

March 31st Prospective Planting Report Summary

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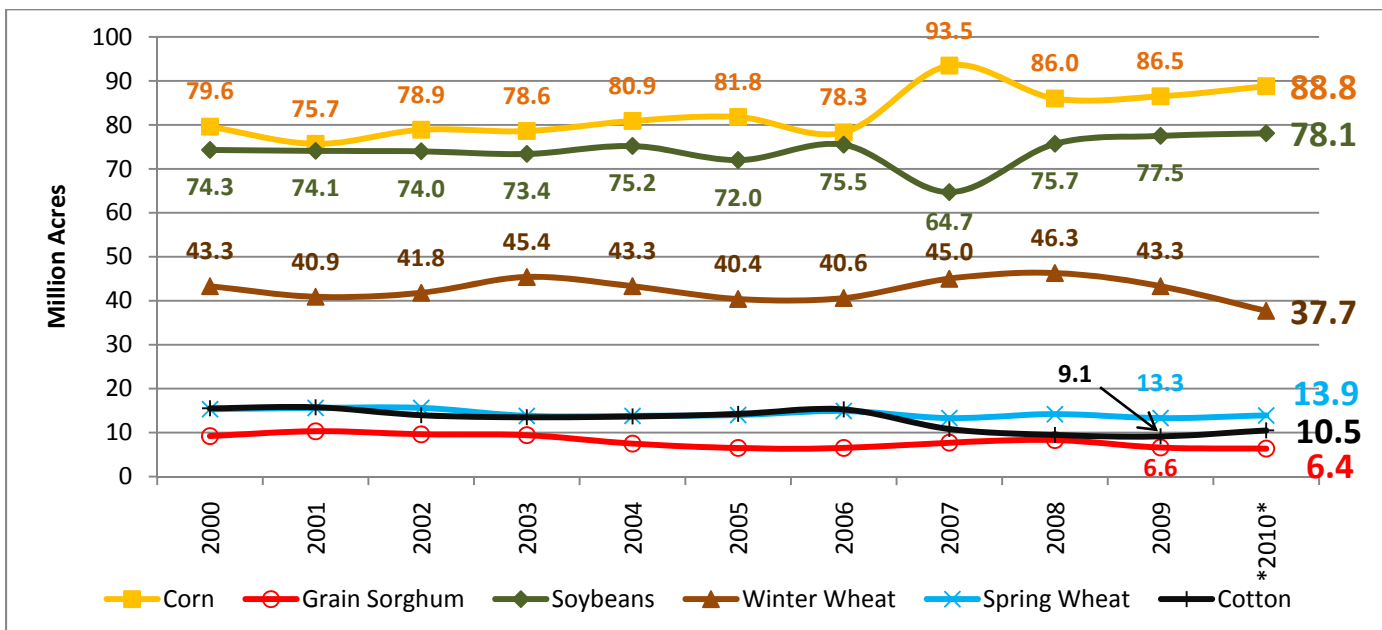
The 2010 Prospective Plantings report released on Wednesday, March 31st by the USDA National Agricultural Statistical Service indicates U.S. farmers' intentions to increase planted acreage of corn, soybeans, spring wheat, cotton and sunflowers. The report also indicated that farmer's intended to reduce their planted acreage of grain sorghum, barley and oats in 2010. The impact of reduced hard red winter wheat acreage from Texas to the Northern Plains is found in these 2010 planting intentions, as is the impact of reduced soft red winter wheat acreage in the eastern Corn Belt. The affect of the expected profitability of cotton enterprises on farmer's planting intentions is also seen in the planting intentions for the southeastern quarter and southern plains of the United States.

As a result of this report, market expectations for larger production and total supplies of feedgrains and oilseeds in 2010 have increased, although confident projections of such are premature at this point in time prior to the 2010 spring planting and summer growing seasons. Assuming normal yields and steady demand for U.S. grains in the 2010-11 marketing years for feedgrains and oilseeds, increased production in 2010 would likely lead to reduced prospects for grain prices for the coming 2010-11 marketing year. Wheat market prospects for excessive supplies relative to demand and generally lower prices have not been changed appreciably by the 2010 Planting Intentions report.

Corn Acreage in 2010

Farmers in the U.S. intend to plant 88.798 million acres (mln ac) of corn in 2010. This amount of corn acreage would be an increase of 2.316 mln ac or 2.7% from 2009, and an increase of 3.7% from 2008 (Figure 1). Planted acreage of 88.798 mln ac was slightly less (14 mln ac) than average pre-report expectations of private analysts, which ranged from 87.0 to 90.2 mln ac.

Figure 1. U.S. Planting Intentions for 2010 and Planted Acreage (2000-2009) for Selected Major Crops
(Source: USDA NASS Prospective Plantings Report, March 31, 2010)



United States harvested corn acreage has averaged 90.9% of planted corn acreage over the 2000 – 2009 period (Table 2). If this same relationship applies to 2010 planted corn acres, then 88.8 mln ac of corn planted in the U.S. in 2010 would result in a harvested area of 80.72 mln ac. With the same average U.S. corn yield of 160.9 bushels per acre as the USDA used at the 2010 Agricultural Outlook Forum in early 2010, U.S. corn production in 2010 would equal 12.99 billion bushels (bb). This would be the third largest U.S. corn crop in history, trailing 13.038 bb in 2007 and 13.151 bb in 2009.

Table 2. U.S. Crop Planted & Harvested Acreage for Selected Crops Since 1990 (million acres)

(Source: USDA NASS Prospective Plantings Report, March 31, 2010)

Year	Corn		Soybeans		Grain Sorghum		Winter Wheat		Spring Wheat	
	Planted	Harvested	Planted	Harvested	Planted	Harvested	Planted	Harvested	Planted	Harvested
2000	79.6	72.4	74.3	72.4	9.2	7.7	43.3	35.0	15.3	14.5
2001	75.7	68.8	74.1	73.0	10.3	8.6	40.9	31.2	15.6	14.5
2002	78.9	69.3	74.0	72.5	9.6	7.1	41.8	29.7	15.6	13.4
2003	78.6	70.9	73.4	72.5	9.4	7.8	45.4	36.8	13.8	13.4
2004	80.9	73.6	75.2	74.0	7.5	6.5	43.3	34.4	13.8	13.2
2005	81.8	75.1	72.0	71.3	6.5	5.7	40.4	33.8	14.0	13.6
2006	78.3	70.6	75.5	74.6	6.5	4.9	40.6	31.1	14.9	13.9
2007	93.5	86.5	64.7	64.1	7.7	6.8	45.0	35.9	13.3	12.9
2008	86.0	78.6	75.7	74.7	8.3	7.3	46.3	39.6	14.2	13.5
2009	86.5	79.6	77.5	76.4	6.6	5.5	43.3	34.5	13.3	13.0
*2010	88.8		78.1		6.4		37.7		13.9	

State Corn Planting Intentions: Among the top 7 corn producing states in terms of acreage, Iowa is projected to decline by 200,000 acres to 13.5 mln ac; Illinois to increase by 600,000 acres to 12.6 mln ac; Nebraska to increase by 50,000 acres to 9.2 mln ac; Minnesota to be unchanged at 7.6 mln ac; Indiana to increase by 100,000 acres to 5.7 mln ac; and Kansas to increase by 600,000 acres to 4.7 mln acres. Projected changes in other states of note are: Ohio to increase by 350,000 acres to 3.7 mln ac; Missouri to increase by 300,000 acres to 3.3 mln ac; and decreases in corn acreage across southern states such as Arkansas, Georgia, Louisiana, Oklahoma, and Texas (likely in favor of cotton).

Soybean Acreage in 2010

Farmers in the U.S. intend to plant 78.098 million acres (mln ac) of soybeans in 2010. This amount of soybean acreage would be an increase of 647 mln ac or 0.8% from 2009, and an increase of 3.1% from 2008 (Figure 1). Planted acreage of 78.098 mln ac was 45 mln ac or 0.6% less than average pre-report expectations of private analysts, which ranged from 77.43 to 79.5 mln acres.

United States harvested soybean acreage has averaged 98.5% of planted soybean acreage over the 2000 – 2009 period (Table 2). If this same relationship applies to 2010 planted soybean acres, then 78.098 mln ac of soybeans planted in the U.S. in 2010 would result in a harvested area of 76.927 mln ac. With the same average U.S. soybean yield of 42.9 bushels per acre as the USDA at its 2010 Agricultural Outlook Forum, U.S. soybean production in 2010 would equal 3.300 bb. This would be the second largest U.S. soybean crop in history, trailing 3.359 bb in 2009.

State Soybean Planting Intentions: Among the top 7 soybean producing states in terms of acreage, Iowa is projected to increase by 300,000 acres to 9.9 mln ac; Illinois to increase by 100,000 acres to 9.5 mln ac; Minnesota to be unchanged at 7.2 mln ac; Indiana to be unchanged at 7.6 mln ac; Missouri to increase by

50,000 acres to 5.4 mln ac; and Nebraska to increase by 100,000 acres to 4.9 mln acres. Projected changes in other states of note are: South Dakota to increase by 150,000 acres to 4.4 mln ac; Kansas to increase by 400,000 acres to 4.1 mln ac; and decreases in soybean acreage across southern states such as Alabama, Arkansas, Georgia, Louisiana, North Carolina, South Carolina, and Tennessee (again, likely in favor of cotton).

Spring Wheat and Winter Wheat Acreage in 2010

Farmers in the U.S. intend to plant 13.906 mln ac of spring wheat in 2010. This amount of spring wheat acreage would be an increase of 638 mln ac or 4.8% from 2009, but a decrease of 1.8% from 2008 (Figure 1). Planted acreage of 13.906 mln ac was 346 mln ac or 2.6% more than average pre-report expectations of private analysts, which ranged from 12.80 to 14.00 mln acres.

United States harvested spring wheat acreage has averaged 94.5% of planted spring wheat acreage over the 2000 – 2009 period (Table 2). If this same relationship applies to 2010 planted spring wheat acres, then 13.906 mln ac of spring wheat planted in the U.S. in 2010 would result in a harvested area of 13.141 mln acres. With an average U.S. spring wheat yield of 40.2 bushels per acre (equal to the U.S. average yield over 2007-2009), U.S. spring wheat production in 2010 would equal 529 mb. This would be the second largest U.S. spring wheat crop since 1996, trailing 548 mb in 2009.

State Spring Wheat Planting Intentions: Among the top 6 spring wheat producing states in terms of acreage, North Dakota is projected to increase by 250,000 acres to 6.7 mln ac; Montana to increase by 400,000 acres to 2.8 mln ac; South Dakota to increase by 100,000 acres at 1.6 mln ac; Minnesota to decrease by 100,000 acres at 1.5 mln ac; Idaho to increase by 30,000 acres to 580,000 acres; and Washington to decrease by 50,000 acres to 540,000 acres.

Winter Wheat Acreage Adjustments: The USDA made some changes in 2010 winter wheat planted acreage estimates in the Prospective Plantings report. Farmers in the U.S. intend to plant 37.698 mln ac of winter wheat in 2010. This was an increase of 601,000 acres from the January 12, 2010 Winter Wheat Seedings report. This amount of winter wheat acreage would be a decrease of 5.613 mln ac or 13.0% from 2009, and a decrease of 18.6% from 2008 (Figure 1). Planted acreage of 37.698 mln ac was 378 mln ac or 1.0% more than average pre-report expectations of private analysts, which ranged from 37.1 to 37.9 mln acres.

Grain Sorghum Acreage in 2010

Farmers in the U.S. intend to plant 6.360 million acres of grain sorghum in 2010. This amount of grain sorghum acreage would be a decrease of 273,000 acres or 4.1% from 2009, and a decrease of 23.2% from 2008 (Figure 1). Planted acreage of 6.360 mln ac was 1.140 mln ac or 15.2% less than average pre-report expectations of private analysts, which ranged from 6.5 to 8.5 mln acres.

United States harvested grain sorghum acreage has averaged 83.2% of planted grain sorghum acreage over the 2000 – 2009 period (Table 2). If this same relationship applies to 2010 planted grain sorghum acres, then the 6.36 mln ac of grain sorghum planted in the U.S. in 2010 would result in a harvested area of 5.29 mln ac. With an average U.S. spring wheat yield of 69.2 bushels per acre (equal to the U.S. average yield over 2007-2009), U.S. grain sorghum production in 2010 would equal 366 mb. This would be the second smallest U.S. grain sorghum crop since 1957, with only the 277 mb in 2006 being smaller.

State Grain Sorghum Planting Intentions: Among the top 7 grain sorghum producing states in terms of acreage, Kansas is projected to be unchanged to 2.7 mln ac; Texas to decrease by 300,000 acres to 2.4 mln ac; Oklahoma to be unchanged at 250,000 acres; Nebraska to decrease by 25,000 acres to 210,000 acres; South

Dakota and Colorado both to increase by 20,000 acres to 200,000 acres; and New Mexico to be unchanged at 85,000 acres.

Cotton Acreage in 2010

Farmers in the U.S. intend to plant 10.505 million acres of cotton in 2010. This amount of cotton acreage would be an increase of 1.356 mln ac or 14.8% from 2009, and an increase of 10.9% from 2008 (Figure 1). Planted acreage of 10.505 mln ac was 11 mln ac or 1.0% more than average pre-report expectations of private analysts, which ranged from 10.2 to 10.6 mln acres.

Sunflower Acreage in 2010

Farmers in the U.S. intend to plant 2.181 million acres of sunflowers in 2010. This amount of sunflower acreage would be an increase of 151,000 acres or 7.4% from 2009, but a decrease of 13.3% from 2008. Oil sunflower planted acreage in 2010 is projected to increase 16,000 acres to 1,714,000 acres, while non-oil sunflower planted acreage is projected to increase by 135,000 acres to 467,000 acres.

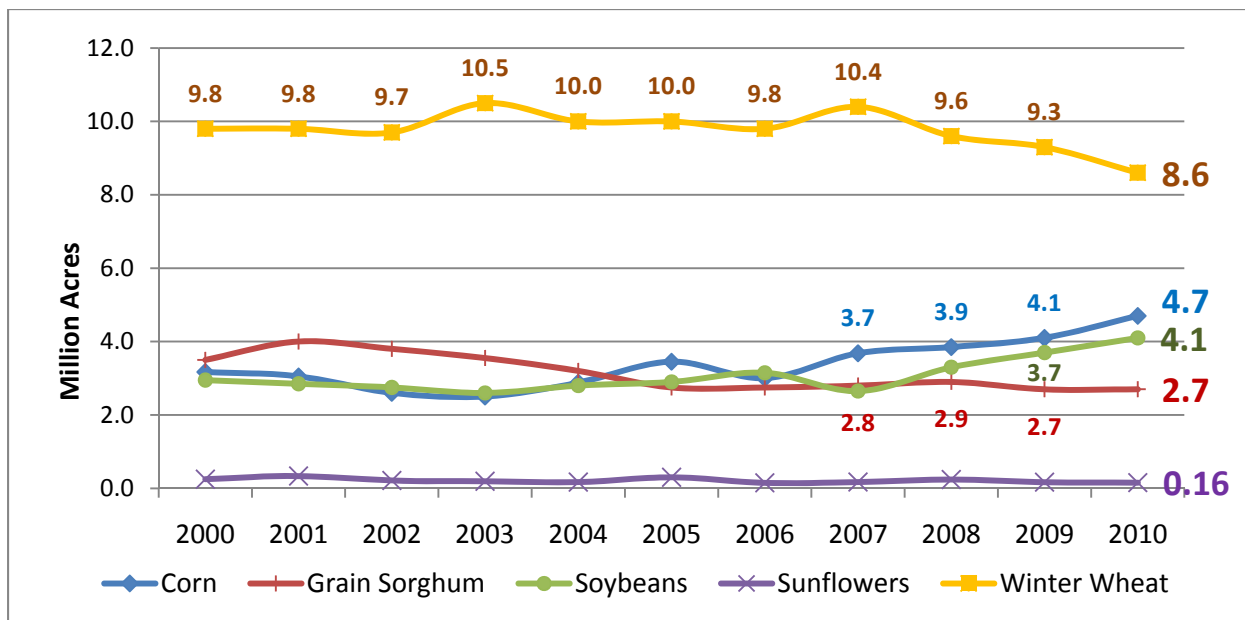
Kansas Crop Acreage for 2000-2010

The 2010 Planting Intentions report showed a continuation of the 3 year trend in which decreases in hard red winter wheat acreage are being displaced by increases in corn and soybean acres (Figure 2). Based on 2010 Planting Intentions report estimates, since 2007 hard red winter wheat acreage in Kansas has declined by 1.8 million acres, while corn and soybean acres have increased by 1.0 million and 1.4 million acres, respectively. Grain sorghum and sunflower acreage in the state has remained fairly steady. Increasing intensity of nonirrigated cropping rotations, with trends toward diminishing fallow acres, may account for the disparity between the amount of wheat acreage declines and corn plus soybean acreage increases.

Winter wheat planted acres in Kansas are estimated at 8.6 million acres for 2010 (down 700,000), followed by corn (4.7 mln ac, up 600,000), soybeans (4.1 mln ac, up 400,000), grain sorghum (2.7 mln ac, unchanged) and sunflowers (155,000 acres, down 13,000).

Figure 2. Kansas 2010 Planting Intentions & Planted Crop Acres (2000 – 2009)

Source: USDA National Agricultural Statistical Service

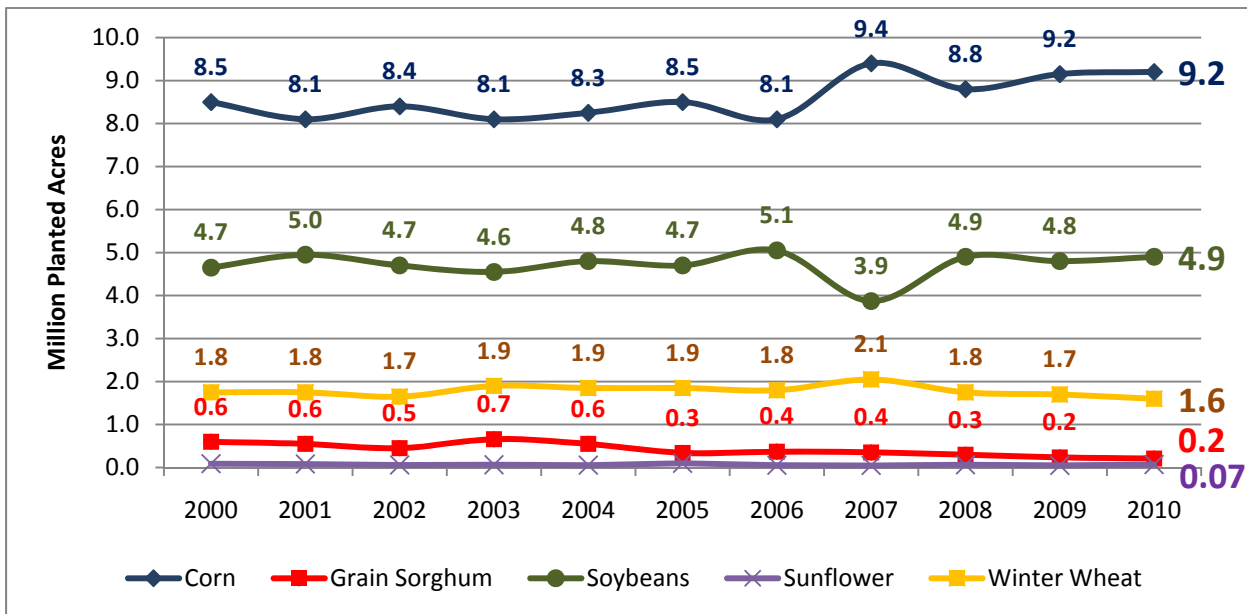


Nebraska Crop Acreage for 2000-2010

Nebraska crop acreage was relatively stable in comparison to Kansas, with corn acreage at 9.2 million acres (up 150,000), soybeans at 4.9 million acres (up 100,000), winter wheat at 1.6 million acres (down 100,000), grain sorghum at 210,000 acres (down 25,000), and sunflower at 70,000 acres (up 16,000).

Figure 3. Nebraska 2010 Planting Intentions & Planted Crop Acres (2000 – 2009)

Source: USDA National Agricultural Statistical Service



2010 Prospective Plantings Report Procedures and Reliability

The acreage estimates in the USDA NASS Prospective Plantings Report have historically been based primarily on surveys conducted during the first two (2) weeks in March. It is a probability survey, based on a large representative sample of U.S. farm operators (86,000 in March 2010). These farm operators are contacted by mail, internet, telephone, or personal interview to obtain information about farmer's crop acreage plans for the 2010 crop year.

The historic reliability of these prospective planting acreage estimates as indicated in the 2009 report are provided in Table 2. Over the last 20 years, final U.S. corn and winter wheat acreage have shown a tendency to be higher than Prospective Planting report estimates. Contrarily, final acreage for soybeans and grain sorghum have shown a tendency to be below the Prospective Plantings report estimate.

Table 2. Reliability of Prospective Plantings Planted Acreage Estimates in 2010

(Source: 2009 Prospective Plantings Report Released on March 31, 2010, USDA National Agricultural Statistics Service)

Crop	Root Mean Square Error	90% Confidence Interval	20-Year Record of Differences Between Forecast and Final Estimate				
			Thousand Acres (# Acres)			Number of Years	
			Average Difference 1,000 acres	Smallest 1,000 acres	Largest 1,000 acres	Below Final Number	Above Final Number
Corn	2.0%	3.5%	1,147	32	3,844	8	12
Soybeans	2.1%	3.6%	1,199	25	2,582	13	7
Grain Sorghum	8.9%	15.3%	693	31	2,471	11	9
Other Spring Wheat	5.2%	9.0%	695	12	2,543	10	10
Winter Wheat	1.5%	2.5%	516	6	1,415	8	12
Durum Wheat	6.7%	11.6%	162	12	552	15	5
Upland Cotton	4.5%	7.7%	440	6	1,320	11	9
Barley	5.5%	9.5%	268	31	667	5	15
Oats	5.8%	10.0%	269	4	865	2	18

Corn and grain sorghum acreage estimates from USDA NASS Prospective Planting reports have been within 3.5% and 15.3%, respectively, of final acreage figures 90% of the time over the 1990-2009 period. Final acreage for corn has been greater than the Prospective Plantings report estimate 12 times, and below 8 times, whereas final acreage for grain sorghum has been greater 9 times and below 13 times. Soybean acreage estimates from USDA NASS have been within 3.6% of final acreage figures 90% of the time over the 1990-2009 period, with final soybean acreage being greater than the Prospective Plantings report estimate 7 times, and below 13 times. Winter wheat and other spring wheat acreage estimates have been within 2.5% and 9.0% of final acreage figures 90% of the time over the 1990-2009 period, respectively. Final winter and other spring wheat acreage has been greater than the Prospective Plantings report estimate 12 and 10 times, respectively.

Conclusions

The 2010 Planting Intentions report reveals U.S. farmers plans to at least partially shift acreage from winter wheat to other cropping alternatives such as corn, soybeans and spring wheat in the mid to northern Corn Belt and Great Plains regions of the United States. This report also reveals an important shift in acreage toward cotton in large portions of the southeastern U.S. and southern plains regions of the country.

As shown in the record of historical reliability of the Planting Intentions report (Table 2), these estimates are subject to change, especially if excessively wet conditions would hamper field work and planting in major parts of the U.S. Corn Belt, the northern or southern plains, or elsewhere in the United States. The USDA World Agricultural Outlook Board will begin reporting supply-demand estimates for the 2010-11 marketing year based on these National Agricultural Statistics Service acreage projections and other information in the World Agricultural Supply-Demand Estimates scheduled for release on May 11, 2010.