



Friday April 9th 2010 World AG Supply & Demand Estimates

The trade was expecting the new carry out to incorporate additional stocks resulting from the March 31 grain stocks report which was not reflected in today's S&D report, implying that USDA had accounted for those stock levels. The stocks report would have implied corn at carry out at 1.999 and USDA is now using 1.899 billion bushels, below trade expectations. The additional 62 million bushels of implied soybean stocks on March 31 would have implied 249 million bushels as the carry out and USDA is using the same 190 million as prior to the stocks report, also below trade expectations. We look at the trade guesses and expectations below.

	2009-10 USDA Grain Carry Out Estimates (in billions of bushels)				
	USDA Apr 09/10	Average Trade Est.	Range of Trade Est.	USDA Jan 09/10	USDA 2008
Corn	1.899	1.909	1.718-2.149	1.799	1.673
Soybeans	0.190	0.209	0.170-0.242	0.190	0.138
Wheat	0.950	1.001	0.971-1.100	1.001	0.657

USDA World Grain Carryout (in million tonnes)				
	USDA Apr 09/10	USDA Mar 09/10	USDA Apr 08/09	USDA Mar 08/09
Corn	144.200	140.15	147.500	146.40
Soybeans	62.960	60.67	42.820	42.02
Wheat	195.820	196.77	165.230	165.57

World corn stocks carry out is still lower than last year but now reported higher than a month ago
Near record world soybean carry out at 27% stocks to use compares to 17.8% ratio in 2001

USDA World Grain Production (in million tonnes)				
	USDA Apr 09/10	USDA Jan 09/10	USDA Apr 08/09	USDA Jan 08/09
Argentina Corn	21.00	21.00	15.00	15.00
Argentina Wheat	9.60	9.60	10.10	9.00
Argentina Soybeans	54.00	53.00	32.00	32.00
China Wheat	114.50	114.50	112.46	112.46
China Corn	155.00	155.00	165.90	165.90
Canada Wheat	26.50	26.50	28.61	28.61
EU Wheat	138.14	138.14	151.08	151.08
Australia Wheat	22.50	22.50	20.94	20.94
S. Africa Corn	14.00	13.50	12.57	12.57
Brazil Corn	53.50	51.00	51.00	51.00
Brazil Soybeans	67.50	67.00	57.80	57.00

The information contained herein was obtained from sources believed to be reliable, but cannot be guaranteed. FC Stone may have contributed to this report. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Past financial performance and results are not indicative of, nor do they guarantee, future performance. Commodity marketing and trading has inherent risks. Trading and/or marketing decisions, as well as any gains or losses thereof, are the sole responsibility of the commodity owner, producer, and or account holder. Minnesota West Ag. Services, LLC, its principals and employees, assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.



U.S. corn ending stocks for 2009/10 are **estimated at 1.899 billion bushels, raised by 6 percent** with lower domestic use projected for corn, barley, and oats. Corn feed and residual use is projected 100 million bushels lower as March 1 stocks and a record January ethanol production indicate lower-than-expected December-February feed and residual disappearance. Projected 2009/10 corn use for ethanol, however, is unchanged. Poor margins for ethanol producers and rising ethanol stocks limit near-term growth in production, despite strong price incentives for blending with a large discount for ethanol compared with gasoline. The lack of growth in gasoline consumption is likely constraining ethanol usage. Corn ending stocks are projected 100 million bushels higher. The 2009/10 marketing-year average corn farm price projection is narrowed 5 cents on both ends of the range to \$3.50 to \$3.70 per bushel.

Global corn production for 2009/ 2010 is **raised 2.0 million tons** with higher expected production in Brazil and South Africa where growing season conditions have continued to be especially favorable. Corn production is raised 2.5 million tons for Brazil as higher reported summer crop yields and higher winter crop area boost production prospects. Rains have continued to support yield prospects in the central west region, but additional rains through April will be critical to winter crop yields. South Africa corn production is raised 0.5 million tons as another month of rains in the western growing areas is expected to further boost yields in this traditionally more arid region. Other corn production increases this month include a 0.4-million-ton increase for Ecuador and a 0.2-million-ton increase for Turkey. Offsetting these increases are a 0.7-million-ton reduction for Mexico corn, a 0.5-million-ton reduction for Venezuela corn, and smaller reductions in corn output for a number of other countries.

U.S. Soybean 2009/10 ending stocks remain **unchanged at 190 million bushels** while exports for 2009/10 are increased 25 million bushels this month. The strong shipment pace through March is projected to carry U.S. soybean exports to a record 1.445 billion bushels, 13 percent above the previous record set in 2008/09 despite an expected decline in exports for the remainder of the marketing year due to strong competition from South America. Seed use is raised to reflect record plantings for 2010 reported in the March 31 *Prospective Plantings* report. Residual use is reduced based on indications from the March 31 *Grain Stocks* report.

Global oilseed production for 2009/10 is projected at 436.7 million tons, up 1.4 million tons from last month. Higher soybean, peanut, and cottonseed production more than offsets lower rapeseed and sunflower seed production. Global soybean production is increased 1.6 million tons to 257.5 million. **Global soybean stocks projected at 62.96 million tons which is a 27% stocks to use ratio.** Soybean production for Argentina is projected at 54.0 million tons, up 1 million from last month as favorable late-season weather further improves yield prospects. Soybean production for Brazil is projected at 67.5 million tons, up 0.5 million, also based on higher yields. Global 2009/10 oilseed ending stocks are raised 2.3 million tons to 74.1 million due mostly to higher soybean stocks in Brazil and Argentina. Combined October 1 stocks in Brazil and Argentina are projected 15.9 million tons above a year earlier at 43.8 million tons

U.S. wheat ending stocks for 2009/10 are **projected at 950 million bushels, 51 million bushels lower** with higher expected domestic use and exports. Projected feed and residual use is raised 10 million bushels as the March 1 stocks indicated higher-than-expected disappearance during the December-February quarter. Seed use is projected 1 million bushels higher based on state level seedings as indicated by the March 31 *Prospective Plantings* report. Exports are projected up 40 million bushels based on the strong pace of grain, flour, and product shipments in recent weeks, current outstanding sales, and reduced export prospects for some key competitors.

Global wheat stocks for 2009/10 are nearly unchanged with a small production increase mostly offset by a decline in beginning stocks. Production is raised 0.2 million tons each for Afghanistan and Turkey. Argentina production and consumption are revised as recently available government mill grind data combined with exports indicate higher wheat usage in prior years than supportable by government production estimates. Global 2009/10 wheat consumption is raised 1.0 million tons with higher wheat feeding expected for Russia, Ukraine, and Egypt. Wheat feeding is lowered for EU-27. Wheat food use is also lowered for EU-27 and for Egypt. Global ending stocks are projected 1.0 million tons lower with the 1.4-million-ton reduction in U.S. stocks and 0.5-million-ton reductions for both Russia and Ukraine outweighing increases for Australia and Canada.

The information contained herein was obtained from sources believed to be reliable, but cannot be guaranteed. FC Stone may have contributed to this report. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Past financial performance and results are not indicative of, nor do they guarantee, future performance. Commodity marketing and trading has inherent risks. Trading and/or marketing decisions, as well as any gains or losses thereof, are the sole responsibility of the commodity owner, producer, and or account holder. Minnesota West Ag. Services, LLC, its principals and employees, assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.



Corn

U.S. Corn 2009/10 ending stocks forecast are **estimated at 1.899 billion bushels, raised by 6 percent** 100 million bushels higher with lower domestic use projected for corn.

We take an early look at a potential 2010 scenario with 2.2 million more corn acres and a hefty estimated increase in demand by 325 million bushels.

	U.S. Corn Supply / Demand (mb)					World Corn Supply/Demand (mmt)			
	USDA 06/07	USDA 07/08	USDA 08/09	Apr 9 USDA 09/10	Planting Int USDA 10/11	April USDA 07/08	April USDA 08/09	March USDA 09/10	April USDA 09/10
Planted	78.3	93.6	86.0	86.5	88,790				
Harvested	70.6	86.5	78.6	79.6	81.55				
% Harvested	90.2%	92.4%	91.4%	92.0%	91.8%				
Yield	149.1	151.1	153.9	164.9	161.0				
Carryin	1,967	1,304	1,624	1,673	1,899	109.37	129.86	146.39	147.50
Production	10,535	13,074	12,092	13,131	13,129	792.44	794.79	803.69	805.68
Imports	13	18	13	11	14	901.81	924.65	950.08	953.18
Supply	12,515	14,396	13,729	14,814	15,043				
Feed	5,598	6,002	5,246	5,450	5,350	497.10	479.69	493.97	492.11
Seed, Food, Ind	3,488	4,345	4,953	5,565	5,790				
Ethanol Use	2,117	3,000	3,677	4,300	4,500				
Exports	2,125	2,425	1,858	1,900	2,100				
Demand	11,211	12,772	12,056	12,915	13,240	771.95	777.16	809.93	808.98
Carryout	1,304	1,624	1,673	1,899	1,803				
CO/Use	11.6%	12.7%	13.9%	14.7%	13.6%	129.86	147.49	140.15	144.20
CO/Days Use	42	46	51	54	50	0.168	0.190	0.173	0.178
Price range	\$ 3.04	\$ 4.20	\$ 4.06	\$ 3.50	\$ 3.60				
				\$ 3.70					
						China Production: 09/10			155; unch
						BRZ Production: 09/10			53.5; +2.5

The projected 2009/10 marketing-year average farm price for corn is narrowed by 5 cents with a range of \$3.50 to \$3.70 per bushel.

The 2009-10 corn carry out of 1,899 is 83 million below the average trade estimate of 1,909 and is considered burdensome.

2009/10 ending stocks of 1,899 million bushel estimates provides for a 14.7% carry out as compared to a 13.1% Carry Out / Use ratio in March and represents 54 days of usage as compared to 48 days in March.

The information contained herein was obtained from sources believed to be reliable, but cannot be guaranteed. FC Stone may have contributed to this report. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Past financial performance and results are not indicative of, nor do they guarantee, future performance. Commodity marketing and trading has inherent risks. Trading and/or marketing decisions, as well as any gains or losses thereof, are the sole responsibility of the commodity owner, producer, and or account holder. Minnesota West Ag. Services, LLC, its principals and employees, assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.



Wheat

U.S. wheat ending stocks for 2009/10 are projected at 950 million bushels, 51 million bushels lower with higher expected domestic use and exports.

We take an early look at a potential 2010 scenario with 5.3 million less wheat acres and an estimated increase in demand of 58 million bushels driven primary from forecasted lower prices.

	U.S. Wheat Supply / Demand (mb)					World Wheat Supply/Demand (mmt)			
	USDA 06/07	USDA 07/08	USDA 08/09	Apr 9 USDA 09/10	Planting Int USDA 10/11	April USDA 07/08	April USDA 08/09	March USDA 09/10	April USDA 09/10
Planted	57.3	60.4	63.1	59.1	53.827				
Harvested	46.8	51	55.7	49.9	45.7				
% Harvested	81.7%	84.4%	88.3%	84.5%	84.9%				
Yield	38.7	40.5	44.9	44.4	42.6				
Carryin	571	456	306	657	950	128.94	122.66	165.57	165.23
Production	1,811	2,067	2,500	2,216	1,946	611.02	683.27	678.01	678.42
Imports	123	113	126	115	110	739.96	805.93	843.58	843.65
Supply	2,505	2,636	2,932	2,988	3,006				
Food	933	948	925	920	956				
Exports	909	1,264	1,015	865	850				
Seed	81	88	75	73	80				
Feed/Residual	125	30	260	180	210				
Demand	2,048	2,330	2,275	2,038	2,096	617.30	640.70	646.80	647.83
Carryout	457	306	657	950	910	122.66	165.23	196.78	195.82
CO/Use	22.3%	13.1%	28.9%	46.6%	43.4%	0.199	0.258	0.304	0.302
CO/Days Use	81	48	105	170	158				
Price range	\$ 4.26	\$ 6.41	\$ 6.78	\$ 4.85 \$ 4.95	\$ 4.90	AUS Production: 09/10		22.5; unch	
						ARG Production: 09/10		9.6; unch	

The U.S. 2009-10 wheat carry out of 950 million is considered burdensome at a time when world supply is also increasing compared to last year.

U.S. 2009/10 ending stocks estimated of 950 million bushel provides for a 46.6% Carry Out / Use ratio for the 2009 crop year as compared to 50.4% forecast in March and represents 170 days of usage as compared to 184 days forecast in March.

The information contained herein was obtained from sources believed to be reliable, but cannot be guaranteed. FC Stone may have contributed to this report. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Past financial performance and results are not indicative of, nor do they guarantee, future performance. Commodity marketing and trading has inherent risks. Trading and/or marketing decisions, as well as any gains or losses thereof, are the sole responsibility of the commodity owner, producer, and or account holder. Minnesota West Ag. Services, LLC, its principals and employees, assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.



Year to Year Acreage Change

We take an early look at a potential 2010 acreage scenario.

	USDA	USDA	USDA	Apr 9 Planting Int		Year-Year Change
	06/07	07/08	08/09	USDA 09/10	USDA 10/11	
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	81.5	1.9
Soybean	74.6	62.8	74.6	76.3	77.1	0.7
Wheat	46.8	51.0	55.7	49.9	45.7	-4.2
Total	192.0	200.3	208.9	205.9	204.3	-1.6
% Harvested						
Com	90.2%	92.4%	91.4%	92.0%	91.8%	-0.2%
Soybean	98.8%	97.1%	98.6%	98.5%	98.7%	0.2%
Wheat	81.7%	84.4%	88.3%	84.5%	84.9%	0.4%
% Harvested	91.0%	91.6%	92.9%	92.3%	92.6%	0.3%
Carry Out Days Use						
Com	42	46	51	54	50	-4.0
Soybean	68	25	17	21	41	20.5
Wheat	81	48	105	170	158	-11.7
Total	192	119	173	245	250	4.9

The information contained herein was obtained from sources believed to be reliable, but cannot be guaranteed. FC Stone may have contributed to this report. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Past financial performance and results are not indicative of, nor do they guarantee, future performance. Commodity marketing and trading has inherent risks. Trading and/or marketing decisions, as well as any gains or losses thereof, are the sole responsibility of the commodity owner, producer, and or account holder. Minnesota West Ag. Services, LLC, its principals and employees, assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.