

Steve Freed

**Vice President of Research
ADM Investor Services**

Prepare for 2010 Grain Volatility

February 16, 2010

World Agricultural Outlook Board

Interagency Commodity Estimates Committee Forecasts

Lockup Briefing

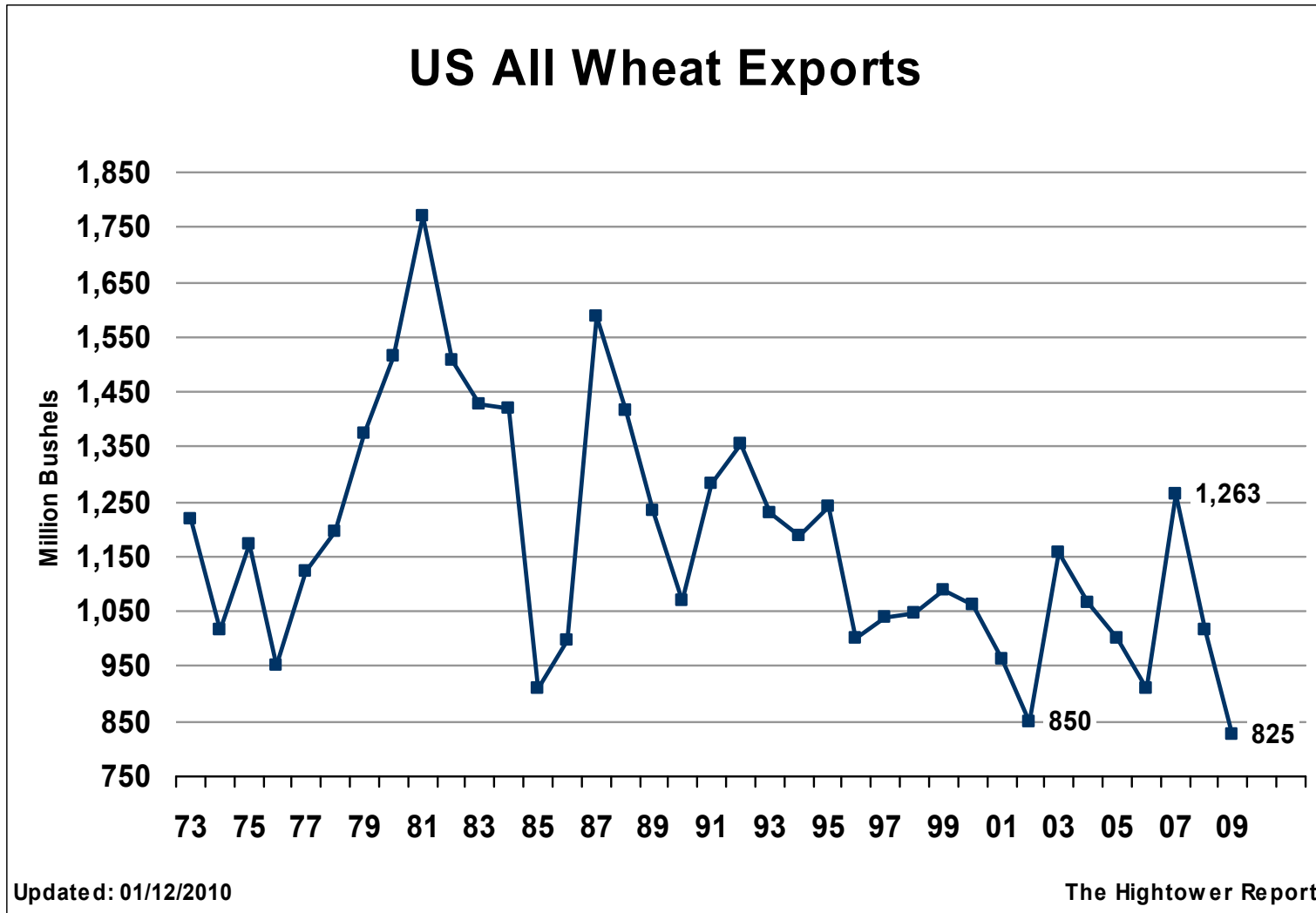
February 9, 2010

U.S. Wheat Supply and Demand

	2008/09 estimate	2009/10 forecast	Change from last month	Change from 2008/09
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	63.2	59.1	0.0	-6.4
Harvested area (million acres)	55.7	49.9	0.0	-10.5
Yield (bushels per acre)	44.9	44.4	0.0	-1.1
	<i>Million bushels</i>			
Beginning stocks	306	657	0.0	114.7
Production	2,499	2,216	0.0	-11.3
Imports	127	115	4.5	-9.4
Total supply	2,932	2,988	0.2	1.9
Food use	927	940	0.0	1.4
Seed	75	72	0.0	-4.1
Feed and residual	258	170	0.0	-34.2
Domestic use	1,260	1,182	0.0	-6.2
Exports	1,015	825	0.0	-18.8
Total use	2,275	2,007	0.0	-11.8
Ending stocks	657	981	0.5	49.4
	<i>Percent</i>			
Stocks to use ratio	28.9	48.9		
	<i>Dollars per bushel</i>			
Average market price	6.78	4.75/4.95	0.0	-28.5

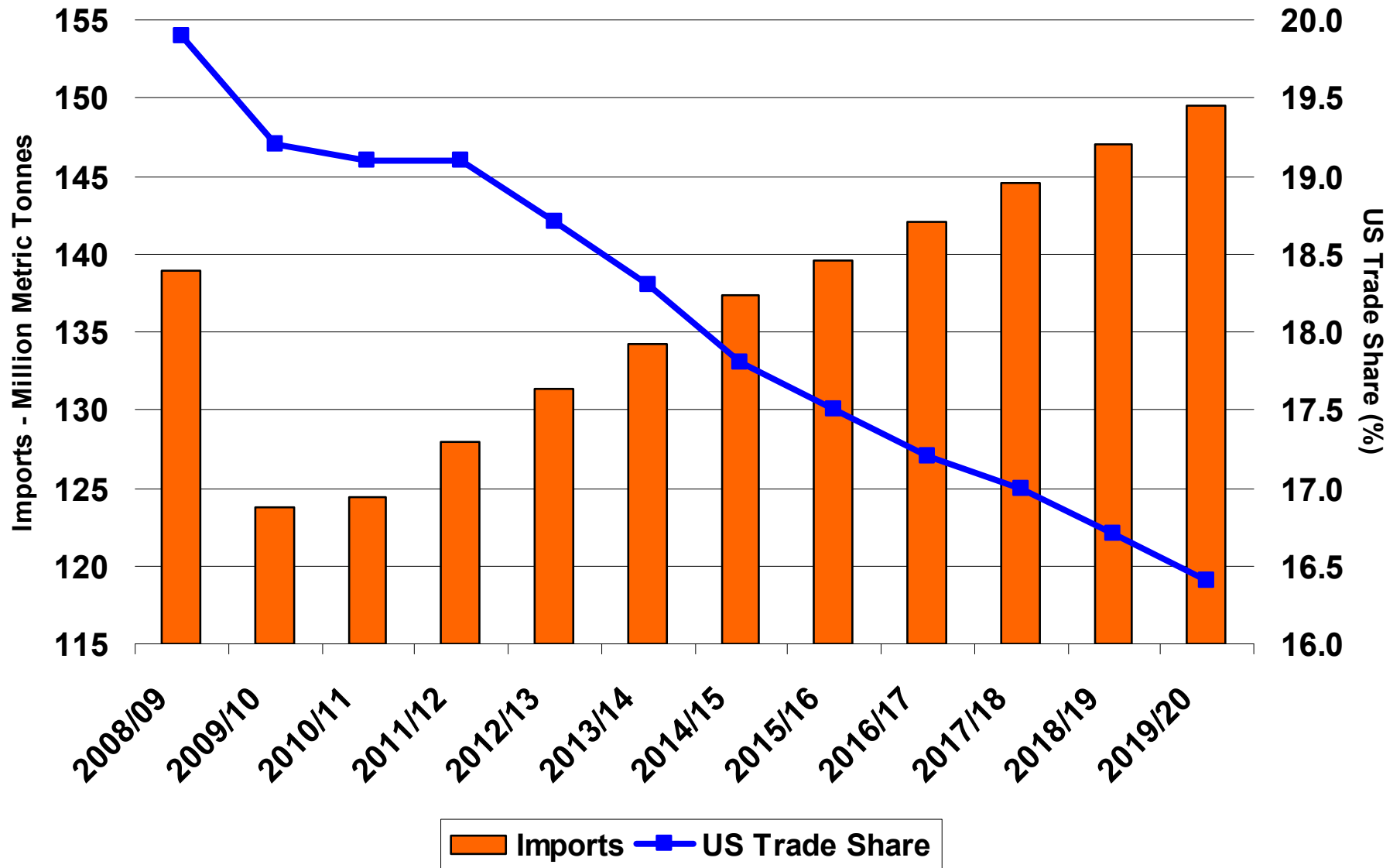
February 9, 2010

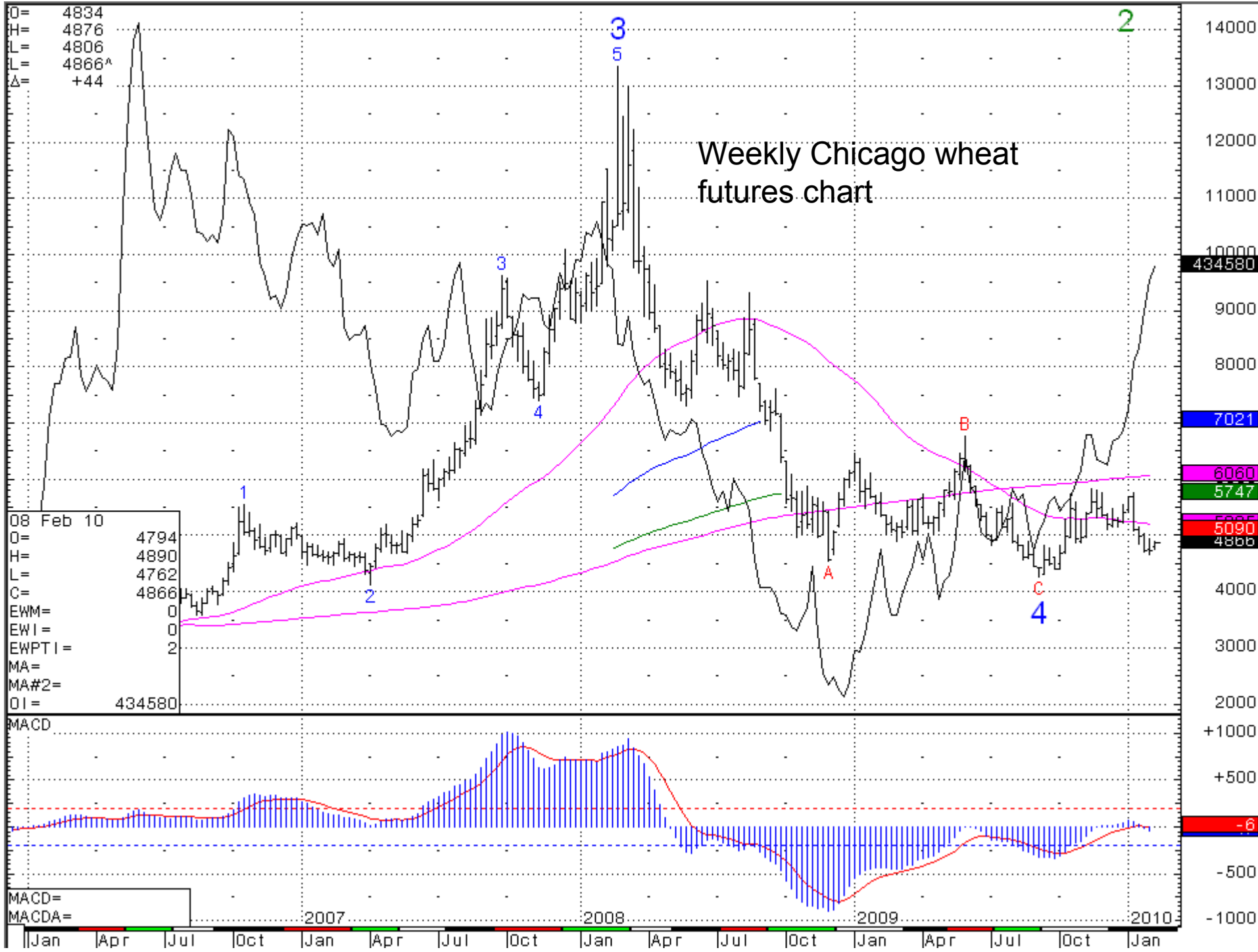
Lowest Exports Since Early 70's



BASELINE TRADE PROJECTIONS FOR WHEAT

Imports vs US Trade Share as Percent





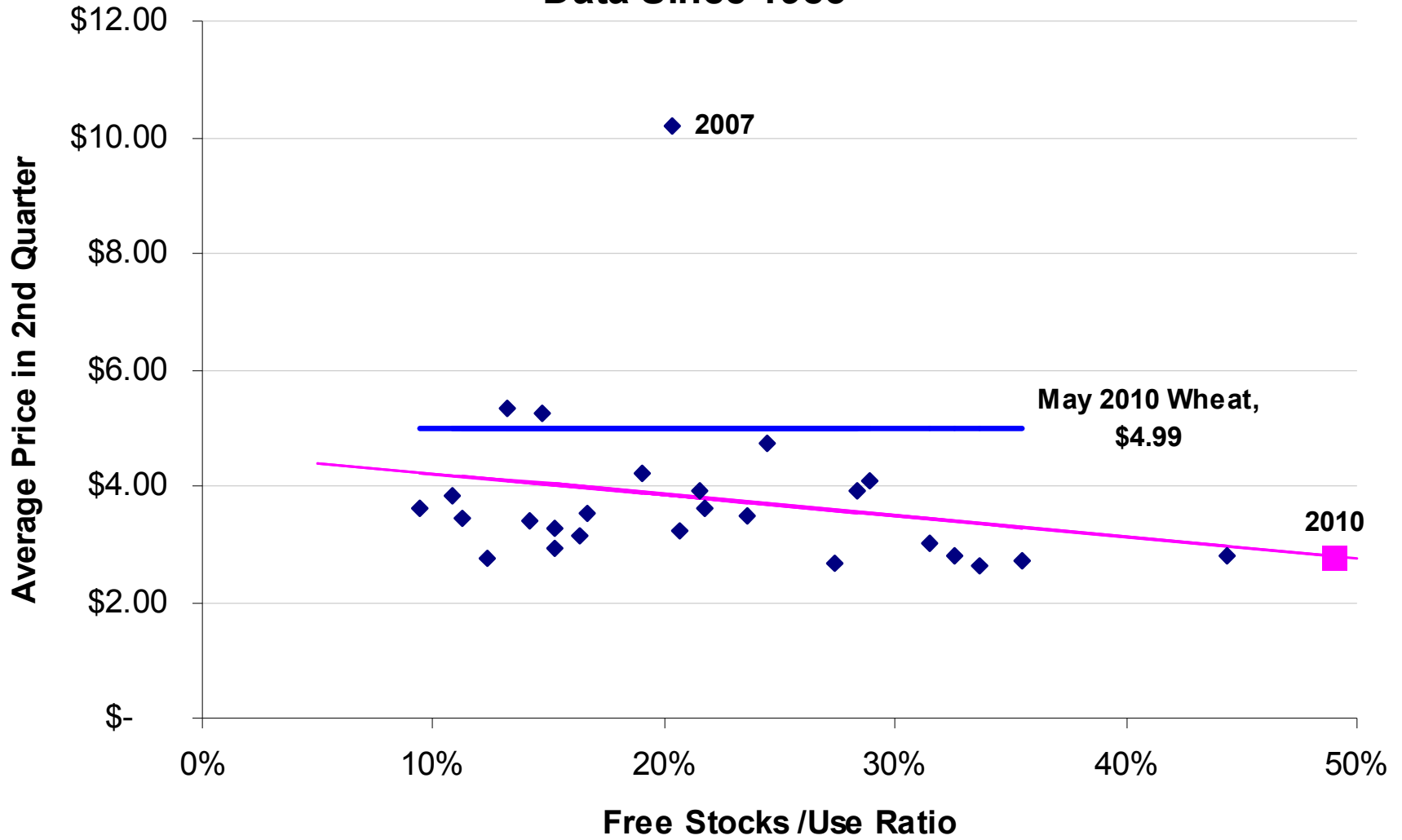
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MA=
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MACD=
MACDA=

Weekly Chicago wheat futures chart

Wheat Free Stocks/Usage Vs. May Futures Data Since 1983



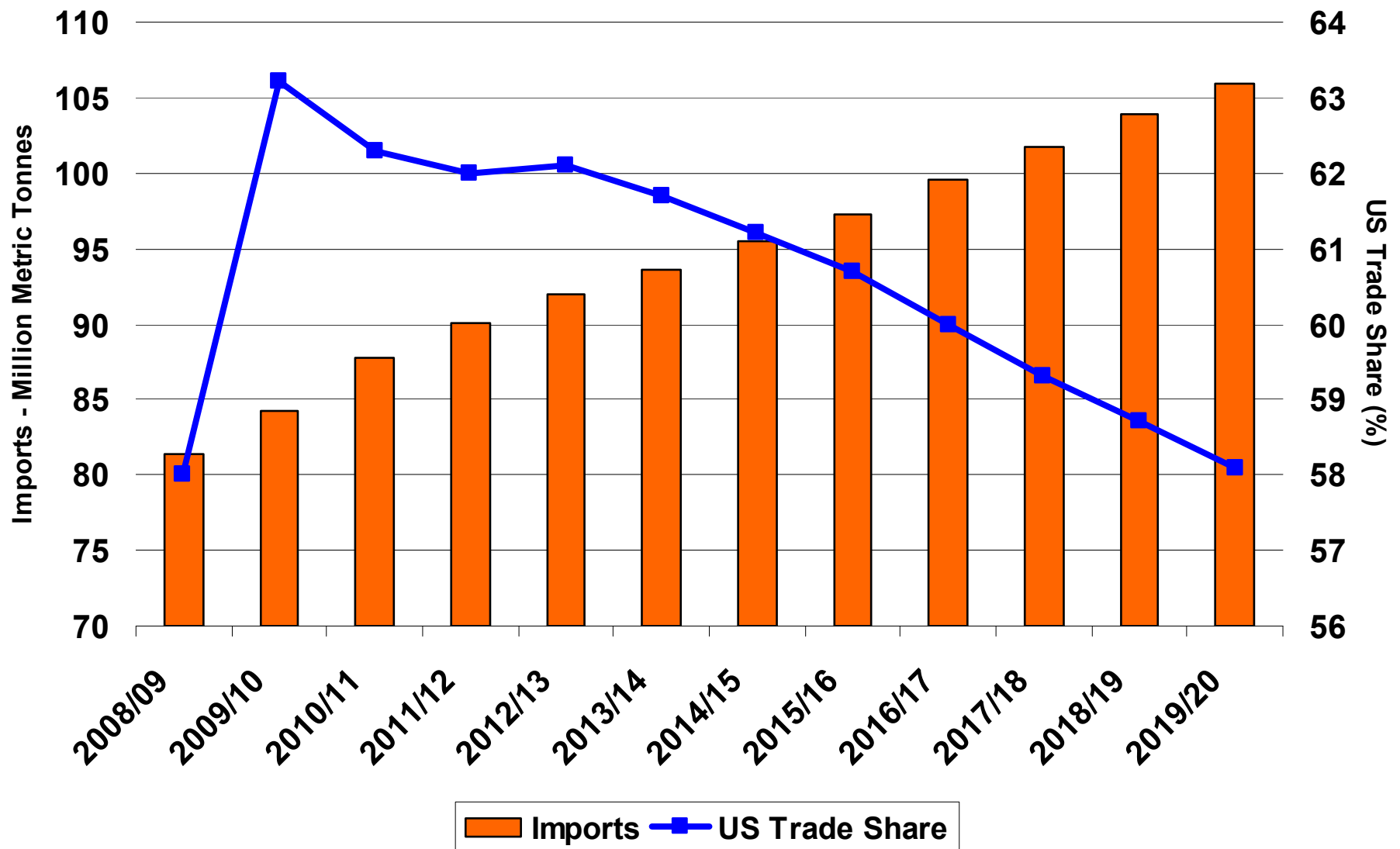
U.S. Corn Supply and Demand

	2008/09 estimate	2009/10 forecast	Change from last month	Change from 2008/09
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	86.0	86.5	0.0	0.6
Harvested area (million acres)	78.6	79.6	0.0	1.3
Yield (bushels per acre)	153.9	165.2	0.0	7.3
	<i>Million bushels</i>			
Beginning stocks	1,624	1,673	0.0	3.0
Production	12,092	13,151	0.0	8.8
Total supply	13,729	14,834	0.0	8.0
Feed and residual	5,246	5,550	0.0	5.8
Food, seed, and industrial	4,953	5,565	1.7	12.4
Ethanol	3,677	4,300	2.4	16.9
Domestic use	10,198	11,115	0.9	9.0
Exports	1,858	2,000	-2.4	7.7
Total use	12,056	13,115	0.3	8.8
Ending stocks	1,673	1,719	-2.6	2.8
	<i>Percent</i>			
Stocks to use ratio	13.9	13.1		
	<i>Dollars per bushel</i>			
Average market price	4.06	3.45/3.95	0.0	-8.9

February 9, 2010

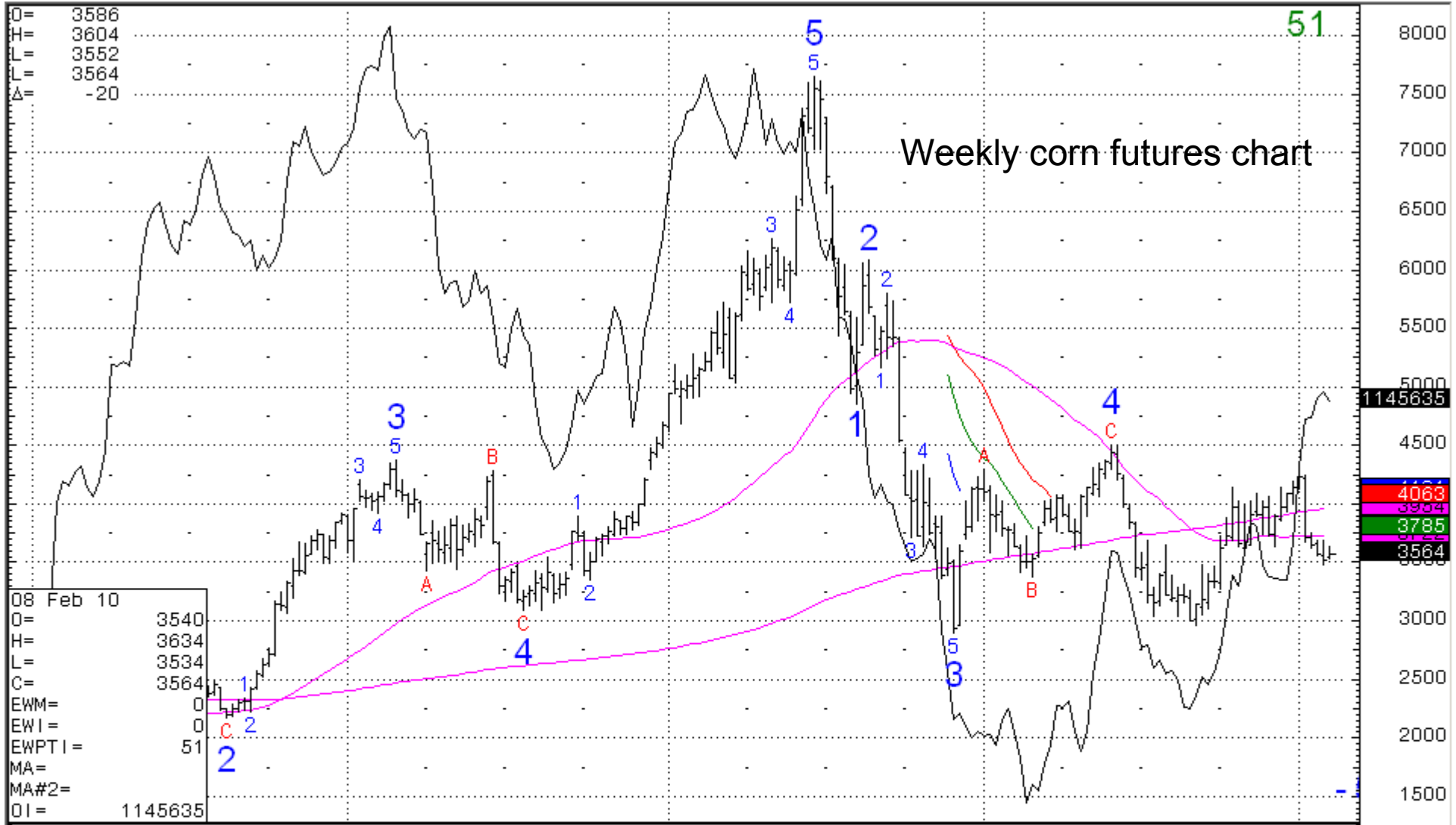
BASELINE TRADE PROJECTIONS FOR CORN

Imports vs US Trade Share as Percent

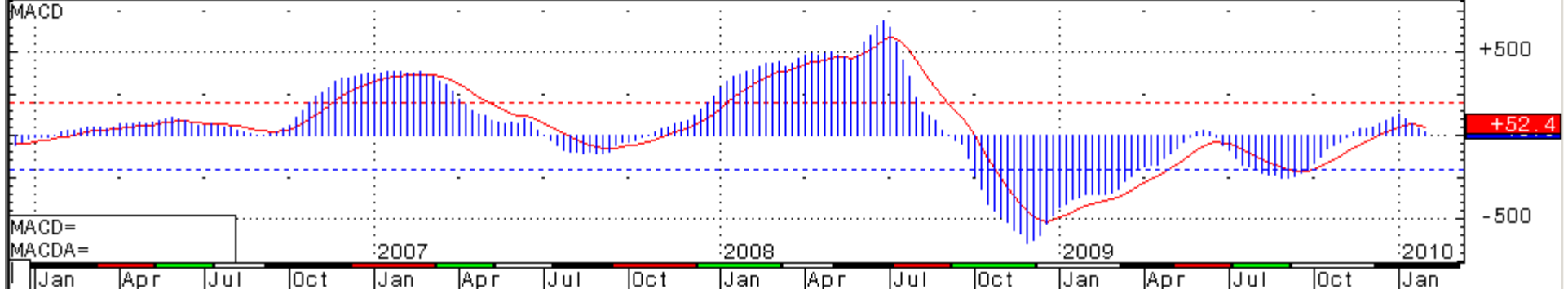


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Weekly corn futures chart

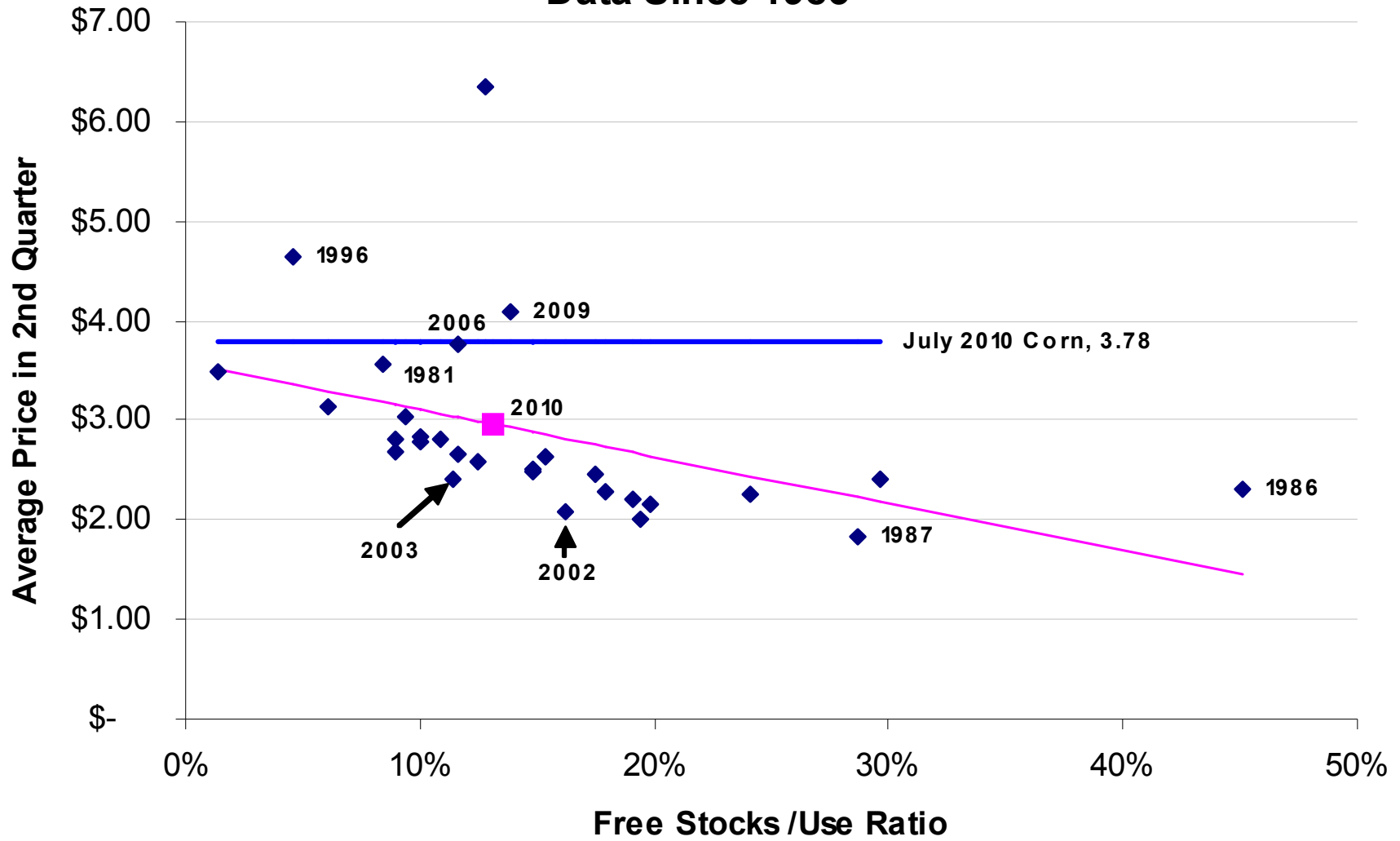


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 EWPT1= 51
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 MA#2= 2
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2007 2008 2009 2010
 |Jan |Apr |Jul |Oct |Jan |Apr |Jul |Oct |Jan |Apr |Jul |Oct |Jan

Corn Free Stocks/Usage Vs. July Futures Data Since 1983



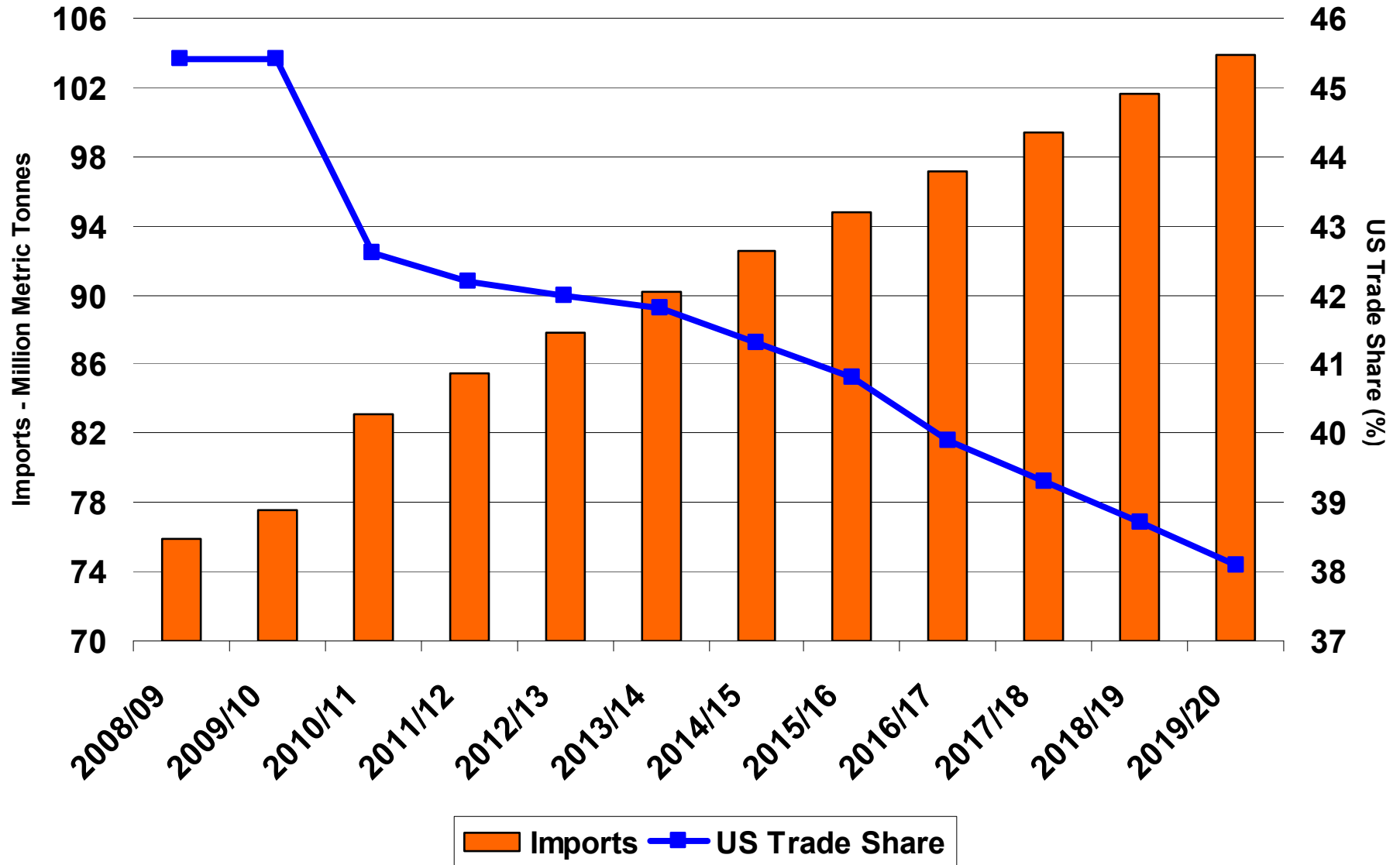
U.S. Soybean Supply and Demand

	2008/09 estimate	2009/10 forecast	Change from last month	Change from 2008/09
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	75.7	77.5	0.0	2.3
Harvested area (million acres)	74.7	76.4	0.0	2.3
Yield (bushels per acre)	39.7	44.0	0.0	10.7
	<i>Million bushels</i>			
Beginning stocks	205	138	0.0	-32.6
Production	2,967	3,361	0.0	13.3
Imports	13	8	0.0	-39.7
Total supply	3,185	3,507	0.0	10.1
Crush	1,662	1,720	0.6	3.5
Seed and residual	102	177	0.0	74.0
Domestic use	1,764	1,897	0.5	7.6
Exports	1,283	1,400	1.8	9.1
Total use	3,047	3,297	1.1	8.2
Ending stocks	138	210	-14.3	51.9
	<i>Percent</i>			
Stocks to use ratio	4.5	6.4		
	<i>Dollars per bushel</i>			
Average market price	9.97	8.70/10.20	-2.1	-5.2

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BASELINE TRADE PROJECTIONS FOR SOYBEANS

Imports vs US Trade Share as Percent



U.S. Soybean Oil Supply and Demand

	2008/09 estimate	2009/10 forecast	Change from last month	Change from 2008/09
	<i>Million pounds</i>		<i>Percent</i>	
Beginning stocks	2,485	2,742	0.0	10.4
Production	18,746	19,160	0.4	2.2
Imports	90	75	0.0	-16.3
Total supply	21,321	21,977	0.3	3.1
Domestic use	16,385	16,500	0.0	0.7
Methyl ester	1,907	2,200	0.0	15.4
Exports	2,193	3,250	0.0	48.2
Total use	18,578	19,750	0.0	6.3
Ending stocks	2,742	2,227	3.5	-18.8
	<i>Cents per pound</i>			
Average market price	32.16	33.50/36.50	-6.7	8.8

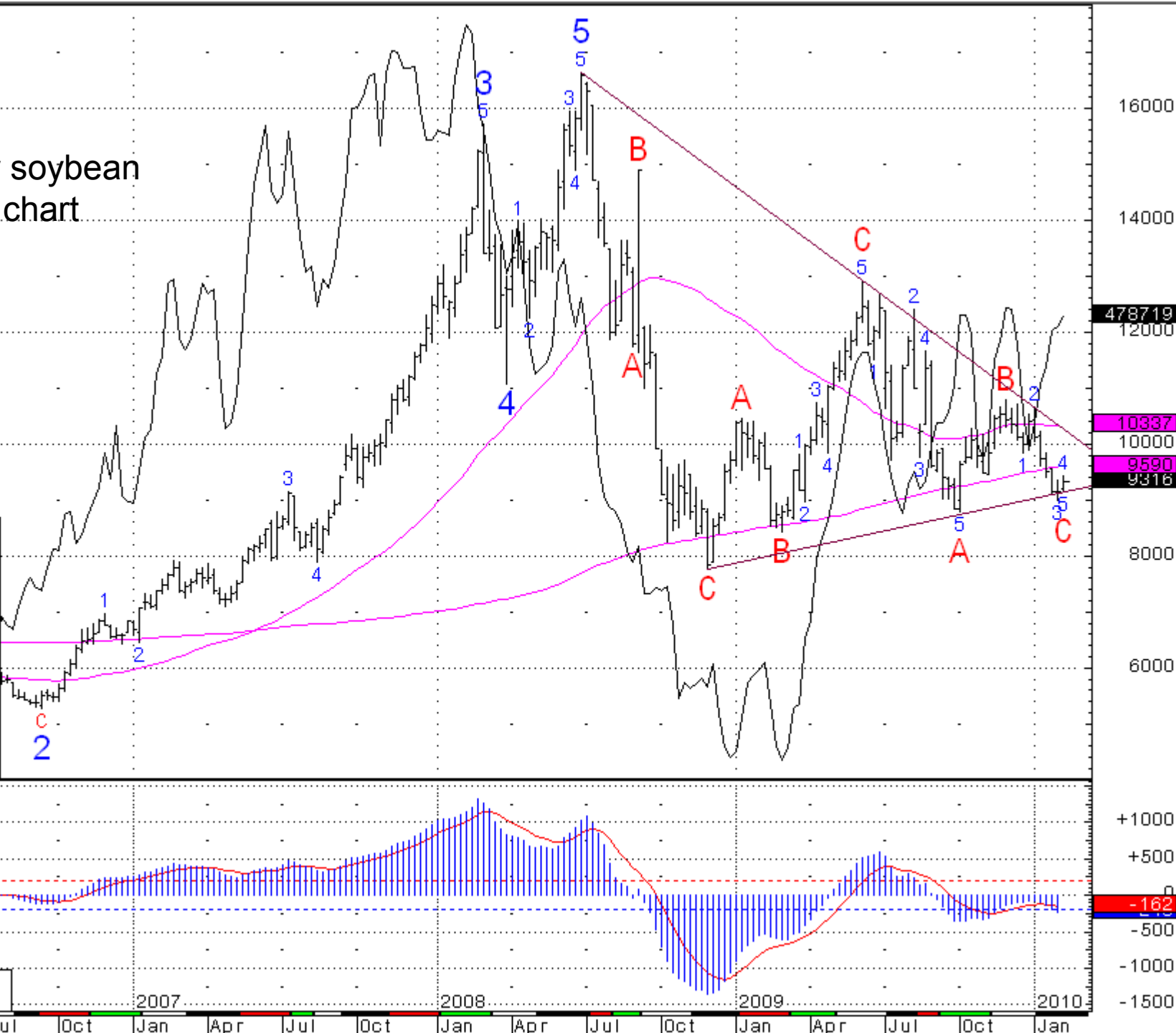
February 9, 2010

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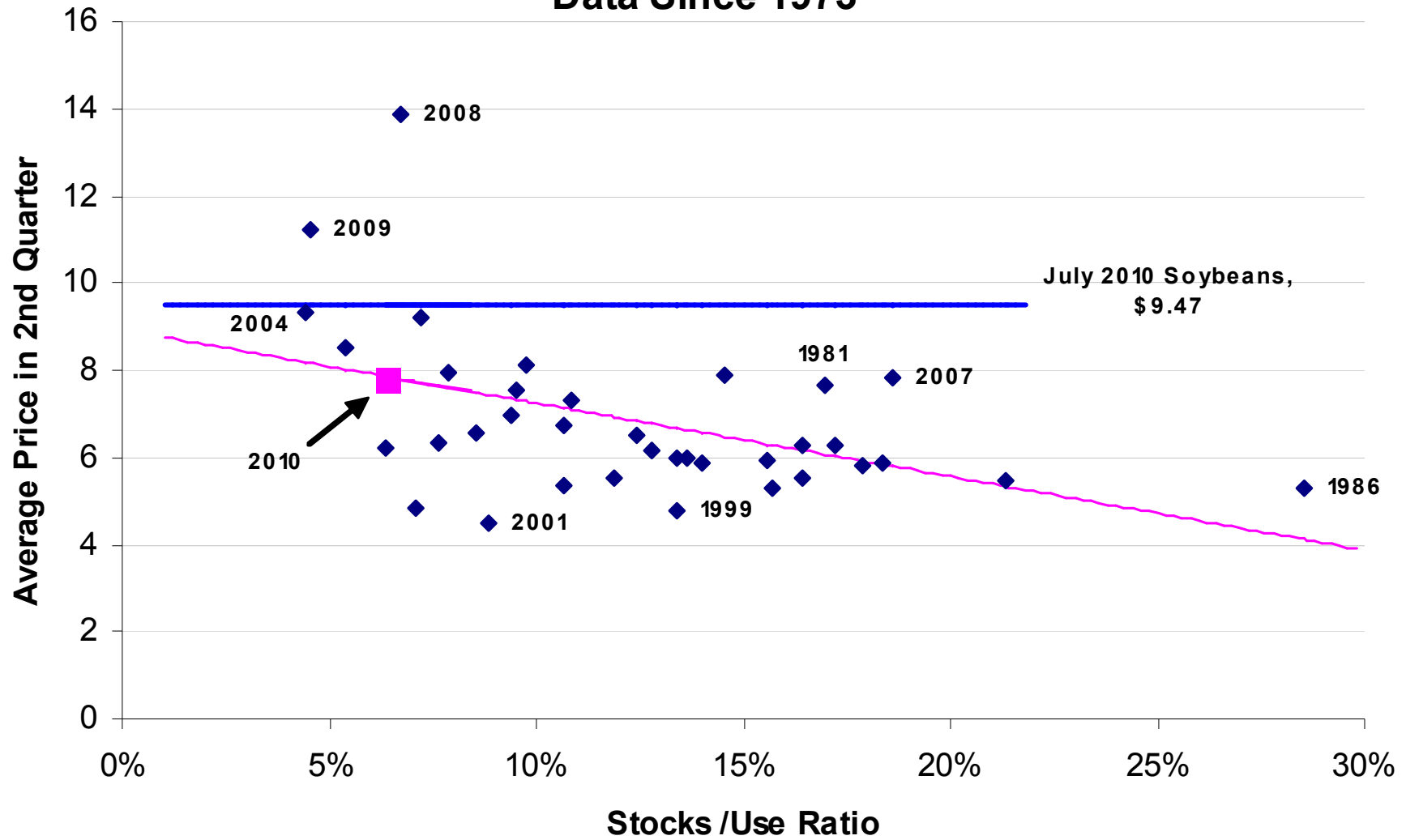
Weekly soybean futures chart

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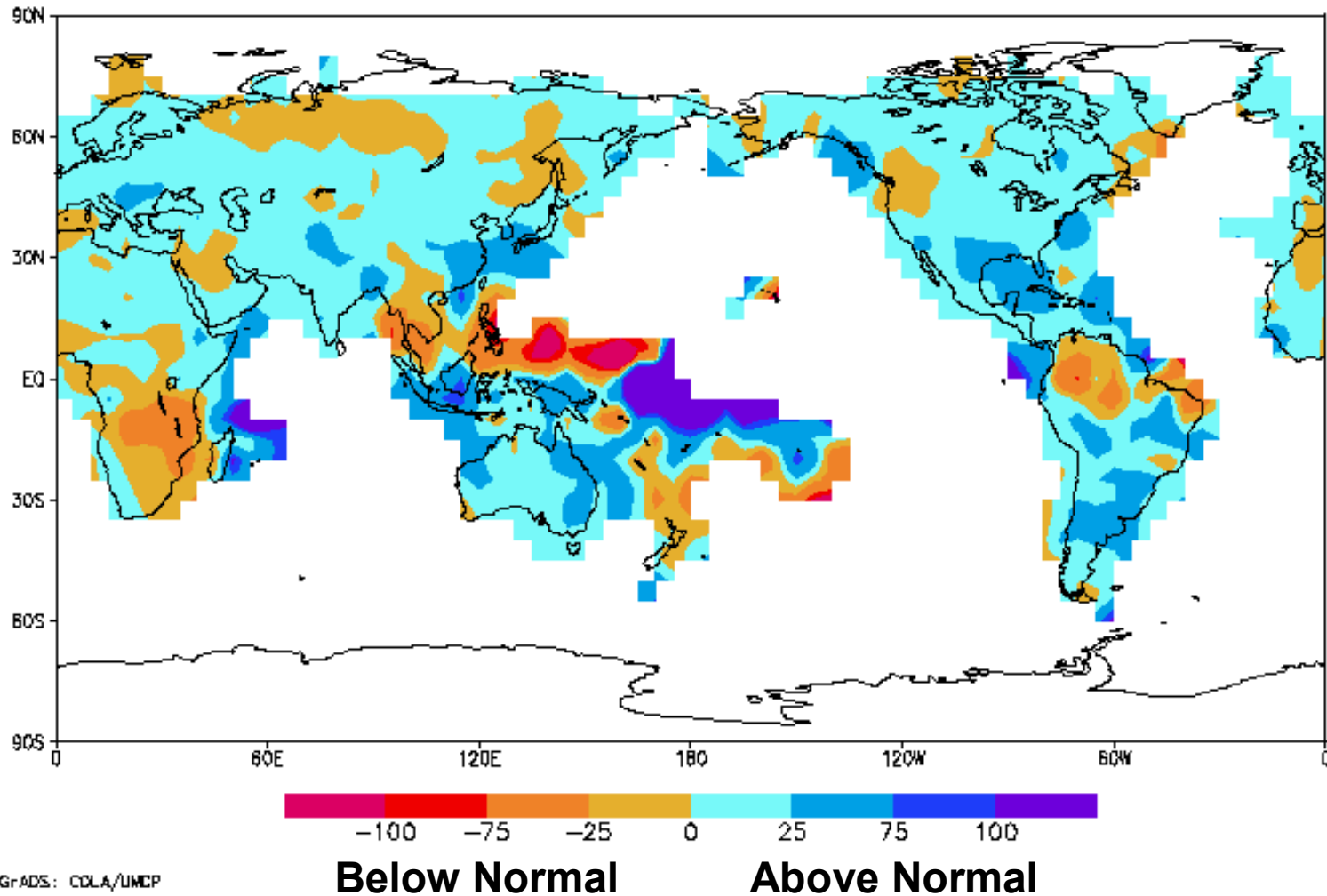
MACD=
 MACDA=
 2007 2008 2009 2010



Soybean Stocks/Usage Vs. July Futures Data Since 1973

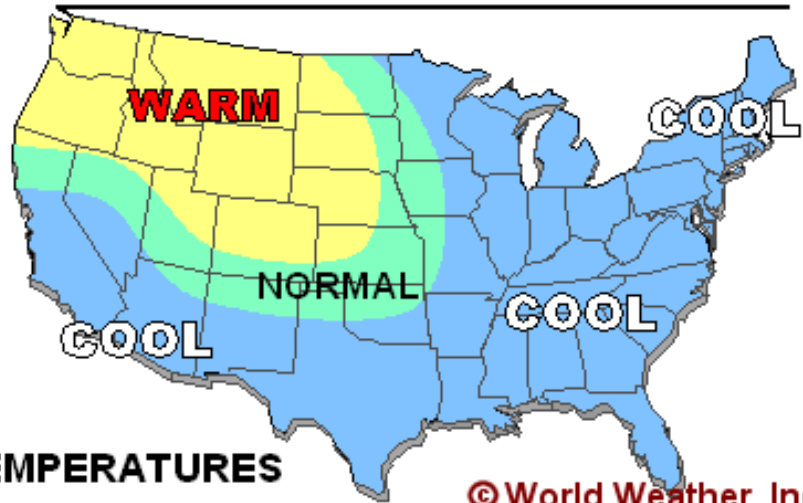


MAR. - MAY EL NINO PRECIPITATION BIAS



Weather Should Start Improving In Eastern Australia, Indonesia, Malaysia And Central America March Through May After A Previous Few Months Of Dryness. Dry Weather Will Continue In South Africa, Philippines, Colombia And Venezuela While Developing In Mainland Southeast Asia.

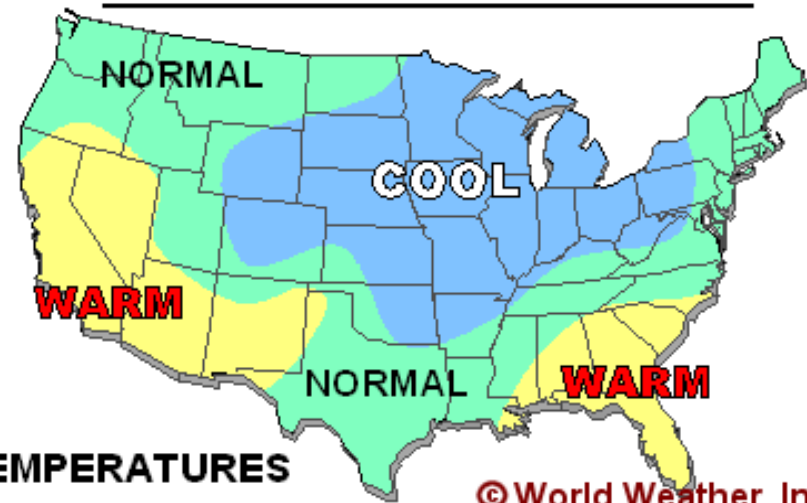
MARCH - APRIL WEATHER BIAS



TEMPERATURES

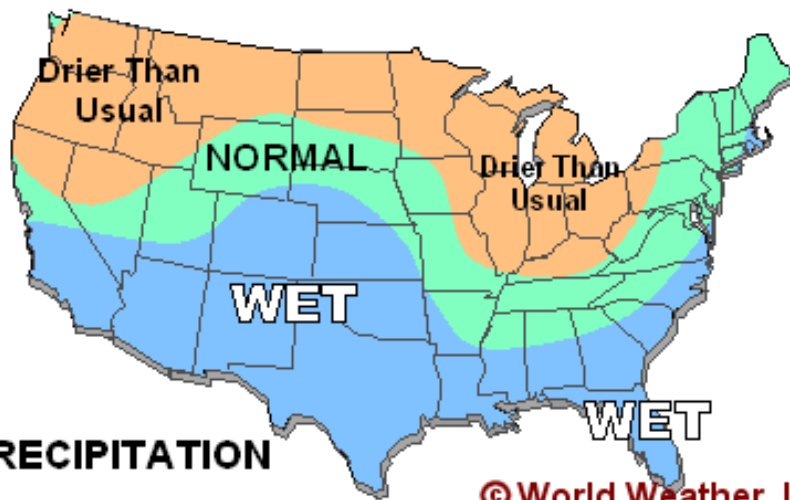
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MAY - JUNE WEATHER BIAS



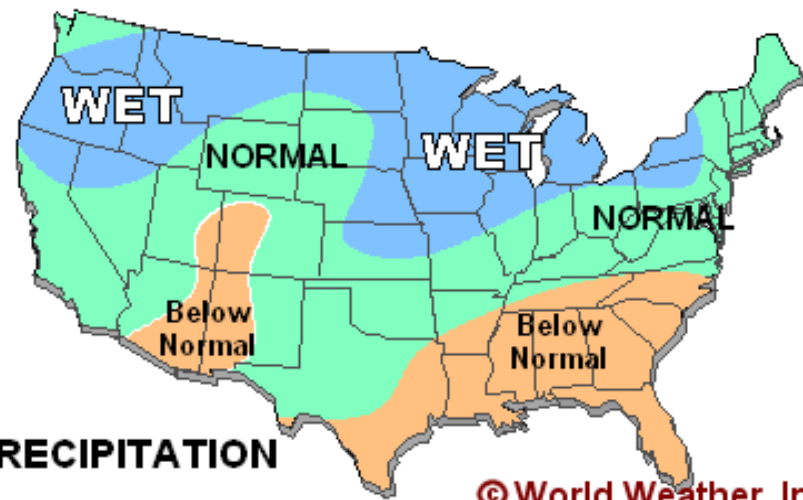
TEMPERATURES

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PRECIPITATION

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PRECIPITATION

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The US Economy Bottoming – The Bottom Third of the Population Struggles



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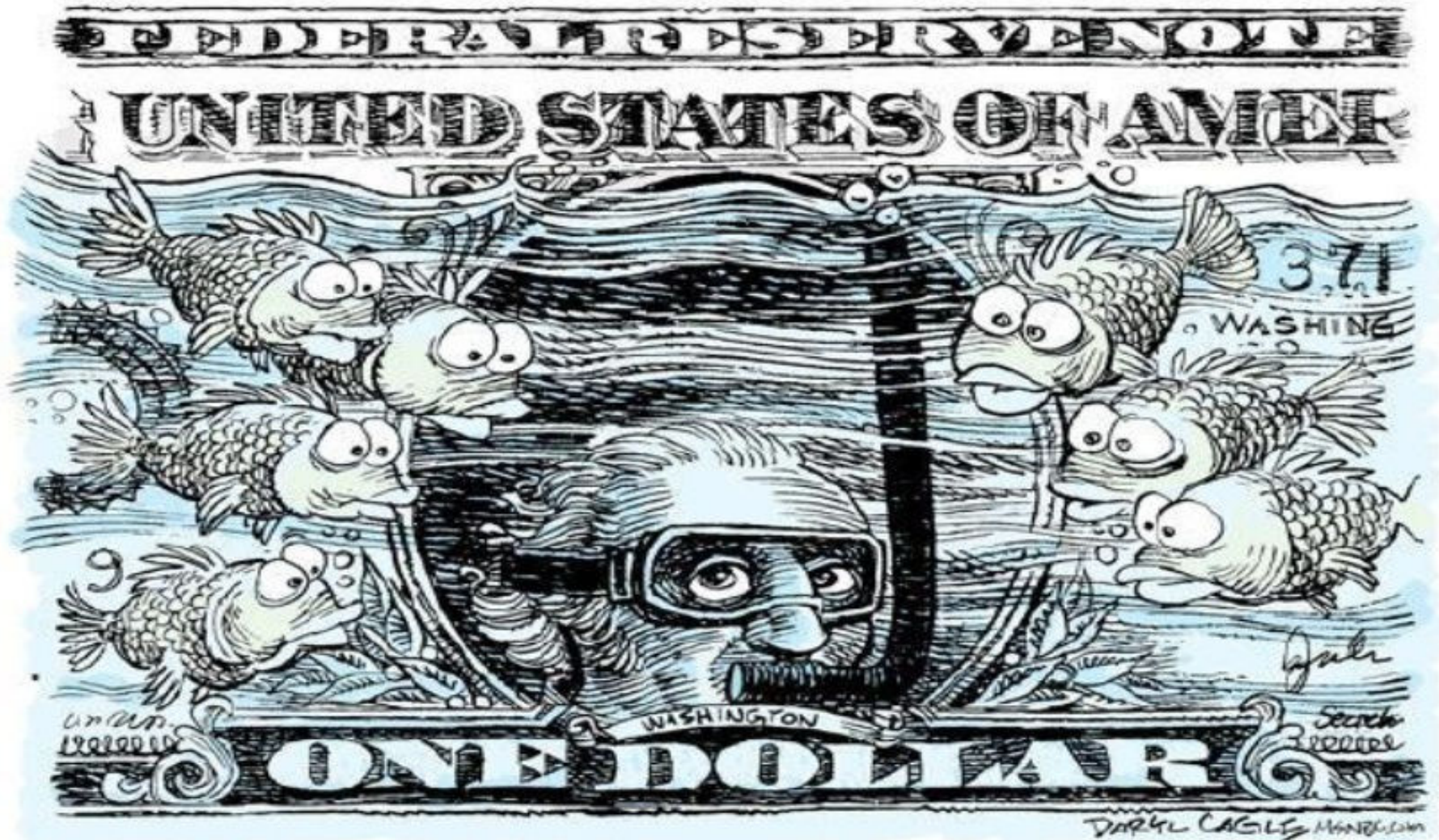
Taxpayer Expectations

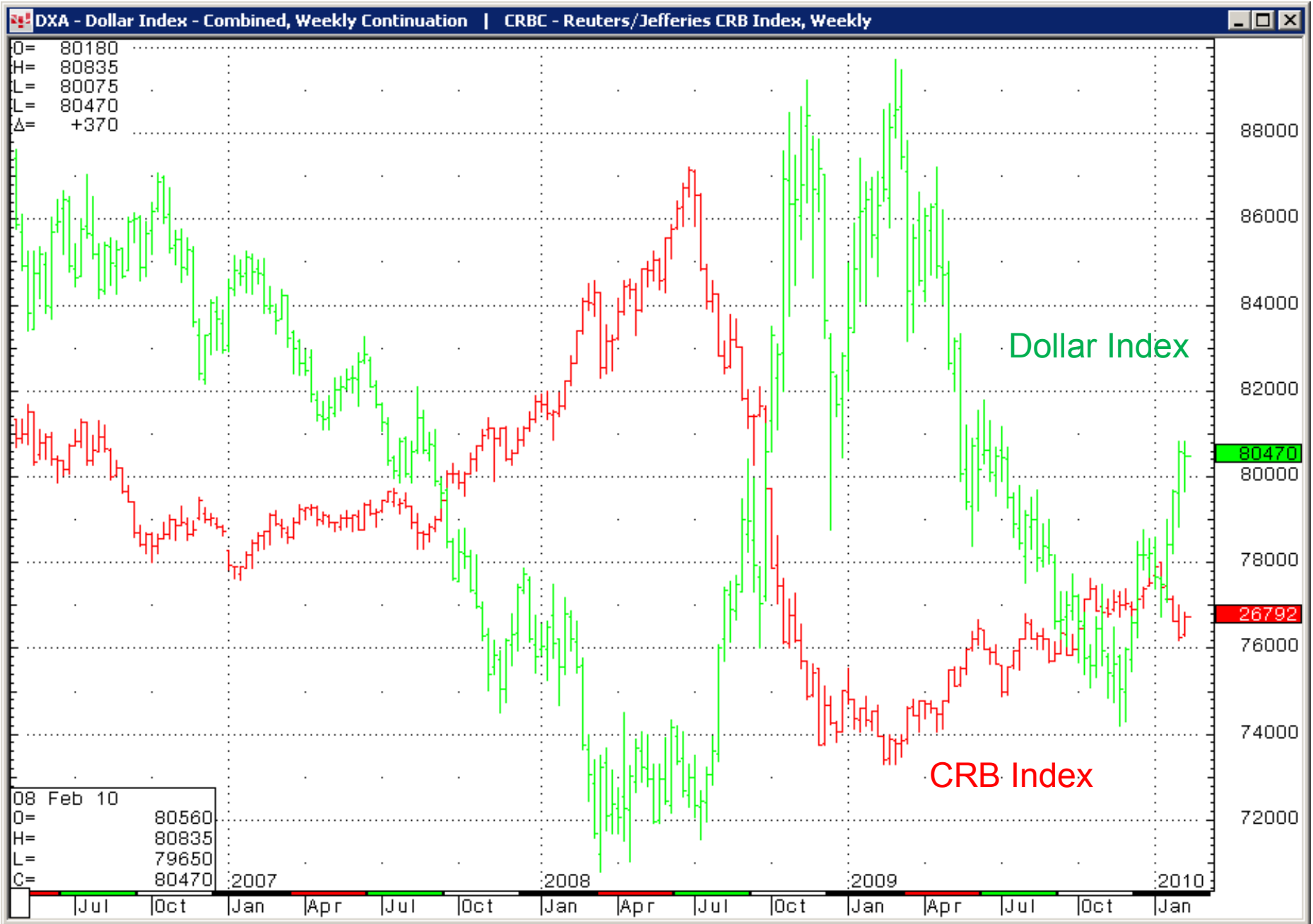
Addendum: 23 states have proposed tax increases, 13 are considering increases. This is in addition to 10 states that raised taxes in 2008.

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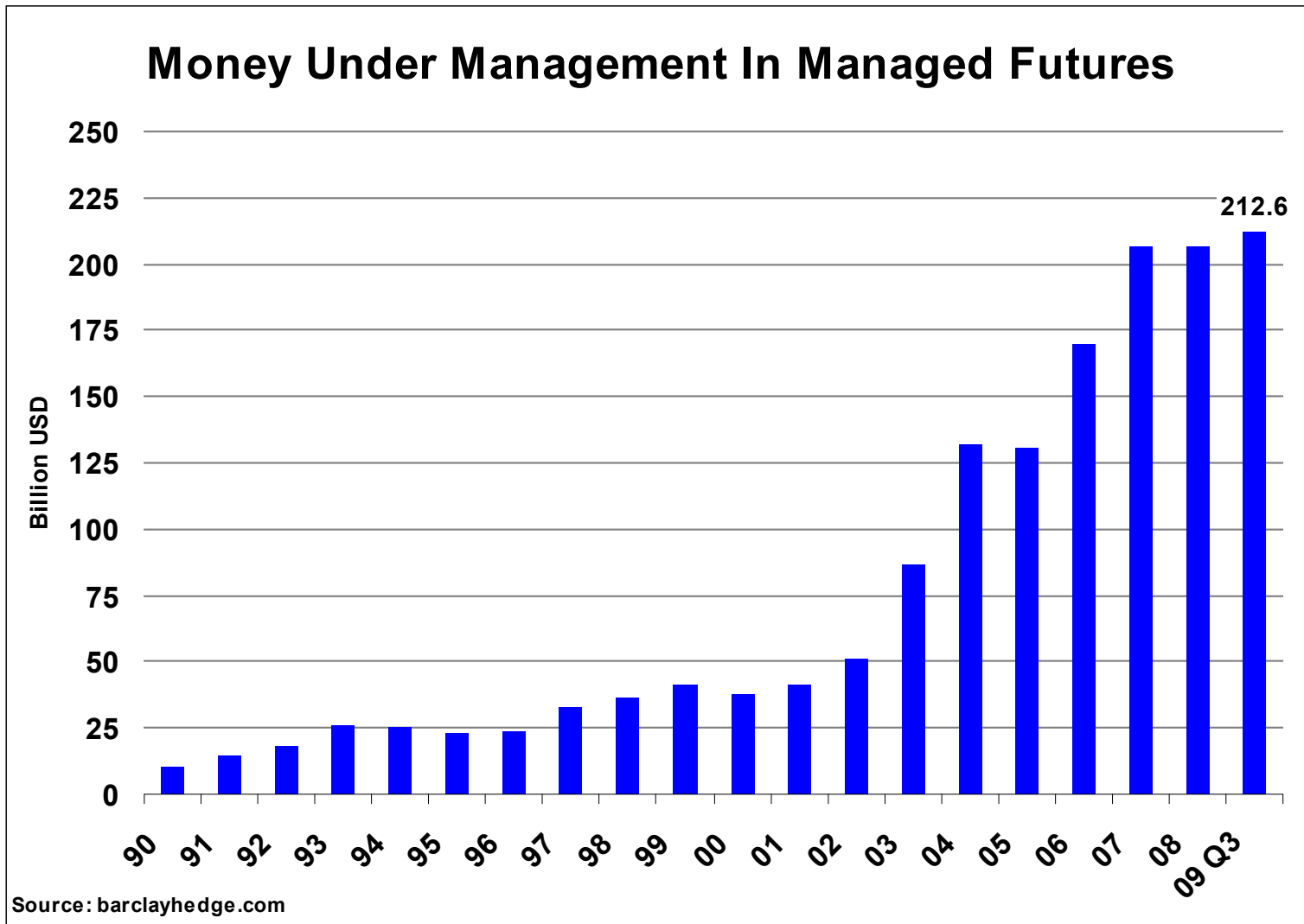


The Importance of the US Dollar

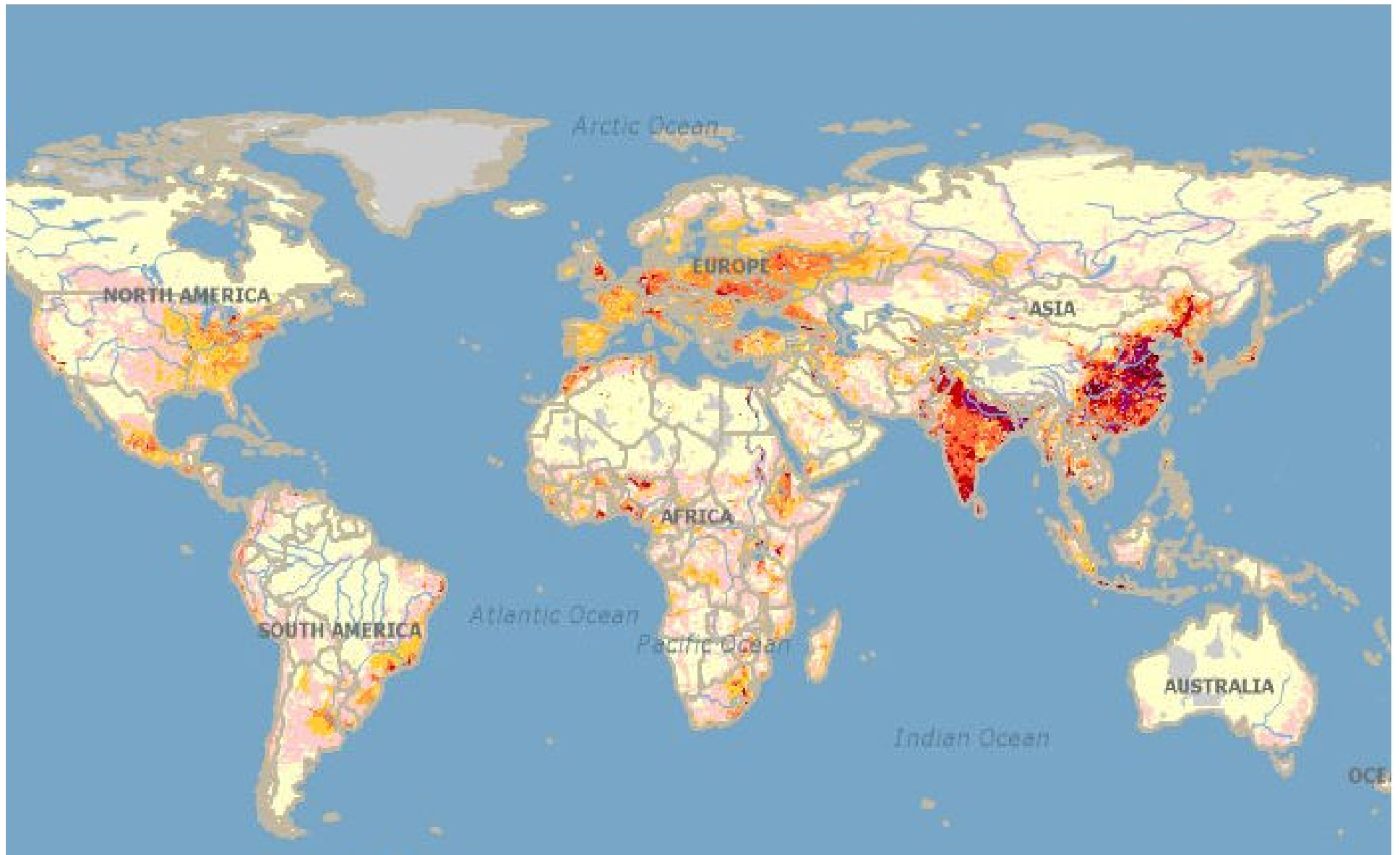




Investment Diversification

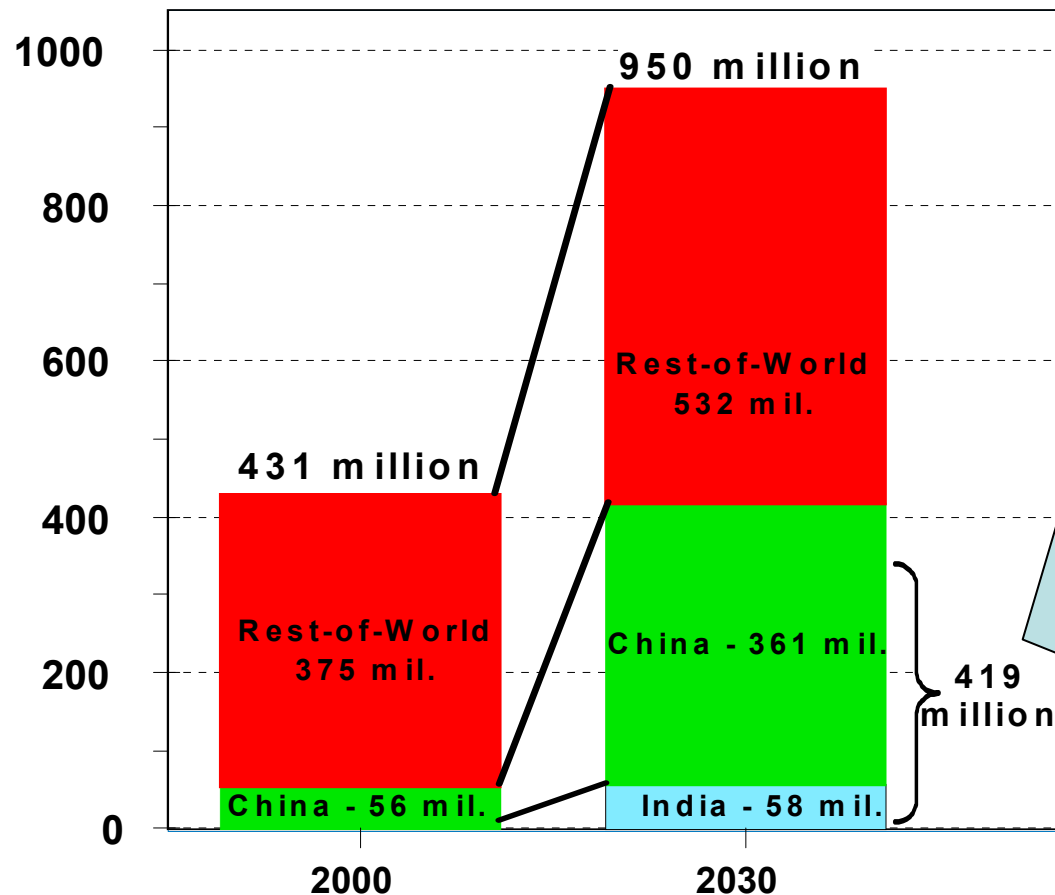


World Population Density



A Resource Challenged World Still Lies in the Future

Million people **Growing Middle Class**



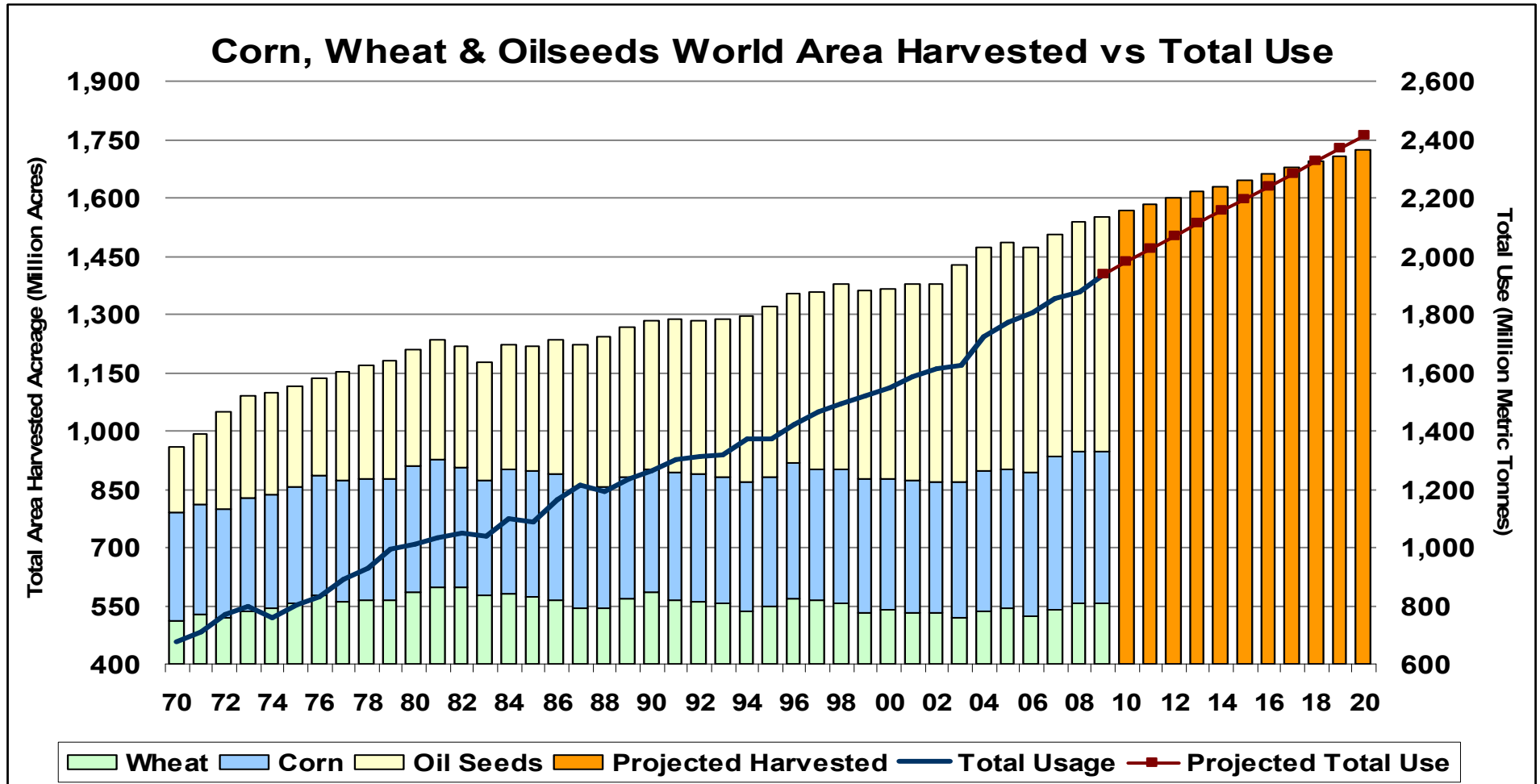
China and India will account for 70% of the increase in the middle class from 2000-2030. Their "ability to pay" will set global market prices!

- ✓ Income growth (source?)
- ✓ Market access (protectionism)
- ✓ Yield technology (biotech)
- ✓ Political decisions (inward?)

But it is not a straight line growth path! Significant volatility will prevail around the growth path!



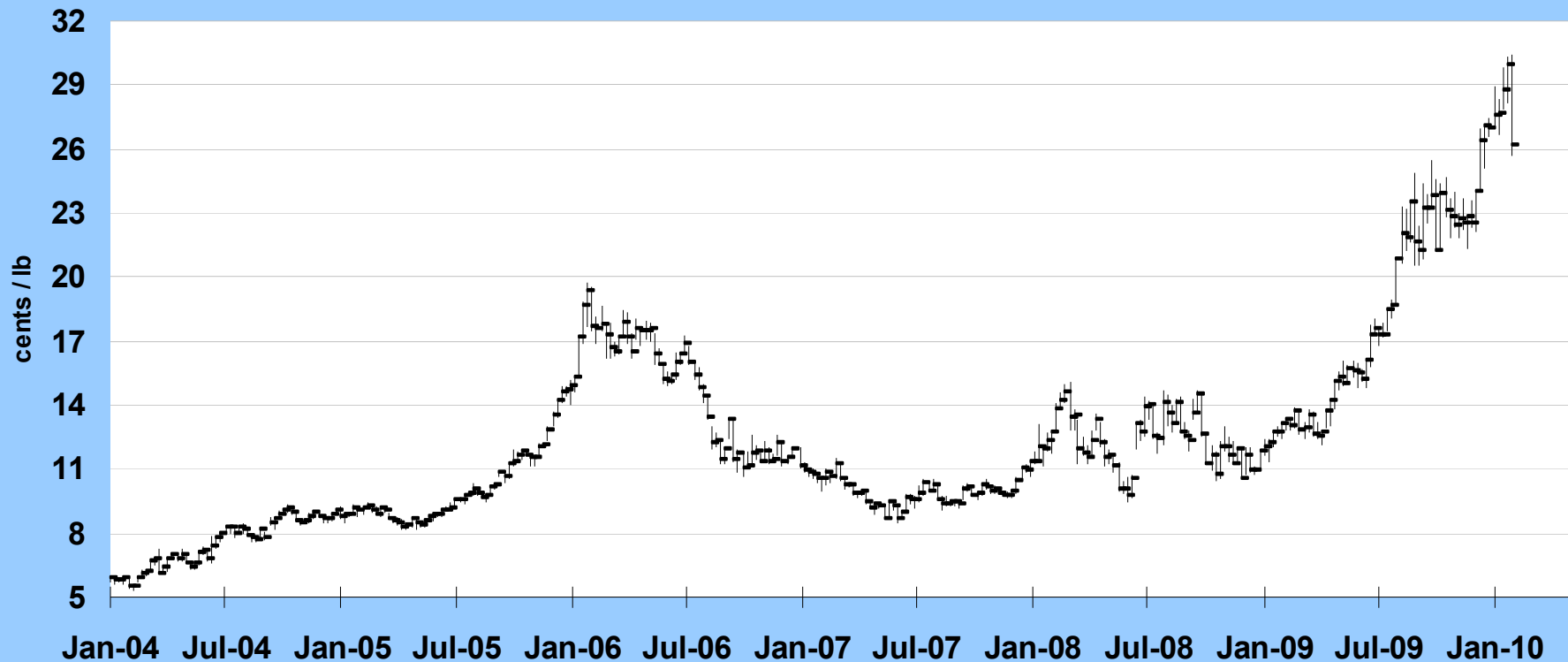
Limited Land and Water



Raw Material Price Outlook

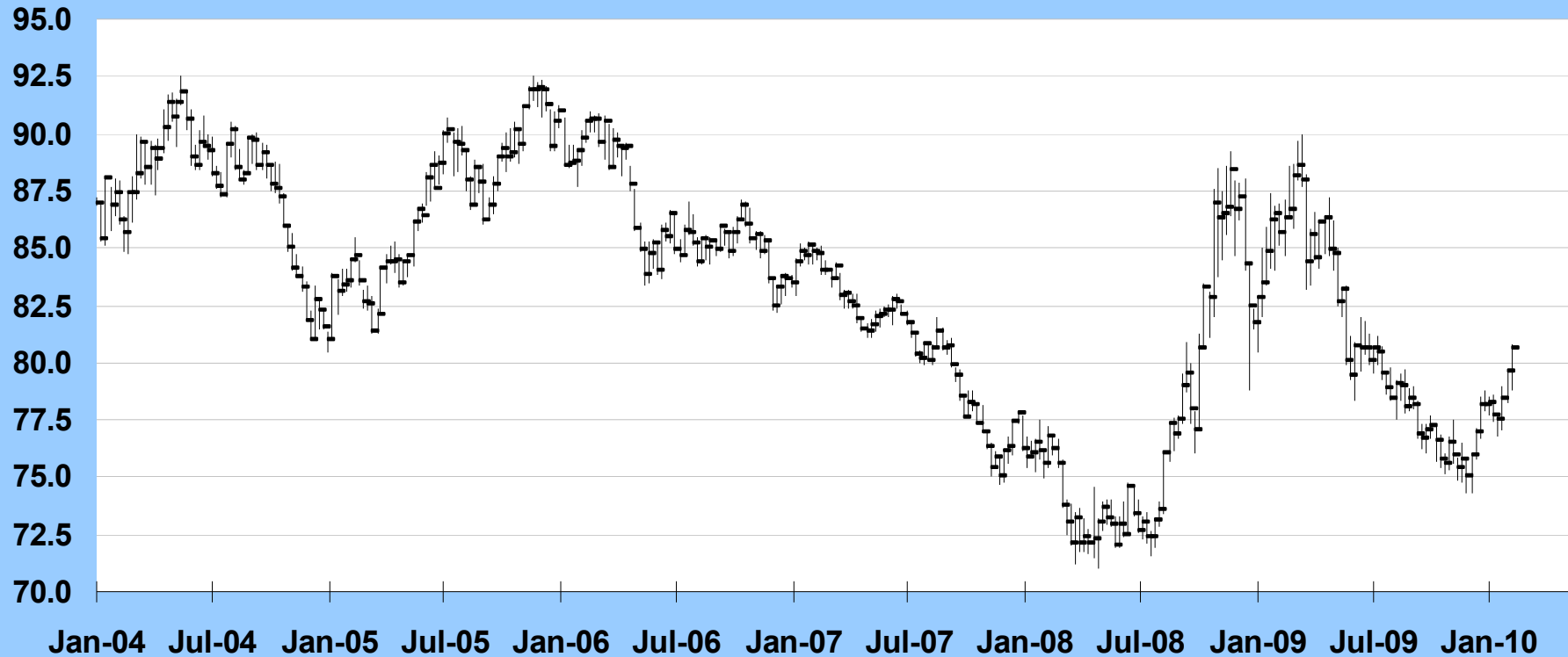
- Sugar: High price but more tightness; buy breaks
- Dollar: Assume the trend is up particularly against the Yen
- Crude Oil: Later winter weakness could be the low for the year
- Corn: Potential demand led rally later; down into March
- Wheat: Getting cheap but no need to buy yet
- Coffee: Still in downtrend; wait for 123-120 zone to buy
- Soybean Oil: Big supply & downtrend: wait for 35-33 zone

Weekly Nearby Sugar #11

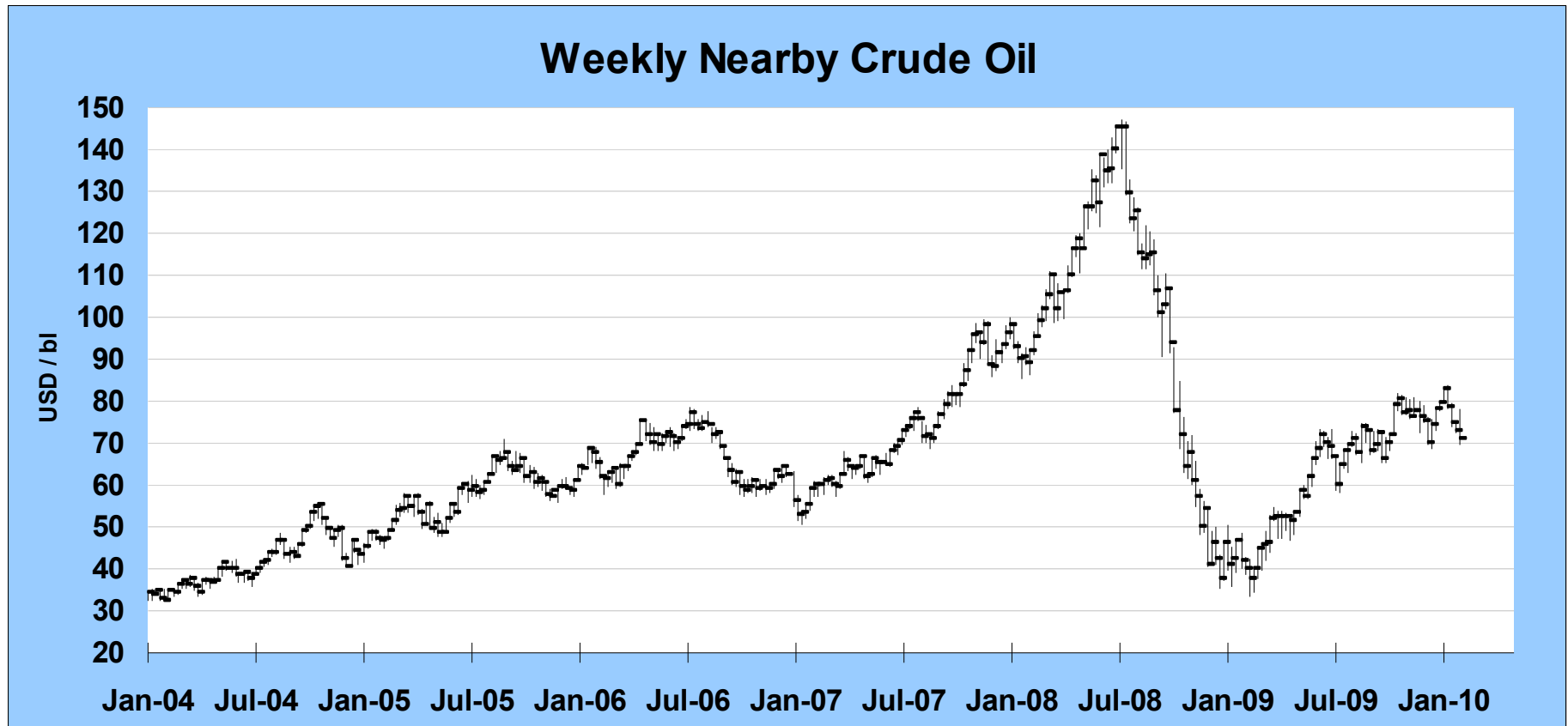


- Recent bearish technical action but “ historical tightness” to persist into April/May
- Buy 1st half needs & second half needs on a dip to 25 cents
- Need dry April in Brazil and wet monsoons in India to alleviate global tightness

Weekly Nearby US Dollar

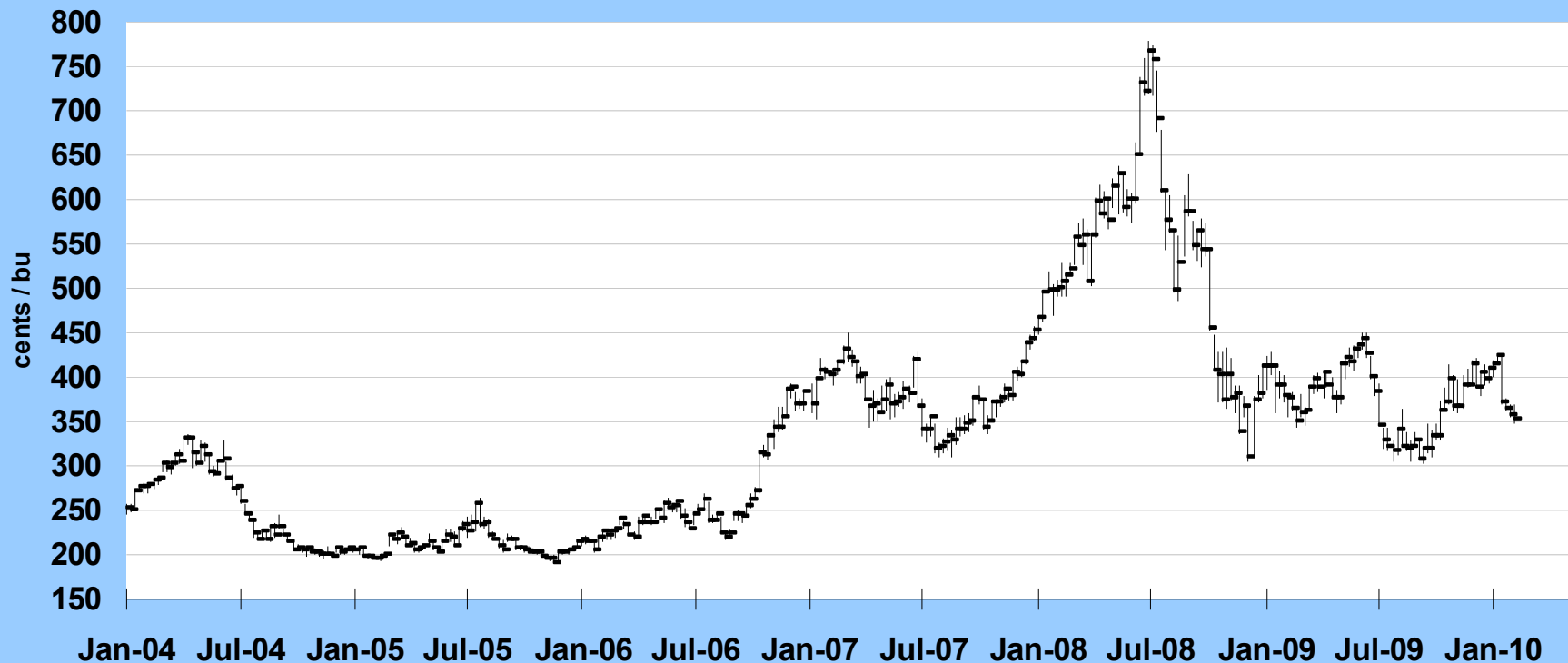


- Dollar gains off flight to quality not growth and yield expectations
- Yen looks to be the weakest currency in 2010
- Pound and Canadian need real recovery evidence to rally

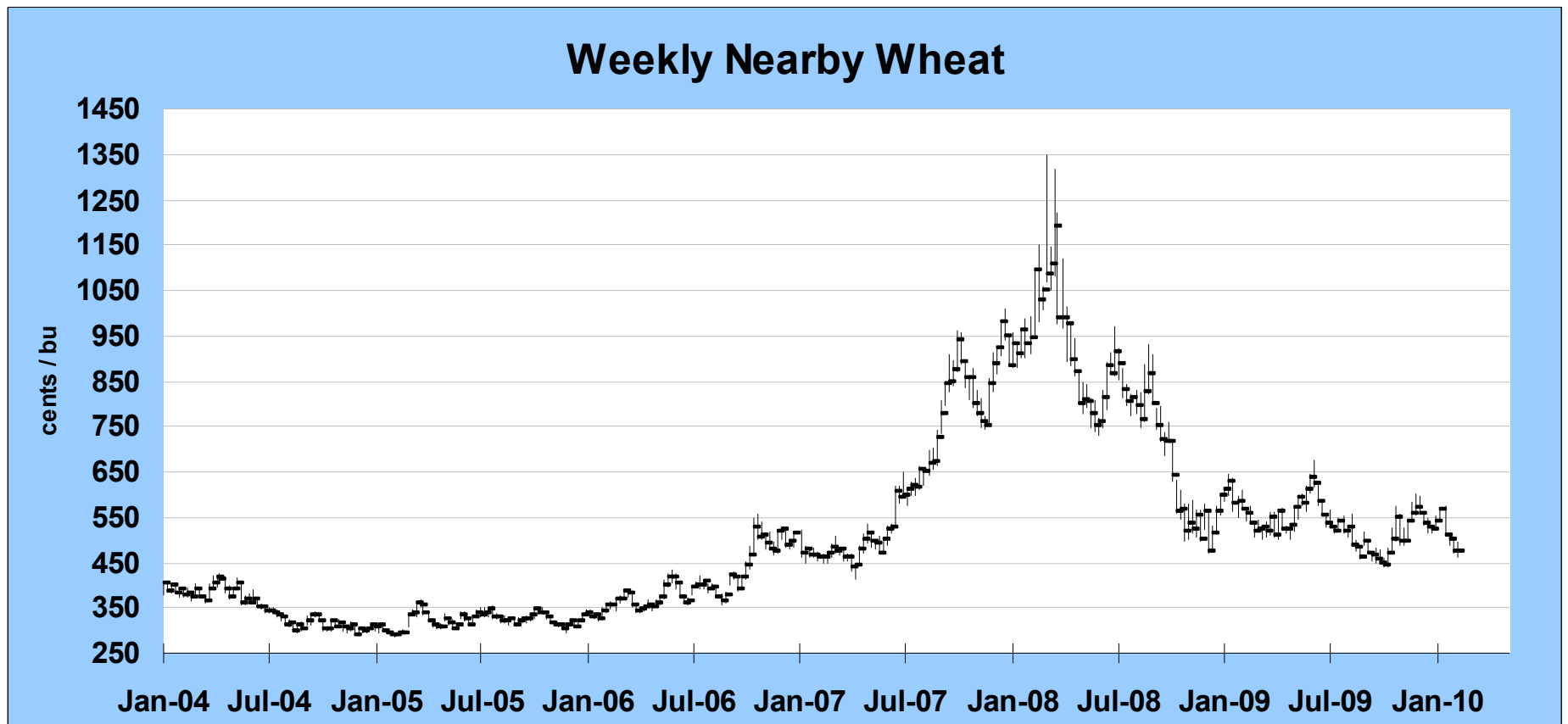


- 2009 US crude surplus has become a deficit
- Most significant energy market fundamental is a historically low refinery operating rate (product tightness this summer)
- Strong fundamental value in nearby crude oil at \$70.00

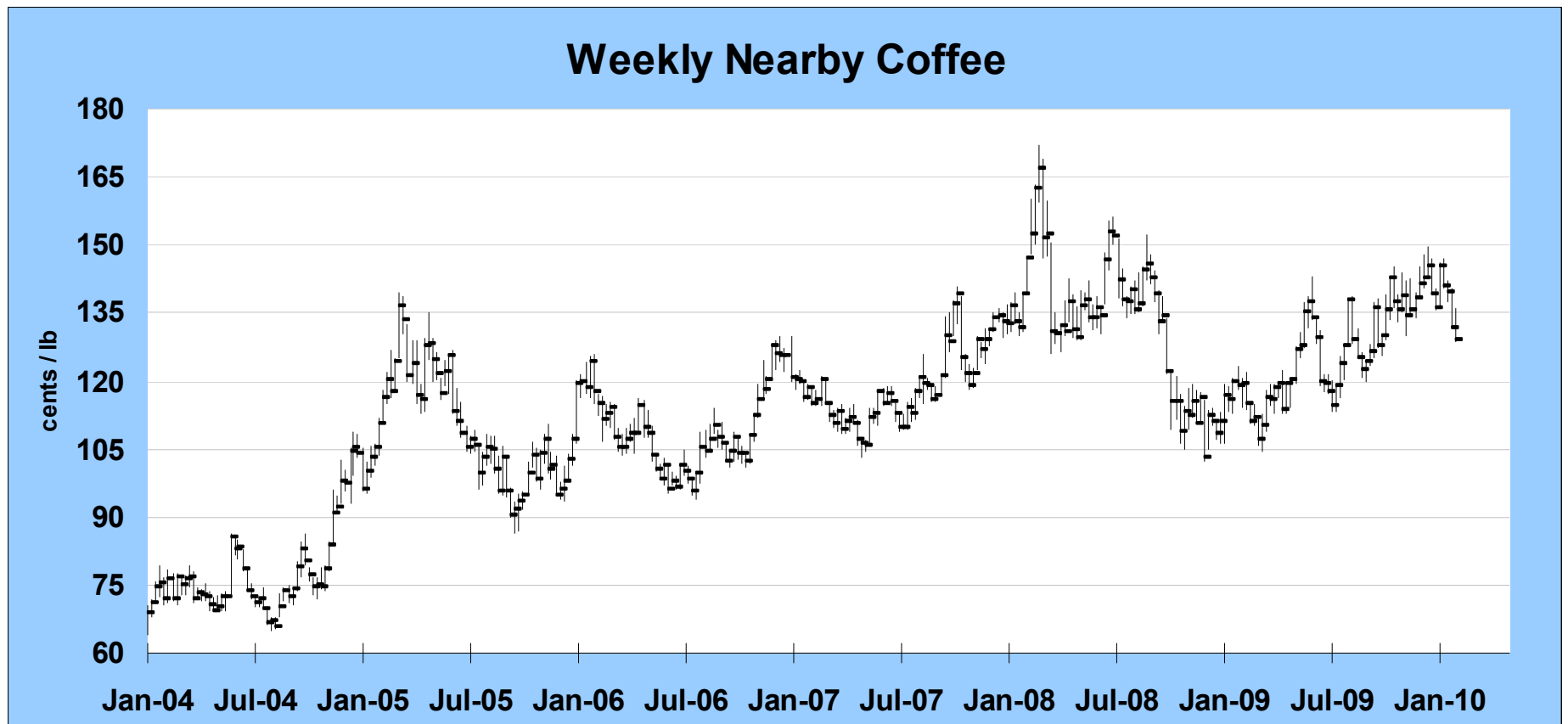
Weekly Nearby Corn



- Solid world and US demand outlook and need for more spring acres but too many acres available and big grain and oilseed crop from S America
- World stocks/usage still 3rd lowest in 33 years
- Chop lower for now but buyers could get active as nearby futures move into 330-350 zone



- Lowest US exports since 1971
- Weak dollar did not help last year so 2010 export outlook weaker with dollar strength
- Worst case downside for July appears to be near 430 which is level where end users might start buying



- Breaking longer-term uptrend channel
- Shifting from world production deficit in 2009/10 to surplus for 2010/11
- Brazil weather key for July/Aug harvest
- Buyers can be patient with 123-120 first good support

Weekly Nearby Soybean Oil



- Bearish soybean, meal fundamentals but tighter India vegoil supply, global demand growth and slower than normal palm oil production growth suggest “less” bearishness for oil
- Lower yield, potential bump in bio-diesel and increased world bio-diesel demand potential positive forces
- Buyers may want to get active 34.70-33.10 zone for nearby futures