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Grain and Oilseeds Outlook for 2011

Michael Jewison
Foreign Agricultural Service
U.S. Department of Agriculture

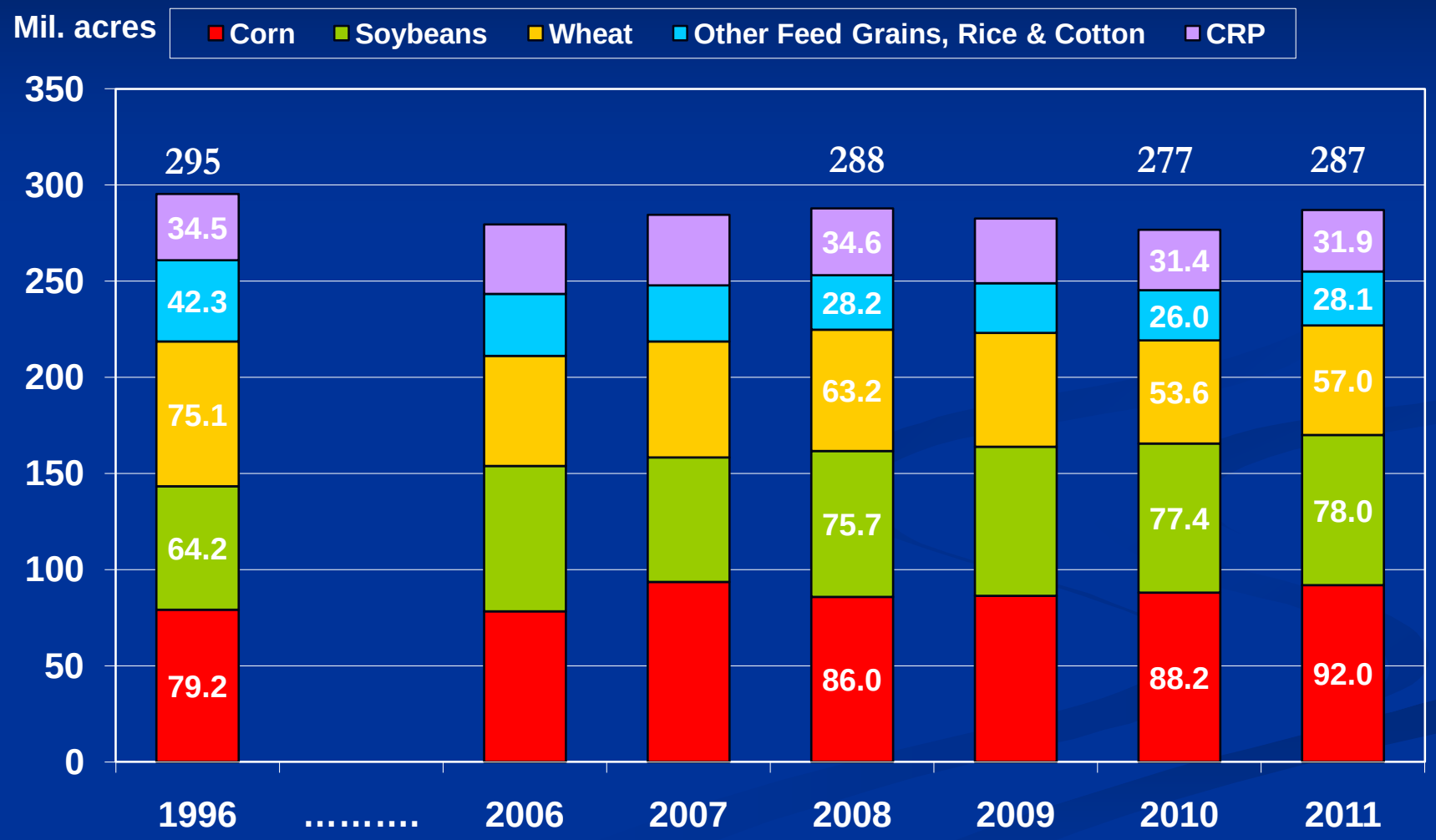
Agricultural Outlook Forum
Arlington, Virginia
February 25, 2011

Cash Prices in Illinois Are Near Record Levels of 2007/08

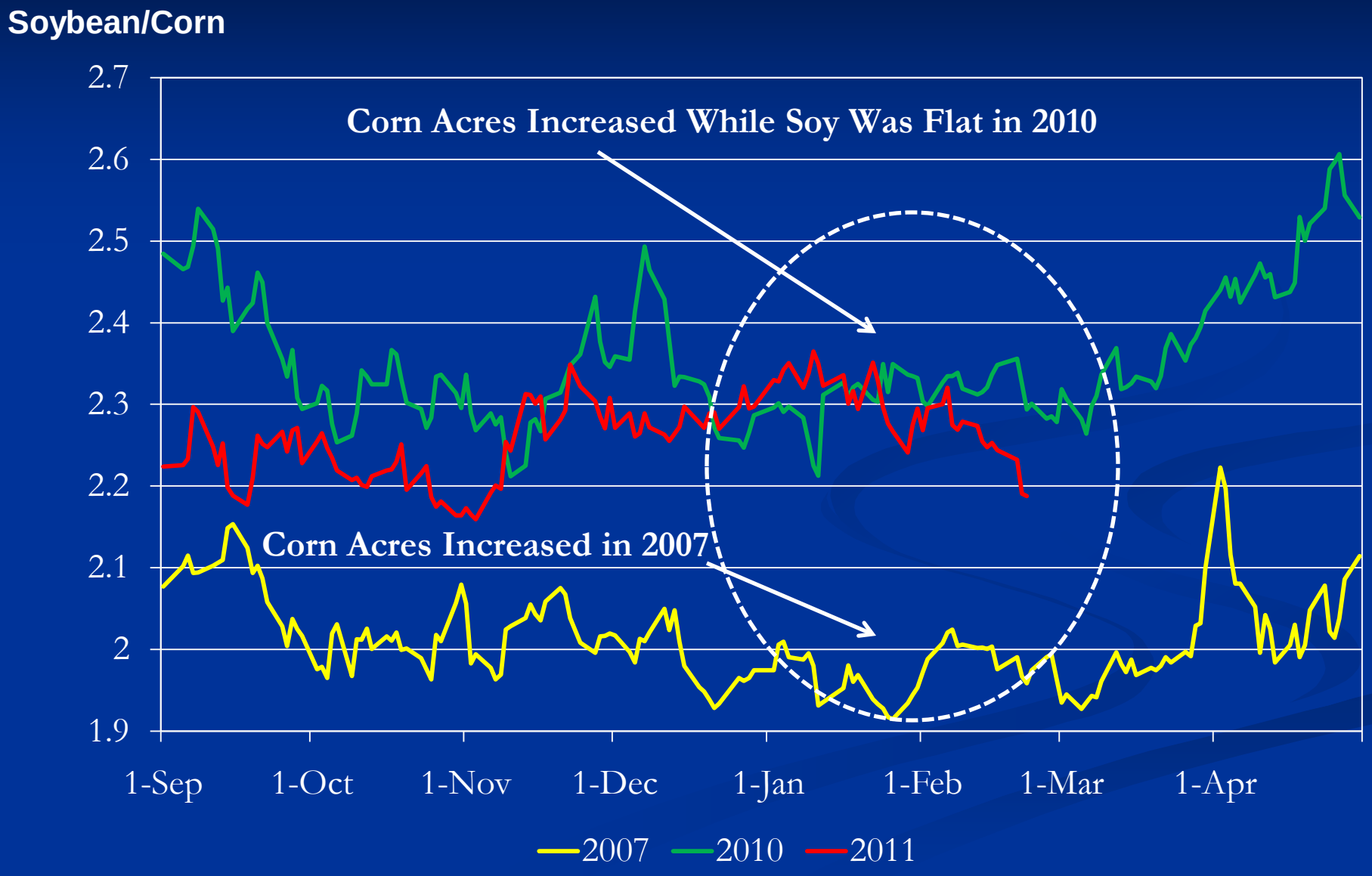
U.S. Factors Shaping 2011

- Tight supplies of corn and soybeans, relatively abundant wheat
- Little supply cushion for corn and soybeans in the event of adverse weather
- Strong corn, wheat, and soybean exports

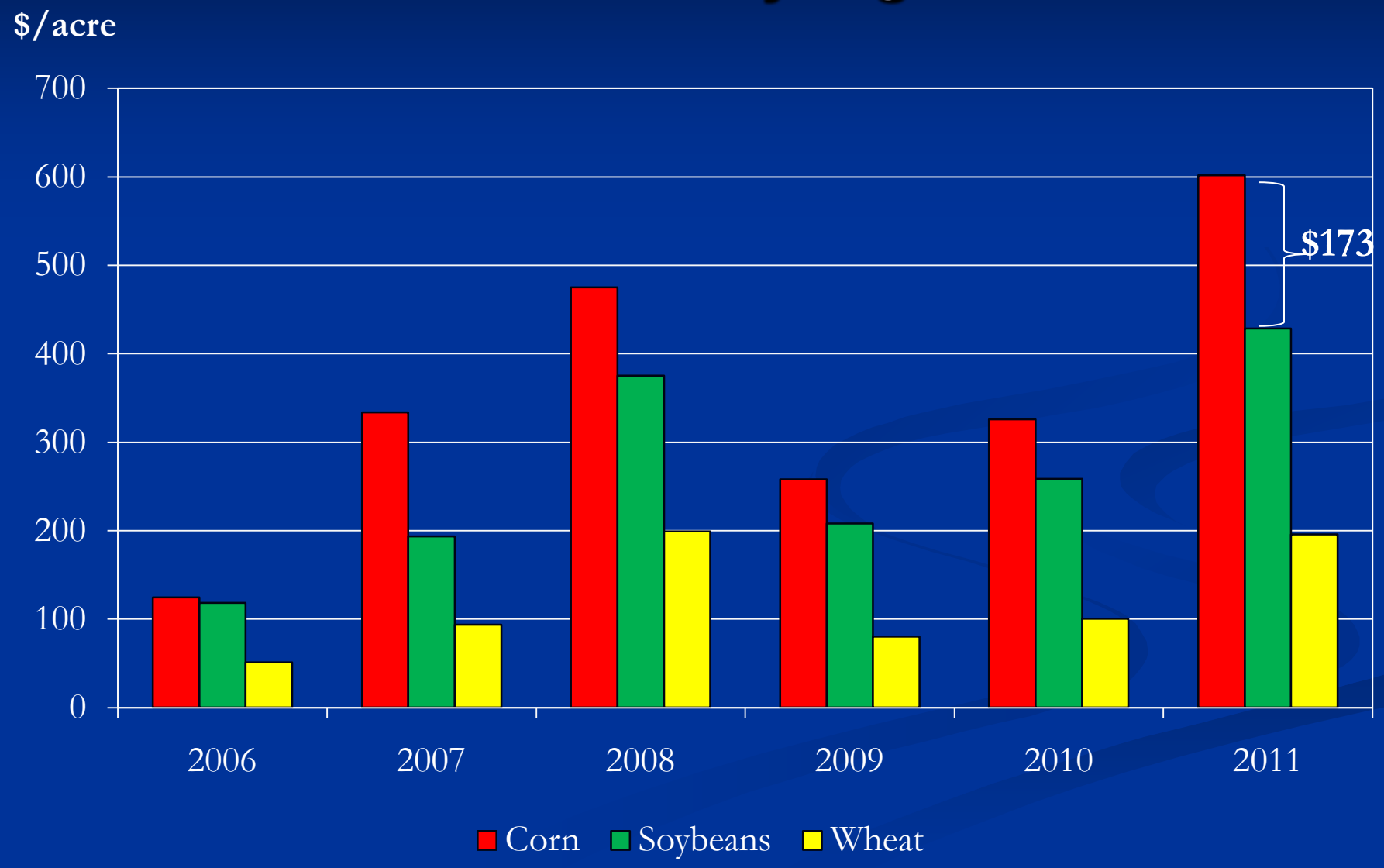
Projected 10 Million More Acres: 75 Percent Going to Corn and Wheat



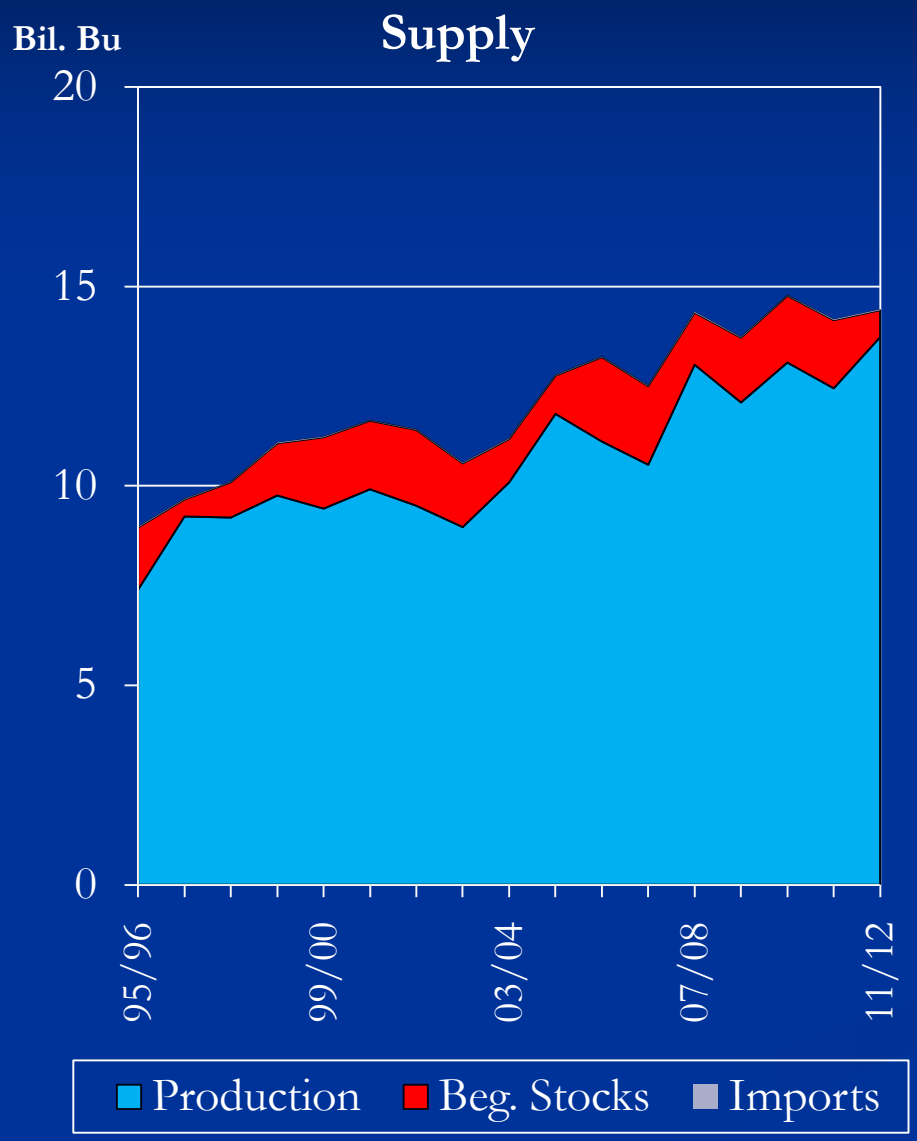
New Crop Soy/Corn Price Relationship Favors Corn

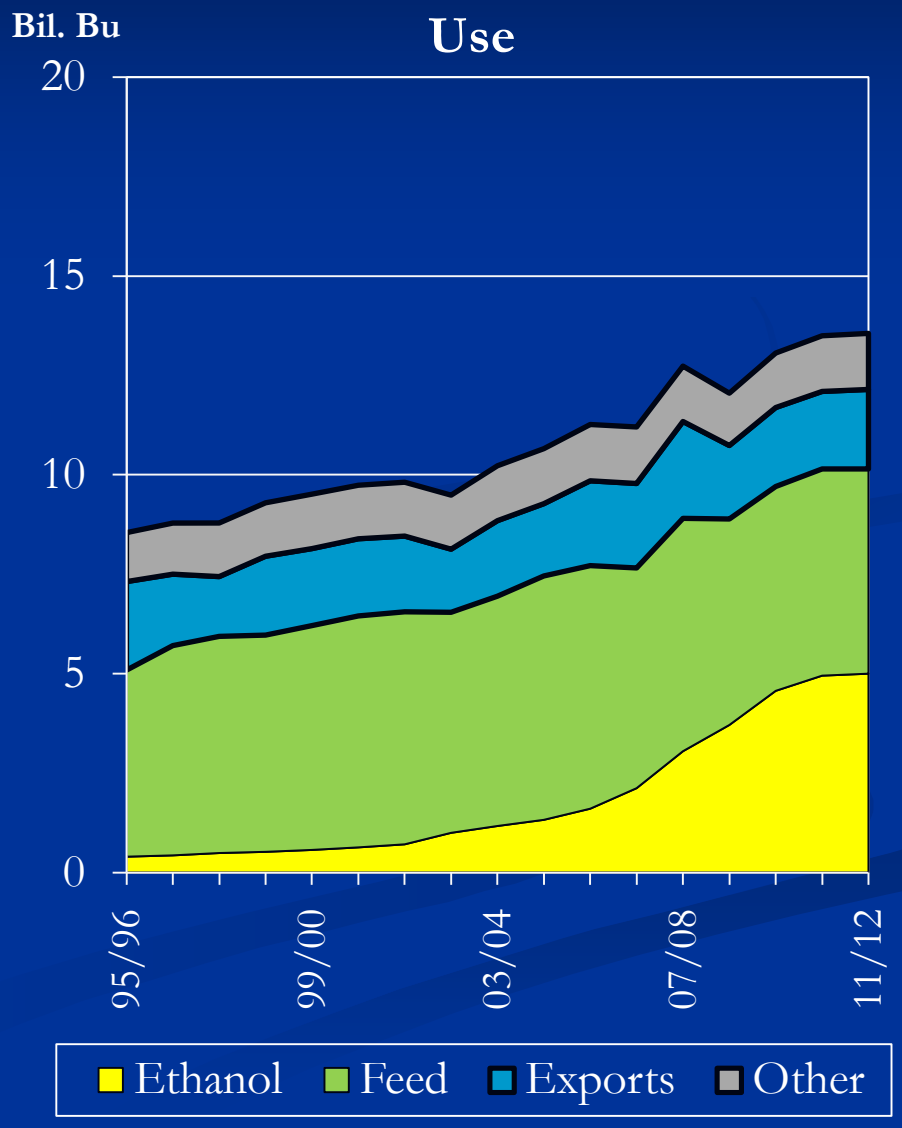


Net Returns for Corn and Soybeans Historically High

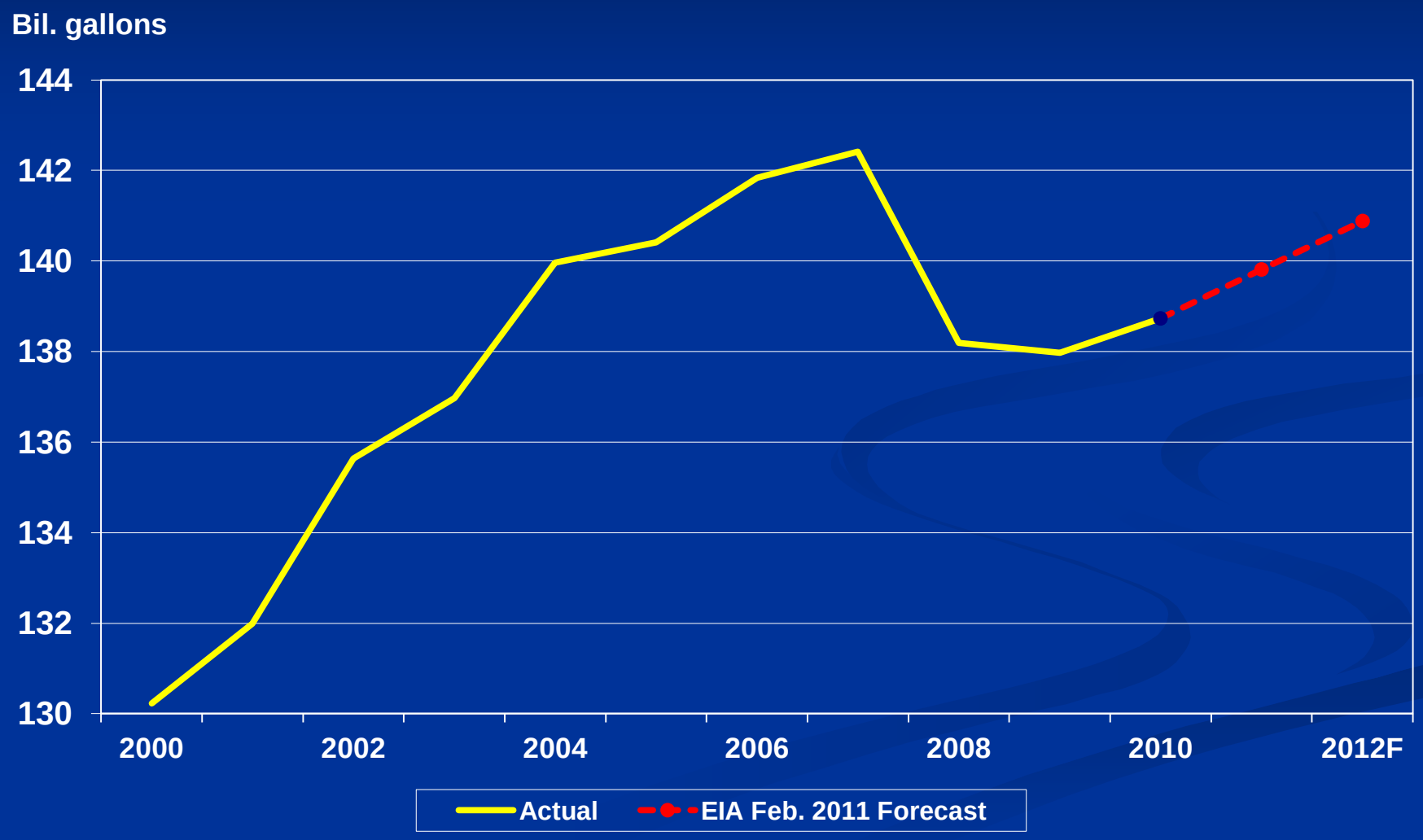


U.S. Corn: A Record Crop, Tight Carry-In Stocks, Strong Use



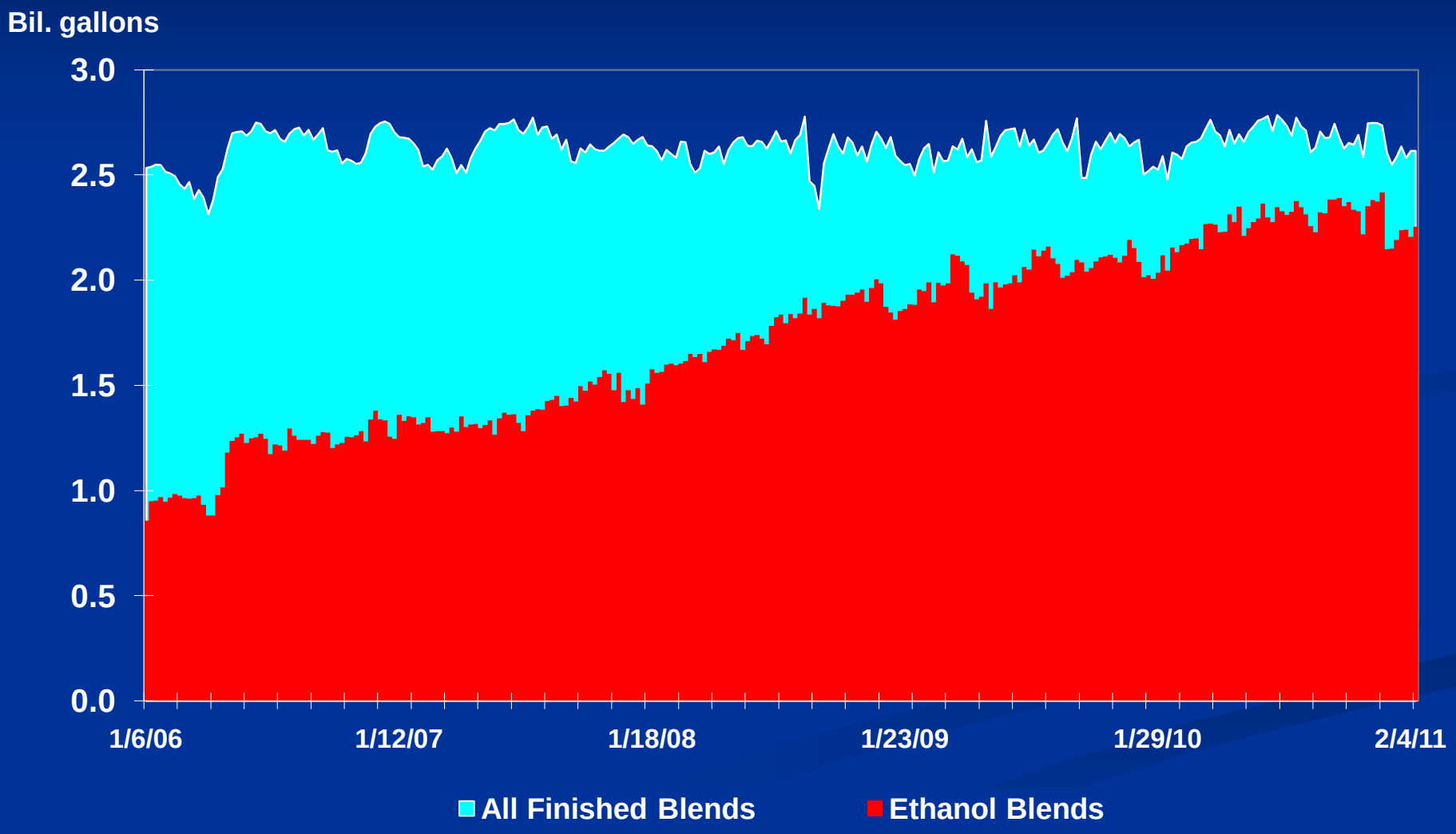


Gradual Recovery in Gasoline Consumption Supports Growth in Ethanol

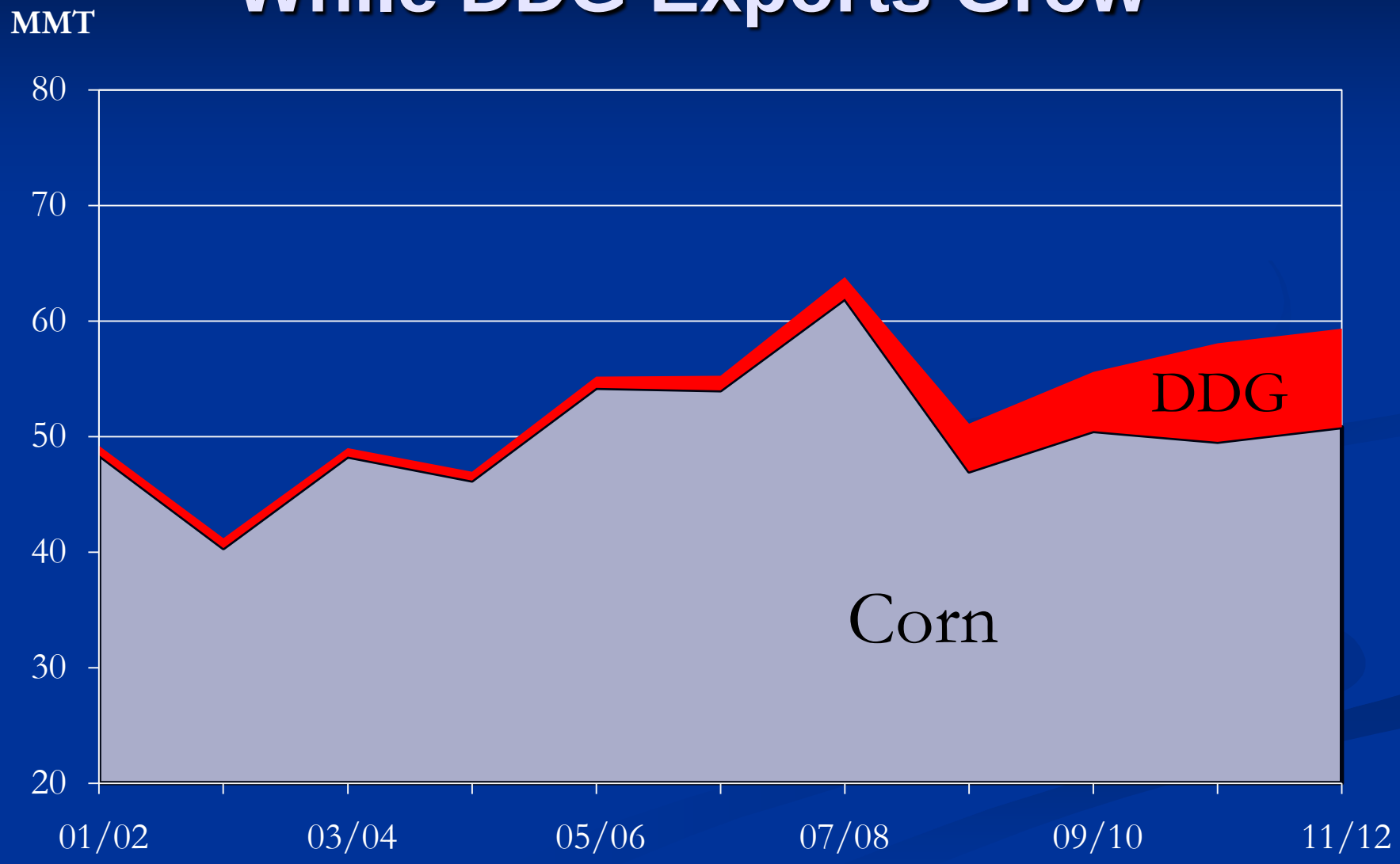


Source: Energy Information Administration

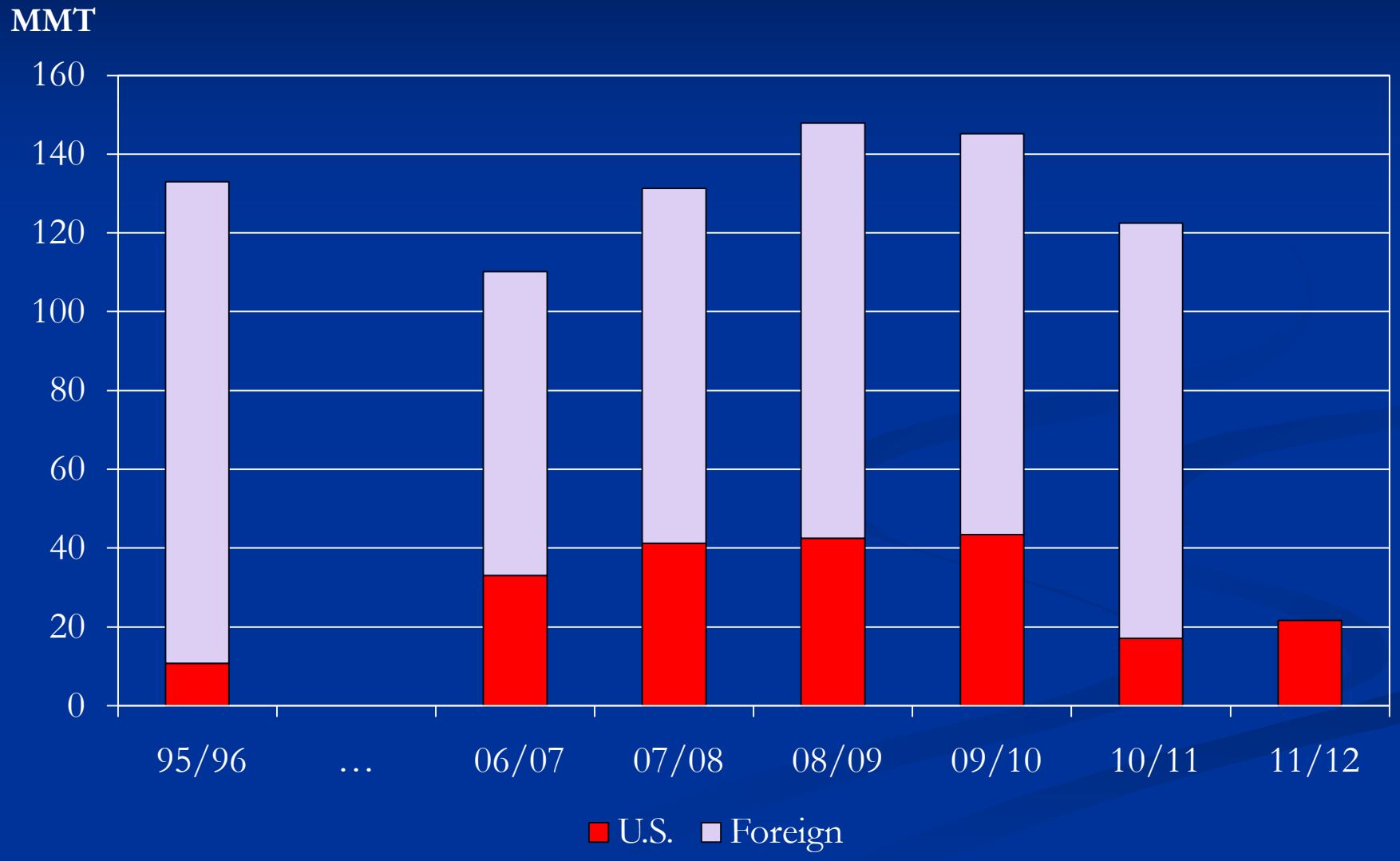
But Ethanol Usage Constrained By Market For E10



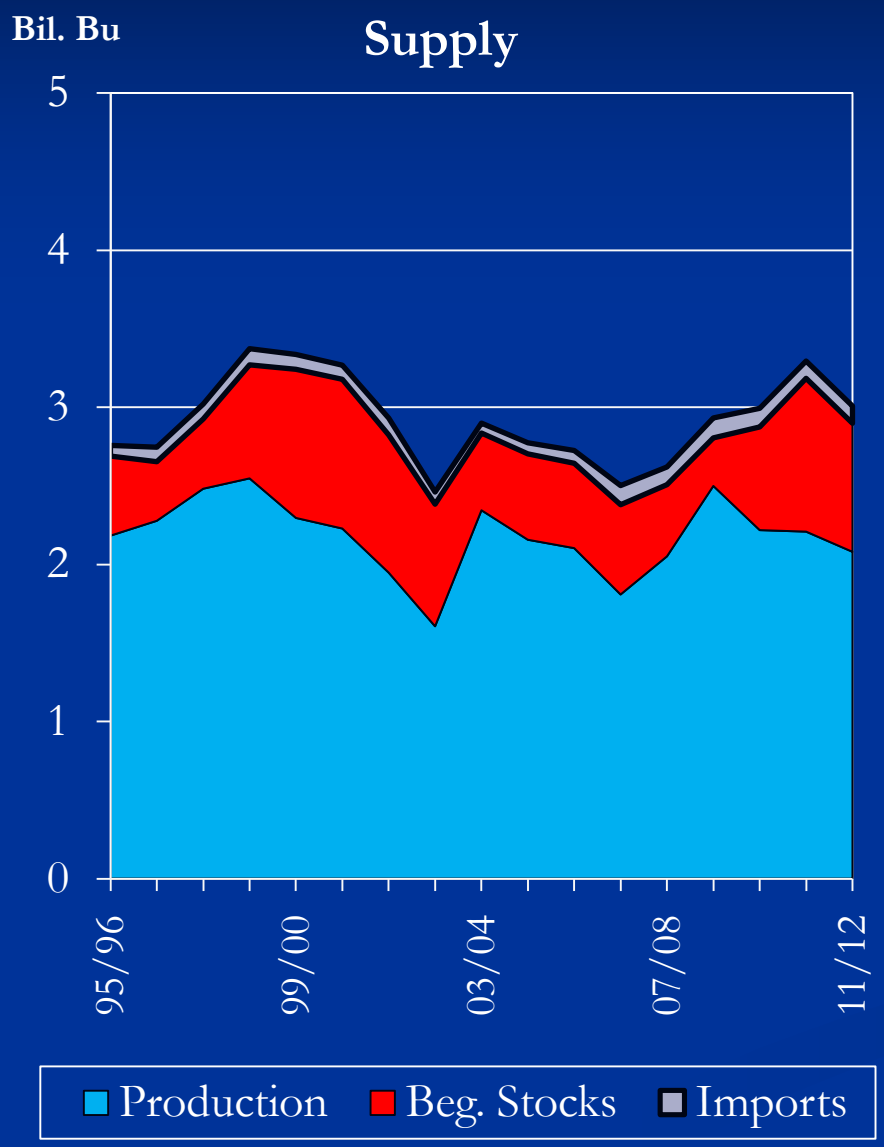
U.S. Maintains Corn Exports While DDG Exports Grow

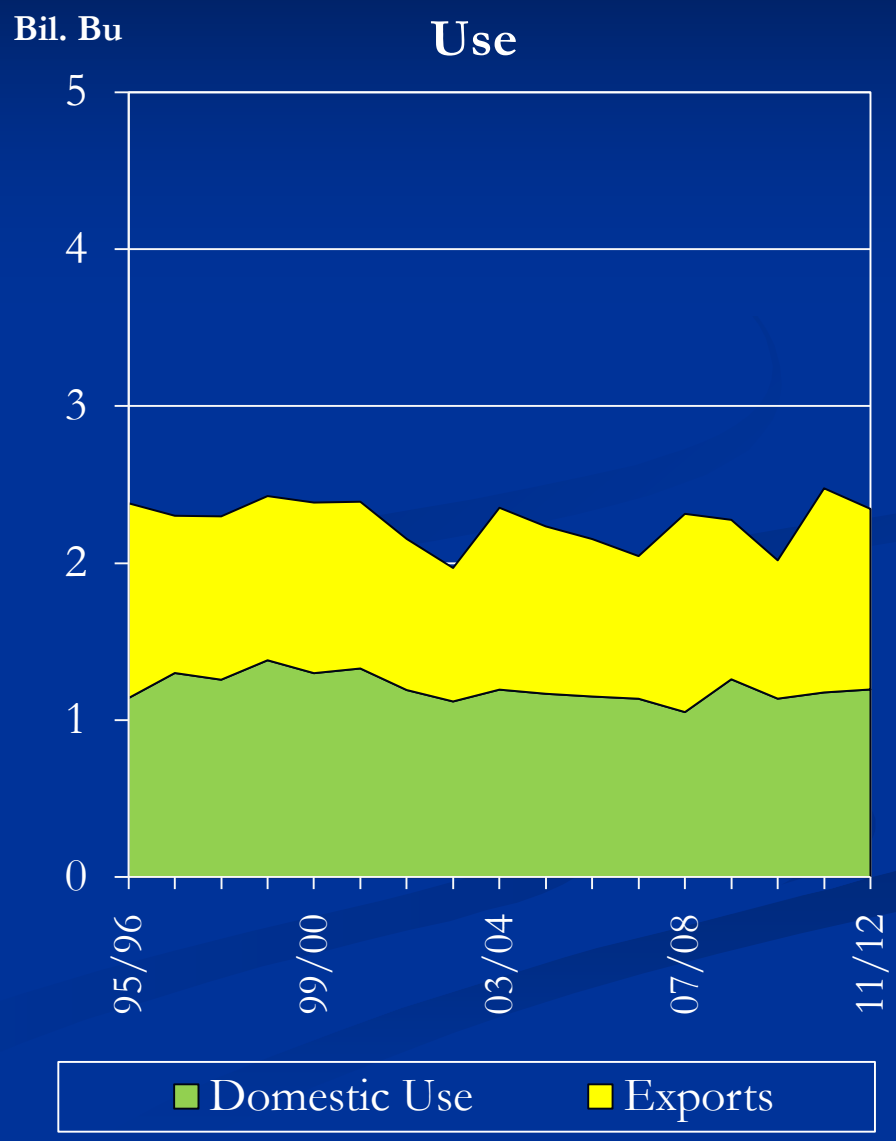


U.S. Corn Ending Stocks Would Be The Second Lowest Since 95/96

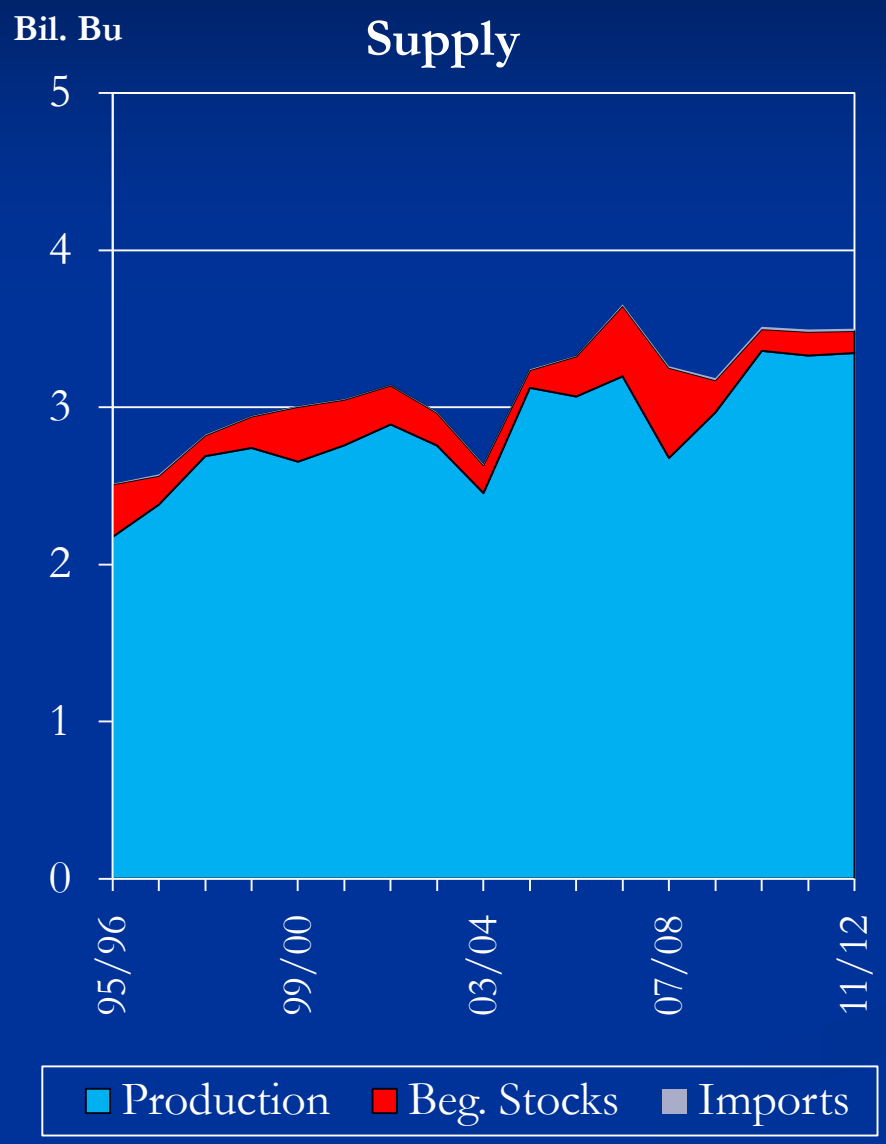


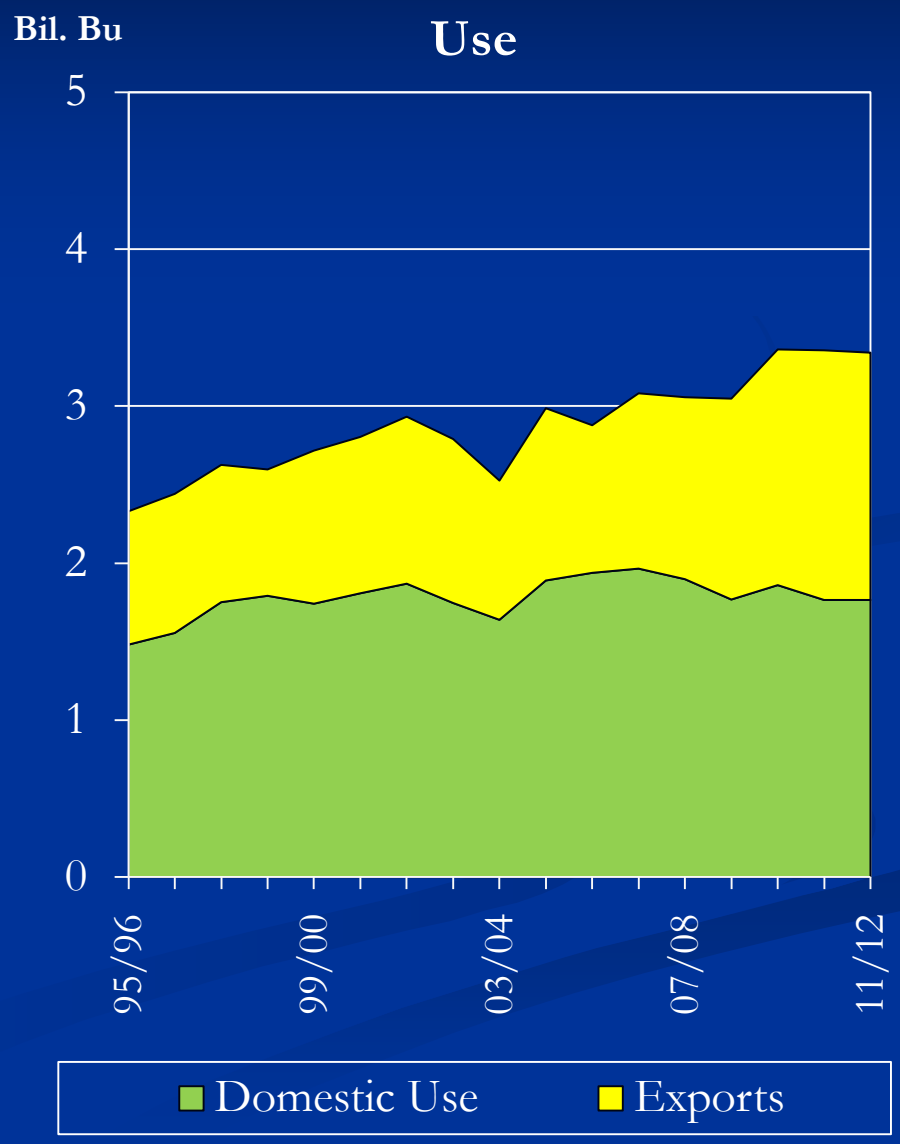
U.S. Wheat: Lower Production and Carry-In Stocks, Exports Still Strong





U.S. Soybeans: Bumper Crop and Tight Carry-In Stocks, Strong Exports and Crush

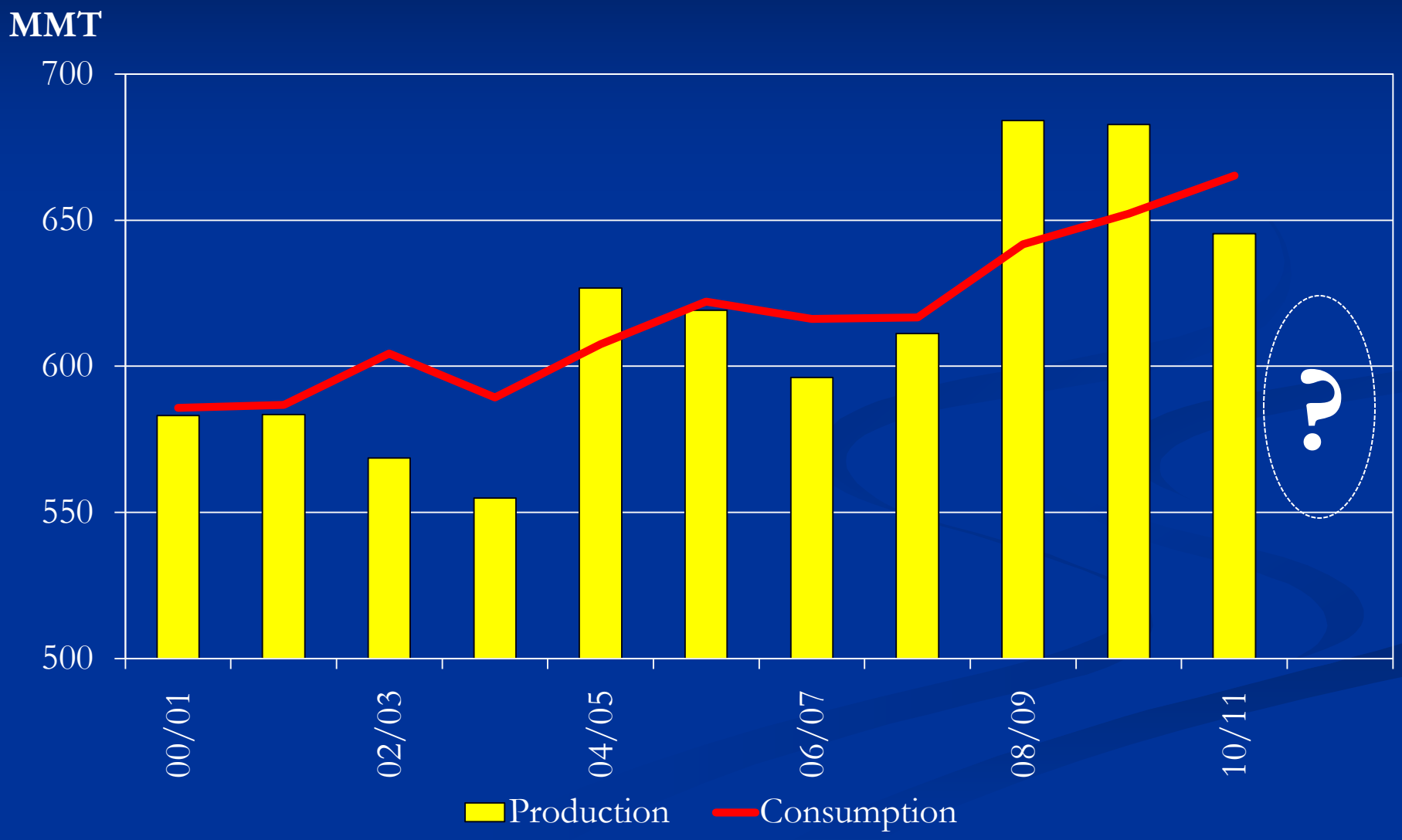




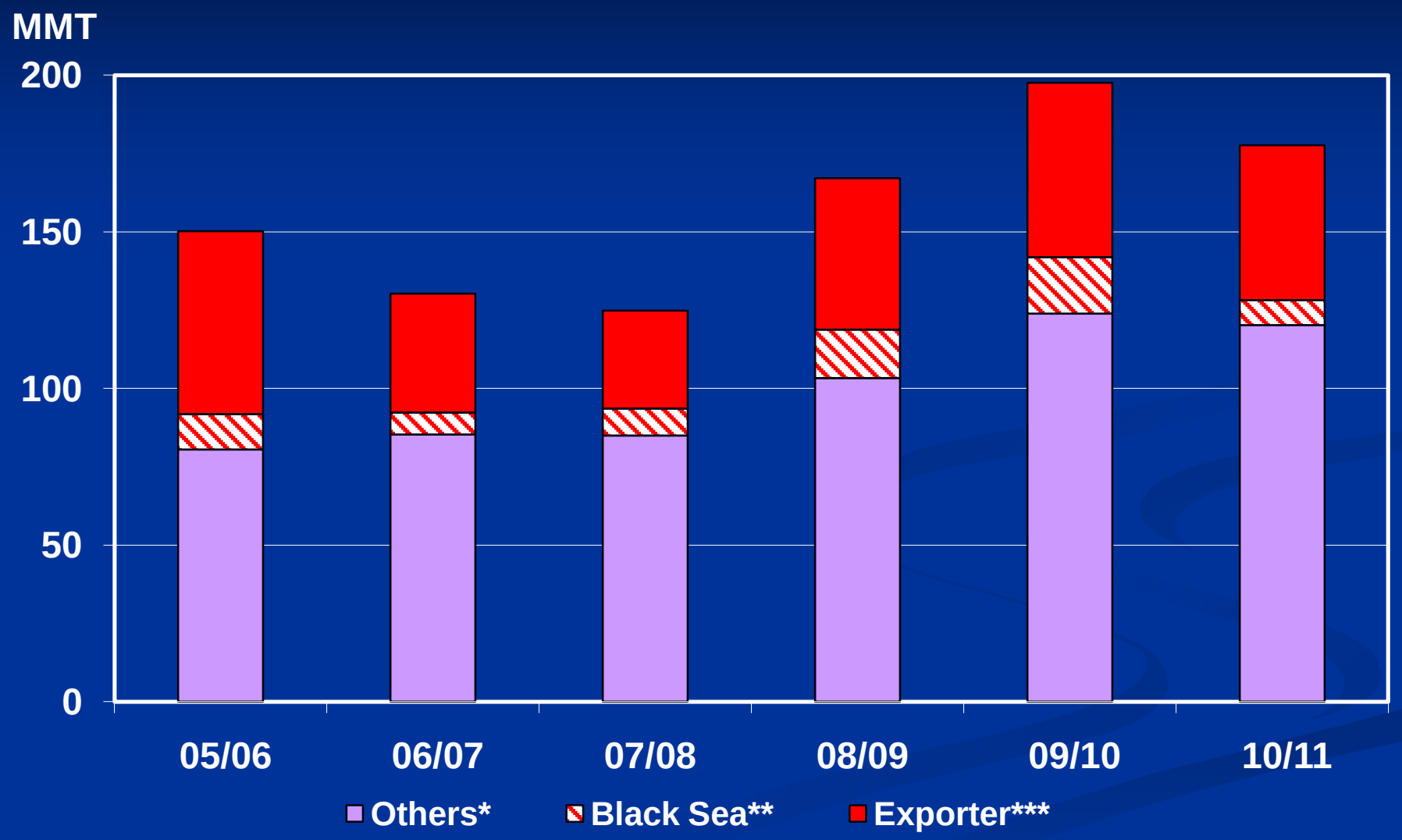
Global Factors Shaping 2011

- Degree of Russian crop recovery
- Production responses: Canada, EU, South America, and Australia
- Continued surging demand for feed ingredients, particularly in China

Wheat: Need More Production to Meet Rising Global Consumption

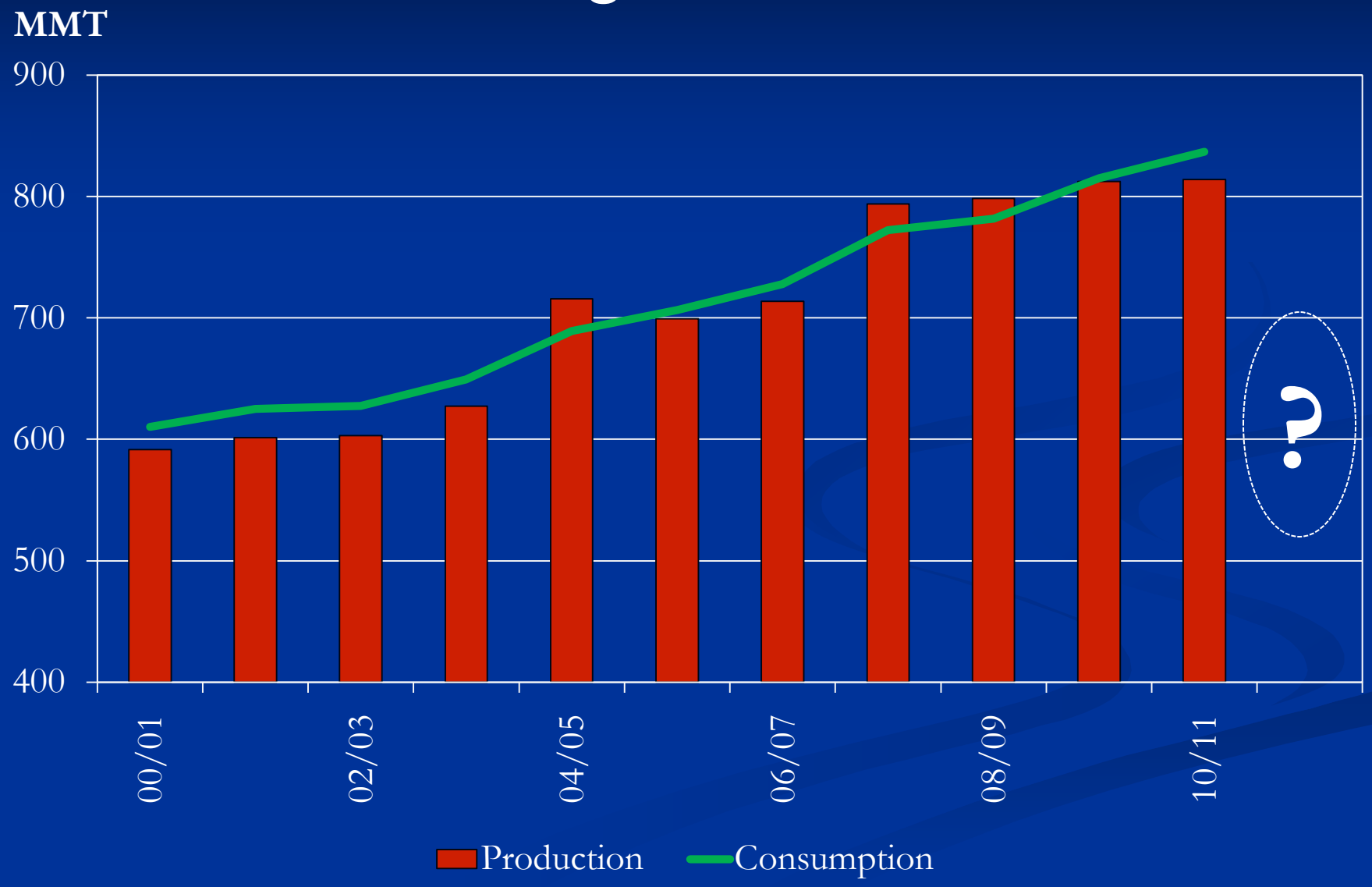


Wheat Stocks Held by Exporters Still Ample

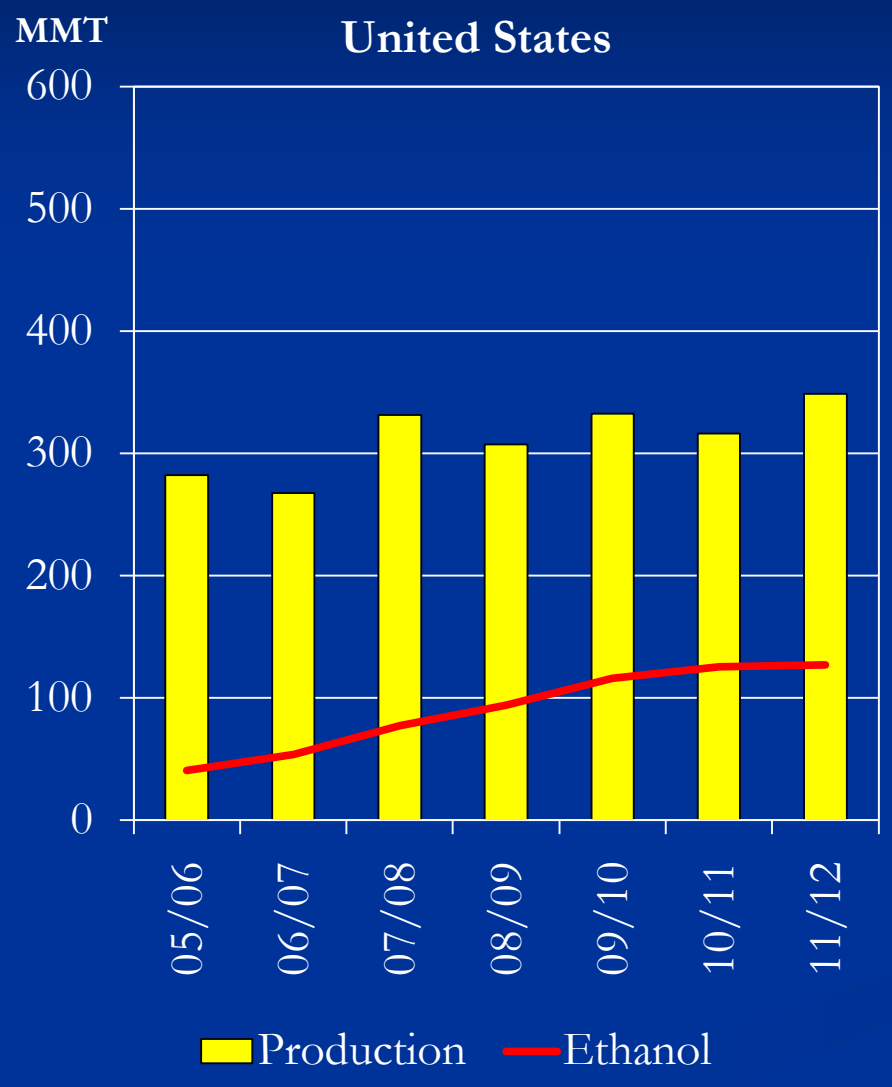


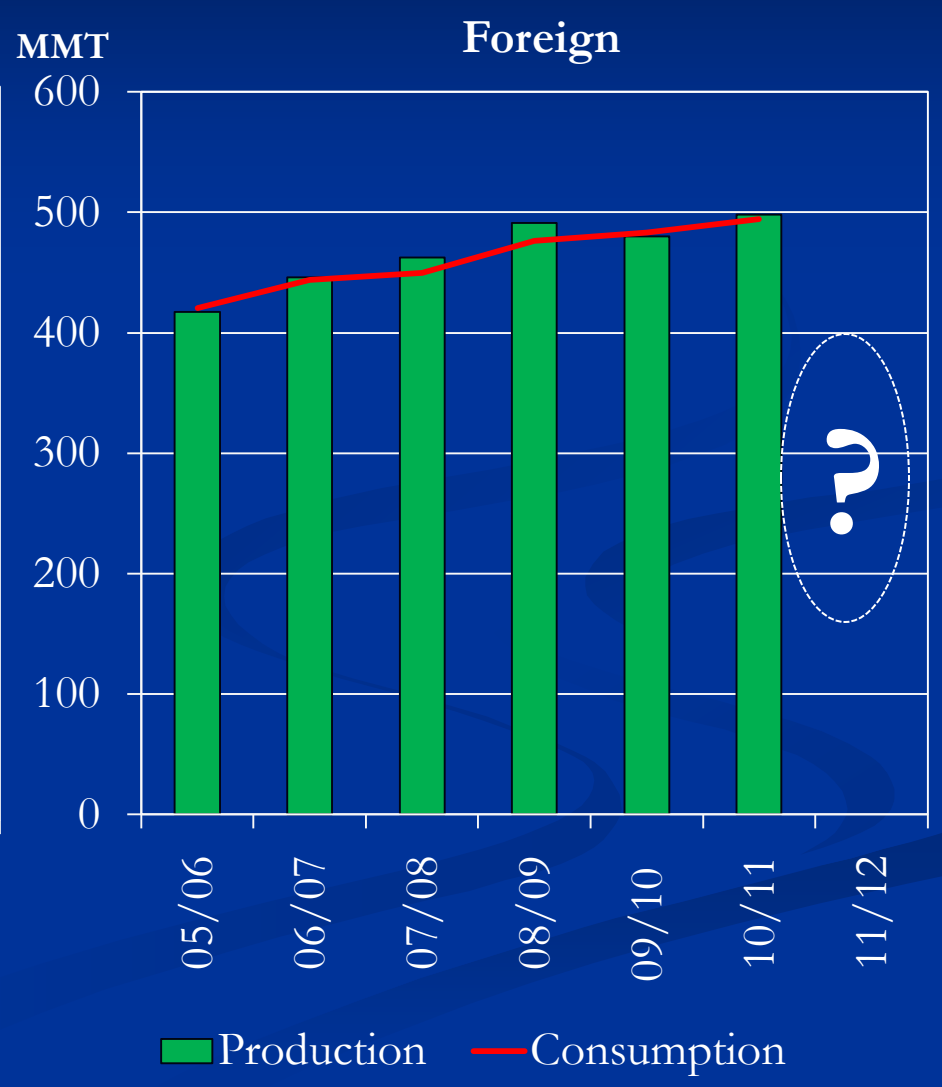
*Most stocks unavailable to World **Kazakhstan, Russia and Ukraine ***Argentina. Australia, Canada, EU, U.S.

Global Corn Production Expands to Meet Rising Demand



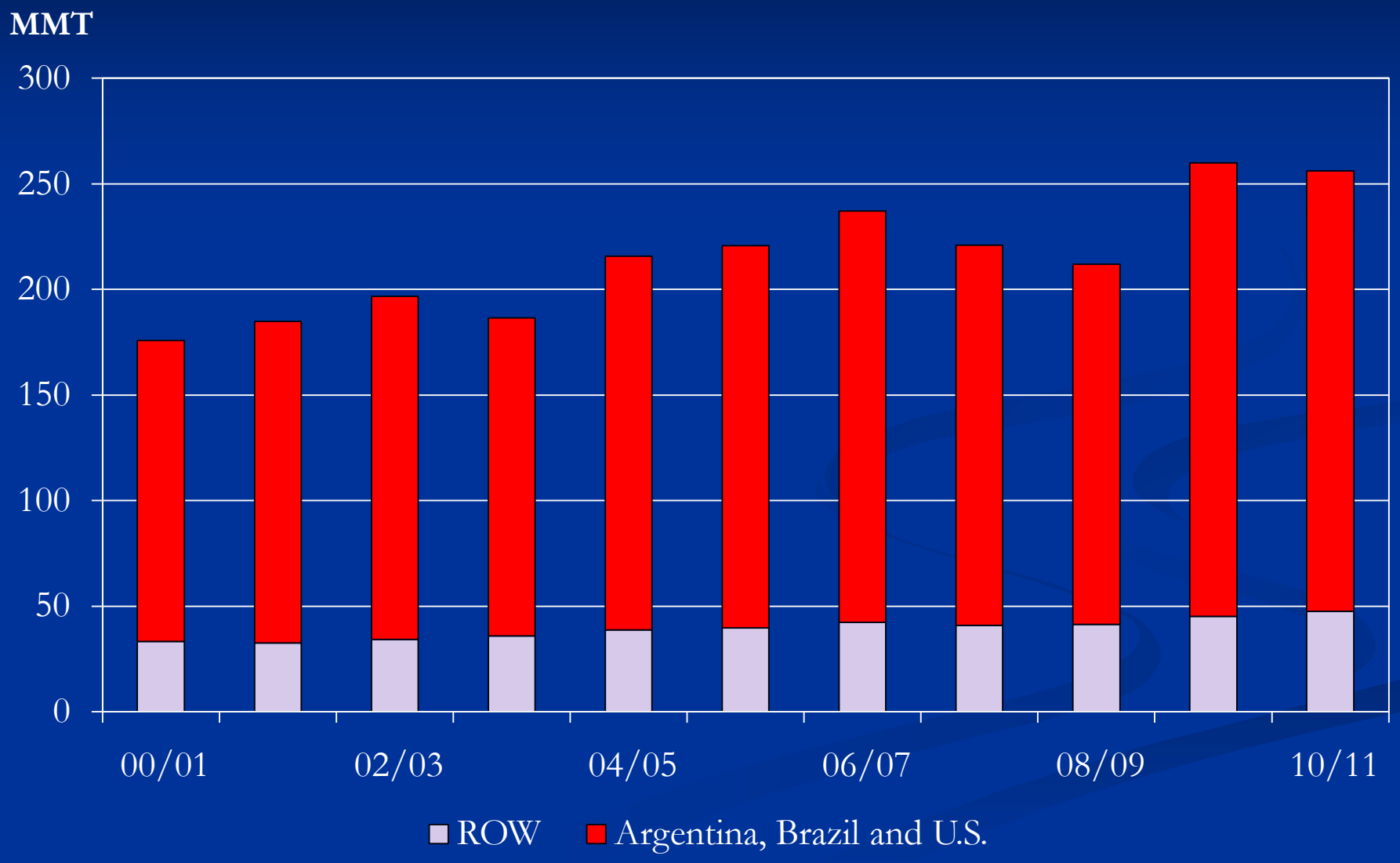
U.S. Corn Production Responds to Ethanol, Foreign Production Responds to Growing Feed Demand



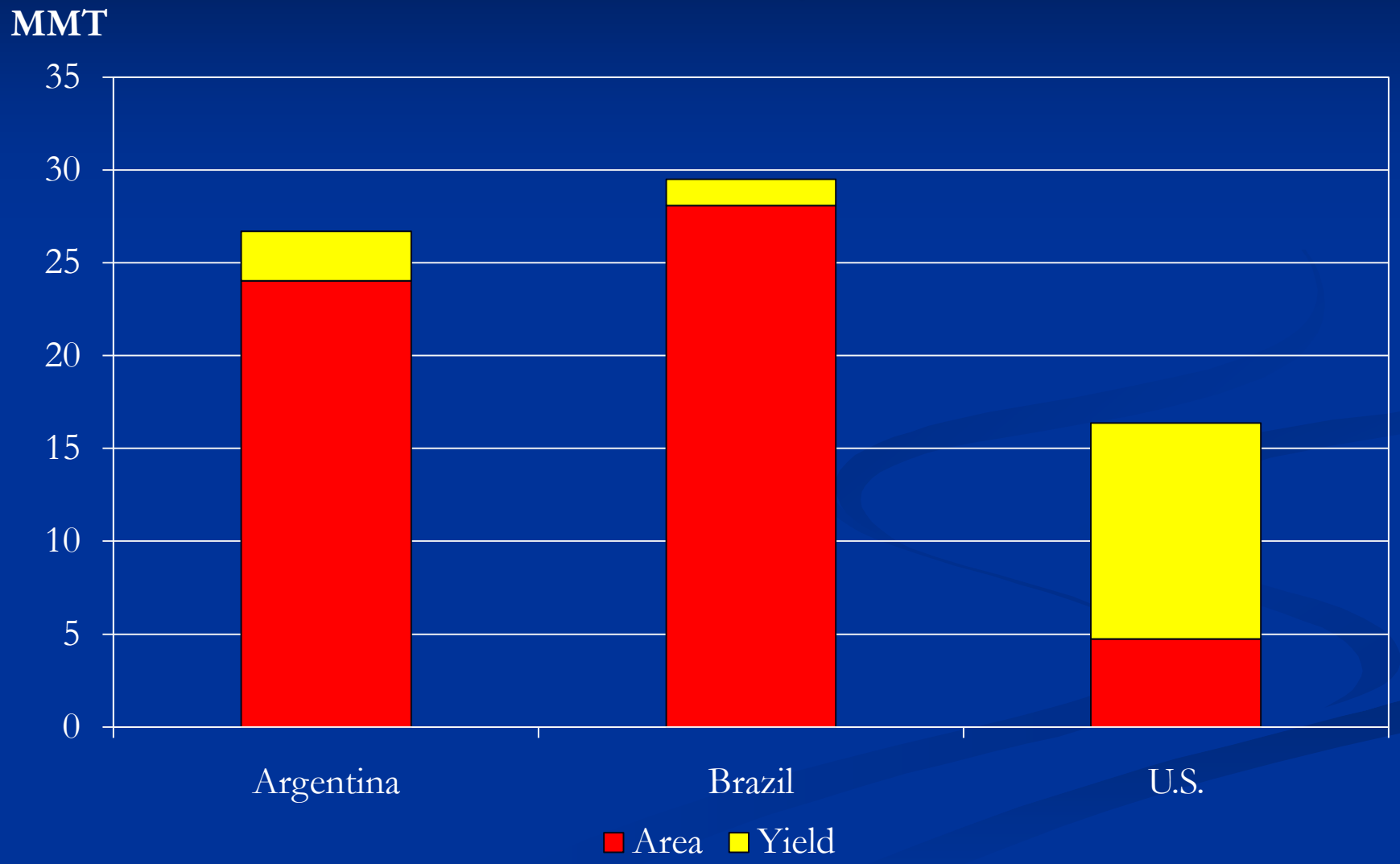


Soybeans: Higher Global Production Balances Rising Consumption

United States, Argentina, and Brazil Dominate Growth In Global Soybean Production

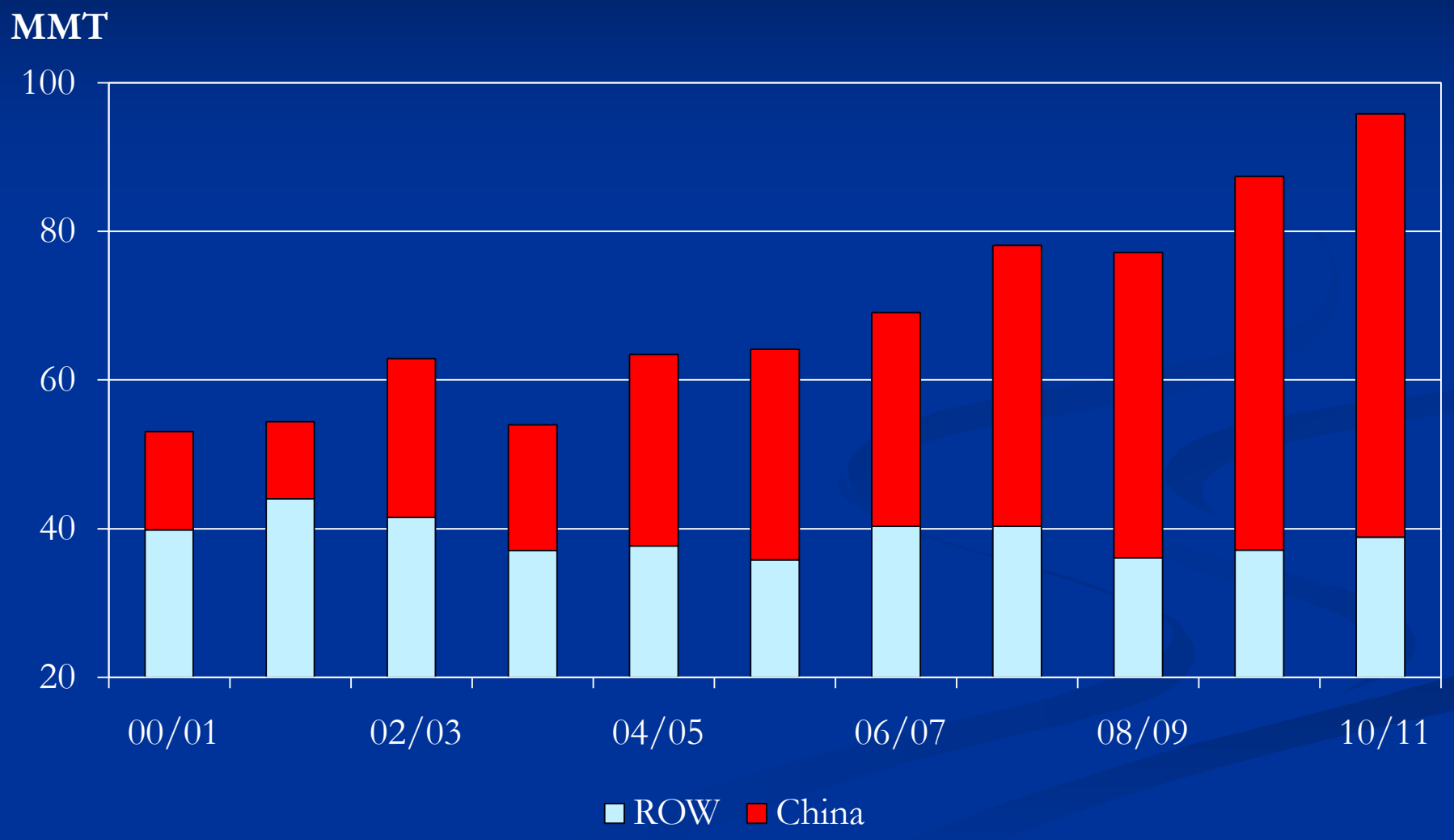


Soybean Production Growth: Area in South America, Yield in the U.S.

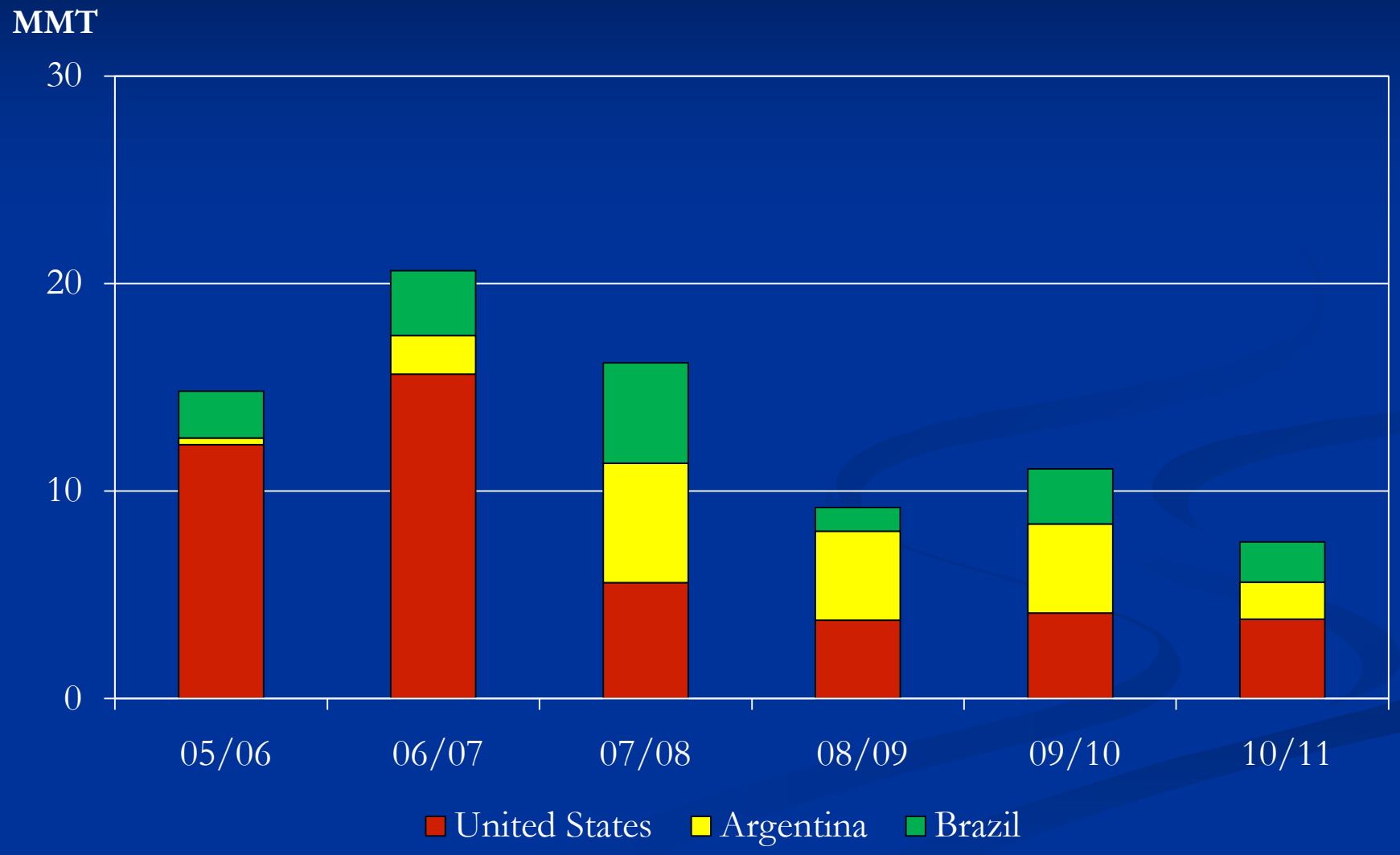


Period is over the last 10 years

China: All of the Growth In Soybean Import Demand

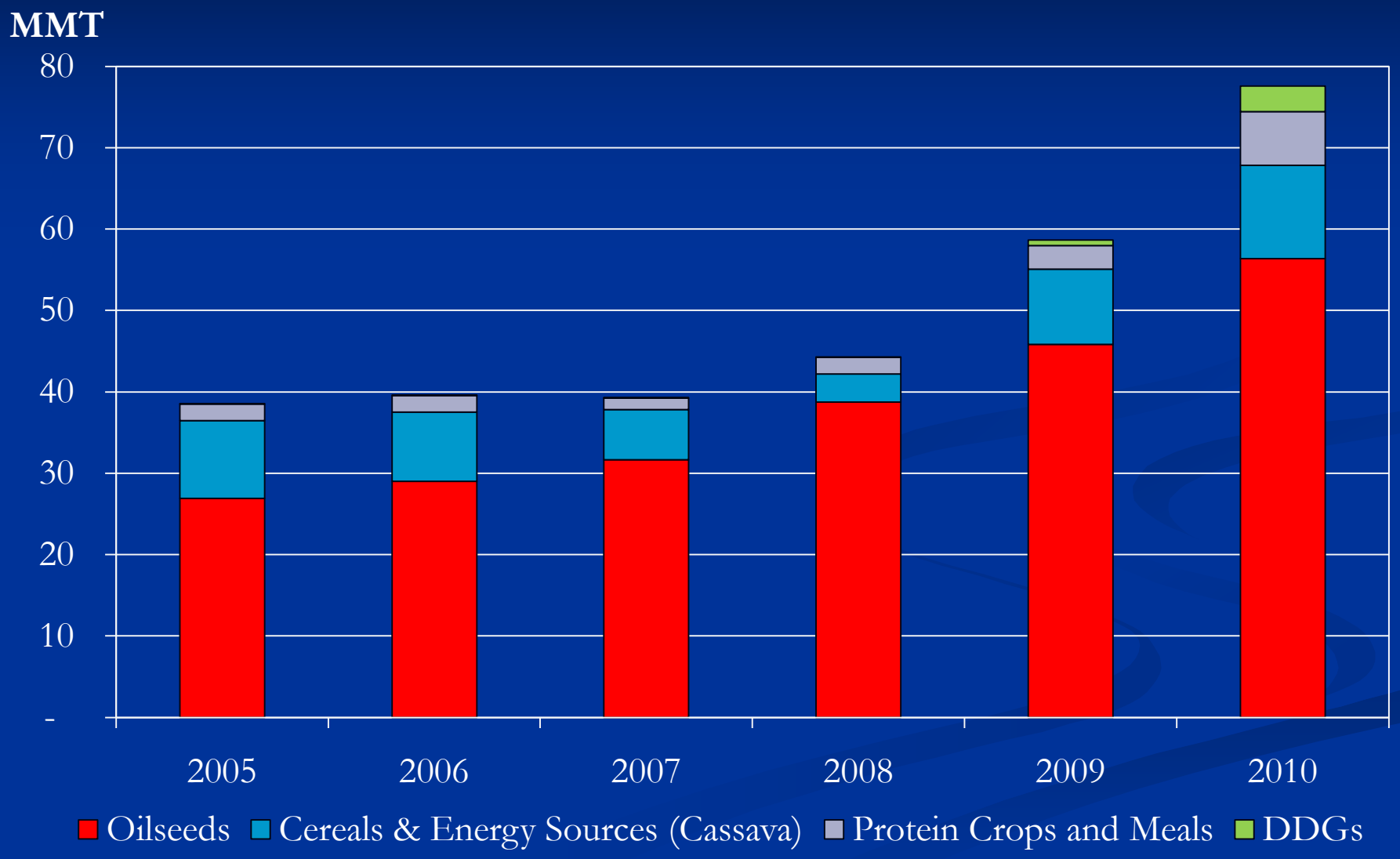


Soybean Stocks Available to The World: Record Low in 10/11

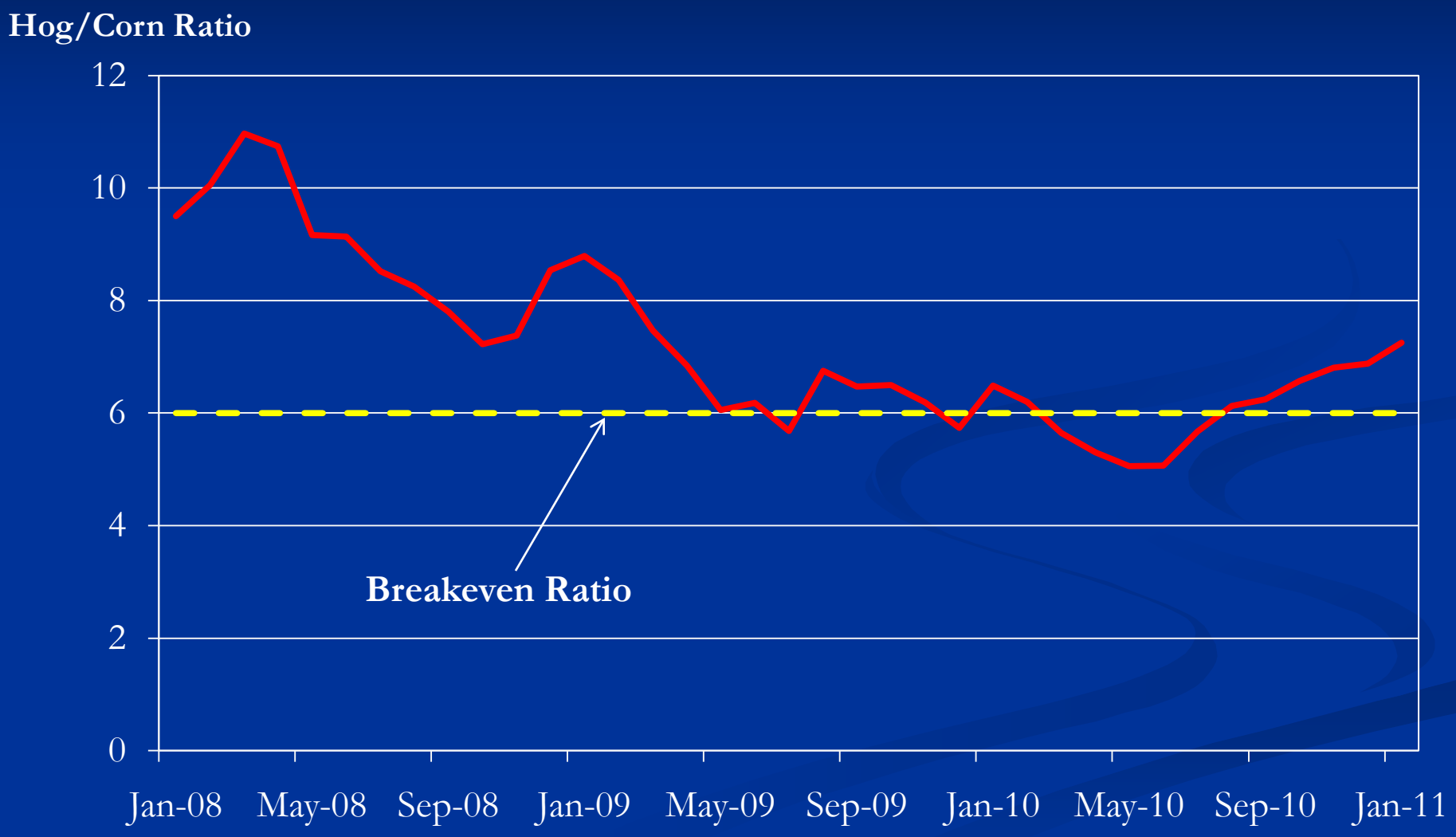


China: The Wild Card!

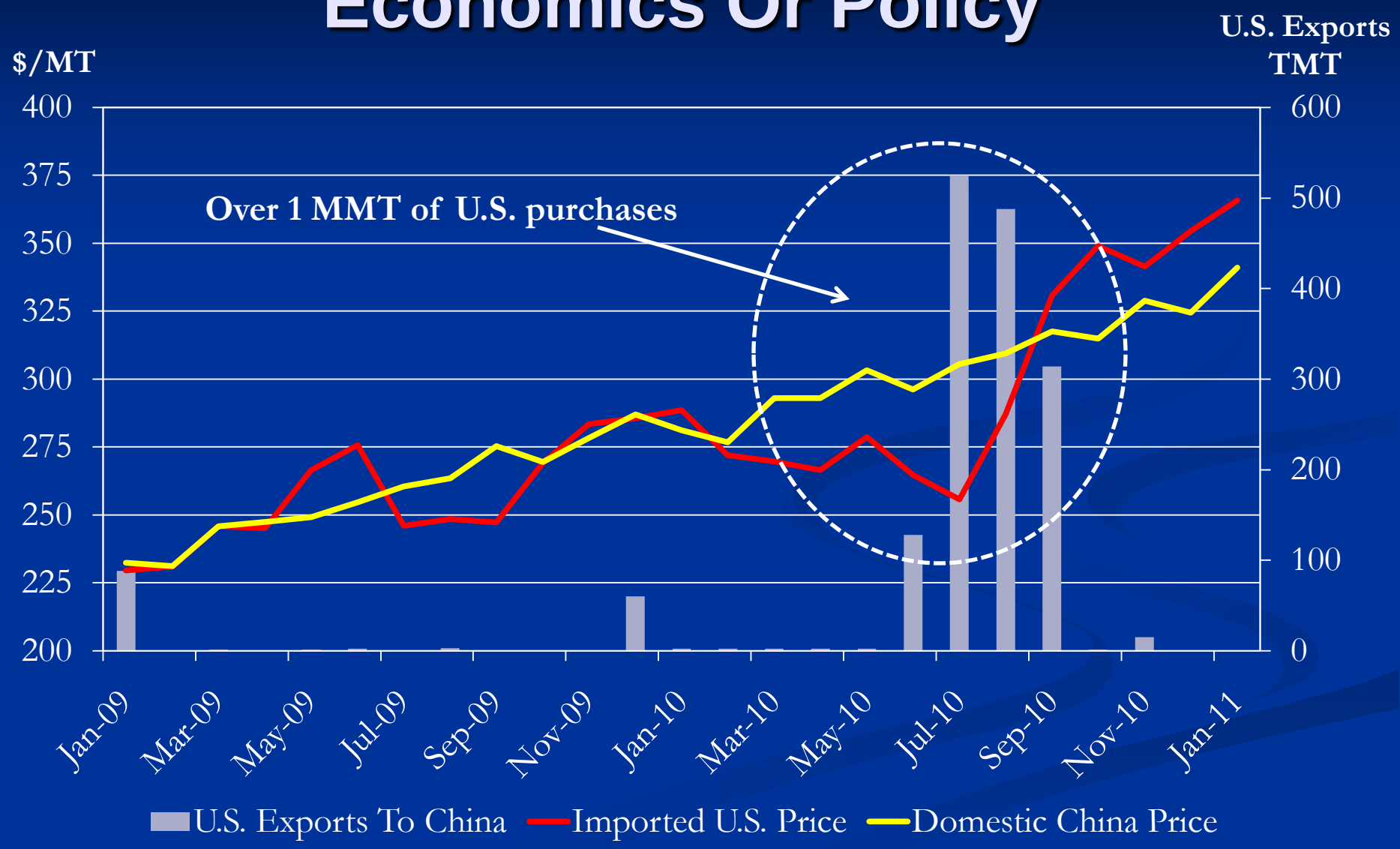
China: Feed Ingredient Imports Double



China: Hog Operations Turn Profitable On Soaring Hog Prices Relative to Corn



China's Corn Imports: Economics Or Policy



Thank you!