

U.S. Corn: Production and Use Outlook

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Development

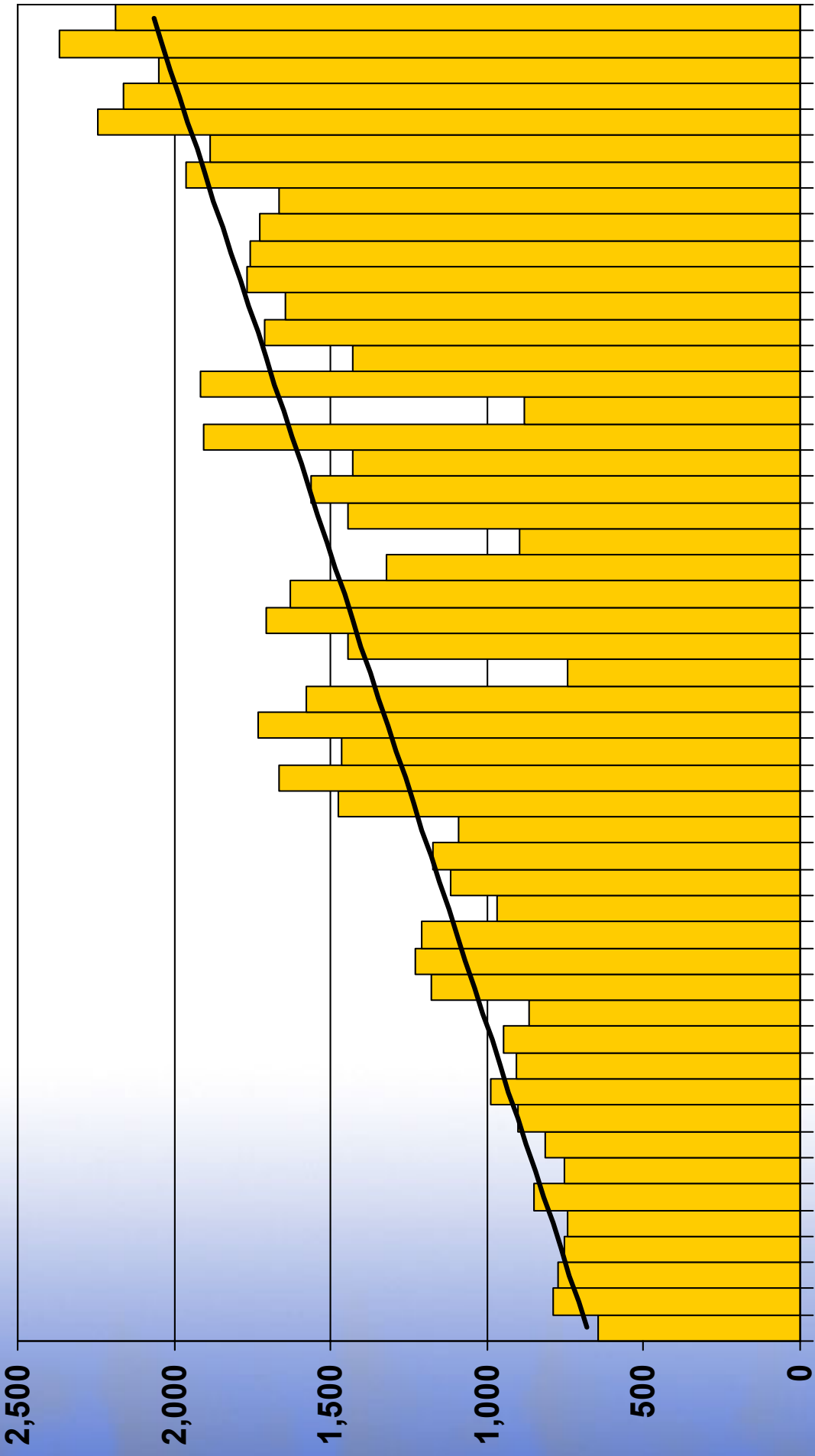




Iowa's Place in Corn Production

- Average 2.2 billion bushels per year
- Largest crop of any state
- Larger than any foreign country except China
- Iowa's crop alone could supply all U.S. export customers

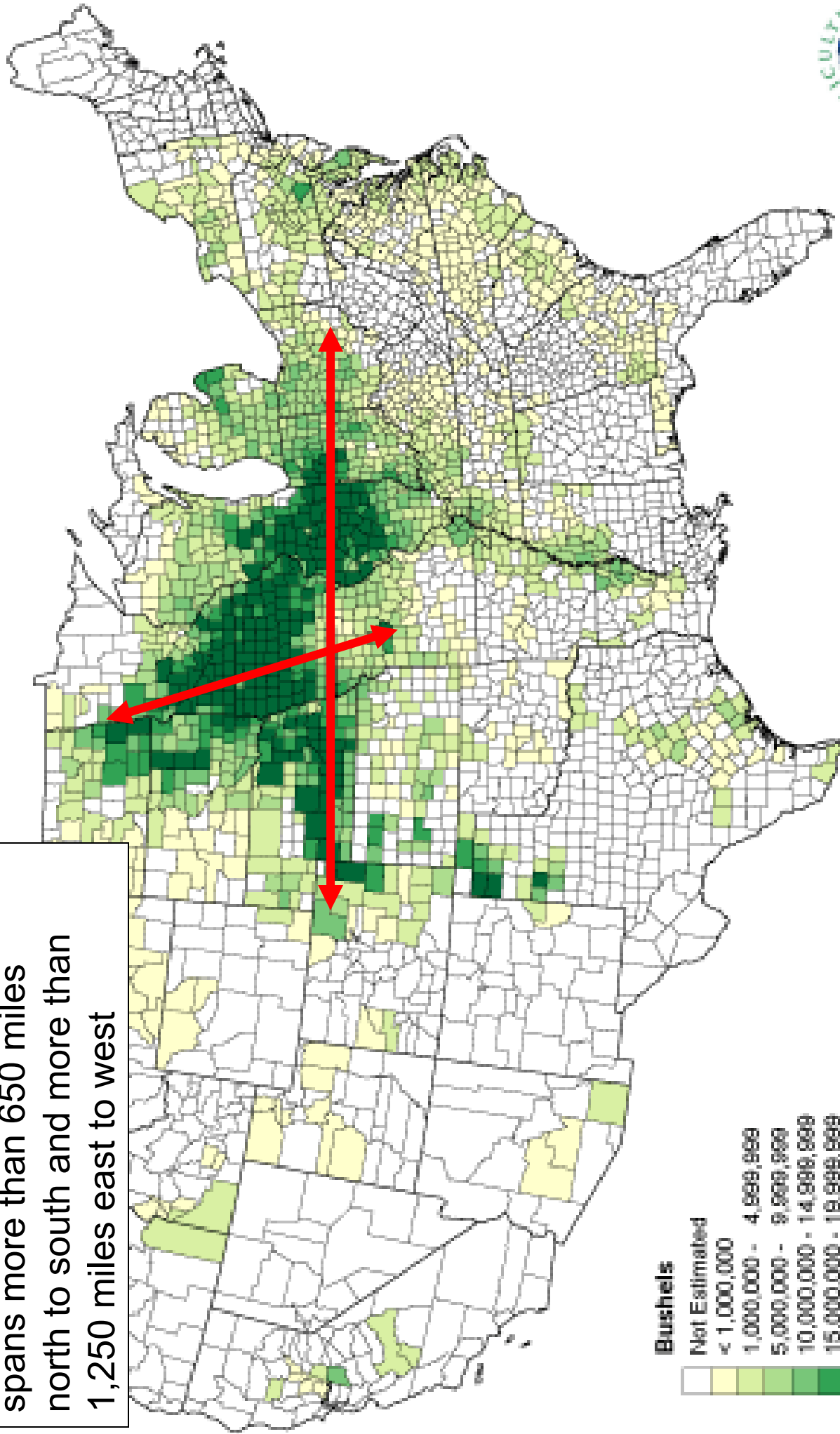
Trend in Iowa Corn Production



1958 to 2008, in millions of bushels. Source: USDA

Corn for Grain 2008 Production by County

The heart of U.S. corn production spans more than 650 miles north to south and more than 1,250 miles east to west



Bushels
Not Estimated
< 1,000,000
1,000,000 - 4,999,999
5,000,000 - 9,999,999
10,000,000 - 14,999,999
15,000,000 - 19,999,999
20,000,000 +

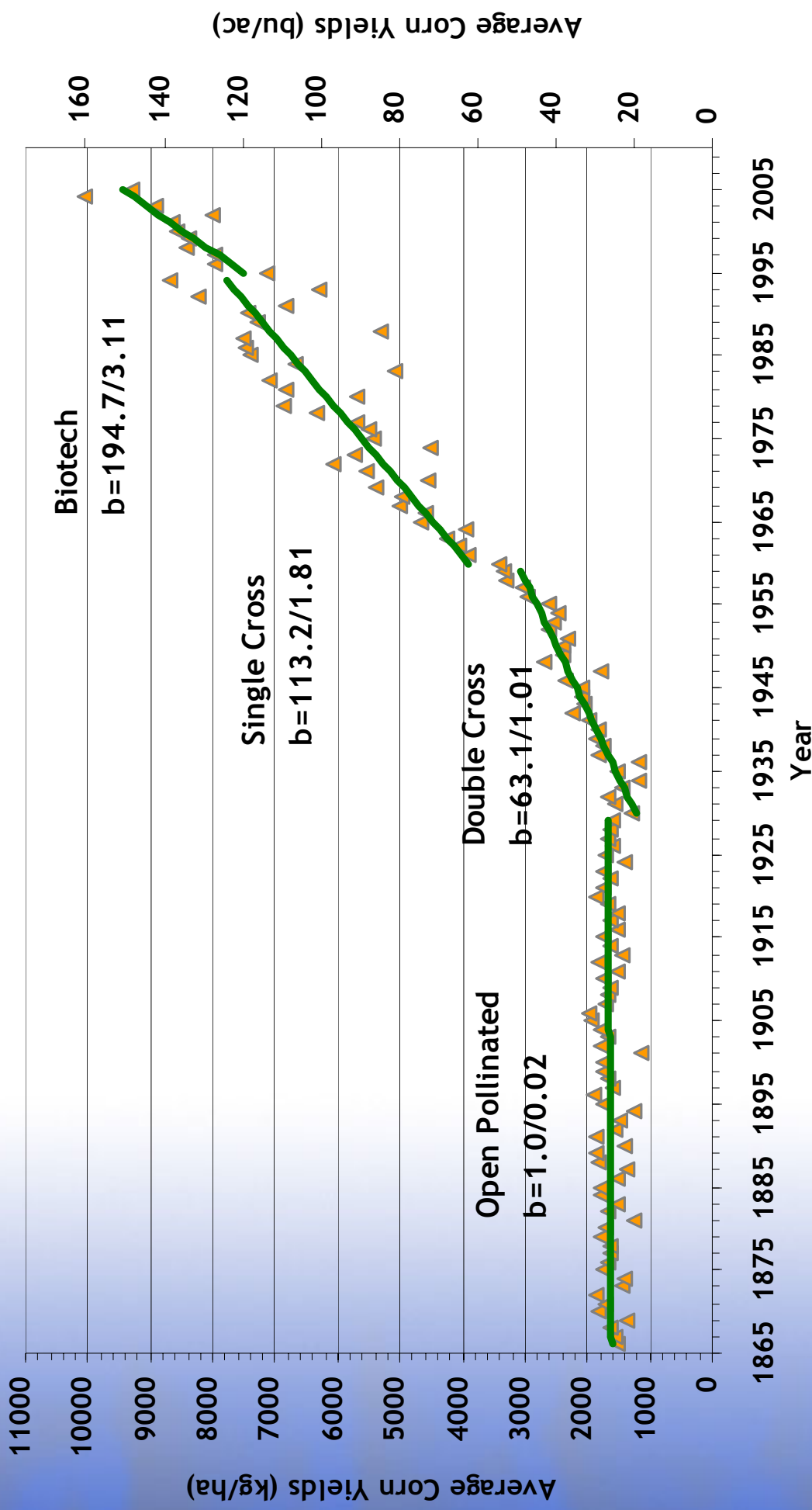


Increase due to yield, not acres

U.S. Crop	1959	2009*	% Change
Acres Planted	82.7	87.0	+ 5%
Acres Harvested	72.1	80.0	+11%
Production (mbu)	3,824.6	12,761.0	+234%

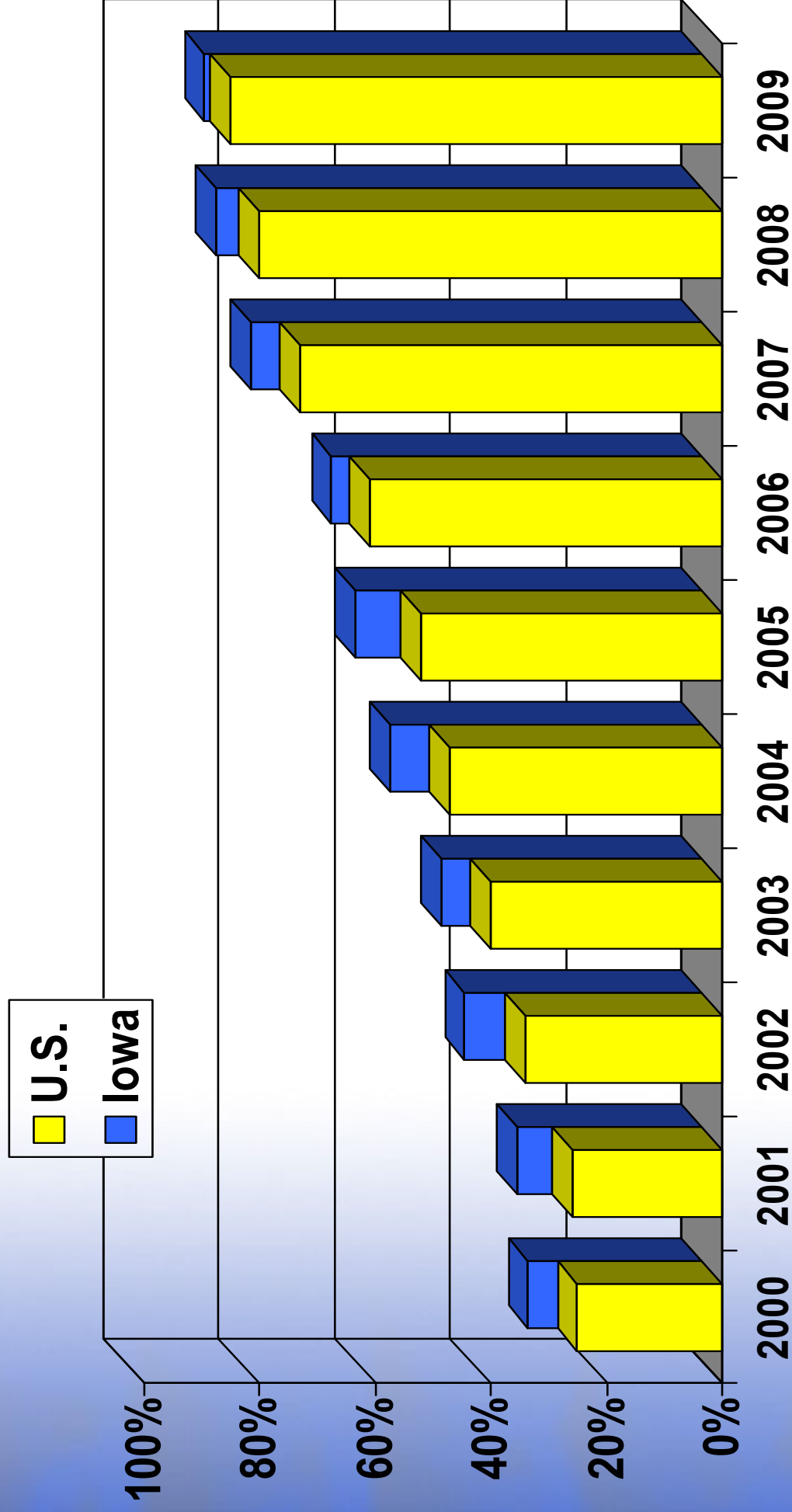
* USDA Projection as of Aug. 12

U.S. Corn Yield Improvements



Source: March 2006. Crop Science. Ref# 46:528-543

Adoption of GM Corn



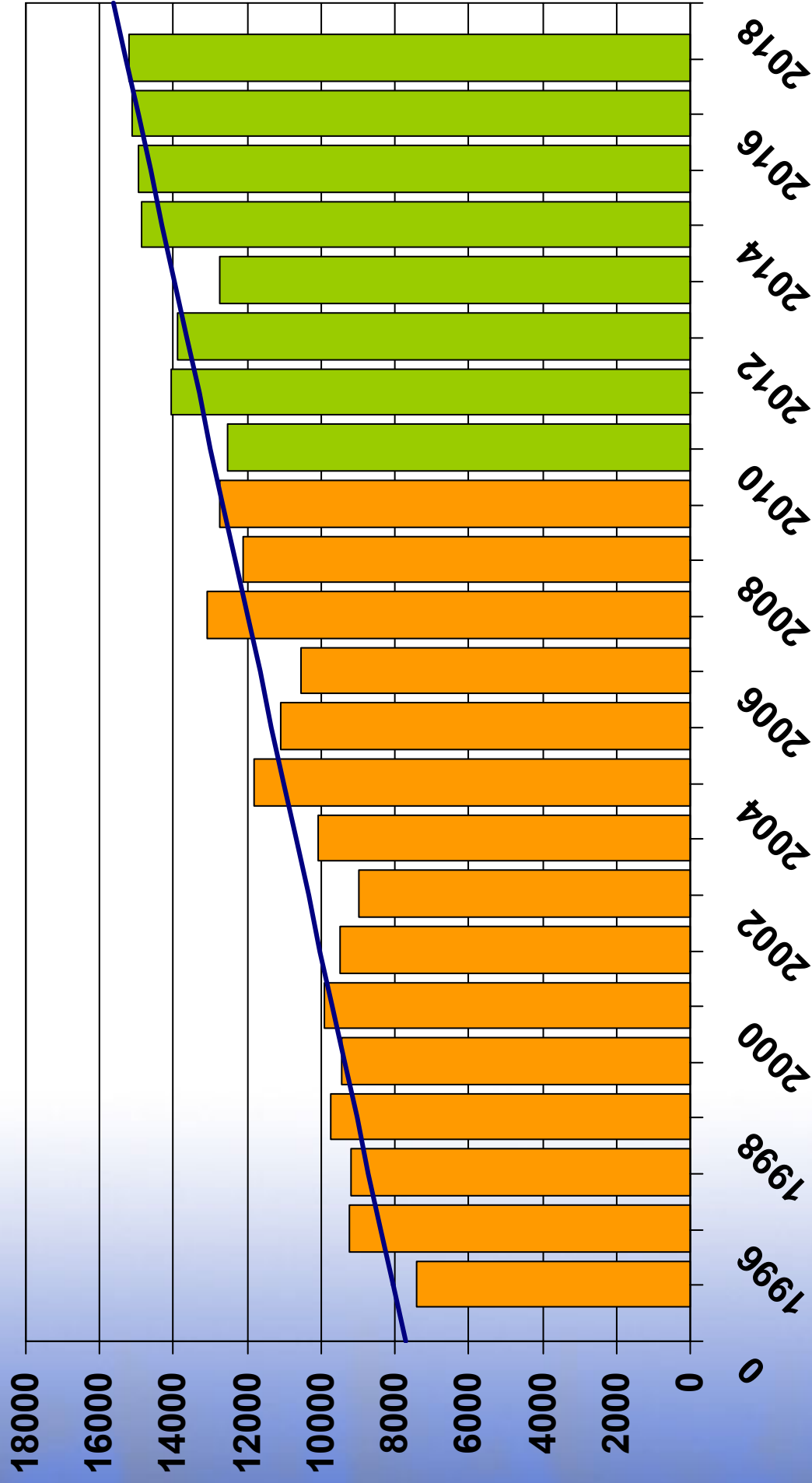
Percent of plantings. Source: USDA



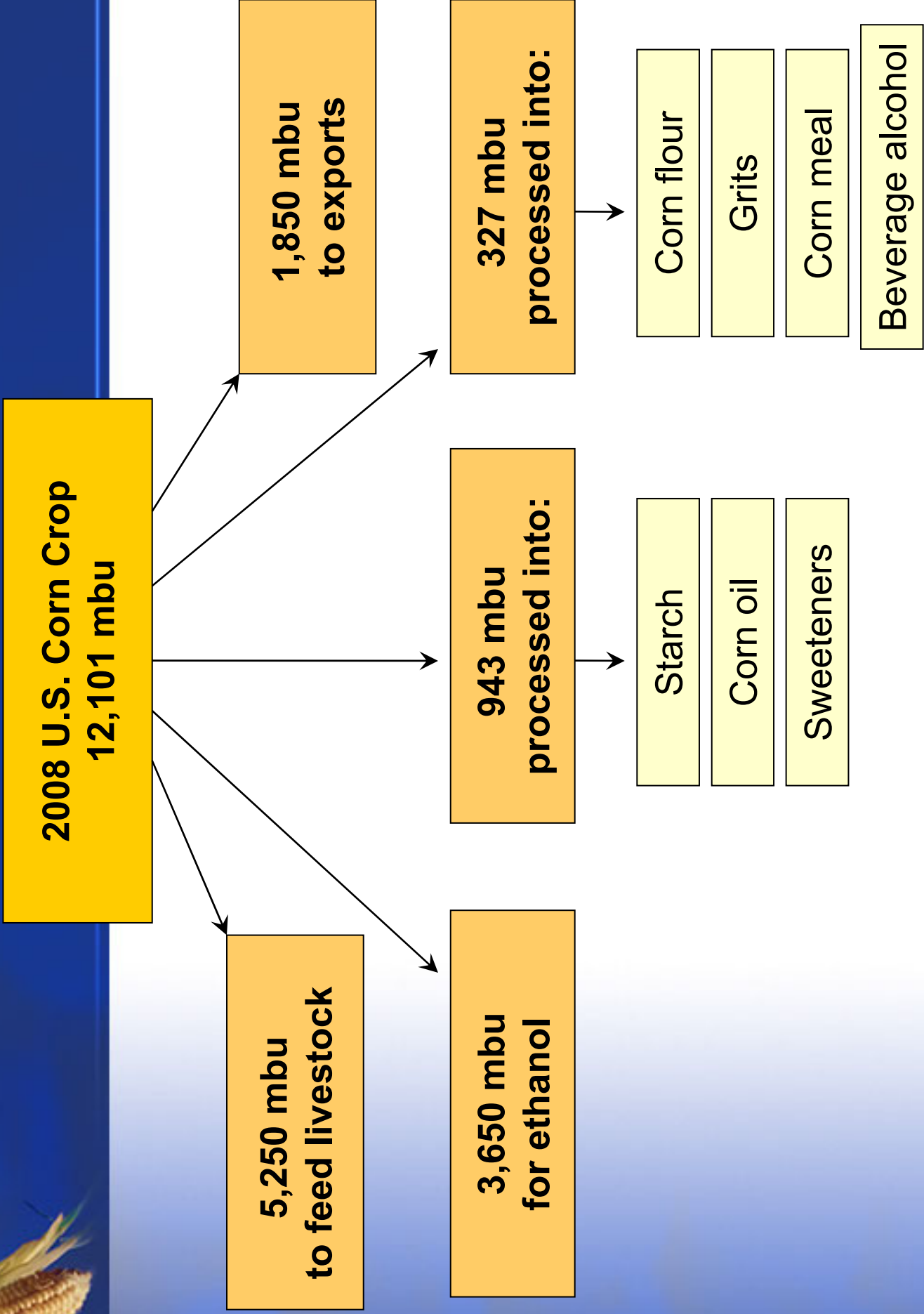
Production: What we expect

- Ongoing yield increases – avg .2 bu./yr.
- By 2018, U.S. corn production projected to increase from 12 bbu to 14.5 bbu
- Researchers tell us the corn plant's potential is c. 300 bu/acre

Recent and Projected U.S. Production

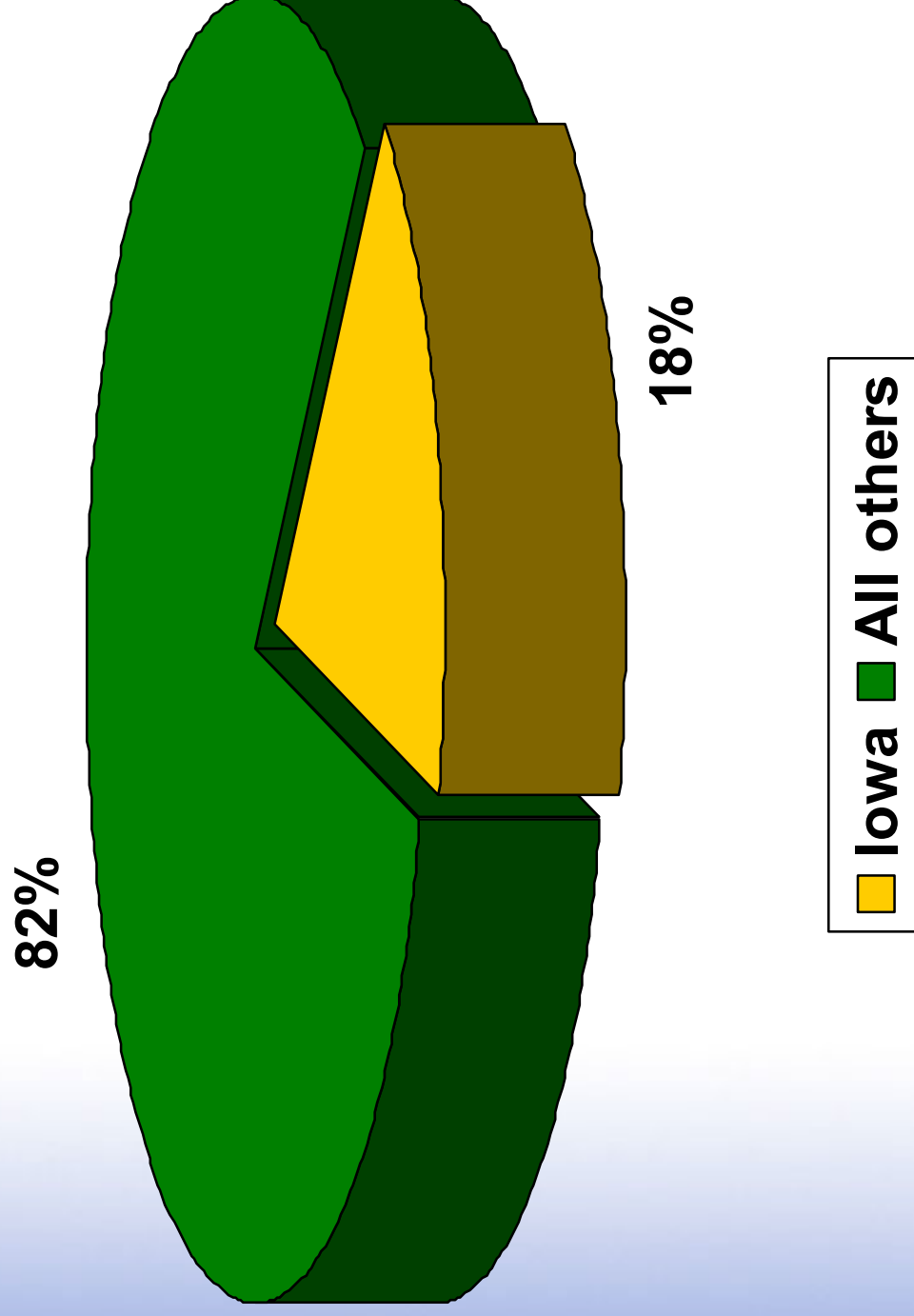


Millions of bushels, from ProExporter, FAPRI

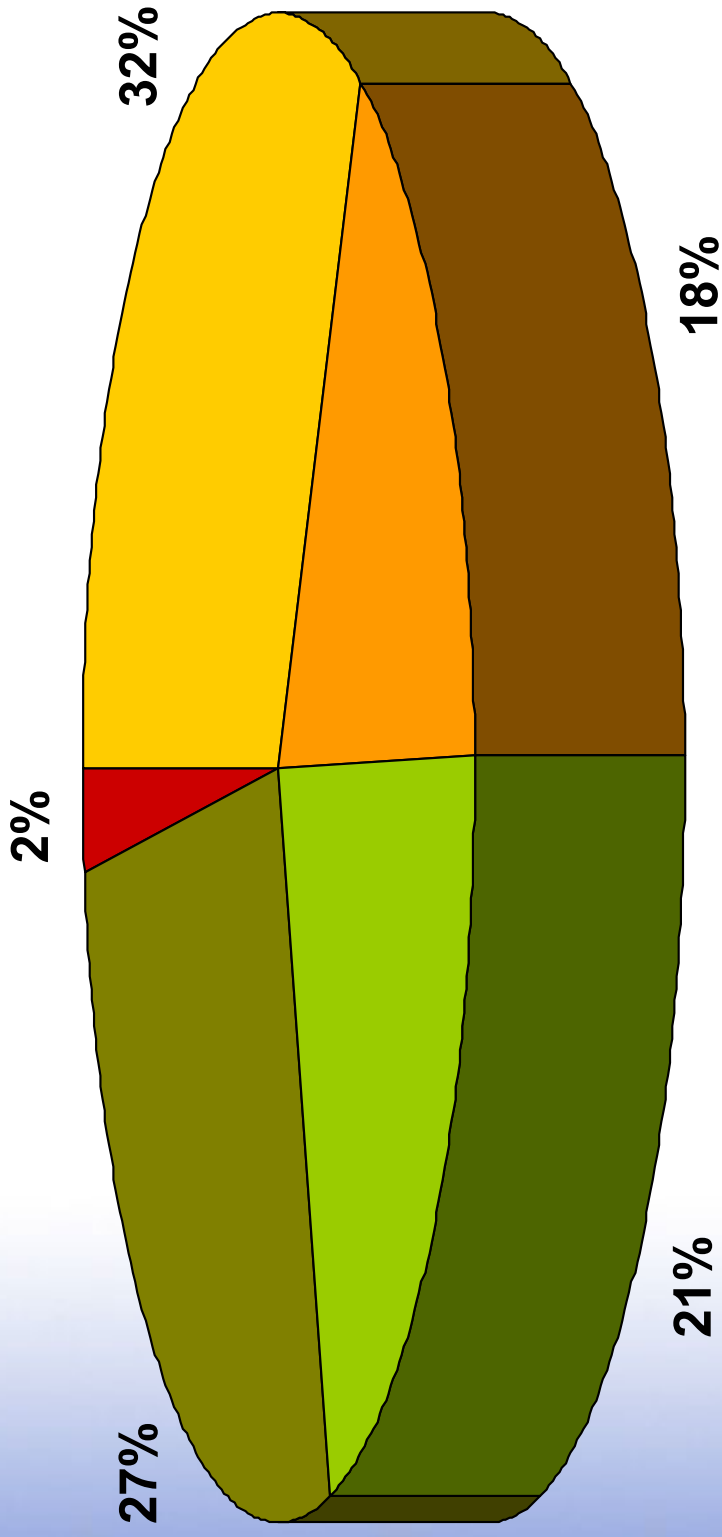


Sources: WASDE, ERS, June 2009

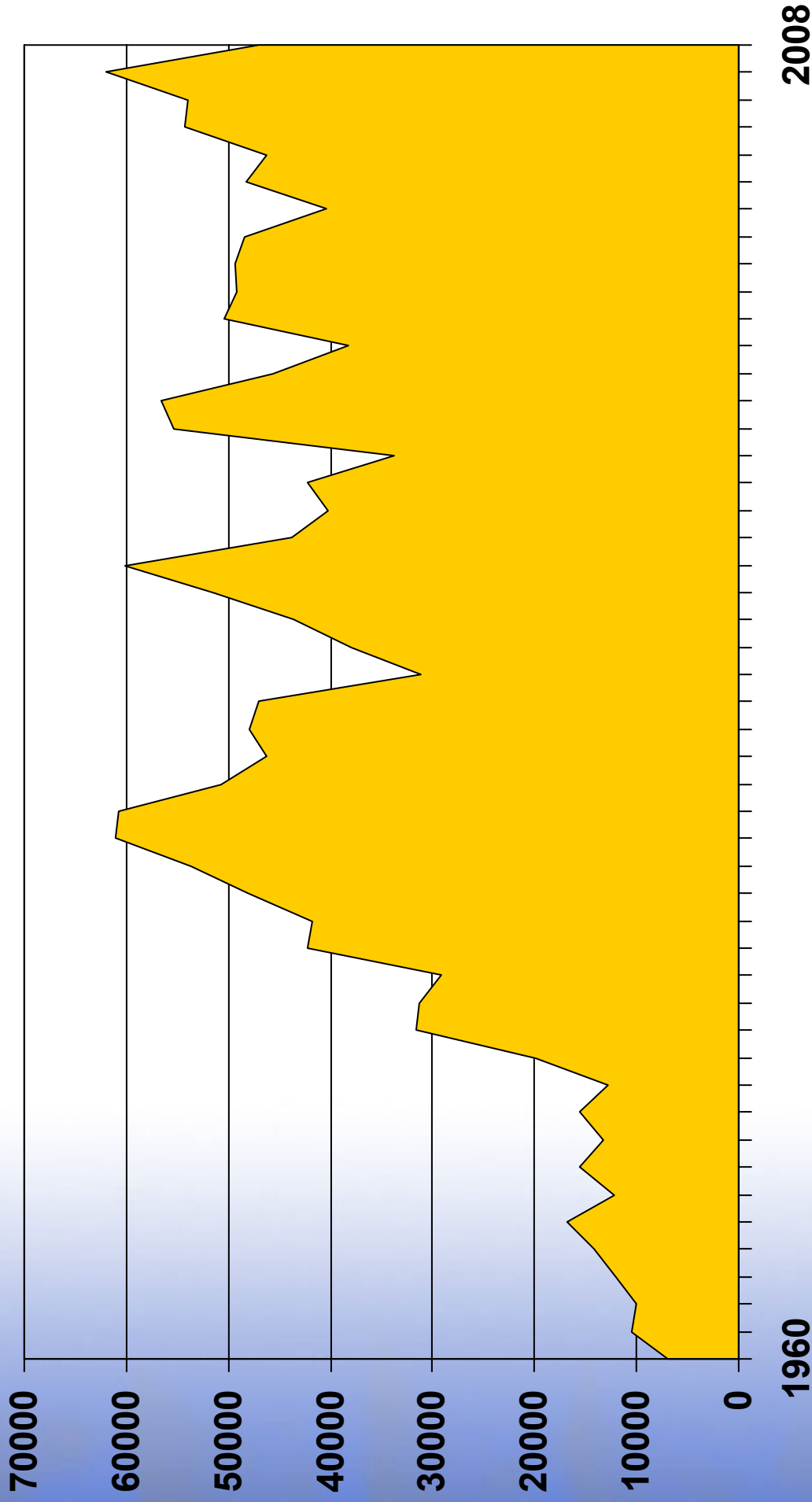
Iowa's Share of the 2008 U.S. Crop



Corn Use for Livestock: U.S.

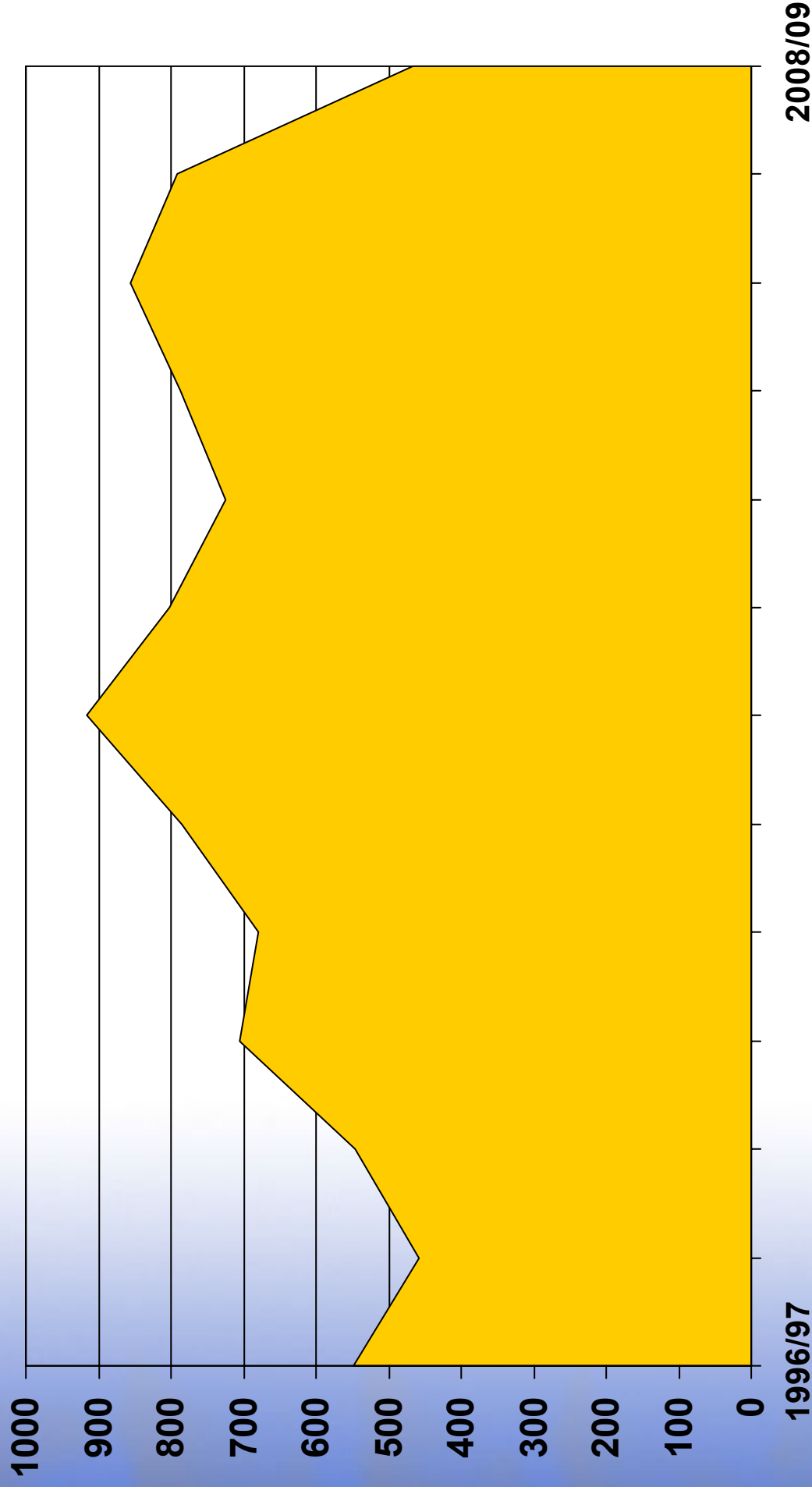


U.S. Corn Exports



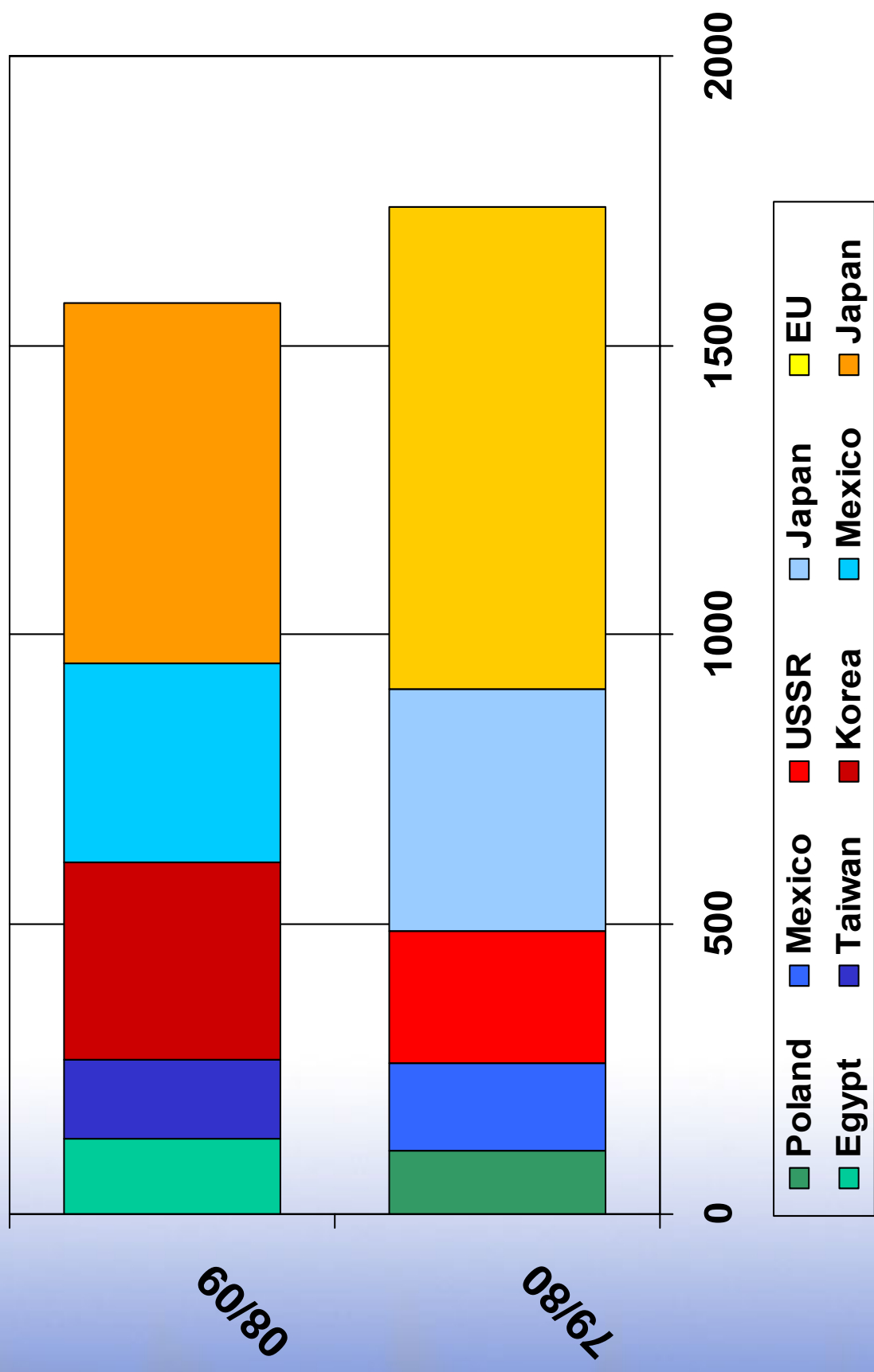
Source: PS&D. In thousands of metric tons

Corn Leaving Iowa (Net)



Source: PRX. In millions of bushels

The Changing Face of Exports Top 5 U.S. Markets in MBU





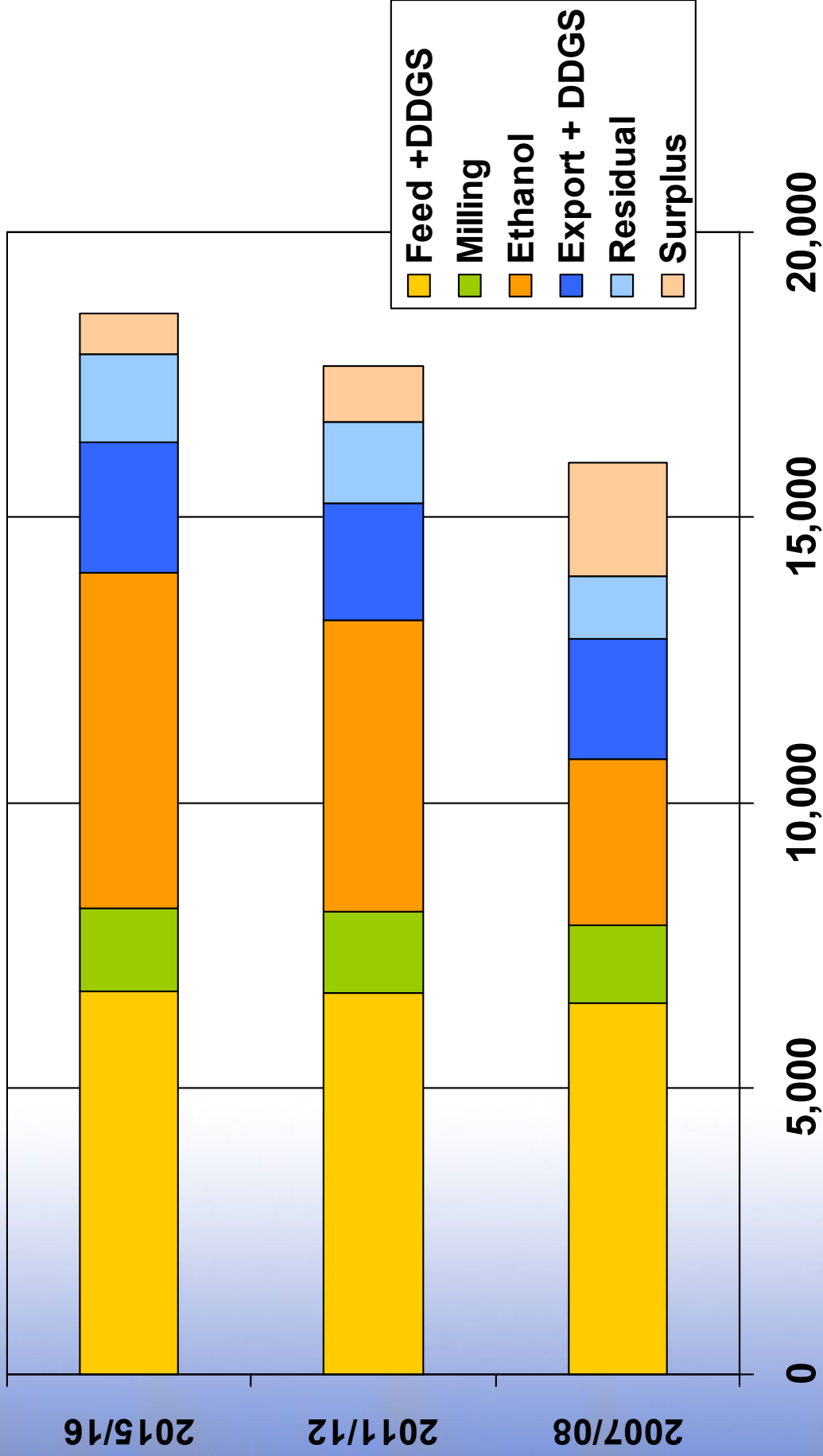
Iowa's Ethanol Industry

- 4 refineries operating 4.2 mmt
- 35 Iowa plants operating 23.5 mmt
- 1 dry mill planned/building 2.6 mmt
- Rate of expansion has slowed as economics shift
- This total of 30.3 mmt of use is less than the 33.8 mmt projected last year
- A moving target – It changes every day

Growing Supplies of Feed Products

- Refining 1,000 bushels produces:
 - 6³/₄ tons corn gluten feed, plus
 - More than 2¹/₂ tons of corn gluten meal
- Dry milling 1000 bushels for ethanol produces:
 - 9 tons of distillers dried grains with solubles (DDGS)
- Ongoing research will make DDGS more useful for swine and poultry rations.

One Estimate of Future Use



Calculated from ProExporter Data. In thousands of bushels

What about the 2009 Crop?

- Iowa's condition now 78% good or excellent
- U.S. condition now 68% good or excellent (improving)
- Possible 2nd largest U.S. crop ever
- August Forecast for 12.76 billion bushels
- Waiting out late summer weather
- We'll know when the grain is in the bin.

What to Expect

- Consistent corn plantings
- Increased yield per hectare
- Demand for corn in other uses is flat
- Growing supplies of processed corn
 - co-products to supplement feed supplies
- Research to make co-products more useful
- Evolution of the ethanol industry
 - Research to recover more ethanol from corn
 - Diversification into other feedstocks



What to Expect

- You can always expect fluctuating markets
- Alarming reports that change by the week but are often false alarms
- The value of using risk management tools
- The value of good information



U.S. Corn Price Outlook

- Current USDA Farmgate price estimate

2008/9	\$4.00 – 4.10 per bushel
2009/10	\$3.10 – 3.90
- That's the best projected range of future U.S. corn prices as of mid-August

Thank you

