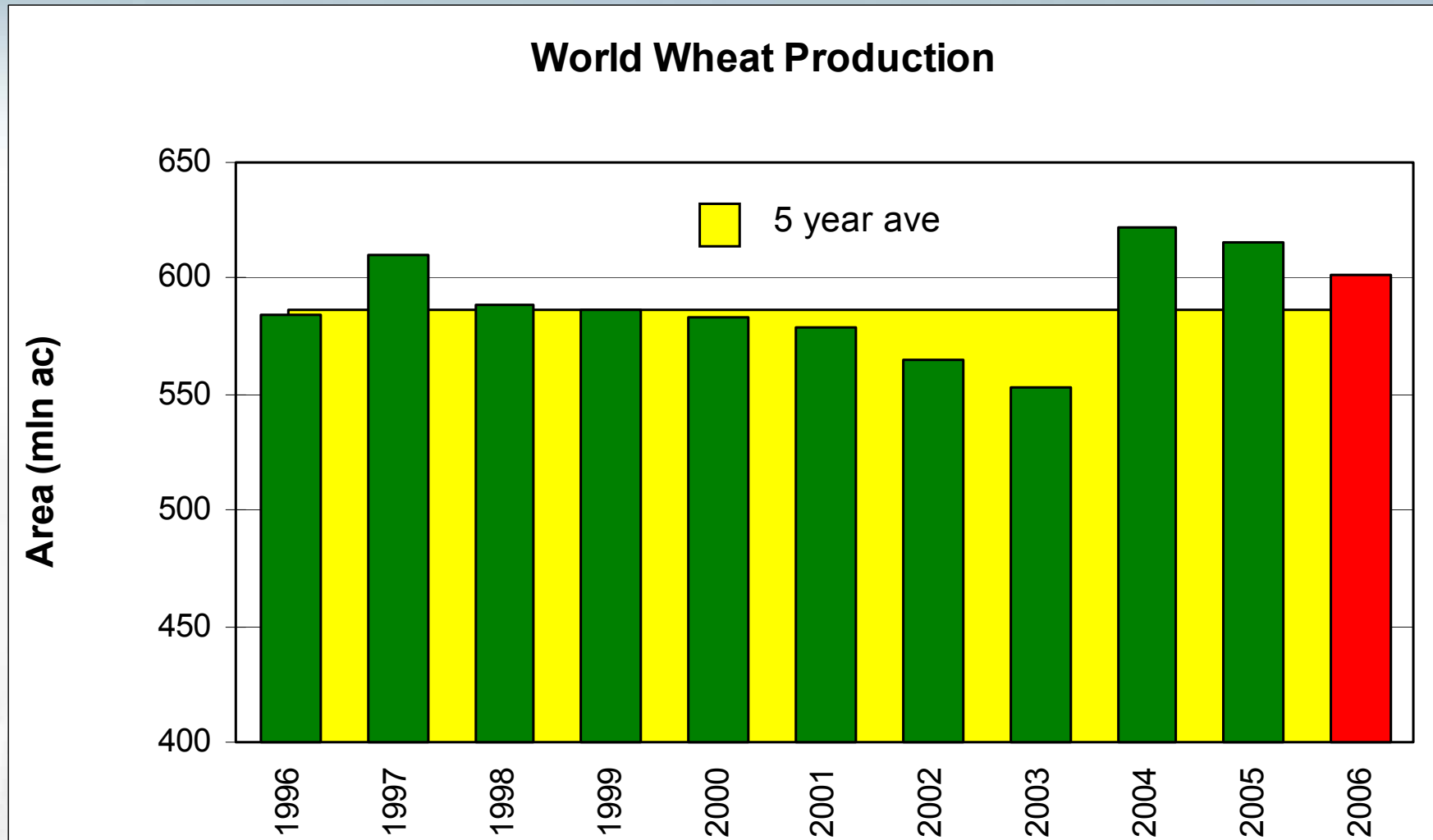
\*These estimates based on weather model yields and CWB area forecasts



## Western Canada Wheat Production



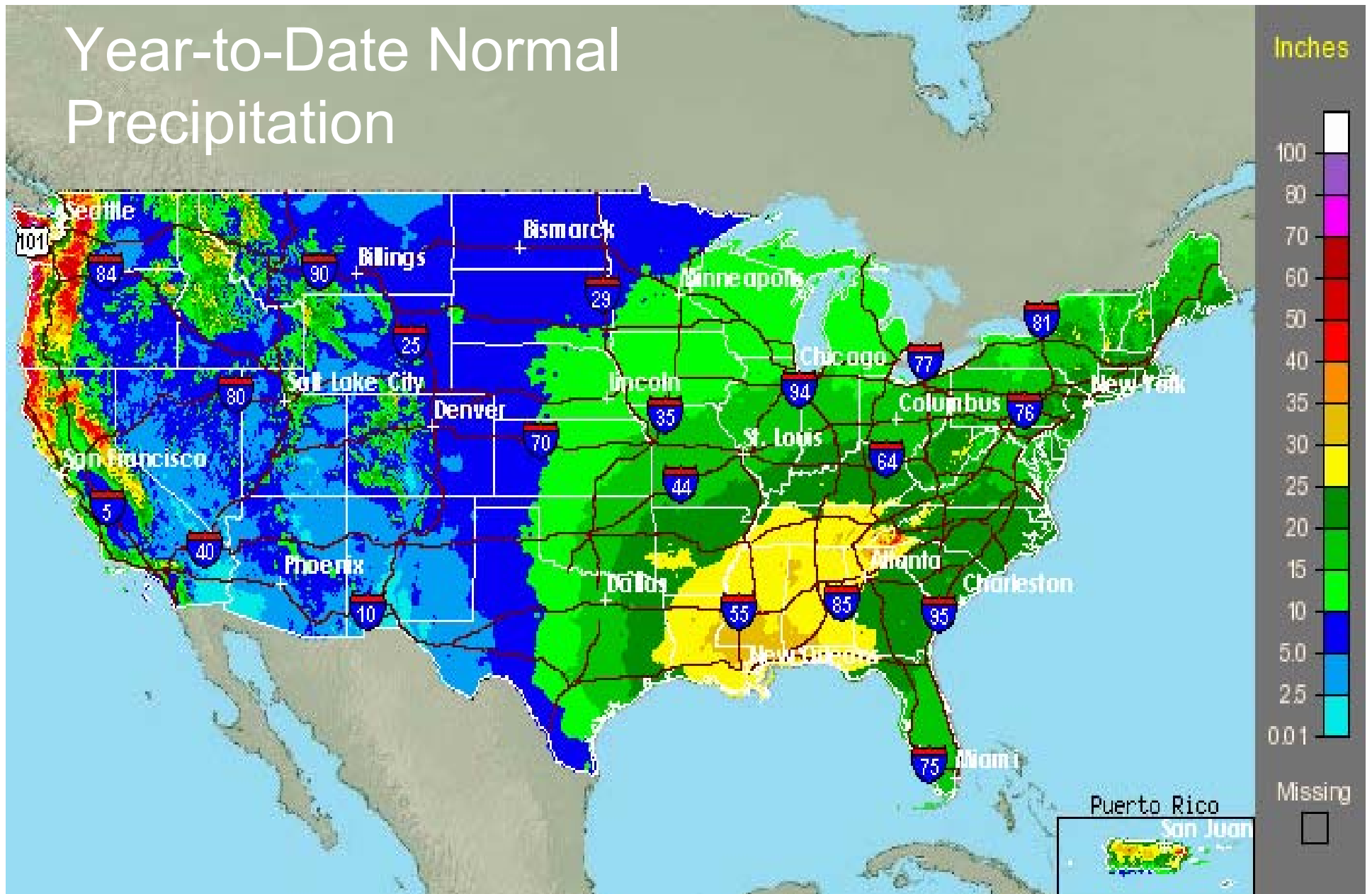
# World wheat estimates



# United States

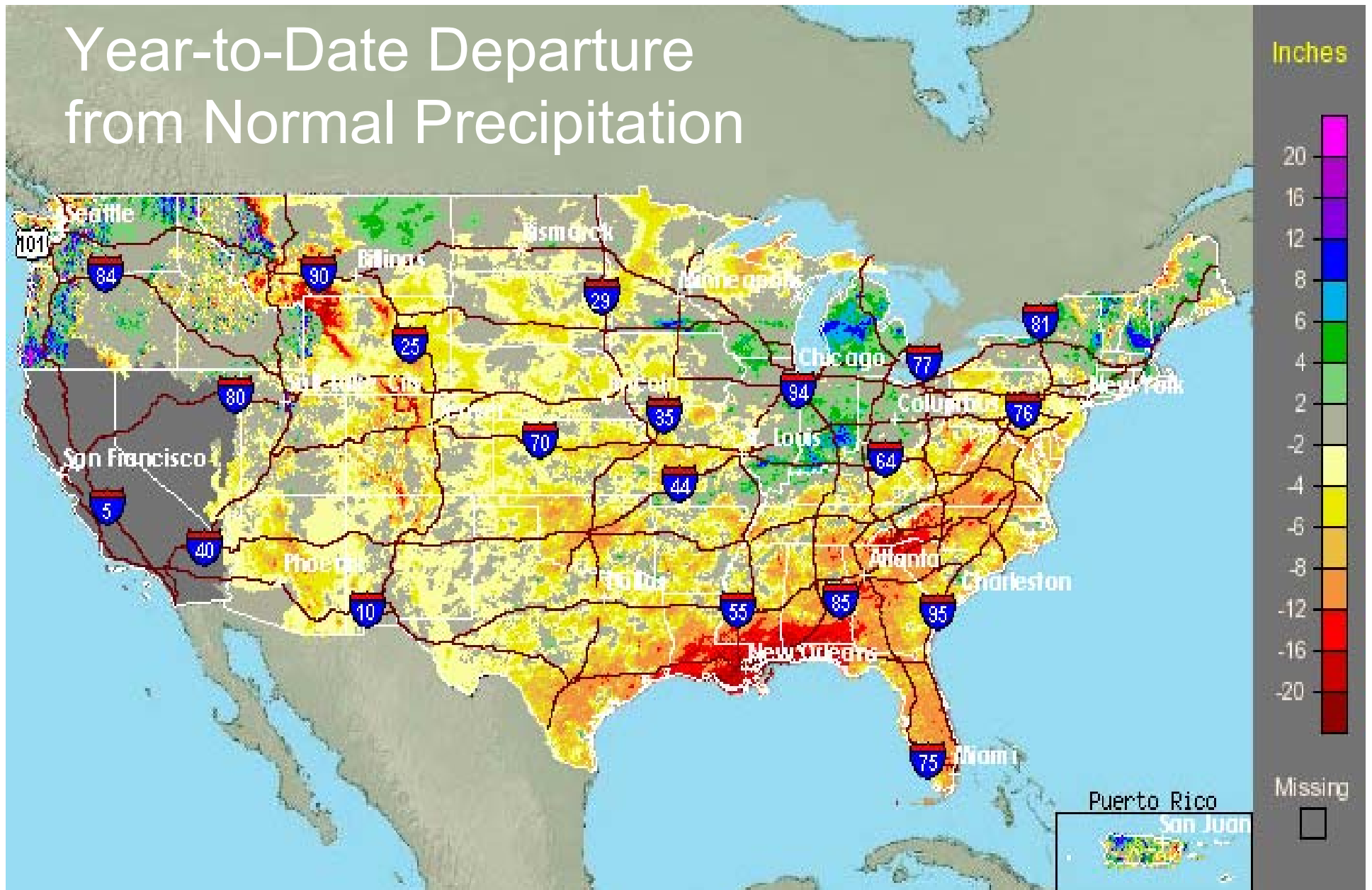
- Reduced Hard Red Winter (HRW) wheat production
- A return to normal area will mean larger Soft Red Winter (SRW) wheat production
- 30% less durum acres will reduce production in 2006
- Spring cereals are advancing rapidly
- Dryness in the western Cornbelt

# Year-to-Date Normal Precipitation



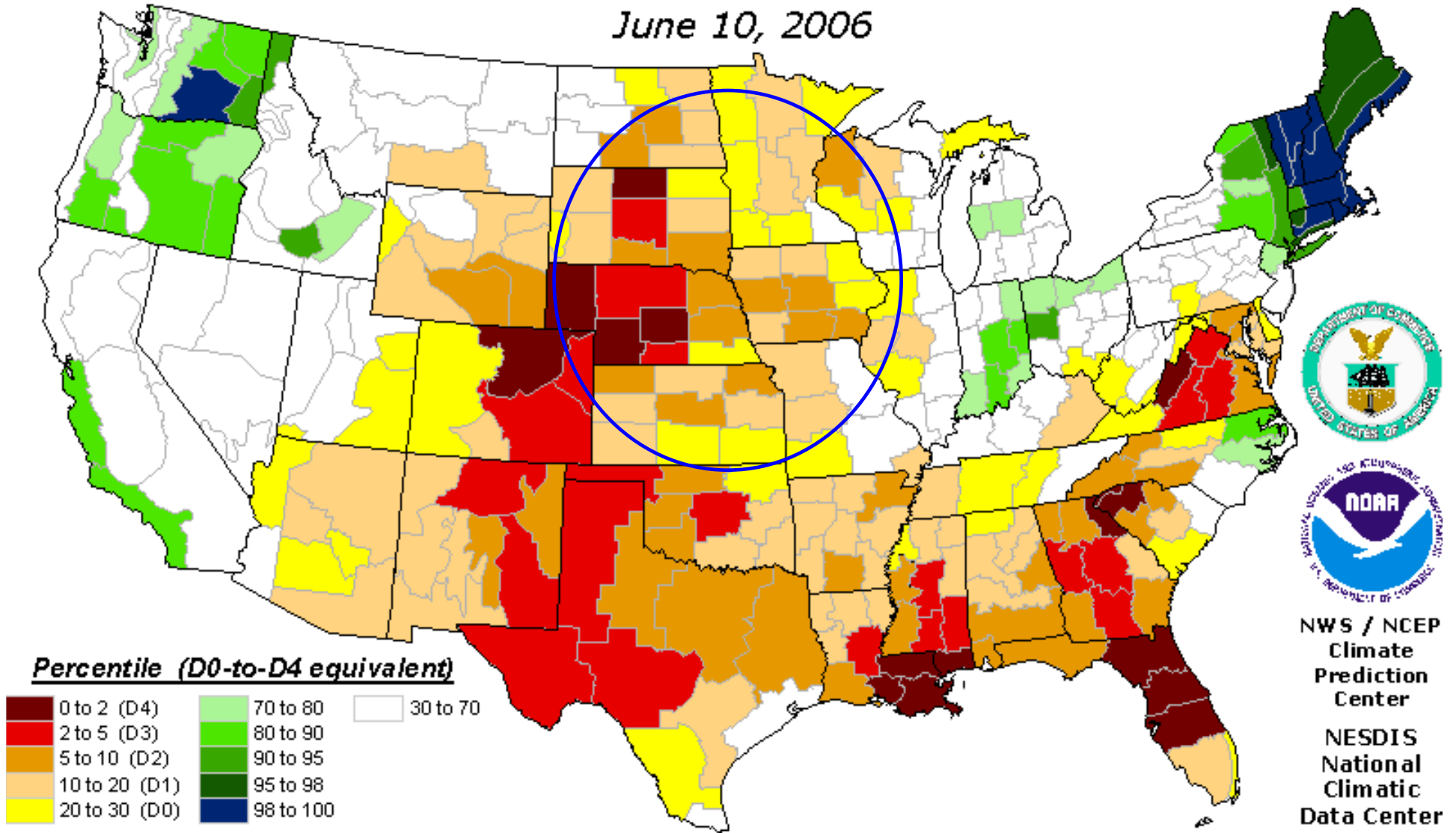


# Year-to-Date Departure from Normal Precipitation



# Drought Index Percentiles

June 10, 2006



Small heads  
and short,  
thin stands in  
south-central  
Kansas



Sterilized – heat damaged heads showing  
up in southern Kansas

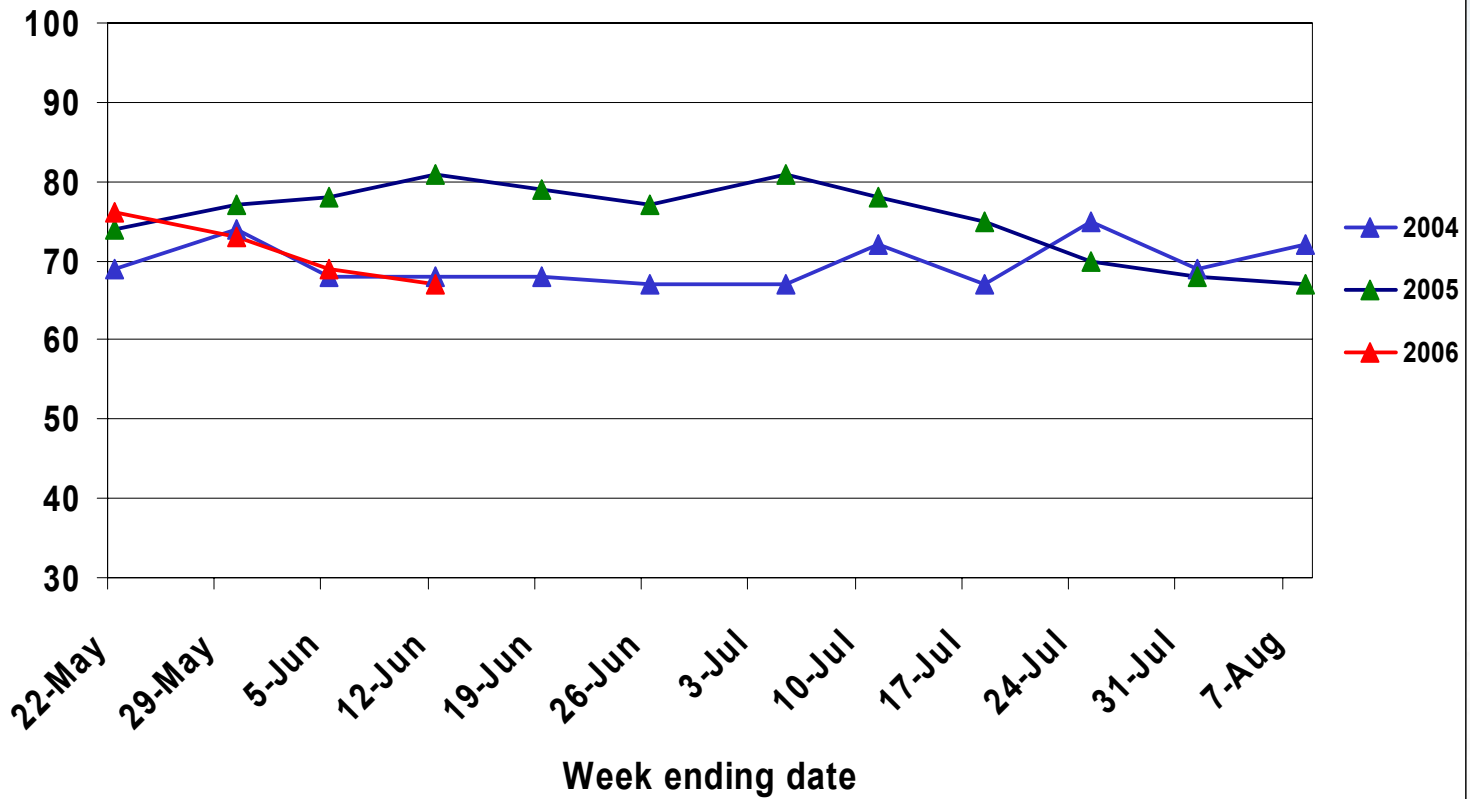




Typical weed infestation and  
Wheat Streak Mosaic showing  
up in northwestern Kansas

## U.S Spring Wheat Condition (USDA)

Per cent of acreage rated good to excellent



## USDA Production Projections (million bu)

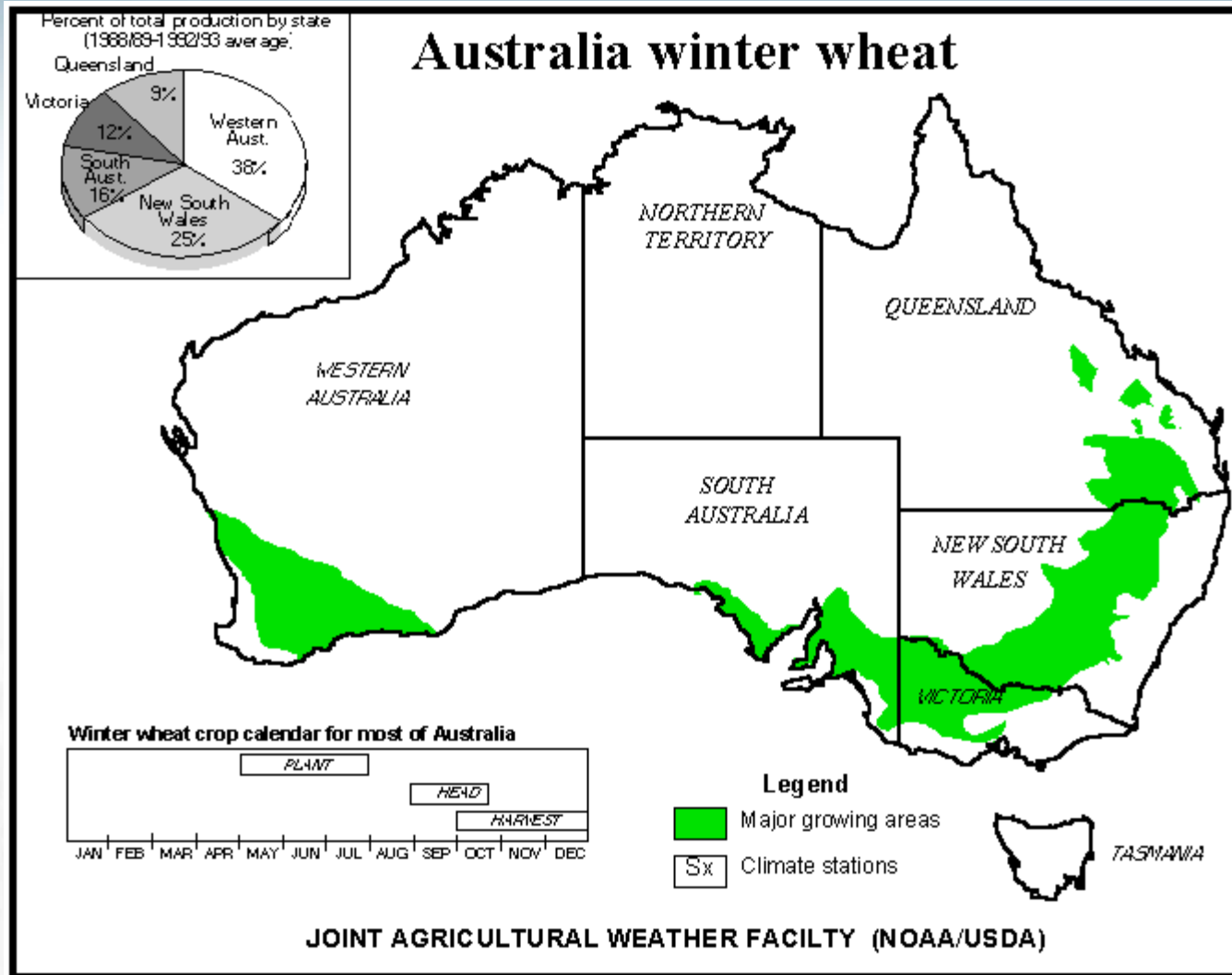
	2004	2005	2006F
<b>Total Wheat</b>	2,158	2,105	1,813
<b>HRW</b>	856	930	659
<b>SRW</b>	380	309	357
<b>White Winter</b>	263	235	228
<b>Durum &amp; Other Spring Wht</b>	659	605	569
<b>Barley</b>	280	212	204
<b>Sorghum</b>	455	394	359
<b>Soybeans</b>	3,145	3,086	3,080
<b>Corn</b>	11,814	11,112	10,549

# Australia

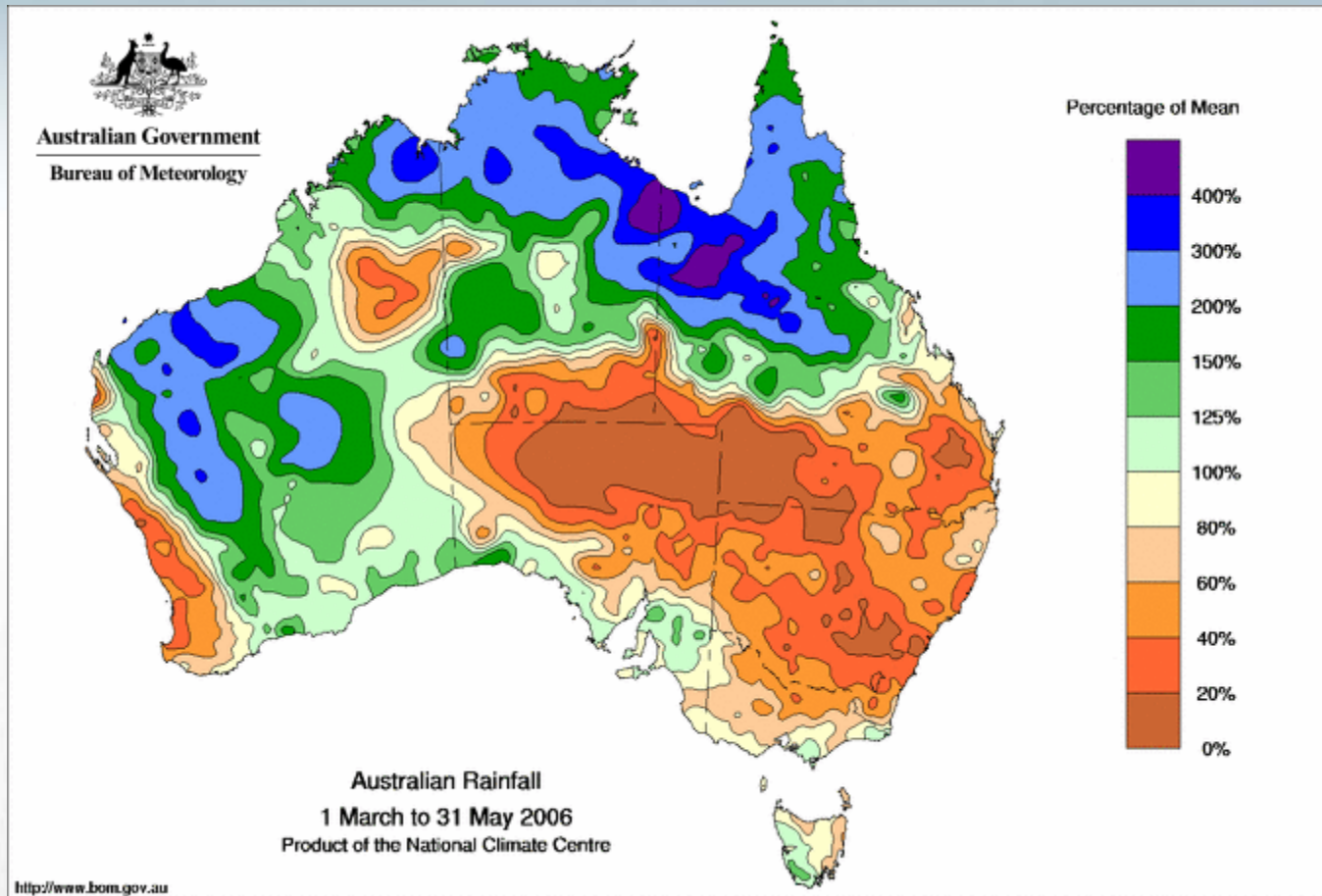
- Good pre-planting soil moisture in West Australia
- Late planting similar to 2005 in eastern parts of the country
- Recent rains in New South Wales will allow farmers to plant more of the intended wheat area



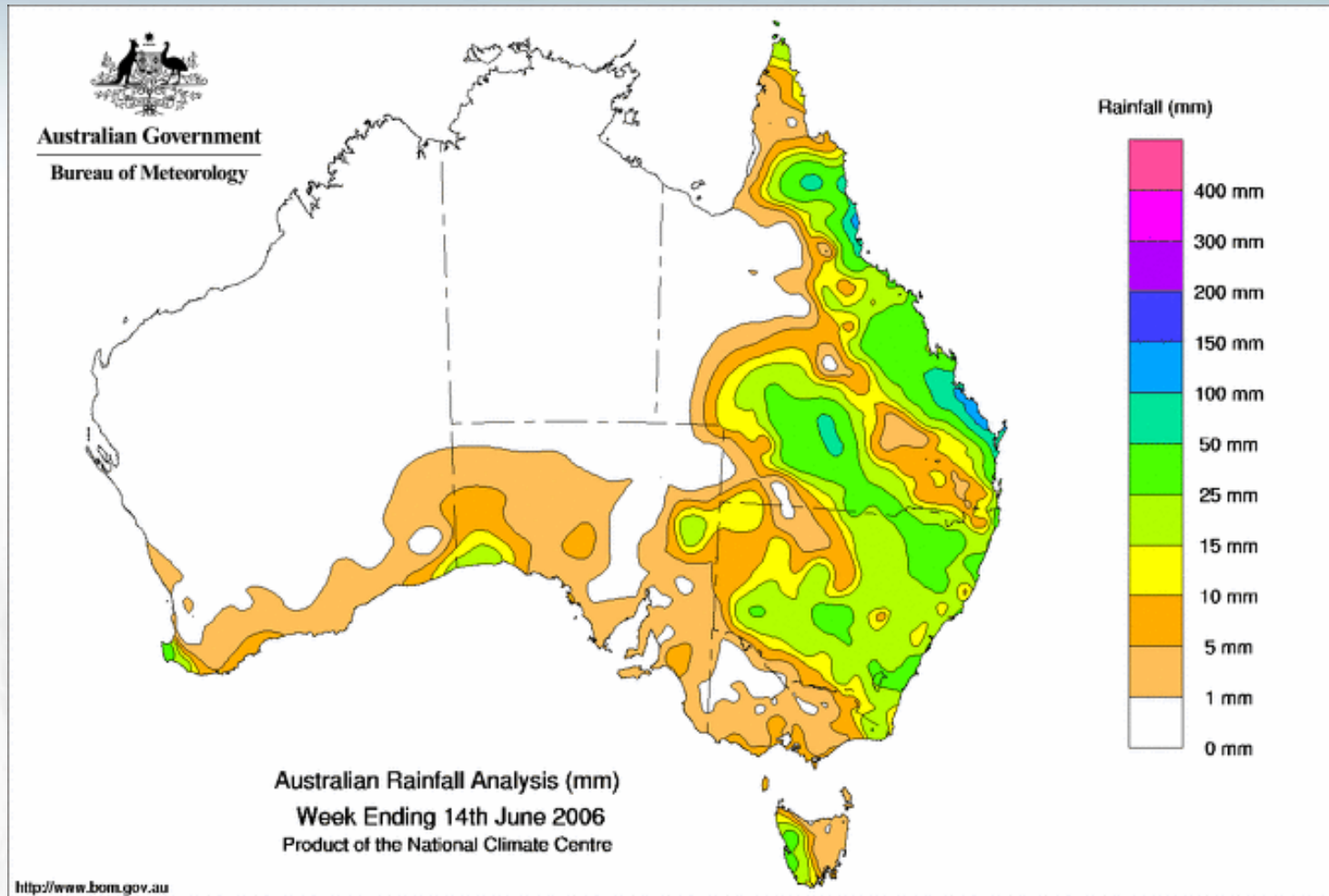
# Australia



# Australia

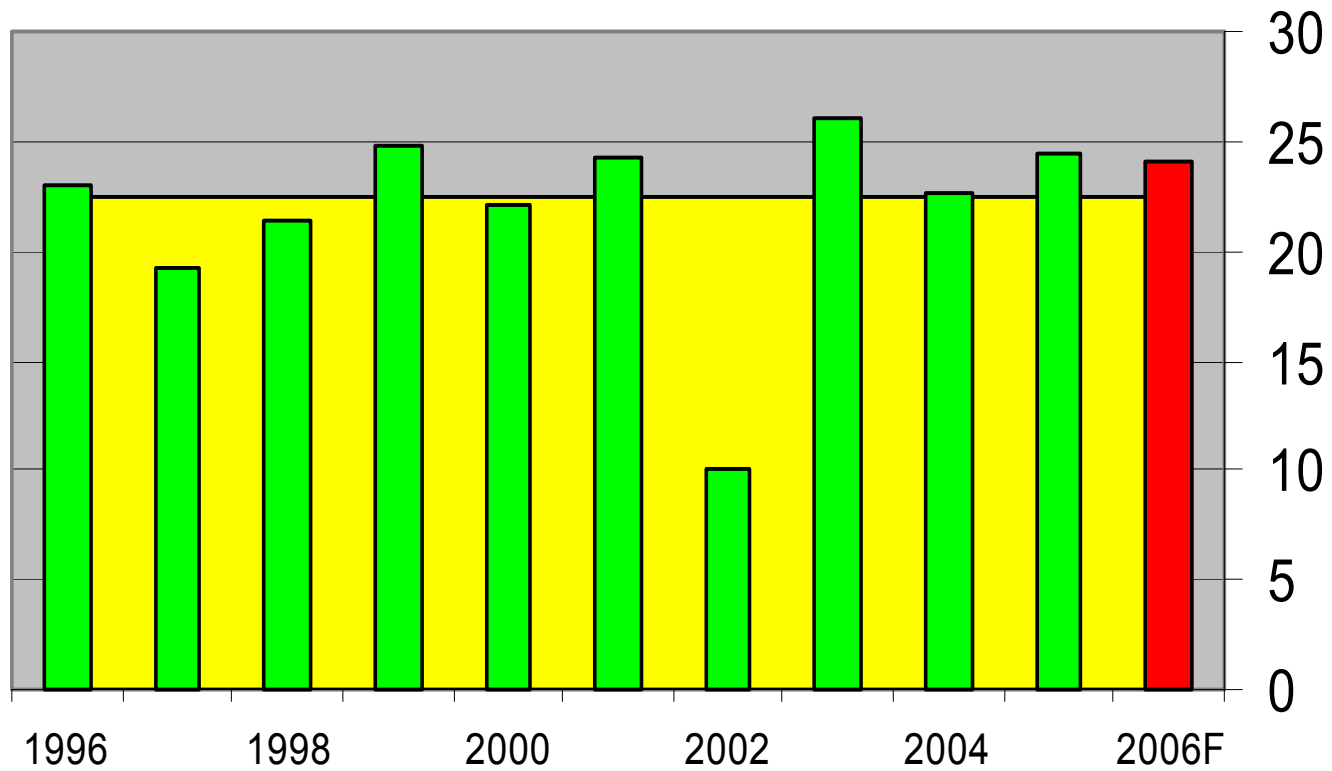


# Australia



# Australian Total Wheat Production (USDA)

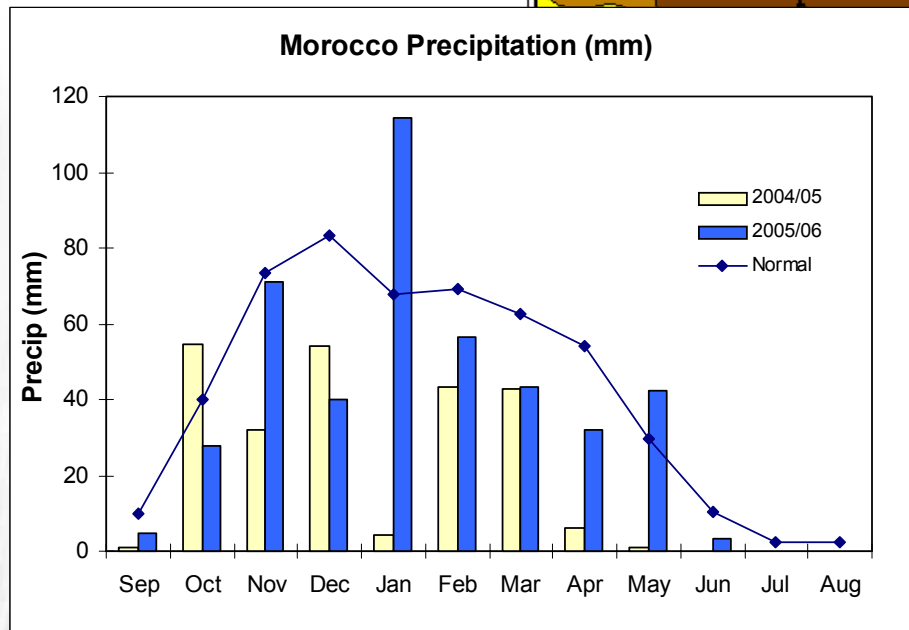
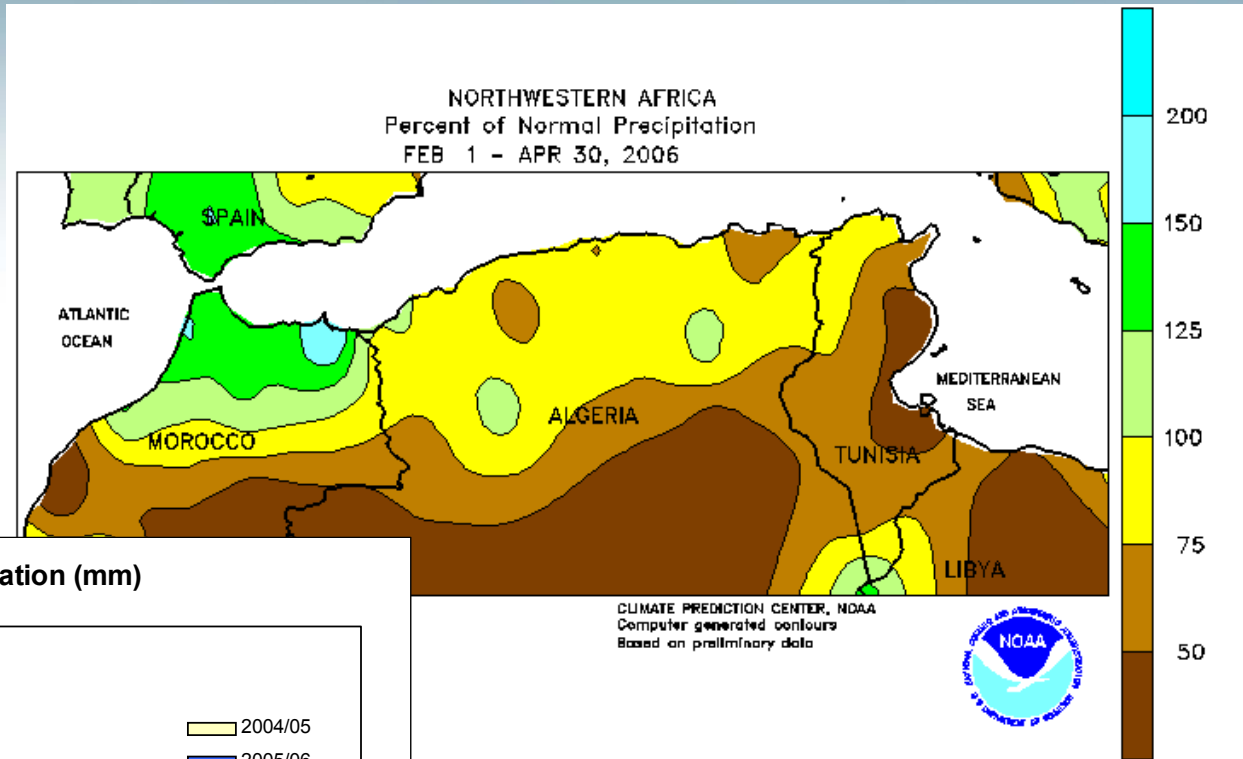
■ 5 year avg ■ production (MT)



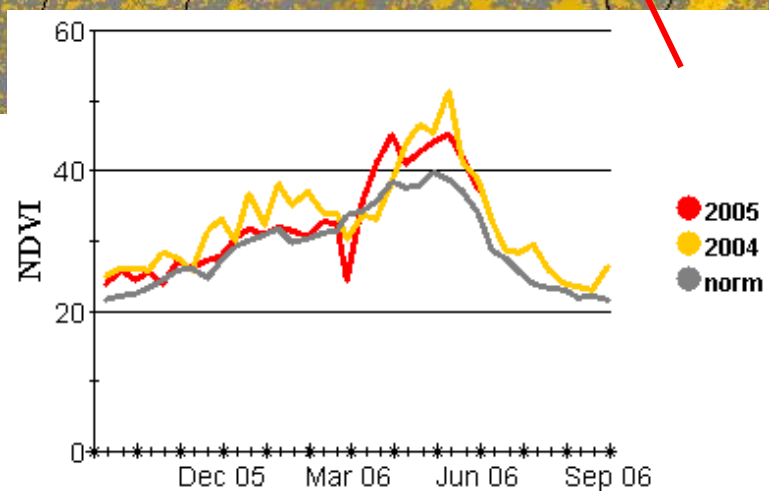
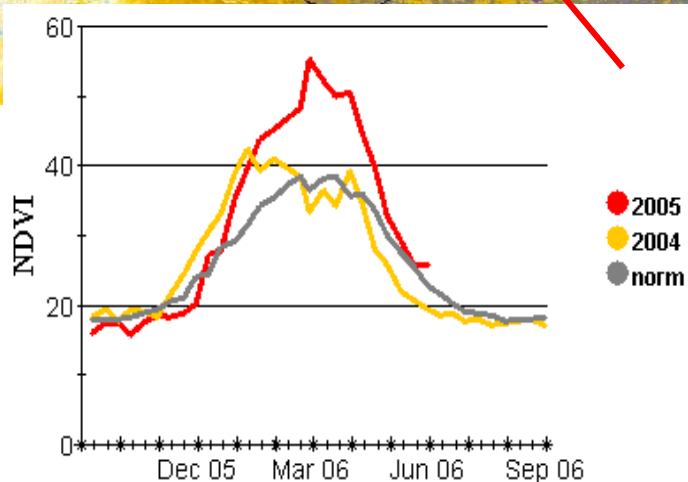
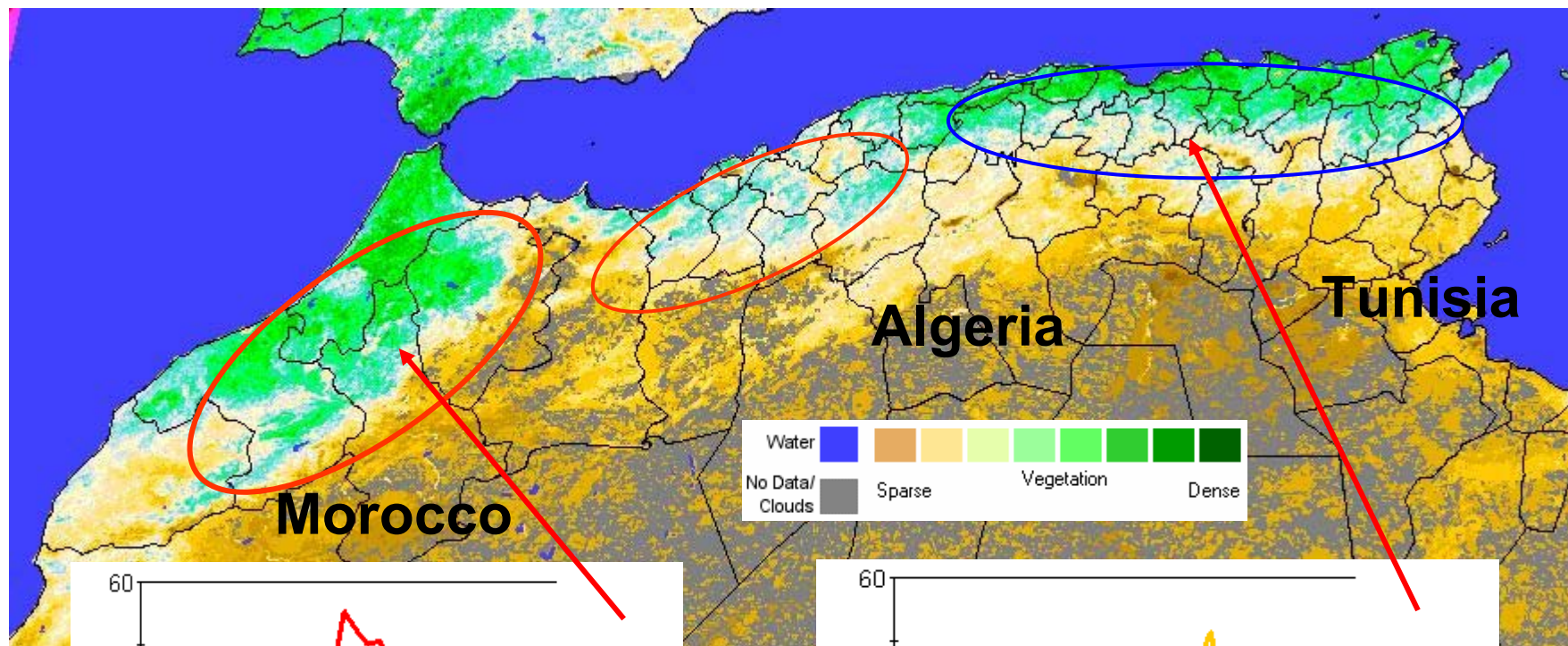
# North Africa

- Adequate soil moisture last fall for germination and establishment
- Increased seasonal rainfall in Morocco
- Timely rains during the growing season in Algeria and Tunisia
- Heat stress during the filling stage in eastern areas
- Harvest rains cause quality concerns

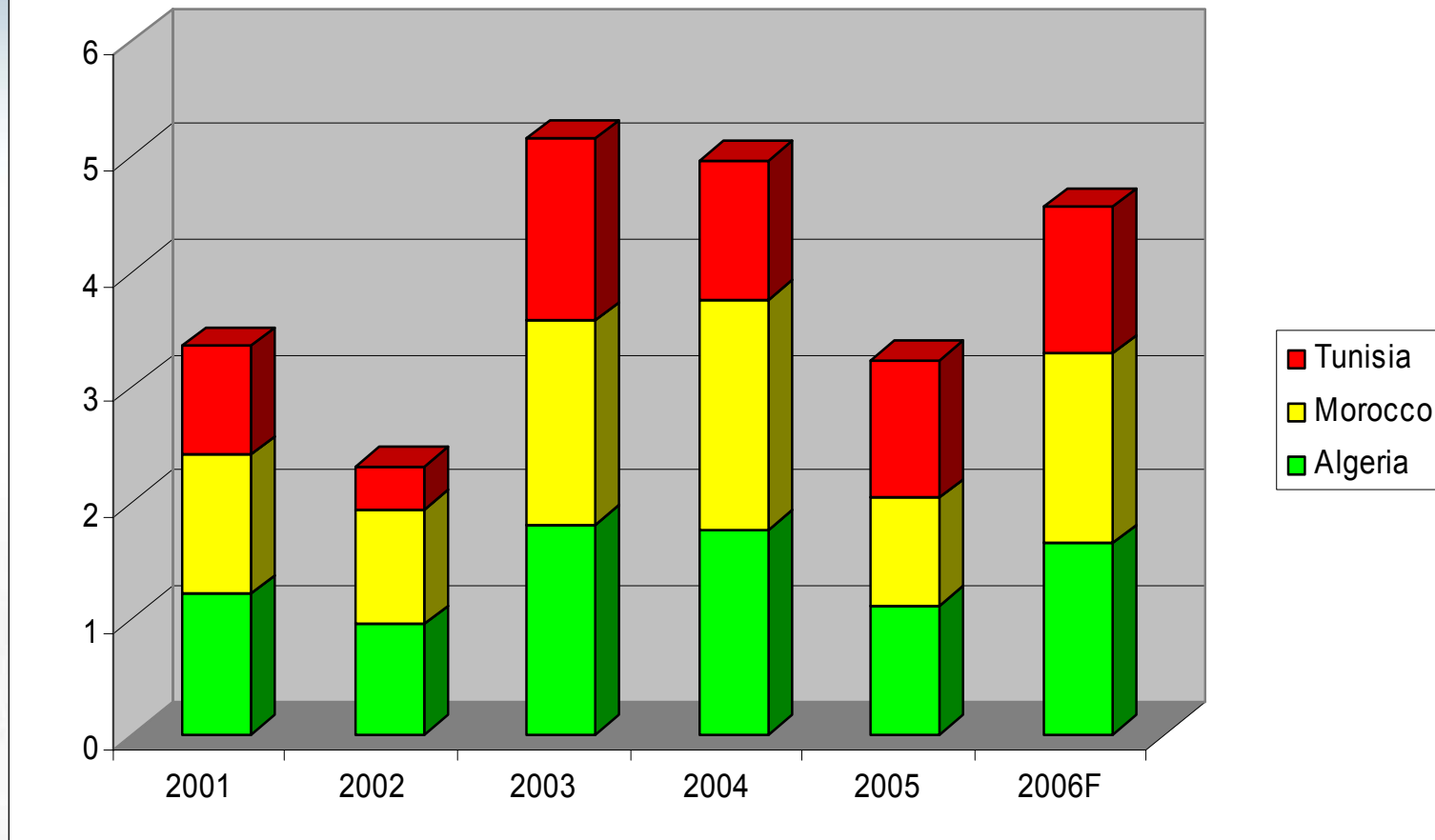
# North Africa Rainfall



# MODIS satellite vegetation deviation – April 22, 2006



### North Africa Durum Production (MT)





# China

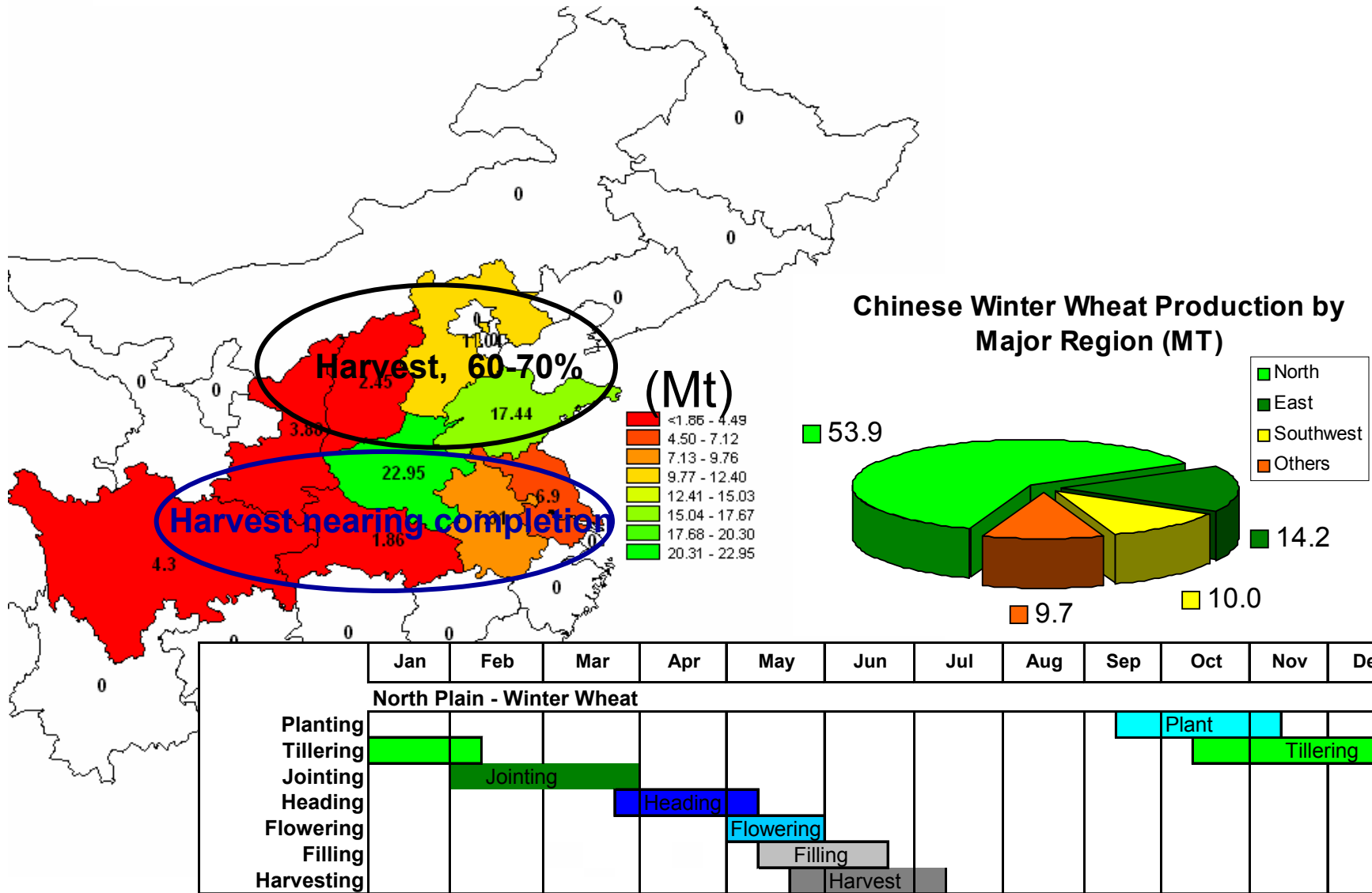
- Good planting conditions last fall and a mild winter resulted in favourable crop prospects early this year - minimal winterkill.
- Timely spring rains over most of North Plain benefit yields.
- Dryness and drought through Hebei and Inner Mongolia limit winter wheat and spring wheat prospects.
- Cold temperatures through the Northeast limit corn and soybean plantings. Recent dryness and warm temperatures have further limited development of row crops.

# Crop & market mission to China – December, 2005

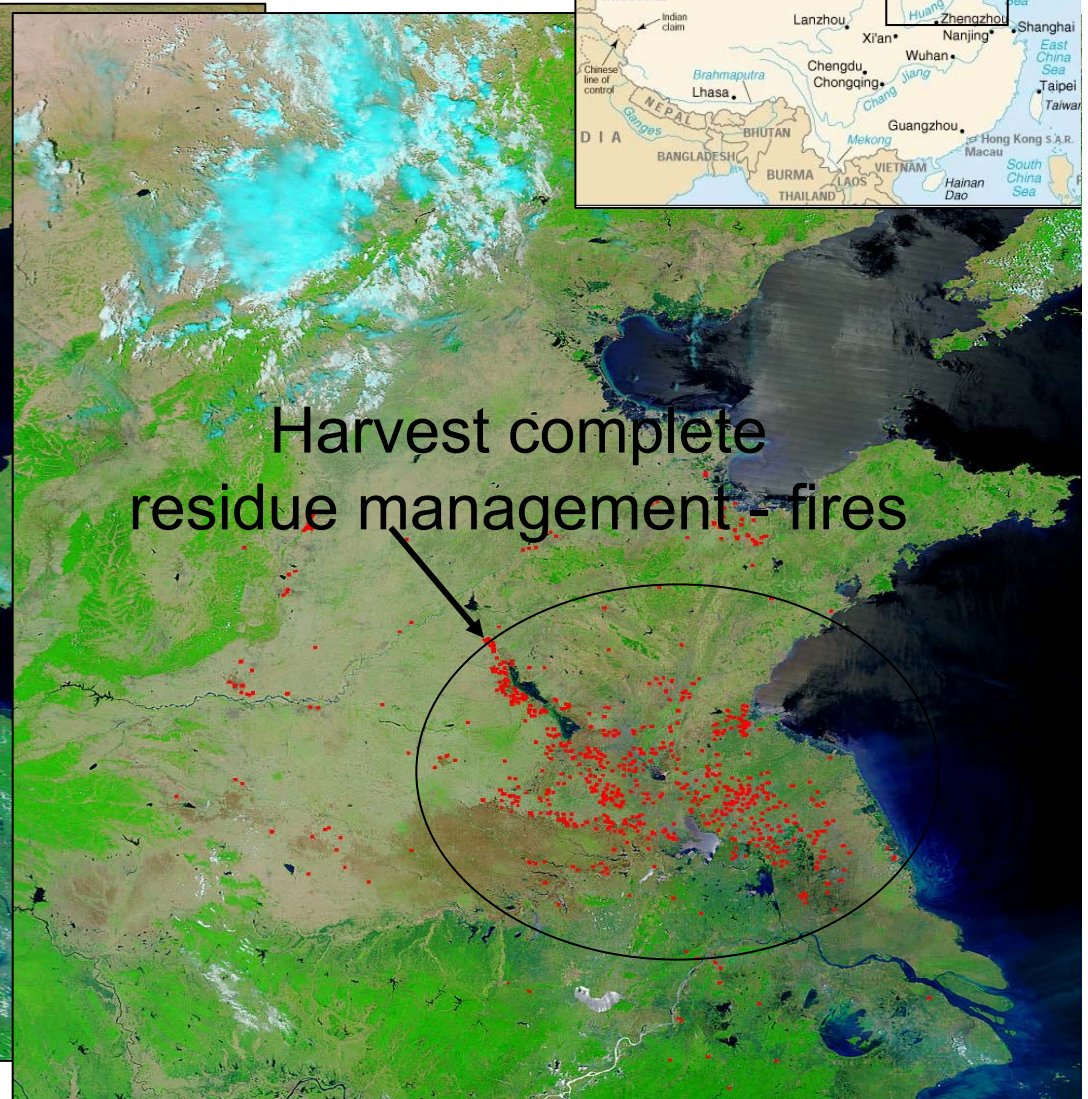
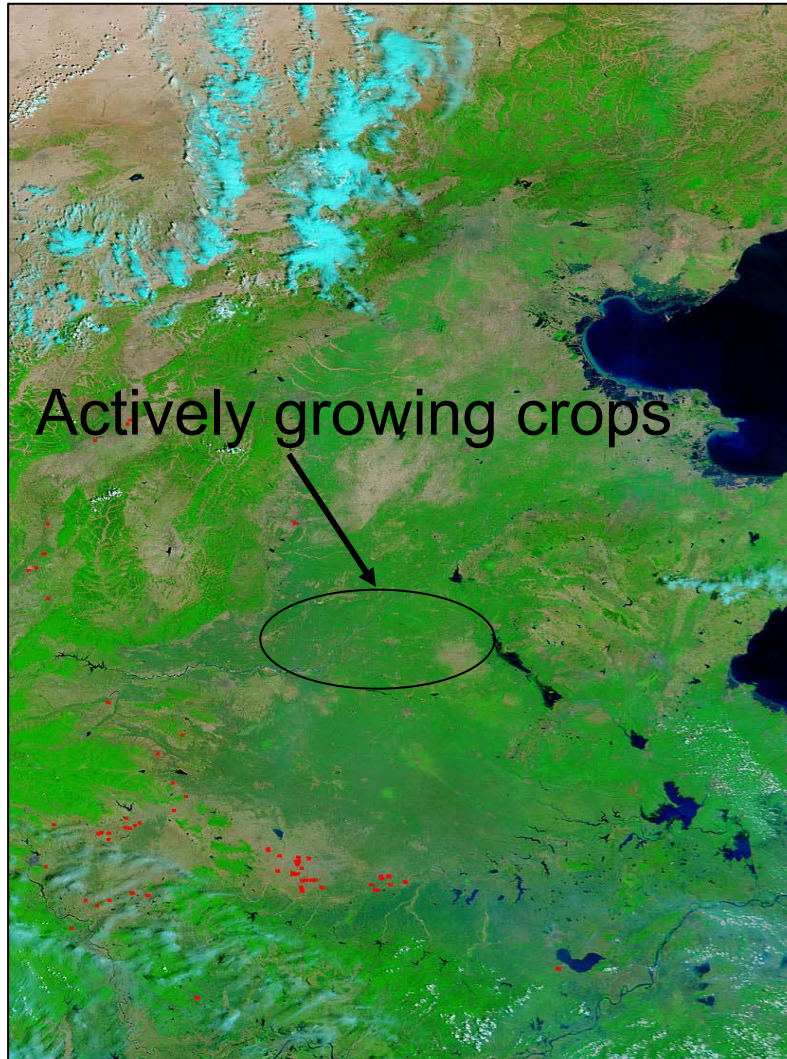




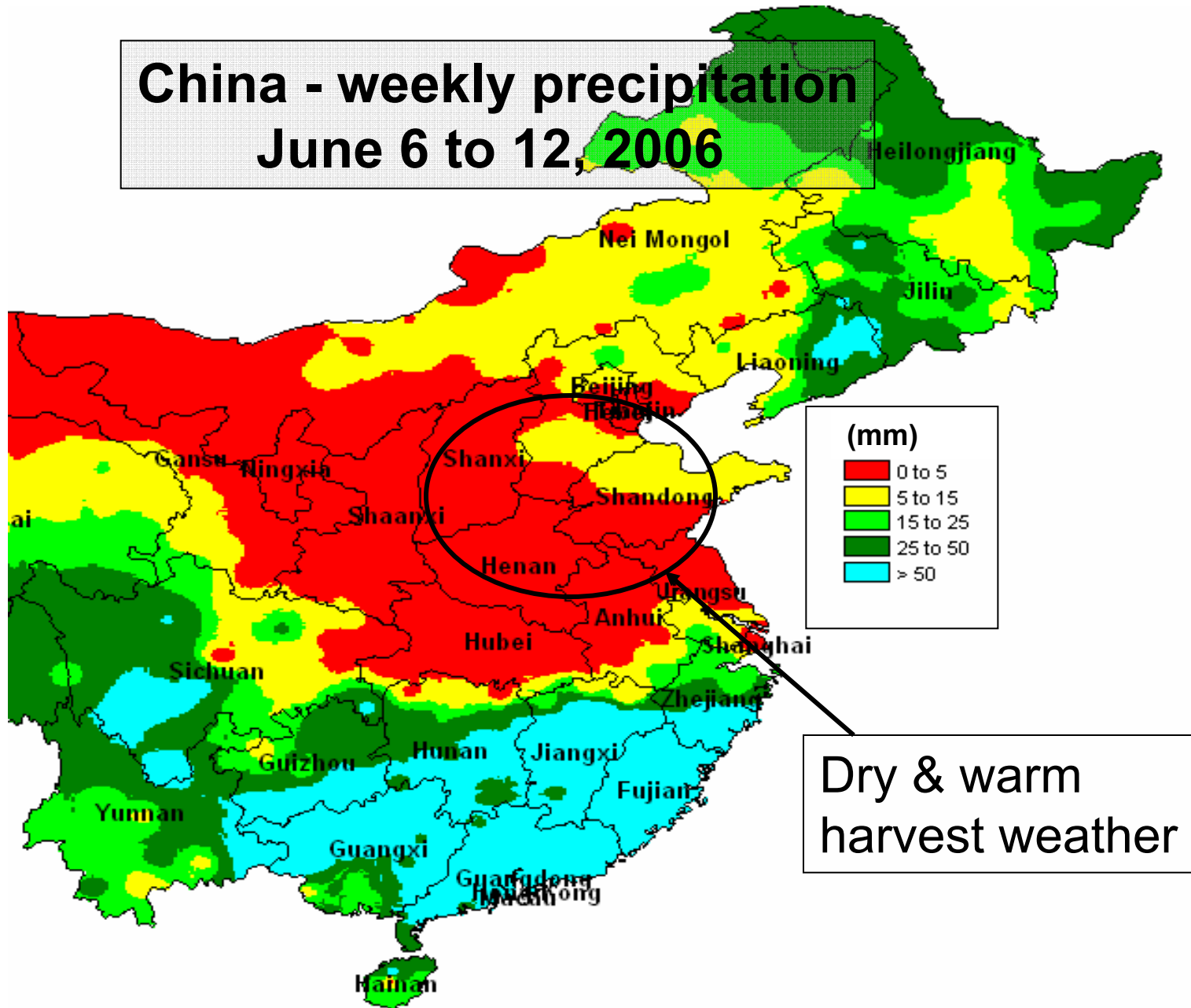
# 2006 winter wheat production by province (Mt)



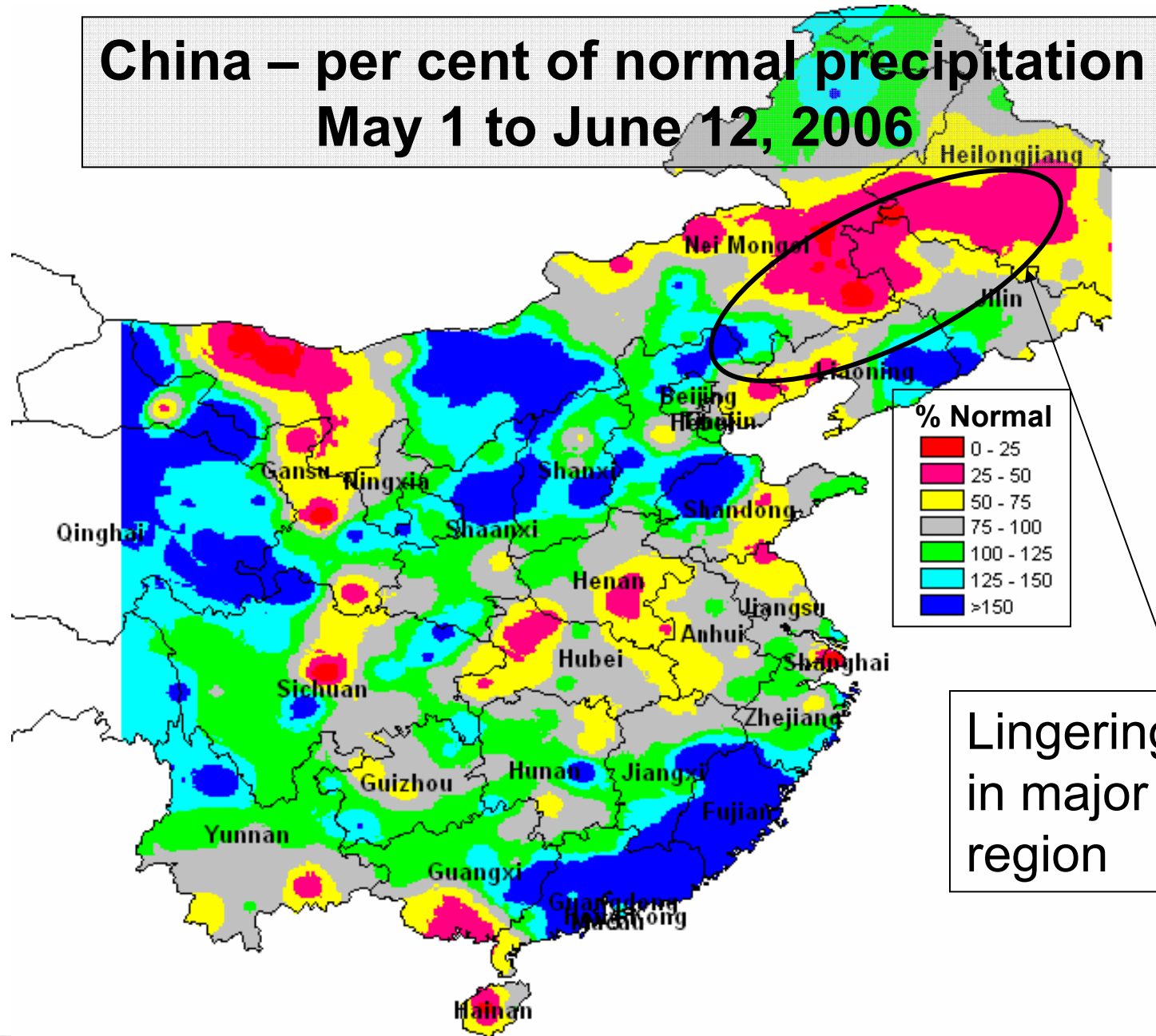
# MODIS satellite imagery – May 29 & June 12, 2006



# China - weekly precipitation June 6 to 12, 2006

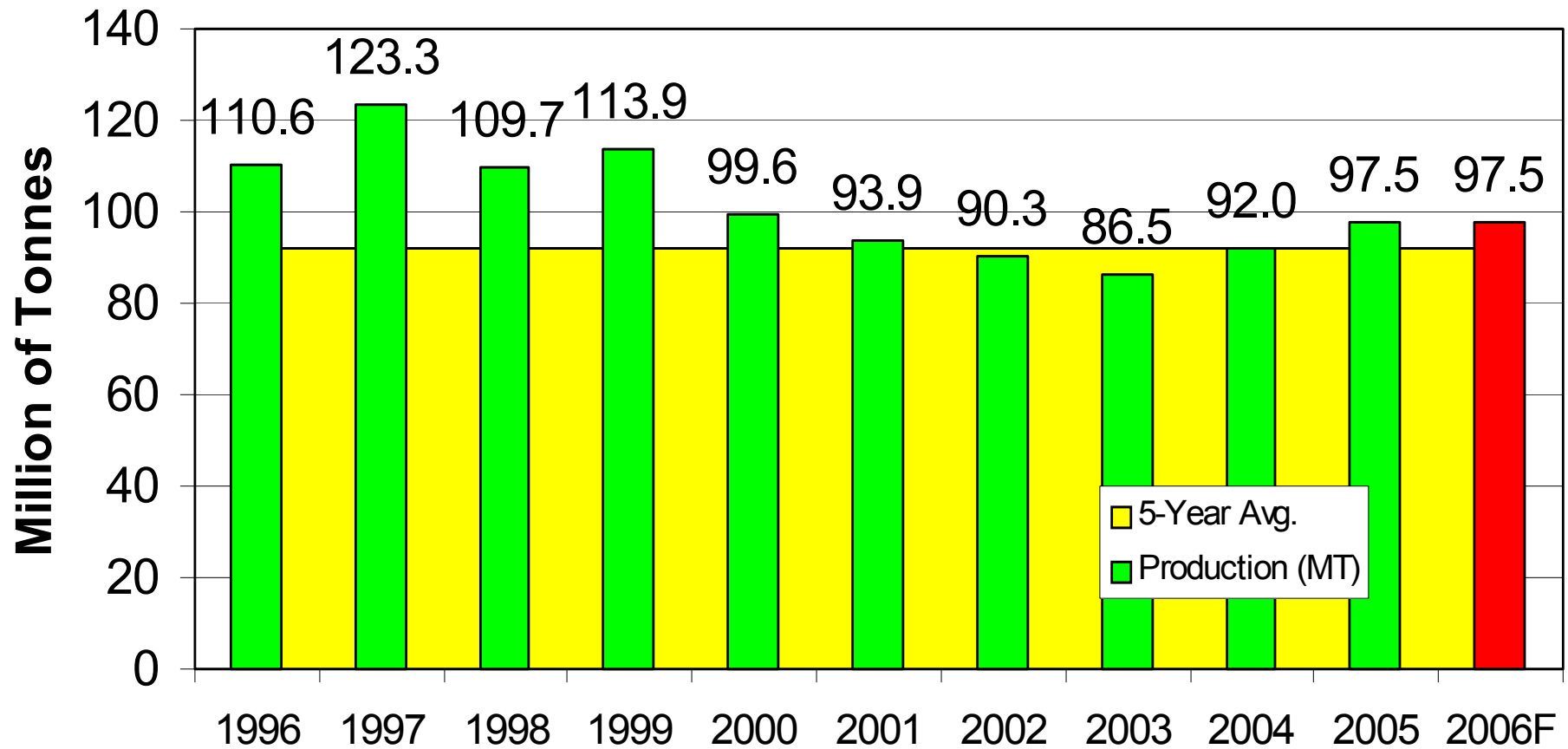


# China – per cent of normal precipitation May 1 to June 12, 2006



Lingering drought  
in major row crop  
region

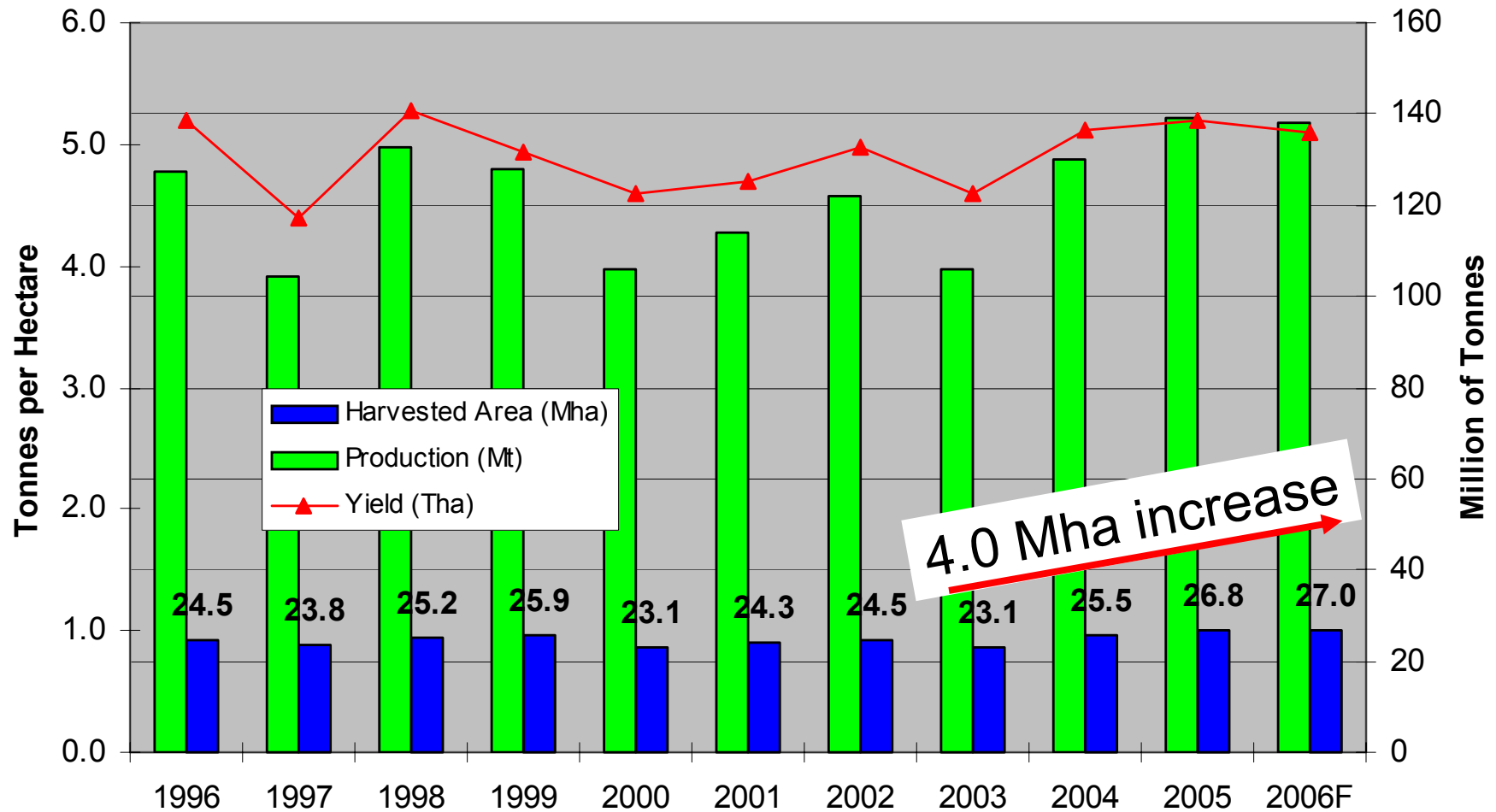
# China All Wheat Production (MT)



Source: USDA



# China Corn Production, Area and Yields (MT)

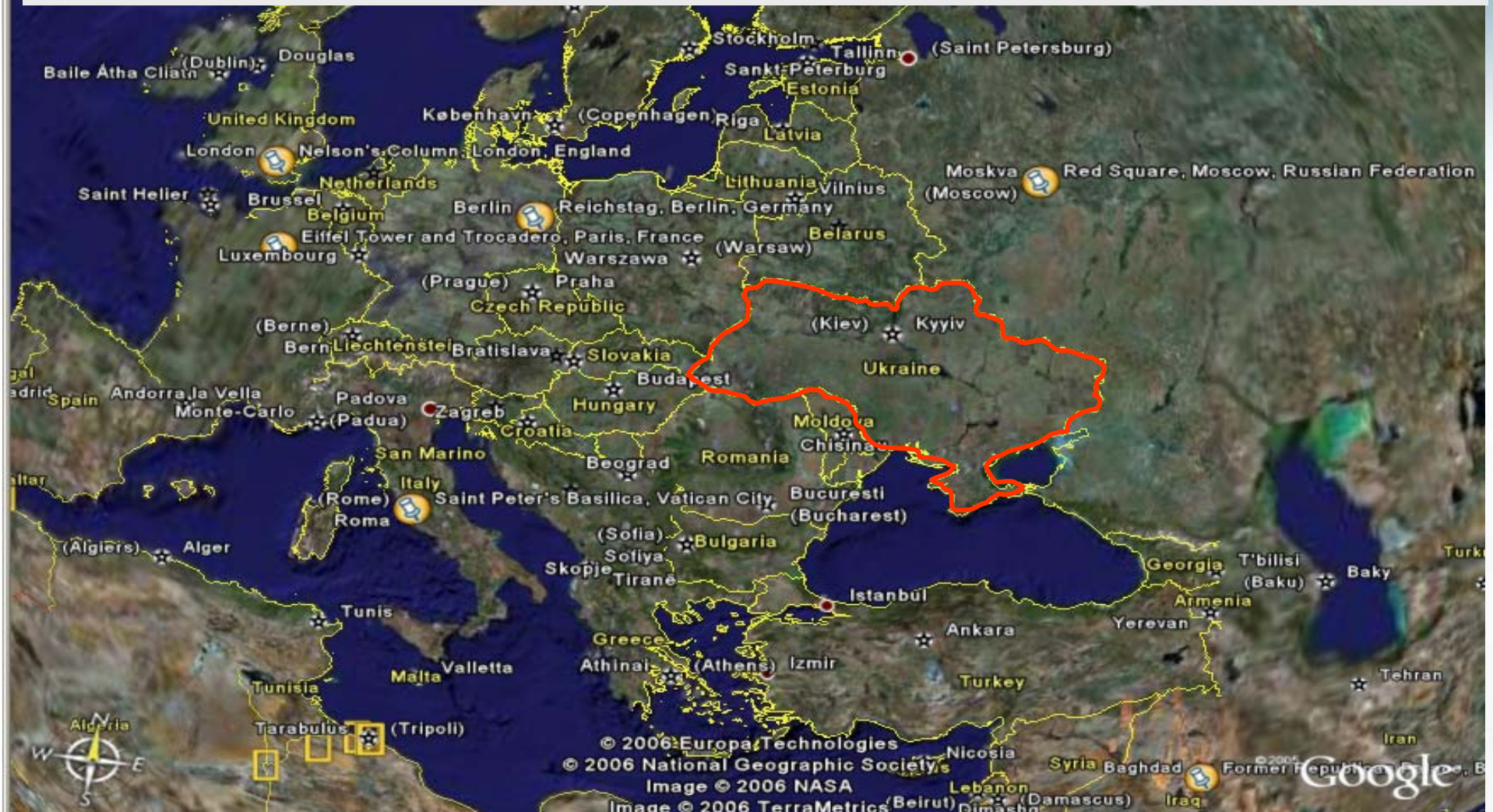


Source: USDA

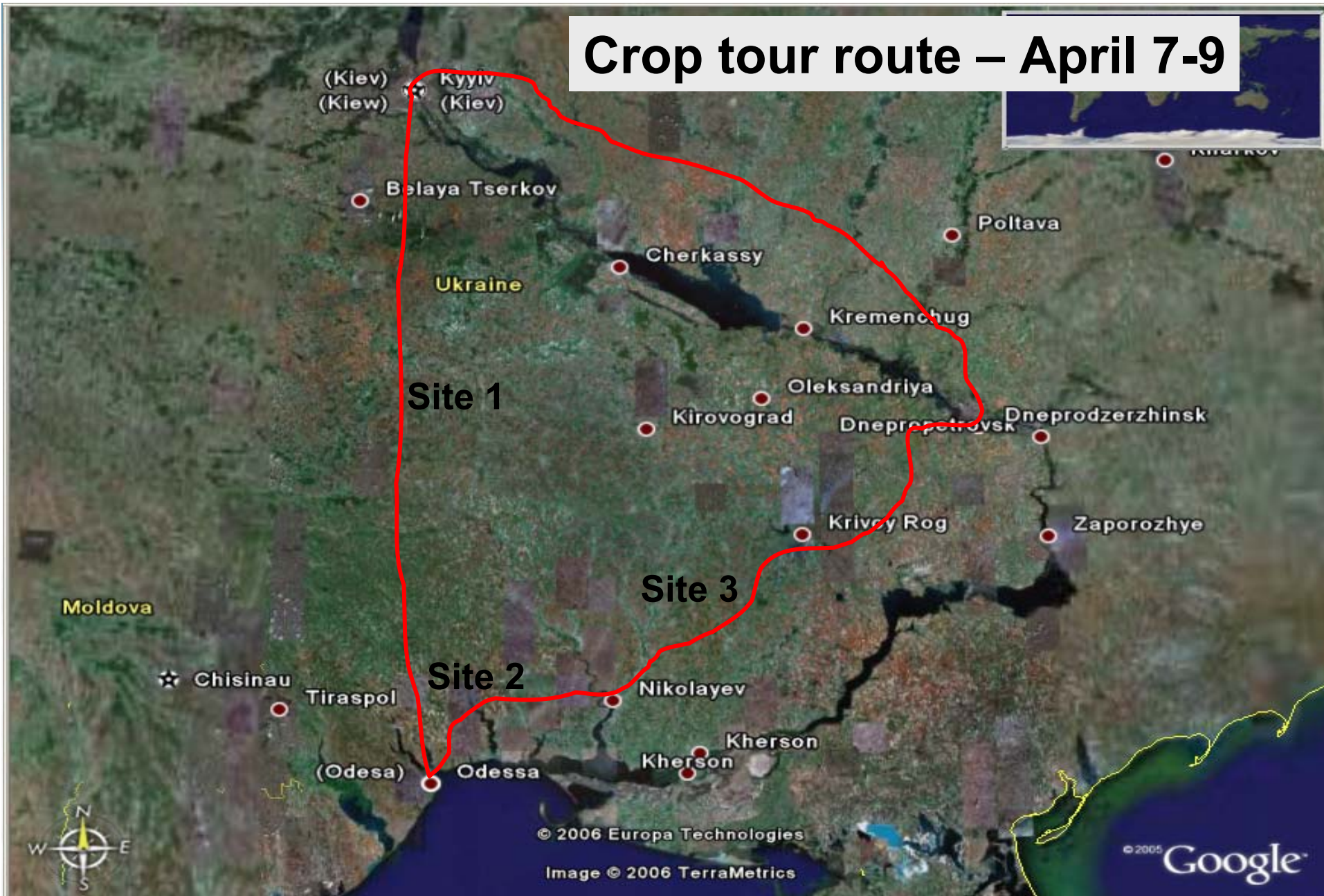
# FSU-12

- Poor planting and establishment of fall cereals – about 3.0 Mha less seeded in the Ukraine and Russia.
- Anticipated high winterkill in Russia and Ukraine – as high as 25 to 30%. Crop tour results of Ukraine indicated far less – about 10%.
- Cool spring across the Ukraine, Russia and Kazakhstan - developmental delays and lower yield potential.
- Sown area for spring cereals at near record low levels in Russia (especially Siberia), with farmers switching to oilseeds and coarse grains for livestock needs.
- Dry conditions with hot daytime (30+°C) temperatures in late May and early June have stressed spring cereals in Kazakhstan.

# Crop & market mission to the Ukraine - April, 2006

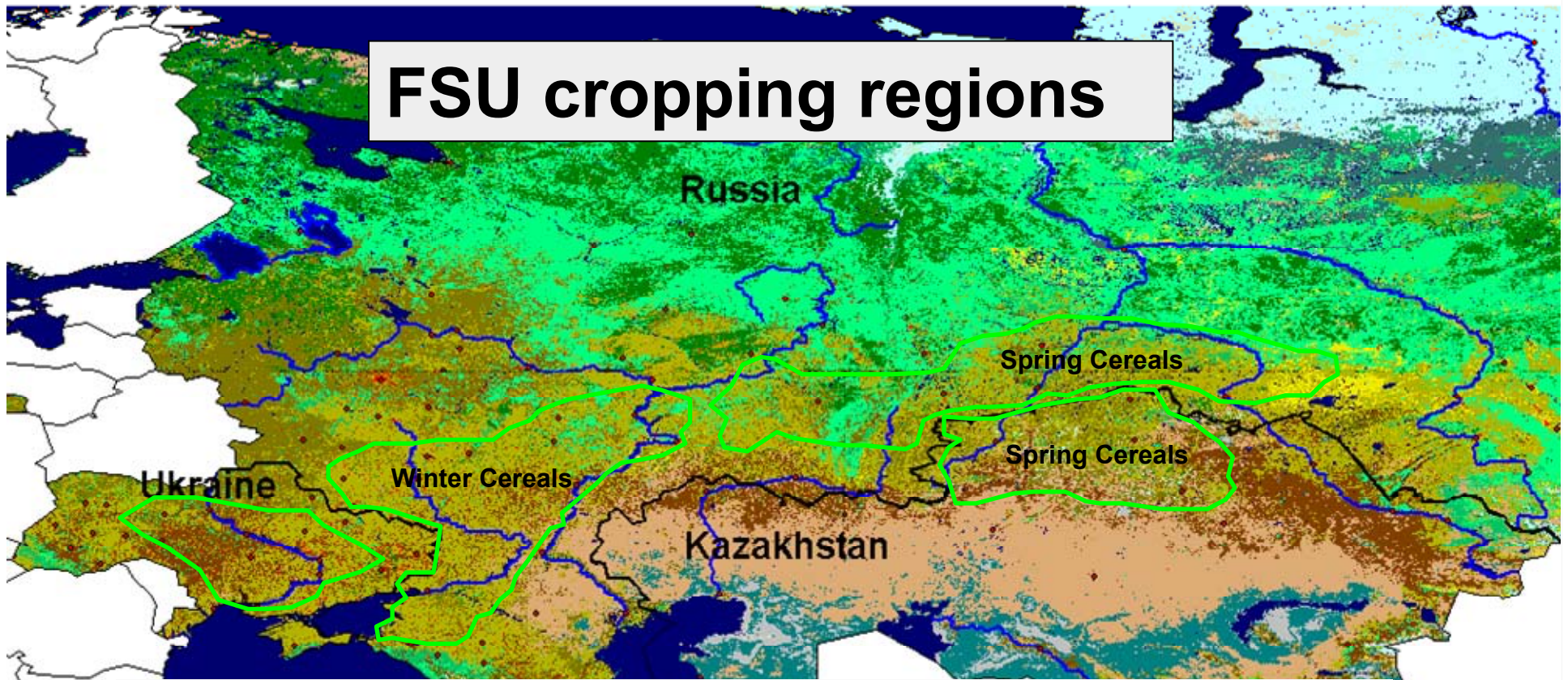


# Crop tour route – April 7-9



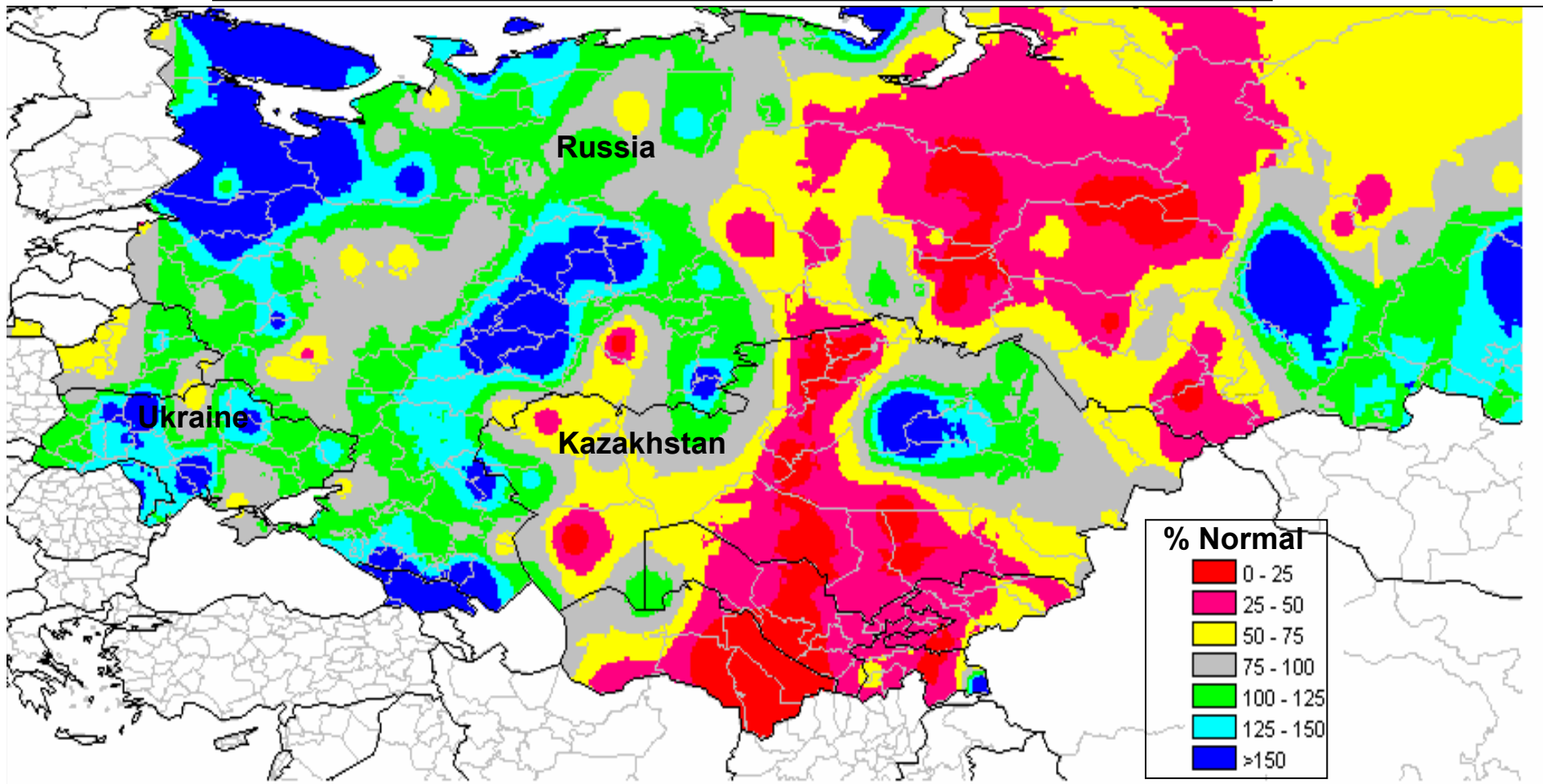


# FSU cropping regions



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Russia - Winter Wheat</b>												
Planting												
Tillering												
Jointing												
Heading												
Filling												
Harvesting												
<b>Russia - Spring Wheat</b>												
Planting												
Tillering												
Jointing												
Heading												
Filling												
Harvesting												

# FSU – per cent of normal precipitation May 1 to June 12, 2006



# SPOT 1Km - vegetation health 2006 versus 2005, May 21



**Delayed development,  
poor yield potential**

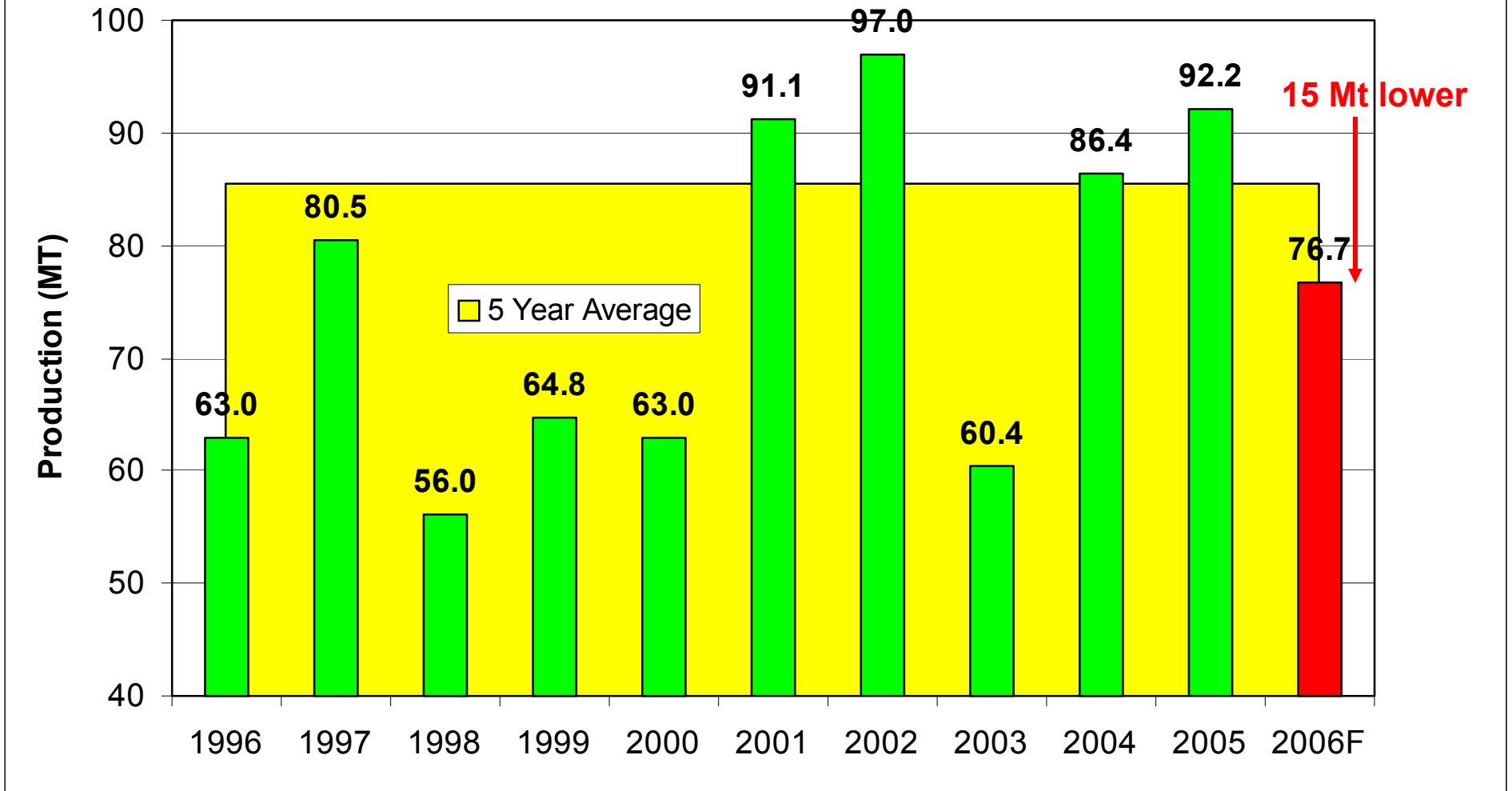


**USDA - PECAD**





# FSU-12 wheat production



Source: USDA



# The End



**Prairie strong, worldwide**