U.S. Crops

U.S. Wheat

Wheat yields were below normal in 2007/08 in the EU, Australia, and Canada. According to February 2008 USDA estimates, total wheat exports of those three exporters are 16.7 mmt lower in 2007/08 than two years ago.

Reduced supplies in competing exporting countries have resulted in high U.S. wheat exports and prices in 2007/08. If foreign wheat yields return to normal levels and producers around the world respond to high wheat prices, U.S. wheat exports could decline in 2008/09.

Global grain demand remains strong, so projected exports remain near 1.0 billion bushels in spite of wheat prices in excess of $5.00 per bushel.

Domestic wheat use increases slightly over the next 10 years, as population growth results in more wheat food use.

The sharp increase in wheat prices dramatically increases producer returns in 2007/08. Projected prices and returns decline in 2008/09 but remain well above pre-2007 levels.

Wheat net returns over operating costs remain strong throughout the baseline, but even greater returns to corn and soybean production means the long-term decline in wheat acreage is likely to resume in 2009.

U.S. Wheat Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	74.7	74.8	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Planted Area	60.4	61.7	57.9	57.7	57.6	57.5	57.2	57.1	56.9	56.7	56.7
Harvested Area	51.0	52.5	49.1	48.9	48.8	48.7	48.4	48.2	48.1	47.9	47.8
Yield					(Bushels per Acre)						
Actual	40.5	42.7	42.9	43.2	43.5	43.9	44.2	44.5	44.9	45.2	45.5
Program, Direct	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Program, CCP	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1
					(Million Bushels)						
Supply	2,613	2,649	2,611	2,613	2,627	2,632	2,629	2,624	2,626	2,626	2,635
Beginning Stocks	456	296	400	394	394	388	382	368	360	353	348
Production	2,067	2,244	2,103	2,111	2,126	2,136	2,138	2,146	2,157	2,163	2,177
Imports	90	109	108	107	108	108	109	109	110	110	110
Domestic Use	1,143	1,227	1,245	1,253	1,256	1,268	1,270	1,275	1,281	1,285	1,291
Feed, Residual	115	192	201	198	194	197	192	190	188	183	181
Seed	84	79	79	79	79	79	79	79	79	79	79
Food, Other	944	956	966	975	983	991	998	1,006	1,014	1,022	1,030
Exports	1,175	1,022	972	966	983	982	991	989	992	994	1,001
Total Use	2,318	2,249	2,217	2,219	2,239	2,250	2,261	2,264	2,273	2,279	2,291
Ending Stocks	296	400	394	394	388	382	368	360	353	348	344
CCC Inventory	35	35	35	35	35	35	35	35	35	35	35
Under Loan	5	12	12	12	12	12	11	11	10	10	10
Other Stocks	256	353	347	347	341	336	323	314	308	302	298
Prices and Returns					(U.S. Dollars)						
Farm Price/bu	6.68	5.27	5.20	5.16	5.23	5.28	5.39	5.44	5.50	5.53	5.56
Loan Rate/bu	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Average LDP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price/bu	3.92	3.92	3.92	3.92	3.92	3.92	3.92	3.92	3.92	3.92	3.92
CCP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/bu	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52
Gross Market Revenue/a	270.47	224.96	222.78	222.95	227.62	231.58	238.38	242.33	246.50	249.76	252.96
LDP Revenue/a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses/a	95.99	101.50	102.76	104.46	106.11	107.50	108.61	110.68	113.12	115.61	118.12
Mkt+LDP Net Returns/a	174.48	123.46	120.02	118.50	121.50	124.08	129.77	131.65	133.39	134.15	134.85
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25

U.S. Rice

U.S. rice exports have increased in 2007/08, resulting in lower stocks and higher prices. Limited supplies may reduce rice exports in 2008/09 and 2009/10, but strong global rice demand leads to projected export increases in later years.

Domestic rice use increases over the next 10 years, primarily because of population growth.

The season-average farm price of rice is expected to increase for the third straight year in 2007/08. World and domestic rice prices are projected to decline slightly in 2008/09.

Average adjusted world prices far exceed the loan rate, suggesting marketing loan benefits are likely to be available only rarely.

Until 2006/07, changes in rice prices had offset government payments. Rice prices have risen to levels whereby fixed direct payments are the only payments available, so payments do not decline when prices rise.

Rising rice production costs and lower government payments mean producer net returns have increased much less than market prices.

U.S. Rice Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	4.48	4.48	4.48	4.48	4.48	4.48	4.48	4.48	4.48	4.48	4.48
Planted Area	2.76	2.90	2.65	2.85	2.81	2.96	2.93	3.06	3.06	3.05	3.12
Harvested Area	2.75	2.89	2.63	2.83	2.80	2.94	2.91	3.05	3.05	3.04	3.11
Yield					(Pounds per Acre)						
Actual	7,185	7,074	7,161	7,216	7,282	7,332	7,396	7,451	7,511	7,571	7,634
Program, Direct	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820
Program, CCP	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128
					(Million Hundredweight)						
Supply	258.1	250.1	237.0	253.1	253.6	266.1	266.5	278.6	281.0	282.7	290.2
Beginning Stocks	39.3	24.0	26.1	26.0	26.6	26.8	27.3	27.3	27.5	27.8	27.7
Production	197.5	204.3	188.7	204.5	203.9	215.9	215.4	227.2	228.8	230.0	237.1
Imports	21.4	21.8	22.2	22.6	23.0	23.4	23.8	24.2	24.6	25.0	25.4
Domestic Use	124.3	127.1	127.6	129.1	130.0	131.5	132.3	133.6	135.0	136.1	137.8
Exports	109.8	97.0	83.4	97.3	96.7	107.3	106.9	117.5	118.2	118.9	124.3
Total Use	234.1	224.0	211.0	226.5	226.7	238.8	239.2	251.1	253.2	255.0	262.1
Ending Stocks	24.0	26.1	26.0	26.6	26.8	27.3	27.3	27.5	27.8	27.7	28.1
CCC Inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Stocks	24.0	26.1	26.0	26.6	26.8	27.3	27.3	27.5	27.8	27.7	28.1
Prices and Returns					(U.S. Dollars)						
Farm Price/cwt	11.36	10.49	11.10	11.04	11.44	11.42	11.88	11.99	12.05	12.28	12.17
Adjusted World Price/cwt	9.35	8.28	8.90	8.77	9.28	9.37	9.96	10.18	10.28	10.49	10.52
Loan Rate/cwt	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Average LDP Rate/cwt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price/cwt	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
CCP Rate/cwt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/cwt	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35
Gross Market Revenue/a	816.47	742.22	795.14	796.50	832.99	837.46	878.36	893.63	904.90	929.39	929.38
LDP Revenue/a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses/a	480.51	508.98	512.91	516.82	524.75	530.55	535.21	544.57	555.73	566.94	578.26
Mkt+LDP Net Returns/a	335.96	233.24	282.22	279.68	308.23	306.92	343.16	349.06	349.16	362.45	351.12
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	96.27	96.27	96.27	96.27	96.27	96.27	96.27	96.27	96.27	96.27	96.27

U.S. Long-Grain Rice Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Planted Area	2.06	2.19	1.94	2.10	2.06	2.20	2.17	2.29	2.30	2.30	2.34
Arkansas	1.19	1.26	1.11	1.20	1.18	1.25	1.24	1.30	1.31	1.31	1.33
California	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Louisiana	0.36	0.38	0.33	0.36	0.35	0.38	0.38	0.40	0.40	0.40	0.41
Mississippi	0.19	0.20	0.18	0.19	0.19	0.20	0.20	0.21	0.21	0.21	0.22
Missouri	0.18	0.17	0.15	0.16	0.16	0.17	0.17	0.18	0.18	0.18	0.18
Texas	0.14	0.16	0.16	0.17	0.17	0.18	0.18	0.19	0.19	0.19	0.19
Harvested Area	2.05	2.17	1.93	2.09	2.05	2.19	2.16	2.28	2.29	2.28	2.33
					(Pounds per Acre)						
Yield	6,929	6,847	6,917	6,982	7,048	7,113	7,179	7,245	7,311	7,376	7,442
					(Million Hundredweight)						
Supply	185.56	176.17	162.30	174.50	173.45	184.42	184.12	194.22	196.33	197.84	203.21
Beginning Stocks	28.54	12.18	13.27	12.88	13.00	12.85	12.89	12.69	12.64	12.70	12.74
Production	142.18	148.86	133.74	146.09	144.76	155.66	155.15	165.24	167.17	168.41	173.51
Imports	14.84	15.12	15.29	15.52	15.69	15.91	16.09	16.30	16.52	16.73	16.96
Domestic Use	88.95	90.98	91.41	92.47	92.73	93.29	93.58	94.10	94.85	95.72	96.26
Exports	84.43	71.92	58.00	69.02	67.87	78.25	77.86	87.47	88.77	89.38	94.08
Residual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Stocks	12.18	13.27	12.88	13.00	12.85	12.89	12.69	12.64	12.70	12.74	12.86
Prices					(U.S. Dollars)						
Farm Price/cwt	11.16	10.17	10.75	10.65	11.13	11.23	11.76	11.97	12.08	12.28	12.32
Milled Rice, Gulf/cwt	22.25	20.28	21.44	21.24	22.19	22.39	23.46	23.88	24.08	24.49	24.57

U.S. Medium- and Short-Grain Rice Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Planted Area	0.70	0.72	0.70	0.74	0.75	0.76	0.75	0.77	0.76	0.76	0.78
Arkansas	0.15	0.15	0.14	0.15	0.15	0.16	0.16	0.17	0.17	0.17	0.18
California	0.53	0.53	0.54	0.56	0.57	0.57	0.56	0.57	0.56	0.56	0.57
Louisiana	0.02	0.03	0.02	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02
Mississippi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Missouri	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Texas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Harvested Area	0.70	0.71	0.70	0.74	0.75	0.76	0.75	0.77	0.76	0.75	0.77
					(Pounds per Acre)						
Yield	7,942	7,764	7,835	7,876	7,927	7,964	8,018	8,063	8,112	8,161	8,211
					(Million Hundredweight)						
Supply	71.81	73.21	73.92	77.84	79.35	80.91	81.59	83.68	83.87	84.12	86.25
Beginning Stocks	10.02	11.08	12.08	12.31	12.88	13.22	13.68	13.81	14.15	14.30	14.18
Production	55.27	55.43	54.95	58.44	59.19	60.21	60.25	62.00	61.67	61.56	63.61
Imports	6.51	6.70	6.89	7.08	7.28	7.47	7.66	7.86	8.06	8.26	8.46
Domestic Use	35.34	36.10	36.18	36.65	37.28	38.20	38.70	39.50	40.16	40.39	41.53
Exports	25.38	25.04	25.43	28.31	28.85	29.03	29.08	30.03	29.42	29.56	30.20
Residual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Stocks	11.08	12.08	12.31	12.88	13.22	13.68	13.81	14.15	14.30	14.18	14.52
Prices					(U.S. Dollars)						
Farm Price/cwt	11.89	11.36	11.96	12.01	12.20	11.93	12.17	12.04	11.97	12.26	11.78
Milled Rice, Gulf/cwt	26.52	25.21	26.39	26.37	26.65	26.08	26.60	26.32	26.16	26.80	25.75

U.S. Corn

Ethanol use of corn has almost doubled between 2005/06 and 2007/08 and is projected to approach 4 billion bushels in 2008/09.

Export demand for corn in 2007/08 has been surprisingly strong. Foreign supply response to high prices could lead to lower exports in 2008/09.

Given EISA provisions, high petroleum prices, a weak dollar, and foreign economic growth, both ethanol use and exports could grow after 2008/09.

Reported feed and residual use of corn dropped in 2006/07 and appears likely to rebound in 2007/08. Growth in the feed use of distillers grains and other coproducts of ethanol production is likely to reduce feed use of corn grain in 2008/09.

By 2015/16, almost as much corn is used to produce ethanol as is fed directly to U.S. livestock.

Sharply higher corn prices in 2006/07 and 2007/08 have resulted in a large increase in producer market receipts. Marketing loan benefits and CCPs would occur only if prices fell dramatically below projected levels.

In spite of rising variable production expenses, net returns to corn producers remain very high by historical standards. This helps sustain corn planted area at over 90 million acres throughout the baseline.

U.S. Corn Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	86.7	86.7	86.8	86.9	86.9	86.9	86.9	86.9	86.9	86.9	86.9
Planted Area	93.6	91.7	92.7	94.3	92.2	93.7	94.6	95.9	95.7	96.2	95.4
Harvested Area	86.5	84.1	85.0	86.6	84.7	86.2	87.0	88.3	88.2	88.7	87.9
Yield					(Bushels per Acre)						
Actual	151.1	153.5	155.5	157.8	159.9	162.1	164.3	166.4	168.6	170.8	173.0
Program, Direct	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4
Program, CCP	114.4	114.4	114.4	114.4	114.4	114.4	114.4	114.4	114.4	114.4	114.4
					(Million Bushels)						
Supply	14,393	14,421	14,614	15,032	15,038	15,382	15,696	16,047	16,241	16,495	16,612
Beginning Stocks	1,304	1,496	1,385	1,356	1,482	1,400	1,383	1,335	1,364	1,338	1,385
Production	13,074	12,910	13,214	13,661	13,541	13,968	14,298	14,697	14,862	15,142	15,212
Imports	15	15	15	15	15	15	15	15	15	15	15
Domestic Use	10,446	10,894	10,993	11,176	11,132	11,457	11,769	11,997	12,121	12,205	12,196
Feed, Residual	5,944	5,479	5,424	5,505	5,471	5,452	5,396	5,426	5,403	5,467	5,468
Fuel Alcohol	3,141	4,019	4,151	4,237	4,215	4,550	4,913	5,104	5,245	5,253	5,231
HFCS	511	534	547	555	559	563	561	561	560	565	571
Seed	23	23	24	23	24	24	24	24	24	24	24
Food, Other	827	839	847	856	862	869	874	881	888	896	903
Exports	2,450	2,141	2,265	2,374	2,507	2,542	2,593	2,686	2,783	2,906	3,049
Total Use	12,896	13,035	13,258	13,550	13,638	13,999	14,361	14,683	14,903	15,111	15,245
Ending Stocks	1,496	1,385	1,356	1,482	1,400	1,383	1,335	1,364	1,338	1,385	1,366
CCC Inventory	0	0	0	0	0	0	0	0	0	0	0
Under Loan	86	96	102	127	116	112	101	105	101	111	111
Other Stocks	1,410	1,289	1,255	1,355	1,283	1,272	1,234	1,259	1,237	1,274	1,255
Prices and Returns					(U.S. Dollars)						
Farm Price/bu	3.97	3.89	3.87	3.76	3.80	3.85	3.93	3.92	3.95	3.90	3.90
Loan Rate/bu	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95
Average LDP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price/bu	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
CCP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/bu	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Gross Market Revenue/a	599.71	597.45	601.82	592.42	608.48	623.77	644.73	651.88	665.42	666.49	674.99
LDP Revenue/a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses/a	231.85	246.94	250.70	256.18	259.40	261.67	262.38	266.51	271.86	277.60	283.22
Mkt+LDP Net Returns/a	367.86	350.51	351.12	336.24	349.08	362.10	382.35	385.37	393.56	388.89	391.77
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37

U.S. Ethanol and Biofuel Policy Provisions

Projected growth in corn-based ethanol production slows after 2008/09, but production still reaches 15 billion gallons by 2015/16.

Future levels of cellulosic ethanol production are very uncertain. Projected production falls short of the levels envisioned in EISA (see Box 1 on the EISA, page 6).

Imported sugar-based ethanol is assumed to satisfy most of the renewable fuel standard for advanced ethanol not met by cellulosic ethanol or biodiesel.

Projected rack (wholesale) prices of ethanol decline until 2009/10, as ethanol production in the near term exceeds the levels of use required under EISA. In later years, ethanol rack prices increase in response to EISA mandates.

Because projected cellulosic ethanol production falls short of EISA mandates, cellulosic ethanol producers receive a subsidy equal to $3.00 per gallon minus the wholesale price of gasoline or $0.25 per gallon, whichever is greater.

Additive uses of ethanol increased sharply when methyl tertiary butyl ether (MTBE) was replaced in the nation's fuel supply. Voluntary use of 10% ethanol blends and E-85 must absorb increasing supplies unless other blends enter the market.

Ethanol blends must be price competitive with regular gasoline to encourage the required increase in use.

U.S. Ethanol Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Ethanol					(Million Gallons)						
Production	8,722	11,186	11,601	11,897	11,928	13,008	14,256	15,146	16,084	16,883	17,963
From Corn	8,581	11,037	11,459	11,754	11,753	12,751	13,839	14,448	14,920	15,016	15,024
From Other Feedstocks	141	139	124	112	100	98	107	121	132	141	148
Cellulosic	0	10	18	32	75	159	310	576	1,032	1,726	2,791
Net Imports (Ethyl Alcohol)	407	427	353	351	350	492	725	1,103	1,328	1,728	2,223
Disappearance	9,006	11,480	11,923	12,227	12,273	13,449	14,927	16,209	17,365	18,559	20,124
Conventional	8,494	10,939	11,459	11,761	11,774	12,725	13,811	14,440	14,907	15,000	15,000
Cellulosic	0	10	18	32	75	159	310	576	1,032	1,726	2,791
Other Advanced Ethanol	512	531	446	435	424	565	805	1,194	1,427	1,833	2,333
Ending Stocks	555	689	720	741	746	797	852	891	936	988	1,049
Fuel Prices					(Dollars per Barrel)						
Petroleum, Ref. Acquisition	81.39	77.74	71.93	69.45	68.55	67.73	67.36	67.34	67.15	67.01	67.00
Petroleum, W. Texas Interm.	87.49	83.52	76.57	73.62	72.65	71.78	71.39	71.37	71.17	71.02	71.00
					(Dollars per Gallon)						
Unl. Gasoline, FOB Omaha	2.48	2.42	2.25	2.19	2.17	2.14	2.13	2.13	2.13	2.14	2.14
Unleaded Gasoline, Retail	3.10	3.05	2.88	2.82	2.80	2.79	2.79	2.82	2.83	2.82	2.82
Ethanol, FOB Omaha *	2.04	1.94	1.82	1.77	1.75	1.83	1.99	2.11	2.17	2.02	1.94
Cellulosic *	0.00	0.00	0.00	2.69	2.76	2.93	3.15	3.34	3.46	3.37	3.36
Other Advanced *	0.00	0.00	1.82	1.77	1.75	1.83	1.99	2.11	2.17	2.28	2.37
Ethanol, Implied Retail	2.18	2.09	1.99	1.94	1.93	1.90	1.89	1.90	1.90	1.89	1.88
Ethanol/Gasoline Retail Ratio	70.1%	68.6%	68.8%	68.7%	68.9%	68.2%	67.7%	67.4%	67.2%	66.9%	66.7%

* Rack prices.

U.S. Biofuel Policy Provisions

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
					(Million Gallon)						
Renewable Fuel Standard	4,700	9,000	11,100	12,950	13,950	15,200	16,550	18,150	20,500	22,250	24,000
Advanced Biofuels			600	950	1,350	2,000	2,750	3,750	5,500	7,250	9,000
Cellulosic Ethanol				100	250	500	1,000	1,750	3,000	4,250	5,500
Biodiesel			500	650	800	1,000	1,000	1,000	1,000	1,000	1,000
Taxes and Tariffs					(Dollars per Gallon)						
Ethanol Tax Credit	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Ethanol Specific Tariff	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
					(Percent)						
Ethanol Ad Valorem Tariff	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

U.S. Corn Products

Projected U.S. exports of HFCS grow to 1.3 million tons by 2017/18, with Mexico as the primary market.

Domestic use of HFCS has declined since 2001/02. Projected per capita use declines slowly, leaving total domestic use flat.

HFCS wholesale prices have risen sharply over the last two years and are only slightly lower than wholesale sugar prices.

Increasing dry mill ethanol production results in large additional supplies of distillers grains. Most of the coproduct is fed to U.S. livestock, primarily beef and dairy cattle. The table reports the sum of wet and dried distillers grains and brewers grains on a dry-equivalent basis.

Exports of distillers grains have increased rapidly but remain modest relative to total supplies as well as relative to corn exports.

Over the long run, prices of distillers dried grains with solubles (DDGS) and corn gluten feed generally move with corn prices. Projected DDGS prices dip slightly below corn prices on a per ton basis to encourage consumption of rapidly increasing supplies.

Corn oil prices have increased in response to strong global demand for vegetable oils. These high corn oil prices benefit wet millers and may encourage new processes to extract corn oil in dry mill plants.

U.S. Corn Products Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
High-Fructose Corn Syrup					(Thousand Tons, Oct.-Sept. Year)						
Production	9,158	9,568	9,797	9,947	10,027	10,088	10,053	10,057	10,044	10,121	10,228
Domestic Use	8,510	8,830	8,897	8,896	8,935	8,961	8,891	8,867	8,818	8,852	8,917
Net Exports	648	737	900	1,051	1,092	1,127	1,161	1,190	1,226	1,269	1,311
					(Pounds per Capita, Oct.-Sept. Year)						
Domestic Use per Capita	55.71	57.31	57.24	56.75	56.51	56.20	55.30	54.68	53.94	53.70	53.65
					(Cents per Pound, Oct.-Sept. Year)						
Price, 42% Midwest	20.29	21.74	21.43	21.21	21.18	21.54	21.84	22.38	22.55	22.30	22.33
Distillers, Brewers Grains					(Thousand Tons, Sep.-Aug. Year)						
Production (Dry Equivalent)	22,776	29,618	30,690	31,317	31,188	33,749	36,529	37,966	38,993	39,014	38,821
Domestic Use	20,376	26,873	27,847	28,369	28,287	30,742	33,360	34,677	35,582	35,487	35,190
Net Exports	2,400	2,745	2,843	2,948	2,902	3,007	3,169	3,290	3,411	3,527	3,630
					(Dollars per Ton, Sep.-Aug. Year)						
Price, Lawrenceburg, IN	142.48	134.20	133.13	131.69	137.80	135.18	133.05	132.22	133.39	135.38	137.55
DDGS Price/Corn Price	100%	97%	96%	98%	101%	98%	95%	95%	95%	97%	99%
Corn Gluten Feed					(Thousand Tons, Sep.-Aug. Year)						
Production	9,102	9,695	9,832	9,973	9,981	10,209	10,419	10,570	10,699	10,782	10,838
Domestic Use	7,634	8,175	8,336	8,490	8,553	8,776	8,985	9,147	9,299	9,413	9,503
Net Exports	1,468	1,520	1,496	1,484	1,427	1,434	1,434	1,423	1,399	1,369	1,335
					(Dollars per Ton, Sep.-Aug. Year)						
Price, 21%, IL Points	104.35	98.15	95.81	92.96	95.24	94.19	93.71	92.81	92.97	92.66	92.88
Corn Gluten Meal					(Thousand Tons, Sep.-Aug. Year)						
Production	2,395	2,551	2,587	2,625	2,626	2,687	2,742	2,782	2,815	2,837	2,852
Domestic Use	1,338	1,472	1,485	1,506	1,495	1,544	1,588	1,616	1,638	1,649	1,652
Net Exports	1,057	1,079	1,102	1,118	1,131	1,143	1,154	1,165	1,177	1,189	1,201
					(Dollars per Ton, Sep.-Aug. Year)						
Price, 60%, IL Points	438.34	416.72	379.96	364.73	356.72	355.90	352.92	350.45	344.75	339.38	330.50
Corn Oil					(Million Pounds, Oct.-Sep. Year)						
Production	2,793	2,975	3,018	3,061	3,063	3,133	3,198	3,244	3,283	3,309	3,326
Domestic Use	2,205	2,213	2,293	2,339	2,335	2,396	2,460	2,504	2,542	2,569	2,583
Net Exports	664	738	733	729	730	734	737	739	742	742	744
Ending Stocks	105	129	121	114	112	114	116	116	116	114	113
					(Cents per Pound, Oct.-Sep. Year)						
Chicago Price	55.30	51.53	54.77	57.86	59.18	60.01	61.13	62.30	63.50	65.15	66.37

U.S. Corn Processing

Ethanol use accounts for most of the growth in corn food and industrial use. HFCS and other food and industrial uses of corn grow slowly over time.

Falling ethanol prices and rising corn prices have resulted in lower returns over operating costs for dry mill ethanol producers in 2006/07 and 2007/08. Net returns over operating costs increase only after 2011/12, when EISA mandates become binding and returns must increase to encourage increased production.

From 2008 to 2017, dry mill net returns over operating costs average about $0.32 per gallon. Operating costs exclude capital costs, so net profits would be lower.

The pattern of net returns for wet mill ethanol plants over time is very similar to that for dry mill plants. Average returns over operating costs generally are higher for wet mill plants than for dry mill plants, primarily because of high corn oil values. Capital costs are typically higher for wet mill plants than for dry mill plants.

The recent decline in net returns explains the slowdown in ethanol plant capacity expansion. Actual net returns to ethanol production depend on petroleum prices, the weather, and other factors that are difficult to predict. For example, high petroleum prices may raise ethanol prices and net returns, while a drought could raise corn prices and reduce ethanol net returns.

U.S. Corn Processing

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Corn Food, Industrial Use					(Million Bushels)						
Fuel Alcohol	3,141	4,019	4,151	4,237	4,215	4,550	4,913	5,104	5,245	5,253	5,231
HFCS	511	534	547	555	559	563	561	561	560	565	571
Glucose and Dextrose	235	239	241	242	243	244	244	246	246	247	249
Starch	269	273	276	279	282	285	287	290	293	296	299
Beverage Alcohol	134	135	137	138	139	141	142	143	144	145	147
Cereals and Other	189	192	194	196	198	199	201	203	204	206	208
Total	4,479	5,391	5,545	5,647	5,637	5,981	6,348	6,547	6,693	6,714	6,704
Corn Dry Milling											
Corn Dry Milled for Ethanol	2,559	3,363	3,489	3,563	3,548	3,850	4,178	4,347	4,468	4,470	4,448
(Share of Total Ethanol)	81.5%	83.7%	84.1%	84.1%	84.2%	84.6%	85.0%	85.2%	85.2%	85.1%	85.0%
Yields per Bushel of Corn					(Units per Bushel)						
Ethanol (Gallons)	2.74	2.76	2.77	2.79	2.80	2.82	2.83	2.85	2.86	2.88	2.89
Distillers Grains (Pounds)	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Costs and Returns					(Dollars per Gallon)						
Ethanol Value	2.04	1.94	1.82	1.77	1.75	1.83	1.99	2.11	2.17	2.02	1.94
Distillers Grains Value	0.44	0.41	0.41	0.40	0.42	0.41	0.40	0.39	0.40	0.40	0.40
Corn Cost	-1.45	-1.41	-1.40	-1.35	-1.36	-1.37	-1.39	-1.38	-1.38	-1.36	-1.35
Fuel and Electricity Cost	-0.29	-0.30	-0.31	-0.31	-0.31	-0.30	-0.30	-0.30	-0.31	-0.31	-0.32
Other Operating Costs	-0.32	-0.32	-0.33	-0.33	-0.33	-0.34	-0.34	-0.34	-0.35	-0.35	-0.35
Net Operating Return	0.43	0.32	0.20	0.18	0.17	0.24	0.36	0.49	0.53	0.40	0.32
Corn Wet Milling					(Million Bushels)						
Corn Wet Milled for Ethanol	582	655	662	674	667	700	736	757	777	783	783
(Share of Total Ethanol)	18.5%	16.3%	15.9%	15.9%	15.8%	15.4%	15.0%	14.8%	14.8%	14.9%	15.0%
Other Corn Wet Milling	1,015	1,046	1,063	1,076	1,084	1,091	1,092	1,097	1,100	1,108	1,119
Total Corn Wet Milling	1,597	1,701	1,725	1,750	1,751	1,791	1,828	1,854	1,877	1,892	1,901
Yields per Bushel of Corn					(Units per Bushel)						
Ethanol (Gallons)	2.69	2.70	2.71	2.71	2.72	2.73	2.74	2.74	2.75	2.76	2.77
Gluten Feed (Pounds)	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40
Gluten Meal (Pounds)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Corn Oil (Pounds)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Costs and Returns					(Dollars per Gallon)						
Ethanol Value	2.04	1.94	1.82	1.77	1.75	1.83	1.99	2.11	2.17	2.02	1.94
Gluten Feed Value	0.22	0.21	0.20	0.20	0.20	0.20	0.20	0.19	0.19	0.19	0.19
Gluten Meal Value	0.24	0.23	0.21	0.20	0.20	0.20	0.19	0.19	0.19	0.18	0.18
Corn Oil Value	0.36	0.33	0.35	0.37	0.38	0.38	0.39	0.40	0.40	0.41	0.42
Corn Cost	-1.48	-1.44	-1.43	-1.38	-1.40	-1.41	-1.43	-1.43	-1.43	-1.42	-1.41
Fuel and Electricity Cost	-0.22	-0.23	-0.24	-0.24	-0.24	-0.23	-0.23	-0.23	-0.24	-0.24	-0.25
Other Operating Costs	-0.51	-0.51	-0.52	-0.52	-0.53	-0.53	-0.54	-0.54	-0.55	-0.55	-0.56
Net Operating Return	0.66	0.52	0.40	0.39	0.36	0.43	0.56	0.69	0.73	0.59	0.51

U.S. Sorghum

U.S. sorghum exports have increased sharply in 2007/08 in response to tight global grain supplies and a large U.S. sorghum crop. Assuming a return to normal weather conditions around the world, projected sorghum exports decline in 2008/09.

Sorghum prices generally move with corn prices so that sorghum is competitive in feed rations. Sorghum feed use increases in 2008/09 when sorghum prices decline relative to corn prices, but it generally falls in later years as sorghum prices increase again relative to corn.

High sorghum prices and record yields have resulted in a large jump in the per acre value of sorghum production in 2007/08.

In 2008/09, projected sorghum prices decline and average sorghum yields return to the long-term trend. Sorghum net returns over variable expenses decline in 2008/09 but remain above levels that prevailed prior to 2007/08.

Sorghum acreage movements largely reflect changes in prices and returns. Sorghum acreage increases in 2008 and decreases in 2009.

U.S. Sorghum Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	11.80	11.82	11.83	11.84	11.84	11.84	11.84	11.84	11.84	11.84	11.84
Planted Area	7.72	7.93	6.85	7.16	6.94	6.98	6.90	6.87	6.79	6.77	6.69
Harvested Area	6.81	6.66	5.75	6.00	5.81	5.83	5.75	5.72	5.64	5.61	5.54
Yield					(Bushels per Acre)						
Actual	74.2	64.6	64.6	64.9	65.2	65.4	65.6	65.8	66.1	66.3	66.6
Program, Direct	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6
Program, CCP	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2
					(Million Bushels)						
Supply	537	471	415	422	416	417	414	412	409	408	405
Beginning Stocks	32	41	44	33	37	35	36	36	36	36	37
Production	505	430	371	390	379	382	377	376	373	372	369
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic Use	211	243	211	215	206	205	199	195	190	185	179
Feed, Residual	175	206	177	182	175	175	167	160	153	146	138
Food, Seed, Ind.	35	37	34	33	30	30	32	35	37	39	41
Exports	285	184	171	170	175	176	179	180	183	186	190
Total Use	496	427	383	386	380	381	378	376	373	371	369
Ending Stocks	41	44	33	37	35	36	36	36	36	37	37
CCC Inventory	0	0	0	0	0	0	0	0	0	0	0
Under Loan	0	1	0	0	0	0	0	0	0	0	0
Other Stocks	41	43	32	36	35	36	35	36	35	36	36
Prices and Returns					(U.S. Dollars)						
Farm Price/bu	3.93	3.52	3.62	3.49	3.57	3.59	3.67	3.69	3.74	3.74	3.77
Loan Rate/bu	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95
Average LDP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price/bu	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57
CCP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/bu	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Sorghum/Corn Ratio	0.99	0.90	0.93	0.93	0.94	0.93	0.94	0.94	0.95	0.96	0.97
Gross Market Revenue/a	291.97	226.93	233.52	226.65	232.50	234.64	240.93	242.88	247.36	247.81	251.34
LDP Revenue/a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses/a	128.81	136.75	137.39	138.27	139.88	141.16	142.05	144.31	147.09	149.93	152.78
Mkt+LDP Net Returns/a	163.17	90.18	96.13	88.38	92.61	93.48	98.88	98.57	100.27	97.88	98.56
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	16.84	16.84	16.84	16.84	16.84	16.84	16.84	16.84	16.84	16.84	16.84

U.S. Barley

Strong international demand for barley and other grains has contributed to a large increase in barley prices in 2007/08. U.S. barley exports have reached their highest level since 2000/01.

After declining in 2007/08, barley used in brewing and other food and industrial applications is expected to remain relatively flat over the next 10 years. Population increases offset declining consumption per capita.

Limited feed barley supplies and high prices for other grains have contributed to a sharp increase in feed barley prices in absolute terms and relative to the prices of malting barley in 2007/08. Projected feed barley prices fall to a more normal level relative to the price of malting barley in 2008/09.

As with other grains, sharply higher barley prices in 2007/08 increase producer returns. Barley prices and net returns remain high throughout the 10-year projection period.

The increase in barley returns contributed to higher barley acreage in 2007. Further barley area increases are expected in 2008 and 2009 before barley acreage resumes its long-term decline.

U.S. Barley Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	8.58	8.59	8.60	8.61	8.61	8.61	8.61	8.61	8.61	8.61	8.61
Planted Area	4.02	4.15	4.35	4.27	4.11	4.09	4.03	3.99	3.92	3.88	3.78
Harvested Area	3.51	3.61	3.79	3.72	3.58	3.56	3.51	3.48	3.41	3.37	3.29
Yield					(Bushels per Acre)						
Actual	60.4	62.9	63.5	64.1	64.8	65.4	66.0	66.6	67.3	67.9	68.5
Program, Direct	47.6	47.6	47.6	47.6	47.6	47.6	47.6	47.6	47.6	47.6	47.6
Program, CCP	48.6	48.6	48.6	48.6	48.6	48.6	48.6	48.6	48.6	48.6	48.6
					(Million Bushels)						
Supply	300	289	300	301	296	296	295	295	294	294	291
Beginning Stocks	69	49	49	51	53	53	53	54	54	55	56
Production	212	227	241	239	232	233	232	232	230	229	226
Imports	20	13	11	11	11	10	10	10	10	10	10
Domestic Use	201	201	207	205	201	200	198	198	196	195	192
Feed, Residual	54	53	59	57	53	53	52	51	50	49	47
Food, Seed, Ind.	147	148	149	149	148	147	146	146	146	146	145
Exports	50	40	42	42	42	43	43	43	43	43	43
Total Use	251	241	249	248	243	243	242	241	239	238	236
Ending Stocks	49	49	51	53	53	53	54	54	55	56	56
CCC Inventory	0	0	0	0	0	0	0	0	0	0	0
Under Loan	0	0	0	0	0	0	0	0	0	0	0
Other Stocks	49	48	51	53	53	53	53	54	54	55	56
Prices and Returns					(U.S. Dollars)						
All Barley Farm Price/bu	4.14	4.07	3.96	3.81	3.84	3.85	3.91	3.89	3.90	3.85	3.85
Feed Barley Price/bu	4.16	3.50	3.44	3.32	3.36	3.38	3.44	3.43	3.45	3.41	3.41
Loan Rate/bu	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85
Average LDP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price/bu	2.24	2.24	2.24	2.24	2.24	2.24	2.24	2.24	2.24	2.24	2.24
CCP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/bu	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Gross Market Revenue/a	249.98	255.97	251.16	244.46	249.25	252.10	257.88	258.92	262.60	261.62	263.75
LDP Revenue/a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses/a	111.20	116.91	117.73	118.90	120.05	120.91	121.45	122.99	124.88	126.80	128.71
Mkt+LDP Net Returns/a	138.78	139.06	133.43	125.56	129.20	131.20	136.43	135.92	137.71	134.81	135.04
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71

U.S. Oats

Reduced acreage resulted in the fourth consecutive year of declining U.S. oats production in 2007. Imports now exceed domestic production, and this pattern is expected to persist over the next 10 years.

High prices for other grains have contributed to an increase in estimated oats feed use and market prices in 2007/08. Projected oats feed use resumes its long-term decline in 2008/09.

Higher prices have increased the per acre value of oats production. At projected price levels, no marketing loan benefits or CCPs are available to oats producers.

The USDA's most recent estimates show oats production costs at a much higher level than reported previously. Because of these higher production costs, net returns over variable expenses for oats producers remain modest in spite of higher prices.

With stronger increases in returns for other crops, projected oats acreage declines in 2008/09 and remains below the 2007/08 level over the baseline.

U.S. Oat Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	3.05	3.05	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06
Planted Area	3.76	3.26	3.44	3.51	3.50	3.45	3.40	3.34	3.31	3.28	3.25
Harvested Area	1.51	1.31	1.37	1.41	1.40	1.38	1.35	1.32	1.30	1.28	1.27
Yield					(Bushels per Acre)						
Actual	60.9	61.9	62.2	62.6	62.9	63.3	63.6	63.9	64.2	64.6	64.9
Program, Direct	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4
Program, CCP	49.8	49.8	49.8	49.8	49.8	49.8	49.8	49.8	49.8	49.8	49.8
					(Million Bushels)						
Supply	252	239	237	237	238	237	235	232	230	228	227
Beginning Stocks	51	44	39	38	39	39	39	38	37	36	36
Production	92	81	85	88	88	87	86	84	84	83	83
Imports	110	113	113	111	111	110	110	110	110	109	109
Domestic Use	206	198	197	196	196	196	195	193	192	190	189
Feed, Residual	133	123	122	120	120	119	118	116	114	112	111
Food, Seed, Ind.	74	75	75	76	76	77	77	77	78	78	79
Exports	2	2	2	2	2	2	2	2	2	2	2
Total Use	208	200	199	198	198	198	197	195	194	192	191
Ending Stocks	44	39	38	39	39	39	38	37	36	36	35
CCC Inventory	0	0	0	0	0	0	0	0	0	0	0
Under Loan	1	1	1	1	1	1	1	1	1	1	1
Other Stocks	43	39	38	39	39	38	37	36	35	35	35
Prices and Returns					(U.S. Dollars)						
Farm Price/bu	2.46	2.51	2.53	2.49	2.49	2.50	2.52	2.53	2.54	2.53	2.53
Loan Rate/bu	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Average LDP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price/bu	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
CCP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/bu	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Gross Market Revenue/a	149.79	155.16	157.30	155.92	156.73	158.10	160.42	161.57	163.17	163.34	163.96
LDP Revenue/a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses/a	106.35	113.02	114.41	116.08	117.64	118.84	119.69	121.64	123.98	126.39	128.83
Mkt+LDP Net Returns/a	43.44	42.13	42.89	39.84	39.09	39.26	40.73	39.94	39.18	36.95	35.13
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99

U.S. Hay

National average hay yields were higher in 2007 than in 2006 but were below the long-term trend for the third straight year. If production does increase in 2008/09, it should allow some further modest rebuilding of hay stocks.

Projected hay area remains fairly stable over the next 10 years, so the expected increase in production is a result of slow growth in yields per acre.

Hay disappearance has been constrained by tight supplies in 2006/07 and 2007/08. Disappearance is expected to recover in 2008/09 if yields return to long-term trend levels. However, only in 2014/15 does hay disappearance reach the level achieved in 2005/06.

Hay prices rose for the fourth straight year in 2007/08 because of continued tight supplies. Hay prices are expected to remain high by historical standards even if yields return to average levels.

Hay markets are more fragmented than markets for most other agricultural commodities, so trends in national average prices may not be reflected at the local level.

U.S. Hay Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Million Acres)					
Area Harvested	61.6	61.7	61.3	61.2	61.1	61.2	61.2	61.1	61.0	61.0	60.9
						(Tons per Acre)					
Yield	2.44	2.48	2.52	2.54	2.55	2.56	2.57	2.58	2.59	2.61	2.62
						(Million Tons)					
Supply	165.3	170.7	173.6	175.1	176.0	176.8	177.5	178.2	179.0	179.8	180.6
Production	150.3	153.3	154.6	155.1	155.8	156.5	157.2	157.8	158.3	158.8	159.3
Beginning Stocks	15.0	17.4	19.0	19.9	20.2	20.3	20.3	20.4	20.7	20.9	21.2
Disappearance	147.9	151.6	153.7	154.9	155.7	156.5	157.0	157.6	158.1	158.5	159.0
Ending Stocks	17.4	19.0	19.9	20.2	20.3	20.3	20.4	20.7	20.9	21.2	21.5
Prices						(U.S. Dollars per Ton)					
All-Hay (crop year)	128.30	118.69	116.30	116.78	118.28	119.92	120.55	120.79	120.85	120.68	120.55
Alfalfa (calendar year)	131.17	130.90	124.49	123.69	125.01	126.93	128.19	128.67	128.83	128.74	128.55

U.S. Soybeans and Soybean Products

Acreage shifts from soybeans to corn resulted in a large reduction in 2007 soybean production. With little change in 2007/08 soybean use, stocks have declined sharply and prices have increased.

Projected production increases in 2008. Supply and use are in closer balance, but stocks remain low and prices high by historical standards.

In response to strong domestic and global demand for vegetable oil and protein meal, soybean crush expands steadily over the next 10 years.

Projected soybean prices are high enough to encourage increased production in South America, reducing future U.S. soybean exports.

Higher soybean prices dramatically increased producer returns in 2007/08. The large increase in soybean prices and net returns makes soybeans more competitive with corn and other crops. This contributes to the projected increase in soybean acreage in 2008.

Rising use of soybean oil to produce biodiesel has resulted in higher soybean oil prices. These higher prices have slowed other domestic soybean oil consumption and reduced U.S. soybean oil exports.

Once projected growth in U.S. biodiesel production slows, strong global demand for vegetable oil results in renewed growth in U.S. soybean oil exports.

Soybean meal domestic use increases throughout the baseline in response to growth in poultry and livestock production and declining soybean meal prices.

U.S. soybean meal exports increase in response to lower prices and strong foreign demand for protein.

Increased biofuel production affects relative soybean meal and oil prices. Oil prices are strengthened by production of biodiesel. Meal prices are weakened by the resulting increase in crush.

Meal has accounted for most of the value in a bushel of soybeans. The oil share increases and actually exceeds the meal share by 2010/11. Projected crushing margins are relatively stable over the next decade.

U.S. Soybean Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	52.0	52.0	52.1	52.2	52.2	52.2	52.2	52.2	52.2	52.2	52.2
Planted Area	63.6	69.5	72.9	70.3	72.1	70.9	71.0	70.4	70.8	70.5	71.1
Harvested Area	62.8	68.5	71.9	69.3	71.1	69.9	70.0	69.5	69.8	69.6	70.2
Yield					(Bushels per Acre)						
Actual	41.2	42.5	42.9	43.4	43.8	44.3	44.7	45.1	45.6	46.0	46.5
Program, Direct	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8
Program, CCP	34.1	34.1	34.1	34.1	34.1	34.1	34.1	34.1	34.1	34.1	34.1
					(Million Bushels)						
Supply	3,165	3,114	3,284	3,236	3,334	3,322	3,353	3,359	3,403	3,425	3,481
Beginning Stocks	574	195	195	223	210	221	217	219	215	217	213
Production	2,585	2,913	3,082	3,006	3,118	3,095	3,130	3,134	3,183	3,201	3,262
Imports	6	6	6	6	6	6	6	6	6	6	6
Domestic Use	1,975	2,037	2,142	2,174	2,226	2,251	2,282	2,310	2,347	2,383	2,426
Crush	1,815	1,868	1,968	1,997	2,046	2,070	2,099	2,125	2,159	2,191	2,231
Seed, Residual	160	169	174	177	180	181	183	185	188	191	195
Exports	995	882	918	852	886	854	852	835	839	829	838
Total Use	2,970	2,919	3,060	3,026	3,113	3,105	3,134	3,144	3,186	3,212	3,263
Ending Stocks	195	195	223	210	221	217	219	215	217	213	218
CCC Inventory	0	0	0	0	0	0	0	0	0	0	0
Under Loan	9	9	11	10	10	10	10	9	9	9	10
Other Stocks	186	187	213	199	210	207	209	205	208	204	209
Prices and Returns					(U.S. Dollars)						
Farm Price/bu	10.30	10.43	9.84	9.99	9.88	10.03	10.12	10.23	10.23	10.29	10.20
Illinois Processor Price/bu	10.63	10.75	10.17	10.32	10.21	10.36	10.45	10.56	10.55	10.61	10.53
Loan Rate/bu	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Average LDP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price/bu	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80
CCP Rate/bu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/bu	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Gross Market Revenue/a	424.02	443.61	421.95	433.07	432.91	444.20	452.19	461.61	466.00	473.48	474.05
LDP Revenue/a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses/a	107.83	113.30	114.80	116.35	118.26	119.93	121.32	123.62	126.23	128.87	131.49
Mkt+LDP Net Returns/a	316.19	330.31	307.15	316.73	314.65	324.27	330.87	337.99	339.77	344.60	342.55
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52
Bean/Corn Ratio	2.60	2.68	2.54	2.66	2.60	2.61	2.58	2.61	2.59	2.64	2.61
48% Meal Price/ton	292.57	276.15	245.67	233.21	226.41	226.27	224.24	222.48	217.96	213.59	206.22
Oil Price/cwt	44.95	46.19	49.55	52.69	54.01	54.91	56.11	57.34	58.58	60.26	61.51
Crushing Margin/bu	1.47	1.10	1.33	1.25	1.34	1.29	1.30	1.29	1.33	1.35	1.41

U.S. Soybean Meal Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Thousand Tons)					
Supply	43,756	44,968	47,375	48,088	49,257	49,831	50,525	51,130	51,948	52,726	53,665
Beginning Stocks	351	306	320	339	348	352	353	354	356	360	363
Production	43,241	44,497	46,891	47,584	48,745	49,314	50,007	50,611	51,427	52,201	53,137
Imports	165	165	165	165	165	165	165	165	165	165	165
Domestic Use	35,083	35,767	36,995	37,678	38,577	39,056	39,575	40,035	40,572	41,116	41,766
Exports	8,368	8,882	10,041	10,063	10,328	10,422	10,596	10,739	11,016	11,247	11,531
Total Use	43,450	44,649	47,036	47,741	48,905	49,478	50,171	50,774	51,589	52,363	53,297
Ending Stocks	306	320	339	348	352	353	354	356	360	363	368
Prices, 48% Protein						(U.S. Dollars per Ton)					
Decatur	292.57	276.15	245.67	233.21	226.41	226.27	224.24	222.48	217.96	213.59	206.22

U.S. Soybean Oil Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
					(Million Pounds)						
Supply	23,655	23,621	24,219	24,359	24,803	25,011	25,314	25,537	25,893	26,224	26,624
Beginning Stocks	2,904	2,269	1,720	1,528	1,416	1,351	1,322	1,255	1,220	1,180	1,132
Production	20,713	21,315	22,462	22,794	23,350	23,623	23,955	24,244	24,635	25,006	25,454
Imports	38	38	38	38	38	38	38	38	38	38	38
Domestic Use	19,758	19,522	21,157	21,871	22,857	23,241	23,265	23,381	23,551	23,673	23,853
Food Use	15,920	15,817	15,679	15,529	15,582	15,686	15,760	15,849	15,947	16,010	16,128
Biodiesel Use	3,838	3,705	5,478	6,342	7,274	7,555	7,505	7,532	7,604	7,663	7,725
Exports	1,629	2,379	1,534	1,073	596	448	794	936	1,161	1,418	1,679
Total Use	21,387	21,901	22,692	22,944	23,453	23,689	24,058	24,317	24,712	25,092	25,533
Ending Stocks	2,269	1,720	1,528	1,416	1,351	1,322	1,255	1,220	1,180	1,132	1,091
Prices					(U.S. Cents per Pound)						
Decatur	44.95	46.19	49.55	52.69	54.01	54.91	56.11	57.34	58.58	60.26	61.51

U.S. Biodiesel

Biodiesel production capacity is expanding rapidly, but capacity utilization rates have been low.

In spite of rising soybean oil prices, biodiesel production increases to meet the EISA use mandate and to satisfy demand from Europe.

These projections assume that authority to waive the EISA biodiesel mandate is not utilized. Thus, enough biodiesel is produced to satisfy the billion-gallon biodiesel mandate for 2012. No growth in the biodiesel use mandate is assumed for years after 2012.

Biodiesel typically has sold at a premium to regular #2 diesel, in part because of a $1.00-per-gallon tax credit. To satisfy the EISA biodiesel mandate, producers must be paid enough to generate the required supplies, further supporting the biodiesel price.

Rising vegetable oil prices mean the biodiesel price must increase over time. Part of the cost of rising biodiesel prices would be passed along to final consumers of diesel fuel.

Rising vegetable oil prices mean average biodiesel plant returns over operating costs may be narrow or even negative in 2007/08.

Over the next 10 years, projected returns are just enough to generate the required levels of supply but leave much capacity underutilized.

U.S. Biodiesel Sector

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Biodiesel Supply and Use				(Million Gallons, Oct.-Sep. Year)							
Production	592	578	819	940	1,071	1,110	1,103	1,107	1,117	1,125	1,133
From Soybean Oil	498	481	711	824	945	981	975	978	988	995	1,003
From Other Fats and Oils	93	96	108	116	127	129	128	129	129	130	130
Net Exports	188	239	225	190	138	110	103	107	117	125	133
Domestic Use	404	339	595	750	933	1,000	1,000	1,000	1,000	1,000	1,000
Fuel Prices*				(Dollars per Gallon, Oct.-Sept. Year)							
Biodiesel Rack	3.84	3.85	4.27	4.58	4.76	4.86	4.95	5.06	5.17	5.33	5.47
#2 Diesel, Refiner Sales	2.44	2.42	2.25	2.20	2.18	2.15	2.14	2.14	2.15	2.15	2.15
#2 Diesel, Retail	3.14	3.13	2.97	2.93	2.92	2.90	2.90	2.90	2.91	2.92	2.93
Tax Credit, Virgin Oil	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tax Credit, Other Feedstocks	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Costs and Returns				(Dollars per Gallon, Oct.-Sep. Year)							
Biodiesel Value	3.84	3.85	4.27	4.58	4.76	4.86	4.95	5.06	5.17	5.33	5.47
Glycerin Value	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Soy Oil Cost	-3.46	-3.56	-3.81	-4.06	-4.16	-4.23	-4.32	-4.41	-4.51	-4.64	-4.74
Other Operating Costs	-0.54	-0.55	-0.55	-0.56	-0.56	-0.57	-0.57	-0.58	-0.58	-0.59	-0.60
Net Operating Return	-0.12	-0.21	-0.05	0.02	0.09	0.11	0.11	0.11	0.13	0.15	0.19

U.S. Vegetable Oil Consumption

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Pounds)					
Per capita consumption	71.24	70.31	69.77	69.04	68.93	68.91	68.81	68.69	68.59	68.35	68.23
Soy Oil (Exc. Biodiesel)	52.11	51.32	50.44	49.53	49.28	49.19	49.01	48.87	48.77	48.56	48.52
Corn Oil	7.22	7.18	7.38	7.46	7.39	7.51	7.65	7.72	7.77	7.79	7.77
Canola Oil (Exc. Biodiesel)	6.69	7.12	6.88	6.98	7.20	7.18	7.17	7.16	7.13	7.09	7.06
Cottonseed Oil	2.37	1.77	2.06	1.97	1.93	1.88	1.83	1.77	1.75	1.72	1.69
Sunflower Oil	1.87	1.98	2.05	2.10	2.13	2.14	2.14	2.14	2.14	2.15	2.15
Peanut Oil	0.98	0.93	0.96	0.99	1.00	1.01	1.01	1.02	1.03	1.03	1.04

U.S. Sunflower Seed and Sunflower Seed Products

Sunflower seed prices have increased sharply in 2007/08 in response to strong global demand for vegetable oil.

U.S. sunflower seed production increased in 2007 relative to the previous year but remained far below the 2005 level. Use is also expected to increase in 2007/08, and stocks remain tight.

Sunflower seed returns per acre increased sharply in 2007/08 because of higher prices and yields. Returns remain well above recent average levels and levels that would generate marketing loan benefits over the next 10 years.

As a result of high producer returns, projected sunflower seed planted area remains above two million acres over the next 10 years. Sunflower seed acreage does not increase more because of strong competition from other crops.

Demand for both sunflower oil and sunflower meal is very strong in 2007/08, leading to sharply higher prices for both commodities. Over the baseline, continued strength in vegetable oil demand leads to rising sunflower oil prices, while sunflower meal prices generally decline over time.

U.S. Sunflower Seed Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	1.83	1.83	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84
Planted Area	2.07	2.18	2.16	2.21	2.23	2.20	2.20	2.19	2.21	2.21	2.23
Harvested Area	2.01	2.02	2.00	2.05	2.07	2.04	2.04	2.04	2.05	2.05	2.07
Yield					(Pounds per Acre)						
Actual	1,437	1,376	1,389	1,403	1,418	1,432	1,446	1,461	1,475	1,490	1,505
Program, Direct	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086
					(Million Pounds)						
Supply	3,376	3,212	3,222	3,324	3,400	3,403	3,434	3,460	3,511	3,558	3,621
Beginning Stocks	302	243	251	251	263	276	272	270	269	274	277
Production	2,889	2,785	2,781	2,878	2,937	2,922	2,953	2,974	3,022	3,059	3,114
Imports	185	185	190	195	200	205	210	215	220	225	230
Domestic Use	2,767	2,718	2,711	2,771	2,835	2,861	2,910	2,956	3,015	3,074	3,149
Food & Residual	1,253	1,197	1,195	1,219	1,238	1,230	1,231	1,232	1,241	1,247	1,260
Crush	1,515	1,521	1,517	1,552	1,597	1,631	1,679	1,725	1,775	1,827	1,888
Exports	366	243	260	290	289	271	254	234	222	208	188
Total Use	3,133	2,961	2,971	3,061	3,124	3,132	3,165	3,190	3,237	3,282	3,336
Ending Stocks	243	251	251	263	276	272	270	269	274	277	285
Prices and Returns					(U.S. Cents per Pound)						
Farm Price	21.00	19.32	19.50	19.58	19.31	19.45	19.62	19.82	19.96	20.12	20.10
Loan Rate	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30
Average LDP Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10
CCP Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
					(U.S. Dollars per Acre)						
Gross Market Revenue	301.86	265.82	270.90	274.86	273.70	278.52	283.67	289.45	294.38	299.86	302.46
LDP Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses	90.05	94.61	95.87	97.16	98.76	100.15	101.32	103.23	105.42	107.62	109.81
Mkt+LDP Net Returns	211.81	171.21	175.02	177.70	174.94	178.37	182.35	186.22	188.97	192.24	192.64
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38

U.S. Sunflower Meal Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
					(Thousand Tons)						
Supply	380	380	379	388	399	407	419	430	443	456	471
Beginning Stocks	5	5	5	5	5	5	5	5	5	5	5
Production	375	375	374	383	394	402	414	425	438	451	466
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic Use	369	370	369	377	389	397	409	420	432	445	460
Exports	6	6	6	6	6	6	6	6	6	6	6
Total Use	375	375	374	383	394	402	414	425	438	451	466
Ending Stocks	5	5	5	5	5	5	5	5	5	5	5
Price					(U.S. Dollars per Ton)						
28% Protein, Minnesota	165.00	149.25	135.53	129.92	126.86	126.80	125.89	125.09	123.06	121.09	117.78

U.S. Sunflower Oil Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
					(Million Pounds)						
Supply	769	780	776	790	808	825	845	862	883	905	932
Beginning Stocks	60	68	67	65	64	66	65	63	62	62	61
Production	659	660	658	674	693	708	729	749	771	793	820
Imports	51	51	51	51	51	51	51	51	51	51	51
Domestic Use	571	609	638	659	675	681	689	695	700	709	715
Exports	130	104	73	66	68	78	93	105	121	136	155
Total Use	701	713	711	725	743	760	782	800	822	844	870
Ending Stocks	68	67	65	64	66	65	63	62	62	61	61
Price					(U.S. Cents per Pound)						
Average Crude, Minnesota	82.00	79.91	81.70	83.57	84.14	85.32	86.74	88.33	90.01	91.85	93.47

U.S. Canola Seed and Canola Seed Products

Canola prices increase sharply in 2007/08 in response to strong global demand for vegetable oil.

Growth in U.S. and European biodiesel production, strong food demand in China and India, and a variety of other factors keep canola prices high over the next 10 years.

Canola returns remain well above recent average levels over the next 10 years. Increased receipts come from market returns, as price levels make producers ineligible for marketing loan benefits.

Strong canola prices and returns result in increases in canola acreage over the next 10 years. However, only in 2016 does projected U.S. canola area exceed the 2000 level.

While plants have been built to use canola oil as a feedstock in biodiesel production, projected canola oil prices are sufficiently high that relatively little U.S. canola oil is likely to be used for biodiesel production.

As with other oilseeds, both canola oil and canola meal prices have increased in 2007/08. Projected canola oil prices increase over the baseline because of strong global demand for vegetable oil, while canola meal prices moderate.

U.S. Canola Seed Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Thousand Acres)						
Base Area	716	720	725	729	729	729	729	729	729	729	729
Planted Area	1,183	1,392	1,330	1,495	1,493	1,448	1,490	1,510	1,538	1,565	1,608
Harvested Area	1,163	1,351	1,292	1,449	1,448	1,404	1,444	1,463	1,491	1,516	1,558
Yield					(Pounds per Acre)						
Actual	1,250	1,431	1,449	1,467	1,485	1,503	1,521	1,539	1,557	1,575	1,593
Program, Direct	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040
					(Million Pounds)						
Supply	3,074	3,416	3,458	3,647	3,719	3,715	3,773	3,825	3,884	3,944	4,022
Beginning Stocks	297	165	188	177	182	189	187	186	185	185	184
Production	1,454	1,933	1,872	2,125	2,150	2,110	2,197	2,252	2,321	2,388	2,481
Imports	1,323	1,318	1,398	1,344	1,387	1,416	1,389	1,387	1,378	1,371	1,357
Domestic Use	2,259	2,487	2,562	2,700	2,765	2,779	2,827	2,875	2,927	2,981	3,046
Seed & Residual	55	60	63	65	65	66	67	67	68	70	71
Crush	2,203	2,427	2,499	2,636	2,700	2,713	2,761	2,807	2,858	2,911	2,975
Exports	650	741	718	765	764	749	760	765	772	779	792
Total Use	2,909	3,228	3,280	3,465	3,529	3,528	3,588	3,639	3,699	3,760	3,838
Ending Stocks	165	188	177	182	189	187	186	185	185	184	185
Prices and Returns					(U.S. Cents per Pound)						
Farm Price	18.50	16.54	17.92	17.66	17.01	17.33	17.49	17.69	17.87	18.20	18.30
Loan Rate	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30
Average LDP Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10
CCP Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
					(U.S. Dollars per Acre)						
Gross Market Revenue	231.26	236.72	259.61	259.03	252.55	260.42	266.04	272.24	278.28	286.61	291.62
LDP Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses	135.79	142.67	144.57	146.51	148.92	151.02	152.78	155.67	158.96	162.29	165.59
Mkt+LDP Net Returns	95.47	94.05	115.04	112.52	103.63	109.40	113.26	116.56	119.31	124.32	126.03
CCP Revenue/Base a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Payment/Base a	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.07

U.S. Canola Meal Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Thousand Tons)					
Supply	2,440	2,288	2,272	2,375	2,419	2,448	2,486	2,535	2,585	2,650	2,720
Beginning Stocks	6	6	6	6	6	6	6	6	6	6	6
Production	668	735	757	799	818	822	837	851	866	882	901
Imports	1,766	1,546	1,508	1,570	1,595	1,620	1,643	1,678	1,713	1,762	1,813
Domestic Use	2,367	2,216	2,199	2,303	2,347	2,376	2,414	2,463	2,513	2,578	2,648
Exports	66	66	66	66	66	66	66	66	66	66	66
Total Use	2,434	2,282	2,266	2,369	2,413	2,442	2,480	2,529	2,579	2,644	2,714
Ending Stocks	6	6	6	6	6	6	6	6	6	6	6
						(U.S. Dollars per Ton)					
Market Price	220.00	226.17	211.03	193.02	188.92	188.01	184.30	180.03	173.77	166.76	157.30

U.S. Canola Oil Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Million Pounds)					
Supply	2,771	2,961	2,896	2,953	3,076	3,088	3,092	3,095	3,094	3,086	3,083
Beginning Stocks	163	121	135	128	122	126	124	117	109	100	90
Production	846	932	960	1,012	1,037	1,042	1,060	1,078	1,098	1,118	1,142
Imports	1,761	1,908	1,801	1,813	1,917	1,920	1,908	1,901	1,888	1,868	1,851
Domestic Use	2,083	2,259	2,201	2,264	2,384	2,398	2,409	2,420	2,427	2,430	2,437
Biodiesel Use	38	65	61	77	108	107	103	99	95	91	90
Food and Other	2,045	2,194	2,140	2,188	2,276	2,291	2,306	2,321	2,332	2,338	2,347
Exports	567	567	567	567	567	567	567	567	567	567	567
Total Use	2,649	2,826	2,767	2,831	2,950	2,964	2,975	2,987	2,994	2,997	3,004
Ending Stocks	121	135	128	122	126	124	117	109	100	90	80
						(U.S. Cents per Pound)					
Market Price	60.00	55.91	62.11	64.30	63.30	64.77	66.52	68.36	70.38	73.01	75.21

U.S. Peanuts and Peanut Products

Reduced peanut acreage in 2006 and 2007 resulted in production levels low enough to allow stock levels to decline. These lower stocks have contributed to an increase in peanut prices in 2007/08.

Peanut production and consumption stabilize at nearly four billion pounds over the next 10 years.

Domestic food use of peanuts increased significantly after policy reforms were enacted in the 2002 farm bill but has declined in 2006/07 and 2007/08. A modest projected increase in peanut food use can be attributed to population growth, as per capita consumption is flat or declining.

Peanut crush and exports can vary a great deal from year to year, but little growth is expected in either category.

The projected peanut price increase in 2007/08 significantly increases the per acre value of peanut production.

The increase in market prices results in lower countercyclical payments to producers with peanut base acreage. Increases in variable production expenses also offset part of the increase in peanut prices.

Projected peanut acreage increases in 2008 and 2009 but remains well below the levels of 2004 and 2005.

U.S. Peanut Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Thousand Acres)						
Base Area	1,508	1,510	1,512	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514
Planted Area	1,230	1,276	1,326	1,336	1,304	1,305	1,294	1,281	1,279	1,269	1,267
Harvested Area	1,195	1,247	1,294	1,305	1,273	1,274	1,264	1,251	1,249	1,239	1,237
Yield					(Pounds per Acre)						
Actual	3,130	3,034	3,062	3,087	3,114	3,141	3,169	3,196	3,223	3,250	3,276
Program	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992
					(Million Pounds)						
Supply	5,316	5,188	5,299	5,401	5,381	5,415	5,428	5,426	5,453	5,466	5,497
Beginning Stocks	1,520	1,350	1,281	1,319	1,361	1,357	1,369	1,373	1,372	1,383	1,389
Production	3,741	3,783	3,962	4,027	3,965	4,003	4,004	3,998	4,026	4,027	4,053
Imports	55	55	55	55	55	55	55	55	55	55	55
Domestic Use	3,391	3,382	3,456	3,509	3,499	3,521	3,529	3,532	3,552	3,562	3,583
Food	2,468	2,473	2,497	2,529	2,545	2,563	2,578	2,593	2,612	2,629	2,650
Crush	530	518	560	574	546	549	543	531	530	521	518
Seed, Feed, & Residual	393	390	398	407	408	409	408	408	410	412	415
Exports	575	525	524	531	525	525	526	521	519	515	512
Total Use	3,966	3,907	3,980	4,040	4,024	4,046	4,055	4,054	4,070	4,077	4,095
Ending Stocks	1,350	1,281	1,319	1,361	1,357	1,369	1,373	1,372	1,383	1,389	1,402
Prices and Returns					(U.S. Cents per Pound)						
Farm Price	22.40	23.57	23.35	22.67	22.78	22.69	22.66	22.84	22.82	22.89	22.77
Loan Rate	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75
Average LDP Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Target Price	24.75	24.75	24.75	24.75	24.75	24.75	24.75	24.75	24.75	24.75	24.75
CCP Rate	0.55	0.00	0.00	0.28	0.17	0.26	0.29	0.11	0.13	0.06	0.18
Direct Payment	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
					(U.S. Dollars per Acre)						
Gross Market Revenue	701.18	714.86	714.82	699.90	709.62	712.78	718.09	730.05	735.37	743.72	745.98
LDP Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses	423.14	440.31	443.06	446.53	451.53	456.07	459.91	467.31	476.03	484.93	493.82
Mkt+LDP Net Returns	278.03	274.55	271.76	253.37	258.08	256.70	258.18	262.73	259.34	258.79	252.16
CCP Revenue/Base a	13.99	0.00	0.00	7.02	4.20	6.54	7.30	2.72	3.34	1.60	4.54
Direct Payment/Base a	45.78	45.78	45.78	45.78	45.78	45.78	45.78	45.78	45.78	45.78	45.78

U.S. Peanut Meal Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Million Pounds)					
Supply	236	246	266	272	260	261	258	252	252	248	246
Beginning Stocks	7	4	4	4	4	4	4	4	4	4	4
Production	229	242	262	268	255	256	253	248	247	243	242
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic Use	220	231	251	257	244	245	242	237	236	232	231
Exports	11	11	11	11	11	11	11	11	11	11	11
Total Use	231	242	262	268	255	256	253	248	247	243	242
Ending Stocks	4	4	4	4	4	4	4	4	4	4	4
Price						(U.S. Dollars per Ton)					
Southeast Mills, FOB	190.76	180.18	172.13	166.73	167.56	170.43	172.98	174.32	174.77	174.21	172.44

U.S. Peanut Oil Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Million Pounds)					
Supply	333	321	333	344	349	354	359	363	368	374	379
Beginning Stocks	22	24	24	24	24	24	24	24	24	24	24
Production	172	168	182	187	178	178	176	173	172	169	168
Imports	139	128	126	133	148	152	158	167	172	181	186
Domestic Use	300	288	300	311	316	321	326	330	335	341	346
Exports	9	9	9	9	9	9	9	9	9	9	9
Total Use	309	297	308	320	325	330	335	339	344	350	355
Ending Stocks	24	24	24	24	24	24	24	24	24	24	24
Price						(U.S. Cents per Pound)					
50% Southeast Mills	82.92	80.47	81.49	82.41	82.99	83.24	83.87	84.62	85.15	86.07	86.55

U.S. Upland Cotton and Cottonseed Products

Upland cotton production declined in 2007, as a large reduction in acreage more than offset the effects of record yields. A further decline in cotton area and production is expected for 2008.

Stocks exceeded nine million bales at the end of the 2006/07 marketing year. Reduced production allows stocks to return to more normal levels in 2008/09.

Projected mill use continues to decline. U.S. upland cotton exports far exceed domestic mill use as demand becomes increasingly export dependent.

Changes in Chinese cotton purchasing patterns have contributed to large annual swings in U.S. cotton exports. Average projected exports are flat after 2009/10, but significant annual variation can be expected.

Higher cotton prices and yields have increased market receipts per acre in 2007/08. The increase in market receipts is partially offset by reduced marketing loan benefits and higher production costs. Producers with base acreage also receive reduced CCPs when prices rise.

Higher prices for all oilseeds and reduced cottonseed production contribute to an increase in cottonseed prices in 2007/08. Cottonseed oil prices have been especially strong, doubling between 2005/06 and 2007/08.

U.S. Upland Cotton Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Area					(Million Acres)						
Base Area	18.37	18.39	18.41	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43
Planted Area	10.54	9.34	10.89	10.67	10.64	10.41	10.23	9.98	9.91	9.83	9.72
Harvested Area	10.20	8.50	9.89	9.68	9.66	9.44	9.28	9.05	8.98	8.90	8.79
Yield					(Pounds per Acre)						
Actual	857	830	840	847	855	862	870	877	885	892	900
Program, Direct	599	599	599	599	599	599	599	599	599	599	599
Program, CCP	634	634	634	634	634	634	634	634	634	634	634
					(Million Bales)						
Supply	27.59	22.54	23.16	23.11	23.25	23.17	23.12	22.94	22.96	22.99	23.00
Beginning Stocks	9.37	7.84	5.84	6.02	6.05	6.20	6.30	6.40	6.40	6.43	6.50
Production	18.21	14.69	17.31	17.09	17.20	16.96	16.81	16.53	16.55	16.55	16.49
Imports	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Domestic Use											
Mill Use	4.57	4.22	4.05	3.94	3.83	3.69	3.60	3.53	3.48	3.40	3.33
Exports	15.18	12.48	13.09	13.13	13.23	13.18	13.12	13.01	13.05	13.10	13.11
Total Use	19.75	16.70	17.14	17.07	17.06	16.87	16.72	16.54	16.52	16.49	16.44
Unaccounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Stocks	7.84	5.84	6.02	6.05	6.20	6.30	6.40	6.40	6.43	6.50	6.56
CCC Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Stocks	7.84	5.84	6.02	6.05	6.20	6.30	6.40	6.40	6.43	6.50	6.56
Prices and Returns					(U.S. Dollars per Pound)						
Farm Price	0.573	0.648	0.636	0.637	0.631	0.626	0.624	0.629	0.632	0.633	0.633
Cotlook A Index NE	0.734	0.785	0.777	0.777	0.770	0.759	0.754	0.756	0.761	0.762	0.761
Adjusted World Price	0.574	0.625	0.617	0.617	0.610	0.599	0.594	0.596	0.601	0.602	0.601
Loan Rate	0.520	0.520	0.520	0.520	0.520	0.520	0.520	0.520	0.520	0.520	0.520
Average LDP Rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Target Price	0.724	0.724	0.724	0.724	0.724	0.724	0.724	0.724	0.724	0.724	0.724
CCP Rate	0.084	0.009	0.021	0.020	0.026	0.031	0.033	0.028	0.025	0.024	0.024
Direct Payment	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067
					(U.S. Dollars per Acre)						
Gross Market Revenue	600.64	652.40	642.05	650.19	651.59	654.53	660.02	671.33	680.94	688.99	695.08
LDP Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Expenses	420.81	451.61	465.34	477.51	486.33	493.55	498.78	508.32	519.39	530.85	542.21
Mkt+LDP Net Returns	179.84	200.79	176.71	172.68	165.25	160.98	161.24	163.01	161.55	158.14	152.88
CCP Revenue/Base a	45.24	5.07	11.58	11.01	14.04	16.73	17.77	15.28	13.47	13.17	13.15
Direct Payment/Base a	33.96	33.96	33.96	33.96	33.96	33.96	33.96	33.96	33.96	33.96	33.96

U.S. Cottonseed Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Thousand Tons)					
Supply	7,085	5,720	6,589	6,540	6,572	6,483	6,418	6,305	6,303	6,295	6,268
Beginning Stocks	489	405	341	378	377	379	376	373	368	368	368
Production	6,596	5,314	6,248	6,162	6,195	6,104	6,042	5,932	5,935	5,926	5,899
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic Use	6,379	5,123	5,929	5,882	5,910	5,827	5,766	5,662	5,659	5,651	5,625
Crush	2,653	1,933	2,431	2,391	2,398	2,345	2,308	2,246	2,241	2,232	2,211
Other	3,726	3,190	3,498	3,491	3,512	3,482	3,458	3,417	3,419	3,419	3,414
Exports	301	256	282	281	283	281	278	275	275	275	275
Total Use	6,680	5,379	6,211	6,163	6,193	6,107	6,045	5,937	5,935	5,926	5,900
Ending Stocks	405	341	378	377	379	376	373	368	368	368	368
Prices and Returns						(U.S. Dollars)					
Farm Price/ton	169.49	183.70	170.90	173.93	174.61	177.26	179.62	182.75	184.03	186.53	187.14
Meal Price/ton	218.66	223.63	188.91	178.95	172.75	173.40	172.17	171.60	167.63	163.90	157.77
Oil Price/cwt	60.59	56.30	59.30	62.52	63.85	64.86	66.16	67.51	68.83	70.60	71.93
Crushing Margin/ton	122.66	97.16	103.48	106.08	106.76	107.61	108.77	109.66	110.73	112.11	112.91

U.S. Cottonseed Meal Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Thousand Tons)					
Supply	1,282	939	1,153	1,149	1,154	1,131	1,113	1,084	1,081	1,077	1,068
Beginning Stocks	63	50	36	51	52	54	53	52	51	52	52
Production	1,219	888	1,117	1,098	1,102	1,077	1,060	1,032	1,029	1,026	1,016
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic Use	1,147	817	1,018	1,012	1,016	993	976	948	944	940	930
Exports	85	85	85	85	85	85	85	85	85	85	85
Total Use	1,232	902	1,103	1,097	1,101	1,078	1,061	1,033	1,029	1,025	1,015
Ending Stocks	50	36	51	52	54	53	52	51	52	52	53
Prices						(U.S. Dollars per Ton)					
Memphis	218.66	223.63	188.91	178.95	172.75	173.40	172.17	171.60	167.63	163.90	157.77

U.S. Cottonseed Oil Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
						(Million Pounds)					
Supply	946	697	851	841	840	822	809	788	785	781	773
Beginning Stocks	106	85	81	84	81	80	78	77	75	74	72
Production	839	612	769	756	759	742	730	710	709	706	700
Imports	1	1	1	1	1	1	1	1	1	1	1
Domestic Use	726	546	639	619	612	599	589	574	571	566	560
Exports	136	70	128	142	149	145	143	139	140	142	141
Total Use	861	616	767	761	761	744	733	713	711	709	702
Ending Stocks	85	81	84	81	80	78	77	75	74	72	71
Prices						(U.S. Cents per Pound)					
Valley Points	60.59	56.30	59.30	62.52	63.85	64.86	66.16	67.51	68.83	70.60	71.93

U.S. Sugar

Sugarcane and sugar beet area both declined slightly in 2007, but rising sugarcane yields resulted in little net change in 2007 sugar production. Projected area declines in 2008 because of weak returns to sugar production and strong returns to competing crops.

Rising sugar imports continue to put downward pressure on sugar prices in 2007/08. Future import levels are an important source of uncertainty for the U.S. sugar sector. While imports under the TRQ for sugar are fairly predictable, it is much more difficult to estimate future sugar trade with Mexico.

This baseline assumes a moderate level of U.S. sugar imports from Mexico, so total U.S. sugar imports average about 2.3 million tons per year. Separate stochastic analysis looks at a range of possible outcomes for sugar trade, with important implications for sugar prices and farm program costs.

Per capita consumption of sugar and HFCS has been declining, and a further modest reduction is projected. Total domestic sugar deliveries increase slowly over the next 10 years, as the effect of a growing population more than offsets the small projected decline in per capita consumption.

Even small deviations from the projected trends in sugar and sweetener consumption could have significant impacts on the long-run outlook.

Projected average sugar prices consistently exceed the loan rate. However, in years with above-average imports or production or below-average use, prices could fall to levels that would trigger sugar loan forfeitures.

U.S. Sugar Crop Production

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Beet Sugar											
Harvested Area (1,000 a)	1,247	1,102	1,173	1,187	1,175	1,166	1,174	1,157	1,168	1,161	1,152
Yield (tons/a)	25.59	23.93	24.14	24.30	24.45	24.61	24.78	24.93	25.10	25.26	25.41
Production (1,000 tons)	31,912	26,386	28,323	28,850	28,723	28,697	29,081	28,845	29,302	29,322	29,258
Cane Sugar											
Harvested Area (1,000 a)	832	806	805	822	806	797	803	799	798	797	785
Yield (tons/a)	34.99	34.72	34.89	35.20	35.30	35.45	35.80	36.04	36.29	36.51	36.63
Production (1,000 tons)	29,101	27,977	28,078	28,933	28,469	28,262	28,752	28,793	28,977	29,088	28,773

U.S. Sugar Supply and Utilization

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Raw Sugar					(Thousand Short Tons, Raw Value)						
Supply	12,556	11,888	11,883	12,105	12,170	12,183	12,326	12,377	12,501	12,580	12,603
Beginning Stocks	1,799	1,964	1,586	1,600	1,708	1,707	1,696	1,734	1,720	1,746	1,774
Production	8,516	7,616	7,973	8,199	8,158	8,165	8,324	8,327	8,463	8,517	8,504
Beet Sugar	4,819	4,205	4,543	4,657	4,666	4,691	4,783	4,774	4,879	4,913	4,932
Cane Sugar	3,697	3,411	3,430	3,542	3,492	3,474	3,541	3,553	3,583	3,604	3,572
Imports	2,241	2,308	2,323	2,306	2,305	2,312	2,305	2,316	2,319	2,318	2,325
Tariff-Rate Quota	1,336	1,300	1,303	1,305	1,308	1,310	1,313	1,316	1,318	1,321	1,324
Duty-Free NAFTA	0	0	0	0	0	0	0	0	0	0	0
Other TRQ	1,336	1,300	1,303	1,305	1,308	1,310	1,313	1,316	1,318	1,321	1,324
Other Program	425	425	425	425	425	425	425	425	425	425	425
High-Tier and Other	480	583	596	576	572	576	567	575	575	572	577
Mexico	475	573	586	566	562	566	557	565	565	562	567
Utilization	10,592	10,301	10,283	10,397	10,463	10,487	10,592	10,657	10,755	10,807	10,830
Domestic Deliveries	10,334	10,047	10,028	10,141	10,208	10,231	10,336	10,401	10,499	10,550	10,573
Exports	258	254	255	256	256	255	256	256	256	257	257
Statistical Discrepancy	0	0	0	0	0	0	0	0	0	0	0
Ending Stocks	1,964	1,586	1,600	1,708	1,707	1,696	1,734	1,720	1,746	1,774	1,773
CCC	0	0	0	0	0	0	0	0	0	0	0
Other	1,964	1,586	1,600	1,708	1,707	1,696	1,734	1,720	1,746	1,774	1,773
Prices					(U.S. Cents per Pound)						
N.Y. Spot Raw Sugar	20.56	22.88	23.42	22.41	22.59	22.95	22.82	23.25	23.25	23.06	23.22
Refined Beet Sugar	25.25	28.39	29.08	27.63	27.81	28.26	28.02	28.55	28.49	28.17	28.33
Cane Loan Rate	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Beet Loan Rate	22.90	22.90	22.90	22.90	22.90	22.90	22.90	22.90	22.90	22.90	22.90