

Crop Marketing Update & Outlook 2011-12

Frayne Olson, PhD

Crop Economist/Marketing Specialist

NDSU Extension Service

ND Agricultural Experiment Station

Dept. of Agribusiness & Applied Economics



Today's Topics

- Where are we now?
 - Review Oct. 12 WASDE and Production reports
 - Review Sept. 30 Grain Stocks Report and Small Grains Report
- What to watch for in 2011/12 markets.
- What are your questions!!



Corn Supply & Demand



Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	81.4 Mill. A.	84.4 Mill. A.	83.9 Mill. A.
Yield/Harvest A.	152.8 bu.	148.1 bu.	148.1 bu.
Begin Stocks	1,708 Mill. Bu.	920 Mill. Bu.	1,128 Mill. Bu.
Production	12,447 Mill. Bu.	12,497 Mill. Bu.	12,433 Mill. Bu.
Imports	27 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
<i>Total Supply</i>	<i>14,182 Mill. Bu.</i>	<i>13,432 Mill. Bu.</i>	<i>13,576 Mill. Bu.</i>
Feed & Residual	4,803 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
<i>Total Use</i>	<i>13,053 Mill. Bu.</i>	<i>12,760 Mill. Bu.</i>	<i>12,710 Mill. Bu.</i>
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.		92.3 Mill. A.	91.9 Mill. A.
Harvested		84.4 Mill. A.	83.9 Mill. A.
Yield		148.1 bu.	148.1 bu.
Ending Stocks from 2010/11 become Beginning Stocks for 2011/12		920 Mill. Bu.	1,128 Mill. Bu.
Production		12,497 Mill. Bu.	12,433 Mill. Bu.
Imports		15 Mill. Bu.	15 Mill. Bu.
Total		13,432 Mill. Bu.	13,576 Mill. Bu.
Feed & Residuals		4,700 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.		6,415 Mill. Bu.	6,410 Mill. Bu.
Ethanol		5,020 Mill. Bu.	5,000 Mill. Bu.
Exports		1,835 Mill. Bu.	1,600 Mill. Bu.
Total Use		13,053 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks		672 Mill. Bu.	866 Mill. Bu.

Sep. Grain Stocks were increased to 1,128 Mill. Bu. (208 Mill. Bu. Increase)

Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.		91.9 Mill. A.
Harvested A.	81.4 Mill. A.		81.4 Mill. A.
Yield/Harvest A.	152 bu./A.		152 bu./A.
Begin Stocks	1,700 Mill. Bu.		1,700 Mill. Bu.
Production	12,440 Mill. Bu.		12,440 Mill. Bu.
Imports	27 Mill. Bu.		27 Mill. Bu.
Total Supply	14,182 Mill. Bu.		14,576 Mill. Bu.
Feed & Residual	4,803 Mill. Bu.		4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

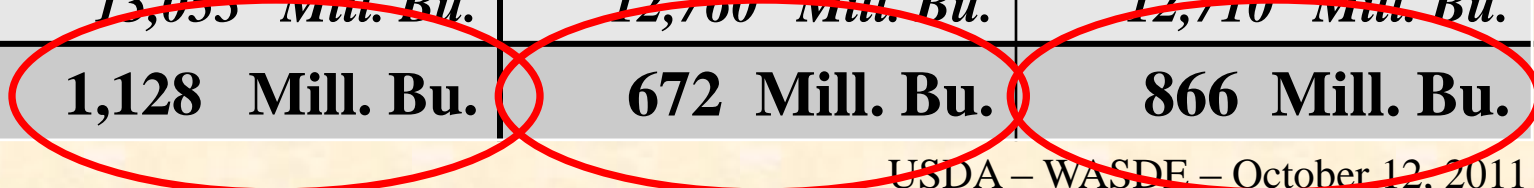
There is a strong relationship between Prices and Stocks-to-Use Ratio

(Ending Stocks / Total Use)

Corn Supply & Demand Table

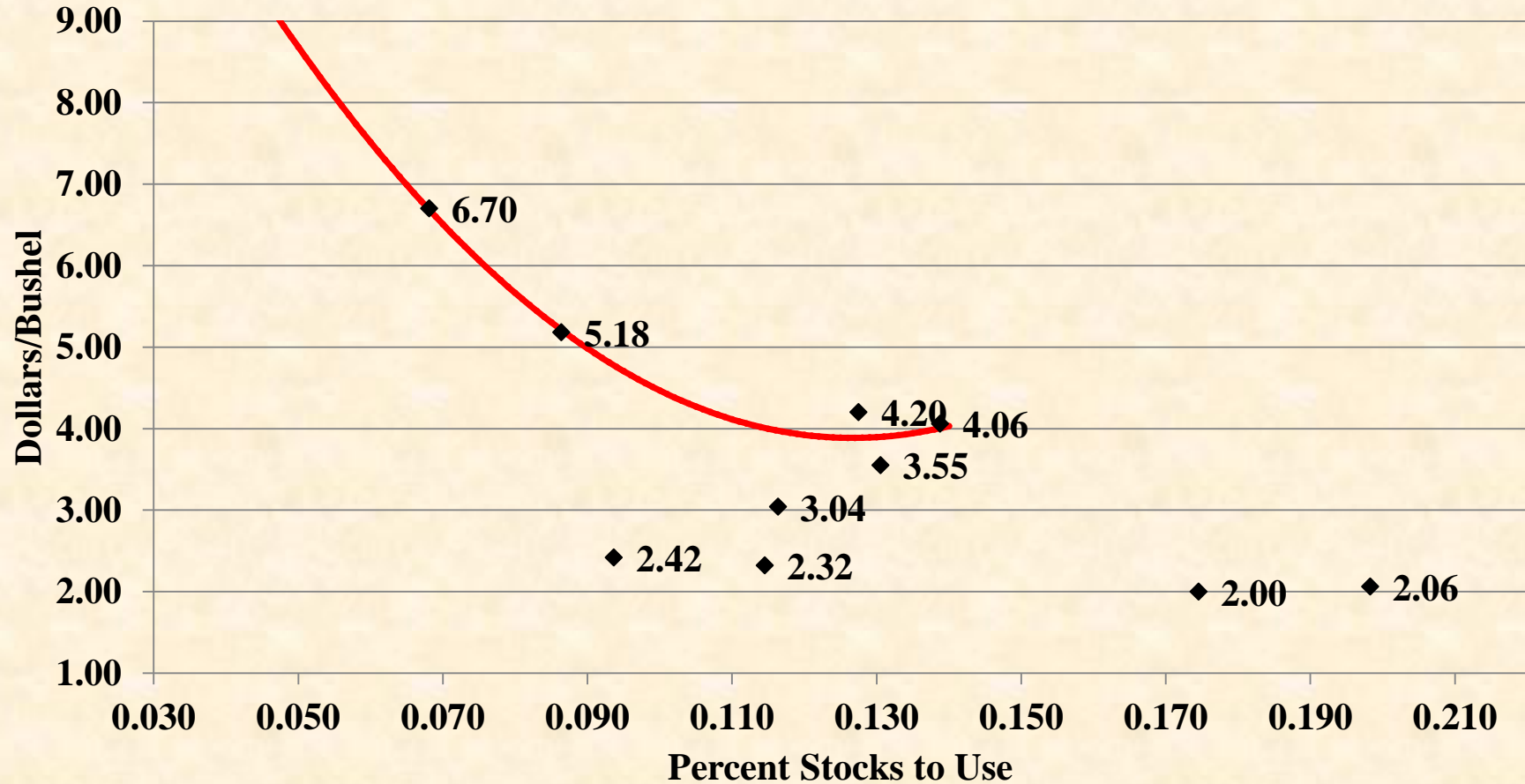
U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	81.4 Mill. A.		83.9 Mill. A.
Yield/Harvest A.			
Begin Stocks			
Production			
Imports			
Total Supply			
Feed & Residual	4,803 Mill. Bu.		4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

2010/2011 Stocks/Use = 8.6 %
2011/12 Sep. Est. Stocks/Use = 5.3 %
2011/12 Oct. Est. Stocks/Use = 6.8 %
10 year average = 13.4%



Price vs. Stocks/Use Ratio

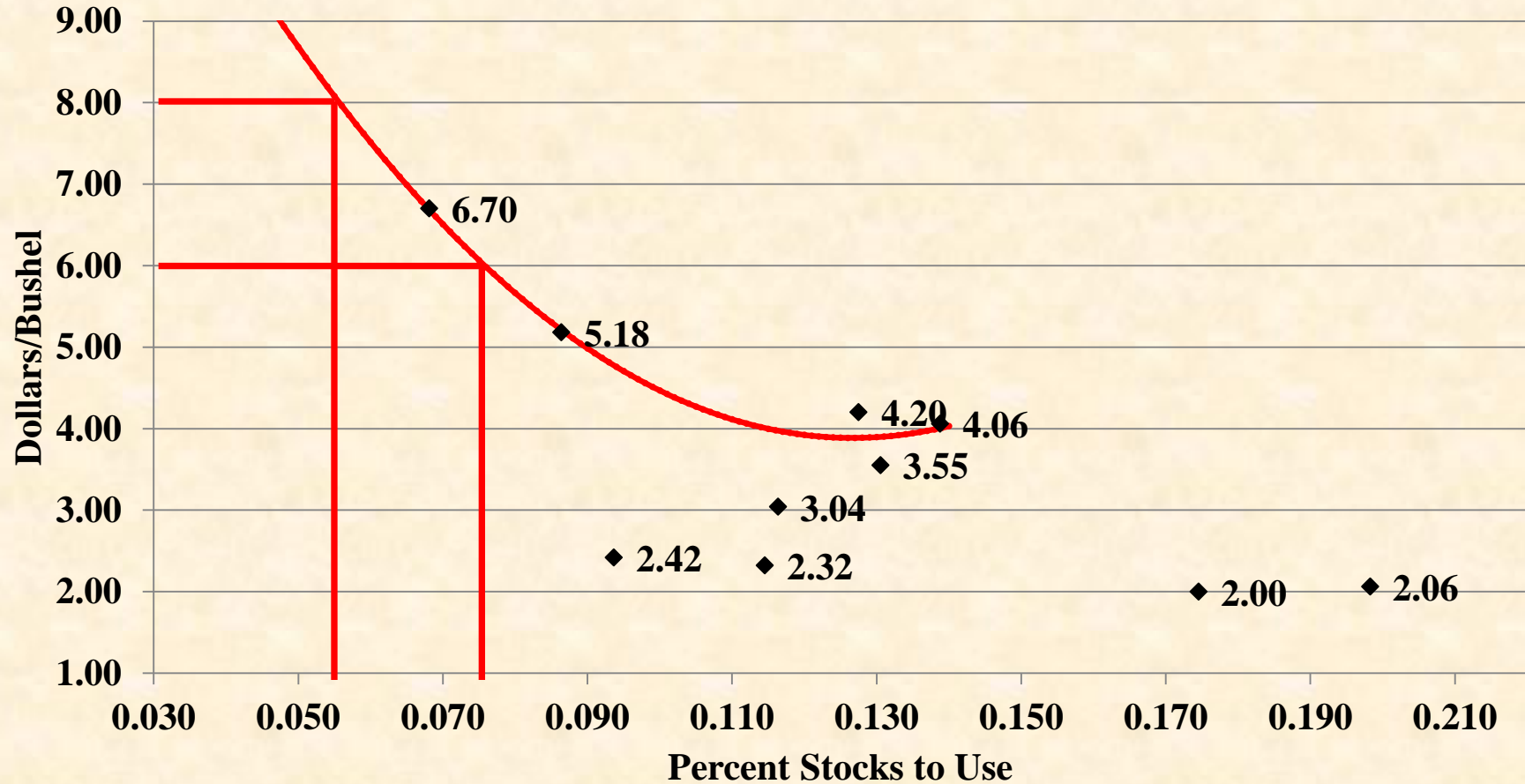
2002/03 to 2011/12



◆ Historical Prices — Forecasted Prices

Price vs. Stocks/Use Ratio

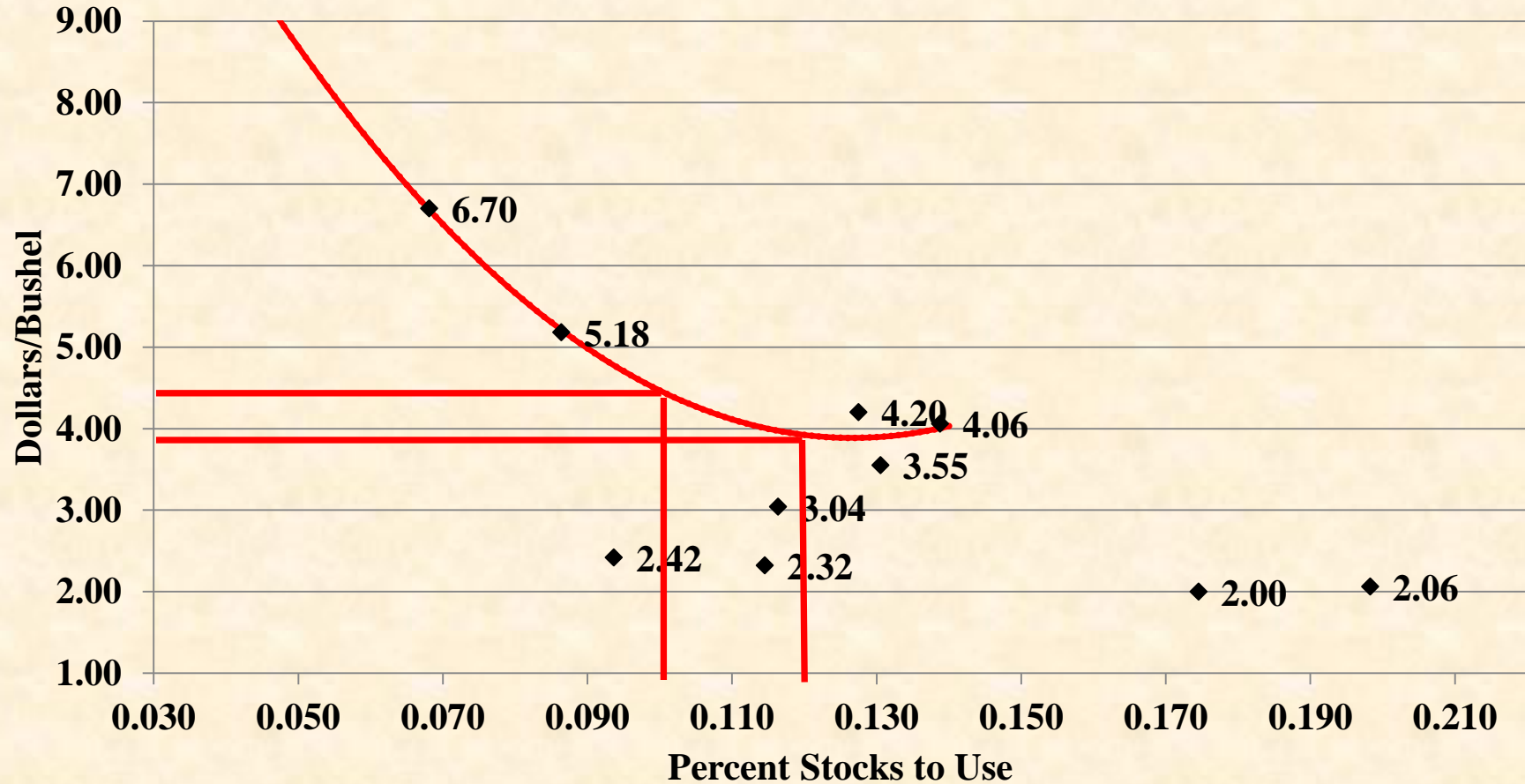
2002/03 to 2011/12



◆ Historical Prices — Forecasted Prices

Price vs. Stocks/Use Ratio

2002/03 to 2011/12



◆ Historical Prices — Forecasted Prices

Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	81.4 Mill. A.	84.4 Mill. A.	83.9 Mill. A.
Yield/Harvest A.	152.8 bu.	148.1 bu.	148.1 bu.
Begin Stocks	1,708 Mill. Bu.	920 Mill. Bu.	1,128 Mill. Bu.
Production	12,447 Mill. Bu.	12,497 Mill. Bu.	12,433 Mill. Bu.
Imports	27 Mill. Bu.		
<i>Total Supply</i>	<i>14,182 Mill. Bu.</i>	0.4 Mill. A. lower Planted A.	
Feed & Residual	4,803 Mill. Bu.	0.5 Mill. A. lower Harvested A.	
Food, Seed, Ind.	6,415 Mill. Bu.		
Ethanol	5,020 Mill. Bu.		
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
<i>Total Use</i>	<i>13,053 Mill. Bu.</i>	<i>12,760 Mill. Bu.</i>	<i>12,710 Mill. Bu.</i>
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	81.4 Mill. A.	84.4 Mill. A.	83.9 Mill. A.
Yield/Harvest A.	152.8 bu.	148.1 bu.	148.1 bu.
Begin Stocks	1,708 Mill. Bu.	920 Mill. Bu.	1,128 Mill. Bu.
Production	12,447 Mill. Bu.	12,497 Mill. Bu.	12,433 Mill. Bu.
Imports	27 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	14,182 Mill. Bu.	12,760 Mill. Bu.	13,053 Mill. Bu.
Feed & Residual	4,803 Mill. Bu.	4,803 Mill. Bu.	4,803 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,415 Mill. Bu.	6,415 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,020 Mill. Bu.	5,020 Mill. Bu.
Exports	1,835 Mill. Bu.	1,835 Mill. Bu.	1,835 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	13,053 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

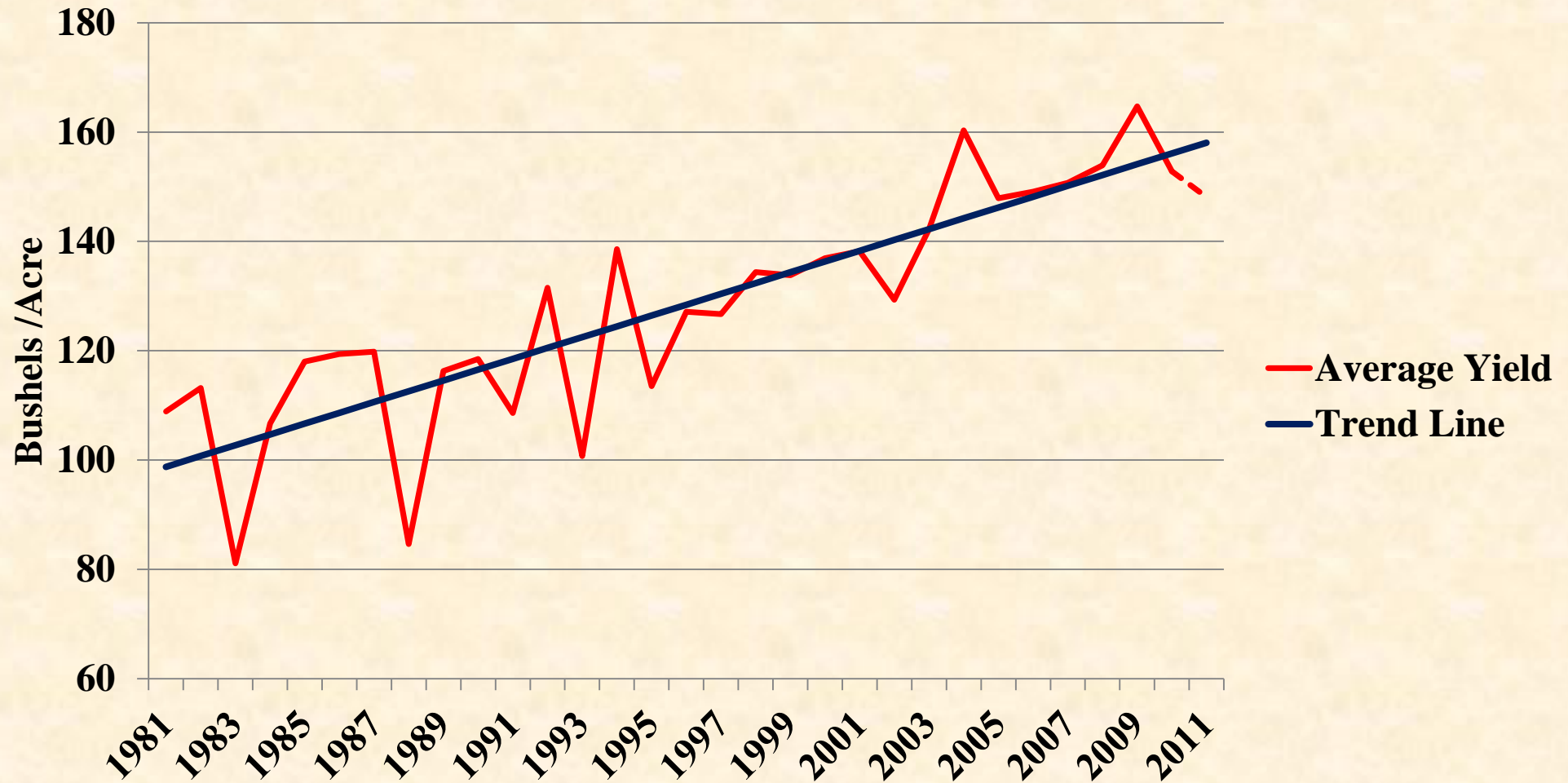
Avg. Yield was unchanged.
4.9 Bu/A reduction from Aug. to Sep.

Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	92.3 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	84.4 Mill. A.	84.4 Mill. A.	83.9 Mill. A.
Yield	148.1 bu.	148.1 bu.	148.1 bu.
Production	920 Mill. Bu.	920 Mill. Bu.	1,128 Mill. Bu.
Production	12,497 Mill. Bu.	12,497 Mill. Bu.	12,433 Mill. Bu.
Imports	15 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	14,182 Mill. Bu.	13,432 Mill. Bu.	13,576 Mill. Bu.
Feed & Residual	4,803 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Be careful not to focus too much on average yield; Production is the real number to watch!

What is the U.S. trend line yield?



Corn Supply & Demand Table

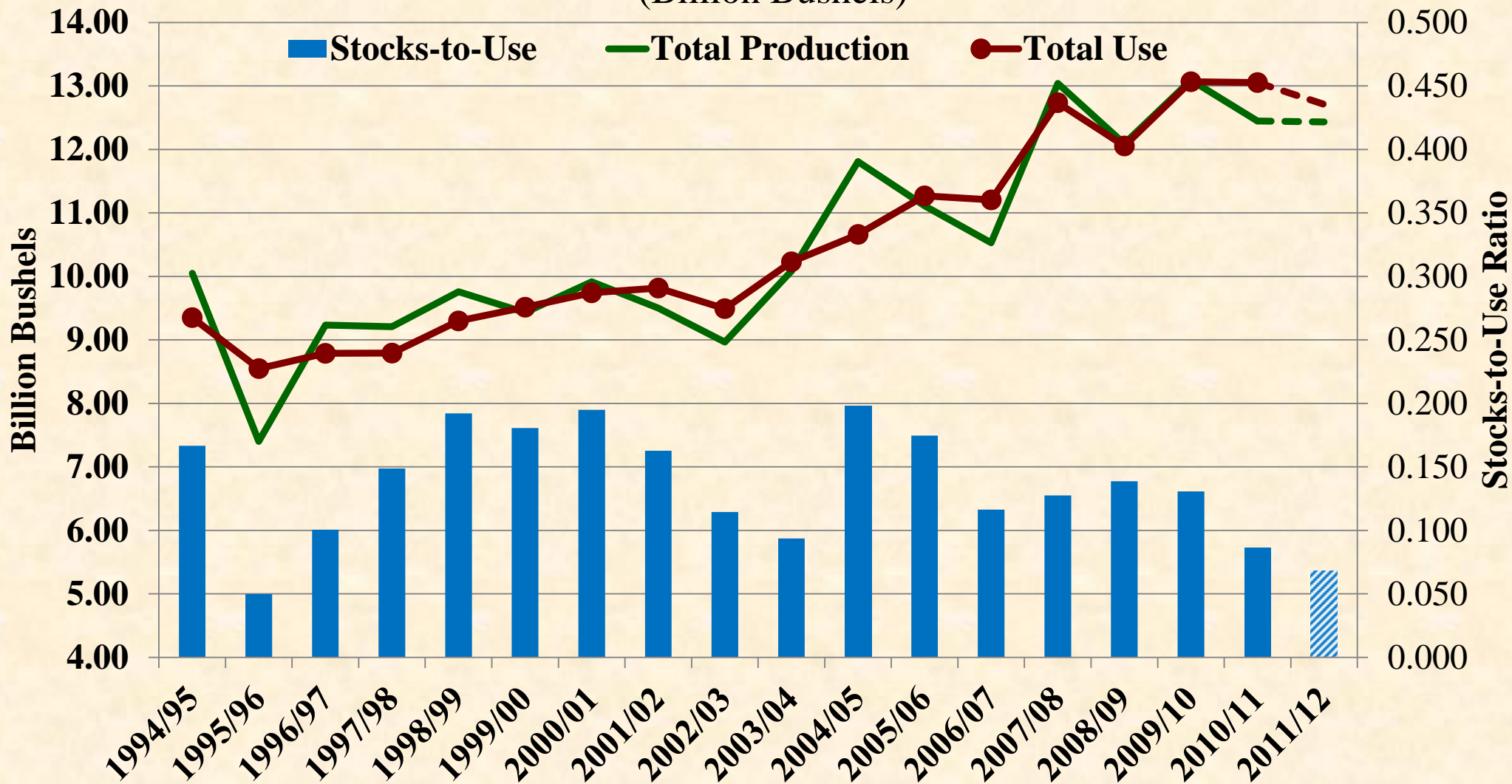
U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	81.4 Mill. A.	84.4 Mill. A.	83.9 Mill. A.
Yield/Harvest A.	152.8 bu.	148.1 bu.	148.1 bu.
Begin Stocks	1,708 Mill. Bu.	920 Mill. Bu.	1,128 Mill. Bu.
Production	12,497 Mill. Bu.	12,497 Mill. Bu.	12,433 Mill. Bu.
Imports	15 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Feed	13,432 Mill. Bu.	13,576 Mill. Bu.	13,576 Mill. Bu.
Food	4,700 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Industrial	6,410 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Exports	5,000 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Total Use is GREATER than expected Production

This means that Ending Stocks are dropping

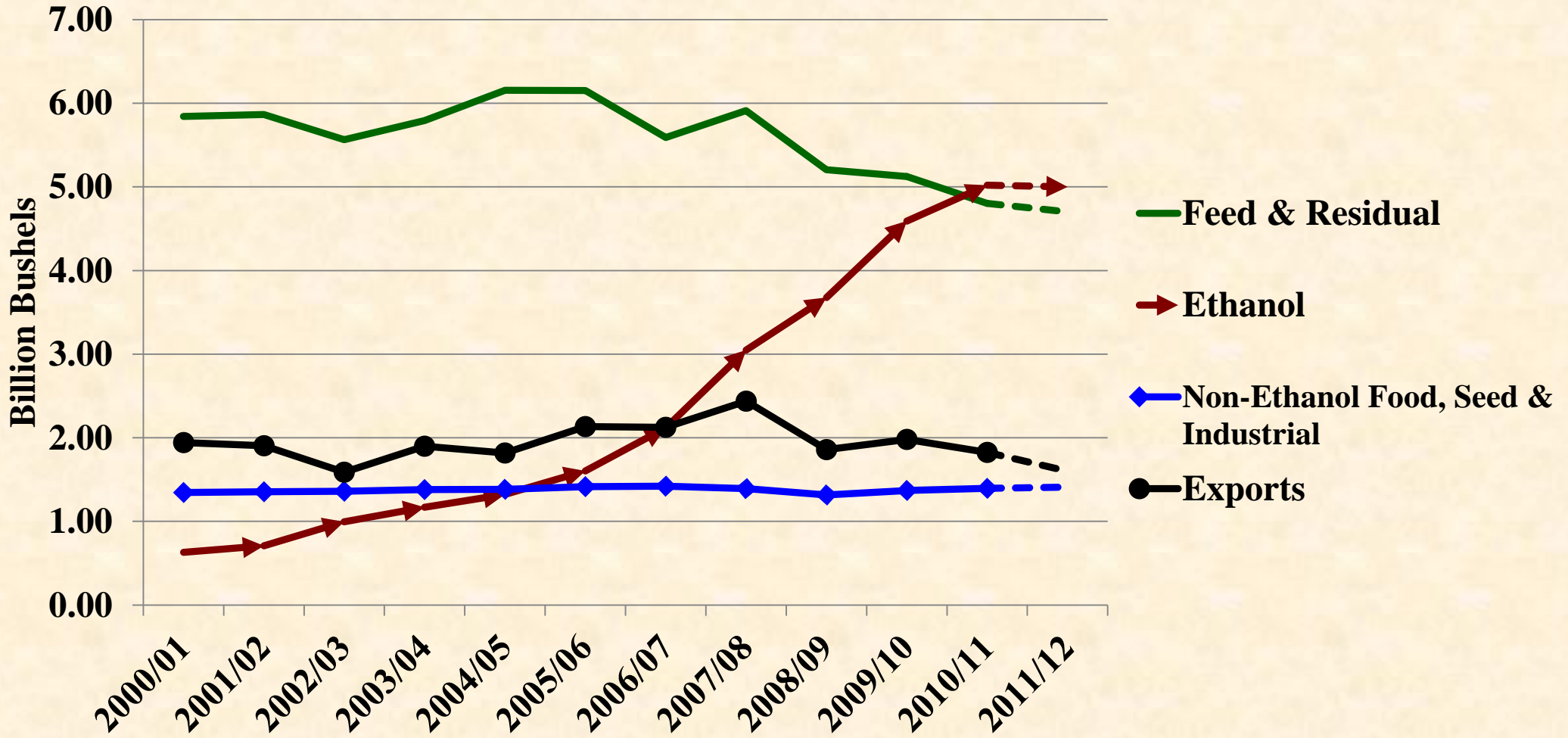
Corn – Total Production & Use

(Billion Bushels)



Corn - Total Use

(Billion Bushels)



Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2010/11 <i>Feed and Residual</i> use was cut 197 Mill. Bu. to adjust for increased <i>Ending Stocks.</i>	2011/2012 (Oct)
Planted A.	88.2 Mill. A.		88.2 Mill. A.
Harvested A.	81.4 Mill. A.		81.4 Mill. A.
Yield/Harvest A.	152.8 bu.		152.8 bu.
Begin Stocks	1,708 Mill. Bu.		1,128 Mill. Bu.
Production	12,447 Mill. Bu.		12,433 Mill. Bu.
Imports	27 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	14,181 Mill. Bu.	13,432 Mill. Bu.	13,576 Mill. Bu.
Feed & Residual	4,803 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2010/2011 (est)	2010/2011 (est)
Planted A.	88.2 Mill. A.		
Harvested A.	81.4 Mill. A.		
Yield/Harvest A.	152.8 bu.		
Begin Stocks	1,708 Mill. Bu.		
Production	12,447 Mill. Bu.	12,497 Mill. Bu.	12,433 Mill. Bu.
Imports	27 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	14,182 Mill. Bu.	13,432 Mill. Bu.	13,576 Mill. Bu.
Feed & Residual	4,803 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Feed and Residual use was unchanged.

But, a 200 Mill. Bu. cut from August to September.

Adjustments in *Feed & Residual*

- Livestock producers are looking for and using alternative feeds (DDGS)!
- Many analysts are questioning USDA's *Feed & Residual* estimates.
 - “Feed consuming units” are not dropping as fast as the estimated *Feed & Residual* values.
 - This suggests that the “Residual” portion of the estimates are being reduced.

Adjustments in *Feed & Residual*

- Record high pork and beef prices have helped offset higher feed costs.
 - Pork and beef exports to Japan and South Korea are key outlet for high valued cuts.
 - Exchange rates (value of U.S. Dollar) are helping support exports!
 - Meat demand is heavily influenced by household incomes (strength of U.S. economy)
-
-

DXZ11 - U.S. Dollar Index (ICEFI)



U.S. Dollar
Index:
10/21/11

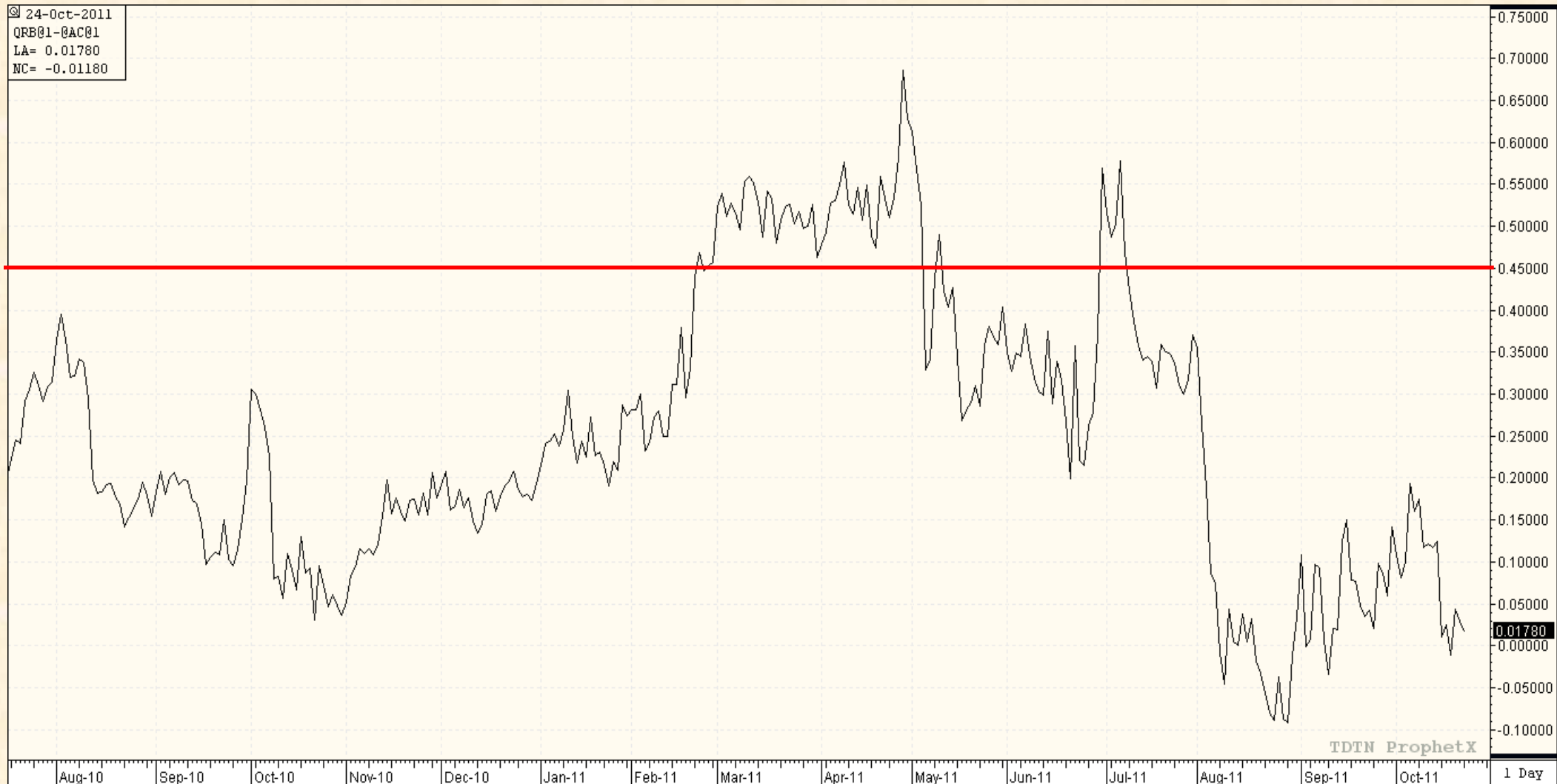
10/21/11 = 76.78

Corn Supply & Demand Table

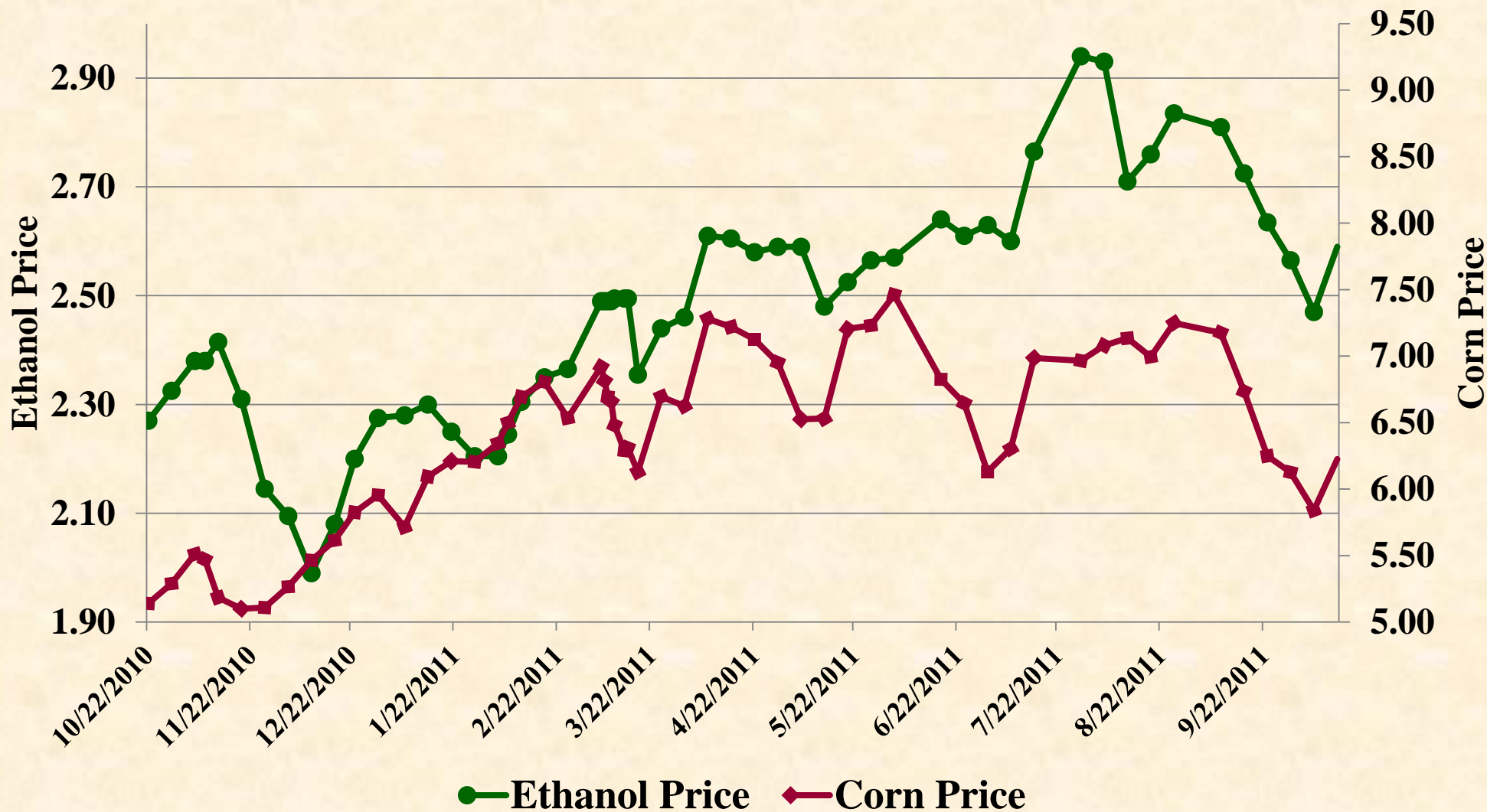
U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	92.3 Mill. A.
Harvested A.	81.4 Mill. A.	81.4 Mill. A.	81.4 Mill. A.
Yield/Harvest A.	152.8 bu.	152.8 bu.	152.8 bu.
Begin Stocks	1,708 Mill. Bu.	1,708 Mill. Bu.	1,708 Mill. Bu.
Production	12,447 Mill. Bu.	12,447 Mill. Bu.	12,447 Mill. Bu.
Imports	27 Mill. Bu.	27 Mill. Bu.	27 Mill. Bu.
Total Supply	14,182 Mill. Bu.	13,432 Mill. Bu.	13,376 Mill. Bu.
Feed & Residual	4,803 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Ethanol use was unchanged, but was cut 100 Mill. Bu. between Aug. and Sep.

RBOB – CBOT Ethanol Futures



Western IA Ethanol & Corn Prices



Corn – Estimated Ethanol Income

Estimated Net Income per Gallon of Ethanol					
Ethanol Price	Corn Price				
	8.00	7.50	7.00	6.50	6.25
2.20	(0.52)	(0.38)	(0.25)	(0.12)	(0.05)
2.30	(0.42)	(0.28)	(0.15)	(0.02)	0.05
2.40	(0.32)	(0.18)	(0.05)	0.08	0.15
2.50	(0.22)	(0.08)	0.05	0.18	0.25
2.60	(0.12)	0.02	0.15	0.28	0.35
2.70	(0.02)	0.12	0.25	0.38	0.45
2.80	0.08	0.22	0.35	0.48	0.55

Other operating and fixed cost estimates from AgMRC

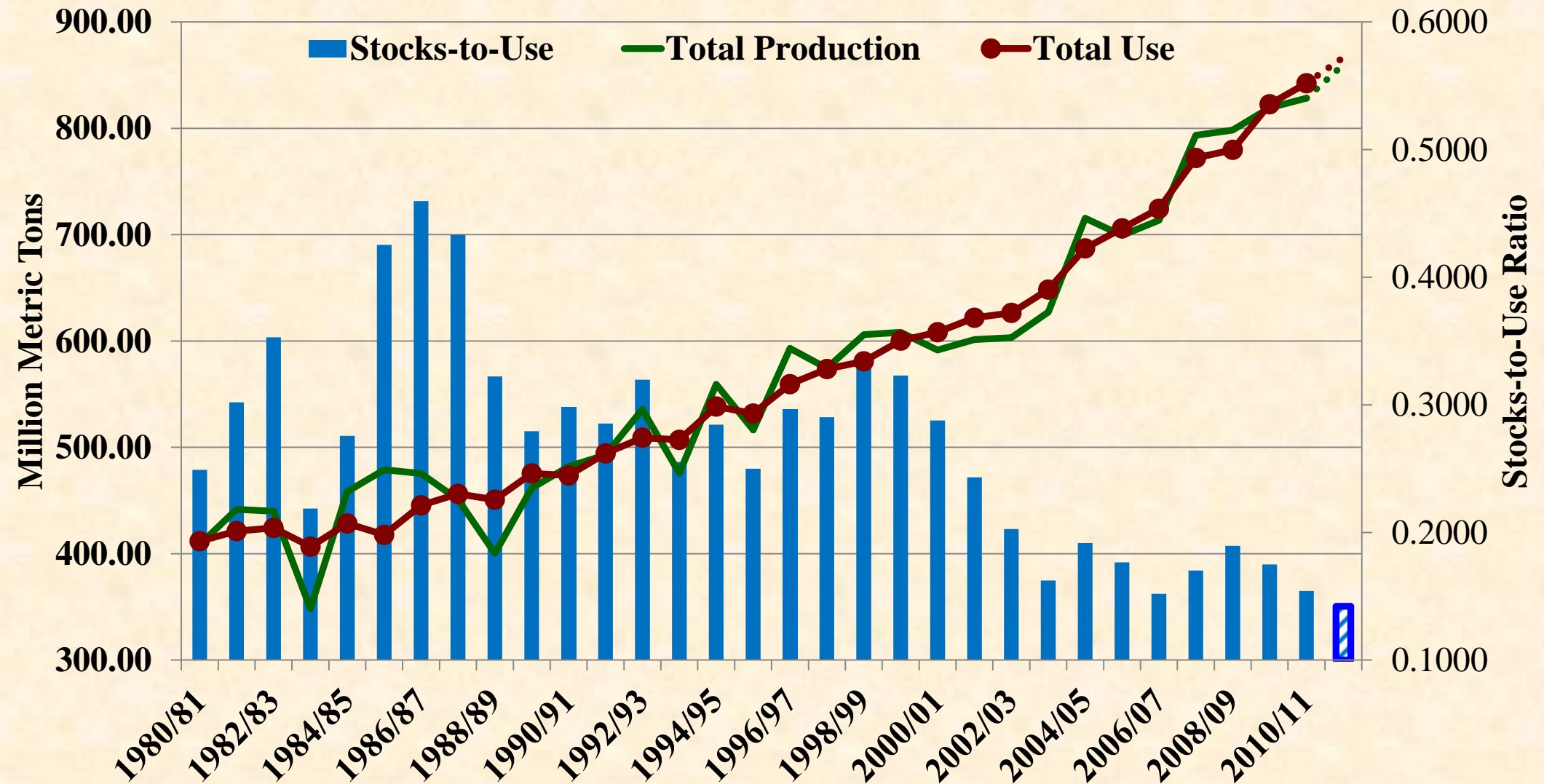
Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	81.4 Mill. A.	84.4 Mill. A.	82.0 Mill. A.
Yield/Harvest A.	152.8 bu.		
Begin Stocks	1,708 Mill. Bu.		
Production	12,447 Mill. Bu.		
Imports	27 Mill. Bu.		
Total Supply	14,182 Mill. Bu.		
Feed & Residual	4,803 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,410 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,000 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,650 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

Exports play a key role in corn prices, even though feed and ethanol use account for more total bushels.

World Corn Prod, Use & Stocks/Use

(Million Metric Ton)



Major Corn Exporters

2011/12 Estimates

- **United States = 40.64 mmt.**
 - Argentina = 19.50 mmt.
 - Ukraine = 12.00 mmt.
 - Brazil = 8.5 mmt.
 - South Africa = 2.0 mmt.
- 42.0 mmt.**
- Total World Exports = 94.15 mmt.

Summary of Corn Exports

(Million Metric Ton)

Country	2008/09		2009/10		2010/11
	Mkt. Yr.	Sep - Jul	Mkt. Yr.	Sep - Jul	Sep - Jul
Japan	15.519	14.358	15.128	13.807	13.161
Mexico	7.841	7.110	8.253	7.637	6.818
South Korea	5.196	4.646	7.076	6.333	5.562
Taiwan	3.609	3.184	3.180	2.856	2.673
Egypt	2.333	1.946	2.774	2.490	2.962
ROW	12.467	10.927	13.884	12.455	11.598
Total	46.965	42.171	50.295	45.578	42.774

Note: Japan is #1 export destination for U.S. Pork and #3 for U.S. Beef.

Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Sep)	2011/2012 (Oct)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	91.9 Mill. A.
Harvested A.	81.4 Mill. A.	84.4 Mill. A.	83.9 Mill. A.
Yield/Harvest A.	152.8 bu.	148.1 bu.	148.1 bu.
Begin Stocks	1,708 Mill. Bu.	920 Mill. Bu.	1,128 Mill. Bu.
Production	12,447 Mill. Bu.	12,433 Mill. Bu.	12,433 Mill. Bu.
Imports	27 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	14,182 Mill. Bu.	13,878 Mill. Bu.	13,766 Mill. Bu.
Feed & Residual	4,803 Mill. Bu.	4,803 Mill. Bu.	4,803 Mill. Bu.
Food, Seed, Ind.	6,415 Mill. Bu.	6,415 Mill. Bu.	6,415 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,020 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,600 Mill. Bu.	1,600 Mill. Bu.
Total Use	13,053 Mill. Bu.	12,760 Mill. Bu.	12,710 Mill. Bu.
Ending Stocks	1,128 Mill. Bu.	672 Mill. Bu.	866 Mill. Bu.

**866 Mill. Bu. is equal
to 10.3 Bu/A**

2011 Corn Market Issues

- Yields (production) will continue to be major focus until harvest is done (watch test weights).
- Corn use (has been) is being rationed.
 - Exports and feed use are more price sensitive than ethanol, as long as gas prices stay strong.
- Ethanol exports are also contributing to strong corn usage.
- Energy policy (mandates) and high world sugar prices are key drivers.

2011 Corn Market Issues

- Underlying Supply & Demand conditions are still supporting prices.
- My greatest concerns are macroeconomic:
 - Slow world economic recovery (European debt)
 - Crude Oil (energy) prices
 - U.S. economic recovery
 - Value of U.S. Dollar
 - Will there be a “flight to quality”?
 - U.S. fiscal, monetary, and energy policy

Soybean Update



Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Sep)	2011/2021 (Oct)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.7 Mill. A.
Yield/Harvest A.	43.5 bu.	41.8 bu.	41.5 bu.
Begin Stocks	151 Mill. Bu.	225 Mill. Bu.	215 Mill. Bu.
Production	3,329 Mill. Bu.	3,085 Mill. Bu.	3,060 Mill. Bu.
Imports	15 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
<i>Total Supply</i>	<i>3,495 Mill. Bu.</i>	<i>3,325 Mill. Bu.</i>	<i>3,290 Mill. Bu.</i>
Crushings	1,648 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,500 Mill. Bu.	1,415 Mill. Bu.	1,375 Mill. Bu.
Seed	87 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
<i>Total Use</i>	<i>3,280 Mill. Bu.</i>	<i>3,161 Mill. Bu.</i>	<i>3,130 Mill. Bu.</i>
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Sep)	2011/2021 (Oct)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	77.4 Mill. A.	73.8 Mill. A.	73.7 Mill. A.
Yield	41.8 bu.	41.8 bu.	41.5 bu.
Beginning Stocks	225 Mill. Bu.	225 Mill. Bu.	215 Mill. Bu.
Production	3,155 Mill. Bu.	3,085 Mill. Bu.	3,060 Mill. Bu.
Imports	15 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	3,405 Mill. Bu.	3,325 Mill. Bu.	3,290 Mill. Bu.
Crushings	1,648 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,500 Mill. Bu.	1,415 Mill. Bu.	1,375 Mill. Bu.
Seed	87 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
Total Use	3,280 Mill. Bu.	3,161 Mill. Bu.	3,130 Mill. Bu.
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

Sep. Grain Stocks Report cut 10 Mill. Bu. from Ending Stocks

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Sep)	2011/2021 (Oct)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.7 Mill. A.
Yield/Harvest A.		41.8 bu.	41.5 bu.
Begin Stocks	Harvested Acres were cut 0.1 Mill. A.		225 Mill. Bu.
Production	Average Yield was cut 0.3 Bu./A.		3,060 Mill. Bu.
Imports		15 Mill. Bu.	15 Mill. Bu.
Total Supply		3,325 Mill. Bu.	3,290 Mill. Bu.
Crushings		1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,500 Mill. Bu.	1,415 Mill. Bu.	1,375 Mill. Bu.
Seed	87 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
Total Use	3,280 Mill. Bu.	3,161 Mill. Bu.	3,130 Mill. Bu.
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Sep)	2011/2021 (Oct)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.7 Mill. A.
Yield/Harvest A.	43.5 bu.	41.8 bu.	41.5 bu.
Begin Stocks	151 Mill. Bu.	225 Mill. Bu.	215 Mill. Bu.
Production	3,085 Mill. Bu.	3,085 Mill. Bu.	3,060 Mill. Bu.
Imports	15 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Exports	3,325 Mill. Bu.	3,325 Mill. Bu.	3,290 Mill. Bu.
Consumption	1,635 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exp. Seed	1,415 Mill. Bu.	1,415 Mill. Bu.	1,375 Mill. Bu.
Seed	88 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
Total Use	3,280 Mill. Bu.	3,161 Mill. Bu.	3,130 Mill. Bu.
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

Total Use is GREATER than expected Production

This means that Ending Stocks are dropping

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Sep)	2011/2021 (Oct)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.7 Mill. A.
Yield/Harvest A.	43.5 bu.	41.8 bu.	41.5 bu.
Begin Stocks	151 Mill. Bu.		215 Mill. Bu.
Production	3,329 Mill. Bu.		3,060 Mill. Bu.
Imports	15 Mill. Bu.		15 Mill. Bu.
Total Supply	3,495 Mill. Bu.		3,290 Mill. Bu.
Crushings	1,648 Mill. Bu.		1,635 Mill. Bu.
Exports	1,500 Mill. Bu.	1,115 Mill. Bu.	1,375 Mill. Bu.
Seed	87 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
Total Use	3,280 Mill. Bu.	3,161 Mill. Bu.	3,139 Mill. Bu.
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

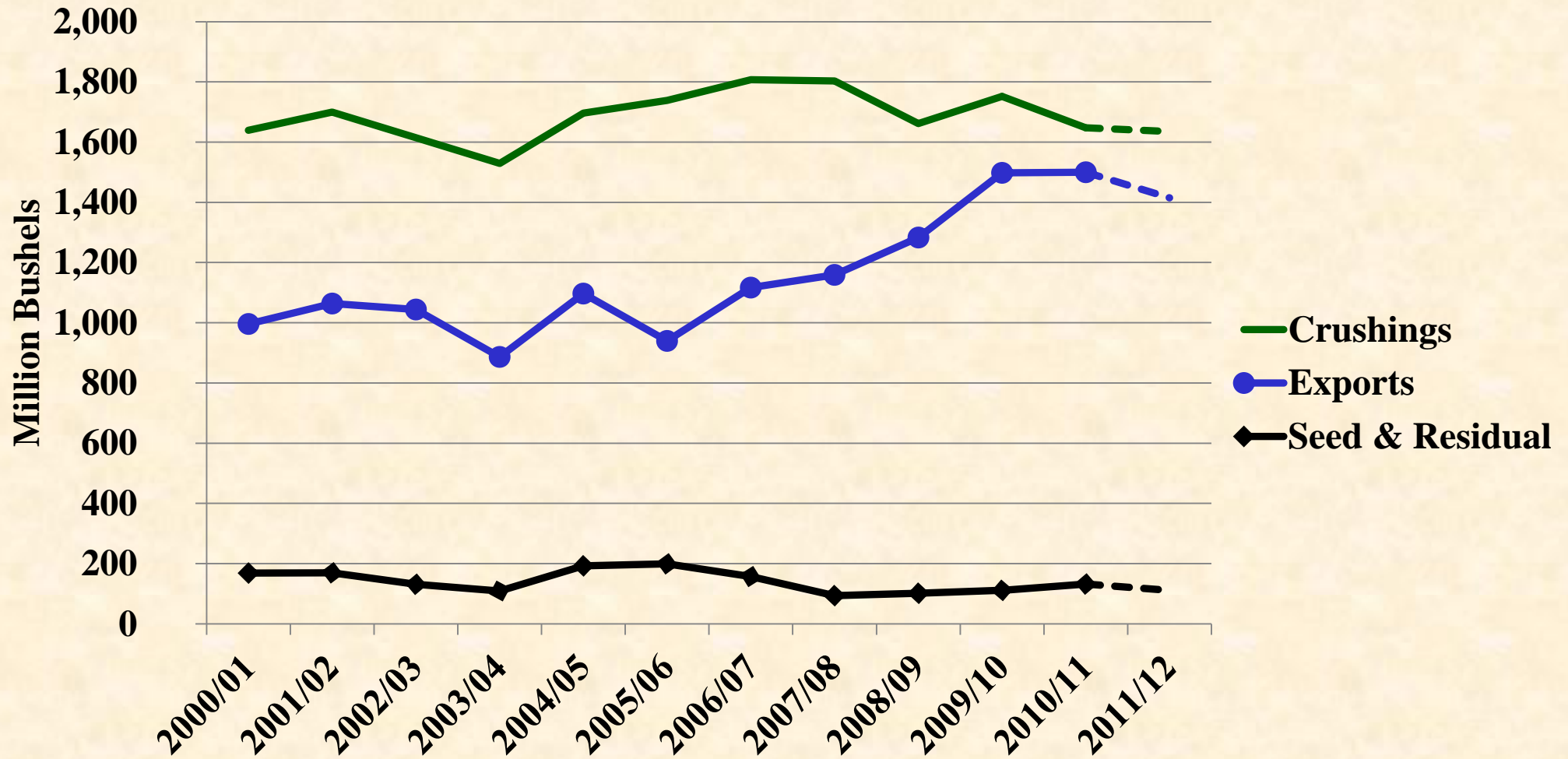
Projected *Ending Stocks* are tightening, and may become tighter.

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Sep)	2011/2021 (Oct)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.7 Mill. A.
Yield/Harvest A.	43.5 bu.		41.5 bu.
Begin Stocks	151 Mill. Bu.		215 Mill. Bu.
Production	3,329 Mill. Bu.		3,250 Mill. Bu.
Imports	15 Mill. Bu.		15 Mill. Bu.
Total Supply	3,495 Mill. Bu.		3,490 Mill. Bu.
Crushings	1,648 Mill. Bu.		1,635 Mill. Bu.
Exports	1,500 Mill. Bu.	1,415 Mill. Bu.	1,375 Mill. Bu.
Seed	87 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
Total Use	3,280 Mill. Bu.	3,161 Mill. Bu.	3,130 Mill. Bu.
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

Projected *Total Use* is decreasing, but is not being rationed as hard as corn.

U.S. Soybean Use



Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)		2011/2021 (Oct)
Planted A.	77.4 Mill. A.		75.0 Mill. A.
Harvested A.	76.6 Mill.		77 Mill. A.
Yield/Harvest A.	43.5 bu.		43.5 bu.
Begin Stocks	151 Mill. Bu.		151 Mill. Bu.
Production	3,329 Mill. Bu.		3,060 Mill. Bu.
Imports	15 Mill. Bu.		15 Mill. Bu.
Total Supply	3,495 Mill. Bu.	3,325 Mill. Bu.	3,298 Mill. Bu.
Crushings	1,648 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,500 Mill. Bu.	1,415 Mill. Bu.	1,375 Mill. Bu.
Seed	87 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
Total Use	3,280 Mill. Bu.	3,161 Mill. Bu.	3,130 Mill. Bu.
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

Projected *Crush* continues to be strong.

SB Meal demand is important for maintaining crush margins

Soybean Supply & Demand Table

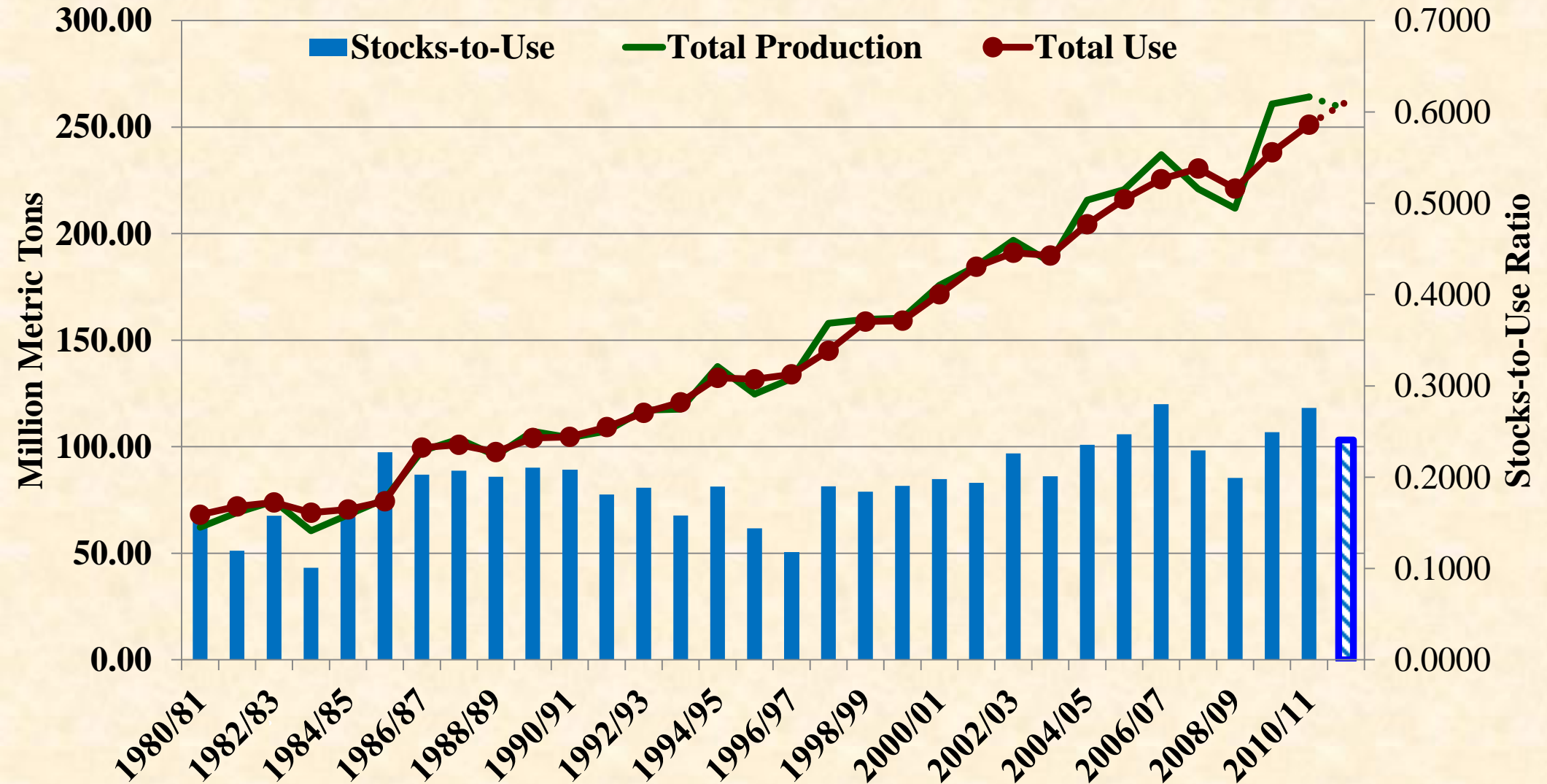
U.S. Soybean	2010/2011 (Est.)	2011/2012 (Oct)	2011 (Oct)
Planted A.	77.4 Mill. A.		
Harvested A.	76.6 Mill. A.		
Yield/Harvest A.	43.5 bu.		
Begin Stocks	151 Mill. Bu.		
Production	3,329 Mill. Bu.		
Imports	15 Mill. Bu.		
Total Supply	3,495 Mill. Bu.	3,325 Mill. Bu.	3,290 Mill. Bu.
Crushings	1,648 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,500 Mill. Bu.	1,415 Mill. Bu.	1,375 Mill. Bu.
Seed	87 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	45 Mill. Bu.	23 Mill. Bu.	23 Mill. Bu.
Total Use	3,280 Mill. Bu.	3,161 Mill. Bu.	3,130 Mill. Bu.
Ending Stocks	215 Mill. Bu.	165 Mill. Bu.	160 Mill. Bu.

Projected *Exports* were
decreased 40 Mill. Bu.

Previous Record was
2010/11 at 1,500 Mill.
Bu.

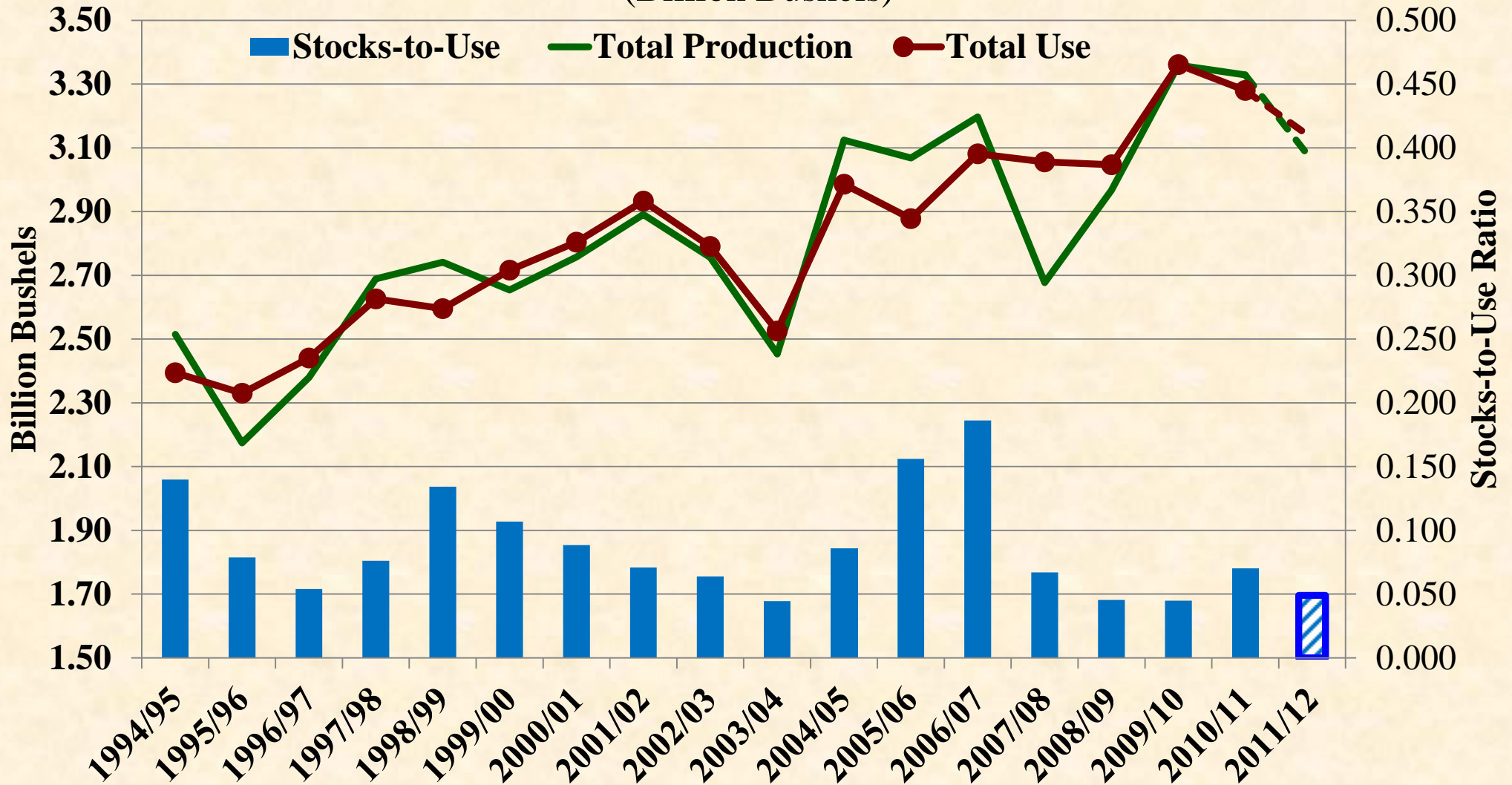
World Soybean Prod, Use & Stocks/Use

(Million Metric Ton)



Soybean – Total Prod. & Use

(Billion Bushels)



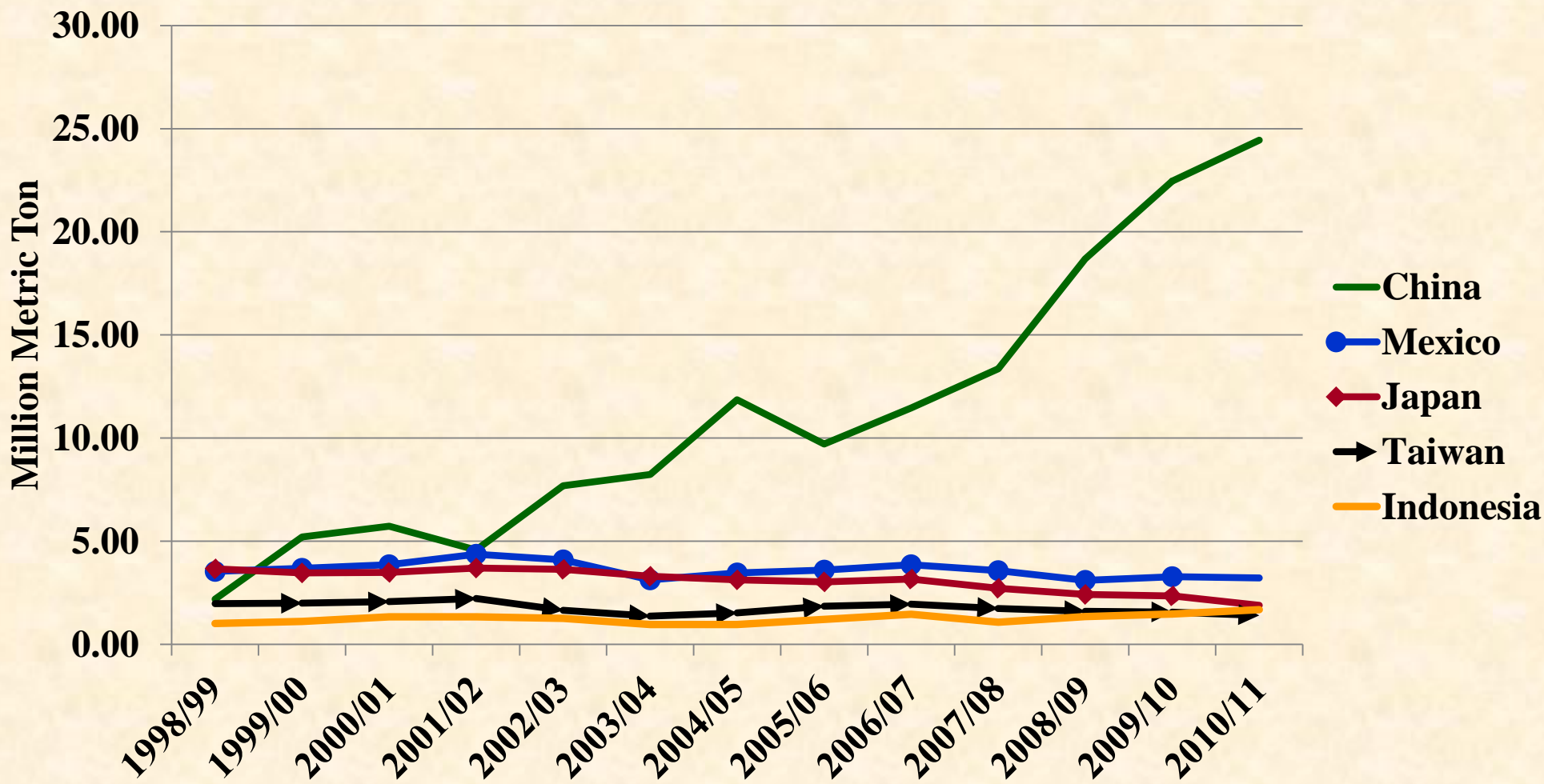
Soybean Update

- Estimated 2011/12 *Ending Stocks* = 0.160 Bill. Bu.
- **Estimated Stocks-to-Use Ratio = 5.1 %**
 - 2010/11 = 6.6 %
 - 2009/10 = 4.5 %
 - 2008/09 = 4.5 %
 - 2007/08 = 3.6 %
 - 10 Year Avg. = 8.3 %

Soybean Market Issues

- Total production and national average yields are current focus of the markets.
- Domestic crush (SB oil and meal) is relatively stable.
 - High corn prices are supporting soybean meal prices
 - Bio-diesel mandate is supporting soybean oil prices
 - EPA will allow Canadian crops to be used to meet renewable energy mandates and receive tax credits (Canola)
- Export sales are critical for continued price strength.
 - Soybeans and Soybean Oil.

Top Five S.B. Export Destinations



Soybean Market Issues

- Brazil has just begun soybean planting season.
 - Argentina will begin planting mid-November.
 - Rumors suggest that soybean acres will be stable to slightly higher, while corn acres may increase.
 - Continued high sugar prices may lead to increased cane sugar acreage.
-
-

Soybean Market Issues

- Top soil moisture conditions are dry in southern Brazil, but sub-soil moisture is good.
 - Top soil moisture conditions are good in central and western Brazil, but sub-soil moisture is poor.
 - Soil moisture conditions are good in southern and eastern Argentina, but dry in western (interior) regions.
-
-

Wheat Update



All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.	45.2 bu.	43.9 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	862 Mill. Bu.
Production	2,207 Mill. Bu.	2,077 Mill. Bu.	2,008 Mill. Bu.
Imports	97 Mill. Bu.	110 Mill. Bu.	120 Mill. Bu.
<i>Total Supply</i>	<i>3,279 Mill. Bu.</i>	<i>3,047 Mill. Bu.</i>	<i>2,990 Mill. Bu.</i>
Food	926 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
<i>Total Use</i>	<i>2,417 Mill. Bu.</i>	<i>2,287 Mill. Bu.</i>	<i>2,153 Mill. Bu.</i>
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.	45.2 bu.	43.9 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	862 Mill. Bu.
Production	2,207 Mill. Bu.	2,077 Mill. Bu.	2,008 Mill. Bu.
Imports	97 Mill. Bu.	110 Mill. Bu.	100 Mill. Bu.
Total Supply	3,279 Mill. Bu.	<p><i>Small Grains</i> Summary reduced planted and harvested acreage (Spring wheat & Durum)</p>	
Food	926 Mill. Bu.		
Seed	71 Mill. Bu.		
Feed & Residual	132 Mill. Bu.		
Exports	1,289 Mill. Bu.		
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.	45.2 bu.	43.9 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	862 Mill. Bu.
Production	2,207 Mill. Bu.	2,077 Mill. Bu.	2,008 Mill. Bu.
Imports	97 Mill. Bu.	110 Mill. Bu.	120 Mill. Bu.
Total Supply	3,279 Mill. Bu.	3,045 Mill. Bu.	3,000 Mill. Bu.
Food	926 Mill. Bu.	926 Mill. Bu.	926 Mill. Bu.
Seed	71 Mill. Bu.	71 Mill. Bu.	71 Mill. Bu.
Feed & Residual	132 Mill. Bu.	132 Mill. Bu.	132 Mill. Bu.
Exports	1,289 Mill. Bu.	1,000 Mill. Bu.	1,000 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

Small Grains
**Summary reduced
 Average Yield to
 43.9 Bu/A
 (Spring wheat &
 Durum)**

Small Grains Summary

Sept. 30, 2011

- **HRSW** production was cut from 474.5 mill. bu. (Sept. Wheat Outlook) to 405.3 mill. bu. (-14.6%).
 - 28.9 % reduction from 2010
- **Durum** production was cut from 57.1 mill. bu. (Sept. Wheat Outlook) to 51.9 mill. bu. (-9.1%).
 - 51.1 % reduction from 2010
- **All Wheat** production was cut from 2,076 mill. bu. (Sep. Wheat Outlook) to 2,008 mill. bu. (-3.2%).
 - 9.0 % reduction from 2010

N.D. Average Wheat Yields

- 2011 N.D. average HRSW yields
 - **31.5** Bu./A. (Small Grains Summary)
 - 44.0 Bu./A. in 2010 and 46.0 Bu./A. in 2009
- 2011 N.D. average Durum yields
 - **26.0** Bu./A. (Small Grains Summary)
 - 37.5 Bu./A. in 2010 and 39.0 Bu./A. in 2009
- USDA will re-survey barley, oats, durum and spring wheat in ND, MT, ID, OR, WA

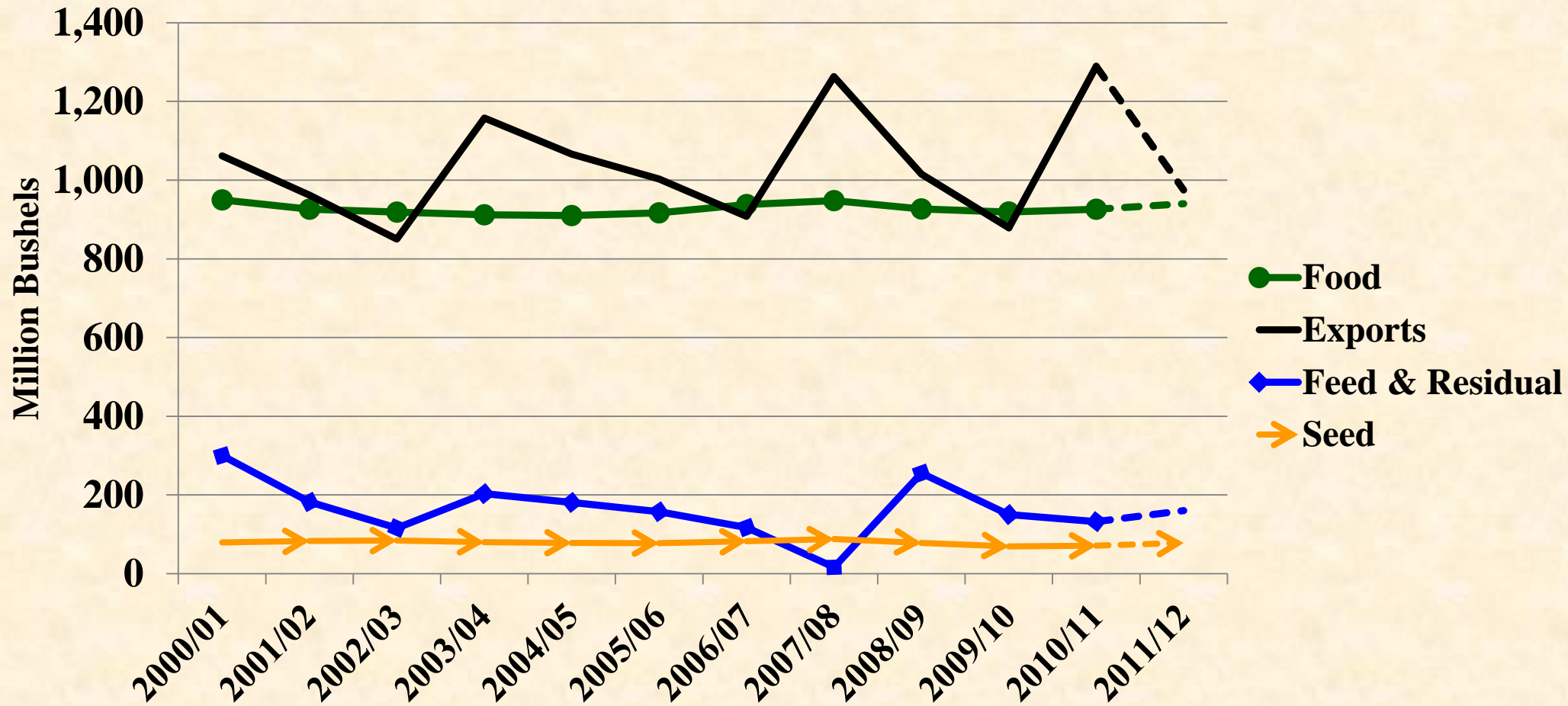
All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.	45.2 bu.	43.9 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	862 Mill. Bu.
Production	2,207 Mill. Bu.	2,077 Mill. Bu.	2,008 Mill. Bu.
Imports	97 Mill. Bu.	110 Mill. Bu.	120 Mill. Bu.
<i>Total Supply</i>	<i>3,279 Mill. Bu.</i>	<i>3,047 Mill. Bu.</i>	<i>2,990 Mill. Bu.</i>
Food	926 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.		78 Mill. Bu.
Feed & Residual	132 Mill. Bu.		60 Mill. Bu.
Exports	1,289 Mill. Bu.		Mill. Bu.
<i>Total Use</i>	<i>2,417 Mill. Bu.</i>		<i>Mill. Bu.</i>
Ending Stocks	862 Mill. Bu.		837 Mill. Bu.

***Total Supply is down
290 Mill. Bu. from
2010/11
(lower yields and
carryover)***

All Wheat Disappearance

(Million Bushels)



USDA – WASDE – Oct. 12, 2011 & USDA Wheat Yearbook -Table 5

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.		54.4 Mill. A.
Harvested A.	47.6 Mill. A.		47.6 Mill. A.
Yield/Harvest A.	46 bu./A.		46 bu./A.
Begin Stocks	976 Mill. Bu.		92 Mill. Bu.
Production	2,207 Mill. Bu.		2,008 Mill. Bu.
Imports	97 Mill. Bu.	110 Mill. Bu.	120 Mill. Bu.
Total Supply	3,279 Mill. Bu.	3,047 Mill. Bu.	2,990 Mill. Bu.
Food	926 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

Food use is relatively stable and slowly growing.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu		43.9 bu.
Begin Stocks	976		Mill. Bu.
Production	2,207		Mill. Bu.
Imports	97		Mill. Bu.
Total Supply	3,279 Mill. Bu.	3,279 Mill. Bu.	2,990 Mill. Bu.
Food	926 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

Feed & Residual use is more variable and increasing, but relatively small.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.8 Mill. A.	47.7 Mill. A.
Yield/Harvest A.	46.3 bu.		
Begin Stocks	976 Mill. Bu.		
Production	2,207 Mill. Bu.		
Imports	97 Mill. Bu.		
Total Supply	3,279 Mill. Bu.	3,047 Mill. Bu.	2,990 Mill. Bu.
Food	926 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

*Feed & Residual use was cut **80 Mill. Bu.** from Sept. estimate due to larger corn stocks (?)*

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.8 Mill. A.	47.7 Mill. A.
Yield/Harvest A.	46.3 bu.		
Begin Stocks	976 Mill. Bu.		
Production	2,207 Mill. Bu.		
Imports	97 Mill. Bu.		
Total Supply	3,279 Mill. Bu.	3,047 Mill. Bu.	2,990 Mill. Bu.
Food	926 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

All of this reduction is from HRWW and SRWW.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.	45.2 bu.	43.9 bu.
Begin Stocks	976 Mill. Bu.	862 Mill. Bu.	862 Mill. Bu.
Production	2,207 Mill. Bu.	2,207 Mill. Bu.	2,207 Mill. Bu.
Imports	97 Mill. Bu.	97 Mill. Bu.	97 Mill. Bu.
Total Supply	3,279 Mill. Bu.	3,279 Mill. Bu.	3,279 Mill. Bu.
Food	926 Mill. Bu.	926 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

Exports are key price driver in wheat markets, and are variable over time.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.	45.2 bu.	43.9 bu.
Begin Stocks	976 Mill. Bu.	976 Mill. Bu.	862 Mill. Bu.
Production	2,207 Mill. Bu.	2,000 Mill. Bu.	2,000 Mill. Bu.
Imports	97 Mill. Bu.	97 Mill. Bu.	97 Mill. Bu.
Total Supply	3,279 Mill. Bu.	3,073 Mill. Bu.	2,990 Mill. Bu.
Food	926 Mill. Bu.	926 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

**314 Mill. Bu. (24.4%)
reduction in Exports
from 2010/11.**

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.		
Begin Stocks	976 Mill. Bu.		
Production	2,207 Mill. Bu.		
Imports	97 Mill. Bu.		
Total Supply	3,279 Mill. Bu.		
Food	926 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	71 Mill. Bu.	82 Mill. Bu.	78 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

50 Mill. Bu. reduction in Exports from Sept. estimates.

-10 Mill. Bu. HRWW

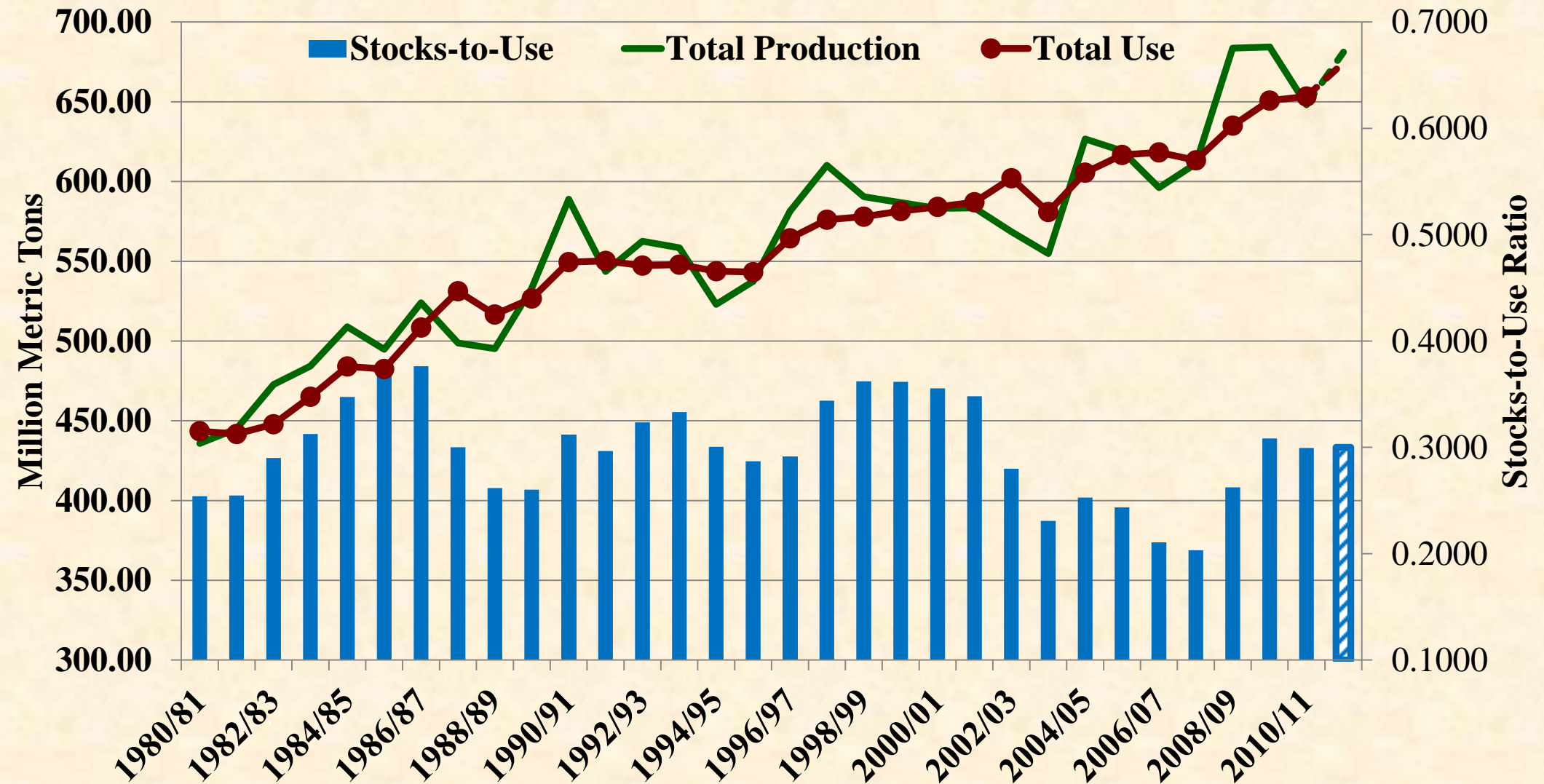
-40 Mill. Bu. HRSW

1,025 Mill. Bu.

975 Mill. Bu.

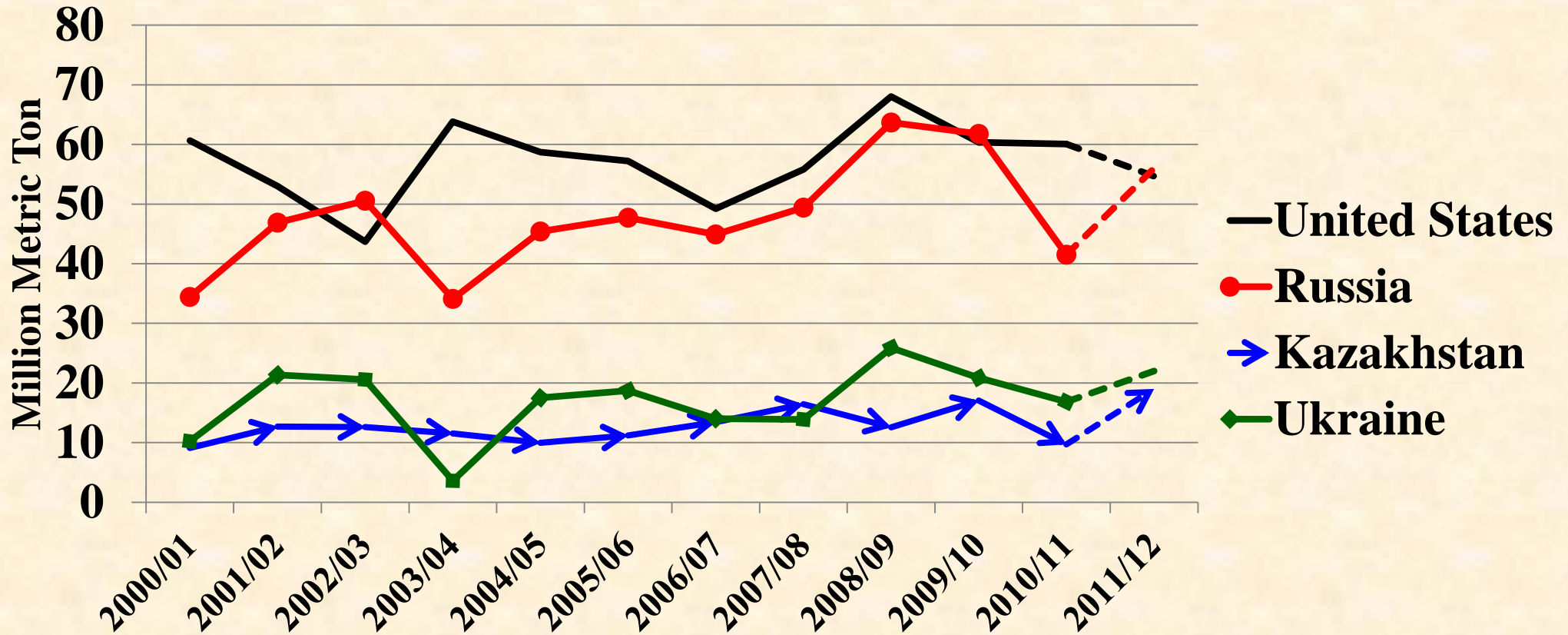
World Wheat Prod, Use & Stocks/Use

(Million Metric Ton)



All Wheat Production

(Million Metric Ton)



USDA – WASDE – Oct. 12, 2011 & USDA PSD Online Custom Query

Which countries are major wheat
importers?

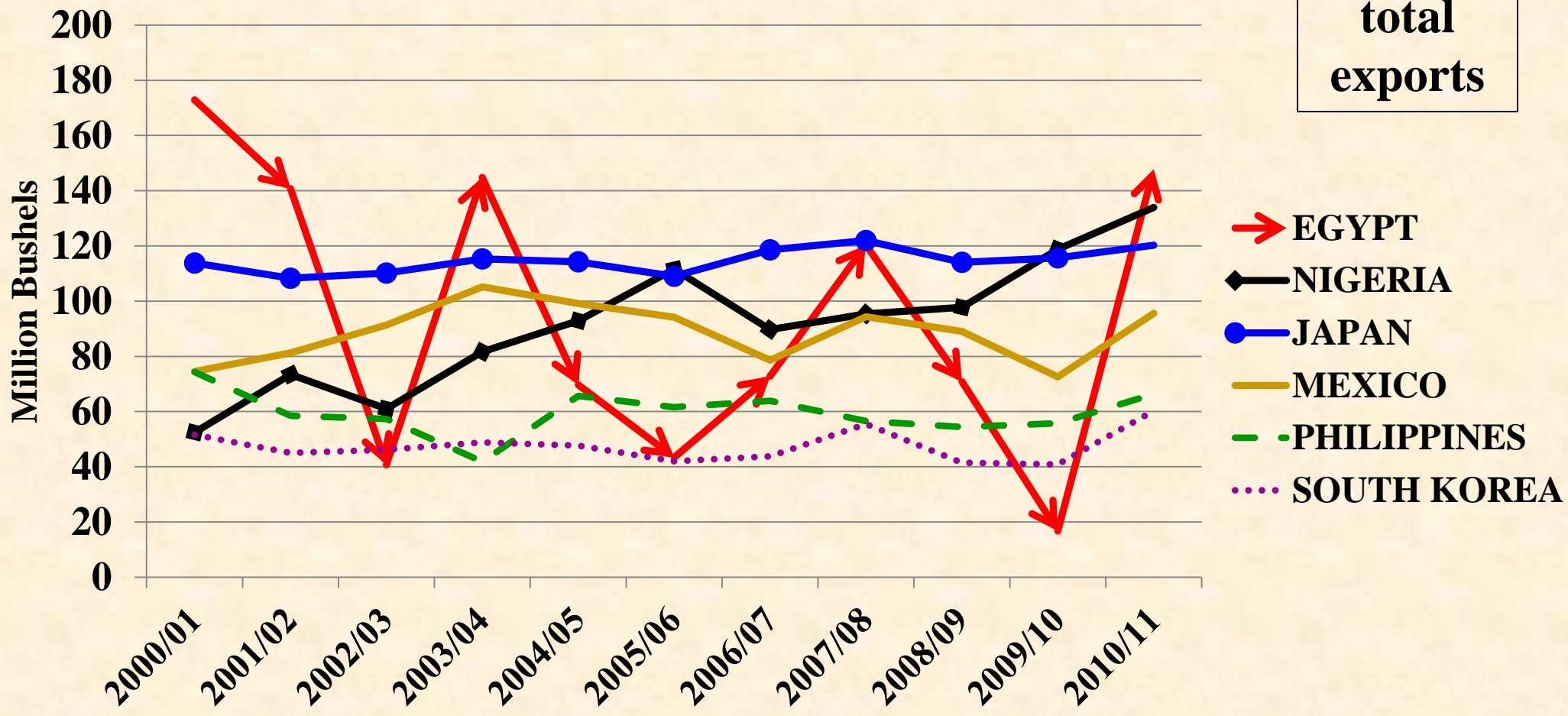
Major Wheat Importing Regions

- **North Africa** (22.3 mmt. 2011/12 forecast)
 - Algeria, Egypt, Libya, Morocco, Tunisia
- **Mideast** (13.6 mmt. 2011/12 forecast)
 - Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, United Arab Emirates, Oman
- **Southeast Asia** (14.9 mmt. 2011/12 forecast)
 - Indonesia, Malaysia, Thailand, Vietnam

Top 6 *All Wheat* Export Destinations

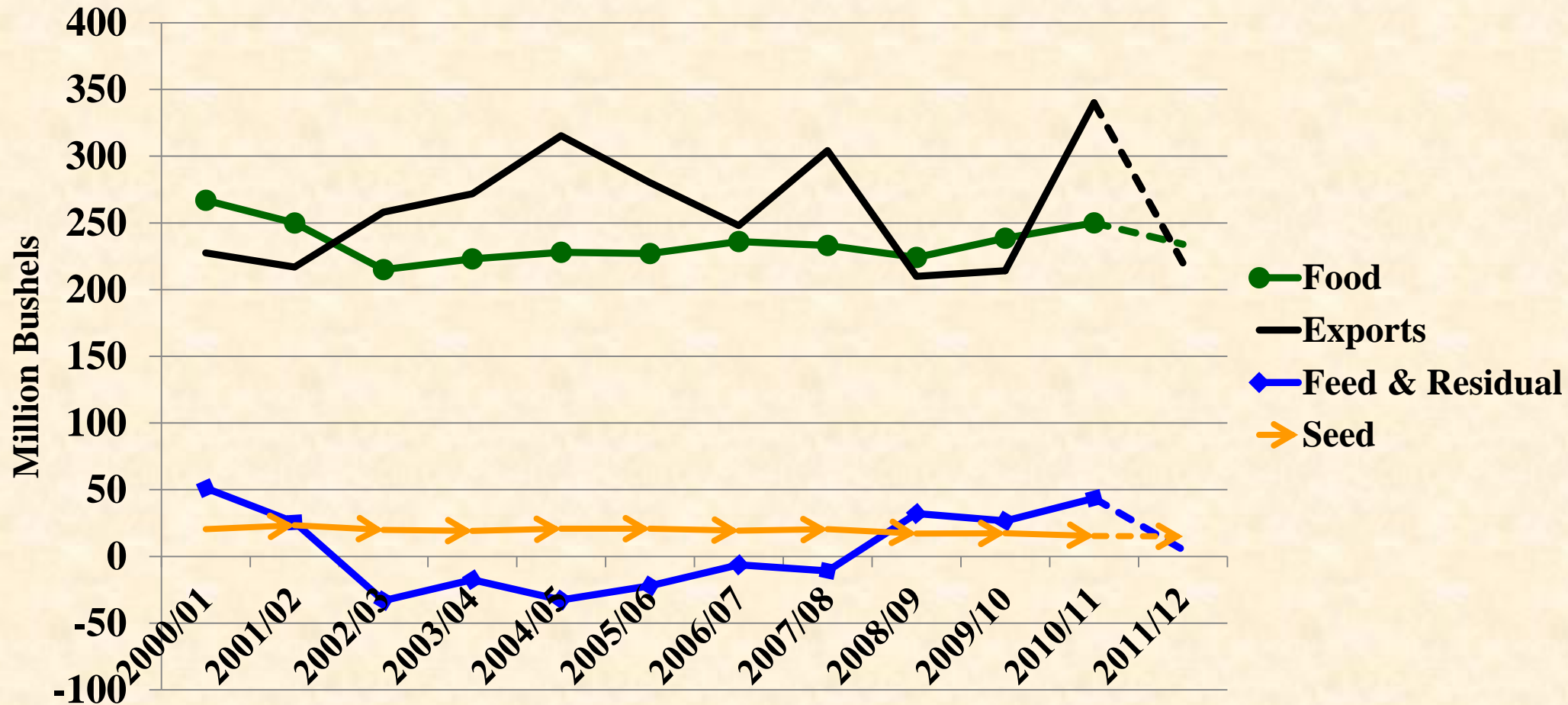
(Million Bushels)

**51% of
total
exports**



HRSW Disappearance

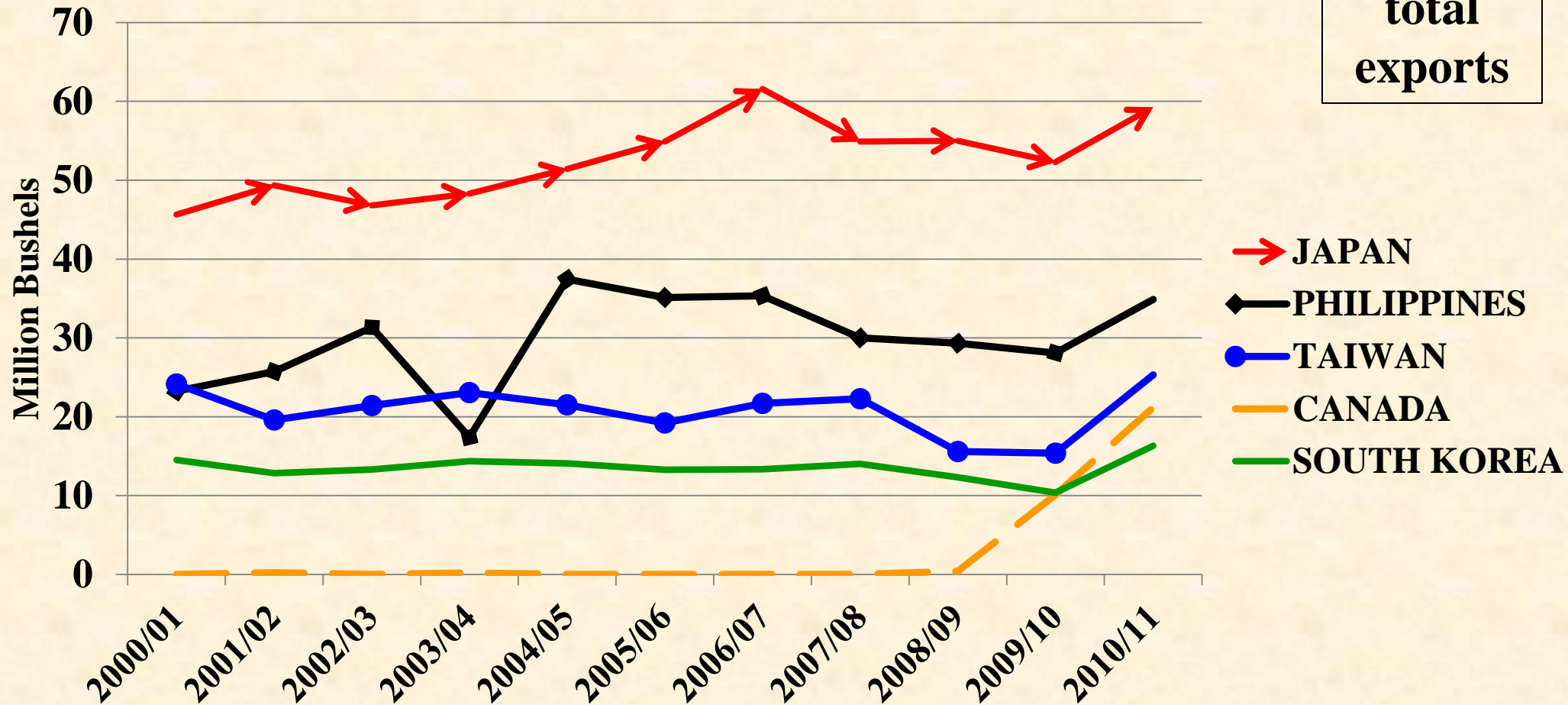
(Million Bushels)



Top 5 *HRSW* Export Destinations

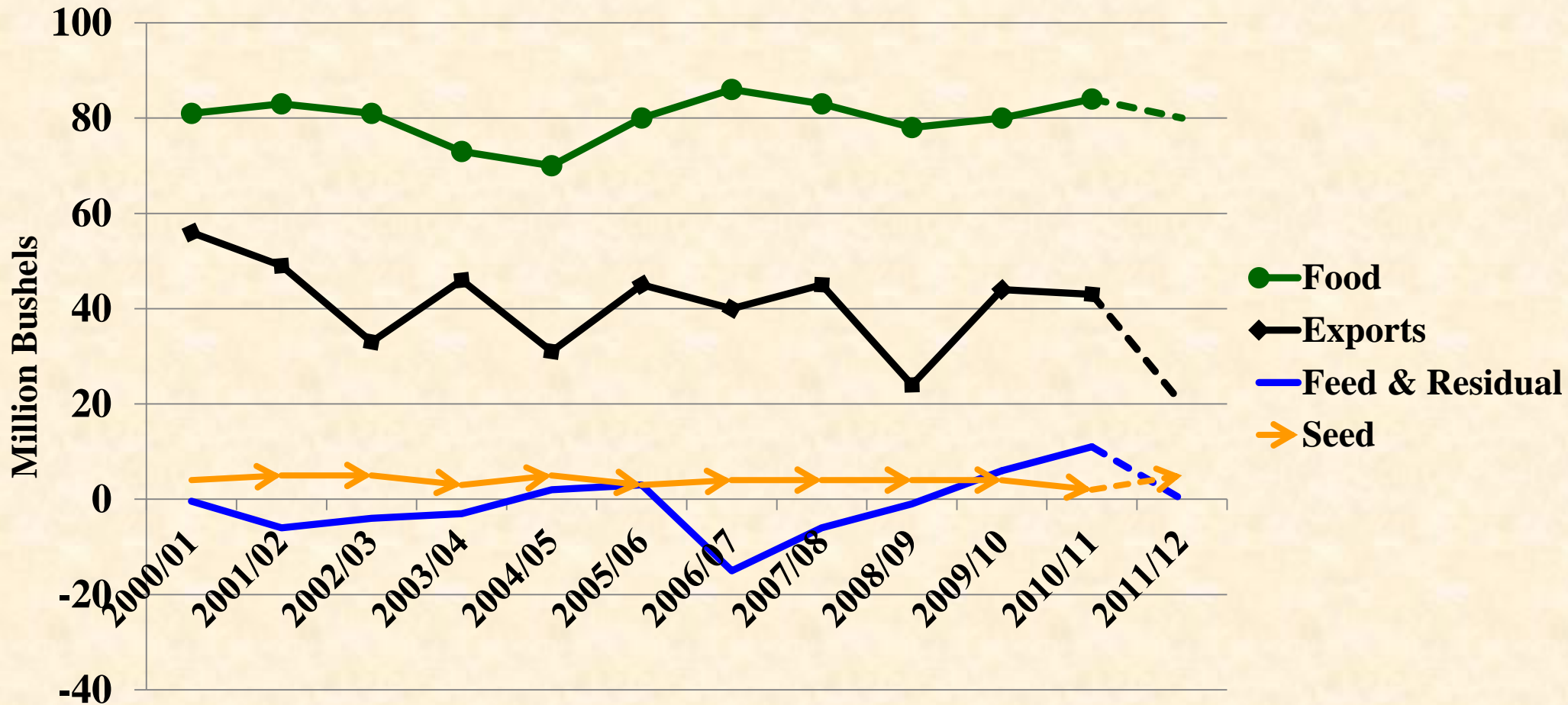
(Million Bushels)

**48% of
total
exports**



Durum Wheat Disappearance

(Million Bushels)

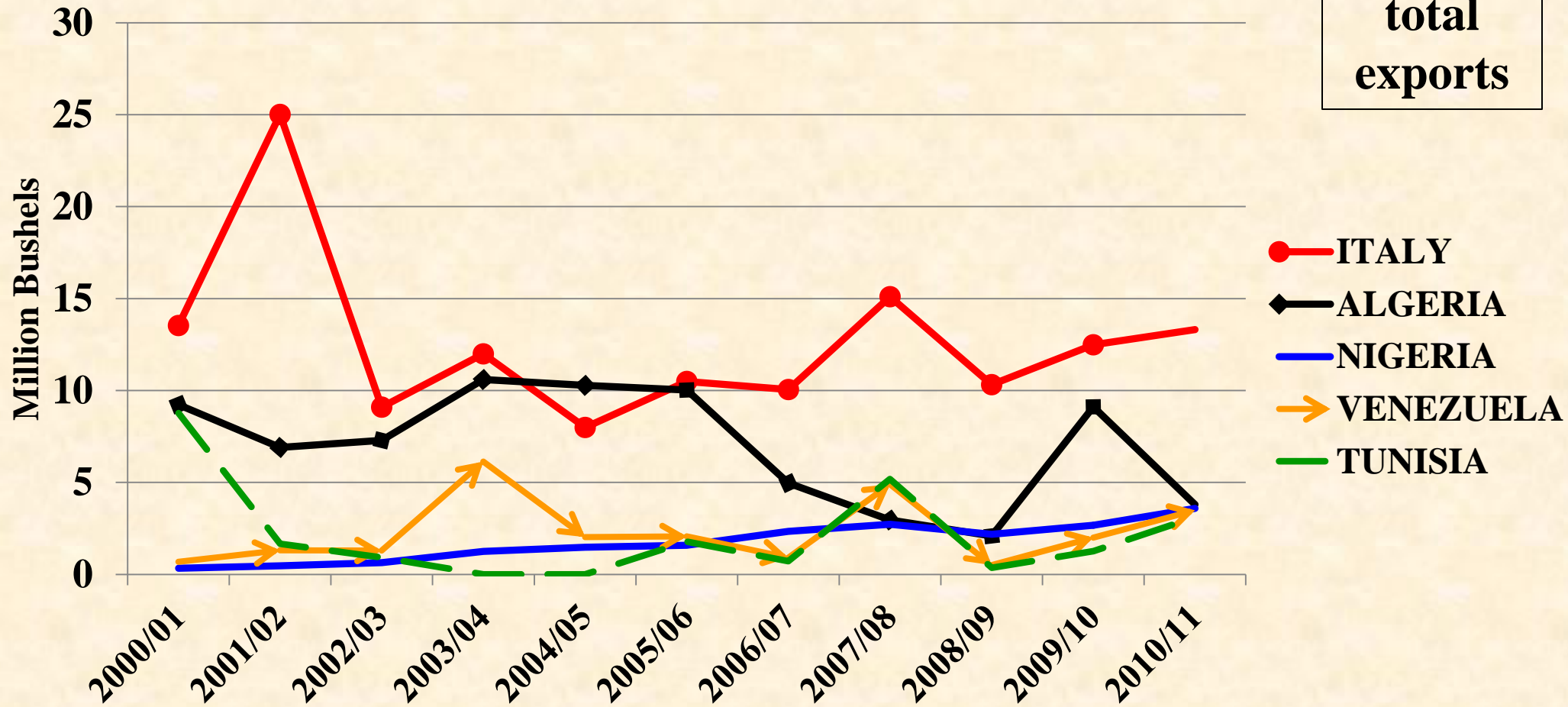


USDA – WASDE – Oct. 12, 2011 & USDA Wheat Yearbook -Table 11

Top 5 *Durum* Wheat Export Destinations

(Million Bushels)

**76% of
total
exports**



All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Sep)	2011/2012(Oct)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	54.4 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.7 Mill. A.
Yield/Harvest A.	46.3 bu.	45.2 bu.	43.9 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	862 Mill. Bu.
Production	2,207 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Imports	0 Mill. Bu.	0 Mill. Bu.	0 Mill. Bu.
Total Supply	3,183 Mill. Bu.	3,148 Mill. Bu.	3,015 Mill. Bu.
Food	900 Mill. Bu.	900 Mill. Bu.	900 Mill. Bu.
Seed	71 Mill. Bu.	71 Mill. Bu.	71 Mill. Bu.
Feed & Residual	132 Mill. Bu.	240 Mill. Bu.	160 Mill. Bu.
Exports	1,289 Mill. Bu.	1,025 Mill. Bu.	975 Mill. Bu.
Total Use	2,417 Mill. Bu.	2,287 Mill. Bu.	2,153 Mill. Bu.
Ending Stocks	862 Mill. Bu.	761 Mill. Bu.	837 Mill. Bu.

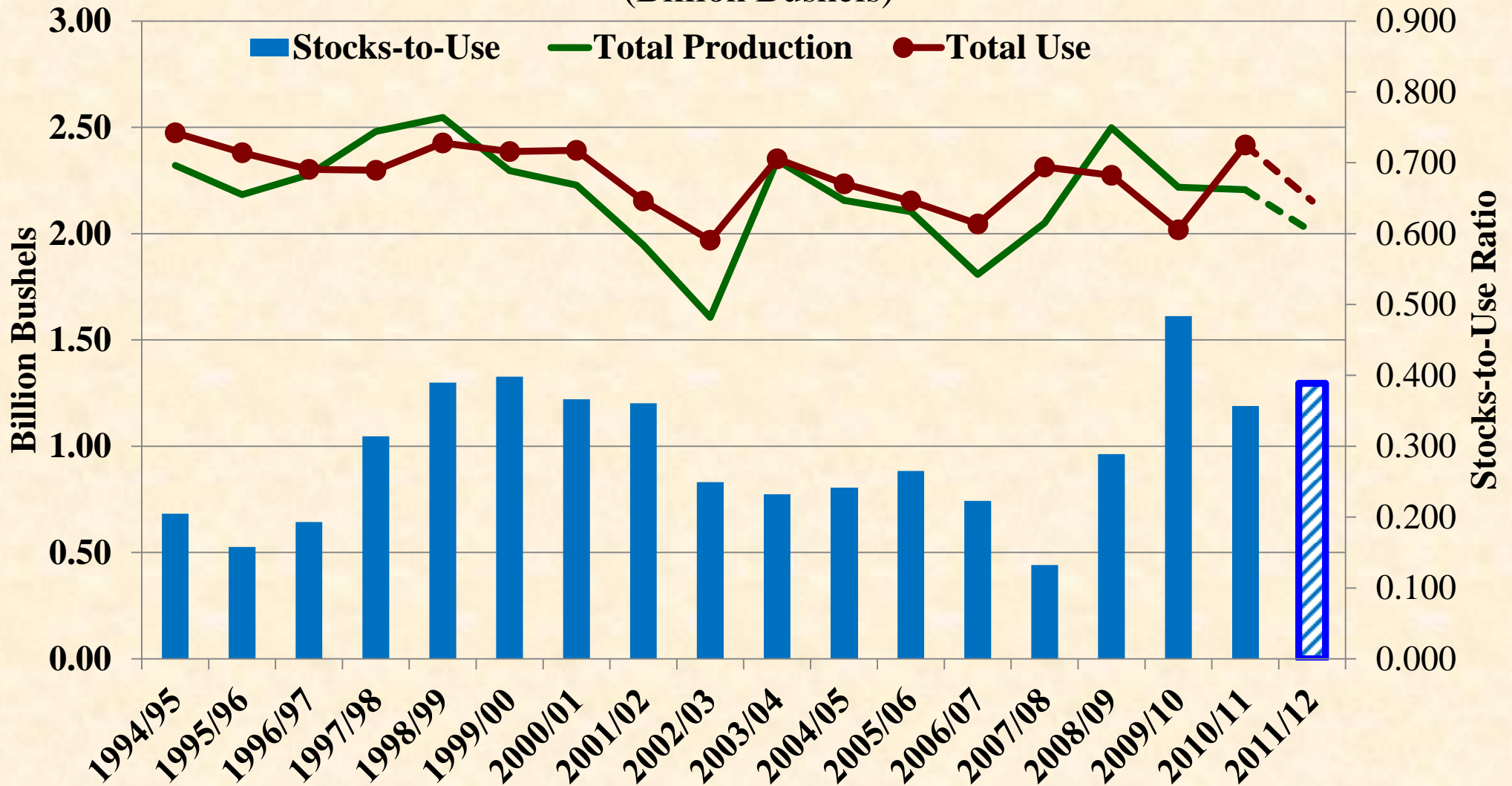
Ending Stocks are more than adequate!

2011/12 Stocks-to-Use \approx 38.9%

10 yr. avg. \approx 28.3%

U.S. All Wheat – Total Prod. & Use

(Billion Bushels)



Historical Stocks-to-Use by Class

Wheat Class	10 Year Avg.	2008/09	2010/11	2011/12
HRWW	28.6 %	14.0 %	37.9 %	34.3 %
HRSW	30.5 %	12.4 %	28.6 %	33.1 %
SRWW	29.4 %	13.1 %	50.2 %	59.5 %
White	25.4 %	15.5 %	30.7 %	37.5 %
Durum	23.7 %	6.3 %	25.2 %	26.7 %
All Wheat	28.3 %	13.2 %	35.6 %	38.9 %

Wheat Market Considerations

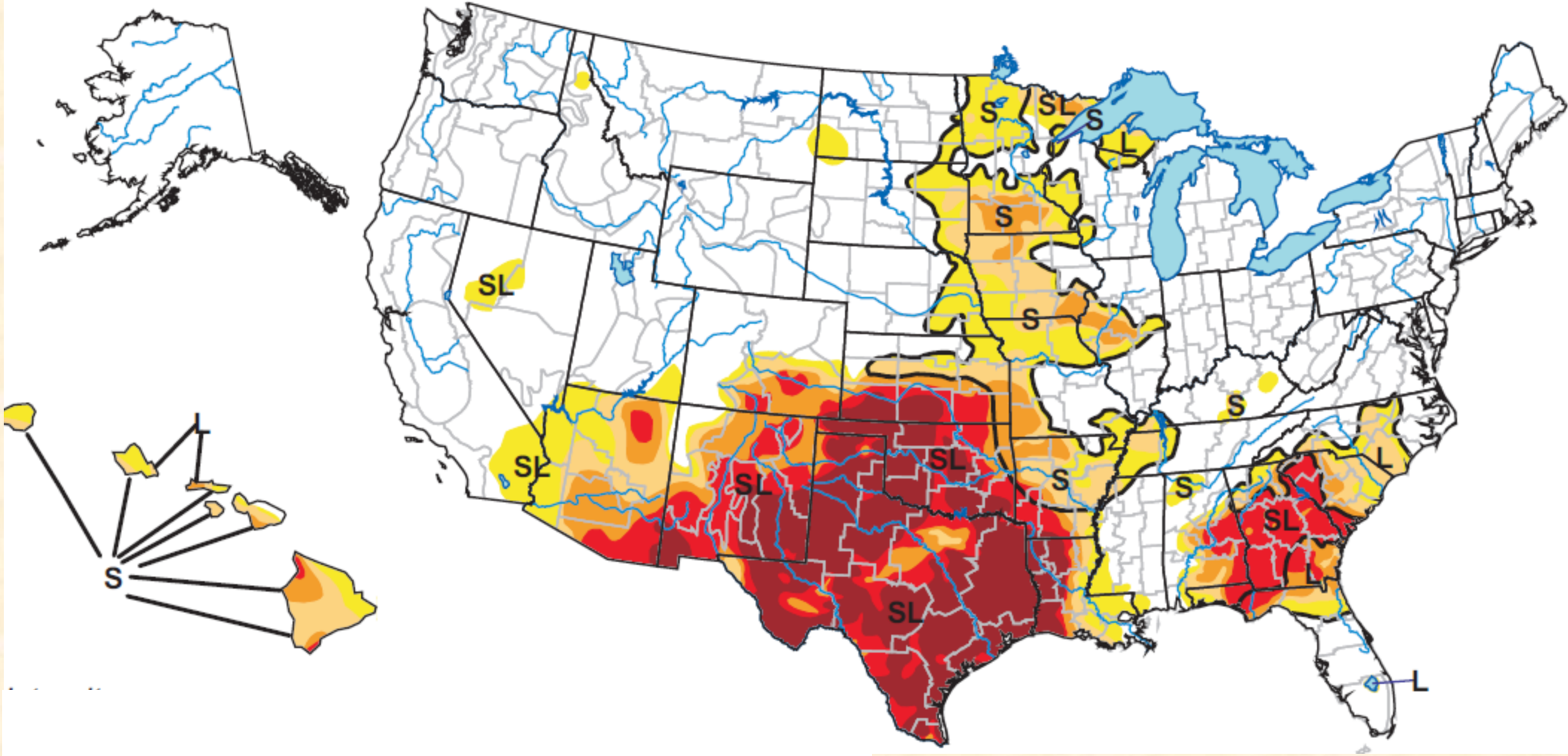
- Wheat prices will be “follower” of corn and soybean prices, unless there is a major production problem in Australia or Argentina.
- Wheat market has had a bi-polar personality:
 - Corn prices and feed demand has put floor under wheat prices.
 - Strong competition from Black Sea region (Russia) will make it difficult for SRWW and HRWW prices to stage significant rallies.

Wheat Market Considerations

- Winter wheat planting and crop conditions are being followed closely.
- Will likely lose 2 – 3 million acres of SRWW due to current wheat/corn price relationships.
- How many acres of hard red winter wheat will be planted in the drought regions? (2011 acres below)
 - Texas = 5.65 mill. a.
 - Oklahoma = 5.20 mill. a.
 - Kansas = 8.80 mill. a.
 - Colorado = 2.35 mill. a.

U.S. Drought Monitor

October 18, 2011
Valid 8 a.m. EDT



Wheat Market Considerations

- Futures market is focused on establishing price, cash market must deal with quality issues.
 - Political unrest in North Africa and Eurasia is a concern for the world wheat market.
 - U.S. and World economic conditions are critical to the world wheat market psychology.
 - Exchange rates (value of U.S. Dollar) are very important for strong U.S. export sales.
-
-

Russian Export Duties?

(10-11-11 press release)

- Russia may impose a floating export tariff on grains (wheat, barley, rye?) if exports exceed 23 – 24 million metric tons.
- Objective is to “control” domestic wheat prices.
- Draft order with details will be prepared by November 1, 2011

Other Important Issues!

- Canadian Wheat Board will likely no longer have central desk selling authority beginning August 2012.
 - CWB performs multiple functions.
 - Transition plan is still unclear, but being worked on.
- What will happen to expiring CRP acres under current federal budget negotiations?

QUESTIONS & COMMENTS?

Frayne Olson

Dept. of Agribusiness & Applied Econ.

NDSU Dept. 7110

P.O. Box 6050

Fargo, ND 58108-6050

701-231-7377

frayne.olson@ndsu.edu

<http://www.ndsu.edu/cropeconomics>