Global Overview of Agricultural Commodities As An Asset Class

Bruce A. Scherr
Chairman of the Board & Chief Executive Officer
Informa Economics, Inc.
901-766-4511
bruce.scherr@informaecon.com

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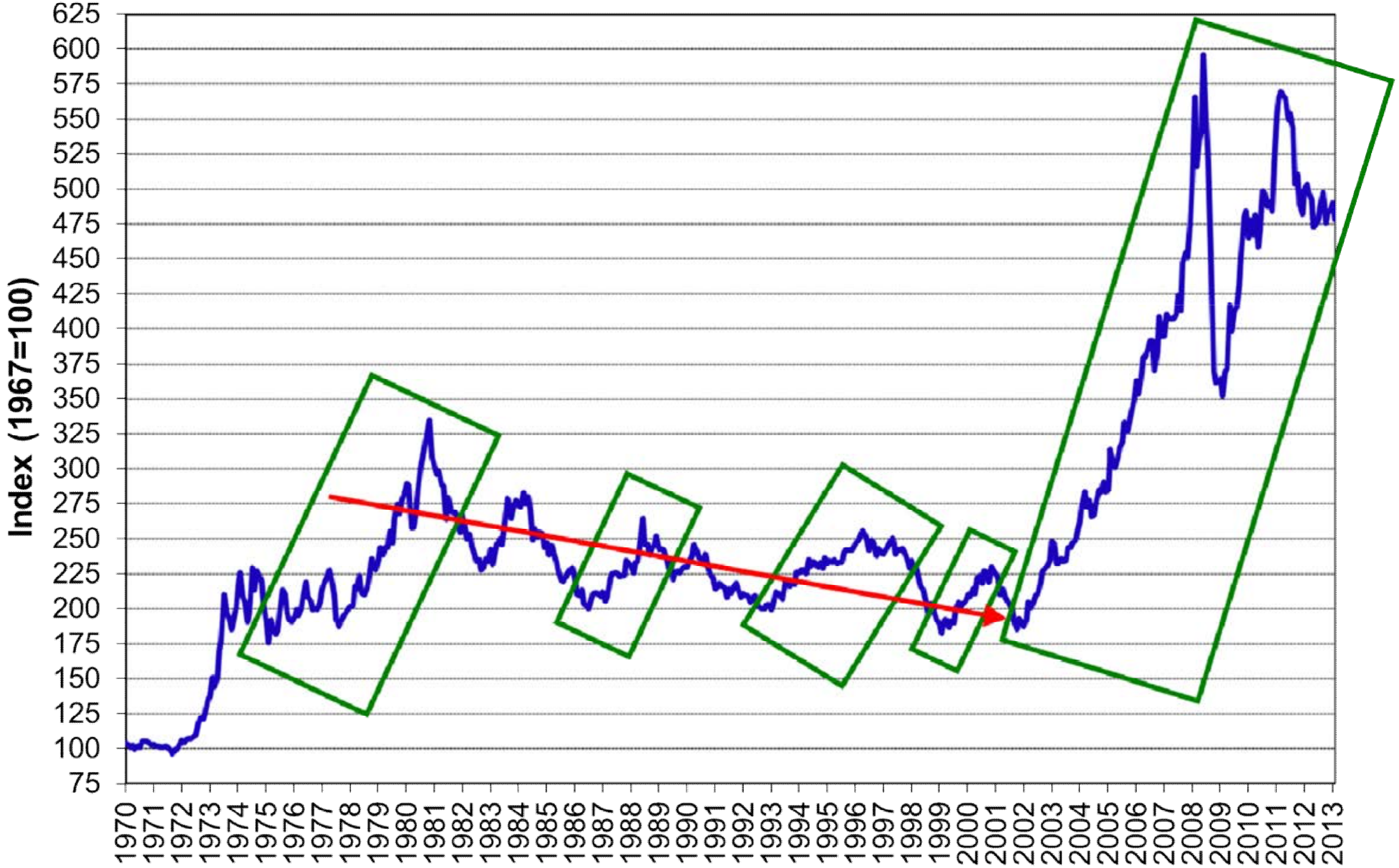
The State of Agribusiness
CHALLENGES AND PROSPECTS FOR 2013

Commodities As An Asset Class

- Commodity Values Remain Strong
- Reiterating from Last Year

Monthly CRB BLS Spot Index
January 1970 - February 2013



2013:

- Europe's Impact On The Global Macroeconomic Situation
- Asia: Better? Yes!
- U.S. Cliff Hopping

World Macroeconomic Indicators

Indicator	2010	2011	2012	2013
Real Growth (% Chg.)				
World	4.3	2.9	2.3	2.4
OECD	2.9	1.7	1.2	1.2
Asia/NIC/Emerging *	9.6	7.6	6.3	6.7
Latin America	6.2	3.9	3.8	4.0
Eurozone	1.8	1.7	-0.7	0.8
Country Specific				
United States	2.4	1.8	2.2	2.0
Canada	3.2	2.6	2.0	2.3
United Kingdom	1.8	0.9	0.0	0.8
Japan	4.7	-0.5	1.2	0.2
China [Inflation Rate '11 5.2%]	10.4	9.3	7.8	8.2
India	10.4	7.9	5.6	6.3

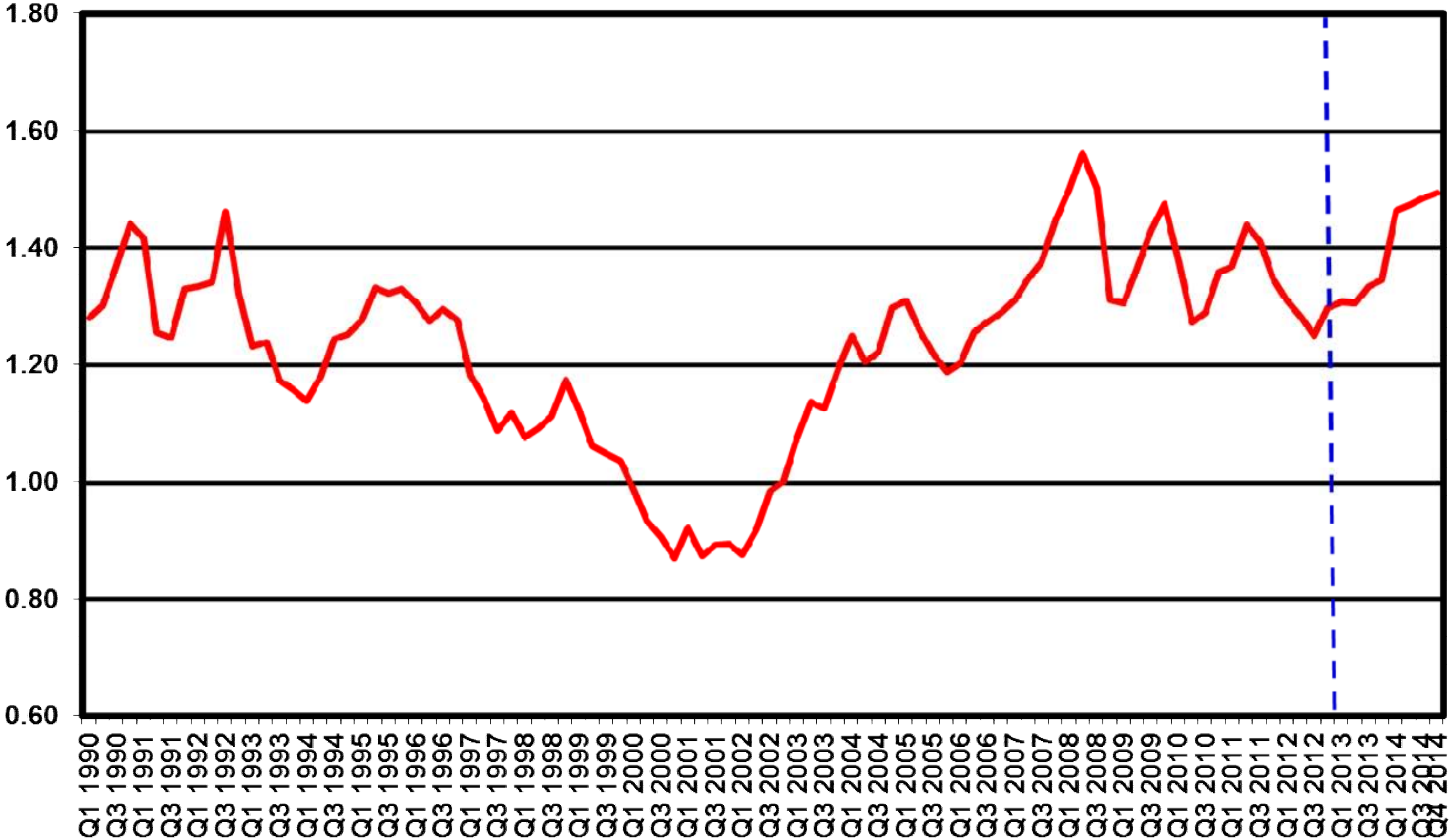
* Note Asia/NIC: Korea, Taiwan, Hong Kong, Singapore;
Emerging: China, India, Indonesia, Malaysia, Thailand.

The Dollar:

Still Relatively Weak

Good or Bad?

$ / Euro


1.80
1.60
1.40
1.20
1.00
0.80
0.60
Q1 1990
Q3 1990
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Q1 2009
Q3 2009
Q1 2010
Q3 2010
Q1 2011
Q3 2011
Q1 2012
Q3 2012
Q1 2013
Q3 2013
Q1 2014
Q3 2014
Q4 2014

U.S. Economic Prospects

Slow Organic Growth
with
Less Government

The Transition Economy

U.S. Macroeconomic Outlook

	2011	2012	2013	2014
Economy				
GDP (Ann. % Chg.)	1.8	2.2	2.0	2.6
Real Disposable Income (% Chg.)	1.3	1.3	2.7	3.1
Consumption (% Chg.)	2.5	1.9	2.0	2.4
Business Fixed Investment (% Chg.)	8.6	7.7	4.7	6.6
Net Exports (Bil. $)	-408	-406	-416	-410
Inventory Investment (Bil. $)	31.0	44.7	45.0	35.2
Industrial Production (% Chg.)	4.1	3.8	3.0	3.4
Fed. Budget Surplus (Bil. $)	-1299	-1355	-925	-598

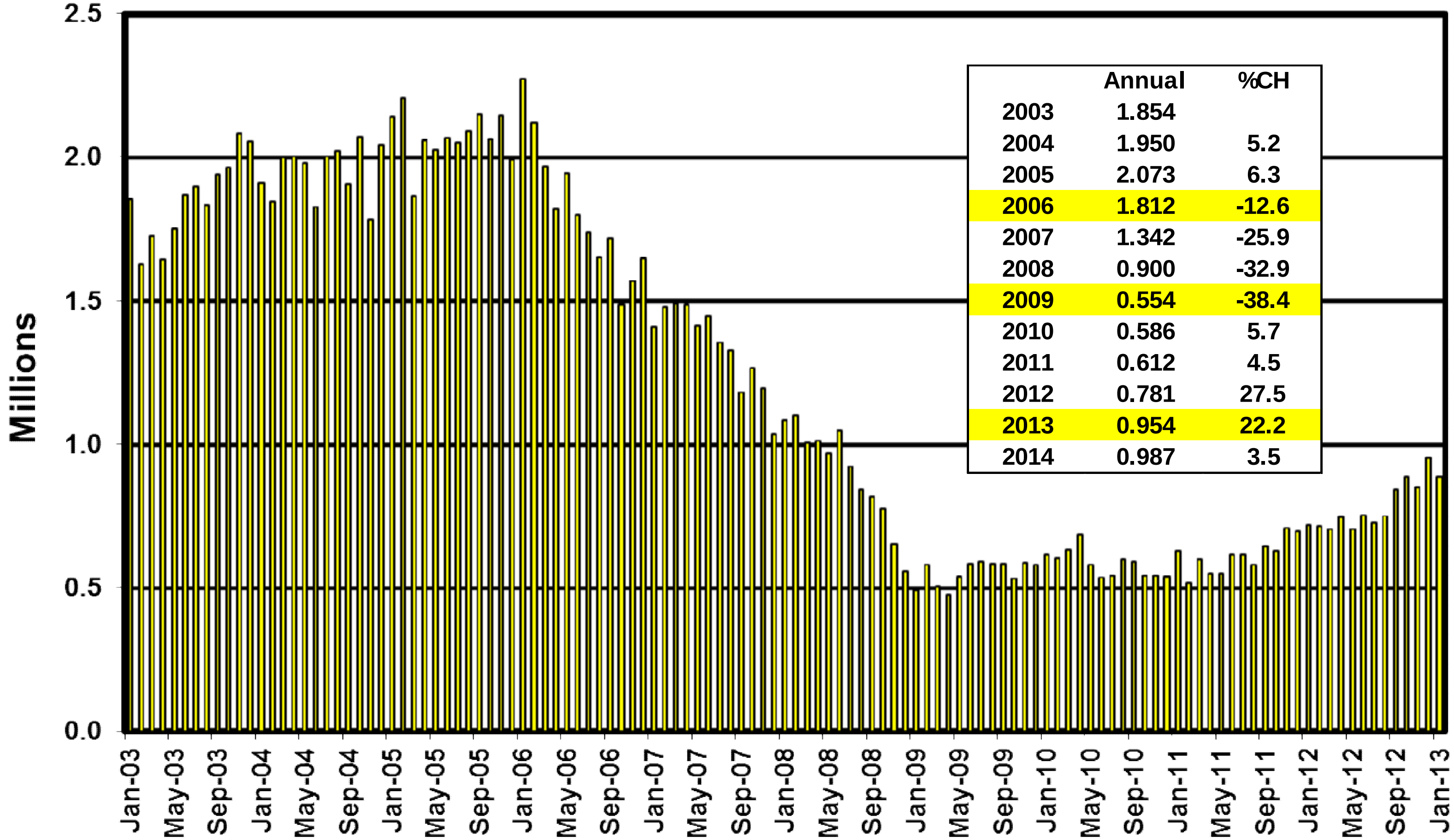
U.S. Macroeconomic Outlook

	2011	2012	2013	2014
Inflation				
GDP Price Defl. (% Chg.)	2.1	1.8	2.0	2.4
CPI-All Urban (% Chg.)	3.1	2.1	2.0	2.4
Hourly Compensation (% Chg.)	2.6	1.8	2.2	2.7
Employment				
Unemployment Rate (%)	9.0	8.1	7.7	7.0
Corporate Profits, After Tax (% Chg.)	2.2	14.8	5.3	5.2
Personal Savings Rate (%)	4.7	3.9	4.4	5.1

Select Indicators:

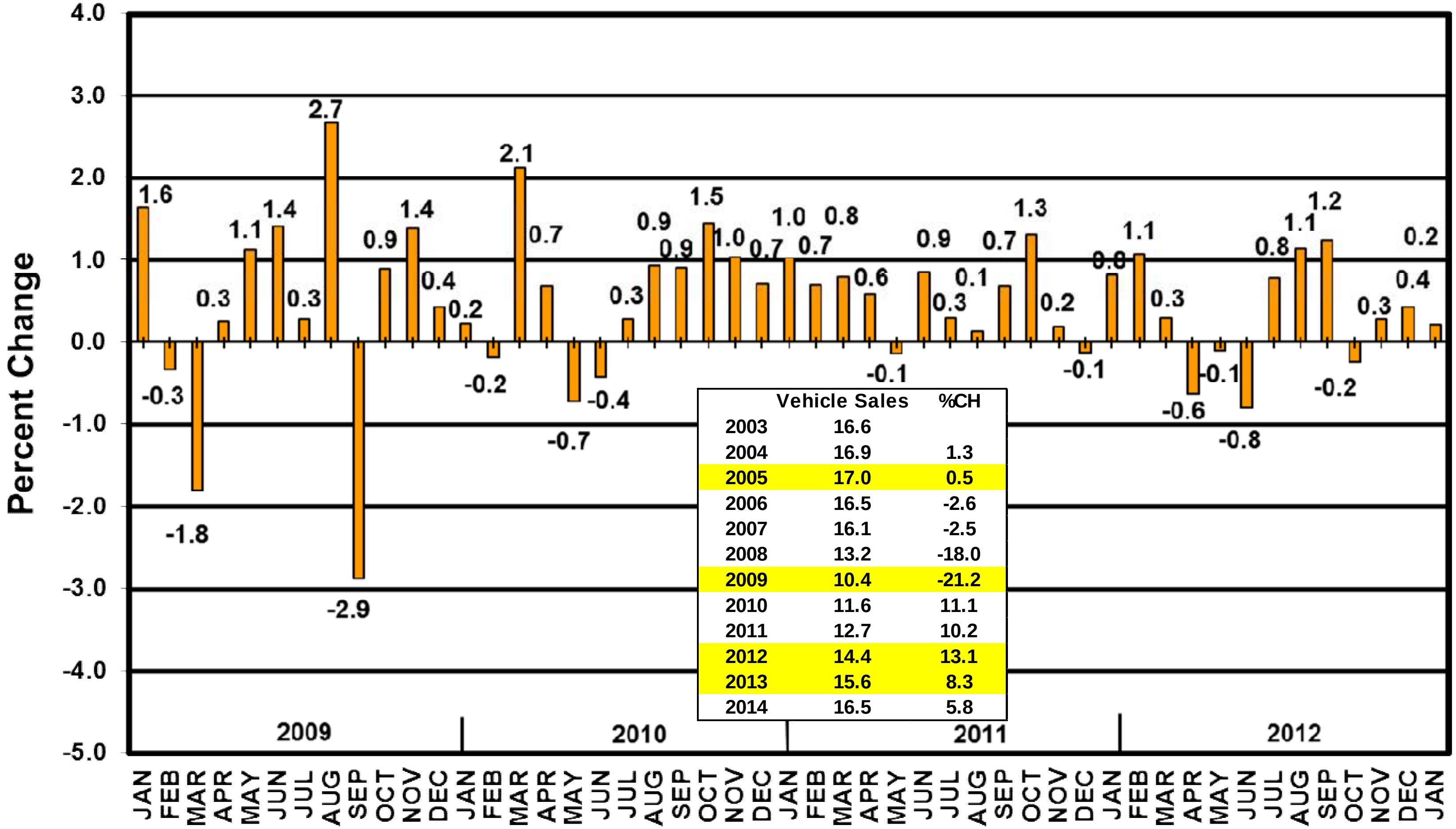
Housing, Housing, Housing!

Housing Starts
January 2003 - January 2012



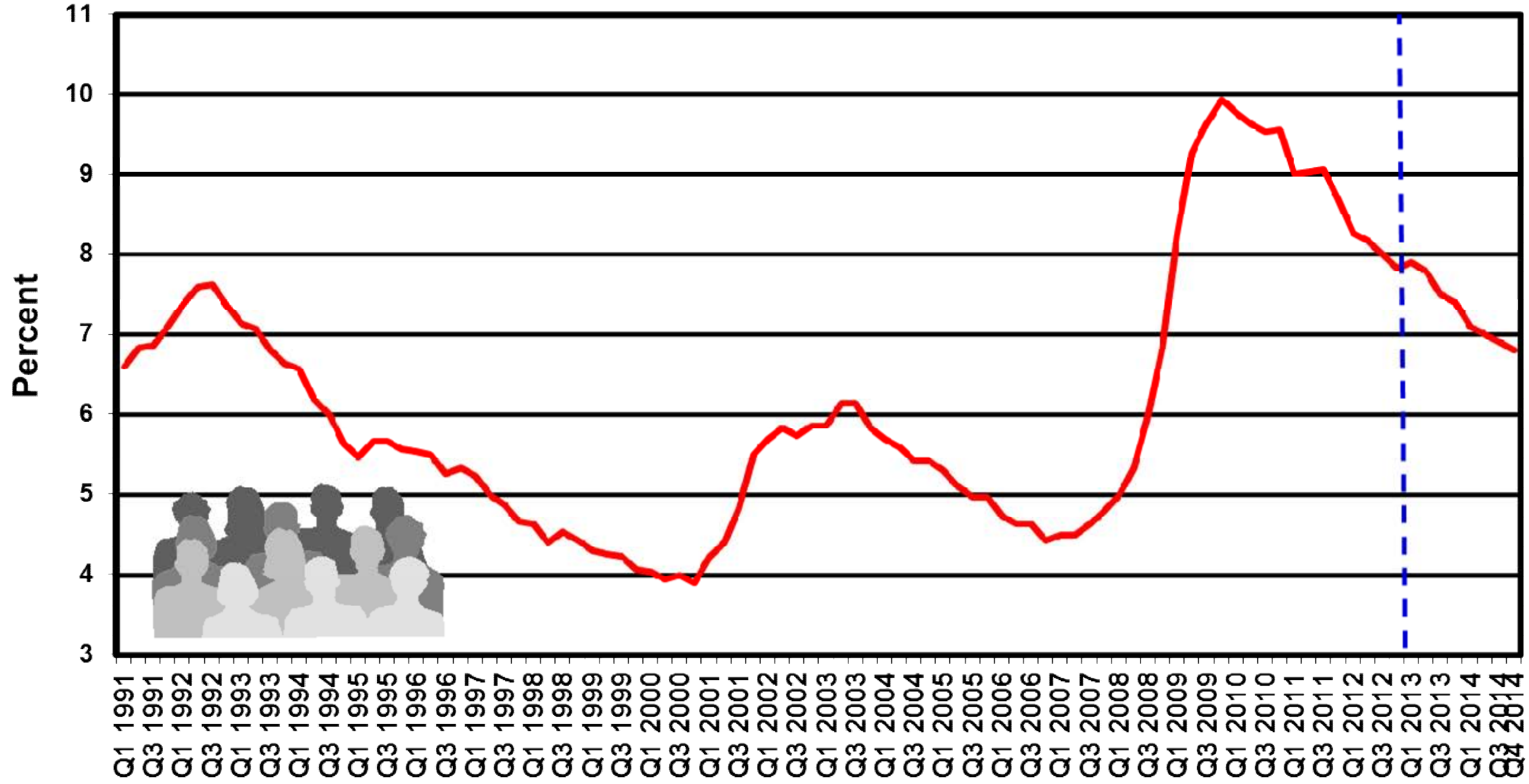
	Annual	%CH
2003	1.854	
2004	1.950	5.2
2005	2.073	6.3
2006	1.812	-12.6
2007	1.342	-25.9
2008	0.900	-32.9
2009	0.554	-38.4
2010	0.586	5.7
2011	0.612	4.5
2012	0.781	27.5
2013	0.954	22.2
2014	0.987	3.5

Retail Sales
January 2009 - January 2013



	Vehicle Sales	%CH
2003	16.6	
2004	16.9	1.3
2005	17.0	0.5
2006	16.5	-2.6
2007	16.1	-2.5
2008	13.2	-18.0
2009	10.4	-21.2
2010	11.6	11.1
2011	12.7	10.2
2012	14.4	13.1
2013	15.6	8.3
2014	16.5	5.8

U.S. Unemployment Rate



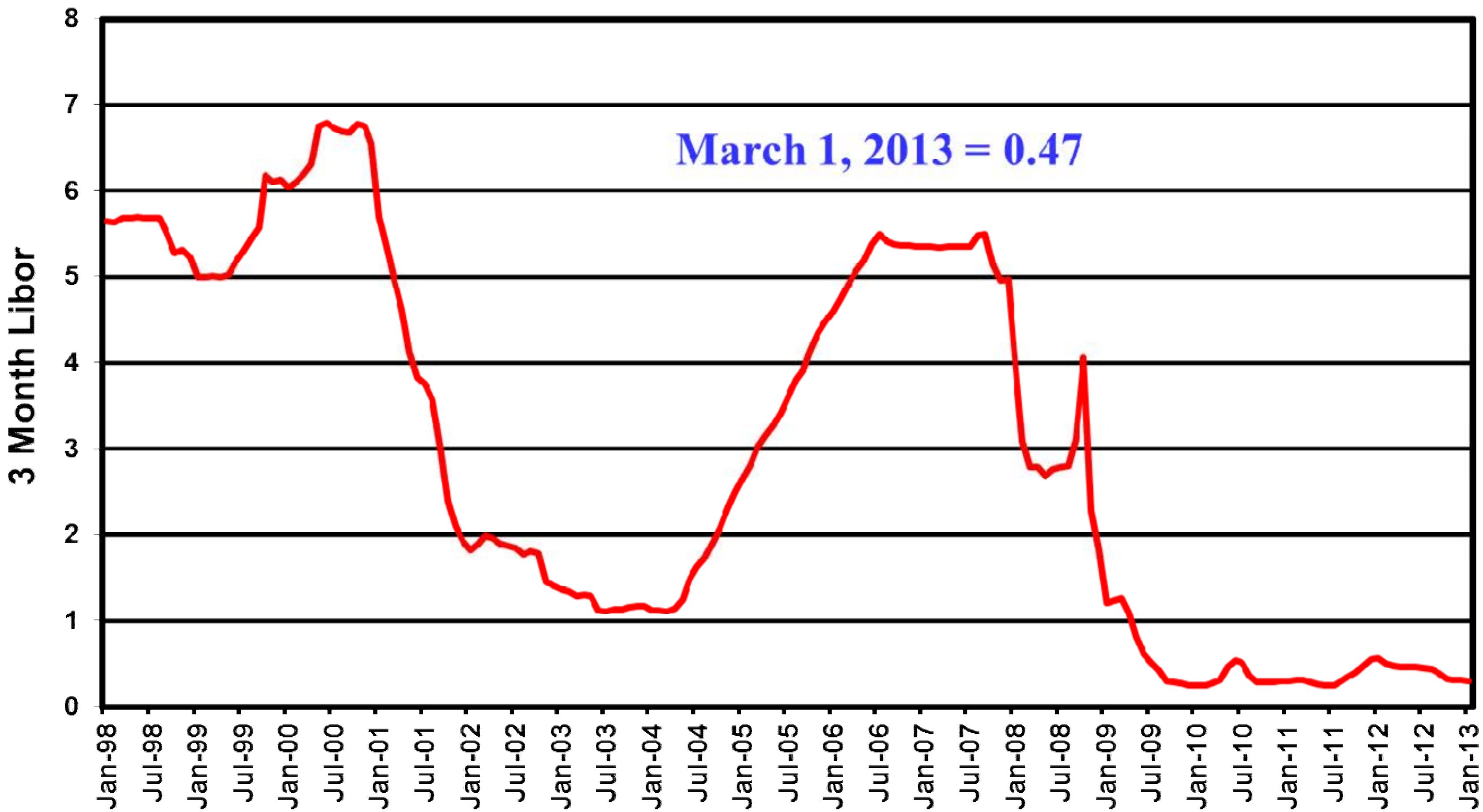
Source: BLS, Employment Situation

Liquidity Issues

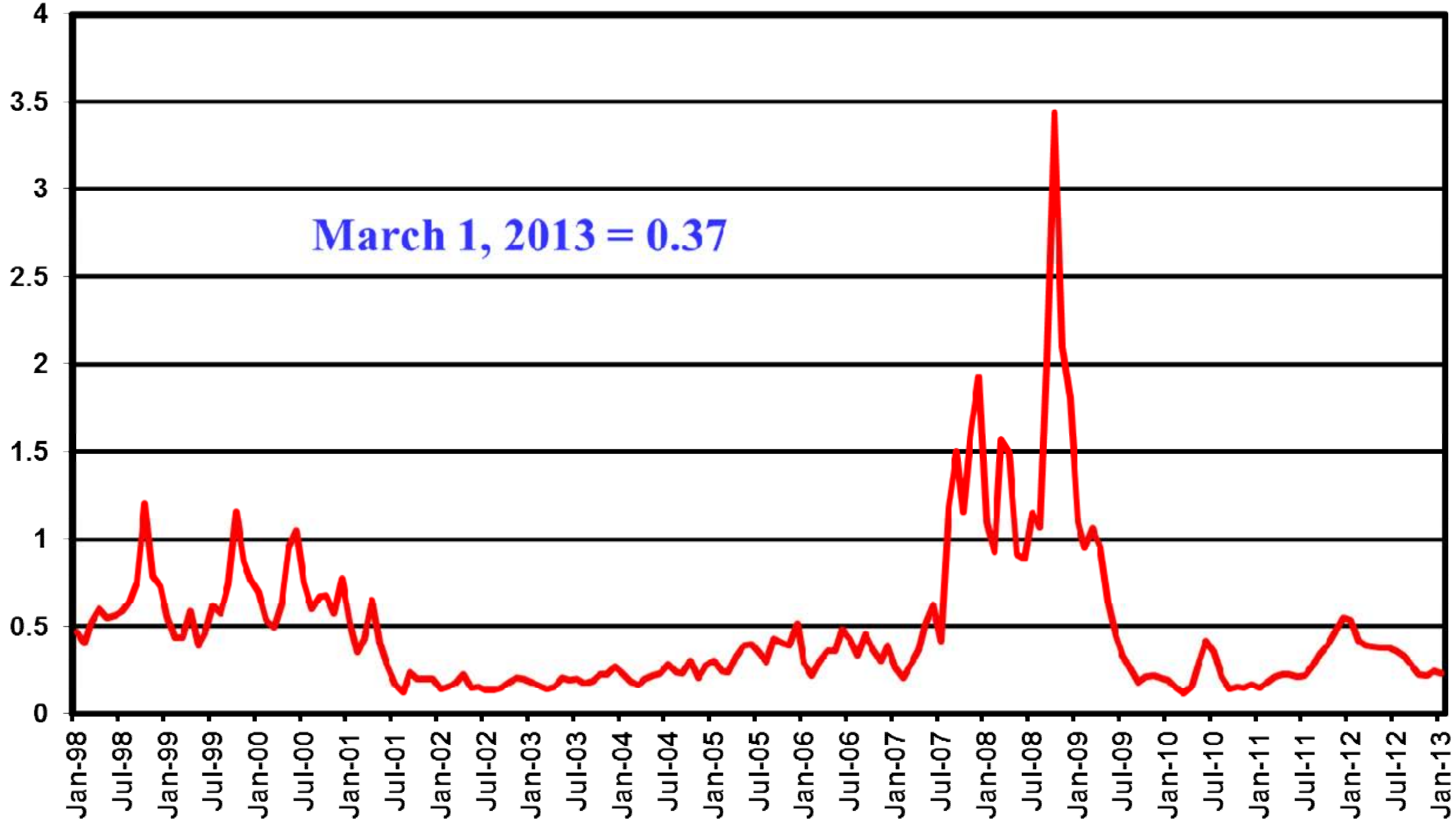
Are Banks in Good Shape?

The Fed's Policy Role?

London Interbank Offered Rate (Libor)



TED Spread
3 Month Libor minus 3 Month T-Bill

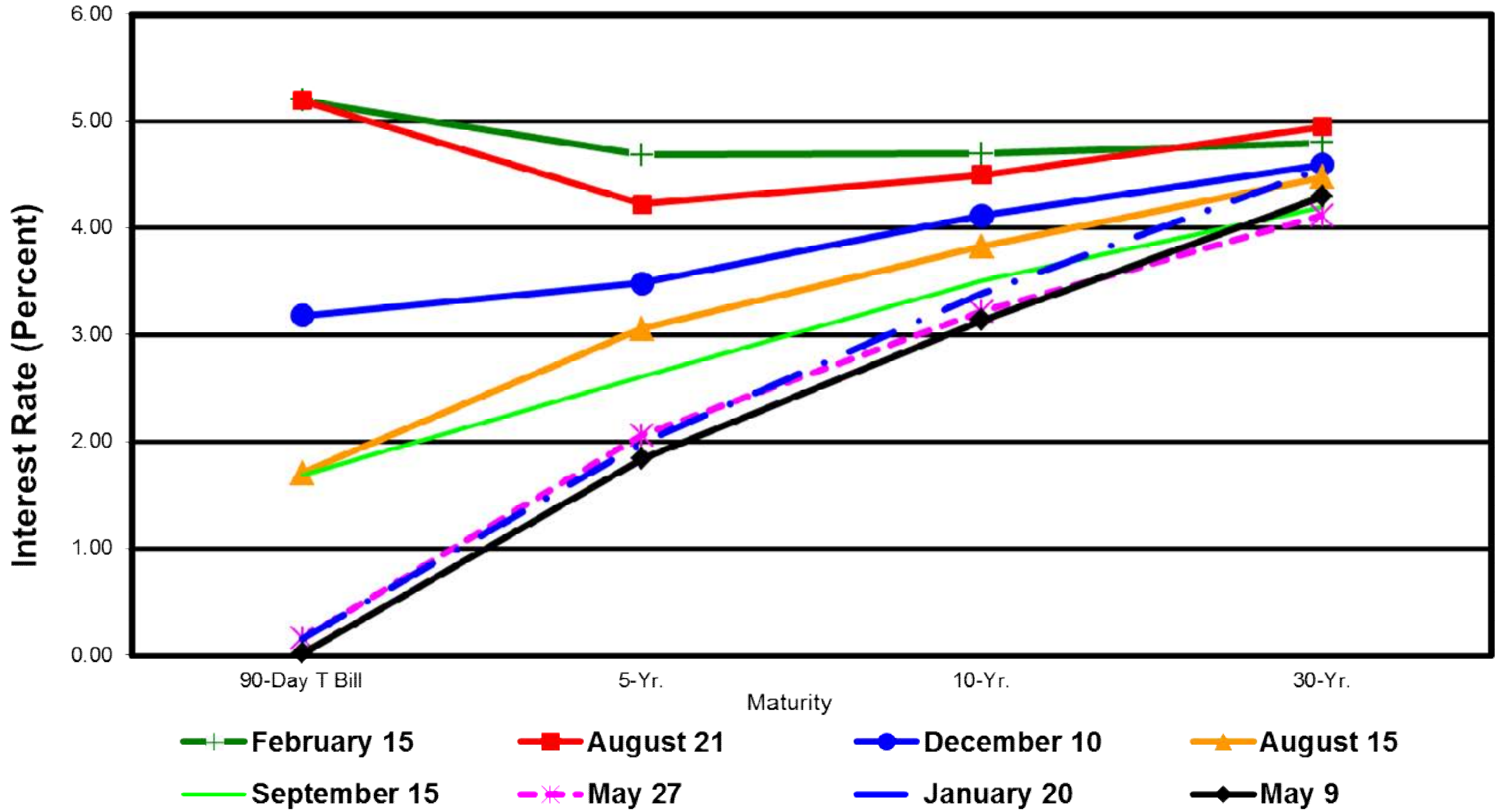


The Fed:

Low Short Rates Long Term
and
Low Long Term Rates

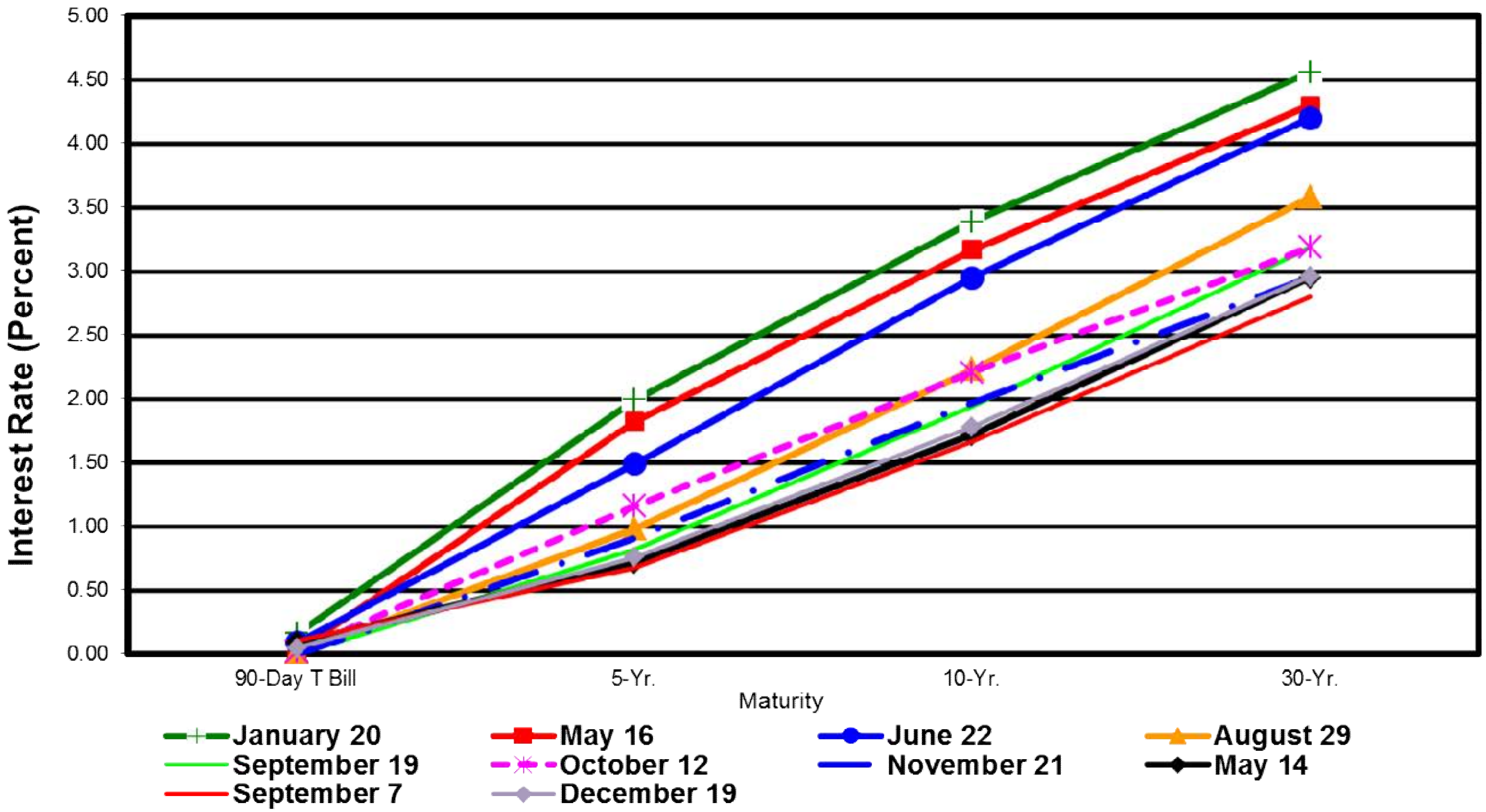
Yield Curve

Rates as of February 15, August 21 and December 10, 2007; August 15 and September 15, 2008; May 27, 2010; January 20 and May 9, 2011



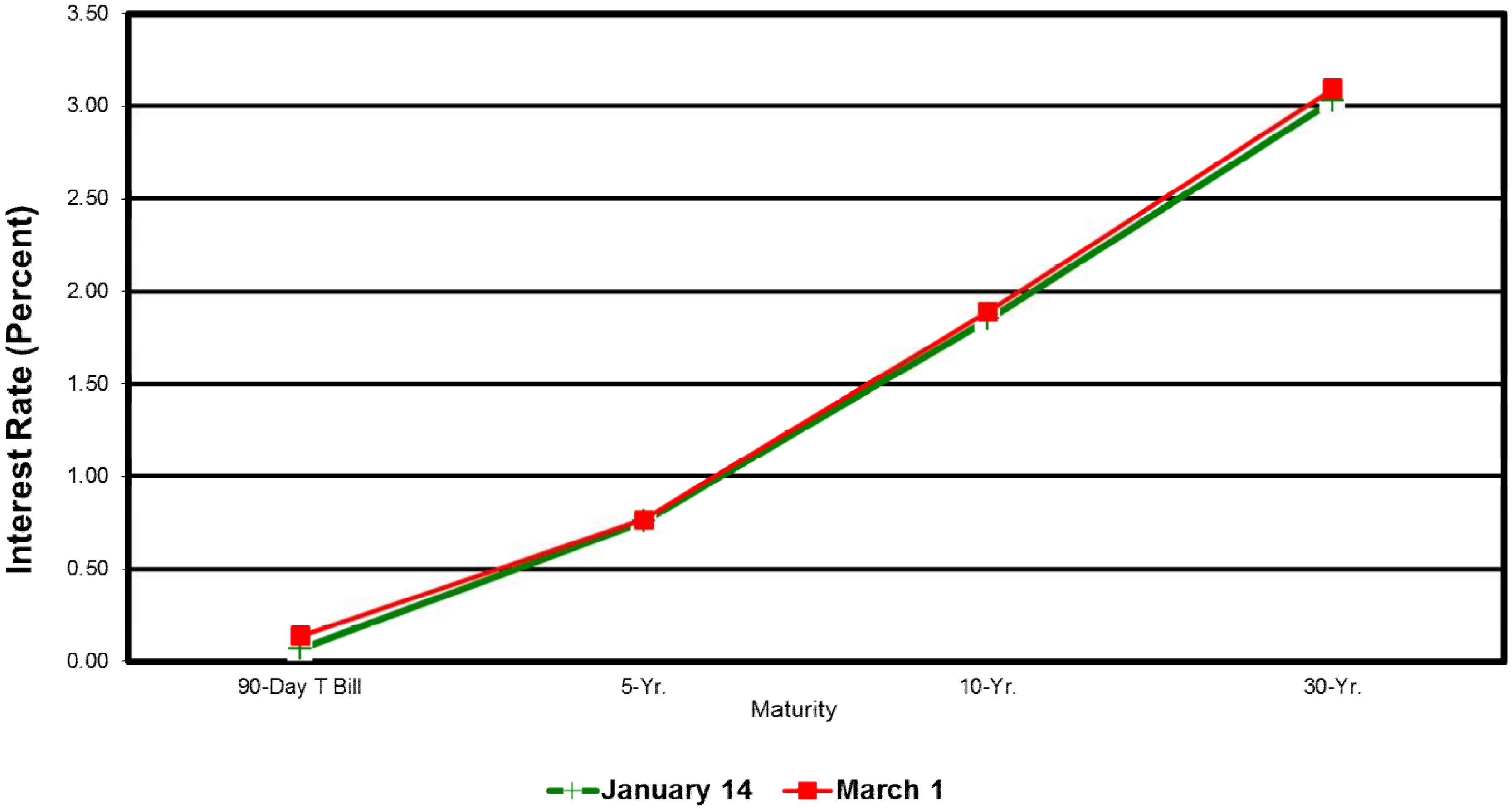
Yield Curve

Rates as of January 20, May 16, June 22, August 29, September 19, October 12 and November 21, 2011; May 14; September 7 and December 19, 2012

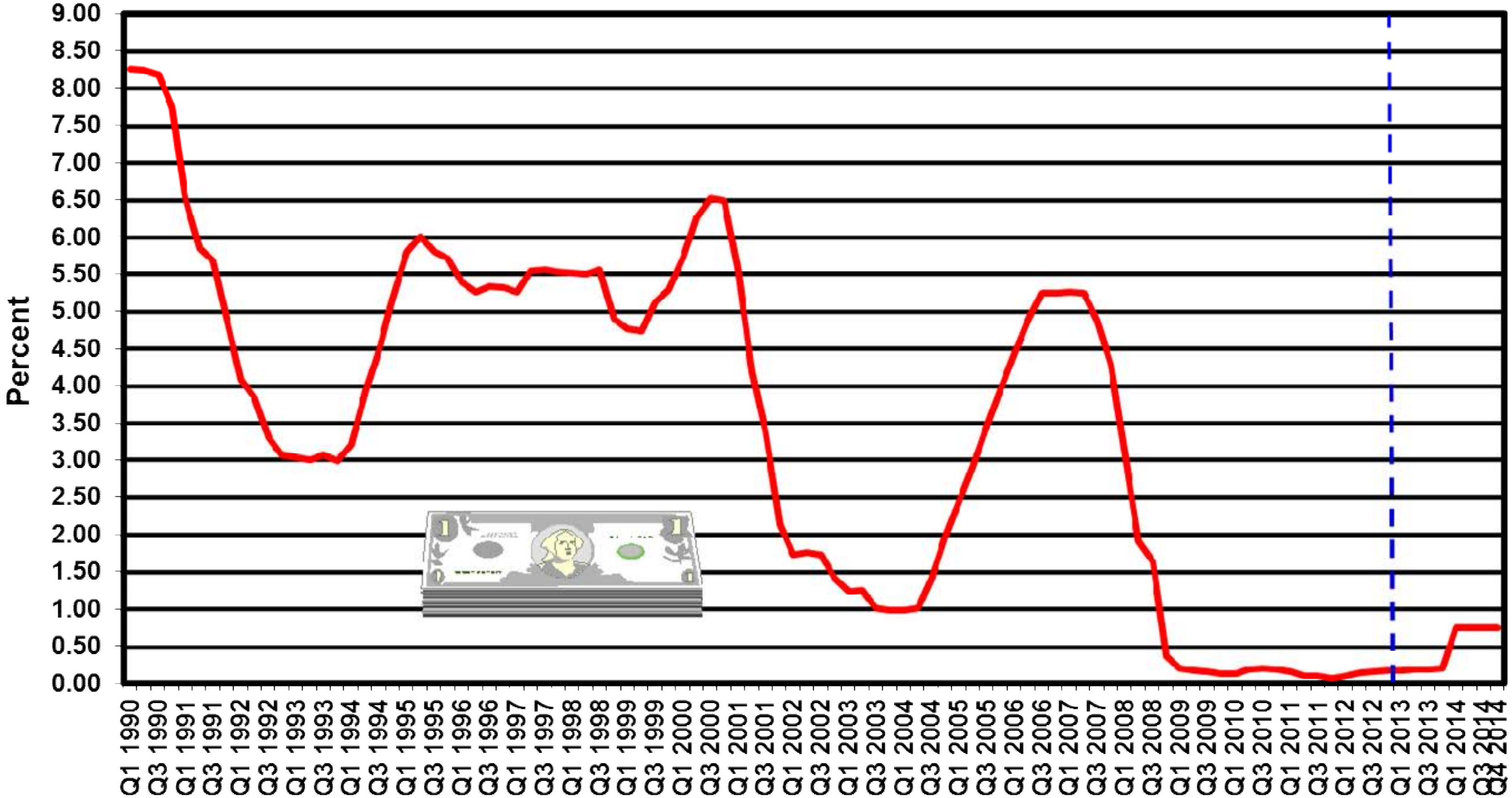


Yield Curve: 2013

Rates as of January 14 and March 1, 2013



U.S. Federal Funds Rate



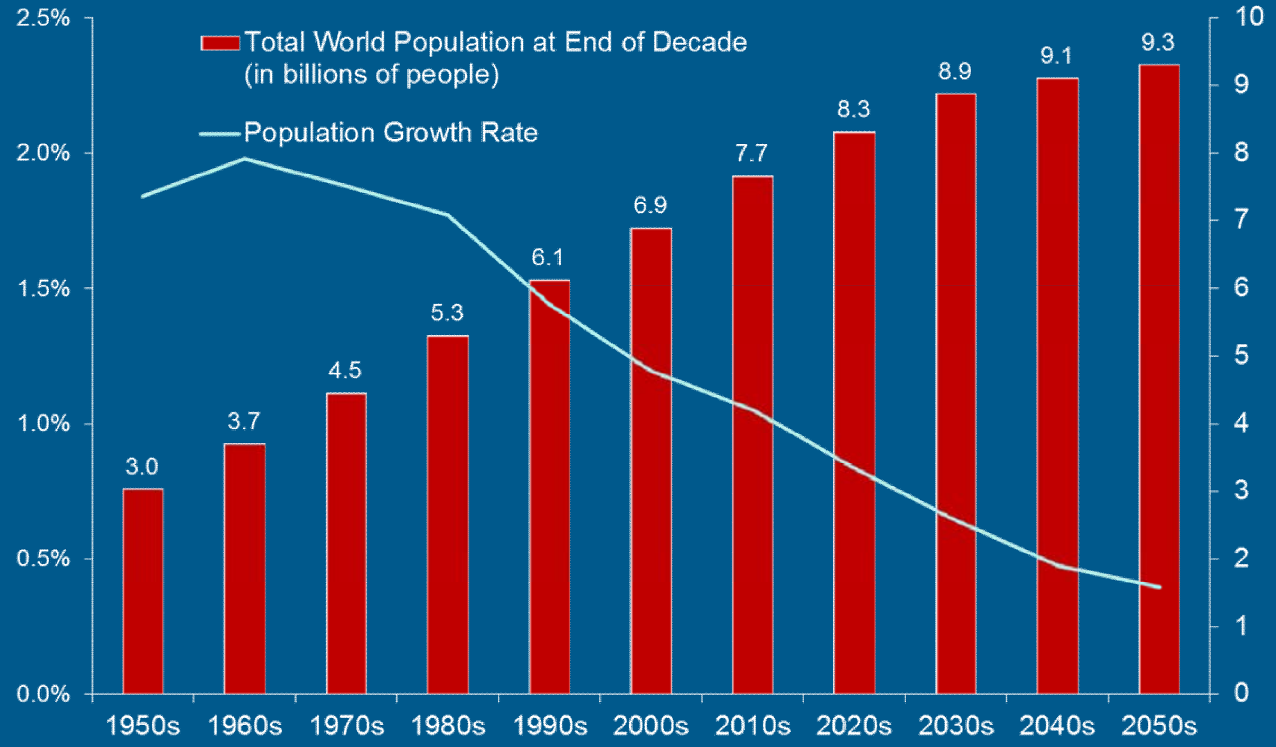
Source: FRB G.13 'Selected Interest Rates' Release

Feeding 7-9 Billion People;

Demographic Pulls and Limitations: The Graying of the Population

"Constraints As We Follow The Cold Chain"

The world's population is growing more slowly and will peak around mid-century.



Source: UN (2011)

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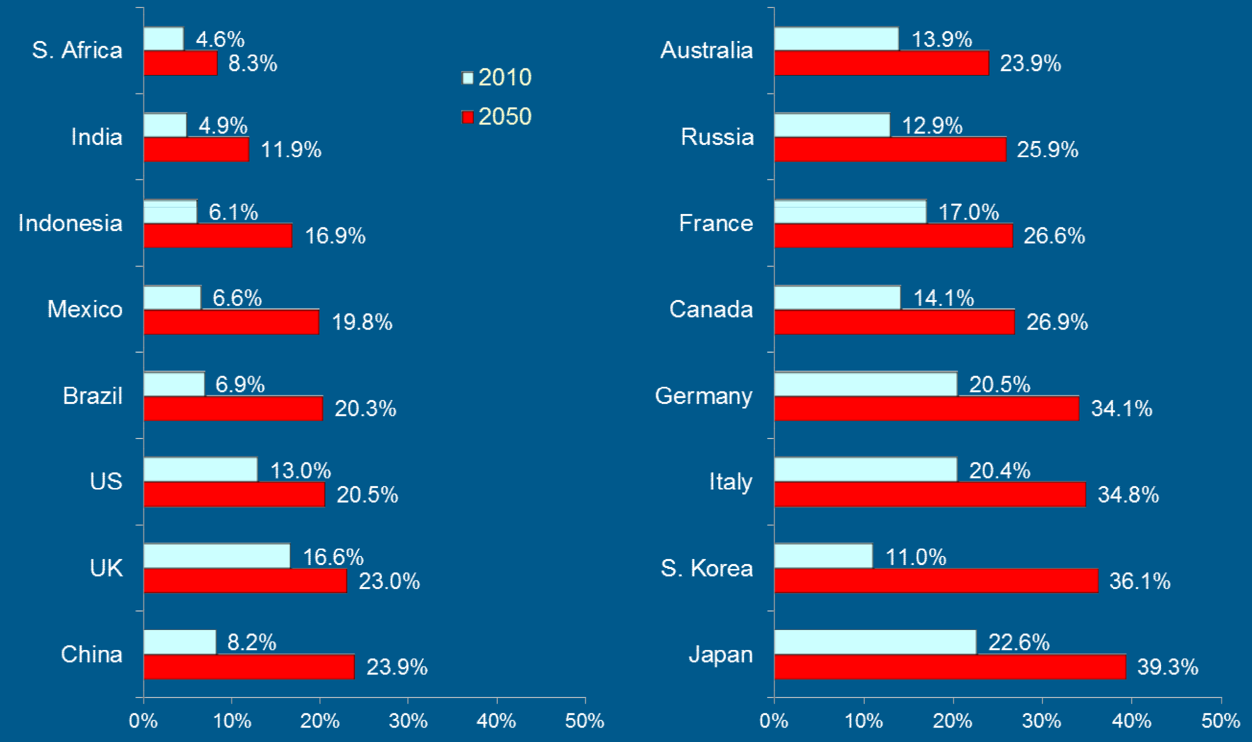
The great challenge of the 21st century is population aging, not population growth.

Elderly (Aged 65 and Over), as a Percent of the Population in 2010 and 2050



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Source: UN (2009)

Behind the Global Age Wave: Falling Fertility

Total Fertility Rate

	Developed Countries				Emerging Markets		
	1960-65	1980-85	2005-10		1960-65	1980-85	2005-10
Australia	3.3	1.9	1.8	Brazil	6.2	3.8	1.9
Canada	3.7	1.6	1.7	China	5.6	2.6	1.6
France	2.8	1.9	2.0	India	5.8	4.5	2.7
Germany	2.5	1.5	1.4	Indonesia	5.6	4.1	2.2
Italy	2.5	1.5	1.4	Mexico	6.8	4.3	2.4
Japan	2.0	1.8	1.3	Russia	2.6	2.0	1.4
UK	2.8	1.8	1.8	S. Africa	6.3	4.6	2.6
US	3.3	1.8	2.1	S. Korea	5.6	2.2	1.3

Source: UN (2009)

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Behind the Global Age Wave: Rising Life Expectancy

Life Expectancy at Birth

	Developed Countries				Emerging Markets		
	1950-55	1980-85	2005-10		1950-55	1980-85	2005-10
Australia	69.6	75.1	81.5	**Brazil**	50.9	63.4	72.2
Canada	69.0	75.8	80.5	**China**	44.6	67.7	72.7
France	67.3	74.8	81.0	**India**	37.9	56.2	64.2
Germany	67.5	73.8	79.8	**Indonesia**	38.8	58.8	67.9
Italy	66.3	74.8	81.4	**Mexico**	50.7	67.7	76.2
Japan	62.2	76.9	82.7	**Russia**	64.5	67.4	67.7
UK	69.3	74.1	79.6	**S. Africa**	45.0	58.1	51.6
US	68.6	74.3	78.0	**S. Korea**	47.9	67.4	80.0

Source: UN (2009)

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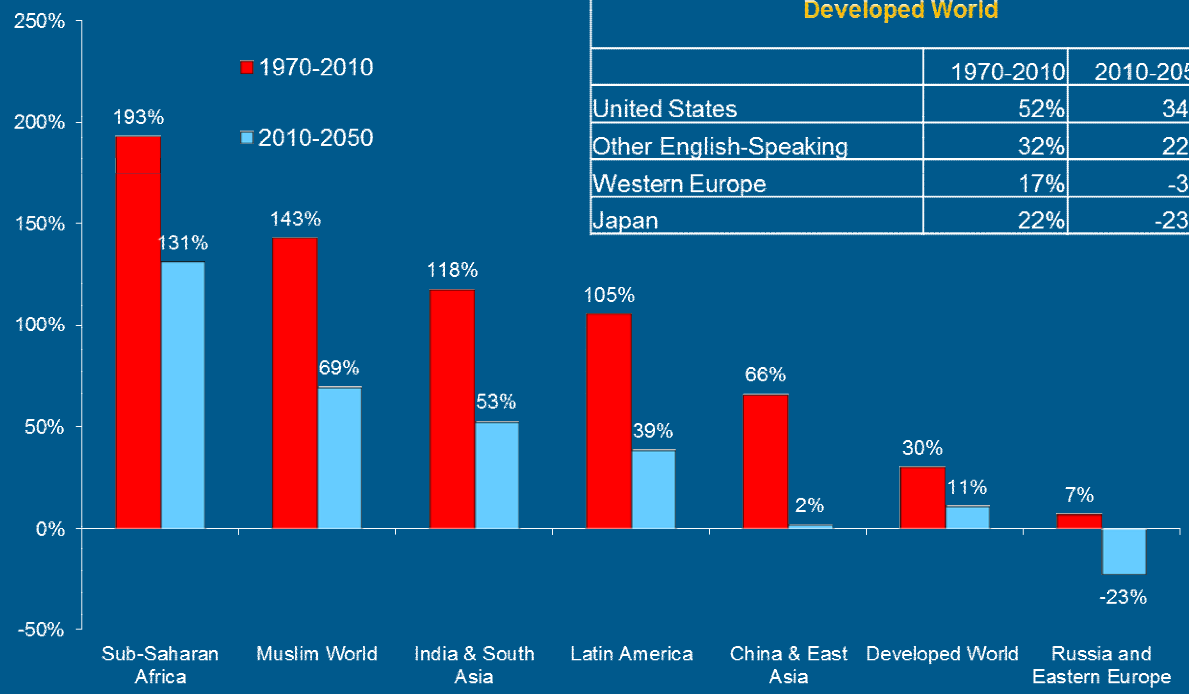
Many countries will not only have aging populations, but stagnant or contracting ones.

Cumulative Population Change, by Period, 1970-2050



Developed World		
	1970-2010	2010-2050
United States	52%	34%
Other English-Speaking	32%	22%
Western Europe	17%	-3%
Japan	22%	-23%

Source: UN (2009)

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The Developed World: A Shrinking Share of Global Population

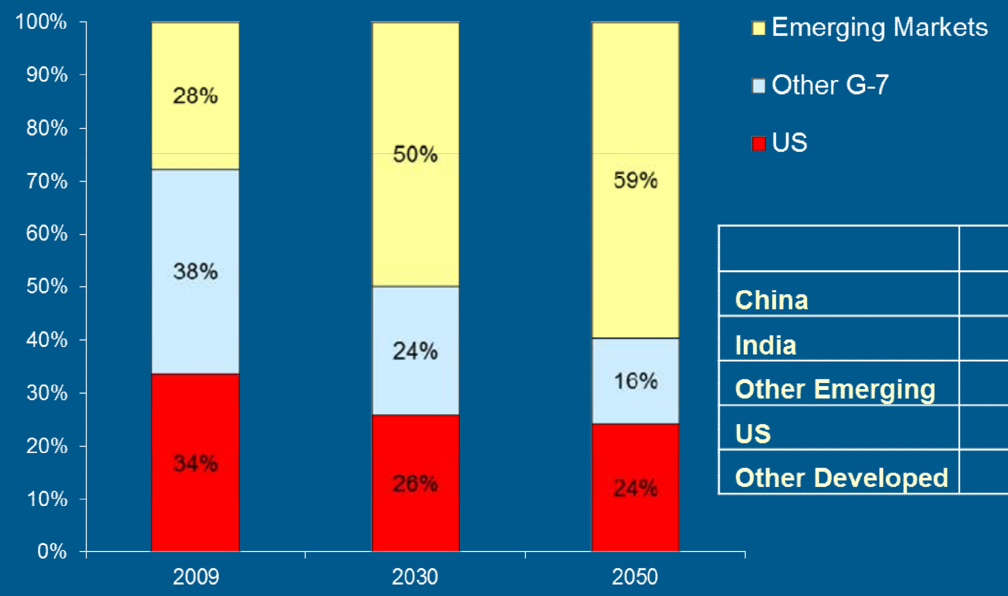
12 Largest Countries Ranked by Population

Ranking	1950	2010	2050
1	China	China	India
2	India	India	China
3	***US***	***US***	***US***
4	Russian Federation	Indonesia	Pakistan
5	***Japan***	Brazil	Nigeria
6	Indonesia	Pakistan	Indonesia
7	***Germany***	Bangladesh	Bangladesh
8	Brazil	Nigeria	Brazil
9	***UK***	Russian Federation	Ethiopia
10	***Italy***	***Japan***	Philippines
11	Bangladesh	Mexico	Dem. Rep. Congo
12	***France***	Philippines	Egypt
		Germany (16)	Russian Federation (16)
		France (21)	***Japan*** (19)
		UK (22)	***UK*** (27)
		Italy (23)	***France*** (29)
			Germany (30)
			Italy (37)

Source: UN (2009)
Note: Rankings for developed countries that have fallen below 12 are in parentheses.

The Developed World: A Shrinking Share of Global GDP.

GDP (in 2005 US Dollars) by Country or Country Group, as a Percent of G-20 Total, 2009-2050

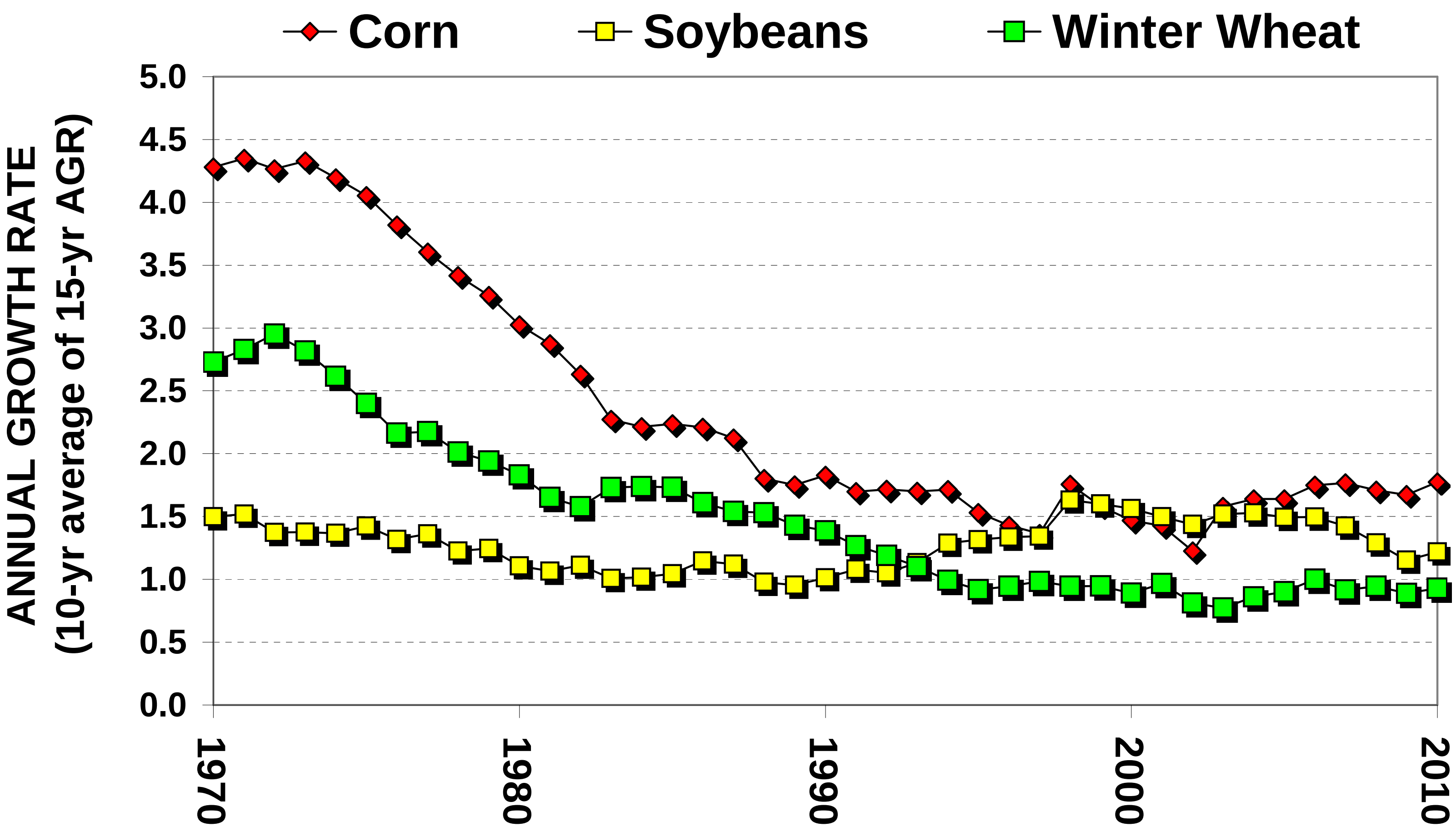


	2009	2050
China	9%	29%
India	3%	10%
Other Emerging	16%	21%
US	34%	24%
Other Developed	38%	16%

Source: Carnegie Endowment for International Peace (2010)

Crop Yields?

US Yield Growth Rate Over 4-Decades



Macroeconomic Productivity Feature

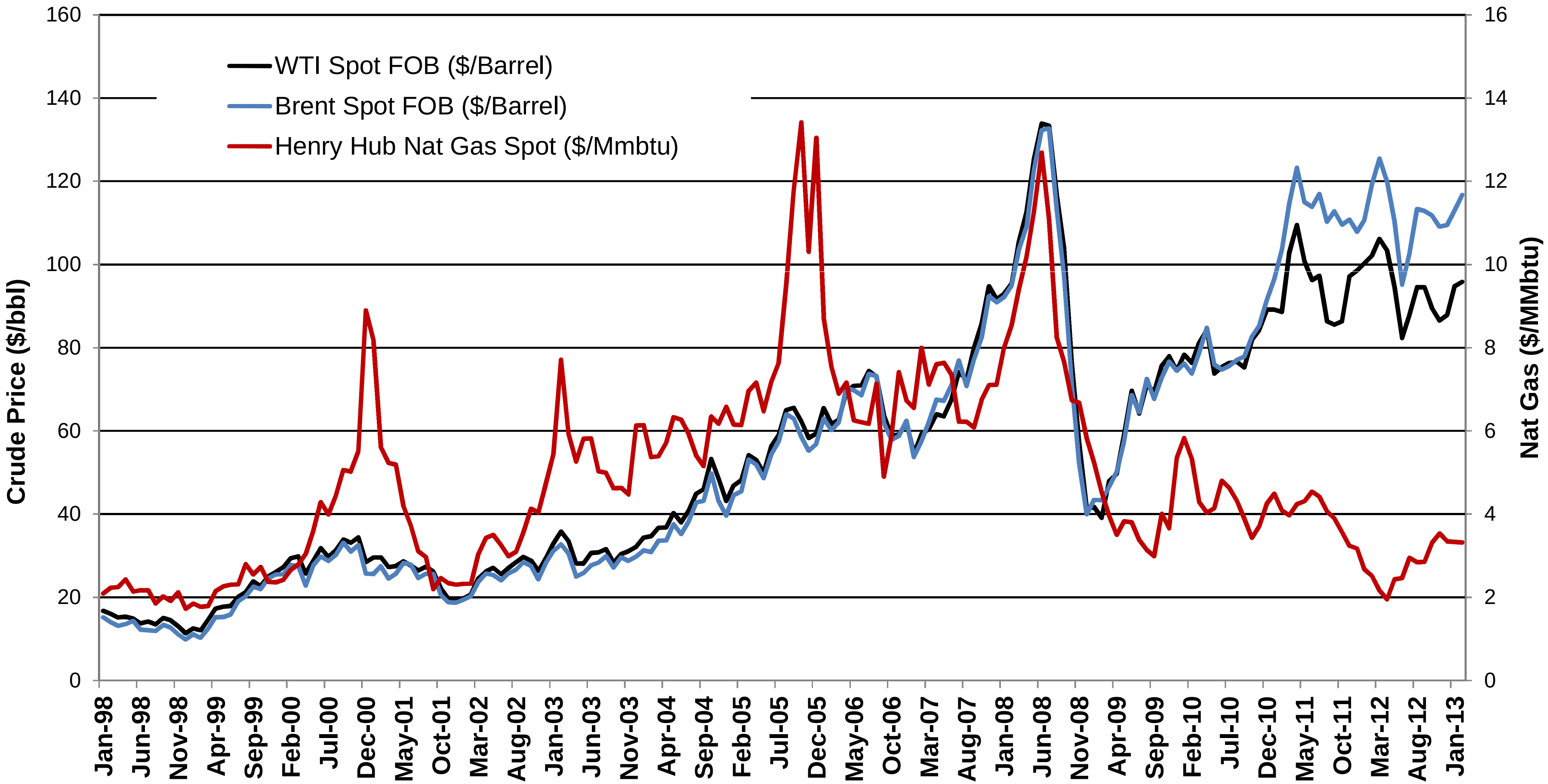
Is Natural Gas America's "Ace In The Hole"?

A Game Changer: Driving Costs Lower!

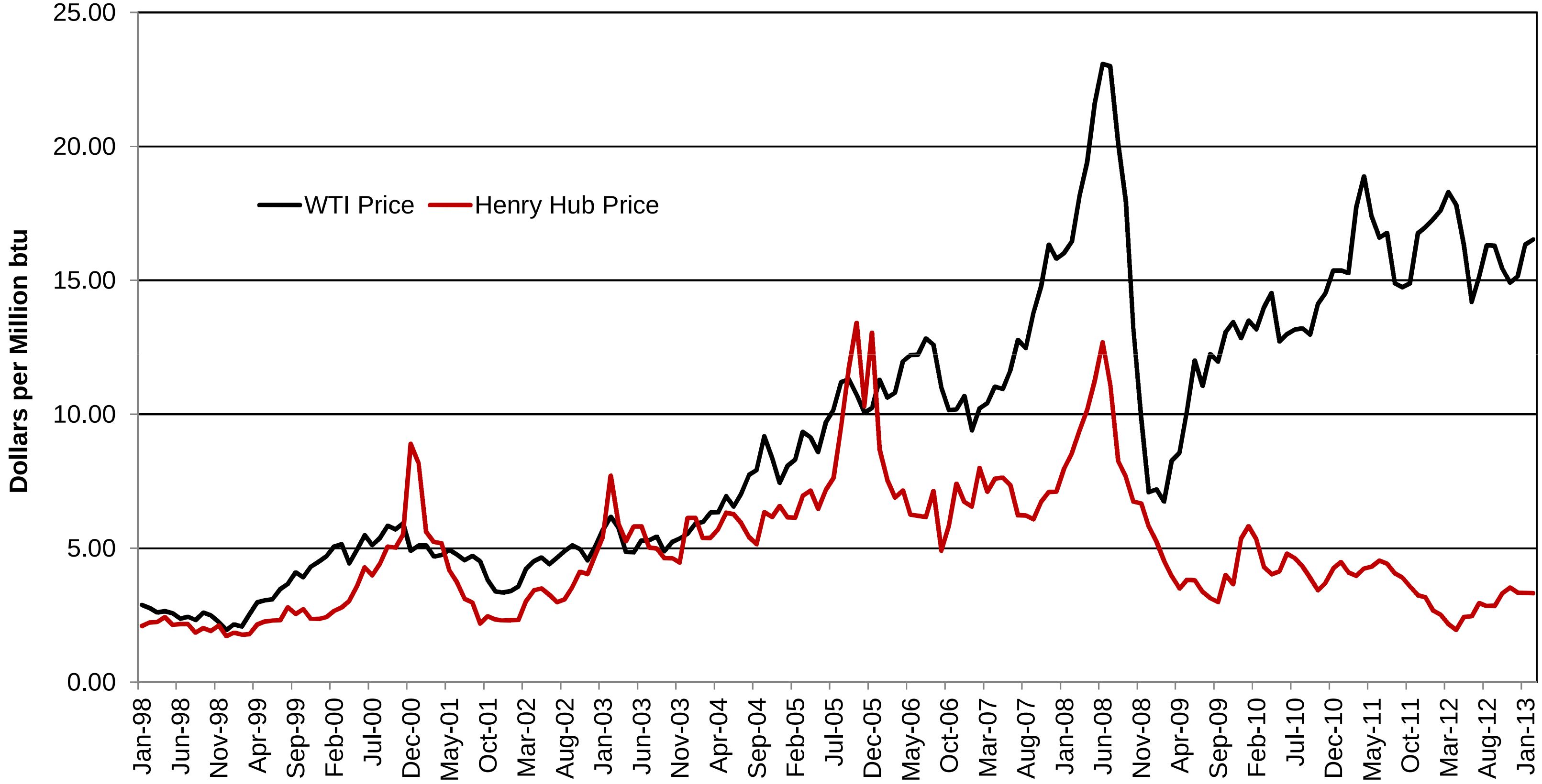
Crude Oil and Natural Gas Price Relationships

- Recent Divergence
- Energy Implications
- Implications For Renewable Fuels

Relationship Between
WTI, Brent, and Henry Hub Natural Gas Spot Prices

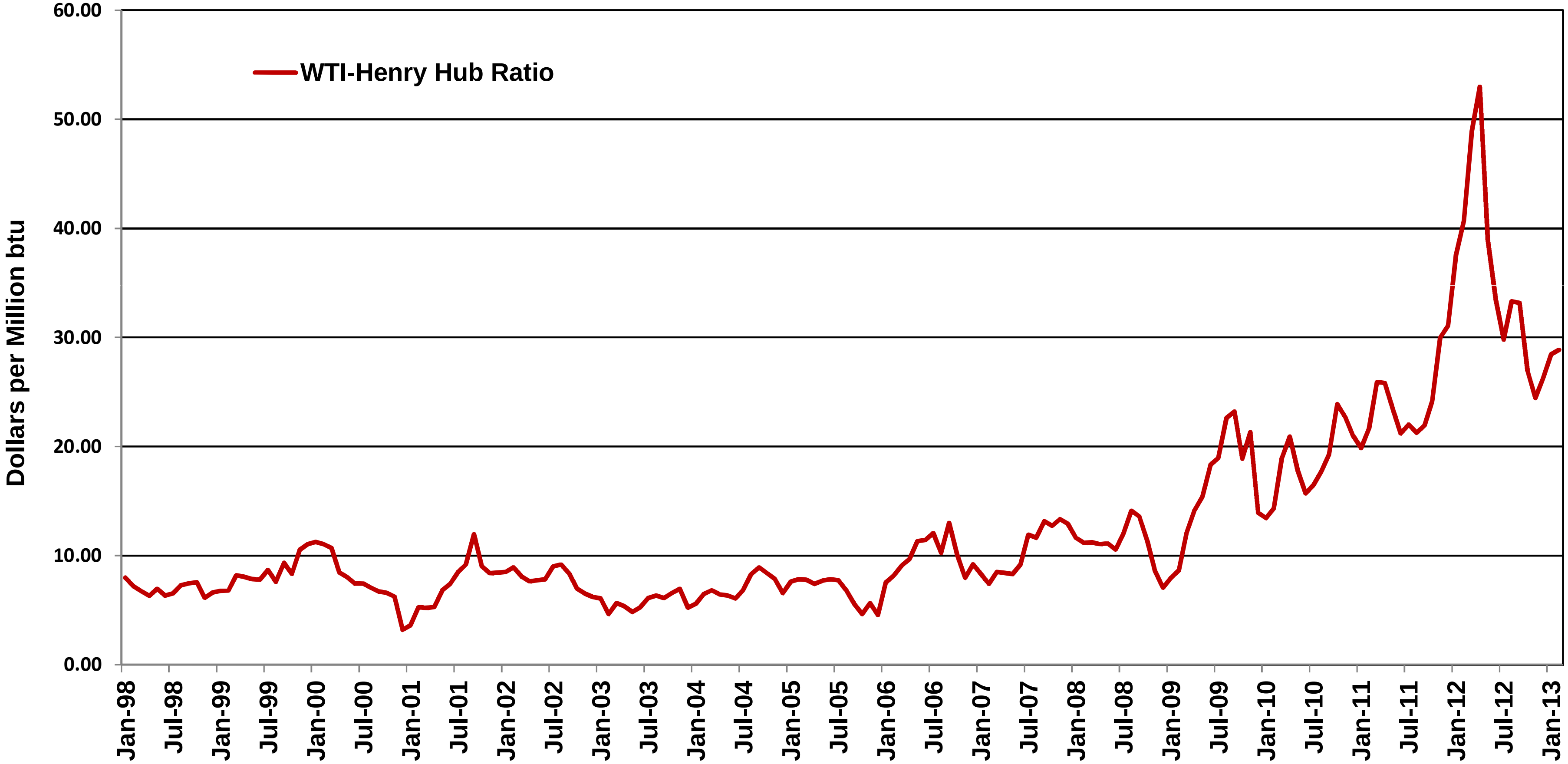


Comparison of WTI Crude and Henry Hub Natural Gas Spot Price



1 barrel of Crude Oil contains 5.8 million btu.
The current price (February 2013) of 1 barrel of Crude Oil is $95.84 per barrel.
Cost per million btu in the form of Crude Oil = $95.84/5.8 = $16.52.
Cost per million btu in the form of Natural Gas = $3.34.

Ratio Between WTI Crude and Henry Hub Spot Price



Note: 1 barrel of Crude contains 5.8 million btu

U.S. Energy Independence?

- Global Socio-Political Issues
- Wither the Arab Spring?
- Friends or Foes?

The Outlook For Crops

- Wheat
- Corn
- Soybeans

Rebounding from 2012's Drought

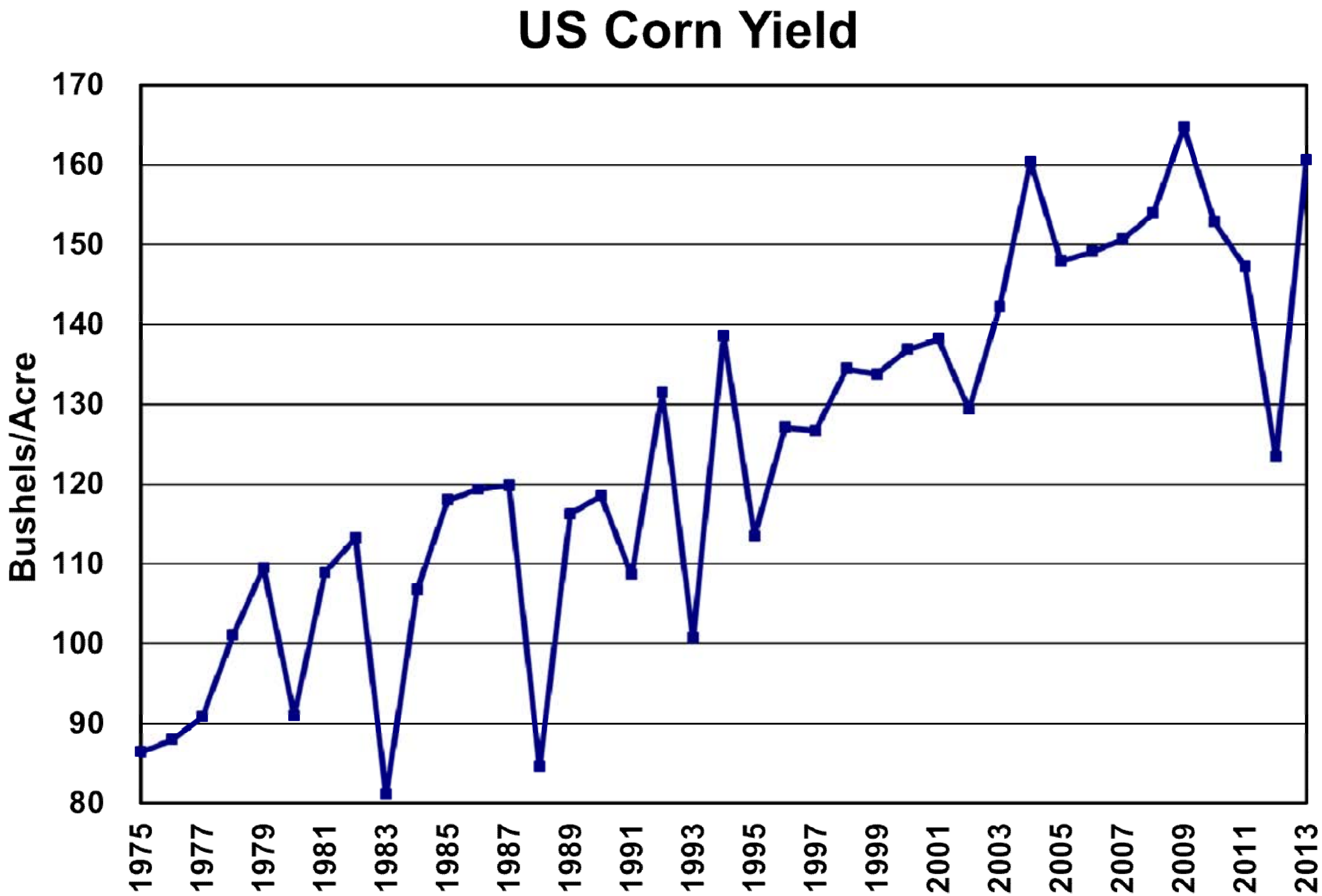
2013
A Battle Royal For Acres

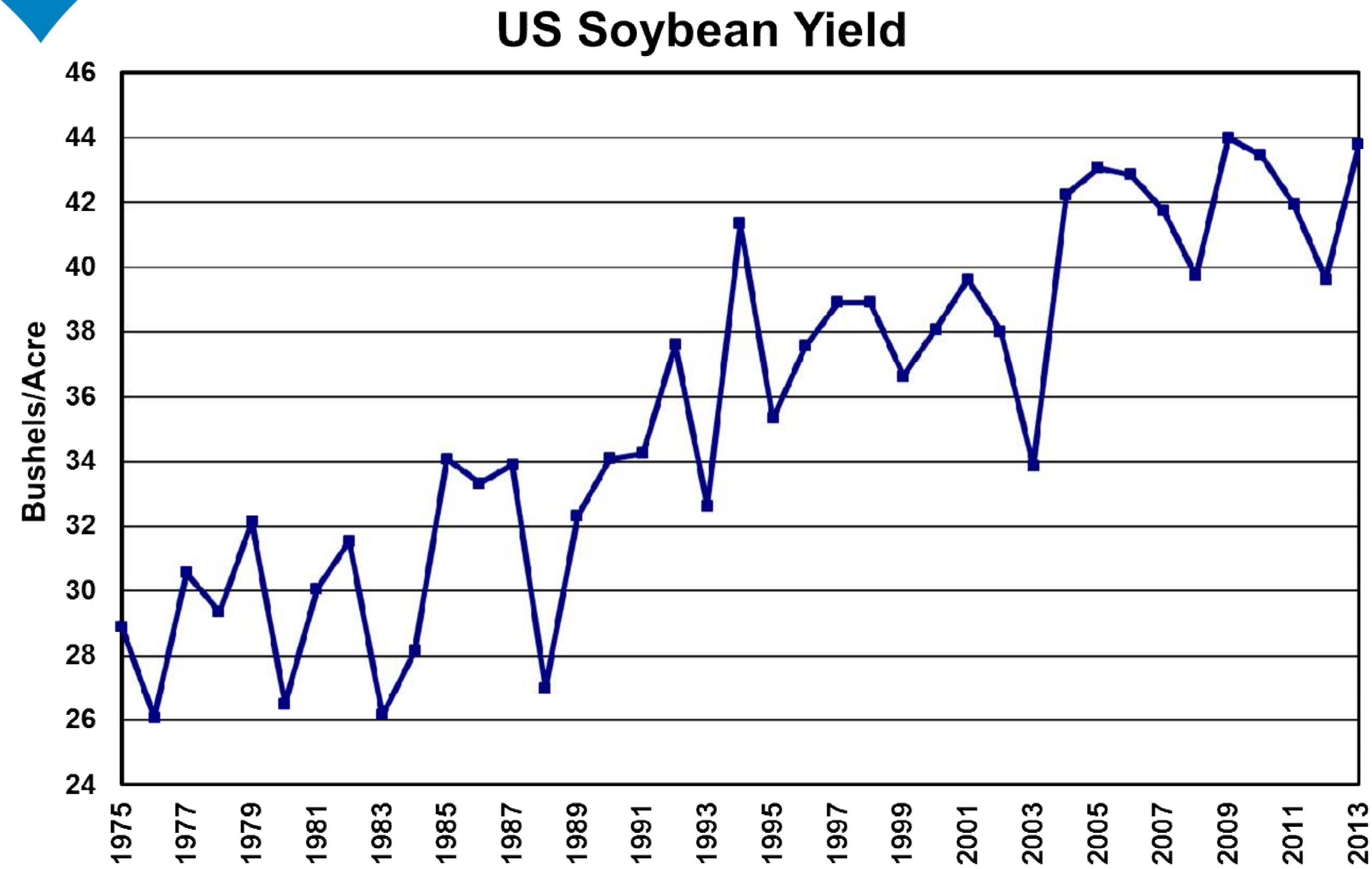
US Planted Acreage

(Million Acres)

	2010	2011	2012	2013	13/12
Corn	88.2	91.9	97.2	**99.3**	102%
Sorghum	5.4	5.5	6.2	**6.7**	107%
Oats	3.1	2.5	2.8	**2.7**	97%
Barley	2.9	2.6	3.6	**3.6**	100%
Feed Grains	99.6	102.5	109.8	**112.3**	102%
Winter Wheat	37.3	40.6	41.3	41.8	101%
Spring Wheat	13.7	12.4	12.3	**12.5**	102%
Durum	2.6	1.4	2.1	**1.9**	91%
All Wheat	53.6	54.4	55.7	**56.2**	101%
Rice	3.6	2.7	2.7	**2.6**	97%
Soybeans	77.4	75.0	77.2	**78.8**	102%
All Cotton	11.0	14.7	12.3	**10.3**	83%
Sunflowers	2.0	1.5	1.9	**1.9**	97%
CRP	31.3	31.1	29.5	**26.9**	91%
Prevented Planting	6.9	11.0	1.3	**1.2**	91%

Corn Yields: What's Next?




US Soybean Yield
Bushels/Acre
46
44
42
40
38
36
34
32
30
28
26
24
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013

Wheat

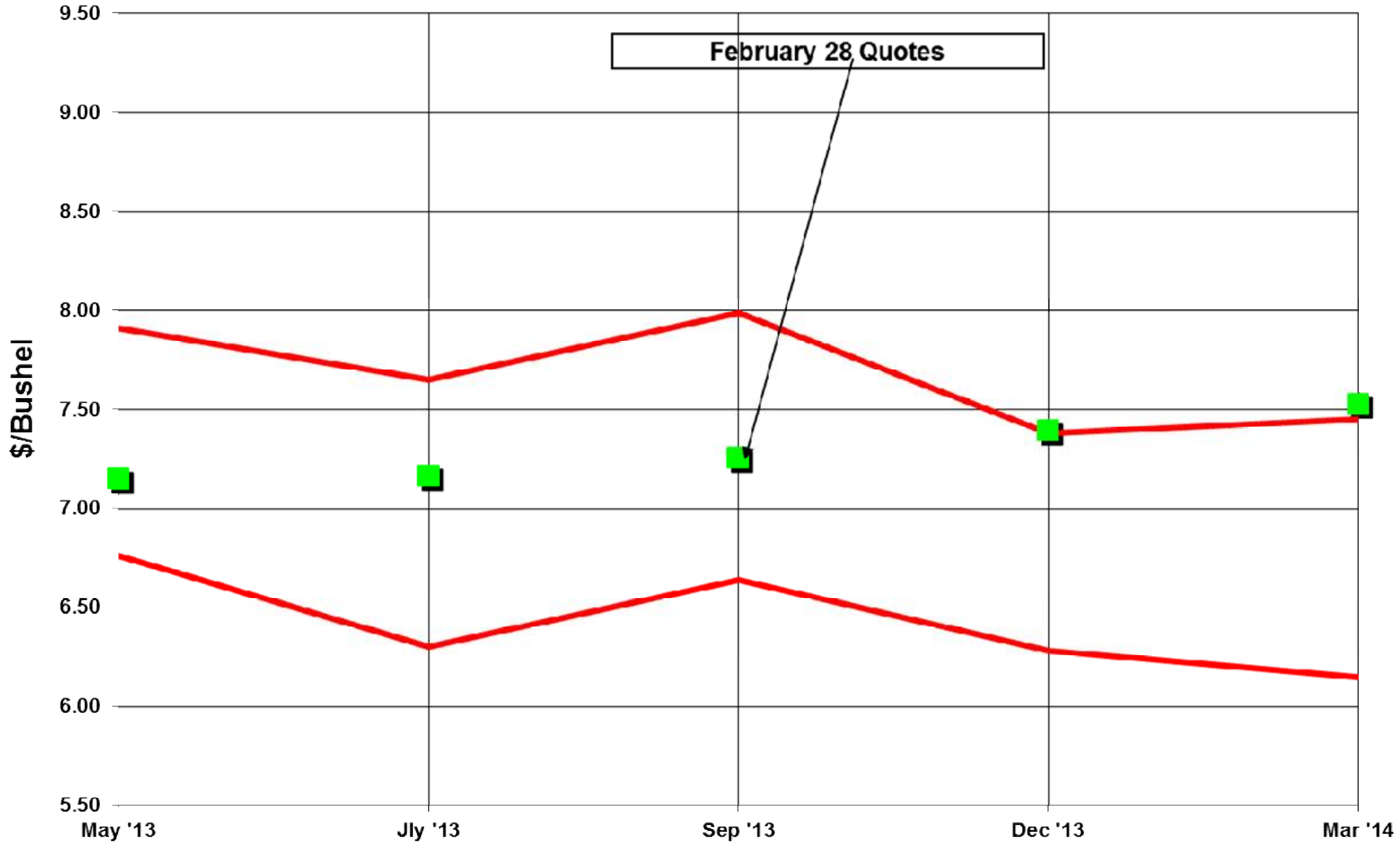
Global Wheat Trends

US Wheat Supply and Demand

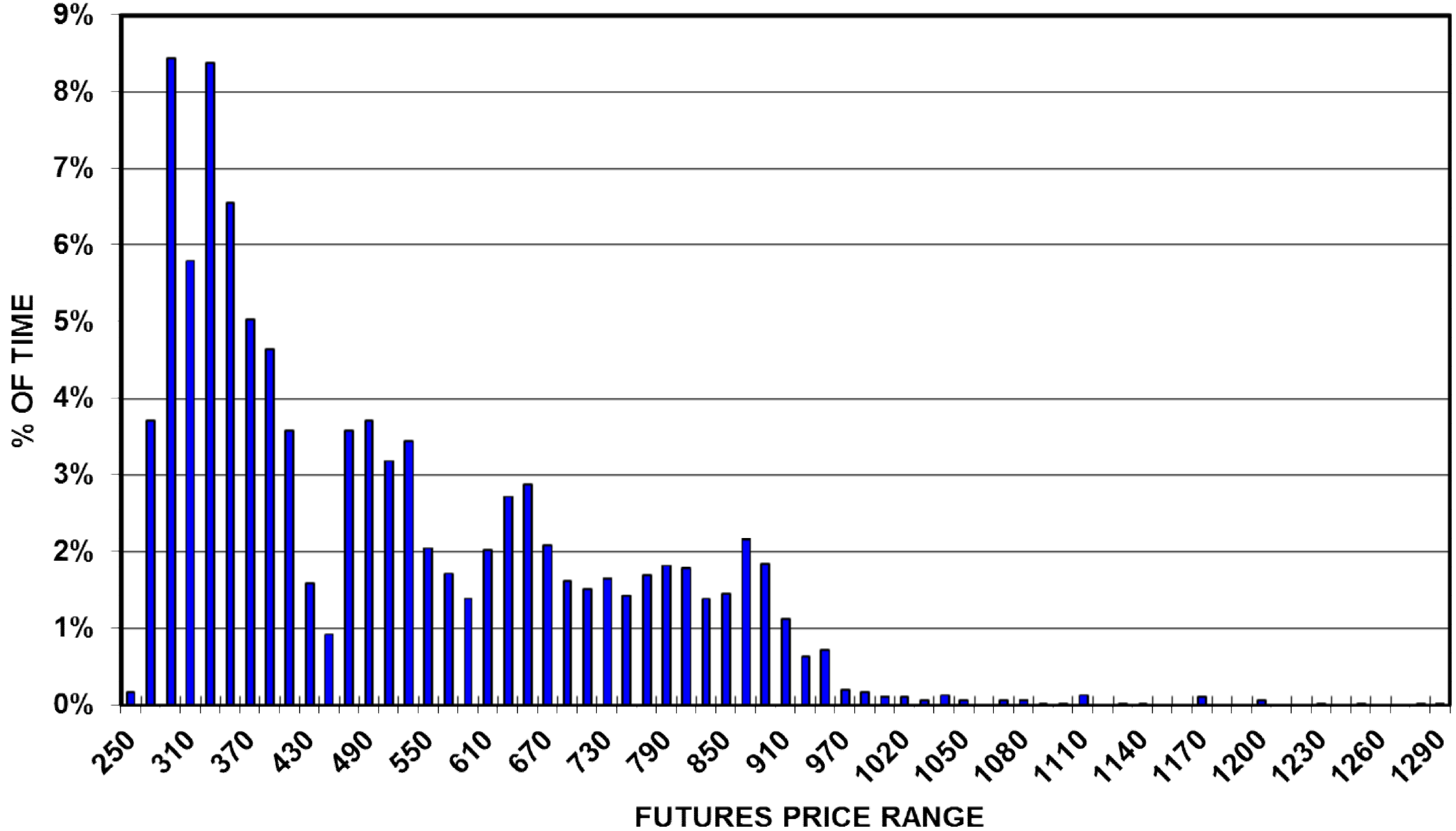
(Million Bushels/Million Acres)

	2008/09	2009/10	2010/11	2011/12 USDA	2011/12	2012/13 USDA	2012/13 Informa	2013/14 Informa
Planted Acres	63.2	59.2	53.6	54.4	54.4	55.7	55.7	**56.2**
Harvested Acres	55.7	49.9	47.6	45.7	45.7	49.0	49.0	**48.8**
Yield	44.9	44.5	46.3	43.7	43.7	46.3	46.3	**45.3**
Carryin	306	657	976	862	862	743	743	**715**
Production	2,499	2,218	2,207	1,999	1,999	2,269	2,269	**2,211**
Imports	127	119	97	112	113	130	**130**	**130**
Total Supply	2,932	2,993	3,279	2,974	2,975	3,142	**3,142**	**3,055**
Food Use	927	919	926	941	941	950	**950**	**955**
Seed Use	78	69	71	76	76	75	**77**	**73**
Feed & Residual	255	150	132	164	165	375	**375**	**275**
Domestic Use	1,260	1,138	1,128	1,182	1,183	1,400	**1,402**	**1,302**
Exports	1,015	879	1,289	1,050	1,050	1,050	**1,025**	**1,050**
Total Use	2,275	2,018	2,417	2,231	2,232	2,450	**2,427**	**2,352**
Carryout	657	976	862	743	743	691	**715**	**703**
CBOT Futures ($/Bu.	6.36	5.08	7.05		6.50		**7.90**	**6.70**
Farm Price ($/Bu.)	6.78	4.87	5.70	7.24	7.24	7.90	**7.75**	**6.65**

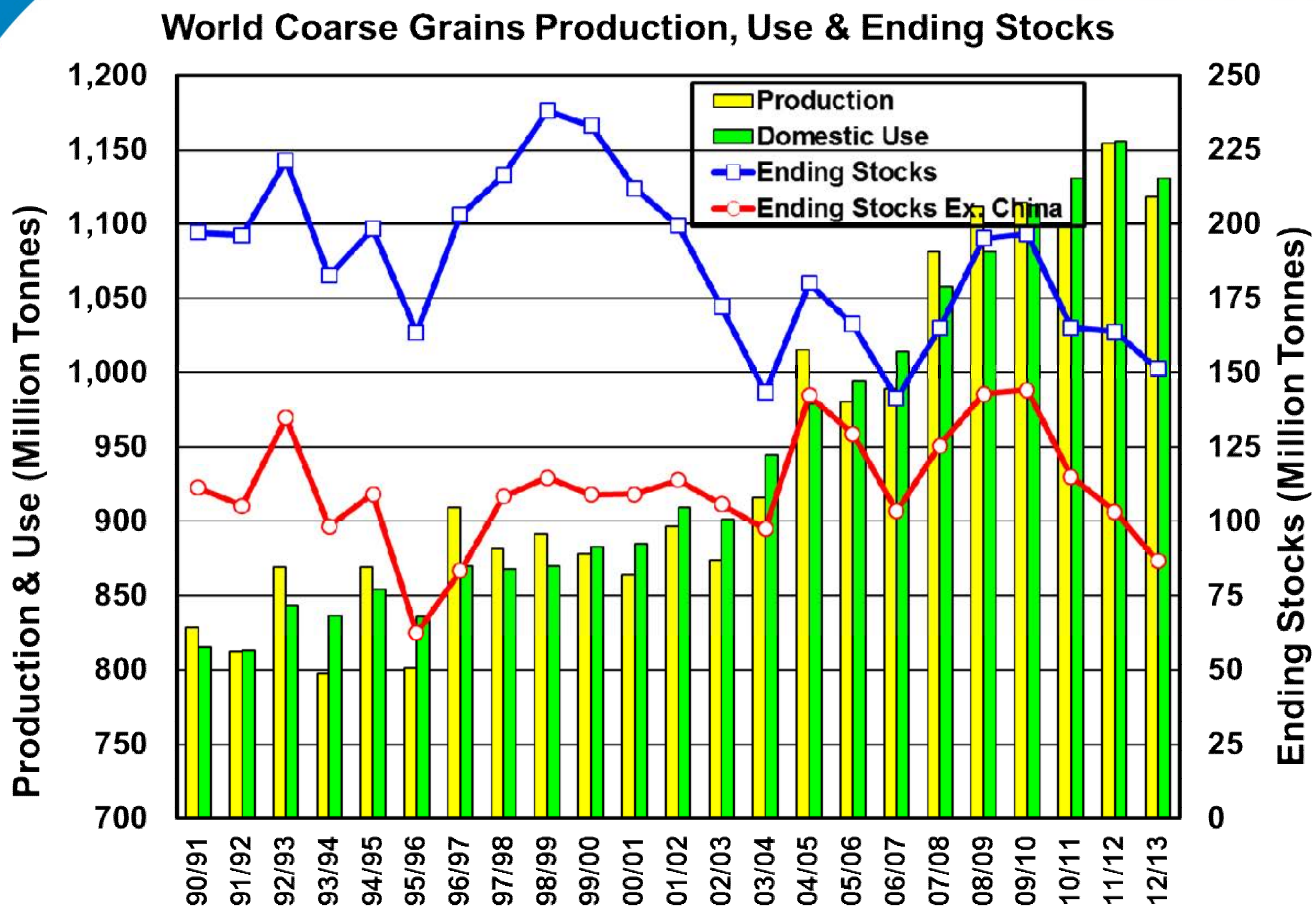
Chicago Wheat Futures Trading Range Forecast



CHICAGO WHEAT FUTURES PRICE DISTRIBUTION: 2001-2012



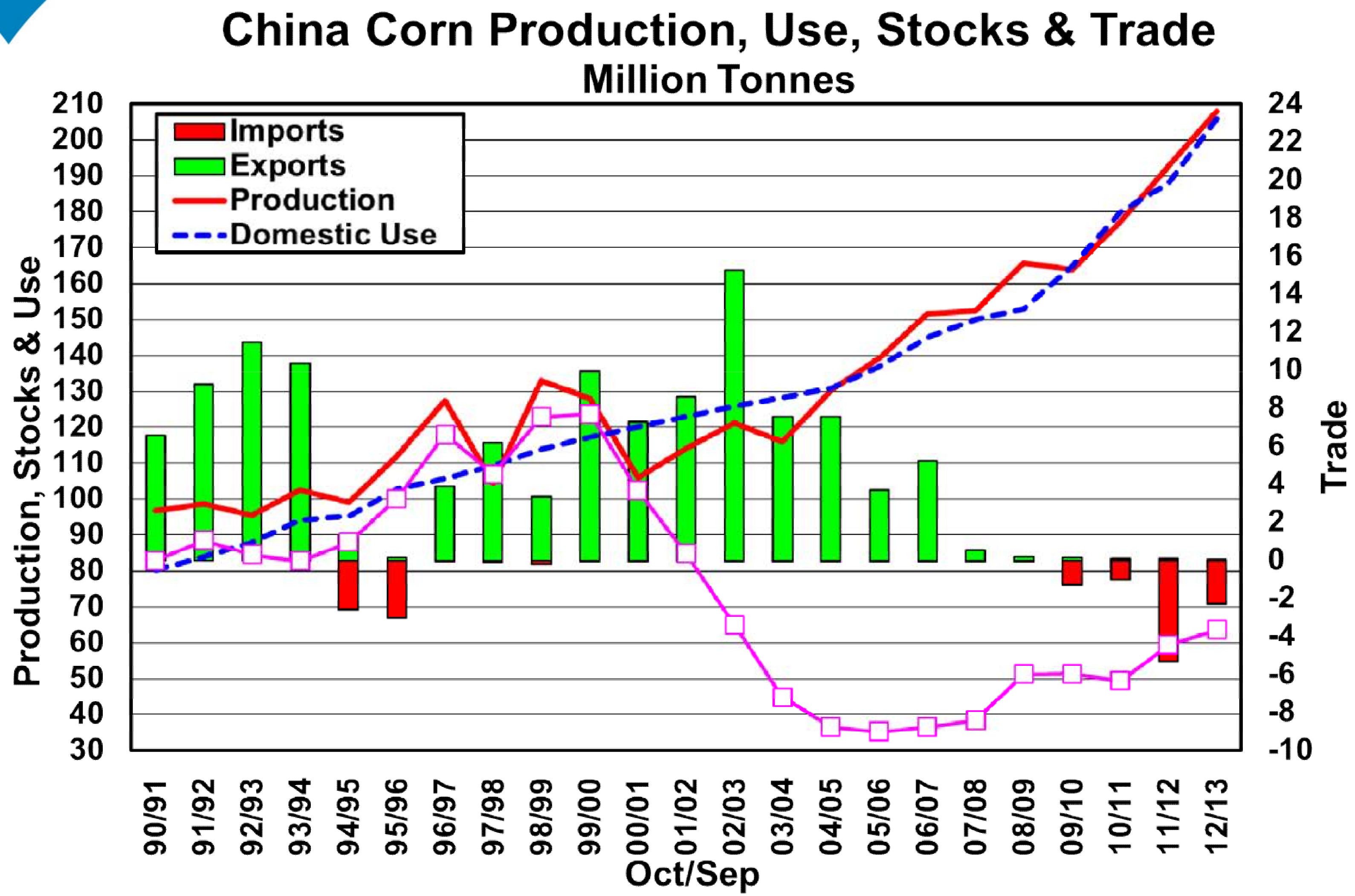
Corn


World Coarse Grains Production, Use & Ending Stocks
Production & Use (Million Tonnes)
Ending Stocks (Million Tonnes)
1,200
1,150
1,100
1,050
1,000
950
900
850
800
750
700
250
225
200
175
150
125
100
75
50
25
0
Production
Domestic Use
Ending Stocks
Ending Stocks Ex. China
90/91
91/92
92/93
93/94
94/95
95/96
96/97
97/98
98/99
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13

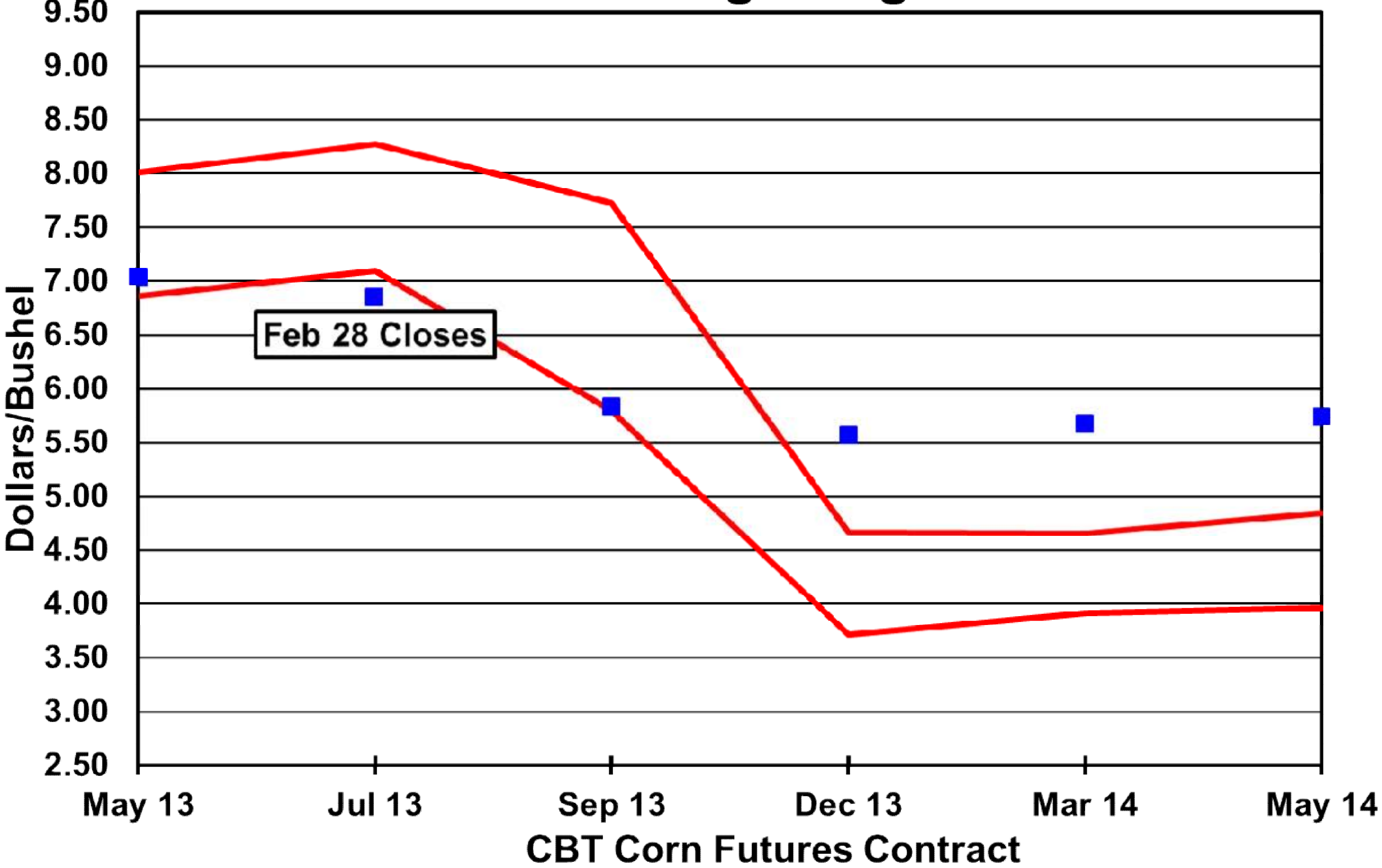
US Corn Supply and Demand

(Million Bushels/Million Acres)

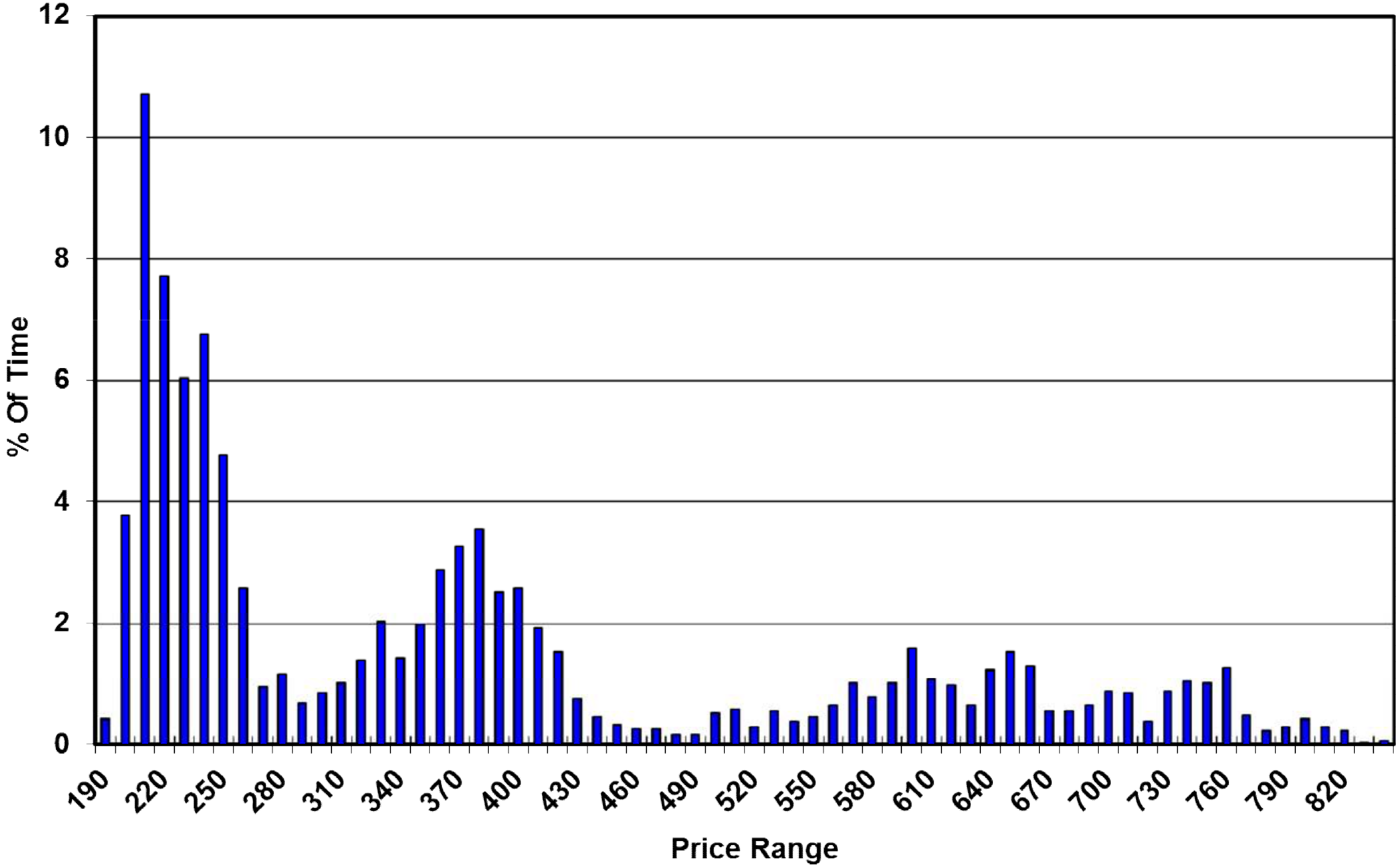
	2008/09	2009/10	2010/11	2011/12	2012/13		2013/14
					USDA	Informa	Informa
Planted Acres	86.0	86.4	88.2	91.9	**97.2**	**97.2**	**99.3**
Harvested Acres	78.6	79.5	81.4	84.0	**87.4**	**87.4**	**91.9**
Yield	153.9	164.7	152.8	147.2	**123.4**	**123.4**	**160.5**
Carryin	1,624	1,673	1,708	1,128	989	989	**519**
Production	12,092	13,092	12,447	12,360	**10,780**	**10,780**	**14,757**
Imports	14	8	28	29	**100**	**125**	**10**
Total Supply	13,729	14,774	14,182	13,516	**11,869**	**11,894**	**15,286**
Feed & Residual	5,182	5,125	4,795	**4,547**	**4,450**	**4,650**	**5,200**
Food/Seed/Ind	5,025	5,961	6,426	**6,437**	**5,887**	**5,925**	**6,425**
Ethanol for Fuel	3,709	4,591	5,019	**5,011**	**4,500**	**4,500**	**5,000**
Exports	1,849	1,980	1,835	1,543	**900**	**800**	**1,550**
Total Use	12,056	13,066	13,055	12,527	**11,237**	**11,375**	**13,175**
Carryout	1,673	1,708	1,128	989	**632**	**519**	**2,111**
Stocks/Use	13.9%	13.1%	8.6%	7.9%	**5.6%**	**4.6%**	**16.0%**
Futures ($/Bu.)	3.93	3.72	6.47	6.57		**7.30**	**4.30**
Farm Price ($/Bu.)	4.06	3.55	5.18	6.22	**6.75-7.65**	**7.10**	**4.20**


China Corn Production, Use, Stocks & Trade
Million Tonnes
Imports
Exports
Production
Domestic Use
Production, Stocks & Use
Trade
210
200
190
180
170
160
150
140
130
120
110
100
90
80
70
60
50
40
30
24
22
20
18
16
14
12
10
8
6
4
2
0
-2
-4
-6
-8
-10
90/91
91/92
92/93
93/94
94/95
95/96
96/97
97/98
98/99
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
Oct/Sep

Corn Futures Trading Range Forecast

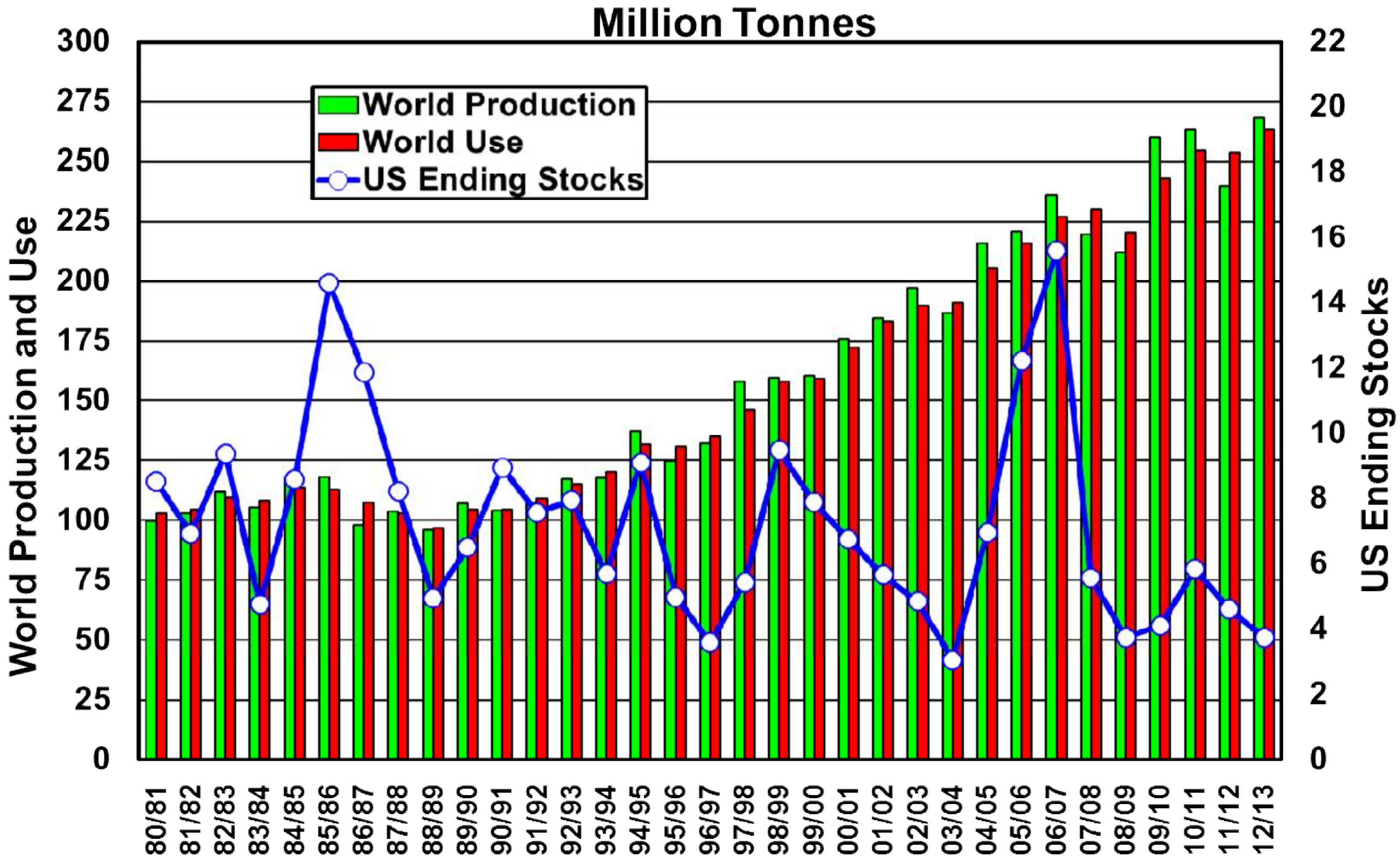


Corn Futures Price Distribution 2001-2012



Soybeans

Soybean Supply and Demand



US Soybean Supply and Demand

(Million Bushels/Million Acres)

	2009/10	2010/11	2011/12	2012/13		2013/14
				USDA	Informa	Informa
Planted Acres	77.5	77.4	75.0	77.2	77.2	**78.8**
Harvested Acres	76.4	76.6	73.8	76.1	76.1	**77.7**
Yield	44.0	43.5	41.9	39.6	39.6	**43.8**
Carryin	138	151	215	169	169	**138**
Production	3,359	3,329	3,094	3,015	3,015	**3,401**
Imports	15	14	16	**20**	**40**	**15**
Total Supply	3,512	3,495	3,325	**3,204**	**3,224**	**3,554**
Crush	1,752	1,648	1,703	**1,615**	**1,630**	**1,675**
Exports	1,499	1,501	1,362	**1,345**	**1,345**	**1,500**
Seed	90	87	90	**89**	**91**	**99**
Residual	20	43	1	**30**	**20**	**30**
Total Use	3,361	3,280	3,155	**3,080**	**3,086**	**3,304**
Carryout	151	215	169	**125**	**138**	**250**
Stocks/Use	4.5%	6.6%	5.4%	**4.1%**	**4.5%**	**7.6%**
Futures ($/Bu.)	9.76	13.13	13.55		**14.60**	**11.70**
Farm Price ($/Bu.	9.59	11.30	12.50	**13.55-15.05**	**14.25**	**11.40**

Brazil Soybean Complex

(1,000 Tonnes/1,000 Hectares)

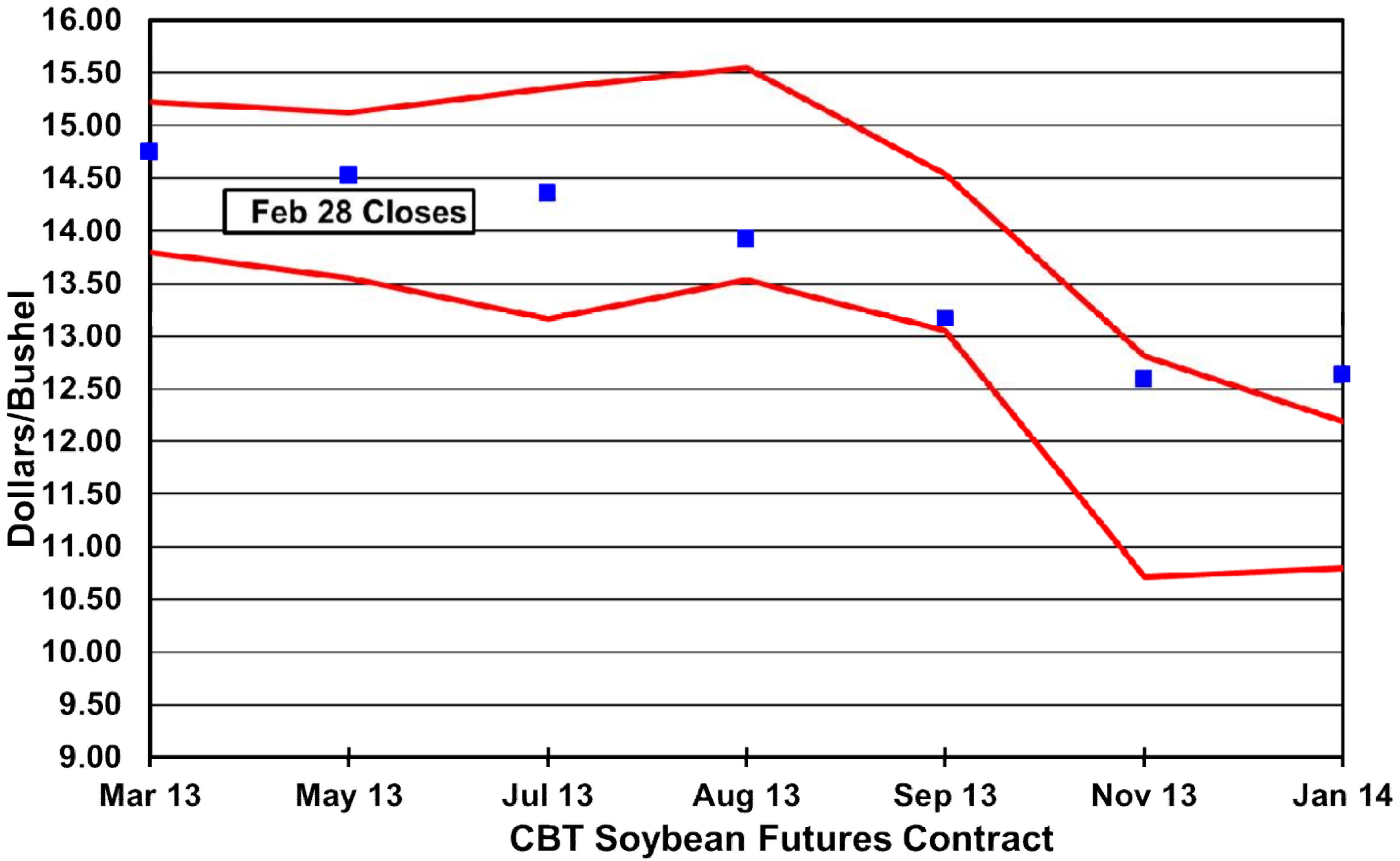
	2010/11	2011/12	2012/13	2013/14
SOYBEANS				
Harvested Area	23,350	24,173	25,042	**27,646**
Yield	2.94	3.12	2.65	**3.06**
Production	68,700	75,300	66,400	**84,500**
Crush	35,701	37,264	**34,700**	**38,500**
Exports	29,256	34,141	**31,581**	**41,000**
SOYBEAN MEAL				
Domestic Use	12,558	13,605	**12,493**	**13,524**
Exports	14,533	14,727	**14,109**	**15,700**
SOYBEAN OIL				
Food Use	3,477	3,648	**3,417**	**3,620**
Biodiesel	1,751	1,874	**1,780**	**2,130**
Exports	1,775	1,732	**1,719**	**1,800**

Argentina Soybean Complex

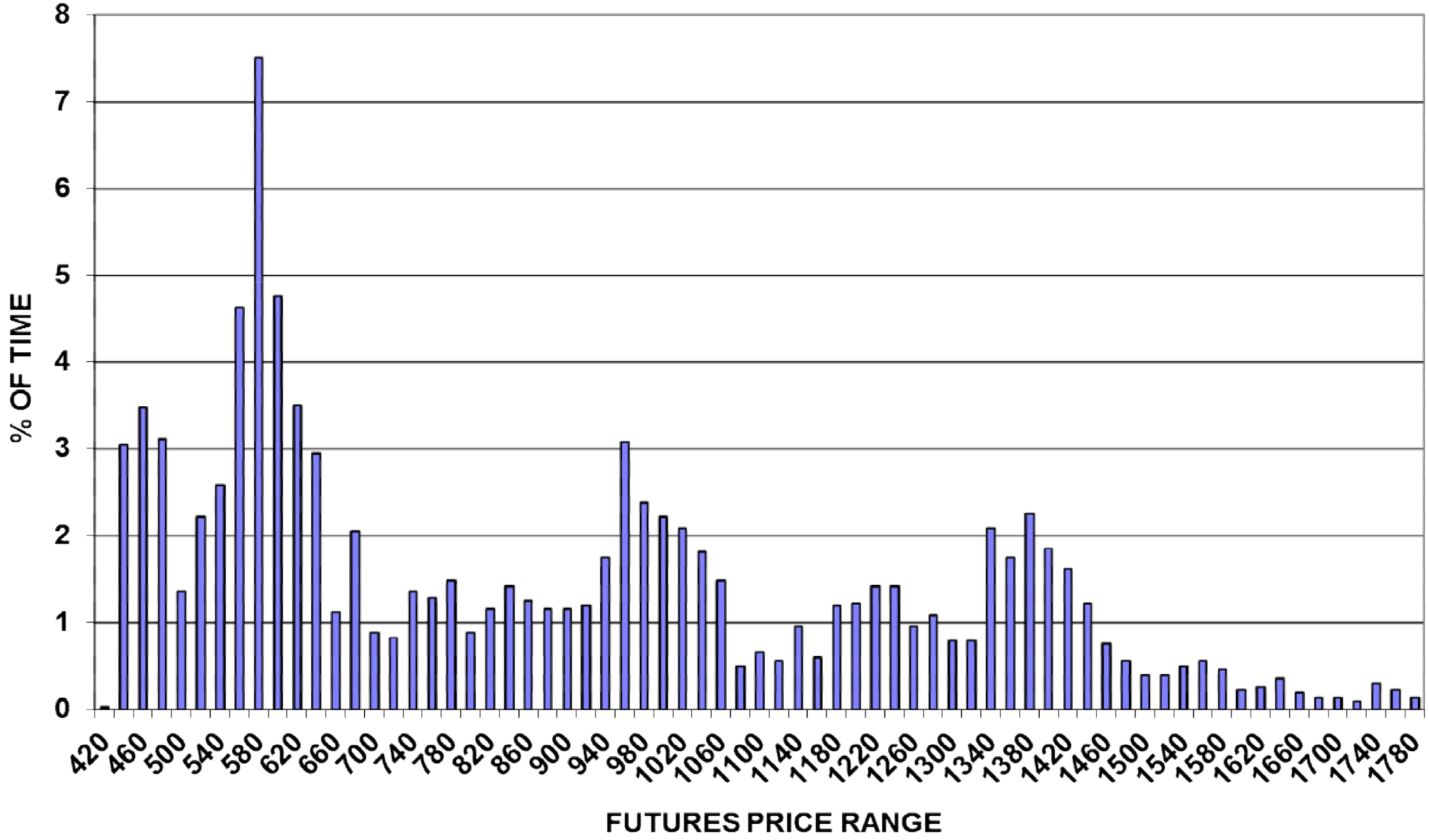
(1,000 Tonnes/1,000 Hectares)

	2010/11	2011/12	2012/13	2013/14
SOYBEANS				
Harvested Area	18,131	18,765	17,577	**19,400**
Yield	3.01	2.61	2.28	**2.63**
Production	54,500	48,889	40,100	**51,000**
Crush	39,196	37,521	**30,750**	**38,000**
Exports	13,701	10,389	**6,125**	**12,000**
SOYBEAN MEAL				
Domestic Use	1,719	1,663	**2,142**	**2,307**
Exports	28,384	27,485	**22,250**	**27,200**
SOYBEAN OIL				
Food Use	326	256	**306**	**313**
Biodiesel	1,965	2,696	**2,114**	**2,633**
Exports	5,180	4,226	**3,450**	**4,275**

Soybean Futures Trading Range Forecast



SOYBEAN FUTURES PRICE DISTRIBUTION: 2001-2012



Summary and Questions

MAYER BROWN