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Grains and Oilseeds Outlook for 2010

Max Fisher
Farm Service Agency
U.S. Department of Agriculture

Agricultural Outlook Forum
Arlington, Virginia
February 19, 2010



Factors Shaping 2010

Ample Carryover of Grains and Oilseeds from 2009

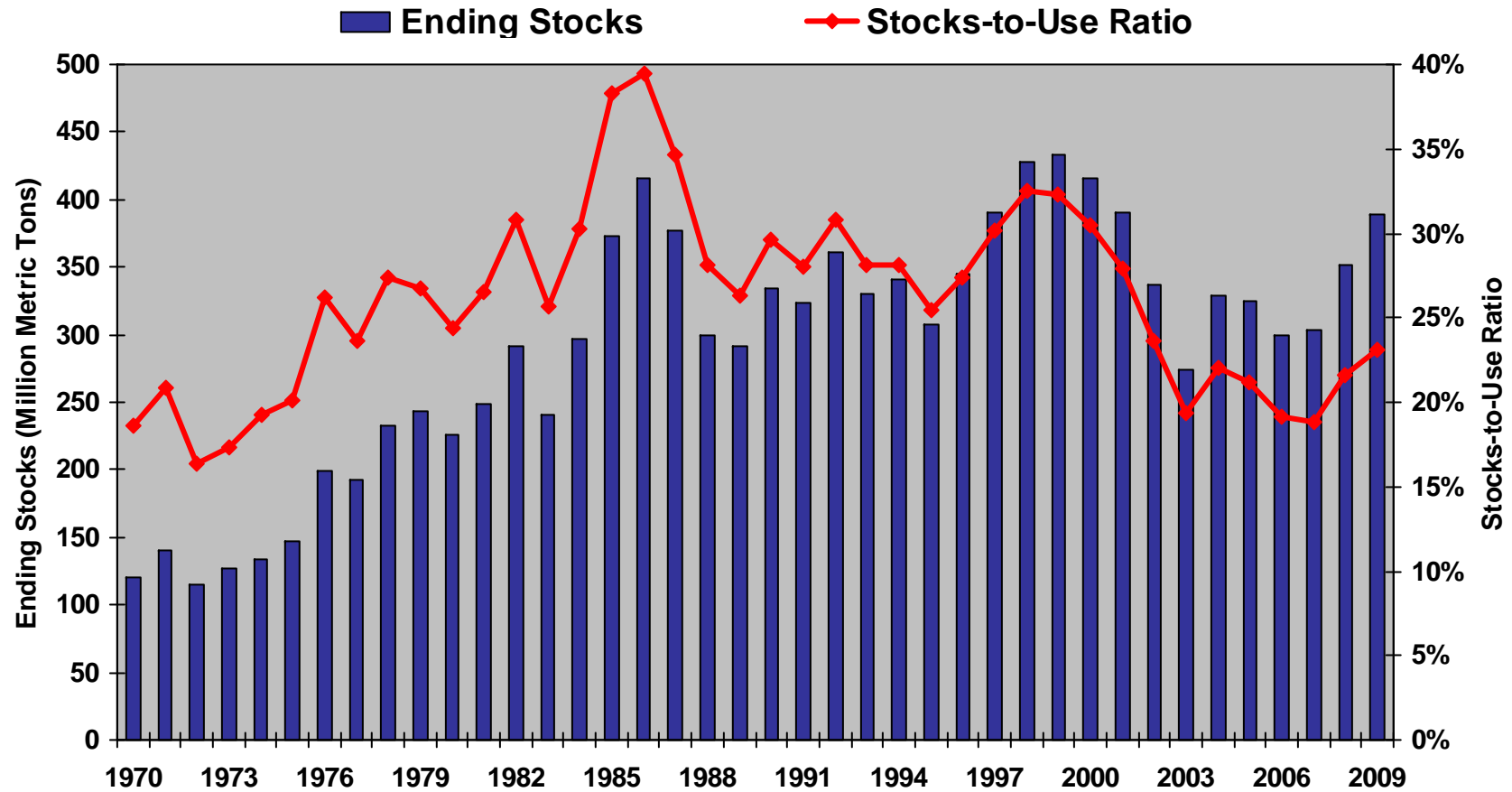
- Record Large U.S. Corn Crop in 2009.
- Record Large Soybean Crops in 2009/10 for U.S., Brazil, and Argentina.
- Bumper Global Wheat Production in 2008/09 and 2009/10.

Use

- Slower Growth in U.S. Ethanol Use.
- Strong Soybean Exports.
- Weak Wheat Exports.
- Lower Animal Numbers in 2009.

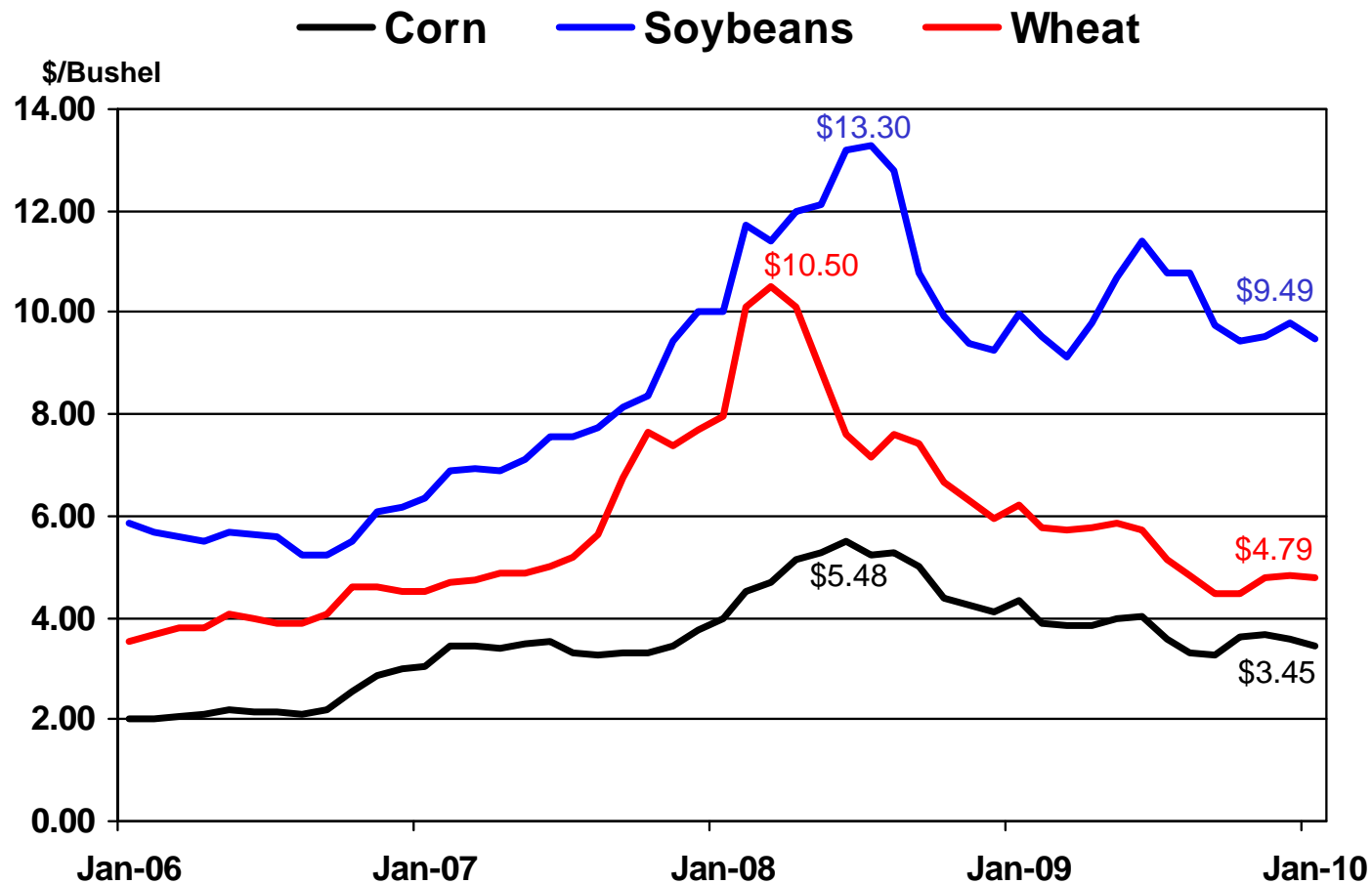


World Corn, Soybean, & Wheat Ending Stocks Increasing

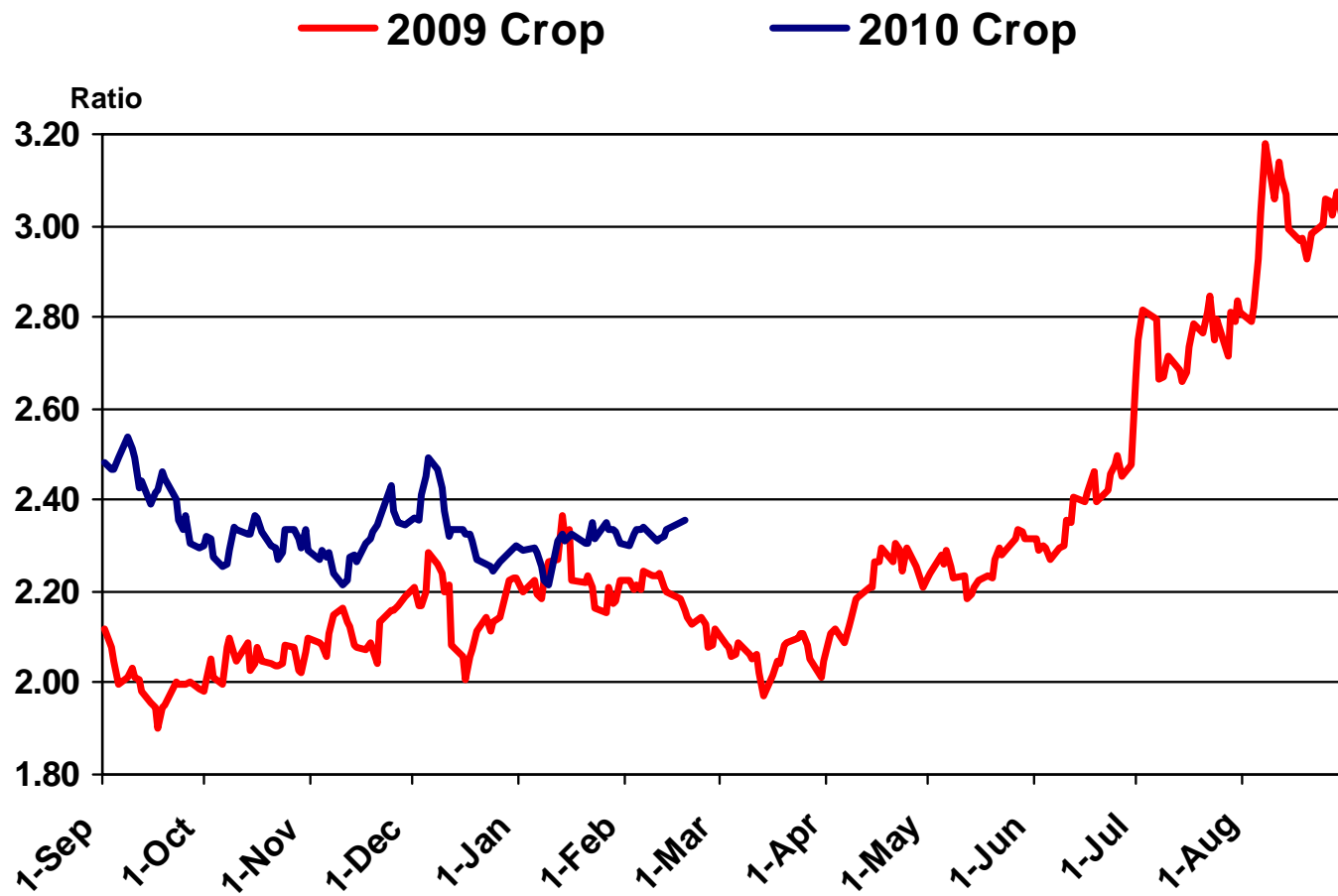


U.S. Farm Prices Have Moderated

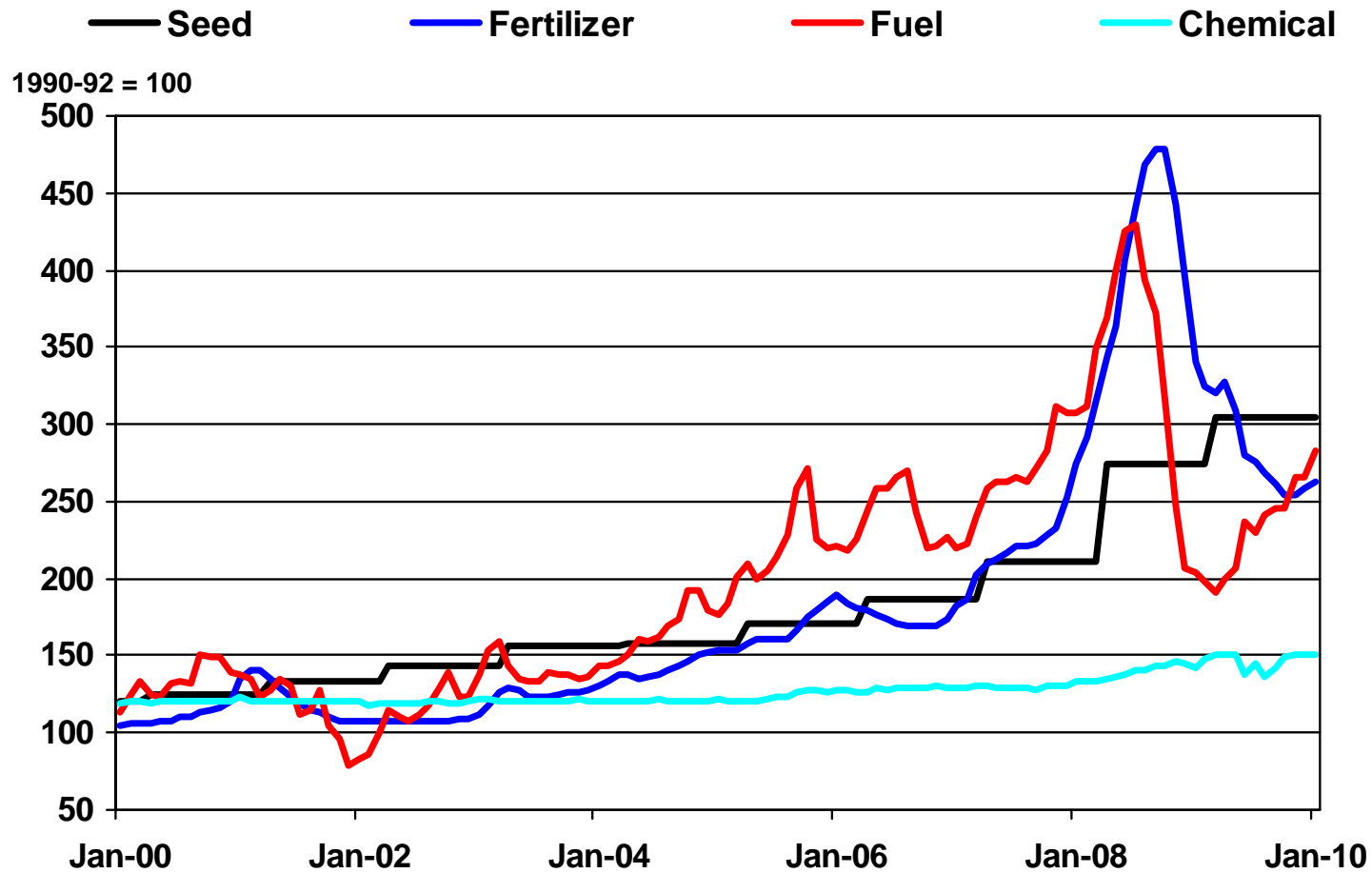
Monthly Average Prices Received by Producers



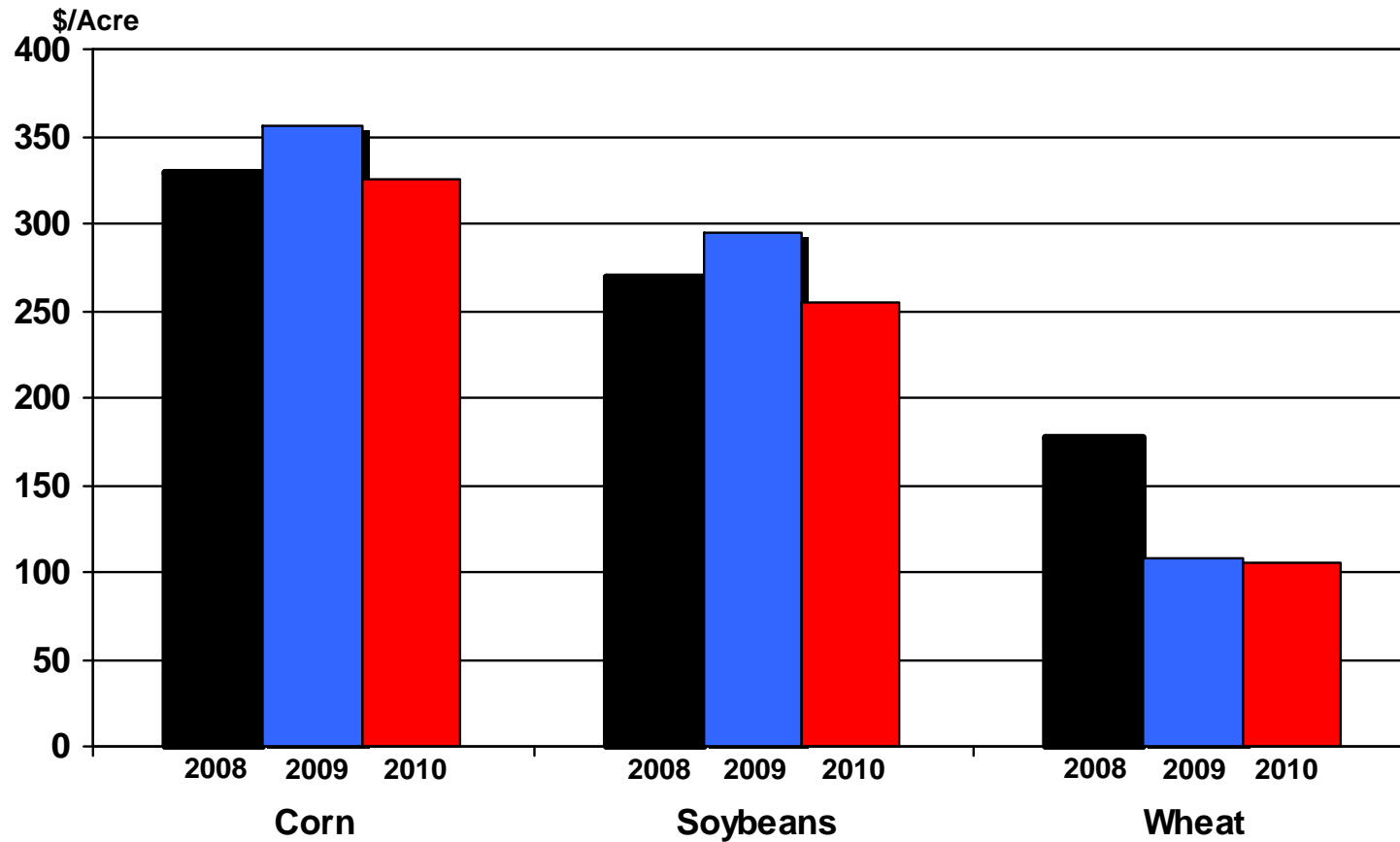
New Crop Soybean/Corn Futures Price Ratios



Indexes of Input Prices



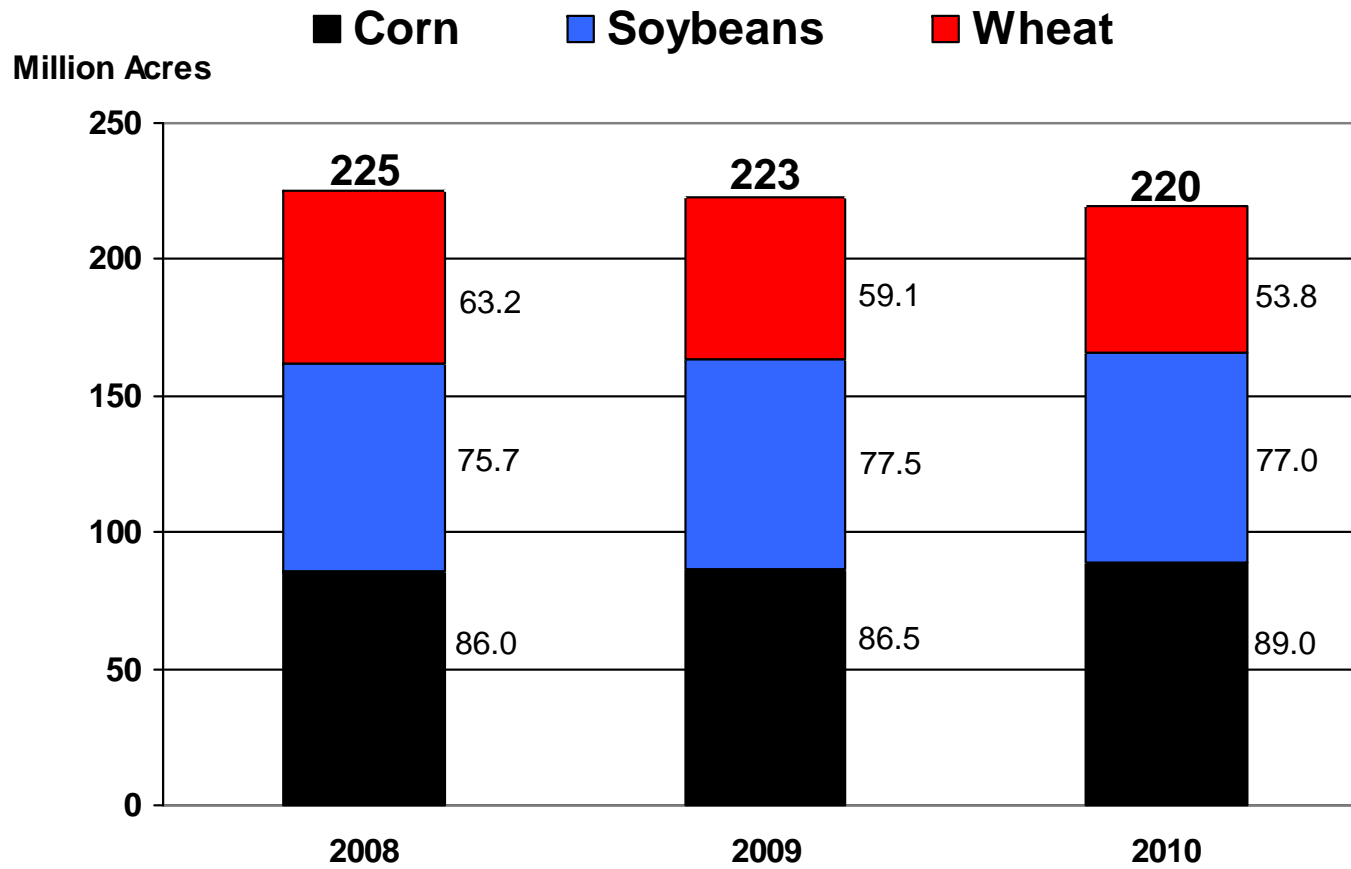
Returns Above Variable Costs



2008 and 2009 Based on Actual Data. 2010 is a Projection.

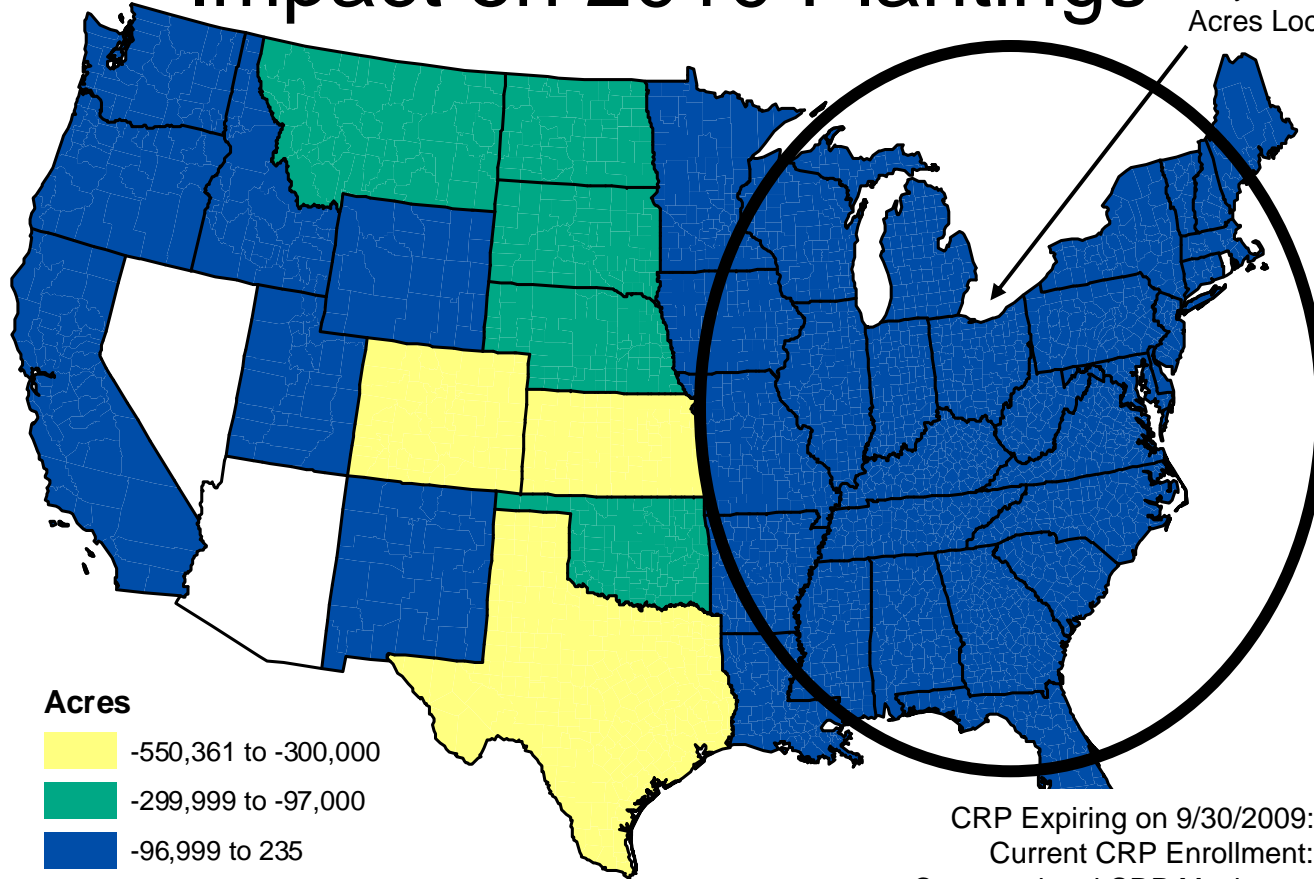


U.S. Acreage Contraction



Conservation Reserve Program (CRP) Acres that Expired in 2009 Will Have Modest Impact on 2010 Plantings

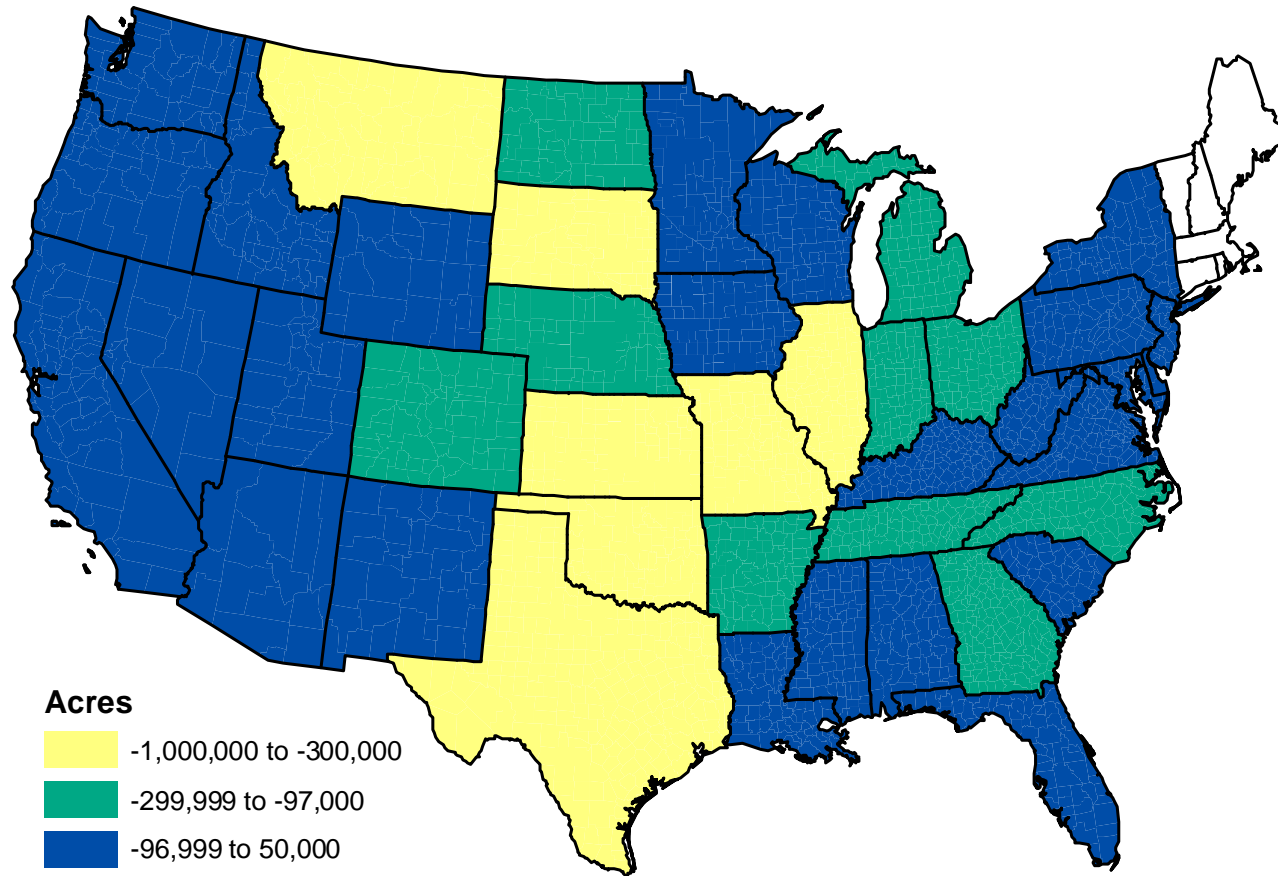
Only 14 Percent of Expired CRP Acres Located in Circled States.



CRP Expiring on 9/30/2009: 2.5 Million Acres
Current CRP Enrollment: 31.2 Million Acres
Congressional CRP Maximum: 32.0 Million Acres

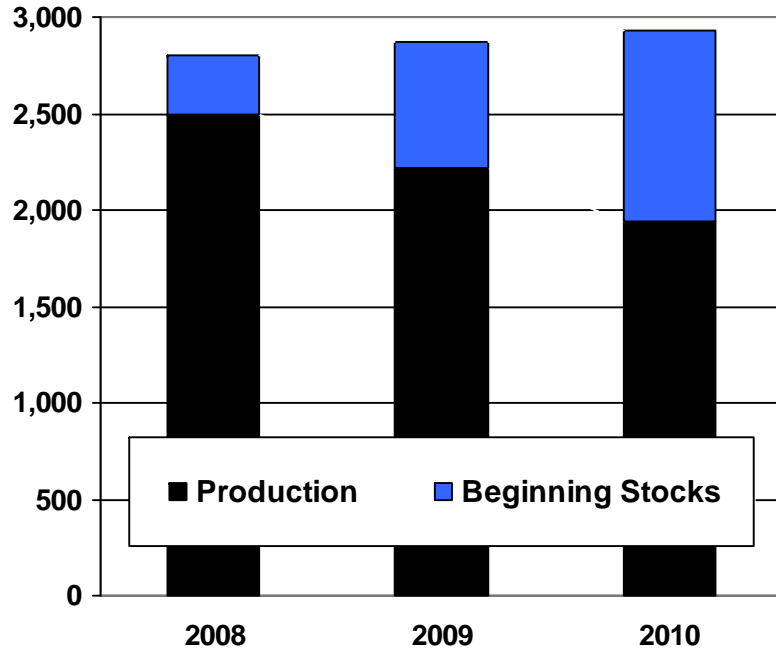


Winter Wheat Acres Down by 6.2 Million in 2010

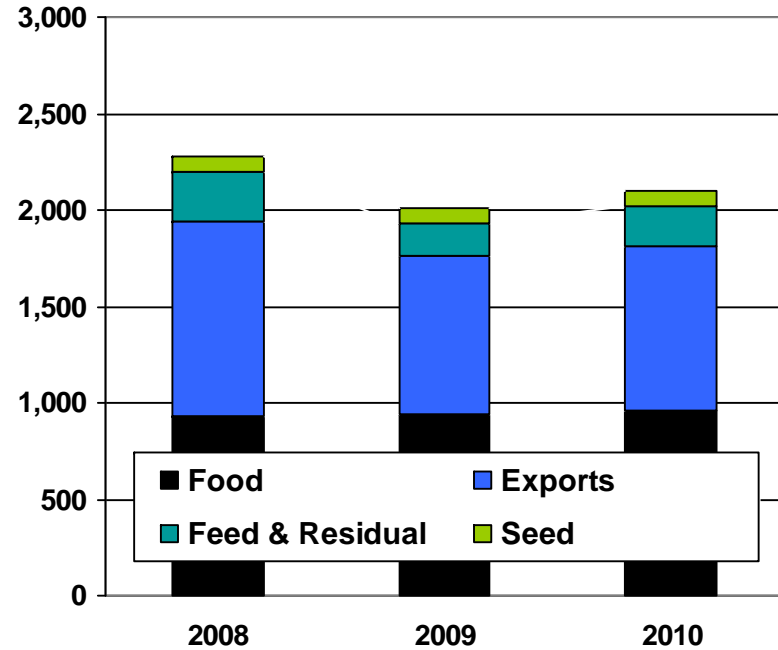


U.S. Wheat: Very Large Supply, Only Modest Gains in Use

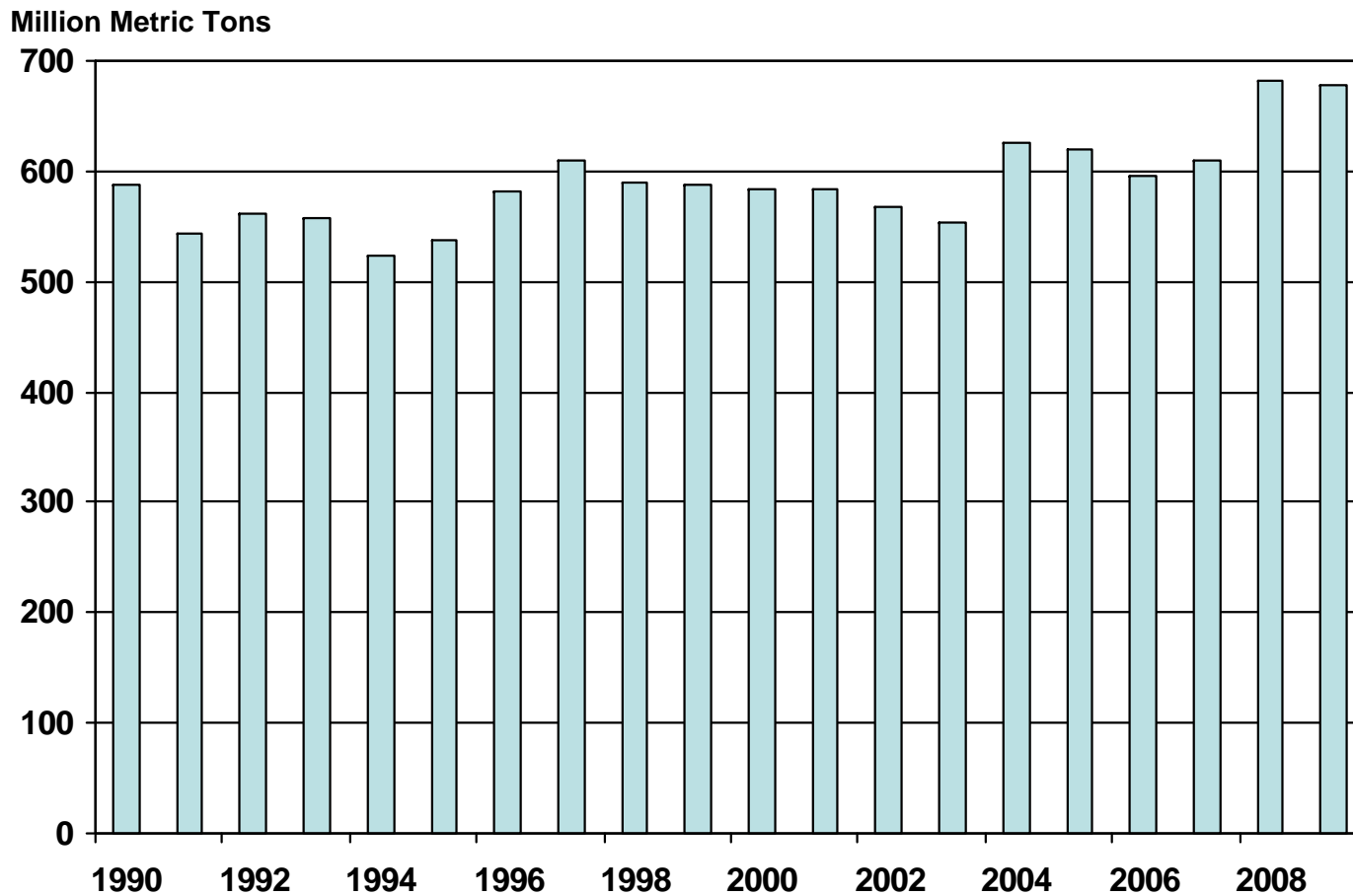
Million Bushels



Million Bushels

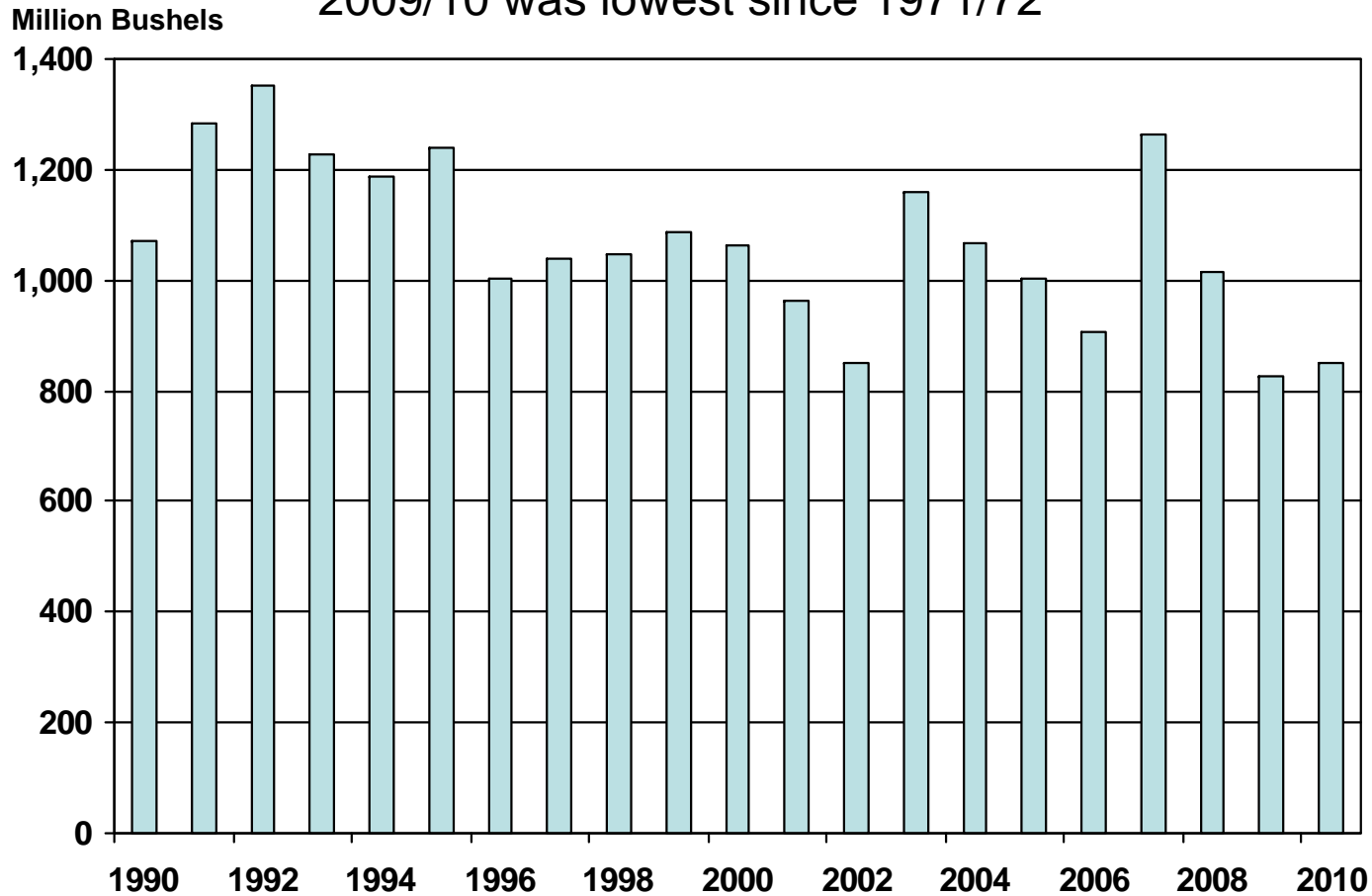


Bumper World Wheat Crops in 2008/09 and 2009/10

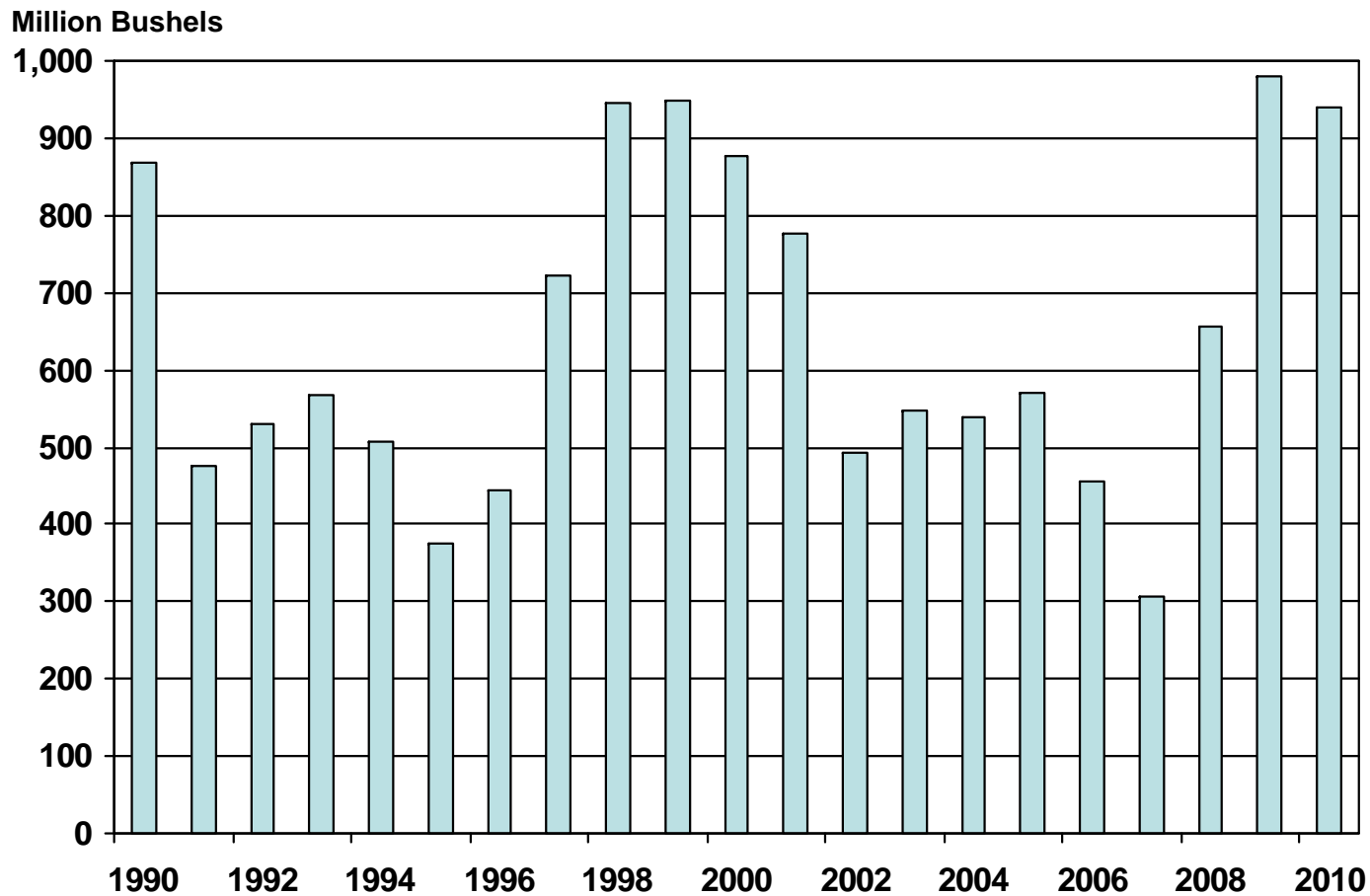


Small Bump in U.S. Wheat Exports Expected from 2009/10's Low

2009/10 was lowest since 1971/72

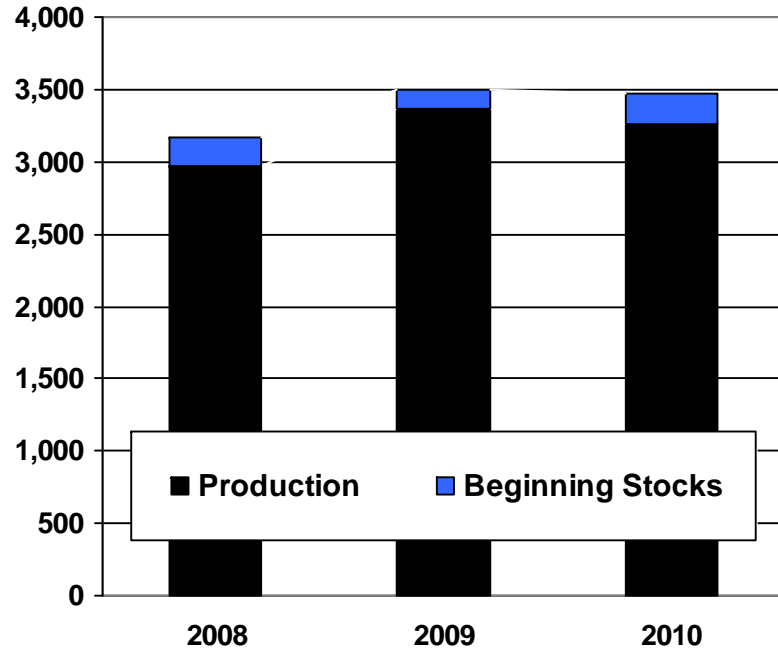


U.S. Wheat Ending Stocks Coming off Highest Level Since 1987/88

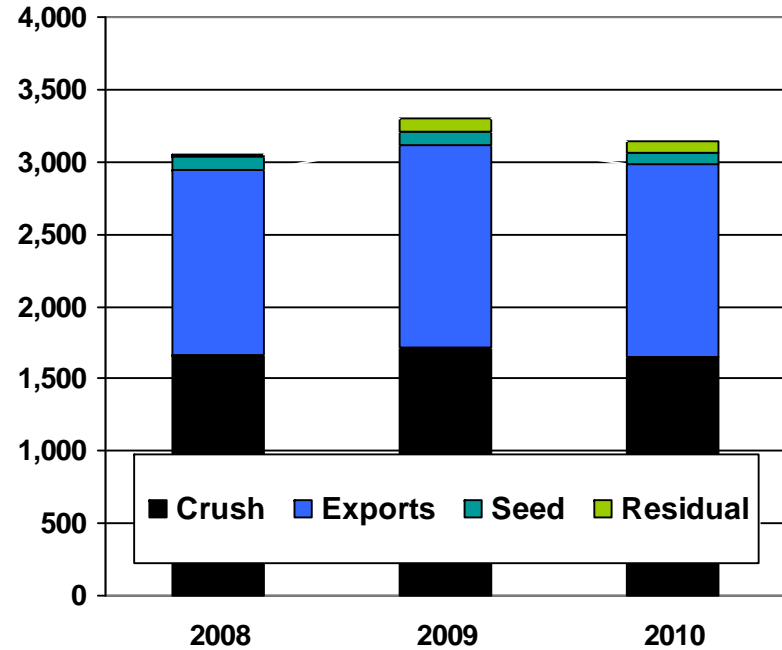


U.S. Soybean Supply and Use Decrease

Million Bushels

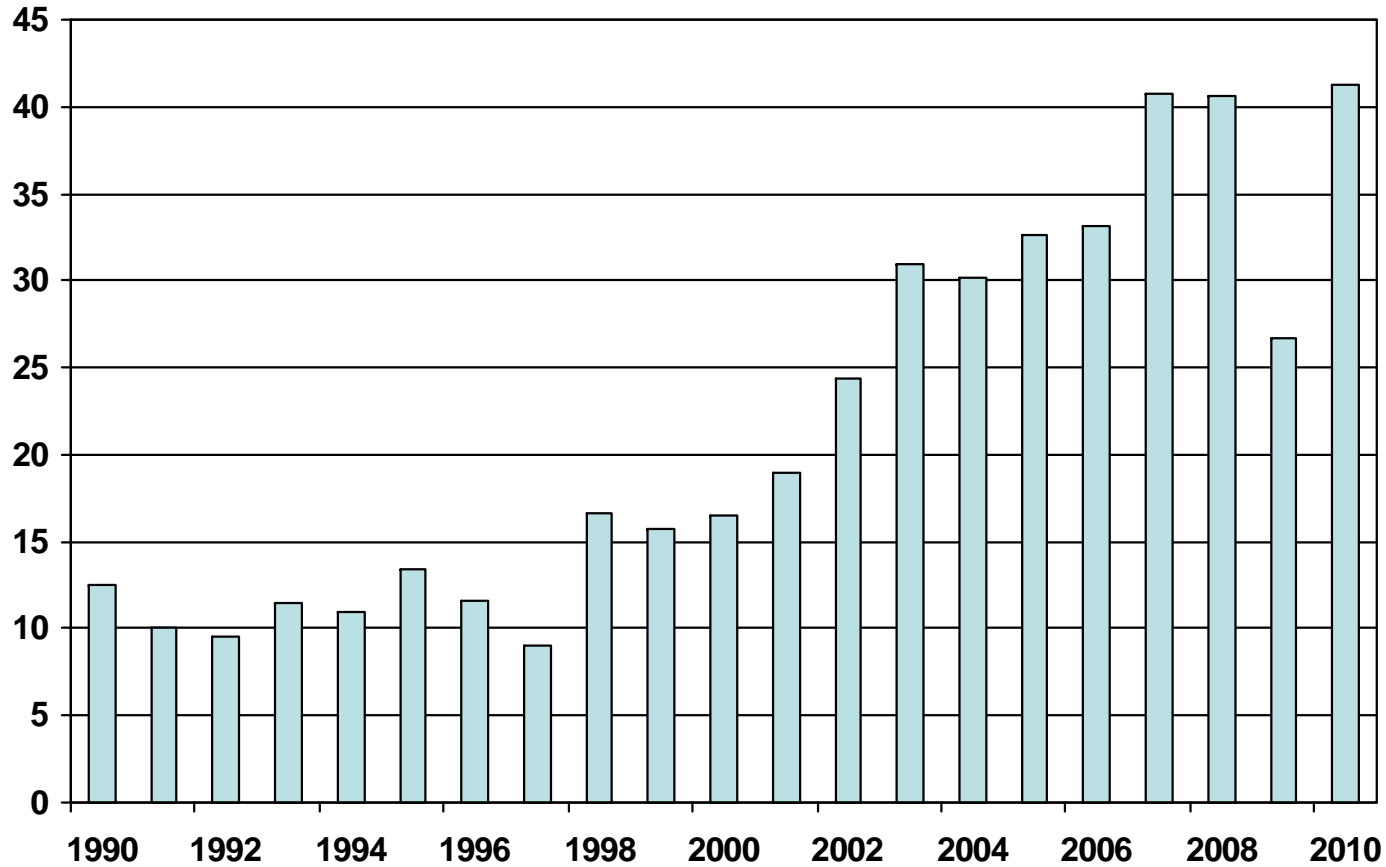


Million Bushels

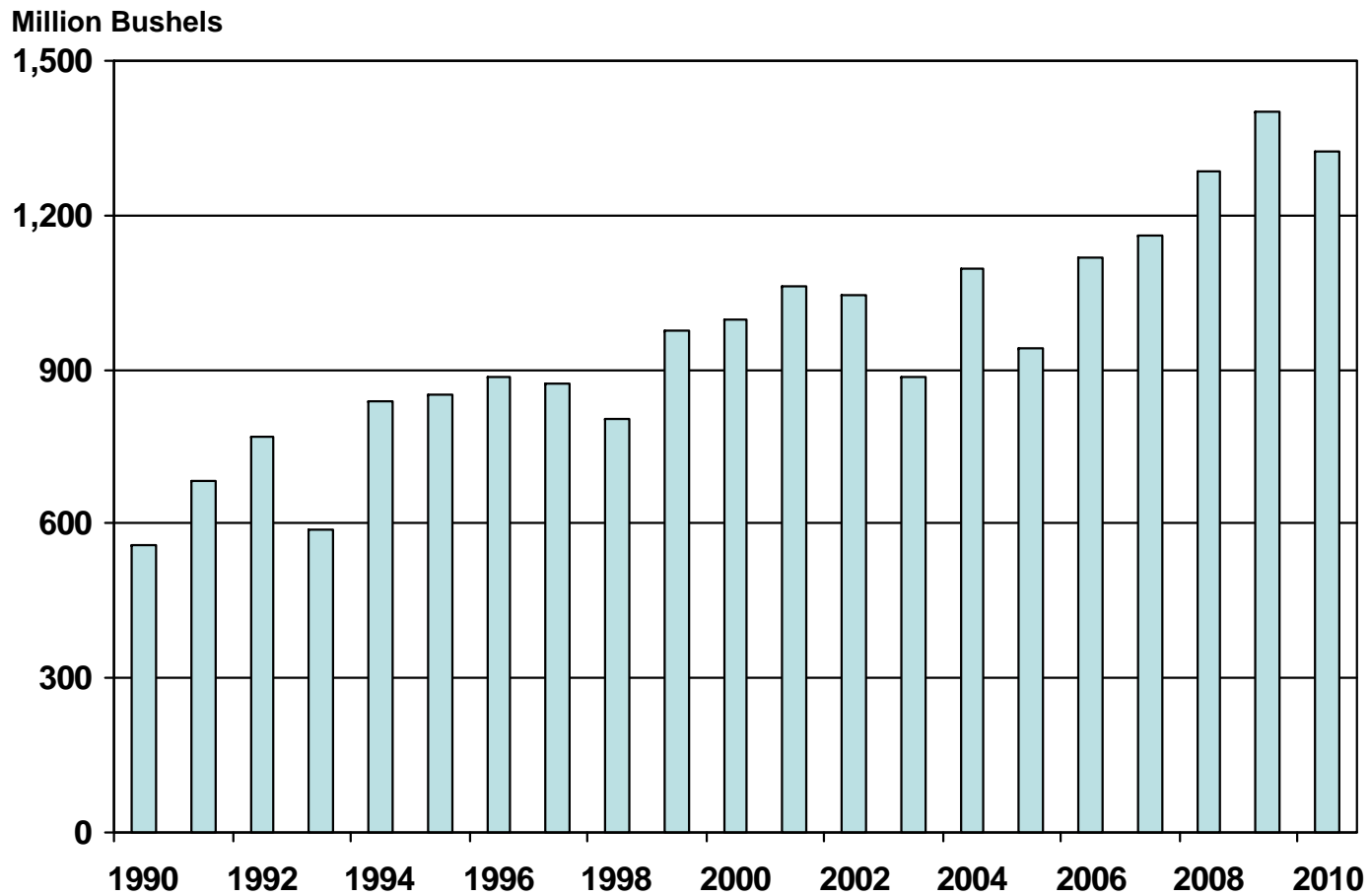


Recovery in Beginning Stocks of Soybeans for Argentina and Brazil

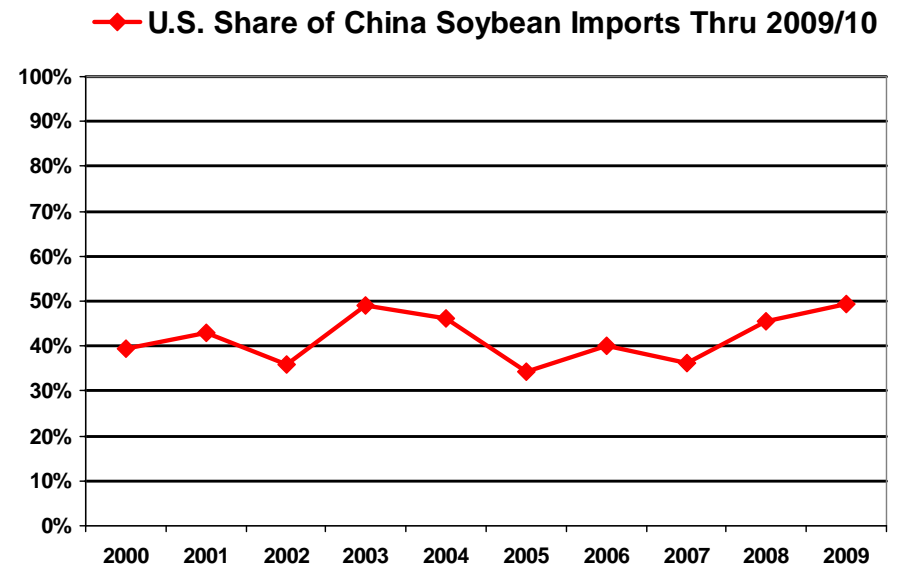
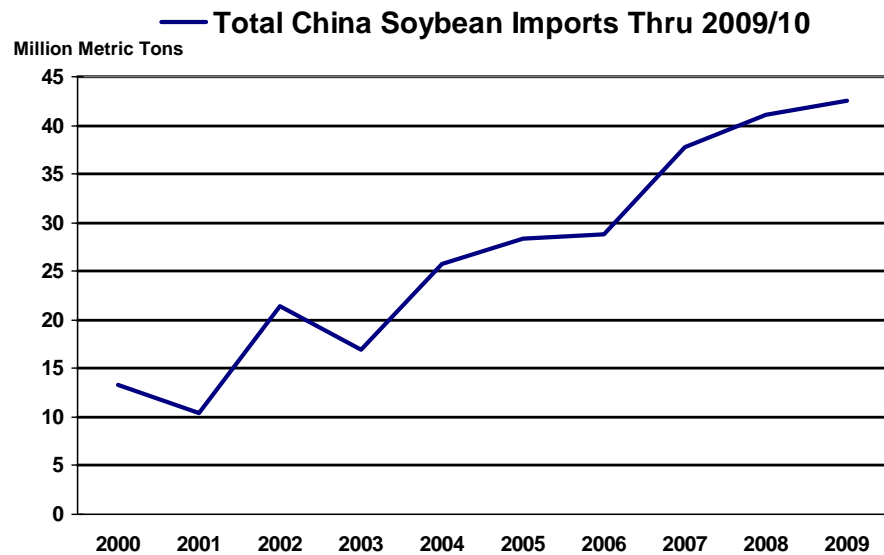
Million Metric Tons



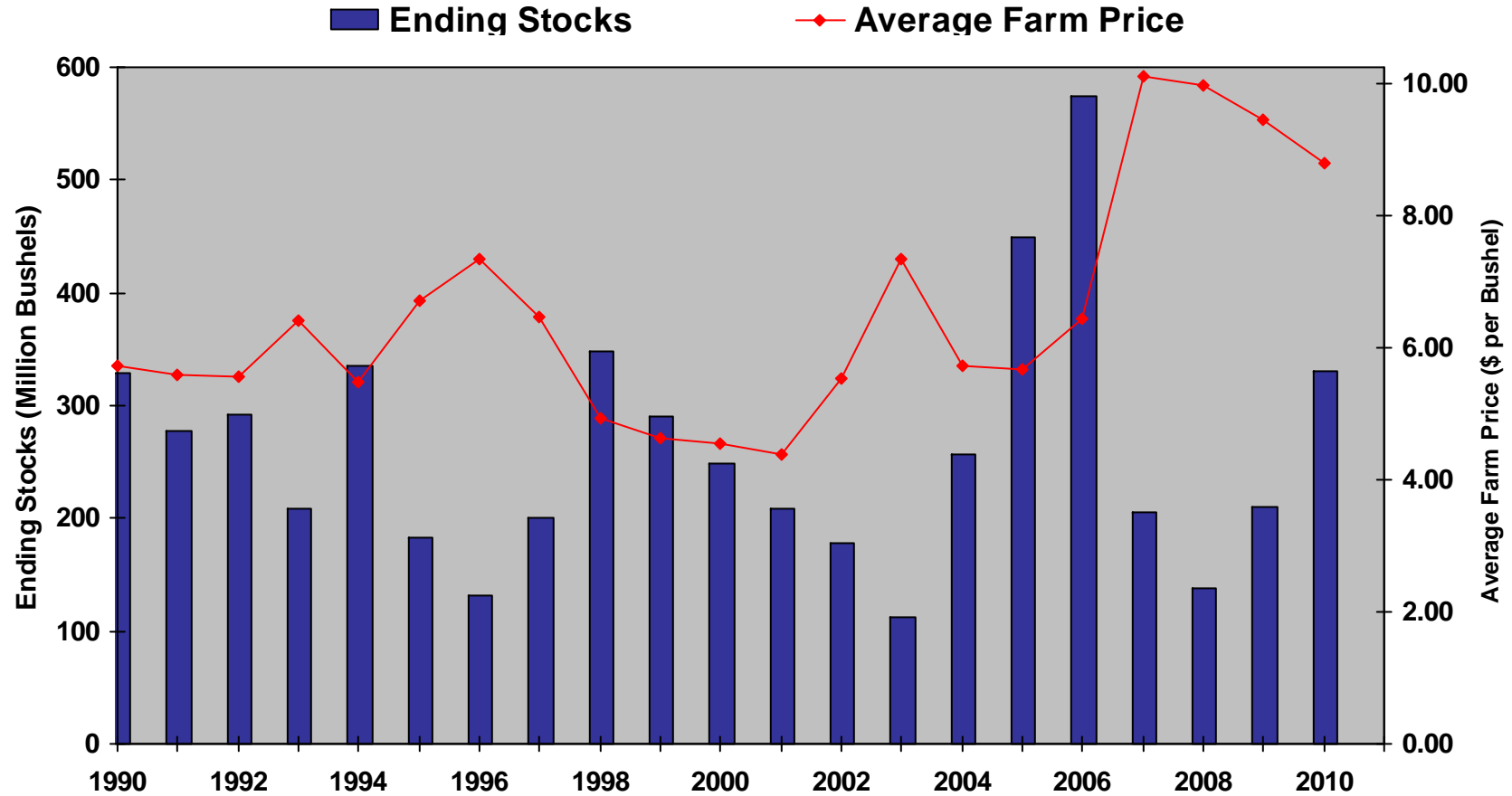
Near Record U.S. Soybean Exports Expected



U.S. Share of China Soybean Trade

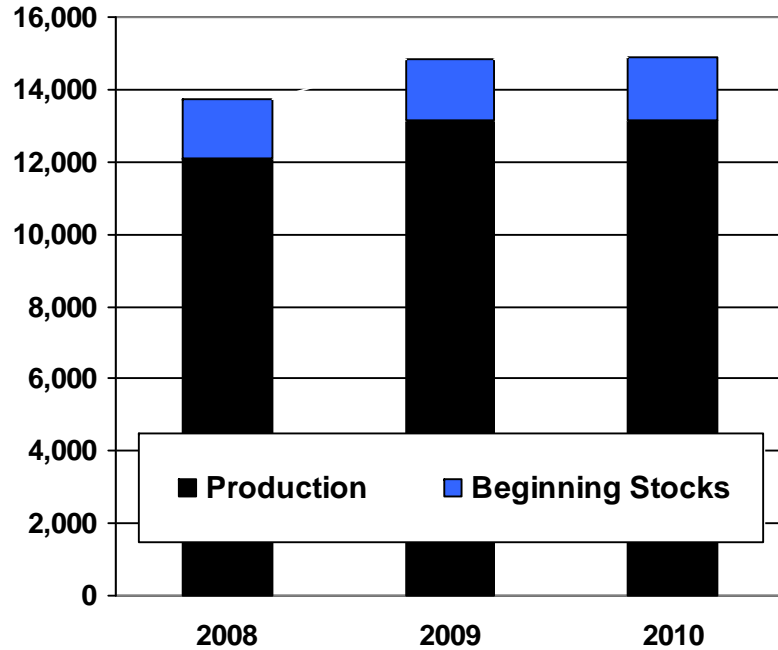


U.S. Soybean Stocks Rising

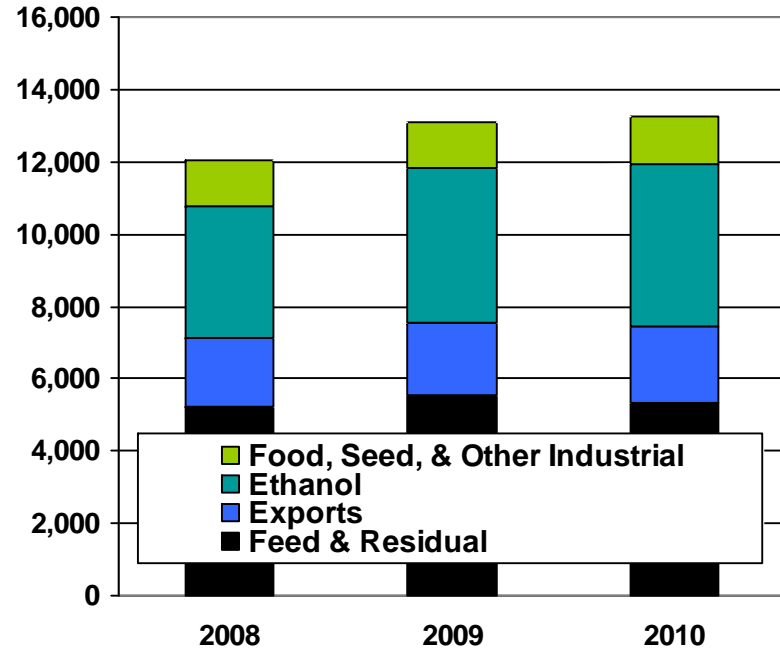


U.S. Corn Supply and Use Increase

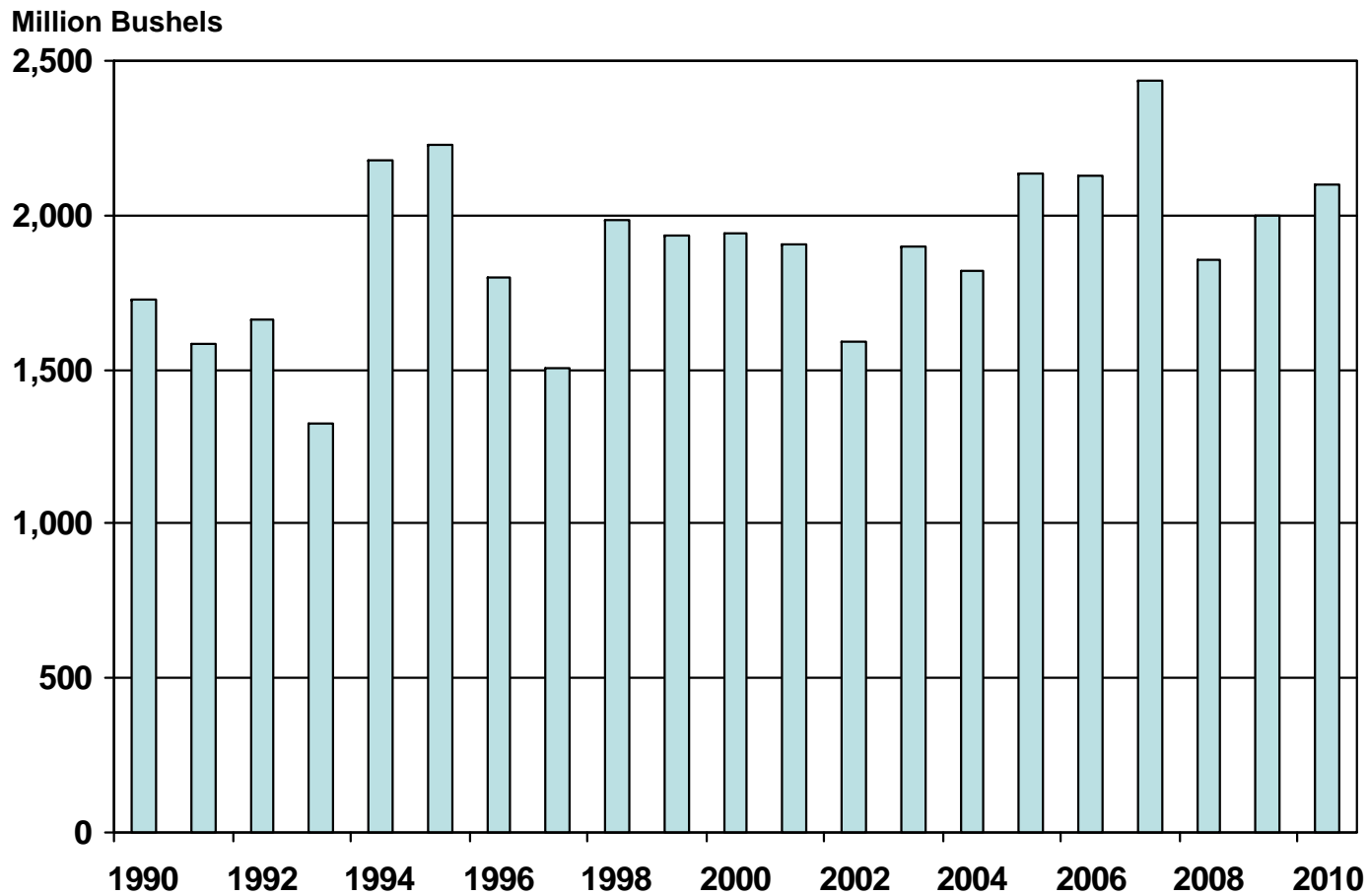
Million Bushels



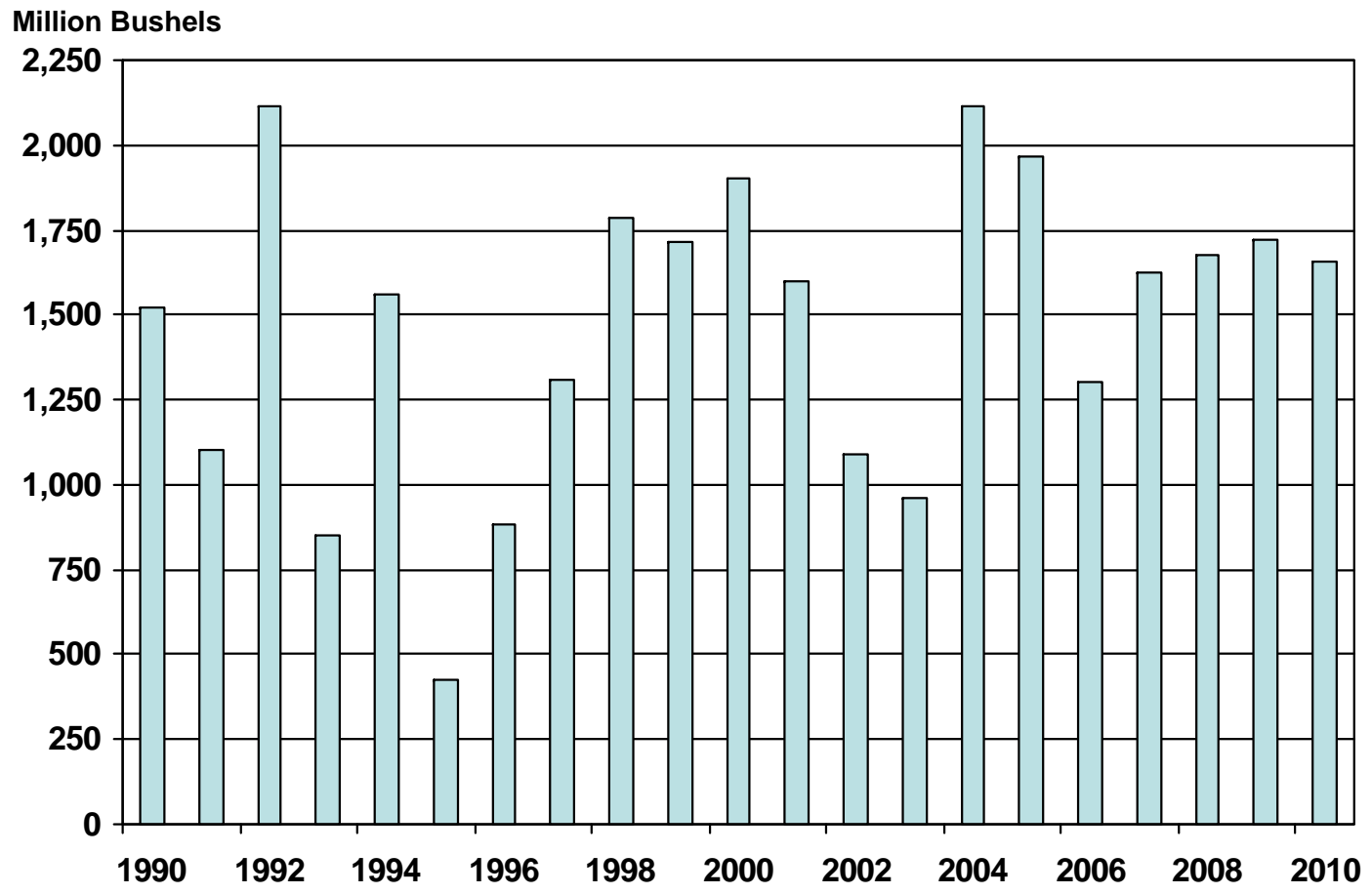
Million Bushels



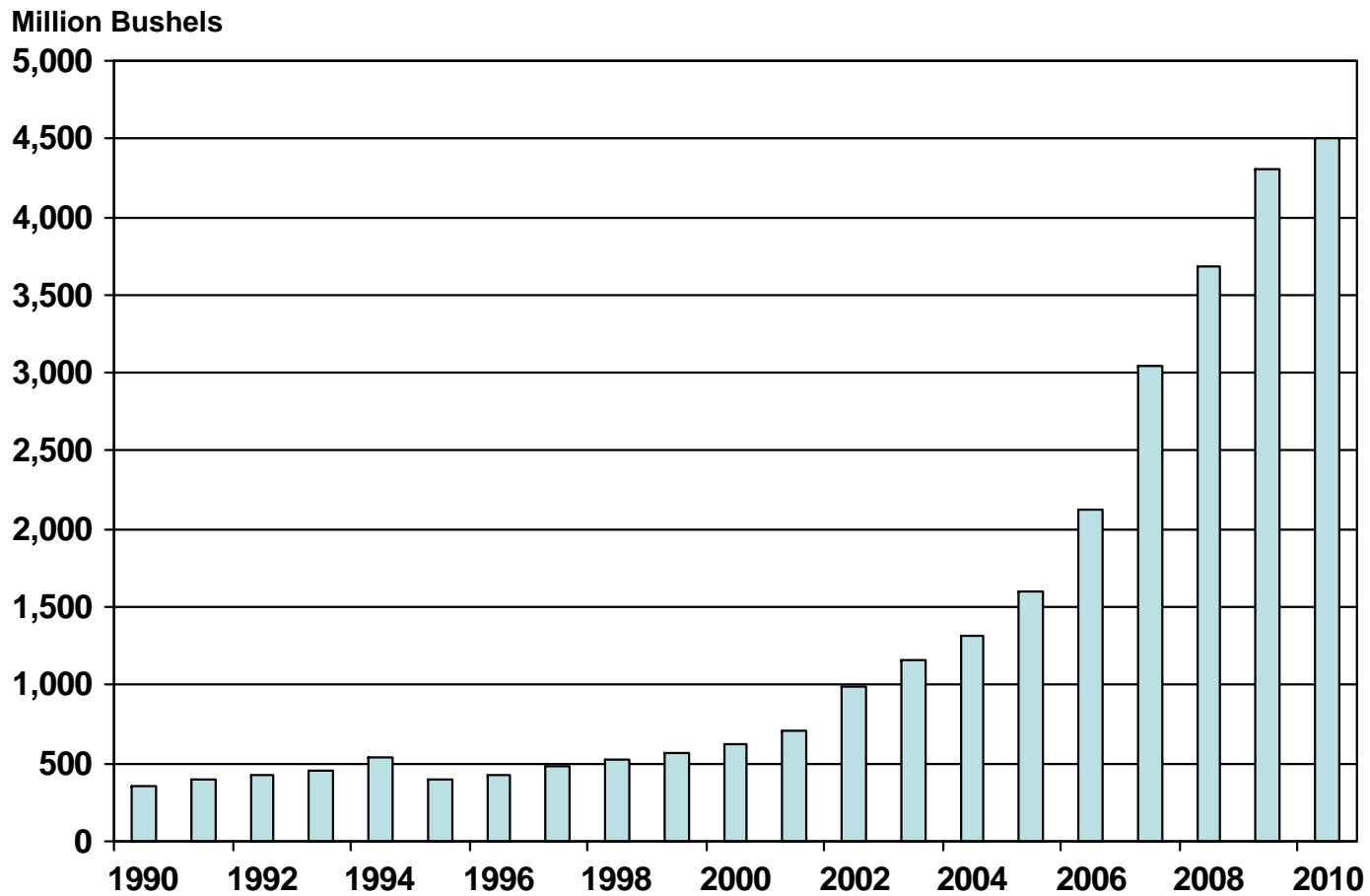
Small Gain Expected in U.S. Corn Exports



U.S. Corn Ending Stocks Projected to Decrease

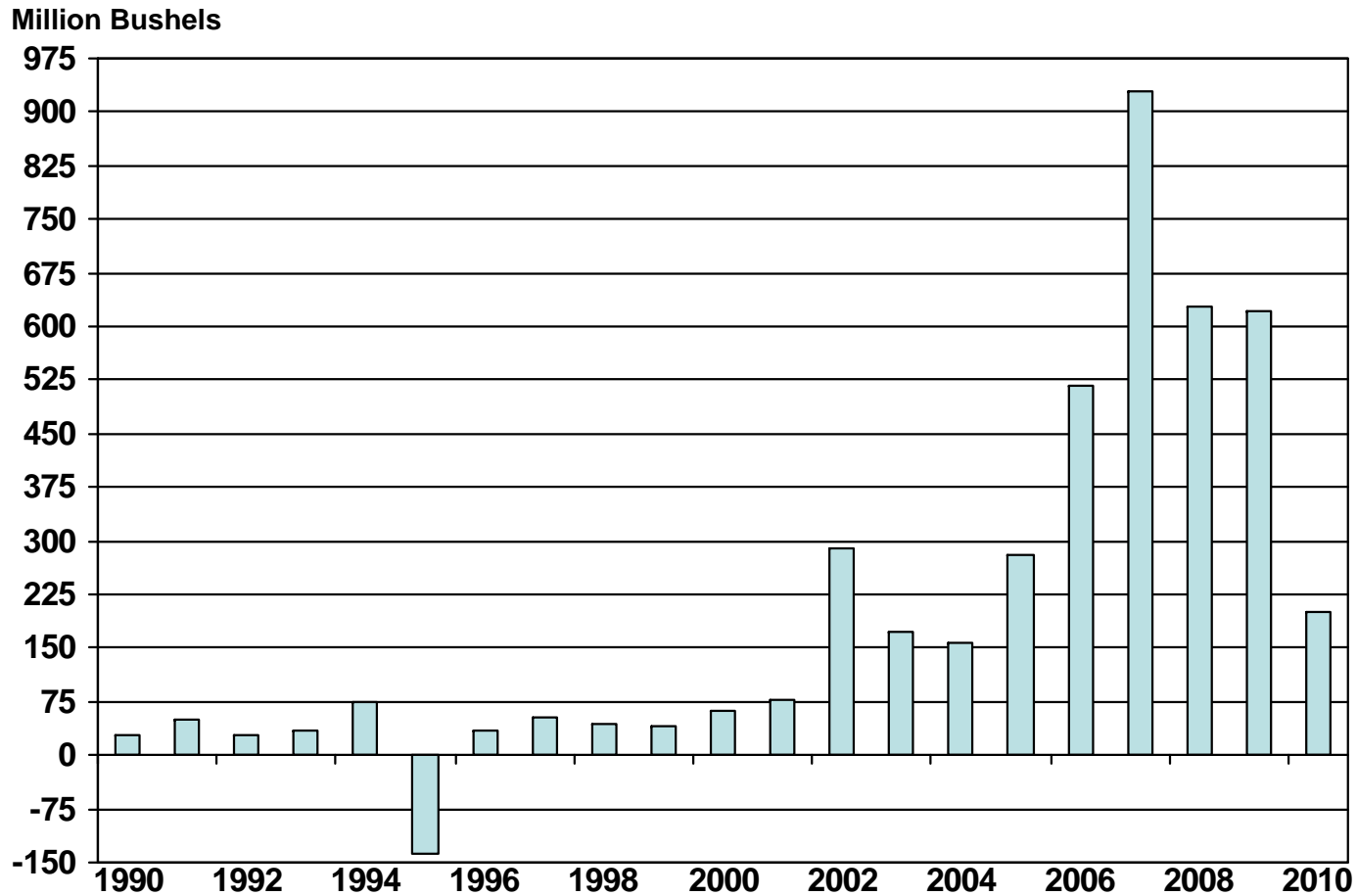


Corn for Ethanol Use to Increase Again



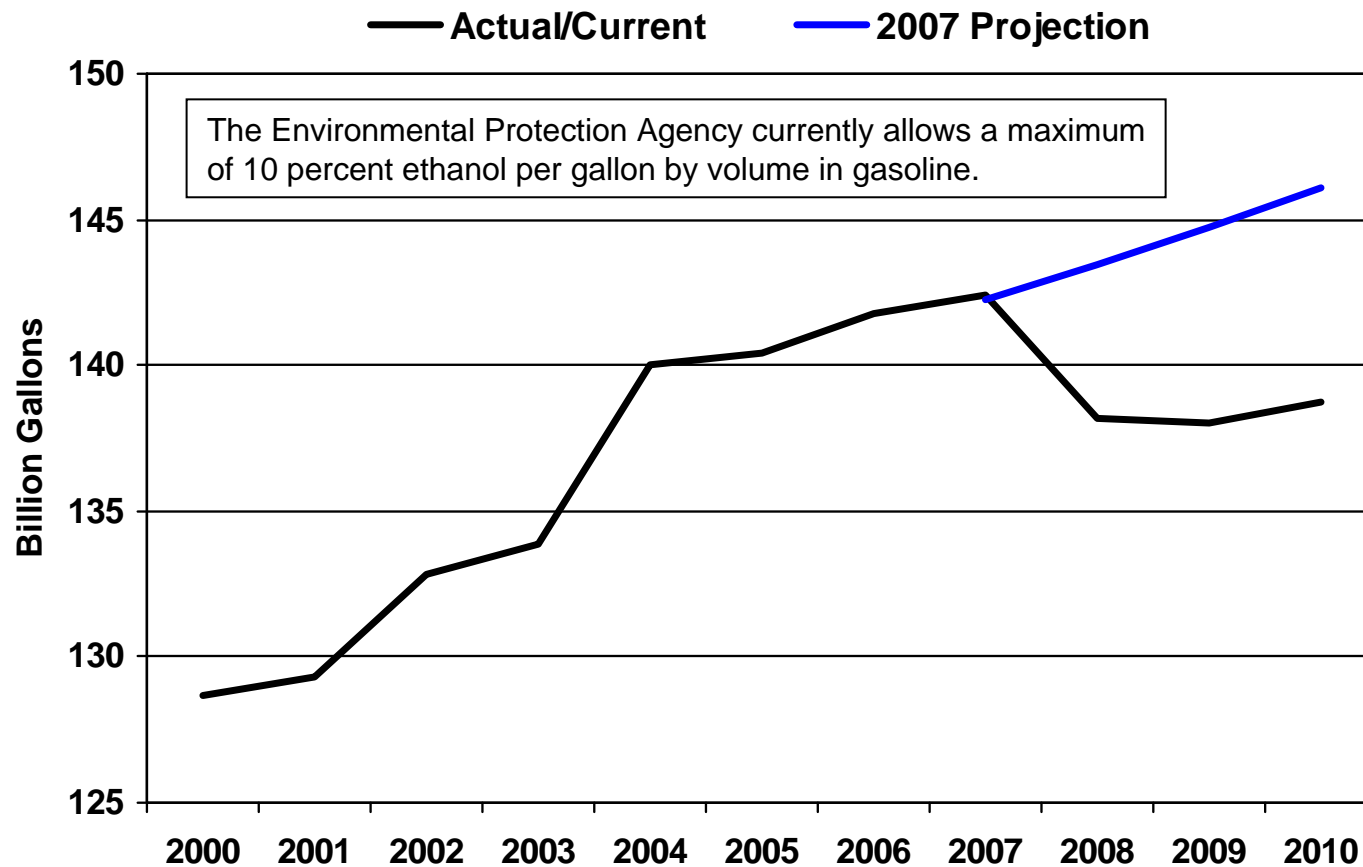
Slower Growth in Corn for Ethanol Use

(Year-to-Year Change)



U.S. Gasoline Consumption Lower Than Earlier Projections

Source: Energy Information Administration



Recap of 2010 Outlook

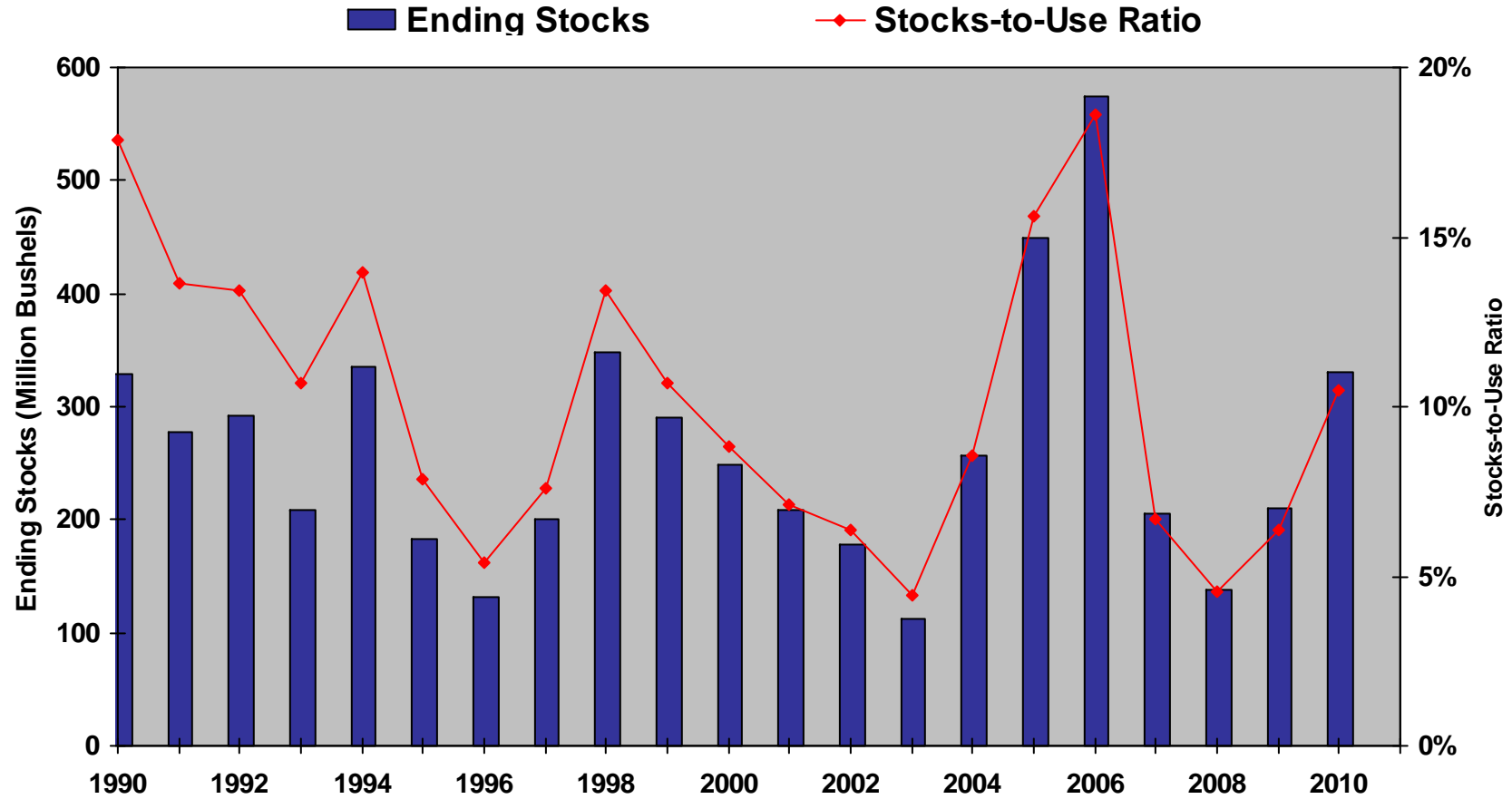
- Large World Wheat Supplies will be Burdensome for U.S. Wheat Export Prospects.
- Record Large South American Soybean Supplies.
- Corn to Increase Share of U.S. Acreage with Continued Growth in Use of Ethanol.
- Record Corn Production and Use.
- Despite Large Supplies, Strong Demand Keeps Prices Above Historical Levels.



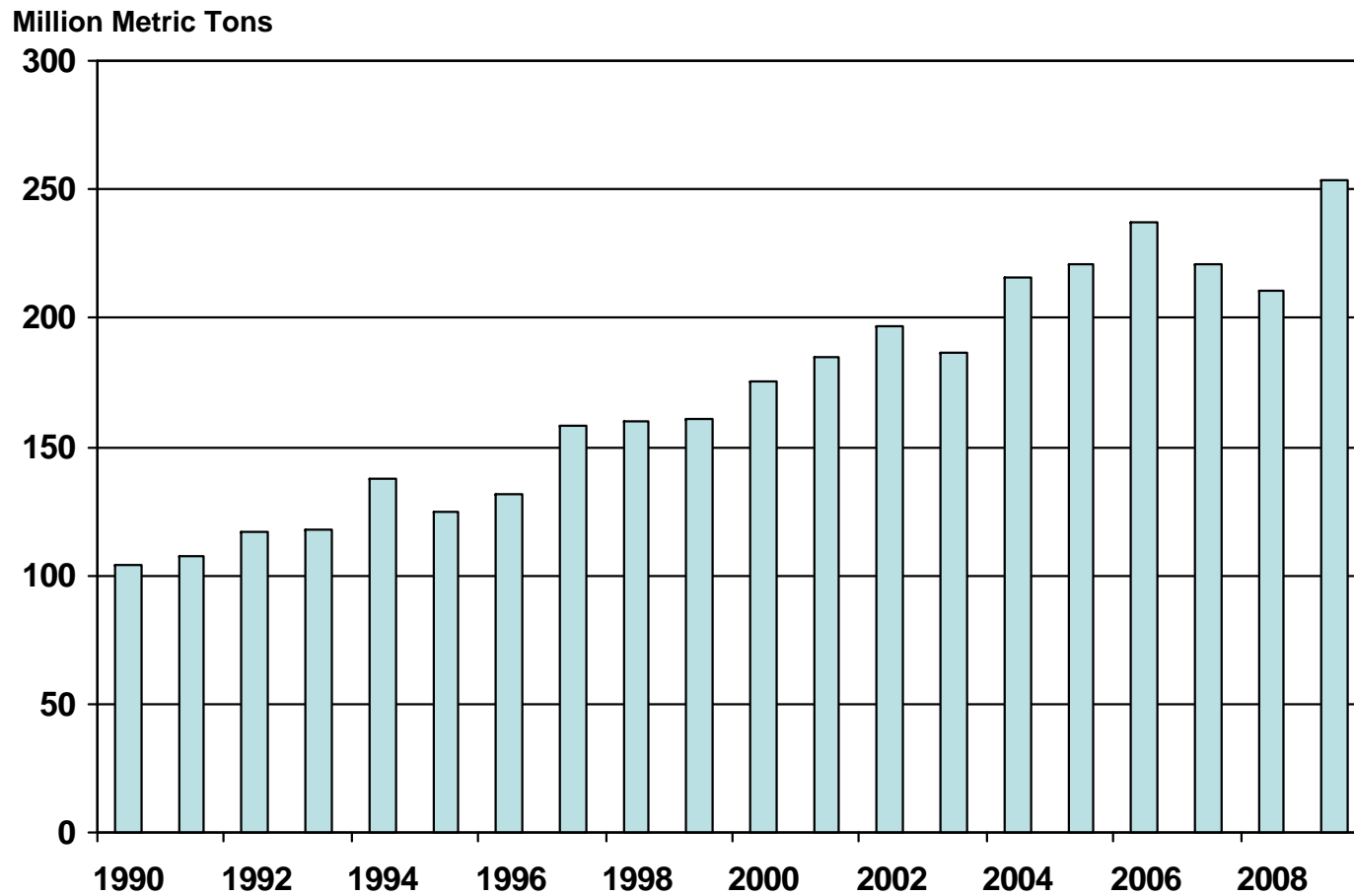
Slide Show Presentation and Full Length Grains and Oilseeds Outlook Paper will be available at:
<http://www.usda.gov/oce/forum/index.htm>



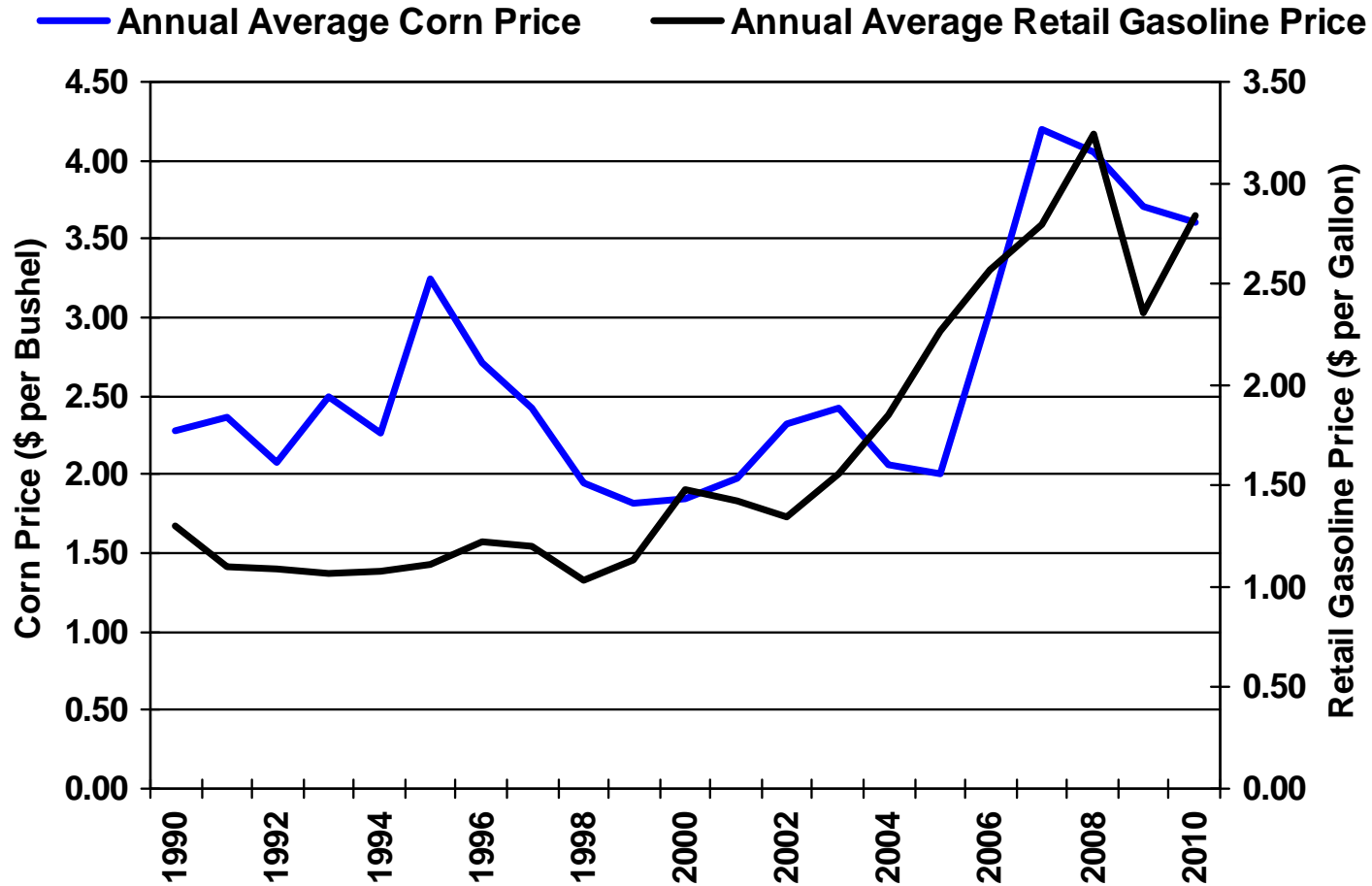
U.S. Soybean Stocks-to-Use Ratio



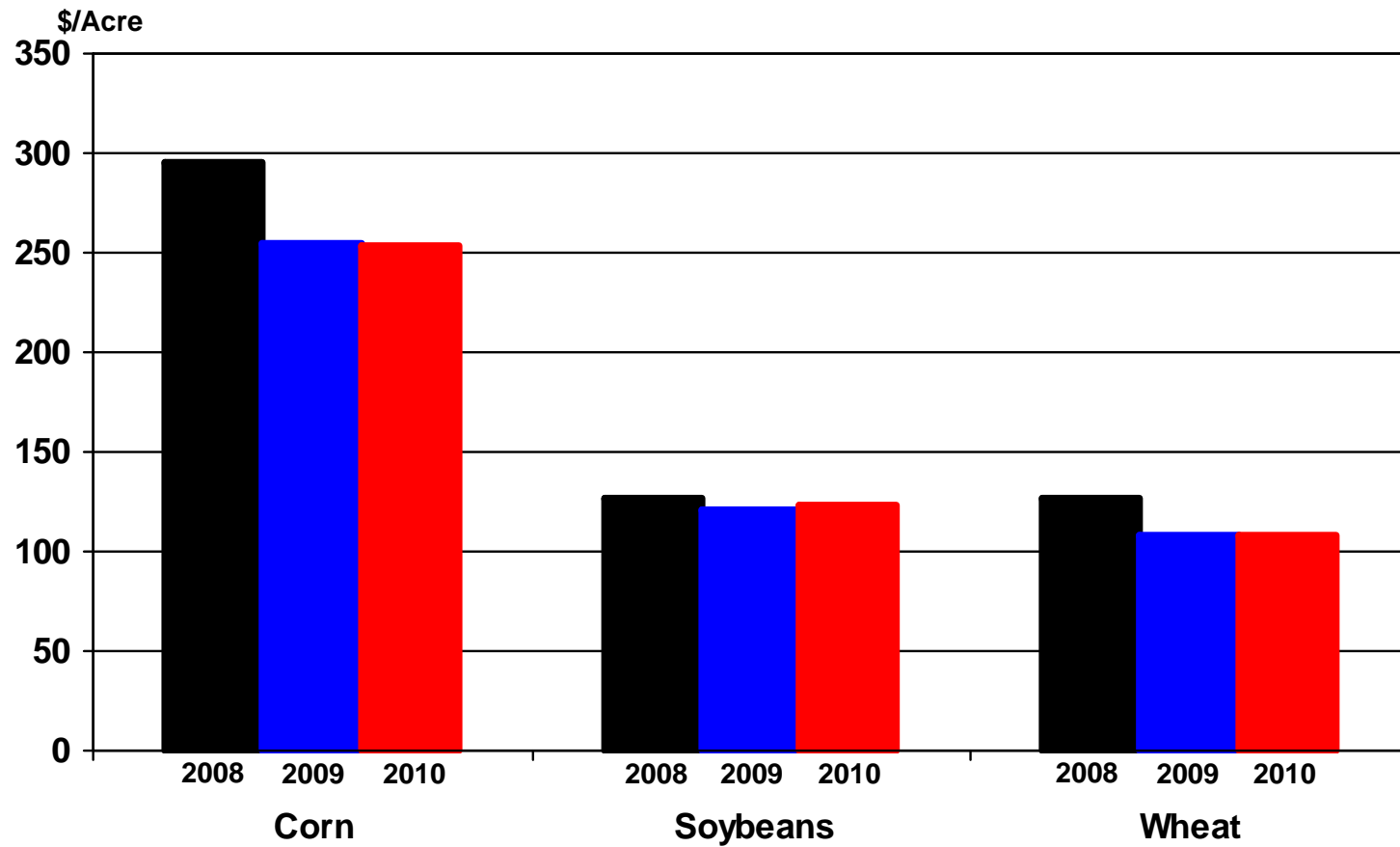
Rebound in World Soybean Crops



Corn Price Increasingly Moves with Energy Prices



Variable Costs lower for Corn



Corn Used for Ethanol Has Surpassed Exports

