June 2011 USDA WASDE & Crop Production Report – Wheat

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Summary of June 2011 USDA WASDE & Crop Production Reports for Wheat

The USDA June 9th Crop Production and World Agricultural Supply and Demand Estimates (WASDE) reports provided a mixed picture of supply-demand and price prospects for the 2011/12 marketing year. Considering a) reduced hard red winter wheat production in the U.S. central and southern plains, b) improved soft red winter wheat production prospects in the U.S. eastern Corn Belt, c) ongoing questions about spring wheat production in the northern plains states of North Dakota and Montana, and d) foreign production concerns and export market questions in Canada, Europe, the Black Sea region and China, market analysts are left with a tentative, uncertain situation in terms of U.S. and World wheat supply-demand and price prospects for MY 2011/12.

By mid-summer questions about U.S. winter and spring wheat production prospects will be answered with more clarity, and more will be known about foreign crop production problems and export policies. Given a) uncertainty about wheat market supply-demand prospects, b) high levels of ag commodity market volatility due in part to financial and currency market dynamics, and c) likely cross commodity market effects on wheat prices from corn markets, it is probable that wheat prices will continue to find support and exhibit volatility throughout at least the summer of 2011.

Two market factors outside of typical U.S. and World wheat supply-demand balances are providing support for U.S. wheat prices. 1) Corn Supply-Demand and Price Prospects: If shortfalls occur in U.S. corn production in 2011 – and that prospect is becoming increasingly likely - there will be pressure on livestock feeders to use relatively more available wheat supplies. In essence, wheat prices would find support from livestock feed demand should corn prices prove strong in the summer and fall of 2011. 2) U.S. Currency Values: Recent trends toward a lower U.S. dollar valuation relative to major foreign currencies have provided support for U.S. wheat exports – in as much as a devalued U.S. dollar has made U.S. wheat more affordable to foreign wheat export buyers. Strong U.S. wheat exports in MY 2010/11 are at least partially due to a lower U.S. dollar (along with other S/D factors).

Consistent growth in World wheat usage in spite of volatile wheat market prices is a definite longer term positive supply-demand factor providing support for U.S. wheat prices. During the 11 year period from MY 2000/01 through MY 2010/11, World wheat consumption grew at an average rate of 74.3 mmt or 1.1% annually, while World wheat production grew at an average rate of 65.1 mmt or 0.9% annually. These figures provide support for the idea that absent either dramatic increases in World wheat productivity (more bushels per acre) or decreases in World wheat usage (due to major economic problems), World wheat markets are very likely be wrestling with generally tight supply-demand conditions and weather-driven, volatile market conditions for the foreseeable future.

I. Wheat Market Situation & Outlook

Wheat Markets ⇨ Continued support for wheat prices, with production / supply problems in the U.S., Canada and parts of Europe, as well as concerns about production in China and elsewhere. Cross-market impacts from corn and financial /currency markets likely to impact wheat prices

U.S. Wheat Supply-Demand & Price Projections for MY 2010/11 & MY 2011/12

Changes in Old Crop MY 2010/11 U.S. Supply-Demand & Prices: Estimated imports of wheat into the U.S. are 100 million bushels (mb) for old crop MY 2010/11, down 10 mb from the May WASDE report (Table 1). As a consequence, estimated total supplies are 3.284 billion bushels (bb), down 10 mb from the May WASDE. Estimated U.S. wheat exports in MY 2010/11 are projected to be 1.295 bb, up 20 mb from the May WASDE and the largest U.S. wheat export quantity since 1.345 bb in MY 1992/93.

Total U.S. wheat usage was also increased by 20 mb to 2.475 bb. This is the largest amount of U.S. wheat used since MY 1994/95 (also 2.475 bb), although at least 2.298 bb of wheat was used in the following marketing years, i.e., 1995/96 through 2000/01, 2003/04, and 2007/08. Estimated ending stocks of U.S. wheat for MY 2010/11 are 809 mb, with % ending stocks-to-use of 30.0%. The ending stocks estimate was down 30 mb from the May WASDE, while % ending stocks to use declined from 30.7%. Average U.S. wheat prices for MY 2010/11 are unchanged at $5.70 per bushel.

Table 1. U.S. Wheat Supply-Demand Balance Sheet: MY 2007/08 through MY 2011/12
(June 9, 2011 USDA WASDE Report)

Item	2007/08	2008/09	2009/10	2010/11	2011/12
Planted Area (million acres)	60.5	63.2	59.2	53.6	57.7
Harvested Area (million acres)	51.0	55.7	49.9	47.6	47.8
Yield per harvested acre (bushels/acre)	40.2	44.9	44.5	46.4	43.1
	million bushels				
Beginning Stocks	456	306	657	976	809
Production	2,051	2,499	2,218	2,208	2,058
Imports	113	127	119	100	110
Total Supply	2,620	2,932	2,993	3,284	2,977
Food Use	948	927	919	930	945
Seed Use	88	78	69	80	75
Exports	1,263	1,015	881	1,295	1,050
Feed & Residual	16	255	148	170	220
Total Use	2,314	2,275	2,018	2,475	2,290
Ending Stocks	306	657	976	809	687
% Ending Stocks-to-Total Use	13.2%	28.9%	48.4%	34.7%	30.0%
U.S. Average Farm Price ($/bushel)	$6.48	$6.78	$4.87	$5.70	$7.00-$8.40 *Midpoint =* *$7.70*

New Crop 2011 U.S. Wheat Acreage, Yields and Production: The USDA projected 2011 U.S. planted wheat area of 57.7 ma (down 300,000 acres) and harvested acreage of 47.8 ma (down 200,000 acres) (Table 1). The planted acres estimate was based off of a) a small adjustment from the USDA National

Agricultural Statistics Service (NASS) March 31st Prospective Plantings report, and b) forecast U.S. winter wheat acreage from the June 9th USDA NASS Crop Production report. USDA NASS projected 2011 U.S. winter wheat harvested area to be 32.039 ma. Spring wheat and durum wheat harvested acres are projected using 10-year harvested-to-planted acreage ratios by state.

United States wheat yields for 2011 are projected to be 43.1 bu/ac, up 0.6 bu/ac from the May Crop Production report, but down from 46.4 bu/ac in 2010. Winter wheat yields in 2011 are projected to be 45.3 bu/ac, up 0.8 bu/ac from the May NASS report based on stronger than expected Soft Red Winter wheat prospects in the eastern Corn Belt. Spring wheat yields and durum wheat yields for 2011 are projected using 10-year yield trends by state (excluding high yields due to unusually favorable growing conditions in 2009 and 2010), with an adjustment lower for excessive moisture and delayed planting in North Dakota and Montana.

The USDA projected 2011 U.S. wheat production to be 2.058 bb, up 15 mb from the May WASDE report, but less than 2.208 bb in 2010 and 2.218 bb in 2009. USDA NASS projected 2011 winter wheat production to be 1.450 bb, down from 1.485 bb in 2010, reflecting both a) lower hard red winter wheat production in the central and southern plains, and b) higher soft red winter wheat production in the eastern Corn Belt. Projected 2011 spring and durum wheat production was estimated from the projected harvested acreage and yield estimates discussed above.

The production estimates for U.S. winter wheat and especially U.S. spring wheat are highly tentative, as a) winter wheat harvest in the U.S. central and southern plains is only partially complete, b) crop development continues for the soft red winter wheat crop, and c) seeding problems continue for spring wheat in North Dakota and Montana. The potential exists for a) significant acreage reductions in northern plains spring wheat areas, and b) disease or other production problems to occur soft red winter wheat areas that could still markedly reduce 2011 U.S. total wheat production.

Total New Crop Wheat Supplies & Use in MY 2011/12: Projected MY 2011/12 U.S. wheat beginning stocks are 809 mb, down 30 mb from the May WASDE, and down from 976 mb in MY 2010/11. Imports of wheat into the U.S. are projected to be 110 mb. Combined with projected 2011 U.S. wheat production of 2.058 bb, U.S. new crop total supplies of U.S. wheat in MY 2011/12 are projected to be 2.977 bb, down 15 mb from the May WASDE report. The projected level of 2.977 bb U.S. wheat supplies in MY 2011/12 are down from 3.284 bb in MY 2010/11, are comparable to 2.993 bb in MY 2009/10 and 2.932 bb in MY 2008/09, but are markedly larger than 2.620 bb in MY 2007/08, the "watershed" *tight stocks year* in the U.S. wheat market.

U.S. Wheat Usage in MY 2011/12: Domestic food use of U.S. wheat for MY 2011/12 is projected to be 945 mb, up from 930 mb in MY 2010/11, and from 915 mb in MY 2009/10.

Food use of wheat in the U.S. closely follows population growth trends, and has been generally unresponsive to changes in the price of wheat. The unresponsiveness of U.S. wheat food use to cash wheat price changes reinforces the fact that actual wheat product makes up a small percent of the actual monetary value of a loaf of bread. One 60 pound bushel of wheat yields approximately 42 one and one-half pound loaves of white bread, and/or 90 one pound loaves of wheat bread. Therefore, a $1.00 per bushel increase in the cash price of wheat would increase the cost of a loaf of white bread by 2.4 cents, and the cost of a loaf of wheat bread 1.1 cents. Most of the cost of a loaf of bread is due to processing, packaging, logistics, marketing and management.

Seed use is projected to be 75 mb in MY 2011/12, down from 80 mb in MY 2010/11. Wheat exports are projected to be 1.050 bb, down from 1.295 bb in MY 2010/11, but up from 881 mb in MY 2009/10.

Decreased projected U.S. wheat exports in MY 2011/12 from the strong performance in MY 2010/11 are evidence that a) high U.S. and World wheat prices having both a "rationing" impact on U.S. wheat exports, and b) of improved wheat production and export prospects in the Black Sea region. However, if potential wheat production problems in the European Union, Canada, China and elsewhere come to fruition in MY 2011/12, U.S. wheat exports would be expected to increase from the current 1.050 bb projection, likely approaching again the levels of MY 2010/11 (i.e., 1.295 bb).

Feed and residual use of U.S. wheat is projected to be 220 mb in MY 2011/12, up from 170 mb in MY 2010/11 and 148 mb in MY 2009/10.

The increased possibility of 2011 U.S. corn production problems and associated high corn prices and rationing of corn usage raise the possibility of marked increases in the usage of wheat in livestock feeding rations beyond current projections of 220 mb in MY 2011/12. Maximum feed use of wheat in the U.S. occurred in MY 1990/91 when 482 mb of wheat were fed to livestock.

Wheat Ending Stocks in MY 2011/12: Ending stocks of U.S. wheat are projected at 687 mb in MY 2011/12, down 15 mb from the May WASDE report, and less than which is less than 809 bb in MY 2010/11, and than 976 mb in MY 2009/10. This represents 30.0% ending stocks-to-use, down from 30.7% in the May WASDE. Projections of 30.0% S/U in MY 2011/12 are down from 32.7% in MY 2010/11, are markedly lower than 48.4% S/U in MY 2009/10, are nearly equal to 28.9% in MY 2008/09, but are markedly higher than the record low 13.1% ending stocks to use in MY 2007/08.

Given the uncertainty about 2011 U.S. HRW and HRS wheat production, this projection for 689 mb for MY 2011/12 is still "highly tentative", and could possibly decline (especially if an unexpected shortfall in 2011 HRS wheat production occurs)

Supply-demand impact of 1-2 million acres reduction in 2011 U.S. spring wheat acres: It is very possible that the U.S. will have at least 1 million less harvested spring wheat acres in MY 2011/12 than the July 2011 WASDE projection (i.e., 46.8 million acres or less instead of 47.8 ma). At the same 43.1 bu/ac harvested yield per acre in the July WASDE, this would reduce 2011 U.S. wheat production by 43,100,000 million bushels, from 2.058 bb down to 2.015 bb. If projected MY 2011/12 U.S. wheat usage is unchanged at 2.290 bb, then all else being equal (i.e., beginning stocks & imports), MY 2011/12 ending stocks would be reduced to 643.9 mb, with % ending stocks-to-use declining to 28.1%.

Any larger reductions in 2011 U.S. wheat production (say for example 2 million acres and 86.2 mb lower production) would likely push MY 2011/12 U.S. wheat ending stocks down to near 600 mb, and U.S. wheat % ending stocks-to-use declining to near 26%.

Projected U.S. Wheat Prices in MY 2011/12: United States season average cash wheat prices for MY 2011/12 are projected to be in the range of $7.00-$8.40 per bushel with a midpoint of $7.70. This projection is up from a range of $6.80-$8.20 per bu in the May WASDE report, and compares to an estimated MY 2010/11 price of $5.70, $4.87 /bu in MY 2009/10, a historic record high $6.78 /bu in MY 2008/09, and $6.48 /bu in MY 2007/08.

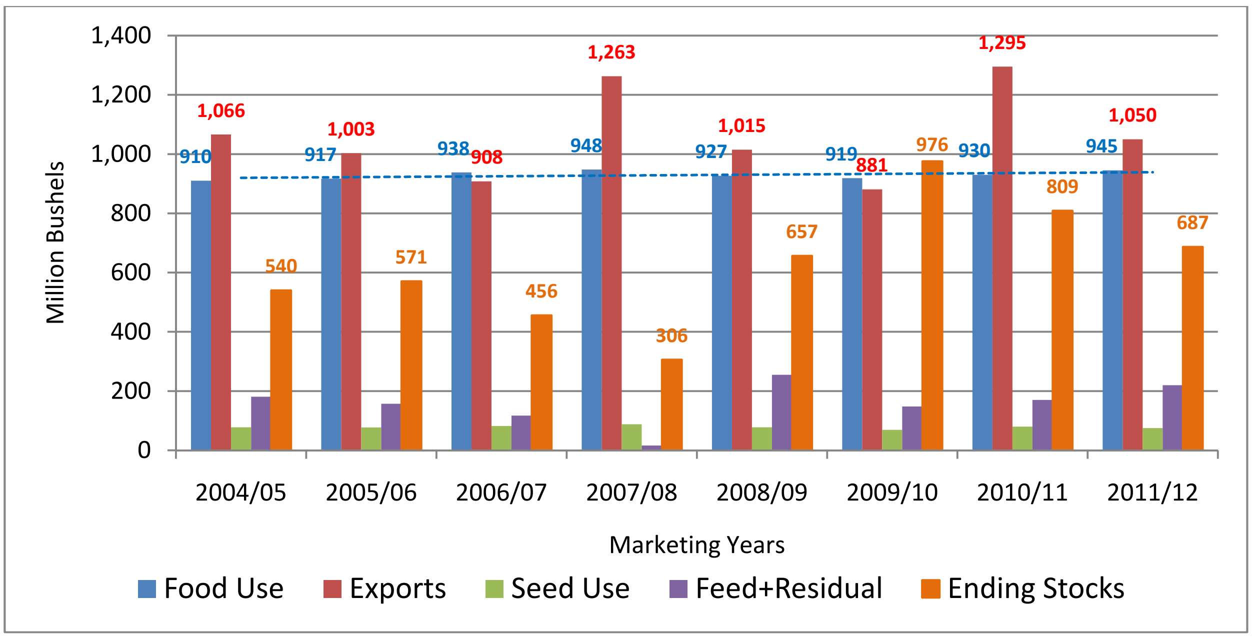
Wheat Class Supply-Demand Changes: On a class-by-class basis, the USDA projected 2011 U.S. Hard Red Winter wheat production to be 777 million bushels, up 15 mb from the May WASDE, but down 23.5% from 2010. Among the Plains states affected by poor growing conditions for the 2011 Hard Red Winter wheat crop, Kansas HRW wheat production for 2011 was projected to be 261.8 mb – down from 360 mb in 2010 and 369.6 mb in 2009. Oklahoma HRW wheat production was projected at 74.8 mb, down from 120.9 mb in 2010. Texas HRW wheat production was projected to be 46.8 mb in 2011, down from 127.5 mb in 2010. Colorado HRW wheat production was projected to be 68.8 mb in 2011, down from 105.8 mb in 2010 and 98 mb in 2009. For these four states, projected 2011 HRW wheat production of 452.2 mb is down from 714.2 mb in 2010, a decrease of 262 mb or 11.4% of projected MY 2011/12 U.S. wheat total usage of 2.290 bb.

Soft Red Winter wheat production for 2011 is projected to be 434 mb, up 83.0% from 2010. White Winter wheat is projected at 240 mb in 2011, up 5.2% from last year, with 228 mb being Soft White Winter wheat and the remaining 11-12 mb being Hard White Winter wheat.

The 197 mb increase in SRW wheat in 2011 compared to the previous year offsets 75% of the 262 mb decrease in the primary four HRW wheat states (KS, OK, TX, CO) for the same period. However, likely shortfalls in spring wheat production North Dakota and Montana could significantly diminish U.S. wheat total supplies and ending stocks for MY 2011/12.

U.S. Wheat Use and Ending Stocks Trends During MY 2004/05 through MY 2011/12: Food use of U.S. wheat has been consistently in the range of 910 to 948 mb for the MY 2004/05-MY 2010/11 period, averaging 927 mb per marketing year (Figure 1). The July WASDE forecast of 945 mb for MY 2010/11 is nearly equal to the top end of the range for the previous 7 year period.

Figure 1. Trends in U.S. Wheat Use and Ending Stocks: MY 2004/05 through MY 2011/12
(June 9, 2011 USDA WASDE Report)



For the MY 2004/05-MY 2010/11 period, exports of U.S. wheat have been variable, ranging from 881 mb to 1.295 bb per marketing year. The July WASDE U.S. MY 2011/12 wheat export forecast of 1.050 bb is near the middle of the recent historical range – indicative of weakening of U.S. wheat exports from the higher level of 1.295 mb in MY 2010/11. Projected wheat feed use of 220 mb for MY 2011/12 is below the maximum amount over the last 7 years of 255 mb in MY 2008/09. The maximum amount of U.S. wheat fed since the early 1970s occurred in MY 1990/91, i.e., 482 mb.

Ending stocks of U.S. wheat increased from a 60 year low of 306 mb in MY 2007/08, up to 657 mb in MY 2008/09 and to 976 mb in MY 2009/10. Since MY 2009/10, U.S. wheat ending stocks are estimated to decline on a year-to-year basis to 809 mb in MY 2010/11, and again to 687 mb in MY 2011/12.

Since MY 2004/05, U.S. wheat ending stocks first declined from highs of 540-571 mb down to a historic low of 306 mb in MY 2007/08. Then U.S. what ending stocks increased again to a high of 976 mb in MY 2009/10 before declining to a projected level of 687 mb for MY 2011/12. The concerns of the U.S. wheat market regarding slow demand for U.S. wheat and accumulating stockpiles that were common in the 2009-early 2010 period are at least temporarily alleviated.

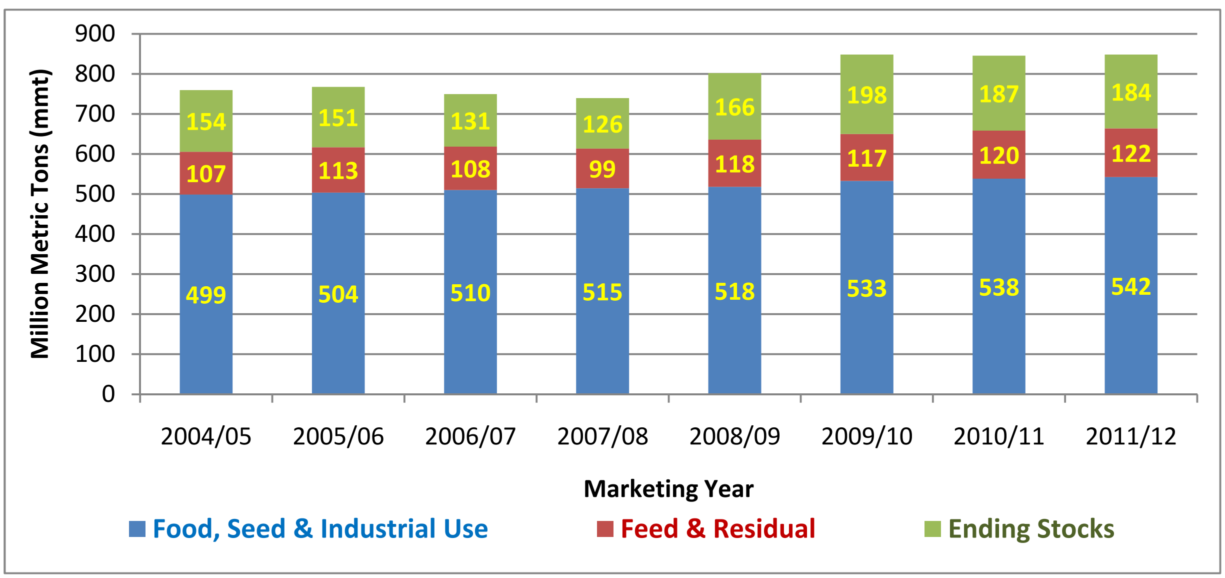
Over this historically short most recent eight (8) year period, U.S. wheat stocks have displayed a somewhat cyclical pattern, with current projections of 687 mb ending stocks for MY 2011/12 still being 381 mb higher than the historic lows of 306 mb in MY 2007/08. If further production shortfalls occur for the 2011 U.S. wheat crop, it would be possible to see MY 2011/12 U.S. wheat ending stocks fall to the 500-650 mb range, but still be markedly above recent historic lows as seen in MY 2007/08

II. World Supply-Demand for Coarse Grains, Corn & Wheat

World Wheat Supply-Demand in MY 2011/12

In MY 2011/12 World wheat usage is projected to be 0.4% larger than production, leading to a year-over-year decline in World wheat ending stocks. World wheat production prospects are highly tentative, with seeding and production problems in North America and the European Union whose impact on World wheat supply-demand balances will not be known with any degree of certainty until later in 2011. World wheat food, seed and industrial usage along with total wheat usage (FSI plus feed and residual usage) are projected to continue trending higher in MY 2011/12 (Figure 2). Projected World wheat ending stocks of 184 million metric tons (mmt) in

Figure 2. World Wheat Usage & Ending Stocks: MY 2004/05 thru MY 2011/12
(June 9, 2011 USDA WASDE Report)



Production of World wheat in MY 2011/12 is projected to be 664.3 mmt, up 2.5% from 648.2 mmt in MY 2010/11, but down from 684.3 mmt in MY 2009/10. **Total wheat supplies** are projected to be 851.5 mmt, up from 846.5 mmt in MY 2010/11, and up marginally from 850.5 mmt in MY 2009/10. World wheat **trade** is projected to be 127.6 mmt, up 1.2 mmt from 126.4 mmt in MY 2010/11, but less than 135.9 mmt in MY 2009/10. **Total use** of wheat is projected to be 667.2 mmt, up from 659.4 mmt in MY 2010/11, and up from 652.2 mmt in MY 2009/10.

Ending stocks are projected to be 184.3 mmt (27.6% S/U) in MY 2011/12, down from 187.1 mmt (28.4% S/U) in MY 2010/11, and down from 198.3 mmt (30.4% S/U) in MY 2009/10.

World Wheat Market Specifics

Prospects for MY 2011/12 World wheat supply-demand are very uncertain, depending on 2011 spring wheat production prospects in the U.S. and Canada, the extent of dry conditions in the European Union, and questions about wheat production in Asia, Australia, and elsewhere.

Global wheat production is projected to be 664.3 mmt in MY 2011/12, up 2.4% from 648.2 mmt in MY 2010/11.

- **Higher** *wheat production is projected in Kazakhstan (up 54.6% to 15.0 mmt), Russia (up 27.7% to 53.0 mmt), North Africa (up 18.6% to 19.1 mmt), the Ukraine (up 12.8% to 19.0 mmt), Canada (up 7.9% to 25.0 mmt), and India (up 4.0% to 84.0 mmt).*
  - Wheat production in the Former Soviet Union states (i.e., FSU-12 including Russia, the Ukraine, and Kazakhstan) is projected to be 100.6 mmt, a recover of 24.2% over drought-plagued production in MY 2010/11 of 81.0 mmt.
  - Dry conditions in the European Union and overly wet conditions in Canada may negatively affect wheat their wheat production prospects later in MY 2011/12
- **Nearly uchanged** *wheat production is projected to be nearly unchanged in China (up 0.3% to 115.5 mmt), Argentina (unchanged at 15.0 mmt), and Pakistan (up 0.4% to 24.0 mmt).*
  - Continued dry conditions in crop producing areas of China may negatively affect their wheat production prospects
- **Lower** *wheat production is projected in Brazil (down 18.6% to 4.8 mmt), Selected Middle East countries (down 11.7% to 17.3 mmt), the United States (down 6.8% to 56.1 mmt), Australia (down 3.8% to 25.0 mmt), and the European Union (down 3.1% to 131.5 mmt).*

Global wheat import projections of 124.3 mmt in MY 2011/12 are down 0.9% from 125.4 mmt in MY 2010/11.

- **Increased IMPORTS** *are projected for MY 2011/12 in the European Union (up 44.4% at 6.5 mmt), Selected Middle East countries (up 4.8% to 13.7 mmt), and Southeast Asia (up 1.0% to 14.2 mmt).*
- **Decreased or unchanged IMPORTS** *are projected for MY 2011/12 in North Africa (down 13.5% to 19.8 mmt), China (unchanged at 1 mmt), and Brazil (unchanged to 6.7 mmt).*
  - China wheat imports in MY 2011/12 could vary greatly depending on possible drought and its impact on wheat production prospects.

Global wheat export projections of 127.6 mmt in MY 2011/12 are up 0.9% from 126.4 mmt in MY 2010/11.

- **Increased EXPORTS** *are projected for MY 2011/12 in Russia (up 150.0% to 10.0 mmt), the Ukraine (up 130.7% to 8.5 mmt), Kazakhstan (up 50% to 7.5 mmt), Kazakhstan (up 50.0% to 7.5 mmt), Pakistan (up 50.0% at 1.5 mmt), Canada (up 15.6% to 18.5 mmt), and Argentina (up 12.5% to 9.0 mmt).*
  - The Black Sea Countries (Russia, Kazakhstan and the Ukraine) are recovering from drought and extremely low production in 2011.
  - Canadian spring wheat seeding and production problems may negatively impact actual MY 2011/12 exports.
- **Decreased or unchanged EXPORTS** *are projected for MY 2011/12 in the European Union (down 31.8% to 15.0 mmt), the United States (down 18.9% to 28.6 mmt), and some lessor exporters, including Brazil (down 80% to 0.5 mmt), Selected Middle East (down 48.9% to 0.7 mmt), and China (unchanged at 1 mmt).*
  - United States spring wheat seeding and production problems may further impact actual MY 2011/12 exports negatively.

Global wheat usage continues to trend higher, with record high use of 667.2 mmt projected for MY 2011/12, up 1.2% from 659.4 mmt in MY 2010/11.

- **Largest domestic users** *of wheat (excluding wheat exports) are the European Union (unchanged at 122.5 mmt), China (up 1.4% to 111.0 mmt), India (up 2.6% to 84.7 mmt), Russia (down 1.2% to 40.8 mmt), North Africa (up 1.9% to 39.7 mmt), the United States (up 5.1% to 33.8 mmt), Selected Middle East (down 1.8% to 31.3 mmt), Pakistan (up 0.9% to 23.4 mmt), Southeast Asia (up 0.6% to 13.7 mmt), the Ukraine (up 1.7% to 11.8 mmt), Brazil (unchanged at 10.8 mmt), Australia (down 5.9% to 8.5 mmt), Canada (down 14.9% to 7.4 mmt), Kazakhstan (up 13.6% to 7.5 mmt), and Argentina (up 0.9% to 5.9 mmt).*
- *Improved production prospects in the Black Sea region (including Russia, Kazakhstan, and the Ukraine) affect these wheat usage projections.*
  - Projected Russia wheat usage of 40.8 mmt in MY 2011/12 is less than 41.3 mmt in MY 2010/11, but more than 40.0 mmt in MY 2009/10.
  - Projected Ukrainian wheat usage of 11.8 mmt in MY 2011/12 is marginally larger than 11.6 mmt in MY 2010/11, but less than 12.3 mmt in MY 2009/10.
  - Projected Kazakhstan wheat usage of 7.5 mmt in MY 2011/12 is greater than 6.6 mmt in MY 2010/11, but slightly below 7.55 mmt in MY 2009/10.
- Rationing of Wheat Use: *High World wheat prices appear to not have had a sizable impact upon wheat usage, given projections of unabated increases in World wheat usage for the last several years.*
  - Given the status of wheat as a staple in World diets, it is likely that extremely large, hyperinflationary increases in wheat prices would be required for significant decreases in World wheat usage to occur.

World Wheat Ending Stocks: Current projections of World wheat ending stocks for MY 2011/12 are very tentative at this point in time. Uncertain wheat production prospects in the United States, Canada, China, Europe and elsewhere are likely to impact final World wheat ending stocks for MY 2011/12.

- **Projected World wheat ending stocks in MY 2011/12 = 184.26 mmt (27.6% S/U)**
  - Compared to 187.1 mmt (28.4% S/U) for MY 2010/11, & 198.3 mmt (30.4% S/U) for MY 2009/10

World Wheat Market Comments: Increasingly likely shortfalls in spring wheat seeded acreage and production in the U.S. and Canada combined with uncertainty about final 2011 production in U.S. hard red winter wheat areas in the Southern and Central Great Plains and production problems in Europe could significantly tighten World wheat ending stocks in coming WASDE reports.

World wheat feeding could increase in MY 2011/12 if U.S. and World coarse grain / corn production come to fruition in 2011. Likely targets would be U.S. soft red winter wheat and carryover supplies of feed quality wheat from Australia and Canada.