

Grain and Oilseed Outlook

Agricultural Lenders Conference

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Comparative Grain Prices, Dollars per Bushel

	<u>Ave.¹</u>	<u>2008²</u>	<u>Now³</u>
Wheat	\$3.36	\$12.11	\$4.19
Corn	2.27	5.53	3.18
Grn Sorghum	2.20	5.41	2.76
Soybeans	5.64	13.11	9.37

¹ Average price per bushel, 2000-2006

² Kansas City cash truck bids, 11 March 2008

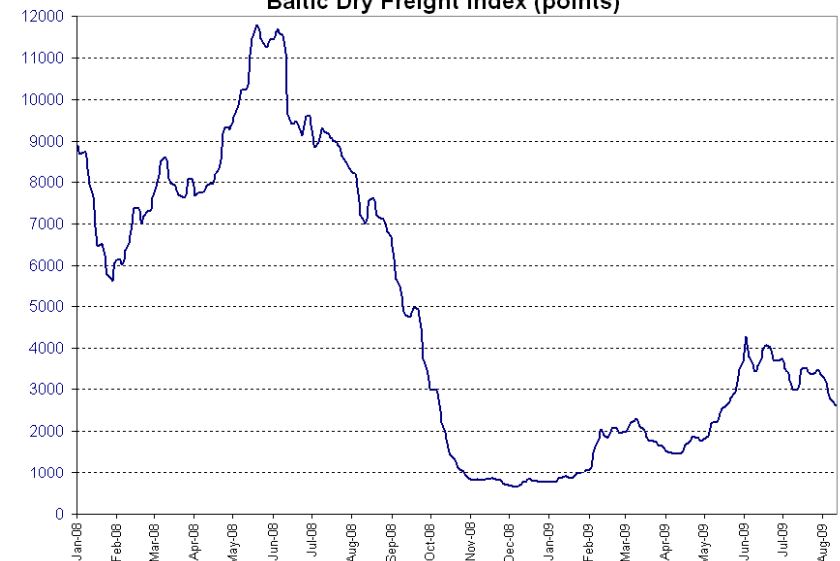
³ Kansas City cash truck bids, 29 September 2009



OUTSIDE INFLUENCES

*Global economic recession
Slow demand recovery
Low speculative activity
Oil price and dollar value*

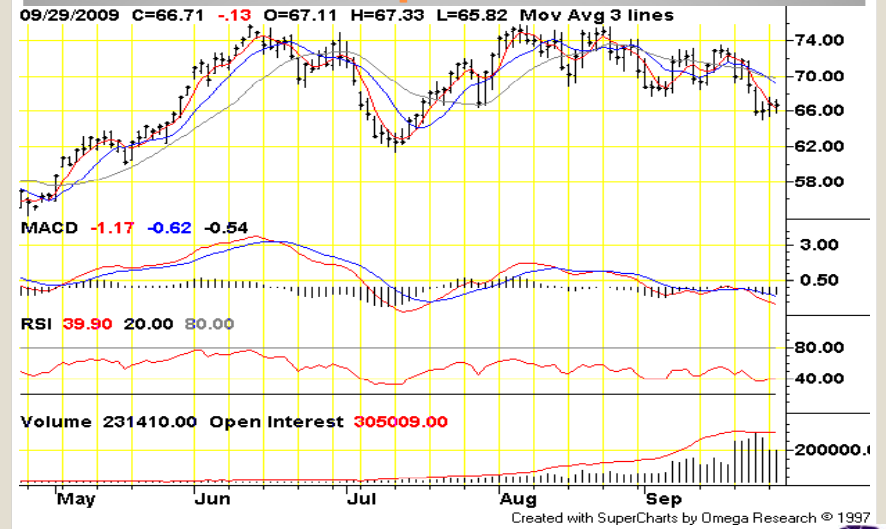
Baltic Dry Freight Index (points)



U.S. DOLLAR



OIL \$ per barrel

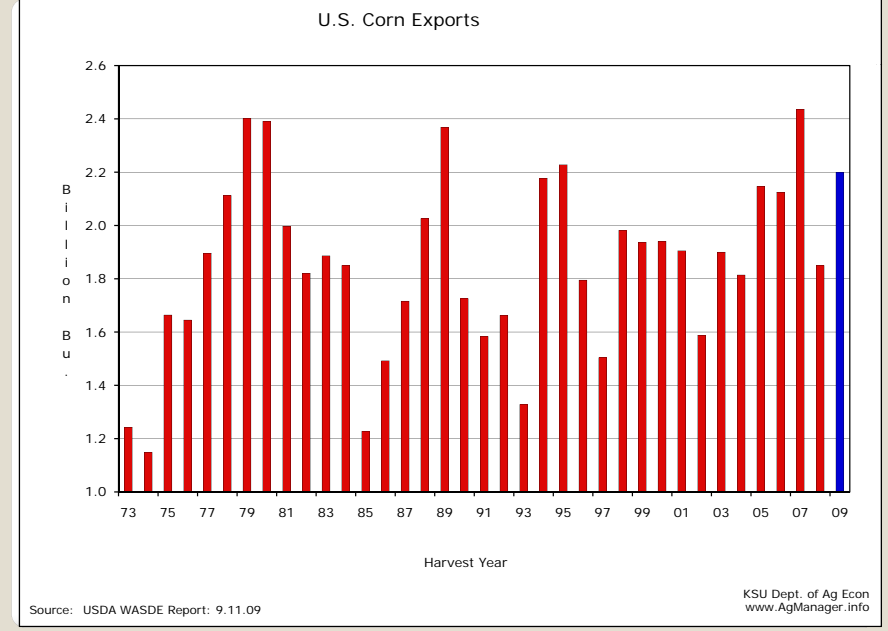
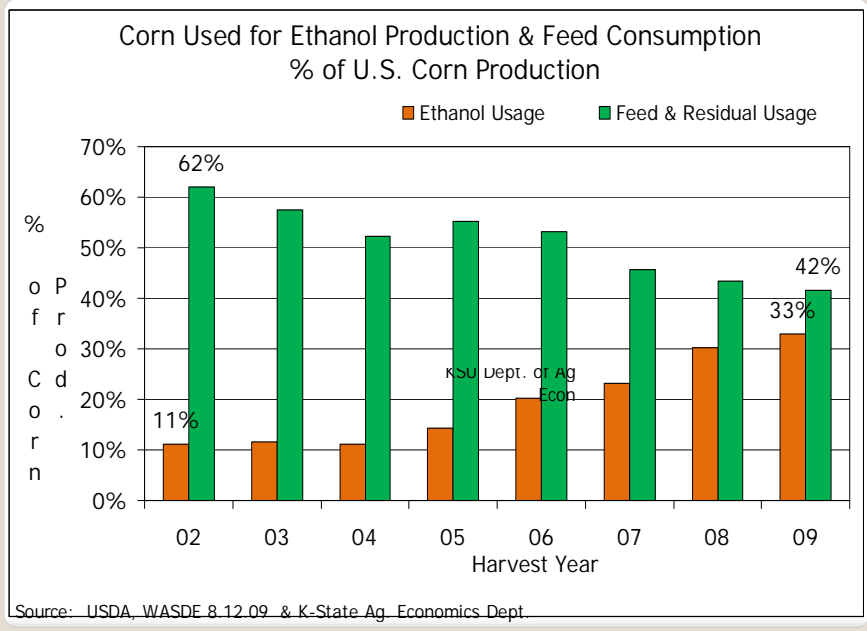
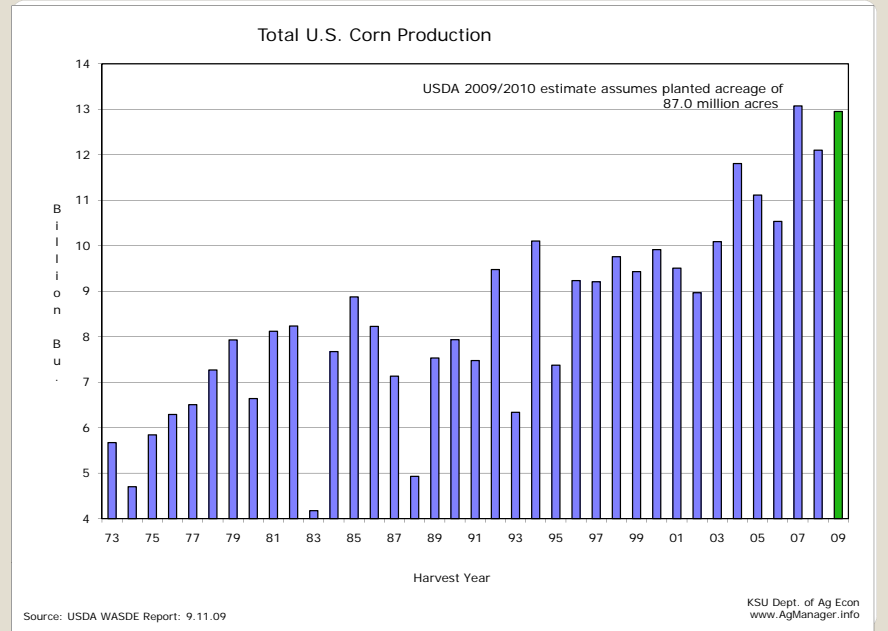
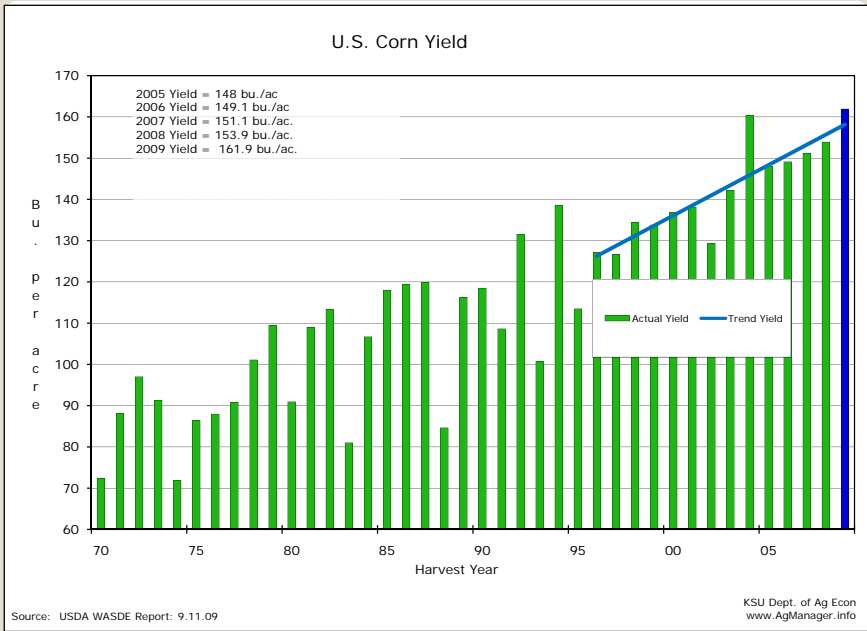


Oil vs Corn Futures Prices



Corn Balance Sheet

	06/07	07/08	08/09	09/10
Plant A. (mil.)	78.3	93.5	86.0	87.0
Harvest A. (mil.)	70.6	86.5	78.6	80.0
Bu./A.	149.1	150.7	153.9	161.9
Production	10,531	13,038	12,101	12,954
Imports	12	20	15	10
Beg. Carryover	1,967	1,304	1,624	1,695
Total Supply	12,510	14,362	13,740	14,660
Utilization:				
Feed and Resid.	5,591	5,938	5,250	5,350
Food, seed, ind.	3,490	4,363	4,945	5,475
Ethanol for fuel	2,119(20%)	3,026(23%)	3,675(30%)	4,200(32%)
Exports	2,125	2,436	1,850	2,200
Total Util.	11,207	12,737	12,045	13,025
End Carryover	1,304(12%)	1,624(13%)	1,695(14%)	1,635(13%)
U.S. Farm Price	\$3.04	\$4.20	\$4.08	\$3.05-\$3.65



U.S. Ethanol Industry at a Glance

2008Q 2009J 2009S¹

- Number of Ethanol Plants 168 172 201
- Operating ethanol plants: 168 ? ?
- Plants under const. or expanding: 43 23 ?
- Production capacity operating: (BGPY) 9.9 10.6 11.5
- Projected name plate capacity: 14.5 BGPY end of 2010
- Maximum starch-based ethanol inclusion of 15 billion gallons by 2015.
- Corn used for ethanol production and percentage of U.S. crop:

	Bu.(bil.)	Bu.(bil.)	% of Crop
2006/07 –	2.1	10.5	20
2007/08 –	3.0	13.0	23
2009/10 –	4.2	13.0	32
2014/15 -	5.0	15.0	33

¹Source: Renewable Fuels Association, September 29, 2009

Ethanol Profit Margin

(\$ per gallon)

Prices	July 07	Sept. 08	Aug. 09
Corn (\$/bu.)	3.2725	5.48 ¹	3.44 ²
Ethanol	1.905	2.20	1.783
RBOB	1.98	2.854	1.7477
Profit Margin	<u>+.26</u>	<u>+.01³</u>	<u>+.13⁴</u>

¹ Prices Sept. 2008. Breakeven corn price: \$5.52

² Prices Sept. 29, 2009. Breakeven corn price: \$3.34

³ Ethanol profit for a 100 million gallon plant = \$1.0 million

⁴ Profit = \$13.0 million

Distiller's Grain revenue would be about \$45 million.



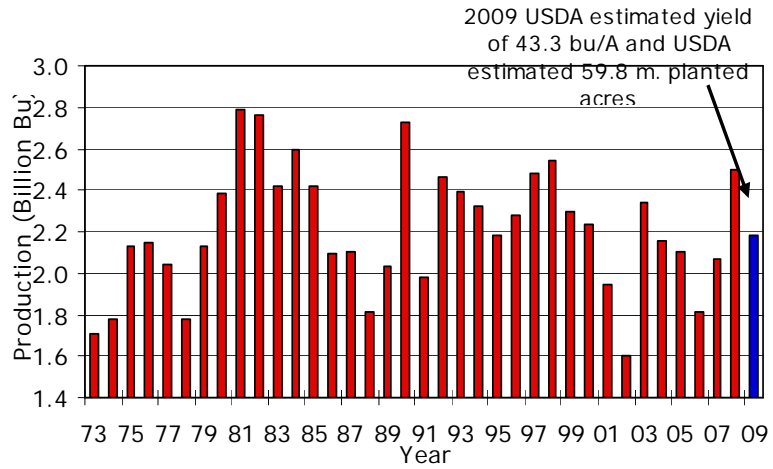
Grain Sorghum Balance Sheet

	06/07	07/08	08/09	09/10
Plant A. (mil.)	6.5	7.7	8.3	6.9
Harvest A. (mil.)	4.9	6.8	7.3	5.9
Bu./A.	56.1	73.2	65.0	65.5
Production	277	497	472	390
Beginning Stocks	66	32	53	40
Total Supply	343	530	525	430
Utilization:				
Feed and Res.	113	164	230	150
Food, seed, ind.	45	35	110	90
Exports	153	278	145	140
Total Utilization	311	477	485	380
Ending Carryover	32	53	40	50
U.S. Farm Price	\$3.29	\$4.08	\$3.23	\$2.60-\$3.20
G.S./corn price ratio	1.08	.97	.79	.87

U.S. Wheat Balance Sheet

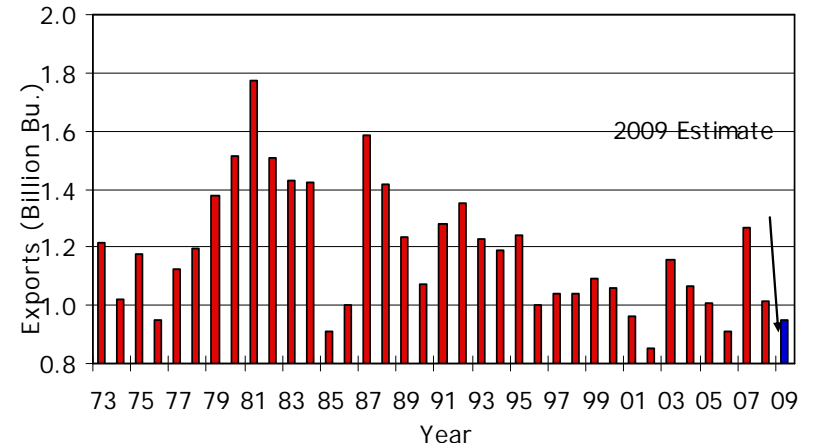
	06/07	07/08	08/09	09/10
Plant A. (mil.)	57.3	60.5	63.1	59.8
Harvest A. (mil.)	46.8	51.0	55.7	50.4
Bu./A.	38.7	40.2	44.9	43.3
Production	1,812	2,051	2,500	2,184
Imports	122	113	127	110
Carryover	571	456	306	667
Total Supply	2,505	2,620	2,932	2,961
Utilization:				
Feed and Res.	121	15	246	235
Food	938	947	925	955
Seed	82	88	79	78
Exports	908	1,264	1,015	950
Total Util.	2,049	2,314	2,265	2,218
Carryover	456(22%)	306(13%)	667(29%)	743(33%)
U.S. Farm Price	\$4.26	\$6.48	\$6.78	\$4.70-\$5.50

U.S. Wheat Production



Source: USDA WASDE Report 8.12.09 & Planting Intentions 6.30.09
 KSU Dept. of Ag Econ
www.AgManager.info

U.S. Wheat Exports



Source: USDA WASDE Report 8.12.09 & K-State Ag. Econ. Dept.
 KSU Dept. of Ag Econ
www.AgManager.info

KC HRWheat cents per bushel

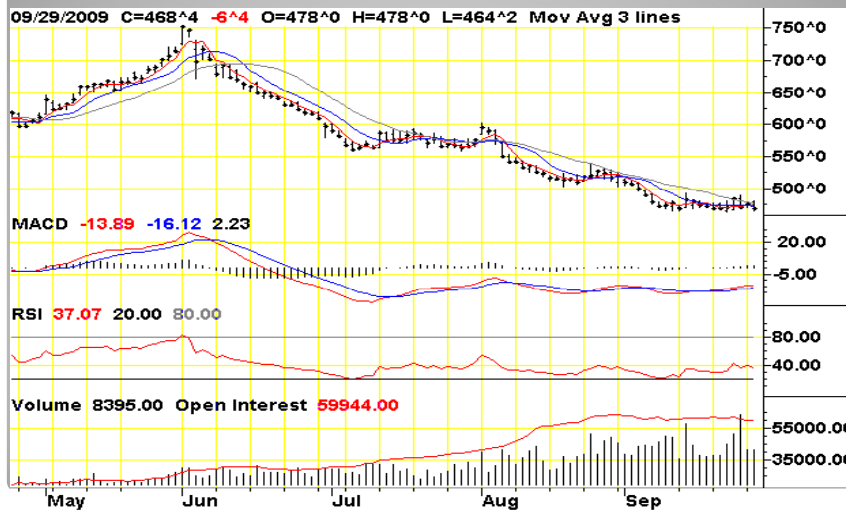
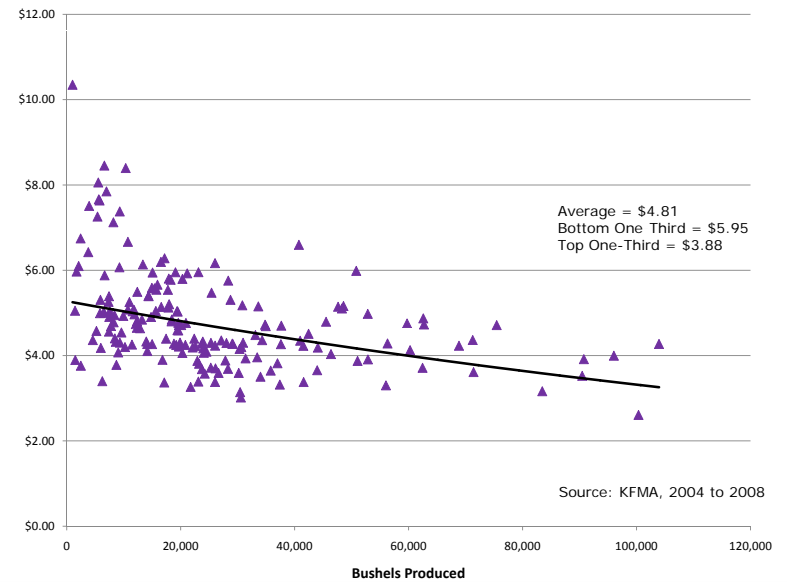
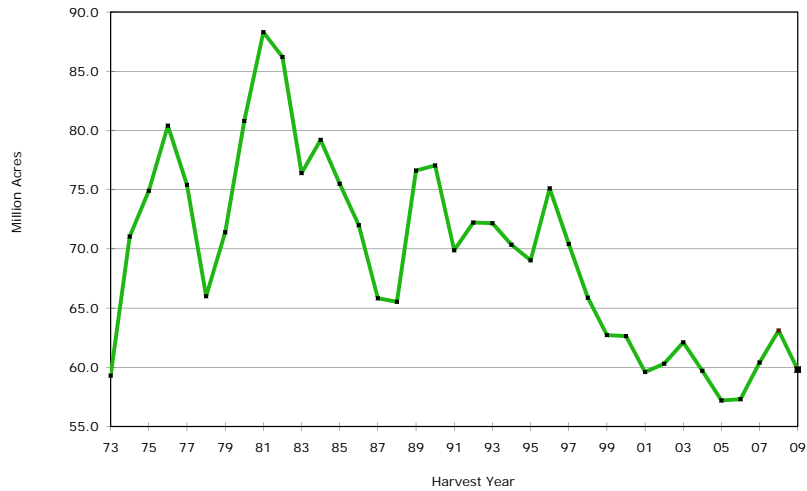


Figure 2. Cost per Bushel of Wheat in Kansas



U.S. Wheat Planted Acreage



Source: USDA WASDE Report 9.11.09

KSU Dept. of Ag Econ
www.AgManager.info

Soybean Balance Sheet

	06/07	07/08	08/09	09/10
Plant A. (mil.)	75.5	64.7	75.7	77.7
Harvest A. (mil.)	74.6	64.1	74.6	76.8
Bu./A.	42.9	41.7	39.6	42.3
Production	3,197	2,677	2,959	3,245
Imports	9	10	15	10
Beg. Carryover	449	574	205	110
Total Supply	3,655	3,261	3,179	3,366

Utilization:

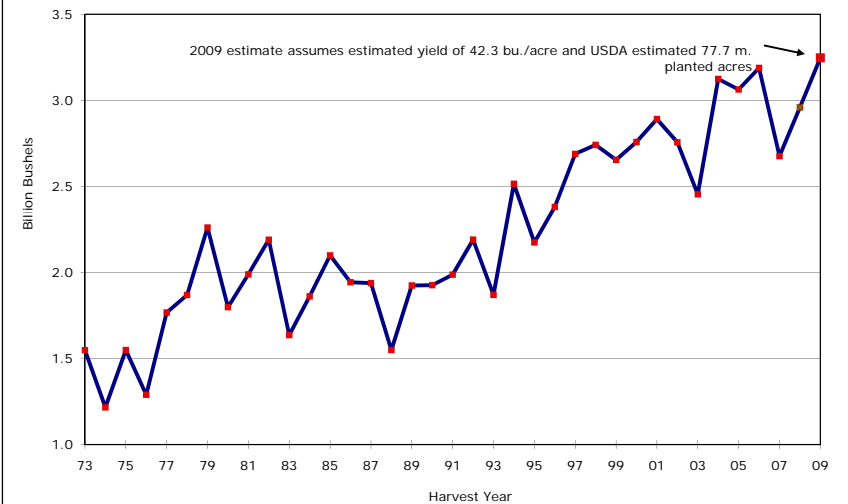
Crushings	1,808	1,801	1,660	1,690
Seed	80	93	96	94
Exports	1,116	1,161	1,280	1,280
Residual	77	0	33	81
Total Util.	3,081	3,056	3,069	3,145
End Carryover	574(19%)	205(7%)	110(4%)	220(7%)

U.S. Farm Price \$6.43 \$10.10 \$10.00 \$8.10-\$10.10

SOYBEANS \$ per bushel



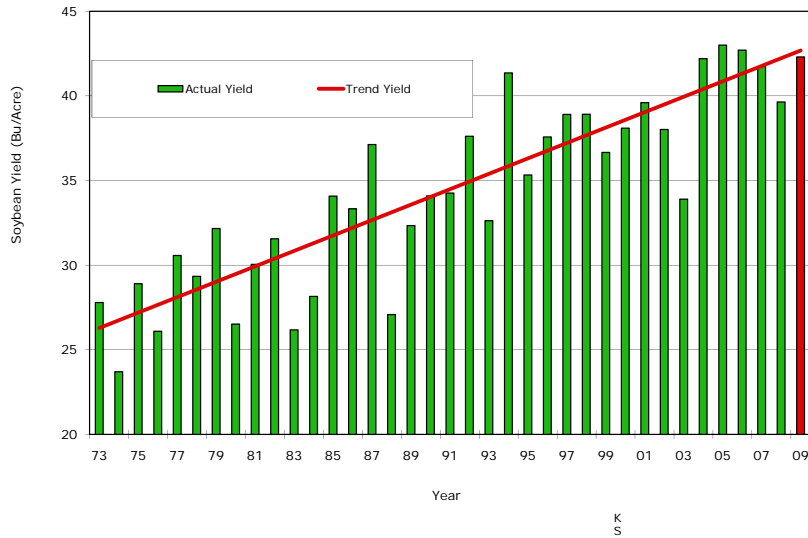
U.S. Soybean Production



Source: USDA WASDE Report 9.11.09

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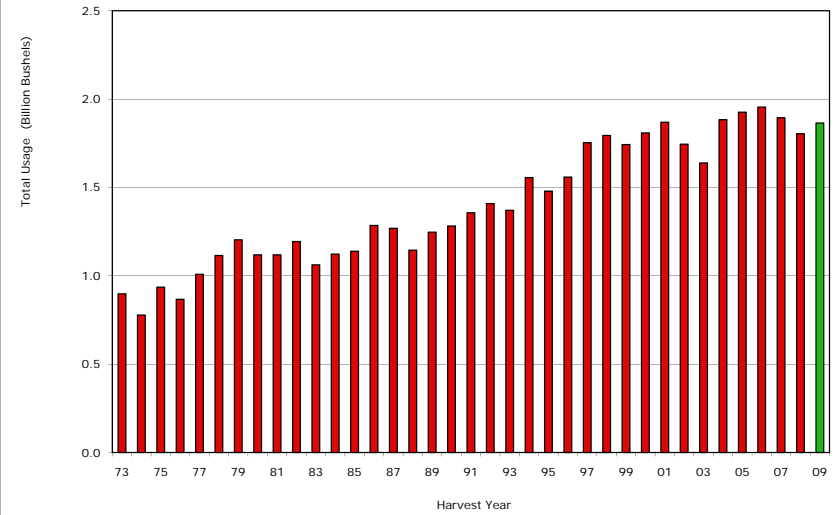
U.S. Soybean Yields



Source: USDA WASDE Report 9.11.09 & K-State Ag. Econ. Dept.

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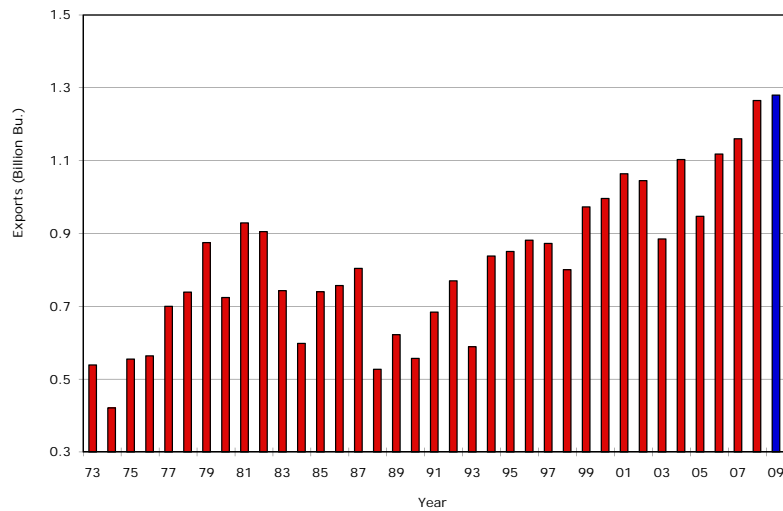
U.S. Total Soybean Usage



Source: USDA WASDE Report 9.11.09 & K-State Ag. Econ. Dept.

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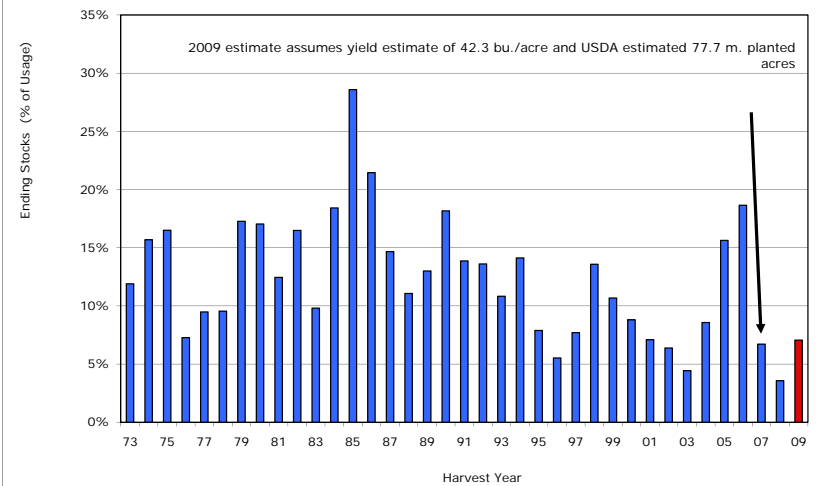
U.S. Soybean Exports



Source: USDA WASDE Report 9.11.09 & K-State Ag. Econ. Dept.

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Soybean Ending Stocks as % of Total Usage



Source: USDA WASDE Report 9.11.09

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Grain Market Summary

- **Wheat** – Global production down 3%, but ending stocks up 10%; Quality issues; Russian pricing
- **Corn/CGs** – Global production down 1% and ending stocks down 5%; Possible record U.S. yield; Adequate U.S. stocks, but not surplus; Livestock feed demand?; U.S. ethanol demand up slightly
- **Soybeans** – Projected global production up 16% and ending stocks up 27%; But very low U.S. stocks; If harvest is less than anticipated, will be a supply shortfall until S.A. harvest

Factors to Watch:

- U.S. fall crop harvests
- S. Hemisphere plantings
- Rate of demand recovery

For information updates visit
the KSU Agricultural
Economics website:
AgManager.info

