

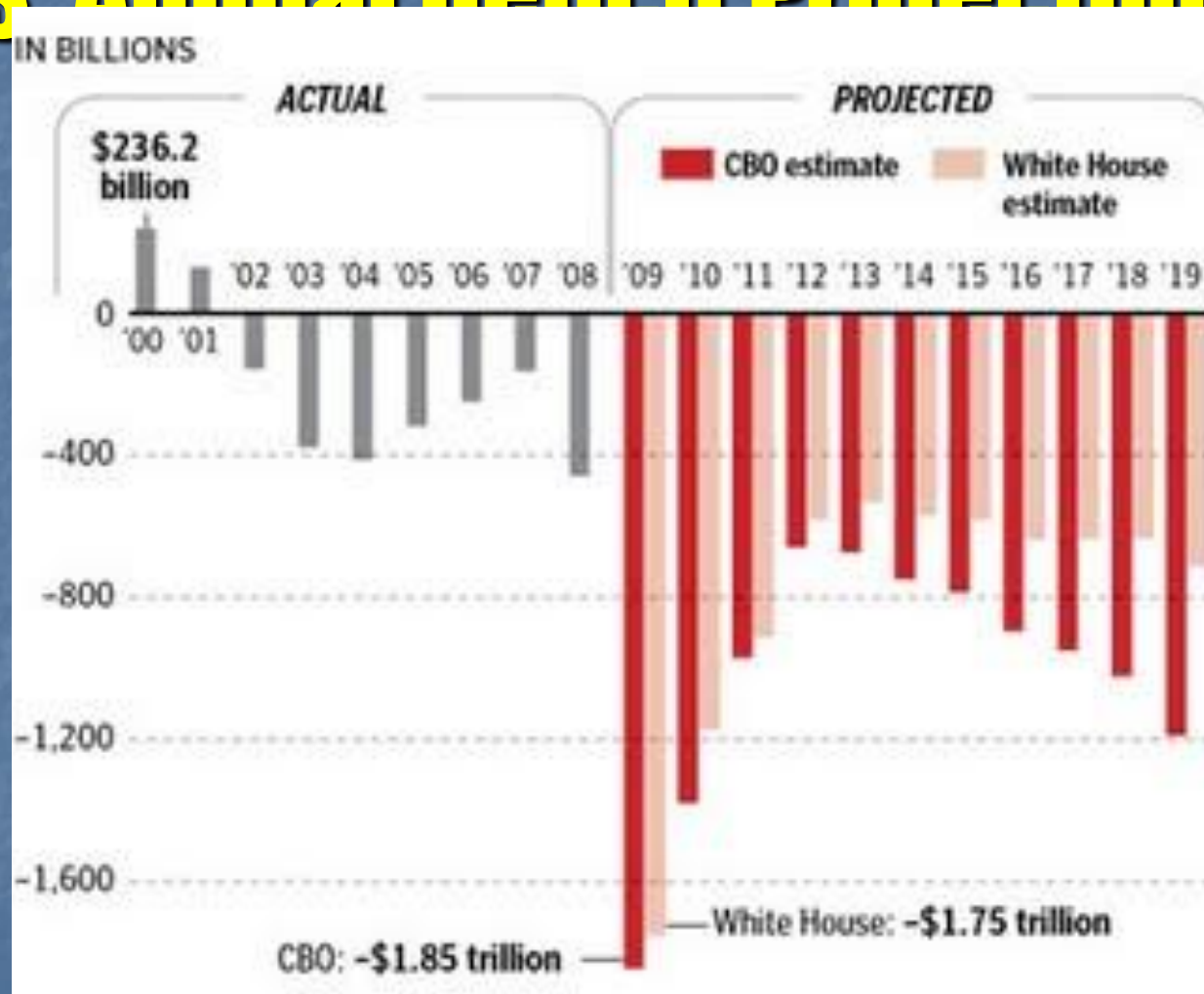
What's Ahead for Agriculture

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

Thoughts on the World Economy

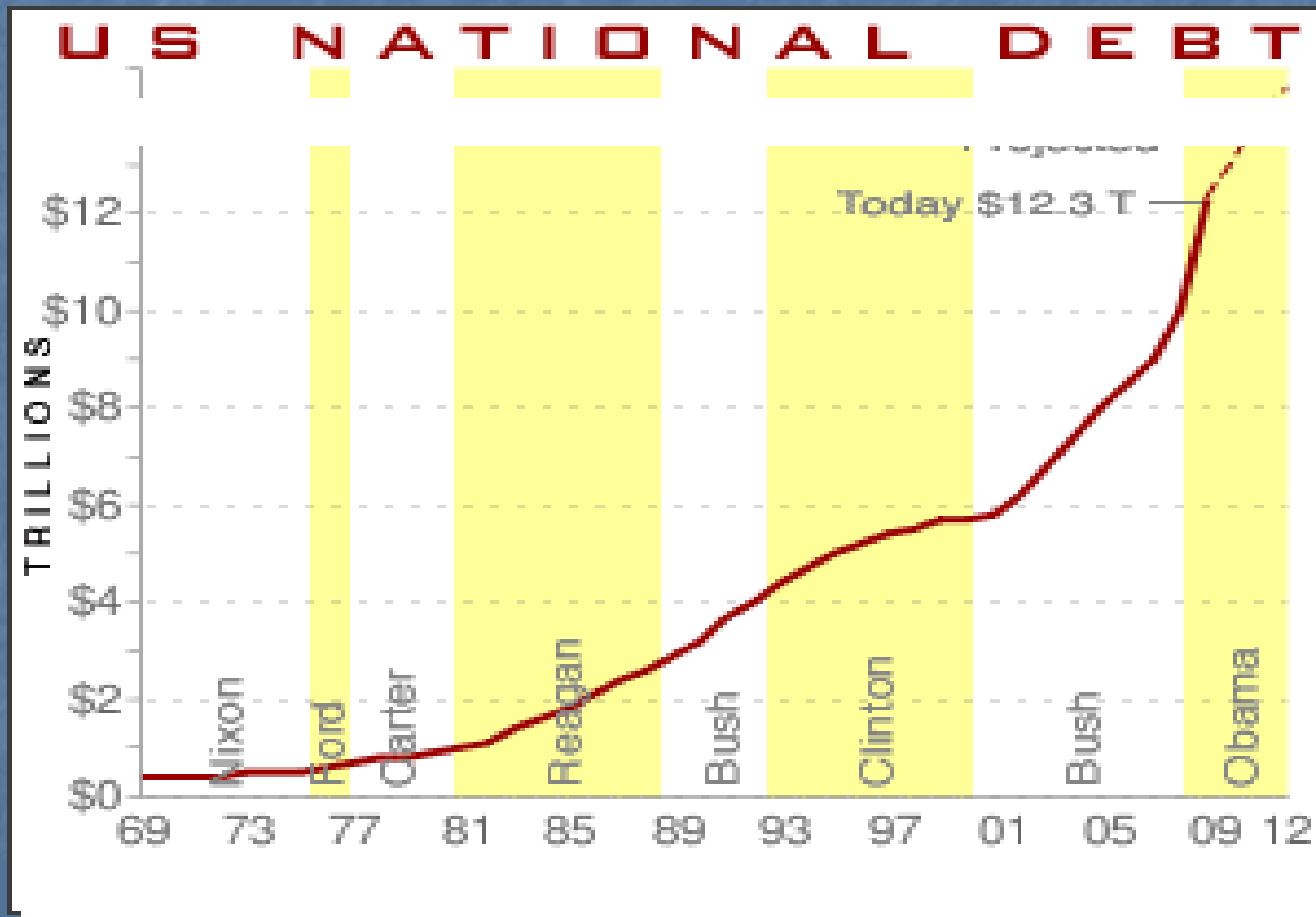
- **\$70.6 trillion – Global GDP**
- **\$14.2 trillion – U.S. GDP**
- **\$13.5 trillion – EU GDP**
- **\$4.3 trillion – China GDP**

U.S. Annual Deficit Projections



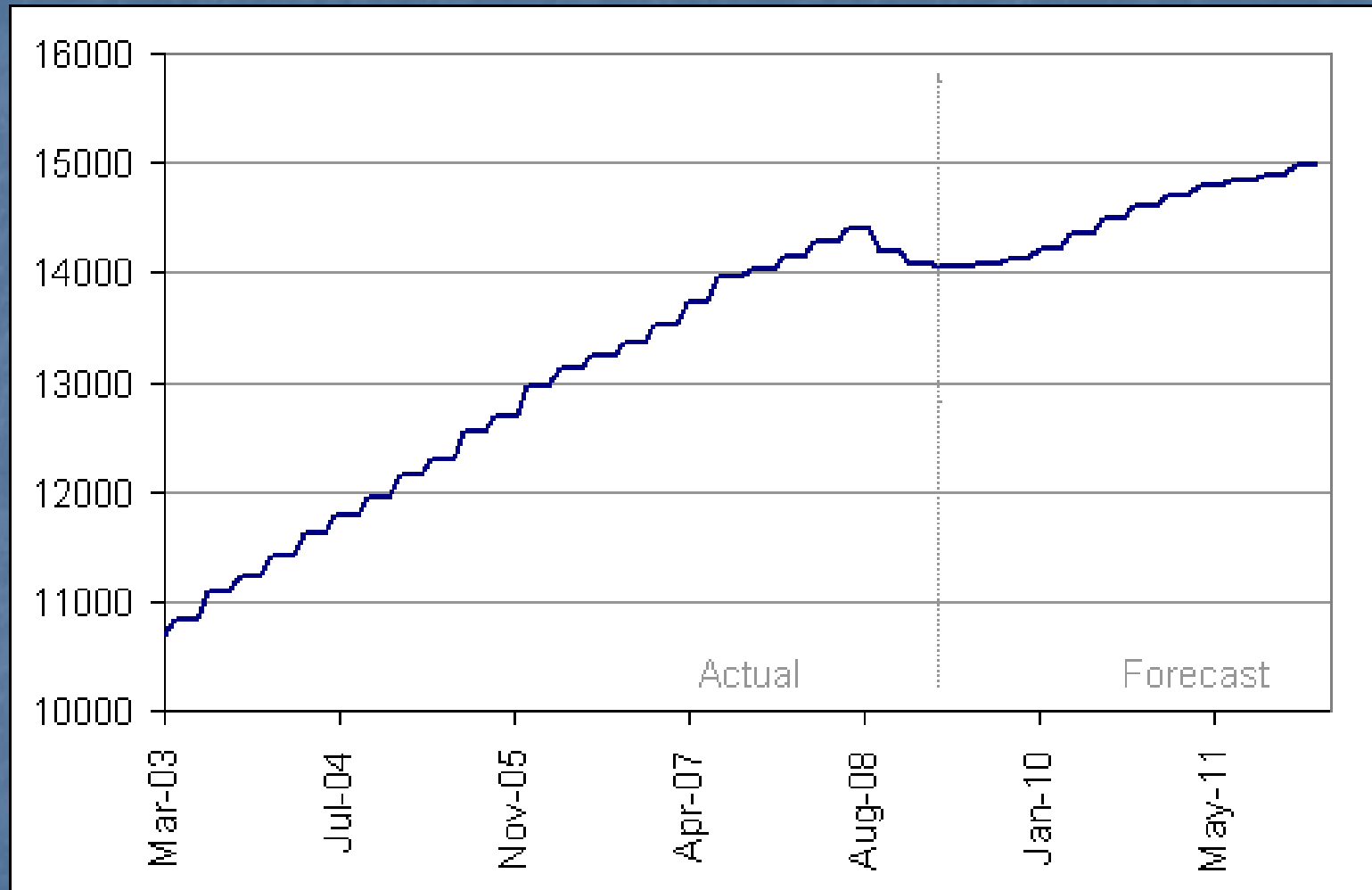
Source: CBO, White House

U.S. National Debt



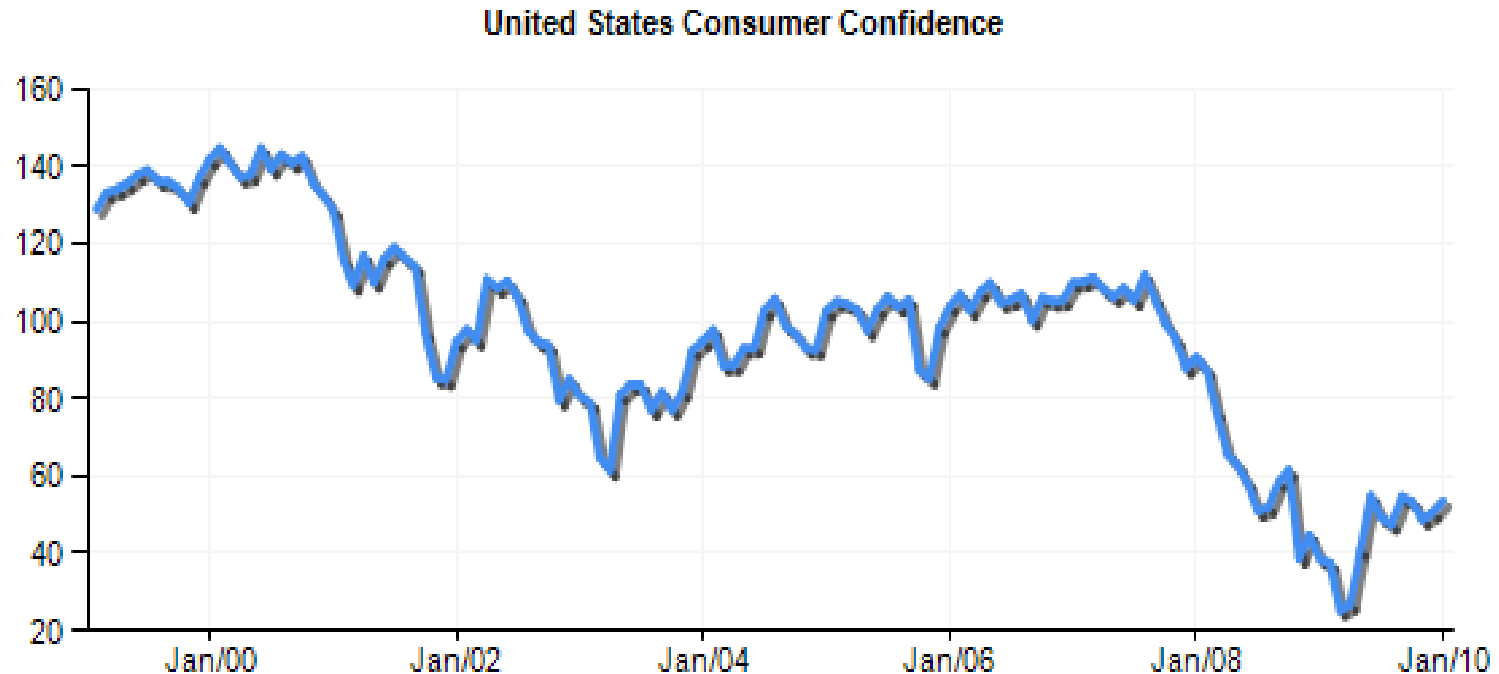
Source: U.S. Treasury, CBO

U.S. GDP – 2003-2011



Source: Financial Forecast Center

U.S. Consumer Confidence

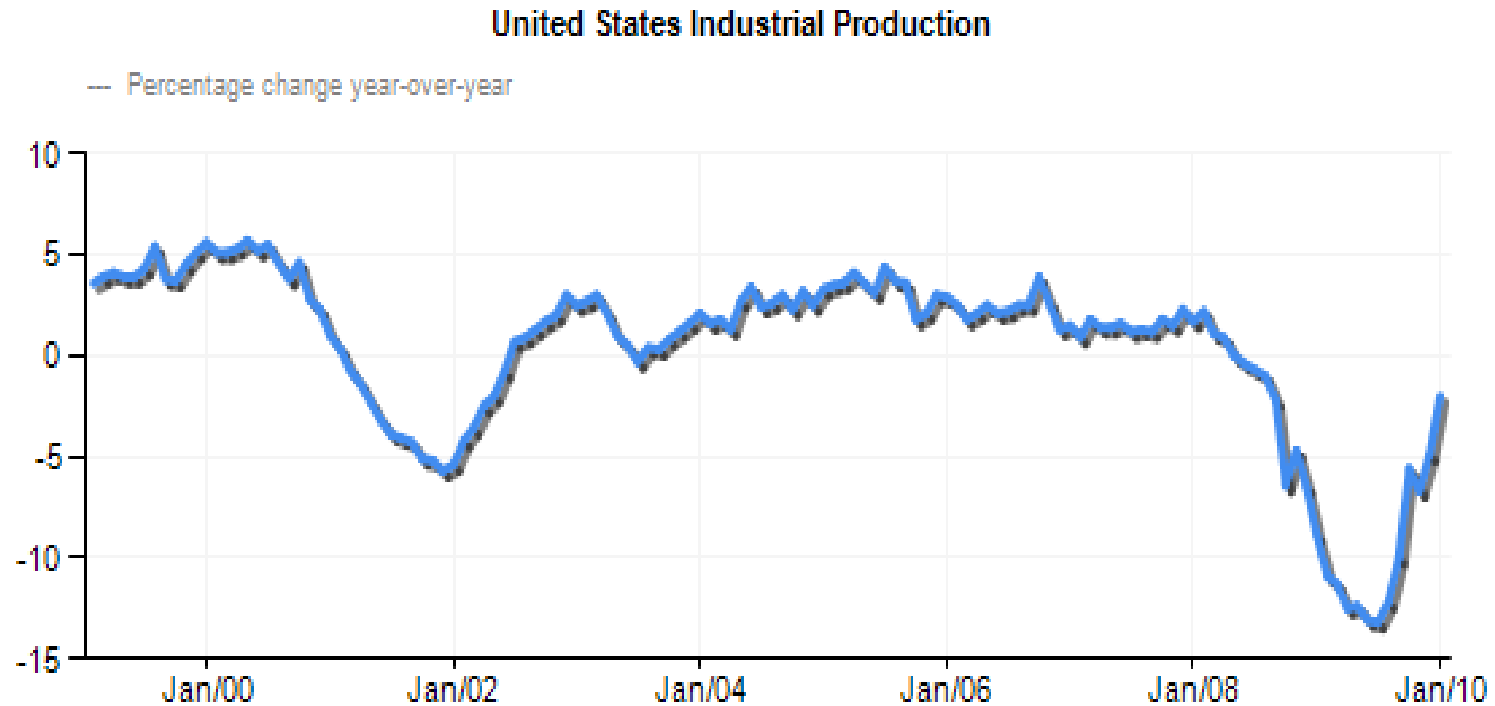


source: Conference Board

www.tradingeconomics.com

Source: tradingeconomics.com

U.S. Industrial Production

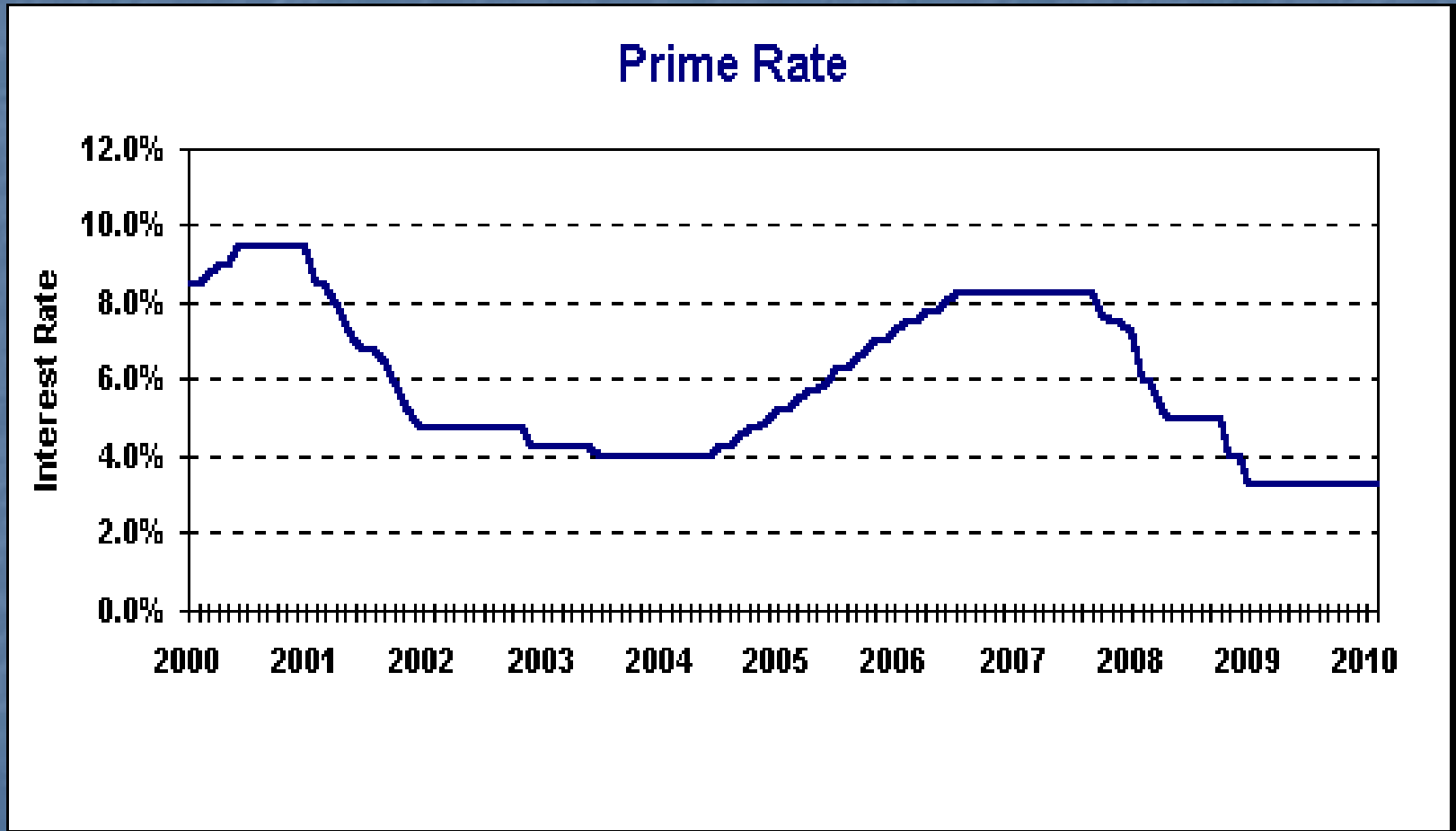


source: Federal Reserve

www.tradingeconomics.com

Source: tradingeconomics.com

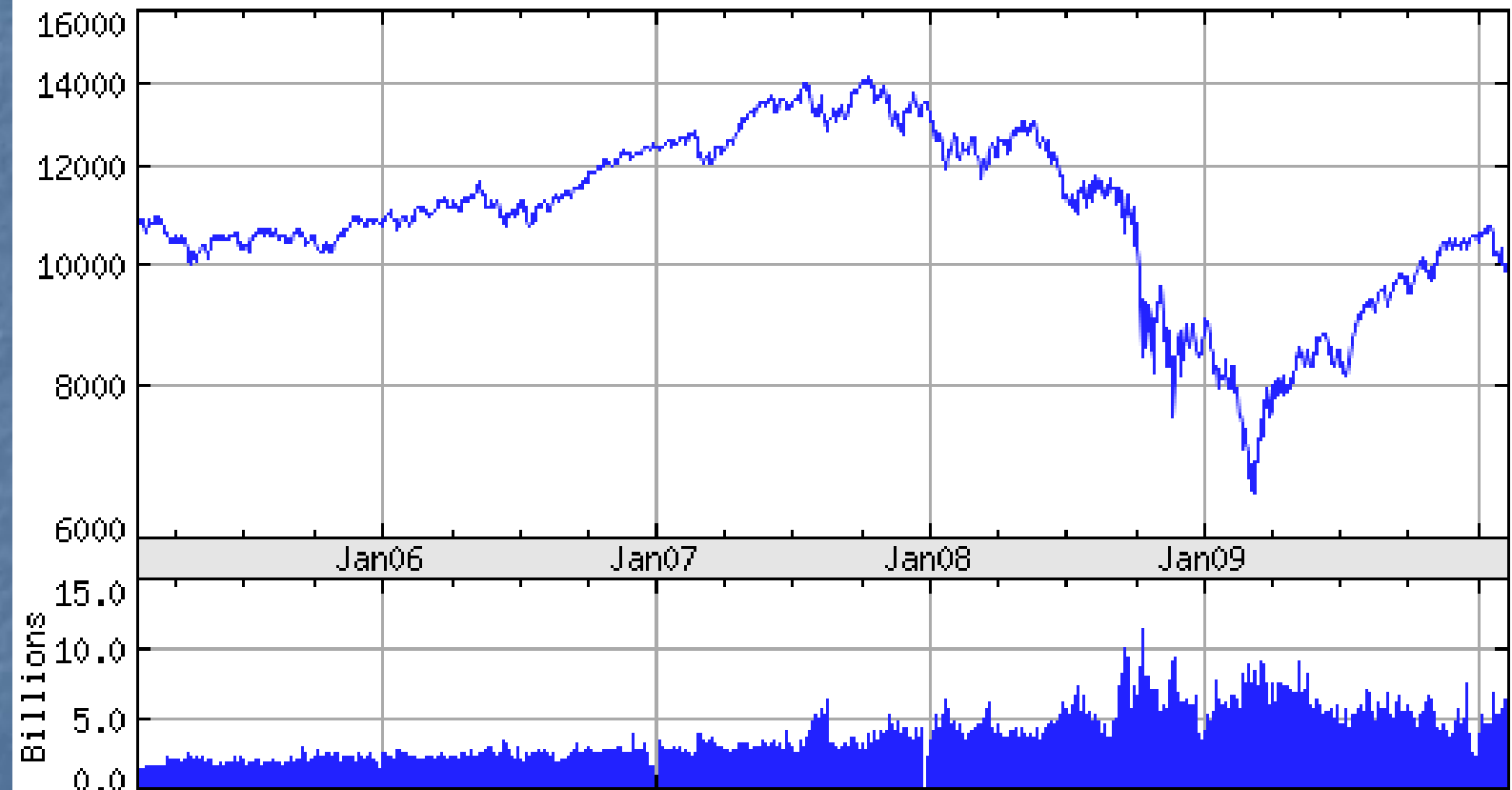
10-Year Prime Rate



Source: MoneyCafe.com

DJIA Five-Year Performance

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



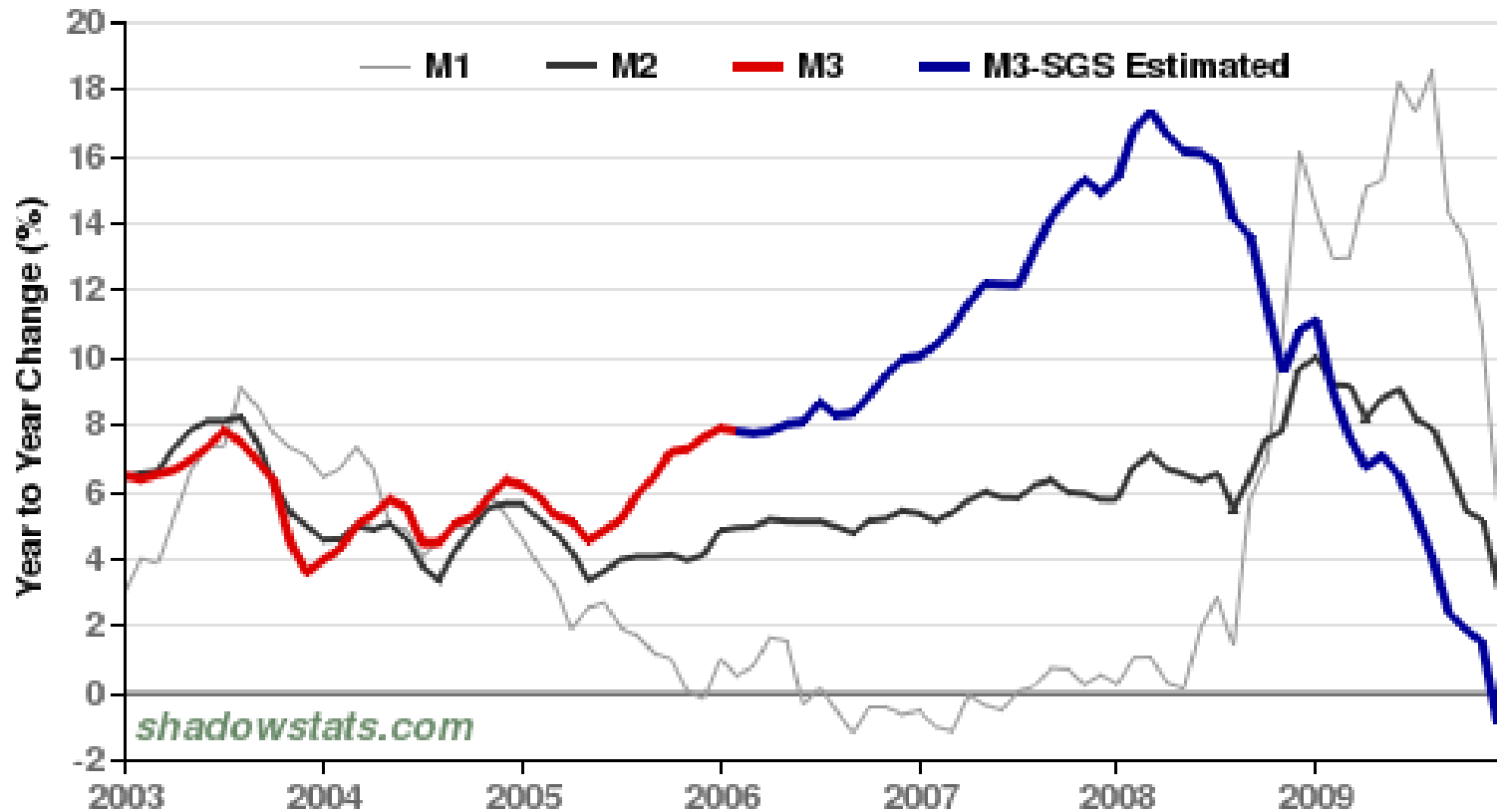
Copyright 2010 Yahoo! Inc.

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

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

Mountain of Cash

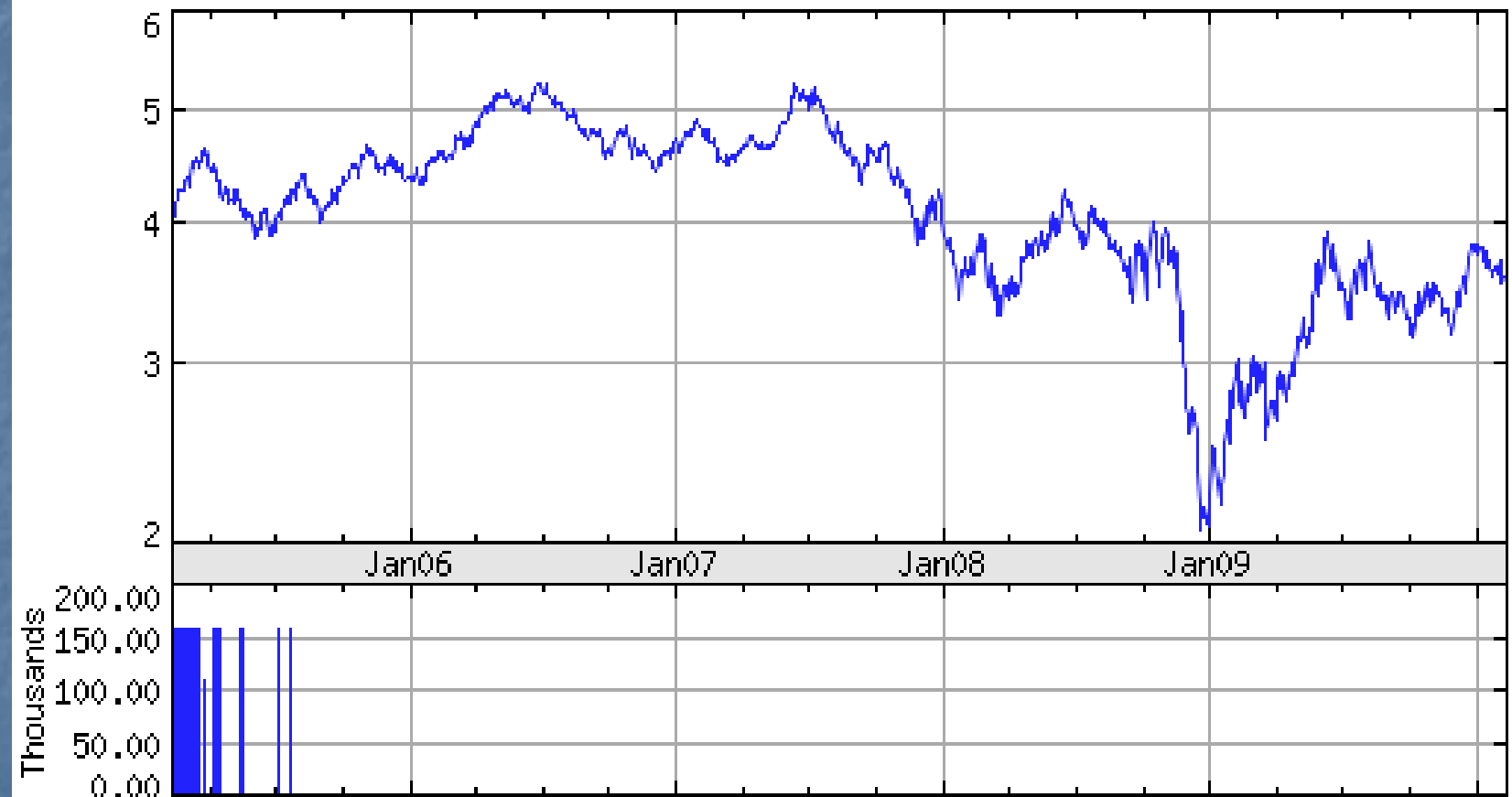
Annual U.S. Money Supply Growth - SGS M-3 Continuation
Monthly Average through December 2009 (ShadowStats.com, FRB)



Source: Shadowstats.com

10-Year Treasury Note Yield

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



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

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

Five-Year U.S. Dollar Index



Source: Barchart.com

Five-Year Gold Prices



Source: American Gold Prices

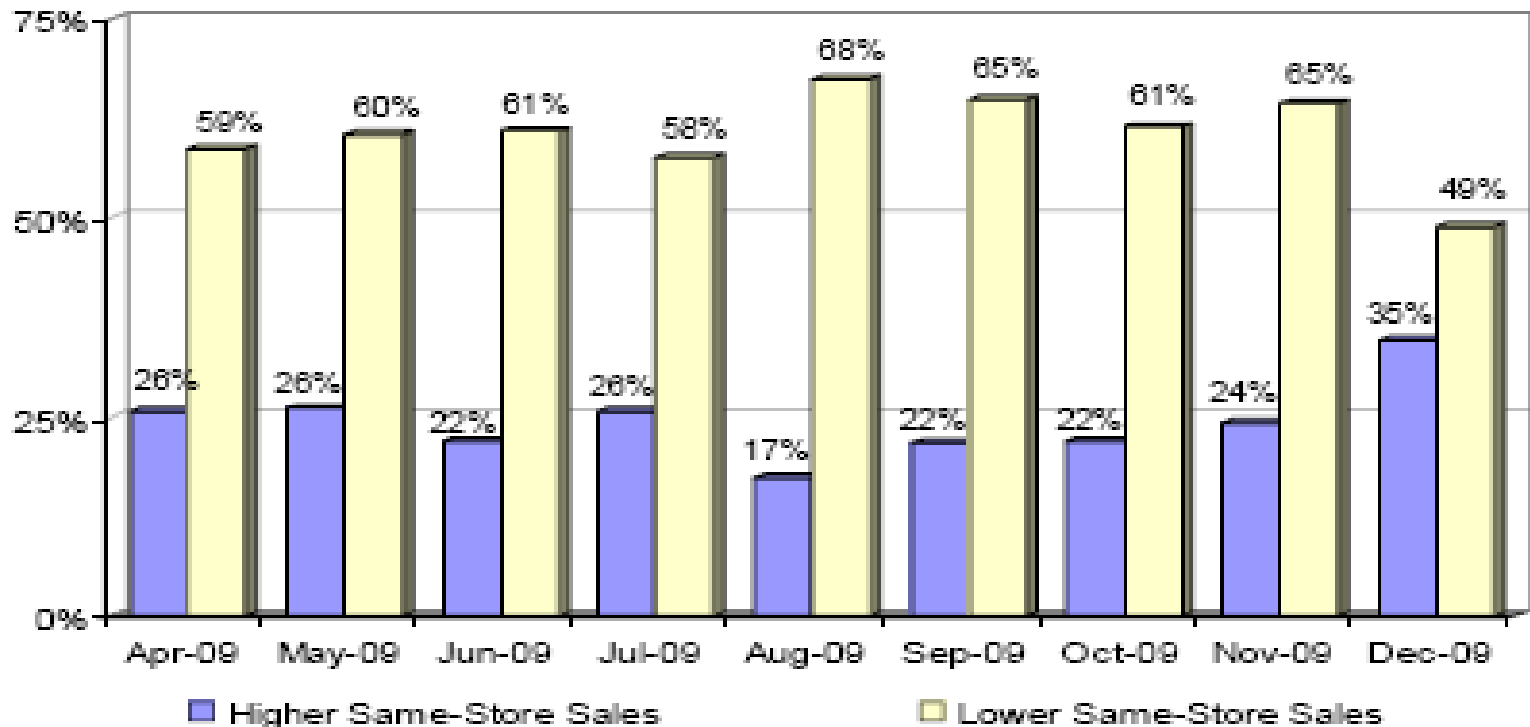
U.S. Housing Starts



Source: Financial Forecast Center

U.S. Restaurant Performance Index

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

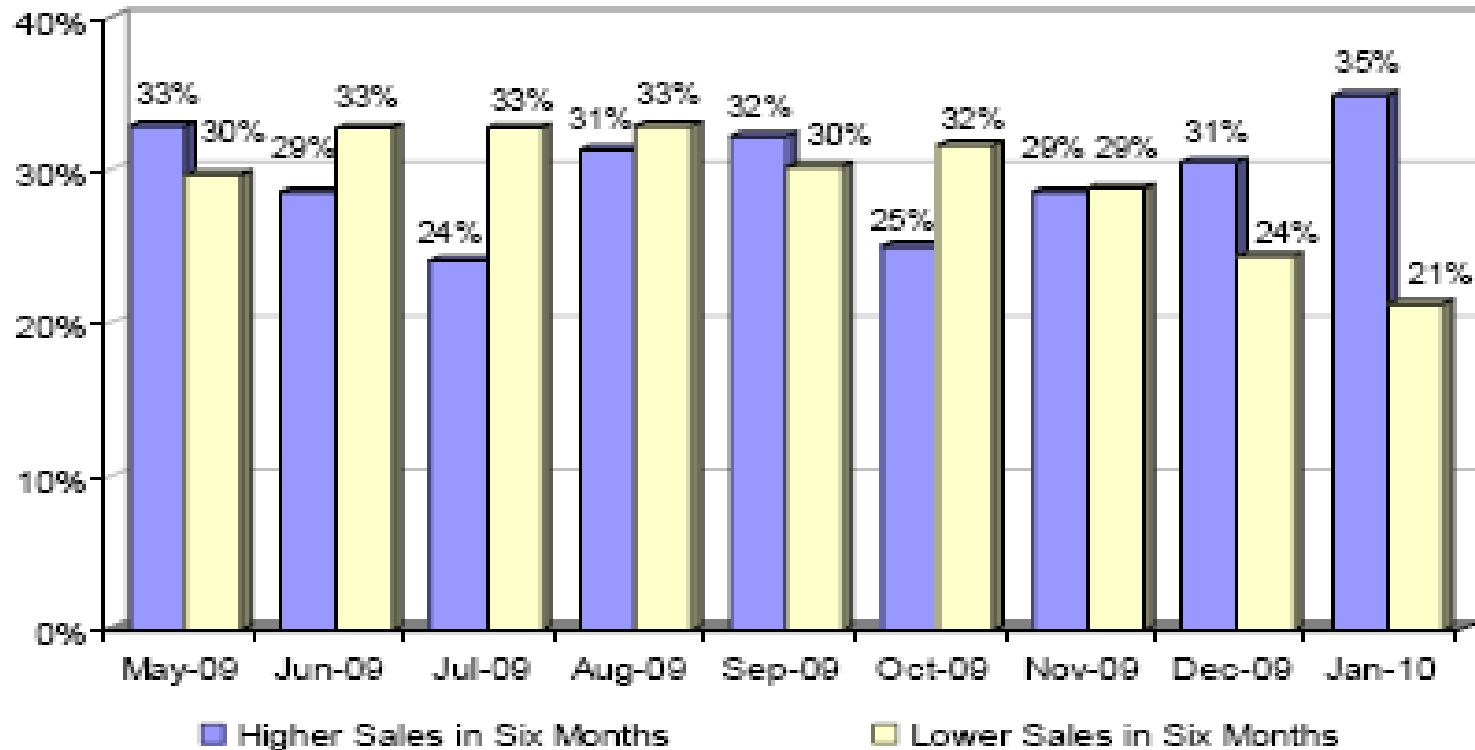


Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

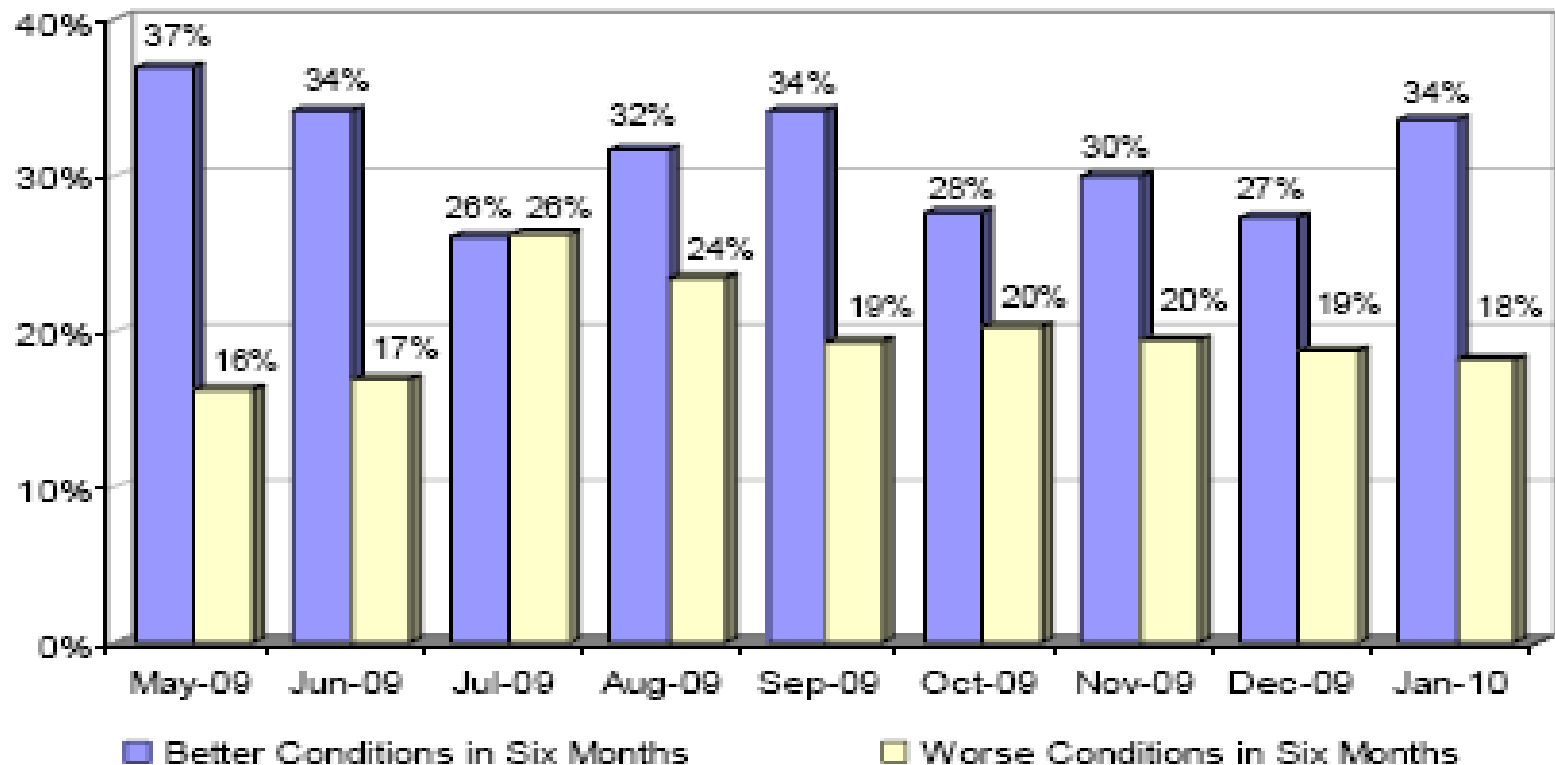


Source: National Restaurant Association, Restaurant Industry Tracking Survey

Source: Nat'l Restaurant Association

U.S. Restaurant Performance Index

Restaurant Operators' Outlook for General Economic Conditions in Six Months



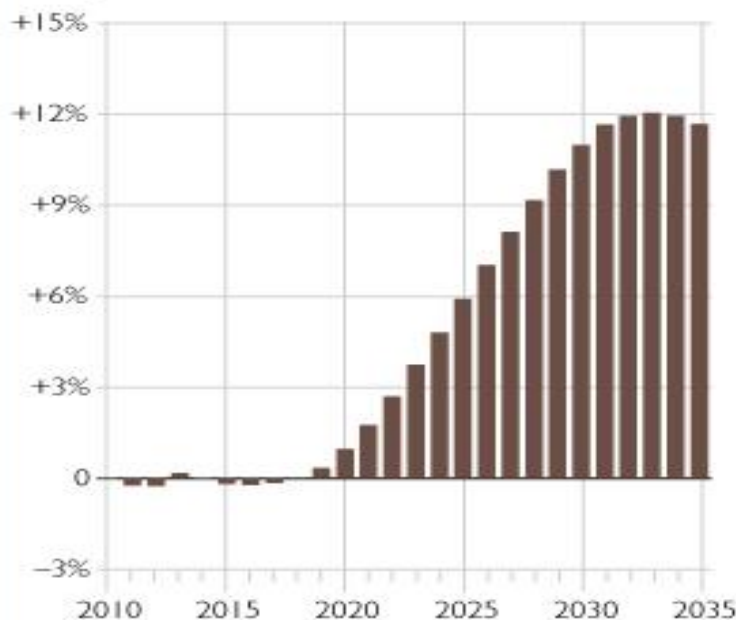
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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



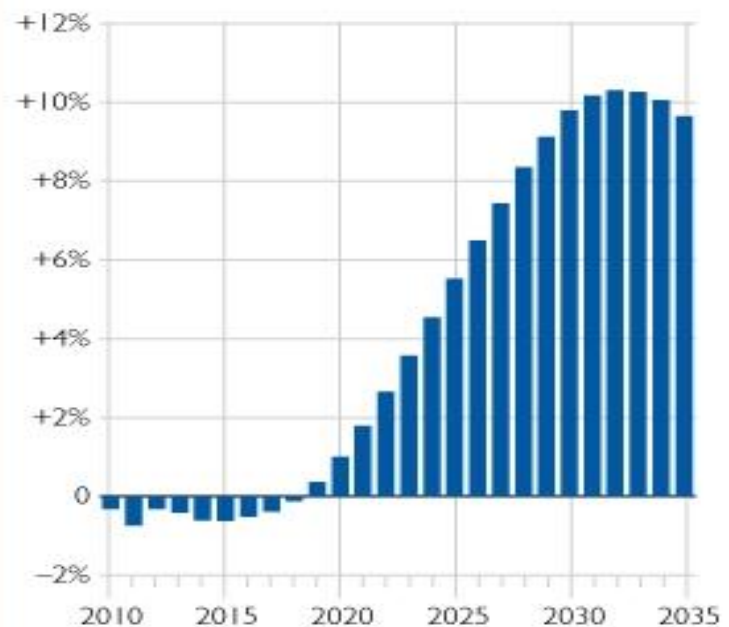
Note: Figures are calculated using the implicit price deflator.

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

Chart 4 • Energy & Environment  heritage.org

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.

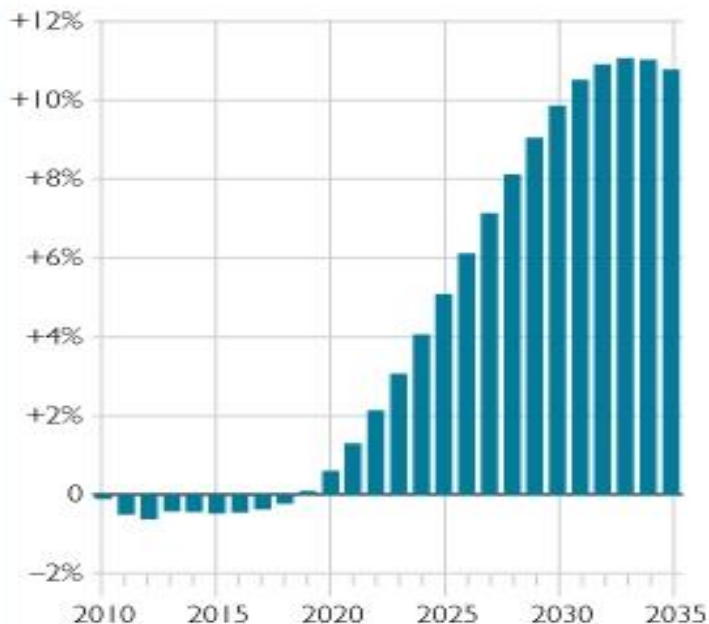
Source: Heritage Foundation calculations using the Global Insight U.S. macroeconomic model.

Chart 1 • Energy & Environment  heritage.org

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



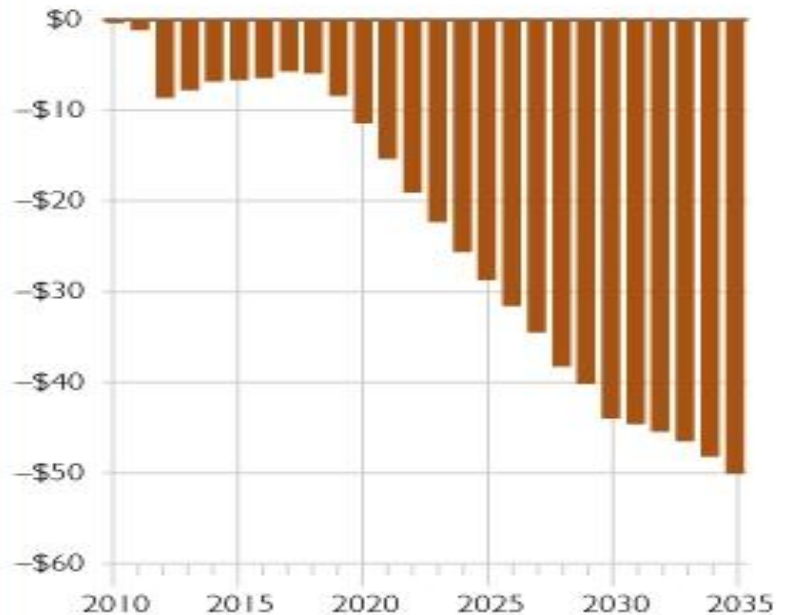
Source: Heritage estimates from Global Insight Model and data from U.S. Bureau of Labor Statistics.

Chart 2 • Energy & Environment  heritage.org

Farmer Income

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

In Billions of Dollars

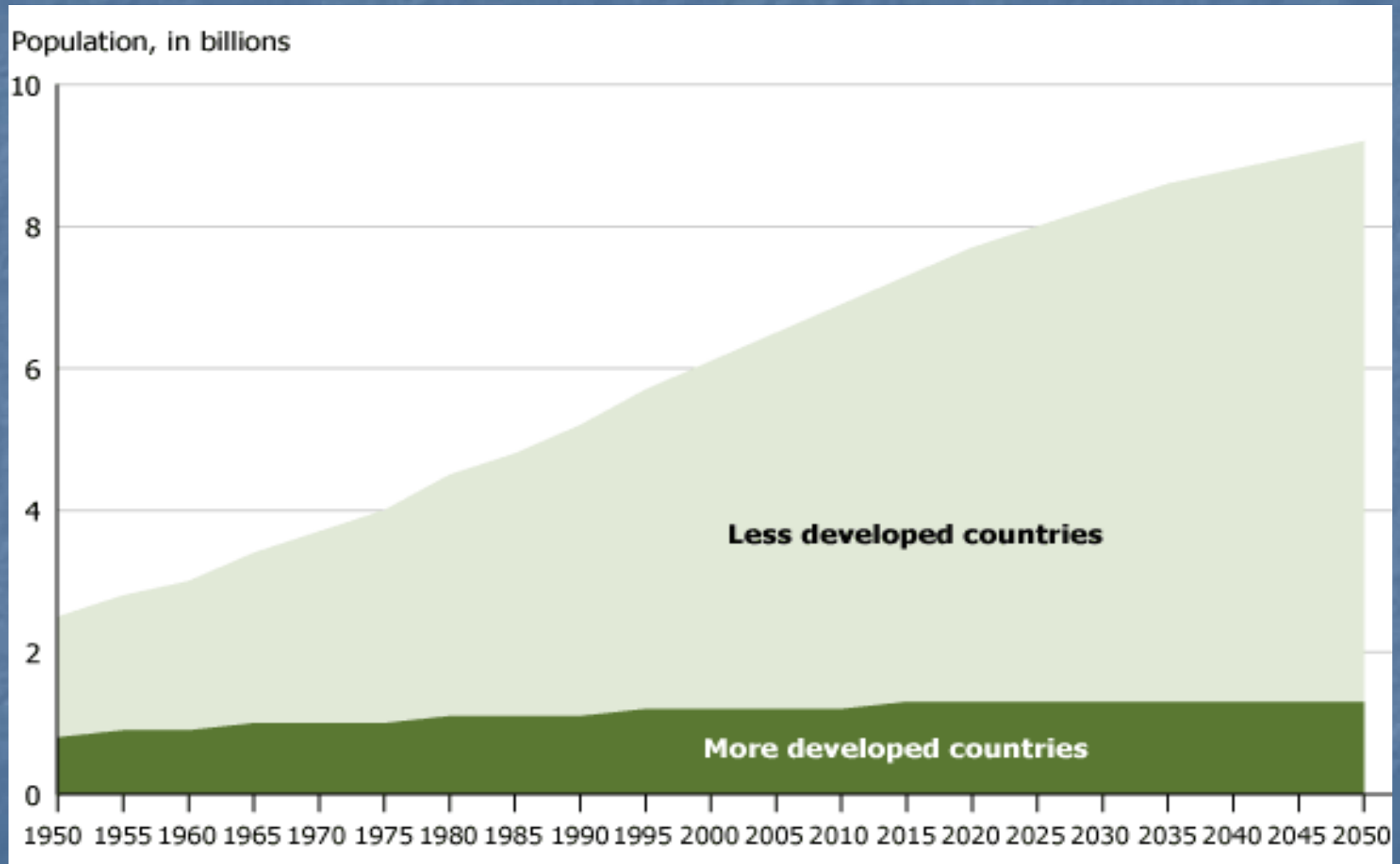


Note: Figures are adjusted for inventory and capital consumption.

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

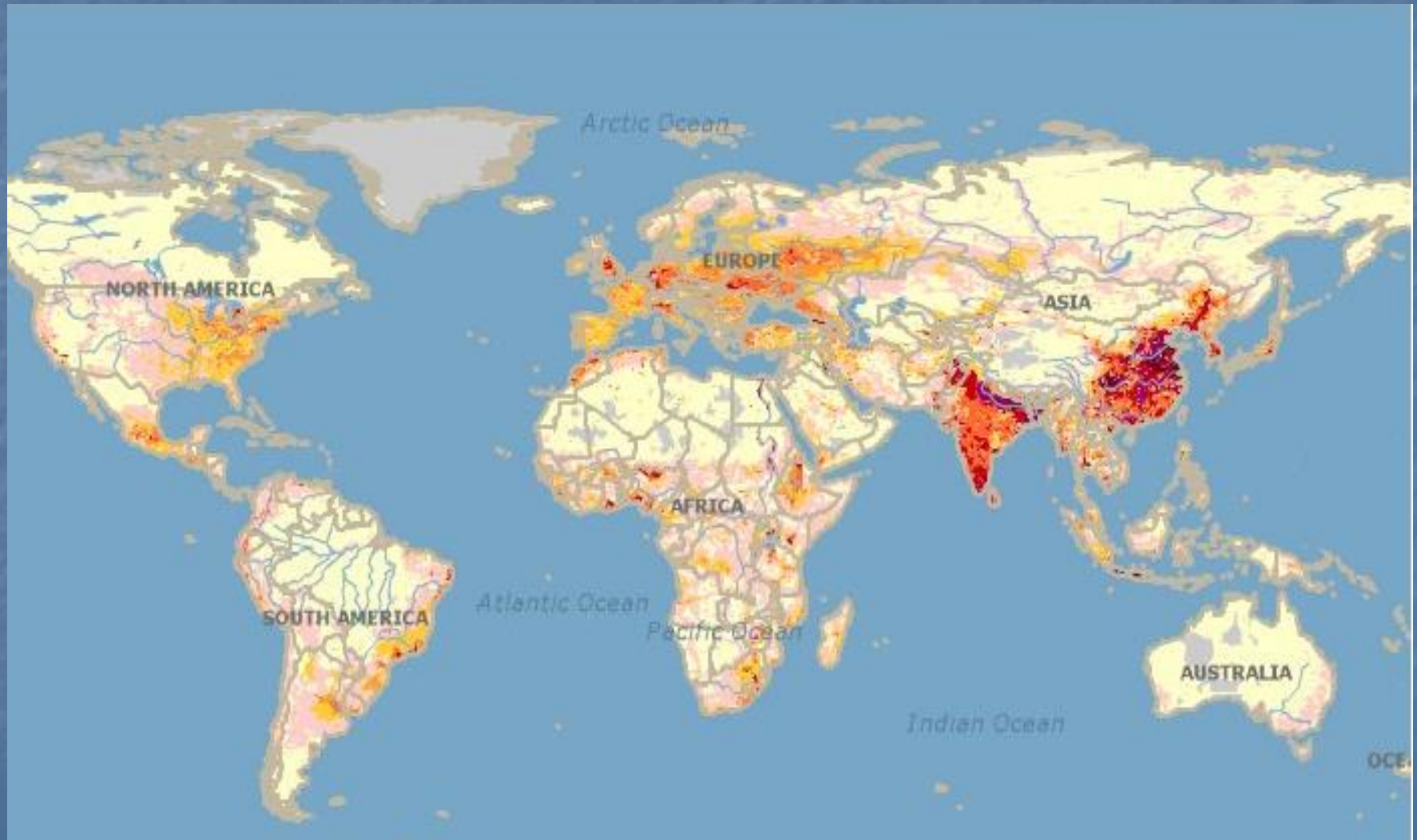
Chart 3 • Energy & Environment  heritage.org

Projected World Population 2050

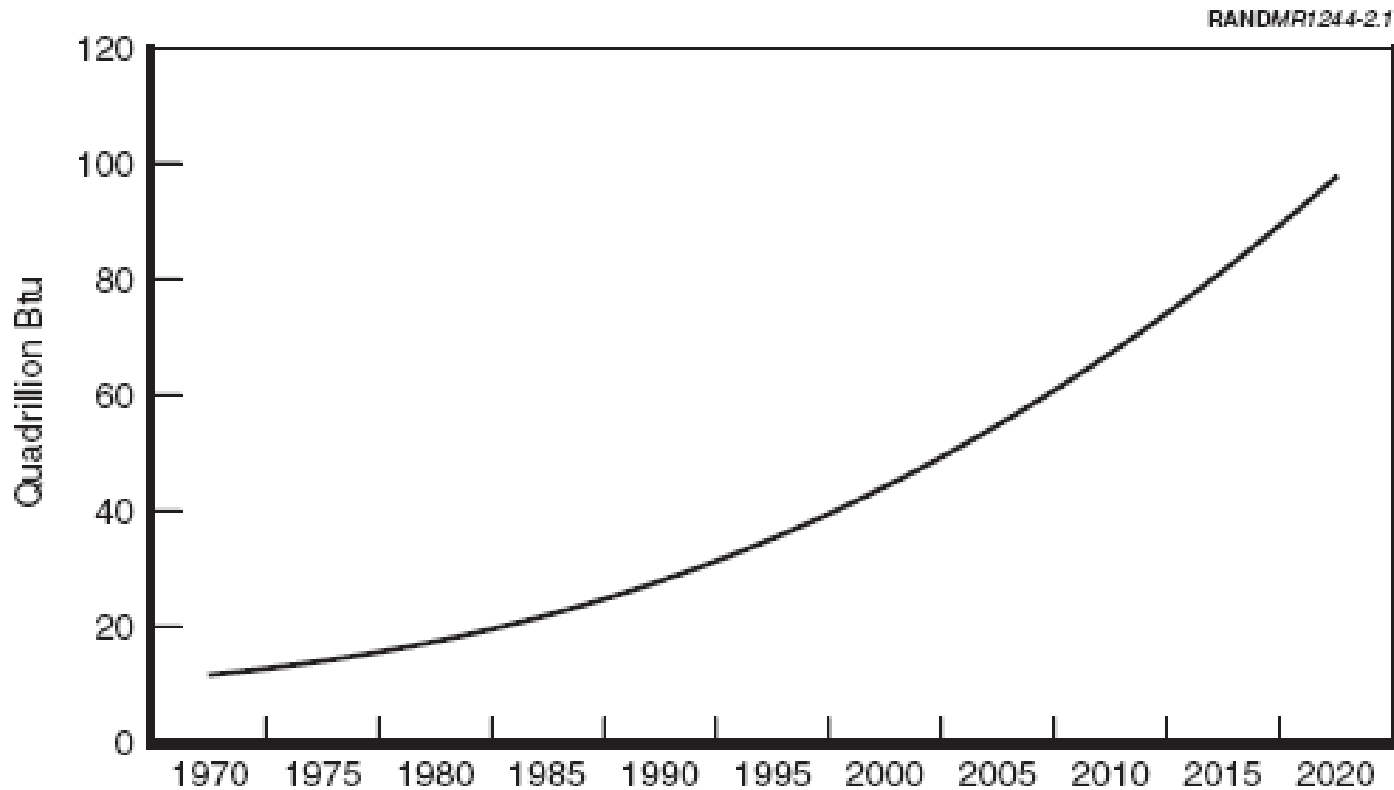


Source: United Nations

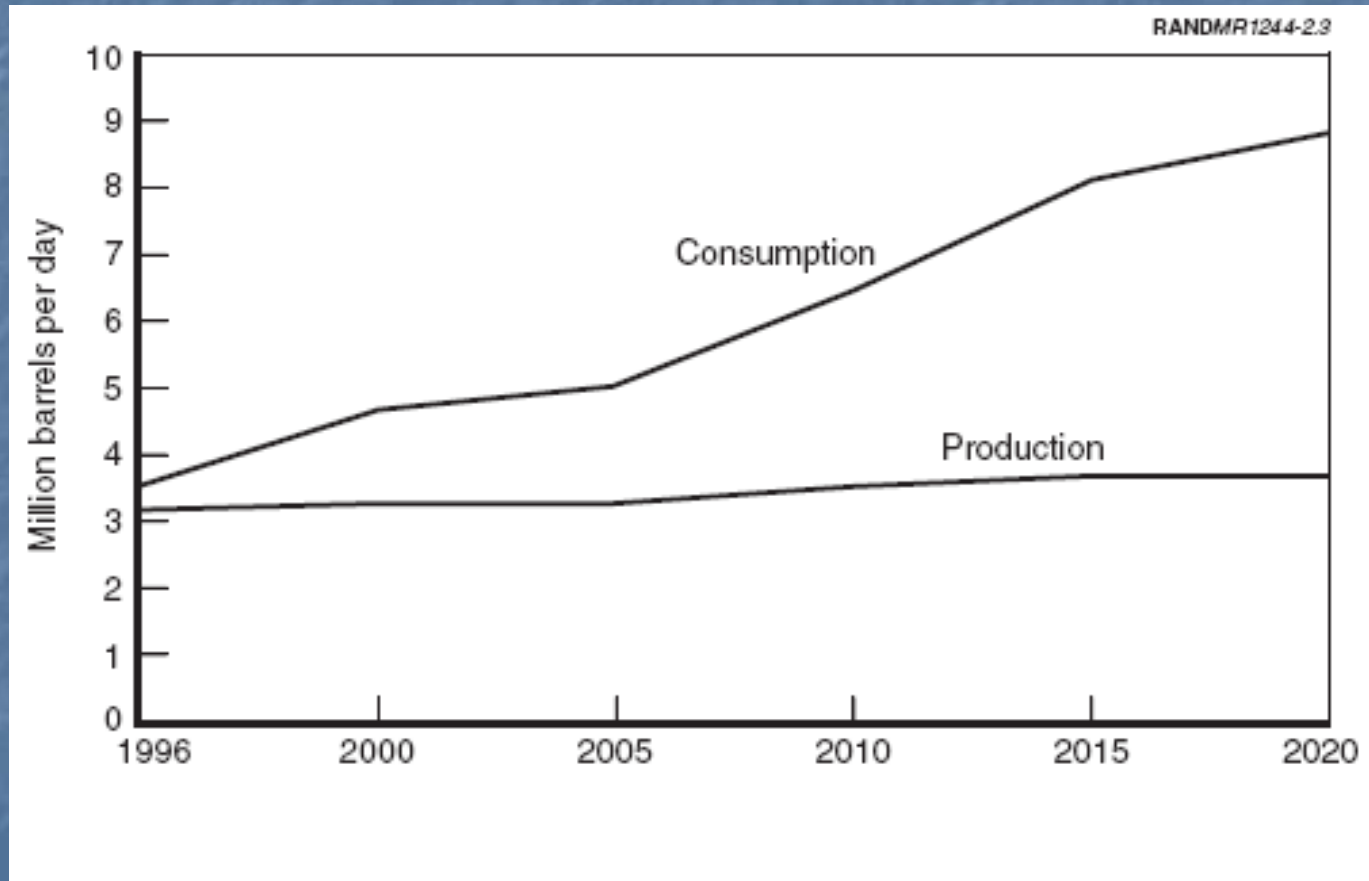
World Population Density



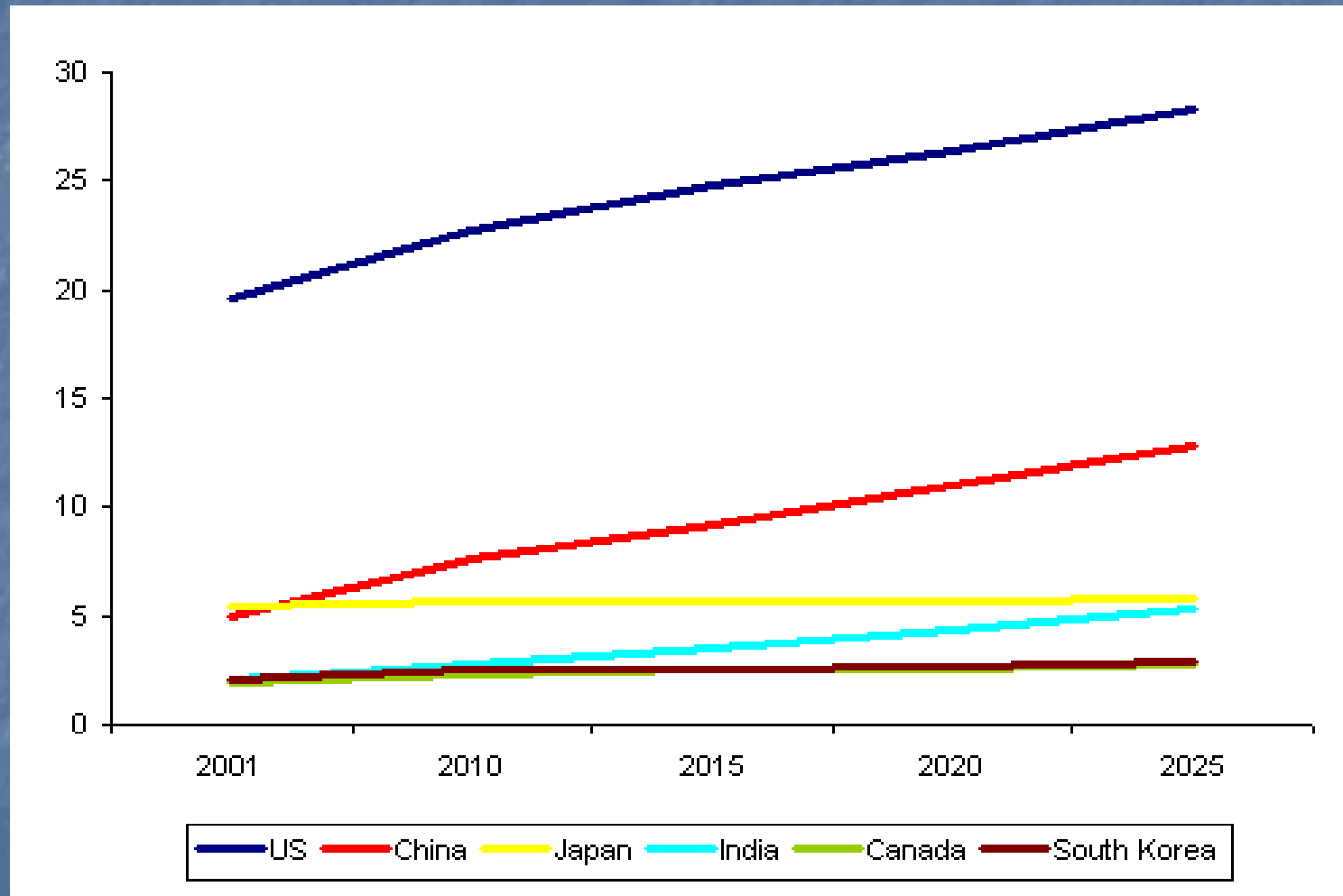
China's Total Primary Energy Consumption, 1970-2020



China's Demand for Oil Imports

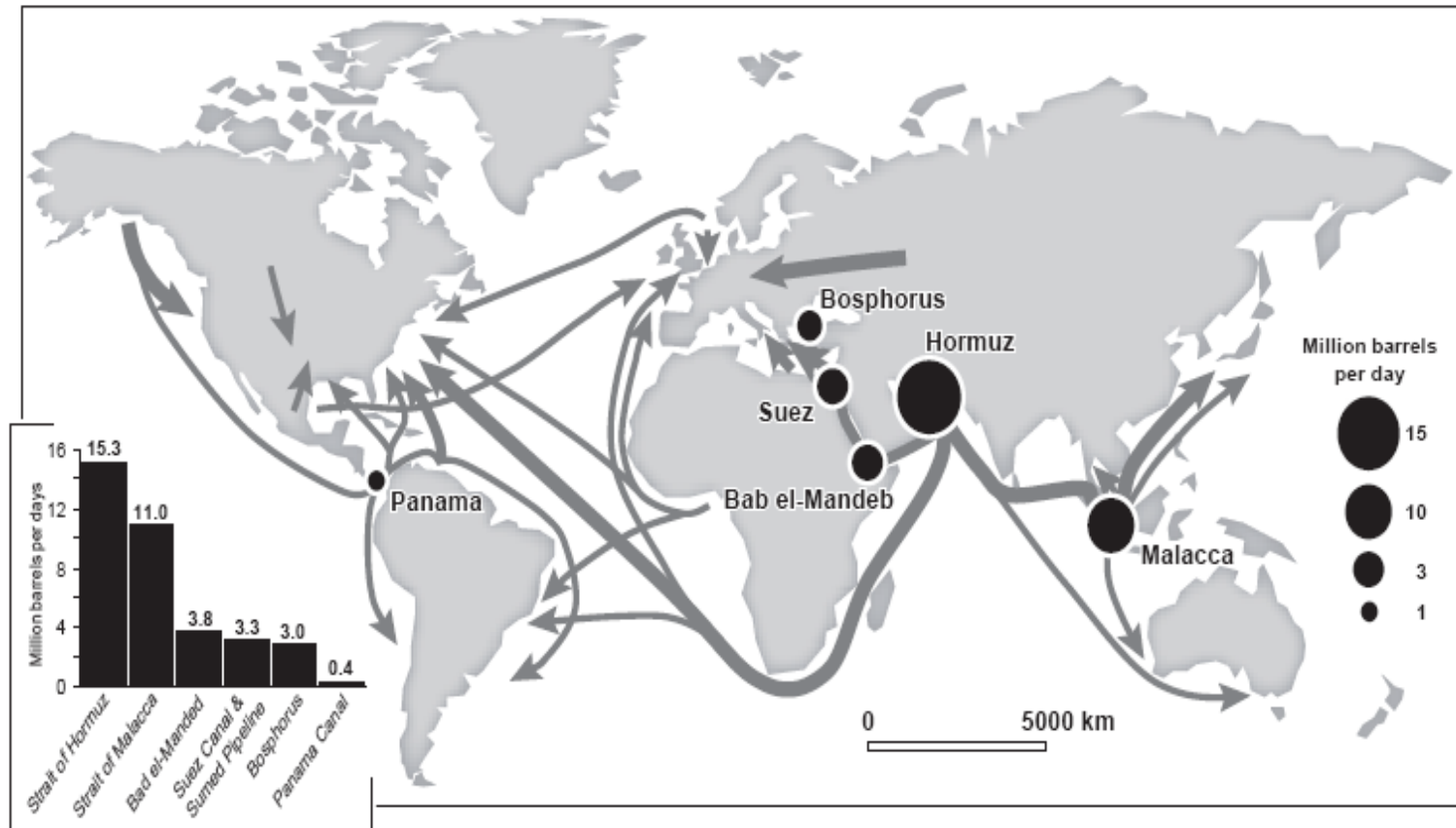


Projected Oil Consumption Trends in Key Countries Through 2025



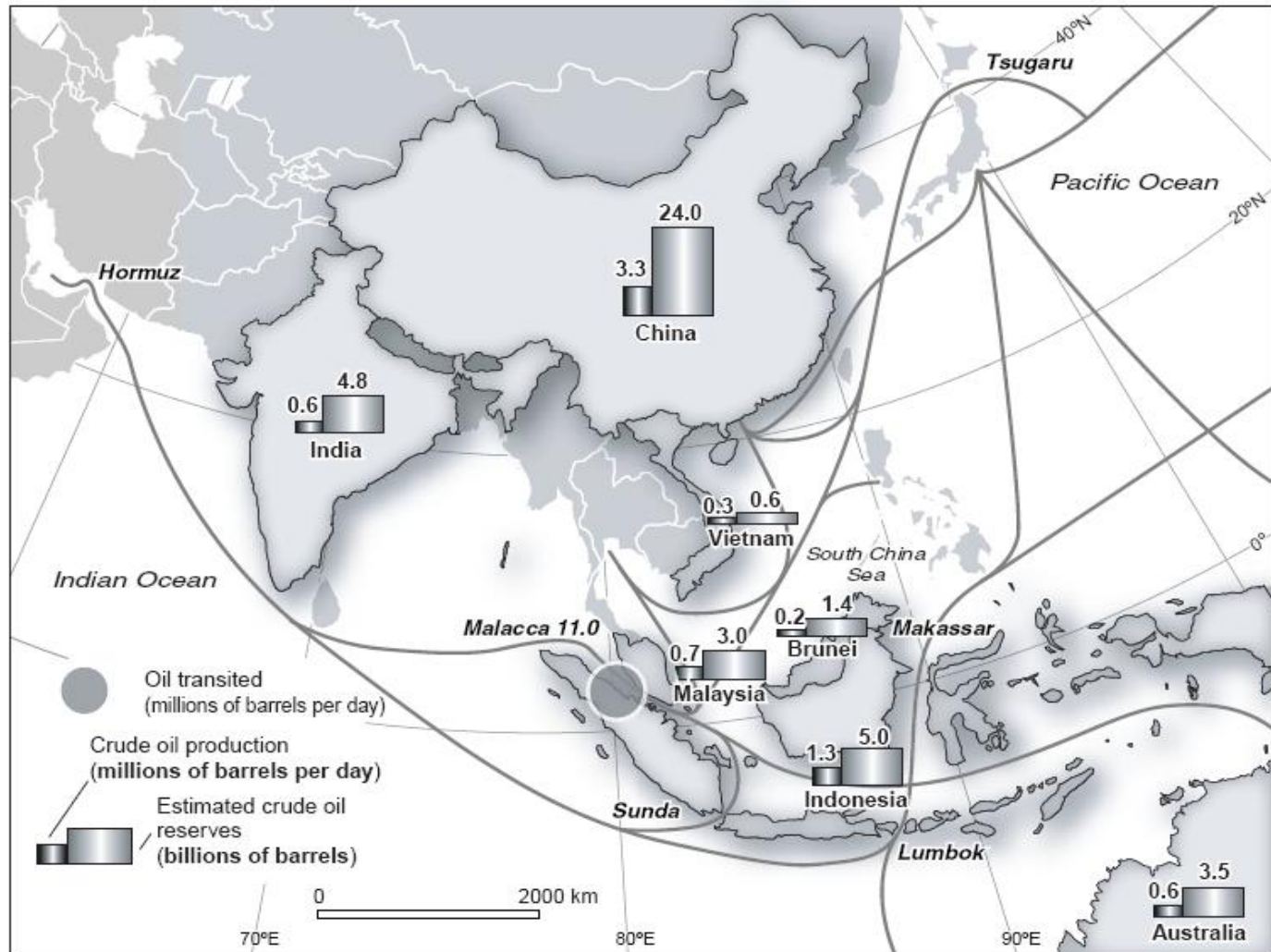
Source: IEA, EIA

Vital Maritime Chokepoints



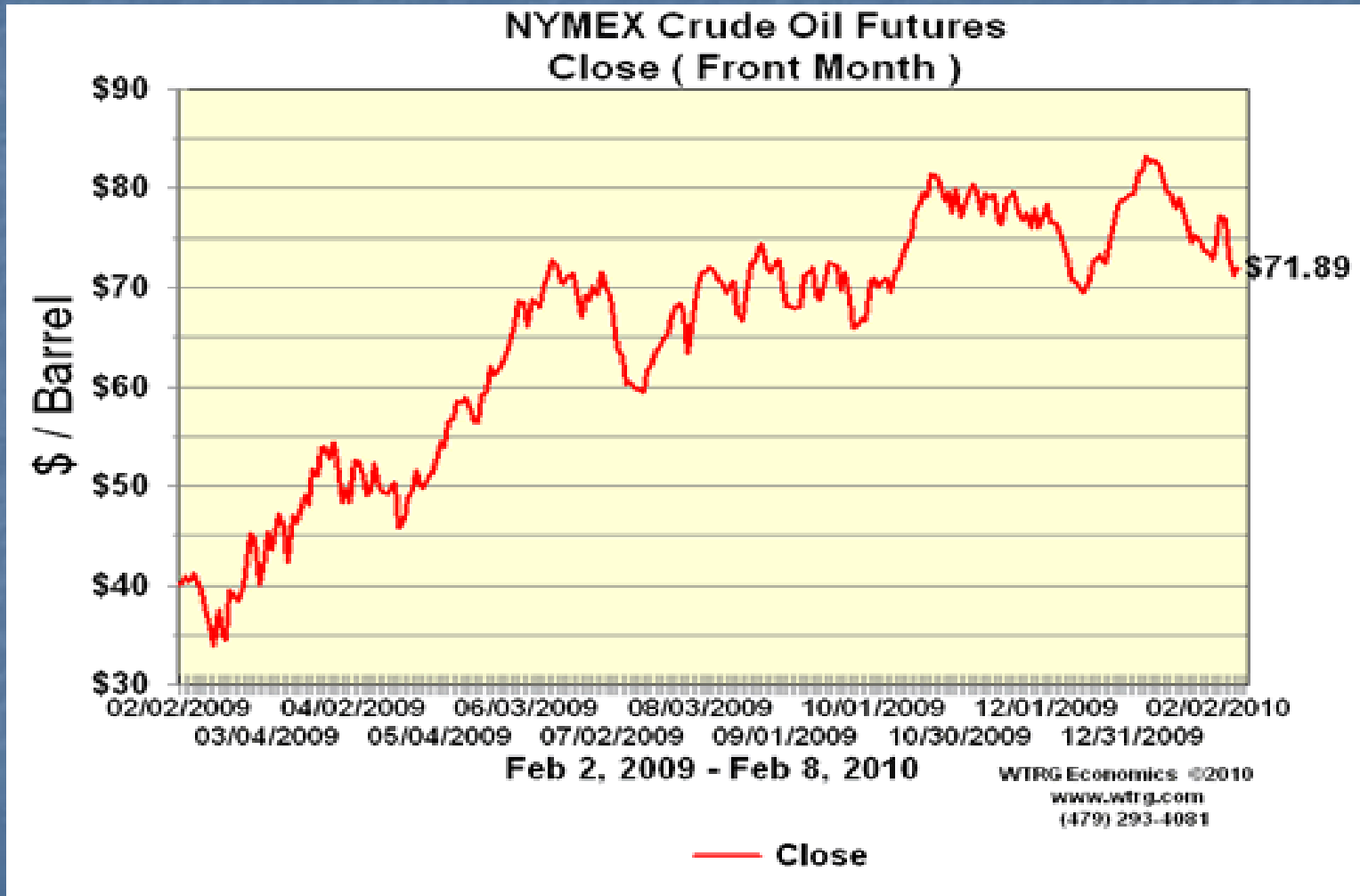
Source: EIA

Maritime Chokepoints - Asia



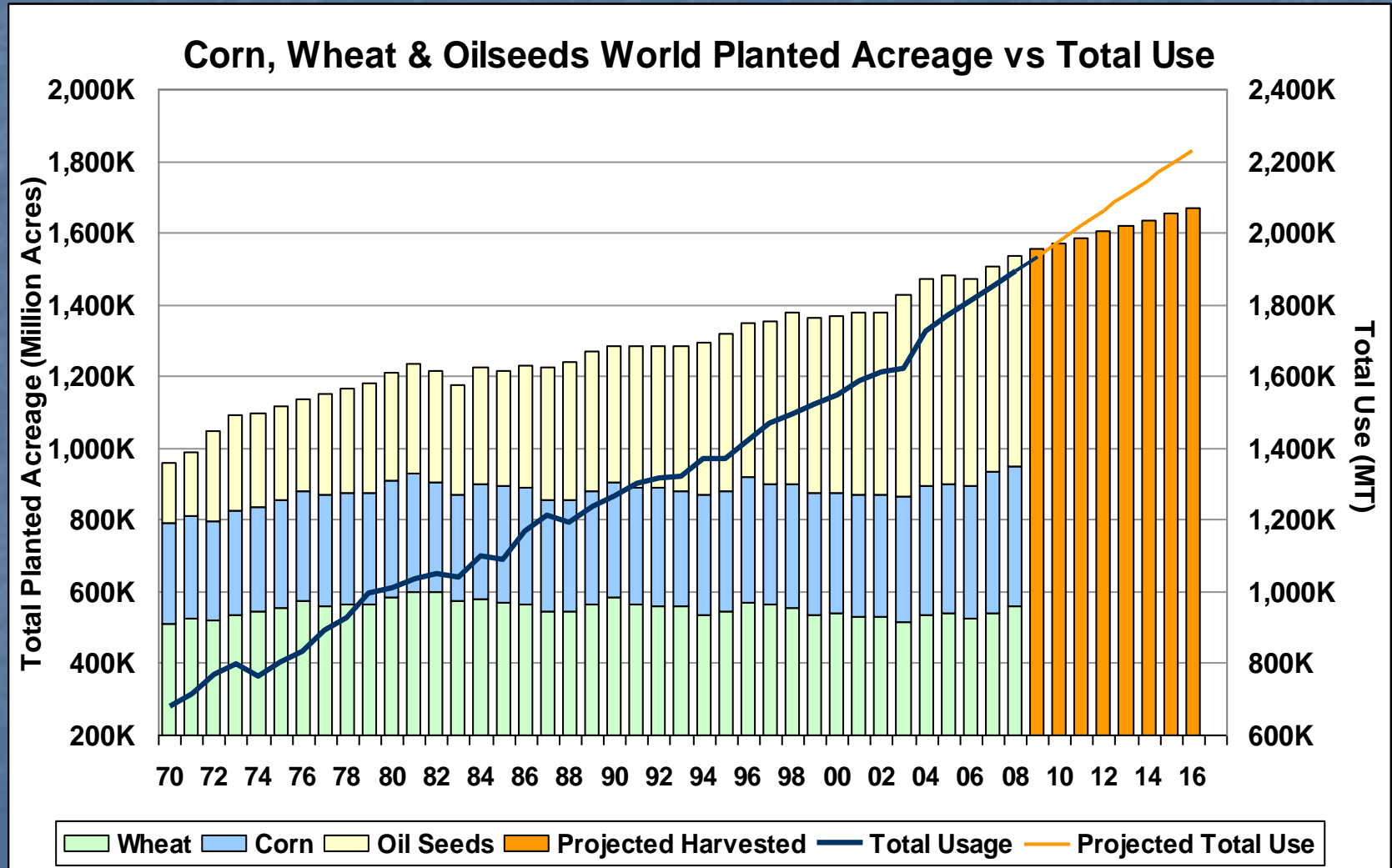
Source: EIA

Fuel Futures: NYMEX Crude Oil



Source: NYMEX

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

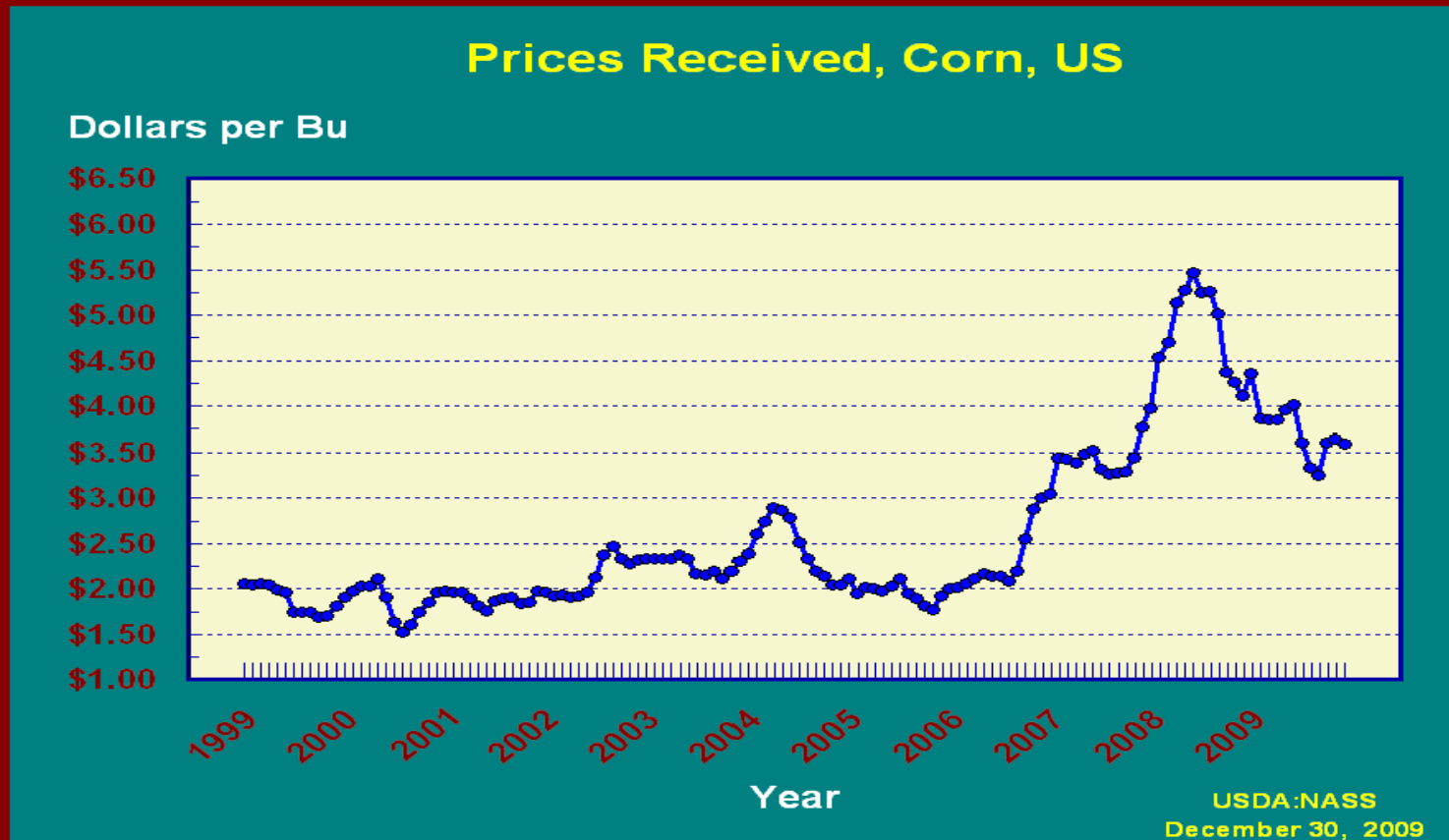


Fuel Futures: Ethanol March '10



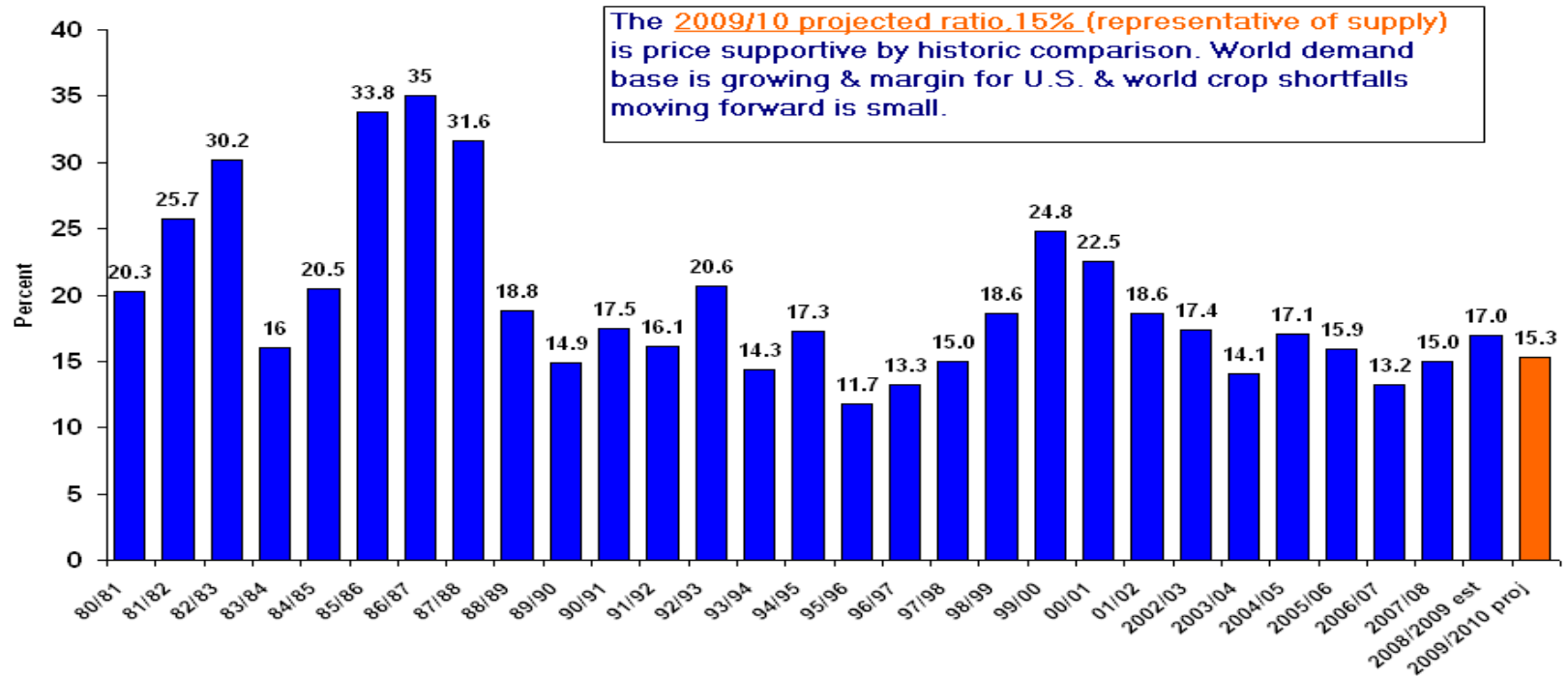
Source: CBOT

10-Year Corn Prices

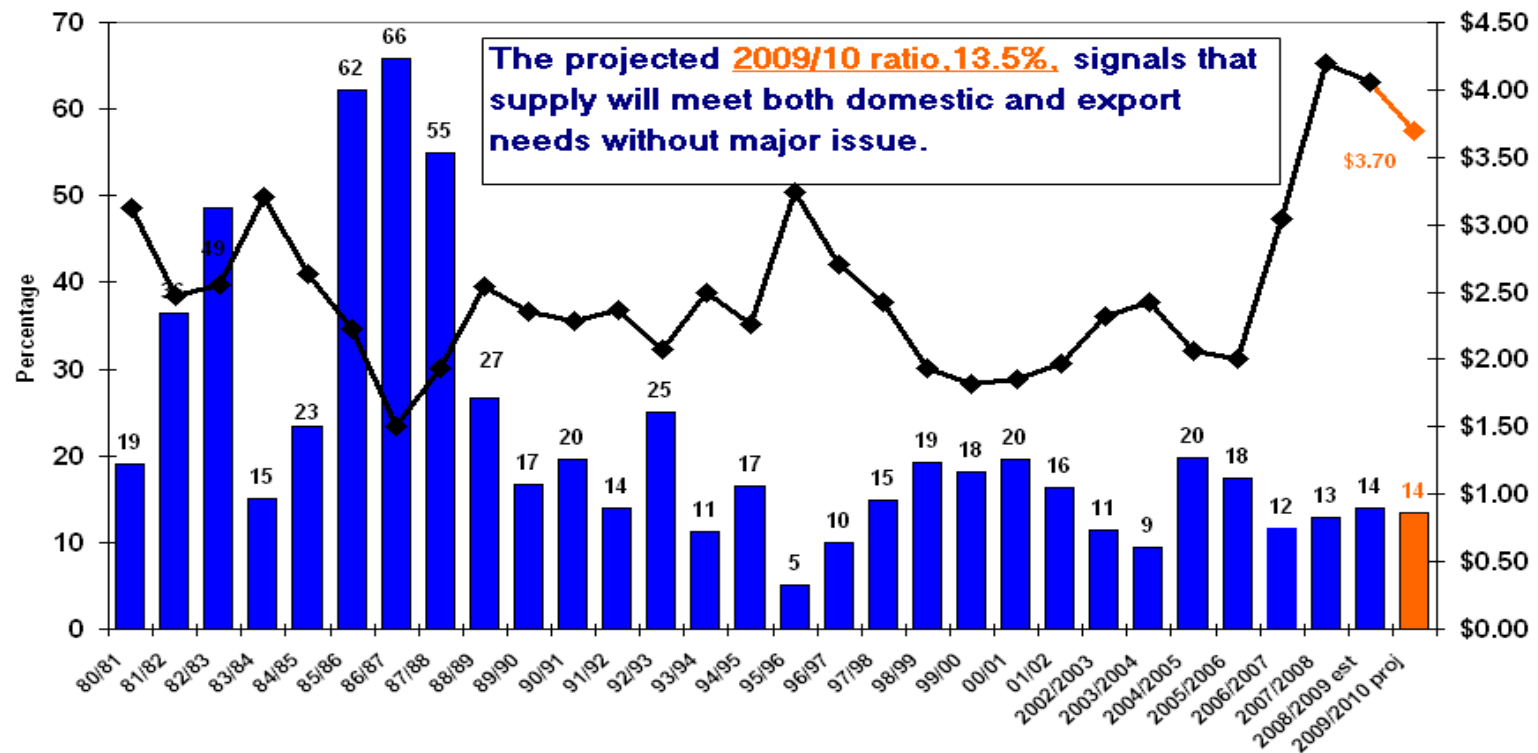


Source: NASS

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

	<u>2008/09 est (01/12/10)</u>	<u>2009/2010 Proj.</u>
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



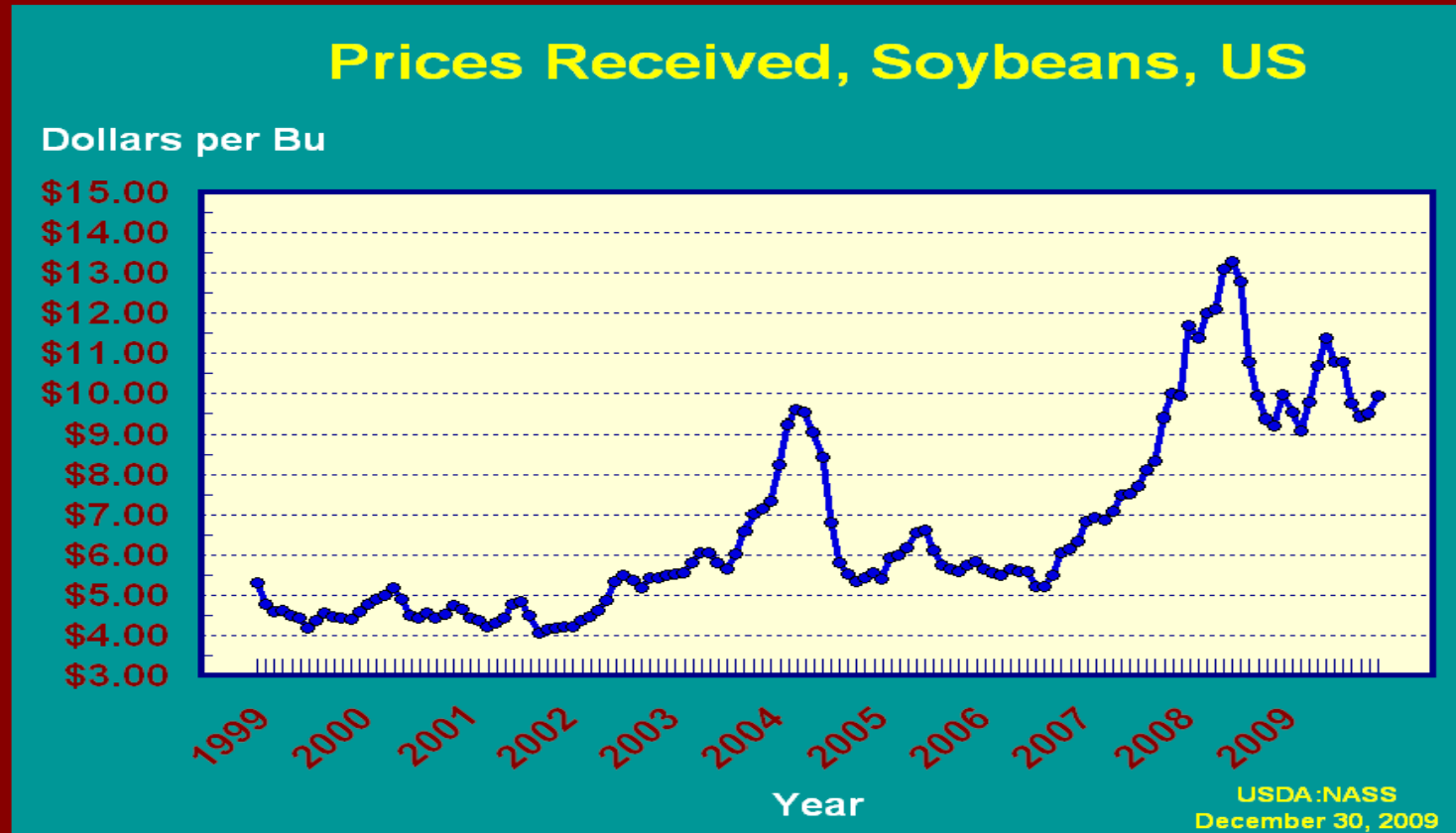
Source: CBOT

December '10 Corn



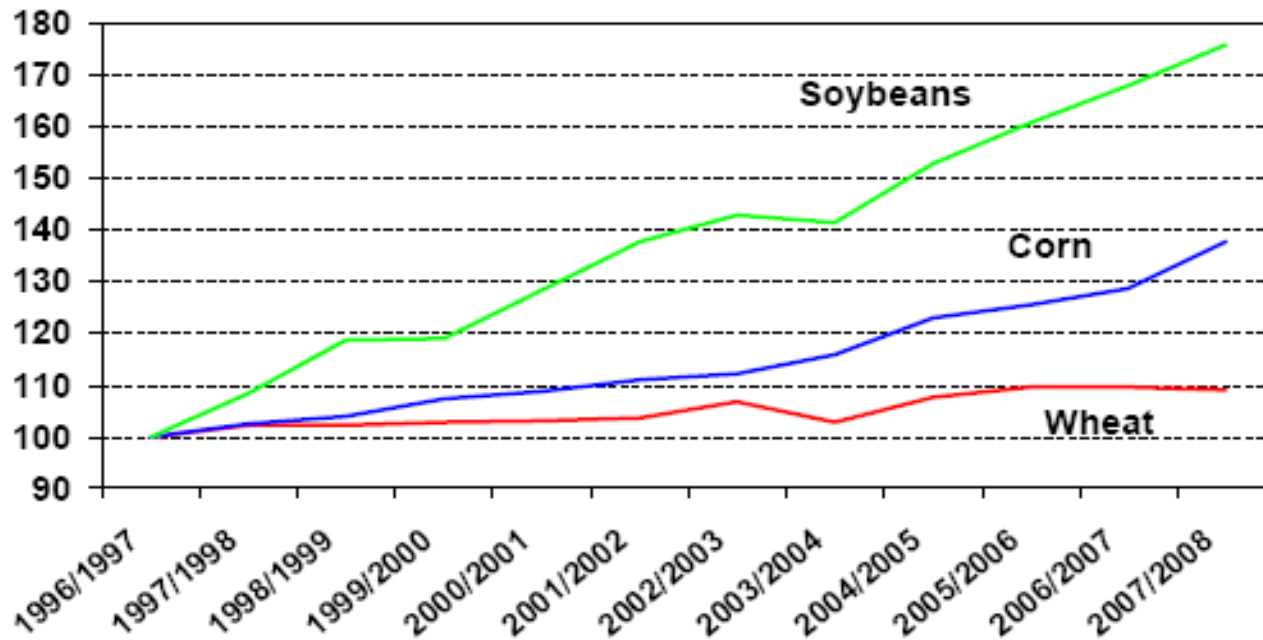
Source: CBOT

10-Year Soybean Prices



Source: NASS

World Oilseed Demand Climbs



March '10 Soybeans



Source: CBOT

May '10 Soybeans

ZS K0 [10] - SOYBEANS

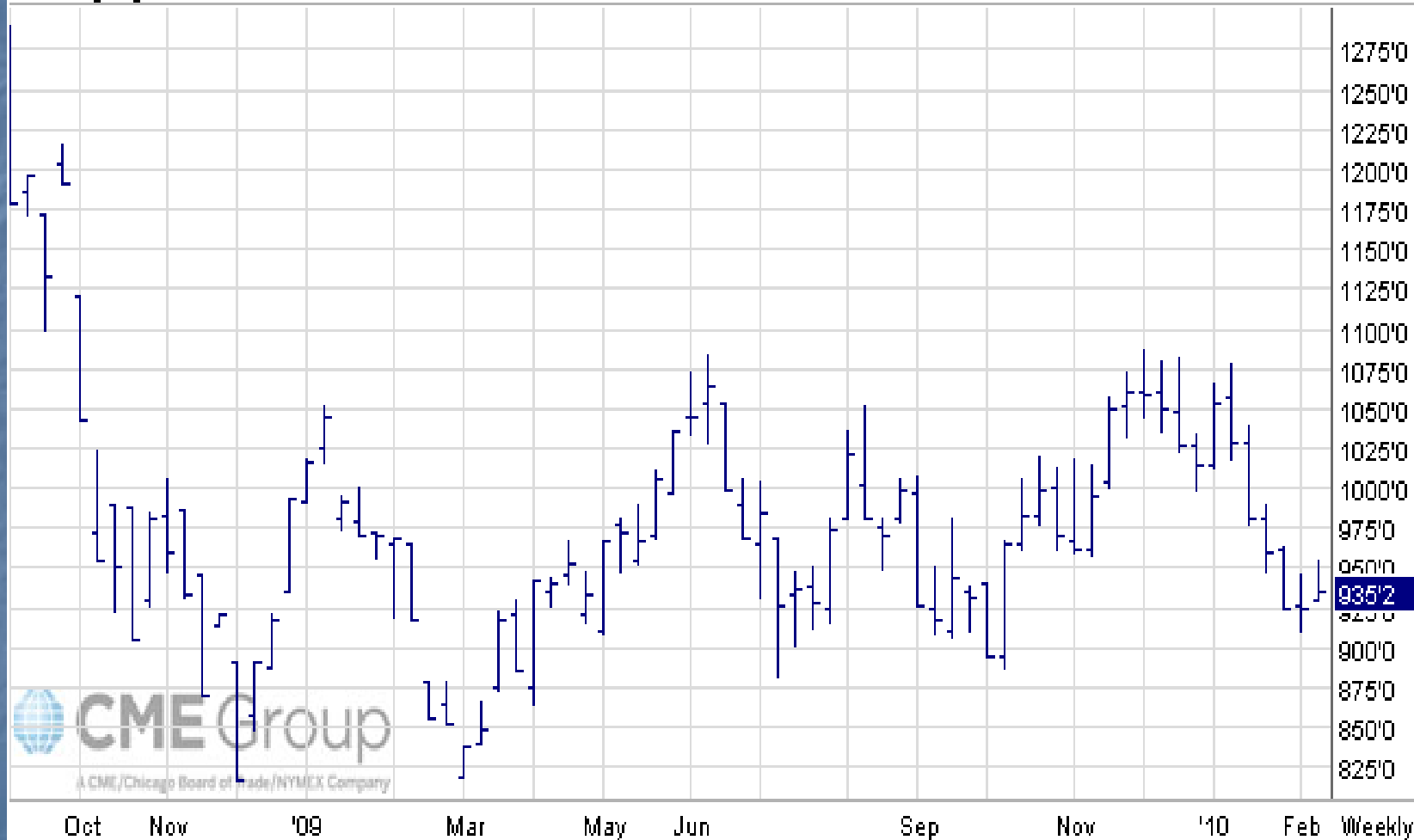
LAST: 935'2

CHANGE: ▼ 4'6

HIGH: 954'0

LOW: 930'6

2/12/2010



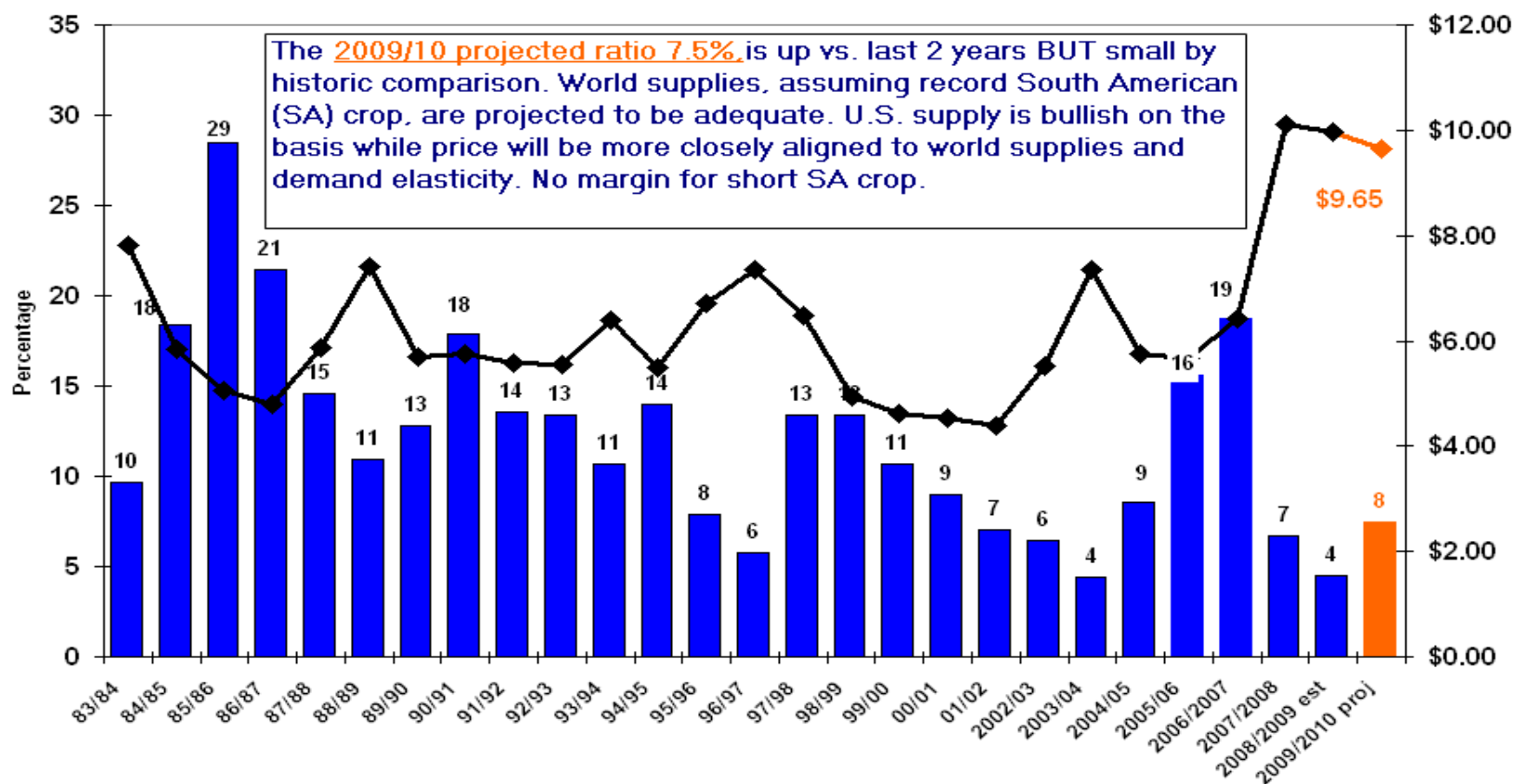
Source: CBOT

November '10 Soybeans

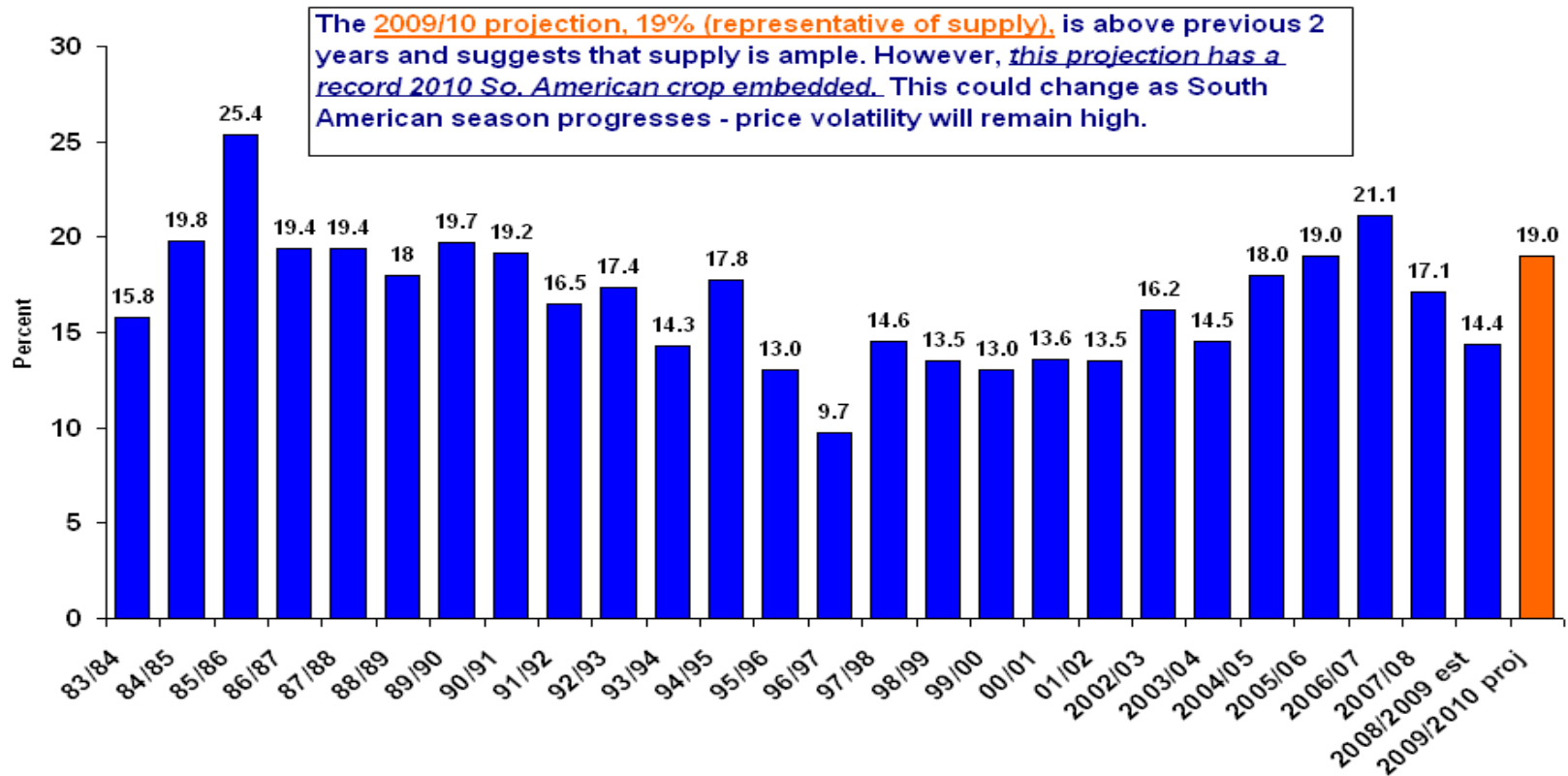


Source: CBOT

U.S. Soybean Ending Stocks As % of Use



World Soybean Ending Stocks as Percentage of Use



USDA Soybean Supply and Use

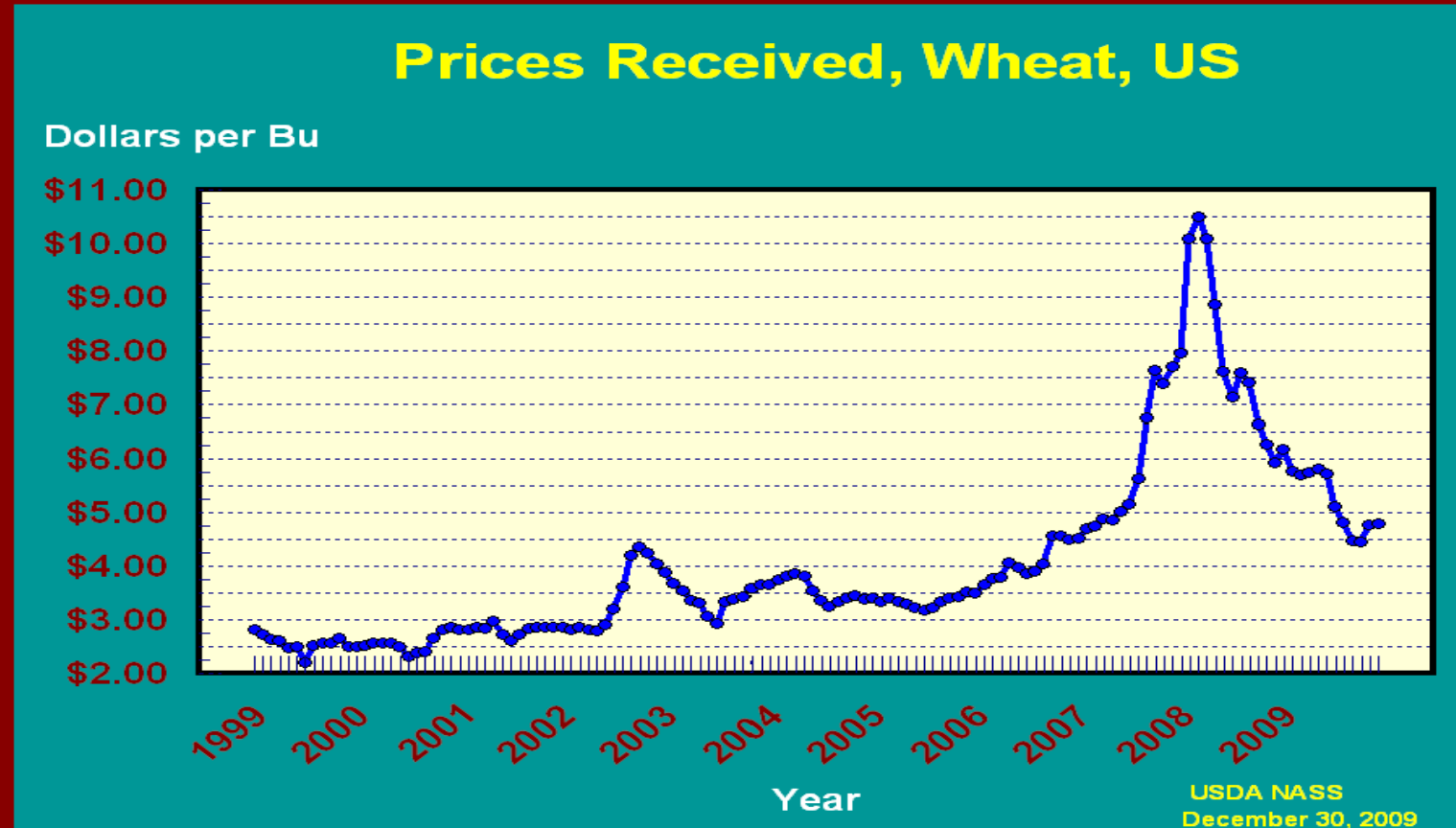
	2008/09 (1/12/10)	2009/2010 Projected
Area Planted	75.7	77.5
Area Harvested	74.7	76.4
Yield (bushels per acre)	39.7	44.0
Beginning Stocks	205	138
Production	2,967	3,361
Imports	13	8
Supply, Total	3,185	3,507
Crush	1,662	1,710
Exports	1,283	1,375
Seed	95	94
Residual	6	83
Use, Total	3,047	3,262
Ending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

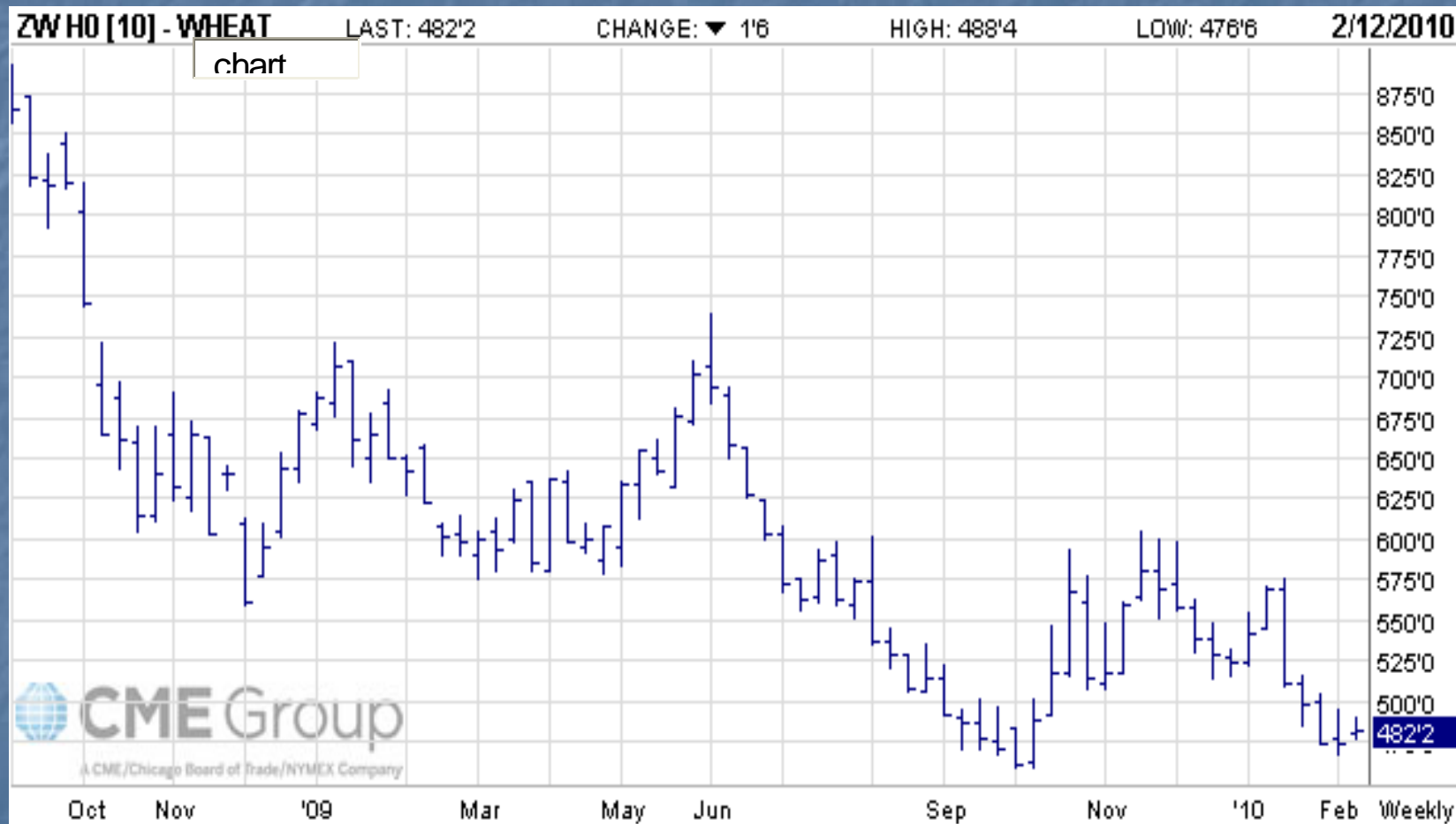
Million Metric Tons

10-Year Wheat Prices



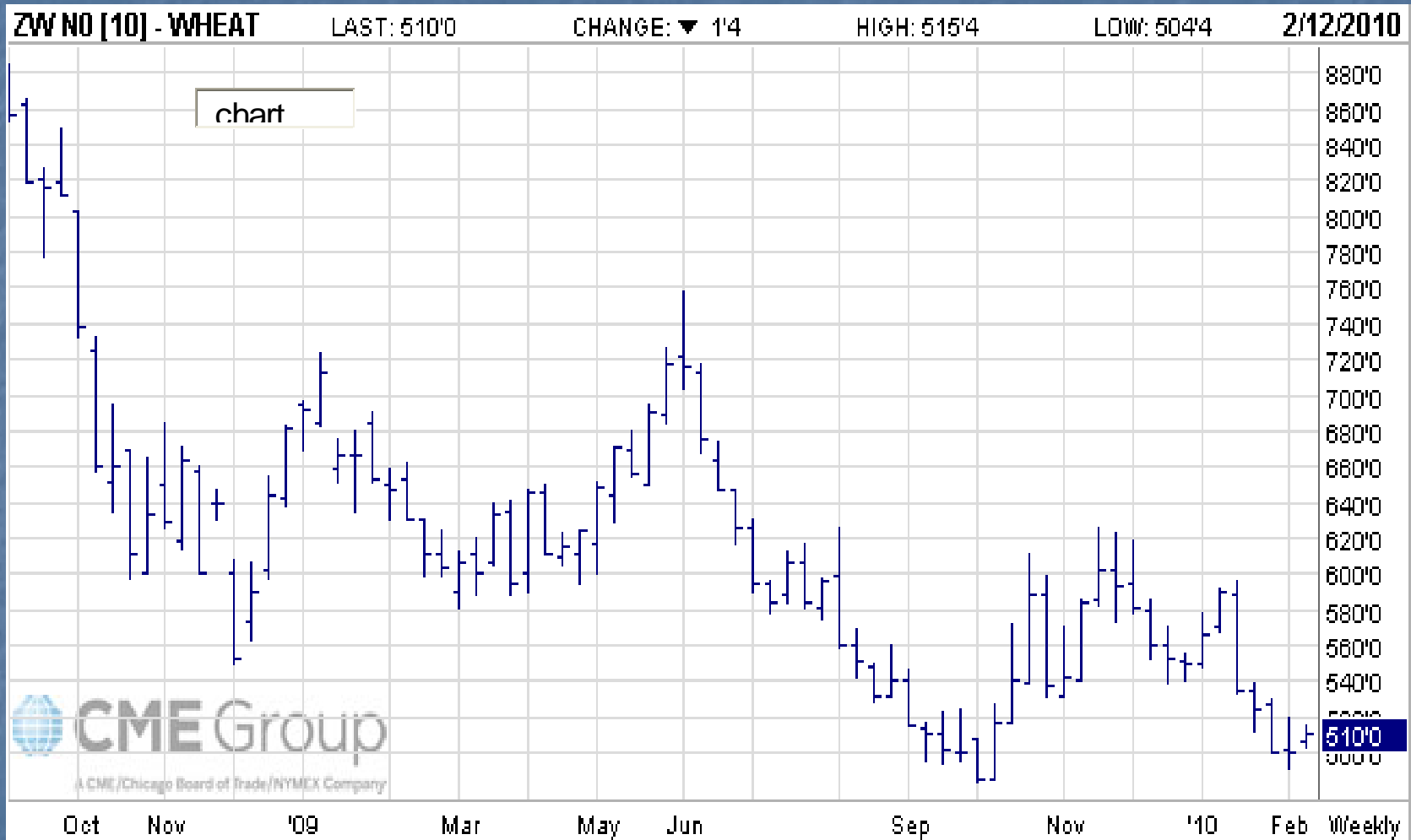
Source: NASS

March '10 Chicago Wheat



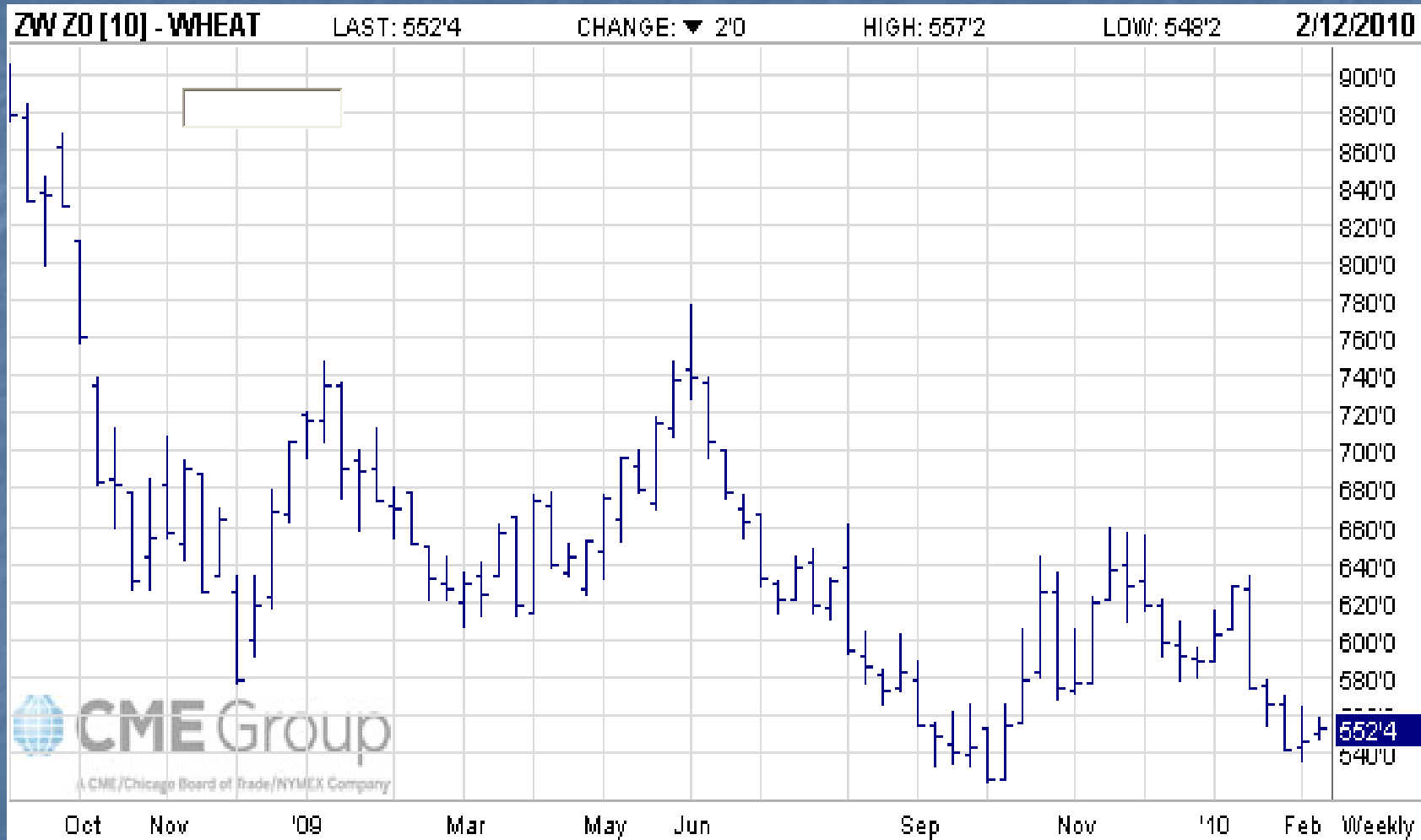
Source: CBOT

July '10 Chicago Wheat



Source: CBOT

December '10 Chicago Wheat



Source: CBOT

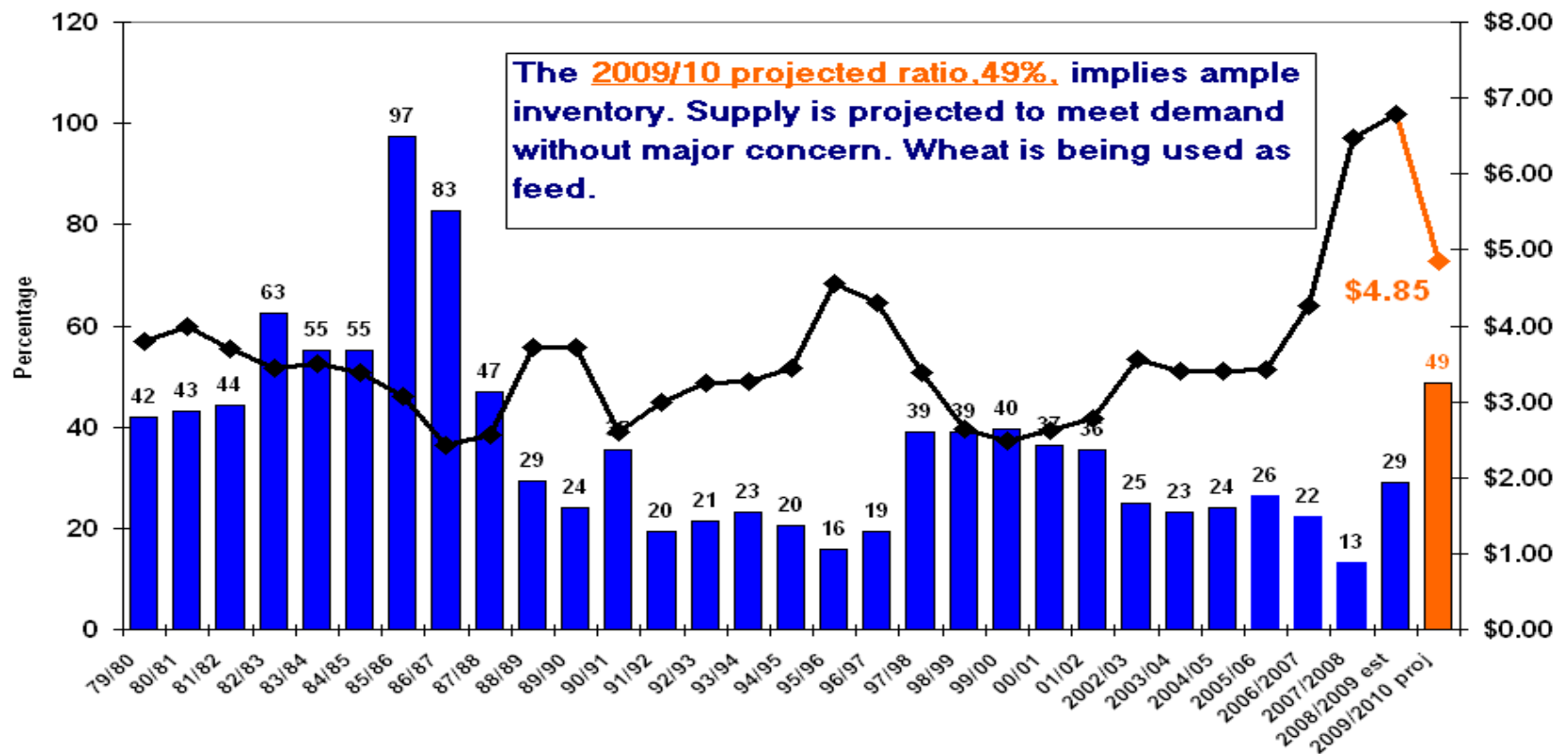
USDA Wheat Supply and Use

	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			

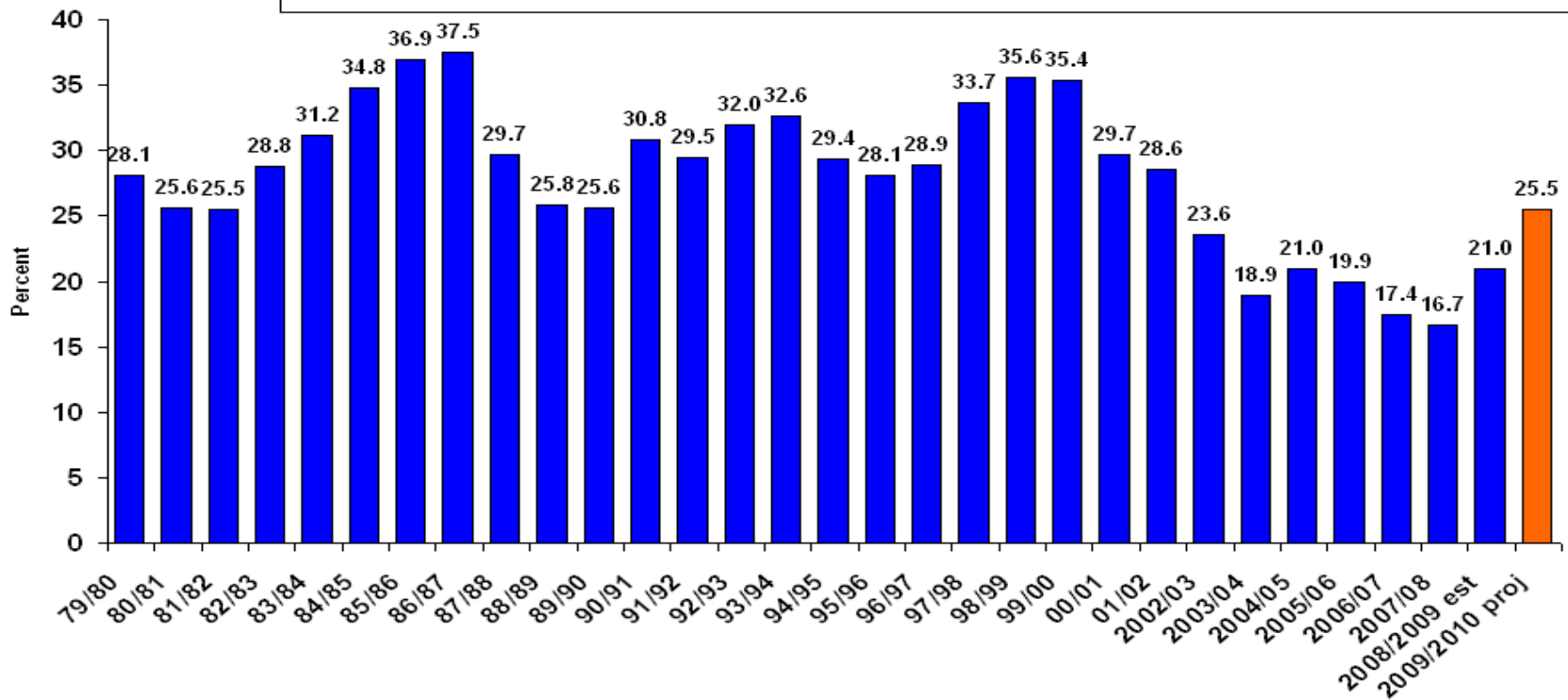
U.S. Wheat Ending Stocks As % of Use



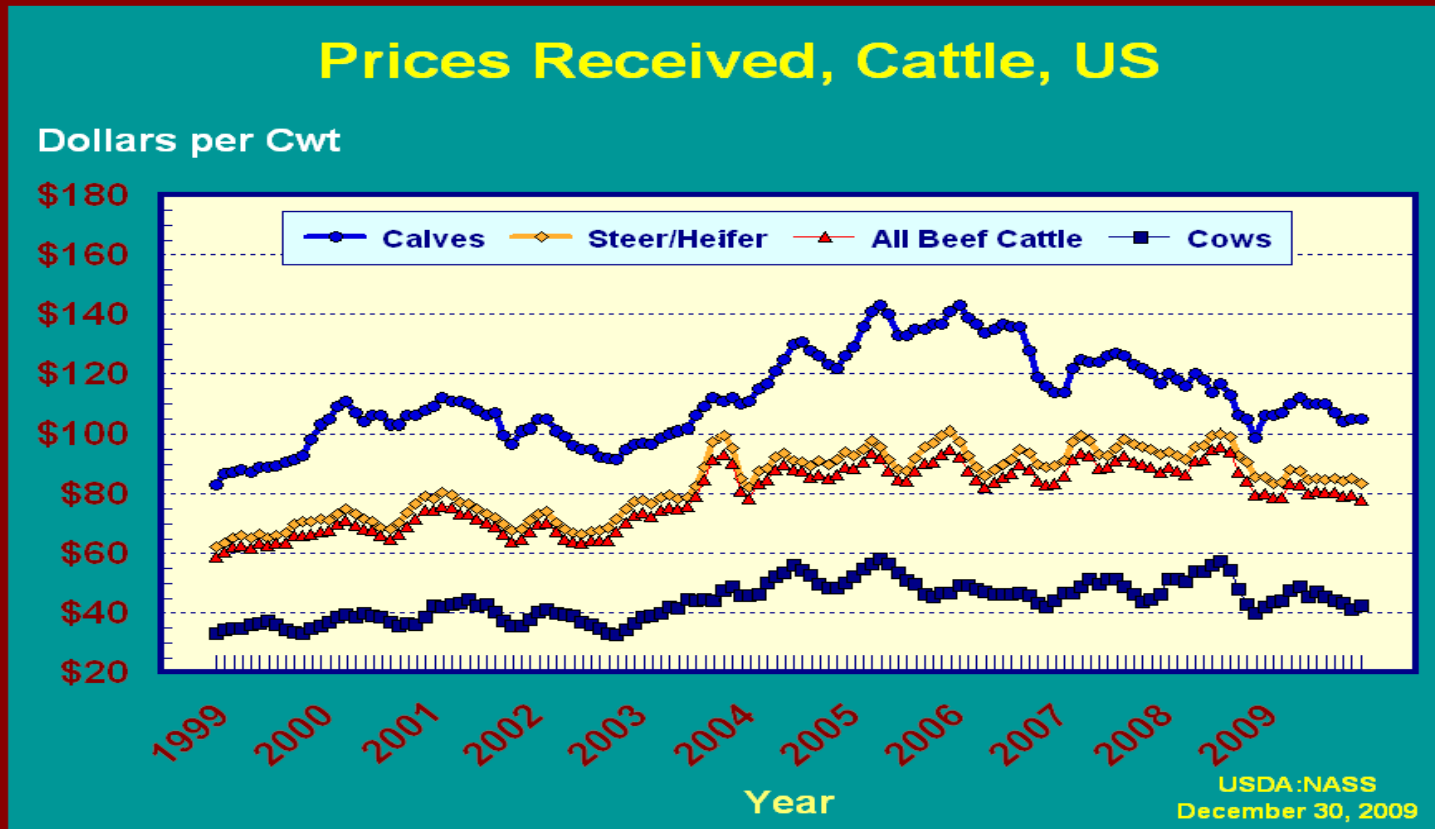
Compliments of PHI Marketing

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.

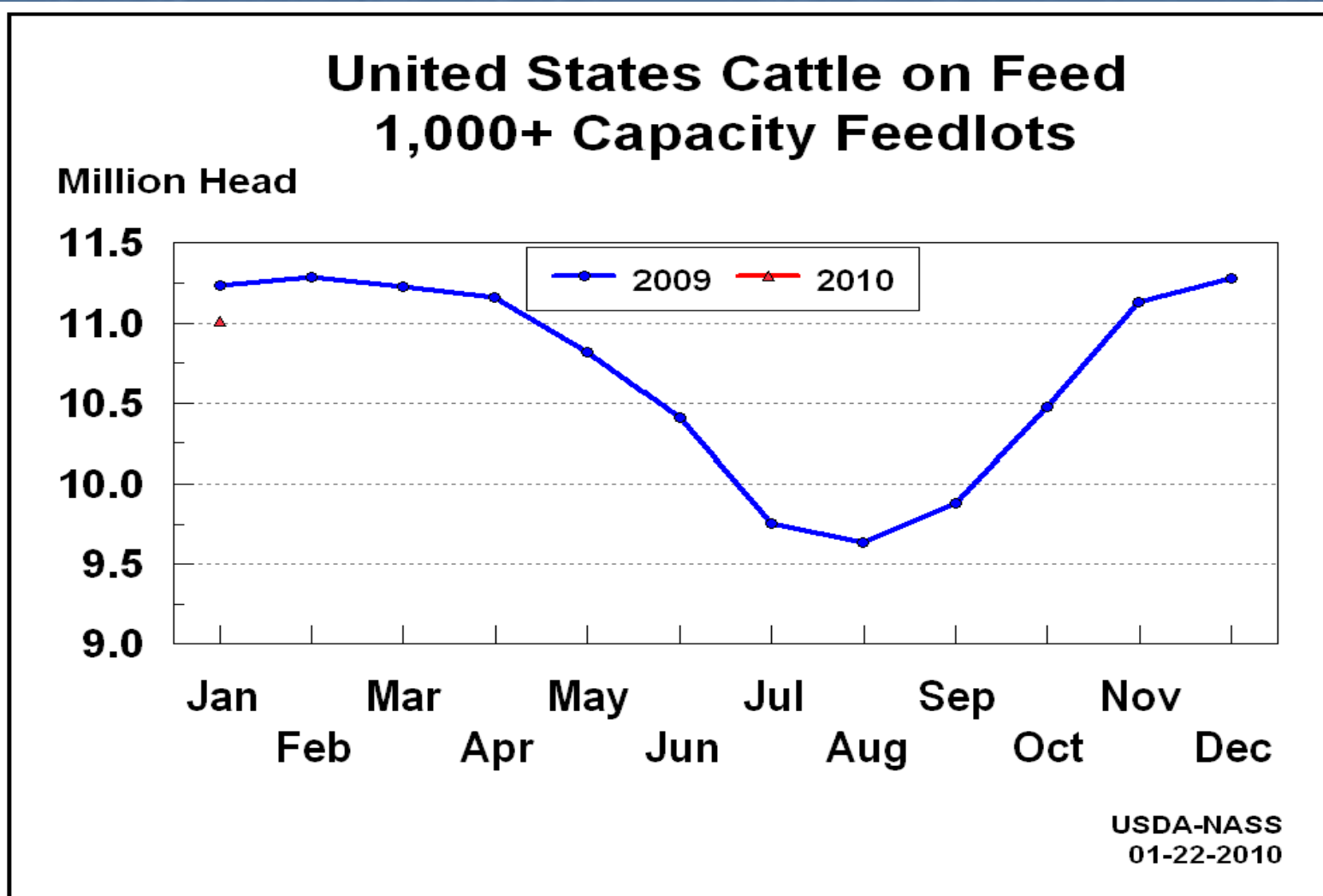


10-Year Cattle Prices



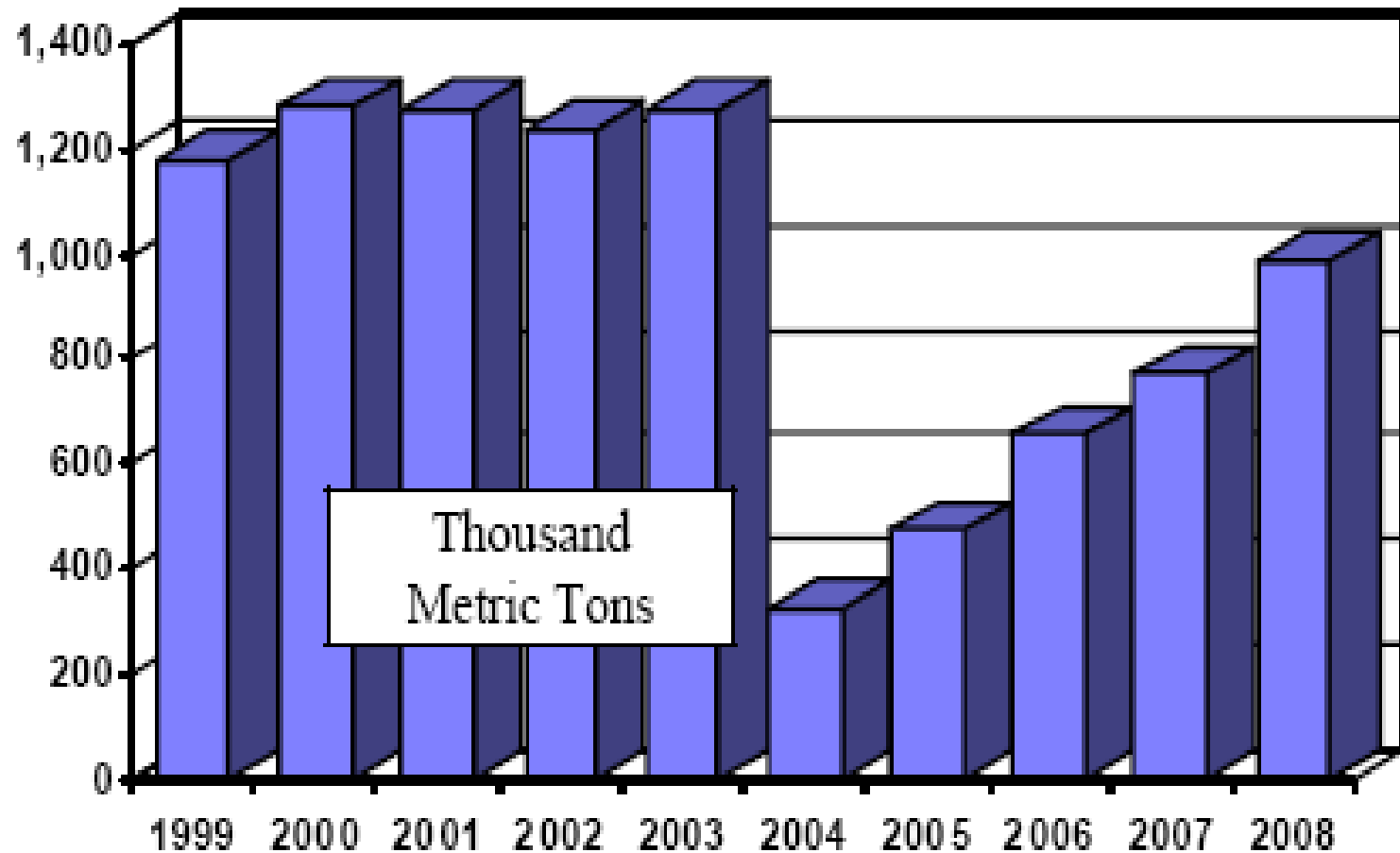
Source: NASS

U.S. Cattle on Feed



Source: USDA

Total U.S. Beef Exports 1999-2008



Source: U.S. Meat Export Federation

March '10 Feeder Cattle



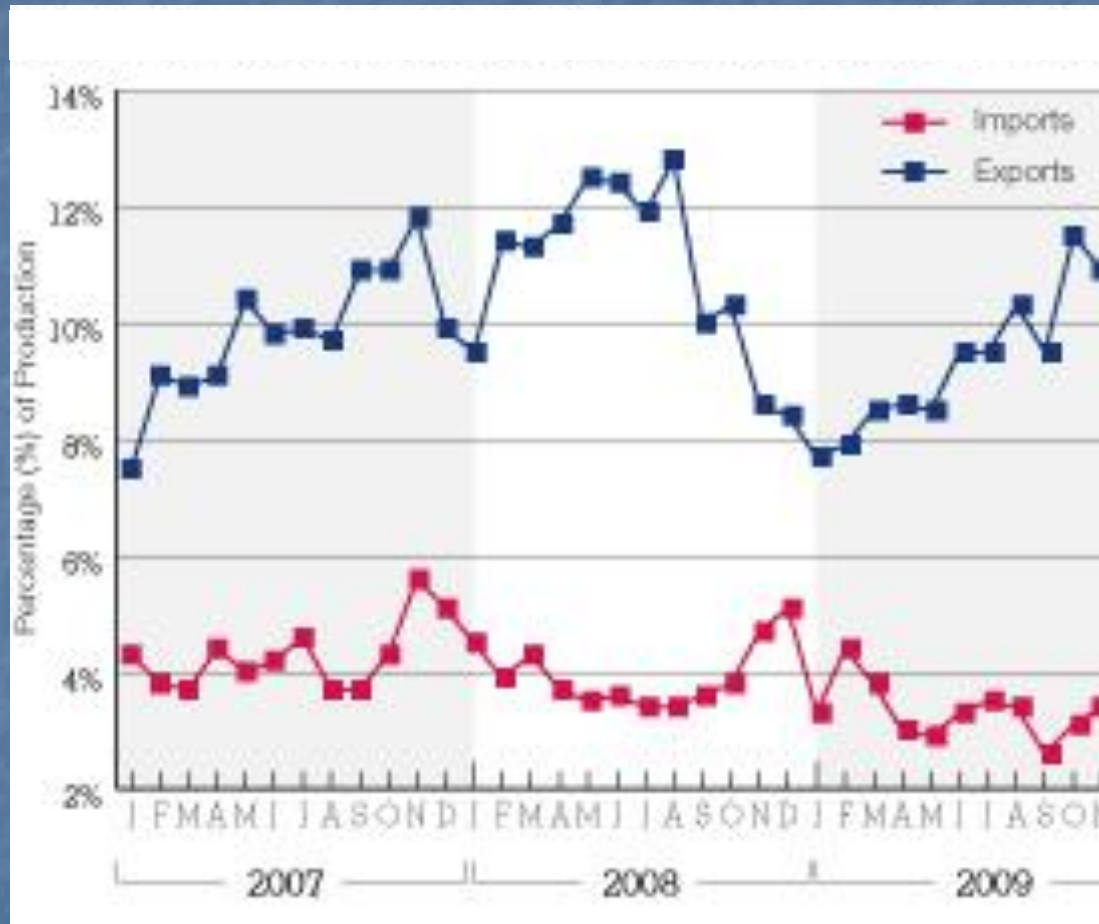
Source: CME

February '10 Live Cattle



Source: CME

U.S. Dairy Trade Balance



Source: U.S. Dairy Export Council

February '10 Class III Milk

DC GO [10] - MILK CLASS III-GLOBEX

LAST: 14.19

CHANGE: ▲ 0.05

HIGH: 14.20

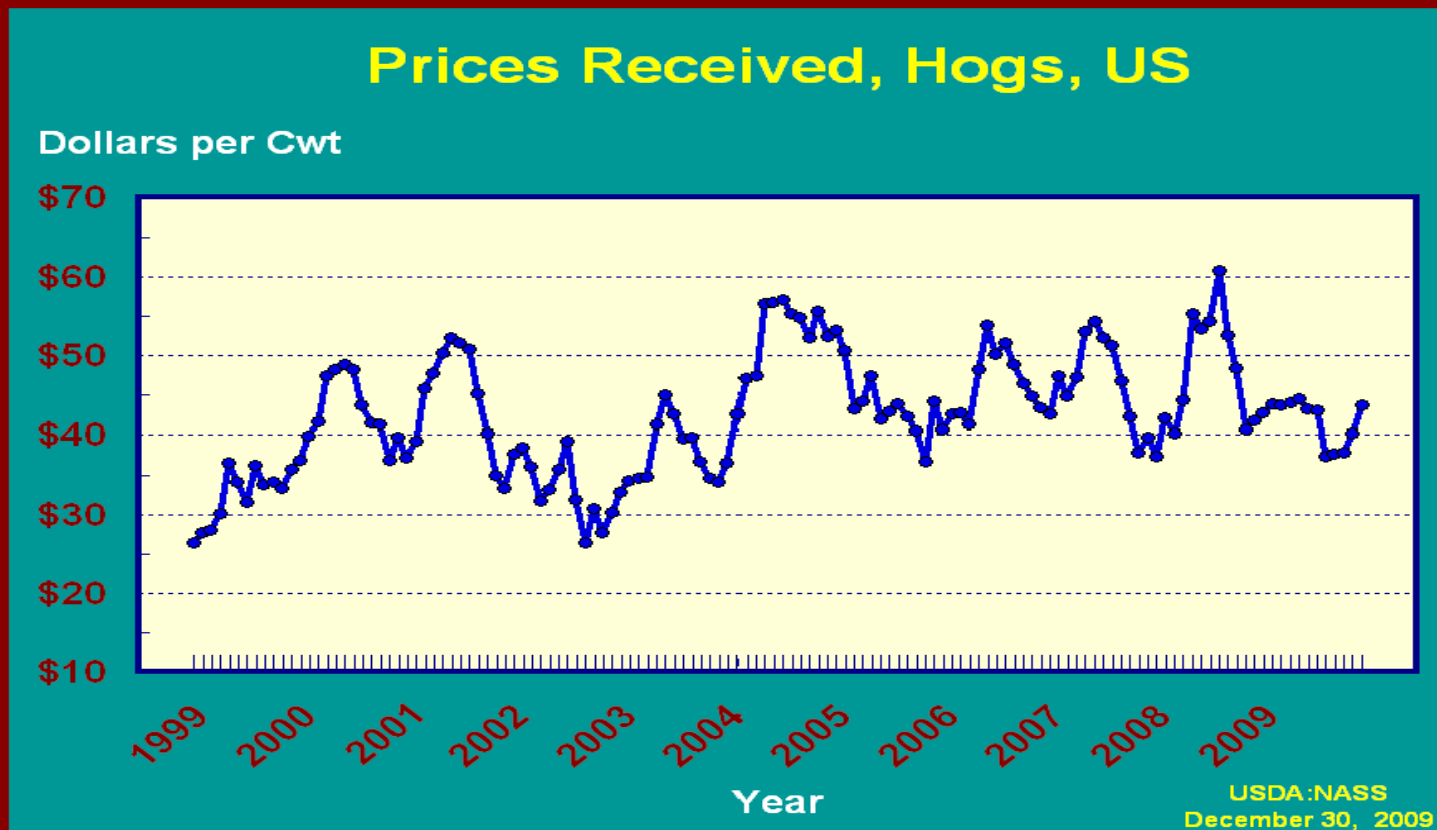
LOW: 14.14

2/12/2010



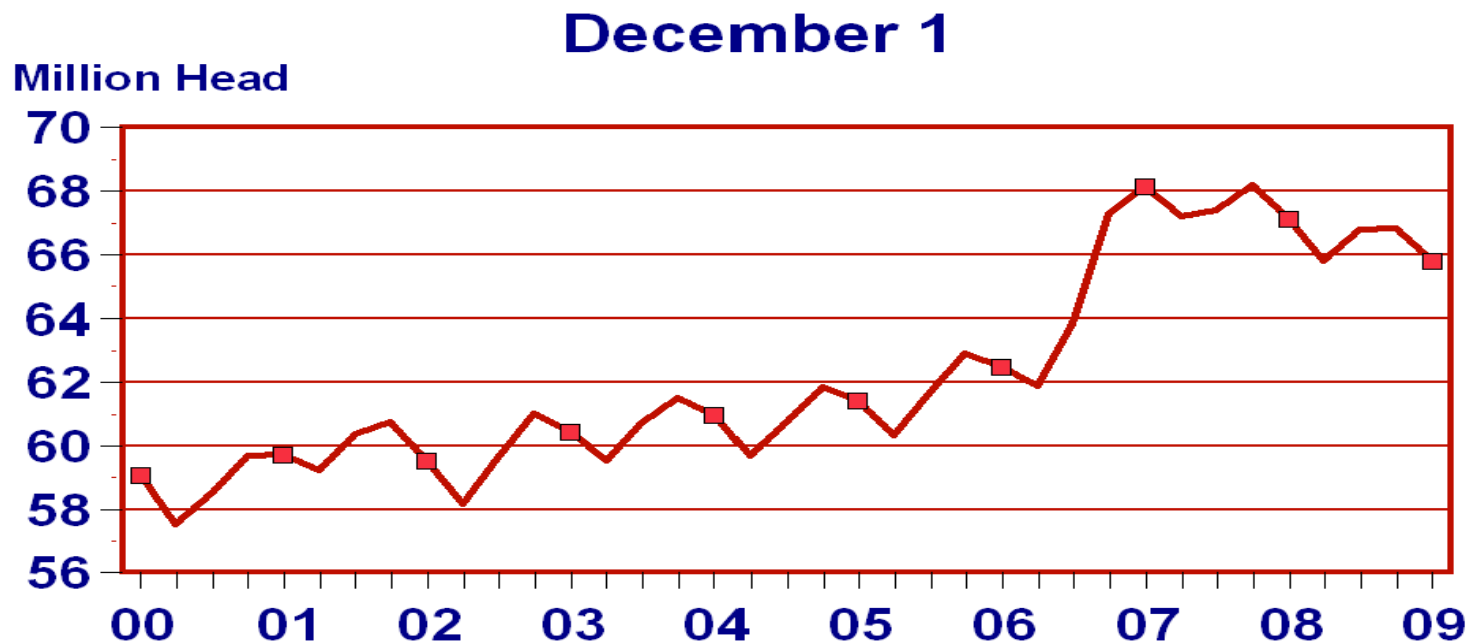
Source: CBOT

10-Year Hog Prices



Source: NASS

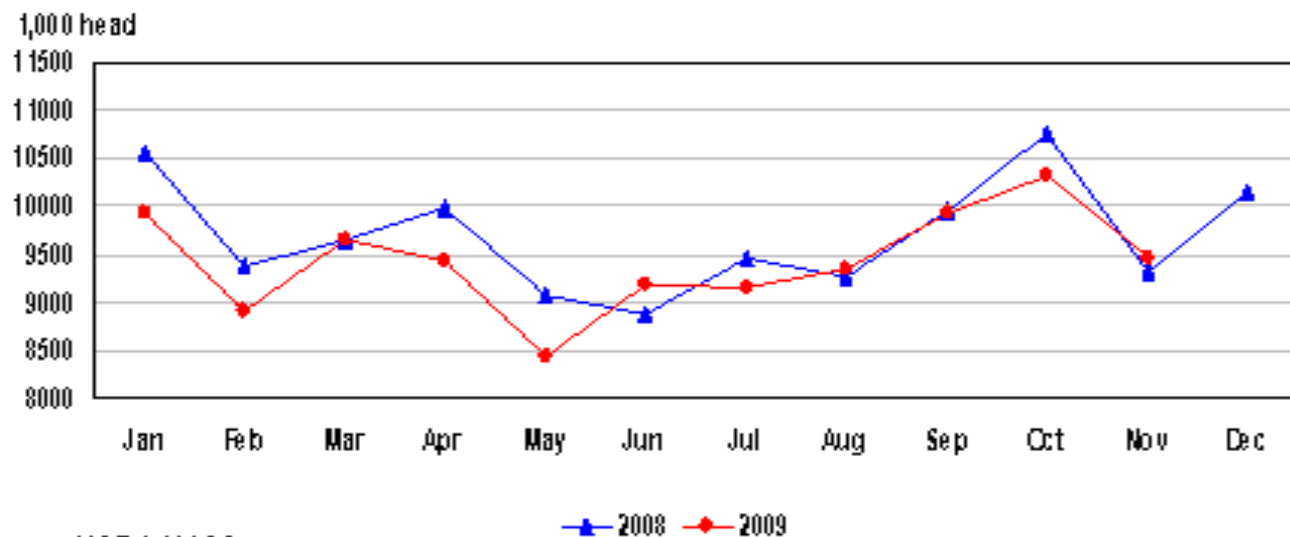
U.S. Quarterly Hogs, Pigs Inventory



USDA-NASS
12-30-2009

Source: USDA NASS

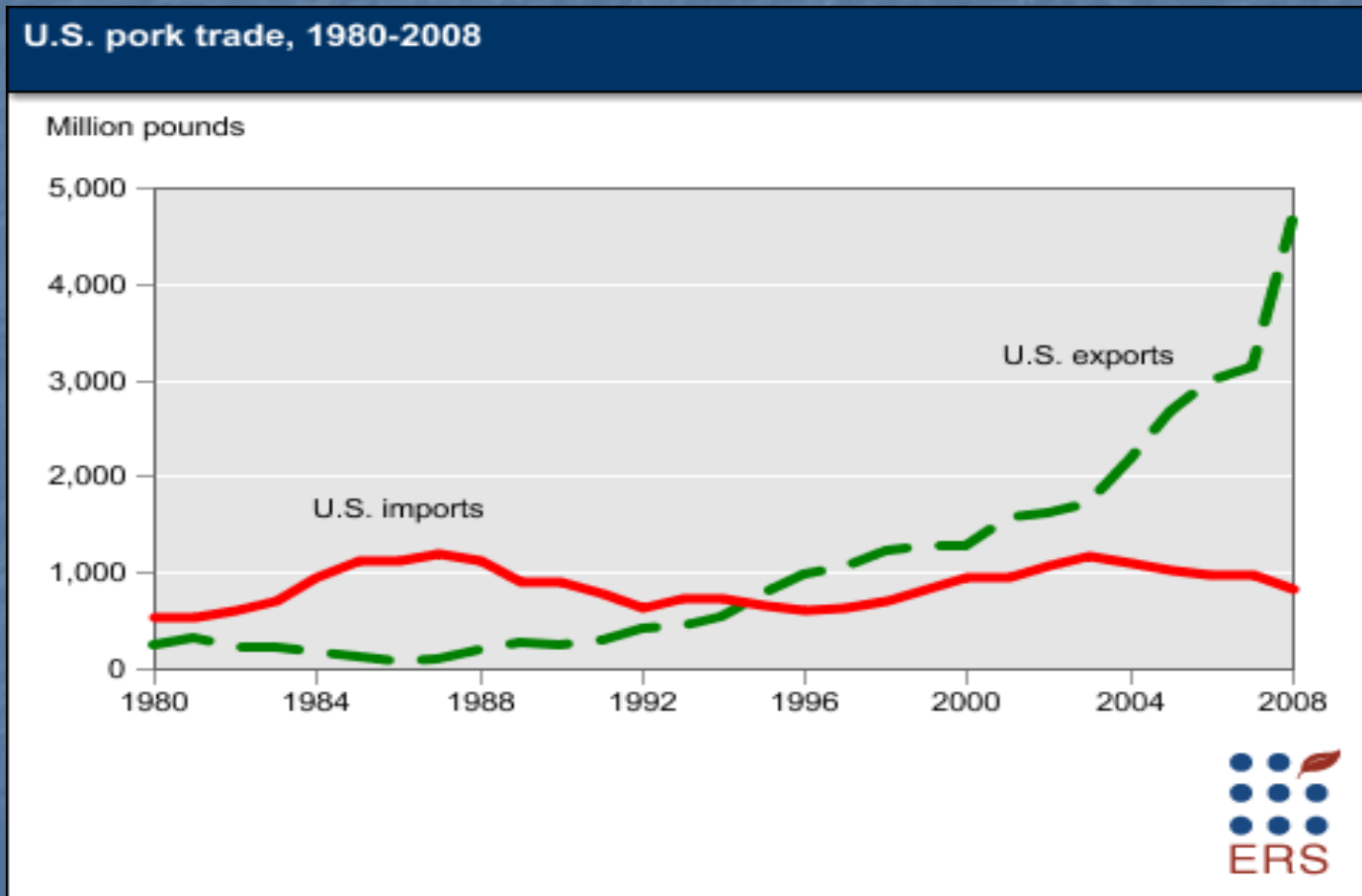
U.S. Commercial Slaughter Hogs



USDA-NASS
12-24-2009

Source: USDA NASS

Pork Imports, Exports 1980-2008



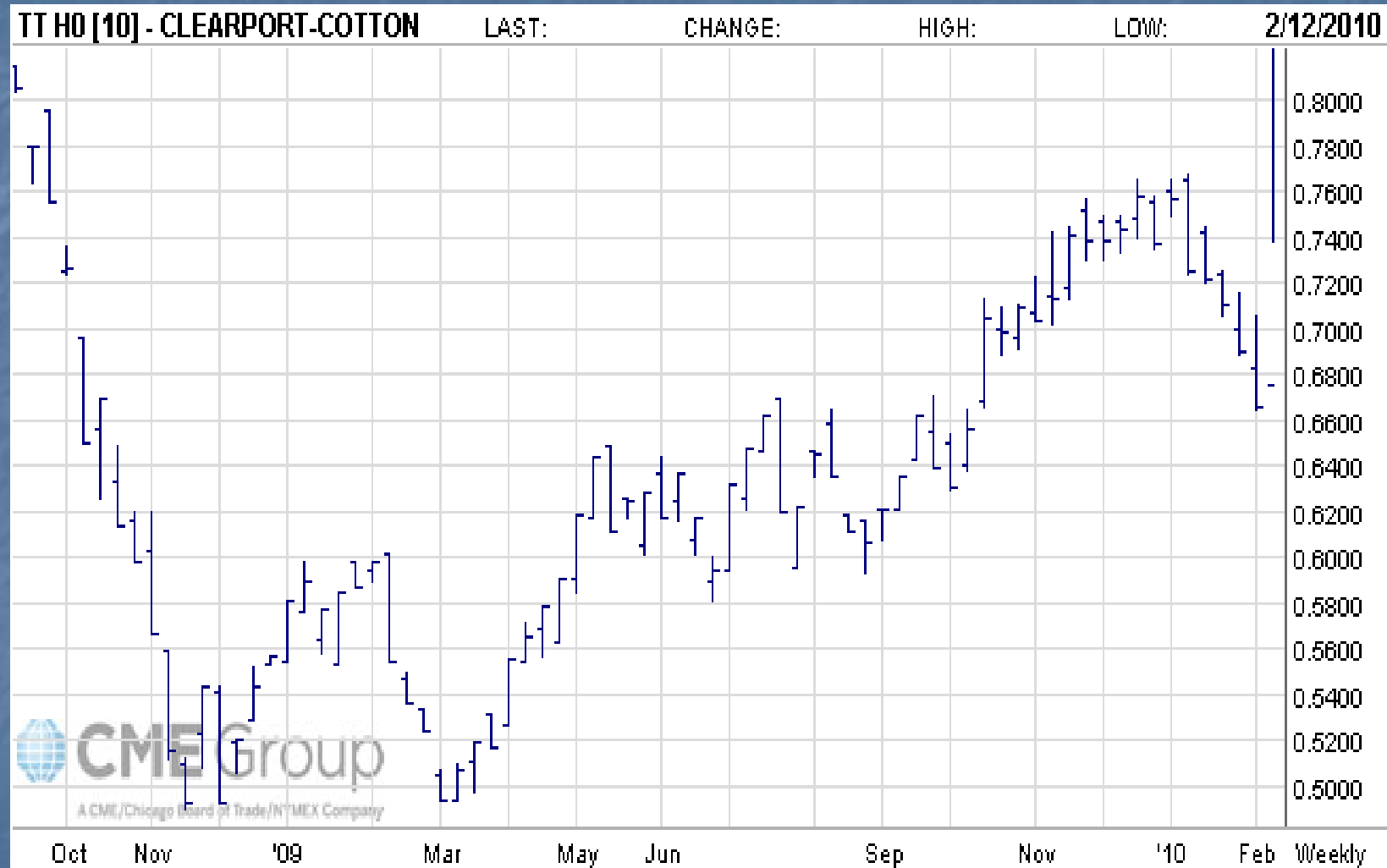
Source: USDA ERS

February '10 Lean Hogs



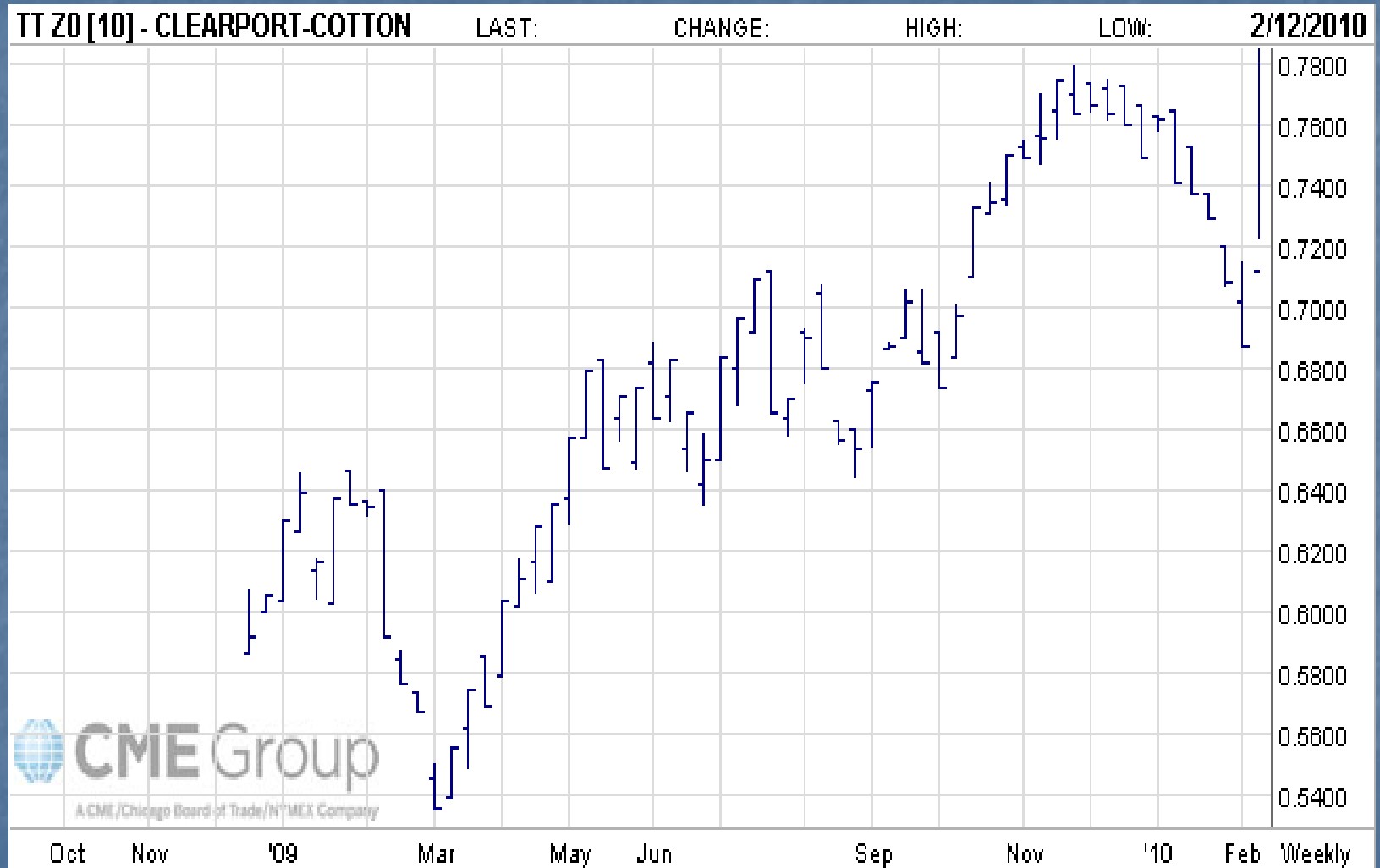
Source: CBOT

March '10 Cotton

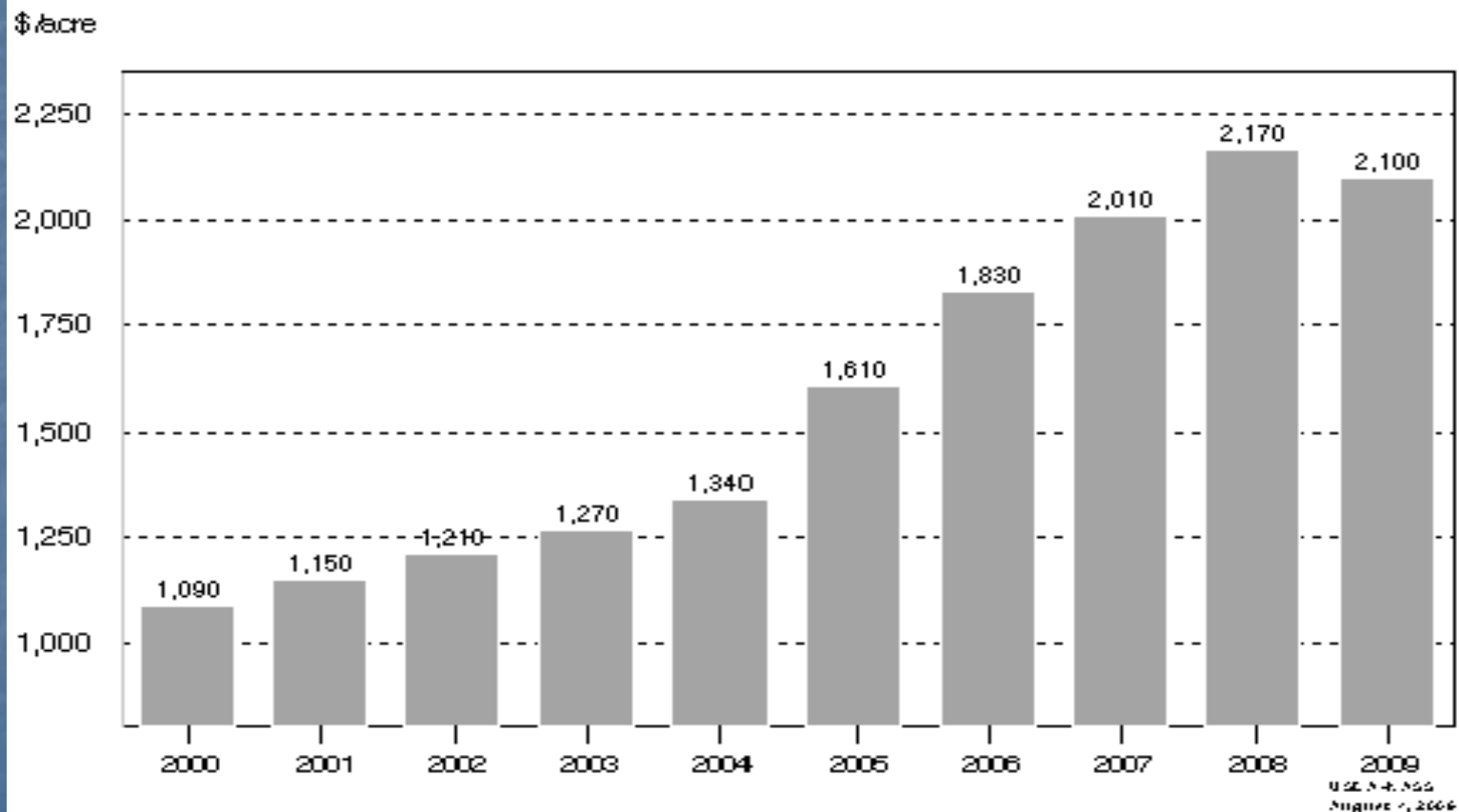


Source: CBOT

December '10 Cotton



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					Change
	2006	2007	2008	2009	08-09
■ 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

					Change
Region/State	2006	2007	2008	2009	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

						Change
Region/State	2006	2007	2008	2009	08-09	
■ 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	

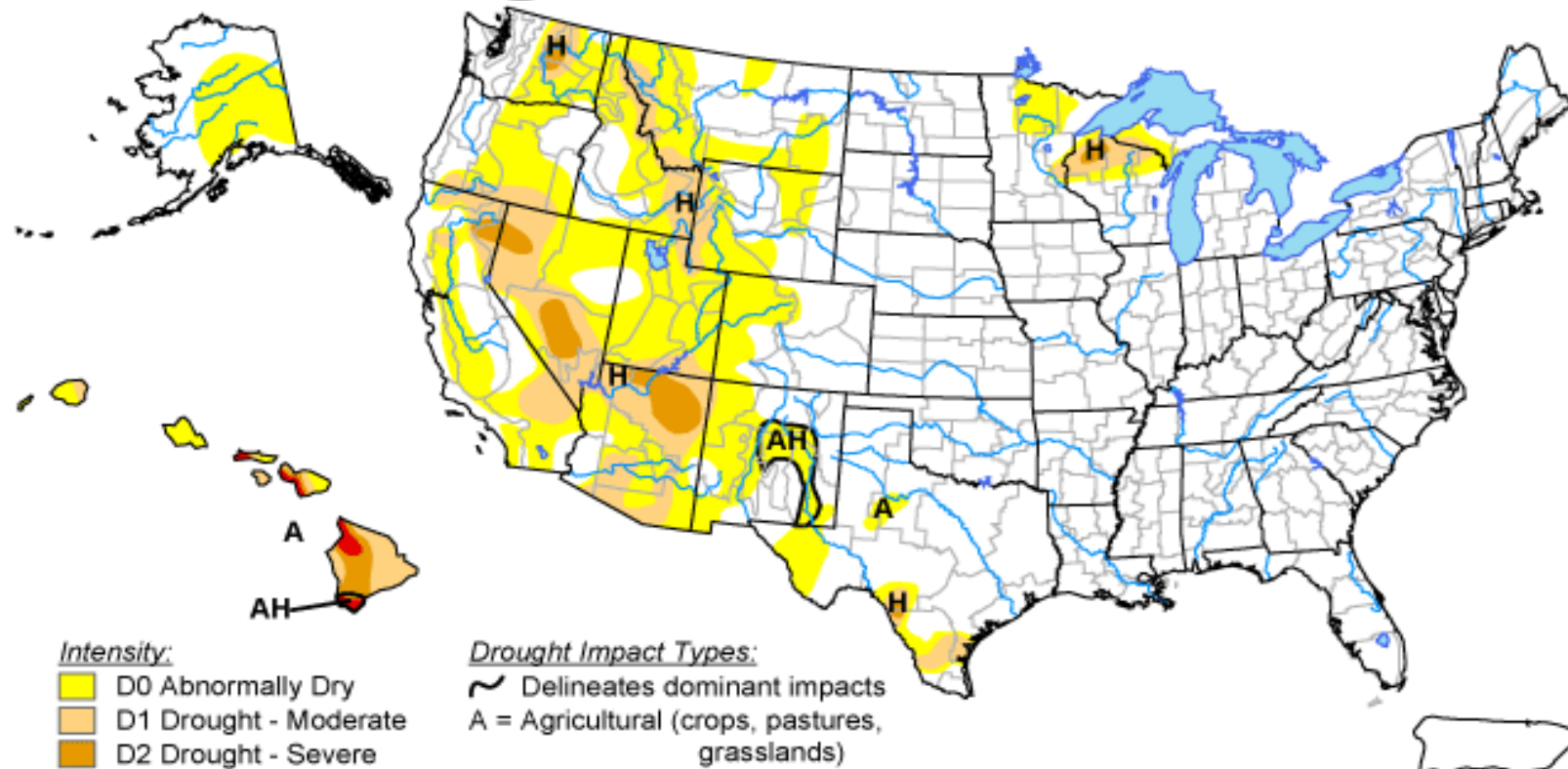
Cropland Rented for Cash: Average Cash Rent per Acre, by State, 2006-09

State	2006	2007	2008	2009
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



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

- Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)

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