

The logo for AgReview, featuring a stylized green and blue circular graphic to the left of the text.

AgReview

June 2013

Volume 25, No. 5

World Perspectives, Inc.

Swimming Around for Profits

**Growth Areas for Global
Oilseed Production**

Not Your Grandfather's Farm Bill

Agriculture's Changing Market Structure

Insider Trading and Commodity Markets

Commodity Market Review



WORLD PERSPECTIVES: AG REVIEW

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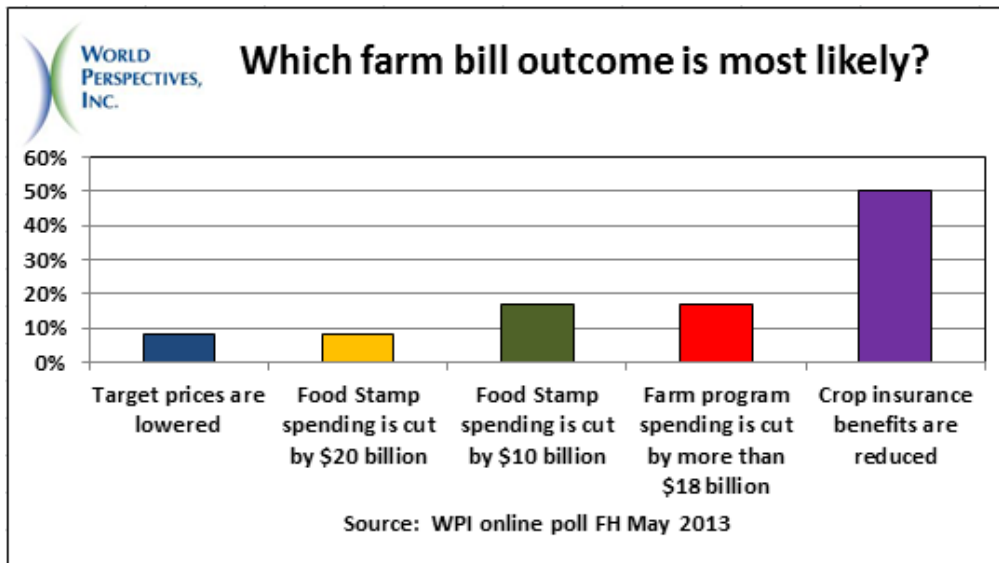
"Leaders are responsible not for running public opinion polls but for the consequences of their actions."

— *Henry A. Kissinger*

<i>HARVESTED DATA</i>	
Politics & Policy	
Speaking Out	When asked if so-called “ag gag” bills are fair, 52 percent of U.S. farmers said no, 41 percent said yes and 7 percent said they did not know. <i>ZimmPoll</i>
Feeling Jaded	Most poll participants (18 percent) believe a committee farm bill is “better than nothing”; 14 percent believe it “hits nutrition too hard” and is “bad for everyone.” Overall, results were mixed. <i>ZimmPoll</i>
Fueling Up	Half of Americans support using corn-based ethanol in the U.S. transportation fuel supply; only 18 percent are in opposition. <i>Sustainable America</i>
Food & Health	
The Cheese Plant	Nearly a third of primary school-aged children in the UK believe cheese is made from plants, and a quarter think fish fingers come from chicken or pigs. <i>British Nutrition Foundation</i>
Waste Not, Want Not	60 percent of Americans believe reducing food waste at restaurants and grocery stores is the best way to increase food availability in the United States. <i>Sustainable America</i>

WPI POLLING

Below are the results of WPI's recent survey. Visit www.worldperspectives.com to cast your vote.

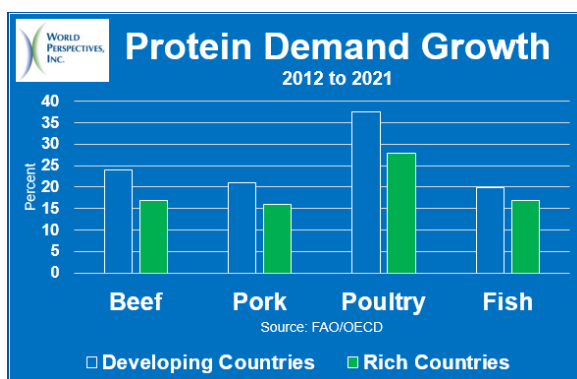


SWIMMING AROUND FOR PROFITS

By Gary Blumenthal

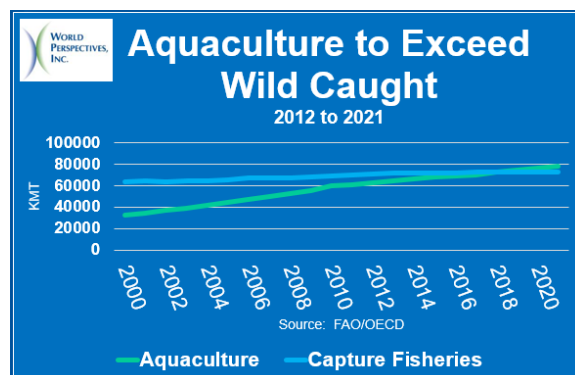
Purely financial investors are pulling back after taking a beating in commodity markets over the past several months. Capital goes where it is rewarded most and the managers of this “outside” money mainly see sluggishness and uncertainty in the ag space. In contrast to this outside view, those within the sector have seen far worse and remain positive about the outlook. Envision the 30-mile-long backup of trucks trying to deliver grain to Brazil’s ports to understand the extent of the investment opportunities. However, areas such as protein look particularly bright, as evidenced by Shuanghui International’s recent purchase of U.S. meatpacking giant Smithfield.

While the Chinese favor pork, poultry demand in developing countries is seeing the strongest growth at better than 3 percent per year (see graph below). Even parts of Africa are now witnessing strong growth in poultry production. Of course, animal production will continue to drive grain demand, and some oilseeds receive the double benefit of higher oil use in food and protein use in feed.

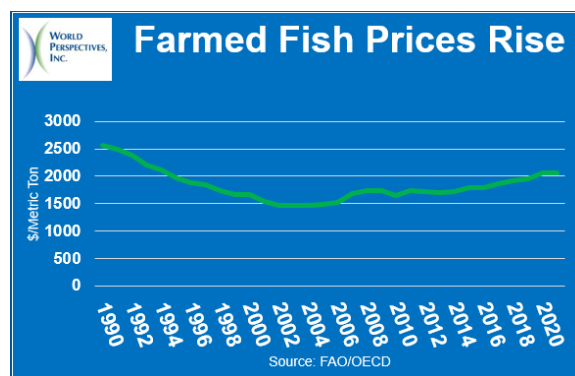


While livestock production will continue to expand, the newest feed demand center is aquaculture. Now that the oceans are nearly stripped of their bounty and the science of fish farming has been greatly advanced, fish produced via aquaculture is expected to outstrip

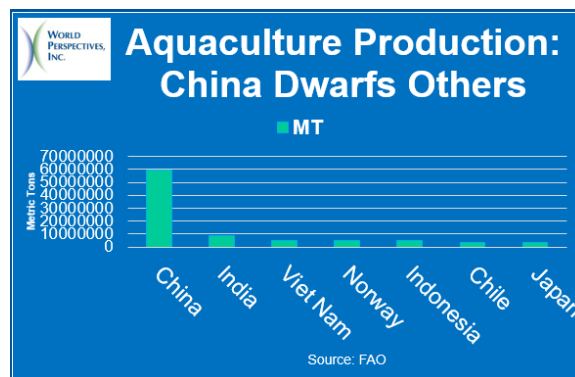
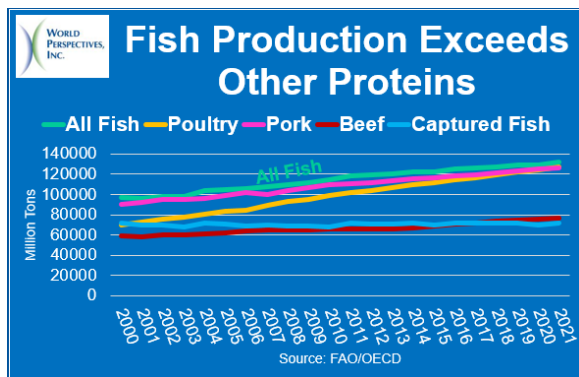
the volume of wild-caught species in the next few years (see graph below).



Aquaculture production expanded rapidly during the 1990s and, as a result, prices fell by 35 percent. However, more recently the impact of higher feed prices coupled with increased demand has put upward pressure on prices. Aquaculture prices are now on a roughly 2 percent per year upward trajectory (see graph below).

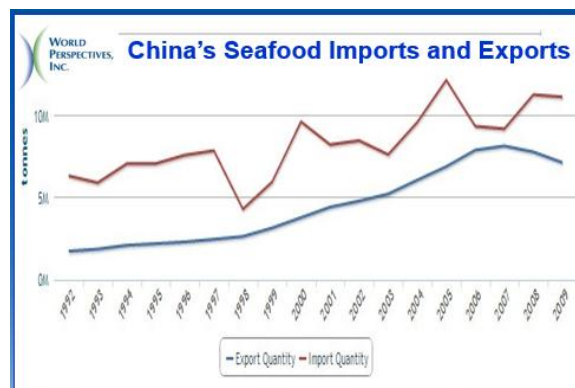
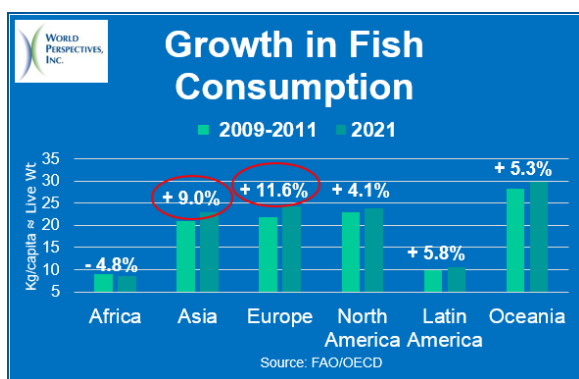


Fish production will continue to exceed that of any other single animal protein product (see graph below). However, that is largely due to increases in aquaculture, since the wild-caught market is flat and likely headed downward as a result of over-fishing.



Unsurprisingly, per-capita fish consumption will rise rapidly not only in Asia but also in Europe, where it can be more easily afforded (see graph below).

Global trade in fishery products has been growing (see graph below) because of its feed efficiency and world demand for protein. Though notably, China has a net trade deficit in fishery products (see graph below). Basically, its domestic production capacity cannot keep up with the growth in demand.



China dwarfs other countries in terms of total aquaculture production (see graph below), in large part because its very large population adjacent to the Pacific coast requires food.

As the industry increasingly learns to manage the threat from diseases and better manages waste issues to achieve sustainability, the very efficient feed conversion ratio for aquaculture will make it an attractive expansion category.

GROWTH AREAS FOR GLOBAL OILSEED PRODUCTION

By John Baize

The oilseed sector as a whole has seen greater growth in demand over the last two decades than any other agricultural sector. This growth has occurred mainly because of rapid consumer demand for animal proteins and vegetable oils that has been fueled by economic and per-capita income growth around the world. USDA is forecasting global soybean demand in the 2013/14 marketing year to reach 270.18 MMT, which would be 158 percent greater than consumption in 1990/91. During the same period, global rapeseed consumption has grown by 144 percent and global sunseed consumption has increased by 76 percent. In contrast, global consumption of wheat, rice and cotton has increased by only 26 percent, 38 percent and 26 percent, respectively. Global corn consumption has grown by 97 percent, but the lion's share of that has been because of U.S. ethanol mandates and subsidies.

There is no reason to believe demand for global oilseeds will not continue to rise rapidly in the future as a result of continued economic and population growth. However, what is not entirely clear is where the increased oilseeds production will occur. For that reason, it is worthwhile to take a look at where oilseed production has grown the most in the last decade to identify where future growth is likely to occur.

Soybeans

By far the greatest growth in soybean production has occurred in Brazil. The country's production increased by 31.5 MMT (60.6 percent) between 2002/03 and 2012/13 and is forecast by USDA to increase an additional 1.5 MMT in 2013/14. Most of the expansion in Brazilian soybean production has occurred in Mato Grosso and other states in the Center-West region, but

expansion also has occurred in the northeastern states of Maranhão and Piauí. Brazilian production is expected to continue increasing in the Cerrados region, but only if prices remain high. Because of poor internal transportation infrastructure, it is very expensive to transport soybeans from the interior to ports, and this makes net costs to farmers very high. However, if prices do remain high, there are an estimated 50 million acres of land in Brazil that can and will be brought into soybean production in the future.

Soybean Production by Countries with Largest Growth in Production 2002/03 – 2012/13 and USDA Forecast for 2013/14 (MT 000)				
Country	2002/03	2012/13	Change	Forecast 2013/14
Brazil	52,000	83,500	31,500	85,000
Argentina	35,500	51,000	15,500	54,500
India	4,000	11,500	7,500	12,000
U.S.	75,010	82,055	7,045	92,261
Paraguay	4,518	8,350	3,832	8,400
Uruguay	192	3,004	2,812	3,120
Canada	2,336	4,930	2,594	4,850
Ukraine	125	2,405	2,280	3,000
Russia	423	1,880	1,457	2,200
Bolivia	1,650	2,400	750	2,310
South Africa	137	850	713	990
Rest of World	21,005	17,232	-3,773	16,873
Global Total	196,896	269,106	72,210	285,504

Source: USDA/FAS

Argentina has seen the second-greatest increase in soybean production over the last decade at 15.5 MMT (43.7 percent). USDA is forecasting production to expand an additional 3.5 MMT in 2013/14, but this is far from certain. Argentina's soybean plantings already are nearly twice the area planted to all other crops and this is beginning to have an impact on yields. The failure to properly rotate soybeans and other

crops is leading to diseases and pests that are impacting yields. Farmers likely would raise their production of corn, wheat and other crops, but Argentina's export restrictions on wheat and corn have caused farmers to plant more soybeans because of the greater certainty of making a profit. If the Argentine government were to eliminate its quantitative export restrictions on wheat and corn in the future, farmers in that country likely would reduce their plantings of soybeans in favor of corn, wheat and other crops. Therefore, there is no guarantee Argentina's soybean production will continue to increase in the future.

India has increased its soybean plantings over the last decade by 7.5 MMT (88 percent) to 11.5 MMT, and production is forecast by USDA to increase by an additional 0.5 MMT in 2013/14. However, India is believed to have a limited capability to expand its soybean production in the future because of poor yields and competition for land from other crops and urbanization. In addition, India's consumption of soy meal is rising relatively rapidly. Therefore, it is likely India will cease to be a net exporter of soy meal in the not-too-distant future and may become a net importer of soybeans.

There continues to be a sizable potential to expand soybean production in the United States. Even with a smaller crop caused by drought, U.S. production in 2012 was 7.5 MMT greater than a decade earlier. USDA is forecasting U.S. soybean production to grow by 10.2 MMT in 2013 with normal weather. In the last decade, the expansion of U.S. soybean production was limited mainly by aggressive competition for land from corn caused by U.S. ethanol subsidies and blending mandates.

Paraguay, Uruguay and Canada also have seen sizable growth in their soybean production the last decade with a combined increase of 9.23 MMT. Paraguay's production should continue to see some increase in the future, but the volume will be limited by competition from other crops, particularly corn. Relatively little growth is expected in Uruguay because of land availability. Canada's production is unlikely to grow significantly because of its climate and

competition from canola and other crops. However, if farmers find a way to profitably produce soybeans in Alberta and Saskatchewan, it may see sizable output growth in the future.

The potential to expand soybean production in Ukraine and southern Russia is substantial. Most of Ukraine can produce soybeans, and farmers there have increased their production of the oilseed by 244 percent in the last decade. Many observers think Ukrainian soybean production may reach as high as 10 MMT in the next decade as more farmers include soybeans in their crop rotations. Russian production also can increase, but its output most likely will be limited by a shorter growing season and inadequate rainfall. Nevertheless, the two countries promise to be growing suppliers of soybeans and soybean products to nearby markets in the future.

Many believe there is a substantial potential to expand soybean production in Sub-Saharan Africa. The countries of Mozambique, Côte d'Ivoire, Cameroon, Ghana and Tanzania would appear to be able to utilize the soybean varieties developed for the tropical environment in Brazil to grow their own soybean industry. It is known that China and some Middle Eastern countries are investing money in this region aimed at expanding soybean production. However, it is unlikely production will grow rapidly, owing to inadequate producer expertise in soybean production and a lack of equipment and infrastructure to produce, store and market the crop. It will be several years before we find out whether Africa can become a major soybean producer and exporter.

Rapeseed

Canada has led the world in expanding its output of rapeseed (canola) over the last decade. Its production grew by 8.789 MMT (94.4 percent) from 2002/03 to 2012/13 and is forecast by USDA to grow by an additional 1.19 MMT in 2013/14. Rapeseed plantings now rival that of wheat in Canada. However, the potential for rapeseed plantings is now limited because of the need to allow two to three years between being planted on the same fields to avoid diseases.

Farmers who failed to properly rotate their rapeseed with other crops have seen yields reduced in the last couple of years primarily by fungal diseases. Therefore, many analysts do not foresee Canadian rapeseed production growing rapidly in the future.

Rapeseed Production by Countries with Largest Growth in Production 2002/03 – 2012/13 and USDA Forecast for 2013/14 (MT 000)				
Country	2002/03	2012/13	Change	Forecast 2013/14
Canada	4,521	13,310	8,789	14,500
EU-27	11,752	19,074	7,322	20,000
China	10,552	13,500	2,948	13,000
India	4,050	6,800	2,750	7,000
Australia	871	3,089	2,218	2,800
Ukraine	61	1,400	1,339	2,000
Russia	115	1,035	920	1,100
Belarus	60	705	645	700
United States	697	1,112	415	1,125
Rest of World	583	1,110	527	1,169
Global Total	33,262	61,135	27,873	63,394

Source: USDA/FAS

The EU-27 has seen the second-largest increase in rapeseed production over the last decade, with growth of 7.322 MMT (62.3 percent). The growth in production has been driven to a large extent by the EU's aggressive biodiesel blending policies and by EU regulations that make rapeseed oil the preferred vegetable oil for biodiesel production. In addition to the historically large rapeseed production in Germany, France, Denmark and the UK, rapeseed output also has increased sharply in Poland and the Czech Republic. USDA expects EU rapeseed production to reach 20 MMT in 2013/14. However, it is questionable if EU production will continue to increase as rapidly as it has in the last decade because of competition from other crops and a loss of political support for continued expansion of biodiesel blending mandates and subsidies. Crop rotation requirement also may limit the expansion of rapeseed plantings.

China's rapeseed production grew by 2.948 MMT (28 percent) in the last decade, but USDA expects production to fall by 0.5 MMT in

2013/14. Demand for rapeseed oil remains strong in China; therefore, the incentive to expand production is significant. However, competition from other crops is almost certain to limit future rapeseed expansion. In fact, China now seems to be focusing on importing increasing volumes of rapeseed from Canada and elsewhere to meet its growing needs. It is for this reason that it has cleared more Chinese crushing plants to import Canadian rapeseed despite concerns about the fungal disease blackleg spreading in China's rapeseed areas. At this point, the potential for China to expand its own production of rapeseed looks quite limited unless it allows farmers to plant biotech varieties that produce higher yields.

India has seen a sizable expansion in rapeseed production with output expanding by 2.75 MMT (68 percent) over the last decade. USDA expects production to grow by 0.2 MMT in 2013/14. Vegetable oil demand and imports are growing rapidly in India, and rapeseed oil is the number one vegoil produced within the country. Therefore, it makes sense for India to promote greater rapeseed production. However, none of the increased rapeseed output India may produce in the future will be exported. Rather, it will all be consumed domestically. It also is far from clear if India has the land and weather needed to expand its rapeseed plantings and output in the future considering the competition that exists from other crops and from non-agricultural uses.

Australia's rapeseed production jumped 155 percent (2.218 MMT) in the last decade, and USDA expects production to increase by an additional 0.582 MMT in 2013/14. Rapeseed has proven to be a very competitive crop with wheat in areas that receive adequate rainfall, but year-to-year production has been very variable because of periodic drought. With an excellent market for its surplus rapeseed in Europe and China, Australia's rapeseed plantings and production are likely to continue expanding in the future.

The former Soviet countries of Russia, Ukraine and Belarus have seen a very large growth in their production of rapeseed. The three

countries' combined rapeseed production grew by 2.9 MMT in the last decade, and USDA is forecasting it to increase by an additional 0.896 MMT in 2013/14. Of the three countries, it would appear that Russia has the greatest potential to expand rapeseed output because of its large land area and its ability to rotate the crop with wheat and barley. It would not be surprising to see Russia's annual production at 5 MMT within a decade.

Finally, the U.S. has seen its production of rapeseed grow by 0.415 MMT (60 percent) in the last decade. USDA expects some growth in production in 2013/14. Most of the growth will occur in Oklahoma, where farmers are planting winter rapeseed varieties. In fact, this year rapeseed plantings are expected to be down from a year ago in the Dakotas and Minnesota as farmers increase plantings of wheat and soybeans. The best opportunity for future growth in U.S. rapeseed production most likely will be in the South using winter varieties, since farmers there need another crop to include in their crop rotations and rapeseed would appear to be one that has potential.

Sunseed

Global sunseed production has grown much slower than that of rapeseed and soybeans primarily because sunseed yields have not grown much over the last decade and because of the fact that there are no biotech sunseed varieties. Sunflowers are best suited for arid areas where they largely compete with wheat. For that reason, most of the growth in global production has occurred in the Black Sea region and in southern Europe.

Sunseed Production by Countries with Largest Growth in Production 2002/03 – 2012/13 and USDA Forecast for 2013/14 (MT 000)				
Country	2002/03	2012/13	Change	Forecast 2013/14
Ukraine	3,270	9,000	5,730	10,500
Russia	3,685	7,959	4,274	8,500
EU-27	5,183	6,885	1,702	7,900
Pakistan	132	700	568	600
Burma	279	800	521	800
China	1,946	2,400	454	2,450
Serbia	0	350	350	400
Other	9,443	8,266	-1,177	8,893
Global Total	23,938	36,360	12,422	40,043

Source: USDA/FAS

Ukraine and Russia have been the main countries where sunseed production has expanded the most. Ukrainian sunflower production grew by 5.73 MMT (75 percent) in the last decade and is forecast by USDA to increase by an additional 1.5 MMT in 2013/14. Russia's sunseed output grew by 4.274 MMT (16 percent) in the last decade and it is expected to increase by an additional 0.54 MMT in 2013/14. Both countries are likely to continue expanding their sunseed plantings and production in the future, but the growth may be slowed because of competition from rapeseed and soybeans for land. The two countries are expected to continue to be sizable suppliers of sunflower oil to foreign markets.

Sunseed production by the EU-27 increased by 1.7 MMT (33 percent) in the last decade, and USDA forecasts production will expand by an additional 1.02 MMT (14.7 percent) in 2013/14. Most of the increase has been in Spain, Hungary and Bulgaria. It is likely these will be the same countries where future growth occurs (if it does occur), but some growth also is likely in Romania. However, one questions whether there will be much future growth in these countries unless there are breakthroughs in average yields. Over time, sunseed will face greater competition from drought-tolerant biotech crops, assuming the EU one day legalizes the planting of more biotech crops.

The rest of the world is unlikely to see much nominal growth in sunseed production. The exception may be arid parts of Africa and the Middle East, where investments in agriculture will expand the area available for plantings.

Therefore, it looks like sunseed will continue to be the laggard of the three major oilseeds in terms of future growth.

NOT YOUR GRANDFATHER'S FARM BILL

By Dave Juday

The Senate and House Agriculture Committees have both passed farm bills, and the Senate spent most of May debating the Committee's draft. The House will take up its version of the farm bill in June. Ultimately, whatever the form the final farm bill

passes, it will present different opportunities than what exist today — as evidenced by the formal titles of the farm bill.

Year	Title	Date Adopted	Comments
1985	Food Security Act	23 Dec 1985	Conservation became prominent in this farm bill and conservation spending jumped from \$190 million to \$1.7 billion.
1990	Food Agricultural Conservation and Trade Act	28 Nov 1990	This farm bill added forestry and marketing. It was replaced by a new bill in 1991, and again in 1993 as part of the budget reconciliation and included set-asides.
1996	Federal Agriculture Improvement and Reform Act	4 April 1996	The farm bill was delayed from 1995; it created direct payments and ended set-asides. IT is referred to as “freedom to farm.”
2002	Farm Security and Rural Investment Act	13 May 2002	The farm bill was delayed from 2001 because of the 9/11 terrorist attacks. This was the first farm bill to add an energy title and created countercyclical payments.
2008	Food Conservation and Energy Act	22 May 2008	The farm bill was delayed from 2007 and the 2002 bill was extended six times. This iteration added horticulture and the organic titles.
2013	Senate: Agriculture Reform, Food and Jobs Act House: Federal Agriculture Reform and Risk Management	TBD	The farm bill was delayed from 2012 and the 2008 Farm Bill was extended for one year. This version is likely to shift to crop insurance as primary risk management tool.

Source: WPI

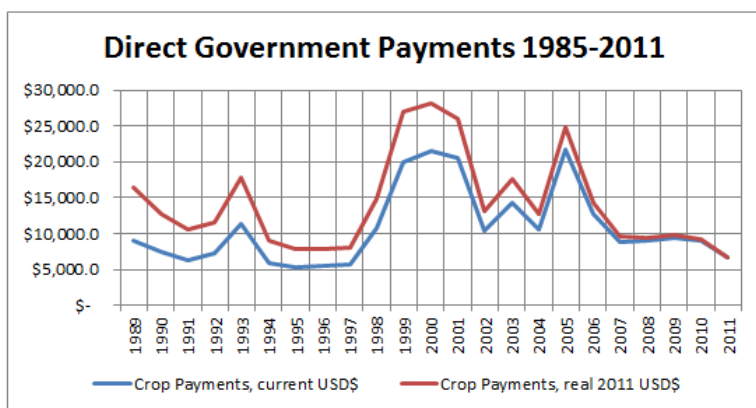
Over the years farm bills have emphasized different objectives, from securing the U.S. national food supply to promoting trade, conservation, renewable energy, rural investment and now jobs.

Expanding the Farm Bill's Reach

For each new farm bill, new titles and new programs are added. Those changes show the evolving emphasis of the farm bill and highlight areas of opportunity, most of which are outside of production agriculture. Consider the 1985 Farm Bill, which at \$2 billion over budget was

viewed as a budget buster and with a three-year cost of \$52 billion (an average annual cost of \$17.33 billion) was the most expensive farm bill in history to date. At the time, President Ronald Reagan signed the bill — after an initial veto — in order to try and politically buoy several Senate races. However, this didn't work, as the Republicans elected to the chamber in 1980 along with Reagan lost control of the Senate in 1986.

Compare that to the 2013 Farm Bill proposals, which have a 10-year score of \$940 billion and \$969 billion for the House and Senate bills, respectively. That's an average annual cost of \$95.75 billion. According to the Bureau of Labor statistics, the \$17.33 billion in 1985 adjusted for inflation would be about \$37.45 billion today. The federal government is thus spending two-and-a-half times as much on the farm bill today as it did in 1985; however, when adjusted for inflation, 2011 direct government payments to farmers are lower than in 1985 program spending.



Source: WPI, USDA, Bureau of Labor Statistics

A look at the farm bill's various titles is instructive to see how they have changed. Back in 1985, each program commodity had a title, and then there were a handful more. Now all the commodities are under one title.

	1985 Farm Bill	2008 Farm Bill
Title I	Dairy	Commodity Programs
Title II	Wool and Mohair	Conservation
Title III	Wheat	Ag Trade and Food Aid

Title IV	Feed Grains	Nutrition
Title V	Cotton	Credit
Title VI	Rice	Rural Development
Title VII	Peanuts	Research and Extension
Title VIII	Soybeans	Forestry
Title IX	Sugar	Energy
Title X	General Commodities	Horticulture and Organic
Title XI	Trade	Livestock
Title XII	Conservation	Commodity Futures
Title XIII	Credit	Crop Insurance
Title XIV	Ag Research Extension and Teaching	Miscellaneous
Title XV	Food Stamps	Trade and Tax Provisions
Title XVI	Marketing	-
Title XVII	Miscellaneous	-

Source: WPI, Library of Congress

Additionally, it is worth looking at how nutrition spending has grown in the farm bill. Food stamps were created during the Great Depression in 1939 as part of the New Deal. This program was suspended after World War II, but it was the precursor of a later program, created by Executive Order in 1961 by President John F. Kennedy, that became the Food Stamp Act of 1964 under President Lyndon B. Johnson's Great Society initiative. In 1974, the Food Stamp Program was extended to every jurisdiction in the United States and was rolled into the commodity program and other programs in the 1977 Farm Bill. This farm bill, the Food and Agriculture Act, codified for subsequent omnibus farm bills the political relationship between food commodity supports and food distribution supports. Food stamps are now known as the Supplemental Nutrition Assistance Program (SNAP), which is currently about 79 percent of the total annual spending in the farm bill. Conversely, in 2002 it amounted to just 66 percent of farm bill spending.

Growing Spending, Searching for Opportunities

The opportunities provided in the farm bill are no longer just for farmers, which gives the legislation a much wider appeal. Non-profits, grocery retailers and even restaurants have lobbyists who follow and influence SNAP. The Senate energy title is providing \$800 million over the next 10 years in mandatory spending to expand energy from various types of non-traditional biomass, to install flex fuel pumps and provide loan guarantees. Senator Al Franken (D-Minnesota) will offer an amendment to increase that funding to \$1.3 billion. The rural development title provides loans to rural businesses of all sorts, including non-agricultural businesses. There is even a rural micro-entrepreneur assistance program in the House farm bill that also allocates \$1 million dollars per year for distributing radio transmitters for National Oceanic and Atmospheric Administration weather reports.

Conservation programs have grown from \$1.845 billion in payments in 1996 to \$3.704 billion in 2011. These programs are factored into business planning for all sorts of hardware providers, from implement manufacturers to fencing companies — not to mention the sportsmen's groups that are constituents of many conservation programs. To that extent, even the television network ESPN Outdoors has gone on record supporting the Conservation Reserve Program. Moreover, who would have ever thought that Brazilian cotton farmers would be receiving direct outlays from the U.S. federal government, which comes as a consequence of a World Trade Organization (WTO) ruling in which the U.S. chose to make the payments

rather than change U.S. farm programs. Traceability and identity preservation allows software and other technology companies new roles as well.

Farm bills used to be about ensuring production and ensuring that the farm production infrastructure could survive economic or natural disasters. Now, the trend is toward payment limits to farmers, and more and more of the money is going to supporting infrastructure that draws upon commodities, whether for energy or other uses. Indeed, Senator Ron Wyden (D-Oregon) has an amendment that would allow hemp to be cultivated for industrial uses and end certain restrictions on hemp production by de-listing it from the controlled substances list. Although the Direct Payment Program — now likely to be phased out — has been a favorite of bankers and landlords, insurance companies will find new support not only in more money for the existing programs but also in expanded types of insurance. For example, insurance based on weather indices is provided in the House farm bill.

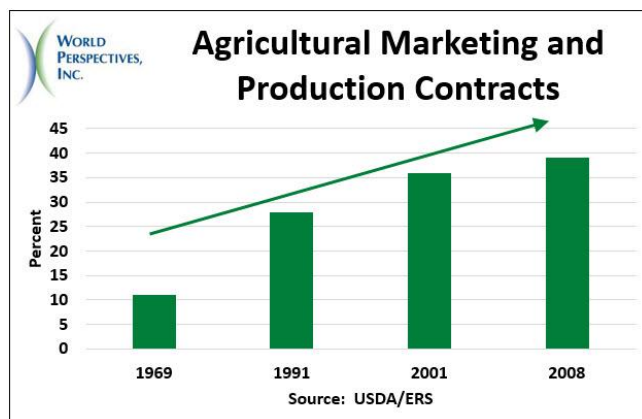
The Wall Street Journal this year noted that one of the highest employment rates in the economy was for agricultural school graduates. The U.S. unemployment rate coming out of 2012 was 7.8 percent; however, unemployment for agriculture and food scientists is 3.7 percent. It's no wonder the Senate has added the word "jobs" to the title of the farm bill.

AGRICULTURE'S CHANGING MARKET STRUCTURE

By David Poe

Like all other commodity-based companies, those in the food and agricultural industries commonly practice some form of “just-in-time” production and inventory control system to reflect positively upon their balance sheets and income statements. That inventory control system can create somewhat of a dichotomy, as those same organizations also need to have stable input prices because consumers demand consistency in both quality and price. Since the volatility of input costs cannot be easily passed on to consumers, price volatility can make financial statements appear inconsistent. This, in turn, can negatively influence the company’s stock price. Management has found that one of the best ways to avoid this threatening situation is to vertically integrate and/or use contract pricing. Indeed, contract production has been growing at around 1 percent per year and now comprises 40 percent of all production.

Grain merchandisers already service the needs of end-users by maintaining inventory. The merchant’s returns from storing grain can present a stable revenue stream for a company in the middle of the supply chain, but most would rather pursue greater income from a quick turnaround on large volumes — basically, a constant stream of grain moving quickly in one door and out another. Meatpacking companies have a similar perspective. Rather than keeping products in cold storage, their objective is for the meat that is presently being processed to be shipped out the door and on to an assigned destination. The reason for this business approach is because most of these merchants and processors are also publically traded companies. Like the large end-users, they prefer not to have excessive inventory on their books. Of course, grain trading and meatpacking companies normally hold some inventory to satisfy the ebb and flow of demand, but no more than is deemed necessary.



Agricultural producers who are able to recognize this fact and plan in accordance with impending structural changes may have an opportunity to grow tremendously in their scales of production.

U.S. grain farmers have more on-farm storage than do most of their counterparts around the globe, but their storage options are still short term in nature. The grain farmer has at most about 10 months before he has to make room for a new crop. The cattle farmer could hypothetically acquire an additional few months if he is willing to market his calves at a heavier weight, but that is not much of a “storage” option. Of course, the marketing window for hog, poultry and egg producers consecutively narrows down much further. Simply put, a steady stream of production is better for all parties in the food supply chain, which is ultimately seeking to satisfy a demanding consumer.

Food manufacturers and restaurant chains cannot continually adjust their prices or menus in

accordance with changing input costs. The proven way to meet consumers' demands is for these companies to establish contractual arrangements with large producers. That is a crucial reason for the vertical integration and contract pricing structure that currently exists in U.S. egg, poultry and hog industries. A major business opportunity existed for the U.S. egg, poultry and hog producers who saw the writing on the wall and were willing to accept long-term production contracts in exchange for stringent demands for uniform products. The pathway of vertical integration that occurred in these protein industries could occur because of a modern transportation system and technology. All over the globe — in Europe, China and so on — that same pathway is being replicated.

Good or bad, the impending global transition to large corporate farming has been expedited by recent U.S. government biofuel mandates. In present market conditions, the family-owned grain farm seems destined to eventually become a thing of the past as the 2,000-acre family farm in the U.S. is replaced by the 50,000-acre corporate farm that is contracted to produce a uniform product. In those states where large corporate grain farming is outlawed, the transition will still be toward contractual production and pricing. There may be some just concerns, as the U.S. food supply chain becomes increasingly streamlined with only limited reserves. Nevertheless, the rate of such pricing arrangements is likely to increase substantially if future weakness of the dollar leads to domestic inflation and increasing interest rates.

During periods of transition, some individuals are prone to stick their heads in the sand when conditions are undesirable. However, there are also some producers who are not threatened by impending market developments, who have negotiating savvy and who will build financial connections in order to take advantage of the opportunity to become a large, vertically integrated operation. This is not “pie-in-the-sky” discussion. History is replete with individuals who were able to look ahead at impending structural changes in diverse industries and experience phenomenal success. The suggestion is not being made that individuals should strive to become American farm tycoons, but the point is that anyone who does not have a vision and plan for change is eventually destined for failure. Alternatively, few individuals seem to realize just how far a little initiative can go.

There are those people who act, and there are those people who are acted upon. The majority of agricultural producers seem to be in the latter group. They wait for government support or grain merchants to offer some new buying program. If that does not happen, then they will make good on their threats to complain. Other people make themselves self-appointed spokespersons for the consumer and proclaim that the public's demand is for organic and local. The validity of their claims will be confirmed by where consumers choose to spend their dollars. Opportunity will exist in agriculture for those who best serve consumers' needs.

INSIDER TRADING AND COMMODITY MARKETS

By Robert W. Kohlmeyer

Information is the lifeblood of commerce. It is hard to imagine even the simplest transaction involving a purchase or a sale that does not involve some kind of information that motivates and encourages a buyer and a seller. A potential customer makes a trip to a clothing store or a supermarket based on personal information about his need for new clothes or food items. The proprietors of the clothing store and supermarket stock their stores with items for sale based on their knowledge of what potential customers are likely to need or want.

When it comes to financial markets for equities, bonds, managed funds and securities of any kind, buyers and sellers act on the basis of opinions about the value of the particular financial instrument formed by whatever information is available to them. Invariably, there are myriad different factors that can affect the value of specific financial instruments at any given point in time. Most individual investors find it impossible to access and keep track of all of the information that may affect the price of the stock or bond they are interested in. They turn to professional brokerage firms whose analysts very closely follow those things that can move prices for stocks and bonds up or down. Individual investors then usually act on the basis of the brokerage firm's recommendations based on their analytical expertise.

Rather than buying or selling individual financial instruments or commodities, an investor may decide instead to invest in a pool of money accumulated from other investors with similar interests and objectives. The trading activities of this money pool or fund are managed by professional managers and market experts who are authorized to invest the fund's assets as they see fit based on their opinions about market opportunities formed by the

information they receive. There is a huge variety of managed investment funds. Many of them are narrowly focused on investing in particular types of financial interests or commodities. Some funds are set up to closely track indexes based on the changing prices of a specific group of agricultural, industrial or precious metal commodities, equities, corporate or government bonds, currencies, interest rates and nearly anything else fungible that is regularly bought and sold as investment instruments. Some funds solicit investors privately. Some funds are traded on established commodity or financial market exchanges much as individual stocks and commodities are traded on exchanges.

There is one characteristic that is consistent for the buying and selling of all financial instruments and commodities, whether they are traded on established exchanges or through so-called "over-the-counter" off-exchange transactions. Every transaction occurs because of the information available to the buyer and the information available to the seller. Some of the information available to one party involved in the transaction will be different from information available to the other party involved. Frequently, each party knows some information that only it possesses. This is usually referred to as proprietary information that pertains specifically to the party aware of it.

Knowledge Is Power

Every commercial entity — no matter what sort of business it is involved with — seeks all of the information it can to help it make decisions. This is especially true of anyone involved with financial and commodity markets and the instruments and physical commodities that underlie them. Information advises decisions for every sort of transaction. The search for

information is constant, and many businesses of all kinds devote considerable resources to that search. The entity possessing the most pertinent information is usually successful. However, how important information is obtained has become a matter for scrutiny. Government agencies responsible for regulating markets are on the lookout for information that is illegally obtained by trading entities that gives them a trading advantage: so-called insider trading.

Insider trading has become a topic du jour among traders in financial markets. The financial press has been filled with stories about alleged insider trading activity in equity markets. Scarcely a week goes by without fresh criminal accusations by the Justice Department and/or civil charges by the Securities and Exchange Commission (SEC) against fund managers or equity traders who allegedly benefitted from illegally acquired insider information. Indictments, and in a number of cases convictions and jail terms for offenders have followed. The fact that employees and proprietors of some prominent, well-known hedge funds have been involved has undoubtedly contributed to the publicity.

Defining insider trading under federal laws and SEC regulations related to activities in equity markets is very complex and subject to differing legal interpretations. An entire subset of the law profession has evolved over the legal interpretation of insider trading laws and regulations. We have no particular qualifications regarding the definition of insider trading. However, as it pertains to equity trading, we interpret it as usually involving disclosure of important non-public information that might affect the value of a corporation's stock by someone with a fiduciary responsibility to the corporation's stockholders to some outside party, and stock trading actions taken by that outside party as a result of receiving the non-public information.

Describing illegal insider trading as it might apply to commodities markets in some ways is much easier than doing so for equity markets and in other ways is much harder. Historically, the only illegal form of insider trading of

commodities involved trading on market-sensitive information obtained from employees of a government agency before the information was made public. The classic example goes all the way back to 1905, when a cotton trader bribed an employee of USDA involved in estimating planted cotton acreage to signal whether the estimate was higher or lower by raising or lowering a particular window shade.

Rule 180.1

The Dodd-Frank financial reform legislation passed in 2010 requires the CFTC to write formal regulations defining and regulating insider trading as related to commodity futures markets. In testimony before Congress in support of the proposed Dodd-Frank legislation, Chairman Gary Gensler of the Commodity Futures Trading Commission (CFTC) pressed for what became known as the "Eddie Murphy Law" against trading of futures contracts on sensitive non-public information obtained from a government agency or a private futures industry self-regulatory organization. The "Eddie Murphy" reference pertains to the 1983 motion picture, "Trading Places," starring Mr. Murphy among others. In this movie, a commodity trader and a street hustler combine to turn secret information about the size of the orange crop obtained from a USDA employee into a huge profit in the frozen concentrated orange juice (FCOJ) futures market.

As required by Dodd-Frank, the CFTC created Rule 180.1 on insider trading in futures markets, which prohibits trading on the basis of key non-public information obtained by fraud or deceit or in breach of a pre-existing duty. Rule 180.1 specifically allows trading on one's own material proprietary non-public information. However, trading on information that was inappropriately obtained or used in breach of a duty created by the circumstances under which it was obtained is not permitted.

A good example of the applicability of this rule is the action taken in late February by the CFTC against the NYMEX exchange, two of its former employees and the CME Group, which owns and operates NYMEX. Through the CME's

ClearPort operation, which clears NYMEX transactions, the former ClearPort employees had access to information on positions held by individual traders, which they allegedly passed on to a certain trader in NYMEX crude oil futures who could benefit by knowing specific information concerning who was long or short and the size of their positions.

Understanding the limited scope of the CFTC Rule 180.1 on insider trading is fairly easy. What is less easy to explain is the broader concept of how insider trading and proprietary information relate to commodity futures markets. It can be argued that most trading of commodity futures by anyone or any entity with vested interest in the underlying physical commodity is a form of insider trading. When a commercial entity hedges a purchase or a sale of commodities by selling or buying futures contracts, it is almost always trading on non-public information. When a company that processes agricultural commodities decides to buy futures contracts as a hedge against anticipated future needs for the raw materials for its processing facilities, it is trading on proprietary information about its needs and volume thereof. But because the non-public information is proprietary to the commercial entity and not obtained by fraud, deceit or through a breach by someone of a more-or-less public duty, trading on it is not considered illegal. If an employee of one company passed on important non-public proprietary information to another company that allowed the recipient to trade advantageously in futures markets, it might constitute a criminal act under certain circumstances, and it would no doubt be a reason for the employer to terminate the guilty employee. But it probably would not be illegal under CFTC regulations.

The Scales of Insider Trading

Complaints from the public about insider trading in commodities tend to become a matter of scale. Up until the early 1980s a few large multinational trading companies had a physical presence in many locations around the world that allowed them to gather local and regional information about weather, crop conditions and

factors affecting demand for various commodities. They also had private wire communications systems through which their worldwide offices could quickly transmit the gathered information to corporate decision makers who then took positions in futures markets based on that information.

Farmers and smaller commercial entities often complained that they were disadvantaged because the big multinational companies traded on “inside” information that was not available to them. That was true then, and — to perhaps a lesser extent — it is still true now. However, the information was gathered by the big companies’ own presumably legal efforts and resources and therefore became proprietary information. Trading on such information did not and does not constitute “insider trading.”

It is well known that in the last three decades, the trading and processing of all kinds of physical commodities has become concentrated in the hands of fewer and bigger multinational corporations. This is true for agricultural commodities, and it is also true for other commodities such as energy, ores, coal, metals, ocean freight and others. Some of the largest multinational commodity companies play major roles in the trade of many different commodities and financial markets as well. It has been said that four multinational companies dominate the world’s food chain. If so, one could add perhaps eight other multinational companies, and, as a group, the combined 12 companies account for 75 percent or more of all world commodity trade. A majority of the big multinational commodity traders are privately held, so by and large, the public is unaware of the extent to which they are dependent on them.

Individually or as a group, the dominant role played by the big multinational trading companies frequently comes under attack from a variety of special interest groups. Most of the complaints boil down to simply being big. However, increasingly, they are being accused of using the “insider” knowledge they gather for their own trading profits to the detriment of small farmers and other commodity producers and world consumers. They are accused of using

their “insider” knowledge to manipulate supplies of raw materials to control prices of food and other consumer products.

The legal definitions of what constitutes insider information and insider trading as they relate to commodities are being stretched far beyond legal reason by certain special interests for use in attacking companies and market structures that do not fit into their view of a more perfect world. Those attacks resonate among those groups holding particular socioeconomic views.

However, being big is not illegal, as one Department of Justice official put it. Nor is the collection and use of proprietary information, unless it is somehow obtained illegally. Hopefully, companies will never be punished for acting on proprietary non-public information they gather, or for simply being big.

COMMODITY MARKET REVIEW

By Robert W. Kohlmeyer

For grain and soy futures markets, much of the month of May featured a duel between perceptions of very tight U.S. supplies of old crop 2012/13 corn and soybeans versus assumptions that the 2013 crops of corn and soybeans harvested this fall would be huge — and probably record setting. Or to put it another way, it has been a duel between a bullish old crop situation and a bearish new crop outlook. Just to complicate matters, corn planting got off to a late start, but warm, dry weather prevailed during the week between 19-26 May, allowing U.S. farmers to plant an amazing 43 percent of the corn crop in a single week! That performance resulted in 86 percent of the total crop in the ground by 26 May. This was only 4 percent below the average for the date.

Unfortunately, unexpected heavy rainfall that occurred during the Memorial Day holiday weekend (25-27 May) inundated the western half of the Corn Belt. Nearly all reporting stations showed at least two inches of rain and some reported three or more inches with 6 inches reported in a few locations. The result is that fields were too wet and muddy during the week beginning 26 May to allow for much corn planting. The situation was exacerbated by more rain that fell during the last days of May.

On Monday, 3 June, USDA reported that corn planting had increased 5 percent to 91 percent. Based on planting intentions of 97.3 million acres, that would leave roughly 9 million acres unplanted by 3 June. Most farmers were willing to plant corn up to 5 June, except in Wisconsin, Missouri, the Dakotas and the northern portions of Minnesota. Some farmers may use 10 June as the deadline for planting. The late corn planting also raises another question. How much, if at all, will the late planted corn drag down the national average corn yield when the crop is harvested next fall? Agronomists believe that corn planted

later than 15 May begins to lose yield potential. The later corn is planted, the greater is the potential for yield loss.

With the bullish pressure from limited old crop supplies of soybeans and corn, the bearish pressure from the potential of large planted acreage and huge 2013 crops of soybeans and corn that may well set new records, and finally the late month concerns generated by heavy Midwestern rains that are making late planted crops even later, May has seen a roller coaster ride for grain and soy futures markets. The following table shows prices for key futures contracts at the beginning of May and the end of the month with the monthly high and low prices.

Contract	Beg.	High	Low	End
July Corn	6.47	6.70	6.27	6.65
Dec Corn	5.51	5.67	5.19	5.62
July Soybeans	13.73	15.27	13.66	14.94
Nov Soybeans	12.09	12.93	12.04	12.79
CME July Wheat	7.21	7.32	6.78	6.93
KC July Wheat	7.82	7.93	7.36	7.41

Source: WPI.

Prices in U.S. dollars rounded to the nearest penny.

As the table above shows, the July corn futures contract had a trading range of about \$0.43 during the month of May. The range for the December corn contract was \$0.48. Those are relatively narrow trading ranges. However, soybean futures prices bounced within a much wider range. July soybeans traded in a range of \$1.61 and the November soybean price ranged in a \$0.89 band. Chicago July wheat traded in a range of \$0.54, but the monthly range for Kansas City July wheat was much wider at \$0.97.

The monthly trading ranges do not tell the full story, since they do not show the level of price volatility as prices bounced up or down within

the range in response to changing perceptions or changing weather forecasts. And market perceptions certainly did change during May.

By early May and with four months of the crop year still to come, users of corn and soybeans were already having difficulty finding enough supplies to operate their facilities. Having seen the high prices earlier in the year, farmers who still owned old crop 2012/13 soybeans and corn held tightly to their supplies in the hope that prices would return to those lofty levels. The “magic” farm gate price objectives that farmers seemed to be holding out for were \$7.00/bushel for corn and \$15.00/bushel for soybeans. To pry loose supplies from farmers, cash bids from processors, exporters and livestock feeders had to make up the difference, referred to as the basis, between futures prices and those objectives. The result was that cash basis bids for both corn and soybeans across the Midwest reached historically high levels, which were a reflection of how tight supplies had become.

Futures markets could not escape the impact of the perceptions of tight supplies, the red hot nearby cash market for corn and soybeans, and the record high cash basis bids. With cash bids much higher than the cost to anyone taking delivery against July corn or July soybeans, prices for those contracts had to rally. It was the job of the market to encourage holders of corn or soybeans to sell them. This it did, through a combination of price and spreads. Traders began to aggressively “bull spread” corn and soybeans. That is, they bought the nearby July contract and sold an equal amount of new crop futures: December corn and November soybeans. There already was an inverse price relationship between the old crop and new crop contracts with the old crop contracts trading at a higher price than the new crop contracts. Bull spreading served to further widen the old crop price premium over new crop prices. At their widest point, the old crop/new crop corn inverse reached \$1.35/bushel, and the new crop soybean inverse climbed to a record high \$2.98/bushel.

These very wide inverses made it crystal clear to holders of physical stocks of old crop corn and soybeans that by continuing to hang on to them,

they faced an extreme price risk. The old crop price premium over new crop would inevitably collapse. The only question was when. As it happened, when USDA reported on 20 May that the percentage of the corn crop planted had climbed to 86 percent, futures prices for both old and new crop contracts began to teeter. Fearing that prices for nearby physical supplies were headed lower, farmers who still owned old crop supplies of soybeans or corn began to sell them. When the cash movement began, cash bids began to retreat and futures prices fell and the inverses narrowed. By month’s end the corn inverse was down to about \$0.90/bushel, or \$0.40 below its high of a few days earlier. The soybean inverse collapsed to \$2.05/bushel, down about \$0.93/bushel from the very recent high.

Movement of corn and soybeans from farmers to users allowed soybean processing plants, ethanol facilities, livestock feeders and exporters to refill their pipelines. Soybean processors replenished their ownership enough to cover their needs through the end of July in many cases. Moreover, heretofore profitable crushing margins began to shrink to marginal levels, which should relieve some of the demand for the remaining old crop soybeans. Ethanol production margins had improved early in May to the best level in two years, so ethanol producers were eagerly scooping up physical corn supplies to allow them to lock in those margins. Feeders were also active buyers. This has kept enough domestic demand for corn that the late May corn movement was pretty well absorbed.

U.S. corn exports had been running at a minimal level, so exporters did not compete for supplies. Old crop soybean export sales activity finally wound down as Brazil began to get ahead of its logistical problems and Argentine soybeans began to be available. However, export sales of soybean meal continued in surprising volume, which kept processors active.

Despite the transfer of ownership of old crop soybeans and corn from farmers to users, there is no reason to believe the tight old crop supply problems are over. Supplies are as tight as ever, especially considering that the delayed spring

planting will likely mean that the fall harvest is also later than usual, and that will place an additional strain on old crop supplies.

However, we should note that futures prices and spreads accomplished exactly what was needed. They restricted nearby demand for soybeans and corn while at the same time they persuaded farmers and other holders of remaining uncommitted supplies of old crop corn and soybeans to sell their ownership to those entities that needed them. The futures market price action during May is a classic example of the market responding to nearby demand by generating the movement of nearby supplies. In other words, the market did its job.

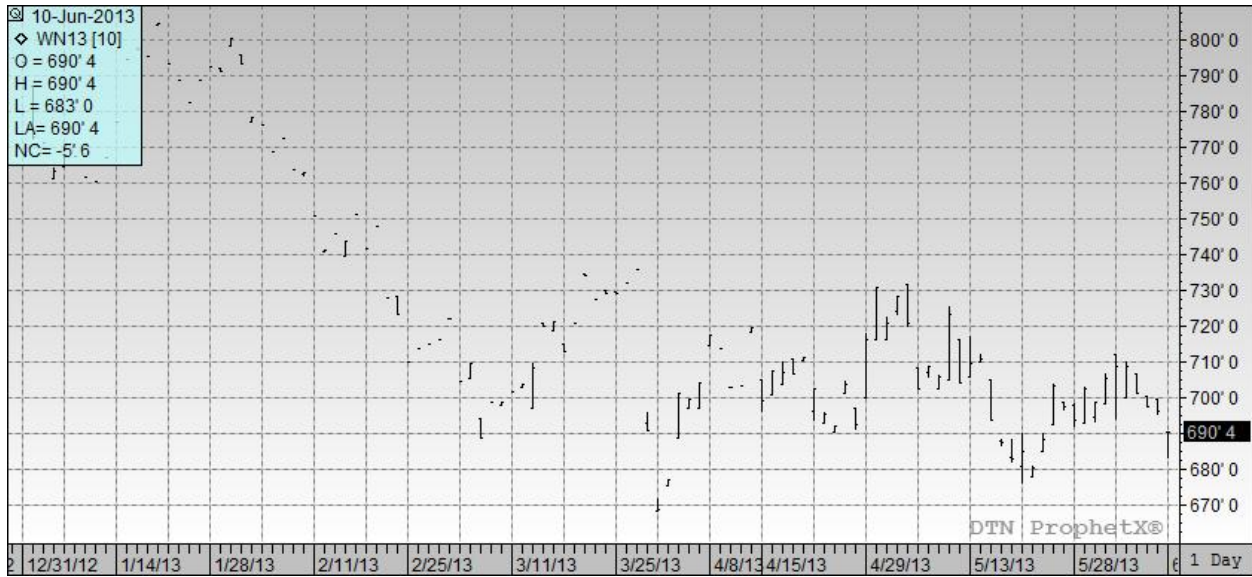
With old crop supply concerns momentarily set aside, markets have ended the month by returning their focus to the new crop situation in the U.S. and the rest of the Northern Hemisphere. There is no question that 2013 will go down as a late planting year for U.S. corn, soybeans and spring wheat. This guarantees a certain level of nervousness as crops develop that will only be lifted when large crops are harvested. Late planted crops need regular rain and seasonal weather. Above all, they need to avoid protracted periods of excessive heat and dryness such as occurred to an extreme in 2012. So far, long-range weather models show no sign of persistent high pressure ridging that would bring abnormal heat and drought to the Midwest. Drought continues in portions of the southwestern Great Plains, but spring rainfall has significantly reduced the area of drought.

Meanwhile, recent rainfall has also reduced the soil moisture deficit in the wheat producing areas of Russia and Ukraine, and crop prospects have improved. It seems very likely that Black Sea wheat primarily from those two countries will once again set price trends for the world wheat market during much if not all of 2013/14. Also, Ukrainian corn, along with the newly harvested corn supplies from Brazil, will provide formidable competition in the world corn market.

The U.S. 2013/14 crop year for wheat is just now starting. The hard red winter wheat crop has been damaged first by drought and more recently by periods of freezing weather. However, the soft red winter wheat crop should be quite large. Spring wheat production remains a question mark. Even if U.S. is priced out of much of the “cheapest wheat” export market during 2013/14, it is likely that ending 2013/14 U.S. wheat stocks will decline below last year, even as ending stocks of corn and soybeans rise rather sharply.

With three months still remaining in the 2012/13 market year for U.S. corn and soybeans, we are reluctant to speculate very much about what might occur in 2013/14. However, we will say with certainty that 2013/14 will be an interesting and probably surprising year for grain and oilseed markets, just as every crop year is.

July Chicago Wheat Futures Prices



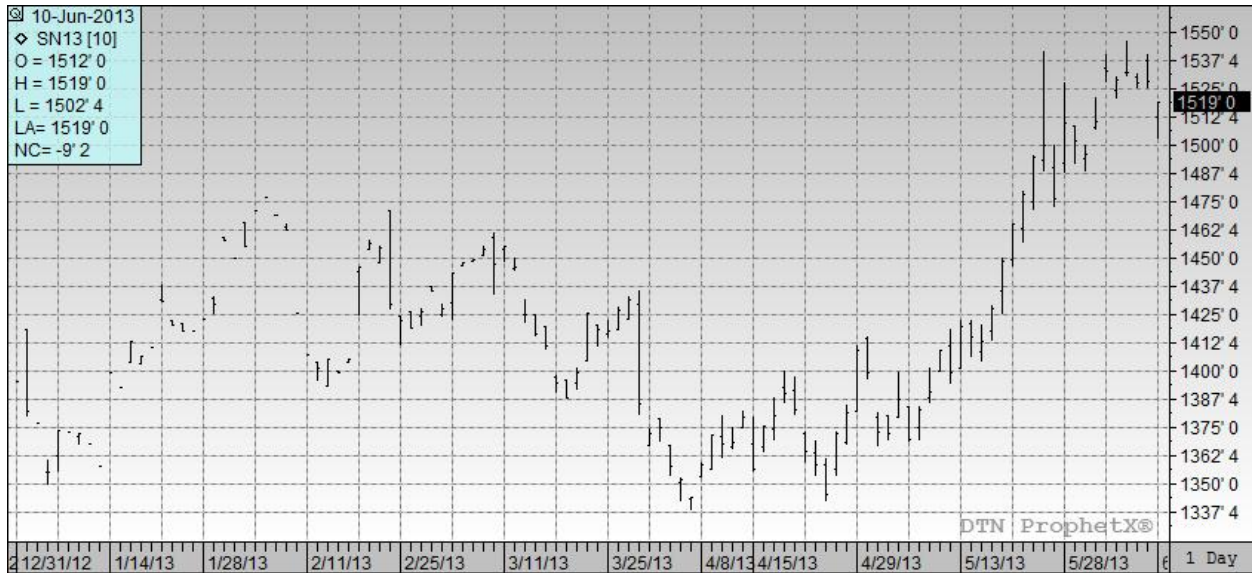
Source: Prophet X (6/10/2013)

July Corn Futures Prices



Source: Prophet X (6/10/2013)

July Soybean Futures Prices



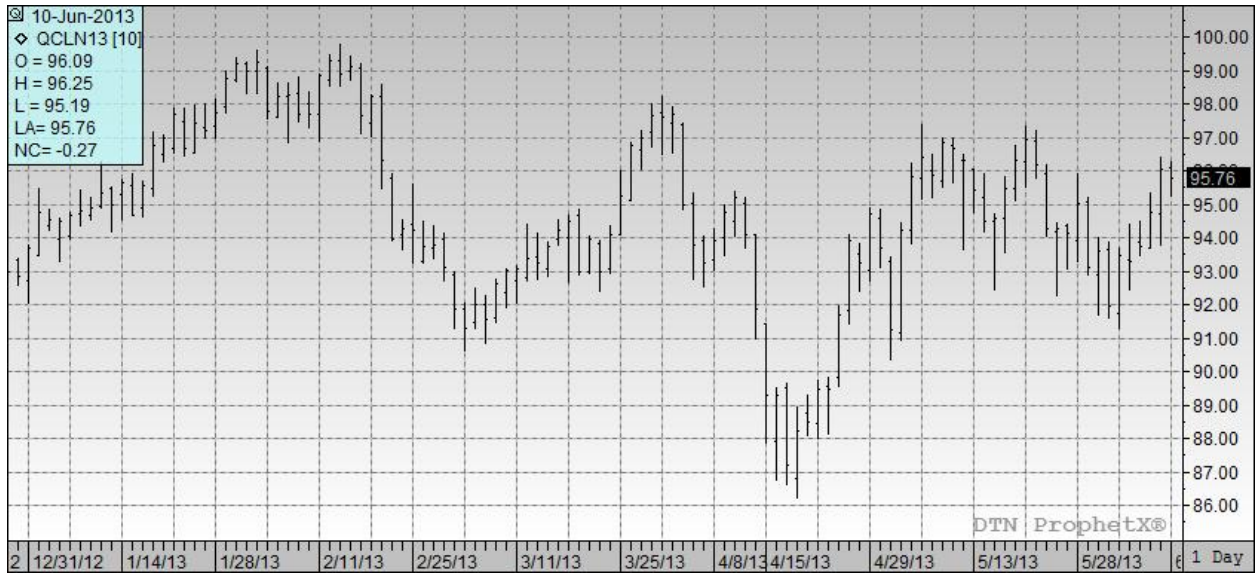
Source: Prophet X (6/10/2013)

July Soybean Oil Futures Prices



Source: Prophet X (6/10/2013)

July Crude Oil Futures Prices



Source: Prophet X (6/10/2013)

U.S. WHEAT				
May Supply/Demand				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
HARVESTED ACRES (mln acres)	49.0	49.0	46.7	46.0
Yield (bu/acre)	46.3	46.3	44.1	43.8
BEGINNING STOCKS (mln bu)	743	743	731	731
Imports	125	125	130	130
Production	2,269	2,269	2,057	2,015
TOTAL SUPPLY	3,137	3,137	2,917	2,876
Feed & Residual	360	360	290	300
Food, Seed & Industrial	1,021	1,021	1,032	1,035
Exports	1,025	1,025	925	935
TOTAL USE	2,406	2,406	2,247	2,270
ENDING STOCKS	731	731	670	606
Avg. Price (\$/bu)	7.80	7.80	6.80	6.90

Source: USDA, WPI

U.S. SOYBEANS				
May Supply/Demand				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
HARVESTED ACRES (mln acres)	76.1	76.1	76.2	76.5
Yield (bu/acre)	39.6	39.6	44.5	43.5
BEGINNING STOCKS (mln bu)	169	169	125	115
Imports	20	45	15	20
Production	3,015	3,015	3,390	3,325
TOTAL SUPPLY	3,204	3,229	3,530	3,460
Seed & Residual	95	95	120	120
Crush	1,635	1,630	1,695	1,675
Exports	1,350	1,365	1,450	1,390
TOTAL USE	3,080	3,090	3,264	3,185
ENDING STOCKS	125	115	265	275
Avg. Price (\$/bu)	7.80	7.80	6.80	6.60

Source: USDA, WPI

U.S. CORN				
May Supply/Demand				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
HARVESTED ACRES (mln acres)	87.4	87.4	89.5	87.5
Yield (bu/acre)	123.4	123.4	158.0	158.0
BEGINNING STOCKS (mln bu)	989	989	759	684
Imports	125	125	25	30
Production	10,780	10,780	14,140	13,825
TOTAL SUPPLY	11,894	11,894	14,924	14,550
Feed & Residual	4,400	4,450	5,325	5,300
Food, Seed & Industrial	5,985	5,995	6,295	6,190
Exports	750	775	1,300	1,200
TOTAL USE	11,135	11,210	12,920	12,690
ENDING STOCKS	759	684	2,004	1,860
Avg. Price (\$/bu)	6.85	6.80	4.70	-

Source: USDA, WPI

U.S. SORGHUM				
May Supply/Demand				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
HARVESTED ACRES (mln acres)	5.0	5.0	6.6	6.3
Yield (bu/acre)	49.8	49.8	64.4	64.0
BEGINNING STOCKS (mln bu)	23	23	22	22
Imports	12	12	0	0
Production	247	247	425	405
TOTAL SUPPLY	282	282	447	427
Feed & Residual	100	100	120	125
Food, Seed & Industrial	80	80	120	110
Exports	80	80	150	140
TOTAL USE	260	260	390	375
ENDING STOCKS	22	22	57	52
Avg. Price (\$/bu)	6.85	6.85	4.30	4.20

Source: USDA, WPI

U.S. BARLEY				
May Supply/Demand				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
HARVESTED ACRES (mln acres)	3.2	3.2	3.2	3.2
Yield (bu/acre)	67.9	67.9	68.8	68.8
BEGINNING STOCKS (mln bu)	60	60	74	74
Imports	23	23	20	20
Production	220	220	220	220
TOTAL SUPPLY	303	303	314	314
Feed & Residual	65	65	75	75
Food, Seed & Industrial	155	155	155	155
Exports	9	9	10	10
TOTAL USE	229	229	240	240
ENDING STOCKS	74	74	74	74
Avg. Price (\$/bu)	6.40	6.40	5.80	5.80

Source: USDA, WPI

U.S. OATS				
May Supply/Demand				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
HARVESTED ACRES (mln acres)	1.0	1.0	1.2	1.2
Yield (bu/acre)	61.3	61.3	63.5	63.5
BEGINNING STOCKS (mln bu)	55	55	32	32
Imports	90	90	95	95
Production	64	64	73	73
TOTAL SUPPLY	209	209	200	200
Feed & Residual	100	100	80	80
Food, Seed & Industrial				
Exports	1	1	3	3
TOTAL USE	177	177	160	160
ENDING STOCKS	32	32	40	40

Source: USDA, WPI

WORLD WHEAT				
Supply/Demand				
May 2013				
Area in millions of hectares, quantities in millions of metric tons.				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
Area Harvested	215.9	215.9	223.6	222.8
Yield per Hectare	3.0	3.0	3.1	3.1
Beginning Stocks	199.5	199.5	180.2	180.2
Production	655.6	655.6	701.1	690.7
Total Supply	855.1	855.1	881.3	871.0
TOTAL USE	674.9	674.9	694.9	692.0
ENDING STOCKS	180.2	180.2	186.4	180.0

Source: USDA, WPI

WORLD SOYBEANS				
Supply/Demand				
May 2013				
Area in millions of hectares, quantities in millions of metric tons.				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
Area Harvested	108.5	108.5	110.3	110.0
Yield per Hectare	2.5	2.5	2.6	2.6
Beginning Stocks	54.7	54.7	62.5	61.5
Production	269.1	269.0	285.5	283.0
Total Supply	323.8	323.7	348.0	344.5
TOTAL USE	258.7	260.0	270.2	271.5
ENDING STOCKS	62.5	61.5	75.0	72.5

Source: USDA, WPI

WORLD CORN				
Supply/Demand				
May 2013				
Area in millions of hectares, quantities in millions of metric tons.				
	USDA 2012/13	WPI 2012/13	USDA 2013/14	WPI 2013/14
Area Harvested	174.4	174.4	176.9	175.0
Yield per Hectare	4.9	4.9	5.5	5.3
Beginning Stocks	132.2	132.2	125.4	125.4
Production	857.1	857.1	965.9	930.0
Total Supply	989.3	989.3	1,091.3	1,055.4
TOTAL USE	863.9	863.9	936.7	920.0
ENDING STOCKS	125.4	125.4	154.6	135.4

Source: USDA, WPI