



CWB Grain Market Outlook

2007 Crop Production Week, Saskatoon, SK

January 12, 2007

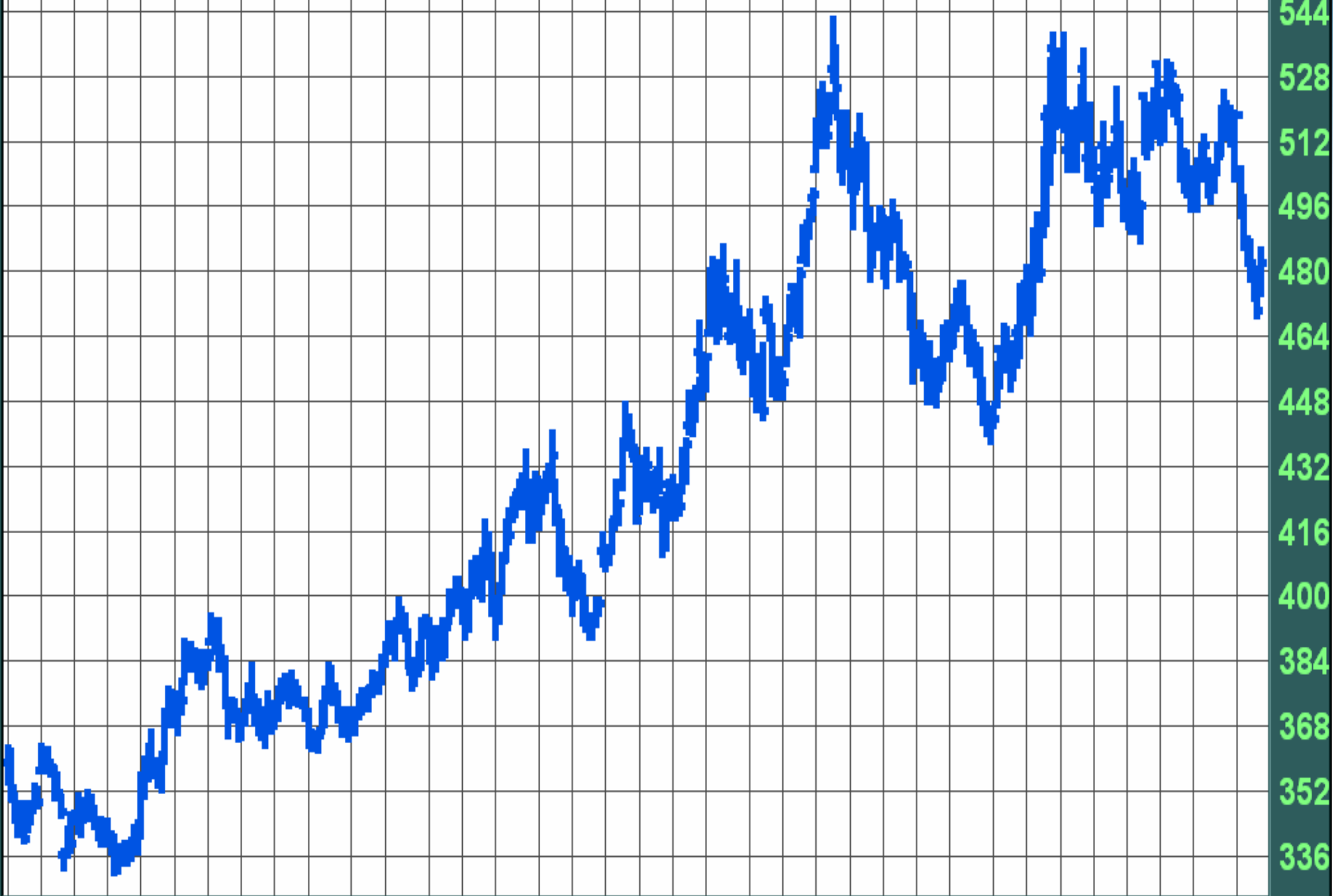
Jason Newton

Market Analyst, North America



Prairie strong, worldwide

data(us@MW.1) LS: 482 NET: 0



8/15

9/27

11/8

12/27

2/14

4/3

5/16

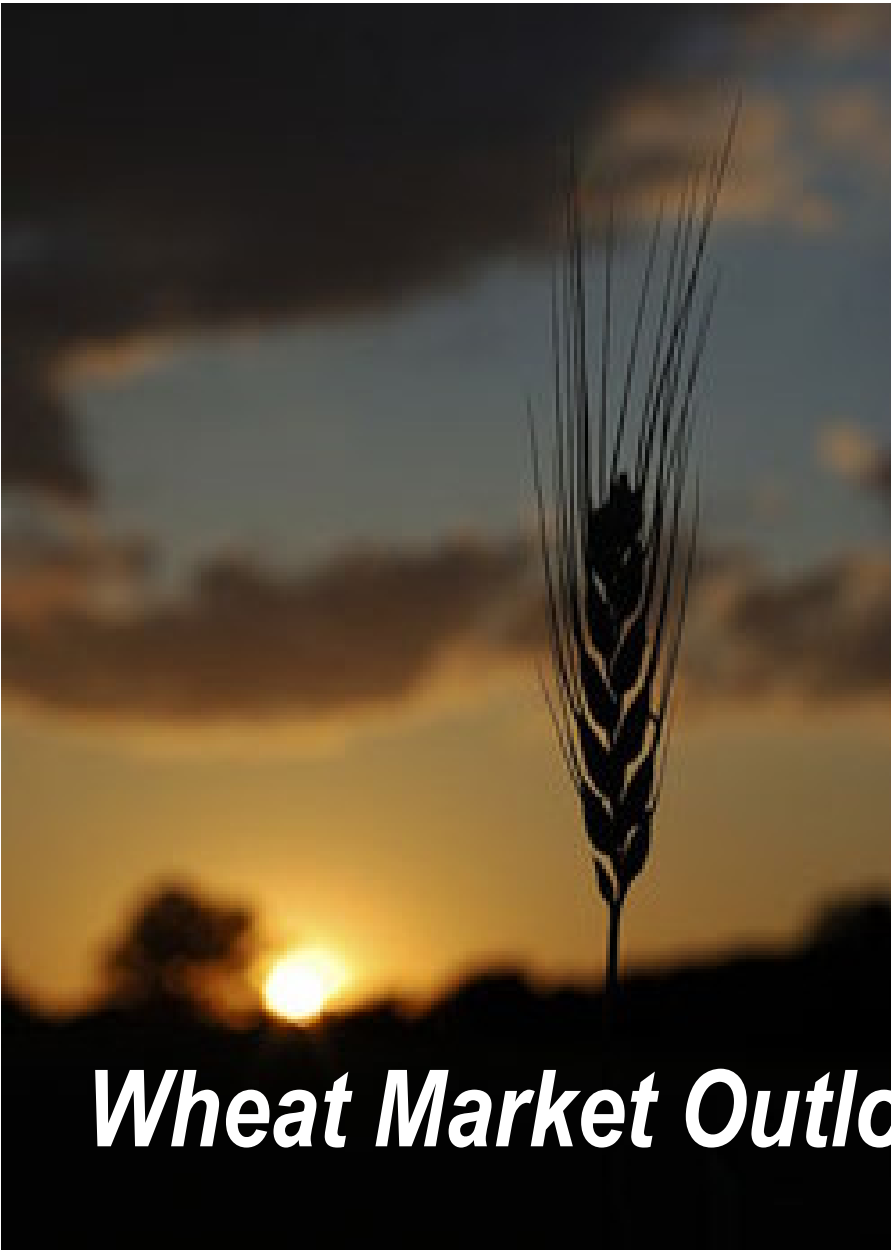
7/3

8/15

10/2

11/13

Daily

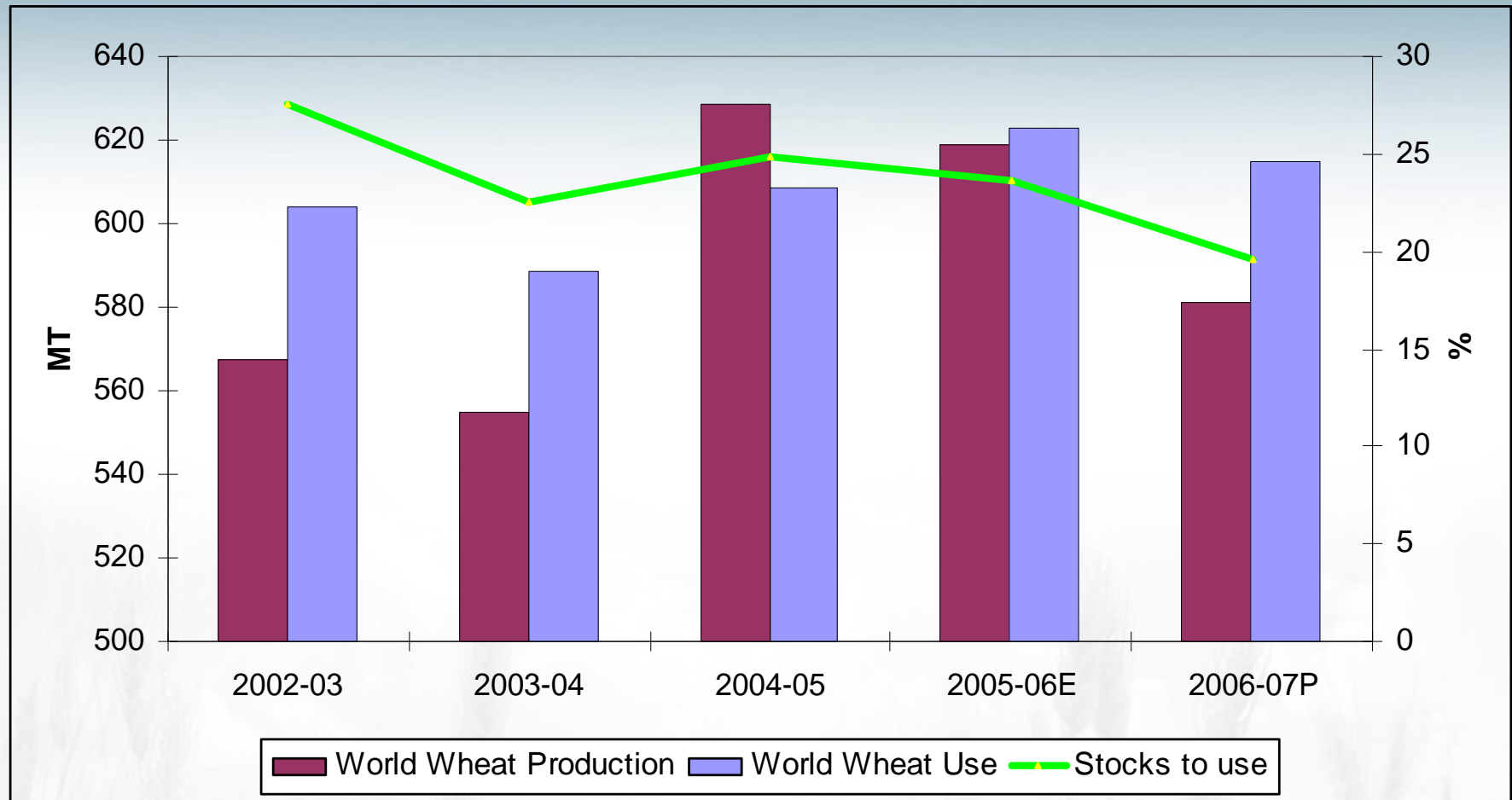


Wheat Market Outlook



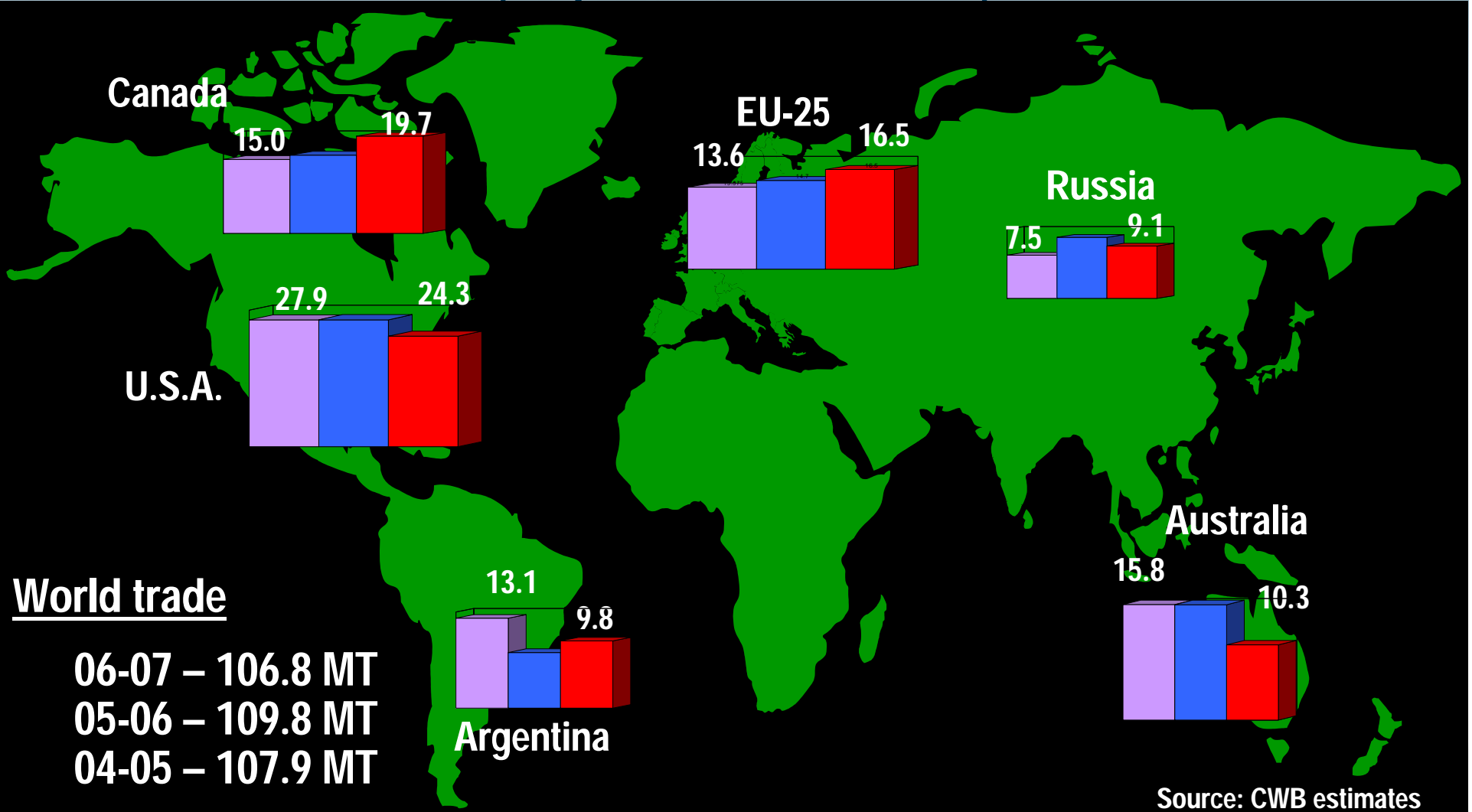
Prairie strong, worldwide

World wheat production, use and stocks to use



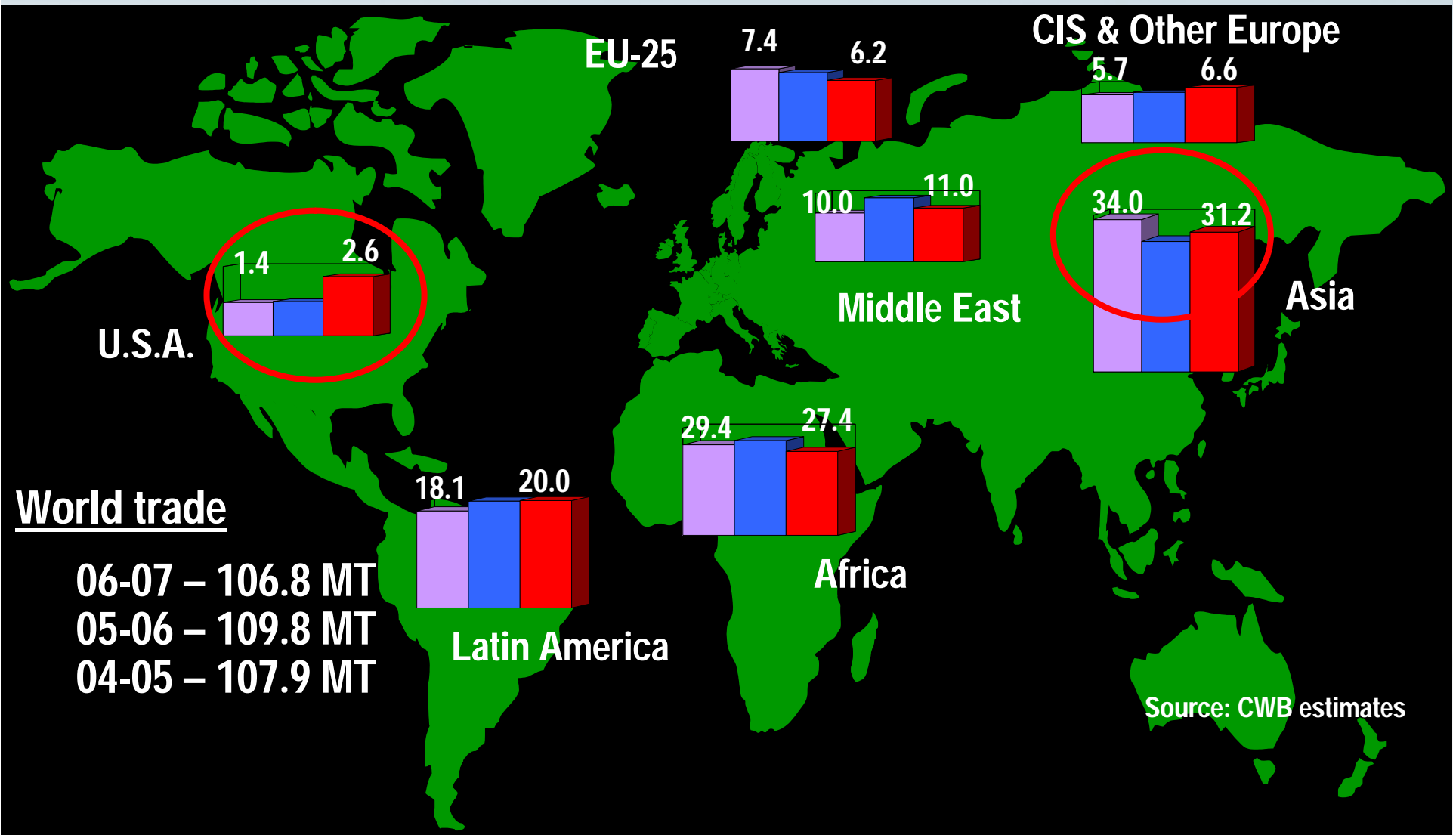
Regional Wheat Exports

(July/June million tonnes)



Regional Wheat Import Demand

(million tonnes)



Nearby wheat and corn futures for the past year

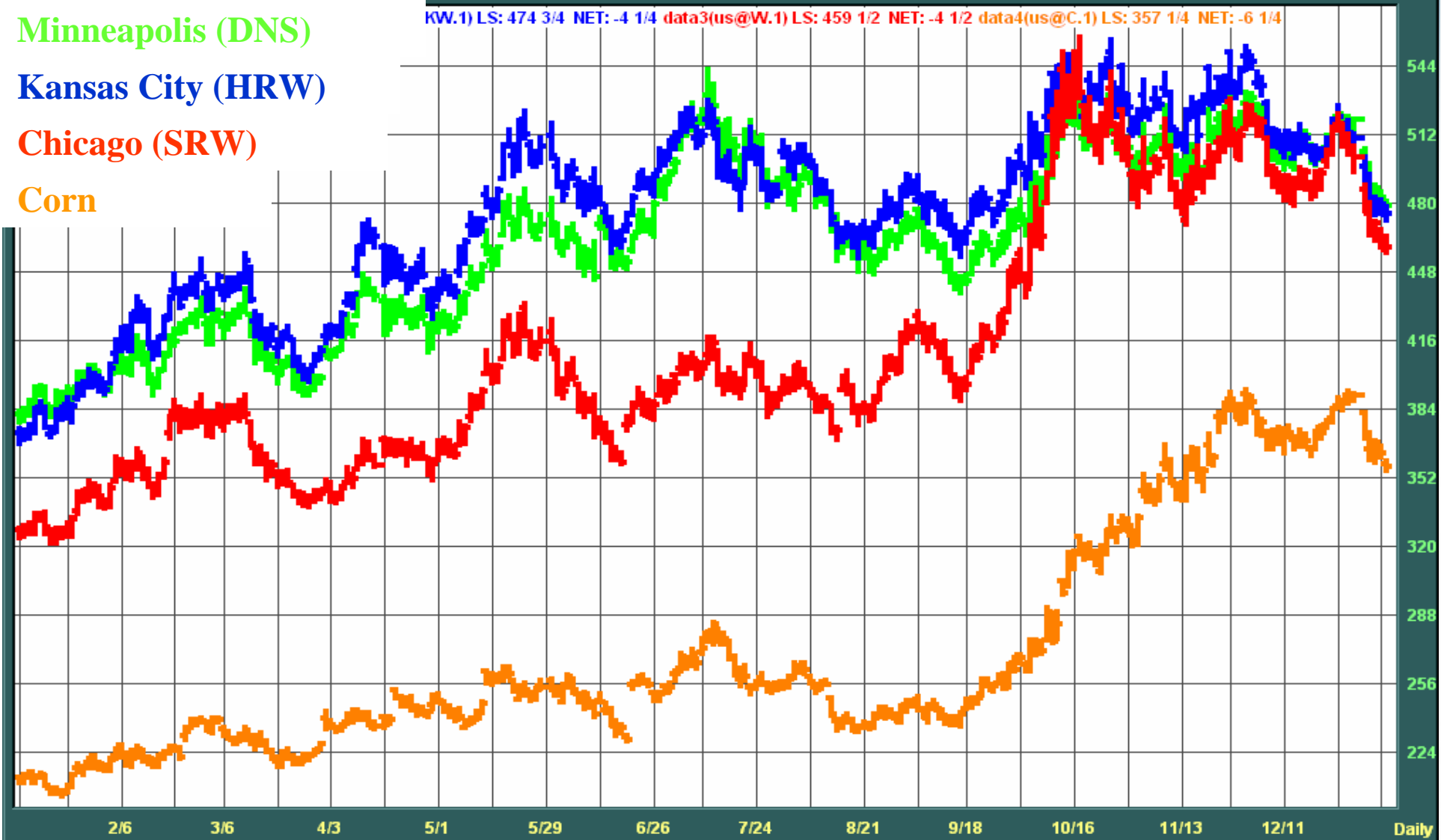
Minneapolis (DNS)

Kansas City (HRW)

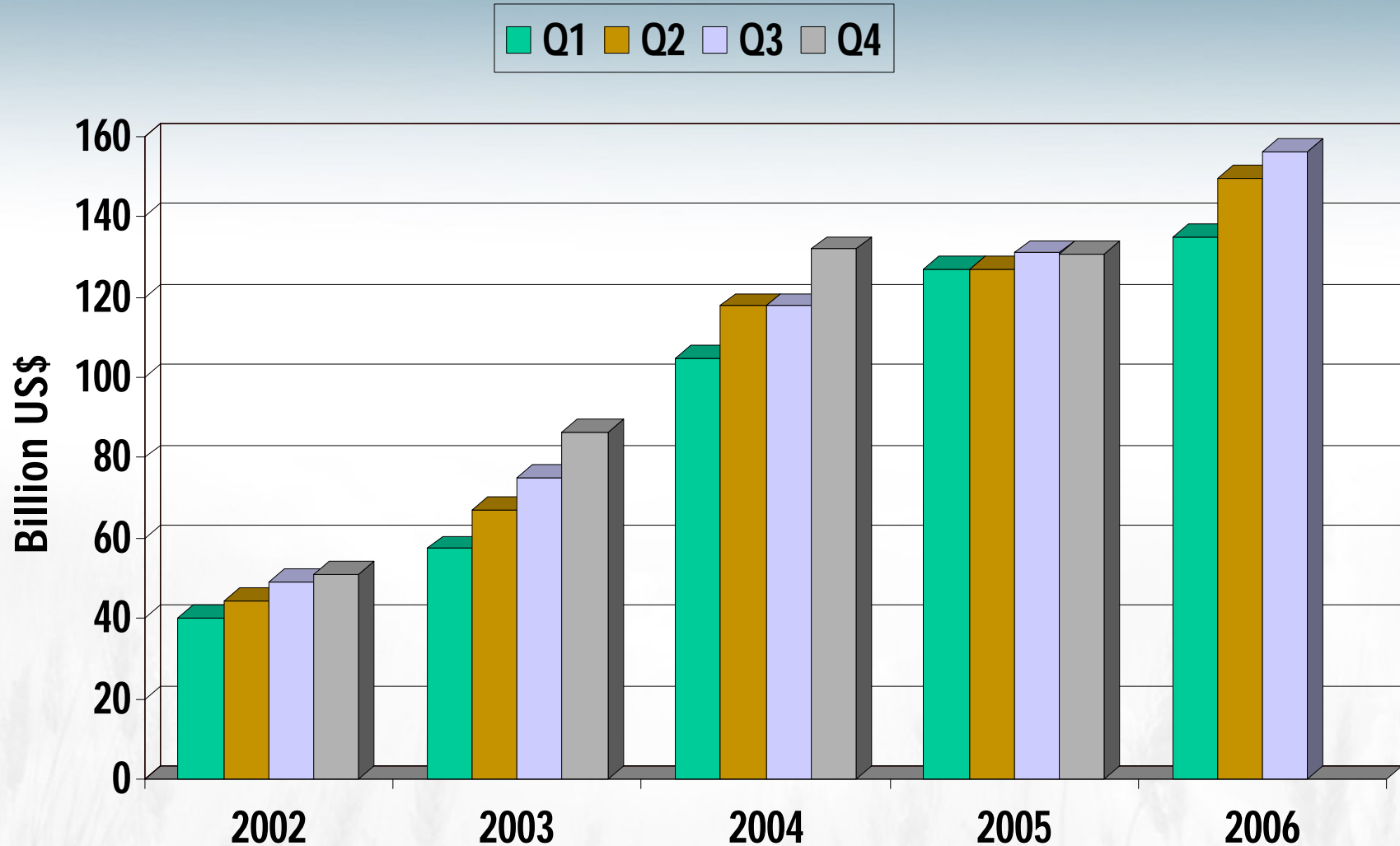
Chicago (SRW)

Corn

KW.1) LS: 474 3/4 NET: -4 1/4 data3(us@W.1) LS: 459 1/2 NET: -4 1/2 data4(us@C.1) LS: 357 1/4 NET: -6 1/4



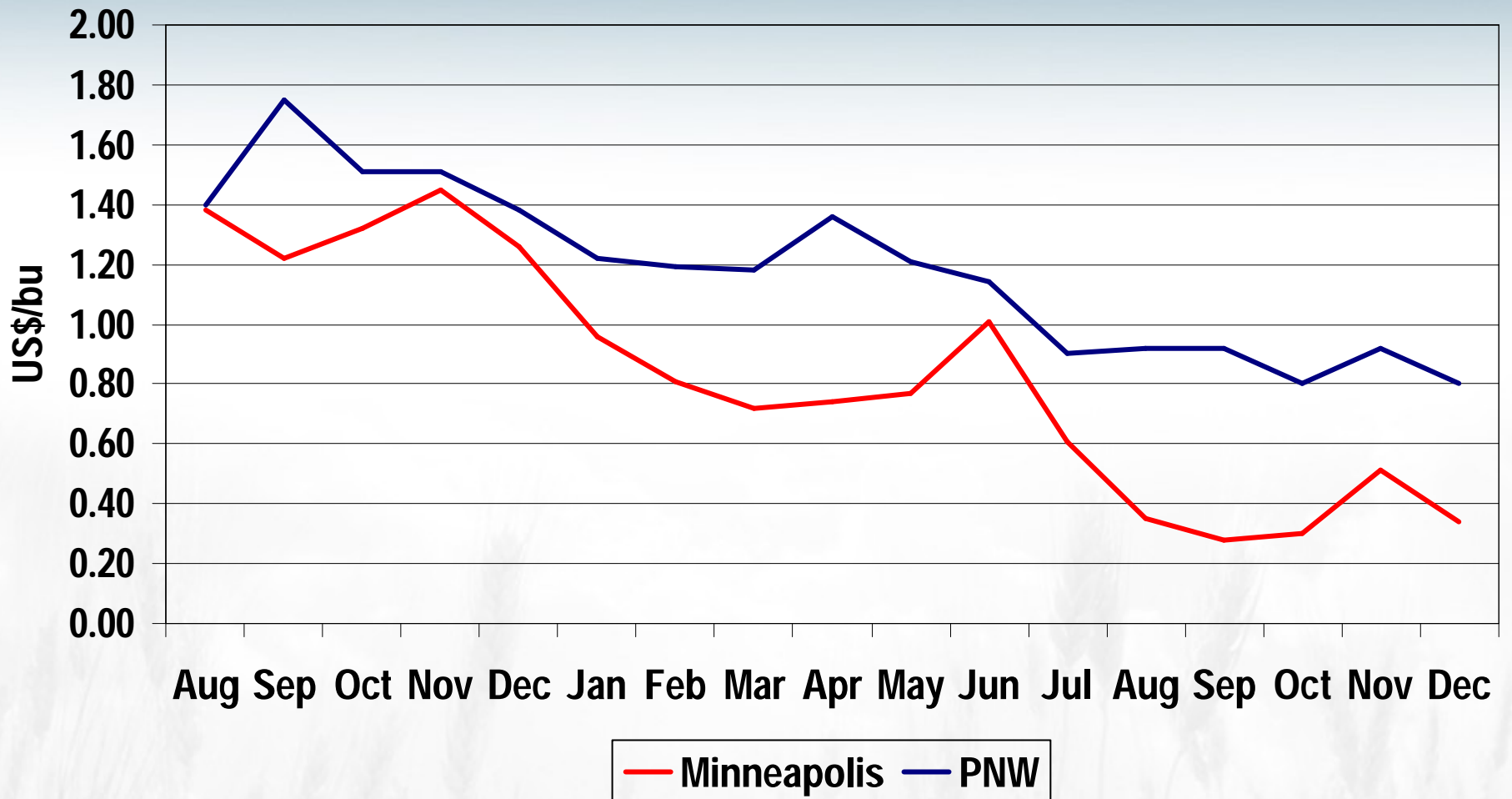
Money under management in managed futures



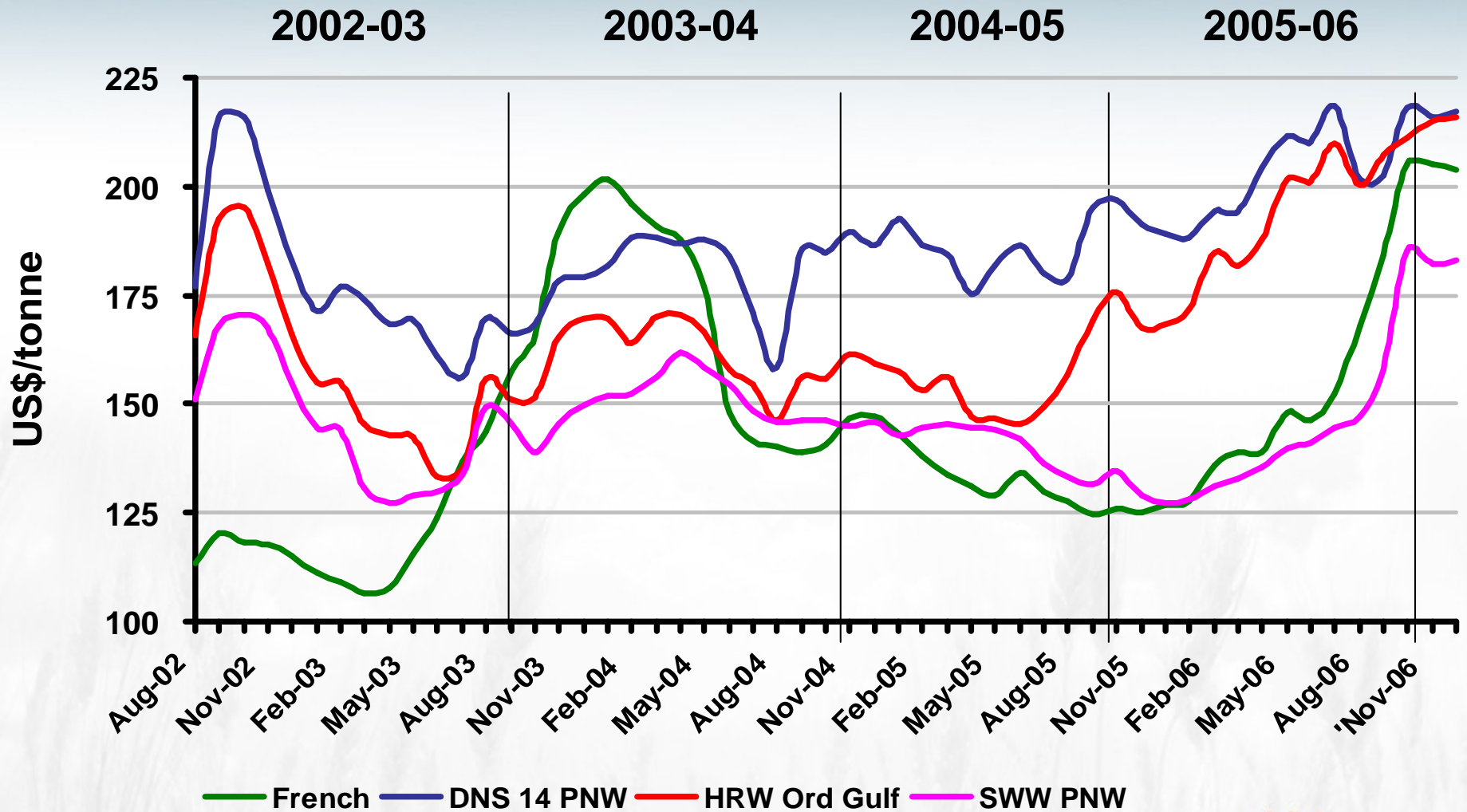
Source: Barclays



DNS 14 Basis

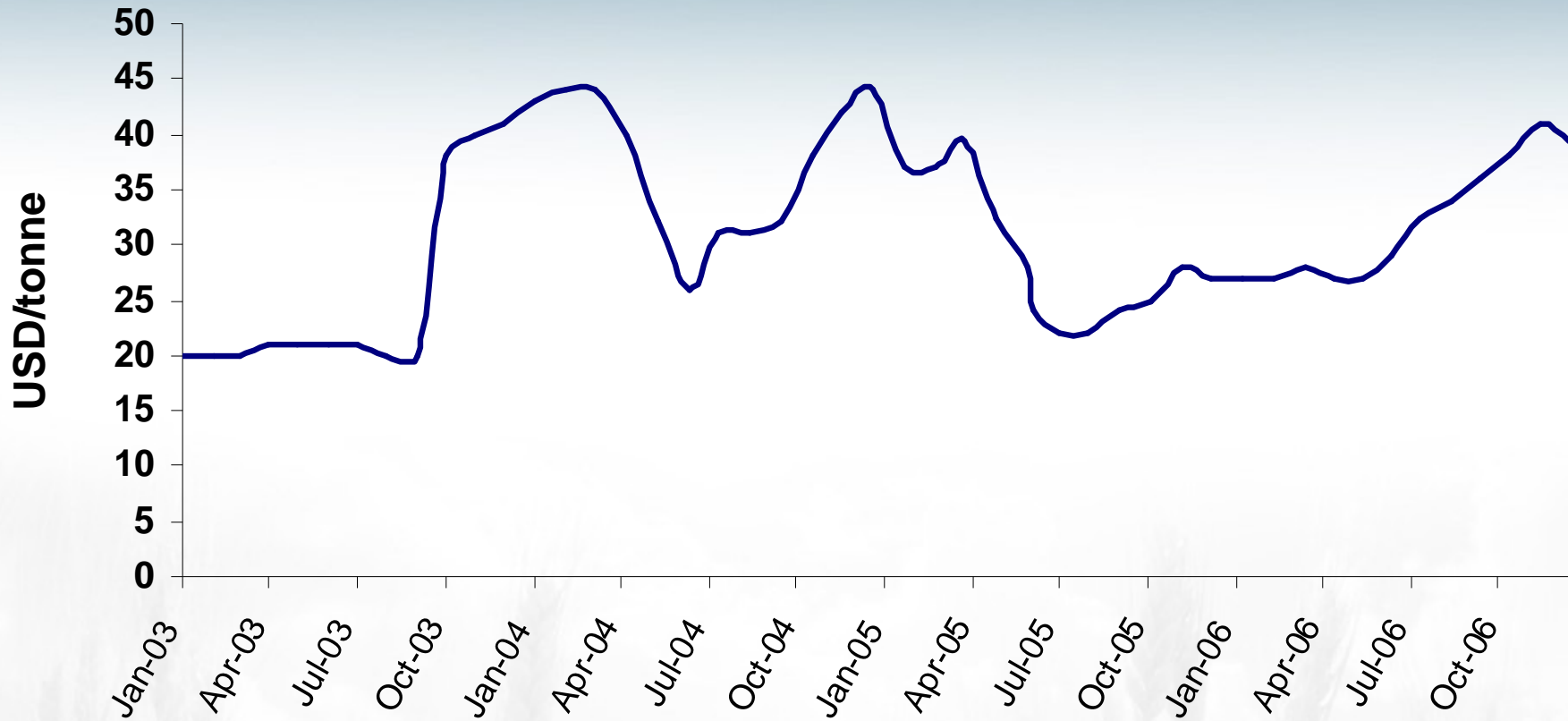


World Indicator Prices (USD)



Ocean Freight

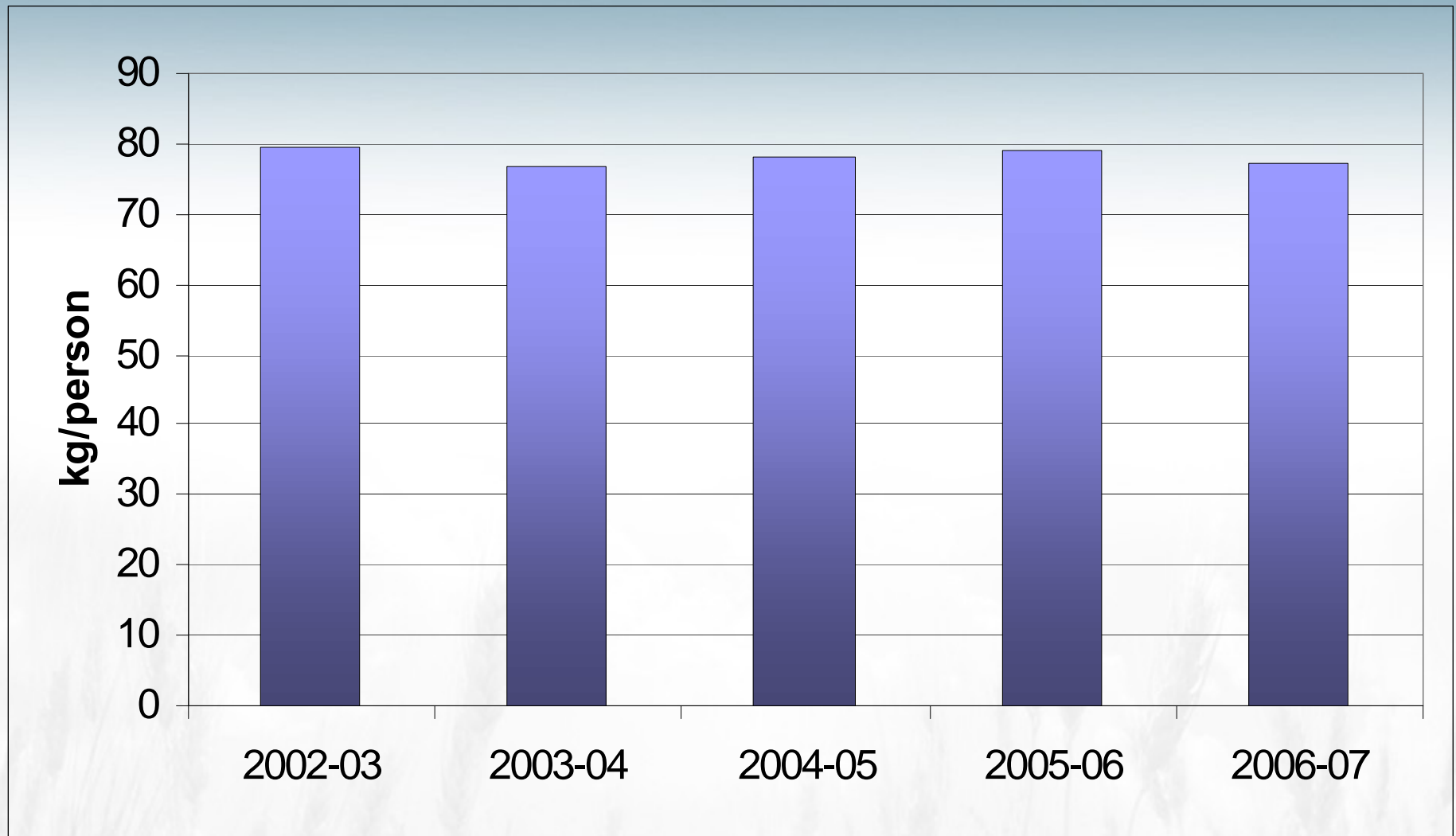
Grain vessel rates USA PNW - Japan



Adapted from USDA Grain Transportation Report



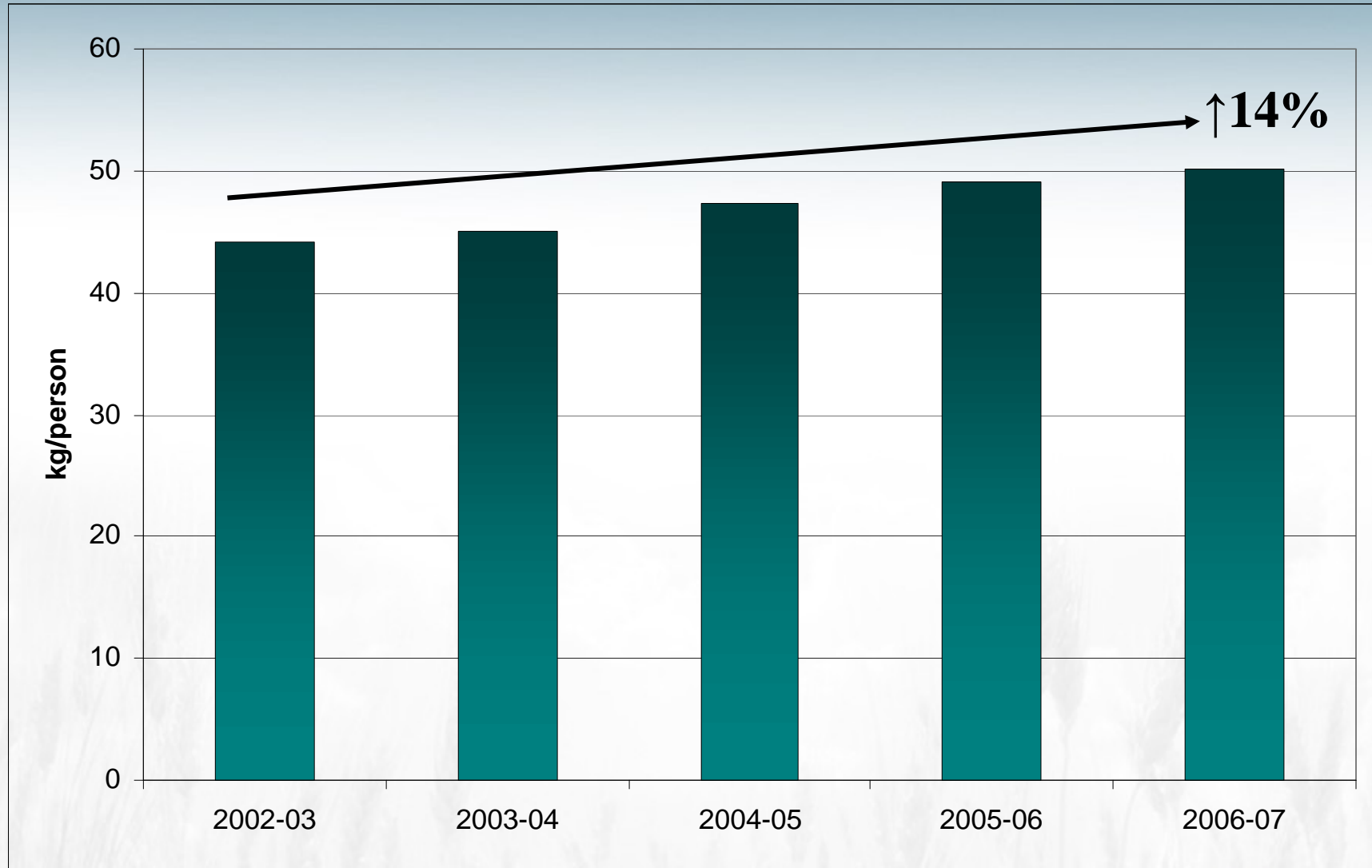
World Wheat Grind per capita



Source: USDA



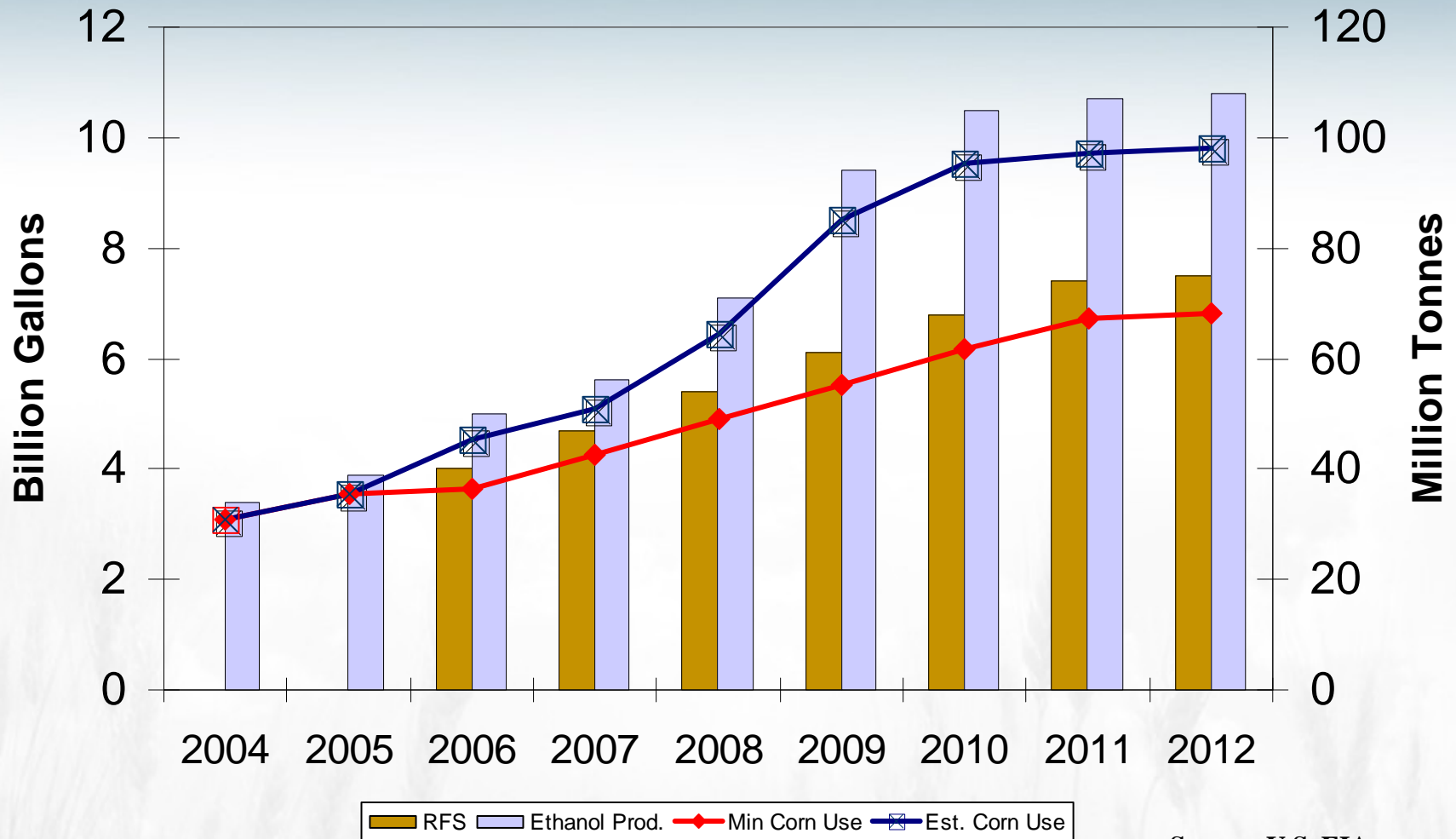
World Oilseed Crush per capita



Source: USDA



Ethanol Expansion Increases U.S. Corn Use



Source: U.S. EIA



Key factors to watch

- **The bulls must be fed to maintain a rally**
- **World cash prices expected to remain strong through spring – Australian impact**
- **Corn price will be a support for wheat**
- **Red spring wheat supplies will remain tight**



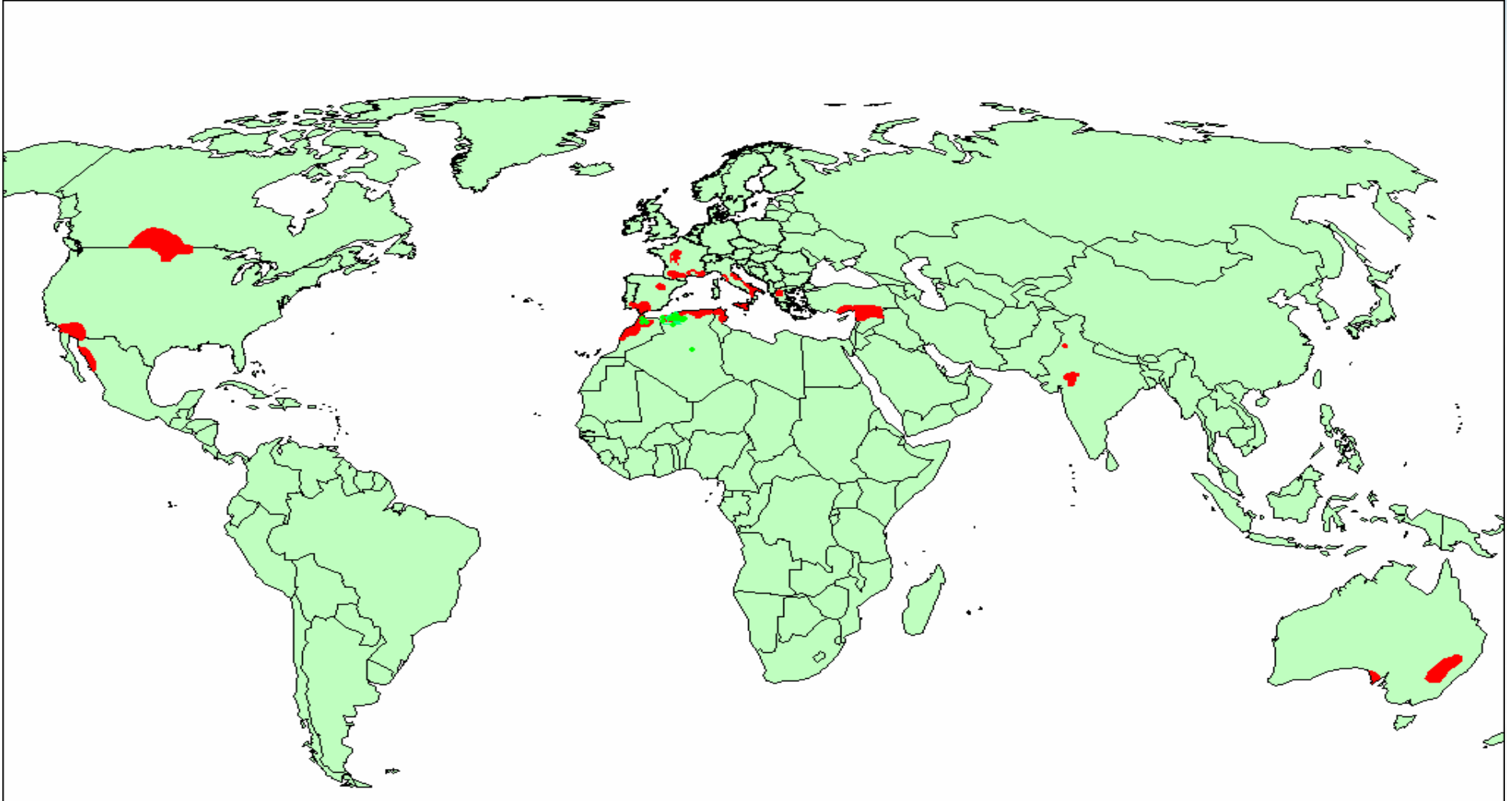


Durum Market Outlook

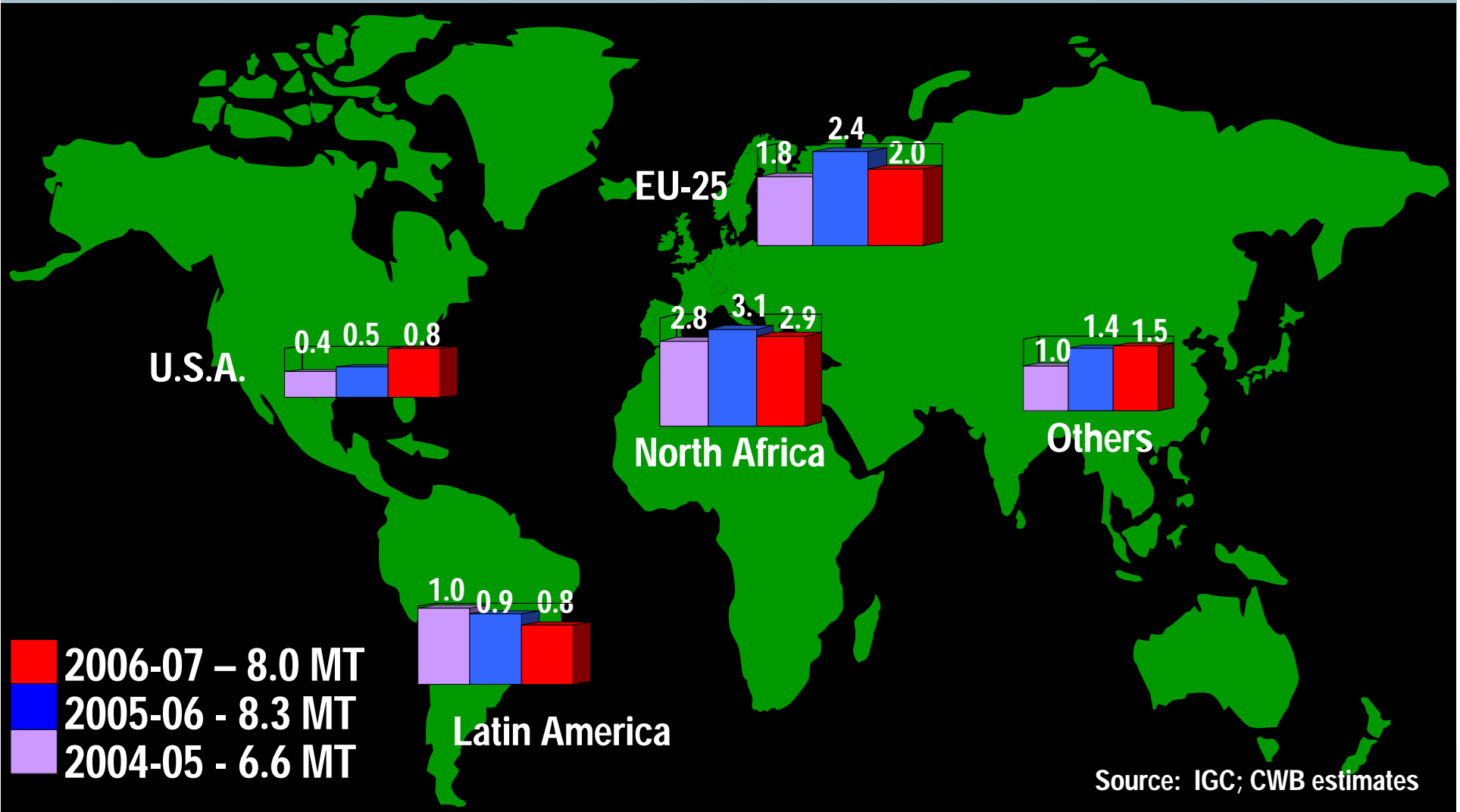


Prairie strong, worldwide

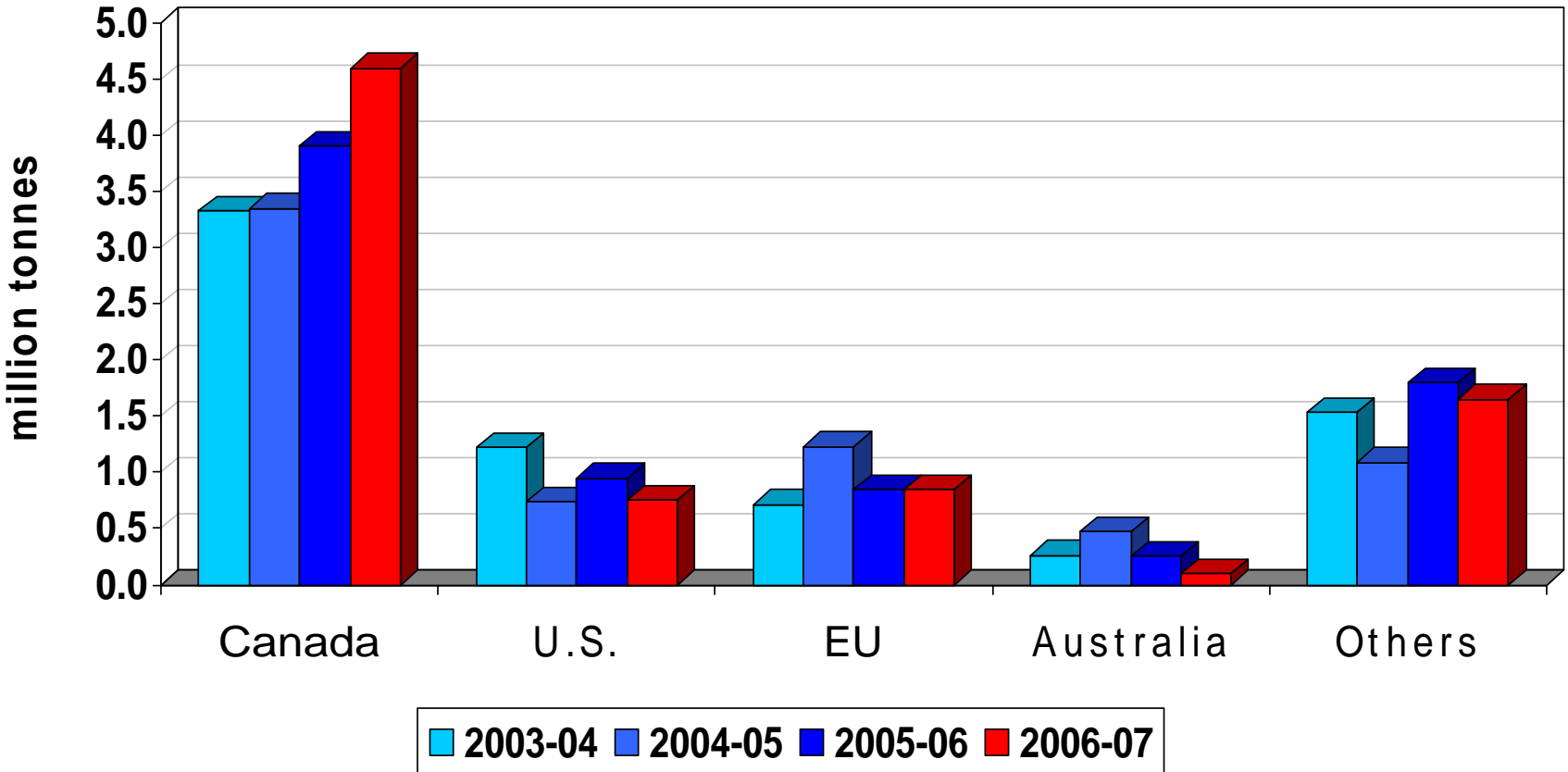
Durum wheat producing regions



Regional Durum Import Demand (million tonnes)



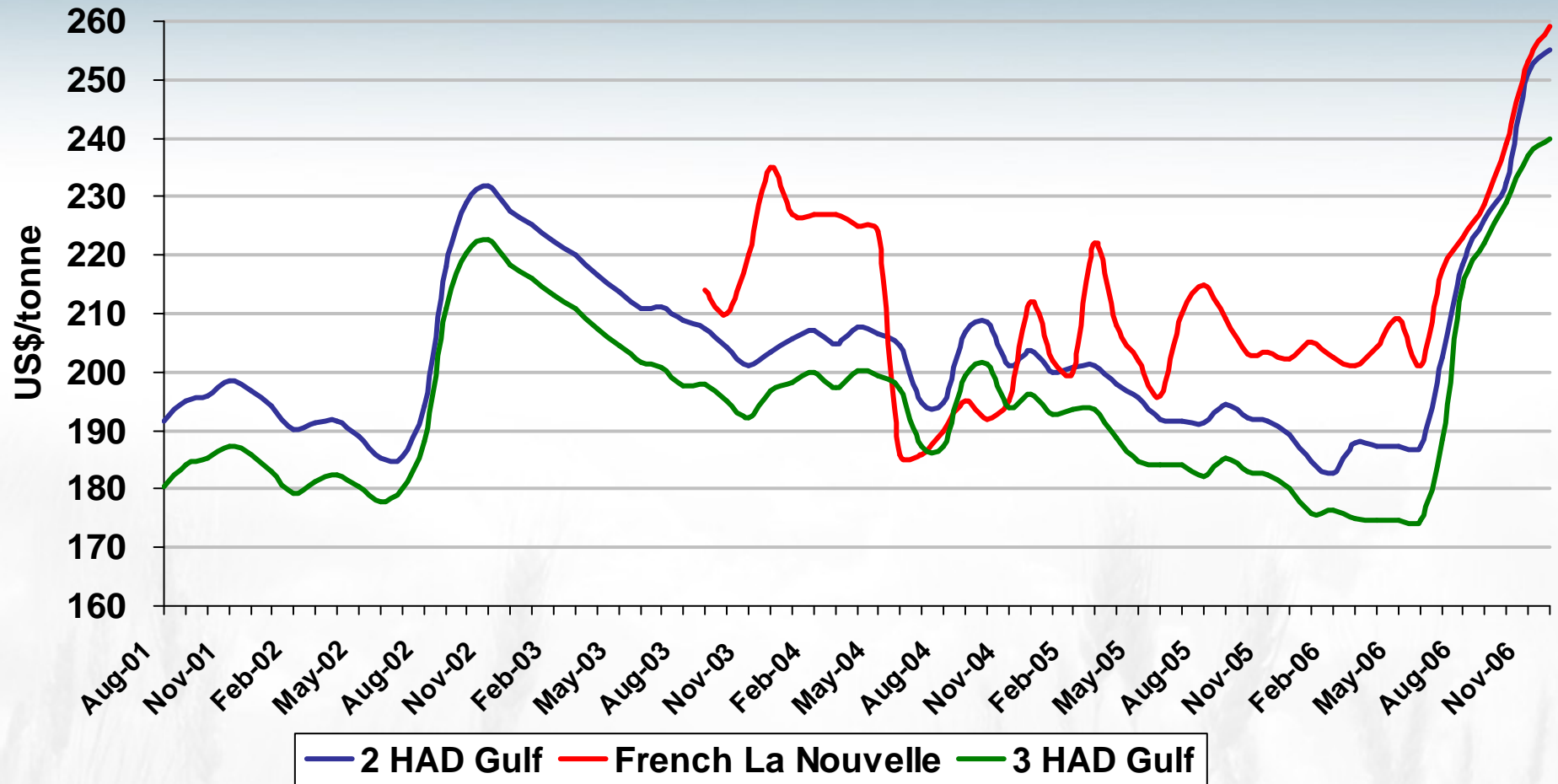
Major durum wheat exporters (July-June)



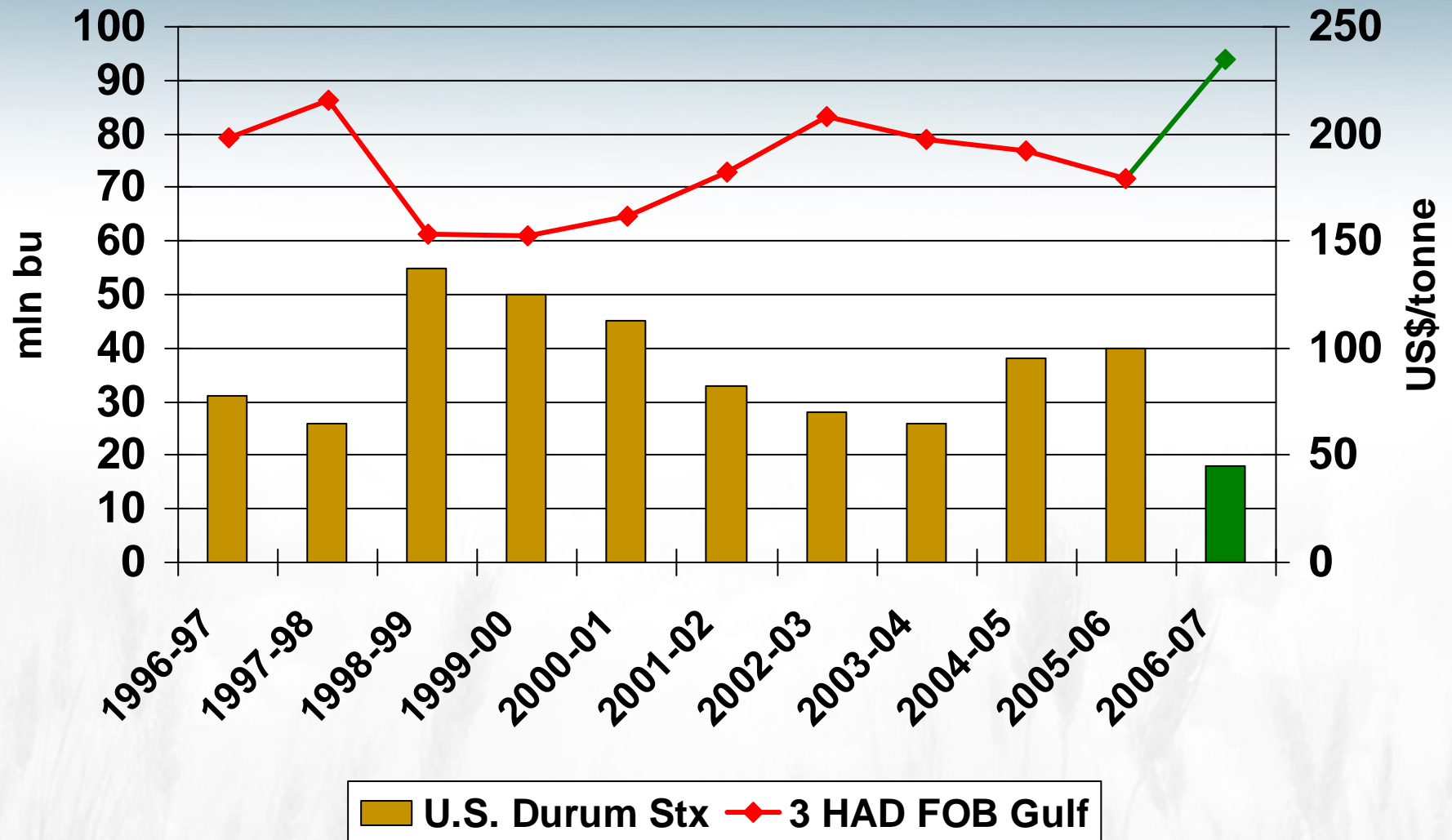
Source: CWB, IGC



Durum FOB Prices



U.S. ending stocks and U.S. durum prices



Key factors to watch

- North African production
- North American acreage and production
- Relative price of U.S. HRS
- European currency values
- Stocks have tightened significantly which increases sensitivity to shocks



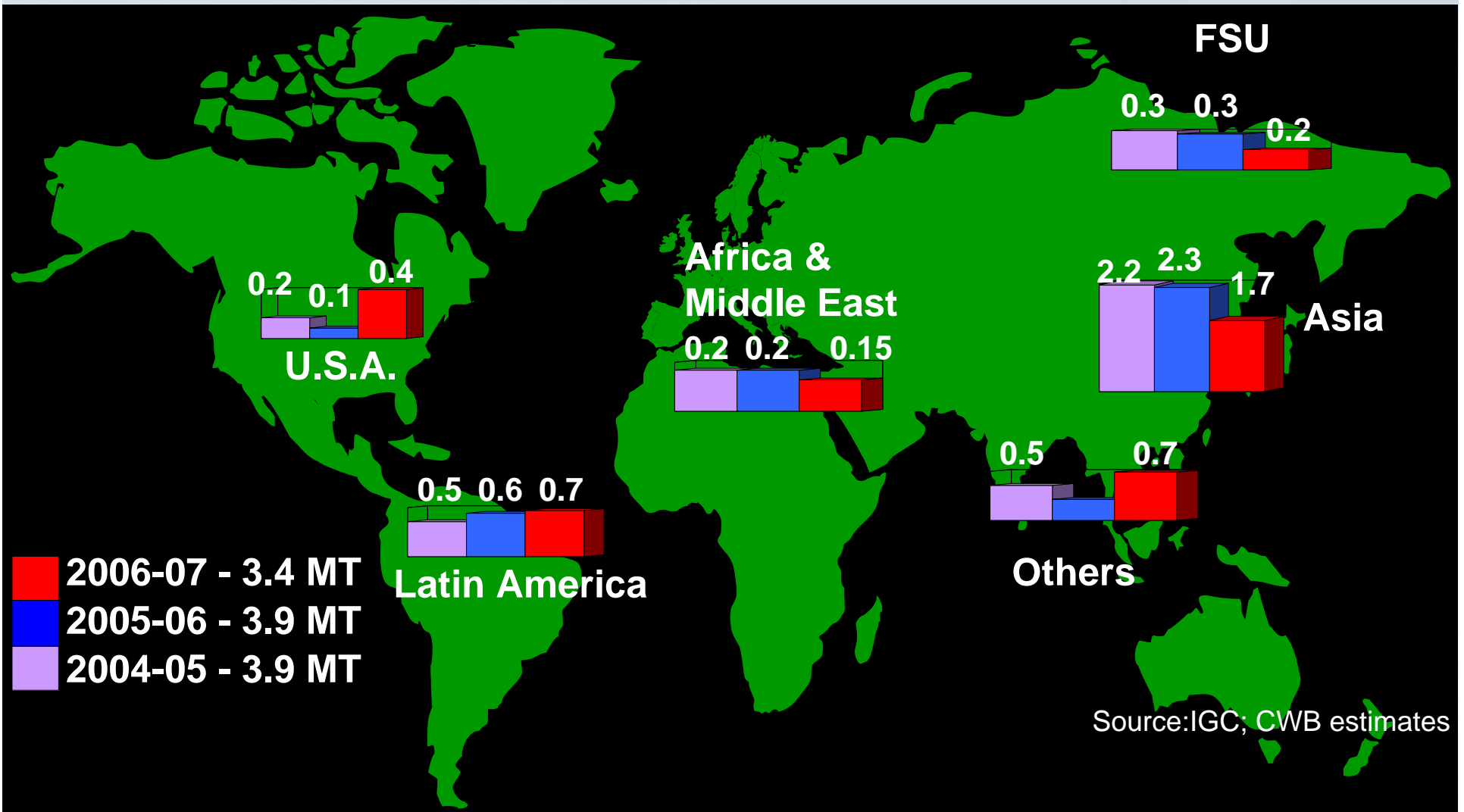
Barley Market Outlook



Prairie strong, worldwide

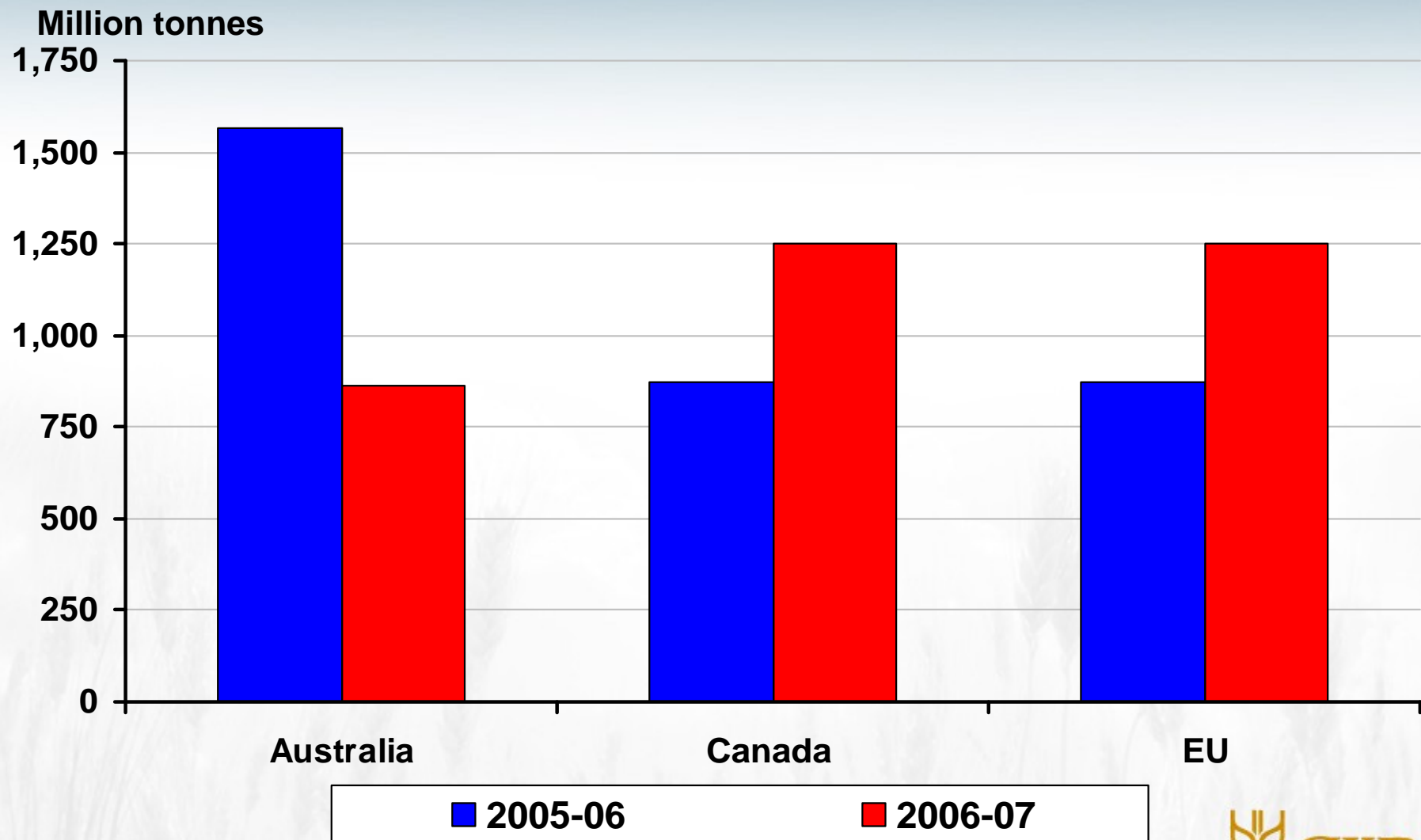
Regional Malting Barley Import Demand

(million tonnes)

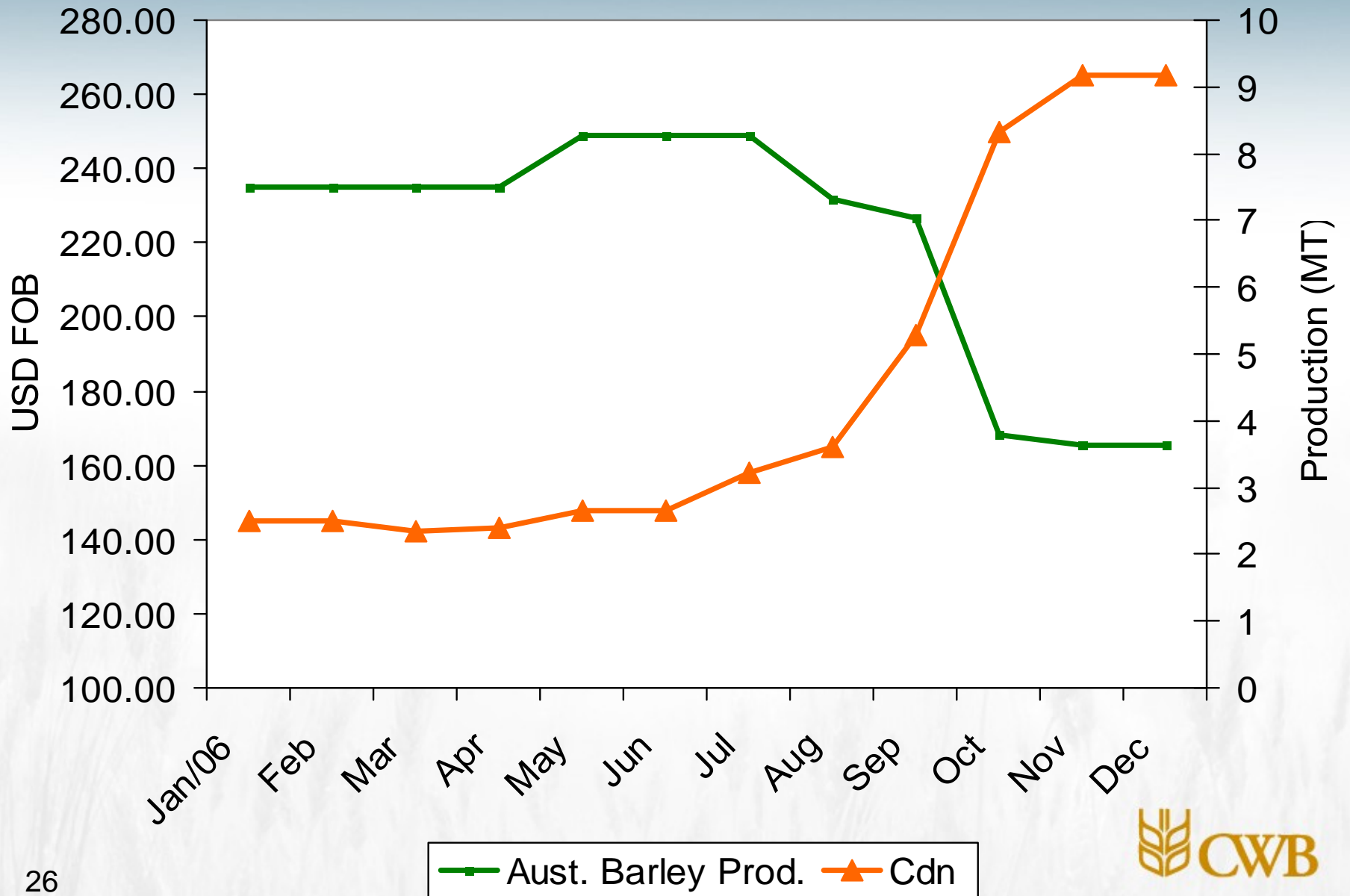


Source: IGC; CWB estimates

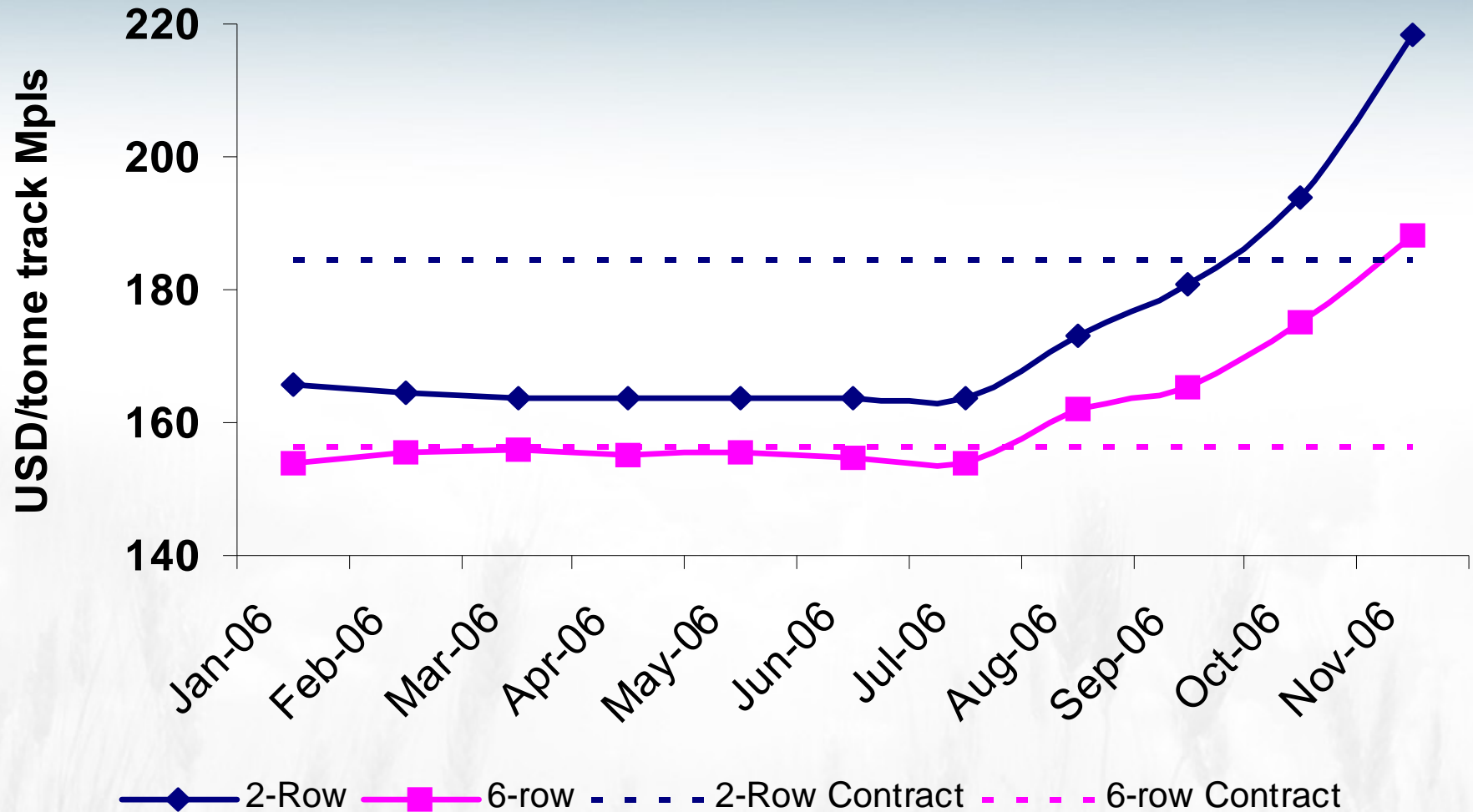
Major Malt Barley Exporters



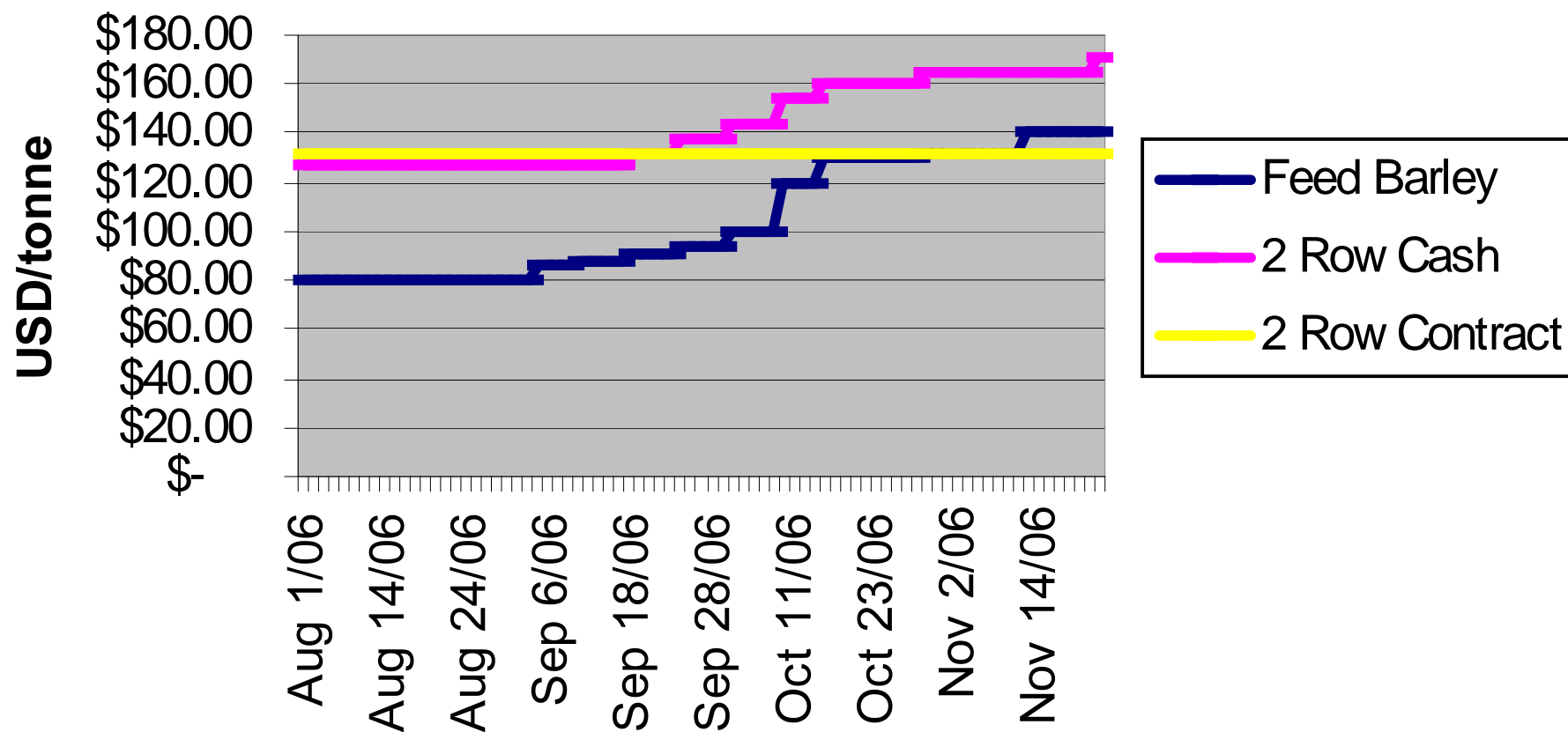
Malting Barley Price vs Supply



U.S. Malting Barley Prices



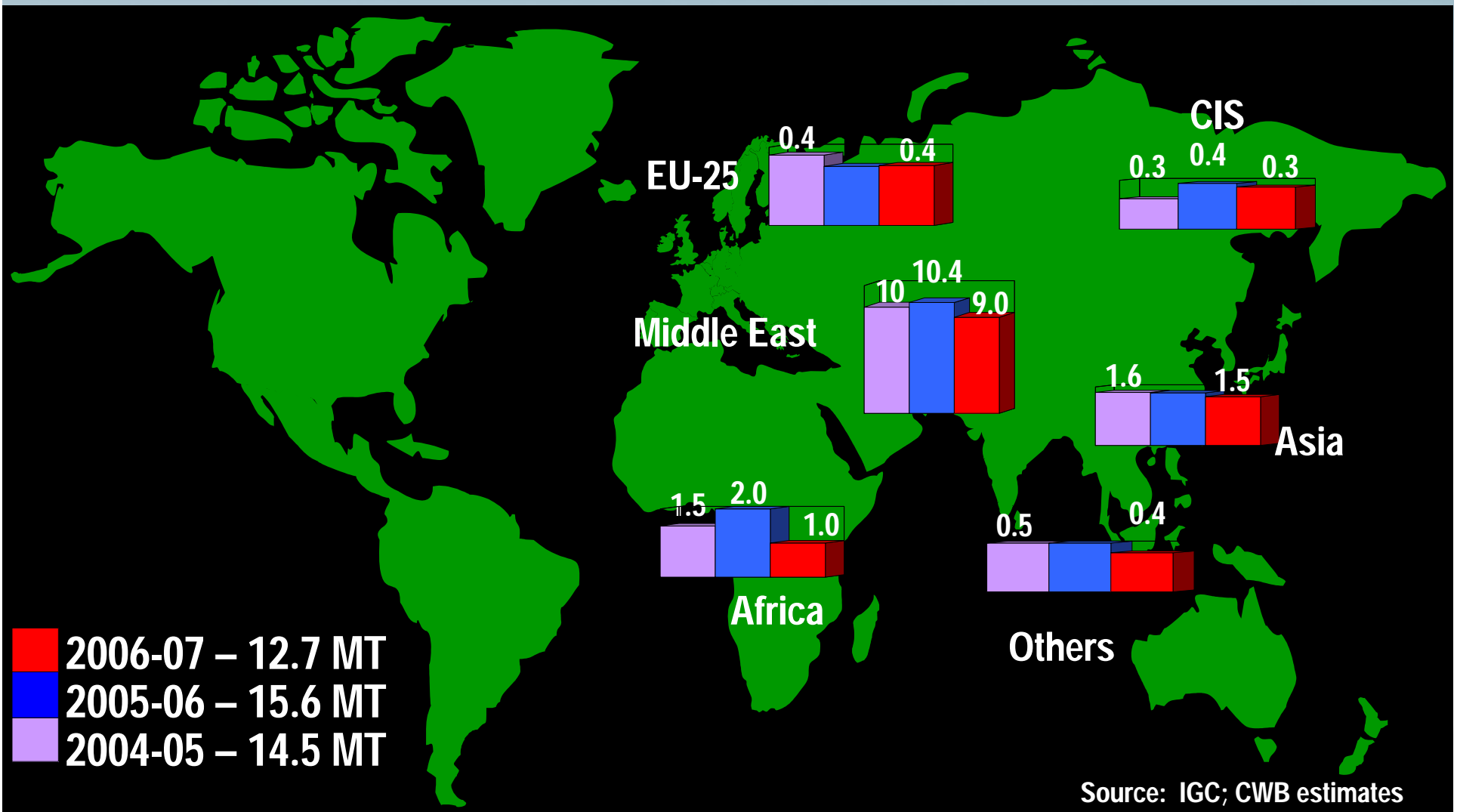
Montana 2 Row vs Feed Barley Values



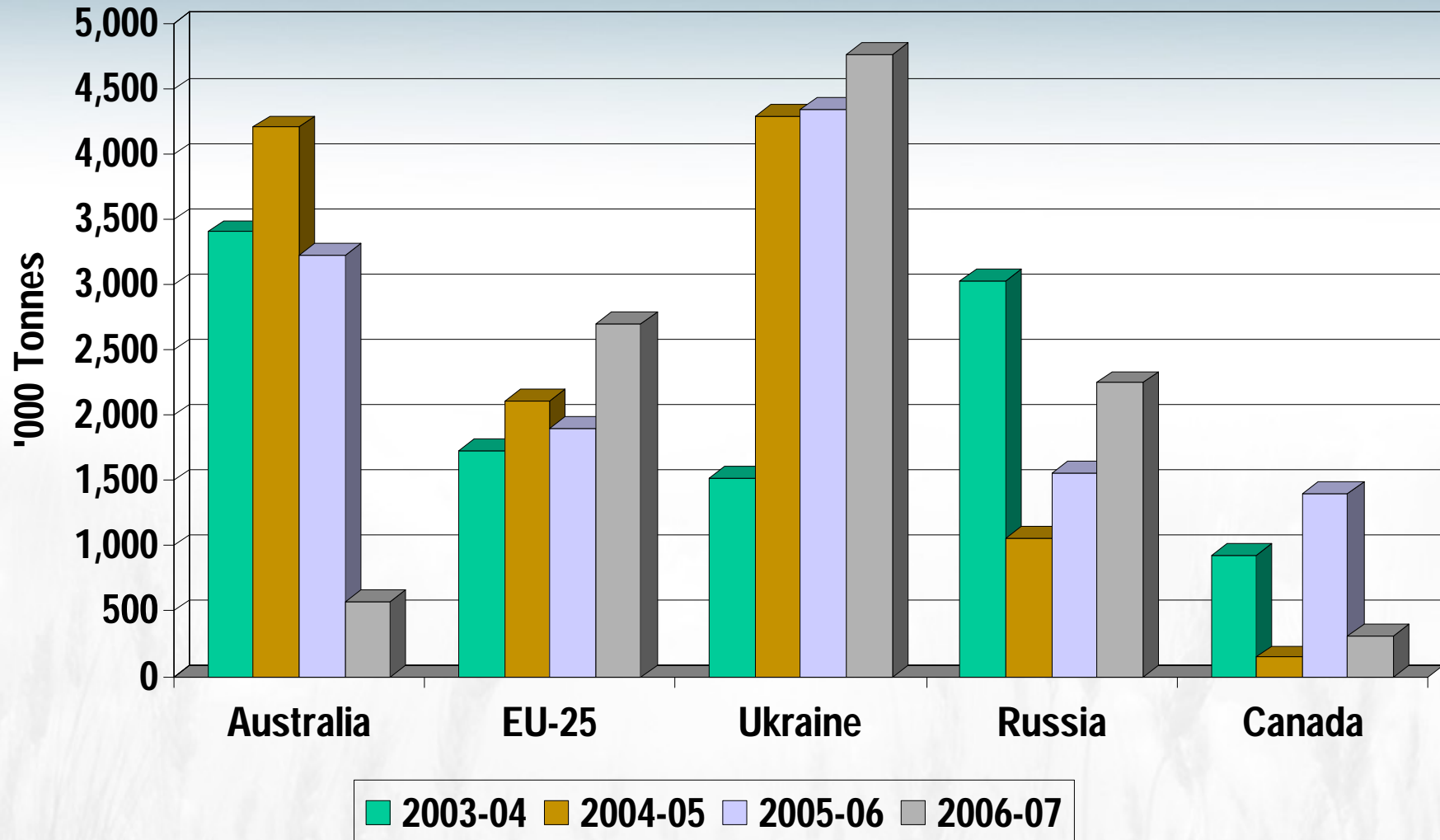
Designated Barley Marketing Strategy

- Designated pool is heavily sold
- Large percentage of barley production of selectable quality
- Primary objective is to maximize selection contracts and continue to sell into this pool.
- The CWB pricing strategy has been to be consistently above competitive values on North American bulk and malt sales and equal or above our competition for offshore sales
- Enforcement of delivery contracts may be an issue

Regional Feed Barley Import Demand (million tonnes)



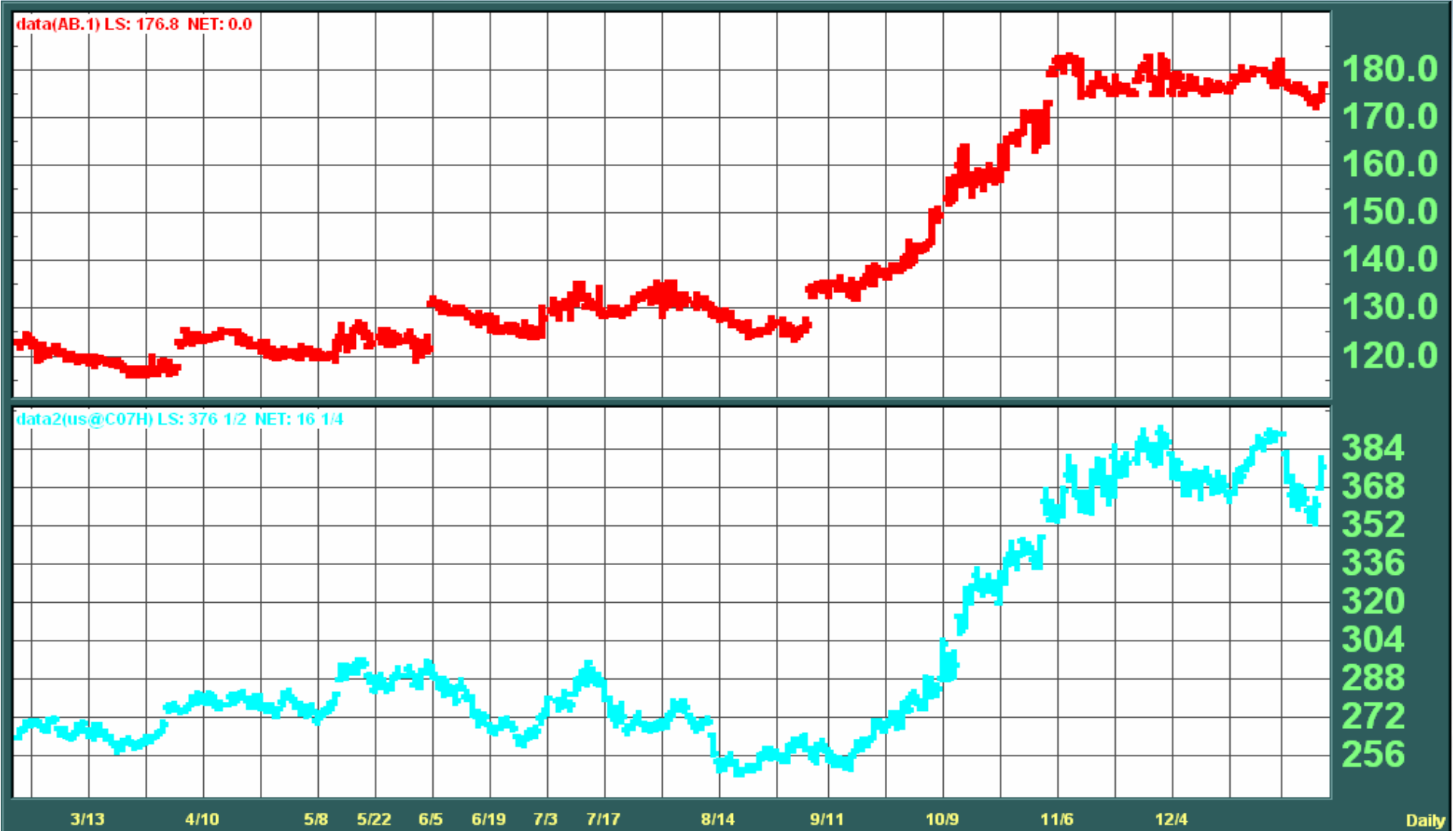
Feed Barley Exports



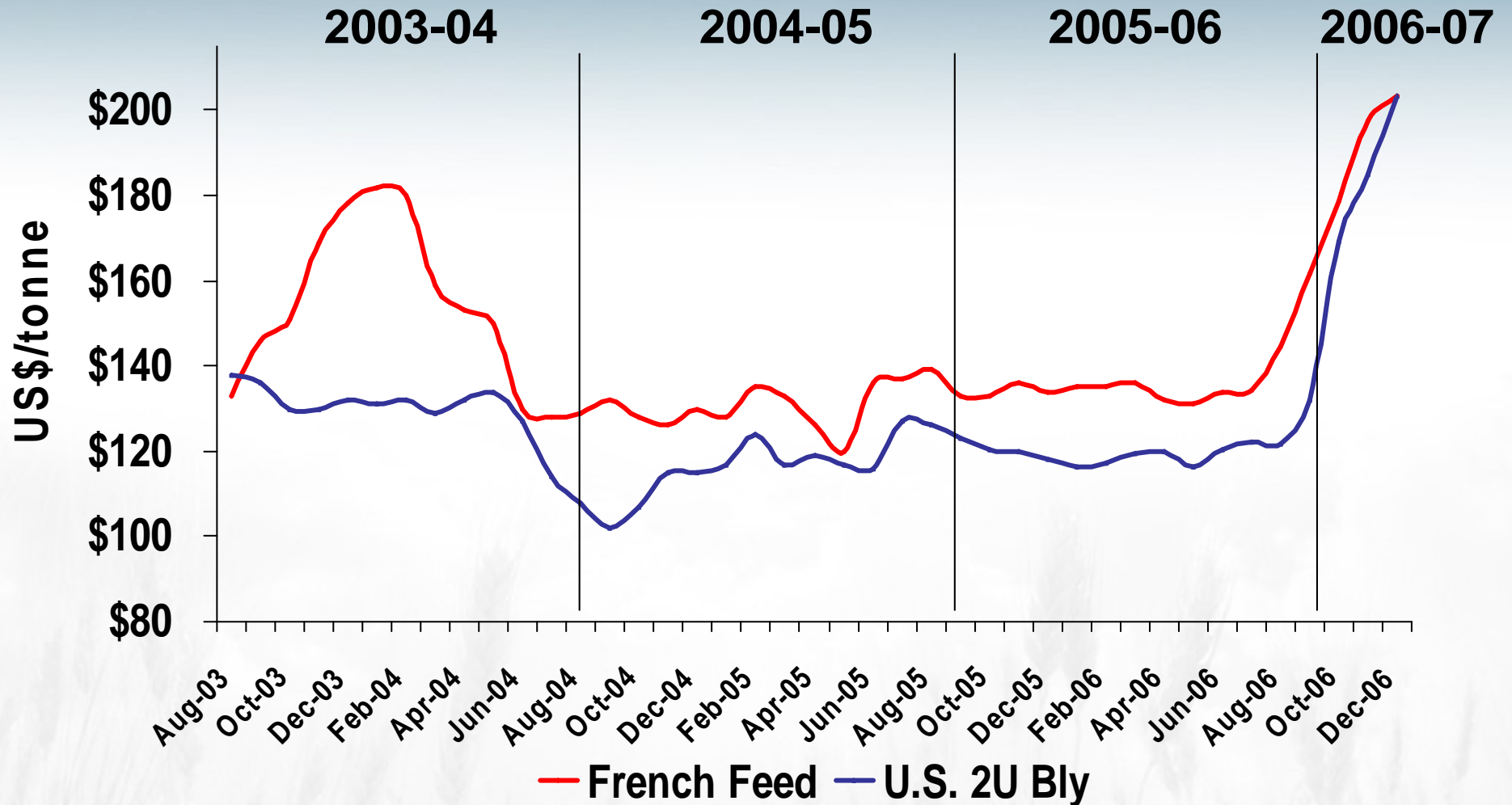
Western barley futures



Feed barley has followed corn



Feed Barley Indicator Prices



Feed Barley Marketing Strategy

- Sell feed barley against offshore Japanese demand
- Currently RTP spread between Saudi business and recent Japan about CDN\$25-\$30 per tonne
- Continue to source feed barley using tendering and GDCs
- Strong domestic market is competing for volume.

Questions ?

