

The Prospects for U.S. Agriculture

The Fertilizer Institute

November 6, 2006

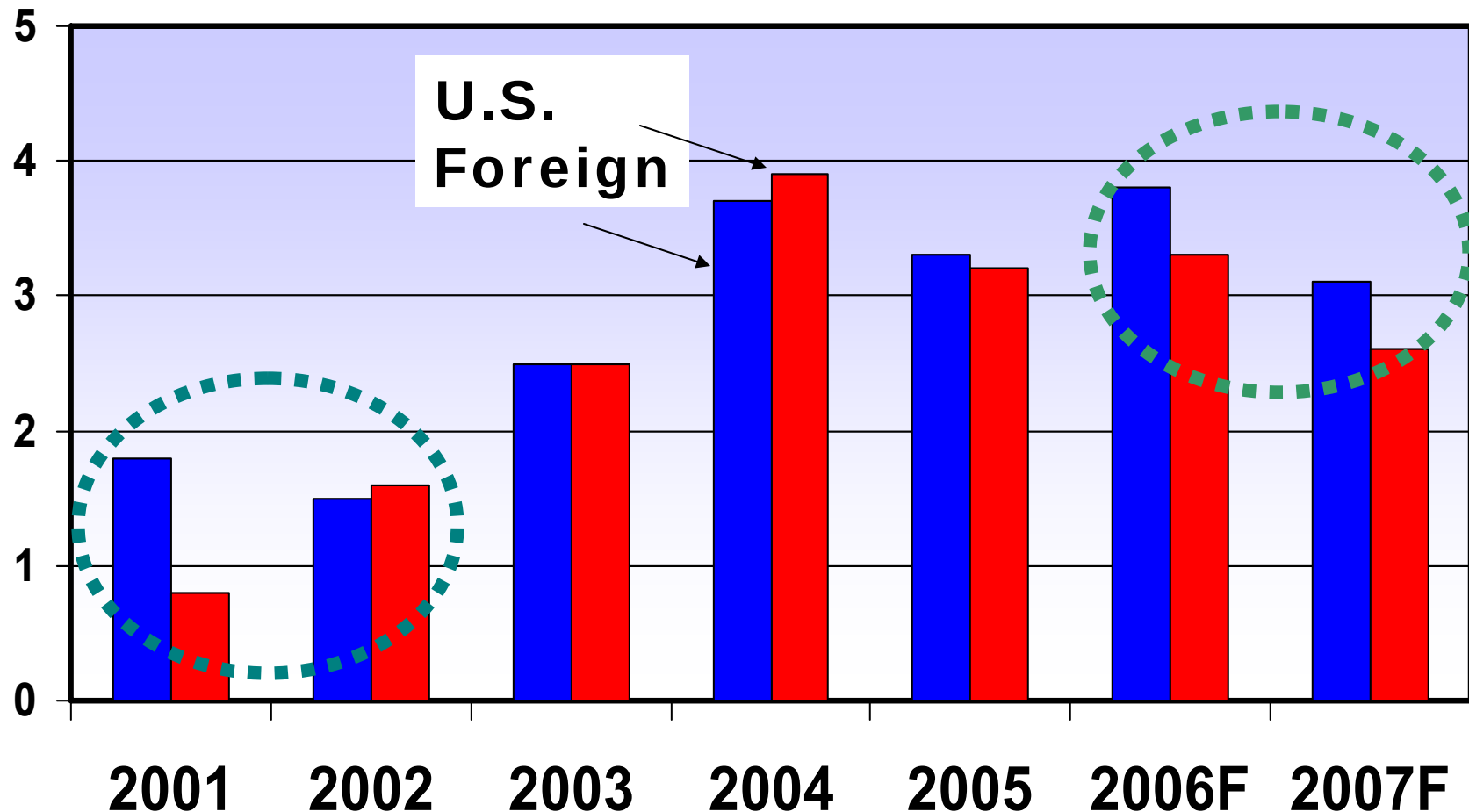
Keith Collins, USDA

Topics

- **General state of the farm economy**
- **Key market developments**
 - **Crops**
 - **Animals**
- **Factors affecting the outlook**

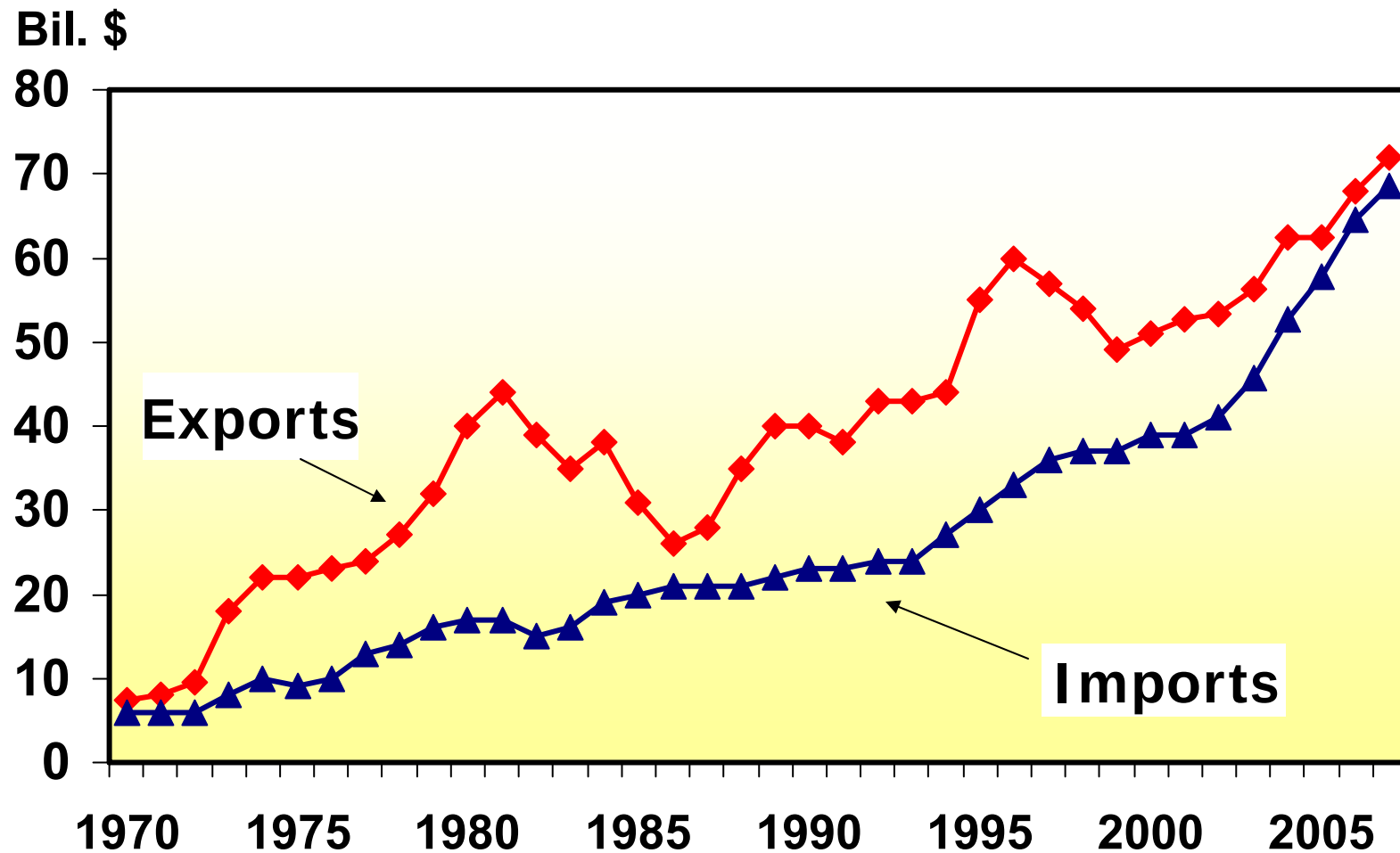
U.S. & Foreign GDP Growth

% Change



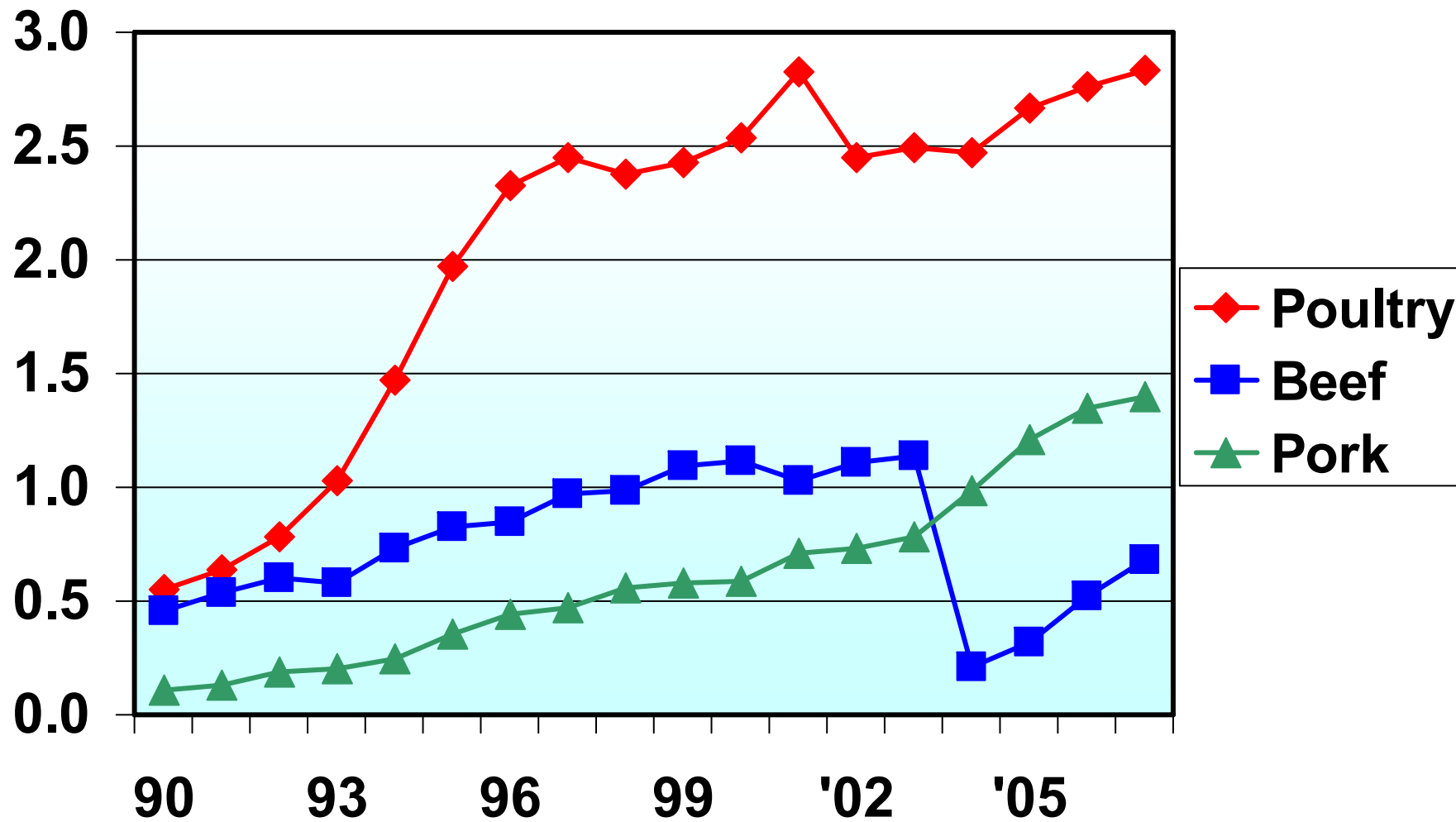
U.S. Ag. Trade ...

record exports, narrow surplus



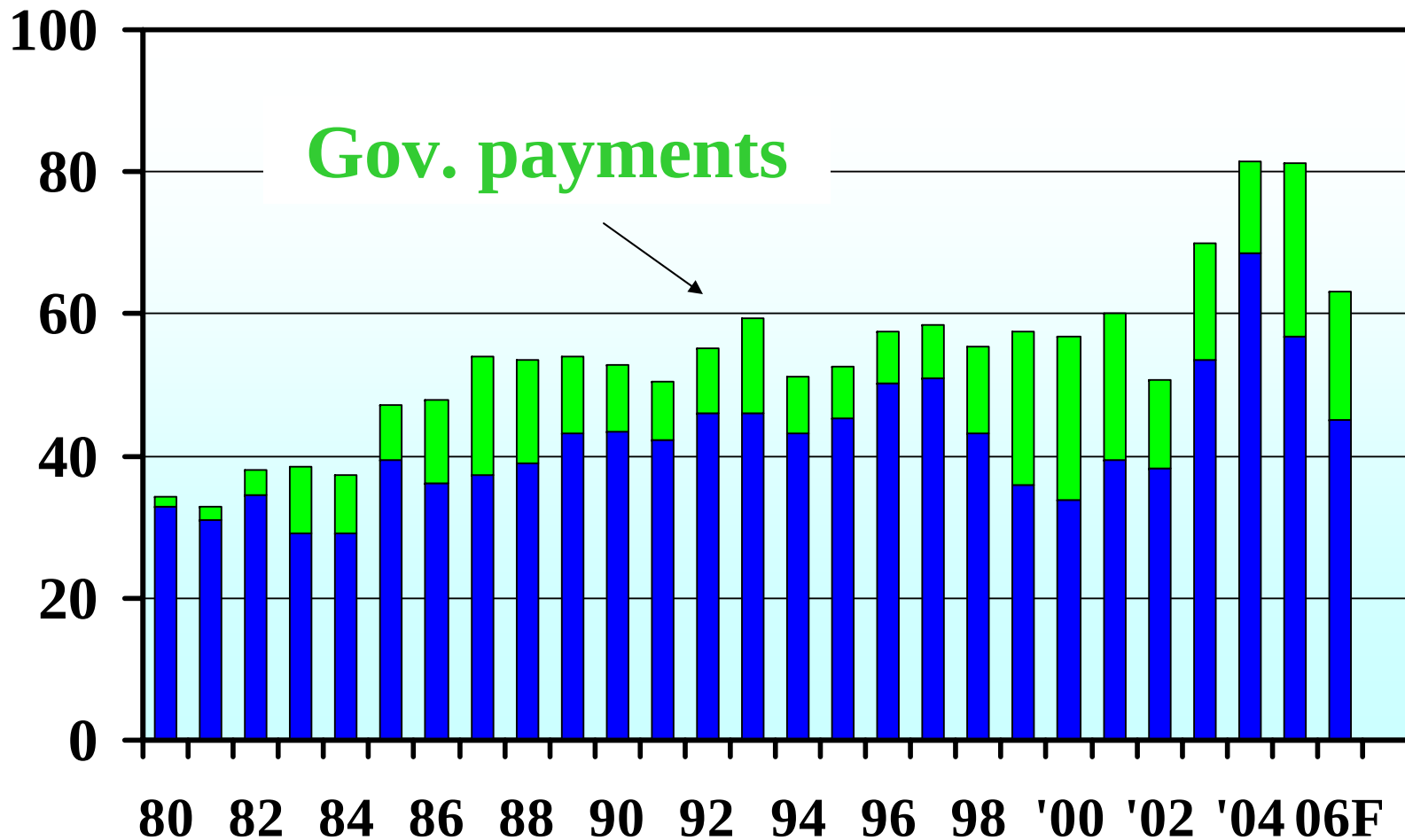
Meat & Poultry Exports

Mil. tons



U.S. Net Cash Farm Income ...

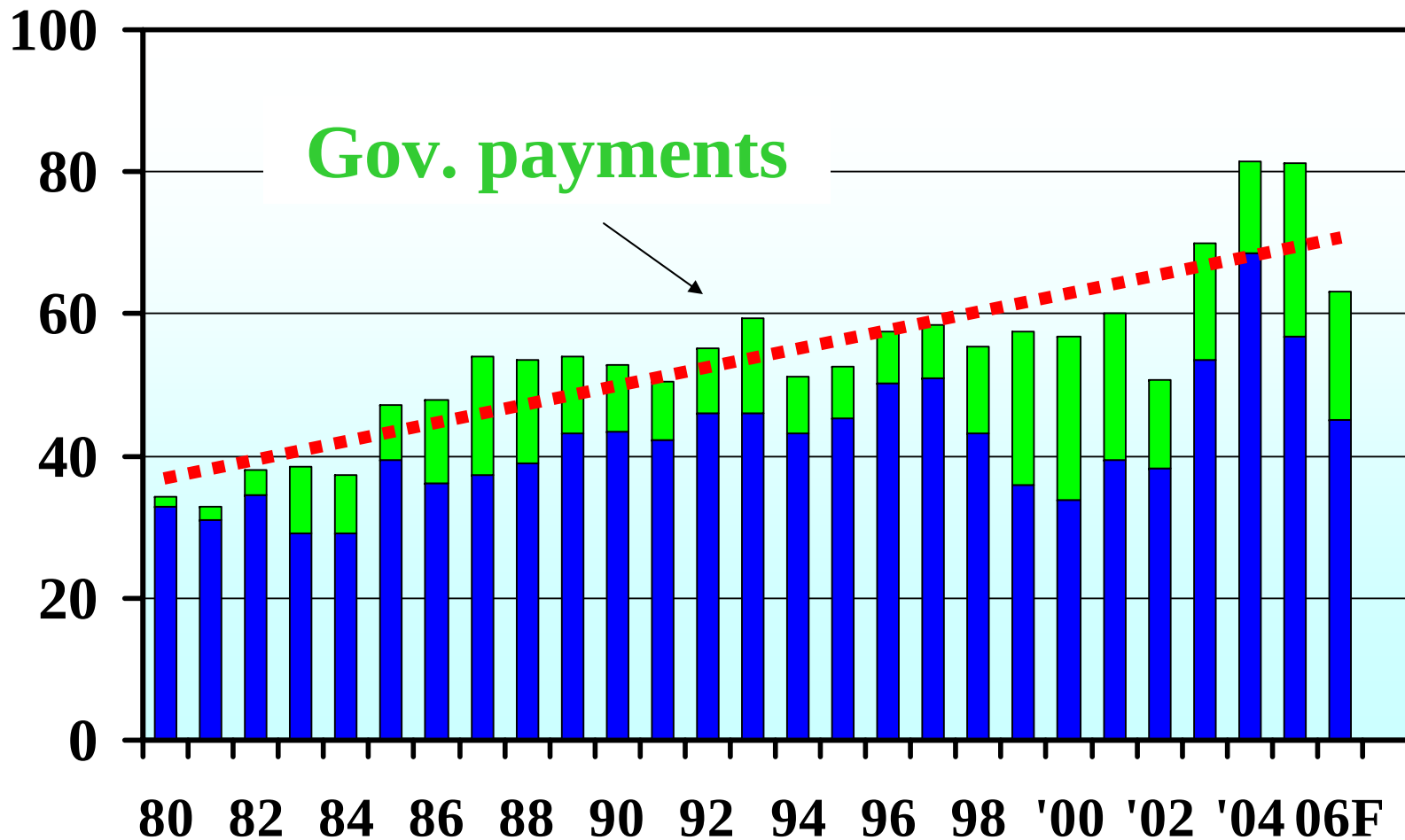
Bil. \$



U.S. Net Cash Farm Income ...

dropping below trend

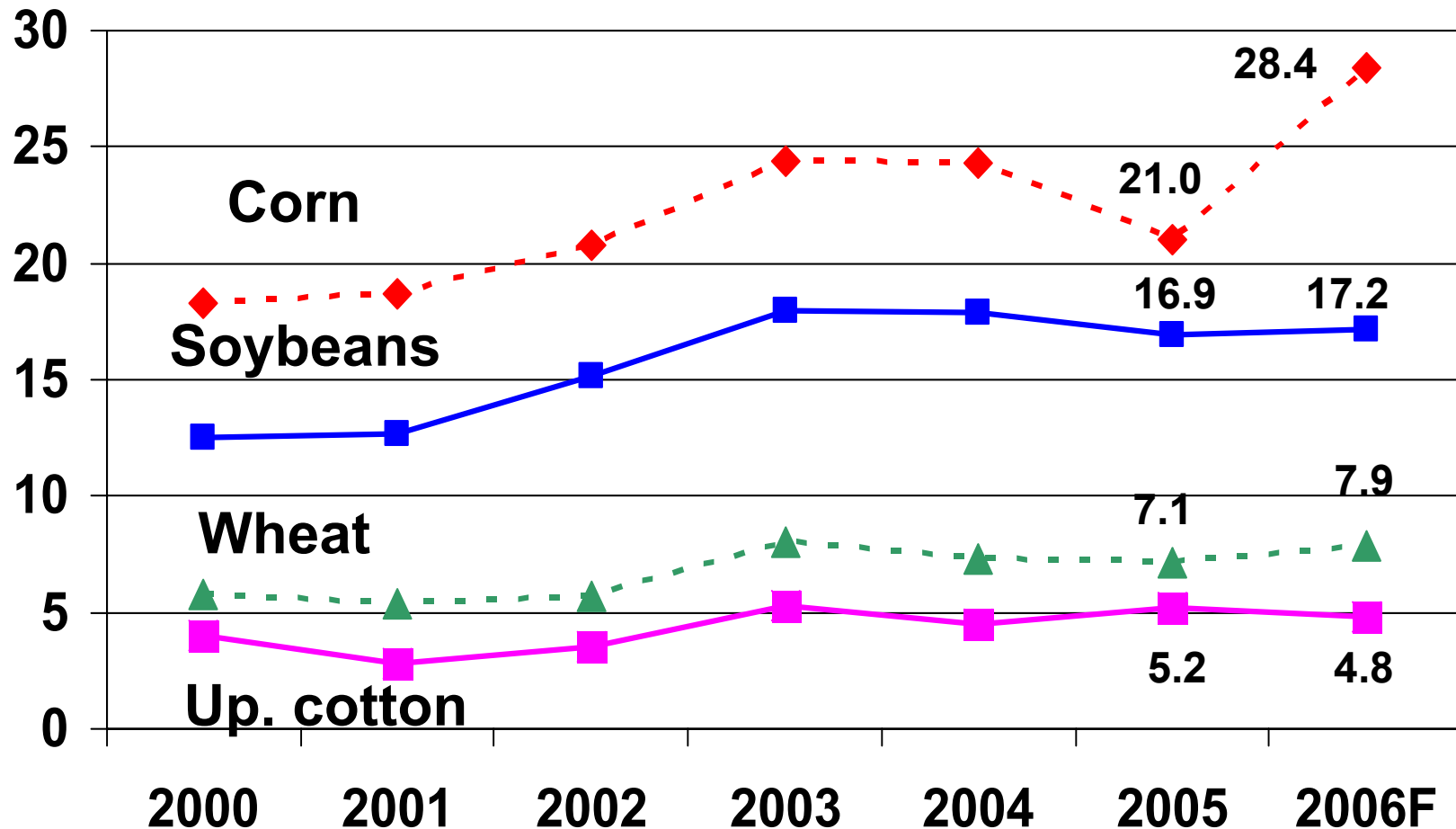
Bil. \$



Crop Production Value

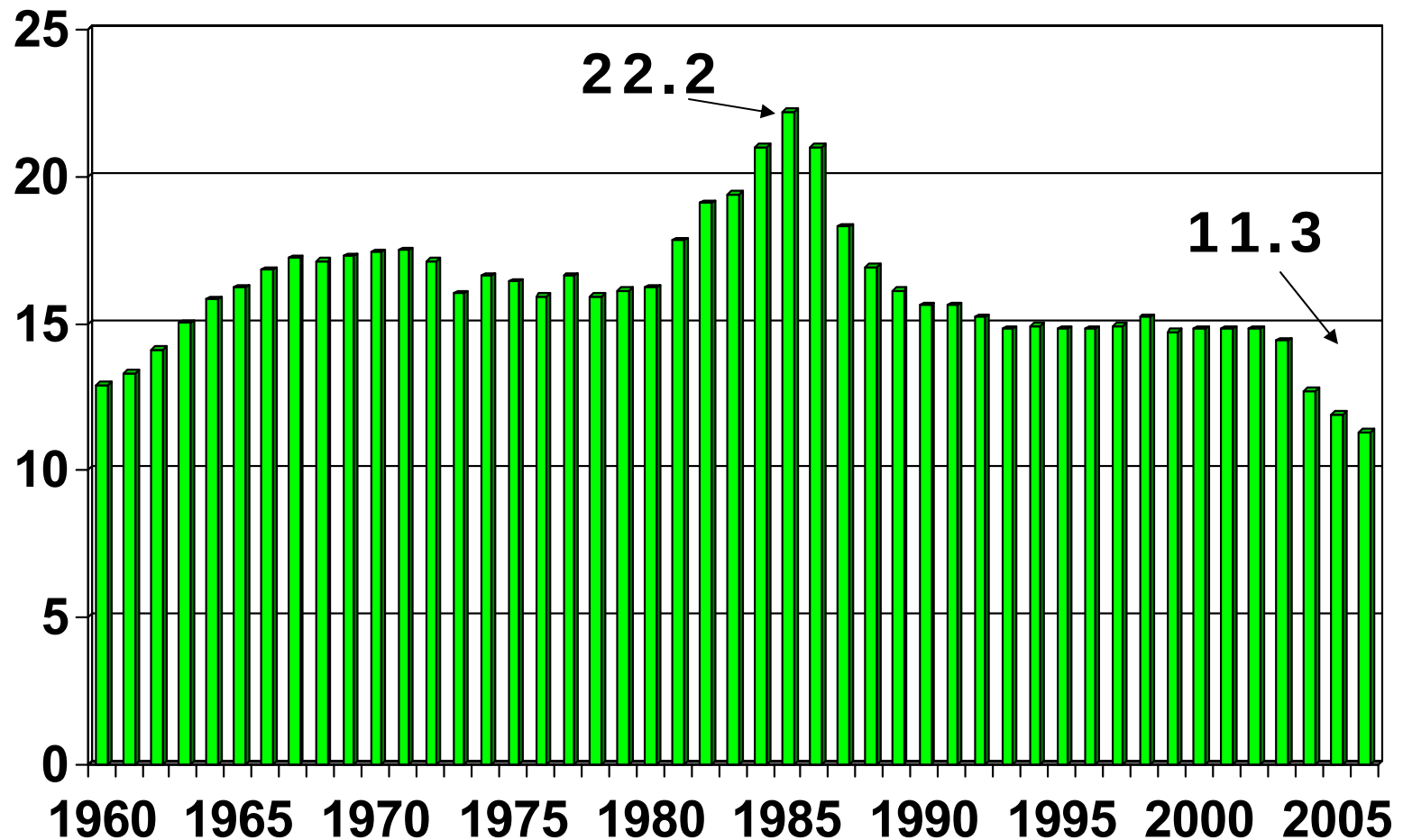
as of Oct. 12, 2006

Bil \$

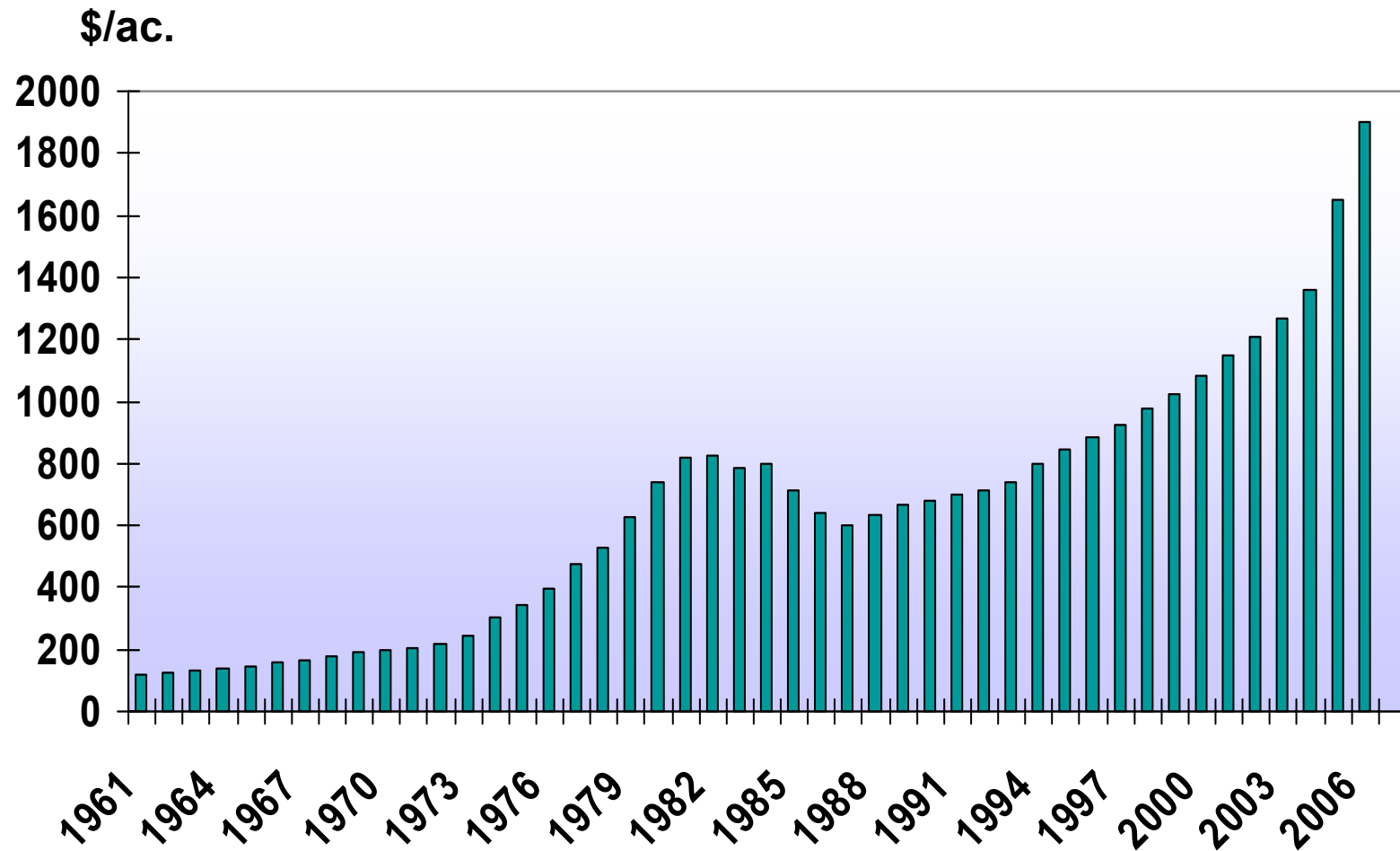


Farm Debt-to-Asset Ratio (Dec. 31)

Percent

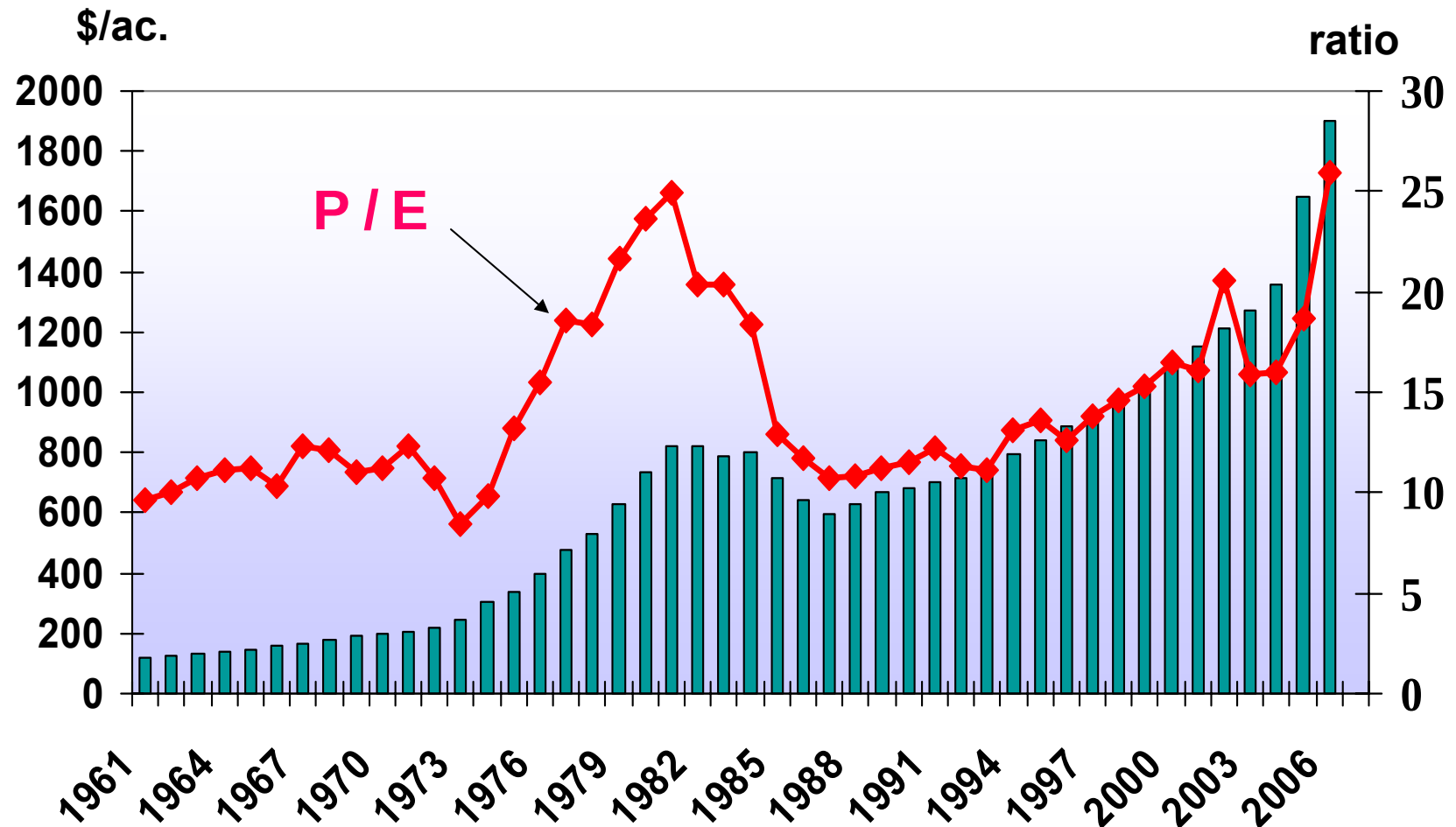


Value of Farm Real Estate (Jan. 1)

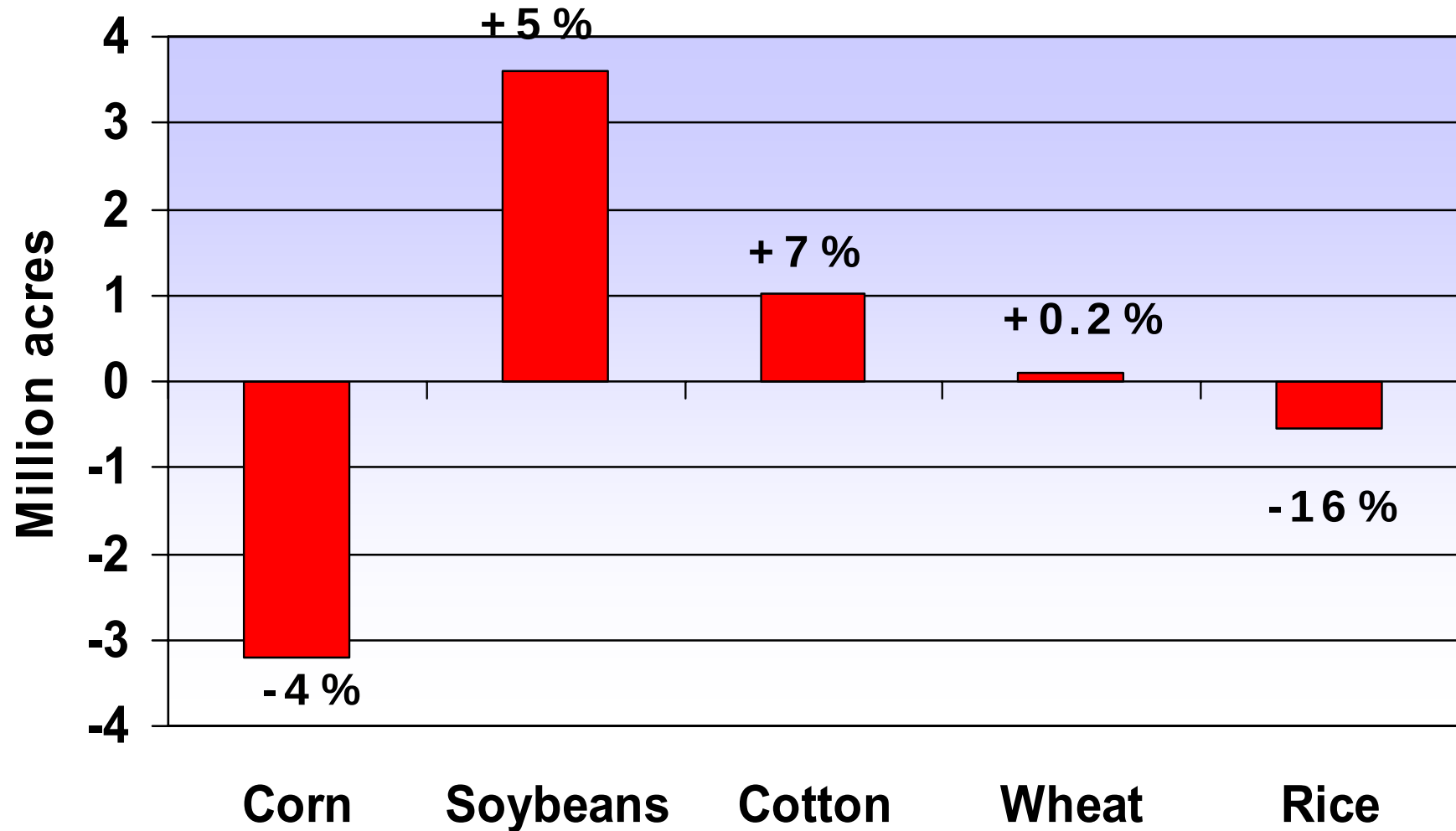


Value of Farm Real Estate (Jan. 1)

and Value per \$ of Net Cash Farm Income (P/E)



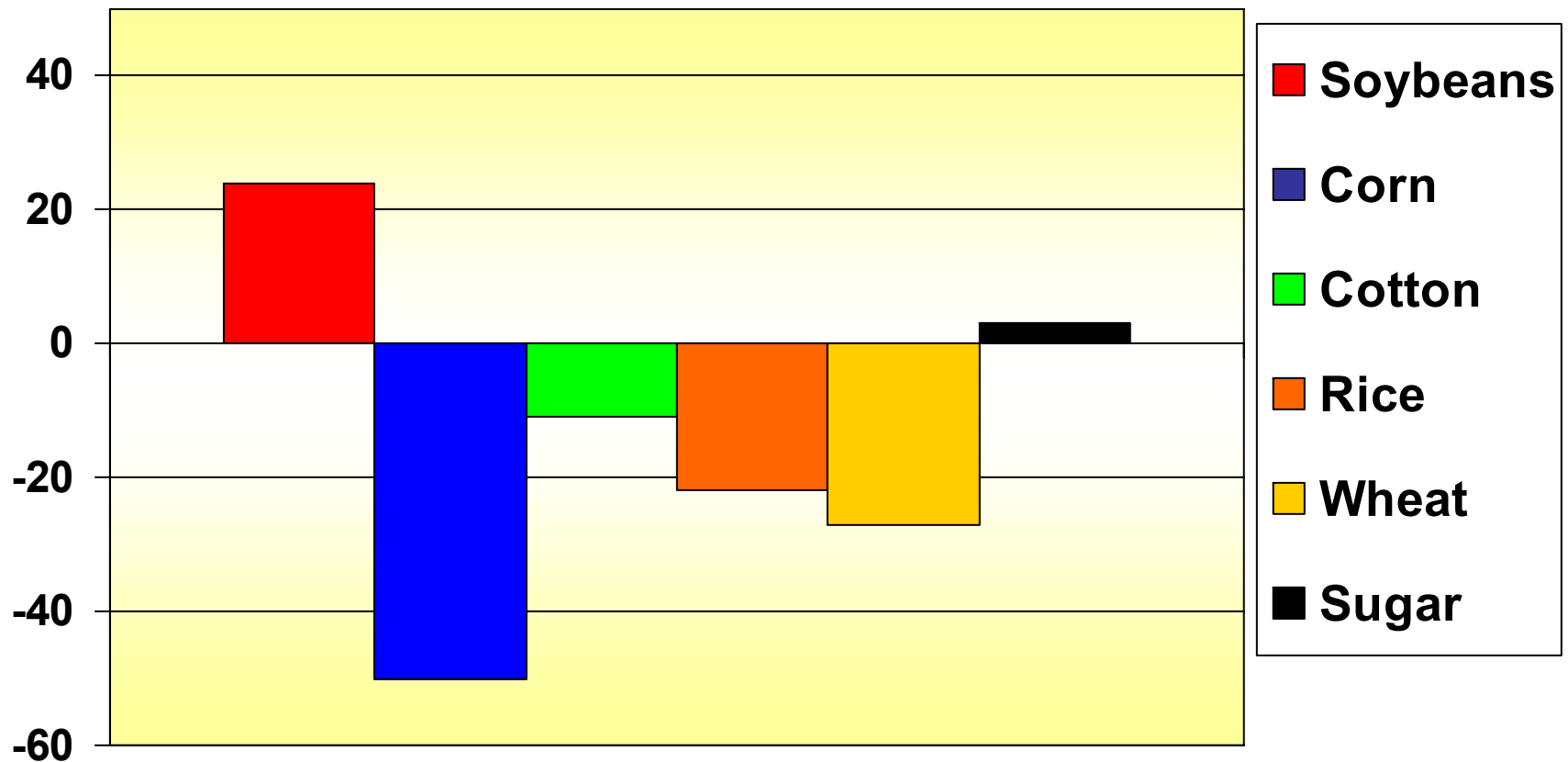
Change in Planted Area from 2005



U.S. Carryover Stocks ...

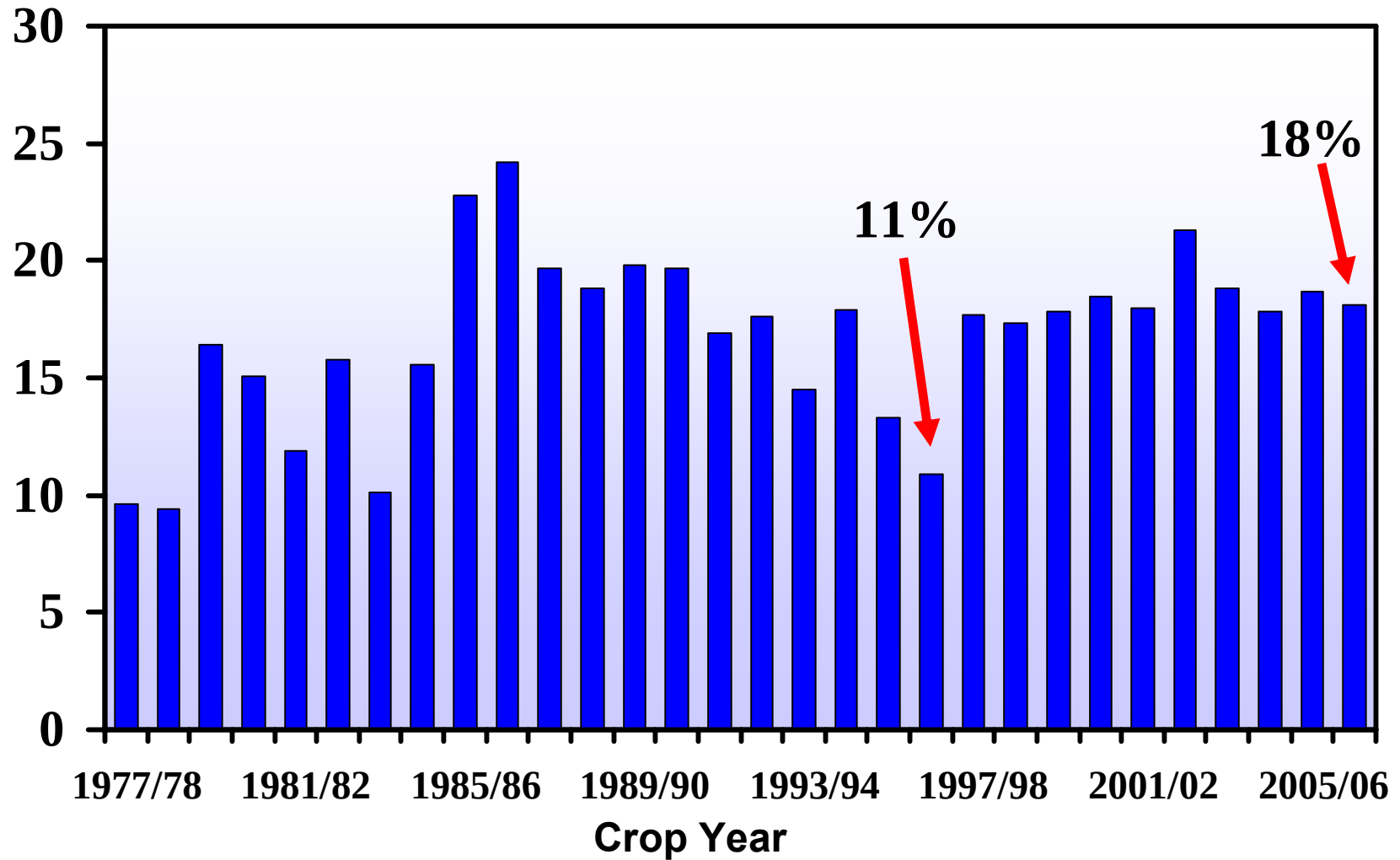
2006/07F v. 2005/06

Percent change



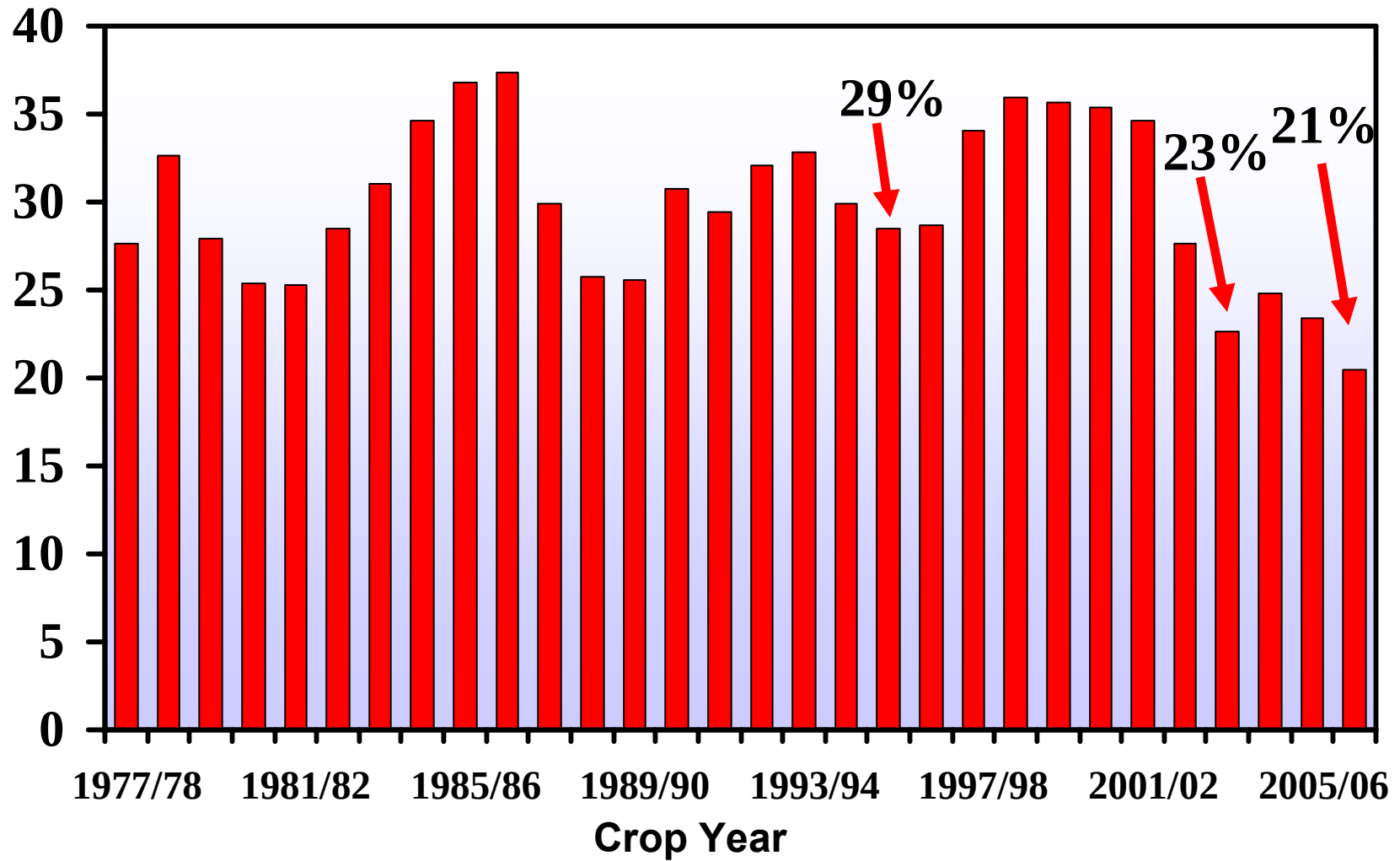
World Soybean Stocks

% of total use



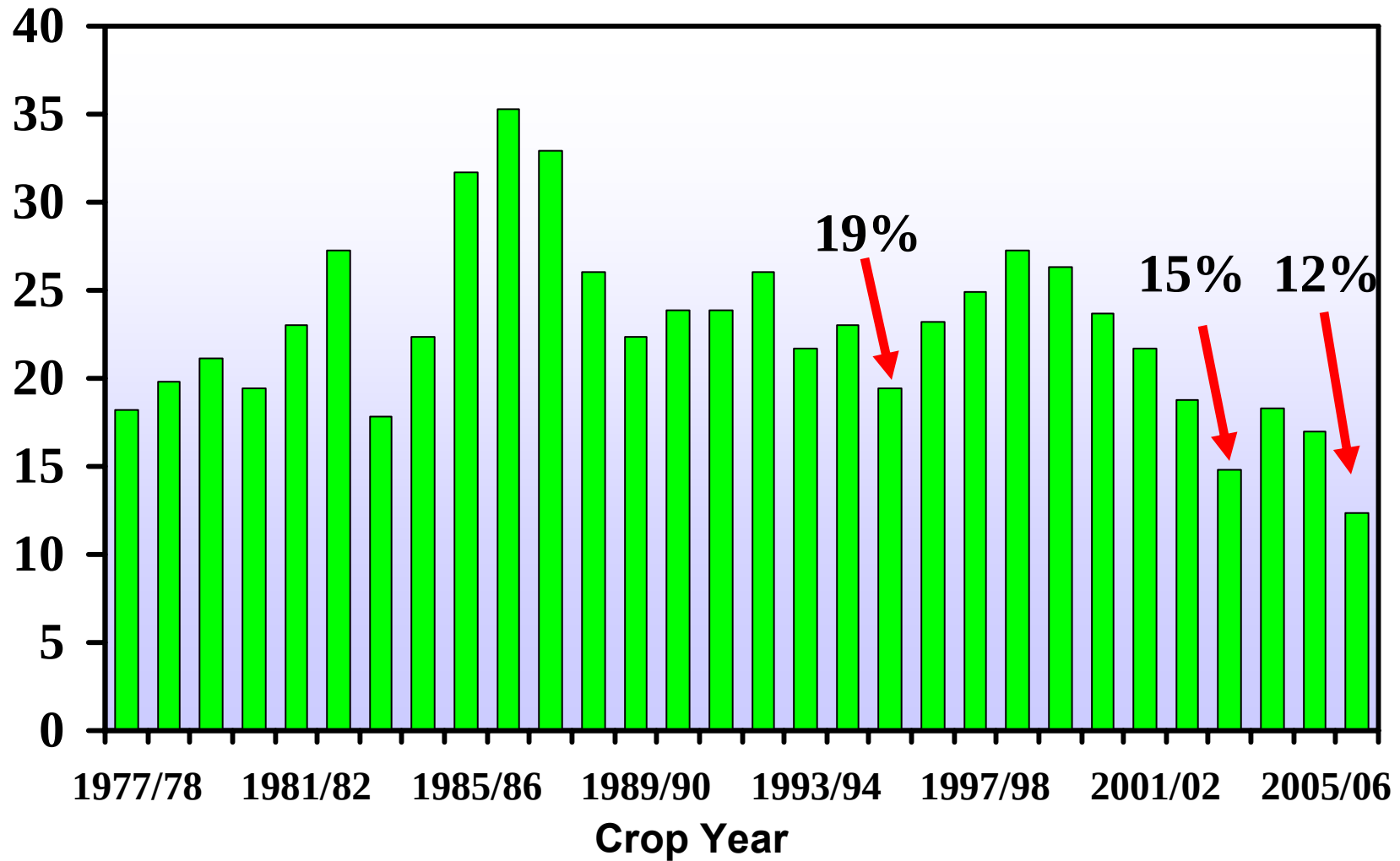
World Wheat Stocks

% of total use



World Coarse Grain Stocks

% of total use





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“When it makes the comics, it might be important”

Ethanol v. Gasoline

	2000	2006E
Ethanol (bil. gal.)	1.6	5.0
Gasoline (bil. gal.)	130	141
Ethanol Share	1.2%	3.5%

Ethanol v. Gasoline

	2000	2006E
Ethanol	1.6	5.0
Gasoline	130	141
Ethanol Share	1.2%	3.5%
Δ Ethanol		3.4
Δ Gasoline		11.0
Share Met By Ethanol:		31%

Corn Use in Acre, 2006/07

Yield of 153.5

Item	Bil. Bushels	Mil. Acres
Feed	6.10	39.7
Ethanol	2.15	14.0
Other FSI	1.39	9.1
Exports	2.25	14.7
Not harvested for grain		7.6
Total	11.9	85

Actual planted: 78.6 mil.

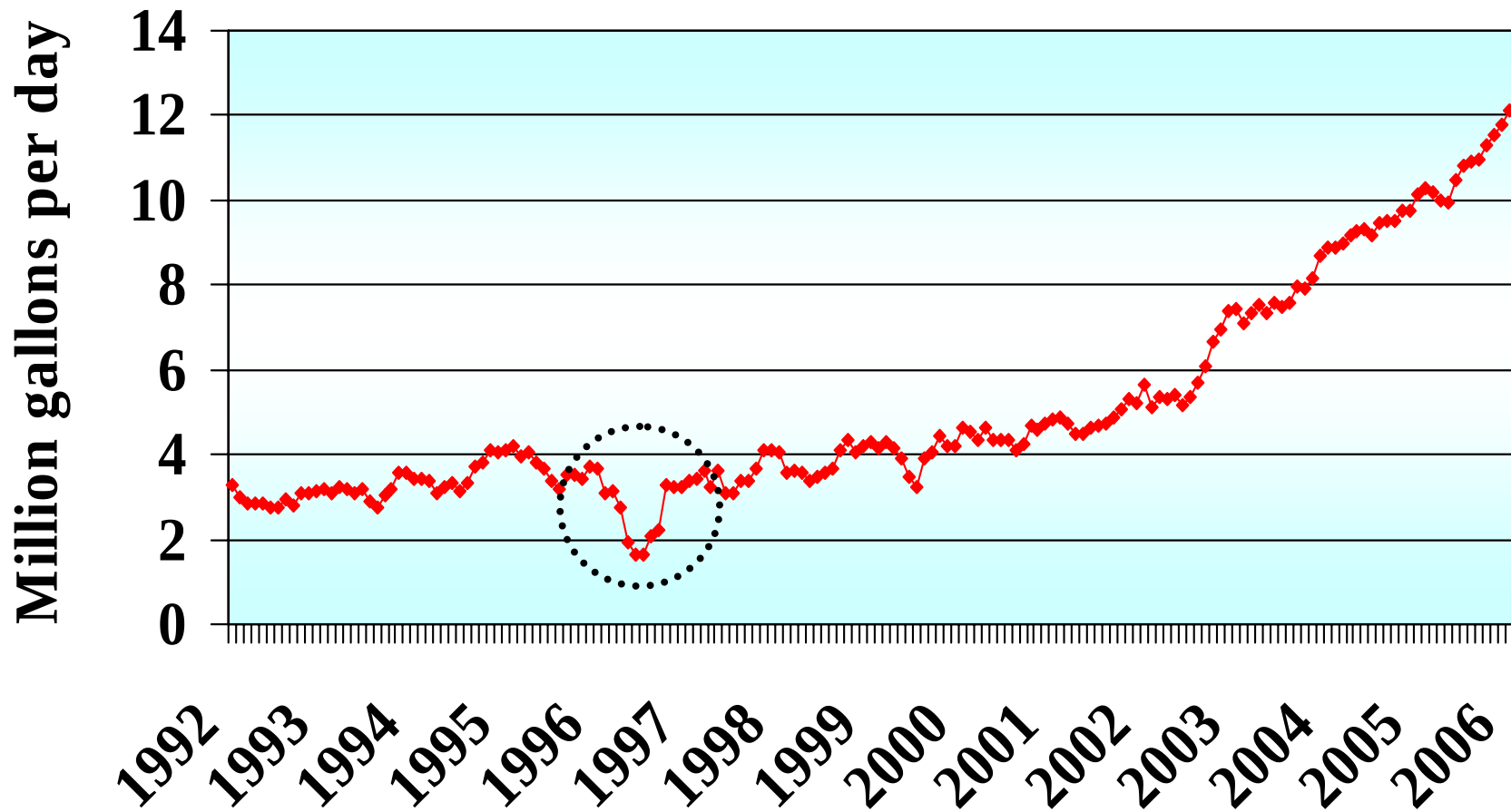
Corn Use in Acres, 2007/08

Yield of 155

Item	Bil. Bushels	Mil. Acres
Feed	5.9 down	38.1
Ethanol	3.0 up	19.4
Other FSI	1.3 same	8.4
Exports	2.1 down	13.5
Not harvested for grain		7.0 down
Total	12.3 up	86.4

7.8 mil. ac. needed

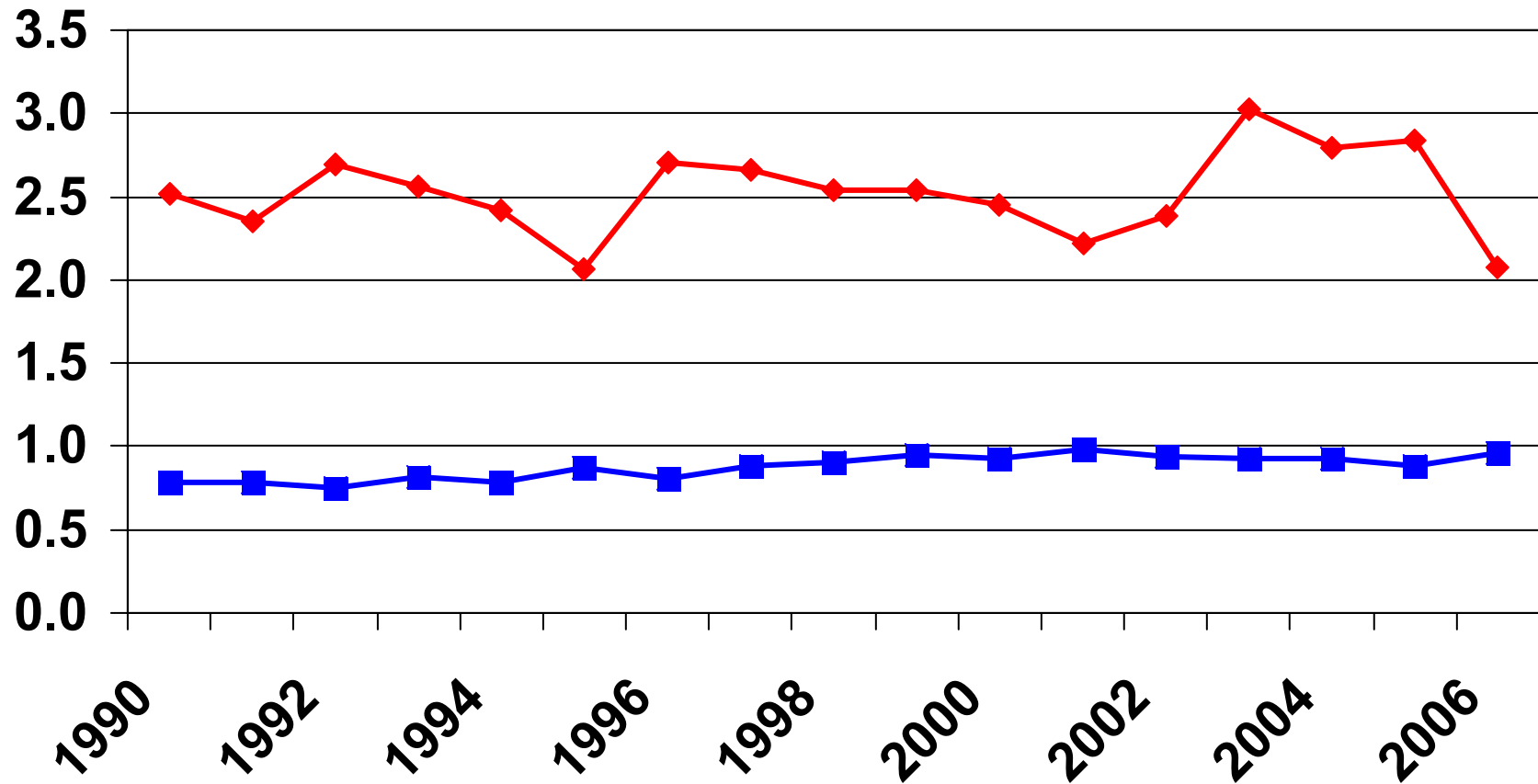
Monthly Ethanol Production



Pressures on the 2007 Farm Bill

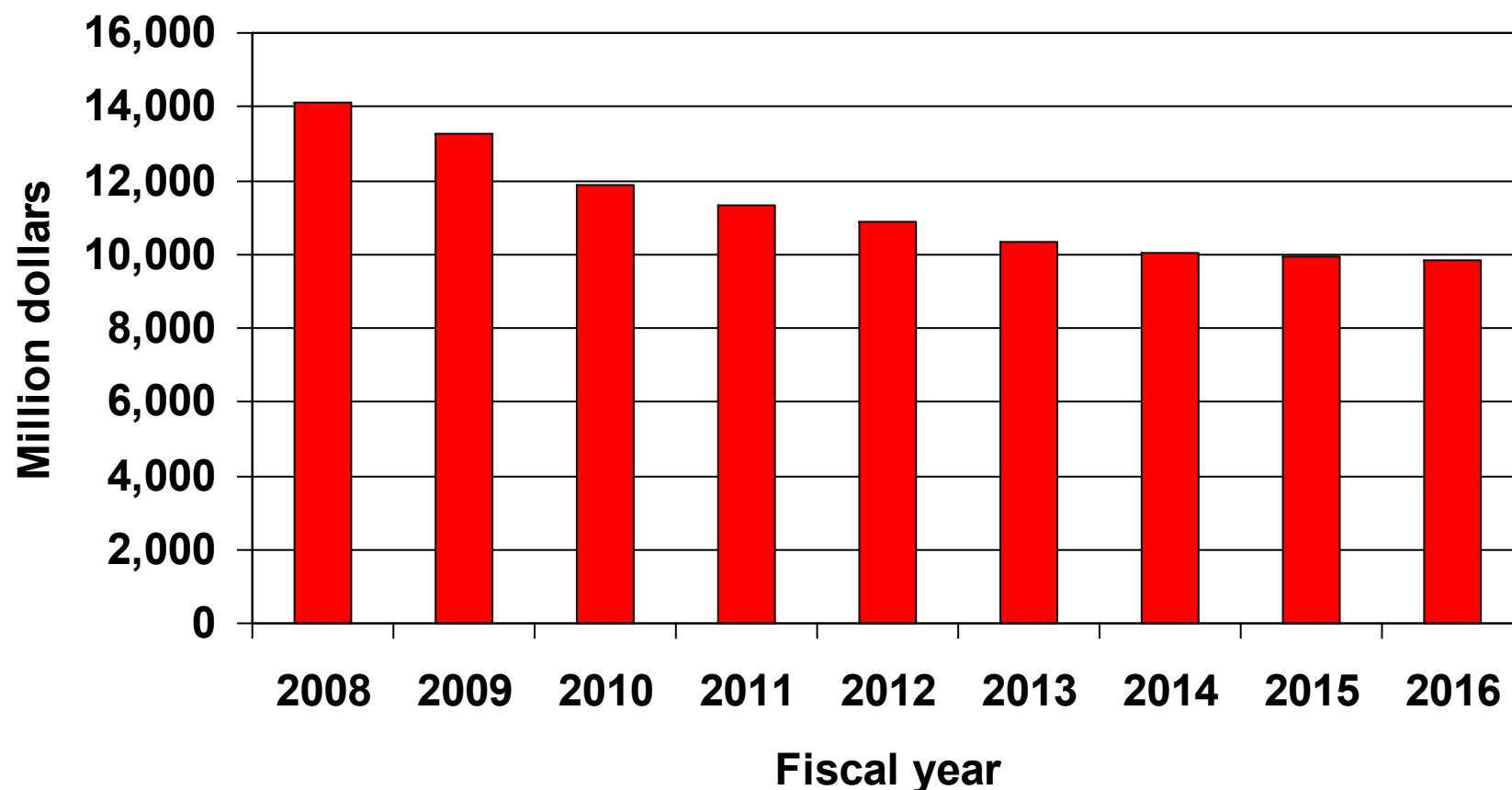
- **Farm economy**
- **Political choices**
 - elections
 - budget situation
- **Performance of farm programs**
 - social equity issues
- **Competing interests**
- **WTO obligations**

Soybean-to-Corn Price Ratio



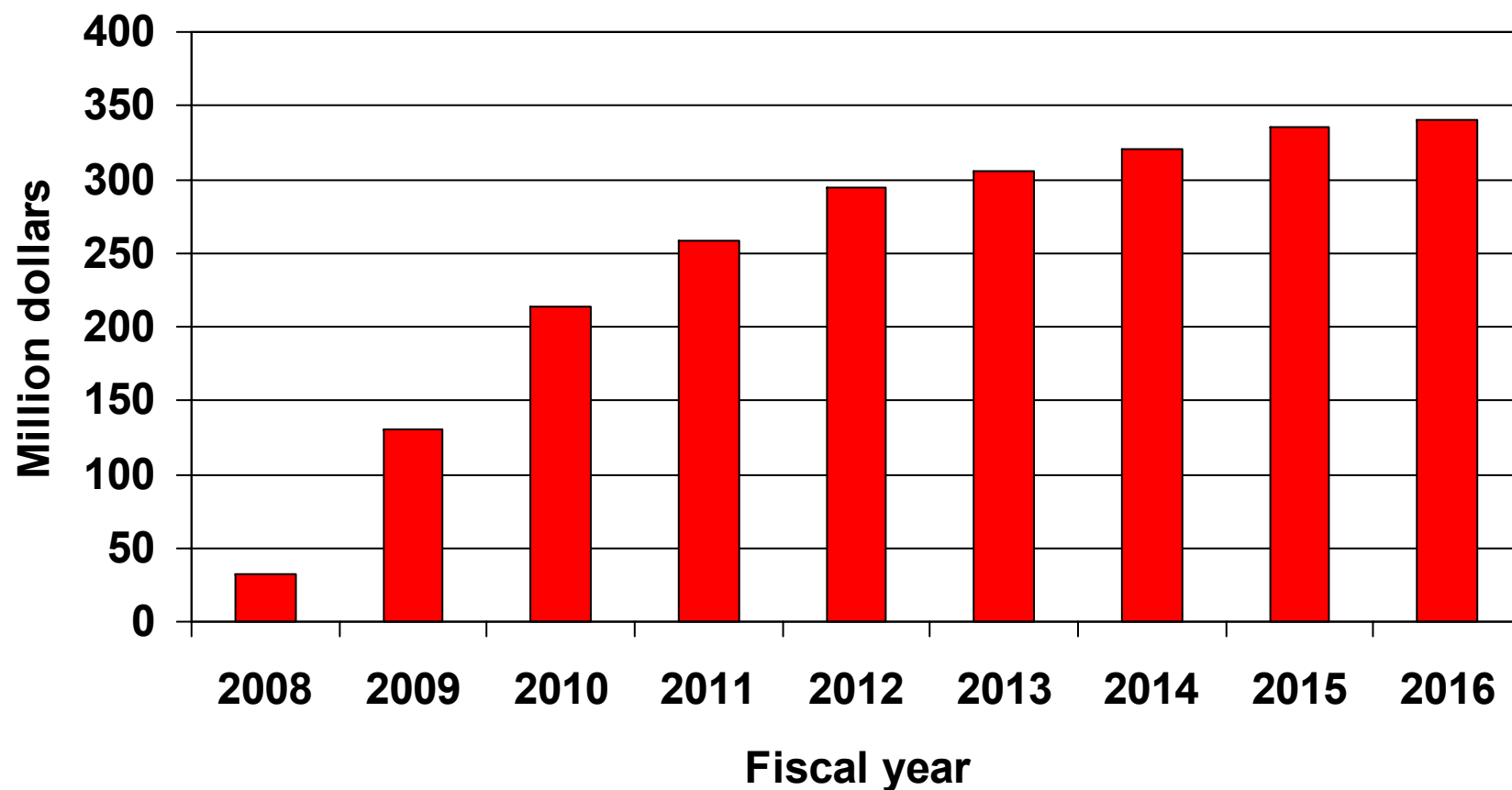
CBO Projected Total CCC Outlays

March 2006 Baseline

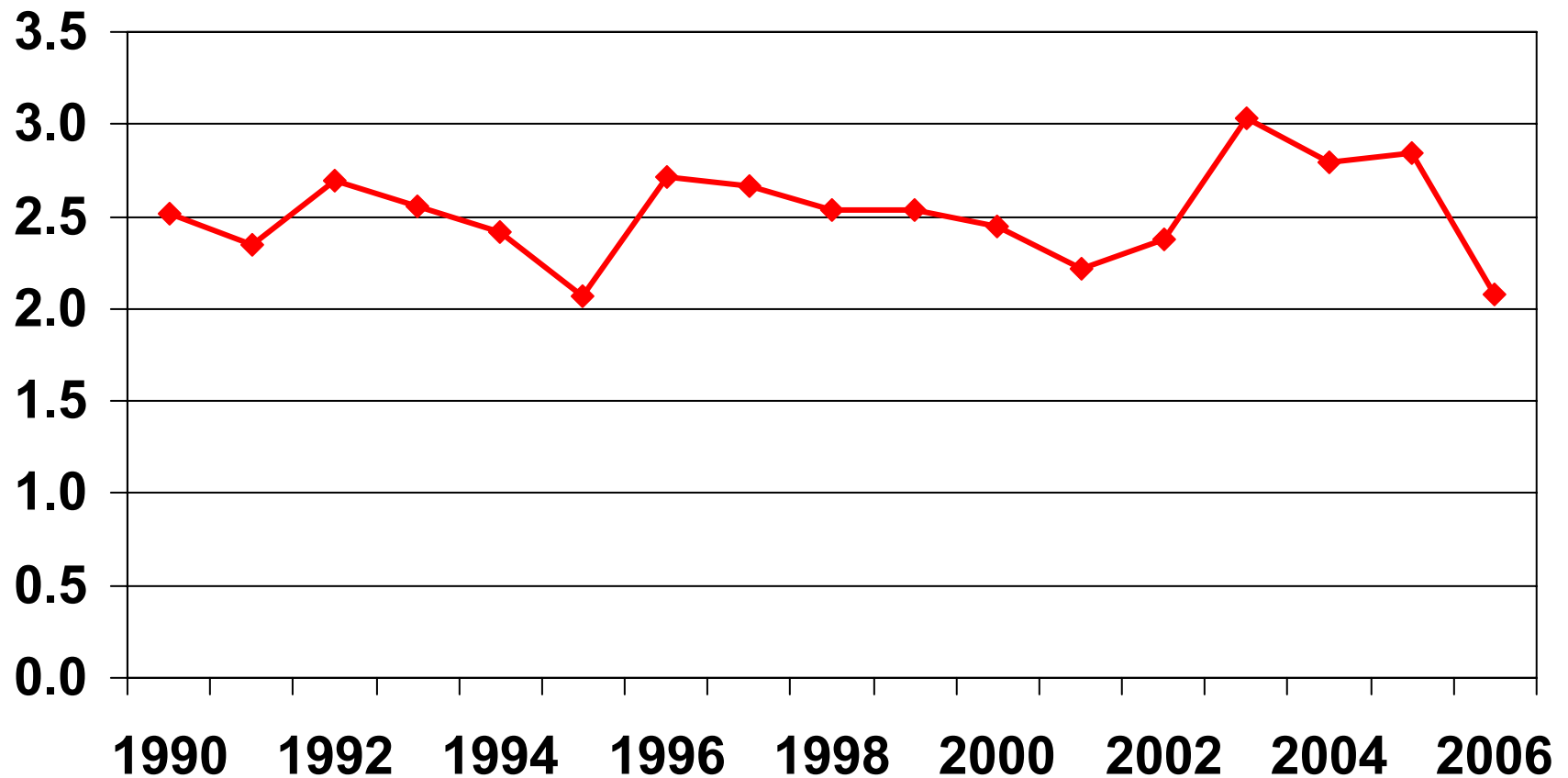


CBO Projected Sugar Payments

March 2006 Baseline

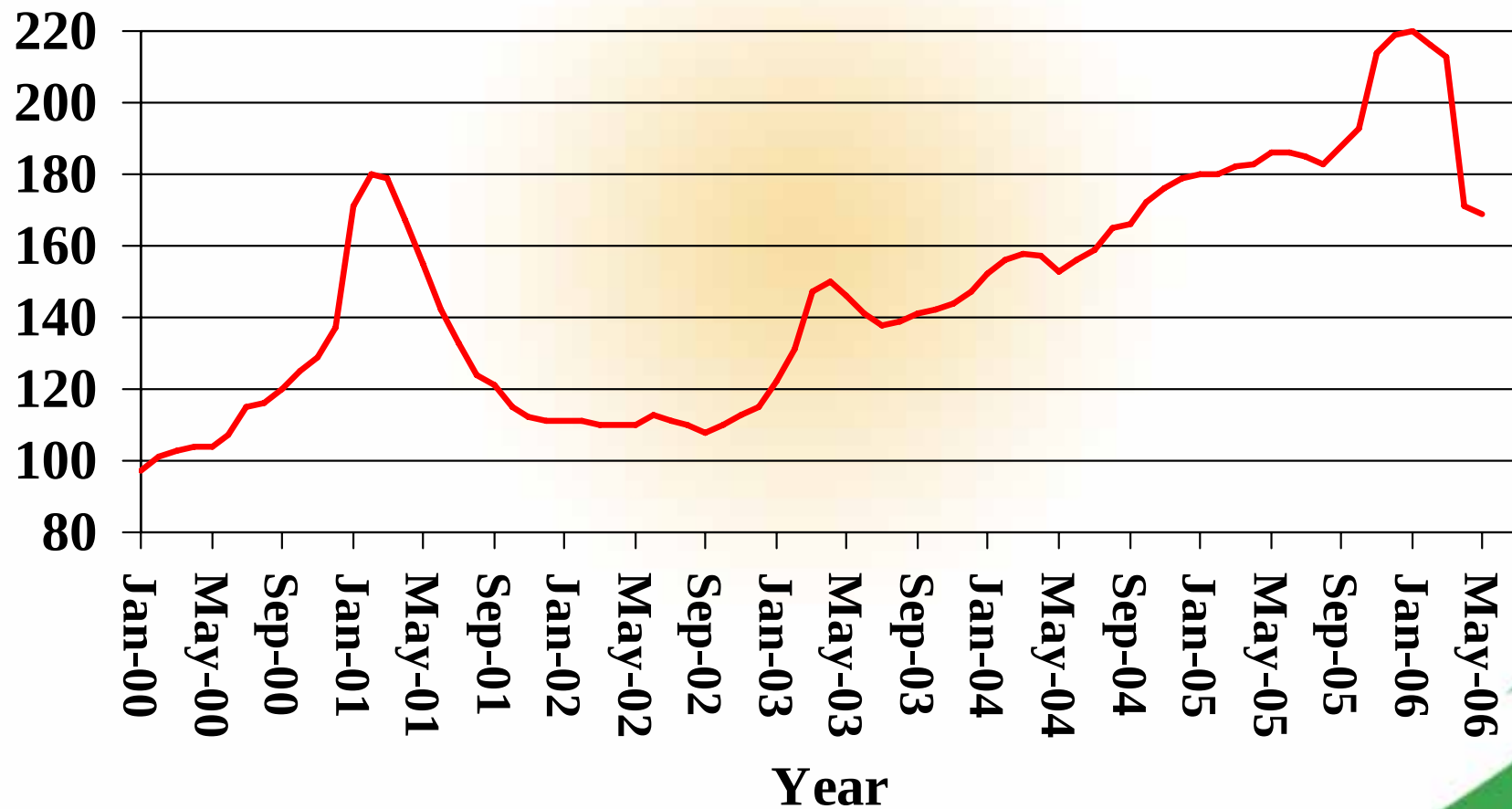


Soybean-to-Corn Price Ratio



Monthly Nitrogen Prices

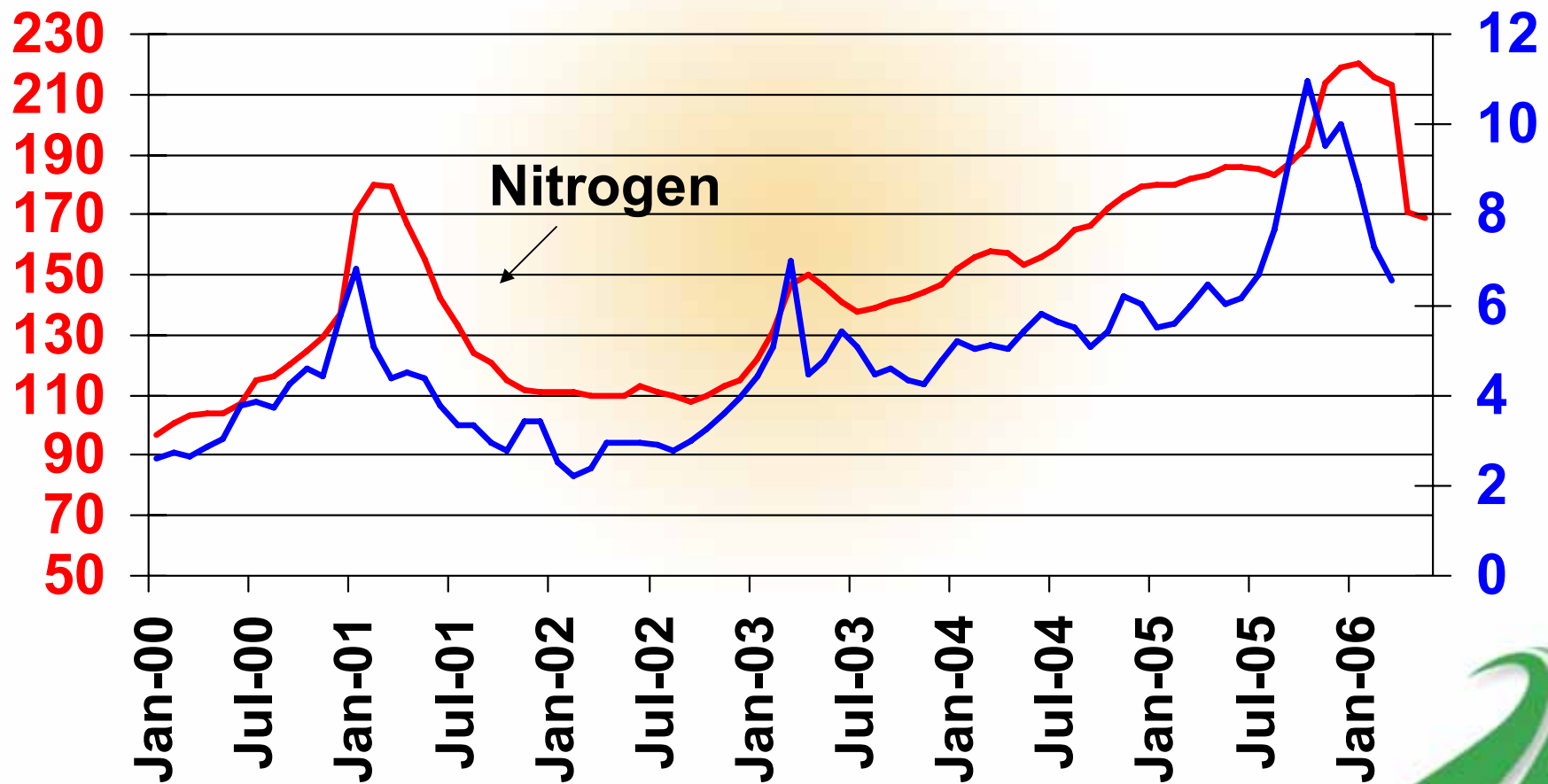
1990-92=100



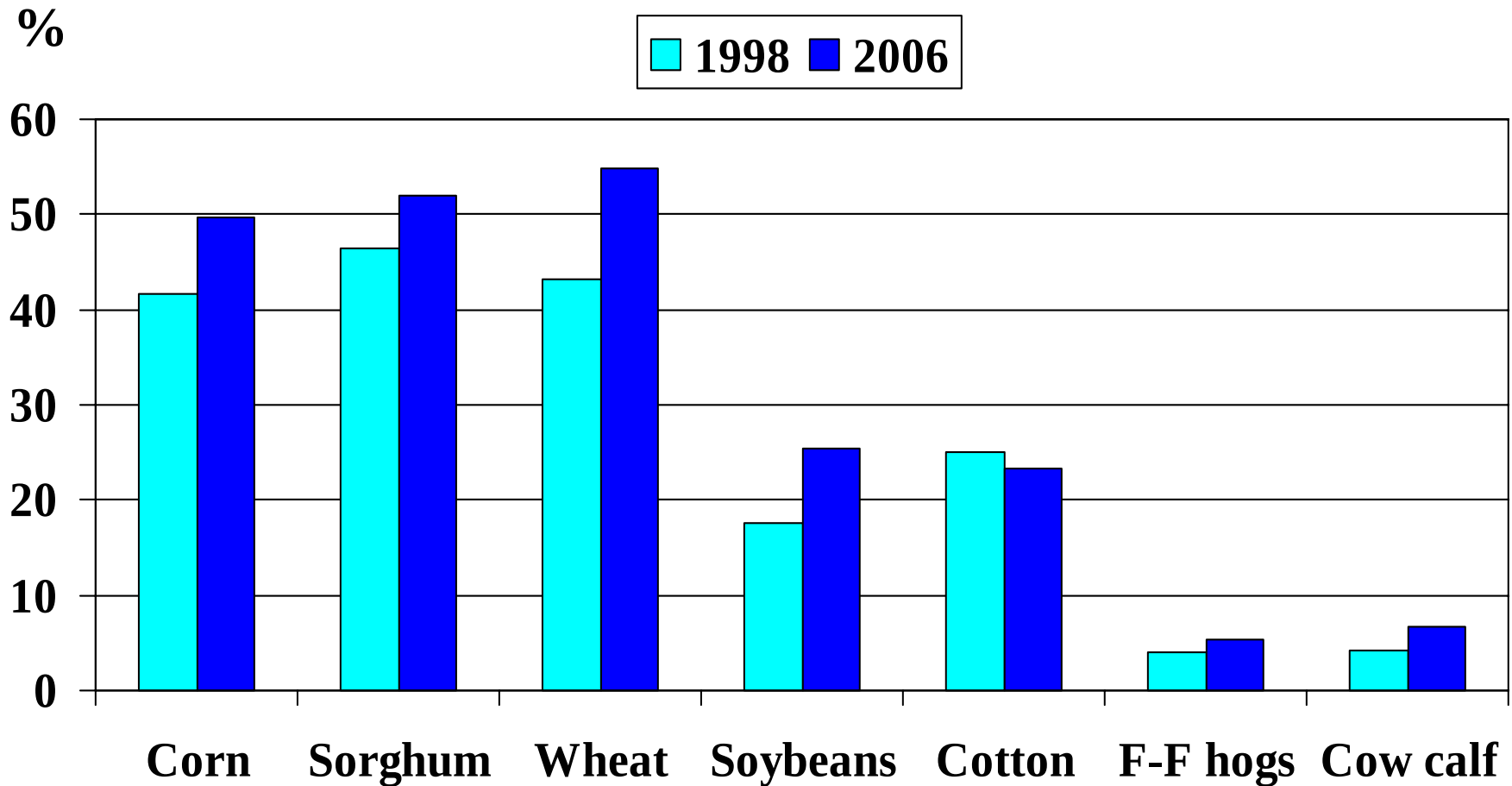
Monthly Nitrogen & Nat. Gas Wellhead Prices

1990-92=100

\$/1,000 cu. ft.



Energy Share of Operating Expenses



Change in Planted Area from 2006 *early indications...*

