

# Crop Updated & Outlook

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## Today's Topics

- Review most recent USDA reports
  - September Quarterly Stocks Report
  - Small Grains 2010 Summary
  - September 10, WASDE
- Identify potential market movers and discuss outlook for 2010/11 marketing year.
- Discuss spring wheat basis changes and protein premiums and discounts.



## September Grain Stocks Report

(Million Bushels)

Crop	2009/10 est. Ending Stocks (Sept. 10 WASDE)	Private Estimates			Sept. 2010 Grain Stocks Report
		Low	High	Average	
Corn	1,386	1,350	1,489	1,407	<b>1,707</b>
Soybean	150	139	165	151	<b>151</b>
All Wheat	N.A.	2,065	2,527	2,440	<b>2,459</b>

## Small Grains 2010 Summary

(Million Bushels)

Crop	2010/11 pro. Production (Aug. 12 Production Report)	Private Estimates			2010 Small Grains Summary
		Low	High	Average	
All Wheat	2,265	2,224	2,310	2,267	<b>2,224</b>
HRW	1,029	1,016	1,039	1,030	<b>1,018</b>
SRW	260	255	278	262	<b>238</b>
Other Spring	633	620	645	636	<b>627</b>
White	234	233	268	239	<b>229</b>
Durum	109	104	111	109	<b>111</b>

# Corn Update



# Corn Supply & Demand Table

U.S. Corn	2009/2010	2010/2011 (Aug)	2010/2011 (Sep)
Planted A.	86.5 Mill. A.	87.9 Mill. A.	87.9 Mill. A.
Harvested A.	79.6 Mill. A.	81.0 Mill. A.	81.0 Mill. A.
Yield/Harvest A.	164.7 bu.	165.0 bu.	162.5 bu.
Begin Stocks	1,673 Mill. Bu.	1,426 Mill. Bu.	1,386 Mill. Bu.
Production	13,110 Mill. Bu.	13,365 Mill. Bu.	13,160 Mill. Bu.
Imports	8 Mill. Bu.	10 Mill. Bu.	10 Mill. Bu.
<b>Total Supply</b>	<b>14,791 Mill. Bu.</b>	<b>14,802 Mill. Bu.</b>	<b>14,556 Mill. Bu.</b>
Feed & Residual	5,525 Mill. Bu.	5,350 Mill. Bu.	5,250 Mill. Bu.
Food, Seed, Ind.	5,900 Mill. Bu.	6,090 Mill. Bu.	6,090 Mill. Bu.
Ethanol	4,535 Mill. Bu.	4,700 Mill. Bu.	4,700 Mill. Bu.
Exports	1,980 Mill. Bu.	2,050 Mill. Bu.	2,100 Mill. Bu.
<b>Total Use</b>	<b>13,405 Mill. Bu.</b>	<b>13,490 Mill. Bu.</b>	<b>13,440 Mill. Bu.</b>
<b>Ending Stocks</b>	<b>1,386 Mill. Bu.</b>	<b>1,312 Mill. Bu.</b>	<b>1,116 Mill. Bu.</b>

USDA – WASDA – September 10, 2010

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**IA = 174 (no change)**  
**IL = 174 from 180**  
**NE = 179 from 180**  
**MN = 177 from 178**  
**IN = 170 from 176**

USDA – WASDA – September 10, 2010

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**2009 (old crop) Ending Stocks keep shrinking.**  
**Quality is also an issue!**

USDA – WASDA – September 10, 2010

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USDA - WASDA - September 10, 2010

**Sep. Stocks Report = 1,707**

**How much of this is 2010 corn?**

## Corn Supply & Demand Table

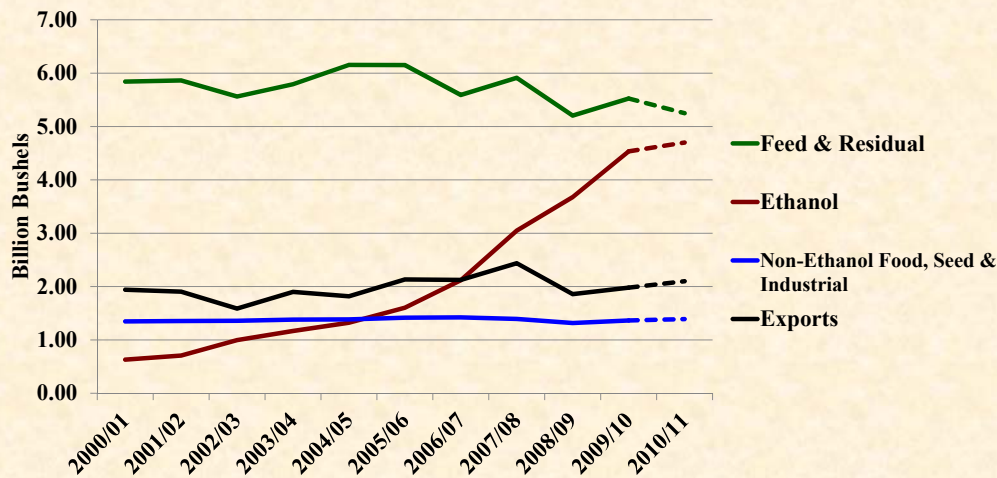
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USDA - WASDA - September 10, 2010

**246 Million Bushel reduction in Total Supply.**

## Corn - Total Use

(Billion Bushels)



Sept. 10, 2010 WASDE Report & USDA - Feed Grains Data Base Table 4

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USDA - WASDA - September 10, 2010

**100 Million Bushel reduction in Feed & Residual.**



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USDA – WASDA – September 10, 2010

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USDA – WASDA – September 10, 2010

## Corn Update

- Est. 2010/11 *Ending Stocks* = 1.116 Bill. Bu.
- **Est. 2010/11 Stocks-to-Use Ratio = 8.3%**
  - 2009/10 = 10.3 %
  - 2008/09 = 13.9 %
  - 2007/08 = 12.8 %
  - 15 Year Avg. = 14.4 %
- Forecasted Avg. Farm Price = \$4.40 (4.00 – 4.80)
- Est. Avg. North Dakota Price ≈ \$4.00

USDA – WASDA – September 10, 2010

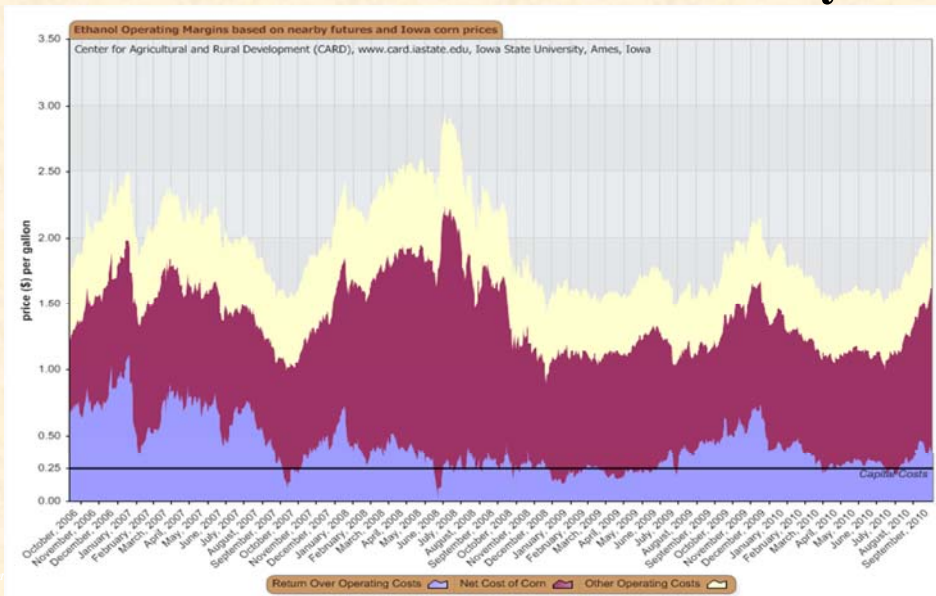
## Corn – “Market Movers”

- Market traders (both futures and cash) are currently focused on production!
- Will the estimated 162.5 bu./a. national average yield hold?
  - Reports from the southern growing regions suggest yields are lower than expected.
  - Market traders expect yields to improve as the harvest moves north.
  - Heavy rains in Southern Minnesota and Wisconsin will slow harvest.

## Corn – “Market Movers”

- Profitability of the Livestock Sector.
  - Will livestock numbers begin to increase?
  - Will higher corn prices slow any expansion?
- Price of crude oil and gasoline.
  - Is ethanol priced as a “fuel mandate” or as substitute for gasoline?
  - EPA’s decision concerning *optional* increase in ethanol blend rate (12% vs. 15%)

## Estimated Ethanol Profitability



## Corn – “Market Movers”

- Expiration of the Ethanol Blender’s Tax Credit.
- Value of U.S. Dollar.
  - Falling values benefit export sales.
    - Exports account for about 16% of total use
  - Lack of Black Sea feed wheat.
  - Potential corn export sales to China?
- Commodity Index and Hedge Fund “investment” in commodities.



# Soybean Update



# Soybean Supply & Demand Table

U.S. Soybean	2009/2010	2010/2011 (Aug)	2010/2011(Sep)
Planted A.	77.5 Mill. A.	78.9 Mill. A.	78.9 Mill. A.
Harvested A.	76.4 Mill. A.	78.0 Mill. A.	78.0 Mill. A.
Yield/Harvest A.	44.0 bu.	44.0 bu.	44.7 bu.
Begin Stocks	138 Mill. Bu.	160 Mill. Bu.	150 Mill. Bu.
Production	3,359 Mill. Bu.	3,433 Mill. Bu.	3,483 Mill. Bu.
Imports	15 Mill. Bu.	10 Mill. Bu.	10 Mill. Bu.
<b>Total Supply</b>	<b>3,512 Mill. Bu.</b>	<b>3,603 Mill. Bu.</b>	<b>3,643 Mill. Bu.</b>
Crushings	1,750 Mill. Bu.	1,650 Mill. Bu.	1,650 Mill. Bu.
Exports	1,495 Mill. Bu.	1,435 Mill. Bu.	1,485 Mill. Bu.
Seed	92 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	26 Mill. Bu.	70 Mill. Bu.	70 Mill. Bu.
<b>Total Use</b>	<b>3,363 Mill. Bu.</b>	<b>3,243 Mill. Bu.</b>	<b>3,293 Mill. Bu.</b>
Ending Stocks	150 Mill. Bu.	360 Mill. Bu.	350 Mill. Bu.

USDA – WASDA – September 10, 2010

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USDA – WASDA – September 10, 2010

**IA = 52 from 51**  
**IL = 51 from 49**  
**MN = 46 from 44**  
**NE = 55 from 53**  
**IN = 50 from 49**

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September 10, 2010

**3,483 Bill. Bu. is a new record for U.S. Soybean Production**

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**2009 Exports were increased 25 Mill. Bu.**

**2009 Residual was reduced by 15 Mill. Bu.**

USDA - WASDA - September 10, 2010

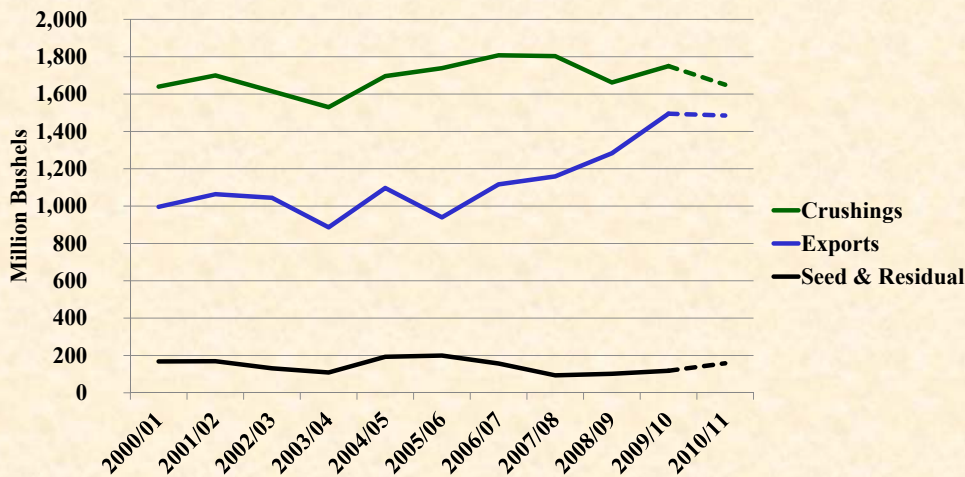
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**Sep. Stocks Report = 151 Mill. Bu.**

USDA - WASDA - September 10, 2010

## U.S. Soybean Use



Sept. 10, 2010 WASDE Report & Oil Yearbook Table 3

## Soybean Supply & Demand Table

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Harvested A.	76.4 Mill. A.	78.0 Mill. A.	78.0 Mill. A.
Yield/Harvest A.	44.0 bu.	44.0 bu.	44.7 bu.
Begin Stocks	138 Mill. Bu.	160 Mill. Bu.	150 Mill. Bu.
Production	3,359 Mill. Bu.	3,433 Mill. Bu.	3,383 Mill. Bu.
Imports	15 Mill. Bu.	10 Mill. Bu.	10 Mill. Bu.
<b>Total Supply</b>	<b>3,512 Mill. Bu.</b>	<b>3,603 Mill. Bu.</b>	<b>3,643 Mill. Bu.</b>
Crushings	<b>1,750 Mill. Bu.</b>	1,650 Mill. Bu.	<b>1,650 Mill. Bu.</b>
Exports	1,495 Mill. Bu.	1,435 Mill. Bu.	1,485 Mill. Bu.
Seed	92 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	26 Mill. Bu.	70 Mill. Bu.	70 Mill. Bu.
<b>Total Use</b>	<b>3,363 Mill. Bu.</b>	<b>3,243 Mill. Bu.</b>	<b>3,293 Mill. Bu.</b>
Ending Stocks	150 Mill. Bu.	360 Mill. Bu.	350 Mill. Bu.

**Projected Crush was unchanged from Aug.**

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

USDA - WASDA - September 10, 2010

## Soybean Supply & Demand Table

U.S. Soybean	2009/2010	2010/2011 (Aug)	2010/2011(Sep)
Planted A.	77.5 Mill. A.	78.9 Mill. A.	78.9 Mill. A.
Harvested A.	76.4 Mill. A.	78.0 Mill. A.	78.0 Mill. A.
Yield/Harvest A.	44.0 bu.	44.0 bu.	44.7 bu.
Begin Stocks	138 Mill. Bu.	160 Mill. Bu.	150 Mill. Bu.
Production	3,359 Mill. Bu.	3,359 Mill. Bu.	3,359 Mill. Bu.
Imports	15 Mill. Bu.	10 Mill. Bu.	10 Mill. Bu.
<b>Total Supply</b>	<b>3,512 Mill. Bu.</b>	<b>3,603 Mill. Bu.</b>	<b>3,643 Mill. Bu.</b>
Crushings	1,750 Mill. Bu.	1,650 Mill. Bu.	1,650 Mill. Bu.
Exports	1,495 Mill. Bu.	<b>1,435 Mill. Bu.</b>	<b>1,485 Mill. Bu.</b>
Seed	92 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	26 Mill. Bu.	70 Mill. Bu.	70 Mill. Bu.
<b>Total Use</b>	<b>3,363 Mill. Bu.</b>	<b>3,243 Mill. Bu.</b>	<b>3,293 Mill. Bu.</b>
Ending Stocks	150 Mill. Bu.	360 Mill. Bu.	350 Mill. Bu.

USDA – WASDA – September 10, 2010

## Soybean Supply & Demand Table

U.S. Soybean	2009/2010	2010/2011 (Aug)	2010/2011(Sep)
Planted A.	77.5 Mill. A.	78.9 Mill. A.	78.9 Mill. A.
Harvested A.	76.4 Mill. A.	78.0 Mill. A.	78.0 Mill. A.
Yield/Harvest A.	44.0 bu.	44.0 bu.	44.7 bu.
Begin Stocks	138 Mill. Bu.	160 Mill. Bu.	150 Mill. Bu.
Production	3,359 Mill. Bu.	3,359 Mill. Bu.	3,359 Mill. Bu.
Imports	15 Mill. Bu.	10 Mill. Bu.	10 Mill. Bu.
<b>Total Supply</b>	<b>3,512 Mill. Bu.</b>	<b>3,512 Mill. Bu.</b>	<b>3,512 Mill. Bu.</b>
Crushings	1,750 Mill. Bu.	1,650 Mill. Bu.	1,650 Mill. Bu.
Exports	1,495 Mill. Bu.	1,435 Mill. Bu.	1,485 Mill. Bu.
Seed	92 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	26 Mill. Bu.	70 Mill. Bu.	70 Mill. Bu.
<b>Total Use</b>	<b>3,363 Mill. Bu.</b>	<b>3,243 Mill. Bu.</b>	<b>3,293 Mill. Bu.</b>
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USDA – WASDA – September 10, 2010

## Soybean Supply & Demand Table

U.S. Soybean	2009/2010	2010/2011 (Aug)	2010/2011(Sep)
Planted A.	77.5 Mill. A.	78.9 Mill. A.	78.9 Mill. A.
Harvested A.	76.4 Mill. A.	78.0 Mill. A.	78.0 Mill. A.
Yield/Harvest A.	44.0 bu.	44.0 bu.	44.7 bu.
Begin Stocks	138 Mill. Bu.	160 Mill. Bu.	150 Mill. Bu.
Production	3,359 Mill. Bu.	3,359 Mill. Bu.	3,359 Mill. Bu.
Imports	15 Mill. Bu.	10 Mill. Bu.	10 Mill. Bu.
<b>Total Supply</b>	<b>3,512 Mill. Bu.</b>	<b>3,512 Mill. Bu.</b>	<b>3,512 Mill. Bu.</b>
Crushings	1,750 Mill. Bu.	1,650 Mill. Bu.	1,650 Mill. Bu.
Exports	1,495 Mill. Bu.	1,435 Mill. Bu.	1,485 Mill. Bu.
Seed	92 Mill. Bu.	88 Mill. Bu.	88 Mill. Bu.
Residual	26 Mill. Bu.	70 Mill. Bu.	70 Mill. Bu.
<b>Total Use</b>	<b>3,363 Mill. Bu.</b>	<b>3,243 Mill. Bu.</b>	<b>3,293 Mill. Bu.</b>
Ending Stocks	150 Mill. Bu.	<b>360 Mill. Bu.</b>	<b>350 Mill. Bu.</b>

USDA – WASDA – September 10, 2010

## Soybean Update

- Estimated *Ending Stocks* = 0.350 Bill. Bu.
- **Estimated Stocks-to-Use Ratio = 10.6 %**
  - 2009/10 = 4.5%
  - 2008/09 = 4.5 %
  - 2007/08 = 3.6 %
  - 15 Year Avg. = 9.2 %
- Forecast Avg. Farm Price = \$9.90 (9.15 – 10.65)
- Est. Avg. North Dakota Price ≈ 9.35

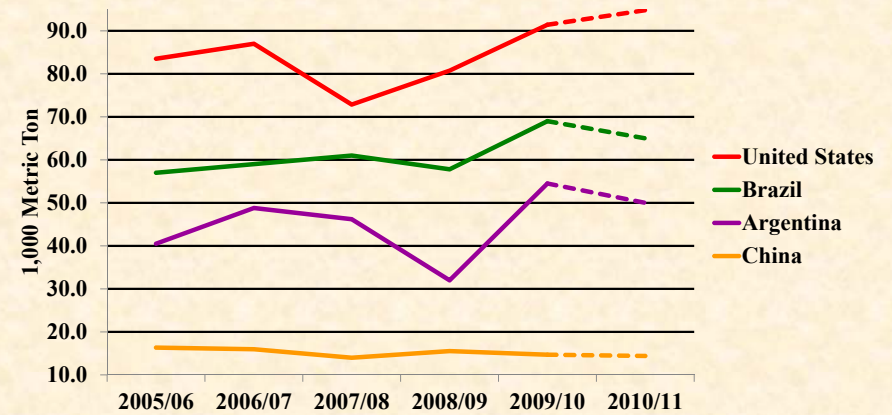
Sept. 10, 2010 WASDE Report



## Soybean “Market Movers”

- Export sales have been key pricing factor in 2009/10 marketing year.
- Both Brazil and Argentina had new record production in 2010.
  - Brazil ≈ 69.0 mmt. versus 57.80 mmt. in 2009
  - Argentina ≈ 54.0 mmt. versus 32.00 mmt. in 2009
- China is still critical export market, but South American competition will be strong.

## Soybean Production by Country (1,000 Metric Tons)



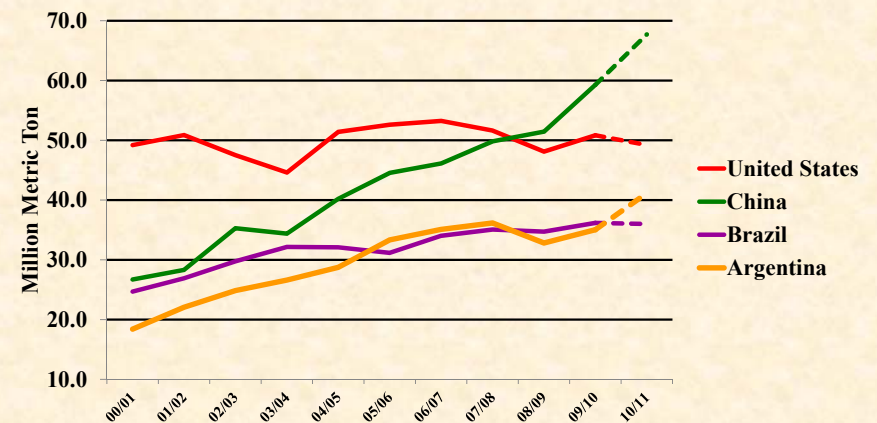
Sept. 10, 2010 WASDE Report & USDA – Oilseeds Data Base

## Soybean Export Destinations

(1,000 Metric Tons)

Country	2005/06 MY Total	2006/07 MY Total	2007/08 MY Total	2008/09 MY Total	Sep. 1 – Aug. 31
<b>China</b>	<b>9,706</b>	<b>11,454</b>	<b>13,353</b>	<b>18,681</b>	<b>22,454</b>
Mexico	3,594	3,853	3,575	3,097	3,276
Japan	3,018	3,158	2,709	2,410	2,346
Taiwan	1,850	1,942	1,732	1,592	1,556
Indonesia	1,211	1,454	1,068	1,340	1,461
Egypt	549	763	845	1,117	945
Netherlands	1,097	1,442	1,177	885	804
Turkey	650	537	408	737	890

## Soybean Consumption by Country (Million Metric Tons)



Sept. 10, 2010 WASDE Report & USDA – Oilseeds Data Base

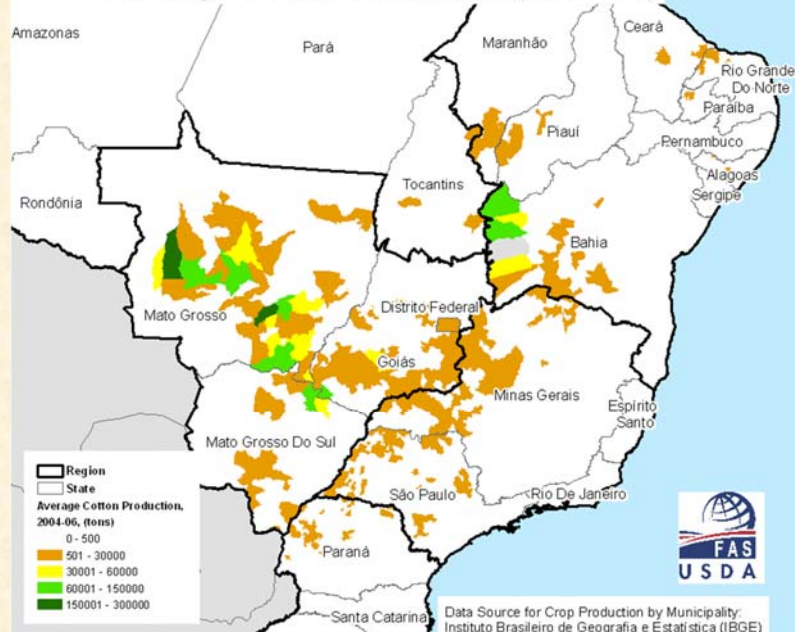
## Soybean “Market Movers”

- Will the estimated 44.7 bu./a. national average yield be realized?
  - *Sudden Death Syndrome* has been found in Missouri, Iowa and Illinois.
- Value of U.S. Dollar
  - Falling values benefit export sales
    - Exports account for about **45%** of Total Use
  - Level of soybean export sales to China is critical
  - China has “de-coupled” *Yuan* from U.S. Dollar

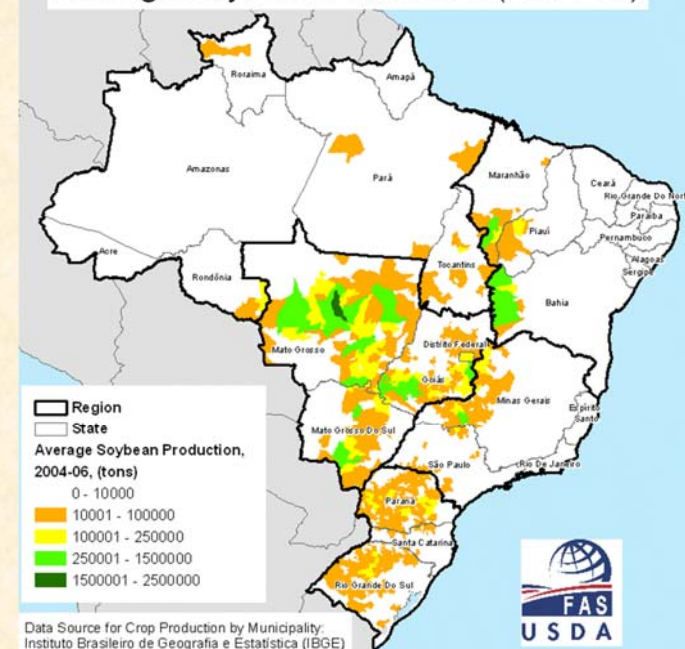
## Soybean “Market Movers”

- Soybean planting in South America
  - Competition for acres from Sugar Cane and Cotton
  - Brazil’s soybean planting normally runs from October through December
  - Argentina's planting normally runs from November through December for main growing region
    - January through Mid-February for double crop region
- Commodity Index and Hedge Fund “investment” in commodities

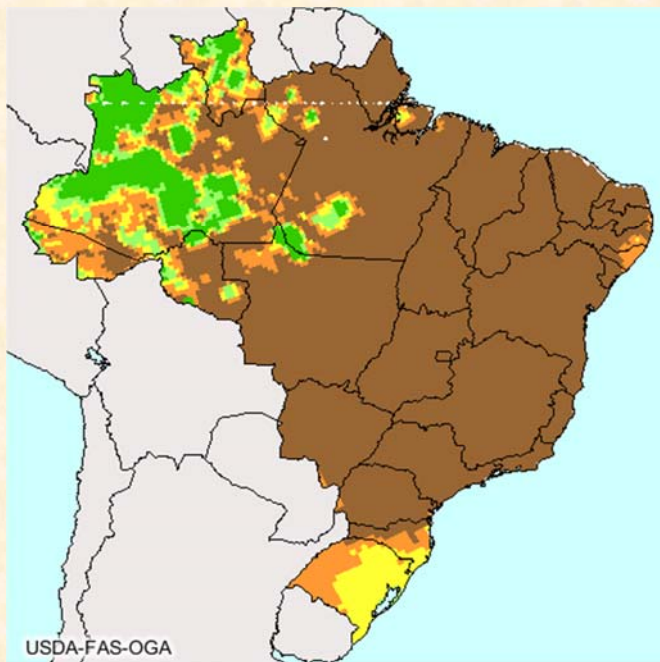
Average Cotton Production (2004-06)



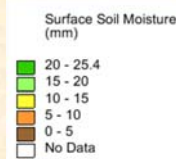
Average Soybean Production (2004-06)



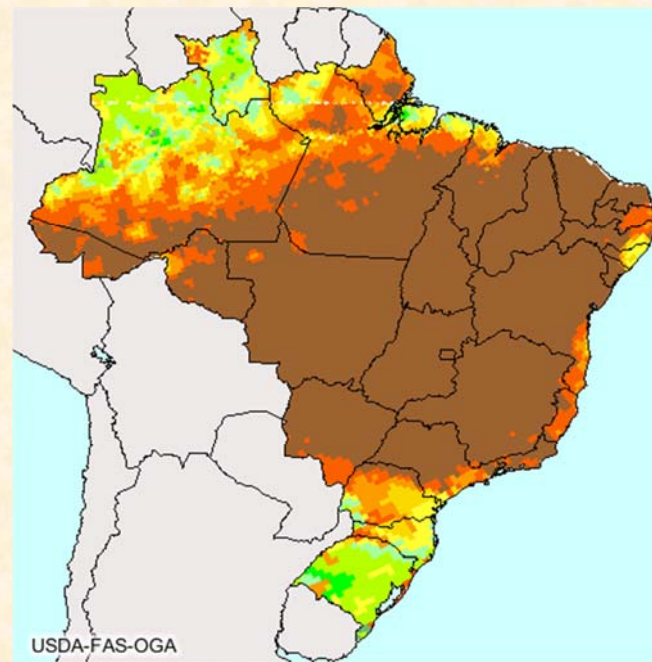




Surface  
Moisture  
(09-20-10)



USDA-FAS-OGA



Sub-Soil  
Moisture  
(09-20/10)



USDA-FAS-OGA

## Wheat Update



## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	44.4 bu.	46.9 bu.	46.9 bu.
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,265 Mill. Bu.	2,265 Mill. Bu.
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
<b>Ending Stocks</b>	<b>973 Mill. Bu.</b>	<b>952 Mill. Bu.</b>	<b>902 Mill. Bu.</b>

USDA - WASDA - September 10, 2010



## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	<b>59.1 Mill. A.</b>	54.3 Mill. A.	<b>54.3 Mill. A.</b>
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	44.4 bu.	46.9 bu.	46.9 bu.
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,265 Mill. Bu.	2,265 Mill. Bu.
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

**HRW = 28.46 ≈ (10%)**  
**HRS = 13.26 ≈ 5%**  
**SRW = 5.83 ≈ (30%)**  
**White = 4.08 ≈ 2%**  
**Durum = 2.68 ≈ 5%**

USDA – WASDA – September 10, 2010

## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	<b>59.1 Mill. A.</b>	54.3 Mill. A.	<b>54.3 Mill. A.</b>
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	44.4 bu.	46.9 bu.	46.9 bu.
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,265 Mill. Bu.	2,265 Mill. Bu.
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

**Small Grains Report =**  
**53.6 Mill. A.**

USDA – WASDA – September 10, 2010

## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	<b>44.4 bu.</b>	46.9 bu.	<b>46.9 bu.</b>
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,265 Mill. Bu.	2,265 Mill. Bu.
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

**HRW = 38 vs. 43**  
**HRS = 44 vs. 46**  
**SRW = 56 vs. 54**  
**White = 62 vs. 70**  
**Durum = 45 vs. 42**

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## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	<b>44.4 bu.</b>	46.9 bu.	<b>46.9 bu.</b>
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,265 Mill. Bu.	2,265 Mill. Bu.
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

**Small Grains**  
**Report = 46.7**

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## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	44.4 bu.	46.9 bu.	46.9 bu.
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	<b>2,216 Mill. Bu.</b>	<del>2,265 Mill. Bu.</del>	<b>2,265 Mill. Bu.</b>
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

USDA – WASDA – September 10, 2010

## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
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Yield/Harvest A.	44.4 bu.	46.9 bu.	46.9 bu.
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,265 Mill. Bu.	<b>2,265 Mill. Bu.</b>
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
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<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

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**Small Grains Report = 2,223 Mill. Bu.**

## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	44.4 bu.	46.9 bu.	46.9 bu.
Begin Stocks	657 Mill. Bu.	973 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,265 Mill. Bu.	2,265 Mill. Bu.
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>	<del>3,338 Mill. Bu.</del>	<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

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## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
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Production	2,216 Mill. Bu.	2,265 Mill. Bu.	2,265 Mill. Bu.
Imports	119 Mill. Bu.	100 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<del>2,991 Mill. Bu.</del>	<b>3,338 Mill. Bu.</b>	<b>3,338 Mill. Bu.</b>
Food	<b>917 Mill. Bu.</b>	940 Mill. Bu.	<b>940 Mill. Bu.</b>
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	881 Mill. Bu.	1,200 Mill. Bu.	1,250 Mill. Bu.
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

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**Food use is relatively stable and slowly growing.**

## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
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Imports	119 Mill. Bu.		100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>		<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	<b>149 Mill. Bu.</b>	170 Mill. Bu.	<b>170 Mill. Bu.</b>
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<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

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

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## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
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Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
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<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

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

USDA – WASDA – September 10, 2010

## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011(Aug)	2010/2011(Sep)
Planted A.	59.1 Mill. A.	54.3 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	48.3 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	44.4 bu.		46.9 bu.
Begin Stocks	657 Mill. Bu.		973 Mill. Bu.
Production	2,216 Mill. Bu.		2,265 Mill. Bu.
Imports	119 Mill. Bu.		100 Mill. Bu.
<b>Total Supply</b>	<b>2,991 Mill. Bu.</b>		<b>3,338 Mill. Bu.</b>
Food	917 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	149 Mill. Bu.	170 Mill. Bu.	170 Mill. Bu.
Exports	<b>881 Mill. Bu.</b>	1,200 Mill. Bu.	<b>1,250 Mill. Bu.</b>
<b>Total Use</b>	<b>2,018 Mill. Bu.</b>	<b>2,386 Mill. Bu.</b>	<b>2,436 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	952 Mill. Bu.	902 Mill. Bu.

*The significant increase in Exports is due to drought problems in Black Sea region*

USDA – WASDA – September 10, 2010

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*Ending Stocks are more than adequate!*

**2010/11 Stocks-to-Use ≈ 32.7%**

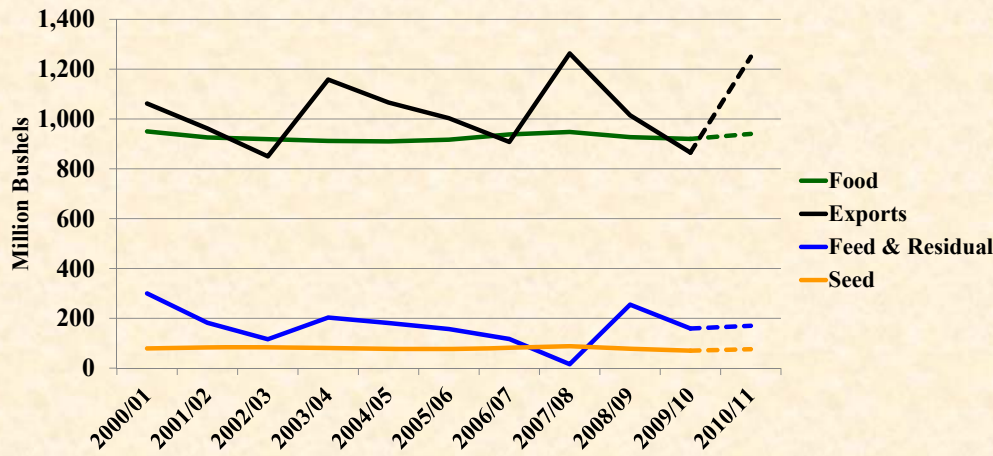
**15 yr. avg. ≈ 28.6%**

USDA – WASDA – September 10, 2010



# All Wheat Disappearance

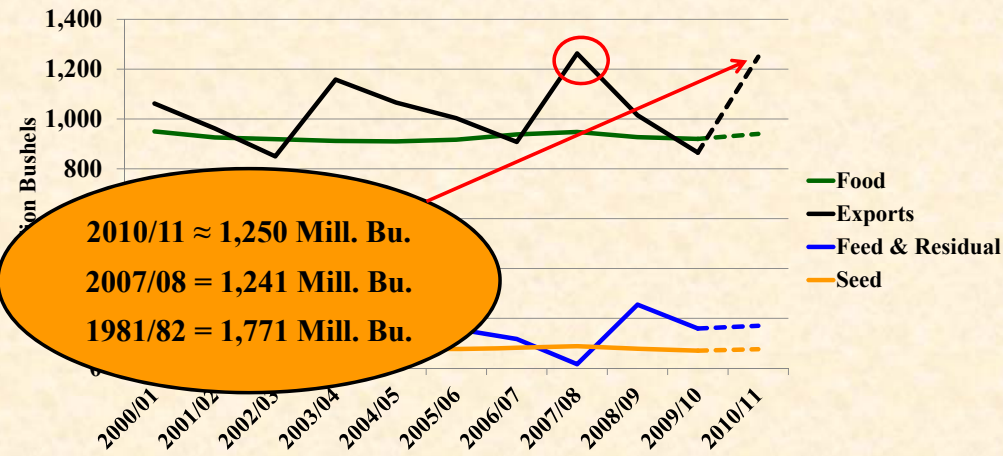
(Million Bushels)



USDA – WASDE – Sept. 10, 2010 & USDA Wheat Yearbook -Table 5

# All Wheat Disappearance

(Million Bushels)

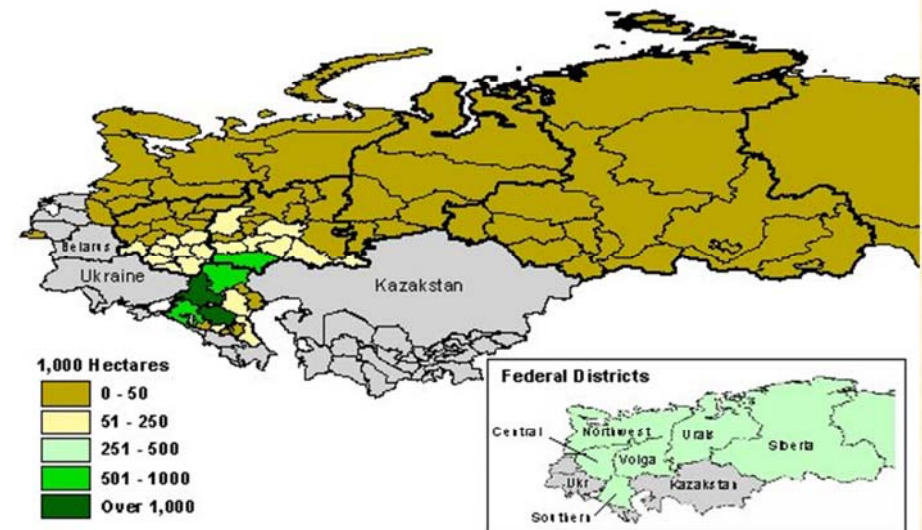


USDA – WASDE – Sept. 10, 2010 & USDA Wheat Yearbook -Table 5

## Wheat “Market Movers”

- Export sales will set price direction:
  - Exports account for **51.3%** of total use.
  - World wheat production estimates are dropping.
  - Kazakhstan and Russia have experienced severe drought conditions and are behind in planting winter wheat.
  - EU-27 has also had quality concerns.
  - Canadian spring wheat and durum production and quality are questionable!
  - Rainfall in West Australia is below normal.

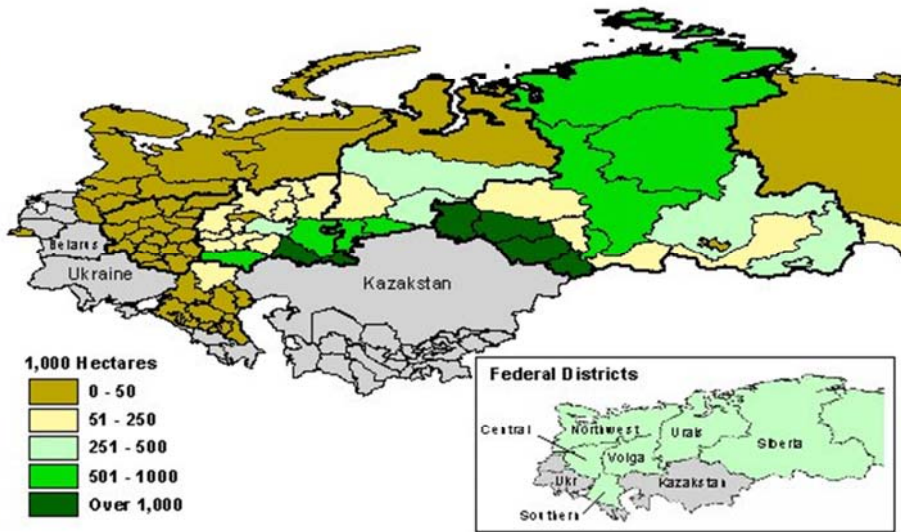
Russia: Estimated Winter Wheat Area by Oblast



Production Estimates and Crop Assessment Division, FAS, USDA

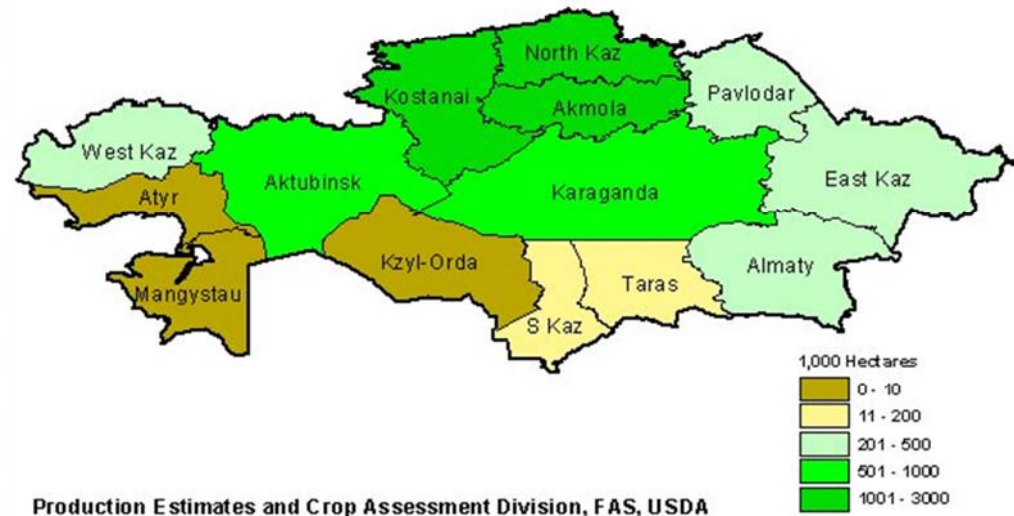


Russia: Estimated Spring Wheat Area by Oblast



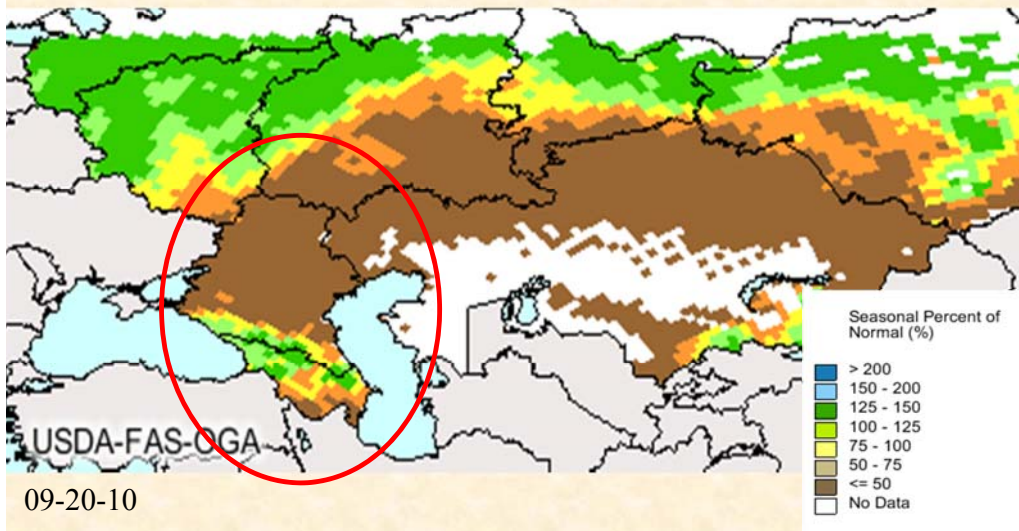
Production Estimates and Crop Assessment Division, FAS, USDA

Kazakhstan: Estimated Wheat Area by Region

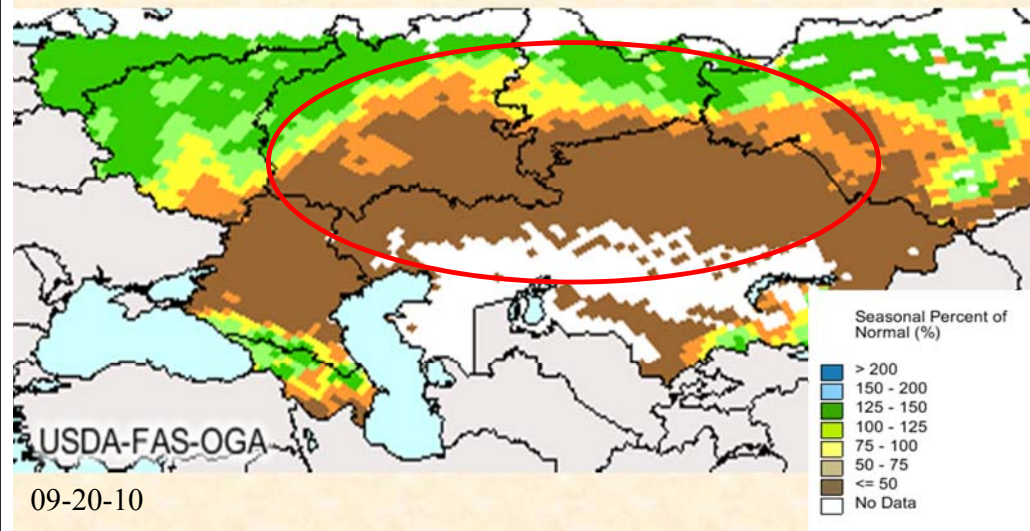


Production Estimates and Crop Assessment Division, FAS, USDA

Russian Federation & Kazakhstan  
Surface Moisture

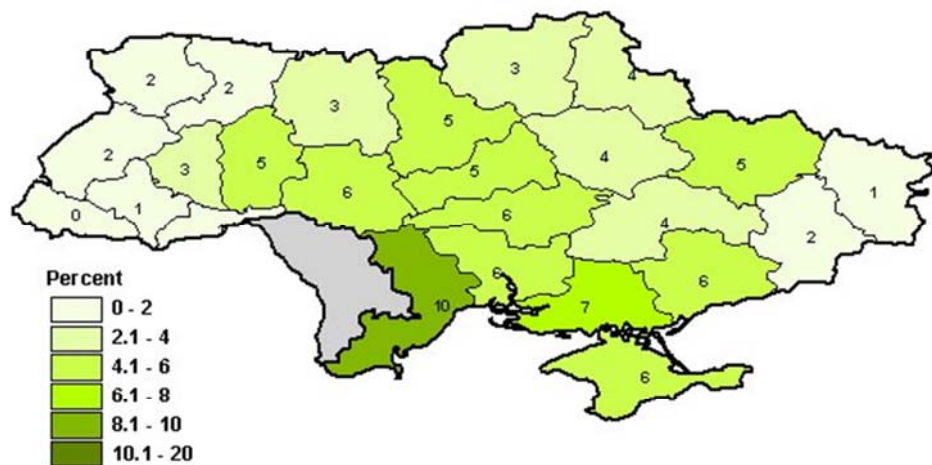


Russian Federation & Kazakhstan  
Surface Moisture



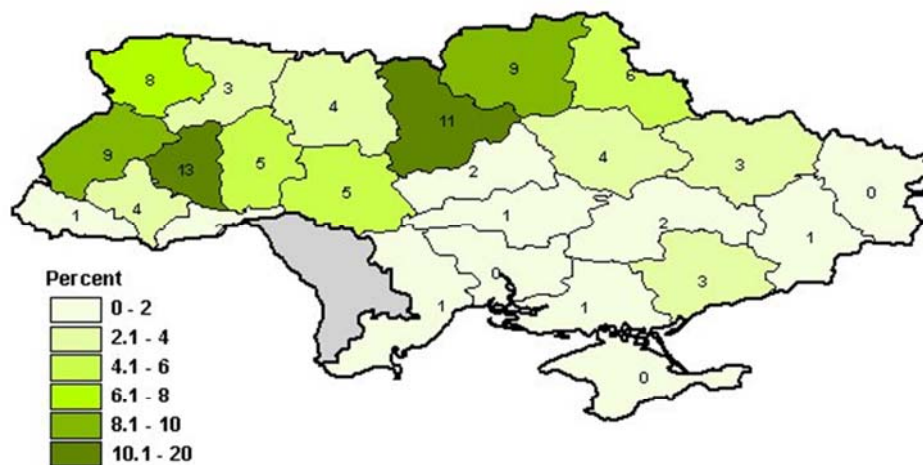


Ukraine: Percent of Total Winter Wheat Area by Oblast



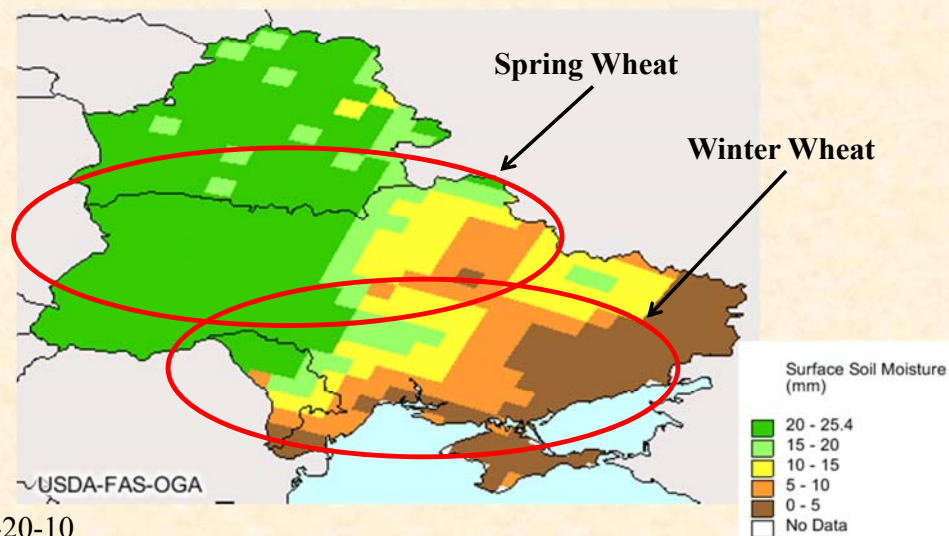
Production Estimates and Crop Assessment Division, FAS, USDA

Ukraine: Percent of Total Spring Wheat Area by Oblast



Production Estimates and Crop Assessment Division, FAS, USDA

## Surface Moisture Ukraine, Moldova, & Belarus



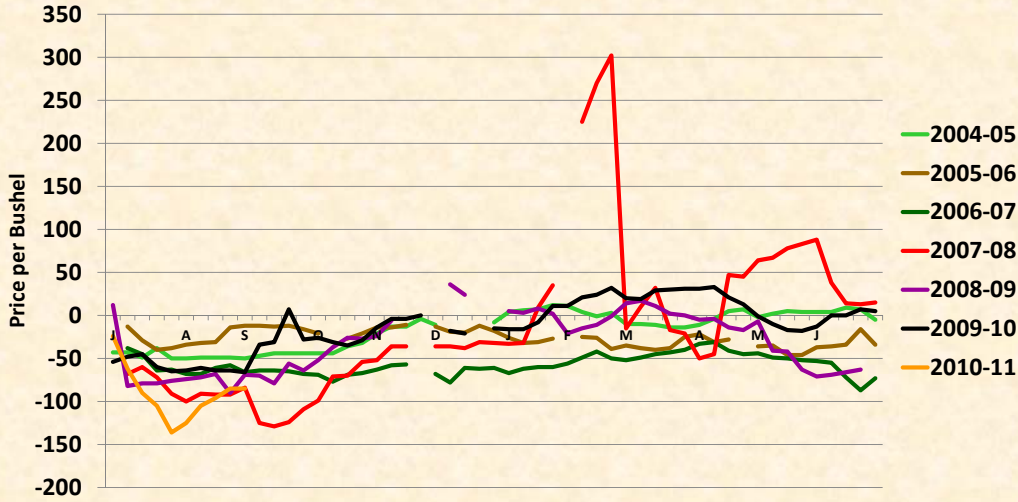
09-20-10

## Wheat “Market Movers”

- Value of U.S. Dollar is very important for wheat export sales.
- Commodity Index and Hedge Fund “investment” in commodities – Watch the basis!
  - Futures Market is anticipating increased export sales
  - Cash Market is waiting for actual export sales
  - Significant 2009-10 carryover and large 2010-11 production is creating a backlog in grain logistics (new crop wheat and old crop corn)
  - On farm and country elevator storage is at a premium

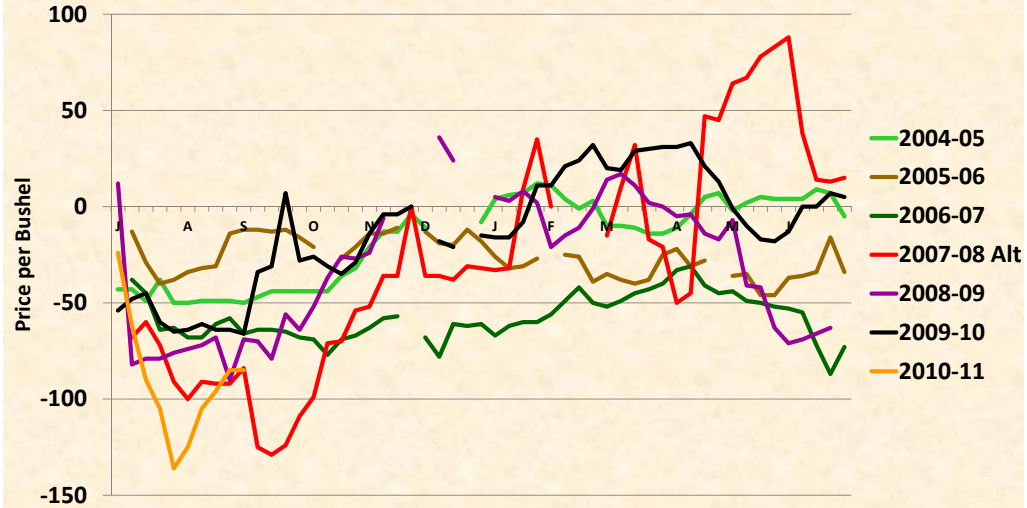


## Nearby Spring Wheat Basis for Minot, ND



Data collected by North Dakota State University

## Nearby Spring Wheat Basis for Minot, ND



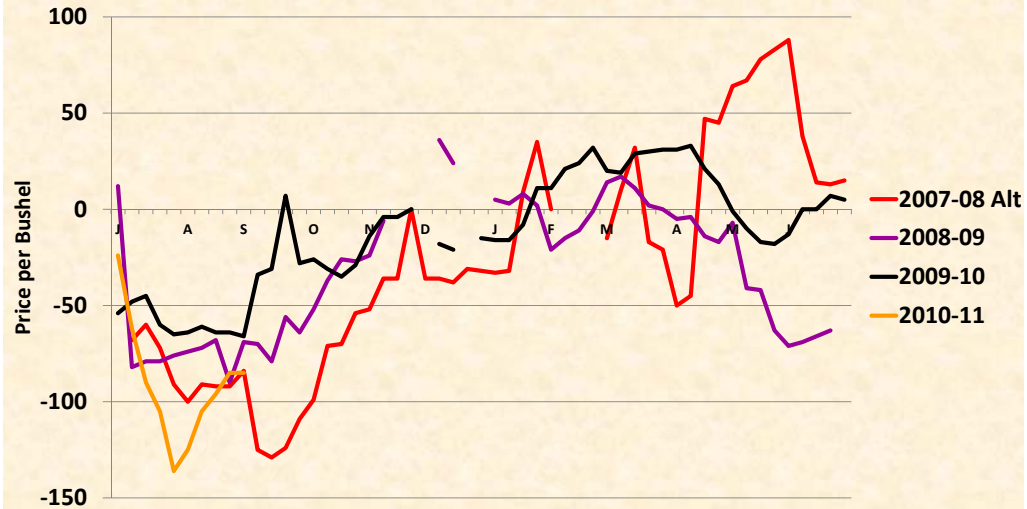
Data collected by North Dakota State University

## Nearby Spring Wheat Basis for Minot, ND



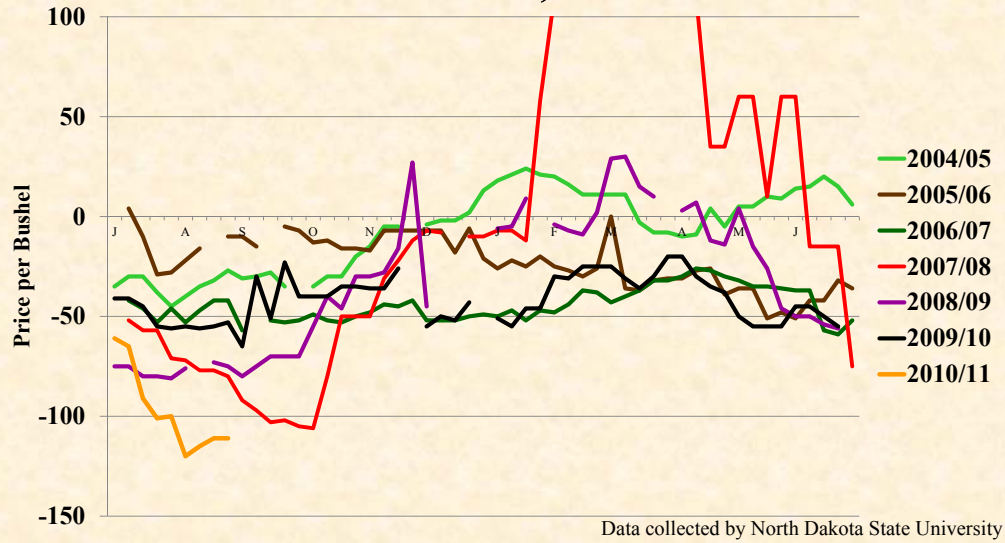
Data collected by North Dakota State University

## Nearby Spring Wheat Basis for Minot, ND

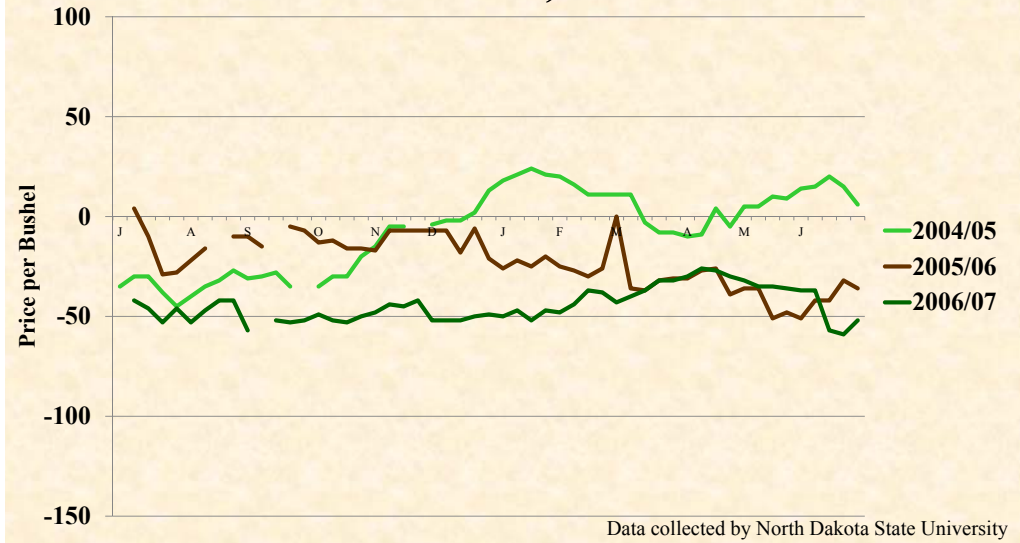


Data collected by North Dakota State University

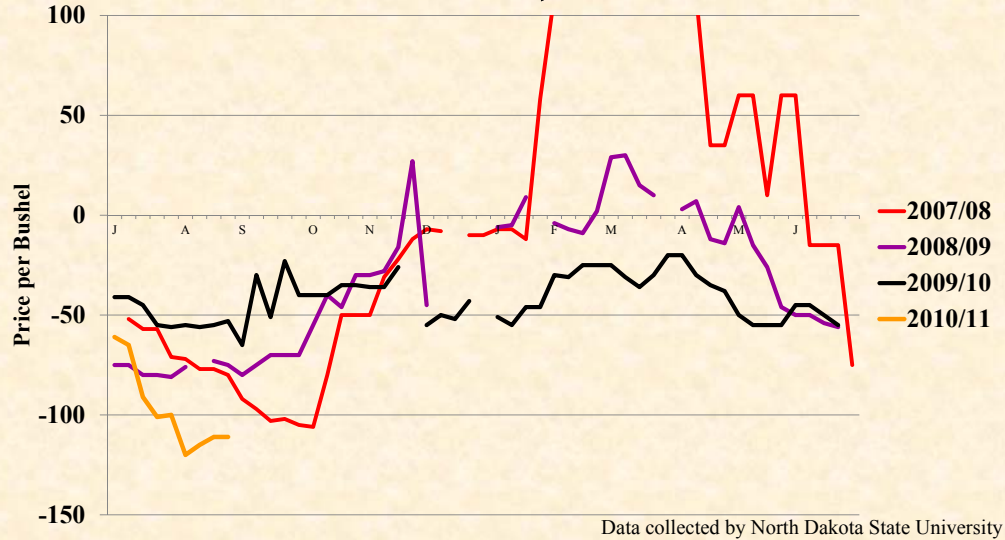
## Nearby Spring Wheat Basis for Hunter, ND



## Nearby Spring Wheat Basis for Hunter, ND



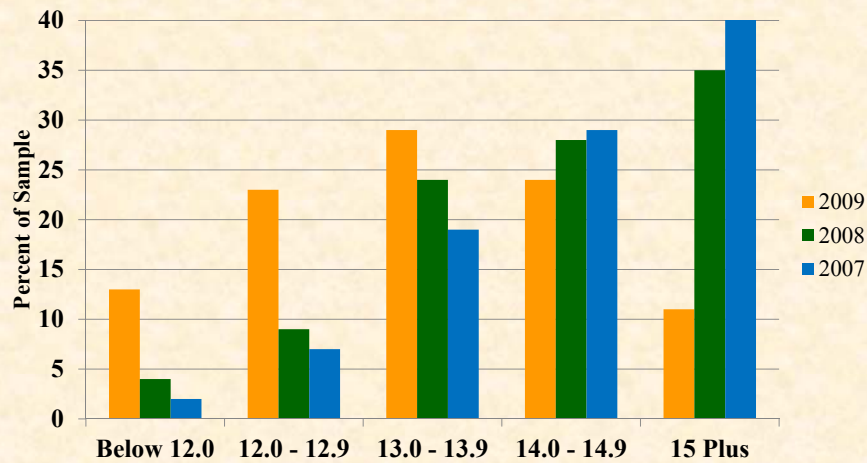
## Nearby Spring Wheat Basis for Hunter, ND



**WHAT ABOUT PROTEIN PREMIUMS AND DISCOUNTS?**



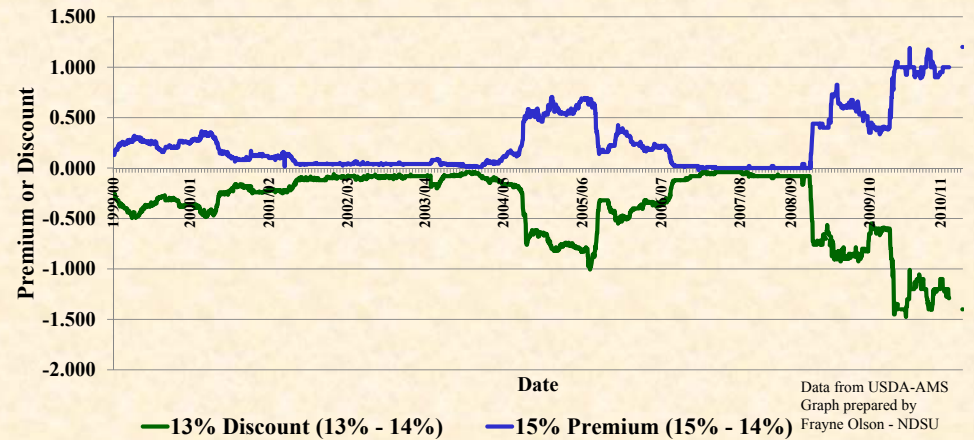
# HRSW Protein Comparison



N.D. Wheat Commission & U.S. Wheat Associates Grain Quality Summaries

# Protein Premiums/Discounts

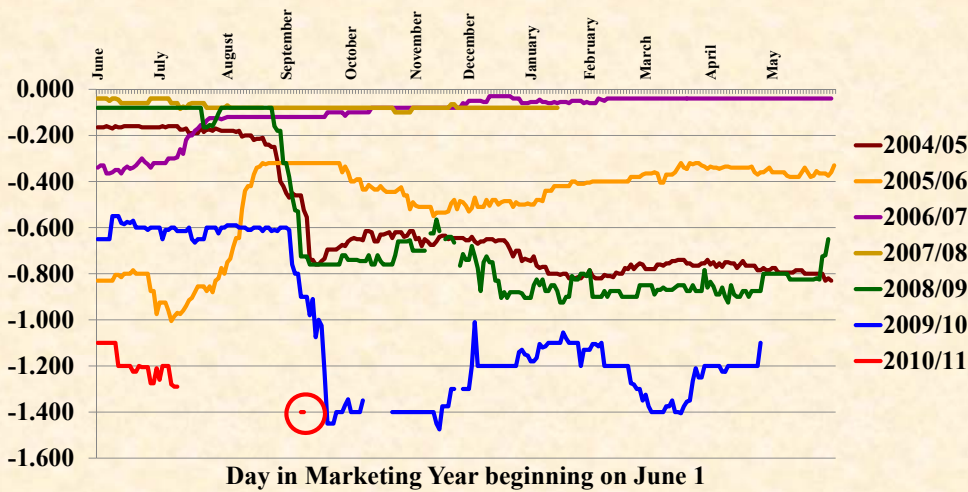
Daily Protein Spreads for Hard Red Spring Wheat - Portland OR  
June 1, 1999 – Sept. 27, 2010



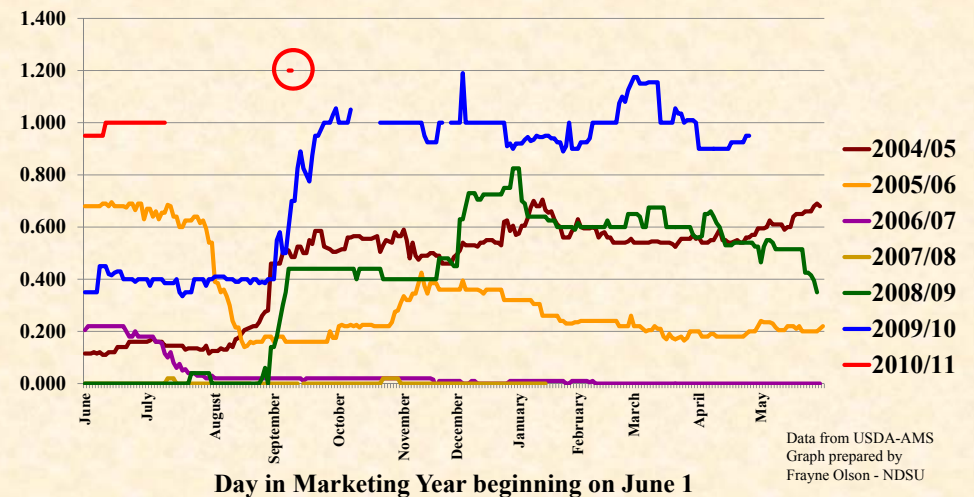
Data from USDA-AMS  
Graph prepared by  
Frayne Olson - NDSU

Discount for 13% Protein Hard Red Spring Wheat - Portland OR  
June 1, 2004 to Sept. 27, 2010

Data from USDA-AMS  
Graph prepared by  
Frayne Olson - NDSU



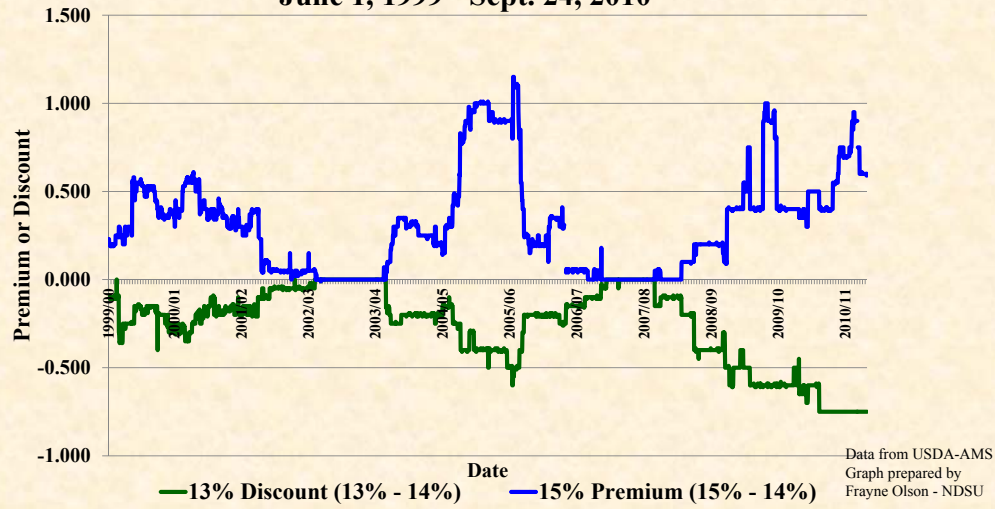
Premium for 15% Protein Hard Red Spring Wheat - Portland OR  
June 1, 2004 to Sept. 27, 2010



Data from USDA-AMS  
Graph prepared by  
Frayne Olson - NDSU

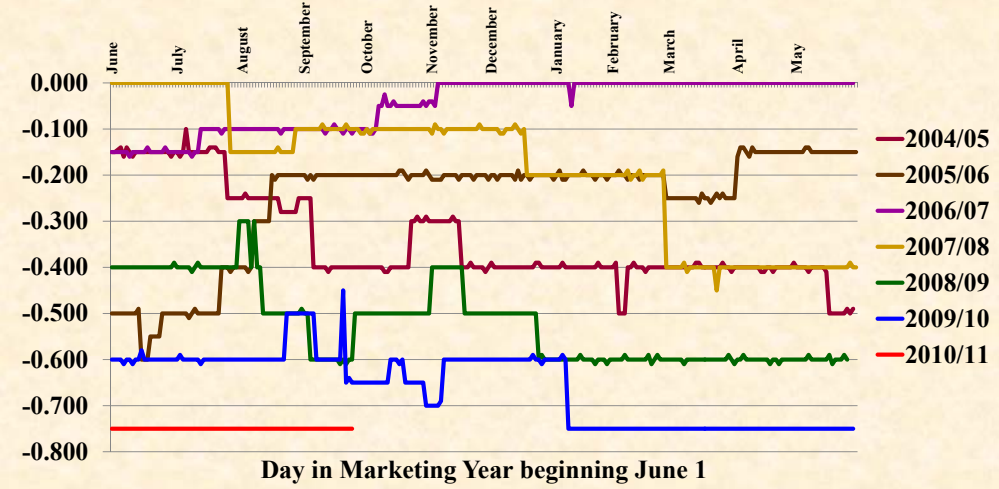


### Daily Protein Spreads for Hard Red Spring Wheat - Minneapolis, MN June 1, 1999 - Sept. 24, 2010



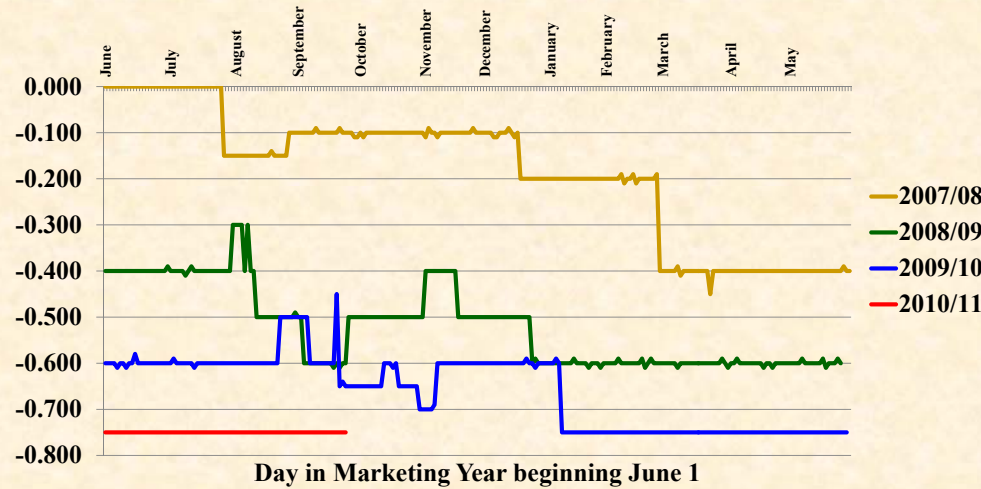
### Discount for 13% Protein Hard Red Spring Wheat - Minneapolis, MN June 1, 2004 to Sept. 24, 2010

Data from USDA-AMS  
Graph prepared by  
Frayne Olson - NDSU

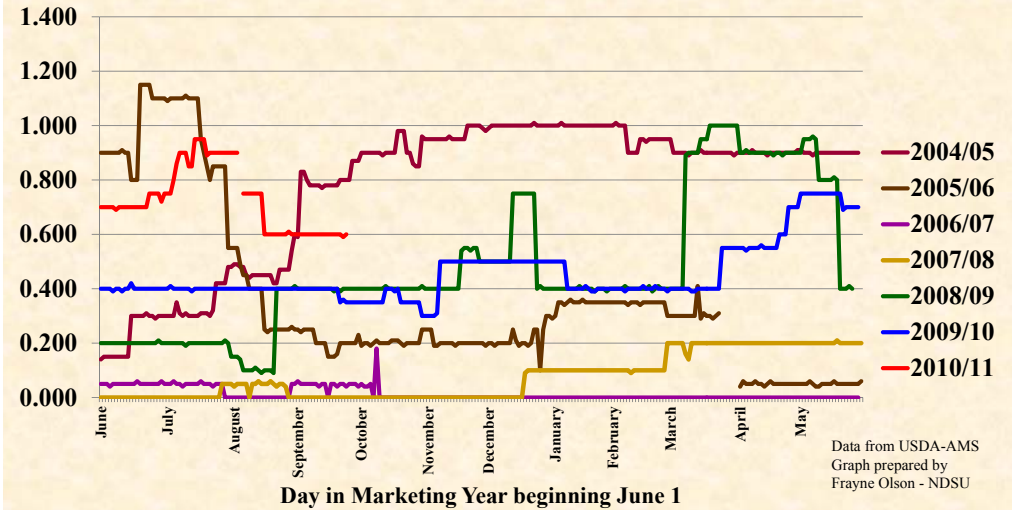


### Discount for 13% Protein Hard Red Spring Wheat - Minneapolis, MN June 1, 2004 to Sept. 24, 2010

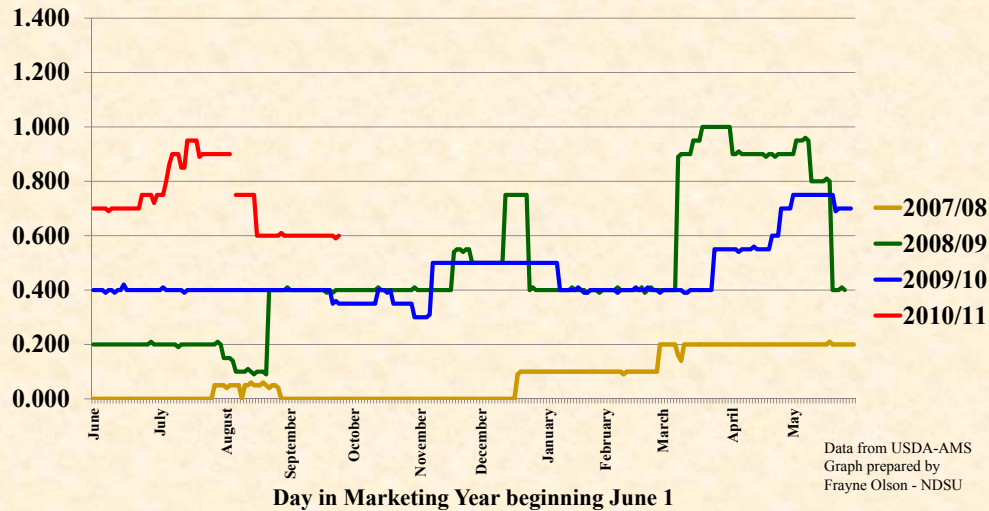
Data from USDA-AMS  
Graph prepared by  
Frayne Olson - NDSU



### Premium for 15% Protein Hard Red Spring Wheat - Minneapolis, MN June 1, 2004 to Sept. 24, 2010



### Premium for 15% Protein Hard Red Spring Wheat - Minneapolis, MN June 1, 2004 to Sept. 24, 2010



### Short Term Outlook

Crop	Strong Negative	Negative	Neutral	Positive	Strong Positive
Corn - Futures			X		
Corn - Basis	X				
Soybean - Futures				X	
Soybean - Basis	X				

### Short Term Outlook

Crop	Strong Negative	Negative	Neutral	Positive	Strong Positive
Spring Wheat – Futures				X	
Spring Wheat – Basis				X	
Spring Wheat – Protein			X		
Durum – High Quality					X
Durum – Low Quality		X			
Durum - LDPs		X			

### Short Term Outlook

Crop	Strong Negative	Negative	Neutral	Positive	Strong Positive
Malt Barley				X	
Feed Barley			X		
Canola				X	
Oil Sunflower				X	
Dry Beans			?		
Field Peas			?		
Lentils			?		
Flax				?	
Oats			?		

# ***QUESTIONS & COMMENTS?***

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