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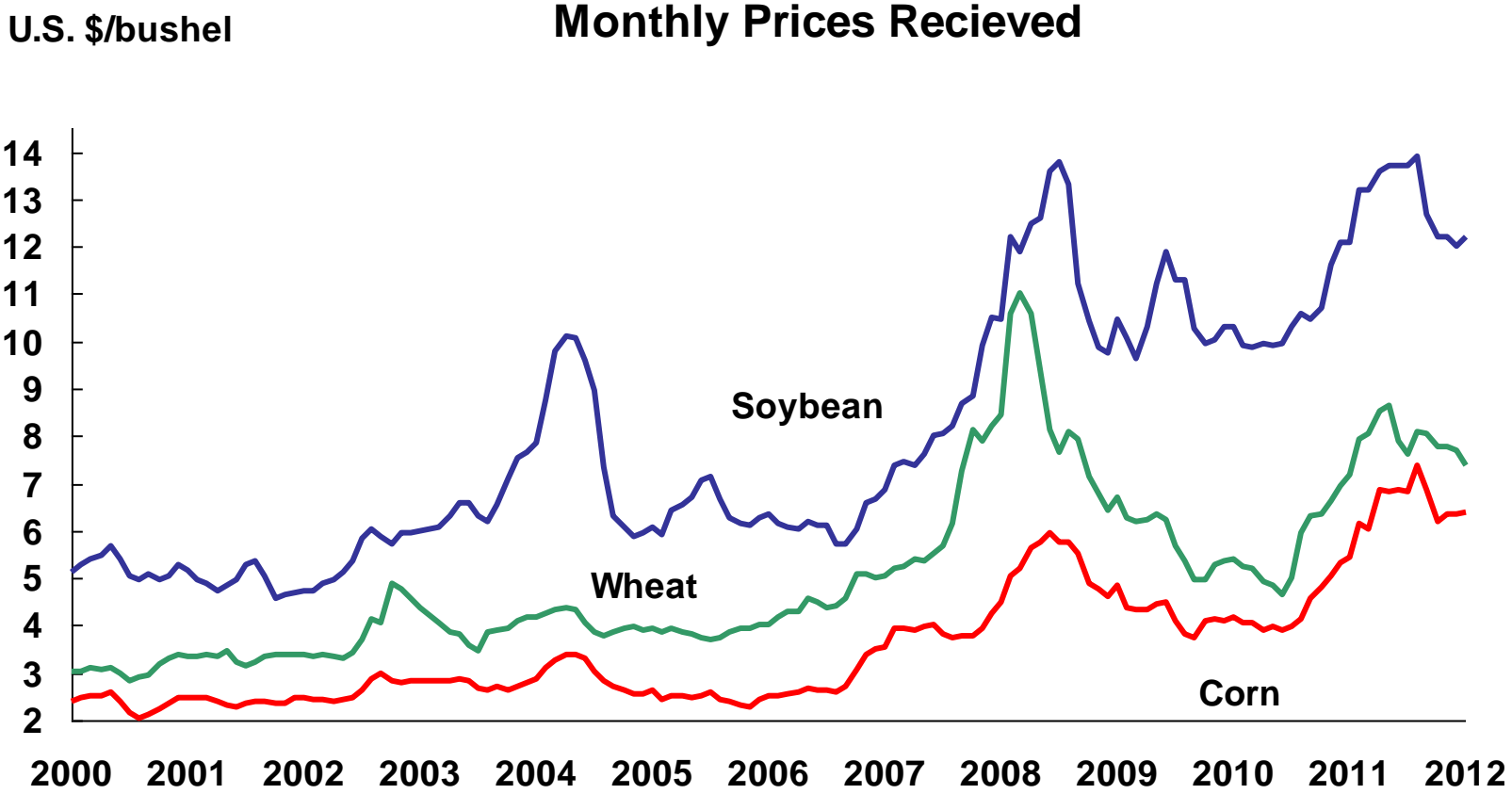
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USDA Grains & Oilseeds Outlook

Agricultural Outlook Forum 2012

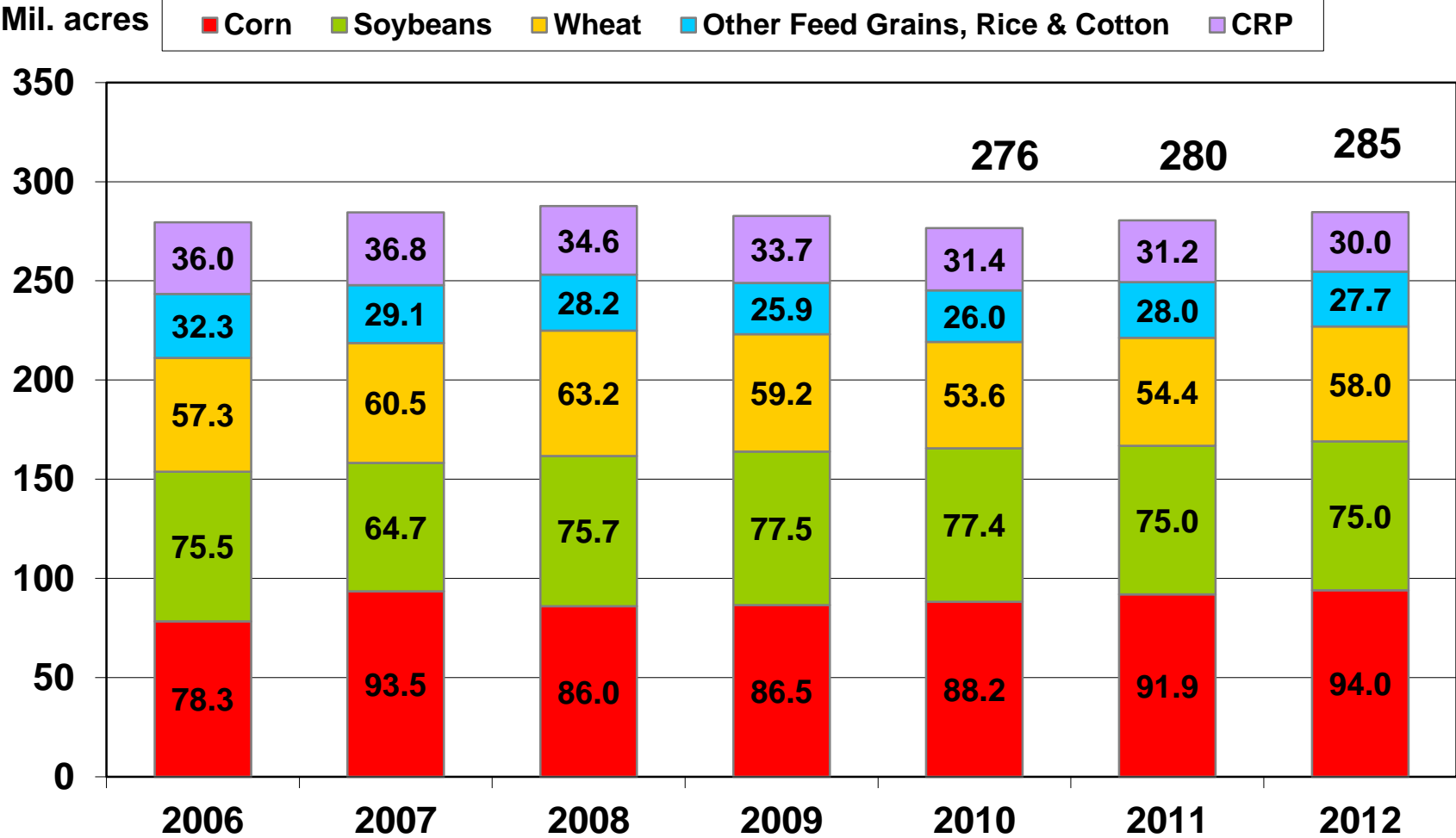
Edward W. Allen
U.S. Department of Agriculture
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U.S. Producer Prices Are High



Source: NASS, USDA

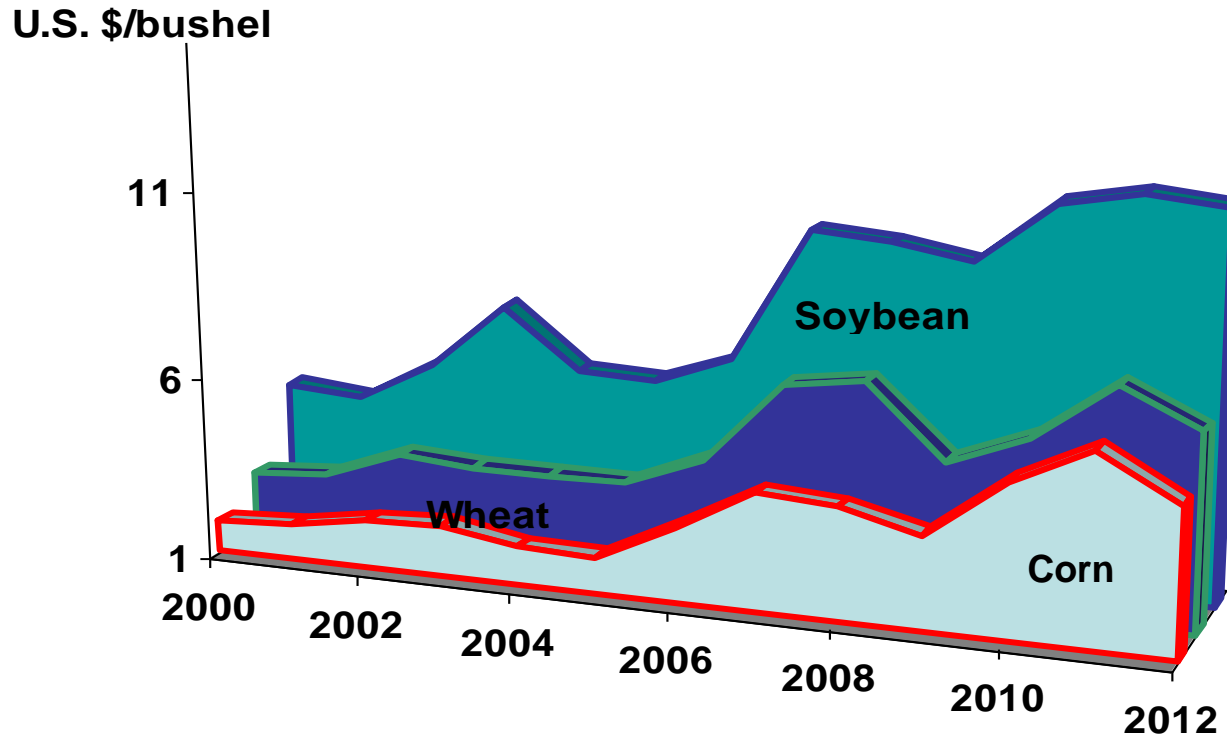
More Acres Going to Corn and Wheat in 2012



Source: NASS, USDA

Corn Price To Slip More Than Soy

Season Average Price Received



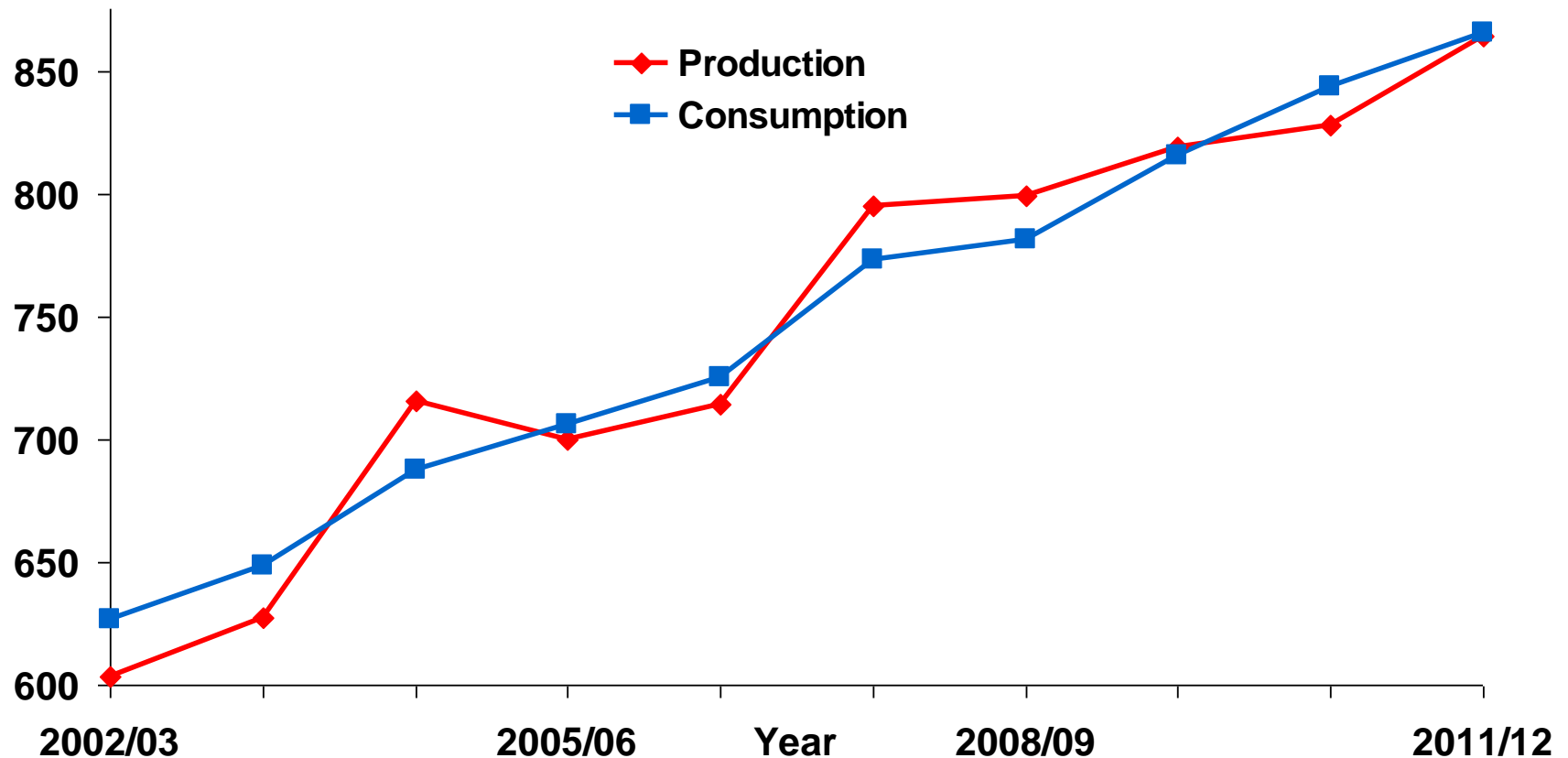
Source: NASS, USDA

Key Drivers of USDA Projections

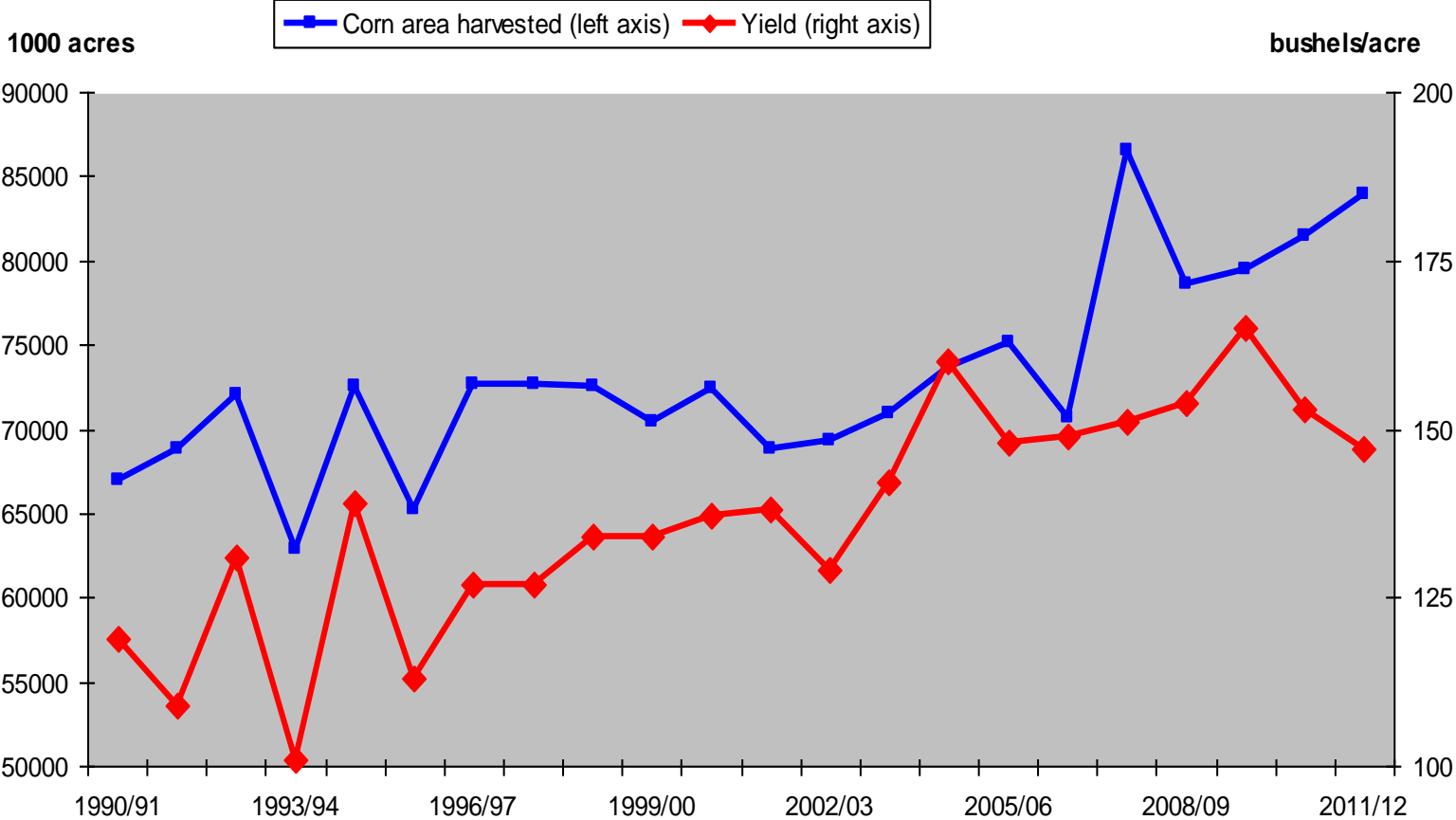
- Expanding U.S. and world area and production
- U.S. corn yield recovers after 2 years below trend
- U.S. corn use for ethanol declines slightly
- China's import demand uncertain.
- South America's 2011/12 problems support U.S. 2012/13 demand prospects.
- Record World wheat supplies overhang the market.

World Corn Production and Consumption

Million tonnes

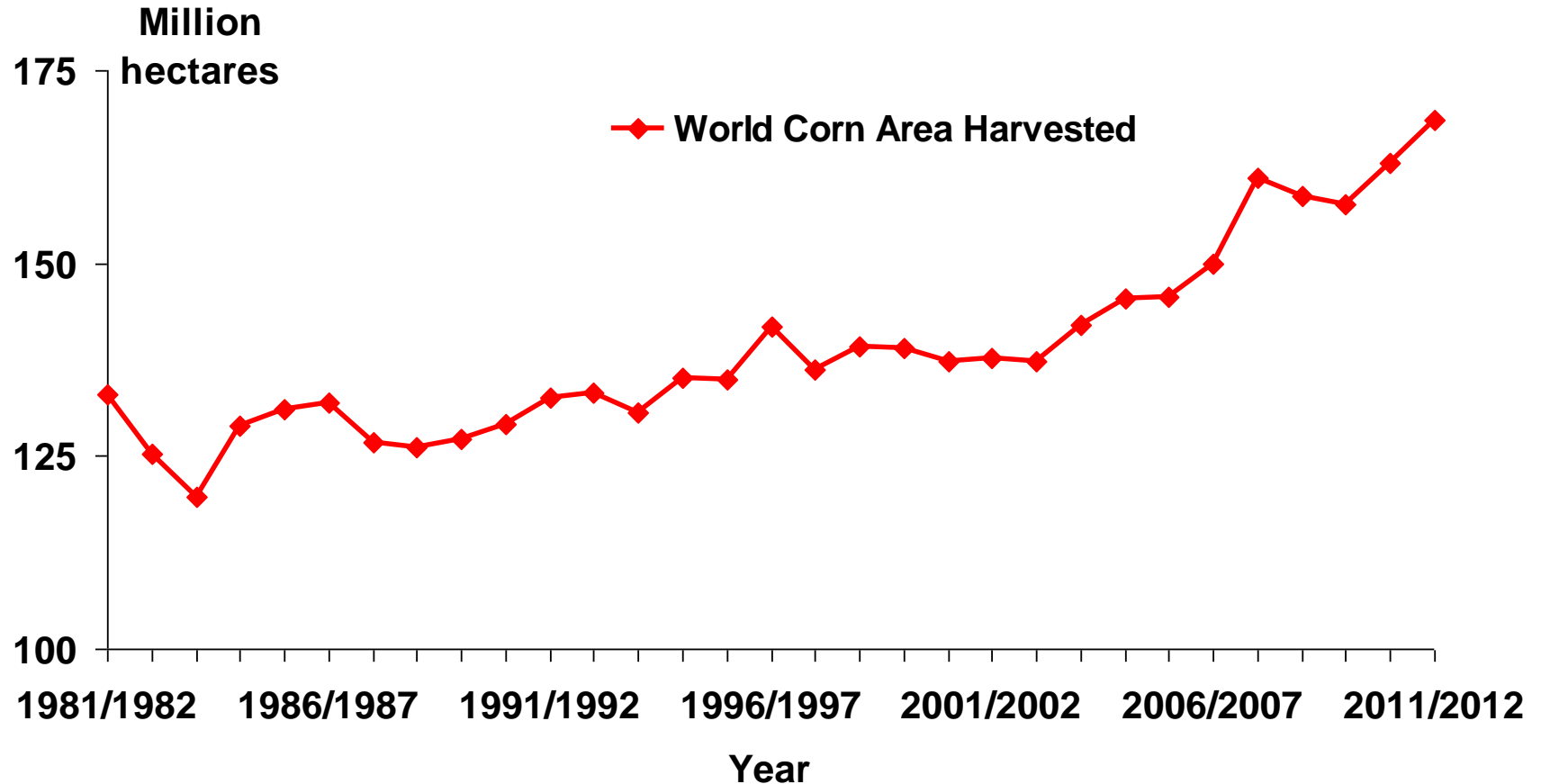


U.S. Corn Area Up, Yields Fall For 2 Years

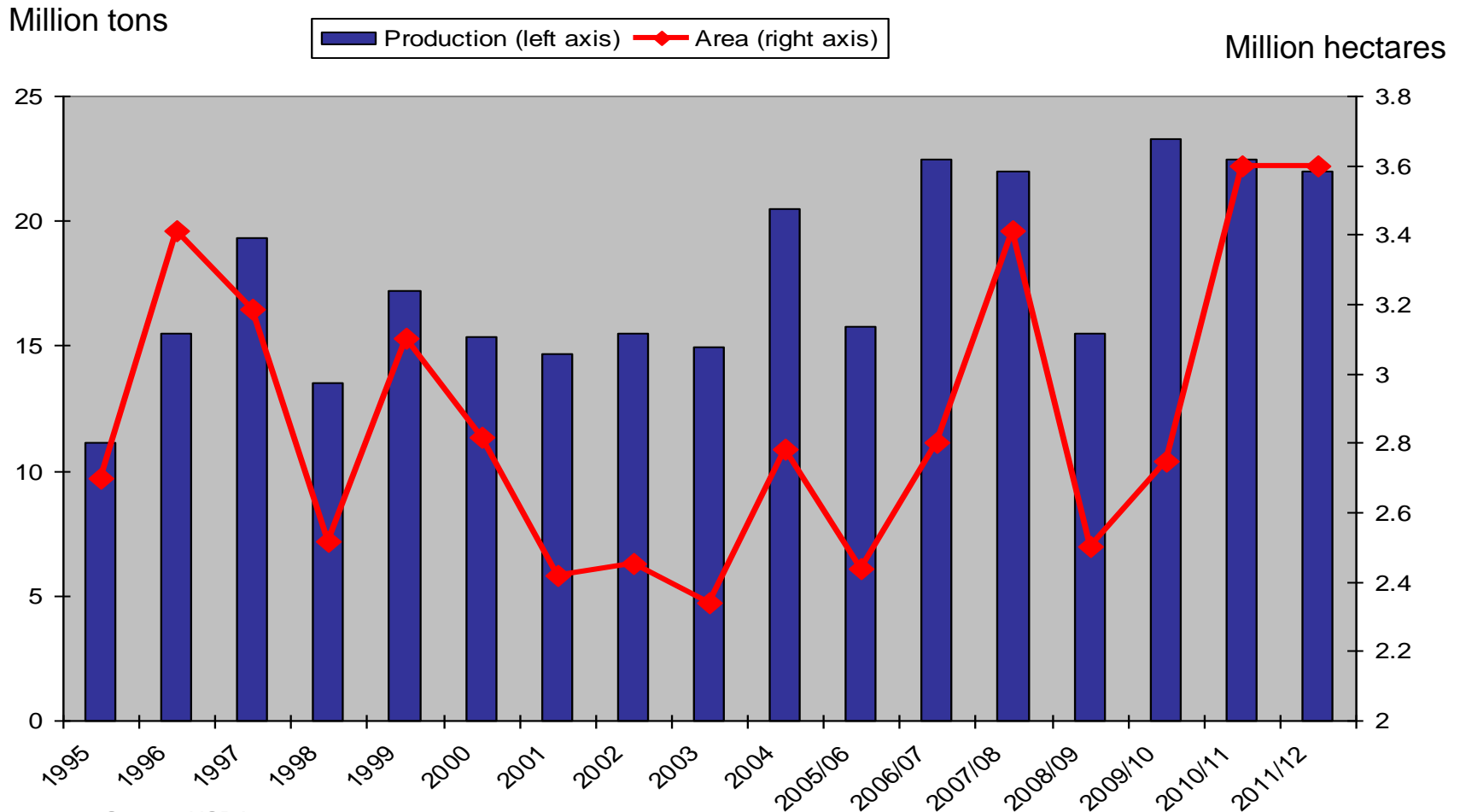


Source: NASS, USDA

World Corn Area Expanding



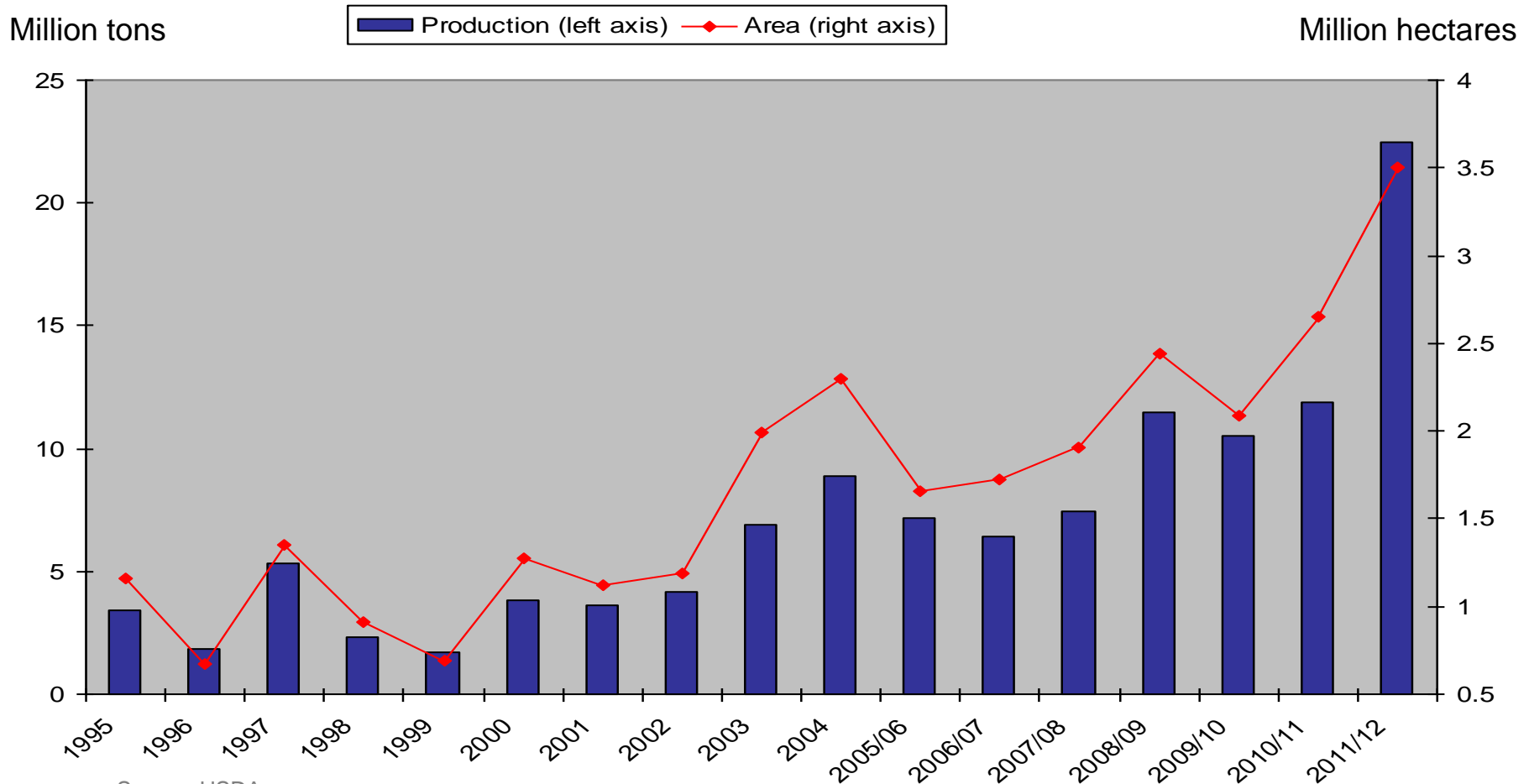
Argentina: Corn Production Stagnates



Source: USDA



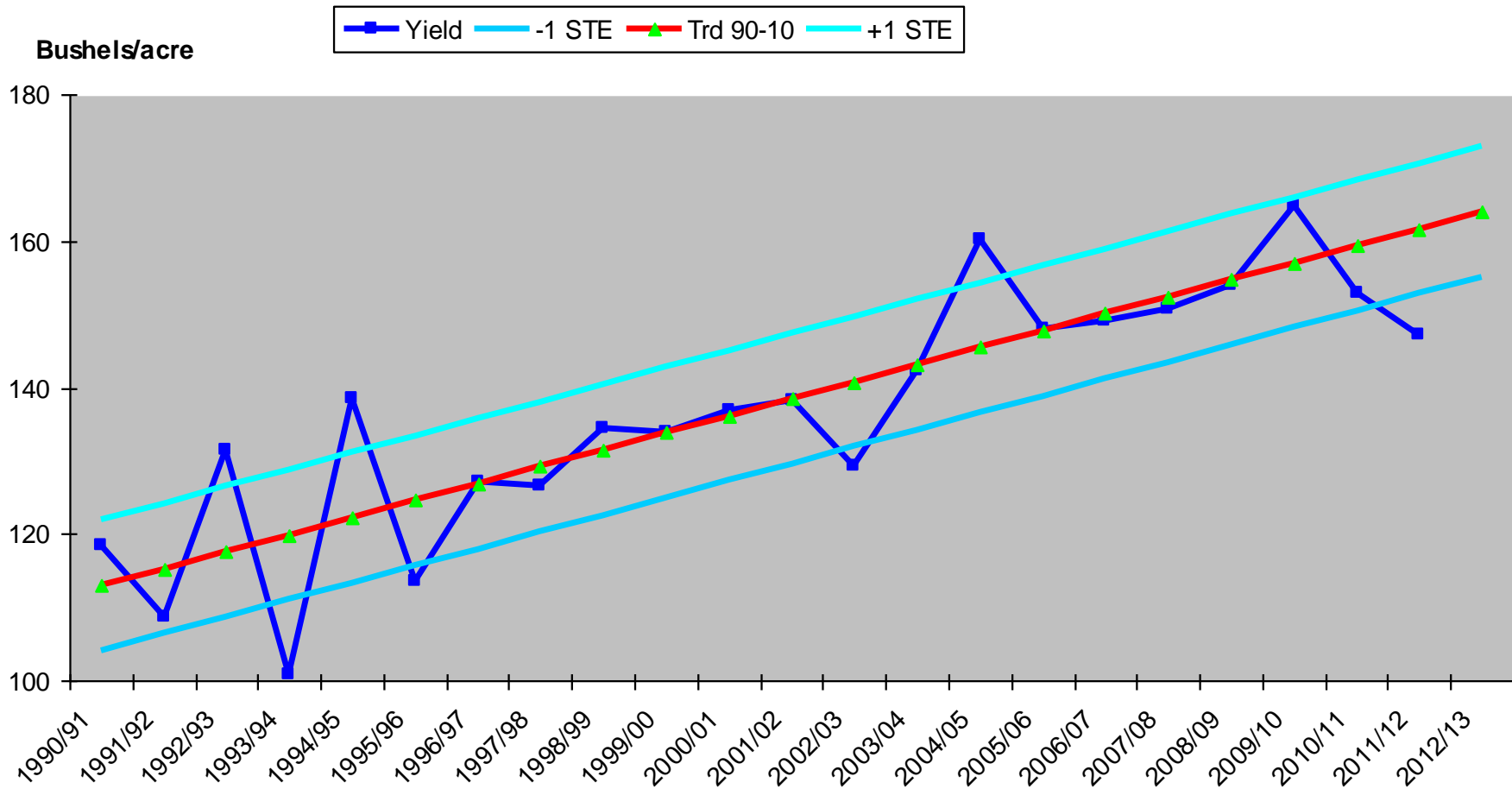
Ukraine: Corn Production Skyrockets



Source: USDA



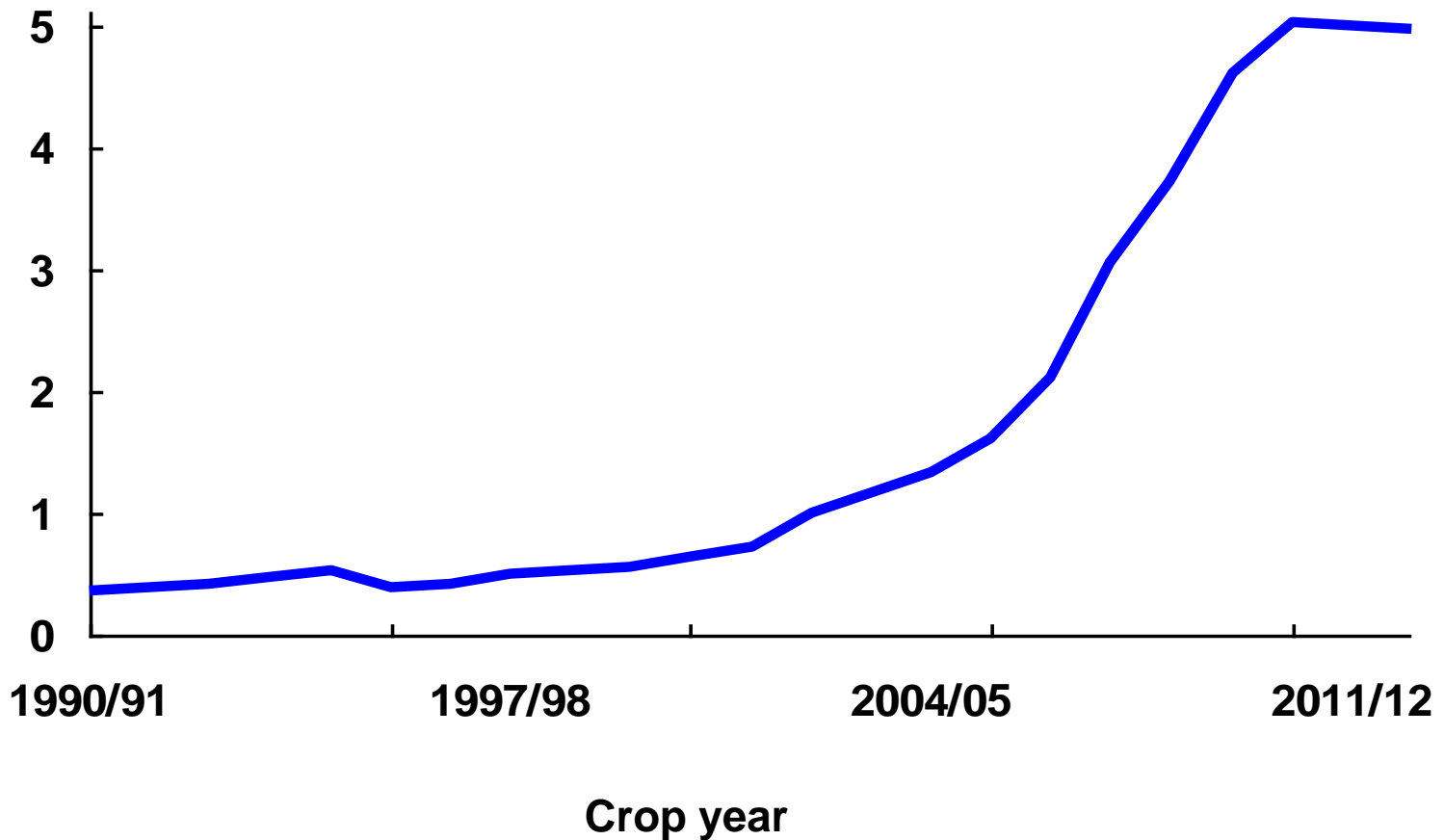
U.S. Corn Yield Trend



Source: NASS, USDA

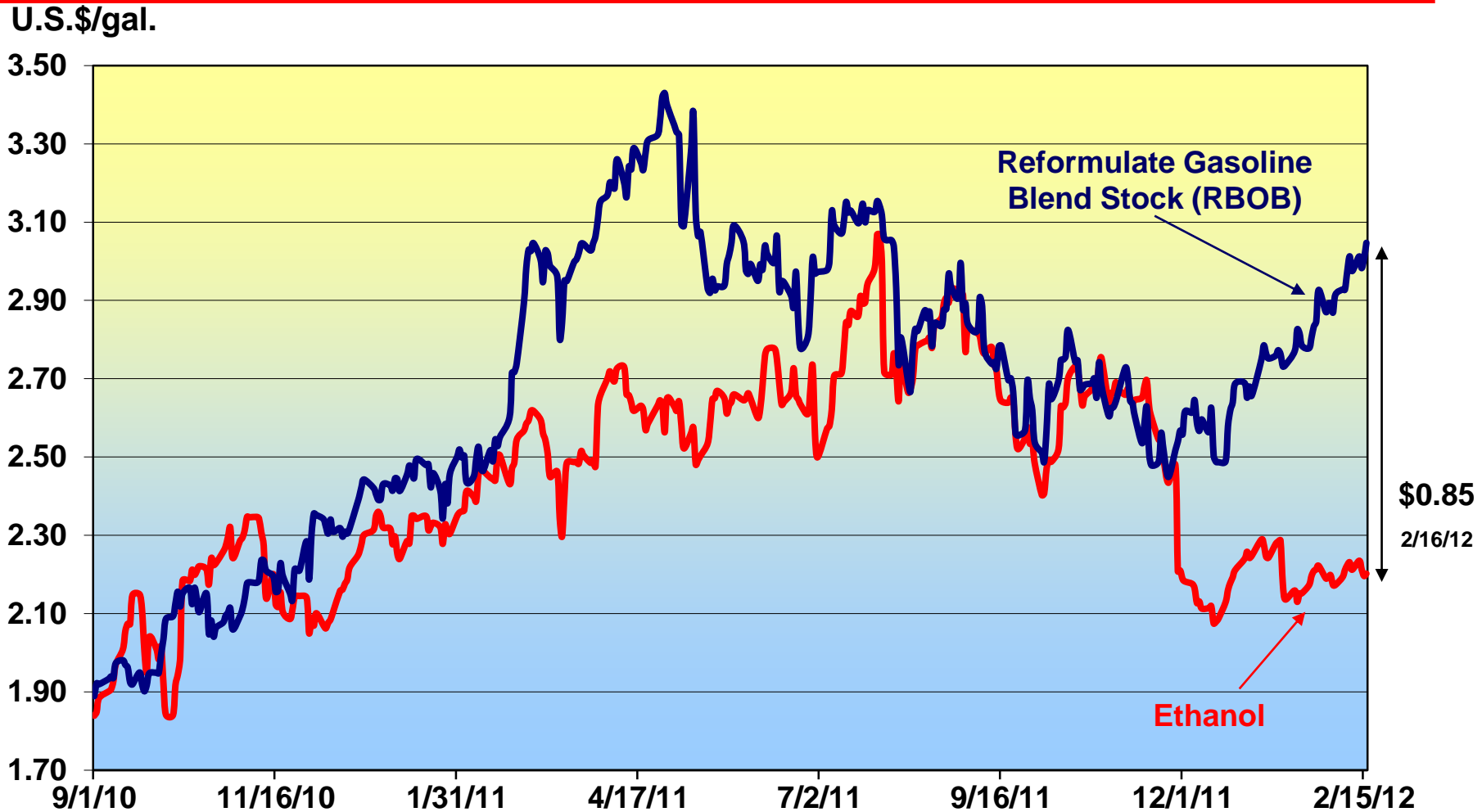
U.S. Ethanol: Corn Use to Decline Slightly

Billion bushels



Source: *USDA*

Ethanol and RBOB Nearby Futures Prices

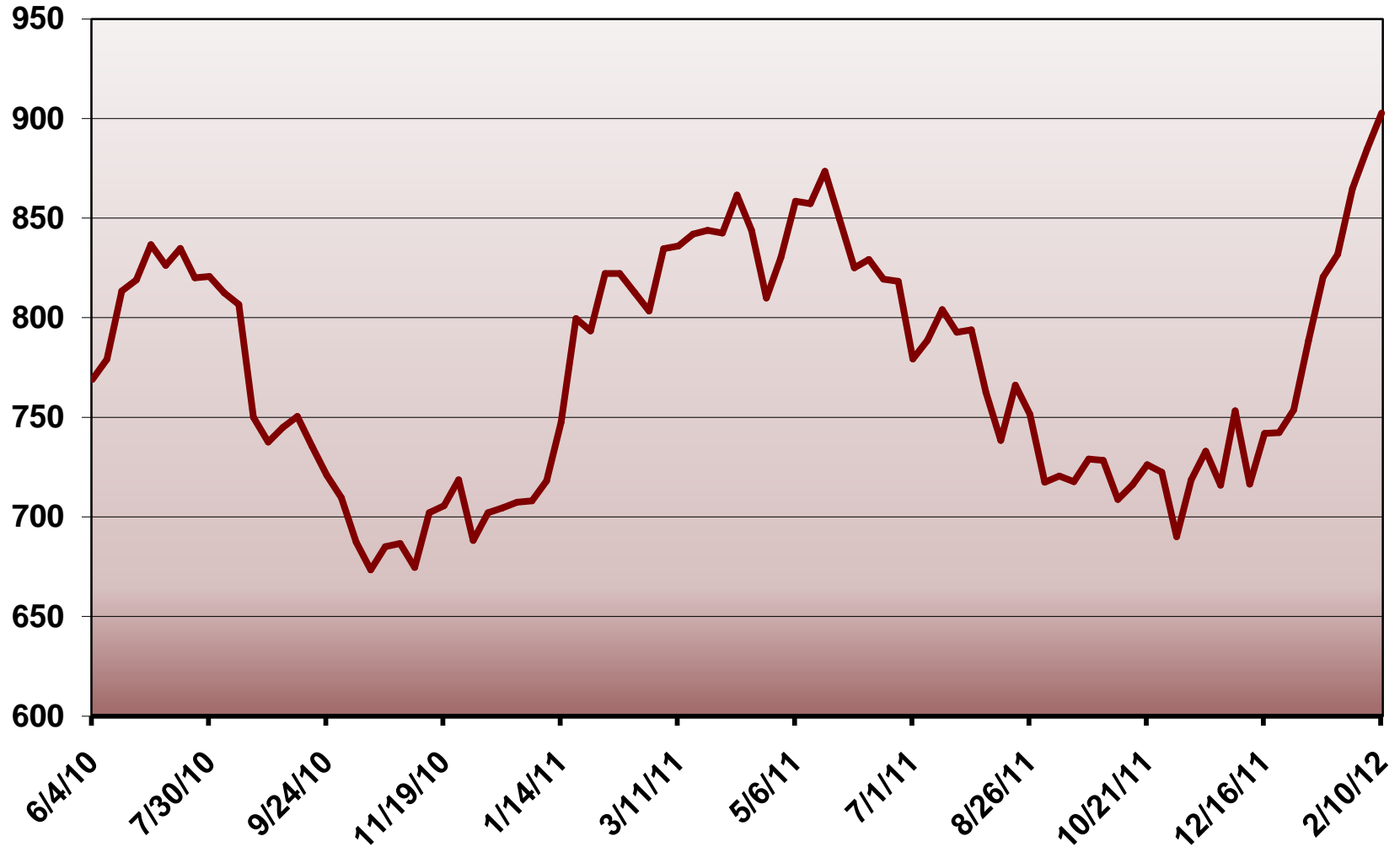


Note: Ethanol prices based on CBOT nearby futures. RBOB (Reformulated Gasoline Blend Stock) based on NYME nearby futures.



Weekly Ethanol Stocks

Mil. gallons

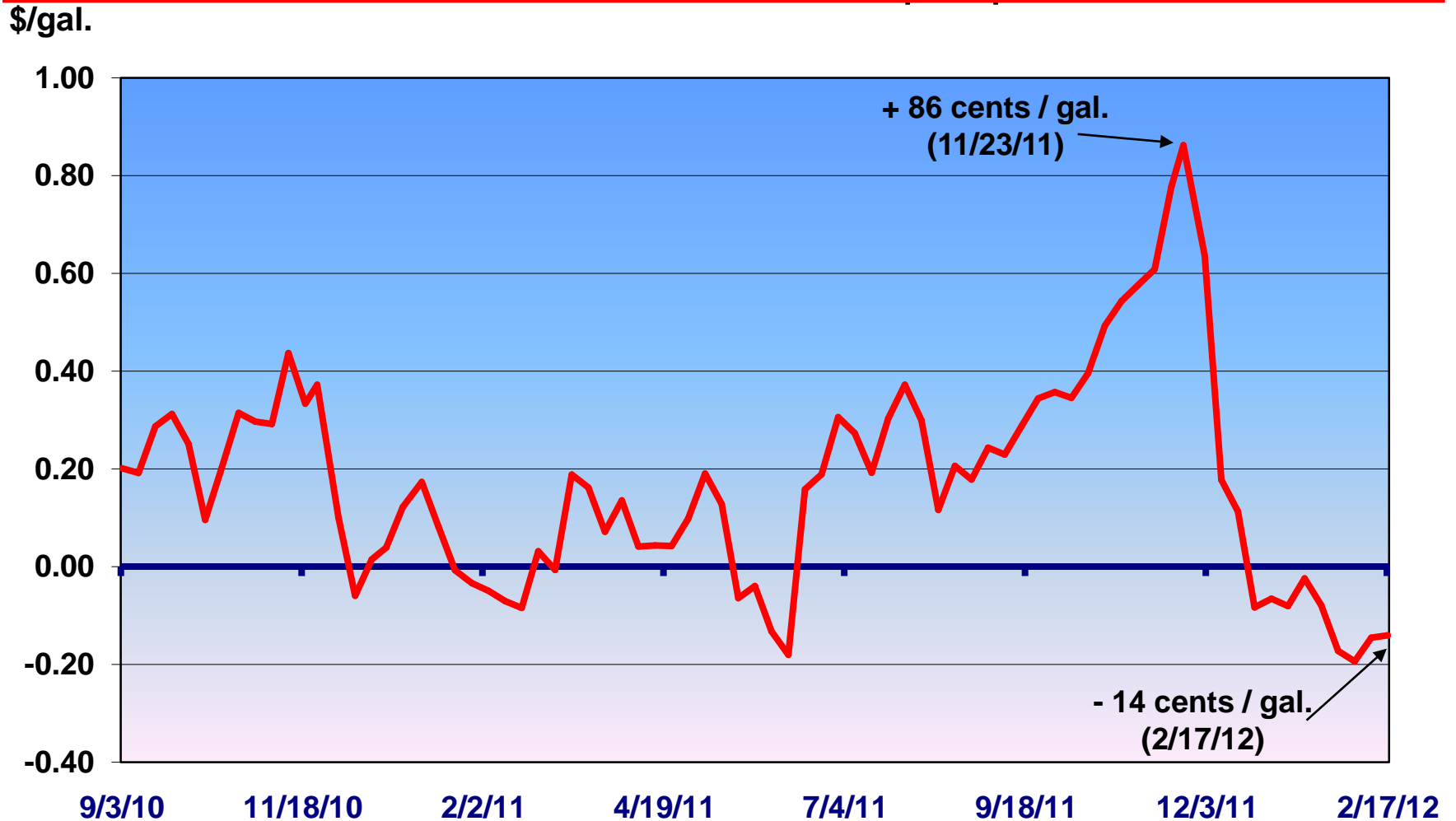


Source: DOE-Energy Information Administration, *Weekly Petroleum Status Report*.



Ethanol Producer Net Returns

Above Variable Costs / Spot prices

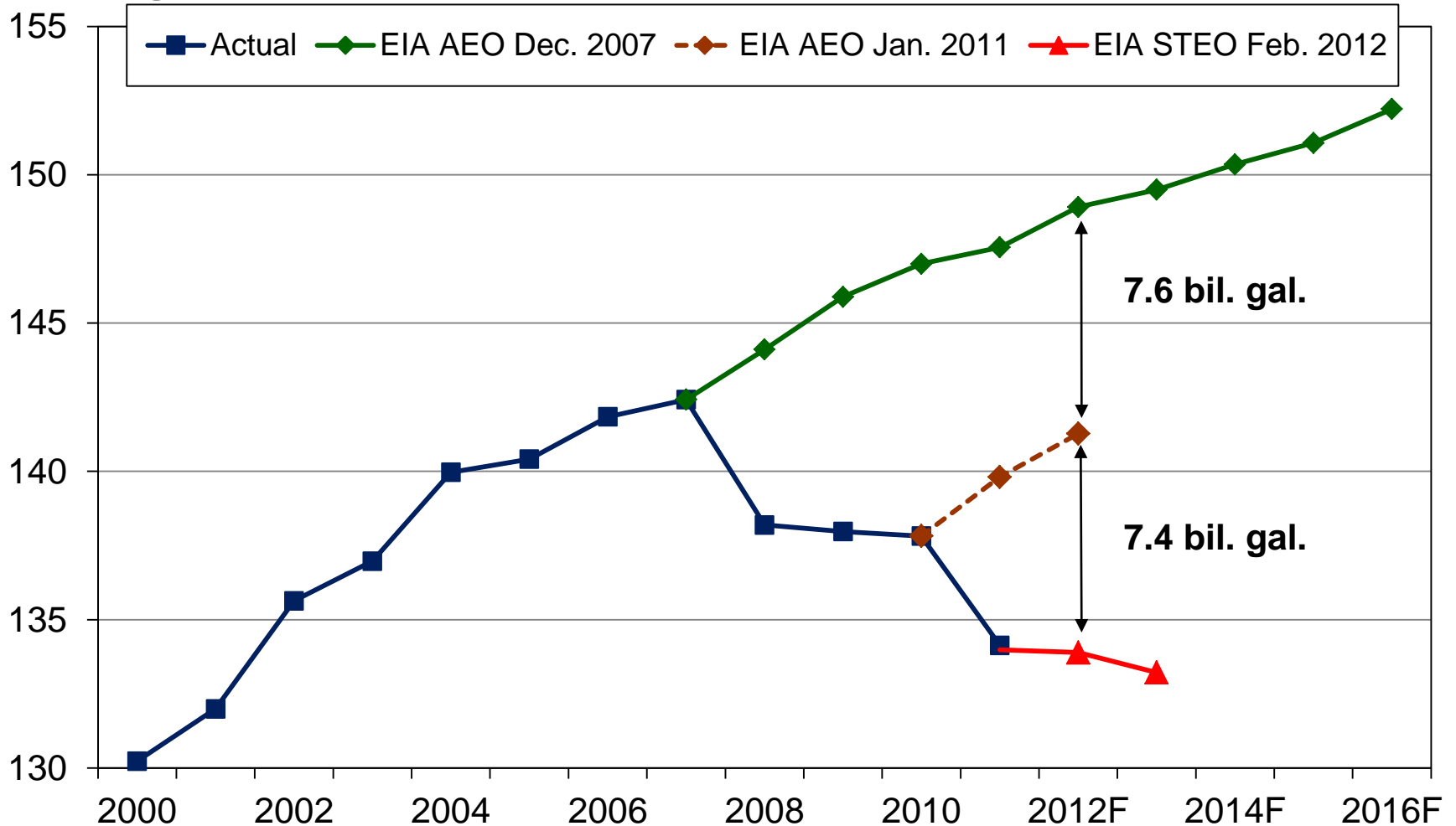


Note: USDA-WAOB estimates based on USDA-AMS plant reports and DOE-EIA estimates and forecasts for natural gas and electricity prices.



U.S. Blended Gasoline Consumption

Billion gallons

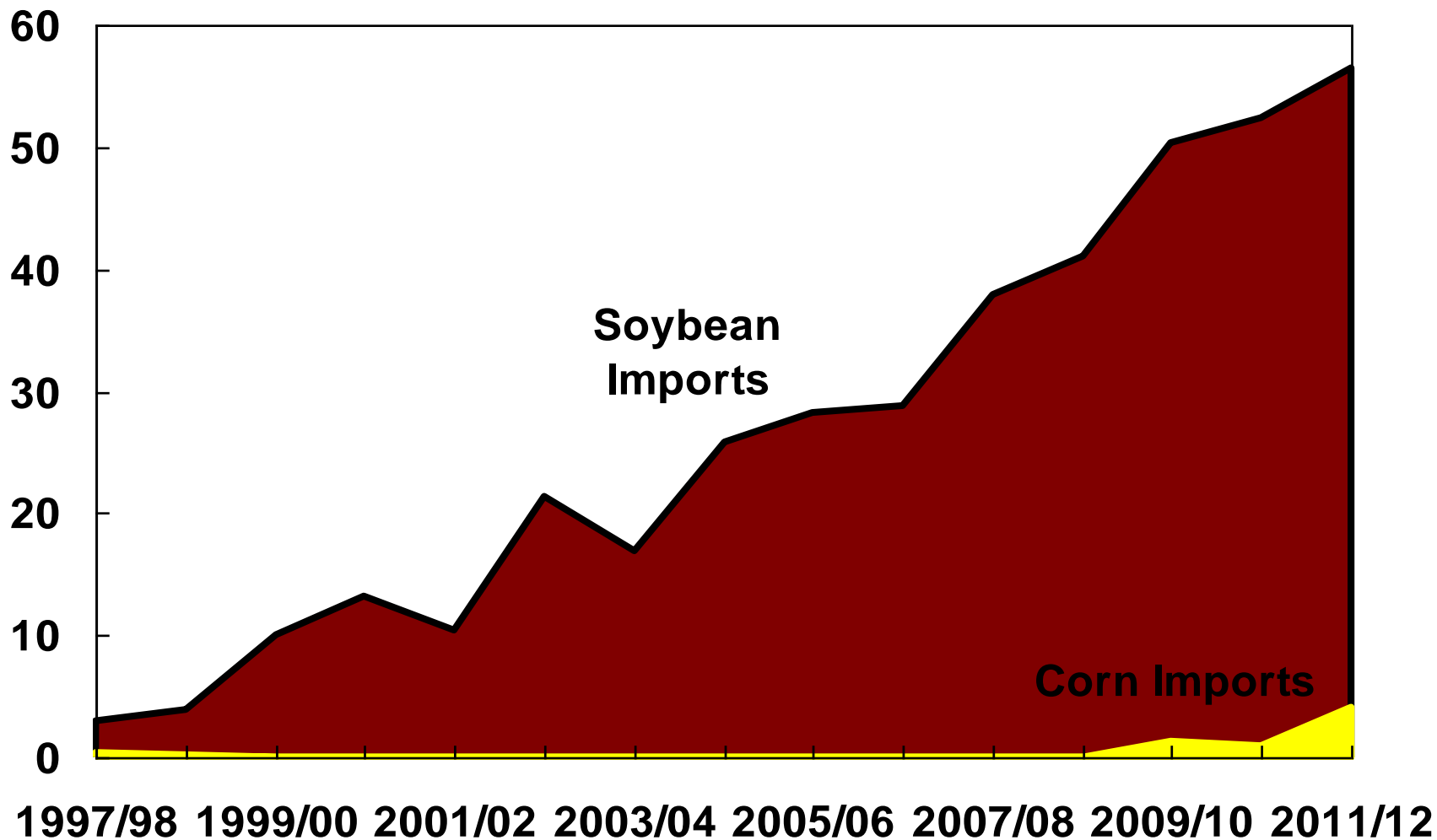


Source: DOE-Energy Information Administration, *Short-term Energy Outlook (STEO)* and *Annual Energy Outlook (AEO)*.



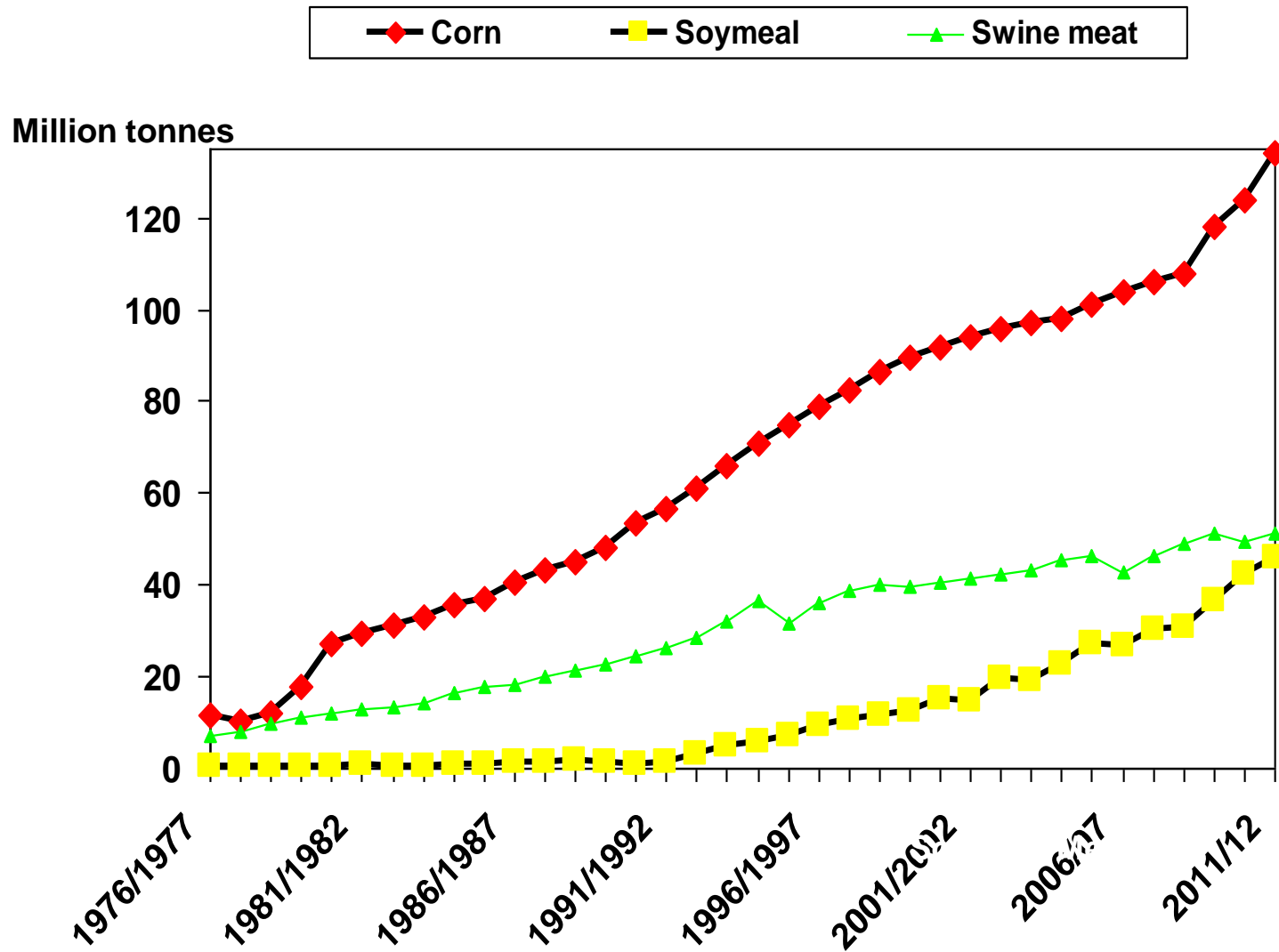
China's Soybean Import Growth Leads World

Million tonnes



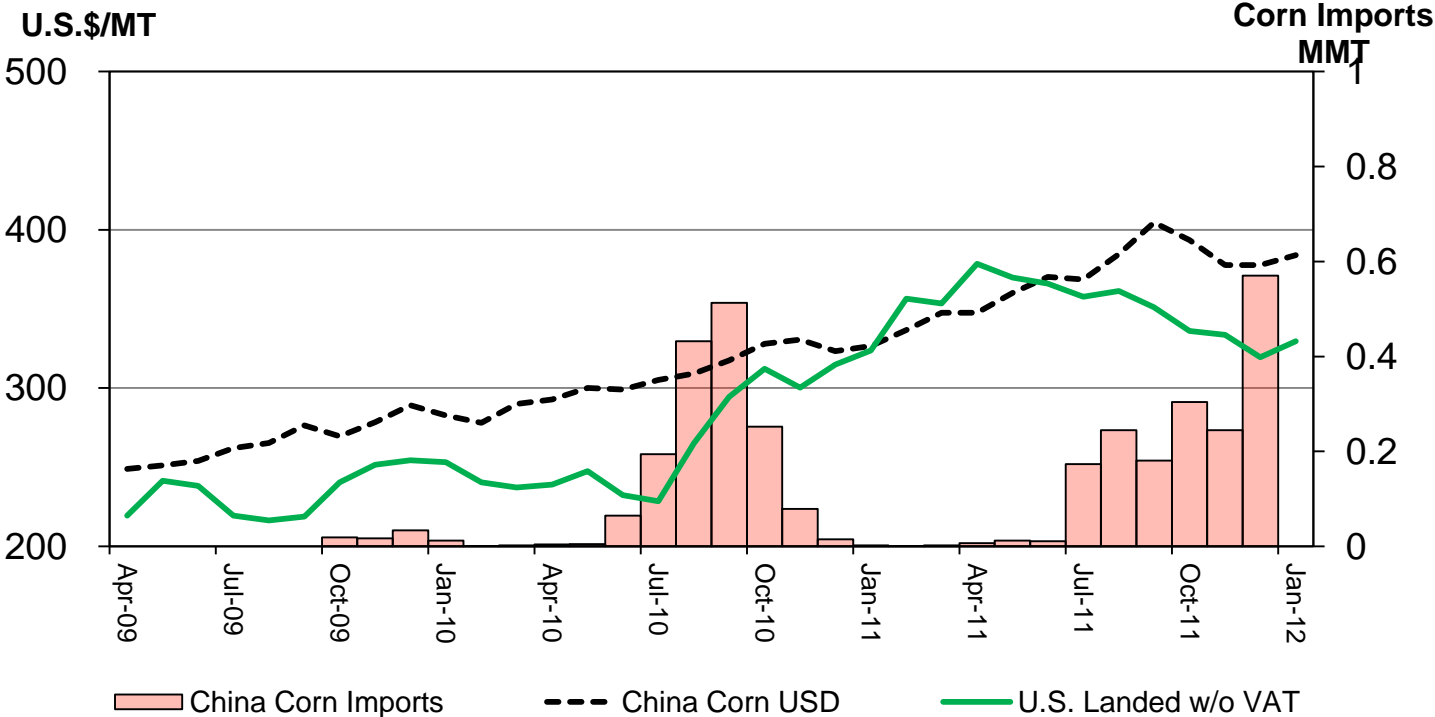
Source: USDA

China: Data Issues Increase Uncertainty, Corn and Soymeal Feed and Residual Use Do Not Track Well With Swine Production



Source: USDA

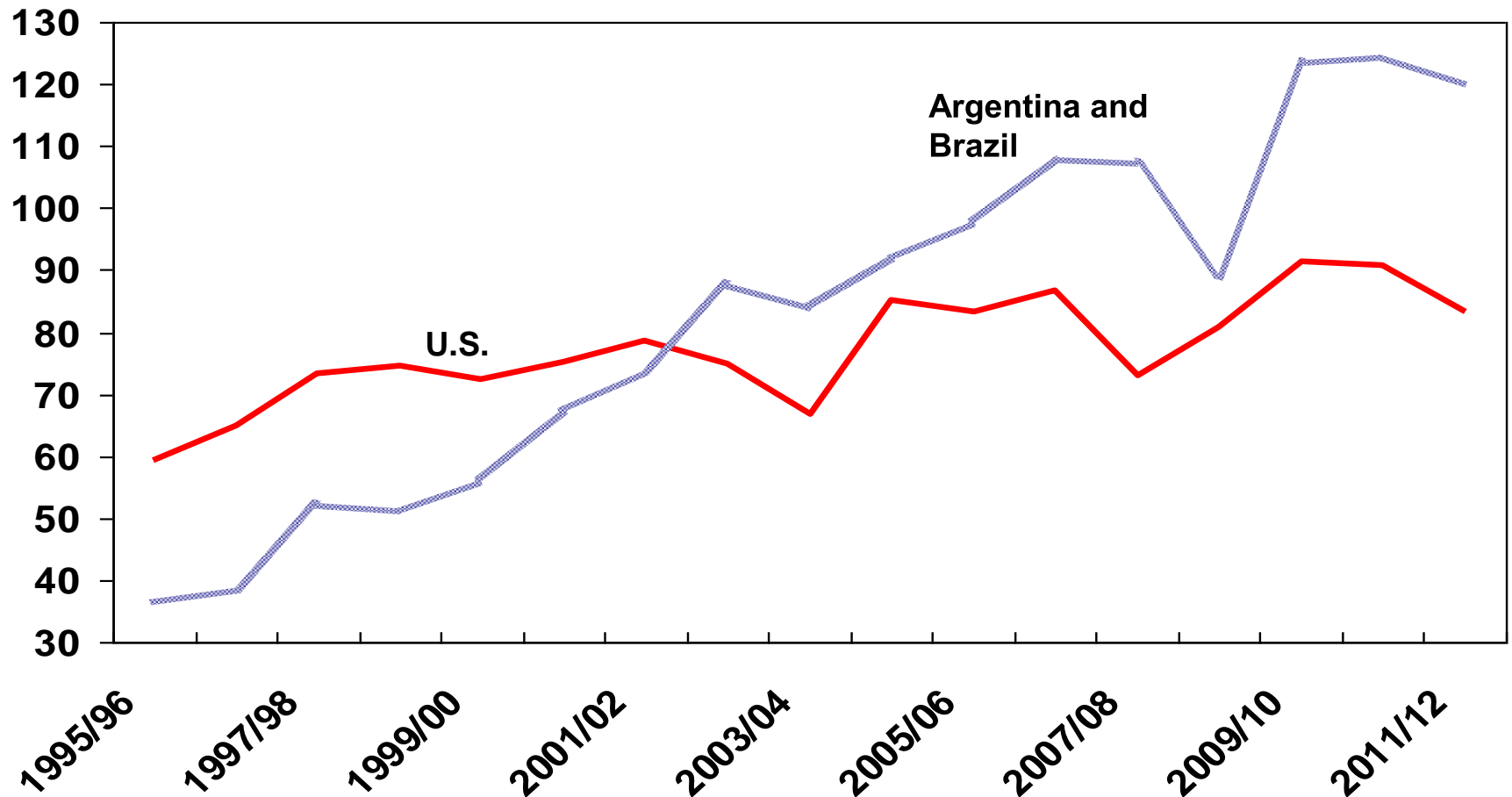
China's High Corn Prices Support Imports



Source: CNGOIC, USDA Agricultural Marketing Service. Landed w/ VAT price is net of 13 percent VAT plus 1 percent tariff. Landed w/o VAT price is net of 1 percent tariff.

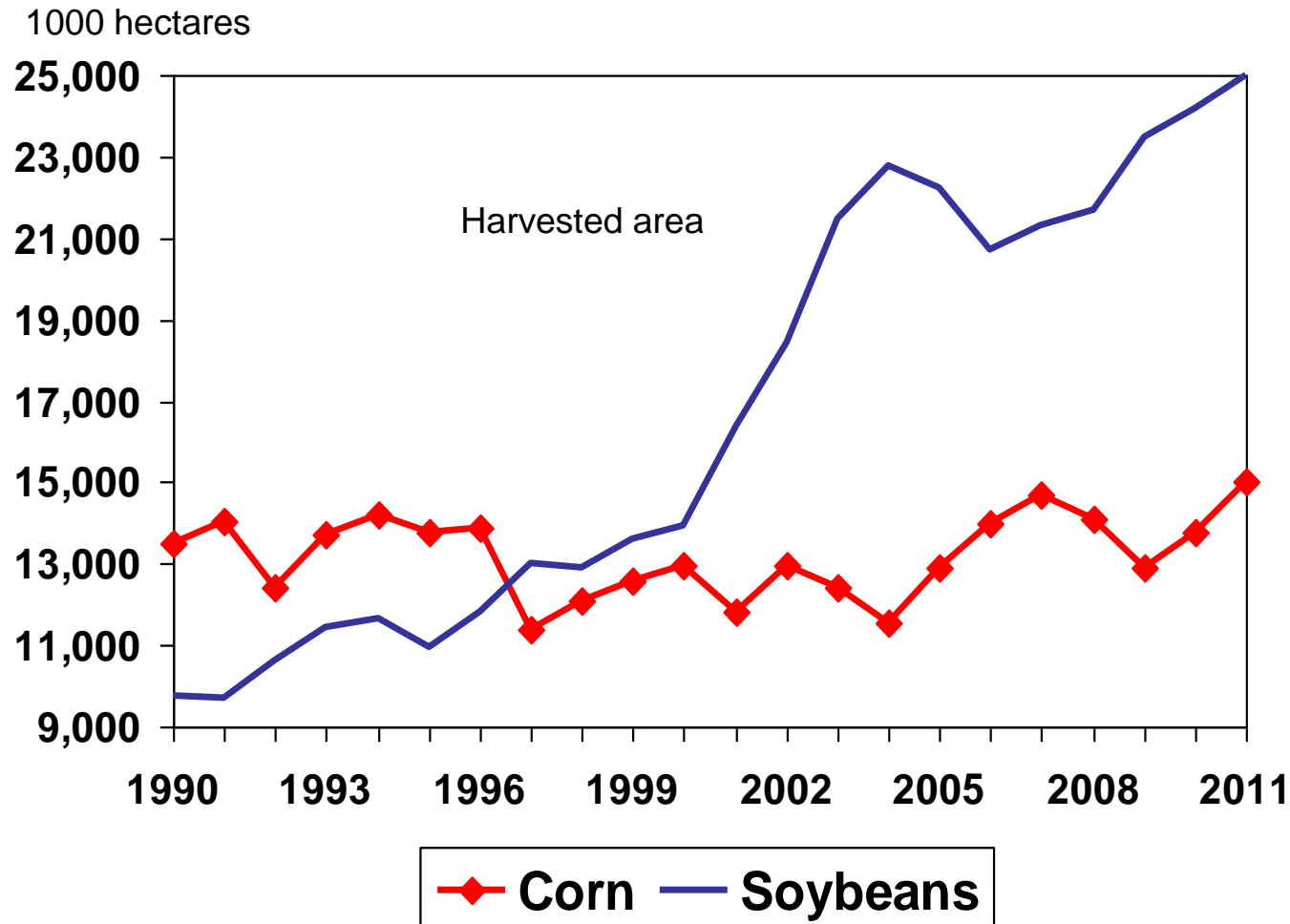
U.S. Soybean Production Takes a Backseat, Drought Hits Brazil and Argentina in 2011/12

Million tonnes



Source: USDA

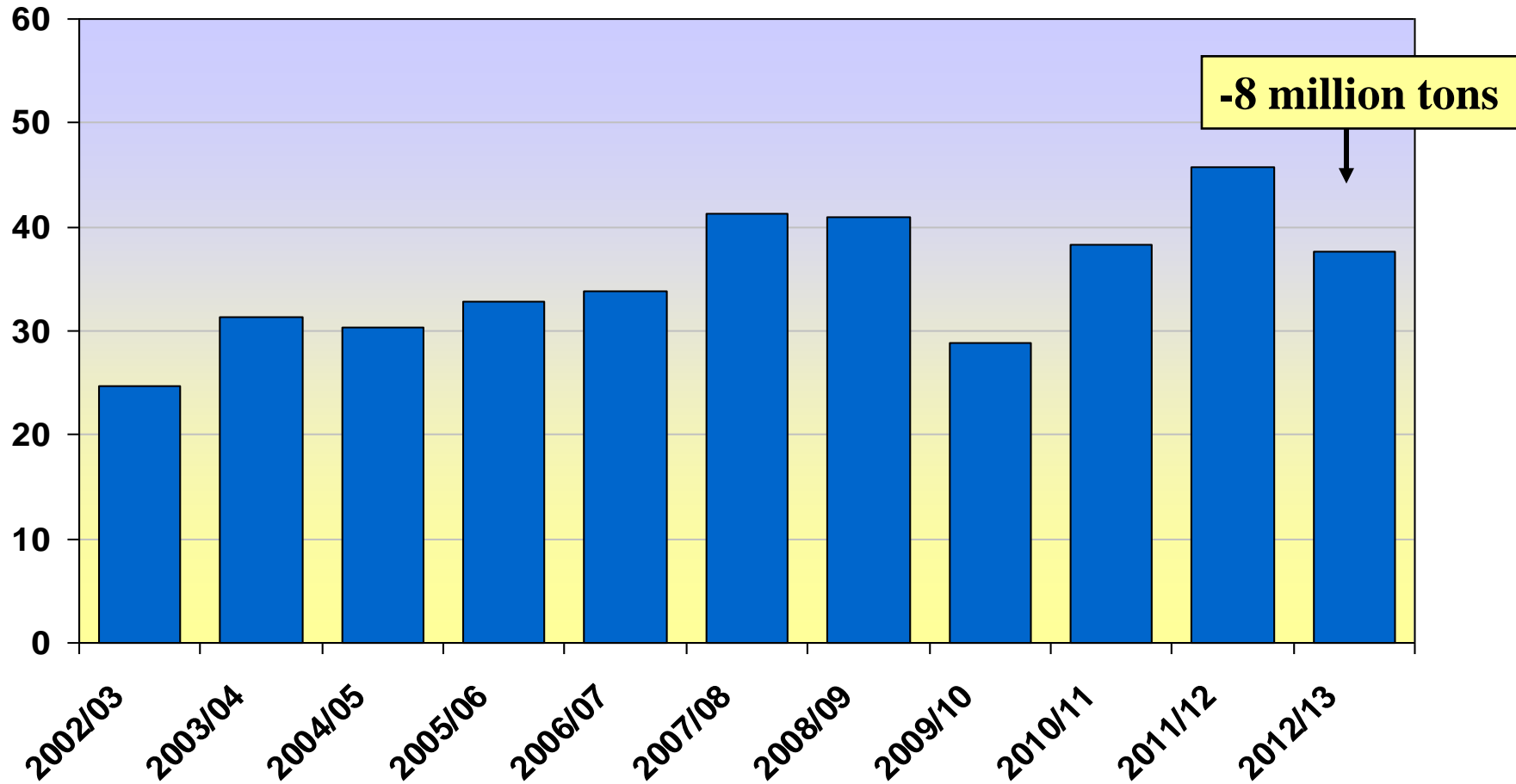
Brazil: Double Cropping to Boost Corn Area With Soybeans



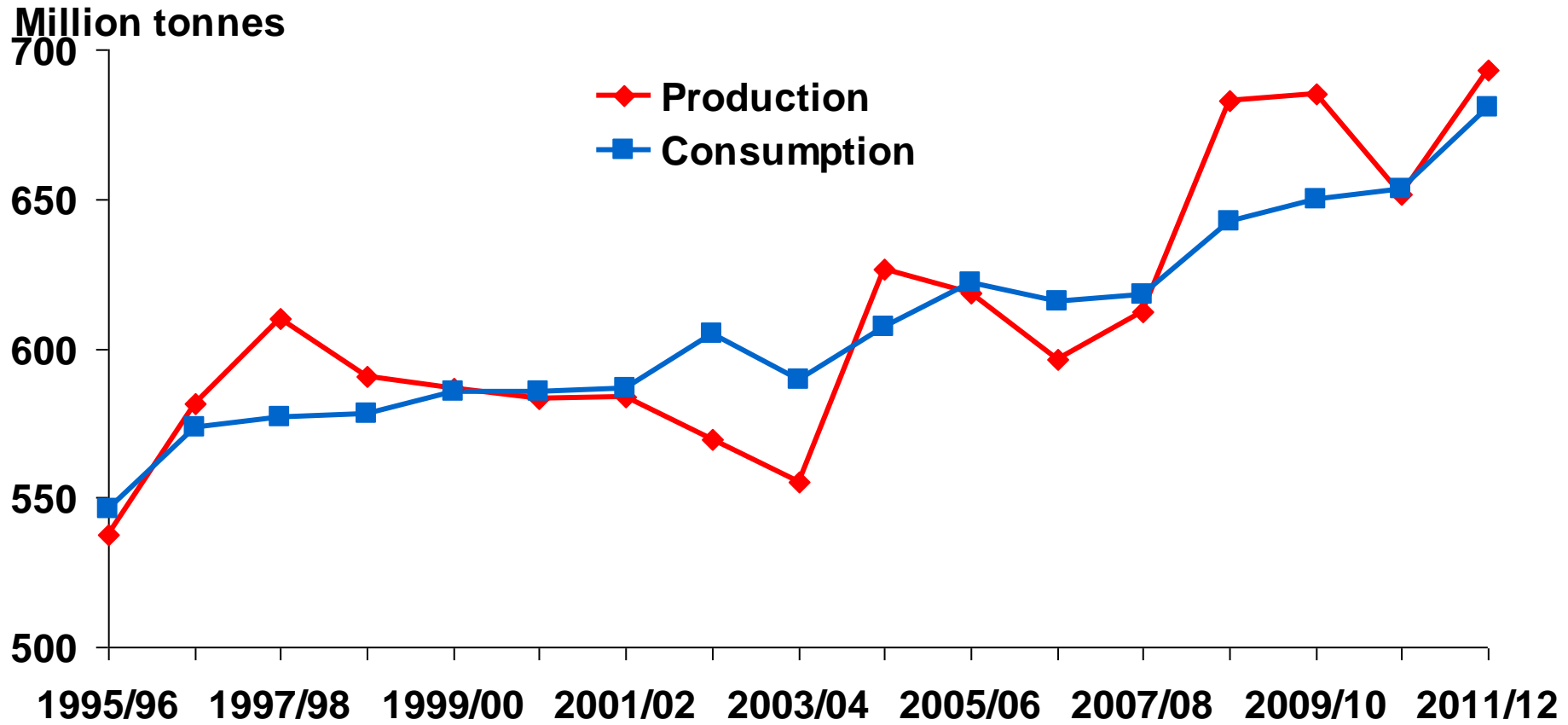
Source: USDA

South American October 1, Soybean Beginning Stocks

Million Tonnes

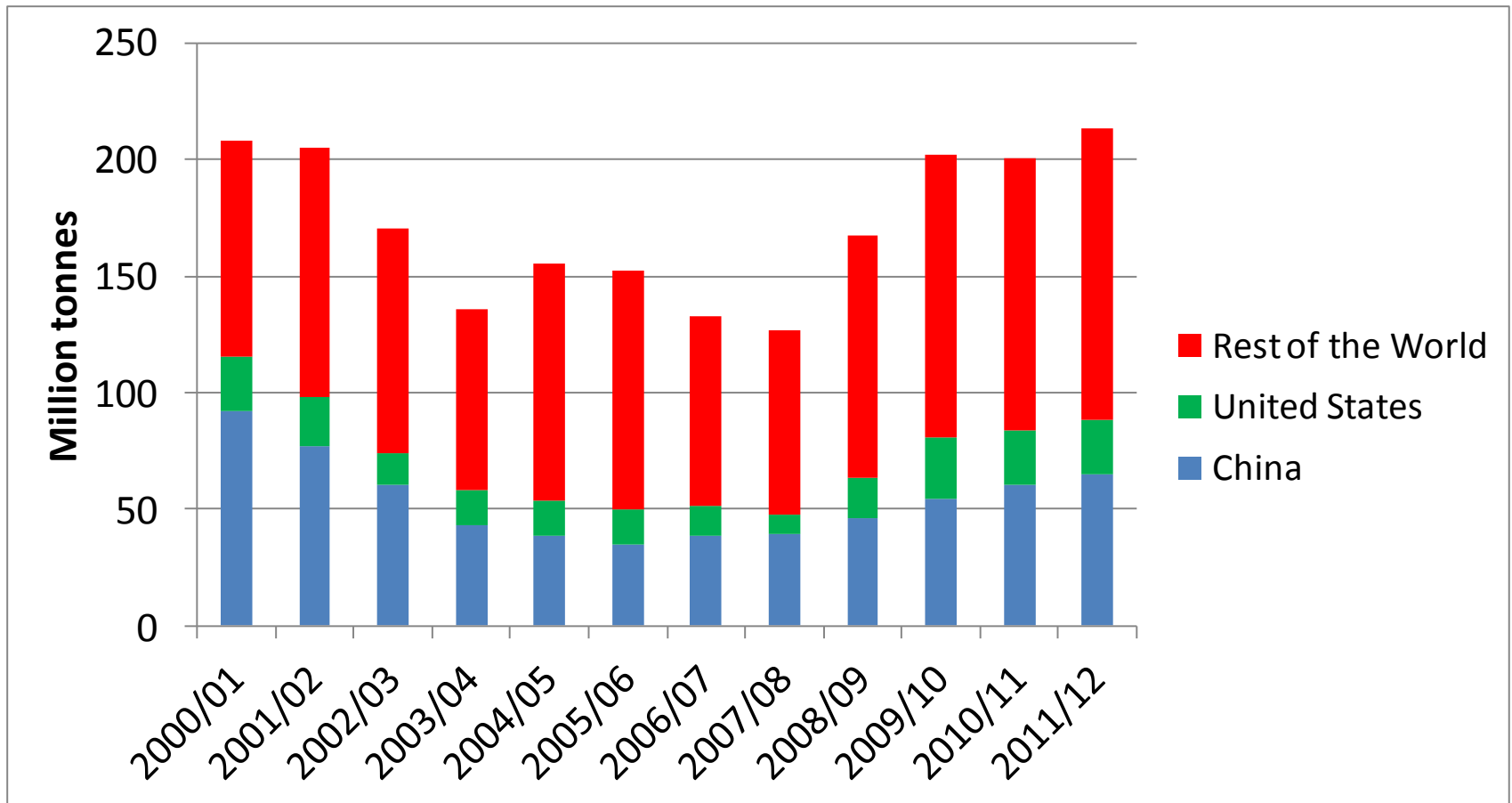


World Wheat Production and Consumption



Source: USDA

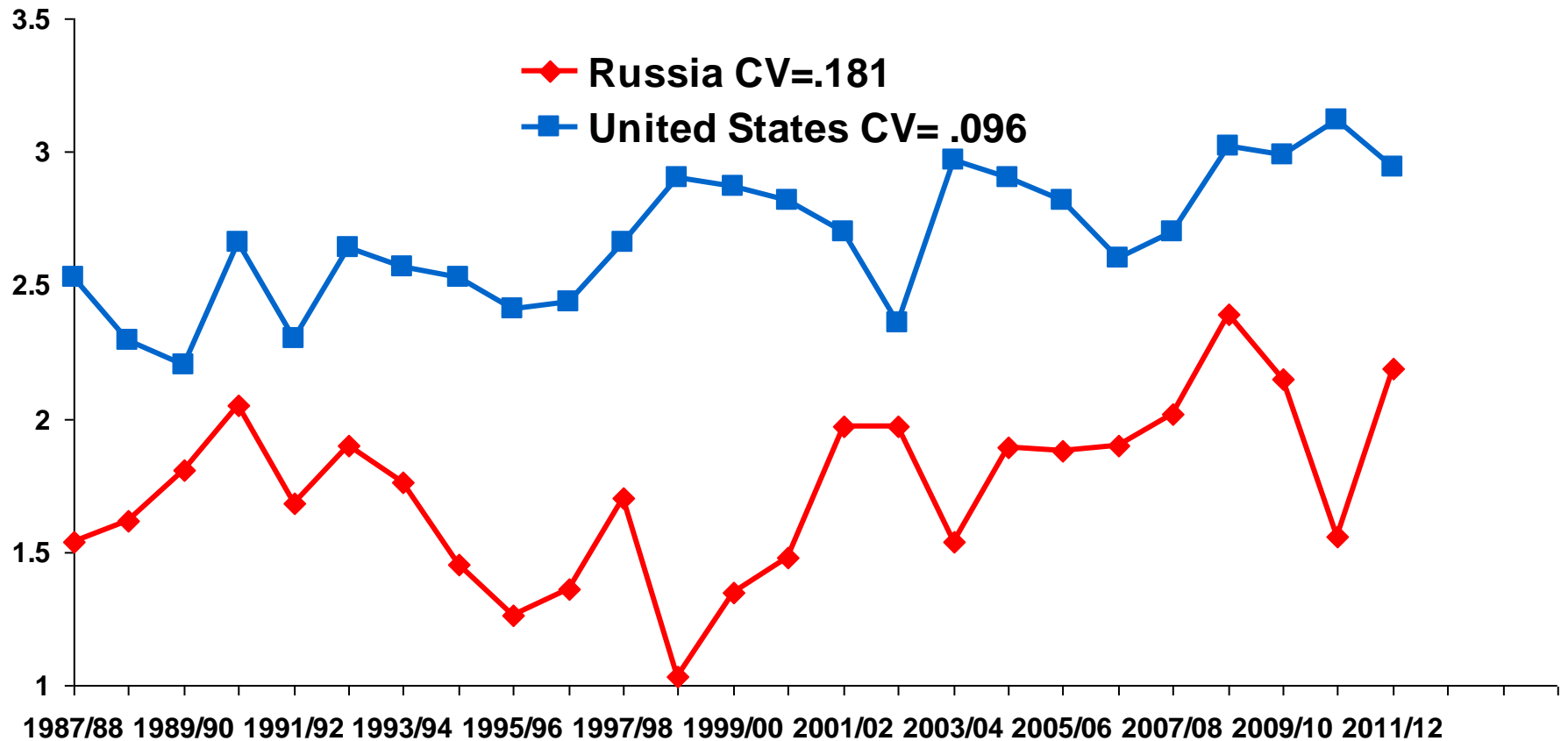
Record World Wheat Stocks



Source: USDA

Russia's Wheat Yields Highly Variable

Tonnes per hectare



Source: USDA



Key Developments To Watch

- Soybean and corn crops currently growing in South America,
- Prices and weather ahead of U.S. spring planting,
- China's soybean and corn import growth,
- Gas prices, gasoline consumption, and ethanol margins,
- Global macro-economic growth,
- U.S. dollar.