

Corn and Soybean Outlook

Corn/Soy Expo

January 25, 2008

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Renk Agribusiness Institute
UW-Madison

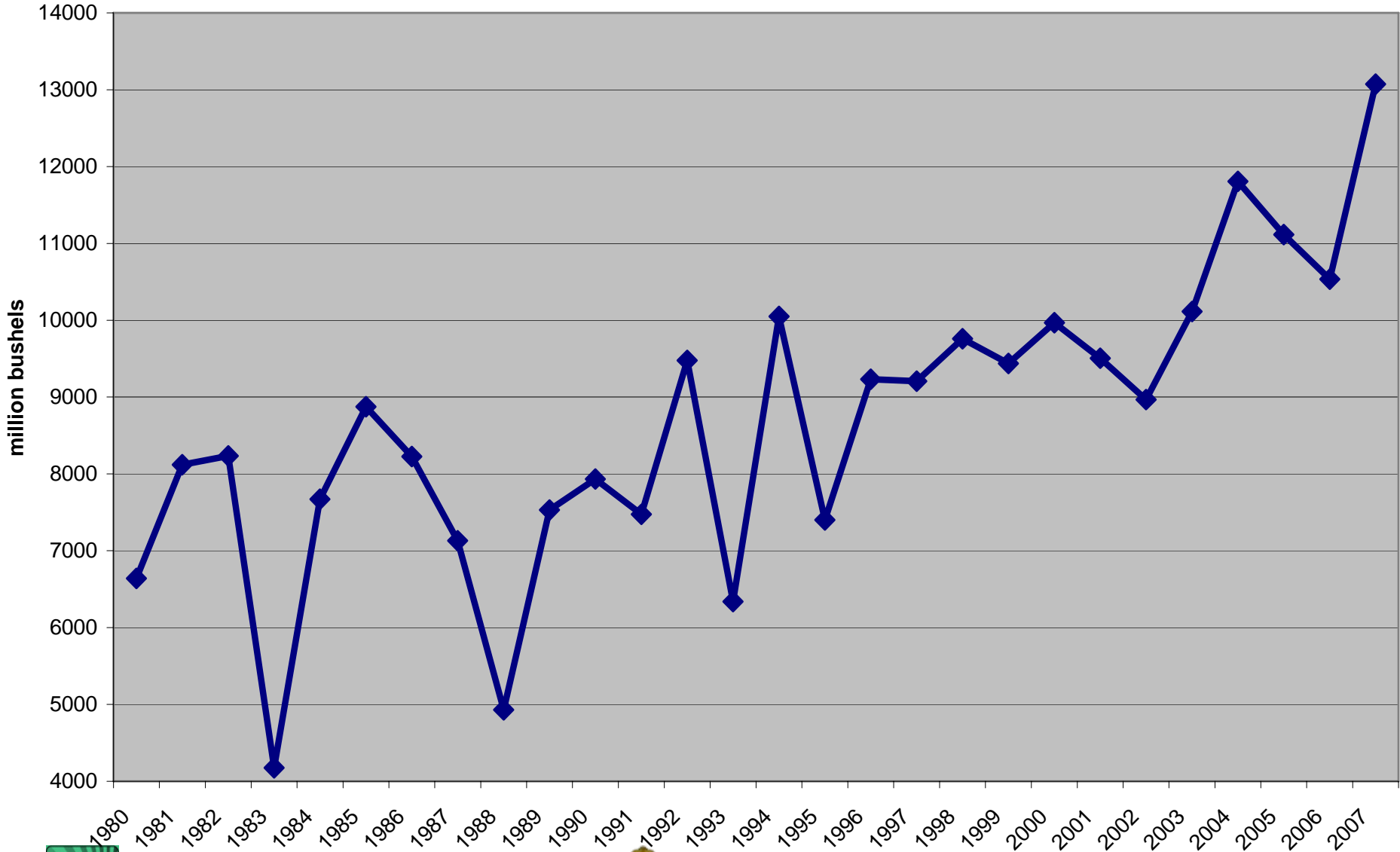


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US Corn Balance Sheet (Sep/Aug)							USDA	USDA
Marketing Year	USDA	USDA	USDA	USDA	USDA	USDA	Dec Est.	Dec Fore.
	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Beg Stocks	1,718	1,899	1,596	1,087	958	2,114	1,967	1,304
Imports	7	10	14	14	11	9	12	15
Acres Planted	79.5	75.8	78.9	78.6	80.9	81.5	78.3	93.6
Acres Harvested	72.7	68.8	69.3	70.9	73.6	75.1	70.6	86.5
% Harvested	91.4%	90.8%	87.8%	90.2%	91.0%	92.1%	90.2%	92.4%
Yield	137.1	138.2	129.3	142.2	160.4	148	149.1	151.1
Production	9,968	9,507	8,967	10,089	11,807	11,114	10,535	13,074
Total Supply	11,693	11,416	10,578	11,190	12,776	13,237	12,514	14,393
Feed & residual	5,890	5,868	5,563	5,795	6,158	6,155	5,598	5,950
Food/Seed/Ind.	1,967	2,054	2,340	2,537	2,686	2,981	3,488	4,555
Ethanol					1,323	1,603	2,117	3,200
Exports	1,937	1,905	1,588	1,900	1,818	2,134	2,125	2,450
Total Demand	9,794	9,820	9,491	10,232	10,662	11,270	11,210	12,955
Ending Stocks	1,899	1,596	1,087	958	2,114	1,967	1,304	1,438
Stocks To Use	19.39%	16.25%	11.45%	9.36%	19.83%	17.45%	11.63%	11.10%
Avg. Farm Price	\$1.85	\$1.97	\$2.32	\$2.42	\$2.06	\$2.00	\$3.04	\$4.00

U.S. Corn Production



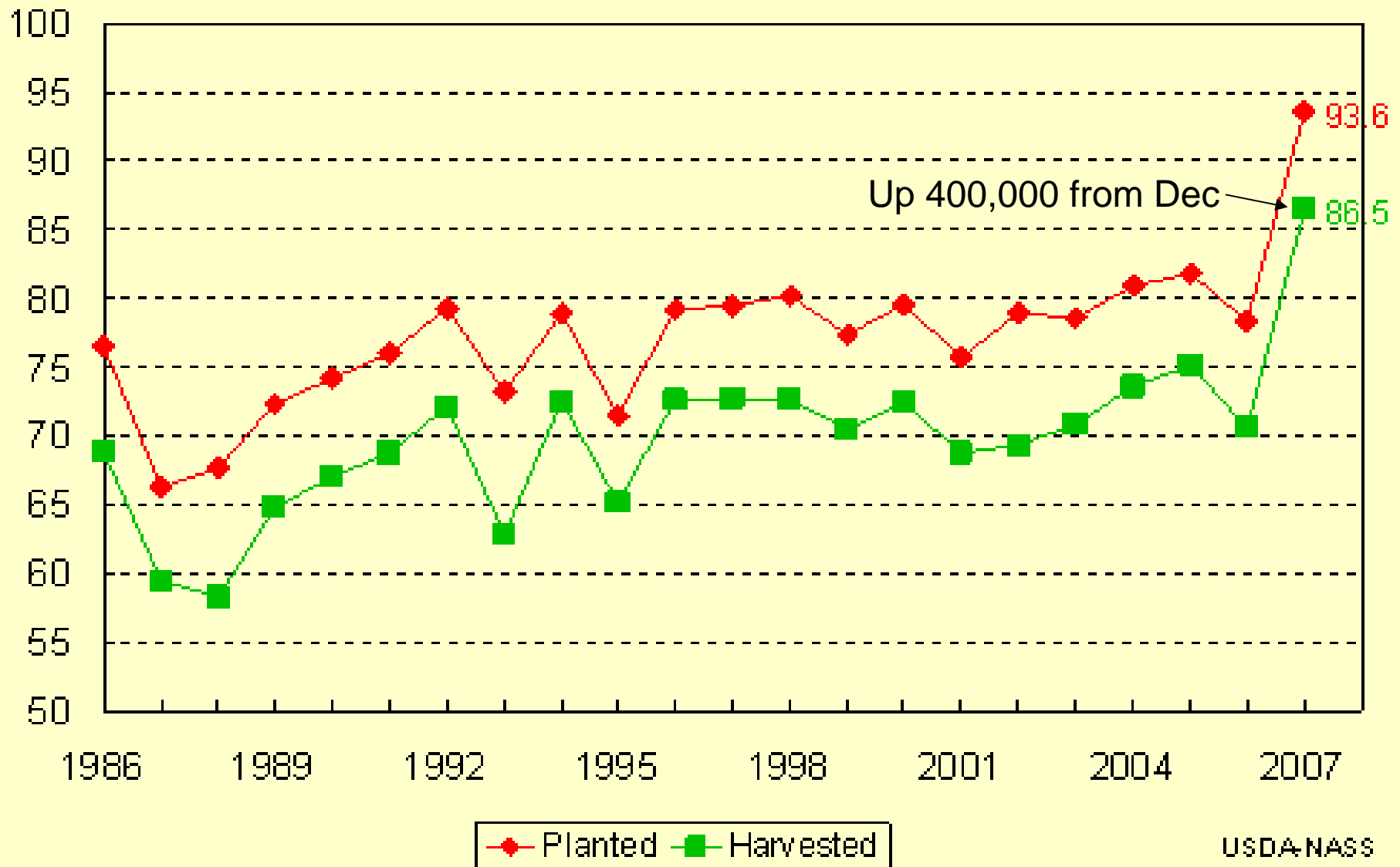
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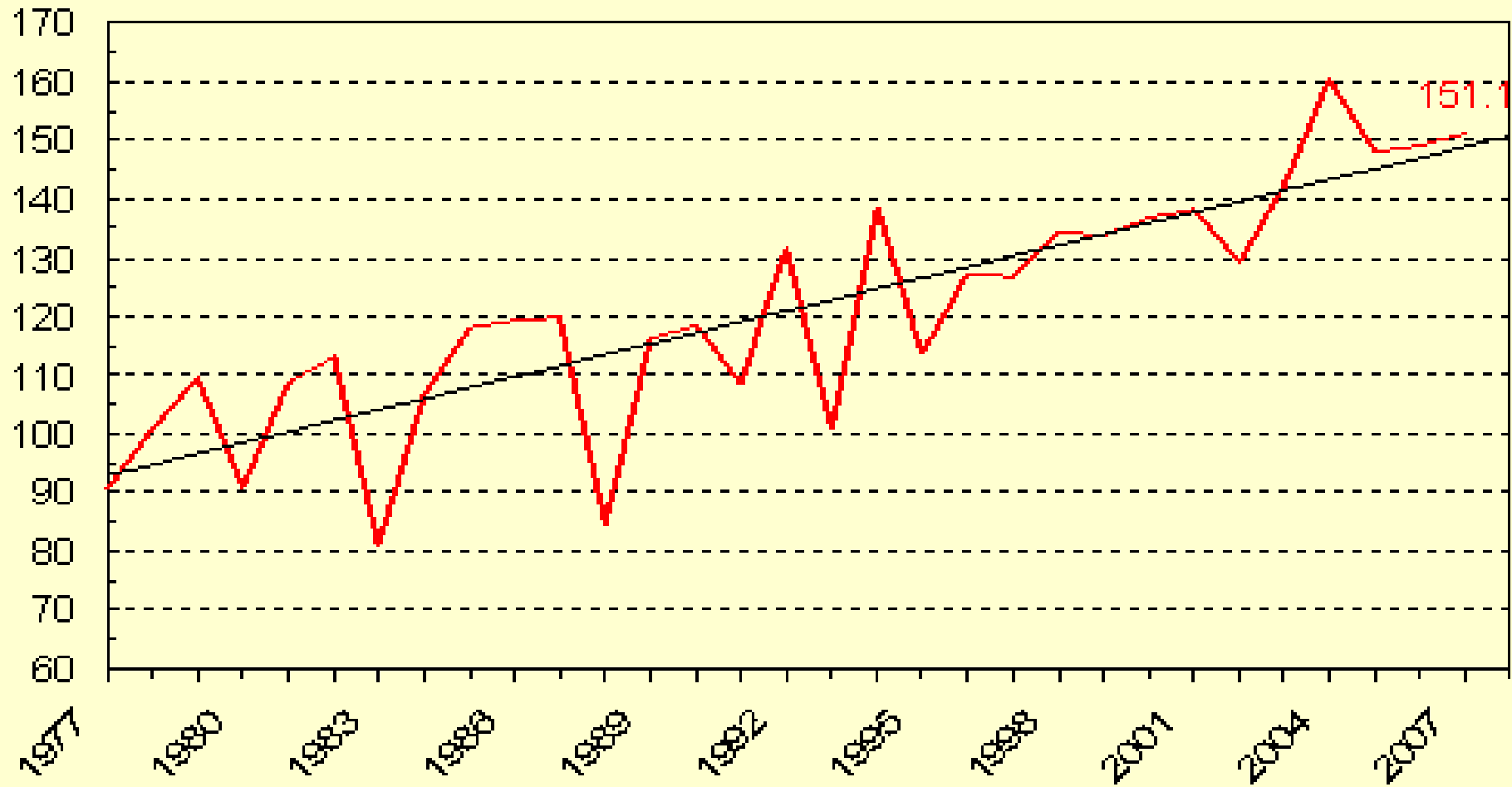
U.S. Corn Acres

Million Acres



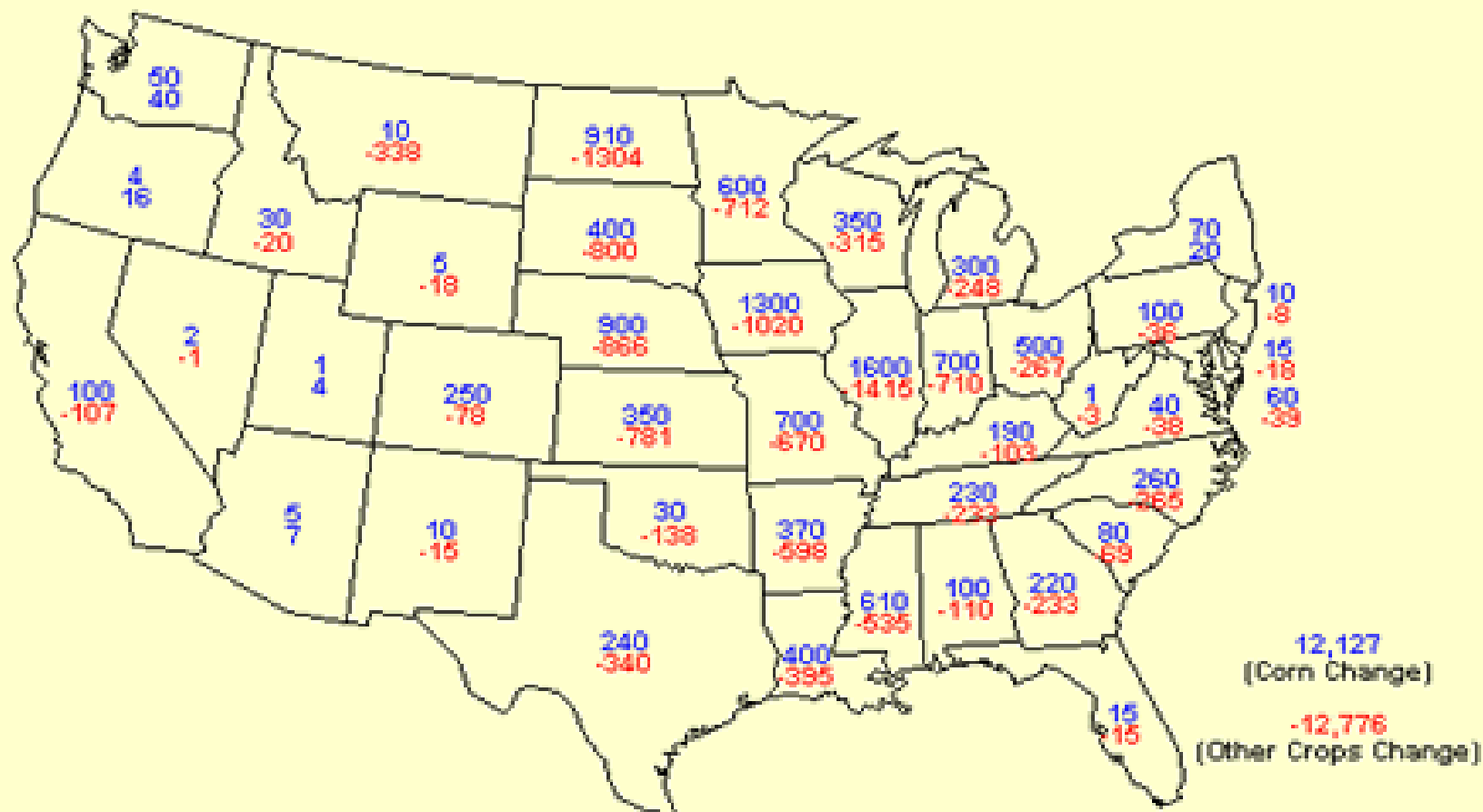
U.S. Corn Yield

Bushels/Acre



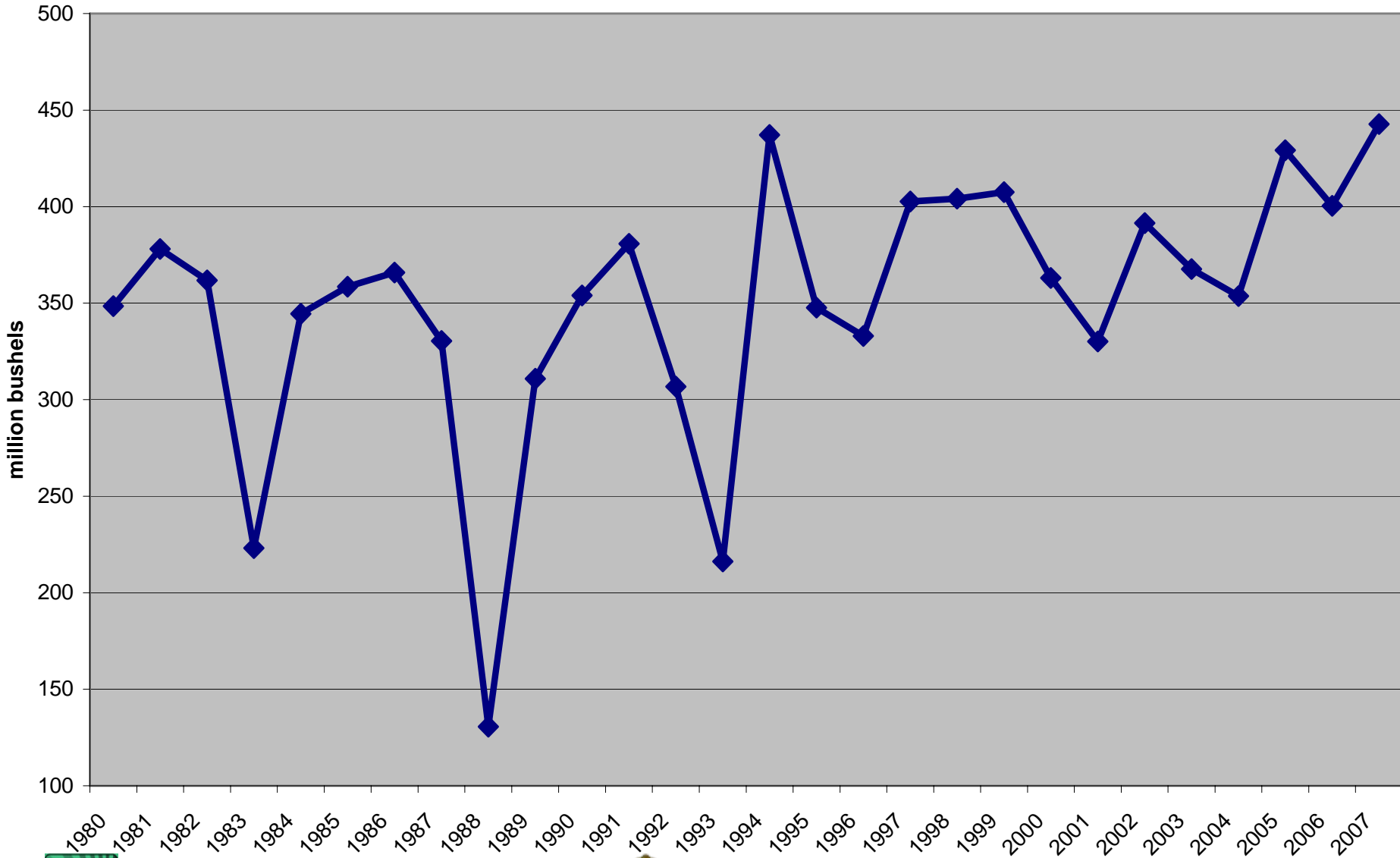
2007 Planted Acreage Change (000) from Prev Year

Corn (top line) & Selected Other Crops* (bottom line)



* Barley, Canola, Cotton, Dry Beans, Dry Peas, Durum Wheat, Flaxseed, Lentils, Oats, O.S. Wheat, Peanuts, Rice, Sorghum, Soybeans, Sugarbeets, Sunflower, & Tobacco (Harv)

Wisconsin Corn Production

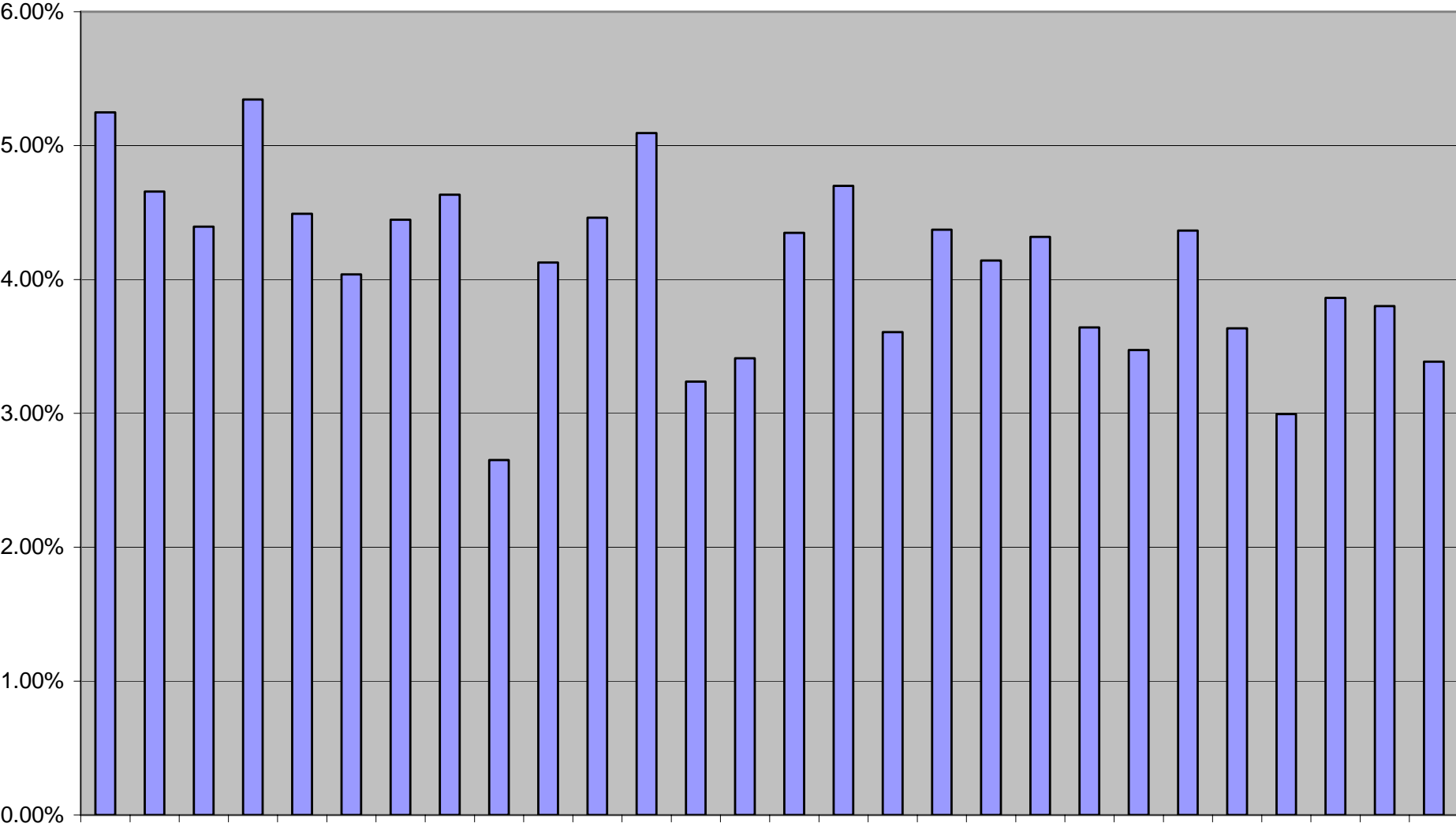


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Wisconsin Percent of National Corn Production

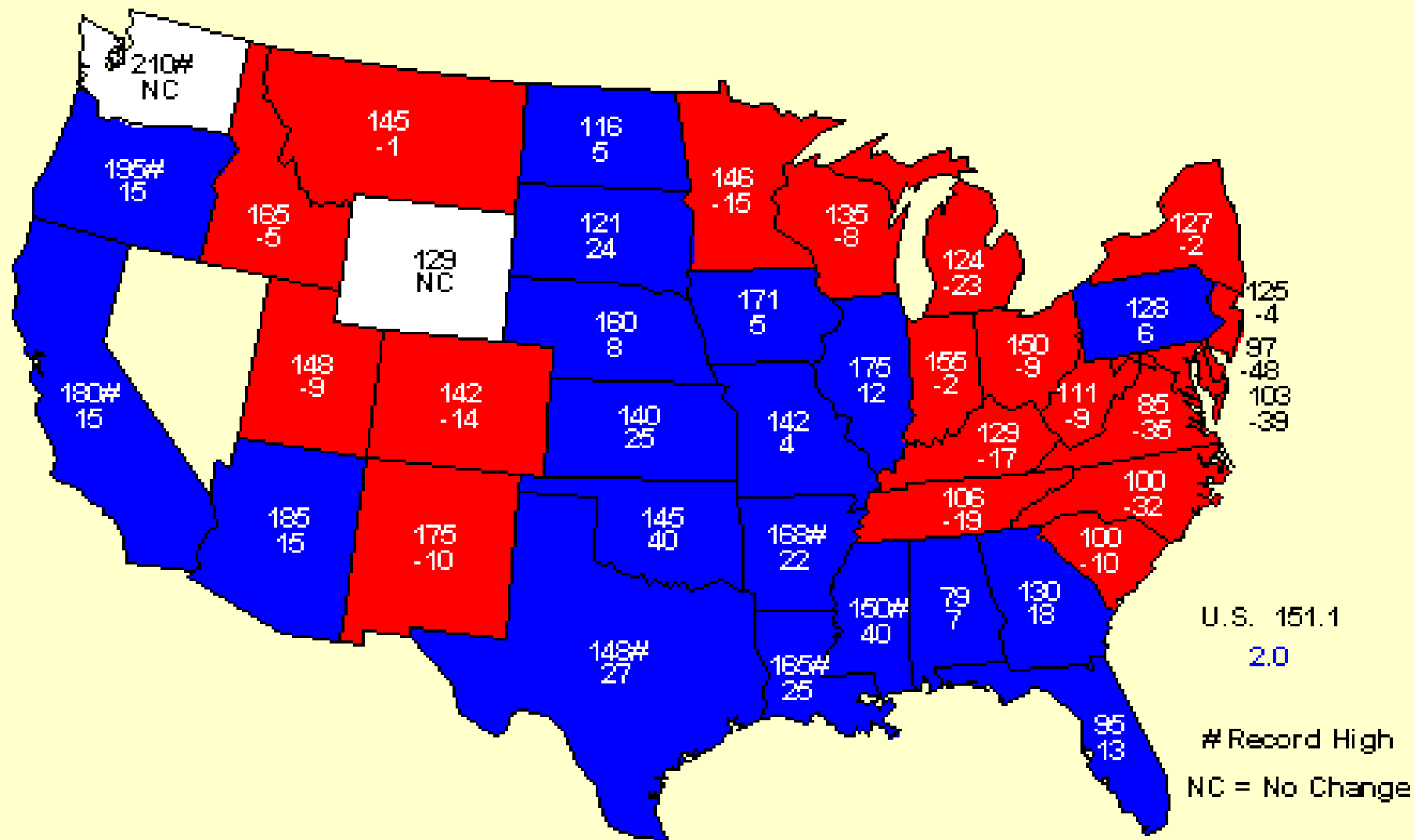


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Corn for Grain Yields 2007

Bushels and Change From Previous Year



Prices Received by Farmers, Corn, US

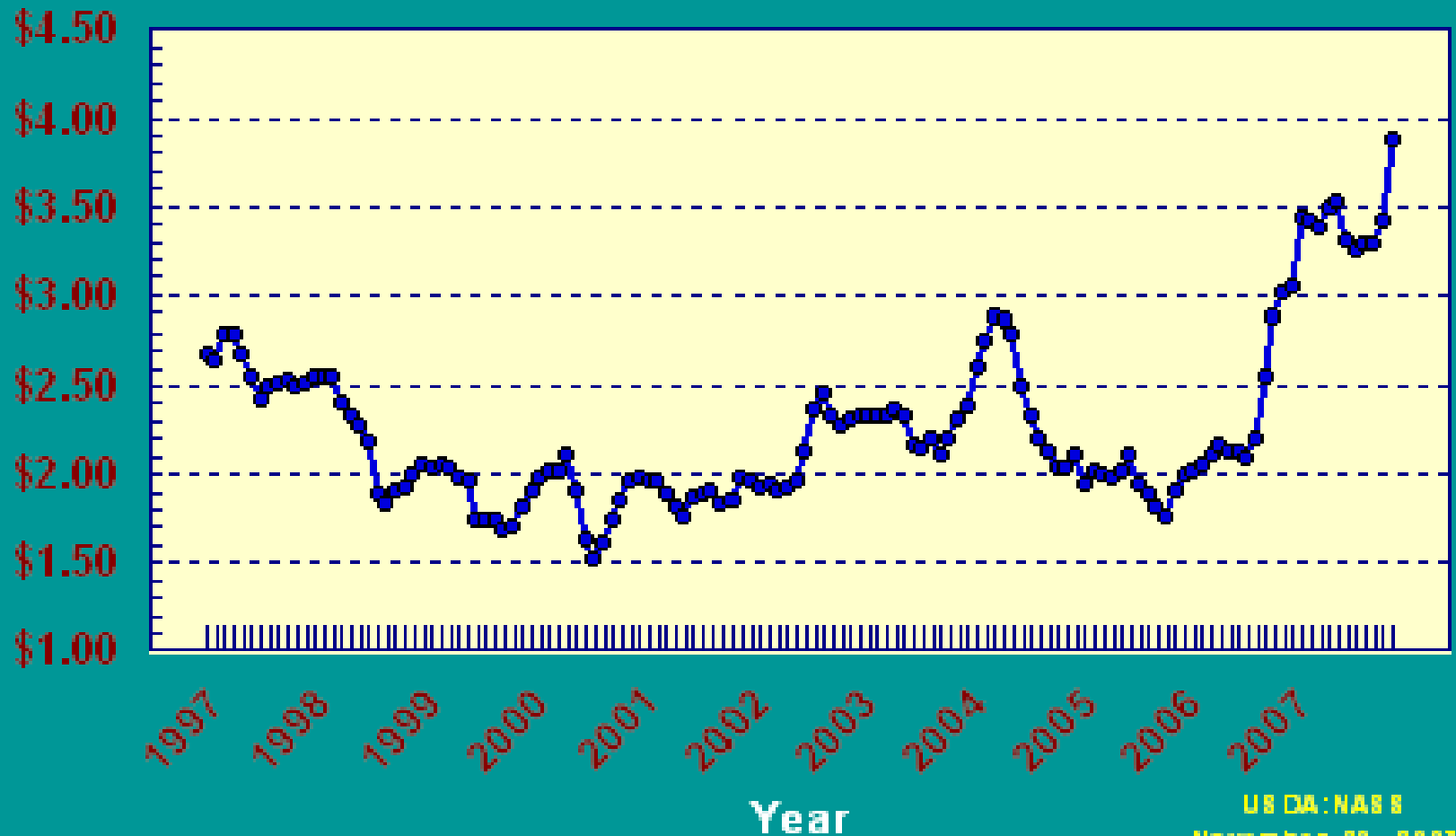
Dollars per Bu



US DA: NASS
December 28, 2006

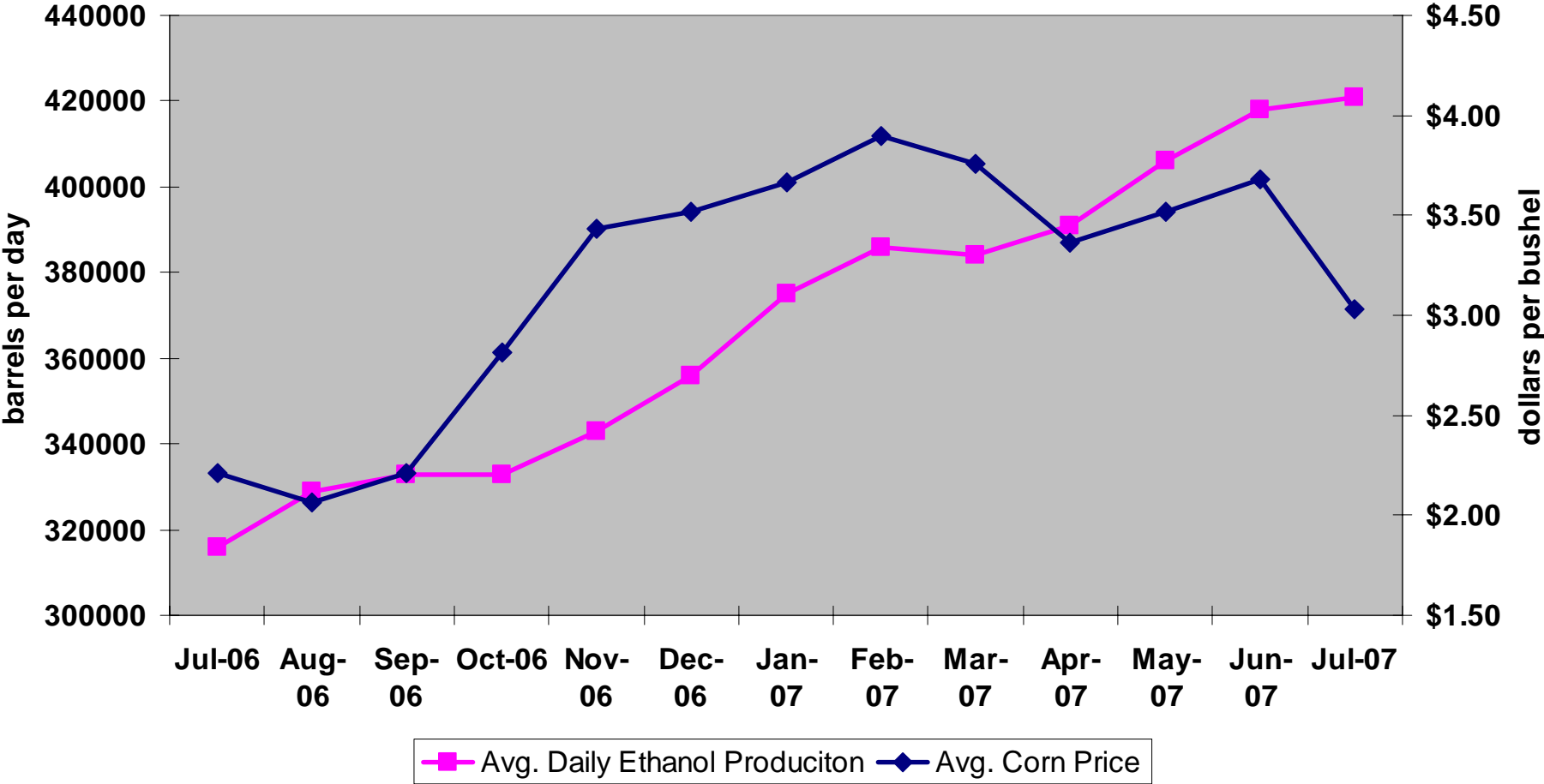
Prices Received, Corn, US

Dollars per Bu

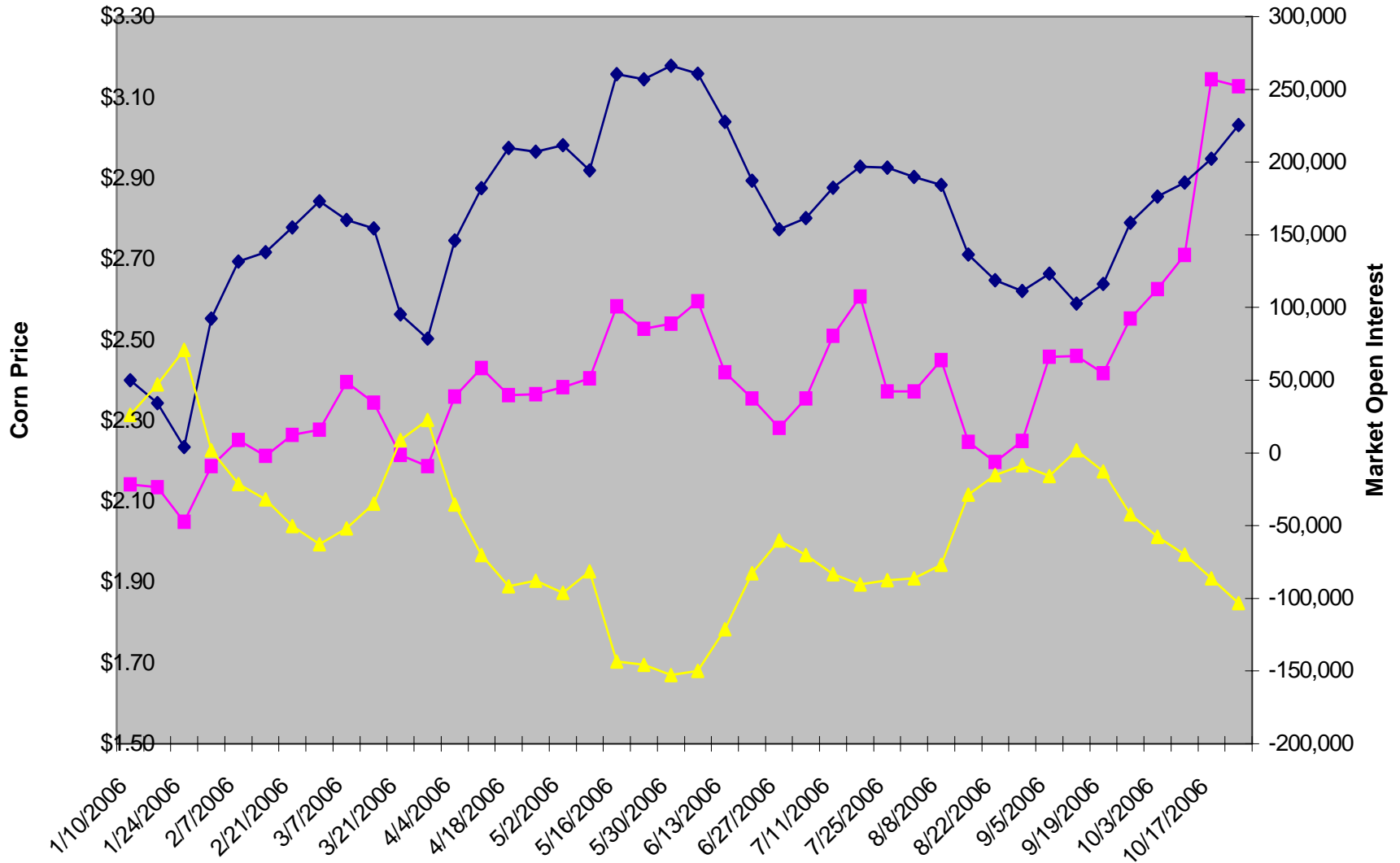


USDA:NAHS
November 30, 2007

Avg. Daily Ethanol Production vs Monthly Corn Price



Corn Price vs Trader Activity



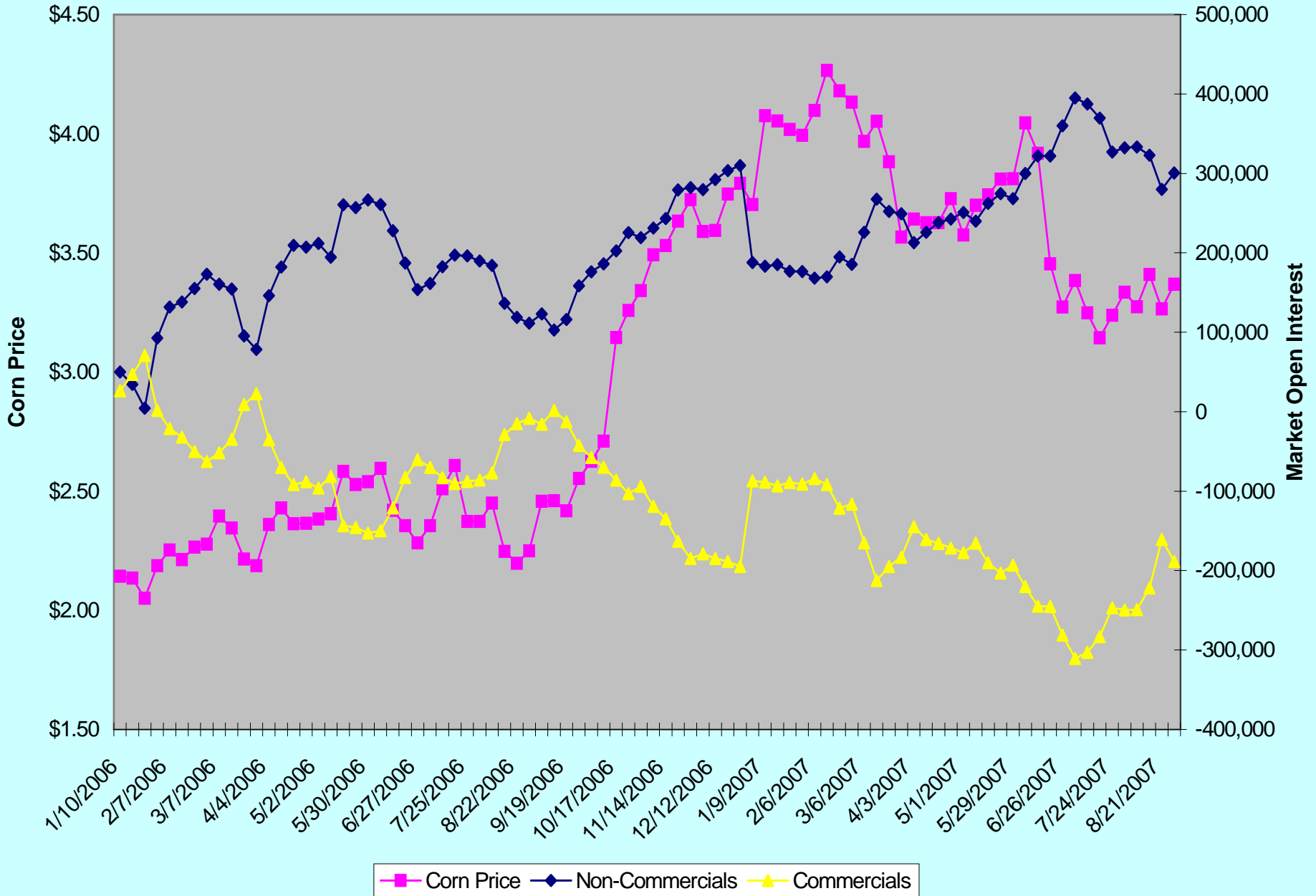
■ Corn Price
 ◆ Non-Commercials
 ▲ Commercials



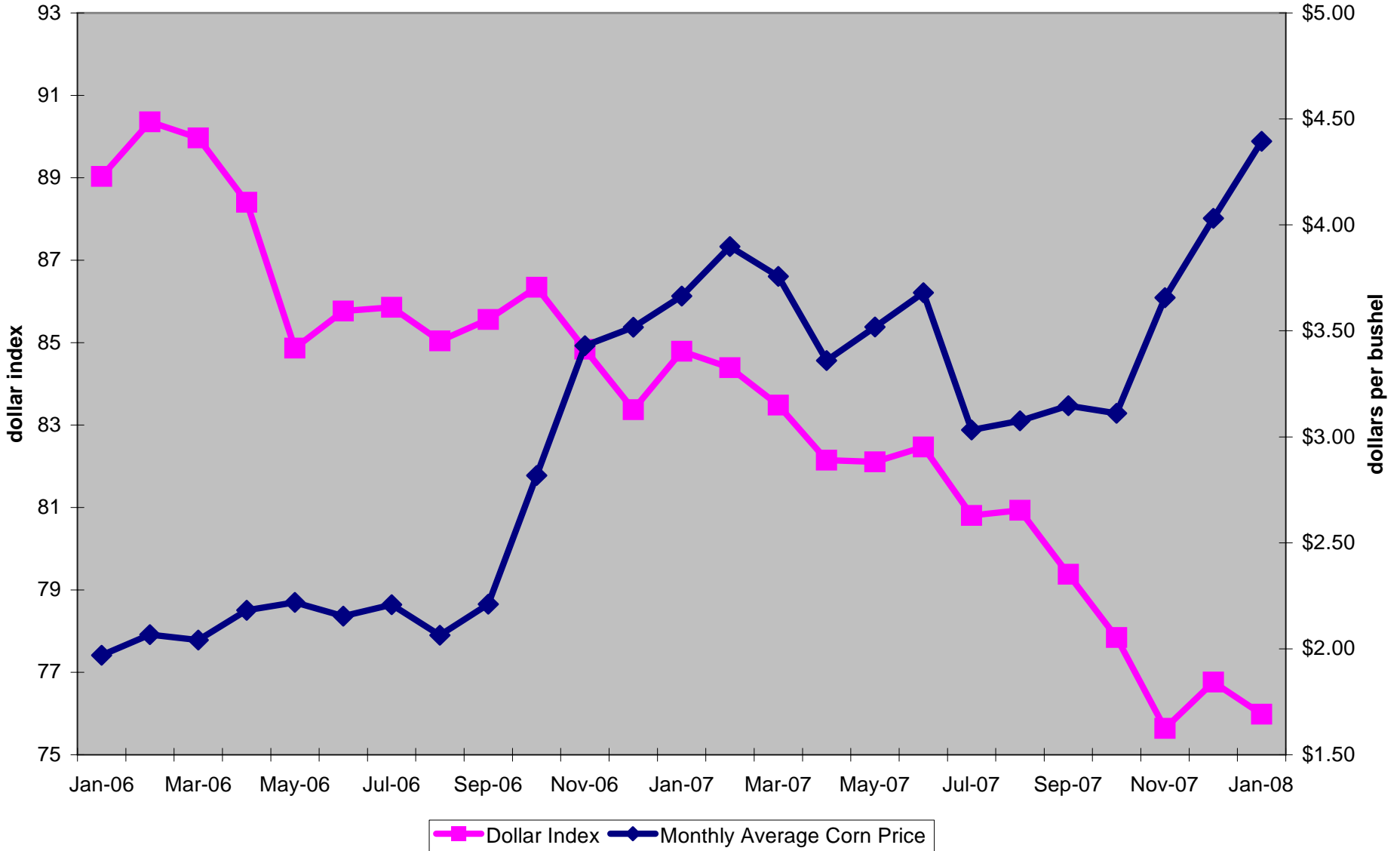
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Corn Price vs Trader Activity



Dollar Index vs. U.S. Corn Price



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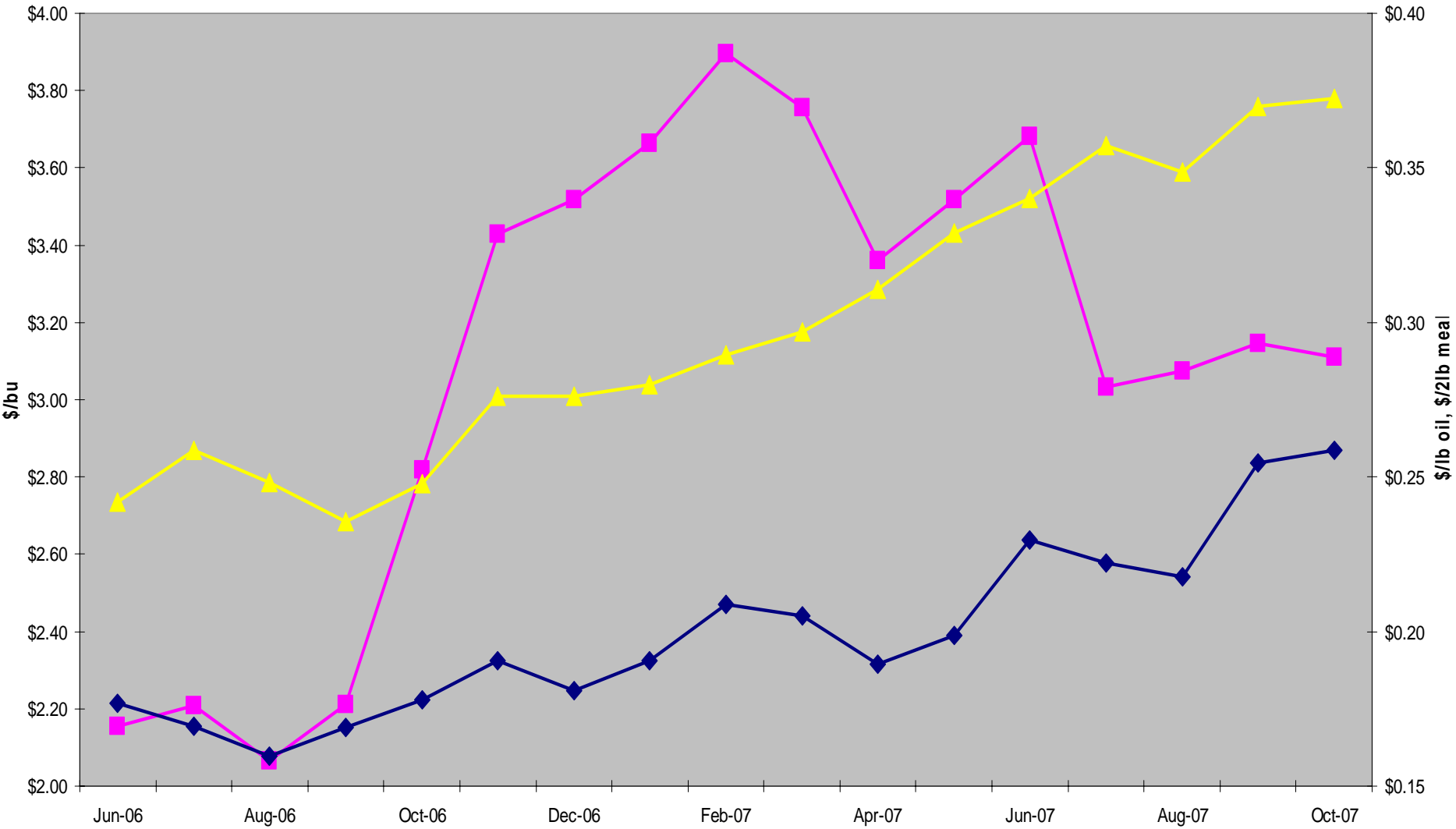


Old Crop Corn Summary

- Wisconsin old crop corn prices are currently 70 cents higher than the USDA average farm price for 2007/2008.
- Storage could be an attractive option this year. The futures market is paying attractive carry, and basis levels should improve later in the marketing year.
- Price volatility will continue to be significant.
- Sell Half of your storage now, forward price 25%, speculate with 25%.



Recent Commodity Prices



■ Corn
 ◆ Soybean Meal
 ▲ Soybean Oil

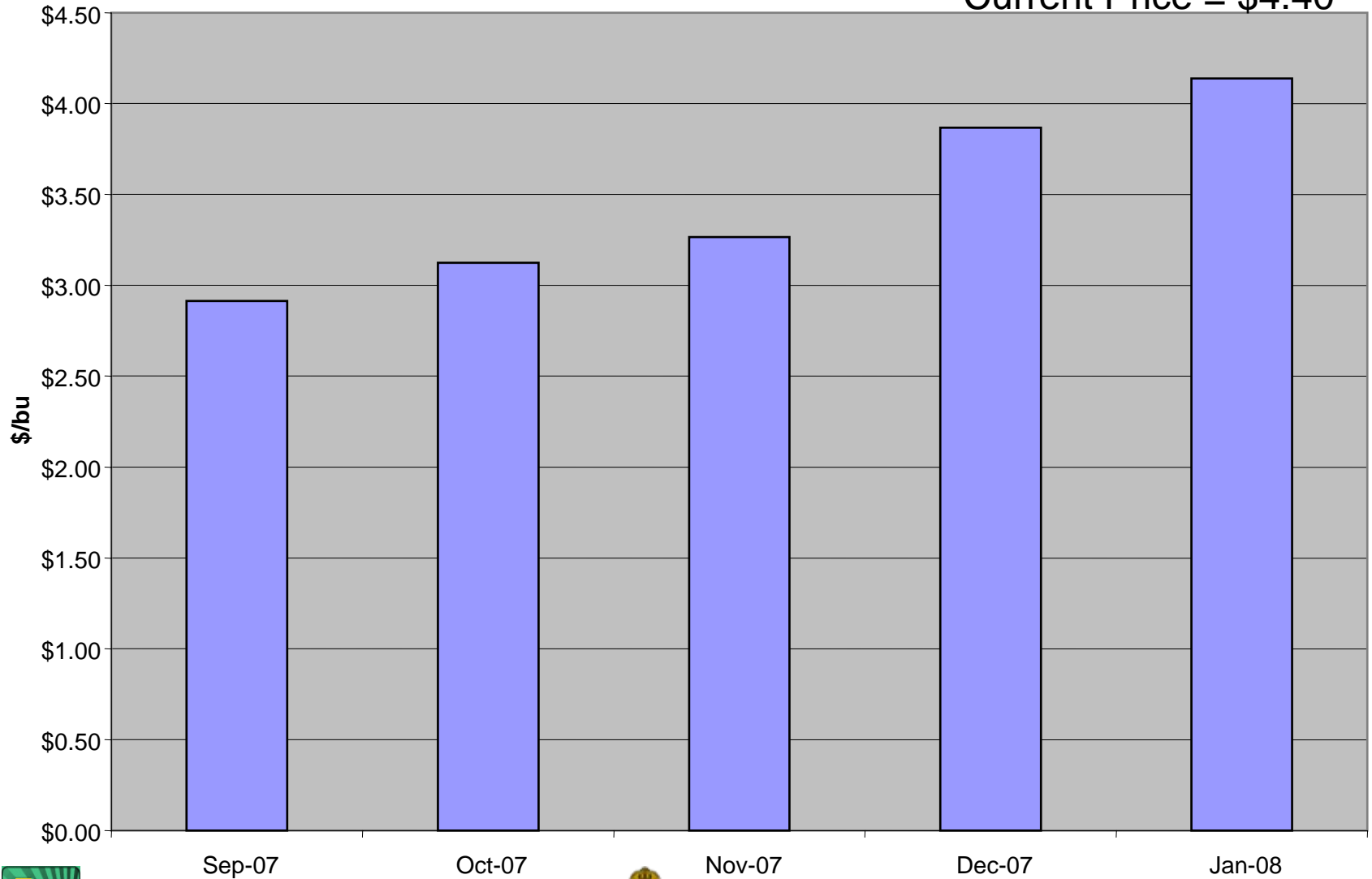


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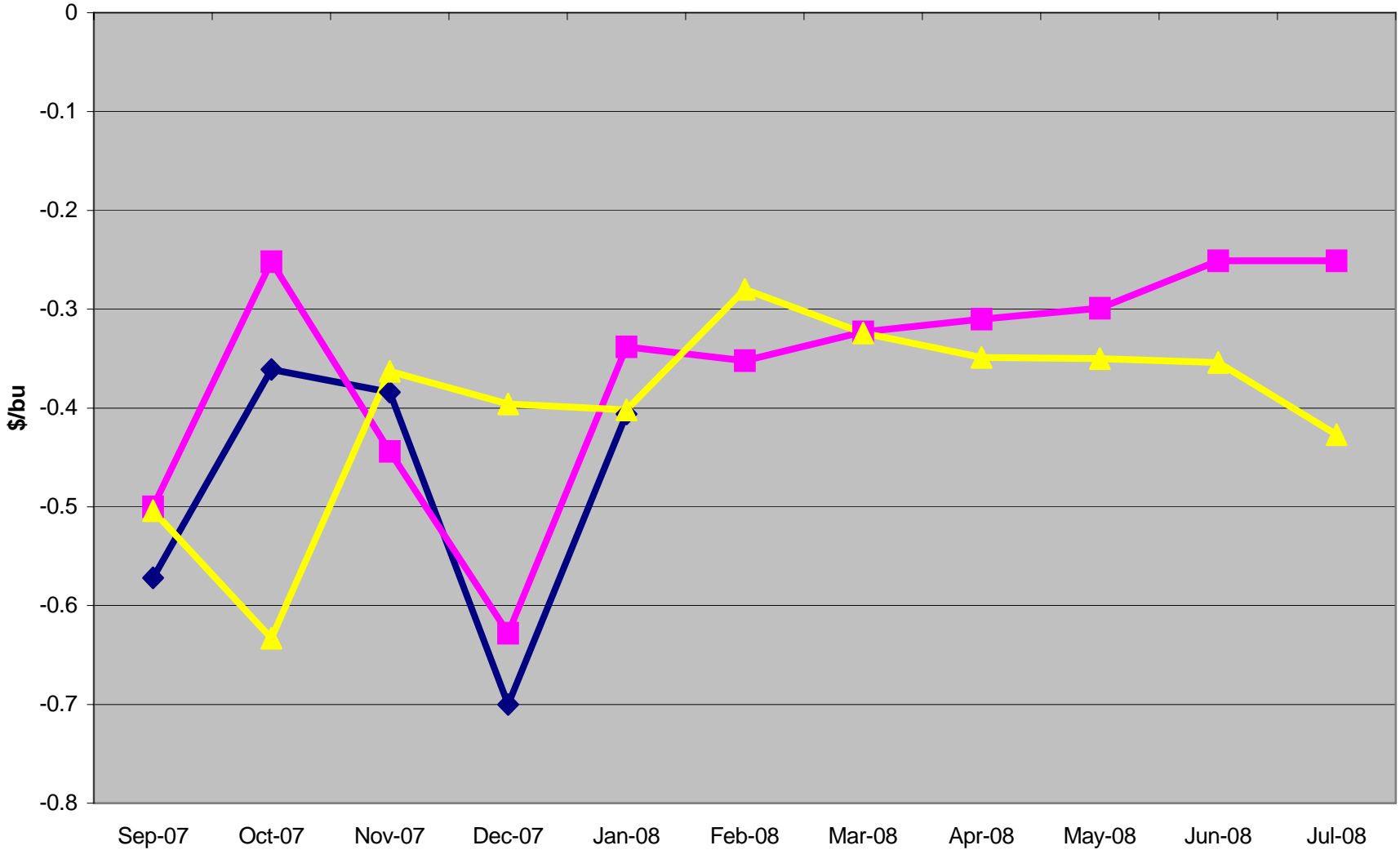


Eau Claire County Posted Price

Current Price = \$4.40



Rock County Corn Basis



◆ Basis ■ Statistical Forecast ▲ 3-yr Moving Average



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December 2008 Corn



CZ8



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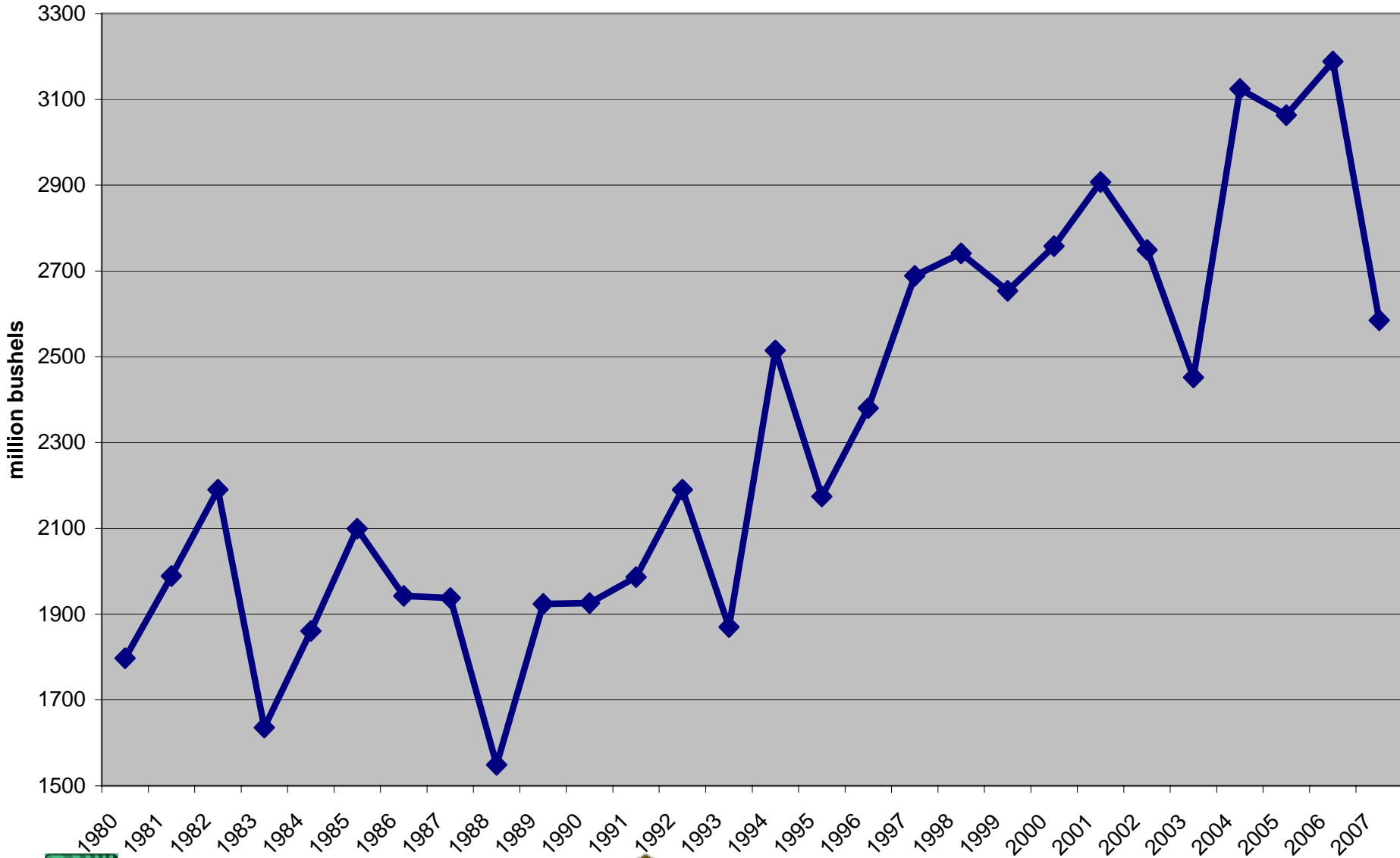
New Corn Summary

- There will be a lot of talk focused on how many corn acres we will lose this year. Carryout is projected to be quite large, but with fewer acres and a return to trend line yields, the crop could easily be smaller than 2008/2009 projected use.
- Any production problem, especially early in the season, would result in significantly higher prices than offered today.
- This does suggest some patience in marketing 2008 corn may be warranted, but do not lose sight of where we are relative to historical opportunities.
- Sell 10 percent of new crop now. Become aggressive if futures hit \$5.50 per bushel.



US Soybean Balance Sheet (Sep/Aug)							USDA	USDA
Marketing Year	USDA	USDA	USDA	USDA	USDA	USDA	Jan. Est.	Jan. Fore.
	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Beg Stocks	290	248	208	178	112	256	449	574
Imports	4	2	5	6	6	3	9	6
Acres Planted	74.3	74.1	74	73.4	75.2	72	75.5	63.6
Acres Harvested	72.4	73.0	72.5	72.5	74	71.3	74.6	62.8
% Harvested	97.4%	98.5%	98.0%	98.8%	98.4%	99.0%	98.5%	98.7%
Yield	38.1	39.6	38	33.9	42.2	43	42.7	41.2
Production	2,758	2,891	2,756	2,454	3,124	3,063	3,188	2,585
Total Supply	3,052	3,141	2,969	2,638	3,242	3,322	3,647	3,165
Crush Sep/Aug	1,641	1,700	1,615	1,530	1,696	1,739	1,806	1,830
Exports	998	1,064	1,044	887	1,097	940	1,118	995
F/S/R	165	169	130	109	192	194	148	165
Total Demand	2,804	2,933	2,791	2,526	2,986	2,873	3,073	2,990
Ending Stocks	248	208	178	112	256	449	574	175
Stocks To Use	8.84%	7.09%	6.38%	4.43%	8.57%	15.62%	18.28%	5.85%
Avg. Farm Price	\$4.54	\$4.38	\$5.53	\$7.34	\$5.74	\$5.66	\$6.43	\$10.40

U.S. Soybean Production



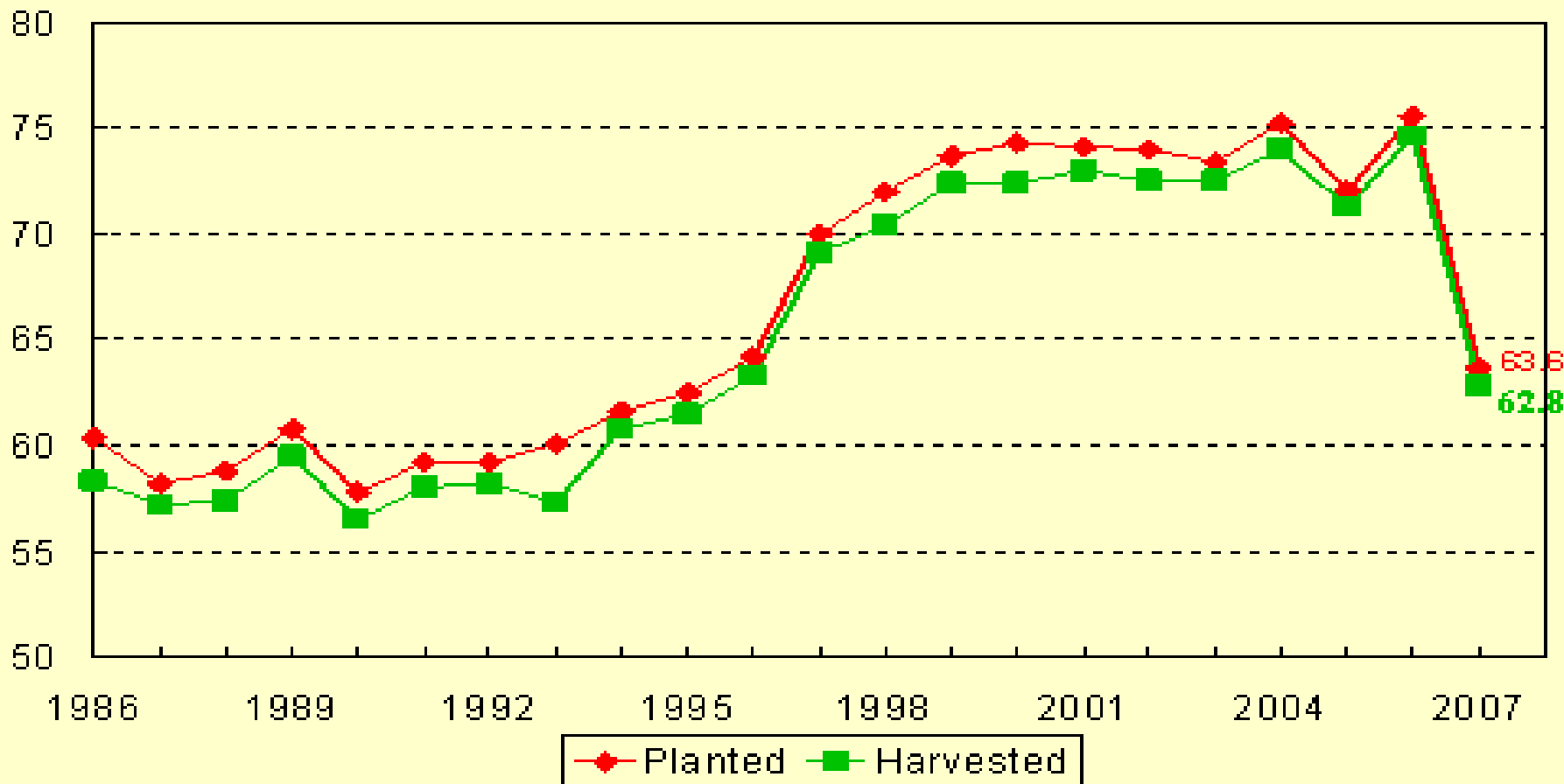
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U.S. Soybean Acres

Million Acres



USDA-NASS
01-11-08

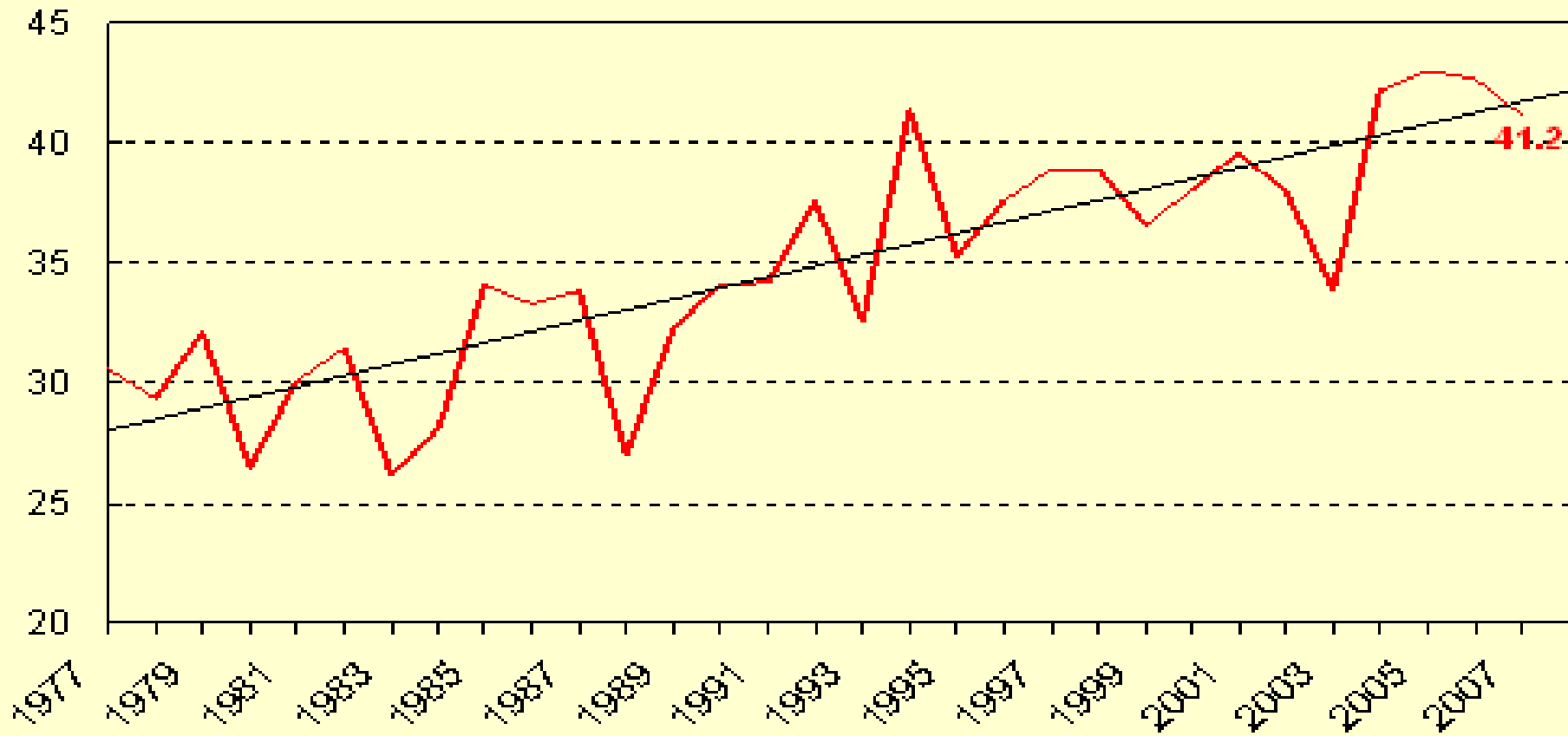


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U.S. Soybean Yield

Bushels/Acre



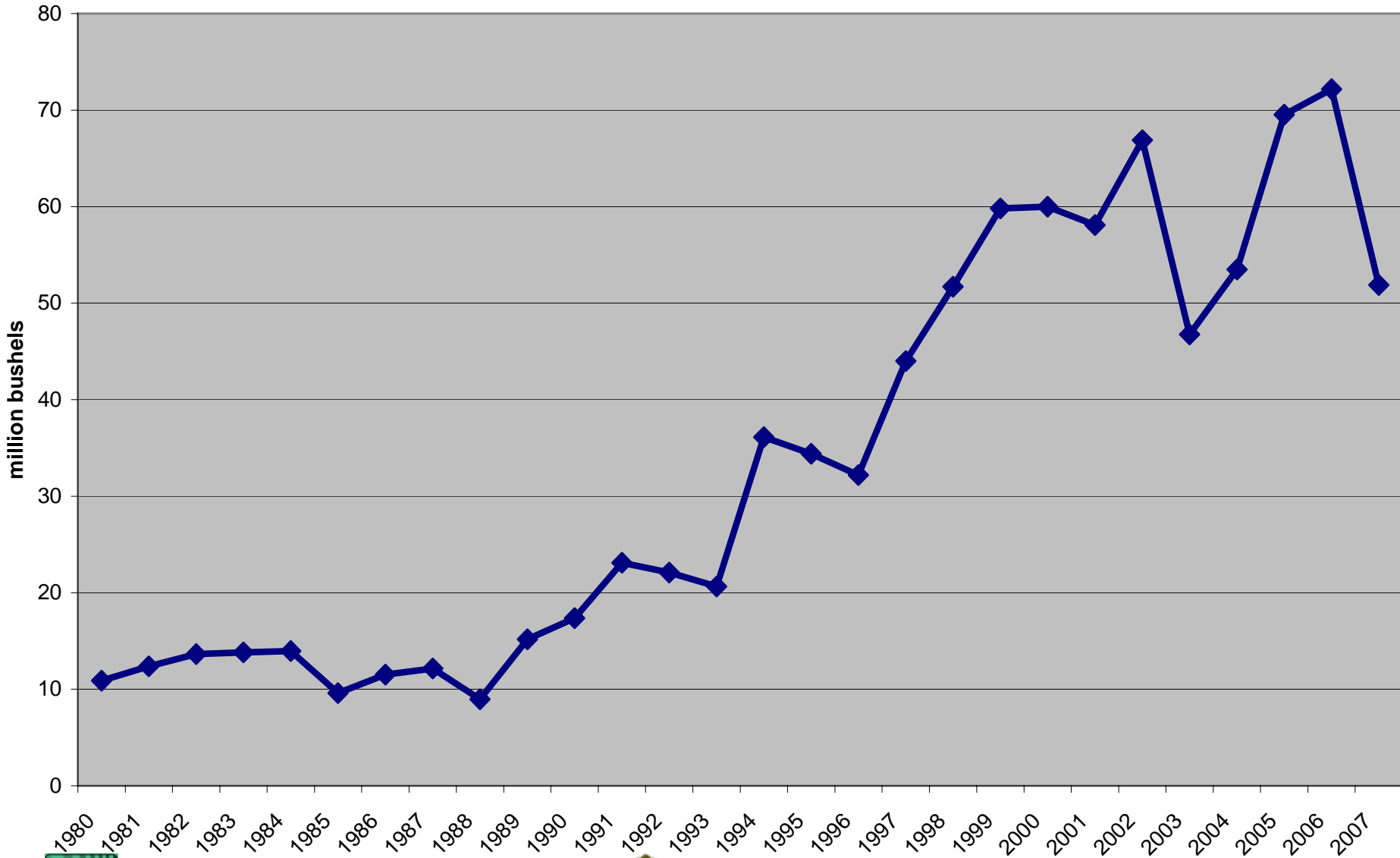
USDA-NASS
01-11-08



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Wisconsin Soybean Production

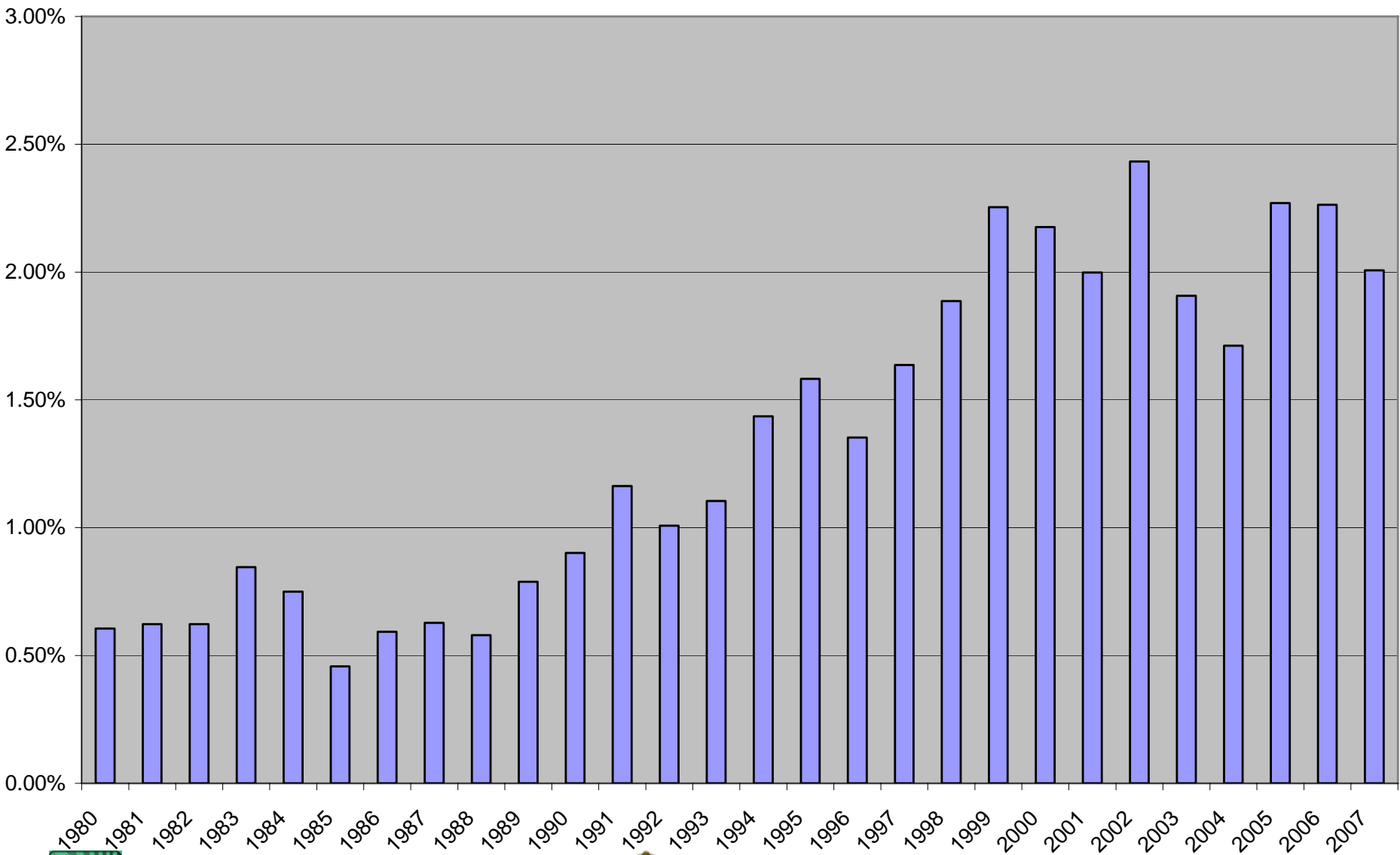


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Wisconsin Share of US Soybean Production

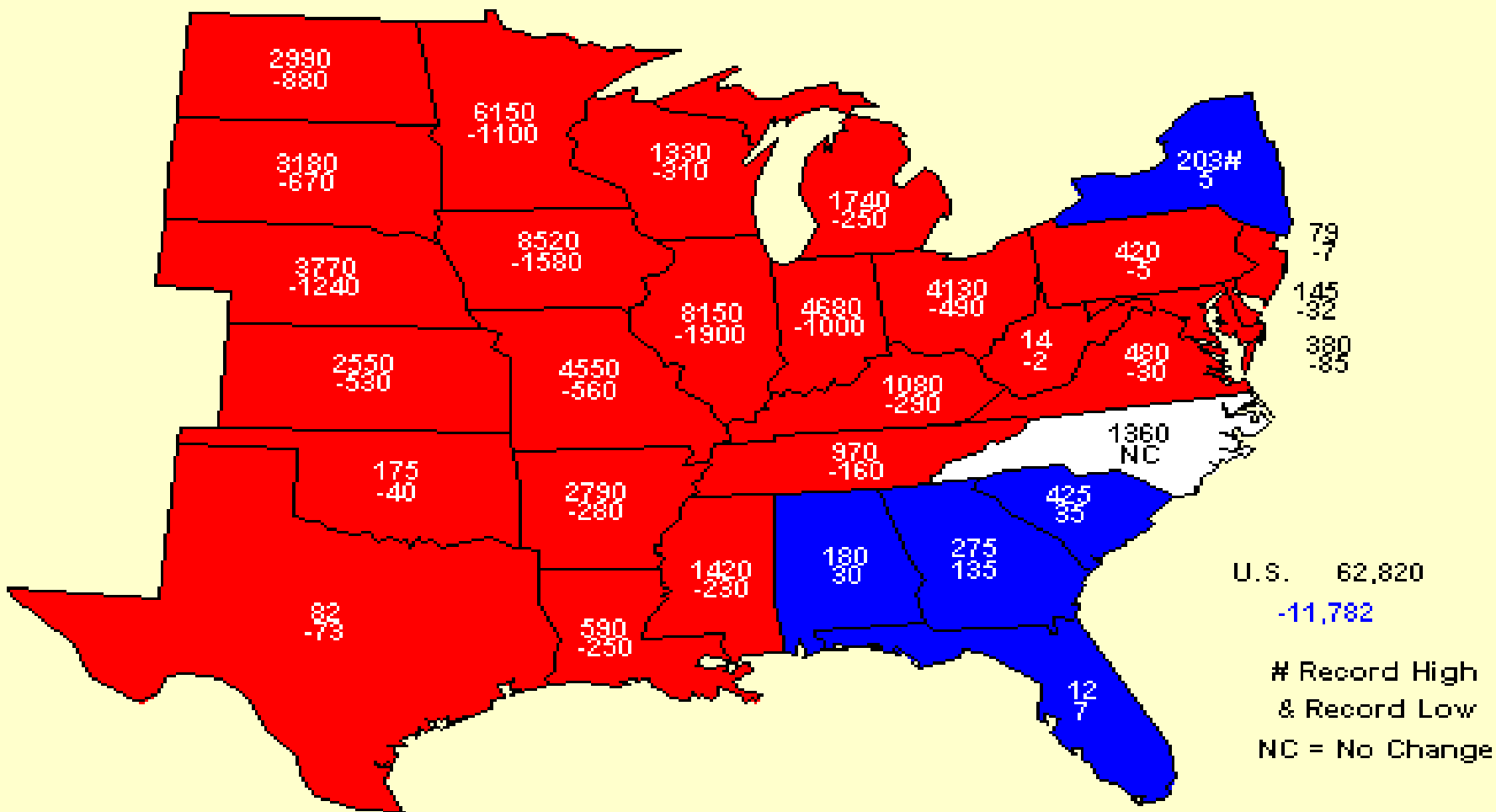


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2007 Soybeans Harvested

Acres (000) and Change From Previous Year



USDA-NASS
01-11-08



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Prices Received, Soybeans, US

Dollars per Bu



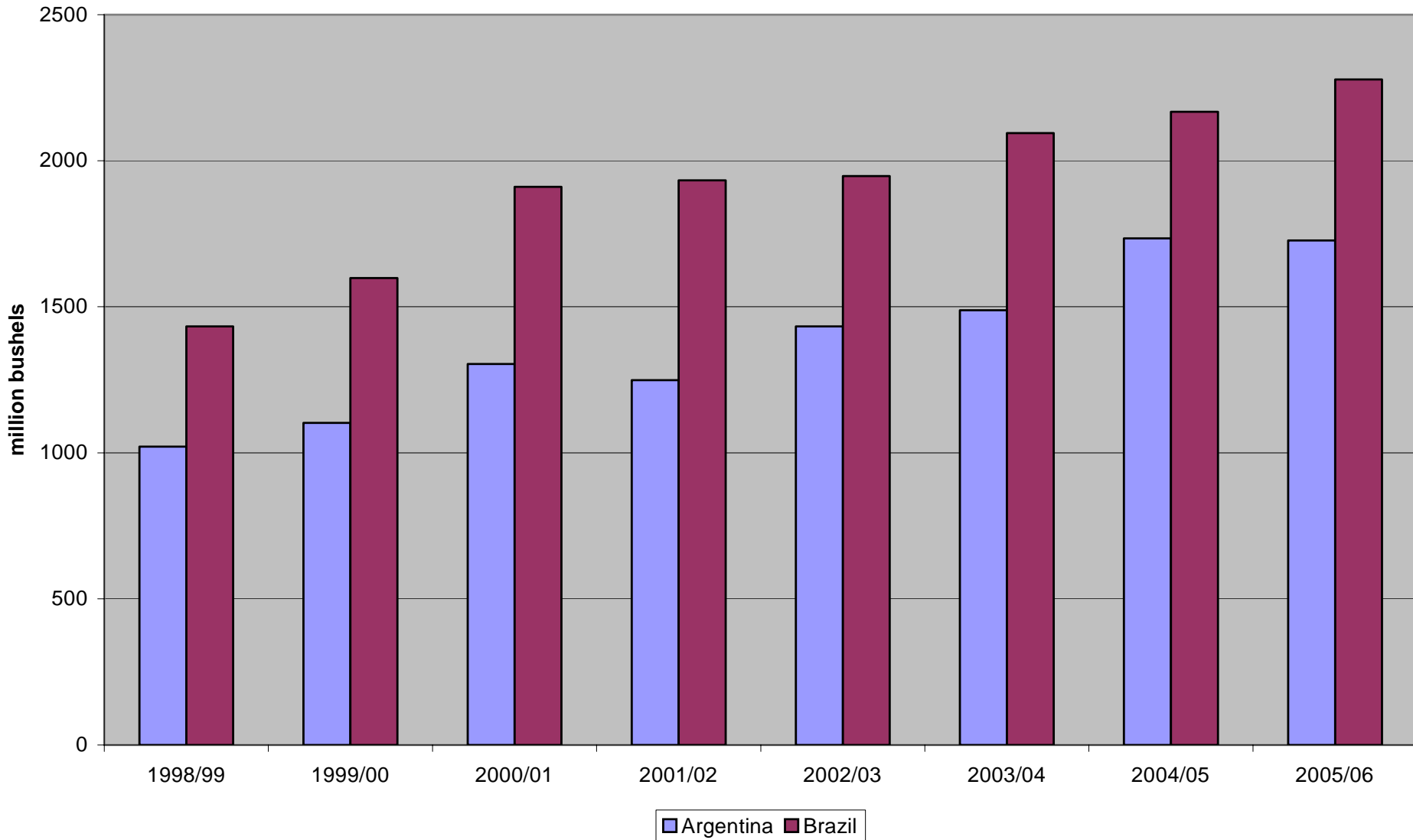
USDA: NASS
November 30, 2007



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South American Soybean Production



Old Crop Soybean Summary

- VOLATILITY, VOLATILITY, VOLATILITY
- Current cash prices in Wisconsin are about 60 cents per bushel above the USDA average farm price forecast.
- The market is offering attractive opportunities for storage – THINK PROFIT NOT PRICE.
- Lock in a storage return on most of your 2007 soybeans.



November 2008 Soybeans



SX8



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New Crop Soybeans

- I would sell more aggressively than corn – up to 25 percent of 2008 production.
- Consider at least 50 percent sold if November futures trade to \$13.

