



Thursday August 12<sup>th</sup> 2010 World Ag Supply & Demand Estimates

**Yield is Slightly Negative for Corn but Ending Stocks Friendly.**

**Yield and Ending Stocks Slightly Negative for Soybeans.**

**Still Bearish U.S. Wheat but World Ending Stocks are Friendly.**

USDA lowered the 2009/10 corn carry out by 52 million and decreased of 2010/11 by 61 million. USDA lowered the 2009/10 soybean carry out by 15 million and 2010/11 was unchanged from July.

USDA left the 2009/10 wheat carry out unchanged and decreased 2010/11 by 141 million.

Yeild Estimate	2010-11 USDA US Yield Estimates (in bushels per acre)				
	USDA Aug 10/11	USDA July 10/11	USDA 2009	USDA 2008	USDA 2007
Corn	165.00	163.50	164.7	153.9	151.1
Soybeans	44.00	42.90	44.0	39.7	41.7
Wheat	46.90	45.90	44.4	44.9	40.5

	2009-10 USDA Grain Carry Out Estimates (in billions of bushels)				
	USDA Aug 09/10	Average Trade Est.	Range of Trade Est.	USDA July 09/10	USDA 08/09
Corn	1.426	1.459	1.390-1.523	1.478	1.673
Soybeans	0.160	0.166	0.153-0.181	0.175	0.138

	2010-11 USDA Grain Carry Out Estimates (billions/bu)			
	USDA Aug 10/11	Average Trade Est.	Range of Trade Est.	USDA June 10/11
Corn	1.312	1.307	0.970-1.535	1.573
Soybeans	0.360	0.334	0.275-0.404	0.360
Wheat	0.952	0.982	0.800-1.132	1.093

USDA World Grain Carryout (in mllion tonnes)				
	USDA Aug 10/11	USDA July 10/11	USDA Aug 09/10	USDA July 09/10
Corn	139.20	141.08	139.03	139.59
Soybeans	64.73	67.76	63.52	65.35
Wheat	174.76	187.05	193.97	193.02

USDA World Grain Production (in mllion tonnes)				
	USDA Aug 10/11	USDA June 10/11	USDA Aug 09/10	USDA Aug 09/10
Argentina Corn	21.00	21.00	22.50	22.50
Argentina Wheat	12.00	12.00	9.60	9.60
Argentina Soybeans	50.00	50.00	54.50	54.50
China Wheat	114.50	114.50	115.00	115.00
China Corn	166.00	166.00	155.00	155.00
Canada Wheat	20.50	20.50	26.50	26.50
EU Wheat	137.51	141.82	138.20	138.20
Austrilia Wheat	23.00	22.00	22.50	22.50
S. Africa Corn	12.50	12.50	14.00	14.00
Brazil Corn	21.00	51.00	54.53	53.00
Brazil Soybeans	69.00	65.00	69.00	69.00

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Thursday August 12, 2010

**U.S. Corn 2010/11** Beginning stocks for corn are projected 52 million bushels lower reflecting higher expected exports, corn use for sweeteners and starch, and a small reduction in projected imports for 2009/10. **Corn production for 2010/11 is forecast 120 million bushels higher.** The survey-based yield forecast of **165.0 bushels per acre is up 1.5 bushels** from last month's projection and 0.3 bushels above last year's record.

**U.S. Domestic corn use for 2010/11** is raised 30 million bushels reflecting higher expected corn use for sweeteners and starch. Exports are projected 100 million bushels higher as tighter foreign supplies of wheat and coarse grains raise prospects for U.S. corn shipments. **Despite higher production, ending stocks are projected down 61 million bushels at 1.3 billion, the lowest in 4 years.**

**Global coarse grain supplies for 2010/11** are projected **10.6 million tons lower** with reduced foreign production more than offsetting higher U.S. output. More than half of the reduction in foreign coarse grain production is for barley. Barley production is lowered 3.0 million tons for Russia as extended drought and extreme heat sharply reduce yield potential for spring barley. EU-27 barley production is lowered 1.5 million tons on untimely dryness and heat in northwest Europe and excessive rains in eastern Europe. Barley production is lowered 1.5 million tons for Ukraine, 0.6 million tons for Algeria, and 0.5 million tons for Kazakhstan. Global corn production is lowered 0.8 million tons with Russia and Ukraine each lowered 1.5 million tons and EU-27 lowered 1.0 million tons. These reductions more than offset higher production in the United States. Global rye and oats production are lowered 1.3 million tons and 0.7 million tons, respectively, on reductions for Russia, EU-27, and Ukraine.

**U.S. Oilseed & Soybean Production for 2010/11** is projected at 103.3 million tons, up 2.6 million from last month as higher soybean and cottonseed production are only partly offset by lower peanut production. **Soybean yields are forecast at 44.0 bushels per acre, 1.1 bushels above last month's trend yield projection, and equal to last year's record yield.** The first survey-based forecast of U.S. soybean production is a record 3.4 billion bushels, 88 million above the July projection, and 74 million above last year's crop. Projected soybean exports are raised 65 million bushels to 1.435 billion. **Projected 2010/11 ending stocks at 360 million bushels, down 15 million from last month as 2009/10 ending stocks are projected at 160 million bushels, down 15 million.** The sharp increase in exports reflects strong export sales, especially to China, stronger projected import demand for China, and reduced soybean stocks in South America at the beginning of the 2010/11 marketing year.

**Global oilseed 2010/11 production** is **projected at 439.7 million tons, down 1 million from last month.** Reductions for sunflowerseed and rapeseed are mostly offset by higher soybean production. Sunflowerseed production is reduced by 1 million tons each for Russia and Ukraine. Persistent drought and excessive heat in July and early August sharply reduced yield potential for both countries. Rapeseed production is reduced for EU-27, Russia, Ukraine, and Belarus. Higher global soybean production reflects the larger U.S. crop.

**U.S. wheat supplies for 2010/11** are lowered this month as higher expected exports more than offset an increase in forecast production and lower projected feed and residual use. Production is forecast 49 million bushels higher mostly reflecting higher yields for durum and other spring wheat, especially in the Northern Plains. Winter wheat production is also raised slightly as higher yields in the Northern Plains and Pacific Northwest more than offset reductions in the eastern Corn Belt. Feed and residual use is lowered 10 million bushels as rising values have priced wheat out of feed rations. Exports are projected 200 million bushels higher with declines in foreign production, particularly in the FSU-12, reducing global supplies and making U.S. wheat competitive in key Middle East and North Africa markets. **U.S. ending stocks are projected 141 million bushels lower from last month, and down 21 million from 2009/10.**

**Global wheat stocks for 2010/11** are **reduced sharply with world production lowered 15.3 million tons**, mostly on reductions for FSU-12 and EU-27 countries. Production for Russia is lowered 8.0 million tons as continued extreme drought and record heat during July and early August have further reduced summer crop prospects. Kazakhstan production is lowered 2.5 million tons reflecting the same adverse weather conditions as in Russia. Ukraine production is lowered 3.0 million tons as heavy summer rains damaged maturing crops and hampered harvesting in western and southern growing areas. Harvest results also support indications that producers reduced input use in response to limits on available capital. EU-27 production is lowered 4.3 million tons with yields reduced for northwestern Europe on untimely heat and dryness. Yields are lowered for southeastern Europe as heavy rains from the same weather pattern that affected Ukraine reduced output. Production is also lowered for Algeria, Brazil, Uruguay, Belarus, and Croatia. Partially offsetting are increases for India, the United States, Australia, and Uzbekistan.

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## Soybeans

U.S. Soybean 2009/10 ending stocks lowered by 15 million to 160 million bushels with crush and exports increased 5 & 10 million bushels this month.

U.S. Soybean 2010/11 ending stocks projected at 360 million unchanged from last month but up 200 million as compared to 2009/10 ending stocks. USDA lowered carry in 15 million, increased expected production 88 million by increasing yield .8 bpa to 44.0 bpa and increased crush 5 million and exports 65 million.

	U.S. Soybean Supply / Demand (mb)								World Soybean Supply/Demand (mmt)			
	USDA	USDA	USDA	Aug USDA	Aug USDA	Low Yield	High Yield	Aug USDA	Aug USDA	July USDA	Aug USDA	
Planted	06/07	07/08	08/09	09/10	10/11	10/11	10/11	08/09	09/10	10/11	10/11	
Harvested	75.5	64.7	75.7	77.5	78.9	78.9	78.9	211.96	259.90	251.29	253.69	
% Harvested	98.8%	97.1%	98.6%	98.5%	98.93%	98.9%	98.9%	264.85	303.87	316.64	317.21	
Yield	42.7	41.7	39.7	44.0	44.0	42.0	46.0	192.71	207.65	216.30	219.75	
Carryin	449	574	205	138	160	160	160	52.89	43.97	65.35	63.52	
Production	3,187	2,676	2,967	3,359	3,433	3,277	3,589	211.96	259.90	251.29	253.69	
Imports	10	10	13	15	10	10	10	264.85	303.87	316.64	317.21	
Supply	3,646	3,260	3,185	3,512	3,603	3,447	3,759	192.71	207.65	216.30	219.75	
Crush	1,806	1,802	1,662	1,750	1,650	1,650	1,650	43.97	63.52	67.76	64.73	
Exports	1,118	1,150	1,283	1,470	1,435	1,435	1,435	0.199	0.268	0.274	0.258	
Seed	78	94	95	92	88	88	88	Brazil Production: 10/11 65.0; unch				
Residual	70	9	6	40	70	70	70	Argentina Production: 10/11 50.0; unch				
Demand	3,072	3,055	3,047	3,352	3,243	3,243	3,243	220.79	237.44	247.57	250.92	
Carryout	574	205	138	160	360	204	516					
CO/Use	18.7%	6.7%	4.5%	4.8%	11.1%	6.3%	15.9%					
CO/Days Use	68	25	17	17	41	23	58					
Price range	\$ 6.43	\$ 10.15	\$ 9.97	\$ 9.60	\$ 8.50	\$ 10.00						

The U.S. season-average farm soybean price for 2010/11 is projected at \$8.50 to \$10.00 per bushel compared with \$9.60 per bushel in 2009/10. USDA increased expected 2010/11 price range by \$0.40 for both upper and lower ends.

Soybean meal prices are forecast at \$250 to \$290 per ton compared with \$310 per ton for 2009/10. Soybean oil prices are projected at 36.5 to 40.5 cents per pound compared with 35.5 cents for 2009/10.

With 2009/10 ending stocks estimated of 160 million bushel provides for a 4.8% Carry Out / Use ratio for the 2009 crop year as compared to 5.2% last month and represents 17 days of usage as compared to 19 days last month.

The 2010/11 ending stocks estimated of 360 million bushel provides for a 11.1% Carry Out / Use ratio for the 2010 crop year as compared to 11.4% last month and represents 41 days of usage as compared to 41 days last month.

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### Year to Year Change

	USDA 06/07	USDA 07/08	USDA 08/09	Aug USDA 09/10	Aug USDA 10/11	Year-Year Change
<b>Planted Acres</b>						
Corn	78.3	93.6	86.0	86.5	87.9	1.4
Soybean	75.5	64.7	75.7	77.5	78.9	1.4
Wheat	57.3	60.4	63.1	59.1	54.3	-4.8
Total	211.1	218.7	224.8	223.1	221.0	-2.1
<b>Harvested Acres</b>						
Corn	70.6	86.5	78.6	79.6	81.0	1.4
Soybean	74.6	62.8	74.6	76.3	78.0	1.7
Wheat	46.8	51.0	55.7	49.9	48.3	-1.6
Total	192.0	200.3	208.9	205.9	207.3	1.5
<b>% Harvested</b>						
Corn	90.2%	92.4%	91.4%	92.0%	92.2%	0.1%
Soybean	98.8%	97.1%	98.6%	98.5%	98.9%	0.4%
Wheat	81.7%	84.4%	88.3%	84.5%	89.0%	4.5%
<b>Carry Out Days Use</b>						
Corn	42	46	51	39	35	-3.4
Soybean	68	25	17	17	41	23.1
Wheat	81	48	105	176	146	-30.4
Total	192	119	173	232	222	-10.8

#### Reliability of United States August Projections 1/

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: Differences between proj. & final estimate, 1981/82-2009/10 2/
Commodity and :
region : Avg. : Avg. : Difference : Below final : Above final
=====
CORN :Percent Million bushels Number of years
Production : 4.9 382 -889 1079 19 10
Exports : 14.2 259 -750 546 11 18
Domestic use : 4.3 298 -590 575 19 10
Ending stocks : 26.9 410 -1674 740 15 14

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#### Reliability of August Projections (Continued)

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: Differences between proj. & final estimate, 1981/82-2009/10 1/
Commodity and :
region : Avg. : Avg. : Difference : Below final : Above final
=====
SOYBEANS :Percent Million metric tons Number of years
Production :
World : 3.8 6.2 -18.3 26.7 17 12
U.S. : 5.3 3.5 -7.4 11.1 15 14
Foreign : 6.9 6.1 -13.3 26.4 15 14

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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	13,490					Projected Use 09/10	13,365				
Expected Carry In:	1,426					Planted 09/10	86.5				
Expected Imports	11					Yield 09/10	164.7				
Harvested %	92.18%					2010 Est					
Planted	86.372	86.872	87.372	87.872	88.372	88.872	89.372	88.372	88.872	89.372	
Yield	-1.50	-1.00	-0.50	0.50	1.00	1.50	0.50	1.00	1.50	1.50	
175.0	1880	1961	2041	2122	2203	2283	2364	175.0	13.94%	14.53%	
173.0	1721	1801	1880	1960	2040	2120	2199	173.0	12.76%	13.35%	
171.0	1562	1640	1719	1798	1877	1956	2035	171.0	11.58%	12.16%	
169.0	1402	1480	1558	1636	1714	1792	1870	169.0	10.40%	10.97%	
167.0	1243	1320	1397	1474	1551	1628	1705	167.0	9.22%	9.79%	
165.0	1084	1160	1236	1312	1388	1464	1540	165.0	8.04%	8.60%	
163.0	925	1000	1075	1150	1225	1300	1375	163.0	6.85%	7.41%	
161.0	765	840	914	988	1062	1136	1211	161.0	5.67%	6.22%	
159.0	606	679	753	826	899	973	1046	159.0	4.49%	5.04%	
157.0	447	519	592	664	736	809	881	157.0	3.31%	3.85%	
155.0	288	359	431	502	574	645	716	155.0	2.13%	2.66%	
153.0	129	199	270	340	411	481	552	153.0	0.95%	1.48%	

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	3,243					Projected Use 09/10	3,353				
Expected Carry In:	160					Planted 09/10	77.5				
Expected Imports	10					Yield 09/10	44.0				
Harvested %	98.93%					2010 Est					
Planted	77.4	77.9	78.4	78.9	79.4	79.9	80.4	77.4	77.9	78.4	
Yield	-1.50	-1.00	-0.50	0.50	1.00	1.50	0.50	1.00	1.50	1.50	
46.0	448	471	493	516	539	562	584	46.0	13.81%	14.51%	
45.5	410	432	455	477	500	522	545	45.5	12.63%	13.32%	
45.0	371	394	416	438	460	483	505	45.0	11.45%	12.14%	
44.5	333	355	377	399	421	443	465	44.5	10.27%	10.95%	
44.0	295	317	338	360	382	404	425	44.0	9.09%	9.76%	
43.5	256	278	300	321	343	364	386	43.5	7.91%	8.57%	
43.0	218	239	261	282	303	325	346	43.0	6.73%	7.39%	
42.5	180	201	222	243	264	285	306	42.5	5.55%	6.20%	
42.0	142	162	183	204	225	246	266	42.0	4.37%	5.01%	
41.5	103	124	144	165	186	206	227	41.5	3.19%	3.82%	

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	2,386					Projected Use 09/10	2,018				
Expected Carry In:	973					Planted 09/10	59.1				
Expected Imports	98					Yield 09/10	44.4				
Harvested %	89.00%					2010 Est					
Planted	52.8	53.3	53.8	54.3	54.8	55.3	55.8	52.8	53.3	53.8	
Yield	-1.50	-1.00	-0.50	0.50	1.00	1.50	0.50	1.00	1.50	1.50	
48.9	983	1005	1027	1048	1070	1092	1114	48.9	41.20%	42.12%	
48.4	960	981	1003	1024	1046	1067	1089	48.4	40.22%	41.12%	
47.9	936	957	979	1000	1021	1043	1064	47.9	39.23%	40.13%	
47.4	913	934	955	976	997	1018	1039	47.4	38.25%	39.13%	
46.9	889	910	931	952	973	993	1014	46.9	37.26%	38.14%	
46.4	866	886	907	928	948	969	990	46.4	36.28%	37.15%	
45.9	842	863	883	903	924	944	965	45.9	35.29%	36.15%	
45.4	819	839	859	879	899	920	940	45.4	34.31%	35.16%	
44.9	795	815	835	855	875	895	915	44.9	33.33%	34.16%	
44.4	772	791	811	831	851	870	890	44.4	32.34%	33.17%	

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

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