WBFI MEMBER BROADCAST #10 June 22, 2007

June Industry Update

Sunflower

The next USDA report on US acres planted will be released on Friday, June 29th. Information from the USDA released June 18th shows the status of the sunflower plantings to be:

Sunflower: Percent Planted, Selected States [1]

State	Week Ending			2002-2006 Avg.
	Jun 17, 2007	Jun 10, 2007	Jun 17, 2006	
	Percent	*Percent*	*Percent*	*Percent*
CO	88	67	84	73
KS	75	43	67	69
ND	96	89	99	96
SD	58	38	88	79
4 Sts	82	67	92	87

[1] These 4 States planted 86% of last year's sunflower acreage.

As this report shows, sunflower planting has made progress in the past couple of weeks in spite of continued wet weather in the Dakotas. More will be known once the next USDA report is issued on June 29th.

The link to the complete USDA report for all crops for the week of June 18th is:
http://usda.mannlib.cornell.edu/usda/current/CropProg/CropProg-06-18-2007.pdf

One interesting option of the US Federal Crop Insurance program is Prevent Plant (PP), a crop insurance option if corn or another early season crop cannot be planted in a timely manner. If the farmer takes the PP payment for corn, an alternate crop such as sunflower cannot be planted on those acres later even if conditions improve. However, if the farmer does not use the PP option, the farmer can plant sunflower or another later season crop if sunflower was one of the crops designated by the farmer before the March 15th crop insurance sign up deadline.

Demand for old crop sunflowers from crushers as well as bird feed buyers remains good. Weather will continue to be a market factor. The vast majority of the production region has adequate to surplus soil moisture.

Canadian Sunflower acres are experiencing excess water at this time.

Nyjer

Nyjer markets rose to 10 year high levels in the past 30 days, before retreating a bit due to reluctance among American buyers to submit more of their cash flow to Nyjer. Supplies at origin remain tight as the production this year was lower than the 5 year average. Prices are expected to remain steady but this year's high prices are expected to induce small farmers in Ethiopia and India to plant more Nyjer this year. The Indian monsoon appears normal, and no reports of unusual weather are heard from Ethiopia.

Millet

Most of the millet production area has received good moisture to get the crop off to a good start. Planted acreage looks to be a little less than last year. The USDA will be reporting planted acres in their June 30 report. This report along with summer growing weather at that time will provide a better indication of the potential crop size.

Safflower

The safflower crop is progressing well with favorable weather conditions in all major growing areas (California, Idaho-Utah, Montana-Dakotas). California has missed the high temperatures that caused yield reductions the past two years. Idaho and Utah had an excellent (and unusual) early June rain. The only cause for concern at this time would appear to be due to excessive spring rains in some late planted acres in the north which could result in maturity problems.

Canadian Conditions

Generally, the Canadian Prairie growing conditions are good to very good. Manitoba is experiencing more rain than usual; Saskatchewan is doing very well and Alberta is on the dry side. Crops conditions are generally good to excellent in some regions. Intended acres seem to have been planted and growing well. The unpredictable weather will certainly cause waves in the market through out the growing season.

Canary seed

Canary acres have had a great start. Most canary seed is now planted, although some acres were delayed due to rain in Saskatchewan. According to Agriculture Canada, an increase of 40% in acreage is expected. However, there is practically no carryover of 2006 crop, and based on world supply and demand, the total amount of Canary seed available in world markets this year will be less than in 2006. It is therefore expected prices will stay steady. Also the Canadian dollar has appreciated against the USD from 1.14 CDN to 1.06 to 1 USD. This further adds to firmness in prices.

Peas

Planting increased in peas. Moisture has been ample and no problem areas have been seen. There was a frost about 2 weeks ago, but peas tend to be a hardy, cold weather crop and little damage was reported. Prices of 2006 crop seem to have peaked as Indian demand has cooled. However 700,000 metric tons are already sold for September to December to India, and European feed peas markets are increasing due to perceived feed grain reductions due to the drought in Europe. The specialty peas such as Maples and Austrian Winter peas are in short supply, and both seem to have been reduced in planting for 2007 as well.

Packaging
According to the CMAI resin tracking index, the price of resin beads to the major buyers has gone up 7 cents per pound since mid-April. The 7 cents per pound increase was virtually without advance notice and effective immediately. There may be a 5 cents per pound increase in July, and it is rumored that another 4 cents per pound increase will be announced shortly thereafter. Resin company justification for the increases is that the European export market is "hot," which is due to the difference between the weak U.S. dollar and the strong Euro.

The market here continues to be weak due to companies cutting back on inventory. Low cost imports from China and Korea continue to make in roads into the U.S., particularly in high end process color flexible packaging.

Polyethylene
Polyethylene has also seen increases this spring and there may be another resin increase later this summer. Resin manufacturers continue to sight high overseas demand for the increases.

Multi-wall bags
The spring price increase seems to have held as this segment of the industry suffers from business lost to imports. Pricing on multi-wall paper bags has stabilized and lead times have improved. To remain as a player, they do need to cover costs. As their manufacturing expenses have ballooned, they needed this most recent increase to stay viable. The good news is that lead times on most bags, exception being valve bags, are at very nice levels as long as they have the paper on hand. The main factor determining lead times is the availability of paper. Most manufacturers have decided to keep inventories at a minimum.

Corrugated
Corrugated products have not seen the increase as of yet. No increase is planned for the rest of the summer, but it could happen this fall. Lead times still seem to run 1-2 weeks.

Imports
Bulk bags and Paper/Poly bags: After last year’s run-up, prices seem to have stabilized and held steady. Lead times have been good in most areas with normal lead times. The one area of concern could be ocean freight rate increases. The peak season surcharges are in effect and will be through October or November.

Currency
The Canadian Dollar has been gaining strength through the year. It is now at a 30 year high. This has a dramatic impact on trade between the neighboring countries. One prediction is for the Canadian Dollar to be at par with the US Dollar before the New Year. No doubt currency valuation will continue to affect trading between the USA and Canada.

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