

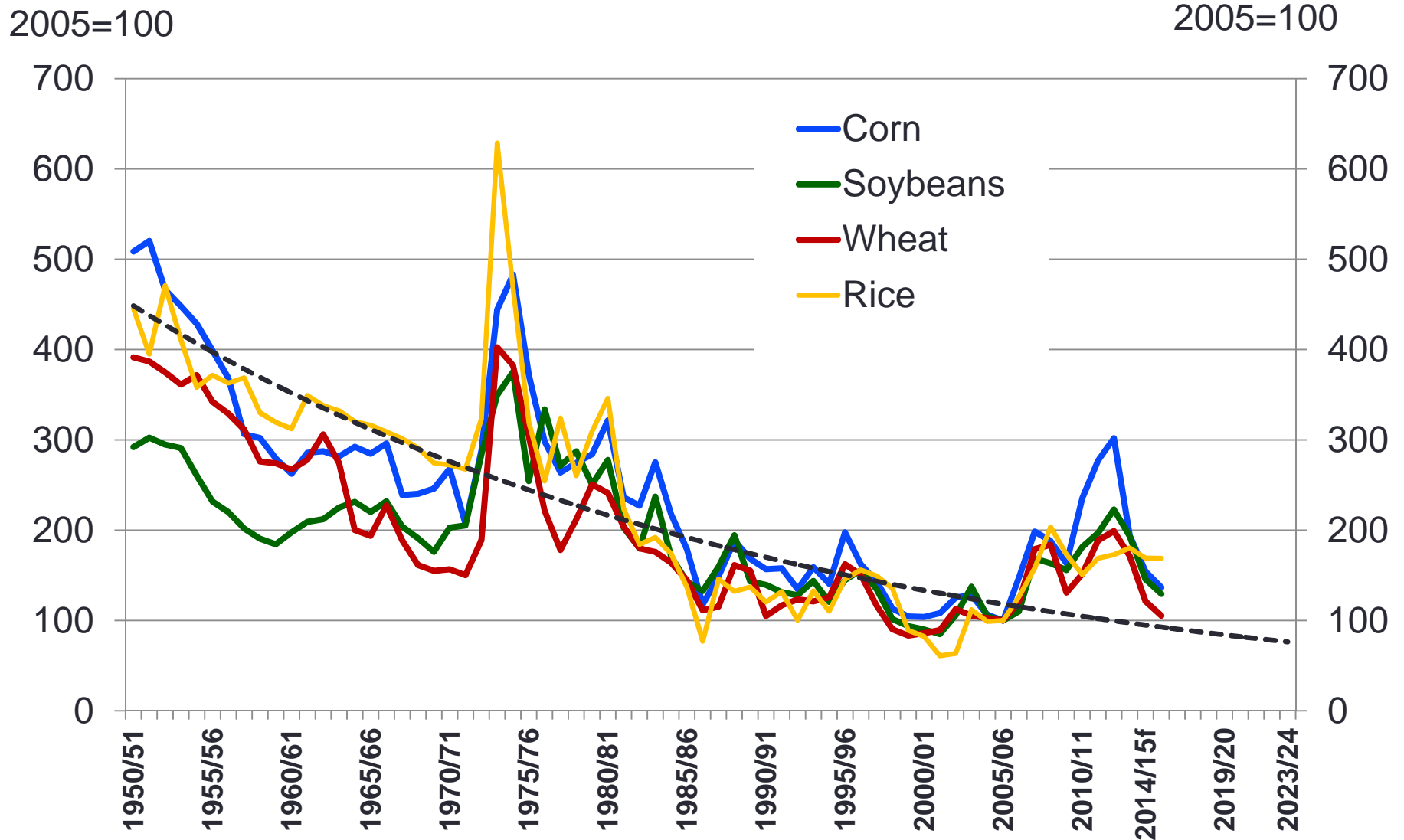
OUTLOOK FOR US AGRICULTURE

Joe Glauber
Chief Economist
20 February 2014



Fig 1

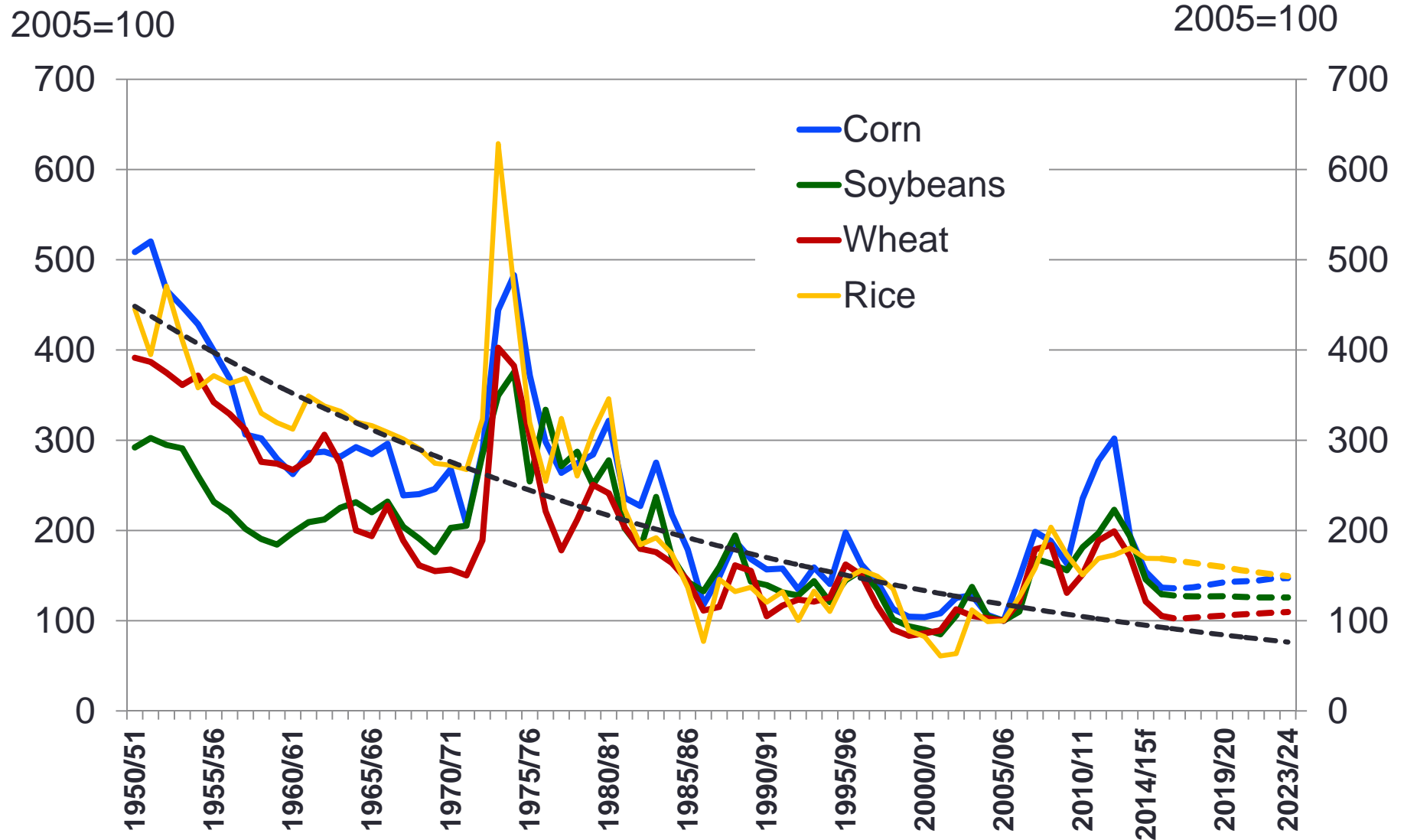
Real commodity prices



Source: USDA Agricultural Projections to 2023 and OCE, February 2014

Fig 1

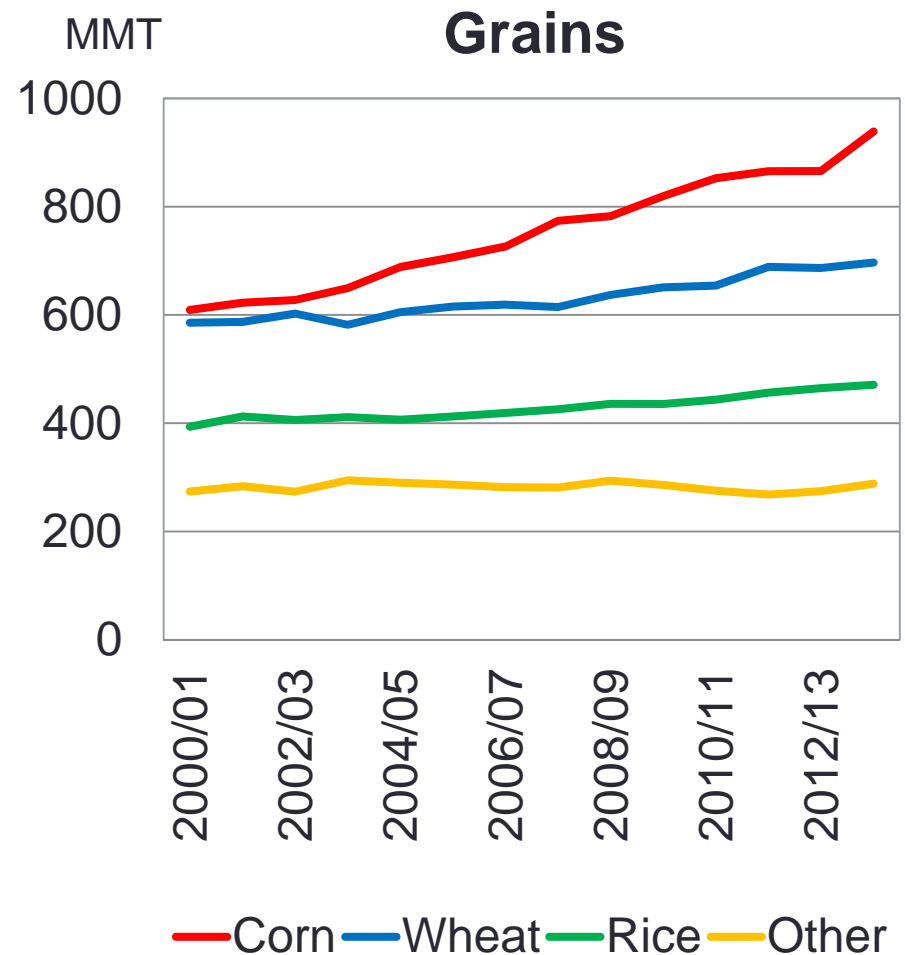
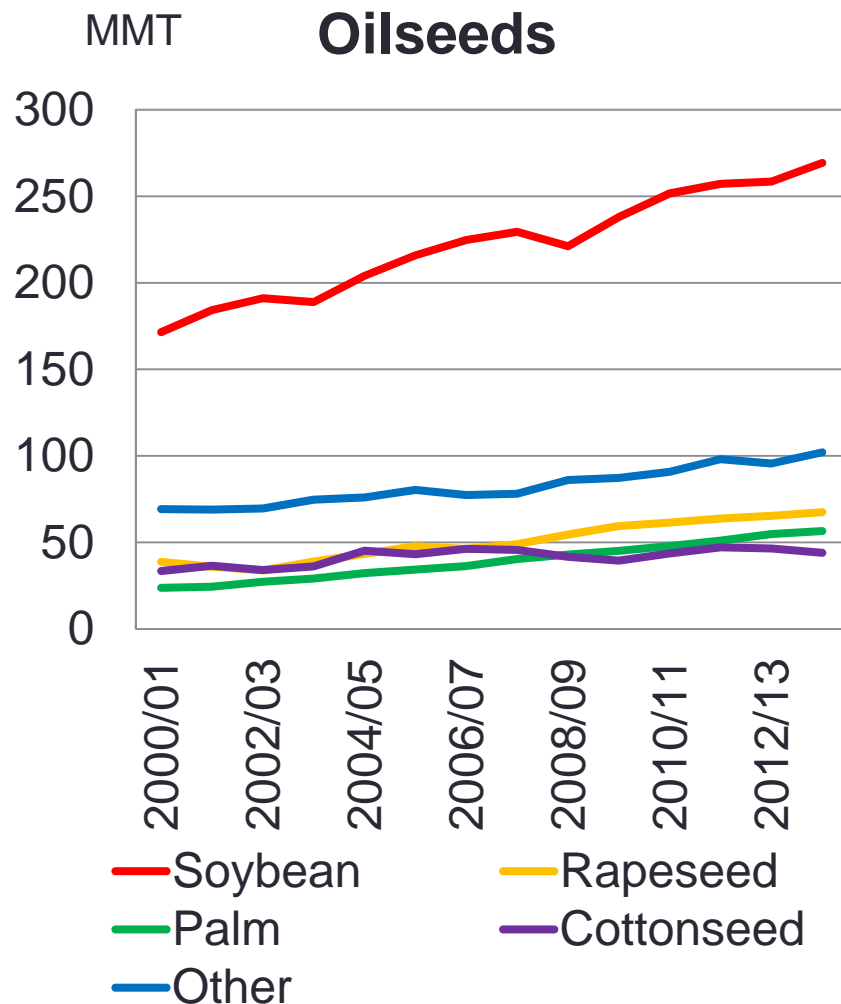
Real commodity prices



Source: USDA Agricultural Projections to 2023 and OCE, February 2014

Fig 2

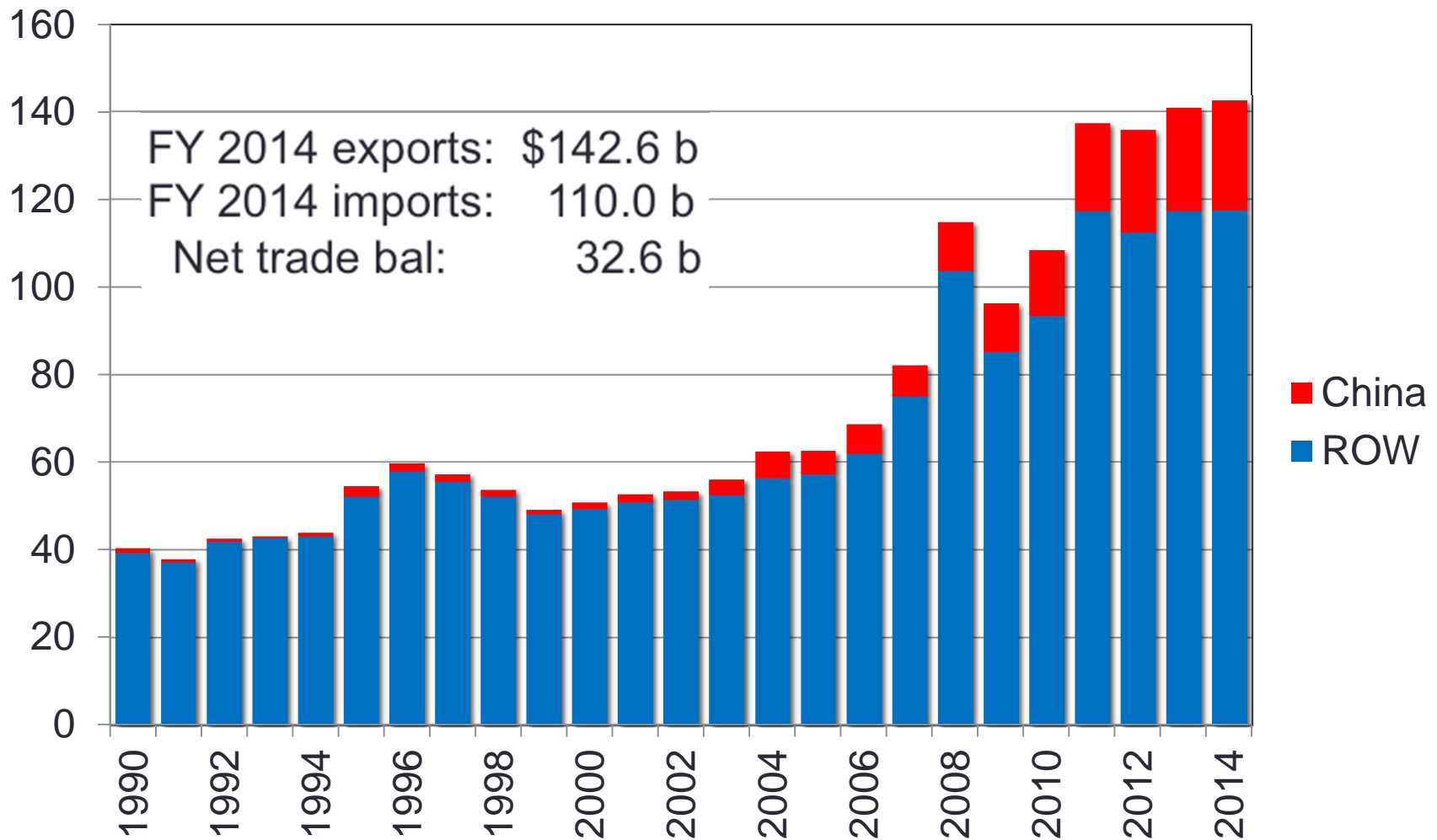
Global consumption of grains and oilseeds at record levels



Source: USDA PSD database

Fig 3

FY 2014 US ag exports expected to top \$142 billion; China remains top market

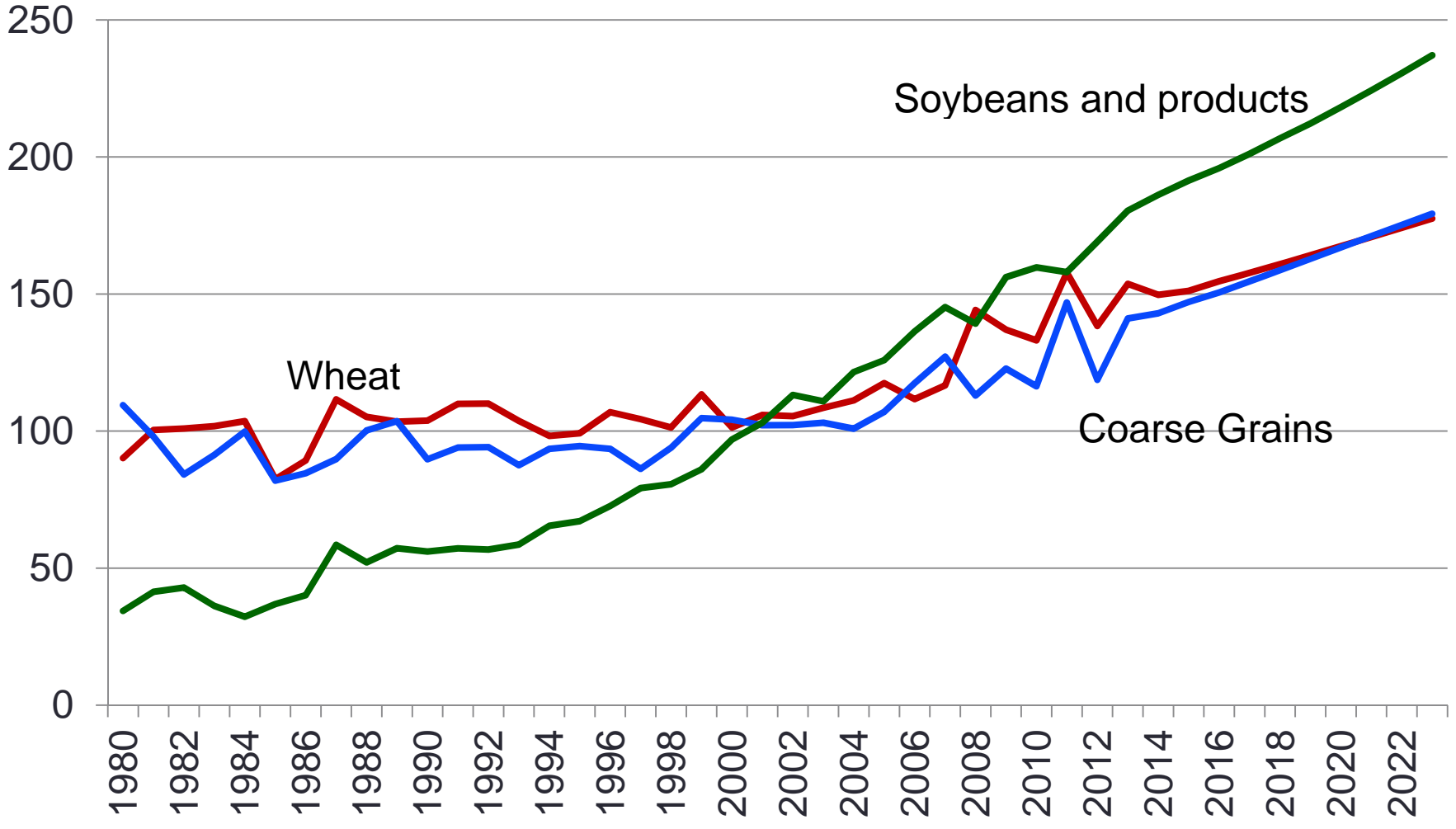


Source: USDA-ERS *Outlook for U.S. Agricultural Trade*

Fig 4

Global trade

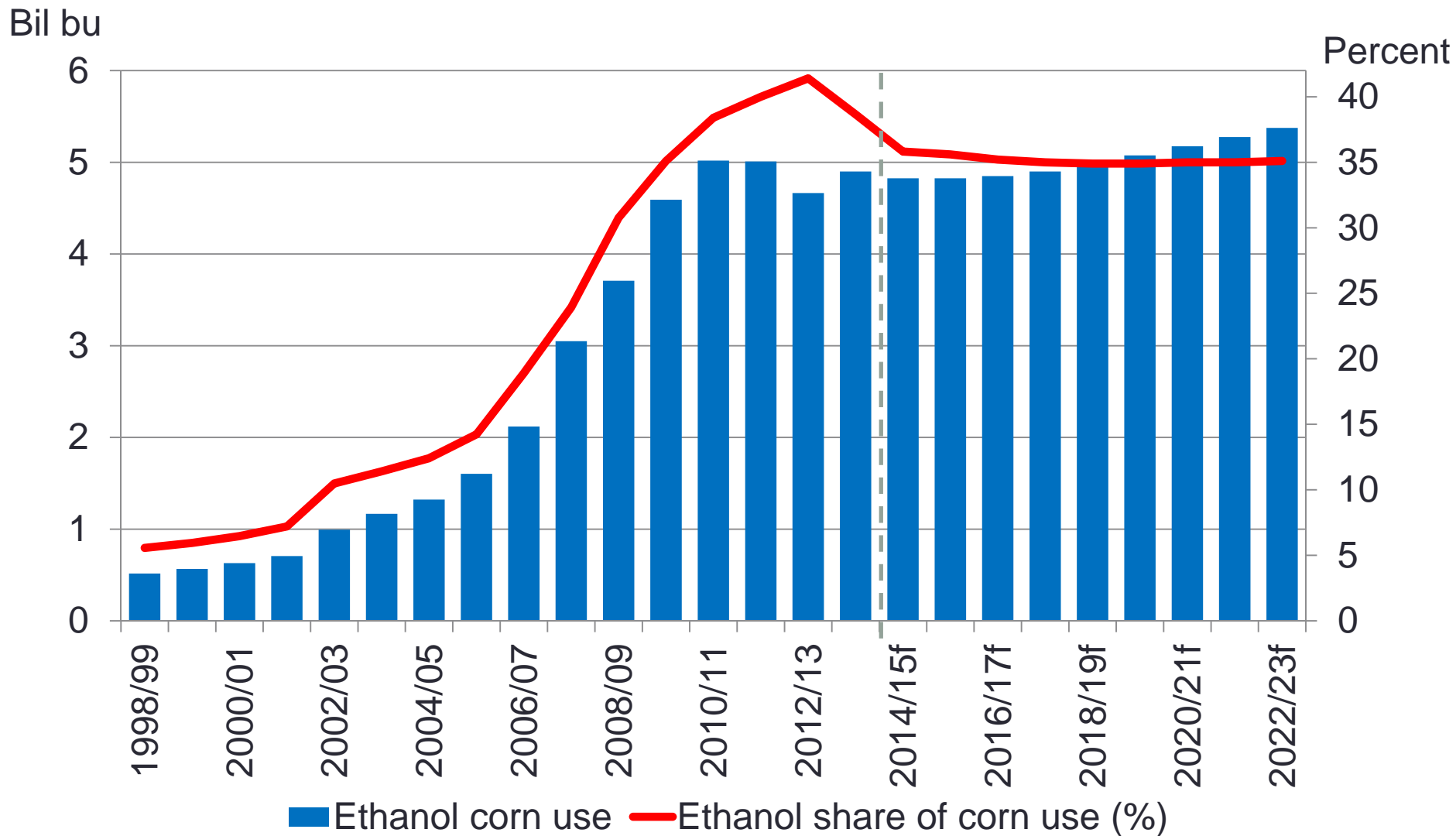
million metric tons



Source: USDA Agricultural Projections to 2023

Fig 5

US corn used in ethanol to grow modestly

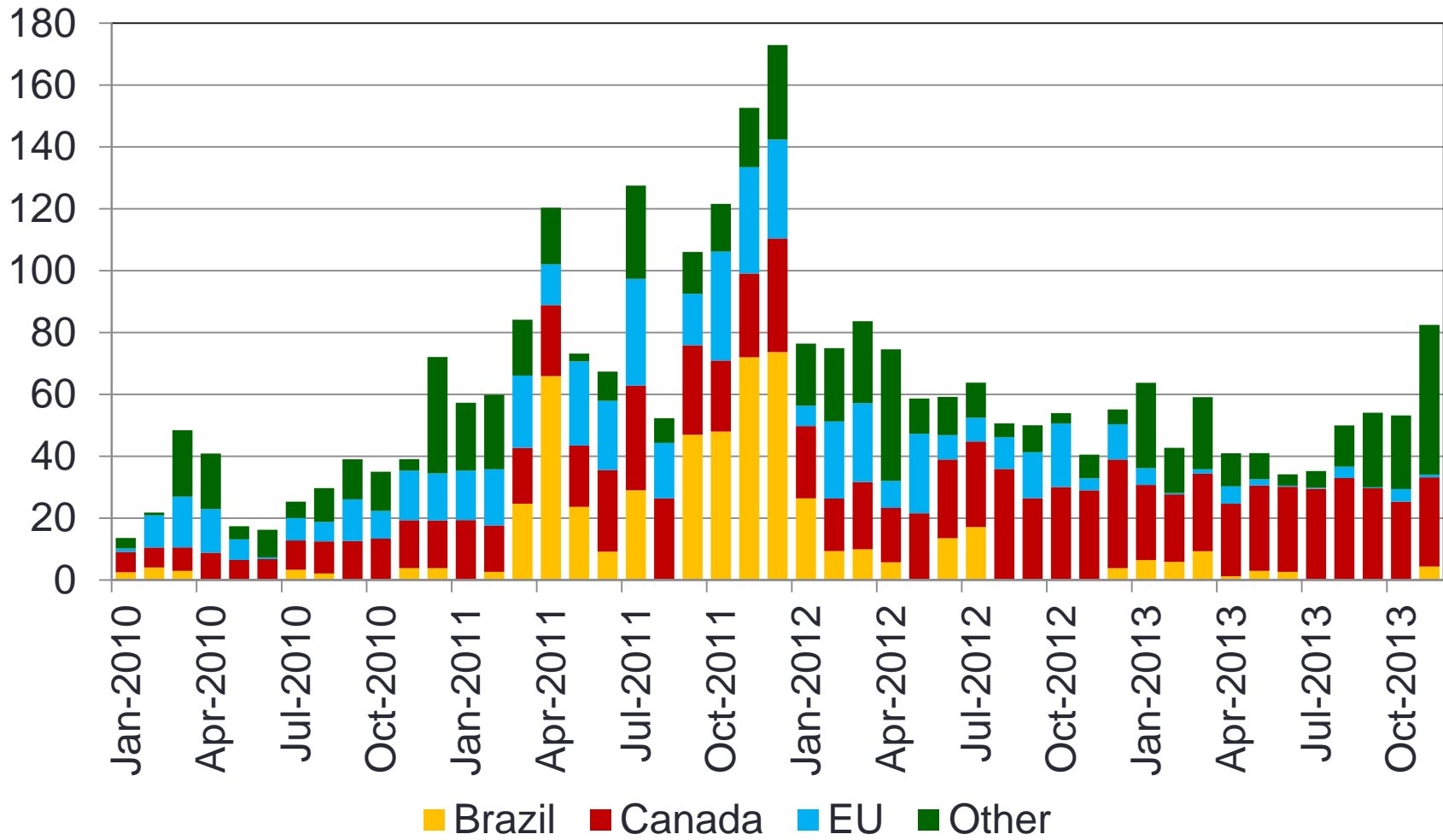


Source: USDA Agricultural Projections to 2023

Fig 6

US ethanol exports

Mil gals



Source: DOE-EIA

Farm bill presents farmers with new choices

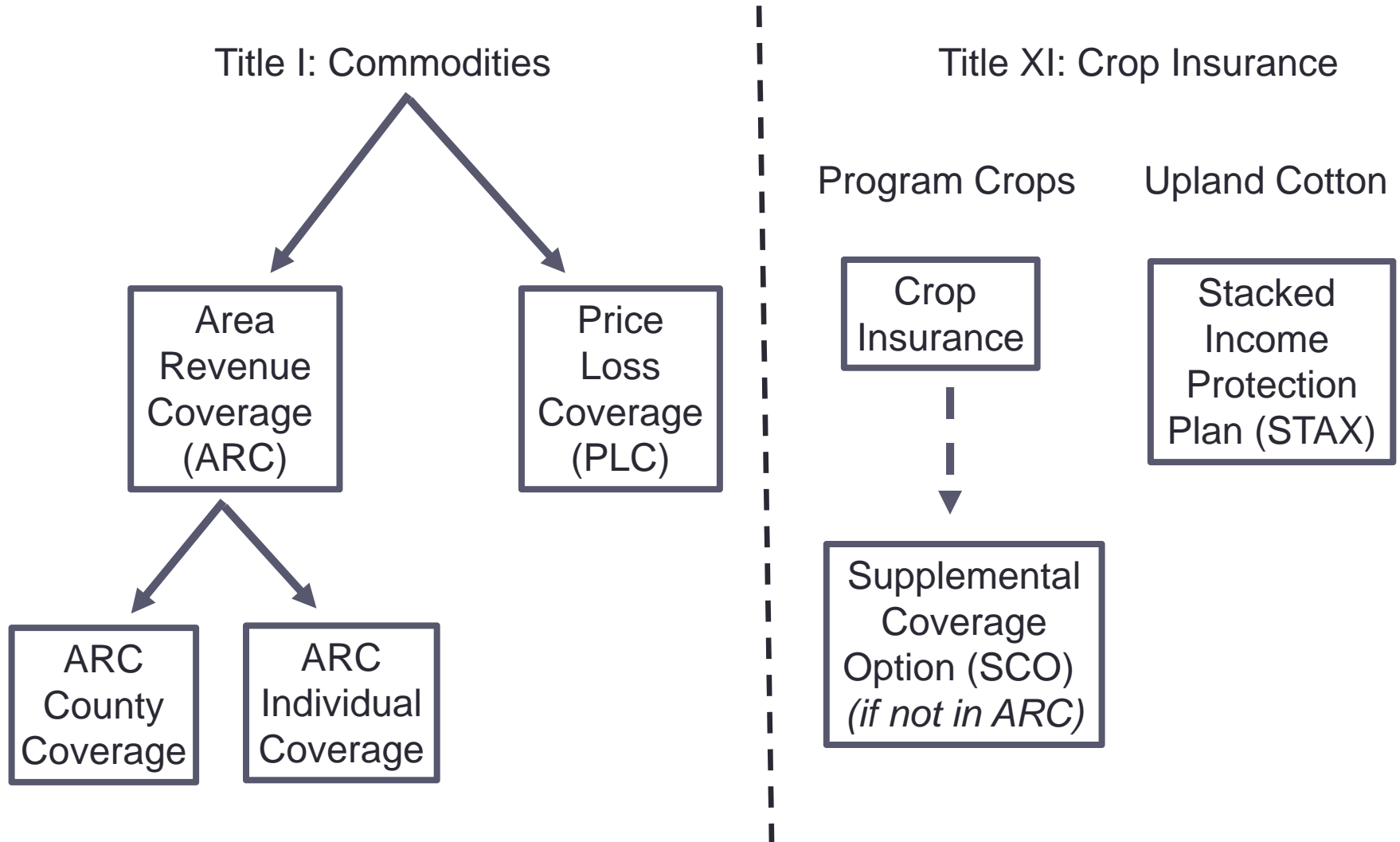
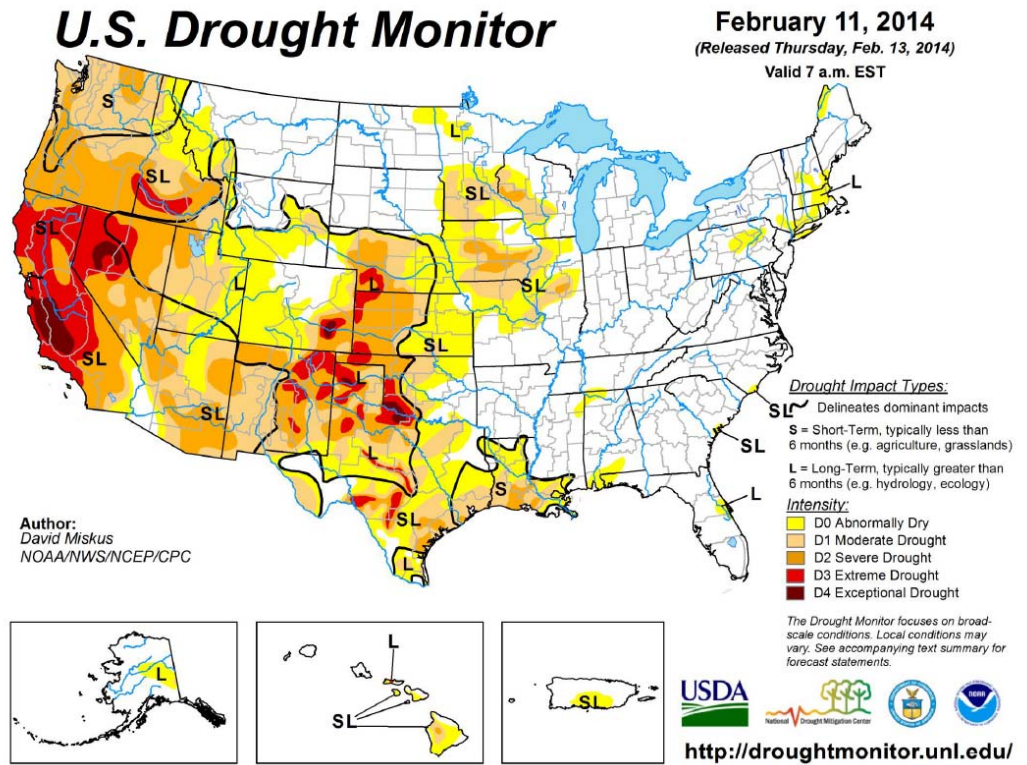
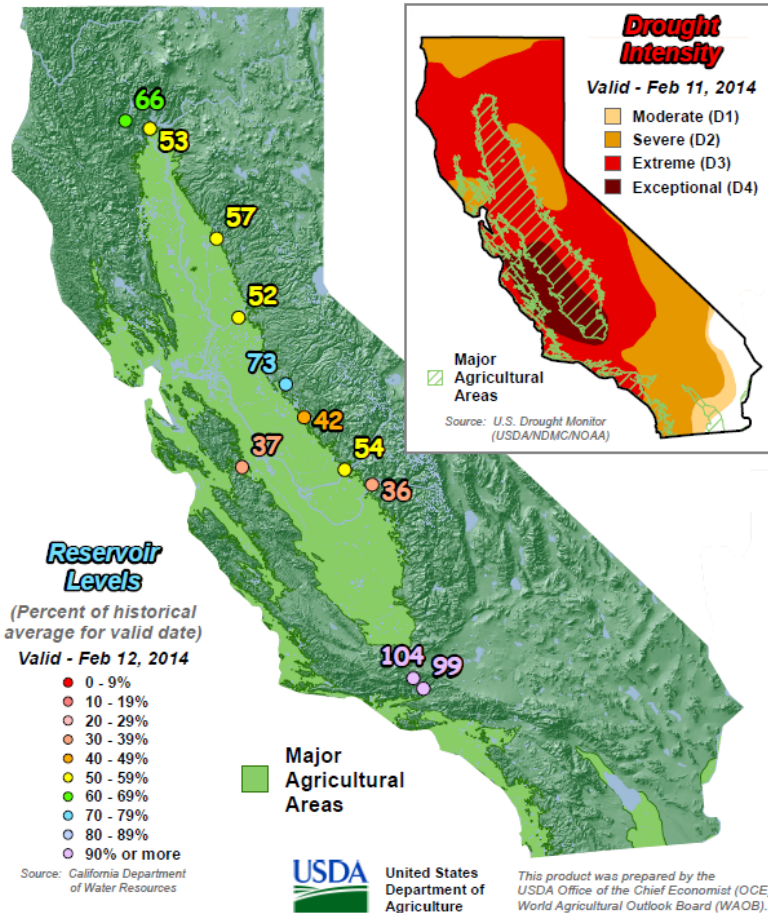


Fig 8

Drought lingers in West

California Reservoir & Drought Monitor

Updated - February 14, 2014



Short run
outlook for
crops



Fig 9

Global grain ending stocks remain tight

Crop	2000-03 Avg	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		Days of use						
Wheat	120	76	96	112	111	105	93	96
Corn	89	62	69	65	55	56	56	61
Rice	115	69	77	79	81	83	84	81
Soybeans	74	83	71	93	102	76	83	99
Cotton	193	187	208	144	160	261	305	322

Source: USDA, PSD database

Fig 10

Feed grain plantings expected to fall reflecting lower prices

Crop	2008	2009	2010	2011	2012	2013	2014F	Percent change
Corn	86.0	86.4	88.2	91.9	97.2	95.4	92.0	-3.5%
Soybeans	75.7	77.5	77.4	75.0	77.2	76.5	79.5	3.9%
Wheat	63.2	59.2	53.6	54.4	55.7	56.2	55.5	-1.2%
All cotton	9.5	9.1	11.0	14.7	12.3	10.4	11.5	10.5%
Minor feed grains	15.8	13.6	11.4	10.5	12.6	14.6	12.4	-14.8%
Rice	3.0	3.1	3.6	2.7	2.7	2.5	2.9	16.5%
Total 8 crops	253.1	248.9	245.2	249.4	257.7	255.5	253.8	-0.7%
CRP	34.6	33.7	31.3	31.1	29.5	26.8	26.0	-3.1%
8 crops + CRP	287.7	282.6	276.5	280.5	287.2	282.3	279.8	-0.9%

Source: USDA-World Ag Outlook Board

Fig 11

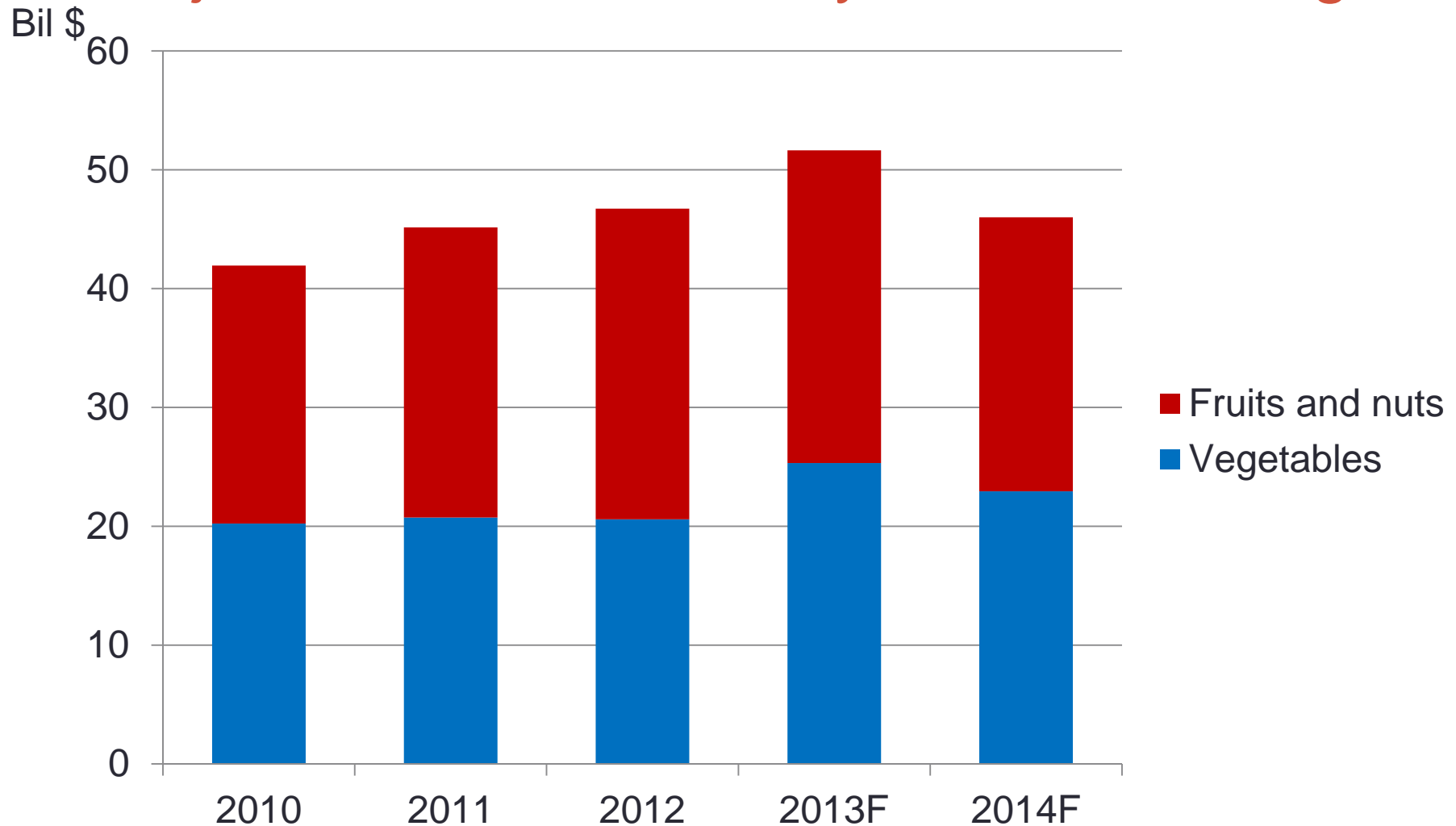
Corn, wheat, and soybean prices expected to fall from recent high levels

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15F
Wheat	6.78	4.87	5.70	7.24	7.77	6.80	5.30
Corn	4.06	3.55	5.18	6.22	6.89	4.50	3.90
Soybeans	9.97	9.59	11.30	12.50	14.40	12.70	9.65
Cotton	47.80	62.90	81.50	88.30	72.50	76.00	68.00
Rice	16.80	14.40	12.70	14.50	14.90	16.00	15.90

Wheat, corn and soybeans in dollars per bushel; rice in dollars per hundredweight; cotton in cents per pound. Numbers in red denote record levels.

Fig 12

Specialty crop revenues to fall in 2014 but subject to much uncertainty due to CA drought



Source: USDA-ERS

Livestock outlook



Fig 13

Feed price ratios improve in 2013

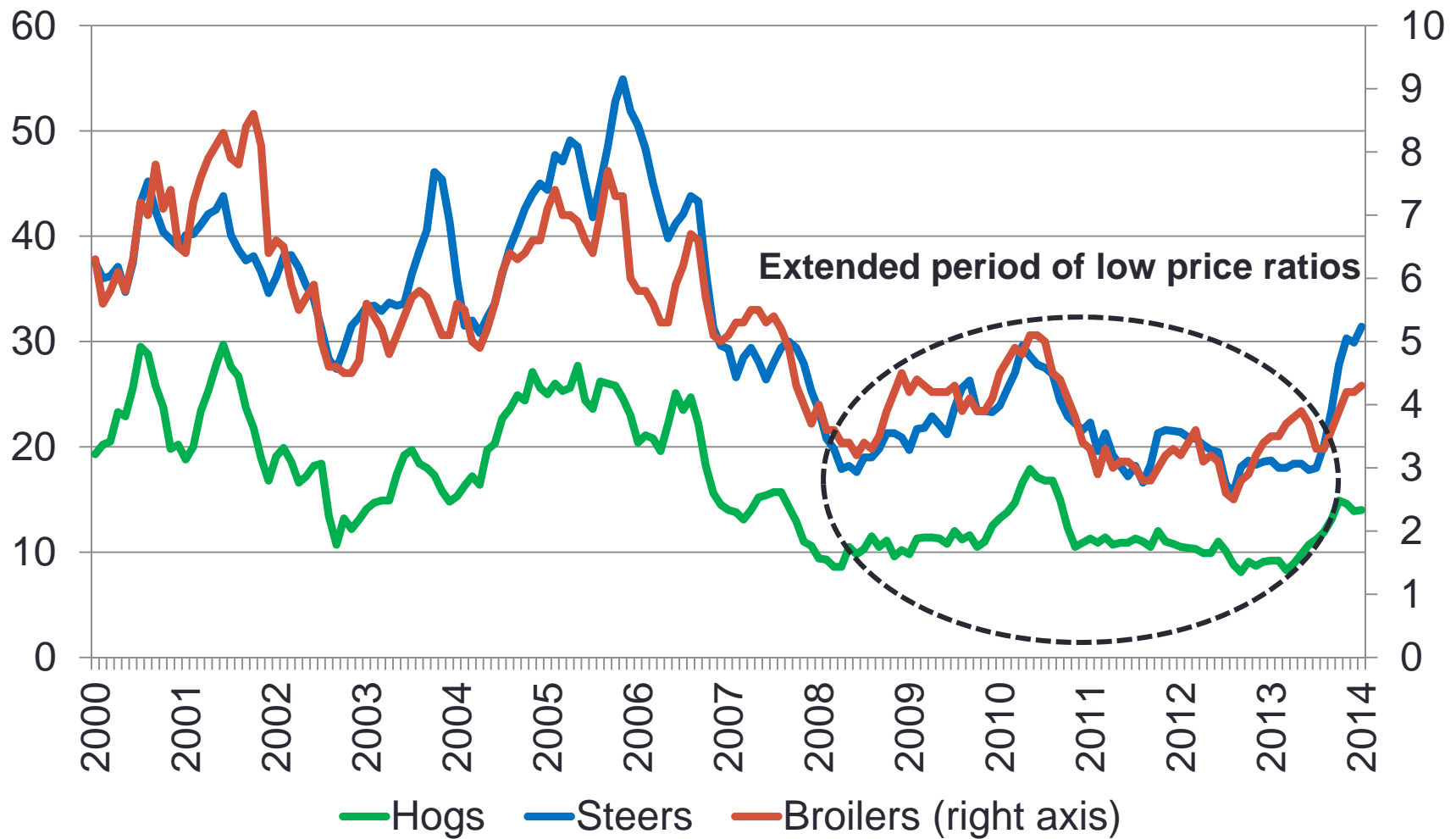
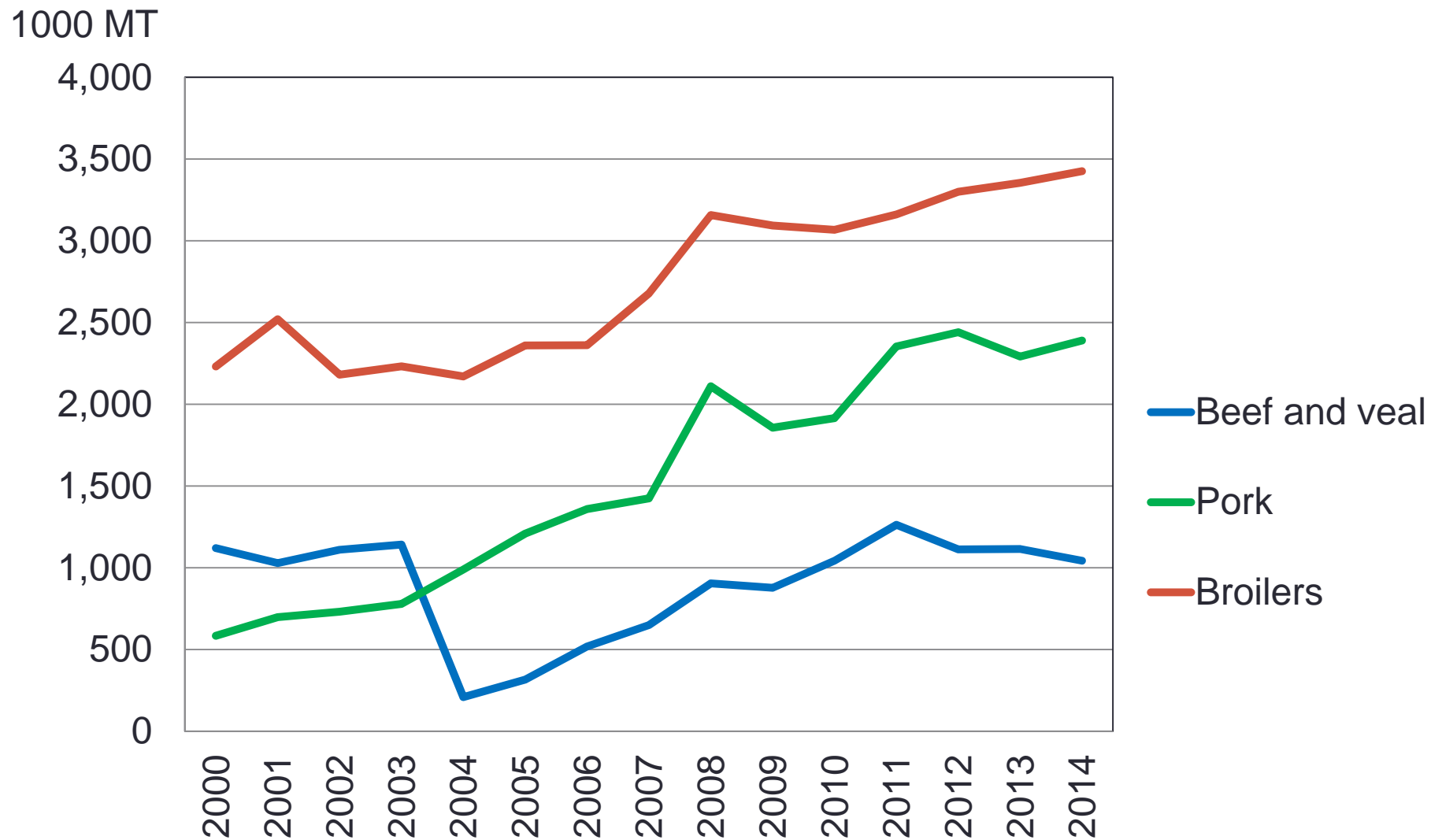


Fig 14

Meat exports

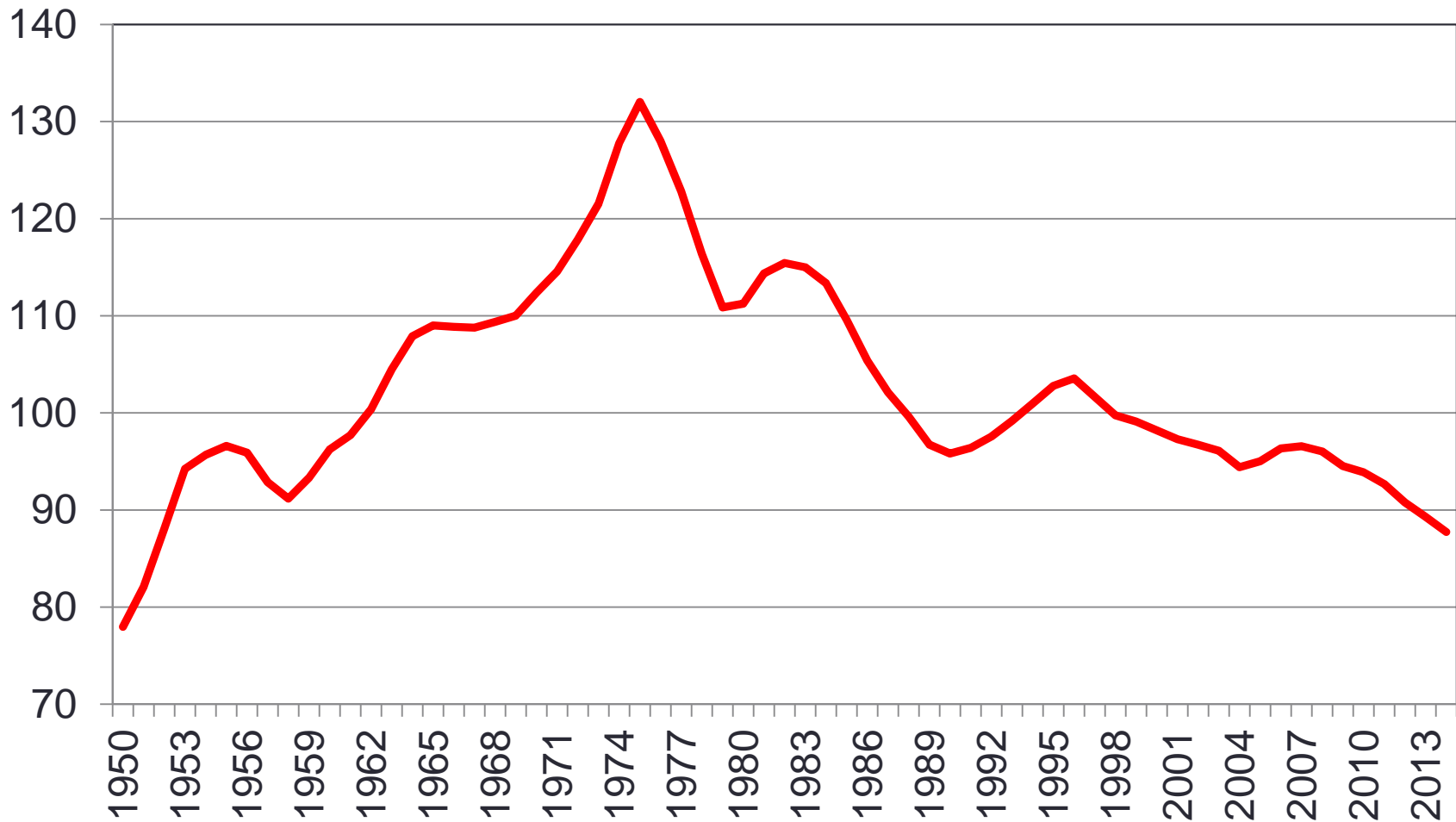


Source: USDA PSD database

Fig 15

Jan 1 cattle and calf numbers lowest since 1951

Mil head

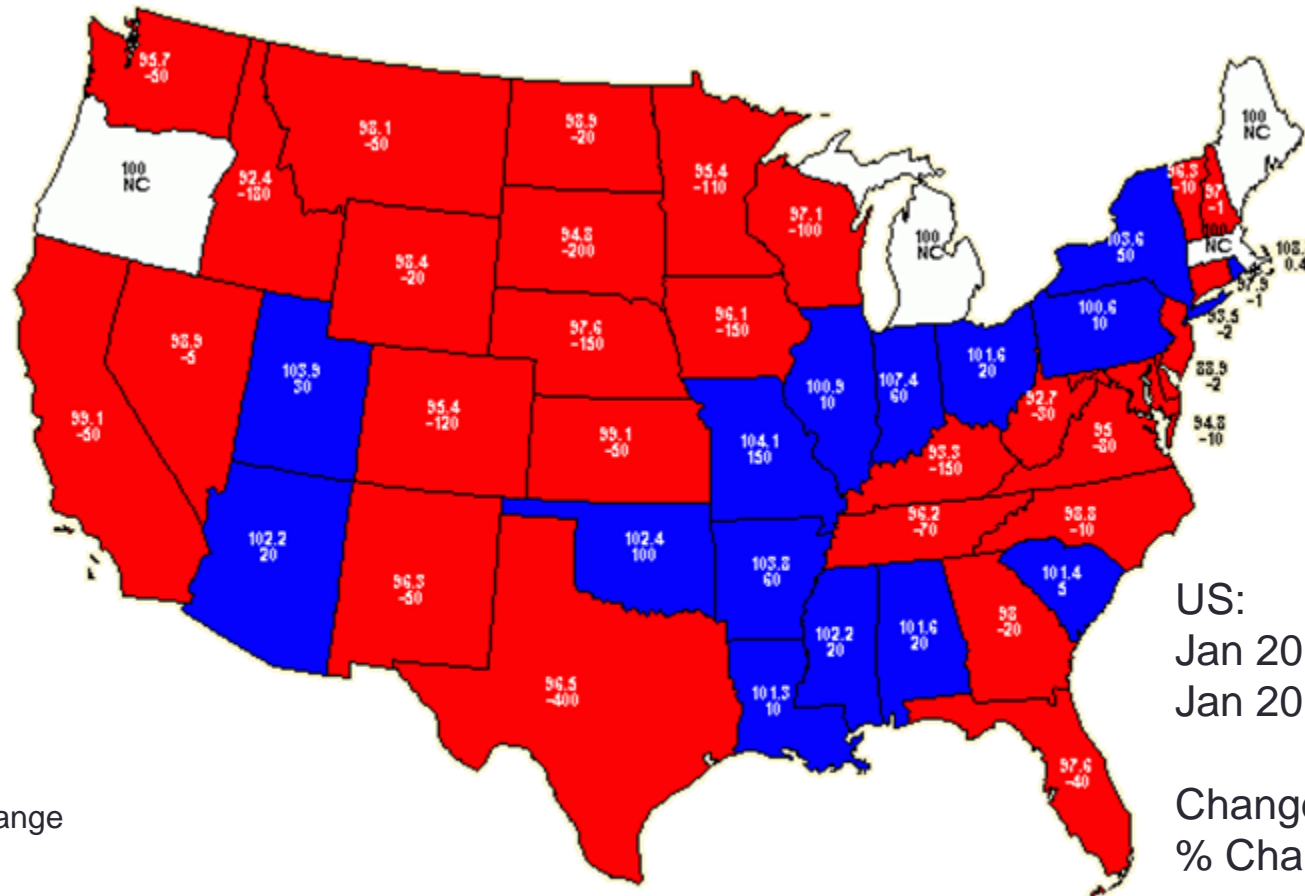


Source: USDA-NASS Cattle Report

Fig 16

January 2014 Cattle Inventory

Percent of PY & Change-All cattle and calves



US:
Jan 2013: 89,299.6
Jan 2014: 87,730.0

Change: 98.20
% Change: -1.1%

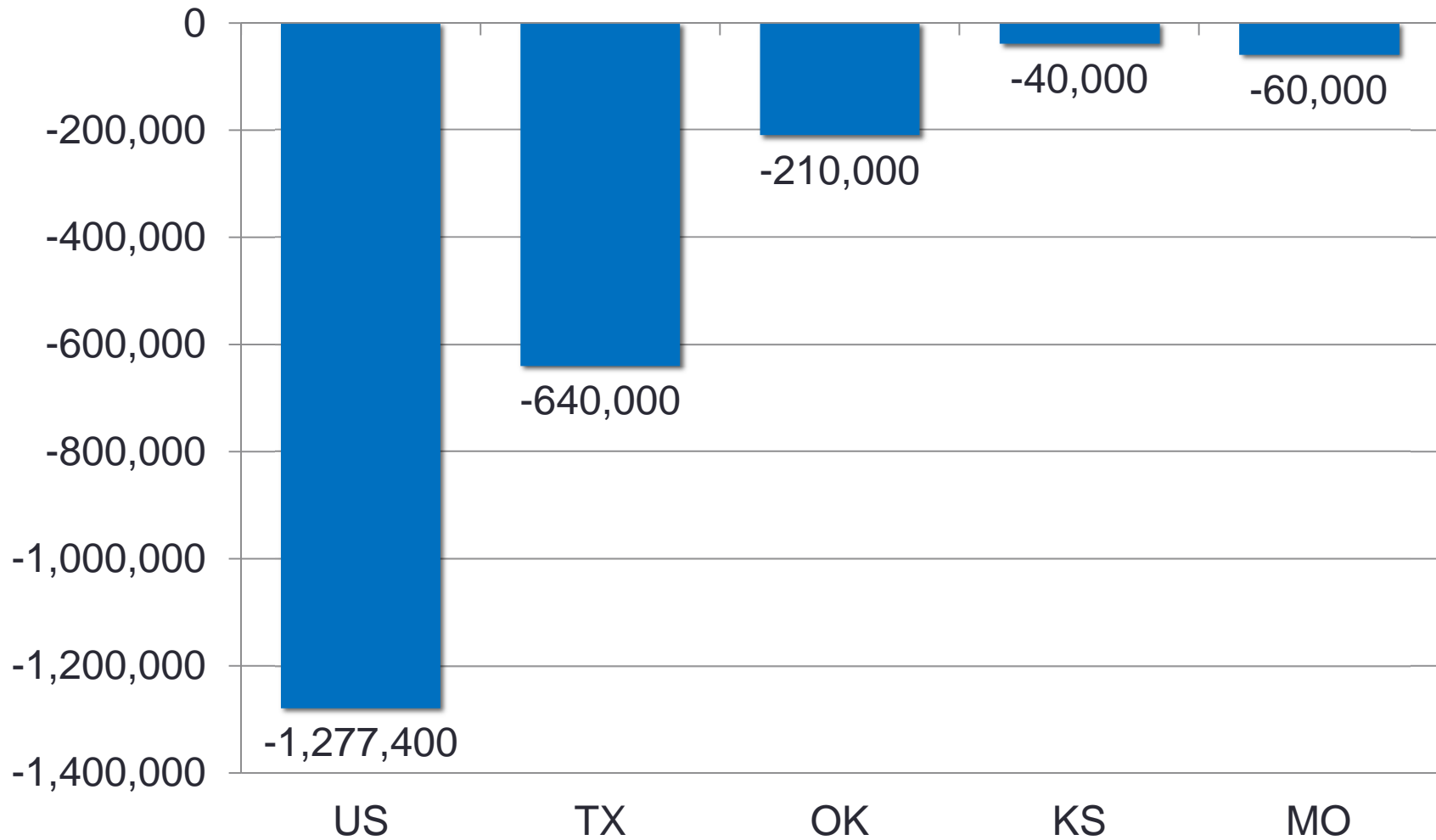
NC=No Change

USDA_NASS
1/28/14
2:20 PM

Source: USDA-NASS Cattle report

Fig 17

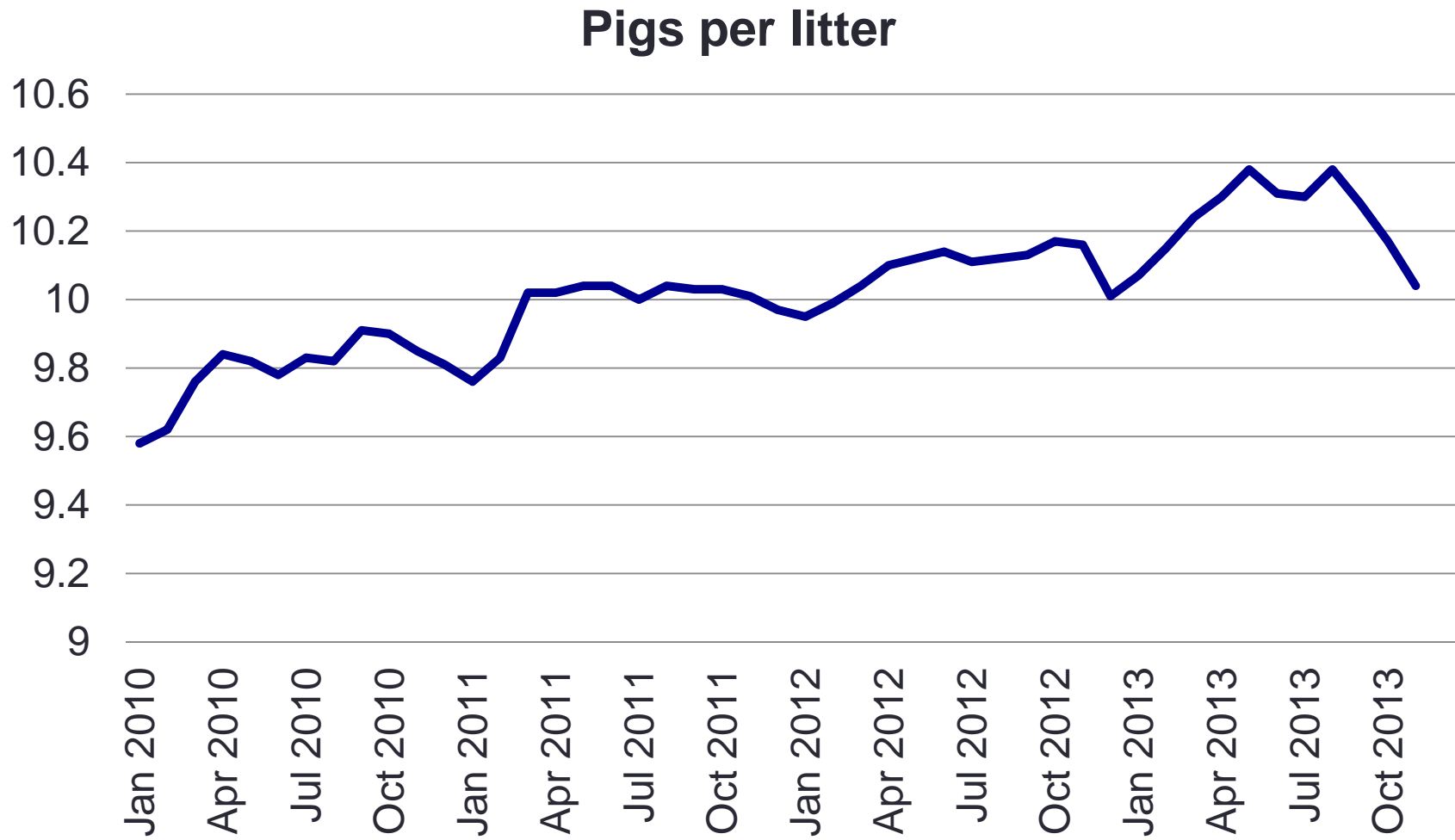
Decline in cattle and calf inventory since 2011



Source: USDA-NASS *Cattle* report

Fig 18

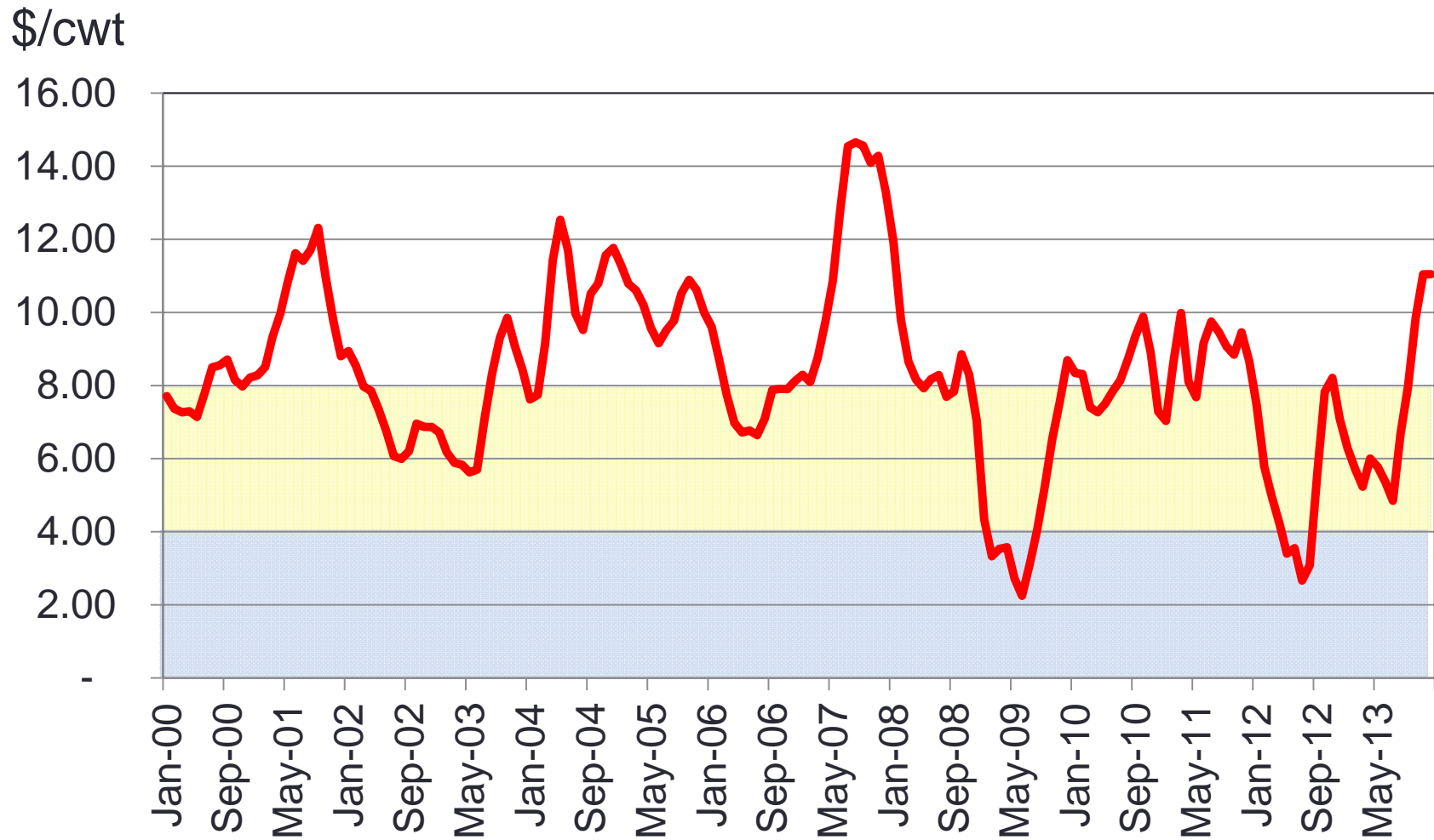
PEDv affects litter rates



Source: USDA-NASS

Fig 19

Dairy feed cost margins improving

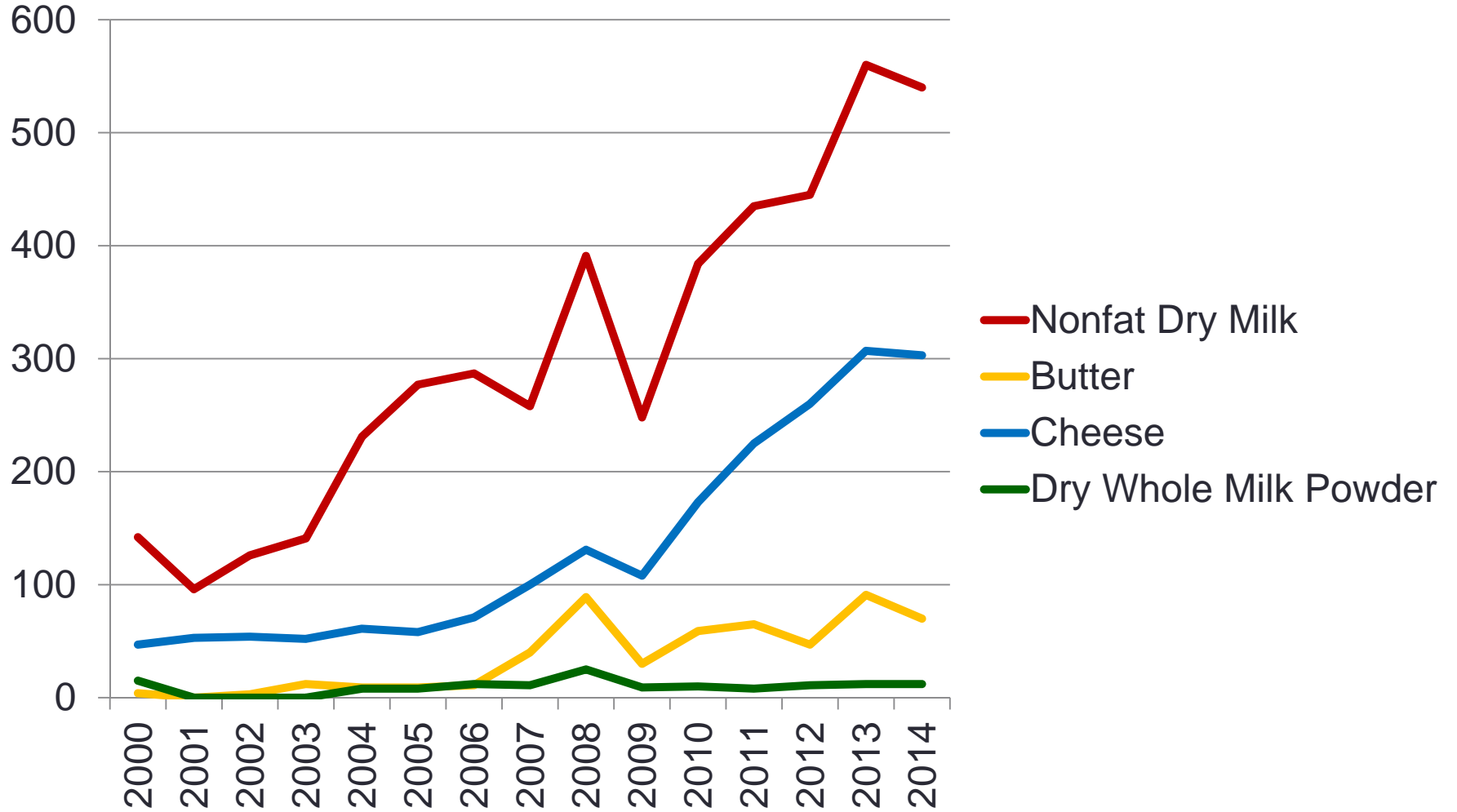


Source: Office of the Chief Economist, February 2014

Fig 20

Dairy exports

Thou MT



Source: USDA PSD database

Fig 21

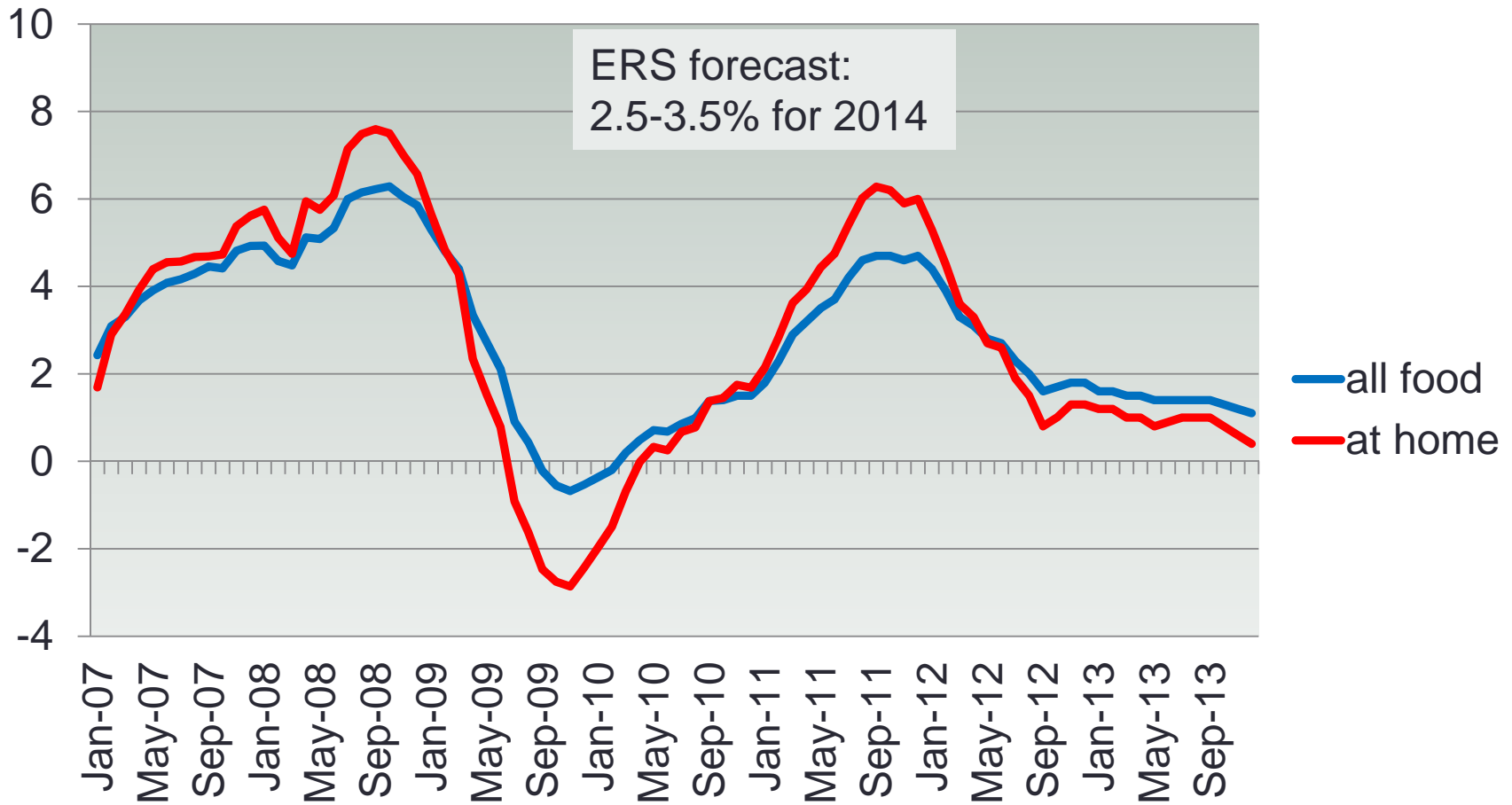
Livestock, dairy and poultry prices expected to remain high in 2014

Animal products	2009	2010	2011	2012	2013	2014F	% Change 2014/13	
	Dollars per cwt							
Steers	83.25	95.38	114.73	122.86	125.89	136.00	8.0	
Hogs	41.24	55.06	66.11	60.88	64.05	63.00	-2.0	
Broilers	77.60	82.90	79.90	86.60	99.70	97.50	-2.2	
Milk	12.83	16.26	20.14	18.51	20.01	21.20	6.0	

Prices in **red** denote record levels.

Food CPI remains low

% change year/year



Farm income
and land values



Fig 23

Net cash income

Bil \$

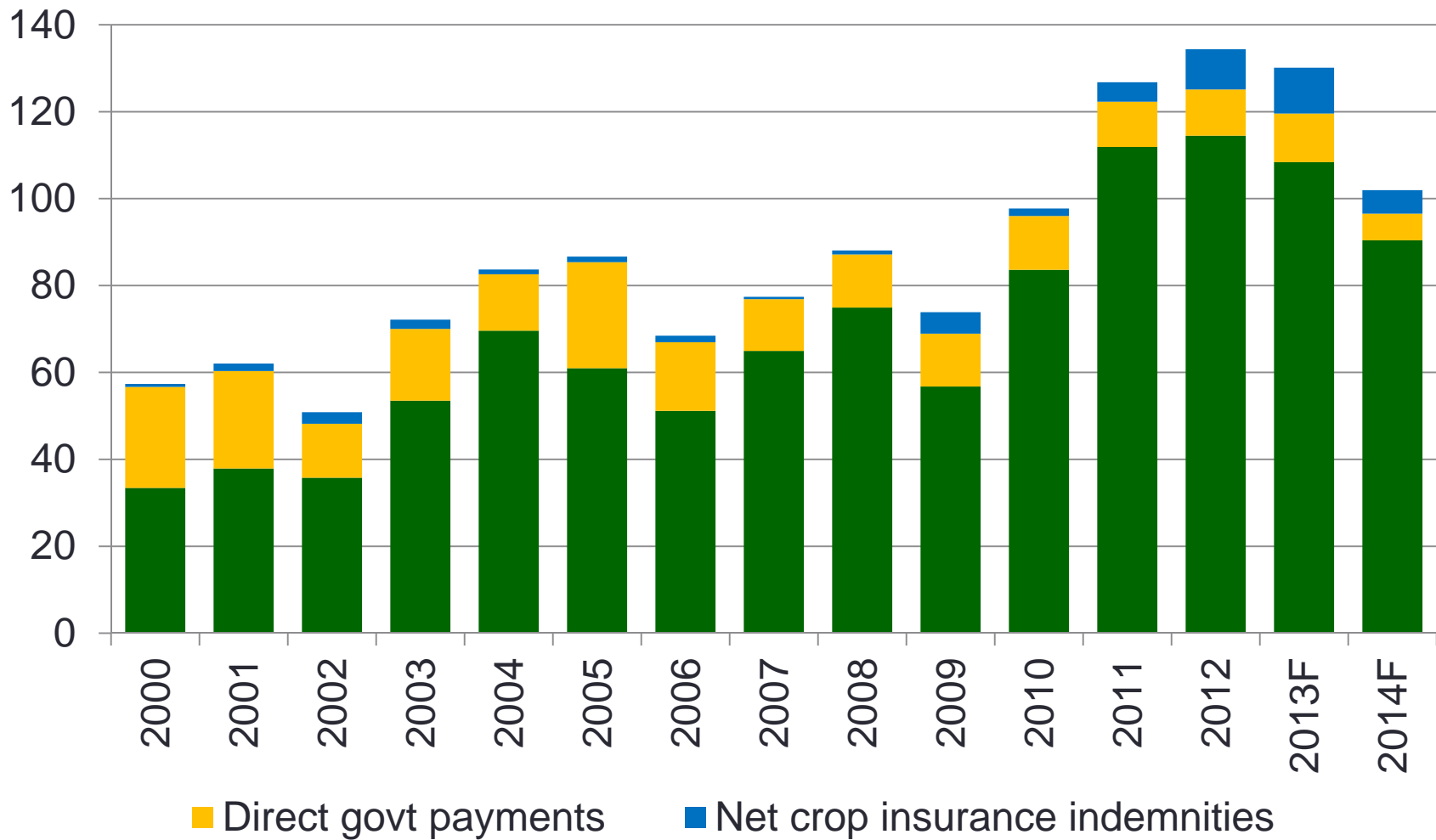


Fig 24

Farmland values

\$/acre



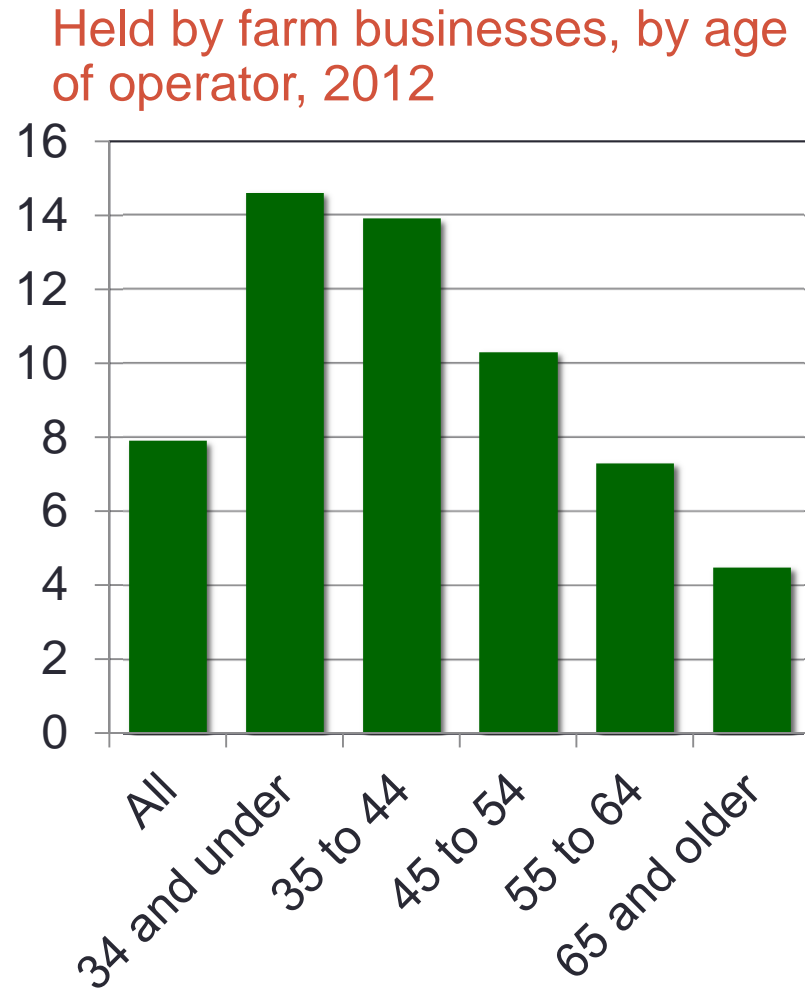
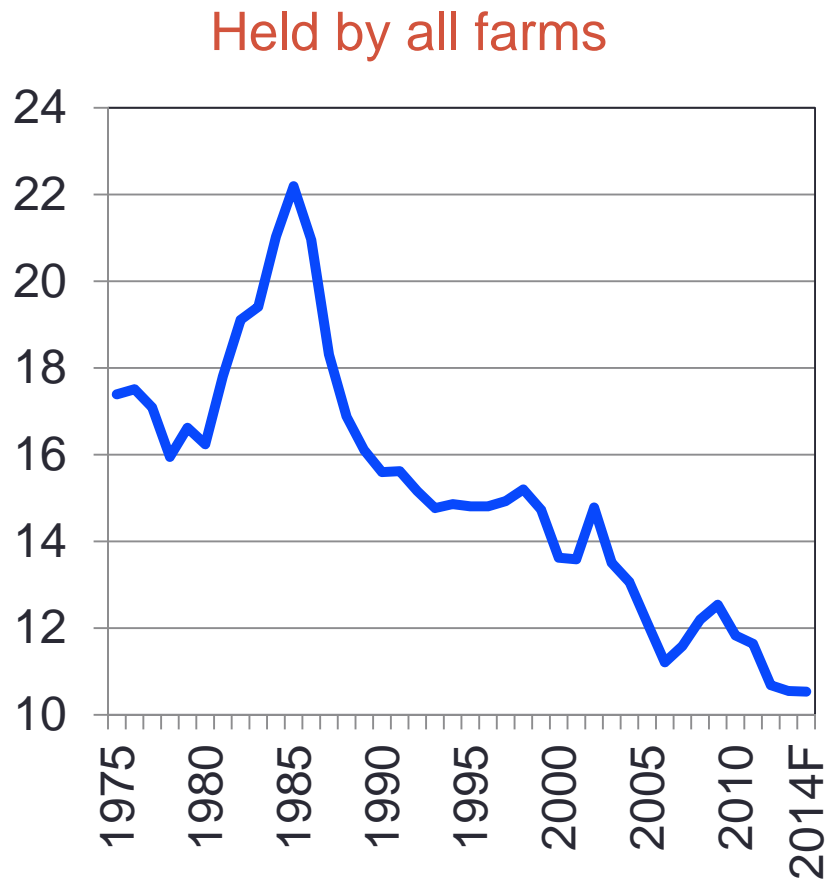
Fig 25

10-year Treasury yield



Source: Federal Reserve Bank of St. Louis

Debt as a percent of assets





Agricultural Outlook Forum

The Changing Face of Agriculture

February 20-21, 2014

Crystal Gateway Marriott Hotel ■ Arlington, Virginia