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A PRIVATE SECTOR VIEW OF THE OUTLOOK FOR OILSEEDS AND GRAINS

Dale Gustafson

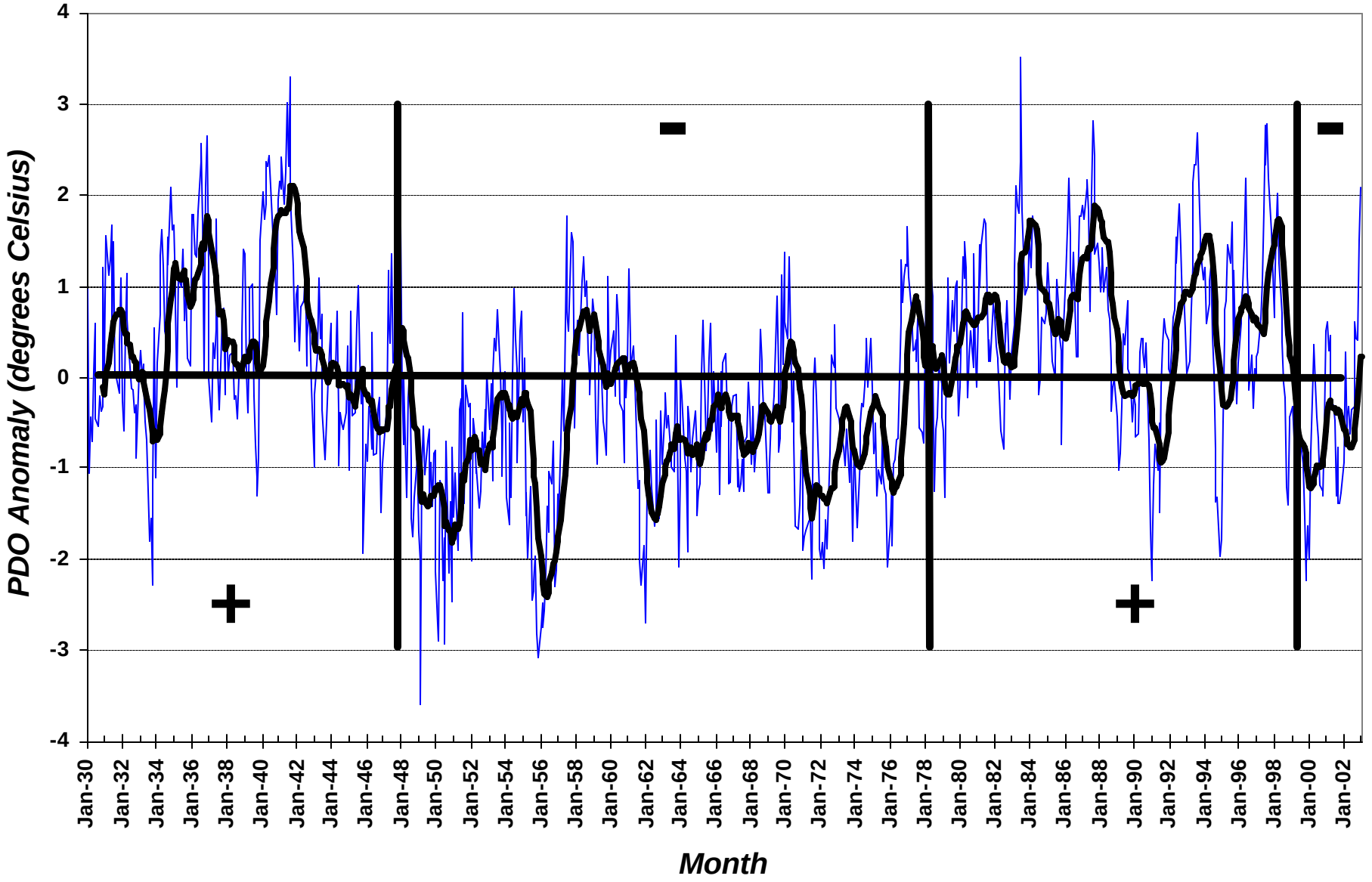
citigroup corporate & investment bank
Salomon Smith Barney & Citibank

AGRICULTURAL OUTLOOK FORUM 2003

February 21, 2003

Pacific Decadal Oscillation Monthly Index

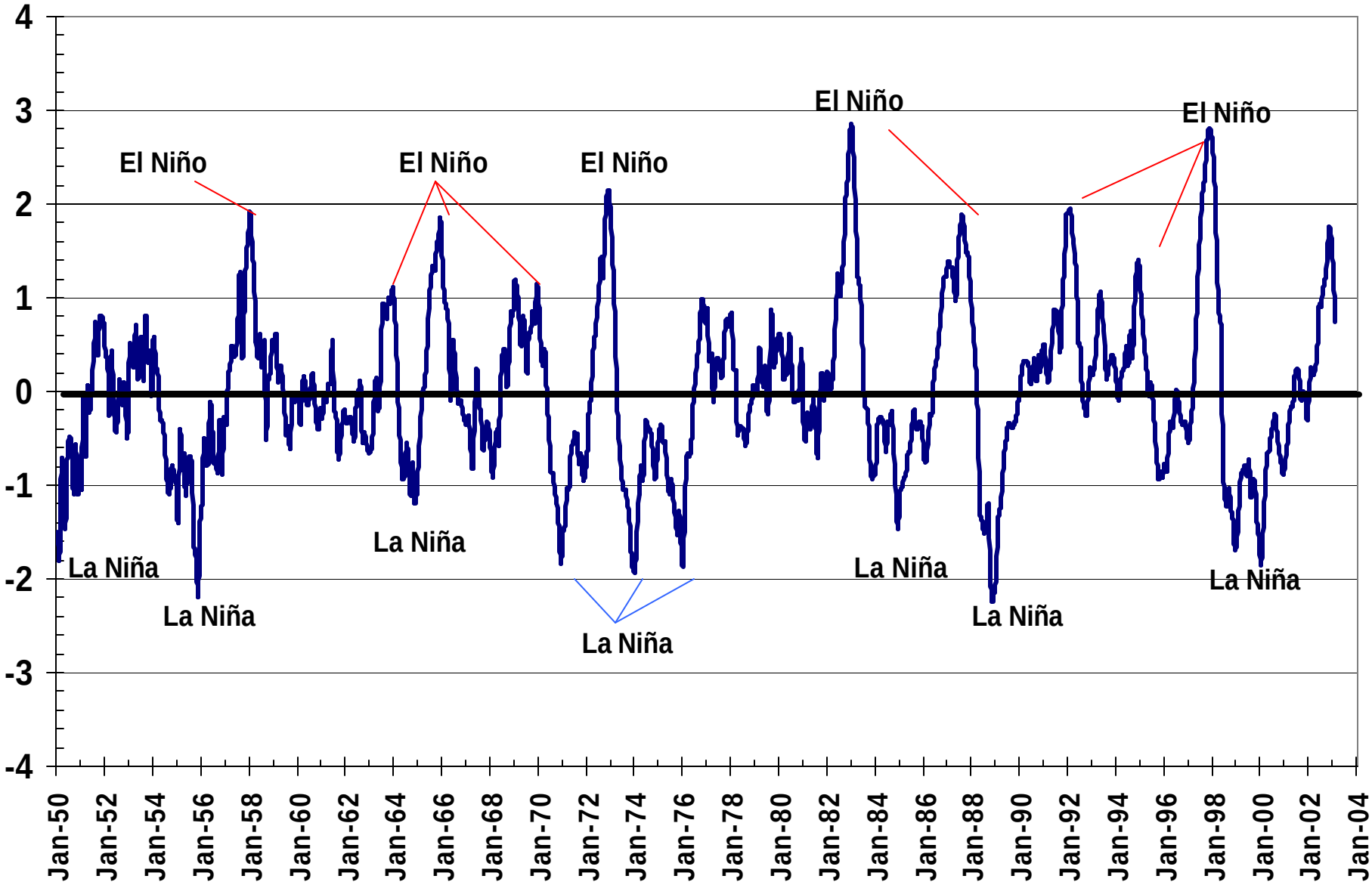
(Jan 1930 - Dec2002)



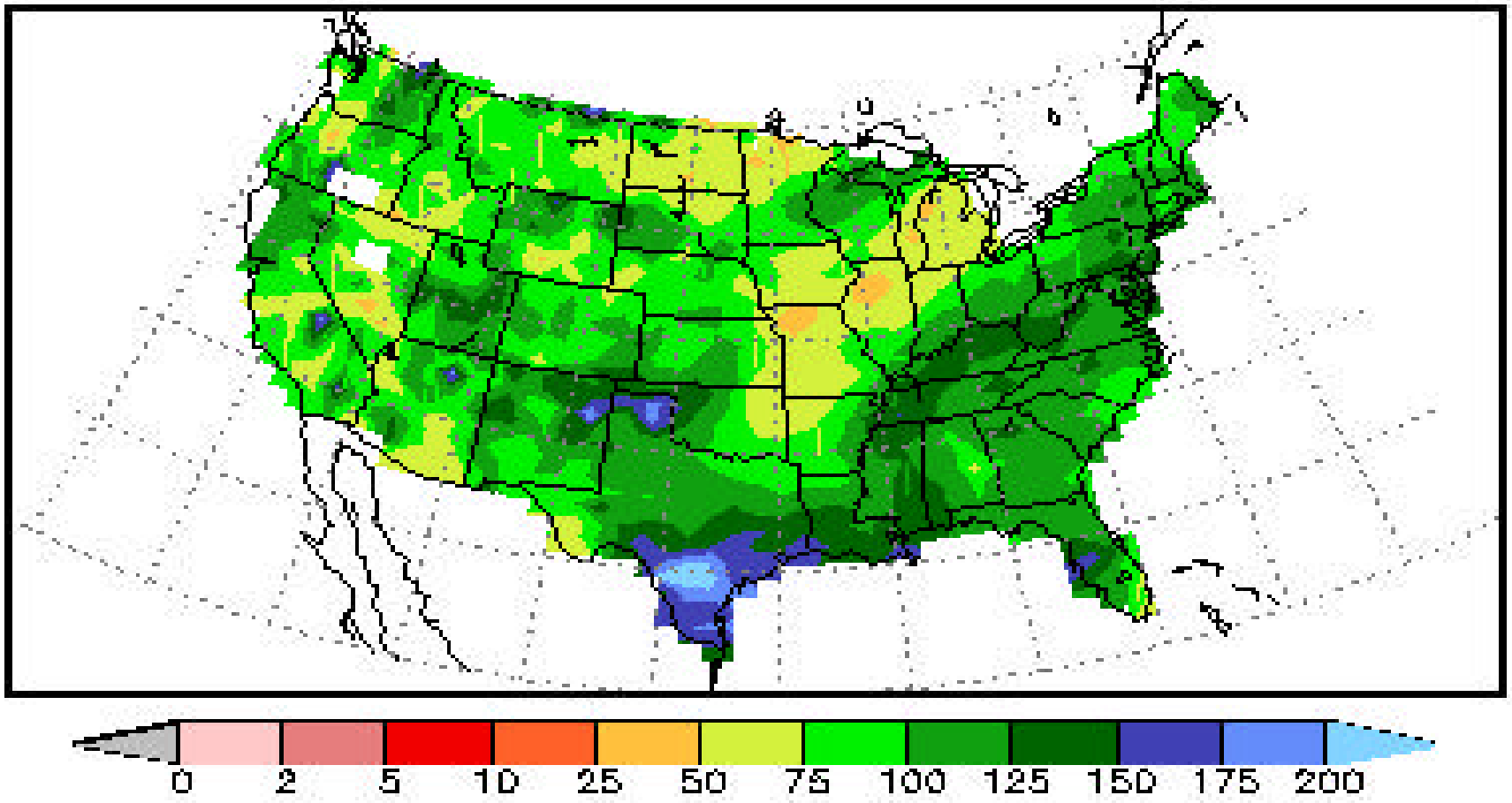
UKMO, NCEP/NCDC DATA

Eastern Pacific Sea-Surface Temperature Anomalies

as of February 11, 2003



Total Precipitation Percent of Mean
September 1, 2002 to February 17, 2003



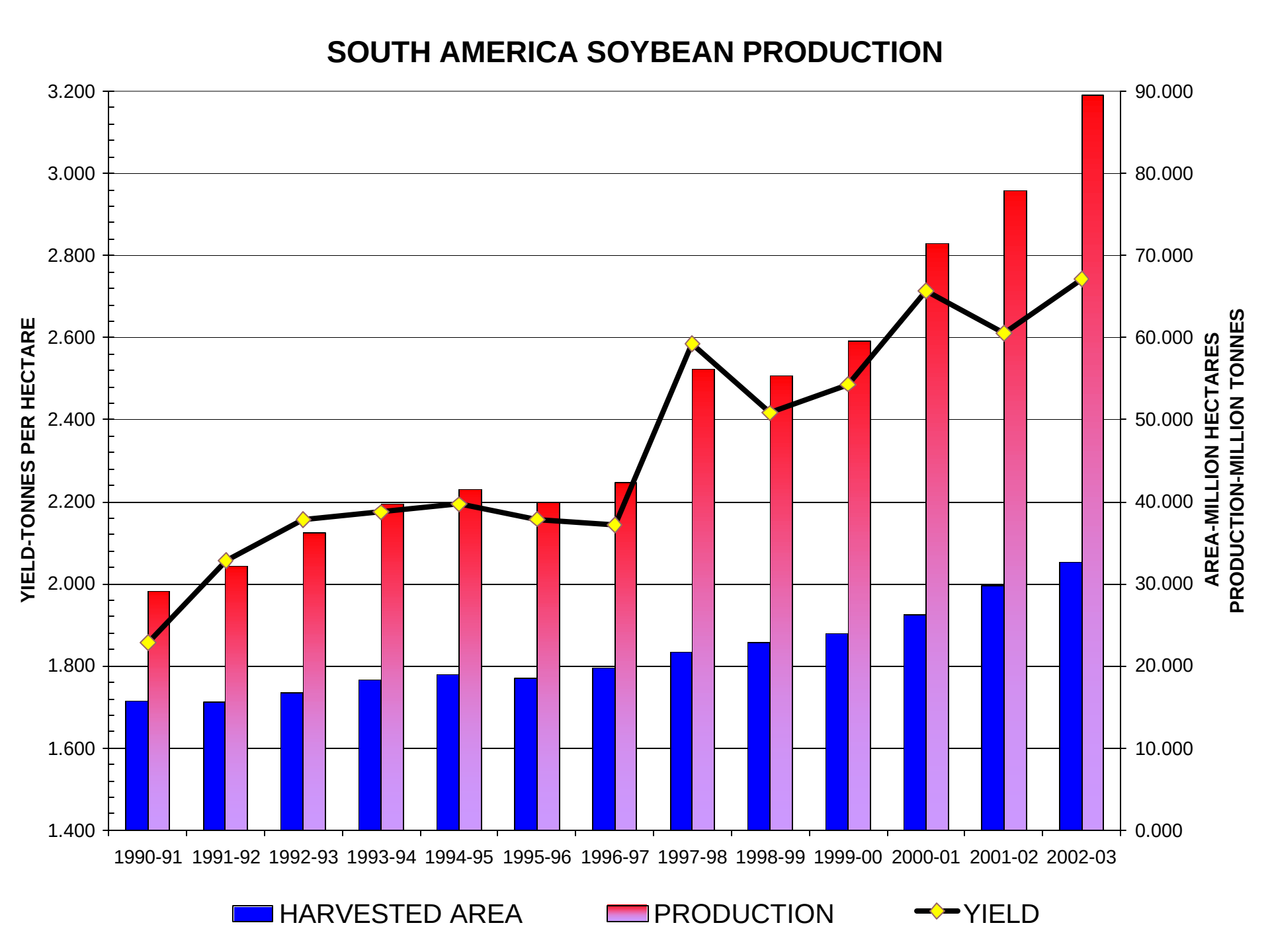
Midwestern Regional Climate Center
Illinois State Water Survey
Champaign, Illinois

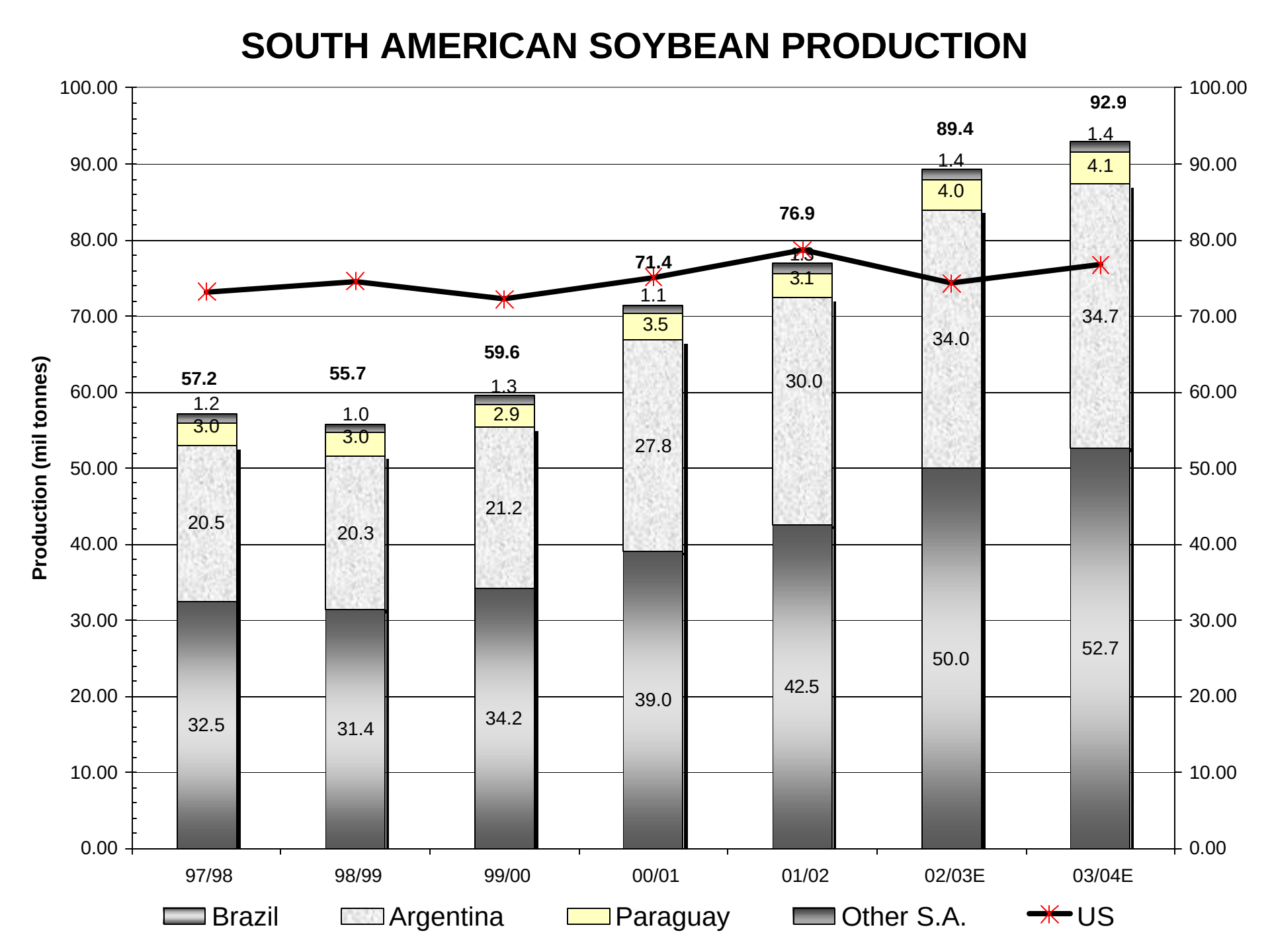
SOYBEANS SUPPLY/USAGE BALANCE

September-November

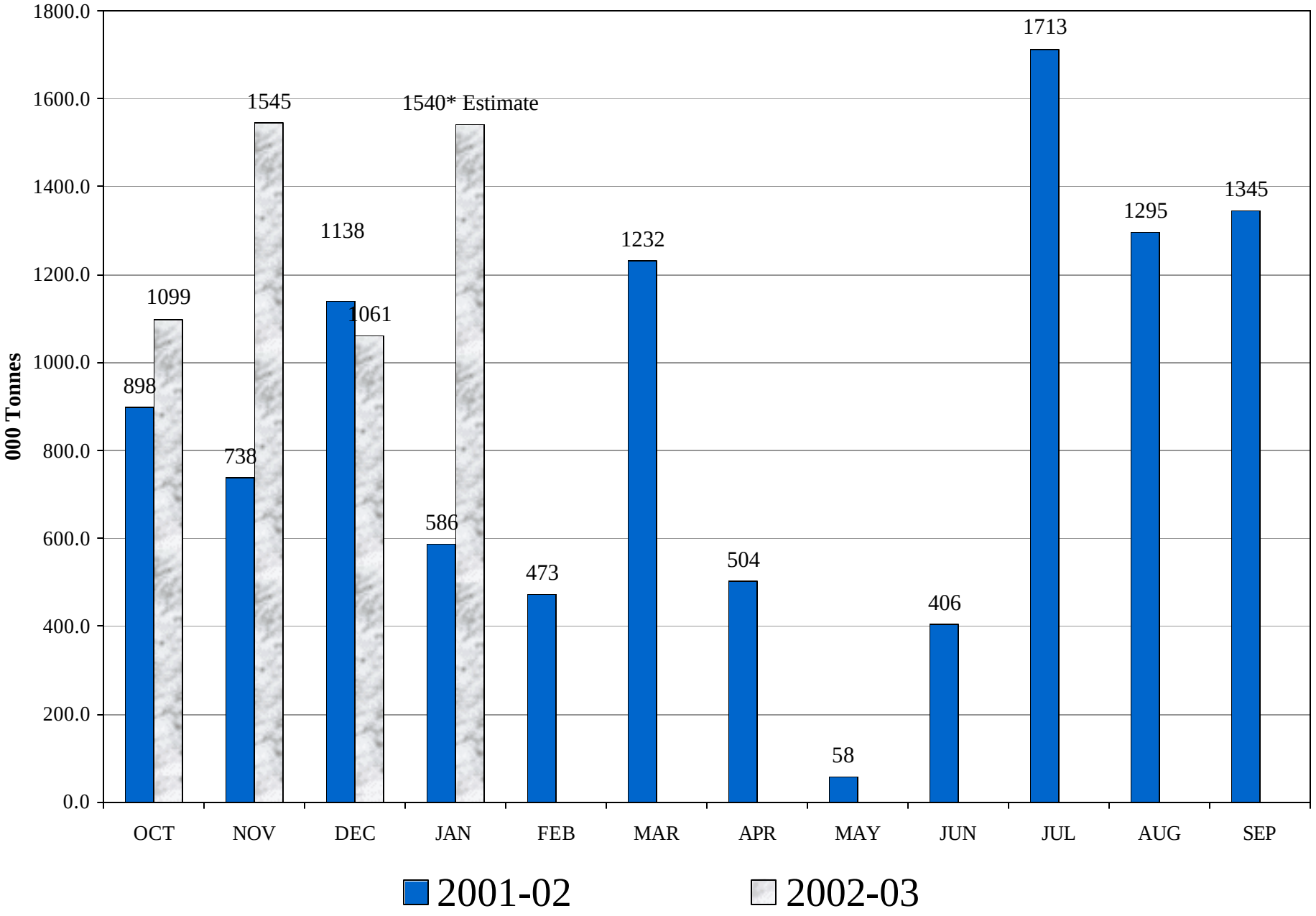
(million bushels)

	02/03	01/02
Acres Planted	73758	74075
% Harvested	97.8%	98.5%
Acres Harvested	72160	72975
Average Yield	37.8%	39.6%
Production	2730	2891
Sep 1 Stocks	208	248
Imports	1	1
Sep 1 Supply	2939	3139
Crush	417	428
Exports	343	348
Feed/Residual	65	88
Total Usage	825	864
Dec 1 Stocks	2114	2276


SOUTH AMERICA SOYBEAN PRODUCTION
YIELD-TONNES PER HECTARE
AREA-MILLION HECTARES
PRODUCTION-MILLION TONNES
3.200
3.000
2.800
2.600
2.400
2.200
2.000
1.800
1.600
1.400
90.000
80.000
70.000
60.000
50.000
40.000
30.000
20.000
10.000
0.000
1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01
2001-02
2002-03
HARVESTED AREA
PRODUCTION
YIELD


SOUTH AMERICAN SOYBEAN PRODUCTION
Production (mil tonnes)
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
57.2
1.2
3.0
20.5
32.5
55.7
1.0
3.0
20.3
31.4
59.6
1.3
2.9
21.2
34.2
71.4
1.1
3.5
27.8
39.0
76.9
1.3
3.1
30.0
42.5
89.4
1.4
4.0
34.0
50.0
92.9
1.4
4.1
34.7
52.7
97/98
98/99
99/00
00/01
01/02
02/03E
03/04E
Brazil
Argentina
Paraguay
Other S.A.
US

China Soybean Imports

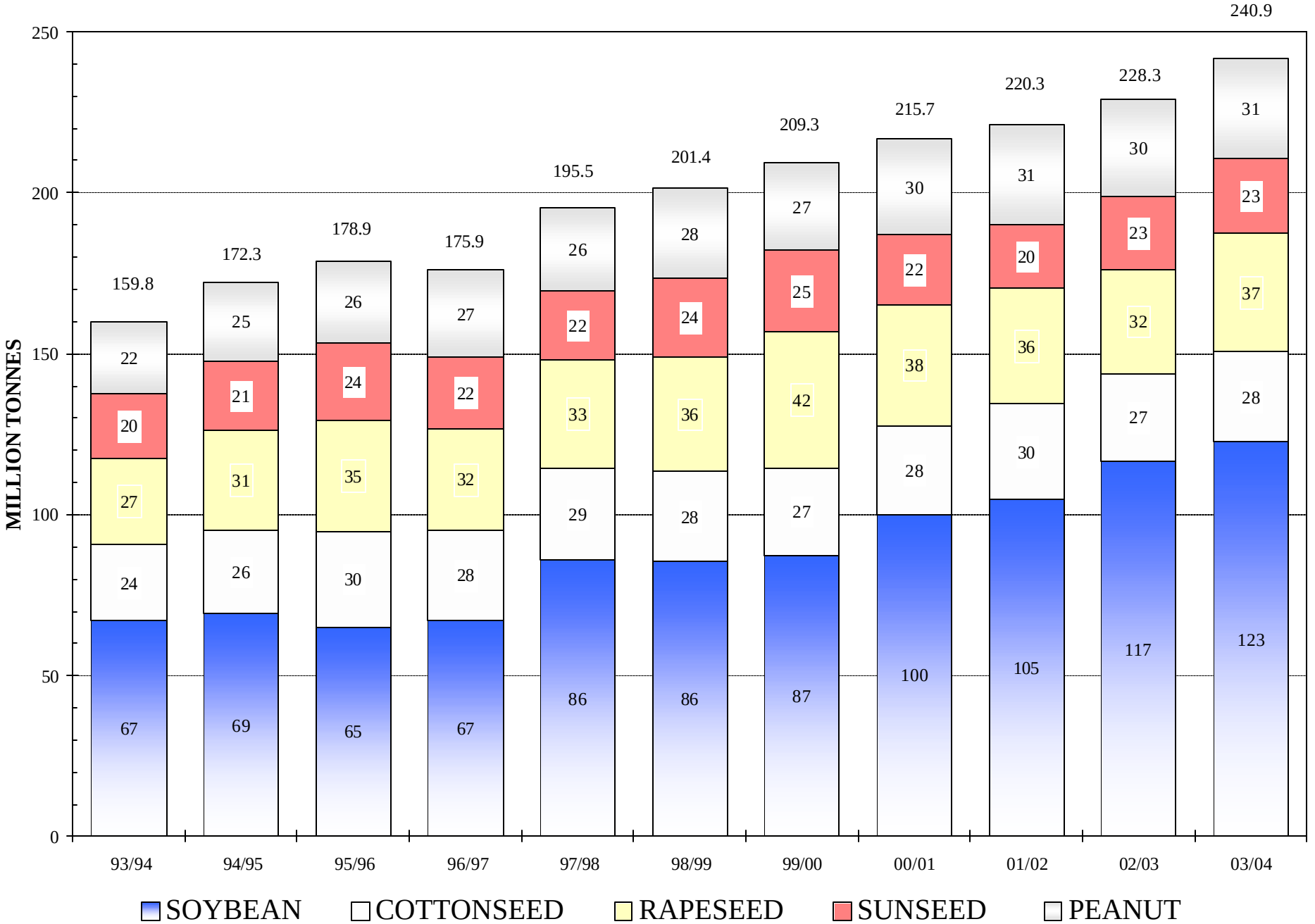


SOYBEAN MEAL SUPPLY/DEMAND BALANCE

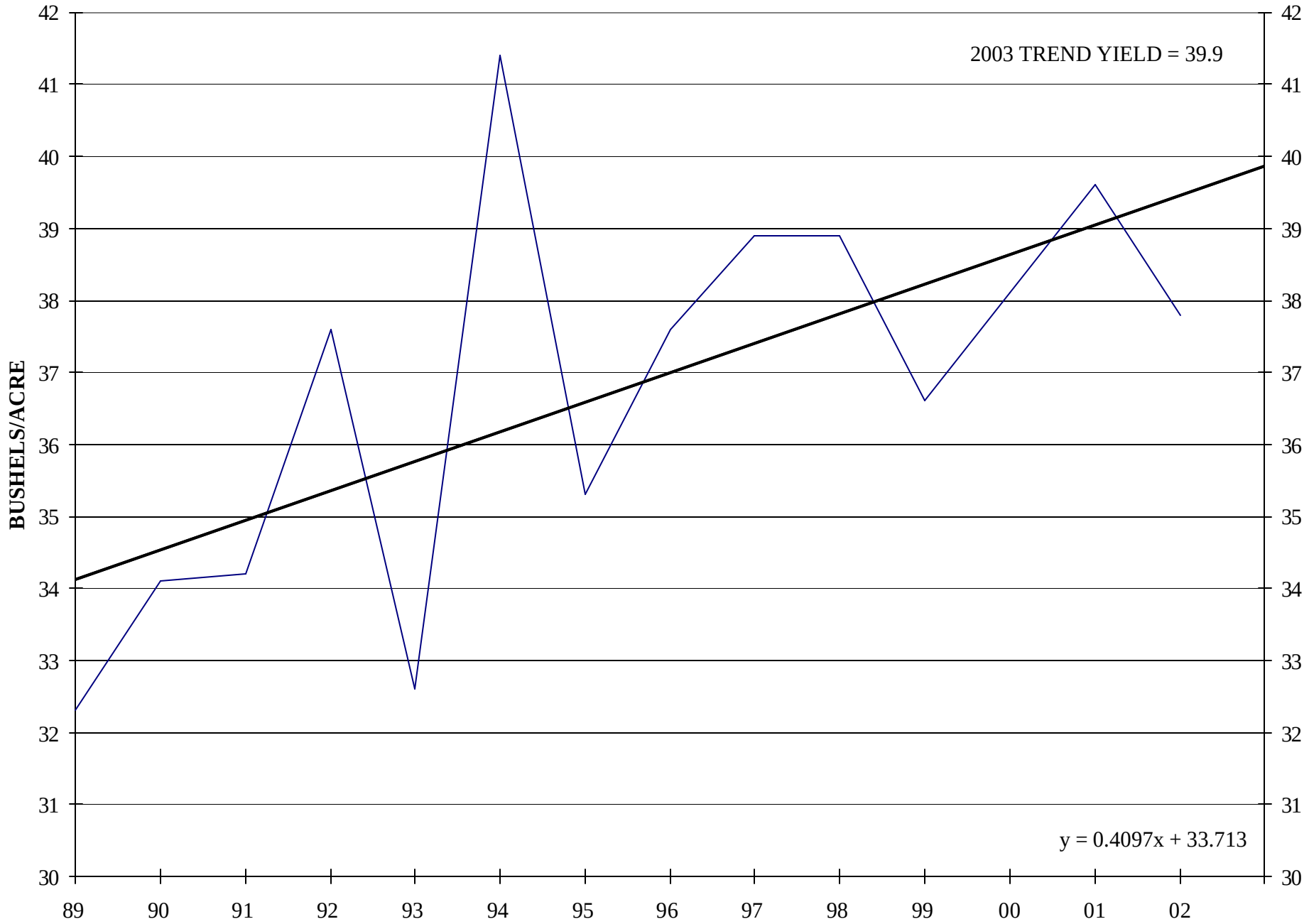
(October-September)(thousand tons)

	01/02	SSMB Proj. 02/03	USDA Proj. 02/03	SSMB Proj. 03/04
BEGINNING STOCKS	383	240	240	215
PRODUCTION	40292	38475	38970	39430
IMPORTS	143	300	240	150
TOTAL SUPPLY	40818	39015	39450	39795
DOM. DISAP.	33076	32700	33200	33200
EXPORTS MEAL	7503	6100	6000	6200
TOTAL USAGE	40597	38800	39200	39400
ENDING STOCKS	240	215	250	395
STOCKS TO USE % OF USAGE	0.6	0.8	0.2	0.6
OCT-SEP CRUSH (milbu)	1693	1635	1655	1660
AVG. ANNUAL SBM YIELD	47.60	47.06	47.09	47.51

FOREIGN OILSEED PRODUCTION



U.S. SOYBEAN YIELD 1989-2002

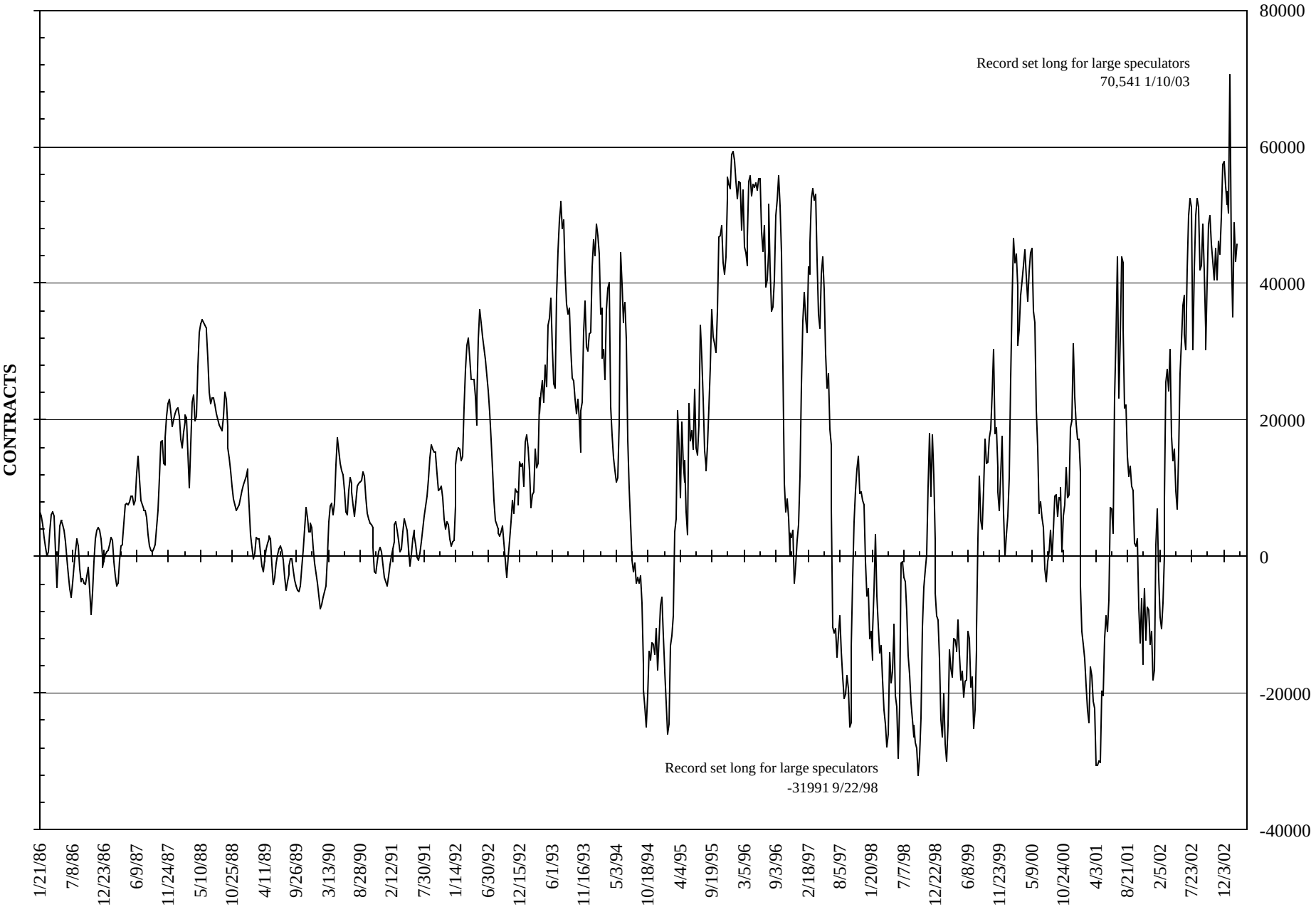


U.S. SOYBEAN SUPPLY/USAGE BALANCE

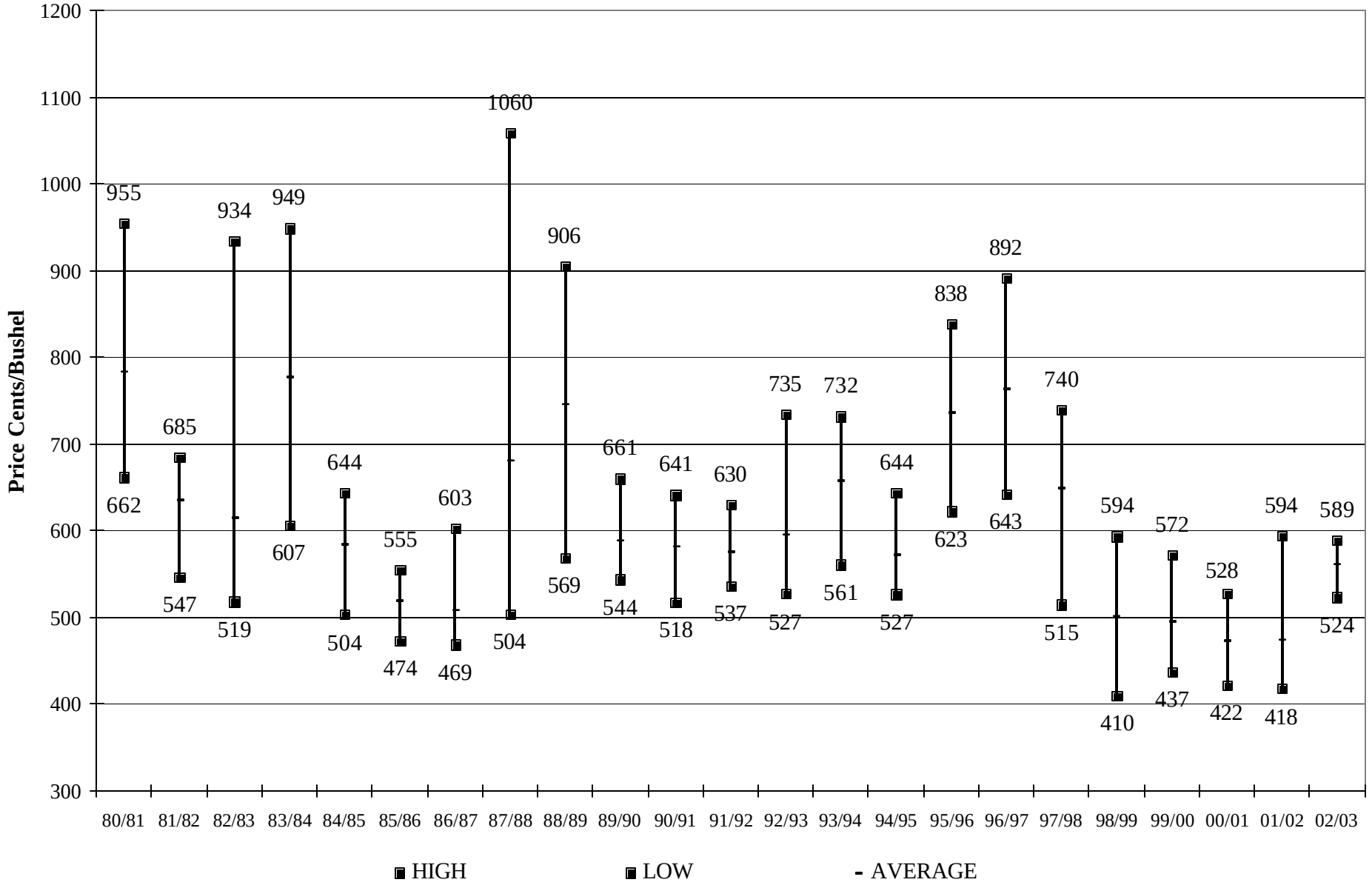
(September-August)(million bushels)

		SSMB Proj	USDA Proj.	SSMB Proj.
	01/02	02/03	02/03	03/04
PLANTED	74075	73758	73758	71750
HARVESTED	72975	72160	72160	70700
YIELD	39.6	37.8	37.8	39.9
BEGINNING STOCKS	248	208	208	175
PRODUCTION	2891	2730	2730	2820
IMPORTS	2	3	2	3
TOTAL SUPPLY	3140	2941	2941	2998
CRUSH	1699	1635	1655	1660
EXPORTS	1071	980	940	925
SEED	90	87	87	87
FEED/RESIDUAL	73	64	93	76
TOTAL USAGE	2933	2766	2775	2748
ENDING STOCKS	208	175	165	250
STOCKS-TO-USE	7.1%	6.3%	5.9%	9.1%

NET POSITION OF LARGE SPECULATORS IN SOYBEANS



SOYBEAN YEARLY HIGH, LOW, AVERAGE PRICES FOR NEARBY SOYBEAN FUTURES



U.S. SOYBEAN OIL SUPPLY/USAGE BALANCE

(October-September)(million pounds)

	01/02	SSMB Proj. 02/03	USDA Proj. 02/03	SSMB 10/02 03/04
BEGINNING STOCKS	**2877**	**2360**	**2360**	**1725**
PRODUCTION	**18899**	**18605**	**18785**	**18750**
IMPORTS	**46**	**60**	**65**	**75**
TOTAL SUPPLY	**21822**	**21025**	**21210**	**20550**
DOM. USAGE	**16938**	**17200**	**17300**	**17500**
EXPORTS	**2524**	**2100**	**2200**	**1500**
TOTAL USAGE	**19462**	**19300**	**19500**	**19000**
ENDING STOCKS	**2360**	**1725**	**1710**	**1550**
STOCKS TO USE % OF USAGE	**12.1**	**8.9**	**8.8**	**8.2**
OCT-SEP CRUSH (milbu)	**1693**	**1635**	**1655**	**1660**
AVG. ANNUAL SBO YIELD	**11.16**	**11.38**	**11.35**	**11.30**

CORN SUPPLY/USAGE BALANCE

September-November

(million bushels)

	02/03	01/02
Acres Planted	79054	75752
% Harvested	1	1
Acres Harvested	69313	68808
Average Yield	130	138
Production	9008	9507
Sep 1 Stocks	1596	1899
Imports	3	2
Sep 1 Supply	10607	11408
Feed	2027	2206
Food/Industrial	544	489
Exports	403	448
Total Usage	2974	3143
Dec 1 Stocks	7633	8265

CHINA CORN SUPPLY USAGE BALANCE

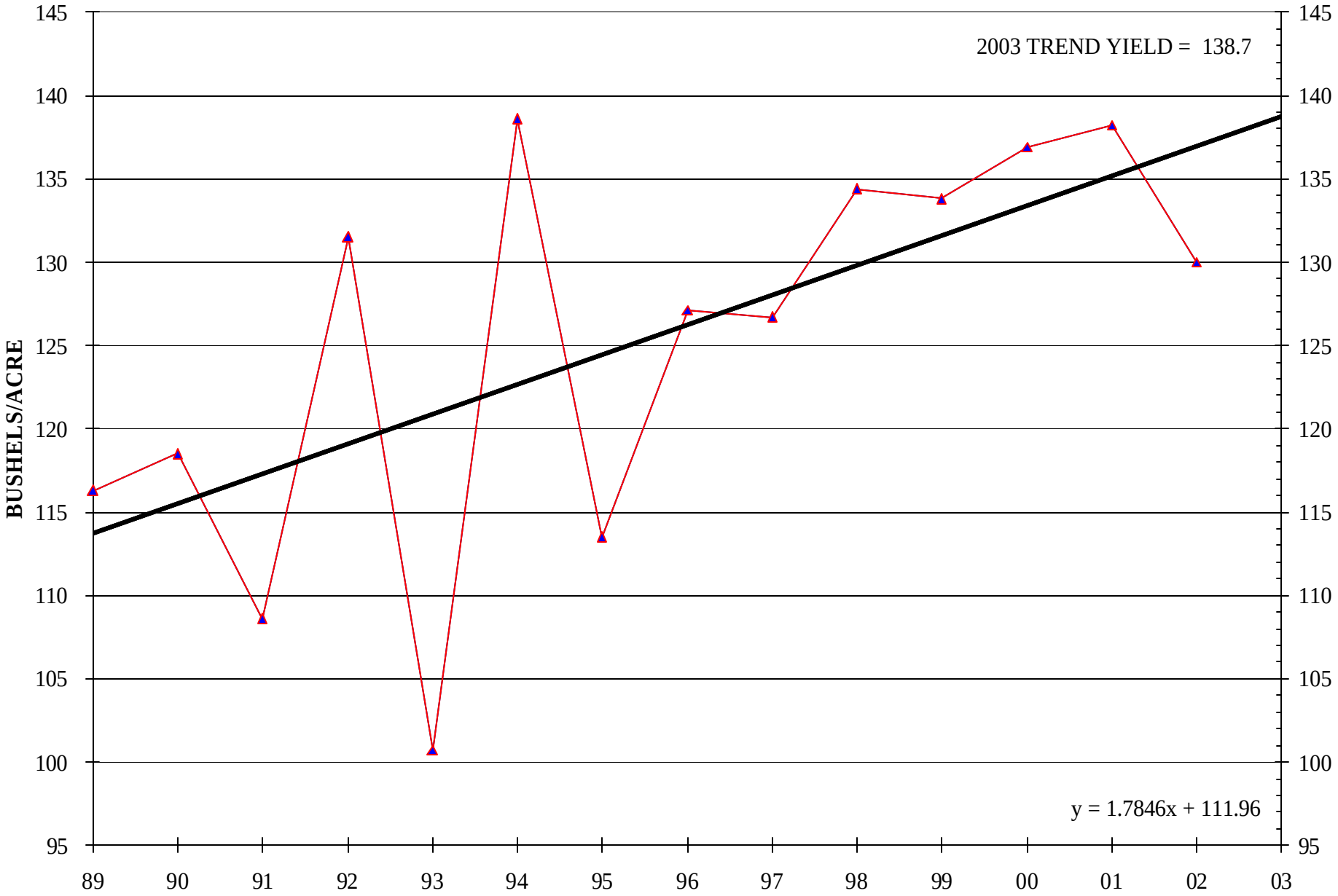
(October-September)

(Million Metric Tonnes)

	96/97	97/98	98/99	99/00	00/01	01/02	SSMB 02/03	SSMB 03/04
AREA million ha.	24.50	23.80	25.24	25.90	23.01	24.28	24.50	24.50
YIELD tonnes/ha	5.20	4.40	5.27	4.94	4.59	4.70	5.10	5.00
CARRY - IN	89.6	102.3	87.7	102.1	102.3	83.1	68.7	60.3
PRODUCTION	127.5	104.3	133.0	128.1	106.0	114.1	125.0	122.5
IMPORTS	0.1	0.3	0.3	0.1	0.1	0.1	0.1	0.5
TOTAL SUPPLY	217.2	206.9	220.9	230.2	208.4	197.3	193.8	183.3
DOMESTIC USAGE	111.0	113.0	115.5	118.0	118.0	120.0	121.5	122.5
EXPORTS	3.9	6.2	3.3	9.9	7.3	8.6	12.0	8.5
TOTAL USAGE	114.9	119.2	118.8	127.9	125.3	128.6	133.5	131.0
CARRY - OUT	102.3	87.7	102.1	102.3	83.1	68.7	60.3	52.3
STOCKS TO USE %	89.0%	73.6%	85.9%	80.0%	66.3%	53.4%	45.2%	39.9%

CHINA CORN YIELDS

U.S. CORN YIELD 1989-2002

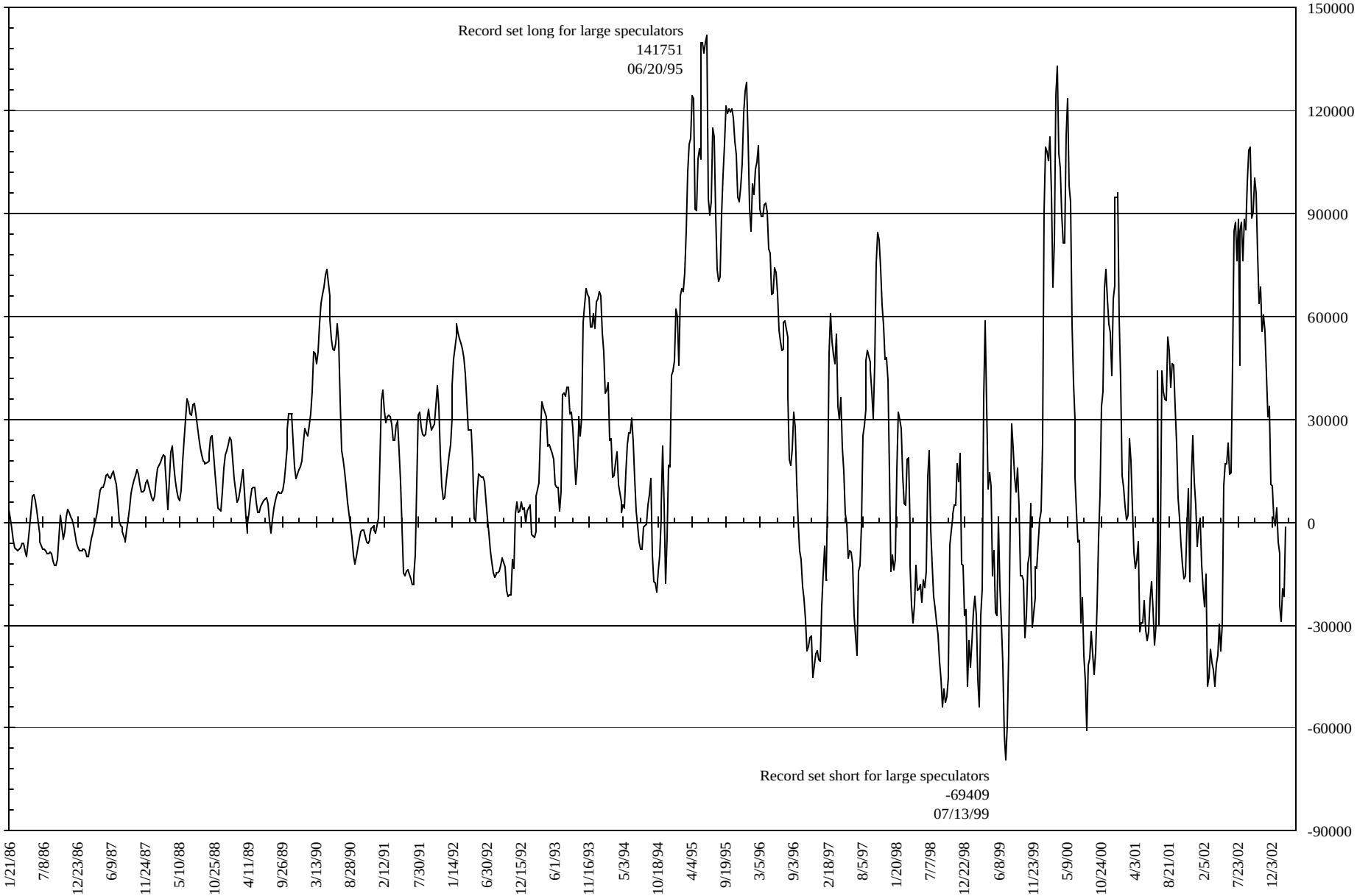


U.S. CORN SUPPLY USAGE BALANCE

(September-August)(thousand acres)(million bushels)

	01/02	SSMB Proj. 02/03	USDA 02/03	SSMB Proj. 03/04
ACRES PLANTED	75752	79054	79054	81500
% HARVESTED	90.8	87.7	87.7	91.5
ACRES HARVEST	68808	69313	69313	74600
AVERAGE YIELD	138.2	130.0	130.0	138.7
BEGINNING STOCKS	1899	1596	1596	969
PRODUCTION	9507	9008	9008	10350
IMPORTS	10	15	15	10
TOTAL SUPPLY	11416	10618	10619	11329
FOOD/IND	2034	2280	2245	2360
SEED	20	20	20	20
F/S/I	2054	2300	2265	2380
FEED	5877	5550	5600	5725
EXPORTS	1889	1800	1825	2000
TOTAL USAGE	9820	9650	9690	10105
ENDING STOCKS	1596	969	929	1224
STOCKS TO USE	16.2	10.0	9.6	12.1

NET POSITION OF LARGE SPECULATORS IN CORN



WHEAT SUPPLY/USAGE BALANCE

September-November

(million bushels)

	02/03	01/02
Sep 1 Stocks	1751	2156
Imports	25	29
Sep 1 Supply	1776	2185
Food/Industrial	248	245
Feed	-81	-22
Seed	55	50
Exports	233	288
Total Usage	455	561
Dec 1 Stocks	1321	1623

U.S. WINTER WHEAT PRODUCTION DATA

	1998	1999	2000	2001	2002	2003
Acres Planted (mil acres)	46.45	43.33	43.39	41.08	41.7	44.2
% Abandoned	13.6	18.1	19.2	23.8	29.0	16.0
Acres Harv. (mil acres)	40.1	35.5	35.1	31.3	29.7	37.1
Average Yield (bu/acre)	46.8	47.8	44.7	43.5	38.5	42.9
Production (milbus)	1878	1697	1566	1361	1143	1595

U.S. ALL WHEAT PRODUCTION DATA

	1998	1999	2000	2001	2002	2003
Acres Planted (mil acres)	65.8	62.7	62.6	59.6	60.4	62.3
% Abandoned	10.4	14.2	15.2	18.4	24.1	12.7
Acres Harv. (mil acres)	59.0	53.8	53.1	48.7	45.8	54.4
Average Yield (bu/acre)	43.1	42.7	42.0	40.2	35.3	40.0
Production (milbus)	2545	2299	2232	1958	1616	2178

WORLD WHEAT PRODUCTION

(million tonnes)

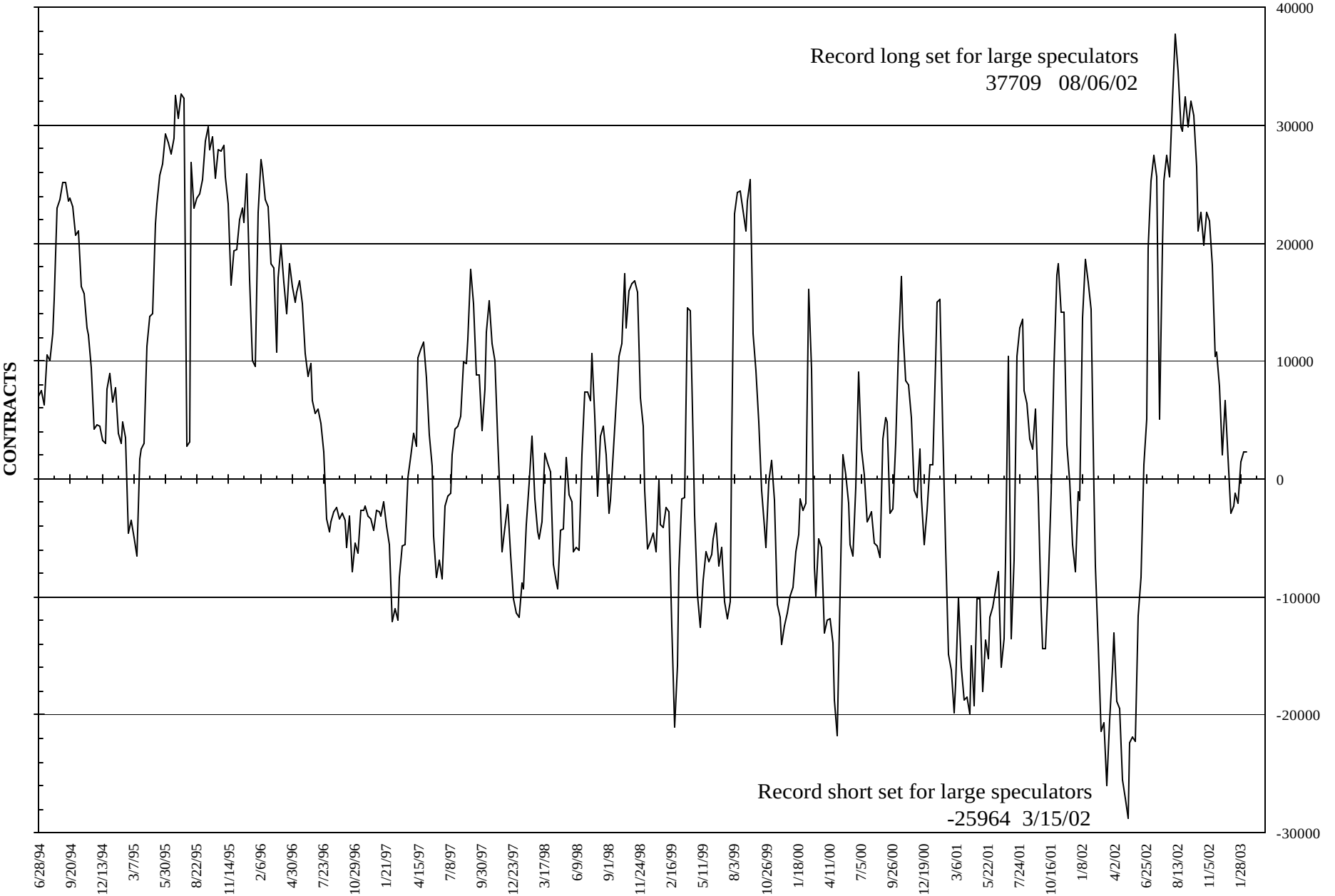
	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	SSMB 03-04
World	538.5	586.2	609.3	588.8	586.0	583.7	579.0	566.6	601.5
U.S.*	59.4	62.0	67.5	69.3	62.6	60.8	52.3	44.0	59.3
Tot. Foreign	479.1	524.2	541.8	519.5	523.4	522.9	525.7	522.7	542.2
EU-15*	86.2	98.5	94.2	103.1	96.8	104.7	91.2	103.3	106.0
Canada*	25.0	29.8	24.3	24.1	26.9	26.5	20.6	15.7	23.5
Australia*	16.5	22.9	19.2	21.5	24.8	23.8	24.8	9.4	23.0
Argentina*	8.6	15.9	14.8	12.4	15.7	16.2	15.5	12.5	15.0
China	102.2	110.6	123.3	109.7	113.9	99.6	93.9	91.0	90.0
FSU-12	59.3	63.1	80.6	56.0	64.7	62.9	91.3	96.6	87.7
East Europe	35.0	26.0	34.3	33.9	28.2	28.9	34.7	30.8	32.7
Egypt	5.7	5.7	5.9	6.1	6.4	6.4	6.1	6.2	6.5
Morocco	1.1	5.9	2.3	4.4	2.2	1.4	3.3	3.3	5.0
Brazil	1.5	3.2	2.4	1.2	2.4	1.7	3.3	2.9	4.0
India	65.5	62.1	69.4	66.4	70.8	76.4	68.8	72.0	68.0
Turkey	15.5	16.0	16.0	18.0	16.5	18.0	15.5	18.5	20.0
Pakistan	17.0	16.9	16.7	18.7	17.9	21.1	19.0	19.5	19.0
Mexico	3.5	3.1	3.6	3.2	3.1	3.4	3.3	3.2	3.5
Saudi Arabia	2.0	1.2	1.8	1.8	1.8	1.8	1.7	1.8	1.8
Others	34.5	43.3	33.1	39.0	31.6	30.2	32.8	36.1	36.5
MAJOR EXPORTERS*	195.7	229.1	220.0	230.4	226.7	232.0	204.3	184.9	226.8
FOREIGN EXPORTERS	136.3	167.1	152.5	161.0	164.1	171.3	152.1	140.9	167.5

U.S. WHEAT SUPPLY/USAGE BALANCE
(million bushels)

	01/02	SSMB Proj. 02/03	USDA 02/03	SSMB Proj. 03/04
PLANTED	59597	60358	60358	62300
HAR % OF PLANT	81.6%	75.9%	75.9%	87.3%
HARVESTED	48633	45817	45817	54400
YIELD	40.2	35.3	35.3	40.0
BEGINNING STOCKS	876	777	777	453
PRODUCTION	1957	1616	1616	2177
IMPORTS	108	75	75	110
TOTAL SUPPLY	2941	2468	2468	2740
FOOD	928	940	940	945
SEED	82	85	84	82
FEED	193	100	100	260
EXPORTS	961	890	900	850
TOTAL USAGE	2164	2015	2024	2137
ENDING STOCKS	777	453	445	604
STOCKS TO USE %	35.9	22.5	22.0	28.3

U.S. WHEAT SUPPLY USAGE BALANCE BY CLASS

(million bushels)

2003-04	HRW	SRW	HRS	WHITE	DURUM	TOTAL
PRODUCTION	948	390	440	308	92	2178
IMPORTS	1	2	65	8	35	110
BEG. STOCKS	226	72	53	72	30	453
TOTAL SUPPLY	1175	464	558	388	157	2741
FOOD	370	158	258	88	71	945
FEED	100	130	5	20	5	260
SEED	33	15	18	8	8	82
EXPORTS	330	90	245	150	35	850
TOTAL USE	833	393	526	266	119	2137
ENDING STOCKS	342	71	32	122	39	604
STU	41.0	18.1	6.1	45.9	32.4	28.3

NET POSITION OF LARGE SPECULATORS IN CHICAGO WHEAT