Farm Real Estate, Average Value

Source: NASS
Cropland, Average Value per Acre

Source: NASS
Farm Sector Business Debt 1970-2011

Source: ERS, USDA

Source: Economic Research Service, USDA.
Farm Sector Equity 1970-2011

Source: ERS, USDA
Farm Sector Debt Ratios 1970-2011

Source: ERS, USDA

Real estate debt

Nonreal estate debt

f = forecast.

Source: Economic Research Service, USDA.
Repayment Capacity 1970-2011

Source: ERS, USDA

* Forecast for 2011

Source: Economic Research Service, USDA.
Gross Fed. Debt FY-1900 to FY-2016

Source: usgovernmentspending.com
Source: U.S. Treasury, CBO
Country Sovereign Ratings

Standard & Poor's currently rates 126 governments on their capacity to meet financial commitments. A top-notch AAA rating allows a country to borrow relatively cheaply on international markets.

CAPACITY TO MEET FINANCIAL COMMITMENTS

Sovereign foreign currency ratings as of June 28, 2011

- **TOP NOTCH**
  - AAA: Extremely strong
  - AA: Very strong
  - A: Strong

- **UNDER OBSERVATION**
  - BBB+: Adequate

- **SPECULATIVE**
  - BBB-
  - BB+
  - BB

- **DEFAULT**
  - CCC: Highly vulnerable
  - CC
  - C
  - D: No data

Source: Standard & Poor's

Source: Reuters
Thoughts on the World Economy

- $71.25 trillion – Global GDP
- $14.89 trillion – EU GDP
- $14.72 trillion – U.S. GDP
- $9.87 trillion – China GDP
- $4.33 trillion – Japan GDP
- $4.04 trillion – India GDP

Source: 2010 CIA Factbook

Source: usgovernmentspending.com
World Real GDP Growth 1980-2013

Source: Int’l Monetary Fund
U.S. Consumer Confidence

University of Michigan: Consumer Sentiment (UMCSENT)
Source: Thomson Reuters/University of Michigan

Shaded areas indicate US recessions.
2011 research.stlouisfed.org

Source: Market Harmonics
New Housing Starts

Source: U.S. Census of Bureau
U.S. Industrial Production

Industrial Production Index (INDPRO)
Source: Board of Governors of the Federal Reserve System

Shaded areas indicate US recessions.
2011 research.stlouisfed.org

Source: Federal Reserve
10-Year Prime Rate

Source: MoneyCafe.com
DJIA Five-Year Performance

Source: finance.yahoo.com
Five-Year Gold Prices

Source: kitco.com
Light Sweet Crude Oil

Source: NYMEX

Source: WTRG Economics
China’s Total Primary Energy Consumption, 1970-2020
China’s Demand for Oil Imports
Projected Oil Consumption Trends in Key Countries Through 2025

Source: IEA, EIA
Vital Maritime Chokepoints

Source: EIA
10-Year Corn Prices

Source: NASS
The projected 2011/12 ratio, 6.8%, is one of the smallest/tightest in the last many seasons. Supply is adequate to accommodate strong demand but there's little margin for U.S./world production shortfall moving forward. Price will remain firm.
World Corn Ending Stocks
As Percentage of Use

The 2011/12 projected ratio, 13% (representative of supply), is small / tight by historic comparison. World demand base is growing & margin for U.S. & world crop shortfalls moving forward is small. Price will remain firm until supply grows. The ratio must increase before price declines appreciably. This will be slow to develop.
# USDA Corn Supply and Use

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Planted</td>
<td>88.2</td>
<td>91.9</td>
</tr>
<tr>
<td>Area Harvested</td>
<td>81.4</td>
<td>83.9</td>
</tr>
<tr>
<td>Yield</td>
<td>152.8</td>
<td>146.7</td>
</tr>
<tr>
<td>Beginning Stocks</td>
<td>1,708</td>
<td>1,128</td>
</tr>
<tr>
<td>Production</td>
<td>12,447</td>
<td>12,310</td>
</tr>
<tr>
<td>Imports</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>Supply, Total</td>
<td>14,182</td>
<td>13,453</td>
</tr>
<tr>
<td>Feed &amp; Residual</td>
<td>4,792</td>
<td>4,600</td>
</tr>
<tr>
<td>Food, Seed &amp; Industrial</td>
<td>6,428</td>
<td>6,410</td>
</tr>
<tr>
<td>Domestic Use, Total</td>
<td>11,220</td>
<td>11,010</td>
</tr>
<tr>
<td>Exports</td>
<td>1,835</td>
<td>1,600</td>
</tr>
<tr>
<td>Use, Total</td>
<td>13,054</td>
<td>12,610</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>1128</td>
<td>843</td>
</tr>
<tr>
<td>Average Farm Price</td>
<td>$5.18</td>
<td>$6.20-$7.20</td>
</tr>
</tbody>
</table>

Compliments of PHI Marketing
# World Corn Supply and Use

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11 (est.)</th>
<th>2011-12 (proj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Stocks</td>
<td>147.20</td>
<td>144.05</td>
<td>129.04</td>
</tr>
<tr>
<td>Production</td>
<td>819.61</td>
<td>828.69</td>
<td>858.99</td>
</tr>
<tr>
<td>Imports</td>
<td>89.76</td>
<td>90.09</td>
<td>92.11</td>
</tr>
<tr>
<td>Feed</td>
<td>488.66</td>
<td>494.04</td>
<td>508.53</td>
</tr>
<tr>
<td>Total</td>
<td>822.76</td>
<td>843.70</td>
<td>866.46</td>
</tr>
<tr>
<td>Exports</td>
<td>96.81</td>
<td>90.45</td>
<td>95.14</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>144.05</td>
<td>129.04</td>
<td>121.57</td>
</tr>
</tbody>
</table>

Million Metric Tons
December ’11 Corn

Source: CBOT
March ’12 Corn

Source: CBOT
10-Year Soybean Prices

Prices Received for Soybeans by Month – United States

Dollars per bushel

Source: NASS
Projected World Population 2050

Source: U.S. Census Bureau, International Data Base, December 2009 Update.
Brazil’s Big Ag Expansion 2011-21

- Coffee: 24% (Production), 46% (Exports)
- Soybeans: 36% (Production), 39% (Exports)
- Cotton: 48% (Production), 68% (Exports)

Source: DTN
World Population Density
World Population Growth Rate

Source: CIA Factbook
“Youth Bulge” Population Impact

Pakistan

Afghanistan

Iran

Source: Stanford Center for Longevity
Median Age in Mideast Hot Spots

Source: Stanford Center for Longevity

<table>
<thead>
<tr>
<th>Year</th>
<th>Afghanistan</th>
<th>Iran</th>
<th>Pakistan</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>16</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>2030</td>
<td>18</td>
<td>36</td>
<td>28</td>
</tr>
<tr>
<td>2050</td>
<td>23</td>
<td>41</td>
<td>34</td>
</tr>
</tbody>
</table>

Source: Stanford Center for Longevity
Median Age – Global Hot Spots

Source: CIA World Factbook
Solid as a BRIC?

- Brazil, Russia, India, China to be “among four most dominant economies by 2050”;
- 25 percent of world’s land mass;
- 40 percent of global population;
- $18.48 trillion in combined GDP;
- 41 percent of world’s market capitalization by 2030.

Source: Goldman Sachs
How BRIC Stacks Up – Part II

- Middle class in all four countries could reach 200 million by 2025;
- India alone has 10 of world’s 30 fastest-growing urban centers; 700 million to move to cities by 2050;
- Forbes: March 2011, BRIC has more billionaires than Europe for first time.

Source: Goldman Sachs
The 2011/12 projected ratio, 5%, is small by historic comparison. There's little margin for U.S. / North American / world supply shortfall. Price to remain firm.
The 2011/12 projection, 17.5% (representative of supply), indicates sufficient supply by historic comparison and signals that supply is fully adequate to meet projected demand. However, as world use continues to grow there’s little margin for global crop shortfalls moving forward.
## USDA Soybean Supply and Use

<table>
<thead>
<tr>
<th></th>
<th>2010/11 Est. (11/9/11)</th>
<th>2011/2012 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Planted</td>
<td>77.4</td>
<td>75.0</td>
</tr>
<tr>
<td>Area Harvested</td>
<td>76.6</td>
<td>73.7</td>
</tr>
<tr>
<td>Yield (bushels per acre)</td>
<td>43.5</td>
<td>41.3</td>
</tr>
<tr>
<td>Beginning Stocks</td>
<td>151</td>
<td>215</td>
</tr>
<tr>
<td>Production</td>
<td>3,329</td>
<td>3,046</td>
</tr>
<tr>
<td>Imports</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Supply, Total</td>
<td>3,495</td>
<td>3,275</td>
</tr>
<tr>
<td>Crush</td>
<td>1,648</td>
<td>1,635</td>
</tr>
<tr>
<td>Exports</td>
<td>1,501</td>
<td>1,325</td>
</tr>
<tr>
<td>Seed</td>
<td>87</td>
<td>88</td>
</tr>
<tr>
<td>Residual</td>
<td>43</td>
<td>32</td>
</tr>
<tr>
<td>Use, Total</td>
<td>3,280</td>
<td>3,080</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>215</td>
<td>195</td>
</tr>
<tr>
<td>Average Farm Price</td>
<td>$11.30</td>
<td>$11.60-$13.60</td>
</tr>
</tbody>
</table>

Compliments of PHI Marketing
## World Soybean Supply and Use

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11 (est.)</th>
<th>2011/2012 (Proj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Stocks</strong></td>
<td>42.57</td>
<td>59.41</td>
<td>68.37</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td>260.85</td>
<td>264.18</td>
<td>258.91</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td>86.80</td>
<td>88.68</td>
<td>94.21</td>
</tr>
<tr>
<td><strong>Crush</strong></td>
<td>209.50</td>
<td>221.11</td>
<td>230.67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>238.22</td>
<td>251.48</td>
<td>261.03</td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td>92.60</td>
<td>92.41</td>
<td>96.90</td>
</tr>
<tr>
<td><strong>Ending Stocks</strong></td>
<td>59.41</td>
<td>68.37</td>
<td>63.56</td>
</tr>
</tbody>
</table>

### Million Metric Tons

Compliments of PHI Marketing
10-Year Wheat Prices

Source: NASS
### USDA Wheat Supply and Use

<table>
<thead>
<tr>
<th></th>
<th>2010/11 (11/9/11)</th>
<th>2011/2012 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Planted</td>
<td>53.6</td>
<td>54.4</td>
</tr>
<tr>
<td>Area Harvested</td>
<td>47.6</td>
<td>45.7</td>
</tr>
<tr>
<td>Yield (bushels per acre)</td>
<td>46.3</td>
<td>43.7</td>
</tr>
<tr>
<td>Beginning Stocks</td>
<td>976</td>
<td>862</td>
</tr>
<tr>
<td>Production</td>
<td>2,207</td>
<td>1,999</td>
</tr>
<tr>
<td>Imports</td>
<td>97</td>
<td>120</td>
</tr>
<tr>
<td>Supply, Total</td>
<td>3,279</td>
<td>2,982</td>
</tr>
<tr>
<td>Food</td>
<td>926</td>
<td>940</td>
</tr>
<tr>
<td>Seed</td>
<td>71</td>
<td>78</td>
</tr>
<tr>
<td>Feed &amp; Residual</td>
<td>132</td>
<td>160</td>
</tr>
<tr>
<td>Exports</td>
<td>1,289</td>
<td>1,178</td>
</tr>
<tr>
<td>Use, Total</td>
<td>2,417</td>
<td>2,153</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>862</td>
<td>837</td>
</tr>
<tr>
<td>Average Farm Price</td>
<td>$5.70</td>
<td>$7.05-$7.75</td>
</tr>
</tbody>
</table>

Compliments of PHI Marketing
## World Wheat Supply and Use

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11 (est.)</th>
<th>2011/2012 (Proj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Stocks</td>
<td>167.10</td>
<td>200.91</td>
<td>196.13</td>
</tr>
<tr>
<td>Production</td>
<td>684.31</td>
<td>648.70</td>
<td>683.30</td>
</tr>
<tr>
<td>Imports</td>
<td>133.58</td>
<td>129.85</td>
<td>133.79</td>
</tr>
<tr>
<td>Feed</td>
<td>115.66</td>
<td>112.49</td>
<td>126.42</td>
</tr>
<tr>
<td>Total</td>
<td>650.50</td>
<td>653.48</td>
<td>676.83</td>
</tr>
<tr>
<td>Exports</td>
<td>135.80</td>
<td>131.37</td>
<td>137.30</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>200.91</td>
<td>196.13</td>
<td>202.60</td>
</tr>
</tbody>
</table>

Million Metric Tons

*Compliments of PHI Marketing*
The 2011/12 projected ratio, 39%, indicates adequate U.S. stocks. Supply is forecast to meet projected demand without major stress. In select areas wheat will also be used as feed.
While lower yr/yr the 2011/12 projected ratio, 25%, indicates that supply will comfortably meet demand. Wheat will also be utilized as feed grain in select markets.
December ’11 Chicago Wheat

Source: CBOT
March ’12 Chicago Wheat

Source: CBOT
10-Year Cotton Prices

Prices Received for Upland Cotton by Month – United States

Source: NASS
10-Year Cattle Prices

Prices Received for Cattle by Month – United States

Dollars per cwt

Source: NASS
10-Year Hog Prices

Prices Received for Hogs by Month – United States

Source: NASS
U.S. Drought Monitor

November 1, 2011
Valid 8 a.m. EDT

Intensity:
- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:
- Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions.
Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu/

Released Thursday, November 3, 2011
Author: Brian Fuchs, National Drought Mitigation Center
Globally Local World: What’s Ahead

- Recovering economy
- Demographics will drive ag/food product demand
- Next world industrial expansion: Africa
- U.S. continues to be ag technology leader
- U.S., China will drive African development
- Infrastructure build-out continues in South America
- ‘Youth bulge’ means growth in Middle East, but destabilized environment
- What’s this mean for you: Continued strong demand for U.S. agricultural commodities and land values