

Crop Harvest & Marketing Strategies



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Presentation Objectives

- Summarize 2010 U.S. Corn & Soybean Supply/Demand & Price Outlook
- Provide an Update on Futures Market Carry, Basis & Cost of Ownership
- Discuss Outside Markets & Renewal Fuels Standard
- Identify Unknown Impacts to Crop Prices
- Provide 5 Crop Risk Management Strategies & 5 Websites

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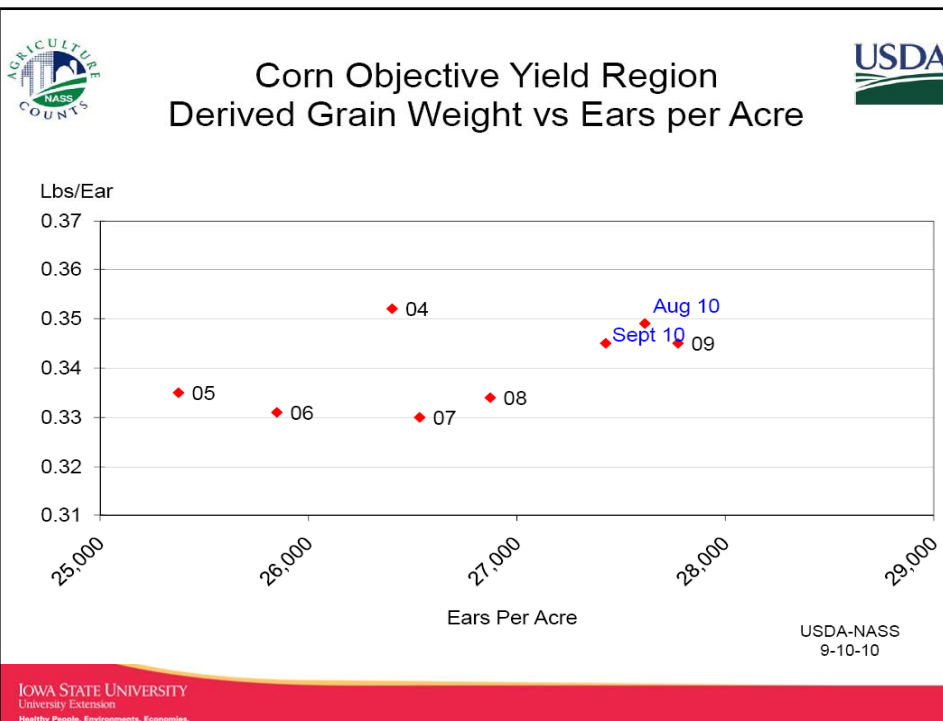
U.S. Corn Supply/Demand & Price

	2009/10 Estimated	2010/2011 Projected
Area Planted	86.5	87.9
Area Harvested	79.6	81.0
Yield	164.7	162.5
Beginning Stocks	1,673	1,386
Production	13,110	13,160
Imports	8	10
Supply, Total	14,791	14,456
Feed & Residual	5,525	5,250
Food, Seed & Industrial	5,900	6,090
Domestic Use, Total	11,425	11,340
Exports	1,980	2,100
Use, Total	13,405	13,440
Ending Stocks	1,386	1,116
Average Farm Price	\$3.55	\$4.00-\$4.80

Midpoint \$4.40/bu

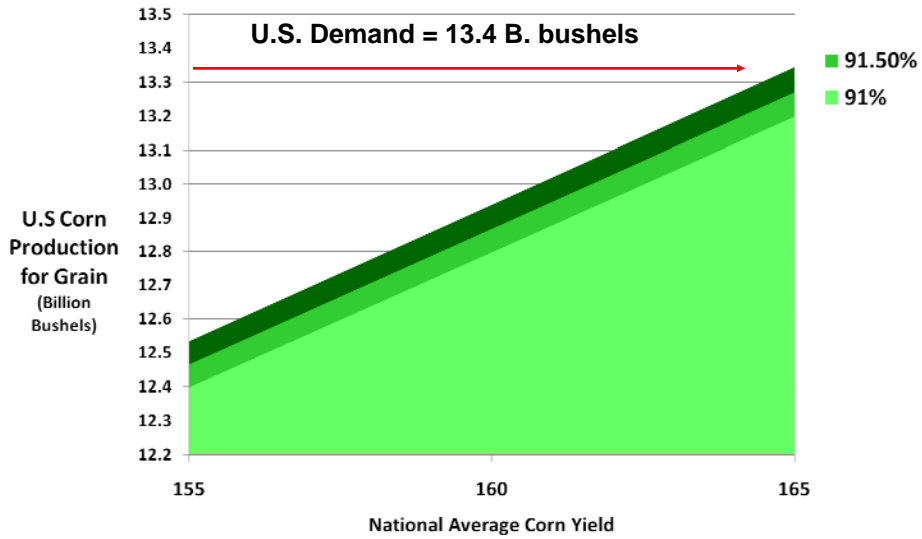
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Source: USDA WASDE Report, Sept. 10th, 2010



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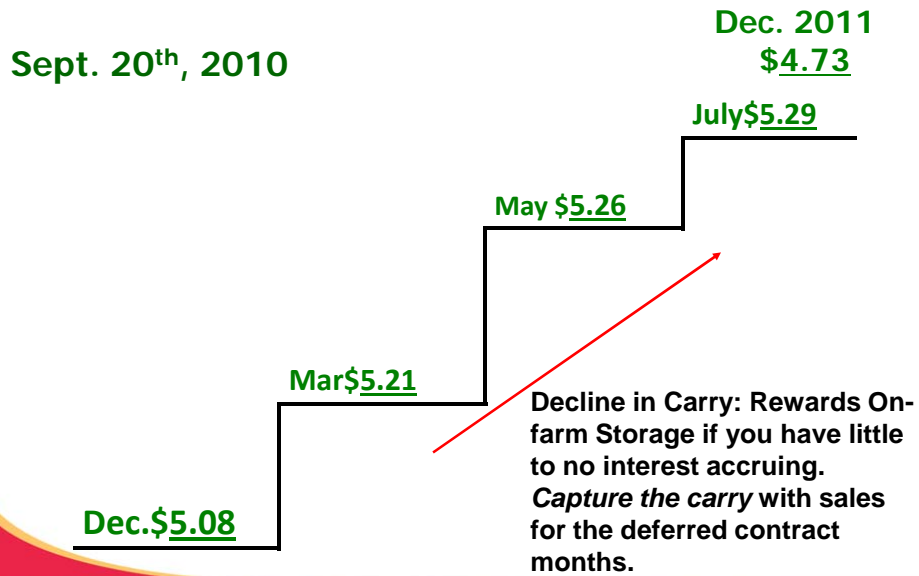
2010 Corn Acres & Yield Outcomes



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Source: Johnson, ISU Extension, Sept. 2010

Corn Futures Carry

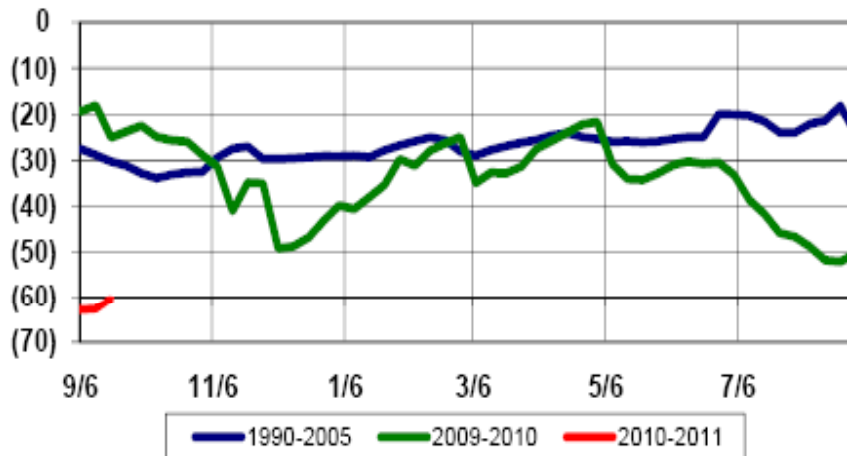


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Source: www.cmegroup.com

Iowa Corn Basis Trend

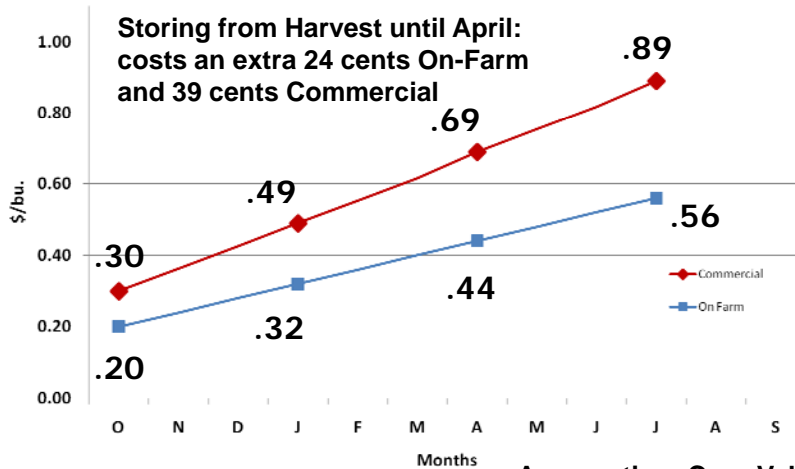
Iowa State Average Corn Basis



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Source: www.farmfutures.com Sept. 2010

Corn Storage Costs



Assumption: Corn Valued at
\$4/bu (financed @ 5% APR)

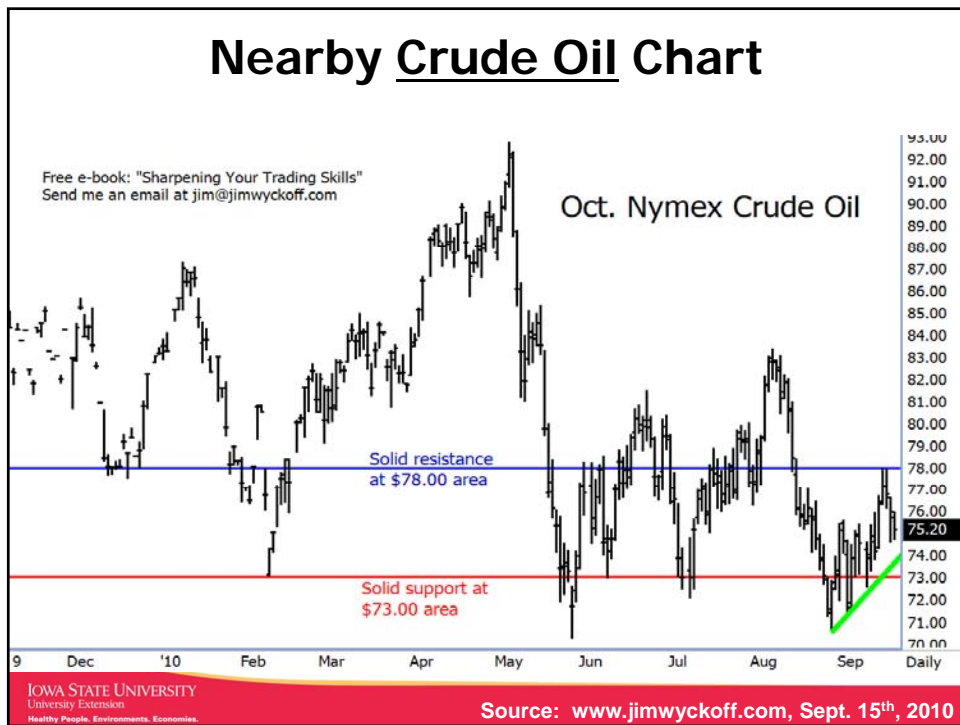
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Source: Johnson, ISU Extension, Sept. 2010

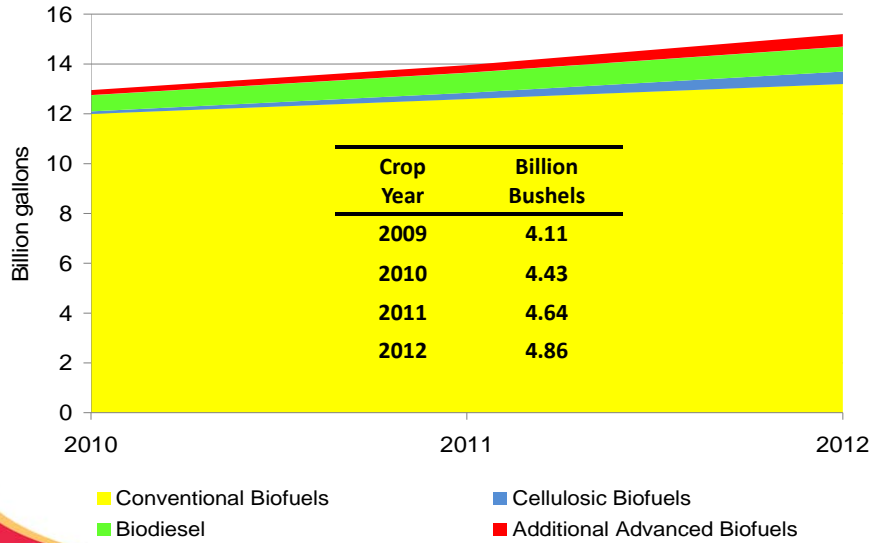
New Crop Corn Chart



Nearby Crude Oil Chart



Renewable Fuels Standard (RFS)

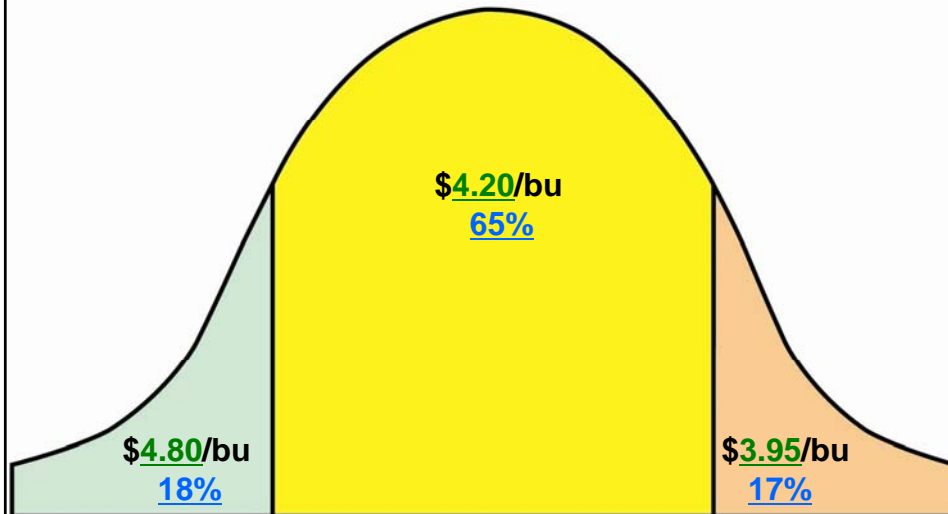


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Source: Hart, ISU Extension Economist, Sept. 2010

Corn Cash Price & Probability Forecast

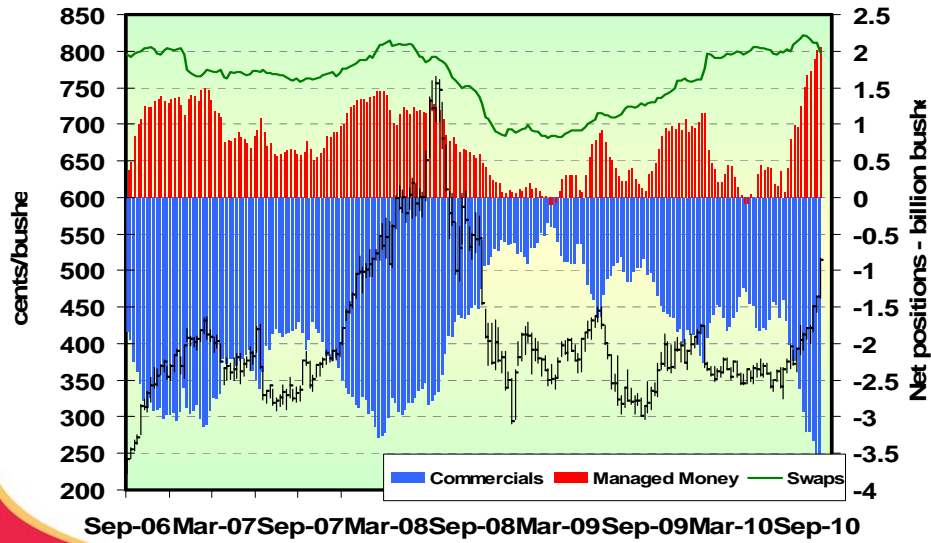
'10-'11 Marketing Year



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Source: Wisner, ISU Biofuels Economist, Sept. 2010

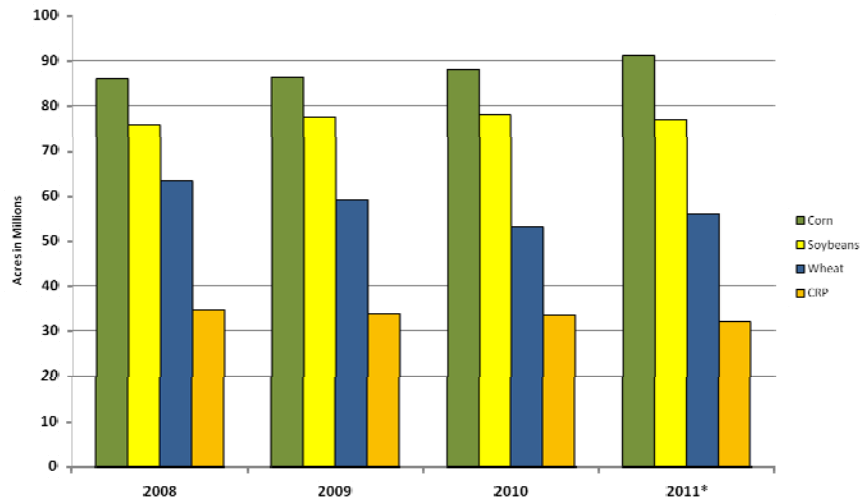
Corn Commitment of Traders Trend



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Source: CFTC & AgriVisor Sept. 2010

2011 U.S. Planted Acreage Forecast



* Forecast

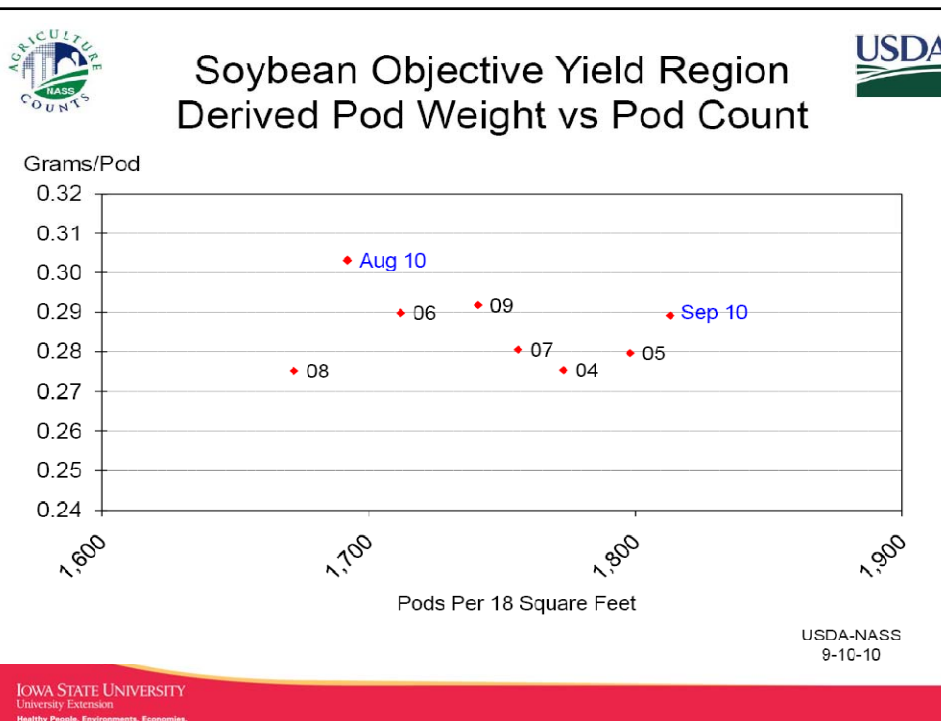
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Source: FAPRI, U of Mo, August 2010

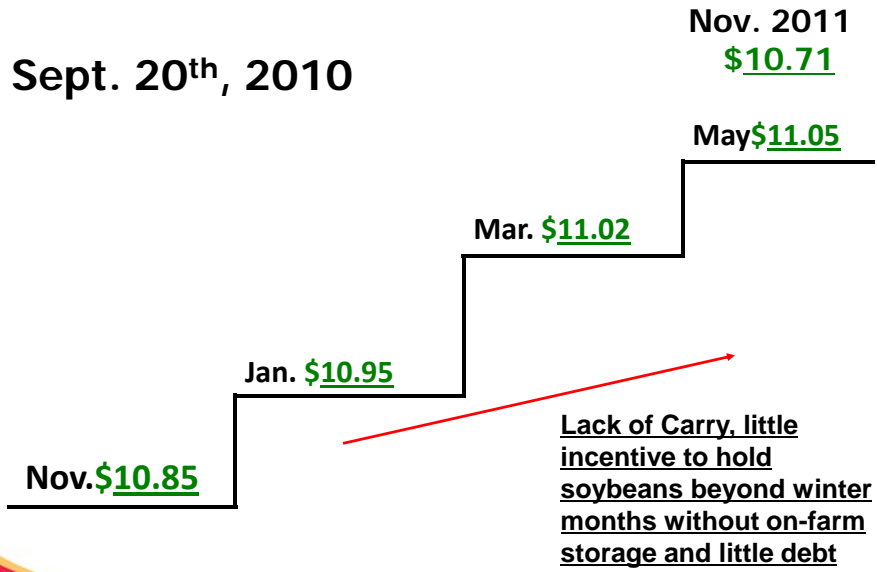
U.S. Soybean Supply/Demand & Price

	2009/10 Estimated	2010/2011 Projected
Area Planted	77.5	78.9
Area Harvested	76.4	78.0
Yield	44.0	44.7
Beginning Stocks	138	150
Production	3,359	3,483
Imports	15	10
Supply, Total	3,512	3,643
Crush	1,750	1,650
Exports	1,495	1,485
Seed	92	88
Residual	26	70
Use, Total	3,363	3,293
Ending Stocks	150	350
Average Farm Price	\$9.60	\$9.15 - \$10.65

Midpoint \$9.90/bu



Soybean Futures Carry

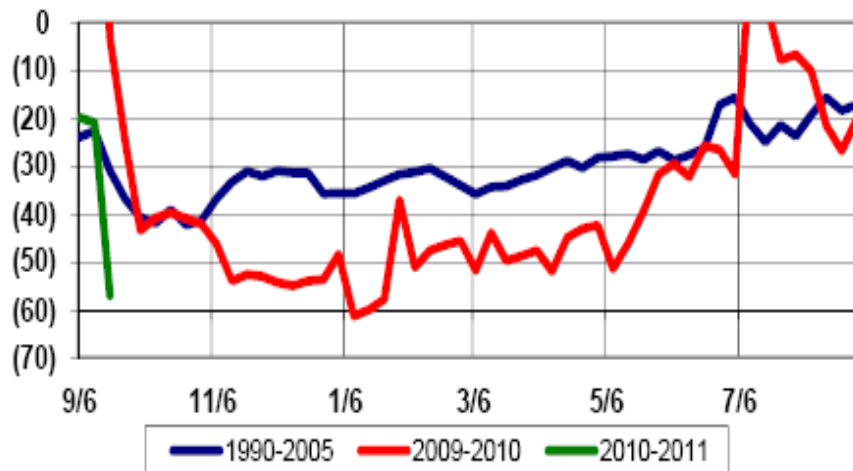


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Source: www.cmegroup.com

Iowa Soybean Basis Trend

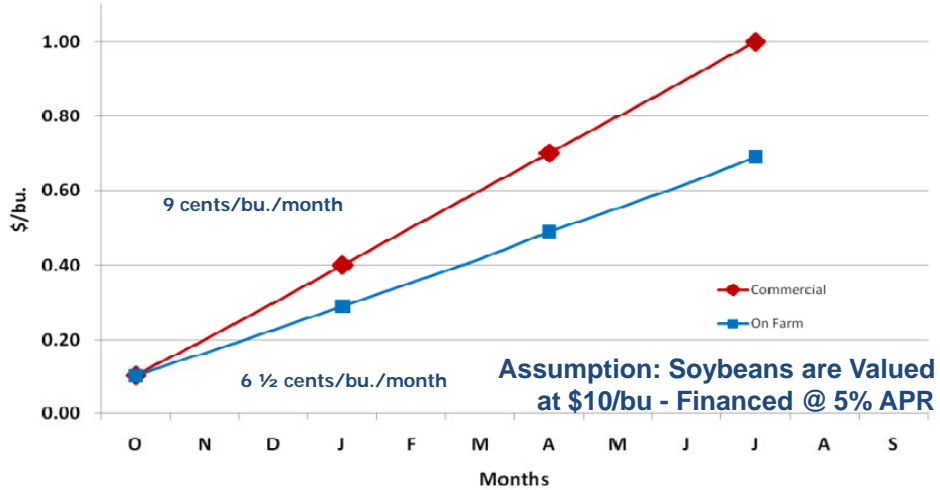
Iowa State Average Soybean Basis



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Source: www.farmfutures.com Sept. 2010

Soybean Storage Costs



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Source: Johnson, ISU Extension, Sept. 2010

New Crop Soybean Chart

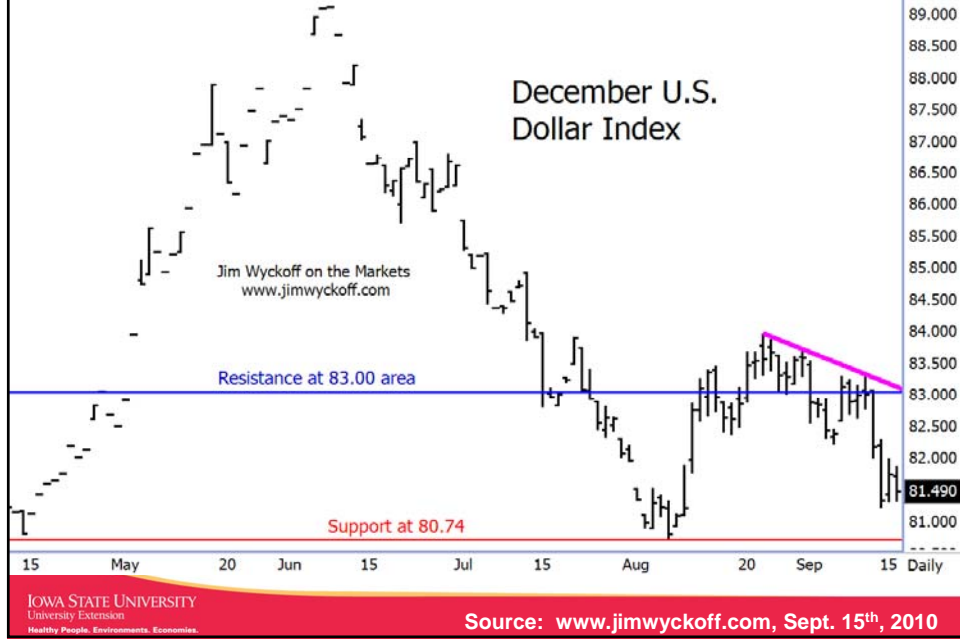


Jim Wyckoff on the Markets
www.jimwyckoff.com

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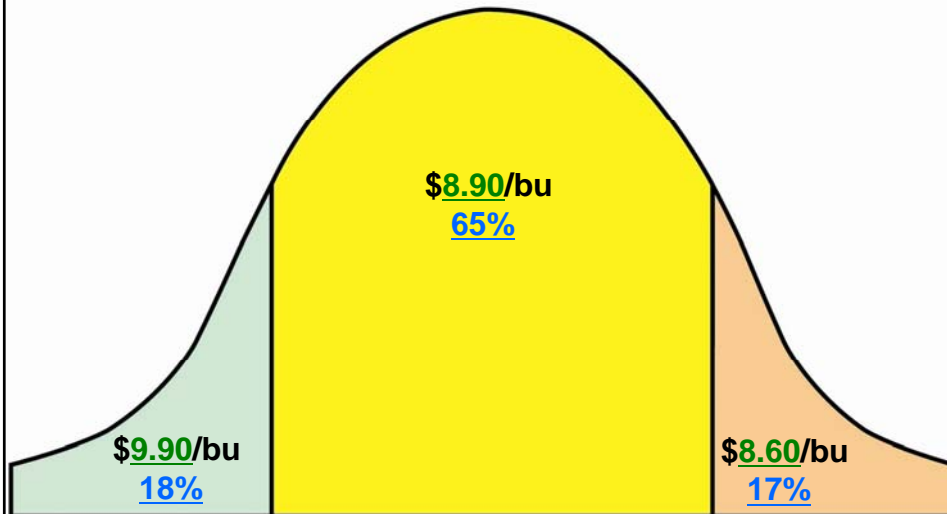
Source: www.jimwyckoff.com, Sept. 15th, 2010

Nearby Dollar Value Index Chart



Soybean Cash Price & Probability Forecast

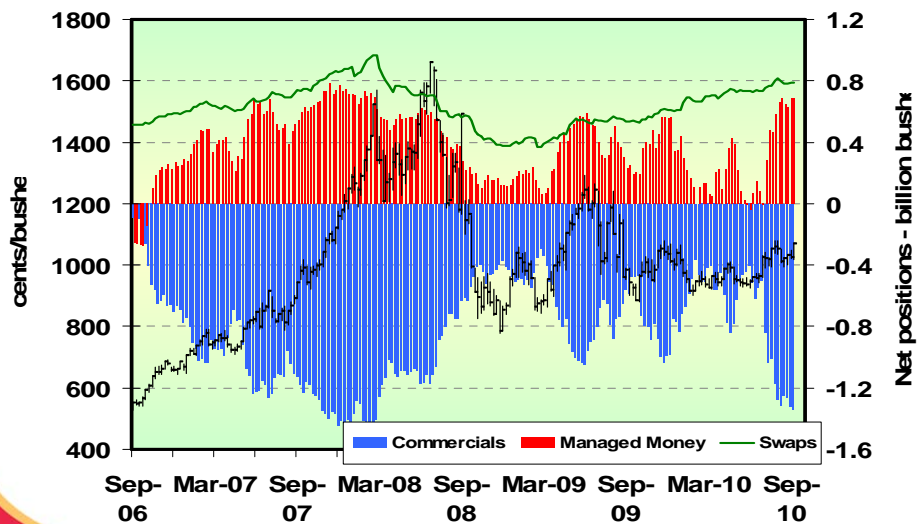
'10-'11 Marketing Year



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Source: Wisner, ISU Biofuels Economist, Sept. 2010

Soybeans Commitment of Traders Trend



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Source: CFTC & AgriVisor Sept. 2010

Unknown Impacts to U.S. Crop Prices

- 2010 Weather & Production Prospects
- Hedge & Index Fund Trades
- The Outside Markets:
 - U.S. Dollar Exchange Rate
 - Crude Oil Prices
 - Global Stock Markets
- Weather and La Niña Effects
- South American Production
- U.S. & Global Economic Uncertainty
- Federal Legislation on the Biofuels
 - E10, E12, or E15?
 - Do the tax credits get extended or renewed?

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Source: Wisner & Hart, ISU Economists, Sept. 2010

5 Crop Risk Management Strategies

Understand U.S. & Global Economic Implications

Focus on Return to Equity & Assets; Not Just Price Forecasts

Sell 2010 Crop to Generate Fall/Winter Cash Flow Needs

Know Your Cost of Production & Manage Profit Margins



Caution in Using Commercial Storage Longterm

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Source: Johnson, ISU Extension, Sept. 2010

Crop Risk Management Web Sites

- **Crop Risk Management - ISU Polk County**
Monthly Crop Marketing Newsletter & Webcast, Updates on Crop Insurance, Government Farm Program, Grain Contracts and Farmland Leasing
www.extension.iastate.edu/polk/farmmanagement
- **ISU Extension Crop Marketing**
www.econ.iastate.edu/faculty/hart
- **Kansas State University Extension**
www.agmanager.info
- **University of Illinois Extension**
www.farmdoc.ill.edu
- **Ag Decision Maker – ISU Extension**
(Decision Tools, Newsletters, Publications and Voiced Media)
www.extension.iastate.edu/agdm



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