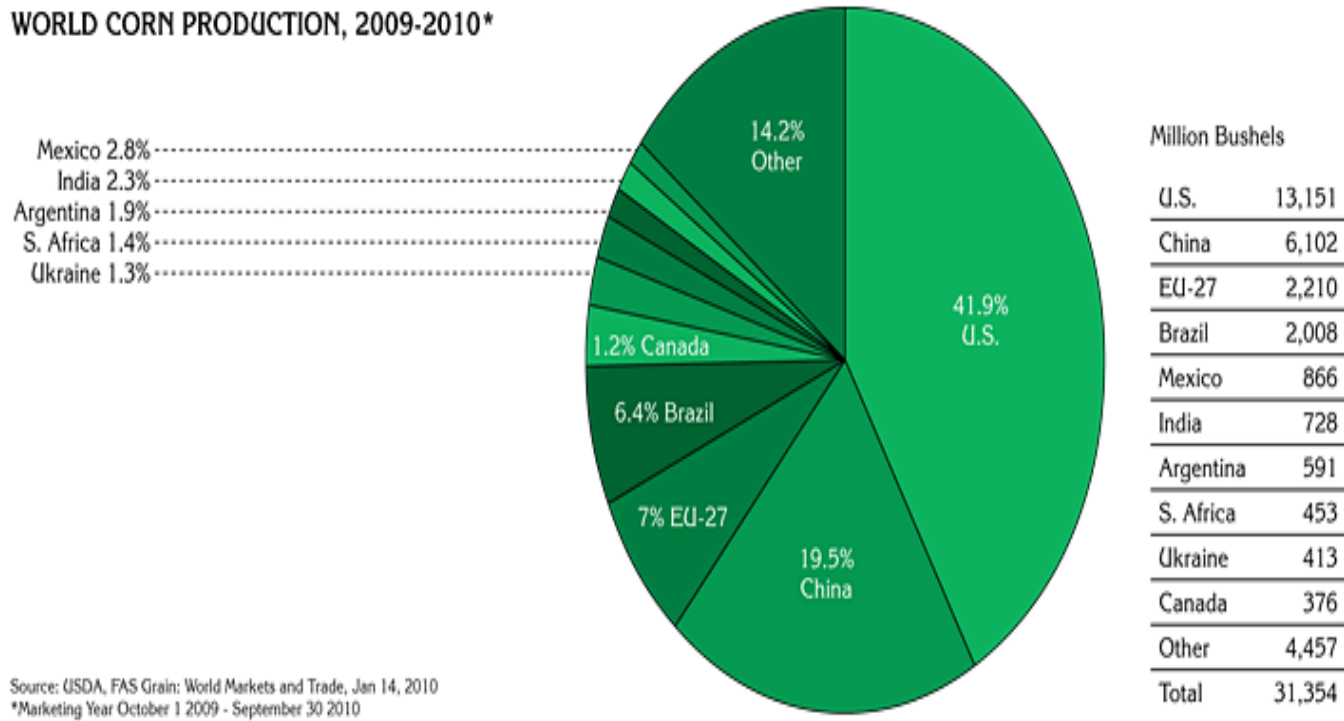


# Corn Research Trip – February 2011

WORLD CORN PRODUCTION, 2009-2010\*



Million Bushels	
U.S.	13,151
China	6,102
EU-27	2,210
Brazil	2,008
Mexico	866
India	728
Argentina	591
S. Africa	453
Ukraine	413
Canada	376
Other	4,457
<b>Total</b>	<b>31,354</b>

Source: USDA, FAS Grain: World Markets and Trade, Jan 14, 2010  
 \*Marketing Year October 1 2009 - September 30 2010

# Iowa



While the U.S. leads the world in corn production, Iowa leads the U.S. Among the 36 million acres in Iowa, 31 million acres are farmed and 23 million acres farm either corn or soybeans. This is why our research took place in Iowa – among some 66,000 corn farmers and Iowa State University, nationally known for its agricultural expertise.

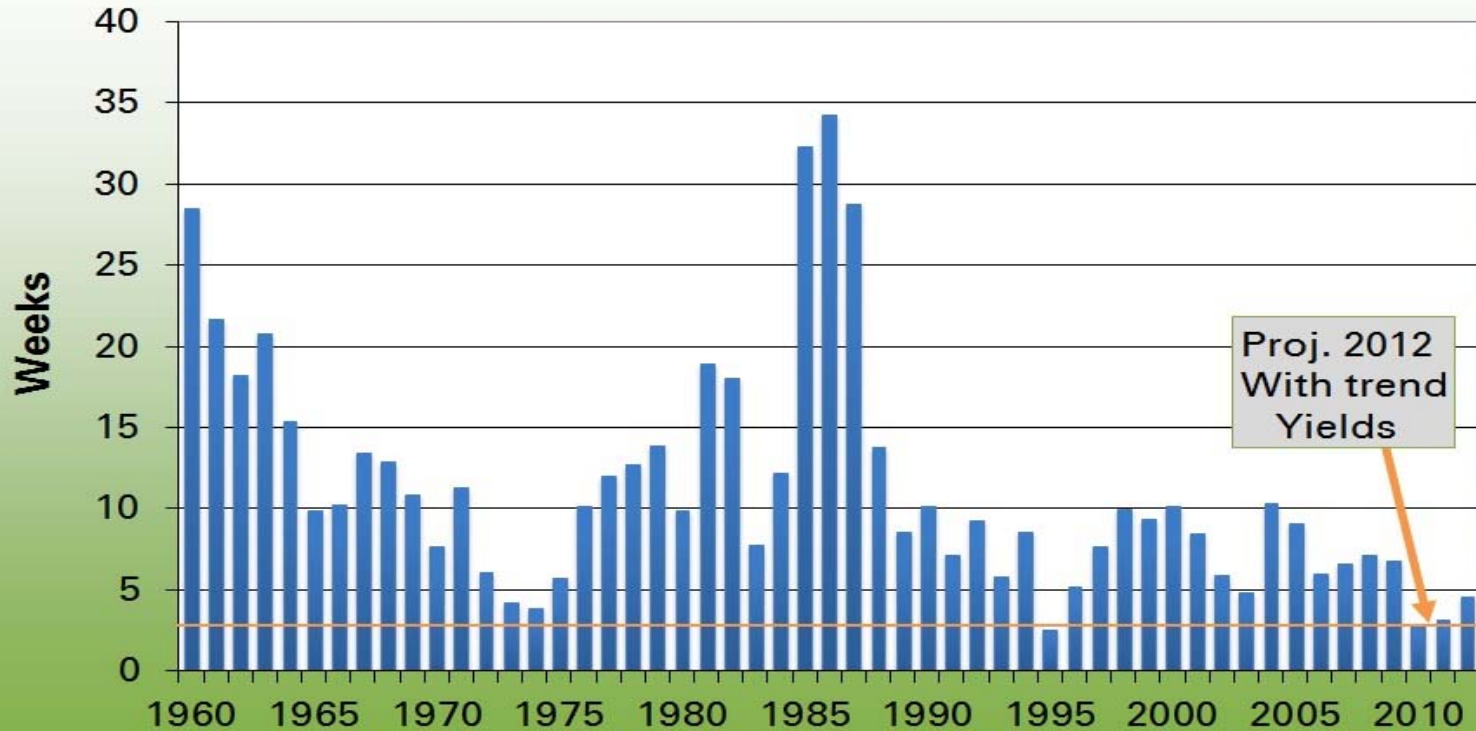
# Who wins the acreage battle?



With many agricultural commodities at or near record prices, the decision to plant corn, soybeans, cotton or wheat may play a pivotal part in the U.S. supply.

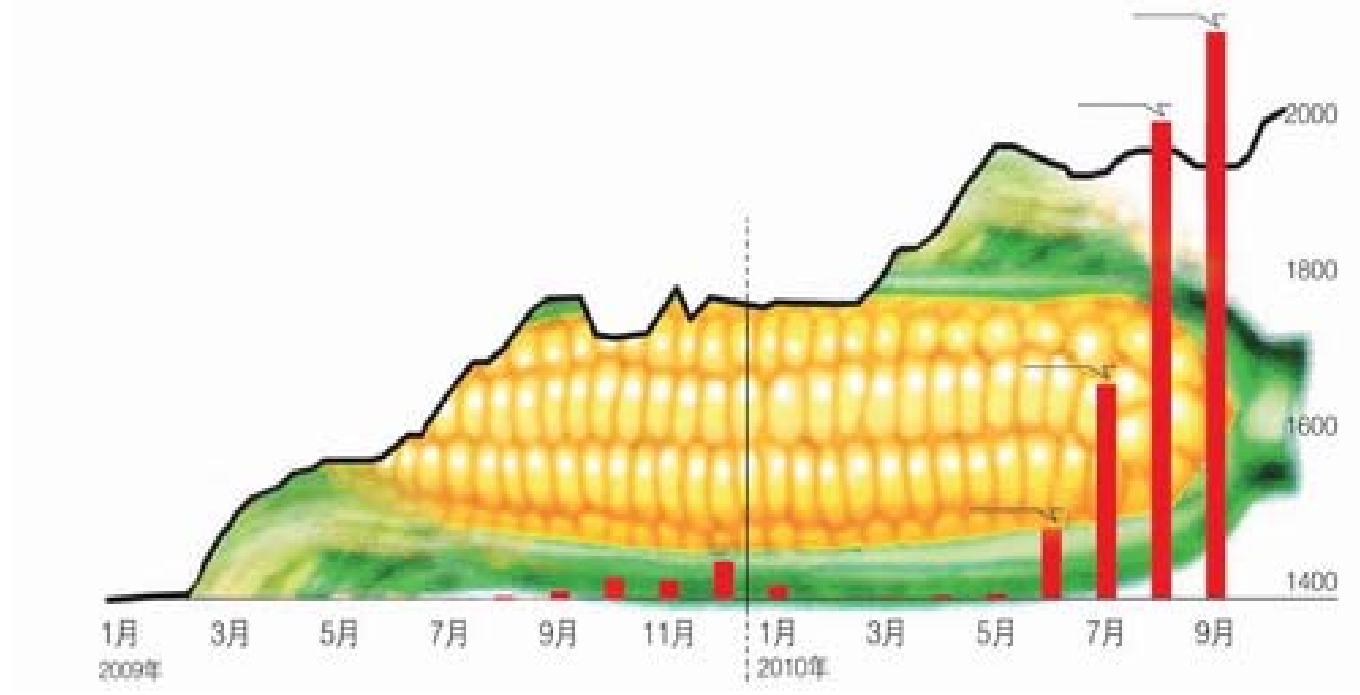
2/9/11

### Figure 1. U.S. Corn Carryover Stocks in Weeks Supply



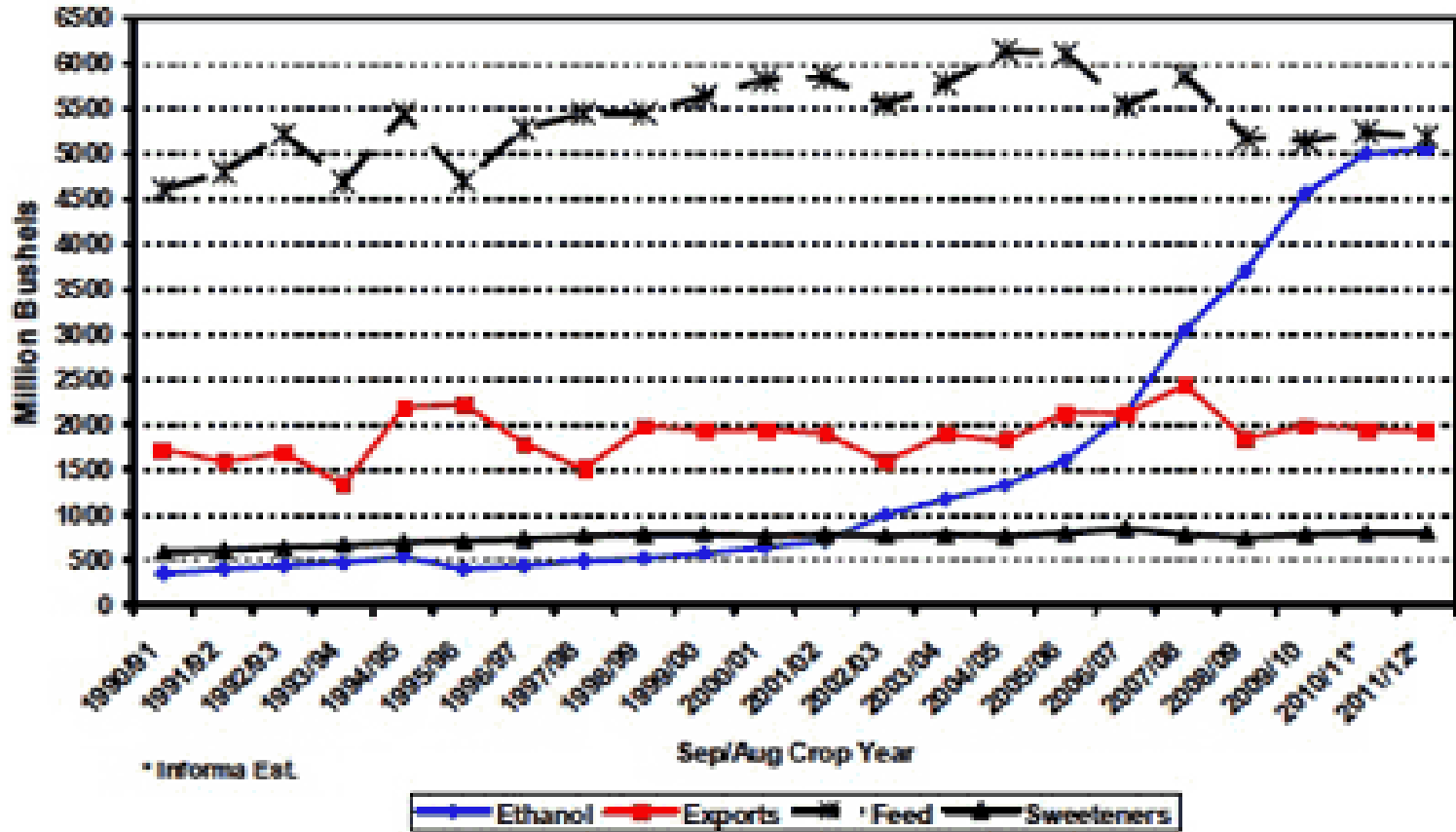
These tight ending stocks should keep prices high. It just does not leave much room for any kind of production shortfall without driving prices higher.

## Chinese Corn Demand



With higher incomes and a growing middle class, China became a net importer of corn in 2010 for the first time in a decade. Since China is second in global production, this shows the incredible demand they have for corn. If this trend continues, and it is estimated that it will, it will only put more pressure on tight global supplies.

## U.S. Corn Usage



The key driver for corn prices – beyond weather, “money printing” and other factors driving up all agricultural commodities – is ethanol use. Corn for ethanol use has soared from less than 500 million bushels in 1999 to 5000 million bushels in 2011.

# Food vs. Fuel

## 2010 Percentage of Income Spent on Food

There is a great debate over Food vs. Fuel with valid arguments on both sides. Food, in this case, is not necessarily talking about the corn we eat at the dinner table. Corn is a key input to many items throughout the grocery store -- Whether it be feed for livestock or the high fructose corn syrup (HFCS) that our sodas are packed with. In the U.S., we have enjoyed falling food prices for years due to processed food made with corn, among other things, that has been cheap. (Corn was below \$4 last year and now it's above \$7.50.) Therefore, we see the rapid change now as extraordinary even though it is not. The expensive corn we feed our cattle and chicken has not yet really hit the meat case at your local supermarket, but in time, it will. Since we are the global leader in corn production, we have produced enough in the past to feed the livestock that feeds our people cheaply and feed those in less-developed countries. Now, we have to feed our cars, too.

Country	Food %
U.S.	4.66%
Singapore	4.66%
U.K.	5.25%
Germany	5.93%
Canada	6.40%
Australia	6.58%
Finland	6.92%
France	7.05%
Japan	9.69%
China	12.76%
Argentina	14.16%
South Africa	14.22%
Saudi Arabia	14.32%
Thailand	16.37%
Mexico	17.03%
Chile	18.23%
Brazil	18.53%
Russia	19.73%
India	25.27%
Indonesia	31.15%
Nigeria	31.43%