

A globe is centered in the image, showing the continents of North and South America. From the base of the globe, several wheat stalks with golden heads and green leaves grow upwards, symbolizing the global reach and production of wheat. The background is a soft, warm gradient of orange and yellow, suggesting a sunrise or sunset.

North Dakota Wheat

**A high value crop
with a bright future!**

WHEAT: STILL A BIG DEAL IN AG

- \$6.0 billion in annual economic impact
 - \$2 billion direct
 - \$4 billion secondary
- Each acre generates \$714 in total economic activity
- 20% of all farm/ranch marketings
- Bidding for acres at high values





NORTH DAKOTA

Crop Production Value - 2007

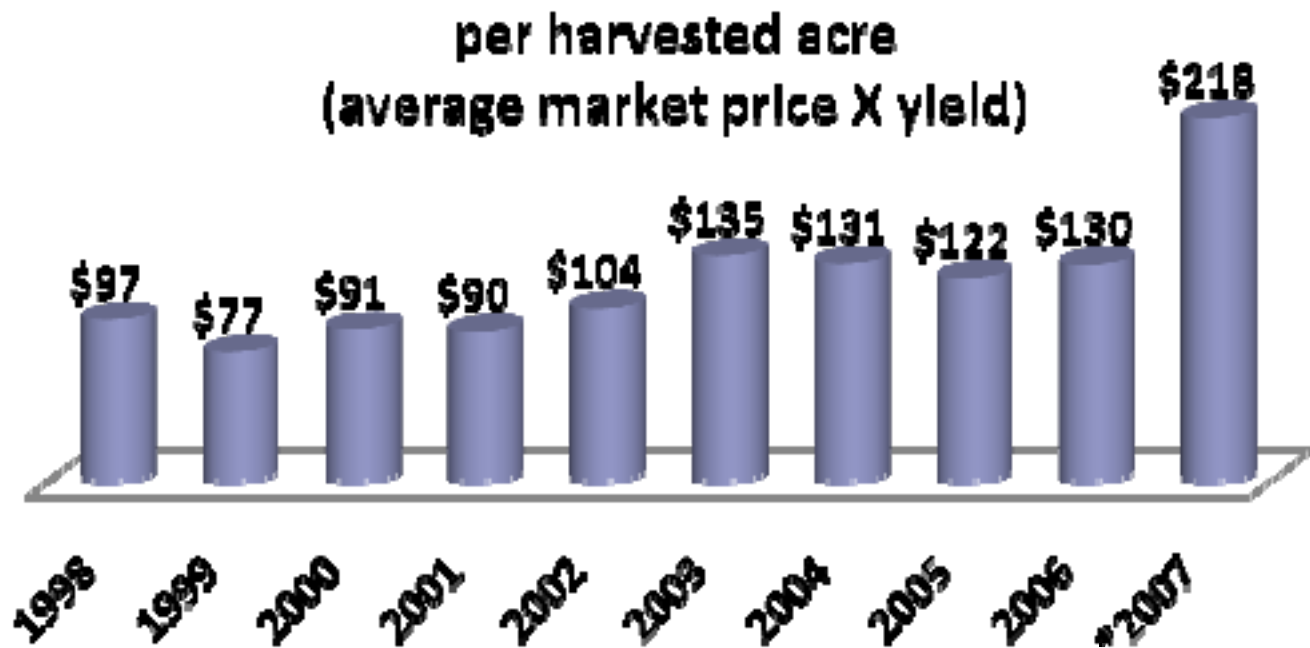
■ Wheat	\$2.0 Billion
■ Soybeans	\$950 Million
■ Corn	\$900 Million
■ Cattle	\$750 Million
■ Barley	\$400 Million
■ Sunflower	\$270 Million
■ Sugar beets	\$250 Million

Source: ND-NASS





ND WHEAT AVERAGE GROSS RETURN PER ACRE

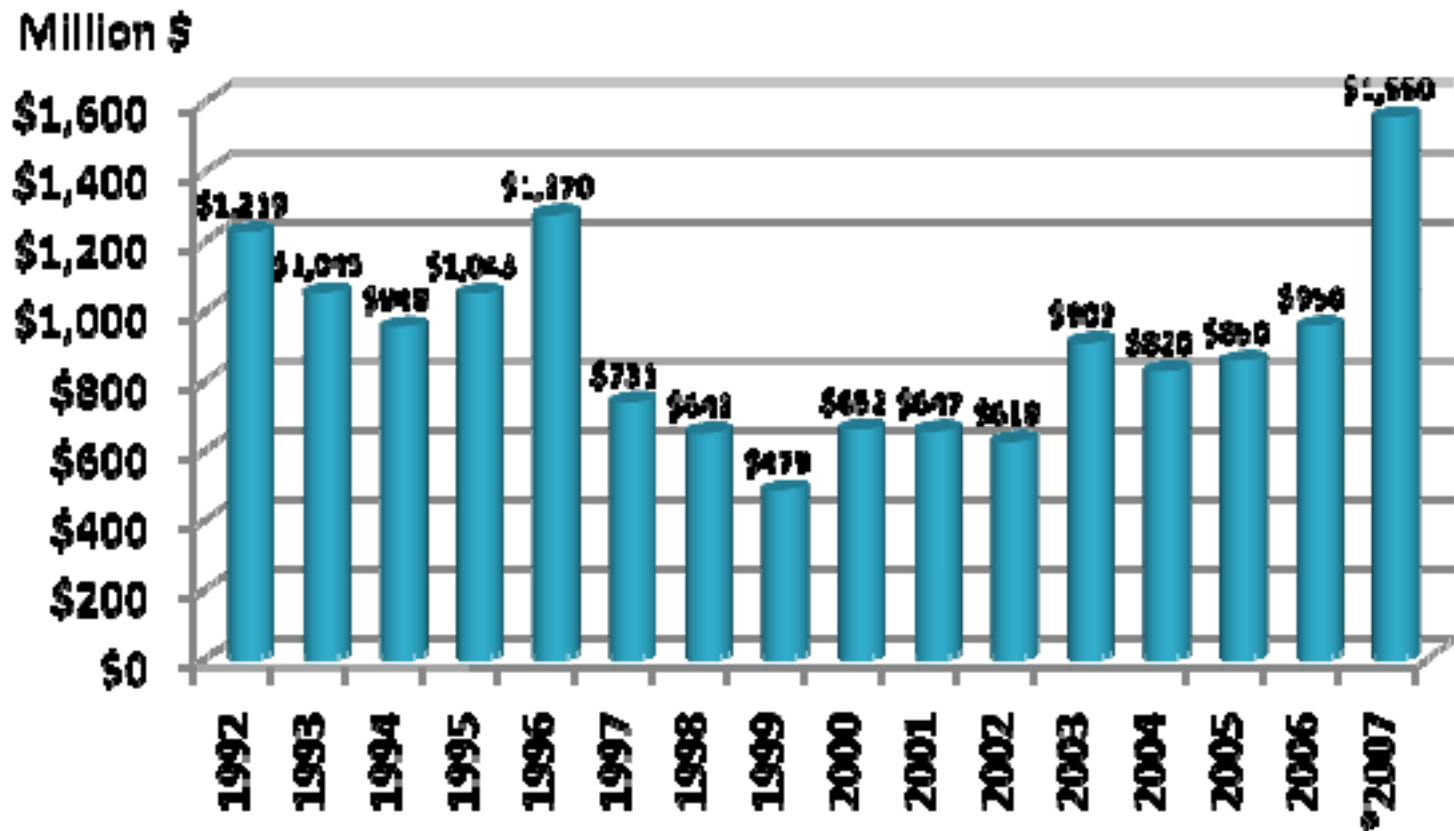


Source: ND Agricultural Statistics
Service

*2007 NDWC Unofficial Estimate



VALUE of ND SPRING WHEAT CROP (gross)

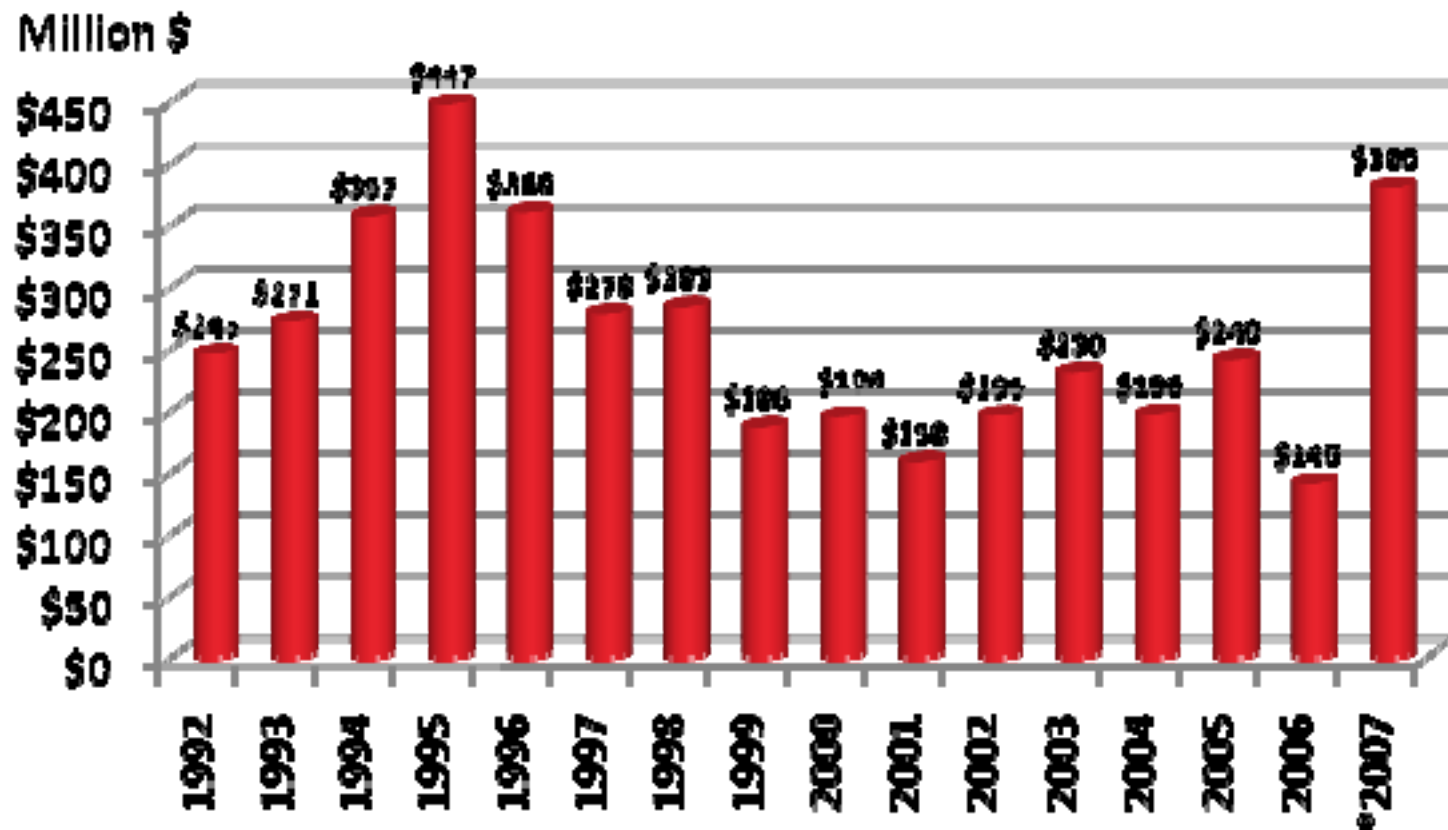


Source: ND Agricultural Statistics Service

*2007 NDWC Unofficial Estimate



VALUE of ND DURUM WHEAT CROP (gross)



Source: ND Agricultural Statistics Service

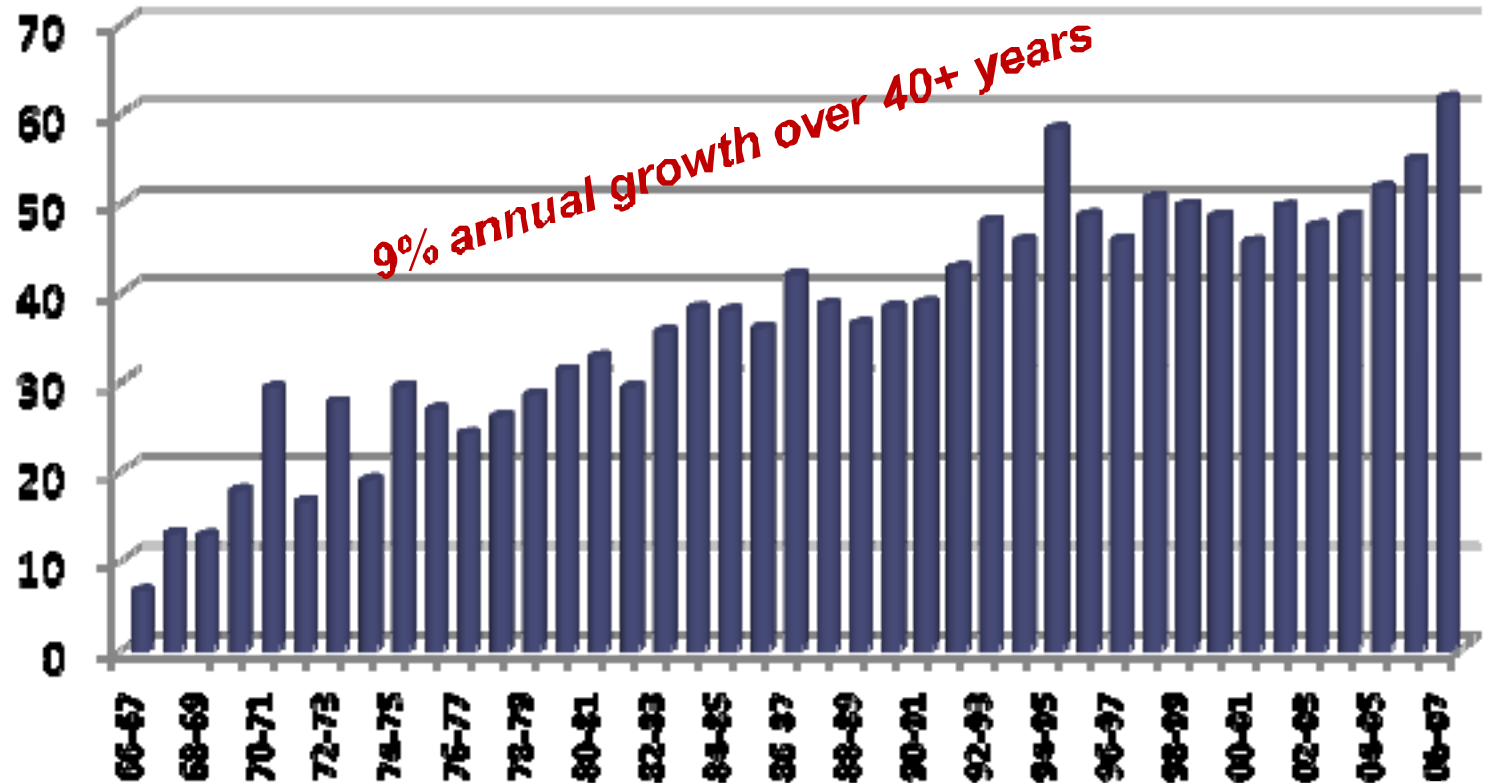
*2007 NDWC Unofficial Estimate



MARKET DEVELOPMENT

CASE STUDES IN LONG-TERM EFFECTIVENESS

US HARD RED SPRING WHEAT EXPORTS TO JAPAN
(million bushels)



Source: USDA Grain & Feed Market News



2007 & 2008 World and U.S. Wheat Situation and Outlook

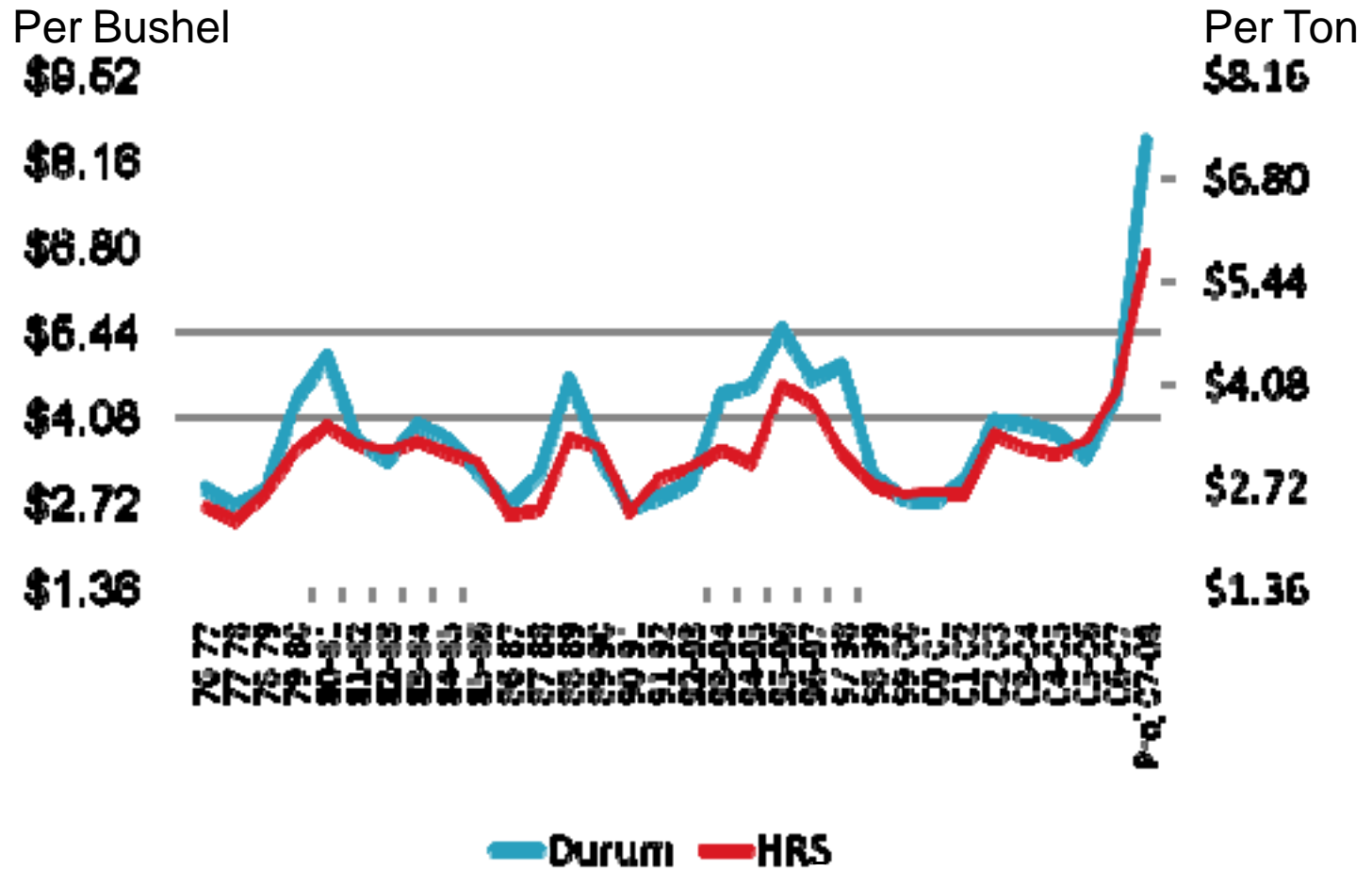
January 31, 2008



Jim Peterson
Marketing Director
ND Wheat Commission



U.S. AVERAGE FARM PRICES



*07-08 Unofficial
 Source: USDA, Annual Price
 Summary
 12/11/07

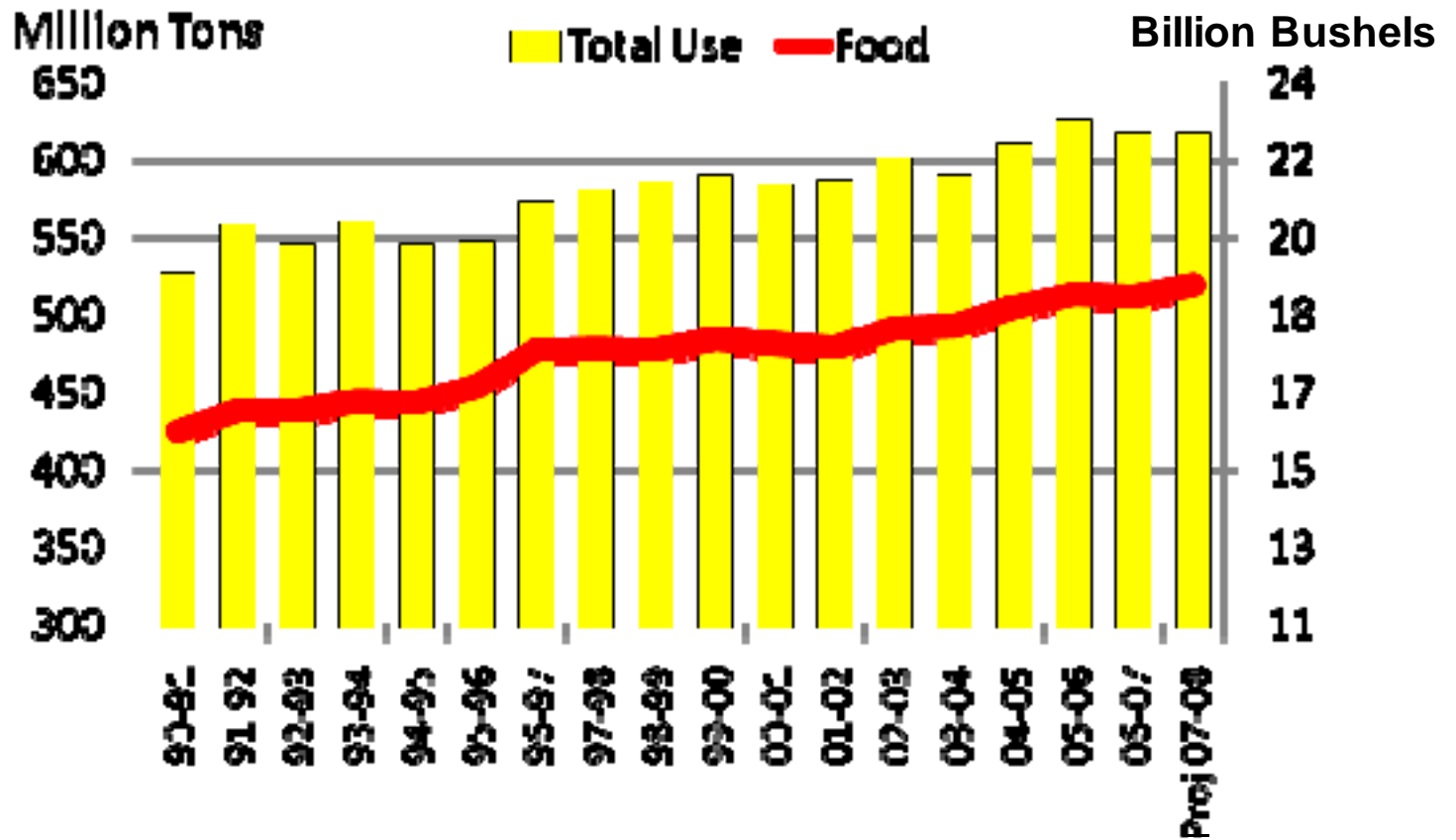


Factors Affecting Wheat Market in 2007-08

- Very strong demand
 - Economies growing in key markets over past few years – Higher quality wheat foods
 - Wheat demand is largely inelastic
 - Higher quality, high protein wheat especially short
- Lower than anticipated production
 - Two years of weather-related issues
 - One disaster after another in key export markets
- Tight supplies
 - Historically low stock levels
- Battle for acres
 - Every crop needs more acres
- Outside factors – fund buying, weaker U.S. dollar



WORLD WHEAT USAGE



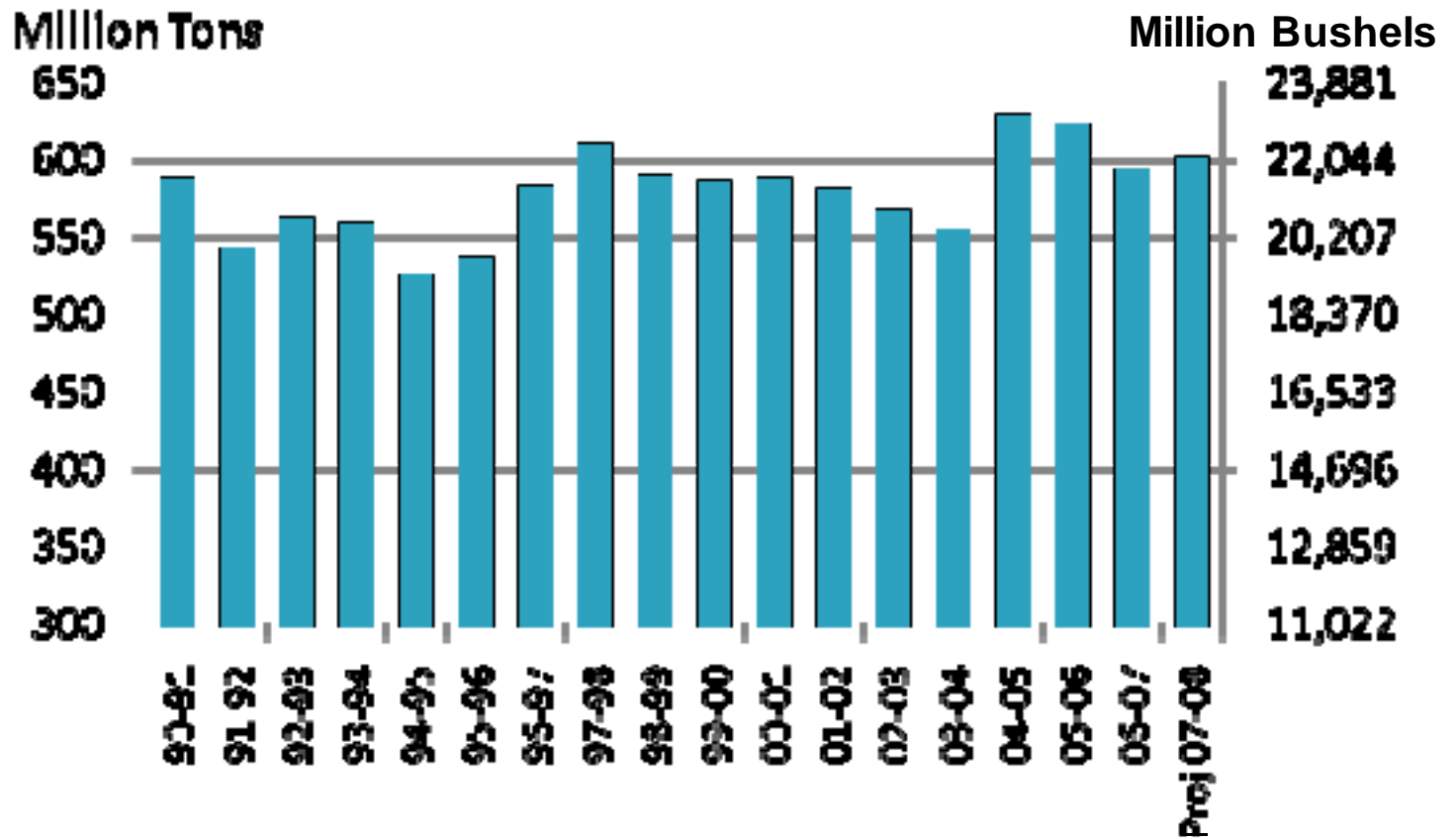
Source: USDA

1/11/08

Xldata/world/all wheat/wheat/prod



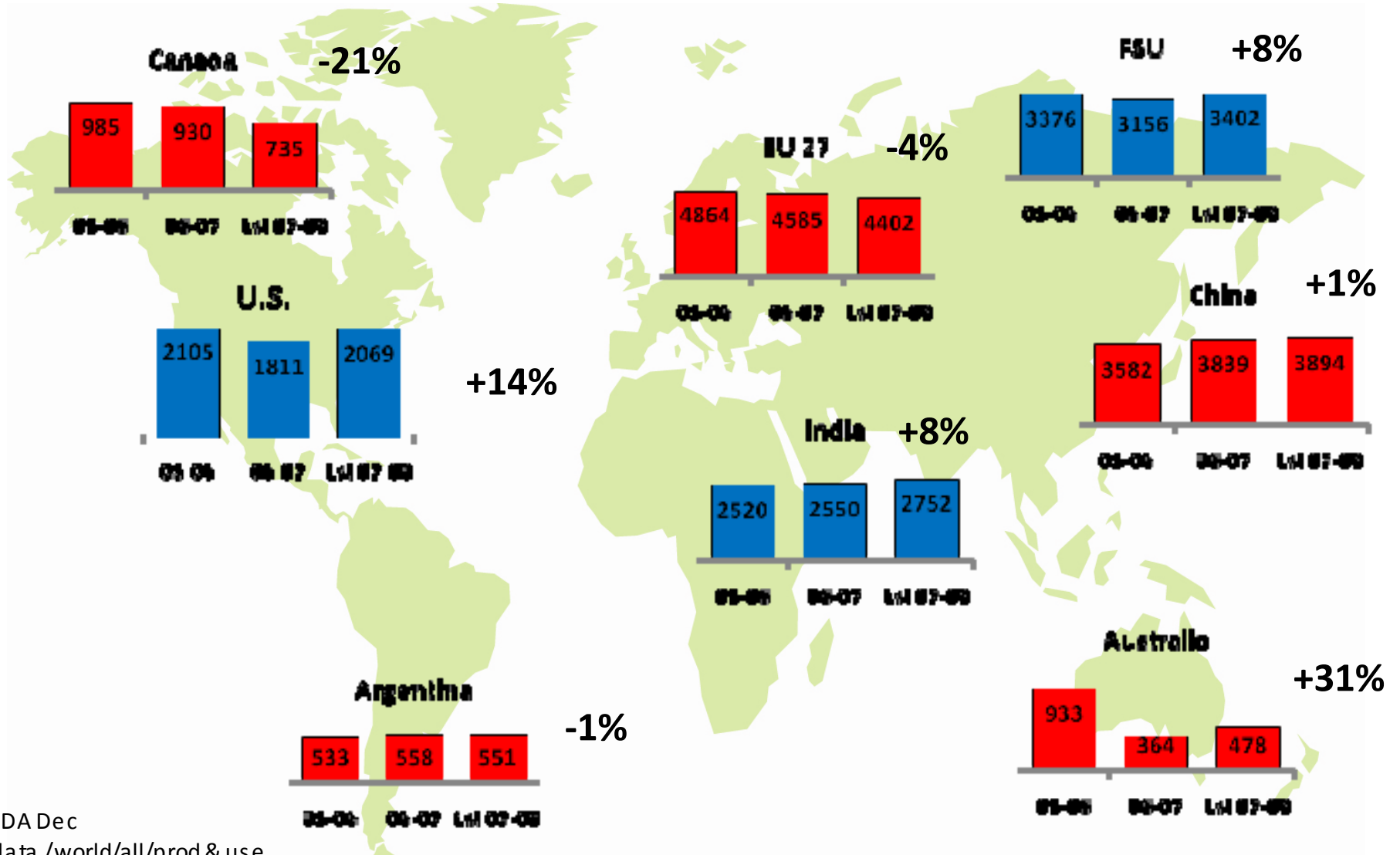
WORLD WHEAT PRODUCTION



Source: International Grains Commission
12/11/07
[Xldata/world/all wheat/wheat/prod](#)

WORLD WHEAT PRODUCTION – MAP

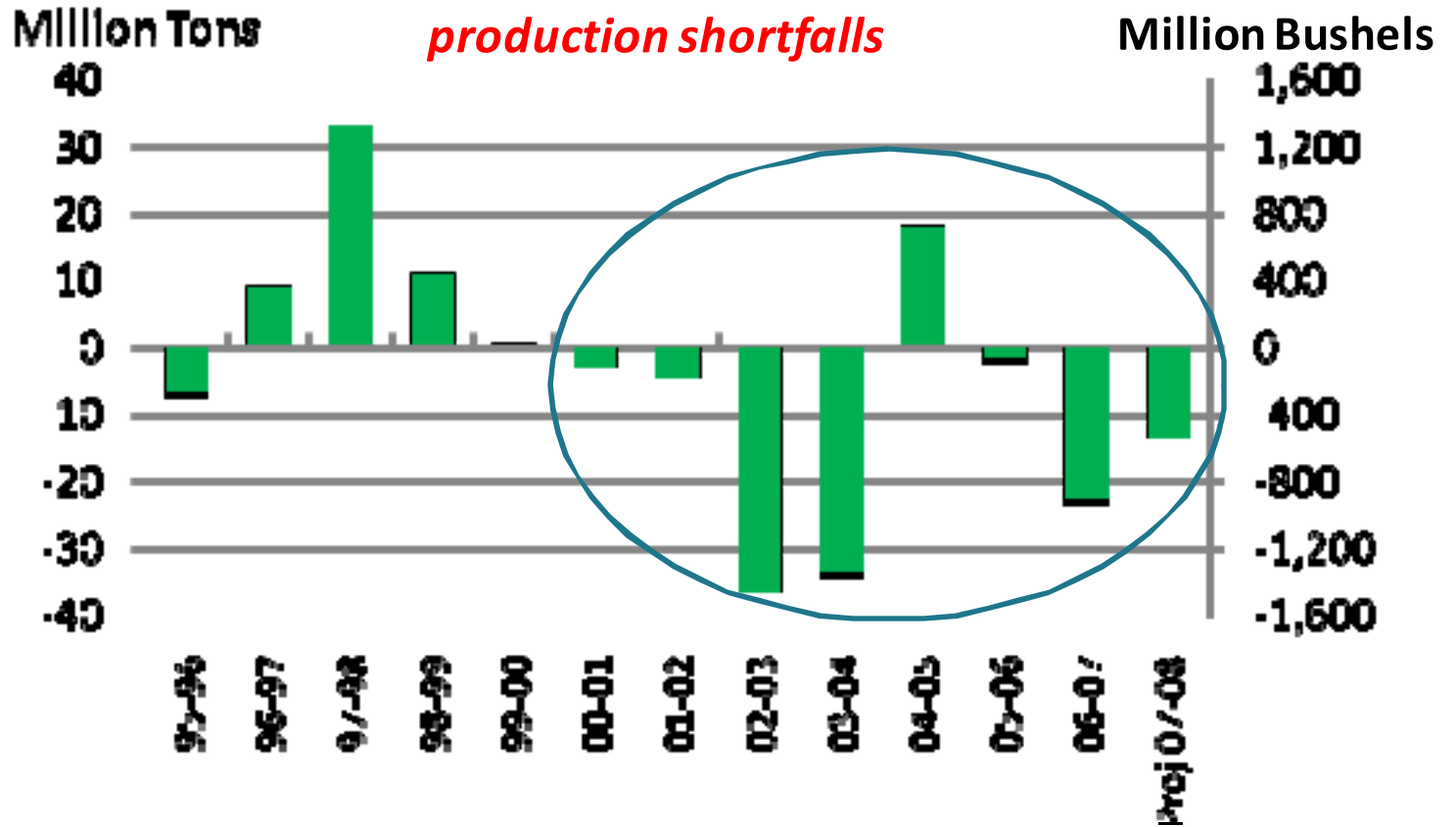
Million Bushels





World Wheat Surplus/Shortage Production less Total Use

*7 of last 8 years have had
production shortfalls*

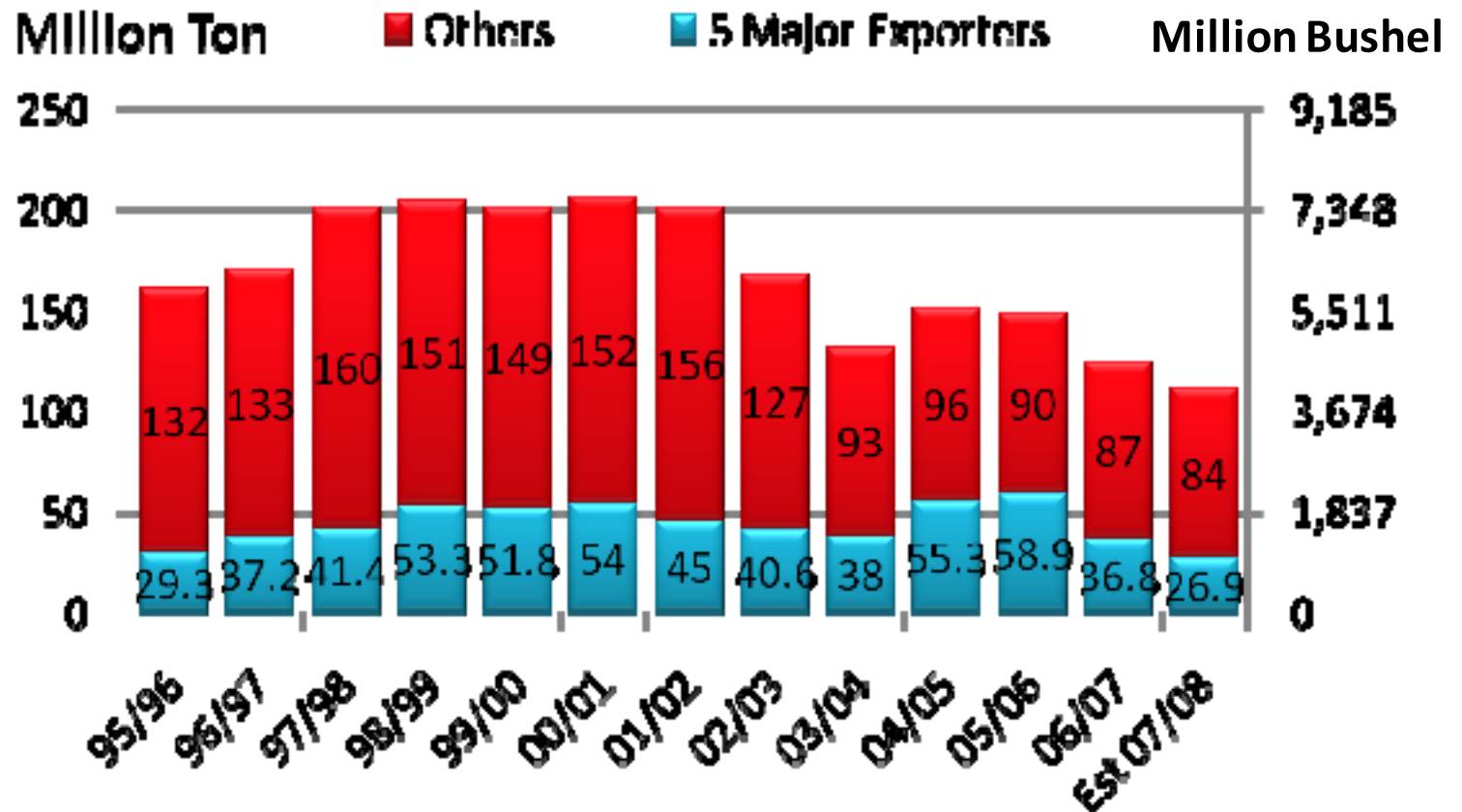


12/11/07

Xldata/world/all wheat/wheat/prod



WORLD WHEAT STOCKS



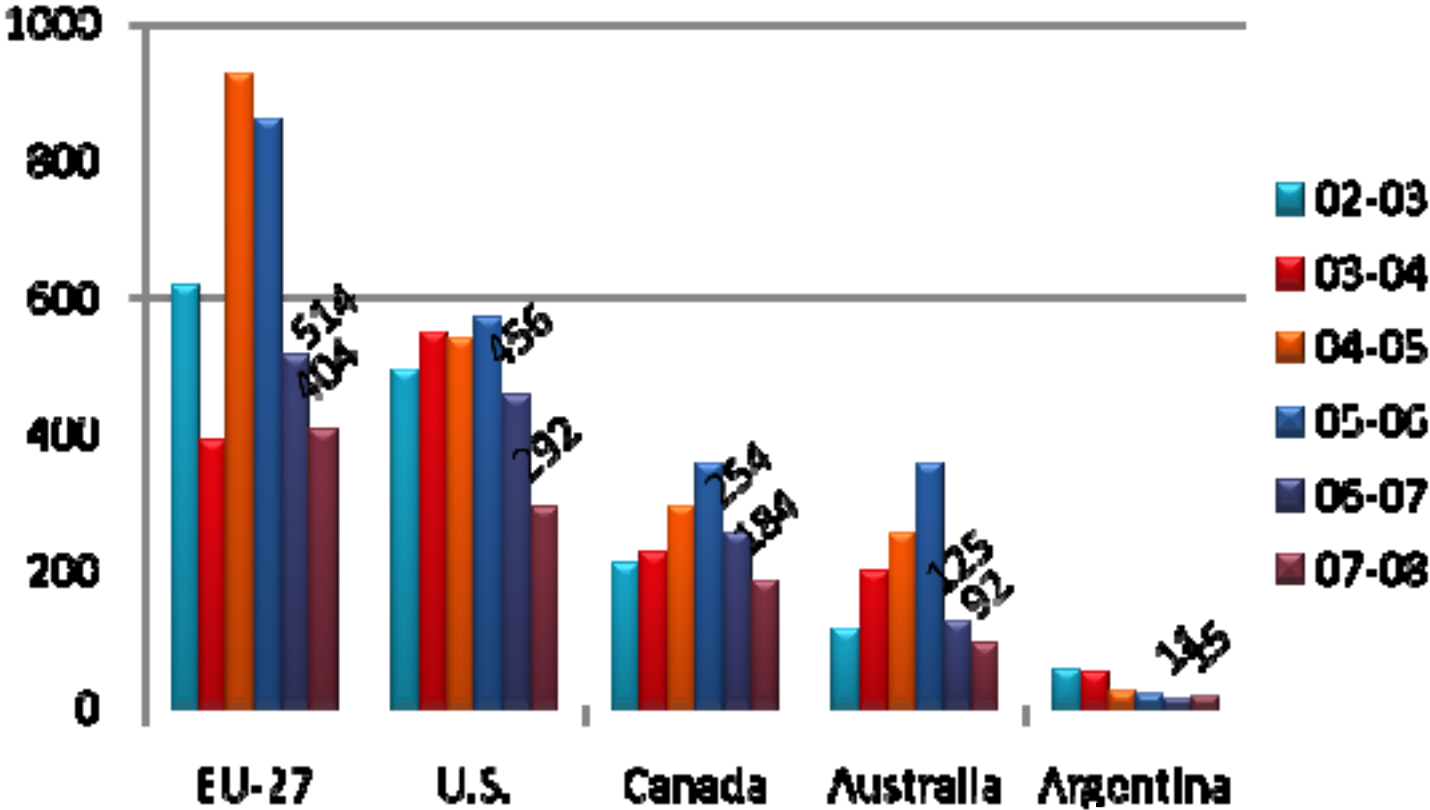
*5 Major Exporters include: U.S., EU-27, Canada, Australia and Argentina

1/11/08



WHEAT STOCKS - Major Exporters

Million Bushels

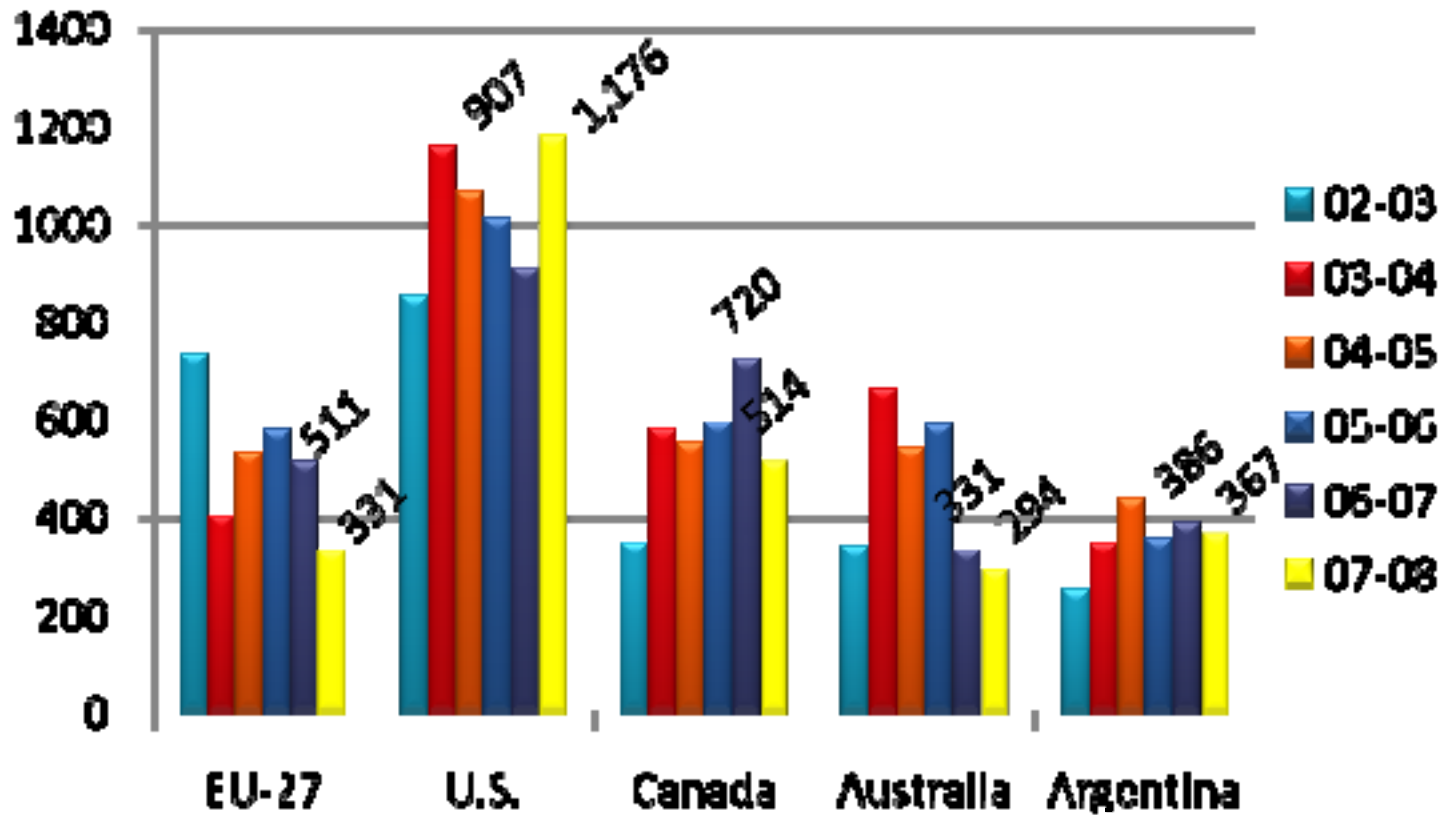


Source: USDA 1/11/08
Xldata/world/all wheat/prod/exports/stocks



WHEAT EXPORTS - Major Exporters

Million Bushels



Source: USDA 1/11/08
[Xldata/world/all wheat/prod/exports/stocks](#)

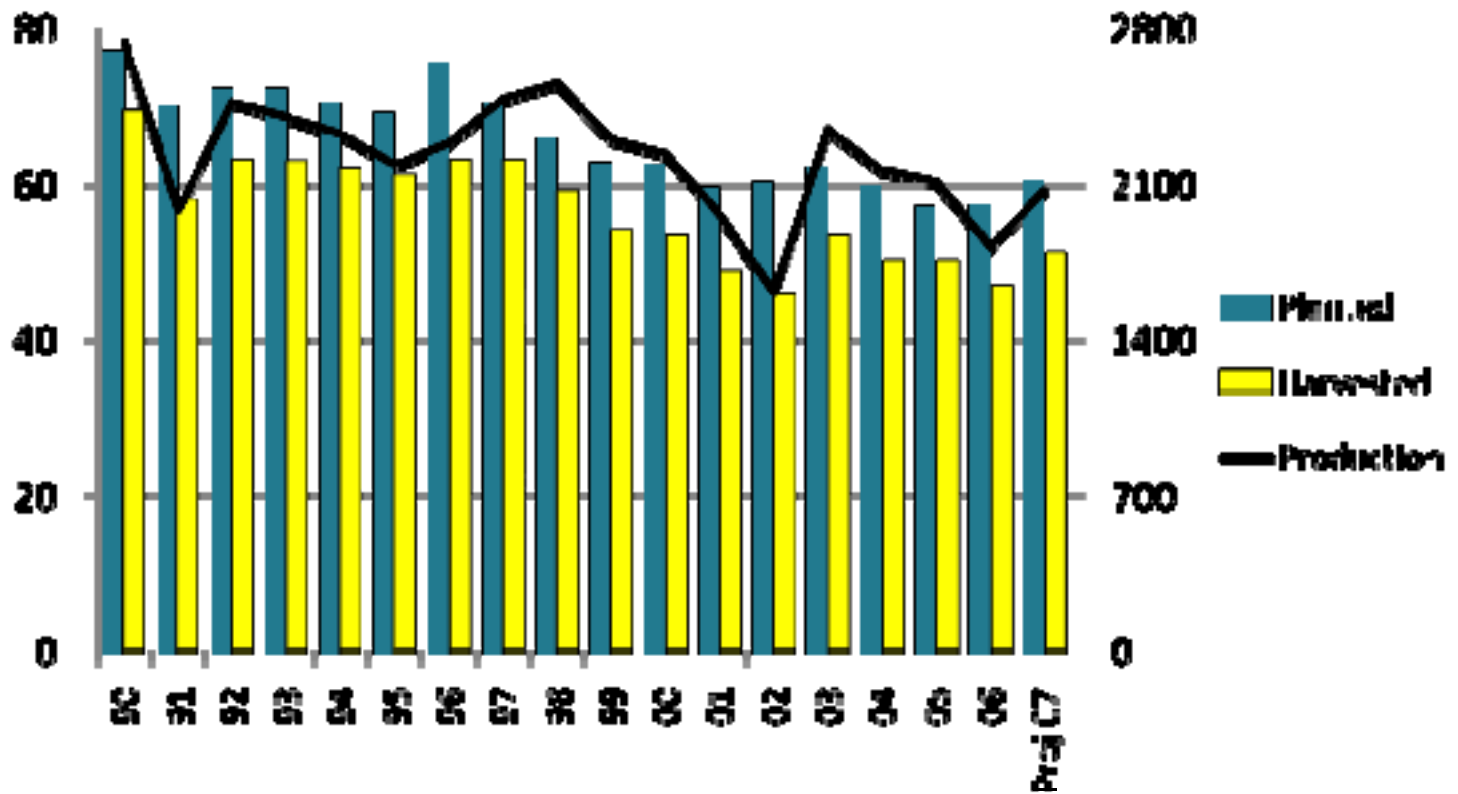


U.S. WHEAT PLANTINGS & PRODUCTION

Acres/Bushels

Million Acres

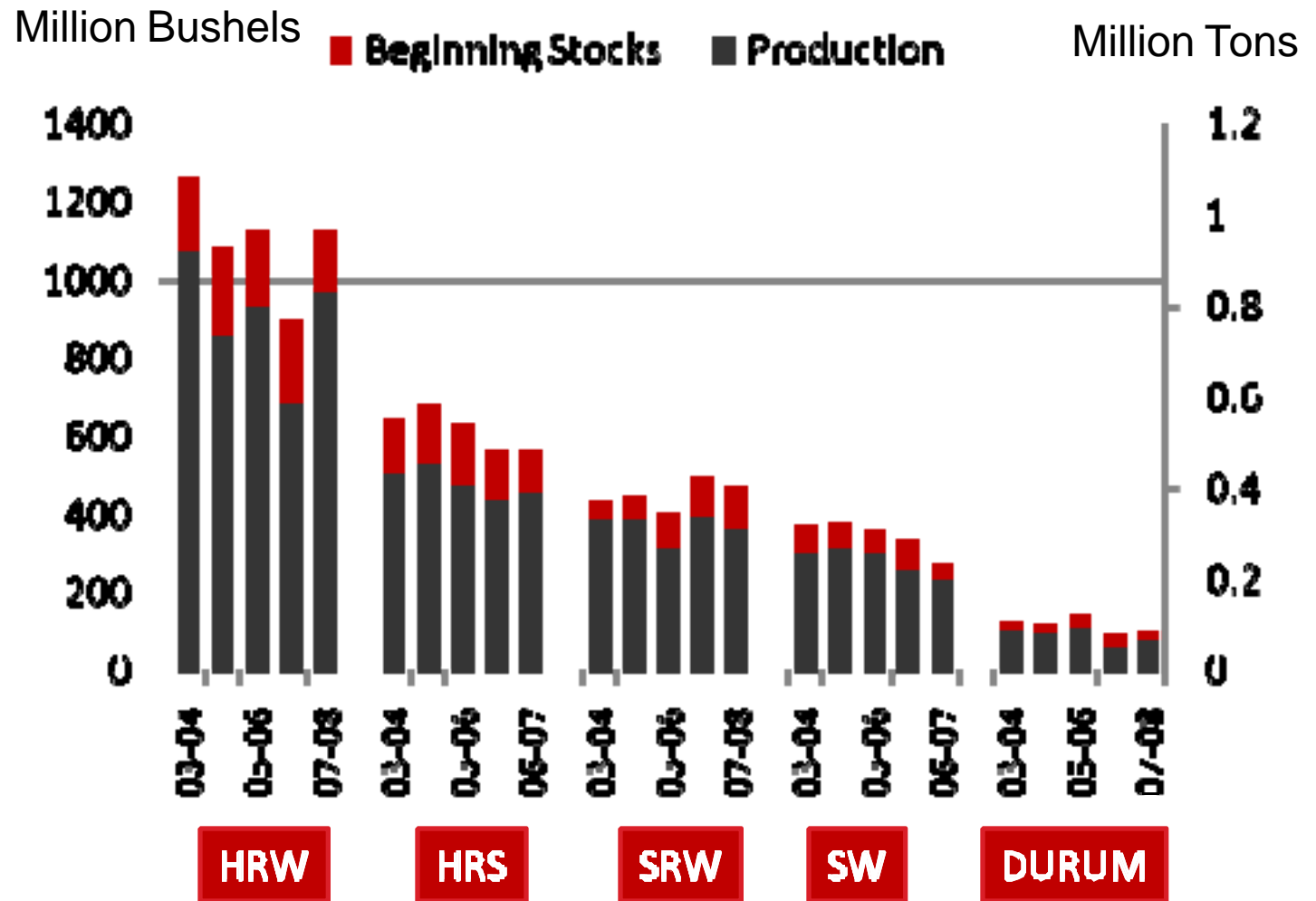
Million Bushels



Source: USDA Nov
Xldata/USW/acres



U.S. WHEAT SUPPLY BY CLASS





U.S. WHEAT SUPPLY & DEMAND

Million Bushels

	02/03	03/04	04/05	05/06	06/07	07/08	Change
Beg Stocks	777	491	546	540	571	456	-20%
Production	1,606	2,345	2,158	2,105	1,812	2,067	14%
Imports	77	63	71	82	122	90	-26%
Tot Supply	2,460	2,899	2,776	2,727	2,505	2,613	4%
Dom Use	1,119	1,193	1,172	1,146	1,140	1,146	1%
Exports	850	1,159	1,063	1,009	909	1,175	29%
Tot Use	1,969	2,353	2,155	2,155	2,049	2,321	13%
End Stocks	491	546	540	571	456	292	-36%
S/U Ratio	25%	23%	24%	26%	22%	13%	

Source: USDA Jan 1/11/08
Xldata/USW/S&D



EXPORT PACE FOR U.S. WHEAT

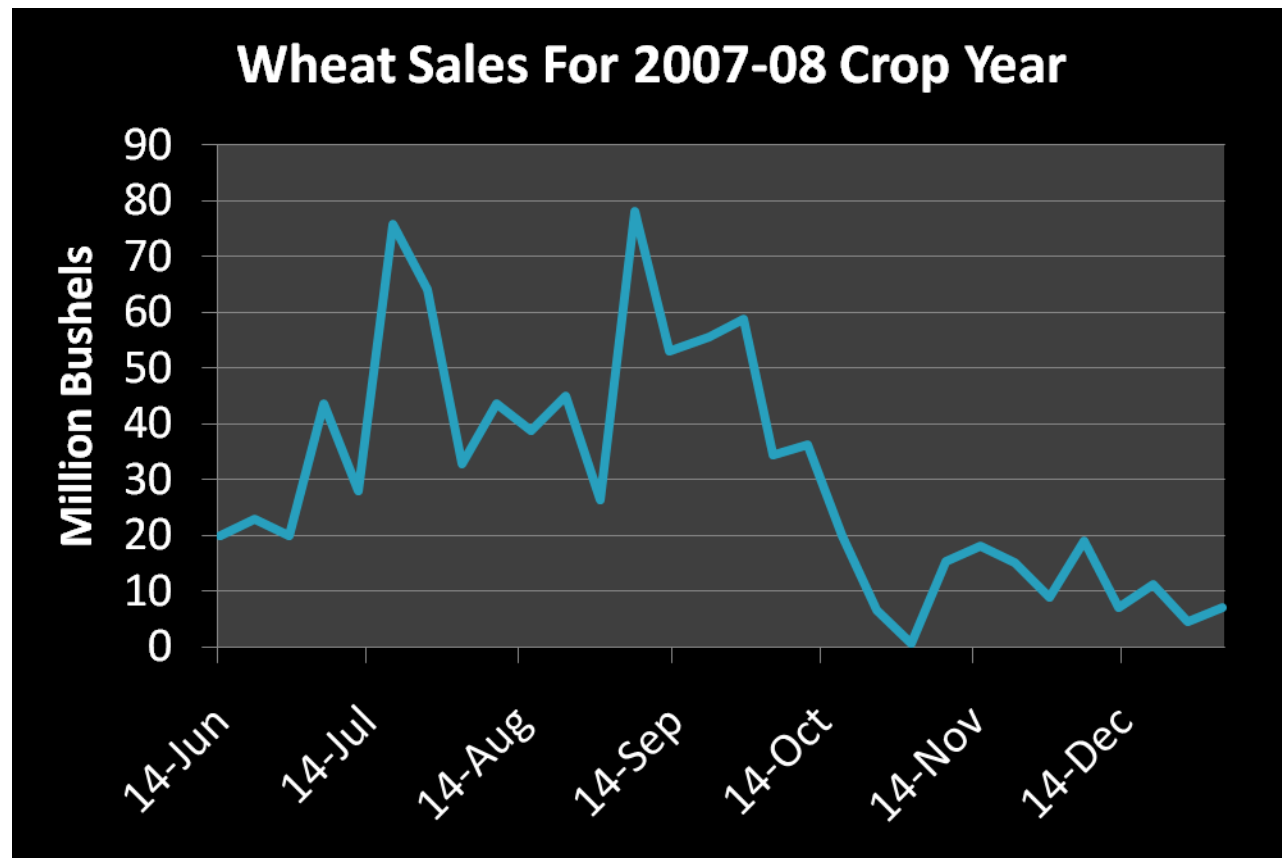
(Shipments and Sales as of January 17, 2008)

Million Bushels

CLASS	06/07 PACE	07/08 PACE	% CHANGE
Hard Red Winter	195	464	+138%
Soft Red Winter	99	187	+89%
Hard Red Spring	193	277	+44%
White	149	151	+1%
Durum	23	35	+56%
TOTAL	661	1,113	+68%

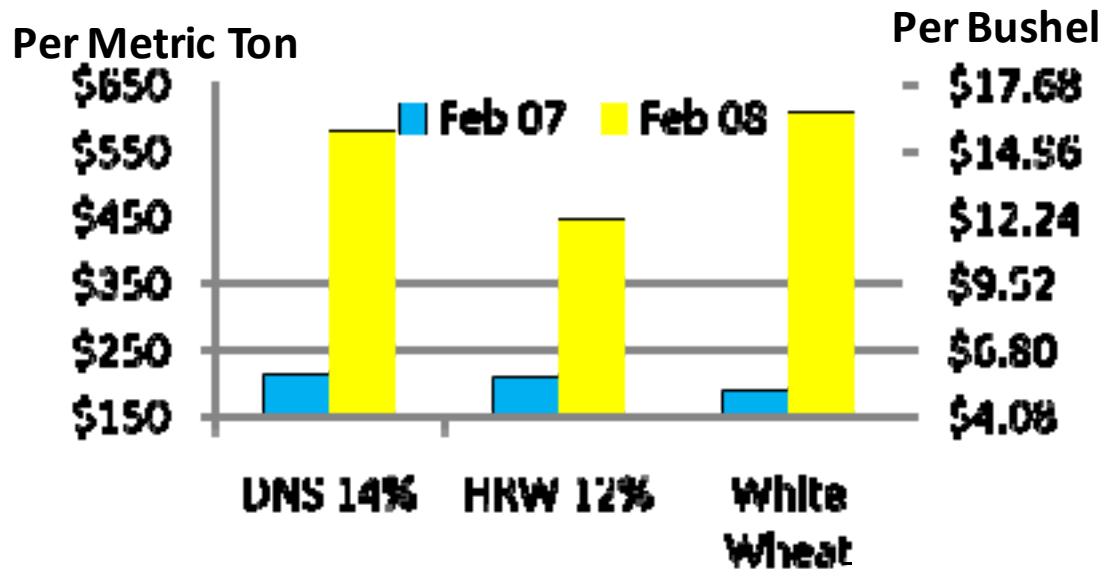
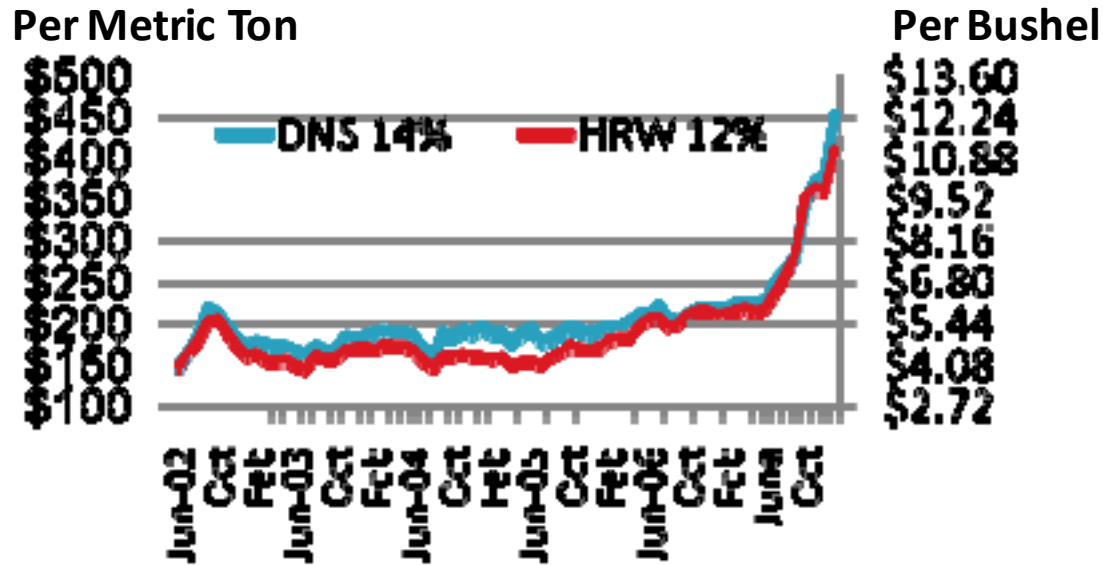


U.S. Weekly Wheat Export Sales



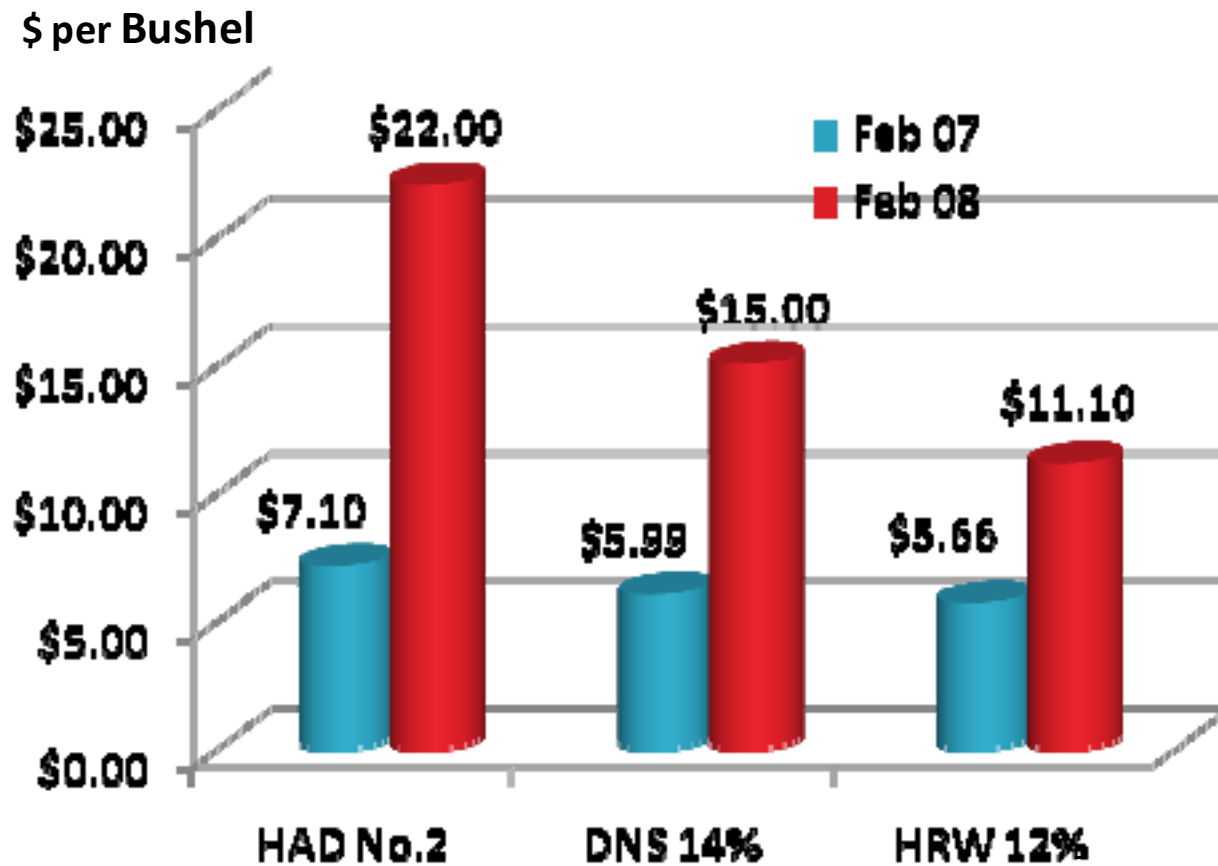


PRICE TRENDS AT THE PNW



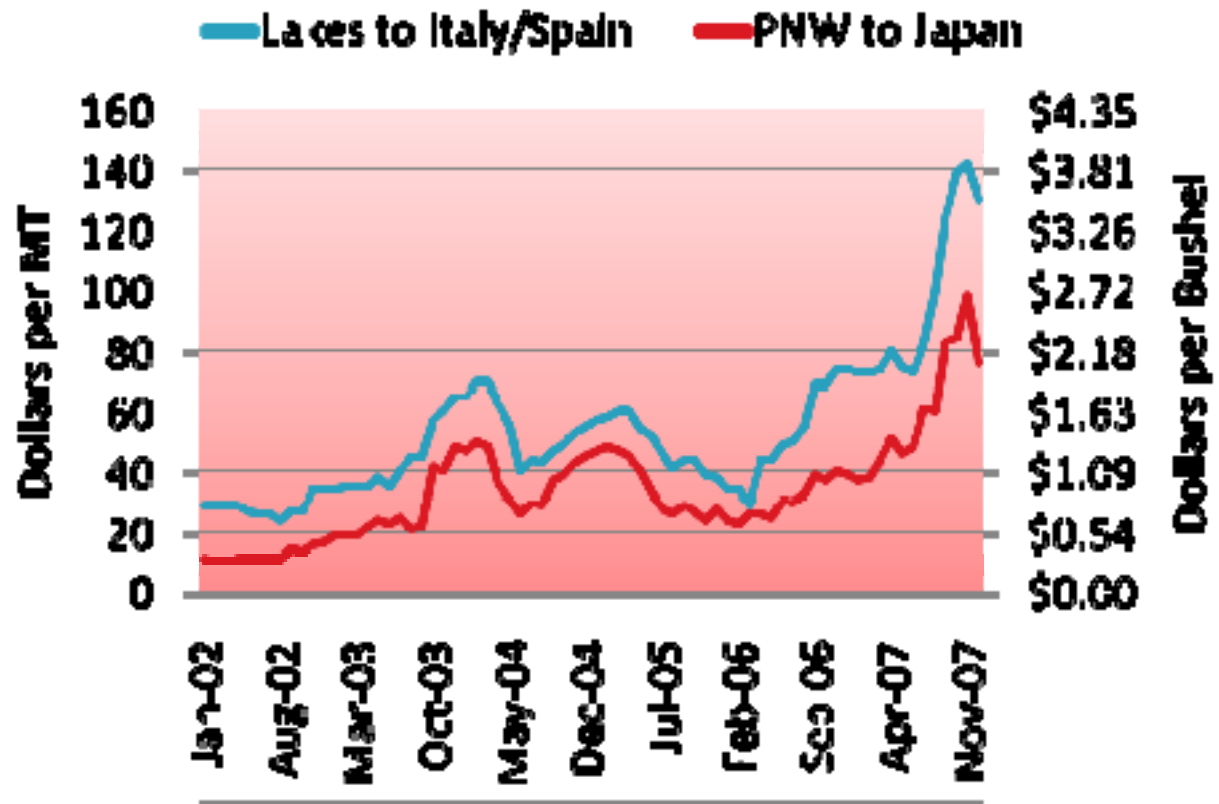


US WHEAT PRICE CHANGE AT THE GULF



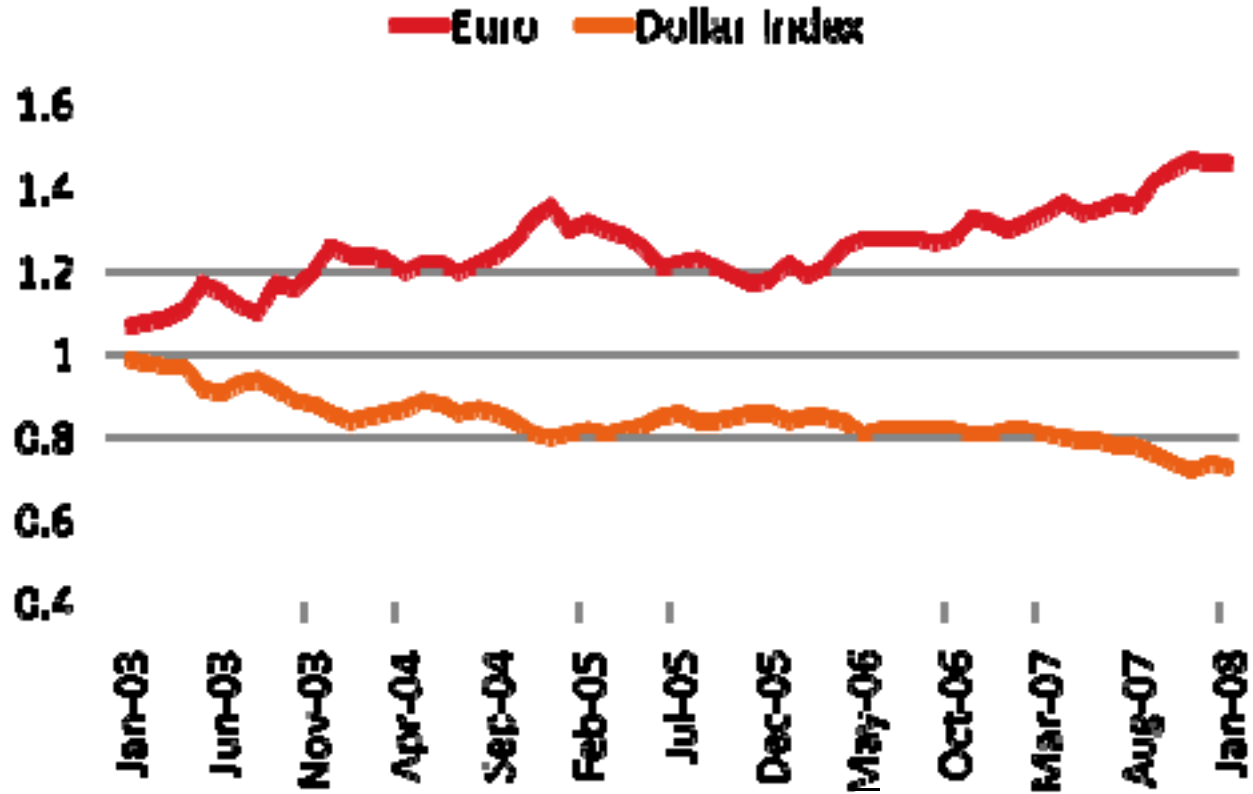


Ocean Freight Rates to Select Countries



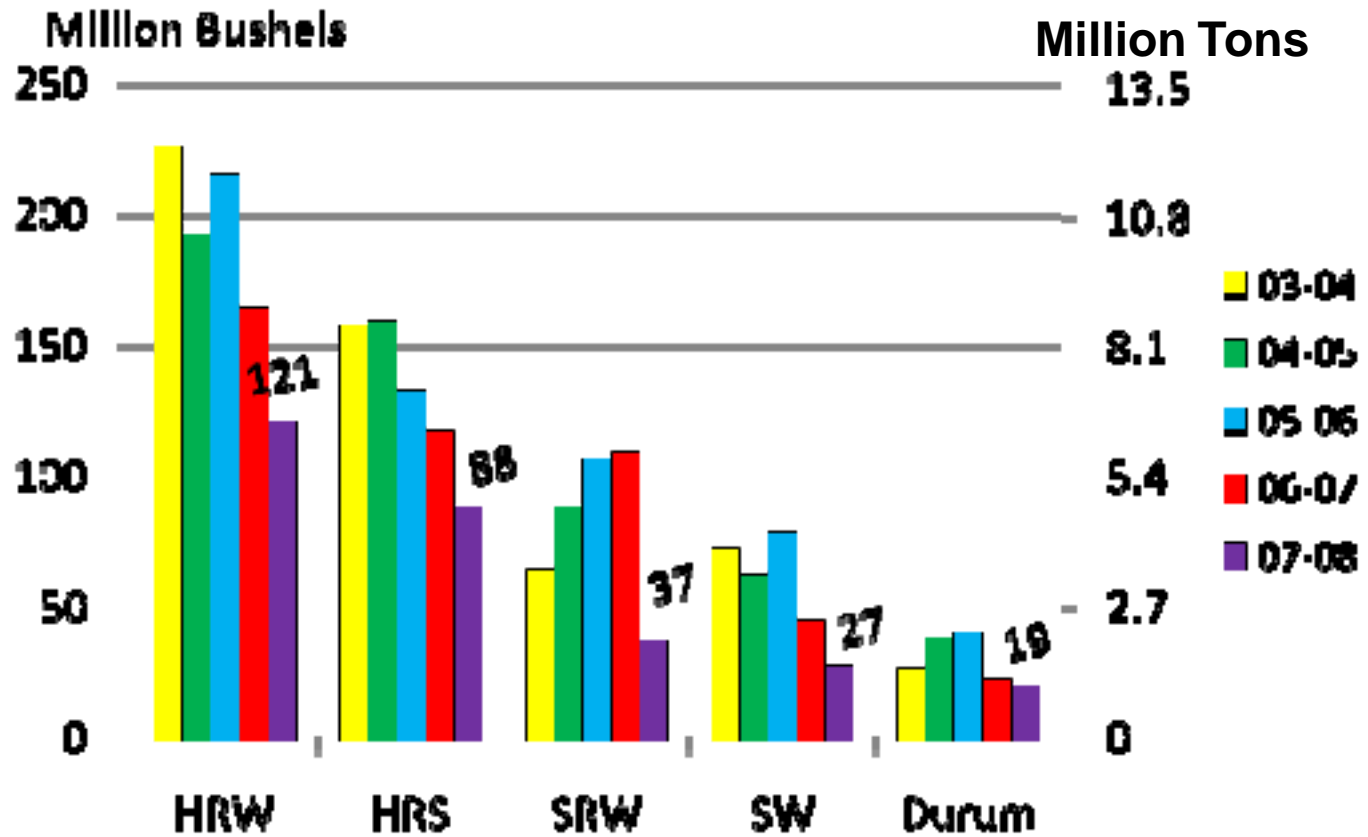


Historical Exchange Rate Values





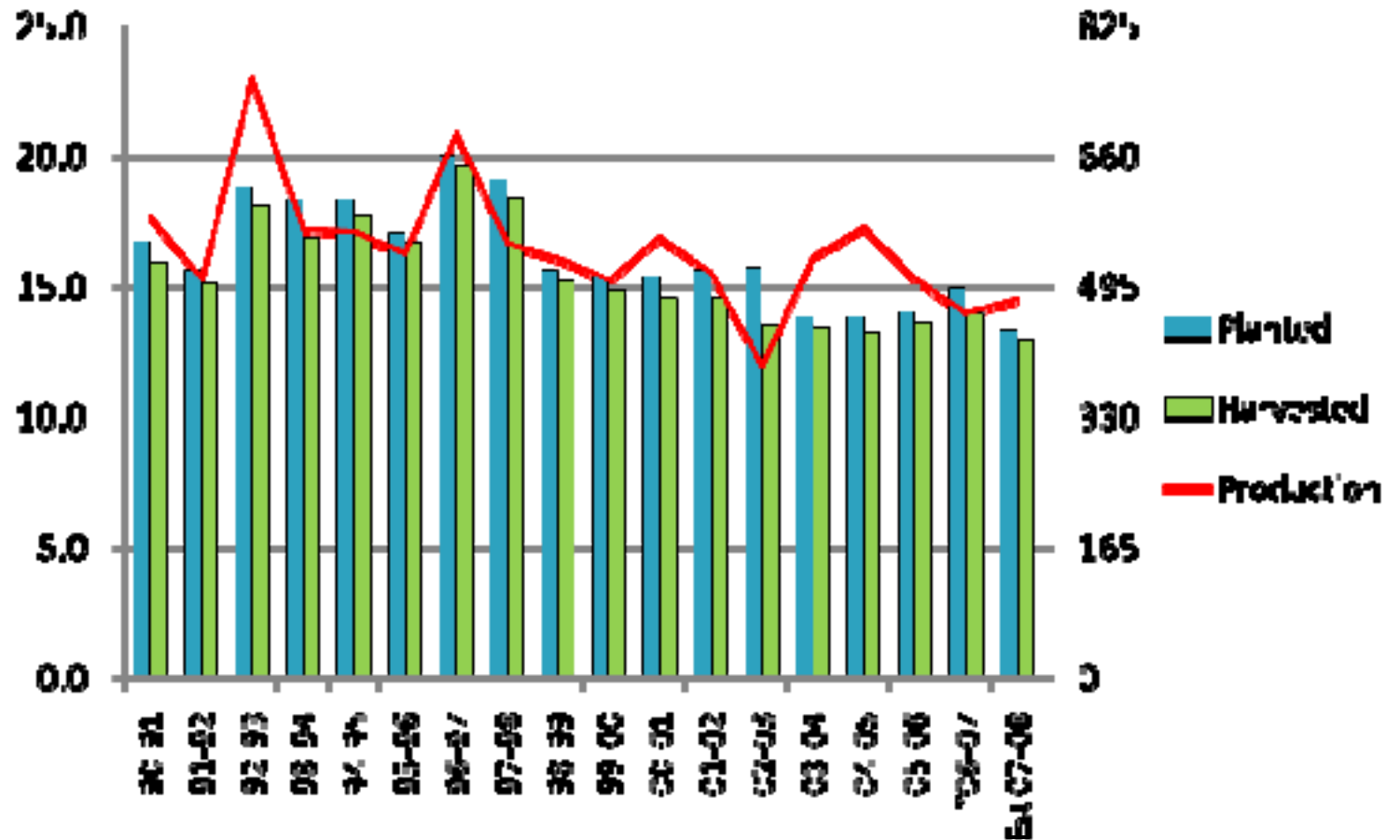
U.S. WHEAT ENDING STOCKS BY CLASS





U.S. SPRING WHEAT PLANTINGS & PRODUCTION

Acres/Bushels



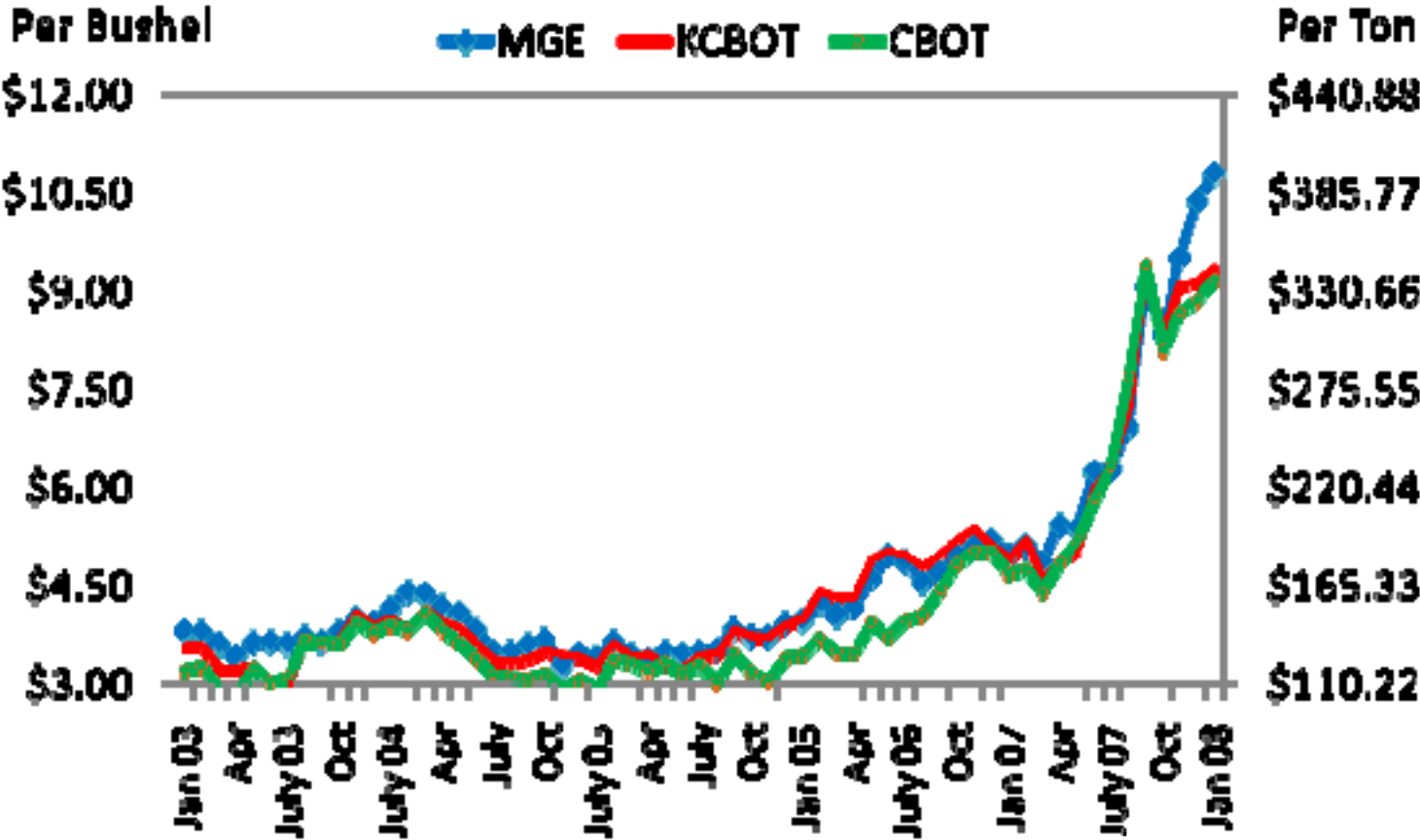
* Typically includes 30-60 million bushels of white spring wheat.

Source: USDA Nov 07
Xldata/HRS/Acres



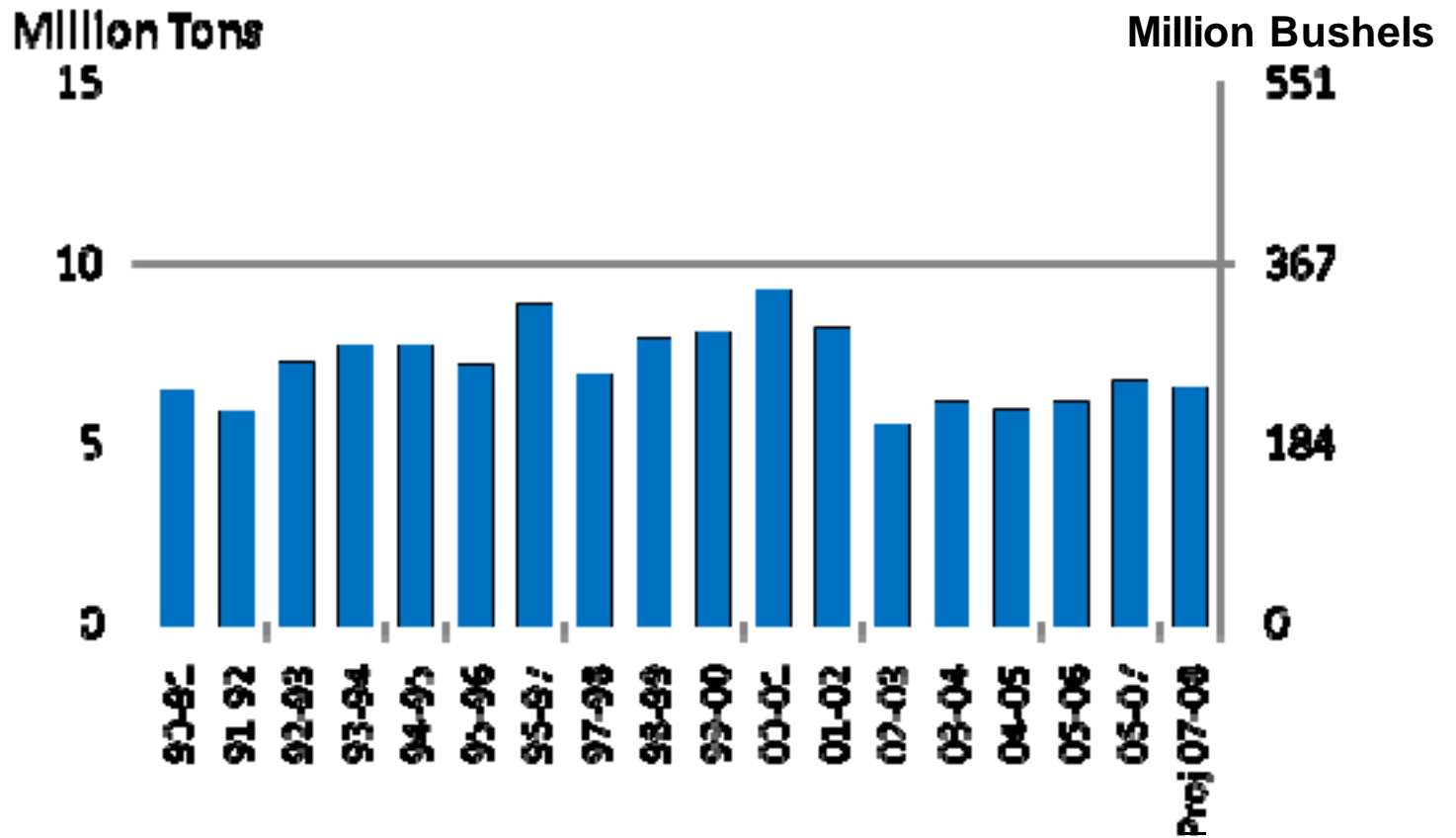
U. S. FUTURES TRENDS

Minneapolis – Hard Red Spring
 Kansas City – Hard Red Winter
 Chicago – Soft Red Winter – World prices





U.S. HRS DOMESTIC USE

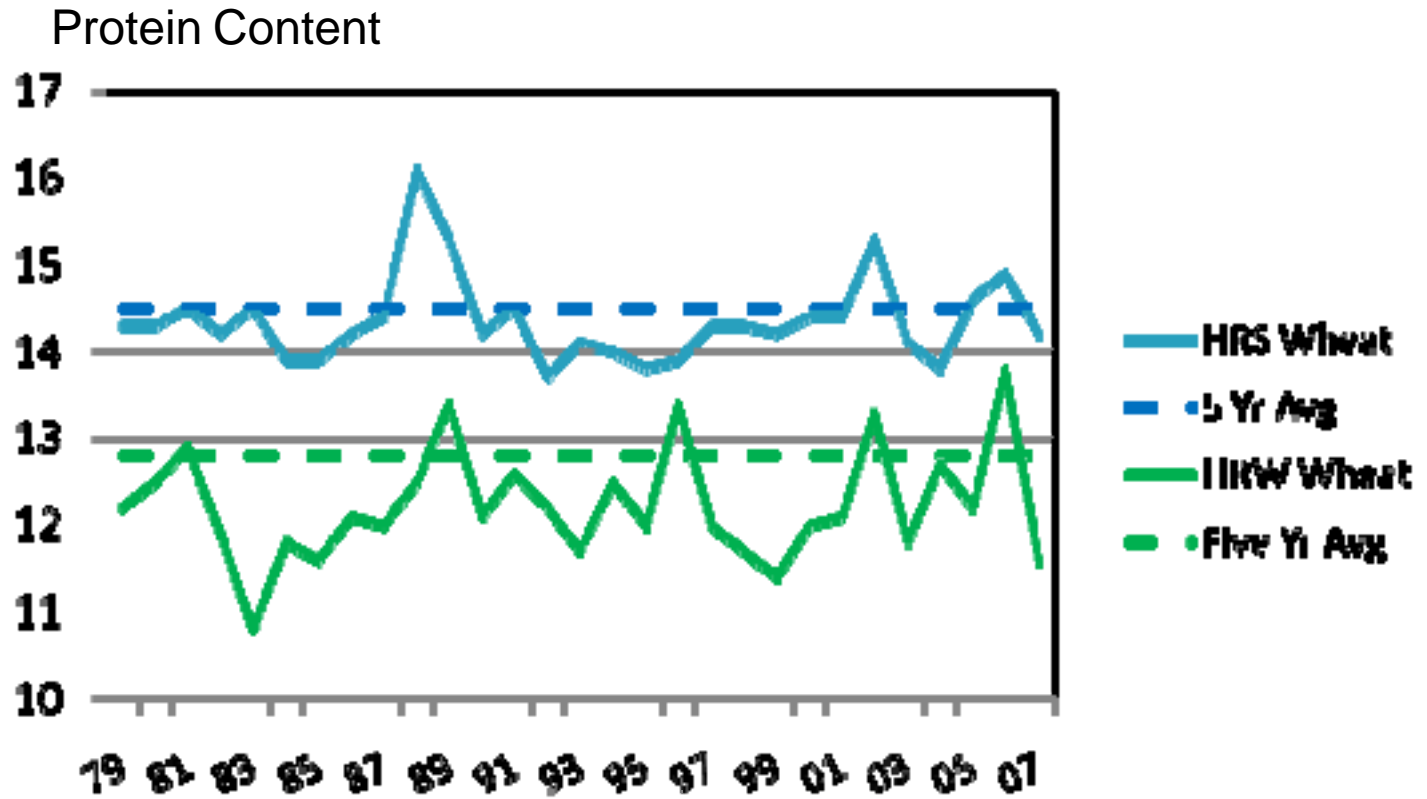


Source: USDA Economic Research Service
 1/11/08
 Xldata/both/S&D prod, consump, carryove



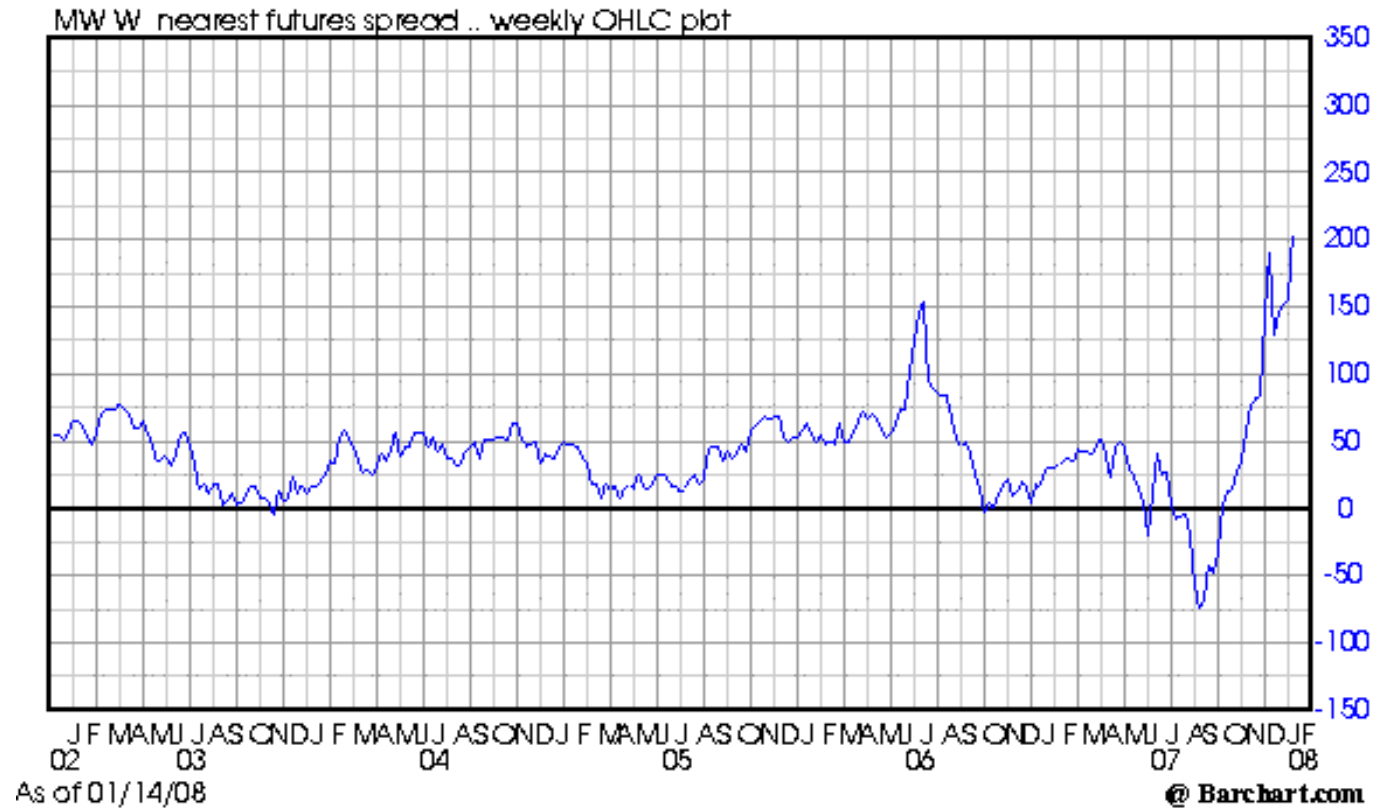
COMPARATIVE U.S. WHEAT PROTEIN LEVELS

12% Moisture Basis



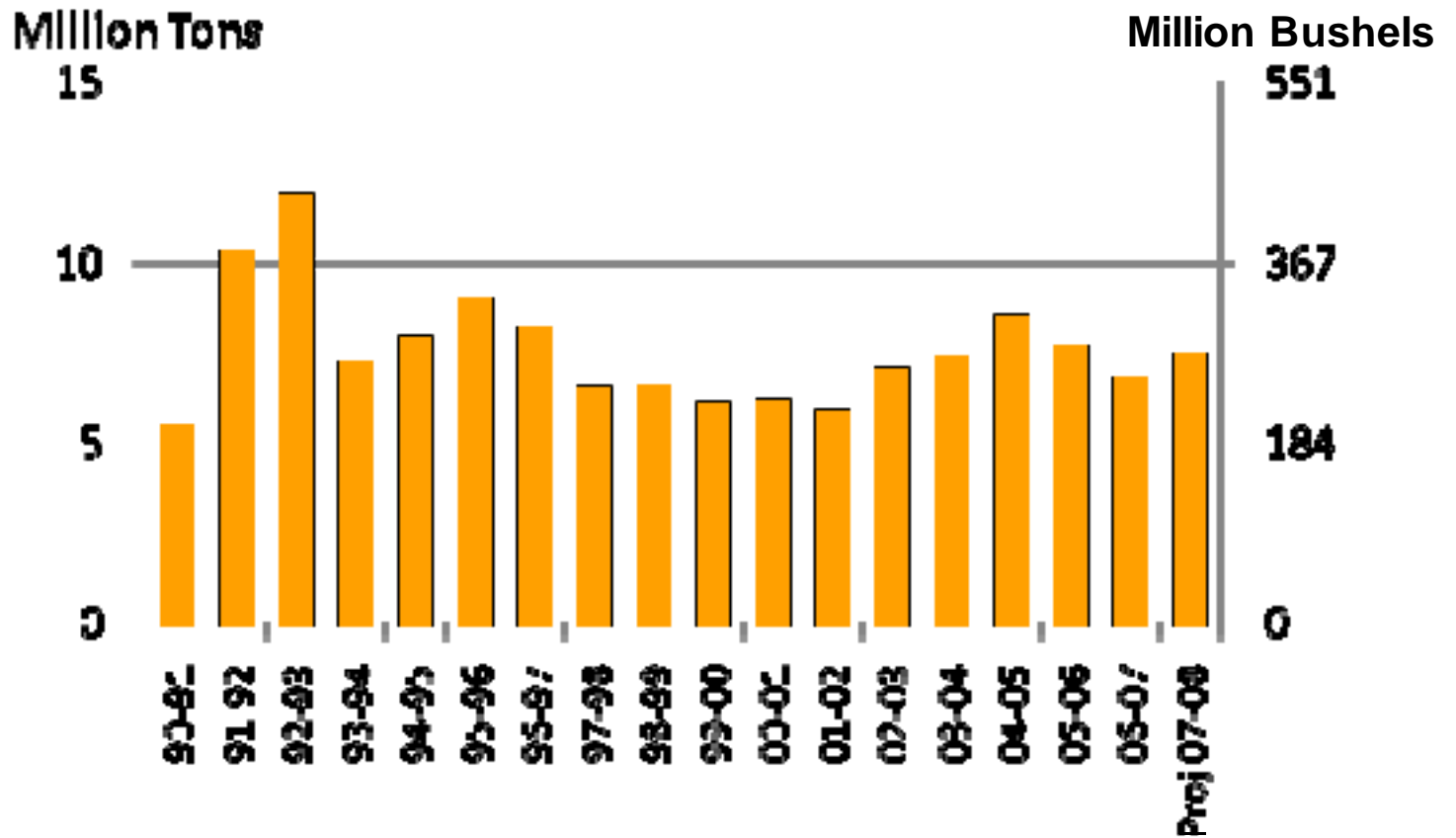


HRS and HRW Price Spreads





U.S. HRS EXPORTS

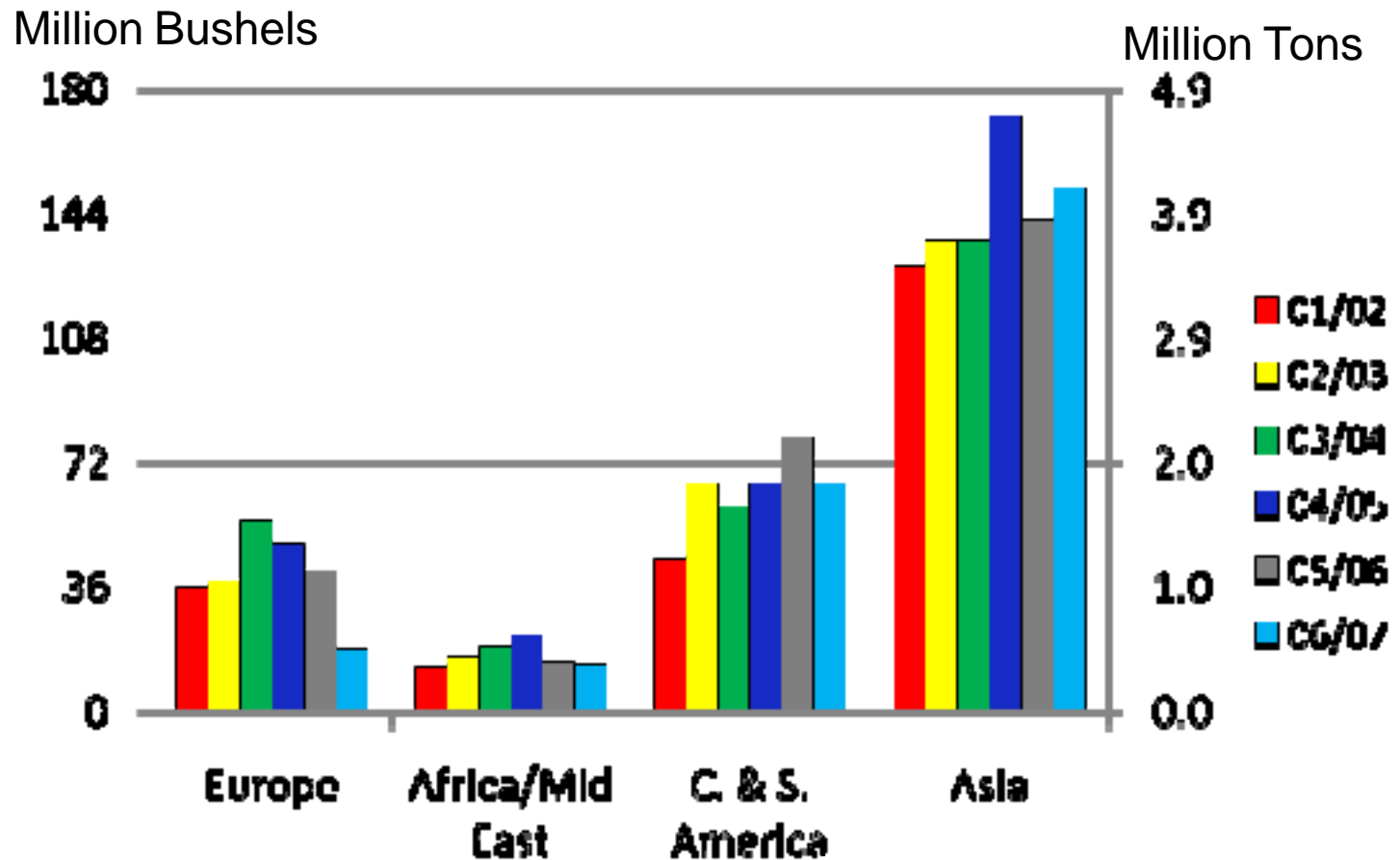


Source: USDA Economic Research Service
1/11/08
Xldata/both/S&D prod, consump, carryove



EXPORT TRENDS – By Region

US Hard Red Spring Wheat

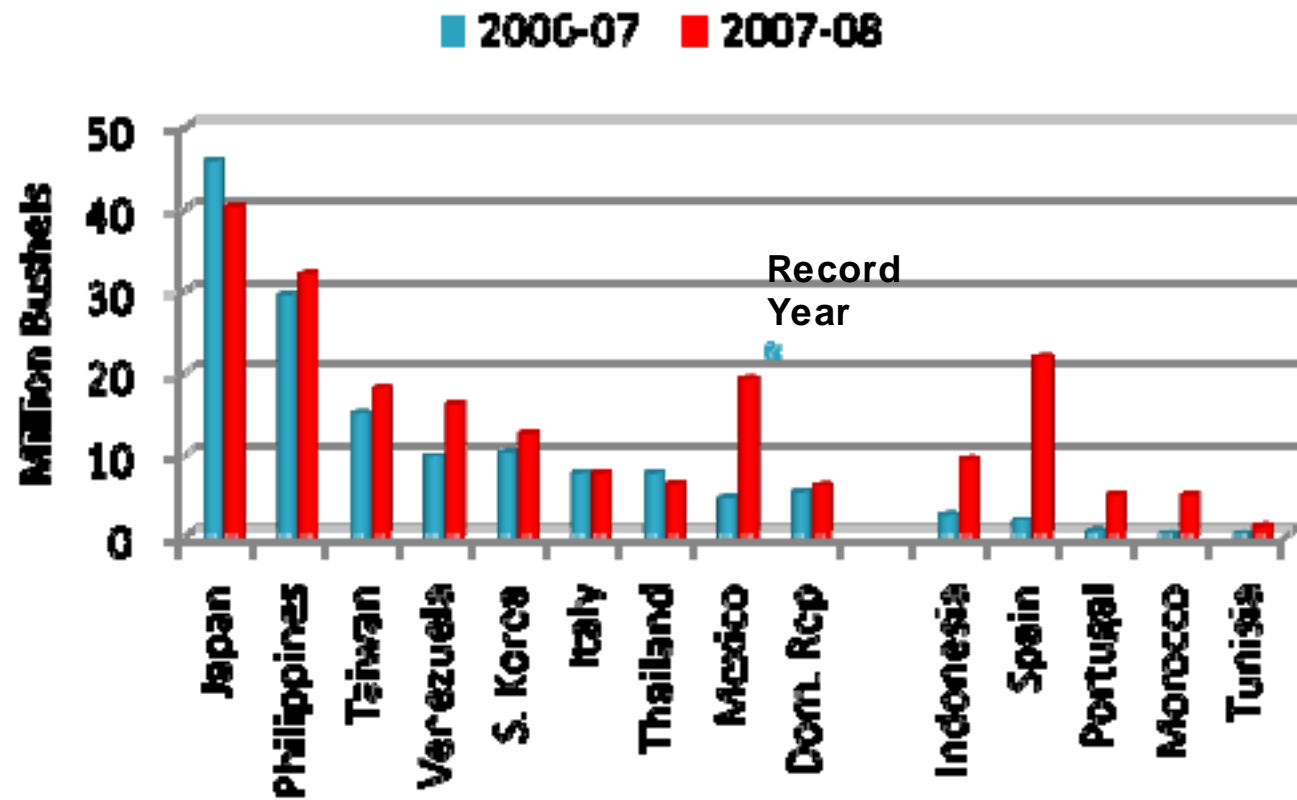




Export Sales

2007-08 vs. 2006-07

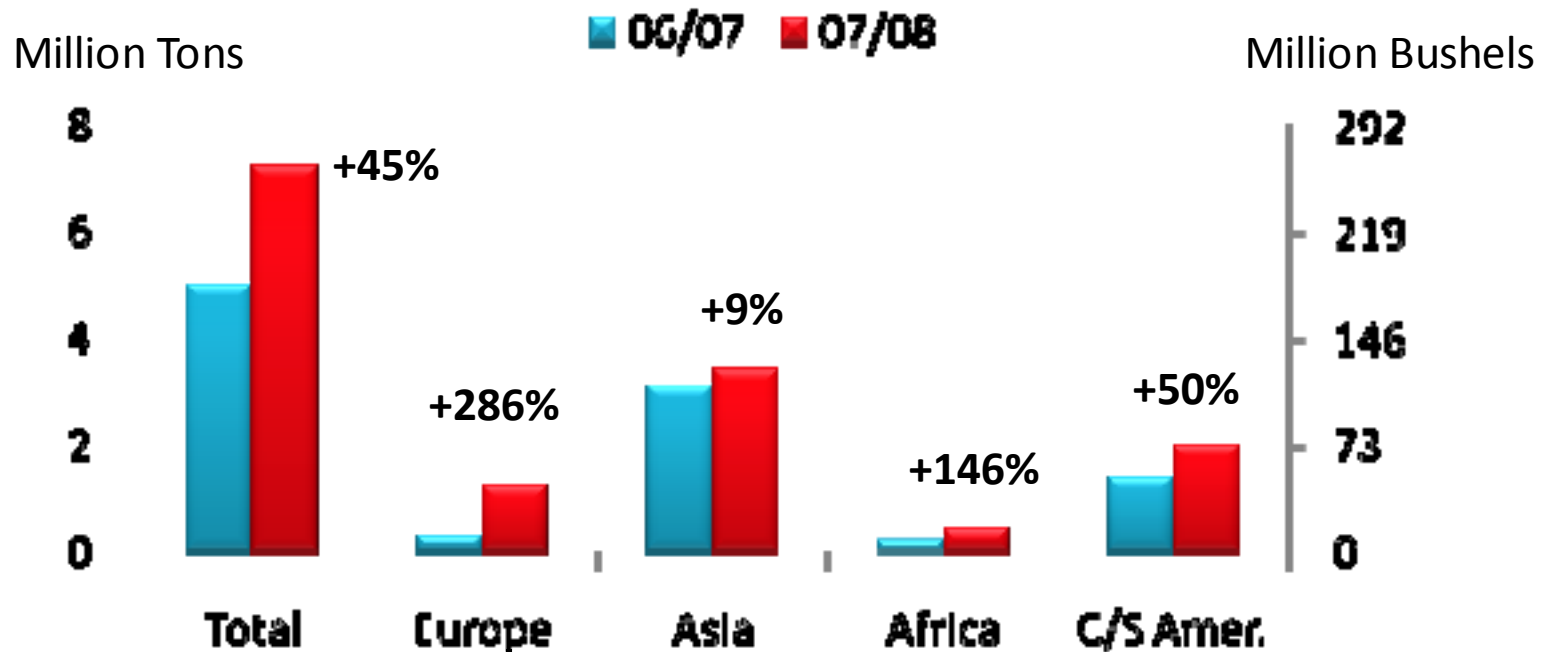
(year to date)





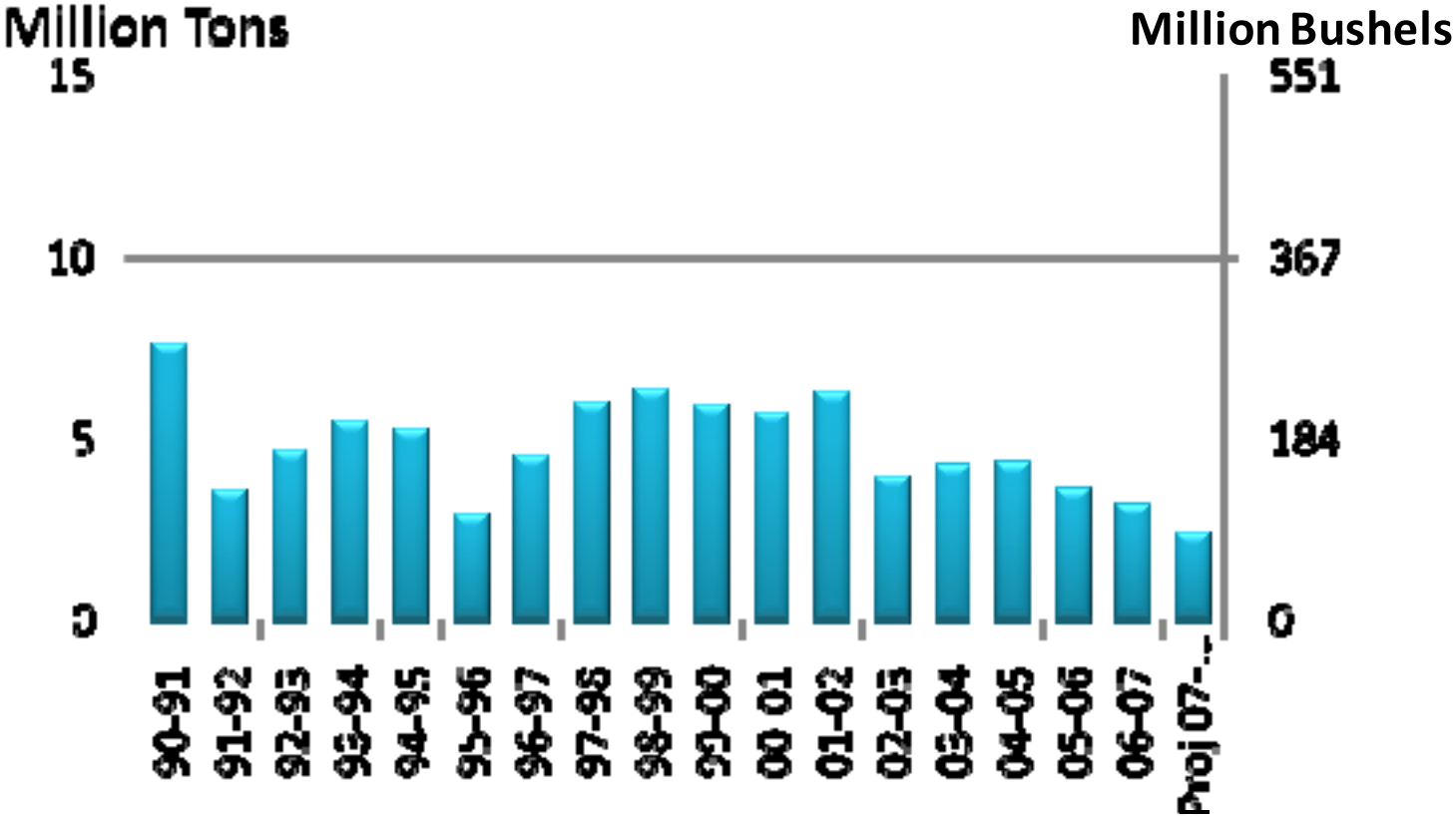
EXPORT PACE – U.S. HRS WHEAT

2007-08 as of January 3, 2008



1/11/08

U.S. HRS STOCKS



Source: USDA Economic Research Service
 1/11/08
 Xldata/both/S&D prod, consump, carryover





U.S. HARD RED SPRING SUPPLY & DEMAND

Million Bushels

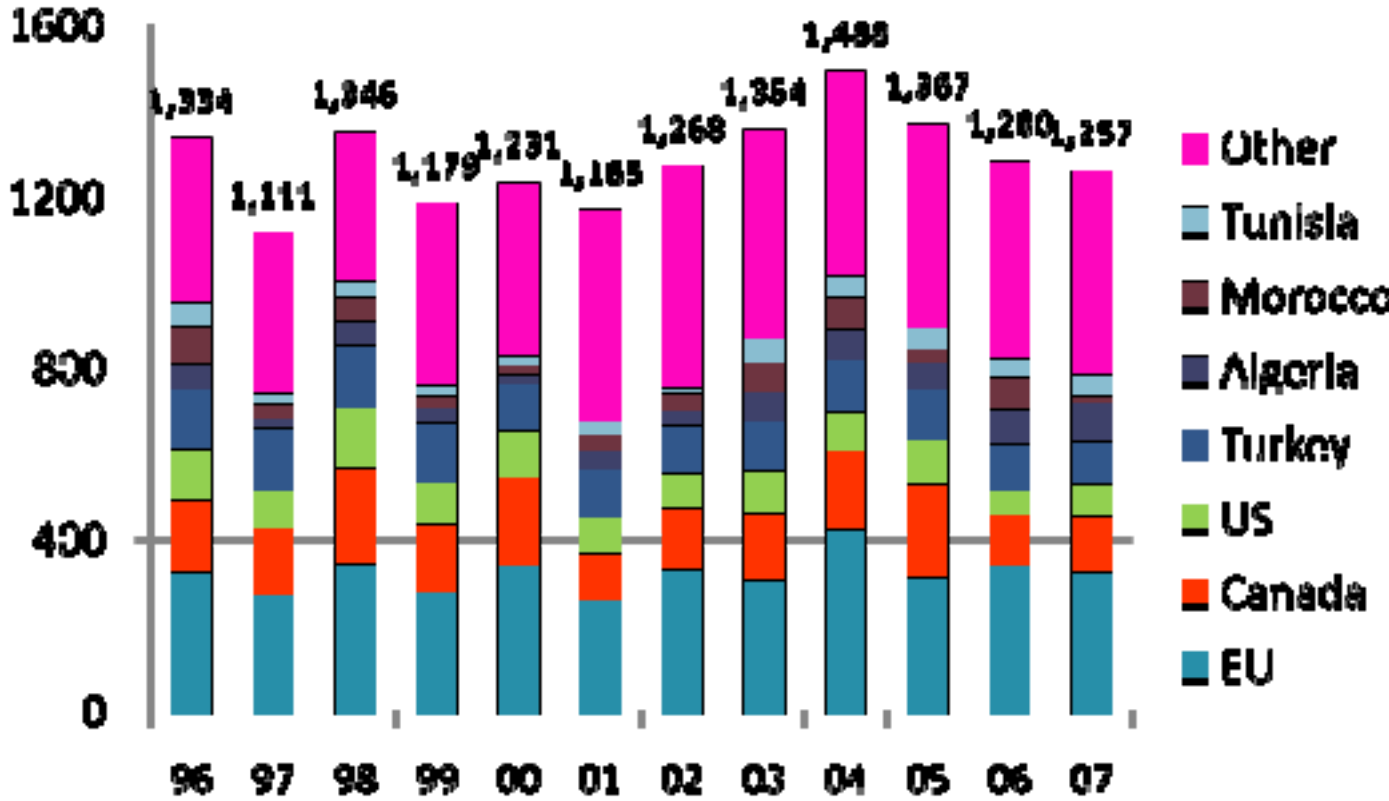
	02/03	03/04	04/05	05/06	06/07	07/08	Change
Beg Stocks	230	145	157	159	132	117	-11%
Production	351	500	525	467	432	449	4%
Imports	24	9	8	12	50	37	-26%
Tot Supply	605	654	690	638	614	603	-2%
Dom Use	201	225	217	225	247	240	-3%
Exports	259	272	314	282	250	275	10%
Tot Use	460	497	531	506	497	515	4%
End Stocks	145	157	159	132	117	88	-25%
S/U Ratio	32%	32%	30%	26%	24%	17%	

Source: USDA Dec 1/11/08
Xldata/HRS/S&D



WORLD DURUM PRODUCTION

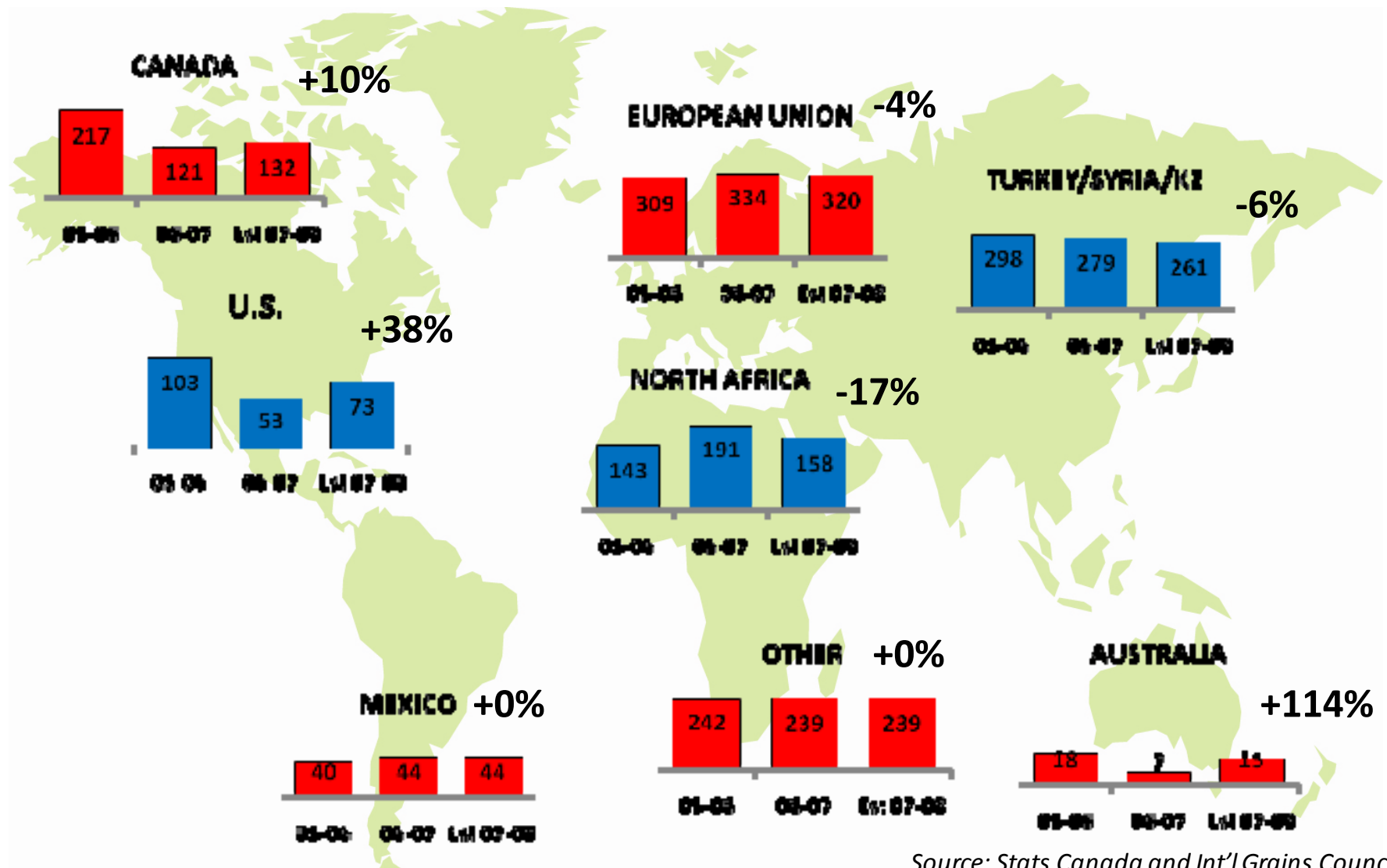
Million Bushels



Source: Stats Canada and Int'l Grains Council
Xldata/world/durum/prod

WORLD DURUM PRODUCTION – MAP

(Million Bushels)

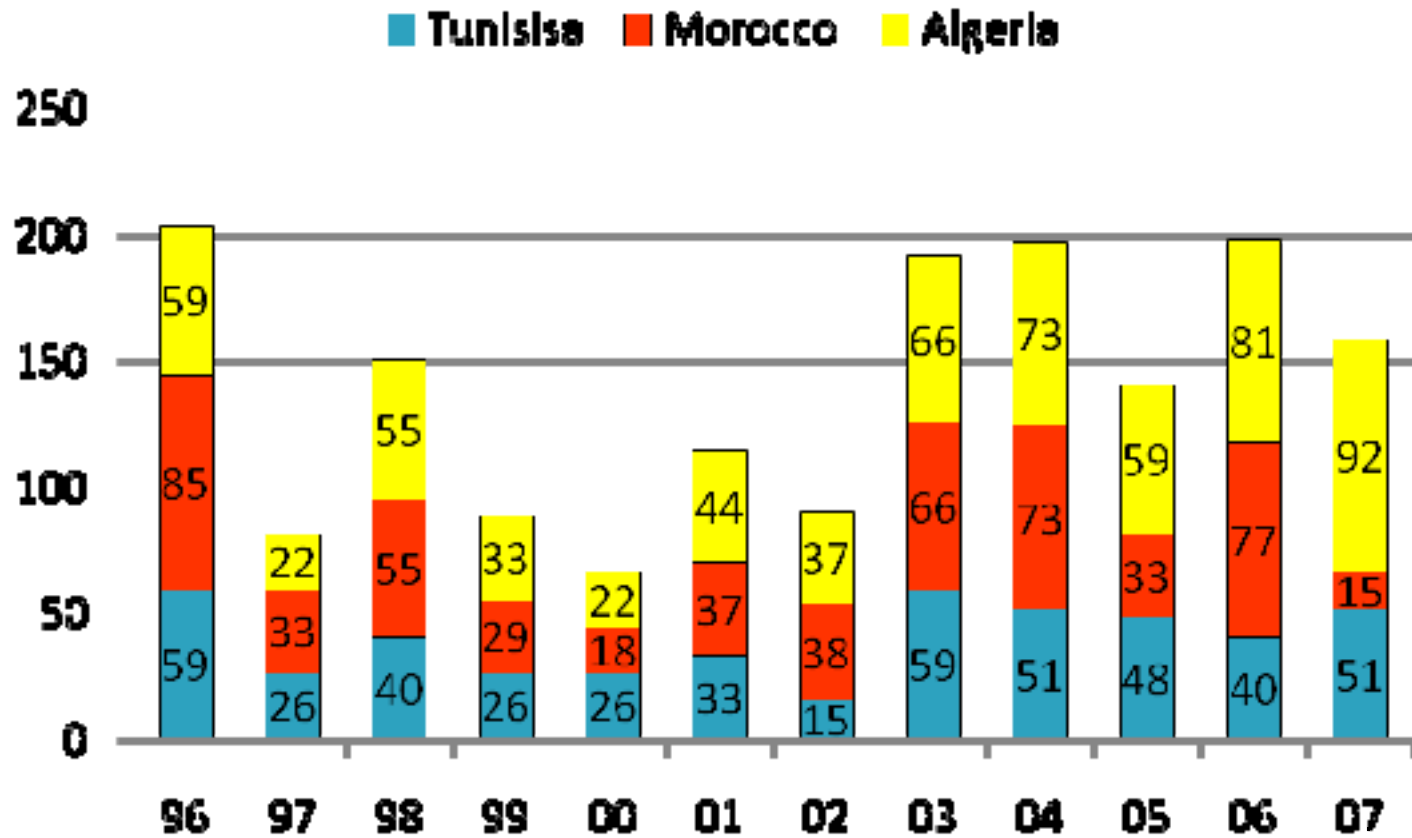


Source: Stats Canada and Int'l Grains Council
 Xldata/world/durum/prod



NORTH AFRICAN DURUM PRODUCTION

Million Bushels

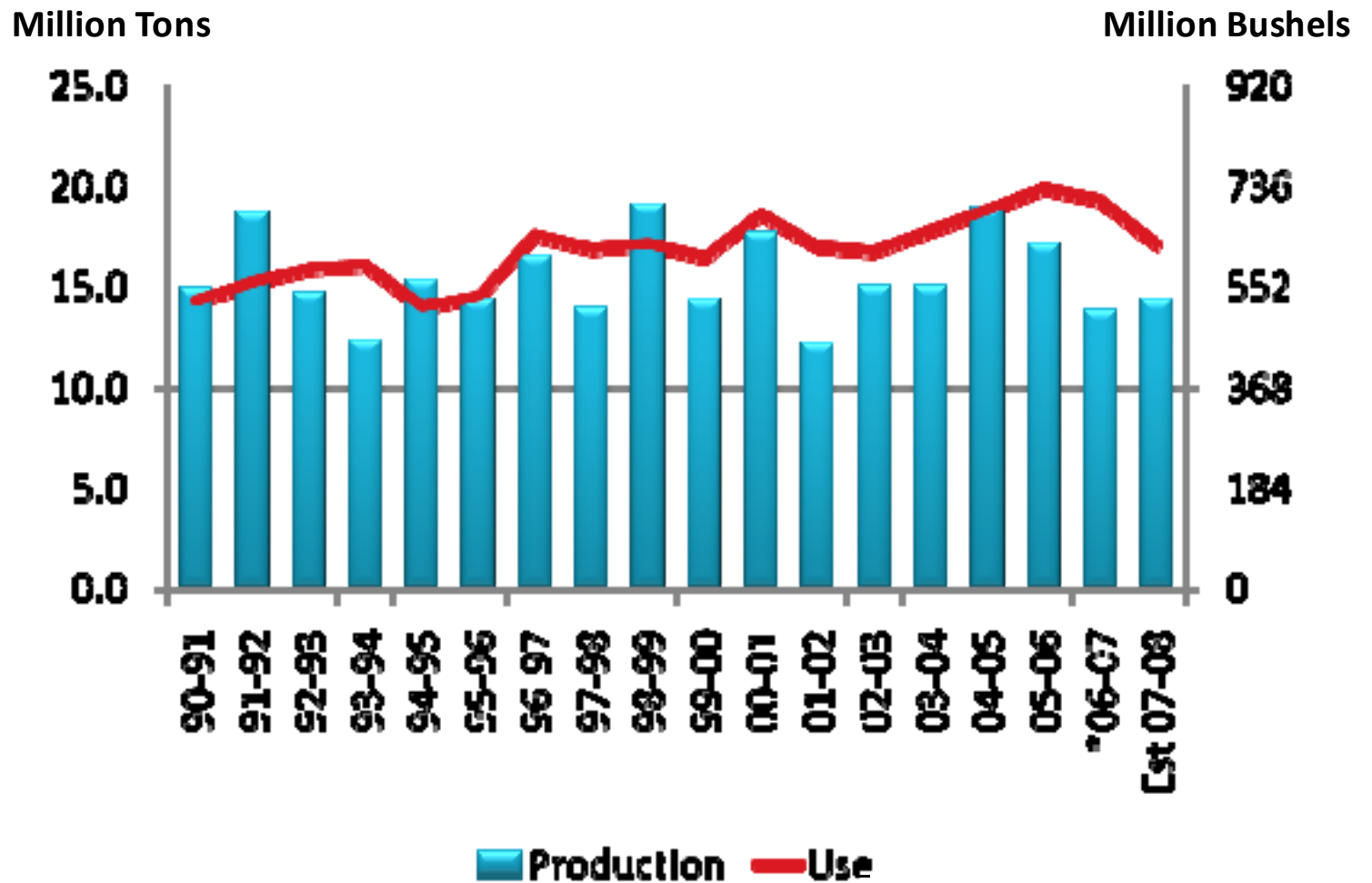


Source: Stats Canada and Int'l Grains Council
Xldata/world/durum/prod



DURUM PRODUCTION AND USE

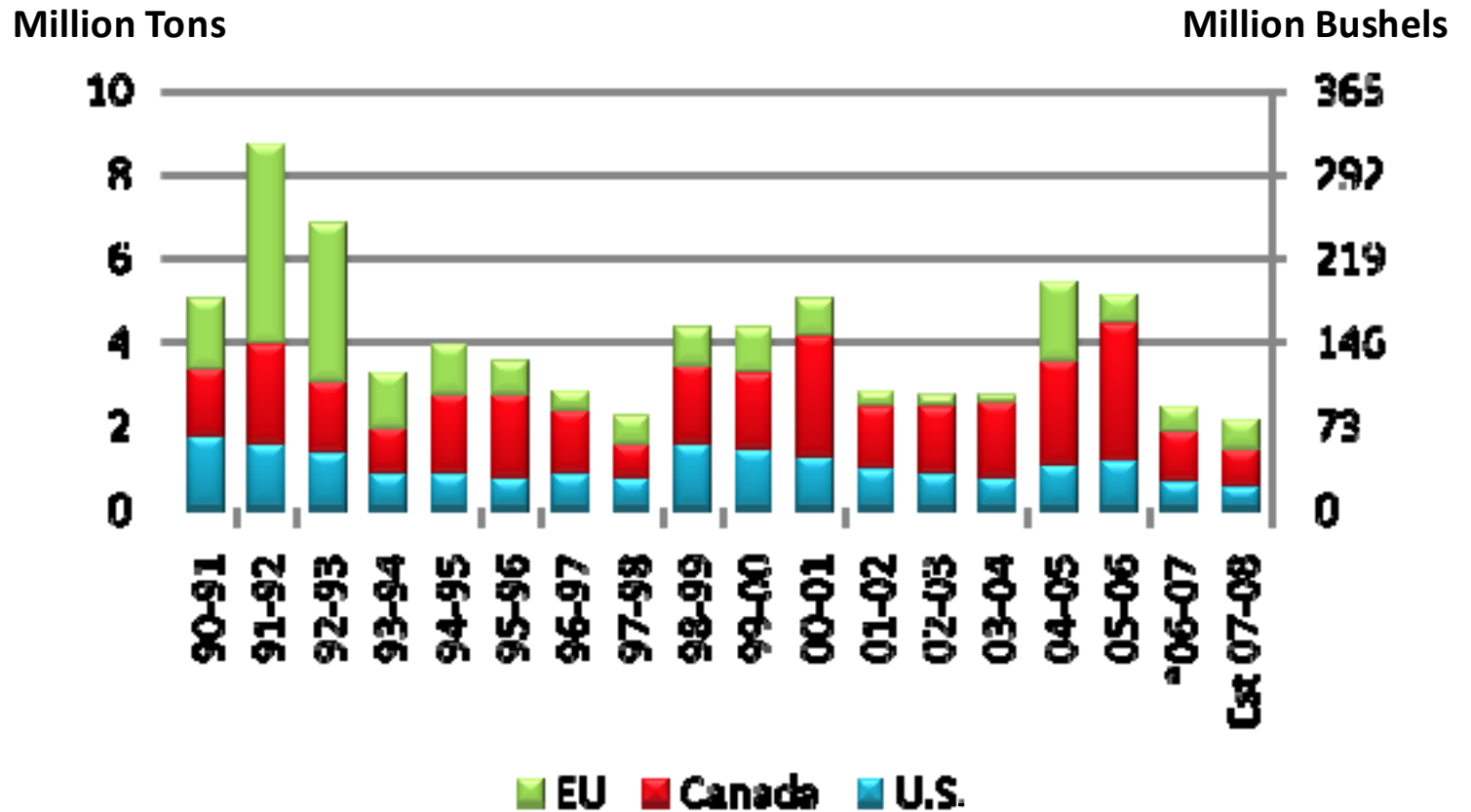
In Major Exporting Countries



Source: Stats Canada and Int'l Grains Council
 Xldata/world/durum/sdmajor1



Durum Stocks in Major Exporting Countries – U.S., Canada, European Union

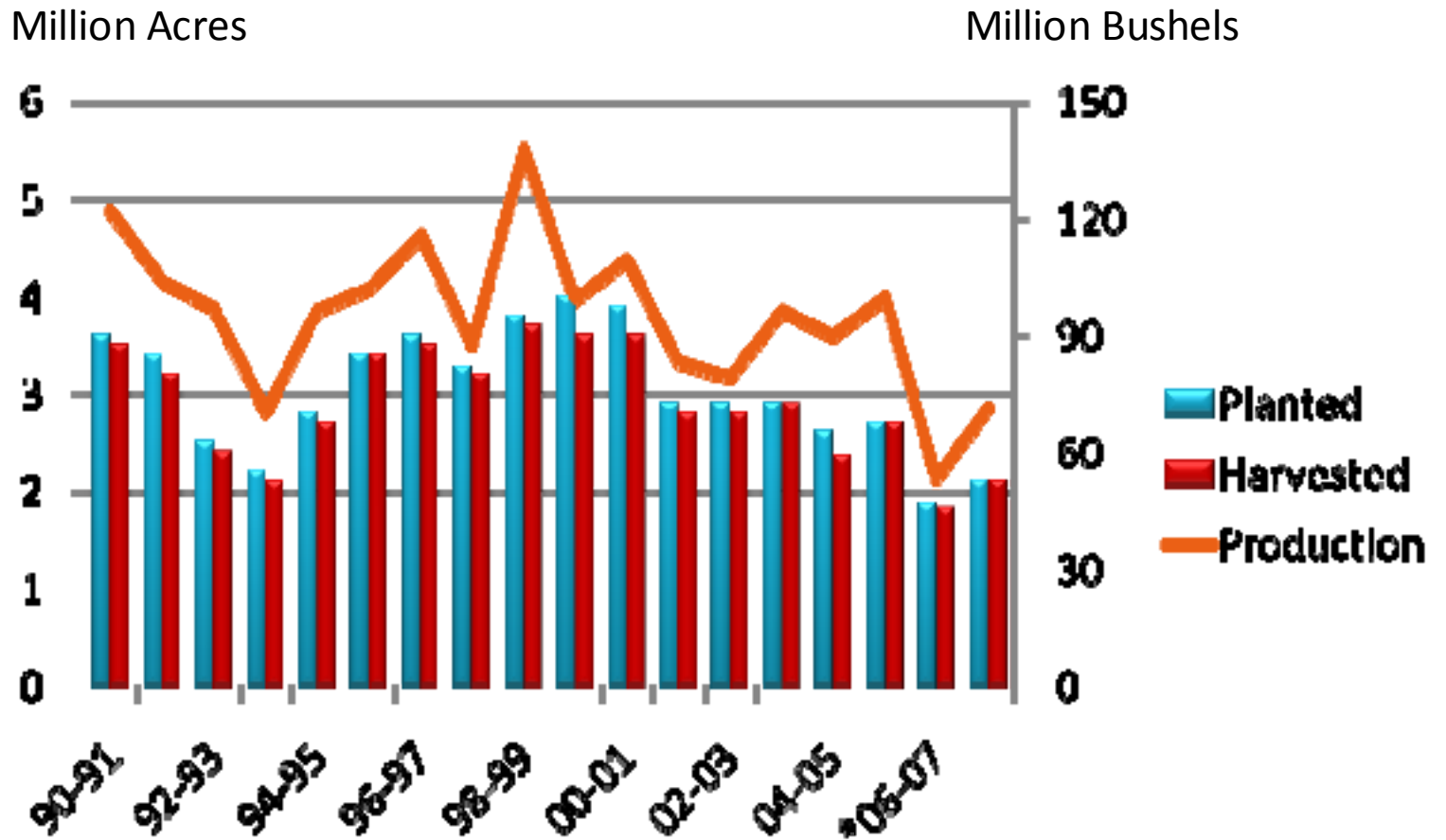


Source: Stats Canada and Int'l Grains Council
 Xldata/world/durum/sdmajor1



U.S. DURUM WHEAT PLANTINGS & PRODUCTION

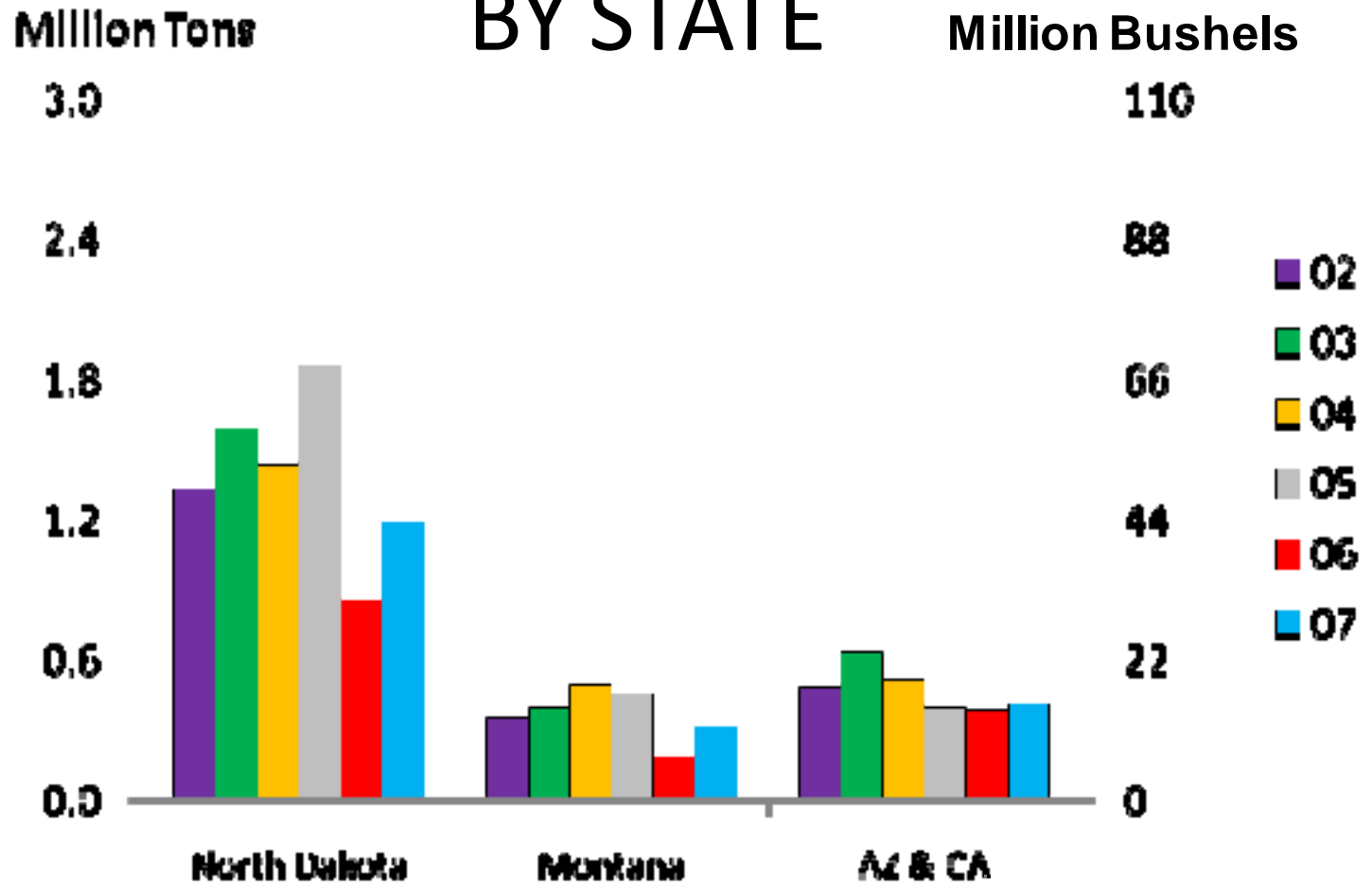
Acres/Bushels



Source: USDA Small Grains Summary
Xldata/durum/acres



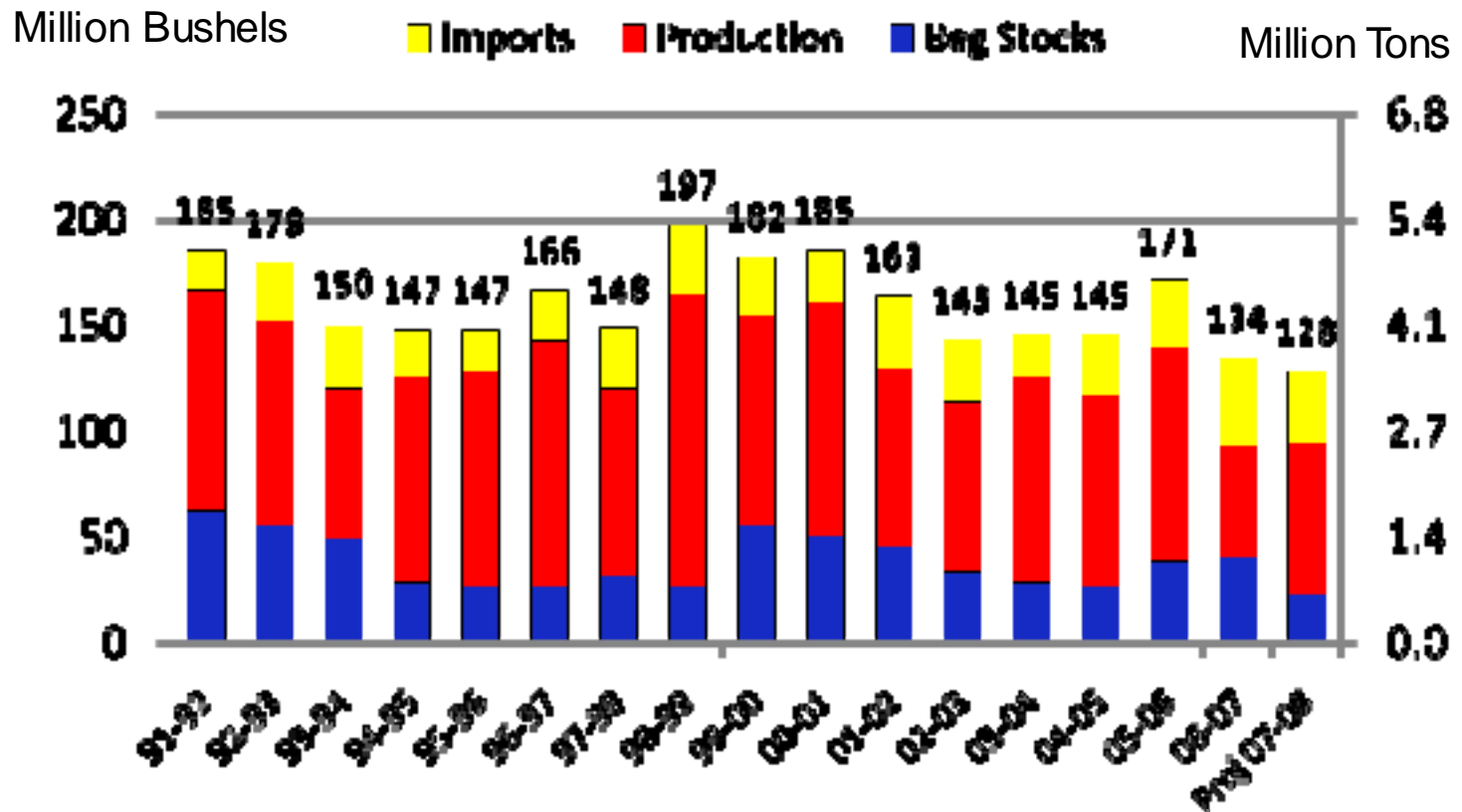
U.S. DURUM WHEAT PRODUCTION BY STATE



Source: USDA Small Grains Summary
9/28/07



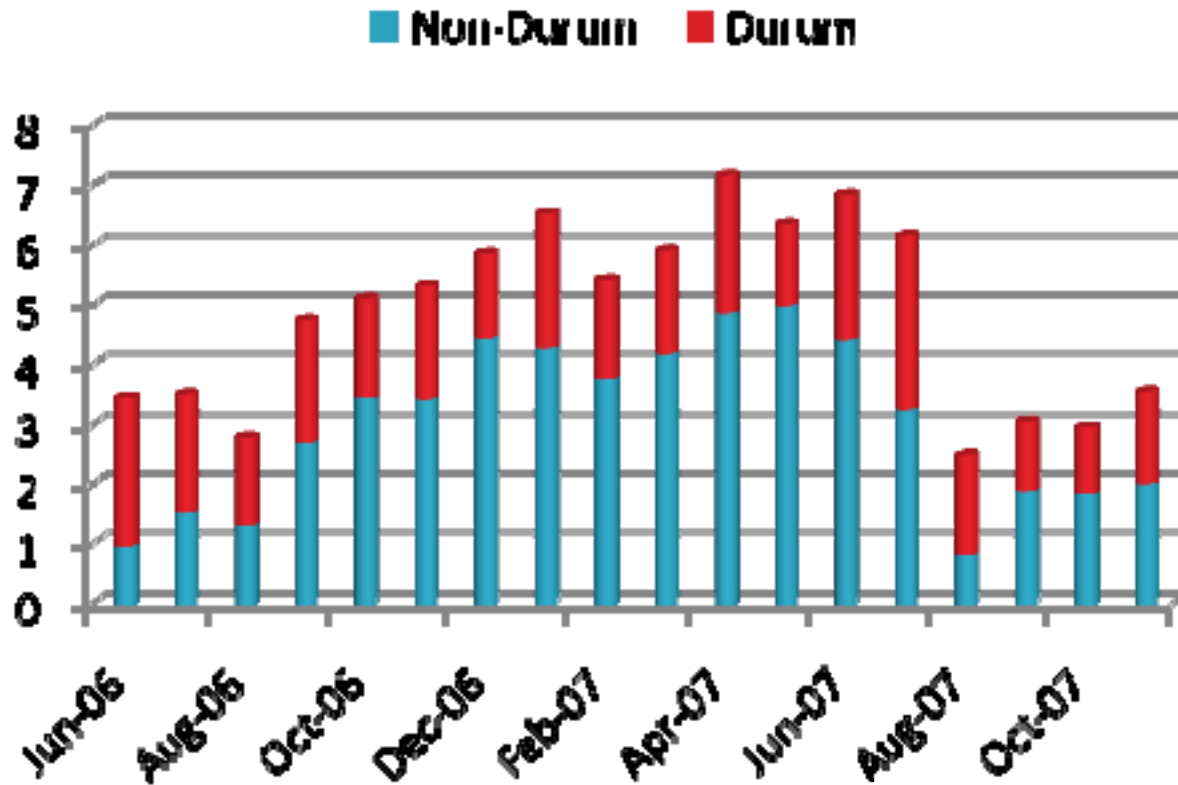
DURUM SUPPLIES IN THE U.S.



Source: USDA Nov 07
 Xldata/durum/s & d
 11/9/07



U.S. Imports of Canadian Wheat

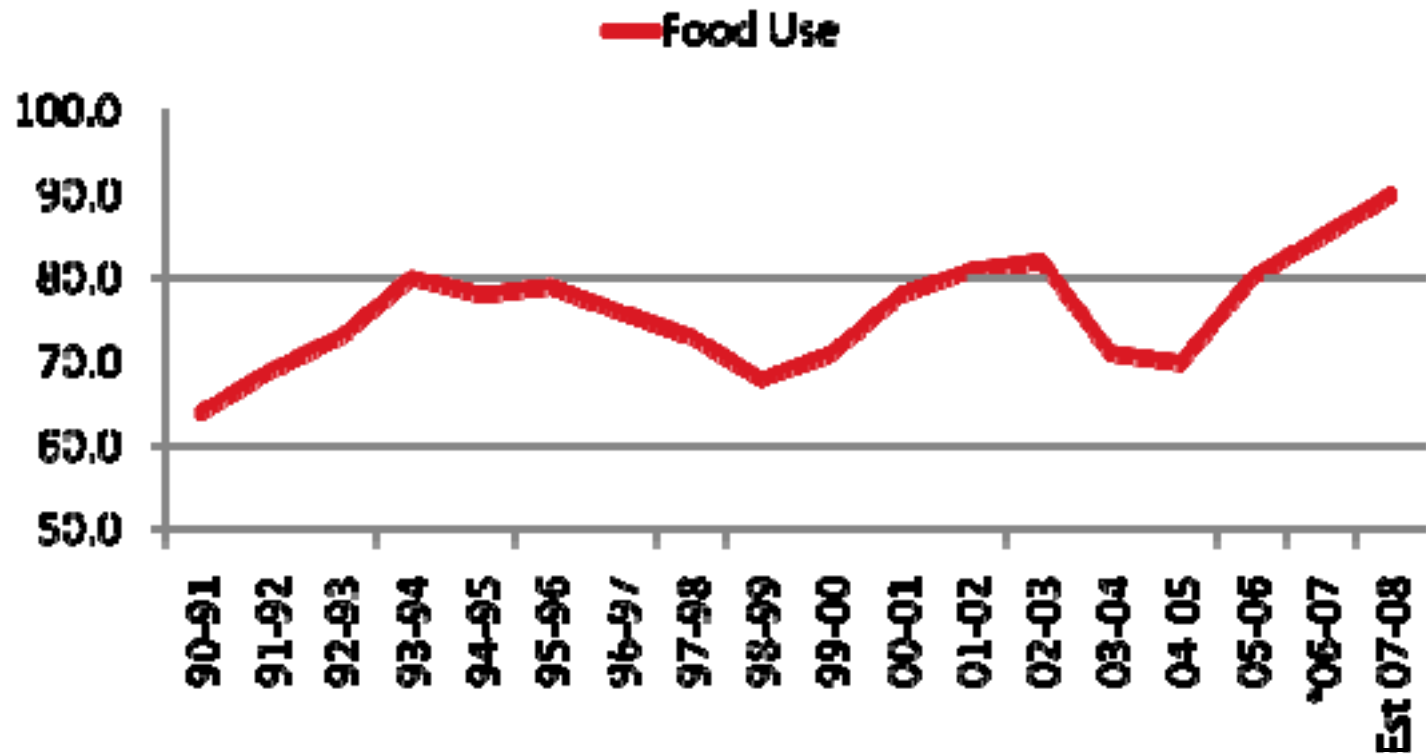




U.S. DURUM FOOD USE

Food Use on the Rebound!

Million Bushels



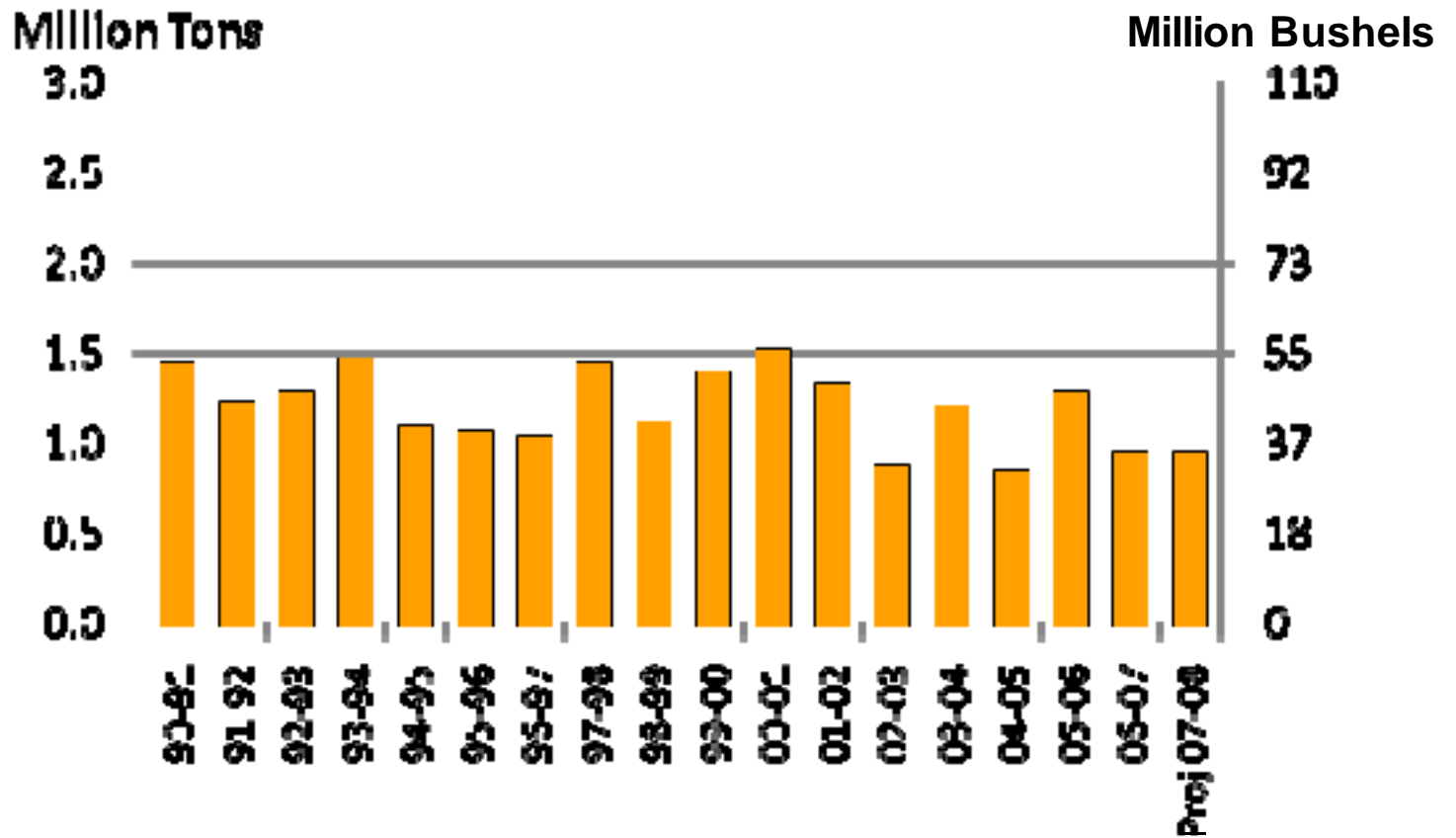
Source: USDA Dec 07

USDA ERS, Quarterly Wheat Situation 12/11/07

Xldata/both/s&d/prod.consump



U.S. DURUM EXPORTS

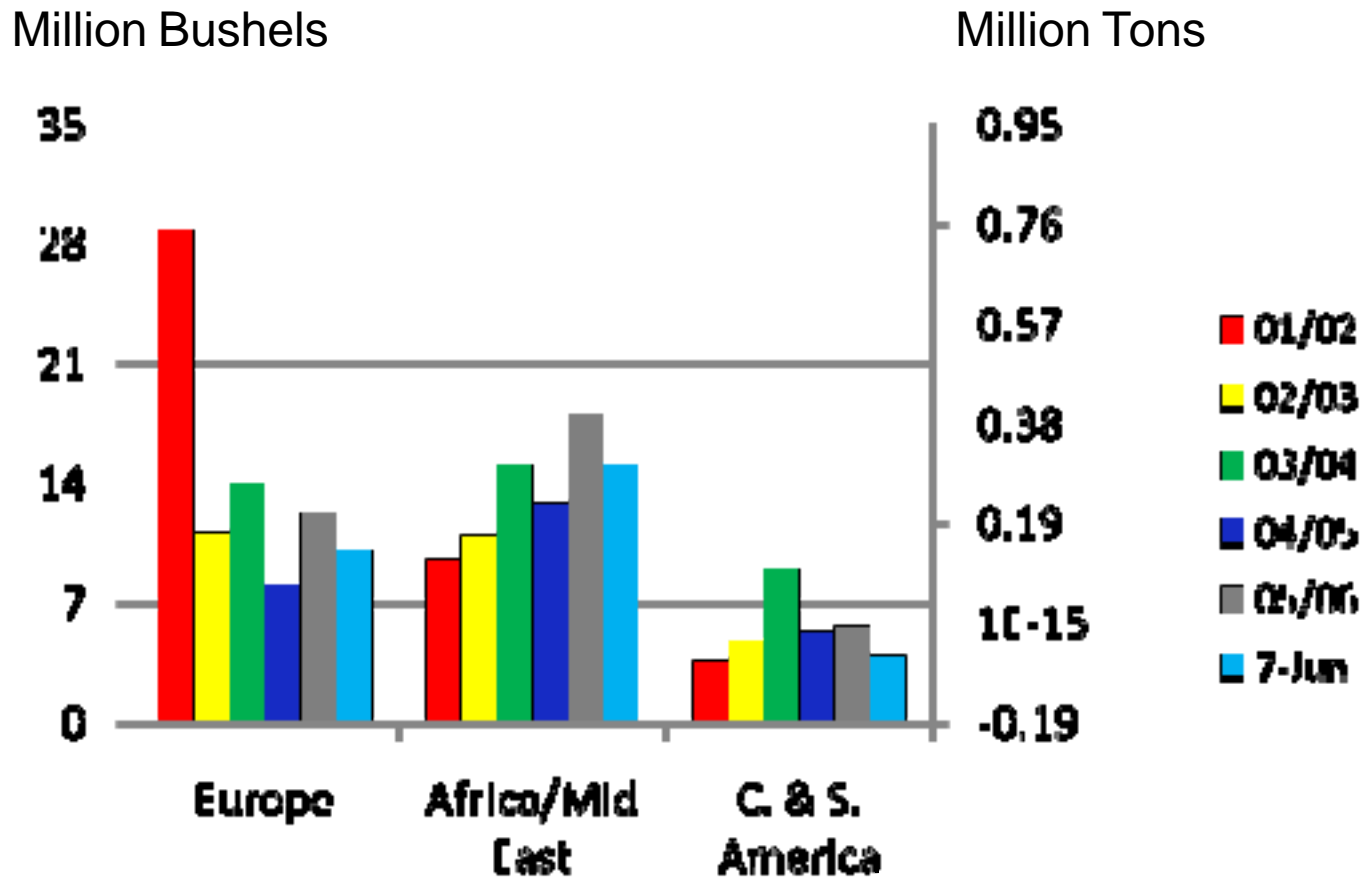


Source: USDA Dec 1/11/08
Xldata/both/S&D prod, consump, carryove



EXPORT TRENDS – By Region

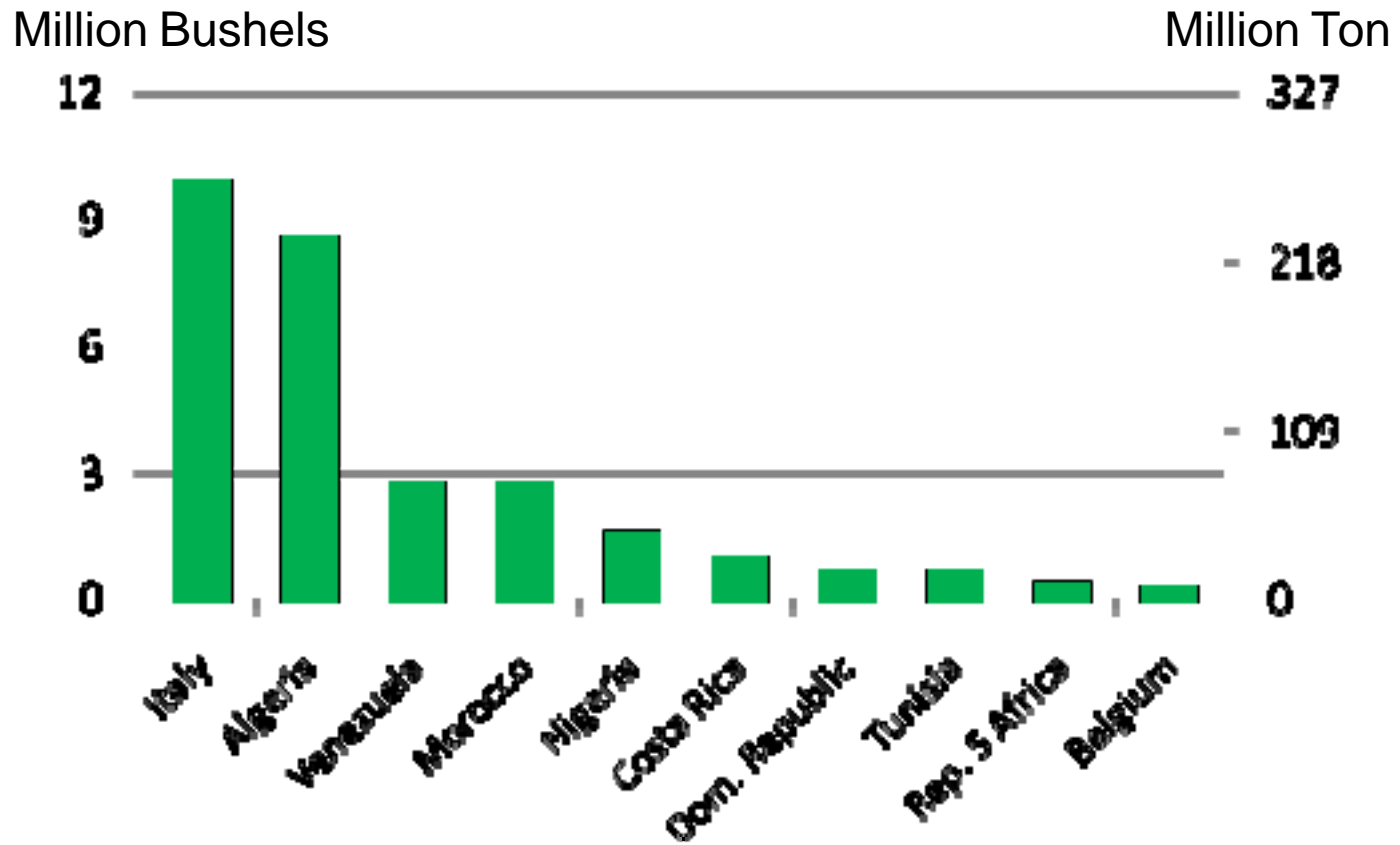
US Durum Wheat





TOP IMPORTERS OF U.S. DURUM

FIVE-YEAR AVERAGE (2002/03 – 2006/07)

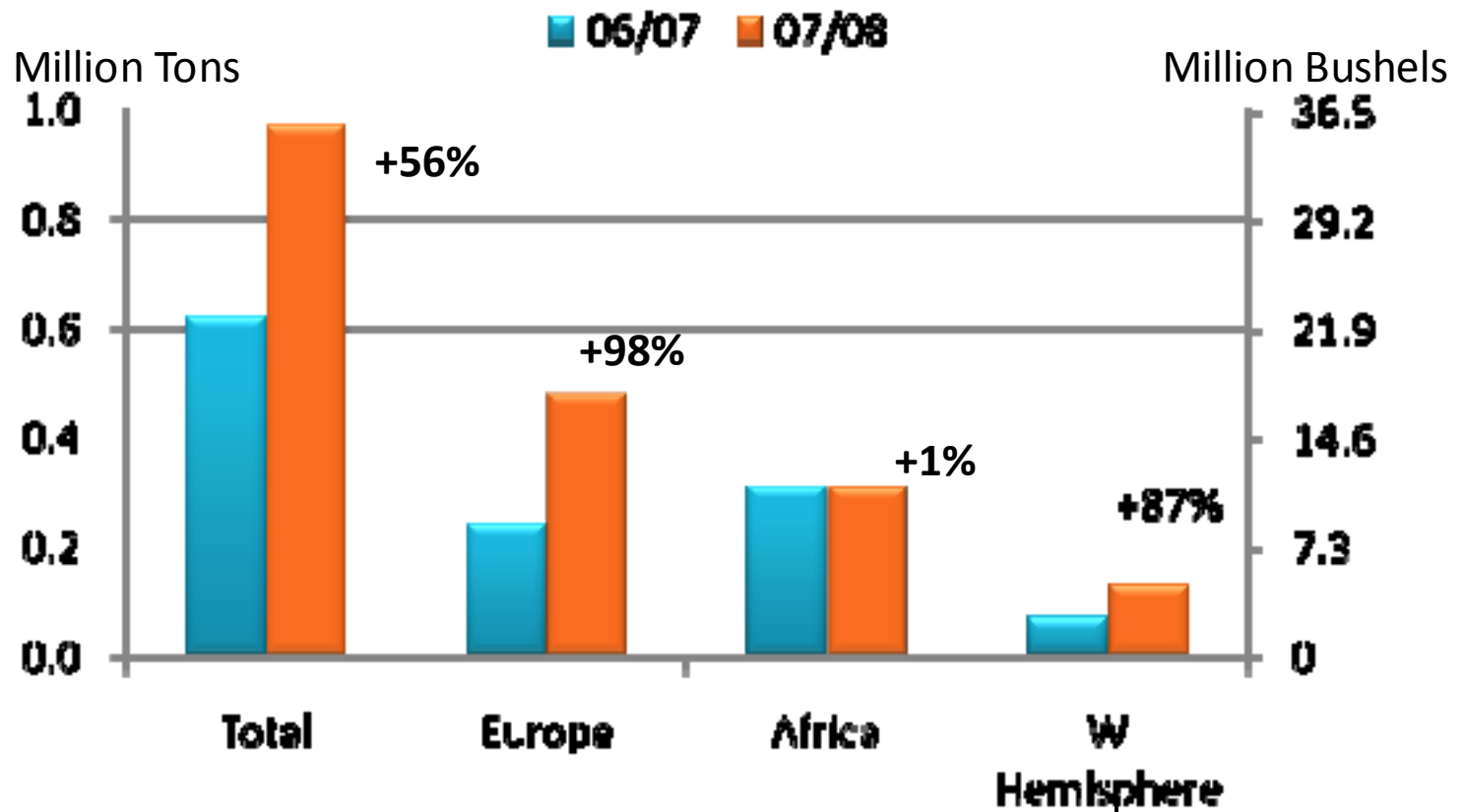


USDAExport Inspections
Xldata/Both/Exports/Top 10 & 5 yr avg



EXPORT PACE – U.S. DURUM WHEAT

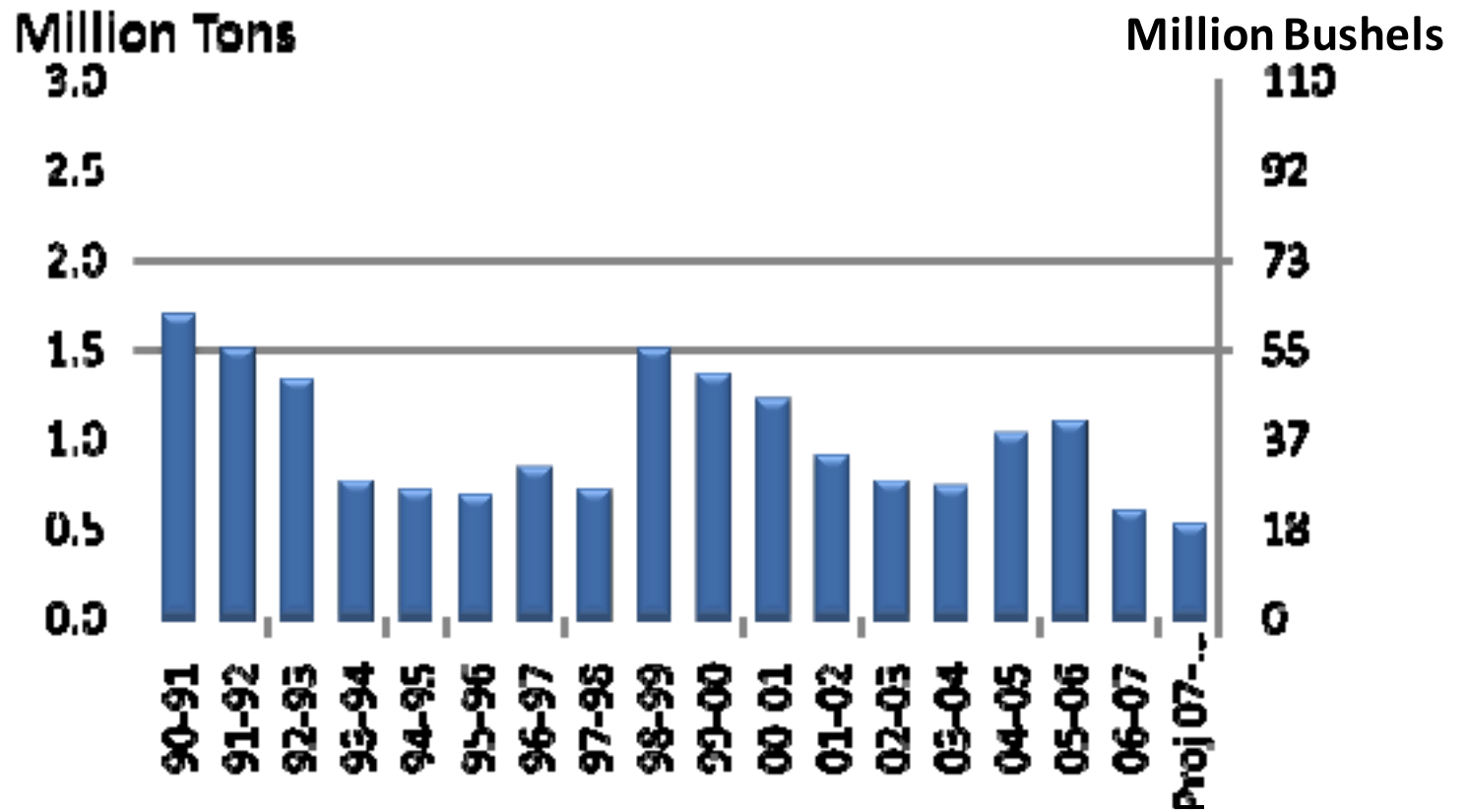
2007-08 as of January 3, 2008



1/11/08



U.S. DURUM STOCKS



Source: USDA Dec 12/11/07
Xldata/both/S&Dprod, consump, carryover



U.S. DURUM SUPPLY & DEMAND

Million Bushels

	02/03	03/04	04/05	05/06	06/07	Proj 07/08	Change
Beg Stocks	33	28	26	38	40	22	-45%
Production	80	97	80	101	53	72	36%
Imports	30	20	29	32	42	34	-19%
Tot Supply	143	145	145	171	135	128	-5%
Dom Use	82	75	76	84	79	74	-6%
Exports	32	44	31	47	35	35	0%
Tot Use	115	119	108	131	114	109	-4%
End Stocks	28	26	38	40	22	19	-14%
S/U Ratio	24%	22%	35%	31%	19%	17%	

Source: USDA Jan 1/11/08
Xldata/durum/S&D



Outlook for 2008-09





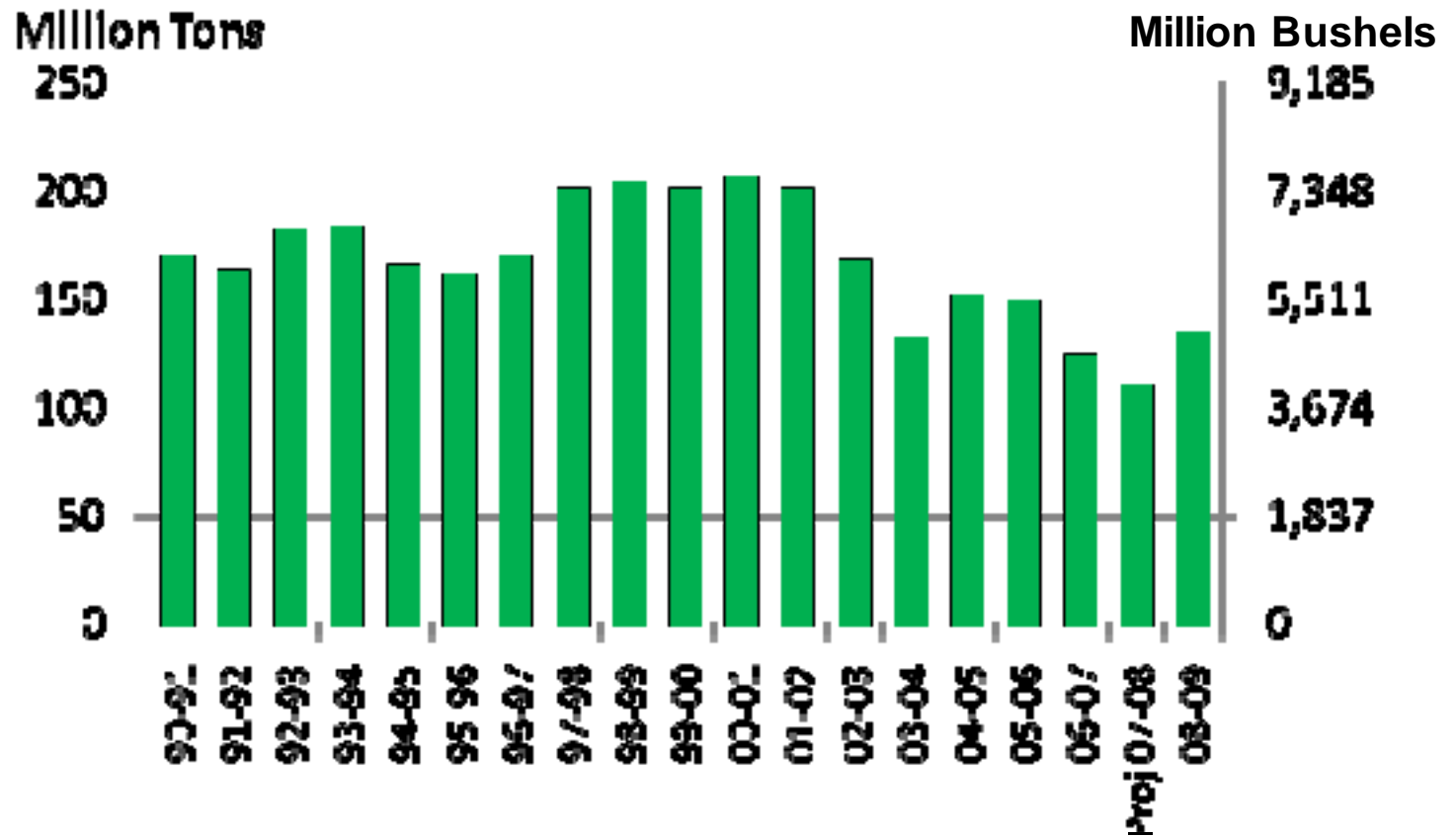
World Outlook 2008

No question that wheat acres will be up -- but what level?

- Most estimates range from 2 to 5%
- In 1996 world area was up 5%
 - 538 million acres up to 568 -- 2007 acres were also 538 mill
- With good yields, world production could reach 23.5 - 24 billion bushels -- IGC projection is 23.5 billion..
 - In 2007 world production was 22.1 billion and use 22.6 billion
 - Record production was 23 bill. in 2004
- Is this realistic?
 - India, Australia, other countries already predicting record crops – way too early
- Is it enough to replenish stocks?



2008 WORLD WHEAT STOCKS?



Source: USDA

1/11/08

Xldata/world/all wheat/wheat/prod

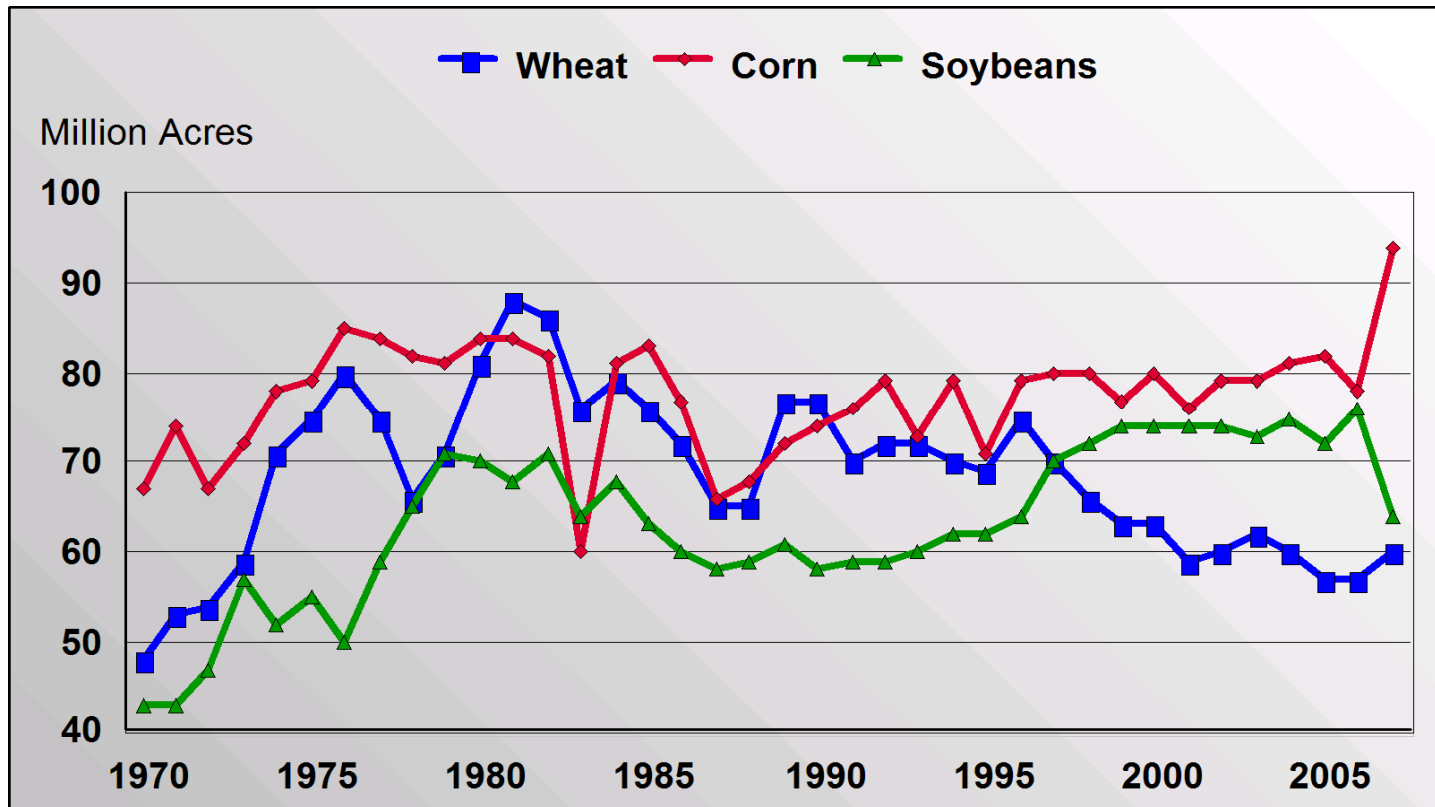


U.S. Outlook 2008

- **USDA estimates from October**
 - **Wheat at 64.0 million acres up from 60.4**
 - **Corn at 87.0, down from 93.6**
 - **Soybeans at 70.0, up from 63.7**
- **Private/Trade estimates**
 - **Wheat acreage ranges from 64 to 65 million**
 - **Winter wheat up 4-5%**
 - **Jan. 11 report showed an increase of 4%**
 - **46.6 ma of winter wheat, very low end of expectations**
 - **HRW acres down 1%, huge surprise**
 - **Spring wheat up 4% to down 4%?**
 - **Durum up 15% to 25%**
 - **Total U.S. production 2.3 to 2.4 billion with a 42 to 43 bushel yield -- 40.5 in 2007**
- **By class, stocks rebound looks more significant for SRW and Durum – HRW and HRS stocks look to remain historically tight?**



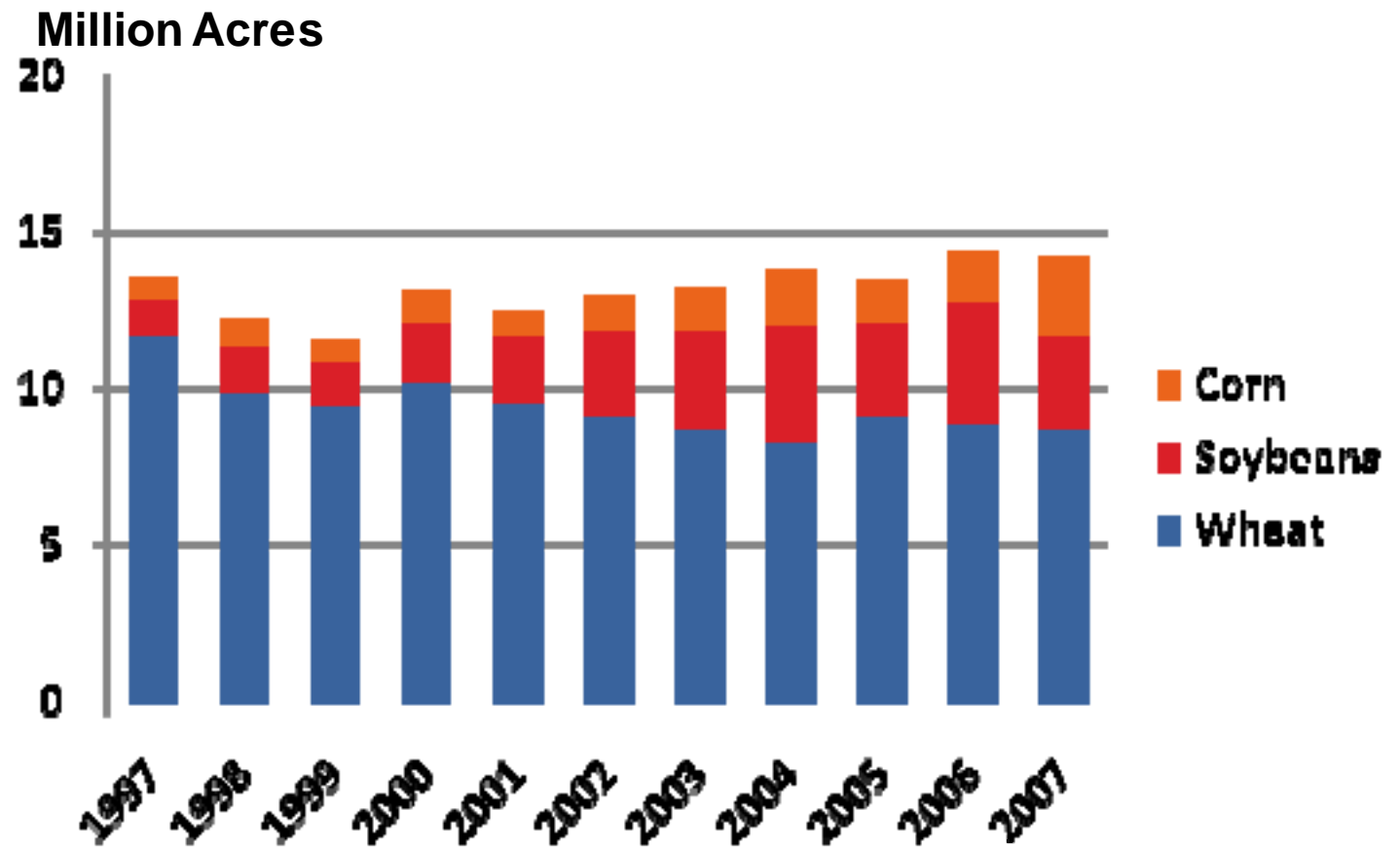
U.S. Wheat, Corn and Soybean Acres





ND PLANTED ACRES

Wheat – Corn – Soybeans



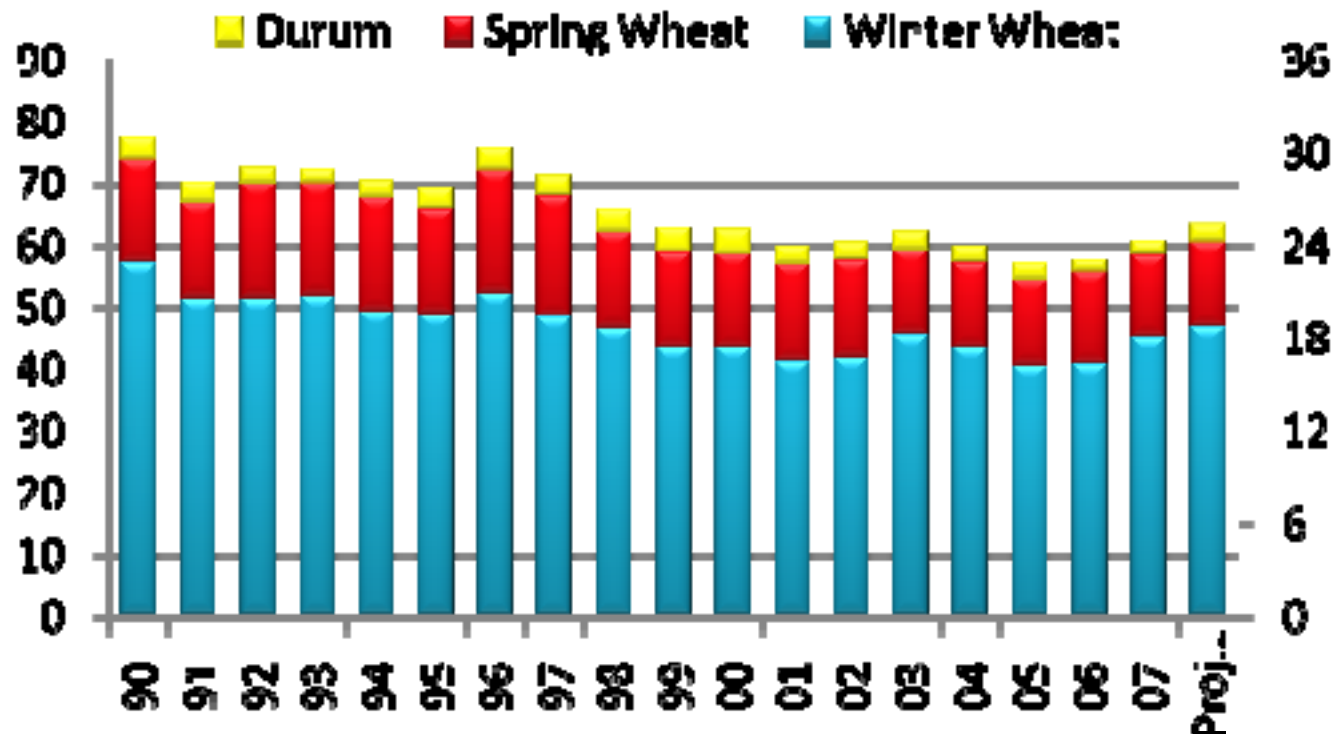


U.S. WHEAT PLANTED AREA

since 1990

Million Acres

Million Hectares

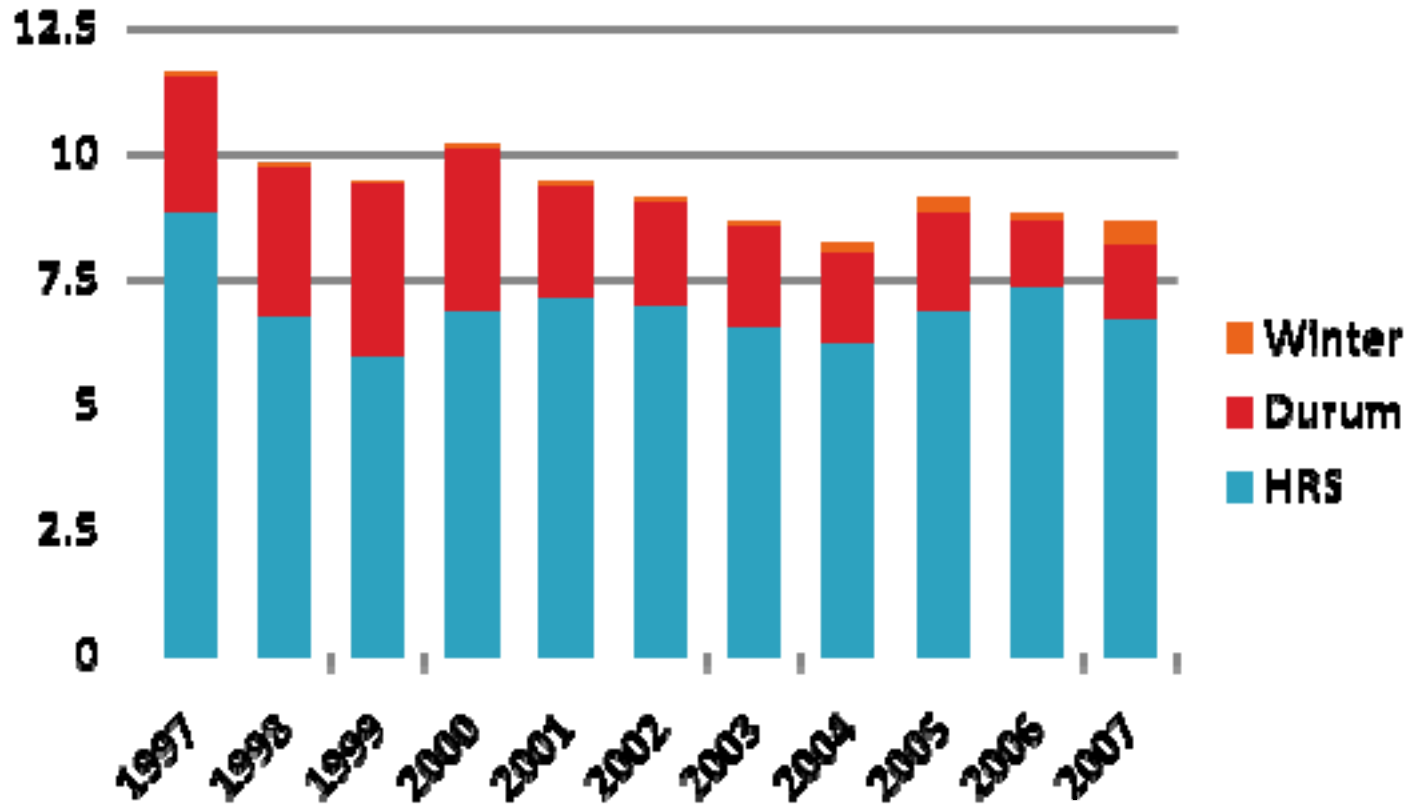


USDA Jan 08
2008 Unofficial projection
1/11/08



ND WHEAT PLANTED AREA

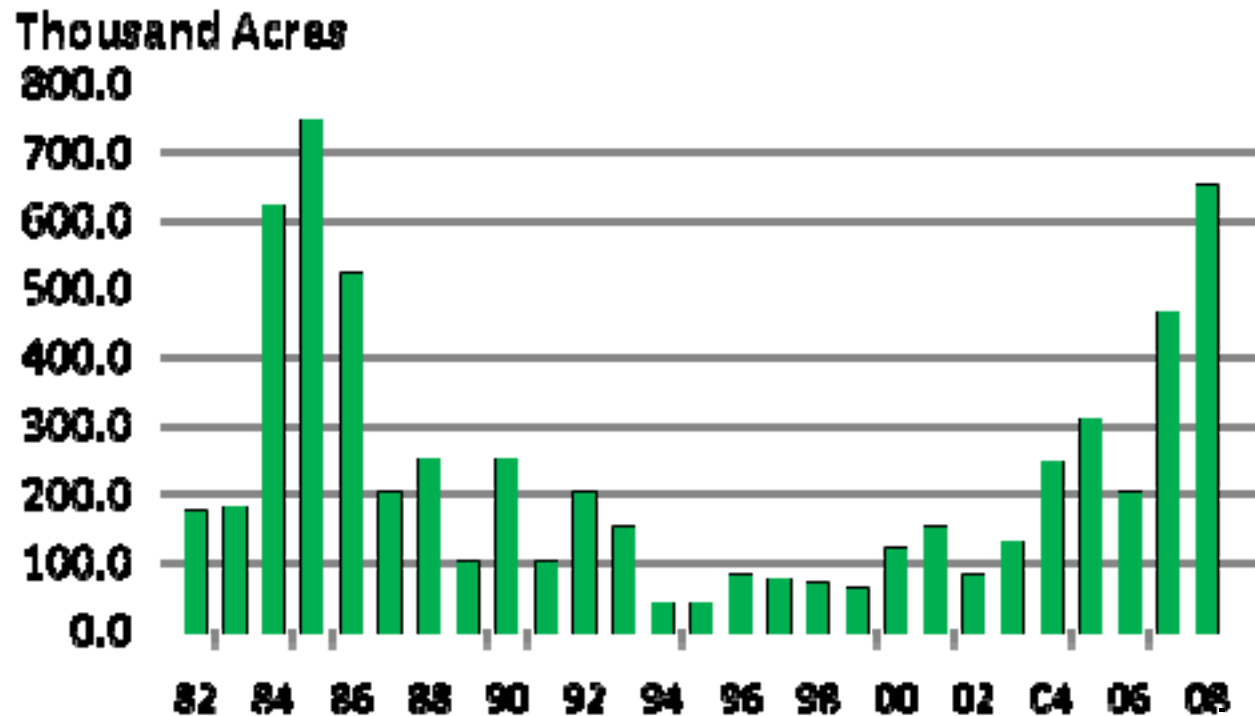
Million Acres





N.D. Winter Wheat Acres

Making a Rebound -- Longterm trend?



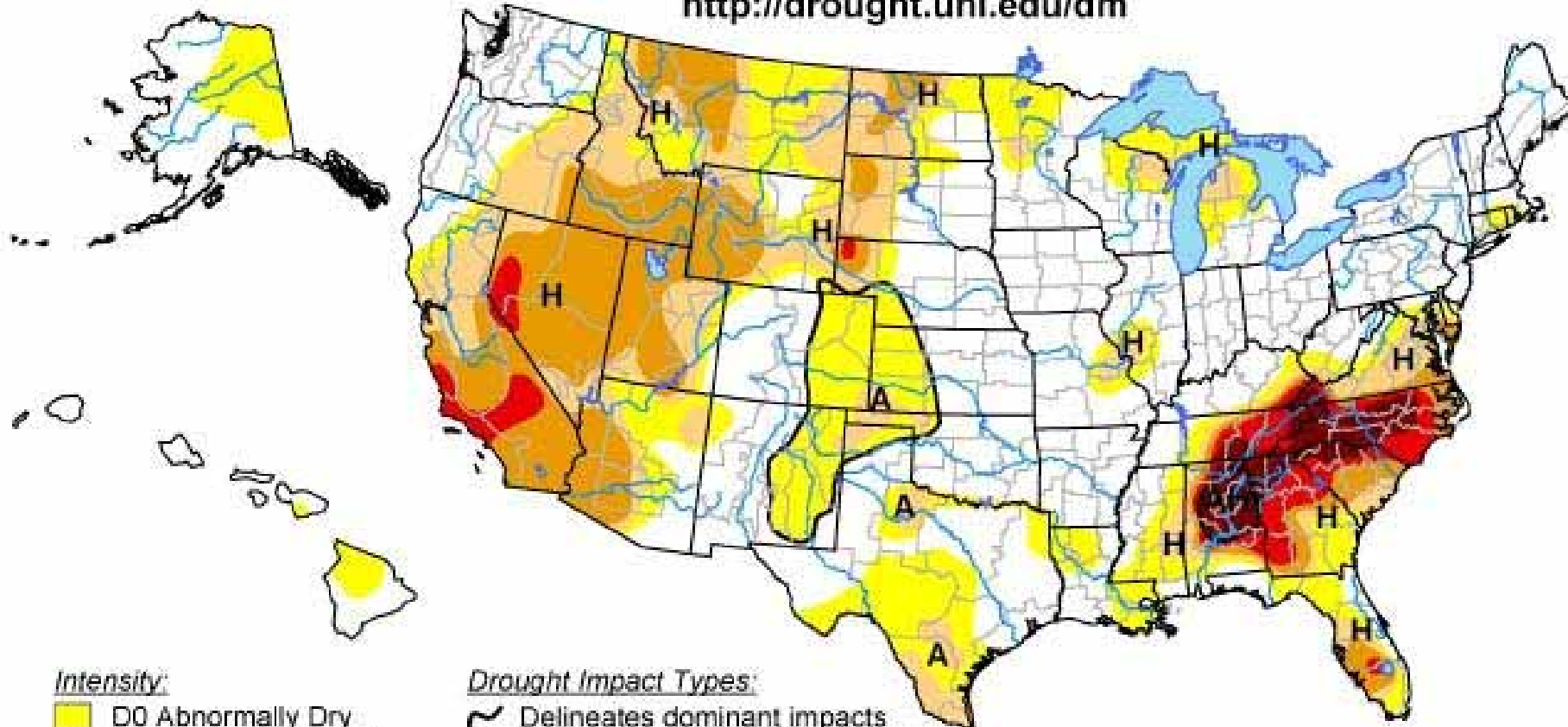
Source: USDA Dec 12/11/07
Xldata/both/S&D prod, consump, carryove

U.S. Drought Monitor






<http://drought.unl.edu/dm>

January 1, 2008


Valid 7 a.m. EST



Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

Drought Impact Types:

-  Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)



Released Thursday, January 3, 2008

Author: Richard Heim, NOAA/NESDIS/NCDC

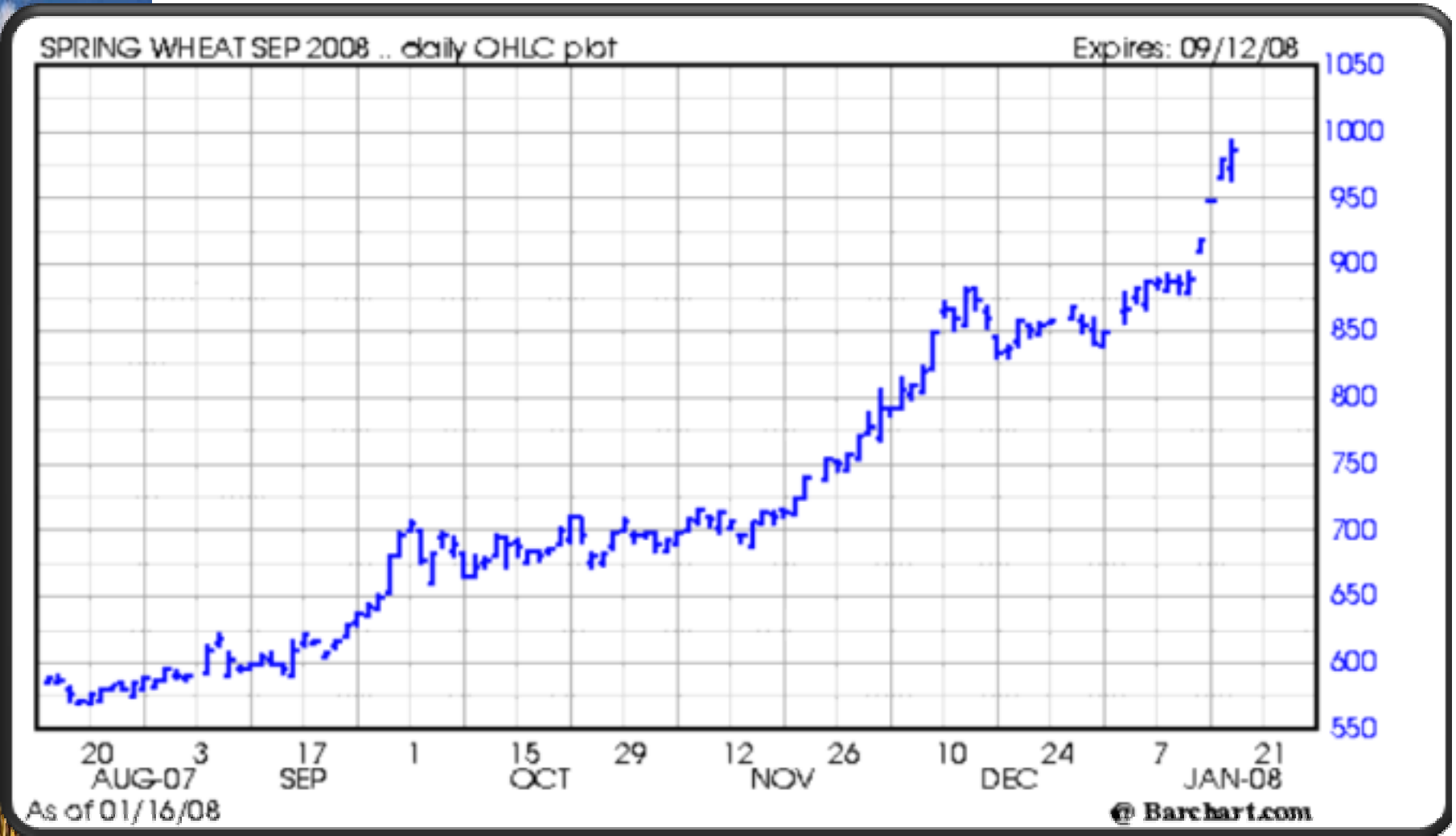


U.S. Outlook 2008

- Spring wheat prices **NEED** to remain high in order to keep or gain acres
- Lately we have been seeing more strength in new crop contracts
- Market very concerned after smaller than expected HRW acreage
- Supplies of hard wheat could be tight, especially if we see any less-than-ideal conditions
- Larger world crop expectations could have bearish impact on overall wheat price complex, but Hard wheats and Protein wheat prices may stay stronger, despite larger world crop
- **VOLATILE MARKETS**

chart

MGE New Crop Prices



19/08

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U.S. SPRING WHEAT PRODUCTION

Acres-Bushels

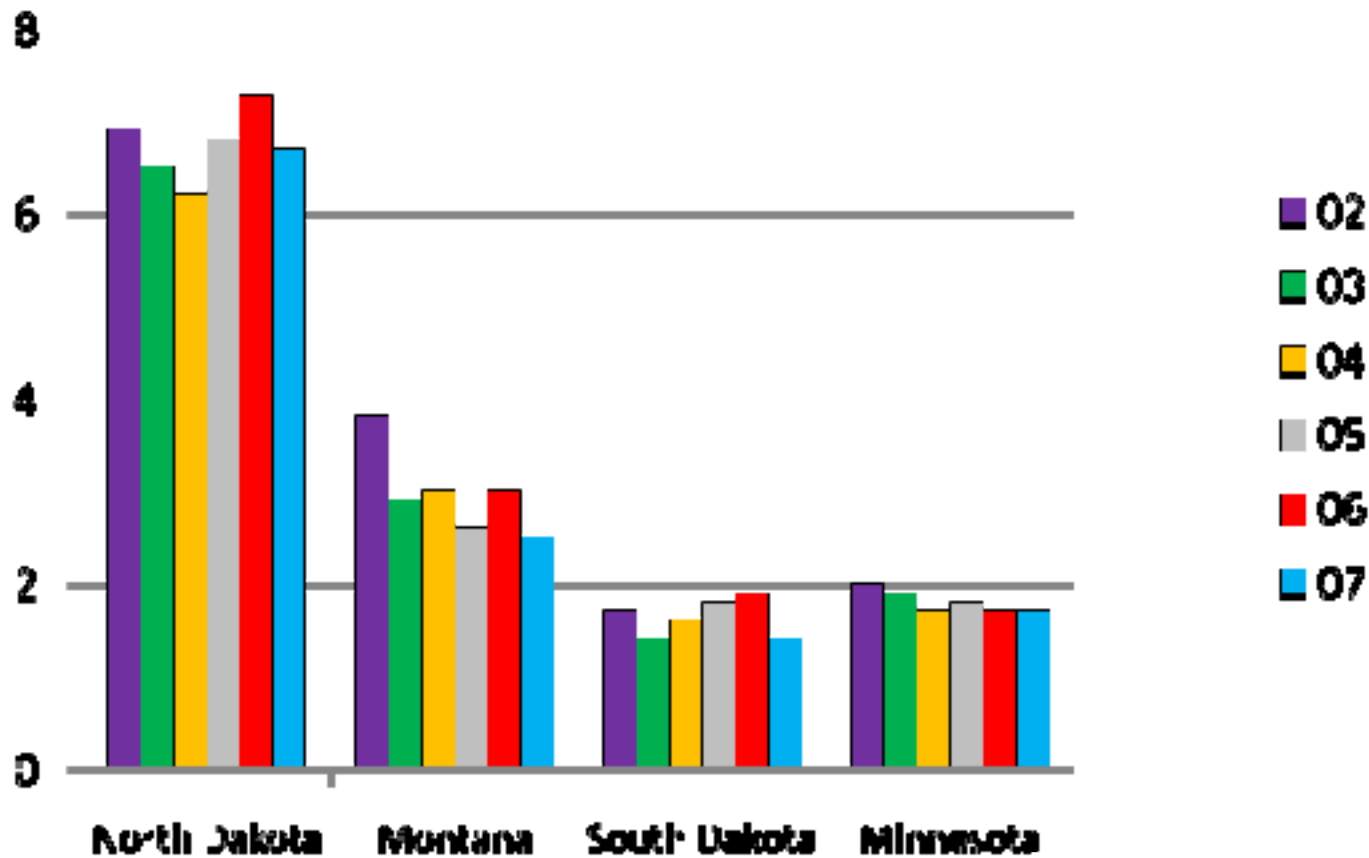
	Planted	Harvested	Yield	Production
1994	18.3	17.7	31.8	562.3
1995	17.0	16.6	32.2	535.9
1996	20.0	19.6	35.1	687.8
1997	19.1	18.3	29.9	548.2
1998	15.6	15.2	34.9	529
1999	15.3	14.8	34.1	503
2000	15.3	14.5	38.4	556.6
2001	15.6	14.5	35.2	512
2002	15.7	13.5	29.3	393.9
2003	13.8	13.4	39.5	531.4
2004	13.8	13.2	43.2	568.9
2005	14.0	13.6	37.1	504.4
2006	14.9	13.9	33.2	460.5
2007	13.3	12.9	37.0	479
2008	13.9	13.5	37	500
10 Yr Avg	15.3	14.5	35.5	510.8
5 Yr Avg	14.4	13.5	36.5	491.8

Source: USDA
Unofficial 2008



U.S. HRS PLANTINGS BY STATE

Million Acres



Source: USDA Small Grains
Summary
9/28/07



U.S. HRS S&D --- 2008?

Million Bushels

	02/03	03/04	04/05	05/06	06/07	07/08	2008
Beg Stocks	230	145	157	159	132	117	88
Production	351	500	525	467	432	449	465
Imports	24	9	8	12	50	37	40
Tot Supply	605	654	690	638	614	603	593
Dom Use	201	225	217	225	247	240	230
Exports	259	272	314	282	250	275	270
Tot Use	460	497	531	506	497	515	500
End Stocks	145	157	159	132	117	88	93
S/U Ratio	32%	32%	30%	26%	24%	17%	

Source: USDA Dec
2008 Unofficial

2008 HRS Situation Based on Acreage Increases or Decreases

	+10% 14.6 ma	+5% 14.0 ma	0% 13.3 ma	-5% 12.6 ma	-10% 12.0 ma	2007-08 13.3 ma
Beg. Stocks	88	88	88	88	88	117
Production	484	464	446	419	398	449
Imports	40	40	40	40	40	37
Total Supply	612	592	574	547	526	603
Dom. Use	230	230	230	230	230	240
Exports	270	270	270	270	270	275
Total Use	500	500	500	500	500	515
End Stocks	112	92	74	47	26	88

- ❖ All numbers in million bushels
- ❖ Estimates assume 37 bu. Average yield and 96% harvested rate



Durum Outlook

- Expect to see an increase in world acres
- Will still require strong yields to help replenish stocks
- North Africa
 - Will likely see higher acreage and a rebound in production in Morocco
- EU
 - No mandatory set aside
 - Bad quality crop this past year has actually led to decreased interest in France for durum, but higher in other parts of Europe
- Canada
 - Estimates range from 25-40% increase, this would put acreage and production near normal levels

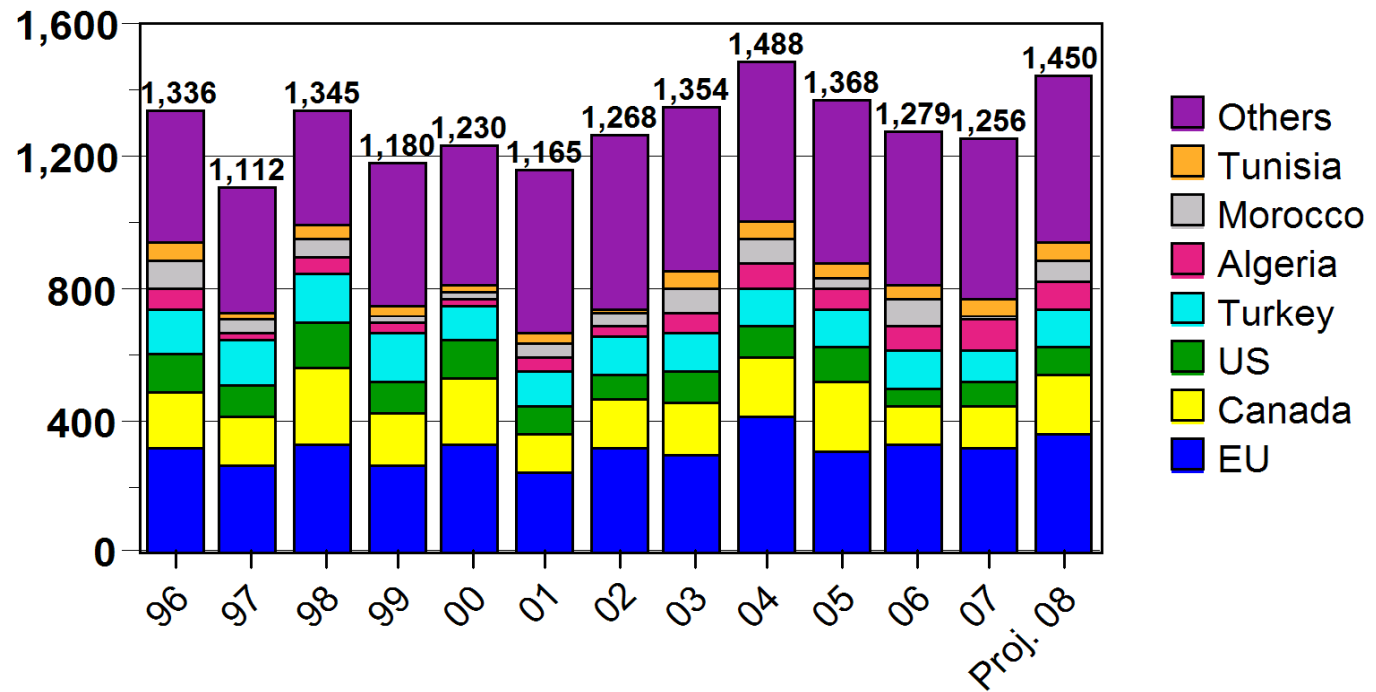


WORLD DURUM PRODUCTION

Million Bushels

Unofficial estimates for 2008

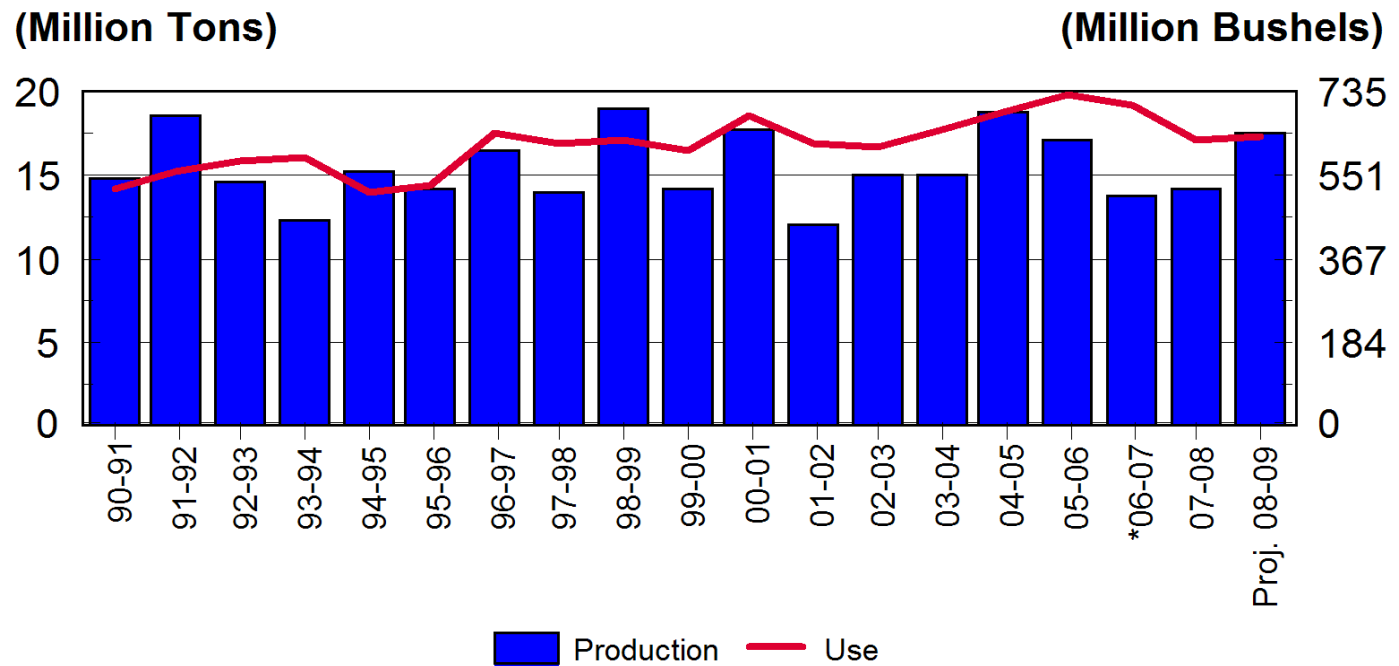
Million Bushels





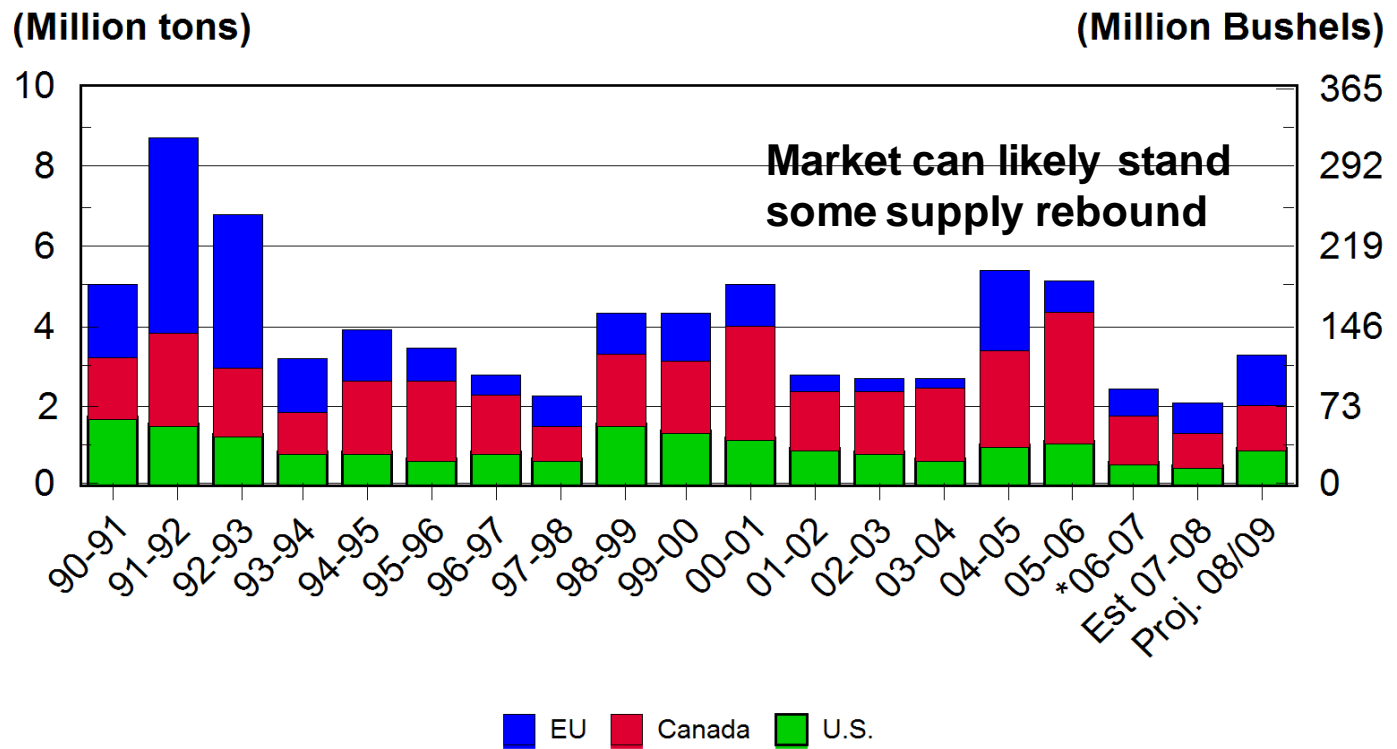
DURUM PRODUCTION AND USE In Major Exporting Countries

United States, Canada & European Union





Durum Stocks In Major Exporting Countries - U.S., Canada, European Union

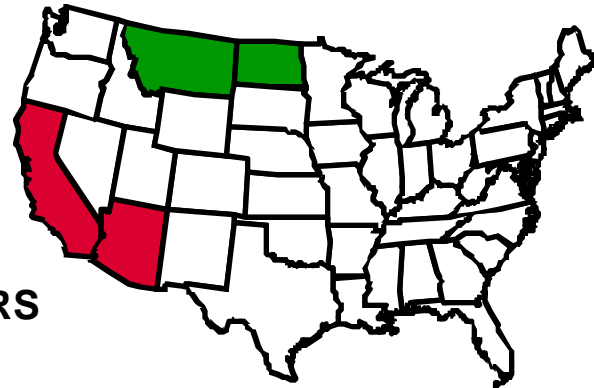


U.S. Durum

2008 Outlook

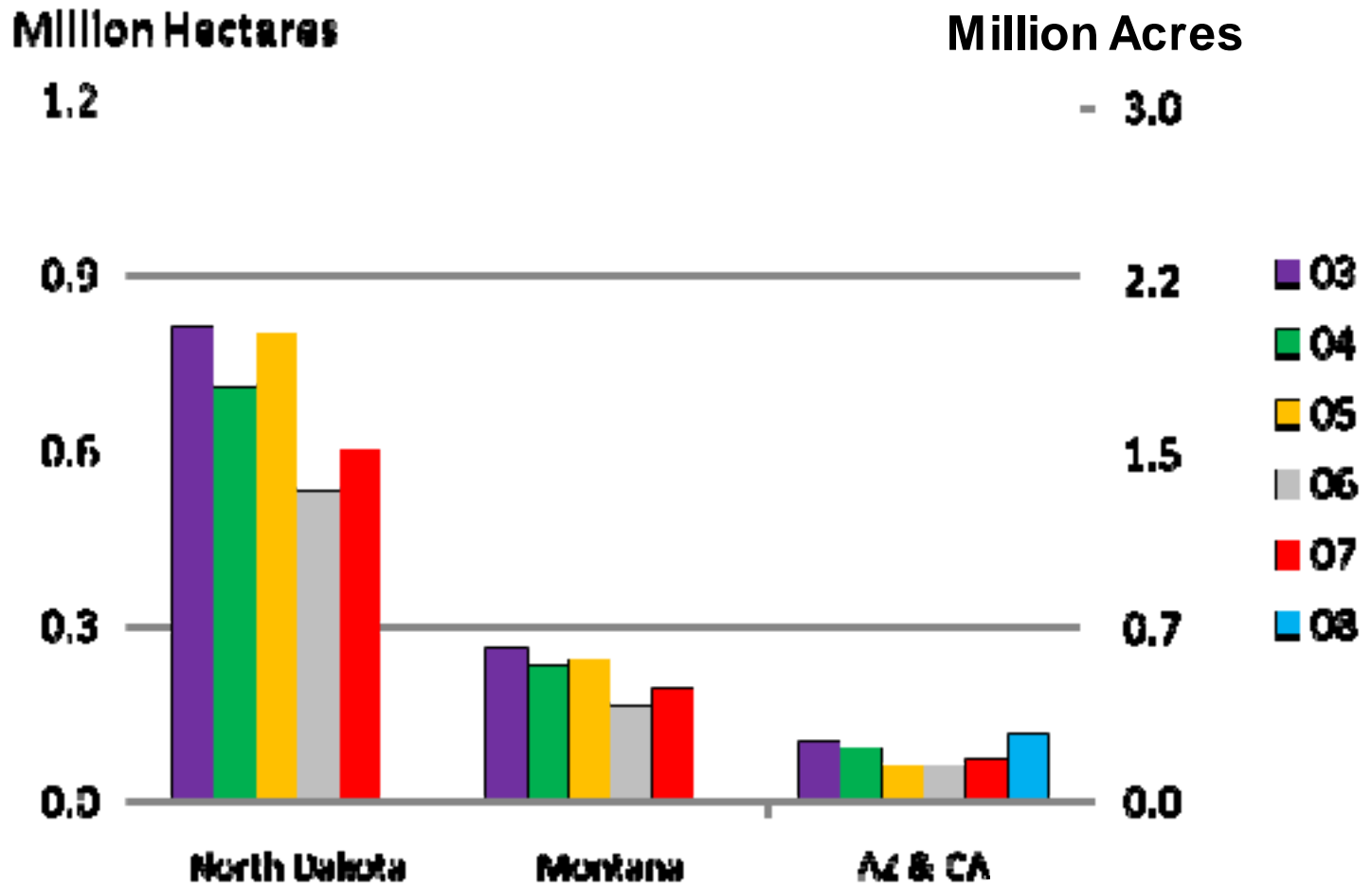
Early trends:

- US Desert Durum area estimated at 280,000 acres
 - 28 mill. bushel -- 15 mill. in 2007
 - Available to market in June
 - Can plant through February
- US Northern area?
 - Up +20% - 2 mill. to 2.5 mill. acres
 - Strong crop competition
 - Seed cost/availability?
 - Needs to be strong premium to HRS
 - US production +90 mill. bu.
 - Ending stocks would increase from 19 million bushels this year to 25 to 30 million.





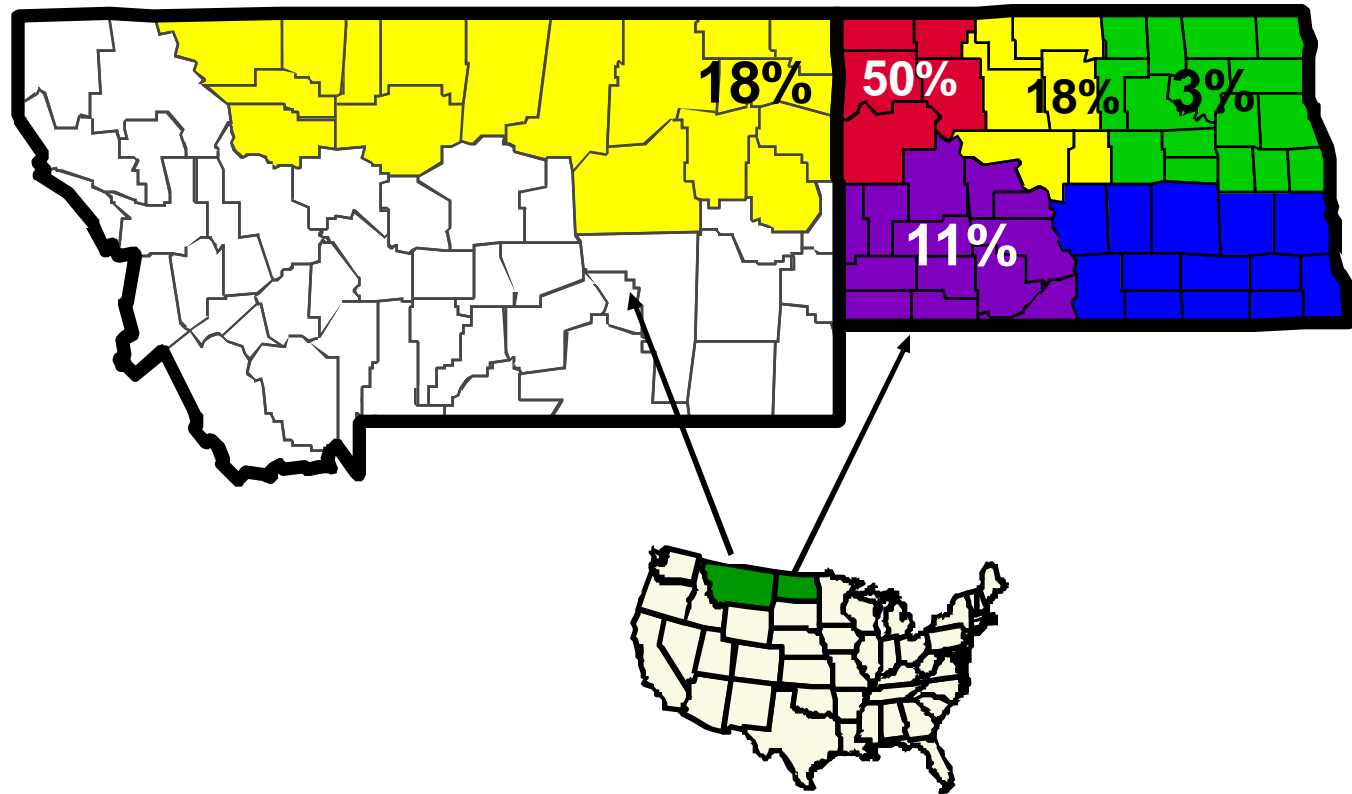
U.S. DURUM WHEAT PLANTINGS BY STATE



Source: USDA Small Grains Summary
9/28/07

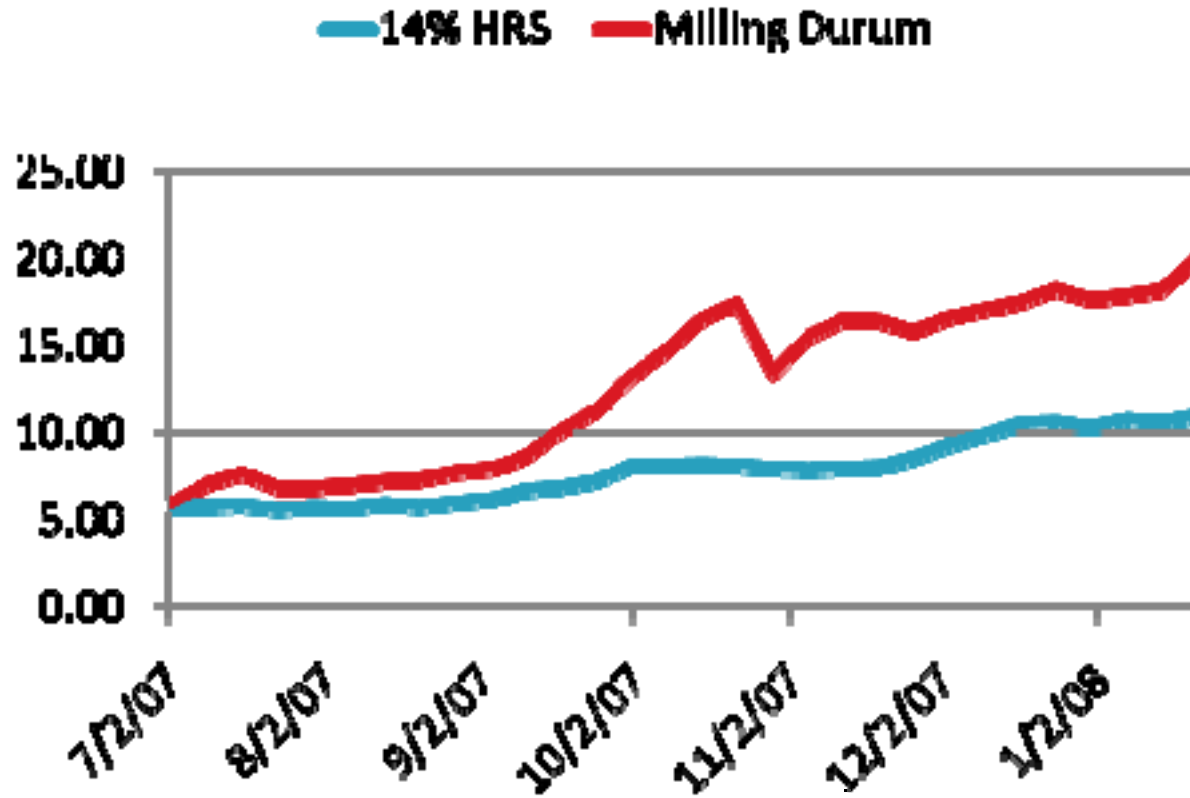


DURUM: Northern U.S. Approx. Production by Region 2007





Average ND Hard Red Spring & Durum Wheat Producer Bids





U.S. DURUM WHEAT PRODUCTION -- 2008

	Planted	Harvested	Yield	Production
1994	2.8	2.7	35.6	96.7
1995	3.4	3.4	30.5	102.3
1996	3.6	3.5	32.7	115.8
1997	3.3	3.2	27.7	87.8
1998	3.8	3.7	37	138.1
1999	4.0	3.6	27.8	99.3
2000	3.9	3.6	30.7	109.8
2001	2.9	2.8	9.4	79.5
2002	2.9	2.8	29.4	79.5
2003	2.9	2.9	33.7	96.6
2004	2.6	2.4	38	89.9
2005	2.7	2.7	37.2	100
2006	1.9	1.8	29.5	53.5
2007	2.1	2.1	33.9	71.7
2008	2.75	2.65	34	90
10 Yr Avg	3.1	2.9	32.1	93.8
5 Yr Avg	2.6	2.5	33.6	83.9

USDA Small Grains
Summary
10/12/07
xldata/duurm acres



U.S. DURUM S&D 2008?

Million Bushels

	02/03	03/04	04/05	05/06	06/07	Proj 07/08	2008
Beg Stocks	33	28	26	38	40	22	19
Production	80	97	80	101	53	72	90
Imports	30	20	29	32	42	34	40
Tot Supply	143	145	145	171	135	128	149
Dom Use	82	75	76	84	79	74	80
Exports	32	44	31	47	35	35	32
Tot Use	115	119	108	131	114	109	112
End Stocks	28	26	38	40	22	19	37
S/U Ratio	24%	22%	35%	31%	19%	12%	33%

Source: USDA Dec
2008 Unofficial

2008 Durum Situation Based on Acreage Increases or Decrease

	+30% 2.73 ma	+20% 2.52 ma	+10% 2.31 ma	0% 2.1 ma	-5% 2.0 ma	2007-08
Beginning Stocks	19	19	19	19	19	22
Production	91	84	77	72	67	72
Imports	40	40	40	40	40	34
Total Supply	150	143	136	131	131	128
Dom. Use	80	80	80	80	80	74
Exports	32	32	32	32	32	35
Total Use	112	112	112	112	112	109
Ending Stocks	38	31	24	19	14	19

- ❖ All numbers are in million bushels
- ❖ Estimates assume 34 bu. Average yield and harvested ratio of 98.5%

THANK YOU

