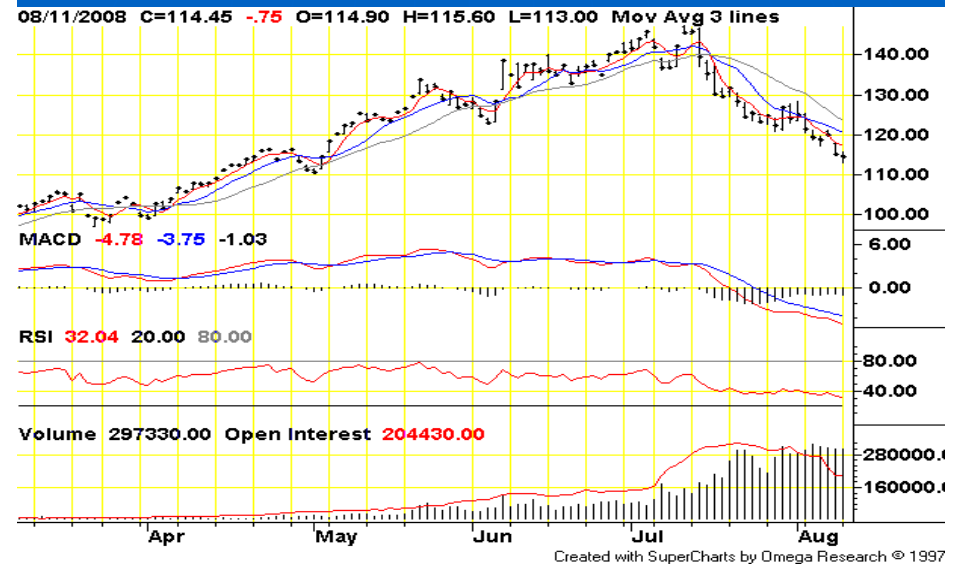


GRAIN OUTLOOK

RISK AND PROFIT CONFERENCE 2008

Mike Wolverton
Kansas State University
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Crude Oil Price, Dollars per Barrel



Exchange Rate, Dollars per Euro



Corn Price Chart, 11 Aug 2008



Soybean Price Chart, 11 Aug 2008



Wheat Price Chart, 11 Aug 2008



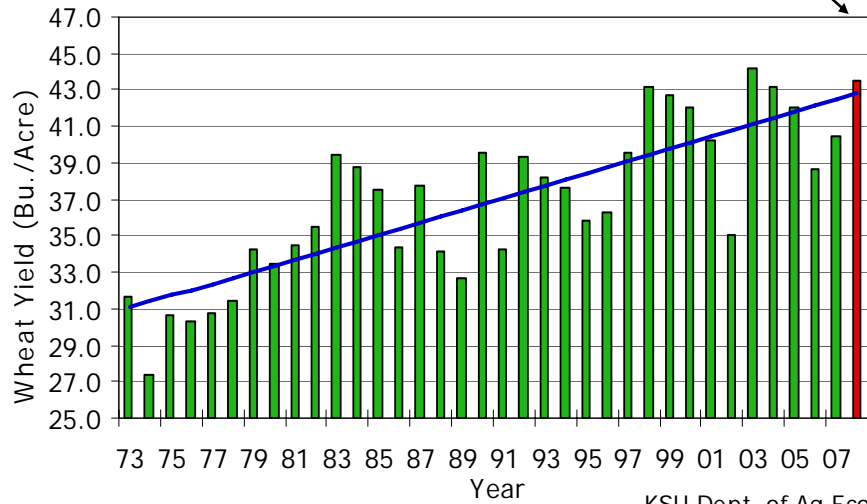
WHEAT

U.S. Wheat Balance Sheet

	06/07	07/08	08/09
Plant A. (mil.)	57.3	60.4	63.5
Harvest A. (mil.)	46.8	51.0	56.6
Bu./A.	38.7	40.5	43.5
Production	1,812	2,067	2,462
Imports	122	113	100
Carryover	571	456	306
Total Supply	2,505	2,635	2,868
Utilization:			
Feed and Residual	121	30	250
Food	938	948	960
Seed	81	88	84
Exports	909	1,264	1,000
Total Utilization	2,049	2,330	2,294
Carryover	456 (22%)	306 (13%)	574 (25%)
U.S. Farm Price	\$4.26	\$6.48	\$6.50-\$8.00

U.S. Wheat Yields

2008 estimate based on USDA estimated yield of 43.5

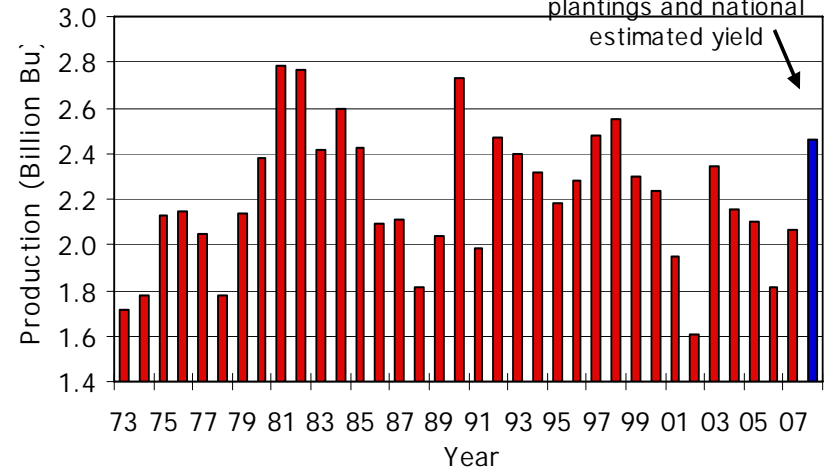


Source: USDA WASDE Report 8.12.08 & K-State Ag. Econ. Dept.

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U.S. Wheat Production

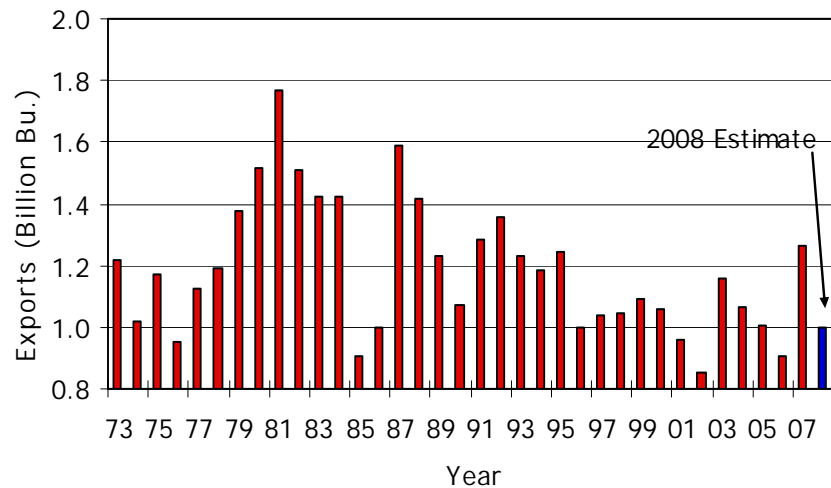
Based on USDA projected plantings and national estimated yield



Source: USDA WASDE Report 8.12.08 & K-State Ag. Econ. Dept.

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U.S. Wheat Exports



Source: USDA WASDE Report 8.12.08 & K-State Ag. Econ. Dept.

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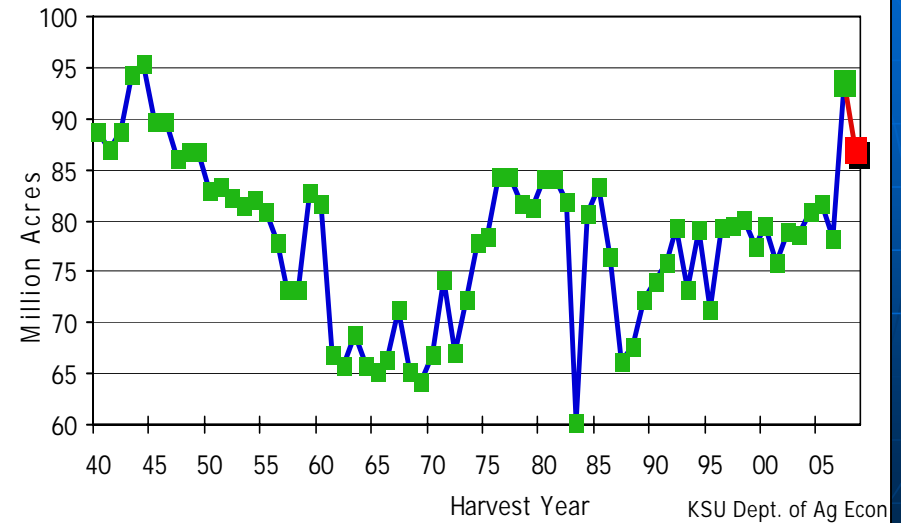
PRODUCTION PROJECTIONS, MAJOR WHEAT EXPORTERS, 2006/07 - 2008/09 (MMT)

	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
■ EU-27	124.84	119.25	143.17
■ FSU	84.98	92.69	105.96
■ U.S.	49.32	56.25	67.02
■ Canada	25.27	20.05	25.00
■ Australia	10.82	13.04	25.00
■ Argentina	15.20	16.00	13.50
World Prod.	596.27	610.54	670.75
Ending Stocks	126.74₍₂₁₎	115.21₍₁₉₎	136.16₍₂₁₎

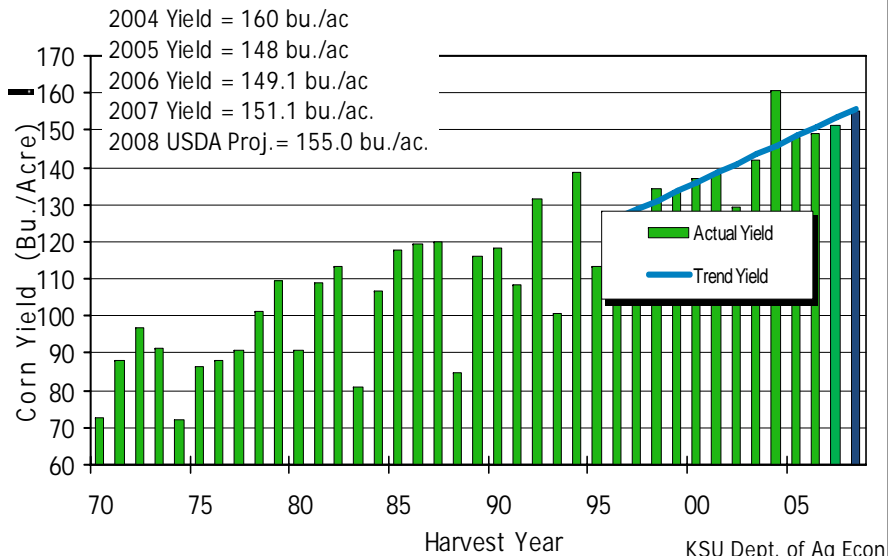
Corn Balance Sheet

	06/07	07/08	08/09
Plant A. (mil.)	78.3	93.6	87.0
Harvest A. (mil.)	70.6	86.5	79.3
Bu./A.	149.1	151.1	155.0
Production	10,535	13,074	12,288
Imports	12	18	15
Beginning Carryover	1,967	1,304	1,576
Total Supply	12,514	14,396	13,878
Utilization:			
Feed and Residual	5,595	6,050	5,300
Food, seed, industrial	3,490	4,345	5,445
Ethanol for fuel	2,119 (20%)	3,000 (23%)	4,100 (33%)
Exports	2,125	2,425	2,000
Total Utilization	11,210	12,820	12,745
Ending Carryover	1,304 (12%)	1,576 (12%)	1,133 (9%)
U.S. Farm Price	\$3.04	\$4.25	\$4.90-\$5.90

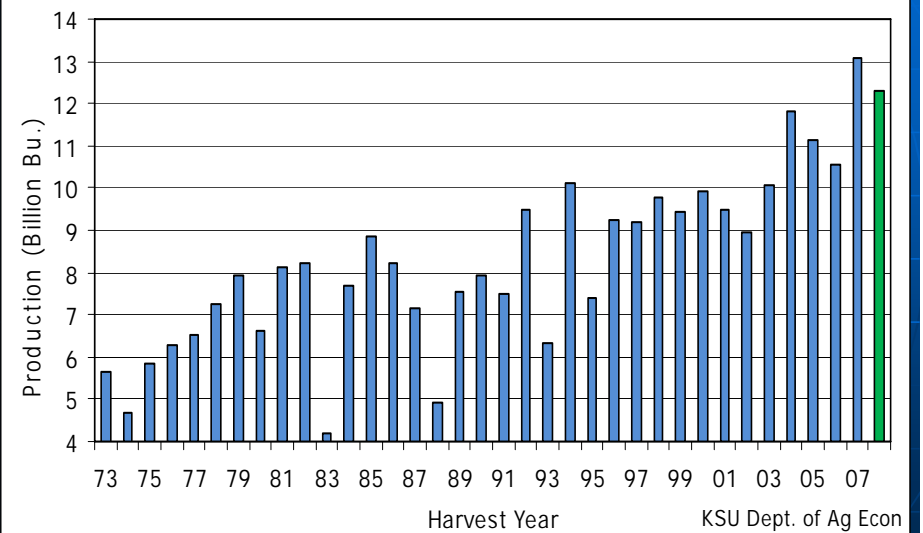
U.S. Corn Planted Acreage



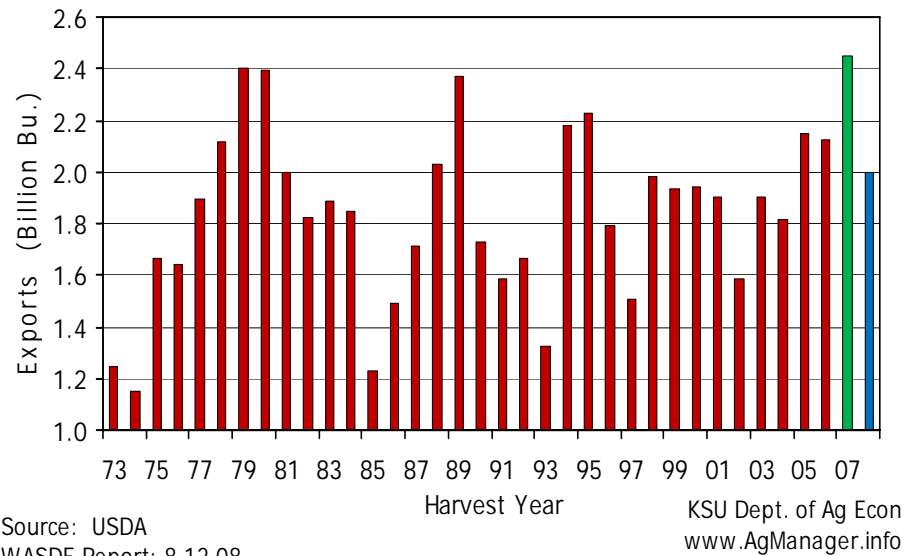
U.S. Corn Yield



Total U.S. Corn Production



U.S. Corn Exports



GRAIN SORGHUM

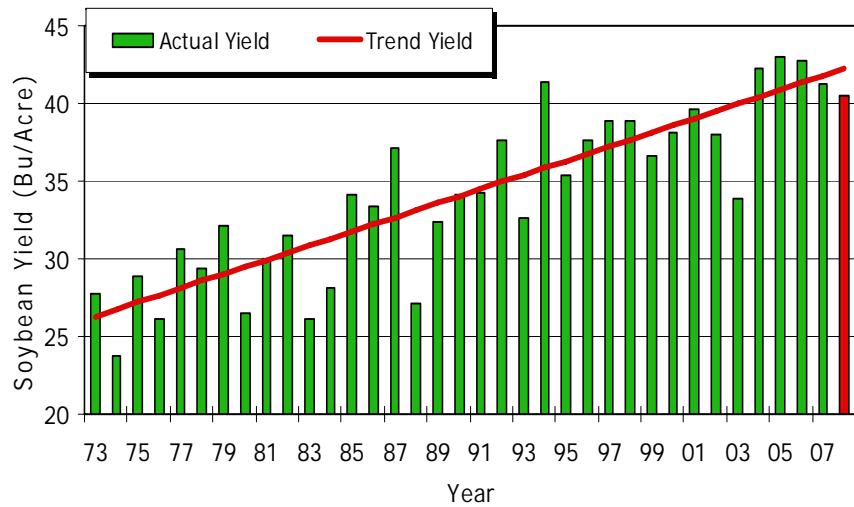
Sorghum Balance Sheet

	06-07	07-08	08/09
Plant A. (mil.)	6.5	7.7	7.3
Harvest A. (mil.)	4.9	6.8	6.4
Bu./A.	56.2	74.2	63.7
Production	278	505	410
Imports	0	0	0
Beginning Carryover	66	32	52
Total Supply	343	537	462
Utilization:			
Feed and Residual	114	175	200
Food, seed, industrial	45	35	70
Exports	153	275	130
Total Utilization	311	485	400
Ending Carryover	32 (10%)	52 (11%)	62 (16%)
U.S. Farm Price	\$3.29	\$4.15	\$4.40-\$5.40

Soybean Balance Sheet

	06/07	07/08	08/09
Plant A. (mil.)	75.5	63.6	74.8
Harvest A. (mil.)	74.6	62.8	73.3
Bu./A.	42.7	41.2	40.5
Production	3,188	2,585	2,973
Imports	9	10	8
Beginning Carryover	449	574	135
Total Supply	3,647	3,169	3,116
Utilization:			
Crushings	1,808	1,830	1,815
Seed	78	94	90
Exports	1,118	1,145	1,000
Residual	70	-35	75
Total Utilization	3,073	3,034	2,980
Ending Carryover	574 (19%)	135 (4%)	135 (5%)
U.S. Farm Price	\$6.43	\$10.15	\$12.50-\$13.00

U.S. Soybean Yields

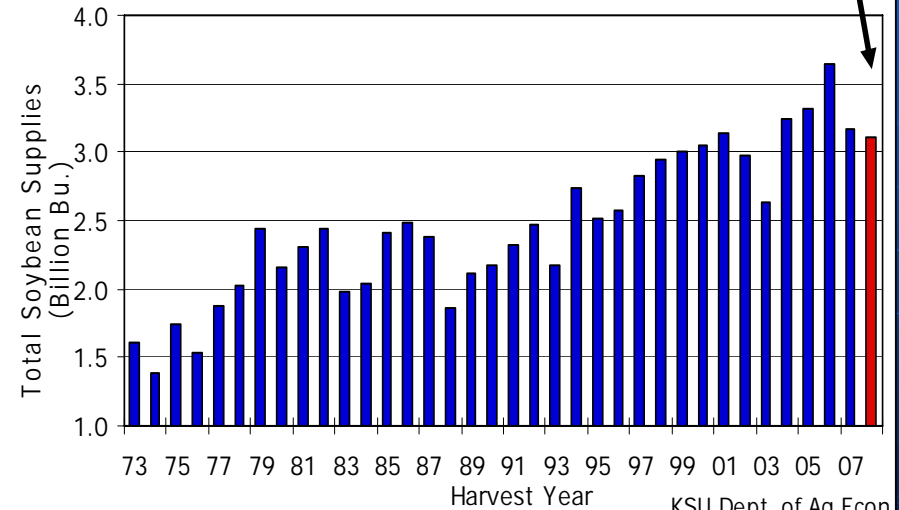


Source: USDA WASDE Report 8.12.08 & K-State Ag. Econ. Dept.

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U.S. Total Soybean Supply

2008 estimate assumes estimated trend yield of 40.5 bu./acre

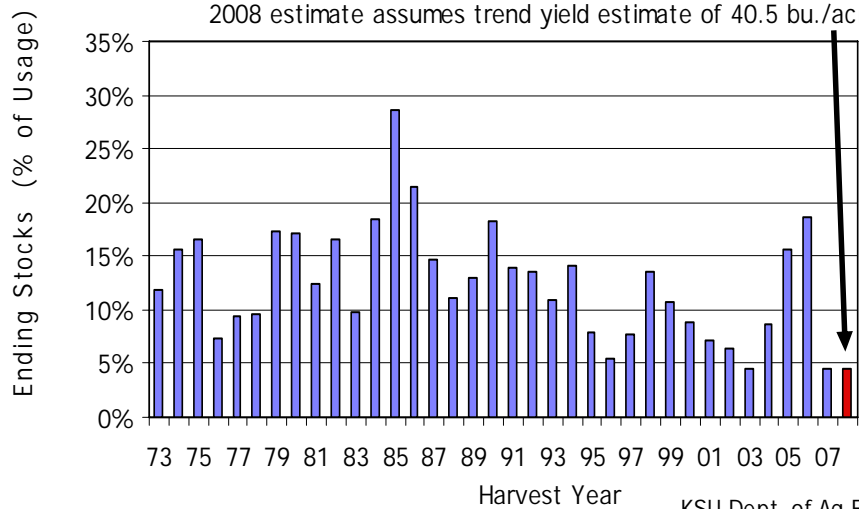


Source: USDA WASDE Report 8.12.08 & K-State Ag. Econ. Dept.

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Soybean Ending Stocks Ending Stocks as % of Total Usage

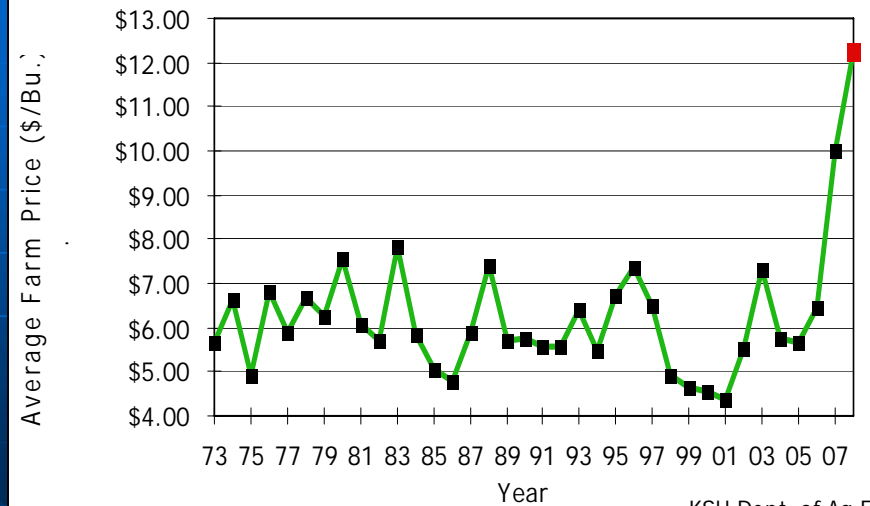
2008 estimate assumes trend yield estimate of 40.5 bu./acre



Source: USDA WASDE Report 8.12.08 & K-State Ag. Econ. Dept.

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U.S. Average Soybean Price



Source: USDA WASDE Report 8.12.08 & K-State Ag. Econ. Dept.

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Land in Crops

(Millions of acres)

	5 yr. Ave.	07/08USDA	08/09USDA ¹
Corn	79.6	93.6	87.0 (-7%)
Soybeans	74.2	63.7	73.3 (+15%)
Hay	62.4	61.6	60.4 (-2%)
Wheat	59.5	60.4	63.5 (+5%)
Cotton	14.1	10.9	9.25 (-15%)
Grain Sorghum	8.1	7.7	7.3 (-5%)
Principle Crops	297.9	297.9	302.25
CRP		35.9	34.9 (-3%)

¹USDA, WASDE, Released Aug 12, 2008.

Total crop land in the United States – 441.6 million acres

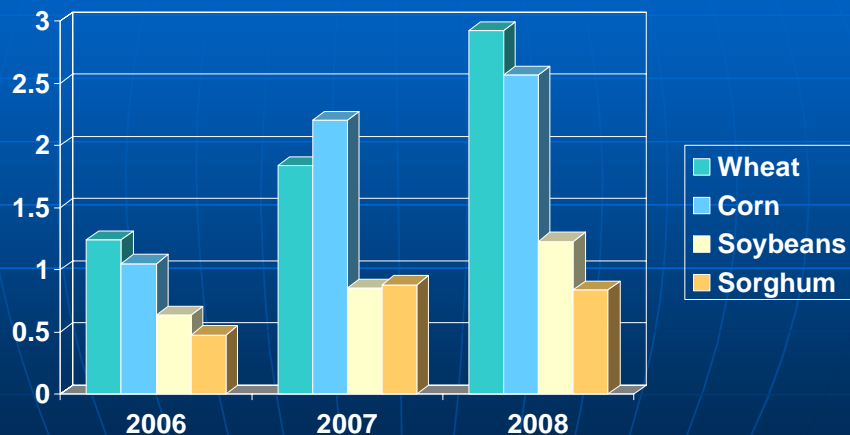
Kansas Grain and Oilseed Production, 2008

Crop	Mil. A.	Bu./A.	Pdn(mil. Bu.)	Value ¹ (bil.\$)
Wheat	9.4	39.0	366.6	2.925
Corn	3.9	134.0	522.6	2.566
Sorghum	2.75	71.0	195.25	.838
Soybeans	3.1	32.0	99.2	1.229
Total Value				\$7.560

¹ Kansas City cash truck bids 12 Aug. 2008 – wheat \$7.99; corn \$4.91; sorghum \$4.29; soybeans \$12.39

Source: USDA, NASS, Crop Production Report released August 12, 2008.

Value of Major Kansas Crops, Billions of Dollars, 2006-08



Current Grain Market Situation

- Wheat – Global production up 9%, demand for feed wheat and to replenish supplies, Middle East drought
- Corn/CGs – Global demand; U.S. ethanol demand; global stocks will be drawn down 3%
- Soybeans – Low U.S. carryover; Argentinean conflict resolved; Brazilian hectares?

Factors to Watch:

- Oil price/value of dollar
- Global S/D balances
- Weather remainder of season