**BALANCE SHEETS**

Total Supply = Production + Stocks + Imports

Production:
Harvested (or Planted) Acres x Bu/Acre

Stocks:
Carryover (Bu)

Imports

Total Utilization = Feed/Food + Exports

Carryover_{t+1} = Supply − Utilization

Stocks/Use Ratio and Monthly Reserve

\[
\frac{\text{Carryover}}{\text{Utilization}} \times 52 = \text{Months reserve}
\]

**PRICE FORECASTING**

Flexibility = \( \frac{\% \text{ Change in Price}}{\% \text{ Change in (for example)Quantity}} \)

Predict % changes with respect to previous year:

Price Forecast for Corn

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity</th>
<th>Flex</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>-2.0%</td>
<td>-3.0</td>
<td>6.0%</td>
</tr>
<tr>
<td>2002-03 (low)</td>
<td>-12.5%</td>
<td>-3.0</td>
<td>37.5%</td>
</tr>
<tr>
<td>2002-03 (med)</td>
<td>-8.3%</td>
<td>-3.0</td>
<td>24.9%</td>
</tr>
<tr>
<td>2002-03 (high)</td>
<td>-5.0%</td>
<td>-3.0</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

Predicted corn price in 2002-03

\[
\text{Predicted price} = \text{Price in 2001-02} \times (1 + \% \text{ price change}/100)
\]

\[
= (1.97) \times (1 + 0.249) = \$2.46
\]