

Crop Marketing Update & Outlook 2011-12

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Today's Topics

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



Grain Stocks Report

Sept. 30, 2011

- Corn was the big surprise.
 - **1,128** mill. bu. as of Sept. 1
 - 964 mill. bu. was average trade estimate
 - 1,050 to 835 mill. bu. was range of trade estimates
- Soybean stocks were below the average trade estimate.
 - **214.7** mill. bu. as of Sept. 1
 - 225 mill. bu. was average trade estimate
 - 240 to 202 mill. bu. was range of trade estimates

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

Small Grains Summary

Sept. 30, 2011

- Barley production was cut from 168.0 mill. bu. (Sep WASDE) to 155.0 mill. bu. (-7.7%).
 - 14 % reduction from 2010
 - Lowest U.S. production (bushels) since 1953
 - Approximately 76% of total barley use is for Food, Seed and Industrial use.

Corn Supply & Demand



Corn Supply & Demand Table

U.S. Corn	2010/2011 (est)	2011/2012 (Aug)	2011/2012 (Sep)
Planted A.	88.2 Mill. A.	92.3 Mill. A.	92.3 Mill. A.
Harvested A.	81.4 Mill. A.	84.9 Mill. A.	84.4 Mill. A.
Yield/Harvest A.	152.8 bu.	153.0 bu.	148.1 bu.
Begin Stocks	1,708 Mill. Bu.	940 Mill. Bu.	920 Mill. Bu.
Production	12,447 Mill. Bu.	12,914 Mill. Bu.	12,497 Mill. Bu.
Imports	30 Mill. Bu.	20 Mill. Bu.	15 Mill. Bu.
<i>Total Supply</i>	<i>14,185 Mill. Bu.</i>	<i>13,874 Mill. Bu.</i>	<i>13,432 Mill. Bu.</i>
Feed & Residual	5,000 Mill. Bu.	4,900 Mill. Bu.	4,700 Mill. Bu.
Food, Seed, Ind.	6,430 Mill. Bu.	6,510 Mill. Bu.	6,410 Mill. Bu.
Ethanol	5,020 Mill. Bu.	5,100 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,750 Mill. Bu.	1,650 Mill. Bu.
<i>Total Use</i>	<i>13,265 Mill. Bu.</i>	<i>13,160 Mill. Bu.</i>	<i>12,760 Mill. Bu.</i>
Ending Stocks	920 Mill. Bu.	714 Mill. Bu.	672 Mill. Bu.

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Yield (bu./A.)	153.0 bu.	153.0 bu.	148.1 bu.
Ending Stocks	940 Mill. Bu.	940 Mill. Bu.	920 Mill. Bu.
Production	12,914 Mill. Bu.	12,914 Mill. Bu.	12,497 Mill. Bu.
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**Sep. Grain Stocks were
1,128 Mill. Bu.
(208 Mill. Bu. Increase)**

**Oct. WASDE will reflect
this change.**

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4.9 Bu/A reduction in National Average Yield in Sep. WASDE.

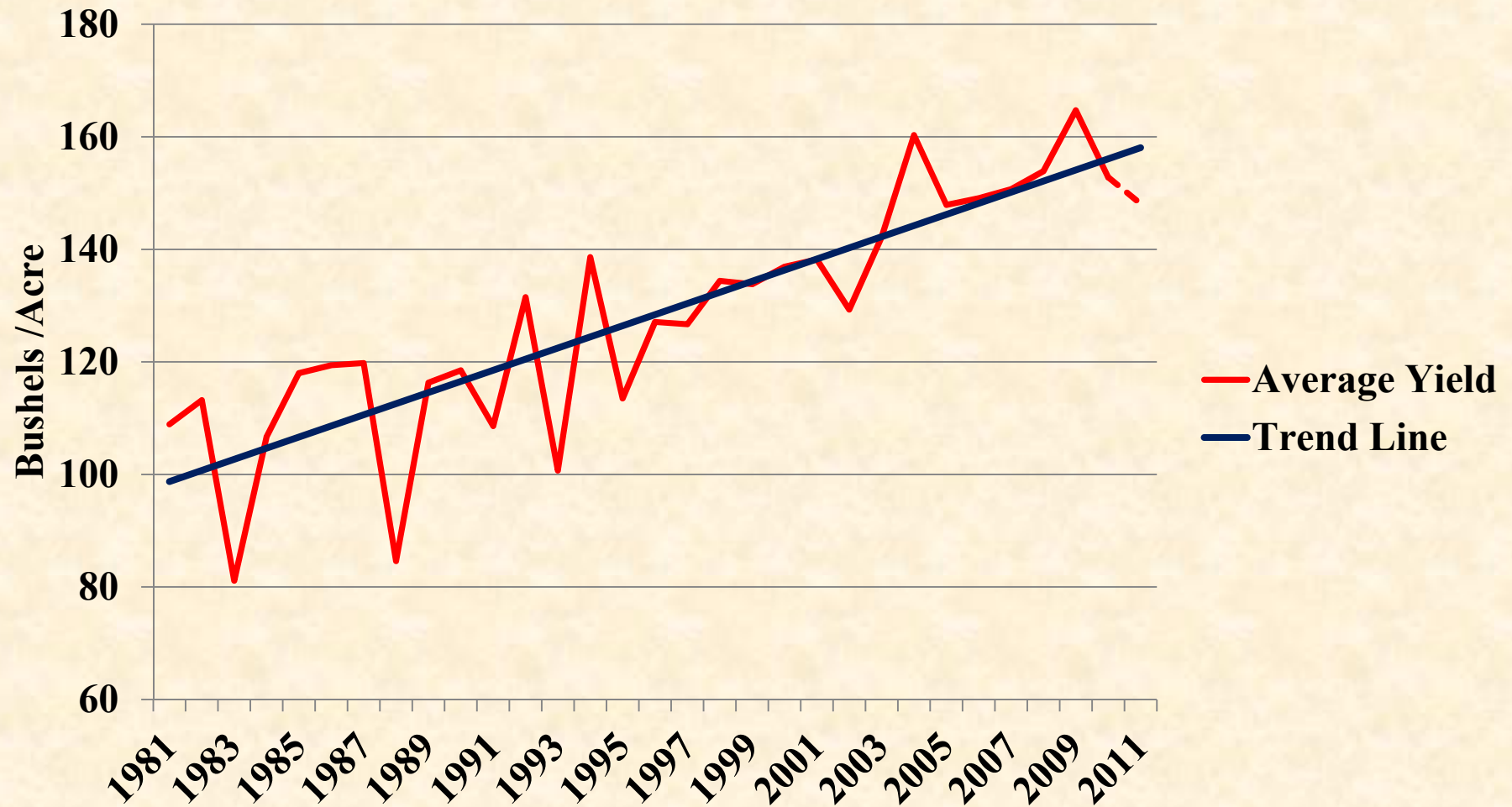
Are more reductions coming?

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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?



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Food	13,874 Mill. Bu.	13,874 Mill. Bu.	13,432 Mill. Bu.
Industrial	4,900 Mill. Bu.	4,900 Mill. Bu.	4,700 Mill. Bu.
Exports	6,510 Mill. Bu.	6,510 Mill. Bu.	6,410 Mill. Bu.
Other	5,100 Mill. Bu.	5,100 Mill. Bu.	5,000 Mill. Bu.
Exports	1,835 Mill. Bu.	1,750 Mill. Bu.	1,650 Mill. Bu.
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Total Use is GREATER than expected Production

This means that Ending Stocks are dropping

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2010/11 Stocks-to-Use = 6.9 %

2011/12 Stocks-to-Use ≈ 5.3 %

Historic low Stocks-to-Use = 5.0% in 1995/96

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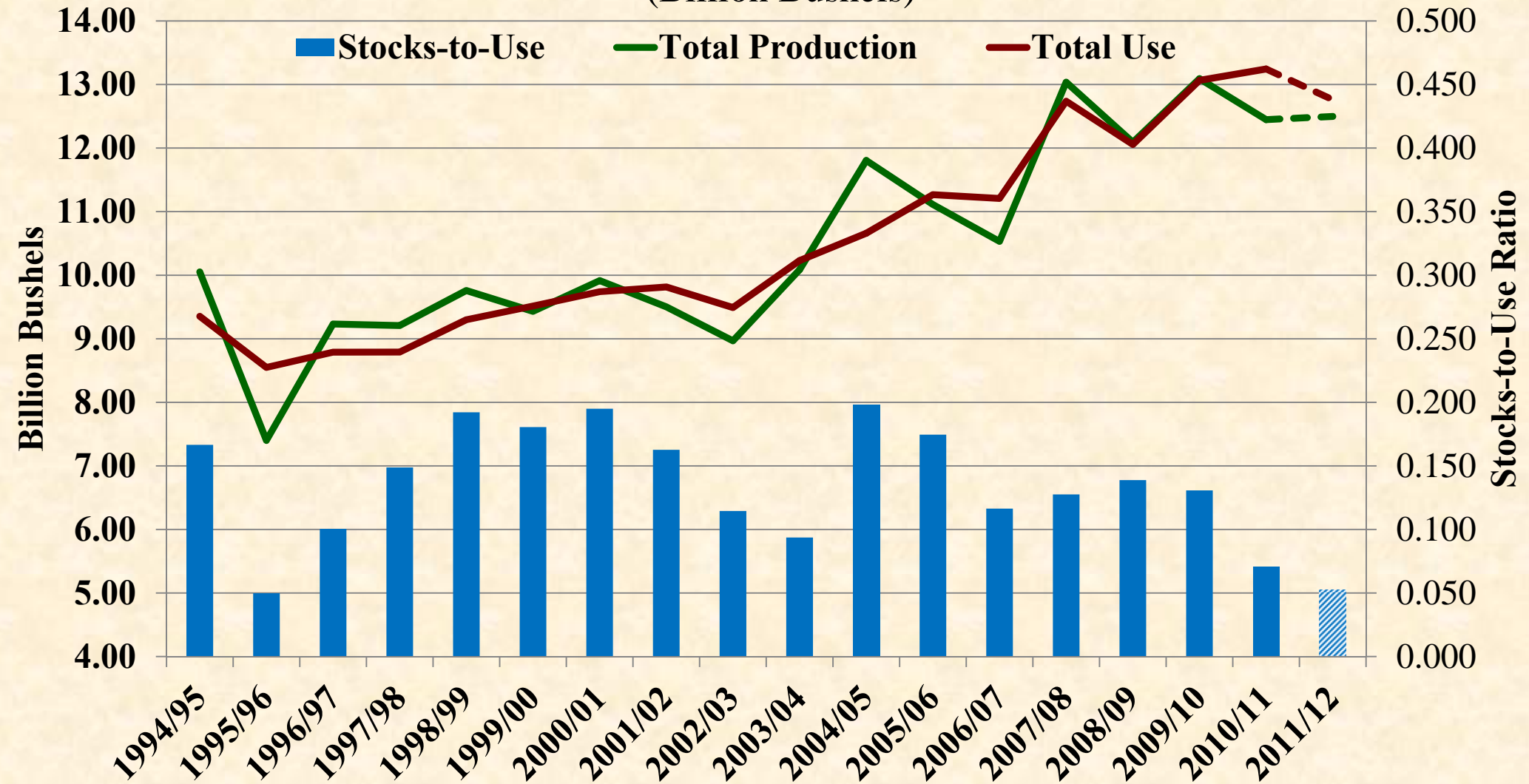
2010/11 Stocks-to-Use = 8.5 %

2011/12 Stocks-to-Use ≈ 6.9 %

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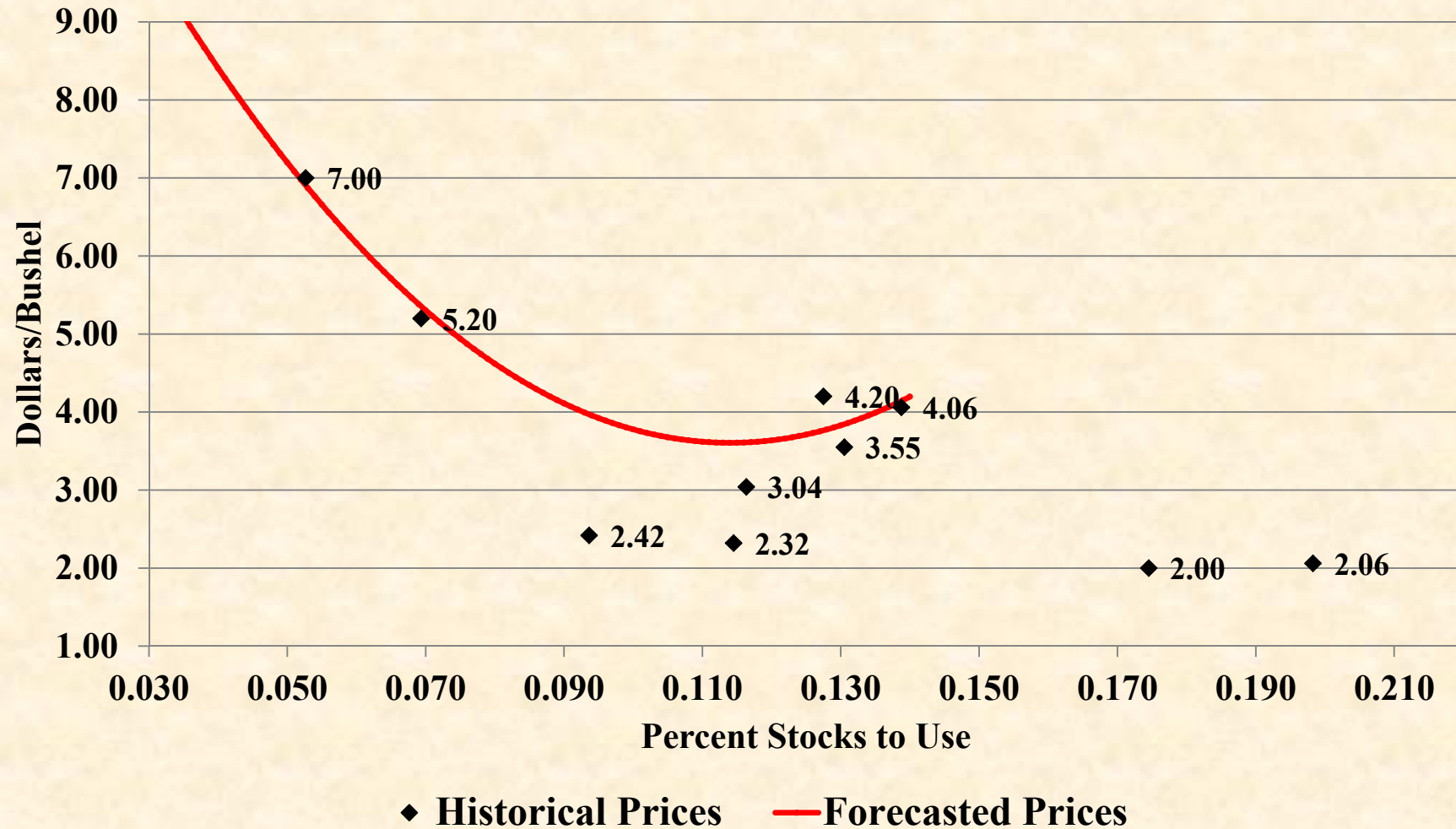
Corn – Total Production & Use

(Billion Bushels)



Price vs. Stocks/Use Ratio

2002/03 to 2011/12



Corn Supply & Demand Table

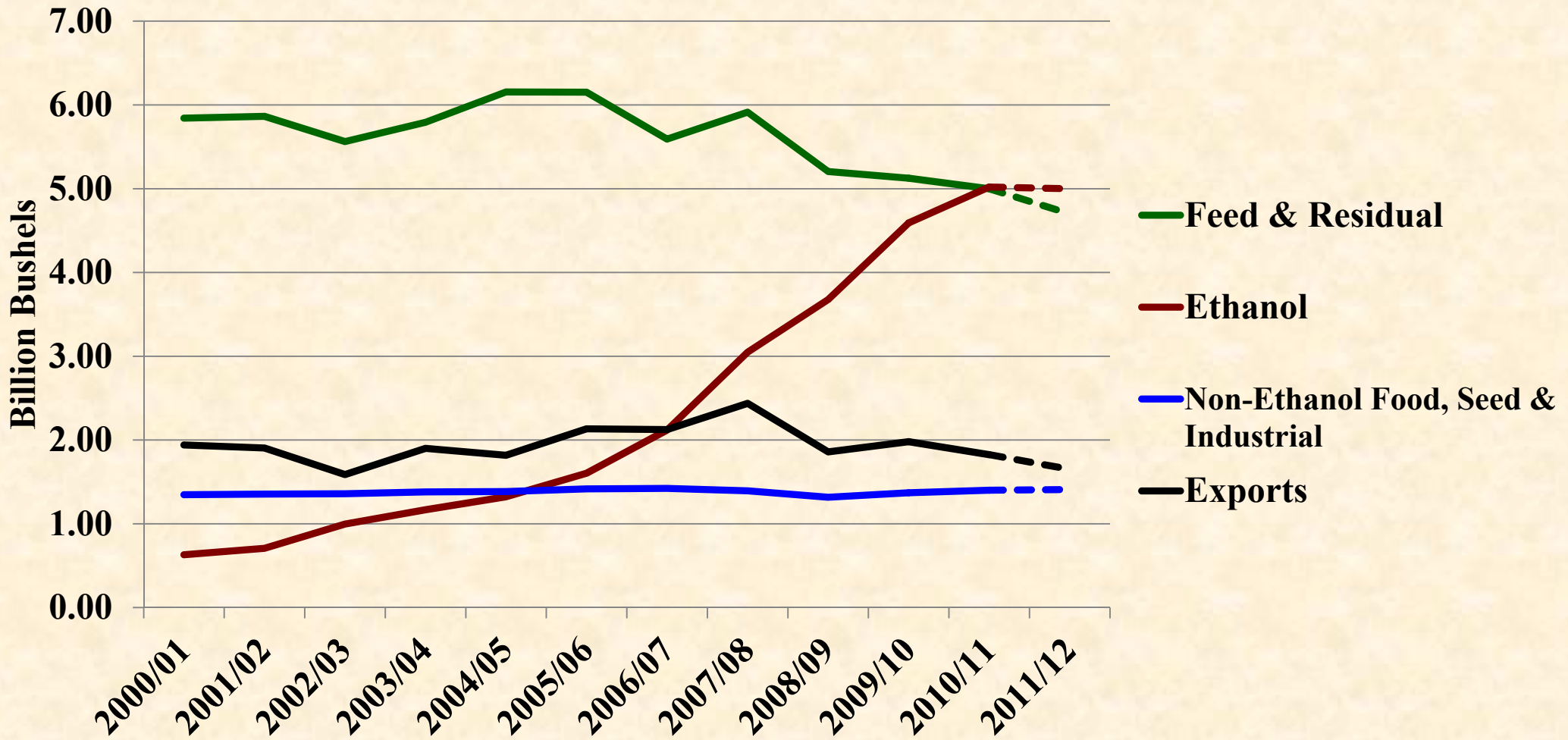
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Feed		4,900 Mill. Bu.	4,700 Mill. Bu.
Food		6,510 Mill. Bu.	6,410 Mill. Bu.
Industrial		5,100 Mill. Bu.	5,000 Mill. Bu.
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How will USDA adjust usage in the Oct. WASDE?

Will Feed & Residual and Exports increase?

Corn - Total Use

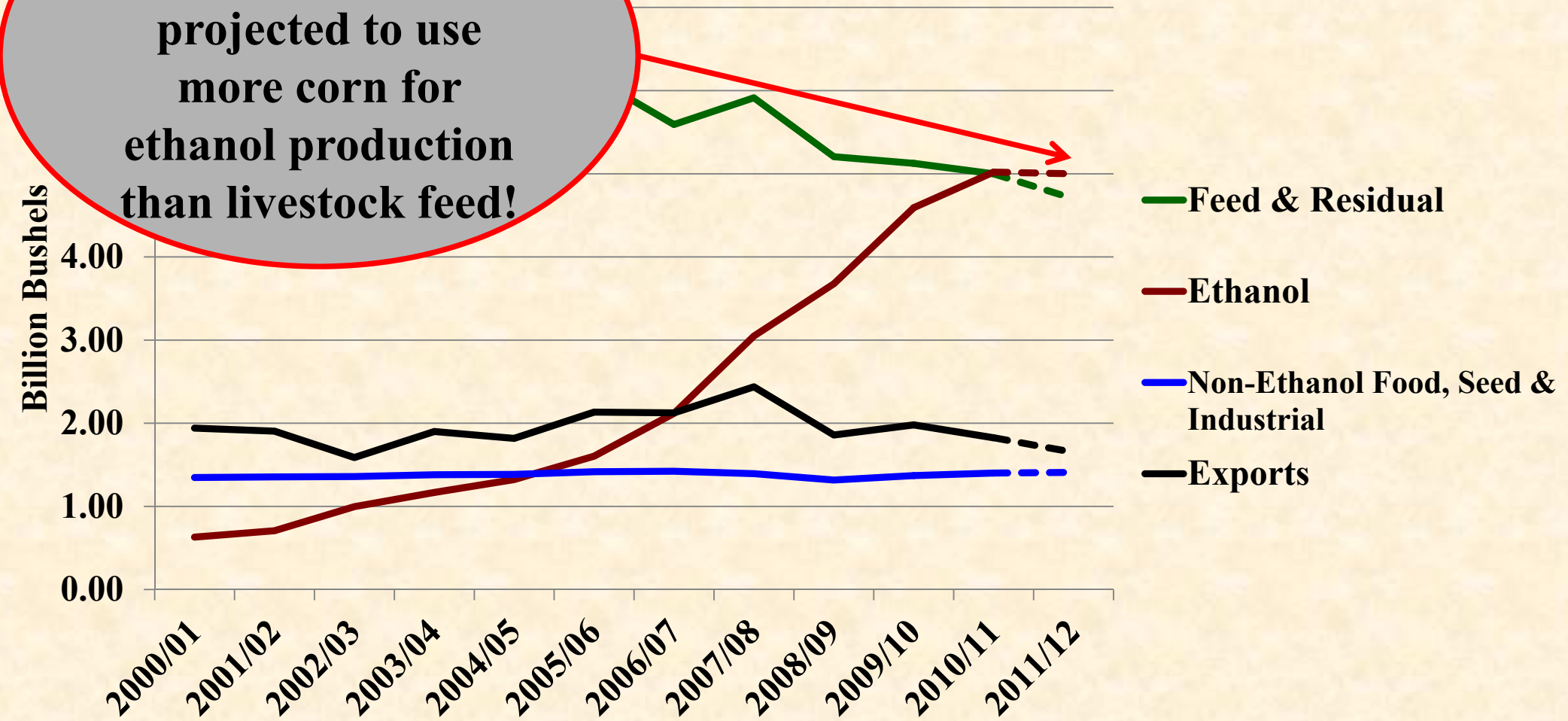
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Corn - Total Use

(Billion Bushels)

For the first time in history, we are projected to use more corn for ethanol production than livestock feed!



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Feed and Residual use was cut 200 Mill. Bu. from August to September.

Adjustments in *Feed & Residual*

- Livestock producers are looking for alternative feeds!
- 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:
10/02/11

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**Ethanol use was cut
100 Mill. Bu.**

**High gas prices and
ethanol exports have
supported prices.**

5,100 Mill. Bu.

5,000 Mill. Bu.

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

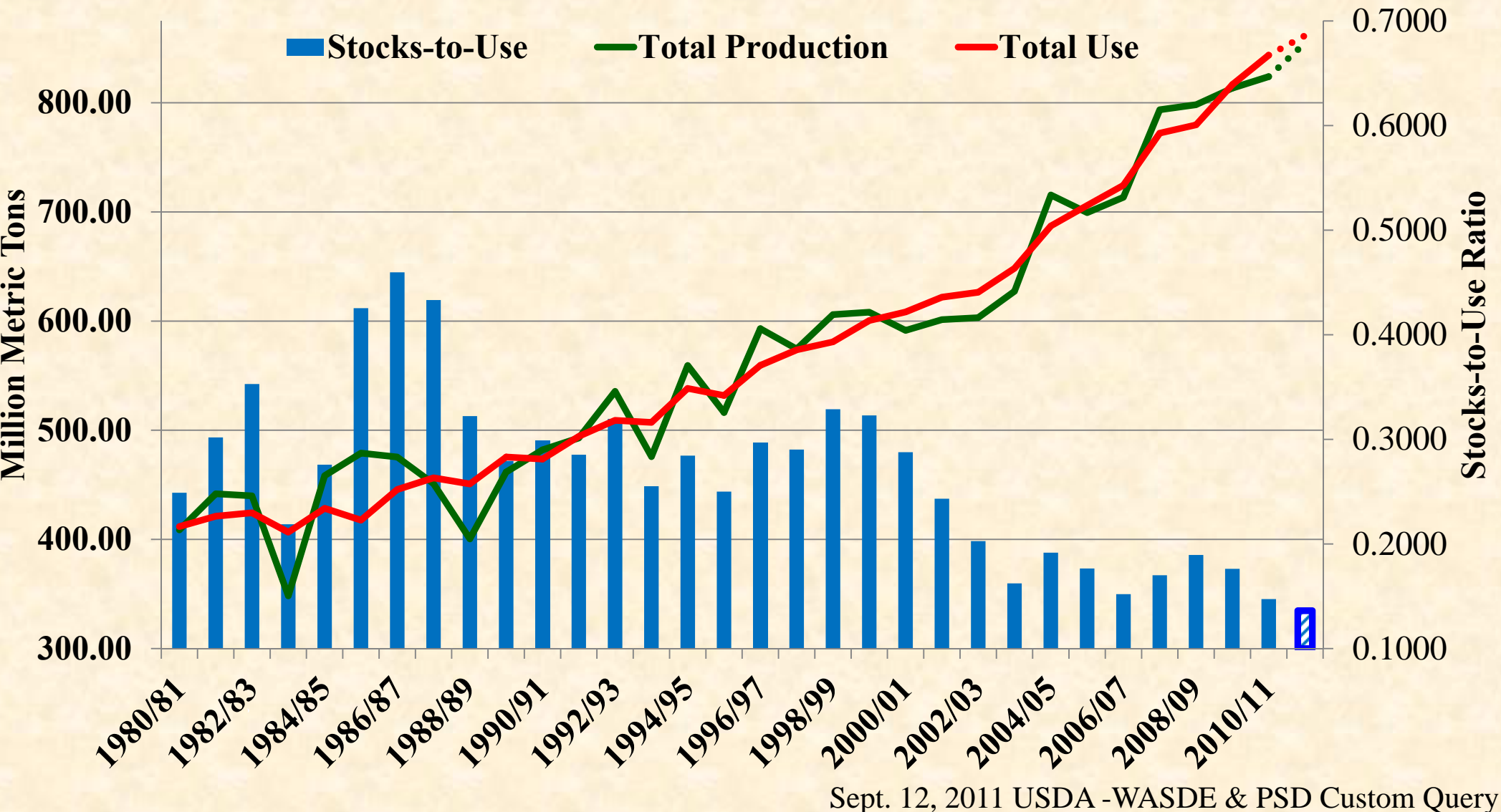
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Exports play a key role in corn prices, even though feed and ethanol use account for more total bushels.

World Corn Prod, Use & Stocks/Use

(Million Metric Ton)



Sept. 12, 2011 USDA -WASDE & PSD Custom Query

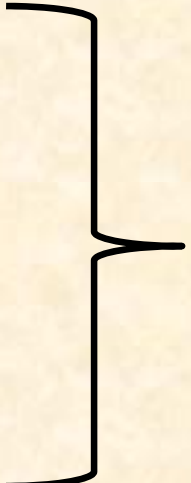
Major Corn Exporters

2011/12 Estimates

- United States = 41.91 mmt.
- Argentina = 19.50 mmt.
- Ukraine = 10.00 mmt.
- Brazil = 8.5 mmt.
- South Africa = 2.0 mmt.

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- **United States = 41.91 mmt.**
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- 
- 40.0 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.

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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

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**672 Mill. Bu. is equal
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880 Mill. Bu. is equal to 10.4 Bu/A

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It will be VERY difficult to get below 5% Stocks-to-Use

2011 Corn Market Issues

- Yields (production) will continue to be major focus until harvest (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 (Aug)	2011/2021 (Sep)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.8 Mill. A.
Yield/Harvest A.	43.5 bu.	41.4 bu.	41.8 bu.
Begin Stocks	151 Mill. Bu.	230 Mill. Bu.	225 Mill. Bu.
Production	3,329 Mill. Bu.	3,056 Mill. Bu.	3,085 Mill. Bu.
Imports	15 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
<i>Total Supply</i>	<i>3,495 Mill. Bu.</i>	<i>3,301 Mill. Bu.</i>	<i>3,325 Mill. Bu.</i>
Crushings	1,650 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,495 Mill. Bu.	1,400 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
<i>Total Use</i>	<i>3,270 Mill. Bu.</i>	<i>3,146 Mill. Bu.</i>	<i>3,161 Mill. Bu.</i>
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 Mill. Bu.

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Aug)	2011/2021 (Sep)
Planted A.	75.0 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvest	73.8 Mill. A.	73.8 Mill. A.	73.8 Mill. A.
Yield	41.4 bu.	41.4 bu.	41.8 bu.
Ending Stocks	230 Mill. Bu.	225 Mill. Bu.	225 Mill. Bu.
Production	3,056 Mill. Bu.	3,056 Mill. Bu.	3,085 Mill. Bu.
Imports	15 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	3,495 Mill. Bu.	3,301 Mill. Bu.	3,325 Mill. Bu.
Crushings	1,650 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,495 Mill. Bu.	1,400 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
Total Use	3,270 Mill. Bu.	3,146 Mill. Bu.	3,161 Mill. Bu.
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 Mill. Bu.

Sep. Grain Stocks were
215 Mill. Bu.
(10 Mill. Bu. Decrease)

Oct. WASDE will reflect
this change.

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Aug)	2011/2021 (Sep)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.8 Mill. A.
Yield/Harvest A.		41.4 bu.	41.8 bu.
Begin Stocks		230 Mill. Bu.	225 Mill. Bu.
Production		3,056 Mill. Bu.	3,085 Mill. Bu.
Imports		15 Mill. Bu.	15 Mill. Bu.
Total Supply		3,301 Mill. Bu.	3,325 Mill. Bu.
Crushings		1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,475 Mill. Bu.	1,400 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
Total Use	3,270 Mill. Bu.	3,146 Mill. Bu.	3,161 Mill. Bu.
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 Mill. Bu.

**Private estimates were
40.0 – 41.8 Bu/A
Average was 41.0 Bu/A**

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Aug)	2011/2021 (Sep)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.8 Mill. A.
Yield/Harvest A.		41.4 bu.	41.8 bu.
Begin Stocks		230 Mill. Bu.	225 Mill. Bu.
Production		56 Mill. Bu.	3,085 Mill. Bu.
Imports		5 Mill. Bu.	15 Mill. Bu.
Total Supply		3,301 Mill. Bu.	3,325 Mill. Bu.
Crushings		1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,475 Mill. Bu.	1,400 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
Total Use	3,270 Mill. Bu.	3,146 Mill. Bu.	3,161 Mill. Bu.
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 Mill. Bu.

Private estimates were 2.924 – 3.085 Bill. Bu.

Average was 3.025 Bill. Bu.

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Aug)	2011/2021 (Sep)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.8 Mill. A.
Yield/Harvest A.	43.5 bu.	41.4 bu.	41.8 bu.
Begin Stocks	151 Mill. Bu.		225 Mill. Bu.
Production	3,329 Mill. Bu.		3,085 Mill. Bu.
Imports	15 Mill. Bu.		15 Mill. Bu.
Total Supply	3,495 Mill. Bu.		3,325 Mill. Bu.
Crushings	1,650 Mill. Bu.		1,635 Mill. Bu.
Exports	1,495 Mill. Bu.	1,100 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
Total Use	3,270 Mill. Bu.	3,146 Mill. Bu.	3,161 Mill. Bu.
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 Mill. Bu.

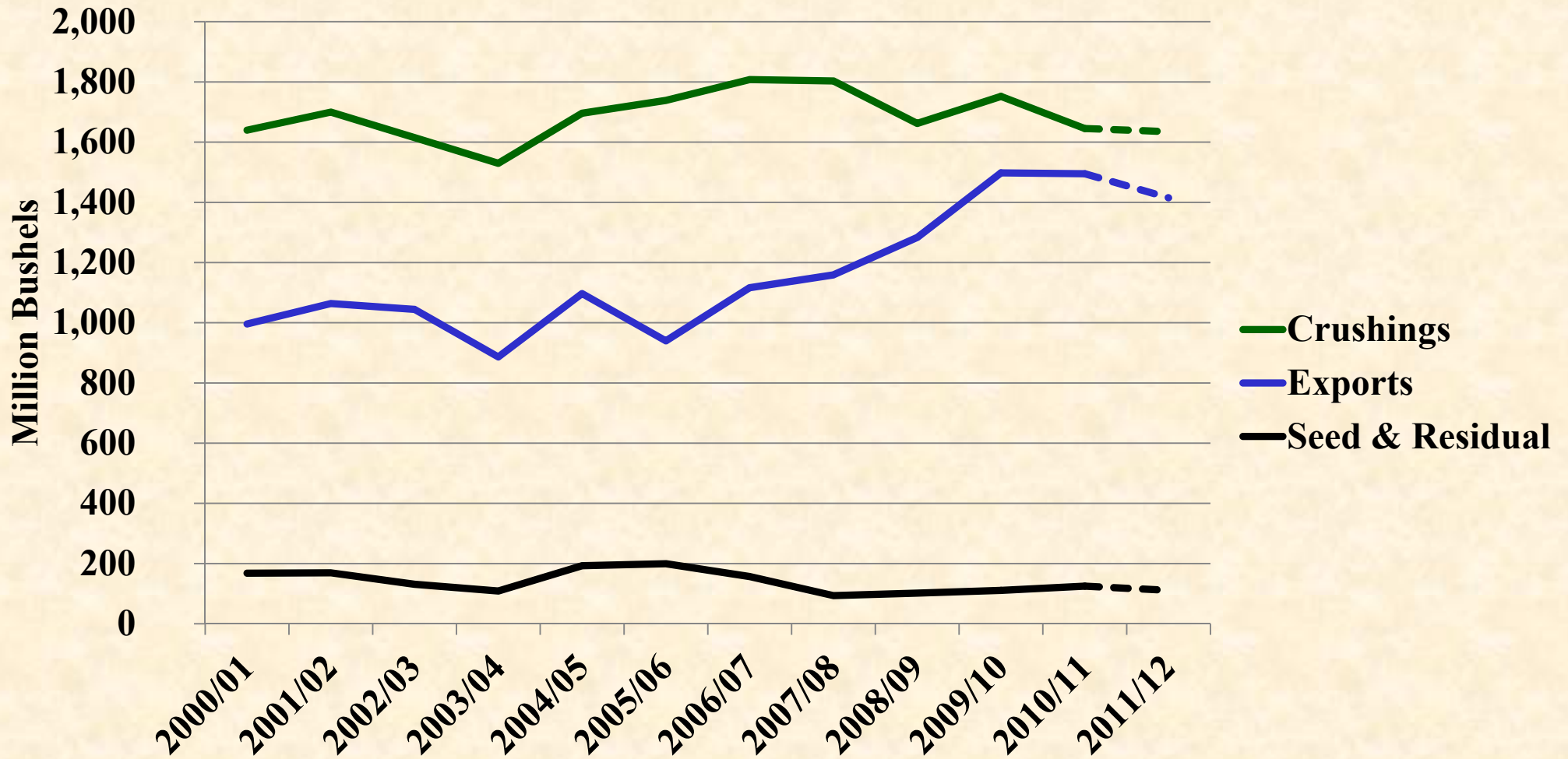
Projected *Ending Stocks* are tightening, and may become tighter.

Soybean Supply & Demand Table

U.S. Soybean	2010/2011 (Est.)	2011/2021 (Aug)	2011/2021 (Sep)
Planted A.	77.4 Mill. A.	75.0 Mill. A.	75.0 Mill. A.
Harvested A.	76.6 Mill. A.	73.8 Mill. A.	73.8 Mill. A.
Yield/Harvest A.	43.5 bu.		41.8 bu.
Begin Stocks	151 Mill. Bu.		225 Mill. Bu.
Production	3,329 Mill. Bu.		3,355 Mill. Bu.
Imports	15 Mill. Bu.		15 Mill. Bu.
Total Supply	3,495 Mill. Bu.		3,625 Mill. Bu.
Crushings	1,650 Mill. Bu.		1,635 Mill. Bu.
Exports	1,495 Mill. Bu.	1,400 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
Total Use	3,270 Mill. Bu.	3,146 Mill. Bu.	3,161 Mill. Bu.
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 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 (Aug)	2011/2021 (Sep)
Planted A.	77.4 Mill. A.		75.0 Mill. A.
Harvested A.	76.6 Mill. A.		73.8 Mill. A.
Yield/Harvest A.	43.5 bu		43.8 bu.
Begin Stocks	151		155 Mill. Bu.
Production	3,329 M		3,385 Mill. Bu.
Imports	15 Mill. Bu.		15 Mill. Bu.
Total Supply	3,495 Mill. Bu.	3,501 Mill. Bu.	3,325 Mill. Bu.
Crushings	1,650 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,495 Mill. Bu.	1,400 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
Total Use	3,270 Mill. Bu.	3,146 Mill. Bu.	3,161 Mill. Bu.
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 Mill. Bu.

Projected *Crush* continues to be strong.

Previous record was 1,808 Mill. Bu. in 2006/07

Soybean Supply & Demand Table

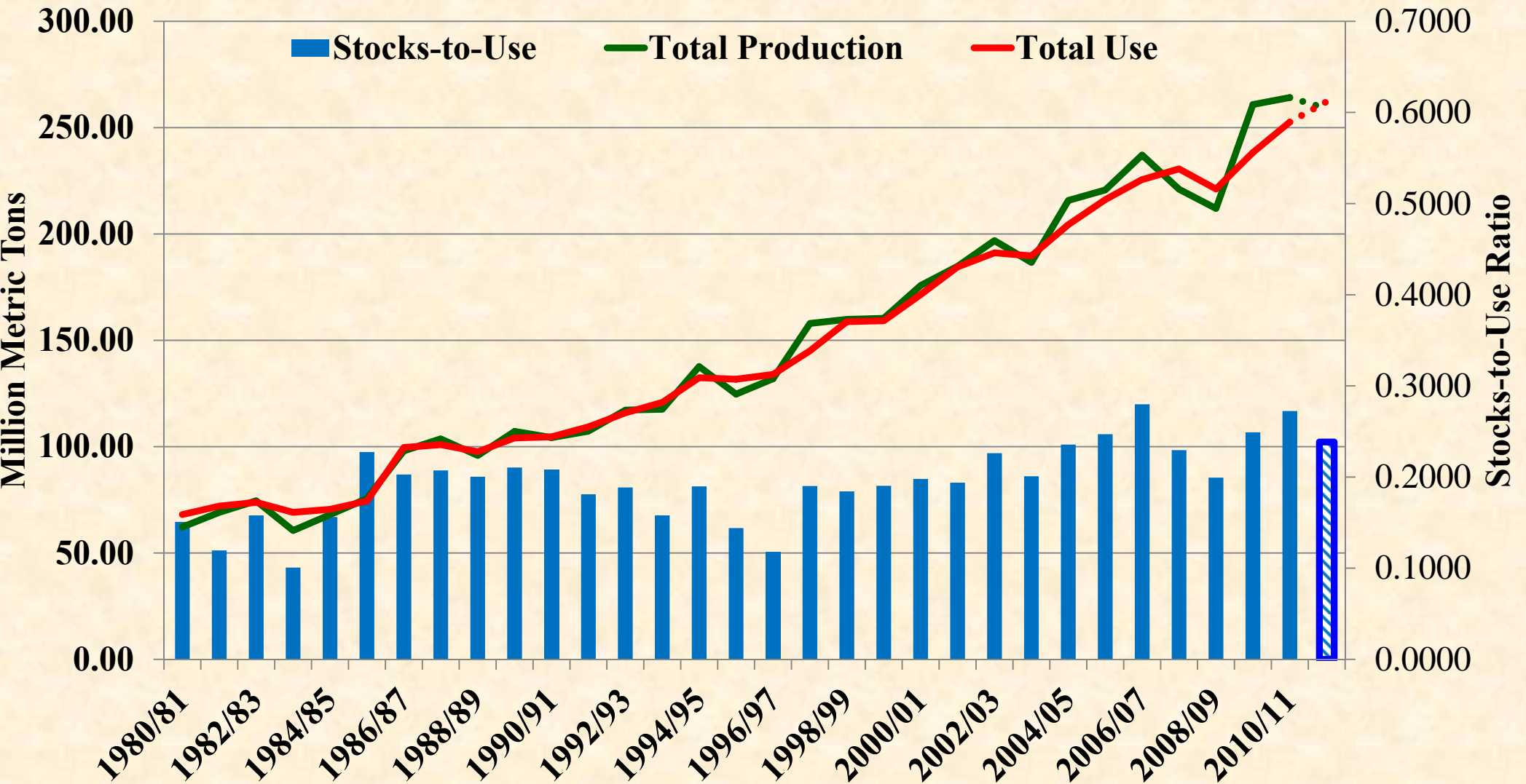
U.S. Soybean	2010/2011 (Est.)	2011/2012 (Est.)	2011 (Sep)
Planted A.	77.4 Mill. A.		
Harvested A.	76.6 Mill. A.		
Yield/Harvest A.	43.5 bu.		
Begin Stocks	151 Mill. Bu.		
Production	3,329 Mill. Bu.		
Imports	15 Mill. Bu.		
Total Supply	3,495 Mill. Bu.	3,301 Mill. Bu.	3,325 Mill. Bu.
Crushings	1,650 Mill. Bu.	1,635 Mill. Bu.	1,635 Mill. Bu.
Exports	1,495 Mill. Bu.	1,400 Mill. Bu.	1,415 Mill. Bu.
Seed	87 Mill. Bu.	90 Mill. Bu.	88 Mill. Bu.
Residual	38 Mill. Bu.	21 Mill. Bu.	23 Mill. Bu.
Total Use	3,270 Mill. Bu.	3,146 Mill. Bu.	3,161 Mill. Bu.
Ending Stocks	225 Mill. Bu.	155 Mill. Bu.	165 Mill. Bu.

Projected *Exports* were increased 15 Mill. Bu.

Previous Record was 2009/10 at 1,499 Mill. Bu.

World Soybean Prod, Use & Stocks/Use

(Million Metric Ton)

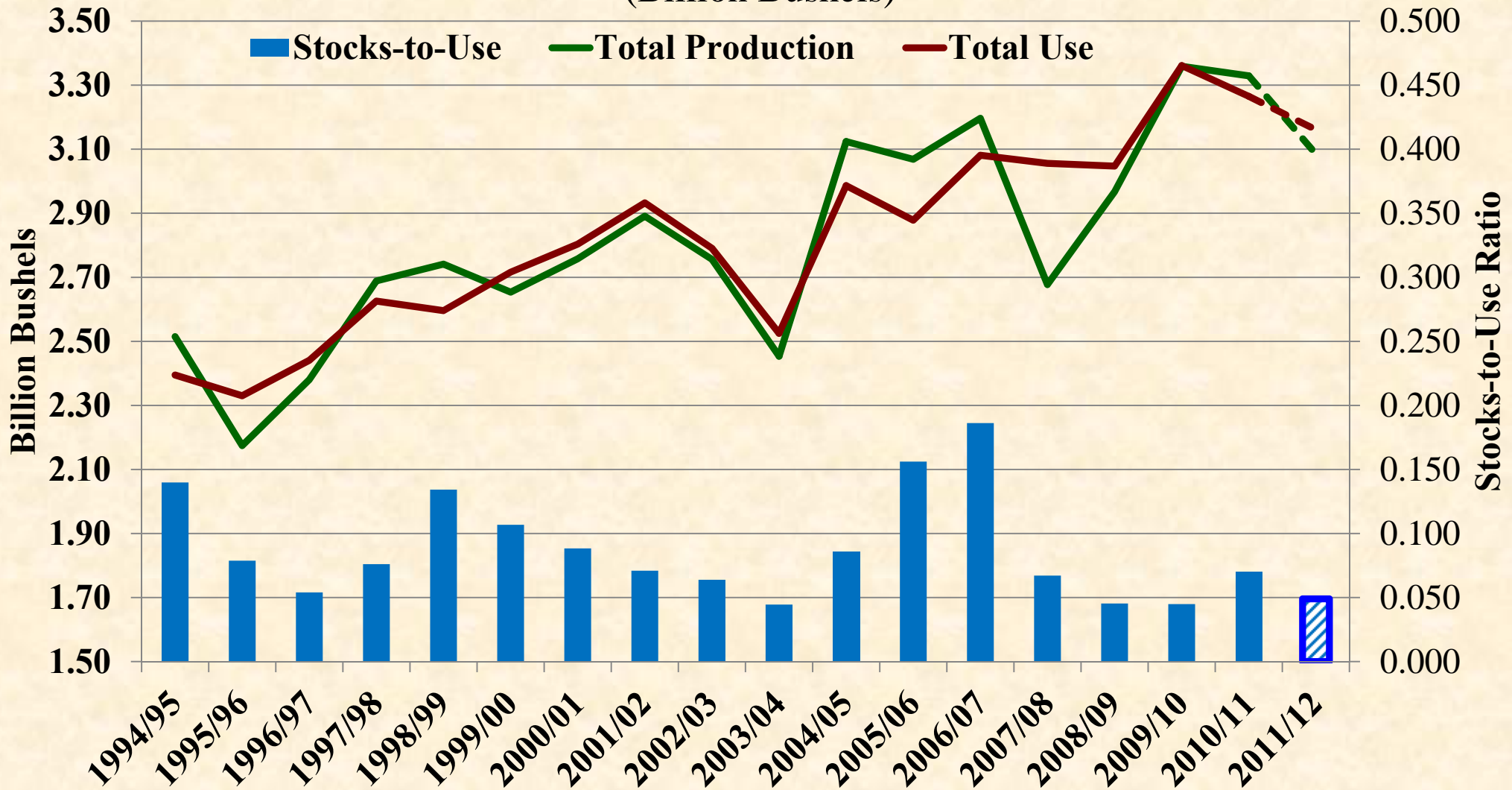


Soybean Update

- Estimated *Ending Stocks* = 0.165 Bill. Bu.
- **Estimated Stocks-to-Use Ratio = 5.2 %**
 - 2010/11 = 6.9 %
 - 2009/10 = 4.5 %
 - 2008/09 = 4.5 %
 - 2007/08 = 3.6 %
 - 15 Year Avg. = 9.2 %
- **If estimated ending stocks drop to 0.155 Bill. Bu., Stocks-to-Use Ratio = 4.9%**

Soybean – Total Prod. & Use

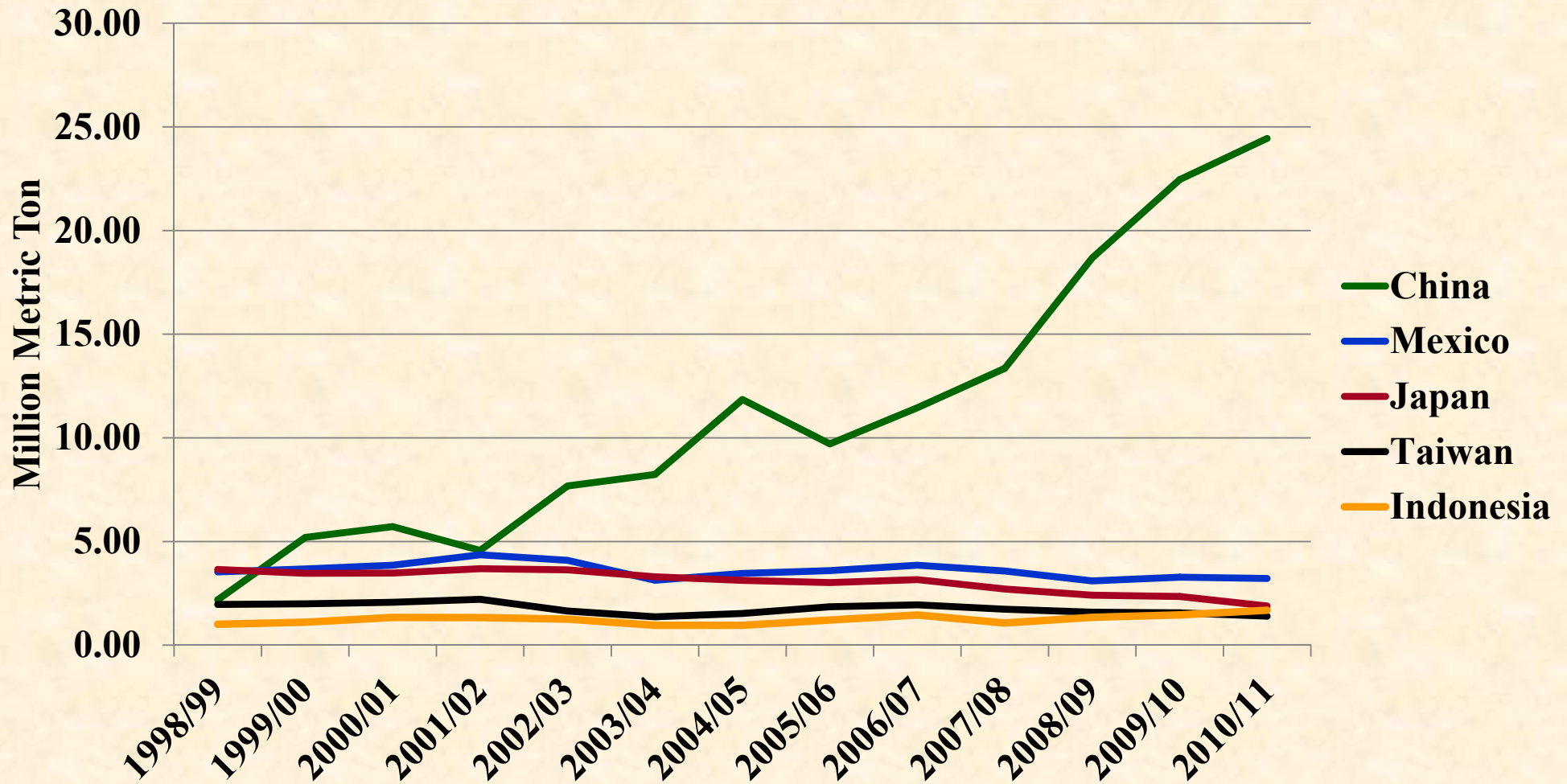
(Billion Bushels)



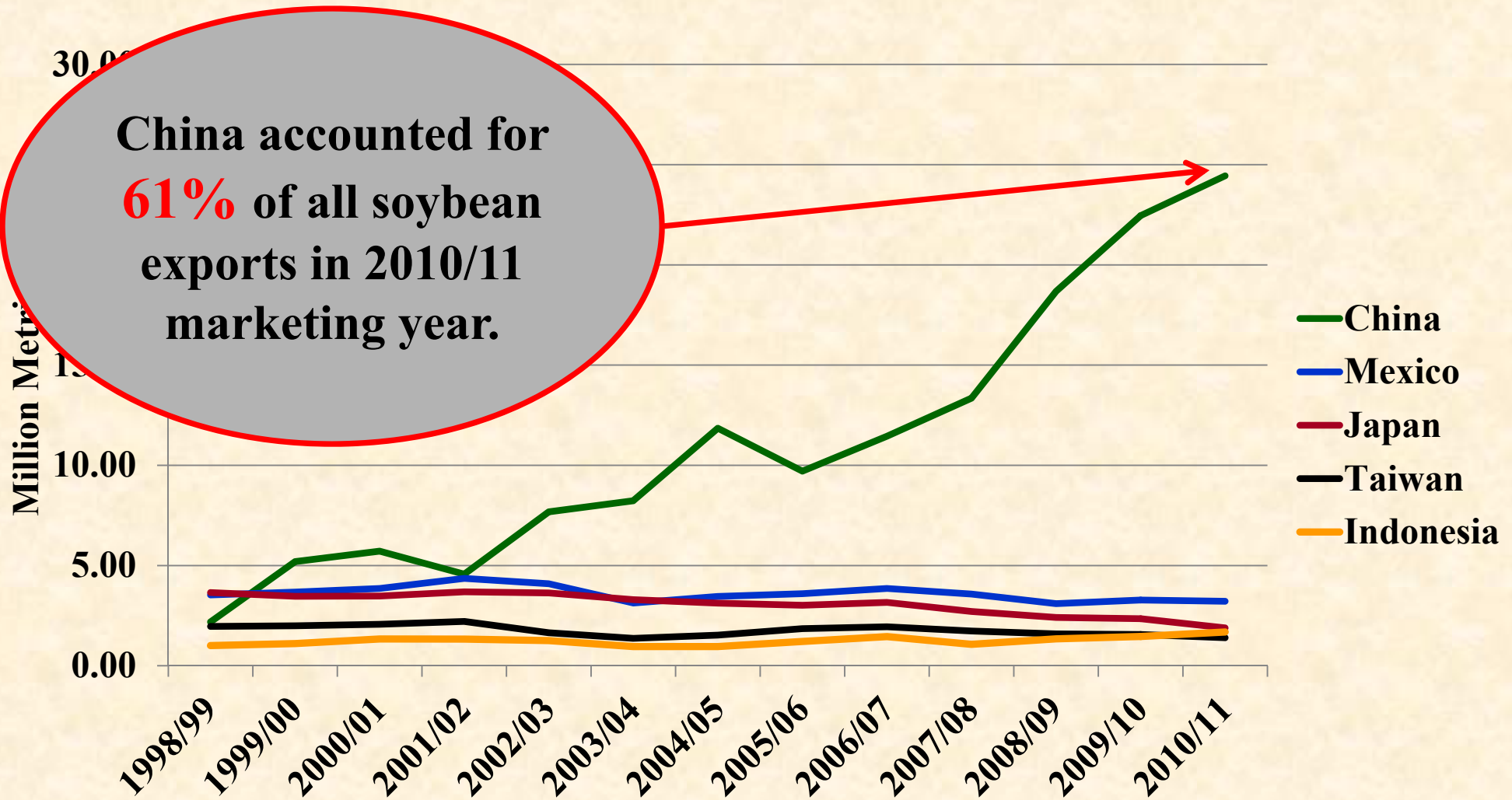
Soybean Market Issues

- 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



Top Five S.B. Export Destinations



Soybean Market Issues

- Brazil and Argentina will begin planting season soon.
 - Rumors suggest that soybean acres may be stable to slightly lower, while corn may be increased.
 - Continued high sugar prices may lead to increase cane sugar acreage.
- Soil moisture conditions are good in southern Brazil, but dry in northern regions.
- Soil moisture conditions are good in eastern Argentina, but dry in western regions.

Wheat Update



All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.	2,077 Mill. Bu.	2,077 Mill. Bu.
Imports	97 Mill. Bu.	100 Mill. Bu.	110 Mill. Bu.
<i>Total Supply</i>	<i>3,281 Mill. Bu.</i>	<i>3,037 Mill. Bu.</i>	<i>3,047 Mill. Bu.</i>
Food	930 Mill. Bu.	945 Mill. Bu.	940 Mill. Bu.
Seed	73 Mill. Bu.	82 Mill. Bu.	82 Mill. Bu.
Feed & Residual	129 Mill. Bu.	240 Mill. Bu.	240 Mill. Bu.
Exports	1,289 Mill. Bu.	1,100 Mill. Bu.	1,025 Mill. Bu.
<i>Total Use</i>	<i>2,420 Mill. Bu.</i>	<i>2,367 Mill. Bu.</i>	<i>2,287 Mill. Bu.</i>
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	761 Mill. Bu.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.	2,151 Mill. Bu.	2,077 Mill. Bu.
Imports	6 Mill. Bu.	6 Mill. Bu.	110 Mill. Bu.
Total Supply			4,177 Mill. Bu.
Food			1,000 Mill. Bu.
Seed			222 Mill. Bu.
Feed & Residual			1,240 Mill. Bu.
Exports	1,289 Mill. Bu.	1,289 Mill. Bu.	1,025 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,367 Mill. Bu.	2,287 Mill. Bu.
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	761 Mill. Bu.

**Small Grains Summary
reduced
Planted A. = 54.4 Mill. A.
Harvested A. = 45.7 Mill. A.**

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.	2,077 Mill. Bu.	2,077 Mill. Bu.
Imports	97 Mill. Bu.	100 Mill. Bu.	110 Mill. Bu.
Total Supply	3,281 Mill. Bu.	3,047 Mill. Bu.	3,047 Mill. Bu.
Food	930 Mill. Bu.	930 Mill. Bu.	930 Mill. Bu.
Seed	73 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	129 Mill. Bu.	129 Mill. Bu.	140 Mill. Bu.
Exports	1,289 Mill. Bu.	1,289 Mill. Bu.	1,025 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,367 Mill. Bu.	2,287 Mill. Bu.
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	761 Mill. Bu.

**Small Grains
Summary reduced
Average Yield to
43.9 Bu/A**

Spring Wheat Harvest Reports

- Yields have been highly variable, but generally disappointing relative to expected (last year?).
- 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

Spring Wheat Harvest Reports

- Quality has been highly variable
 - Protein more normal, 13.5% to +15% protein
 - 14.9 % average for 402 samples of 2011
 - 13.9 % average for 306 samples in 2010
 - Light to moderate scab in some areas
 - Some vomitoxin
- Note: Ergot being reported in some areas of Canada.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.	2,077 Mill. Bu.	2,077 Mill. Bu.
Imports	97 Mill. Bu.	100 Mill. Bu.	110 Mill. Bu.
Total Supply	3,281 Mill. Bu.	3,037 Mill. Bu.	3,047 Mill. Bu.
Food	930 Mill. Bu.	945 Mill. Bu.	940 Mill. Bu.
Seed	73 Mill. Bu.		82 Mill. Bu.
Feed & Residual	129 Mill. Bu.		140 Mill. Bu.
Exports	1,289 Mill. Bu.		1,289 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,008 Mill. Bu.	2,420 Mill. Bu.
Ending Stocks	861 Mill. Bu.	761 Mill. Bu.	761 Mill. Bu.

**Small Grains Summary
reduced *Production* to
2,008 Mill. Bu.**

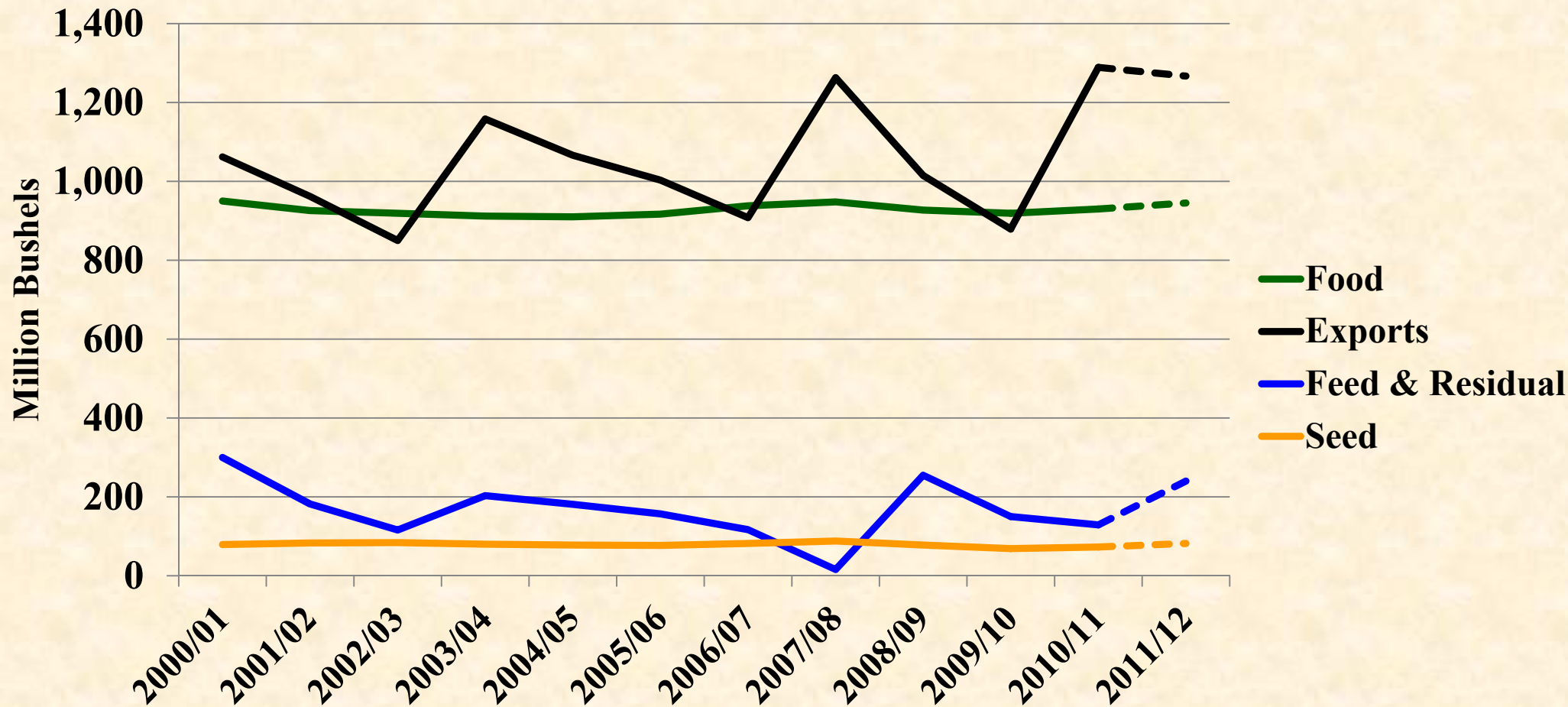
All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.	2,077 Mill. Bu.	2,077 Mill. Bu.
Imports	97 Mill. Bu.	100 Mill. Bu.	110 Mill. Bu.
Total Supply	3,281 Mill. Bu.	3,037 Mill. Bu.	3,047 Mill. Bu.
Food	930 Mill. Bu.	945 Mill. Bu.	940 Mill. Bu.
Seed	73 Mill. Bu.		82 Mill. Bu.
Feed & Residual	129 Mill. Bu.		140 Mill. Bu.
Exports	1,289 Mill. Bu.		1,289 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,978 Mill. Bu.	2,451 Mill. Bu.
Ending Stocks	861 Mill. Bu.		761 Mill. Bu.

Total Supply should be reduced to 2,978 Mill. Bu.

All Wheat Disappearance

(Million Bushels)



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

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.		55.2 Mill. A.
Harvested A.	47.6 M		Mill. A.
Yield/Harvest A.	46		2 bu.
Begin Stocks	976		91 Mill. Bu.
Production	2,208 Mill. Bu.		2,077 Mill. Bu.
Imports	97 Mill. Bu.	100 Mill. Bu.	110 Mill. Bu.
Total Supply	3,281 Mill. Bu.	3,037 Mill. Bu.	3,047 Mill. Bu.
Food	930 Mill. Bu.	945 Mill. Bu.	940 Mill. Bu.
Seed	73 Mill. Bu.	82 Mill. Bu.	82 Mill. Bu.
Feed & Residual	129 Mill. Bu.	240 Mill. Bu.	240 Mill. Bu.
Exports	1,289 Mill. Bu.	1,100 Mill. Bu.	1,025 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,367 Mill. Bu.	2,287 Mill. Bu.
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	761 Mill. Bu.

Food use is relatively stable and slowly growing.

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.		45.2 bu.
Begin Stocks	976		Mill. Bu.
Production	2,208		Mill. Bu.
Imports	97		Mill. Bu.
Total Supply	3,281 Mill. Bu.		3,047 Mill. Bu.
Food	930 Mill. Bu.	945 Mill. Bu.	940 Mill. Bu.
Seed	73 Mill. Bu.	82 Mill. Bu.	82 Mill. Bu.
Feed & Residual	129 Mill. Bu.	240 Mill. Bu.	240 Mill. Bu.
Exports	1,289 Mill. Bu.	1,100 Mill. Bu.	1,025 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,367 Mill. Bu.	2,287 Mill. Bu.
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	761 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(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.	2,208 Mill. Bu.	2,208 Mill. Bu.
Imports	97 Mill. Bu.	97 Mill. Bu.	97 Mill. Bu.
Total Supply	3,281 Mill. Bu.	3,281 Mill. Bu.	3,281 Mill. Bu.
Food	930 Mill. Bu.	930 Mill. Bu.	940 Mill. Bu.
Seed	73 Mill. Bu.	82 Mill. Bu.	82 Mill. Bu.
Feed & Residual	129 Mill. Bu.	240 Mill. Bu.	240 Mill. Bu.
Exports	1,289 Mill. Bu.	1,100 Mill. Bu.	1,025 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,367 Mill. Bu.	2,287 Mill. Bu.
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	761 Mill. Bu.

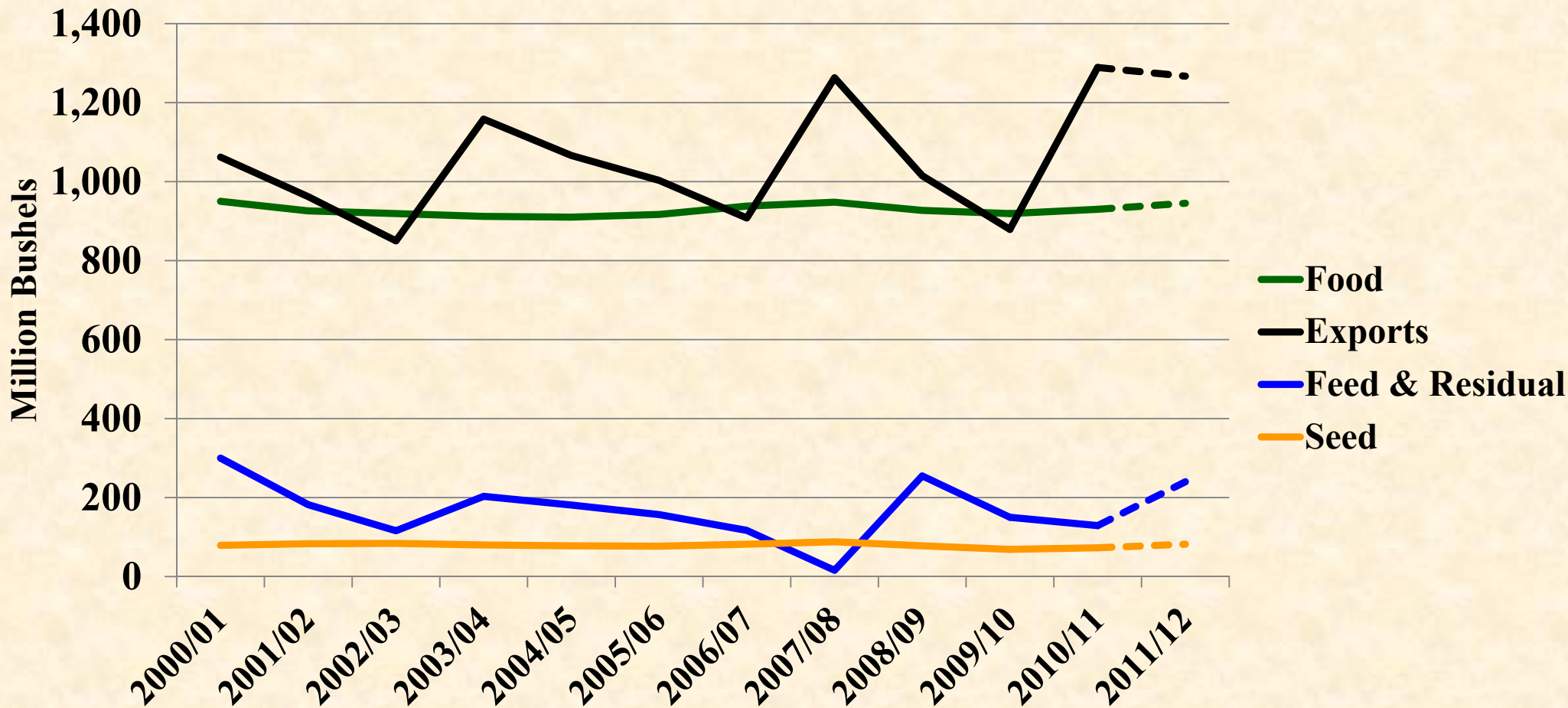
Exports are key price driver in wheat markets, and are variable over time.

1,289 Mill. Bu.

1,025 Mill. Bu.

All Wheat Disappearance

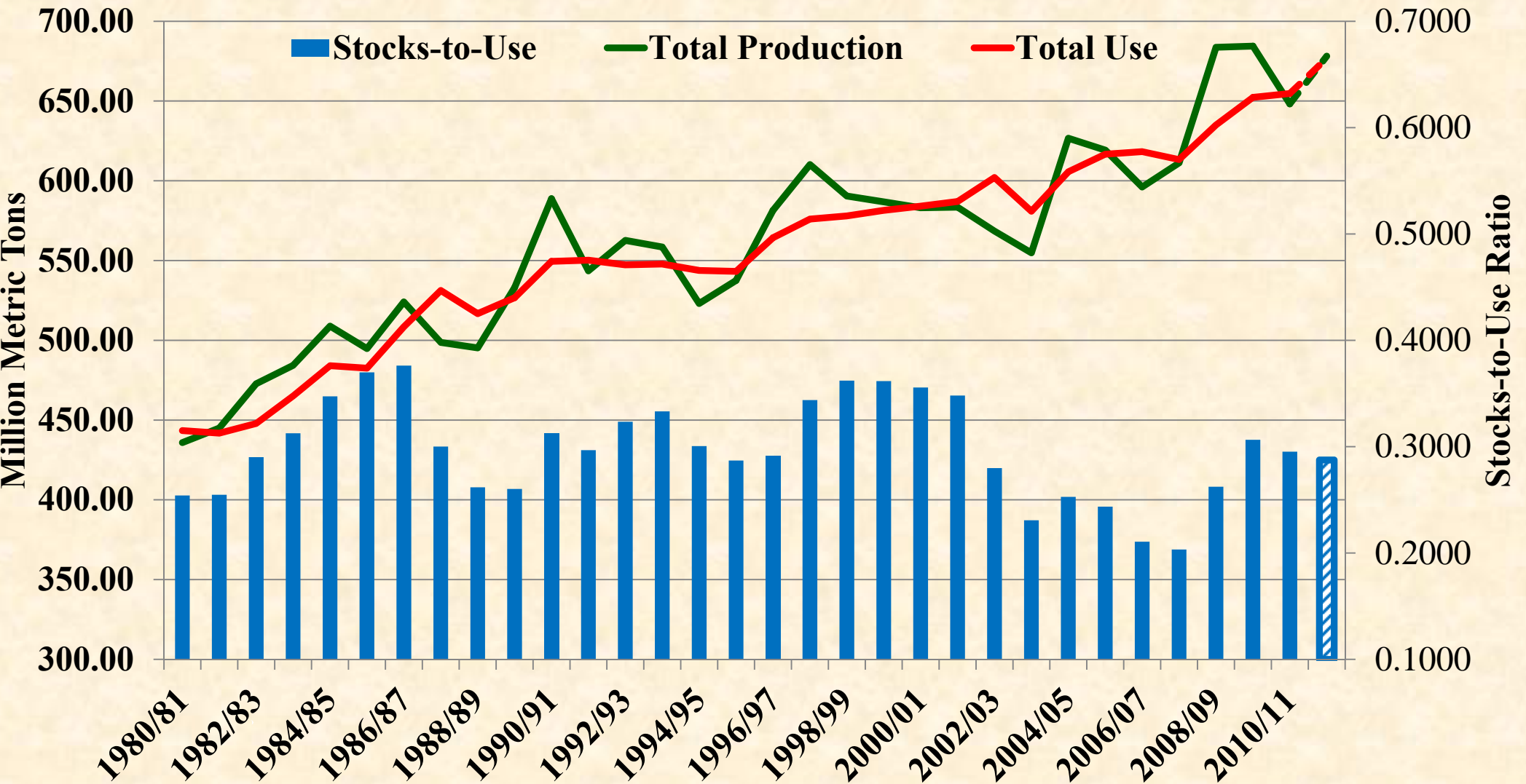
(Million Bushels)



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

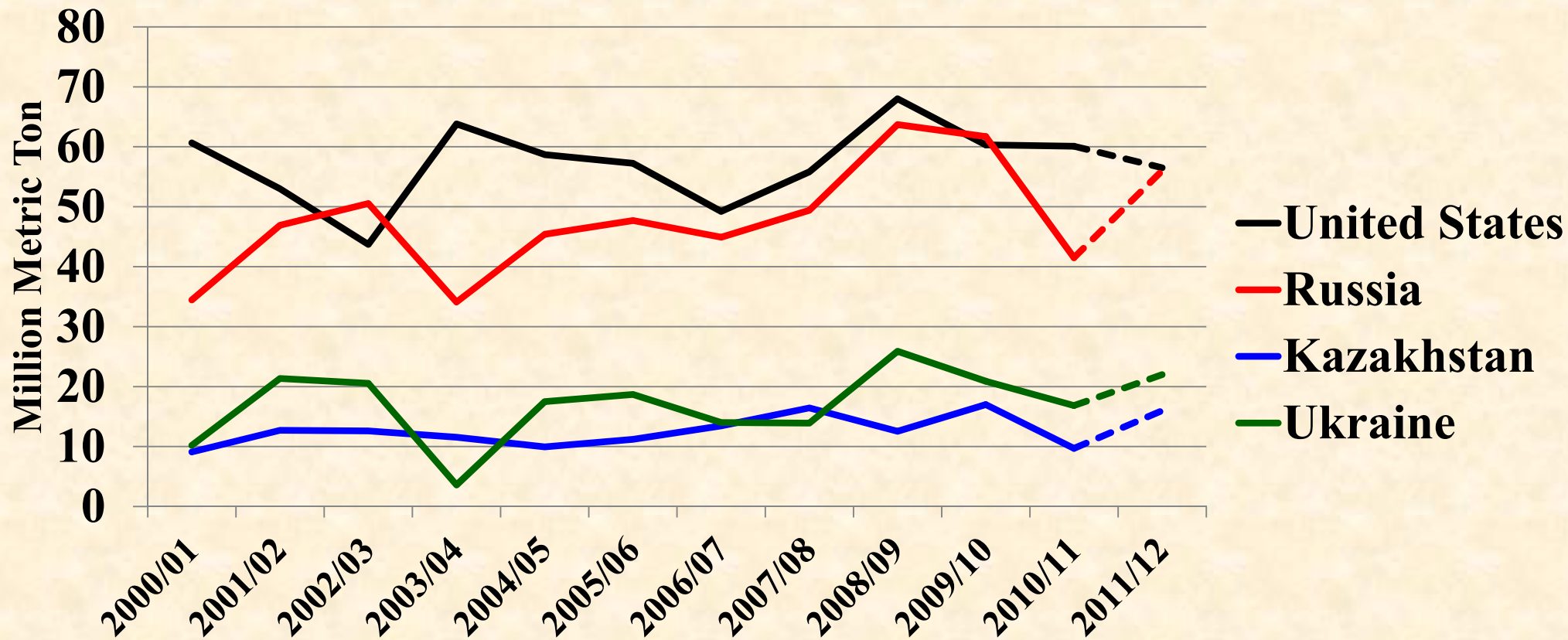
World Wheat Prod, Use & Stocks/Use

(Million Metric Ton)



All Wheat Production

(Million Metric Ton)

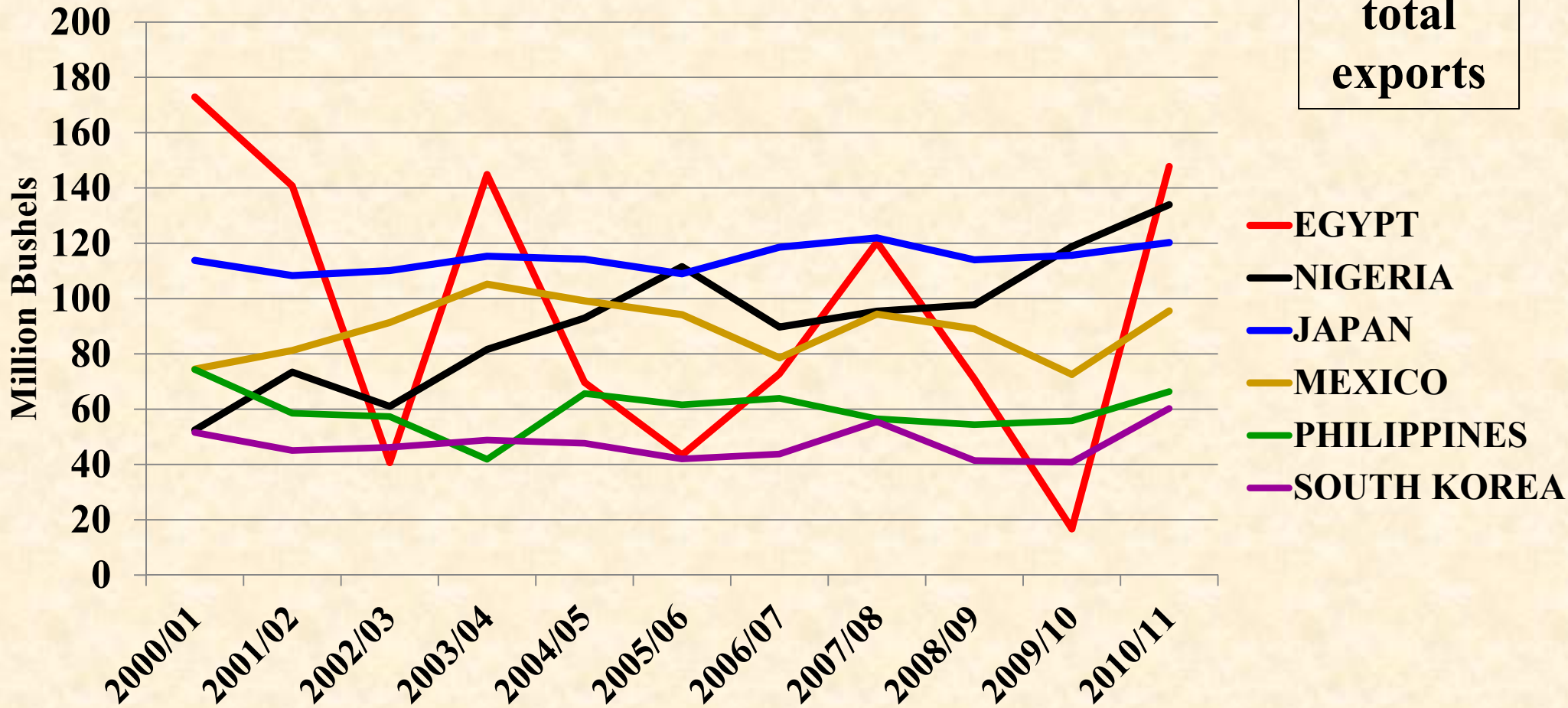


USDA – WASDE – Sep. 12, 2011 & USDA PSD Online Custom Query

Top 6 *All Wheat* Export Destinations

(Million Bushels)

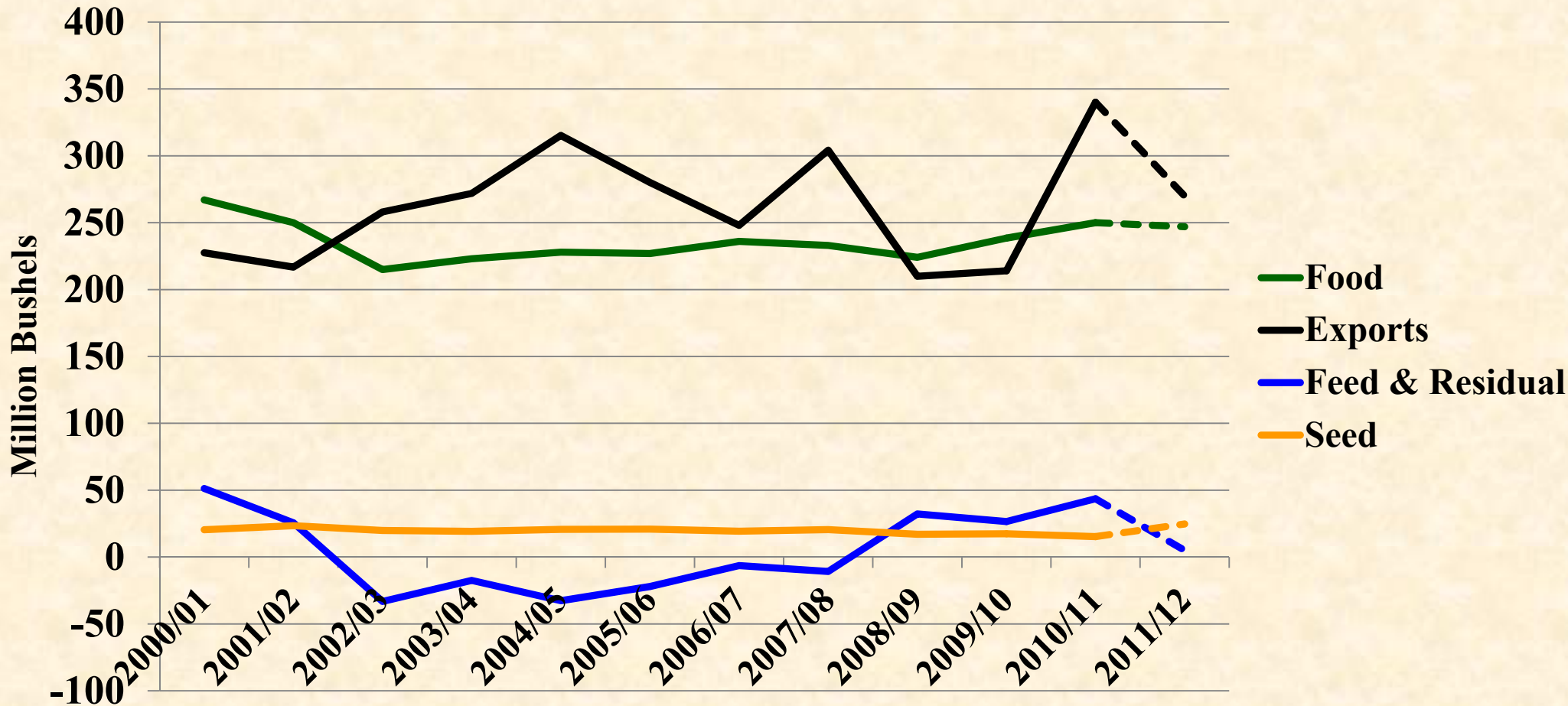
**51% of
total
exports**



USDA – FAS – Custom Query

HRSW Disappearance

(Million Bushels)

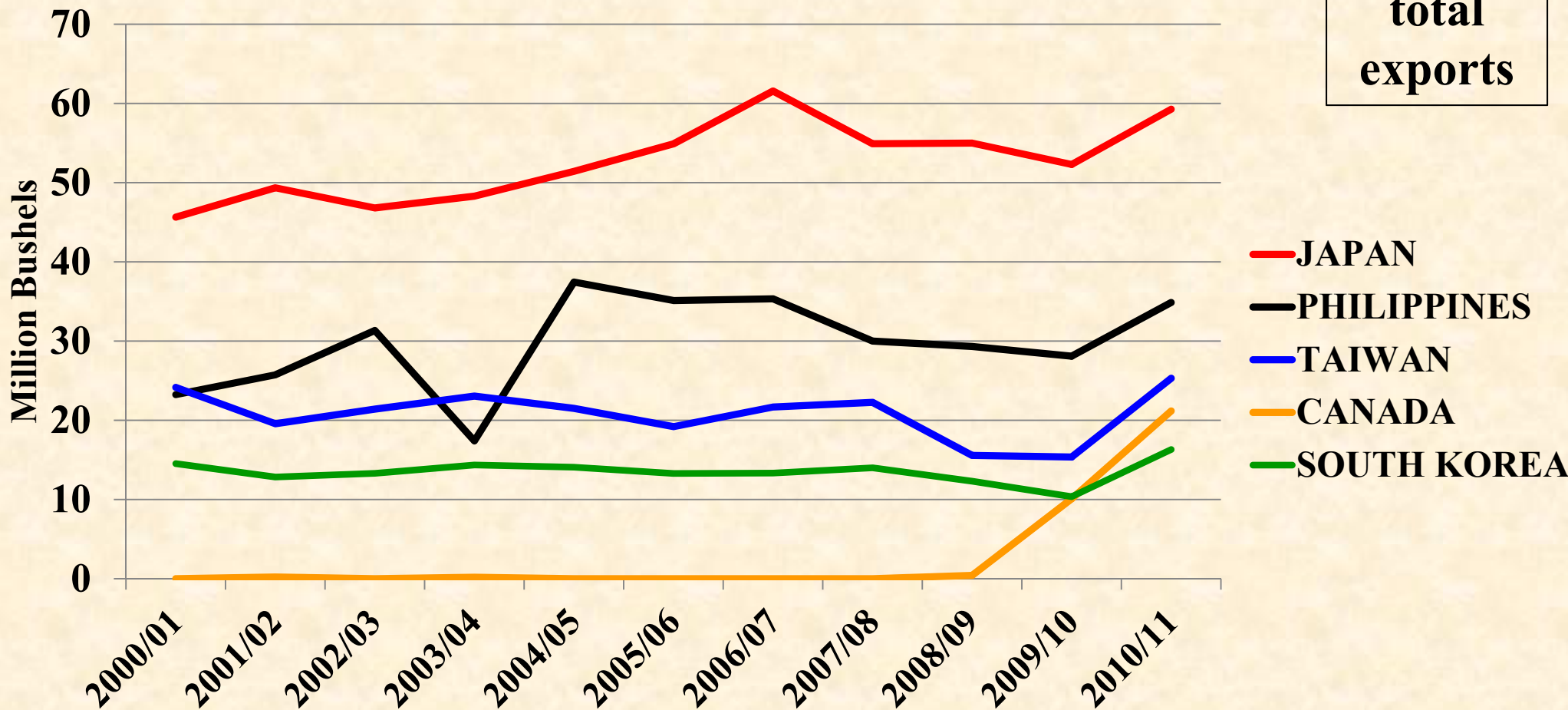


USDA – WASDE – Aug. 11, 2011 & USDA Wheat Yearbook -Table 8

Top 5 *HRSW* Export Destinations

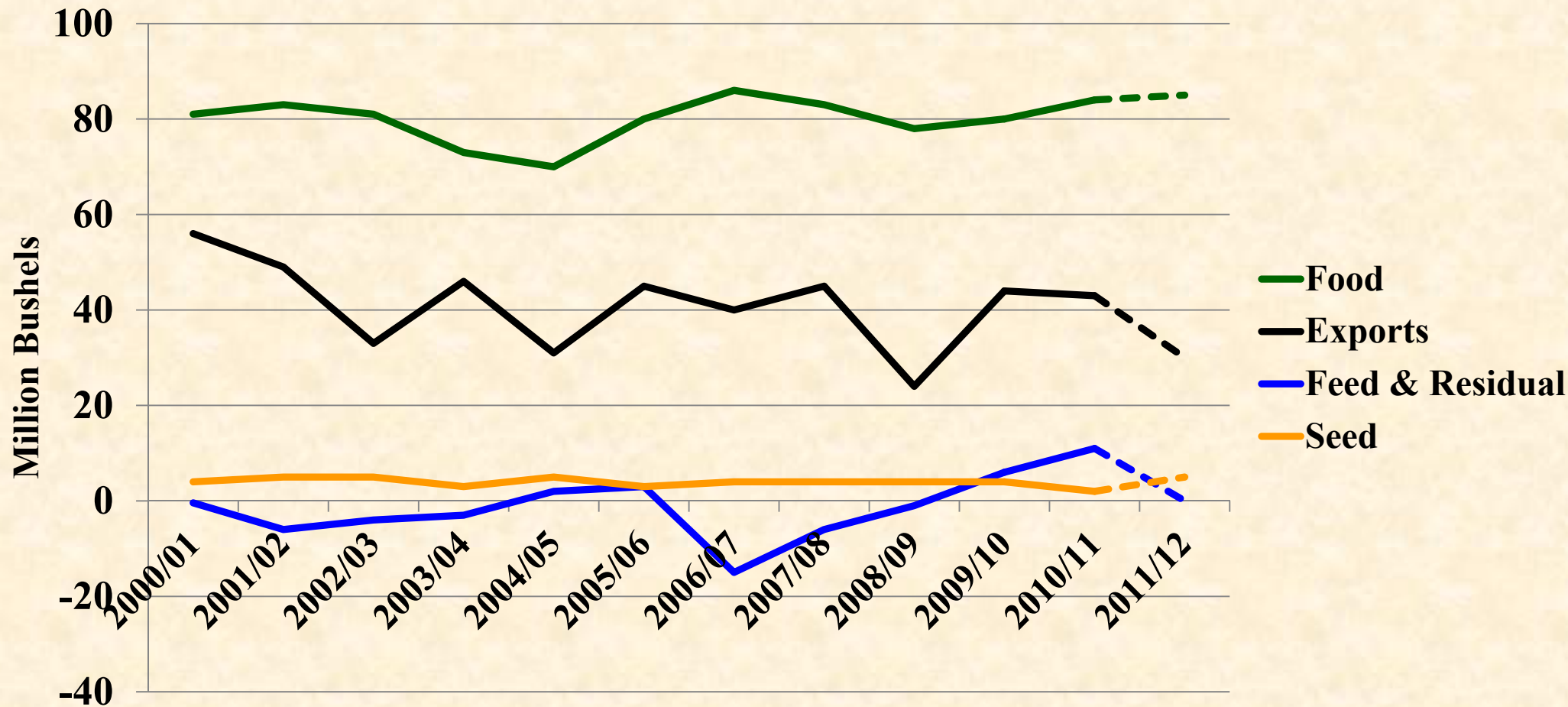
(Million Bushels)

**48% of
total
exports**



Durum Wheat Disappearance

(Million Bushels)

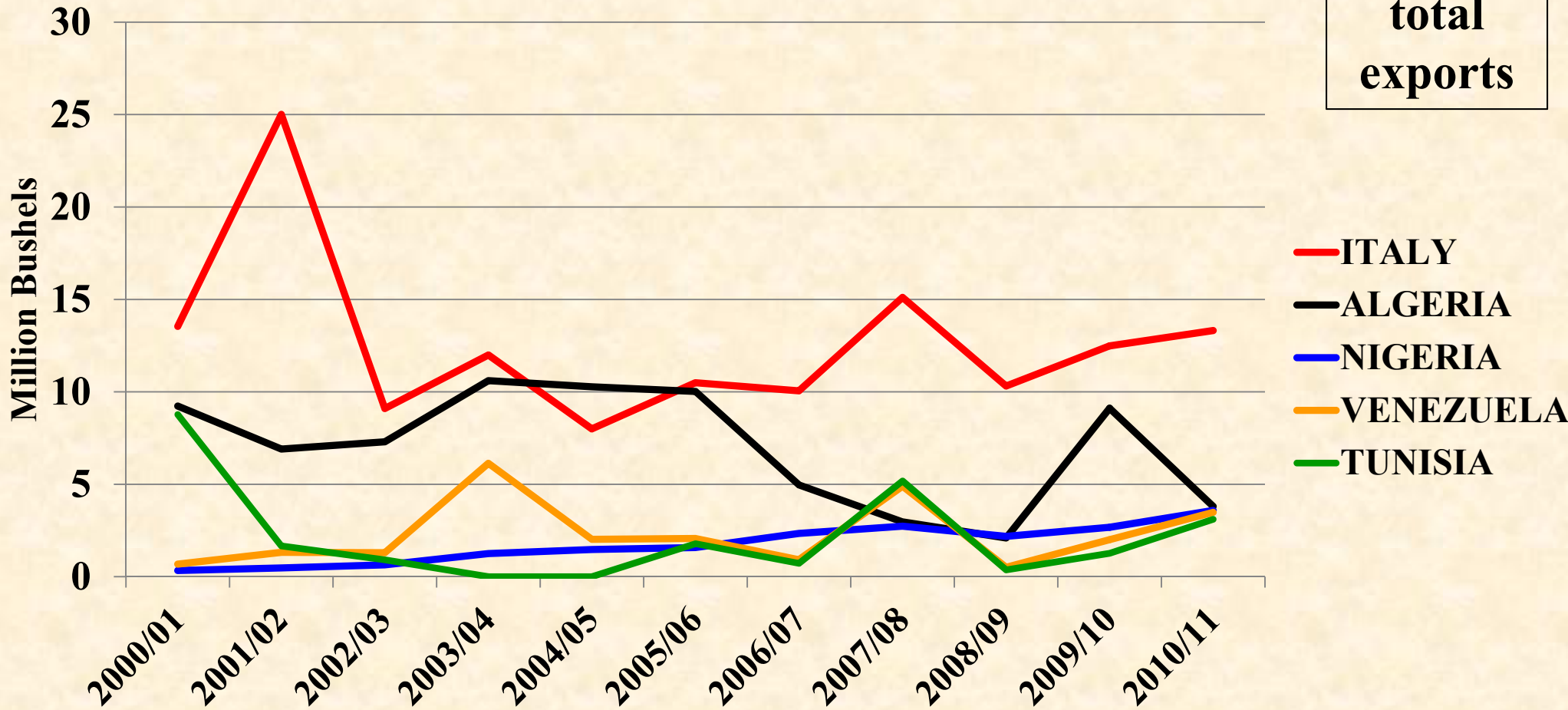


USDA – WASDE – Aug. 11, 2011 & USDA Wheat Yearbook -Table 11

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(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.		2,208 Mill. Bu.
Imports			100 Mill. Bu.
Total Supply	3,184 Mill. Bu.	2,367 Mill. Bu.	3,170 Mill. Bu.
Food	900 Mill. Bu.	900 Mill. Bu.	900 Mill. Bu.
Seed	73 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	129 Mill. Bu.	240 Mill. Bu.	240 Mill. Bu.
Exports	1,289 Mill. Bu.	1,100 Mill. Bu.	1,025 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,367 Mill. Bu.	2,287 Mill. Bu.
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	761 Mill. Bu.

Ending Stocks are more than adequate!

2011/12 Stocks-to-Use \approx 33.3%

15 yr. avg. \approx 28.6%

All Wheat Supply & Demand Table

U.S. All Wheat	2010/2011(Est.)	2011/2012(Aug)	2011/2012(Sep)
Planted A.	53.6 Mill. A.	55.2 Mill. A.	55.2 Mill. A.
Harvested A.	47.6 Mill. A.	45.9 Mill. A.	45.9 Mill. A.
Yield/Harvest A.	46.4 bu.	45.2 bu.	45.2 bu.
Begin Stocks	976 Mill. Bu.	861 Mill. Bu.	861 Mill. Bu.
Production	2,208 Mill. Bu.	2,208 Mill. Bu.	2,208 Mill. Bu.
Imports	0 Mill. Bu.	0 Mill. Bu.	0 Mill. Bu.
Total Supply	3,184 Mill. Bu.	3,069 Mill. Bu.	3,069 Mill. Bu.
Food	1,900 Mill. Bu.	1,900 Mill. Bu.	1,900 Mill. Bu.
Seed	73 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	129 Mill. Bu.	240 Mill. Bu.	240 Mill. Bu.
Exports	1,289 Mill. Bu.	1,100 Mill. Bu.	1,025 Mill. Bu.
Total Use	2,420 Mill. Bu.	2,367 Mill. Bu.	2,287 Mill. Bu.
Ending Stocks	861 Mill. Bu.	671 Mill. Bu.	692 Mill. Bu.

Ending Stocks are more than adequate!

2011/12 Stocks-to-Use \approx 30.2%

15 yr. avg. \approx 28.6%

Wheat Market Considerations

- Wheat market will have a bi-polar personality:
 - Corn prices and feed demand will 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.
 - Canadian spring wheat and durum yields and quality will have strong influence on HRSW and durum prices.
 - Australian production will be watched this winter

Wheat Market Considerations

- Futures market is focused on establishing price, cash market must deal with quality issues.
 - HRSW and durum are the concern
- 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.

QUESTIONS & COMMENTS?

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