

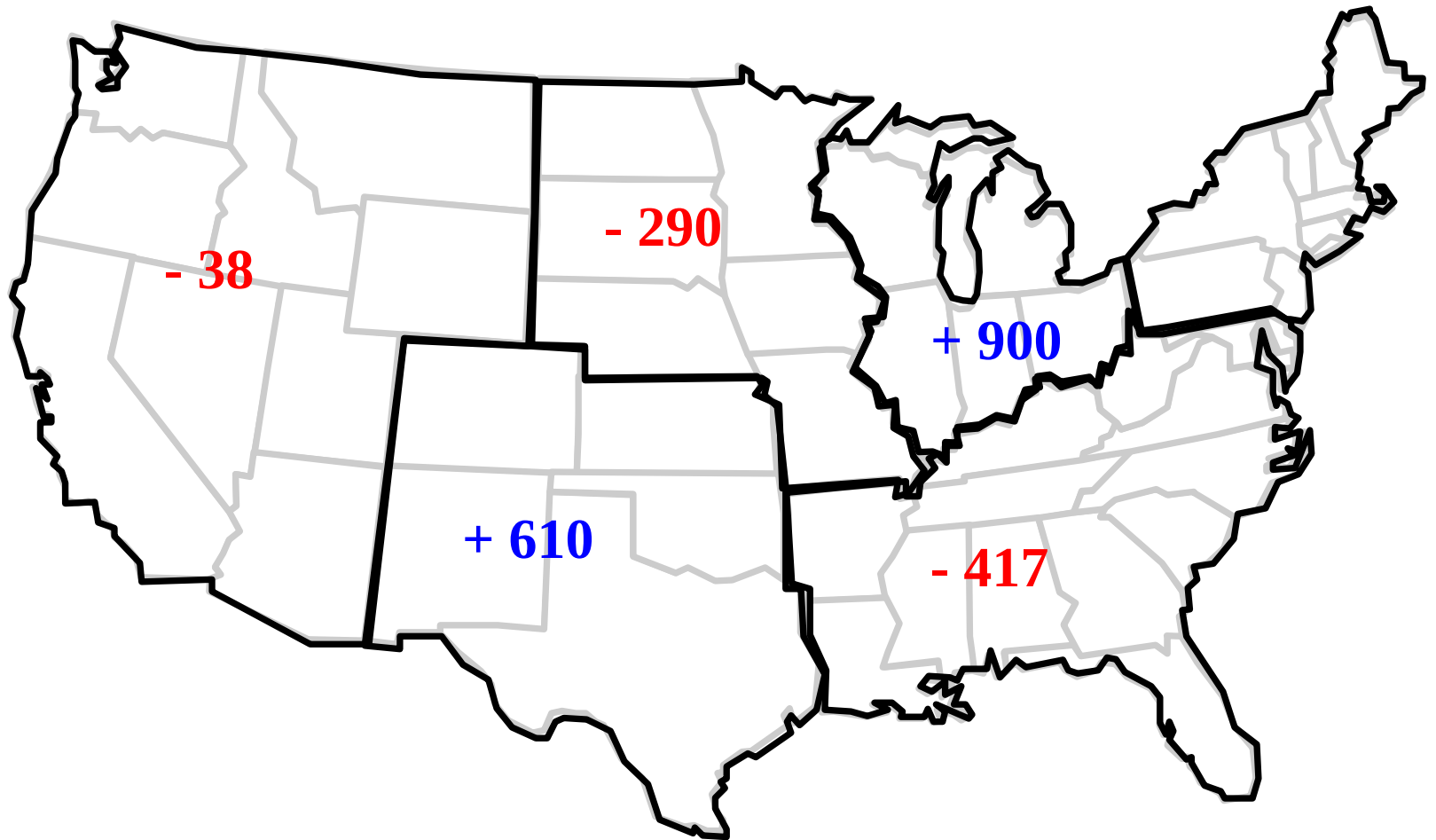
Fertilizer Outlook & Technology Conference

Outlook for Agriculture

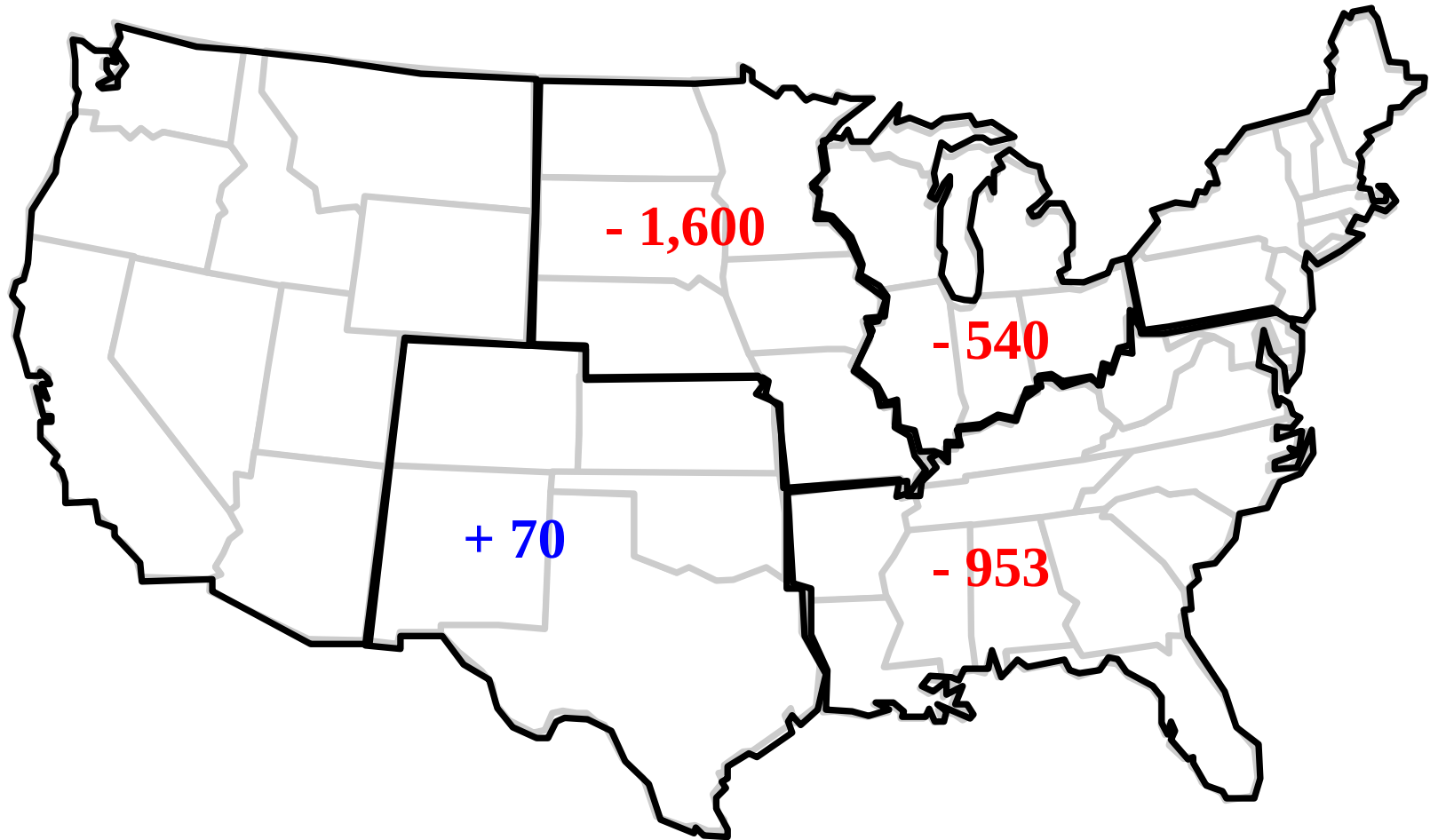
Rich Pottorff

Doane Agriculture Services

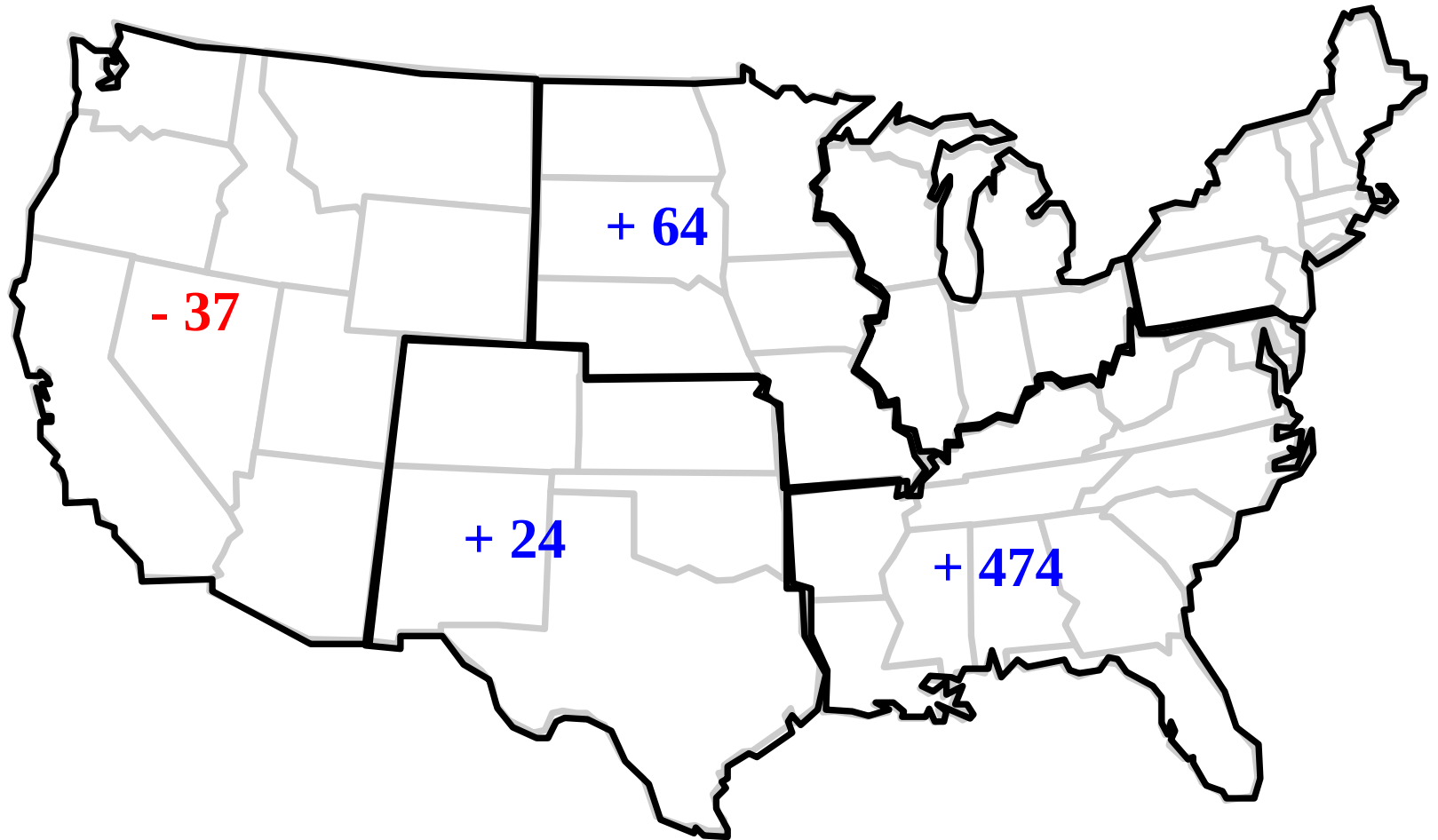
Change in Corn Acres – From 04 to 05



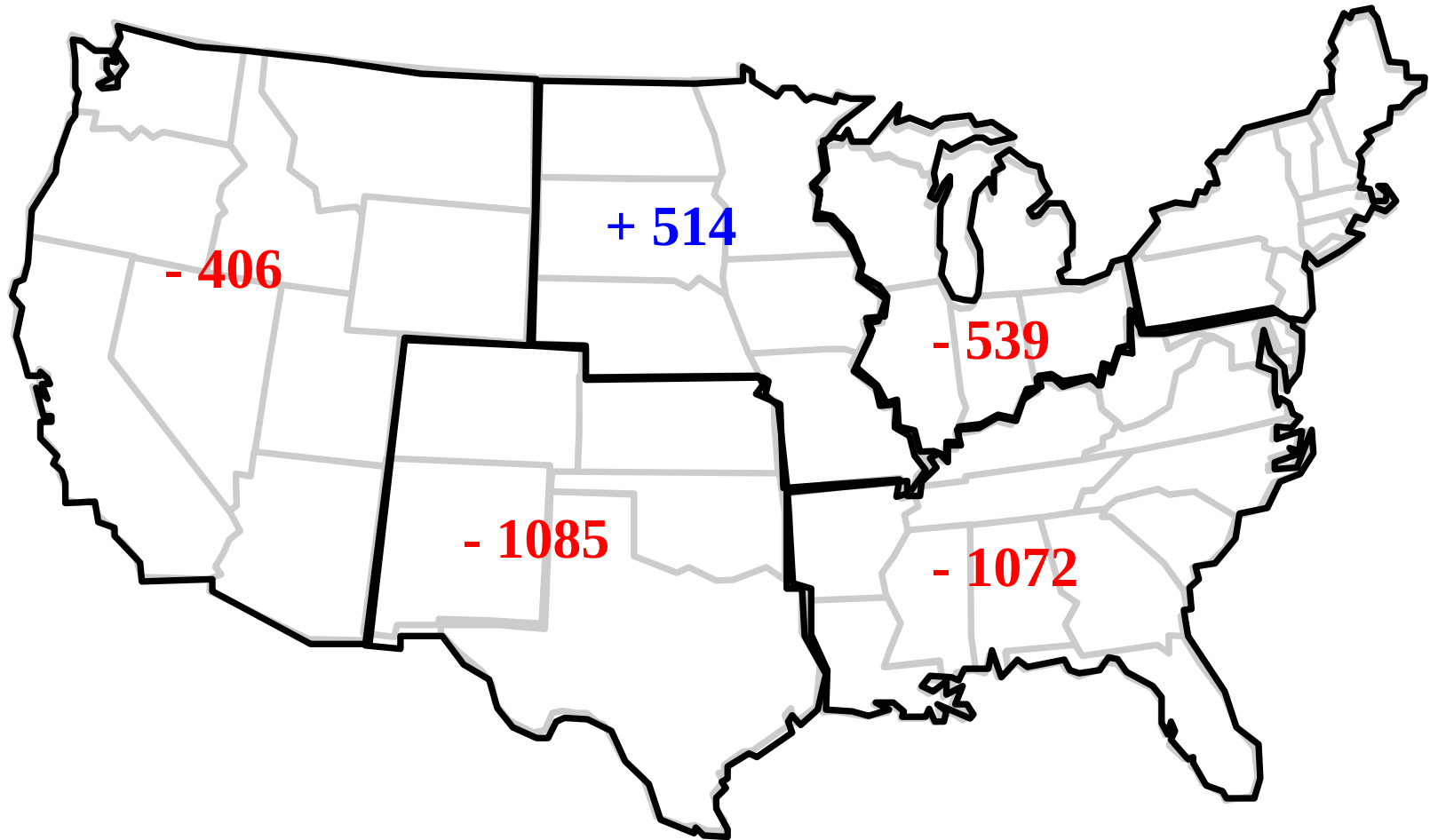
Change in Soybean Acres – From 04 to 05



Change in Cotton Acres – From 04 to 05

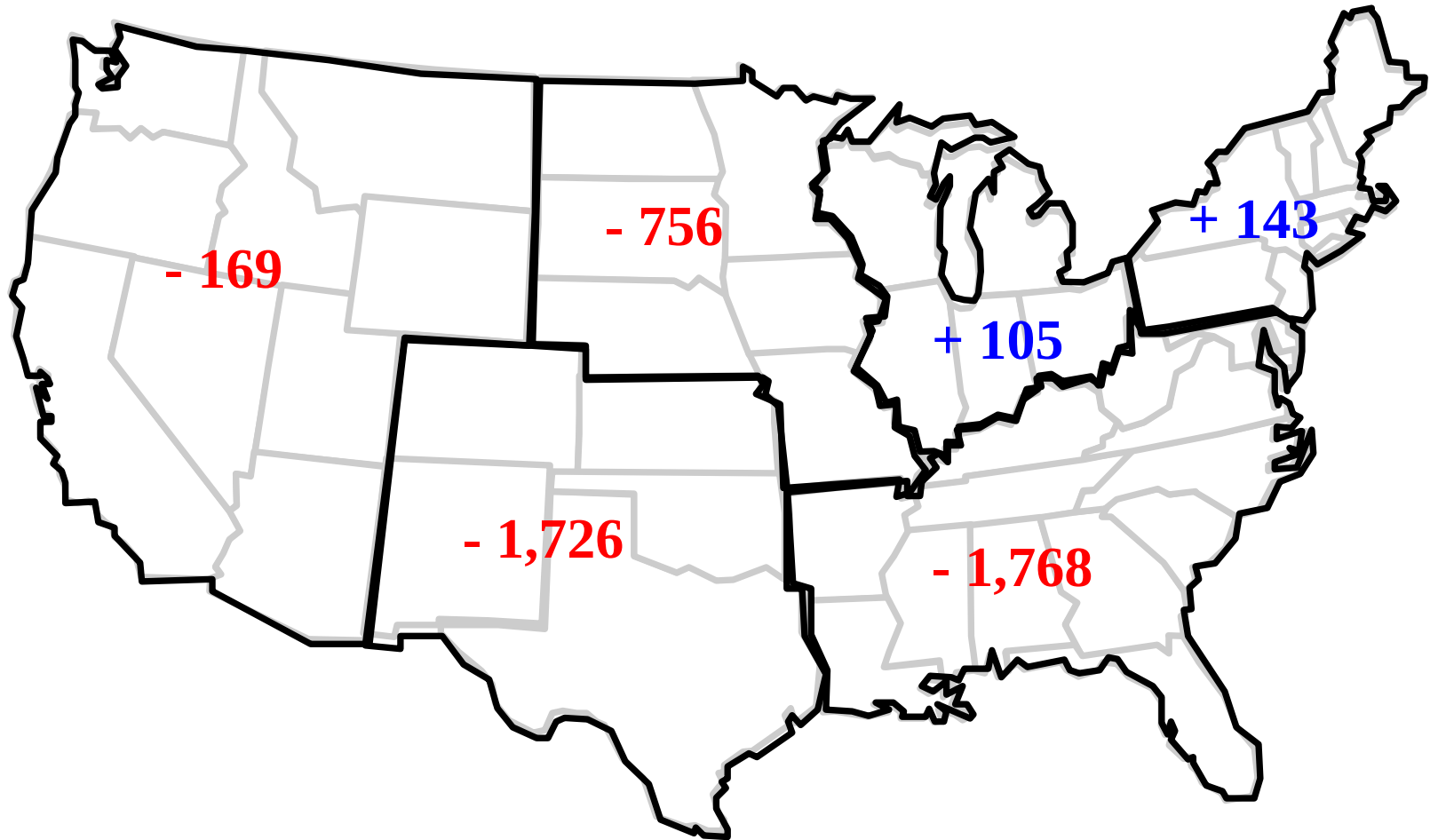


Change in Wheat Acres – From 04 to 05



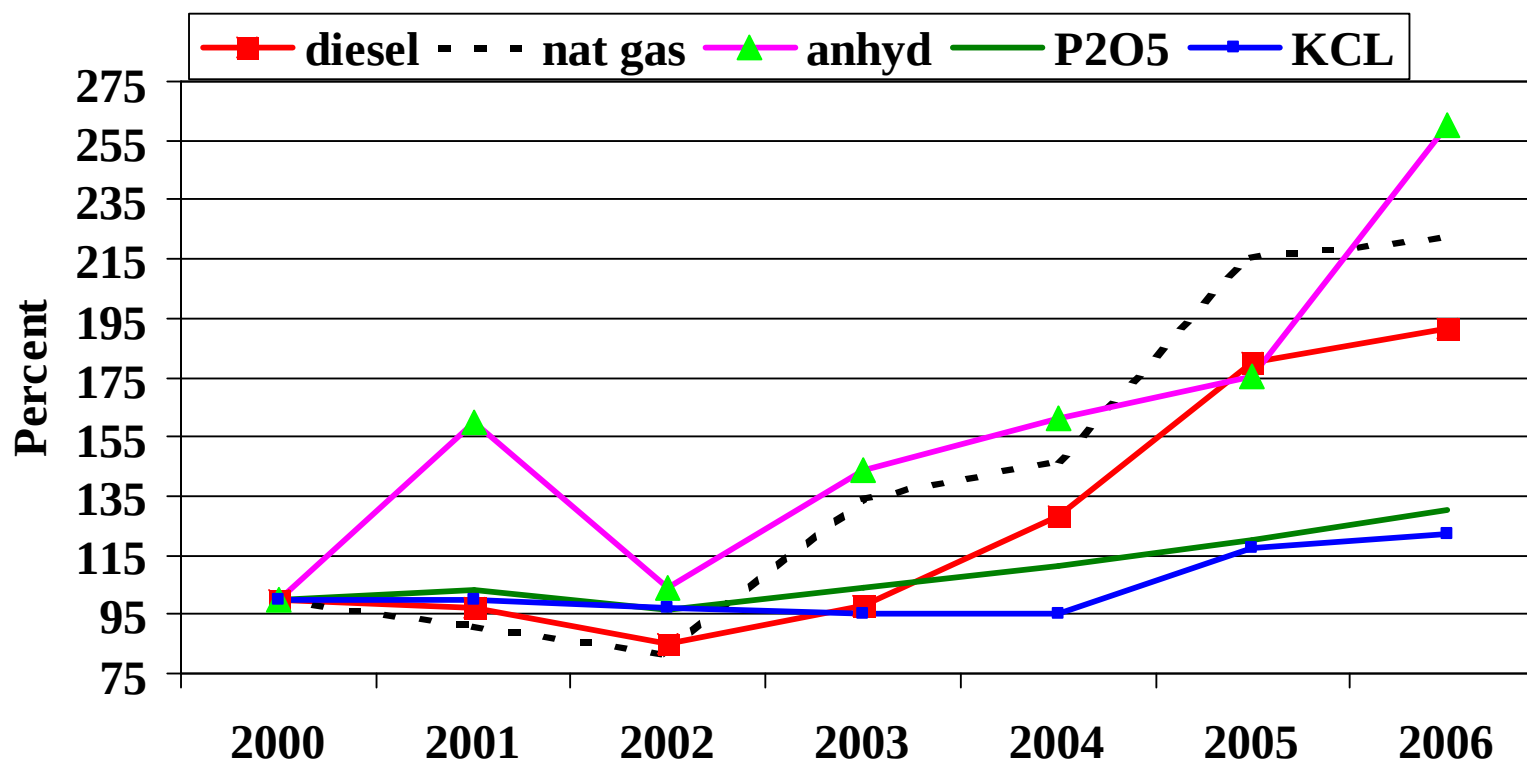
Change in Total Acres – From 04 to 05

U.S. Total = - 4,149



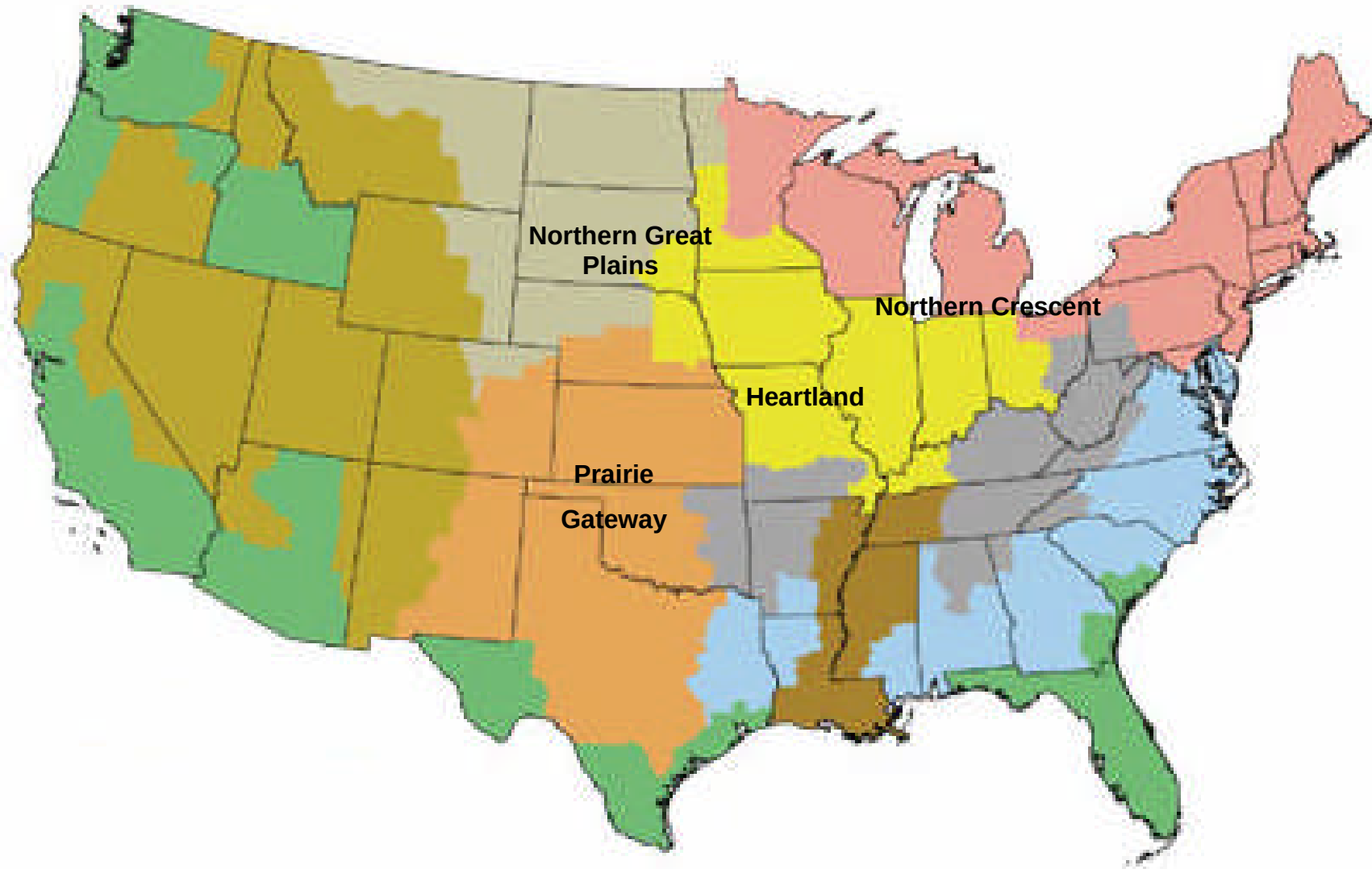
Changes in Input Prices

Compared to 2000 levels



Source – Kansas State University

Farm Resource Regions



U.S. Corn, Soybeans, and Wheat Budgets

(dollars per planted acre)

	Corn		Soybeans		Wheat	
	2004	2006	2004	2006	2004	2006
Total U.S.						
Revenue	362	286	253	236	136	136
Operating Costs	171	208	82	94	69	85
Net Returns	192	78	172	142	67	50
Heartland						
Revenue	376	298	272	250	202	201
Operating Costs	166	201	78	89	92	114
Net Returns	210	97	194	161	110	87

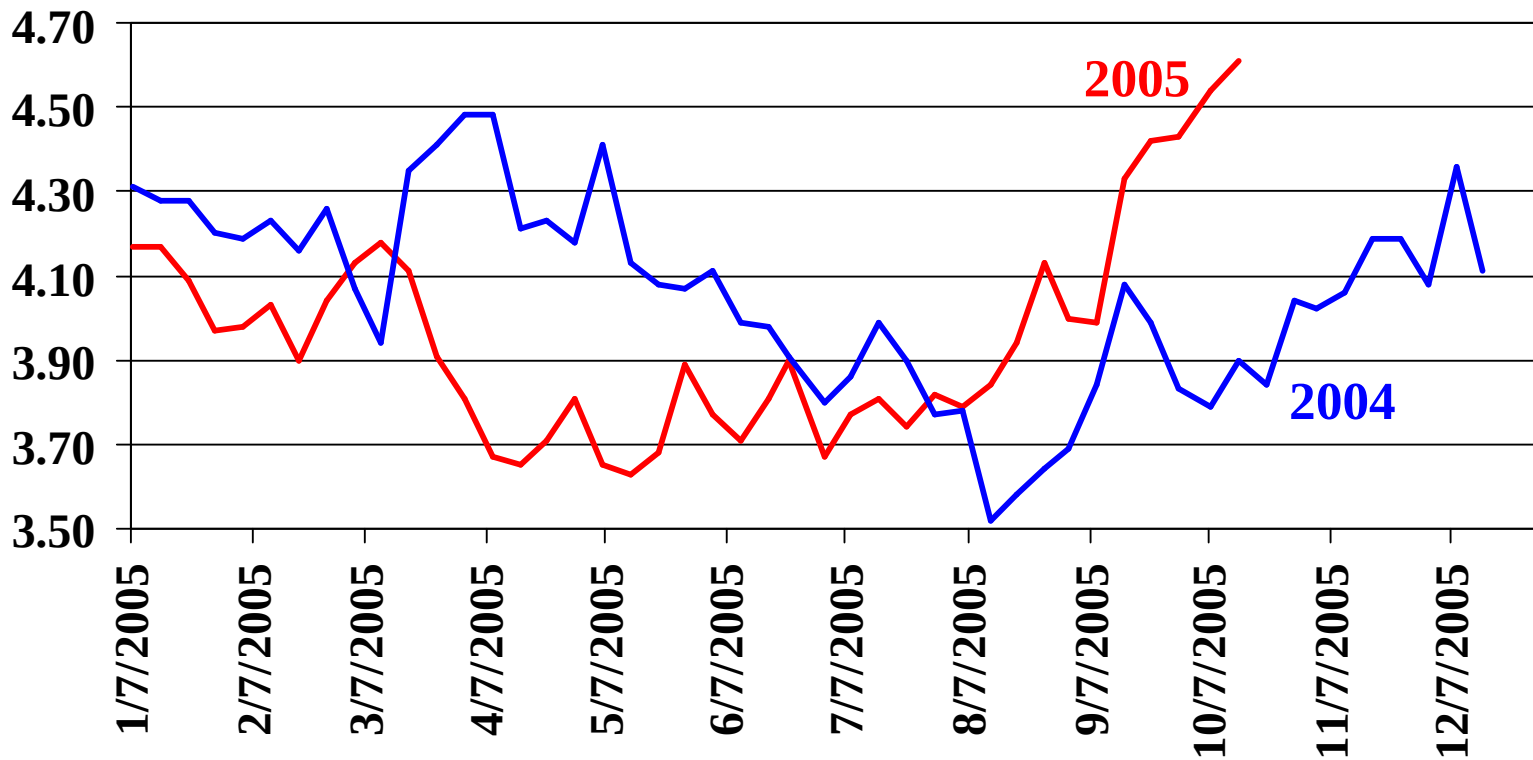
U.S. Corn, Soybeans, and Wheat Budgets

(dollars per planted acre)

	Corn		Soybeans		Wheat	
	2004	2006	2004	2006	2004	2006
Northern Plains						
Revenue	236	198	168	200	131	135
Operating Costs	142	171	76	87	60	72
Net Returns	94	27	93	112	71	63
Prairie Gateway						
Revenue	395	277	259	225	100	106
Operating Costs	207	260	92	112	61	76
Net Returns	188	17	166	113	40	30

Kansas City Wheat Price

dollars per bushel



USA WHEAT BALANCE SHEET

U.S. ALL WHEAT SUPPLY/DISAPPEARANCE BALANCE SHEET JUNE/MAY CROP YEAR (million bushels)

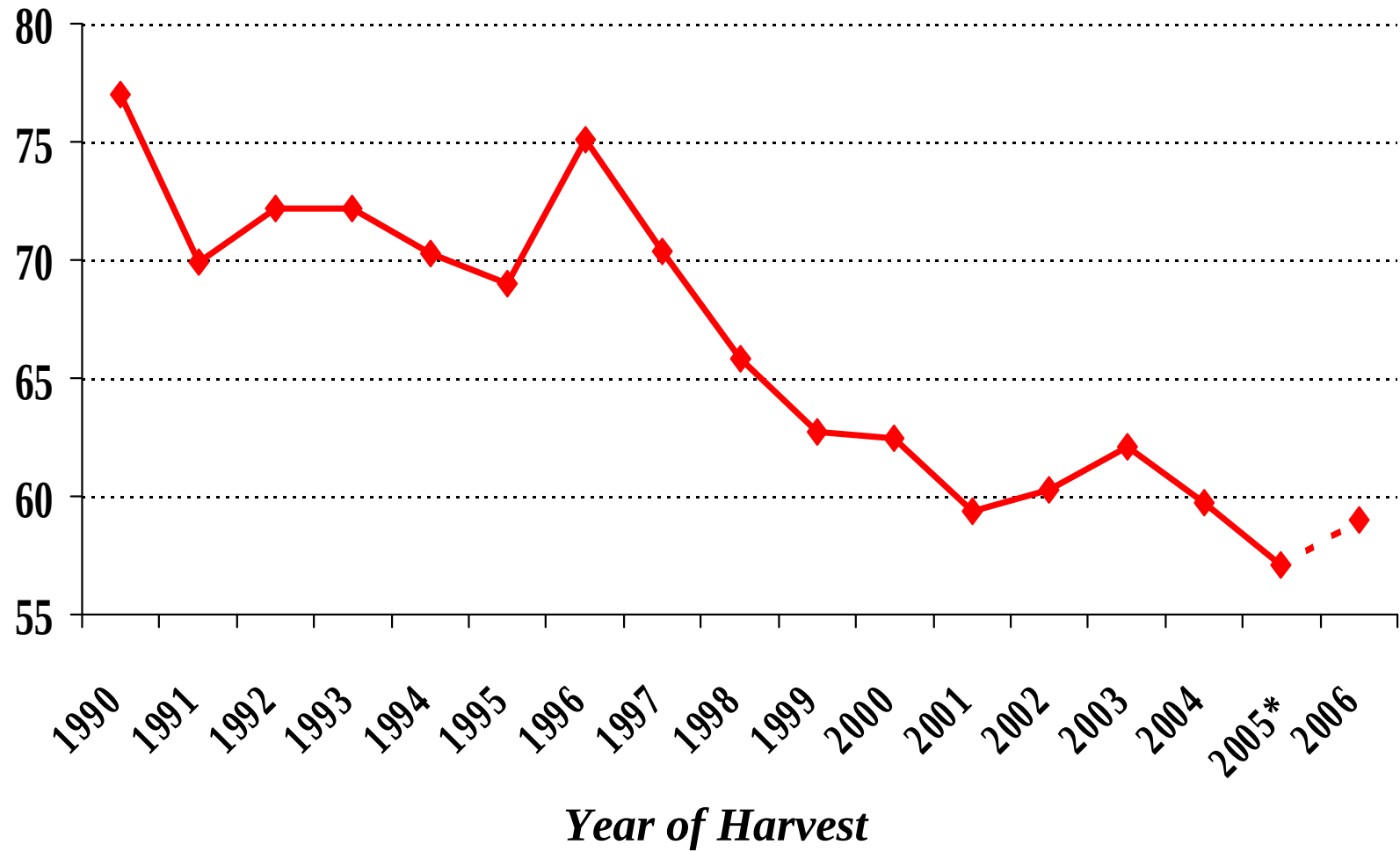
	2002/03	2003/04	2004/05	Doane 2005/06	Doane 2006/07
Supply					
Beginning Stocks, 6/1	777	491	546	540	523
Production	1,606	2,345	2,158	2,098	2,160
Imports	81	63	71	75	80
Total Supply	2,464	2,899	2,775	2,713	2,763
Disappearance					
Food	919	912	907	910	915
Seed	84	80	79	80	80
Feed/Residual	214	203	187	190	200
Exports	850	1,158	1,063	1,010	1,100
Total Disappearance	2,067	2,353	2,235	2,190	2,295
Ending Stocks	397	546	540	523	468
Stocks-to-Use Ratio	19.2%	23.2%	24.2%	23.9%	20.4%
On-Farm Wheat Price	\$3.56	\$3.40	\$3.40	\$3.30	\$3.55

CURRENT WHEAT MARKET SITUATION AND ANALYSIS

- ❑ The 2005 crop fell about 100 million bushels short of early expectations – spring drought in the southern Plains HRW crop and scab in the northern Plains spring wheat
- ❑ Exports will be well above earlier expectations – Iraq is buying, India may import wheat, quality problems in Canada, and steep decline in Argentine production
- ❑ Carryover will decline rather than increase as previously expected
- ❑ Early prospects favor tightening world S/D situation in 2006-07

U.S. ACREAGE PROJECTED TO INCREASE TO 59.0 MILLION ACRES IN 2006

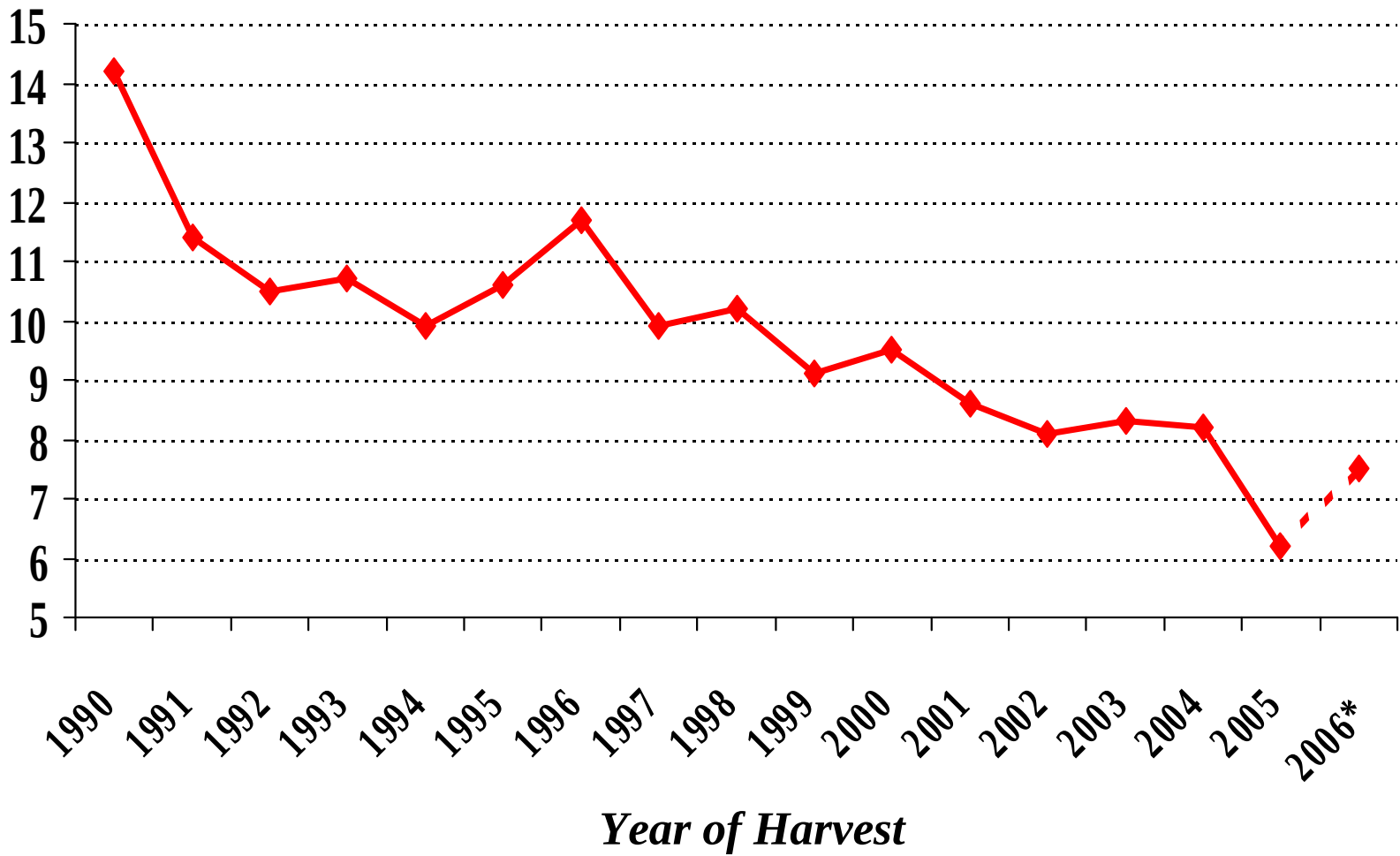
Million acres



** Doane forecast*

SOFT RED WINTER WHEAT ACREAGE

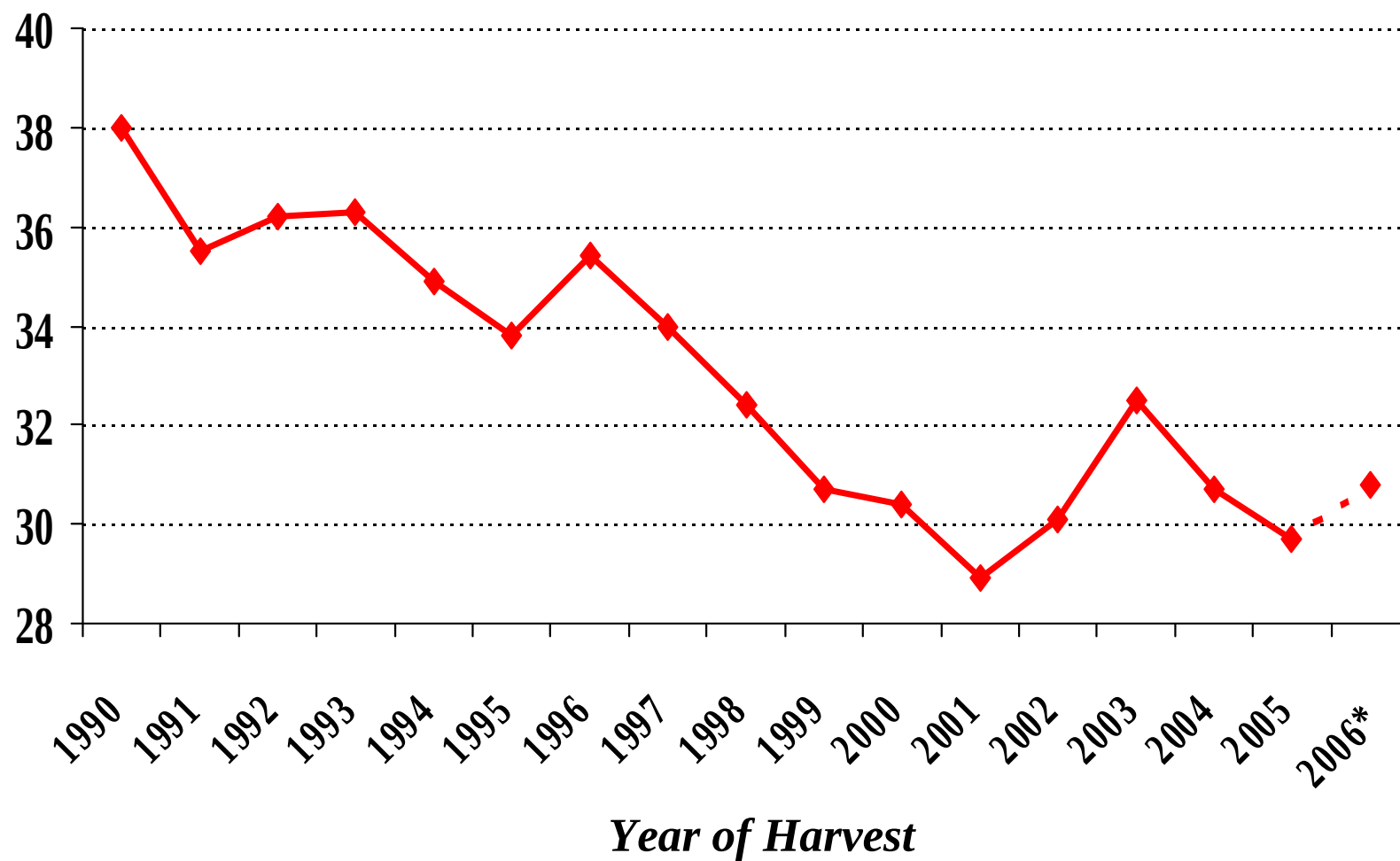
Million acres



** Doane forecast*

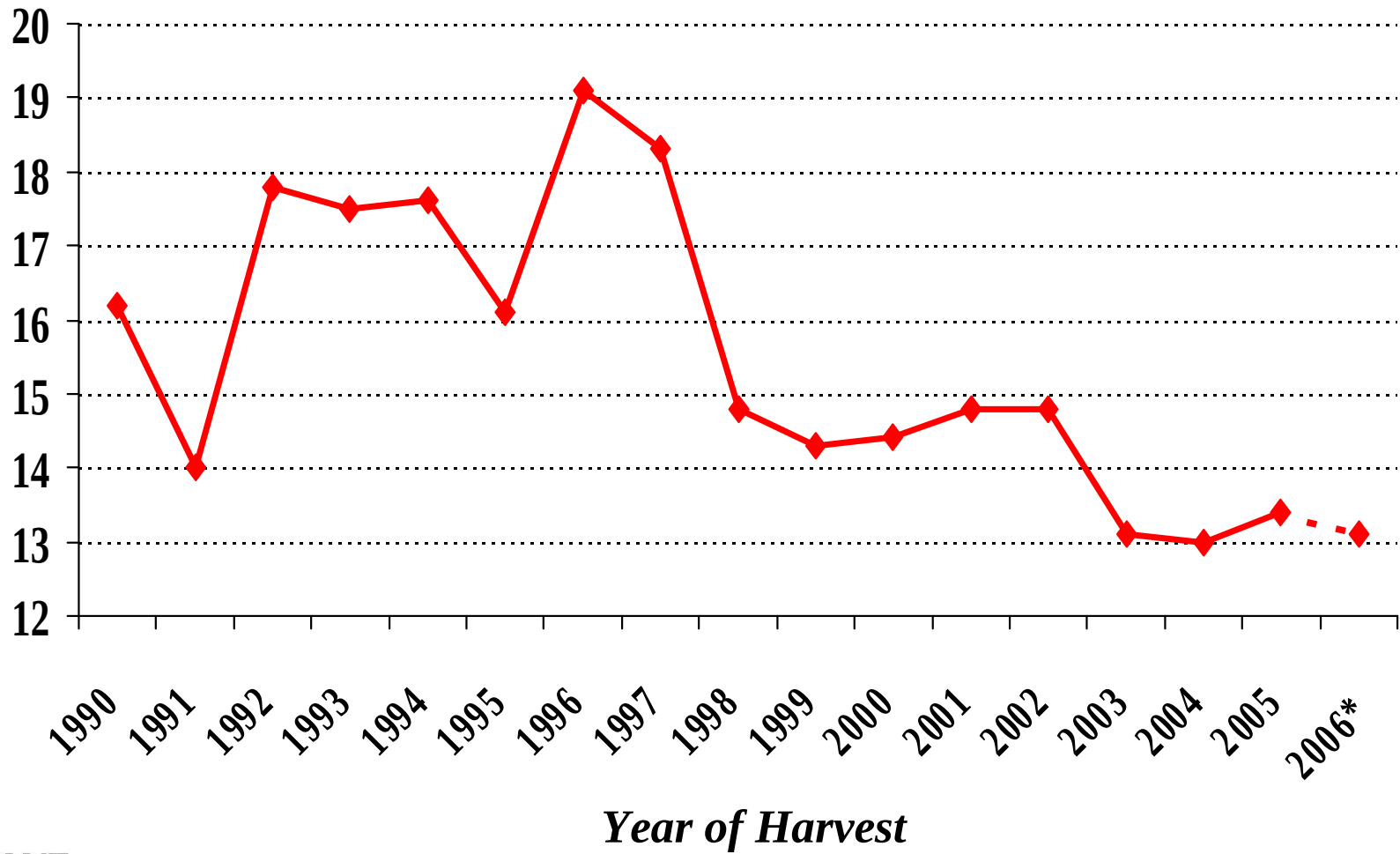
HARD RED WINTER WHEAT ACREAGE

Million acres



HARD RED SPRING WHEAT ACREAGE

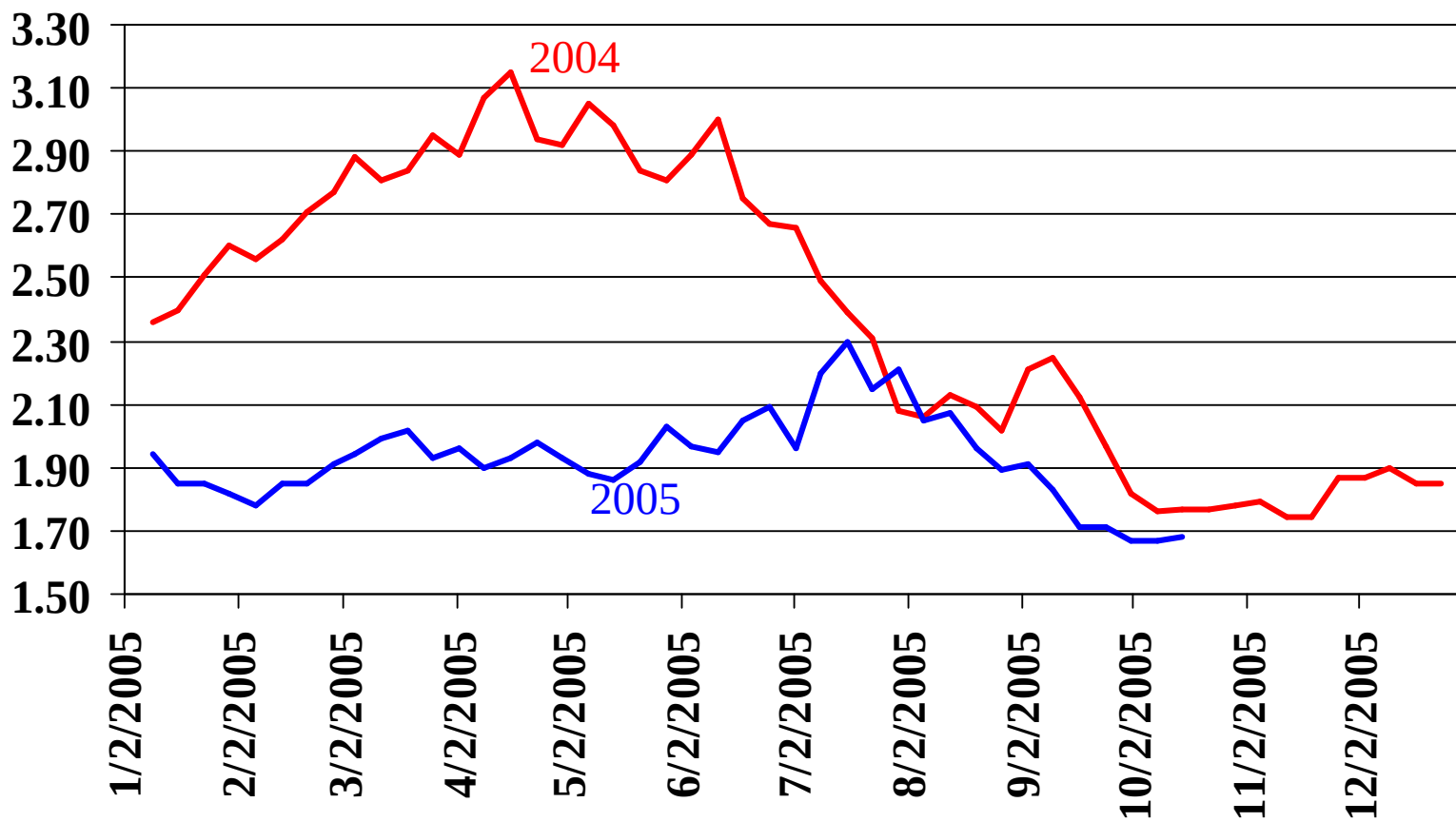
Million acres



** Doane forecast*

Corn Prices

dollars per bushel

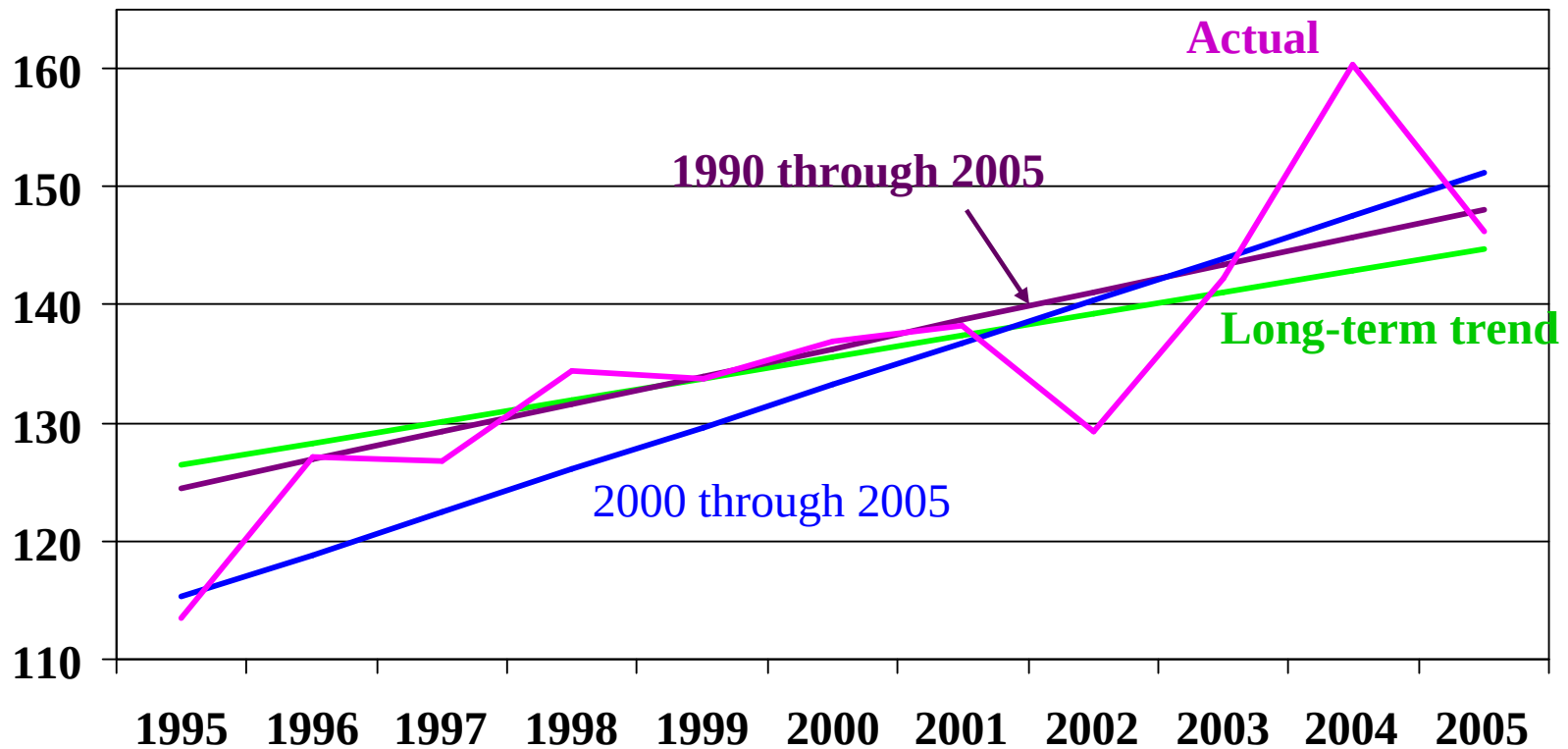


Corn Supply-Demand Balance

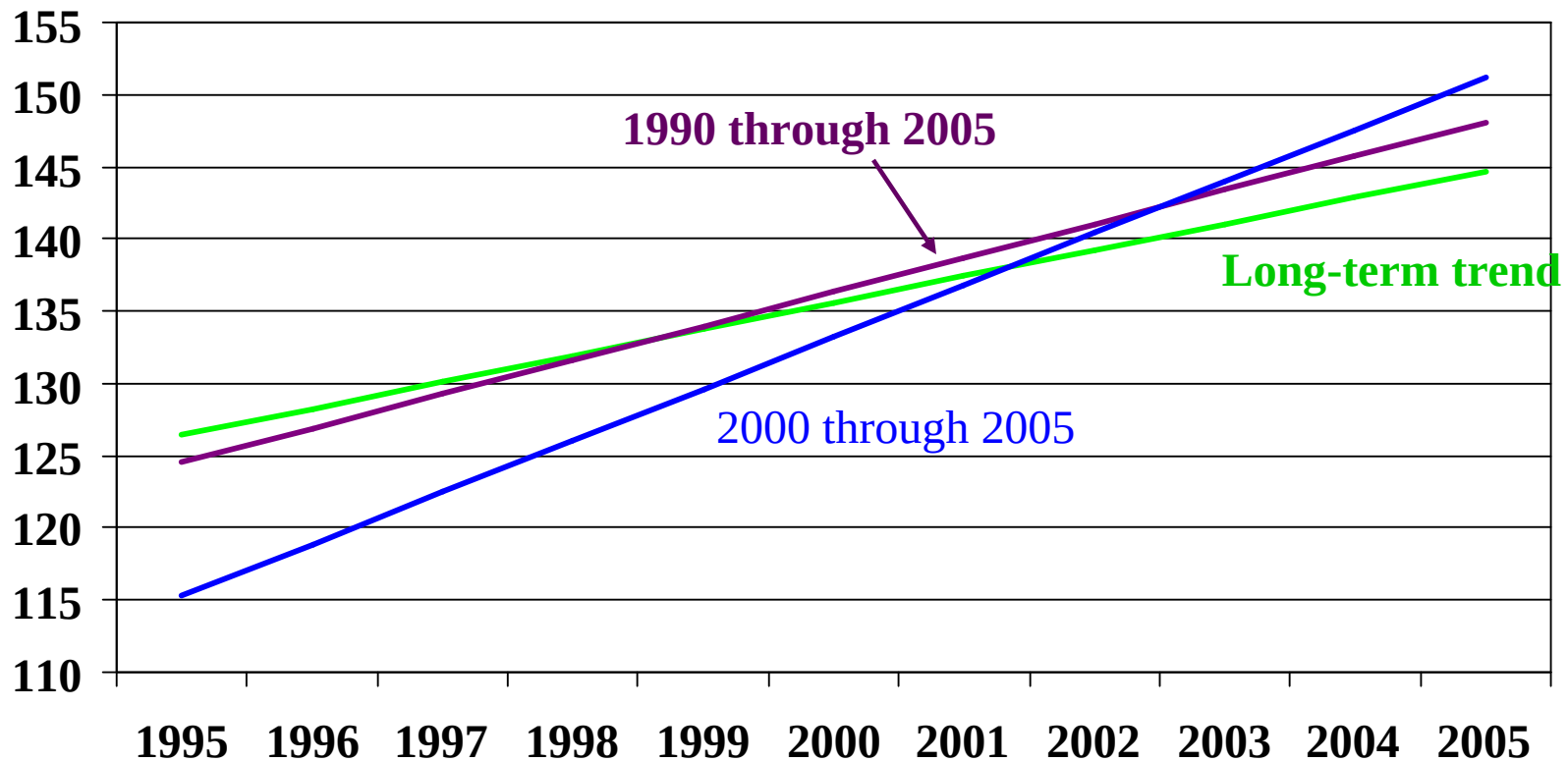
(billion bushels)

	2004-05	2005-06	2006-07
Production	11.81	10.93	10.70
Feed Use	6.16	5.98	5.93
FSI	2.67	2.89	3.15
Exports	1.82	1.98	2.00
Total Use	10.66	10.84	11.08
Stocks	2.11	2.21	1.85
Price (\$/bu)	\$2.06	\$1.95	\$2.15

Trend Corn Yields

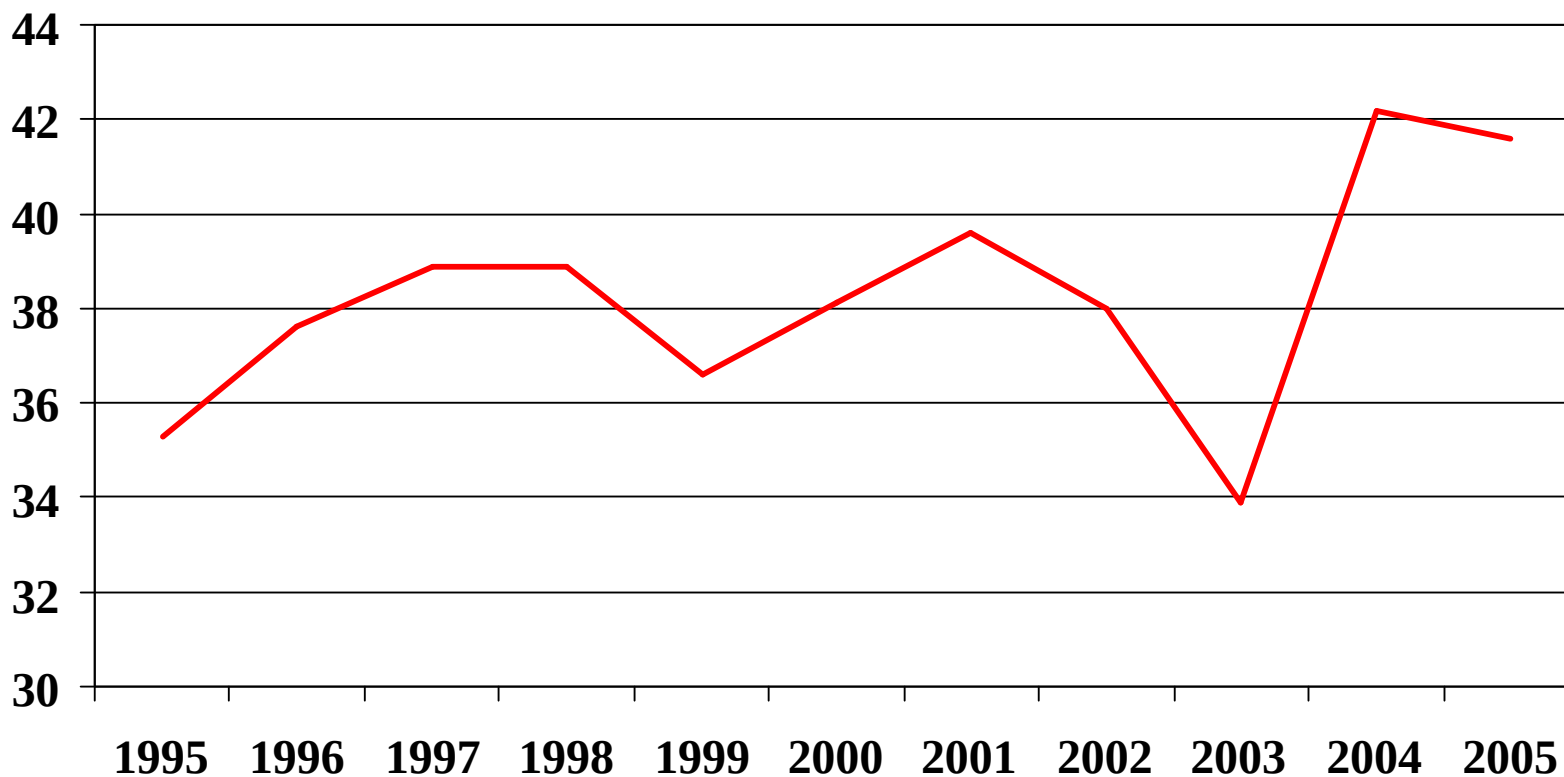


Trend Corn Yields



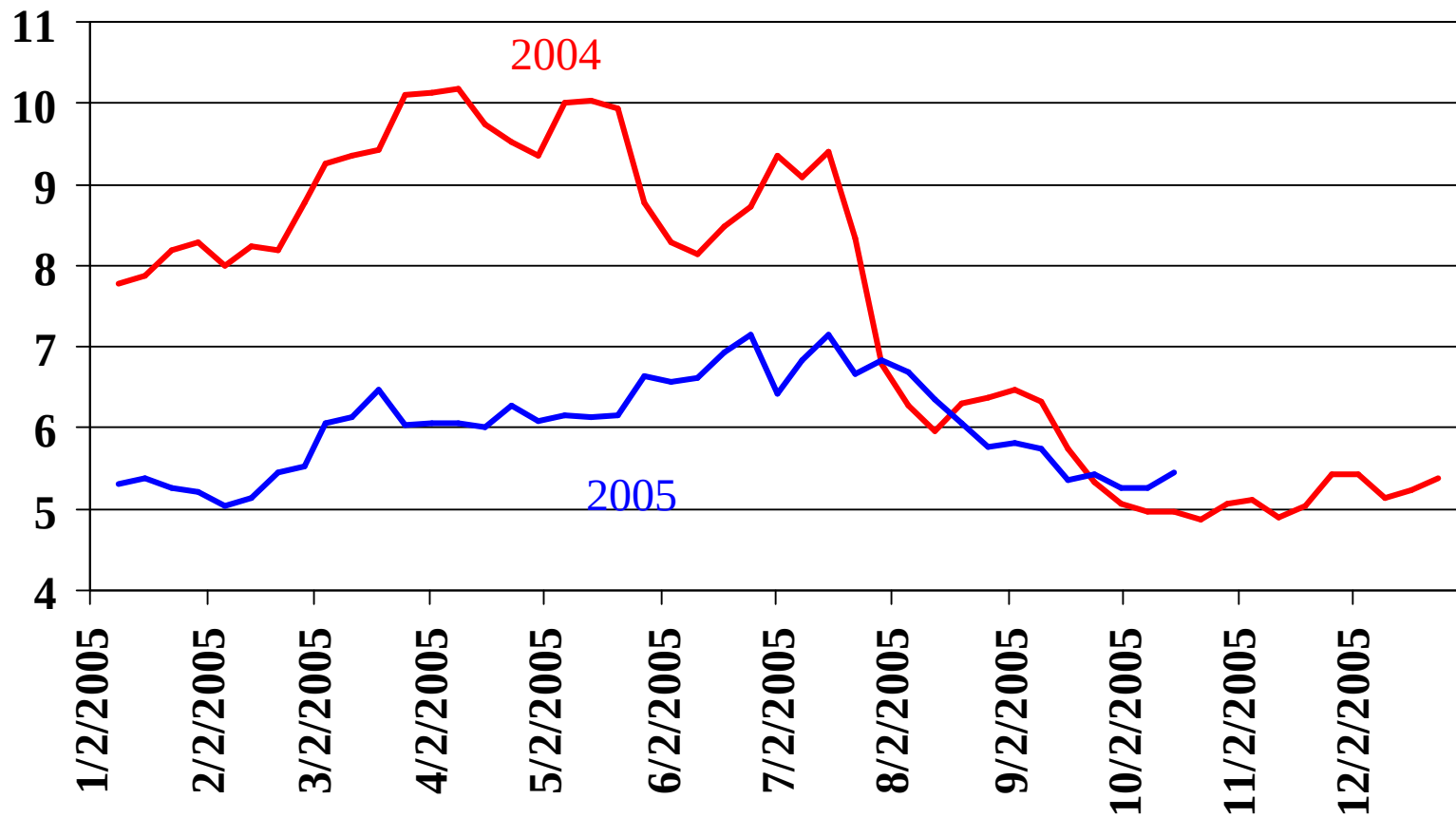
More recent soybean yields

bushels per acre



Soybean Prices

dollars per bushel



Soybean Supply-Demand Balance

(billion bushels)

	2004-05	2005-06	2006-07
Production	3.12	2.97	2.89
Crush	1.70	1.70	1.71
Exports	1.10	1.10	1.04
Total Use	2.99	2.96	2.89
Stocks	0.26	0.27	0.26
Price (\$/bu)	\$5.74	\$5.35	\$5.50

U.S. Soybean Market Factors to Watch

- **Despite Drought---Second Largest U.S. Soybean Crop!**
 - U.S. Soybean Production at 2.967 billion bushels
 - Unprecedented reduction in planted acres----903,000 acres
 - Further increase in yield estimate in November—0.2 to 0.5 bushels per acre
- **Why tremendous yields?**
 - Early moisture was sufficient
 - Better genetics
 - August rainfall was extremely timely
- **2005/06 U.S. Supply/Demand Estimates**
 - 2005/06 U.S. soybean balance sheet looks similar to 2004/05
 - Our crush forecast of 1.7 billion pounds may be too low
 - Demand is expected to remain strong
- **Soybean are showing seasonal strength**
 - The bottom is in
 - \$6.00 level basis SX5 will be difficult to overcome, short term

Cotton Supply-Demand Balance

(Million Bales)

	2004-05	2005-06	2006-07
Production	23.3	22.7	19.6
Domestic Use	6.5	6.0	5.7
Exports	14.4	15.5	15.0
Total Use	20.9	21.5	20.7
Stocks	5.7	6.9	5.9
Price (cents)	41.6	45.0	46.5

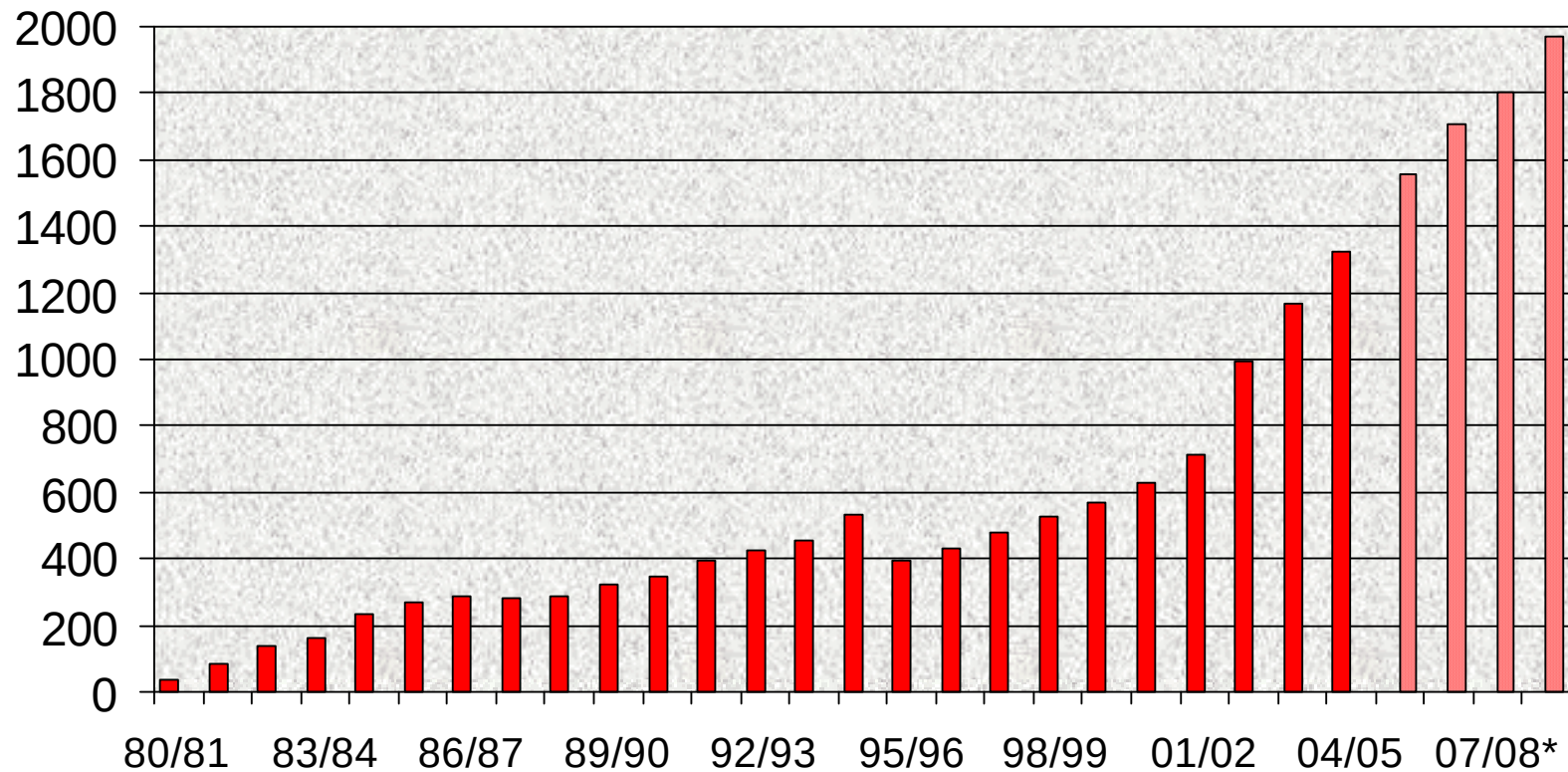
U.S. Major Crop Acreage Forecast

million acres

	2004	2005	2006	2007
Corn	80.9	81.6	79.8	81.0
Soybeans	75.2	72.2	74.0	73.6
Wheat	59.7	57.1	59.2	58.2
Cotton	13.7	14.2	13.8	13.8
Major crops	321.1	317.0	318.8	318.1

U.S. Corn Demand for Ethanol

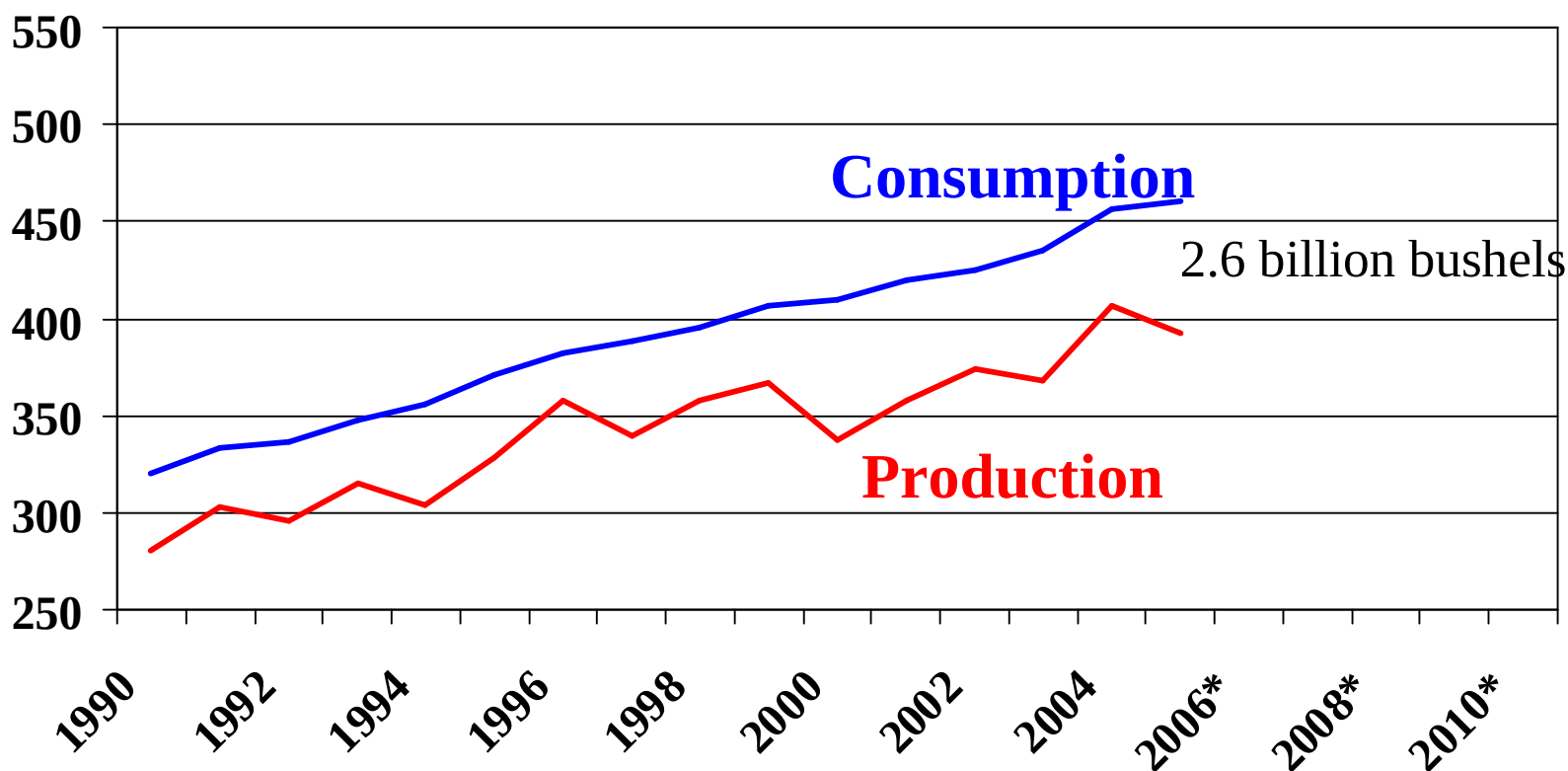
million bushels



*Doane projections.

Foreign Corn Production & Use

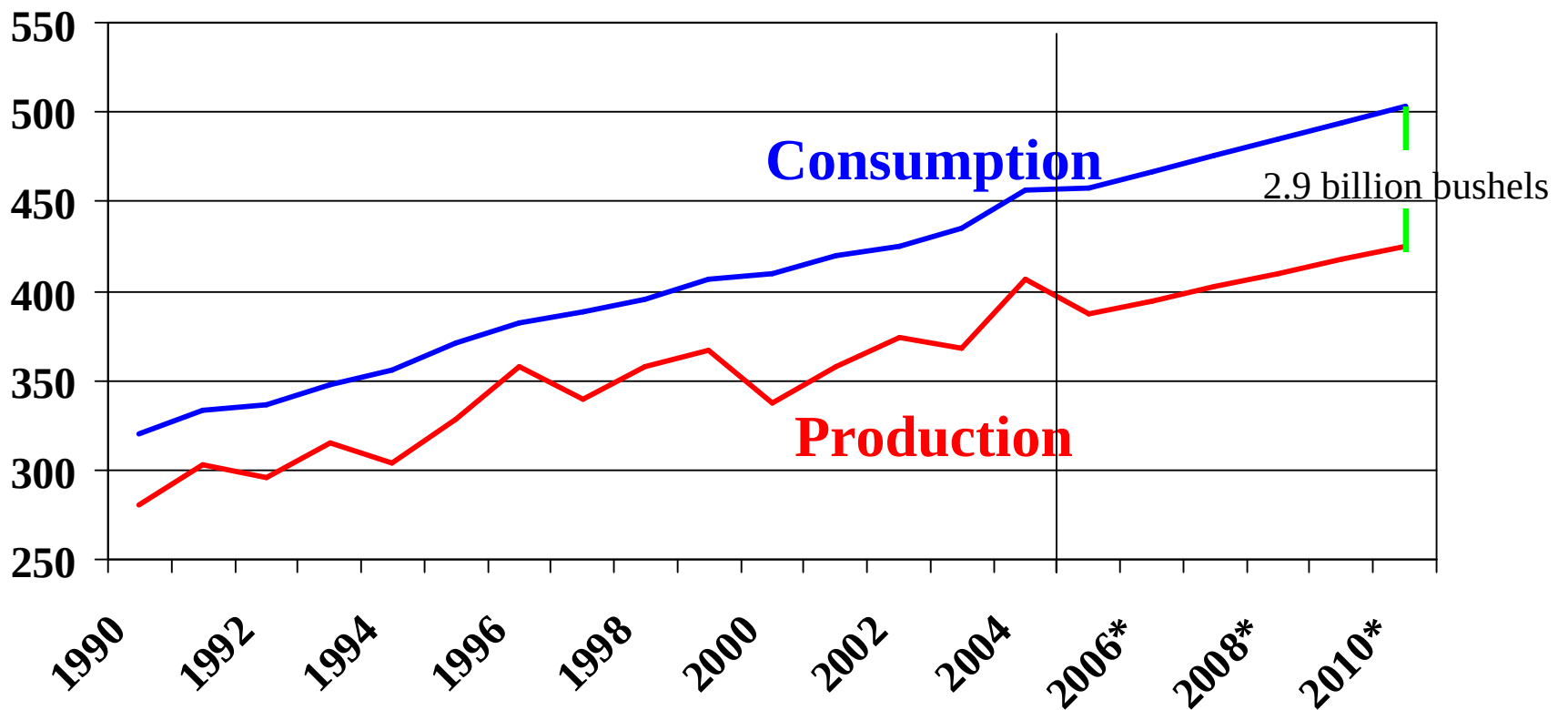
million tonnes



Projections based on 1990 through 2004 trends

Foreign Corn Production & Use

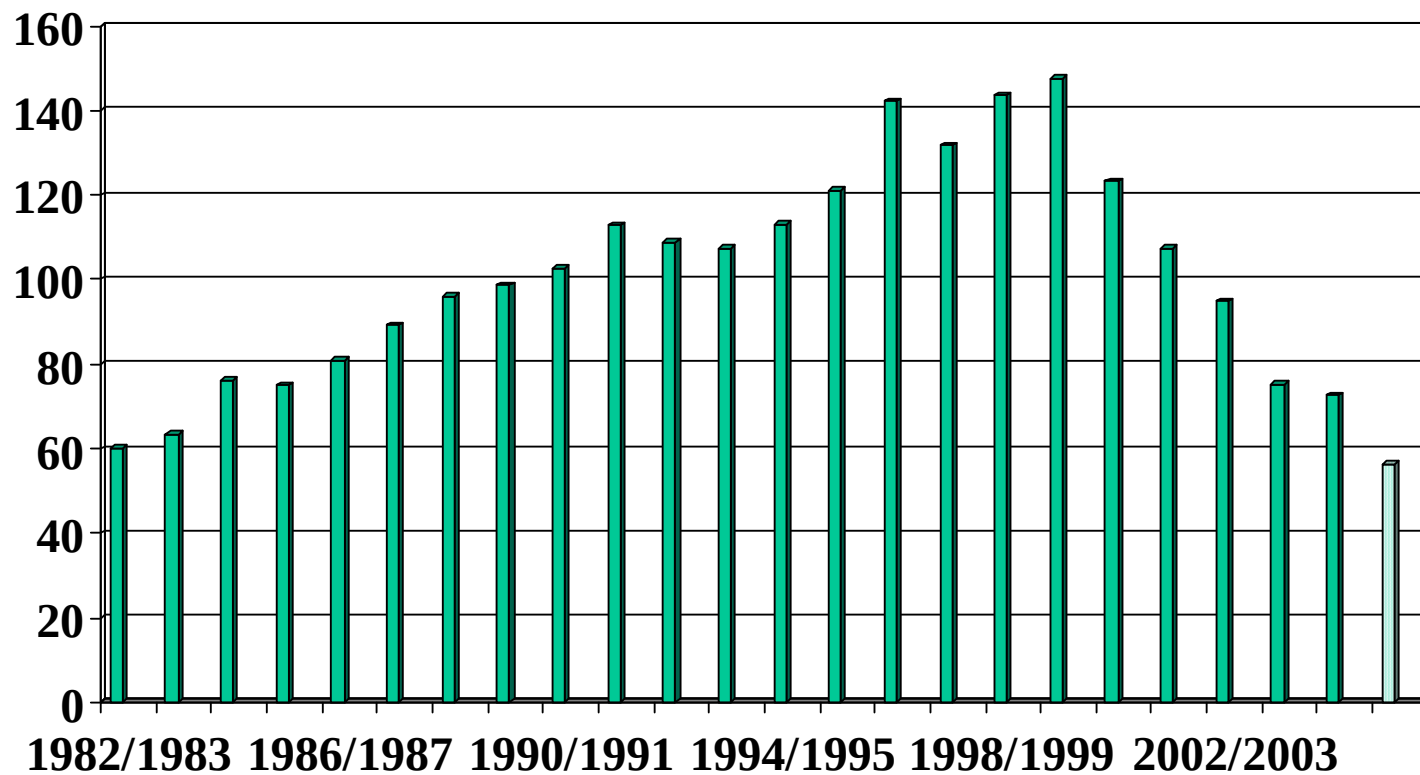
million tonnes



Projections based on 1990 through 2004 trends

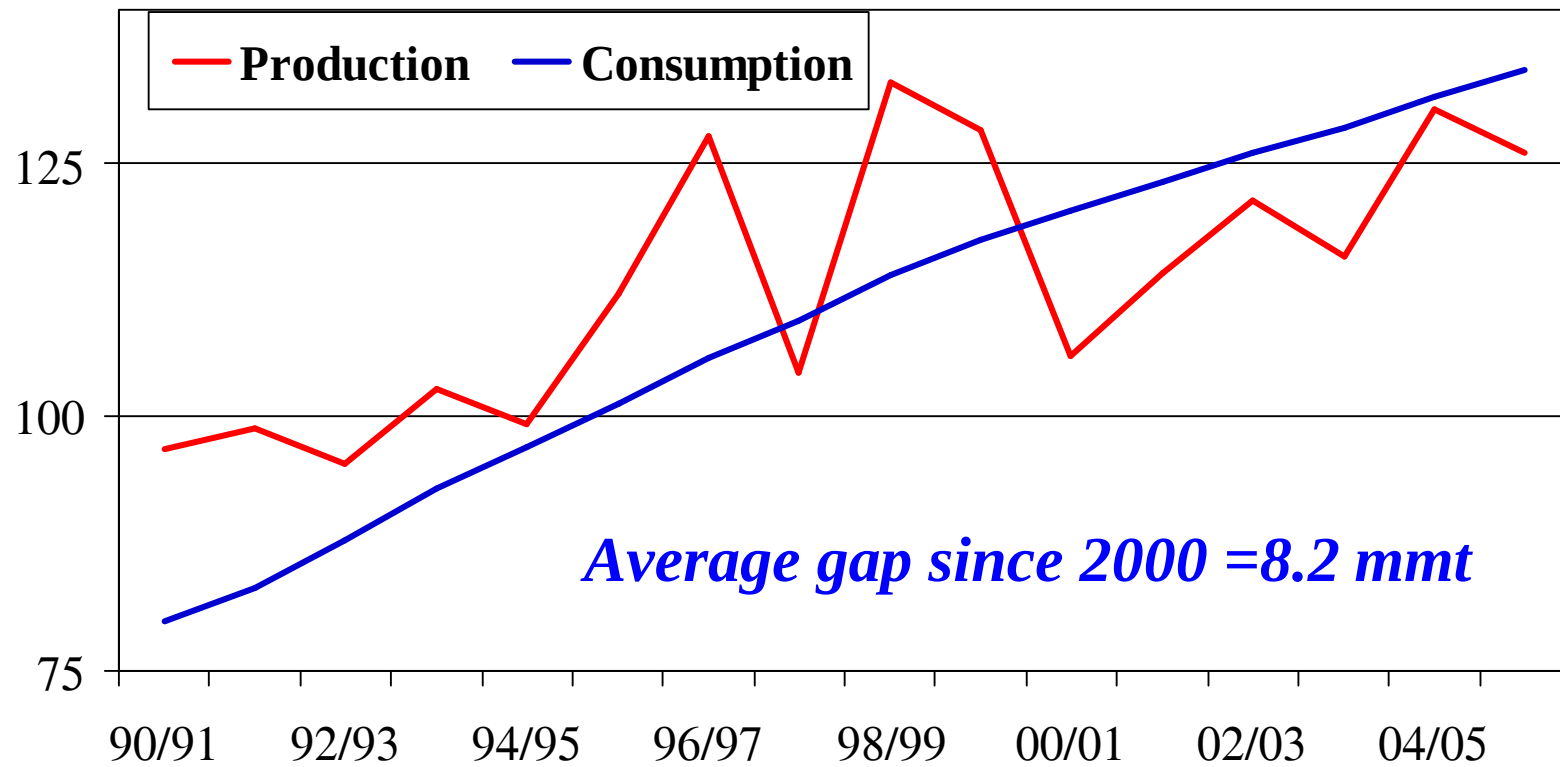
Foreign Corn Carryover Stocks

million tonnes



China's Corn Balance

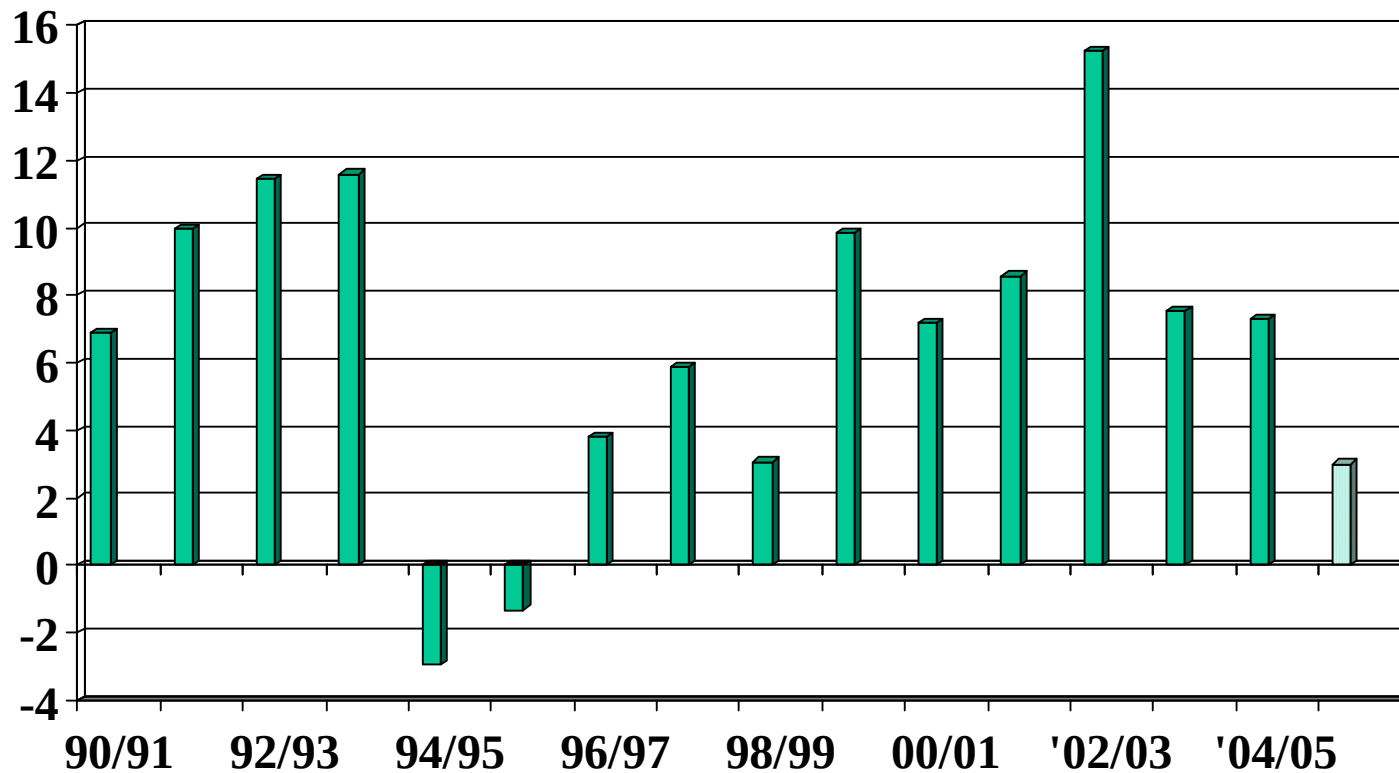
(million tonnes)



China's Net Exports of Corn

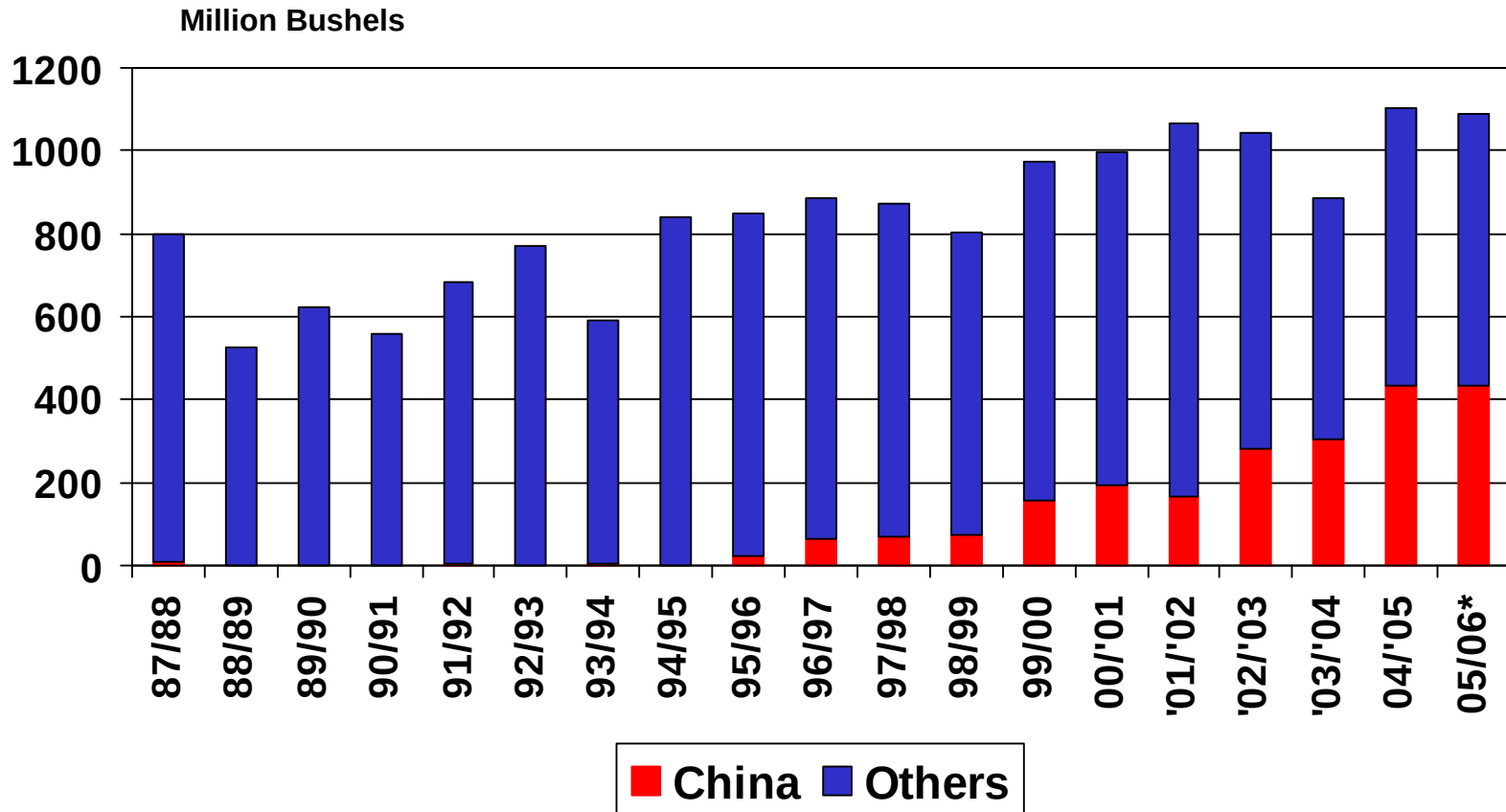
million tonnes

Average of more than 8 mmt since 2000



U.S. Soybean Exports

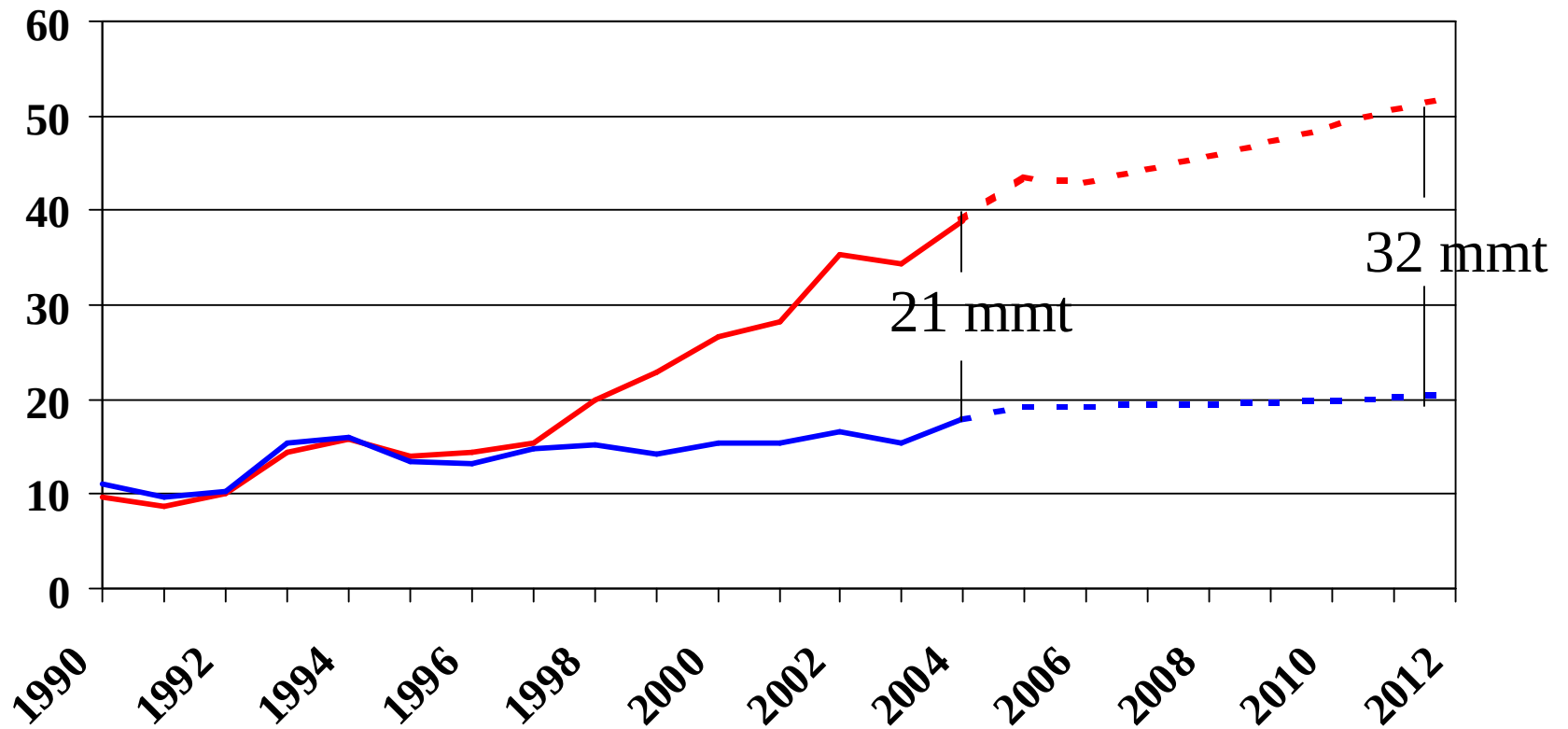
China's share of U.S. exports is increasing to nearly 40% of total



* Doane Projection

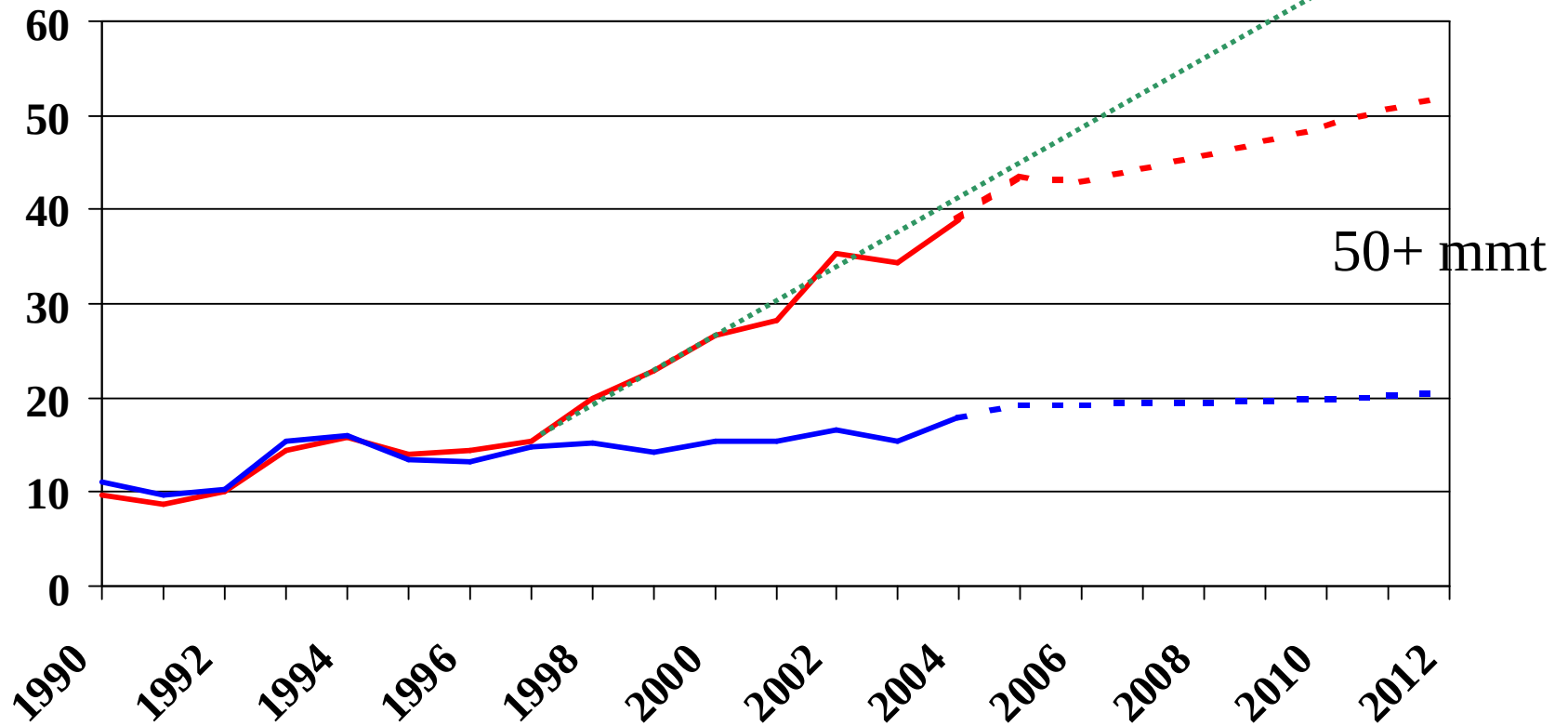
Production & Use in China

million tonnes

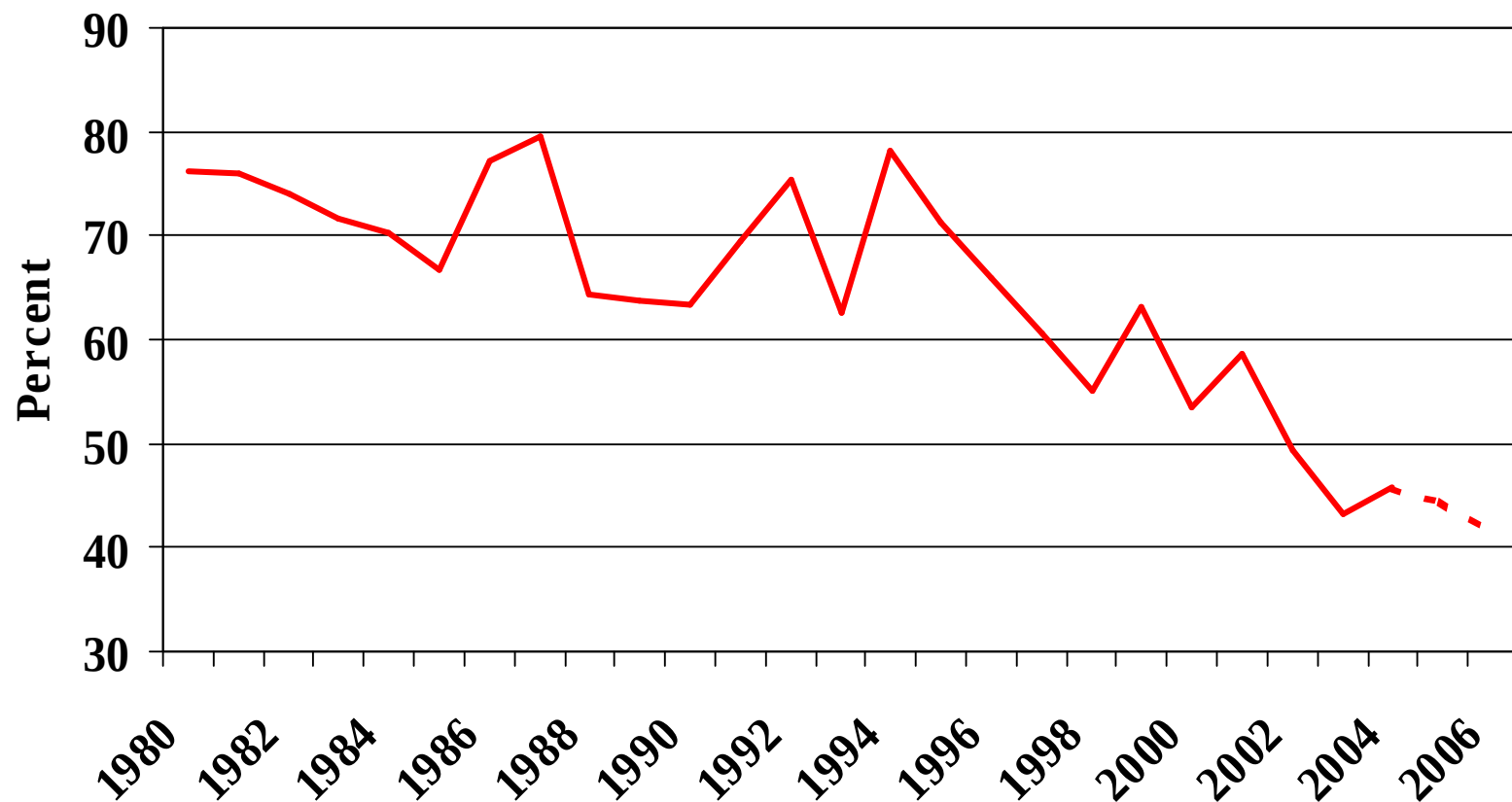


Production & Use in China

million tonnes

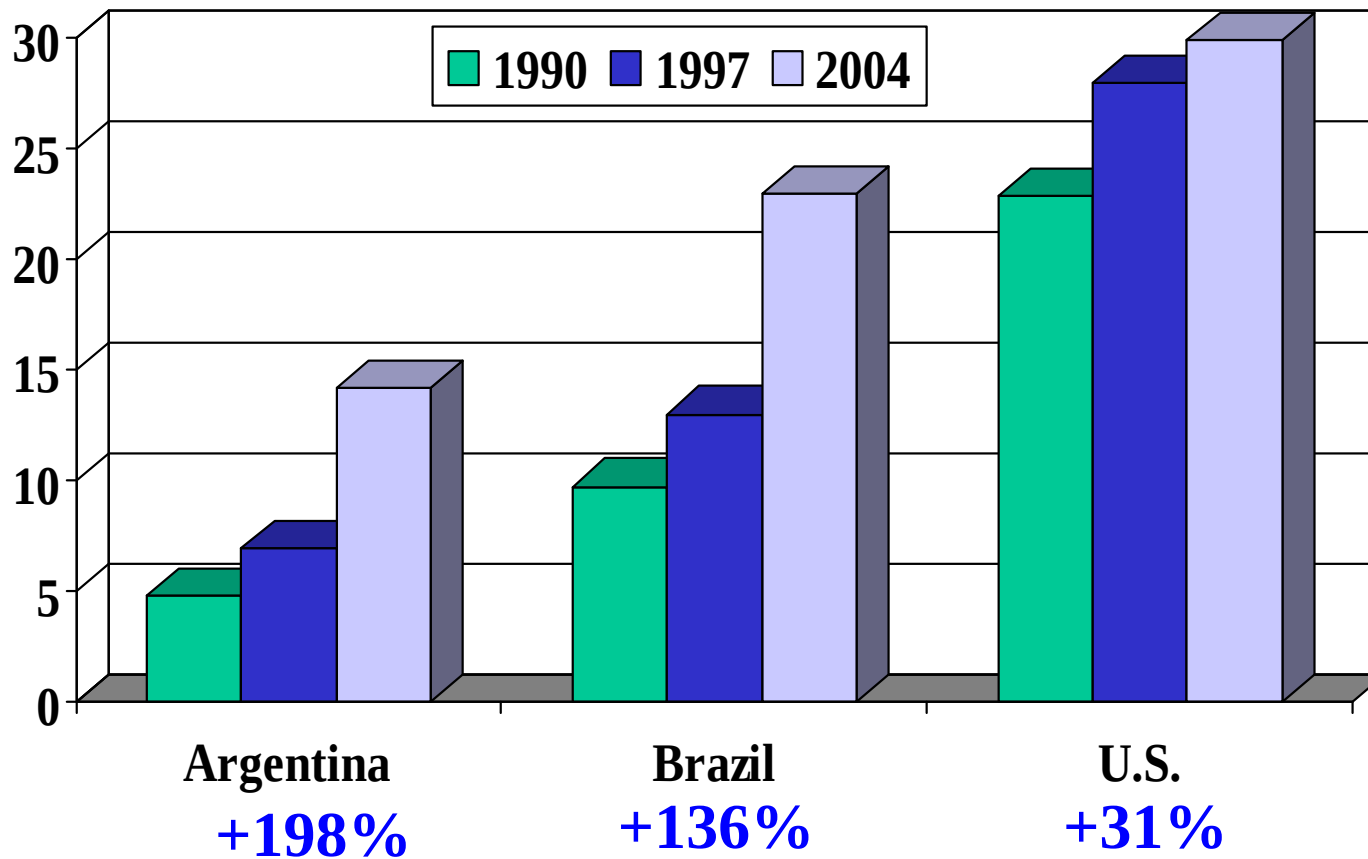


U.S. Share of World Soybean Market



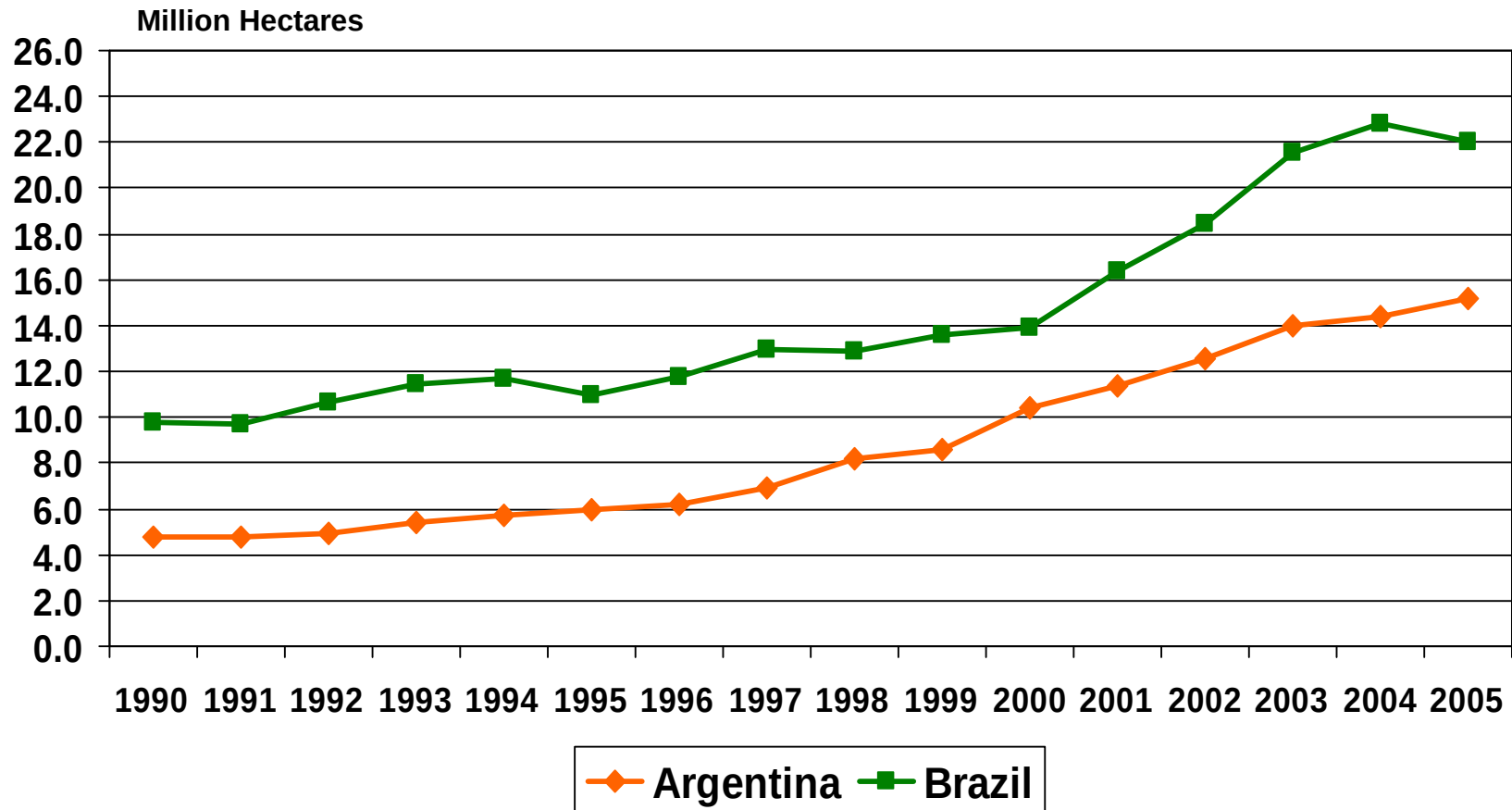
Soybean Area Harvested

million hectares



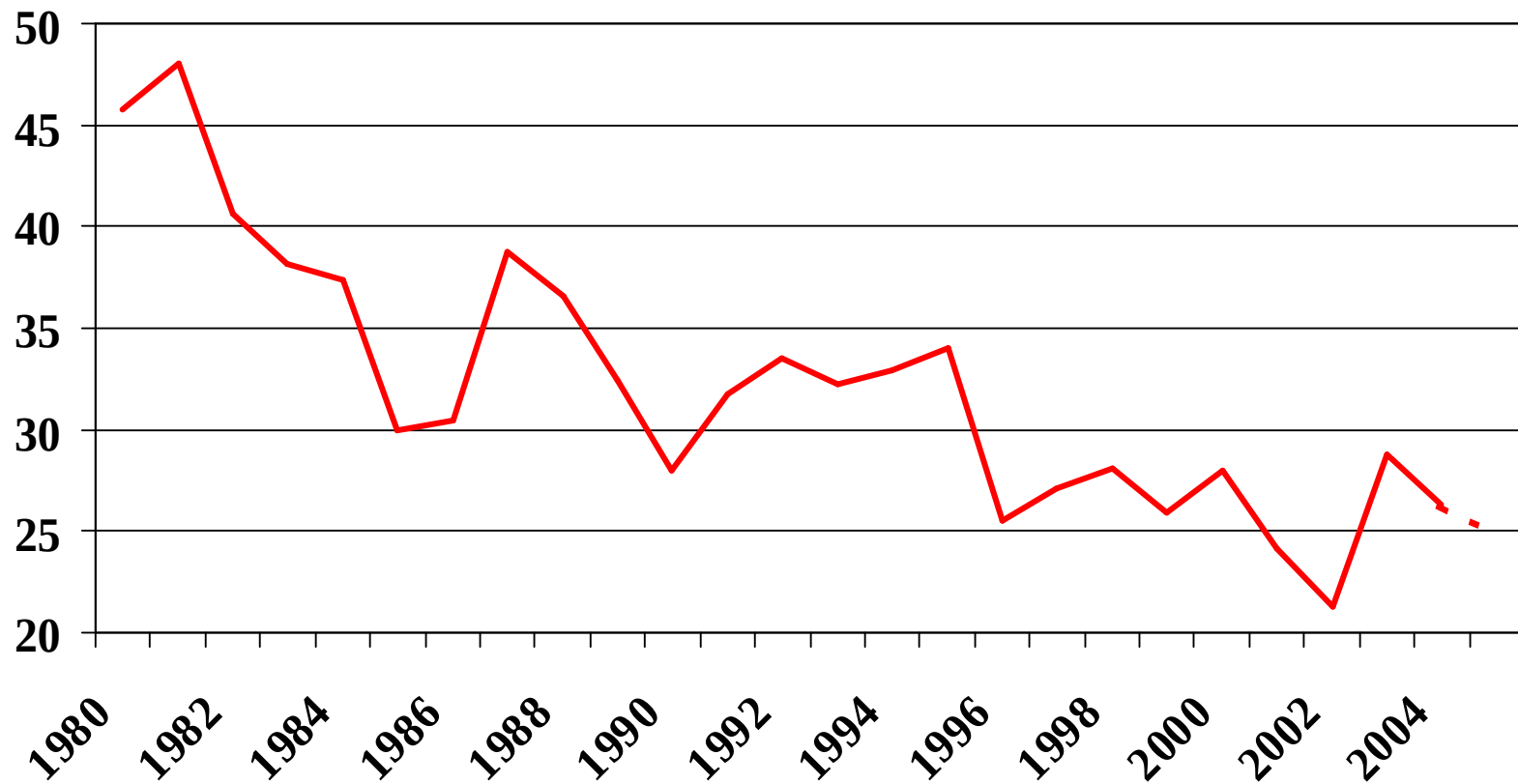
Argentine and Brazilian Soybean Harvested Area

Brazilian soybean area may be flattening out,"S"-curve, while Argentine area continues to expand



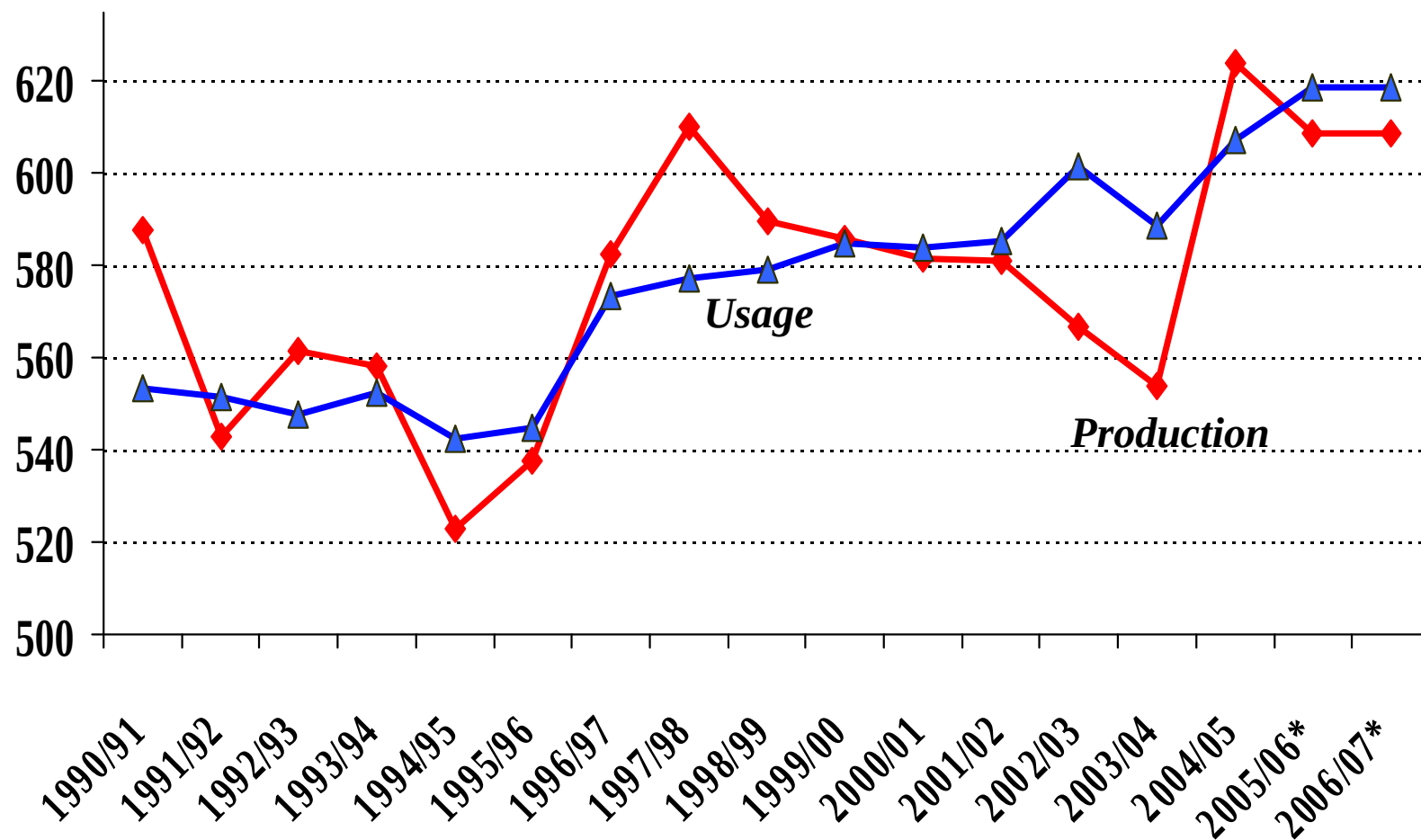
U.S. Share of World Wheat Trade

percent



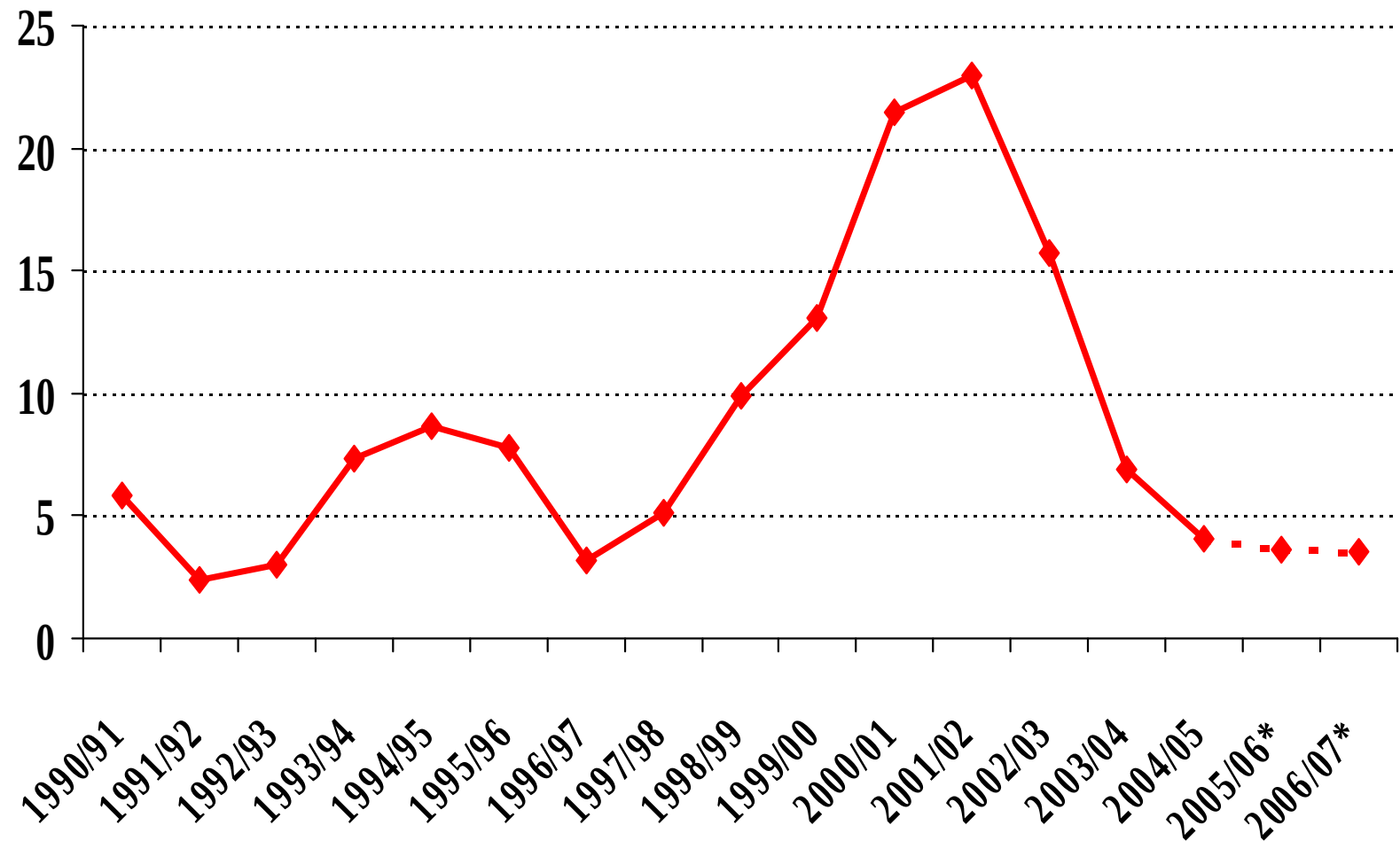
WORLD WHEAT PRODUCTION AND USAGE

MMT



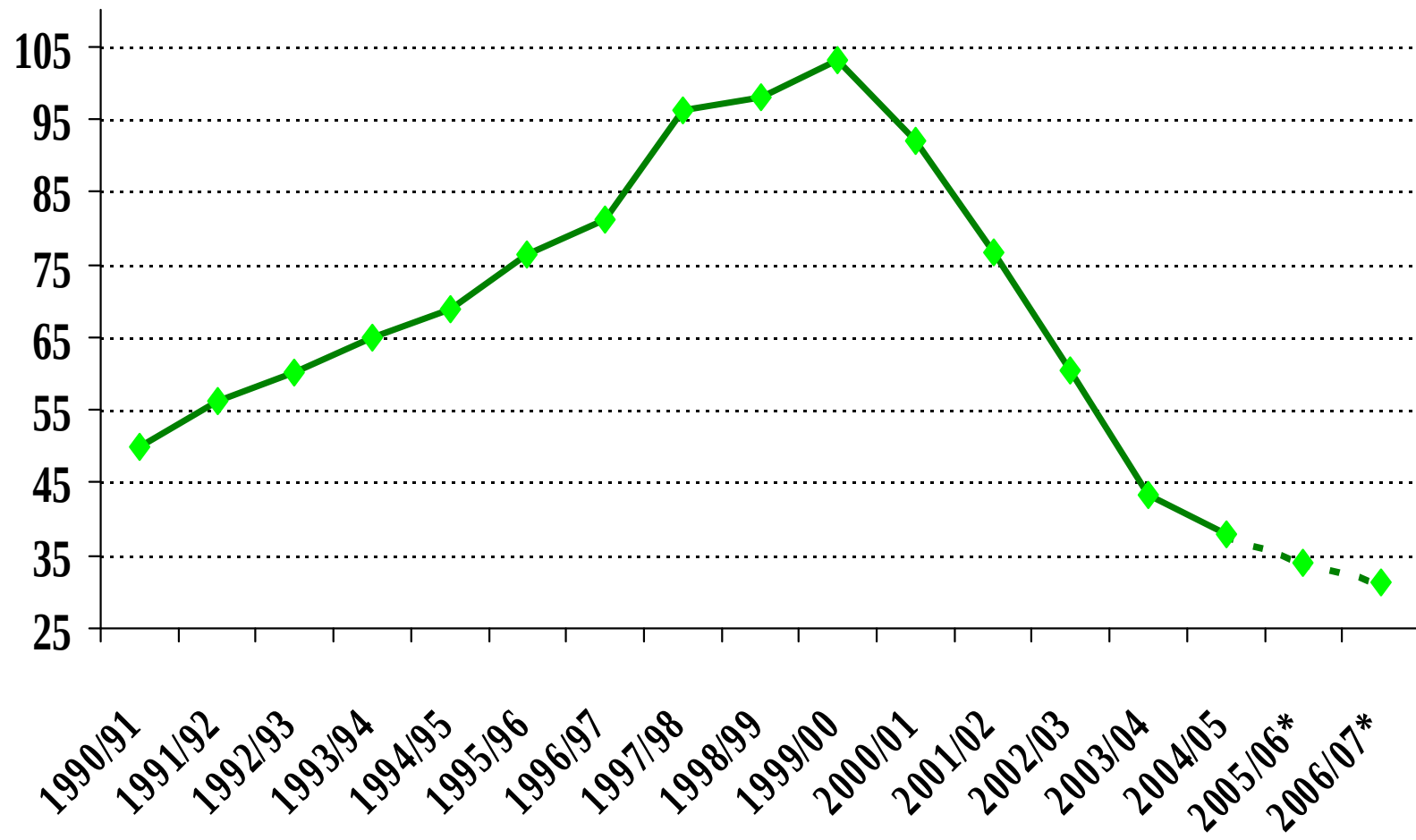
INDIA'S ENDING WHEAT STOCKS ARE PRECARIOUSLY LOW

MMT



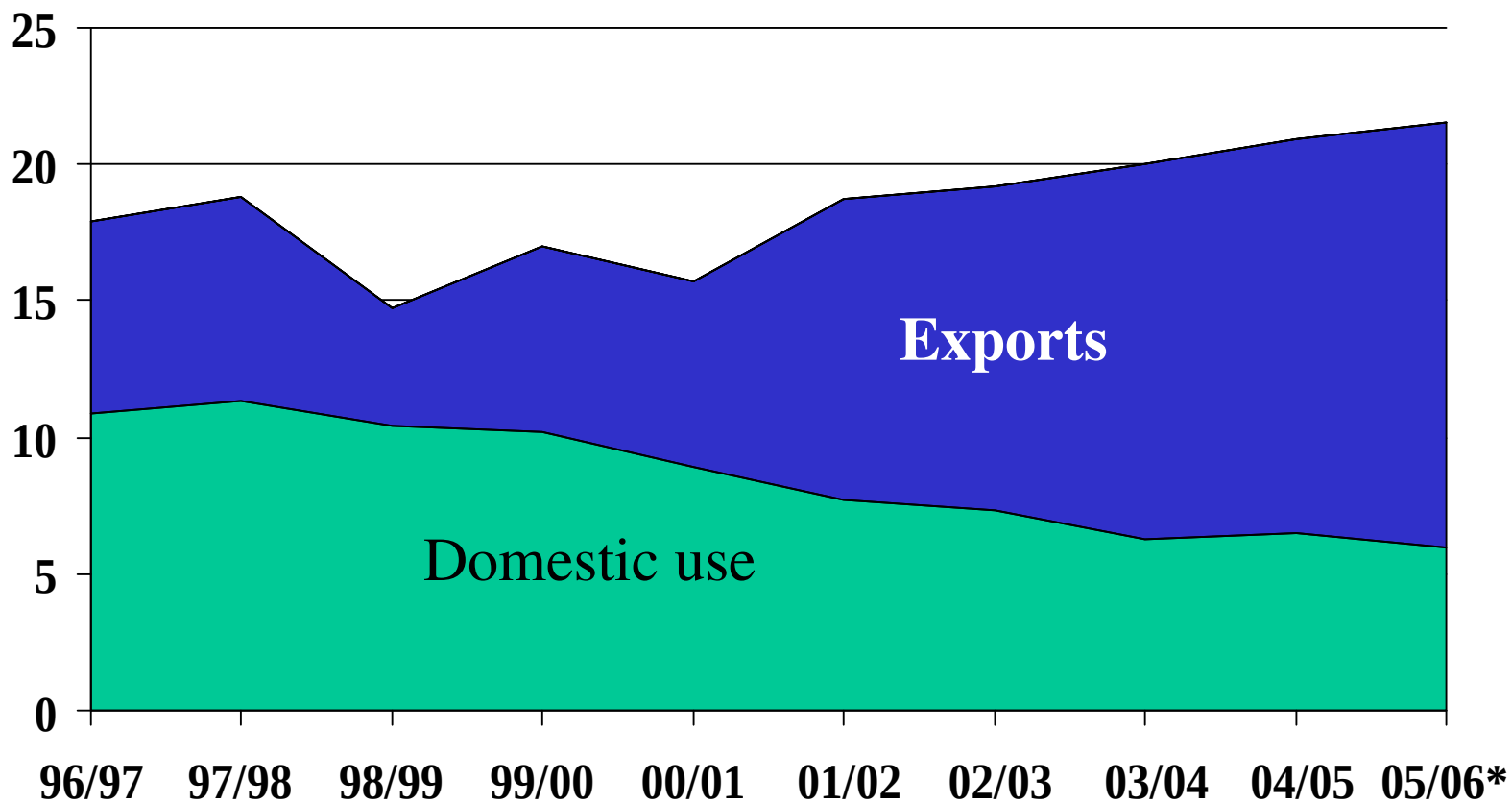
CHINA'S WHEAT STOCKS

MMT



U.S. Cotton Use

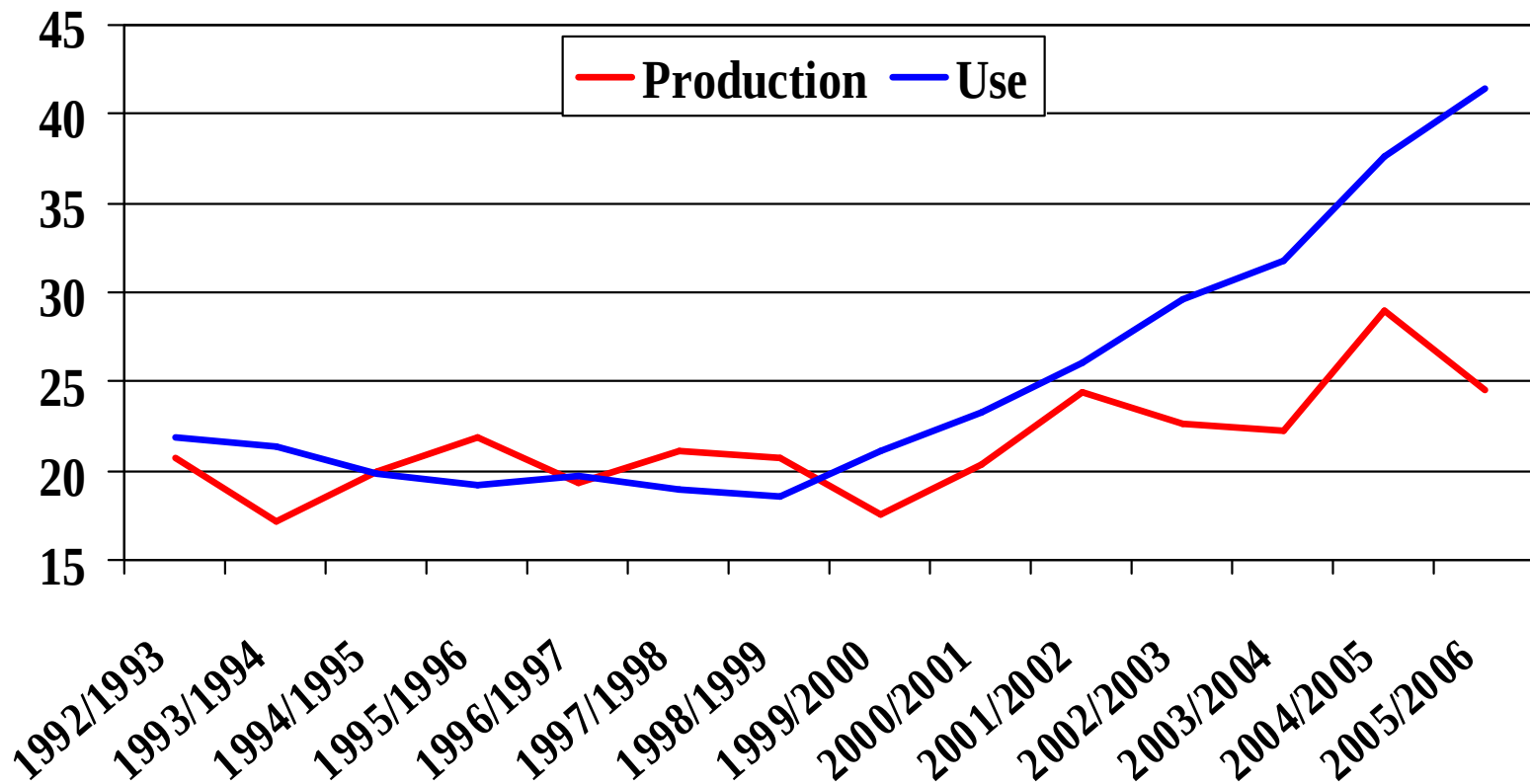
Million bales



* Doane Projections

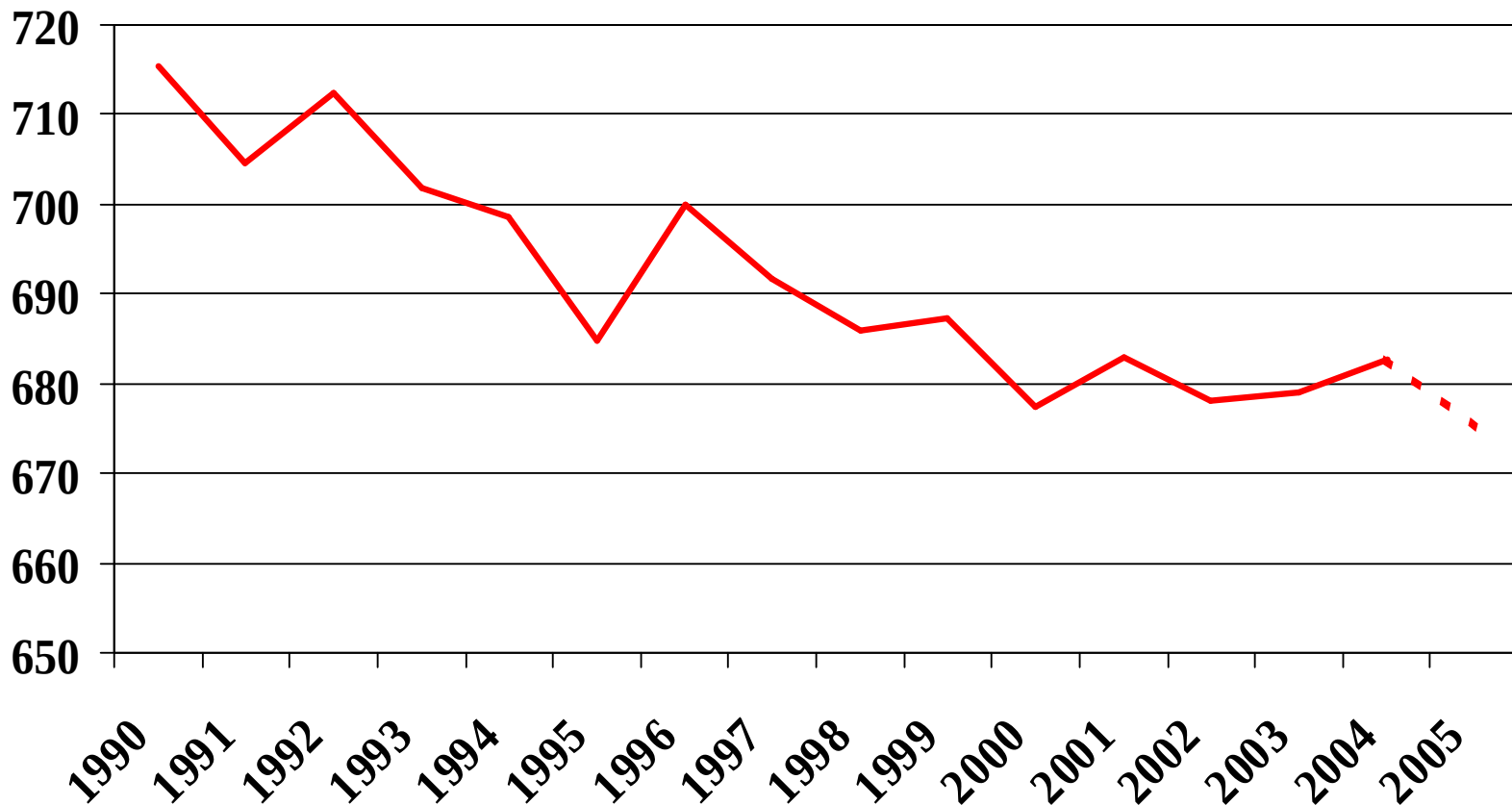
China's Cotton Balance

million bales



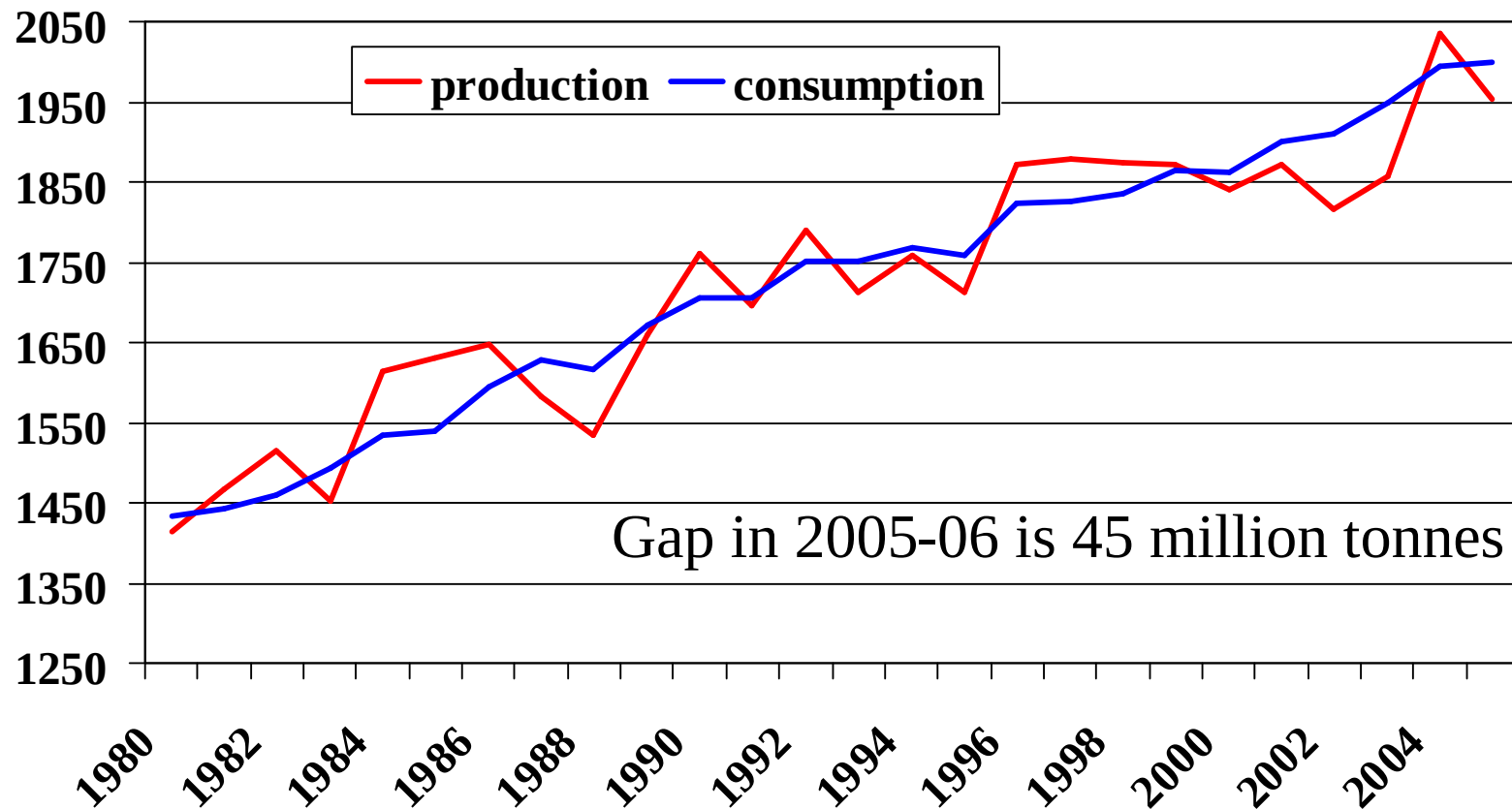
Per Capita Grain Consumption

pounds



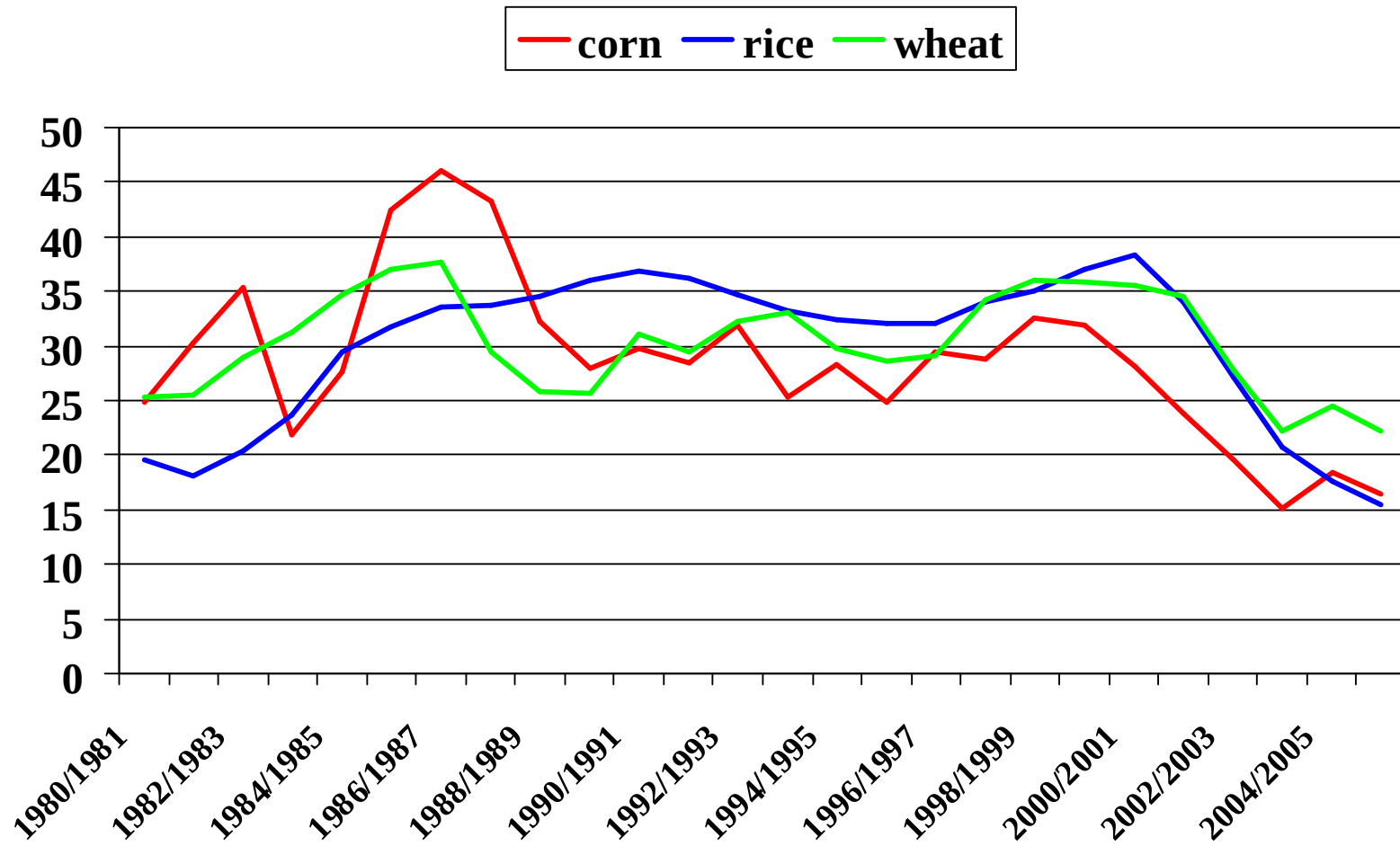
World Grain Production & Use

million tonnes



Grain Stocks-Use Ratios

percent



Questions???