

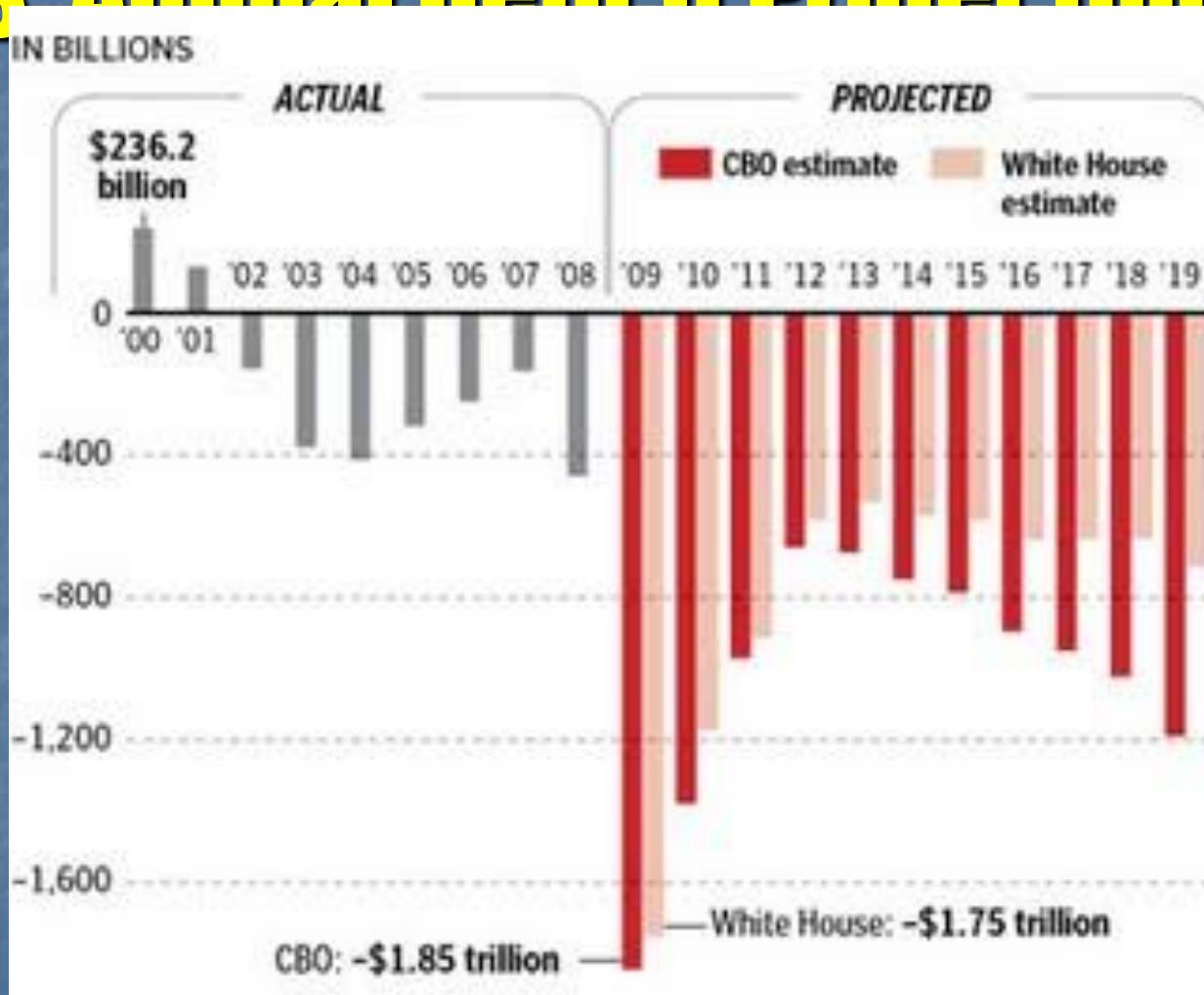
# **What's Ahead for Agriculture**

Remarks by Mark Pearson  
Fluid Fertilizer Association  
Scottsdale, Arizona  
February 15, 2010

# Thoughts on the World Economy

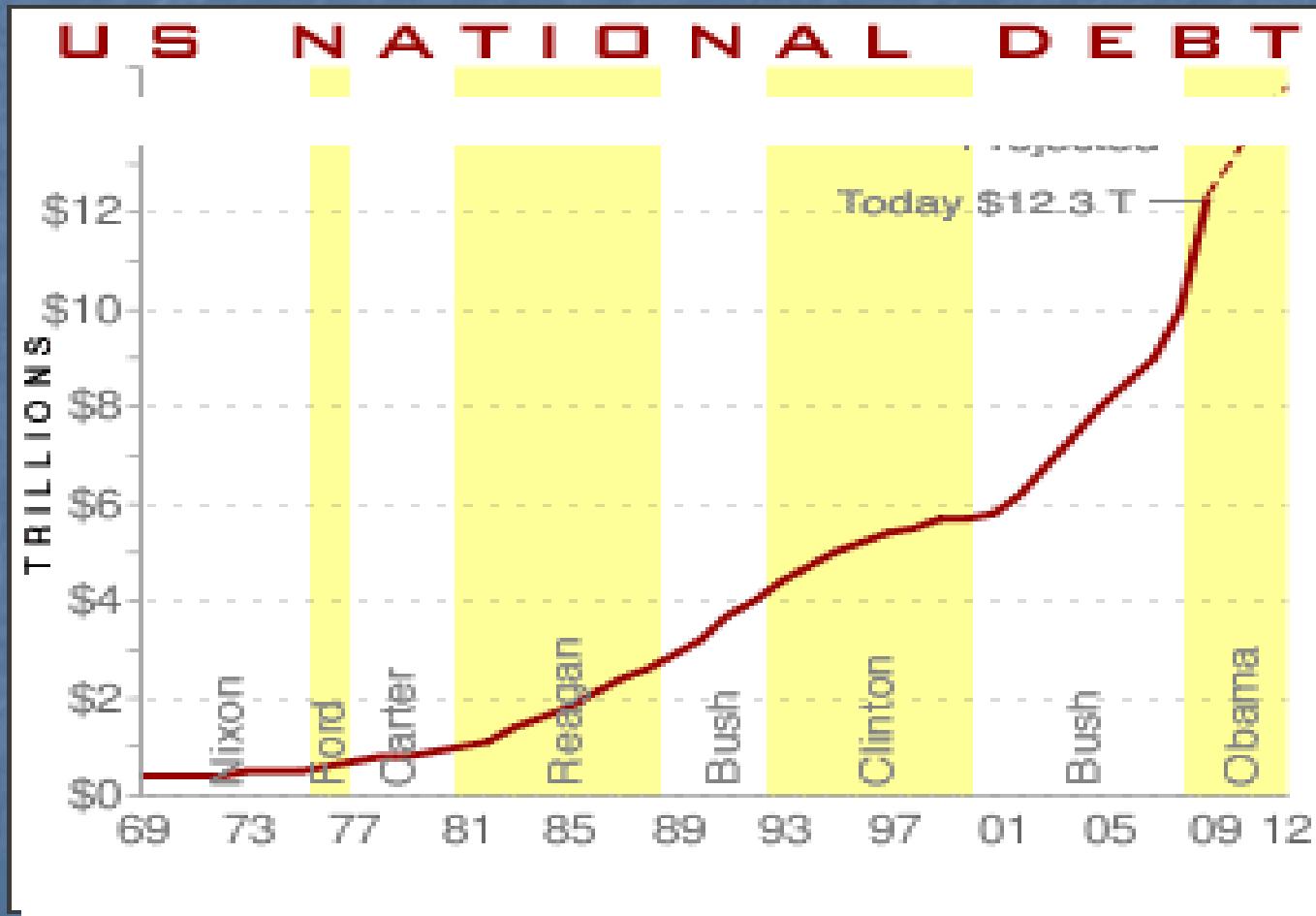
- \$70.6 trillion – Global GDP
- \$14.2 trillion – U.S. GDP
- \$13.5 trillion – EU GDP
- \$4.3 trillion – China GDP

# U.S. Annual Deficit Projections



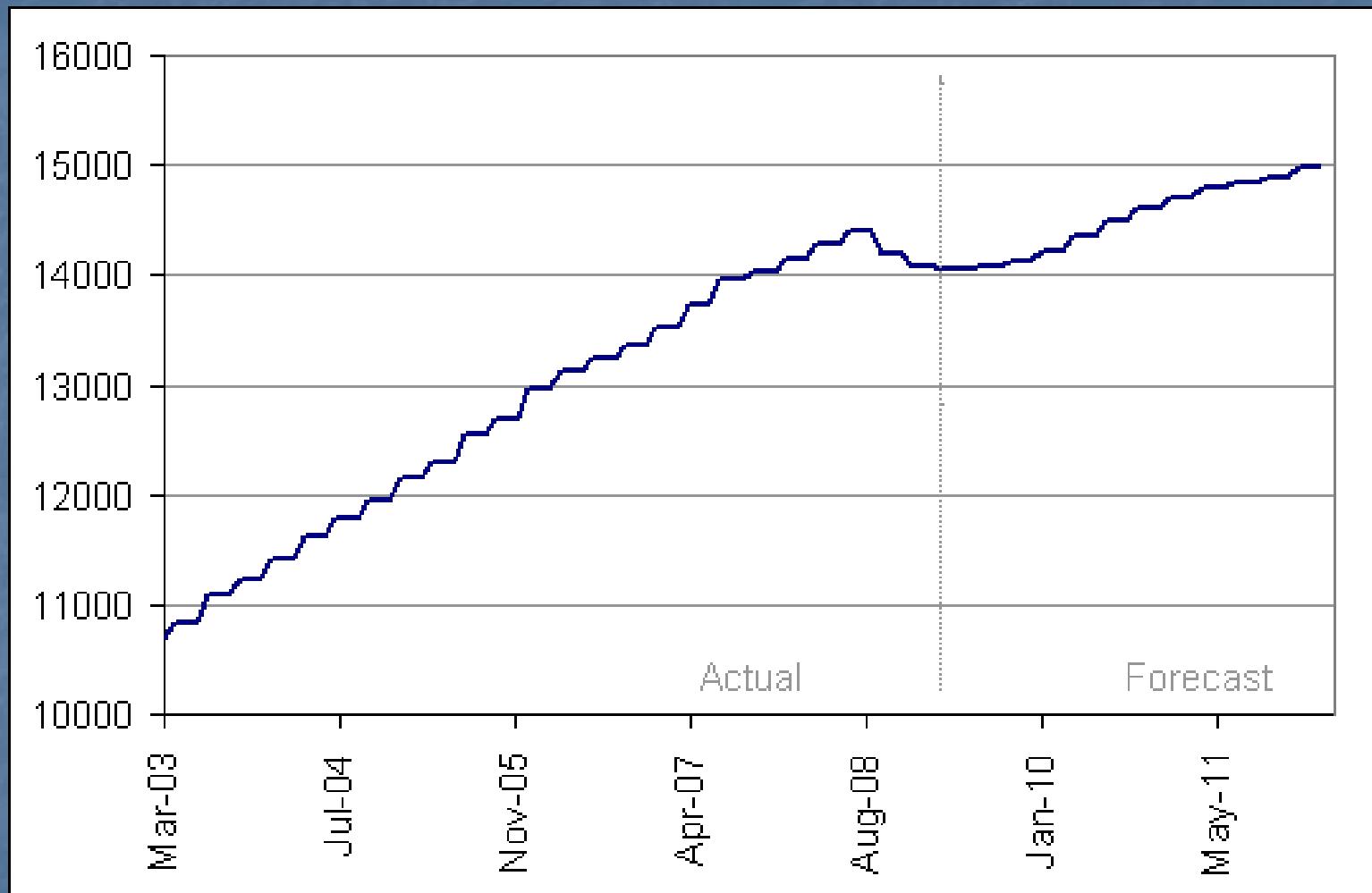
Source: CBO, White House

# U.S. National Debt



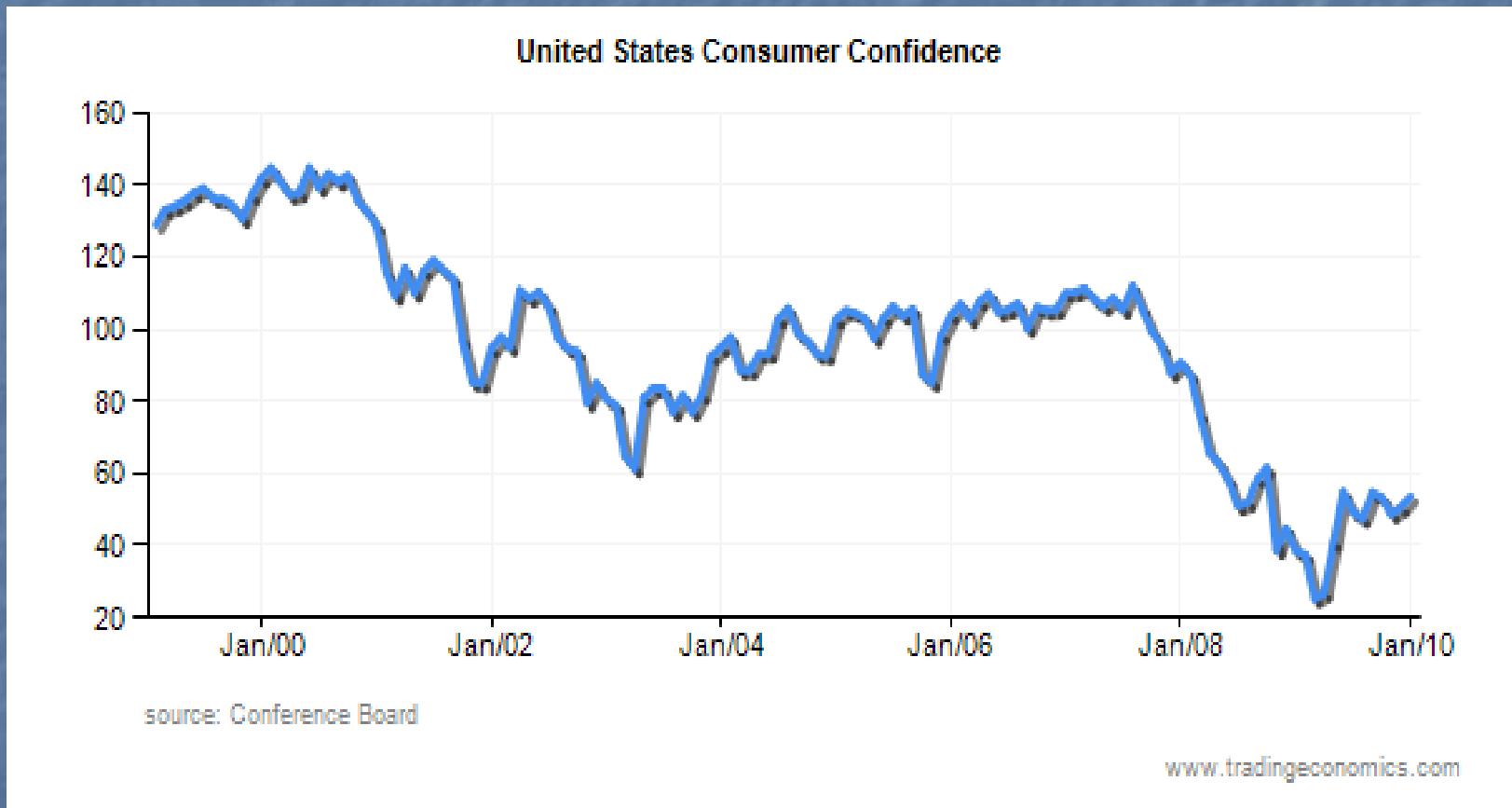
Source: U.S. Treasury, CBO

# U.S. GDP – 2003-2011



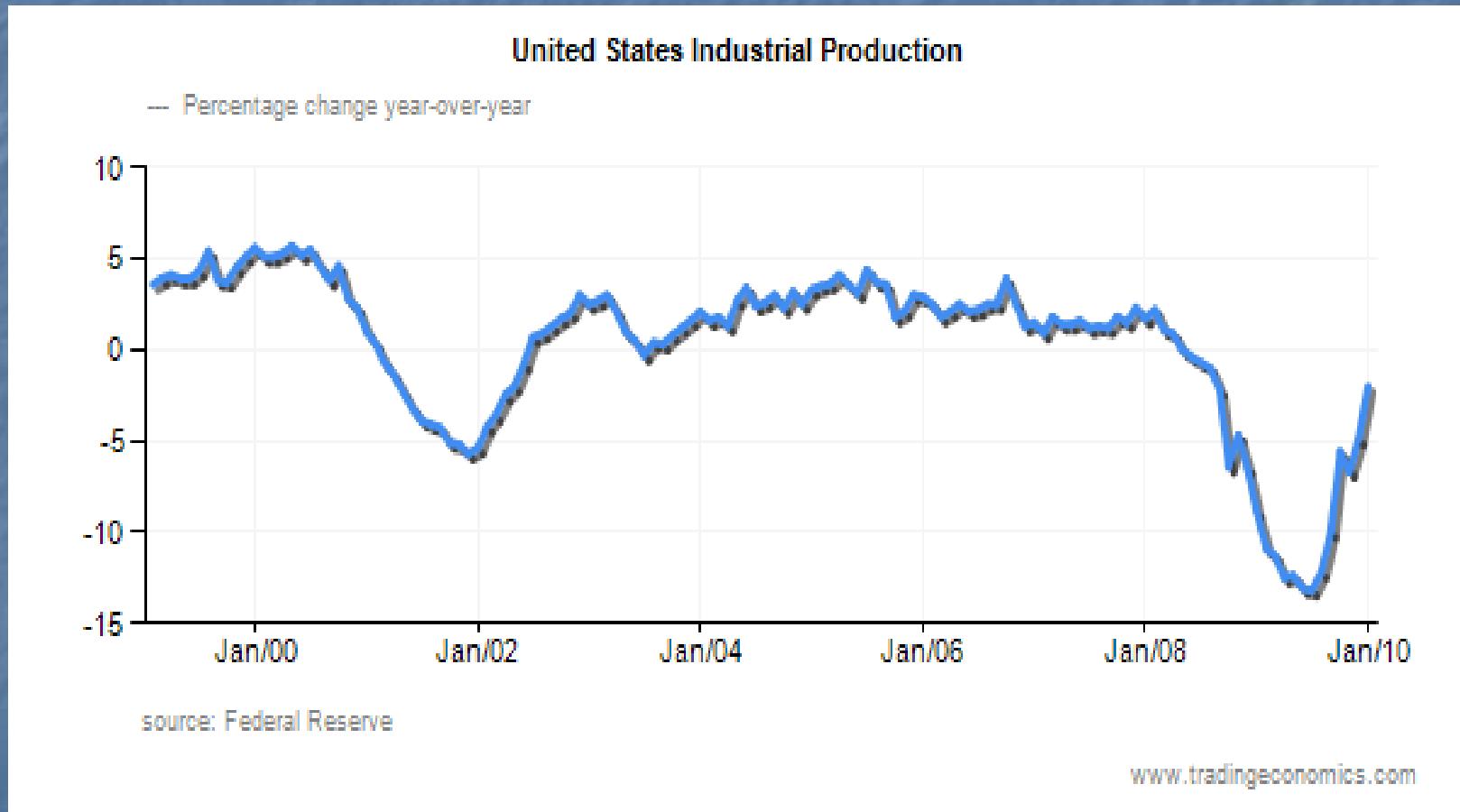
Source: Financial Forecast Center

# U.S. Consumer Confidence



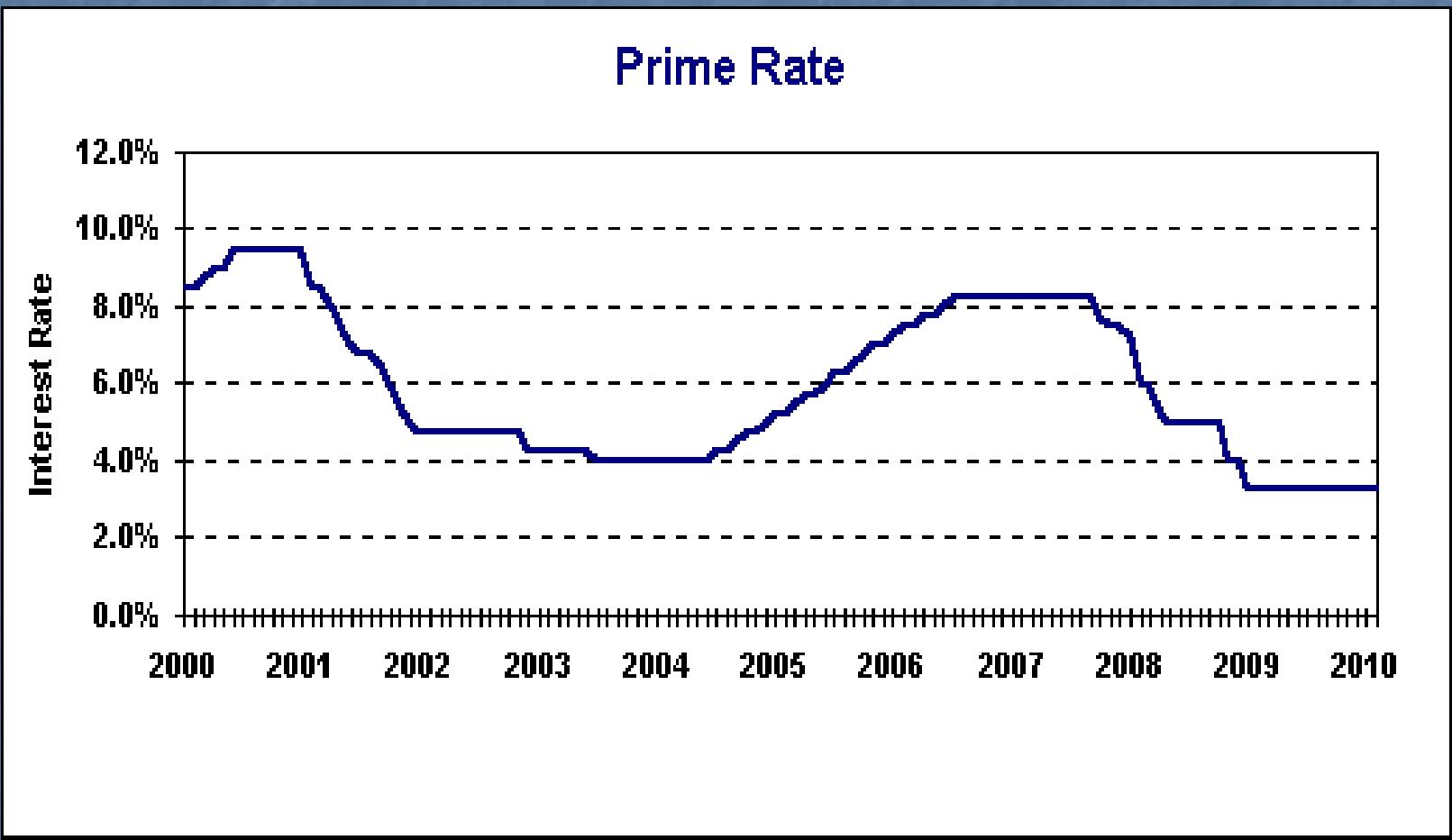
Source: [tradingeconomics.com](http://tradingeconomics.com)

# U.S. Industrial Production



Source: [tradingeconomics.com](http://tradingeconomics.com)

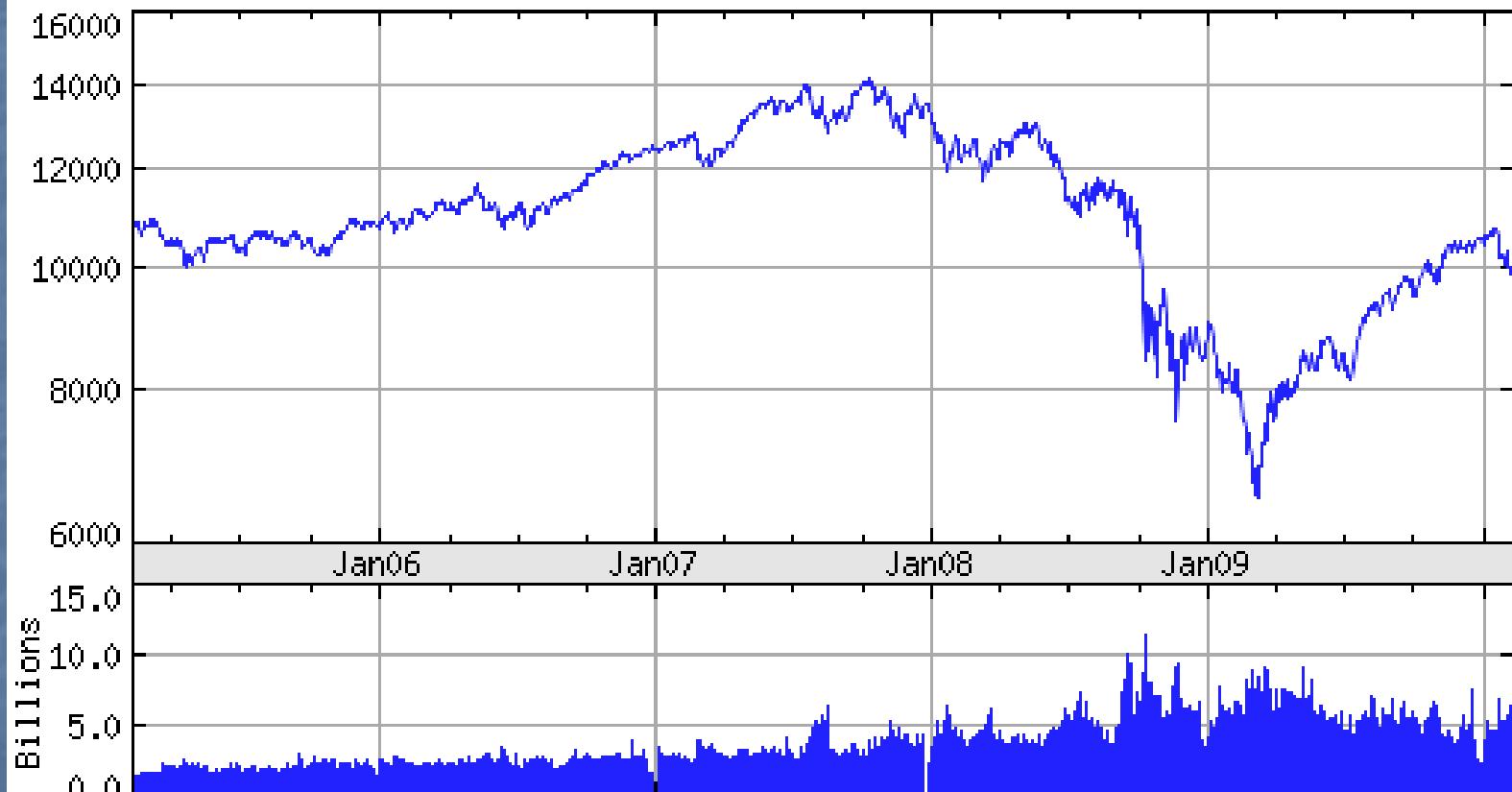
# 10-Year Prime Rate



Source: MoneyCafe.com

# DJIA Five-Year Performance

DJ INDU AVERAGE (DOW JONES & CO  
as of 8-Feb-2010



Copyright 2010 Yahoo! Inc.

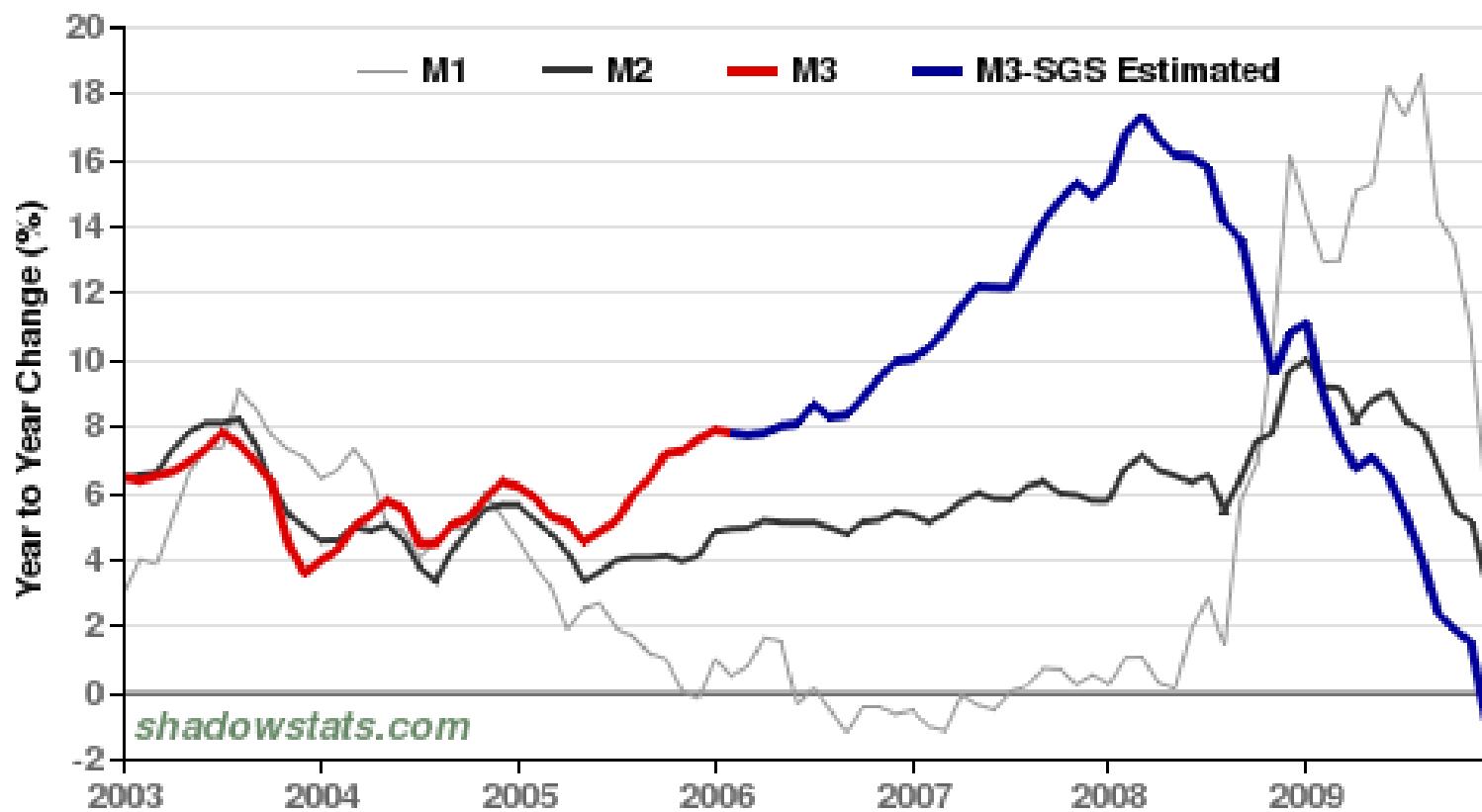
<http://finance.yahoo.com/>

Source: <http://finance.yahoo.com>

# Mountain of Cash

## Annual U.S. Money Supply Growth - SGS M-3 Continuation

Monthly Average through December 2009 (ShadowStats.com, FRB)



Source: Shadowstats.com

# 10-Year Treasury Note Yield

CBQE 10-YEAR YIELD  
as of 8-Feb-2010



Source: <http://finance.yahoo.com>

# Five-Year U.S. Dollar Index

U.S. DOLLAR INDEX CASH .. weekly OHLC plot



As of 02/08/10

Source: Barchart.com

# Five-Year Gold Prices



Source: American Gold Prices

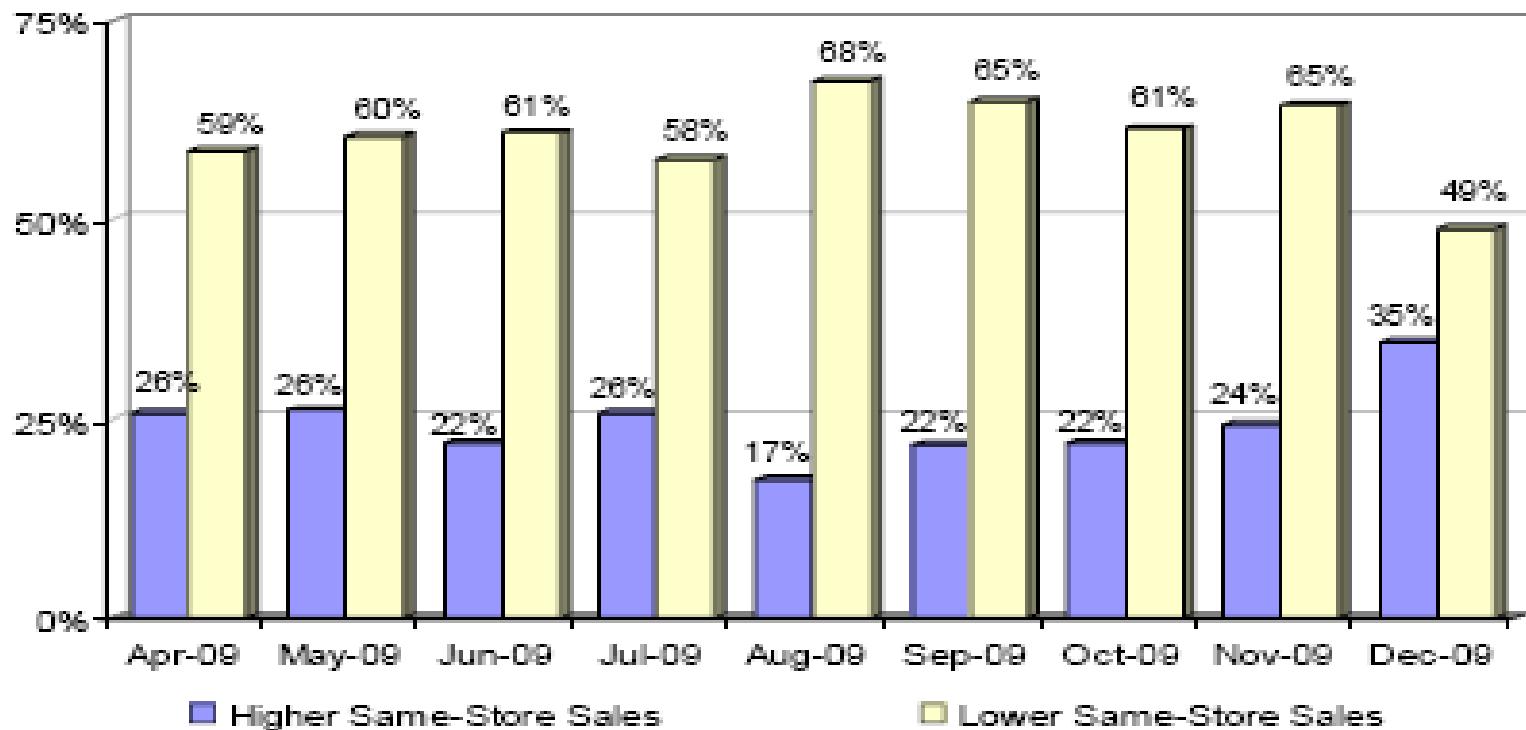
# U.S. Housing Starts



Source: Financial Forecast Center

# U.S. Restaurant Performance Index

*Restaurant Operators' Reporting of Same-Store Sales versus Same Month in Previous Year*

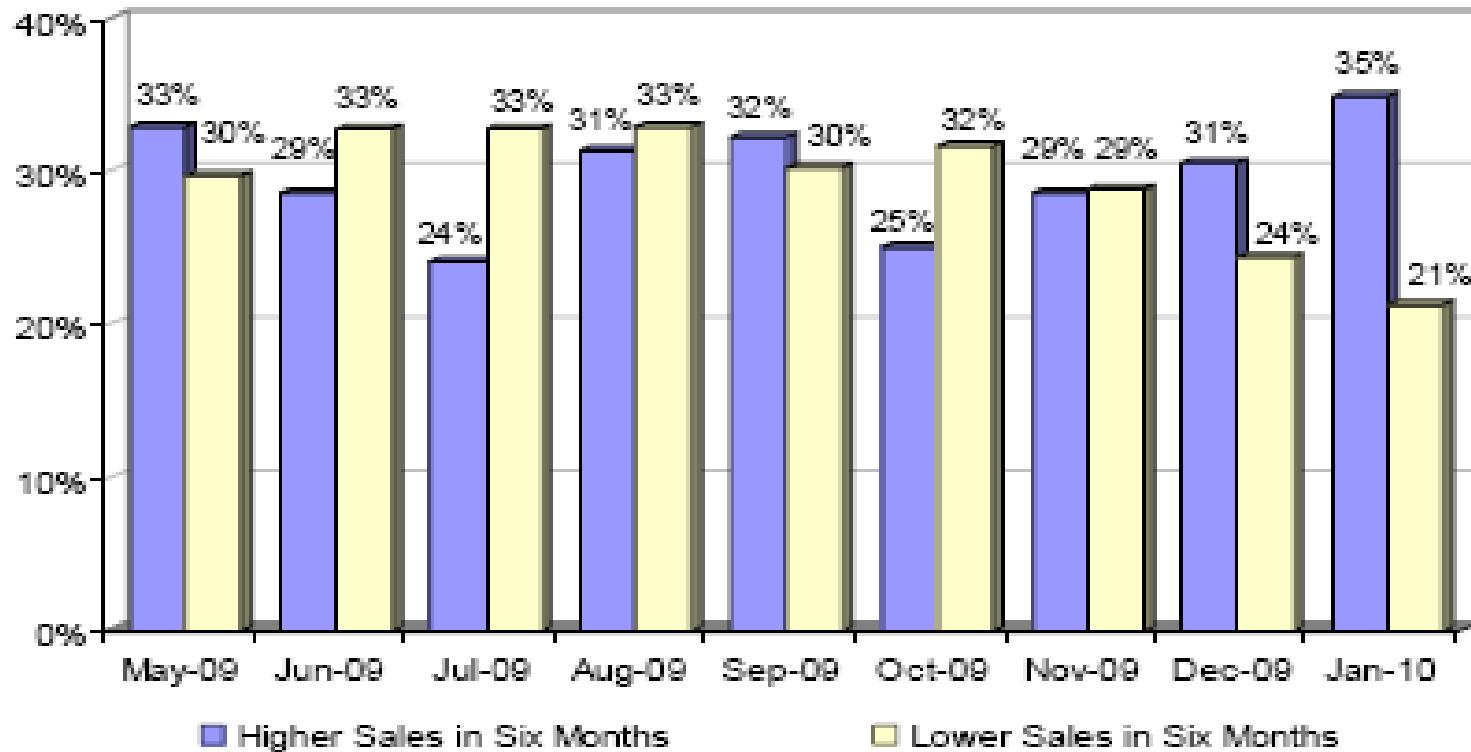


Source: National Restaurant Association, Restaurant Industry Tracking Survey

Source: Nat'l Restaurant Association

# U.S. Restaurant Performance Index

*Restaurant Operators' Outlook for Sales Volume in Six Months versus Same Period in Previous Year*

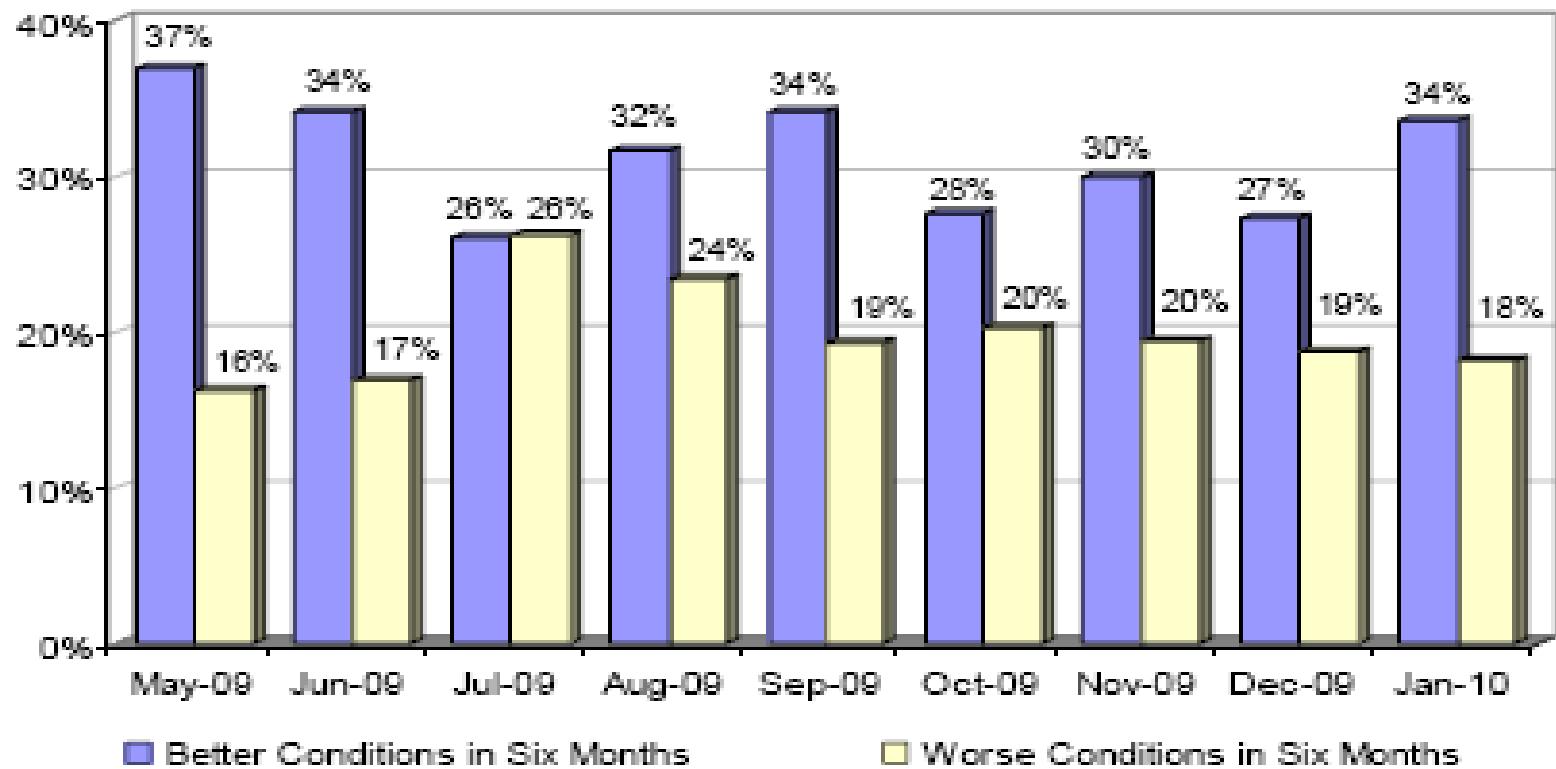


Source: National Restaurant Association, Restaurant Industry Tracking Survey

Source: Nat'l Restaurant Association

# U.S. Restaurant Performance Index

## *Restaurant Operators' Outlook for General Economic Conditions in Six Months*



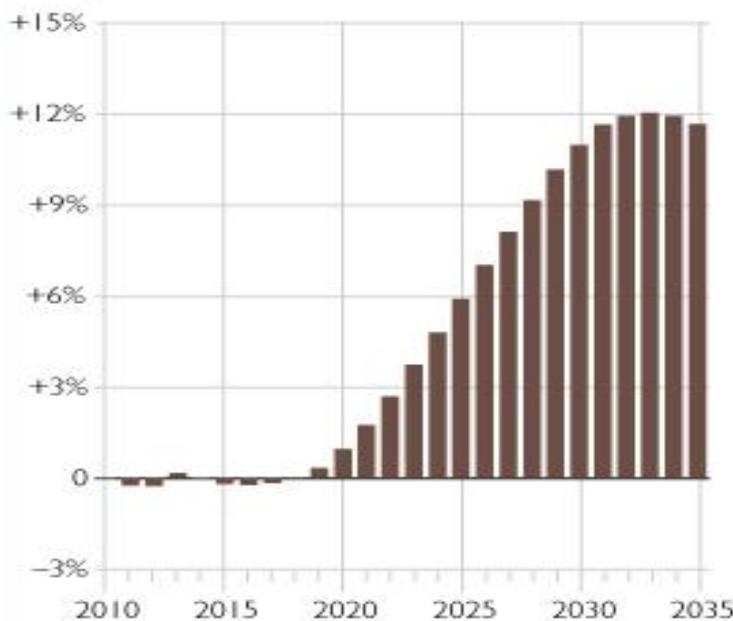
Source: National Restaurant Association, Restaurant Industry Tracking Survey

Source: Nat'l Restaurant Association

# The Cost of Cap and Trade

## Farm Inventory Costs

Annual Percentage Change of Farm Inventory Costs Due to Waxman-Markey Climate Change Bill



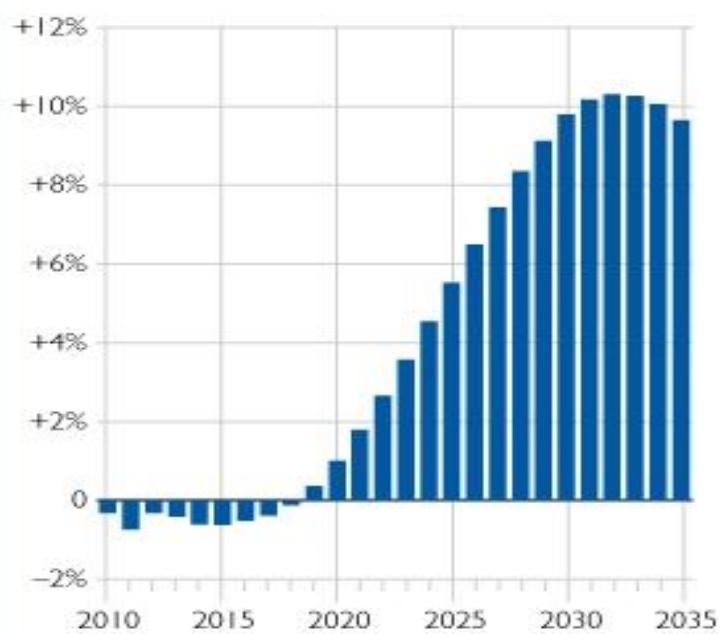
**Note:** Figures are calculated using the implicit price deflator.

**Source:** Heritage estimates based on Global Insight Model and data from U.S. Bureau of Economic Analysis.

Chart 4 • Energy & Environment  [heritage.org](http://heritage.org)

## Farm Construction Costs

Annual Percentage Changes in Farm and Miscellaneous Nonresidential Construction Costs Due to Waxman-Markey Climate Change Bill



**Note:** Figures are indexed to the 2000 chained price.

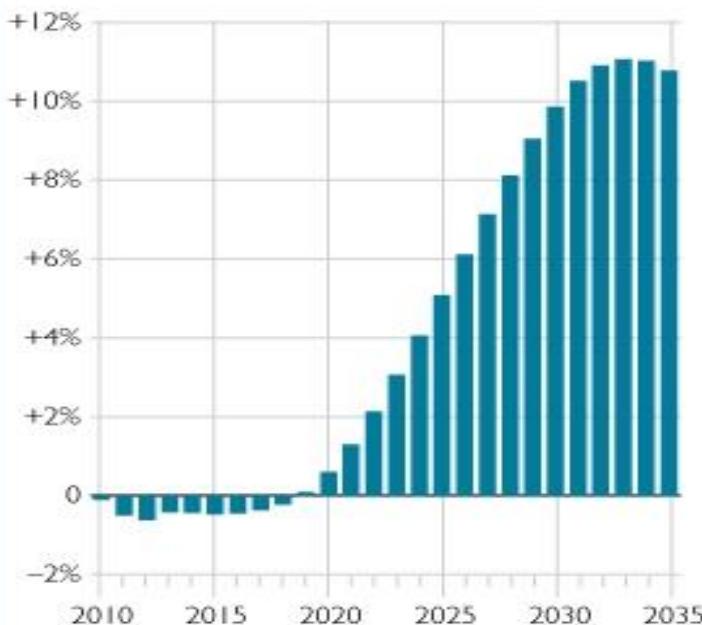
**Source:** Heritage Foundation calculations using the Global Insight U.S. macroeconomic model.

Chart 1 • Energy & Environment  [heritage.org](http://heritage.org)

# The Cost of Cap and Trade

## Farm Transportation Equipment Costs

Annual Percentage Change in Farm Transportation Equipment Costs Due to Waxman-Markey Climate Change Bill



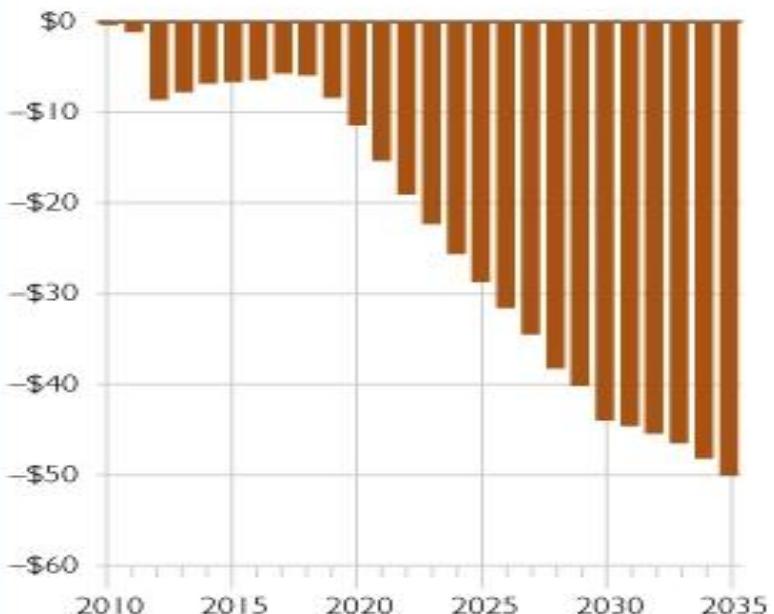
Source: Heritage estimates from Global Insight Model and data from U.S. Bureau of Labor Statistics.

Chart 2 • Energy & Environment  [heritage.org](http://heritage.org)

## Farmer Income

Annual Changes in Farm Proprietors' Income Due to Waxman-Markey Climate Change Bill

In Billions of Dollars

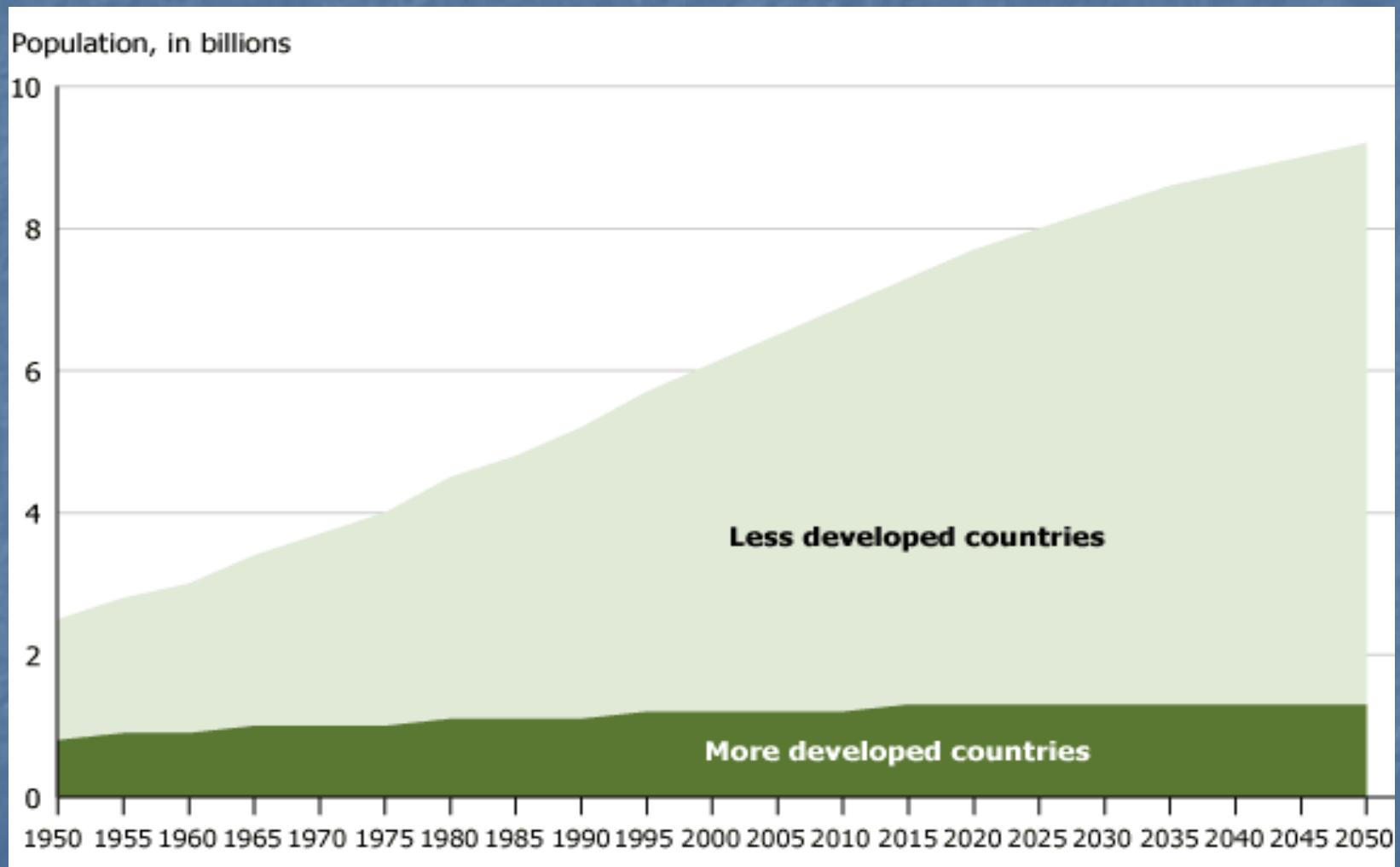


Note: Figures are adjusted for inventory and capital consumption.

Source: Heritage estimates based on Global Insight Model and data from U.S. Bureau of Economic Analysis.

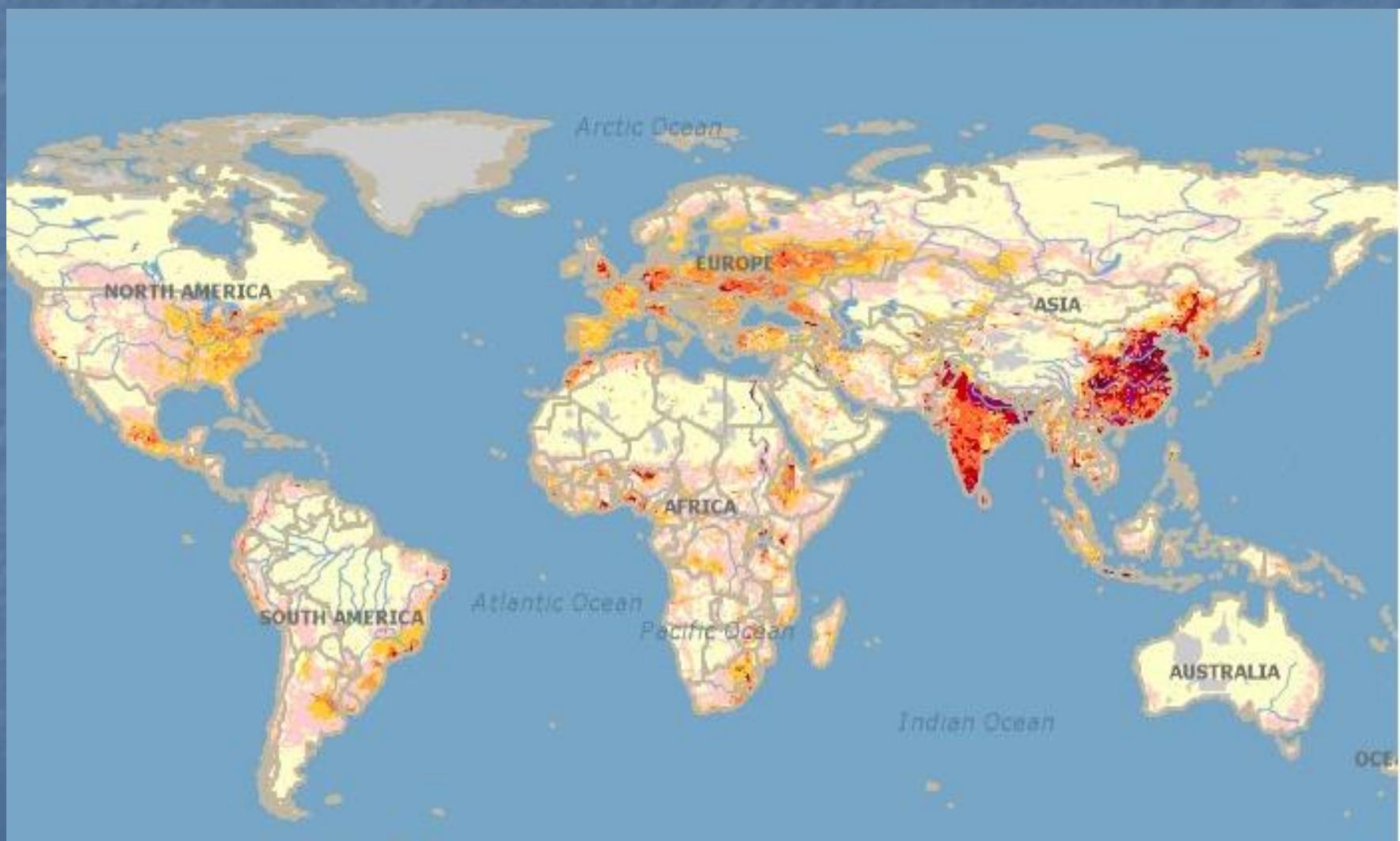
Chart 3 • Energy & Environment  [heritage.org](http://heritage.org)

# Projected World Population 2050

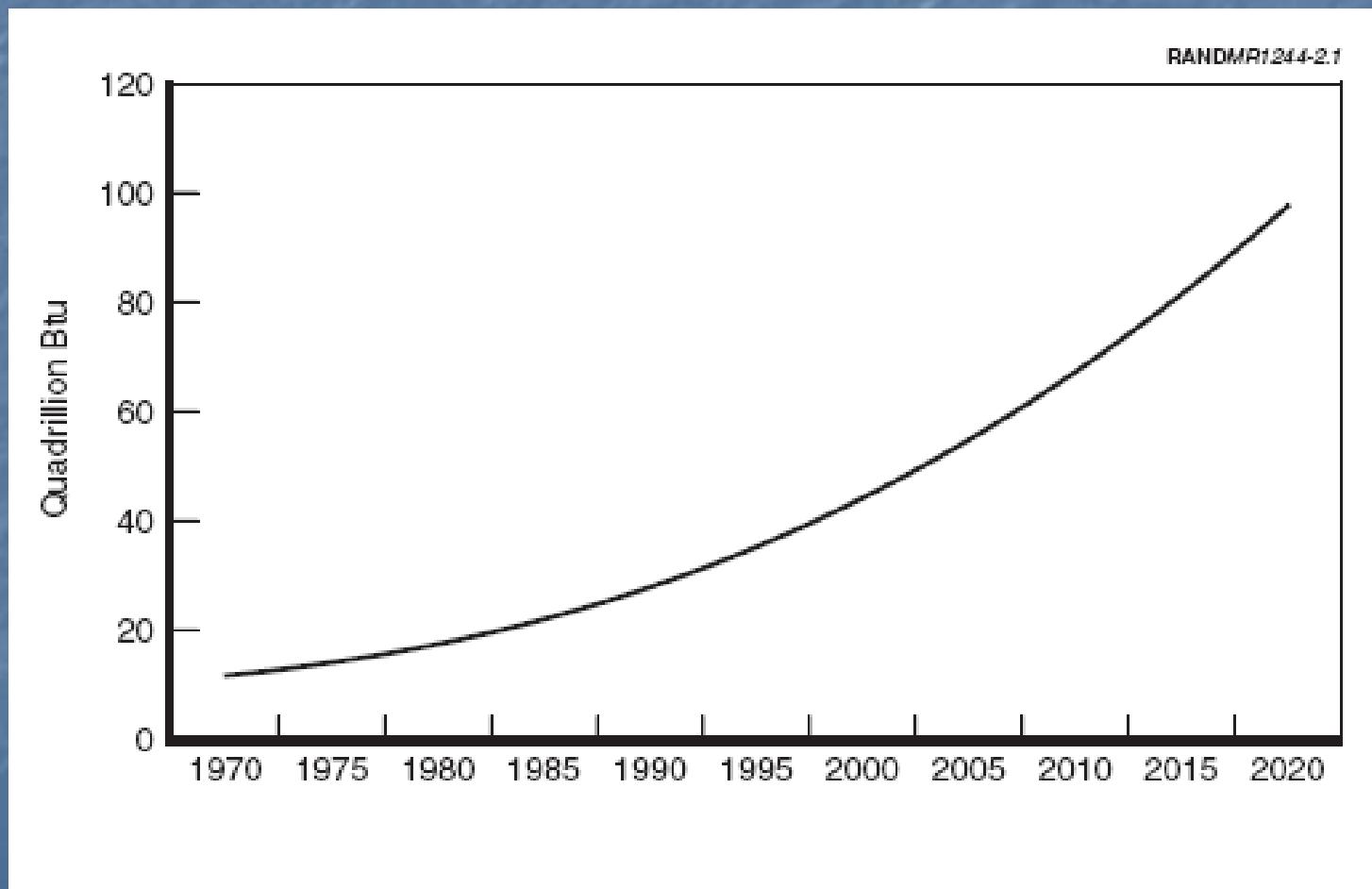


Source: United Nations

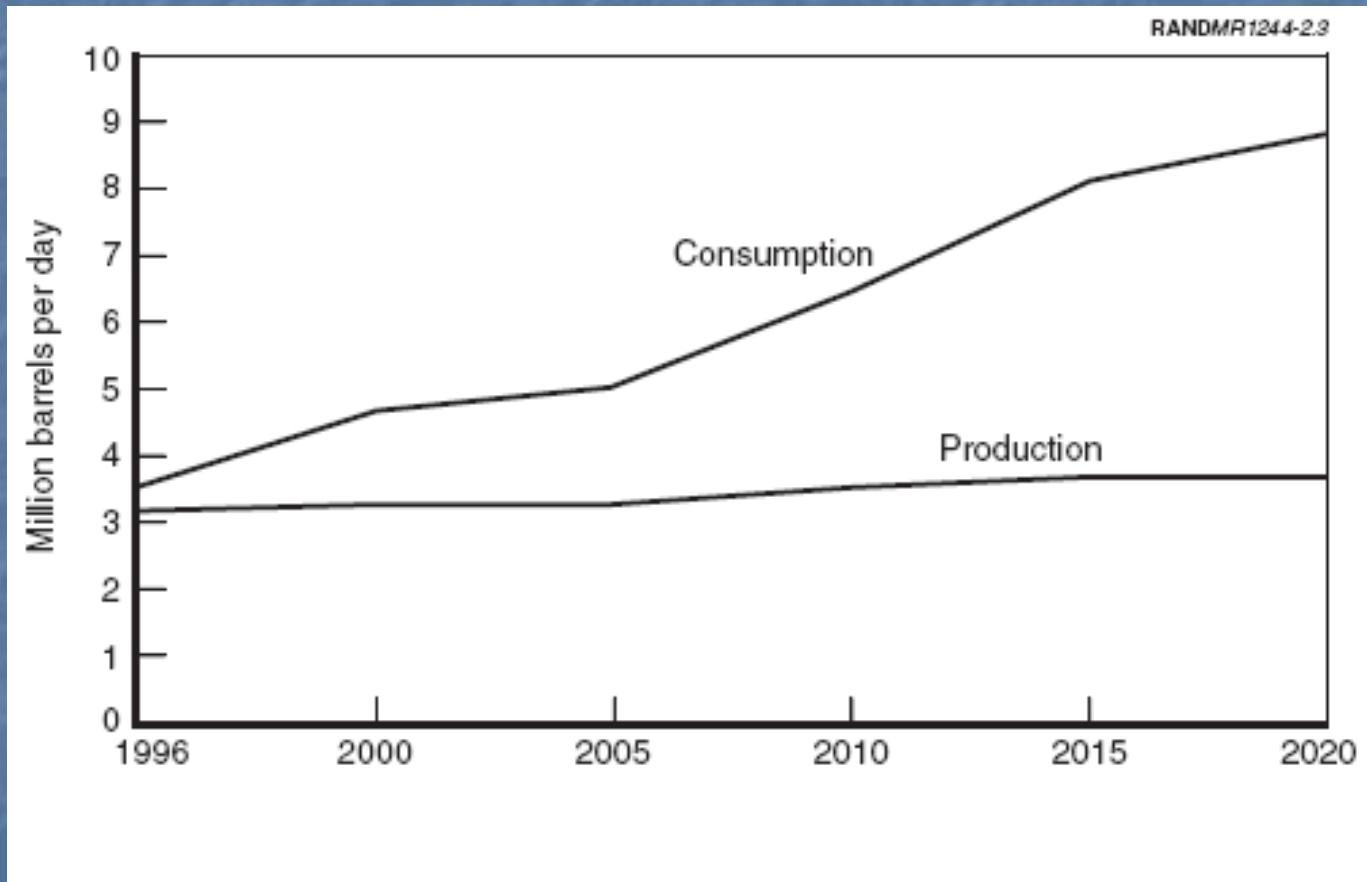
# World Population Density



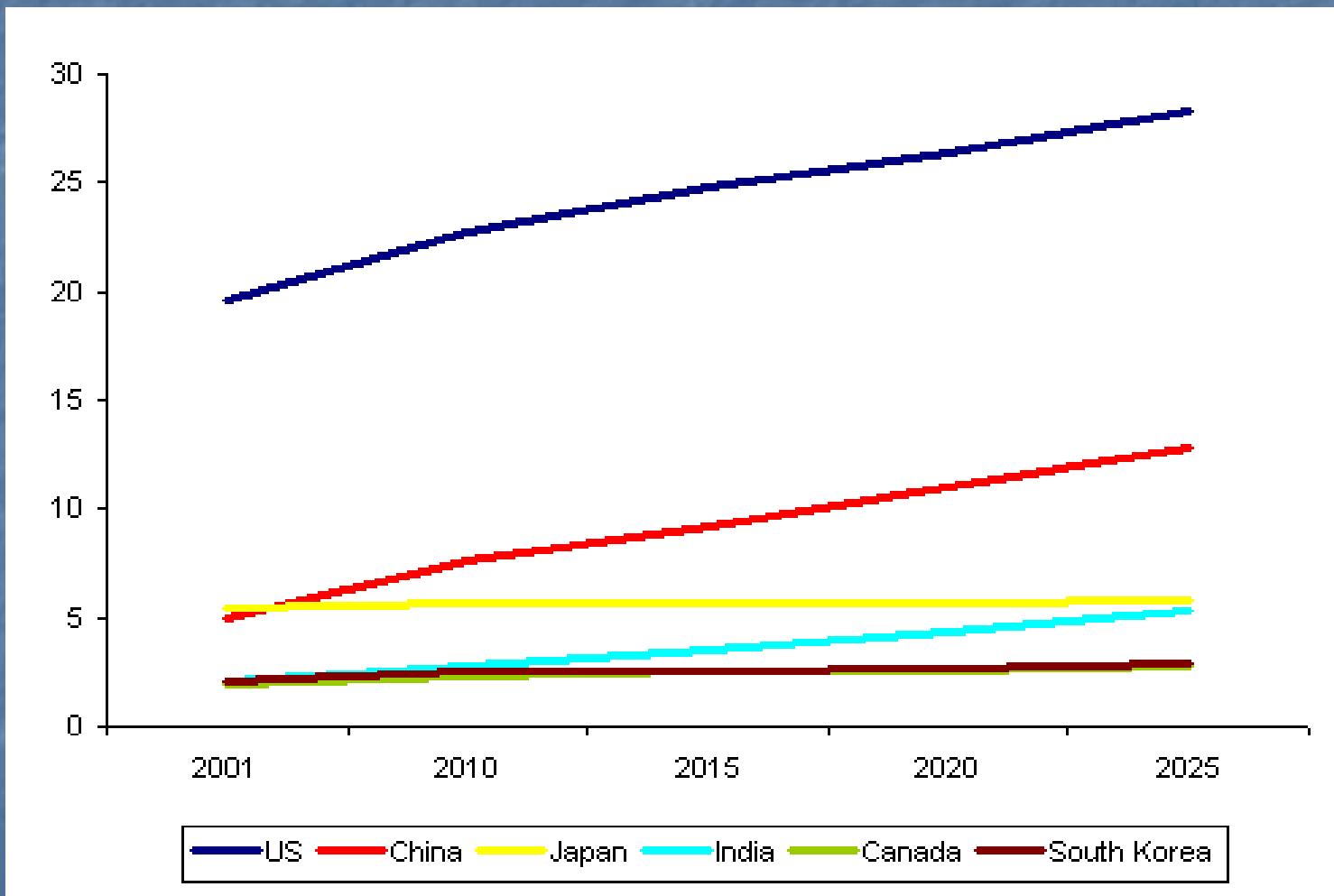
# China's Total Primary Energy Consumption, 1970-2020



# China's Demand for Oil Imports

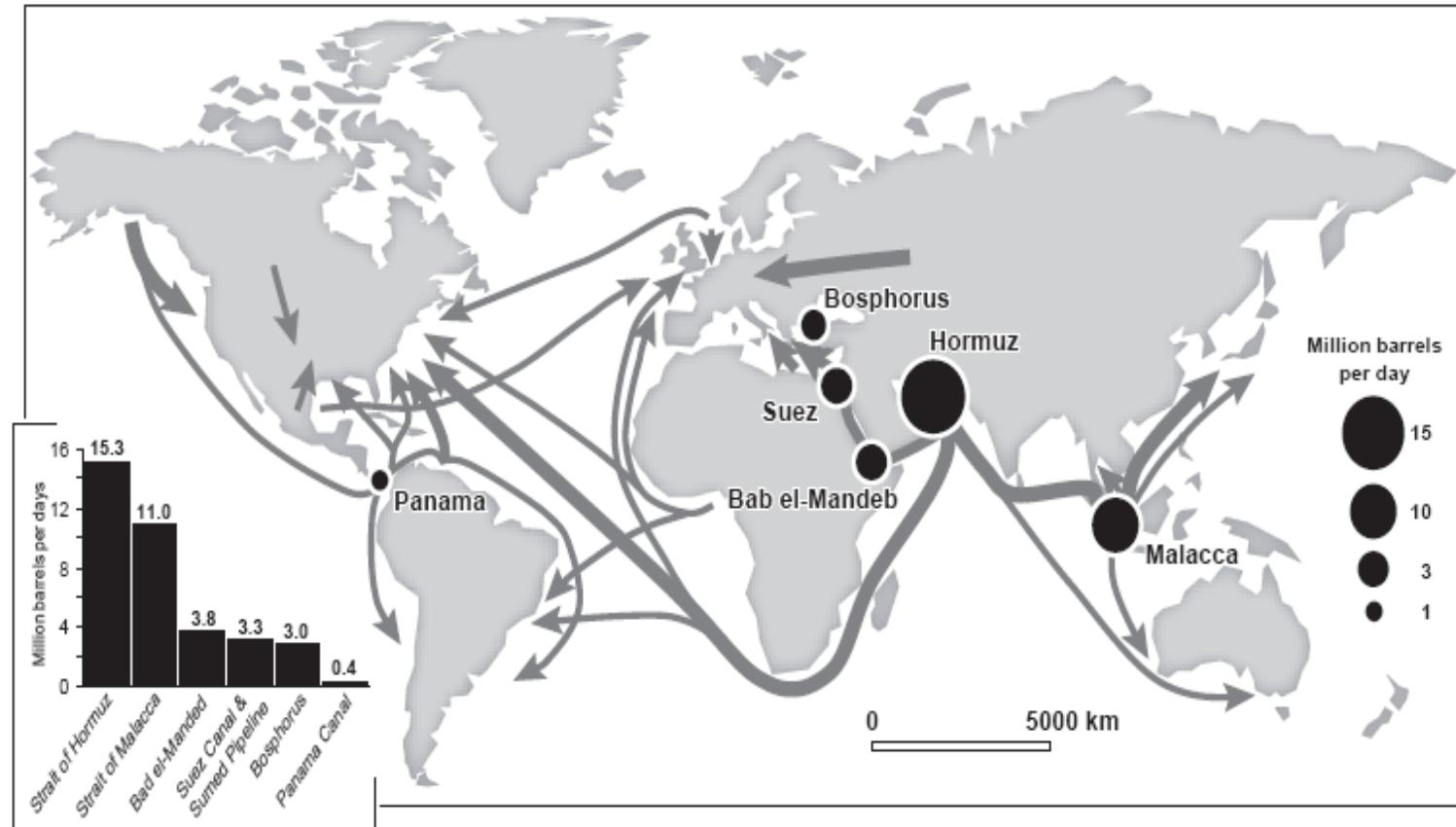


# Projected Oil Consumption Trends in Key Countries Through 2025



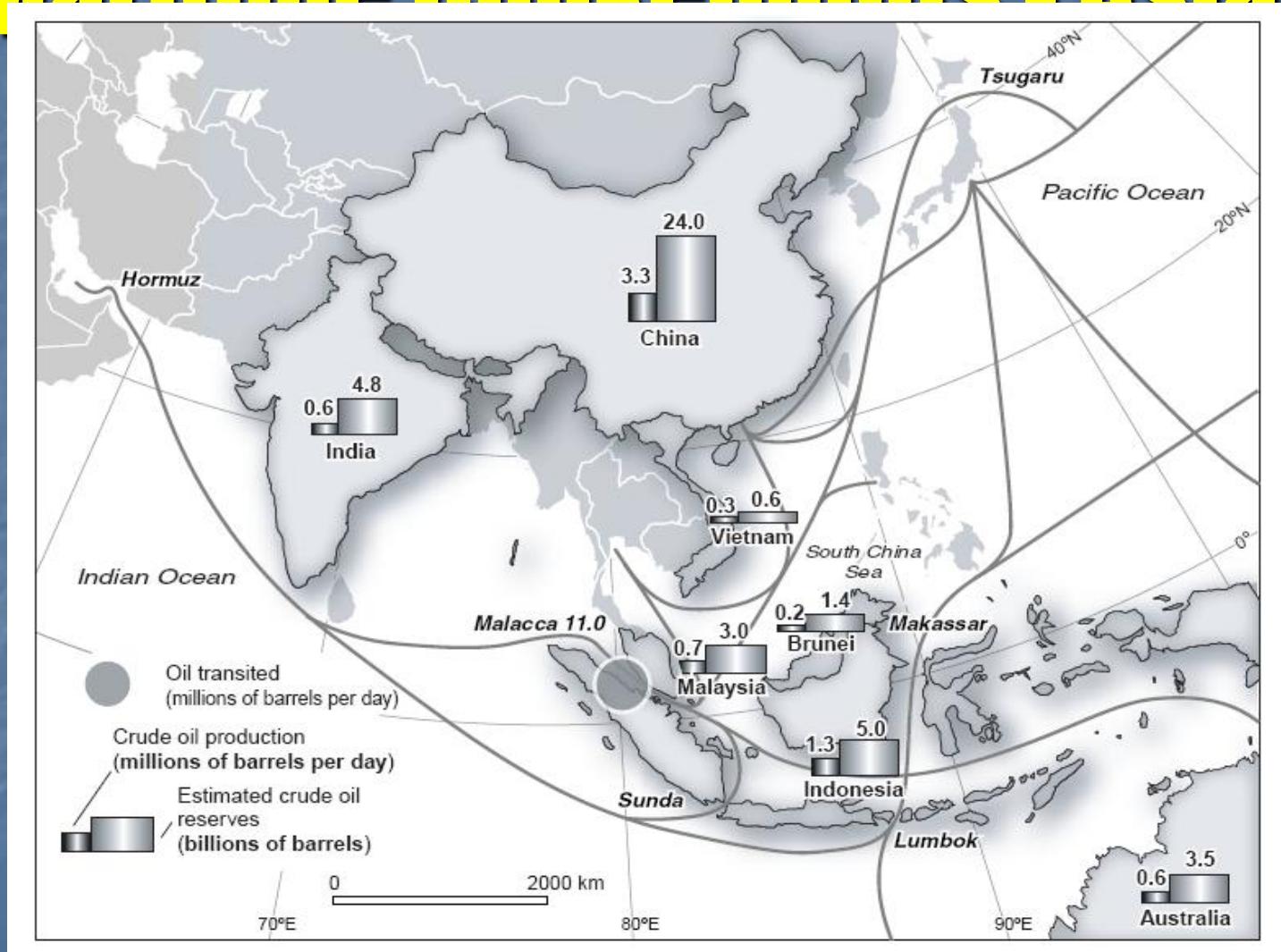
Source: IEA, EIA

# Vital Maritime Chokepoints



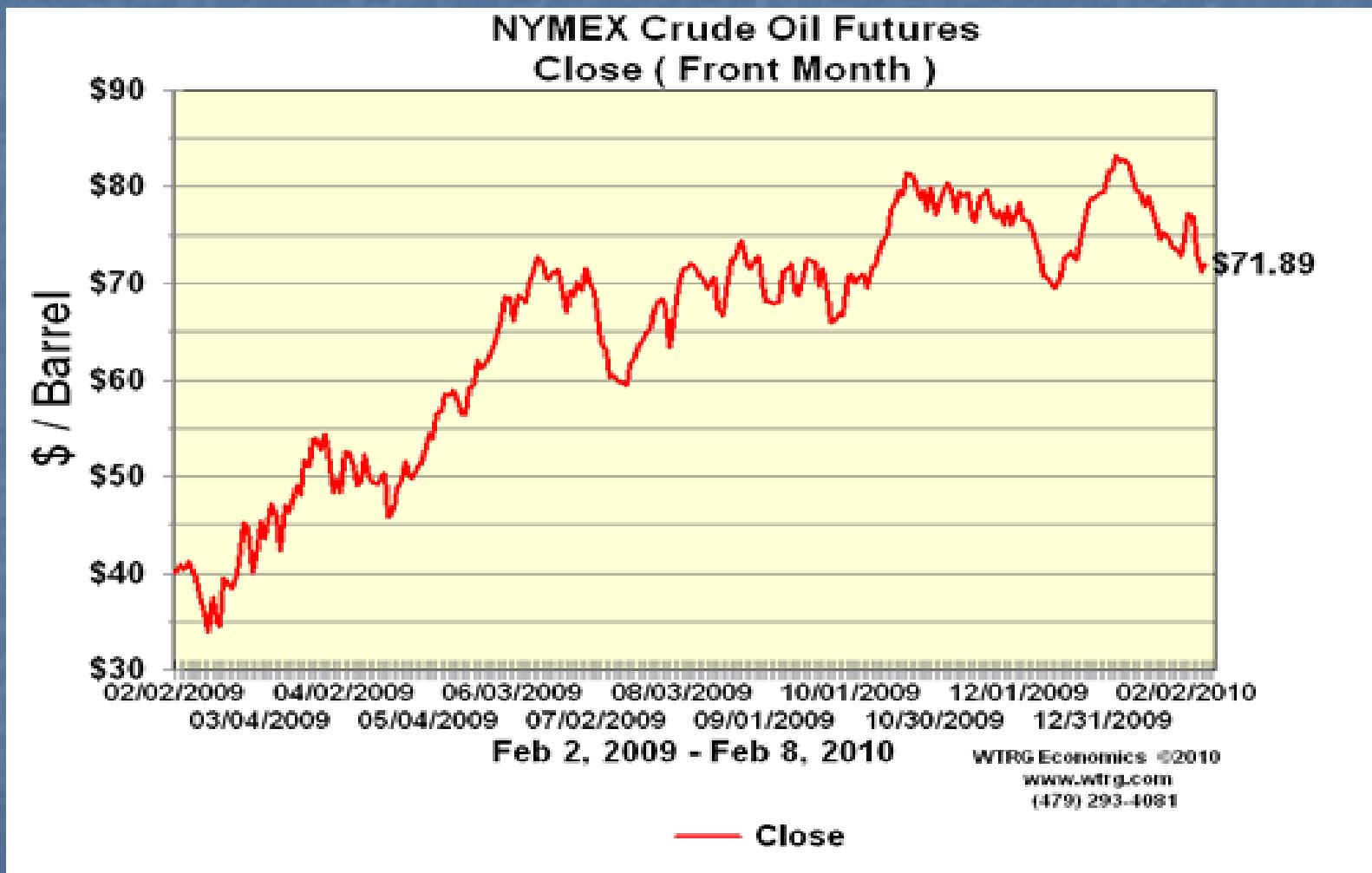
Source: EIA

# Maritime chokepoints - Asia



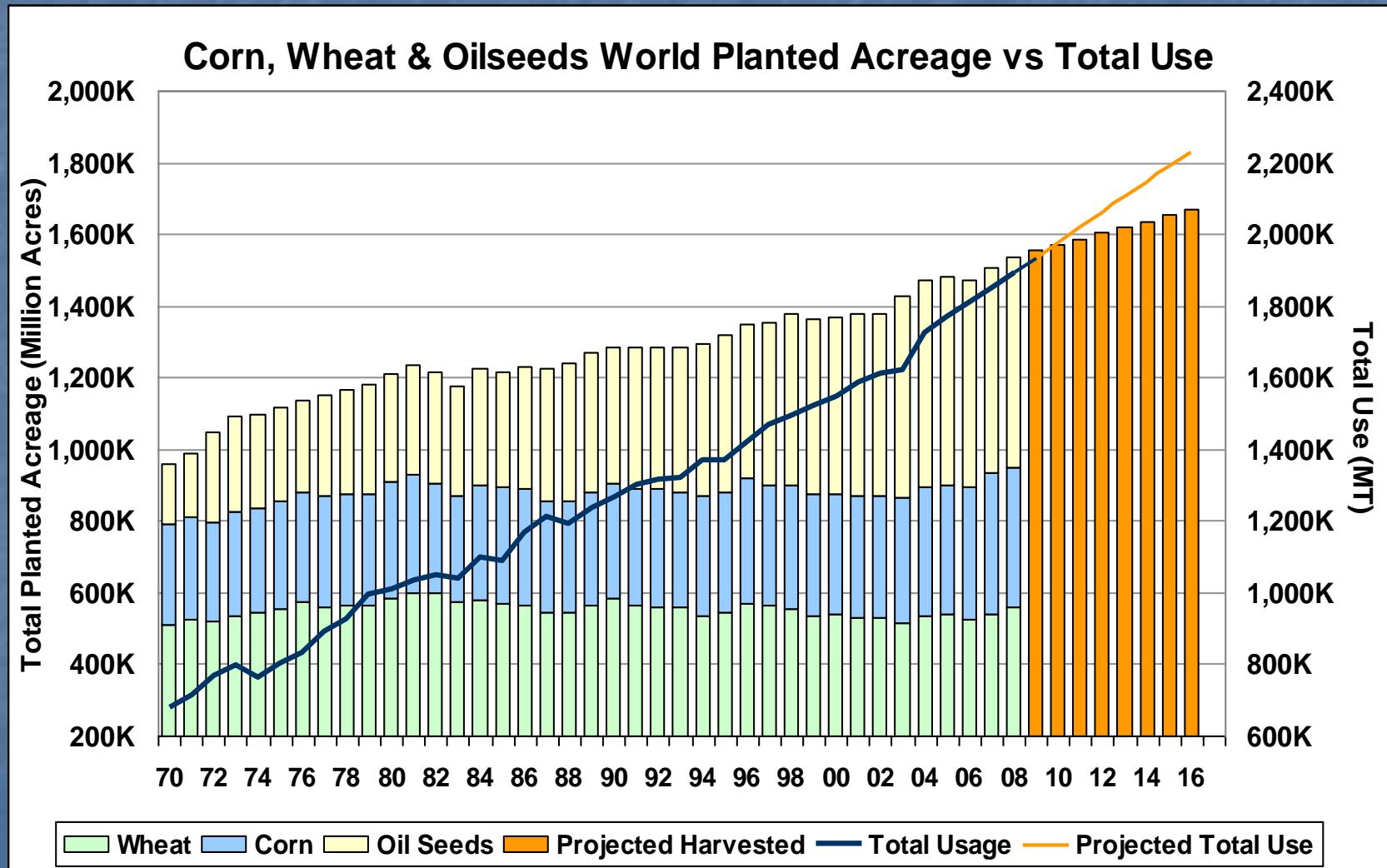
Source: EIA

# Fuel Futures: NYMEX Crude Oil



Source: NYMEX

# World Corn, Wheat, Oilseeds Planted Acreage vs. Total Use

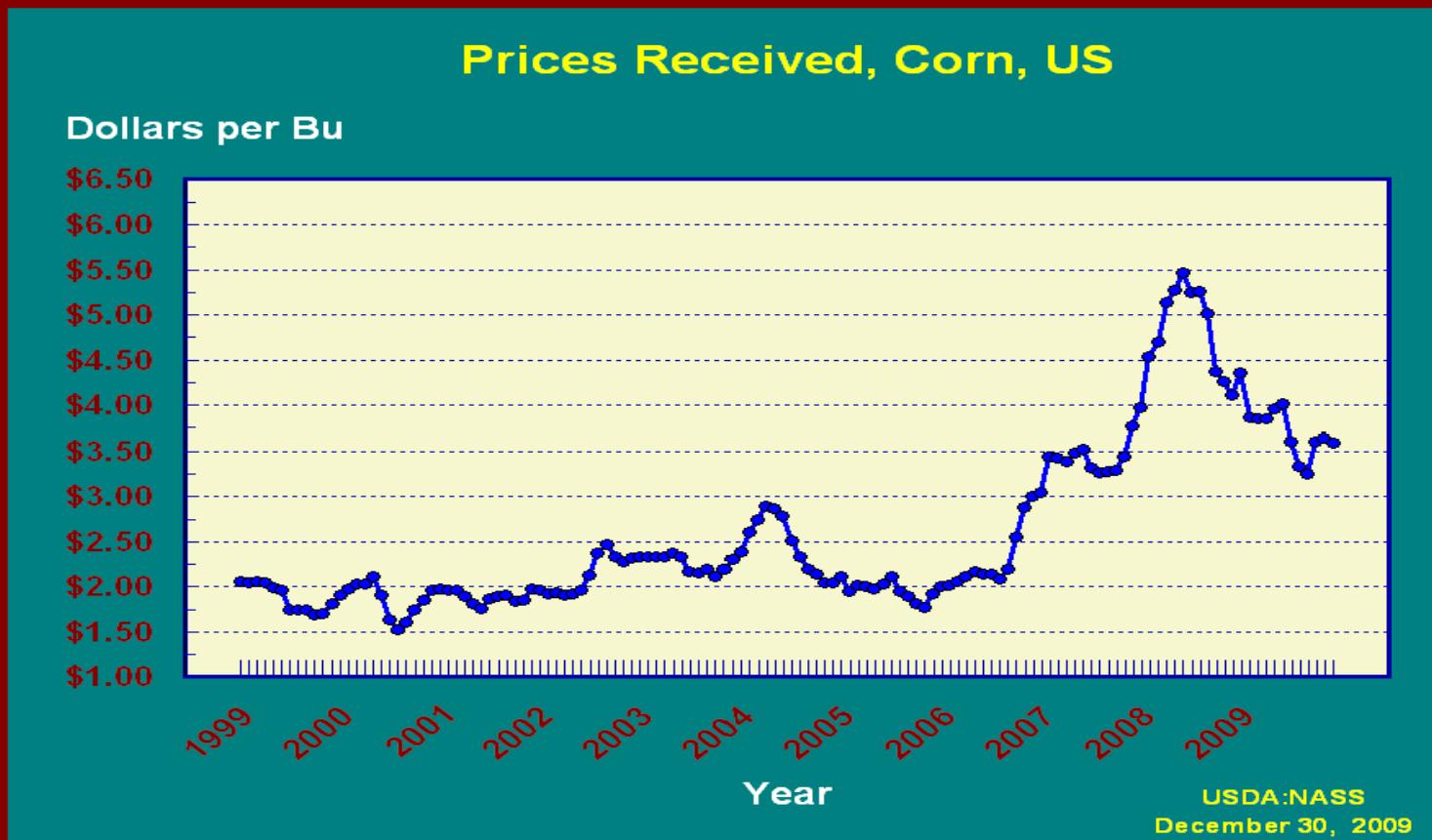


# Fuel Futures: Ethanol March '10



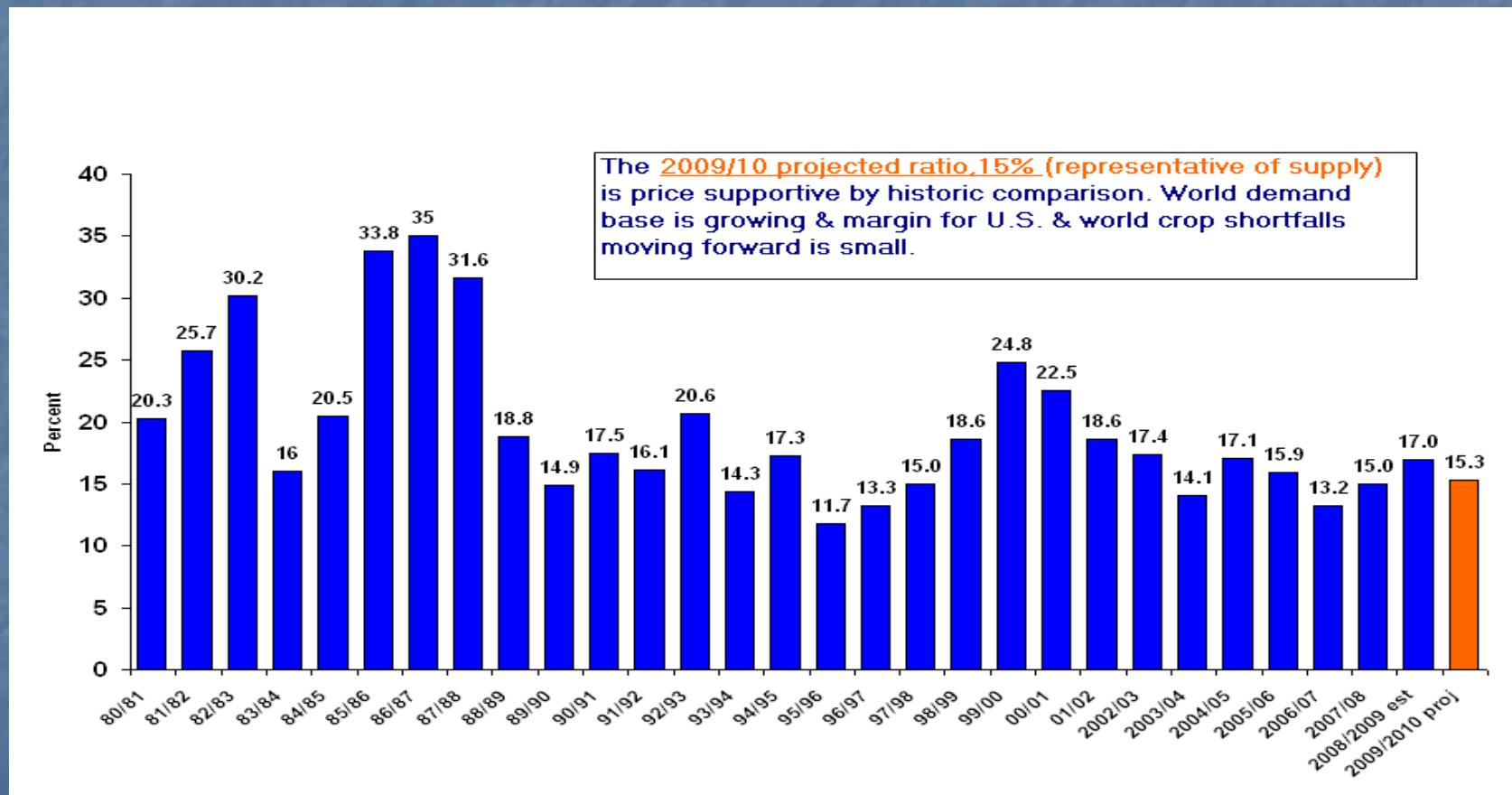
Source: CBOT

# 10-Year Corn Prices

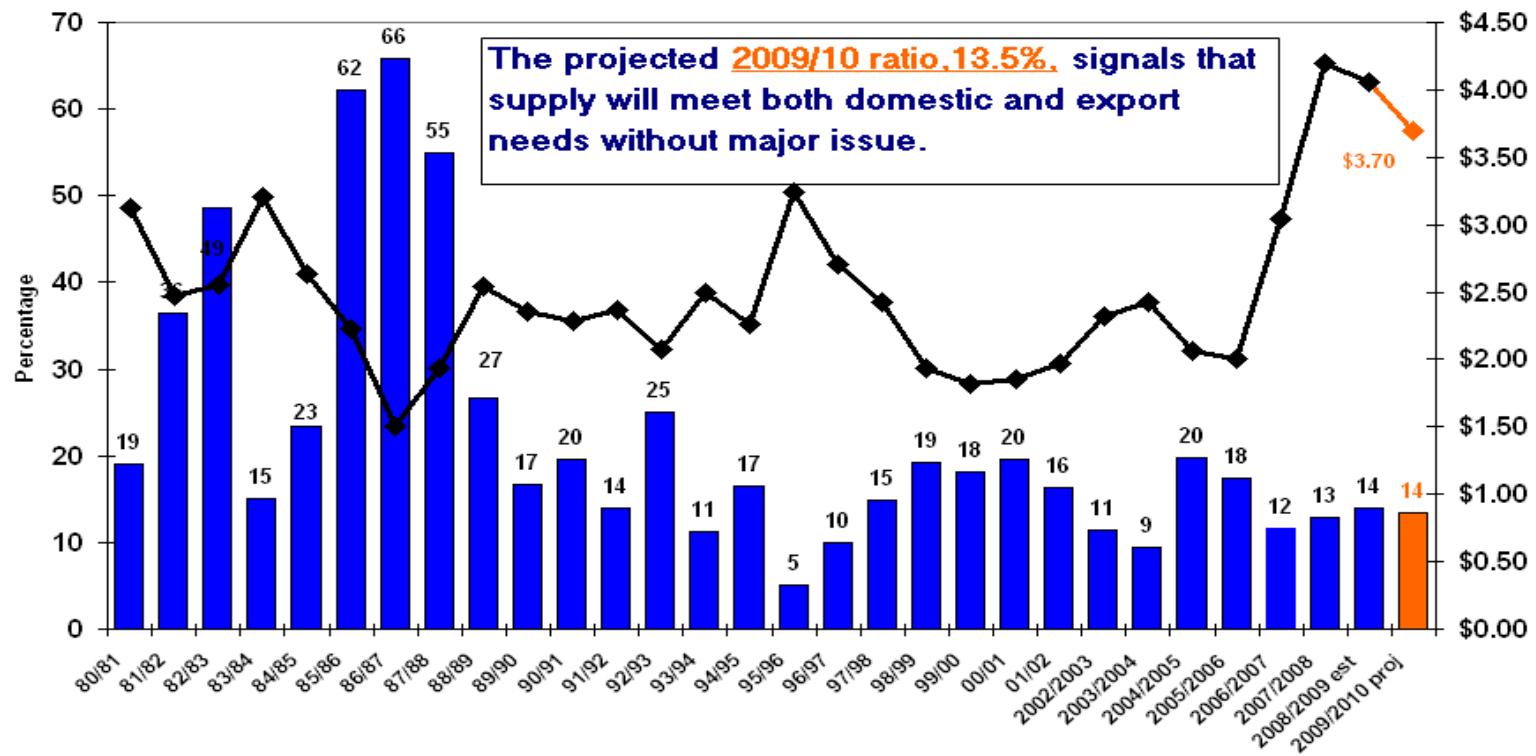


Source: NASS

# World Corn Ending Stocks As Percentage of Use



# U.S. Corn Ending Stocks as Percentage of Use



Compliments of PHI Marketing

# USDA Corn Supply and Use

**2008/09 est (01/12/10)** **2009/2010 Proj.**

Area Planted	86.0	86.5
Area Harvested	78.6	79.6
Yield	153.9	165.2
Beginning Stocks	1,624	1,673
Production	12,092	13,151
Imports	14	10
Supply, Total	13,729	14,834
Feed & Residual	5,246	5,550
Food, Seed & Industrial	4,953	5,470
Domestic Use, Total	10,198	11,020
Exports	1,858	2,050
Use, Total	12,056	13,070
Ending Stocks	1,673	1,764
Average Farm Price	\$4.06	\$3.40-\$4.00

# March '10 Corn



Source: CBOT

# May '10 Corn



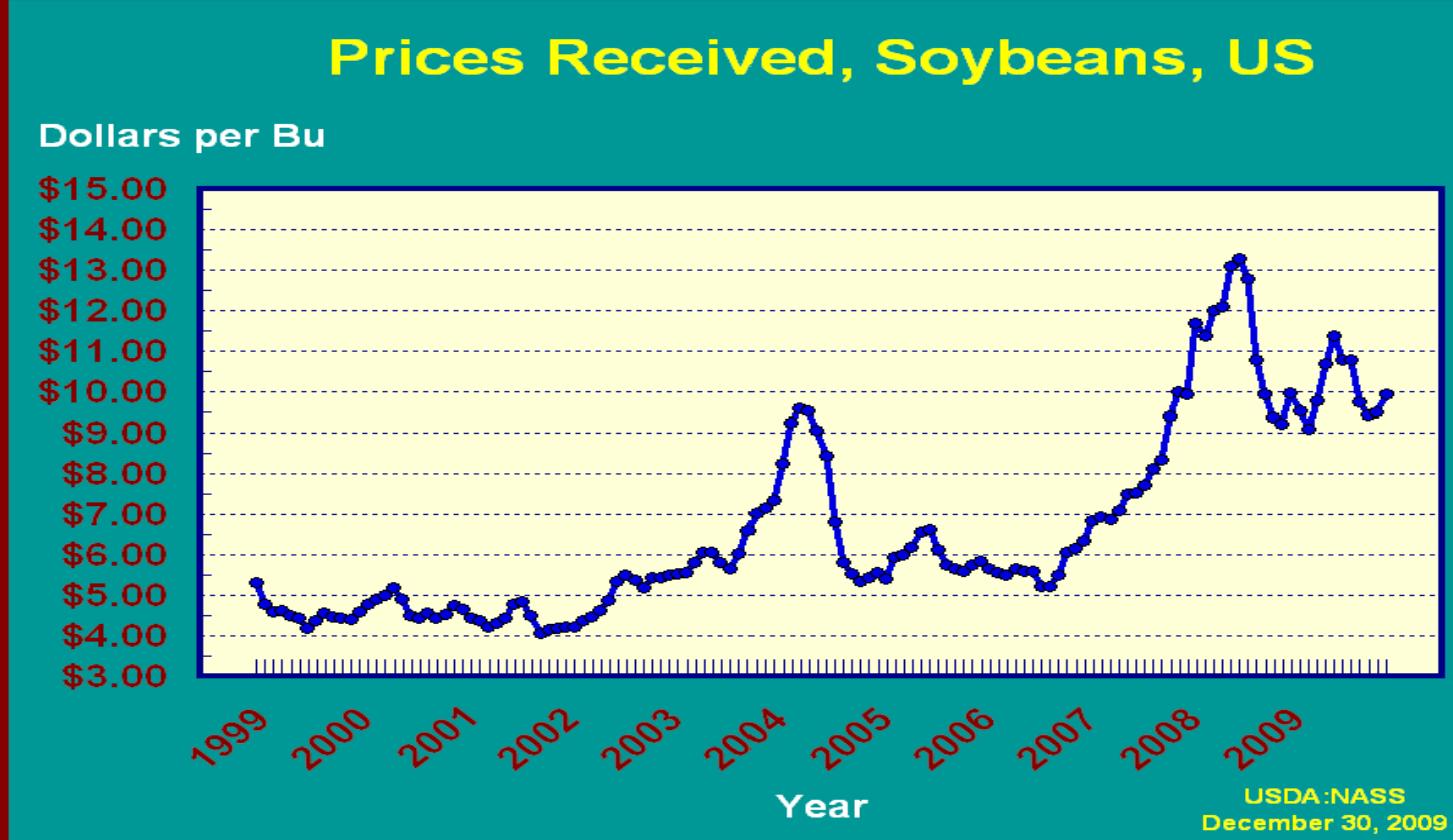
Source: CBOT

# December '10 Corn



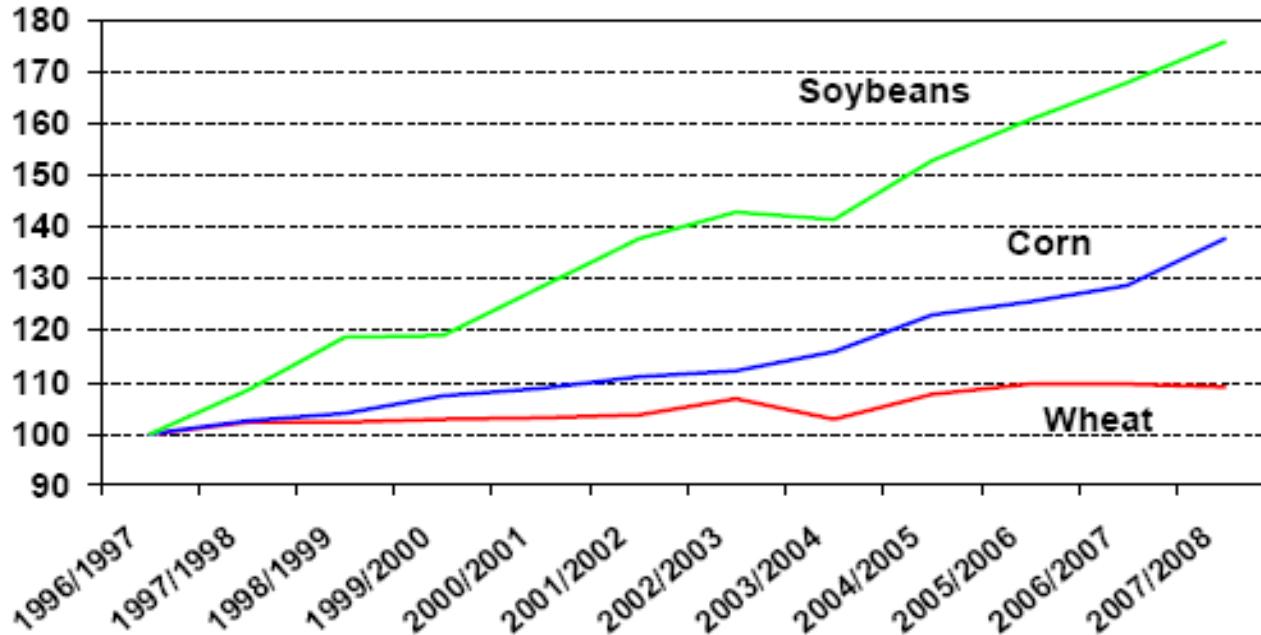
Source: CBOT

# 10-Year Soybean Prices



Source: NASS

# World Oilseed Demand Climbs



Source: USDA

# March '10 Soybeans



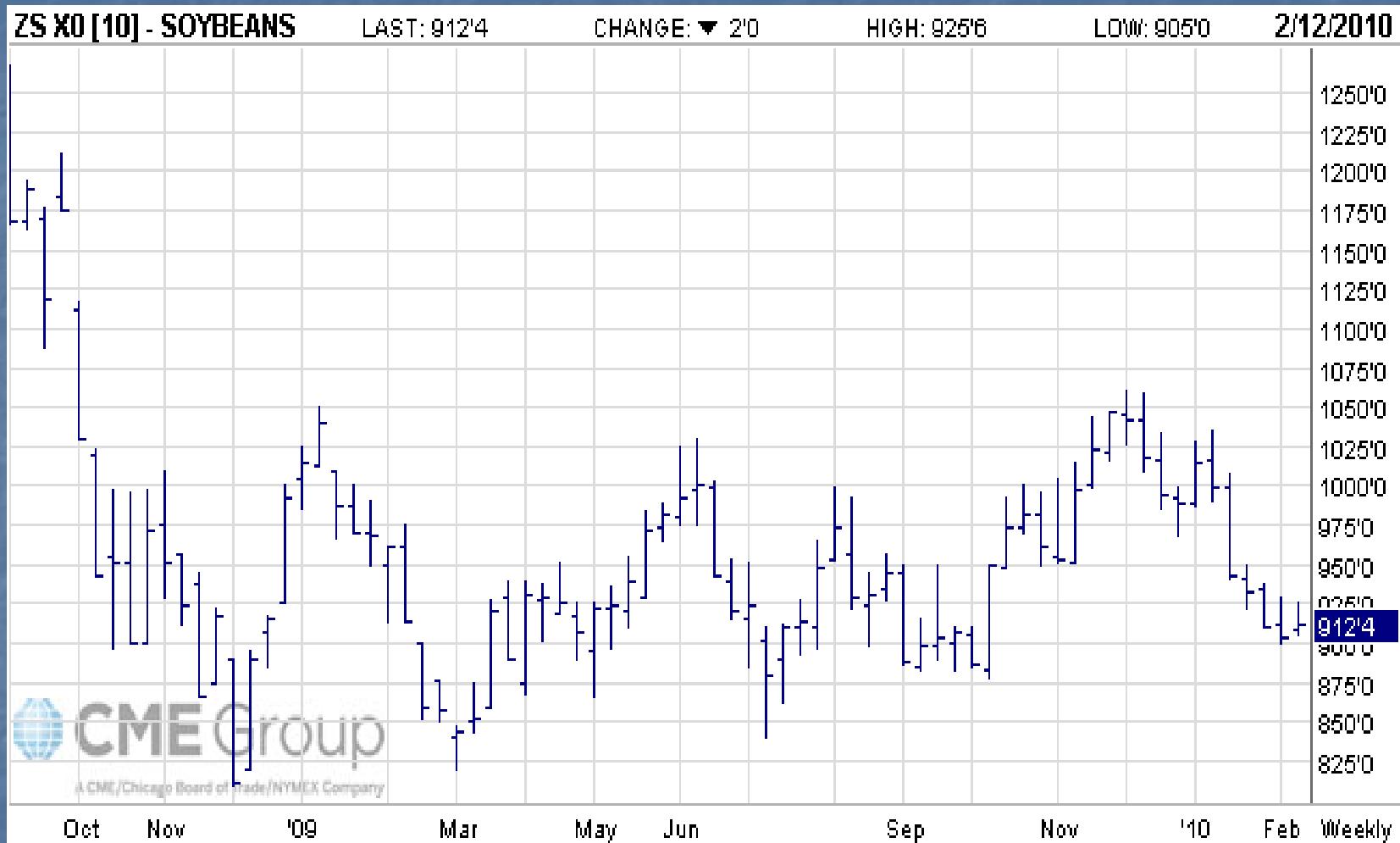
Source: CBOT

# May '10 Soybeans



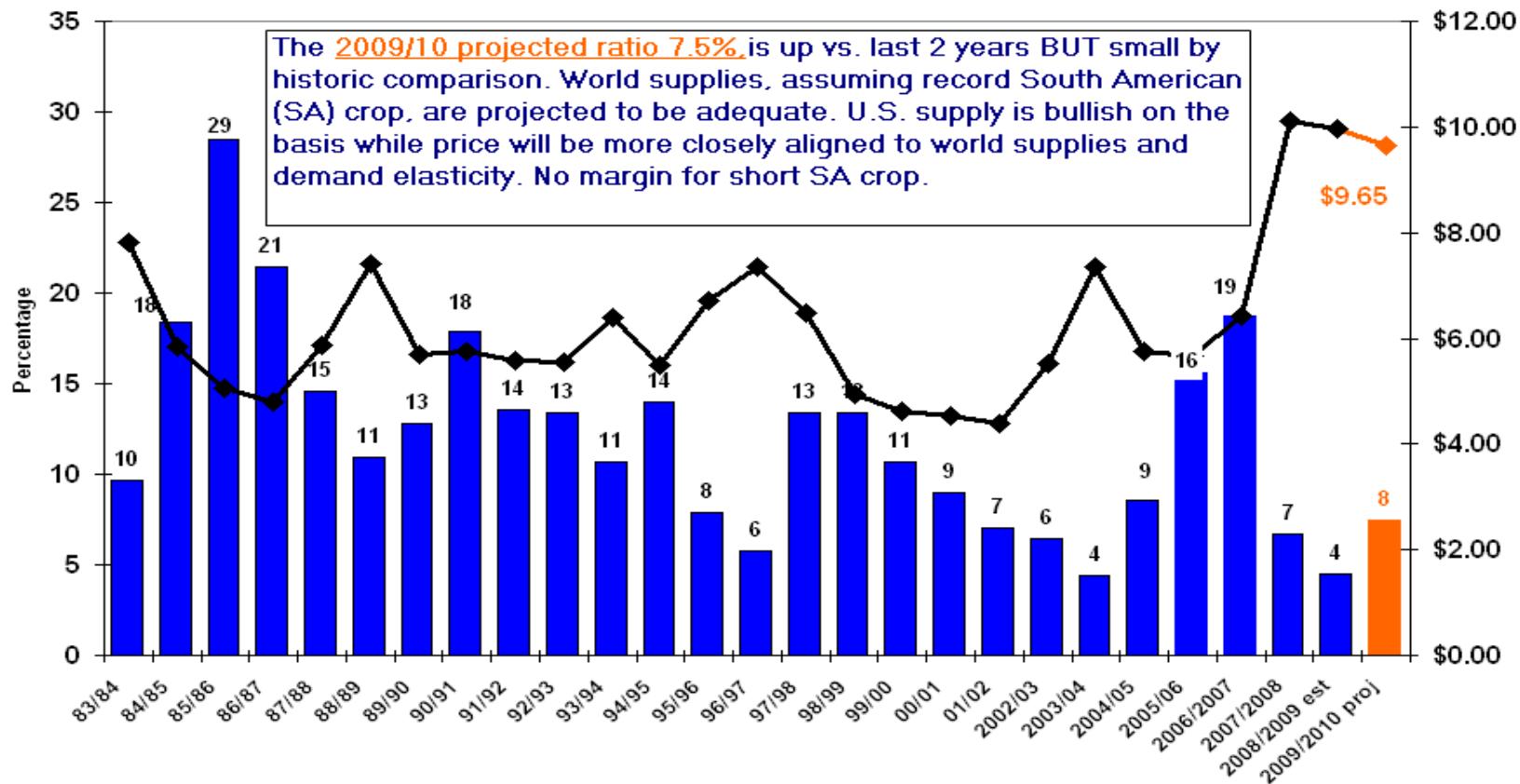
Source: CBOT

# November '10 Soybeans

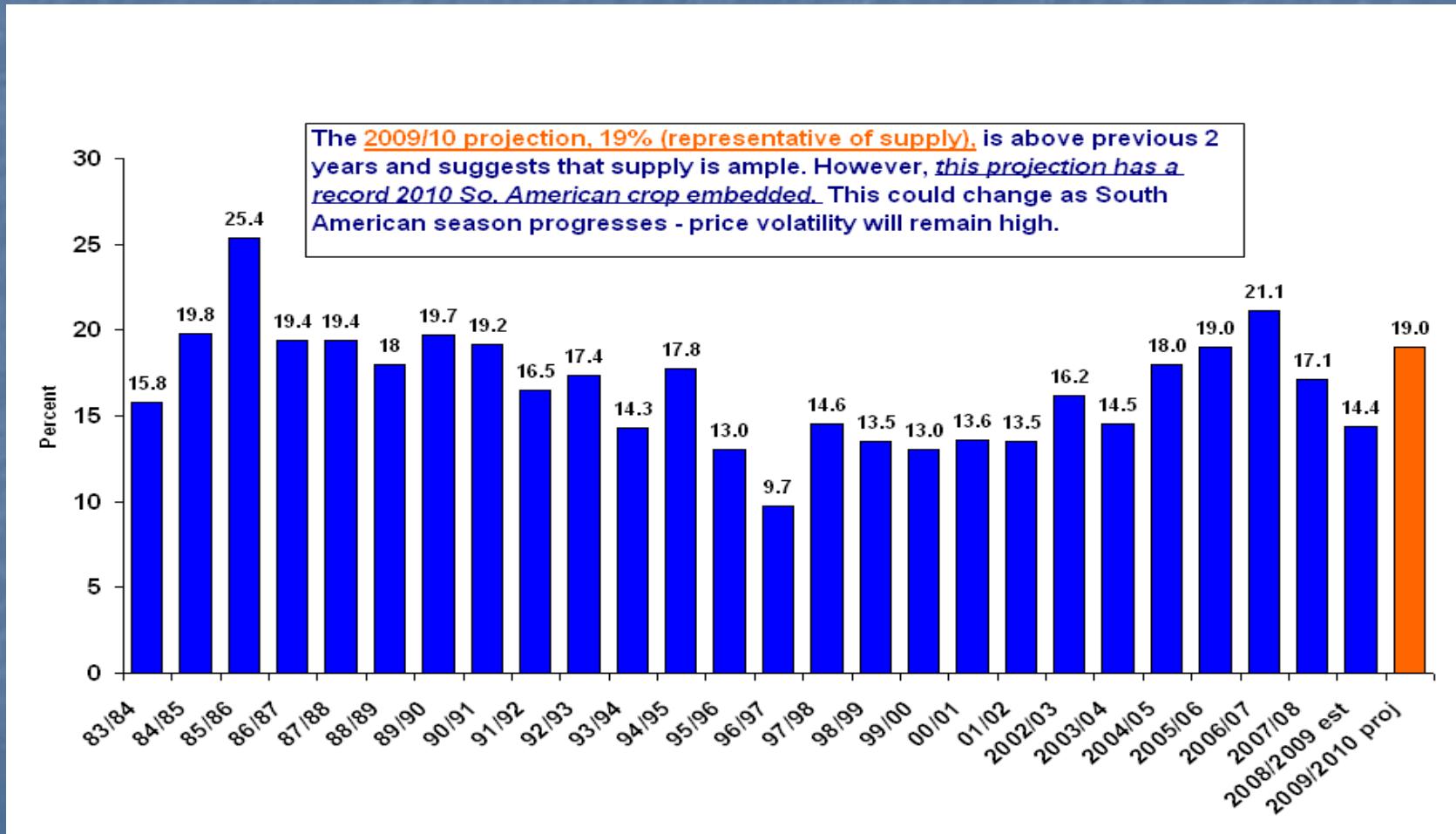


Source: CBOT

# U.S. Soybean Ending Stocks As % of Use



# World Soybean Ending Stocks as Percentage of Use



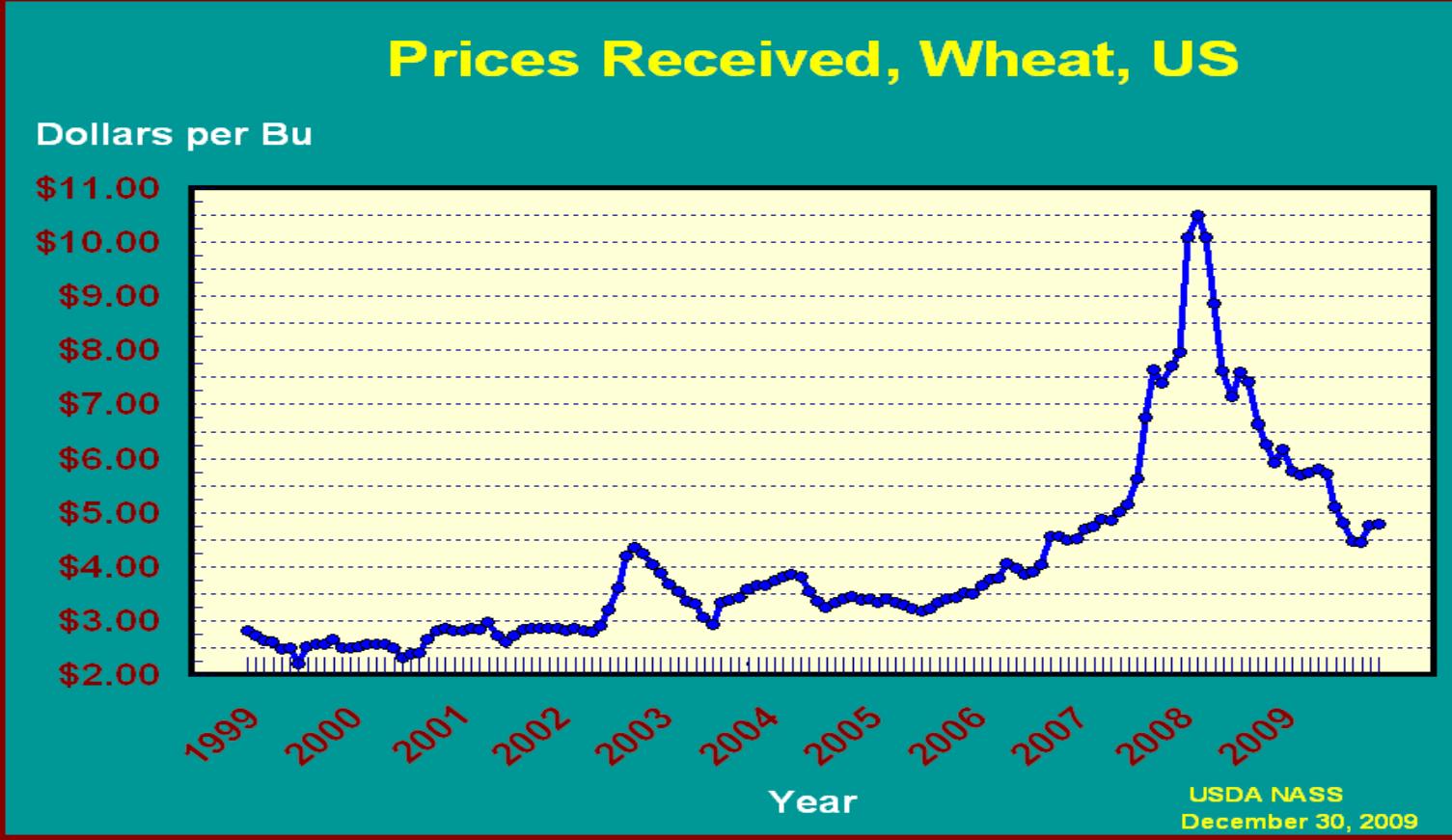
# USDA Soybean Supply and Use

	2008/09 (1/12/10)	2009/2010 Projected
Area Planted	75.7	77.5
Area Harvested	74.7	76.4
Yield (bushels per acre)	39.7	44.0
Beginning Stocks	205	138
Production	2,967	3,361
Imports	13	8
Supply, Total	3,185	3,507
Crush	1,662	1,710
Exports	1,283	1,375
Seed	95	94
Residual	6	83
Use, Total	3,047	3,262
Ending Stocks	138	245
Average Farm Price	\$9.97	\$8.90-\$10.40

# World Soybean Supply and Use

	<u>2007/08</u>	<u>2008/09 (est.)</u>	<u>2009/2010 (Proj.)</u>
Beginning Stocks	62.89	52.95	42.87
Production	221.14	210.86	253.58
Imports	78.13	76.47	78.91
Crush	201.87	192.88	203.86
Total	229.69	220.67	234.75
Exports	79.52	76.73	80.61
Ending Stocks	52.95	42.87	59.80
Million Metric Tons			

# 10-Year Wheat Prices



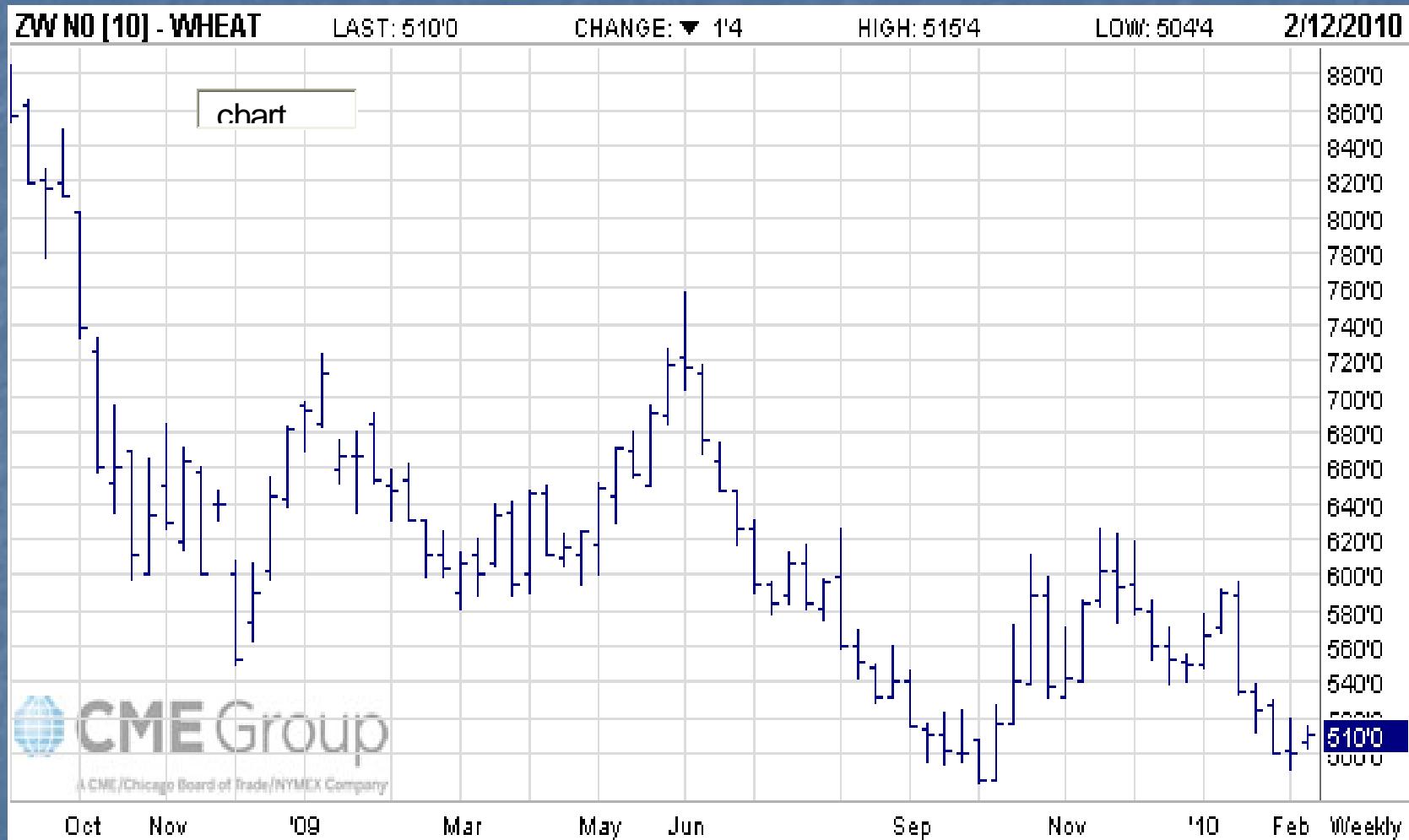
Source: NASS

# March '10 Chicago Wheat



Source: CBOT

# July '10 Chicago Wheat



Source: CBOT

# December '10 Chicago Wheat



Source: CBOT

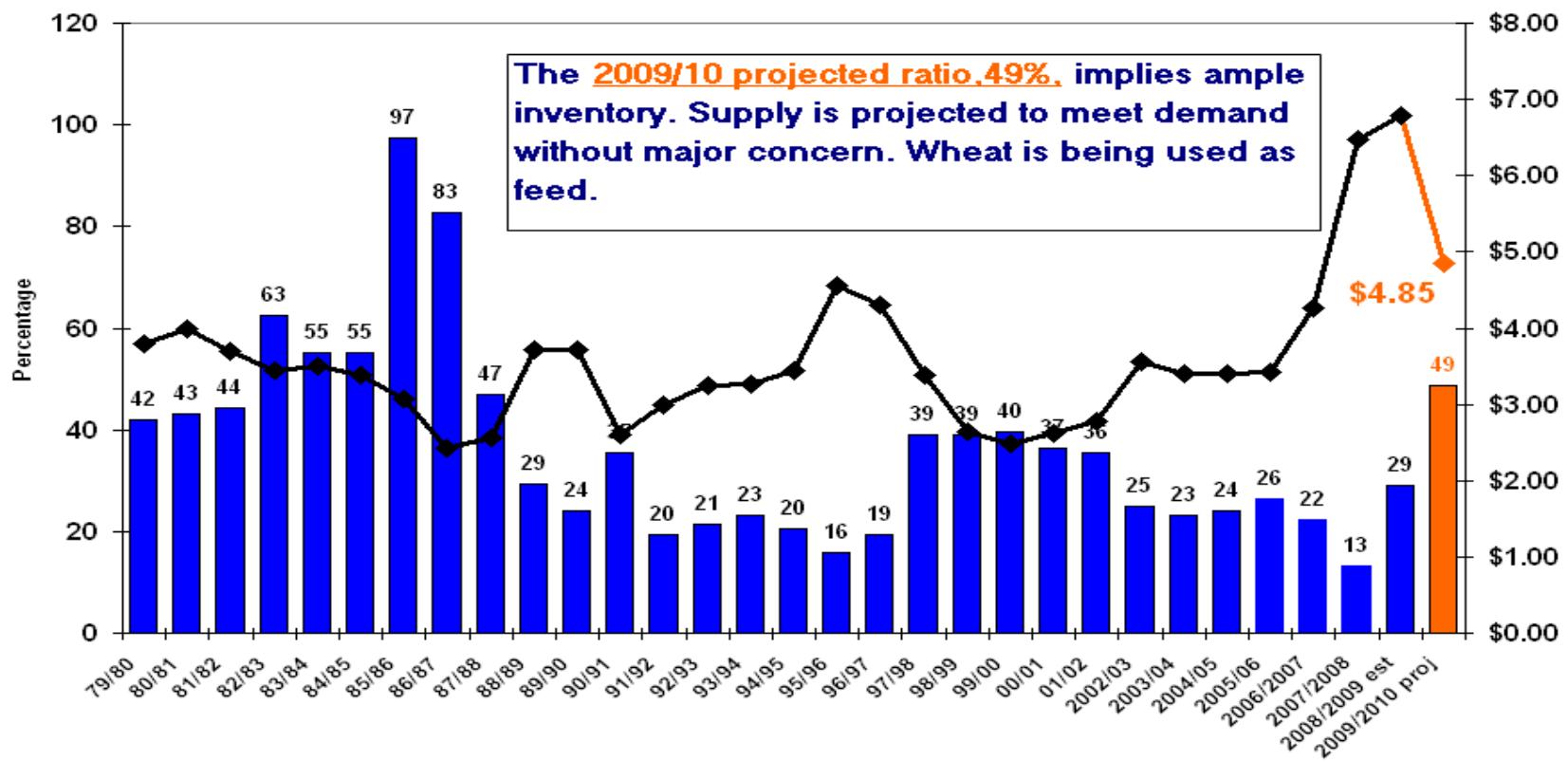
# USDA Wheat Supply and Use

	2008/09 (11/10/09)	2009/2010 Projected
Area Planted	63.2	59.1
Area Harvested	55.7	49.9
Yield (bushels per acre)	44.9	44.4
Beginning Stocks	306	657
Production	2,499	2,216
Imports	127	110
Supply, Total	2,932	2,983
Food	927	940
Seed	75	72
Feed & Residual	258	170
Exports	1,015	825
Use, Total	2,275	2,007
Ending Stocks	657	976
Average Farm Price	\$6.78	\$4.70-\$5.05

# World Wheat Supply and Use

	<u>2007/08</u>	<u>2008/09 (est.)</u>	<u>2009/2010 (Proj.)</u>
Beginning Stocks	127.59	121.07	163.94
Production	610.46	682.68	676.13
Imports	113.39	136.36	121.16
Feed	96.32	112.70	110.61
Total	616.98	639.81	644.47
Exports	117.20	142.89	123.20
Ending Stocks	121.07	163.94	195.60
Million Metric Tons			

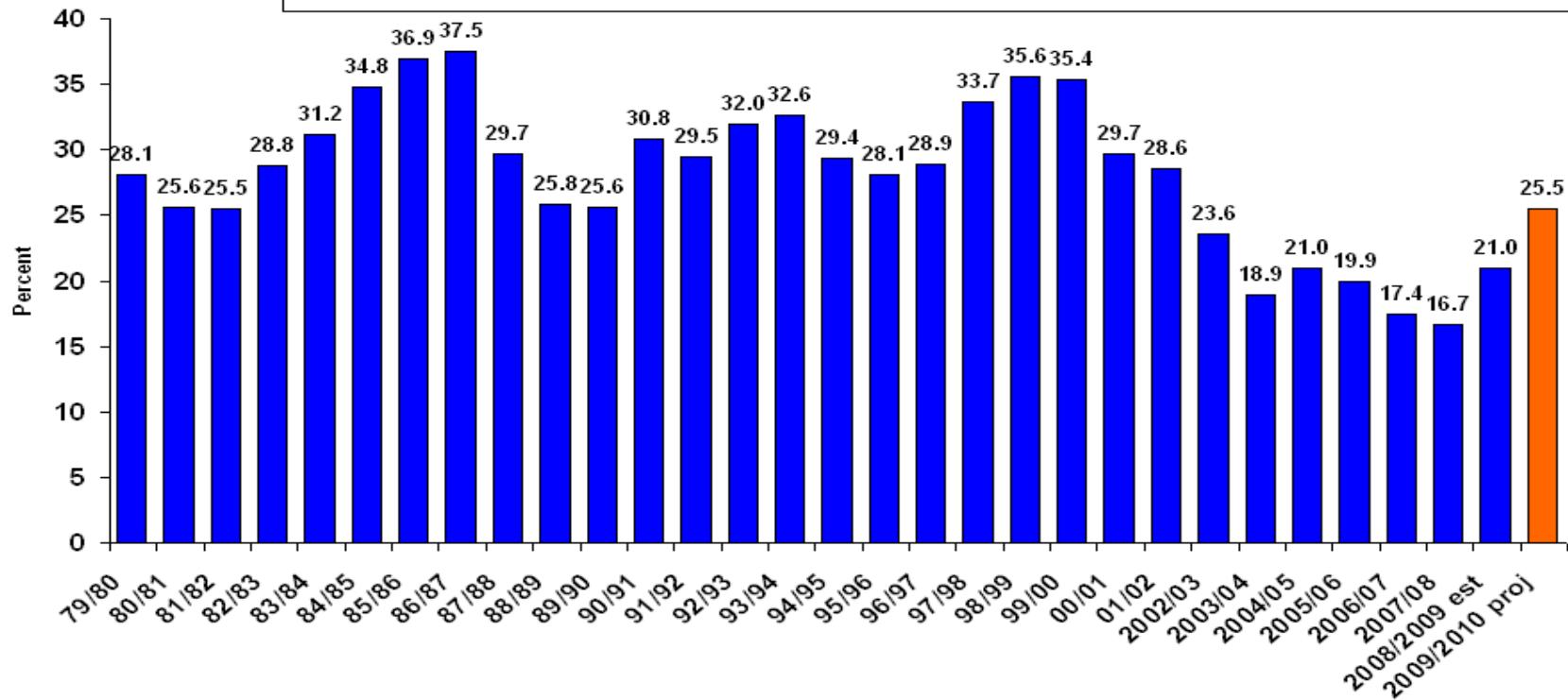
# U.S. Wheat Ending Stocks As % of Use



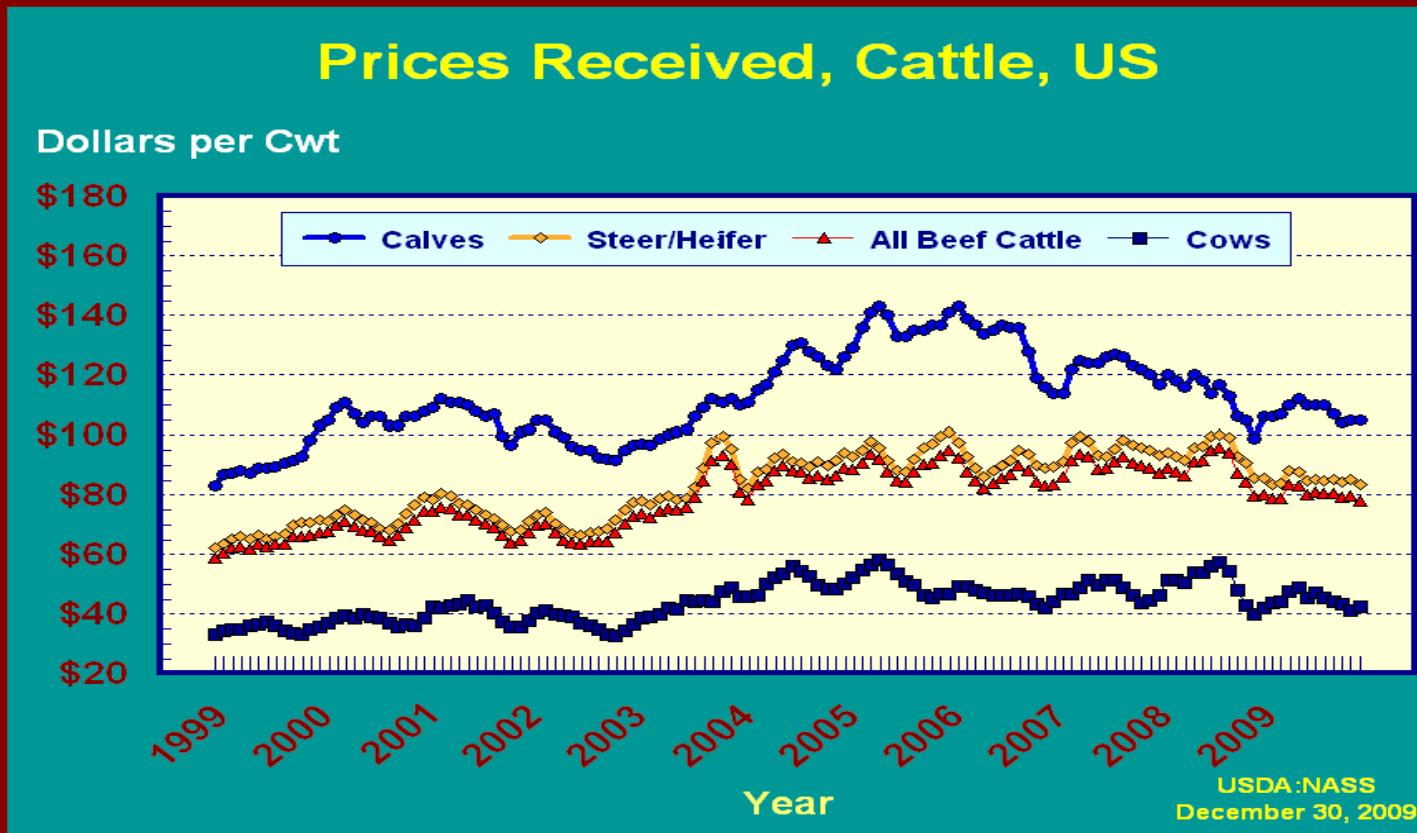
Compliments of PHI Marketing

# World Wheat Ending Stocks as a Percentage of Use

The 2009/10 projected ratio, 26%, is above the previous seven and largest since 2001/02. Supplies are ample. Wheat will also be used as feed this season.



# 10-Year Cattle Prices

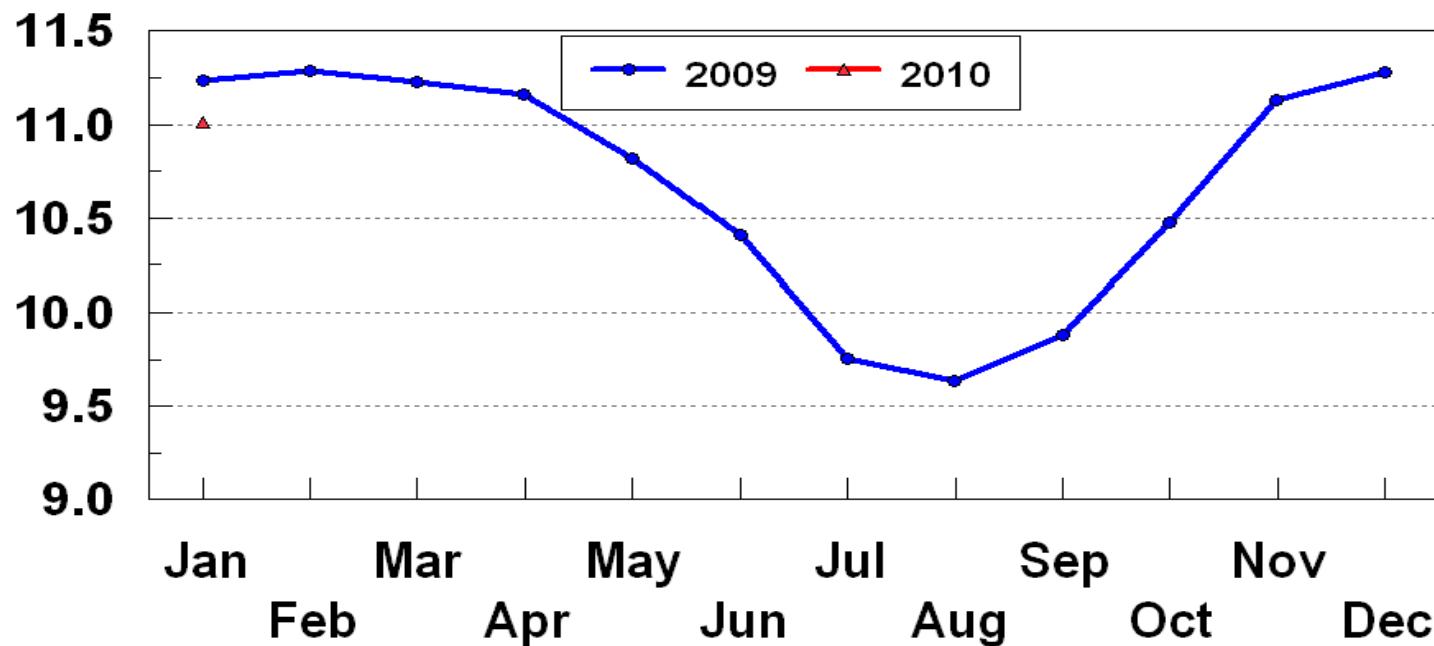


Source: NASS

# U.S. Cattle on Feed

## United States Cattle on Feed 1,000+ Capacity Feedlots

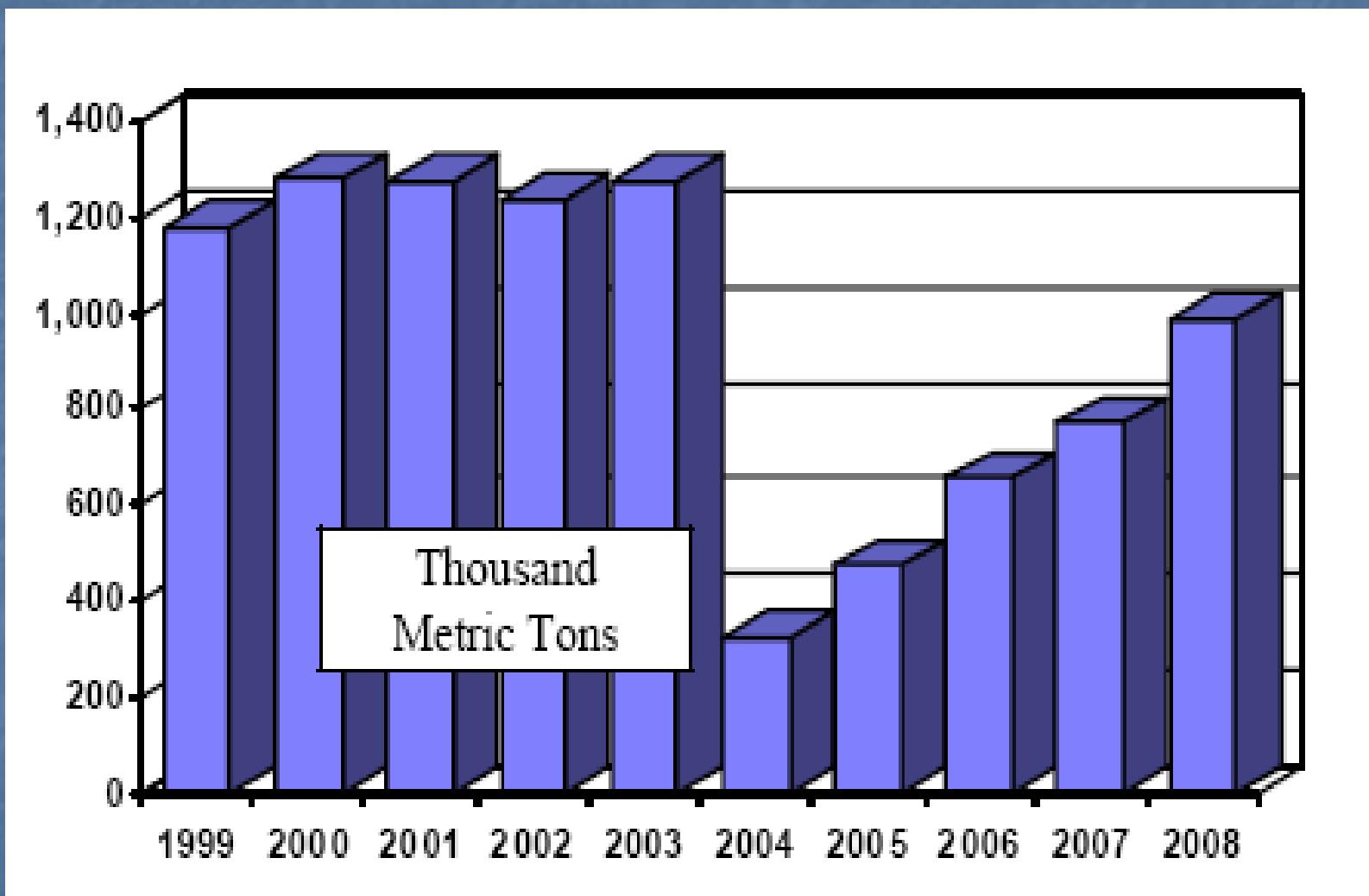
Million Head



USDA-NASS  
01-22-2010

Source: USDA

# Total U.S. Beef Exports 1999-2008



Source: U.S. Meat Export Federation

# March '10 Feeder Cattle



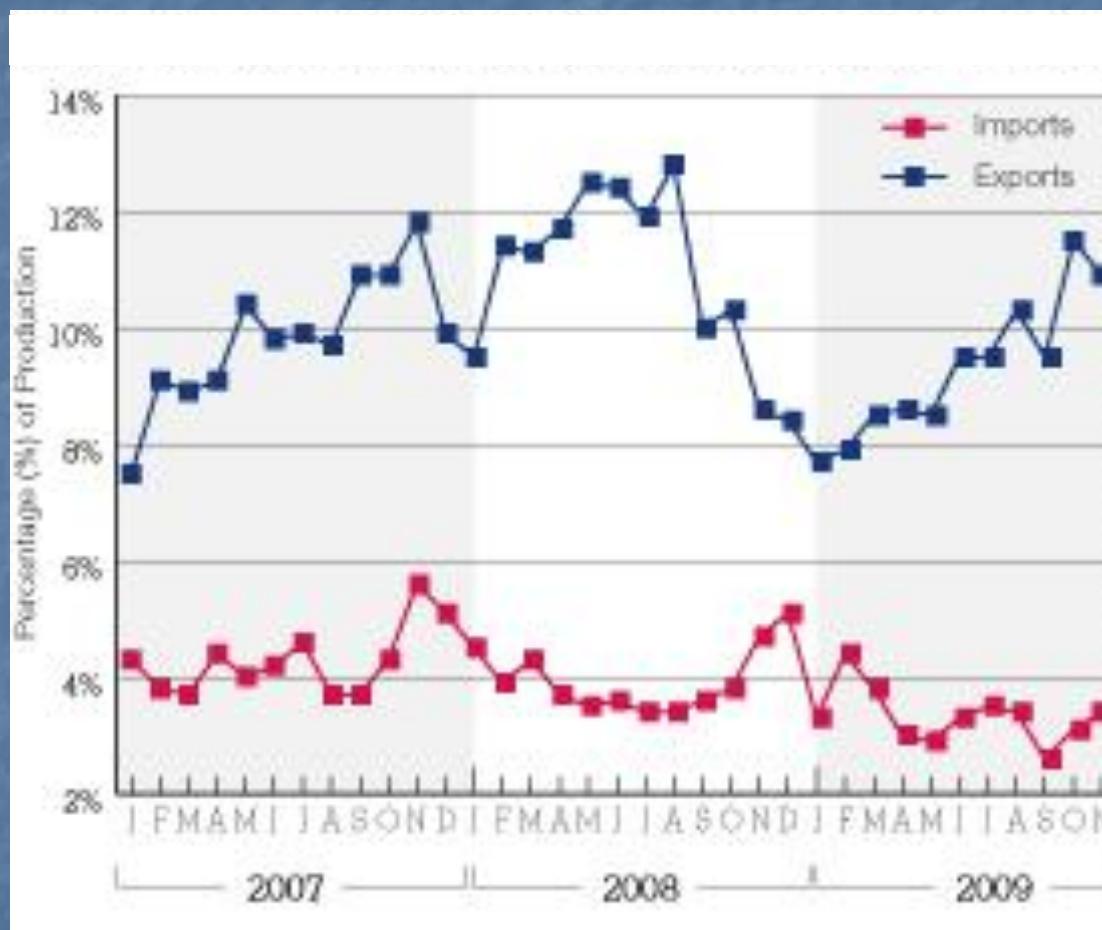
Source: CME

# February '10 Live Cattle



Source: CME

# U.S. Dairy Trade Balance



Source: U.S. Dairy Export Council

# February '10 Class III Milk



Source: CBOT

# 10-Year Hog Prices



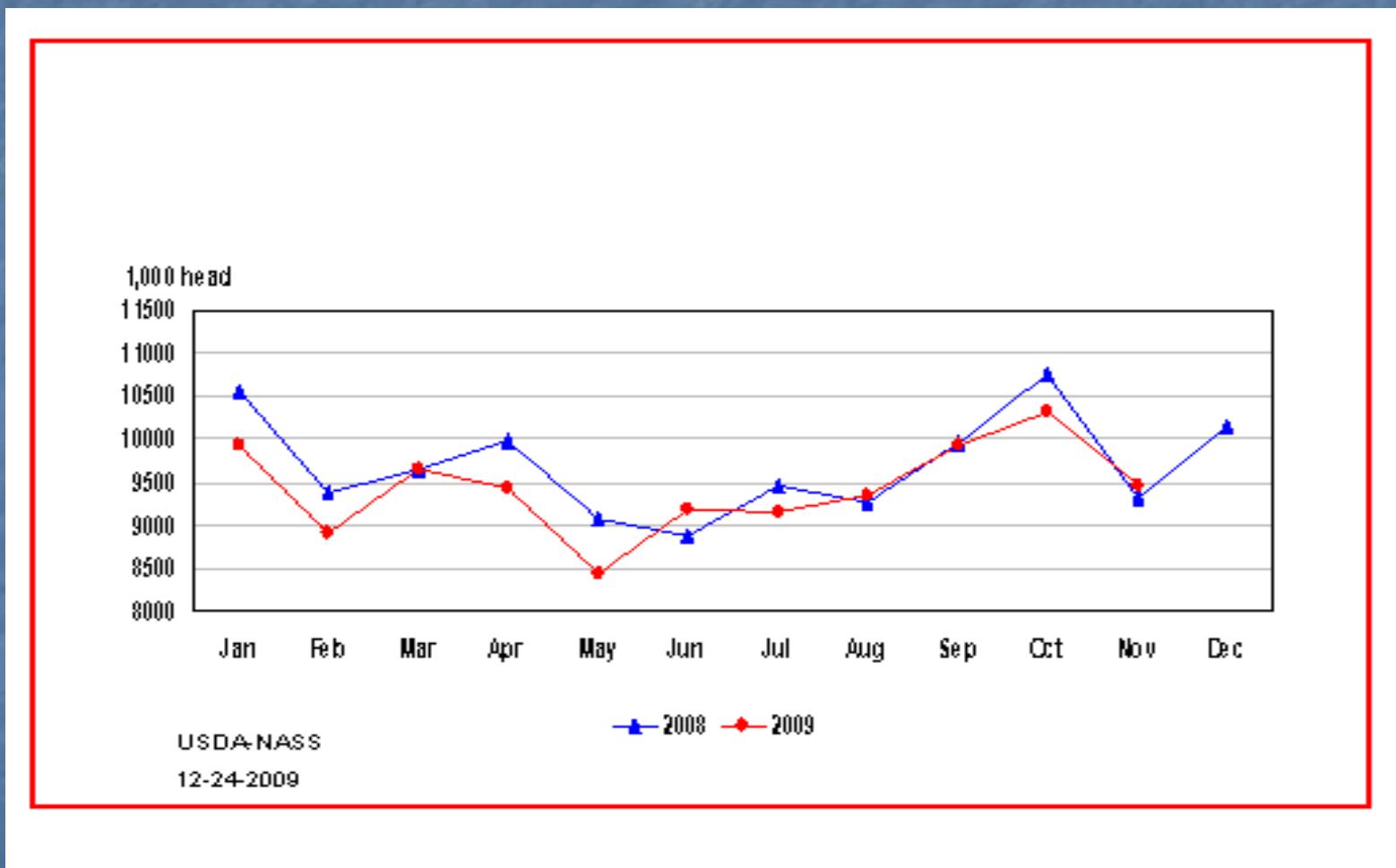
Source: NASS

# U.S. Quarterly Hogs, Pigs Inventory



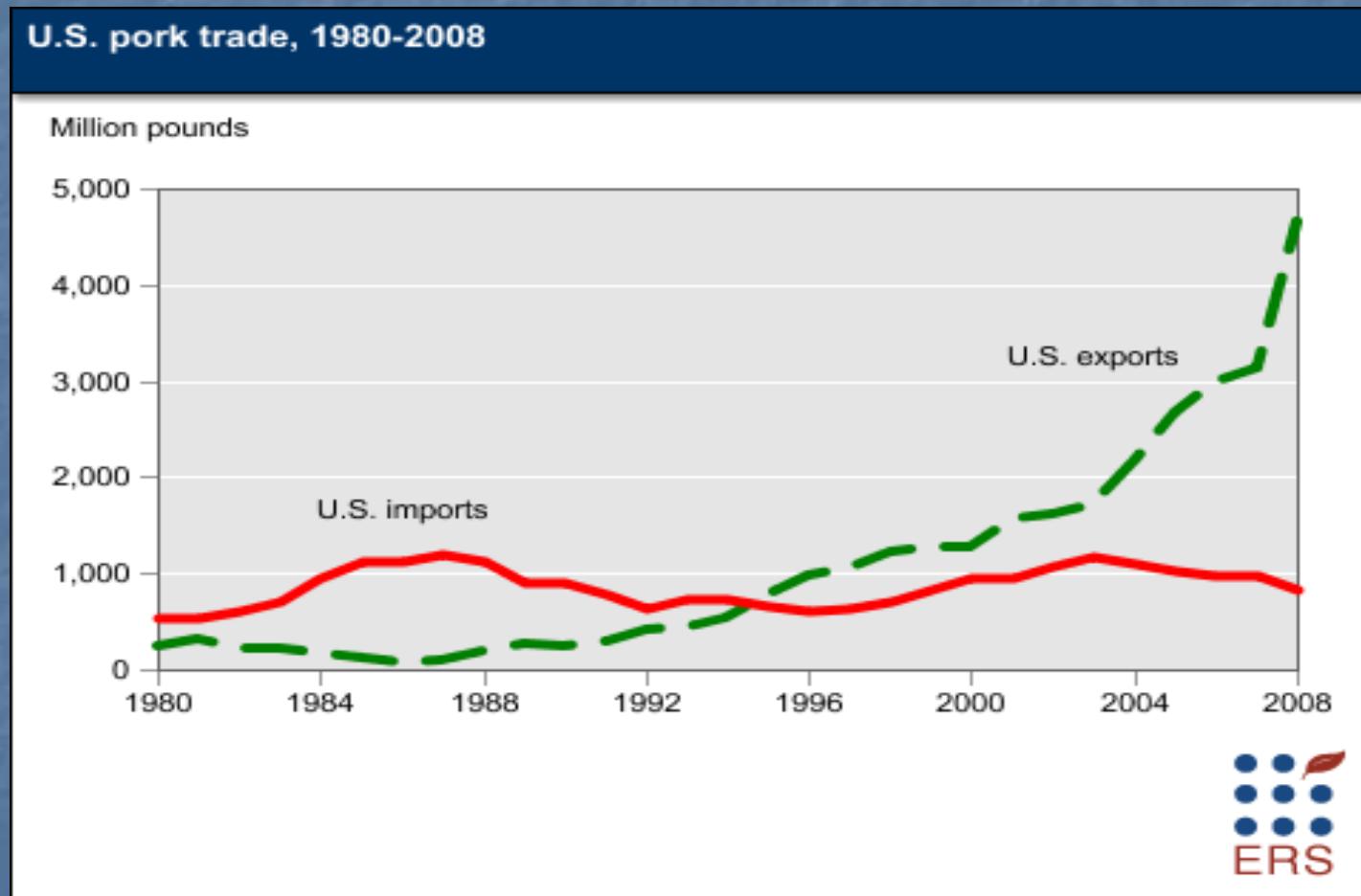
Source: USDA NASS

# U.S. Commercial Slaughter Hogs



Source: USDA NASS

# Pork Imports, Exports 1980-2008



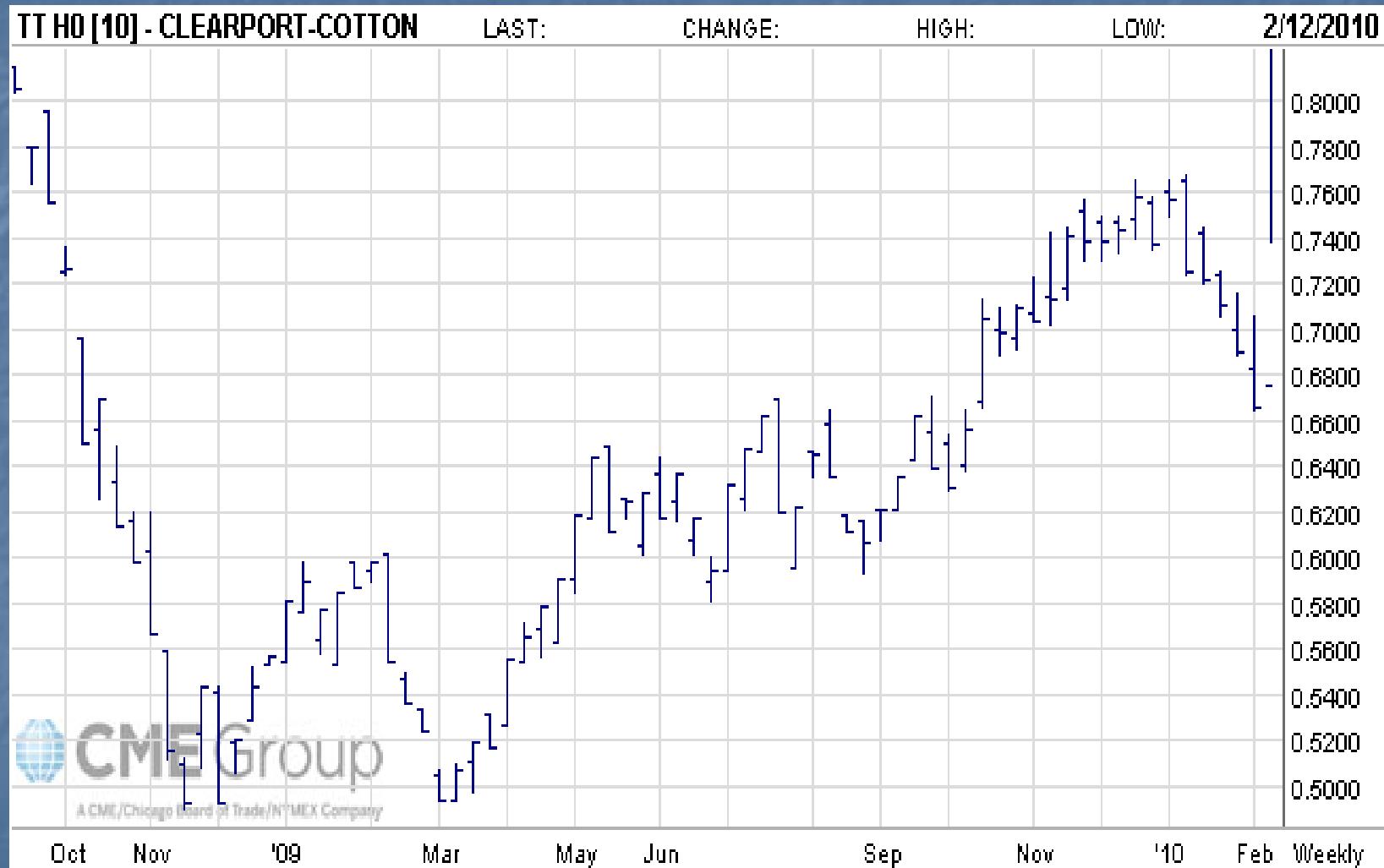
Source: USDA ERS

# February '10 Lean Hogs



Source: CBOT

# March '10 Cotton



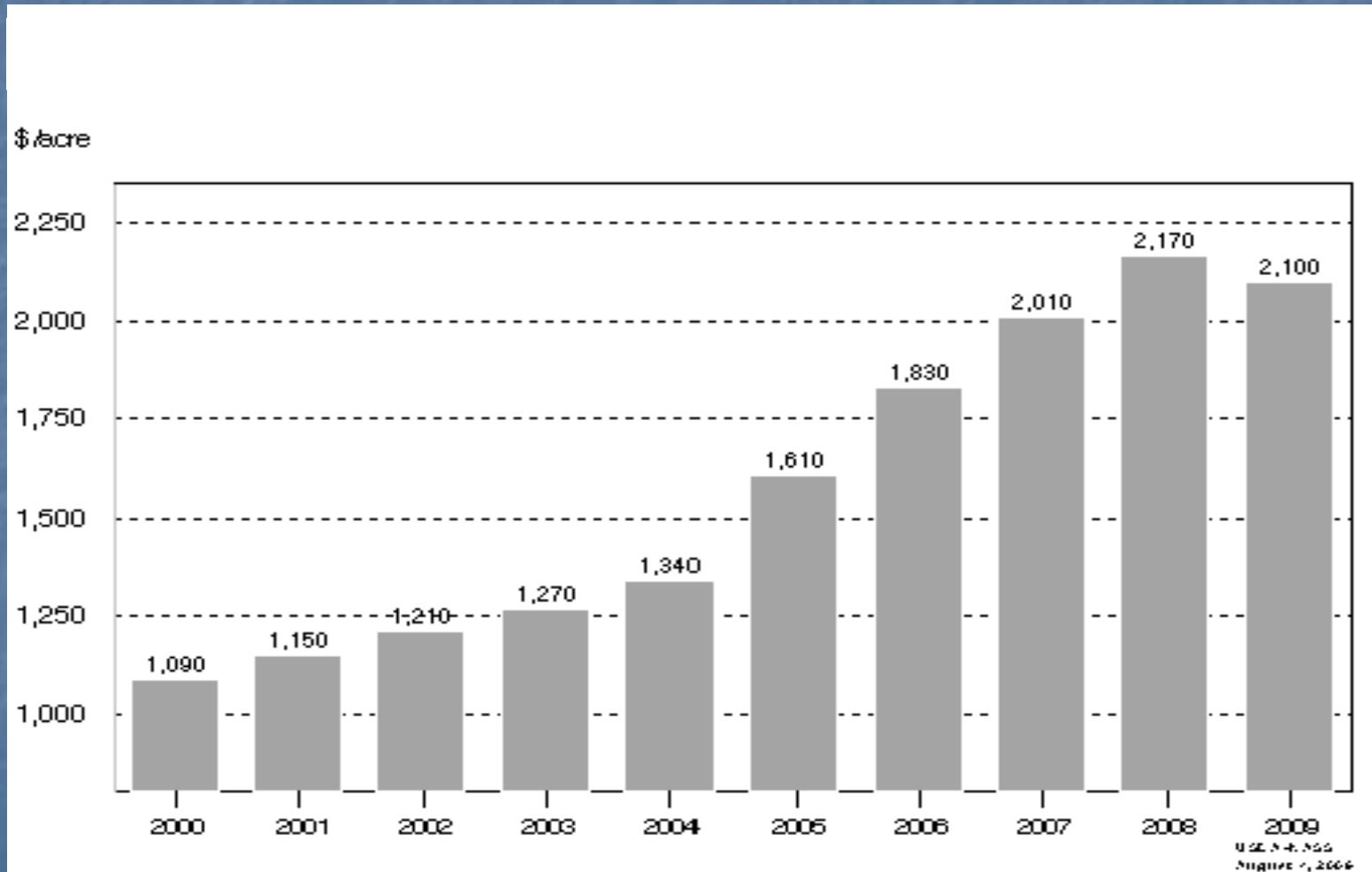
Source: CBOT

# December '10 Cotton



Source: CBOT

# Average Farm Real Estate Values 2000-09



Source: USDA NASS

# Farm Real Estate: Average Value per Acre, by Region and State, Jan.1, 2006-2009

Region/State	2006	2007	2008	2009	Change
■ N. Plains:	799	896	1,020	1,020	0.0
■ KS :	870	980	1,020	1,030	1.0
■ NE :	1,030	1,140	1,330	1,340	0.8
■ MN	2,340	2,700	2,970	2,870	-3.4
■ ND :	580	650	770	780	1.3
■ SD :	680	770	920	890	-3.3
■ IA:	2,910	3,370	3,950	3,850	-2.5
■ WI	3,100	3,640	3,850	3,750	-2.6

# Cropland: Average Value per Acre, by Region and State, Jan. 1, 2006-2009

Region/State	2006	2007	2008	2009	Change 08-09
■ N. Plains:	985	1,090	1,280	1,300	1.6
■ KS :	854	914	1,020	1,050	2.9
■ NE :	1,560	1,760	2,050	2,180	6.3
■ MN	2,130	2,420	2,700	2,610	-3.3
■ ND :	610	670	810	800	-1.2
■ SD :	1,040	1,180	1,400	1,400	0.0
■ IA:	3,100	3,600	4,260	4,050	-4.9
■ WI	2,900	3,370	3,600	3,650	1.4

# Pasture: Average Value per Acre, by Region and State, Jan. 1, 2006-2009

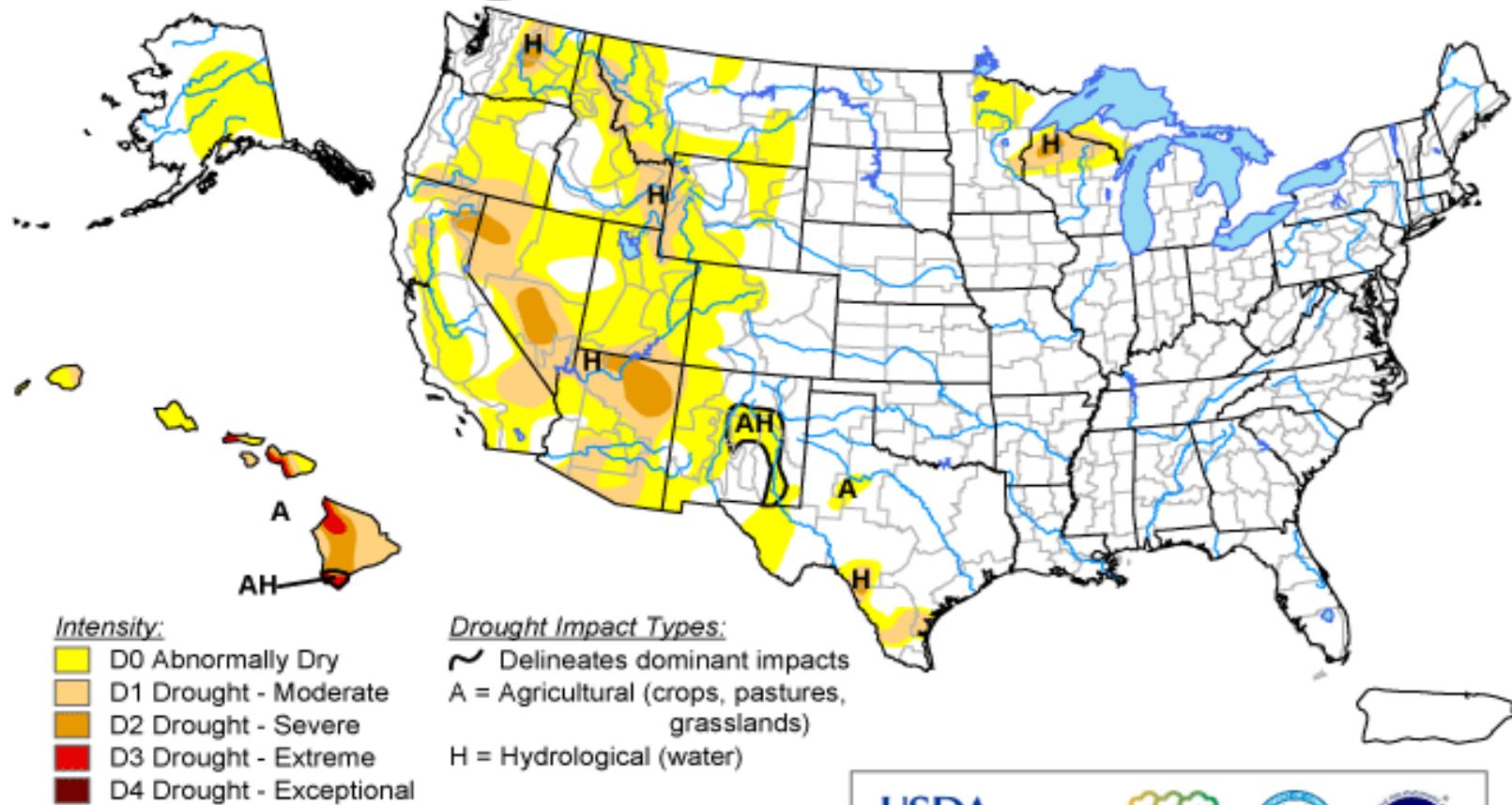
Region/State	2006	2007	2008	2009	Change
■ N. Plains:	390	440	516	499	-3.3
■ KS :	590	660	750	750	N/C
■ NE :	350	400	480	450	-6.3
■ MN	1,120	1,330	1,480	1,400	-5.4
■ ND :	260	300	350	350	N/C
■ SD :	360	400	470	430	-8.5
■ IA:	1,400	1,780	2,070	1,880	-9.2
■ WI	1,740	2,000	2,130	2,050	-3.8

# Cropland Rented for Cash: Average Cash Rent per Acre, by State, 2006-09

<b>State</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
N. Plains:	53.50	59.50	66.00	71.00
KS :	44.00	45.00	47.50	51.50
NE:	101.00	103.00	121.00	127.00
MN:	88.00	94.00	109.00	116.00
ND:	76.00	79.00	97.00	100.00
SD:	39.00	41.00	42.50	45.50
IA:	111.00	120.00	135.00	141.00
WI:	71.00	72.00	85.00	89.00

# U.S. Drought Monitor

February 2, 2010  
Valid 7 a.m. EST



The Drought Monitor focuses on broad-scale conditions.  
Local conditions may vary. See accompanying text summary  
for forecast statements.

<http://drought.unl.edu/dm>



Released Thursday, February 4, 2010  
Author: Matthew Rosencrans, NOAA/NWS/NCEP/CPC

# **“THE ULTIMATE RESOURCE”**

**Julian Simon**