Food and Agricultural Policy Research Institute
FAPRI
University of Missouri

March 2010

US Baseline Briefing Book

Projections for agricultural and biofuel markets

FAPRI-MU Report #01-10

Providing objective analysis for over 25 years

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Foreword

The Food and Agricultural Policy Research Institute (FAPRI) provides analysis of agricultural and biofuel markets and policies for Congress and other decision makers. This report presents a summary of ten-year baseline projections for US agricultural and biofuel markets.

Process and assumptions

In November 2009, FAPRI analysts prepared a preliminary set of projections that were reviewed at a workshop in Washington, DC in December 2009. Reviewer comments and other new information were incorporated into this final baseline prepared in January and February 2010.

The baseline is not a forecast of what will happen, but rather a projection of what could happen if current policies remain in place. The analysis incorporates provisions of the Food, Conservation and Energy Act (FCEA, the 2008 farm bill) and the Energy Independence and Security Act (EISA, the 2007 energy bill). We assume that expiring biofuel tax and tariff provisions will be extended, including the biodiesel credit that expired at the end of 2009.

Assumptions about the wider economy rely primarily on January 2010 forecasts by IHS Global Insight.

Things to look for this year

Net farm income fell sharply in 2009 because of a large reduction in commodity prices from their 2008 peaks. This report suggests future recovery in farm income will be tied to developments in the broader macro economy.

- Renewed income growth in the United States and other countries in 2010 increases consumer demand for meat, dairy products and clothing, contributing to higher prices for cattle, hogs, milk and cotton.

- As the world economy grows, energy demand increases and average oil prices rise. The combination of rising oil prices and increasing biofuel use mandates results in continued growth in biofuel production.

- While a world economic recovery supports commodity prices, large global grain and oilseed supplies put downward pressure on prices for many crops in 2010.

- After peaking in 2008, farm production expenses dipped in 2009 and only increase slightly in 2010. Net farm income recovers from the 2009 low, mostly because of greater livestock sales receipts.

- Policy decisions will continue to affect agricultural market results. For example, not extending biodiesel and ethanol tax credits would have important impacts under some market conditions.

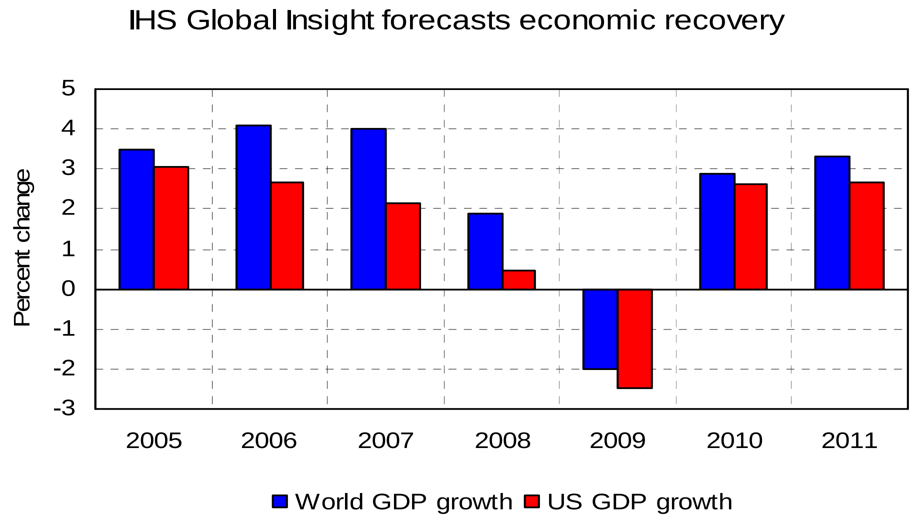
The extreme price volatility of 2007-2009 may continue, as many of the factors that caused recent price swings remain in flux. FAPRI recognizes this uncertainty and considers 500 alternative outcomes for the future based on different assumptions about the weather, the price of petroleum and other factors that will affect the supply and demand for agricultural commodities. The tables which follow generally report the averages of the 500 alternative outcomes, but it is important to recognize that actual market results may vary greatly from the reported averages.

Acknowledgments

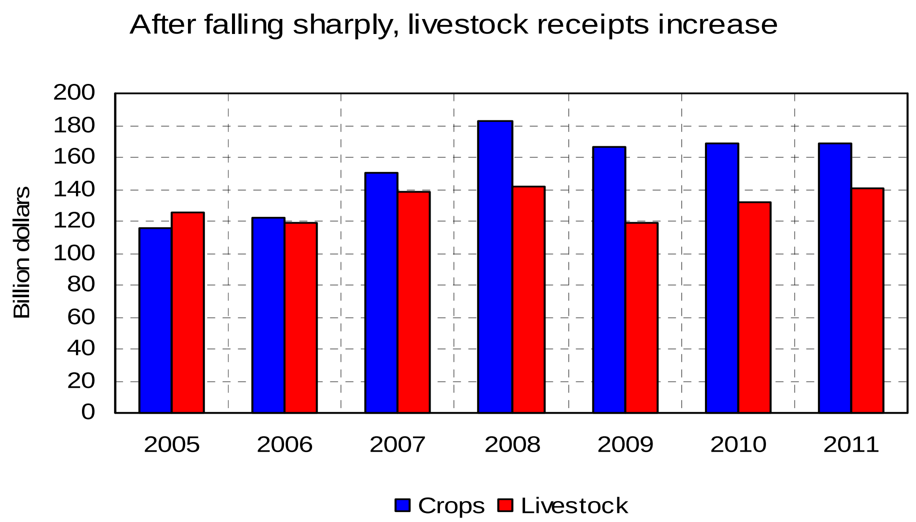
The FAPRI US Baseline Briefing Book for 2010 was prepared by the FAPRI unit in the College of Agriculture, Food and Natural Resources (CAFNR) at the University of Missouri–Columbia (MU), with the help of numerous colleagues at other institutions. The FAPRI team at Iowa State University (ISU) took the lead in developing estimates related to international markets and Chad Hart at ISU helped develop crop insurance program estimates. Colleagues at the University of Arkansas took primary responsibility for developing international rice market projections and we worked with colleagues at Texas Tech University in developing cotton market projections. Finally, the team at the Agricultural and Food Policy Center (Texas A&M) translated these national results into estimates of effects for representative farms around the country. We thank all of our colleagues and reviewers for their help in this collaborative project.

Recession, recovery and the farm economy

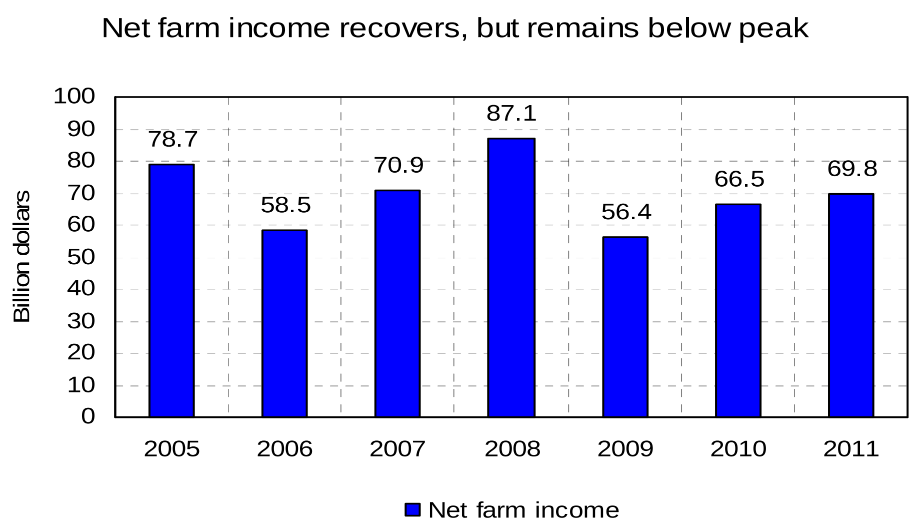
- IHS Global Insight forecasts a modest recovery in the US and world economies in 2010.
- Higher incomes increase the demand for food, feed, fiber and fuel, supporting farm commodity prices.
- The health of the farm economy will be greatly affected by the strength of the US and world economies.



- The value of crop and livestock sales fell in 2009 primarily because of the economic downturn.
- Higher prices for cattle, hogs and milk contribute to higher projected livestock receipts in 2010 and 2011.
- Projected crop receipts remain near the 2009 level in 2010 and 2011. For most crops, prices are far below 2008 peaks but well above pre-2007 levels.



- Net farm income fell by more than $30 billion in 2009, as the large decline in cash receipts far outweighed a modest reduction in production expenses.
- Projected net farm income increases in 2010 and 2011, largely because of a stronger livestock sector outlook.
- Uncertainty around these projections is great. US and global economic growth, energy prices, the weather and other factors could result in a very different picture.

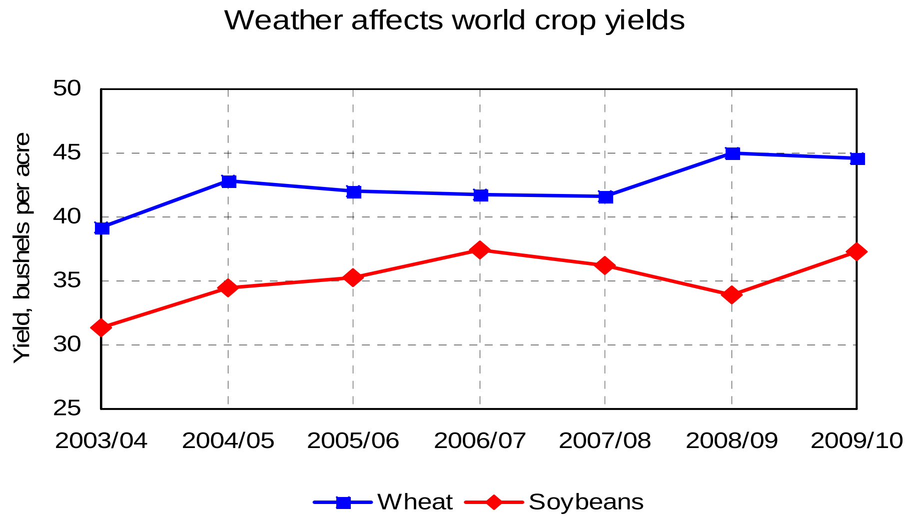


Factors affecting the crops outlook

▪Three straight years of declining world wheat yields contributed to the 2007/08 spike in wheat prices.

▪Wheat yields jumped in 2008/09 and remained high in 2009/10, putting downward pressure on prices.

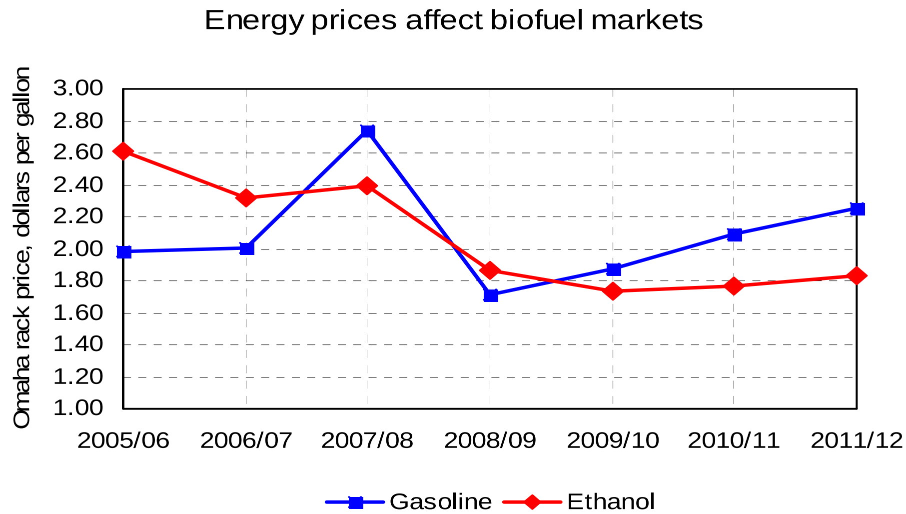
▪A poor Argentine crop reduced world soybean yields in 2008/09. Better growing conditions in 2009/10 increase soybean supplies and depress prices.



▪A sharp decline in petroleum prices resulted in lower prices for gasoline and ethanol in 2008/09.

▪Increases in gasoline prices support ethanol prices, but ethanol prices decline relative to gasoline to facilitate expanded use.

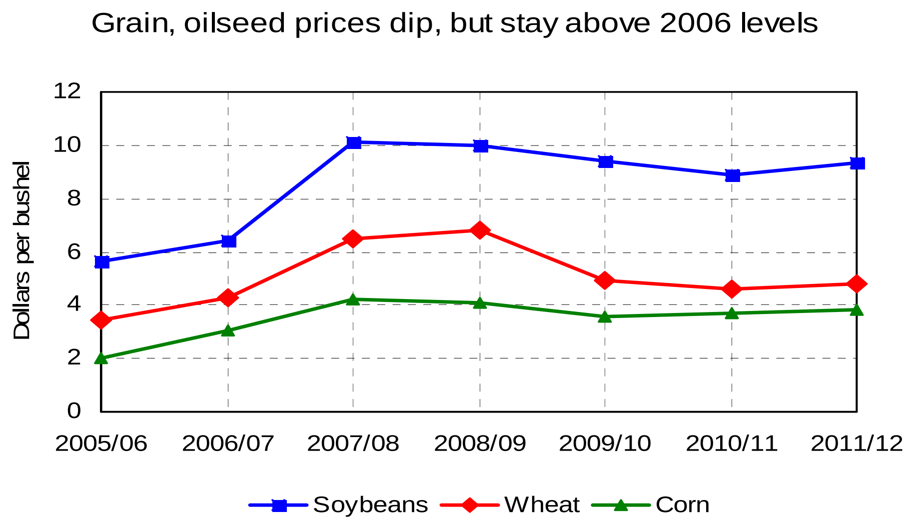
▪Higher energy prices increase farm production expenses on fuel, fertilizer and other inputs.



▪Farm prices for grains and oilseeds jumped in the 2007/08 marketing year and remained high in 2008/09.

▪Large world grain and oilseed crops and the recession result in lower projected prices for 2009/10.

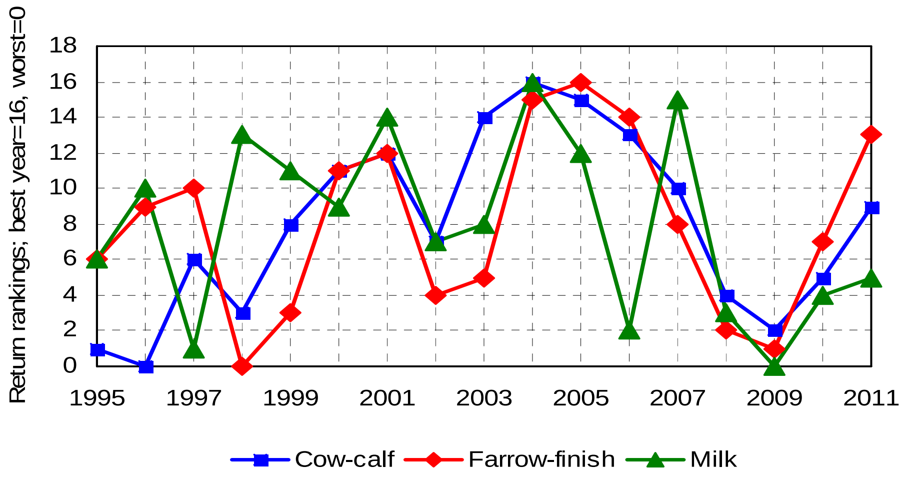
▪In 2010/11, prices dip further for wheat and soybeans because of large global supplies, but continued growth in ethanol production supports corn prices.



Factors affecting the livestock and dairy outlook

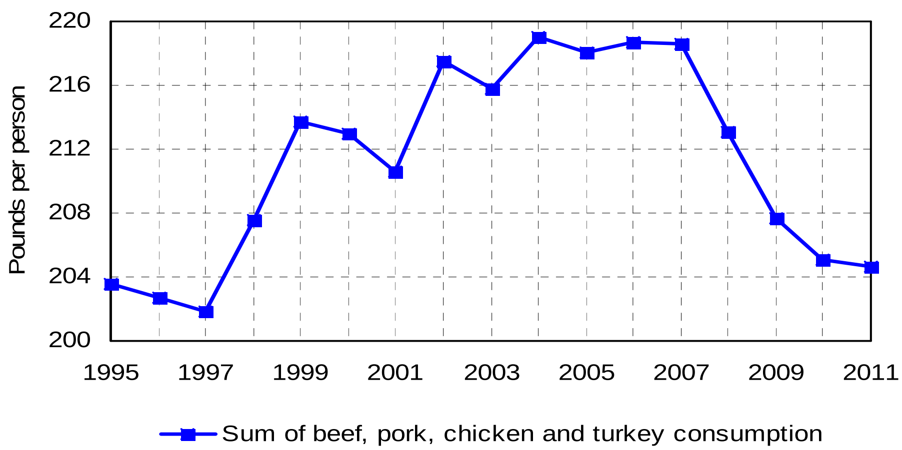
- Margins for livestock, dairy and poultry producers were squeezed in 2008 as production costs rose sharply.
- Feed costs declined in 2009, but the recession also reduced livestock prices.
- This continued cost-price squeeze has caused some producers to scale back or exit production.
- If demand strengthens with economic recovery, prices may increase enough to restore profitability.

All livestock sectors suffered in 2008 and 2009



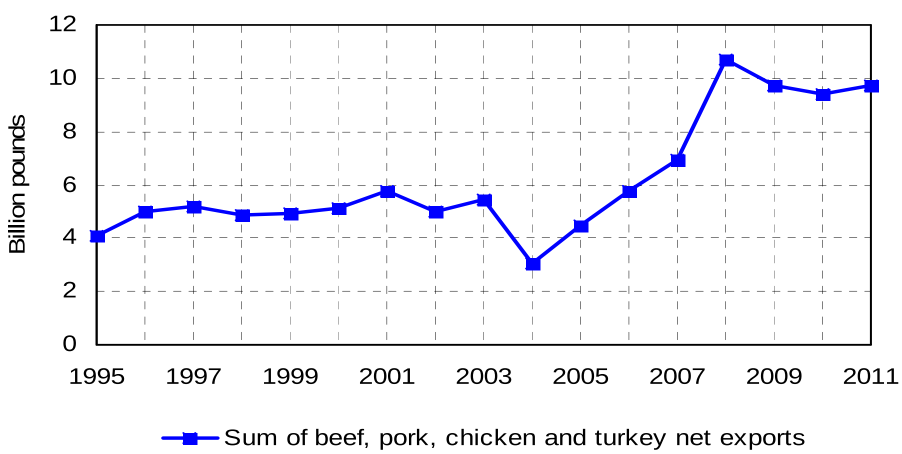
- After increasing for most of the previous decade, per capita meat consumption leveled off between 2004-2007.
- Meat consumption has fallen sharply in the past two years. Strong international demand in 2008 limited meat available for domestic consumers, and a weak economy in 2009 reduced consumer spending for meat.
- When the economy improves and demand for meat increases, it will take time for producers to satisfy the additional demand, and prices will rise.

Meat supplies will be limited for domestic consumers



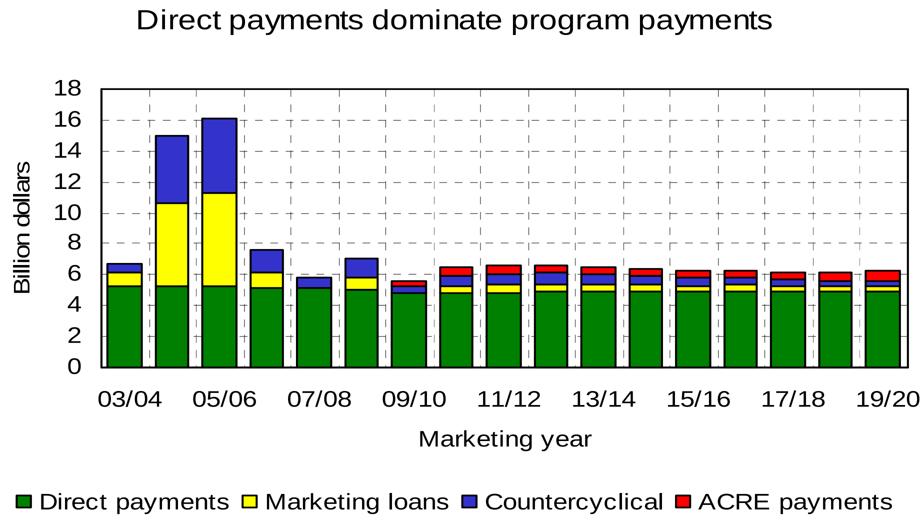
- Strong growth in meat net exports from 2004 to 2008 allowed most livestock prices to remain firm despite steady production increases.
- Many of the underlying factors leading to strong international meat demand, including a weakening dollar, changed course late in 2008.
- Though the trade outlook is generally positive in the long term, risk factors such as the current Russian ban on US chicken and potential animal disease outbreaks are a cause for concern.

Growth in total meat net exports halted in 2009

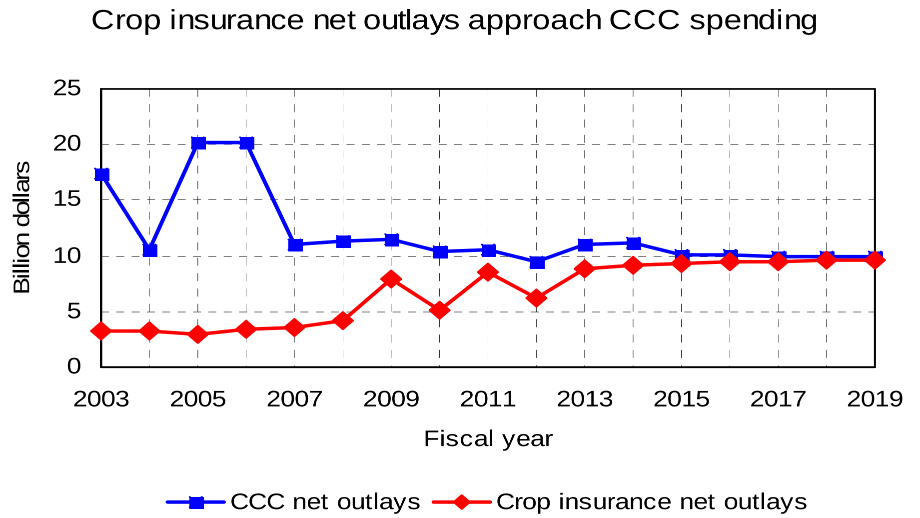


Farm program costs and food prices

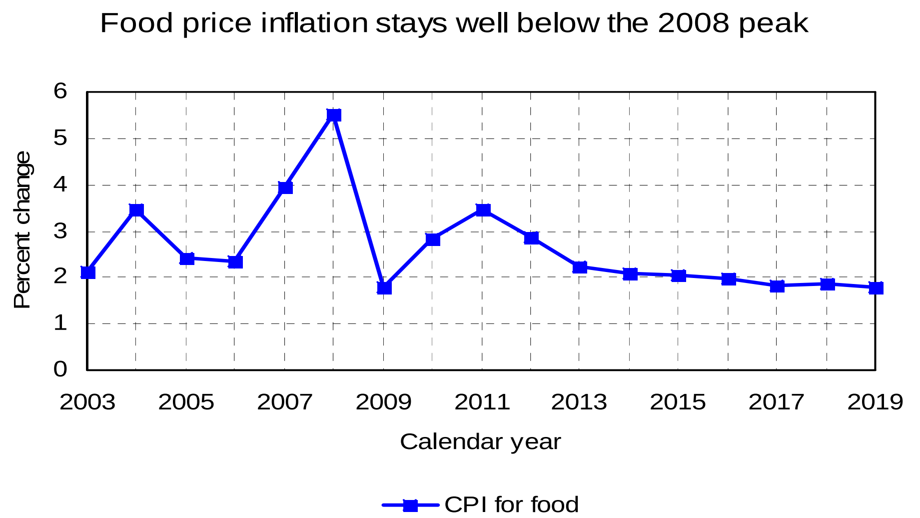
- Projected direct payments far exceed marketing loan benefits, countercyclical payments and Average Crop Revenue Election (ACRE) program payments.
- Projected prices are too high to result in marketing loan benefits or countercyclical payments for most crops in most years.
- Initial enrollment in ACRE was quite limited. Estimated outlays of approximately $500 million per year assume modest additional enrollment.



- Net government outlays on the crop insurance program reached almost $8 billion in FY 2009.
- Crop insurance expenditures dip in FY 2010 because of higher 2009 crop yields and again in FY 2012 because of shifts in the timing of premium payments and provider reimbursements.
- After FY 2015, net outlays on the crop insurance program are almost as great as net Commodity Credit Corporation (CCC) outlays on other farm programs.



- Food price inflation peaked at 5.5 percent in 2008 and then fell to 1.8 percent in 2009.
- Food prices are affected by changes in farm commodity prices, energy prices, and other costs of getting food from farmers to consumers.
- Rising prices for meat, milk and a number of other products contribute to higher food price inflation in 2010 and 2011, but the rate remains well below the 2007 and 2008 levels.



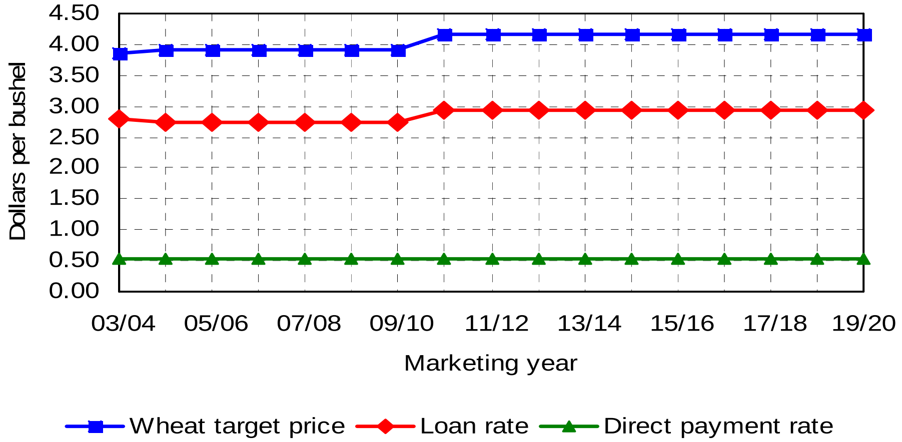
Policy assumptions

▪Provisions set to expire under current law are assumed to continue throughout the baseline.

▪For several commodities, target prices and loan rates adjust in 2010.

▪The percentage of base area eligible for direct payments was reduced in 2009 and is increased again in 2012.

2008 farm bill adjusts program provisions

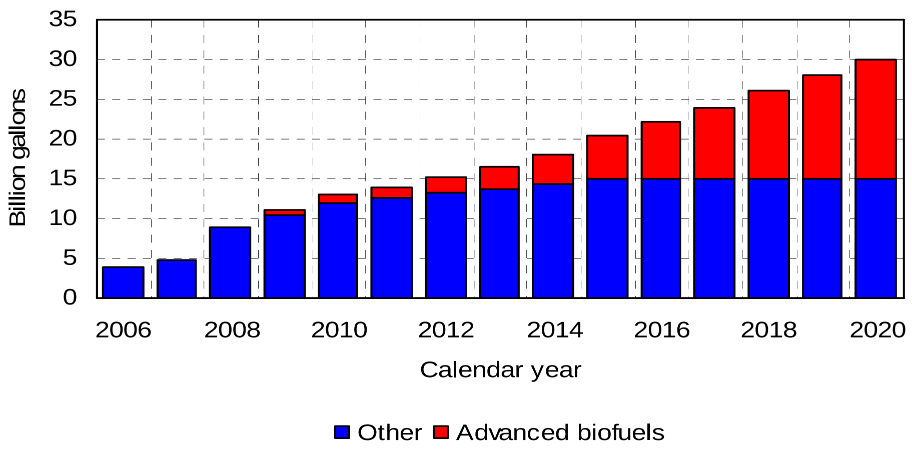


▪The baseline incorporates EISA, the 2007 energy bill, which mandates minimum levels of biofuel use under the Renewable Fuel Standard (RFS2).

▪The baseline assumes that authority to waive the statutory cellulosic ethanol mandate is utilized, but all other mandates are enforced.

▪Under the RFS2, no more than 15 billion gallons of corn starch-based ethanol can count toward the overall RFS2 mandate in 2015 and subsequent years.

Energy bill mandates biofuel use

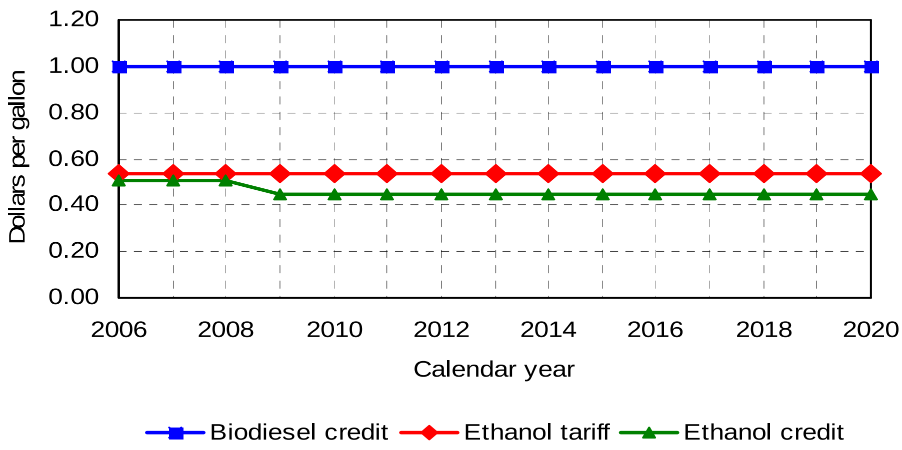


▪The FAPRI baseline assumes biofuel tax credits and tariffs are extended when they would otherwise expire.

▪This includes the biodiesel credit that expired at the end of 2009 and the ethanol tax credit and tariff that are both scheduled to expire at the end of 2010.

▪Results of an alternative scenario that assumes these measures expire on schedule are summarized on page 64.

Baseline assumes biofuel credits, tariffs are extended



Crop program provisions

	Direct Payment 2009-19	Target Price 2009	Target Price 2010-19	Loan Rate 2009	Loan Rate 2010-19	Base area eligible for: DPs 2009-11	DPs 2012-19	CCPs 2008-19	Planted eligible for: ACRE 2009-11	ACRE 2012-19	Base area, 2010
	(Dollars per bushel)					(Percent)					(Mil. a.)
Corn	0.28	2.63	2.63	1.95	1.95	83.3	85.0	85.0	83.3	85.0	84.47
Sorghum	0.35	2.57	2.63	1.95	1.95	83.3	85.0	85.0	83.3	85.0	11.51
Barley	0.24	2.24	2.63	1.85	1.95	83.3	85.0	85.0	83.3	85.0	8.36
Oats	0.02	1.44	1.79	1.33	1.39	83.3	85.0	85.0	83.3	85.0	2.96
Wheat	0.52	3.92	4.17	2.75	2.94	83.3	85.0	85.0	83.3	85.0	72.90
Soybeans	0.44	5.80	6.00	5.00	5.00	83.3	85.0	85.0	83.3	85.0	50.69
	(Dollars per hundredweight)										
Rice (all types)	2.35	10.50	10.50	6.50	6.50	83.3	85.0	85.0	83.3	85.0	4.35
	(Cents per pound)										
Sunflower seed	0.80	10.10	12.68	9.30	10.09	83.3	85.0	85.0	83.3	85.0	1.80
Canola	0.80	10.10	12.68	9.30	10.09	83.3	85.0	85.0	83.3	85.0	0.71
Peanuts	1.80	24.75	24.75	17.75	17.75	83.3	85.0	85.0	83.3	85.0	1.48
Upland cotton	6.67	71.25	71.25	52.00	52.00	83.3	85.0	85.0	83.3	85.0	17.86

Other program provisions

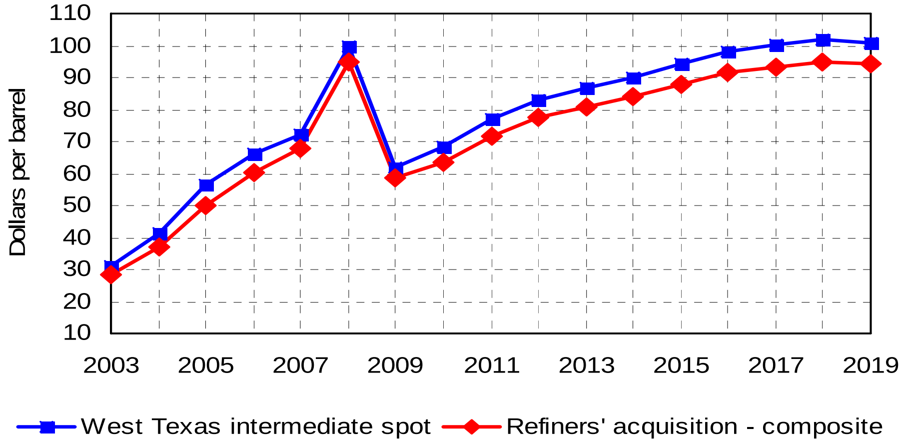
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sugar						(Cents per pound)					
Raw cane sugar loan rate	18.25	18.50	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
Refined beet sugar loan rate	23.45	23.77	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09
Dairy						(Dollars per pound)					
Block cheese support price*	1.18	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
Butter support price	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Nonfat dry milk support*	0.83	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
						(Dollars per hundredweight)					
Unadjusted MILC trigger	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94
						(Million acres)					
Conservation reserve limit	39.20	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00
						(Million gallons)					
Renewable fuel standard	11,100	12,950	13,950	15,200	16,550	18,150	20,500	22,250	24,000	26,000	28,000
Advanced biofuels	600	950	1,350	2,000	2,750	3,750	5,500	7,250	9,000	11,000	13,000
Cellulosic ethanol (waived)	0	100	250	500	1,000	1,750	3,000	4,250	5,500	7,000	8,500
Biodiesel	500	650	800	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Biofuel taxes and tariffs						(Dollars per gallon)					
Ethanol tax credit	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Biodiesel tax credit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ethanol specific tariff	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
						(Percent)					
Ethanol ad valorem tariff	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

*2009 figures reflect the temporary increase in the block cheese support price (from $1.13 to $1.31 per pound) and the nonfat dry milk support price (from $0.80 to $0.92 per pound) authorized by USDA from August 1 - October 31, 2009.

Macroeconomic assumptions and farm prices paid

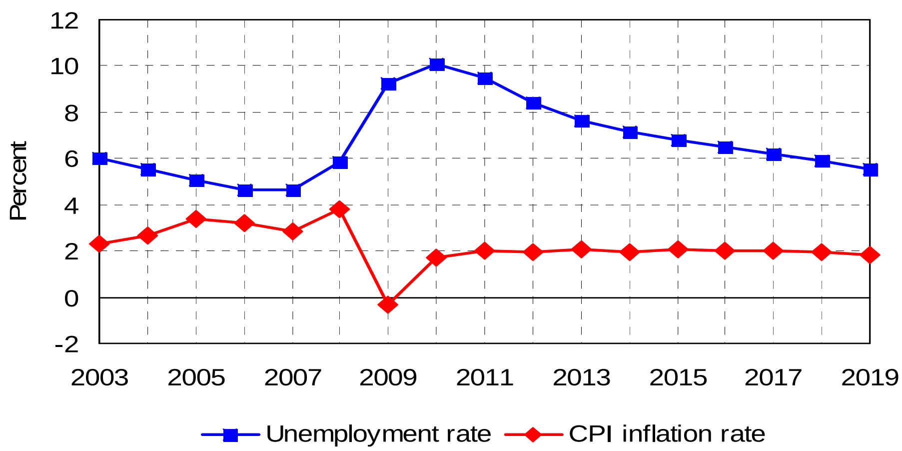
Energy prices recover after 2009 decline

- In part because the global recession reduced demand, oil and other energy prices dropped sharply in 2009.
- Based on IHS Global Insight forecasts, West Texas intermediate petroleum prices increase from $62 per barrel in 2009 to over $100 per barrel by 2017.
- The stochastic analysis uses a range of petroleum prices centered on these forecasts, as described on page 66.



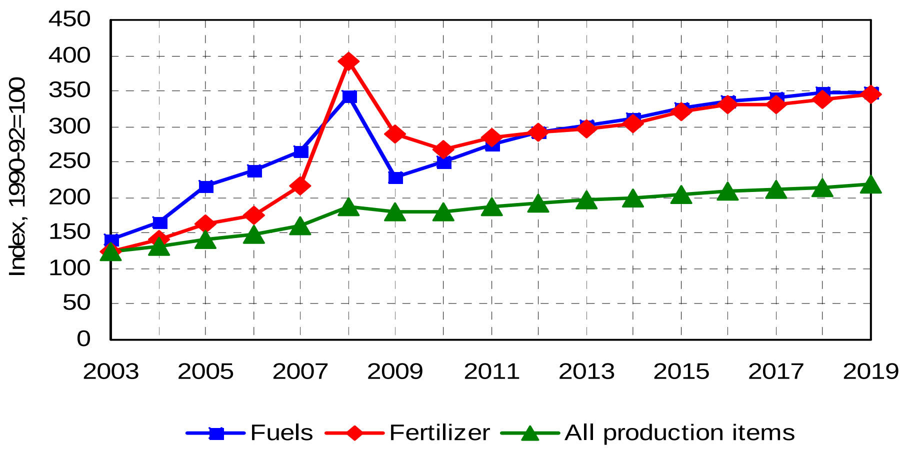
Unemployment declines slowly, inflation mild

- The recession has caused a dramatic increase in unemployment.
- IHS Global Insight projects economic recovery to begin in 2010, but unemployment remains far above pre-recession levels for several years.
- The recession resulted in a sharp decline in inflation in 2009. Projected inflation rates remain around 2 percent.



Prices paid by farmers fell in 2009, grow slowly

- After setting record highs in 2008, fuel and fertilizer prices retreated in 2009.
- Projected fuel prices increase with oil prices after 2009. Fertilizer prices drop slightly in 2010, but then generally increase with energy prices.
- Prices paid for all farm production items dipped in 2009, but increase at an average pace of about 2 percent per year between 2010 and 2019.



Macroeconomic assumptions

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Percentage change from previous year)						
Real GDP	-2.5	2.6	2.7	3.8	2.9	2.8	2.6	2.5	2.5	2.6	2.7
Population growth	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9
CPI, all urban consumers	-0.3	1.7	2.0	1.9	2.0	1.9	2.1	2.0	2.0	2.0	1.9
PPI, all commodities	-8.7	2.6	3.2	2.2	2.1	1.8	2.0	1.4	1.1	1.1	1.0
Wages & salaries	1.5	1.5	1.4	1.5	2.2	2.4	2.4	2.4	2.5	2.5	2.4
						(Percent)					
Unemployment rate	9.3	10.1	9.5	8.4	7.6	7.1	6.8	6.5	6.2	5.9	5.5
3-month Treasury bill rate	0.2	0.5	2.1	3.4	3.6	4.6	4.6	4.6	4.6	4.6	4.6
AAA bond rate	5.3	5.4	5.6	5.9	6.1	6.7	6.8	6.8	6.8	6.8	6.8
Petroleum prices						(Dollars per barrel)					
West Texas intermediate	61.76	68.13	77.17	83.16	87.02	90.27	94.20	98.06	100.11	101.65	100.81
Refiners' acquisition cost	58.41	63.25	71.76	77.41	81.06	84.15	87.87	91.52	93.47	94.93	94.18
Inflation-adj. exchange rate						(Index, 2005=100)					
vs. major trading partners	93.2	93.1	90.8	87.4	86.5	88.3	89.0	88.3	87.2	86.4	85.5
vs. other trading partners	85.1	82.7	79.8	76.5	73.8	71.5	69.6	67.8	66.1	64.6	63.1
Foreign real GDP growth					(Percentage change from previous year)						
Major trading partners	-3.3	1.6	2.4	2.7	2.7	2.5	2.3	2.1	2.0	1.9	1.9
Other trading partners	-1.3	4.5	4.6	5.0	4.7	4.7	4.7	4.6	4.5	4.5	4.4

Source: IHS Global Insight, Jan. 2010.

Indices of prices paid by farmers

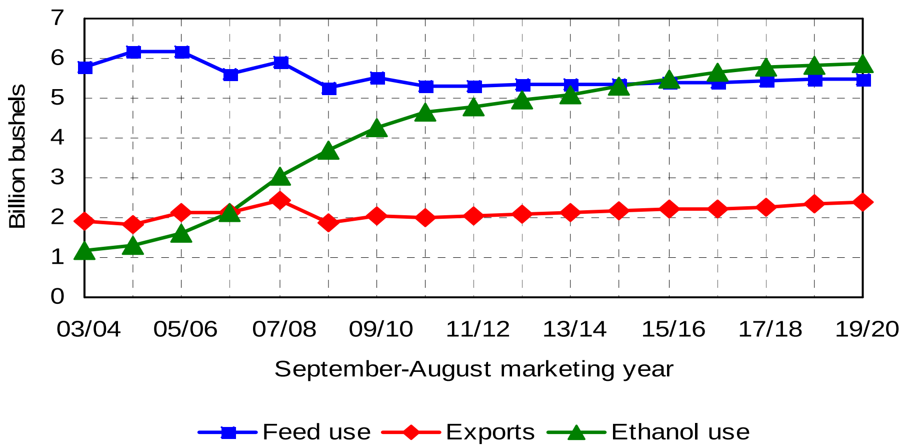
Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Production items, interest,						(1990-92=100)					
taxes and wages	177	179	185	189	194	198	203	207	211	215	218
Production items	179	181	187	192	196	200	205	209	212	215	218
Feed	187	176	176	179	182	187	190	191	190	190	190
Livestock & poultry	115	123	130	134	135	136	136	137	138	139	140
Seeds	299	312	322	330	340	349	359	367	374	380	387
Fertilizer	289	268	284	291	296	305	320	330	331	337	346
Mixed fertilizer	280	256	270	277	282	289	304	312	316	320	326
Nitrogen fertilizer	274	265	283	289	293	302	325	335	338	345	353
Potash and phosph.	363	317	332	341	349	356	367	374	379	384	388
Agricultural chemicals	146	154	161	166	170	173	177	179	182	184	186
Fuels	228	251	276	291	301	311	325	336	341	347	347
Supplies & repairs	157	160	164	167	171	174	178	181	185	188	192
Autos & trucks	110	113	115	116	118	119	120	120	121	122	123
Farm machinery	223	233	239	244	250	257	264	270	277	283	290
Building material	163	168	173	178	182	186	190	193	195	197	199
Farm services	148	152	157	159	163	166	170	174	177	182	186
Interest*	154	161	173	187	195	211	218	221	223	226	228
Taxes**	234	240	247	251	256	262	269	273	278	281	286
Wage rates	187	190	193	197	202	208	214	220	227	234	241

*Interest per acre on farm real estate debt and interest rate on farm non-real estate debt.

**Farm real estate taxes payable per acre.

Corn

Ethanol's share of corn use rises

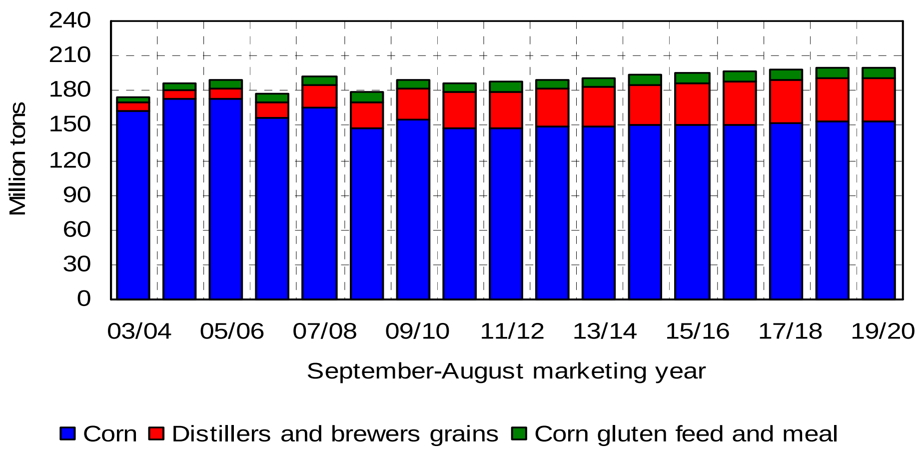


▪Rapid growth of ethanol production uses an increasing share of the US corn crop.

▪The RFS2 encourages increased ethanol use of corn until 2015. Any additional growth will occur only if corn-based ethanol is competitive as a fuel.

▪Corn exports increase slowly after 2010/11, as US producers satisfy a portion of growing global feed demand.

Increased coproduct use limits direct feed use of corn

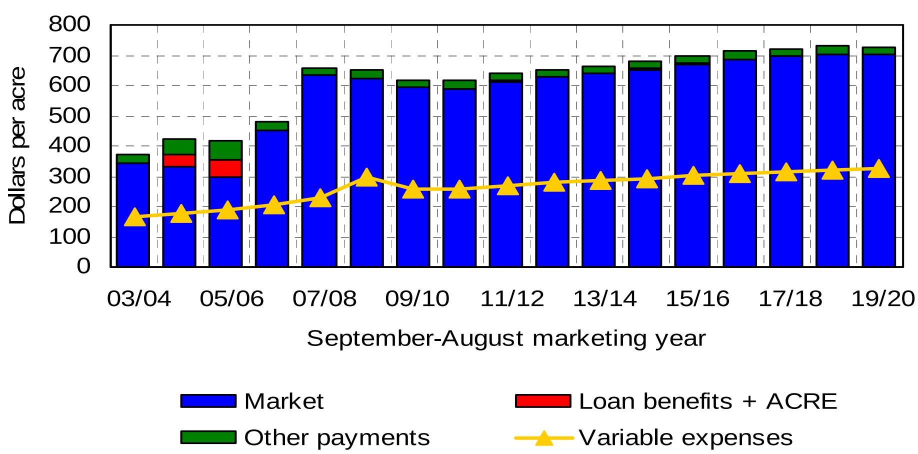


▪US livestock and poultry production has declined since 2008 and only modest growth is projected, limiting growth in total feed consumption.

▪Increased use of distillers grains and other coproducts of ethanol production also limits the direct use of corn as a feed.

▪Reported feed and residual use includes a residual category that can vary from year to year for reasons unrelated to actual feed consumption.

Corn returns per acre increase after 2010/11



▪Higher corn prices have resulted in a large increase in producer market receipts since 2005/06.

▪After increasing sharply until 2008/09, lower fuel and fertilizer prices reduced variable expenses in 2009/10. Variable expenses exclude land and other fixed costs.

▪Farm program payments could be large if prices decline sharply, but on average are small relative to corn market receipts.

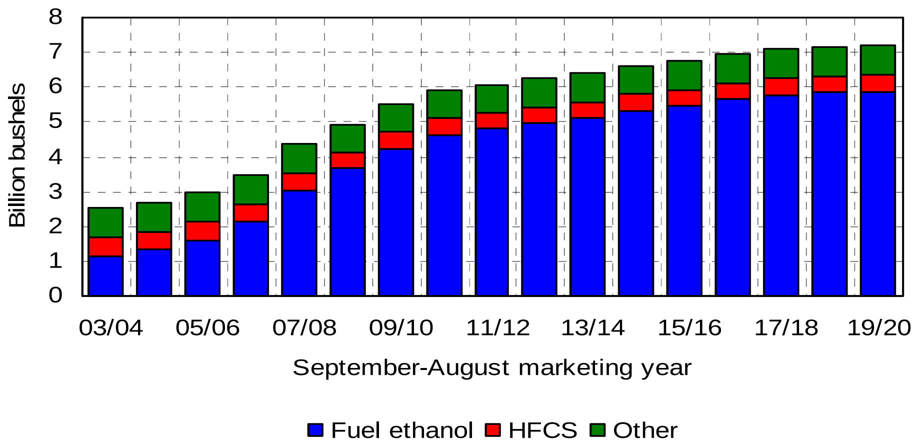
Corn supply and use

September-August year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area						(Million acres)					
Planted area	86.5	89.6	89.9	90.6	91.1	91.4	91.4	91.5	92.0	92.1	91.6
Harvested area	79.6	82.3	82.6	83.3	83.8	84.1	84.2	84.2	84.7	84.9	84.4
						(Bushels per harvested acre)					
Yield	165.2	159.5	161.8	163.8	165.9	168.4	170.6	172.7	175.1	177.0	179.2
						(Million bushels)					
Supply	14,834	14,870	15,028	15,255	15,512	15,769	15,964	16,144	16,402	16,606	16,736
Beginning stocks	1,673	1,726	1,642	1,603	1,594	1,596	1,597	1,584	1,556	1,569	1,593
Production	13,151	13,134	13,376	13,642	13,908	14,164	14,358	14,550	14,836	15,028	15,133
Imports	10	10	10	10	10	10	10	10	10	10	10
Domestic use	11,057	11,215	11,391	11,589	11,772	12,007	12,173	12,373	12,551	12,669	12,729
Feed and residual	5,511	5,292	5,297	5,329	5,349	5,368	5,384	5,384	5,425	5,471	5,490
Fuel alcohol	4,246	4,630	4,798	4,952	5,107	5,313	5,458	5,650	5,779	5,842	5,874
HFCS	477	469	469	473	476	479	480	481	483	485	487
Seed	23	23	23	23	23	23	23	24	24	23	23
Food and other	801	800	805	811	817	823	829	834	841	848	855
Exports	2,050	2,013	2,034	2,072	2,144	2,165	2,206	2,214	2,282	2,344	2,396
Total use	13,108	13,228	13,425	13,661	13,916	14,172	14,380	14,588	14,833	15,013	15,126
Ending stocks	1,726	1,642	1,603	1,594	1,596	1,597	1,584	1,556	1,569	1,593	1,610
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Under loan	237	243	241	241	247	242	235	230	235	239	247
Other stocks	1,489	1,399	1,362	1,353	1,349	1,355	1,349	1,326	1,334	1,355	1,363
Prices, program provisions						(Dollars per bushel)					
Farm price	3.60	3.72	3.82	3.85	3.88	3.89	3.96	3.99	4.00	3.99	3.94
Loan rate	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95
Target price	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
Direct payment rate	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
						(Million acres)					
Base area	84.4	84.5	84.5	84.5	84.5	84.5	84.5	84.5	84.5	84.5	84.5
						(Bushels per acre)					
Direct payment yield	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5
CCP yield	114.5	114.5	114.5	114.5	114.5	114.5	114.5	114.5	114.5	114.5	114.5
						(Percent)					
ACRE participation rate	15.6	20.3	21.8	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4
Returns and payments						(Dollars)					
Gross market revenue/a.	593.79	589.78	613.34	626.27	639.08	651.57	671.29	685.71	696.44	702.32	701.52
Variable expenses/a.	255.46	255.83	268.73	277.52	285.12	292.44	303.14	311.22	315.57	321.25	326.99
Market net return/a.	338.32	333.95	344.61	348.75	353.96	359.14	368.15	374.49	380.87	381.07	374.53
Marketing loan benefits/a.*	0.00	0.00	0.10	0.14	0.15	0.12	0.02	0.01	0.04	0.00	0.00
ACRE payment/a.*	0.37	1.59	1.92	2.30	2.99	2.97	2.47	2.48	2.57	3.07	3.30
CCP payment/base a.*	0.00	0.00	0.14	0.20	0.21	0.11	0.04	0.03	0.06	0.00	0.00
Direct payment/base a.*	23.16	22.94	22.86	23.25	23.25	23.25	23.25	23.25	23.25	23.25	23.25

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

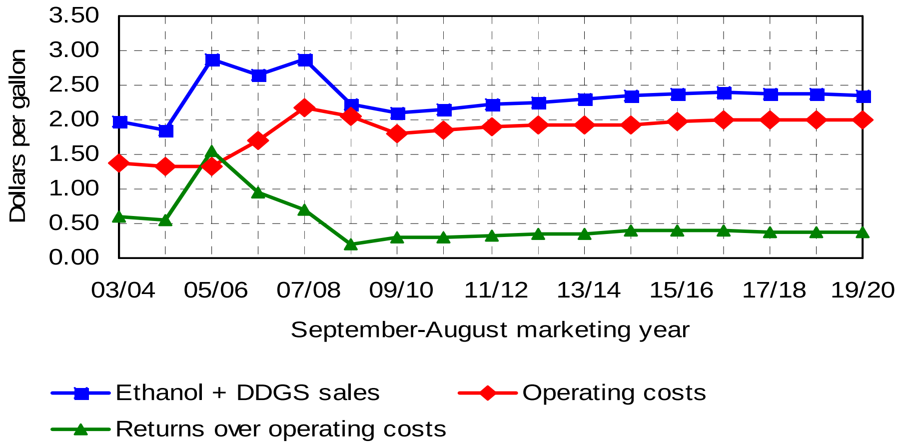
Corn processing

Ethanol use of corn continues to grow at slower pace



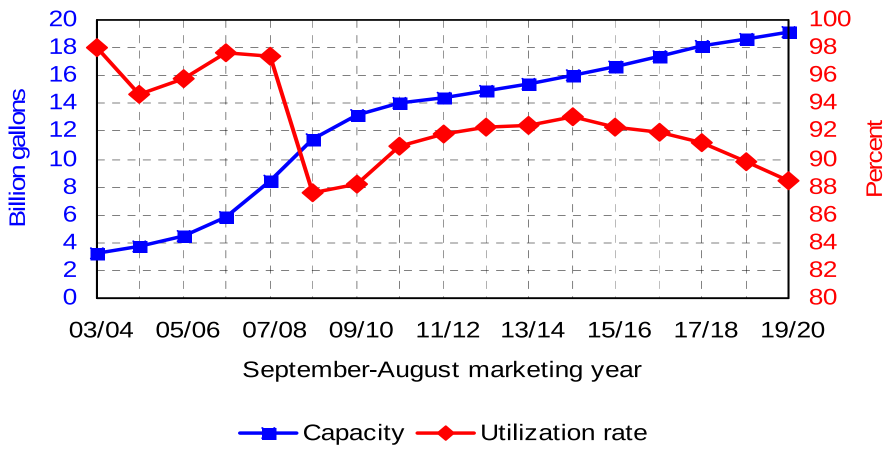
- Ethanol use accounts for most of the growth in corn food and industrial use.
- Ethanol use of corn continues to grow, but at a much slower pace than in recent years.
- High-fructose corn syrup (HFCS) and other food and industrial uses of corn grow more slowly than population.

Dry mill net returns up slightly after sharp decline



- Lower ethanol prices severely squeezed ethanol plant margins in 2008/09.
- Lower corn prices have slightly improved profitability at dry mill ethanol plants in 2009/10.
- From 2010-2019, net returns over operating costs average about $0.36 per gallon. Operating costs exclude capital costs; net profits are lower.

Ethanol capacity utilization recovers



- Lower returns reduced corn ethanol capacity utilization rates in 2008/09, and some plants remained idle in the first few months of the 2009/10 marketing year.
- Utilization rates increase in 2010/11 in response to more favorable margins.
- The graph shows averages over 500 outcomes. In some of those alternative futures, high oil prices lead to a large increase in capacity. Capacity use may near 100% under favorable conditions, but falls far lower when margins narrow.

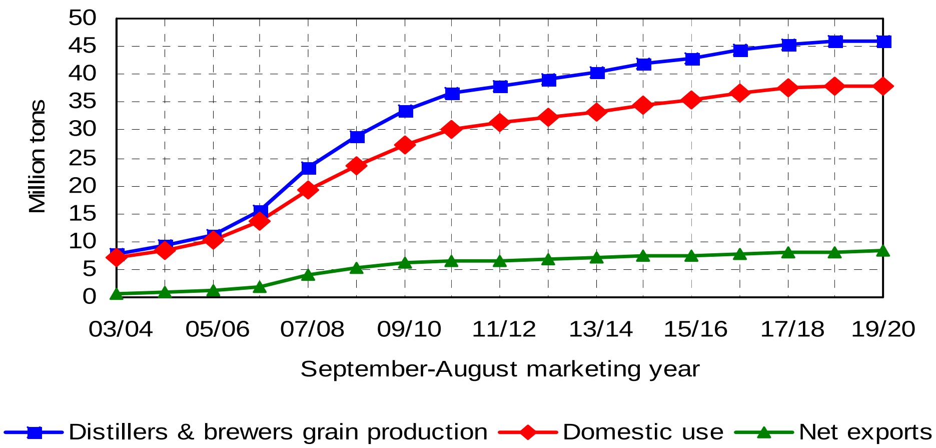
Corn processing

September-August year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Corn food and industrial use					(Million bushels)						
Fuel alcohol	4,246	4,630	4,798	4,952	5,107	5,313	5,458	5,650	5,779	5,842	5,874
HFCS	477	469	469	473	476	479	480	481	483	485	487
Glucose and dextrose	237	234	234	235	236	237	238	239	240	241	242
Starch	234	236	237	240	242	244	246	248	251	253	256
Beverage alcohol	135	135	136	137	139	140	141	142	143	144	146
Cereals and other	194	195	197	198	200	202	203	205	207	209	211
Total	5,524	5,900	6,071	6,236	6,400	6,615	6,766	6,966	7,103	7,174	7,216
Corn dry milling											
Corn dry milled for ethanol	3,826	4,202	4,369	4,523	4,678	4,882	5,025	5,213	5,341	5,404	5,439
(Share fractionating)	9.5%	10.9%	12.6%	14.3%	15.9%	17.5%	19.0%	20.6%	22.0%	23.4%	24.8%
Yields per bushel of corn					(Units per bushel)						
Ethanol (gallons)	2.74	2.75	2.77	2.78	2.80	2.81	2.83	2.84	2.86	2.87	2.89
Distillers grains (pounds)	16.86	16.83	16.79	16.75	16.71	16.67	16.64	16.60	16.57	16.54	16.51
Costs and returns *					(Dollars per gallon)						
Ethanol value	1.74	1.77	1.84	1.88	1.91	1.96	1.99	2.02	2.00	1.98	1.97
Distillers grains value	0.37	0.37	0.38	0.38	0.38	0.38	0.39	0.39	0.39	0.38	0.38
Corn cost	-1.31	-1.35	-1.38	-1.38	-1.39	-1.38	-1.40	-1.41	-1.40	-1.39	-1.36
Fuel and electricity cost	-0.17	-0.16	-0.19	-0.20	-0.20	-0.21	-0.23	-0.25	-0.26	-0.26	-0.27
Other operating costs	-0.33	-0.33	-0.33	-0.33	-0.34	-0.34	-0.34	-0.35	-0.35	-0.35	-0.36
Net operating return	0.30	0.29	0.32	0.34	0.36	0.41	0.40	0.41	0.38	0.36	0.36
Corn wet milling					(Million bushels)						
Corn wet milled for ethanol	420	429	428	430	429	432	433	437	438	437	435
Other corn wet milling	948	938	940	948	954	960	965	969	974	979	986
Total corn wet milling	1,369	1,367	1,369	1,378	1,383	1,392	1,398	1,405	1,412	1,417	1,421
Yields per bushel of corn					(Units per bushel)						
Ethanol (gallons)	2.69	2.70	2.71	2.71	2.72	2.73	2.74	2.74	2.75	2.76	2.77
Gluten feed (pounds)	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40
Gluten meal (pounds)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Corn oil (pounds)	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67
Costs and returns					(Dollars per gallon)						
Ethanol value	1.74	1.77	1.84	1.88	1.91	1.96	1.99	2.02	2.00	1.98	1.97
Gluten feed value	0.18	0.18	0.18	0.18	0.18	0.18	0.19	0.19	0.19	0.19	0.18
Gluten meal value	0.25	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Corn oil value	0.23	0.23	0.24	0.25	0.25	0.25	0.25	0.26	0.26	0.27	0.27
Corn cost	-1.34	-1.38	-1.41	-1.42	-1.43	-1.43	-1.45	-1.46	-1.45	-1.45	-1.42
Fuel and electricity cost	-0.13	-0.13	-0.15	-0.16	-0.16	-0.17	-0.18	-0.20	-0.20	-0.21	-0.21
Other operating costs	-0.52	-0.52	-0.53	-0.53	-0.53	-0.54	-0.54	-0.55	-0.55	-0.56	-0.56
Net operating return	0.41	0.38	0.42	0.45	0.46	0.51	0.50	0.51	0.48	0.47	0.47

* Dry mill costs and returns for a plant that does not use a fractionation process to extract corn oil.

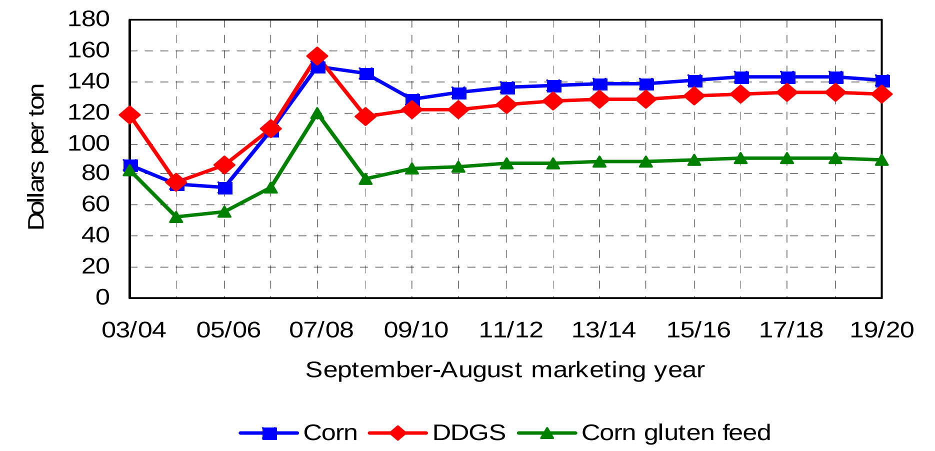
Corn products

Growth in distillers grain production slows



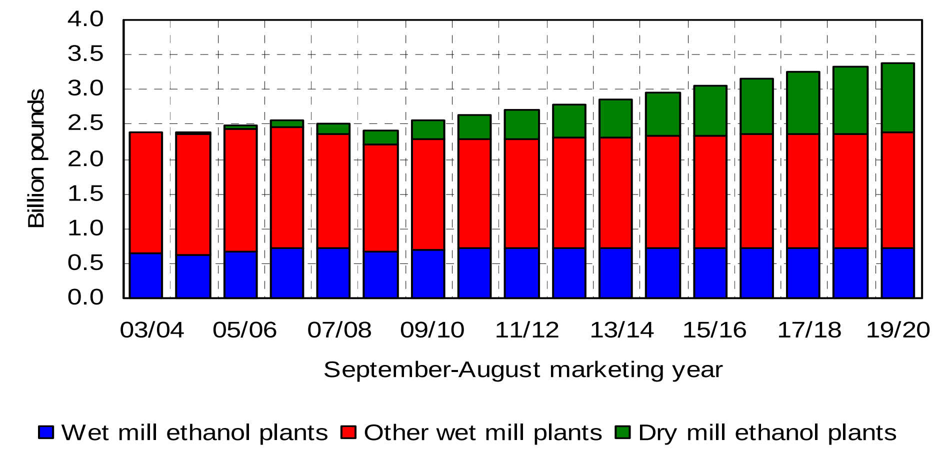
- Rapid growth in dry mill ethanol production has resulted in growing supplies of distillers grains.
- Slower projected ethanol production growth results in slower growth in distillers grain production.
- The table reports the sum of wet and dried distillers grains on a dry-equivalent basis.
- Most of the product is fed to US livestock, primarily beef and dairy cattle, but exports have increased rapidly.

Distillers grain prices generally follow corn prices



- Over the long run, prices of distillers dried grains with solubles (DDGS) and corn gluten feed generally move with corn prices.
- Monthly DDGS prices in 2008 and 2009 dipped well below corn prices as increasing supplies were made available to livestock producers.
- Projected DDGS prices increase relative to corn in 2009/10 and remain around 90-95% of corn prices in the baseline.

Corn oil production from dry mill plants increases



- Corn oil production from wet mill plants has been steady or declining in recent years. Wet mill plants produce ethanol, HFCS, and other products.
- The baseline projects an increase in the share of dry mill ethanol plants that fractionate corn to separate the corn oil.
- The increasing production of corn oil puts downward pressure on corn oil prices relative to prices of soybean oil.

Corn product supply and use

Marketing year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
High-fructose corn syrup					(Thousand tons, Oct.-Sep. year)						
Production	8,754	8,630	8,643	8,739	8,812	8,878	8,924	8,956	9,010	9,068	9,125
Domestic use	8,193	7,967	7,896	7,909	7,911	7,920	7,915	7,905	7,915	7,929	7,940
Net exports	560	663	747	830	901	959	1,009	1,052	1,095	1,139	1,185
					(Cents per pound, Oct.-Sep. year)						
Price, 42% Midwest	26.21	24.44	25.19	25.77	25.97	26.32	26.68	26.95	27.02	27.07	27.10
HFCS price/ref. sugar price	61%	76%	78%	78%	79%	79%	80%	81%	81%	81%	82%
Distillers, brewers grains					(Thousand tons, Sep.-Aug. year)						
Production (dry equiv.)	33,452	36,568	37,889	39,087	40,301	41,913	43,012	44,492	45,467	45,909	46,116
Domestic use	27,279	30,167	31,225	32,176	33,164	34,557	35,455	36,732	37,516	37,770	37,787
Net exports	6,173	6,401	6,663	6,911	7,136	7,357	7,557	7,760	7,951	8,139	8,329
					(Dollars per ton, Sep.-Aug. year)						
Price, Lawrenceburg, IN	121.44	122.21	125.27	126.90	128.06	128.67	131.05	132.34	132.77	133.25	132.39
DDGS price/corn price	95%	92%	92%	92%	92%	93%	93%	93%	93%	93%	94%
Corn gluten feed					(Thousand tons, Sep.-Aug. year)						
Production	7,801	7,794	7,802	7,852	7,883	7,936	7,966	8,010	8,049	8,076	8,099
Domestic use	7,007	7,040	7,085	7,164	7,221	7,296	7,359	7,430	7,492	7,544	7,587
Net exports	794	754	717	689	662	639	607	580	557	533	512
					(Dollars per ton, Sep.-Aug. year)						
Price, 21%, IL points	83.68	84.49	86.74	87.57	88.20	88.33	89.90	90.56	90.62	90.58	89.37
CGF price/corn price	65%	64%	64%	64%	64%	64%	64%	64%	63%	64%	64%
Corn gluten meal					(Thousand tons, Sep.-Aug. year)						
Production	2,053	2,051	2,053	2,066	2,074	2,088	2,096	2,108	2,118	2,125	2,131
Domestic use	1,270	1,251	1,245	1,250	1,248	1,251	1,250	1,252	1,251	1,249	1,244
Net exports	783	800	808	816	827	837	846	856	867	877	888
					(Dollars per ton, Sep.-Aug. year)						
Price, 60%, IL points	454.94	429.03	435.19	439.19	440.30	442.45	446.36	447.91	448.80	450.13	447.24
CGM price/soymeal price	155%	158%	158%	157%	157%	157%	156%	156%	156%	156%	156%
Corn oil					(Million pounds, Oct.-Sep. year)						
Production	2,559	2,630	2,700	2,787	2,869	2,967	3,054	3,153	3,243	3,318	3,387
Domestic use	1,806	1,865	1,943	2,024	2,101	2,194	2,280	2,377	2,465	2,539	2,605
Net exports	761	763	761	762	765	769	771	773	775	777	780
Ending stocks	197	198	195	196	200	204	207	210	212	214	216
					(Cents per pound, Oct.-Sep. year)						
Chicago price	36.95	37.36	39.34	40.30	40.71	40.98	41.67	42.44	43.33	43.98	44.52
Corn oil price/soyoil price	100%	100%	99%	99%	99%	98%	98%	97%	97%	97%	96%

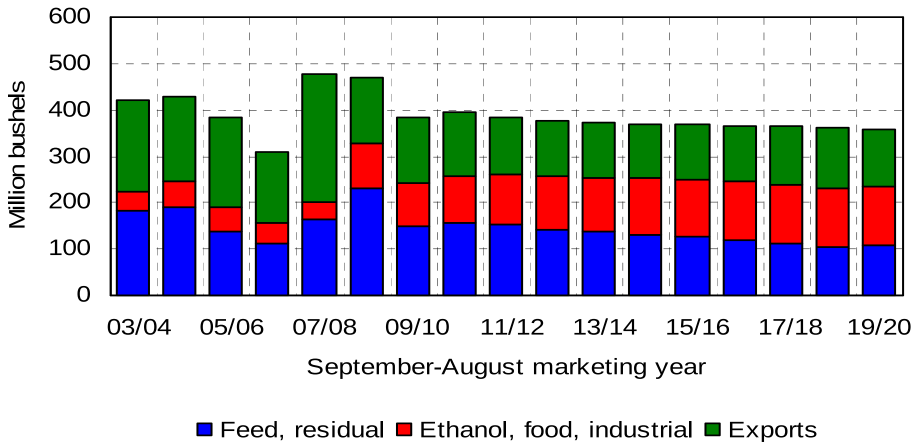
Sorghum and barley

▪Food and industrial use of sorghum has increased because of expanded ethanol production.

▪Sorghum export demand has weakened since NAFTA implementation eliminated remaining barriers to Mexican corn imports from the United States.

▪Sorghum prices generally move with corn prices so that sorghum is competitive in feed rations.

Sorghum used for ethanol increases, exports decline

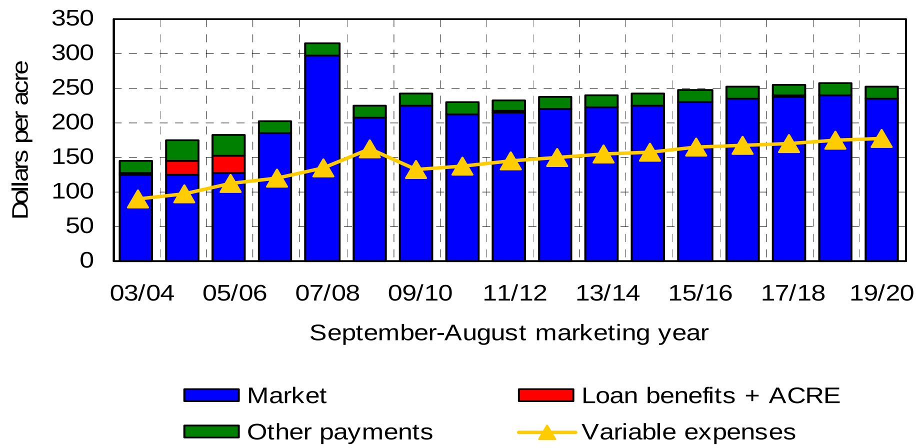


▪Higher yields contribute to an increase in sorghum market returns per acre in 2009/10.

▪Lower fuel and fertilizer expenses reduced sorghum production costs in 2009/10, resulting in higher net returns.

▪Over the next ten years, projected sorghum variable expenses increase slightly faster than sorghum market receipts.

Sorghum net returns increase in 2009/10, then fall

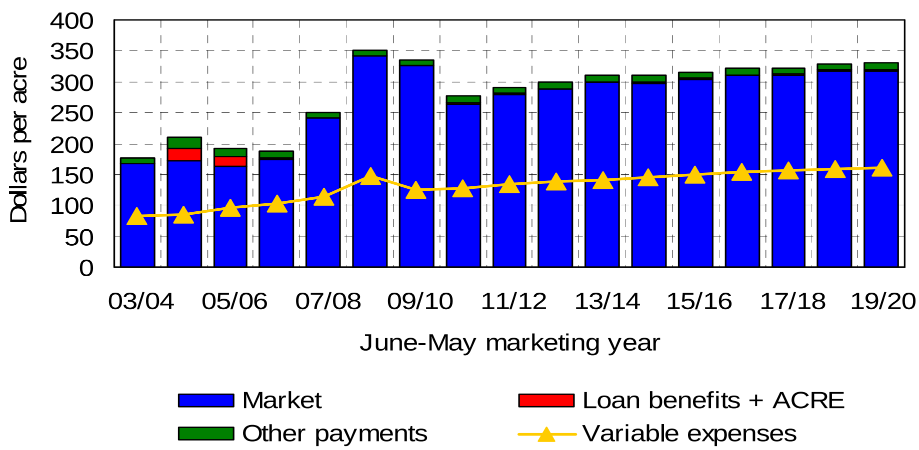


▪Barley net returns remain strong in 2009/10, as lower prices are offset by higher yields and lower production expenses.

▪ A further decline in market prices and a return to normal yields results in lower net returns in 2010/11.

▪The figure shows average barley returns. Malting and feed barley producers may have very different experiences than suggested by these all-barley averages.

Barley net returns decline in 2010/11



Sorghum supply and use

September-August year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area						(Million acres)					
Planted area	6.63	7.37	7.08	6.91	6.89	6.83	6.76	6.71	6.68	6.66	6.58
Harvested area	5.52	6.22	5.98	5.81	5.80	5.73	5.68	5.62	5.59	5.57	5.49
						(Bushels per acre)					
Yield	69.4	64.0	64.2	64.1	64.3	64.5	64.7	65.0	65.0	65.2	65.3
Supply and use						(Million bushels)					
Production	383	399	385	374	374	371	369	367	365	364	359
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic use	243	258	262	257	255	254	250	246	239	231	234
Exports	140	136	124	119	119	118	119	121	125	132	124
Ending stocks	55	59	58	56	57	56	56	55	55	56	57
Prices, returns and payments						(Dollars)					
Farm price/bu.	3.26	3.35	3.39	3.45	3.50	3.52	3.60	3.65	3.69	3.72	3.64
Gross market revenue/a.	226.07	212.85	216.20	219.55	222.93	225.04	231.02	235.09	238.61	240.91	235.13
Variable expenses/a.	133.04	136.54	144.41	149.69	153.95	158.16	163.77	168.18	170.81	174.00	176.57
Market net return/a.	93.03	76.31	71.79	69.86	68.98	66.88	67.25	66.92	67.80	66.91	58.56
Marketing loan benefits/a.*	0.00	0.01	0.08	0.13	0.12	0.04	0.00	0.00	0.01	0.00	0.00
ACRE payment/a.*	0.09	0.21	0.27	0.35	0.35	0.29	0.22	0.21	0.19	0.21	0.26
CCP payment/base a.*	0.00	0.05	0.12	0.17	0.22	0.07	0.01	0.01	0.03	0.01	0.00
Direct payment/base a.*	16.29	16.22	16.19	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50

Barley supply and use

June-May year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area						(Million acres)					
Planted area	3.57	3.65	3.41	3.44	3.41	3.40	3.34	3.27	3.24	3.17	3.13
Harvested area	3.11	3.19	2.97	3.00	2.98	2.97	2.92	2.86	2.83	2.77	2.73
						(Bushels per acre)					
Yield	73.0	67.3	68.0	68.6	69.2	69.8	70.4	71.1	71.7	72.4	73.1
Supply and use						(Million bushels)					
Production	227	215	203	206	207	208	206	204	203	201	200
Imports	25	15	17	19	19	19	19	19	19	19	19
Domestic use	222	224	215	213	213	213	211	210	209	207	206
Exports	5	18	15	13	13	13	13	13	13	13	12
Ending stocks	114	101	91	90	90	90	91	91	91	91	92
Prices, returns and payments						(Dollars)					
All barley farm price/bu.	4.46	3.92	4.12	4.21	4.35	4.30	4.36	4.39	4.35	4.43	4.38
Feed barley price/bu.	2.82	2.85	2.98	3.03	3.10	3.09	3.14	3.17	3.16	3.19	3.14
Gross market revenue/a.	325.87	262.68	278.76	287.81	298.36	298.17	304.33	310.10	310.86	317.64	317.70
Variable expenses/a.	125.45	126.45	133.04	137.46	141.01	145.04	149.99	153.83	155.83	158.68	161.65
Market net return/a.	200.42	136.24	145.72	150.36	157.34	153.13	154.34	156.27	155.03	158.96	156.05
Marketing loan benefits/a.*	0.00	0.57	0.59	0.59	0.86	0.71	0.42	0.38	0.51	0.34	0.51
ACRE payment/a.*	0.02	2.80	1.20	0.86	1.02	1.10	1.15	1.22	1.24	1.25	1.39
CCP payment/base a.*	0.00	0.99	1.00	0.81	1.15	0.98	0.70	0.68	0.77	0.61	0.81
Direct payment/base a.*	9.21	9.13	9.10	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

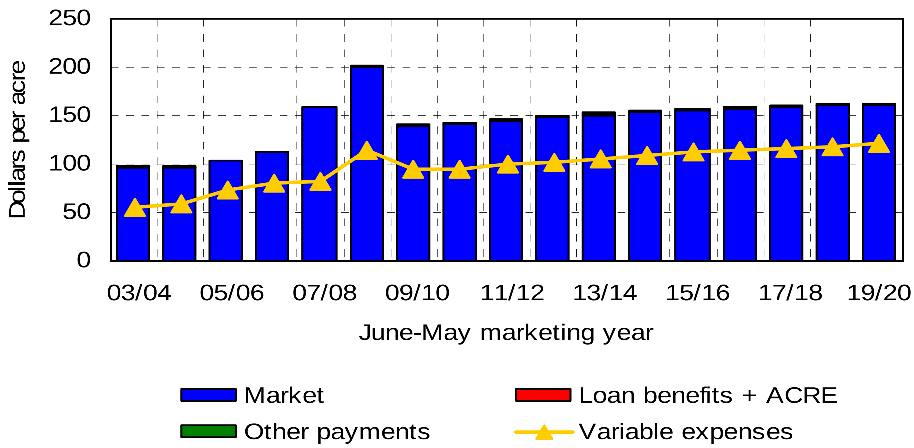
Oats and hay

Oat prices and returns fall in 2009/10

▪As with other grains, oat prices have retreated since peaking in the summer of 2008. The season-average farm price falls by one-third in 2009/10.

▪In spite of a decline in variable production expenses, net returns to oat producers also decline in 2009/10.

▪Over the next decade, projected oat market receipts and production expenses increase at similar rates, leaving average net returns essentially flat.

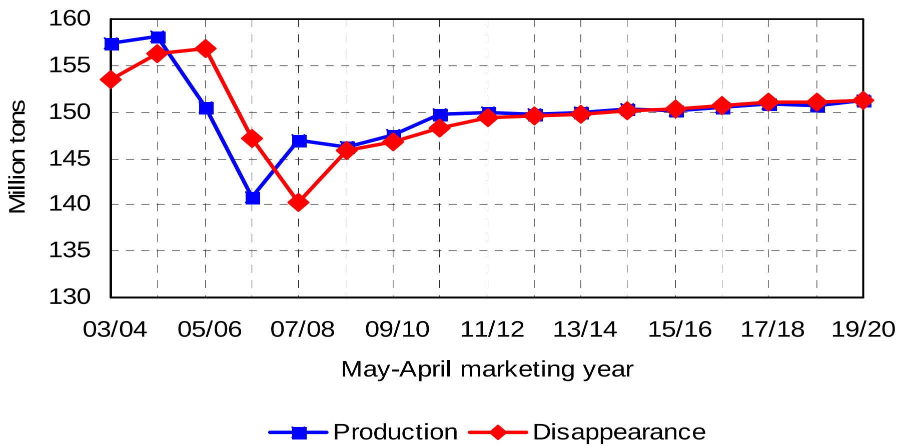


Hay production increases in 2009 and 2010

▪Hay yields per acre increased for the third straight year in 2009, and a further modest increase in hay yields and production is projected for 2010.

▪Hay stocks continue to rebuild in 2009/10 and 2010/11, putting downward pressure on hay prices.

▪Average projected hay production and disappearance are almost the same after 2010/11. Deviations from average weather and other factors will result in variability not reflected in these average projections.

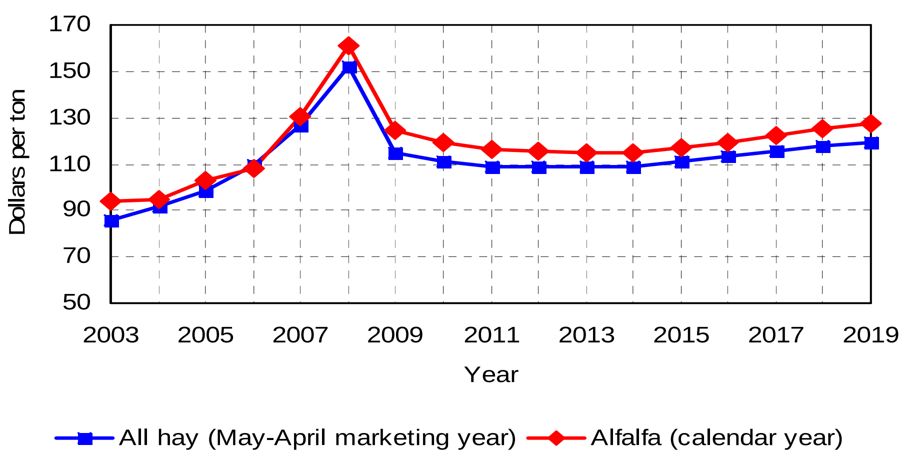


Hay prices remain below 2008/09 record

▪Tight supplies led to record hay prices in 2008.

▪As hay supplies increase relative to cattle numbers, hay prices fall in 2009/10, and remain far below the 2008/09 level in later years.

▪Hay markets are more fragmented than markets for most other agricultural commodities, so trends in national average prices may not reflect local conditions.



Oat supply and use

June-May year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area					(Million acres)						
Planted area	3.40	3.32	3.37	3.31	3.25	3.20	3.16	3.11	3.06	3.01	2.97
Harvested area	1.38	1.40	1.42	1.39	1.36	1.33	1.31	1.29	1.26	1.24	1.22
					(Bushels per acre)						
Yield	67.5	63.6	64.0	64.2	64.6	64.9	65.2	65.6	66.0	66.2	66.6
Supply and use					(Million bushels)						
Production	93	90	91	89	88	87	86	85	84	83	81
Imports	95	104	105	106	106	107	107	108	108	108	108
Domestic use	200	194	193	192	191	190	190	189	188	187	186
Exports	3	3	3	3	3	3	3	3	3	3	3
Ending stocks	69	66	65	65	65	65	65	65	66	66	66
Prices, returns and payments					(Dollars)						
Farm price/bu.	2.07	2.22	2.29	2.32	2.35	2.37	2.39	2.41	2.43	2.44	2.43
Gross market revenue/a.	139.41	140.36	145.36	147.96	150.62	152.95	155.34	157.66	159.55	160.67	161.41
Variable expenses/a.	94.23	94.29	99.27	102.55	105.14	108.20	112.05	115.01	116.41	118.53	120.80
Market net return/a.	45.18	46.07	46.09	45.41	45.48	44.75	43.29	42.65	43.14	42.14	40.61
Marketing loan benefits/a.*	0.00	0.26	0.21	0.34	0.38	0.34	0.30	0.21	0.13	0.13	0.17
ACRE payment/a.*	0.33	0.20	0.13	0.14	0.14	0.14	0.14	0.14	0.15	0.13	0.14
CCP payment/base a.*	0.00	0.72	0.61	0.77	0.84	0.67	0.57	0.50	0.41	0.41	0.40
Direct payment/base a.*	0.95	0.95	0.95	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

Hay supply and use

May-April year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
					(Million acres)						
Harvested area	59.8	60.1	59.9	59.7	59.6	59.4	59.3	59.2	59.1	59.0	58.9
					(Tons per acre)						
Yield	2.47	2.49	2.50	2.51	2.52	2.53	2.53	2.54	2.55	2.56	2.57
Supply and use					(Million tons)						
Production	147.4	149.7	150.0	149.8	150.0	150.3	150.1	150.5	150.8	150.8	151.2
Disappearance	146.9	148.2	149.4	149.6	149.7	150.1	150.3	150.7	151.0	151.0	151.3
Ending stocks	22.6	24.1	24.7	25.0	25.2	25.4	25.3	25.1	24.8	24.6	24.5
Prices					(Dollars per ton)						
All hay (crop year)	114.95	110.84	109.15	109.02	108.94	108.94	111.16	113.42	115.63	118.02	119.61
Alfalfa (calendar year)	124.41	119.44	116.22	115.30	115.18	115.14	116.75	119.47	122.18	125.00	127.32

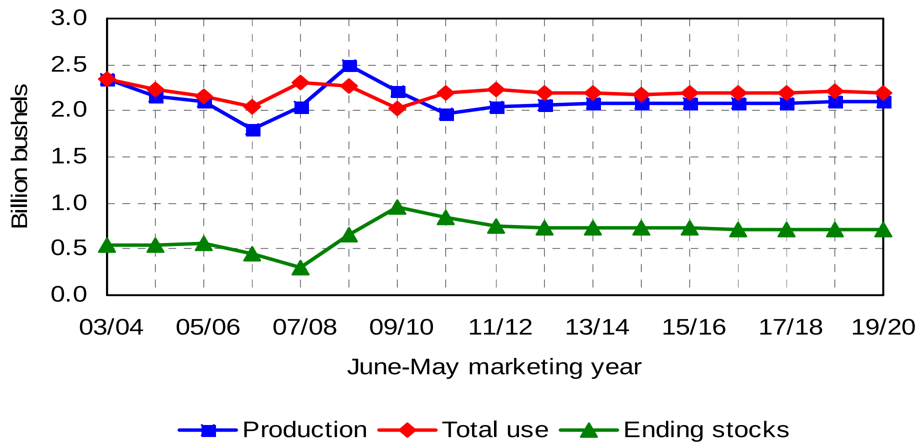
Wheat

▪Two straight years when production far exceeded use have resulted in a sharp increase in wheat stocks.

▪Projected reductions in acreage and production allow a modest drawdown in stocks in 2010/11.

▪As long as stocks remain high, it will be difficult for wheat prices to increase relative to corn prices.

Sharp increase in stocks weighs on wheat market



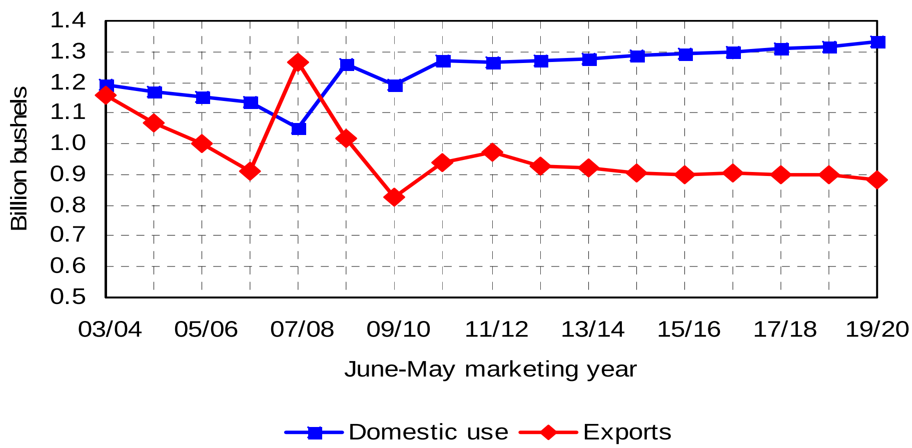
▪Poor wheat crops in Europe, Australia and other exporters contributed to a large increase in US wheat exports in 2007/08.

▪Much larger crops in major competitors limited US wheat exports in 2008/09 and again in 2009/10. Projected exports remain far below recent peaks.

▪After jumping in 2008/09, wheat feed use has declined again in 2009/10.

▪Relative wheat and corn prices will encourage continued feed use of wheat in 2010/11 and beyond.

Wheat exports decline again in 2009/10

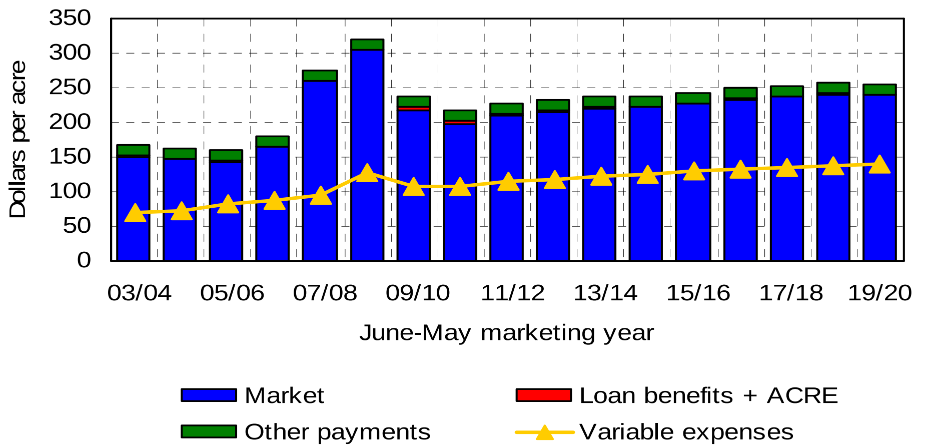


▪The sharp increase in wheat prices dramatically increased producer returns over variable expenses in 2007/08 and 2008/09.

▪Lower wheat prices in 2009/10 result in a large reduction in wheat market receipts per acre. Variable production expenses also decline in 2009/10, but by less than the reduction in receipts.

▪Net returns are again reduced in 2010/11 because of a further decline in market prices.

Wheat net returns fall sharply from 2008/09 peak



Wheat supply and use

June-May year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area					(Million acres)						
Planted area	59.1	53.6	54.8	54.9	54.8	54.3	53.9	53.7	53.3	53.1	52.8
Harvested area	49.9	45.5	46.5	46.6	46.5	46.1	45.7	45.5	45.2	45.0	44.8
					(Bushels per harvested acre)						
Yield	44.4	43.1	43.9	44.2	44.6	44.9	45.3	45.6	46.0	46.4	46.7
					(Million bushels)						
Supply	2,982	3,032	2,988	2,930	2,924	2,914	2,915	2,917	2,915	2,922	2,923
Beginning stocks	657	963	836	756	738	731	731	725	719	717	716
Production	2,216	1,965	2,046	2,066	2,077	2,074	2,074	2,081	2,083	2,092	2,095
Imports	109	104	107	108	109	109	110	111	112	113	113
Domestic use	1,194	1,267	1,269	1,274	1,273	1,287	1,295	1,299	1,308	1,317	1,331
Feed and residual	177	225	218	214	205	208	208	203	202	200	202
Seed	72	73	74	74	73	73	73	73	73	73	72
Food and other	945	968	976	986	995	1,006	1,015	1,024	1,034	1,044	1,056
Exports	825	930	964	917	920	896	895	898	889	890	871
Total use	2,019	2,196	2,233	2,191	2,193	2,183	2,191	2,198	2,197	2,207	2,202
Ending stocks	963	836	756	738	731	731	725	719	717	716	721
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Under loan	39	52	50	49	47	47	46	44	43	43	44
Other stocks	924	784	706	689	684	684	679	675	674	673	678
Prices, program provisions					(Dollars per bushel)						
Farm price	4.92	4.61	4.79	4.89	4.97	4.96	5.03	5.12	5.17	5.22	5.15
Loan rate	2.75	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94
Target price	3.92	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17
Direct payment rate	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52
					(Million acres)						
Base area	72.8	72.9	72.9	72.9	73.0	73.0	73.0	73.0	73.0	73.0	73.0
					(Bushels per acre)						
Direct payment yield	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4
CCP yield	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0
					(Percent)						
ACRE participation rate	12.7	19.1	20.3	21.6	21.6	21.6	21.6	21.6	21.6	21.6	21.6
Returns and payments					(Dollars)						
Gross market revenue/a.	218.46	197.93	210.18	215.36	220.83	221.98	226.86	233.03	237.00	240.98	239.25
Variable expenses/a.	108.07	108.68	114.27	118.12	121.39	124.56	128.97	132.43	134.39	136.89	139.28
Market net return/a.	110.39	89.25	95.91	97.24	99.44	97.43	97.89	100.60	102.61	104.09	99.97
Marketing loan benefits/a.*	0.00	0.18	0.31	0.29	0.19	0.19	0.07	0.06	0.07	0.07	0.06
ACRE payment/a.*	4.85	3.59	1.69	1.14	1.04	1.09	1.13	1.06	1.06	1.23	1.32
CCP payment/base a.*	0.00	0.52	0.60	0.55	0.46	0.45	0.22	0.20	0.23	0.22	0.15
Direct payment/base a.*	14.52	14.33	14.30	14.55	14.55	14.55	14.55	14.55	14.55	14.55	14.55

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

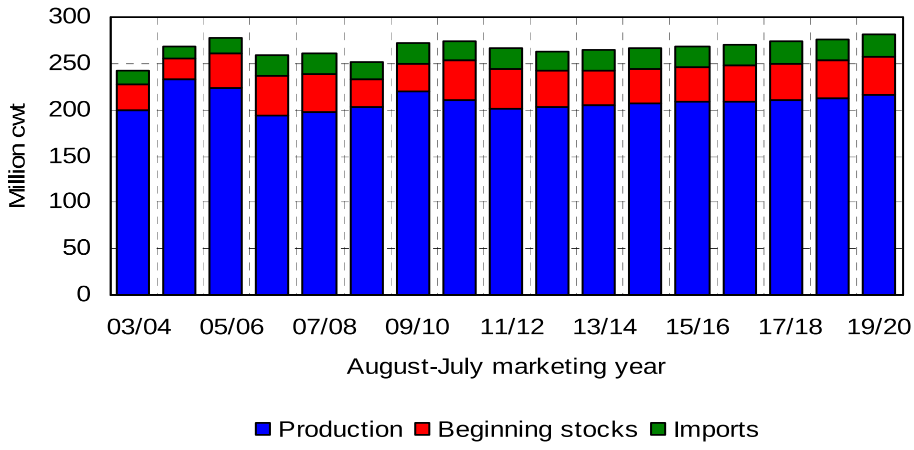
Rice

▪After two straight years of high prices, US rice acreage and production increased sharply in 2009/10.

▪In spite of modest increases in 2009/10 domestic use and exports, projected rice carryover stocks increase.

▪These large stocks boost 2010/11 rice supplies, even if rice acreage and production decline as projected.

Jump in stocks increases US rice supplies

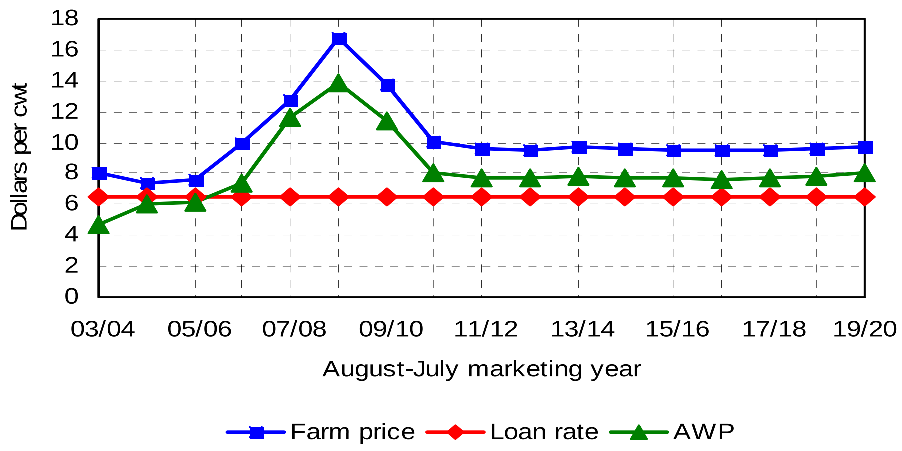


▪After reaching record levels in 2008/09, US and world rice prices have declined in response to increasing rice supplies.

▪Projected rice prices fall even more sharply in 2010/11. The prices that prevailed from 2007-2009 are unlikely to persist given the projected global supply-demand balance.

▪Farm rice prices average slightly under $10 per hundredweight after 2010/11. Short and medium grain rice continues to sell at a large premium to long grain rice.

Rice prices retreat from 2008/09 record

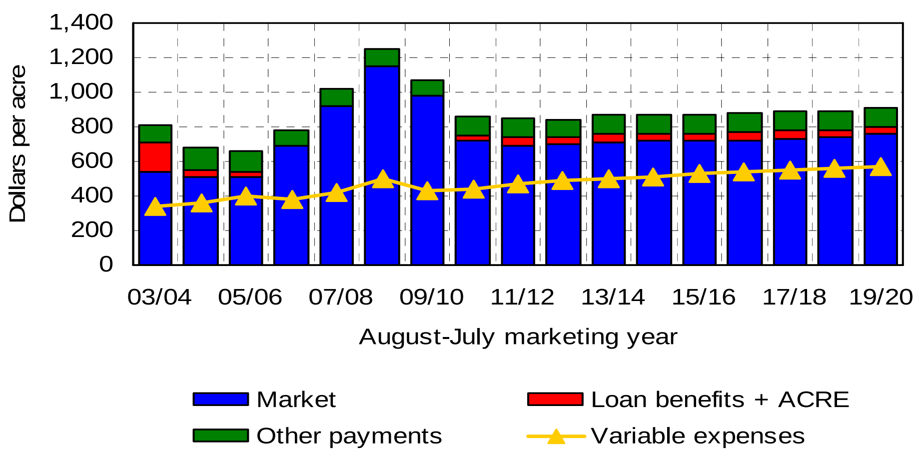


▪Lower projected rice prices sharply reduce net returns to rice producers in 2009/10 and 2010/11.

▪After a dip in 2009/10, rice variable production expenses rise steadily, eroding producer net returns.

▪Actual prices will vary around the averages shown. When prices are below the average, marketing loan benefits and countercyclical payments can result.

Rice returns fall with lower prices



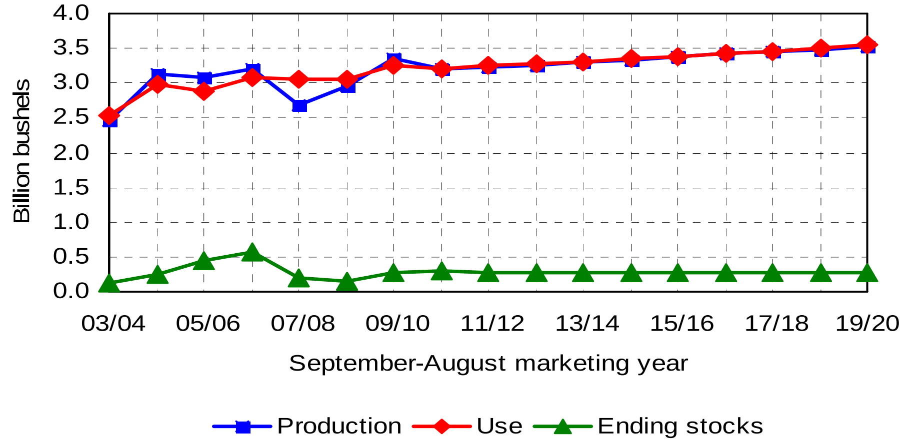
Rice supply and use

August-July year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area						(Million acres)					
Planted area	3.14	2.96	2.88	2.88	2.84	2.85	2.86	2.83	2.83	2.85	2.86
Harvested area	3.10	2.94	2.86	2.86	2.81	2.83	2.84	2.81	2.81	2.83	2.84
						(Pounds per harvested acre)					
Yield	7,085	7,172	7,246	7,313	7,382	7,454	7,520	7,586	7,644	7,705	7,758
						(Million hundredweight)					
Supply	271.3	273.8	272.8	273.6	271.6	274.4	278.0	279.4	281.9	286.0	289.2
Beginning stocks	30.4	42.2	44.0	42.8	41.6	41.0	41.7	42.7	43.4	44.0	44.6
Production	219.9	210.6	207.3	208.9	207.8	210.9	213.4	213.3	214.8	217.9	220.1
Imports	21.0	21.0	21.5	21.8	22.2	22.6	23.0	23.4	23.7	24.1	24.5
Domestic use	130.2	133.1	135.4	137.3	138.7	140.5	142.4	144.1	145.7	147.6	149.1
Exports	98.9	96.7	94.6	94.7	91.9	92.2	93.0	91.9	92.3	93.8	95.2
Total use	229.1	229.8	230.0	232.0	230.6	232.8	235.3	236.0	238.0	241.4	244.2
Ending stocks	42.2	44.0	42.8	41.6	41.0	41.7	42.7	43.4	44.0	44.6	45.0
CCC inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other stocks	42.2	44.0	42.8	41.6	41.0	41.7	42.7	43.4	44.0	44.6	45.0
Prices, program provisions						(Dollars per hundredweight)					
Farm price	13.80	10.01	9.59	9.55	9.68	9.60	9.54	9.48	9.53	9.57	9.76
Adjusted world price	11.41	8.06	7.72	7.76	7.79	7.74	7.72	7.60	7.72	7.84	8.10
Loan rate	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Target price	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Direct payment rate	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35
						(Million acres)					
Base area	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
						(Pounds per acre)					
Direct payment yield	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818
CCP yield	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131
						(Percent)					
ACRE participation rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Returns and payments						(Dollars)					
Gross market revenue/a.	977.40	717.26	693.94	697.35	713.48	715.06	716.19	717.93	727.62	735.66	756.20
Variable expenses/a.	430.23	444.51	468.89	485.33	498.98	512.11	529.12	542.69	551.49	561.74	570.20
Market net return/a.	547.17	272.74	225.05	212.01	214.50	202.95	187.07	175.24	176.13	173.92	186.00
Marketing loan benefits/a.*	0.00	35.97	45.43	38.59	46.45	47.08	46.71	51.46	52.96	45.90	45.08
ACRE payment/a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCP payment/base a.*	0.00	9.35	12.31	11.93	13.08	13.53	13.49	14.73	15.52	13.91	13.07
Direct payment/base a.*	94.32	94.32	94.32	96.25	96.25	96.25	96.25	96.25	96.25	96.25	96.25

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

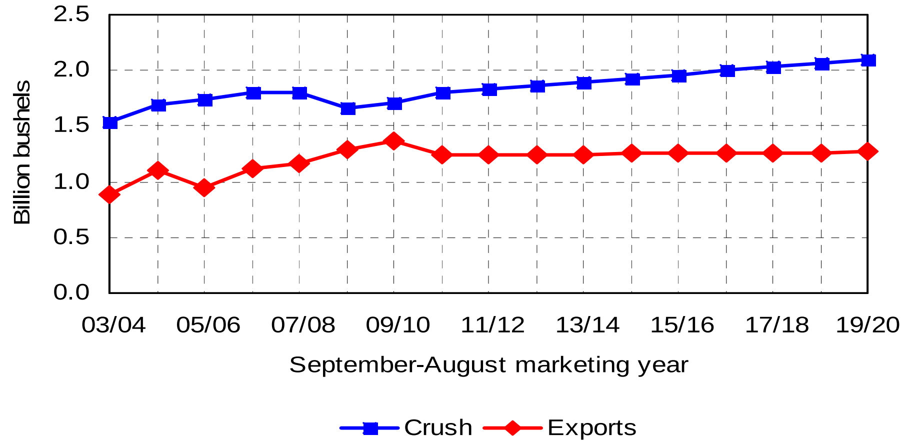
Soybeans

Soybean production, use increase in 2009/10



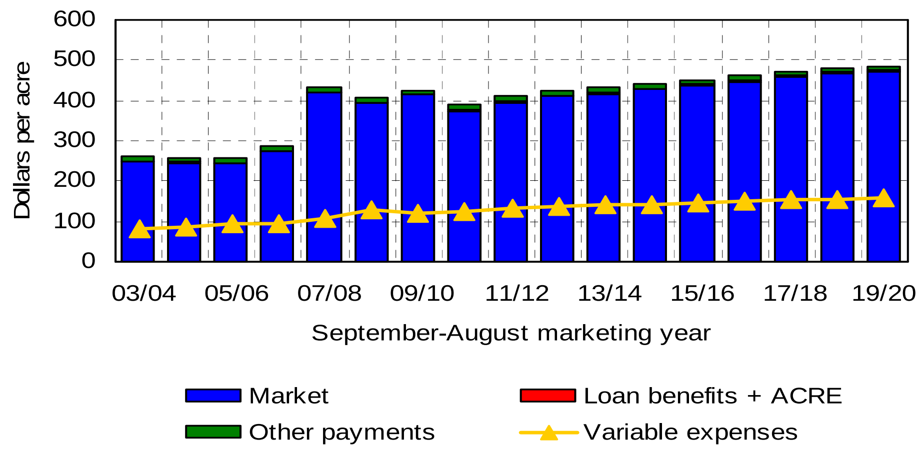
- Record soybean production results in only a modest increase in soybean stocks in 2009/10, as soybean use also hits record highs.
- A slight reduction in area and a return to more normal yields results in slightly lower projected soybean production in 2010/11.
- Projected average stocks and prices are fairly stable after 2010/11, but low stocks relative to use suggest continued price volatility.

Soybean exports hit a record high in 2009/10



- After a significant decline in 2008/09, soybean crush grows steadily, supported by increasing use of both soybean meal and soybean oil.
- Strong Chinese demand and the weather-reduced Argentine crop harvested in early 2009 result in record US soybean exports in 2009/10.
- Increased South American supplies result in lower US exports in 2010/11 and limit US soybean export growth in future years.

Soybean net returns up in 2009/10, dip next year



- High yields result in an increase in soybean net returns per acre in 2009/10, in spite of slightly lower soybean prices.
- Lower projected soybean prices and yields reduce soybean net returns in 2010/11.
- Soybean returns must remain well above pre-2007 levels for soybeans to maintain competitiveness with corn production.

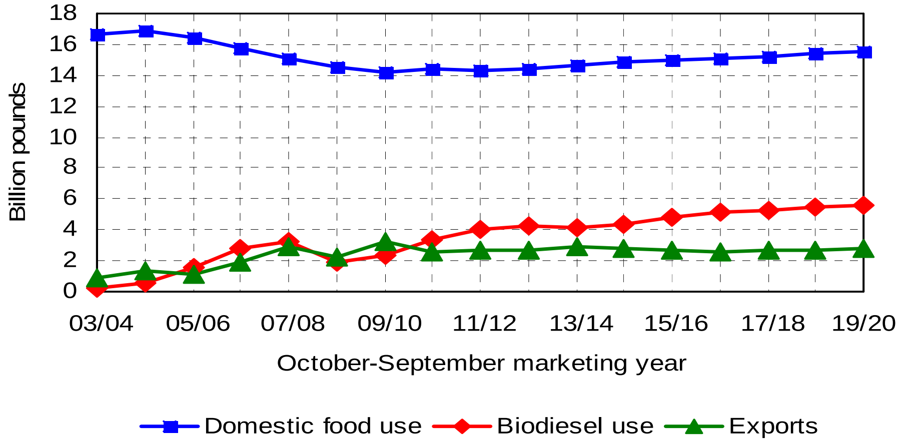
Soybean supply and use

September-August year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area						(Million acres)					
Planted area	77.5	76.6	76.2	76.3	76.4	76.6	76.8	77.0	76.9	77.1	77.6
Harvested area	76.4	75.7	75.3	75.4	75.5	75.7	75.9	76.1	76.1	76.3	76.8
						(Bushels per harvested acre)					
Yield	44.0	42.4	42.9	43.2	43.7	44.0	44.5	44.9	45.3	45.7	46.0
						(Million bushels)					
Supply	3,509	3,487	3,528	3,556	3,590	3,628	3,668	3,708	3,739	3,770	3,824
Beginning stocks	138	264	291	285	282	283	280	281	283	278	277
Production	3,361	3,213	3,227	3,261	3,297	3,335	3,378	3,417	3,445	3,482	3,537
Imports	10	10	10	10	10	10	10	10	10	10	10
Domestic use	1,872	1,957	1,999	2,031	2,064	2,094	2,130	2,166	2,196	2,231	2,270
Crush	1,709	1,795	1,837	1,869	1,900	1,928	1,963	1,997	2,027	2,060	2,097
Seed and residual	163	162	162	162	164	166	167	168	169	171	173
Exports	1,374	1,239	1,245	1,243	1,242	1,254	1,257	1,259	1,265	1,263	1,272
Total use	3,245	3,196	3,243	3,274	3,307	3,348	3,387	3,425	3,461	3,493	3,542
Ending stocks	264	291	285	282	283	280	281	283	278	277	282
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Under loan	12	19	19	18	19	18	18	18	17	16	18
Other stocks	251	272	266	264	265	262	263	266	261	260	264
Prices, program provisions						(Dollars per bushel)					
Farm price	9.43	8.89	9.31	9.55	9.64	9.75	9.92	10.05	10.21	10.31	10.32
Illinois processor price	9.86	9.34	9.74	9.97	10.06	10.17	10.33	10.46	10.62	10.72	10.72
Loan rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Target price	5.80	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Direct payment rate	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
						(Million acres)					
Base area	50.6	50.7	50.7	50.7	50.7	50.7	50.7	50.7	50.7	50.7	50.7
						(Bushels per acre)					
Direct payment yield	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
CCP yield	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2
						(Percent)					
ACRE participation rate	15.3	19.9	21.4	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Returns and payments						(Dollars)					
Gross market revenue/a.	414.68	374.51	395.92	410.11	417.18	426.65	437.99	447.70	459.82	468.52	472.07
Variable expenses/a.	121.72	125.33	131.06	135.60	139.65	143.36	147.50	151.04	153.49	156.21	158.83
Market net return/a.	292.96	249.17	264.86	274.50	277.53	283.29	290.49	296.66	306.33	312.31	313.24
Marketing loan benefits/a.*	0.00	0.09	0.12	0.14	0.19	0.08	0.04	0.07	0.08	0.00	0.02
ACRE payment/a.*	0.05	3.33	2.44	2.30	2.22	1.93	2.06	2.02	1.82	1.89	2.19
CCP payment/base a.*	0.00	0.12	0.08	0.18	0.22	0.06	0.04	0.11	0.05	0.00	0.04
Direct payment/base a.*	10.98	10.87	10.84	11.03	11.03	11.03	11.03	11.03	11.03	11.03	11.03
Product prices, crush margin											
48% meal price/ton	292.75	270.90	275.95	279.35	280.24	282.08	285.32	286.62	287.36	288.42	285.94
Oil price/cwt.	36.82	37.39	39.57	40.73	41.33	41.81	42.69	43.66	44.73	45.53	46.19
Biodiesel rack/gallon	3.66	3.79	4.01	4.10	4.12	4.16	4.25	4.35	4.44	4.53	4.59
Crush margin/bu.	1.17	1.32	1.28	1.26	1.27	1.25	1.27	1.28	1.27	1.28	1.29

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

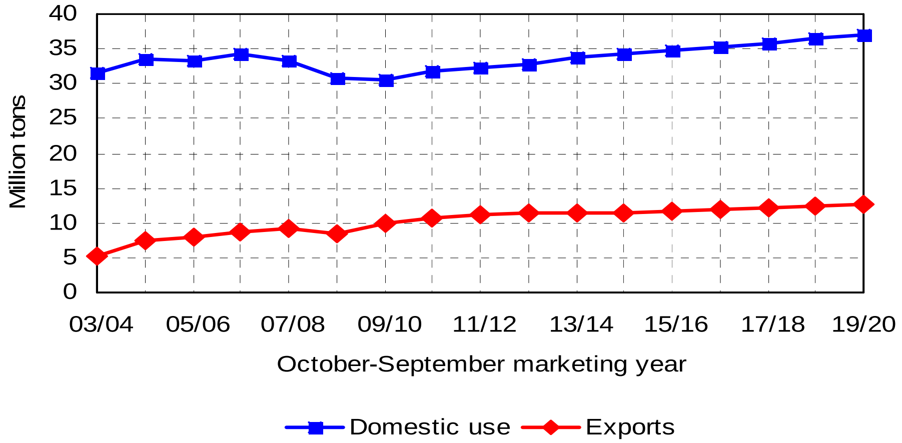
Soybean products

All uses of soybean oil face uncertain demand growth



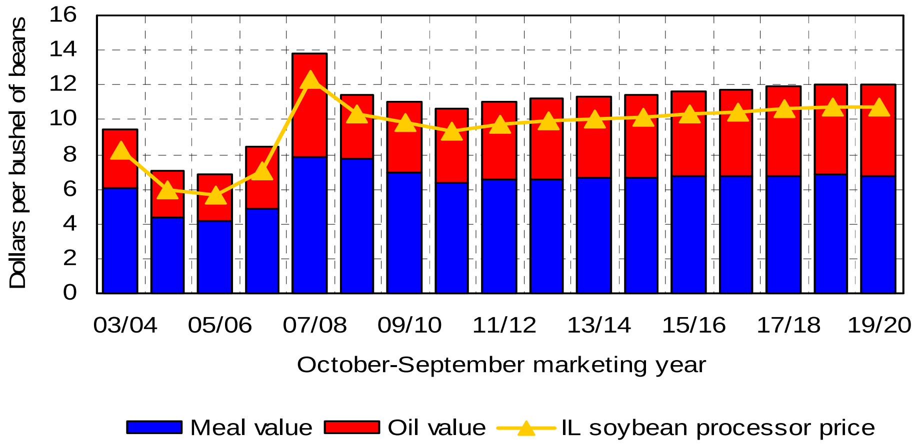
- Food uses of soybean oil are expected to decline in 2009/10 for the fifth straight year. The projections assume future per-capita consumption is fairly stable.
- Soybean oil exports increase in 2009/10 but dip in 2010/11 as competitor supplies increase.
- Future growth in biodiesel use of soybean oil depends on biodiesel demand and the ability to expand biodiesel production from other feedstocks.

Soybean meal use recovers from recent lows



- Reduced livestock and poultry production and competition from distillers grains have limited domestic use of soybean meal in recent years.
- Projected growth in soybean meal use results from resumed growth in poultry production, continued moderate soybean meal prices, and slower growth in distillers grain use.
- Soybean meal exports increase slowly because of continued competition from other suppliers.

Oil share of crush value up after 2008/09 decline



- Weak demand from the livestock sector contributes to lower soybean meal prices in 2009/10 and 2010/11.
- Projected soybean meal prices remain fairly steady in later years, as production and use expand in tandem.
- After falling sharply in 2008/09, soybean oil prices increase with growth in biodiesel use and strength in global vegetable oil demand. Projected soybean oil prices remain well below the 2007/08 record.

Soybean oil supply and use

October-September year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
					(Million pounds)						
Supply	21,891	22,615	23,148	23,493	23,821	24,167	24,555	24,954	25,272	25,616	26,011
Beginning stocks	2,742	2,111	2,168	2,145	2,123	2,150	2,142	2,143	2,123	2,092	2,070
Production	19,074	20,429	20,905	21,273	21,624	21,943	22,338	22,736	23,074	23,449	23,866
Imports	75	75	75	75	75	75	75	75	75	75	75
Domestic use	16,559	17,824	18,341	18,660	18,779	19,181	19,781	20,211	20,542	20,875	21,136
Biodiesel	2,336	3,350	3,984	4,203	4,128	4,356	4,799	5,143	5,292	5,497	5,564
Food and other	14,222	14,474	14,357	14,457	14,651	14,826	14,982	15,068	15,250	15,378	15,572
Exports	3,222	2,623	2,662	2,710	2,892	2,844	2,630	2,620	2,639	2,672	2,814
Total use	19,780	20,447	21,003	21,370	21,671	22,026	22,411	22,831	23,180	23,547	23,950
Ending stocks	2,111	2,168	2,145	2,123	2,150	2,142	2,143	2,123	2,092	2,070	2,061
Price					(Cents per pound)						
Decatur	36.82	37.39	39.57	40.73	41.33	41.81	42.69	43.66	44.73	45.53	46.19

Soybean meal supply and use

October-September year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
					(Thousand tons)						
Supply	40,776	42,793	43,797	44,564	45,293	45,957	46,779	47,607	48,310	49,091	49,958
Beginning stocks	235	240	257	259	260	263	264	266	267	268	269
Production	40,402	42,413	43,400	44,165	44,892	45,554	46,375	47,201	47,903	48,683	49,549
Imports	140	140	140	140	140	140	140	140	140	140	140
Domestic use	30,661	31,905	32,387	32,906	33,679	34,247	34,901	35,393	35,835	36,422	36,937
Exports	9,875	10,631	11,151	11,398	11,351	11,446	11,612	11,947	12,207	12,400	12,749
Total use	40,536	42,536	43,538	44,304	45,030	45,693	46,513	47,340	48,042	48,822	49,686
Ending stocks	240	257	259	260	263	264	266	267	268	269	272
Price					(Dollars per ton)						
Decatur, 48% protein	292.75	270.90	275.95	279.35	280.24	282.08	285.32	286.62	287.36	288.42	285.94

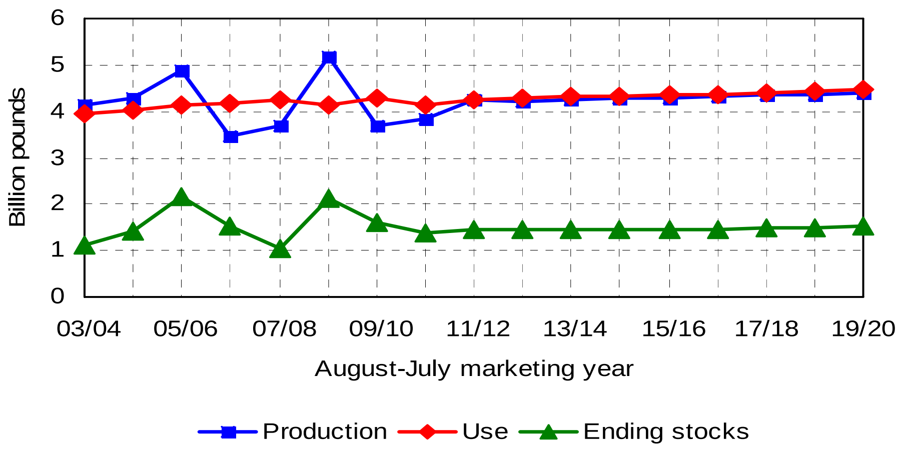
Peanuts

Reduced production leads to lower peanut stocks

▪Sharply lower peanut production in 2009/10 results in some drawdown of stocks built up the previous year.

▪Only a modest increase in production is projected for 2010/11, resulting in a further reduction in carryover stocks.

▪In later years, production and use are approximately in balance. In any given year, unanticipated market shocks could move supply or demand away from these average projections.

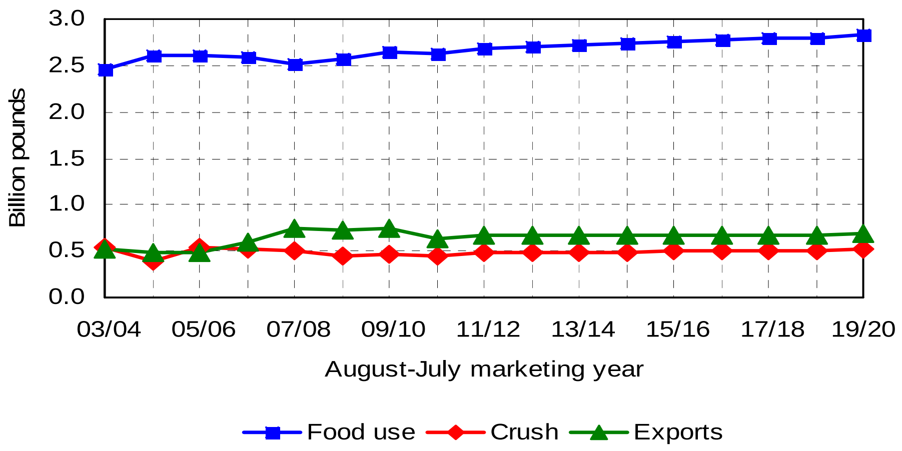


Food use leads modest growth in peanut use

▪Peanut food use increased in 2008/09 and is expected to increase again in 2009/10, in spite of the early 2009 recall of some peanut products.

▪Projected domestic food use of peanuts grows more slowly than population.

▪US peanut exports have increased since 2004/05, but higher prices and limited supplies result in lower exports in 2010/11.

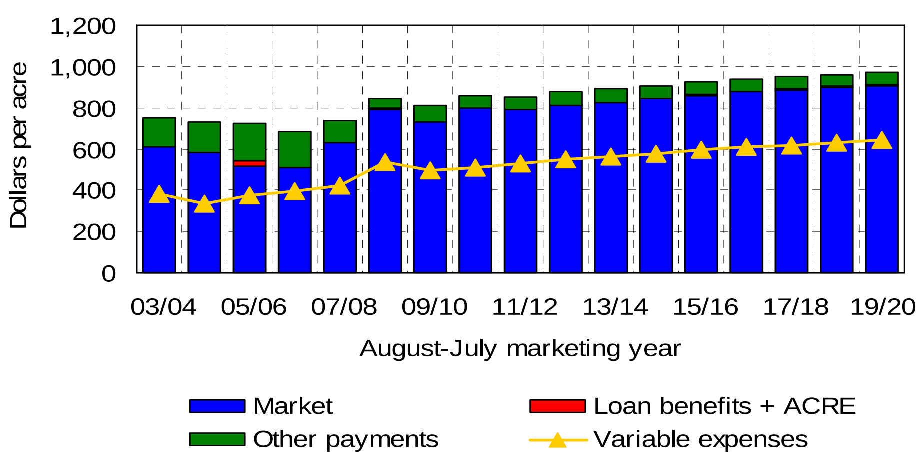


Peanut receipts fall in 2009/10, then recover

▪Peanut prices and variable production expenses both decline in 2009/10, leaving net returns little changed from the previous year.

▪Projected average prices increase in 2010/11 and stay above 24 cents per pound in later years.

▪Actual prices will vary around the projected averages, and sometimes may dip low enough to trigger countercyclical payments and marketing loan benefits.



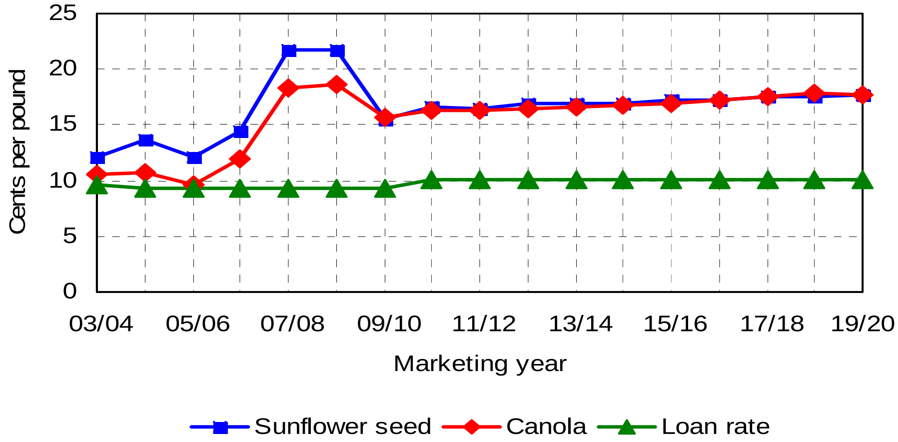
Peanut supply and use

August-July year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area						(Million acres)					
Planted area	1.12	1.22	1.34	1.31	1.31	1.31	1.30	1.30	1.30	1.29	1.29
Harvested area	1.08	1.19	1.31	1.28	1.28	1.27	1.27	1.26	1.26	1.26	1.26
						(Pounds per harvested acre)					
Yield	3,412	3,241	3,266	3,297	3,328	3,358	3,390	3,416	3,444	3,473	3,506
						(Million pounds)					
Supply	5,878	5,495	5,697	5,721	5,759	5,786	5,816	5,844	5,885	5,919	5,973
Beginning stocks	2,130	1,588	1,374	1,440	1,440	1,451	1,457	1,464	1,471	1,486	1,497
Production	3,688	3,847	4,263	4,221	4,260	4,275	4,299	4,320	4,354	4,374	4,416
Imports	60	60	60	60	60	60	60	60	60	60	60
Domestic use	3,540	3,480	3,594	3,614	3,641	3,658	3,680	3,699	3,724	3,743	3,774
Food	2,652	2,619	2,680	2,705	2,727	2,740	2,757	2,772	2,789	2,803	2,825
Crush	458	440	490	485	490	493	496	500	505	509	516
Seed, feed, & residual	430	421	424	424	425	425	426	428	430	431	433
Exports	751	642	663	668	667	671	673	674	676	679	681
Total use	4,290	4,122	4,257	4,281	4,308	4,329	4,352	4,373	4,400	4,422	4,456
Ending stocks	1,588	1,374	1,440	1,440	1,451	1,457	1,464	1,471	1,486	1,497	1,517
Prices, program provisions						(Dollars per pound)					
Farm price	0.213	0.248	0.244	0.248	0.250	0.253	0.256	0.258	0.260	0.261	0.261
Loan rate	0.178	0.178	0.178	0.178	0.178	0.178	0.178	0.178	0.178	0.178	0.178
Target price	0.248	0.248	0.248	0.248	0.248	0.248	0.248	0.248	0.248	0.248	0.248
Direct payment rate	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.018
						(Million acres)					
Base area	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
						(Pounds per acre)					
Program yield	2,998	2,998	2,998	2,998	2,998	2,998	2,998	2,998	2,998	2,998	2,998
						(Percent)					
ACRE participation rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Returns and payments						(Dollars)					
Gross market revenue/a.	727.96	797.59	788.97	809.87	824.85	841.60	860.68	875.58	886.81	900.90	908.07
Variable expenses/a.	493.49	508.32	532.05	548.88	563.93	577.82	595.22	609.17	619.05	630.28	640.82
Market net return/a.	234.47	289.27	256.92	260.99	260.93	263.78	265.46	266.41	267.75	270.62	267.25
Marketing loan benefits/a.*	0.00	0.51	2.67	4.19	2.60	2.79	2.45	3.46	3.86	2.15	5.12
ACRE payment/a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CCP payment/base a.*	41.14	11.91	18.15	18.67	16.17	15.16	13.01	12.06	13.57	11.70	14.93
Direct payment/base a.*	44.95	44.95	44.95	45.87	45.87	45.87	45.87	45.87	45.87	45.87	45.87

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

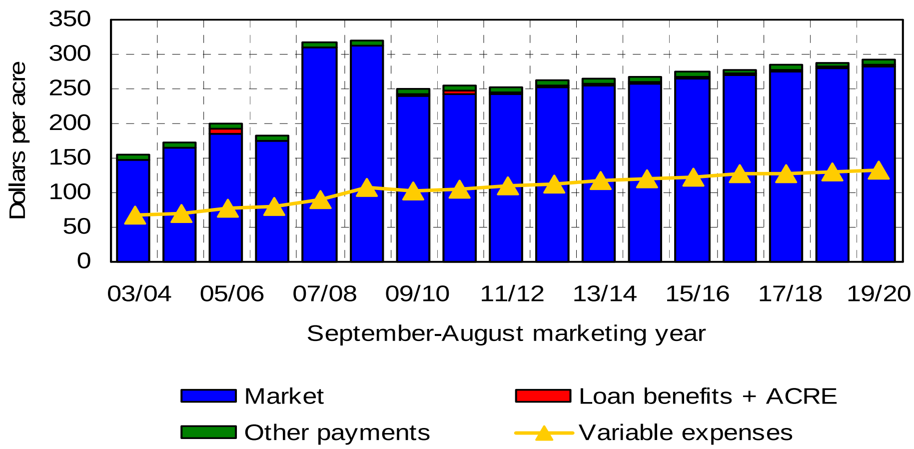
Other oilseeds

Other oilseed prices drop sharply in 2009/10



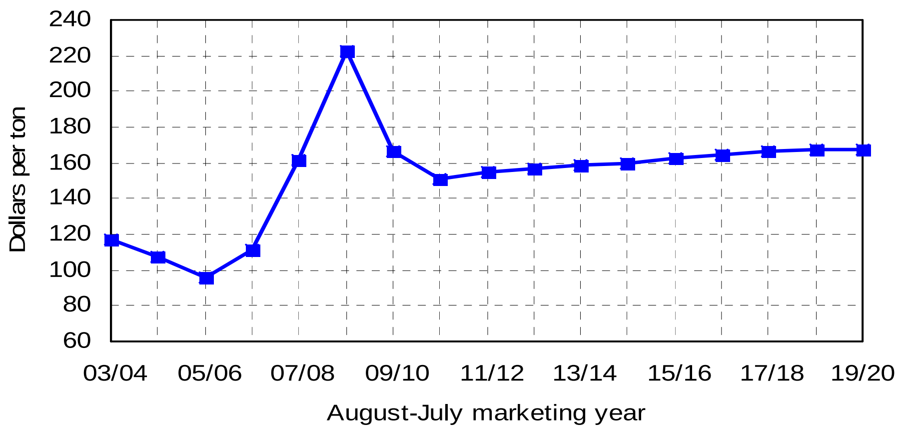
- Sunflower seed and canola prices decline sharply in 2009/10, a year after sharp declines in European prices.
- Canola prices have not declined as much as sunflower seed prices, in part because of continued strong European demand for rapeseed oil to produce biodiesel.
- Rising world vegetable oil prices keep projected sunflower seed and canola prices above pre-2007 levels.

Sunflower seed returns also decline in 2009/10



- Lower prices translate into lower net returns to sunflower seed producers in 2009/10.
- Slowly rising prices and yields after 2011/12 offset rising production costs, so average net returns are fairly stable.
- ACRE program participation is higher for sunflower seed than for other crops. ACRE payments can be large when national prices or state yields fall relative to recent averages.

Cottonseed prices fall back from 2008/09 peak



- Higher prices for all oilseeds and reduced cottonseed production contributed to sharply higher cottonseed prices in 2008/09.
- Cottonseed prices fall back to about the 2007/08 level in 2009/10. This puts cottonseed prices in a more normal relationship to prices for oilseed meals and vegetable oils.
- A large projected increase in cottonseed production contributes to a further decline in cottonseed prices in 2010/11.

Sunflower seed supply and use

September-August year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area					(Million acres)						
Planted area	2.03	2.08	2.12	2.10	2.09	2.10	2.10	2.10	2.09	2.09	2.09
Harvested area	1.95	1.96	2.00	1.98	1.98	1.98	1.98	1.98	1.97	1.97	1.98
					(Pounds per acre)						
Yield	1,554	1,471	1,487	1,501	1,518	1,533	1,549	1,562	1,580	1,594	1,612
Supply and use					(Million pounds)						
Production	3,036	2,890	2,980	2,983	3,009	3,038	3,073	3,104	3,126	3,153	3,203
Imports	164	164	164	164	164	164	164	164	164	164	164
Domestic use	2,868	2,765	2,818	2,807	2,822	2,844	2,860	2,886	2,907	2,938	2,987
Exports	404	319	308	342	344	353	375	378	383	377	375
Ending stocks	422	393	411	410	417	422	425	429	431	434	439
Prices, returns and payments					(Dollars)						
Farm price/lb.	0.155	0.166	0.164	0.169	0.169	0.169	0.172	0.173	0.175	0.176	0.176
Gross market revenue/a.	240.96	243.49	242.77	252.21	255.19	257.51	264.44	268.78	275.55	279.51	282.77
Variable expenses/a.	101.78	104.81	109.59	113.39	116.78	119.88	123.34	126.30	128.35	130.62	132.82
Market net return/a.	139.18	138.68	133.17	138.81	138.41	137.63	141.10	142.48	147.19	148.89	149.95
Marketing loan benefits/a.*	0.00	0.44	0.44	0.42	0.20	0.45	0.60	0.50	0.23	0.30	0.35
ACRE payment/a.*	2.70	3.69	2.36	2.14	2.05	2.08	1.66	1.99	1.44	1.52	1.66
CCP payment/base a.*	0.00	0.27	0.27	0.24	0.13	0.28	0.30	0.28	0.19	0.22	0.22
Direct payment/base a.*	6.94	6.84	6.81	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92

*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

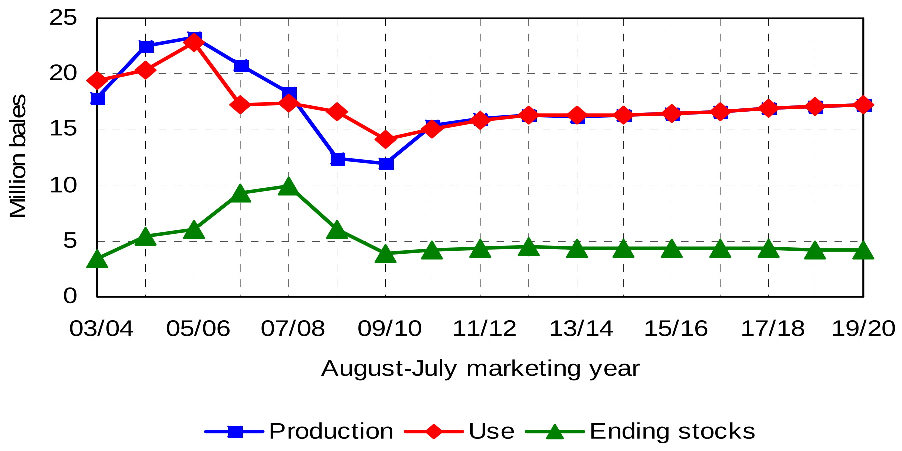
Other oilseeds

Marketing year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Production					(Thousand tons, Aug.-Jul. year)						
Cottonseed	4,178	5,428	5,655	5,763	5,712	5,741	5,772	5,854	5,943	5,964	6,043
					(Million pounds, Jul.-Jun. year)						
Canola	1,474	1,438	1,459	1,474	1,500	1,522	1,548	1,591	1,644	1,693	1,735
Prices					(Dollars per ton, Aug.-Jul. year)						
Cottonseed	166.12	150.72	154.44	156.51	158.39	159.90	162.71	164.48	166.00	167.83	167.53
					(Cents per pound, Jul.-Jun. year)						
Canola	15.75	16.26	16.30	16.51	16.63	16.72	16.91	17.25	17.52	17.79	17.77

Upland cotton

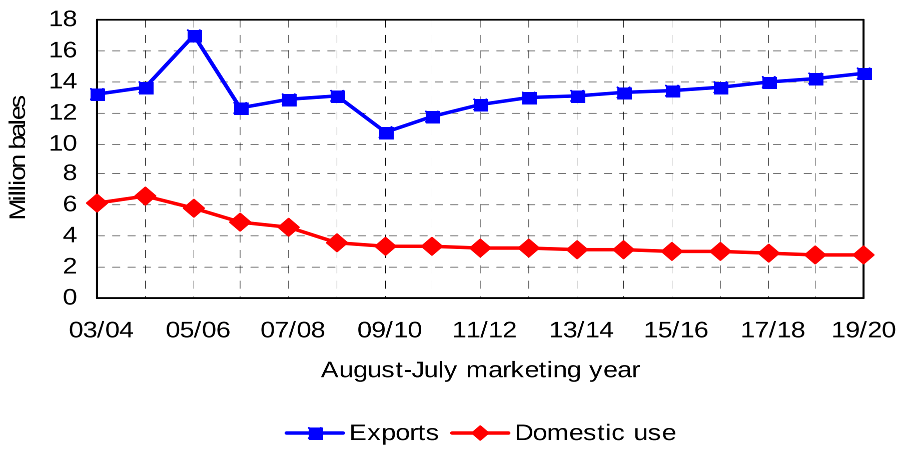
Cotton stocks fall for second straight year in 2009/10

- For the second straight year, cotton production falls far short of use in 2009/10, resulting in another large reduction in carryover stocks.
- Higher projected cotton acreage and yields in 2010/11 bring production and use into balance.
- Lower stock levels make the cotton market very sensitive to any shifts in supply and demand.



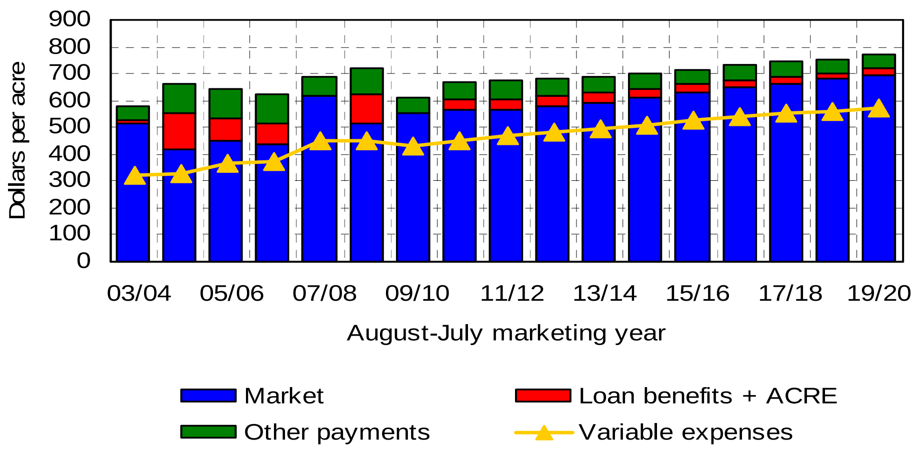
Cotton exports begin to recover in 2010/11

- The recession sharply reduced world cotton demand.
- Recovery in the world economy results in higher projected cotton prices and export demand.
- Given tighter cotton stocks, exports can only grow as projected if production increases.
- Domestic mill use continues to decline.



Cotton market receipts rise, payments fall in 2009/10

- Higher prices and lower production expenses increase cotton market net returns per acre in 2009/10.
- However, higher prices also eliminate marketing loan benefits and reduce countercyclical payments in 2009/10.
- Projected returns increase in 2010/11, largely because of higher yields.
- When prices are below the projected averages, marketing loan benefits and countercyclical payments can occur.

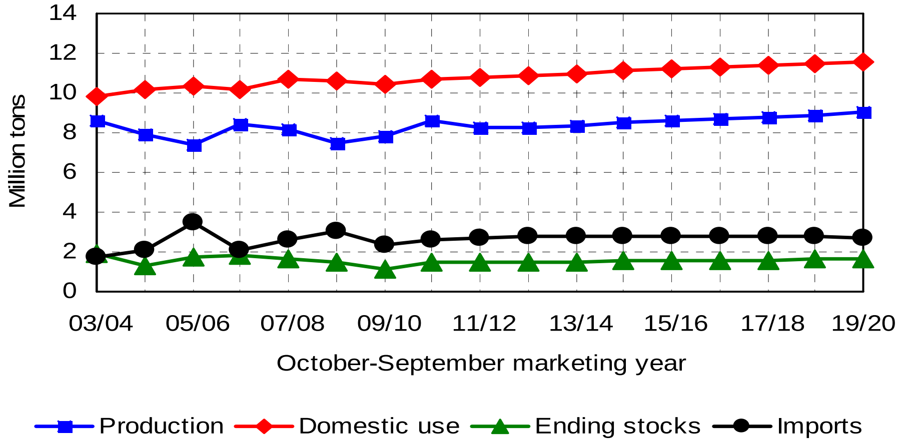


Upland cotton supply and use

August-July year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area					(Million acres)						
Planted area	9.01	10.16	10.52	10.64	10.46	10.43	10.41	10.46	10.49	10.46	10.49
Harvested area	7.55	8.98	9.28	9.38	9.22	9.19	9.17	9.20	9.23	9.18	9.21
					(Pounds per harvested acre)						
Yield	763	819	825	834	842	850	858	868	879	888	898
					(Million bales)						
Supply	18.04	19.30	20.23	20.74	20.69	20.72	20.75	20.94	21.21	21.29	21.46
Beginning stocks	6.03	3.95	4.23	4.41	4.49	4.43	4.35	4.28	4.27	4.27	4.20
Production	12.01	15.34	16.00	16.32	16.20	16.30	16.40	16.66	16.94	17.01	17.26
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestic mill use	3.36	3.31	3.29	3.25	3.18	3.11	3.05	2.99	2.91	2.85	2.79
Exports	10.73	11.75	12.53	13.00	13.08	13.26	13.42	13.68	14.02	14.23	14.48
Total use	14.09	15.06	15.82	16.24	16.27	16.37	16.47	16.67	16.94	17.08	17.28
Ending stocks	3.95	4.23	4.41	4.49	4.43	4.35	4.28	4.27	4.27	4.20	4.19
CCC inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other stocks	3.95	4.23	4.41	4.49	4.43	4.35	4.28	4.27	4.27	4.20	4.19
Prices, program provisions					(Cents per pound)						
Farm price	60.3	58.1	57.3	58.0	59.1	60.5	61.7	62.7	63.7	64.7	65.3
Adjusted world price	57.6	56.2	55.4	56.4	57.4	59.2	60.3	61.5	62.6	63.7	64.2
Loan rate	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0
Target price	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3
Direct payment rate	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
					(Million acres)						
Base area	17.84	17.86	17.87	17.87	17.88	17.88	17.88	17.88	17.88	17.88	17.88
					(Pounds per acre)						
Direct payment yield	595	595	595	595	595	595	595	595	595	595	595
CCP yield	631	631	631	631	631	631	631	631	631	631	631
					(Percent)						
ACRE participation rate	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Returns and payments					(Dollars)						
Gross market revenue/a.	552.62	564.73	565.13	577.10	593.58	612.58	629.92	646.66	664.02	681.15	694.87
Variable expenses/a.	431.39	447.10	470.71	483.44	495.93	508.54	526.25	539.95	549.89	560.82	571.80
Market net return/a.	121.23	117.63	94.42	93.65	97.65	104.04	103.67	106.70	114.13	120.32	123.07
Marketing loan benefits/a.*	0.00	37.50	41.45	39.31	33.90	29.46	31.25	31.18	26.37	22.57	26.93
ACRE payment/a.*	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
CCP payment/base a.*	22.63	31.29	34.39	31.37	28.65	25.32	21.86	21.19	19.31	16.31	16.39
Direct payment/base a.*	33.06	33.05	33.05	33.72	33.72	33.72	33.72	33.72	33.72	33.72	33.72

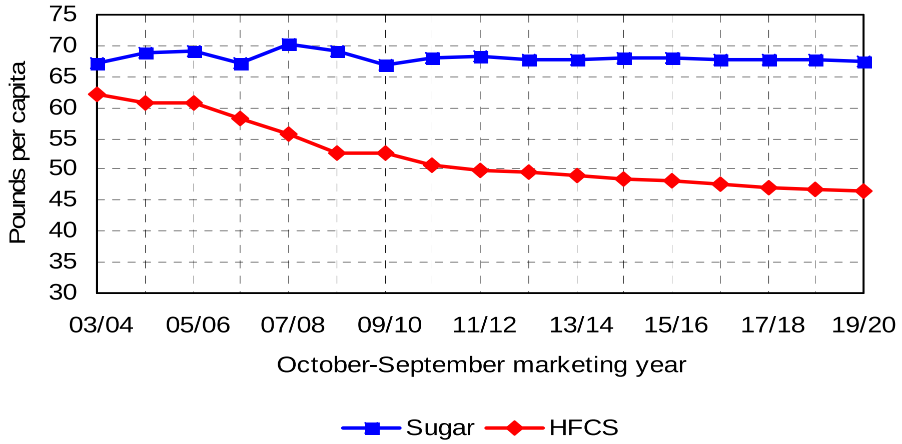
*Figures reported are averages across ACRE participants and nonparticipants. All table figures are averages across 500 outcomes.

Sugar supplies rebound in 2010/11



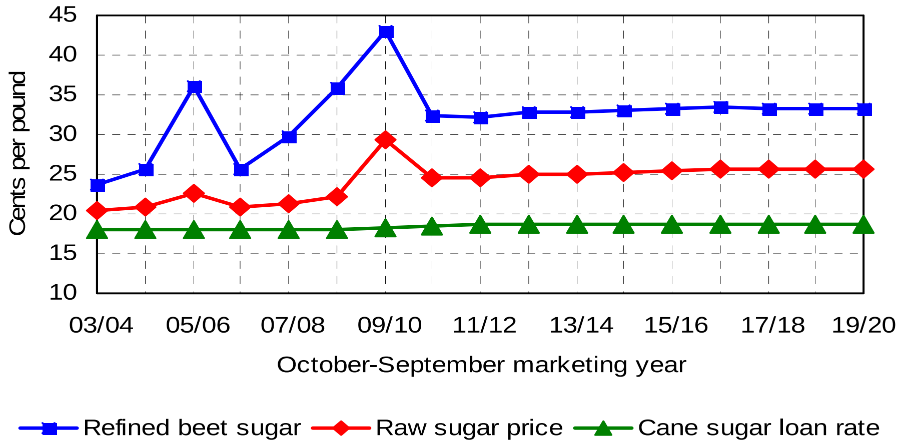
- Reduced imports and beginning stocks have resulted in very tight sugar supplies in 2009/10, in spite of a modest increase in domestic production.
- In response to high sugar prices, projected sugar production increases in 2010/11.
- Sugar imports from Mexico also increase in 2010/11, assuming a return to normal growing conditions in Mexico and a supply response to high prices.

Sugar gains larger share of total sweetener use



- High-fructose corn syrup (HFCS) consumption has been declining, in part because of reduced consumption of caloric soft drinks.
- Per capita sugar consumption has been fairly steady, although current high prices cause a slight dip in 2009/10.
- These trends continue in the baseline.

Average sugar prices hit record highs in 2009/10



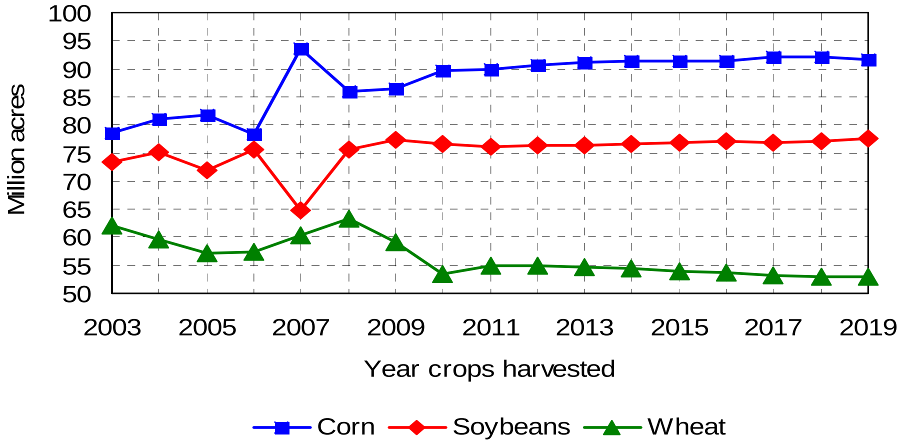
- Sugar prices jump to record levels in 2009/10 because of very tight supplies.
- The projected supply response to these high prices results in much lower prices in 2010/11.
- Prices in any given year will vary from the reported averages. If supplies are larger or demand is weaker, prices could fall low enough to trigger the sugar for ethanol program.

Sugar supply and use

October-September year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Area					(Million acres)						
Sugar cane harvested	0.821	0.846	0.843	0.822	0.819	0.817	0.815	0.813	0.811	0.806	0.803
Sugar beet planted	1.183	1.321	1.205	1.185	1.191	1.193	1.197	1.190	1.188	1.188	1.189
Sugar beet harvested	1.145	1.264	1.153	1.134	1.140	1.142	1.146	1.139	1.138	1.137	1.138
Yield					(Tons per acre)						
Cane sugar	4.19	4.12	4.14	4.17	4.21	4.25	4.29	4.33	4.36	4.40	4.45
Beet sugar	3.84	4.08	4.16	4.23	4.31	4.39	4.47	4.54	4.62	4.71	4.79
					(Thousand tons)						
Supply	11,665	12,347	12,479	12,496	12,640	12,799	12,928	13,017	13,130	13,257	13,383
Beginning stocks	1,451	1,103	1,507	1,497	1,488	1,517	1,535	1,558	1,577	1,607	1,633
Production	7,837	8,645	8,287	8,230	8,359	8,480	8,612	8,693	8,799	8,903	9,016
Cane sugar	3,437	3,483	3,492	3,428	3,447	3,470	3,496	3,516	3,538	3,552	3,568
Beet sugar	4,400	5,162	4,795	4,802	4,912	5,010	5,115	5,177	5,261	5,350	5,448
Imports	2,377	2,599	2,684	2,769	2,793	2,803	2,781	2,766	2,754	2,747	2,734
Total use	10,562	10,840	10,981	11,008	11,123	11,264	11,370	11,440	11,523	11,624	11,722
Domestic deliveries	10,392	10,678	10,818	10,845	10,960	11,103	11,207	11,277	11,362	11,460	11,558
Exports	170	161	161	161	161	161	161	161	161	161	161
Ethanol program	0	1	2	2	3	1	2	1	1	4	4
Residual	0	0	0	0	0	0	0	0	0	0	0
Ending stocks	1,103	1,507	1,497	1,488	1,517	1,535	1,558	1,577	1,607	1,633	1,660
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Other stocks	1,103	1,507	1,497	1,488	1,517	1,535	1,558	1,577	1,607	1,633	1,660
Prices					(Cents per pound)						
N.Y. spot raw sugar	29.36	24.56	24.54	25.05	25.10	25.32	25.47	25.60	25.59	25.62	25.63
Refined beet sugar	42.96	32.30	32.22	32.86	32.88	33.11	33.26	33.38	33.31	33.30	33.25
Cane loan rate	18.25	18.50	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
Beet loan rate	23.45	23.77	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09

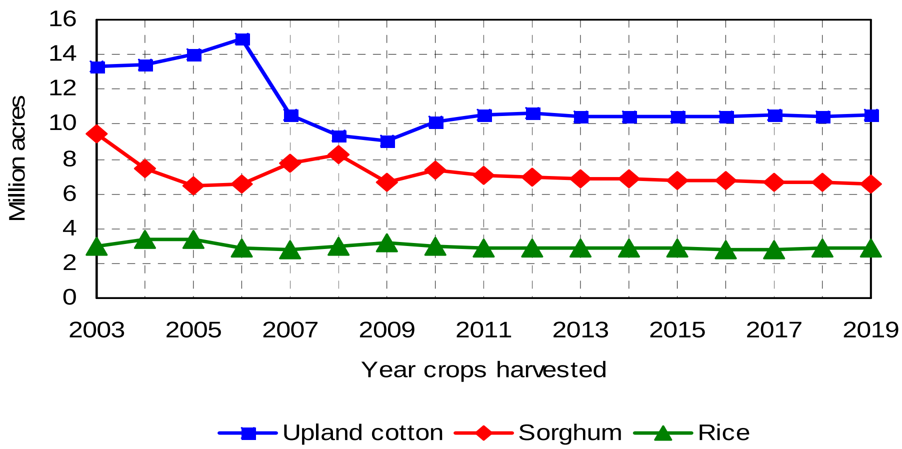
Land use

Corn area increases, wheat area declines in 2010



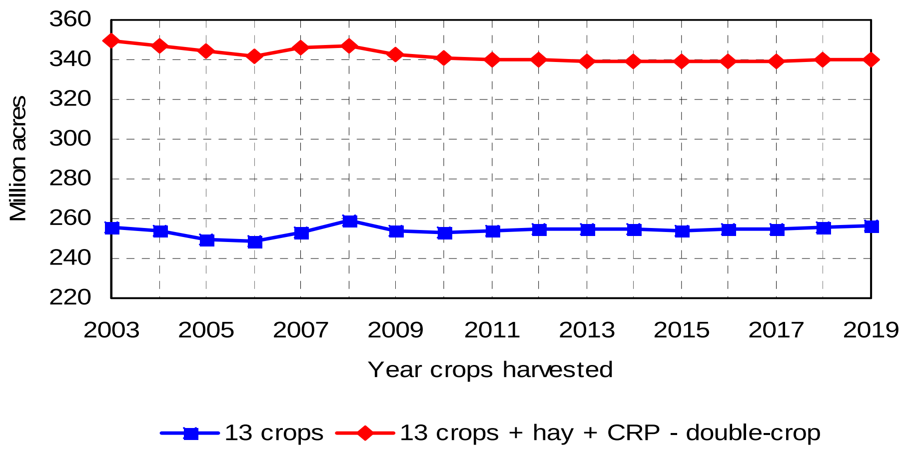
- Projected corn area planted increases in 2010, as expected returns for corn appear favorable compared to other crops.
- Wheat area falls sharply in 2010 in response to lower wheat prices and weather conditions that inhibited winter wheat seedings.
- Soybean area dips slightly in 2010, but stays near the record 2009 level over the next 10 years.

Cotton acreage recovers in 2010



- After three years of declining cotton acreage, higher cotton prices and reduced prospects for competing crops lead to higher upland cotton area in 2010.
- After a sharp decline in 2009, sorghum area rebounds in 2010.
- Rice area increased in 2008 and 2009 in response to high prices. Lower prices result in reduced rice area in 2010, with short and medium grain rice experiencing the largest declines.

13-crop planted area declines slightly in 2010



- The total area planted to 13 major crops increased by 10 million acres between 2006 and 2008.
- Total 13-crop area planted fell by 5 million acres in 2009 in response to weaker returns, and a further slight reduction is projected for 2010.
- Correcting for hay, conservation reserve area and double crop soybean acreage, total area dropped by about 4 million acres in 2009 and the projected 2010 decline is about 2 million acres.

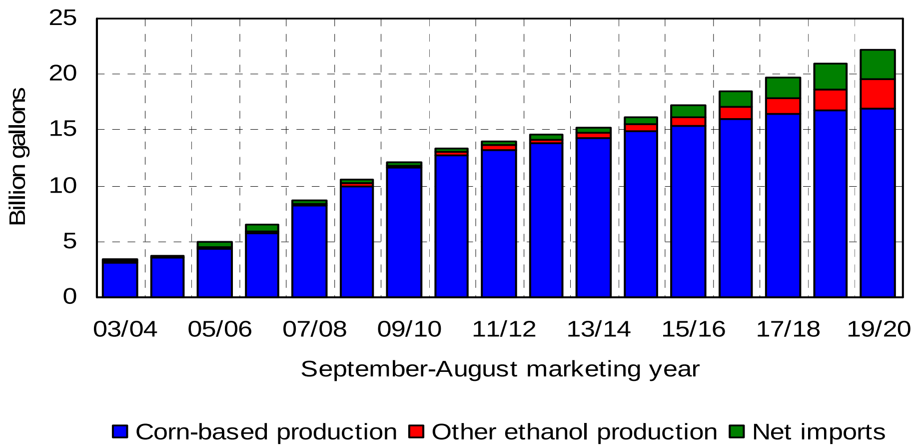
Land use for major crops and the conservation reserve

Marketing year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Planted area						(Million acres)					
Corn	86.48	89.61	89.93	90.59	91.12	91.40	91.45	91.47	92.00	92.11	91.56
Soybeans	77.45	76.60	76.22	76.28	76.40	76.57	76.77	76.98	76.90	77.09	77.62
Wheat	59.13	53.56	54.80	54.93	54.75	54.33	53.94	53.65	53.26	53.07	52.85
Upland cotton	9.01	10.16	10.52	10.64	10.46	10.43	10.41	10.46	10.49	10.46	10.49
Sorghum	6.63	7.37	7.08	6.91	6.89	6.83	6.76	6.71	6.68	6.66	6.58
Barley	3.57	3.65	3.41	3.44	3.41	3.40	3.34	3.27	3.24	3.17	3.13
Oats	3.40	3.32	3.37	3.31	3.25	3.20	3.16	3.11	3.06	3.01	2.97
Rice	3.14	2.96	2.88	2.88	2.84	2.85	2.86	2.83	2.83	2.85	2.86
Sunflowers	2.03	2.08	2.12	2.10	2.09	2.10	2.10	2.10	2.09	2.09	2.09
Peanuts	1.12	1.22	1.34	1.31	1.31	1.31	1.30	1.30	1.30	1.29	1.29
Sugar beets	1.18	1.32	1.20	1.19	1.19	1.19	1.20	1.19	1.19	1.19	1.19
Sugar cane (harvested)	0.82	0.85	0.84	0.82	0.82	0.82	0.82	0.81	0.81	0.81	0.80
Switchgrass (harvested)	0.01	0.00	0.00	0.00	0.02	0.09	0.24	0.52	1.03	2.00	2.85
13 crop planted area	253.97	252.69	253.71	254.39	254.55	254.52	254.34	254.41	254.87	255.80	256.28
Hay harvested area	59.76	60.06	59.94	59.74	59.58	59.40	59.26	59.19	59.09	58.98	58.90
13 crops + hay	313.73	312.75	313.65	314.13	314.13	313.92	313.60	313.60	313.96	314.78	315.18
Conservation reserve	33.78	31.17	30.46	29.91	29.84	29.77	29.71	29.65	29.56	29.47	29.38
13 crops + hay + CRP	347.50	343.92	344.12	344.03	343.97	343.70	343.32	343.25	343.53	344.25	344.55
Double-crop soybeans	4.83	3.39	4.43	4.45	4.46	4.45	4.42	4.42	4.41	4.41	4.41
13 crops + hay + CRP - double-crop soybeans	342.68	340.53	339.69	339.59	339.51	339.24	338.89	338.83	339.12	339.84	340.14

Ethanol

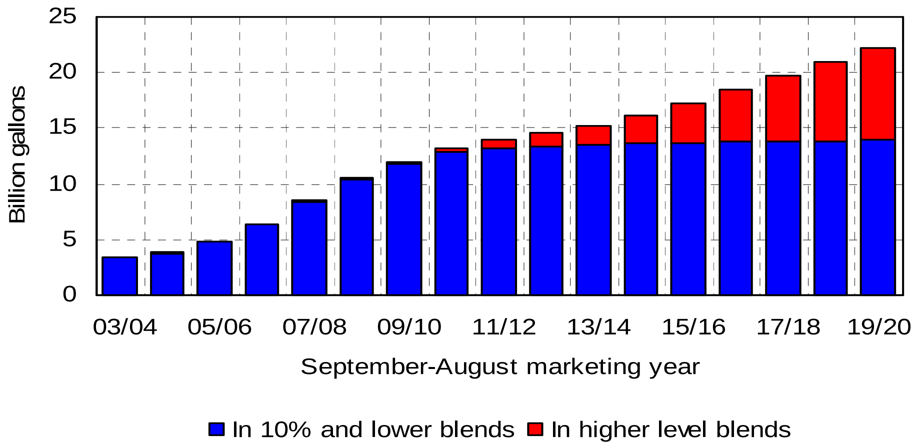
- Projected growth in corn-based ethanol slows, but production still reaches 15 billion gallons in 2015/16.
- Imported sugar-based ethanol is assumed to satisfy most of the RFS2 for advanced biofuels not met by cellulosic ethanol or biodiesel.
- Future cellulosic ethanol production growth is very uncertain. Projected supplies are well below the levels envisioned in the EISA.

Ethanol supplies increase



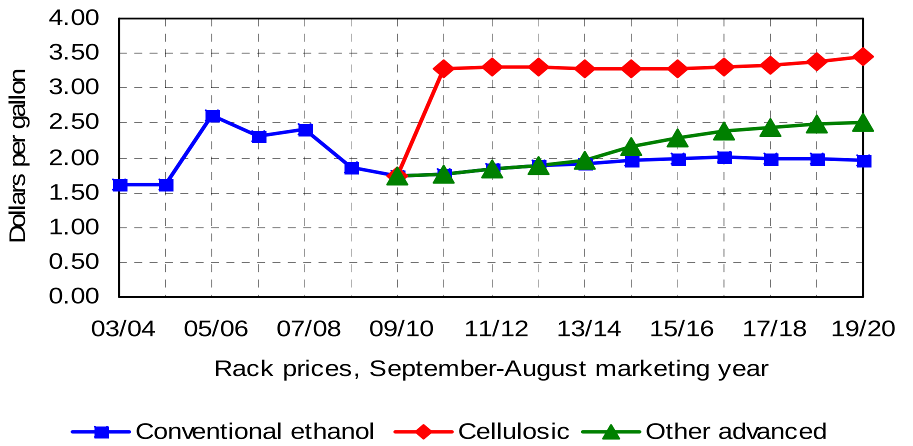
- Given projected levels of gasoline consumption, less than 14 billion gallons of ethanol can be used in 10% blends.
- To utilize the projected supplies of ethanol, use of higher level blends must increase rapidly after 2011/12.
- The baseline does not assume intermediate blends such as E-15.
- For E-85 use to grow rapidly, there must be investment in flex-fuel vehicles and distribution infrastructure, and the fuel must be priced competitively.

Higher-level blends required to use ethanol supplies



- Because of EISA, different types of ethanol can command different prices.
- Producer prices for advanced ethanol can exceed prices for conventional ethanol to generate the supplies required. Cellulosic ethanol prices are effectively capped when EISA targets are not met.
- When the RFS2 is binding, Renewable Identification Numbers (RINs) take on value. RINs reflect the price biofuel blenders would be willing to pay not to use the required quantities of biofuel.

Because of EISA, prices differ across ethanol types



Ethanol supply and use

September-August year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Petroleum fuel prices					(Dollars per barrel)						
Petroleum, W. Texas interm.	66.07	74.07	80.72	85.50	88.54	92.99	97.20	99.42	101.20	101.68	101.16
Petroleum, refiners' acquis.	61.98	68.84	75.09	79.62	82.47	86.73	90.73	92.81	94.51	95.02	94.57
					(Dollars per gallon)						
Unl. gasoline, FOB Omaha	1.87	2.09	2.25	2.36	2.43	2.54	2.63	2.69	2.74	2.75	2.74
Unleaded gasoline, retail	2.50	2.73	2.88	3.00	3.08	3.19	3.30	3.36	3.42	3.43	3.43
Ethanol supply and use					(Million gallons)						
Production	11,848	13,005	13,604	14,184	14,784	15,570	16,219	17,077	17,873	18,679	19,618
From corn	11,599	12,716	13,244	13,743	14,246	14,900	15,384	16,009	16,459	16,722	16,901
Other conventional	248	281	309	329	344	359	368	376	376	374	376
Cellulosic	1	8	50	112	193	310	467	691	1,038	1,583	2,341
Imports (ethyl alcohol)	325	387	463	479	547	729	1,100	1,536	2,010	2,476	2,705
Domestic disappearance	11,956	13,220	13,947	14,540	15,210	16,171	17,193	18,469	19,729	20,991	22,148
In 10% and lower blends	11,808	12,872	13,257	13,394	13,497	13,627	13,705	13,750	13,782	13,825	13,900
In higher level blends	148	348	690	1,146	1,712	2,544	3,488	4,719	5,947	7,166	8,248
Exports (ethyl alcohol)	125	114	93	94	90	89	93	101	111	122	125
Ending stocks	722	780	807	835	866	904	937	980	1,023	1,067	1,116
Ethanol prices					(Dollars per gallon)						
Conventional rack, Omaha	1.74	1.77	1.84	1.88	1.91	1.96	1.99	2.02	2.00	1.98	1.97
AMS spot plant price, Iowa	1.57	1.60	1.66	1.70	1.72	1.77	1.80	1.83	1.81	1.79	1.78
Cellulosic rack	n.a.	3.28	3.29	3.30	3.28	3.29	3.29	3.32	3.33	3.38	3.46
Other advanced rack	1.74	1.77	1.84	1.88	1.96	2.16	2.28	2.38	2.43	2.49	2.50
Effective retail	1.91	1.91	1.99	2.03	2.03	2.05	2.07	2.12	2.12	2.13	2.13
Ethanol/gasoline retail	77%	70%	69%	68%	66%	64%	63%	63%	62%	62%	62%
RIN values											
Conventional ethanol	0.00	0.04	0.03	0.04	0.07	0.11	0.13	0.12	0.10	0.09	0.08
Advanced ethanol	0.00	0.04	0.03	0.04	0.12	0.32	0.42	0.48	0.53	0.59	0.61
Cellulosic ethanol	0.00	0.99	0.93	0.90	0.88	0.88	0.86	0.86	0.87	0.92	1.00

Biofuel policies

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Million gallons)						
Renewable Fuel Standard	11,100	12,950	13,950	15,200	16,550	18,150	20,500	22,250	24,000	26,000	28,000
Advanced biofuels	600	950	1,350	2,000	2,750	3,750	5,500	7,250	9,000	11,000	13,000
Cellulosic ethanol	0	100	250	500	1,000	1,750	3,000	4,250	5,500	7,000	8,500
Biodiesel	500	650	800	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tax credits and tariffs					(Dollars per gallon)						
Conventional ethanol credit	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Biodiesel credit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ethanol specific tariff	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
					(Percent)						
Ethanol ad-valorem tariff	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

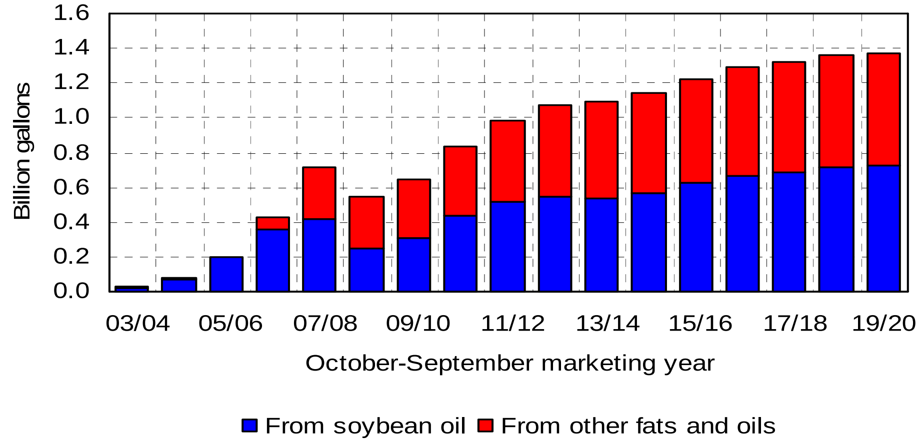
Biodiesel and cellulosic ethanol

▪Reduced profitability led to a sharp contraction in biodiesel production in 2008/09. Soybean oil-based biodiesel fell sharply, while biodiesel production from other fats and oils held steady.

▪Projected production increases to satisfy the biodiesel and advanced biofuel mandates under the RFS2.

▪The projections assume the $1 per gallon tax credit is extended and that the biodiesel mandate is fixed at 1 billion gallons per year after 2012.

Biodiesel production expands in response to RFS2



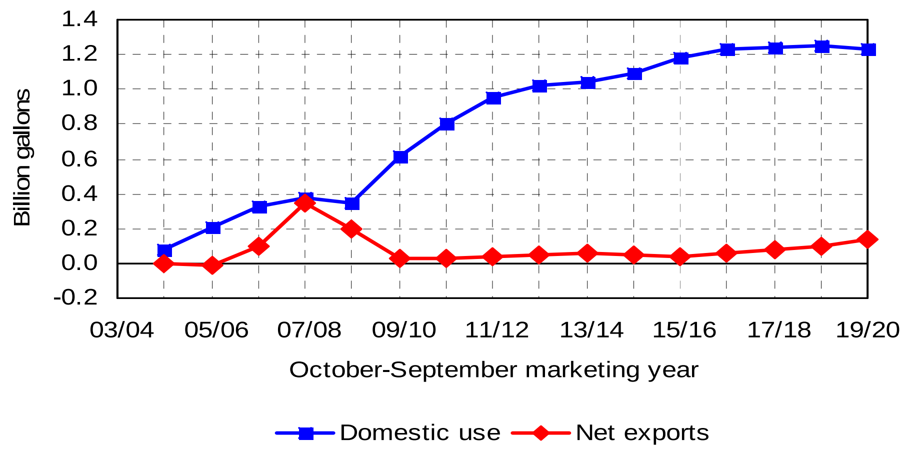
▪EU tariffs on US biodiesel have resulted in sharply lower US biodiesel exports.

▪Domestic use generally expands with the biodiesel RFS2 until 2013/14.

▪After 2013/14, some biodiesel is consumed in excess of the biodiesel RFS2 to help satisfy the advanced biofuel mandate.

▪Rising EU biodiesel prices result in some US biodiesel exports at the end of the projection period, in spite of the tariff.

Domestic biodiesel use expands even beyond RFS2

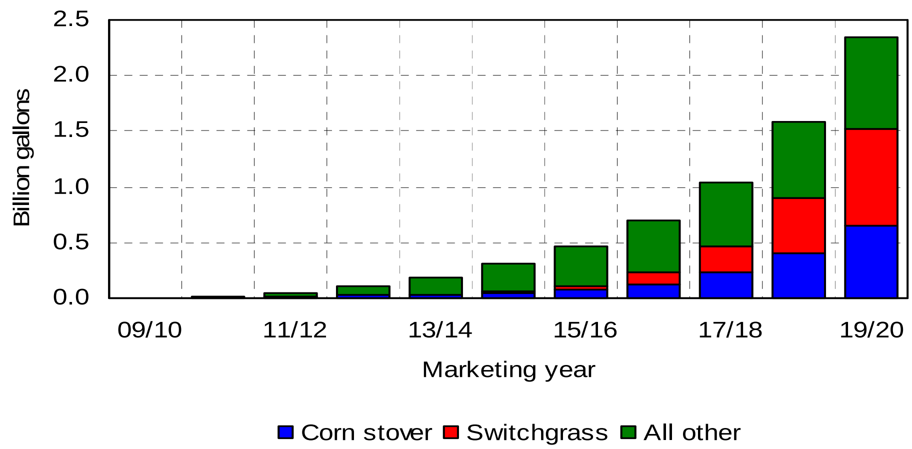


▪For the first time, the baseline includes market projections for corn stover and switchgrass as feedstocks for cellulosic ethanol production.

▪Assuming some reductions in production, collection and processing costs, cellulosic ethanol production expands rapidly after 2015.

▪Great uncertainty surrounds these projections for markets that do not yet exist using technologies that have yet to be demonstrated on a commercial scale.

Cellulosic ethanol supplies increase



Biodiesel sector

October-September year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Biodiesel supply and use					(Million gallons)						
Production	644	835	986	1,070	1,093	1,146	1,225	1,288	1,320	1,357	1,372
From soybean oil	303	435	517	546	536	566	623	668	687	714	723
From other fats and oils	341	400	469	524	557	580	602	620	633	644	649
Net exports	30	33	36	46	54	51	43	54	75	103	142
Domestic disappearance	614	802	950	1,024	1,039	1,095	1,182	1,234	1,246	1,255	1,230
Fuel prices and tax credit					(Dollars per gallon)						
Biodiesel, rack	3.66	3.79	4.01	4.10	4.12	4.16	4.25	4.35	4.44	4.53	4.59
#2 Diesel, refiner sales	1.92	2.15	2.31	2.41	2.49	2.59	2.69	2.75	2.80	2.81	2.80
#2 Diesel, retail	2.68	2.92	3.08	3.19	3.27	3.38	3.48	3.54	3.60	3.61	3.61
Biodiesel tax credit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Costs and returns											
Biodiesel value	3.66	3.79	4.01	4.10	4.12	4.16	4.25	4.35	4.44	4.53	4.59
Glycerin value	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Soyoil cost	-2.84	-2.88	-3.05	-3.14	-3.18	-3.22	-3.29	-3.36	-3.44	-3.51	-3.56
Other operating costs	-0.55	-0.56	-0.56	-0.56	-0.57	-0.57	-0.58	-0.58	-0.59	-0.60	-0.60
Net operating return	0.30	0.39	0.43	0.43	0.40	0.40	0.41	0.43	0.44	0.46	0.46

Cellulosic biofuel feedstocks

Marketing year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
					(Million gallons)						
Cellulosic ethanol production	1	8	50	112	193	310	467	691	1,038	1,583	2,341
From corn stover	1	7	20	26	30	45	72	126	231	398	656
From switchgrass	0	0	0	0	2	13	43	108	239	500	870
All other	0	1	31	86	161	252	351	458	568	685	815
Corn stover											
Proportion harvested	0.0%	0.1%	0.0%	0.0%	0.1%	0.2%	0.2%	0.4%	0.7%	1.2%	2.0%
					(Million tons)						
Production	0.09	0.54	0.02	0.15	0.33	0.59	0.95	1.65	2.99	5.10	8.34
Ethanol use	0.01	0.10	0.27	0.34	0.40	0.60	0.94	1.63	2.97	5.06	8.27
Ending stocks	0.08	0.52	0.28	0.09	0.02	0.01	0.01	0.02	0.05	0.09	0.16
					(Dollars per ton)						
Farm price	28.79	30.10	35.28	41.01	43.71	44.90	45.42	45.93	46.54	47.60	48.41
Price delivered to plants	73.13	76.07	82.73	89.62	93.38	95.82	97.60	99.12	100.74	102.57	104.01
Switchgrass					(Million acres)						
Area harvested	0.01	0.00	0.00	0.00	0.02	0.09	0.24	0.52	1.03	2.00	2.85
					(Tons per acre)						
Yield per harvested acre	n.a.	n.a.	n.a.	n.a.	1.90	2.02	2.47	2.81	3.13	3.32	3.97
					(Million tons)						
Production	0.00	0.00	0.00	0.00	0.03	0.19	0.60	1.46	3.21	6.63	11.33
					(Dollars per ton)						
Farm price	n.a.	n.a.	n.a.	n.a.	16.40	26.13	35.38	43.03	49.02	57.89	68.75
Price delivered to plants	n.a.	n.a.	n.a.	n.a.	66.95	77.59	87.76	96.17	102.92	112.39	123.76

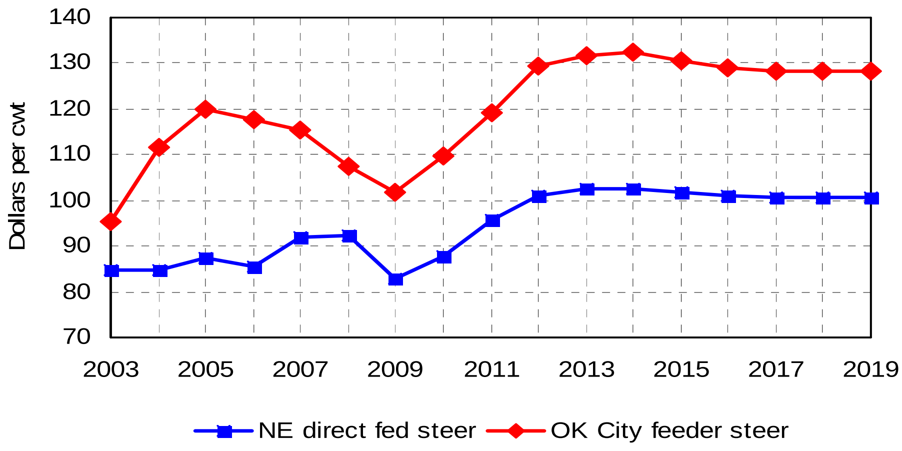
Beef

▪A sharp decline in consumer demand for beef resulted in much lower cattle prices in 2009 despite a decline in beef production.

▪Cow-calf producers are expected to achieve near breakeven profitability in 2010, following losses in 2008 and 2009.

▪As the economy recovers, beef demand should strengthen. This will combine with tight beef supplies for the next few years, returning profitability to the beef industry.

Cattle prices will improve

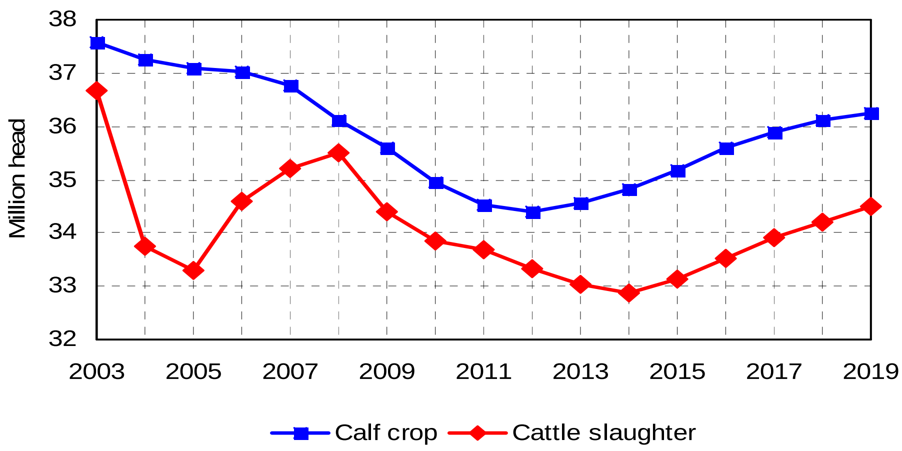


▪The size of the US calf crop has declined for fourteen consecutive years, and this trend will not soon reverse itself.

▪ As cattle imports from Canada increased from 2005-2008, the effect of declining US calf availability on slaughter levels was muted.

▪Cattle imports are not expected to increase sharply in the years to come. Also, a higher percentage of calves will be used to rebuild the cow herd once prices improve, limiting slaughter levels.

Cattle supplies will not increase for many years

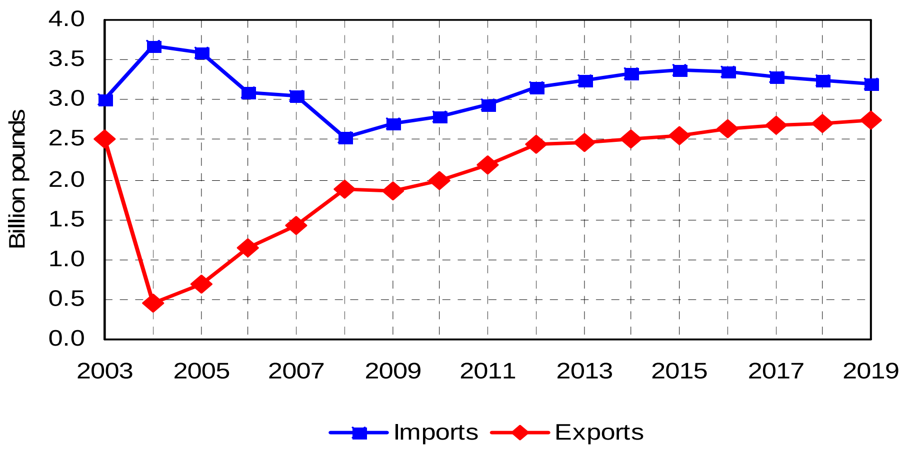


▪International beef demand will increase as global economies recover, allowing beef exports to approach pre-BSE levels by 2012.

▪Beef imports will also increase in the coming years, as a declining cow herd and higher prices encourage importers to seek cow meat supplies from overseas.

▪In the next ten years about 12 percent of beef consumption is expected to be imported, and 10 percent of production exported.

The US will remain a net importer of beef

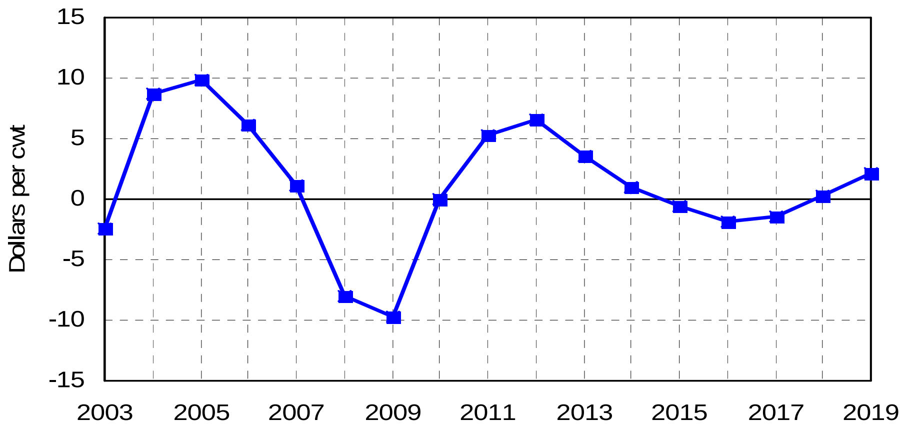


Cattle sector

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Million head)						
Beef cows (Jan. 1)	31.7	31.0	30.4	30.1	30.1	30.1	30.2	30.6	30.9	31.1	31.3
Dairy cows (Jan. 1)	9.3	9.1	9.0	9.0	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Cattle and calves (Jan. 1)	94.5	93.5	92.7	91.8	91.3	91.3	91.7	92.2	92.7	93.1	93.3
Calf crop	35.6	34.9	34.5	34.4	34.6	34.8	35.2	35.6	35.9	36.1	36.3
Calf death loss	2.2	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Calf slaughter	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Beef cow slaughter	3.4	3.3	3.1	2.9	2.9	2.8	2.6	2.6	2.7	2.8	2.9
Dairy cow slaughter	2.9	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Bull slaughter	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Steer and heifer slaughter	26.6	26.3	26.4	26.2	25.9	25.9	26.3	26.7	26.9	27.2	27.4
Total slaughter	34.4	33.9	33.7	33.3	33.0	32.9	33.1	33.5	33.9	34.2	34.5
Cattle imports	2.0	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Cattle exports	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Cattle death loss	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3
Residual	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Cattle and calves (Dec. 31)	93.5	92.7	91.8	91.3	91.3	91.7	92.2	92.7	93.1	93.3	93.4
Cattle on feed (Jan. 1)	13.9	13.6	13.8	14.1	14.0	14.0	14.2	14.4	14.5	14.5	14.4
Supply					(Million pounds)						
Beginning stocks	642	555	469	504	512	530	544	568	593	617	638
Imports	2,703	2,799	2,950	3,157	3,250	3,326	3,363	3,351	3,289	3,239	3,197
Production	26,056	25,591	25,496	25,300	25,209	25,181	25,520	26,009	26,466	26,864	27,239
Total	29,401	28,945	28,915	28,961	28,972	29,038	29,427	29,928	30,348	30,720	31,073
Disappearance											
Domestic use	26,985	26,487	26,229	26,016	25,973	25,997	26,317	26,700	27,058	27,378	27,668
Exports	1,861	1,989	2,182	2,433	2,468	2,497	2,542	2,635	2,673	2,704	2,749
Total	28,846	28,476	28,412	28,449	28,441	28,494	28,859	29,335	29,731	30,082	30,417
Ending stocks	555	469	504	512	530	544	568	593	617	638	656
Per capita consumption					(Pounds)						
Carcass weight	87.7	85.2	83.6	82.1	81.2	80.5	80.7	81.1	81.4	81.6	81.7
Retail weight	61.4	59.6	58.5	57.5	56.8	56.3	56.5	56.8	57.0	57.1	57.2
Change	-2.1%	-2.8%	-1.9%	-1.8%	-1.1%	-0.9%	0.3%	0.5%	0.4%	0.2%	0.1%
Prices											
1100 - 1300 #, Nebraska					(Dollars per hundredweight)						
Direct steers	82.68	87.89	95.56	101.07	102.45	102.42	101.76	101.10	100.80	100.83	100.73
600 - 650 #, Oklahoma City											
Feeder steers	101.85	109.63	119.29	129.50	131.81	132.49	130.56	129.17	128.27	128.35	128.42
Utility cows, Sioux Falls	47.01	48.60	54.51	58.58	59.28	59.27	58.88	58.29	57.61	57.63	57.54
Boxed beef cutout	140.33	151.09	164.33	173.43	176.22	176.34	175.96	175.41	175.17	175.34	175.33
					(Dollars per pound)						
Beef retail	4.26	4.46	4.73	4.99	5.14	5.19	5.18	5.16	5.16	5.16	5.16
Change	-1.5%	4.6%	6.2%	5.4%	3.0%	0.9%	-0.1%	-0.4%	-0.1%	0.0%	0.0%
Cow-calf returns					(Dollars per cow)						
Receipts	519.70	558.94	608.56	657.64	669.25	673.11	664.52	657.90	653.26	653.60	653.79
Feed expenses	146.19	138.77	137.22	135.90	137.09	137.34	138.92	142.40	145.37	148.00	150.66
Non-feed expenses	408.76	418.58	432.63	449.67	457.92	470.22	476.50	481.22	485.95	491.82	497.23
Net returns	-35.26	1.59	38.71	72.08	74.25	65.55	49.10	34.28	21.94	13.79	5.89

Pork

Hog returns to recover from extremely low levels

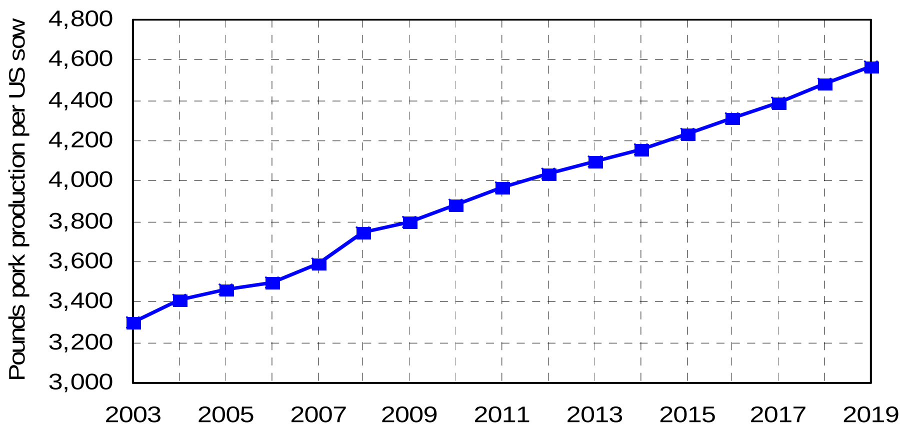


- 2009 was another disastrous year for hog producers. Equity losses in 2008 and 2009 have wiped out profits gained from 2004 to 2007.

- Producers are expected to approach breakeven profitability in 2010, though much hinges on the speed of economic recovery, both at home and abroad.

- The cyclical nature of profitability in pork production is expected to continue. Improved returns in 2011 and 2012 will lead to higher production, which will in turn limit profitability in subsequent years.

Productivity growth makes supply reductions difficult

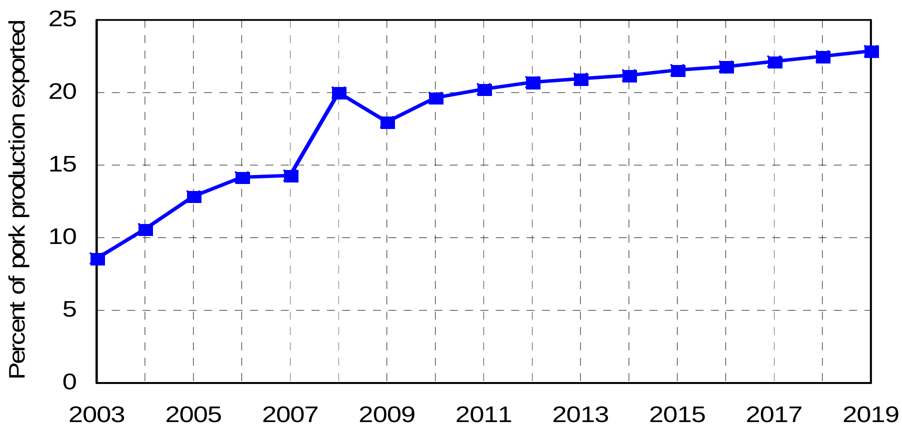


- US sow numbers have declined by over 6 percent in the past two years. However, gains in productivity have caused pork production reductions to be much smaller.

- The largest area of increase has been observed in the number of pigs per litter, which have increased by 6 percent from 2006 to 2009.

- One limiting factor on productivity growth in the next decade will be a reversal of the long-term trend of increased hog imports from Canada.

The pork industry is increasingly export dependent



- Just as strong pork export growth from 2004 to 2008 buoyed hog prices in the face of strong production growth, the reverse occurred in 2009.

- The global economic recession, as well as the end of short-term export boosters such as hog disease problems in China, lowered pork exports by 500 million pounds last year.

- As pork export growth resumes in the coming decade, the amount of pork available for US consumers will decline.

Swine sector

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
						(Million head)					
Breeding herd (Dec. 1*)	6.06	5.85	5.71	5.68	5.74	5.82	5.86	5.84	5.79	5.70	5.63
Gilts added	3.13	3.05	3.06	3.13	3.20	3.21	3.19	3.15	3.08	3.04	3.04
Sow slaughter	3.28	3.14	3.03	3.01	3.06	3.12	3.15	3.14	3.11	3.06	3.01
Sows farrowed	11.97	11.71	11.62	11.75	11.98	12.20	12.32	12.34	12.28	12.21	12.20
Pigs per litter (head)	9.62	9.73	9.80	9.87	9.94	10.01	10.08	10.14	10.21	10.28	10.34
Market hogs (Dec. 1*)	61.1	60.0	59.1	59.0	59.9	61.3	62.6	63.4	63.8	63.7	63.6
Pig crop	115.2	113.9	113.9	115.9	119.1	122.1	124.1	125.1	125.4	125.5	126.1
Barrow and gilt slaughter	110.0	108.2	107.5	108.4	110.8	113.6	115.9	117.2	117.7	117.8	118.2
Hog imports	6.4	5.9	6.0	6.0	6.0	6.0	6.1	6.0	6.0	6.0	5.9
Hog exports	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Death loss/residual	12.7	12.5	12.4	12.6	12.9	13.2	13.4	13.6	13.6	13.6	13.6
Market hogs (Nov.30)	60.0	59.1	59.0	59.9	61.3	62.6	63.4	63.8	63.7	63.6	63.8
Supply						(Million pounds)					
Beginning stocks	635	575	563	555	561	582	606	628	642	649	651
Imports	841	892	951	988	985	942	899	867	845	864	901
Production	23,022	22,697	22,653	22,927	23,512	24,205	24,786	25,178	25,397	25,533	25,716
Total	24,498	24,164	24,167	24,470	25,057	25,730	26,291	26,673	26,885	27,046	27,268
Disappearance											
Domestic use	19,772	19,148	19,015	19,147	19,543	19,990	20,334	20,538	20,603	20,640	20,734
Exports	4,151	4,453	4,597	4,762	4,932	5,134	5,329	5,493	5,633	5,755	5,879
Total	23,923	23,601	23,612	23,910	24,475	25,123	25,663	26,031	26,236	26,395	26,613
Ending stocks	575	563	555	561	582	606	628	642	649	651	656
Per capita consumption						(Pounds)					
Carcass weight	64.2	61.6	60.6	60.4	61.1	61.9	62.3	62.4	62.0	61.5	61.2
Retail weight	49.8	47.8	47.0	46.9	47.4	48.0	48.4	48.4	48.1	47.7	47.5
Change	0.9%	-4.1%	-1.6%	-0.3%	1.1%	1.3%	0.7%	0.0%	-0.6%	-0.8%	-0.5%
Prices											
Natl. base 51-52% lean equiv.						(Dollars per hundredweight)					
Barrows & gilts	41.24	48.01	53.74	55.94	53.55	51.57	50.35	49.69	50.66	52.55	54.33
IA-S. Minn. #1-2, 300-400 #											
Sows	34.69	38.25	41.65	44.89	43.12	41.28	39.71	38.79	39.47	41.25	43.10
Pork cutout value	58.10	67.39	75.14	79.24	78.50	78.09	76.90	76.48	77.78	80.09	82.45
						(Dollars per pound)					
Pork retail	2.92	3.06	3.24	3.36	3.36	3.34	3.33	3.32	3.39	3.51	3.63
Change	-0.6%	4.7%	5.9%	4.0%	-0.1%	-0.5%	-0.5%	-0.3%	2.3%	3.3%	3.7%
Farrow-finish returns						(Dollars per hundredweight)					
Receipts	42.79	49.57	55.22	57.71	55.44	53.54	52.34	51.74	52.79	54.81	56.73
Feed expenses	31.25	28.08	28.03	28.90	29.32	29.57	29.72	30.19	30.59	30.58	30.45
Non-feed expenses	21.18	21.47	21.88	22.25	22.53	22.92	23.24	23.46	23.67	23.89	24.07
Net returns	-9.64	0.02	5.31	6.56	3.58	1.04	-0.62	-1.91	-1.47	0.35	2.21

* Preceding year

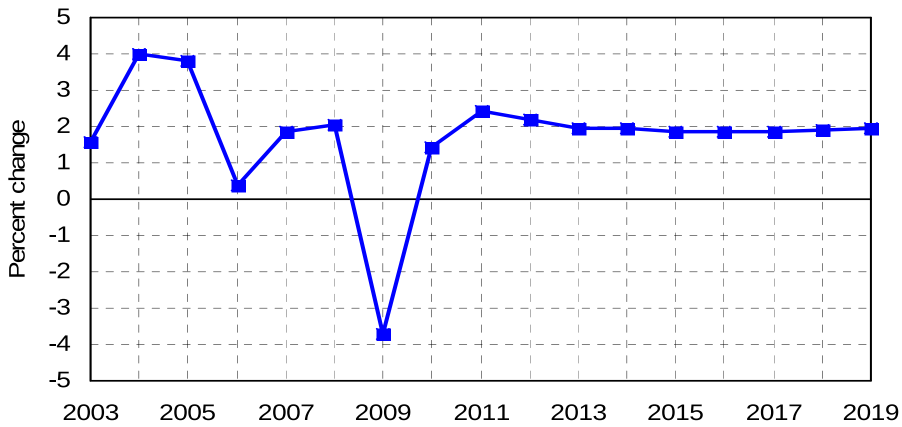
Poultry

- For the first time in many decades, chicken production fell below year ago levels in 2009. Turkey production was also down.

- Feed prices at historically high levels and reduced demand for meat and egg products have hampered all segments of the poultry industry.

- Chicken production is expected to grow at around 2 percent in the next decade. This is much lower than the 4.5 percent average growth rate from 1990 to 2005.

Chicken production declined in 2009

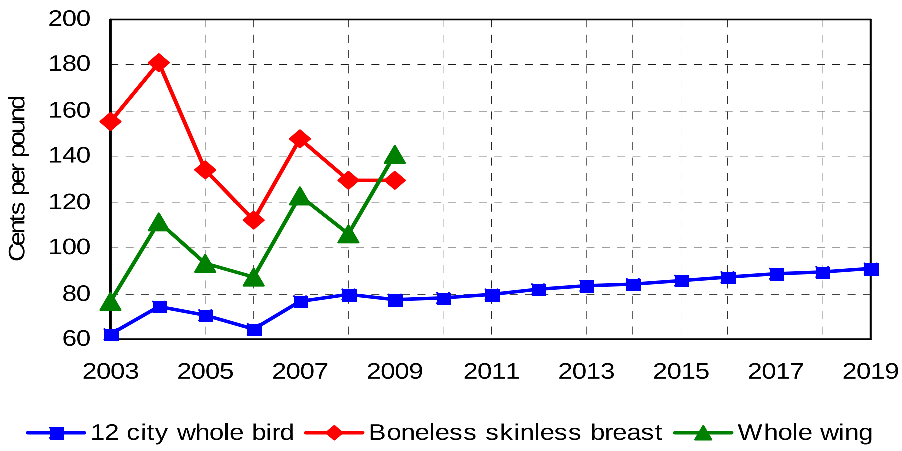


- Chicken markets provided a glimpse at value issues facing all meat products during a recession, as typically lower-valued wing prices eclipsed those of boneless skinless breasts in 2009.

- With its lower priced protein, chicken is in the best position relative to beef and pork to survive tight consumer budgets. However, breast prices must increase for the industry to succeed in the long run.

- Prices will increase upon economic recovery, but less than for beef and pork.

Wing prices unusually strong relative to breast meat

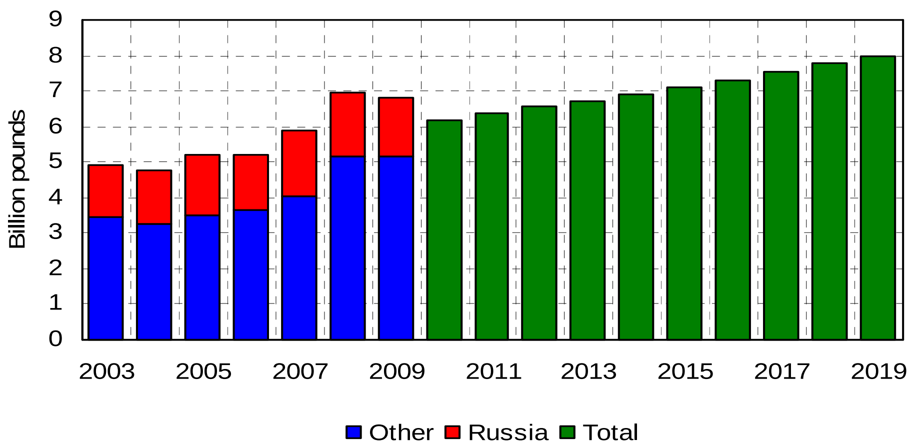


- During the past decade, about 30 percent of all chicken exports were destined for Russia.

- Russia is currently banning chicken treated with chlorine, the production process used in virtually all US plants.

- If the ban is not resolved quickly, a surplus of dark meat chicken will pull down other chicken part prices, as well as prices for beef and pork.

Uncertainty clouds chicken exports in 2010



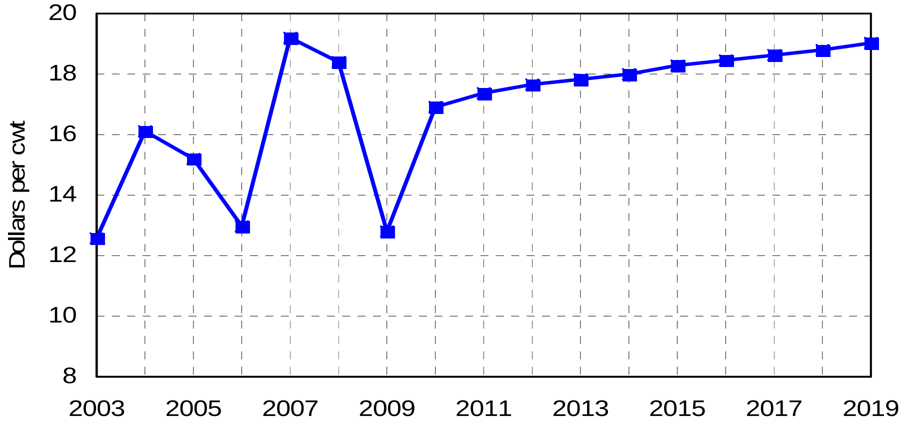
Poultry supply and use

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Broiler						(Million pounds)					
Production	35,153	35,652	36,510	37,318	38,053	38,803	39,525	40,261	41,000	41,781	42,601
Domestic use	28,538	29,484	30,208	30,824	31,396	31,980	32,523	33,044	33,571	34,115	34,730
Exports	6,802	6,200	6,360	6,560	6,724	6,904	7,087	7,306	7,521	7,760	7,966
Ending stocks	640	688	712	733	754	765	775	784	793	803	814
Turkey											
Production	5,573	5,586	5,731	5,895	6,038	6,159	6,250	6,315	6,359	6,394	6,428
Domestic use	5,187	5,030	5,164	5,304	5,431	5,539	5,616	5,663	5,687	5,702	5,718
Exports	536	545	576	602	617	631	648	668	689	712	731
Ending stocks	260	283	287	290	295	300	304	306	307	307	307
Eggs						(Million dozens)					
Production	7,517	7,570	7,694	7,817	7,929	8,031	8,117	8,192	8,260	8,327	8,396
Domestic use	6,341	6,395	6,501	6,609	6,709	6,799	6,874	6,938	6,995	7,050	7,108
Hatching egg	950	967	979	990	999	1,008	1,016	1,024	1,031	1,040	1,049
Exports	240	220	227	230	233	237	241	244	248	251	254
Ending stocks	15	15	15	15	15	15	15	15	15	15	15
Prices						(Cents per pound)					
12 city wholesale broiler	77.60	77.98	80.02	82.15	83.32	84.33	85.73	87.06	88.42	89.88	91.01
Broiler retail	177.97	182.26	188.07	194.15	198.71	202.18	205.67	208.58	211.51	214.66	217.17
East. region wholesale turkey	79.85	82.81	85.42	87.43	88.19	89.01	89.98	90.65	91.62	93.05	94.41
Turkey retail	139.60	146.23	148.55	150.71	152.63	154.46	156.38	157.63	158.83	160.51	162.06
						(Cents per dozen)					
NY grade A large egg	102.97	109.01	113.90	116.97	119.13	119.79	120.50	121.54	122.90	123.67	124.30
Shell egg retail	166.40	171.95	179.75	186.00	190.98	194.58	197.53	200.22	203.12	205.72	207.79
Per capita consumption						(Pounds)					
Broiler	92.7	94.8	96.2	97.3	98.1	99.0	99.7	100.3	101.0	101.6	102.5
Turkey	16.8	16.2	16.5	16.7	17.0	17.1	17.2	17.2	17.1	17.0	16.9
						(Eggs)					
Eggs	247.2	246.9	248.6	250.3	251.6	252.6	252.9	252.8	252.5	252.1	251.7
Feed-price ratios						(Ratio)					
Broiler	4.1	4.5	4.7	4.8	4.8	4.7	4.7	4.8	4.8	4.9	5.0
Turkey	5.0	5.7	6.0	6.0	6.0	5.9	5.9	5.8	5.9	5.9	6.1
Eggs	7.1	8.3	8.8	8.9	9.0	8.8	8.7	8.7	8.7	8.7	8.7

Dairy prices

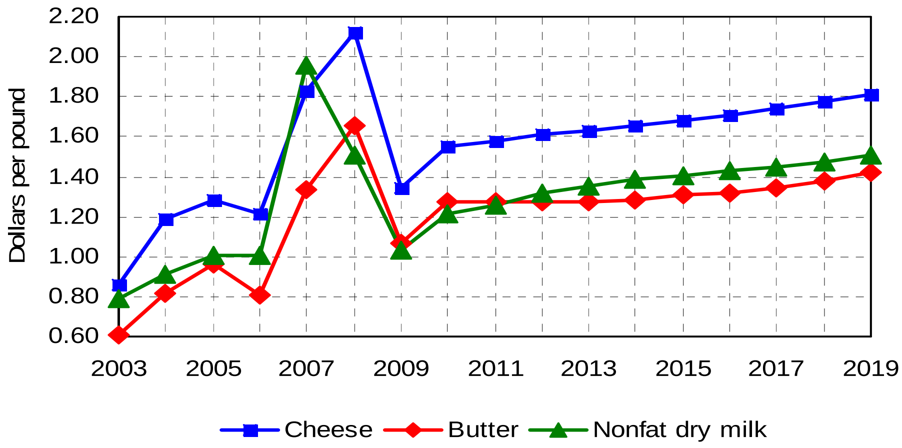
All milk price expected to rebound in 2010

- 2009 saw a large decline in farm-level milk prices.
- All milk prices are expected to increase in 2010 to near $17 per cwt. The increase in 2010 prices depends critically on general economic recovery.
- Although the forecasted average all milk prices show little volatility, there is a large range in the price outcomes suggesting more volatility is expected in the years ahead.



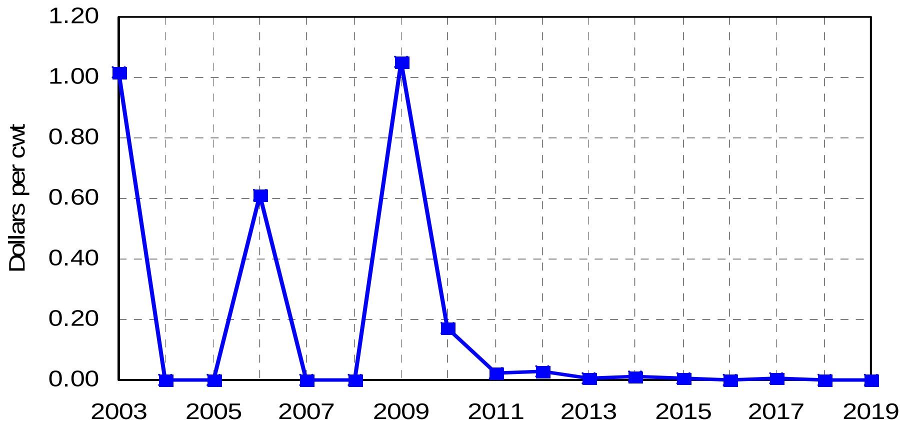
World dairy prices to increase in 2010

- Lower world dairy prices was one of the reasons US all milk prices declined in 2009.
- Recovery in world dairy prices in 2010 will help support higher US milk prices.
- The US is expected to be a larger player in world markets in the baseline due to growing US commercial dairy product exports.



Large 2009 MILC payments

- The level of Milk Income Loss Contract (MILC) payments increased substantially in 2009 due to low milk prices and high feed costs.
- The average outcome from the baseline shows only minimal levels of MILC payments each year. However, some of the 500 outcomes have large MILC payments that exceed historical levels.

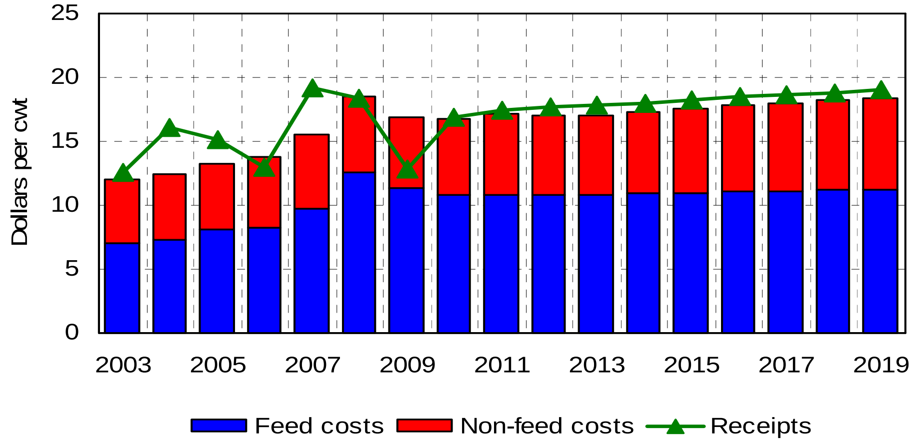


Dairy sector

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
US milk supply											
Dairy cows (thou. head)	9,200	9,024	8,972	8,952	8,940	8,930	8,923	8,919	8,916	8,912	8,916
Milk yield (lbs. per cow)	20,571	20,918	21,316	21,610	21,881	22,161	22,444	22,699	22,959	23,208	23,465
Milk production (bil. lbs.)	189.3	188.8	191.3	193.5	195.6	197.9	200.3	202.5	204.7	206.8	209.2
Min. FMMO class prices					(Dollars per hundredweight)						
Class I mover	11.48	16.37	16.65	16.92	17.18	17.27	17.68	17.85	17.97	18.19	18.45
Class II	11.26	14.34	14.82	15.25	15.51	15.76	16.06	16.25	16.48	16.77	17.00
Class III	11.36	15.41	15.86	15.98	16.10	16.28	16.49	16.68	16.77	16.96	17.12
Class IV	10.89	13.97	14.45	14.87	15.13	15.38	15.69	15.87	16.10	16.40	16.63
All milk price	12.79	16.92	17.40	17.65	17.85	18.01	18.30	18.48	18.60	18.82	19.02
MILC payment rate	1.05	0.17	0.02	0.03	0.01	0.01	0.00	0.00	0.00	0.00	0.00
MILC trigger	16.96	17.18	17.25	16.95	16.95	16.94	16.96	16.95	16.96	16.97	16.96
Wholesale prices					(Dollars per pound)						
Butter, CME	1.24	1.46	1.49	1.48	1.47	1.48	1.51	1.52	1.53	1.54	1.56
Cheese, Amer., 40#, CME	1.30	1.68	1.72	1.73	1.74	1.76	1.77	1.79	1.80	1.81	1.83
Nonfat dry milk, AA	0.99	1.25	1.29	1.34	1.38	1.40	1.42	1.44	1.46	1.49	1.51
Evaporated milk	1.46	1.52	1.54	1.56	1.58	1.60	1.62	1.64	1.66	1.68	1.70
Dairy product production					(Million pounds)						
American cheese	4,178	4,245	4,335	4,407	4,480	4,548	4,626	4,701	4,774	4,844	4,923
Other cheese	5,925	5,948	6,067	6,126	6,226	6,321	6,413	6,503	6,597	6,684	6,779
Butter	1,560	1,570	1,590	1,613	1,628	1,640	1,652	1,660	1,671	1,682	1,693
Nonfat dry milk	1,715	1,677	1,736	1,766	1,791	1,820	1,846	1,865	1,890	1,914	1,942

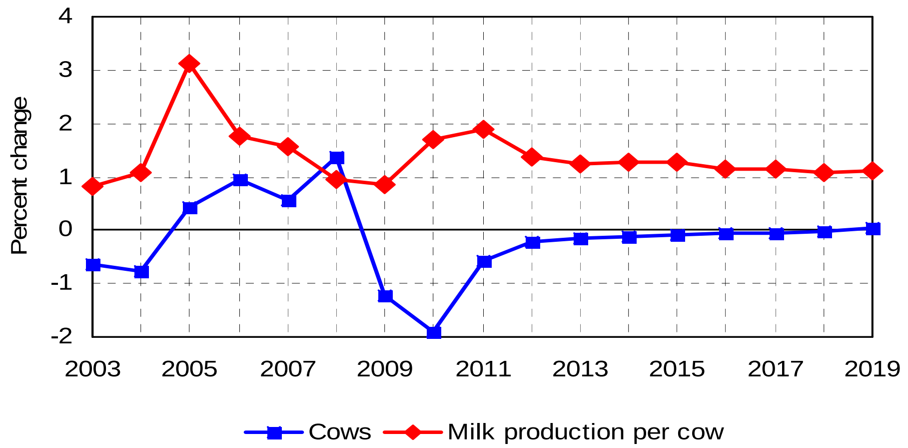
Milk production

Milk returns remain historically low



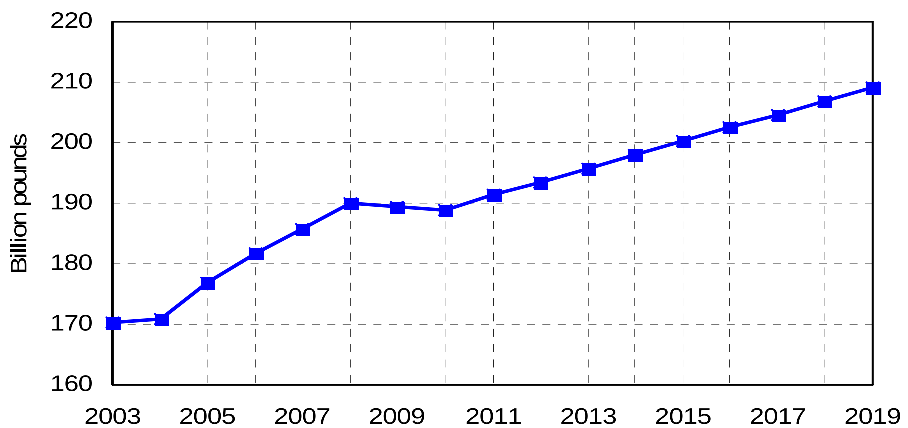
- The cost of producing milk has increased rapidly due to high costs for feed and energy-related inputs.
- Low milk prices coupled with historically high production costs resulted in the dairy industry experiencing one of the worst years on record in 2009.
- Milk production costs have declined from their 2008 peak. However, they remain well above the historical average.

Dairy cow herd contraction will continue



- Dairy cow inventories declined substantially in 2009 as a result of the negative returns faced by the industry. Further contraction is expected in 2010 as returns remain historically low.
- Milk yield growth is expected to accelerate in 2010 given the heavy culling of lower-producing dairy cows that occurred in 2009.
- New technologies such as sexed semen could accelerate the growth in milk yields in the future.

Milk production stopped growing in 2009 and 2010



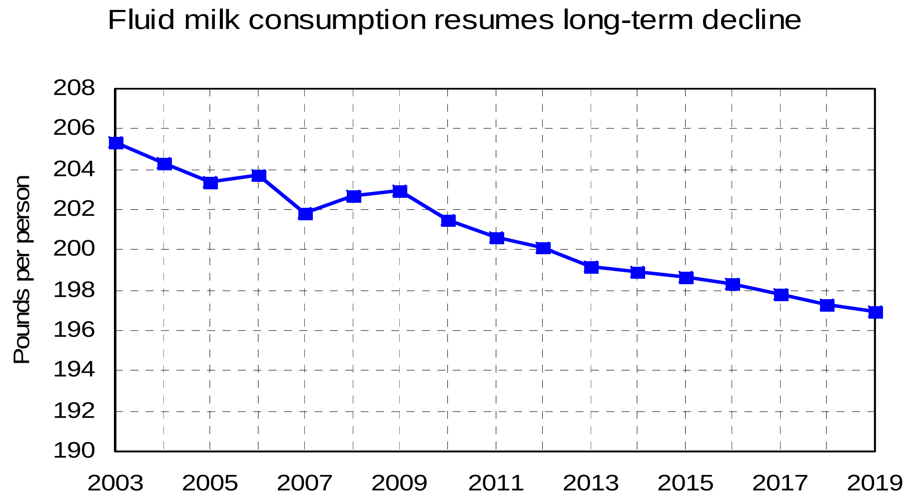
- Milk production is expected to decline in 2010 for the second consecutive year.
- After 2010, milk production is projected to grow by 1.1 percent annually on average.
- Higher feed and transportation costs appear to be pushing regional milk production closer to feed and other input sources.

State level dairy cows

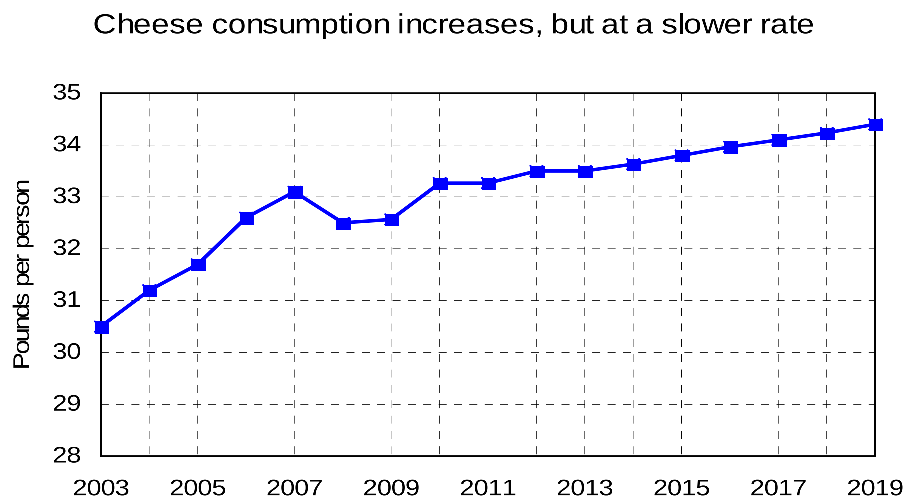
Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Thousand head)						
Alabama	11	10	9	9	8	7	7	7	6	6	5
Alaska	1	1	1	1	1	1	1	1	1	1	1
Arizona	177	171	170	171	173	174	175	176	177	178	179
Arkansas	13	11	10	9	8	7	6	6	6	5	5
California	1,796	1,759	1,747	1,747	1,752	1,761	1,774	1,789	1,806	1,825	1,847
Colorado	123	119	117	116	116	115	114	114	113	113	112
Connecticut	18	17	16	16	15	15	14	14	13	13	12
Delaware	6	6	6	6	6	6	6	6	6	6	6
Florida	115	110	108	106	105	103	101	99	98	96	95
Georgia	77	75	74	73	71	70	69	67	66	64	62
Hawaii	2	2	2	2	2	2	1	1	1	1	1
Idaho	550	546	551	558	566	575	586	597	609	622	635
Illinois	102	101	101	102	102	102	102	102	102	102	102
Indiana	168	170	174	178	182	185	189	192	195	197	199
Iowa	215	213	213	214	215	216	216	216	216	215	214
Kansas	118	118	119	121	123	125	126	128	129	130	131
Kentucky	84	77	73	69	66	64	62	60	59	57	56
Louisiana	23	19	17	15	13	11	9	8	7	6	5
Maine	33	33	33	33	33	33	33	33	33	32	32
Maryland	55	54	53	53	51	50	49	48	48	48	48
Massachusetts	14	12	11	10	9	8	7	7	6	6	6
Michigan	356	354	356	359	361	363	364	365	365	366	366
Minnesota	469	465	464	463	460	455	450	445	438	431	424
Mississippi	18	16	15	13	12	11	10	9	8	7	7
Missouri	107	103	100	98	96	94	92	91	89	87	86
Montana	15	13	12	11	10	9	9	9	8	8	9
Nebraska	61	59	58	57	57	56	56	55	55	54	54
Nevada	27	27	27	27	28	28	28	28	29	29	29
New Hampshire	15	15	15	15	15	15	15	15	15	15	15
New Jersey	9	8	8	7	7	6	6	6	5	5	4
New Mexico	325	312	307	305	304	304	306	309	312	315	319
New York	619	607	602	598	595	591	588	584	580	576	571
North Carolina	45	43	41	39	38	36	34	32	30	27	25
North Dakota	23	20	17	15	13	11	10	9	8	7	6
Ohio	277	272	270	270	270	269	268	267	266	264	262
Oklahoma	59	54	51	49	46	44	43	41	39	38	37
Oregon	114	114	115	115	115	115	114	113	113	111	110
Pennsylvania	545	536	533	531	530	528	526	524	522	520	518
Rhode Island	1	1	1	1	1	1	1	1	1	1	1
South Carolina	17	16	16	15	15	14	14	13	13	12	12
South Dakota	94	96	98	98	98	98	98	98	98	98	98
Tennessee	56	52	49	47	45	43	41	38	36	34	32
Texas	423	420	424	430	435	440	444	447	450	453	455
Utah	84	82	82	82	82	82	82	82	82	82	82
Vermont	135	130	126	124	121	119	117	116	114	113	112
Virginia	96	94	93	92	91	91	90	89	88	88	87
Washington	240	234	231	229	227	226	224	223	222	221	220
West Virginia	11	10	9	8	8	7	7	7	6	6	6
Wisconsin	1,257	1,245	1,246	1,247	1,243	1,239	1,234	1,229	1,223	1,217	1,211
Wyoming	5	4	3	3	4	4	5	5	5	5	5
United States	**9,200**	**9,024**	**8,972**	**8,952**	**8,940**	**8,930**	**8,923**	**8,919**	**8,916**	**8,912**	**8,916**

Dairy products

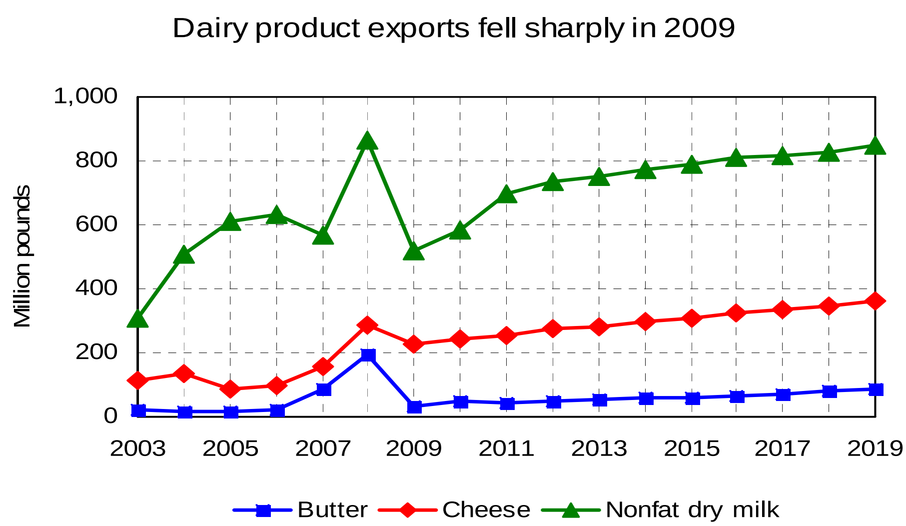
- Fluid milk consumption is expected to return to the long-term declining trend.
- Lower retail milk prices boosted consumption in 2009 relative to 2008.
- Fluid milk consumption changes are having smaller effects on producer milk prices, as a smaller percentage of milk production is used for fluid purposes.



- Total cheese per capita consumption has been flat at 32.5 pounds for the previous two years after decades of strong growth.
- Per capita cheese consumption growth remains important to the overall dairy outlook.
- Total per capita cheese consumption reaches 34.2 pounds by 2019, an increase of 1.6 pounds from the 2009 level. This compares to a 4.7 pound increase over the 1998-2008 period.



- Exports of dairy products fell in 2009 as many global economies contracted.
- Economic recovery allows the US to commercially export dairy products in the baseline.
- From 2005 to 2008, over 43 percent of nonfat dry milk production was consumed outside of US borders. Trade in butter and cheese is normally small relative to production.



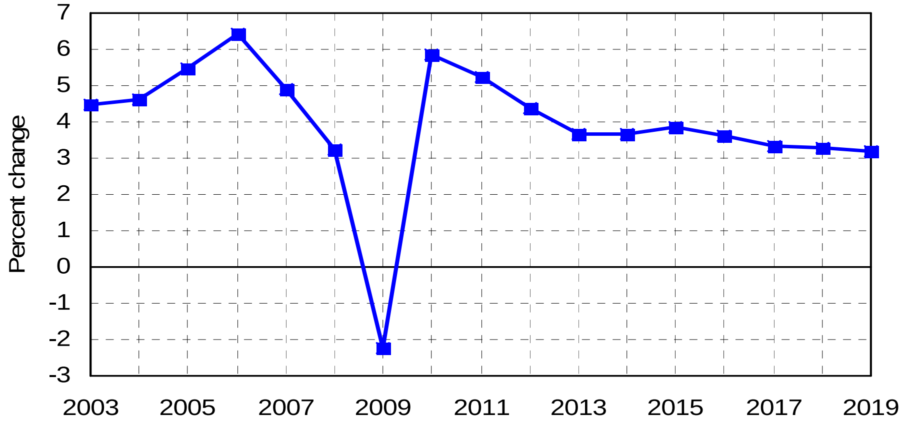
Dairy product supply and use

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Butter						(Million pounds)					
Production	1,560	1,570	1,590	1,613	1,628	1,640	1,652	1,660	1,671	1,682	1,693
Imports	13	13	13	13	13	13	13	13	13	13	16
Domestic use	1,515	1,586	1,563	1,575	1,584	1,591	1,604	1,607	1,611	1,617	1,623
Total foreign use	37	48	43	49	54	59	63	69	74	80	89
Ending stocks	141	91	88	91	94	97	96	94	93	90	89
CCC net removals inc. DEIP	0	18	0	1	2	2	-2	-3	-1	-3	-2
American cheese											
Production	4,178	4,245	4,335	4,407	4,480	4,548	4,626	4,701	4,774	4,844	4,923
Imports	38	38	38	38	38	38	38	38	38	38	38
Domestic use	4,074	4,216	4,258	4,319	4,386	4,449	4,521	4,590	4,657	4,722	4,795
Total foreign use	85	105	109	115	121	126	132	137	143	149	154
Ending stocks	595	557	563	573	585	596	607	619	631	642	654
CCC net removals inc. DEIP	0	0	0	0	0	0	0	0	0	0	0
Other cheese											
Production	5,925	5,948	6,067	6,126	6,226	6,321	6,413	6,503	6,597	6,684	6,779
Imports	330	333	337	340	343	347	350	354	357	361	365
Domestic use	5,951	6,121	6,181	6,296	6,331	6,419	6,507	6,593	6,682	6,766	6,856
Total foreign use	217	213	219	232	236	244	251	258	267	274	282
Ending stocks	400	347	351	289	291	297	302	307	313	318	324
Nonfat dry milk											
Production	1,715	1,677	1,736	1,766	1,791	1,820	1,846	1,865	1,890	1,914	1,942
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic use	1,265	1,161	1,038	1,032	1,041	1,044	1,057	1,055	1,073	1,088	1,090
Total foreign use	518	586	696	733	749	774	788	809	816	824	851
Ending stocks	180	109	112	113	115	117	118	120	122	123	125
Government	60	0	0	0	0	1	0	0	0	0	0
Commercial	120	109	112	113	115	117	118	120	122	123	125
CCC net removals inc. DEIP	60	10	10	0	0	1	-1	0	0	0	0
Evap. and condensed milk											
Production	770	850	876	880	879	882	886	888	890	891	895
Imports	11	11	11	11	11	11	11	11	11	11	11
Domestic use	674	813	813	816	815	819	822	824	827	827	831
Total foreign use	74	74	74	74	74	74	74	74	74	74	74
Ending stocks	75	49	49	50	50	50	50	51	51	51	52
Per capita consumption						(Pounds)					
Butter	4.9	5.1	5.0	5.0	5.0	4.9	4.9	4.9	4.8	4.8	4.8
Nonfat dry milk	4.1	3.7	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.2
Total cheese	32.6	33.3	33.3	33.5	33.5	33.6	33.8	34.0	34.1	34.2	34.4
American	13.2	13.6	13.6	13.6	13.7	13.8	13.9	13.9	14.0	14.1	14.1
Other	19.3	19.7	19.7	19.9	19.8	19.9	19.9	20.0	20.1	20.2	20.2
Total fluid milk	202.9	201.5	200.6	200.1	199.2	198.9	198.7	198.3	197.8	197.3	196.9
Ice cream	23.0	22.8	22.8	22.7	22.6	22.6	22.5	22.4	22.3	22.3	22.2
Retail prices						(Dollars per unit)					
Cheese, cheddar (pound)	4.74	5.17	5.34	5.46	5.57	5.67	5.78	5.87	5.95	6.03	6.10
Milk, whole (gallon)	2.87	3.54	3.58	3.62	3.65	3.67	3.72	3.75	3.76	3.79	3.83
Ice cream (half gallon)	4.32	4.51	4.48	4.46	4.50	4.55	4.63	4.68	4.73	4.79	4.85

Food prices and expenditures

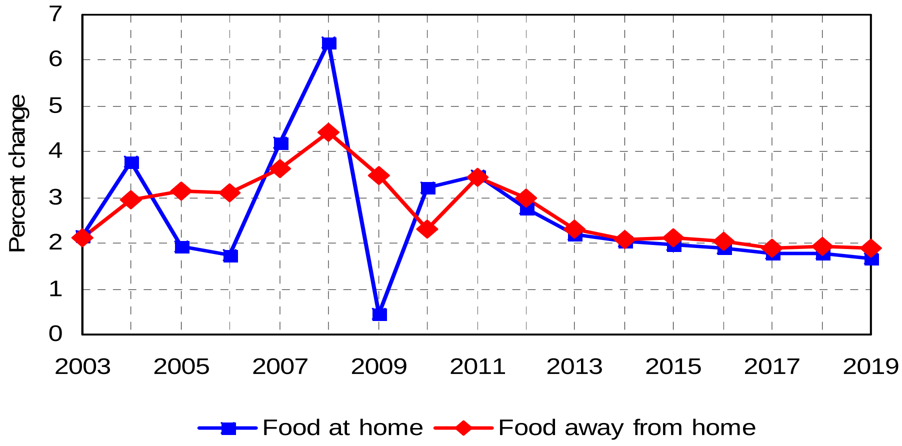
Food expenditures declined in 2009

- Food expenditures fell by 2.2 percent last year, the first annual decline since 1949.
- The largest reason for the decline is the reduction in farm value for many products. Additionally, other non-food costs (such as labor, transportation, marketing, and packaging) grew at a much slower rate than previous years.
- A more normal rate of expenditure growth will resume in 2010.



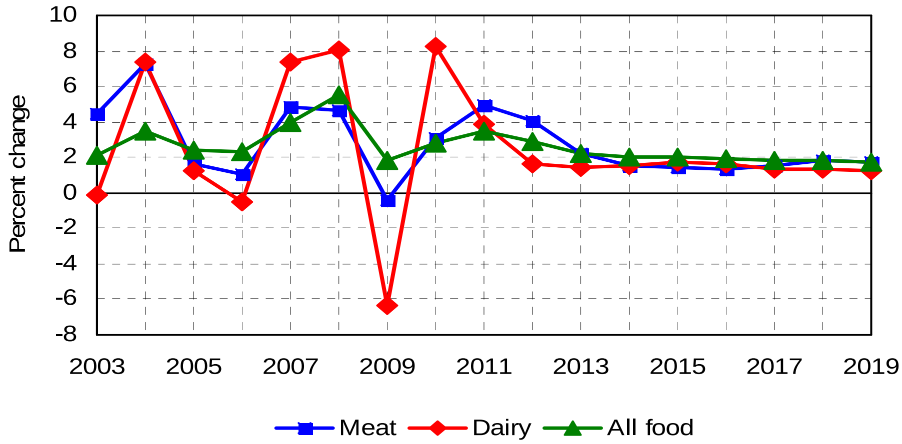
Inflation more volatile for food at home

- The consumer price index for food consumed at home increased by 0.5 percent in 2009, following a 6.4 percent increase in 2008.
- Changes in food commodity prices take longer to affect the food away from home sector. Likewise, the higher proportion of non-food costs associated with dining out limits the effect of farm prices on food away from home inflation.
- Food inflation will average 3 percent from 2010 to 2012.



Meat and dairy to lead food cost increases

- The current economic recession has most affected the prices consumers pay for meat and dairy products.
- The financial difficulties faced by many producers in 2009 will lead to reduced supplies of meat and dairy products during the next few years, causing prices to increase.
- Longer term, food price inflation closely tracks expectations for the cost of labor, the largest component of food prices.



Consumer price indices for food

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(1982-84=100)						
Total food	218.0	224.1	231.9	238.6	244.0	249.0	254.1	259.1	263.9	268.8	273.6
(Inflation rate)	1.8%	2.8%	3.5%	2.9%	2.3%	2.1%	2.1%	2.0%	1.8%	1.9%	1.8%
Food at home	215.1	222.1	229.8	236.2	241.3	246.3	251.1	255.9	260.4	265.0	269.4
Cereal and bakery	252.6	253.2	259.1	264.3	269.1	273.9	278.7	283.5	287.7	291.8	295.6
Meat	203.8	210.0	220.4	229.4	234.5	238.0	241.4	244.8	248.6	253.1	257.4
Dairy	197.0	213.2	221.5	225.0	228.3	231.8	235.9	239.8	243.0	246.3	249.4
Fruit and vegetables	272.9	282.6	292.6	301.7	310.3	319.2	328.3	337.1	345.1	353.1	360.8
Other food at home	191.2	196.8	201.6	206.0	210.2	214.4	218.3	222.1	225.6	229.1	232.4
Sugar and sweets	196.9	204.4	212.9	217.5	222.1	226.6	230.7	234.7	238.4	242.1	245.6
Fats and oils	201.2	207.3	212.5	217.4	221.8	226.2	230.3	234.5	238.3	242.1	245.7
Other prepared items	205.5	210.6	215.7	220.1	224.3	228.7	232.7	236.7	240.4	244.1	247.7
Non-alc. beverages	163.0	168.4	171.5	175.6	179.6	183.6	187.1	190.6	193.7	196.6	199.4
Food away from home	223.3	228.4	236.3	243.3	248.9	254.1	259.5	264.7	269.8	275.0	280.2

Consumer expenditures for food

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Dollars per person)						
Total food per capita	3,529	3,699	3,856	3,986	4,092	4,202	4,323	4,438	4,541	4,647	4,750
Food at home	1,882	1,959	2,032	2,094	2,147	2,201	2,259	2,314	2,363	2,412	2,458
Food away from home	1,647	1,740	1,824	1,892	1,945	2,001	2,064	2,124	2,178	2,235	2,292
Multiply by population for:					(Billion dollars)						
Total US food expenditures	1,086	1,150	1,210	1,263	1,309	1,357	1,410	1,461	1,510	1,560	1,610

Government costs

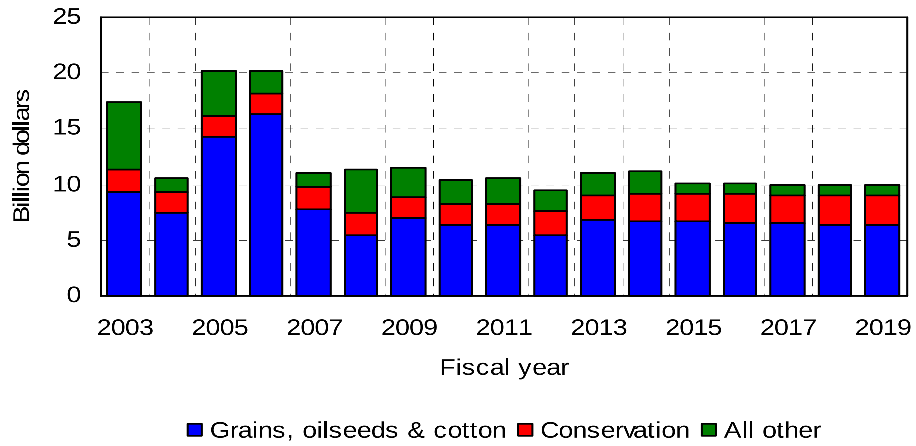
▪Net CCC outlays were flat in FY 2009, as reduced disaster spending was offset by increased spending on cotton and other commodities.

▪Projected spending hovers around $10 billion per year.

▪The first payments under the ACRE program occur in October 2010, which is part of FY 2011.

▪The last tobacco trust fund payments are made in FY 2014.

Net CCC outlays average $10 billion from FY 10-19

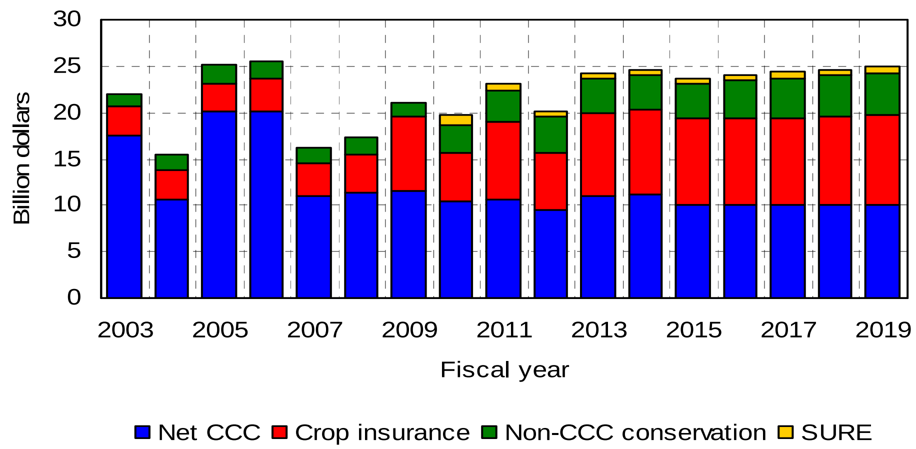


▪Mandatory government outlays under the crop insurance program, the supplemental revenue (SURE) program and certain conservation programs are not included in the CCC account.

▪Crop insurance outlays vary with the weather and crop prices.

▪Crop insurance outlays dip in FY 2012 because of mandated changes in when producers pay premiums and providers are reimbursed for expenses.

Crop insurance share of program spending increases

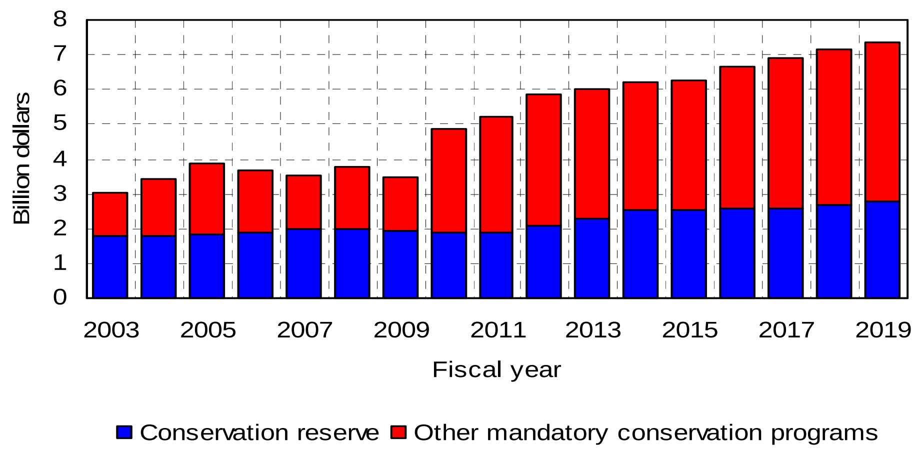


▪CRP spending reflects changes in CRP area under contract and increased rental rates when new contracts are signed.

▪For other mandatory conservation programs, projected expenditures are based on preliminary estimates from the Congressional Budget Office (CBO).

▪Provisions of the 2008 farm bill lead to increased spending on the Conservation Stewardship Program, the Environmental Quality Incentive Program, and other conservation programs.

Conservation outlays rise due to farm bill changes



Net government outlays

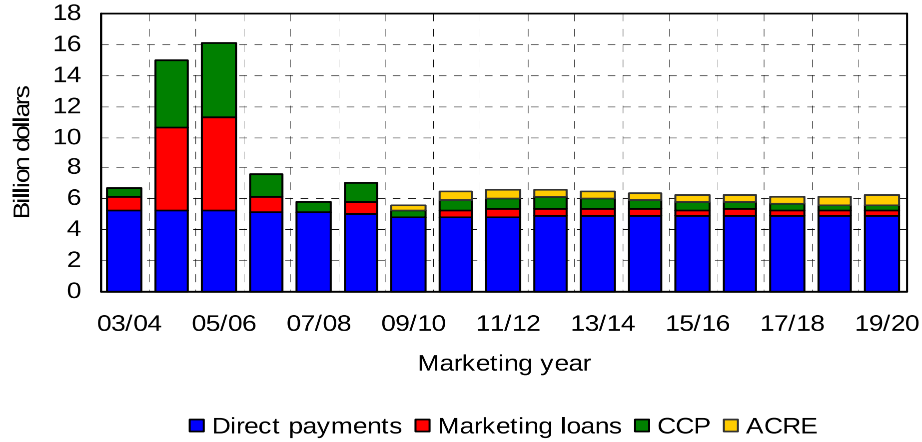
Fiscal year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Feed grains					(Million dollars)						
Corn	2,175	2,029	1,949	1,639	2,146	2,191	2,249	2,232	2,180	2,188	2,196
Sorghum	197	183	183	144	190	191	191	188	188	187	188
Barley	84	74	80	73	88	86	88	87	85	85	86
Oats	3	3	5	5	6	6	6	6	5	5	5
Food grains											
Wheat	1,224	1,130	1,354	1,039	1,196	1,168	1,147	1,147	1,135	1,130	1,138
Rice	411	507	534	472	580	600	609	610	619	628	613
Oilseeds											
Soybeans	596	582	578	686	756	759	739	712	723	719	700
Peanuts	98	97	114	74	105	105	101	99	97	97	97
Other oilseeds	23	17	28	27	27	26	26	27	26	26	24
Other commodities											
Upland cotton	2,176	1,678	1,523	1,314	1,692	1,577	1,485	1,440	1,390	1,329	1,260
Sugar	0	0	9	13	5	7	3	6	7	2	13
Dairy	994	88	27	23	11	13	4	1	2	-1	0
CCC conservation											
Conservation reserve	1,916	1,887	1,877	2,086	2,274	2,518	2,531	2,563	2,603	2,664	2,774
Other CCC conservation	10	23	17	14	12	1	1	1	1	1	1
Tobacco trust fund	1,130	960	960	780	960	960	0	0	0	0	0
Other CCC											
Disaster payments, NAP	155	100	100	100	100	100	100	100	100	100	100
Other net costs	367	1,086	1,269	1,028	907	834	818	811	810	816	816
Net CCC outlays	11,561	10,446	10,607	9,517	11,056	11,142	10,099	10,030	9,971	9,975	10,011
NRCS conservation	1,582	2,981	3,352	3,763	3,742	3,715	3,742	4,073	4,300	4,471	4,603
Supp. Revenue (SURE)	0	1,147	600	600	600	600	600	600	600	600	600
Crop insurance	7,962	5,187	8,491	6,217	8,912	9,155	9,307	9,420	9,482	9,629	9,690
Total mandatory outlays	21,105	19,761	23,050	20,097	24,309	24,611	23,748	24,123	24,353	24,675	24,903

Note: "NRCS Conservation" denotes mandatory spending on conservation programs authorized by the 2002 and 2008 farm bills that is not included in reported CCC outlays. Fiscal years begin on Oct. 1 of the previous calendar year (FY 2010: Oct. 1, 2009-Sep. 30, 2010).

Payments and crop insurance

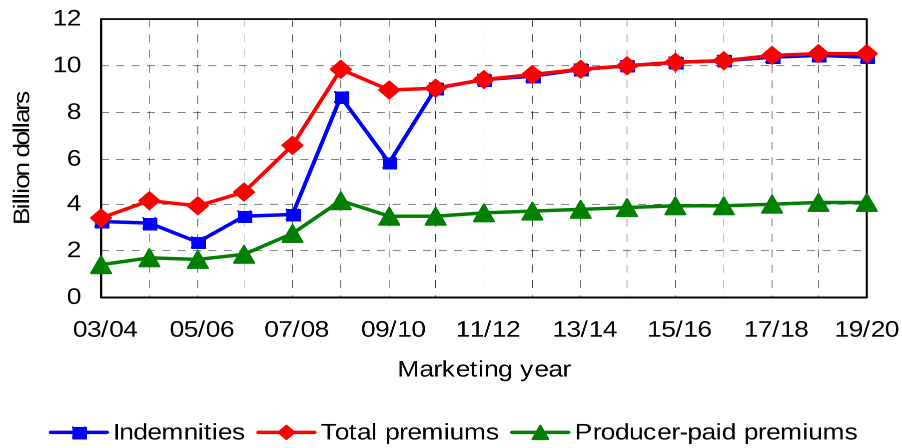
- Direct payments do not depend on market conditions.
- Average projected prices are above levels that would trigger marketing loan benefits or countercyclical payments for most crops.
- ACRE payments average about $500 million per year. This is less than previously estimated, because of limited program participation.

Direct payments dominate total traditional payments



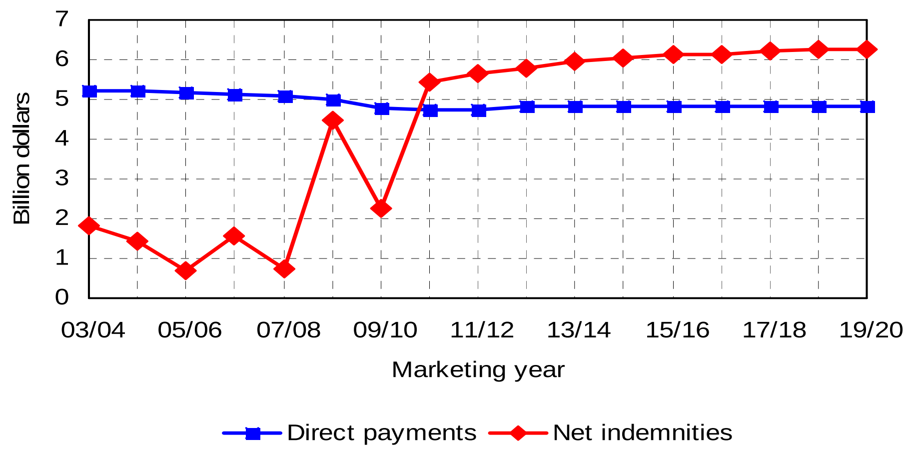
- Crop insurance coverage levels have increased, and higher crop prices have increased premiums and premium subsidies.
- For seven consecutive years, the crop insurance loss ratio (indemnities divided by total premiums, including premium subsidies) has been less than 1.0.
- The baseline assumes an average loss ratio of about 1.0. Actual loss ratios will vary based on crop yields and market prices.

Crop insurance subsidies rise with higher prices



- The crop insurance program has grown in importance relative to other farm programs.
- If the future loss ratio is about 1.0, crop insurance net indemnities (indemnities minus producer-paid premiums) may actually be larger than direct payments.
- Projected net USDA expenditures on the crop insurance program approach net spending by the CCC on other farm programs.

Net indemnities may exceed direct payments



Selected direct government payments

Marketing year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
					(Million dollars)						
Direct payments	4,820	4,787	4,777	4,864	4,864	4,864	4,864	4,864	4,865	4,865	4,865
Marketing loans	0	465	560	542	499	447	440	463	419	353	397
Countercyclical payments	444	645	735	689	644	568	479	472	448	377	379
ACRE payments	333	614	483	477	533	515	479	473	465	524	576
Total	5,597	6,511	6,555	6,572	6,540	6,394	6,262	6,272	6,197	6,119	6,216

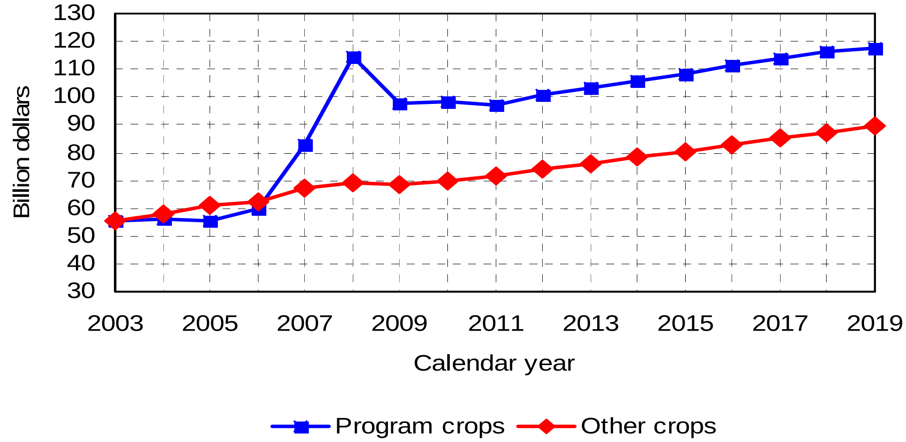
Note: Includes selected payments for feed grains, food grains, oilseeds, and upland cotton.

Crop insurance

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Million acres, crop year)						
Eligible acres	676.2	674.6	675.5	676.0	676.0	676.0	675.7	675.6	675.6	675.5	675.3
Net acres insured	264.6	270.4	272.7	274.0	274.5	274.7	274.7	274.9	275.0	275.1	275.0
Catastrophic	22.2	20.6	19.7	19.4	19.2	19.2	19.1	19.1	19.1	19.2	19.2
Yield-based	92.8	96.9	97.3	97.6	97.7	97.8	97.7	97.8	97.8	97.9	97.9
Revenue-based and other	149.5	153.0	155.7	157.0	157.5	157.8	157.9	158.0	158.0	158.1	157.9
Share of acres enrolled	39.1%	40.1%	40.4%	40.5%	40.6%	40.6%	40.7%	40.7%	40.7%	40.7%	40.7%
					(Million dollars, crop year)						
Total premiums	8,940	8,988	9,378	9,603	9,830	9,997	10,143	10,247	10,437	10,545	10,545
Producer-paid premiums	3,521	3,527	3,651	3,737	3,826	3,890	3,947	3,987	4,061	4,103	4,102
Premium subsidies	5,420	5,462	5,727	5,866	6,005	6,107	6,196	6,260	6,376	6,442	6,442
Total indemnities	5,811	9,015	9,368	9,565	9,826	9,991	10,114	10,184	10,346	10,414	10,397
Loss ratio	0.65	1.00	1.00	1.00	1.00	1.00	1.00	0.99	0.99	0.99	0.99
					(Million dollars, crop year)						
Net indemnities	2,291	5,488	5,717	5,828	6,001	6,101	6,167	6,196	6,285	6,311	6,295
Corn		2,382	2,402	2,494	2,594	2,627	2,656	2,633	2,682	2,680	2,625
Soybeans		1,284	1,412	1,407	1,461	1,514	1,513	1,559	1,589	1,599	1,624
Wheat		609	652	661	675	671	684	686	684	684	682
All other		1,214	1,250	1,265	1,271	1,289	1,315	1,317	1,330	1,347	1,364
					(Million dollars, fiscal year)						
Net outlays	7,962	5,187	8,491	6,217	8,912	9,155	9,307	9,420	9,482	9,629	9,690

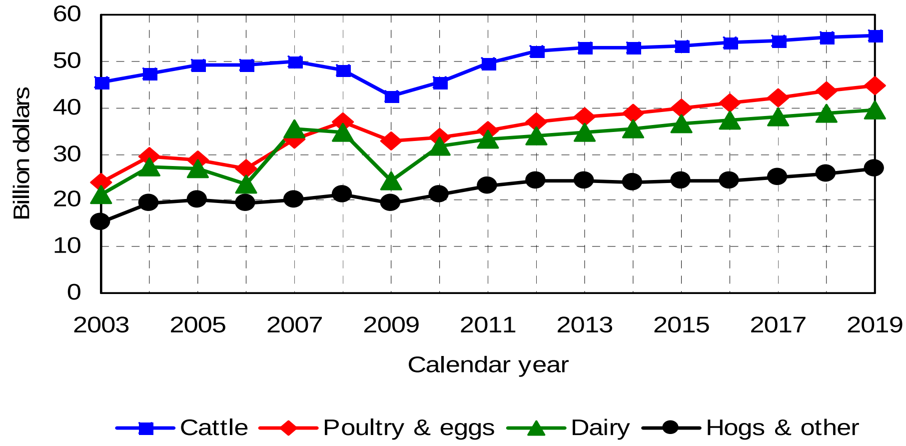
Farm receipts and expenses

Program crop receipts decline from 2008 peak



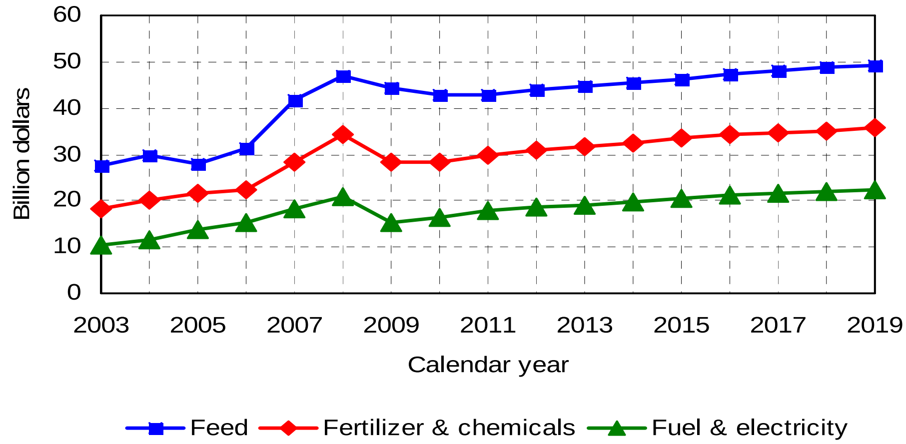
- Cash receipts from sales of program crops (grains, oilseeds, cotton and sugar) almost doubled between 2005 and 2008.
- Prices of most program crops declined in calendar year 2009, resulting in lower cash receipts.
- Program crop receipts begin to rise again in 2012 because of increasing yields and prices for most crops.

Dairy and livestock receipts grow after 2009 decline



- Lower prices resulted in lower cash receipts for every major livestock category in 2009, with dairy experiencing the largest decline.
- Dairy and livestock receipts increase in 2010 and later years, as the assumed recovery in the US and global economies leads to increased demand for animal products.

Production costs resume increase after 2009 decline



- Farm production expenses increased sharply between 2002 and 2008, primarily because of large increases in spending on fertilizer, fuel, and feed.
- Lower prices for these key inputs resulted in lower farm expenditures in 2009.
- Rising prices for energy and other inputs result in resumed growth in production expenses in 2010.

Farm cash receipts

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Billion dollars)						
Feed grains	49.47	53.00	53.28	55.09	56.66	58.15	59.80	61.68	63.27	64.62	65.21
Food grains	14.93	11.99	11.61	11.84	12.06	12.10	12.21	12.41	12.54	12.70	12.68
Oilseeds	32.93	31.79	30.23	31.50	32.35	33.03	33.88	34.78	35.67	36.54	37.20
Cotton	3.81	4.90	5.38	5.54	5.65	5.77	5.93	6.09	6.27	6.44	6.57
Sugar	2.70	2.72	2.52	2.50	2.54	2.59	2.65	2.70	2.73	2.76	2.80
Other crops	62.42	64.07	66.08	68.16	70.05	72.17	74.49	76.61	78.58	80.62	82.71
Cattle	42.52	45.37	49.56	52.33	52.81	52.98	53.39	53.92	54.37	55.03	55.62
Hogs	14.32	15.72	17.42	18.31	17.97	17.81	17.80	17.84	18.31	19.06	19.81
Dairy products	24.06	31.74	33.06	33.92	34.68	35.41	36.43	37.18	37.85	38.70	39.56
Poultry, eggs	32.63	33.53	35.19	36.78	37.93	38.93	40.04	41.12	42.24	43.43	44.53
Other livestock	5.23	5.54	5.80	6.00	6.11	6.21	6.33	6.46	6.59	6.75	6.90
Total cash receipts	285.01	300.37	310.11	321.97	328.80	335.15	342.96	350.80	358.43	366.65	373.61

Farm production expenses

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Billion dollars)						
Feed	44.27	42.95	43.00	43.97	44.74	45.50	46.40	47.45	48.24	48.90	49.33
Purchased livestock	16.10	17.14	18.80	19.99	20.22	20.34	20.43	20.50	20.47	20.61	20.73
Seed	17.19	18.14	18.76	19.31	19.94	20.43	21.03	21.53	21.98	22.36	22.75
Fertilizer and chemicals	28.49	28.46	29.97	30.92	31.66	32.34	33.42	34.20	34.55	35.11	35.69
Fuels and electricity	15.26	16.42	17.77	18.49	19.08	19.72	20.58	21.27	21.71	22.15	22.30
Interest	15.29	16.33	17.58	18.93	19.79	21.31	22.23	22.85	23.38	23.88	24.35
Contract and hired labor	30.55	31.18	31.86	32.29	33.07	34.06	35.18	36.24	37.35	38.53	39.64
Capital consumption	29.84	30.51	31.03	31.49	31.92	32.40	32.83	33.23	33.65	34.12	34.65
Rent to non-operators	10.69	10.27	10.05	9.97	10.21	10.42	10.49	10.60	10.88	11.23	11.53
All other	73.05	75.06	77.68	79.59	81.53	83.44	85.62	87.57	89.30	91.05	92.62
Total production expenses	280.71	286.46	296.51	304.95	312.17	319.97	328.21	335.44	341.52	347.93	353.58

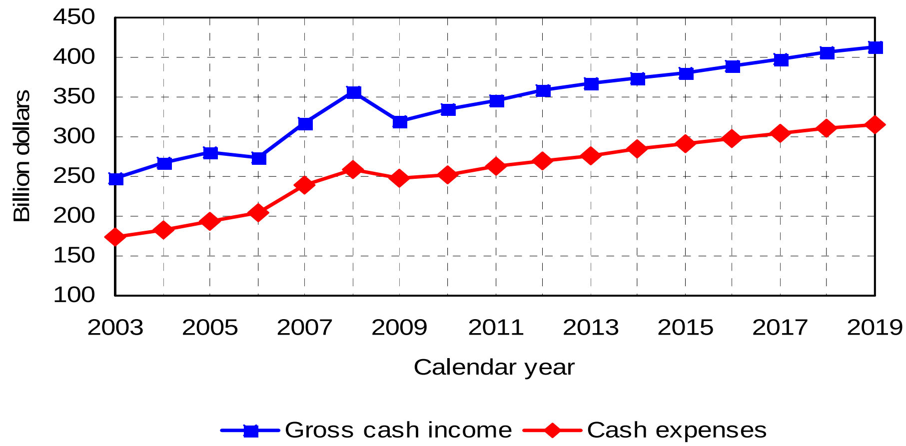
Farm income

Cash income and expenses resume growth in 2010

▪Gross cash income (sales receipts and government payments) fell sharply in 2009, but begins to recover in 2010 because of higher livestock receipts.

▪Cash expenses also begin to increase again in 2010.

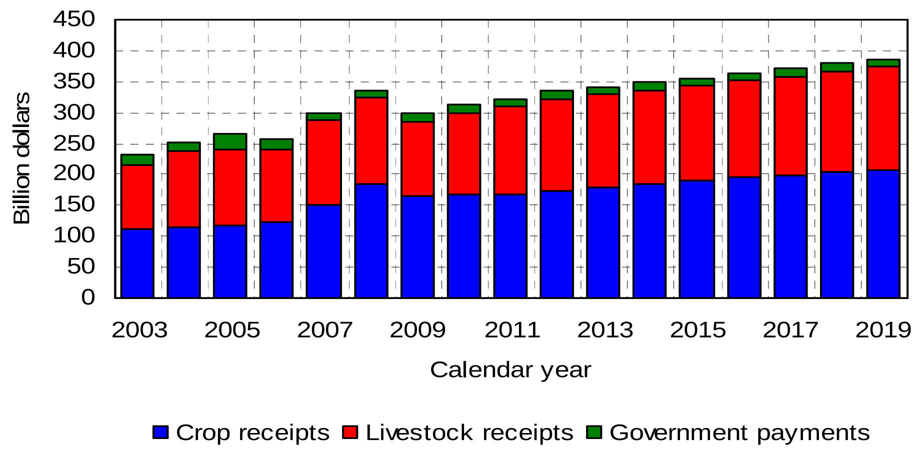
▪Net cash income, the difference between gross cash income and cash expenses, begins to increase again in 2010, but remains well below the 2008 peak level.



Government payments are small relative to sales

▪Both crop and livestock sales receipts declined in 2009. Livestock receipts resume their increase in 2010, while crop receipts are fairly constant for 2009 to 2011.

▪Government payments are a modest share of gross farm income.

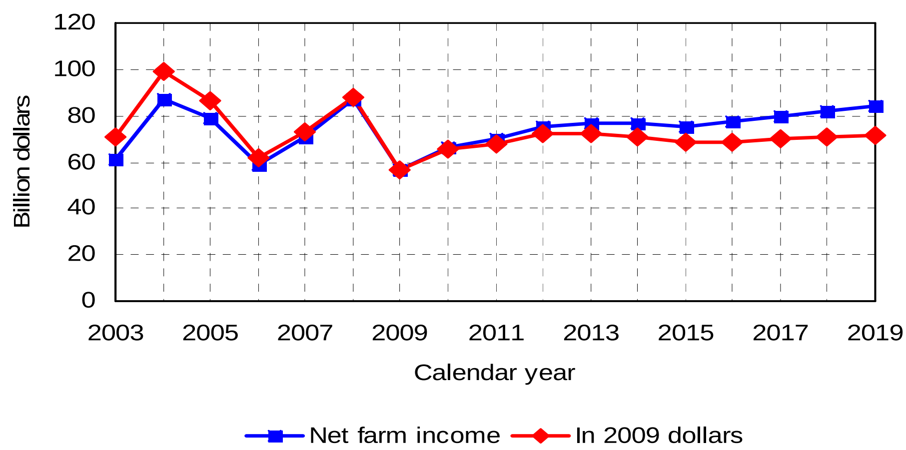


Net farm income starts to recover in 2010

▪Net farm income, another measure of overall farm sector income, declined by more than $30 billion in 2009.

▪Net farm income begins to recover in 2010.

▪Adjusting for inflation, real net farm income is relatively flat after 2012 and remains far below the 2008 level.

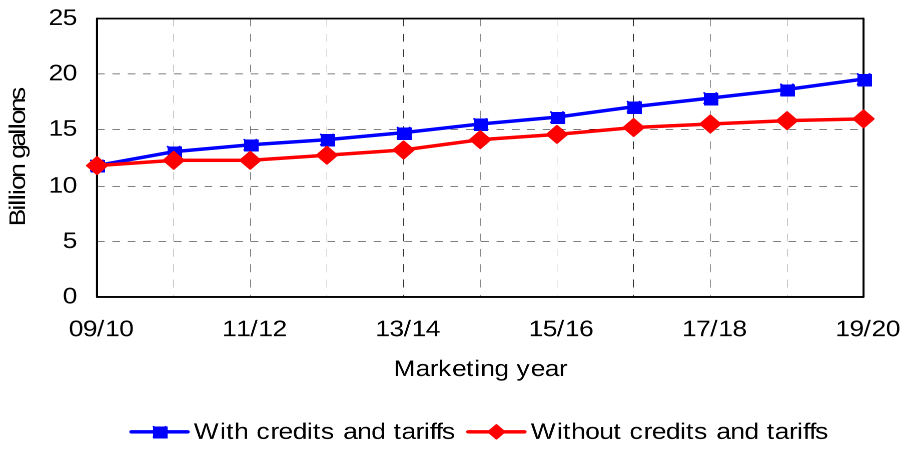


Farm income statistics

Calendar year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Billion dollars)						
1. Farm receipts	305.70	322.66	333.66	345.99	353.34	360.15	368.39	376.57	384.60	393.17	400.39
Crops	166.25	168.47	169.08	174.63	179.30	183.81	188.96	194.28	199.07	203.68	207.18
Livestock	118.75	131.90	141.03	147.34	149.50	151.34	154.00	156.52	159.36	162.98	166.43
Farm-related	20.69	22.29	23.55	24.02	24.54	25.00	25.43	25.77	26.17	26.52	26.78
2. Government payments	12.90	11.97	12.31	12.76	13.10	13.15	12.18	12.35	12.52	12.65	12.79
3. Gross cash income (1 + 2)	318.60	334.63	345.97	358.75	366.44	373.30	380.57	388.92	397.12	405.82	413.18
4. Nonmoney income	20.32	20.46	21.01	21.66	22.23	22.80	23.26	23.67	24.08	24.55	25.06
5. Value of inventory Change	-1.84	-2.16	-0.63	-0.35	0.01	0.35	0.00	0.03	0.12	-0.09	-0.10
6. Gross farm income (3 + 4 + 5)	337.08	352.93	366.35	380.06	388.68	396.45	403.84	412.62	421.32	430.27	438.14
7. Cash expenses	247.82	252.87	262.29	270.15	276.83	284.03	291.74	298.47	304.03	309.88	314.89
8. Total expenses	280.71	286.46	296.51	304.95	312.17	319.97	328.21	335.44	341.52	347.93	353.58
9. Net cash income (3 - 7)	70.77	81.76	83.69	88.60	89.62	89.27	88.83	90.45	93.08	95.94	98.30
10. Realized net farm income (3 + 4 - 8)	58.21	68.63	70.48	75.46	76.50	76.13	75.62	77.15	79.68	82.43	84.66
11. Net farm income (6 - 8)	56.37	66.47	69.85	75.10	76.51	76.48	75.63	77.19	79.80	82.34	84.56
Deflated (2009 $)	56.37	65.78	68.02	72.07	72.09	70.78	68.71	68.87	69.90	70.80	71.43

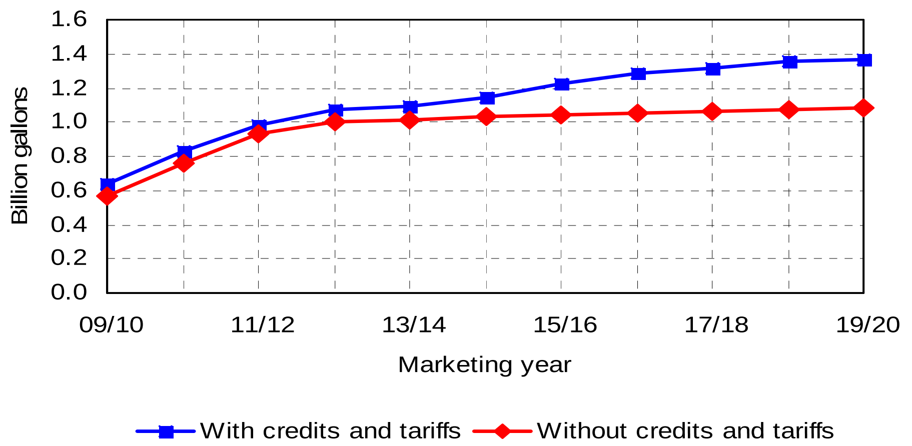
Effects of not extending biofuel credits and tariffs

Without credits and tariffs, less corn ethanol is made



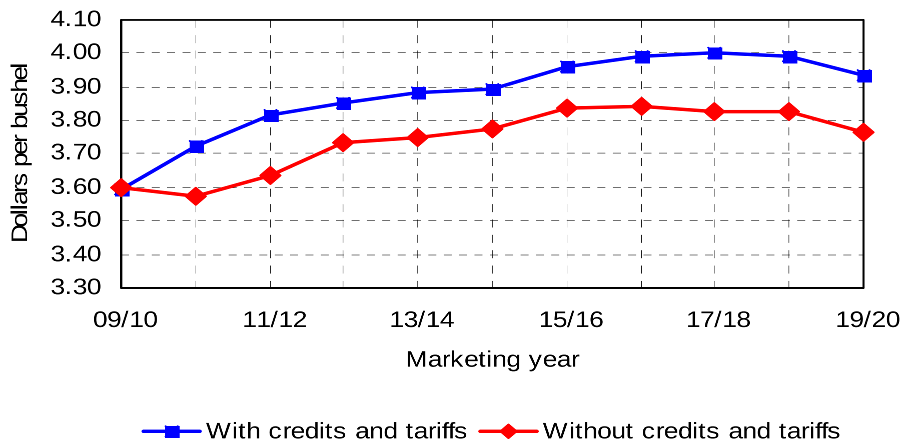
- The baseline assumes biofuel tax credits and tariffs are extended when they would otherwise expire.
- If the ethanol tax credit and tariff expire as scheduled on December 31, 2010, there would be less incentive to produce ethanol in excess of quantities needed to satisfy the RFS2.
- Ethanol production would decline from baseline levels by 1.4 billion gallons in 2011/12 and 3.6 billion gallons in 2019/20.

Biodiesel production also falls without credits



- Not restoring the biodiesel credit would sharply reduce any incentive to produce biodiesel in excess of the amount needed to satisfy the RFS2.
- Effects of credits and tariffs on biofuel production depend on whether the RFS2 is binding.
- When the RFS2 is binding, credits have little effect on biofuel production. The biodiesel RFS2 is usually binding in the baseline until 2013/14.

Corn prices are lower without biofuel credits, tariffs



- Allowing biofuel tax credits and tariffs to expire would result in reduced use of corn to produce ethanol.
- The reduction in corn demand would reduce average corn prices by about $0.15 per bushel over the 2010-2019 period.
- Reduced demand for soybean oil to make biodiesel would reduce soybean prices. Prices for wheat and other crops would fall in response to lower corn and soybean prices.

Outlook if biofuel tax credits and tariffs are not extended

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax credits and tariffs					(Dollars per gallon, calendar year)						
Conventional ethanol credit	0.45	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cellulosic ethanol credit	1.01	1.01	1.01	1.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Biodiesel credit	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethanol specific tariff	0.54	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Biofuel supply and use					(Million gallons, marketing year)						
Ethanol production	11,847	12,240	12,201	12,733	13,274	14,062	14,645	15,191	15,555	15,834	16,048
From corn	11,597	11,965	11,870	12,337	12,816	13,527	14,025	14,488	14,778	14,983	15,112
All other	249	275	330	396	457	534	620	703	777	852	936
Ethanol net imports	200	211	727	820	1,085	1,498	1,972	2,228	2,490	2,789	2,956
Ethanol domestic use	11,955	12,423	12,929	13,528	14,332	15,524	16,591	17,391	18,023	18,607	18,991
Biodiesel production	573	757	932	1,008	1,013	1,036	1,045	1,058	1,062	1,072	1,081
Biofuel prices					(Dollars per gallon, marketing year)						
Conv. ethanol, Omaha	1.74	1.64	1.64	1.70	1.74	1.83	1.91	1.94	1.91	1.91	1.89
Cellulosic ethanol	n.a.	3.38	3.41	2.70	2.28	2.21	2.29	2.33	2.36	2.41	2.49
Biodiesel	3.49	3.66	3.86	3.93	3.94	3.91	3.87	3.89	3.94	3.98	4.06
Crop prices					(Dollars per bushel, marketing year)						
Corn price	3.60	3.57	3.64	3.74	3.75	3.77	3.84	3.84	3.83	3.83	3.76
Soybean price	9.33	8.87	9.03	9.29	9.49	9.48	9.64	9.74	9.84	9.90	9.96
Wheat price	4.92	4.55	4.65	4.74	4.84	4.85	4.91	4.99	5.01	5.04	4.96

Changes relative to the baseline

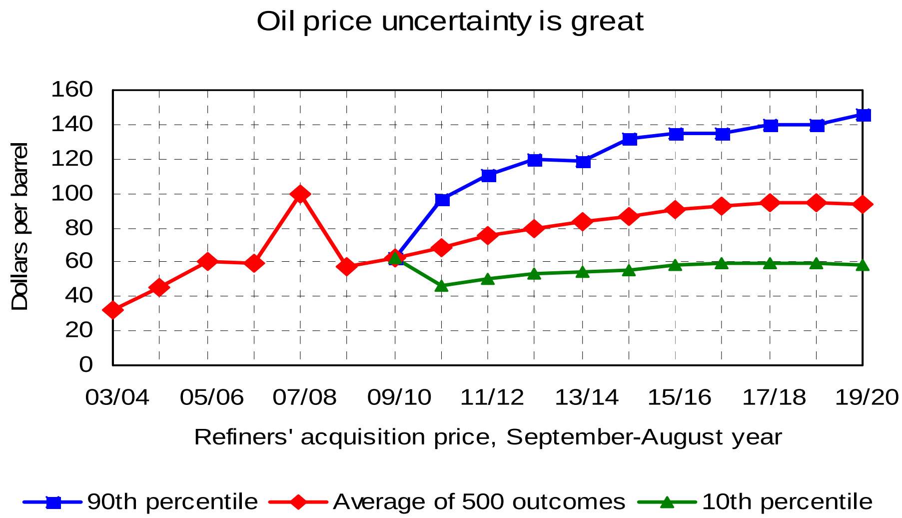
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax credits and tariffs					(Dollars per gallon, calendar year)						
Conventional ethanol credit	0.00	0.00	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45
Cellulosic ethanol credit	0.00	0.00	0.00	0.00	-1.01	-1.01	-1.01	-1.01	-1.01	-1.01	-1.01
Biodiesel credit	0.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
Ethanol specific tariff	0.00	0.00	-0.54	-0.54	-0.54	-0.54	-0.54	-0.54	-0.54	-0.54	-0.54
Biofuel supply and use					(Million gallons, marketing year)						
Ethanol production	-1	-765	-1,403	-1,451	-1,510	-1,508	-1,573	-1,886	-2,318	-2,845	-3,571
From corn	-1	-751	-1,374	-1,406	-1,430	-1,373	-1,359	-1,521	-1,681	-1,740	-1,789
All other	0	-14	-29	-44	-80	-135	-215	-365	-637	-1,105	-1,782
Ethanol net imports	0	-62	357	435	628	859	965	793	591	435	377
Ethanol domestic use	-1	-797	-1,018	-1,012	-878	-647	-602	-1,078	-1,706	-2,383	-3,157
Biodiesel production	-71	-78	-54	-62	-80	-110	-180	-230	-259	-286	-290
Biofuel rack prices					(Dollars per gallon, marketing year)						
Conv. ethanol, Omaha	0.00	-0.13	-0.19	-0.18	-0.16	-0.13	-0.08	-0.08	-0.08	-0.08	-0.09
Cellulosic ethanol	n.a.	0.10	0.12	-0.61	-1.00	-1.08	-1.00	-0.99	-0.97	-0.97	-0.96
Biodiesel	-0.17	-0.13	-0.14	-0.17	-0.18	-0.25	-0.38	-0.45	-0.50	-0.55	-0.53
Crop prices					(Dollars per bushel, marketing year)						
Corn price	0.00	-0.15	-0.18	-0.12	-0.13	-0.12	-0.12	-0.15	-0.17	-0.16	-0.17
Soybean price	-0.10	-0.02	-0.28	-0.26	-0.15	-0.27	-0.28	-0.30	-0.37	-0.41	-0.36
Wheat price	0.00	-0.06	-0.15	-0.15	-0.13	-0.11	-0.12	-0.13	-0.16	-0.18	-0.19

Ranges from the 500 alternative futures

- IHS Global Insight expects the refiners' acquisition price for petroleum to increase to $90 per barrel by 2015.

- To examine alternative futures for biofuel and agricultural markets, we explored a range of possible oil prices, approximately centered on the IHS Global Insight forecast.

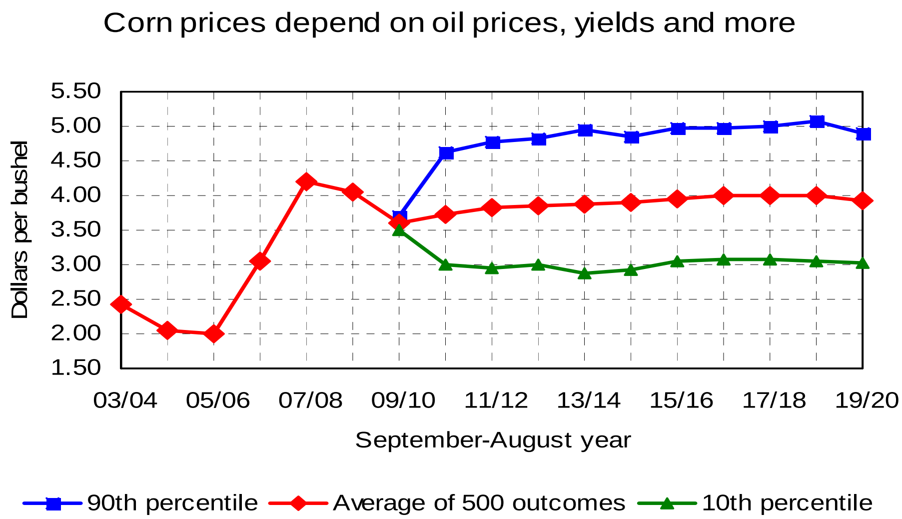
- This process is repeated for hundreds of other variables to generate the stochastic baseline.



- Corn prices depend on petroleum prices, crop yields, global economic growth, the value of the dollar and many other uncertain factors.

- Average prices for most grains and oilseeds decline in 2009/10, but remain relatively high compared to pre-2007/08 levels.

- In most of the outcomes, corn prices are between $3.00 and $5.00 per bushel.



- Because commodity prices are uncertain, so are government farm program outlays.

- When prices are low, spending increases on the marketing loan and countercyclical payment programs. However, grain and oilseed prices are unlikely to fall enough to generate the levels of spending seen in FY 2005 and 2006.

- There are certain to be risks not captured in these 500 alternative futures.