

USDA WASDE Report - Corn & Grain Sorghum Market Impacts

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Summary

Although the October 12th USDA reports projected decreased U.S. corn production in 2011, the market impact was offset by increased new crop beginning stocks and projections of lower U.S. corn usage for the 2011/12 marketing year. Even with these projected increases in U.S. corn supplies and significant rationing or cutbacks in usage, near record tight U.S. corn ending stocks, and record high corn prices are projected in MY 2011/12.

2011 Corn Production: In its October 12th Crop Production report, the USDA National Agricultural Statistical Service projected U.S. 2011 corn yields to be 148.1 bushels per acre yield, the lowest yield since 148.0 in 2005. Planted and harvested U.S. 2011 corn acreage were projected to be 91.9 and 83.9 million acres, respectively, both down from September USDA reports, but up from the previous three (3) years. Corn production in the U.S. in 2011 was projected to be 12.433 billion bushels, marginally lower than the previous month, but over 1 billion bushels less than USDA July projections. This is the lowest U.S. corn production total since 2006.

MY 2011/12 Corn Supply-Demand Balances: In the October USDA World Agricultural Supply and Demand Estimates report, significant price rationing was projected to occur in the 2011/12 marketing year, with reductions in projected exports (down 12.8%), livestock feed use (down 2.1%), and ethanol usage (down 0.4%). Corn input buyers are likely to find it less profitable to buy and produce products with record high corn prices in the \$6.20-\$7.20 range as projected by the USDA, which is in essence the market mechanism for price rationing of corn usage.

The outcome of the severe price rationing projected for MY 2011/12 is that ending stocks are projected to decline to 866 million bushels, with % ending stocks-to-use falling to 6.8%. Even though October ending stocks and stocks-to-use are up markedly from September (i.e., 672 mb and 5.3% S/U, respectively), they still represent the lowest stocks estimates since MY 1995/96 (426 mb and 5.0% stocks-to-use).

MY 2011/12 Grain Sorghum Supply-Demand Balances: Grain sorghum production in the U.S. in 2011 has been damaged severely by drought in the southern and central Plains – traditionally the leading areas for U.S. grain sorghum production (i.e., Kansas and Texas). Grain sorghum stocks are at minimal levels logistically speaking, and grain sorghum prices are following closely to those of corn. Grain sorghum prices have been following closely with those of corn.

Market Prospects for 2011/12: Prospects are for tight supply-demand conditions and historically high feedgrain prices from fall 2011 through spring-summer 2012. Strong pressure will occur to at least maintain if not significantly increase 2012 U.S. corn acreage in an attempt to replenish U.S. corn supply-demand balances. Grain markets will likely be extremely sensitive to any threats to 2012 U.S. corn production. If per chance dry conditions were to continue in the U.S. in 2012 in key corn and grain sorghum production areas, high and volatile feedgrain prices would also occur, with the likelihood of major negative consequences occurring in domestic feedgrain using industries.

I. U.S. Corn Market Situation and Outlook

- A. **Lower 2011 U.S. Corn Production Prospects:** In its October Crop Production report, the USDA National Agricultural Statistical Service (NASS) lowered its projection of 2011 U.S. corn production marginally. This is the second consecutive year (i.e., 2010 and 2011) in which weather issues have resulted in lower U.S. corn production than has been projected or hoped for early in the growing season (see Table 1). Shorter than hoped for production these last two years have led to a marked tightening of U.S. corn supply-demand balances and provided support of higher U.S. corn prices.
- a. **U.S. 2011 Corn Planted Acreage = 91.9 million acres:** USDA NASS projected that farmers in the United States planted 91.897 million acres (ma) of corn in 2011, down 385,000 acres from 92.282 ma projected in the September USDA NASS Crop Production report. However, 2011 U.S. corn planted acreage is up 4.2% from 88.192 ma in 2010, and is the largest amount of U.S. corn planted acreage since the 2007 record high of 93.527 ma.
 - b. **U.S. 2011 Corn Harvested Acreage = 83.9 ma:** USDA NASS projected that the U.S. would harvest 83.936 ma of corn in 2011, down 452,000 acres from 84.388 ma projected in the September USDA NASS Crop Production report. However, 2011 U.S. corn harvested acreage is up 3.1% from 81.446 ma in 2010, and the largest amount of U.S. corn acreage since the 2007 record high of 86.5 ma.
 - i. **Kansas & Nebraska Corn Acreage:**
 - **Kansas** 2011 harvested corn acreage is projected to be 4.30 ma, down from 4.50 ma in September, and from 4.65 ma in 2010.
 - **Nebraska** 2011 harvested corn acreage is projected to be 9.50 ma, down from 9.65 ma in September, but up markedly from 8.85 ma in 2010.
 - c. **U.S. 2011 Corn Yields = 148.1 bu/acre:** USDA NASS projected 2011 U.S. corn yields at 148.1 bu/acre. This yield projection is unchanged from September, but down from 153 bu in August and earlier USDA WASDE projections of 158.7 bu in July. Corn yield prospects in 2011 have been affected by the cumulative impact of a) difficult spring planting conditions in the eastern and northern Corn Belt, b) hot, dry July and August weather in many Corn Belt sections, and c) continuing drought in the southern and central Plains and in the southeastern United States.
 - i. **U.S. Corn Yields on a “Bell Curve”:** Over the last 5 years, U.S. corn yields have taken on a “bell curve” pattern, with lower average yields in 2007 and 2011, and higher yields in the interim – with 2009 being the highest. United States corn yields were 150.7 bu/ac in 2007, 153.9 bu/ac in 2008, 164.7 bu/ac in 2009, 152.8 bu/ac in 2010, and are projected to be 148.1 bu/ac in 2011.
 - If the 2011 U.S. corn yield projection of 148.1 bu/ac holds true, the record high yield of 164.7 bu/ac will have been 7% higher than the next highest yield of 153.9 bu/ac (2008) during this period, and 8.8% higher than the average yield of 151.4 bu/ac for other year’s yields since 2007.

Commentary: Expectations of U.S. trendline yields of 165 bu/ac or more since 2009 have not been met in either 2010 or 2011, and will effectively lead to lower trendline corn yield projections for 2012.

- d. **U.S. 2011 Corn Production = 12.433 billion bushels:** USDA NASS projected 2011 U.S. corn production to be 12.433 billion bushels (bb), down 64 million bushels (mb) from the September report, and down 417 mb from August. Some uncertainty about final 2011 U.S. corn planted and harvested acreage still exists – following from planting delays in spring 2011 and major flooding events along the Missouri, Ohio and Mississippi rivers and their tributaries.
- i. Over the last 5 years, U.S. corn production has been 13.038 bb in 2007, 12.092 bb in 2008, 13.092 bb in 2009, 12.447 bb in 2010, and is now projected to be 12.433 bb in 2011.
- If the 2011 U.S. corn production projection of 12.433 bb holds true, this will be the fourth largest U.S. corn crop in history, trailing only 2007, 2009 and 2010.
- ii. **Historic Accuracy of NASS October Crop Production Forecasts:** Over the last 20 years, the 90% confidence interval for USDA NASS October U.S. corn production forecasts is surprisingly wide, ranging +/- 5.4% from final U.S. corn production estimates. This means that there is a 90% probability that final 2011 U.S. corn production will be in the range of 11.811 to 13.055 bb – a range of outcomes over which dramatically different ending stocks-to-use and price regimes would result. If adjustments / reductions to 2011 corn planted and/or harvested acreage do occur, it will likely be reflected in the November or January USDA NASS Crop Production reports.

Commentary: The inability since 2009 to meet U.S. trendline yields of 165 bu/ac or more have caused a dramatic tightening of U.S. corn ending stocks and % ending stocks-to-use in MY 2010/11 and again in MY 2011/12. Either a) a return to trendline U.S. corn yields, b) large increases in U.S. corn acreage, or c) sizable reductions in U.S. corn usage will be needed to rebuild U.S. corn stocks in MY 2012/13 and later years.

- B. **“Old Crop” U.S. Corn Supply-Demand for MY 2010/11:** In its October 12th World Agricultural Supply and Demand Estimates (WASDE), the USDA World Agricultural Outlook Board made a number of adjustments to its old crop MY 2010/11 U.S. corn usage, ending stocks, and price estimates (**Table 1 & Figure 1**). These adjustments follow from the results of the USDA September 30th Grain Stocks report, and are consistent with the pattern of price rationing of U.S. corn usage indicated in previous 2011 USDA U.S. old crop marketing year projections.

In the October USDA WASDE report, estimated old crop MY 2010/11 feed and residual use dropped to 4.803 bb, down 197 mb from September. Corn exports were estimated to be 1.835 bb, unchanged from September, but down from 1.875 in July. Non-ethanol food, seed and industrial usage was estimated to be 1.395 bb for MY 2010/11, down 25 mb from September, but up from 1.380 bb in July. Total use of U.S. corn for MY 2010/11 was estimated to be 13.053 bb, down from 13.265 bb in September, and down from 13.305 bb in July. Estimated old crop MY 2010/11 ending stocks of 1,128 bb is up from 920 mb in September and from 880 mb in July.

- a. **% Ending Stocks-to-Use (8.6%) & Prices (\$5.18 /bu) for MY 2010/11:** Projected % ending stocks-to-use of 8.6% for “old crop” MY 2010/11 is the third lowest since MY 1973/74, behind

only 5.0% in MY 1995/96 and the projection of 6.8% for “new crop” MY 2011/12. U.S. average corn price estimates for MY 2010/11 were lowered slightly (down \$0.02 / bu to \$5.18 per bushel).

C. **“New Crop” U.S. Corn Supply-Demand for MY 2011/12:** In response to marginally lower 2011 U.S. corn production prospects and the September 30th Quarterly Stocks Report, the USDA World Agricultural Outlook Board made a number of significant adjustments to supplies, usage, ending stocks, and price estimates in its October 12th WASDE report (**Table 1 & Figure 1**). These changes reflect the expected rationing influence of high U.S. corn prices on U.S. corn usage in MY 2011/12.

- a. **Lowest U.S. Corn Total Supplies since MY 2007/08 = 13.576 bb:** With projected MY 2011/12 beginning stocks of 1.128 bb (up 208 mb, but still the lowest since 958 mb in MY 2004/05), 2011 production of 12.433 bb, and imports of 15 mb, total supplies of U.S. corn for MY 2011/12 are projected to be 13.576 bb.
- i. Projected total U.S. corn supplies of 13.576 bb for MY 2011/12 are the lowest since 12.510 bb in MY 2006/07, and are 4.8% below the four year average of 14.262 bb U.S. total supplies for MY 2007/08 through MY 2010/11 (**Table 1 & Figure 2**).

Commentary: The combination of moderately tight beginning stocks (following a shorter than expected corn crop in 2010) and lower than anticipated production has led to the current tight, “at risk” supply-demand balance situation for U.S. corn in MY 2011/12. Prospects for extremely tight beginning stocks are likely to cause anxious responses and further price volatility in feedgrain markets in response to any weather threat to 2012 U.S. corn production.

- b. **Total Corn Use Down to 12.710 bb in MY 2011/12:** Following from expectations of even greater reductions in new crop total U.S. corn supplies from previous months, the USDA projected that price rationing would bring about further significant cuts in U.S. corn usage in order to maintain minimal required ending stocks for MY 2011/12 (**Table 1 & Figure 1**).
- i. Ethanol Use = 5.000 bb: The USDA left unchanged its projection of U.S. corn usage for ethanol in MY 2011/12 at 5.00 bb. This projection is down from 5.150 bb in July. This would be the first year-to-year reduction in U.S. corn ethanol usage since the record tight ending stocks-to-use year of MY 1995/96.
- These downward adjustments by USDA since July are symptomatic of concerns about whether ethanol demand and associated U.S. corn usage will maintain at these levels. A combination of a) weakness in the general economy, and b) uncertainty about the impact of likely changes in government funding for ethanol blenders credits and tariff protection in 2012 may factor into this downward adjustment.
- ii. Non-ethanol FSI Use = 1.410 bb: No changes were made in non-ethanol food, seed and industrial use of corn of 1.410 bb. This amount of non-ethanol FSI use is just under the record large amounts of 1.416-1.422 bb during the MY 2005/06-MY 2006/07 period.
- iii. Export Use = 1.60 bb: The USDA lowered its projection of U.S. corn exports in MY 2011/12 to 1.600 bb, down 50 mb from September, and down from 1.900 bb in July. If this projection holds true, it would be the 5th lowest amount of U.S. corn exports MY 1990/91

– following 1.584 bb in MY 1991/92, 1.328 bb in MY 1993/93, 1.504 bb in MY 1997/98, and 1.588 bb in MY 2002/03.

Commentary: In a continuation in trends from the September WASDE report, increased foreign coarse grain product and total supplies as projected in the October WASDE more than offset the decrease in combined U.S. corn, grain sorghum, barley and oat production, and more than offsets projected U.S. declines in associated feedgrain trade (**Figure 3**).

Compared to MY 2010/11, the USDA is projecting that U.S. corn exports while be rationed proportionally more than other categories of usage. Compared to MY 2010/11, total corn use in MY 2011/12 is projected to decline 2.6%, while U.S. corn exports are projected to decline 13%, compared to total corn FSI use (down 0.1%) and livestock feed use (down 2.1%),.

- iv. **Feed & Residual Use = 4.700 bb:** The USDA projects MY 2011/12 U.S. corn feed and residual use to be 4.700 bb, unchanged from September, but down from 5.050 bb from July and down from 4.803 bb in MY 2010/11. If this projection holds true, it would be lowest amount of U.S. corn feed and residual use since 4.692 bb in MY 1995/96.

Commentary: This reduction in U.S. livestock feed usage of corn continues the year-to-year downward trend from the record high of 6.135 bb in MY 2004/05. The increased availability of distillers grains from ethanol production for domestic livestock feeding has to some degree offset this reduction in direct U.S. corn livestock feed use.

- v. **Total Corn Use = 12.710 bb:** For MY 2011/12, the USDA projects that total use of corn will be 12.710 bb, down 50 mb from September, and down from 13.500 bb (down 5.9%) from July. If this projection is accurate, MY 2011/12 use of 12.710 bb would be 2.6% less than 13.053 bb in MY 2010/11, and would be the lowest since 12.056 bb in MY 2008/09 and 12.737 bb in MY 2007/08.

Commentary: In these preliminary USDA projections of how short supplies and high prices will affect the usage of U.S. corn in MY 2011/12, the USDA is accounting for a number of factors. These include a) the inflexibility of demand and price responsiveness of U.S. gasoline demand, b) projected livestock feeding inventories, livestock/meat prices and projections of livestock feeding profitability, c) strength of consumer demand for processed corn products, and d) the value of the U.S. dollar relative to the currencies of countries involved in World coarse grain export / import trade.

Although these early projections are subject to change, they are consistent with the broader idea that higher corn prices will continue to ration usage to such a degree so as to ensure that adequate supplies of corn will exist in the summer of 2012 (the end of MY 2011/12). If such rationing of U.S. corn usage does not occur, it is possible that drastic feedgrain supply shortages could occur that domestic agricultural industries that rely on corn inputs would be temporarily disrupted or shut down for lack of reasonably priced available corn supplies.

- c. **Recent Corn Use Trends:** Recent USDA projections of tighter livestock feeding of corn in MY 2011/12 are a continuation of a seven year trend (since MY 2004/05) in the livestock industry (**Figure 1**). Exports of U.S. Corn are projected to decline for the third consecutive year (since MY 2009/10). Year-to-year increases in corn ethanol usage are projected to continue - but to

moderate in response to high corn input prices, likely ethanol policy changes, and prospects for moderation in U.S. gasoline demand.

- C. **“New Crop” Ending Stocks (866 mb) & Ending Stocks-to-Use (6.8%)**: The USDA projects MY 2011/12 ending stocks to be 866 mb, up from 672 mb from September, but nearly equal to 870 mb in July. This level of U.S. corn ending stocks would be down from 1.128 bb in MY 2010/11 and from 1.708 bb in MY 2009/10. The MY 2011/12 projection equals 6.8% ending stocks-to-use, up from 5.3% in August, but down from 8.6% in MY 2010/11, and from 13.1% in MY 2009/10 (**Figure 2**). These % ending stocks-to-use levels compare to the historic low of 5.0% in MY 1995/96.

Commentary: It is still possible that % ending stocks to use levels of 5.0% or less may occur in MY 2011/12 for a number of plausible reasons. If some combination of a) lower projected 2011 U.S. corn production in the November 2011 or January 2012 Crop Production reports, or b) greater actual usage of U.S. corn in any of the major categories than is currently projected, then there is a possibility of new record low U.S. corn % ending stocks-to-use occurring (i.e., below 5.0%) in MY 2011/12.

Whereas uncertainty about estimates of U.S. corn production typically are mostly resolved by the November or following January crop production reports, questions about whether the rate of usage will lead to reductions in ending stocks are “worked through” in the cash market in the later part of the marketing year. If corn usage is on a more rapid pace than can be sustained to maintain a level of 6.8% endings stocks-to-use for MY 2011/12, then it will likely be reflected in cash corn basis bids, pace of exports and ethanol usage, and in quarterly stocks on December 1st, 2011, or on March 1st, June 1st and September 1st of 2012.

- D. **“New Crop” MY 2011/12 U.S. Corn Prices = \$6.20-\$7.20 /bu.**: U.S. corn prices have responded sharply to the high side in response to tightening of U.S. corn ending stocks-to-use. The trend which began in MY 2010/11 has continued in MY 2011/12, and is very likely to persist into MY 2012/13 (**Table 1 & Figure 2**).
- a. The USDA projected MY 2011/12 U.S. average corn prices to be record high in the range of **\$6.20-\$7.20 per bushel**, down \$0.30 on each end of the range from September, but up from the \$5.50-\$6.50 range in July. Current projections of MY 2011/12 prices of \$6.20-\$7.20 per bushel are up from \$3.55 in MY 2009/10 and \$5.18 in MY 2010/11.

Commentary: Tight corn supplies and high corn prices have provided carryover support for wheat prices. However, in the October WASDE report projections of wheat feeding declined markedly. That said, by responding to high corn prices, the wheat market appears to be acknowledging the possibility that large amounts of U.S. wheat feeding could occur in the later part of MY 2011/12 to make up for the lower than expected 2011 U.S. corn crop and historically tight MY 2011/12 corn ending stocks. Because of market arbitrage, as corn prices have moved higher, wheat prices have followed them at levels approximating breakeven feeding opportunities.

- E. **World Coarse Grain Supply-Demand Trends**: World and U.S. demand growth in the form of bioenergy use and livestock feeding is a key factor explaining record high U.S. corn prices – along with a likely second consecutive year of lower than expected U.S. corn production (**Figure 3**).

Persistent growth has occurred in U.S. and World usage for corn and other coarse grains since MY 2007/08. This resilient growth trend has occurred even though historically high corn / coarse grain prices occurred in 2008 and again in 2010-11.

- a. Projected World coarse grain production (1,136 mmt) and total supplies (1,304 mmt) for MY 2011/12 were up 5.1 and 10.4 mmt from September, respectively. World coarse grain use increased 4.3 mmt to leave projected World coarse grain ending stocks at 156 mmt (up 6.02). World coarse grain % ending stocks-to-use is estimated at 13.6%, up from 13.1% in September and from 12.8% in August. Increases in foreign coarse grain production and total supplies combined with increased foreign use and ending stocks offset to some degree the major changes that occurred in projected U.S. feedgrain supply-demand for MY 2011/12.

Commentary: Even with the projected increase in World ending stocks, World ending stocks-to-use from coarse grains has declined from 17.6% in MY 2009/10, 14.4% in MY 2010/11, and now to 13.6% for MY 2011/12. A broader trend toward tighter World coarse grain ending stocks is continuing, with a recovery needed in U.S. 2012 crop production to begin to rebuild both U.S. and World coarse grain supply-demand balances.

- D. **Persistence of Tight Supply-Demand for Corn into MY 2012/13:** Given a) the likelihood of historically tight ending stocks for U.S. corn in MY 2011/12 and b) competition for U.S. crop acres from soybeans and other crops in spring 2012, **concerns about the adequacy of U.S. corn supplies and supply-demand balances are likely to persist into MY 2012/13**, and to cause corn market price volatility through the 2012 U.S. corn growing season.

Table 1. U.S. Corn Supply-Demand Balance Sheet: MY 2007/08 through MY 2011/12
(October 12, 2011 USDA WASDE Report)

Item	2007/08	2008/09	2009/10	2010/11	2011/12
Planted Area (million acres)	93.5	86.0	86.4	88.2	91.9
Harvested Area (million acres)	86.5	78.6	79.5	81.4	83.9
Yield per harvested acre (bushels/acre)	150.7	153.9	164.7	152.8	148.1
	million bushels				
Beginning Stocks	1,304	1,624	1,673	1,708	1,128
Production	13,038	12,092	13,092	12,447	12,433
Imports	20	14	8	27	15
Total Supply	14,362	13,729	14,774	14,182	13,576
Ethanol for fuel	3,049	3,709	4,591	5,020	5,000
Non-ethanol Food, Seed & Industrial	1,393	1,316	1,370	1,395	1,410
Exports	2,437	1,849	1,980	1,835	1,600
Feed & Residual	5,858	5,182	5,125	4,803	4,700
Total Use	12,737	12,056	13,066	13,053	12,710
Ending Stocks	1,624	1,673	1,708	1,128	866
% Ending Stocks-to-Total Use	12.8%	13.9%	13.1%	8.6%	6.8%
U.S. Average Farm Price (\$/bushel)	\$4.20	\$4.06	\$3.55	\$5.18	\$6.20-\$7.20 Midpoint = \$6.81

Figure 1. Trends in U.S. Corn Use and Ending Stocks: MY 2004/05 through MY 2011/12
(October 12, 2011 USDA WASDE Report)

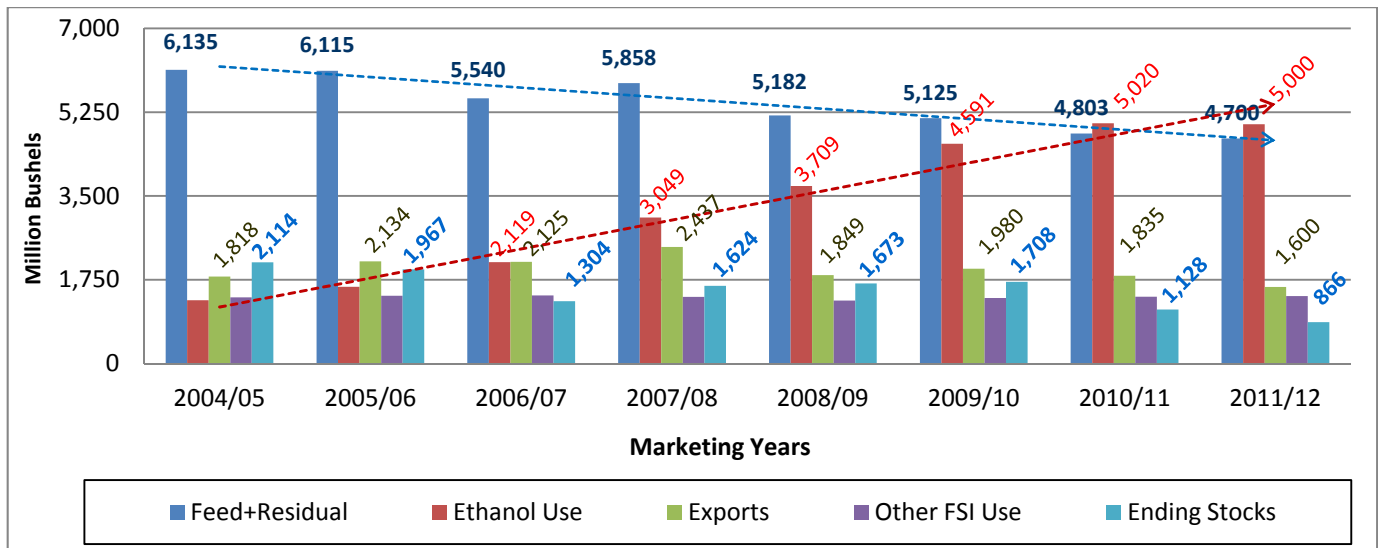


Figure 2. U.S. Corn Ending Stocks vs U.S. Avg. Cash Prices: MY 1973/74 through MY 2011/12
(October 12, 2011 USDA WASDE Report)

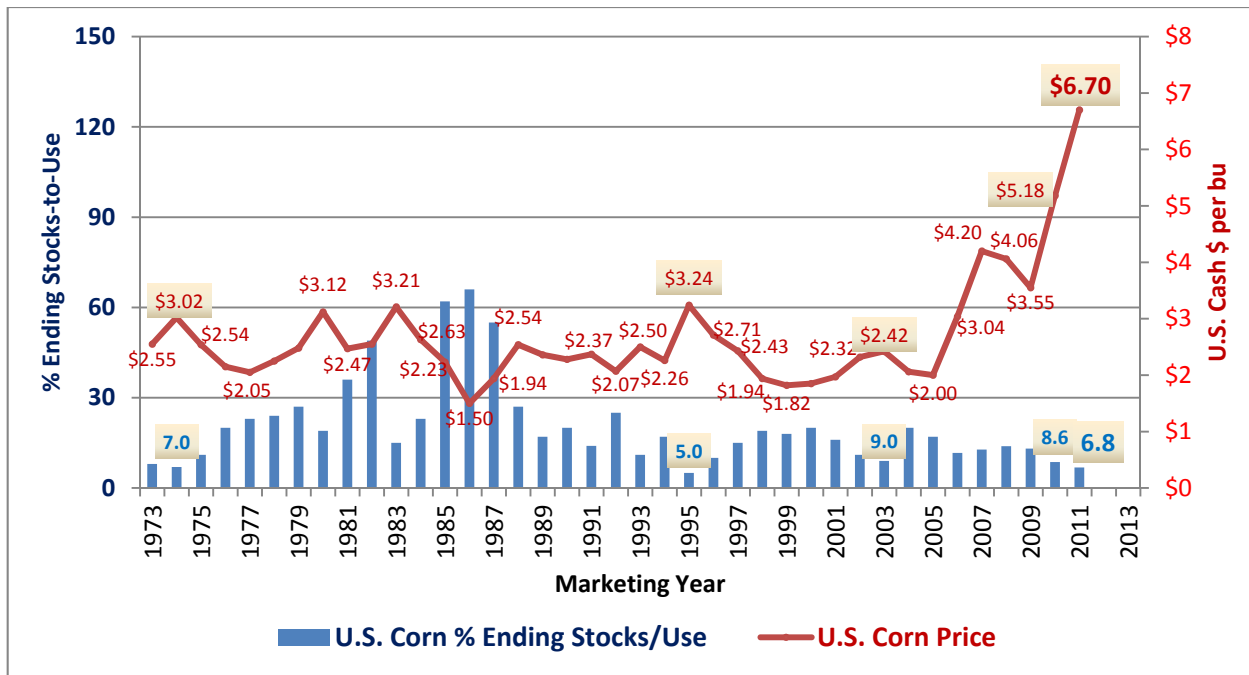
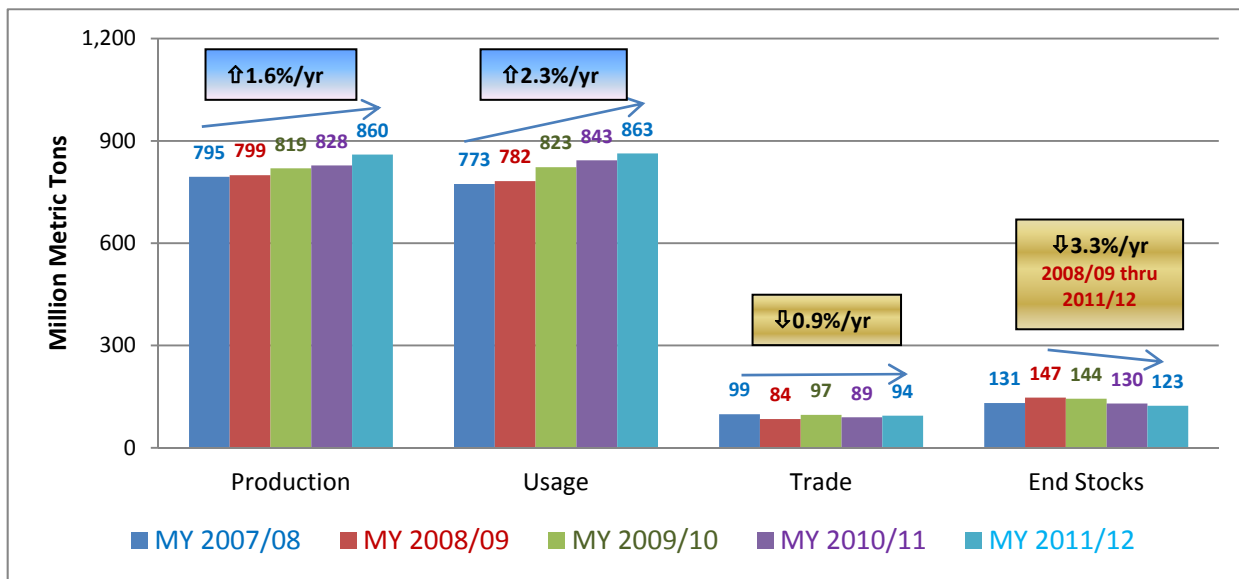


Figure 3. World Corn Usage & Ending Stocks: MY 2007/08 thru MY 2011/12
(October 12, 2011 USDA WASDE Report)



II. U.S. Grain Sorghum Market Situation and Outlook

- A. **2011 U.S. Grain Sorghum Production Prospects:** The October Crop Production report confirmed the findings of earlier USDA reports of how extreme drought in the key U.S. grain sorghum producing states of Texas and (parts of) Kansas have markedly decreased 2011 U.S. grain sorghum yield and production prospects.
- Lower Yields & Unchanged Production:** The USDA projected 2011 U.S. grain sorghum average yield to be 55.0 bu/ac, down 0.6 bu from the September Crop Production report, but down from 71.8 bu in 2010 and 69.4 bu in 2009 (Table 2). United States grain sorghum production in 2011 is projected to be 244 mb, down from 345 mb in 2010 and 383 mb in 2009. Extreme drought and competition from other crops for acreage are primary factors leading to declining U.S. grain sorghum production in recent years.
- B. **MY 2011/12 U.S. Grain Sorghum Supply-Demand Balances:** On a year-to-year basis, lower grain sorghum production and total supplies as well as tight corn supply-demand balances have led to tighter U.S. grain sorghum supply-demand balances. In the October WASDE report the USDA projected marginally higher feed and residual use (65 mb, up 10 mb), and marginally lower exports (100 mb, down 10 mb) for MY 2011/12. Projected U.S. grain sorghum use in MY 2011/12 has also tightened on a year-to-year basis, with emerging prospects of significant rationing of grain sorghum usage in MY 2011/12 (Table 2). Total grain sorghum use is projected to be 245 mb in MY 2011/12, down from 359 mb in MY 2010/11 and from 396 mb in MY 2009/10.
- Reduced Grain Sorghum Usage Trends:** A fundamental lack of available supplies is leading to reductions in U.S. grain sorghum usage in several major industries. All types or categories of grain sorghum usage have declined substantially since at least MY 2009/10 (Figure 4).

C. **Ending Stocks-to-Use & Grain Sorghum Prices:** Projected MY 2011/12 U.S. grain sorghum prices have responded sharply to the high side in response to tightening of U.S. feedgrain (corn, grain sorghum, barley and oats) ending stocks-to-use. The trend toward lower U.S. grain sorghum stocks which began in MY 2009/10 has continued in MY 2011/12, and is very likely to persist into MY 2012/13 (**Table 2**).

- a. **Ending stocks** were projected at 26 mb (10.6% S/U) in MY 2011/12, compared to 27 mb (7.5% S/U) in MY 2010/11 and 41 mb (10.4% S/U) in MY 2009/10. (reflecting the 4 mb increase in projected 2011 U.S. grain sorghum production).

Commentary: The projected MY 2011/12 % ending stocks-to-use of 10.6% is higher than the current and historic minimum levels for corn (i.e., 6.8% and 5.0% S/U, respectively). The current amount of U.S. grain sorghum ending stocks for MY 2011/12 is likely at minimum pipeline levels for logistical needs.

- b. The USDA projected MY 2011/12 U.S. average grain sorghum prices to be record high in the range of **\$6.00-\$7.00 per bushel**, down \$0.30 on each end of the range from September, and up from \$3.22 in MY 2009/10 and from \$5.02 in MY 2010/11.

Table 2. U.S. Grain Sorghum Supply-Demand Balance Sheet: MY 2007/08 through MY 2011/12
(October 12, 2011 USDA WASDE Report)

Item	2007/08	2008/09	2009/10	2010/11	2011/12
Planted Area (million acres)	7.7	8.3	6.6	5.4	5.5
Harvested Area (million acres)	6.8	7.3	5.5	4.8	4.4
Yield per harvested acre (bu./acre)	73.2	65.0	69.4	71.8	55.0
	million bushels				
Beginning Stocks	32	53	55	41	27
Production	497	472	383	345	244
Total Supply	530	525	438	387	271
Food, Seed & Industrial	35	95	90	85	80
Exports	277	143	166	150	100
Feed & Residual	165	233	141	124	65
Total Use	477	471	396	359	245
Ending Stocks	53	55	41	27	26
% Ending Stocks-to-Total Use	11.1%	11.7%	10.4%	7.5%	10.6%
U.S. Average Farm Price (\$/bu.)	\$4.08	\$3.20	\$3.22	\$5.02	\$6.00-\$7.00 Midpoint = \$6.50

Figure 4. Trends in U.S. Grain Sorghum Use & Ending Stocks During MY 2004/05 thru MY 2011/12
 (October 12, 2011 USDA WASDE Report)

