

Ask the Experts:

The 2013 USDA Prospective Plantings Report

March 27, 2013

2013 PROSPECTIVE PLANTINGS PREVIEW & MARKET OUTLOOK: A PAINFUL TRANSITION?



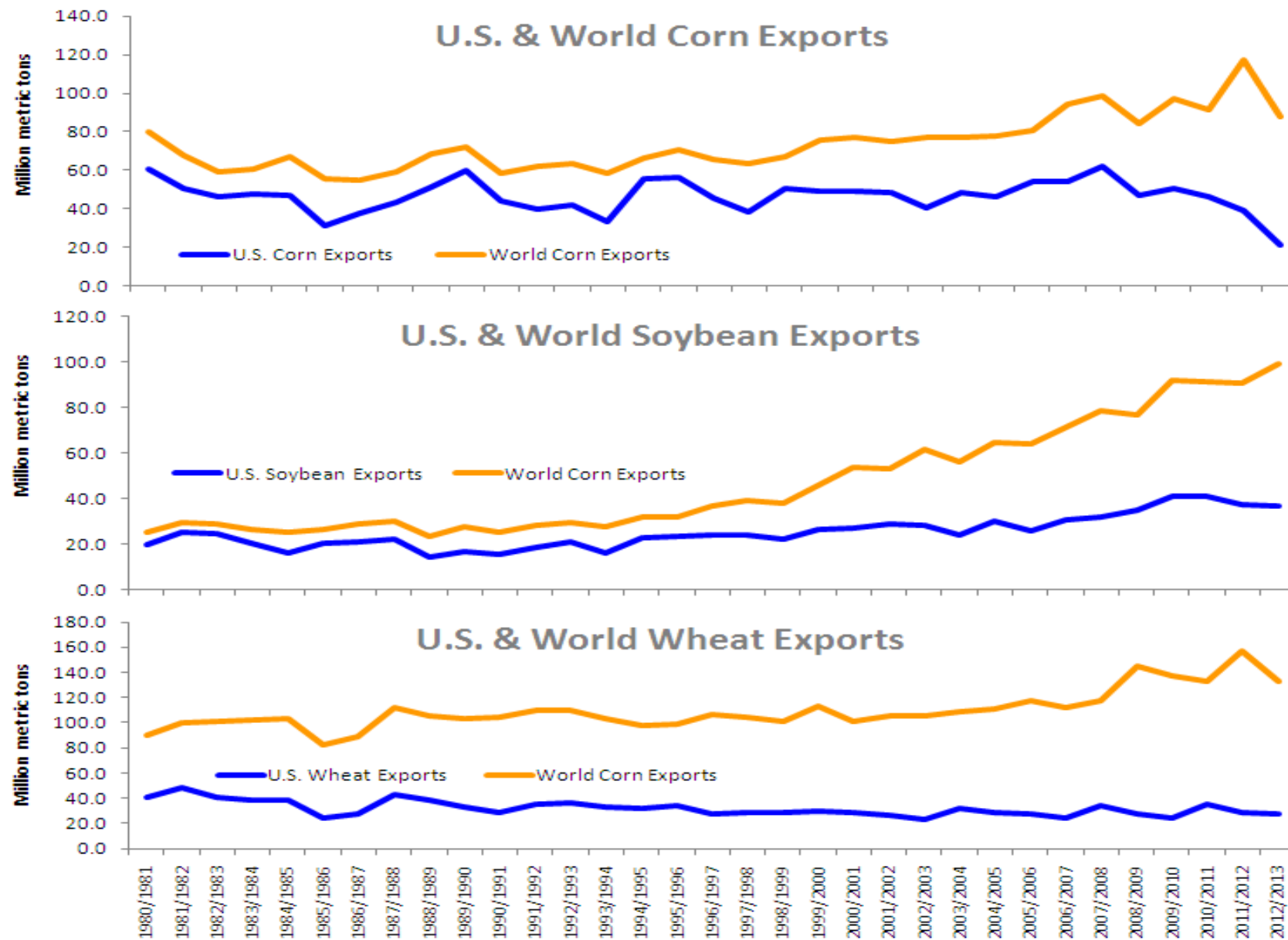
Presentation by:
Gavin Maguire
Agriculture Markets Columnist
Thomson Reuters

- International Trade Overview
- U.S. Exports
- China Imports & Domestic Prices
- U.S. Basis Trends
- Spec & Hedge Positions
- U.S. & World Stocks/Use



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Global Trade Outlook: U.S. Losing Share of Global Grain Trade



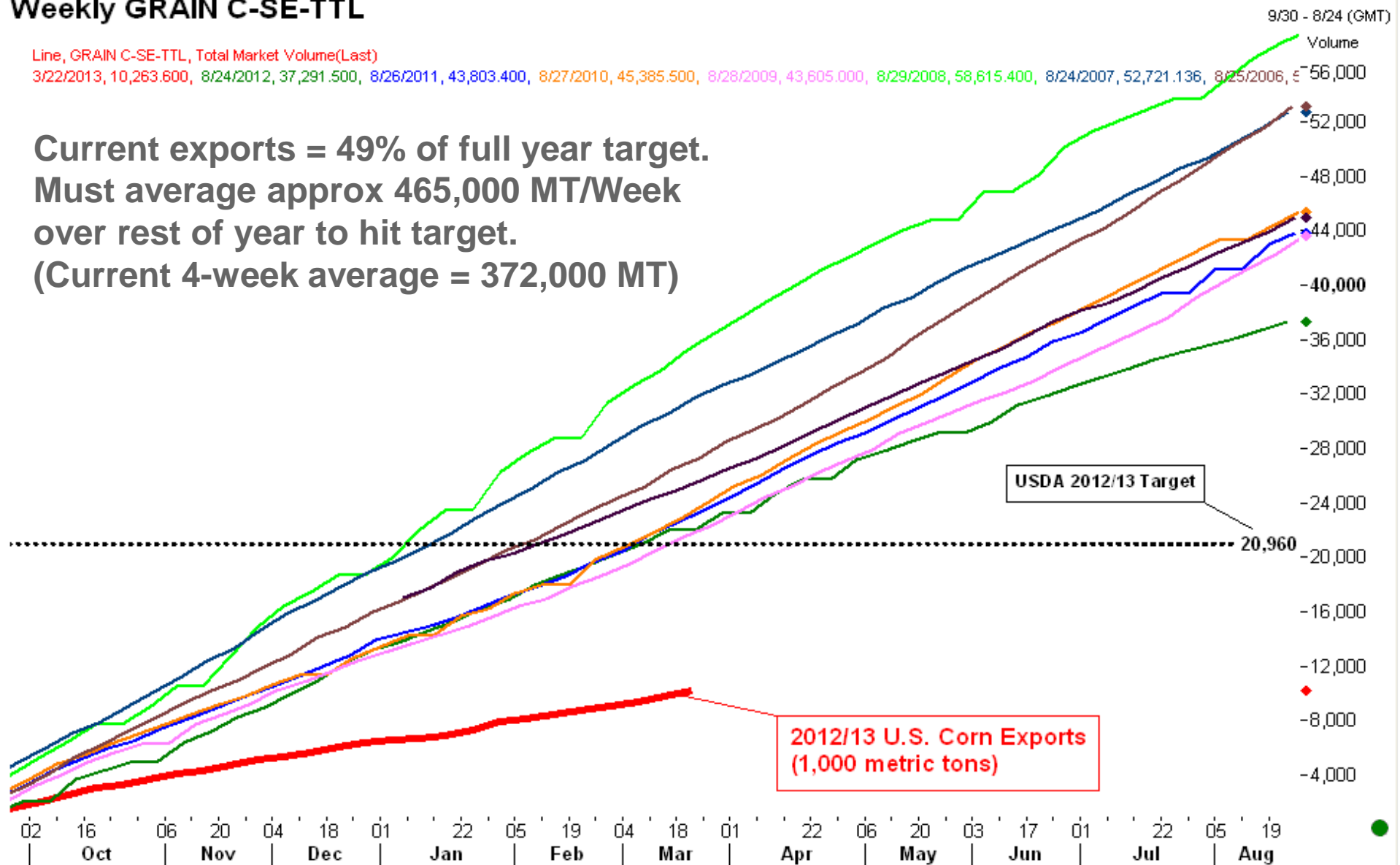
U.S. Corn Exports: Continuing to disappoint

Weekly GRAIN C-SE-TTL

Line, GRAIN C-SE-TTL, Total Market Volume(Last)

3/22/2013, 10,263.600, 8/24/2012, 37,291.500, 8/26/2011, 43,803.400, 8/27/2010, 45,385.500, 8/28/2009, 43,605.000, 8/29/2008, 58,615.400, 8/24/2007, 52,721.136, 8/25/2006, 52,721.136

**Current exports = 49% of full year target.
Must average approx 465,000 MT/Week
over rest of year to hit target.
(Current 4-week average = 372,000 MT)**



U.S. Soybean Exports: Almost at full-year target with 5 months to go

Weekly GRAIN SOY-SE-TTL

Line, GRAIN SOY-SE-TTL, Total Market Volume(Last)

3/22/2013, 31,898.600, 8/24/2012, 35,776.700, 8/26/2011, 39,517.900, 8/27/2010, 38,728.700, 8/28/2009, 33,097.000, 8/29/2008, 30,064.900, 8/24/2007, 29,870.694, 8/25/2006, 2

9/30 - 8/24 (GMT)

Volume

42,000

39,000

36,000

33,000

30,000

27,000

24,000

21,000

18,000

15,000

12,000

9,000

6,000

3,000

2012/13 U.S. Soybean Exports
(1,000 metric tons)

USDA 2012/13 Target

Current exports = 87% of full year target.
Must average 204,000 metric tons/week
over rest of marketing year to hit target.
(Current 4-week average = 726,000 MT)

02 '16 Oct 06 '20 Nov 04 '18 Dec 01 '22 Jan 05 '19 Feb 04 '18 Mar 01 '22 Apr 06 '20 May 03 '17 Jun 01 '22 Jul 05 '19 Aug

U.S. Wheat Exports: Picking up pace

Weekly GRAIN W-SE-TTL

Line, GRAIN W-SE-TTL, Total Market Volume(Last)

3/22/2013, 19,396.600, 5/25/2012, 25,452.800, 5/27/2011, 32,089.400, 5/28/2010, 21,100.200, 5/29/2009, 25,338.200

**Current exports = 69% of full year target.
Must average approx 654,000 MT/Week
over rest of year to hit target.
(Current 4-week average = 693,000 MT)**

USDA 2012/13 Target

2012/13 U.S. Wheat Exports
(1,000 metric tons)

7/4 - 5/28 (GMT)

Volume

-30,000

-28,000

-26,000

-24,000

-22,000

-20,000

-18,000

-16,000

-14,000

-12,000

-10,000

-8,000

-6,000

-4,000

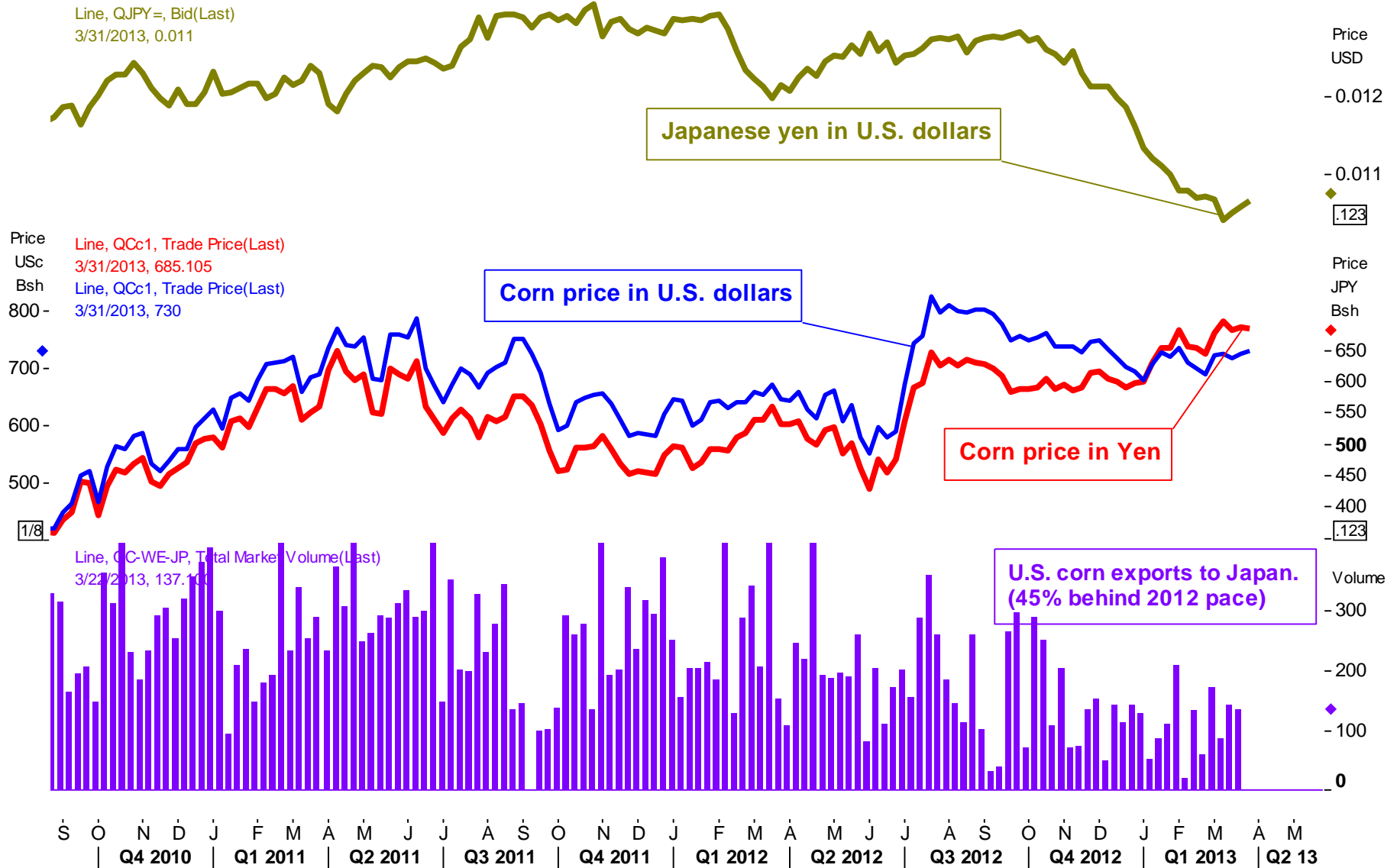
-2,000

17 Jul 07 Aug 21 Sep 02 16 Oct 06 Nov 20 04 Dec 18 01 Jan 22 05 Feb 19 04 Mar 18 01 Apr 22 06 May 20

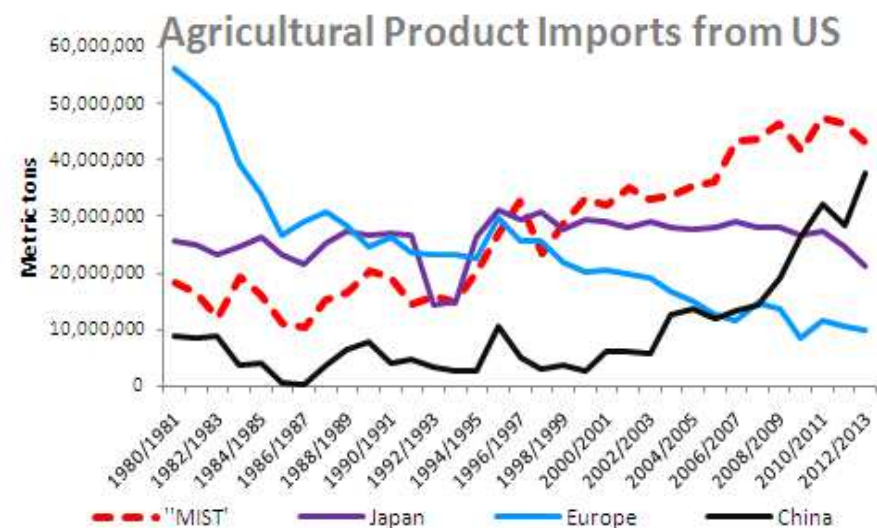
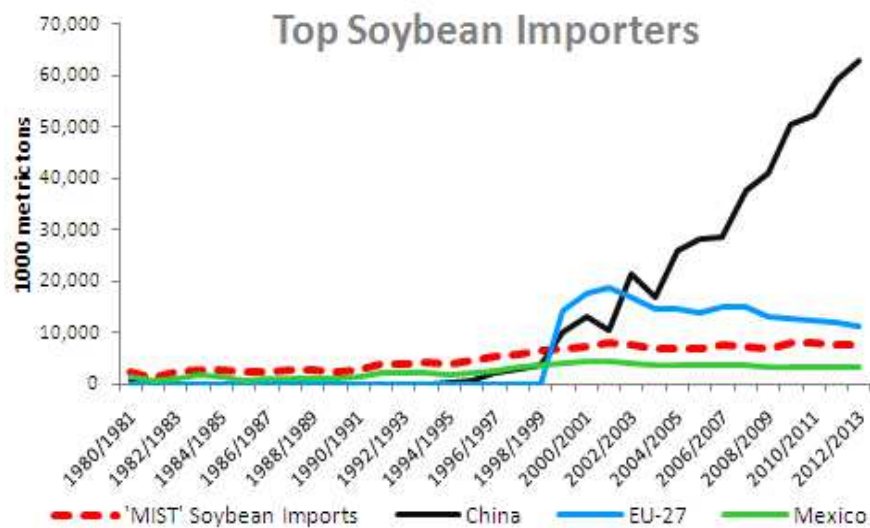
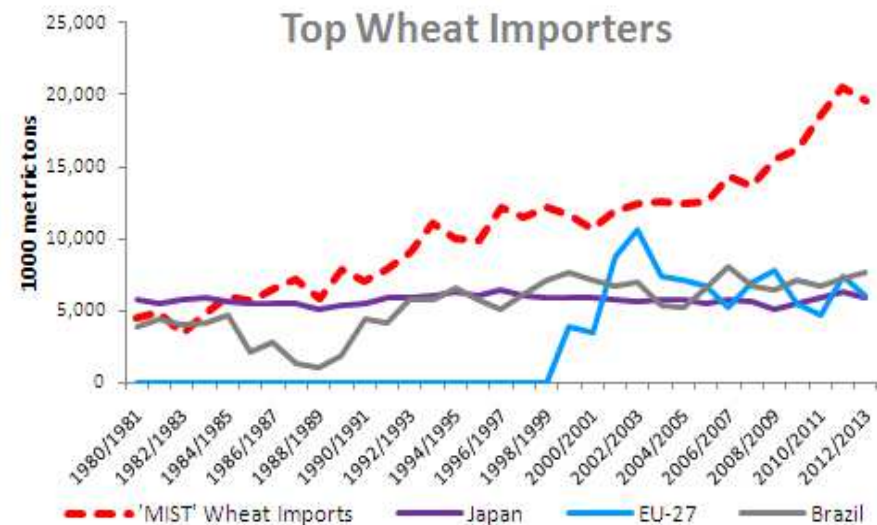
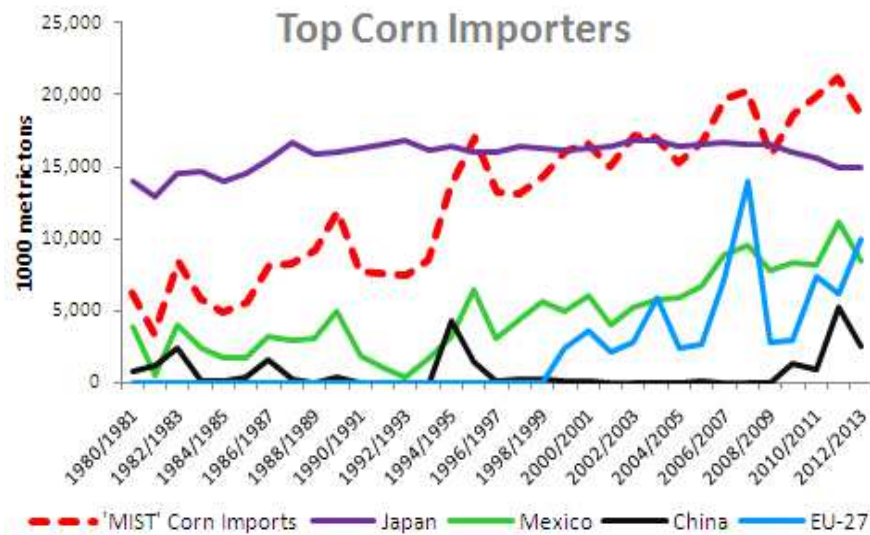
Weakening yen hurting Japanese corn import demand

Weekly QJPY=, QCc1, QC-WE-JP

8/29/2010 - 5/26/2013 (GMT)



'MIST' Countries ramping up U.S. crop imports



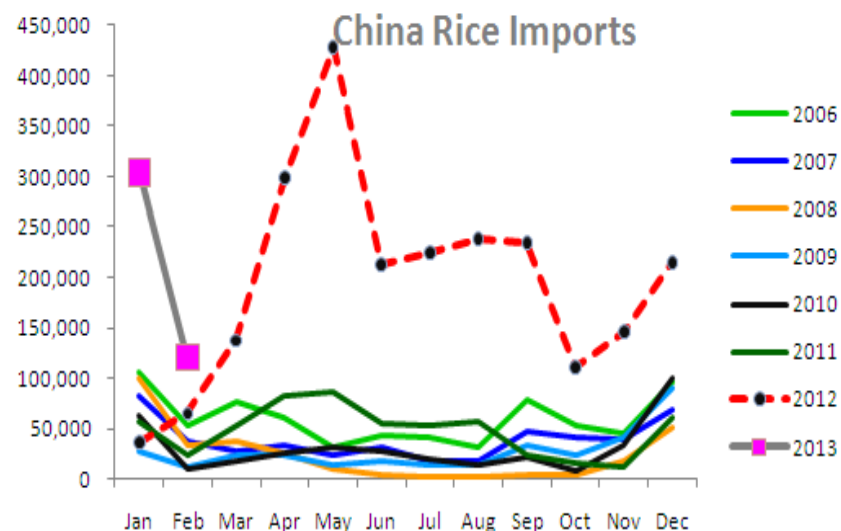
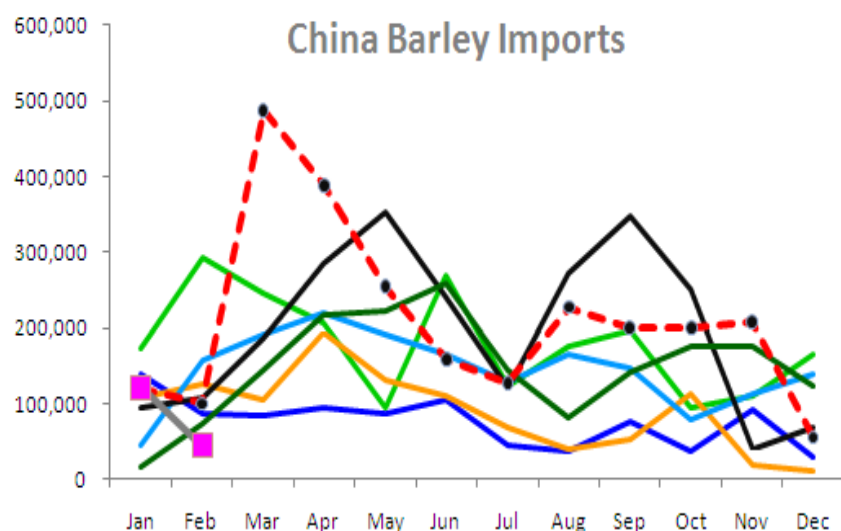
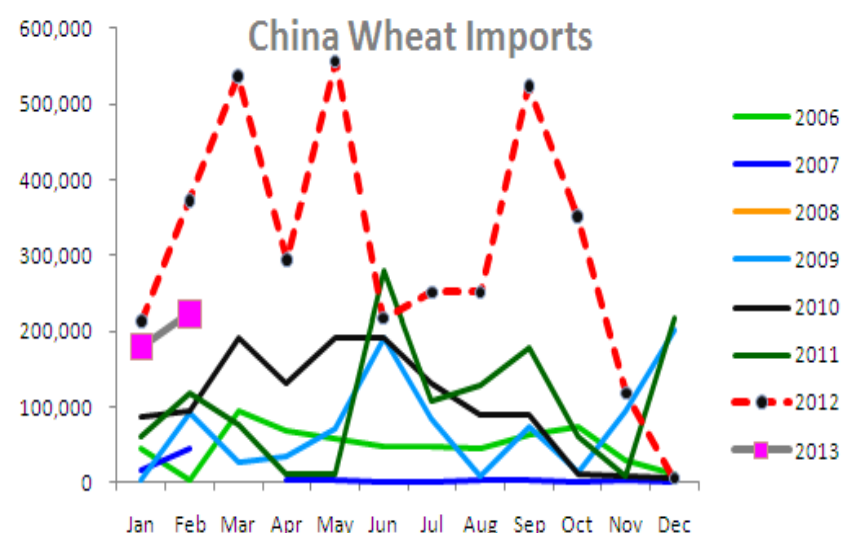
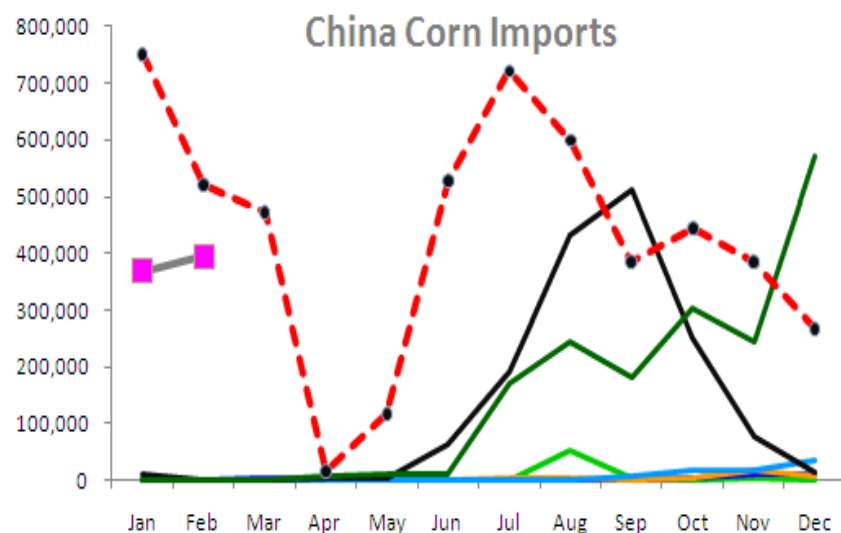
MIST countries = Mexico, Indonesia, South Korea & Turkey

Source: USDA FAS



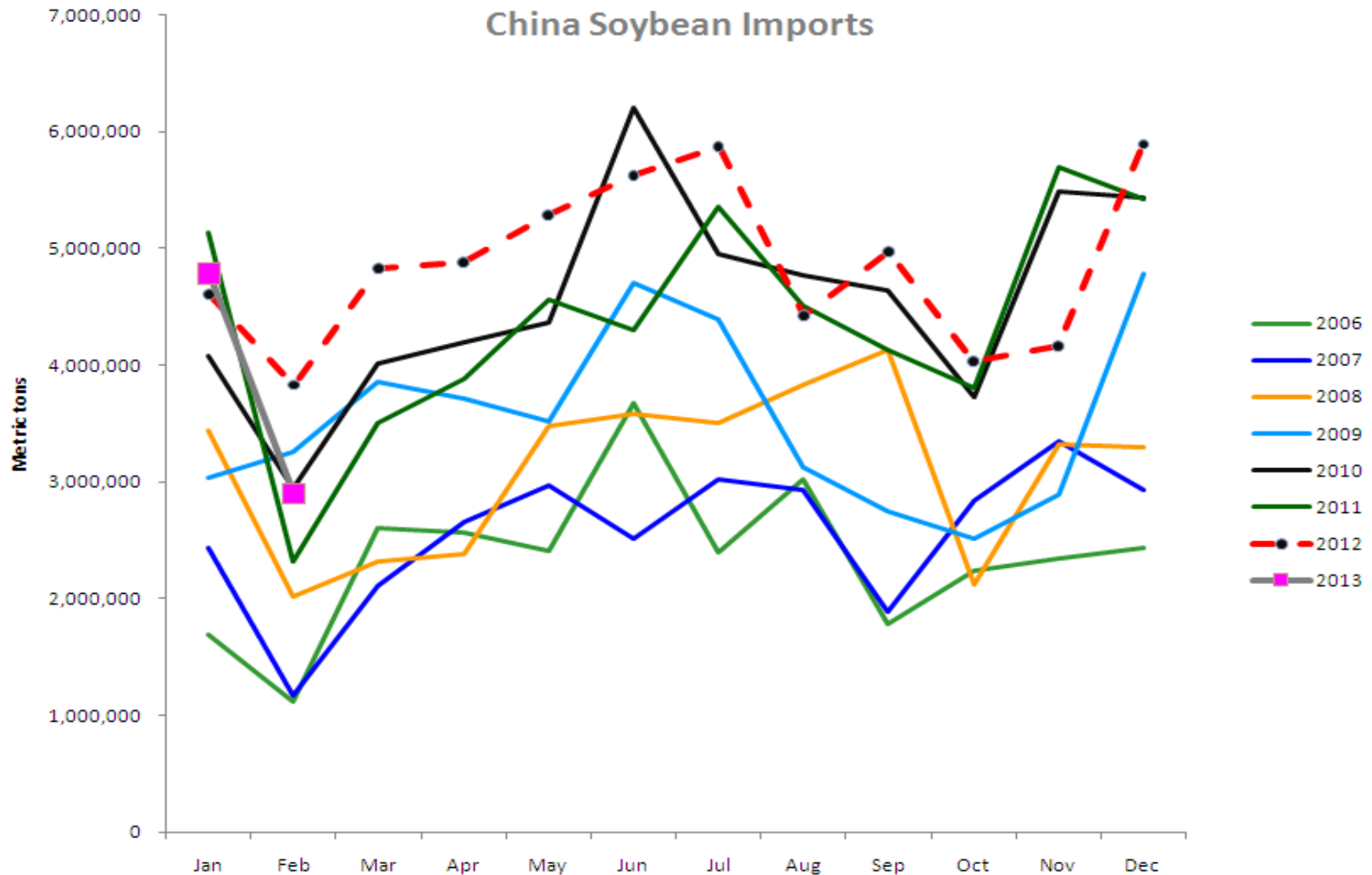
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China Grain Imports: Hard to match 2012 pace

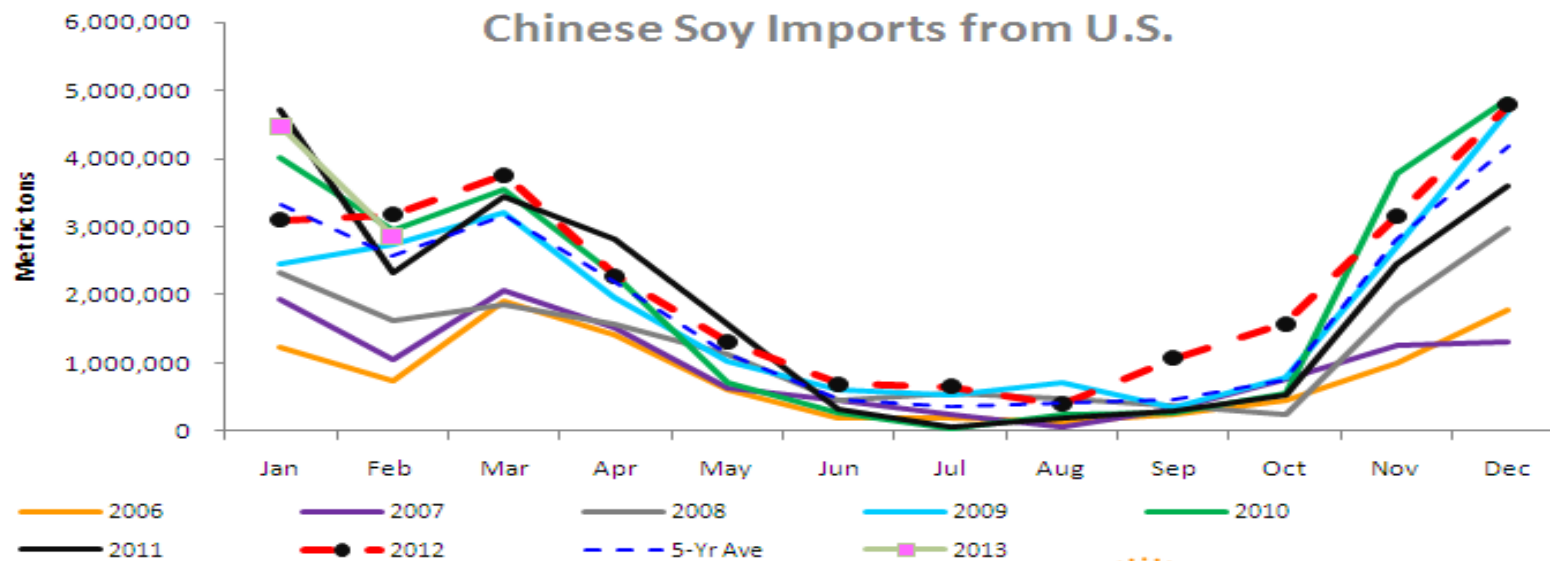
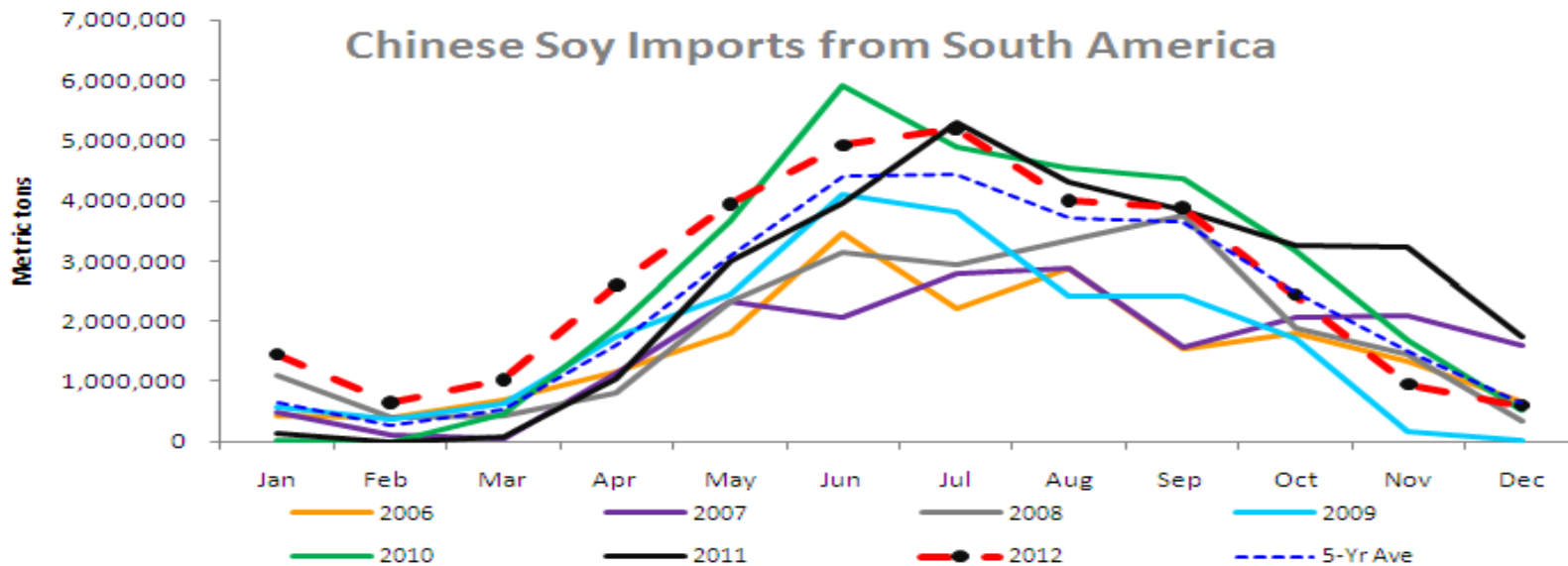


China Soybean Imports:

Room for improvement ahead of seasonal peak



Following a Pattern: Chinese Soy Purchases by Region

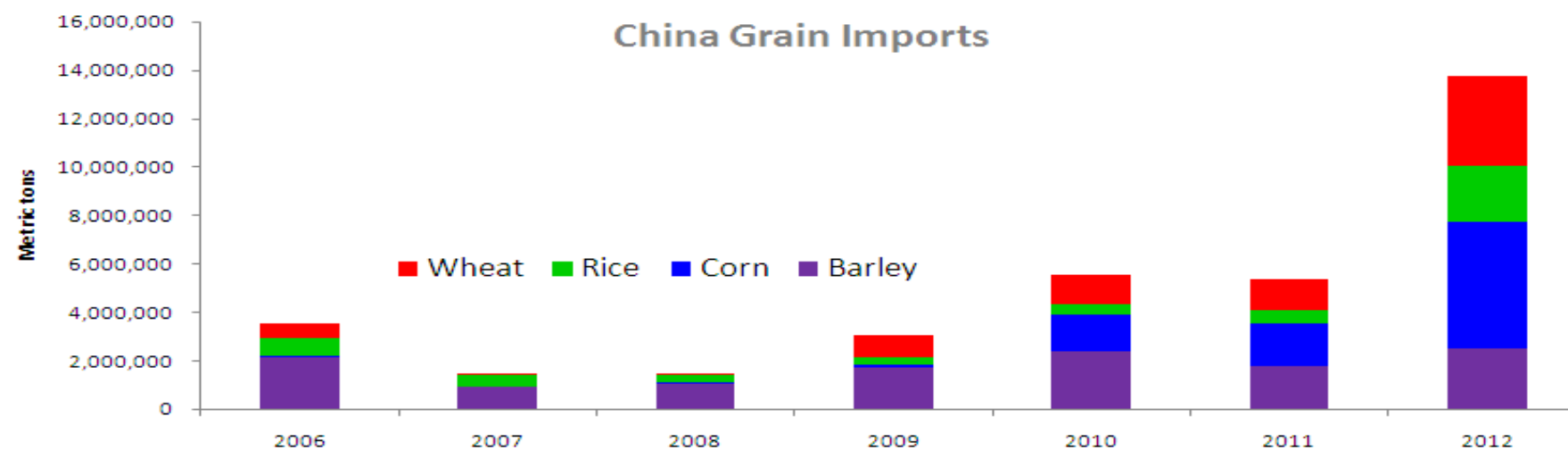
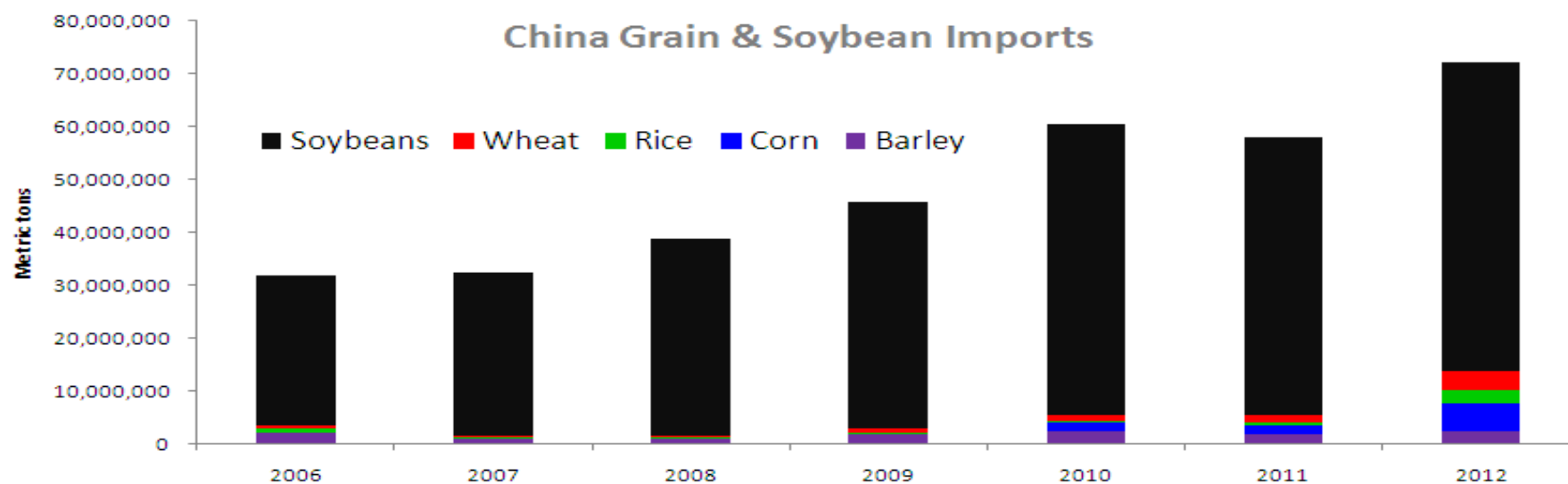


Source: Thomson Reuters Eikon, China Customs



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Stocking Up: Chinese Grain & Oilseed Imports since 2006

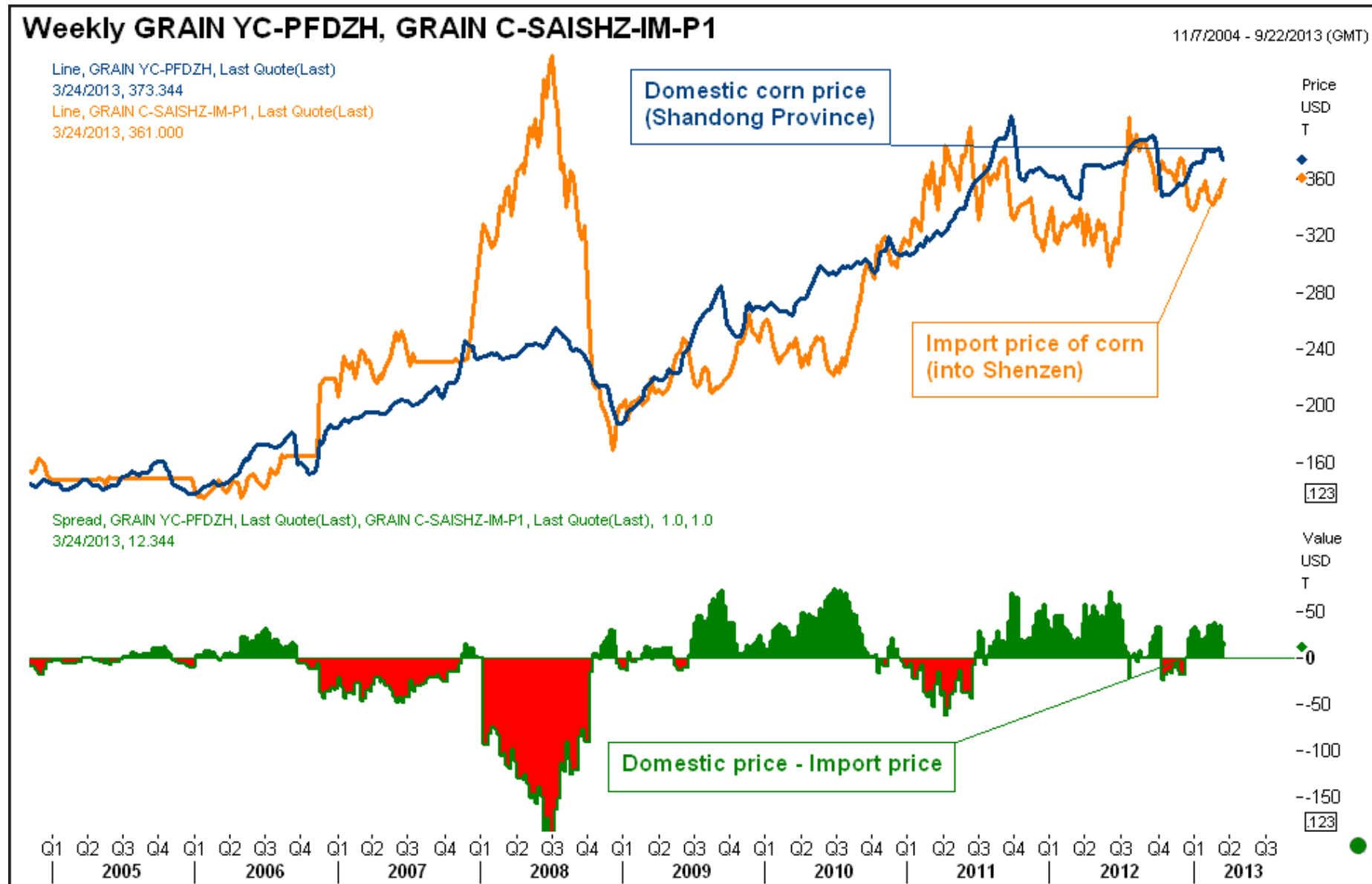


Source: Thomson Reuters Eikon, China Customs



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China Corn Prices: Domestic values firming vs import prices



China corn imports vs domestic/import price spread

Monthly China Grain Imports Oct 2012.xls!Imp vs Spread!R3C4:R89C5, GRAIN YC 1/31/2009 - 8/31/2013 (GMT)

Line, China Grain Imports Oct 2012.xls!Imp vs Spread!R3C4:R89C5, External(Last)
2/28/2013, 394,090.0000

Total Chinese corn imports
(metric tons)

Price
-700,000
-600,000
-500,000
-400,000
-300,000
-200,000
-100,000
-0

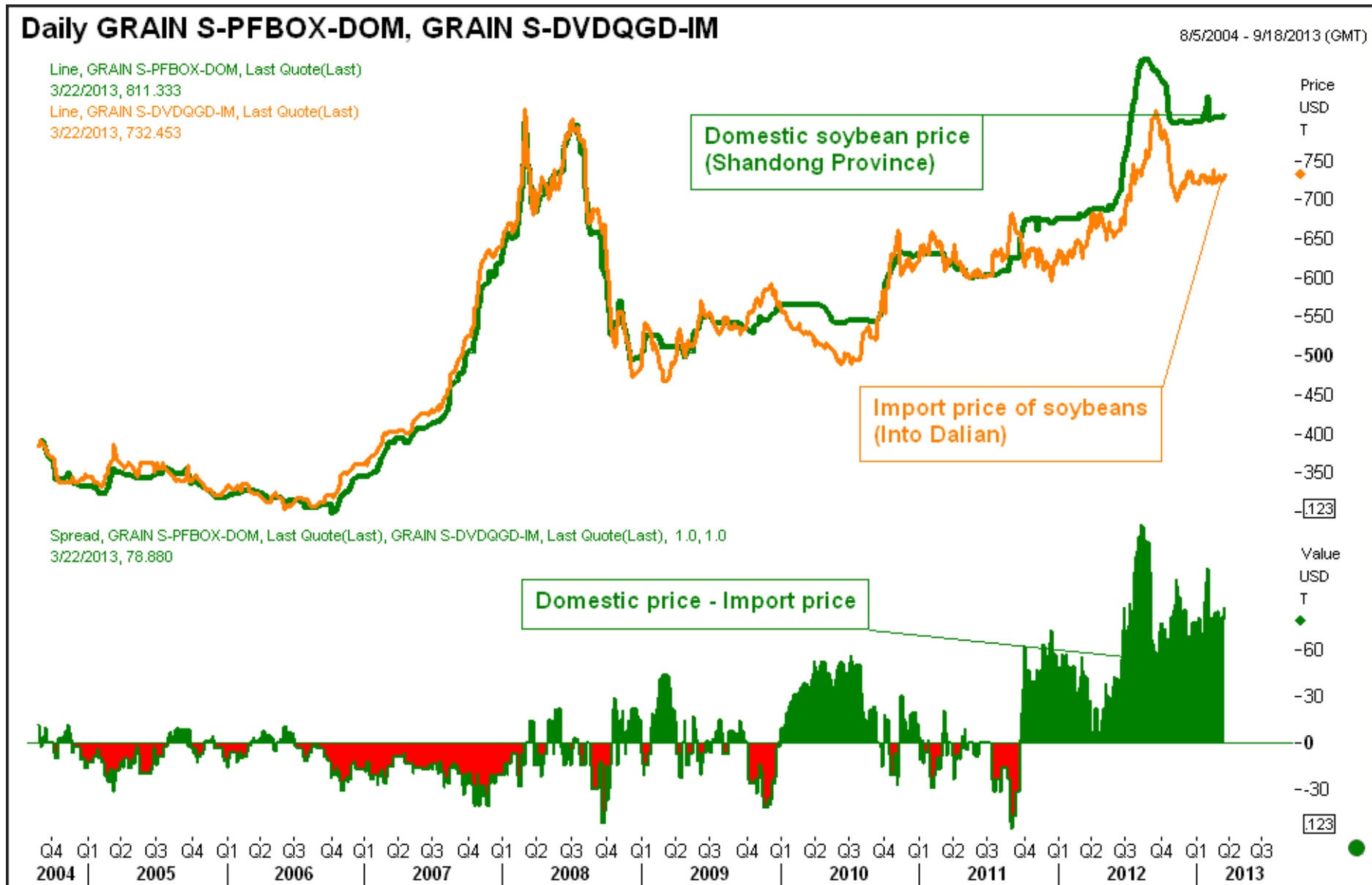
Spread, GRAIN YC-PFDZH, Last Quote(Last), GRAIN YC-SAISHZ-IM-P1, Last Quote(Last), 1.0, 1.0
3/31/2013, 12.344

Value
USD
T
-40
-20
-0
-20
-40
1234
123

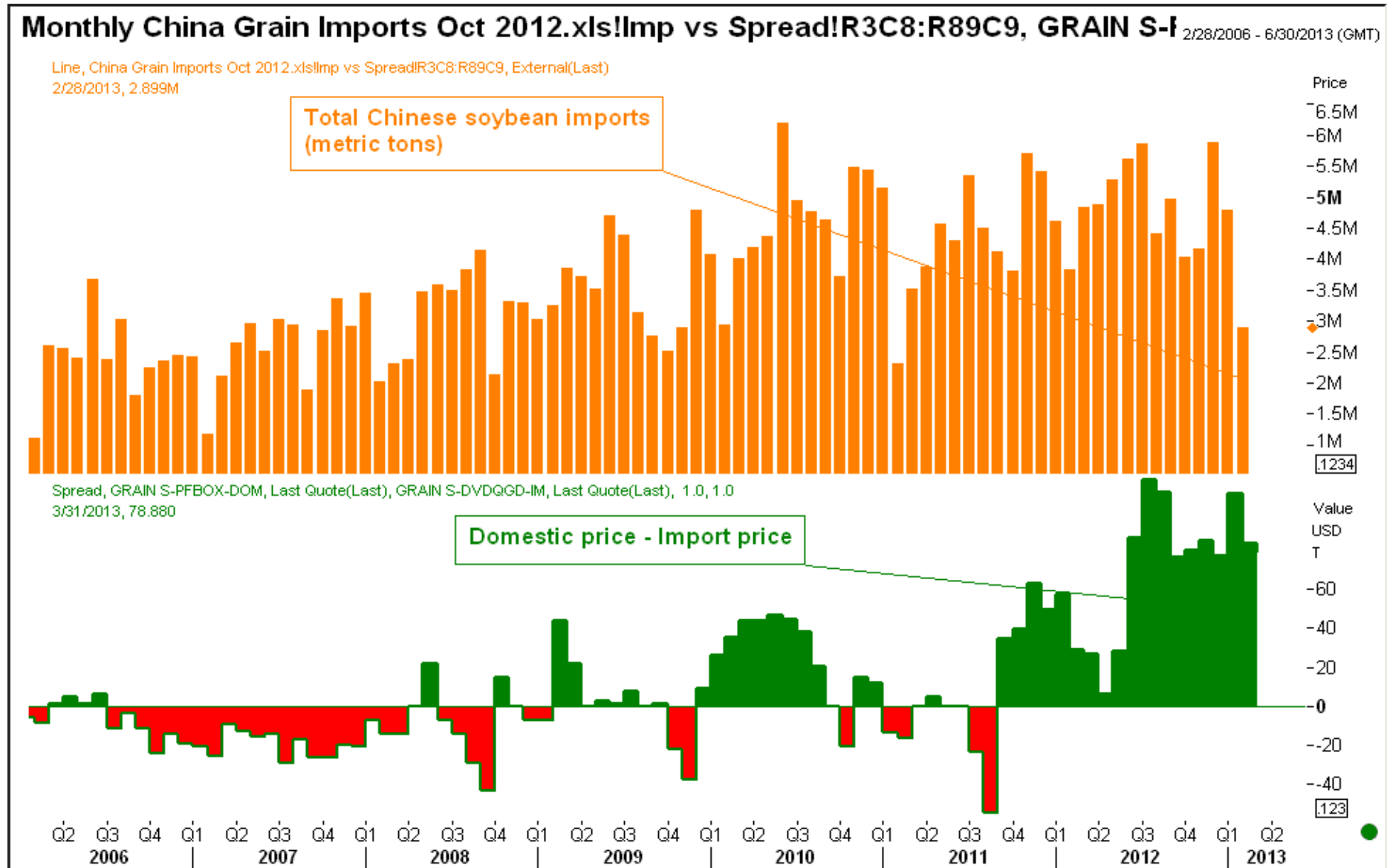
China Domestic corn price -
Corn Import price

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3
2009 2010 2011 2012 2013

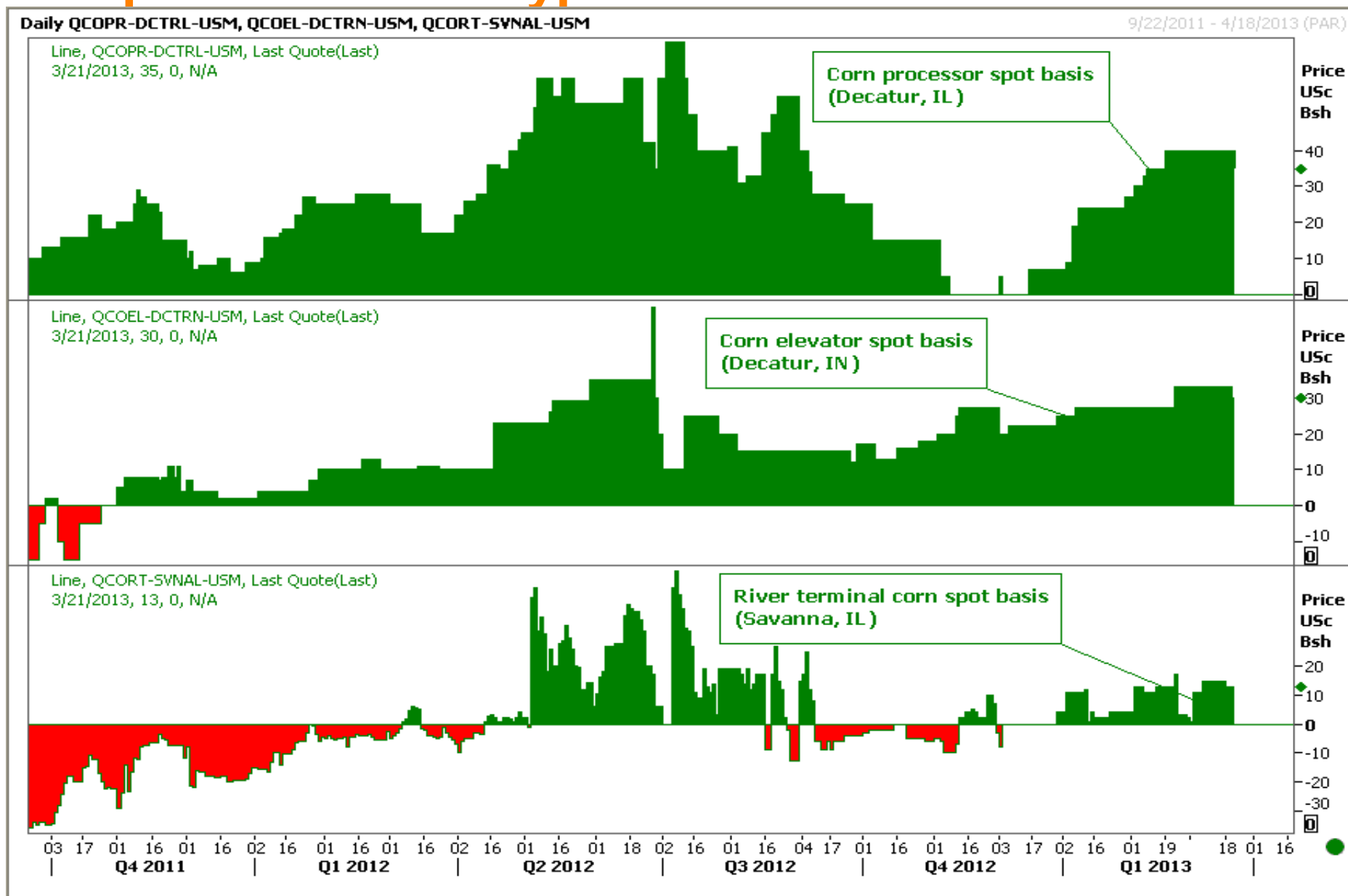
Chinese Soybean Prices: Stubbornly strong vs Import prices



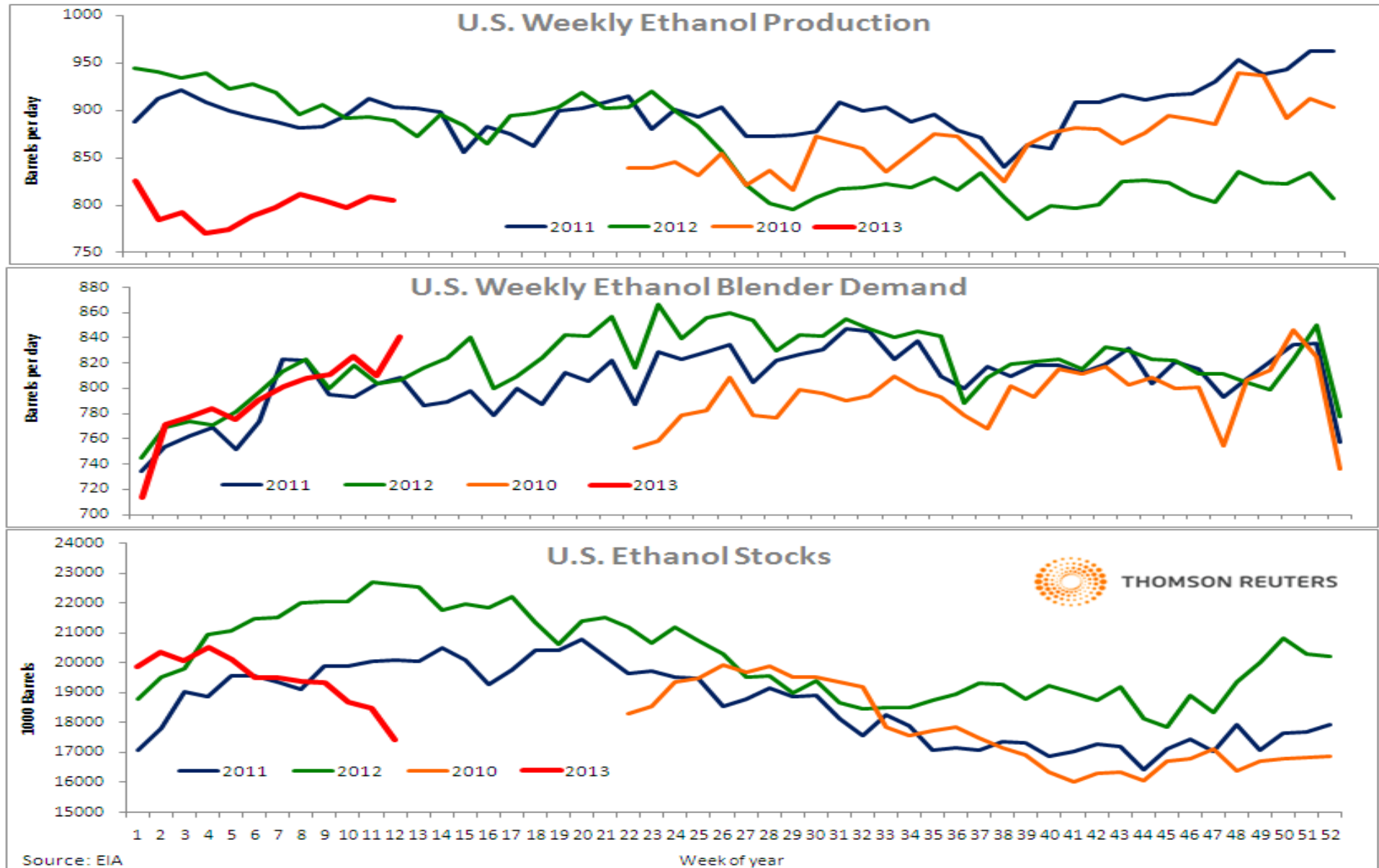
Chinese soybean imports vs domestic/import price spread



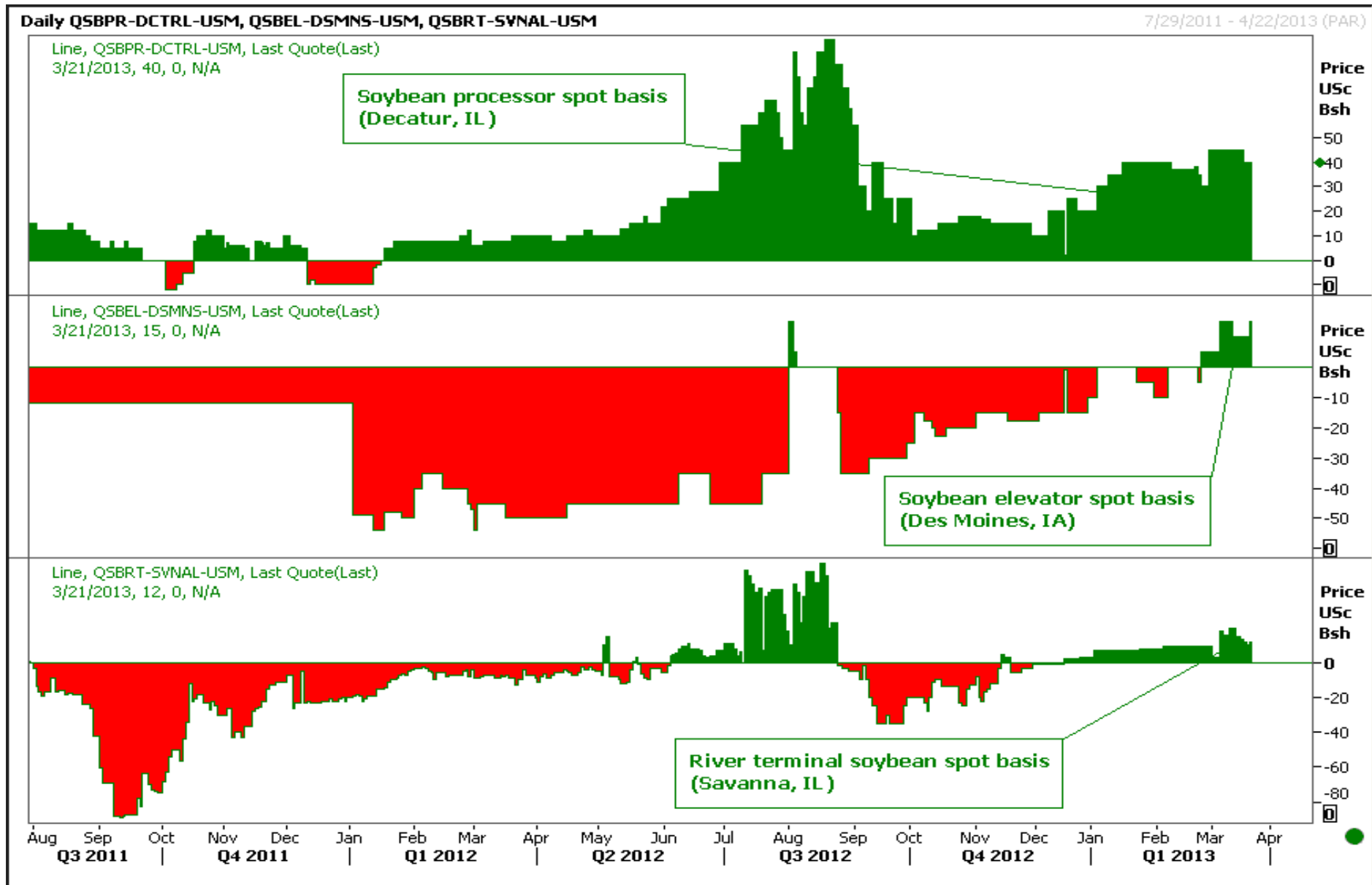
U.S. Corn Basis Outlook: Depends on user type



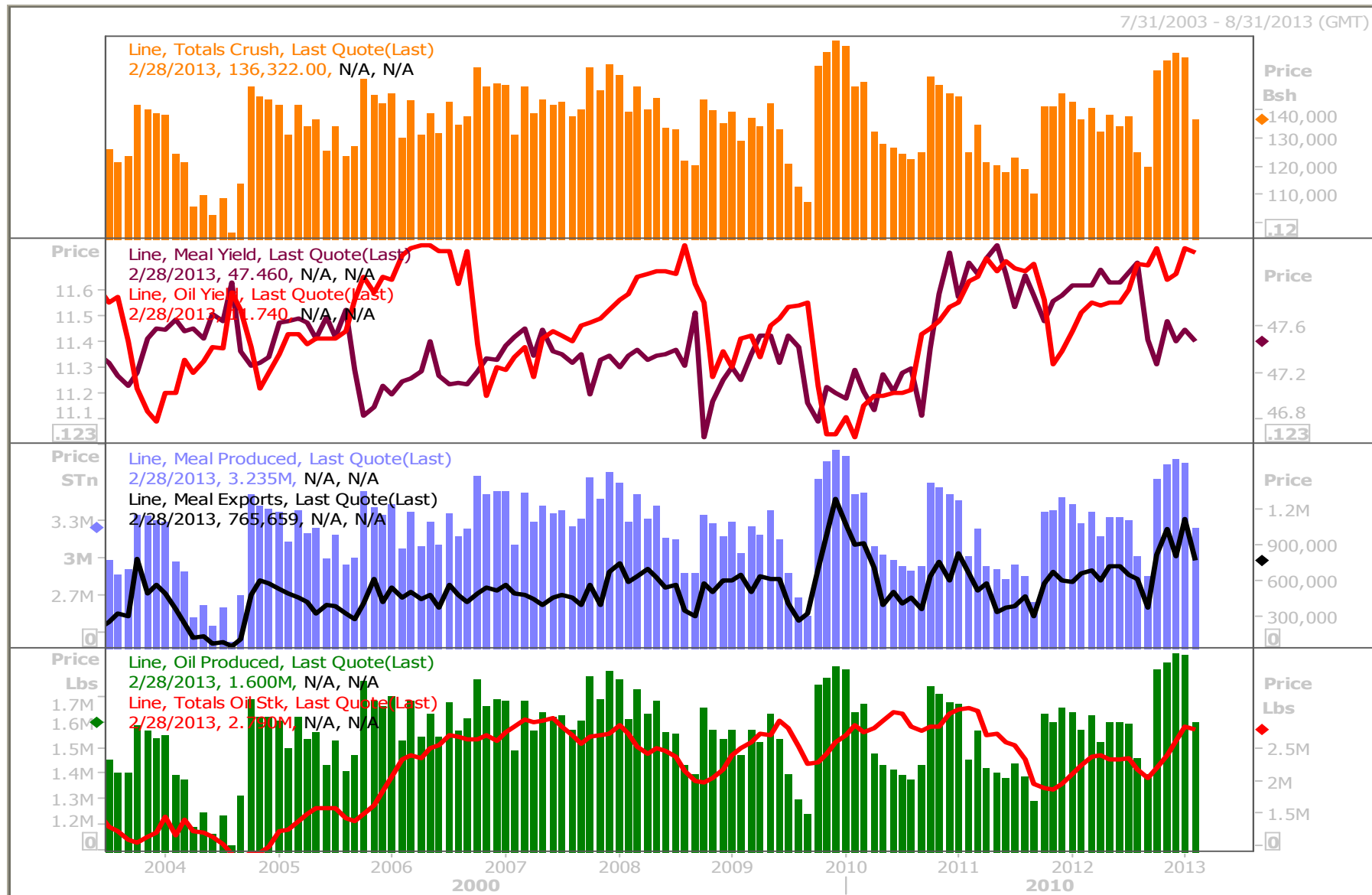
U.S. ethanol production hanging in there, buoyed by tight stocks and firm blender demand



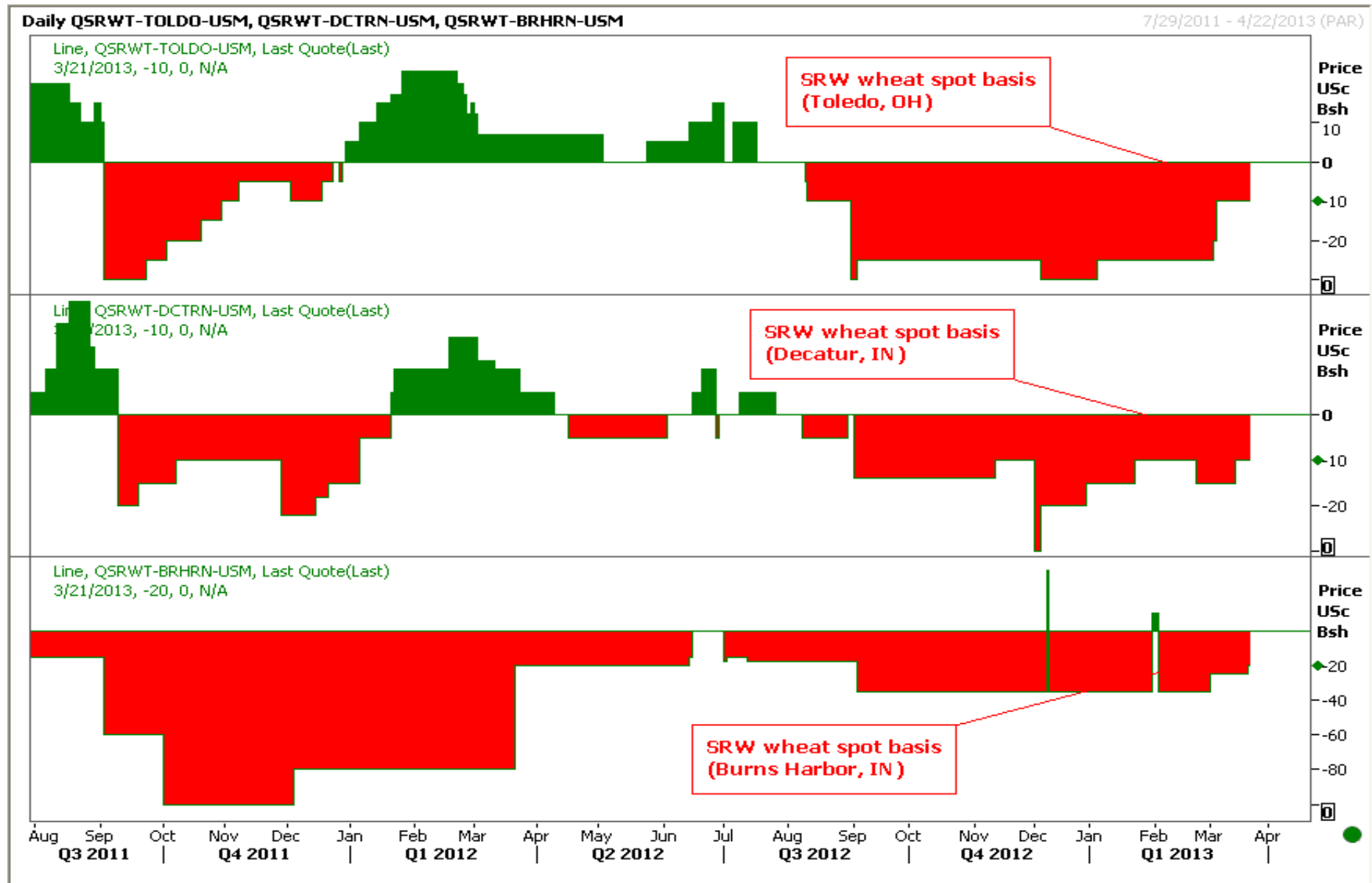
U.S. Soybean Basis Outlook: Competition heating up



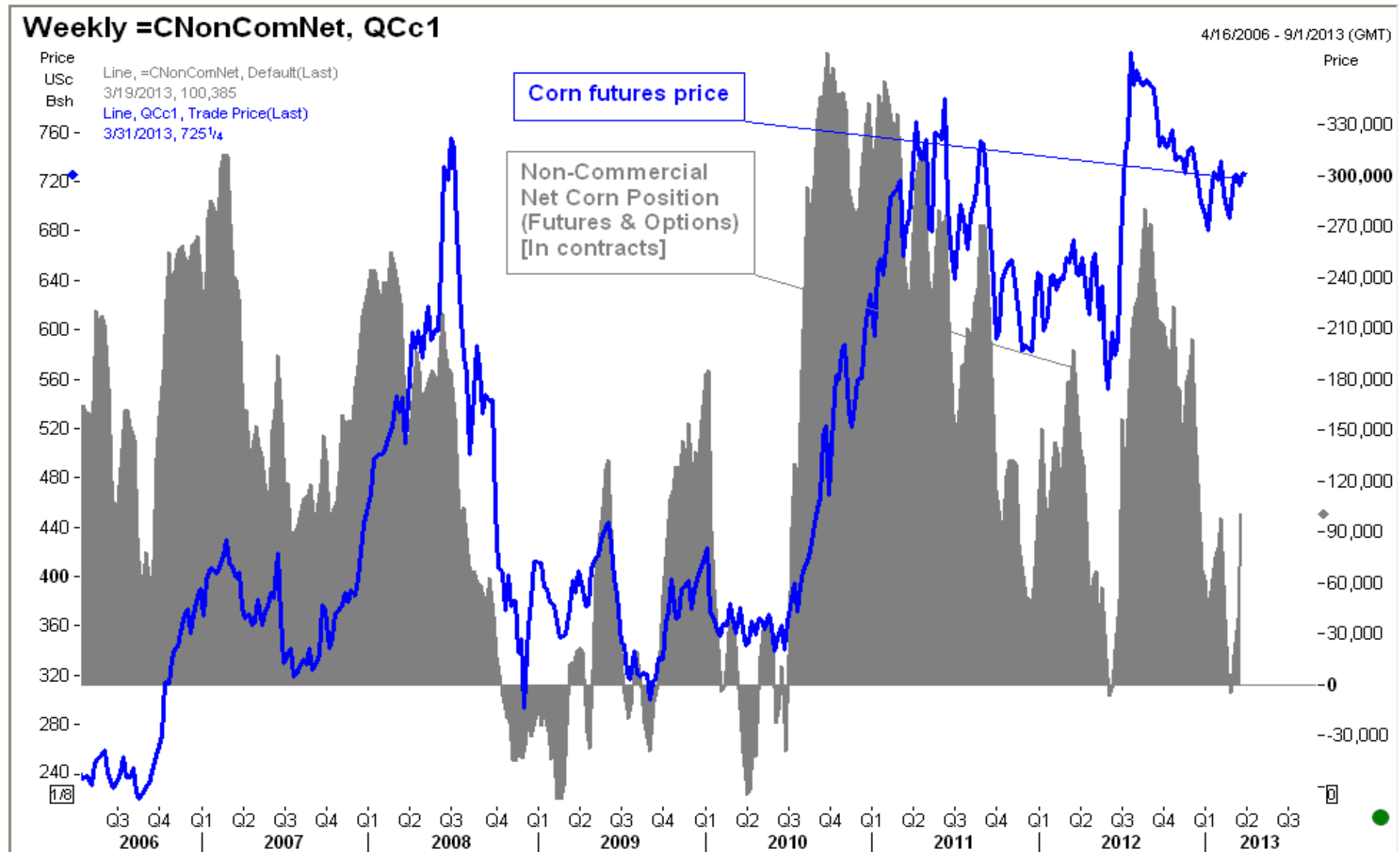
U.S. soy crushers maintain brisk pace, but poor meal yields should keep meal output in check



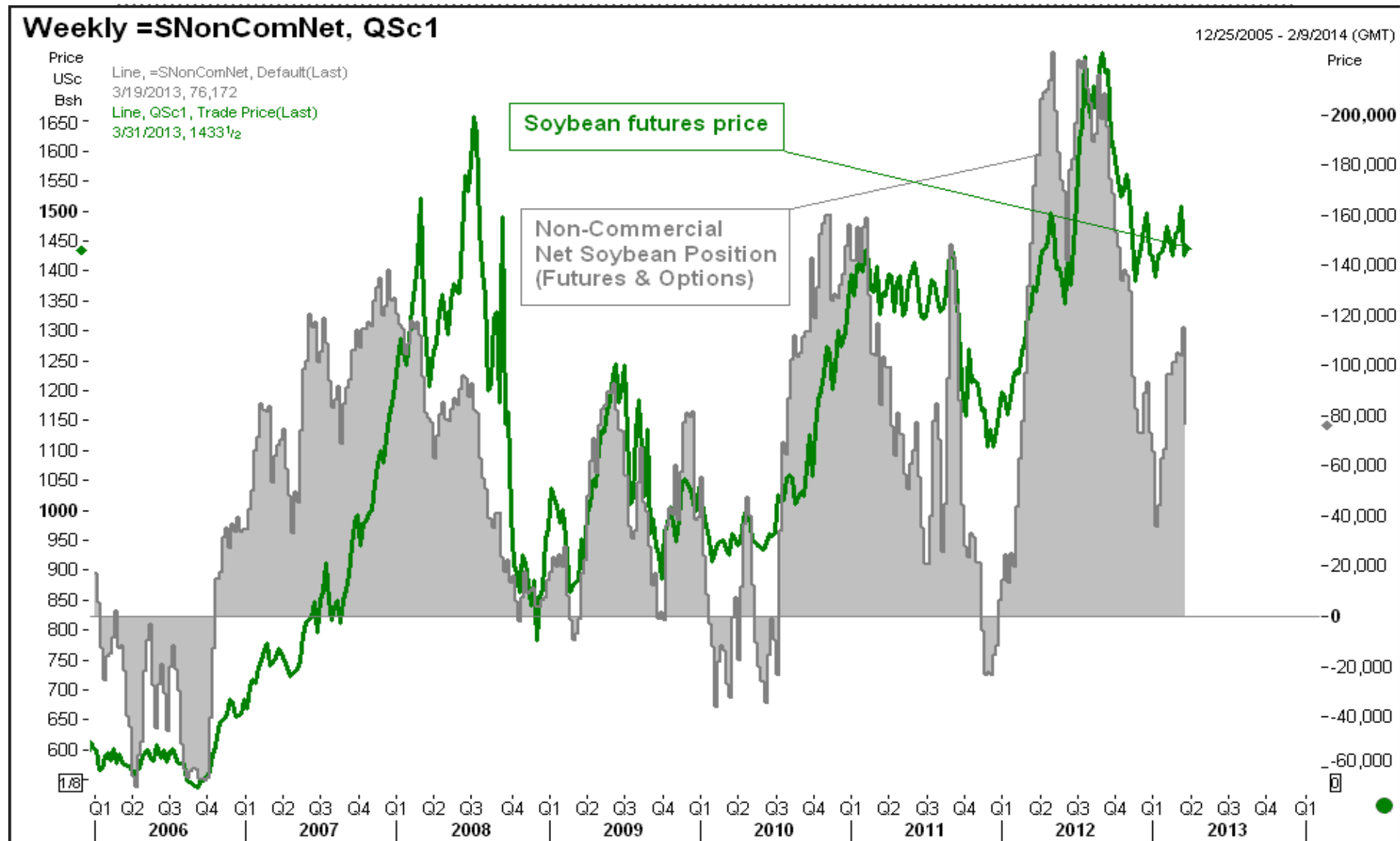
U.S. Wheat Basis Outlook: SRW bids slowly improving...



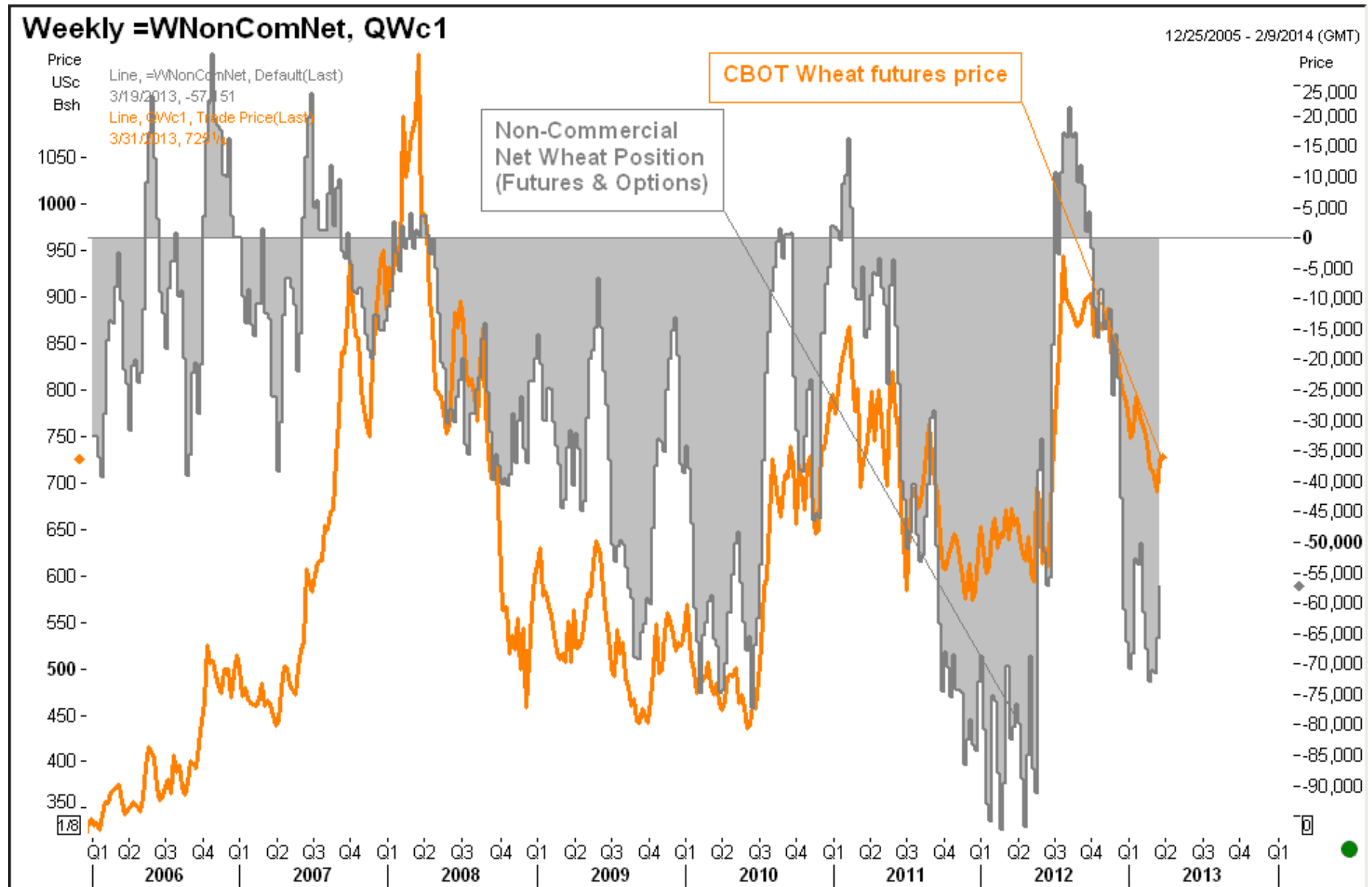
Non-Commercial Corn Position: Roughly half of March 2012 position



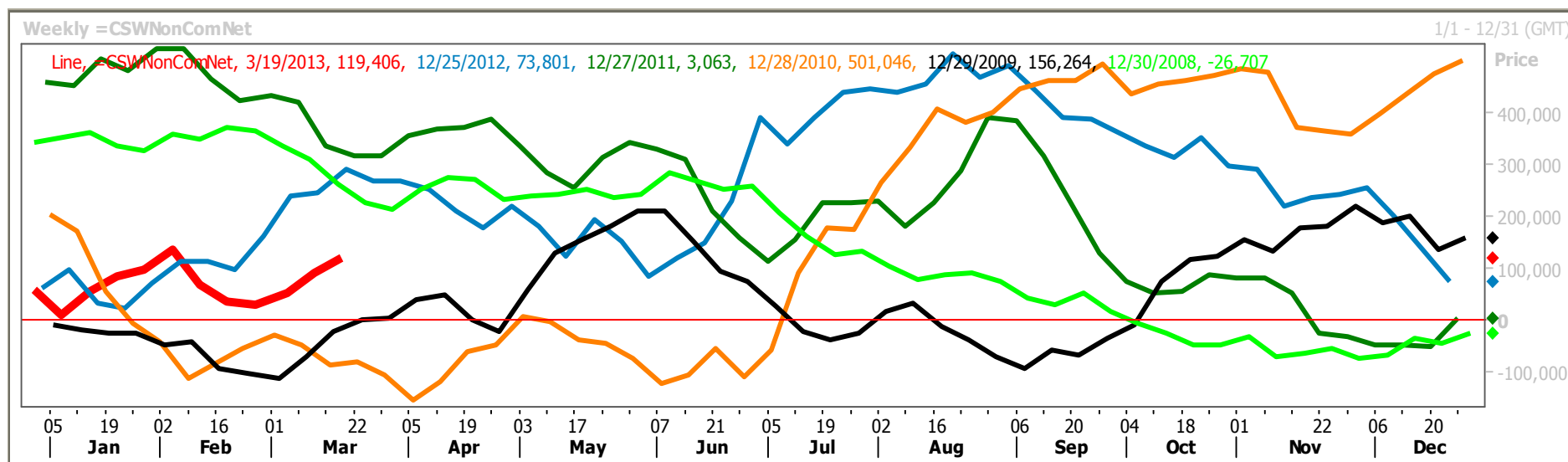
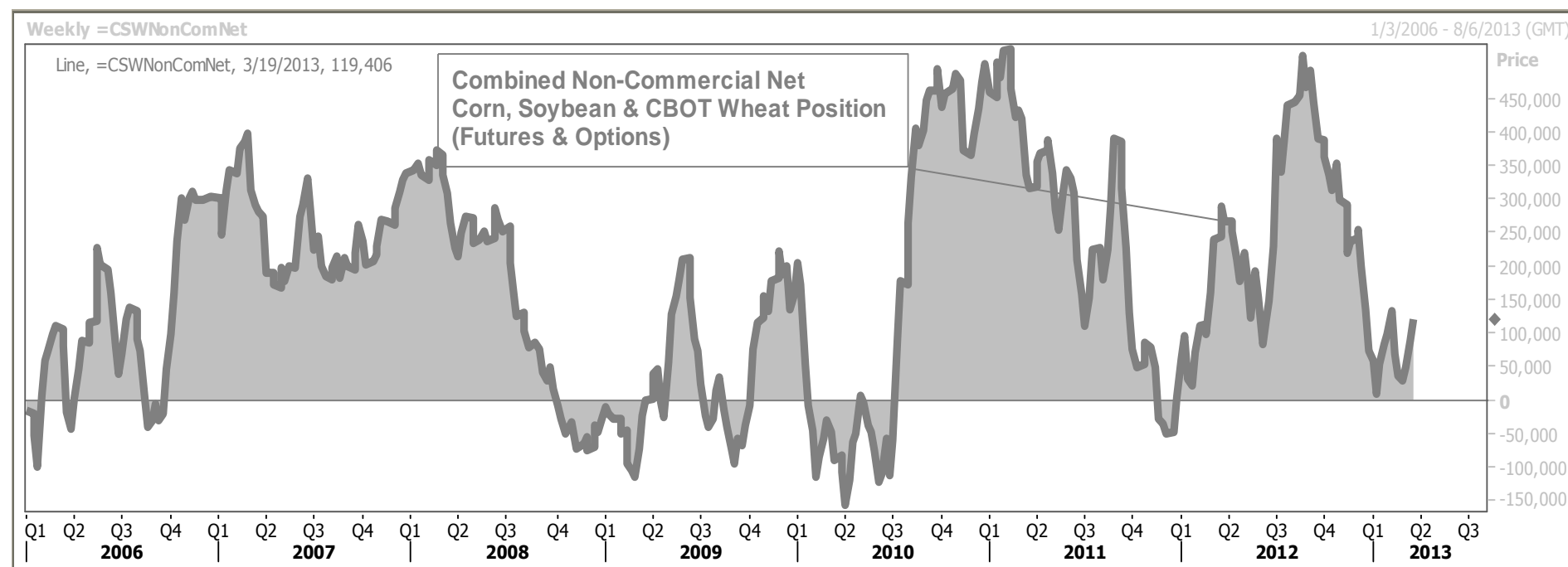
Non-Commercial Soybean Position: Approx 530 Mln bushels smaller than a year ago



Non-Commercial CBOT Wheat Position: Running the risk of short-covering rally

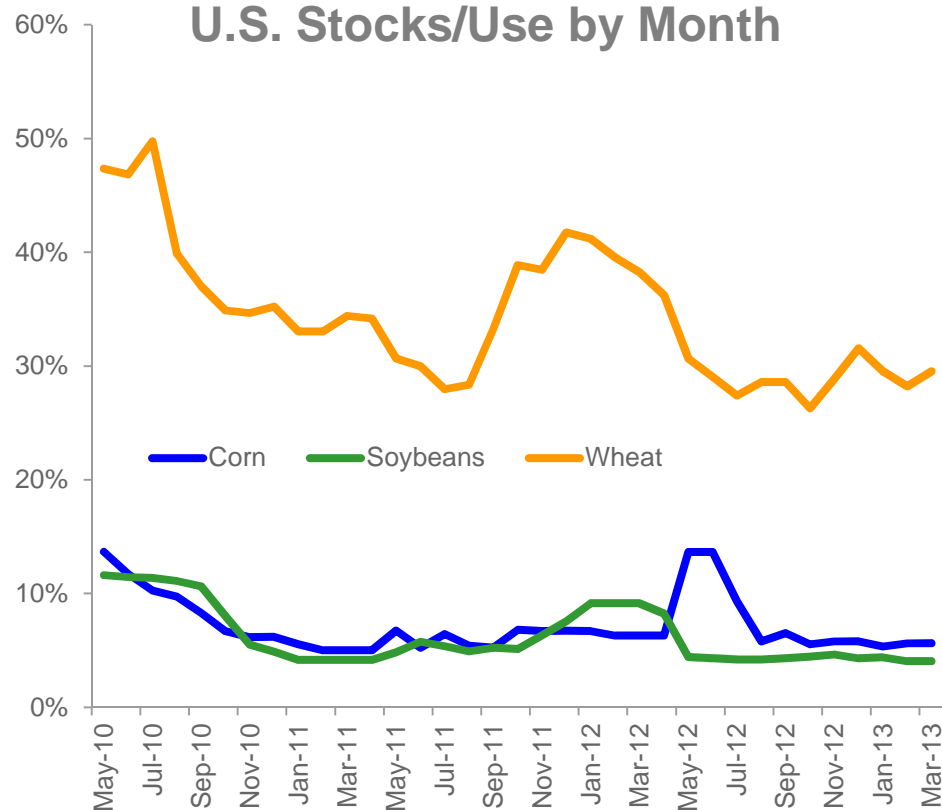


Combined Net Non-Commercial Corn, Soybeans & CBOT Wheat Position has room to shrink or grow

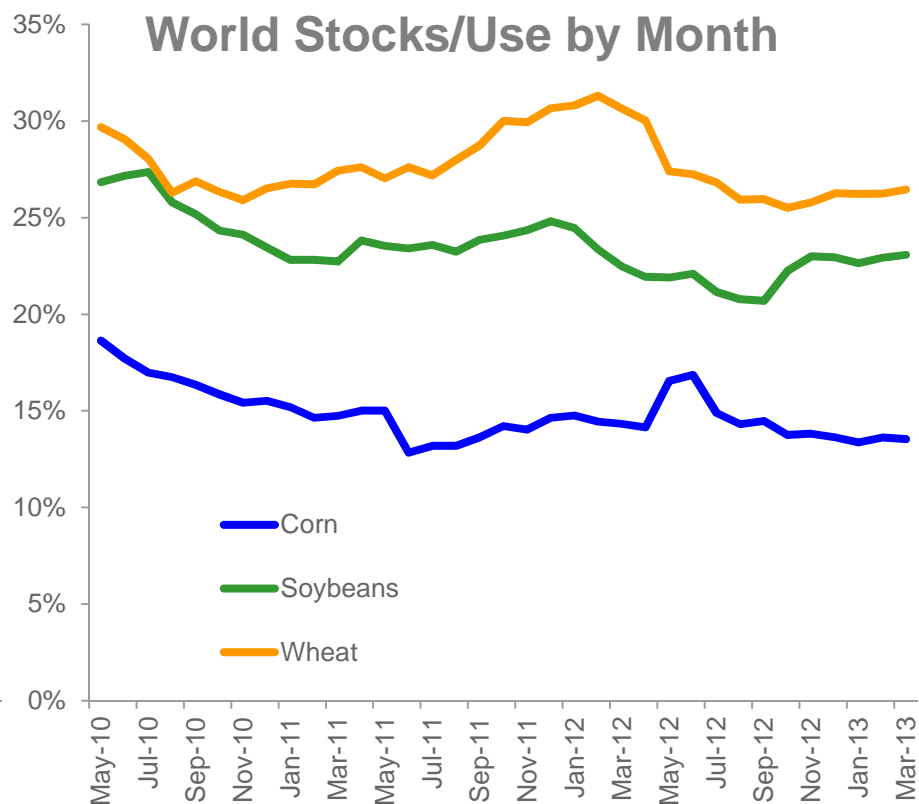


U.S. vs World Crop Stocks/Use Ratios

U.S. Stocks/Use by Month

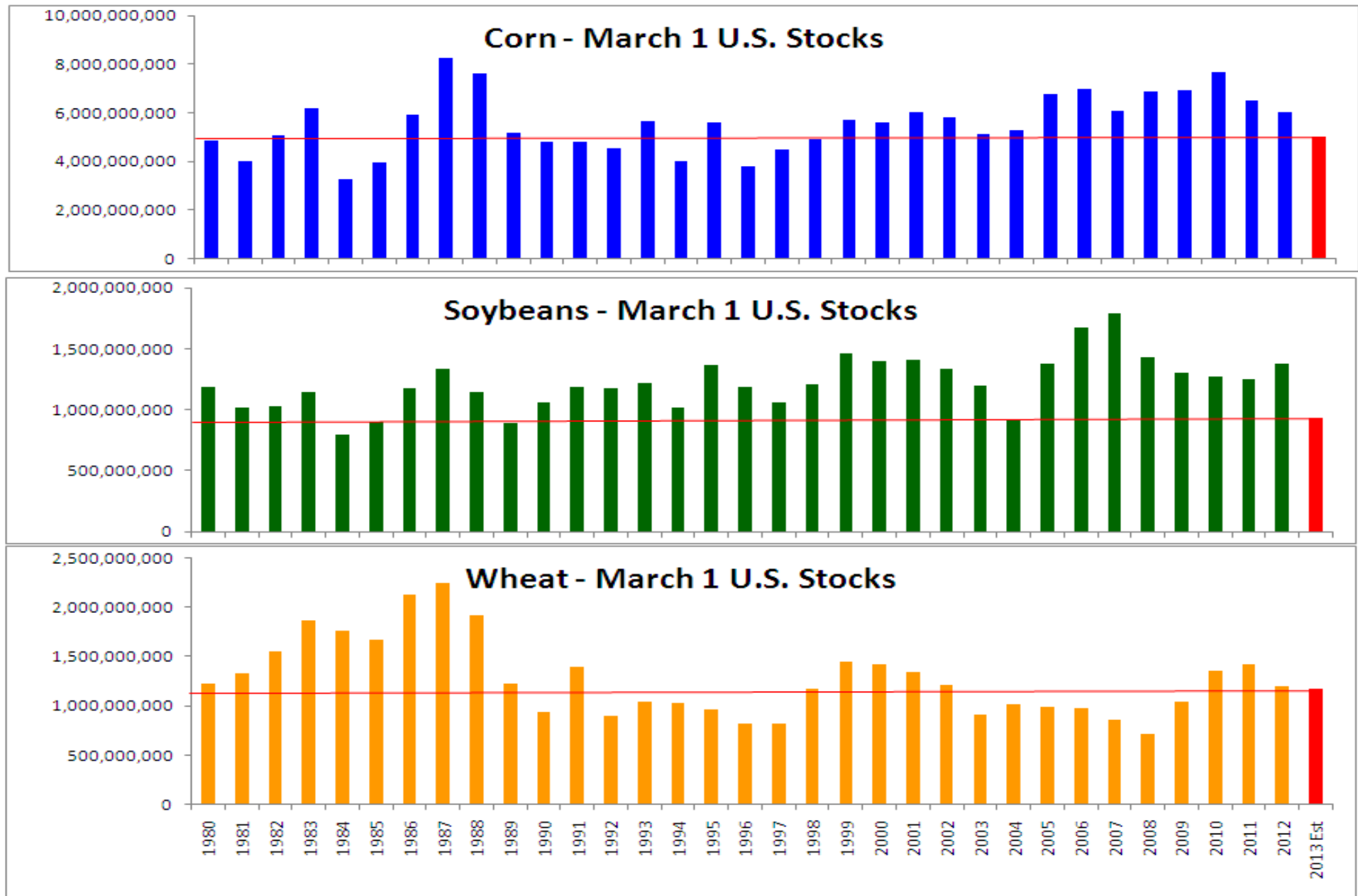


World Stocks/Use by Month

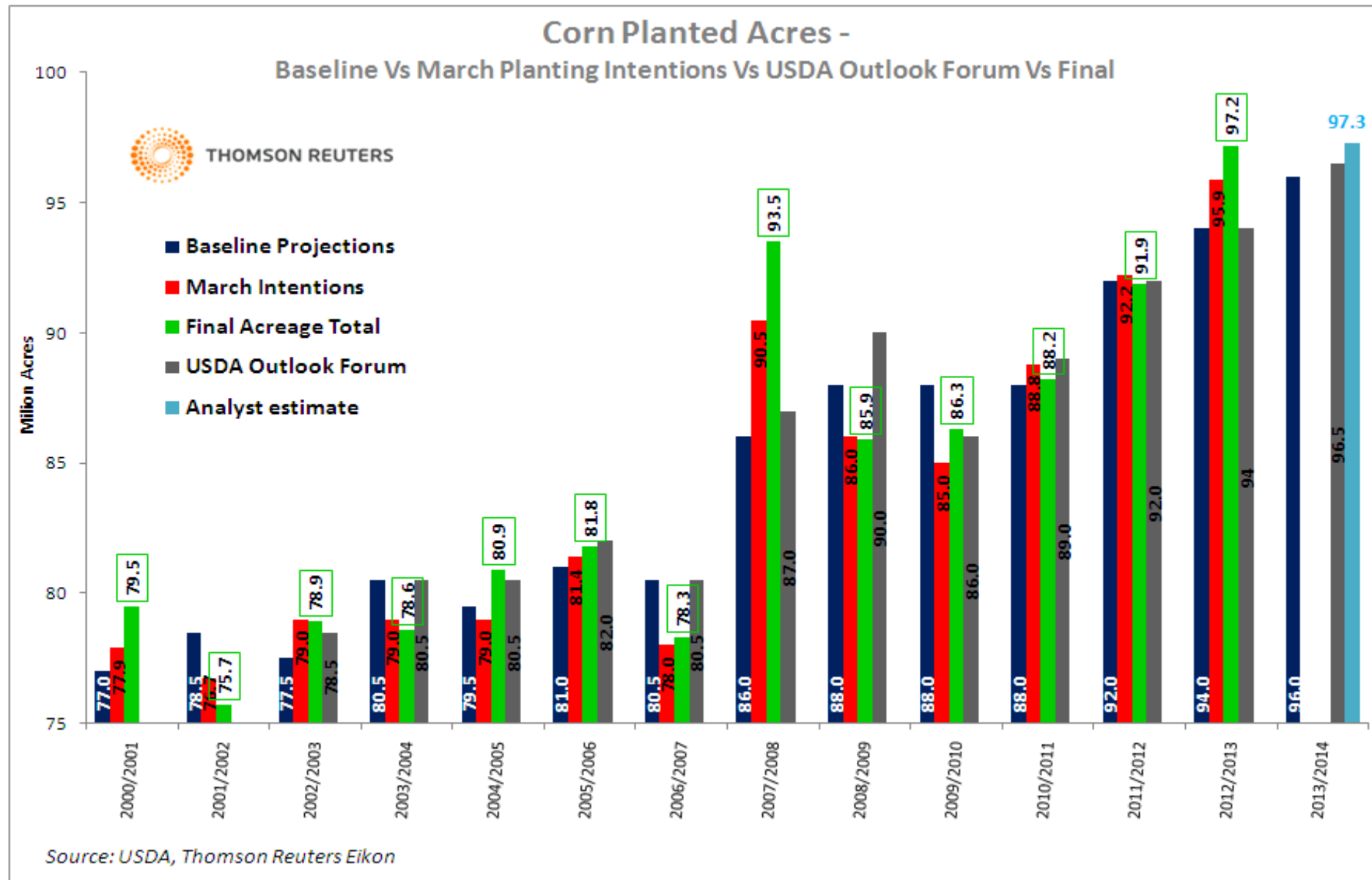


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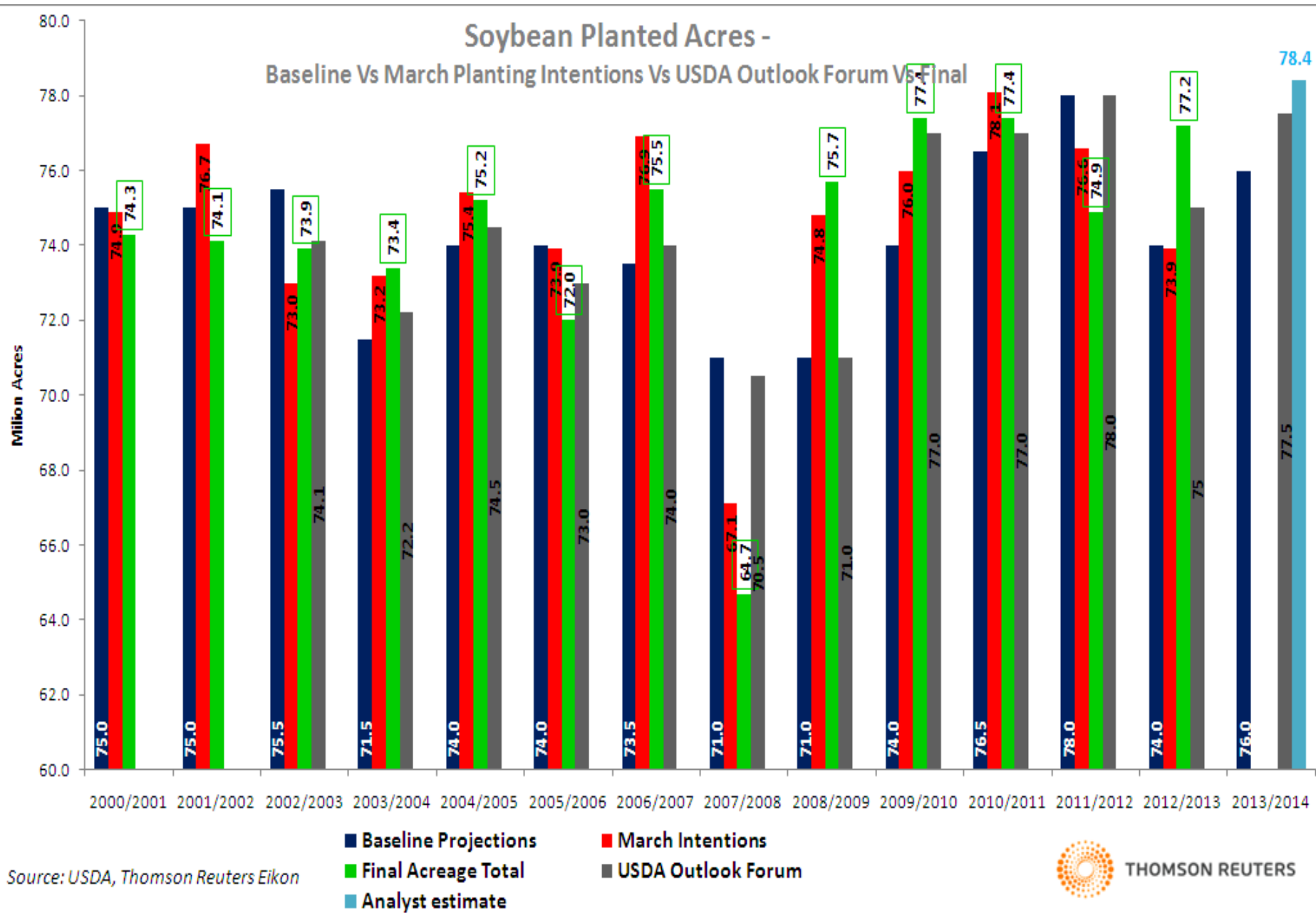
U.S. Corn, Soybean Stocks Tightest in Years



Corn Acreage Estimates Creeping Higher – but ‘final’ number usually different



Soybean Planted Area To Set A Record?



Thank You.

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2013 PROSPECTIVE PLANTINGS PREVIEW & MARKET OUTLOOK: SUPPLY FUNDAMENTALS



Presentation by:
Corey Cherr
Product Manager, Agriculture Research
Thomson Reuters Lanworth

- 2013/14 US Corn & Soybean Area
- South America: 2012/13 In Review
- 2013/14 US drought and weather outlook
- Global Long Term Production Trends



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2013/14 US Corn & Soybean Area

US farmers could plant 177.8 million acres to corn and soybeans

- 3.8 million acres more than USDA anticipates

Soybeans: an historically high 81.3 [79.8–82.8] million acres

Corn: down 1% from last year to 96.5 [95.0–98.0] million acres

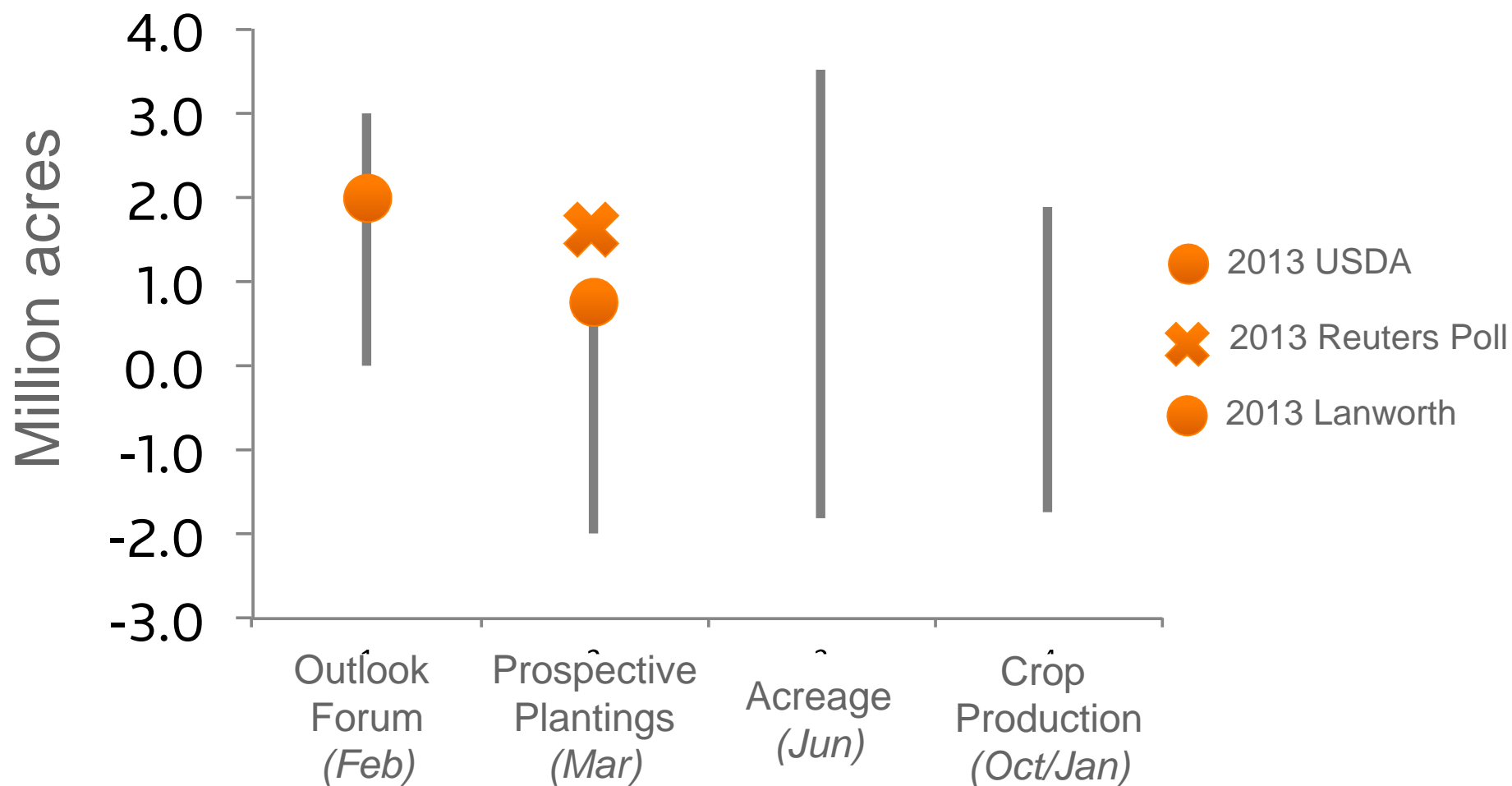
- Rotation practices
- Lack of increase in expected corn profitability from last year
- Slower corn planting pace than last year
- Gains in 2nd crop soybean area from last year

In *Prospective Plantings*, USDA will likely project

Soy: 79.1 [78.5–80.2] million acres (Reuters Poll=78.4 [77.0-79.7] ma)

Corn: 95.7 [94.6–96.3] million acres (Reuters Poll=97.3 [95.7-98.5] ma)

Change In USDA's Corn+Soybean Combined Area Since 1997



2013/14 US Corn & Soybean Area

Factors impacting corn & full season soy area	% of variance explained
Realized profitability of corn & soybeans in recent seasons	73.8%
Area planted to winter wheat	3.3%
Expected profitability of new crop corn & soybeans in <i>late autumn</i>	6.7%
Expected profitability of new crop corn & soybeans in <i>early spring</i>	2.4%
% of US corn planted by 25 April	7.4%

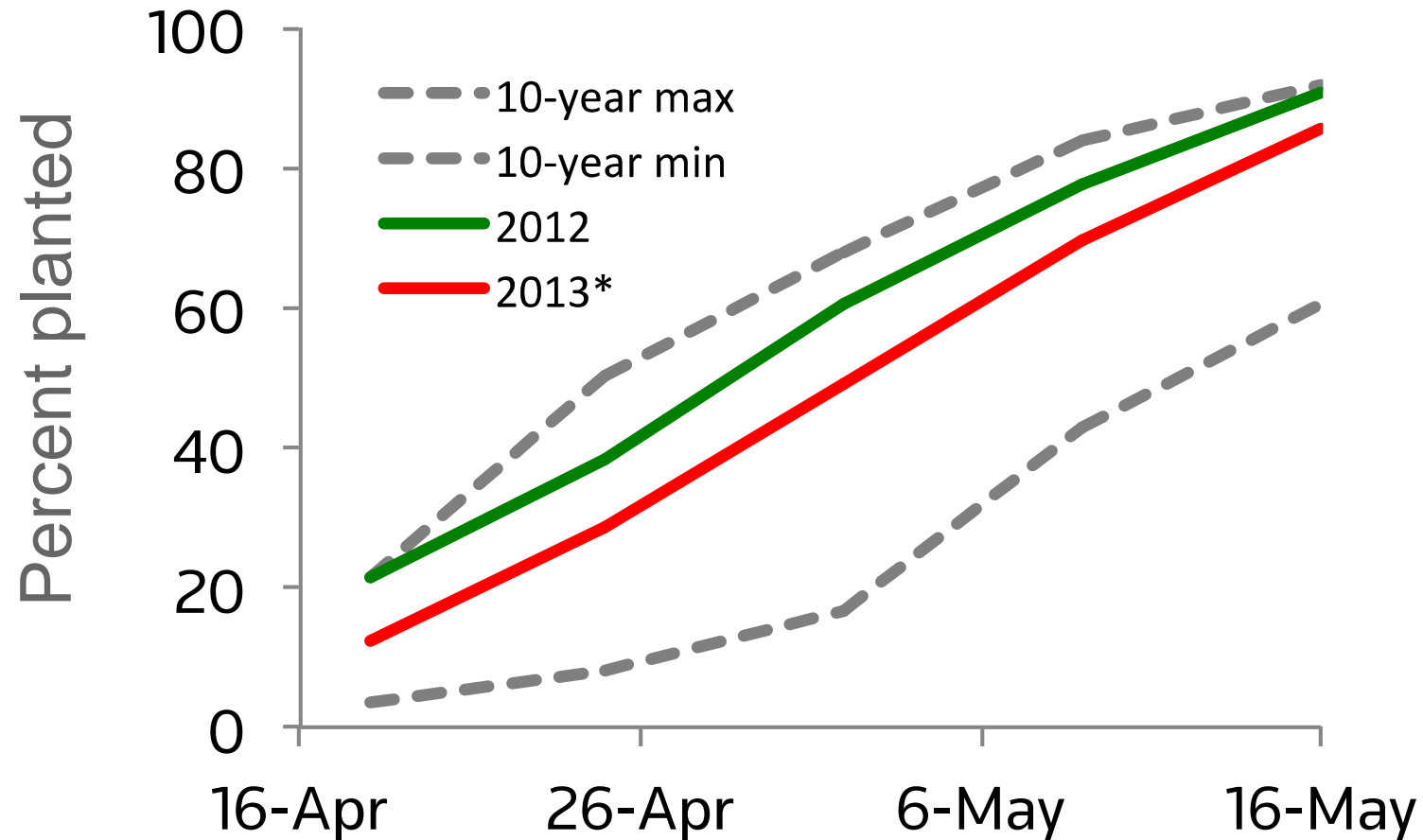


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% of US corn planted by 25 April	7.4%



2013/14 US Corn Planting Pace



2013/14 US Corn vs Soybean Area

Factors changing the ratio of corn to full season soy	% of variance explained
Previous year's ratio of corn to full season soybeans	74.2%
Year-on-year change in expected profitability of corn, <i>as of late autumn</i>	
Year-on-year change in expected spread between corn and soybeans, <i>as of early spring</i>	3.9%
Year-on-year change in corn planting pace, as of 16 May	15.9%



If crop rotations were unchanged from 2012 to 2013...

US - States accounting for 96% of corn and soybean area

	2012 acres	% rotated to 2013 corn	2013 corn acres	% rotated to 2013 soybeans	2013 soybean acres
corn	92,600	36%	33,250	51%	47,582
all soybeans	75,135	64%	48,444	20%	14,710
wheat (no 2nd crop)	45,387	16%	7,165	10%	4,651
other crops	34,406	11%	3,649	10%	3,269
forage/idle	119,354	3%	3,855	3%	3,787
2nd soybeans	5,262				6,200
total	366,882	26%	96,362	22%	80,198
change			3,762		5,063

Units are thousand acres



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With likely changes in crop rotations...

US - States accounting for 96% of corn and soybean area

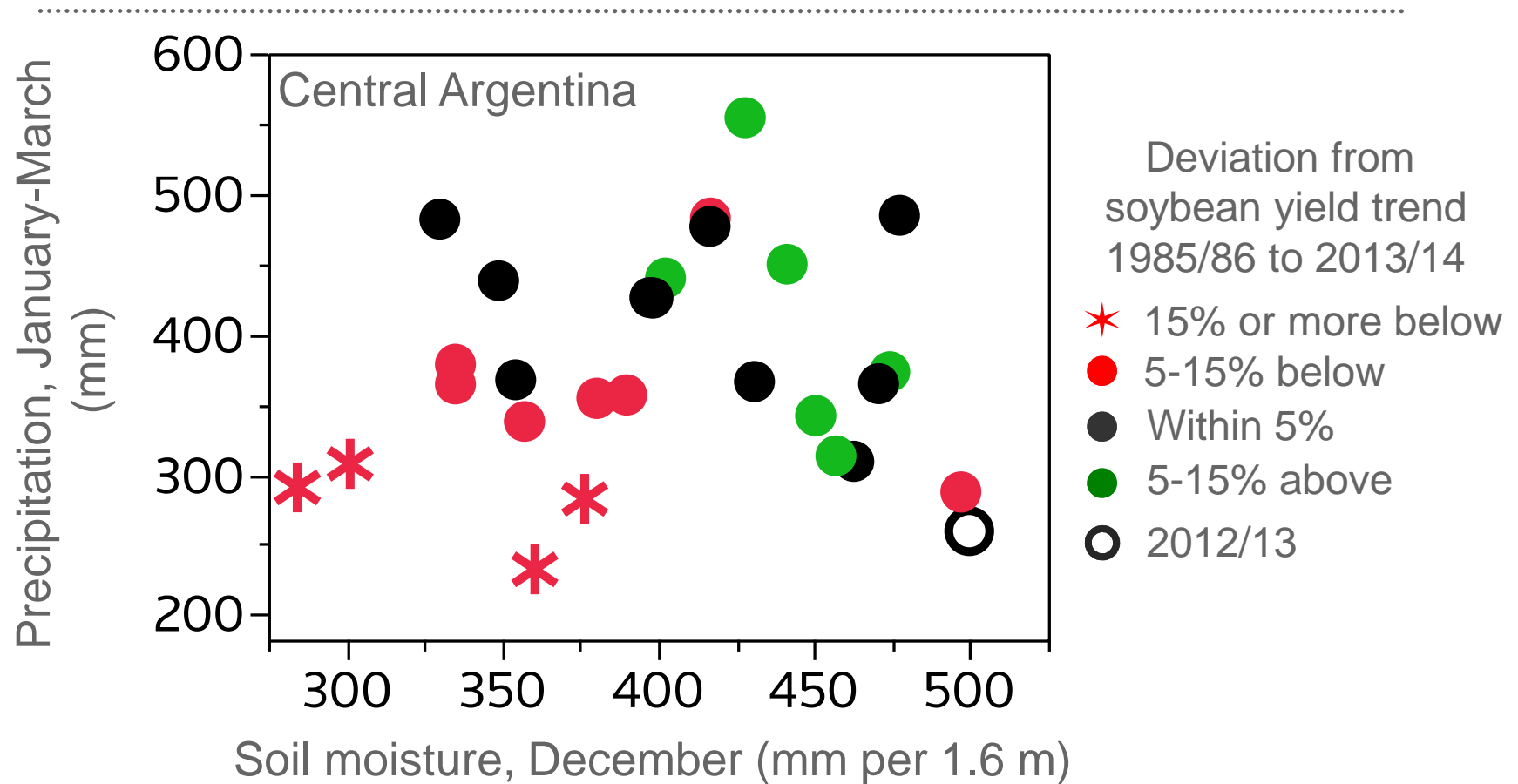
	2012 acres	% rotated to 2013 corn	2013 corn acres	% rotated to 2013 soybeans	2013 soybean acres
corn	92,600	34%	31,756	52%	48,201
all soybeans	75,135	63%	47,220	20%	14,874
wheat (no 2nd crop)	45,387	13%	6,103	10%	4,410
other crops	34,406	11%	3,790	10%	3,309
forage/idle	119,354	3%	3,811	2%	2,856
2nd soybeans	5,262				6,200
total	366,882	25%	92,680	22%	79,849
change			80		4,714

Units are thousand acres

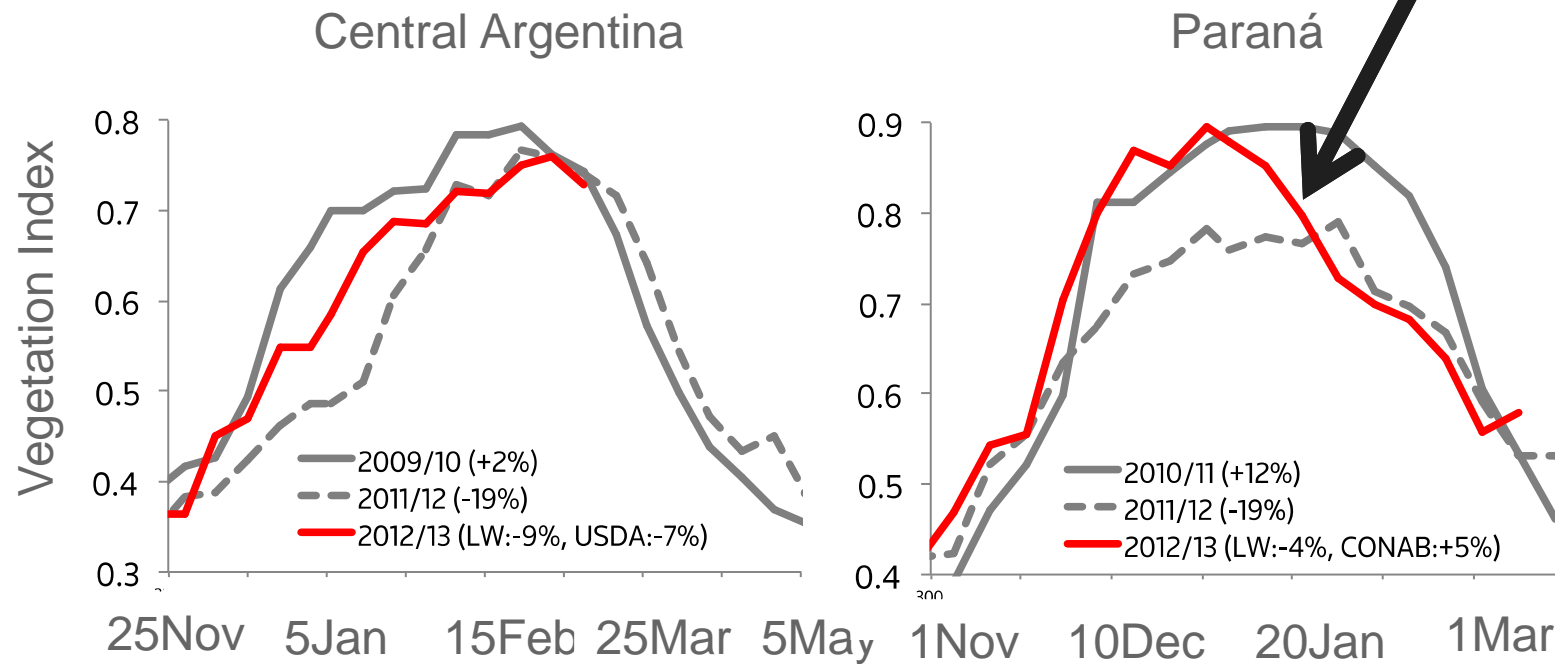


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South America: 2012/13 In Review



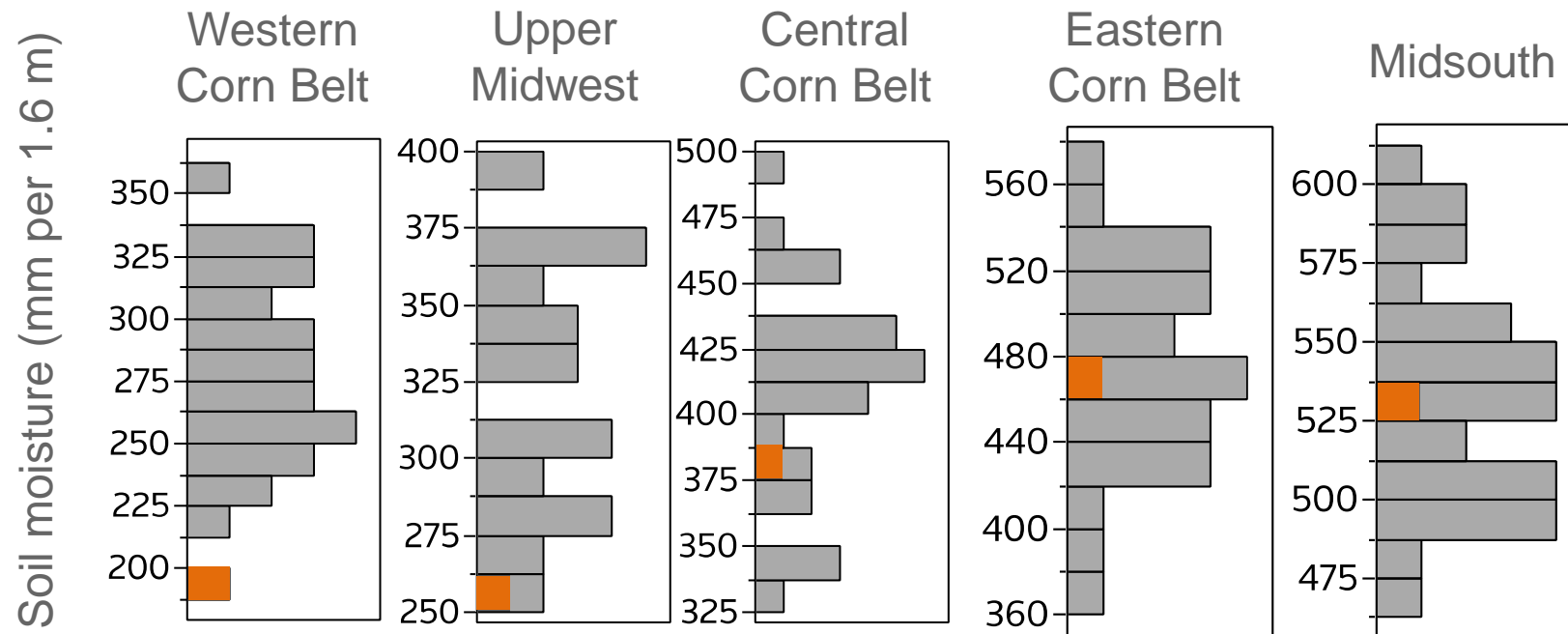
South America Crop Vegetation Density Profiles



South America Field Observations

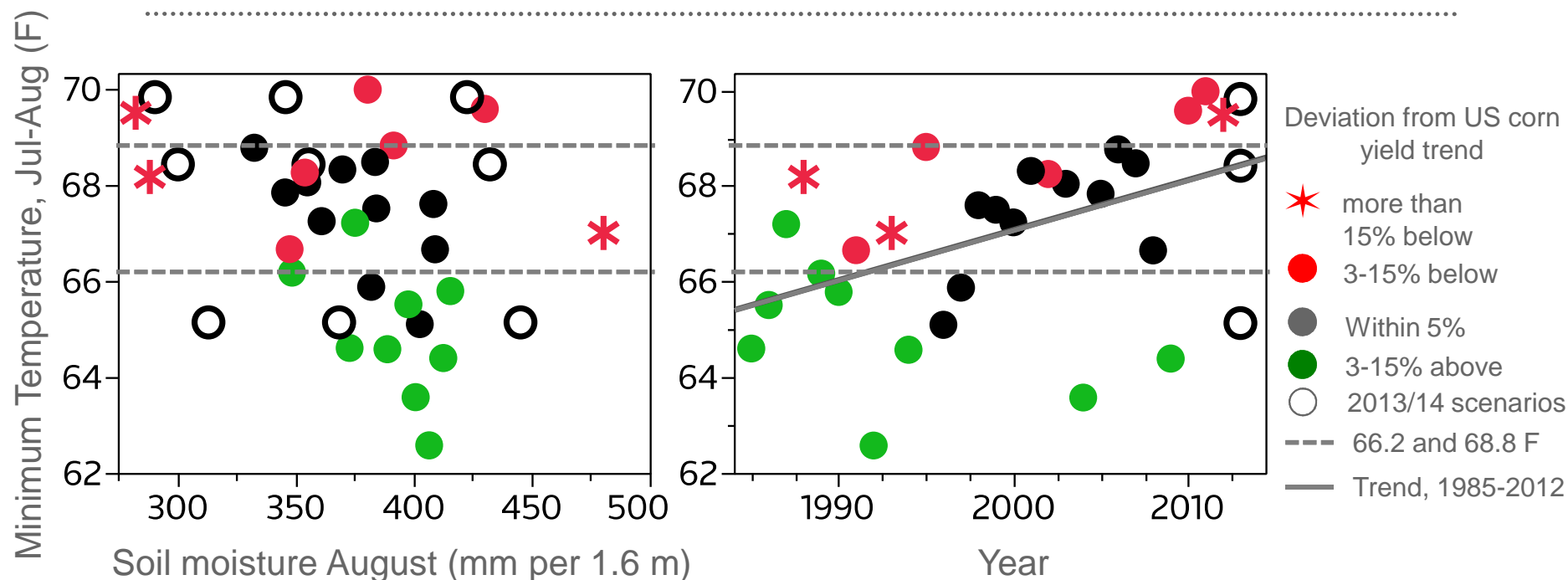
	Beans per square meter			
	2011	2012	2013	2013/2yr ave
Northern Buenos Aires	2,245	2,115	2,395	10%
Southern Córdoba	2,143	1,531	2,413	31%
Southern Santa Fe	2,651	1,909	2,724	19%
Total	2,315	1,861	2,486	19%

2013/14 US Drought And Weather Outlook



Regions account for 16%, 21%, 36%, 12% and 7% of potential US corn production

2013/14 US Drought And Weather Outlook

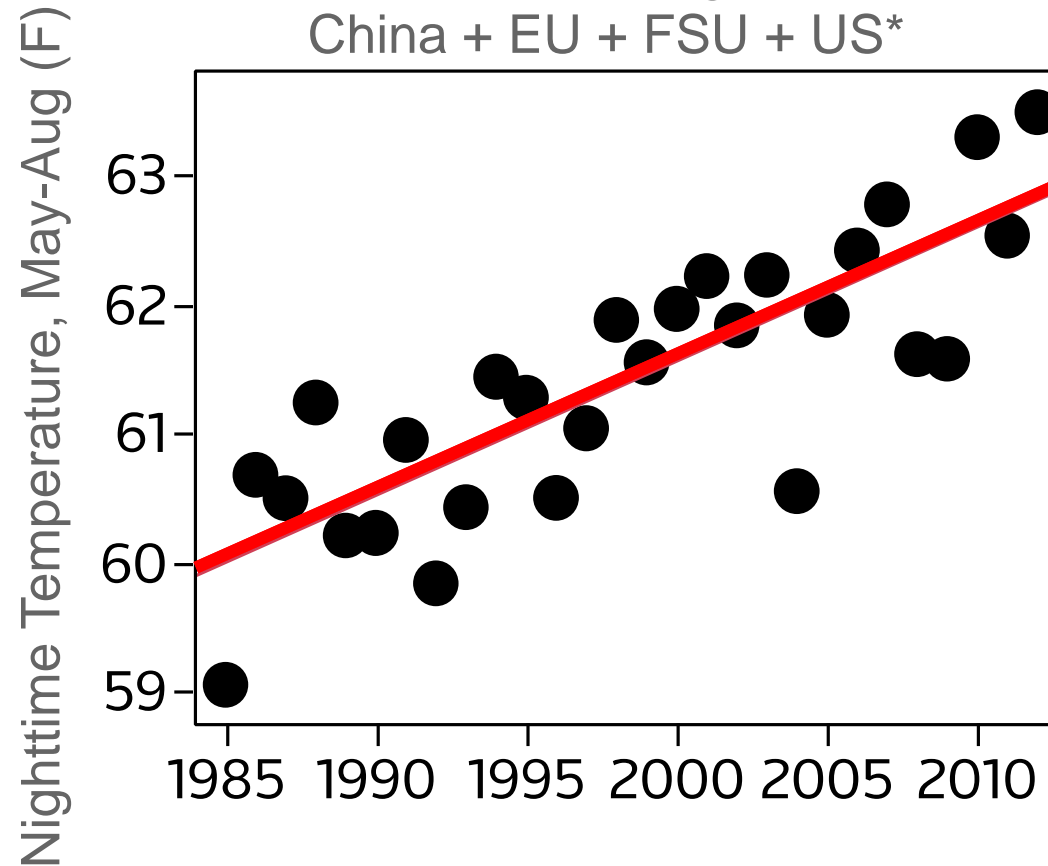


2013/14 US yield outlooks

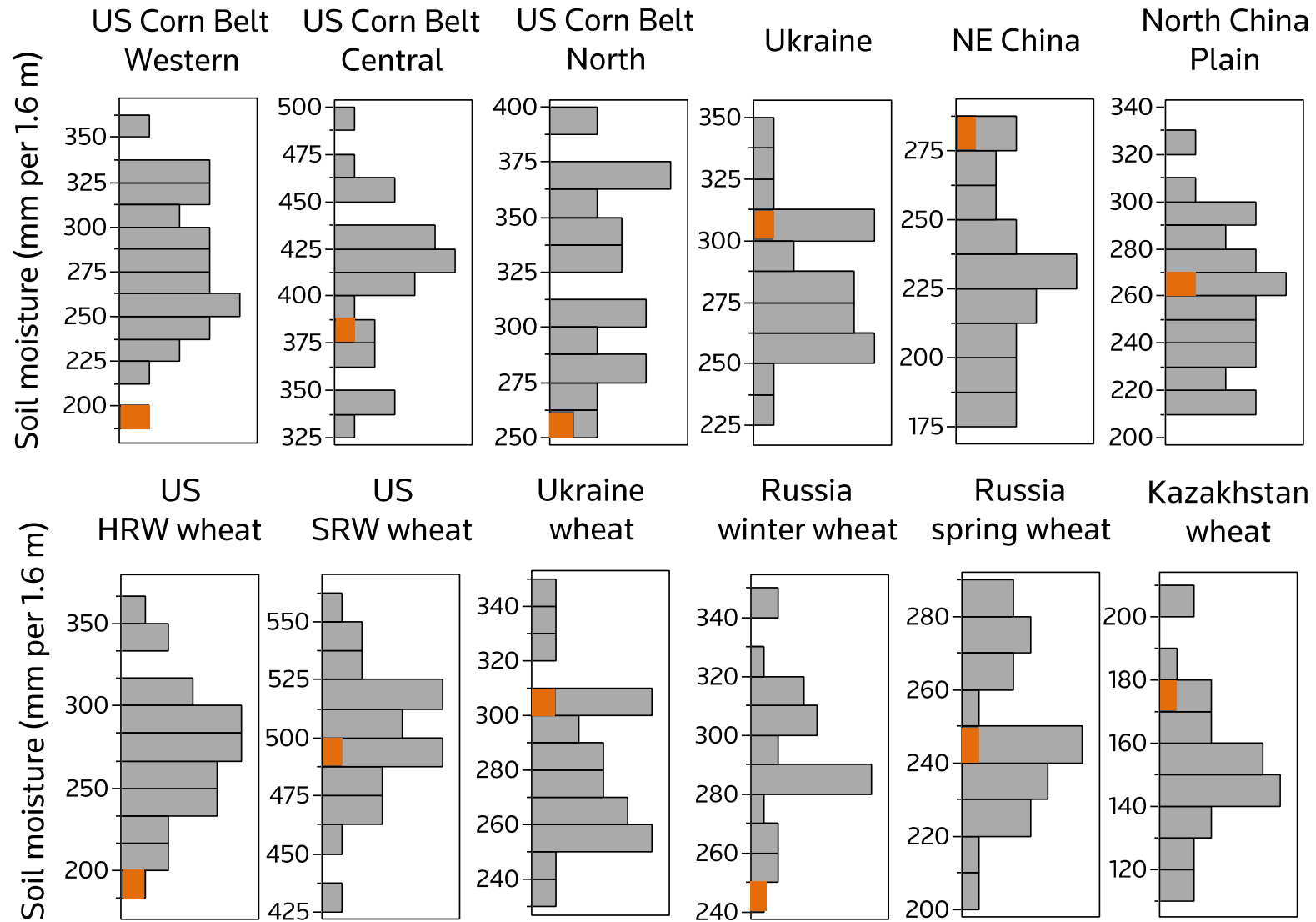
Corn: 155.7 [132.9-166.8] bpa
Soybeans: 43.0 [38.8-45.3] bpa

Global Long Term Production Trends

Northern Hemisphere: coarse grain production areas
China + EU + FSU + US*



Global Long Term Production Trends



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Thank You.

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