



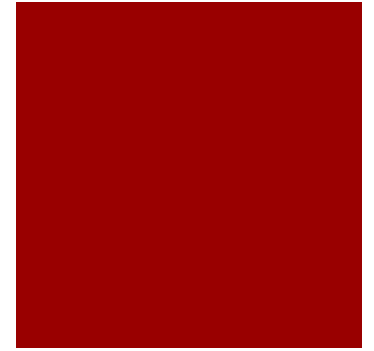
Successful  
**Farming**

# Ag megatrends

Dan Looker  
Business Editor

# More hot summer topics

- Ethanol
- Turmoil in the Ag Committee
- Corn price dynamics
- Growing markets and competition
- Causes for worry and hope

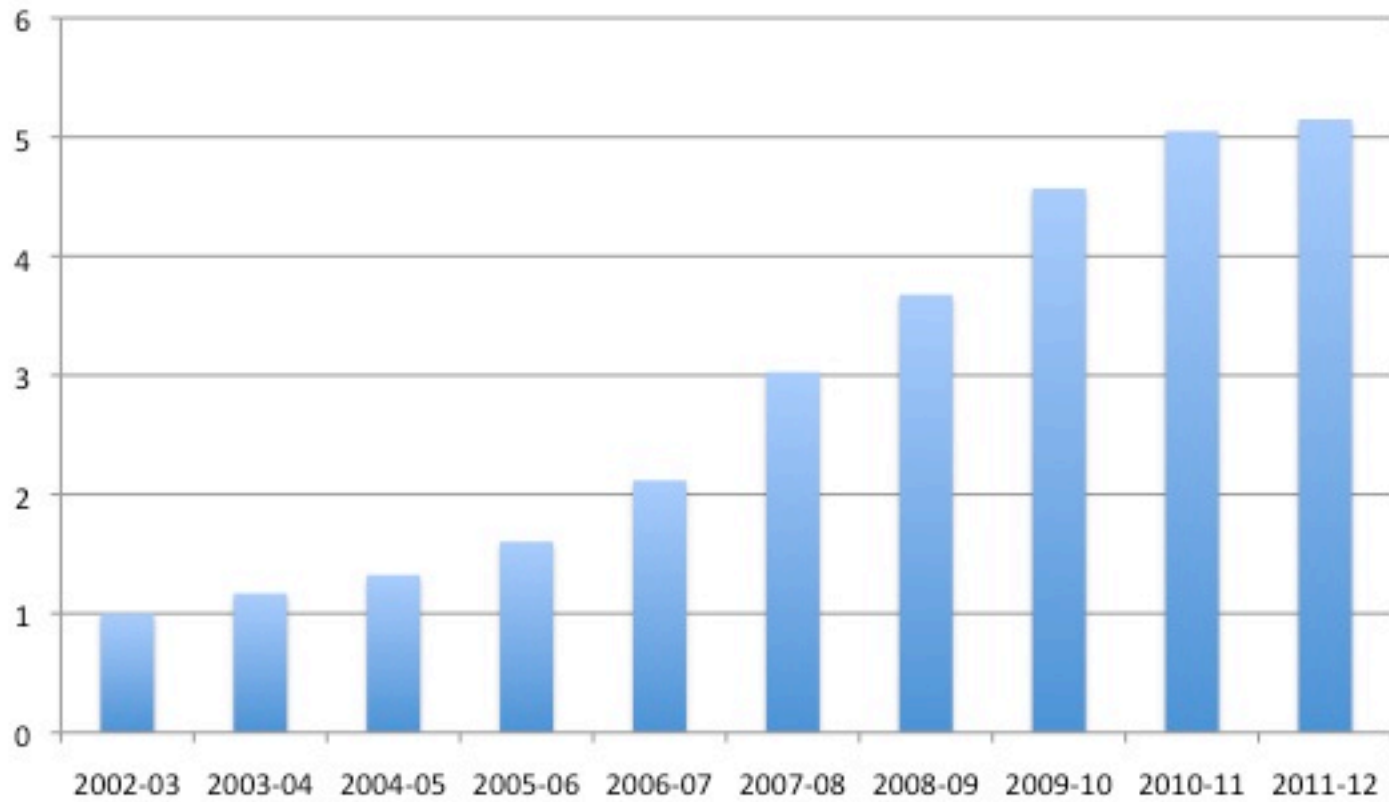


Ethanol:  
the 800-  
pound  
gorilla



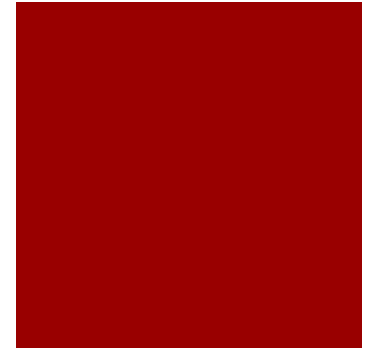


**Corn used for ethanol (billions of bu.)**

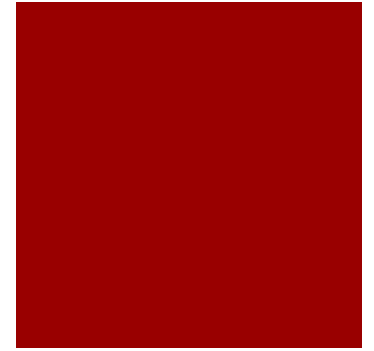


# We're at the blend wall

- 2010 U.S. gas consumption – 136.8 billion gallons
- 2010 ethanol production – 13.2 billion gallons
- E15 – two years away, not significant yet
- Escape valve: exports to Brazil, other nations
- Last barrier: EPA caps corn ethanol in 2015
- 2015 = 15 billion gallons



# Ag Committee Opposites



Rep. Jim McGovern (D-MA)



Rep. Renee Ellmers (R-NC)

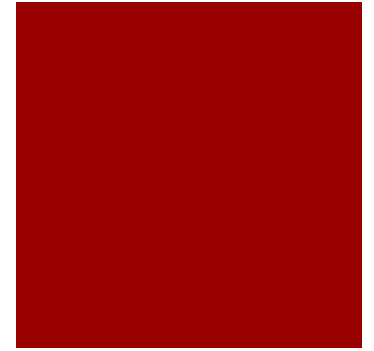
# More ag committee fun

- Billions short starting next year
- Ryan Budget cuts 30 billion more over 10 years
- Biden group targets ag early
- Nutrition vs. ag programs
- Chairman Lucas buys time



# More record corn prices

- Latest USDA range: \$5.50-\$6.50/bu in 2011-12
- Ending stocks still half of 2009-10
- 1.8 billion bu exports is 9-year low but...

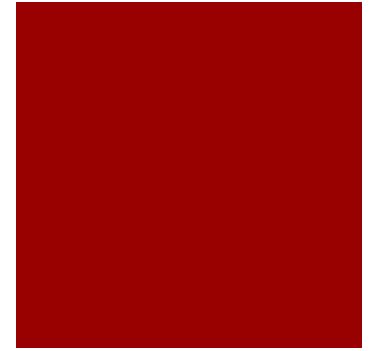


# China's still hungry



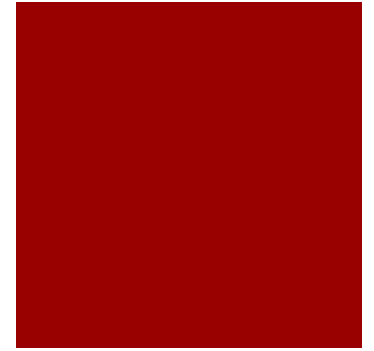
# Chinese imports grow

- Corn still small, but multiples of 2010
- Soybeans huge, leveling off?
- Pork industry modernizing
- Other livestock



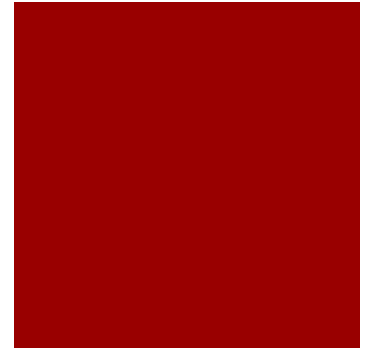
# Growing global competitors

- Former Soviet Union
- Ukraine
- Romania



# Other worries

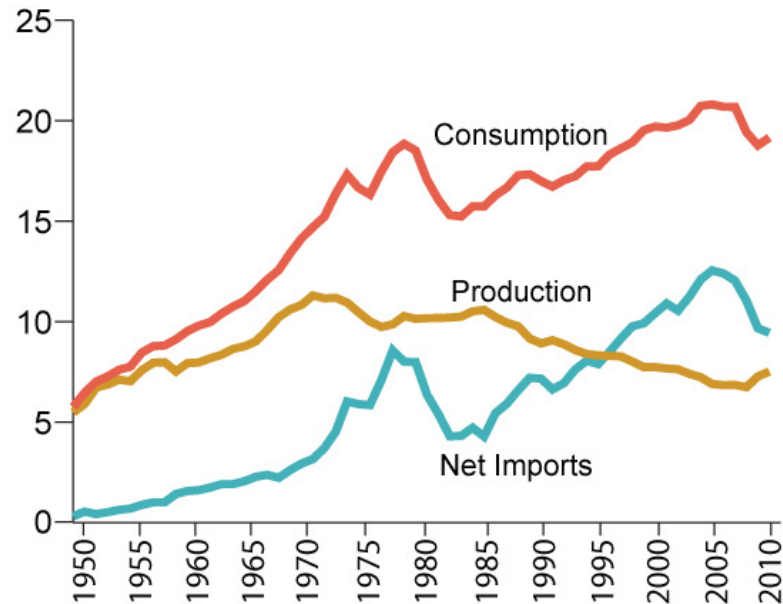
- A land bubble?
- Interest rates
- Double dip hits gasoline, meat demand



# Gasoline use is falling

## Petroleum Consumption, Production, and Import Trends (1949-2010)

million barrels per day



Source: U.S. Energy Information Administration, *Monthly Energy Review* (May 2011), preliminary data, and *Annual Energy Review 2009*, Table 5.1 (August 2010).

# Best of all possible worlds

- Soft landing for corn prices
- Slow growth keeps interest rates low
- Lowell Catlett's bullish statistics

