

Ag in Uncertain Times

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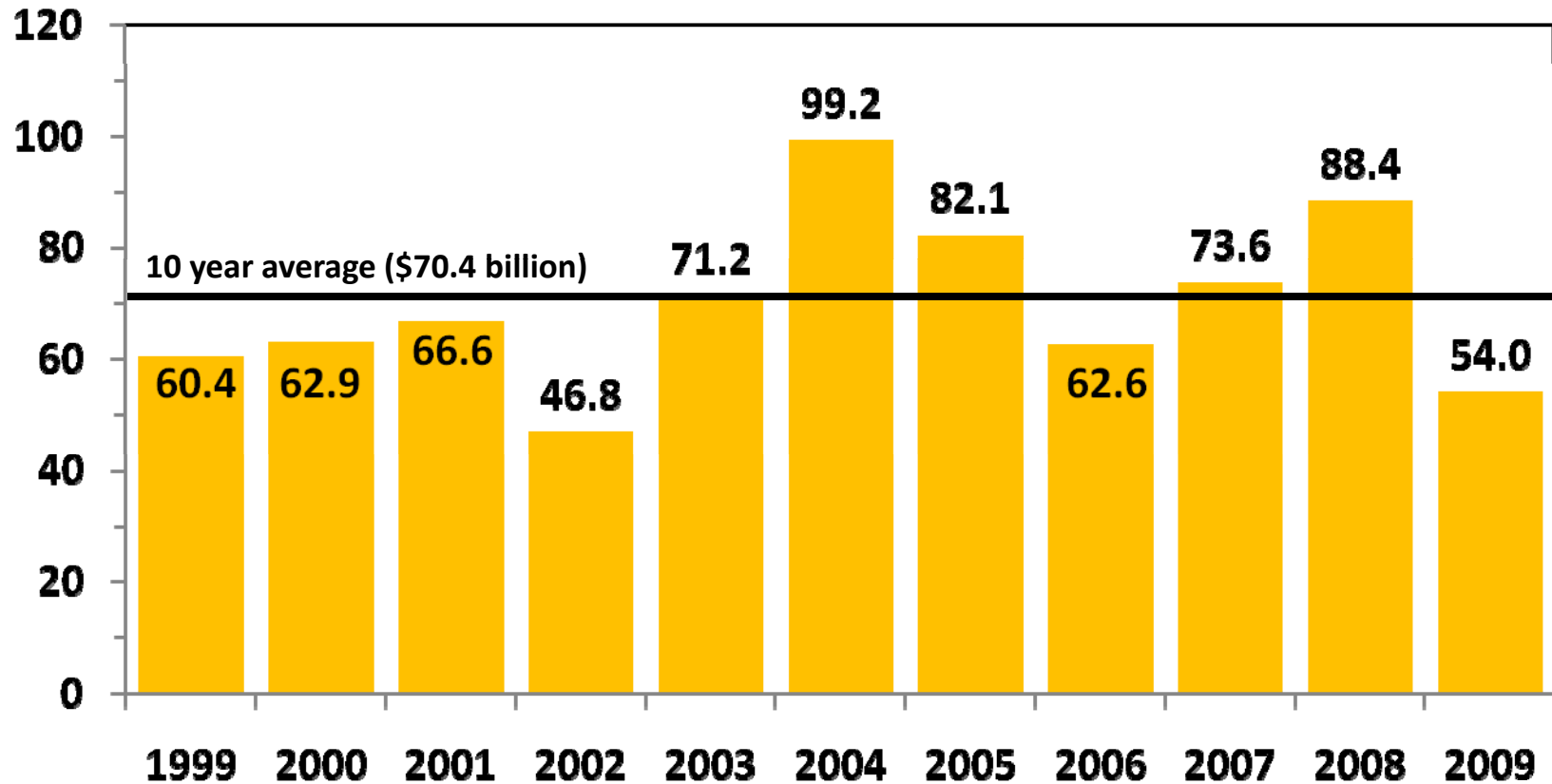
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- The farm boom ends with recession and a financial crisis.
- Will the recovery spark a demand rebound?



U.S. Real Net Farm Income

Billion dollars (2008 constant dollars)



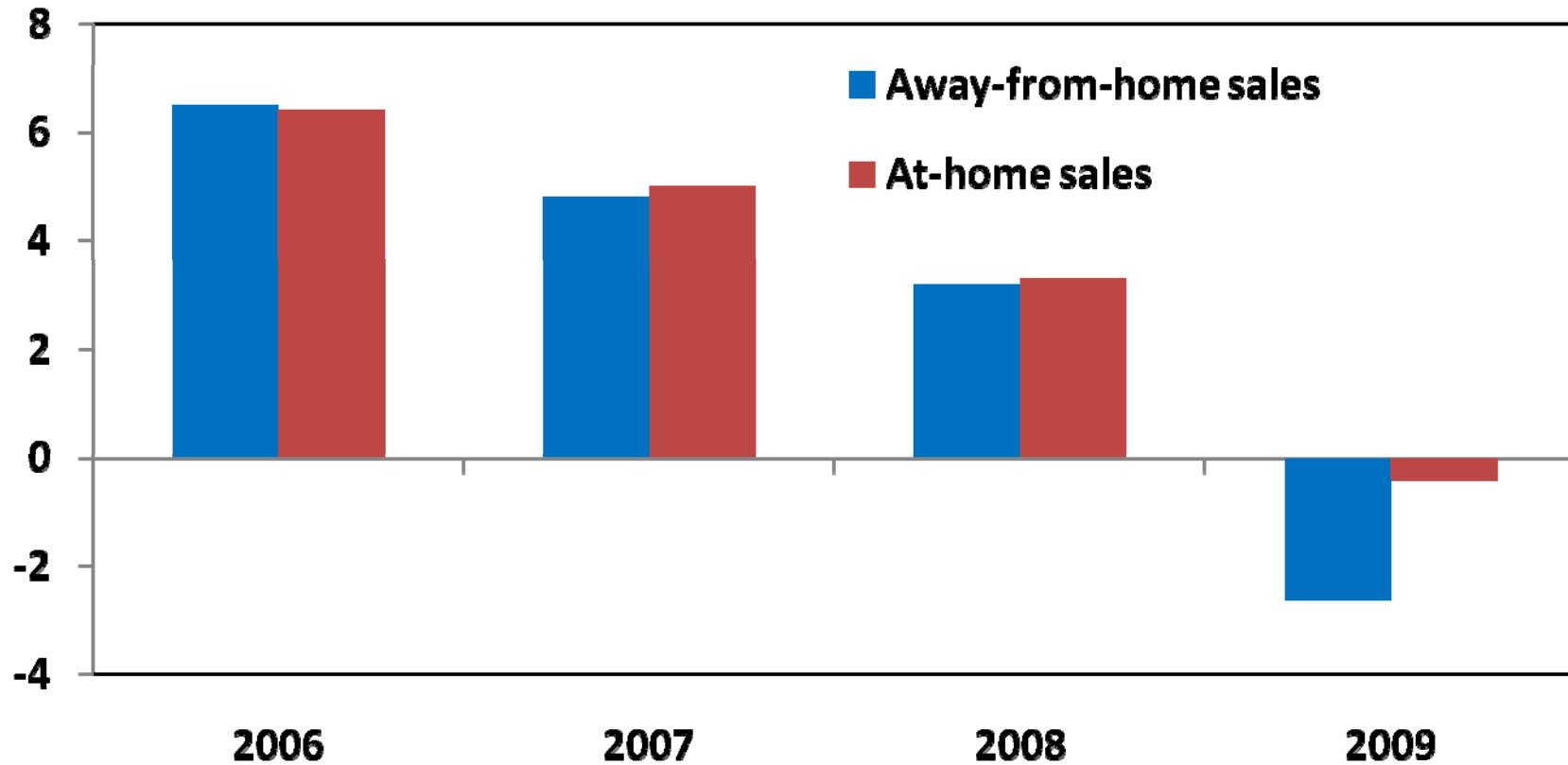
Source: USDA

2009 Recap: The Farm Boom Ends



U.S. Food Sales

Percent change from previous year



Source: USDA
2009 data are year-to-date through September

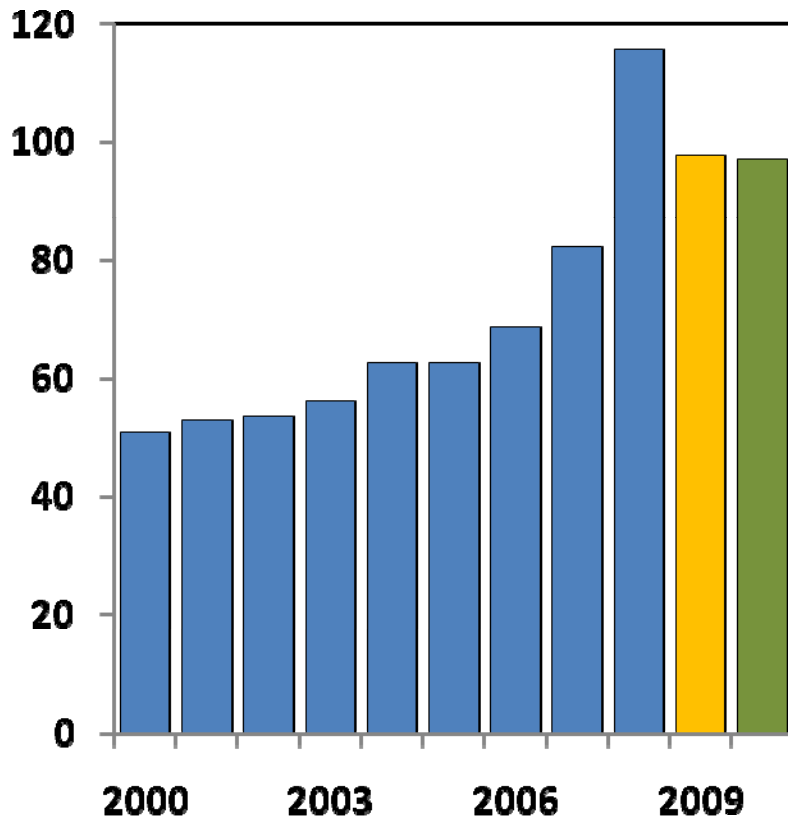
U.S. food expenditures fall sharply, especially at restaurants.



U.S. Agricultural Exports

U.S. Agricultural Exports

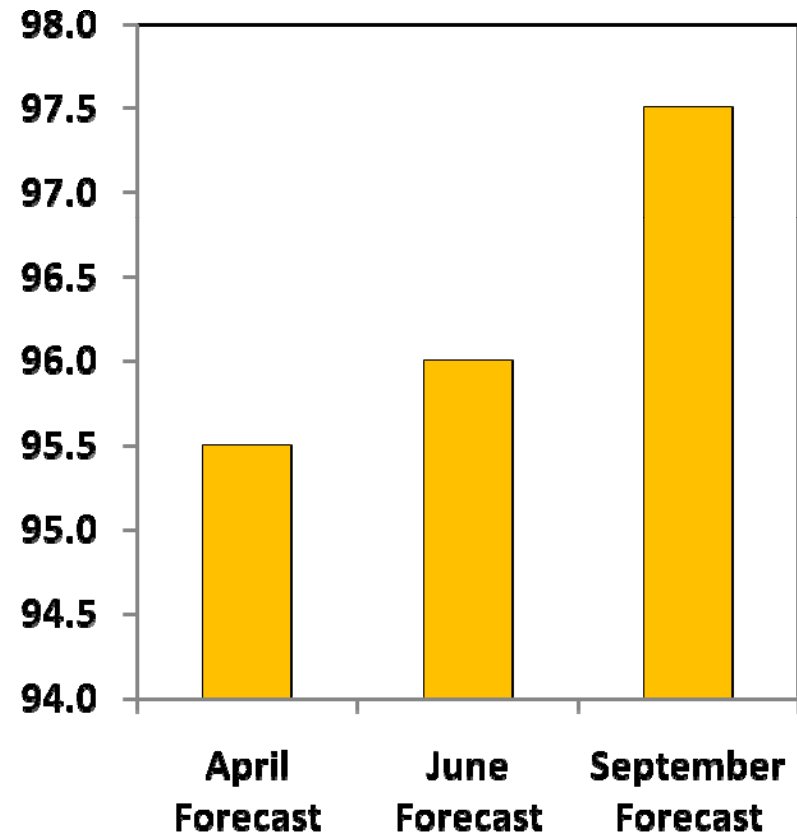
Billion dollars



Source: USDA, Fiscal year data, October-September

U.S. Agricultural Exports - 2009

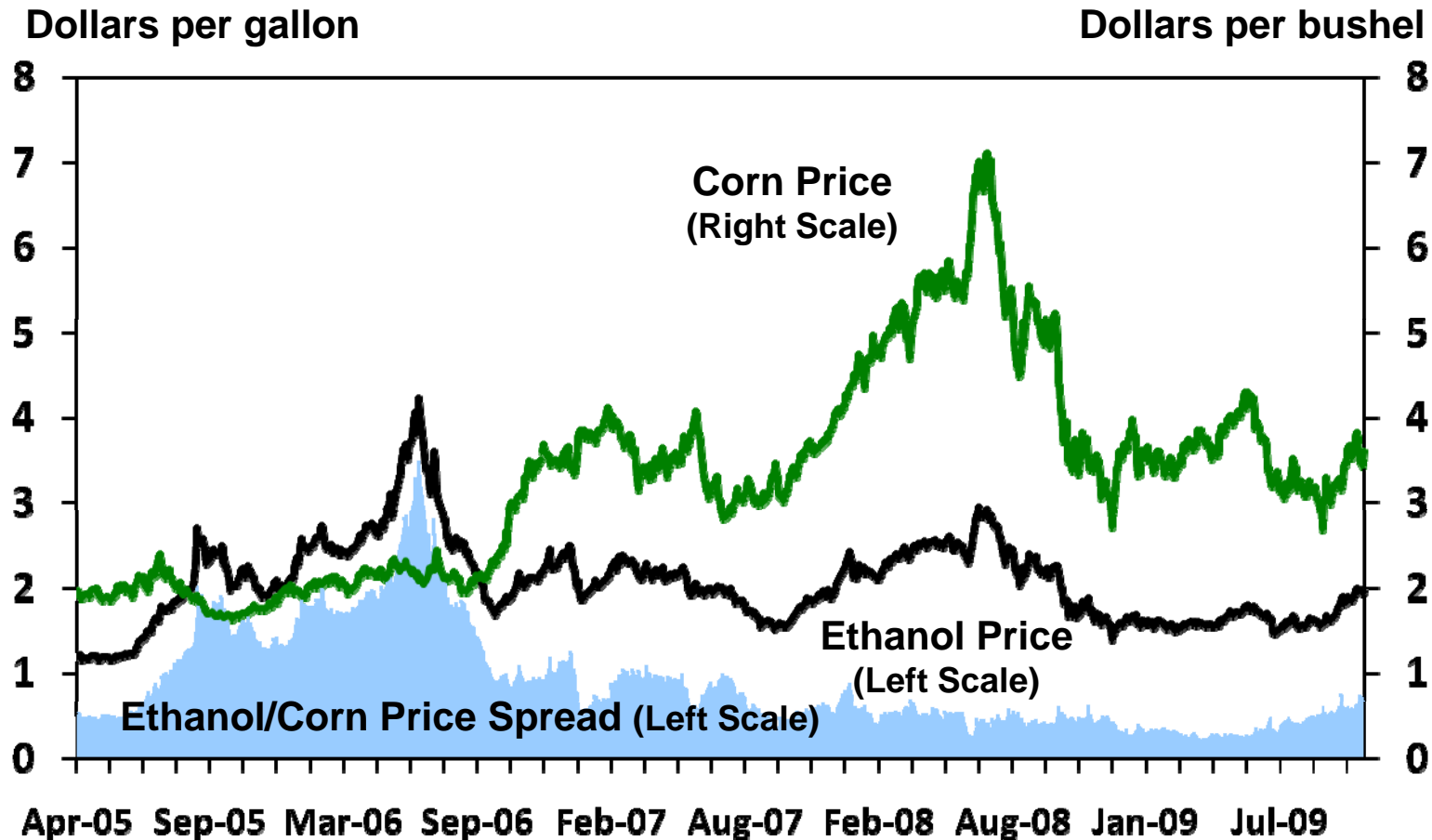
Billion dollars



World export activity is strengthening.



Ethanol Profit Margins



Source: CBOT and Commodity Research Bureau
Spread is equal to ethanol price – (corn price/2.8 gallons per bushel)

Stronger crude oil prices are boosting ethanol profits and demand for corn.



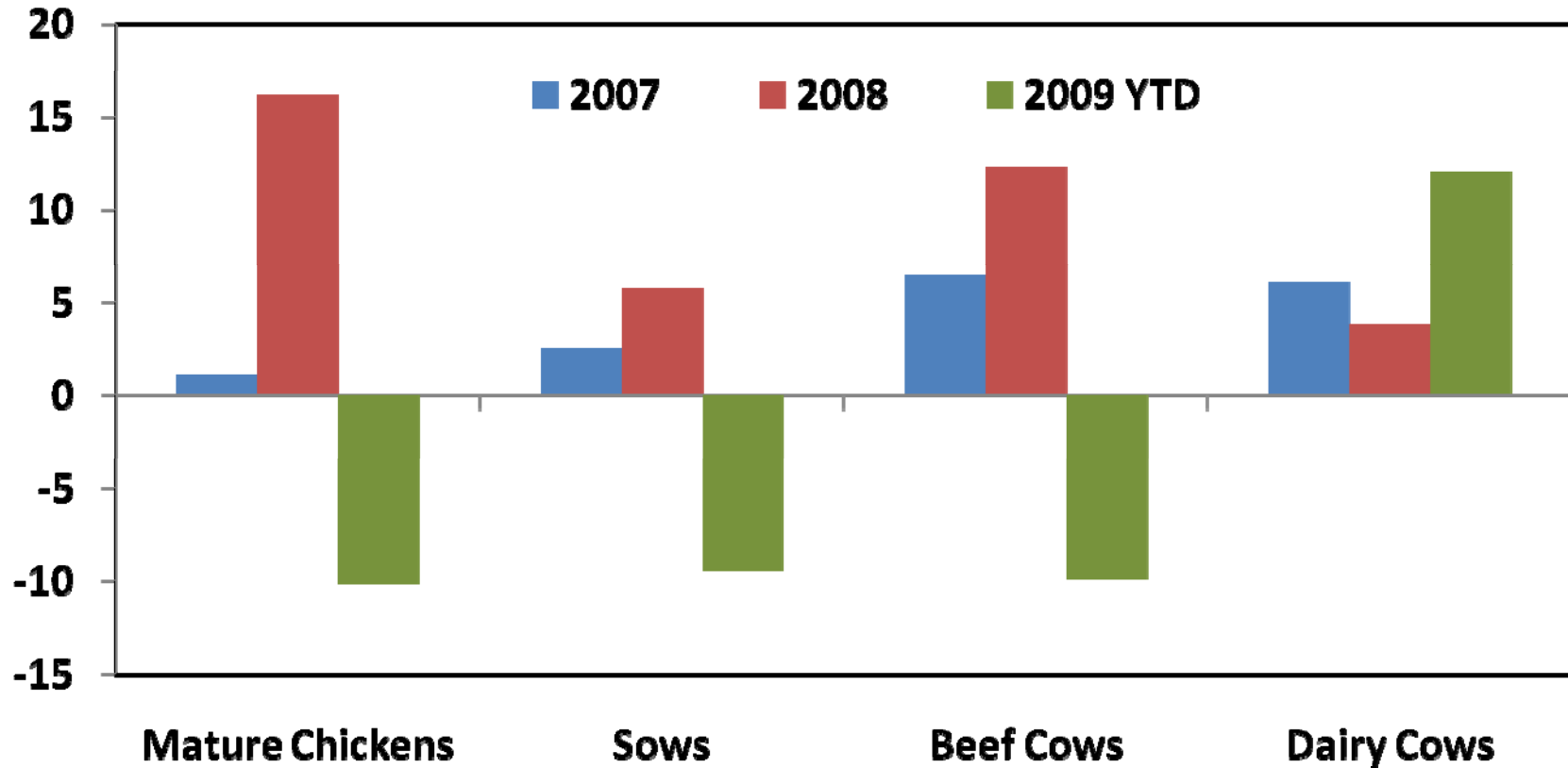
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- For livestock, rebalancing supplies with demand.



U.S. Livestock Slaughter

Percent change from previous year



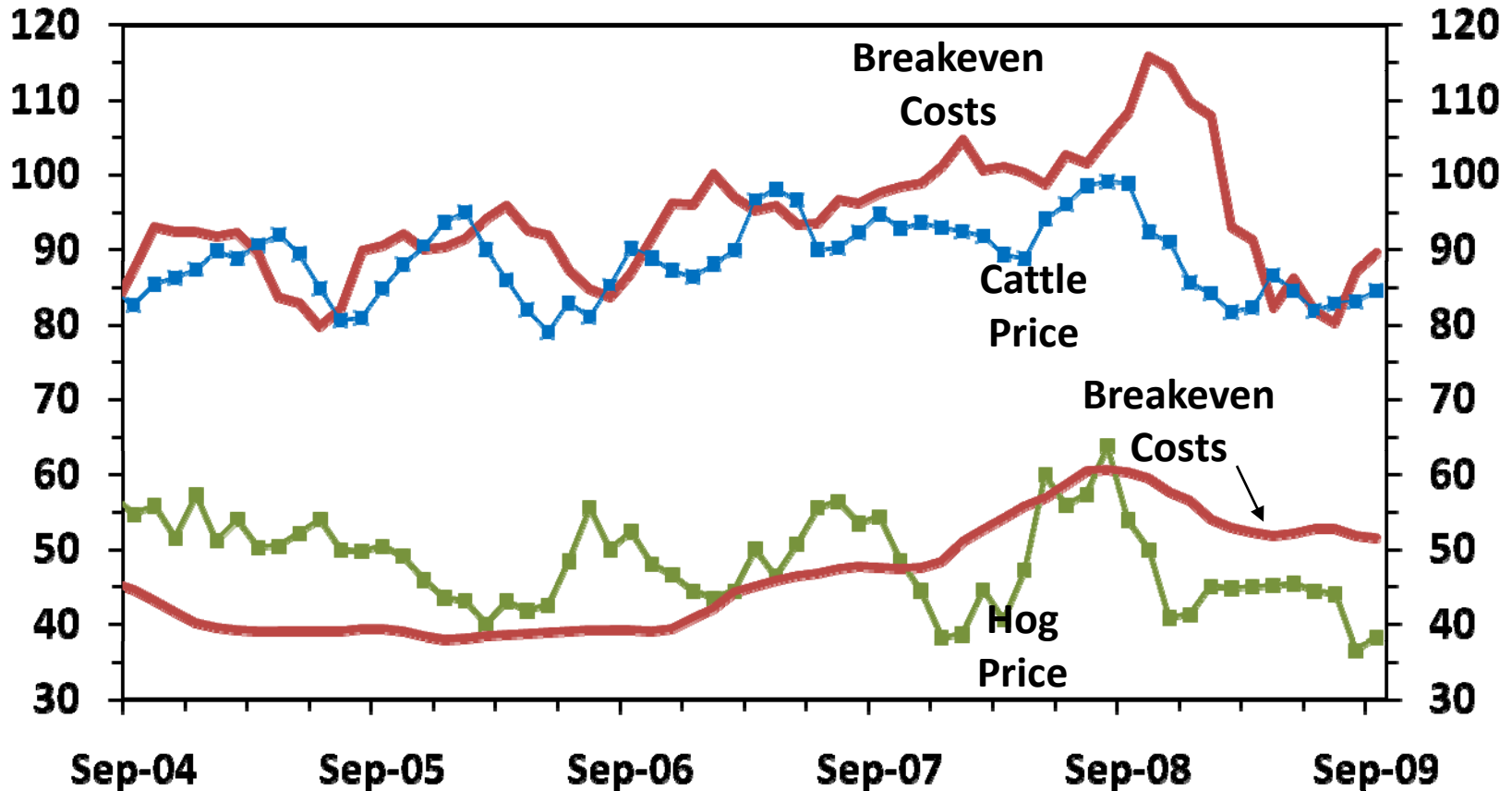
Calculations based on USDA data. Year-to-date (YTD) data through September.

Livestock sectors are cutting breeding herds to limit supply.



U.S. Breakevens: Cattle and Hogs

Dollars per hundredweight



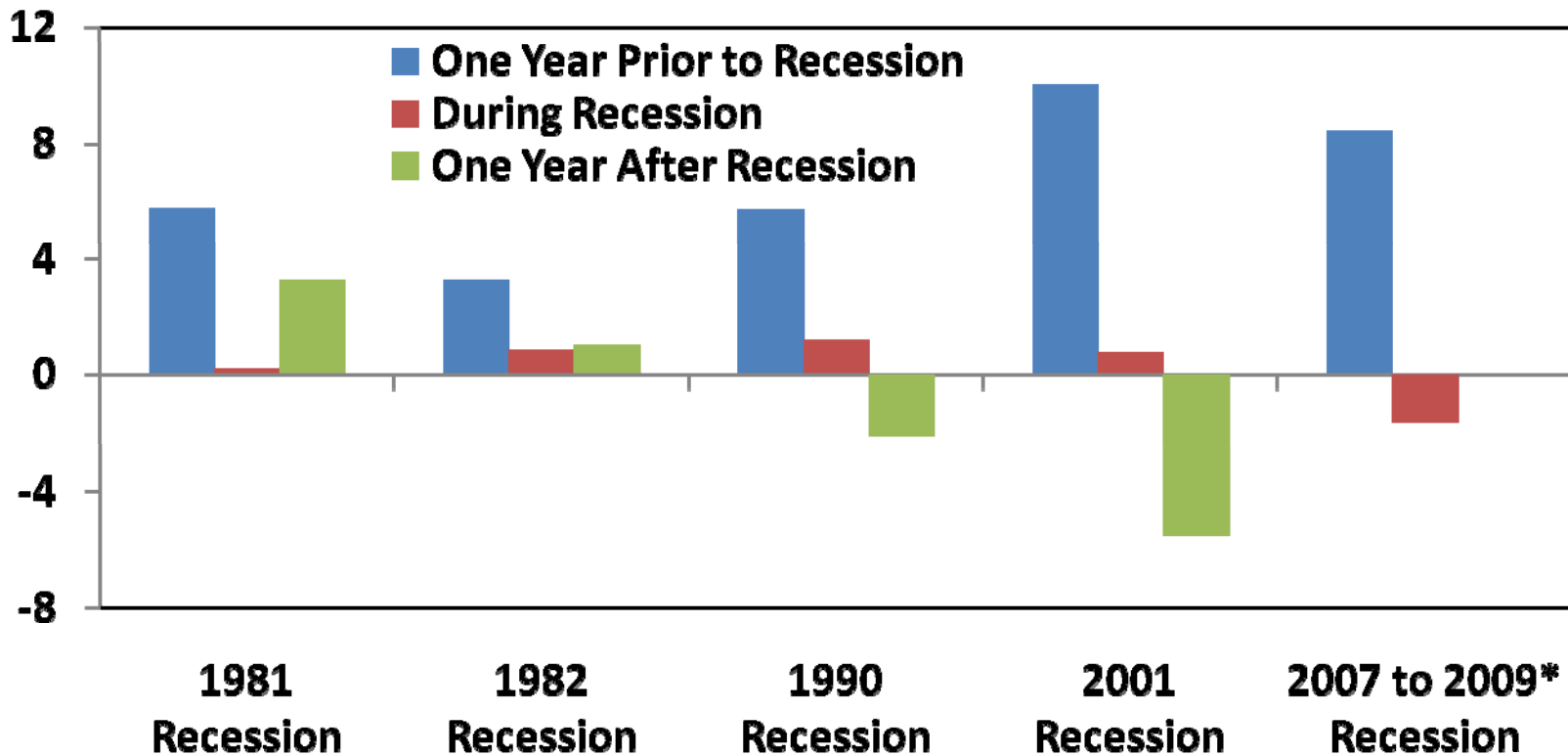
Source: USDA and Iowa State University

Livestock sectors are struggling to post profits.



U.S. Per Capita Expenditures on Beef, Pork, Poultry, and Milk Products

Percent change



Calculations based on Bureau of Economic Analysis data

•The National Bureau of Economic Research indicates the recession started in Dec. 2007.

At the time of publication, the end of the recession has yet to be specified.

In jobless recoveries, protein demand falls.



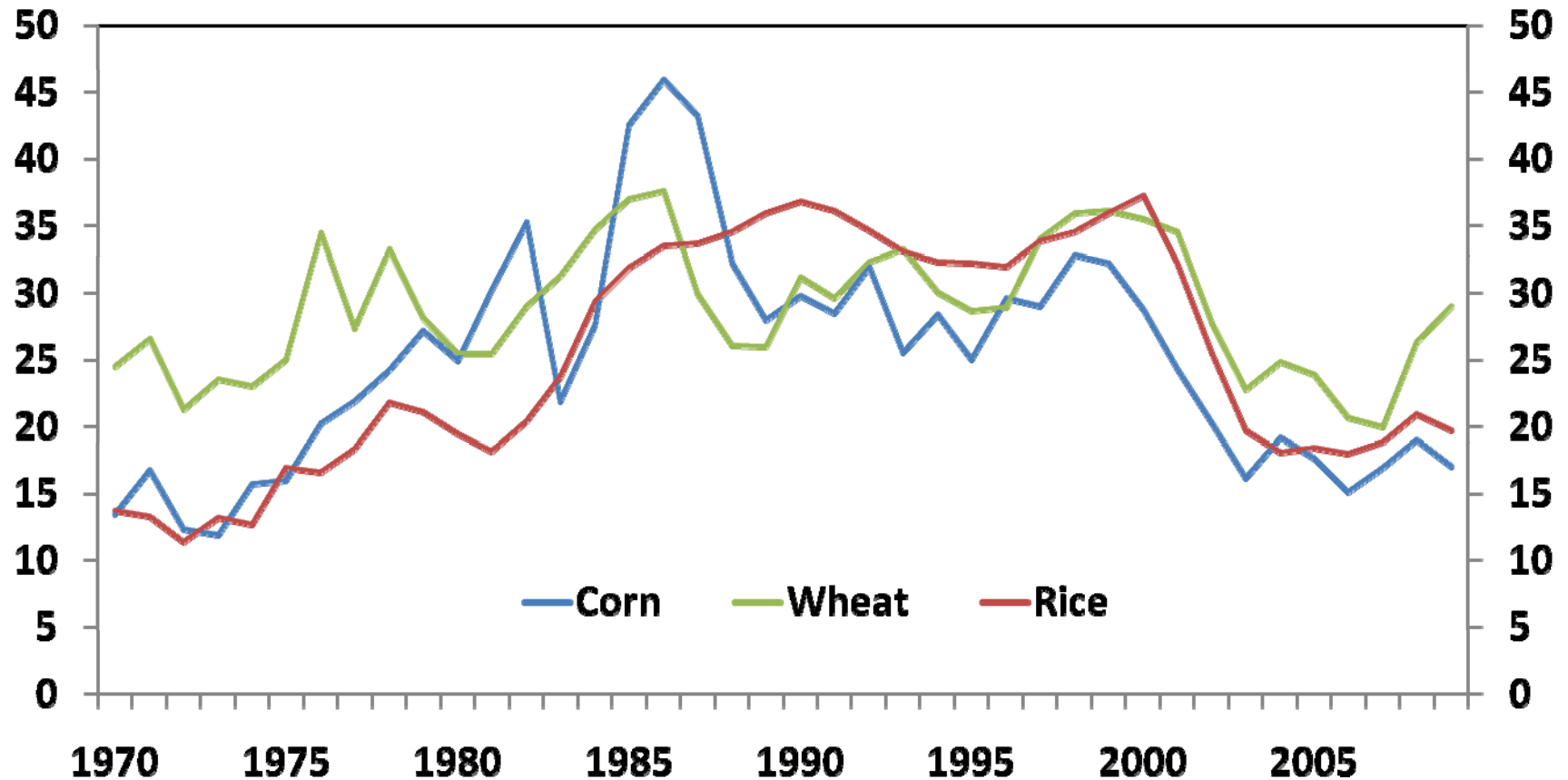
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- Will the recovery spark a demand rebound?
- For livestock, rebalancing supplies with demand.
- For crops, the profit perspective depends on your viewpoint.



World Ending Stocks-to-Use Ratio

Ending stocks as percent of global consumption



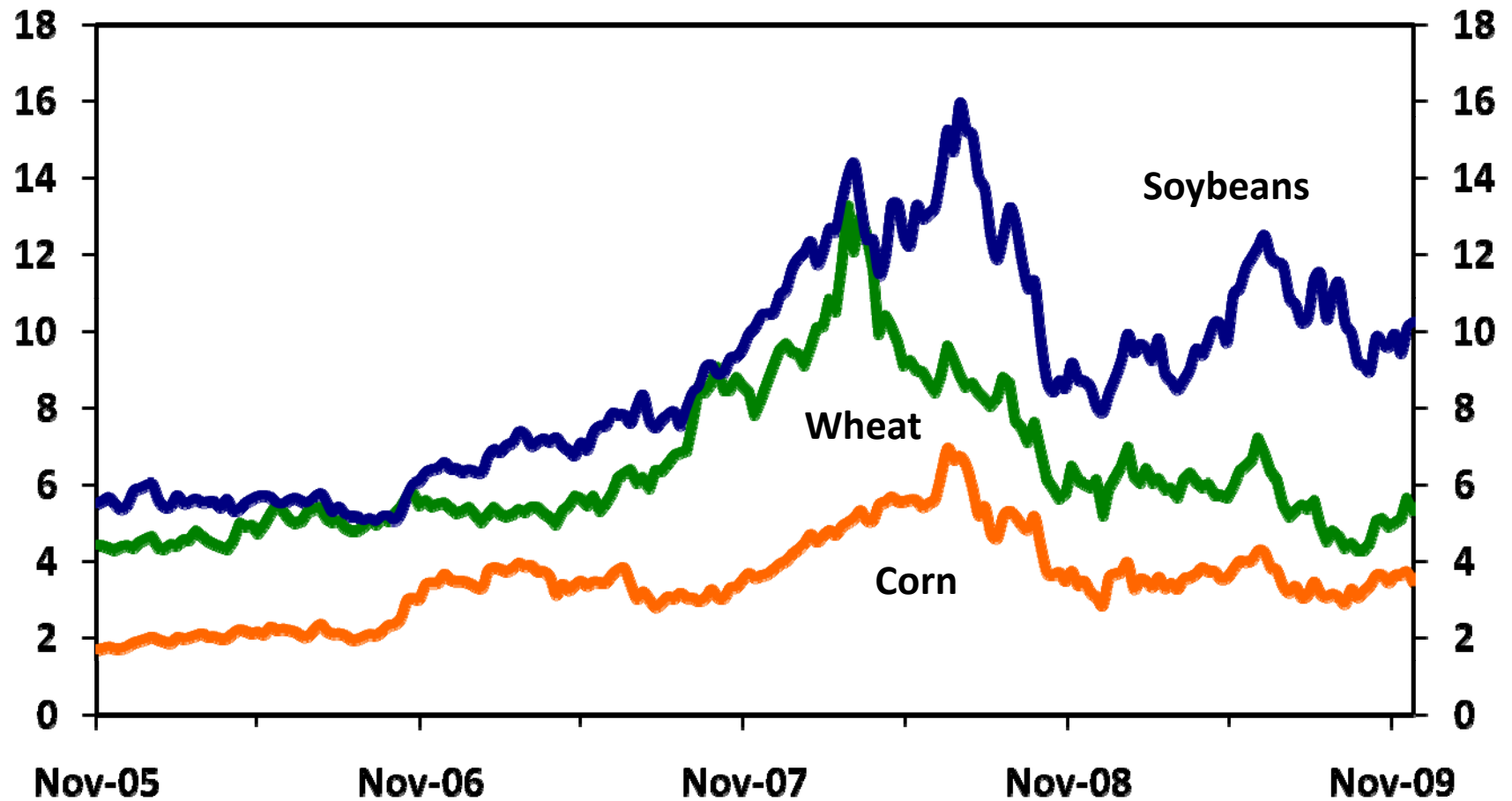
Source: USDA

Despite bumper crops, global grain supplies remain historically low.



Crop Prices

Dollars per bushel



Source: Commodity Research Bureau

Crop prices have rallied since the harvest season began.

