

Thursday June 10th 2010 World Ag Supply & Demand Estimates
Bullish for Corn, Neutral for Soybeans and Wheat.

For corn, not unprecedented but certainly one of the larger ending stocks changes seen between the May and June report.

USDA lowered the 2009/10 corn carry out by 135 million and decreased of 2010/11 by 245 million.

Soybean & Wheat carry out Estimates near unchanged

	2009-10 USDA Grain Carry Out Estimates (in billions of bushels)				
	USDA Jun 09/10	Average Trade Est.	Range of Trade Est.	USDA Apr 09/10	USDA 2008/09
Corn	1.603	1.724	1.655-1.800	1.738	1.673
Soybeans	0.185	0.184	0.156-0.200	0.190	0.138
Wheat	0.930	0.947	0.935-0.950	0.950	0.657

	2010-11 USDA Grain Carry Out Est.		
	USDA Jun 10/11	Average Trade Est.	Range of Trade Est.
Corn	1.573	1.831	1.601-2.075
Soybeans	0.360	0.359	0.235-0.469
Wheat	0.991	0.987	0.817-1.172

The only change in yield estimates was a .5 b.p.a. increase made for 2010/11 Wheat.

Yeild Estimate	2010-11 USDA US Yield Estimates (in bushels per acre)				
	USDA Jun 10/11	USDA May 10/11	USDA 2009	USDA 2008	USDA 2007
Corn	163.50	163.50	164.7	153.9	151.1
Soybeans	42.90	42.90	44.0	39.7	41.7
Wheat	43.90	43.40	44.4	44.9	40.5

	USDA World Grain Carryout (in million tonnes)			
	USDA Jun 09/10	USDA May 09/10	USDA Jun 10/11	USDA May 10/11
Corn	143.41	147.04	147.32	154.21
Soybeans	65.47	63.76	66.99	66.09
Wheat	192.90	193.37	193.94	198.09

	USDA World Grain Production (in mllion tonnes)			
	USDA Jun 09/10	USDA May 09/10	USDA Jun 10/11	USDA May 10/11
Argentina Corn	22.50	21.00	21.00	21.00
Argentina Wheat	9.60	9.60	12.00	12.00
Argentina Soybeans	54.00	54.00	50.00	50.00
China Wheat	114.50	114.50	112.00	112.00
China Corn	155.00	155.00	166.00	166.00
Canada Wheat	26.50	26.50	24.50	24.50
EU Wheat	138.88	138.88	142.97	145.07
Austrilia Wheat	22.50	22.50	22.00	22.00
S. Africa Corn	14.00	14.00	12.50	12.50
Brazil Corn	53.00	53.50	51.00	51.00
Brazil Soybeans	69.00	68.00	65.00	65.00

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Thursday June 10, 2010

U.S. corn use for 2009/10 is projected 135 million bushels higher as increased FSI use more than offsets a reduction in expected feed and residual use. **U.S. corn ending stocks for 2009/10 are projected 135 million bushels lower.** Corn use for ethanol is raised 150 million bushels reflecting the continued record pace of ethanol production and usage through March based on the latest data from the Energy Information Administration (EIA). Higher ethanol production is also supported by record production of gasoline blends with ethanol as indicated by weekly data from EIA through May and forecasts for rising gasoline demand during the summer driving season. Corn use is raised 5 million bushels each for starch and glucose/dextrose as the gradual economic recovery spurs production of these products. Feed and residual use is lowered 25 million bushels with increased availability of distillers' grains.

U.S. feed grain projected production for 2010/11 is unchanged, but smaller carry in for corn, sorghum, and barley is expected to reduce domestic feed grain supplies. Corn food, seed, and industrial (FSI) use is projected 110 million bushels higher for 2010/11, mostly in line with higher projected corn use for ethanol, sweeteners, and starch for 2009/10. **Higher use, combined with lower beginning stocks, drops projected 2010/11 corn ending stocks 245 million bushels to 1,573 million.** The 2010/11 yield is projection is unchanged at 163.5 bushels per acre, 2.7 bushels above the 1990-09 trend. USDA historically doesn't adjust yield estimates in June.

Global coarse grain supplies for 2010/11 are projected **5.3 million tons lower** with the largest share of the decline resulting from lower expected corn carry-in in the United States. Global coarse grain production for 2010/11 is lowered 1.4 million tons as higher corn production is more than offset by reductions in barley, oats, rye, and mixed grains mostly reflecting reduced crop prospects in EU-27. Flooding in eastern Europe and dryness during April and May in France have reduced expected coarse grains yields in these regions. Global corn production is raised 0.7 million tons as a 1.5-million-ton increase for Ukraine, based on higher reported area, is only partly offset by reductions for Mexico and EU-27. Production is lowered 0.5 million tons for Mexico as dryness has persisted in eastern and central growing areas during May. EU-27 corn production is lowered 0.3 million tons as heavy May rains have delayed field work, reducing expected area and yields in eastern Europe. Major global corn production changes for 2009/10 this month include a 1.5-million-ton increase for Argentina, which is nearly offset by reductions for the Philippines and Brazil.

U.S. Oilseed & Soybean 2010/11 supply and use projections include a small reduction in beginning and ending stocks. Lower beginning stocks reflect higher crush projections for 2009/10. Soybean crush for 2009/10 is raised 5 million bushels to 1.74 billion reflecting an increase in projected soybean meal exports. Soybean meal exports are projected at record 11.5 million short tons, almost 2 million above the previous record set in 1997/98. Lower domestic soybean meal consumption partly offsets the increase in exports. **Soybean ending stocks for 2009/10 are projected at 185 million bushels, down 5 million** from last month. **Ending stocks for 2010/11 are also reduced 5 million bushels to 360 million.** Harvested area is projected at a record 77.1 million acres based on an average harvested-to-planted ratio. Soybean yields are projected at a trend level of 42.9 bushels per acre, down 1.1 bushels from the 2009 record.

Global oilseed 2010/11 production is projected at **a record 440.2 million tons**, up 0.3 million from last month, mainly due to higher peanut production. China's peanut production is raised 0.9 million tons to 14.8 million tons based on higher area and yield. EU-27 rapeseed production is reduced 0.5 million tons to 21 million mainly due to lower area resulting from flooding, especially in Poland, in May. Other changes include increased soybean production for Ukraine, and reduced soybean production for China based on lower area. Brazil's 2009/10 soybean production is increased 1 million tons to a record 69 million reflecting increased harvested area and record yields.

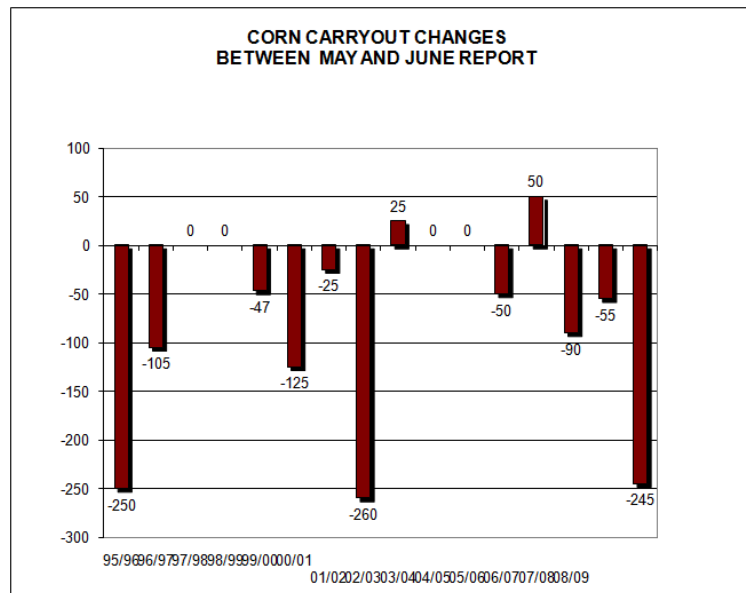
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U.S. wheat 2010/11 ending stocks supplies are increased slightly this month as higher production is mostly offset by lower carry in. Winter wheat production is forecast 24 million bushels higher mostly on higher Hard Red Winter wheat. Winter wheat yields were raised in the central and northern Plains and in the Pacific Northwest. Beginning stocks are projected 20 million bushels lower as strong exports of wheat, flour, and products during the final weeks of the old-crop marketing year boost 2009/10 exports 20 million bushels. Domestic use for 2010/11 is projected 10 million bushels higher as lower prices encourage more wheat feeding. **Ending stocks for 2010/11 are projected 6 million bushels lower**, but remain up year-to-year and the highest since 1987/88. **U.S. wheat supplies for 2010/11 are projected at 3,107 million bushels, up 4 percent from the current year and the largest since 2000/01.**

Global wheat stocks for 2010/11 are projected **4.1 million tons lower this month** with reduced carry in and production. Lower beginning stocks mostly reflect reductions for EU-27, the United States, and Brazil as 2009/10 exports are raised for all three. Global production for 2010/11 is lowered 3.7 million tons with reductions for EU-27, Syria, Turkey, and Russia. EU-27 production is lowered 2.1 million tons reflecting crop damage from recent flooding and heavy rains in eastern Europe and April and May dryness in northwest France and the United Kingdom. Production for Syria and Turkey are lowered 1.3 and 1.0 million tons, respectively, as widespread outbreaks of yellow rust have sharply reduced yield prospects in key growing areas of both countries. Russia production is lowered 0.5 million tons as reports of higher-than-expected winter kill, particularly in the Volga Valley, reduce potential harvested area. Production is raised 0.5 million tons for Ukraine as recent rains have improved yield prospects.

Global wheat trade for 2010/11 is raised with **world imports up 2.0 million tons**. Import increases include Syria, Turkey, Afghanistan, and Bangladesh. Exports are raised for Kazakhstan, Australia, Ukraine, and India. World wheat consumption is nearly unchanged as a 1.0-million-ton increase in China wheat feeding is offset by the same size reduction for EU-27. Wheat consumption is also lowered for Iraq and Brazil, but raised for Afghanistan. Global ending stocks are projected 4.2 million tons lower at 193.9 million tons. Global ending stocks for 2010/11 are expected to be up 1.0 million tons from beginning stocks.



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Soybeans

U.S. Soybean 2009/10 ending stocks lowered by 5 million to 185 million bushels with crush increased 5 million bushels this month.

U.S. Soybean 2010/11 ending stocks projected at 360 million down 5 million bushels from last month but up 175 million as compared to 2009/10 ending stocks.

	U.S. Soybean Supply / Demand (mb)								World Soybean Supply/Demand (mmt)			
	USDA 06/07	USDA 07/08	USDA 08/09	June 10 USDA 09/10	June 10 USDA 10/11	Low Yield 10/11	High Yield 10/11	June USDA 08/09	June USDA 09/10	May USDA 10/11	June USDA 10/11	
Planted	75.5	64.7	75.7	77.5	78.098	78.098	78.098					
Harvested	74.6	62.8	74.6	76.3	77.1	77.1	77.1					
% Harvested	98.8%	97.1%	98.6%	98.5%	98.7%	98.7%	98.7%					
Yield	42.7	41.7	39.7	44.0	42.9	40.0	45.0					
Carryin	449	574	205	138	185	185	185	52.91	43.66	63.76	65.47	
Production	3,187	2,676	2,967	3,359	3,310	3,083	3,469	211.96	259.20	250.13	249.93	
Imports	10	10	13	15	10	10	10	264.87	302.86	313.89	315.40	
Supply	3,646	3,260	3,185	3,512	3,505	3,279	3,664					
Crush	1,806	1,802	1,662	1,740	1,640	1,640	1,640	193.01	205.22	215.31	215.30	
Exports	1,118	1,150	1,283	1,455	1,350	1,350	1,350					
Seed	78	94	95	91	88	88	88					
Residual	70	9	6	41	67	67	67					
Demand	3,072	3,055	3,047	3,327	3,145	3,145	3,145	221.03	235.20	246.35	246.55	
Carryout	574	205	138	185	360	134	519	43.66	65.47	66.09	66.99	
CO/Use	18.7%	6.7%	4.5%	5.6%	11.5%	4.2%	16.5%	0.198	0.278	0.268	0.272	
CO/Days Use	68	25	17	20	42	15	60					
Price range	\$ 6.43	\$ 10.15	\$ 9.97	\$ 9.50	\$ 8.00	\$ 9.50						
										Brazil Production: 10/11	65.0; unch	
										Argentina Production: 10/11	50.0; unch	

The U.S. season-average farm soybean price for 2010/11 is projected at \$8.00 to \$9.50 per bushel compared with \$9.50 per bushel in 2009/10. USDA did not change the expected 2010/11 price range.

Soybean meal prices are forecast at \$230 to \$270 per ton compared with \$295 per ton for 2009/10. Soybean oil prices are projected at 34 to 38 cents per pound compared with 36 cents for 2009/10.

With 2009/10 ending stocks estimated of 185 million bushel provides for a 5.6% Carry Out / Use ratio for the 2009 crop year as compared to 5.7% last month and represents 20 days of usage as compared to 21 days last month.

The 2010/11 ending stocks estimated of 360 million bushel provides for a 11.5% Carry Out / Use ratio for the 2010 crop year as compared to 5.6% last month and represents 42 days of usage as compared to 42 days last month.

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Year to Year Change

	USDA 06/07	USDA 07/08	USDA 08/09	June 10 USDA 09/10	June 10 USDA 10/11	Year-Year Change
Planted Acres						
Com	78.3	93.6	86.0	86.5	88.8	2.3
Soybean	75.5	64.7	75.7	77.5	78.1	0.6
Wheat	57.3	60.4	63.1	59.1	53.8	-5.3
Total	211.1	218.7	224.8	223.1	220.7	-2.4
Harvested Acres						
Com	70.6	86.5	78.6	79.6	81.8	2.2
Soybean	74.6	62.8	74.6	76.3	77.1	0.7
Wheat	46.8	51.0	55.7	49.9	47.1	-2.8
Total	192.0	200.3	208.9	205.9	206.0	0.1
% Harvested						
Com	90.2%	92.4%	91.4%	92.0%	92.1%	0.1%
Soybean	98.8%	97.1%	98.6%	98.5%	98.7%	0.2%
Wheat	81.7%	84.4%	88.3%	84.5%	87.6%	3.1%
% Harvested	91.0%	91.6%	92.9%	92.3%	93.3%	1.1%
Carry Out Days Use						
Com	42	46	51	44	43	-1.5
Soybean	68	25	17	20	42	21.5
Wheat	81	48	105	165	171	6.0
Total	192	119	173	230	256	26.0

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Carry out Matrix

The 2010/11 Corn Balance sheet matrix shows potential yield and acres scenarios.

10/11 New Crop Corn Balance Sheet: Bushels							10/11 New Crop Corn Balance Sheet: Stocks / Use %								
Projected Use	13,410						Projected Use 09/10	13,190							
Expected Carry In:	1,603						Planted 09/10	86.5							
Expected Imports	10						Yield 09/10	164.7							
Harvested %	92.10%						2010 Est								
Planted	87.29	87.79	88.29	88.79	89.29	89.79	90.29	225	87.29	87.79	88.29	88.79	89.29	89.79	90.29
Yield	-1.50	-1.00	-0.50		0.50	1.00	1.50	Yield	-1.50	-1.00	-0.50		0.50	1.00	1.50
173.5	2151	2231	2311	2391	2471	2551	2631	173.5	16.04%	16.64%	17.23%	17.83%	18.43%	19.02%	19.62%
171.5	1991	2070	2149	2228	2306	2385	2464	171.5	14.84%	15.43%	16.02%	16.61%	17.20%	17.79%	18.38%
169.5	1830	1908	1986	2064	2142	2220	2298	169.5	13.65%	14.23%	14.81%	15.39%	15.97%	16.56%	17.14%
167.5	1669	1746	1823	1900	1978	2055	2132	167.5	12.45%	13.02%	13.60%	14.17%	14.75%	15.32%	15.90%
165.5	1508	1584	1661	1737	1813	1889	1965	165.5	11.25%	11.82%	12.38%	12.95%	13.52%	14.09%	14.66%
163.5	1347	1423	1498	1573	1649	1724	1799	163.5	10.05%	10.61%	11.17%	11.73%	12.29%	12.86%	13.42%
161.5	1187	1261	1335	1410	1484	1558	1633	161.5	8.85%	9.40%	9.96%	10.51%	11.07%	11.62%	12.18%
159.5	1026	1099	1173	1246	1320	1393	1467	159.5	7.65%	8.20%	8.75%	9.29%	9.84%	10.39%	10.94%
157.5	865	938	1010	1083	1155	1228	1300	157.5	6.45%	6.99%	7.53%	8.07%	8.61%	9.16%	9.70%
155.5	704	776	847	919	991	1062	1134	155.5	5.25%	5.79%	6.32%	6.85%	7.39%	7.92%	8.46%
153.5	543	614	685	756	826	897	968	153.5	4.05%	4.58%	5.11%	5.63%	6.16%	6.69%	7.22%
151.5	383	452	522	592	662	732	801	151.5	2.85%	3.37%	3.89%	4.41%	4.93%	5.46%	5.98%

The 2010/11 Soybean Balance sheet matrix shows potential yield and acres scenarios.

10/11 New Crop Soybean Balance Sheet: Bushels							10/11 New Crop Soybean Balance Sheet: Stocks / Use %								
Projected Use	3,145						Projected Use 09/10	3,327							
Expected Carry In:	185						Planted 09/10	77.5							
Expected Imports	13						Yield 09/10	44.0							
Harvested %	98.70%						2010 Est								
Planted	76.6	77.1	77.6	78.098	78.6	79.1	79.6	Planted	76.6	77.1	77.6	78.1	78.6	79.1	79.6
Yield	-1.50	-1.00	-0.50		0.50	1.00	1.50	Yield	-1.50	-1.00	-0.50		0.50	1.00	1.50
44.9	448	470	492	514	536	558	580	44.9	14.23%	14.93%	15.64%	16.34%	17.05%	17.75%	18.46%
44.4	410	432	454	475	497	519	541	44.4	13.03%	13.72%	14.42%	15.12%	15.82%	16.52%	17.21%
43.9	372	394	415	437	459	480	502	43.9	11.83%	12.52%	13.20%	13.89%	14.58%	15.27%	15.96%
43.4	334	356	377	398	420	441	463	43.4	10.62%	11.31%	11.99%	12.67%	13.35%	14.03%	14.71%
42.9	296	318	339	360	381	402	423	42.9	9.42%	10.10%	10.77%	11.44%	12.12%	12.79%	13.46%
42.4	259	279	300	321	342	363	384	42.4	8.22%	8.89%	9.55%	10.22%	10.88%	11.55%	12.21%
41.9	221	241	262	283	303	324	345	41.9	7.02%	7.68%	8.33%	8.99%	9.65%	10.31%	10.96%
41.4	183	203	224	244	265	285	306	41.4	5.82%	6.47%	7.12%	7.77%	8.42%	9.06%	9.71%
40.9	145	165	185	206	226	246	266	40.9	4.61%	5.26%	5.90%	6.54%	7.18%	7.82%	8.47%
40.4	107	127	147	167	187	207	227	40.4	3.41%	4.05%	4.68%	5.31%	5.95%	6.58%	7.22%

The 2010/11 Wheat Balance sheet matrix shows potential yield and acres scenarios.

10/11 New Crop Wheat Balance Sheet: Bushels							10/11 New Crop Wheat Balance Sheet: Stocks / Use %								
Projected Use	2,116						Projected Use 09/10	2,058							
Expected Carry In:	930						Planted 09/10	59.1							
Expected Imports	108						Yield 09/10	44.4							
Harvested %	87.57%						2010 Est								
Planted	52.3	52.8	53.3	53.827	54.3	54.8	55.3	Planted	52.3	52.8	53.3	53.8	54.3	54.8	55.3
Yield	-1.50	-1.00	-0.50		0.50	1.00	1.50	Yield	-1.50	-1.00	-0.50		0.50	1.00	1.50
45.9	1025	1045	1065	1086	1106	1126	1146	45.9	48.45%	49.40%	50.35%	51.30%	52.25%	53.20%	54.15%
45.4	1002	1022	1042	1062	1082	1102	1122	45.4	47.37%	48.31%	49.25%	50.19%	51.13%	52.07%	53.01%
44.9	979	999	1019	1038	1058	1078	1097	44.9	46.29%	47.22%	48.15%	49.07%	50.00%	50.93%	51.86%
44.4	957	976	995	1015	1034	1054	1073	44.4	45.20%	46.12%	47.04%	47.96%	48.88%	49.80%	50.72%
43.9	934	953	972	991	1011	1030	1049	43.9	44.12%	45.03%	45.94%	46.85%	47.76%	48.66%	49.57%
43.4	911	930	949	968	987	1006	1025	43.4	43.04%	43.94%	44.84%	45.73%	46.63%	47.53%	48.43%
42.9	888	907	925	944	963	982	1000	42.9	41.96%	42.84%	43.73%	44.62%	45.51%	46.39%	47.28%
42.4	865	883	902	921	939	958	976	42.4	40.87%	41.75%	42.63%	43.51%	44.38%	45.26%	46.14%
41.9	842	860	879	897	915	934	952	41.9	39.79%	40.66%	41.52%	42.39%	43.26%	44.13%	44.99%
41.4	819	837	855	873	892	910	928	41.4	38.71%	39.56%	40.42%	41.28%	42.13%	42.99%	43.85%

The "RED" highlighted matrix cells indicate stocks to use carry out ratio that typically has been considered tight.

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