Food and Agricultural
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March 2012

U.S. Baseline Briefing Book

Projections for agricultural and biofuel markets

FAPRI-MU Report #01-12

Providing objective analysis for over 25 years

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Foreword

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

Process and assumptions

In November 2011, FAPRI analysts prepared a preliminary set of projections that were reviewed at a workshop in Washington, DC in December 2011. Reviewer comments and other new information were incorporated into this final baseline prepared in January and February 2012.

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). Future policy assumptions generally match those used by the Congressional Budget Office (CBO) in preparing its baseline projections.

Assumptions about the wider economy rely on January 2012 forecasts by IHS Global Insight.

Things to look for this year

The outlook for the farm economy is generally positive, but with serious risks:

- Net farm income peaked in 2011 and is projected to decline only slightly in 2012.
- Weather-reduced yields in 2011 have contributed to high prices for several major crops. Prices could fall if more favorable weather results in increased crop production in 2012.
- After years of rapid growth, ethanol production is expected to remain fairly stable for the next two years.
- Meat supplies to the domestic market have declined dramatically in recent years, putting upward pressure on livestock and meat prices.
- Crop insurance may account for a substantially larger share of total public support to the farm sector than in the past. High prices reduce the likelihood of large expenditures on some traditional farm programs.
- Food price inflation increased in 2011, but is projected to slow later this year. By 2013, food prices increase at about the same rate as prices of other goods and services.

The extreme price volatility of recent years may continue, as many of the factors that caused recent price swings remain in flux. FAPRI-MU 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

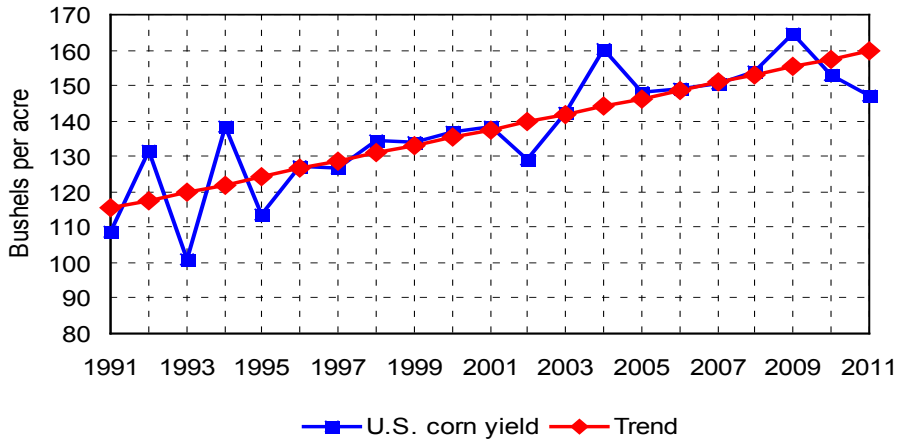
The U.S. Baseline Briefing Book was prepared by FAPRI-MU researchers with the help of colleagues in the Division of Applied Social Sciences of the College of Agriculture, Food and Natural Resources at the University of Missouri. We thank participants in our December workshop and other experts for their comments on preliminary estimates, but FAPRI-MU remains responsible for all the estimates reported here.

The Agriculture and Food Policy Center at Texas A&M has estimated the implications of these projections for representative farms around the country.

Recent developments and key assumptions

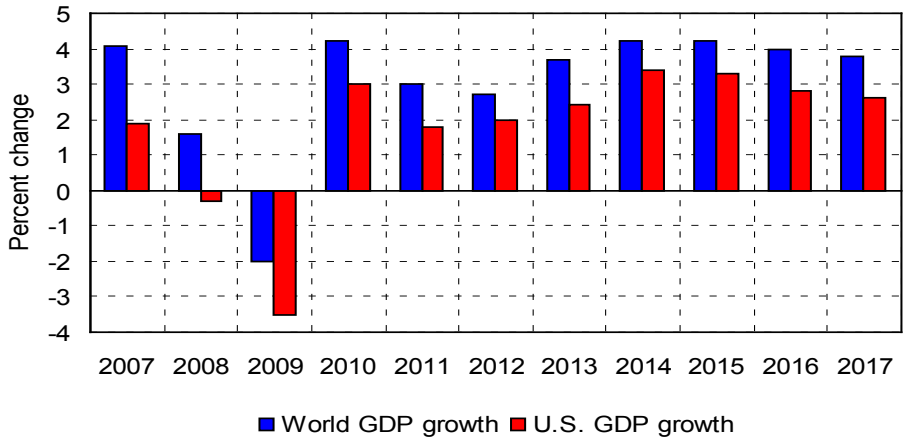
- U.S. corn yields fell below the long-term trend for the second straight year in 2011.
- The resulting reduction in 2011 U.S. corn production contributes greatly to higher prices for corn and other crops.
- Given current tight corn supplies, the market will be sensitive to news about 2012 supply and demand prospects.

Below-trend corn yields have pushed prices higher



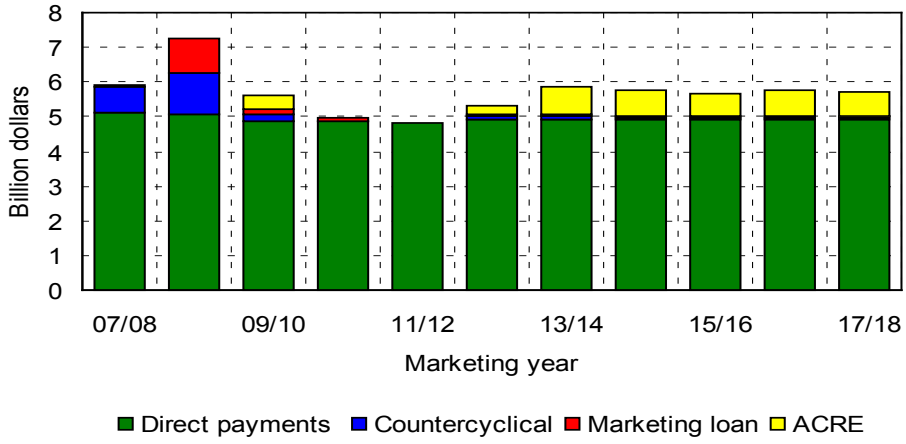
- IHS Global Insight forecasts slow growth in the U.S. and world economies in 2012, but a slightly faster pace in later years.
- Forecast U.S. unemployment rates remain above 7 percent through 2015.
- Growth is much stronger in some middle-income countries. Forecast economic growth in China, for example, exceeds 7 percent per year for the next 8 years.

Forecast economic growth picks up after 2012



- Under current law, many existing farm programs will expire soon.
- The baseline assumes that most current policies are extended when they would otherwise expire.
- In general, the FAPRI-MU baseline uses the same policy assumptions as the CBO baseline.
- This current-policy baseline will serve as a point of reference for analysis of alternative policy options.

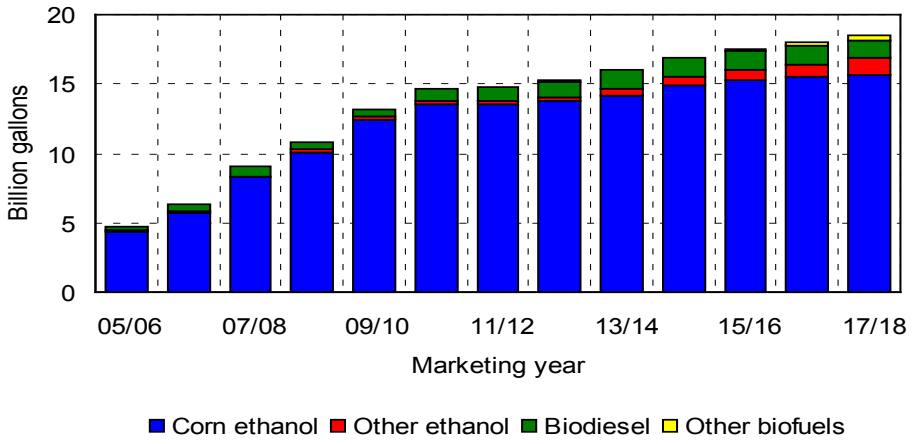
Baseline assumes farm policies extended



Crop outlook highlights

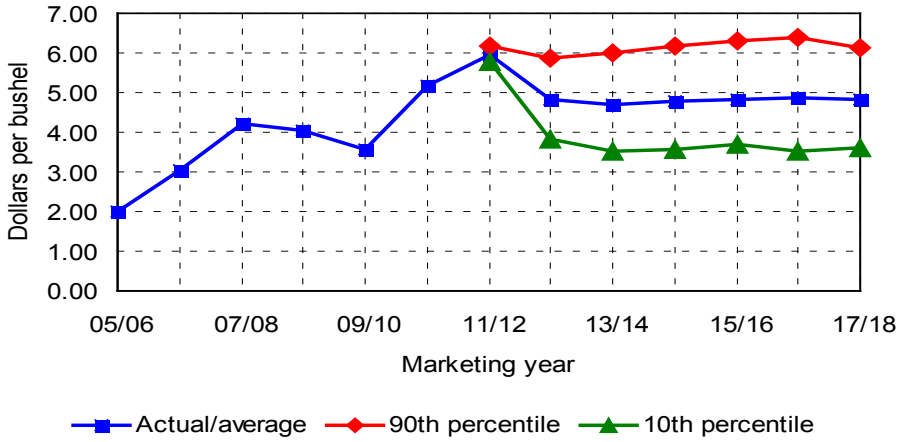
- Ethanol production is expected to remain flat in 2011/12 after years of rapid growth.
- The end of the $0.45 per gallon blender's credit, high corn prices, capacity constraints and the "blend wall" contribute to the slowdown.
- The Renewable Fuel Standard and exports continue to support the industry.
- Future production of cellulosic and other advanced biofuels is uncertain.

Biofuel production growth slows



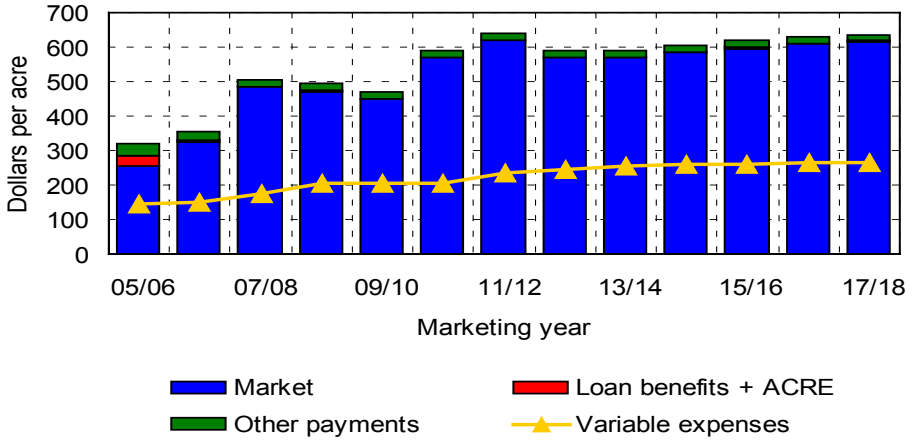
- Prices for corn and other crops could fall if growing conditions in 2012 are more favorable than in 2010 and 2011.
- Projected demand is strong enough to keep average projected crop prices above pre-2007 levels.
- Price volatility will continue. Stochastic analysis suggests corn prices could be under $3.50 per bushel or over $6.00 per bushel in any given year.

Corn price could fall, but volatility continues



- Average per-acre returns for five major crops (corn, soybeans, wheat, upland cotton and rice) have increased dramatically since 2005.
- Government payments have declined as a share of producer income over the same period.
- Variable expenses, such as fuel, seed and fertilizer, have increased but so have producer net returns. Variable expenses do not include the cost of land, and rental rates have increased sharply.

Average crop returns remain strong



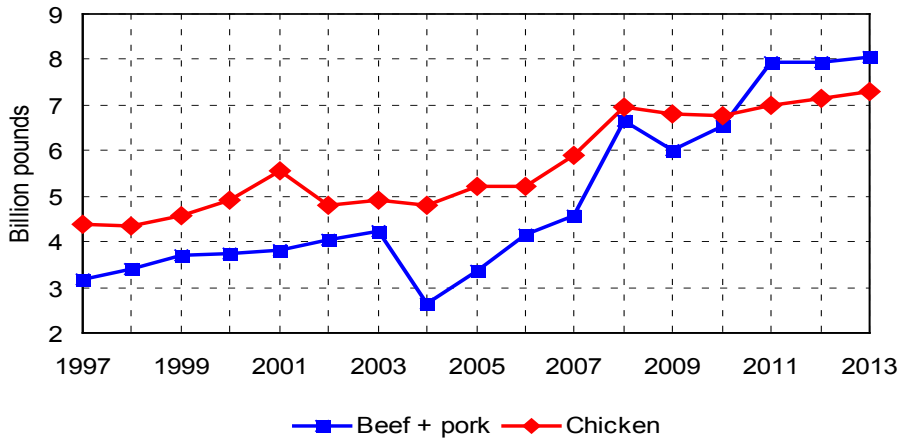
Livestock and dairy outlook highlights

- The supply of meat available to the domestic market has declined steadily since 2007.
- Further decline is expected in 2012, with domestic meat availability about 22 pounds per person (10 percent) below the 2007 level.
- If feed prices moderate as projected, per-capita meat availability should stabilize and then grow slowly after 2013.

Domestic meat supplies have declined sharply

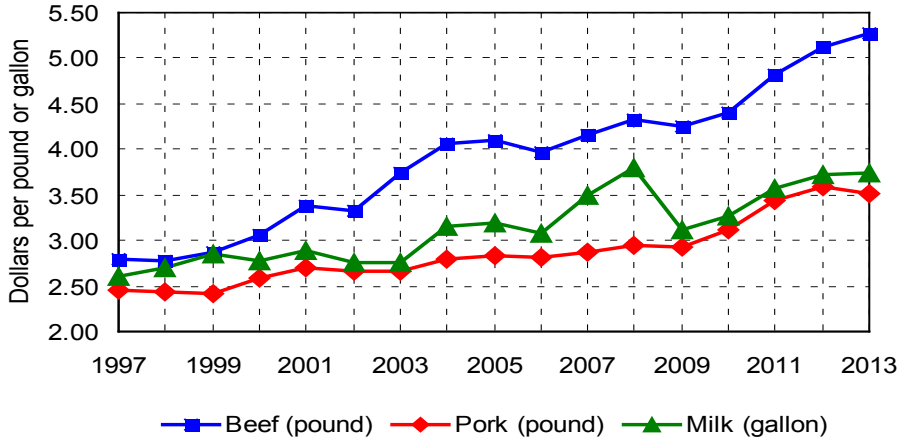
- Though restrained production growth is the main reason for the decline in U.S. meat supplies, strong international demand for meat products is also a factor.
- The sum of beef and pork exports has tripled since 2004, and is nearly double the levels registered prior to the U.S. BSE discovery in December 2003.
- Chicken export growth has been sluggish in recent years, contributing to the financial difficulties facing that sector.

Exports grow even as available supplies decline



- Tighter supplies of beef and pork have led to record retail prices.
- Further meat price increases are expected in 2012, testing consumer willingness to pay in what is expected to be only a modestly recovering economy.
- Retail milk prices have yet to eclipse the 2008 record level. U.S. dairy cow numbers grew for much of 2011 and the increase in 2011 milk production outpaced the 2000-2010 average growth rate.

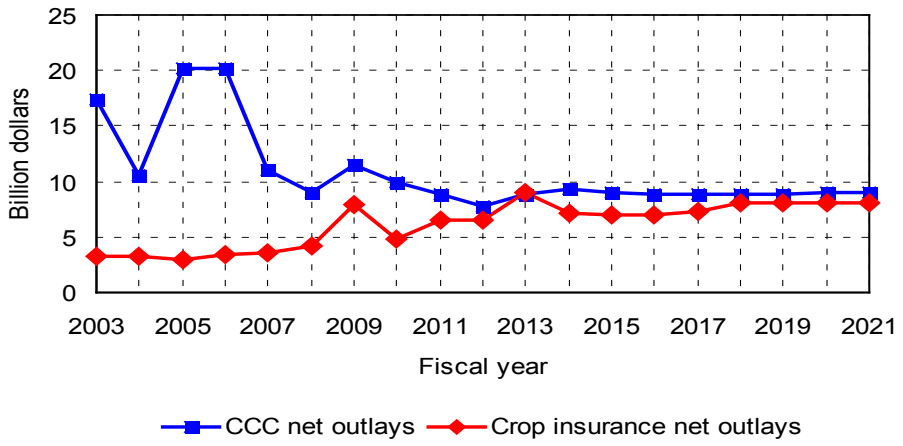
Consumers will see continued price increases



Farm program costs, farm income and food prices

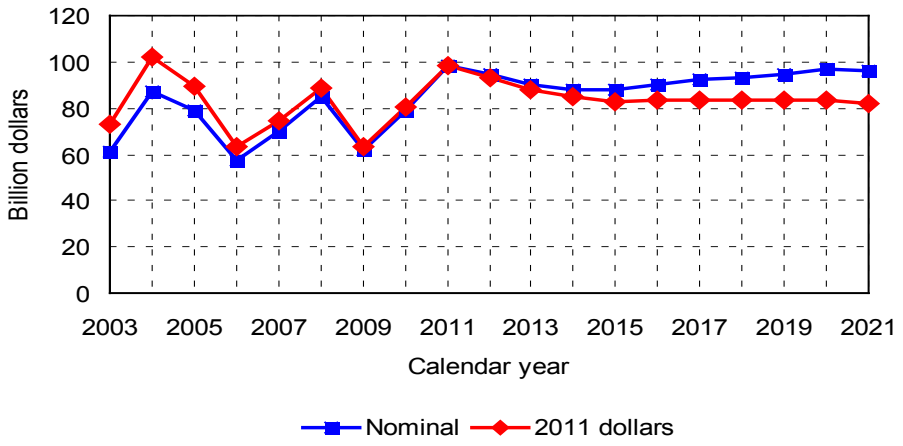
- Net outlays by the Commodity Credit Corporation (CCC) total $89 billion over the next ten years.
- CCC outlays include spending on major farm programs, the conservation reserve and several other programs.
- Over the next ten years, net outlays by the Federal Crop Insurance Corporation total $76 billion.
- Higher crop prices increase crop insurance premium subsidies.

Crop insurance accounts for growing share of support



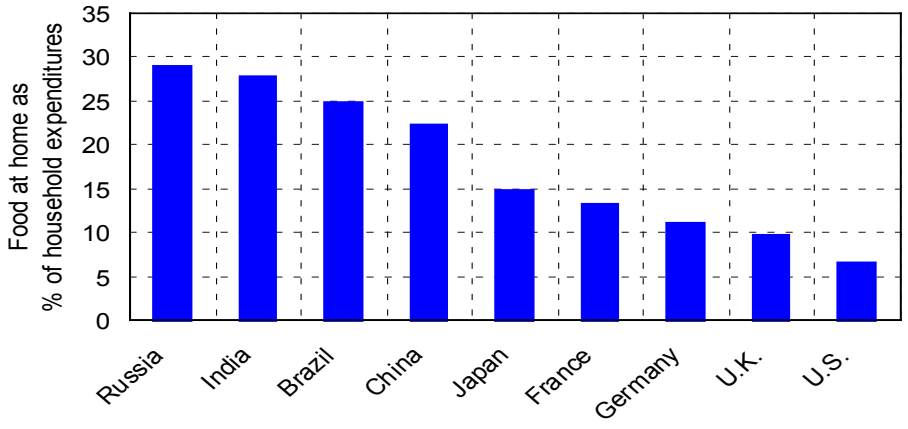
- Nominal net farm income reached a record level in 2011, exceeding $98 billion.
- Even after correcting for inflation, 2011 net farm income was the second highest since the 1970s.
- Lower crop prices and higher production costs contribute to a modest reduction in net farm income over the next three years.
- Actual net farm income will continue to be variable because of volatile prices, production and expenses.

Net farm income declines from 2011 peak



- Food consumed at home accounts for a lower share of household expenditures in the U.S. than in other countries, according to USDA Economic Research Service data for 2010.
- The U.S. CPI for food increased by 3.7 percent in 2011, with even larger year-over-year increases in the last half of the year.
- Food inflation is slowing and could drop to about 2 percent per year in 2013.

U.S. spending on food at home small as share of total



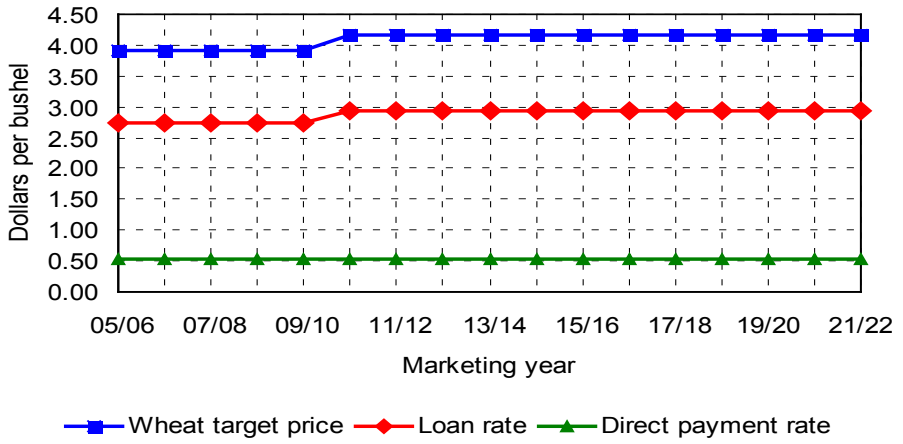
Policy assumptions

▪Farm bill provisions set to expire under current law are assumed to continue throughout the baseline.

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

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

2008 farm bill provisions are continued

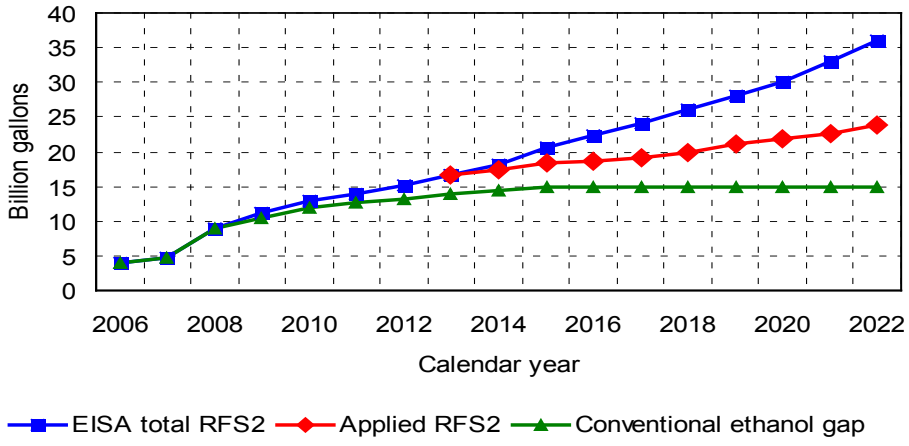


▪The baseline incorporates EISA, the 2007 energy bill, which mandates minimum levels of biofuel use under the Renewable Fuel Standard (RFS2).

▪The baseline assumes that authority to waive the statutory cellulosic mandate is utilized. After 2013, it is also assumed that total and advanced mandates are reduced when the cellulosic mandate is waived.

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

Renewable Fuel Standard mandates biofuel use

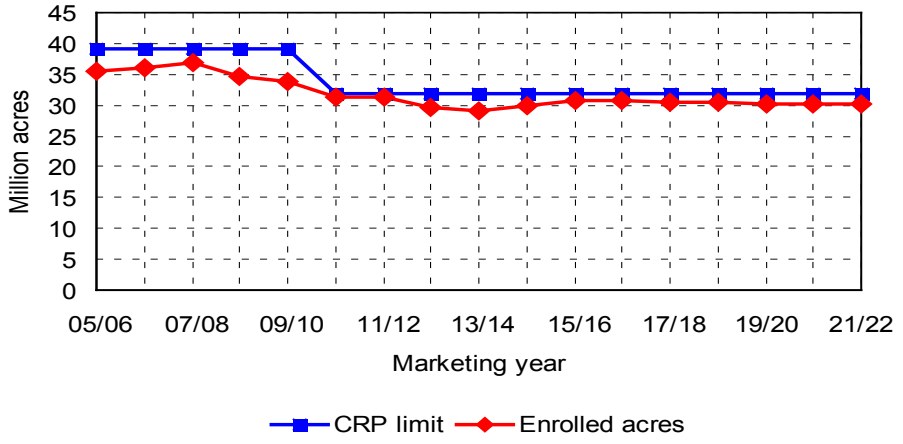


▪The 2008 farm bill limits the size of the conservation reserve to no more than 32 million acres beginning in 2010/11.

▪The baseline assumes actual enrollment is maintained near this limit.

▪Millions of acres of contracts will expire each year. To maintain conservation reserve area near the limit, re-enrollments and new enrollments must match the pace of expirations. This is less likely to occur when crop prices and returns are high.

Conservation reserve area maintained near limit



Crop program provisions

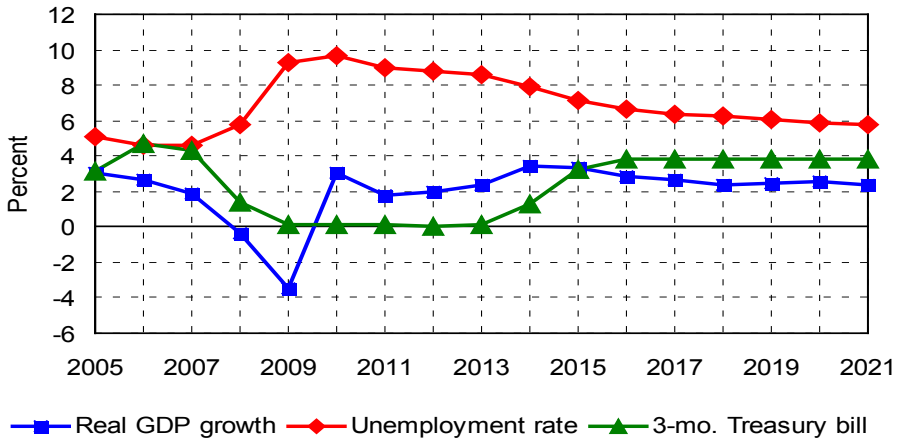
	Direct payment 2011-21	Target price 2011-21	Loan rate 2011-21	Base area eligible for: DPs 2011	Base area eligible for: DPs 2012-21	Base area eligible for: CCPs 2011-21	Planted eligible for: ACRE 2011	Planted eligible for: ACRE 2012-21	Base area, 2012
	----Dollars per bushel----			----------Percent----------					mil. a.
Corn	0.28	2.63	1.95	83.3	85.0	85.0	83.3	85.0	84.15
Sorghum	0.35	2.63	1.95	83.3	85.0	85.0	83.3	85.0	11.65
Barley	0.24	2.63	1.95	83.3	85.0	85.0	83.3	85.0	8.42
Oats	0.02	1.79	1.39	83.3	85.0	85.0	83.3	85.0	3.00
Wheat	0.52	4.17	2.94	83.3	85.0	85.0	83.3	85.0	73.11
Soybeans	0.44	6.00	5.00	83.3	85.0	85.0	83.3	85.0	50.18
	----Dollars per cwt----								
Rice (all types)	2.35	10.50	6.50	83.3	85.0	85.0	83.3	85.0	4.39
	----Cents per pound----								
Sunflower seed	0.80	12.68	10.09	83.3	85.0	85.0	83.3	85.0	1.77
Canola	0.80	12.68	10.09	83.3	85.0	85.0	83.3	85.0	0.70
Peanuts	1.80	24.75	17.75	83.3	85.0	85.0	83.3	85.0	1.48
Upland cotton	6.67	71.25	52.00	83.3	85.0	85.0	83.3	85.0	18.11

Other program provisions

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sugar					(Cents per pound)						
Raw cane sugar loan rate	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
Refined beet sugar loan rate	24.09	24.09	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	1.13	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	0.80	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	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00
Renewable Fuel Standard					(Million gallons)						
(as applied with waivers)	13,950	15,200	16,550	17,430	18,460	18,599	19,172	19,939	21,159	21,968	22,611
Advanced biofuels	1,350	2,000	2,750	3,030	3,460	3,599	4,172	4,939	6,159	6,968	7,611
Cellulosic biofuel	6	10	52	299	364	430	673	938	1,659	2,468	3,111
Biodiesel	800	1,000	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280
Biofuel taxes and tariffs					(Dollars per gallon)						
Ethanol tax credit	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Biodiesel tax 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 duty	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cellulosic producers credit	1.01	1.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
					(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

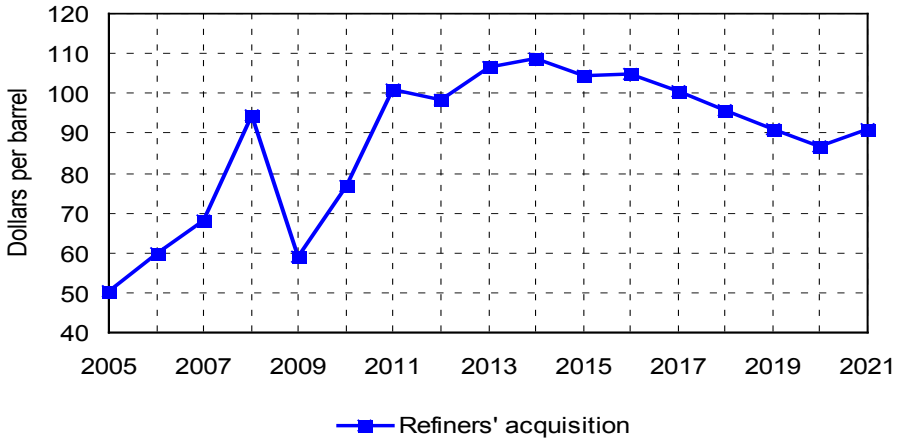
Macroeconomic assumptions and farm prices paid

Economic growth remains slow in 2012



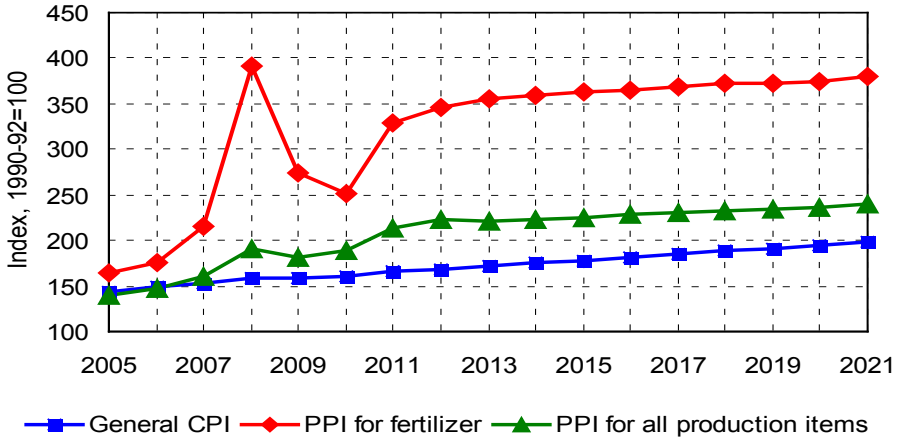
- U.S. real GDP growth slowed in 2011. In January, IHS Global Insight expected U.S. economic growth to remain below 2.5 percent in 2012 and 2013.
- The unemployment rate is forecast to decline slowly. The January 2012 unemployment rate, released after this forecast was prepared, fell to 8.3 percent.
- Short-term interest rates are very low and are forecast to increase only when the pace of economic growth increases in 2014.

Oil prices rise to new record



- The price U.S. refiners paid for oil in 2011 set a new record, exceeding the 2008 annual average.
- IHS Global Insight forecasts further increases in oil prices in 2013 and 2014, with only slight easing in later years.
- Oil and other energy costs affect nearly every aspect of the agriculture and food industry, from the cost of raising grains to the marketing of finished food products.

Input costs rise more slowly



- The general inflation rate is forecast to remain in the relatively tame range of 1.5 to 2.0 percent.
- After a large increase in 2011, most farm input prices are expected to increase more slowly over the next ten years.
- Fertilizer prices increased sharply in 2011, as high crop prices contributed to strong fertilizer demand.
- Lower feed prices push down the PPI for farm production items in 2013.

Macroeconomic assumptions

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Percentage change from previous year)						
Real GDP	1.8	2.0	2.4	3.4	3.3	2.8	2.6	2.4	2.4	2.6	2.4
Population growth	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9
CPI, all urban consumers	3.1	1.5	1.8	2.0	2.0	1.9	1.8	1.8	1.7	1.7	2.0
					(Percent)						
Unemployment rate	9.0	8.8	8.6	7.9	7.1	6.6	6.4	6.2	6.1	5.9	5.8
3-month Treasury bill rate	0.1	0.0	0.1	1.3	3.2	3.8	3.8	3.8	3.8	3.8	3.8
AAA bond rate	4.6	4.2	4.5	5.1	6.0	6.2	6.2	6.2	6.2	6.2	6.2
Petroleum prices					(Dollars per barrel)						
West Texas intermediate	95.08	91.00	107.88	115.44	104.50	110.97	106.70	101.70	96.70	91.80	96.80
Refiners' acquisition cost	101.10	98.39	106.43	108.87	104.34	104.95	100.57	95.85	91.21	86.52	91.10
Natural gas price					(Dollars per million BTU)						
Henry Hub	4.00	3.34	4.27	4.90	5.08	5.10	5.30	5.34	5.43	5.39	5.66
Exchange rate index					(Index, 2005=100)						
vs. major trading partners	84.6	88.2	85.4	84.3	84.0	84.2	84.2	84.0	83.8	83.7	83.6
vs. other trading partners	90.6	92.3	87.7	85.2	84.3	84.1	84.0	84.0	84.0	84.1	84.4
Foreign real GDP growth					(Percentage change from previous year)						
Major trading partners	1.7	1.1	2.0	2.4	2.4	2.2	2.1	2.0	2.0	1.9	1.9
Other trading partners	5.2	4.1	5.3	5.4	5.1	5.0	4.7	4.6	4.5	4.4	4.4

Source: IHS Global Insight, Jan. 2012

Indices of prices paid by farmers

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Production items, interest,					(1990-92=100)						
taxes and wages	210	218	217	220	224	227	230	233	235	238	242
Production items	214	223	221	223	226	228	230	233	234	236	240
Feed	223	246	213	210	213	214	215	216	214	212	210
Livestock & poultry	154	164	168	166	160	158	155	156	157	159	163
Seeds	332	350	358	359	361	366	370	374	377	379	383
Fertilizer	328	345	356	360	363	365	368	372	372	374	380
Mixed fertilizer	314	332	345	348	351	353	355	358	359	361	366
Nitrogen fertilizer	329	336	343	347	352	356	361	365	366	366	372
Potash and phosph.	373	411	428	433	431	427	428	433	430	437	442
Agricultural chemicals	145	149	153	157	160	163	164	165	165	166	168
Fuels	361	355	365	365	365	363	354	344	335	325	338
Supplies & repairs	166	170	172	175	179	183	187	191	194	198	201
Autos & trucks	116	116	118	119	121	123	125	127	128	129	130
Farm machinery	241	244	249	254	260	267	273	281	288	296	303
Building material	171	172	175	178	182	185	188	189	190	191	193
Farm services	167	168	171	175	179	184	188	191	195	199	203
Interest*	145	144	151	165	186	193	195	196	197	198	199
Taxes**	225	225	235	245	253	262	271	278	286	293	302
Wage rates	191	196	198	202	208	215	223	231	239	247	252

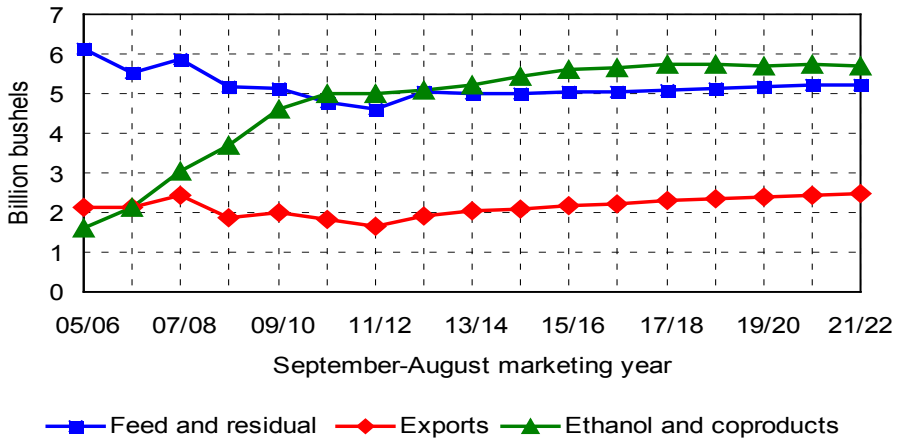
*Interest per acre on farm real estate debt and interest rate on farm non-real estate debt.

**Farm real estate taxes payable per acre.

Corn

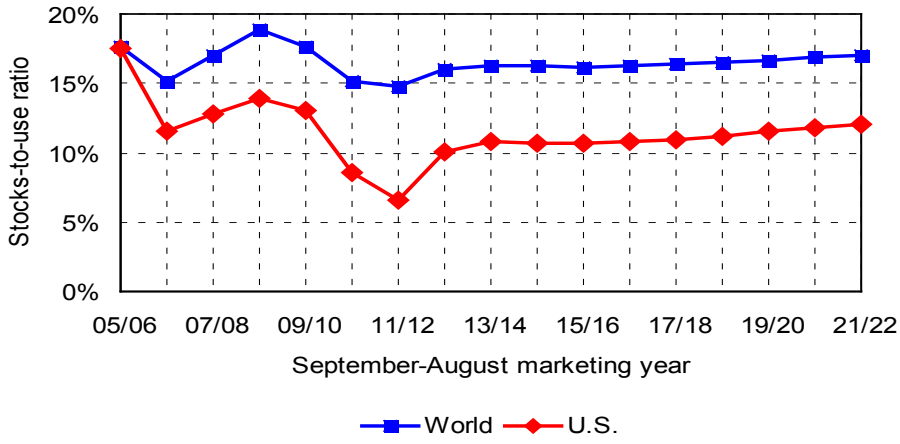
- The rapid growth in corn ethanol production has slowed.
- Direct feed use of corn competes with distillers grains, a coproduct of ethanol production. Feed use of corn may recover if distillers grains production stabilizes.
- A bigger 2012 crop could increase the "residual" portion of feed and residual use.
- Corn exports grow as prices moderate and changing diets increase global livestock feed demand.

Ethanol use slows, exports and feed use rebound



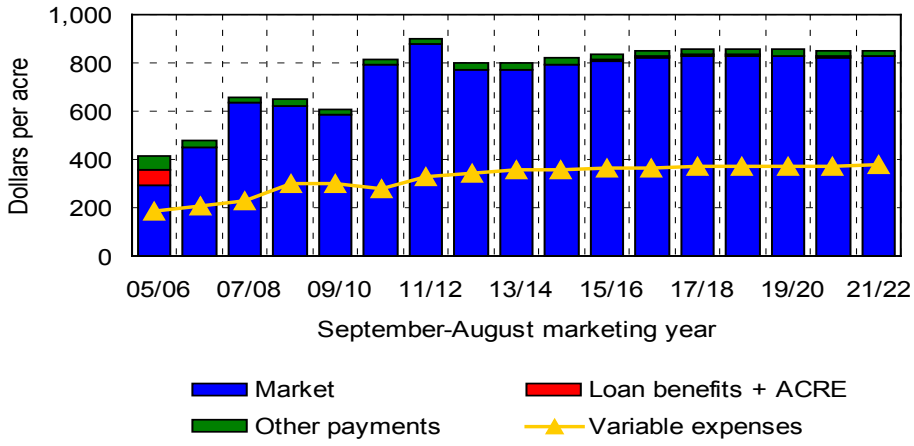
- Below-trend U.S. corn yields in 2010 and 2011 contributed to a sharp drawdown of stocks and higher corn prices.
- Tight corn stocks make markets very sensitive to any news that might affect corn supply or demand anywhere in the world.
- If growing conditions are more favorable in 2012, the resulting large increase in production should allow some stock rebuilding that would moderate prices.

Corn stocks could rebuild with a good 2012 crop



- Higher corn prices more than offset the effect of lower yields, resulting in record per-acre market receipts in 2011/2012.
- Although variable expenses are expected to increase, net returns to corn producers remain high by historical standards, and this supports corn acreage.
- Projected farm program payments are very small relative to corn market receipts.

Corn returns dip from 2011/12 peak, but remain high



Corn supply and use

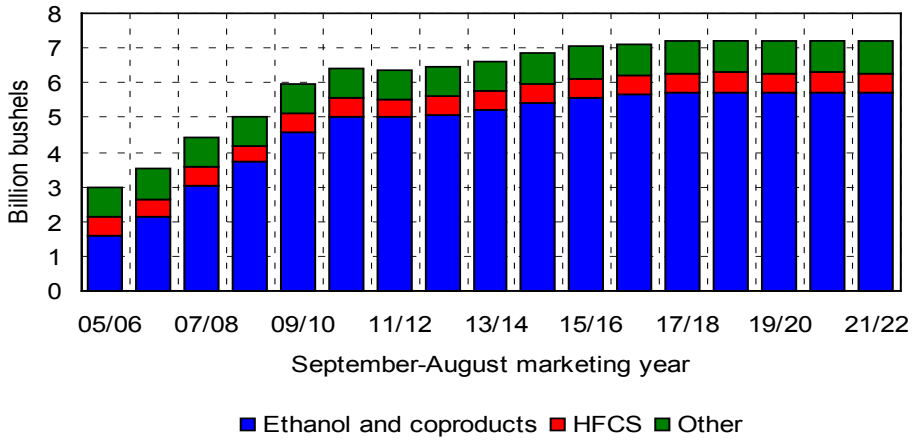
September-August year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	91.9	93.5	91.4	91.4	92.0	92.0	91.9	91.6	91.0	90.4	89.7
Harvested area	84.0	85.8	83.9	83.9	84.4	84.4	84.4	84.1	83.4	82.9	82.2
					(Bushels per harvested acre)						
Yield	147.2	162.1	164.4	166.5	168.9	171.3	173.6	175.6	178.0	180.3	182.3
					(Million bushels)						
Supply	13,501	14,770	15,153	15,471	15,769	15,992	16,220	16,371	16,504	16,667	16,769
Beginning stocks	1,128	839	1,346	1,482	1,492	1,519	1,557	1,592	1,645	1,703	1,762
Production	12,358	13,916	13,791	13,974	14,261	14,458	14,648	14,763	14,844	14,950	14,992
Imports	15	15	15	15	15	15	15	15	15	15	15
Domestic use	11,013	11,530	11,642	11,877	12,090	12,201	12,303	12,358	12,390	12,451	12,467
Feed and residual	4,604	5,023	4,991	4,980	5,031	5,054	5,097	5,129	5,173	5,203	5,226
Ethanol and coproducts	4,994	5,070	5,201	5,437	5,590	5,669	5,719	5,733	5,710	5,732	5,715
HFCS	529	534	539	543	545	548	551	553	555	557	559
Seed	24	23	23	23	23	23	23	23	23	23	23
Food and other	862	880	888	894	900	906	913	921	928	936	943
Exports	1,649	1,893	2,029	2,101	2,160	2,234	2,325	2,367	2,411	2,454	2,492
Total use	12,662	13,424	13,671	13,979	14,250	14,435	14,628	14,725	14,802	14,906	14,959
Ending stocks	839	1,346	1,482	1,492	1,519	1,557	1,592	1,645	1,703	1,762	1,810
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Under loan	68	149	171	164	164	173	166	177	189	199	208
Other stocks	771	1,197	1,310	1,328	1,355	1,385	1,426	1,469	1,514	1,563	1,602
Prices, program provisions					(Dollars per bushel)						
Farm price	5.96	4.81	4.71	4.80	4.83	4.85	4.81	4.77	4.68	4.59	4.56
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	84.1	84.1	84.2	84.1	84.1	84.1	84.1	84.1	84.1	84.1	84.1
					(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	17.4	17.4	20.2	20.2	20.2	20.5	20.6	20.9	21.1	21.3	21.4
Returns and payments					(Dollars)						
Gross market revenue/a.	877.66	773.47	769.47	792.58	809.66	824.91	829.15	830.90	826.62	822.62	825.15
Variable expenses/a.	326.78	345.96	354.26	360.21	363.87	366.65	369.21	372.03	373.43	374.87	380.27
Market net return/a.	550.88	427.51	415.21	432.38	445.79	458.26	459.94	458.88	453.19	447.74	444.89
Marketing loan benefits/a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ACRE payment/a.*	0.00	0.68	4.14	3.20	3.03	4.04	3.27	4.75	4.63	4.94	5.07
CCP payment/base a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct payment/base a.*	23.07	23.54	23.41	23.41	23.41	23.39	23.39	23.37	23.37	23.36	23.35

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

Corn processing

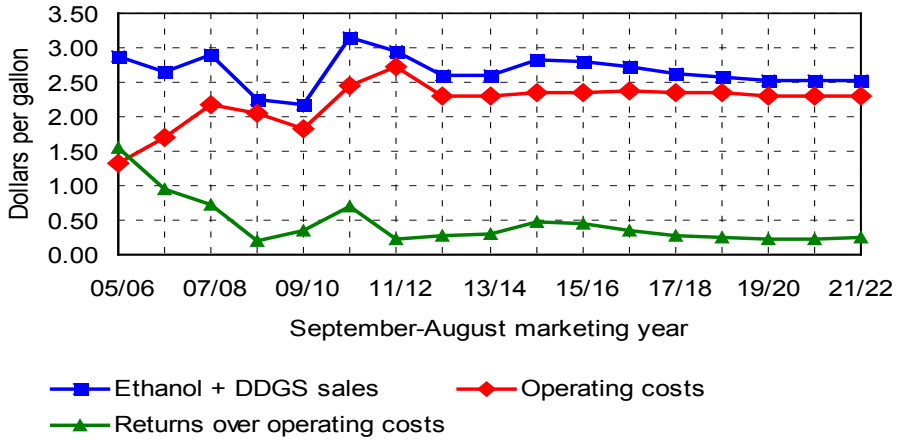
- Ethanol and its coproducts have accounted for most of the recent dramatic growth in corn food and industrial use.
- Projected ethanol and coproduct use of corn is stable in 2011/12 and 2012/13, and only increases moderately in subsequent years.
- High-fructose corn syrup (HFCS) and other food and industrial uses of corn grow more slowly than population.

Growth in corn processing slows



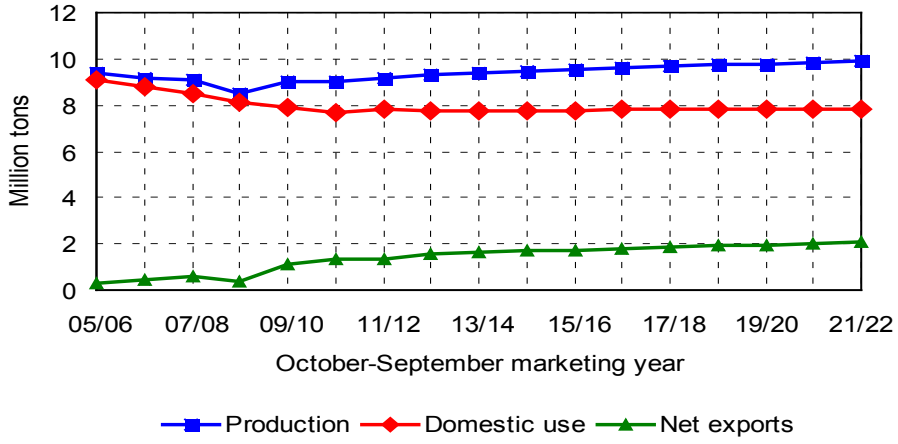
- Profit margins for dry mill ethanol plants generally increased in 2010/11 because of higher ethanol prices.
- The combination of high corn prices and lower ethanol prices has tightened margins for most producers in 2011/12.
- Margins may need to increase to encourage the slight increase in capacity required to supply the 15 billion gallons of conventional ethanol that can be used to satisfy the RFS2 in 2015 and later years.

Dry mill net returns are squeezed in 2011/12



- Declining per-capita domestic use of high-fructose corn syrup (HFCS) has been offset by increasing exports.
- High sugar prices contribute to further increases in HFCS exports, as Mexico continues to replace sugar with HFCS in soft drinks.
- HFCS and other industrial uses of corn remain very small relative to ethanol use.

Growing exports offset weak domestic HFCS use



Corn processing

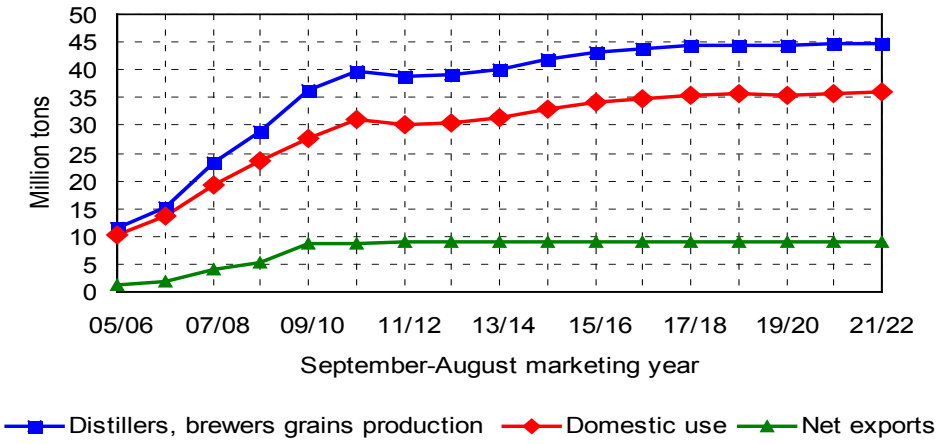
September-August year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Corn food and industrial use					(Million bushels)						
Ethanol and coproducts	4,994	5,070	5,201	5,437	5,590	5,669	5,719	5,733	5,710	5,732	5,715
HFCS	529	534	539	543	545	548	551	553	555	557	559
Glucose and dextrose	268	271	272	274	274	275	276	277	278	279	280
Starch	260	268	271	273	275	278	281	283	286	289	292
Beverage alcohol	136	140	141	142	143	145	146	148	149	150	152
Cereals and other	198	201	204	205	207	209	211	213	215	217	219
Total	6,385	6,484	6,628	6,873	7,035	7,123	7,183	7,206	7,194	7,225	7,218
Corn dry milling											
Corn dry milled for ethanol	4,443	4,504	4,638	4,870	5,025	5,113	5,170	5,195	5,186	5,219	5,219
(Share de-oiling DDGS)	15.0%	25.1%	35.2%	43.2%	51.0%	51.6%	52.3%	52.9%	53.4%	53.9%	54.3%
Yields per bushel of corn					(Units per bushel)						
Ethanol (gallons)	2.72	2.73	2.73	2.74	2.74	2.75	2.75	2.76	2.76	2.77	2.77
Distillers grains (pounds)	17.01	16.92	16.83	16.76	16.69	16.69	16.70	16.70	16.71	16.71	16.72
Costs and returns*					(Dollars per gallon)						
Ethanol value	2.33	2.07	2.09	2.31	2.30	2.21	2.11	2.07	2.03	2.02	2.03
Distillers grains value	0.62	0.51	0.50	0.50	0.51	0.51	0.51	0.51	0.51	0.50	0.50
Corn cost	-2.19	-1.76	-1.73	-1.76	-1.76	-1.77	-1.75	-1.73	-1.69	-1.66	-1.65
Fuel and electricity cost	-0.19	-0.21	-0.23	-0.25	-0.25	-0.25	-0.26	-0.26	-0.26	-0.27	-0.28
Other operating costs	-0.33	-0.33	-0.34	-0.34	-0.34	-0.35	-0.35	-0.35	-0.35	-0.36	-0.36
Net operating return	0.23	0.28	0.29	0.47	0.46	0.36	0.27	0.24	0.23	0.23	0.24
Corn wet milling					(Million bushels)						
Corn wet milled for ethanol	551	566	563	567	565	556	549	538	524	513	497
Other corn wet milling	1,057	1,073	1,082	1,089	1,095	1,101	1,107	1,113	1,120	1,126	1,131
Total corn wet milling	1,608	1,638	1,645	1,657	1,660	1,657	1,656	1,651	1,644	1,638	1,628
Yields per bushel of corn					(Units per bushel)						
Ethanol (gallons)	2.69	2.69	2.69	2.69	2.70	2.70	2.70	2.70	2.71	2.71	2.71
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)	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Costs and returns					(Dollars per gallon)						
Ethanol value	2.33	2.07	2.09	2.31	2.30	2.21	2.11	2.07	2.03	2.02	2.03
Gluten feed value	0.33	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.27	0.27
Gluten meal value	0.28	0.26	0.26	0.26	0.27	0.27	0.27	0.27	0.27	0.27	0.28
Corn oil value	0.29	0.31	0.32	0.31	0.30	0.30	0.30	0.30	0.30	0.29	0.29
Corn cost	-2.22	-1.79	-1.75	-1.78	-1.79	-1.80	-1.78	-1.76	-1.73	-1.70	-1.68
Fuel and electricity cost	-0.15	-0.16	-0.18	-0.19	-0.19	-0.20	-0.20	-0.21	-0.21	-0.21	-0.22
Other operating costs	-0.53	-0.53	-0.53	-0.54	-0.54	-0.55	-0.55	-0.56	-0.56	-0.57	-0.57
Net operating return	0.33	0.45	0.47	0.64	0.62	0.52	0.43	0.40	0.38	0.39	0.40

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

Corn products

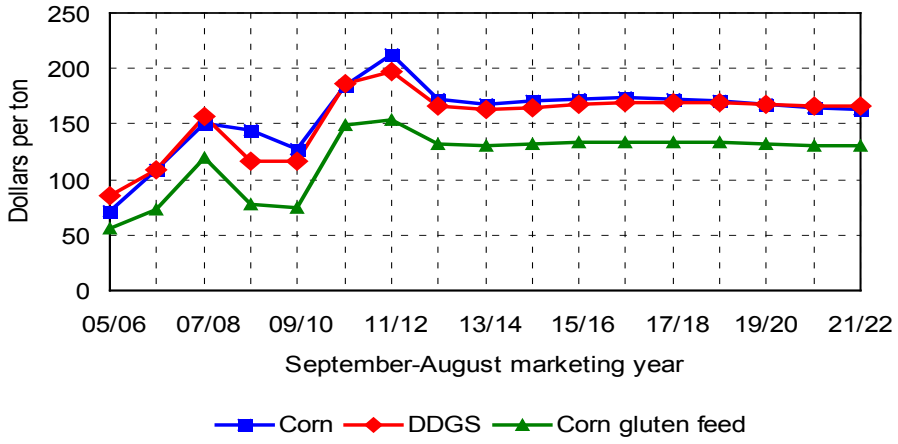
- Distillers grains production and use expanded rapidly with the dry mill ethanol industry.
- Production is expected to remain flat for the next two years and then increase only slightly.
- Net exports of distillers and brewers grains held steady in 2010/11 after years of rapid growth.
- Figures in the tables are on a dry-equivalent basis.

Distillers grains use levels off after rapid growth



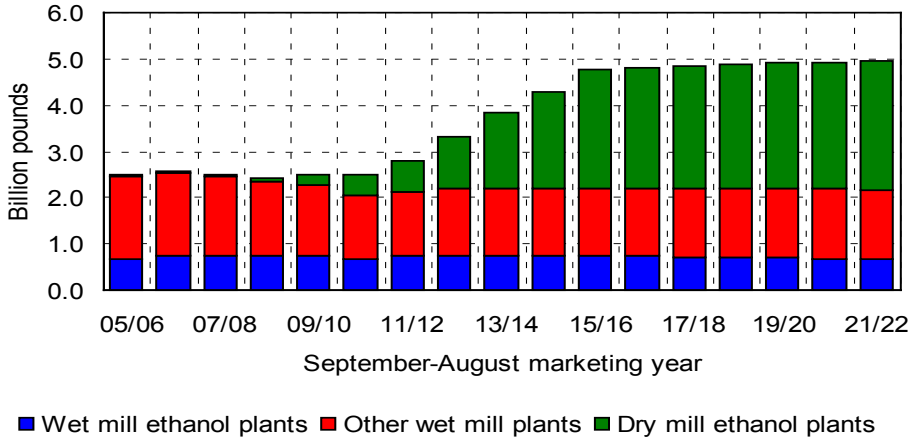
- Over the long run, prices of distillers dried grains with solubles (DDGS) and corn gluten feed generally move with corn prices.
- As the market matures, DDGS prices slowly increase relative to corn prices over the baseline.
- Distillers grains primarily displace corn in beef cattle rations, but displace both corn and soybean meal in other livestock and poultry rations.

DDGS prices generally follow corn prices



- Corn oil production from wet mill plants has not grown 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 remove oil from distillers grains.
- The oil removed in dry mill plants is used in biodiesel production.

Corn oil production from dry mill plants increases



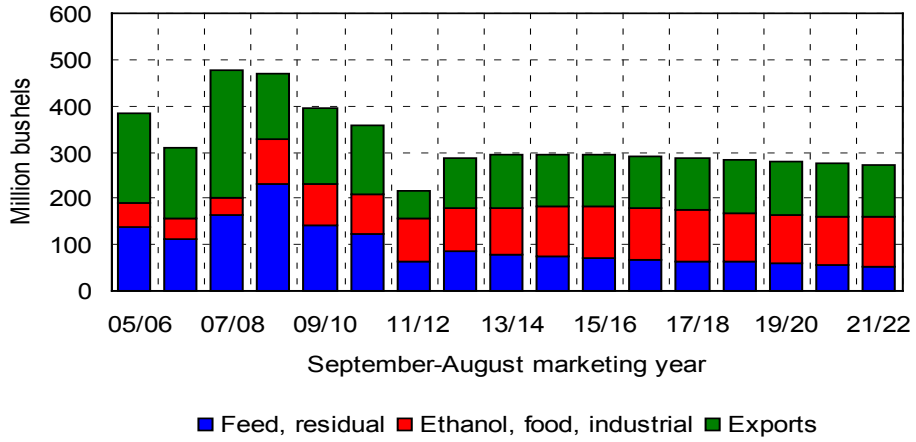
Corn product supply and use

Marketing year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
High-fructose corn syrup					(Thousand tons, Oct.-Sep. year)						
Production	9,174	9,280	9,383	9,474	9,533	9,601	9,669	9,731	9,792	9,848	9,898
Domestic use	7,803	7,751	7,749	7,763	7,781	7,797	7,814	7,826	7,836	7,843	7,844
Net exports	1,371	1,529	1,634	1,710	1,751	1,803	1,855	1,905	1,956	2,005	2,054
					(Cents per pound, Oct.-Sep. year)						
Price, 42% Midwest	23.70	21.24	21.42	22.47	22.36	22.08	21.65	21.39	21.07	20.91	20.89
HFCS price/ref. sugar price	46%	48%	49%	51%	50%	50%	50%	50%	50%	50%	51%
Distillers, brewers grains					(Thousand tons, Sep.-Aug. year)						
Production (dry equiv.)	38,915	39,243	40,173	41,953	43,085	43,829	44,314	44,536	44,479	44,774	44,788
Domestic use	30,062	30,324	31,230	32,987	34,126	34,869	35,352	35,594	35,543	35,844	35,871
Net exports	8,853	8,919	8,943	8,967	8,959	8,961	8,962	8,942	8,936	8,930	8,917
					(Dollars per ton, Sep.-Aug. year)						
Price, Lawrenceburg, IN	197.06	165.66	162.37	164.68	166.95	168.92	168.92	168.58	167.25	165.60	165.86
DDGS price/corn price	93%	96%	96%	96%	97%	97%	98%	99%	100%	101%	102%
Corn gluten feed					(Thousand tons, Sep.-Aug. year)						
Production	9,165	9,339	9,376	9,442	9,461	9,443	9,439	9,413	9,371	9,339	9,279
Domestic use	7,527	7,623	7,670	7,753	7,788	7,790	7,800	7,790	7,766	7,748	7,710
Net exports	1,638	1,715	1,705	1,690	1,673	1,653	1,639	1,622	1,606	1,591	1,570
					(Dollars per ton, Sep.-Aug. year)						
Price, 21%, IL points	154.33	132.44	130.18	131.65	132.80	133.78	133.45	132.98	131.79	130.53	130.45
CGF price/corn price	72%	77%	77%	77%	77%	77%	78%	78%	79%	80%	80%
Corn gluten meal					(Thousand tons, Sep.-Aug. year)						
Production	2,412	2,458	2,467	2,485	2,490	2,485	2,484	2,477	2,466	2,458	2,442
Domestic use	1,589	1,616	1,614	1,623	1,620	1,606	1,596	1,579	1,558	1,540	1,515
Net exports	823	842	853	862	870	879	888	898	908	918	927
					(Dollars per ton, Sep.-Aug. year)						
Price, 60%, IL points	492.37	468.12	460.99	468.33	478.89	485.76	491.59	493.98	494.30	495.94	498.94
CGM price/soymeal price	161%	164%	165%	164%	162%	162%	161%	161%	161%	161%	161%
Corn oil					(Million pounds, Oct.-Sep. year)						
Production	2,802	3,308	3,818	4,302	4,765	4,840	4,902	4,940	4,954	4,989	4,997
Domestic use	2,019	2,548	3,054	3,518	3,976	4,072	4,133	4,169	4,180	4,213	4,220
Biodiesel	666	1,133	1,633	2,102	2,560	2,640	2,702	2,747	2,771	2,813	2,835
Net exports	759	748	743	752	759	762	764	767	770	773	775
Ending stocks	158	171	191	223	252	258	262	266	270	274	276
					(Cents per pound, Oct.-Sep. year)						
Chicago price	58.80	62.85	64.58	62.53	61.14	61.11	61.11	60.86	60.22	59.76	59.40
Corn oil price/soyoil price	113%	112%	111%	112%	112%	112%	112%	112%	112%	113%	113%

Sorghum and barley

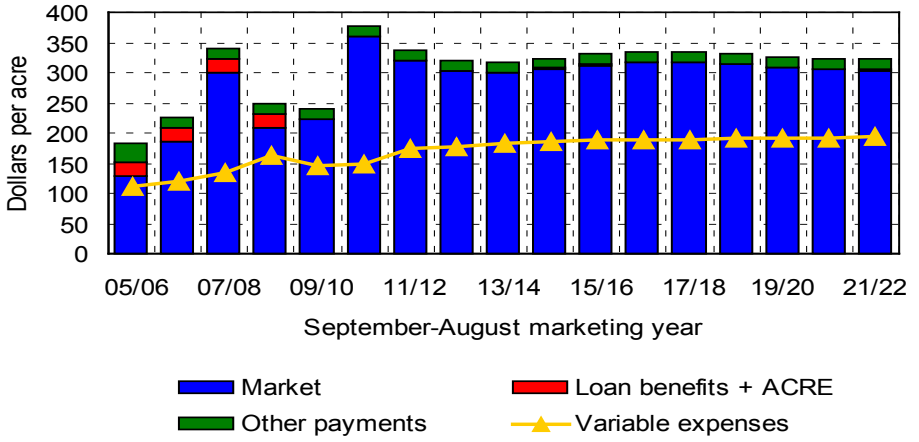
- Poor weather sharply reduced the size of the 2011 U.S. sorghum crop.
- High prices and limited supplies have resulted in sharply lower exports and feed use. Those uses should rebound in 2012/13 if production increases.
- Food and industrial use, primarily for ethanol, has grown in relative importance.
- Sorghum prices generally move with corn prices, but available supplies and other factors can affect their relative prices.

Sorghum use rebounds after sharp drop in 2011/12



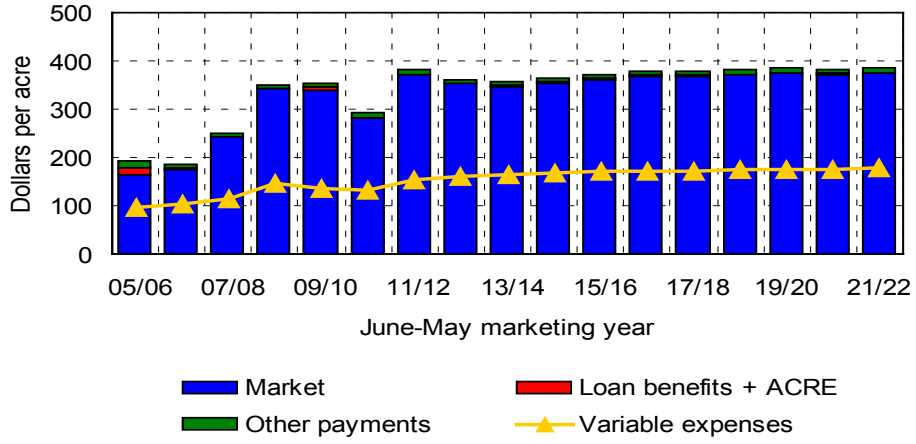
- High prices and yields led to record per-acre market receipts for sorghum in 2010/11.
- In 2011/12, the effects of lower yields more than offset higher prices, and higher production costs also reduce net returns.
- In 2012/13, net returns fall again, as the effect of lower prices more than offsets the impact of higher yields.
- In later years, net returns to sorghum producers are not sufficient to avoid further reductions in sorghum area.

Sorghum net returns decline from 2010/11 peak



- Reduced acreage contributed to a rebound in barley prices in 2011/12 that sharply increased barley returns per acre.
- Barley acreage could increase in 2012 if weather conditions permit. Barley net returns decline slightly with lower prices.
- Feed use accounts for 20 percent or less of projected domestic barley use beginning in 2011/12. Prices and returns can be very different for feed and malting barley.

Barley net returns increase in 2011/12



Sorghum supply and use

September-August year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	5.48	5.47	5.46	5.40	5.34	5.27	5.21	5.14	5.06	4.99	4.89
Harvested area	3.93	4.47	4.45	4.40	4.35	4.29	4.24	4.17	4.10	4.05	3.96
					(Bushels per harvested acre)						
Yield	54.6	66.2	66.3	66.7	67.1	67.5	67.8	67.9	68.2	68.3	68.5
Supply and use					(Million bushels)						
Production	214	297	296	294	293	291	288	284	281	278	272
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic use	155	181	180	184	183	179	174	169	165	162	159
Exports	60	108	114	111	111	113	114	115	115	115	113
Ending stocks	27	36	38	38	38	38	39	39	39	40	40
Prices, returns and payments					(Dollars)						
Farm price/bu.	5.87	4.63	4.56	4.64	4.70	4.73	4.70	4.65	4.58	4.50	4.47
Gross market revenue/a.	320.56	303.48	299.26	306.80	312.76	317.36	315.87	313.47	308.64	304.65	303.84
Variable expenses/a.	173.84	178.29	181.85	184.59	187.21	189.03	189.52	190.17	190.24	190.44	194.85
Market net return/a.	146.72	125.19	117.40	122.21	125.55	128.33	126.35	123.30	118.40	114.21	108.99
Marketing loan benefits/a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ACRE payment/a.*	0.00	0.07	0.71	0.69	0.74	0.89	0.77	1.16	1.11	1.24	1.21
CCP payment/base a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Direct payment/base a.*	16.27	16.60	16.50	16.50	16.50	16.50	16.49	16.49	16.48	16.48	16.48

Barley supply and use

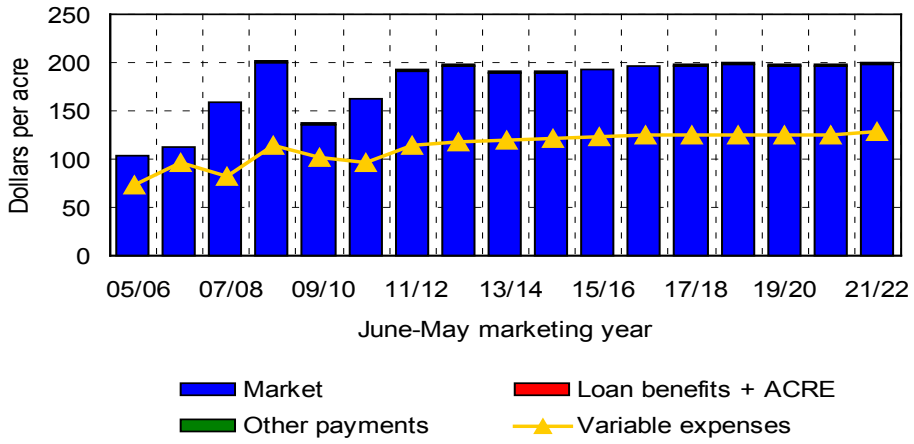
June-May year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	2.56	3.00	3.03	2.98	2.93	2.88	2.85	2.82	2.76	2.74	2.70
Harvested area	2.24	2.59	2.62	2.57	2.53	2.49	2.46	2.43	2.38	2.36	2.32
					(Bushels per harvested acre)						
Yield	69.6	70.4	71.2	71.9	72.7	73.5	74.3	75.0	75.7	76.4	77.1
Supply and use					(Million bushels)						
Production	156	182	186	185	184	183	183	182	180	180	179
Imports	10	20	20	20	20	21	21	21	23	23	24
Domestic use	200	194	197	198	197	196	197	197	196	197	196
Exports	10	7	7	7	7	7	7	7	6	6	6
Ending stocks	45	47	50	50	50	51	51	52	52	53	54
Prices, returns and payments					(Dollars)						
All barley farm price/bu.	5.36	5.04	4.90	4.94	4.99	5.04	5.00	4.96	4.95	4.89	4.87
Feed barley price/bu.	4.77	4.11	4.01	4.06	4.10	4.13	4.09	4.06	4.01	3.95	3.93
Gross market revenue/a.	372.66	352.68	347.57	353.59	361.06	368.43	369.46	370.85	373.31	371.95	374.42
Variable expenses/a.	153.74	160.79	164.94	167.73	170.21	172.09	173.03	174.04	174.74	175.42	178.78
Market net return/a.	218.92	191.90	182.64	185.86	190.85	196.34	196.42	196.80	198.56	196.53	195.64
Marketing loan benefits/a.*	0.00	0.00	0.03	0.02	0.04	0.02	0.00	0.00	0.02	0.02	0.03
ACRE payment/a.*	0.00	0.22	1.57	1.95	1.62	1.84	1.50	1.89	1.74	1.84	1.92
CCP payment/base a.*	0.00	0.00	0.05	0.05	0.07	0.07	0.01	0.00	0.06	0.03	0.08
Direct payment/base a.*	9.15	9.33	9.25	9.25	9.25	9.25	9.24	9.24	9.23	9.23	9.23

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

Oats and hay

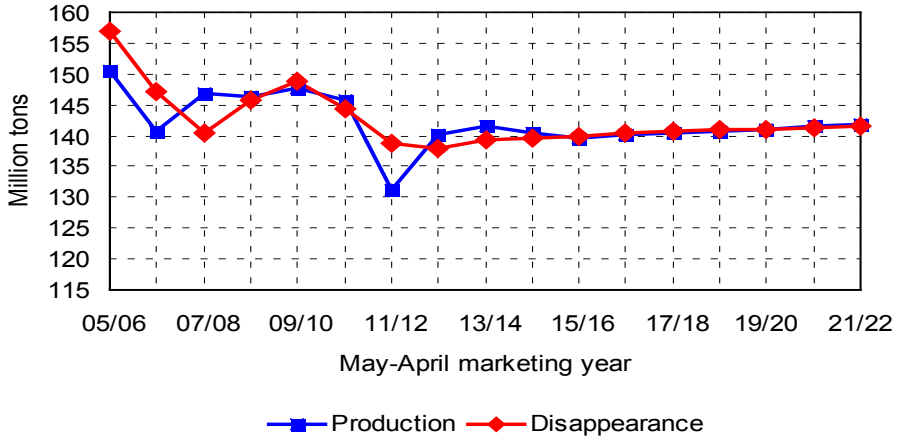
- U.S. production of oats declined sharply in 2011, and oat prices increased along with prices for other feed grains.
- Net returns to oat producers are projected to hold steady in 2012/13 because of offsetting changes in prices and yields.
- Most oats consumed in the U.S. are imported.

Oat prices and returns increase in 2011/12



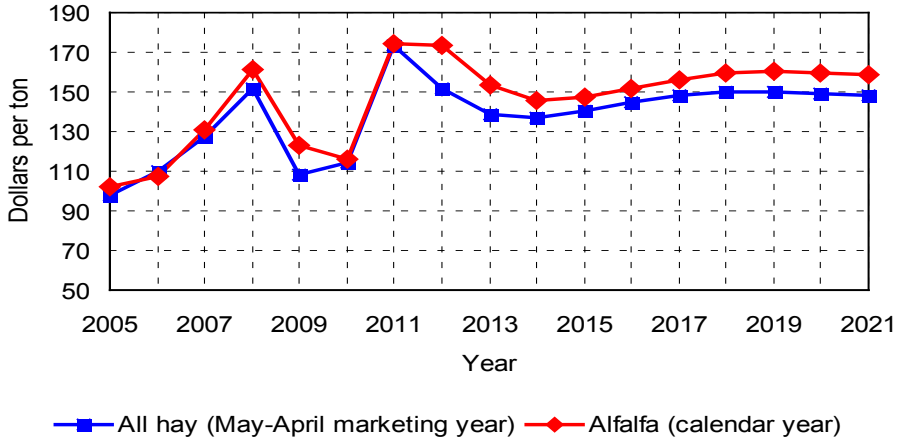
- Drought sharply reduced 2011 hay production.
- The resulting high prices and reduced cattle numbers result in lower 2011/12 use and a large drawdown of hay stocks.
- If growing conditions improve, hay production will rebound in 2012, allowing some rebuilding of stocks.
- Projected hay production and use are in balance after 2013/14, but weather and other factors will cause market volatility.

Hay production rebounds after sharp 2011 decline



- Hay prices have increased dramatically because of tight forage supplies. In the most affected regions, the price increases are even larger than these national averages suggest.
- If production rebounds in 2012, prices could fall back but are likely to remain above the levels of 2009/10 and 2010/11.
- Hay markets are more fragmented than markets for most other agricultural commodities, so national average prices may not reflect local markets.

Hay prices peak in 2011/12, then fall back



Oats supply and use

June-May year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	2.50	3.02	3.17	3.11	3.04	2.99	2.98	2.97	2.96	2.95	2.94
Harvested area	0.94	1.21	1.28	1.26	1.22	1.21	1.20	1.20	1.19	1.19	1.19
					(Bushels per harvested acre)						
Yield	57.1	64.2	64.5	64.9	65.5	66.1	66.7	67.1	67.8	68.3	68.8
Supply and use					(Million bushels)						
Production	54	78	83	82	81	80	81	81	81	82	82
Imports	95	97	94	94	94	94	94	94	93	93	92
Domestic use	166	167	170	172	171	171	171	171	171	170	170
Exports	3	3	3	3	3	3	3	3	3	3	3
Ending stocks	47	52	56	57	58	58	59	59	60	61	63
Prices, returns and payments					(Dollars)						
Farm price/bu.	3.35	3.08	2.95	2.93	2.94	2.97	2.96	2.95	2.92	2.89	2.89
Gross market revenue/a.	191.53	196.79	189.52	189.79	192.27	195.78	196.77	197.72	196.92	196.58	197.79
Variable expenses/a.	114.11	118.25	120.54	122.05	123.40	124.34	124.68	125.14	125.38	125.66	127.78
Market net return/a.	77.41	78.54	68.99	67.74	68.87	71.44	72.09	72.58	71.54	70.93	70.01
Marketing loan benefits/a.*	0.00	0.00	0.01	0.06	0.03	0.03	0.01	0.01	0.03	0.01	0.10
ACRE payment/a.*	0.00	0.08	0.36	0.43	0.38	0.38	0.36	0.43	0.41	0.49	0.45
CCP payment/base a.*	0.00	0.01	0.06	0.10	0.10	0.12	0.06	0.05	0.10	0.08	0.18
Direct payment/base a.*	0.95	0.97	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96

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

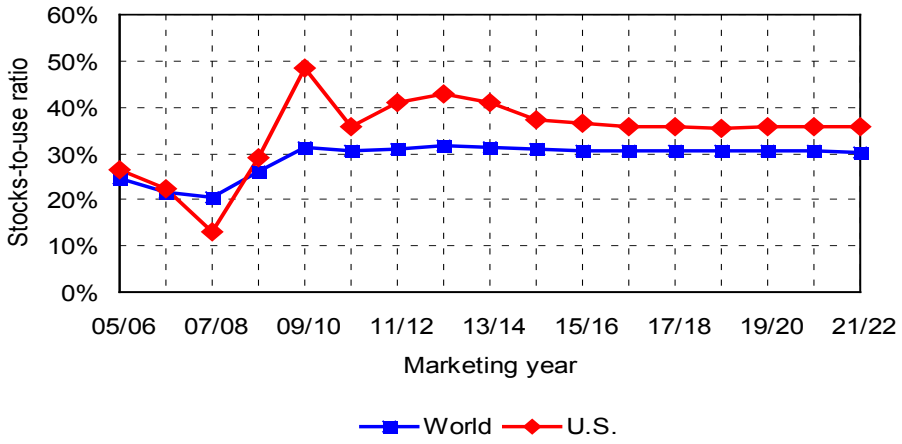
Hay supply and use

May-April year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
					(Million acres)						
Harvested area	55.6	58.4	58.9	58.3	57.9	57.9	57.9	57.9	57.8	57.8	57.6
					(Tons per acre)						
Yield	2.36	2.40	2.40	2.41	2.41	2.42	2.43	2.43	2.44	2.45	2.46
Supply and use					(Million tons)						
Production	131.1	140.2	141.4	140.4	139.6	140.0	140.5	140.8	141.0	141.7	141.7
Disappearance	138.7	137.8	139.3	139.7	139.9	140.4	140.7	140.9	141.0	141.3	141.5
Ending stocks	14.6	17.1	19.2	19.9	19.6	19.3	19.0	18.9	18.9	19.3	19.5
Prices					(Dollars per ton)						
All hay (crop year)	173.63	151.98	138.79	137.25	140.83	144.39	147.91	149.78	150.27	149.09	148.51
Alfalfa (calendar year)	174.69	173.39	153.29	145.77	147.63	151.96	156.24	159.31	160.57	159.96	158.96

Wheat

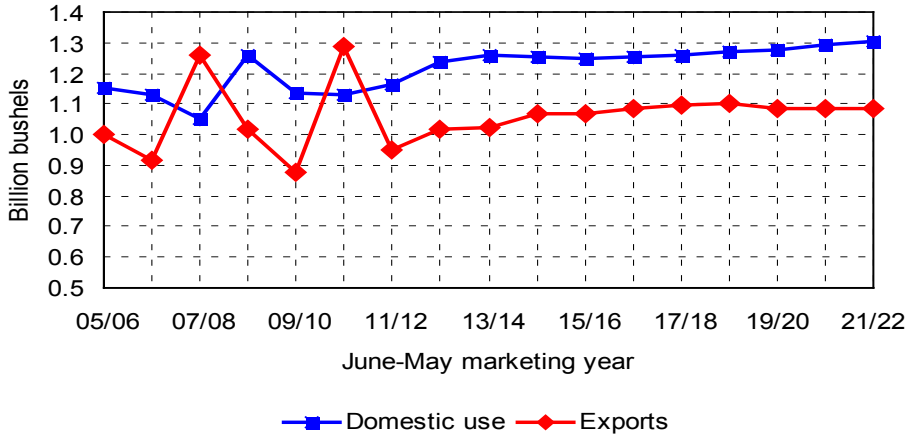
- In sharp contrast to corn, U.S. and world wheat stocks are much higher relative to use than a few years ago.
- Increased 2012 production could result in even larger U.S. wheat stocks at the end of the 2012/13 marketing year.
- These relative stock levels closely tie wheat to corn markets unless there is a significant wheat production shortfall.

Large stocks overhang wheat market



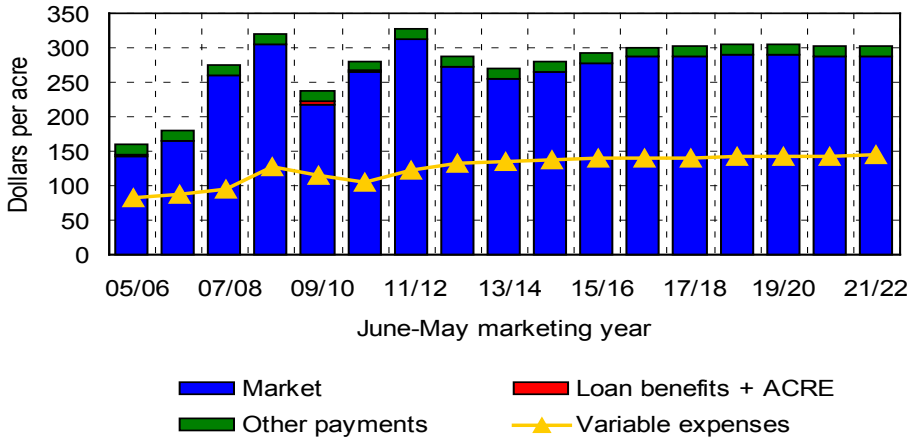
- Russia and Ukraine had poor wheat crops in 2010 and much larger crops in 2011.
- In response, U.S. wheat exports increased in 2010/11 and fell in 2011/12.
- Continued strong competition is likely to limit future U.S. exports except when weather reduces foreign yields.
- Domestic feed use of wheat may increase in 2012/13 if feed-quality wheat prices are competitive with corn.

Large global supplies limit U.S. wheat exports



- Wheat prices and returns have increased in 2011/12, as grain markets in general respond to tight corn supplies.
- Wheat prices and returns could fall back in 2012/13 and 2013/14 if global grain yields match or exceed long-term trends.
- In spite of increased production costs, projected net returns to U.S. wheat producers remain well above pre-2007 levels.

Wheat net returns decline from 2011 peak



Wheat supply and use

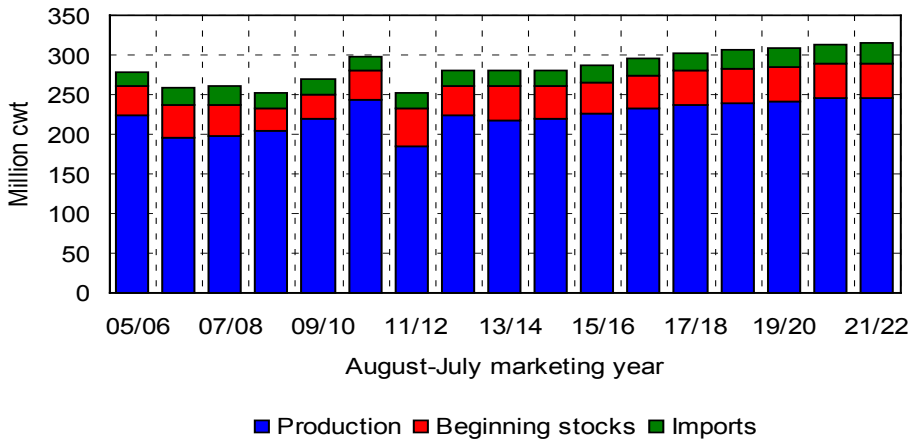
June-May year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	54.4	58.1	55.4	54.4	54.9	55.5	55.6	55.3	55.0	55.0	54.8
Harvested area	45.7	49.7	47.3	46.6	47.0	47.6	47.6	47.4	47.1	47.1	46.9
					(Bushels per harvested acre)						
Yield	43.7	45.0	45.4	45.8	46.2	46.6	47.0	47.3	47.7	48.2	48.5
					(Million bushels)						
Supply	2,981	3,223	3,227	3,189	3,156	3,177	3,197	3,205	3,204	3,230	3,247
Beginning stocks	862	869	966	940	866	843	839	840	836	841	852
Production	1,999	2,239	2,152	2,137	2,176	2,218	2,242	2,249	2,251	2,273	2,279
Imports	120	115	110	112	114	116	117	117	117	117	117
Domestic use	1,162	1,239	1,262	1,254	1,248	1,252	1,261	1,269	1,278	1,292	1,305
Feed and residual	144	208	217	201	188	184	184	184	183	186	189
Seed	81	77	76	77	78	78	78	78	78	78	78
Food and other	937	954	969	976	982	990	998	1,008	1,017	1,028	1,038
Exports	950	1,018	1,025	1,069	1,065	1,086	1,097	1,100	1,085	1,087	1,086
Total use	2,112	2,257	2,287	2,323	2,313	2,338	2,357	2,369	2,363	2,379	2,391
Ending stocks	869	966	940	866	843	839	840	836	841	852	856
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Under loan	10	24	30	28	25	25	24	24	25	27	27
Other stocks	859	942	910	839	818	814	816	812	816	825	829
Prices, program provisions					(Dollars per bushel)						
Farm price	7.15	6.09	5.63	5.81	6.01	6.15	6.15	6.12	6.10	6.00	5.95
Loan rate	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94
Target price	4.17	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	73.0	73.1	73.1	73.1	73.1	73.1	73.1	73.1	73.1	73.1	73.1
					(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	15.2	15.2	17.8	17.8	17.8	18.1	18.2	18.5	18.6	18.9	18.9
Returns and payments					(Dollars)						
Gross market revenue/a.	312.99	272.82	254.66	265.22	276.60	285.26	287.98	289.05	289.52	287.88	287.25
Variable expenses/a.	122.92	131.98	135.19	137.22	138.92	140.13	140.96	142.09	142.62	143.17	145.23
Market net return/a.	190.07	140.85	119.47	128.00	137.68	145.13	147.01	146.96	146.89	144.71	142.02
Marketing loan benefits/a.*	0.00	0.00	0.18	0.13	0.00	0.08	0.01	0.03	0.01	0.07	0.13
ACRE payment/a.*	0.00	0.64	2.75	1.98	1.42	1.56	1.53	1.72	1.79	2.04	2.20
CCP payment/base a.*	0.00	0.00	0.24	0.26	0.02	0.14	0.06	0.05	0.04	0.12	0.15
Direct payment/base a.*	14.45	14.74	14.66	14.66	14.66	14.65	14.65	14.64	14.64	14.63	14.63

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

Rice

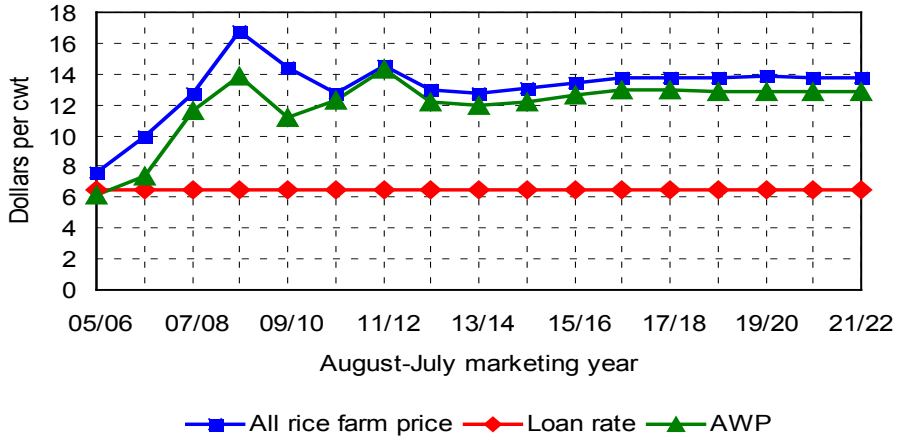
- Flooding and lower prices sharply reduced 2011 U.S. rice acreage and production.
- U.S. rice acreage and production could rebound in 2012 if weather conditions are favorable.
- The small 2011 U.S. rice crop only results in a moderate reduction in U.S. stocks, as strong foreign competition limits U.S. exports.

Rice supplies rebound from sharp 2011/12 decline



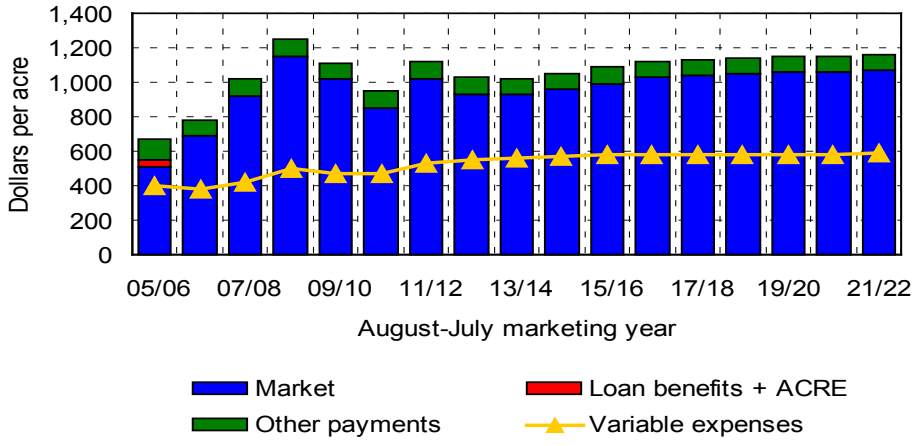
- If rice supplies recover as projected, the 2011/12 increase in U.S. rice prices could prove temporary.
- Projected all-rice farm prices drop to around $13 per hundredweight in 2012/13 and only slightly increase in later years.
- Short and medium grain rice continues to sell at a strong premium to long grain rice.

Rice prices decline after temporary increase



- Rice net returns increase in 2011/12, but remain well below the 2008/09 peak.
- Projected returns decline in 2012/13 because of lower prices and rising production costs.
- Rice net returns increase slightly in later years, and rice acreage stays above 3 million acres.
- Direct payments are a larger share of rice producer income than for other major crops.

Rice returns fall in 2012/13 with lower prices



Rice supply and use

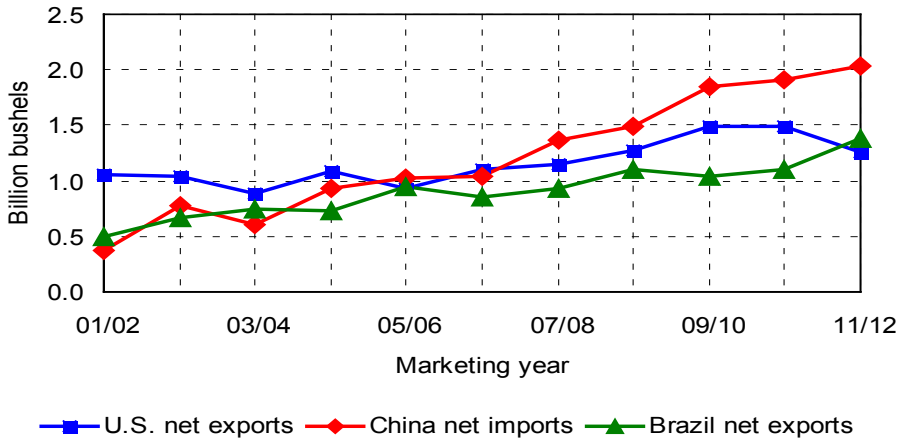
August-July year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	2.69	3.15	3.04	3.04	3.09	3.16	3.20	3.21	3.21	3.22	3.20
Harvested area	2.62	3.10	2.99	2.99	3.04	3.11	3.15	3.16	3.16	3.17	3.15
					(Pounds per harvested acre)						
Yield	7,067	7,189	7,272	7,325	7,395	7,467	7,534	7,593	7,648	7,709	7,775
					(Million hundredweight)						
Supply	252.5	280.8	279.6	280.6	287.0	295.2	301.7	305.5	309.1	313.1	314.4
Beginning stocks	48.5	38.5	42.2	41.1	40.9	41.3	42.2	43.0	43.8	44.4	45.1
Production	185.0	223.0	217.6	219.1	225.2	232.4	237.4	239.8	241.9	244.8	245.0
Imports	19.0	19.3	19.8	20.4	20.9	21.5	22.1	22.7	23.3	23.9	24.3
Domestic use	123.9	128.9	130.8	132.3	133.6	135.1	136.8	138.6	140.4	142.1	144.0
Exports	90.1	109.7	107.7	107.5	112.1	118.0	121.8	123.1	124.3	125.9	124.8
Total use	214.0	238.6	238.5	239.8	245.7	253.0	258.7	261.7	264.7	268.0	268.8
Ending stocks	38.5	42.2	41.1	40.9	41.3	42.2	43.0	43.8	44.4	45.1	45.5
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	38.5	42.2	41.1	40.9	41.3	42.2	43.0	43.8	44.4	45.1	45.5
Prices, program provisions					(Dollars per hundredweight)						
Farm price	14.48	12.94	12.74	13.05	13.40	13.68	13.77	13.75	13.79	13.74	13.75
Adjusted world price	14.31	12.12	12.00	12.24	12.60	12.91	12.98	12.89	12.86	12.87	12.88
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	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39
					(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	1.0	1.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7
Returns and payments					(Dollars)						
Gross market revenue/a.	1023.32	929.86	926.19	955.65	990.38	1021.23	1036.75	1042.81	1053.85	1058.24	1068.83
Variable expenses/a.	532.42	547.87	562.46	569.63	575.39	579.31	579.39	579.63	578.52	577.58	589.70
Market net return/a.	490.89	381.99	363.73	386.02	414.99	441.92	457.36	463.18	475.34	480.66	479.14
Marketing loan benefits/a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ACRE payment/a.*	0.00	0.23	0.41	0.25	0.18	0.20	0.20	0.32	0.31	0.34	0.36
CCP payment/base a.*	0.00	0.05	0.28	0.26	0.13	0.24	0.15	0.11	0.18	0.09	0.08
Direct payment/base a.*	94.12	96.04	95.95	95.95	95.95	95.94	95.94	95.93	95.93	95.92	95.92

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

Soybeans

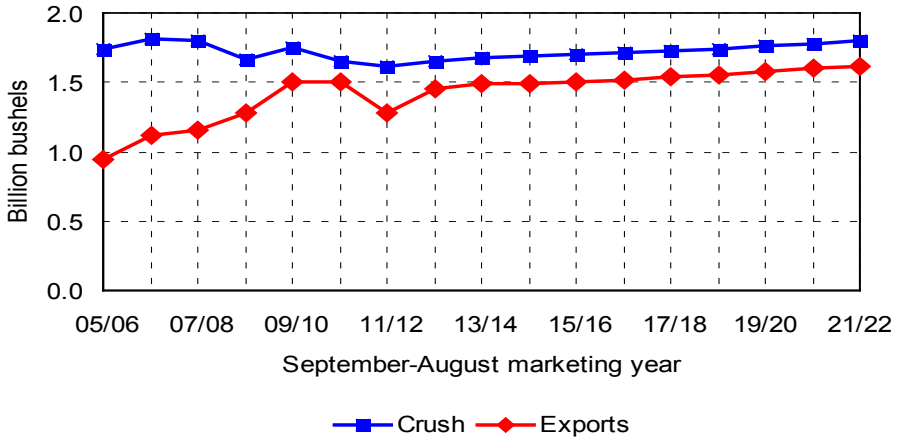
- China accounts for more than half of world soybean imports, and rapid growth in Chinese imports has boosted world soybean prices in recent years.
- The U.S. captured much of the growth in Chinese imports from 2005-2010, as Brazilian export growth lagged.
- In 2011/12, a sharp increase in Brazilian export supplies limits U.S. export potential.
- The balance of future growth in Chinese imports and Brazilian exports will strongly influence future U.S. soybean exports.

China and Brazil drive world soybean markets



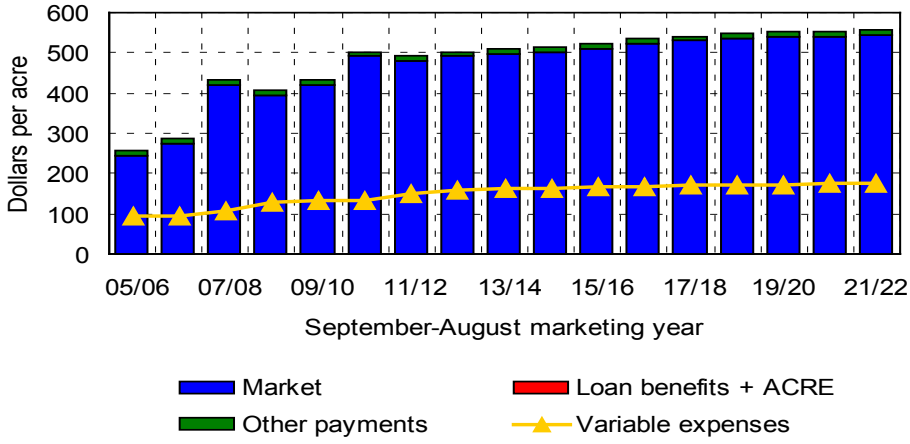
- U.S. soybean exports are projected to recover in 2012/13 and then grow at a modest pace.
- Domestic soybean crush also increases slowly over time in response to rising demand for U.S. soybean meal and soybean oil.
- Growth in soybean use is constrained by available supplies because of continued strong competition from corn and other crops.

Soybean exports and crush both grow



- The season-average soybean price in 2011/12 could break the record set a year earlier.
- Projected soybean prices remain above $11 per bushel, keeping net returns at or above the 2011/12 level over the baseline.
- Soybean returns must remain strong for soybeans to be competitive with corn.
- As with other crops, actual prices and returns are likely to vary considerably from year to year.

Soybean net returns remain strong



Soybean supply and use

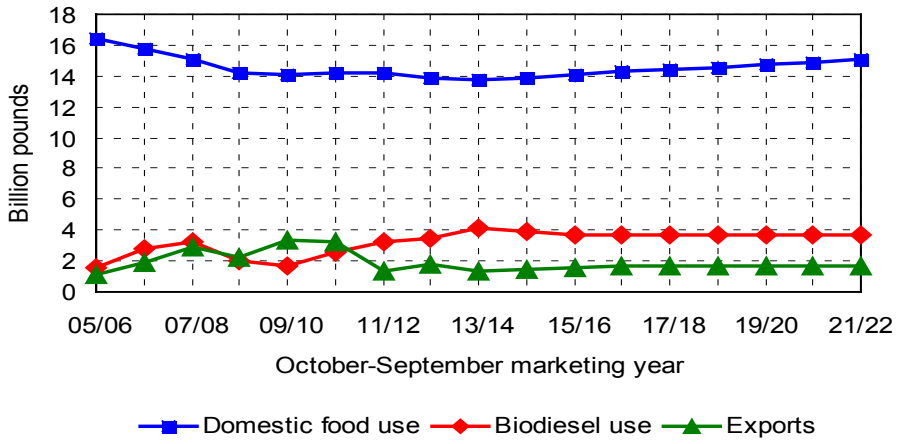
September-August year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	75.0	75.1	75.1	74.9	74.2	74.0	73.9	74.0	74.1	74.2	74.3
Harvested area	73.6	74.1	74.0	73.8	73.2	73.0	72.9	73.0	73.1	73.2	73.3
					(Bushels per harvested acre)						
Yield	41.5	43.8	44.4	44.8	45.4	45.9	46.4	46.9	47.4	47.9	48.3
					(Million bushels)						
Supply	3,286	3,535	3,601	3,624	3,642	3,676	3,708	3,745	3,792	3,832	3,873
Beginning stocks	215	278	301	298	307	308	307	309	310	313	315
Production	3,056	3,243	3,285	3,311	3,320	3,353	3,385	3,422	3,467	3,504	3,543
Imports	15	15	15	15	15	15	15	15	15	15	15
Domestic use	1,733	1,776	1,808	1,822	1,833	1,847	1,862	1,879	1,900	1,918	1,938
Crush	1,615	1,651	1,680	1,693	1,703	1,716	1,729	1,744	1,762	1,778	1,796
Seed and residual	118	125	127	129	130	131	132	135	138	140	142
Exports	1,275	1,458	1,495	1,496	1,501	1,521	1,538	1,556	1,579	1,598	1,618
Total use	3,008	3,234	3,303	3,318	3,334	3,369	3,399	3,435	3,479	3,517	3,556
Ending stocks	278	301	298	307	308	307	309	310	313	315	317
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Under loan	6	10	11	12	13	13	13	14	14	15	15
Other stocks	272	291	287	295	295	295	295	297	299	300	302
Prices, program provisions					(Dollars per bushel)						
Farm price	11.61	11.37	11.37	11.30	11.35	11.48	11.58	11.57	11.46	11.41	11.39
Illinois processor price	12.01	11.88	11.88	11.81	11.85	11.98	12.08	12.07	11.96	11.91	11.89
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	6.00	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	50.1	50.2	50.2	50.2	50.1	50.1	50.2	50.2	50.2	50.2	50.2
					(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	16.8	16.8	19.5	19.5	19.5	19.8	19.8	20.2	20.3	20.6	20.6
Returns and payments					(Dollars)						
Gross market revenue/a.	481.97	493.54	501.13	503.41	510.93	523.71	532.48	538.16	539.86	542.20	546.61
Variable expenses/a.	150.84	157.52	162.01	164.79	166.96	168.84	170.30	171.69	172.71	173.68	176.24
Market net return/a.	331.13	336.01	339.12	338.62	343.97	354.87	362.19	366.47	367.15	368.52	370.38
Marketing loan benefits/a.*	0.00	0.00	0.02	0.04	0.00	0.01	0.01	0.00	0.01	0.00	0.00
ACRE payment/a.*	0.06	1.78	2.70	3.23	3.22	2.83	3.22	3.50	3.57	3.81	3.54
CCP payment/base a.*	0.00	0.00	0.03	0.03	0.02	0.02	0.02	0.01	0.03	0.00	0.02
Direct payment/base a.*	10.95	11.17	11.11	11.11	11.11	11.10	11.10	11.09	11.09	11.08	11.08
Product prices, crush margin											
48% meal price/ton	305.91	285.98	280.02	286.23	294.99	300.57	305.32	307.14	307.18	308.35	310.59
Oil price/cwt.	51.96	56.23	57.98	55.91	54.53	54.55	54.54	54.26	53.57	53.08	52.67
Bioediesel rack/gallon	4.83	5.18	5.38	5.19	5.06	5.07	5.08	5.07	5.04	5.02	5.00
Crush margin/bu.	1.30	1.30	1.36	1.34	1.35	1.36	1.37	1.40	1.42	1.44	1.47

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

Soybean products

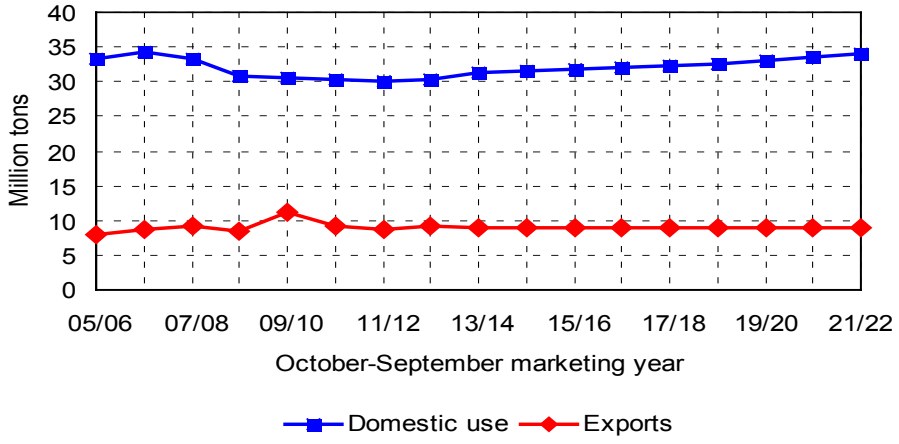
- Biodiesel use of soybean oil has increased as firms seek to meet their obligations under RFS2.
- Future growth in soybean oil biodiesel use depends on growth in biodiesel production from other feedstocks.
- A projected price increase in 2012/13 could result in lower domestic food use of soybean oil, but per-capita consumption is projected to hold steady in later years.
- Soybean oil exports are constrained by available supplies and strong competition.

Biodiesel use of soybean oil increases until 2013



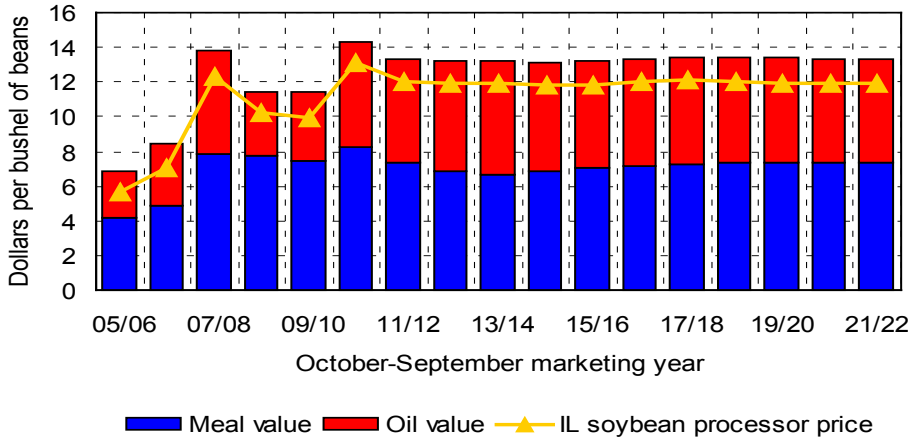
- Stagnant livestock and poultry production and competition from distillers grains have limited domestic use of soybean meal in recent years.
- Projected increases in soybean meal use result from resumed growth in poultry production and slower growth in use of distillers grains.
- Soybean meal exports remain stable as growing world demand is met by competitors.

Soybean meal use recovers from recent lows



- Soybean oil prices rebounded sharply in 2010/11 and could remain above 50 cents per pound in response to growing biodiesel demand and stabilizing food use.
- As a result, oil now accounts for a larger share of the soybean crush value than it did previously.
- Soybean meal prices could dip below $300 per ton for the first time in six years in 2012/13, but projected meal prices recover slowly in later years.

Oil captures larger share of soybean crush value



Soybean oil supply and use

October-September year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
						(Million pounds)					
Supply	21,214	21,314	21,408	21,506	21,776	22,019	22,193	22,378	22,610	22,814	23,049
Beginning stocks	2,425	2,427	2,188	2,137	2,299	2,389	2,415	2,430	2,458	2,482	2,516
Production	18,603	18,702	19,036	19,184	19,293	19,445	19,592	19,763	19,967	20,146	20,348
Imports	185	185	185	185	185	185	185	185	185	185	185
Domestic use	17,437	17,332	17,930	17,780	17,768	17,933	18,059	18,235	18,453	18,640	18,862
Biodiesel	3,270	3,466	4,165	3,897	3,643	3,639	3,647	3,651	3,693	3,724	3,744
Food and other	14,167	13,866	13,764	13,883	14,126	14,294	14,412	14,583	14,760	14,916	15,118
Exports	1,349	1,794	1,342	1,428	1,619	1,670	1,704	1,685	1,675	1,657	1,623
Total use	18,786	19,127	19,271	19,208	19,387	19,603	19,763	19,920	20,128	20,298	20,485
Ending stocks	2,427	2,188	2,137	2,299	2,389	2,415	2,430	2,458	2,482	2,516	2,564
Price						(Cents per pound)					
Decatur	51.96	56.23	57.98	55.91	54.53	54.55	54.54	54.26	53.57	53.08	52.67

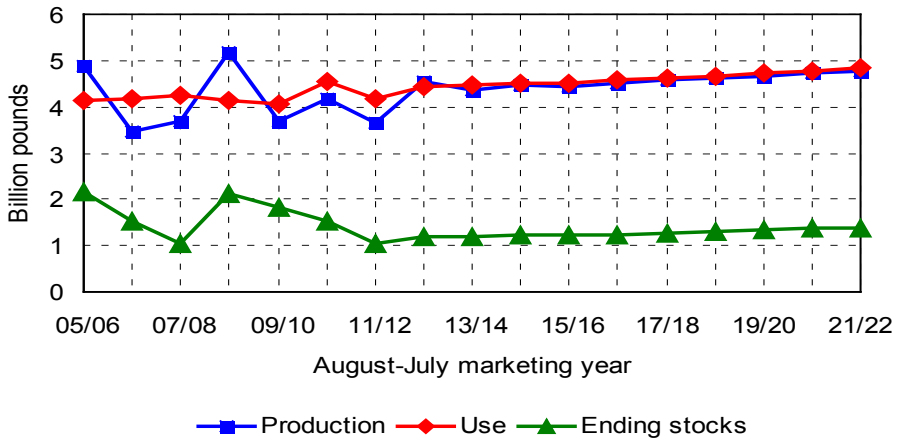
Soybean meal supply and use

October-September year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
						(Thousand tons)					
Supply	39,198	39,774	40,484	40,803	41,031	41,347	41,657	42,015	42,443	42,820	43,244
Beginning stocks	350	299	308	314	314	312	310	309	309	309	309
Production	38,683	39,310	40,011	40,324	40,552	40,871	41,181	41,540	41,969	42,346	42,770
Imports	165	165	165	165	165	165	165	165	165	165	165
Domestic use	30,111	30,336	31,227	31,590	31,774	32,009	32,285	32,659	33,163	33,557	34,034
Exports	8,789	9,130	8,943	8,899	8,945	9,028	9,062	9,047	8,970	8,954	8,900
Total use	38,900	39,465	40,170	40,489	40,719	41,037	41,347	41,706	42,134	42,511	42,934
Ending stocks	299	308	314	314	312	310	309	309	309	309	310
Price						(Dollars per ton)					
Decatur, 48% protein	305.91	285.98	280.02	286.23	294.99	300.57	305.32	307.14	307.18	308.35	310.59

Peanuts

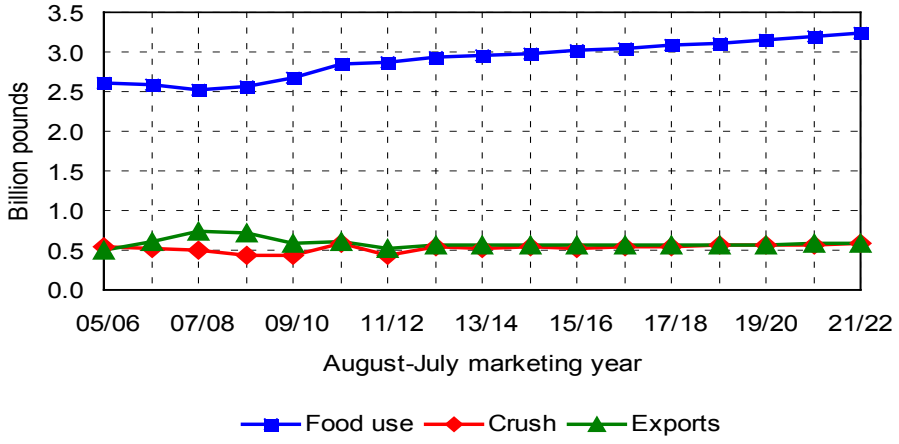
- For the third straight year, estimated peanut use exceeds production in 2011/12, resulting in a further drawdown of stocks and sharply higher prices.
- Peanut acreage and production is projected to increase in 2012, allowing a modest rebuilding of stocks.
- In later years, production and use are approximately in balance. In any given year, unanticipated market shocks could move supply or demand away from these average projections.

Peanut use outpaces production again



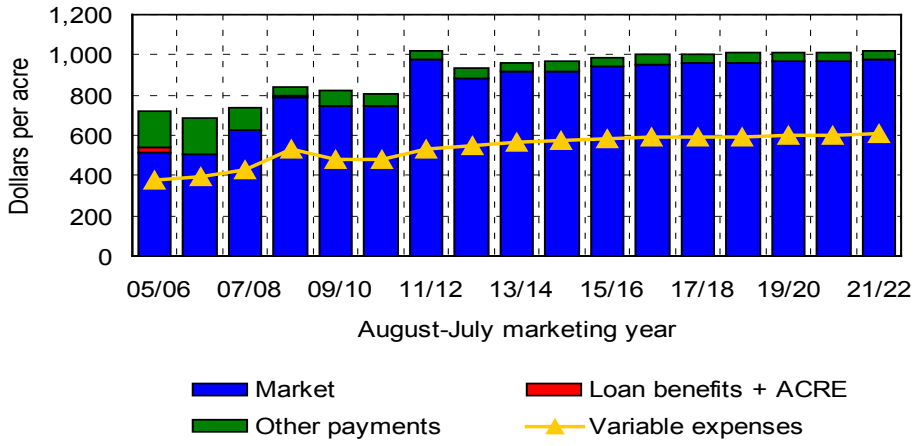
- Peanut food use increased sharply between 2007/08 and 2010/11 and appears to be stable in 2011/12 in spite of high peanut prices.
- Peanut food use could increase again in 2012/13 if prices decline. Population growth accounts for most of the projected increase in peanut food use in later years.
- Crush and other uses of peanuts increase in response to lower prices in 2012/13, but then remain steady.

Peanut food use slows after three years of fast growth



- High peanut prices result in record per-acre market receipts in 2011/12.
- Lower prices cause projected peanut returns to decline again in 2012/13.
- Actual prices may sometimes dip low enough to trigger countercyclical payments and marketing loan benefits, but government payments will usually remain a small share of peanut producer income.

Market sales as share of peanut receipts rise



Peanut supply and use

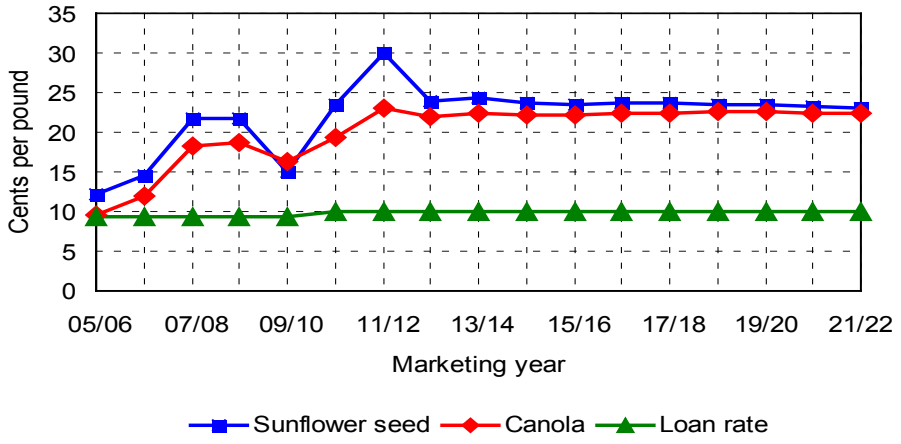
August-July year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	1.14	1.35	1.29	1.29	1.27	1.27	1.27	1.27	1.26	1.27	1.26
Harvested area	1.10	1.30	1.24	1.25	1.23	1.23	1.23	1.22	1.22	1.22	1.22
					(Pounds per harvested acre)						
Yield	3,313	3,473	3,519	3,569	3,612	3,665	3,719	3,771	3,825	3,878	3,928
					(Million pounds)						
Supply	5,232	5,658	5,661	5,740	5,744	5,817	5,895	5,973	6,046	6,152	6,230
Beginning stocks	1,516	1,050	1,208	1,200	1,230	1,225	1,248	1,274	1,302	1,328	1,368
Production	3,636	4,529	4,374	4,461	4,434	4,512	4,567	4,618	4,664	4,744	4,783
Imports	80	80	80	80	80	80	80	80	80	80	80
Domestic use	3,658	3,896	3,902	3,945	3,963	4,007	4,058	4,104	4,148	4,208	4,251
Food	2,860	2,937	2,955	2,987	3,012	3,043	3,081	3,116	3,150	3,197	3,229
Crush	425	543	531	540	531	542	550	557	564	574	581
Seed, feed, & residual	373	416	415	418	420	423	427	430	434	438	440
Exports	525	554	560	565	556	562	563	567	569	576	583
Total use	4,183	4,451	4,462	4,511	4,519	4,569	4,620	4,671	4,718	4,785	4,833
Ending stocks	1,050	1,208	1,200	1,230	1,225	1,248	1,274	1,302	1,328	1,368	1,397
Prices, program provisions					(Dollars per pound)						
Farm price	0.295	0.255	0.258	0.254	0.256	0.255	0.253	0.250	0.247	0.243	0.239
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	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Returns and payments					(Dollars)						
Gross market revenue/a.	977.27	879.01	900.37	898.13	919.95	927.74	933.35	936.75	938.43	935.05	934.90
Variable expenses/a.	532.05	550.29	563.36	572.50	580.77	587.28	590.94	594.59	596.40	598.17	607.38
Market net return/a.	445.22	328.71	337.01	325.63	339.17	340.46	342.41	342.16	342.03	336.87	327.52
Marketing loan benefits/a.*	0.00	1.88	2.89	4.31	3.92	8.05	8.37	7.68	12.06	11.84	15.56
ACRE payment/a.*	0.00	0.00	0.02	0.05	0.04	0.05	0.07	0.07	0.08	0.08	0.10
CCP payment/base a.*	0.00	11.18	13.39	17.91	15.74	18.64	21.84	21.19	25.53	29.13	31.86
Direct payment/base a.*	44.95	45.86	45.84	45.84	45.84	45.84	45.84	45.84	45.84	45.84	45.84

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

Other oilseeds

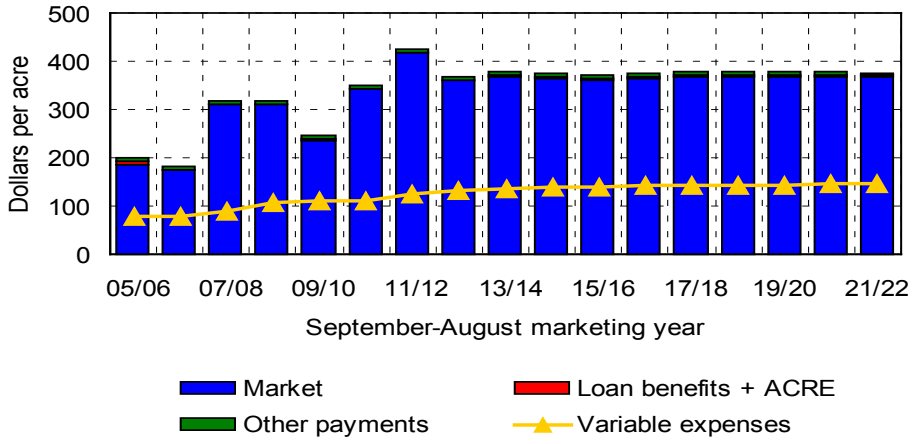
- Prices for sunflower seed and canola have increased with other oilseed prices to reach new record highs in 2011/12.
- Increased production causes projected sunflower seed and canola prices to moderate in 2012/13.
- Continued strong world vegetable oil prices help keep sunflower seed and canola prices above pre-2007 levels.

Other oilseed prices reach record highs in 2011/12



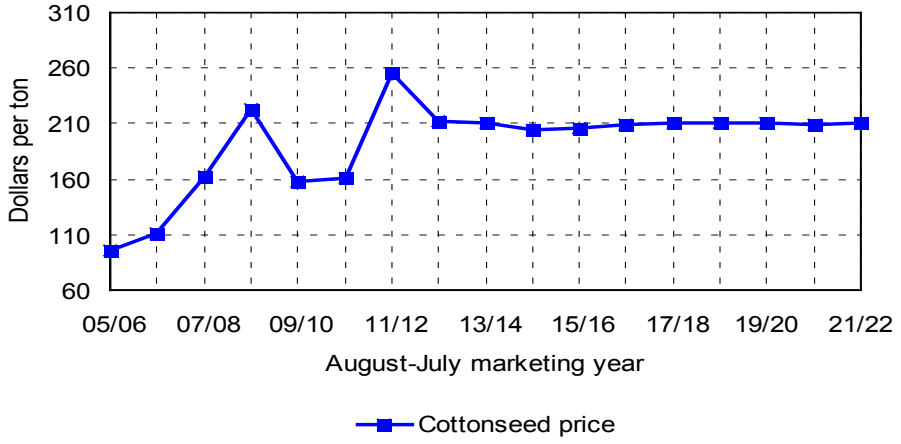
- High prices result in record market receipts for sunflower seed producers in 2011/12.
- The projected increase in production in 2012 results in lower prices and returns.
- In spite of rising production costs, net returns to sunflower seed producers remain strong.

Sunflower net returns could moderate in 2012/13



- Reduced cottonseed supplies and high prices for other oilseeds and hay have driven cottonseed prices to record highs in 2011/12.
- If cottonseed production recovers as projected in 2012, prices are likely to decline.
- While projected cottonseed prices remain in a narrow range, actual prices are likely to be volatile, responding to swings in production and in markets for vegetable oil, protein meals and hay.

Tight supplies drive cottonseed price to a record high



Sunflower seed supply and use

September-August year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	1.54	2.00	1.91	1.91	1.83	1.78	1.76	1.75	1.74	1.74	1.73
Harvested area	1.46	1.92	1.82	1.83	1.74	1.70	1.68	1.67	1.66	1.66	1.65
					(Pounds per harvested acre)						
Yield	1,398	1,512	1,520	1,532	1,542	1,551	1,561	1,566	1,574	1,583	1,591
Supply and use					(Million pounds)						
Production	2,038	2,901	2,777	2,803	2,694	2,642	2,631	2,619	2,619	2,633	2,646
Imports	110	100	100	100	100	100	100	100	100	100	100
Domestic use	1,888	2,352	2,447	2,503	2,460	2,423	2,400	2,385	2,382	2,386	2,389
Exports	325	451	445	381	338	324	331	336	336	344	351
Ending stocks	194	393	378	397	392	387	387	386	387	390	397
Prices, returns and payments					(Dollars)						
Farm price/lb.	0.300	0.240	0.244	0.239	0.236	0.237	0.237	0.236	0.235	0.233	0.232
Gross market revenue/a.	419.14	360.09	369.57	364.66	362.07	365.55	368.14	368.42	367.42	367.38	367.12
Variable expenses/a.	126.13	131.72	135.48	137.80	139.61	141.19	142.40	143.57	144.42	145.23	147.37
Market net return/a.	293.01	228.36	234.09	226.86	222.45	224.37	225.74	224.85	223.00	222.15	219.75
Marketing loan benefits/a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.00
ACRE payment/a.*	0.00	0.27	0.98	1.88	2.64	1.95	2.18	2.67	2.89	2.97	2.77
CCP payment/base a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.01	0.00
Direct payment/base a.*	6.87	7.01	6.92	6.92	6.92	6.91	6.91	6.90	6.90	6.89	6.89

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

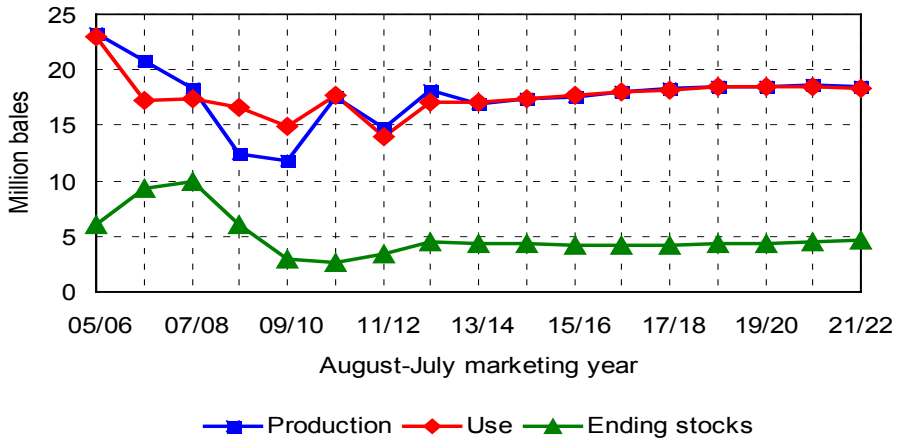
Other oilseeds

Marketing year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Production					(Thousand tons, Aug.-Jul. year)						
Cottonseed	5,267	6,451	5,968	6,163	6,213	6,355	6,439	6,484	6,469	6,492	6,435
					(Million pounds, Jul.-Jun. year)						
Canola	1,538	2,102	2,202	2,207	2,130	2,102	2,102	2,107	2,111	2,128	2,126
Prices					(Dollars per ton, Aug.-Jul. year)						
Cottonseed	255.17	212.38	210.12	205.08	206.63	208.32	210.31	210.80	210.45	209.53	210.13
					(Cents per pound, Jul.-Jun. year)						
Canola	22.96	21.99	22.32	22.14	22.21	22.41	22.47	22.51	22.50	22.44	22.42

Upland cotton

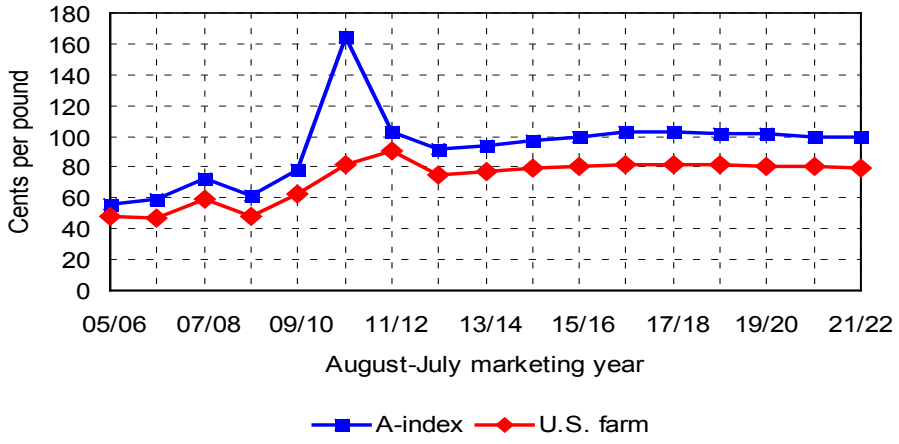
- Devastating drought sharply reduced U.S. upland cotton production in 2011, as producers abandoned 35 percent of planted acres.
- Because domestic mill use and export demand have also sharply declined in 2011/12, carryout stocks may actually increase.
- If cotton production increases as projected in 2012, further stock rebuilding could occur.

Cotton production and use both fall in 2011/12



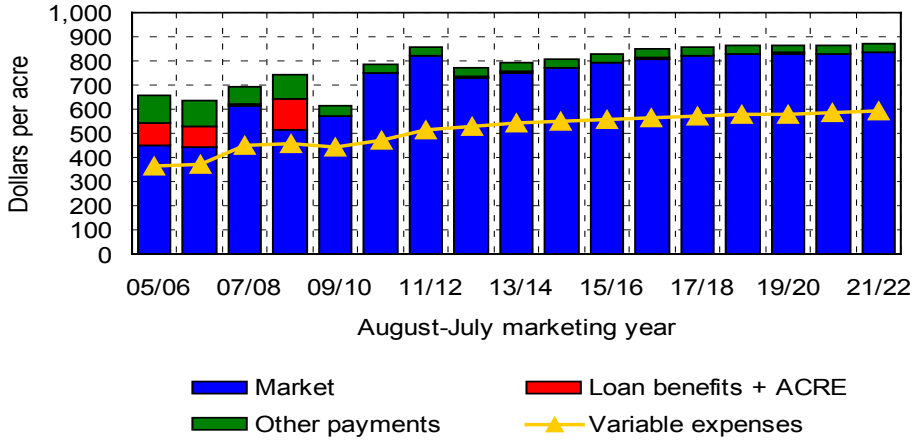
- World cotton prices reached record highs in 2010/11 as demand recovered from the effects of the recession while global supplies remained tight.
- These high prices contributed to a sharp increase in world cotton area and production in 2011.
- This increase in world production has contributed to lower U.S. cotton exports in 2011/12.
- If U.S. production recovers in 2012/13, U.S. and world prices could decline.

Cotton prices decline from peak levels



- Cotton market returns per harvested acre reached record levels in 2011/12.
- Returns per planted acre would appear far less favorable, given the large number of abandoned acres in 2011.
- The increase in cotton market receipts in recent years largely offsets the reduction in government payments and the increase in production expenses.
- The direct payment program accounts for most remaining government payments.

Cotton returns depend less on government payments



Upland cotton supply and use

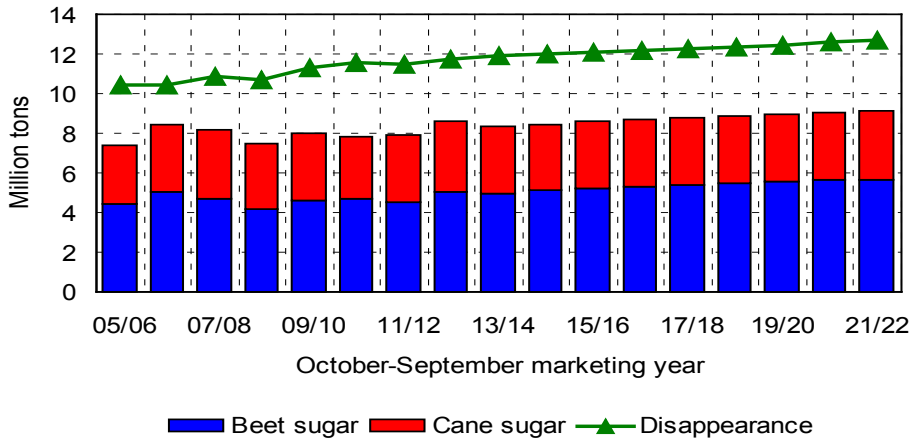
August-July year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Planted area	14.43	12.36	11.40	11.68	11.68	11.83	11.87	11.84	11.73	11.67	11.48
Harvested area	9.44	10.75	9.92	10.17	10.16	10.30	10.35	10.33	10.22	10.18	10.02
					(Pounds per harvested acre)						
Yield	754	806	814	822	830	838	847	856	865	874	882
					(Million bales)						
Supply	17.41	21.57	21.34	21.72	21.90	22.23	22.48	22.74	22.80	22.95	22.96
Beginning stocks	2.57	3.48	4.47	4.27	4.27	4.18	4.17	4.26	4.33	4.38	4.51
Production	14.83	18.09	16.86	17.45	17.62	18.05	18.31	18.48	18.47	18.57	18.44
Imports	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Domestic mill use	3.57	3.61	3.59	3.54	3.49	3.43	3.37	3.32	3.29	3.26	3.23
Exports	10.36	13.49	13.48	13.91	14.23	14.63	14.86	15.09	15.13	15.18	15.13
Total use	13.93	17.10	17.07	17.45	17.72	18.06	18.23	18.41	18.42	18.44	18.36
Ending stocks	3.48	4.47	4.27	4.27	4.18	4.17	4.26	4.33	4.38	4.51	4.59
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	3.48	4.47	4.27	4.27	4.18	4.17	4.26	4.33	4.38	4.51	4.59
Prices, program provisions					(Cents per pound)						
Farm price	90.5	75.4	77.2	78.9	80.5	81.7	82.0	81.4	80.9	80.0	79.7
Adjusted world price	82.5	71.5	73.5	76.8	79.5	81.8	82.6	81.8	80.8	79.4	78.6
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	18.10	18.11	18.12	18.11	18.10	18.10	18.10	18.10	18.10	18.11	18.11
					(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	0.2	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Returns and payments					(Dollars)						
Gross market revenue/a.	824.03	731.75	751.26	769.51	791.34	809.54	821.48	825.82	829.79	829.52	835.06
Variable expenses/a.	515.57	528.77	540.48	550.82	559.16	565.44	571.53	577.16	581.69	586.02	596.19
Market net return/a.	308.46	202.99	210.77	218.69	232.18	244.10	249.94	248.66	248.11	243.50	238.87
Marketing loan benefits/a.*	0.00	5.44	5.54	2.97	2.51	1.95	2.23	2.07	2.35	1.37	2.87
ACRE payment/a.*	0.03	0.00	0.02	0.02	0.03	0.04	0.05	0.06	0.06	0.06	0.07
CCP payment/base a.*	0.00	2.38	2.35	1.48	1.30	1.43	1.40	1.27	1.43	0.95	1.76
Direct payment/base a.*	33.06	33.73	33.72	33.72	33.72	33.71	33.71	33.71	33.71	33.71	33.71

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

Sugar

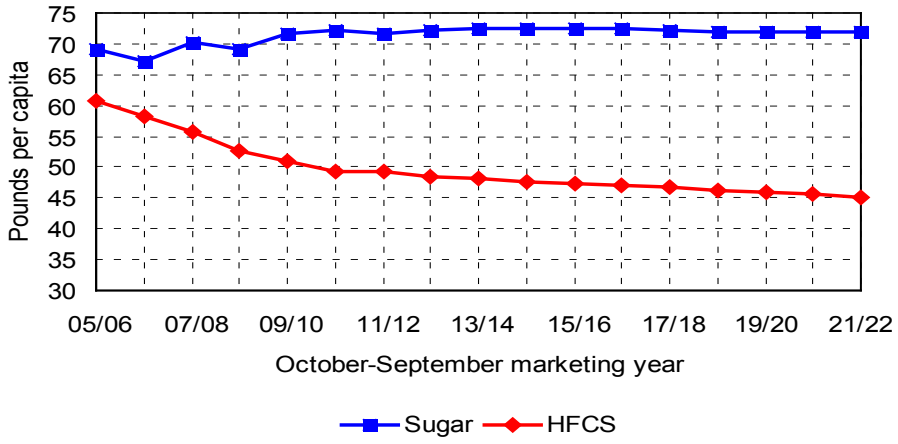
- U.S. sugar production has not kept pace with growth in domestic use of sugar.
- Projected increases in sugar production depend on improvements in crop yields and sugar extraction rates, as area is constant to declining.
- Sugar imports have filled the gap between domestic consumption and production.
- Imports from Mexico peaked in 2010/11 and are expected to recover after a decline in 2011/12.

Sugar production has lagged consumption growth



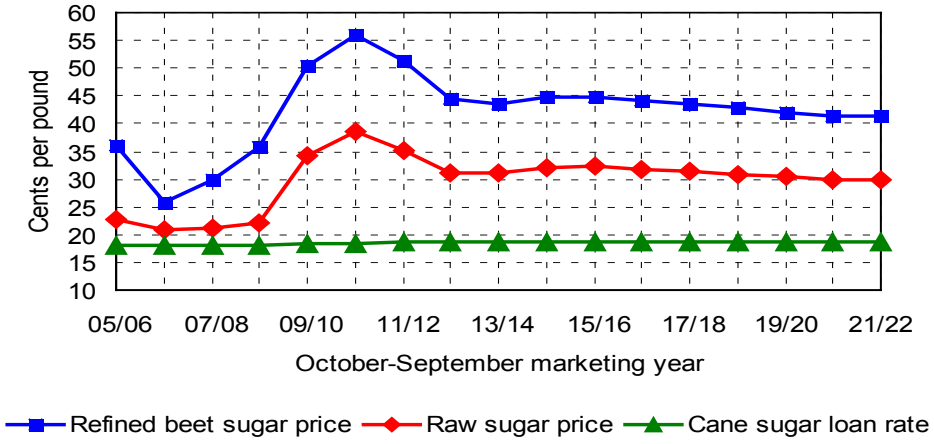
- High-fructose corn syrup (HFCS) consumption has been declining, in part because of reduced consumption of caloric soft drinks.
- Sugar consumption per capita has generally held steady or even increased in recent years, but high sugar prices could contribute to a slight decline in 2011/12.
- Total sweetener consumption per capita continues to decline slowly in the baseline, with HFCS accounting for all of the reduction.

Sugar gains larger share of total sweetener use



- Sugar prices jumped in 2009/10 and peaked in 2010/11.
- Continued tight supplies have kept prices from falling very far in 2011/12.
- Projected prices for 2012/13 and beyond remain above pre-2009 levels.
- Weaker demand growth or greater imports could result in lower prices, but another supply disruption could push prices higher again.

Sugar prices decline from record highs

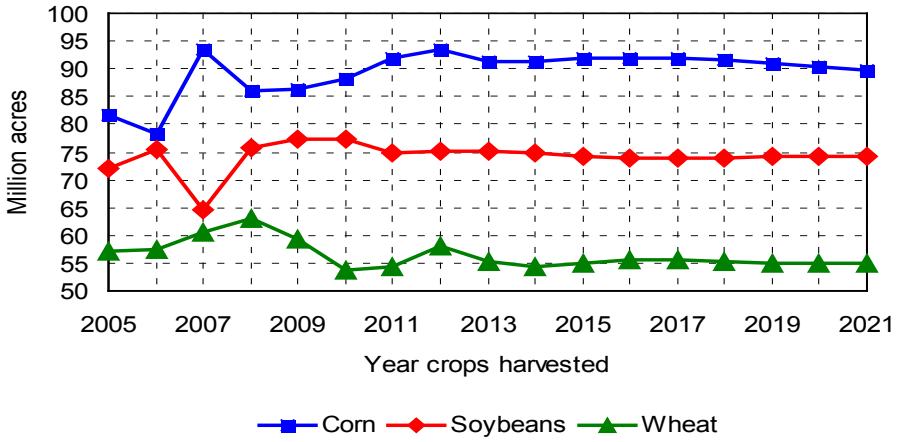


Sugar supply and use

October-September year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Area					(Million acres)						
Sugar cane harvested	0.826	0.822	0.798	0.788	0.786	0.784	0.781	0.778	0.774	0.771	0.767
Sugar beet planted	1.233	1.238	1.191	1.199	1.211	1.206	1.200	1.197	1.192	1.191	1.189
Sugar beet harvested	1.213	1.213	1.167	1.174	1.186	1.181	1.175	1.172	1.167	1.166	1.164
Yield					(Tons per harvested acre)						
Cane sugar	4.05	4.27	4.28	4.30	4.32	4.34	4.36	4.38	4.40	4.42	4.43
Beet sugar	3.73	4.18	4.26	4.33	4.41	4.49	4.57	4.65	4.74	4.82	4.89
					(Thousand tons)						
Supply	12,811	13,259	13,386	13,498	13,646	13,747	13,846	13,966	14,084	14,222	14,356
Beginning stocks	1,472	1,308	1,529	1,516	1,502	1,532	1,556	1,579	1,604	1,625	1,647
Production	7,870	8,582	8,382	8,470	8,630	8,710	8,774	8,856	8,932	9,023	9,091
Cane sugar	3,345	3,510	3,416	3,382	3,394	3,401	3,403	3,405	3,405	3,406	3,399
Beet sugar	4,525	5,072	4,966	5,088	5,237	5,309	5,370	5,451	5,527	5,617	5,692
Imports	3,469	3,370	3,475	3,511	3,513	3,505	3,516	3,531	3,548	3,574	3,618
Total use	11,504	11,730	11,870	11,995	12,113	12,191	12,267	12,363	12,459	12,575	12,694
Domestic deliveries	11,313	11,541	11,681	11,808	11,927	12,004	12,079	12,175	12,271	12,385	12,504
Exports	190	189	188	187	186	187	187	187	187	187	188
Ethanol program	0	0	0	0	0	0	0	0	0	2	2
Ending stocks	1,308	1,529	1,516	1,502	1,532	1,556	1,579	1,604	1,625	1,647	1,662
CCC inventory	0	0	0	0	0	0	0	0	0	0	0
Other stocks	1,308	1,529	1,516	1,502	1,532	1,556	1,579	1,604	1,625	1,647	1,662
Prices					(Cents per pound)						
N.Y. spot raw sugar	35.19	30.92	30.86	31.90	31.80	31.46	31.09	30.69	30.34	29.99	29.87
Refined beet sugar	51.20	44.09	43.38	44.48	44.28	43.75	43.18	42.56	42.01	41.47	41.24
Cane loan rate	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
Beet loan rate	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09

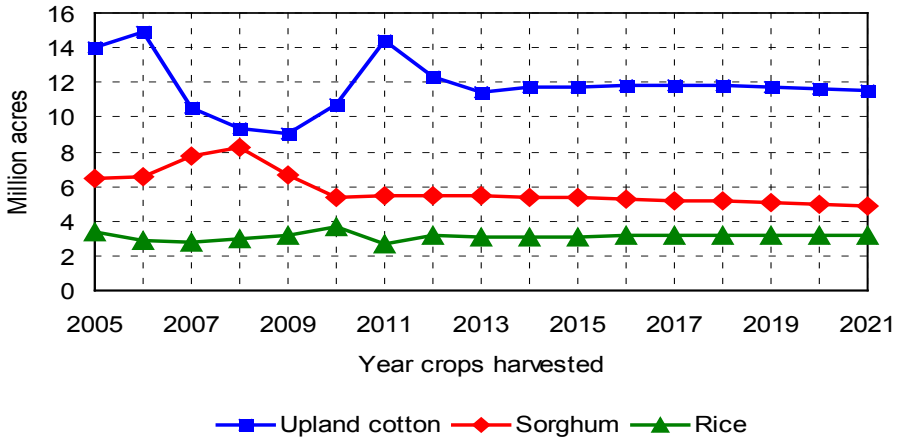
Land use

Corn and wheat area both increase in 2012



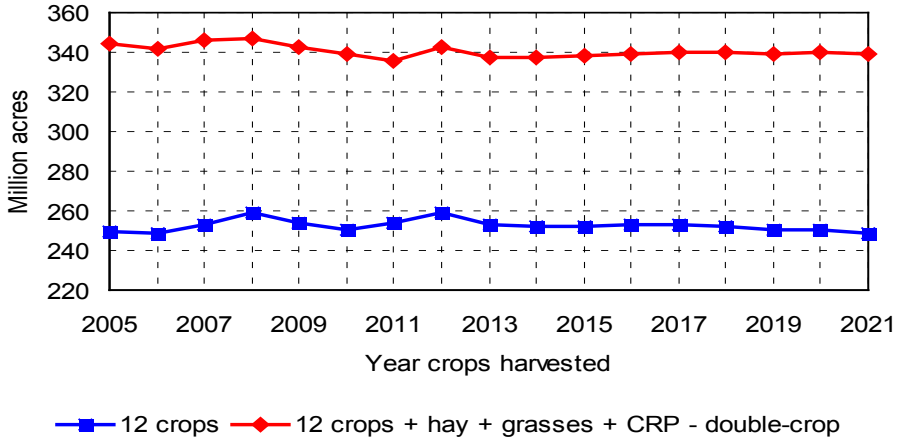
- Projected corn area planted increases to 93.5 million acres in 2012 in response to high corn prices. As prices moderate, corn acreage declines slightly in 2013.
- Wheat area increases in 2012 from the weather-reduced levels of 2010 and 2011.
- Soybean area increases marginally in 2012. The return to production of acres that could not be planted to soybeans in 2011 slightly outweighs the effect of high prices for competing crops.

Cotton acreage planted declines in 2012



- Cotton planted area jumped in 2011, but drought conditions meant much of that acreage was never harvested.
- Cotton planted acreage is expected to decline in 2012, but if weather conditions are more favorable, harvested area could increase.
- Projected sorghum acreage holds steady in 2012 but declines slowly in later years.
- Rice acreage is projected to recover after the sharp decline in 2011.

Planted area in 2012 increases by 5 million acres



- Flooding and other weather-related issues limited crop acreage in 2011.
- Under more favorable conditions in 2012, area planted to 12 major crops could increase by more than 5 million acres.
- If prices moderate, 12-crop planted acreage could decline again in 2013.
- In later years, an expansion of area devoted to warm season grasses for bioenergy could slightly reduce area devoted to major crops and hay.

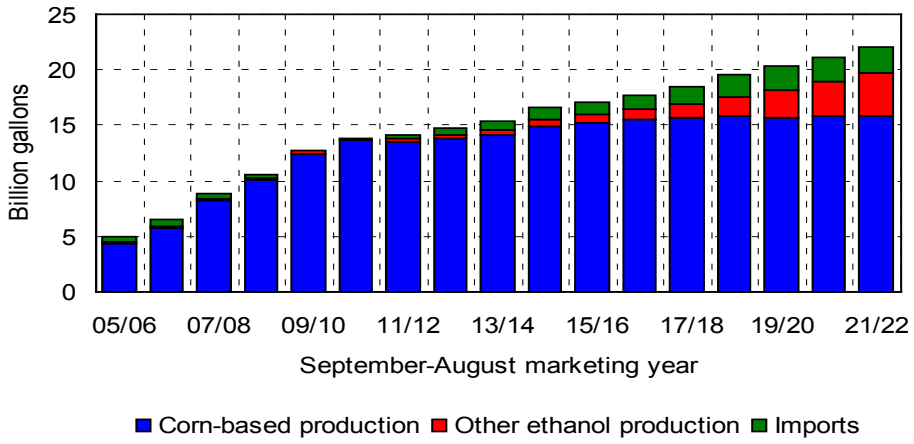
Land use for major crops and the conservation reserve

Marketing year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Planted area					(Million acres)						
Corn	91.92	93.48	91.38	91.42	92.03	91.99	91.94	91.62	90.95	90.36	89.66
Soybeans	74.98	75.14	75.05	74.88	74.19	74.04	73.93	74.00	74.14	74.24	74.34
Wheat	54.41	58.10	55.38	54.39	54.91	55.48	55.56	55.33	55.01	55.04	54.84
Upland cotton	14.43	12.36	11.40	11.68	11.68	11.83	11.87	11.84	11.73	11.67	11.48
Sorghum	5.48	5.47	5.46	5.40	5.34	5.27	5.21	5.14	5.06	4.99	4.89
Barley	2.56	3.00	3.03	2.98	2.93	2.88	2.85	2.82	2.76	2.74	2.70
Oats	2.50	3.02	3.17	3.11	3.04	2.99	2.98	2.97	2.96	2.95	2.94
Rice	2.69	3.15	3.04	3.04	3.09	3.16	3.20	3.21	3.21	3.22	3.20
Sunflowers	1.54	2.00	1.91	1.91	1.83	1.78	1.76	1.75	1.74	1.74	1.73
Peanuts	1.14	1.35	1.29	1.29	1.27	1.27	1.27	1.27	1.26	1.27	1.26
Sugar beets	1.23	1.24	1.19	1.20	1.21	1.21	1.20	1.20	1.19	1.19	1.19
Sugar cane (harvested)	0.88	0.88	0.85	0.84	0.84	0.84	0.84	0.83	0.83	0.82	0.82
12 crop planted area	253.76	259.18	253.16	252.13	252.36	252.75	252.63	251.97	250.84	250.24	249.04
Hay (harvested)	55.63	58.43	58.90	58.34	57.88	57.86	57.87	57.87	57.75	57.79	57.61
Warm season grasses (harvested)	0.00	0.28	0.96	1.49	1.76	2.27	2.87	3.82	4.84	5.70	6.50
12 crops + hay + grasses	309.39	317.89	313.02	311.96	312.00	312.88	313.37	313.66	313.43	313.73	313.14
Conservation reserve (CRP)	31.17	29.66	28.97	29.91	30.75	30.63	30.51	30.40	30.32	30.24	30.15
12 crops + hay + grasses + CRP	340.56	347.54	341.98	341.87	342.75	343.51	343.88	344.06	343.75	343.97	343.29
Double-crop soybeans	4.75	5.02	4.39	4.30	4.28	4.31	4.31	4.30	4.28	4.26	4.22
12 crops + hay + grasses + CRP - double-crop soybeans	335.82	342.52	337.60	337.57	338.46	339.20	339.57	339.76	339.47	339.71	339.07

Ethanol

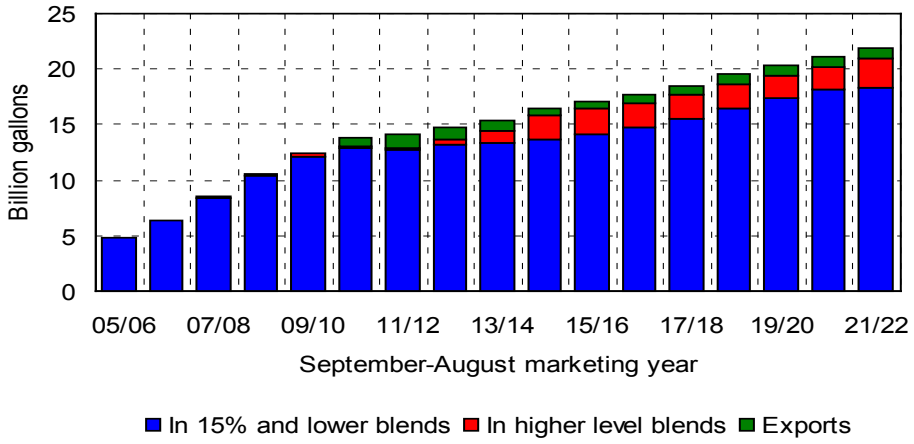
- The growth in ethanol production slows in 2011/12 because of the expiration of the blender's credit, high corn prices, capacity constraints and other factors.
- After falling for four years in a row, imports of sugar-based ethanol increase in 2012/13 to help satisfy the RFS2 for advanced biofuels.
- The future production of cellulosic and other advanced biofuels is very uncertain. Projected supplies are well below the levels envisioned in the EISA.

Ethanol production flat in 2011/12 as credit expires



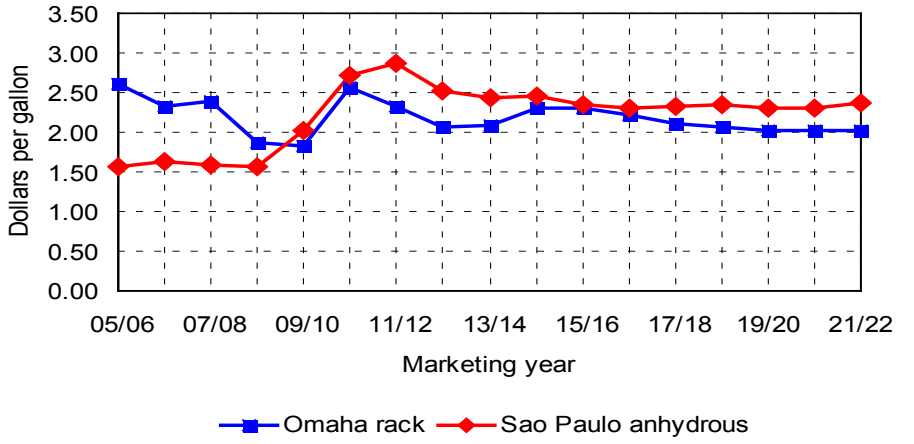
- The baseline includes the development of an E-15 market for use in vehicles built after 2001.
- The pace of E-15 adoption is an important uncertainty as it determines the level of the "blend wall."
- E-15 would allow more ethanol to be used in conventional vehicles, reducing the need to use E-85 in flex fuel vehicles.
- U.S. exports of ethanol have been strong in 2011/12, but decline when Brazilian prices fall relative to U.S. ethanol.

E-15 allows more ethanol use in non-flex fuel cars



- As different types of ethanol count towards different portions of the RFS2, their prices can differ.
- To generate required advanced biofuel supplies, prices for Brazilian sugar-based ethanol and other advanced biofuels can exceed prices for corn-based ethanol.
- When the Brazilian price is above the domestic ethanol price, there is an incentive to export U.S. ethanol to Brazil while importing sugar-based ethanol from Brazil to fill the advanced mandate.

Because of EISA, ethanol prices can differ



Ethanol supply and use

September-August year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Petroleum fuel prices						(Dollars per barrel)					
Petroleum, W. Texas interm.	92.36	102.25	112.92	108.15	108.81	108.12	103.37	98.37	93.43	95.13	97.45
Petroleum, refiners' acquis.	99.30	103.75	108.05	105.85	104.75	102.03	97.43	92.76	88.08	89.57	91.71
						(Dollars per gallon)					
Unl. gasoline, FOB Omaha	2.89	2.95	2.92	2.90	2.88	2.80	2.69	2.60	2.49	2.54	2.59
Unleaded gasoline, retail	3.52	3.59	3.59	3.62	3.59	3.51	3.41	3.33	3.25	3.31	3.38
Ethanol supply and use						(Million gallons)					
Production	13,804	14,082	14,661	15,510	15,998	16,445	16,855	17,481	18,221	19,005	19,683
From corn	13,565	13,795	14,176	14,846	15,291	15,536	15,699	15,765	15,732	15,819	15,802
Other conventional	234	249	268	302	319	317	306	297	291	290	293
Cellulosic	6	38	216	362	388	592	850	1,419	2,199	2,896	3,588
Imports (ethyl alcohol)	379	683	740	1,040	1,131	1,253	1,621	2,052	2,152	2,084	2,323
Domestic disappearance	12,843	13,635	14,423	15,789	16,467	16,989	17,656	18,614	19,446	20,169	21,015
In 15% and lower blends	12,708	13,205	13,419	13,589	14,142	14,709	15,535	16,422	17,345	18,204	18,325
In higher level blends	134	430	1,004	2,201	2,325	2,279	2,121	2,191	2,101	1,965	2,690
Exports (ethyl alcohol)	1,330	1,098	948	730	634	679	791	884	886	879	955
Ending stocks	762	795	825	856	884	914	943	979	1,020	1,062	1,097
Ethanol prices						(Dollars per gallon)					
Conventional rack, Omaha	2.33	2.07	2.09	2.31	2.30	2.21	2.11	2.07	2.03	2.02	2.03
AMS spot plant price, Iowa	2.11	1.88	1.89	2.09	2.08	2.00	1.91	1.87	1.84	1.83	1.84
Cellulosic rack	n.a.	3.61	3.22	3.34	3.27	3.33	3.44	3.61	3.72	3.70	3.80
Other advanced rack	3.23	2.72	2.62	2.64	2.54	2.51	2.53	2.58	2.54	2.53	2.61
Effective retail	2.71	2.47	2.34	2.26	2.34	2.31	2.25	2.21	2.16	2.21	2.21
Ethanol/gasoline retail	77%	69%	65%	62%	65%	66%	66%	66%	67%	67%	65%
RIN values											
Conventional ethanol	0.10	0.26	0.42	0.76	0.67	0.61	0.58	0.60	0.63	0.58	0.61
Advanced ethanol	1.00	0.90	0.95	1.10	0.91	0.91	1.00	1.11	1.14	1.08	1.18
Cellulosic ethanol	1.26	1.46	1.55	1.79	1.64	1.73	1.90	2.15	2.31	2.25	2.38

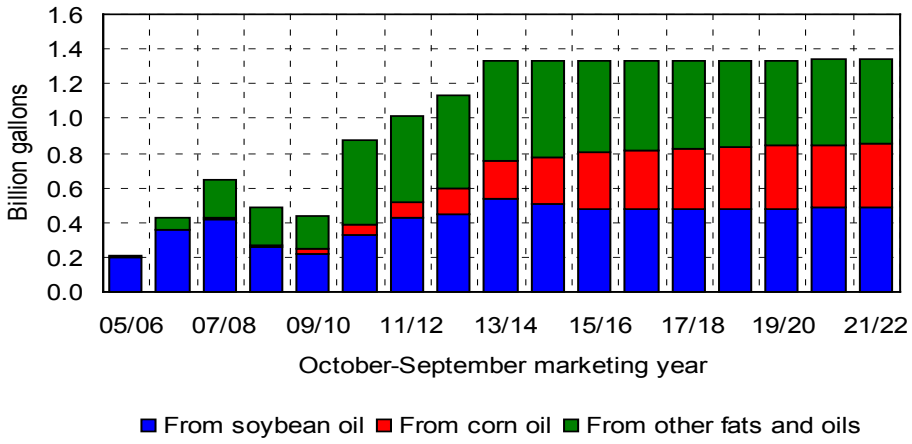
Biofuel policies

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Renewable Fuel Standard						(Million gallons)					
(as applied with waivers)	13,950	15,200	16,550	17,430	18,460	18,599	19,172	19,939	21,159	21,968	22,611
Advanced biofuels	1,350	2,000	2,750	3,030	3,460	3,599	4,172	4,939	6,159	6,968	7,611
Cellulosic biofuel	6	10	52	299	364	430	673	938	1,659	2,468	3,111
Biodiesel	800	1,000	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280
Tax credits and tariffs						(Dollars per gallon)					
Conventional ethanol credit	0.45	0.00	0.00	0.00	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 duty	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cellulosic producers credit	1.01	1.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
						(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

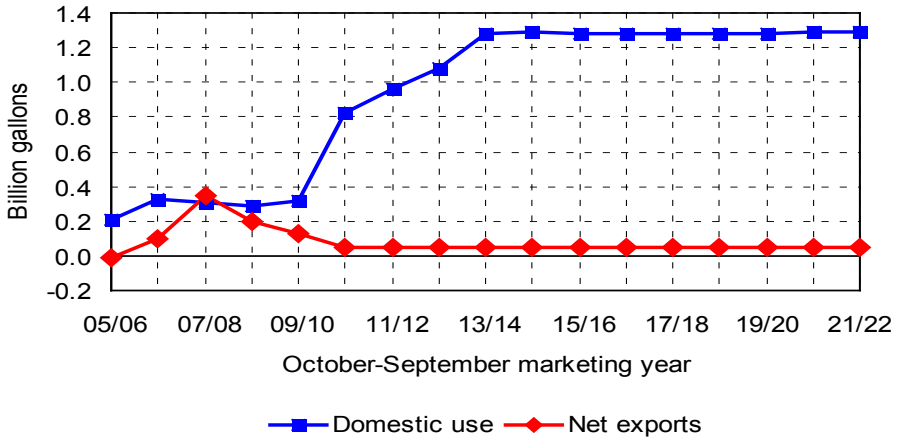
- Biodiesel production rebounded strongly in 2010/11 as producers had to meet the requirements of the RFS2. RIN prices have risen strongly to reflect this and the end of the biodiesel tax credit.
- It is assumed that the RFS2 level for biodiesel is set at 1.28 billion gallons from 2013 onwards.
- Corn oil extracted from distillers grains at dry mill ethanol plants has grown and is projected to further increase its share of biodiesel feedstock.

Biodiesel production expands in response to RFS2



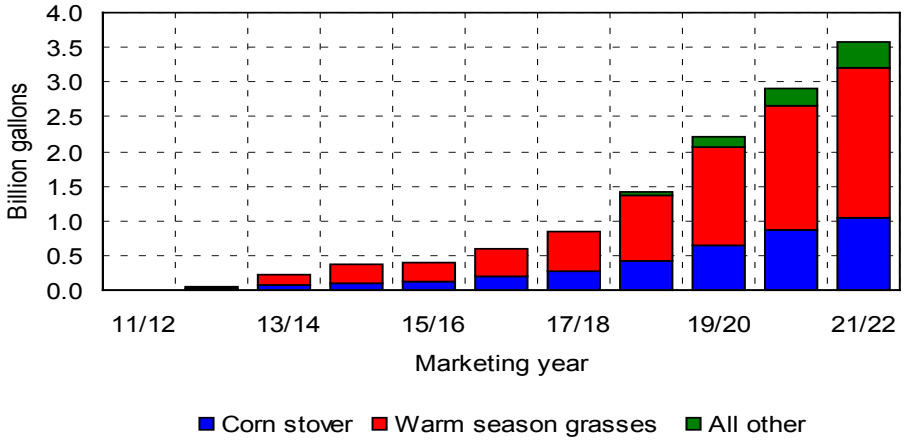
- U.S. biodiesel exports have declined as domestic consumption has increased under the RFS2 and the EU has erected trade barriers.
- U.S. biodiesel imports could increase in response to strong domestic prices.
- Domestic use generally expands with the biodiesel RFS2. Given projected prices, there is rarely any incentive to use more biodiesel than the mandated amount.

Domestic biodiesel use expands, net exports fall



- The baseline assumes that the EPA will continue to waive the cellulosic biofuel mandate because of insufficient capacity to reach the EISA targets.
- The future of cellulosic ethanol is difficult to project, given that it will depend on the development of new technologies and potentially new feedstocks.
- Other fuels are also likely to be developed, such as “drop-in” fuels and these are equally difficult to anticipate.

Cellulosic ethanol supplies increase



Biodiesel sector

October-September year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Biodiesel supply and use					(Million gallons)						
Production	1,013	1,132	1,330	1,336	1,334	1,332	1,334	1,333	1,335	1,338	1,337
From soybean oil	425	450	541	506	473	473	474	474	480	484	486
From corn oil	87	147	212	273	333	343	351	357	360	365	368
From other fats and oils	502	534	577	557	528	517	510	503	496	489	483
Net exports	49	47	48	48	49	50	51	52	52	53	48
Domestic disappearance	964	1,085	1,283	1,288	1,285	1,282	1,283	1,282	1,283	1,286	1,290
Fuel prices and tax credit					(Dollars per gallon)						
Biodiesel, rack	4.83	5.18	5.38	5.19	5.06	5.07	5.08	5.07	5.04	5.02	5.00
#2 Diesel, refiner sales	2.92	2.99	2.96	2.95	2.92	2.84	2.73	2.64	2.53	2.60	2.64
#2 Diesel, retail	3.80	3.90	3.86	3.85	3.82	3.74	3.64	3.55	3.44	3.51	3.55
Biodiesel tax credit	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RIN values											
Per RIN gallon	1.47	1.82	1.99	1.87	1.79	1.84	1.90	1.94	1.97	1.92	1.89
Per phyiscal gallon	2.20	2.73	2.98	2.81	2.69	2.75	2.85	2.91	2.96	2.88	2.83
Costs and returns											
Biodiesel value	4.83	5.18	5.38	5.19	5.06	5.07	5.08	5.07	5.04	5.02	5.00
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	-4.00	-4.33	-4.46	-4.31	-4.20	-4.20	-4.20	-4.18	-4.13	-4.09	-4.06
Other operating costs	-0.56	-0.56	-0.57	-0.57	-0.58	-0.58	-0.59	-0.59	-0.60	-0.60	-0.61
Net operating return	0.30	0.32	0.37	0.34	0.31	0.31	0.32	0.33	0.34	0.36	0.37

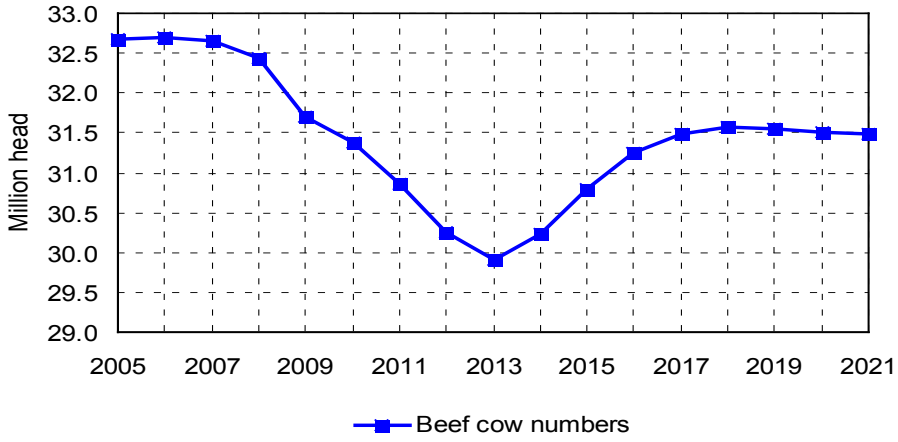
Cellulosic and other advanced biofuel production

Marketing year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
					(Million gallons, ethanol equivalent)						
Cellulosic biofuel production	6	38	216	362	388	592	850	1,419	2,199	2,896	3,588
From corn stover	4	30	77	109	127	190	268	426	657	859	1,046
From warm season grasses	2	8	140	253	261	401	576	951	1,411	1,793	2,147
All other	0	0	0	0	0	1	6	42	131	244	395
Other advanced biofuel prod.	0	15	48	97	154	218	287	362	433	500	576
Corn stover					(Million tons)						
Harvested for energy	0.54	1.21	2.22	3.08	3.81	5.23	7.01	9.79	13.42	16.50	19.30
Used for liquid fuels	0.05	0.41	1.02	1.45	1.66	2.46	3.44	5.42	8.28	10.72	12.93
Used for electricity generation	0.49	0.80	1.20	1.63	2.15	2.78	3.57	4.37	5.14	5.78	6.37
Warm season grasses					(Million acres)						
Area harvested	0.00	0.28	0.96	1.49	1.76	2.27	2.87	3.82	4.84	5.70	6.50
					(Tons per acre)						
Yield per harvested acre	n.a.	5.38	5.51	5.65	5.79	5.94	6.09	6.24	6.39	6.55	6.72
					(Million tons)						
Production	0.02	1.49	5.28	8.43	10.18	13.47	17.47	23.81	30.97	37.38	43.66
Used for liquid fuels	0.02	0.10	1.69	3.05	3.16	4.85	6.96	11.49	17.05	21.68	25.95
Used for electricity generation	0.00	1.39	3.59	5.38	7.02	8.62	10.51	12.32	13.92	15.70	17.71

Beef

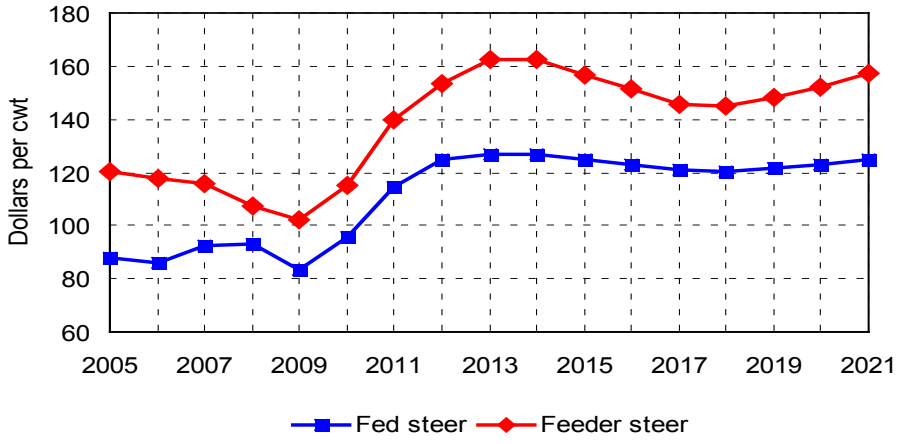
- Beef cow numbers fell sharply during 2011 despite the highest cow-calf net returns since 2005.
- Extremely dry weather in many important cow-calf states kept the industry from responding to positive economic signals in a normal way.
- Record cow-calf returns are expected for much of 2012-2014. Assuming normal weather, the national beef cow herd should grow in the medium term.

The beef cow herd has been significantly reduced



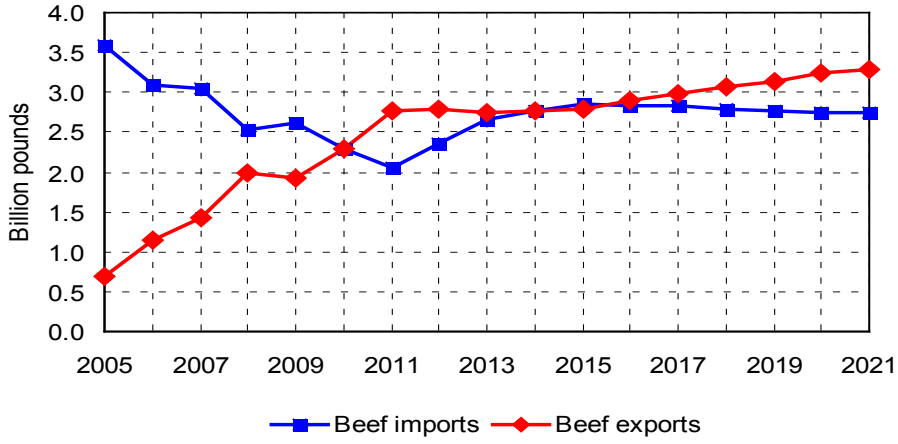
- Fed steer and feeder steer prices were 35-40 percent above 2009 levels in 2011.
- Increasingly tight calf supplies for the next couple of years will continue to exert upward pressure on feeder animal prices.
- This could place feedlots in a difficult financial situation, depending upon feed price movements.
- Beef packers will also need record wholesale boxed beef prices in order to offset expensive fed steer costs.

Cattle prices will continue to rise through 2013



- Trade developments continue to be a bright spot for the beef industry.
- While exports have gained much of the media attention, the 1.5 billion pound drop in beef imports from 2005-2011 is almost as large as the 2.1 billion pound export gain during that period.
- A relatively weak dollar and tight beef supplies worldwide would continue to place the U.S. in a position to take advantage of world beef markets in the next decade.

Both import and export changes boost net trade

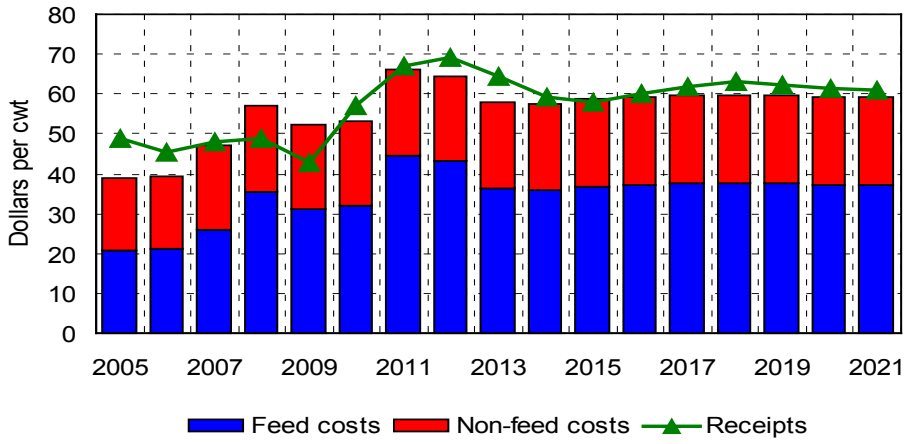


Cattle sector

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Million head)						
Beef cows (Jan. 1)	30.9	30.2	29.9	30.2	30.8	31.2	31.5	31.6	31.6	31.5	31.5
Dairy cows (Jan. 1)	9.1	9.2	9.2	9.2	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Cattle and calves (Jan. 1)	92.6	90.5	89.5	89.5	90.3	91.4	92.1	92.4	92.4	92.3	92.2
Calf crop	35.2	34.8	34.9	35.3	35.9	36.3	36.5	36.5	36.5	36.5	36.4
Calf death loss	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.2	2.2	2.2
Calf slaughter	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Beef cow slaughter	3.8	3.3	2.9	2.6	2.7	3.0	3.1	3.2	3.1	3.1	3.0
Dairy cow slaughter	3.0	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
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	26.8	26.1	25.7	25.7	25.9	26.4	26.9	27.2	27.3	27.3	27.3
Total slaughter	35.1	33.7	32.8	32.5	32.9	33.7	34.3	34.6	34.7	34.7	34.6
Cattle imports	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3
Cattle exports	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Cattle death loss	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.3
Residual	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Cattle and calves (Dec. 31)	90.5	89.5	89.5	90.3	91.4	92.1	92.4	92.4	92.3	92.2	92.2
Cattle on feed (Jan. 1)	14.0	14.5	13.8	13.9	13.9	14.0	14.2	14.3	14.3	14.3	14.2
Supply					(Million pounds)						
Beginning stocks	585	515	484	483	485	499	516	531	539	539	538
Imports	2,051	2,356	2,652	2,768	2,844	2,840	2,825	2,791	2,760	2,754	2,748
Production	26,297	25,401	24,938	24,804	25,217	25,912	26,516	26,906	27,096	27,220	27,285
Total	28,933	28,271	28,074	28,055	28,547	29,251	29,857	30,228	30,395	30,513	30,571
Disappearance											
Domestic use	25,642	24,990	24,844	24,797	25,253	25,838	26,341	26,627	26,713	26,739	26,749
Exports	2,776	2,797	2,748	2,772	2,794	2,898	2,985	3,062	3,143	3,236	3,284
Total	28,418	27,787	27,592	27,569	28,047	28,735	29,326	29,690	29,855	29,975	30,032
Ending stocks	515	484	483	485	499	516	531	539	539	538	539
Per capita consumption					(Pounds)						
Carcass weight	81.9	79.1	77.8	77.0	77.6	78.7	79.4	79.5	79.0	78.4	77.7
Retail weight	57.3	55.3	54.5	53.9	54.3	55.1	55.6	55.7	55.3	54.9	54.4
Change	-3.8%	-3.5%	-1.5%	-1.1%	0.9%	1.3%	1.0%	0.1%	-0.6%	-0.8%	-0.9%
Prices											
Total All Grades,					(Dollars per hundredweight)						
5-Area Direct Steers	114.73	124.83	126.51	126.67	124.66	123.01	120.94	120.05	121.40	122.90	125.01
600 - 650 #, Oklahoma City											
Feeder steers	139.46	153.61	162.61	162.63	156.54	151.18	145.89	144.70	148.22	152.38	157.22
Utility cows, Sioux Falls	69.92	78.58	79.86	80.69	77.47	74.52	72.38	71.37	72.86	74.32	76.23
Boxed beef cutout	181.29	196.24	198.64	198.88	197.80	196.90	195.40	194.73	196.67	198.81	201.63
					(Dollars per pound)						
Beef retail	4.83	5.12	5.27	5.28	5.28	5.27	5.25	5.25	5.33	5.42	5.54
Change	9.8%	6.0%	3.1%	0.2%	-0.1%	-0.3%	-0.2%	-0.1%	1.6%	1.6%	2.3%
Cow-calf returns					(Dollars per cow)						
Receipts	714.42	784.92	824.38	825.53	795.82	769.56	744.58	738.29	755.00	774.34	797.11
Feed expenses	194.46	186.87	183.56	180.63	186.11	191.48	194.75	198.19	199.22	198.41	196.90
Non-feed expenses	438.07	463.16	483.27	497.66	515.85	524.78	528.61	534.07	541.21	547.99	556.99
Net returns	81.88	134.90	157.54	147.24	93.86	53.29	21.22	6.03	14.57	27.94	43.22

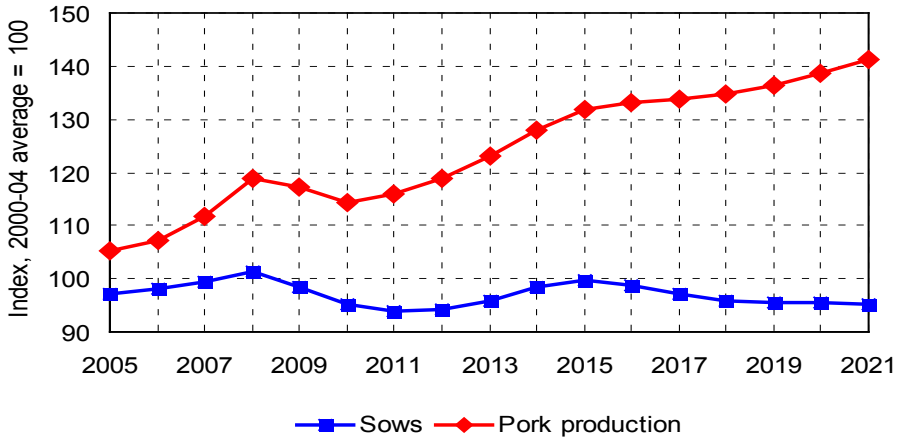
Pork

Pork producers should expect profitability in 2012



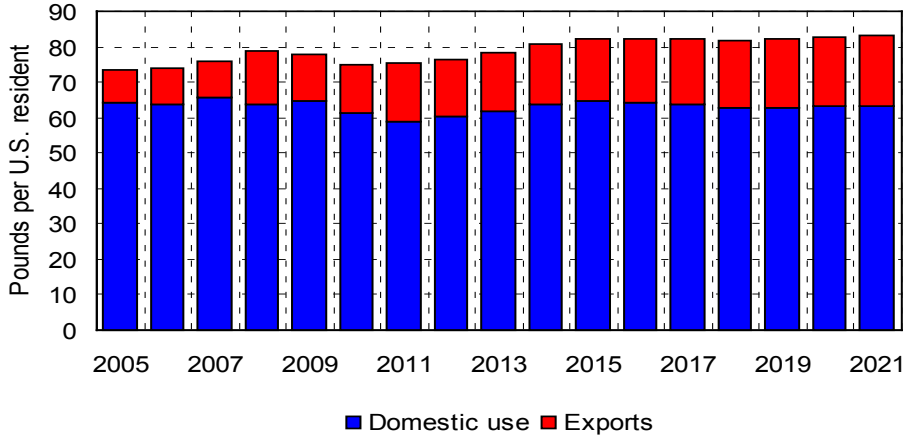
- Despite strong growth in hog prices in 2011, farrow-finish returns suffered due to much higher feed expenses.
- Profitability prospects for 2012 and 2013 are bright, as hog prices should remain strong and feed prices fall.
- As producers increase the sow herd in response to better returns, profitability will again turn downward in the medium term.

Pork production growth outpaces sow numbers



- The pork industry began 2012 with a slightly larger sow herd than the year before, after three consecutive years of contraction.
- Sow inventories are expected to continue to grow modestly into 2014, though producers are likely to expand cautiously due to recent volatility in feed prices.
- Even though the U.S. sow herd is now 20 percent smaller than 20 years ago, pork production in 2012 is expected 35 percent above the 1992 level. Productivity growth will continue in the next decade.

The share of pork production exported is growing



- U.S. residents on average consumed 12 percent less pork in 2011 than in 2003.
- However, pork exports tripled from 2003-2011, allowing the industry to grow during that period.
- Pork exports are expected to grow at a slower rate, so more of the increase in pork production will be available for the domestic market.

Swine sector

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Million head)						
Breeding herd (Dec. 1*)	5.78	5.80	5.90	6.06	6.14	6.08	5.97	5.89	5.87	5.87	5.87
Gilts added	3.13	3.17	3.34	3.37	3.24	3.11	3.07	3.09	3.11	3.11	3.11
Sow slaughter	3.05	3.02	3.13	3.23	3.24	3.16	3.09	3.06	3.05	3.06	3.06
Sows farrowed	11.55	11.71	12.02	12.31	12.39	12.28	12.14	12.09	12.12	12.16	12.21
Pigs per litter (head)	9.97	10.11	10.25	10.35	10.47	10.58	10.70	10.81	10.92	11.03	11.14
Market hogs (Dec. 1*)	59.1	60.1	61.3	63.6	65.6	66.3	66.4	66.3	66.6	67.2	68.0
Pig crop	115.2	118.4	123.2	127.5	129.6	129.9	129.9	130.7	132.3	134.2	136.1
Barrow and gilt slaughter	107.6	109.9	113.3	117.5	120.5	121.4	121.7	122.1	123.2	124.9	126.6
Hog imports	5.8	5.9	5.9	6.0	6.0	6.0	6.1	6.1	6.2	6.2	6.2
Hog exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Death loss/residual	12.4	13.1	13.5	14.0	14.3	14.4	14.4	14.4	14.6	14.7	14.9
Market hogs (Nov.30)	60.1	61.3	63.6	65.6	66.3	66.4	66.3	66.6	67.2	68.0	68.7
Supply					(Million pounds)						
Beginning stocks	541	570	586	616	641	648	650	645	642	651	664
Imports	810	848	868	872	878	894	906	917	929	931	933
Production	22,778	23,362	24,210	25,171	25,895	26,168	26,303	26,473	26,834	27,279	27,751
Total	24,129	24,780	25,663	26,659	27,414	27,710	27,859	28,035	28,405	28,861	29,348
Disappearance											
Domestic use	18,391	19,047	19,723	20,530	21,071	21,160	21,100	21,092	21,279	21,554	21,850
Exports	5,168	5,146	5,324	5,488	5,695	5,899	6,114	6,300	6,475	6,643	6,819
Total	23,559	24,193	25,047	26,018	26,766	27,060	27,214	27,392	27,754	28,197	28,668
Ending stocks	570	586	616	641	648	650	645	642	651	664	680
Per capita consumption					(Pounds)						
Carcass weight	58.7	60.3	61.8	63.7	64.8	64.4	63.6	63.0	63.0	63.2	63.4
Retail weight	45.6	46.8	48.0	49.4	50.3	50.0	49.4	48.9	48.9	49.0	49.2
Change	-4.5%	2.6%	2.6%	3.1%	1.7%	-0.5%	-1.2%	-1.0%	-0.1%	0.3%	0.4%
Prices											
Natl. base 51-52% lean equiv.					(Dollars per hundredweight)						
Barrows & gilts	66.11	68.02	63.19	58.41	56.75	58.64	60.53	61.61	60.97	59.93	59.45
IA-S. Minn. #1-2, 300-400 # Sows	56.34	59.41	53.27	48.13	47.41	48.88	50.04	50.59	49.88	48.93	48.35
Pork cutout value	93.71	95.80	89.03	81.57	79.43	82.34	85.21	87.32	87.32	86.65	85.93
					(Dollars per pound)						
Pork retail	3.43	3.59	3.52	3.38	3.35	3.47	3.63	3.75	3.73	3.70	3.68
Change	10.3%	4.6%	-2.1%	-3.9%	-0.9%	3.5%	4.7%	3.3%	-0.6%	-0.9%	-0.6%
Farrow-finish returns					(Dollars per hundredweight)						
Receipts	67.03	69.23	64.23	59.39	57.92	59.90	61.84	62.97	62.41	61.46	61.05
Feed expenses	44.65	43.11	36.48	35.92	36.89	37.20	37.78	37.82	37.69	37.24	36.98
Non-feed expenses	21.61	21.47	21.39	21.55	21.92	22.04	21.98	21.95	21.96	22.01	22.25
Net returns	0.77	4.65	6.35	1.92	-0.89	0.66	2.08	3.20	2.76	2.21	1.82

* Preceding year

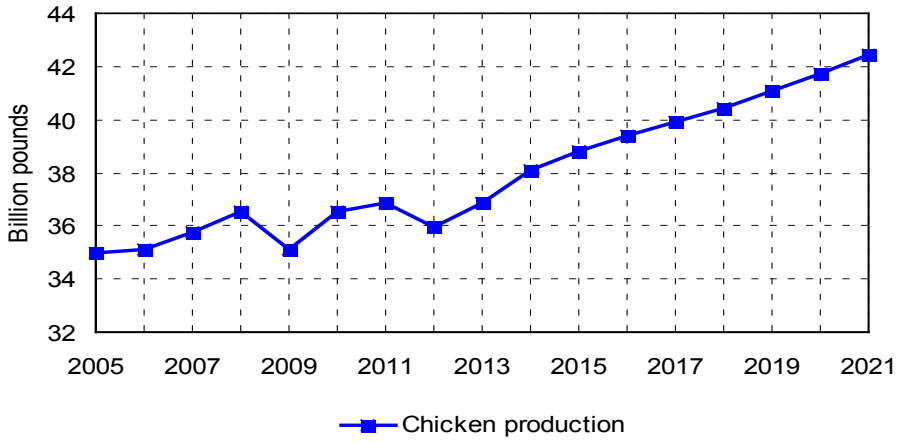
Poultry

- The chicken industry is struggling, as output prices have failed to keep up with recent feed cost increases.

- Production is expected to decline in 2012 for the second time in four years. Prior to 2009 the industry had not seen contraction in any year since 1973.

- High beef and pork prices due to overall meat supply tightness will allow poultry producers to profitably expand in 2013 and 2014.

Chicken production declines in 2012

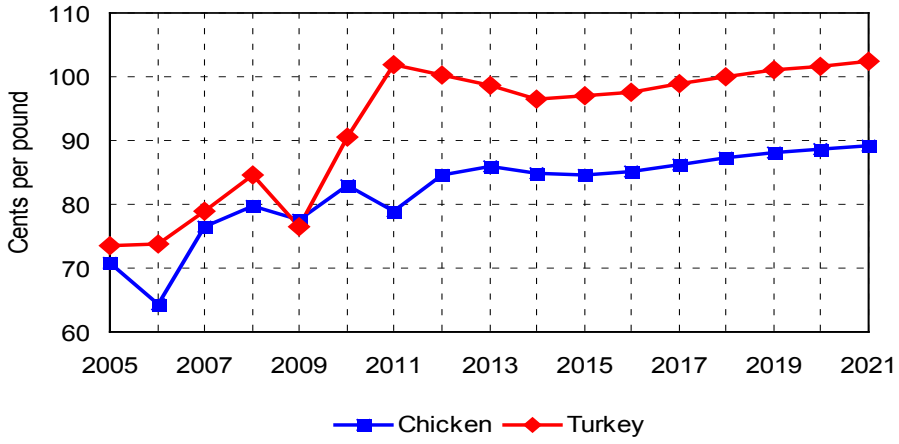


- In 2011, the spread between wholesale turkey and chicken prices was at its widest level since 1985.

- Despite production growth in the last two years, the 9 percent contraction in 2009 turkey production has kept supplies relatively tight compared to chicken.

- Chicken prices strengthen in 2012 and 2013 as the 2012 production decline and tight overall domestic meat supplies force consumers to pay more.

Chicken prices move higher, remain below turkey

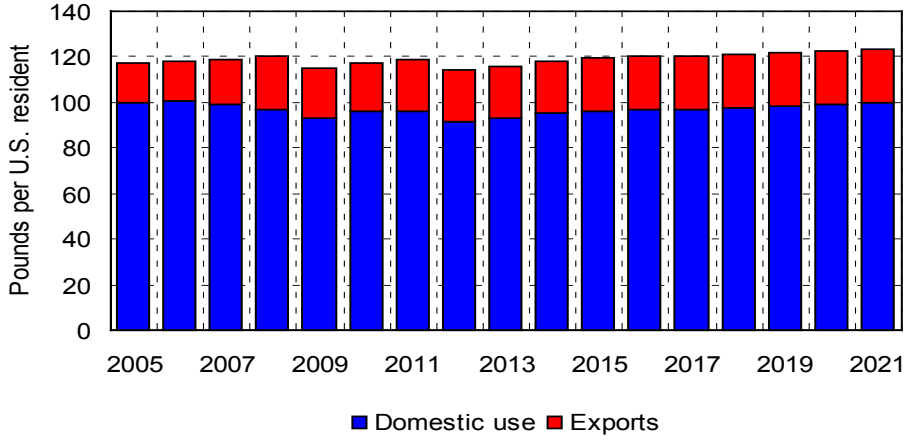


- Unlike the beef and pork industries, chicken export growth has weakened considerably in recent years.

- Many nations are striving to control food inflation and reduce their dependence on meat imports by developing their own chicken industries.

- The U.S. chicken industry will be increasingly dependent upon domestic demand growth if it is to continue to expand in the next decade.

Chicken industry growth depends on U.S. demand



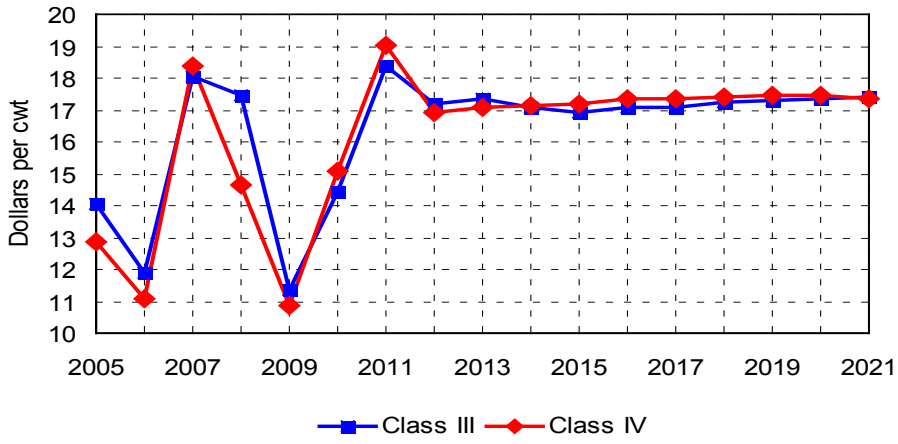
Poultry supply and use

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Broiler					(Million pounds)						
Production	36,844	35,982	36,879	38,081	38,833	39,377	39,907	40,460	41,087	41,754	42,425
Domestic use	30,131	28,940	29,682	30,743	31,390	31,812	32,232	32,673	33,176	33,724	34,295
Exports	6,993	7,136	7,281	7,407	7,536	7,671	7,786	7,901	8,024	8,144	8,245
Ending stocks	600	610	634	674	694	705	713	722	733	747	763
Turkey											
Production	5,720	5,788	5,922	6,033	6,088	6,119	6,145	6,174	6,213	6,262	6,318
Domestic use	5,054	5,169	5,278	5,386	5,436	5,459	5,476	5,495	5,523	5,562	5,607
Exports	674	640	651	660	670	681	691	701	712	722	732
Ending stocks	205	204	218	226	230	232	233	234	235	237	241
Eggs					(Million dozens)						
Production	7,654	7,648	7,714	7,791	7,845	7,894	7,943	7,996	8,056	8,121	8,189
Domestic use	6,442	6,489	6,541	6,596	6,641	6,686	6,731	6,780	6,834	6,892	6,953
Hatching egg	948	923	937	958	966	969	971	974	979	984	990
Exports	280	260	260	261	263	264	265	266	268	269	270
Ending stocks	24	24	24	24	24	24	24	24	24	24	24
Prices					(Cents per pound)						
12 city wholesale broiler	79.04	84.52	86.04	84.90	84.65	85.10	86.32	87.38	88.15	88.60	89.23
Broiler retail	176.71	183.31	190.97	190.75	191.76	194.20	198.42	202.35	205.62	207.83	210.55
Natl. wholesale turkey hens	102.02	100.28	98.63	96.55	96.99	97.66	98.92	100.11	101.02	101.58	102.33
Turkey retail	158.37	161.16	159.58	159.06	160.52	162.50	164.96	167.81	170.37	172.62	175.49
					(Cents per dozen)						
NY grade A large egg	115.34	114.00	110.44	108.97	109.65	110.81	111.93	112.96	113.09	113.19	113.22
Shell egg retail	176.95	177.00	175.62	175.17	178.41	182.18	185.79	188.55	190.27	191.88	194.04
Per capita consumption					(Pounds)						
Broiler	96.3	91.6	93.0	95.4	96.5	96.8	97.2	97.6	98.2	98.8	99.6
Turkey	16.1	16.4	16.5	16.7	16.7	16.6	16.5	16.4	16.3	16.3	16.3
					(Eggs)						
Eggs	247.0	246.3	246.0	245.6	244.9	244.2	243.6	243.0	242.6	242.4	242.3
Feed-price ratios					(Ratio)						
Broiler	3.1	4.4	4.9	4.7	4.5	4.4	4.4	4.5	4.5	4.5	4.6
Turkey	4.8	5.8	6.2	5.9	5.7	5.6	5.6	5.7	5.8	5.8	5.9
Eggs	5.8	7.2	7.5	7.3	7.1	7.0	7.0	7.1	7.1	7.2	7.1

Dairy prices

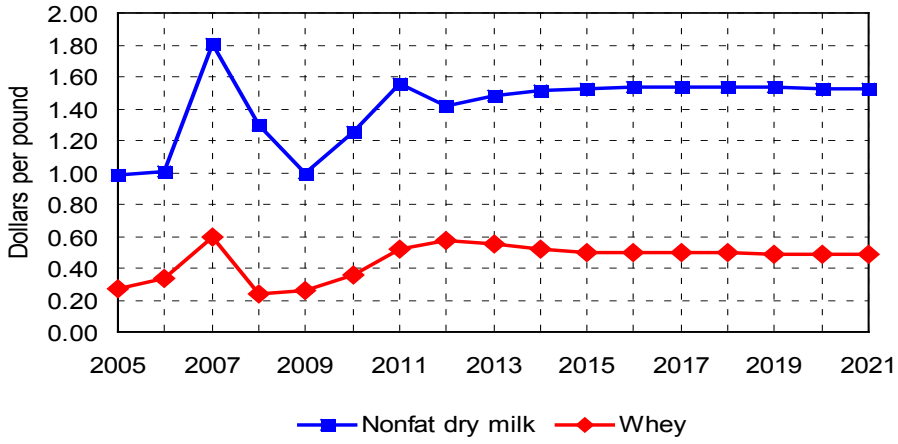
- All milk prices grew strongly in 2011, with Class IV prices about 70 cents above Class III for the second consecutive year.
- The 2011 all milk price was just over $20 per cwt, a new record. The all milk price is expected to retreat to $18.50 to $19.00 per cwt for most of the projection.
- Prices have continued to show more volatility in recent years, and most potential new policy options are seeking to limit future market volatility.

Milk prices will remain at historically high levels



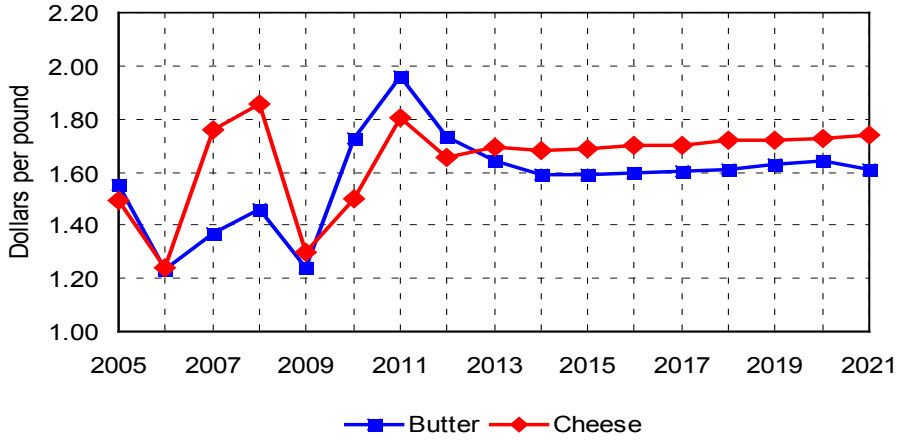
- International dairy prices weakened considerably in the second half of 2011.
- This leads to weaker U.S. nonfat dry milk prices in 2012.
- Whey prices have nearly doubled since 2009, and are expected to remain strong. Accounting for strong whey values has been a new phenomenon for many in the industry.

Weaker world markets reduce 2012 NFD milk prices



- Butter prices were very strong for much of 2011, averaging over $2 per pound until the final few months of last year.
- Cheese prices are not expected to fall as sharply in 2012 as butter, allowing the Class III milk value to exceed that of Class IV milk.
- Cheese prices are expected to average about $1.70 per pound longer term, and will continue to be an important indicator for dairy industry profitability.

Butter and cheese prices to soften this year



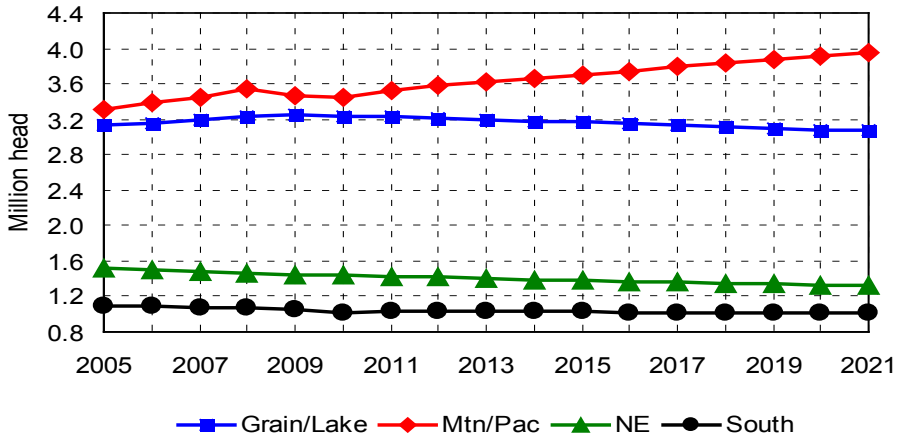
Dairy sector

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
U.S. milk supply											
Dairy cows (thou. head)	9,197	9,241	9,239	9,262	9,279	9,290	9,301	9,309	9,318	9,332	9,348
Milk yield (lbs. per cow)	21,313	21,552	21,902	22,194	22,458	22,724	22,986	23,232	23,492	23,729	23,984
Milk production (bil. lbs.)	196.0	199.2	202.4	205.6	208.4	211.1	213.8	216.3	218.9	221.5	224.2
Min. FMMO class prices					(Dollars per hundredweight)						
Class I mover	19.13	18.31	18.48	18.39	18.31	18.58	18.49	18.63	18.70	18.89	18.82
Class II	19.62	17.63	17.79	17.85	17.88	18.05	18.07	18.13	18.17	18.18	18.05
Class III	18.37	17.20	17.35	17.06	16.93	17.06	17.08	17.23	17.29	17.34	17.43
Class IV	19.04	16.93	17.09	17.15	17.18	17.35	17.37	17.43	17.47	17.48	17.35
All milk price	20.14	18.90	19.07	18.93	18.86	19.03	19.02	19.13	19.18	19.25	19.23
MILC payment rate	0.00	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MILC trigger	18.23	20.25	17.31	17.19	17.17	17.21	17.25	17.26	17.27	17.23	17.19
Wholesale prices					(Dollars per pound)						
Butter, CME	1.96	1.73	1.64	1.59	1.59	1.60	1.60	1.61	1.63	1.64	1.61
Cheese, Amer., 40#, CME	1.81	1.66	1.69	1.68	1.69	1.70	1.70	1.72	1.72	1.73	1.74
Nonfat dry milk, AA	1.55	1.42	1.48	1.51	1.52	1.53	1.53	1.54	1.53	1.53	1.53
Evaporated milk	1.97	1.75	1.80	1.82	1.82	1.83	1.83	1.83	1.82	1.82	1.82
Dairy product production					(Million pounds)						
American cheese	4,251	4,314	4,409	4,503	4,586	4,670	4,750	4,824	4,904	4,987	5,071
Other cheese	6,333	6,467	6,627	6,763	6,892	7,021	7,144	7,268	7,394	7,512	7,646
Butter	1,813	1,893	1,933	1,967	1,987	2,007	2,026	2,042	2,062	2,080	2,096
Nonfat dry milk	1,880	1,877	1,973	2,085	2,175	2,247	2,317	2,376	2,443	2,510	2,573

Milk production

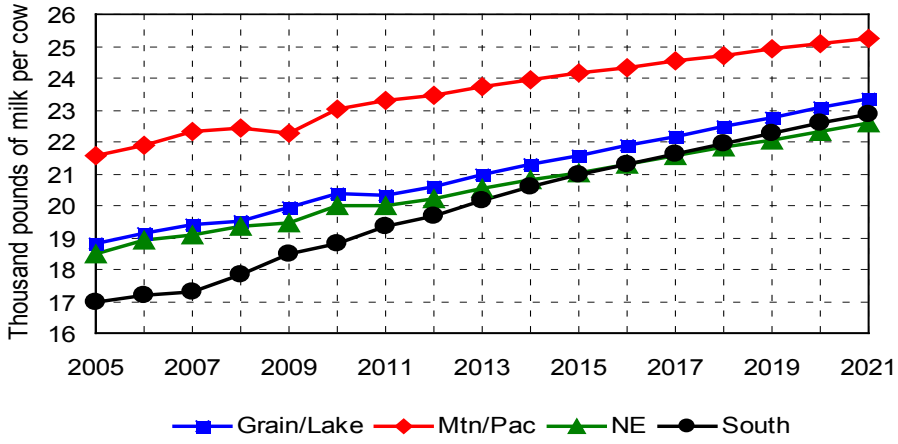
Milk cow herd size and growth differs by region

- Though the national dairy cow herd is expected to increase slightly for most of the projection period, the western U.S. is the only region likely to experience growth.
- California's milk cow herd fell by nearly 90 thousand head from 2008 to 2010, but the longer term trend of growth should continue there in the next decade.
- Wisconsin's milk cow herd grew for the sixth consecutive year in 2011. Dairy cow numbers should be stable to modestly declining in the next decade.



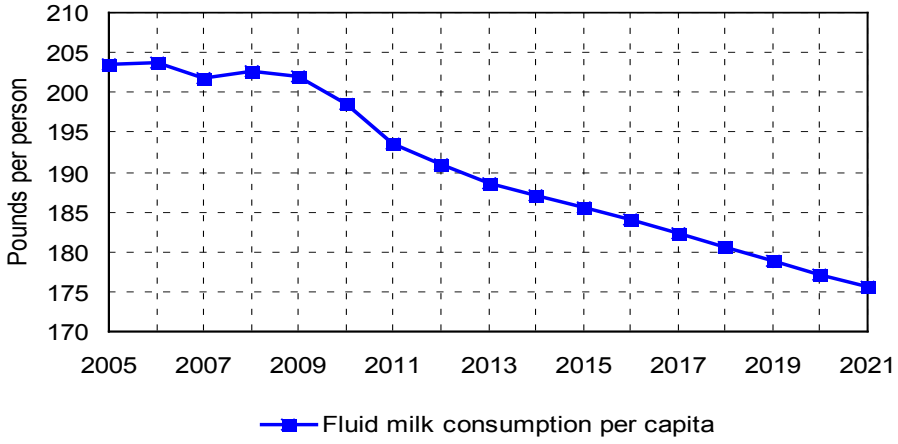
Western U.S. dominates productivity rates

- The western U.S. continues to have a sizable advantage in productivity per cow relative to other parts of the country.
- National milk production per cow is projected to grow by an average of 1.2 percent per year in the next decade.
- The southern U.S. will exhibit the fastest per year growth rate at 1.7 percent, followed by the grain-producing/Great Lakes region at 1.4 percent.



Fluid milk consumption dropped sharply in 2011

- The dairy industry is concerned with recent trends involving fluid milk consumption per person.
- Though per-capita fluid consumption has been declining for quite some time, the rate of decrease has accelerated recently.
- Nutrition programs that eliminate or significantly reduce flavored milk availability in schools could reduce long-term fluid milk demand.



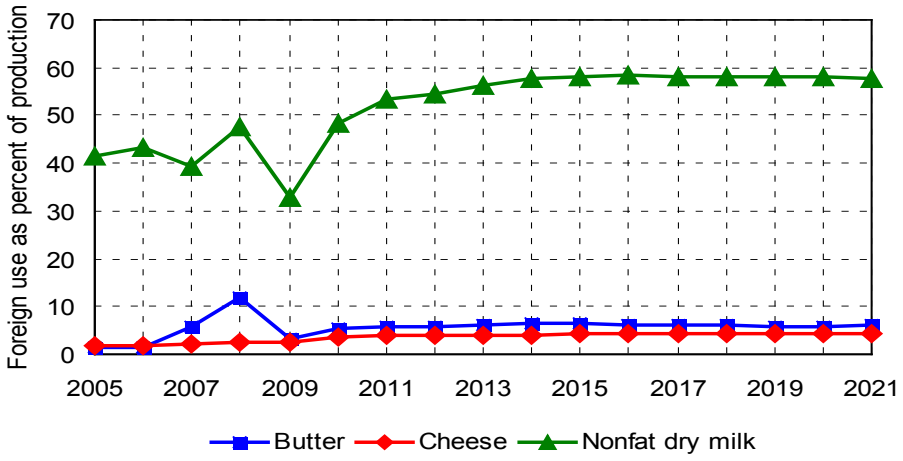
State level dairy cows

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Thousand head)						
Alabama	11	10	10	9	9	9	8	7	7	6	6
Alaska	1	1	1	1	1	1	1	1	1	1	1
Arizona	188	198	205	213	219	225	230	234	237	241	243
Arkansas	12	12	11	11	11	10	10	10	10	10	10
California	1,772	1,790	1,794	1,805	1,818	1,833	1,852	1,872	1,894	1,918	1,944
Colorado	128	137	144	151	158	164	169	174	178	182	186
Connecticut	18	18	18	17	17	17	16	16	16	16	15
Delaware	5	5	5	4	4	4	4	4	4	4	4
Florida	118	121	123	124	125	125	125	125	125	125	124
Georgia	77	76	74	73	72	72	71	70	69	68	68
Hawaii	2	2	2	1	1	1	1	1	1	1	1
Idaho	578	591	601	611	620	628	635	642	648	654	660
Illinois	98	96	93	91	90	88	86	85	83	82	81
Indiana	171	172	172	173	173	174	174	174	174	174	174
Iowa	204	198	194	190	188	185	184	182	181	180	178
Kansas	123	128	131	133	136	137	139	140	141	141	142
Kentucky	75	72	70	68	66	65	63	62	62	61	61
Louisiana	18	17	16	15	15	14	13	13	13	12	12
Maine	32	32	32	32	32	32	32	32	32	32	32
Maryland	52	51	49	47	45	43	42	42	41	41	41
Massachusetts	13	12	11	10	10	9	8	8	8	7	7
Michigan	366	371	374	377	379	381	383	384	385	387	388
Minnesota	471	470	465	460	455	449	443	436	429	422	414
Mississippi	14	13	12	12	11	11	11	10	10	10	10
Missouri	95	91	88	85	83	80	78	76	74	72	70
Montana	14	14	14	14	14	14	14	14	14	14	14
Nebraska	57	56	54	53	52	52	51	51	50	50	50
Nevada	29	29	30	30	30	31	31	31	31	32	32
New Hampshire	14	14	13	13	12	12	12	11	11	11	10
New Jersey	8	7	7	7	7	7	6	6	6	6	6
New Mexico	328	336	341	346	350	354	358	361	364	366	369
New York	610	608	603	600	597	593	589	585	581	577	574
North Carolina	45	45	45	44	44	43	42	40	39	37	36
North Dakota	19	18	17	16	15	14	13	13	12	12	11
Ohio	268	265	262	261	260	258	256	255	253	252	250
Oklahoma	52	51	49	48	46	45	44	43	42	42	41
Oregon	122	125	126	128	129	129	130	130	130	130	129
Pennsylvania	541	539	535	532	529	527	524	521	519	516	514
Rhode Island	1	1	1	1	1	1	1	1	1	1	1
South Carolina	16	16	15	15	15	14	14	14	14	14	13
South Dakota	90	89	87	86	84	83	82	81	80	79	79
Tennessee	49	46	43	40	38	35	33	30	28	25	23
Texas	431	443	452	461	469	476	482	487	491	495	499
Utah	87	88	89	90	90	91	91	92	92	93	93
Vermont	134	132	130	129	128	127	126	124	123	122	120
Virginia	96	95	95	94	94	94	93	93	92	92	92
Washington	260	263	265	267	268	269	271	272	272	273	274
West Virginia	10	10	10	10	10	10	10	10	10	10	10
Wisconsin	1,265	1,264	1,259	1,257	1,254	1,250	1,245	1,241	1,237	1,233	1,230
Wyoming	6	6	6	6	6	6	6	6	6	6	6
United States	**9,197**	**9,241**	**9,239**	**9,262**	**9,279**	**9,290**	**9,301**	**9,309**	**9,318**	**9,332**	**9,348**

Dairy products

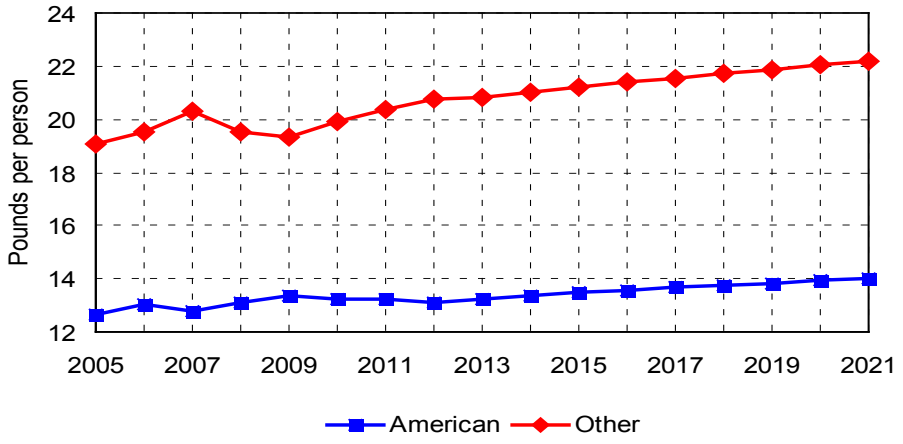
- 2011 was a second consecutive year of strong growth for dairy product exports, eclipsing 2008 levels for most products.
- While most domestic butter and cheese production is consumed within U.S. borders, nonfat dry milk markets depend heavily on exports.
- International dairy prices are expected to remain relatively strong during the projection period, allowing for increased U.S. dairy product exports.

Strong international dairy demand to continue



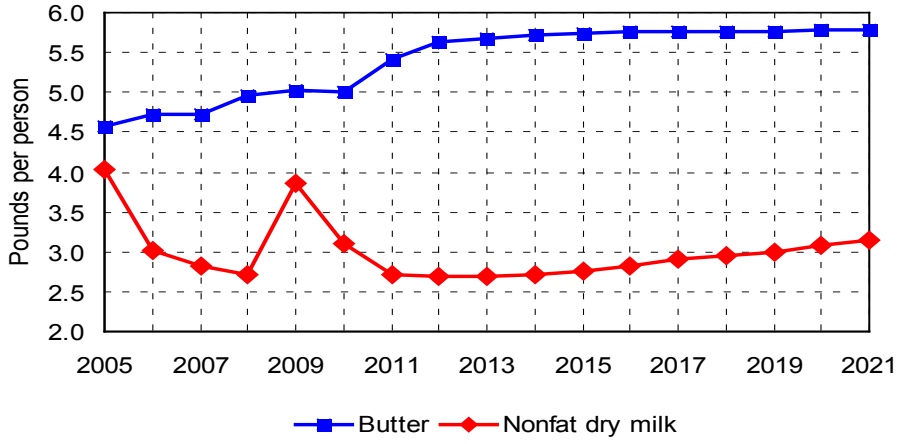
- The general trend for total cheese consumption per capita continues to be positive.
- American cheese will continue to become a smaller percentage of total U.S. cheese consumption, as demographics and taste trends favor other varieties.
- The level of cheese consumption per person will be extremely important to dairy industry profitability if fluid consumption declines as projected.

Cheese consumption growth is vital to profitability



- U.S. butter demand was strong in 2011, as both prices and consumption increased.
- As a large percentage of nonfat dry milk production is exported, the domestic market is not viewed as critical as that for fluid milk, cheese and butter.
- Other products such as whey protein, which have not traditionally been tracked as closely by the industry, could greatly impact the future of the sector.

Butter consumption continues to grow in 2012



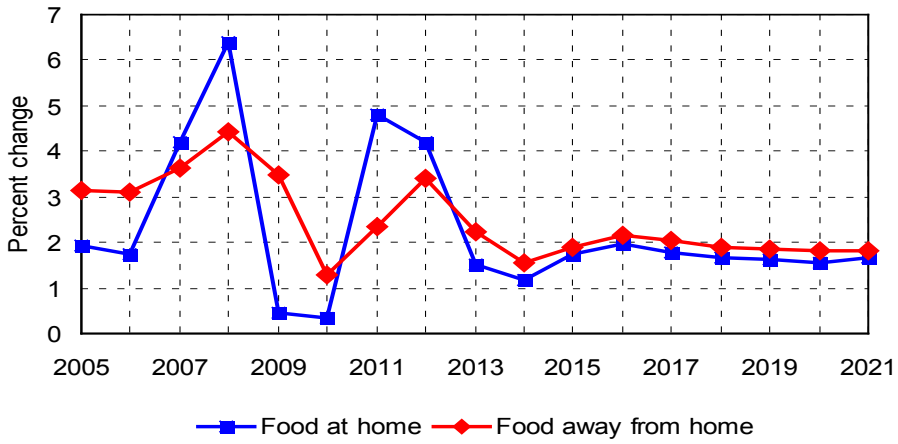
Dairy product supply and use

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Butter					(Million pounds)						
Production	1,813	1,893	1,933	1,967	1,987	2,007	2,026	2,042	2,062	2,080	2,096
Imports	10	10	10	10	10	10	10	10	13	16	19
Domestic use	1,697	1,778	1,814	1,843	1,868	1,890	1,911	1,929	1,947	1,970	1,991
Total foreign use	108	108	118	125	127	121	124	125	122	122	126
Ending stocks	100	117	128	137	139	144	146	145	150	154	152
CCC net rem. inc DEIP	0	8	7	6	0	4	0	-2	4	3	-5
American cheese											
Production	4,251	4,314	4,409	4,503	4,586	4,670	4,750	4,824	4,904	4,987	5,071
Imports	13	13	13	13	13	13	13	13	13	13	13
Domestic use	4,140	4,137	4,225	4,306	4,383	4,460	4,532	4,601	4,673	4,748	4,824
Total foreign use	165	174	184	194	201	209	217	224	231	238	245
Ending stocks	590	606	620	637	651	665	679	691	704	718	734
CCC net rem. inc DEIP	0	0	0	0	0	0	0	0	0	0	1
Other cheese											
Production	6,333	6,467	6,627	6,763	6,892	7,021	7,144	7,268	7,394	7,512	7,646
Imports	277	280	283	286	289	292	294	297	300	303	306
Domestic use	6,375	6,552	6,641	6,767	6,895	7,022	7,146	7,270	7,396	7,514	7,648
Total foreign use	243	253	263	273	278	282	285	289	291	294	296
Ending stocks	410	353	358	367	375	383	390	398	405	413	421
Nonfat dry milk											
Production	1,880	1,877	1,973	2,085	2,175	2,247	2,317	2,376	2,443	2,510	2,573
Imports	1	1	1	1	1	1	1	1	1	1	1
Domestic use	850	848	858	874	900	928	962	986	1,015	1,050	1,081
Total foreign use	1,007	1,024	1,109	1,202	1,267	1,313	1,347	1,385	1,422	1,454	1,486
Ending stocks	168	173	181	191	200	208	215	221	228	235	242
Government	0	0	0	0	0	0	0	0	0	0	0
Commercial	168	173	181	191	200	208	215	221	228	235	242
CCC net rem. inc DEIP	10	0	0	0	0	0	0	0	0	0	0
Evap. and condensed milk											
Production	662	593	590	592	596	599	602	605	607	611	614
Imports	11	11	11	11	11	11	11	11	11	11	11
Domestic use	569	495	491	492	495	498	501	504	507	510	513
Total foreign use	112	112	112	112	112	112	112	112	112	112	112
Ending stocks	45	43	42	43	43	44	44	45	45	46	46
Per capita consumption					(Pounds)						
Butter	5.4	5.6	5.7	5.7	5.7	5.8	5.8	5.8	5.8	5.8	5.8
Nonfat dry milk	2.7	2.7	2.7	2.7	2.8	2.8	2.9	2.9	3.0	3.1	3.1
Total cheese	33.6	33.8	34.0	34.4	34.7	35.0	35.2	35.5	35.7	35.9	36.2
American	13.2	13.1	13.2	13.4	13.5	13.6	13.7	13.7	13.8	13.9	14.0
Other	20.4	20.7	20.8	21.0	21.2	21.4	21.5	21.7	21.9	22.0	22.2
Total fluid milk	193.5	190.9	188.7	187.1	185.6	184.0	182.4	180.7	178.9	177.2	175.6
Ice cream	22.5	22.6	22.6	22.5	22.5	22.4	22.3	22.3	22.2	22.1	22.1
Retail prices					(Dollars per unit)						
Cheese, cheddar (pound)	5.42	5.61	5.80	5.95	6.09	6.21	6.30	6.38	6.46	6.53	6.65
Milk, whole (gallon)	3.57	3.72	3.75	3.74	3.72	3.76	3.75	3.77	3.78	3.80	3.79
Ice cream (half gallon)	4.93	4.66	4.62	4.61	4.63	4.66	4.68	4.71	4.72	4.73	4.73

Food prices and expenditures

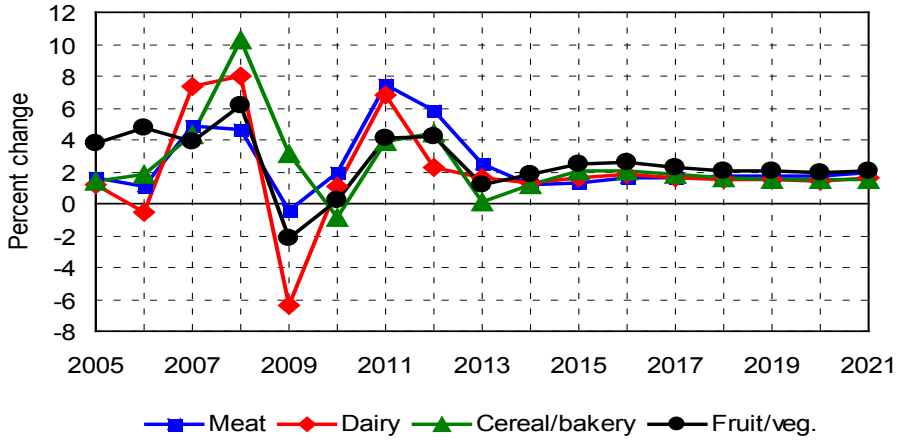
Food at home inflation falls in 2012; food away grows

- The CPI for food grew by 3.7 percent in 2011 and a similar rate of growth is expected for 2012.
- Food away from home inflation (2.3 percent) significantly trailed food at home inflation (4.8 percent) in 2011.
- After 2012 food price growth will be similar to that of the general inflation rate.



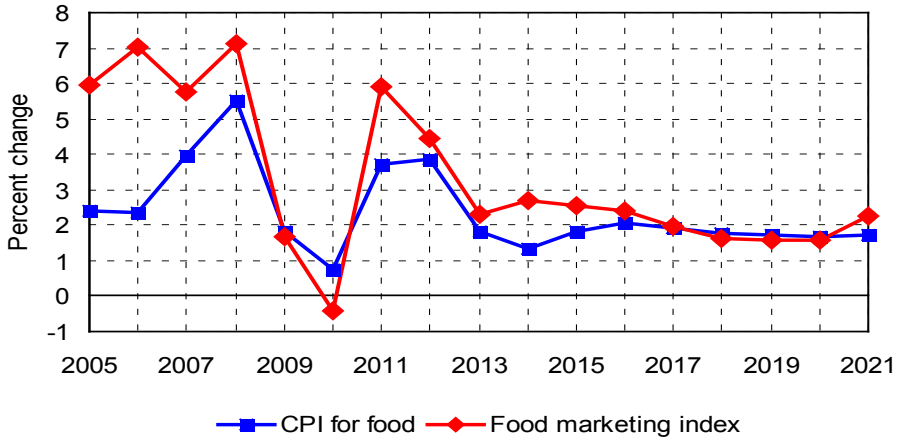
Meat products will continue to lead food inflation

- Meats are likely to experience the highest degree of food inflation in 2012, just as in 2011.
- Dairy products are expected to show the largest drop in price inflation from 2011 to 2012.
- Cereal and bakery items and fruits and vegetables are expected to increase at about the same rate in 2012 as in 2011.



Commodity value is a small portion of food costs

- The U.S. food system consists of many intricate layers to transform products from the farm into what consumers actually purchase in a grocery store or restaurant.
- Approximately 85 percent of the cost of food is due to these marketing costs as opposed to the raw commodity value.
- Labor and energy costs are very important to the marketing cost index, which provides a good guide to how much food will cost regardless of farm prices.



Consumer price indices for food

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
						(1982-84=100)					
Total food	227.8	236.6	241.0	244.2	248.7	253.7	258.6	263.1	267.7	272.1	276.8
(Inflation rate)	3.7%	3.9%	1.8%	1.4%	1.8%	2.0%	1.9%	1.8%	1.7%	1.7%	1.7%
Food at home	226.2	235.7	239.3	242.1	246.3	251.1	255.6	259.9	264.1	268.1	272.6
Cereal and bakery	260.3	271.8	272.0	275.2	280.8	286.7	292.1	296.8	301.5	305.9	310.7
Meat	223.2	236.1	242.1	245.1	248.2	252.2	256.4	260.8	265.4	269.9	275.1
Dairy	212.7	217.6	221.1	224.0	227.6	231.8	235.5	239.2	242.7	246.1	250.0
Fruit and vegetables	284.7	296.7	300.1	305.7	313.5	321.6	329.1	335.9	342.7	349.4	356.5
Other food at home	197.4	203.5	207.1	208.3	211.4	215.1	218.4	221.5	224.3	227.0	229.9
Sugar and sweets	207.8	212.8	213.6	214.0	217.9	221.8	224.6	227.0	229.3	231.7	234.4
Fats and oils	219.2	227.2	230.4	234.1	237.5	240.6	243.8	247.0	250.1	253.0	256.3
Other prepared items	209.3	215.7	221.4	222.2	225.0	229.1	233.2	236.9	240.3	243.6	246.8
Non-alc. beverages	166.8	172.3	173.4	174.6	177.5	180.6	182.7	184.5	186.2	188.0	190.0
Food away from home	231.4	239.2	244.6	248.4	253.1	258.5	263.8	268.7	273.7	278.6	283.6

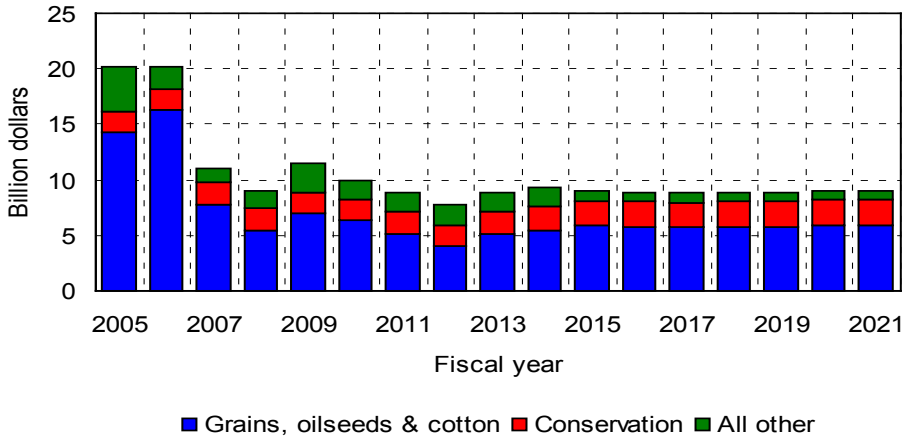
Consumer expenditures for food

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
						(Dollars per person)					
Total food per capita	4,009	4,159	4,219	4,286	4,374	4,468	4,554	4,636	4,716	4,794	4,878
Food at home	2,154	2,221	2,242	2,270	2,306	2,346	2,383	2,418	2,452	2,484	2,520
Food away from home	1,855	1,938	1,976	2,017	2,068	2,121	2,171	2,218	2,264	2,310	2,357
Multiply by population for:						(Billion dollars)					
Total U.S. food expenditures	1,255	1,315	1,346	1,381	1,423	1,468	1,510	1,552	1,594	1,636	1,680

Government costs

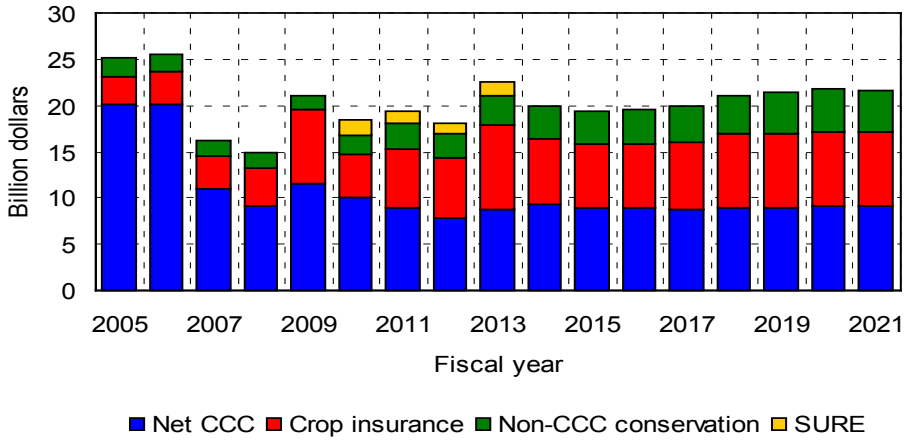
- Reduced cotton program spending contributed to a decline in net CCC outlays in fiscal year (FY) 2011.
- Net CCC outlays temporarily decline in FY 2012 because no advanced direct payments will be made this fiscal year.
- Projected spending averages about $9 billion per year.
- The last tobacco trust fund payments are made in FY 2014.

Net CCC outlays total $89 billion over FY 2012-2021



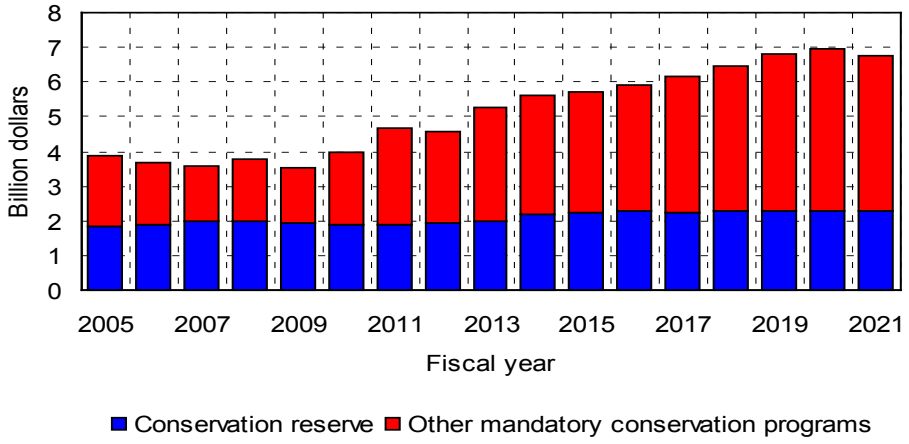
- Mandatory government outlays under the crop insurance program, the supplemental revenue (SURE) program and certain conservation programs are not included in the CCC account.
- Crop insurance outlays vary with the weather and crop prices.
- Crop insurance outlays are reduced in FY 2012 by mandated changes regarding 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 CBO estimates.
- 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 for CRP, CSP, EQIP



Net government outlays

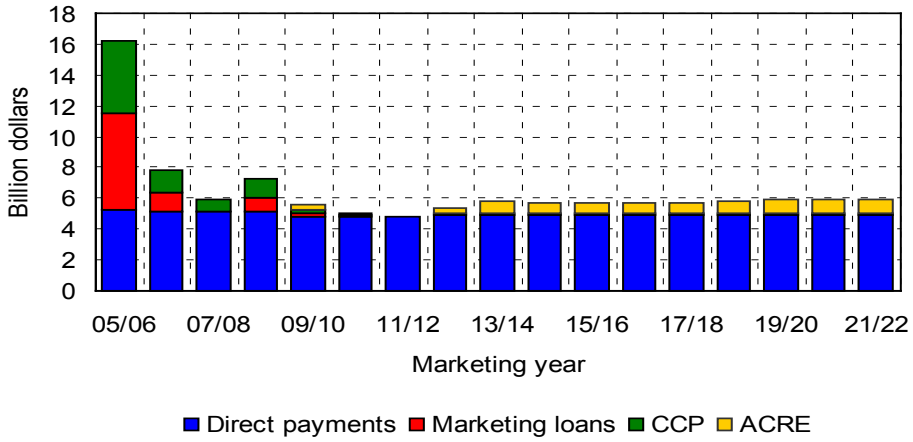
Fiscal year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Million dollars)						
Feed grains											
Corn	1,863	1,539	2,014	2,029	2,333	2,256	2,246	2,334	2,266	2,404	2,390
Sorghum	197	145	190	189	192	192	192	193	192	194	194
Barley	81	62	76	76	80	81	81	81	79	80	80
Oats	5	3	3	3	4	5	4	4	4	4	5
Food grains											
Wheat	1,378	878	1,110	1,113	1,245	1,206	1,158	1,175	1,172	1,188	1,190
Rice	364	315	424	422	425	425	425	425	424	425	424
Oilseeds											
Soybeans	521	421	562	692	775	815	810	779	812	832	840
Peanuts	77	77	73	89	94	100	103	108	112	117	123
Other oilseeds	33	11	21	19	21	23	26	24	24	26	26
Other commodities											
Upland cotton	678	557	731	747	725	703	696	702	699	700	690
Sugar	0	0	1	0	0	0	1	1	1	2	5
Dairy	30	136	24	9	5	9	6	4	9	6	2
CCC conservation											
Conservation reserve	1,891	1,932	2,005	2,202	2,257	2,278	2,241	2,268	2,301	2,270	2,283
Other CCC conservation	29	6	5	5	5	5	5	1	1	1	1
Tobacco trust fund	932	958	960	960	0	0	0	0	0	0	0
Other CCC											
Disaster payments, NAP	87	86	85	84	84	83	83	81	81	80	79
Other net costs	740	716	550	611	700	725	729	734	737	740	744
Net CCC outlays	8,906	7,839	8,833	9,251	8,946	8,906	8,805	8,914	8,914	9,070	9,076
NRCS conservation	2,726	2,635	3,281	3,414	3,433	3,625	3,930	4,205	4,493	4,693	4,475
Supplem. Revenue (SURE)	1,238	1,070	1,441	0	0	0	0	0	0	0	0
Other non-CCC Emergency	258	96	6	0	0	0	0	0	0	0	0
Crop insurance	6,464	6,542	9,033	7,197	6,971	6,989	7,260	8,009	8,022	8,061	8,142
Total mandatory outlays	19,592	18,182	22,594	19,862	19,350	19,520	19,995	21,128	21,429	21,823	21,694

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 2011: Oct. 1, 2010-Sep. 30, 2011).

Payments and crop insurance

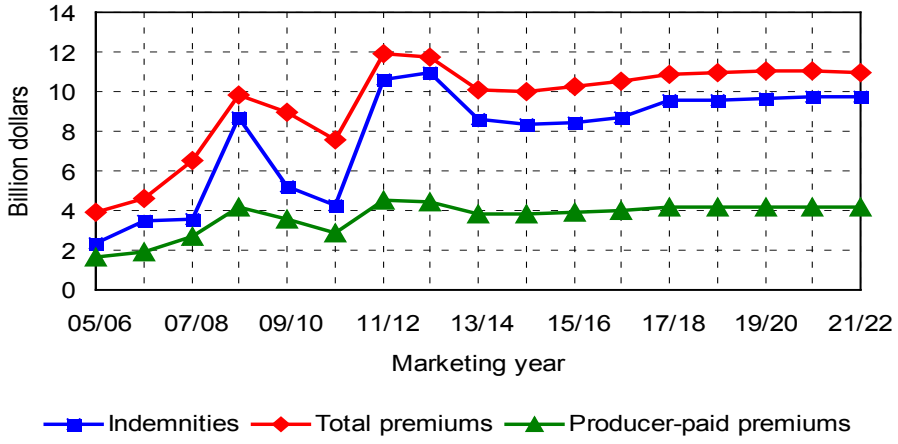
- Direct payments do not depend on market conditions.
- Average projected prices are above levels that would trigger marketing loan benefits or countercyclical payments for most crops.
- High prices and limited participation mean ACRE payments are very small in 2010/11 and 2011/12. After 2012/13, ACRE payments average over $700 million per year.

Direct payments dominate total traditional payments



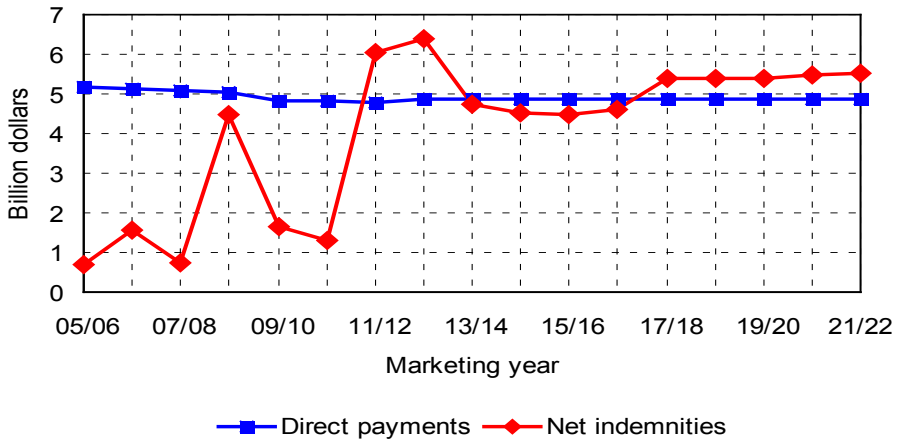
- Higher coverage levels and crop prices have increased crop insurance premiums.
- The average annual crop insurance loss ratio (indemnities divided by total premiums, including premium subsidies) averaged 0.79 over the last 10 years.
- Changes in rules used to set premiums may reduce premiums and increase loss ratios beginning in 2012.
- Given projected levels and variation in prices and yields, the average annual loss ratio over the next 10 years is 0.87.

Crop insurance subsidies rise with higher prices



- The crop insurance program has grown in importance relative to other farm programs.
- Projected net indemnities (indemnities minus producer-paid premiums) often exceed the value of direct payments.
- Projected net USDA expenditures on the crop insurance program total $76 billion over the FY 2012-FY 2021 period.

Net indemnities may exceed direct payments



Selected direct government payments

Marketing year	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
						(Million dollars)					
Direct payments	4,837	4,939	4,917	4,916	4,914	4,911	4,911	4,908	4,908	4,906	4,906
Marketing loans	0	64	73	49	34	38	40	37	45	35	61
Countercyclical payments	0	58	80	73	49	65	62	57	67	68	90
ACRE payments	6	250	788	707	660	733	688	863	861	921	914
Total	4,843	5,311	5,859	5,745	5,656	5,747	5,701	5,865	5,881	5,930	5,971

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

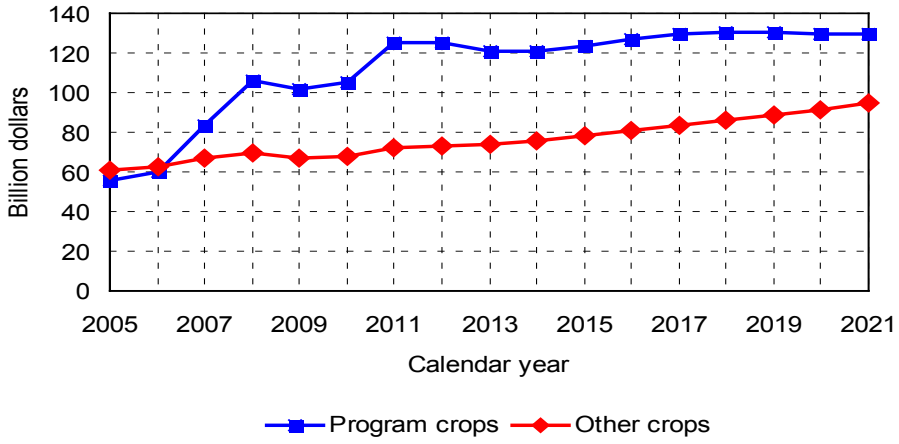
Crop insurance

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
						(Million dollars, crop year)					
Total premiums	11,896	11,737	10,109	10,028	10,253	10,531	10,904	10,988	11,028	11,015	10,967
Producer-paid premiums	4,480	4,475	3,844	3,811	3,896	4,001	4,143	4,174	4,189	4,183	4,164
Premium subsidies	7,415	7,261	6,265	6,217	6,357	6,530	6,761	6,814	6,839	6,832	6,803
Total indemnities	10,589	10,926	8,643	8,382	8,419	8,680	9,572	9,596	9,635	9,719	9,735
Loss ratio	0.89	0.93	0.85	0.84	0.82	0.82	0.88	0.87	0.87	0.88	0.89
						(Million dollars, crop year)					
Net indemnities	6,108	6,451	4,798	4,570	4,522	4,679	5,429	5,422	5,446	5,536	5,571
Corn	1,192	2,641	1,637	1,574	1,555	1,751	2,152	2,117	2,085	2,112	2,124
Soybeans	408	665	579	711	624	593	735	727	732	776	795
Wheat	1,039	1,506	1,303	1,002	1,044	1,016	1,107	1,114	1,145	1,133	1,128
Upland cotton	2,079	626	359	364	385	398	440	449	447	448	443
All other	1,390	1,012	921	919	915	921	995	1,015	1,038	1,067	1,081
						(Million dollars, fiscal year)					
Net outlays	6,464	6,542	9,033	7,197	6,971	6,989	7,260	8,009	8,022	8,061	8,142

Farm receipts and expenses

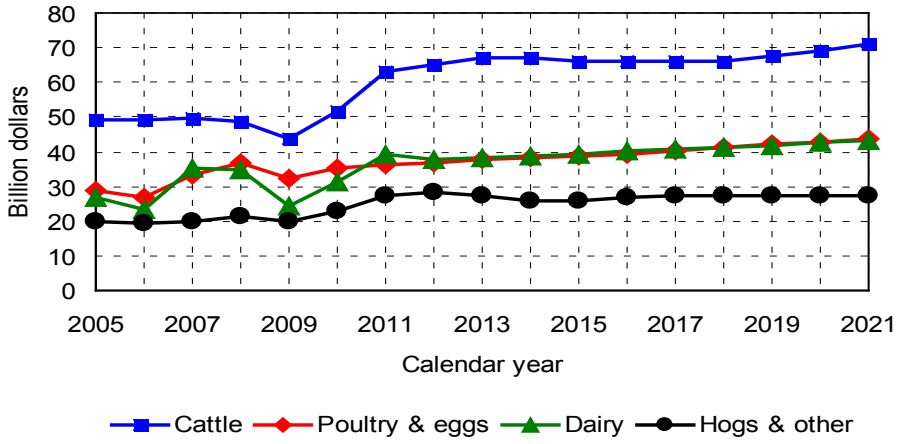
Program crop cash receipts remain high

- Cash receipts from sales of program crops (grains, oilseeds, cotton and sugar) have more than doubled since 2005.
- Program crop receipts decline slightly in 2013 because of lower 2012/13 marketing year prices, but remain over $120 billion.
- Receipts for other crops (including vegetables, fruits, nursery crops, hay and biomass crops) grow at an average rate of almost 3 percent per year.



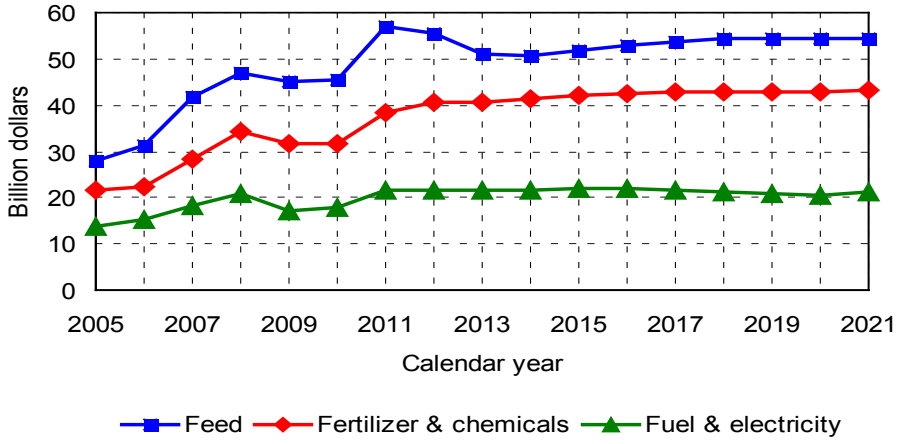
Livestock receipts increased sharply from 2009-11

- After declining with the recession, dairy and livestock cash receipts increased by $46 billion between 2009 and 2011.
- Rising prices for both fed and feeder cattle result in a further increase in cattle receipts in 2012.
- Dairy receipts decline with lower milk prices in 2012.
- Hog and poultry receipts increase in 2012 with higher hog and chicken prices.



Production expense growth slows

- Farm production expenses increased by almost $36 billion (12 percent) in 2011, led by sharp increases in feed, fertilizer and fuel costs.
- Lower crop prices could reduce feed expenses in 2012 and 2013, but fertilizer and fuel expenses are likely to remain elevated.
- Total production expenses increase by about 3 percent in 2012 and at a slower rate in subsequent years.



Farm cash receipts

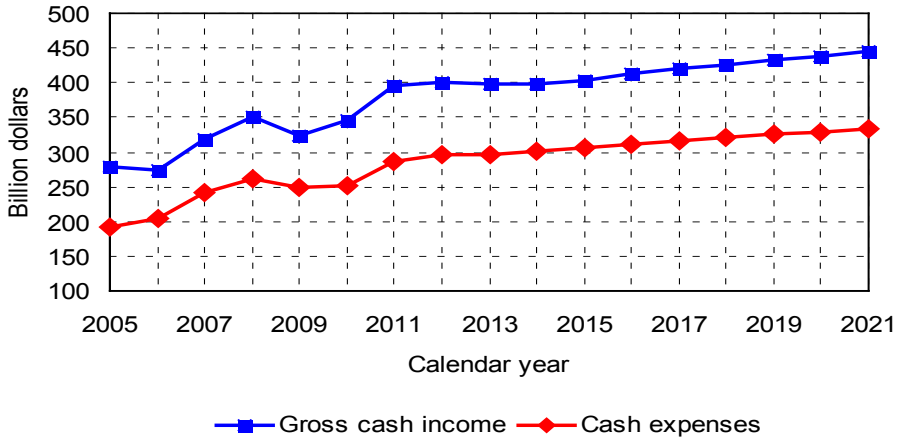
Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Billion dollars)						
Feed grains	68.43	70.20	65.14	65.09	67.22	69.12	70.36	70.97	70.92	70.44	70.18
Food grains	16.72	15.87	14.75	14.67	15.30	15.97	16.32	16.41	16.39	16.34	16.27
Oilseeds	36.26	36.43	37.32	37.53	37.62	38.11	38.77	39.24	39.54	39.75	40.05
Cotton	8.01	7.62	7.44	7.53	7.82	8.08	8.29	8.37	8.35	8.31	8.24
Sugar	3.09	2.85	2.71	2.75	2.84	2.86	2.85	2.83	2.82	2.81	2.81
Other crops	64.36	65.20	67.15	69.42	71.88	74.33	76.00	78.00	80.74	83.27	86.02
Cattle	62.90	65.28	66.87	66.89	66.13	66.27	66.03	66.27	67.67	69.13	70.86
Hogs	21.97	22.86	21.99	21.12	21.11	21.98	22.75	23.27	23.32	23.30	23.50
Dairy products	39.47	37.56	38.50	38.84	39.22	40.08	40.56	41.28	41.89	42.53	43.02
Poultry, eggs	36.24	36.87	37.74	38.14	38.73	39.40	40.34	41.26	42.10	42.85	43.68
Other livestock	5.44	5.29	5.14	4.95	4.76	4.60	4.44	4.27	4.10	3.92	3.75
Total cash receipts	362.89	366.04	364.76	366.92	372.62	380.79	386.70	392.16	397.83	402.65	408.38

Farm production expenses

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Billion dollars)						
Feed	56.97	55.48	50.91	50.58	51.78	52.95	53.80	54.32	54.43	54.34	54.33
Purchased livestock	23.49	24.01	25.71	25.64	25.01	24.73	24.28	24.21	24.81	25.50	26.33
Seed	17.64	19.07	19.49	19.74	19.79	20.02	20.31	20.51	20.67	20.76	20.82
Fertilizer and chemicals	38.41	40.65	40.67	41.42	42.00	42.35	42.69	42.93	42.87	42.92	43.24
Fuels and electricity	21.51	21.49	21.75	21.74	21.84	21.85	21.49	21.09	20.71	20.37	21.10
Interest	14.23	14.39	14.92	16.26	18.38	19.58	20.21	20.70	21.12	21.49	21.86
Contract and hired labor	27.17	28.55	28.86	29.54	30.51	31.59	32.76	34.00	35.19	36.39	37.34
Capital consumption	31.64	32.74	33.57	34.23	34.83	35.29	35.66	36.03	36.42	36.82	37.26
Rent to non-operators	13.59	14.45	14.29	13.91	13.68	13.81	14.20	14.62	15.01	15.30	15.46
All other	76.61	81.81	82.38	84.11	85.86	87.70	89.48	91.37	93.26	94.92	97.41
Total production expenses	321.27	332.64	332.57	337.18	343.68	349.86	354.88	359.79	364.49	368.81	375.15

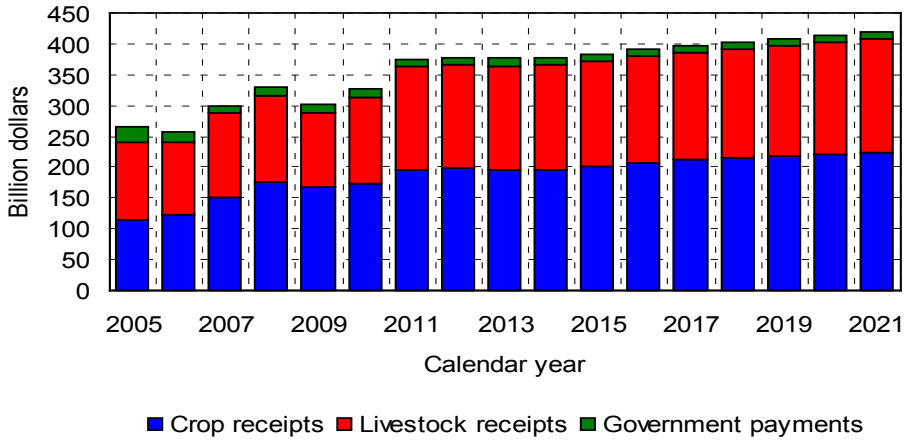
Farm income

Cash income, expenses increased sharply in 2011



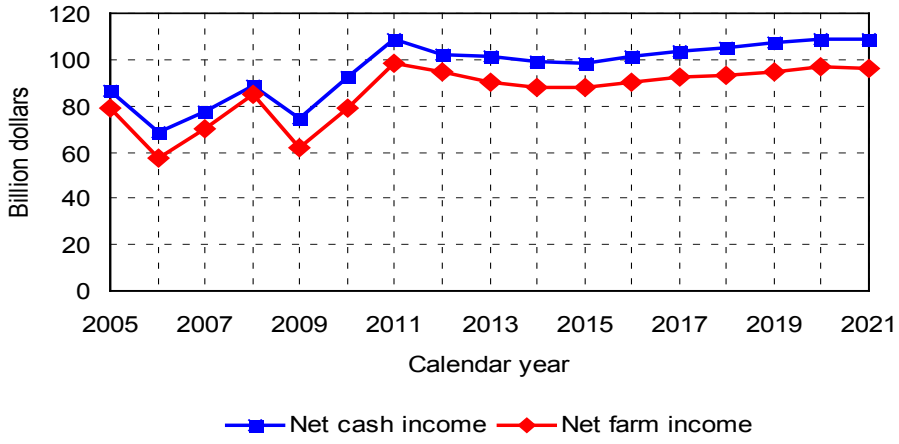
- Gross cash income (sales receipts and government payments) increased by $51 billion in 2011.
- Cash expenses also increased sharply in 2011, but by less than gross income. Net cash income reached record levels.
- Gross cash income and expenses increase at a similar pace in the baseline, and nominal net cash income is about the same in 2021 as in 2011.

Crop and livestock receipts both increase



- Both crop and livestock sales receipts increased substantially in 2011.
- Projected crop and livestock receipts both increase marginally in 2012. Lower prices could reduce crop receipts in 2013.
- Between 2013 and 2021, crop and livestock receipts both increase at a modest pace.
- Government payments are a small share of gross farm income.

Net cash and net farm income set records in 2011



- Net cash income exceeded $100 billion for the first time in 2011, and net farm income hit a record $98 billion in nominal terms.
- Both net income measures decline slightly from 2011 to 2015 but recover in later years.
- Even after adjusting for inflation, net farm income in 2011 was at the second highest level since the 1970s, and the projected decline still leaves real net farm income above the 2002-2011 average.

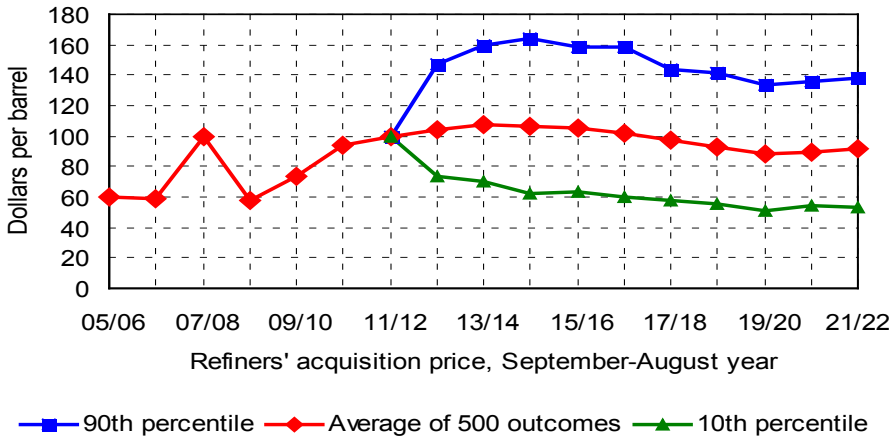
Farm income statistics

Calendar year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					(Billion dollars)						
1. Farm receipts	385.51	389.48	386.40	387.97	393.59	402.08	409.60	416.10	422.09	427.24	433.63
Crops	196.86	198.35	194.45	196.74	202.09	207.70	212.40	216.23	219.19	221.38	224.40
Livestock	166.02	167.86	170.24	169.94	169.94	172.33	174.12	176.34	179.08	181.74	184.81
Farm-related	22.62	23.26	21.71	21.30	21.55	22.05	23.08	23.53	23.81	24.13	24.42
2. Government payments	10.57	10.52	11.53	10.88	10.10	10.13	10.38	10.53	10.89	11.00	10.96
3. Gross cash income (1 + 2)	396.08	400.00	397.93	398.85	403.69	412.21	419.99	426.63	432.98	438.25	444.59
4. Nonmoney income	23.18	24.36	25.26	25.87	26.20	26.42	26.57	26.79	27.08	27.45	27.94
5. Value of inventory Change	0.10	3.09	-0.60	0.49	0.88	0.68	0.27	-0.03	-0.23	0.16	-0.18
6. Gross farm income (3 + 4 + 5)	419.35	427.45	422.60	425.20	430.77	439.30	446.82	453.40	459.84	465.86	472.35
7. Cash expenses	287.36	297.46	296.43	300.26	306.08	311.73	316.30	320.77	325.00	328.83	334.63
8. Total expenses	321.27	332.64	332.57	337.18	343.68	349.86	354.88	359.79	364.49	368.81	375.15
9. Net cash income (3 - 7)	108.72	102.54	101.51	98.59	97.61	100.48	103.69	105.86	107.98	109.41	109.96
10. Realized net farm inc (3 + 4 - 8)	97.99	91.72	90.62	87.54	86.21	88.76	91.68	93.63	95.57	96.89	97.38
11. Net farm income (6 - 8)	98.09	94.81	90.03	88.03	87.09	89.44	91.94	93.61	95.35	97.05	97.21
Deflated (2011 $)	98.09	93.64	87.87	84.54	82.10	82.79	83.59	83.65	83.83	83.97	82.74

Ranges from the 500 alternative futures

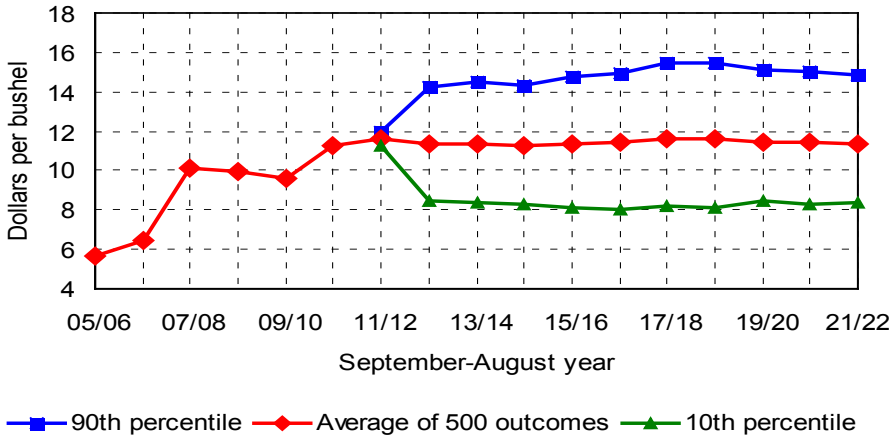
- IHS Global Insight expects the refiners' acquisition price for petroleum to exceed $100 per barrel in 2012/13.
- To examine alternative futures for biofuel and agricultural markets, we explored a range of possible oil prices centered on the IHS Global Insight forecast.
- This process is repeated for hundreds of other variables to generate the stochastic baseline. The correlation is preserved among the related variables.

Oil price uncertainty is large



- Soybean prices depend on petroleum prices, crop yields, global economic growth, the value of the dollar and many other uncertain factors.
- Average soybean prices are projected to remain near the 2011/12 record level.
- In most of the outcomes, soybean prices are between $8 and $15 per bushel.

Soybean prices depend on oil prices, yields, more



- Volatility in commodity yields and prices creates uncertain outlays for the crop insurance program.
- Higher crop prices, production and coverage levels increase crop insurance premiums and premium subsidies.
- In any given year, outlays will depend on yields, prices and resulting indemnities.
- There are certain to be risks not captured in these 500 alternative futures.

Crop insurance net outlays are also uncertain