2012 September Crop Yield Estimates*

*140 bu/A Corn, 39 bu/A Soybeans

Source: USDA NASS Iowa Field Office, Sept. 26th, 2012
## U.S. Corn Supply/Demand

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Planted (mil. acres)</td>
<td>86.0</td>
<td>86.4</td>
<td>88.2</td>
<td>91.9</td>
<td>96.4</td>
</tr>
<tr>
<td>Yield (bu./acre)</td>
<td>153.9</td>
<td>164.7</td>
<td>152.8</td>
<td>147.2</td>
<td>122.8</td>
</tr>
<tr>
<td>Production (mil. bu.)</td>
<td>12,092</td>
<td>13,092</td>
<td>12,447</td>
<td>12,358</td>
<td>10,727</td>
</tr>
<tr>
<td>Beg. Stocks (mil. bu.)</td>
<td>1,624</td>
<td>1,673</td>
<td>1,708</td>
<td>1,128</td>
<td>1,181</td>
</tr>
<tr>
<td>Imports (mil. bu.)</td>
<td>14</td>
<td>8</td>
<td>28</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>Total Supply (mil. bu.)</td>
<td>13,729</td>
<td>14,774</td>
<td>14,182</td>
<td>13,511</td>
<td>11,983</td>
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<tr>
<td>Feed &amp; Residual (mil. bu.)</td>
<td>5,182</td>
<td>5,125</td>
<td>4,793</td>
<td>4,400</td>
<td>4,150</td>
</tr>
<tr>
<td>Ethanol (mil. bu.)</td>
<td>3,709</td>
<td>4,591</td>
<td>5,021</td>
<td>5,000</td>
<td>4,500</td>
</tr>
<tr>
<td>Food, Seed, &amp; Other (mil. bu.)</td>
<td>1,316</td>
<td>1,370</td>
<td>1,407</td>
<td>1,390</td>
<td>1,350</td>
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<tr>
<td>Exports (mil. bu.)</td>
<td>1,849</td>
<td>1,980</td>
<td>1,835</td>
<td>1,540</td>
<td>1,250</td>
</tr>
<tr>
<td>Total Use (mil. bu.)</td>
<td>12,056</td>
<td>13,066</td>
<td>13,055</td>
<td>12,330</td>
<td>11,250</td>
</tr>
<tr>
<td>Ending Stocks (mil. bu.)</td>
<td>1,673</td>
<td>1,708</td>
<td>1,128</td>
<td>1,181</td>
<td>733</td>
</tr>
<tr>
<td>Season-Average Price ($/bu.)</td>
<td>4.06</td>
<td>3.55</td>
<td>5.18</td>
<td>6.25</td>
<td>7.90</td>
</tr>
</tbody>
</table>


### Nearby Crop Corn Futures

December 2012 Corn

2013 Crop Corn Futures

December 2013 Corn


<table>
<thead>
<tr>
<th>Year</th>
<th>Area Planted (mil. acres)</th>
<th>Yield (bu./acre)</th>
<th>Production (mil. bu.)</th>
<th>Beg. Stocks (mil. bu.)</th>
<th>Imports (mil. bu.)</th>
<th>Total Supply (mil. bu.)</th>
<th>Crush (mil. bu.)</th>
<th>Seed &amp; Residual (mil. bu.)</th>
<th>Exports (mil. bu.)</th>
<th>Total Use (mil. bu.)</th>
<th>Ending Stocks (mil. bu.)</th>
<th>Season-Average Price ($/bu.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>75.7</td>
<td>39.7</td>
<td>2,967</td>
<td>205</td>
<td>13</td>
<td>3,185</td>
<td>1,662</td>
<td>106</td>
<td>1,279</td>
<td>3,047</td>
<td>138</td>
<td>9.97</td>
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<tr>
<td>2009</td>
<td>77.5</td>
<td>44.0</td>
<td>3,359</td>
<td>138</td>
<td>15</td>
<td>3,512</td>
<td>1,752</td>
<td>110</td>
<td>1,499</td>
<td>3,361</td>
<td>151</td>
<td>9.59</td>
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<tr>
<td>2010</td>
<td>77.4</td>
<td>43.5</td>
<td>3,329</td>
<td>151</td>
<td>14</td>
<td>3,495</td>
<td>1,648</td>
<td>130</td>
<td>1,501</td>
<td>3,280</td>
<td>215</td>
<td>11.30</td>
</tr>
<tr>
<td>2011</td>
<td>75.0</td>
<td>41.5</td>
<td>3,056</td>
<td>215</td>
<td>16</td>
<td>3,287</td>
<td>1,705</td>
<td>91</td>
<td>1,360</td>
<td>3,157</td>
<td>130</td>
<td>12.45</td>
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<tr>
<td>2012</td>
<td>76.1</td>
<td>35.3</td>
<td>2,634</td>
<td>130</td>
<td>20</td>
<td>2,785</td>
<td>1,500</td>
<td>114</td>
<td>1,055</td>
<td>2,670</td>
<td>115</td>
<td>16.00</td>
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</table>

U.S. Soybean Supply/Demand

Nearby Crop Soybean Futures

November 2012 Soybeans

2013 Crop Soybean Futures

November 2013 Soybeans

**2013 U.S. Planted Acreage Forecast**

**Source:** USDA NASS & Johnson, ISU Extension, December 2012

### Illinois 2013 Estimates*

- **Land costs up**
- **Chemicals, seed up**
- **Machinery steady**
- **Fertilizer down**

*Central Illinois

### Table: Direct and Indirect Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>2012</th>
<th>2013F</th>
<th>2012</th>
<th>2013F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seed</td>
<td>$96</td>
<td>$100</td>
<td>$63</td>
<td>$65</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>$165</td>
<td>$155</td>
<td>$58</td>
<td>$53</td>
</tr>
<tr>
<td>Chemicals</td>
<td>$50</td>
<td>$52</td>
<td>$31</td>
<td>$33</td>
</tr>
<tr>
<td>Drying</td>
<td>$19</td>
<td>$19</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>Storage</td>
<td>$6</td>
<td>$8</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td>Crop Insurance</td>
<td>$28</td>
<td>$28</td>
<td>$20</td>
<td>$20</td>
</tr>
<tr>
<td><strong>Total, direct costs</strong></td>
<td>$368</td>
<td>$362</td>
<td>$178</td>
<td>$177</td>
</tr>
<tr>
<td>Machine hire, lease</td>
<td>$8</td>
<td>$8</td>
<td>$8</td>
<td>$8</td>
</tr>
<tr>
<td>Utilities</td>
<td>$4</td>
<td>$4</td>
<td>$4</td>
<td>$4</td>
</tr>
<tr>
<td>Machine repair</td>
<td>$18</td>
<td>$18</td>
<td>$17</td>
<td>$17</td>
</tr>
<tr>
<td>Fuel and oil</td>
<td>$17</td>
<td>$17</td>
<td>$11</td>
<td>$11</td>
</tr>
<tr>
<td>Light vehicle</td>
<td>$2</td>
<td>$2</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>Machinery depreciation</td>
<td>$41</td>
<td>$43</td>
<td>$39</td>
<td>$42</td>
</tr>
<tr>
<td><strong>Total, power costs</strong></td>
<td>$90</td>
<td>$92</td>
<td>$80</td>
<td>$83</td>
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<tr>
<td>Hired Labor</td>
<td>$12</td>
<td>$12</td>
<td>$12</td>
<td>$12</td>
</tr>
<tr>
<td>Building repair/rent</td>
<td>$7</td>
<td>$7</td>
<td>$4</td>
<td>$4</td>
</tr>
<tr>
<td>Building depreciation</td>
<td>$9</td>
<td>$9</td>
<td>$3</td>
<td>$3</td>
</tr>
<tr>
<td>Insurance</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
</tr>
<tr>
<td>Misc</td>
<td>$7</td>
<td>$7</td>
<td>$7</td>
<td>$7</td>
</tr>
<tr>
<td>Interest (non-land)</td>
<td>$17</td>
<td>$17</td>
<td>$12</td>
<td>$12</td>
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<tr>
<td><strong>Total, overhead costs</strong></td>
<td>$62</td>
<td>$62</td>
<td>$48</td>
<td>$48</td>
</tr>
<tr>
<td><strong>Total, non-land costs</strong></td>
<td>$520</td>
<td>$516</td>
<td>$396</td>
<td>$396</td>
</tr>
<tr>
<td>Land costs</td>
<td>$288</td>
<td>$302</td>
<td>$288</td>
<td>$302</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td>$808</td>
<td>$818</td>
<td>$594</td>
<td>$610</td>
</tr>
</tbody>
</table>

*Source: Schnitkey, U of IL Extension Economics, August 2012*
**Illinois Profit Trend (10-Years)**

**Corn Profits Still Rule**
Average Central Illinois Costs/Feb RP Base Price/10-Year APH

- **Soybeans**
- **Corn**

- $350
- $300
- $250
- $200
- $150
- $100
- $50
- $0
- $-50
- $-100
- $-150

- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013*

**Source:** Schnitkey, U of IL Extension Economics, August 2012

**National Profit Trend (10-Years)**

**Corn Profits Still Rule**
Average U.S. Costs/Feb RP Base Price/10-Year APH

- **wheat**
- **Soybeans**
- **Corn**

- $350
- $300
- $250
- $200
- $150
- $100
- $50
- $0
- $-50
- $-100
- $-150

- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013*

**Source:** Schnitkey, U of IL Extension Economics, August 2012
During winter months, an El Niño episode tends to:
1) Lead to wet conditions in Brazil and Argentina
2) Provides wetter and cooler winter conditions in much of the Corn Belt.
3) With a El Niño neutral conditions likely forecast for winter, weather forecast is uncertain.
4) Too early to forecast the Northern Hemisphere growing season impact for 2013.

Source: ENSO, Sept. 27th, 2012

Impact of the Outside Markets

Thoughts for 2013 and Beyond

- **Supply/demand concerns**
  - Lack of adequate soil moisture (Most of U.S. corn belt and Southern Plains, Northern Brazil)
  - South America gets 1st chance to expand planted acreage, weather will be watched closely
  - Will supply be able to keep pace with demand?
    - U.S. corn and soybean ending stocks extremely tight

- **General economic conditions**
  - Lack of jobs in U.S. and much of Europe
  - U.S. and European debt, Asian growth
  - Continued worldwide economic recovery is the key for crop and livestock prices.

Uncertainties Cloud the Forecast

- **November Elections Impact**
  - Party in Power, Direction of 2012 Farm Bill, Extension of Bush Era Tax Rates

- **Global Economic Instability**
  - Financial & Trade, Mideast Unrest

- **Government Debt**
  - Increase Taxes and/or Reduce Expenses?

- **Commodity Funds Appetite for Risk**

- **Global Weather**
5 Crop Risk Management Strategies

Plan Ahead: 2012 Income Taxes & 2013 Crop Rotation and Input Buying Decisions

Revenue Protection Crop Insurance: Guarantees Yields/Price

Knowing Costs; Learn to use a Variety of Marketing Tools

2013 Crop Costs not Expected to Increase Significantly

Cash Flow and Profit Margins to Drive Marketing

Source: Johnson, ISU Extension, October 2012

5 Crop Risk Management Web Sites

- Crop Risk Management - ISU Polk County
  (Monthly Crop Marketing Strategies Newsletters & Webcasts, Updates on Crop Insurance, Farmland Leasing & Grain Contracts)
  www.extension.iastate.edu/polk/farm-management

- Dr. Chad Hart – ISU Extension Grain Marketing
  www.econ.iastate.edu/~chart/

- Dealing with Drought – ISU Extension
  www.extension.iastate.edu/topic/recovering-disasters

- Farm Doc – U of IL Extension Economics
  (FAST Tools, Newsletters, Publications and FarmDoc Daily e-Newsletter)
  www.farmdoc.illinois.edu

- Ag Decision Maker – ISU Extension
  (Decision Tools, Newsletters, Publications, Voiced Media and monthly e-Newsletter)
  www.extension.iastate.edu/agdm

Source: Johnson, ISU Extension, October 2012