Agricultural Commodity Outlook

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Price Volatility Factors

- **Strong Demand Worldwide for Agricultural Commodities**
- **Record High Petroleum Prices**
- **Increased Production of Renewable Fuels**
- **Tight Grain and Soybean Stocks**
- **World Wheat Consumption has exceeded Production in 7 of the last 8 years**
- **Restrictions on World Exports of Grains – especially Rice**
- **U.S. Cotton Area and Production sharply lower**
- **Rising Input Costs**
- **Weak U.S. Dollar**

Price Volatility Factors

(continued)

- **Strong Demand Worldwide for Agricultural Commodities**
  - **Income growth in developing countries – India, China, etc.**
  - **Japan and other Asian markets active buyers despite high prices**
  - **Weak U.S. dollar**
- **Rising Petroleum Prices and Increased Production of Renewable Fuels**
  - **Corn for Ethanol in the United States**
  - **Oilseeds for biodiesel in the European Union**

Price Volatility Factors

(continued)

- **Tight Grain and Soybean Stocks**
  - **U.S wheat stocks at 60-year low**
  - **World wheat stocks at 30-year low**
  - **Corn stocks likely to decline sharply in 2008/09**
  - **U.S. soybean acres down sharply in 2007/08, stocks reduced from record beginning levels as use exceeds production by 400+ million bushels**
  - **South American soybean acres increased only modestly in 2007/08**
  - **China imports of soybeans forecast record high**

Price Volatility Factors
(continued)

- **World Wheat Consumption has exceeded Production in 7 of the last 8 years**
  - **Yields below trend in major exporting countries for the past 2 years**
  - **Australia recorded 2 back-to-back crop failures – lost more than one full year's output**
  - **E.U. crops below par**
  - **U.S. yields below trend**
  - **Canadian crops below average**

Price Volatility Factors
(continued)

- **Restrictions on World Exports**
  - **Ukraine, Russia, and Kazakhstan curtailed grain exports**
  - **Argentina shut-off export registrations on corn and wheat and raised taxes on soybean exports**
  - **Vietnam, India, Egypt, Cambodia, and China have imposed various restraints on rice exports**
  - **Thai exporters are having difficulty securing rice supplies to meet contracts**
  - **Australian rice exportable supplies down sharply due to drought**

Price Volatility Factors
(continued)

- **U.S. Cotton Area and Production Sharply Lower in 2007/08 and 2008/09**
  - **Cotton acres lost to competing crops, especially soybeans and corn**
  - **Increased dependence on exports**
  - **U.S. export forecast reduced as season progressed due to diminished China purchases/increased competition from India**
  - **Area forecast to decline again - projected net returns expected to favor grains and oilseeds in 2008/09**
  - **Competitor production has been growing – notably in India**
  - **China - excellent crops**
  - **Australia - crop reduced by drought**
  - **Pakistan - crop reduced by insect infestation**

Price Volatility Factors
(continued)

- **Rising Input Costs**
  - **Fuel prices up sharply**
  - **Fertilizer prices at record highs**
    - **Strong global demand with higher incomes, improved cultural practices and more cultivated area amid rising prices for agricultural commodities**
    - **U.S. dependency on fertilizer imports is growing – domestic production accounts for less than half of nitrogen needs**
  - **Feed prices rising**

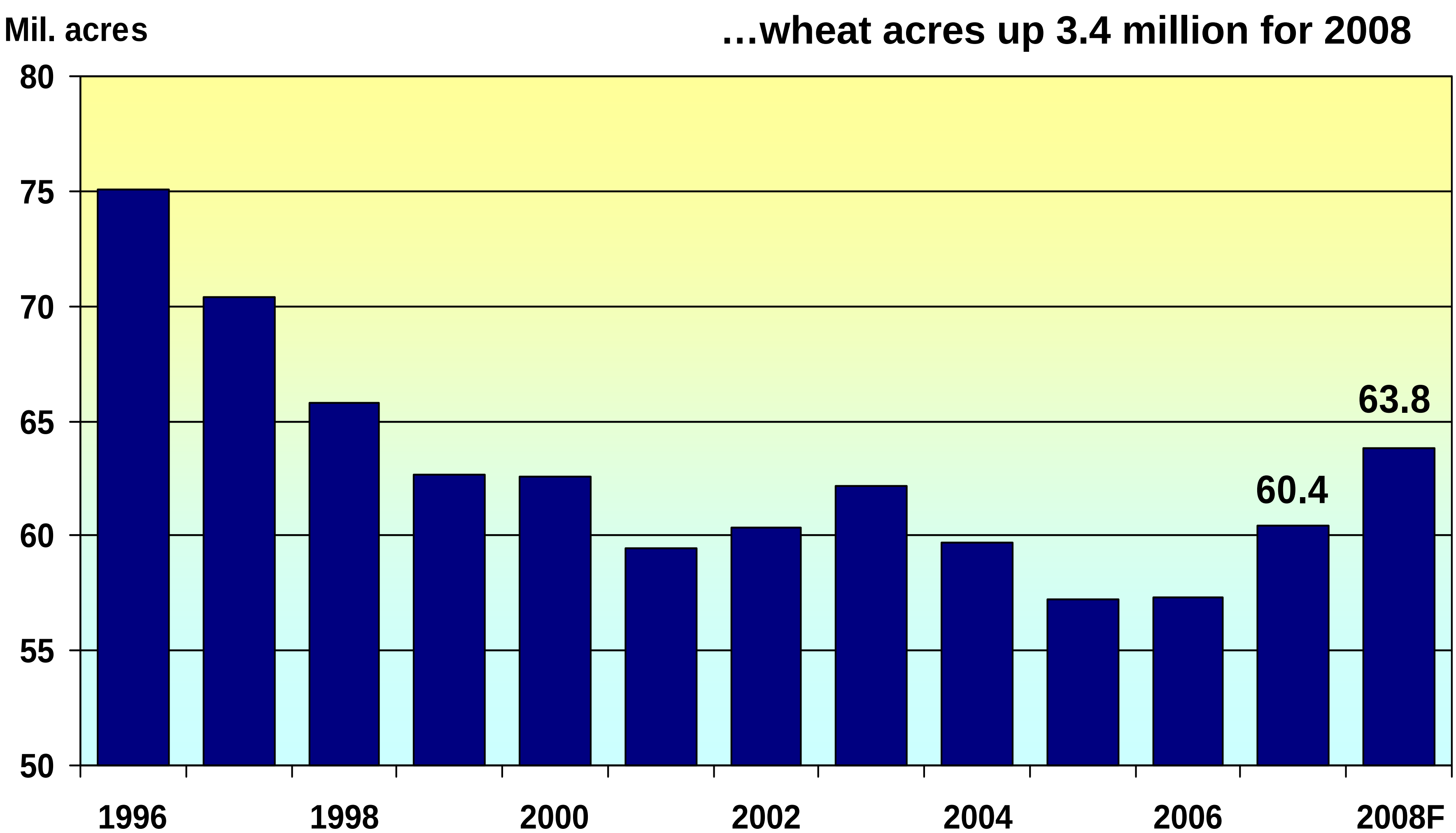
World Wheat Production

Country or Region	2007/08 estimate	2008/09 forecast	Change from 2007/08
	Million Tons		*Percent*
World	606.4	656.0	**8.2**
United States	56.2	65.1	**15.7**
Argentina	15.5	15.0	**-3.2**
Canada	20.1	25.0	**24.7**
Australia	13.1	24.0	**83.2**
EU-27	119.5	140.0	**17.2**
Russia	49.4	52.0	**5.3**
Ukraine	13.9	20.0	**43.9**
China	106.0	109.0	**2.8**
India	75.8	76.8	**1.3**

U.S. Wheat Supply and Demand

	2007/08 estimate	2008/09 forecast	Change from 2007/08
			Percent
Planted area (million acres)	60.4	63.8	5.6
Harvested area (million acres)	51.0	56.3	10.3
Yield (bushels per acre)	40.5	42.5	4.9
	Million bushels		
Beginning stocks	456	239	-47.5
Production	2,067	2,392	15.7
Imports	95	100	5.3
Total supply	2,618	2,732	4.3
Food use	950	960	1.1
Seed	88	84	-5.0
Feed and residual	60	230	283.3
Domestic use	1,098	1,274	16.0
Exports	1,280	975	-23.8
Total use	2,378	2,249	-5.4
Ending stocks	239	483	101.5
	Percent		
Stocks to use ratio	10.1	21.5	
	Dollars per bushel		
Average market price	6.55	6.60/8.10	12.2

U.S. Wheat Planted Area



Note: 2008 planted area based on March 31, 2008, *Prospective Plantings*.

World Rice Production

Country or Region	2007/08 estimate	2008/09 forecast	Change from 2007/08
	Million Tons		*Percent*
World	427.1	432.0	**1.2**
China	129.5	130.9	**1.1**
India	95.7	96.0	**0.3**
Vietnam	23.5	23.6	**0.1**
Thailand	18.5	18.8	**1.6**
Brazil	8.1	8.5	**4.6**
Japan	7.9	7.9	**-0.4**
United States	6.3	6.3	**-0.2**
Pakistan	5.5	5.6	**1.8**

U.S. Rice Supply and Demand

Rough Equivalent of Rough and Milled Rice

	2007/08 estimate	2008/09 forecast	Change from 2007/08
			Percent
Planted area (million acres)	2.76	2.77	0.3
Harvested area (million acres)	2.75	2.76	0.3
Yield (pounds per acre)	7,185	7,145	-0.6
	Million cwt		
Beginning stocks	39.3	21.6	-45.0
Production	197.5	197.0	-0.2
Imports	21.5	22.5	4.7
Total supply	258.3	241.1	-6.6
Domestic use	124.7	126.0	1.1
Exports	112.0	98.0	-12.5
Total use	236.7	224.0	-5.3
Ending stocks	21.6	17.1	-20.8
	Percent		
Stocks/use	9.1	7.6	
	Dollars/cwt		
Average market price	12.85/13.15	18.50/19.50	46.2

2007 Energy Act

- Mandates very ambitious renewable fuel standard (RFS), starting at 9.0 billion gals in 2008 and increasing to 36 billion gals by 2022. [1]

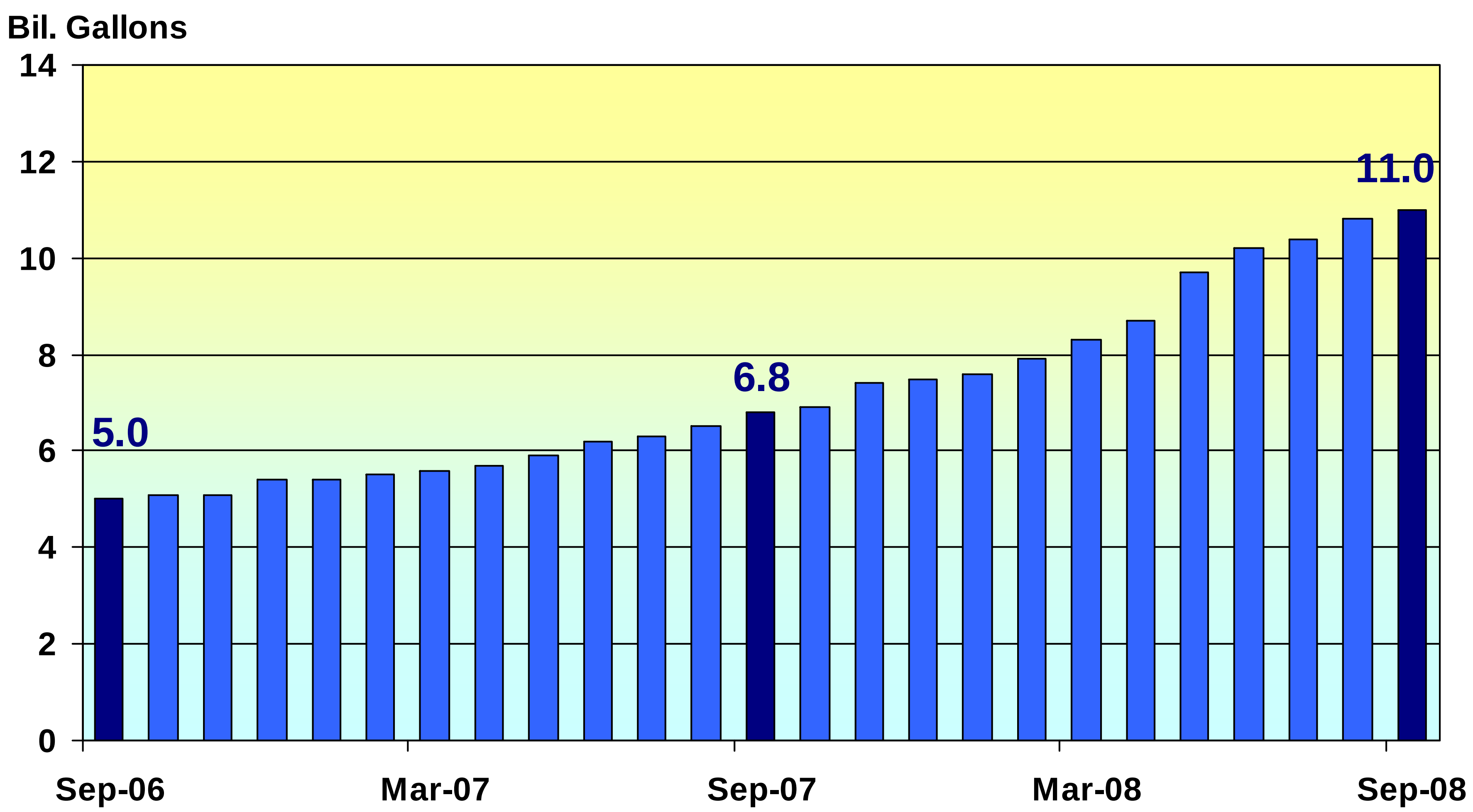
- 15 billion gallons of the RFS will be corn-based ethanol starting in 2015.

- By 2016, all of the RFS increase must be met with cellulosic ethanol or other non-corn starch biofuels.

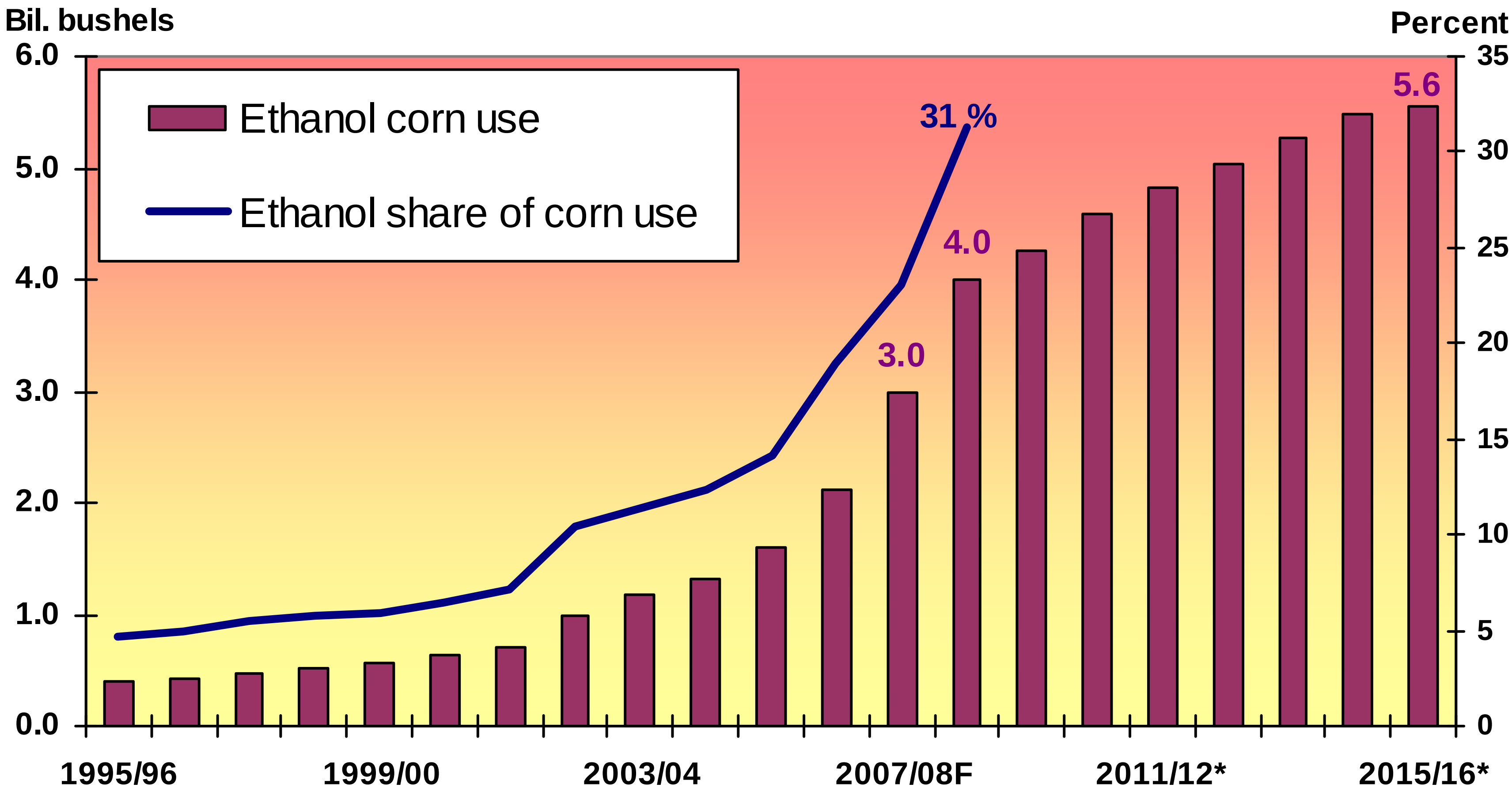
[1] The 2005 Energy Act mandated 5.4 billion gals by 2008, rising to 7.5 billion by 2012.

U.S. Ethanol Production Capacity

Annual Capacity by Month

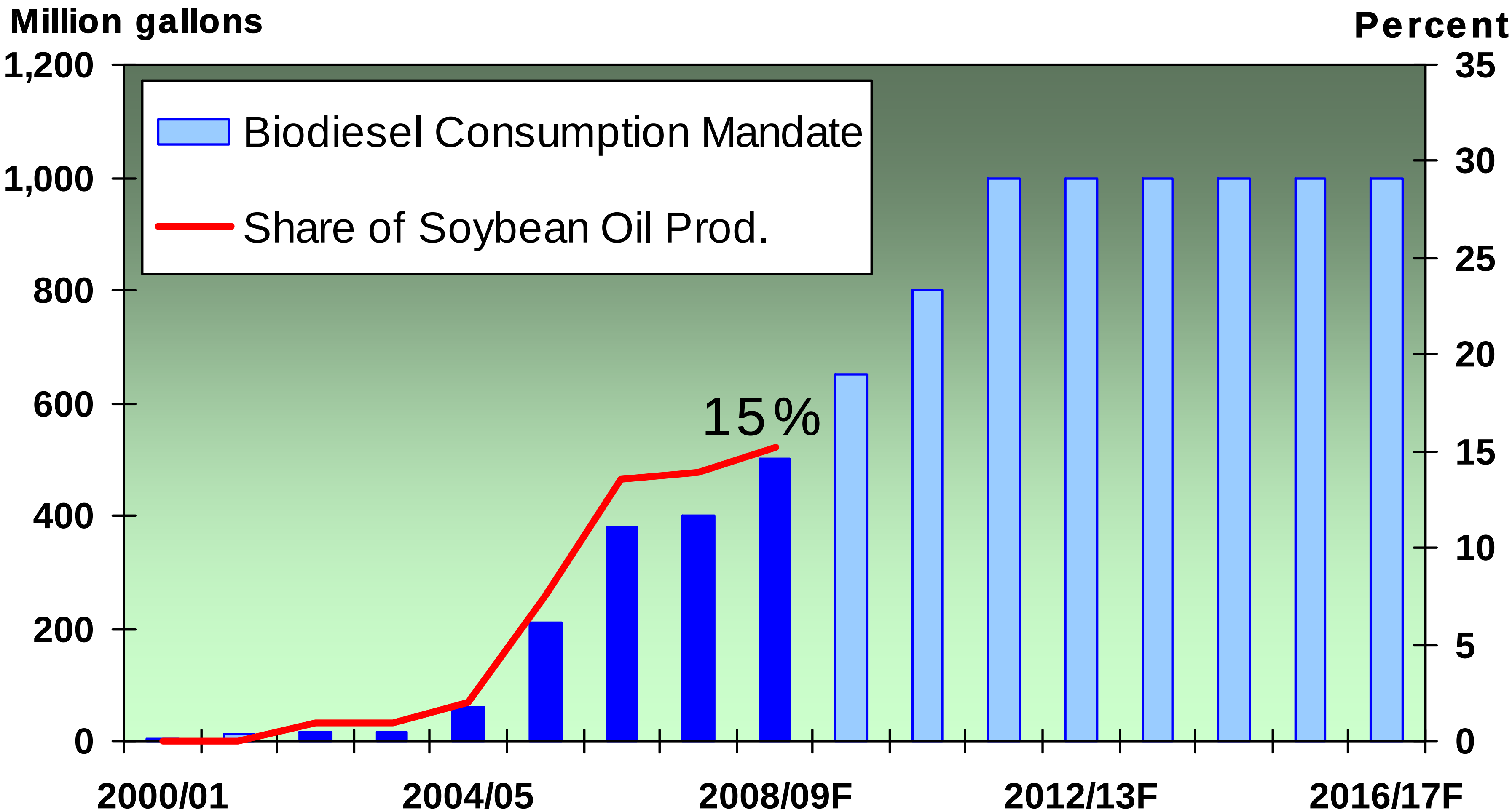


U.S. Corn Used for Ethanol



Note: 2007/08 and 2008/09 projections from the May 9, 2008, *World Agricultural Supply and Demand Estimates.* *Projections for 2009/10 and beyond based on RFS mandates for corn starch based ethanol under the Energy Independence and Security Act of 2007.

U.S. Biodiesel Mandate (2007 Energy Act)



Note: 2007/08 and 2008/09 projections from the May 9, 2008, *World Agricultural Supply and Demand Estimates.* *Projections for 2009/10 and beyond based on RFS mandates under the Energy Independence and Security Act of 2007.

Area Planted, 5 major crops

USDA forecasts for 2008/09

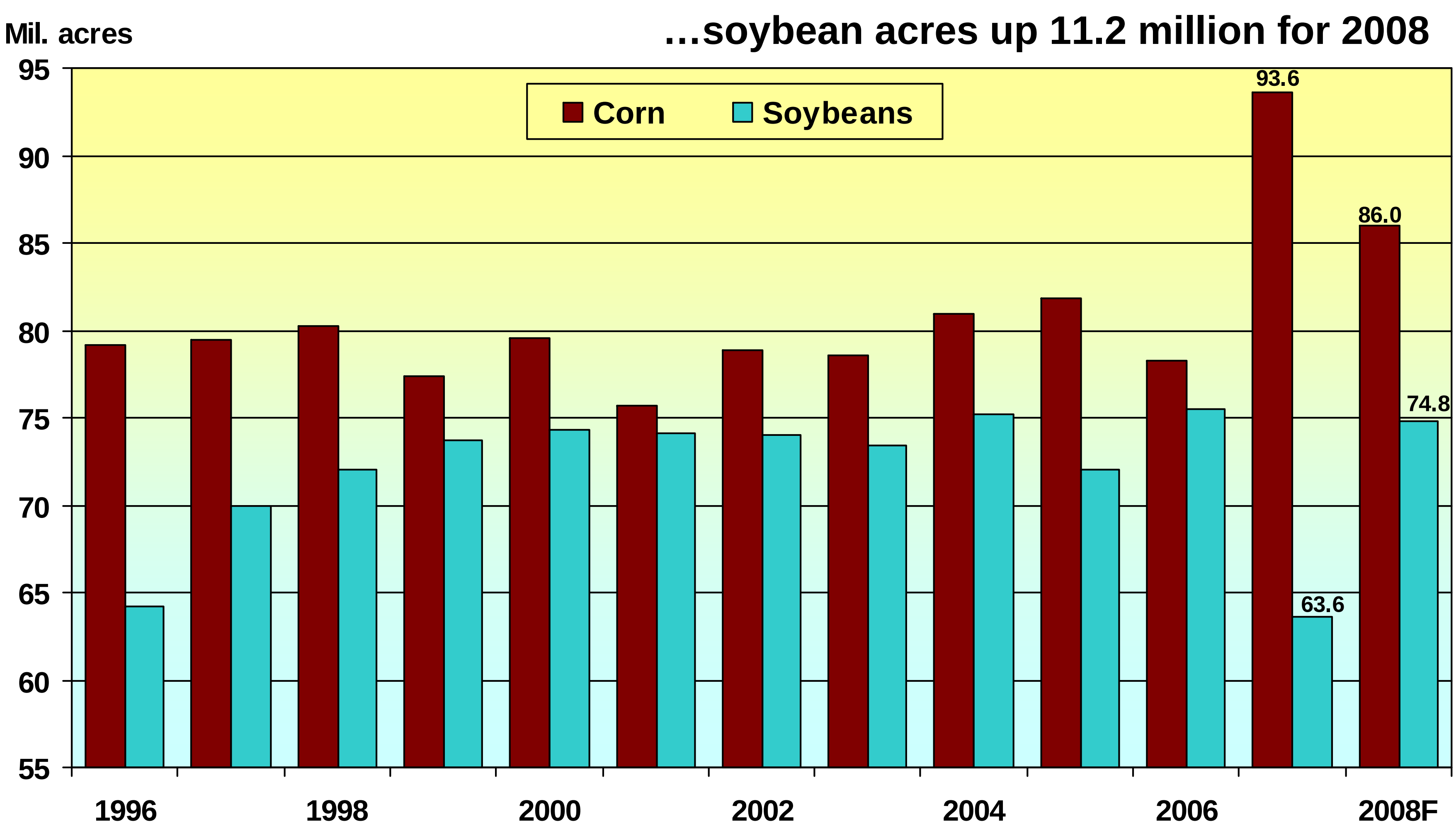
	2007/08 actual	Initial 2008/09 forecast 1/	March 2008/09 forecast 2/	June 2008/09 forecast 3/
	Million acres			
Corn	93.6	90.0	86.0	
Soybeans	63.6	71.0	74.8	
Wheat	60.4	64.0	63.8	
All Cotton	10.8	9.5	9.4	
Rice	2.8	2.7	2.8	
5-crop total	231.2	237.2	236.8	

1/ February 22, 2008, Agricultural Outlook Forum.

2/ March 31, 2008, *Prospective Plantings* , from the National Agricultural Statistics Service.

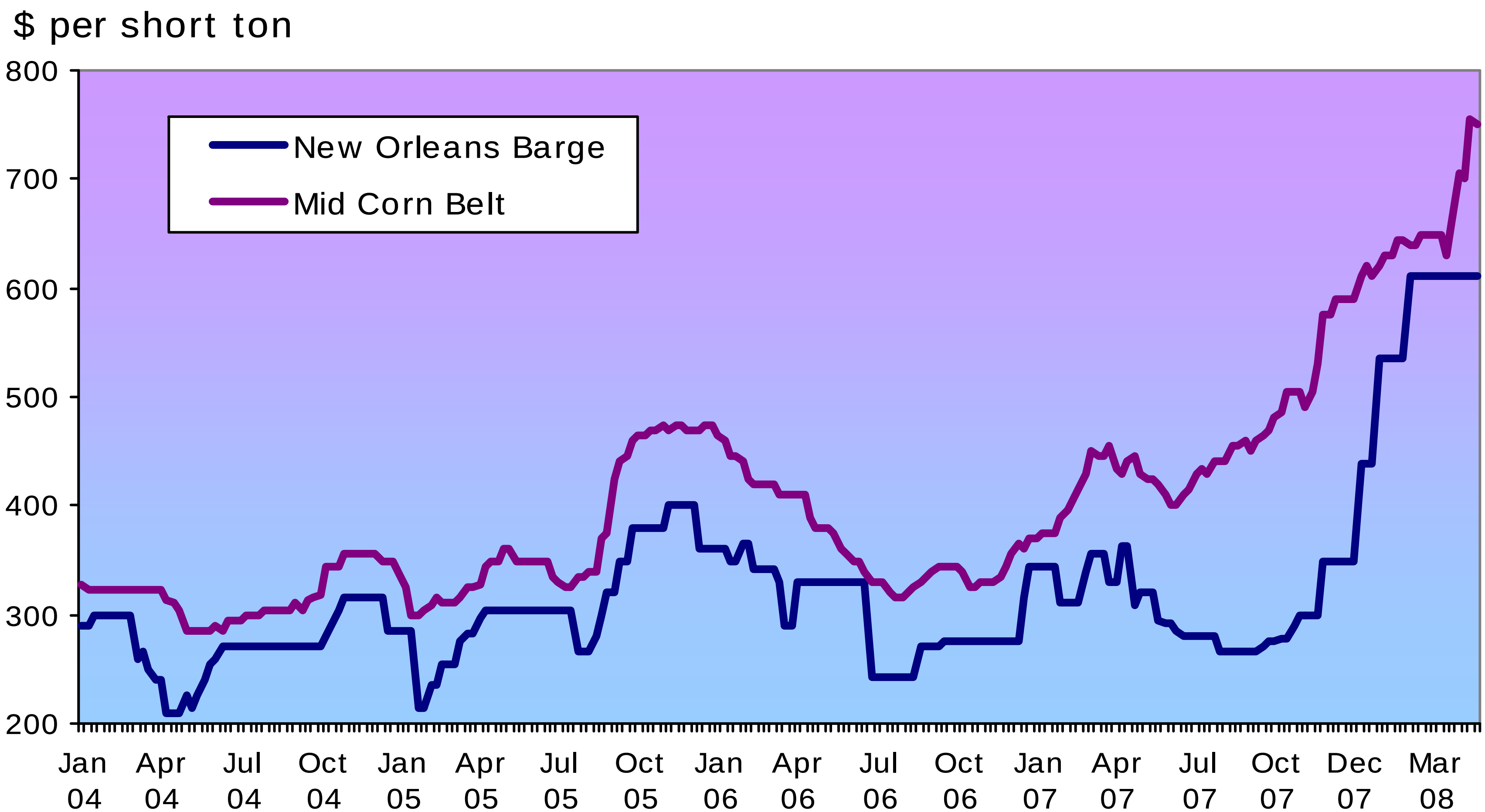
3/ June 30, 2008, *Acreage* , from the National Agricultural Statistics Service.

U.S. Corn & Soybean Planted Area



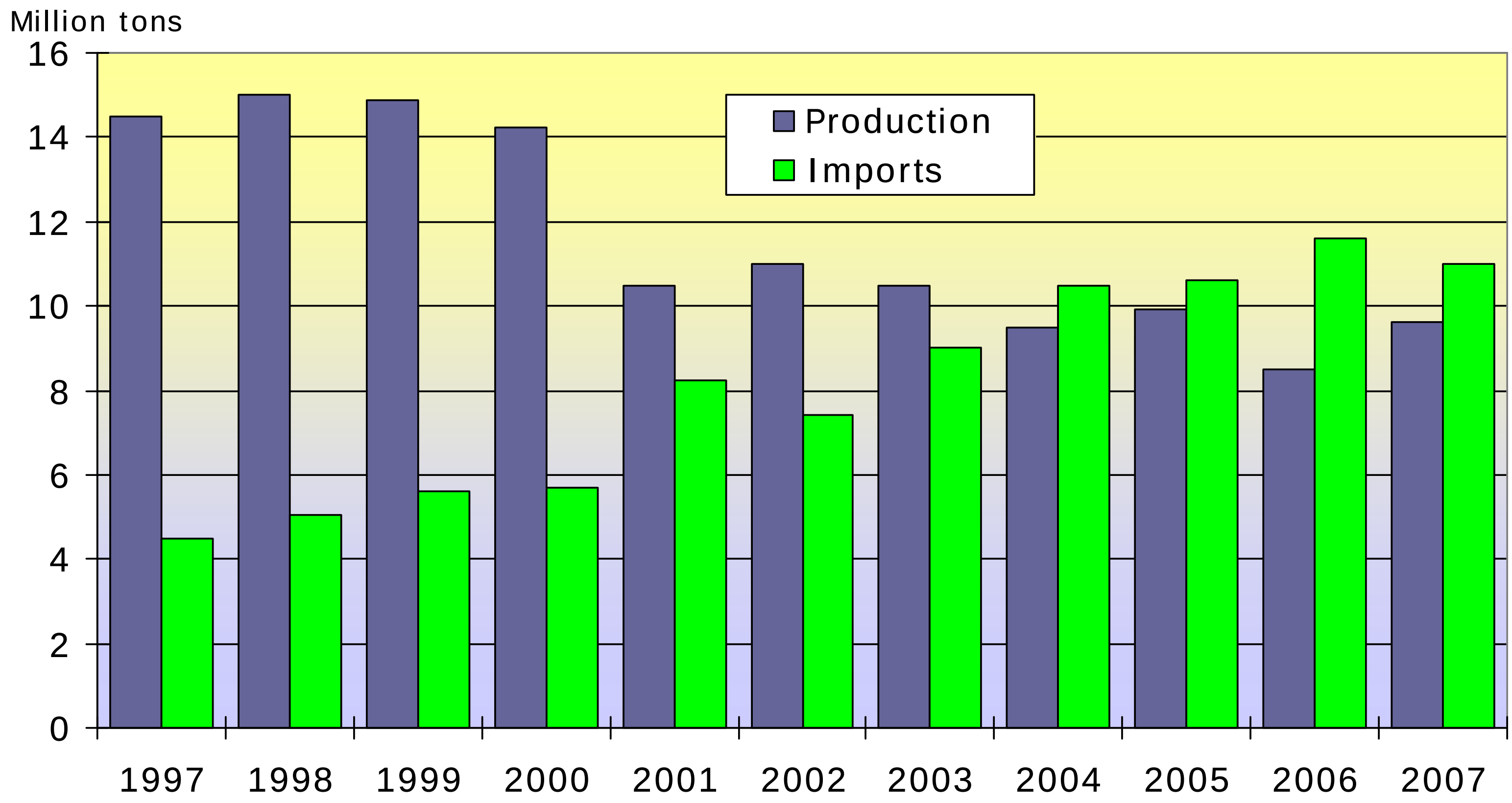
Note: 2008 planted area based on March 31, 2008, *Prospective Plantings*.

U.S. Ammonia Prices, weekly



Source: Green Markets Fertilizer Market Intelligence Weekly

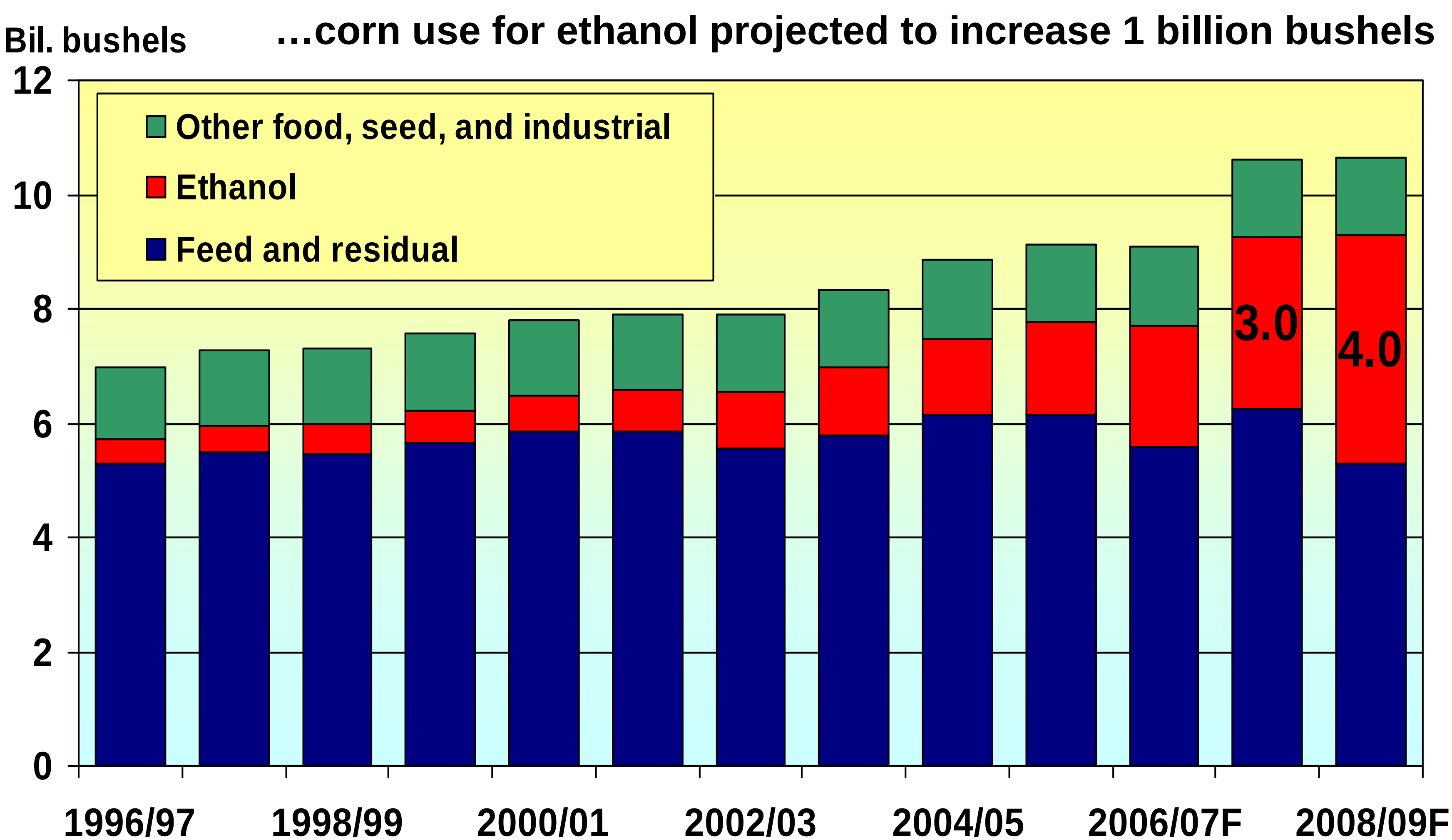
U.S. Nitrogen Production and Imports



U.S. Corn Supply and Demand

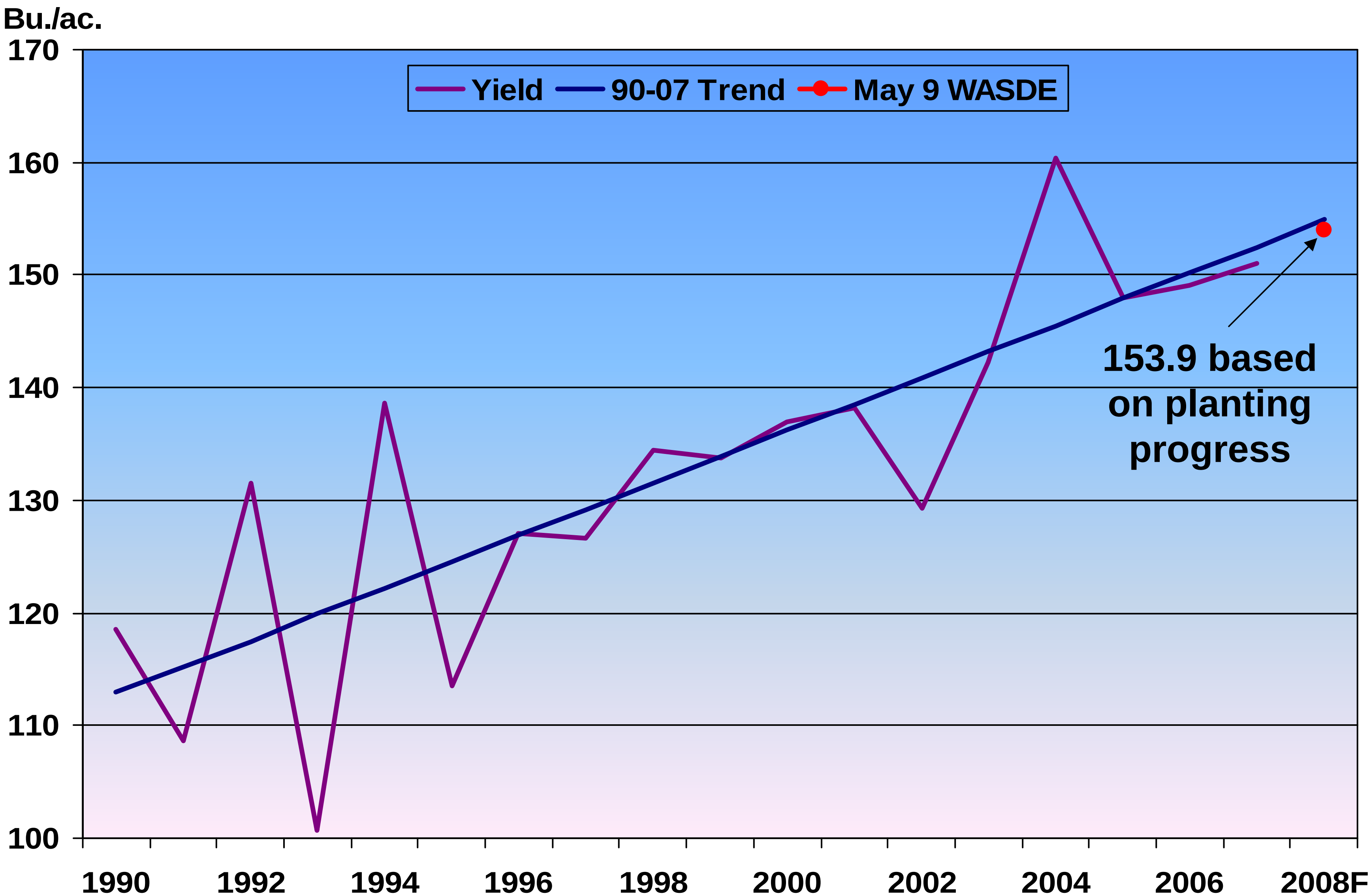
	2007/08 estimate	2008/09 forecast	Change from 2007/08
			Percent
Planted area (million acres)	93.6	86.0	-8.1
Harvested area (million acres)	86.5	78.8	-8.9
Yield (bushels per acre)	151.1	153.9	1.9
	Million bushels		
Beginning stocks	1,304	1,383	6.1
Production	13,074	12,125	-7.3
Total supply	14,393	13,523	-6.0
Feed and residual	6,150	5,300	-13.8
Food, seed, and industrial	4,360	5,360	22.9
Ethanol	3,000	4,000	33.3
Domestic use	10,510	10,660	1.4
Exports	2,500	2,100	-16.0
Total use	13,010	12,760	-1.9
Ending stocks	1,383	763	-44.8
	Percent		
Stocks/use	10.6	6.0	
	Dollars/bushel		
Average market price	4.10/4.40	5.00/6.00	29.4

U.S. Corn Domestic Use



Note: 2007/08 and 2008/09 projections from the May 9, 2008, *World Agricultural Supply and Demand Estimates*.

U.S. Corn Trend Yields



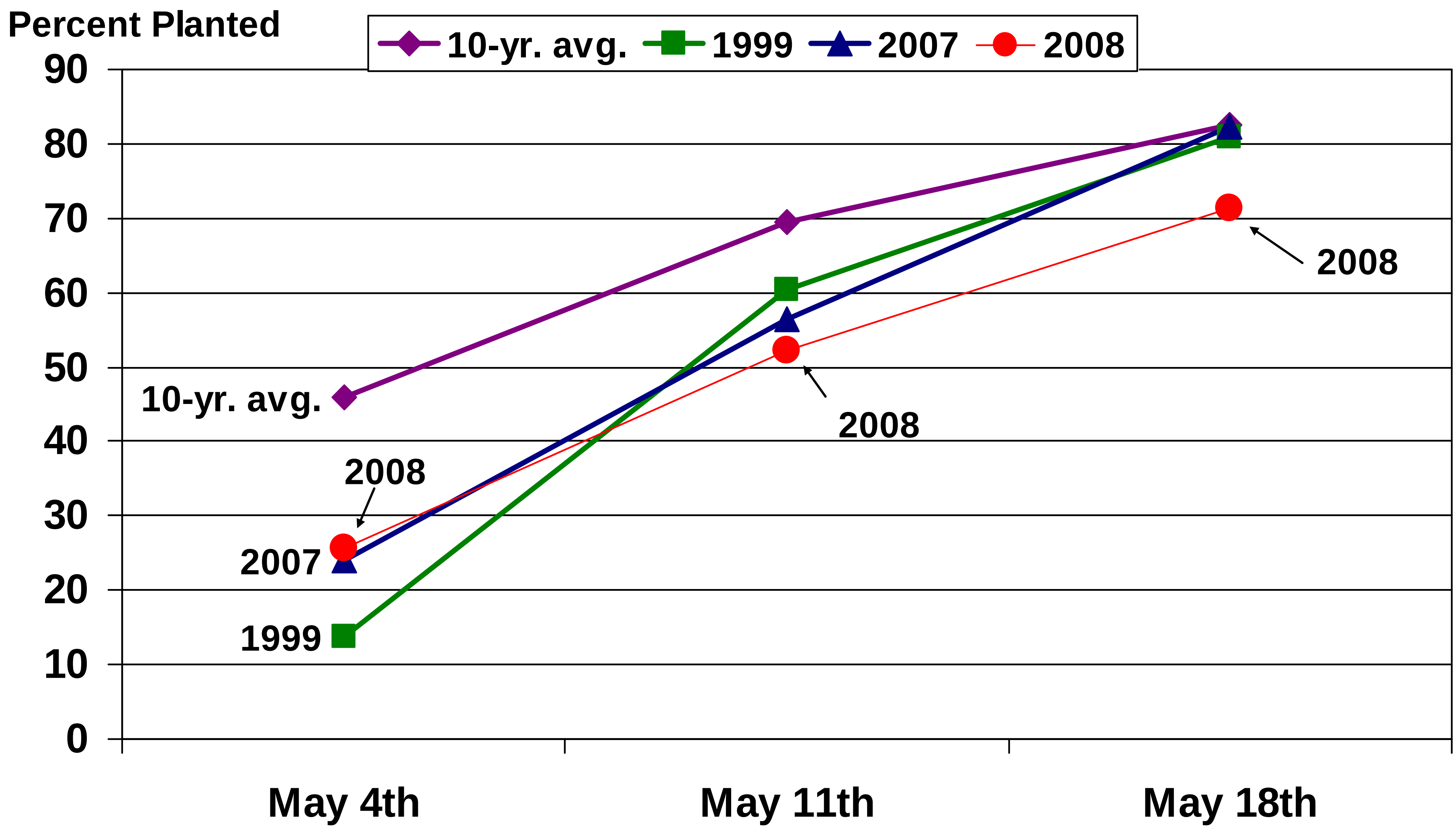
USDA Planting Progress Corn Yield Model

- Based on yields in 5-state region
  - IL, IN, IA, MO, and OH (45% area / 52% production, 5-yr.avg.)
  - Highly correlated with U.S. national average yield
  - Mid-May planting progress (May 18, 2008)
  - Assumes average July rainfall and temperatures
  - Weighted by intended acreage
- Projected U.S. yield based on mid-May progress
  - 153.9 bu./ac. assumes 5-state May 18 progress of 82%
  - 10-yr. avg. 5-state mid-May progress 82.6%
  - 2007 5-state May 14 progress was 82.3%

Note: Model estimated based on planting progress closest to May 15th each year.

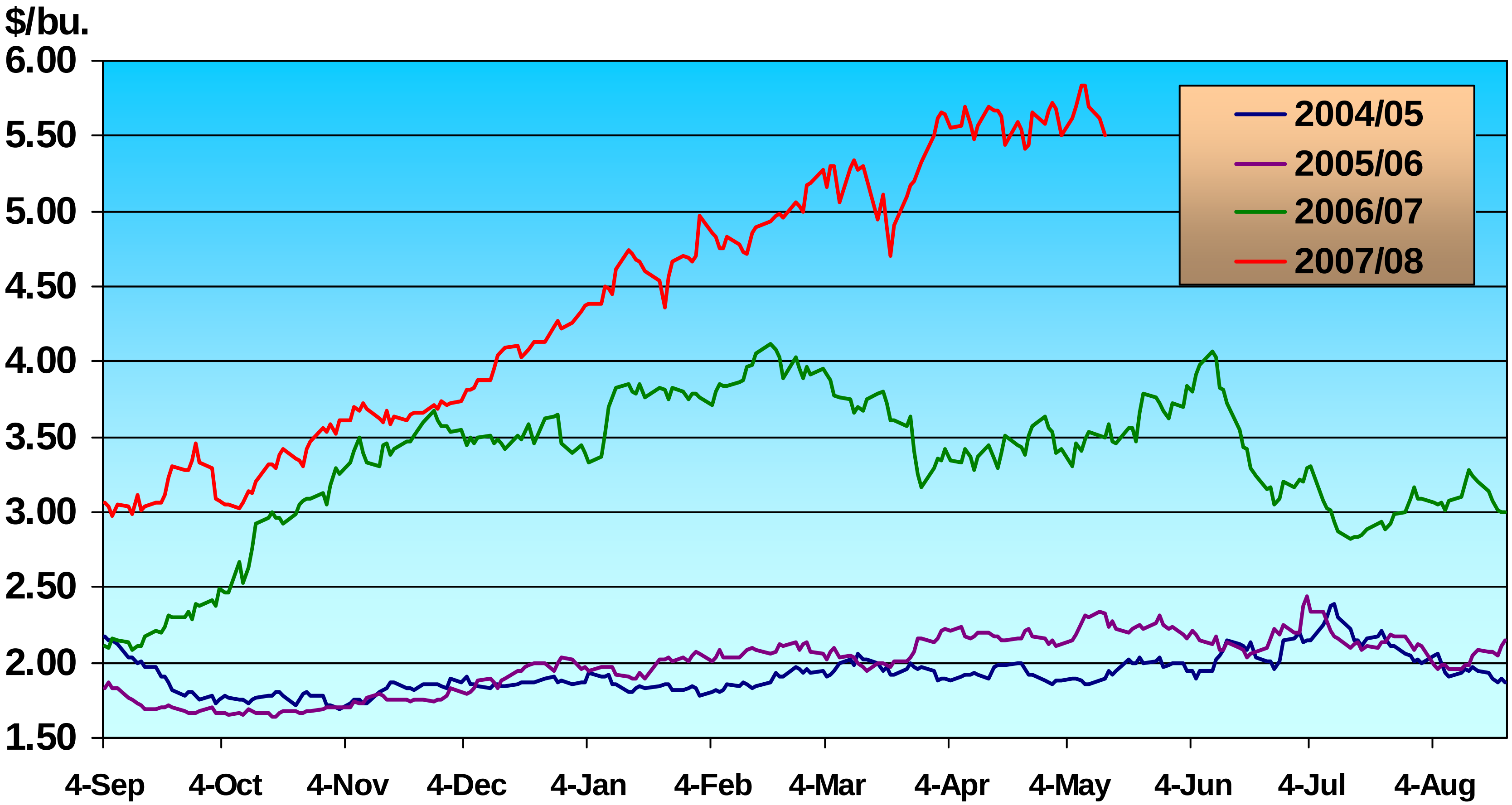
5-State Corn Planting Progress (IL, IN, IA, MO, OH)

Comparable weeks for May 2008



Daily Cash Market Corn Prices

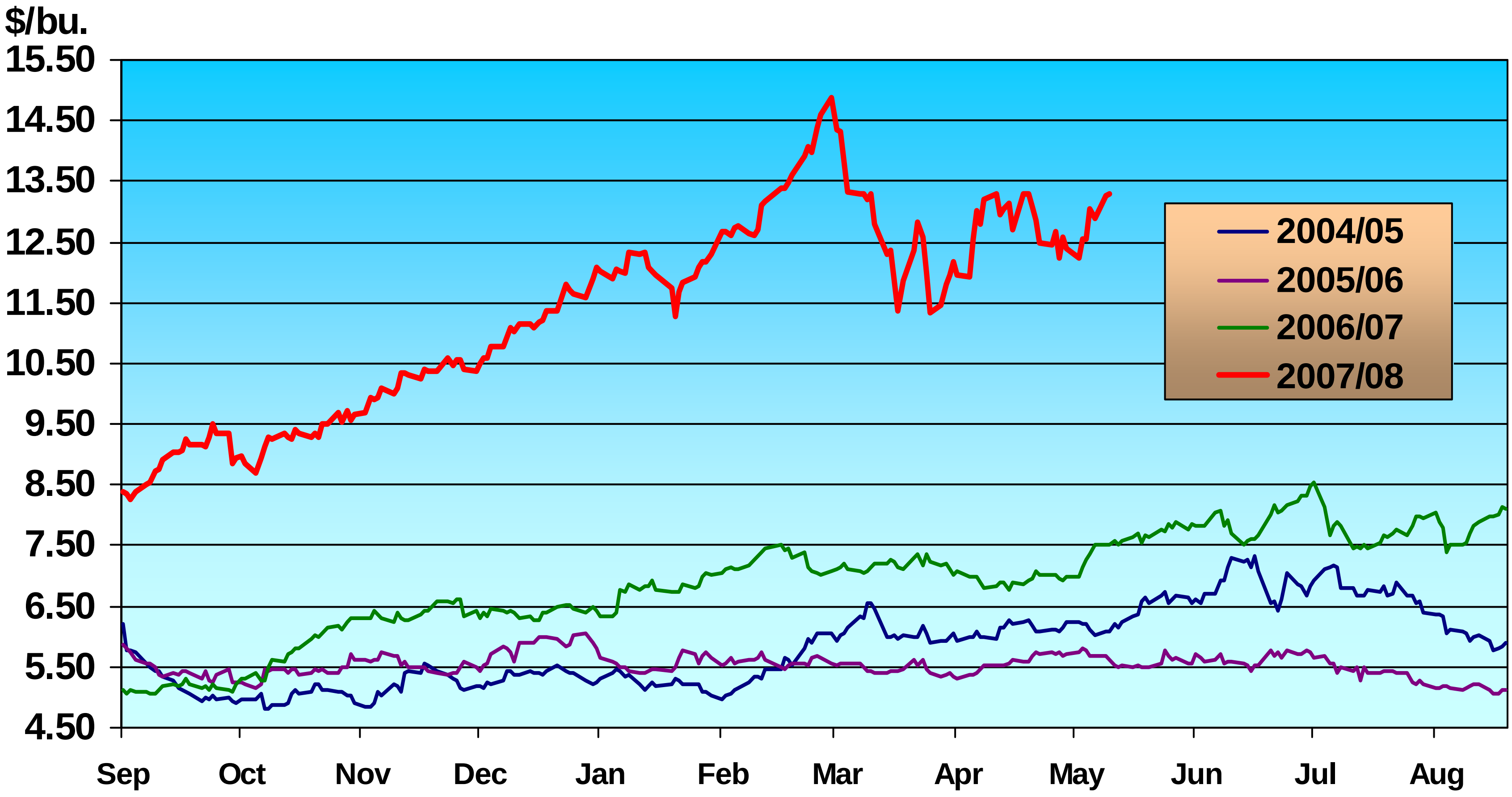
2004/05 through 2007/08 to date



Note: Central Illinois cash bids.

Daily Cash Market Soybean Prices

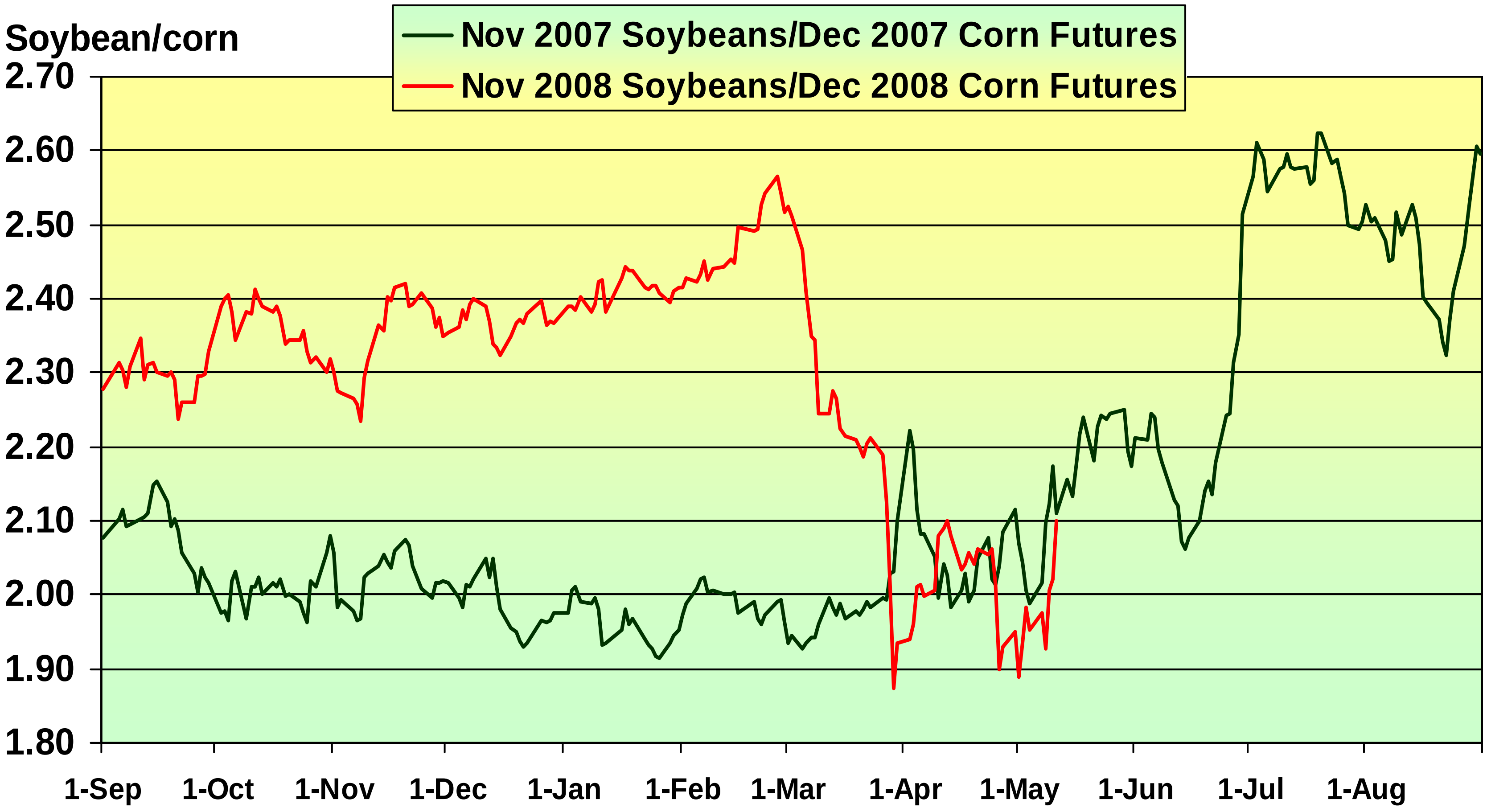
2004/05 through 2007/08 to date



Note: Central Illinois cash bids.

New-crop Soybean/Corn Price Ratios

2007-crop and 2008-crop through May 13, 2008

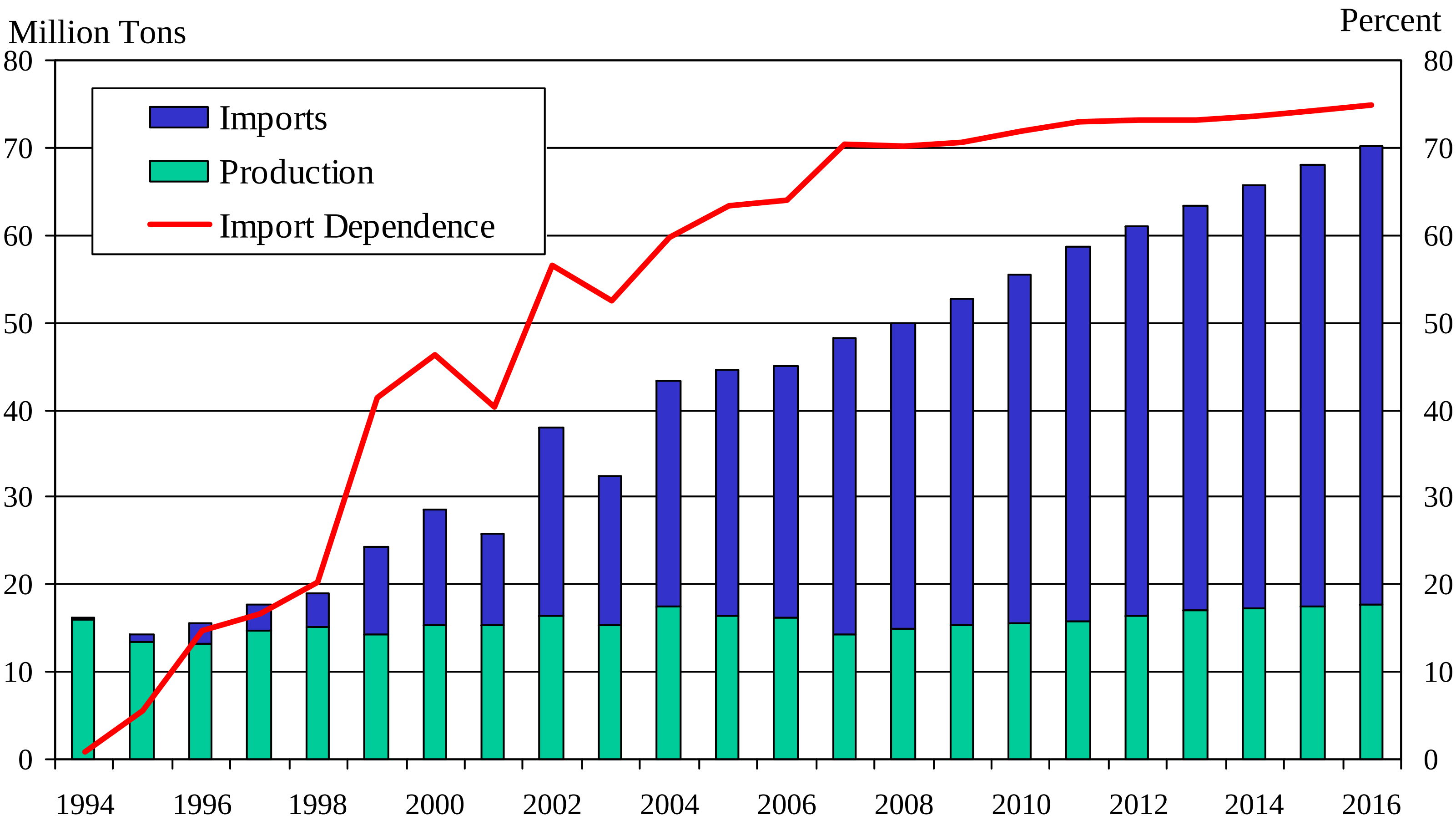


Note: Chicago Board of Trade daily settlement prices.

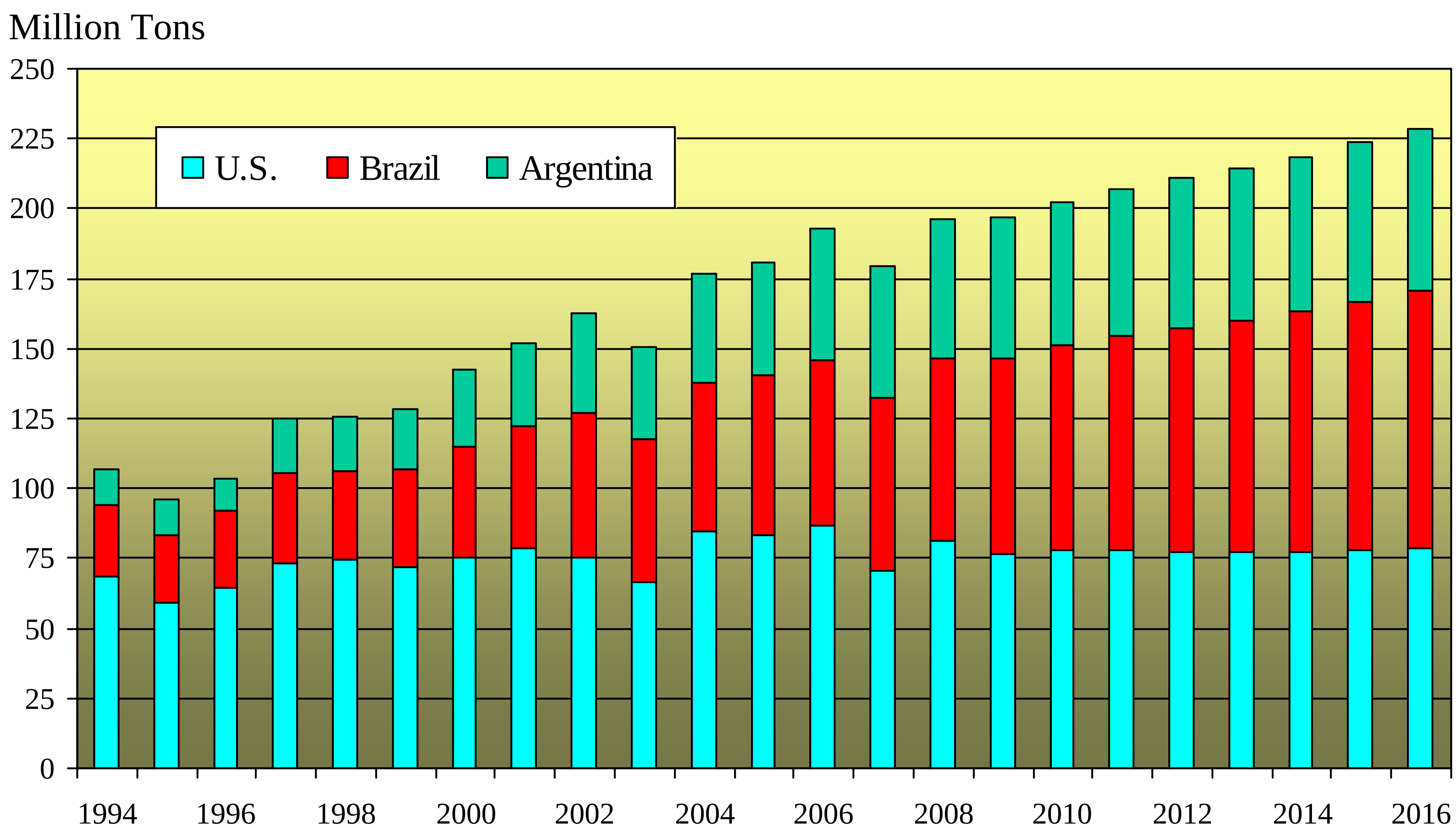
U.S. Soybean Supply and Demand

	2007/08 estimate	2008/09 forecast	Change from 2007/08
			Percent
Planted area (million acres)	**63.6**	**74.8**	**17.5**
Harvested area (million acres)	**62.8**	**73.8**	**17.5**
Yield (bushels per acre)	**41.2**	**42.1**	**2.2**
	Million bushels		
Beginning stocks	**574**	**145**	**-74.7**
Production	**2,585**	**3,105**	**20.1**
Imports	**10**	**8**	**-20.0**
Total Supply	**3,169**	**3,258**	**2.8**
Crush	**1,840**	**1,850**	**0.5**
Seed and Residual	**94**	**173**	**83.6**
Domestic use	**1,934**	**2,023**	**4.6**
Exports	**1,090**	**1,050**	**-3.7**
Total Use	**3,024**	**3,073**	**1.6**
Ending stocks	**145**	**185**	**27.9**
	Percent		
Stocks/use ratio	**4.8**	**6.0**	
	Dollars/bushel		
Average market price	**10.00**	**10.50/12.00**	**12.5**

China Soybean Import Dependence Expected to Increase in the Next 10 Years



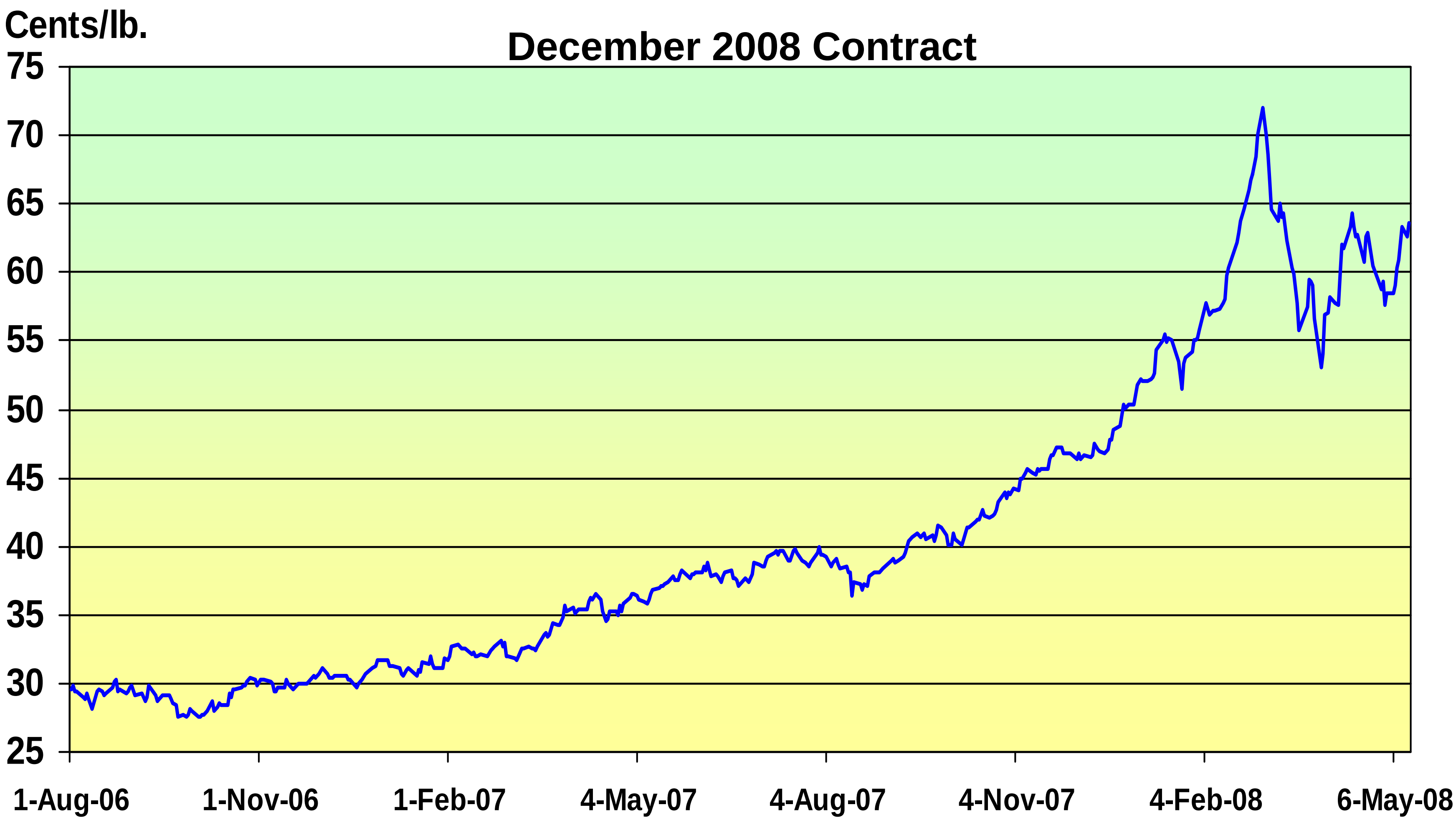
Soybean Production Trends



U.S. Soybean Oil Supply and Demand

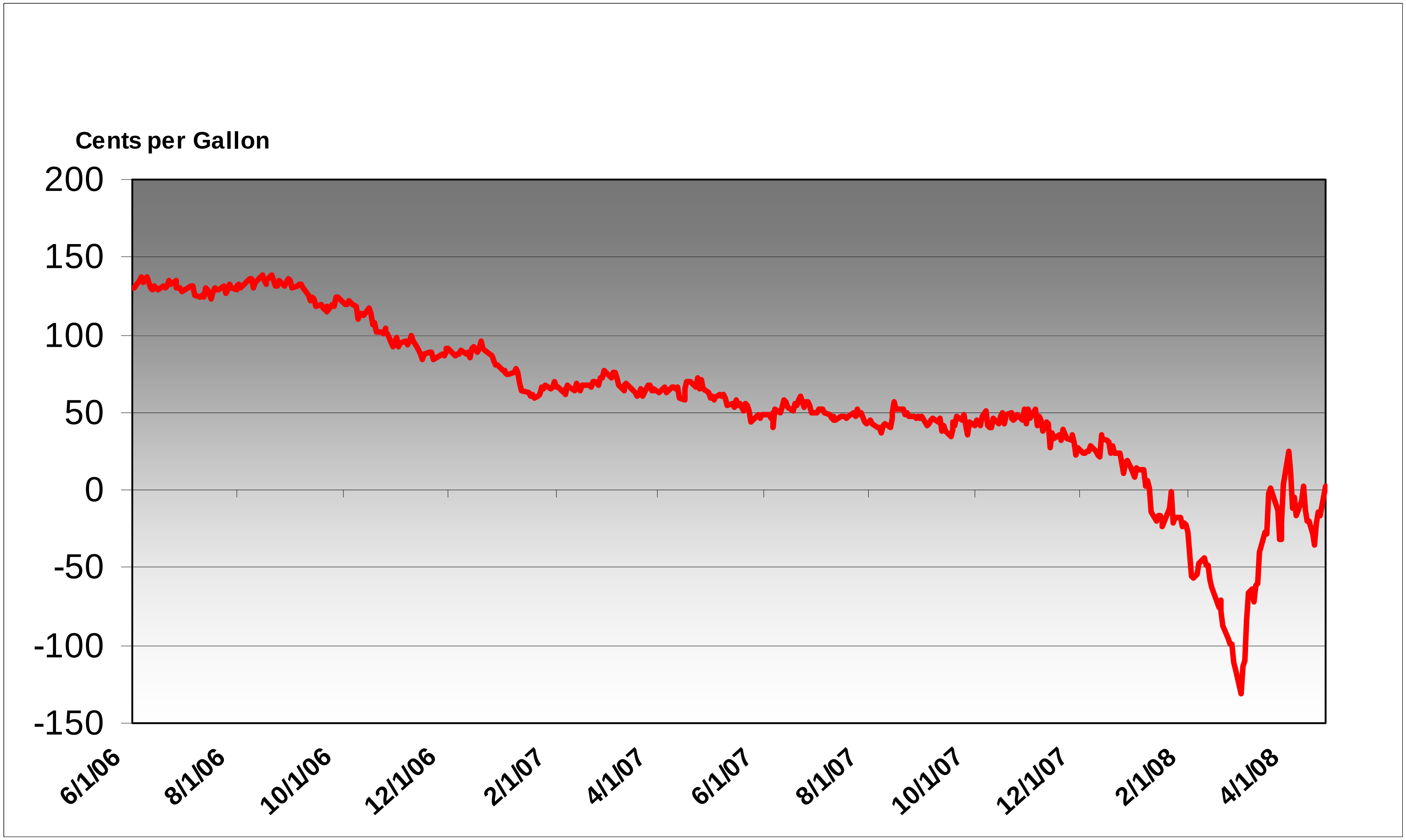
	2007/08 estimate	2008/09 forecast	Change from 2007/08
	Million pounds		*Percent*
Beginning stocks	2,904	2,792	-3.9
Production	21,250	21,090	-0.8
Imports	37	47	26.7
Total supply	24,192	23,929	-1.1
Domestic use	18,550	18,600	0.3
Methyl ester	2,950	3,200	8.5
Exports	2,850	2,650	-7.0
Total use	21,400	21,250	-0.7
Ending stocks	2,792	2,679	-4.0
	Cents per pound		
Average market price	52.00	50.00/54.00	0.0

Soybean Oil Futures Prices



Note: Chicago Board of Trade daily settlement prices.

U.S. Domestic Biodiesel Production Margin



U.S. Soybean Meal Supply and Demand

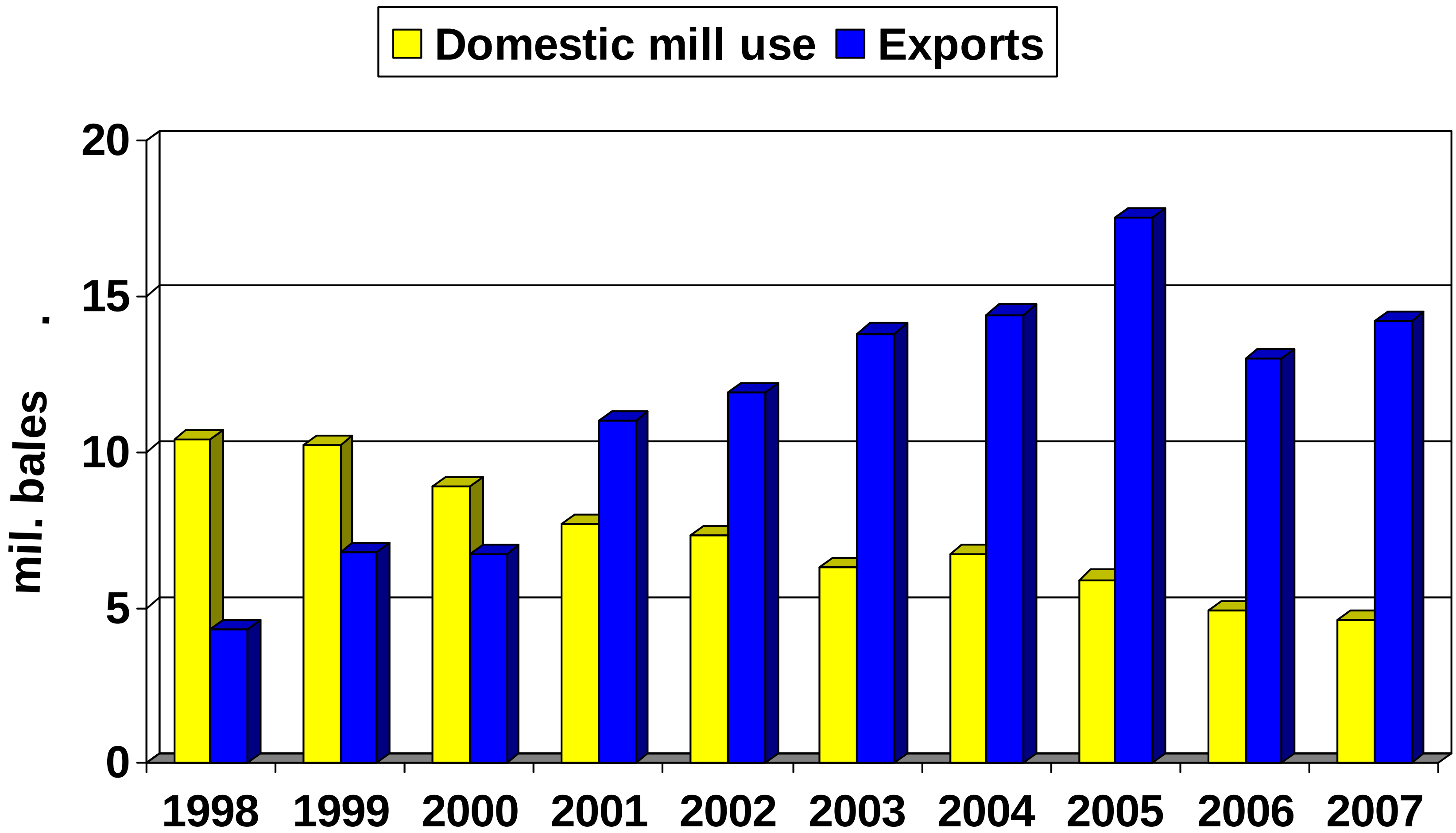
	2007/08 estimate	2008/09 forecast	Change from 2007/08
	Thousand short tons		*Percent*
Beginning stocks	351	300	-14.5
Production	43,834	43,985	0.3
Imports	165	165	0.0
Total supply	44,350	44,450	0.2
Domestic	35,100	35,350	0.7
Exports	8,950	8,800	-1.7
Total use	44,050	44,150	0.2
Ending stocks	300	300	0.0
	Dollars/short ton		
Average market price	315.00	280.00/340.00	-1.6

U.S. Cotton Supply and Demand

	2007/08 estimate	2008/09 forecast	Change from 2007/08
			Percent
Planted area (million acres)	10.83	9.39	-13.3
Harvested area (million acres)	10.49	8.39	-20.0
Yield (pounds per acre)	879	830	-5.6
	Million bales		
Beginning stocks	9.48	9.90	4.4
Imports	0.02	0.02	0.0
Production	19.21	14.50	-24.5
Total supply	28.70	24.42	-14.9
Mill use	4.60	4.30	-6.5
Exports	14.20	14.50	2.1
Total use	18.80	18.80	0.0
Unaccounted	0.00	0.02	
Ending stocks	9.90	5.60	-43.4
	Percent		
Stocks/use	52.7	29.8	
	Cents per pound		
Average market price	56.40*	**	

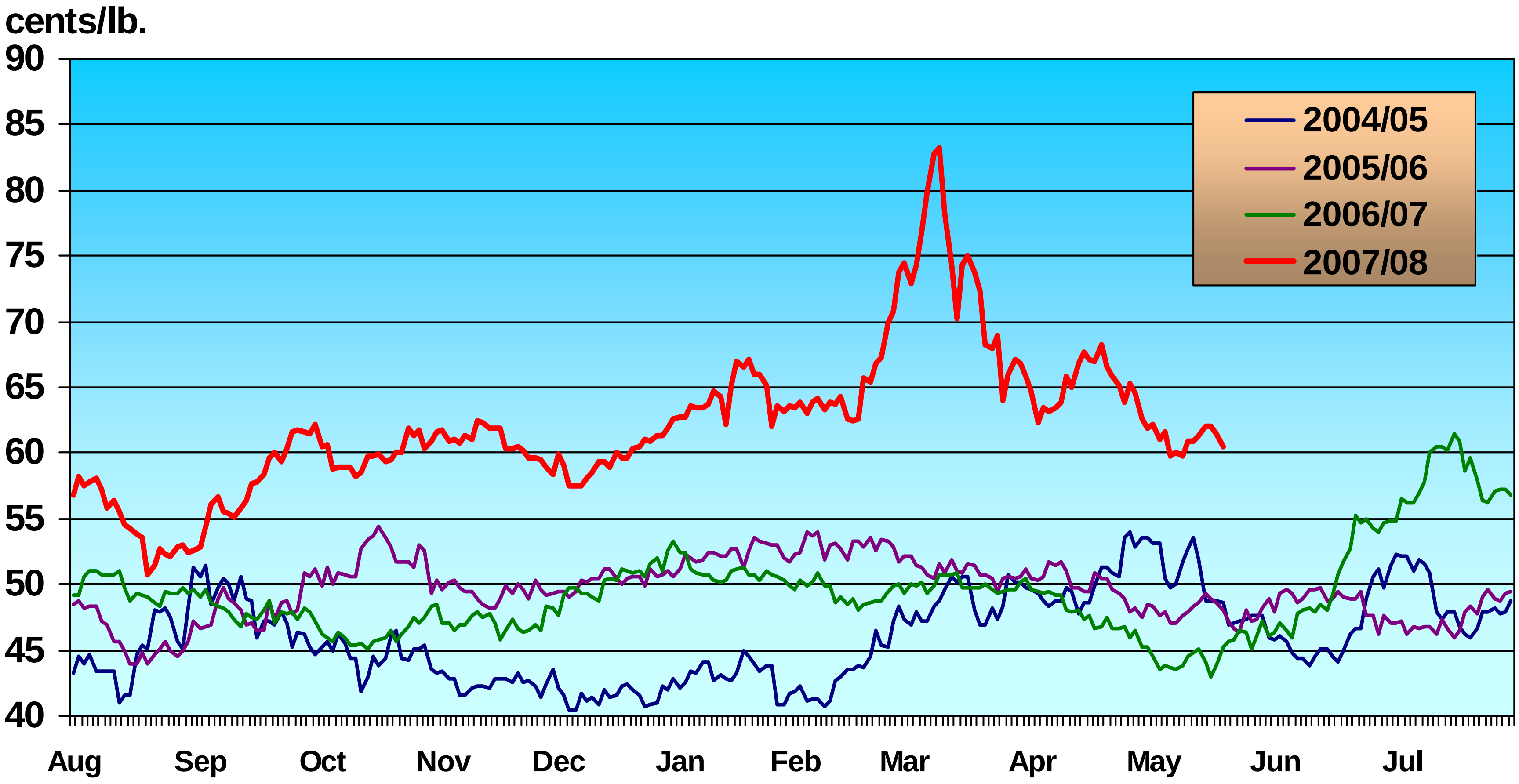
*Average price for August 2007-March 2008. **USDA is prohibited by law from publishing cotton price projections.

U.S. Cotton Domestic Mill Use and Exports by Marketing Year



Daily Cash Market Cotton Prices

2004/05 through 2007/08 to date

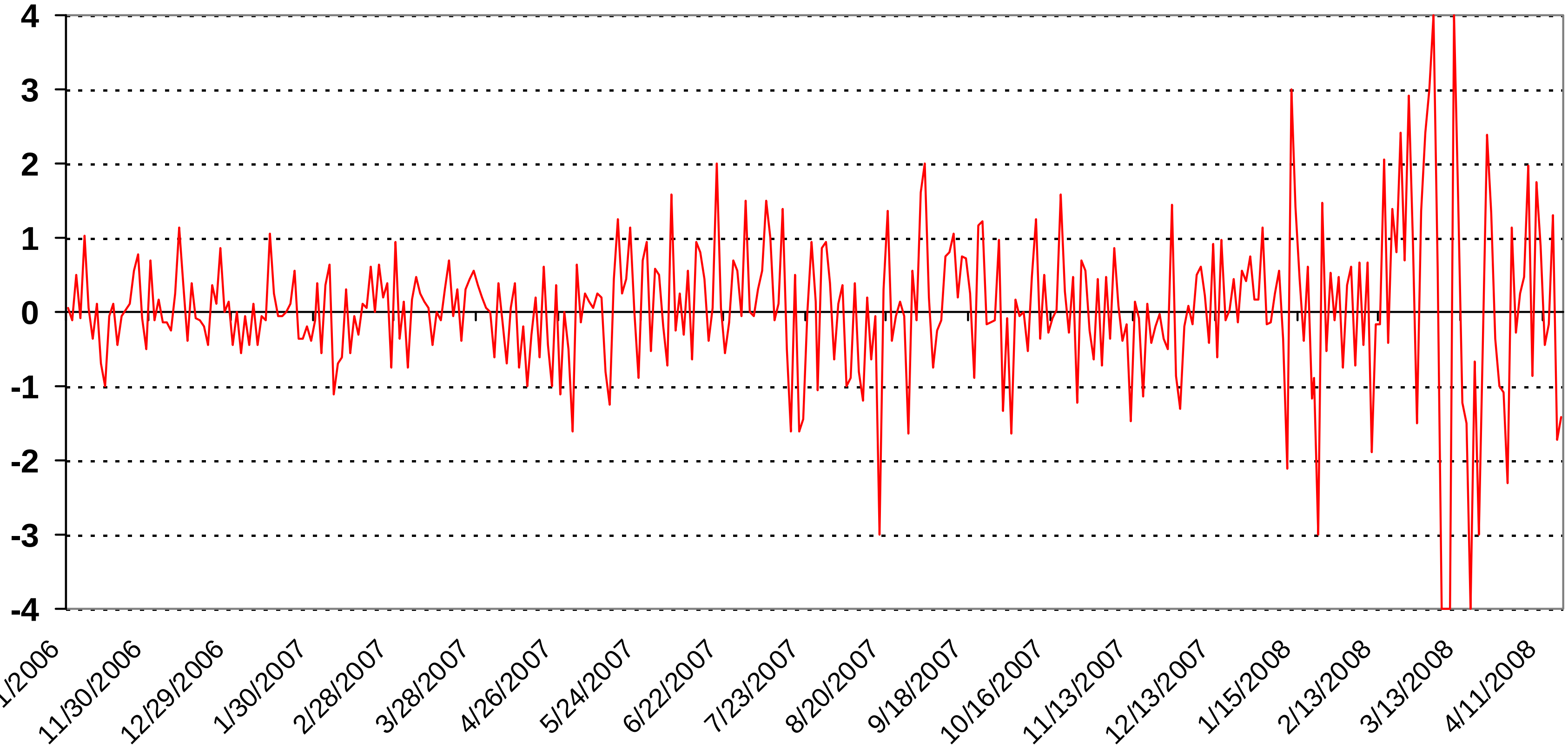


Note: Memphis 1 1/16.

July 2008 Cotton Futures – Daily Changes

Volatility Increasing

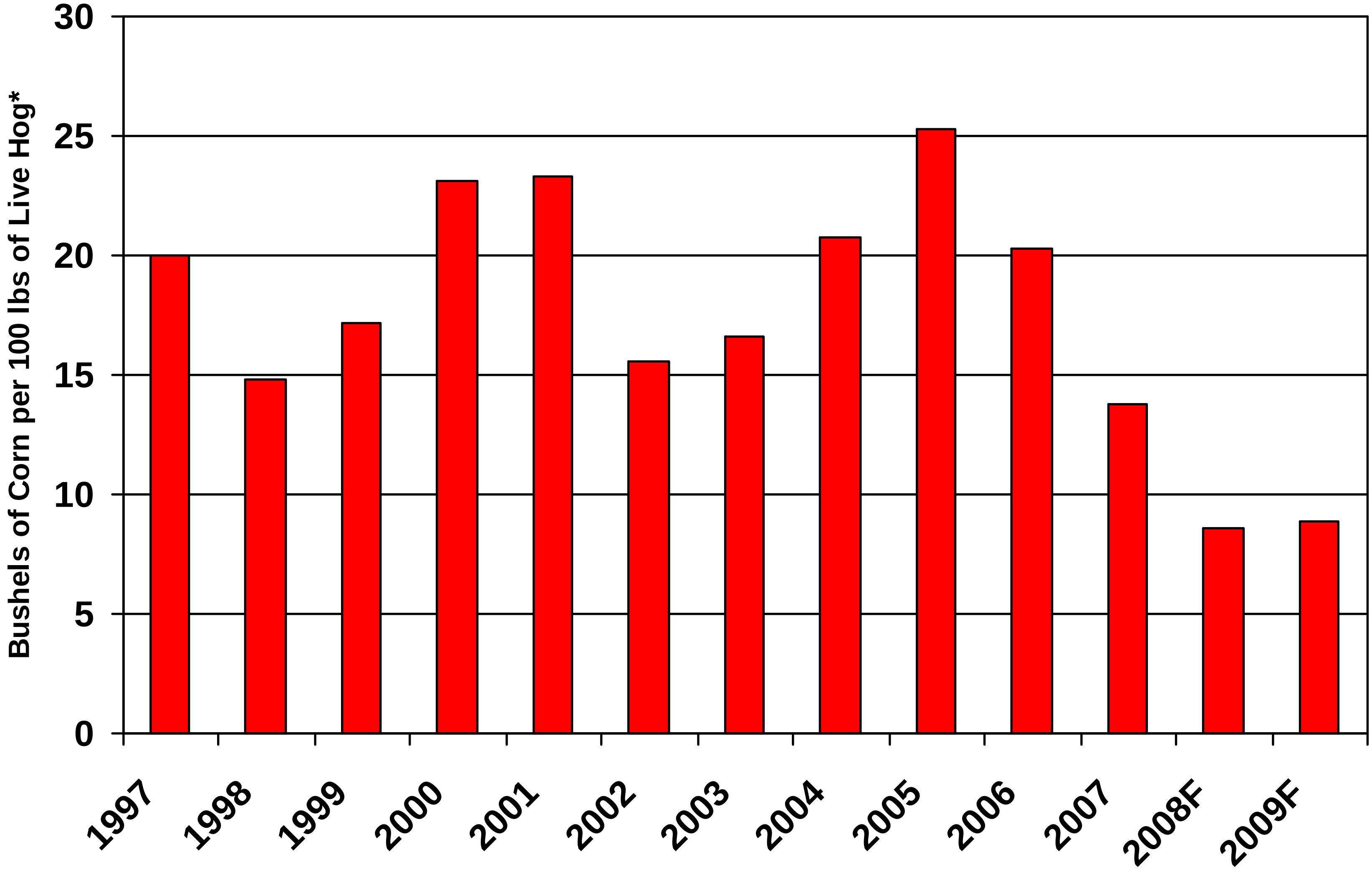
Cents per pound



U.S. Meat Production and Prices

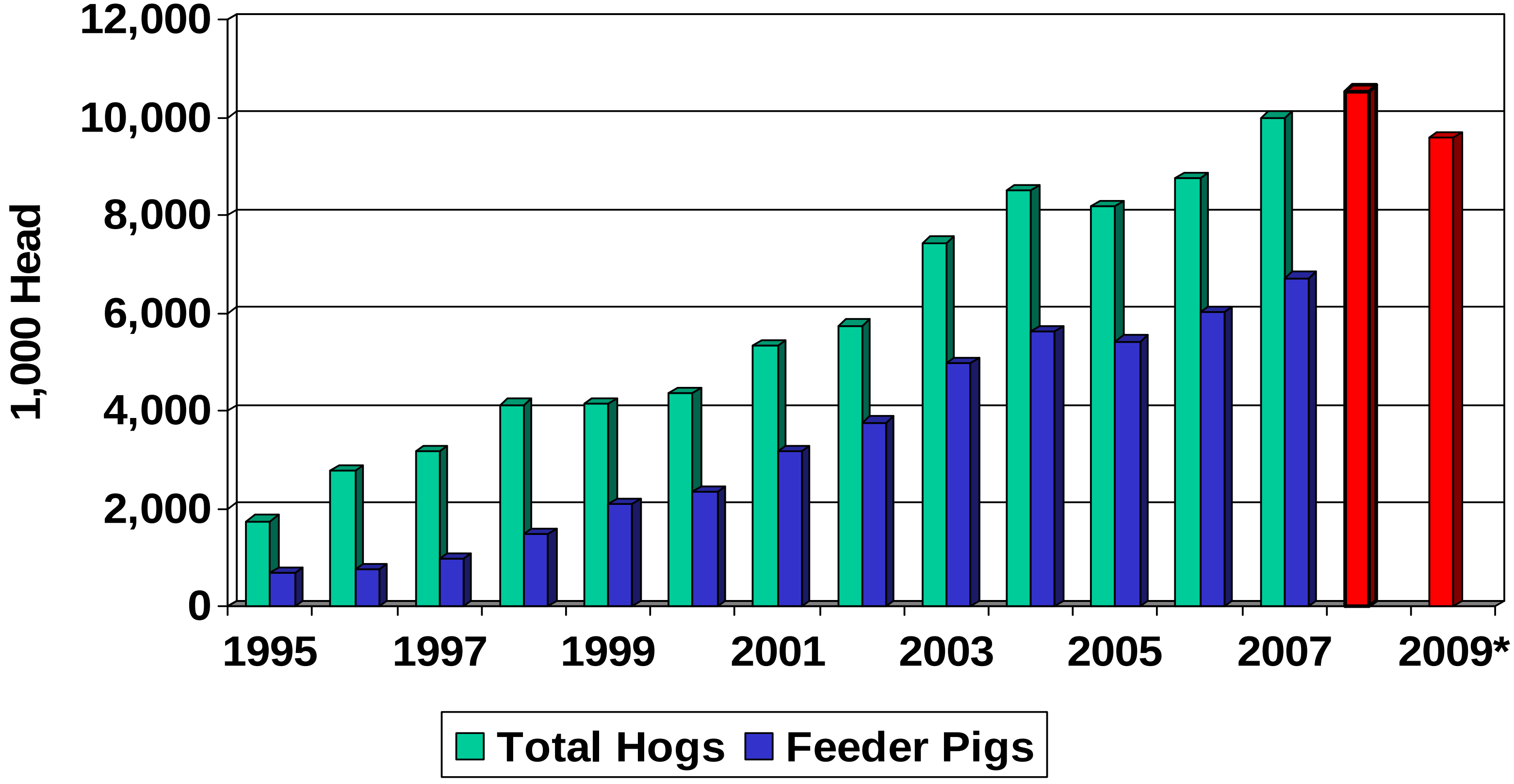
	2008 forecast	2009 forecast	Change from 2008
Production	*Billion pounds*		*Percent*
Beef	26.71	26.39	-1.2
Pork	23.48	22.93	-2.4
Broilers	36.86	37.15	0.8
Turkey	6.18	6.14	-0.6
Total meat	94.09	93.45	-0.7
Prices	*Dollars/cwt*		
Steers	91.15	91.25	0.1
Hogs	43.66	47.75	9.4
	Cents/lb		
Broilers	80.5	83.0	3.1
Turkey	87.9	85.8	-2.4

Hog-Corn Price Ratio



*Based on NASS Prices Received

U.S. Hog Imports



*Forecast

U.S. Meat Exports

Million Pounds

	2008 forecast	2009 forecast	Change from 2008
	Exports		*Percent*
Beef	**1,645**	**1,870**	**13.7**
Pork	**4,310**	**3,985**	**-7.5**
Broilers	**6,000**	**6,100**	**1.7**
Turkey	**605**	**635**	**5.0**
Mature Chickens	**150**	**150**	**0.0**
Total Meat	**12,719**	**12,752**	**0.0**
	Imports		
Beef	**2,815**	**3,010**	**6.9**

End