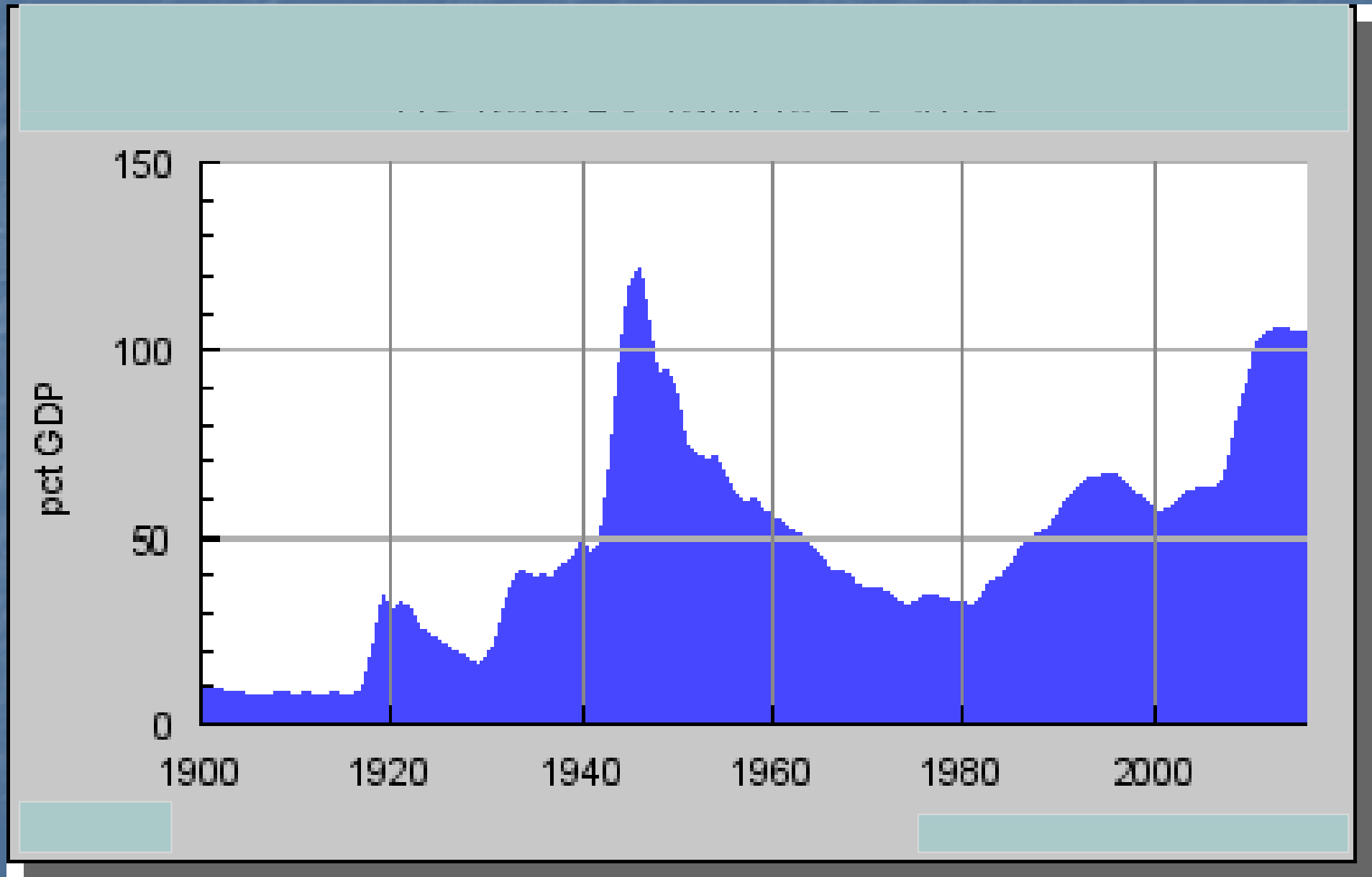


What's Ahead for Agriculture

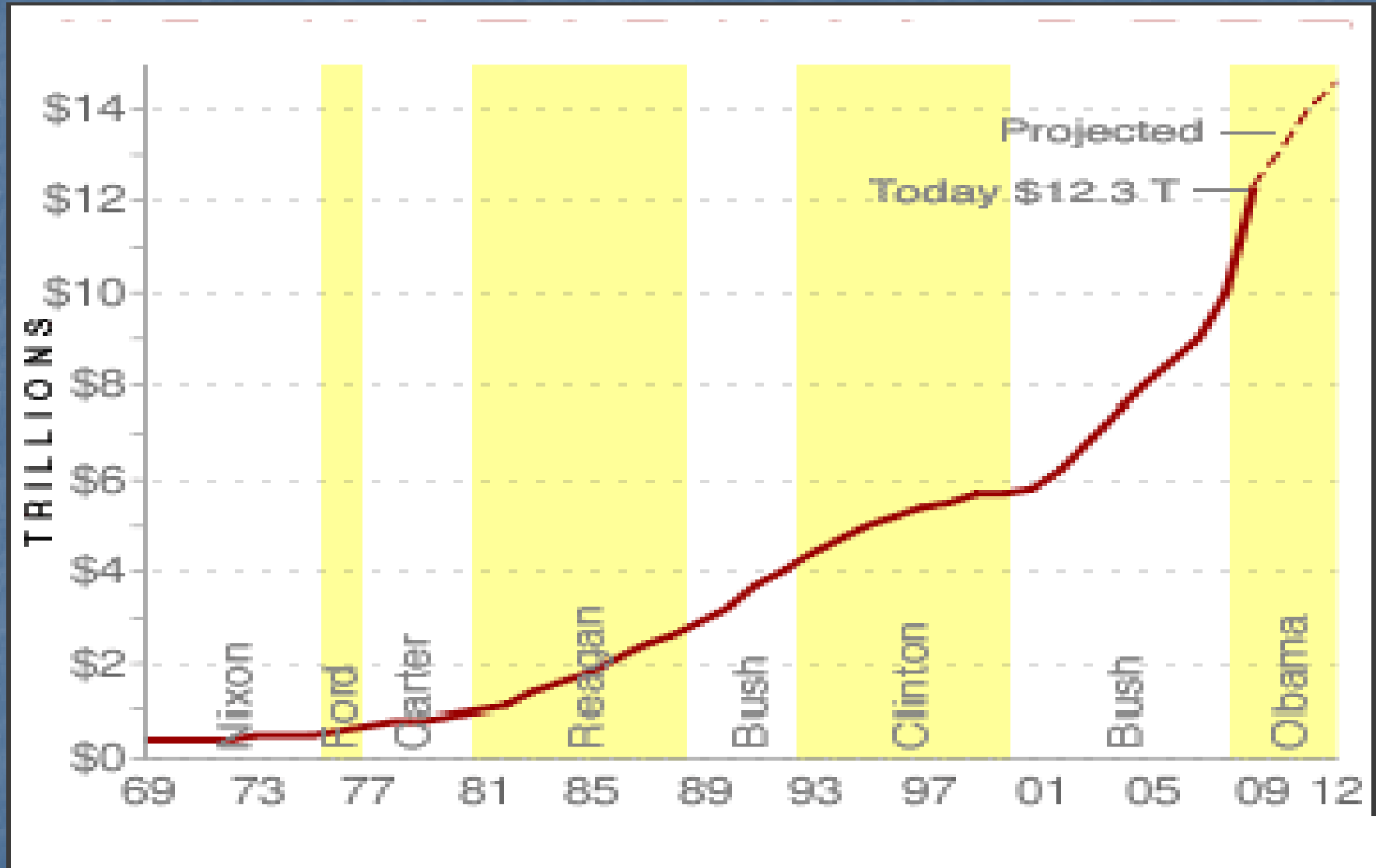
Remarks by Mark Pearson
National Renderers Association
Marana, Arizona
October 19, 2011

Gross Fed. Debt FY-1900 to FY-2016



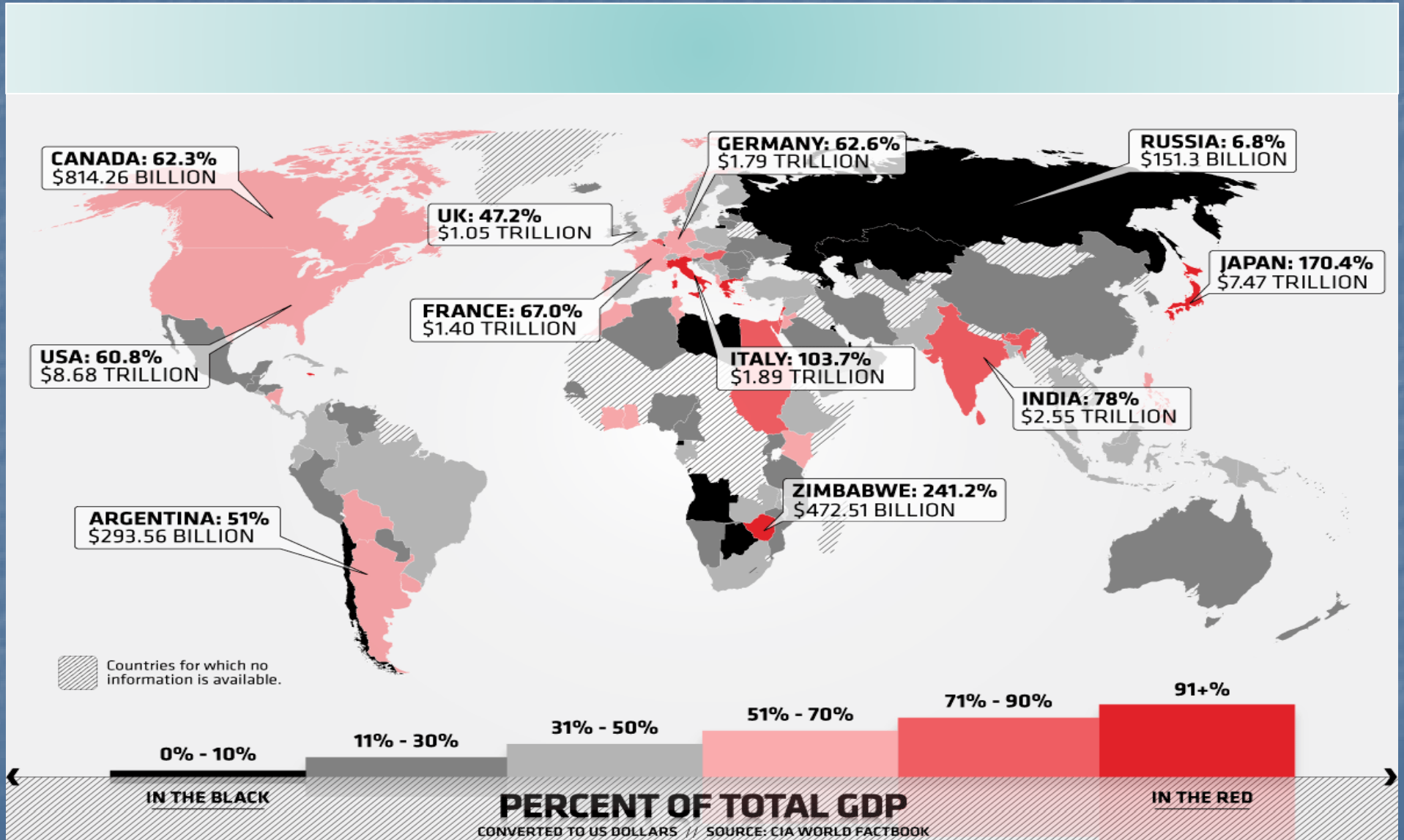
Source: usgovernmentpending.com

U.S. National Debt



Source: U.S. Treasury, CBO

National Debt by Country

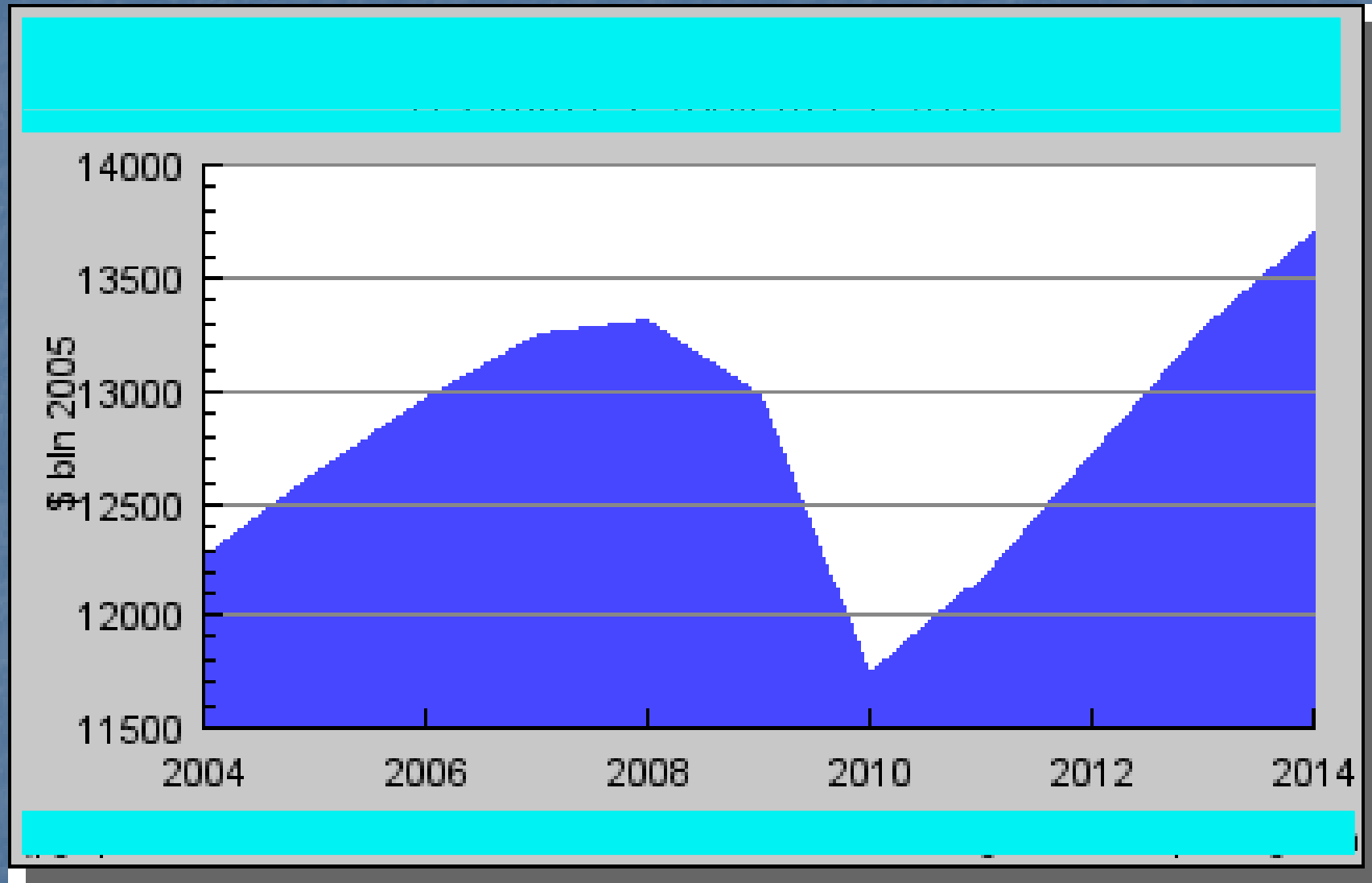


Source: CIA World Factbook

Thoughts on the World Economy

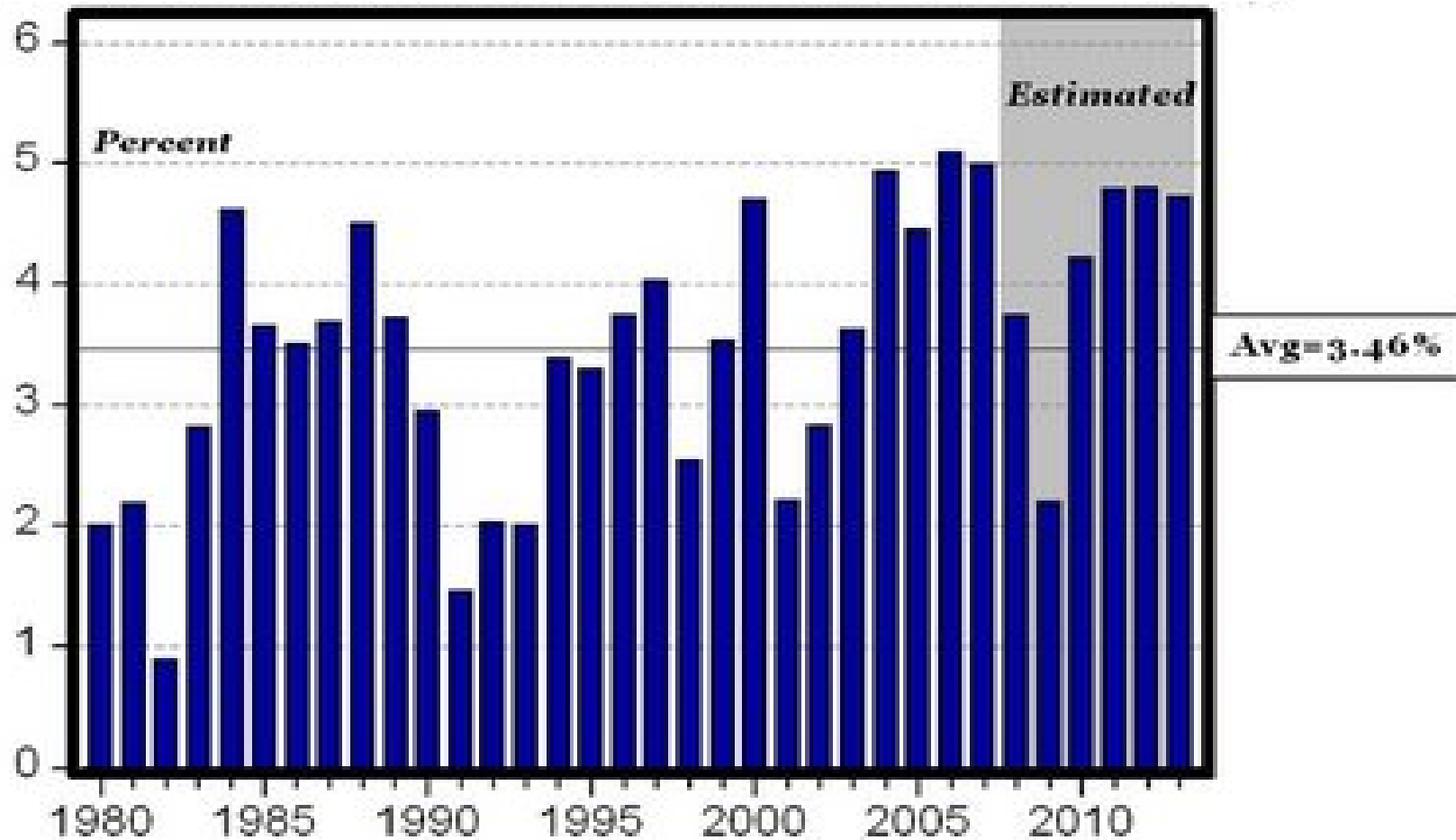
- **\$71.25 trillion – Global GDP**
- **\$14.89 trillion – EU GDP**
- **\$14.72 trillion – U.S. GDP**
- **\$9.87 trillion – China GDP**
- **\$4.33 trillion – Japan GDP**
- **\$4.04 trillion – India GDP**

U.S. GDP – FY2004-FY2014



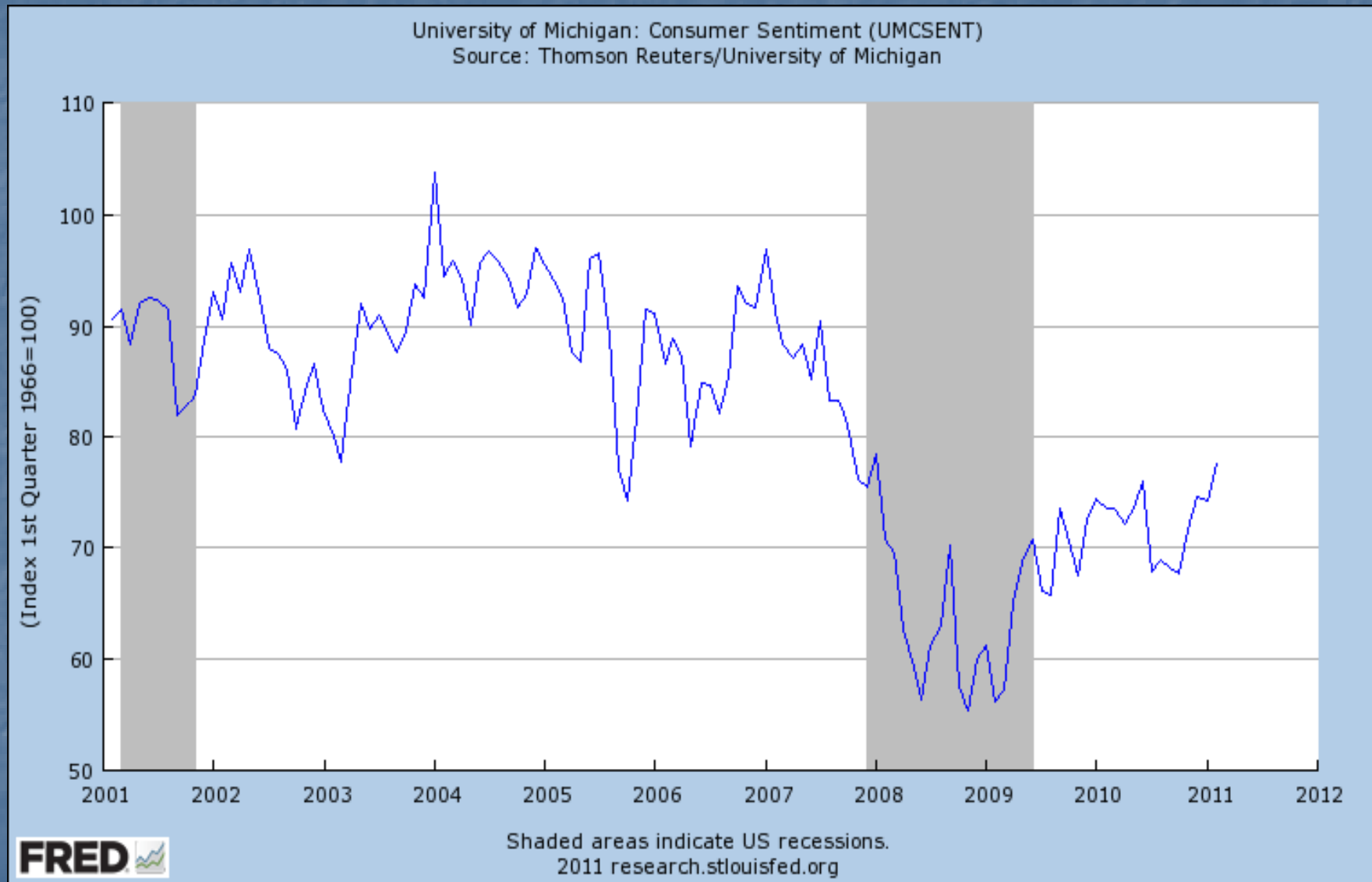
Source: usgovernmentspending.com

World Real GDP Growth 1980-2013



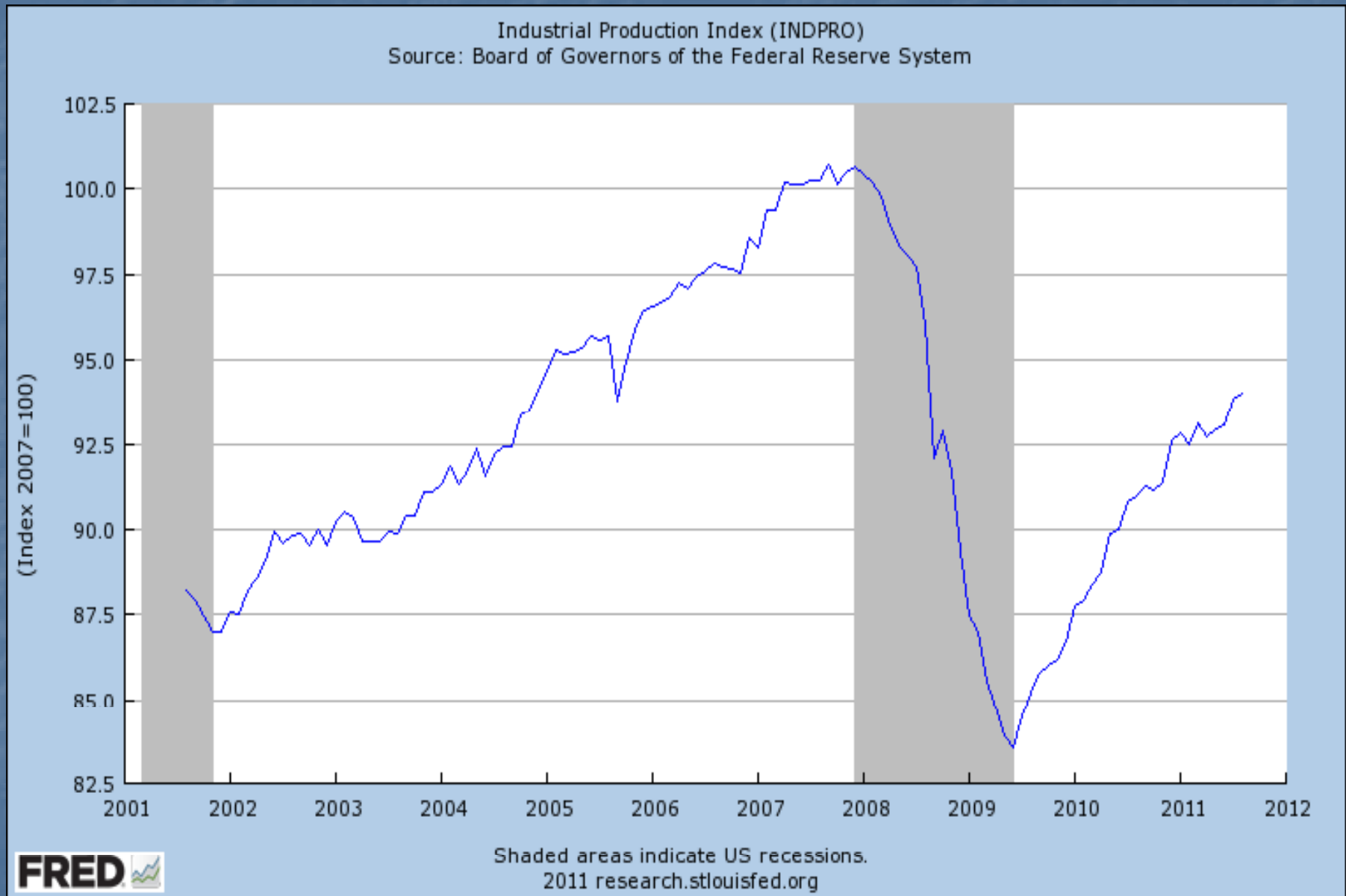
Source: Int'l Monetary Fund

U.S. Consumer Confidence



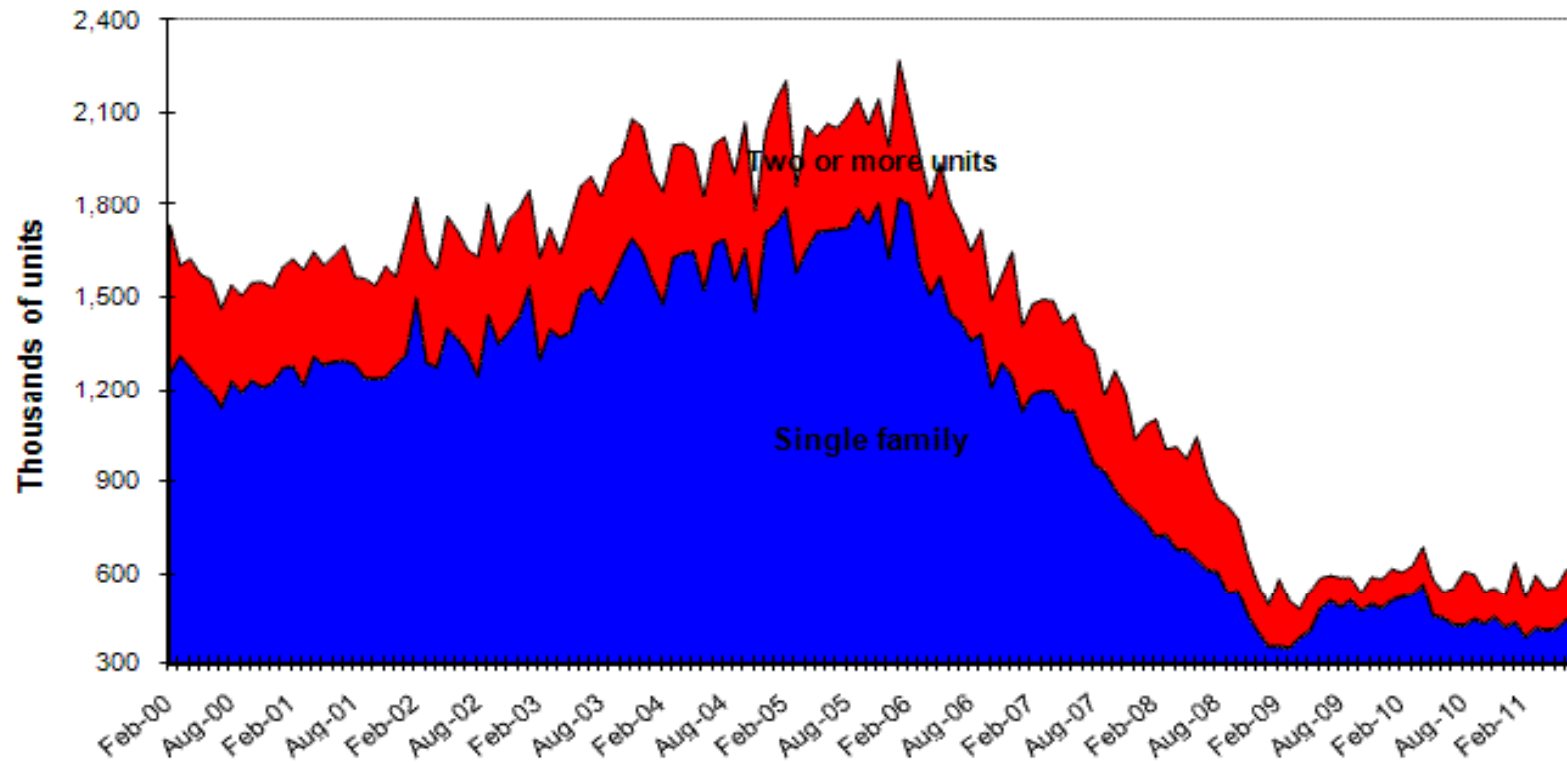
Source: Market Harmonics

U.S. Industrial Production



Source: Federal Reserve

New Housing Starts



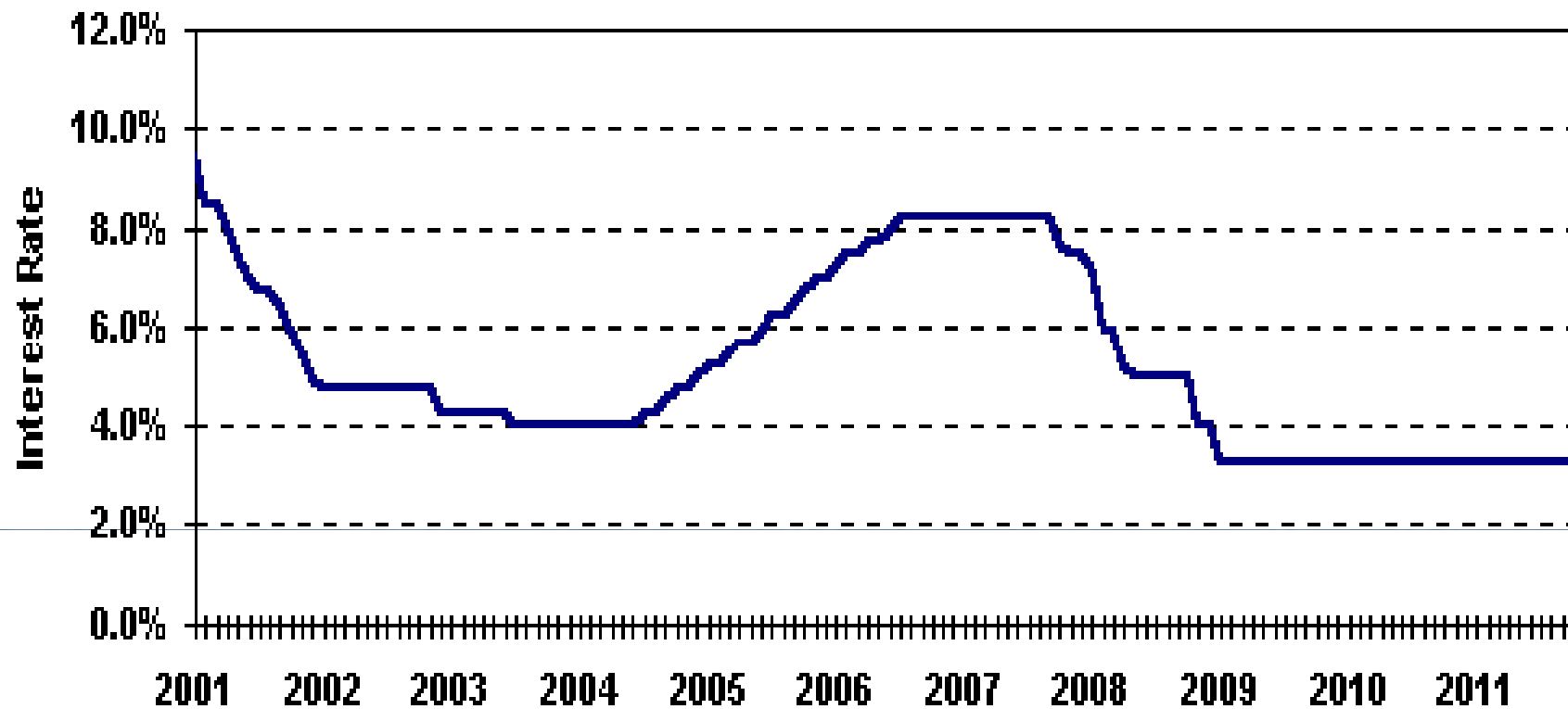
Source: U.S. Census of Bureau

10-Year Treasury Note Yield



Source: finance.yahoo.com

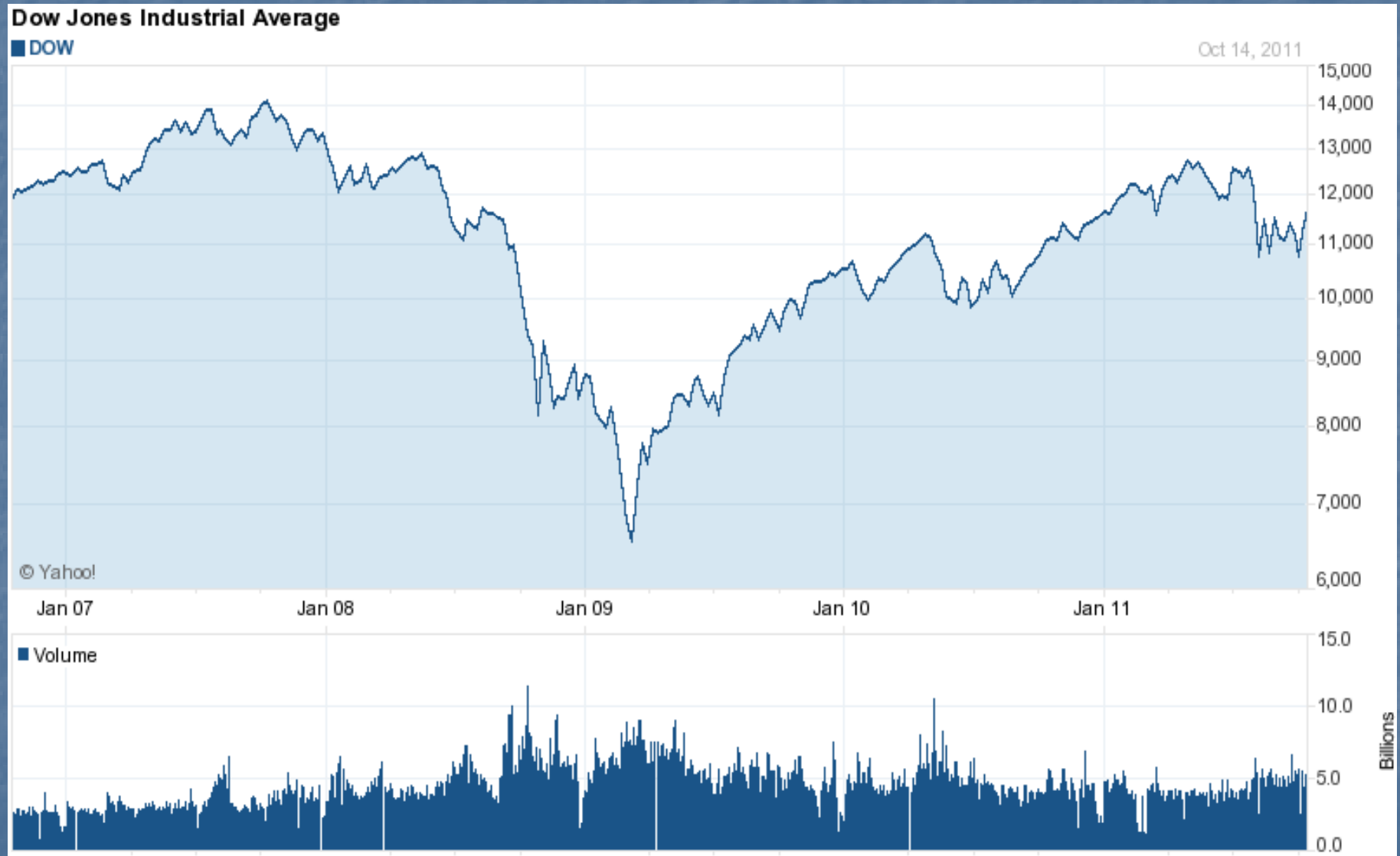
10-Year Prime Rate



Copyright 2011 **MoneyCafe.com**

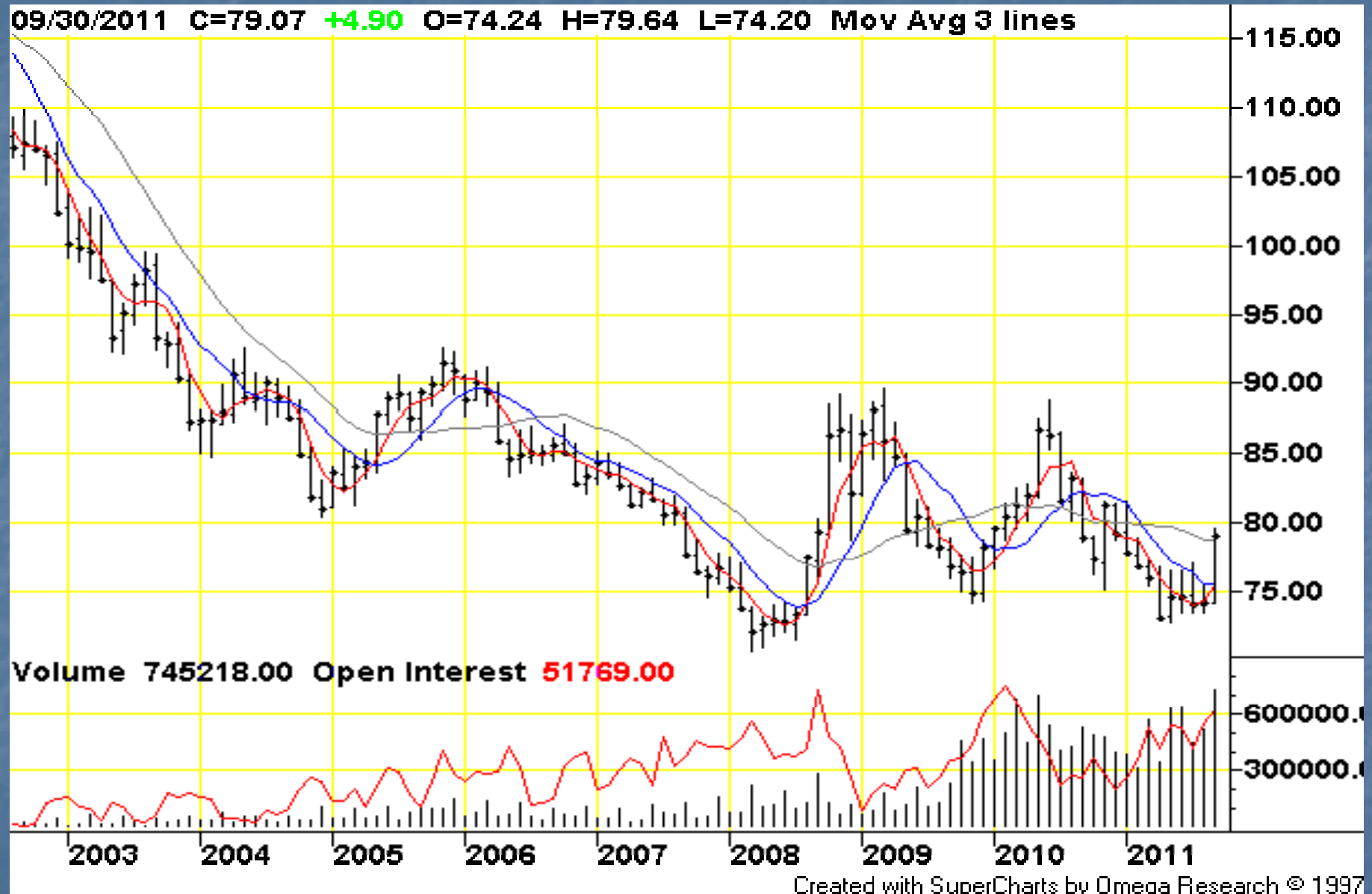
Source: MoneyCafe.com

DJIA Five-Year Performance



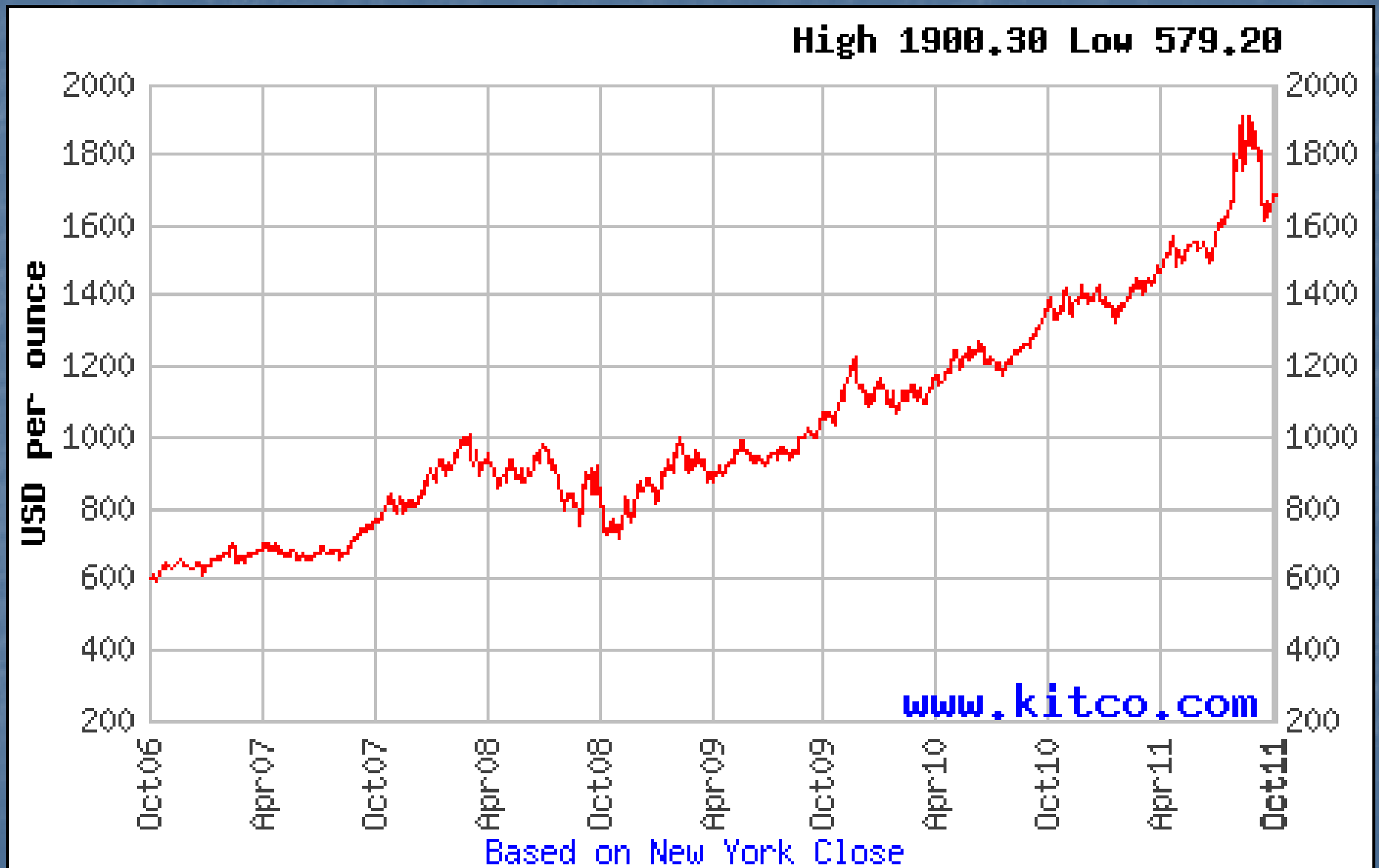
Source: finance.yahoo.com

Five-Year U.S. Dollar Index



Source: NYBOT

Five-Year Gold Prices



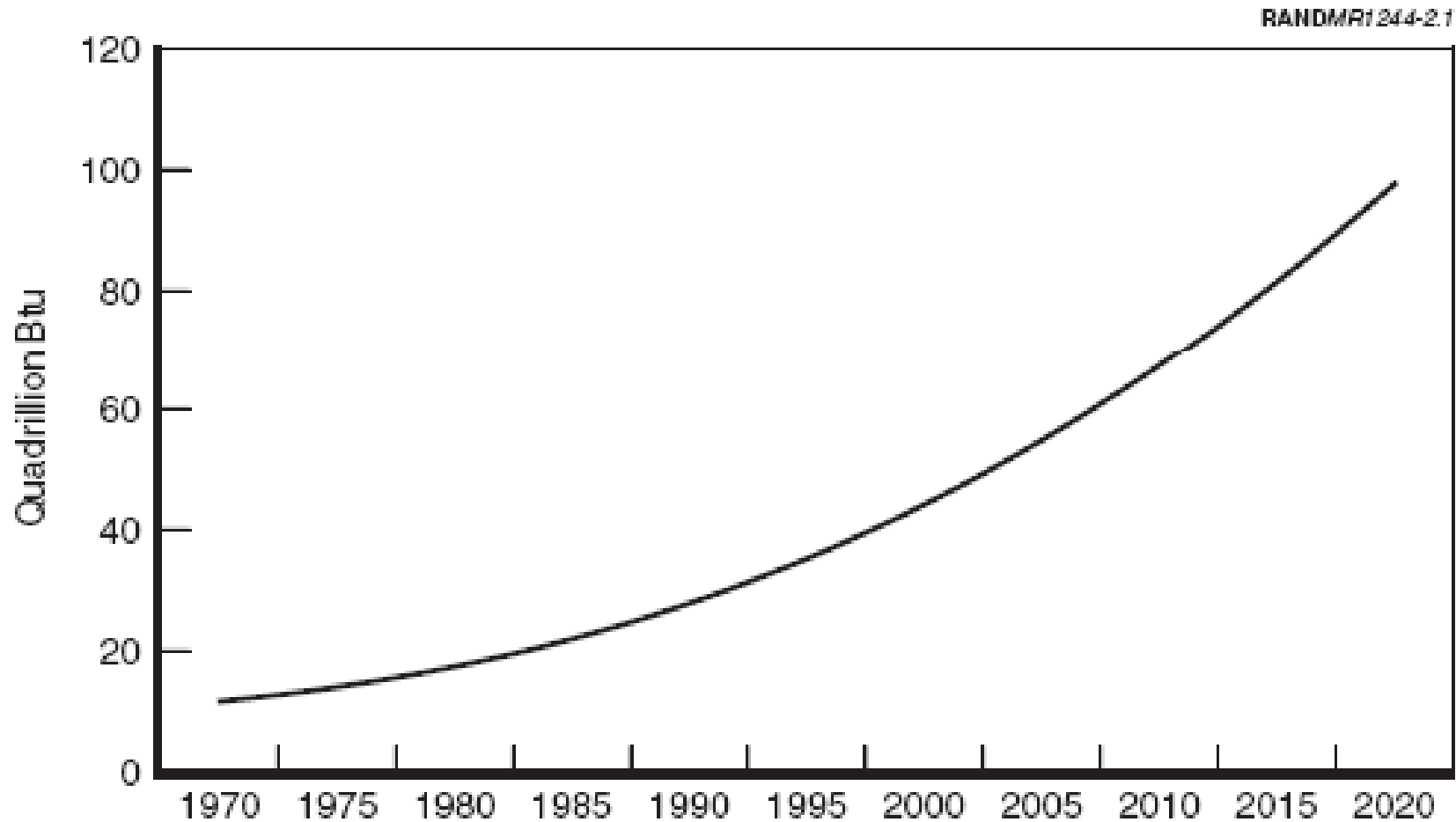
Source: kitco.com

Light Sweet Crude Oil



Source: NYMEX

China's Total Primary Energy Consumption, 1970-2020

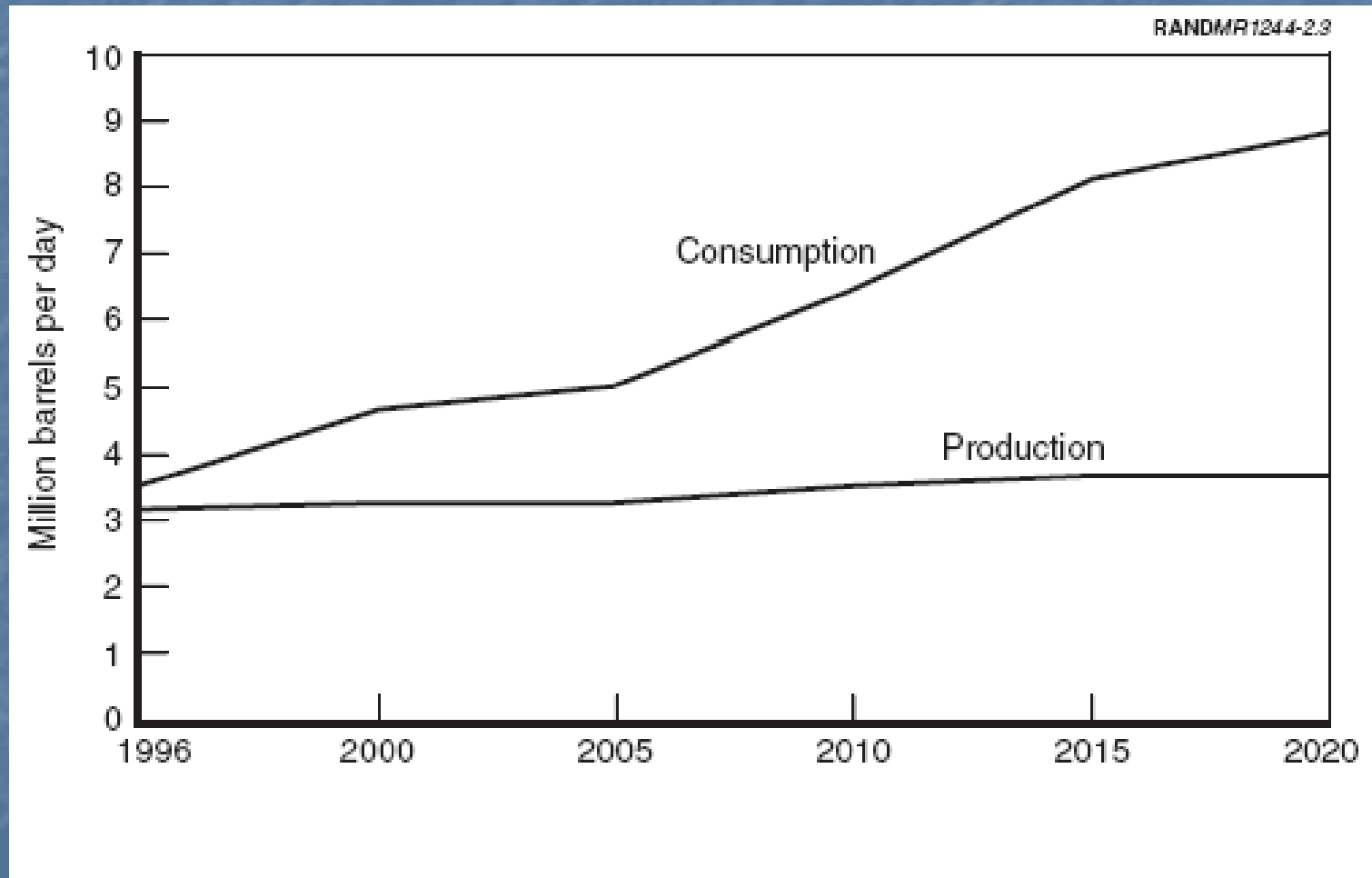


U.S.-China Conflict Ahead?



Source: Defensetech.org

China's Demand for Oil Imports

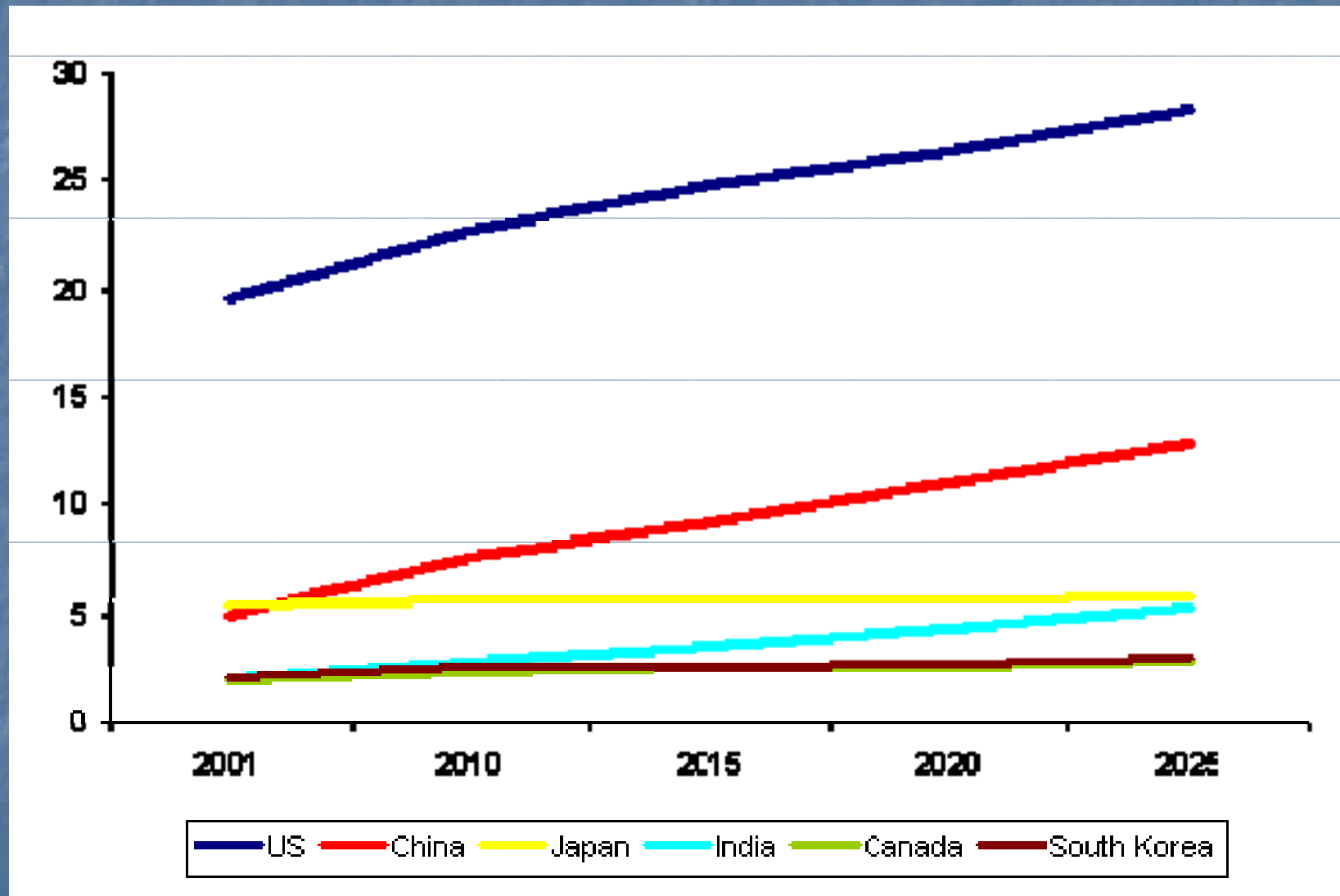


China Flex Its Military Muscles



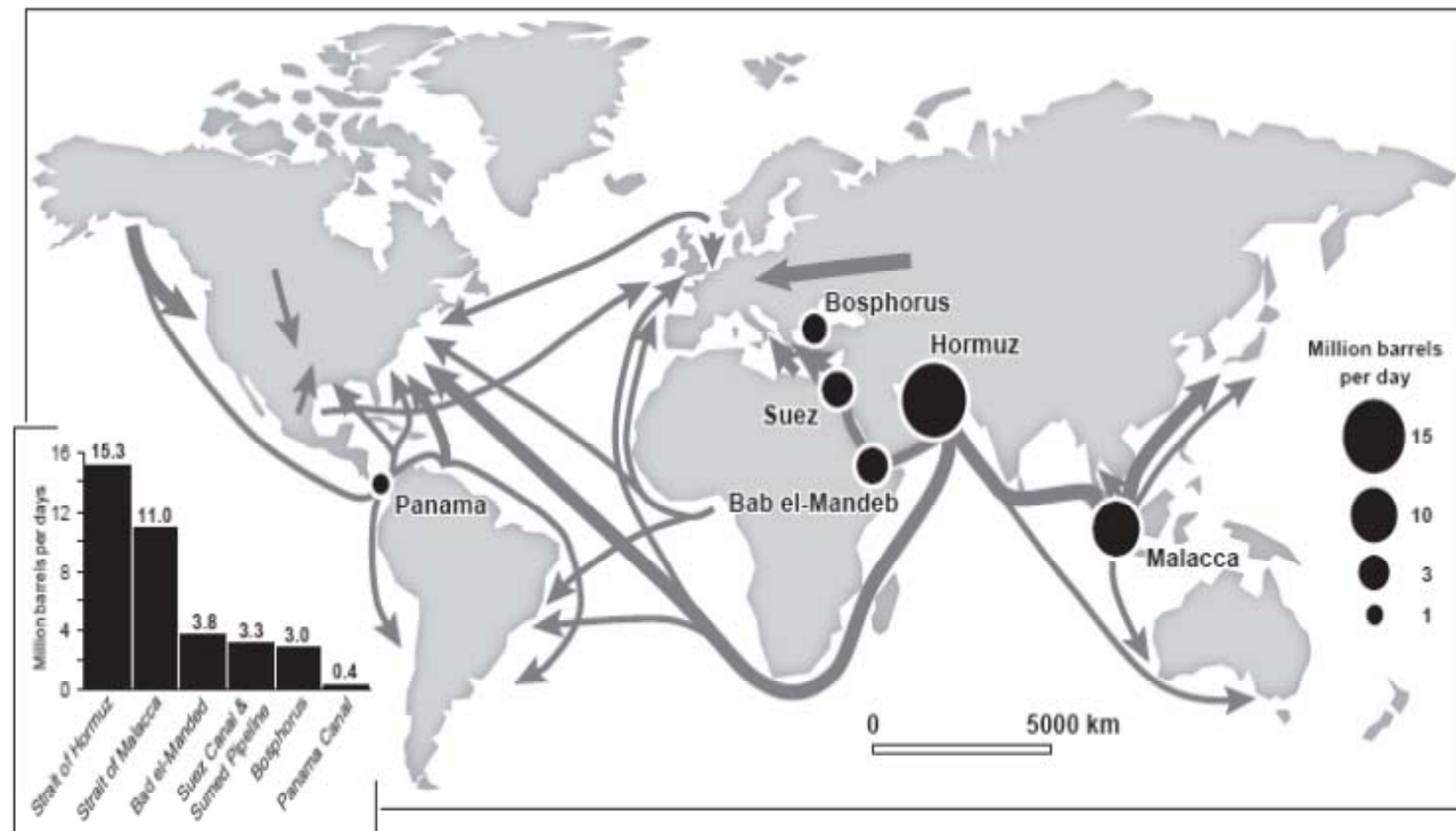
Source: Photoshot

Projected Oil Consumption Trends in Key Countries Through 2025



Source: IEA, EIA

Vital Maritime Chokepoints



5

Source: EIA

10-Year Corn Prices

Prices Received for Corn by Month – United States

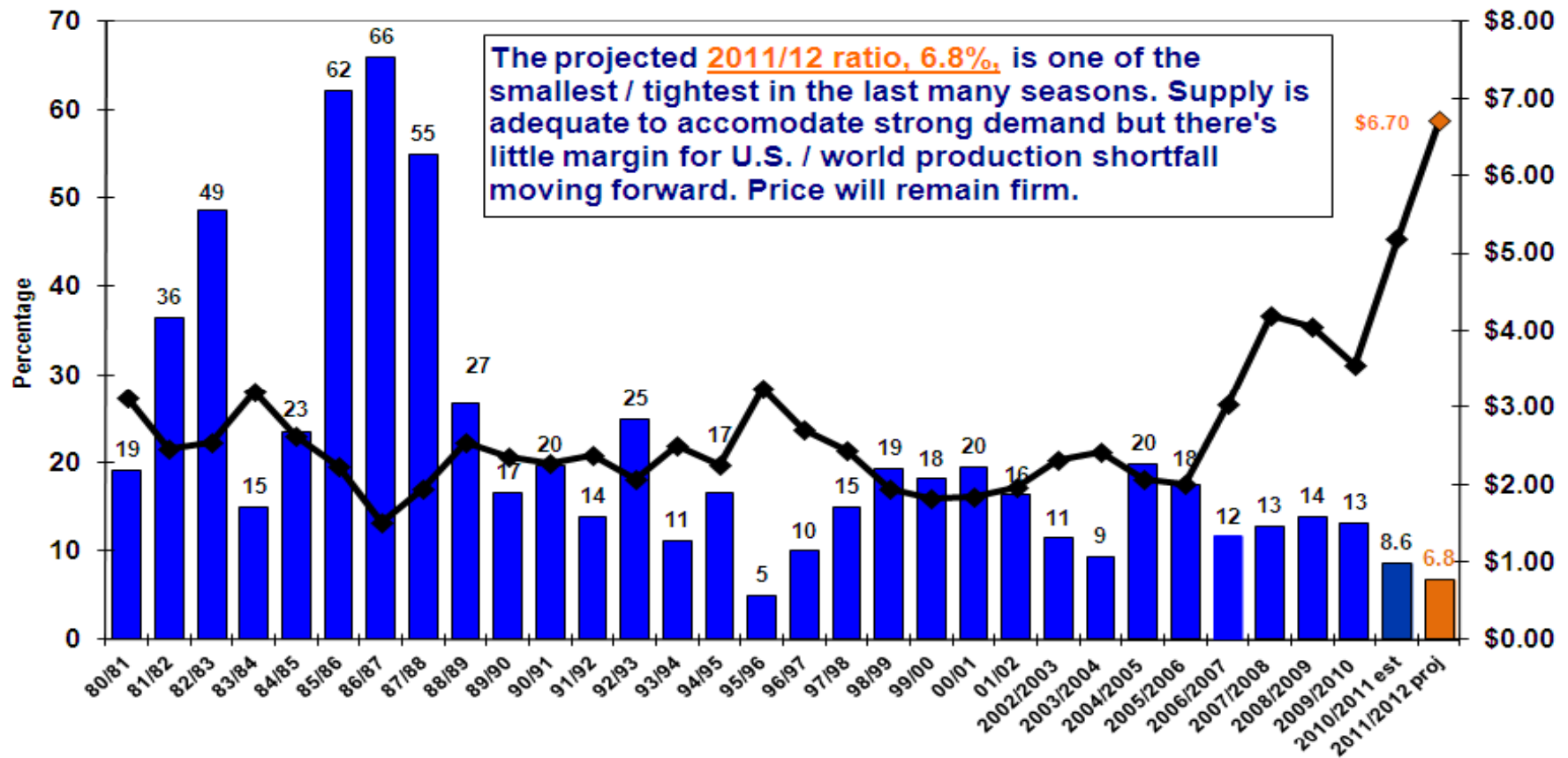
Dollars per bushel



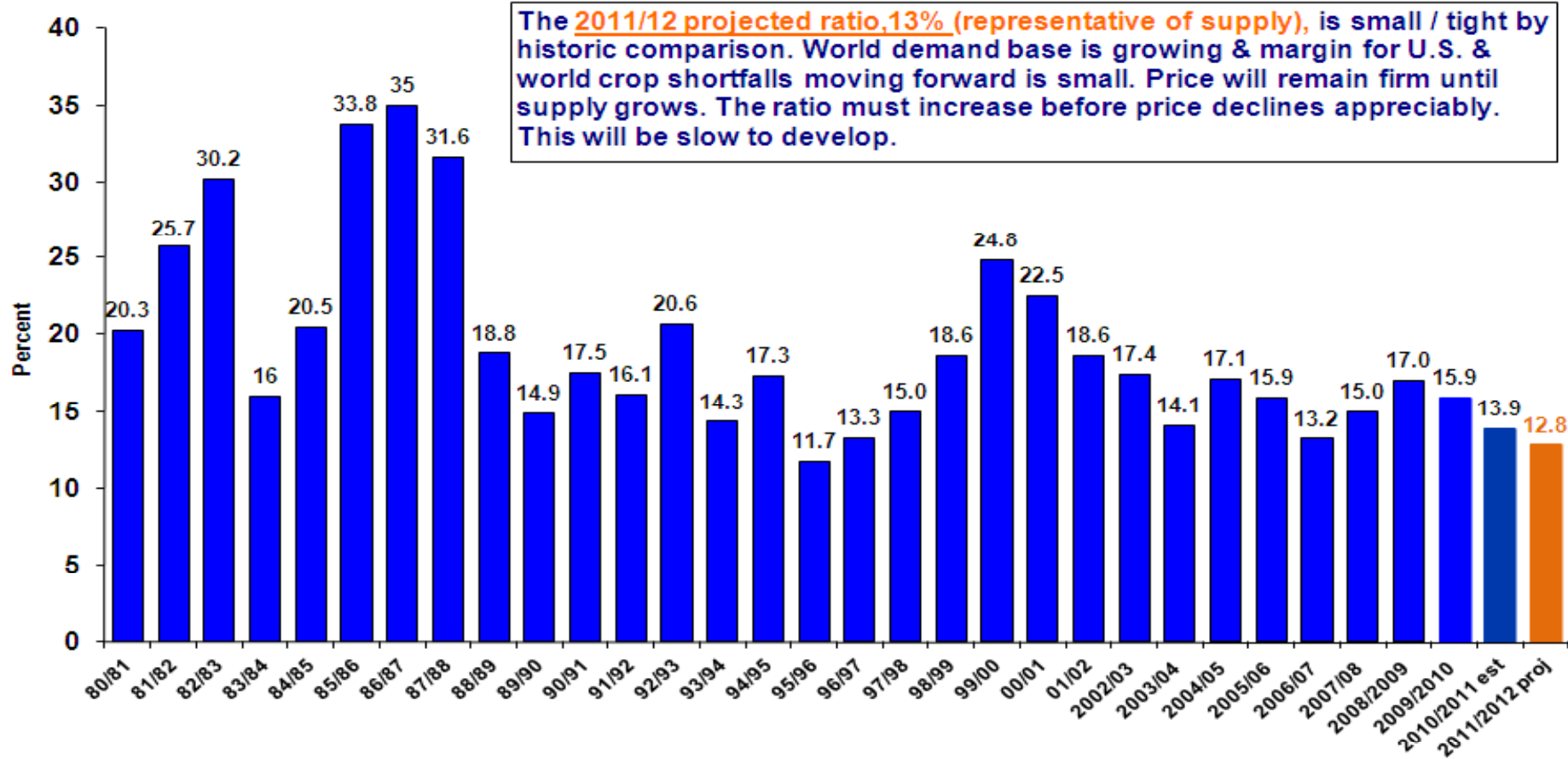
USDA - NASS
03/23/2011

Source: NASS

U.S. Corn Ending Stocks as Percentage of Use



World Corn Ending Stocks As Percentage of Use



USDA Corn Supply and Use

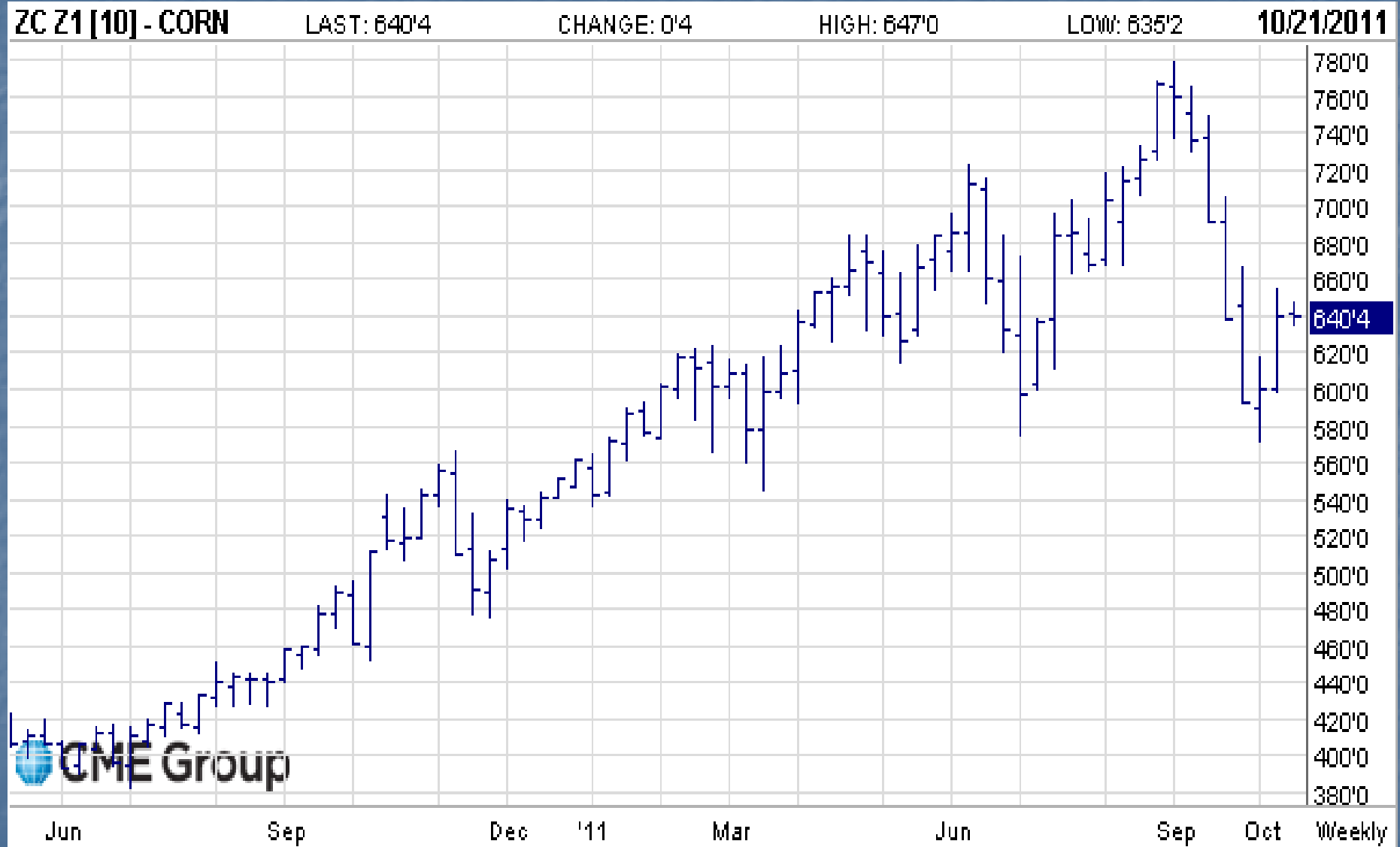
| | <u>2010/11 est. (10/12/11)</u> | <u>2011/2012 proj.</u> |
|-------------------------|--------------------------------|------------------------|
| Area Planted | 88.2 | 91.9 |
| Area Harvested | 81.4 | 83.9 |
| Yield | 152.8 | 148.1 |
| Beginning Stocks | 1,708 | 1128 |
| Production | 12,447 | 12,433 |
| Imports | 27 | 15 |
| Supply, Total | 14,182 | 13,576 |
| Feed & Residual | 4,803 | 4,700 |
| Food, Seed & Industrial | 6,415 | 6,410 |
| Domestic Use, Total | 11,218 | 11,110 |
| Exports | 1,835 | 1,600 |
| Use, Total | 13,053 | 12,710 |
| Ending Stocks | 1128 | 866 |
| Average Farm Price | \$5.20 | \$6.20-\$7.20 |

World Corn Supply and Use

| | <u>2009-10</u> | <u>2010-11 (est.)</u> | <u>2011-12 (proj.)</u> |
|------------------|----------------|-----------------------|------------------------|
| Beginning Stocks | 147.16 | 143.88 | 129.76 |
| Production | 819.42 | 828.29 | 860.09 |
| Imports | 90.29 | 89.92 | 90.59 |
| Feed | 489.01 | 494.10 | 509.51 |
| Total | 822.69 | 842.42 | 866.66 |
| Exports | 96.81 | 89.38 | 94.15 |
| Ending Stocks | 143.88 | 129.76 | 123.19 |

Million Metric Tons

December '11 Corn



Source: CBOT

March '12 Corn



Source: CBOT

10-Year Soybean Prices

Prices Received for Soybeans by Month – United States

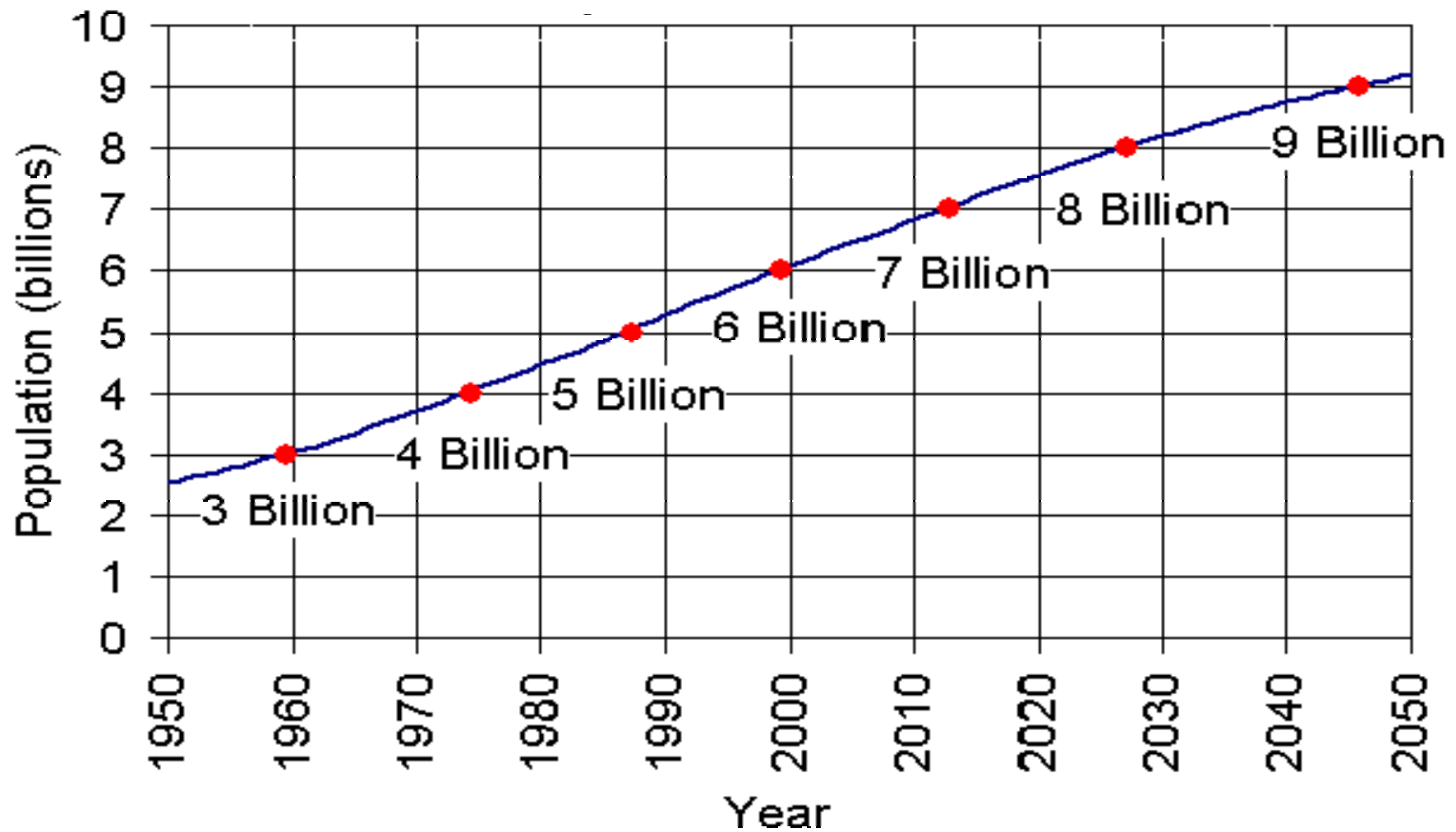
Dollars per bushel



USDA - NASS
09/29/2011

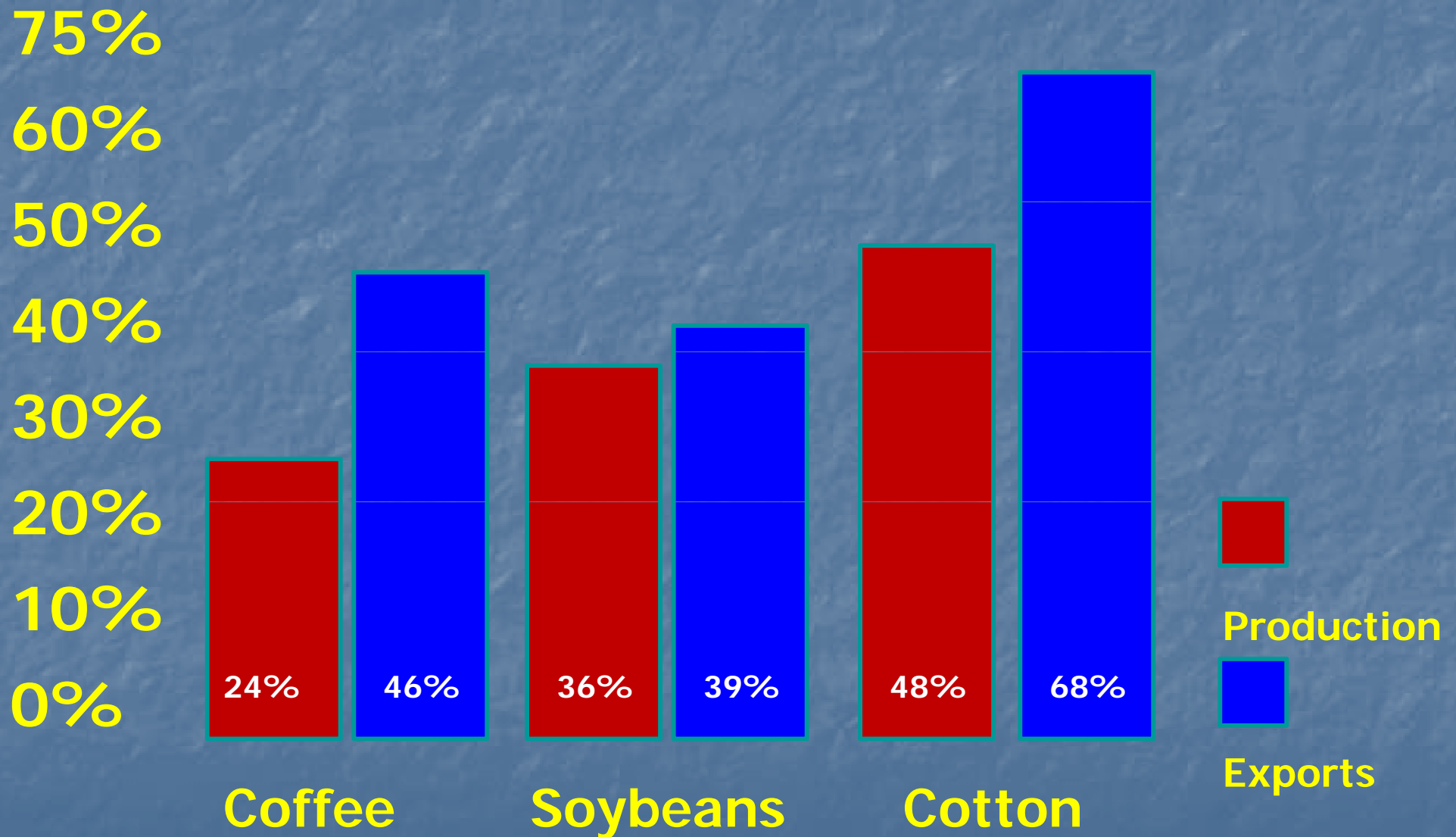
Source: NASS

Projected World Population 2050



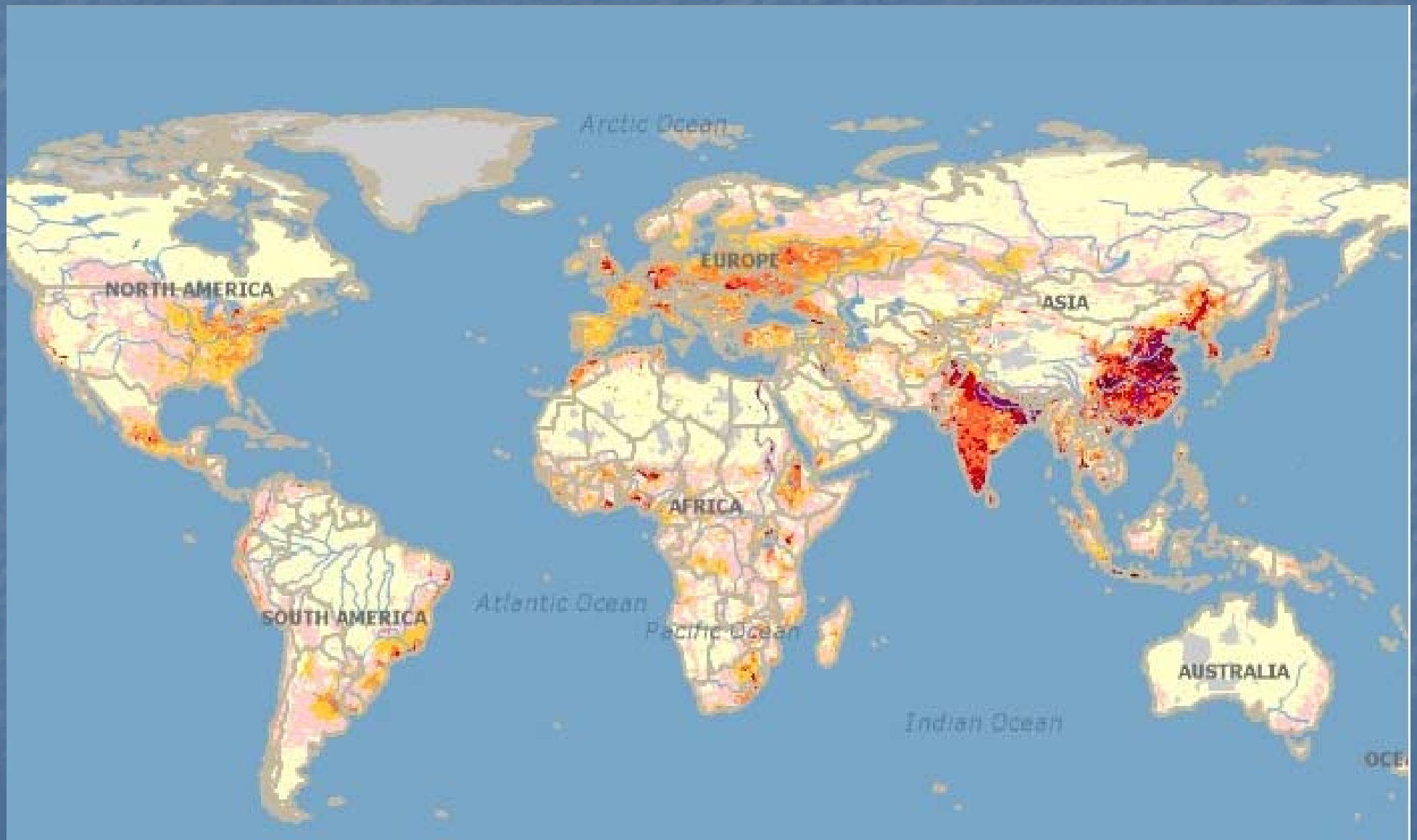
Source: U.S. Census Bureau, International Data Base, December 2009 Update.

Brazil's Big Ag Expansion 2011-21

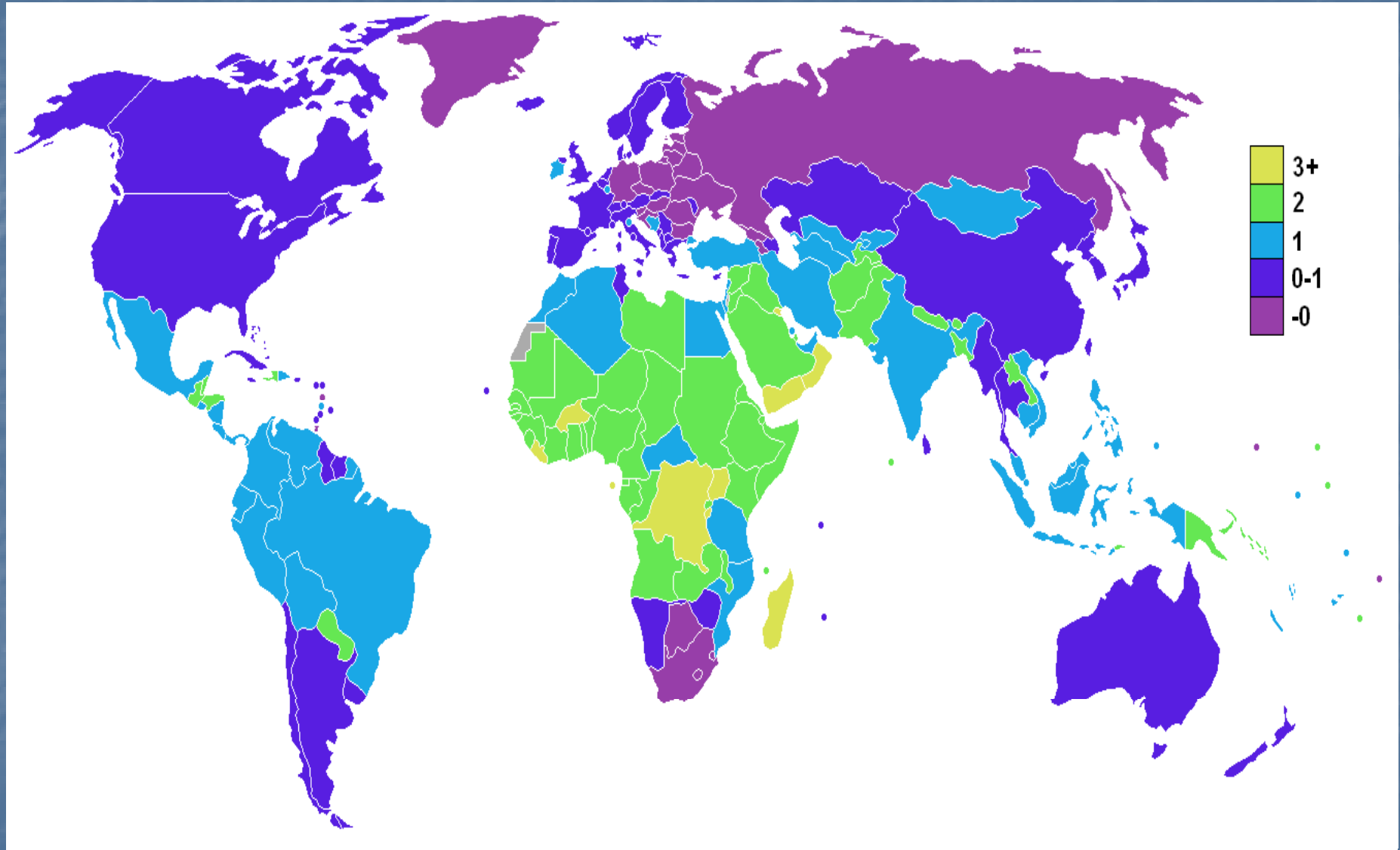


Source: DTN

World Population Density



World Population Growth Rate



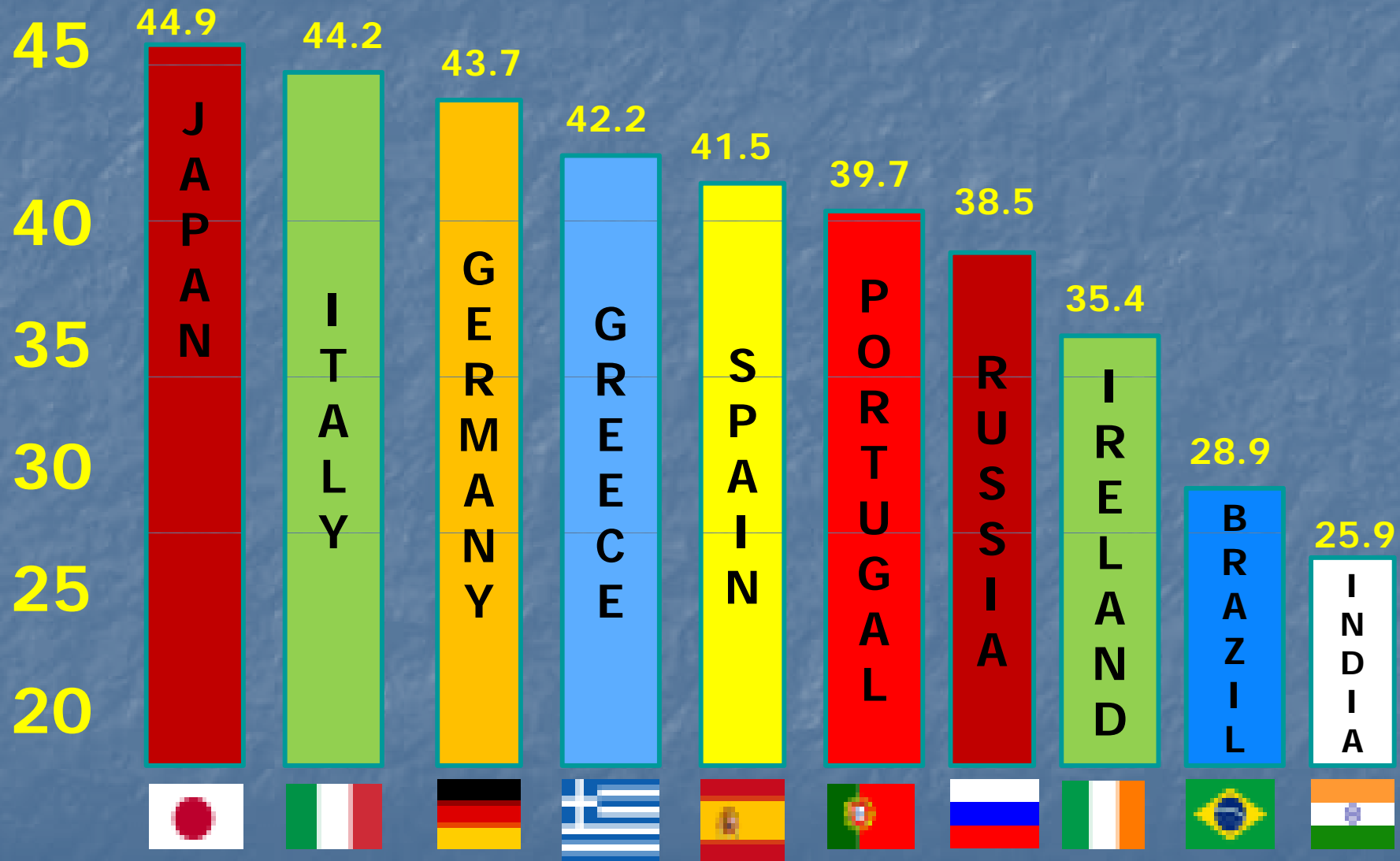
Source: CIA Factbook

Median Age – Global Hot Spots



Source: CIA World Factbook

Median Age – BRICs, PIIGS & More



Source: CIA World Factbook

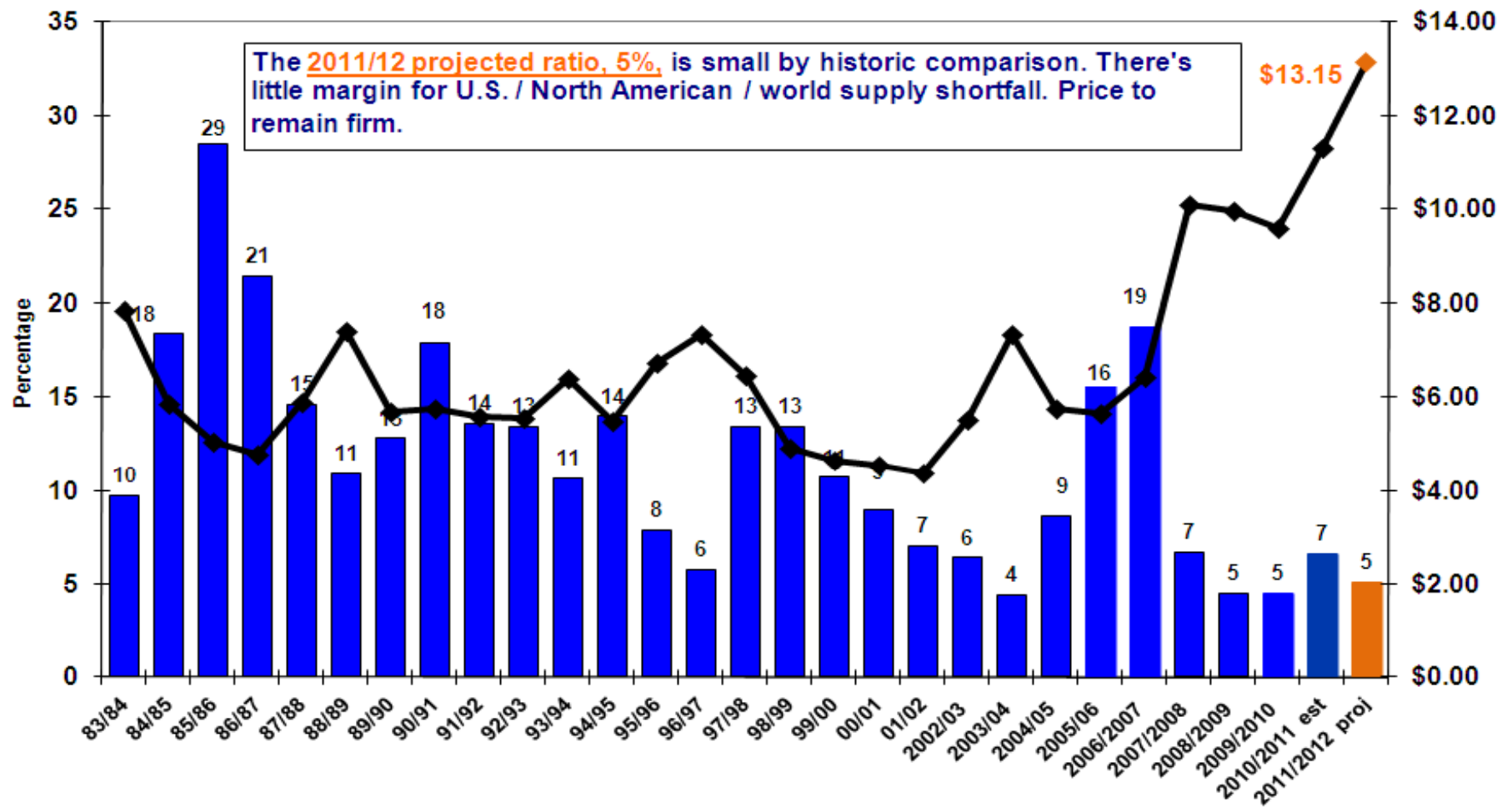
Solid as a BRIC?

- Brazil, Russia, India, China to be “among four most dominant economies by 2050”;
- 25 percent of world’s land mass;
- 40 percent of global population;
- \$18.48 trillion in combined GDP
- 41 percent of world’s market capitalization by 2030.

How BRIC Stacks Up – Part II

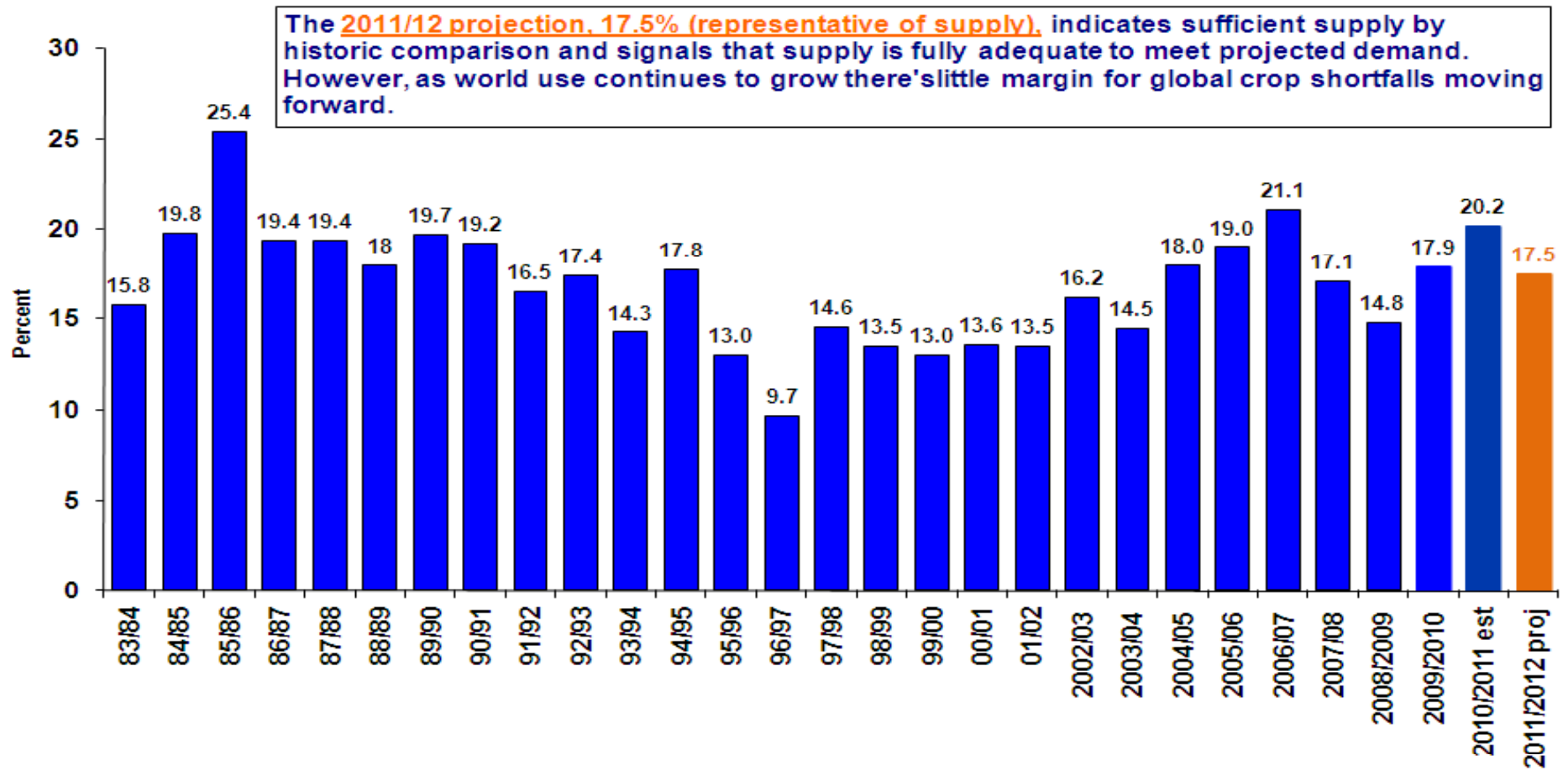
- Middle class in all four countries could reach 200 million by 2025;
- India alone has 10 of world's 30 fastest-growing urban centers; 700 million to move to cities by 2050;
- Forbes: March 2011, BRIC has more billionaires than Europe for first time.

U.S. Soybean Ending Stocks As % of Use



Compliments of PHI Marketing

World Soybean Ending Stocks as Percentage of Use



USDA Soybean Supply and Use

| | 2010/11 Est. (10/12/11) | 2011/2012 Projected |
|--------------------------|-------------------------|---------------------|
| Area Planted | 77.4 | 75.0 |
| Area Harvested | 76.6 | 73.7 |
| Yield (bushels per acre) | 43.5 | 41.5 |
| Beginning Stocks | 151 | 215 |
| Production | 3,329 | 3,060 |
| Imports | 15 | 15 |
| Supply, Total | 3,495 | 3,290 |
| Crush | 1,648 | 1,635 |
| Exports | 1,500 | 1,375 |
| Seed | 87 | 88 |
| Residual | 45 | 32 |
| Use, Total | 3,280 | 3,130 |
| Ending Stocks | 215 | 160 |
| Average Farm Price | \$11.30 | \$12.15-\$14.15 |

World Soybean Supply and Use

| | <u>2009/10</u> | <u>2010/11 (est.)</u> | <u>2011/2012(Proj.)</u> |
|------------------|----------------|-----------------------|-------------------------|
| Beginning Stocks | 42.68 | 59.38 | 69.26 |
| Production | 260.84 | 264.12 | 258.60 |
| Imports | 86.67 | 88.59 | 94.56 |
| Crush | 209.49 | 220.71 | 231.36 |
| Total | 238.20 | 251.15 | 261.75 |
| Exports | 92.60 | 91.68 | 97.66 |
| Ending Stocks | 59.38 | 69.26 | 63.01 |

Million Metric Tons

November '11 Soybeans



March '12 Soybeans

ZS H2 [10] - SOYBEANS

LAST: 1267'6

CHANGE: ▼ 18'0

HIGH: 1285'8

LOW: 1264'2

10/17/2011



 CME Group

Source: CBOT

10-Year Wheat Prices

Prices Received for Wheat by Month – United States

Dollars per bushel



USDA NASS
03/29/2011

Source: NASS

USDA Wheat Supply and Use

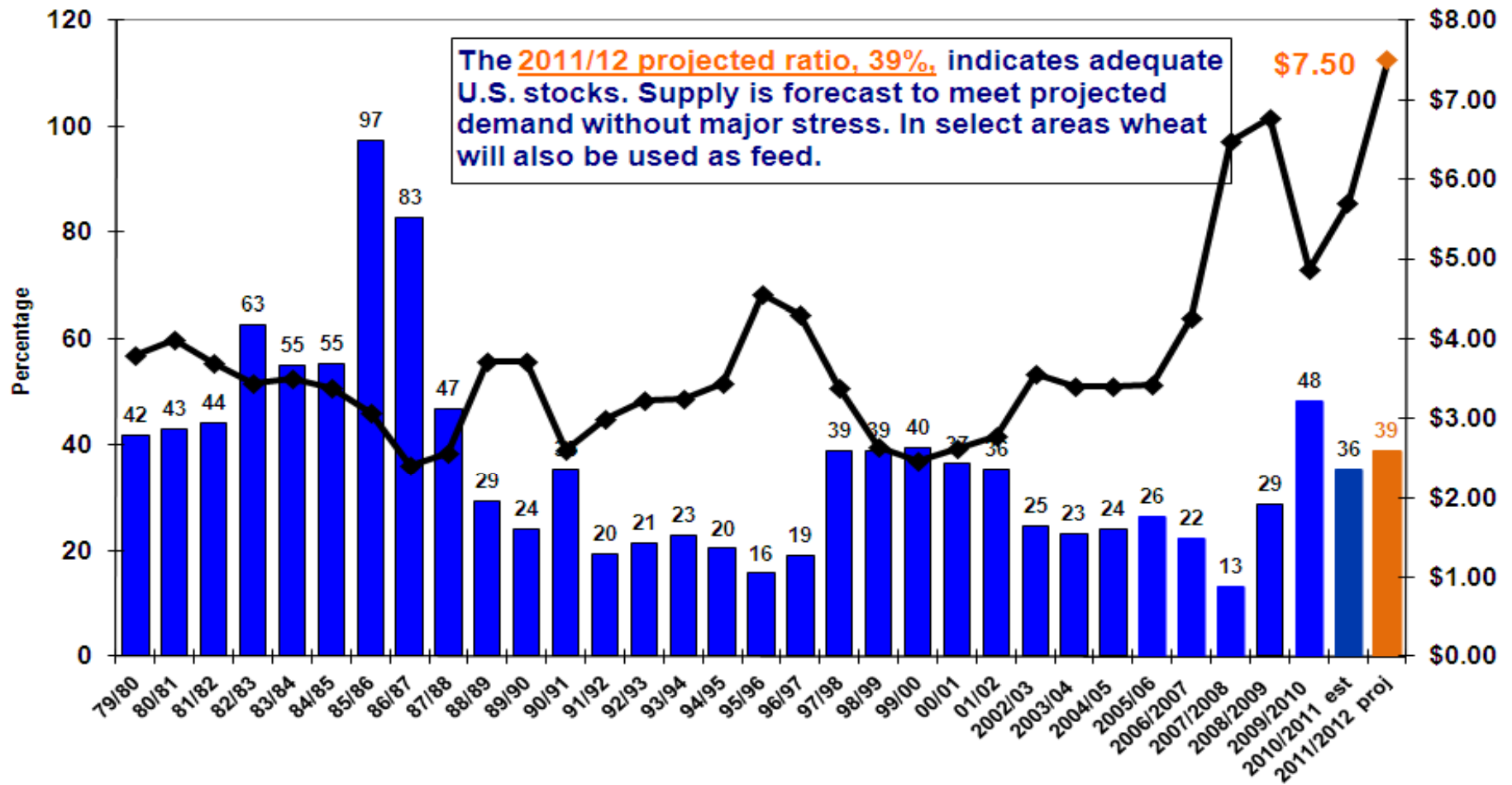
| | 2010/11 (10/12/11) | 2011/2012 Projected |
|--------------------------|--------------------|---------------------|
| Area Planted | 53.6 | 54.4 |
| Area Harvested | 47.6 | 45.7 |
| Yield (bushels per acre) | 46.3 | 43.9 |
| Beginning Stocks | 976 | 862 |
| Production | 2,207 | 2,008 |
| Imports | 97 | 120 |
| Supply, Total | 3,279 | 2,990 |
| Food | 926 | 940 |
| Seed | 71 | 78 |
| Feed & Residual | 132 | 160 |
| Exports | 1,289 | 1,178 |
| Use, Total | 2,417 | 2,153 |
| Ending Stocks | 862 | 837 |
| Average Farm Price | \$5.70 | \$7.10-\$7.90 |

World Wheat Supply and Use

| | <u>2009/10</u> | <u>2010/11(est.)</u> | <u>2011/2012 (Proj.)</u> |
|------------------|----------------|----------------------|--------------------------|
| Beginning Stocks | 167.10 | 200.75 | 195.60 |
| Production | 684.40 | 648.16 | 681.20 |
| Imports | 133.58 | 129.88 | 132.07 |
| Feed | 115.69 | 112.62 | 125.52 |
| Total | 650.75 | 653.30 | 674.43 |
| Exports | 135.80 | 131.07 | 135.30 |
| Ending Stocks | 200.75 | 195.60 | 202.37 |

Million Metric Tons

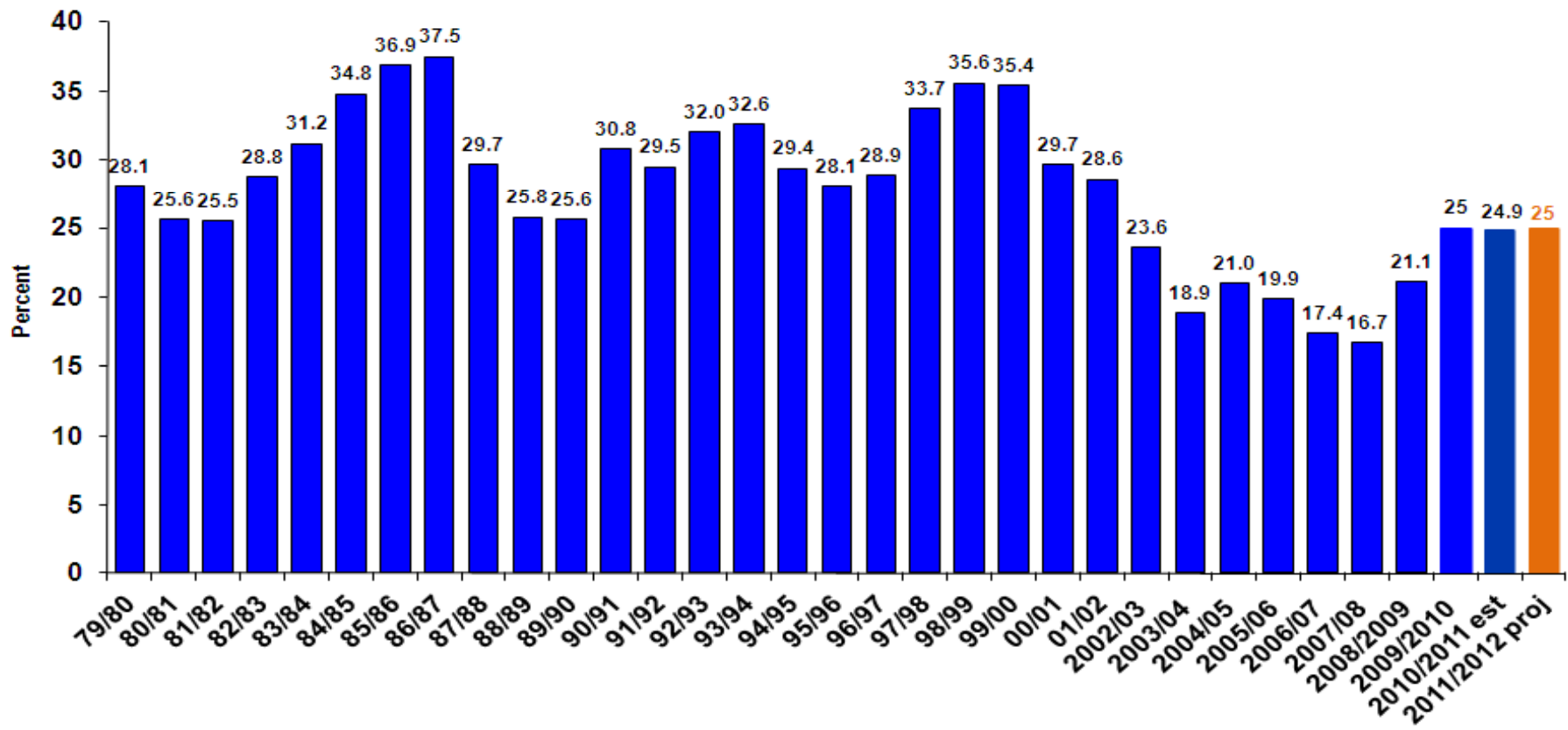
U.S. Wheat Ending Stocks As % of Use



Compliments of PHI Marketing

World Wheat Ending Stocks as a Percentage of Use

While lower yr/yr the **2011/12 projected ratio, 25%**, indicates that supply will comfortably meet demand. Wheat will also be utilized as feed grain in select markets.



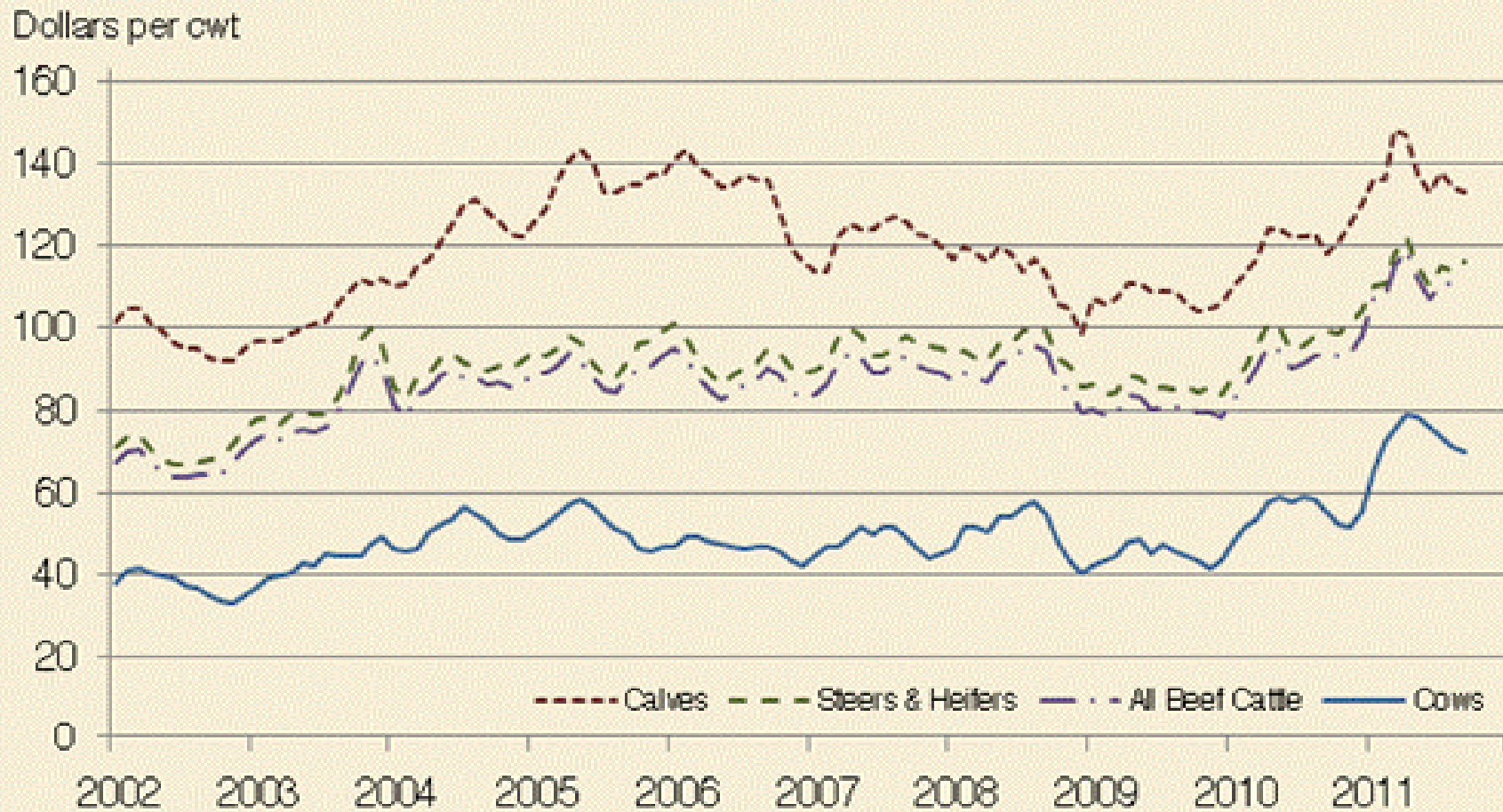
December '11 Chicago Wheat



Source: CBOT

10-Year Cattle Prices

Prices Received for Cattle by Month – United States

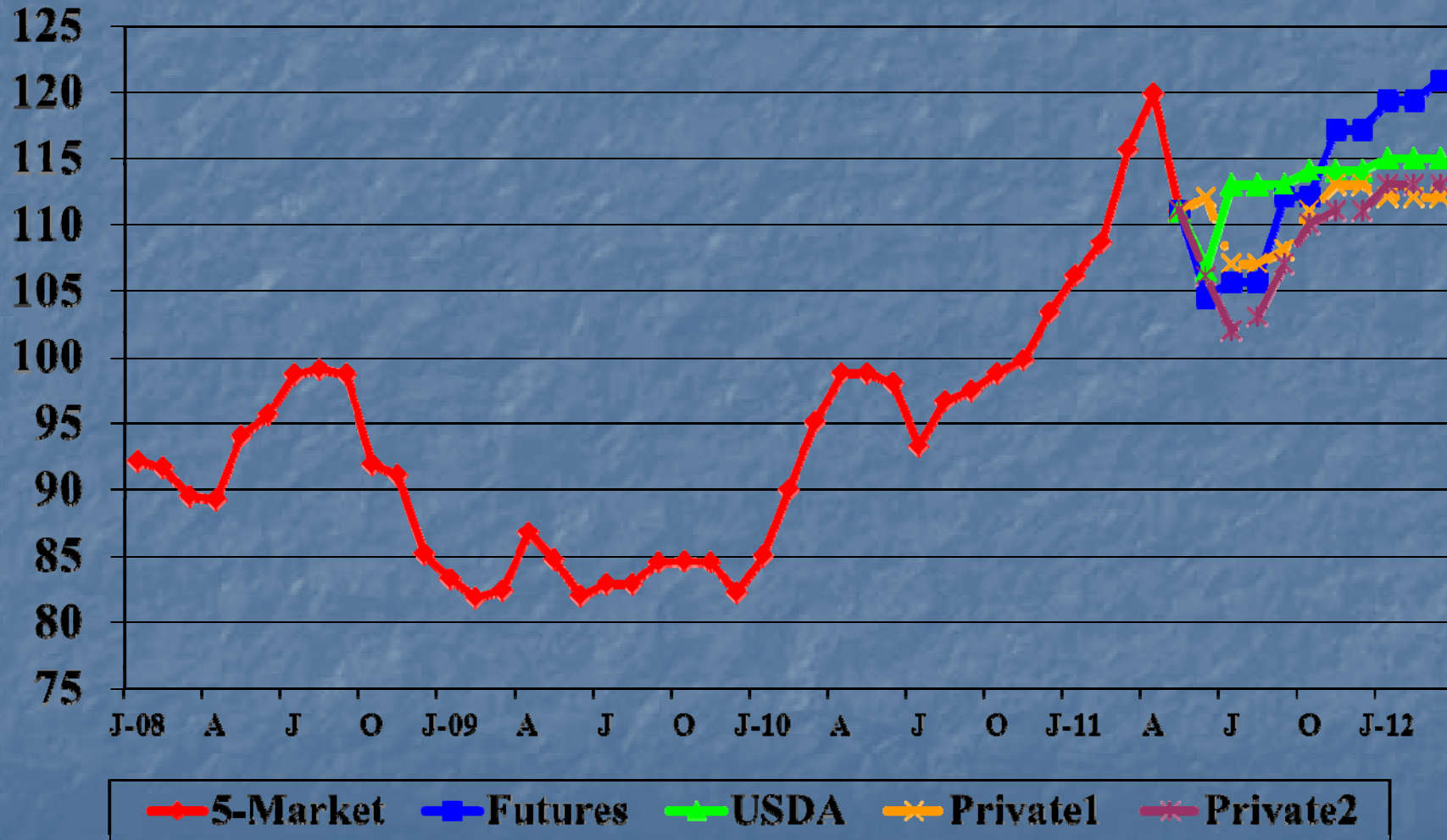


USDA - NASS
09/29/2011

Source: NASS

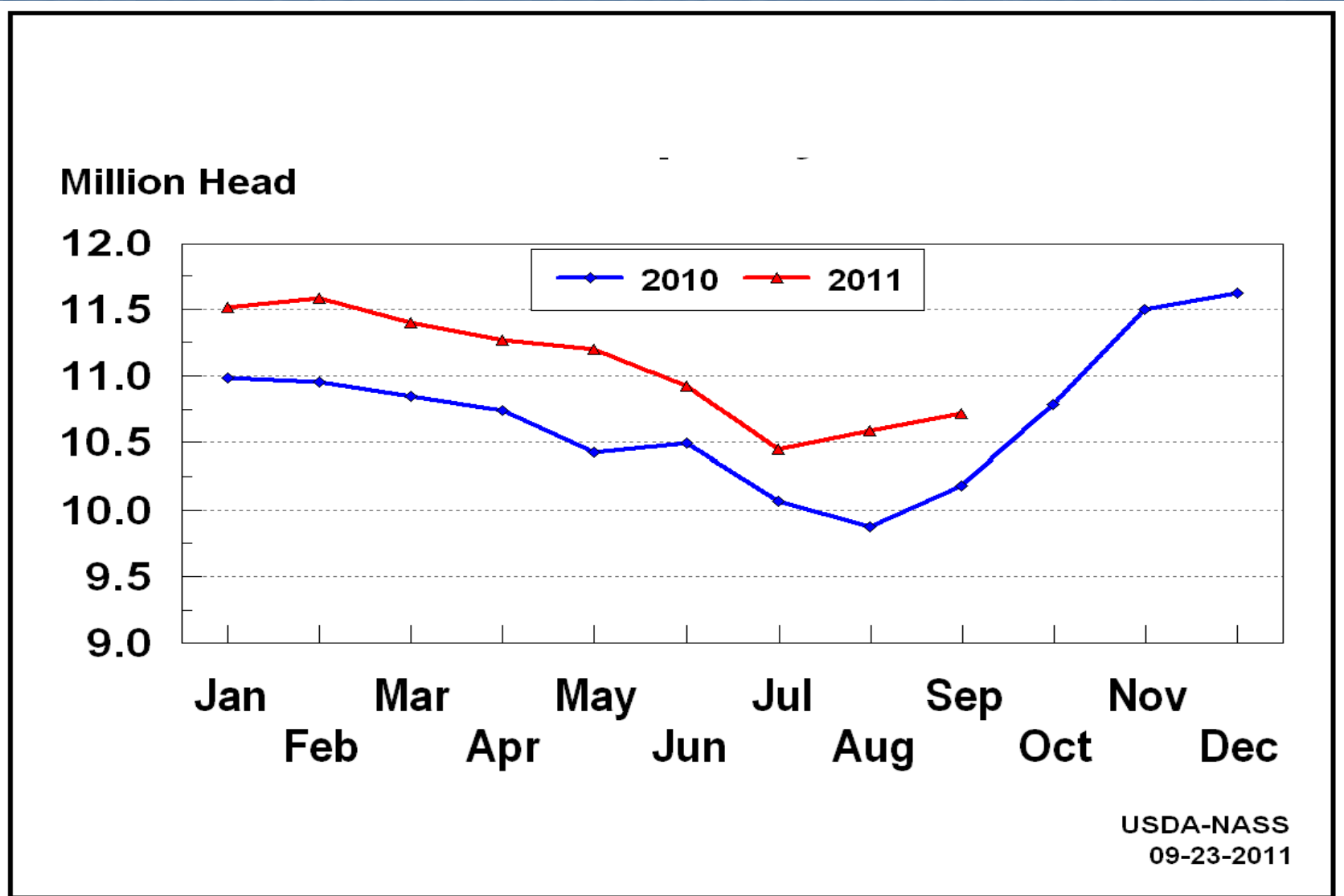
U.S. Cattle Prices

\$/cwt



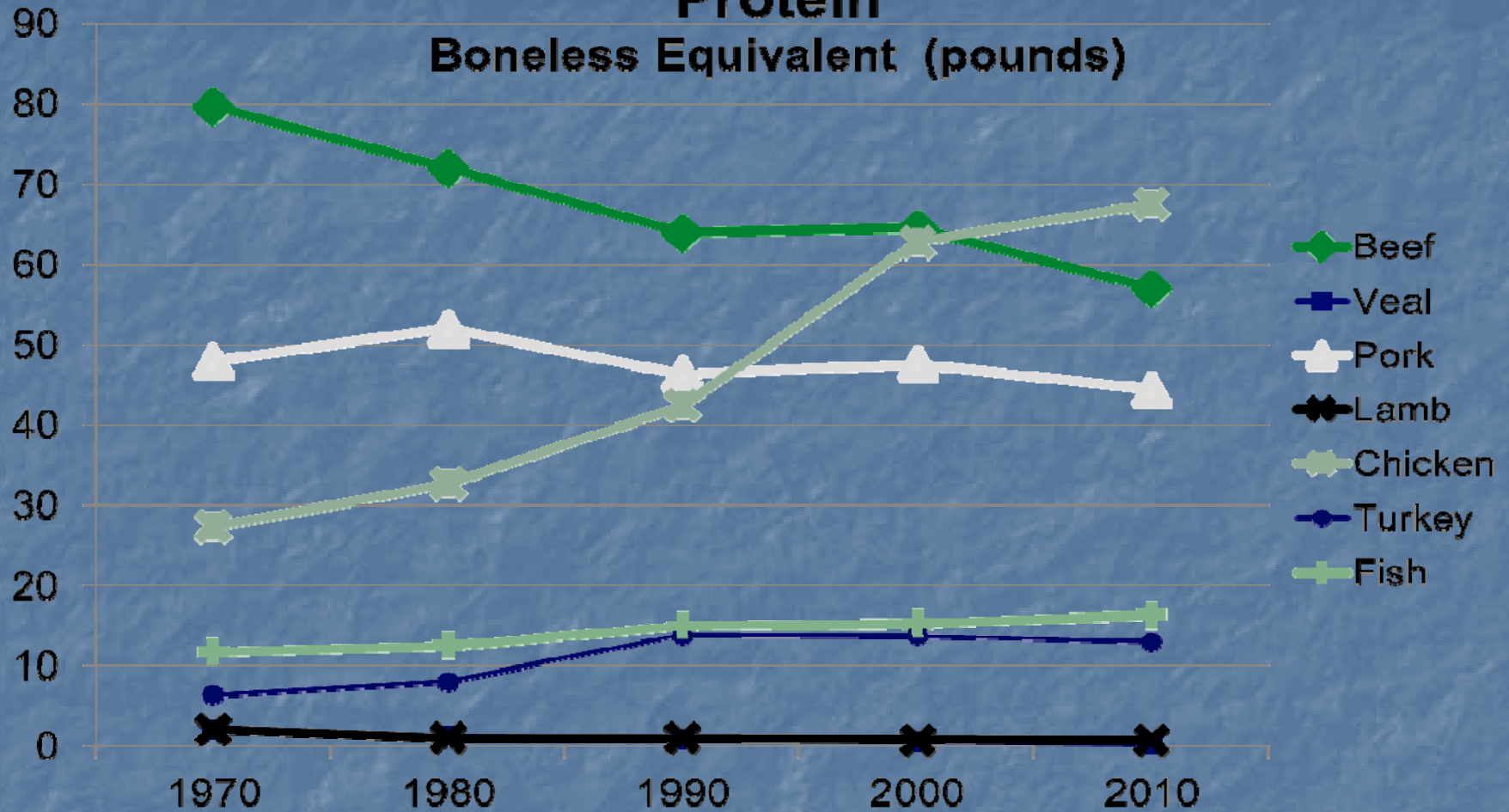
Courtesy of Jamey Kohake

Cattle on Feed 1000+ Feedlots



Source: NASS

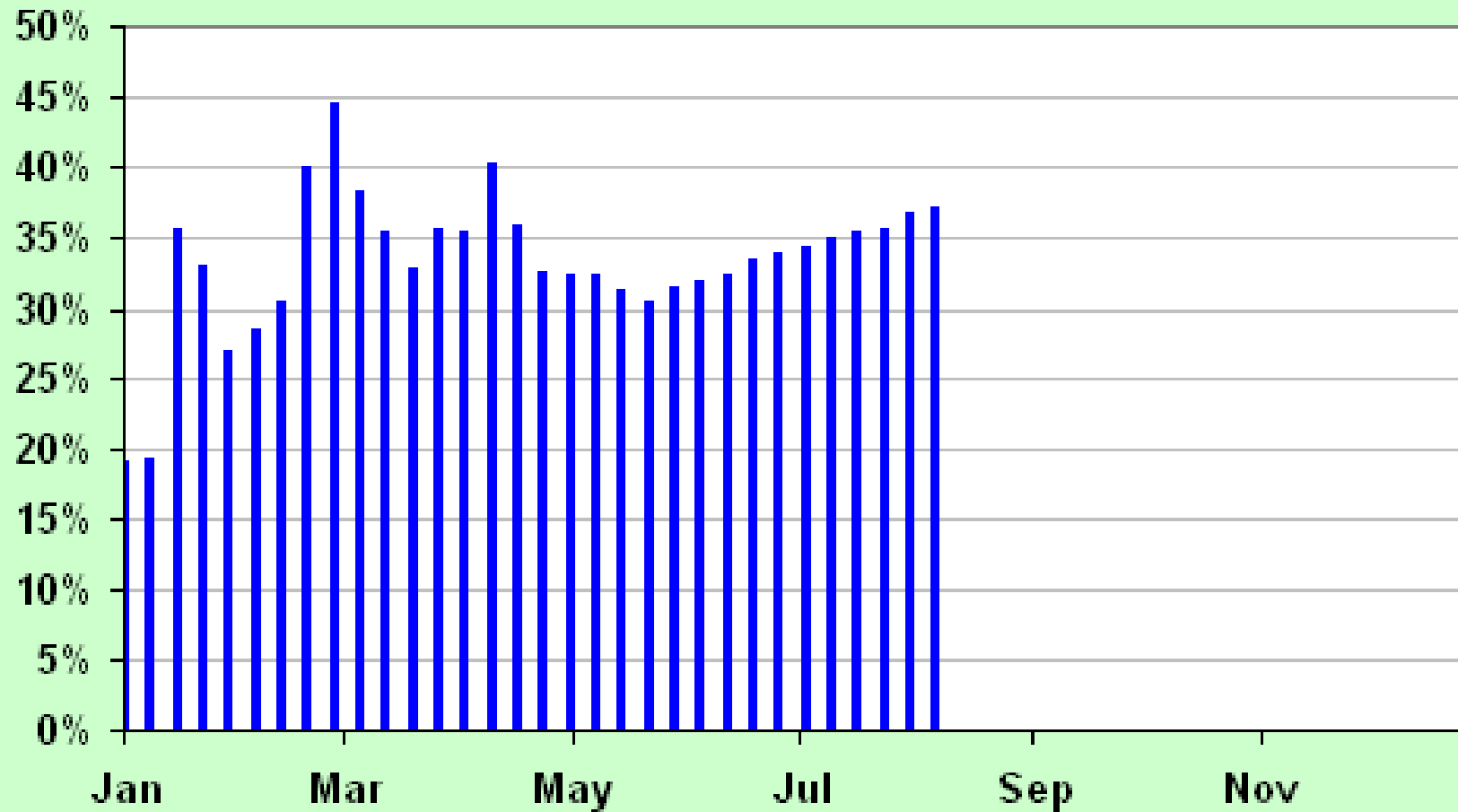
U.S. Per Capita Consumption of Animal Protein



Courtesy of Jamey Kohake

Beef Weekly Export Sales

2011 BEEF WEEKLY EXPORT SALES (CUMULATIVE)
% CHANGE FROM 2010



Courtesy of Jamey Kohake

December '11 Live Cattle

LE Z1 [10] - LIVE CATTLE-GLOBEX LAST: 123.475 CHANGE: ▼ 0.175 HIGH: 123.550 LOW: 123.350 10/21/2011



Source: CBOT

November '11 Feeder Cattle

GF X1 [10] - FEEDER CATTLE-GLOBEX

10/21/2011

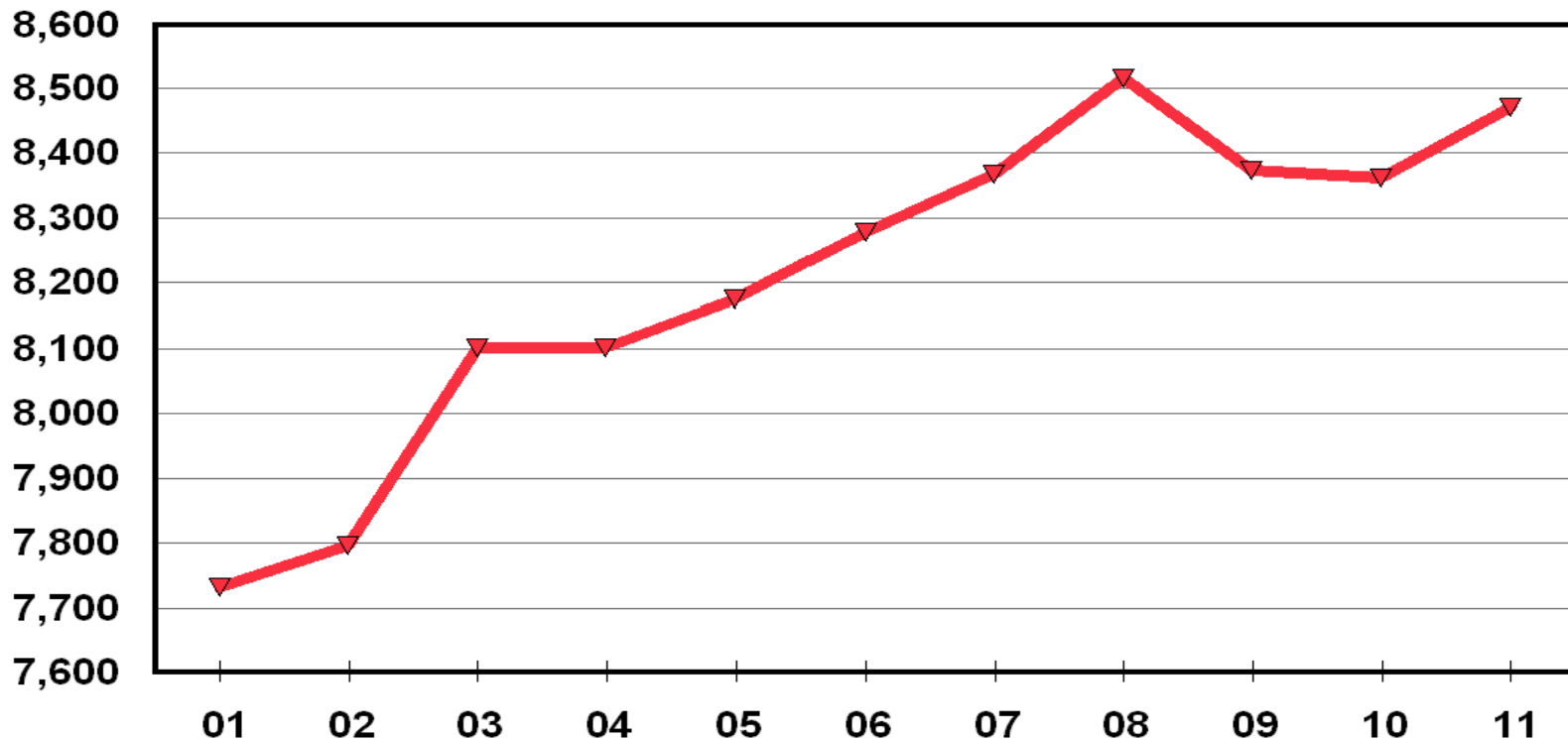


CME Group

Source: CBOT

August Milk Cows 2001-2011

Thousand Head



USDA-NASS
09-19-2011

Source: USDA-NASS

10-Year Hog Prices

Prices Received for Hogs by Month – United States

Dollars per cwt



USDA - NASS
09/29/2011

Source: NASS

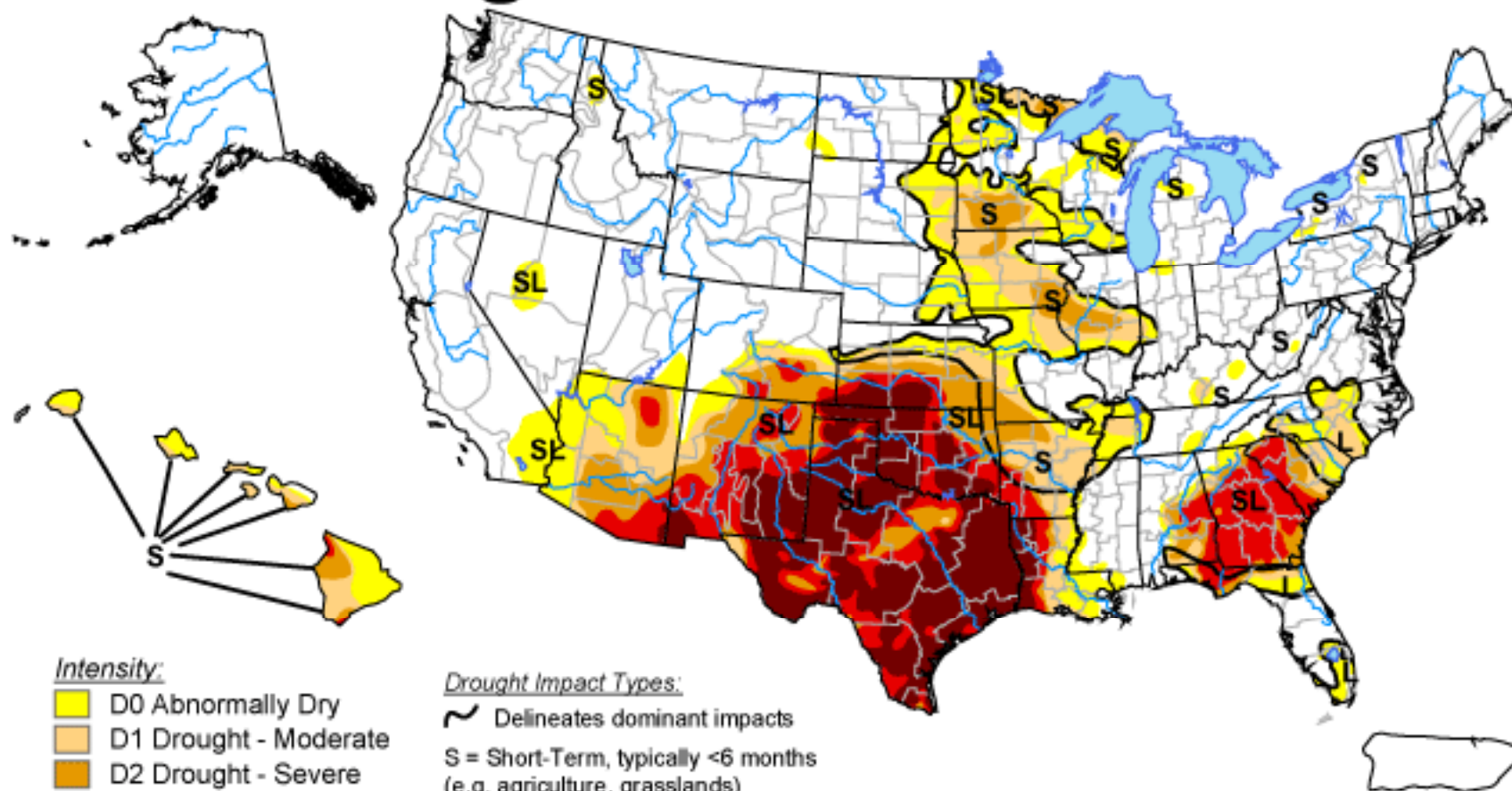
December '11 Lean Hogs








Source: CBOT

U.S. Drought Monitor


October 11, 2011
Valid 8 a.m. EDT



Intensity:

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

Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months
(e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months
(e.g. hydrology, ecology)

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

<http://droughtmonitor.unl.edu/>



Released Thursday, October 13, 2011

Authors: R. Tinker/M. Rosencrans, NOAA/NWS/NCEP/CPC

Globally Local World: What's Ahead

- Recovering economy
- Demographics will drive ag/food product demand
- Next world industrial expansion: Africa
- U.S. continues to be ag technology leader
- U.S., China will drive African development
- Infrastructure build-out continues in South America
- 'Youth bulge' means growth in Middle East, but destabilized environment
- What's this mean for you: Continued strong demand for U.S. agricultural commodities