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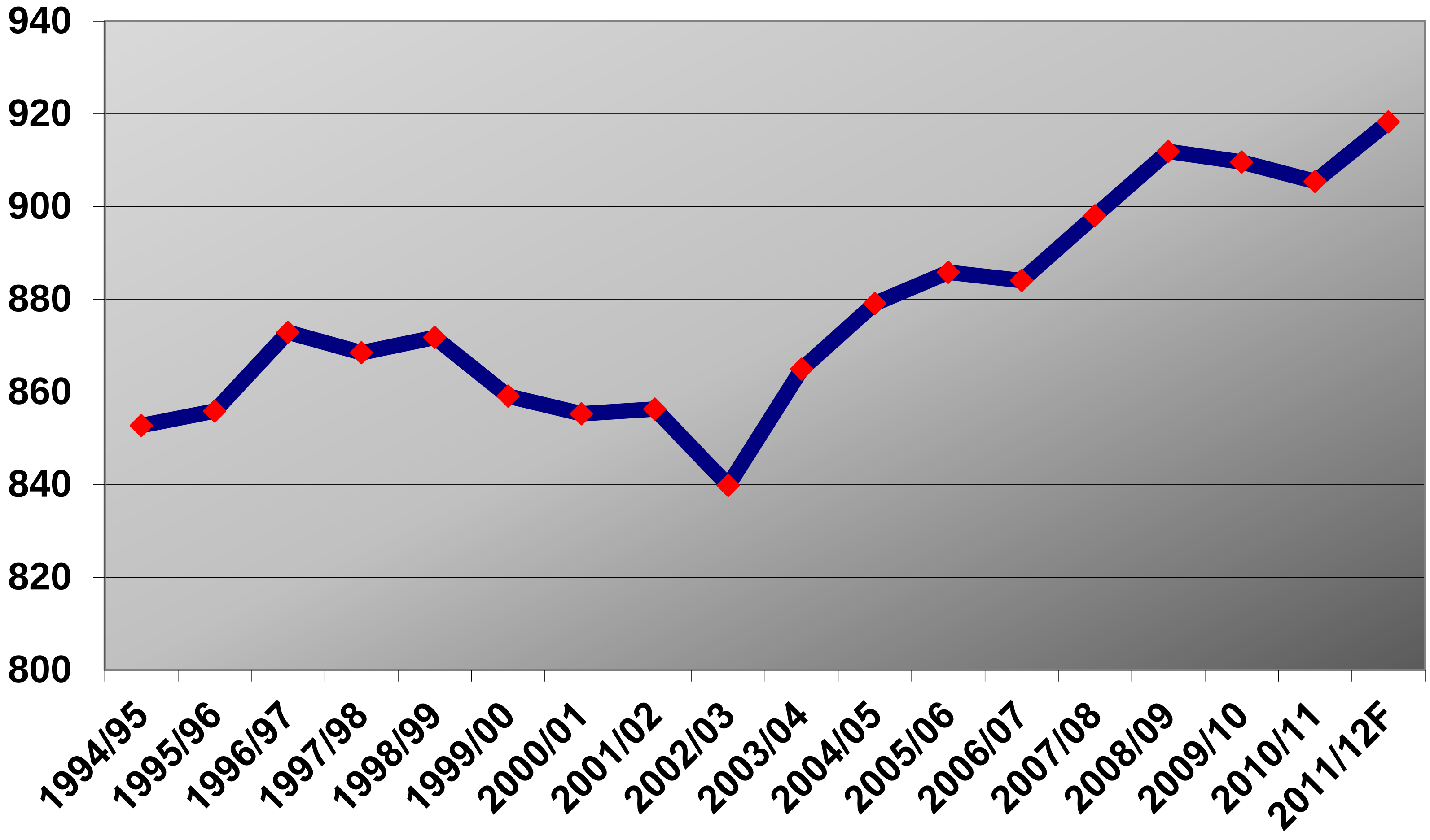
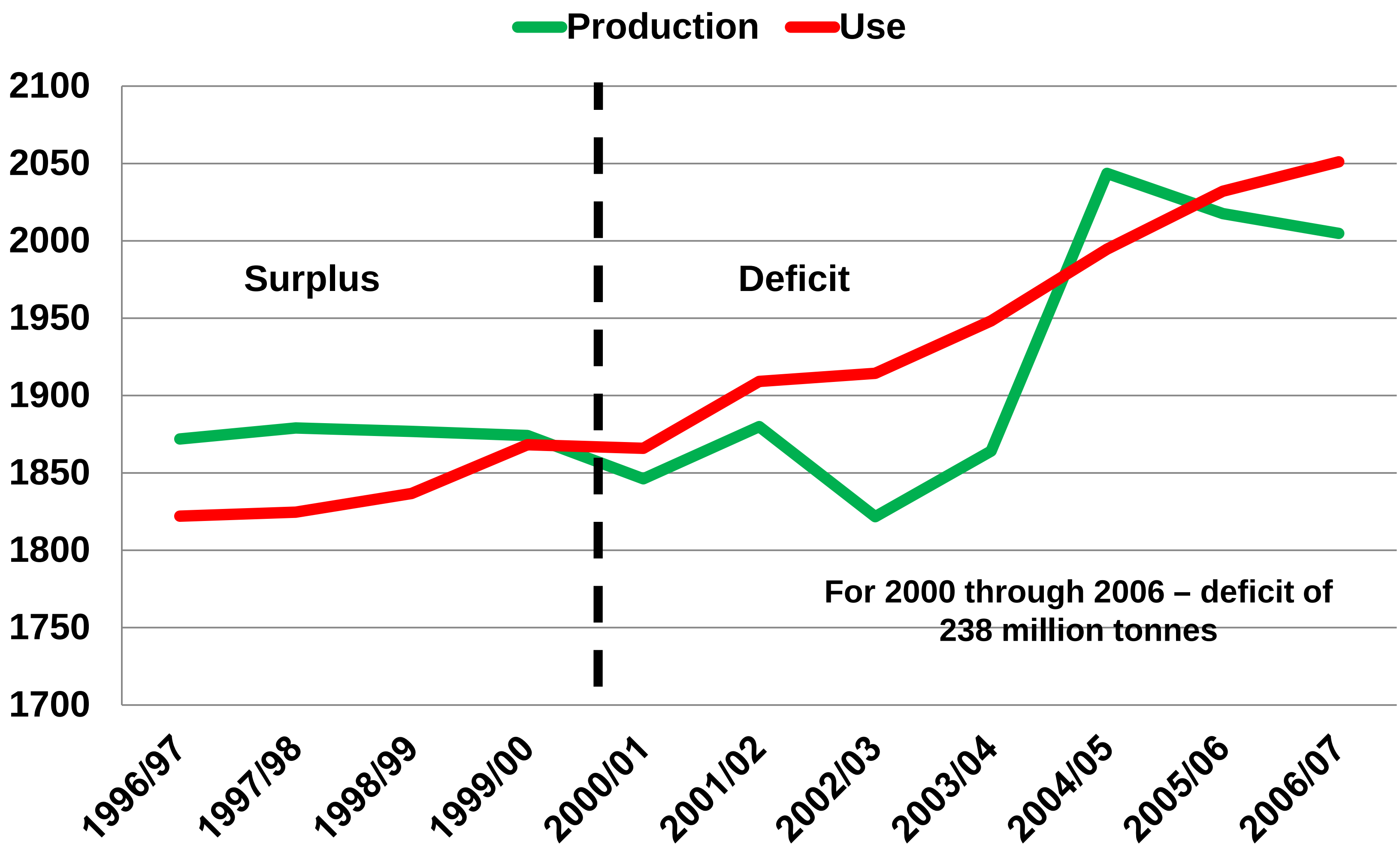
Major Crop Markets - Understanding the Drivers, Exploring the Outlooks

World Wheat, Rice, Coarse Grain and Oilseed Area (Mil ha)



Source - USDA

World Grain Production and Use (MMT)



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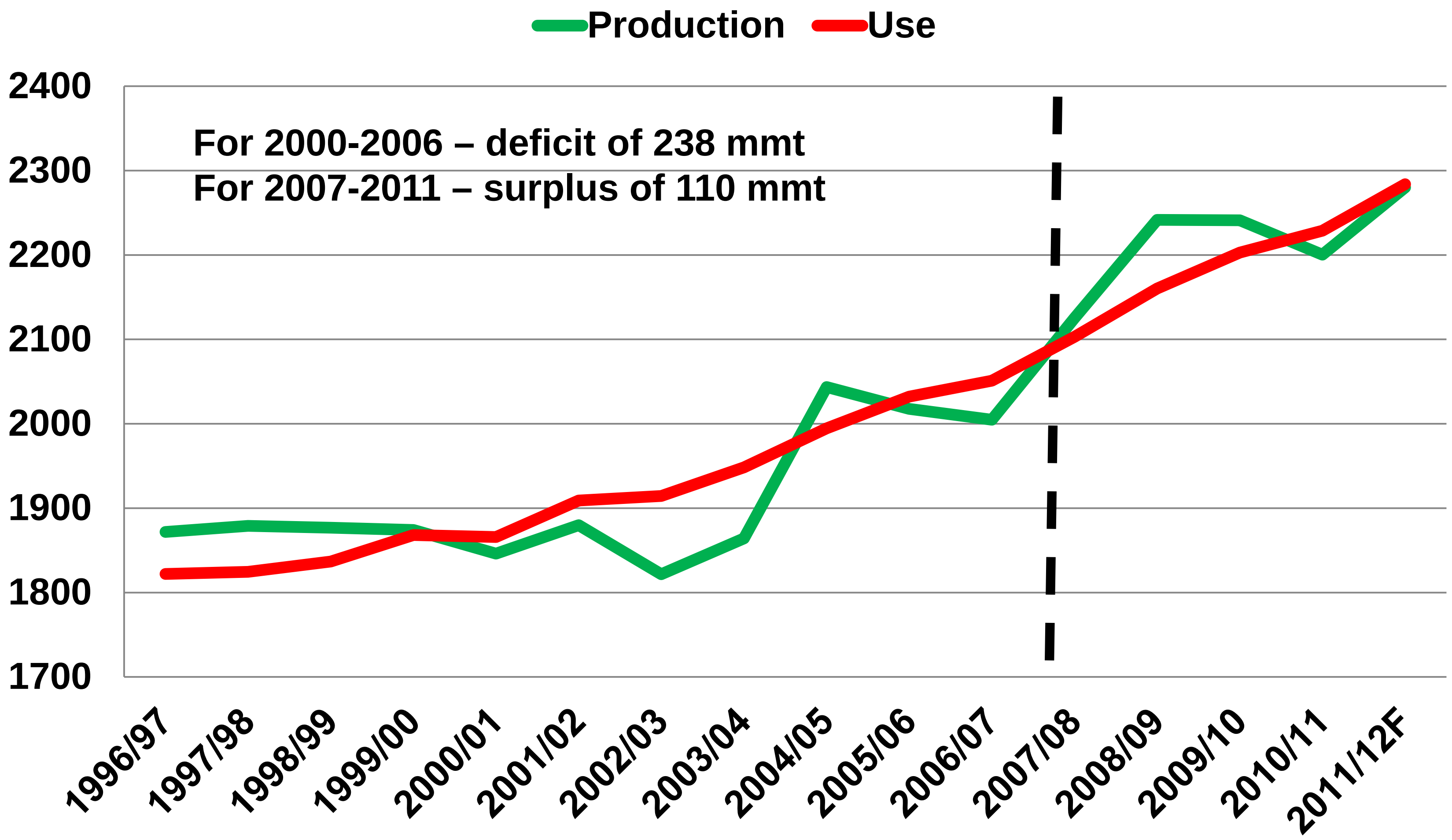
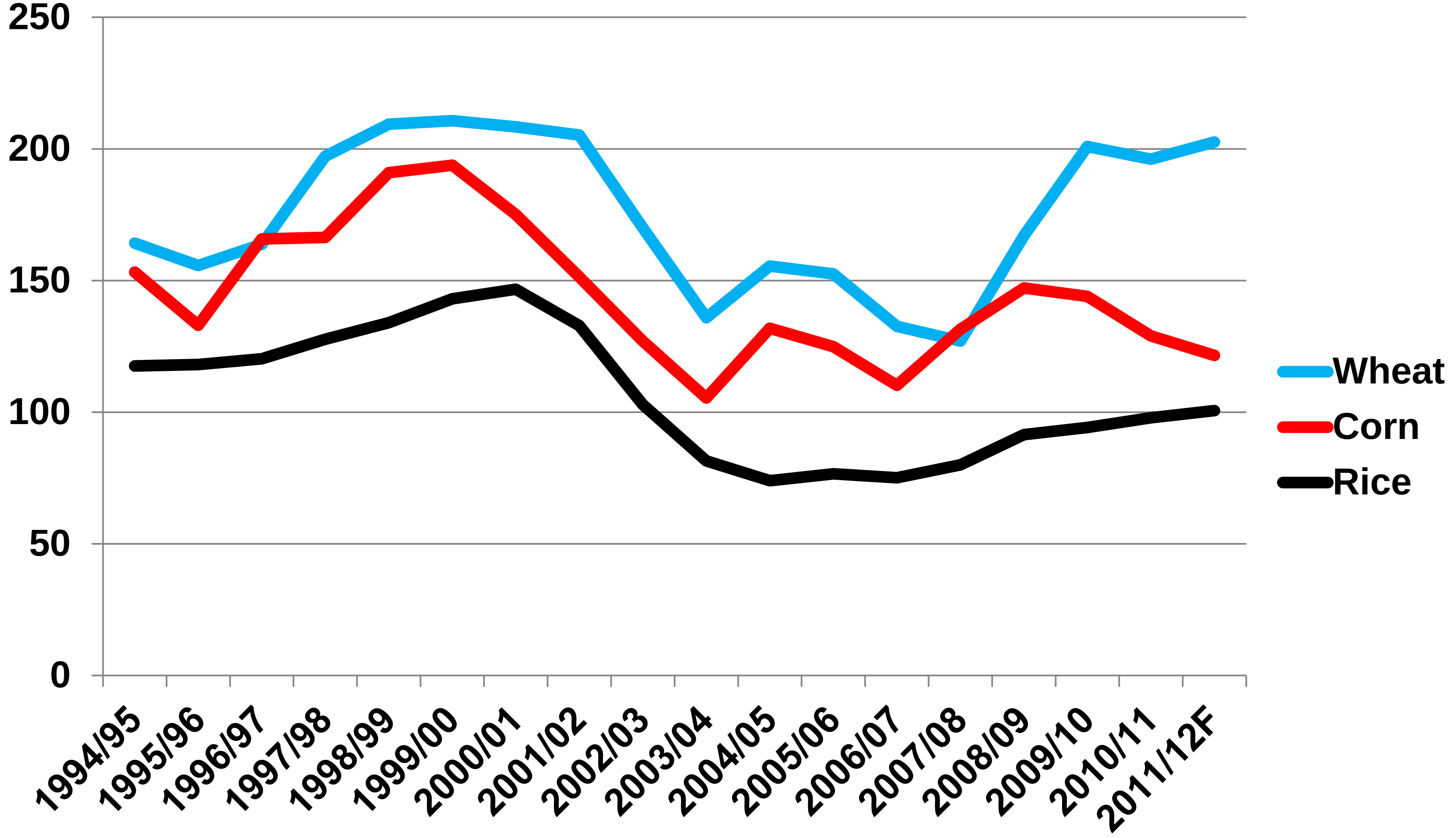
World Grain Production and Use (MMT)



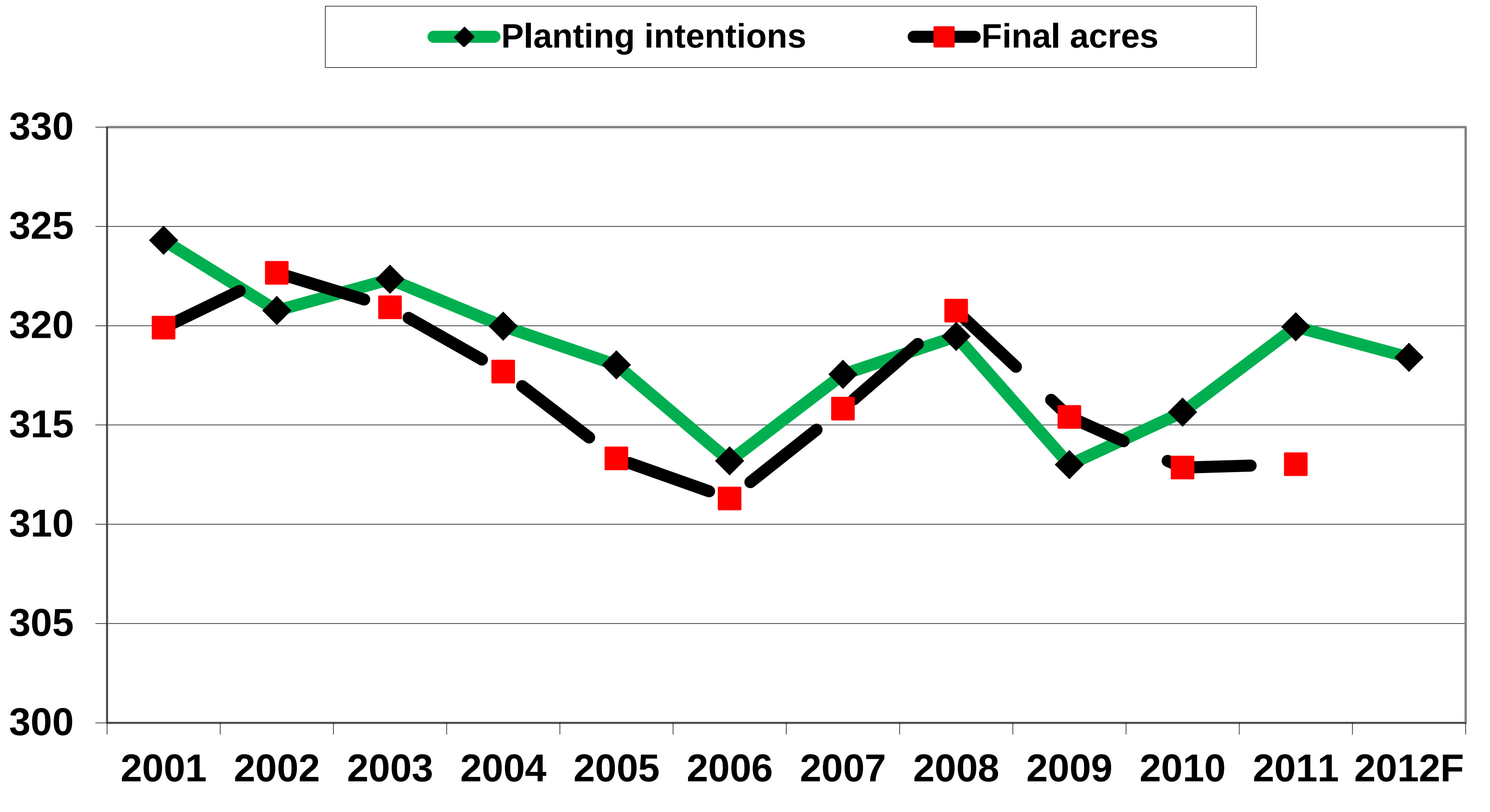
World Grain Carryover Stocks (MMT)



Let's talk about the U.S. Ag Outlook

Prospective Plantings Forecasts vs Final Crop Acres

(14 Major Crops - Million acres)



(Source - USDA)

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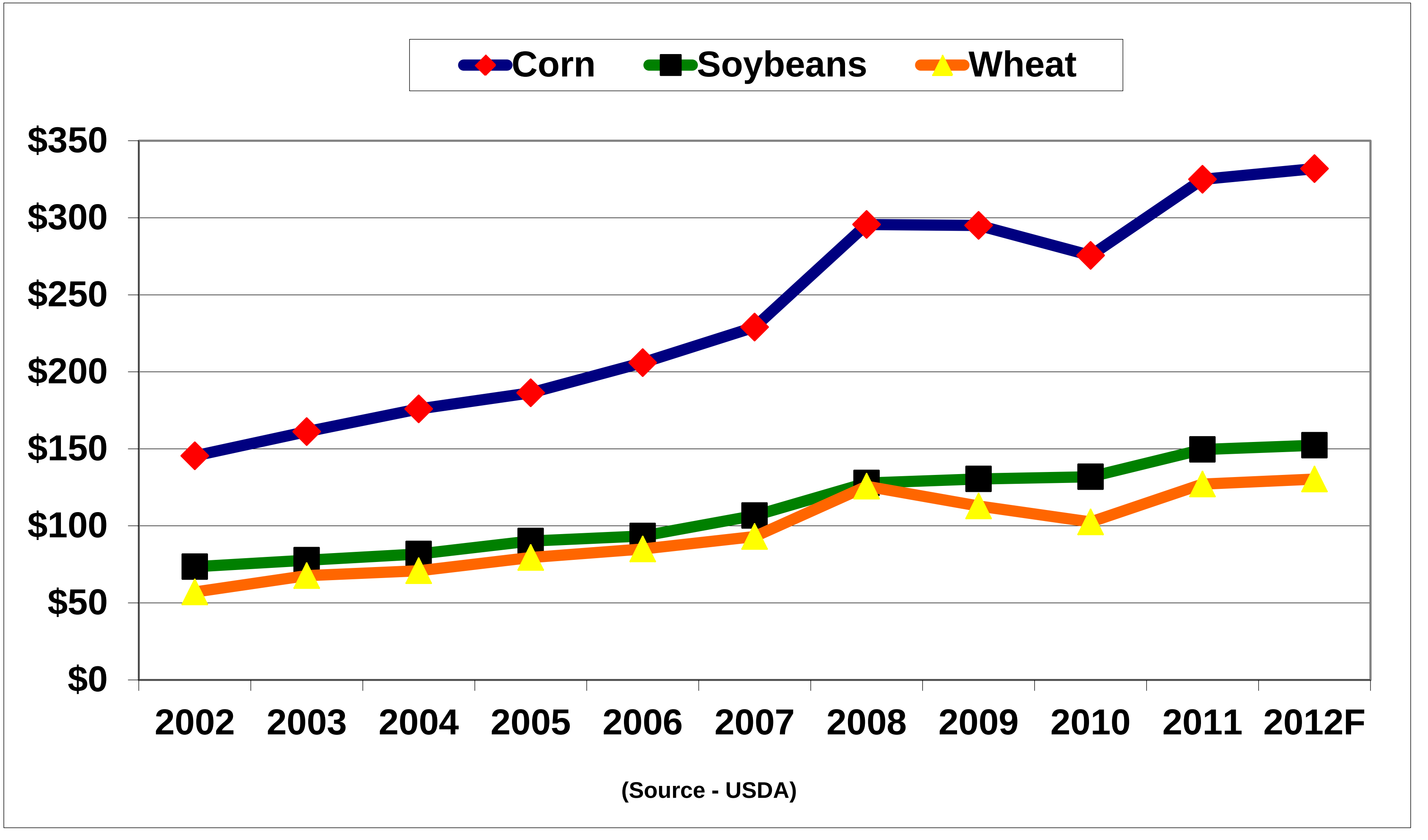
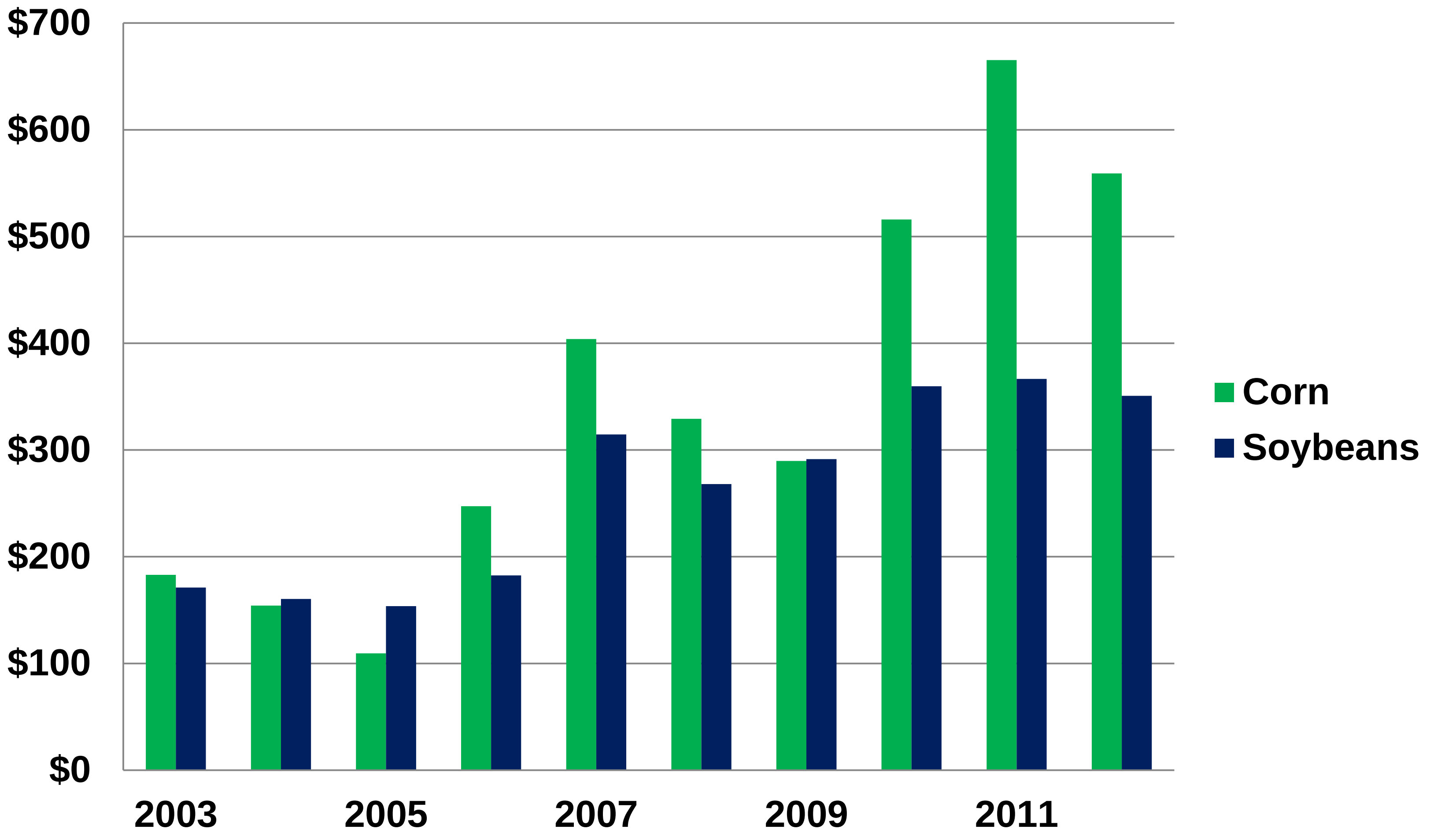
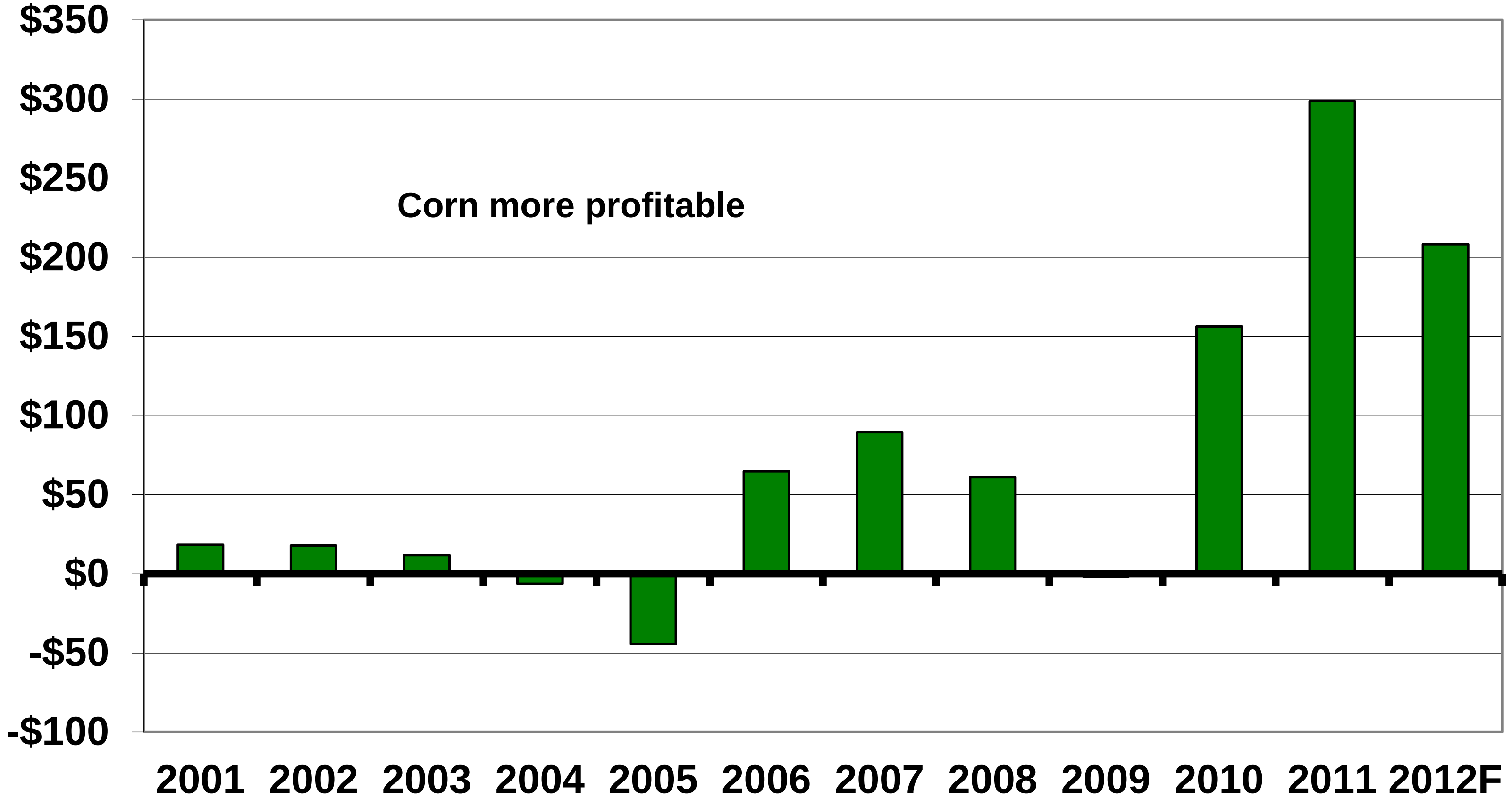
Annual U.S. Operating Costs ($/acre - average)



Returns Over Annual U.S. Operating Costs ($/acre - average)

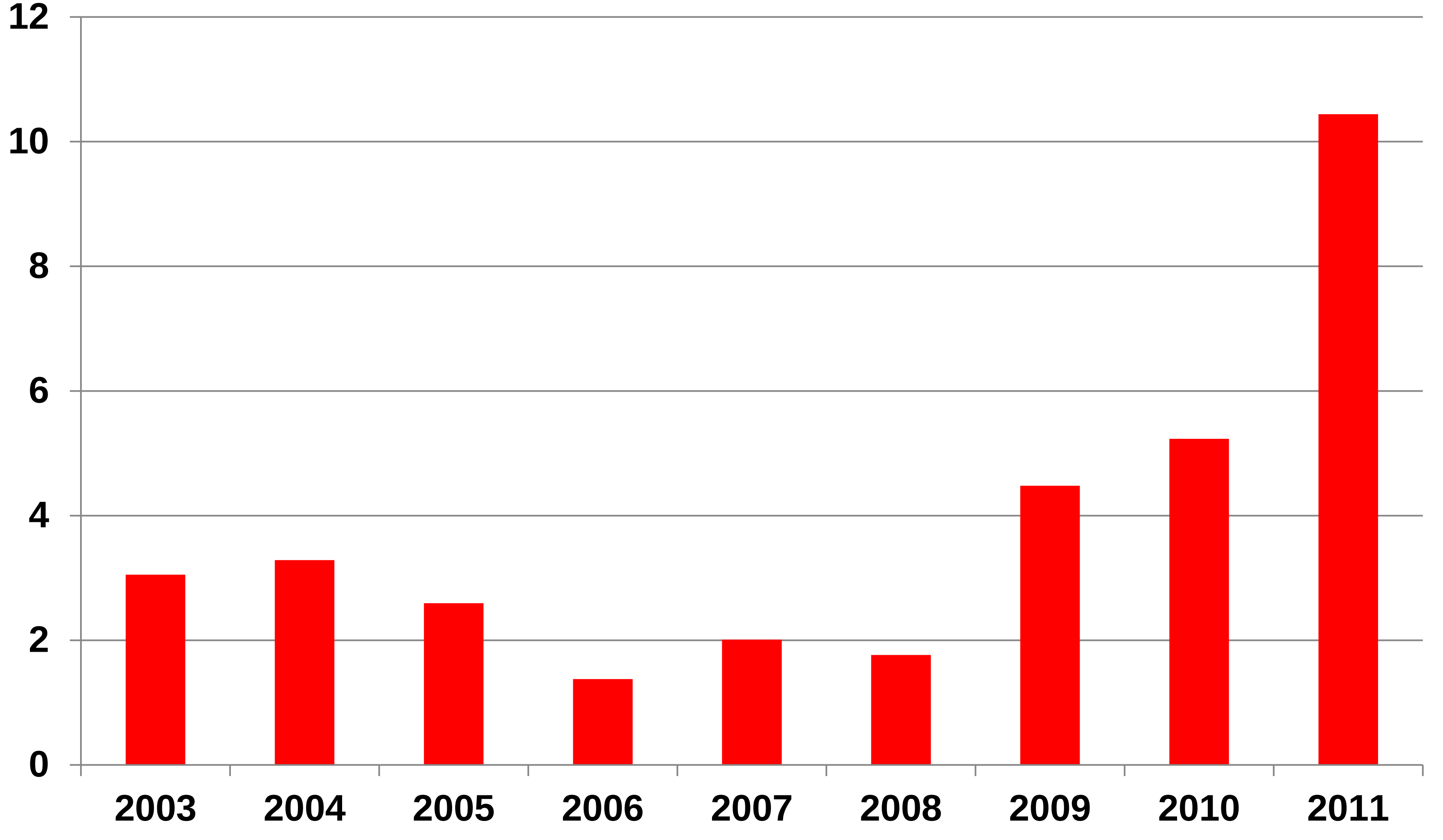


Corn vs Soybeans
Returns Over Annual U.S. Operating Costs ($/acre - average)

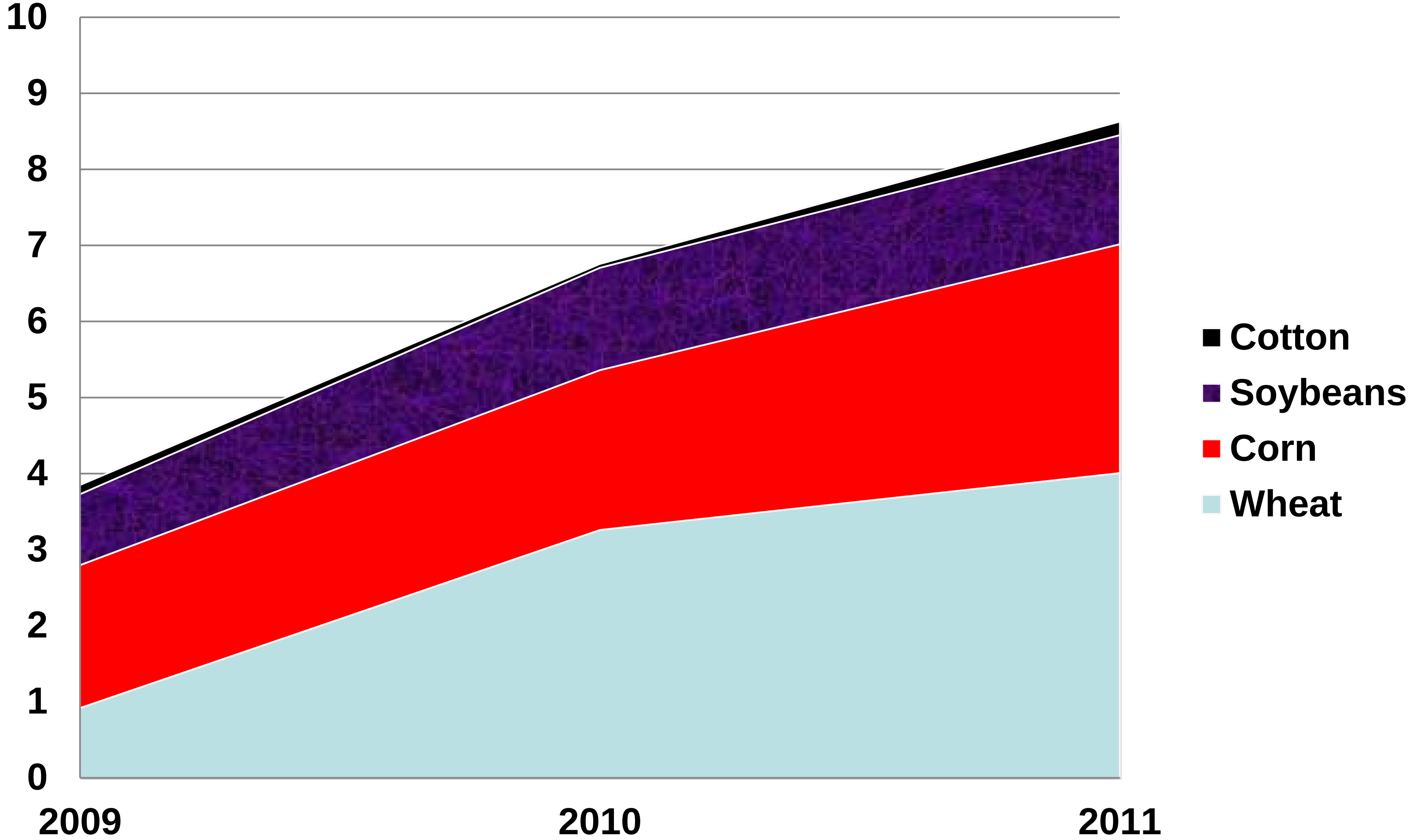


Sources - USDA, Doane Advisory Services

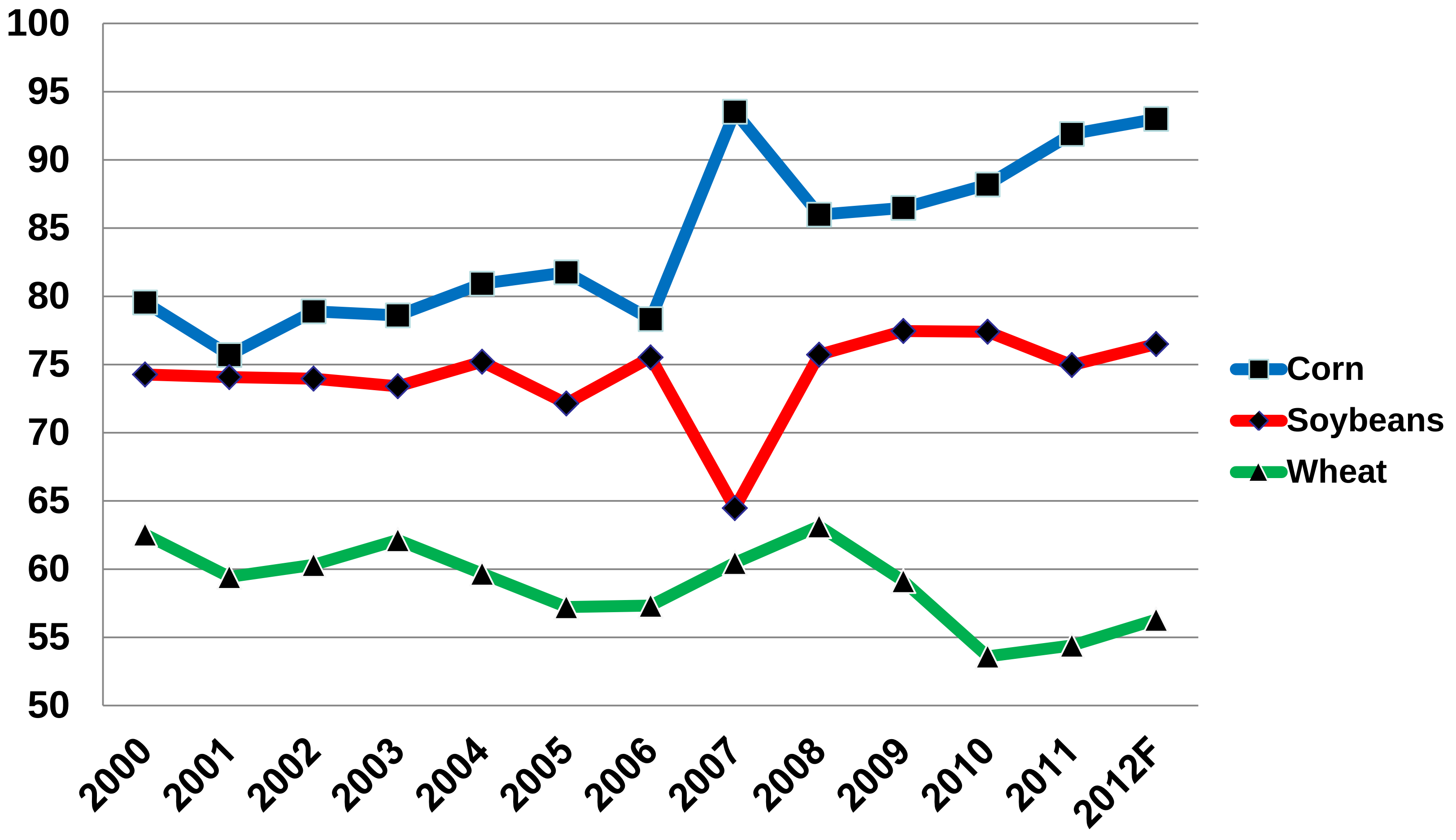
Total All Crops - Prevent Planted Acres (Million acres)



Prevent Planted Acres Reported by USDA (Million acres)



Planted Acres (Million acres)



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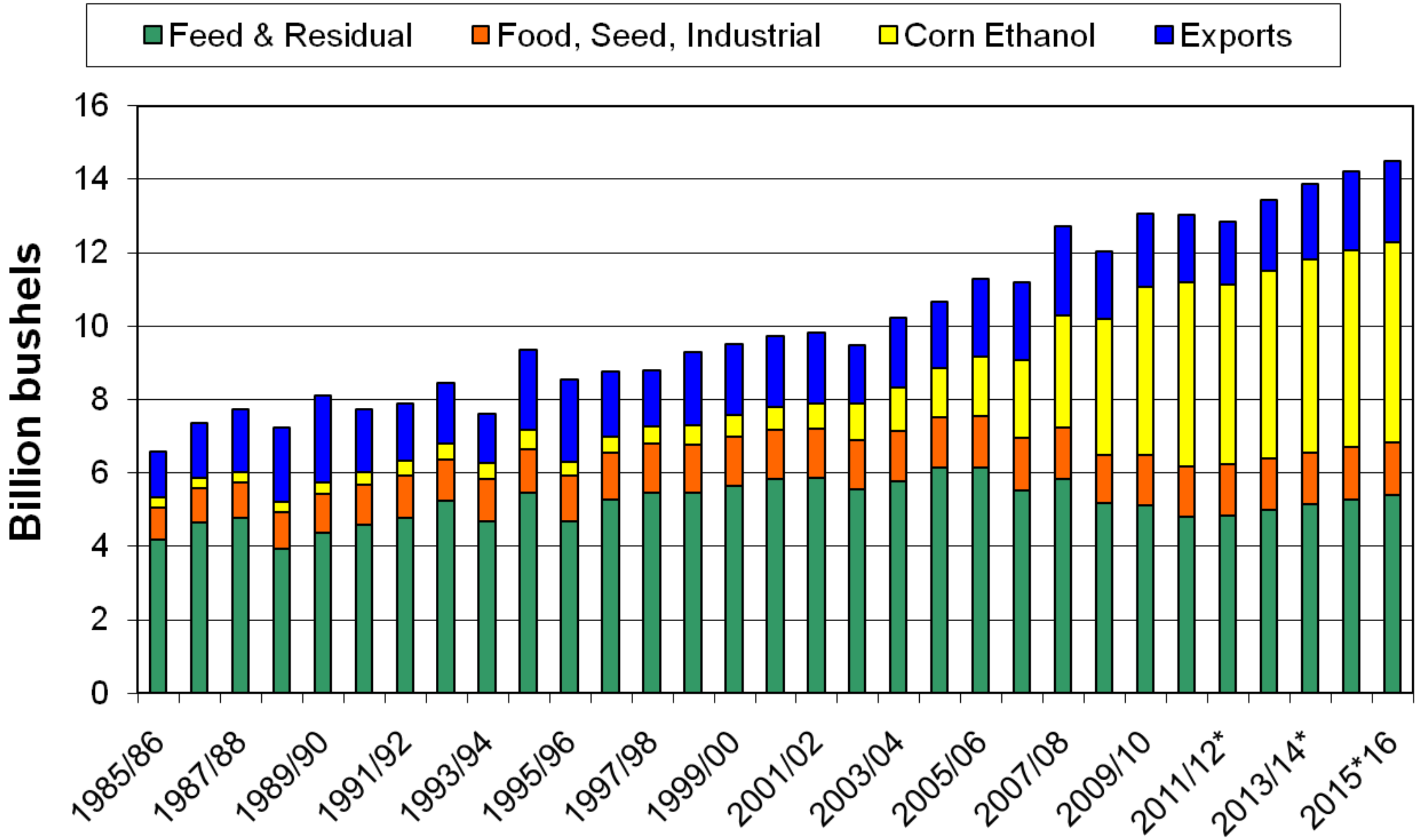
The Outlook For Corn

Corn

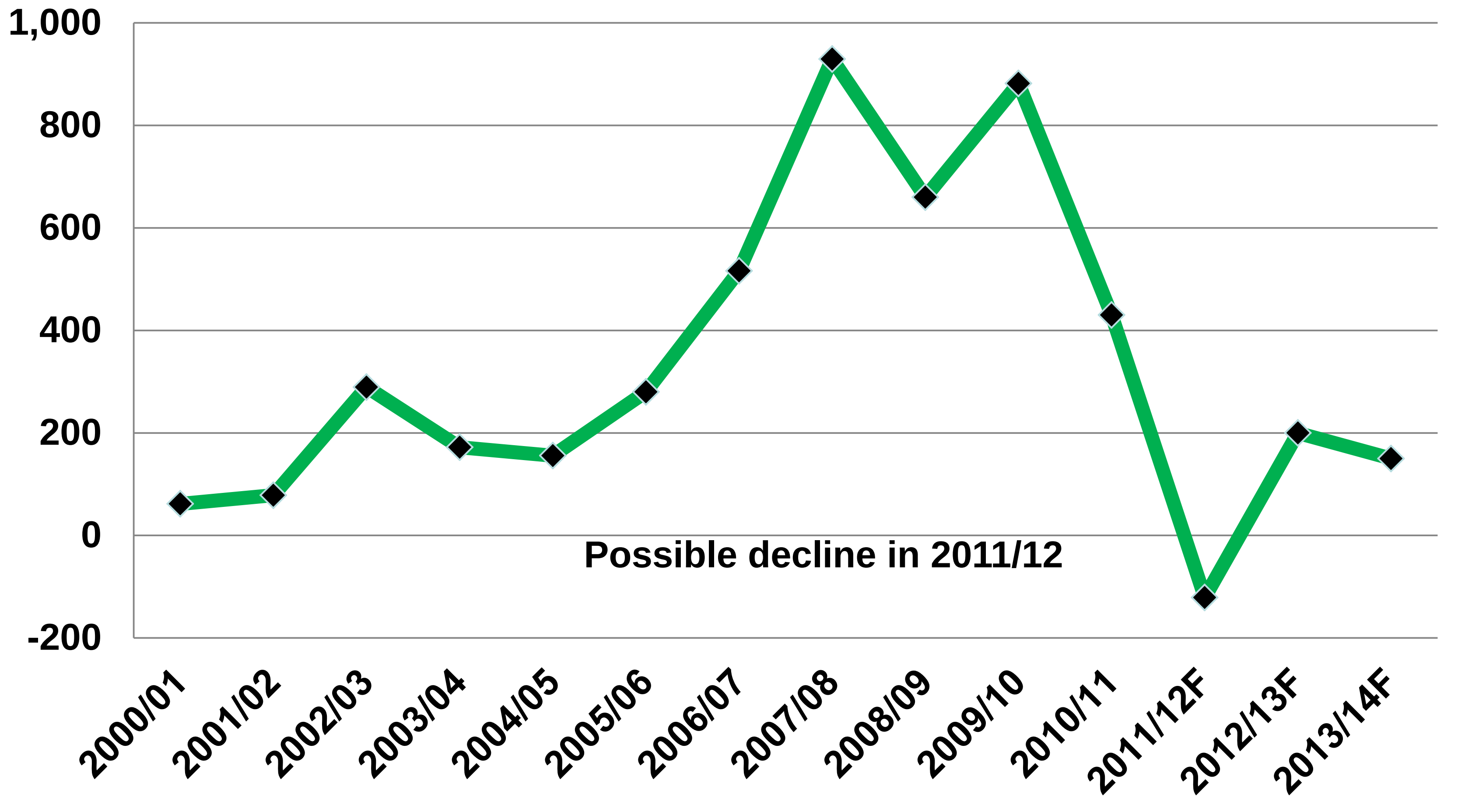
- **Major bullish**
  - **2011 production down from 2010 despite higher acres**
  - **Corn supply lowest since 2006/07, but demand up**
  - **China emerging as possible large-scale importer**
  - **Price rationing needed to guarantee minimal summer 2012 carryout**

- **Major bearish**
  - **EU debt crisis**
  - **Ethanol margins contracting in 2012 – Loss of tax credit**
  - **Corn production expanding in South America**
  - **Anticipation of large 2012 plantings and supply relief**

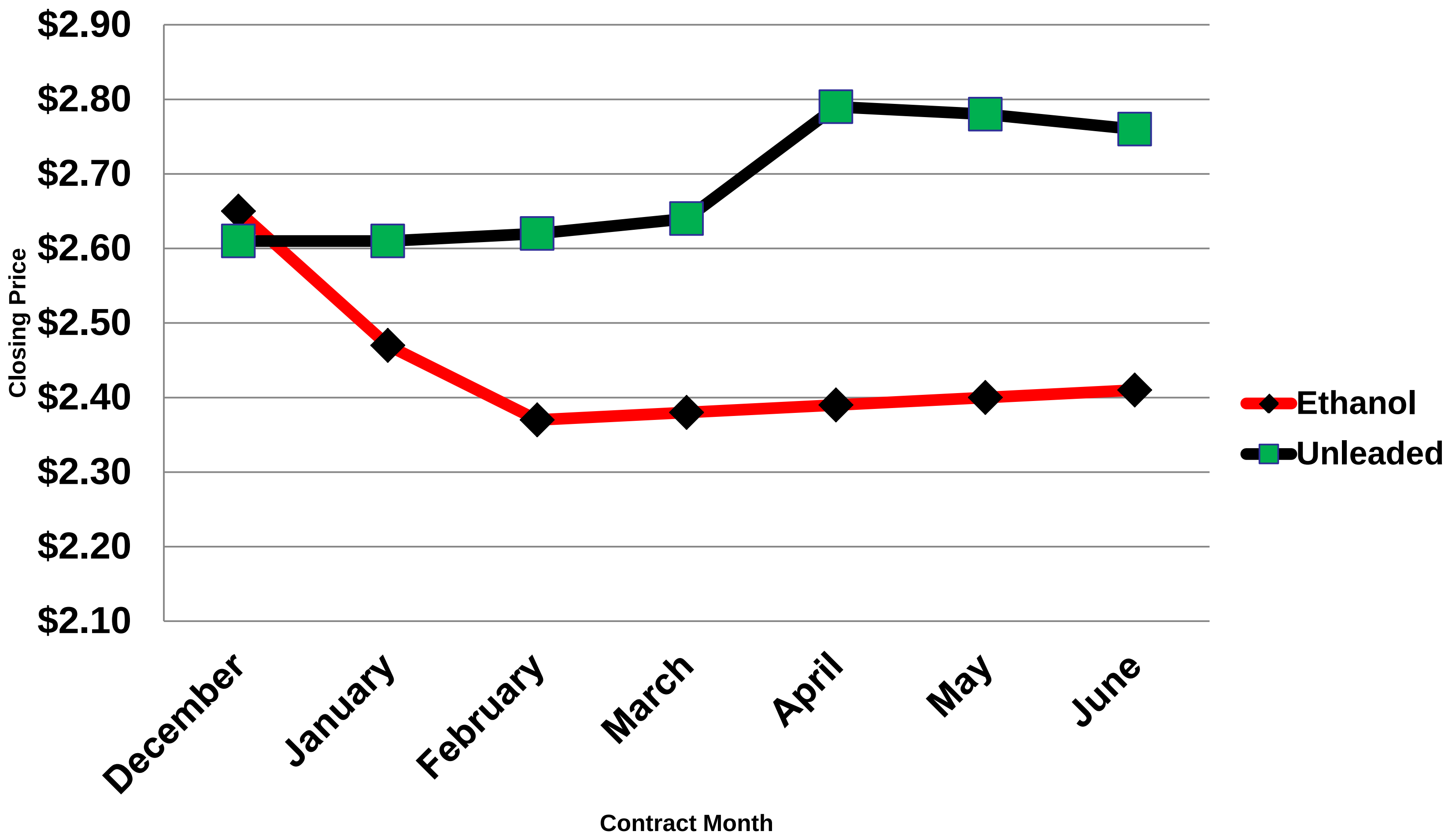
Corn: U. S. Demand by Category



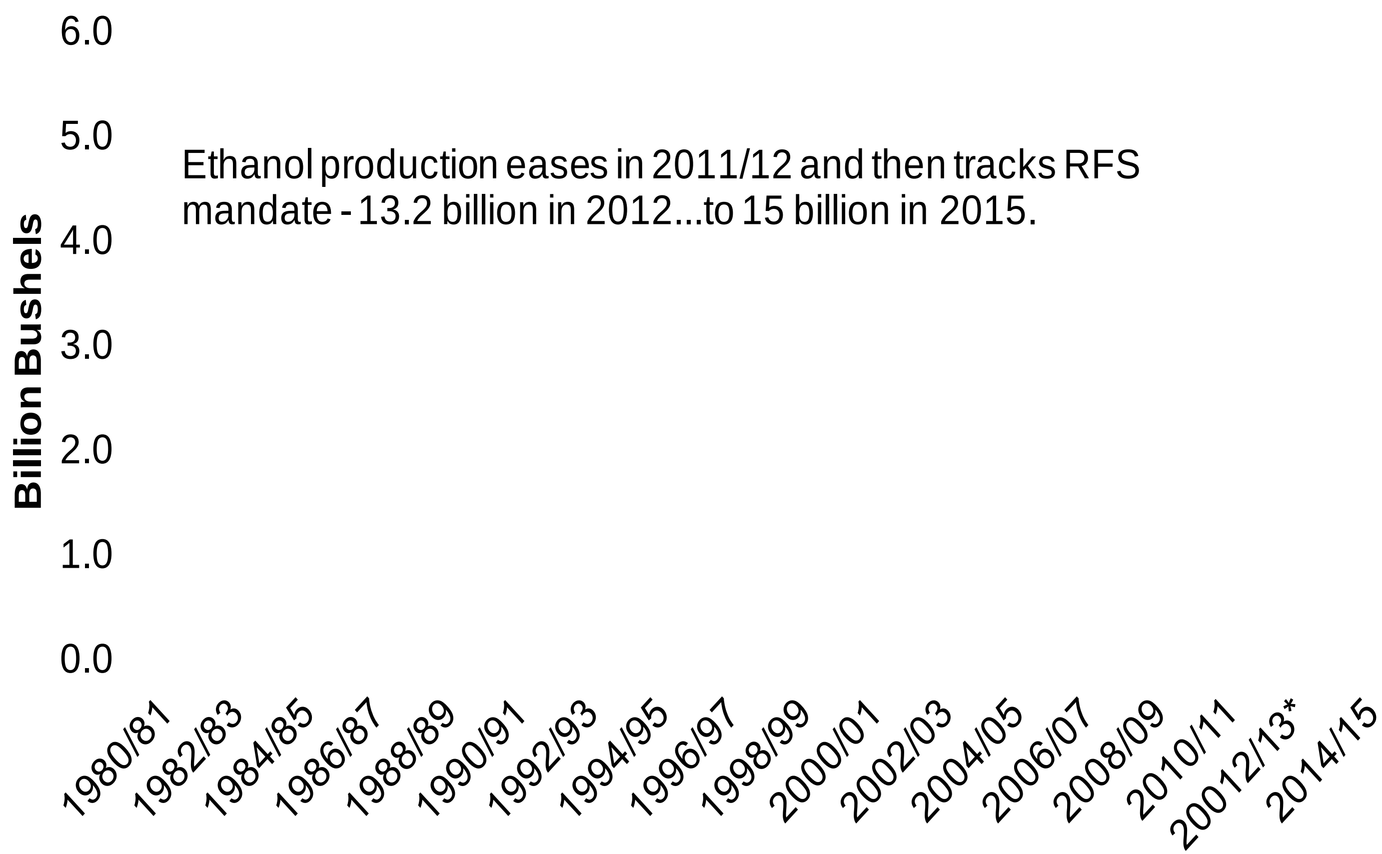
Year-to-Year Change in Corn Used for Ethanol (Mil bu)



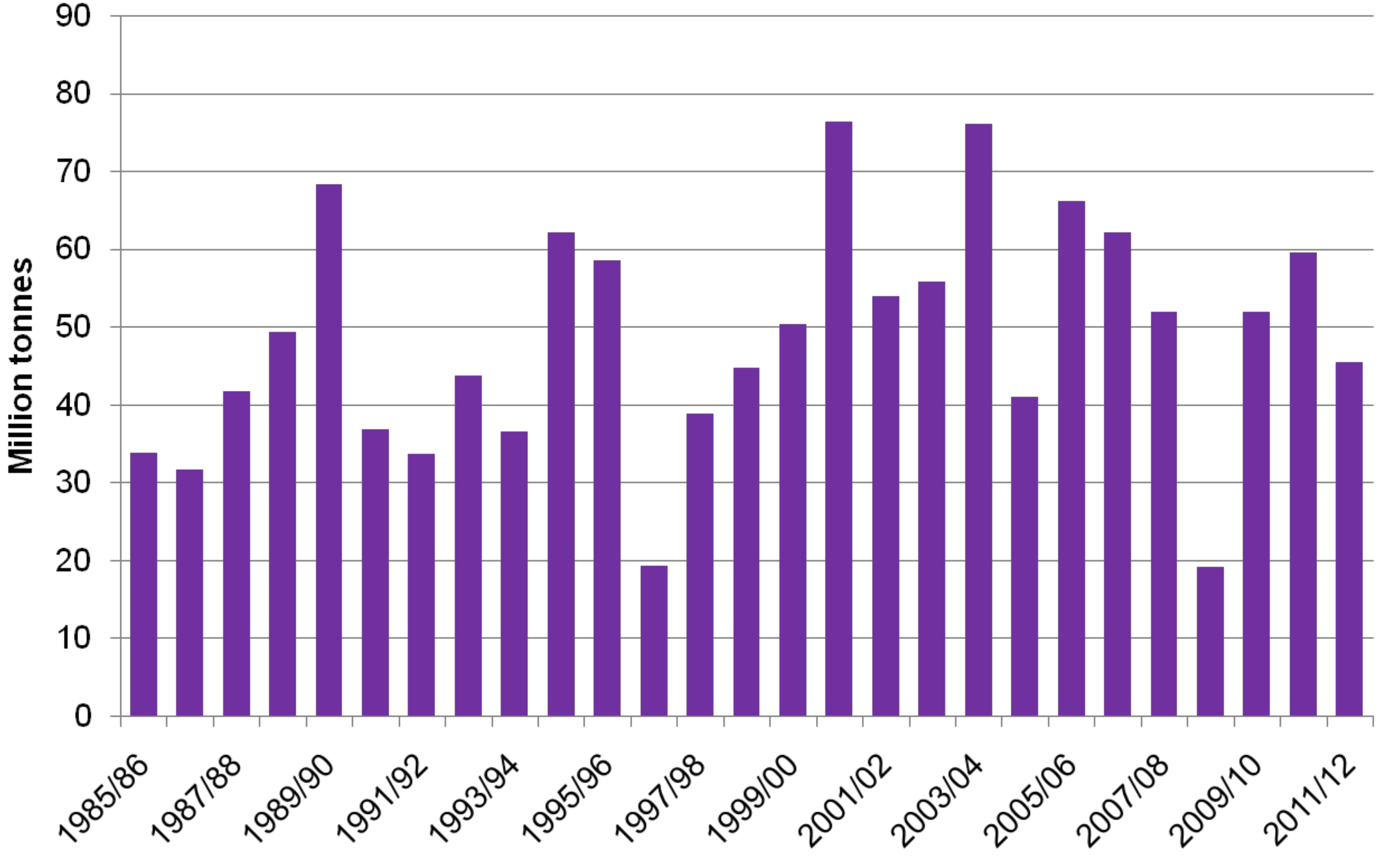
Forward Price Curves for Ethanol and Unleaded Gasoline Futures Contracts ($/gal – Nov 11, 2011)



Corn Used for Ethanol Production (Bil bu)



Foreign Coarse Grain Deficit



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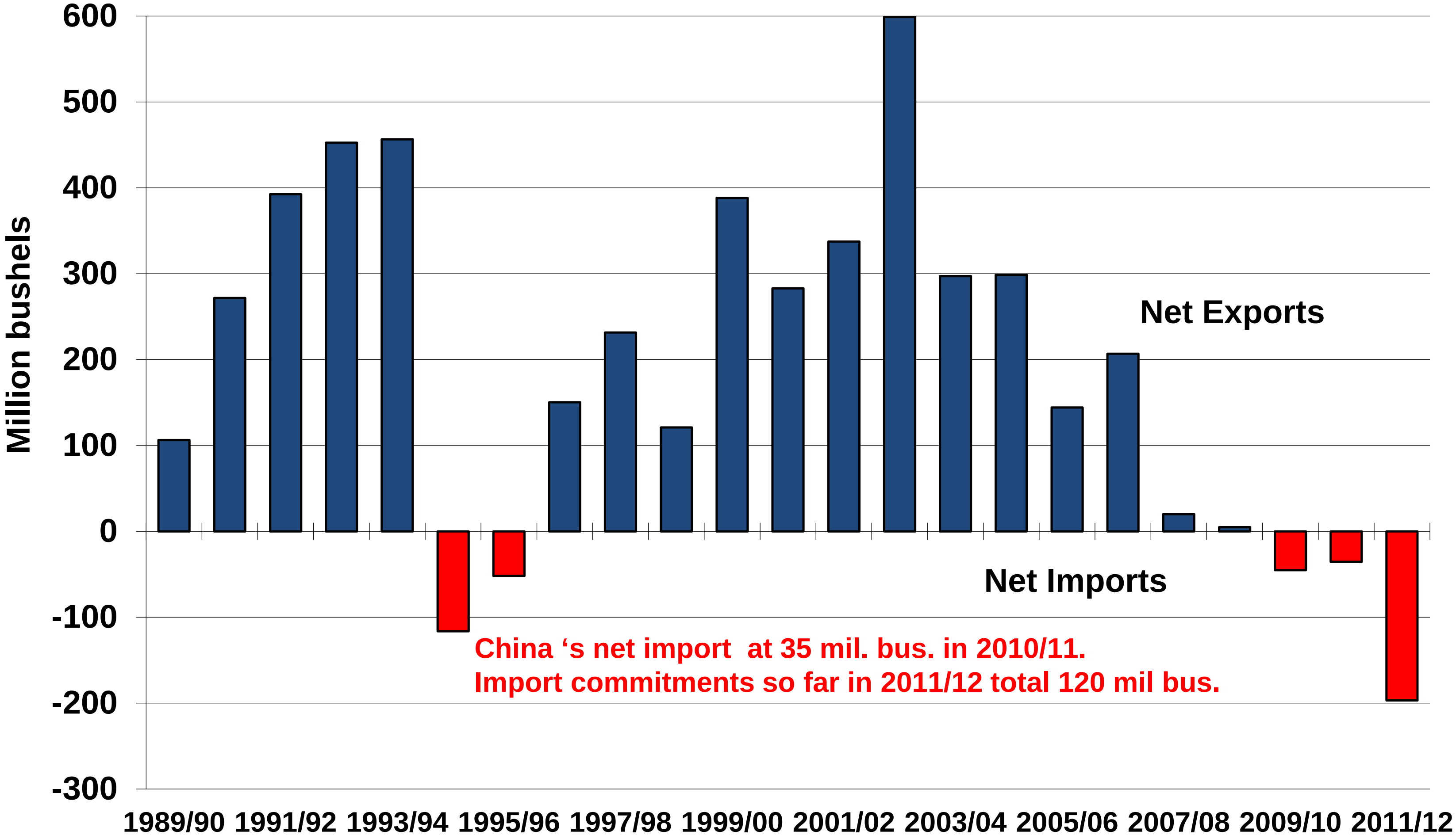
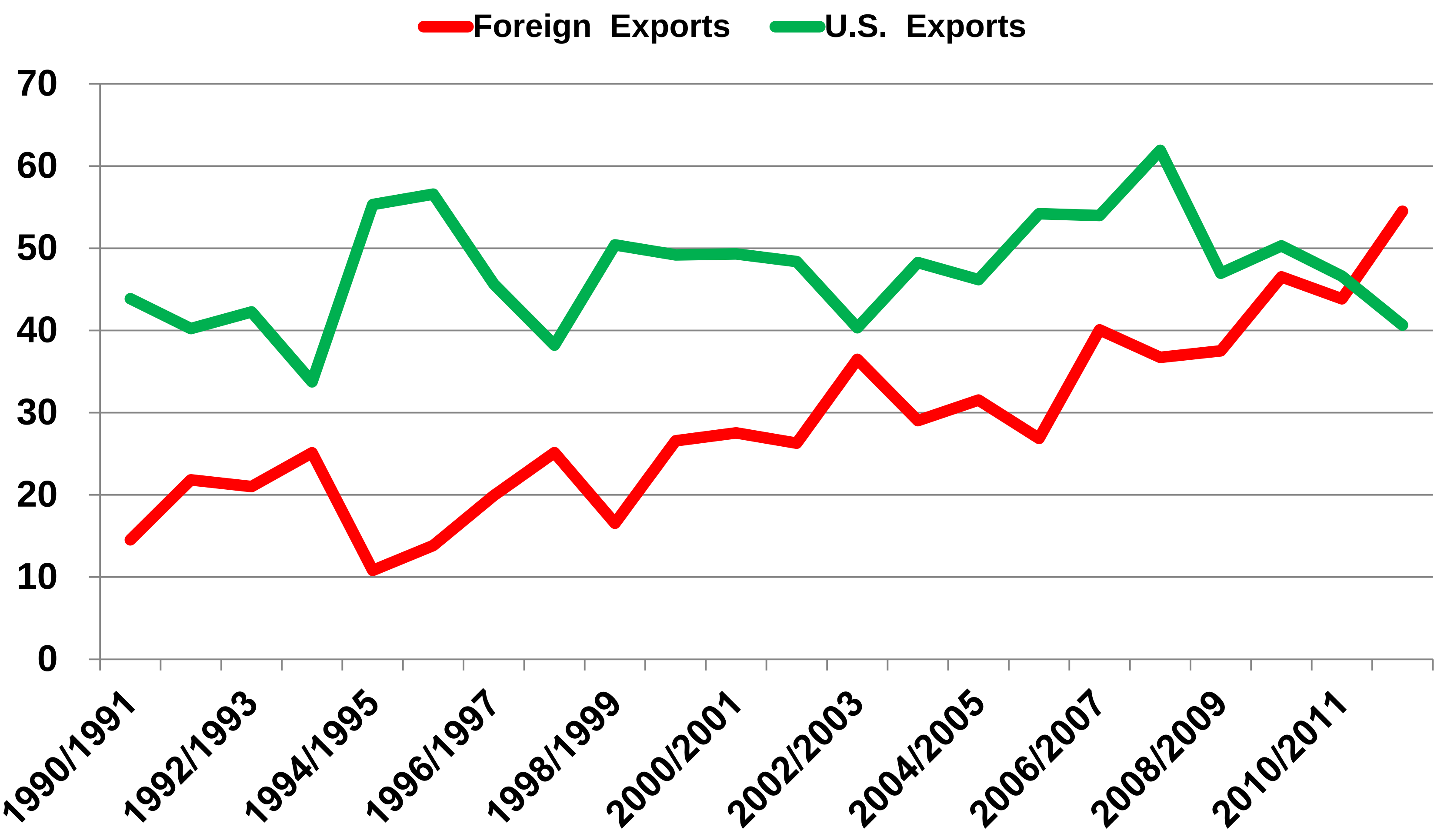
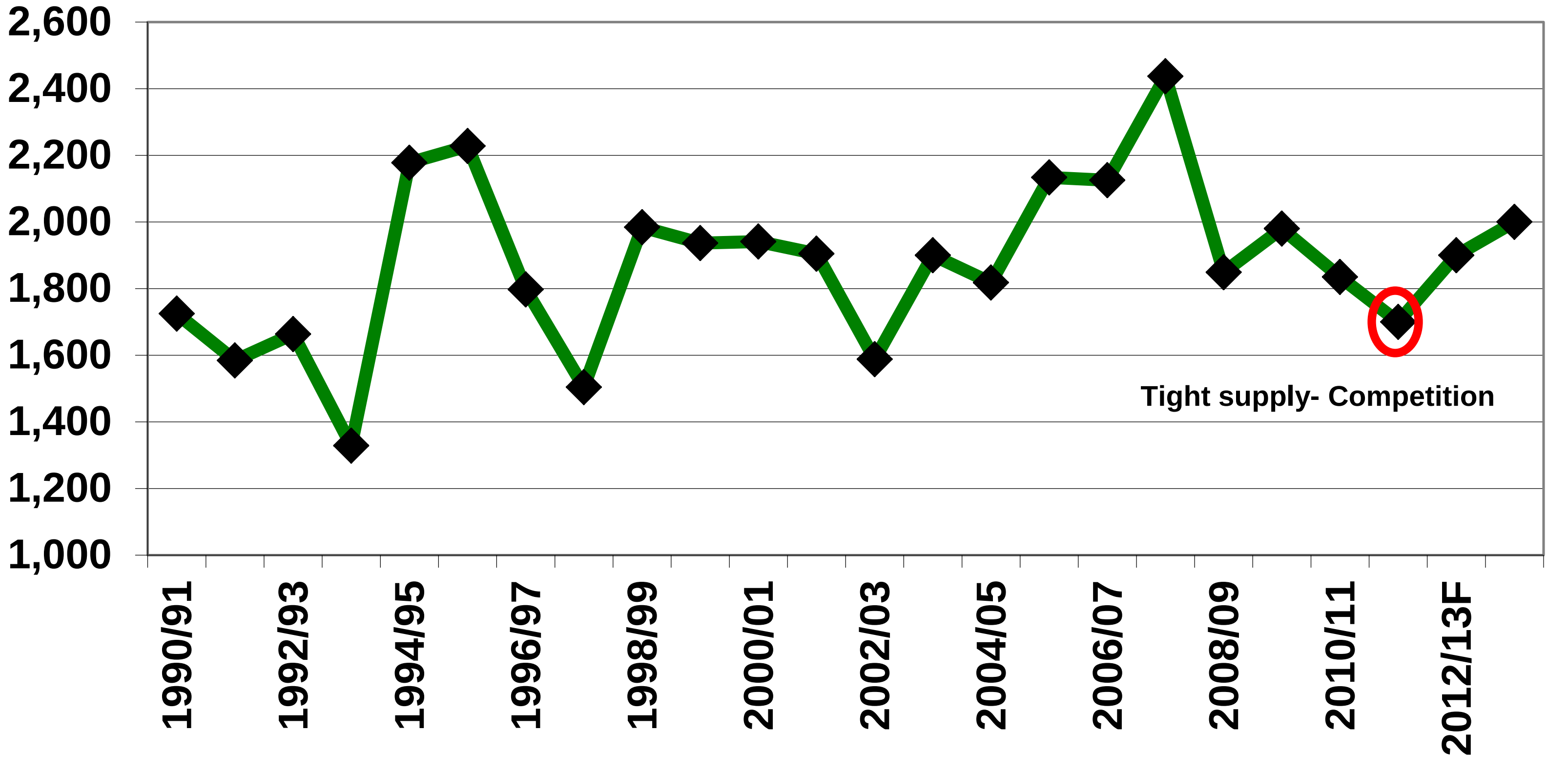
China's Corn Trade



Foreign Corn Exports Topping U.S. (MMT)



U.S. Corn Exports (Mil bu)



Sources - USDA, Doane Adviosry Services

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Corn: Balance Sheet – Sep/Aug Crop Year (mil bushels)

	2009/10	2010/11	2011/12F	2012/13F
Supply				
Planted Acres	86.5	88.2	91.9	93.0
Production	13,092	12,447	12,310	14,019
Exports	1,980	1,835	1,700	1,900
Ethanol	4,591	5,021	4,900	5,100
Total Disappearance	13,066	13,054	12,750	13,310
Ending Stocks	1,708	↓ 1,128	↓ 703	↑ 1,428
On-Farm Corn Price ($/bu)	$3.55	↑ $5.18	↑ $6.75	↓ $5.00

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The Outlook For Soybeans

Soybeans

- **Major bullish**
  - **2011 production down from 2010**
  - **Total U.S. 2011/12 supply less than total use in 2010/11**
  - **China's economy still growing**
  - **Price rationing needed to guarantee minimal summer 2012 carryout**

- **Major bearish**
  - **EU debt crisis**
  - **Poultry production down and competition from DDGS from ethanol**
  - **Soybean production expanding in South America**
  - **Anticipation of 2012 plantings rebound and higher yields**

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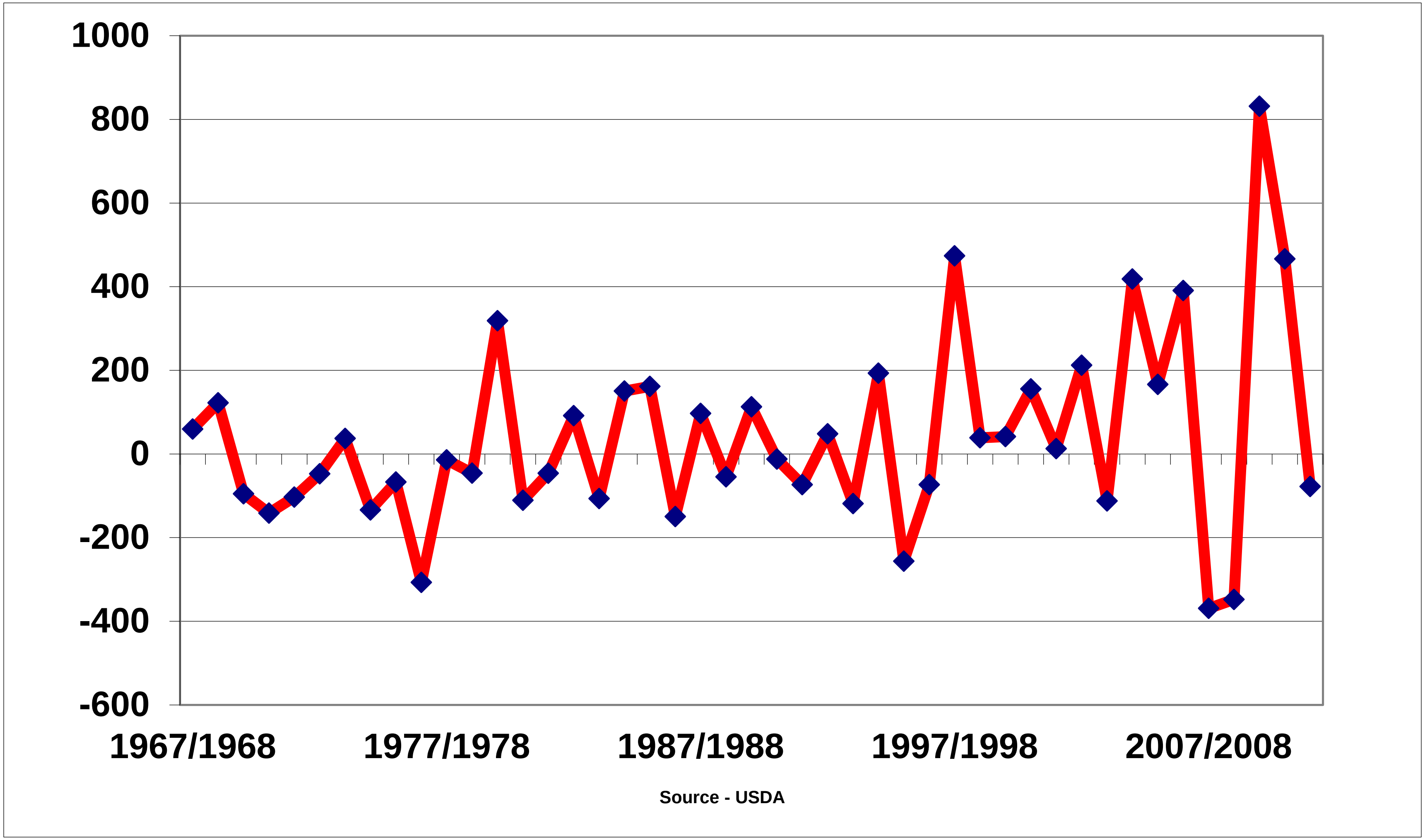
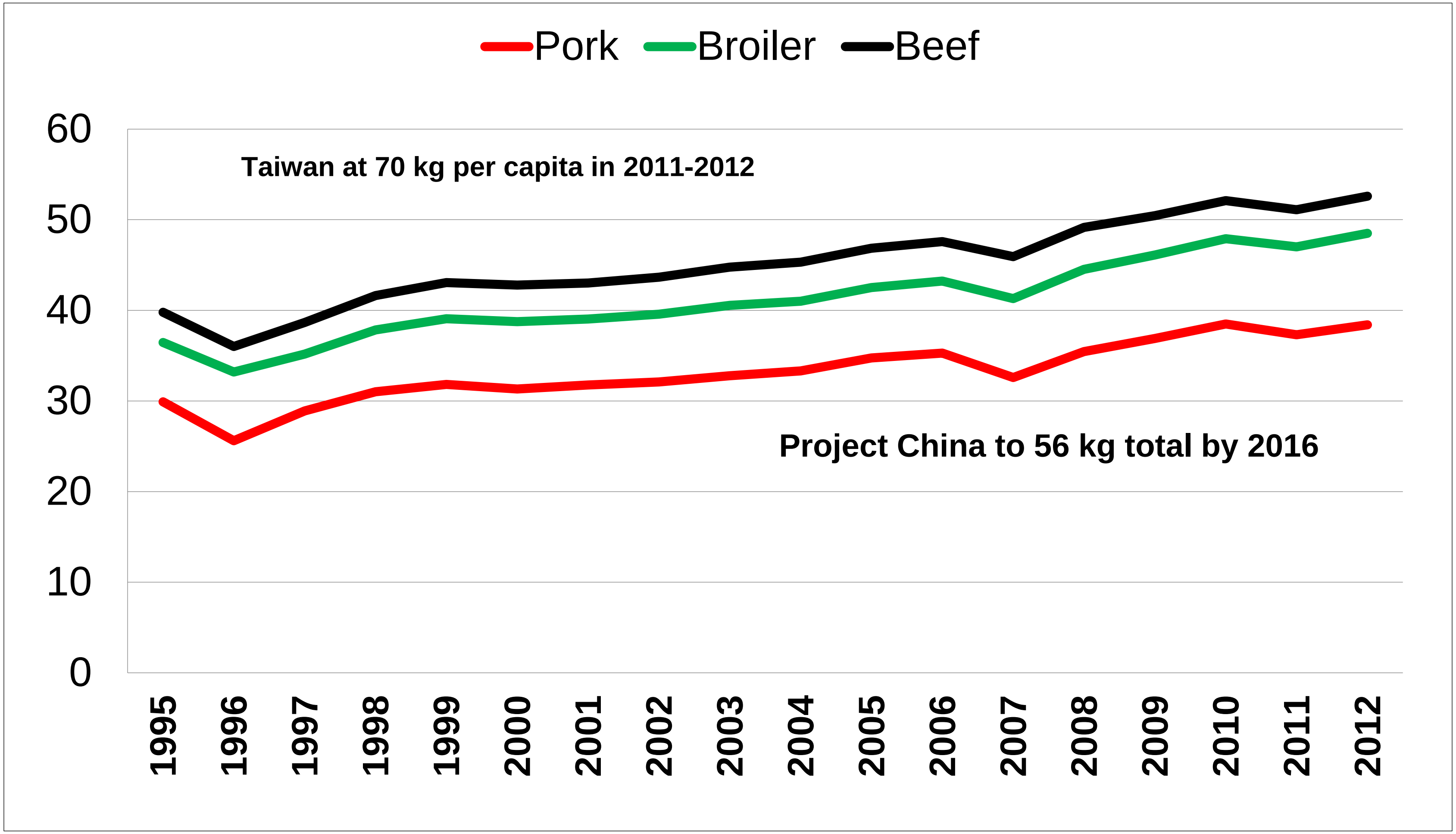
World Soybean Production Minus Consumption (Mil bu)



Sources: Doane, USDA

Chinese Per Capita Consumption of Pork, Broilers, and Beef (Cumulative, kg)



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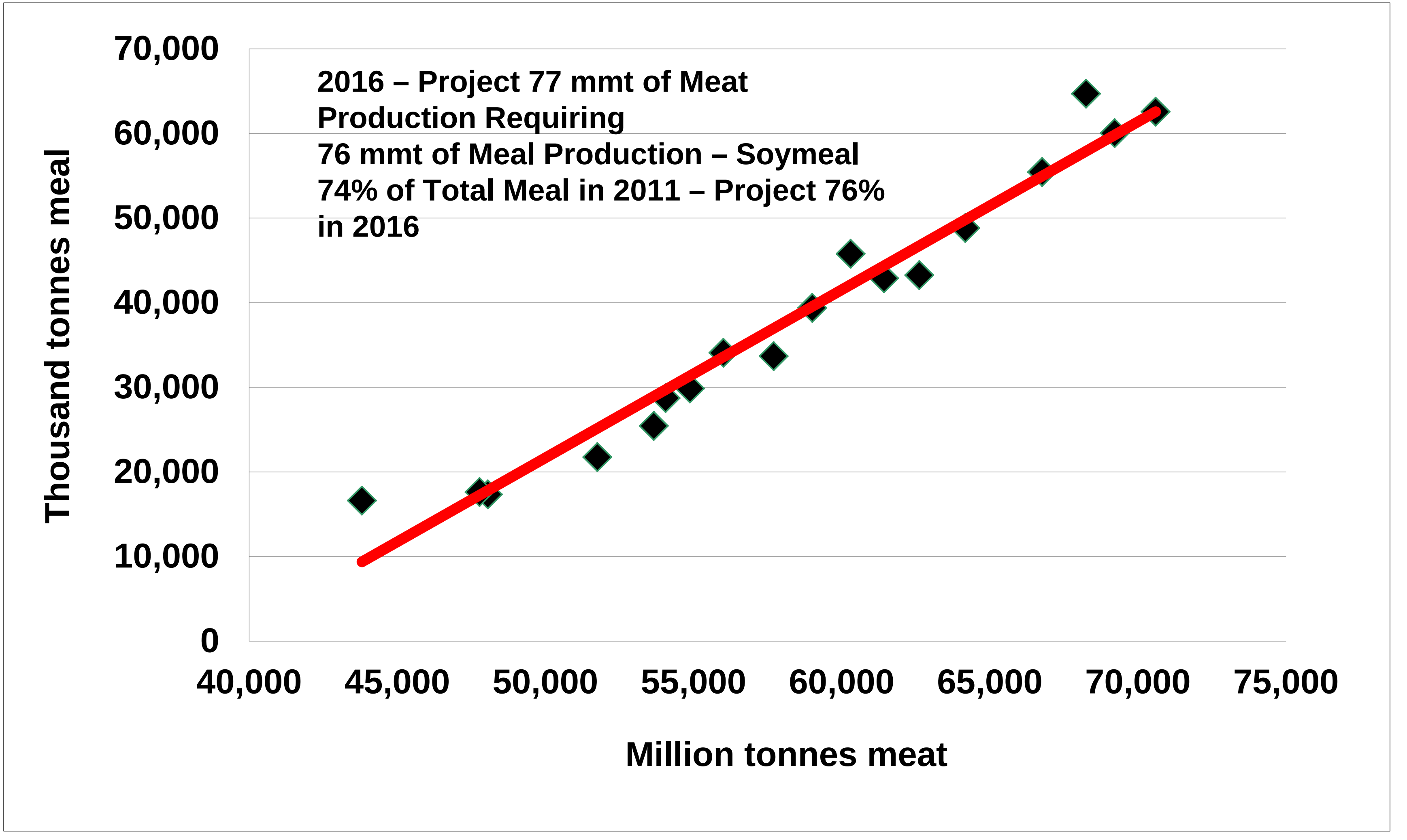
Sources: Doane, USDA

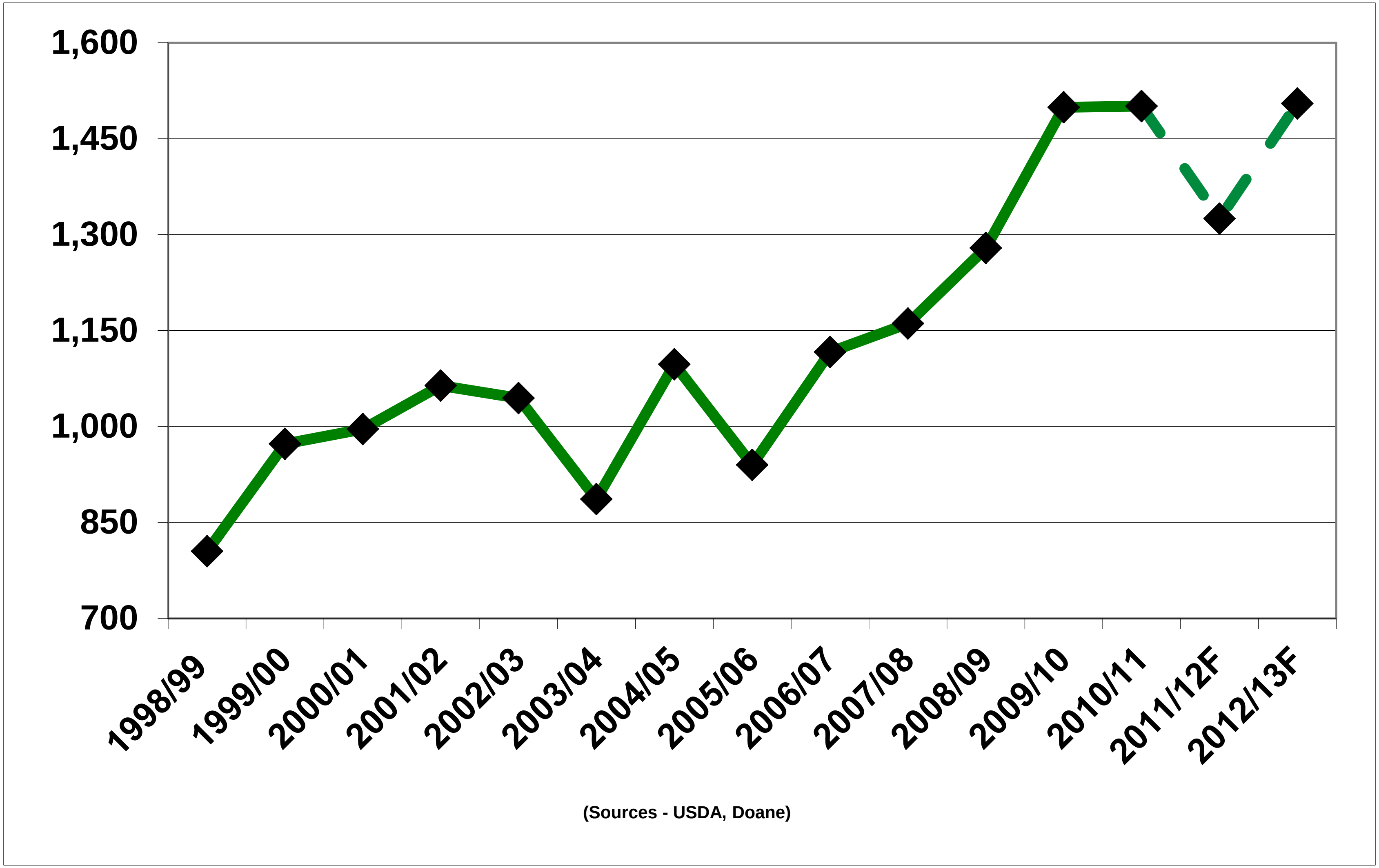
Chinese All Meal Production vs Meat Production

(1995-2011, MMT)



Sources: Doane, USDA

U.S. Soybean Exports (Mil Bu)



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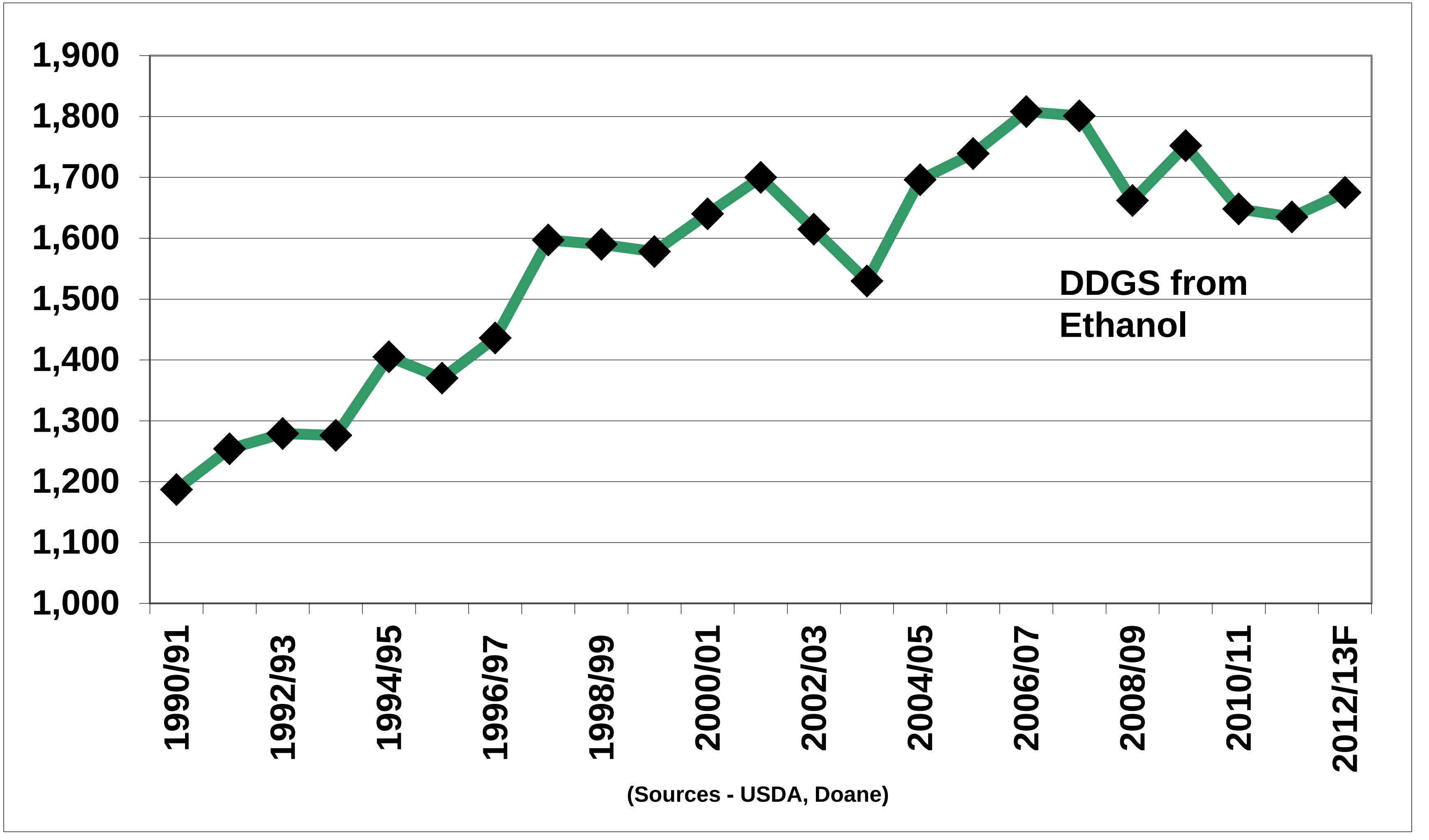
Sources: Doane, USDA

U.S. Soybean Crush (Mil Bu)



Sources: Doane, USDA

Soybeans: Balance Sheet – Sep/Aug Crop Year (mil bushels)

	2009/10	2010/11	2011/12F	2012/13F
Supply				
Planted Acres	77.5	77.4	75.0	76.5
Production	3,359	3,329	3,046	3,300
Exports	1,499	1,501	1,325	1,505
Crush	1,752	1,648	1,635	1,675
Total Disappearance	3,361	3,280	3,075	3,295
Ending Stocks	151	215	200	220
On-Farm Soybean Price ($/bu)	$9.59	$11.30	$12.50	$12.25

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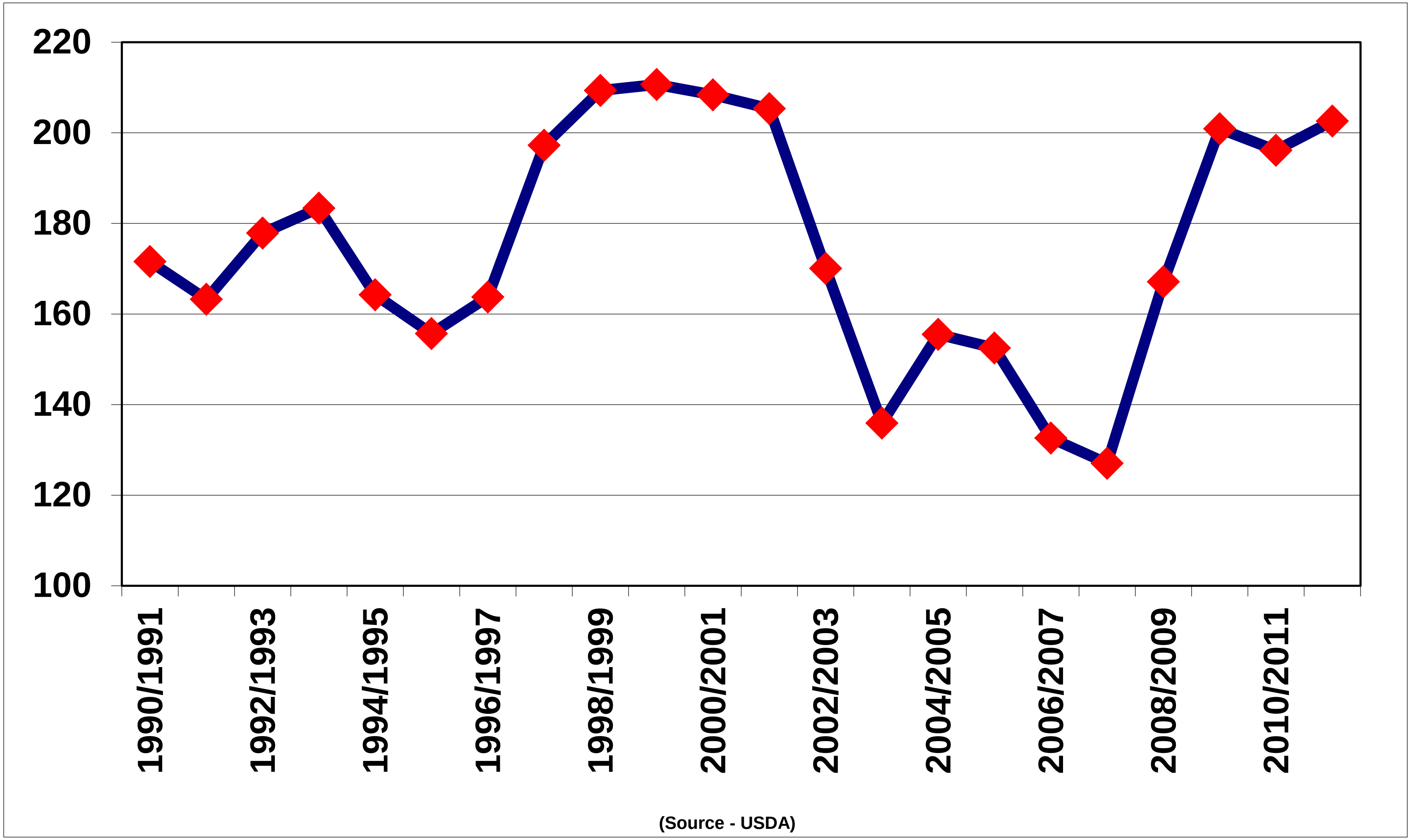
The Outlook For Wheat

Wheat

- **Major bullish**
  - **2011 production down from 2010**
  - **Hard Red Spring supply outlook tight**
  - **Feed substitution for corn**

- **Major bearish**
  - **EU debt crisis**
  - **Soft Red Winter supplies excessive versus demand**
  - **World wheat stocks high**

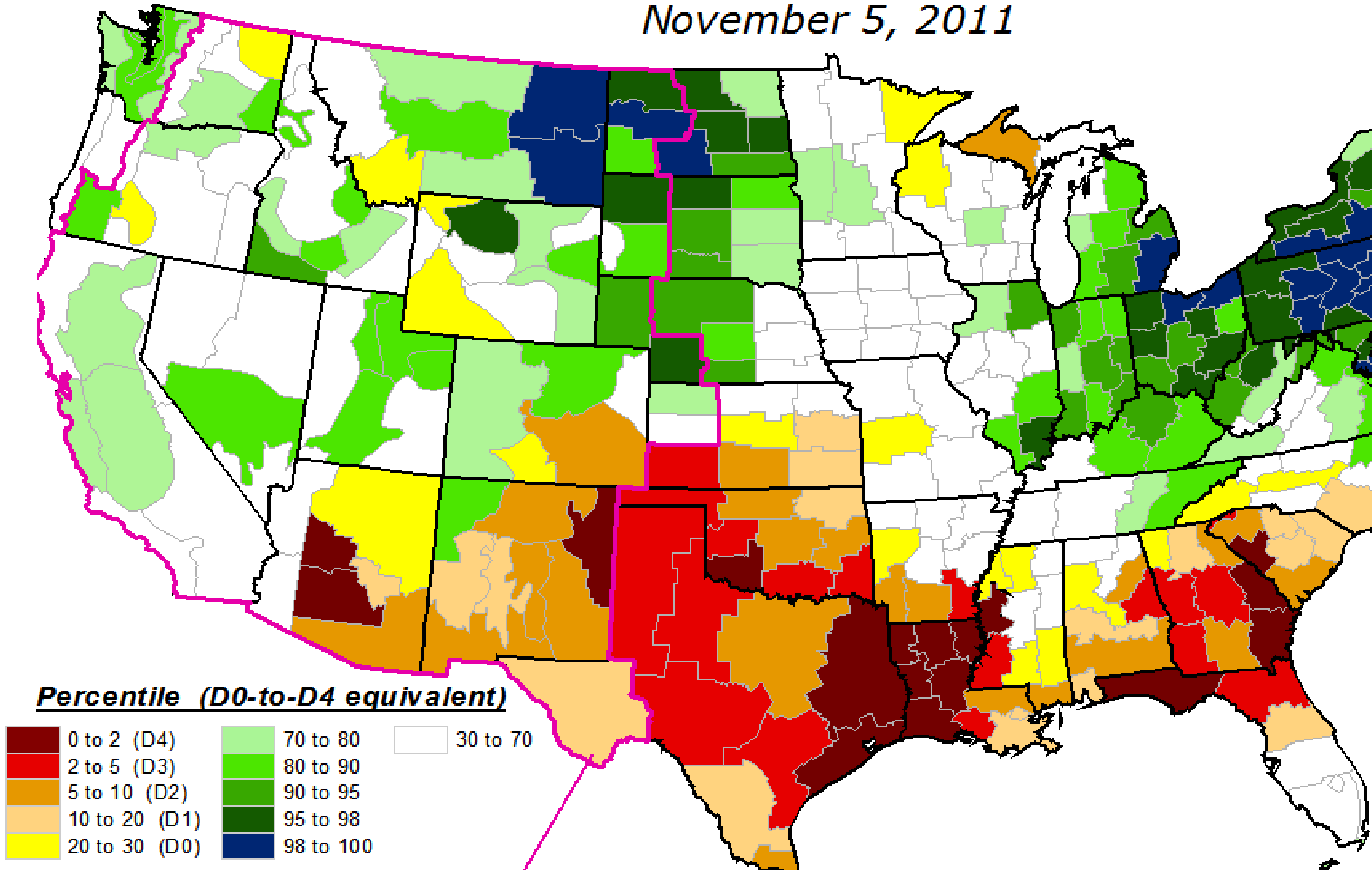
World Wheat Ending Stocks (MMT)



Sources: Doane, USDA

Objective **Long-Term** Drought Indicator Blend Percentiles

November 5, 2011



NWS / NCEP Climate Prediction Center

NESDIS National Climatic Data Center

Inputs (as percentiles):

25% Palmer Hydrologic Index
20% 24-Month Precipitation
20% 12-Month Precipitation
15% 6-Month Precipitation
10% 60-Month Precipitation
10% CPC Soil Moisture Model

Western Formulation Inputs (as percentiles):

30% Palmer Hydrologic Index
30% 60-Month Average Z-Index
10% 60-Month Precipitation
10% 24-Month Precipitation
10% 12-Month Precipitation
10% CPC Soil Moisture Model

This map approximates impacts responding to precipitation over the course of several months to a few years, such as reservoir content, groundwater, and lake levels. HOWEVER, THE RELATIONSHIP BETWEEN INDICATORS AND WATER SUPPLIES CAN VARY MARKEDLY WITH LOCATION, SEASON, SOURCE, AND MANAGEMENT PRACTICE. Do not interpret this map too literally.

This map is based on preliminary climate division data. Local conditions and/or final data may differ. See the detailed product suite description for more details.

Wheat: Balance Sheet – Jun/May Crop Year (mil bushels)

	2009/10	2010/11	2011/12F	2012/13F	
Supply					
Planted Acres	59.2	53.6	54.4	56.7	
Production	2,218	2,207	1,999	2,143	
Exports	879	1,289	960	1,000	
Total Disappearance	2,018	2,417	2,138	2,197	
Ending Stocks	976	862	844	890	
On-Farm Wheat Price ($/bu)	$4.87	$5.70	$7.00	$6.50	

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The Outlook For Cotton

Cotton

- **Major bullish**
  - **Historically low carryout**
  - **Strong Chinese economy**

- **Major bearish**
  - **EU debt crisis**
  - **High prices boosting plantings**
  - **World cotton stocks rising**

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Cotton: Balance Sheet – Aug/Jul Crop Year (mil bales)

	2009/10	2010/11	2011/12F	2012/13F
Supply				
Planted Acres	9.15	10.97	14.72	13.72
Production	12.19	18.10	16.30	19.62
Exports	12.04	14.38	11.30	14.00
Ending Stocks	2.95	2.60	3.80	6.50
Farm Price (cents/lb)	62.90	81.50	90.00	82.50

Questions??