

Outlook for Commodity Prices

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Executive Summary

Corn

- Modest sized 2006 crop from reduced acreage and higher yields.
- Very strong domestic demand from ethanol production; solid export demand.
- Surplus will be used and acreage needs to increase in 2007 and beyond.
- Prices will remain high and could become extremely volatile in the spring/summer of 2007.
- New price plateau?

Soybeans

- Record large 2006 U.S. crop will add to surplus.
- Solid export demand and growing biodiesel production.
- U.S. acreage to decline in 2007, South America to resume expansion in 2007-08.
- Prices will likely follow corn to ensure that acreage decline is not too severe.

Wheat

- Sharp reduction in U.S. and world wheat production in 2006.
- Winter wheat seedings increased in the U.S.
- SRW acreage may have been limited by wet fall in Indiana and Ohio.
- World wheat production to rebound in 2007.
- Prices to decline if production recovers.

Beef

- Expansion phase of cattle cycle to be limited by higher feed costs.
- Production will be up in 2007.
- Exports to continue to recover.
- Prices remain high, but moderating from highs of past two years.

Pork

- Production steadily increasing as litter size increases.
- Export demand to moderate as beef trade recovers.
- Uncertainty about impact of higher feed prices on rate of expansion.
- Prices trending lower.

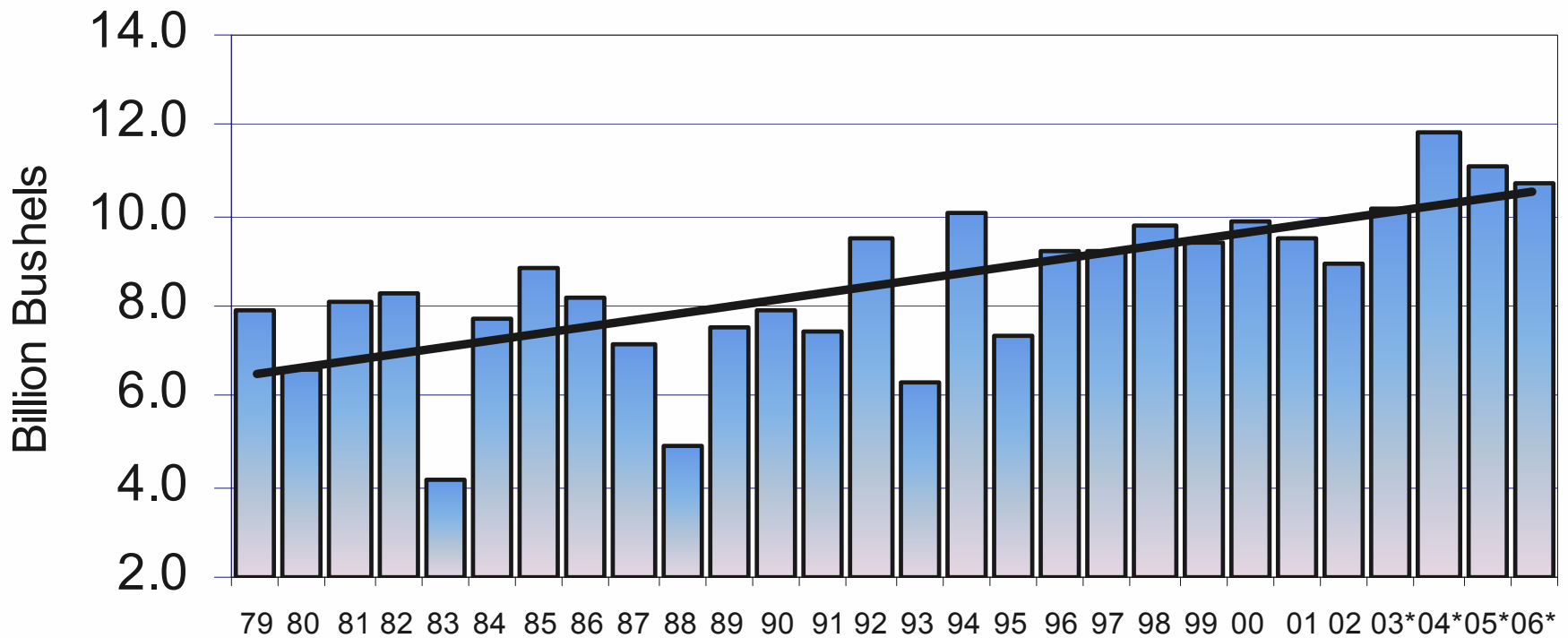


Outlook for Commodity Prices

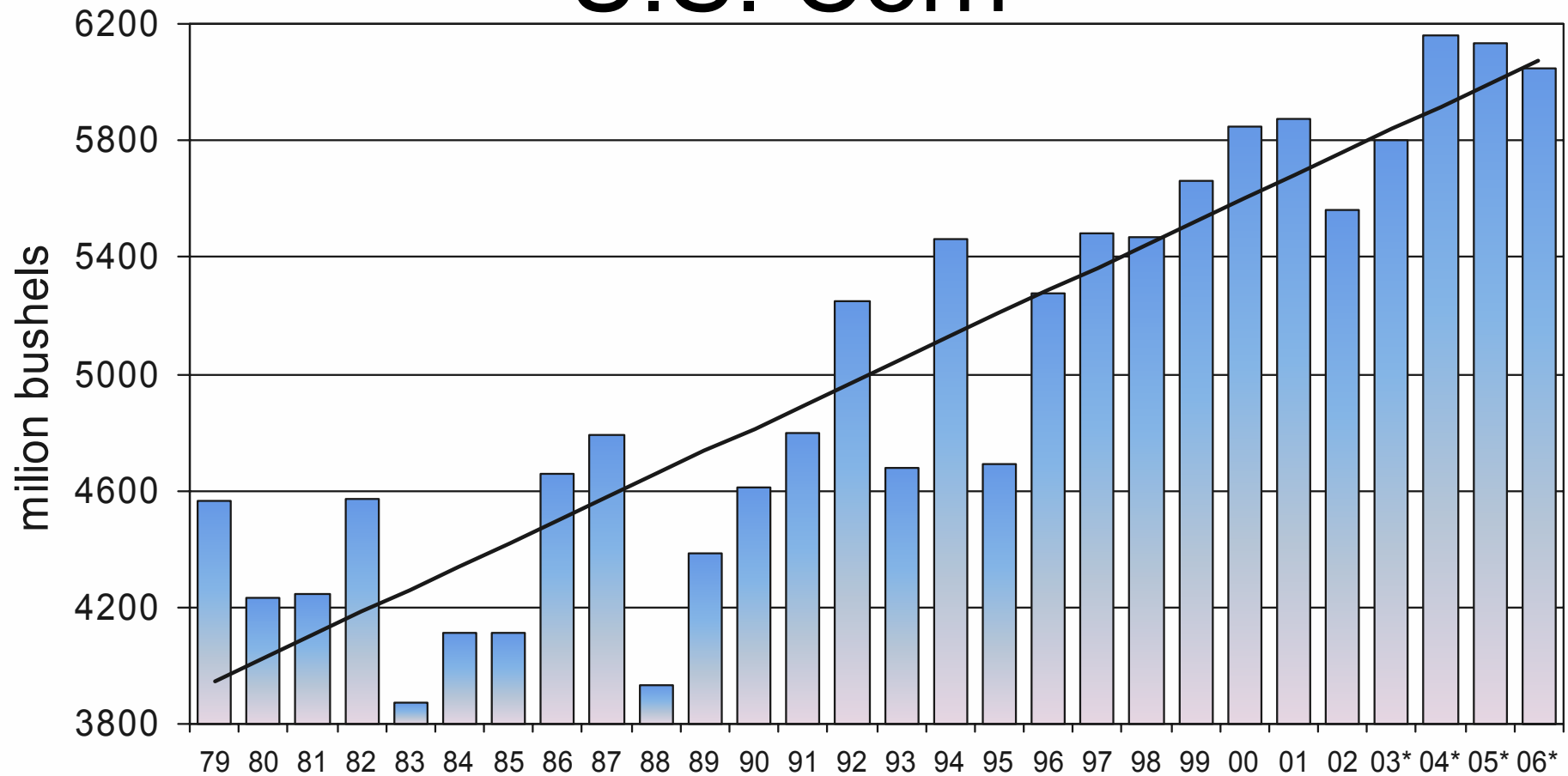
Darrel Good



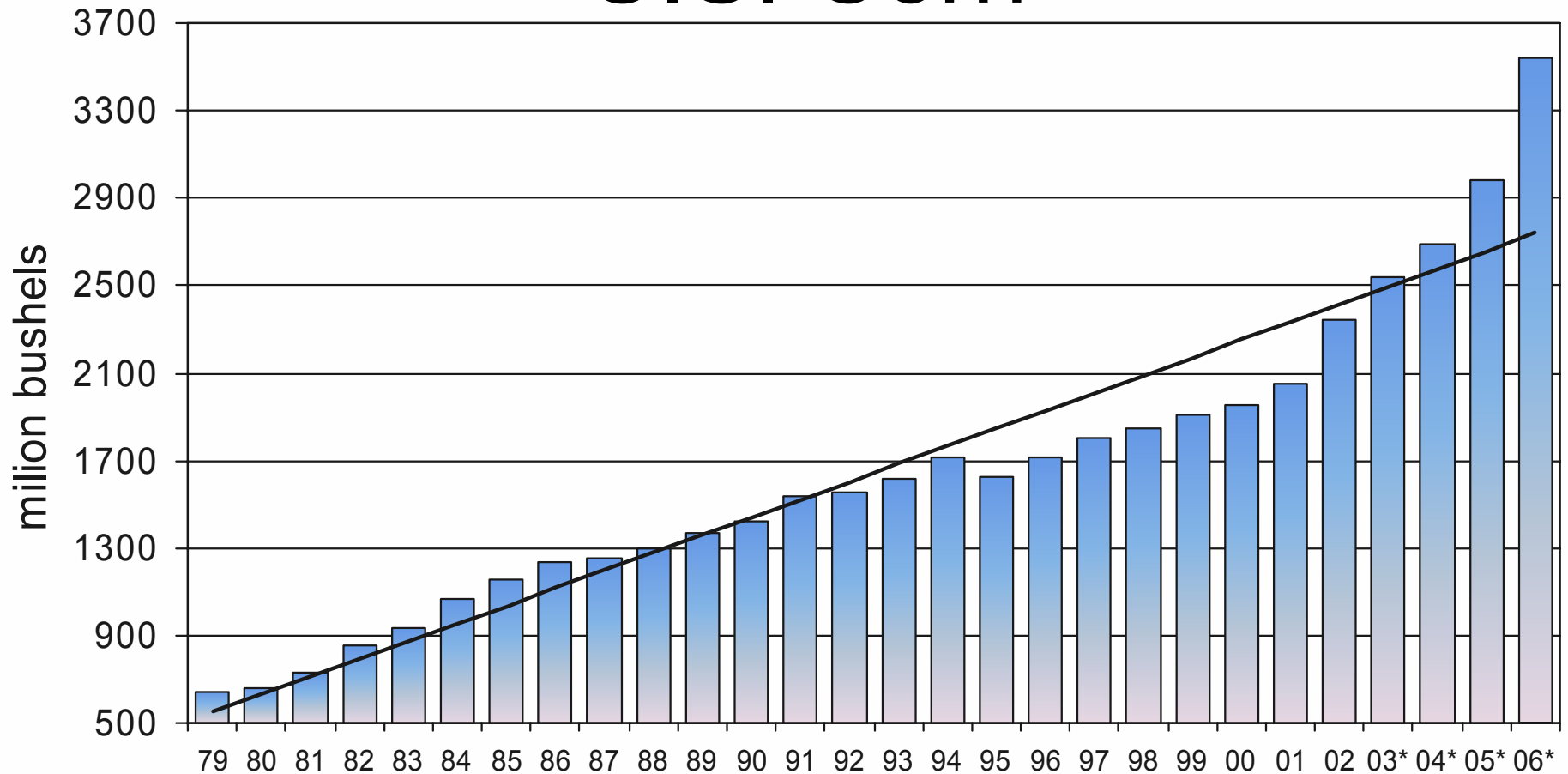
US Corn Production



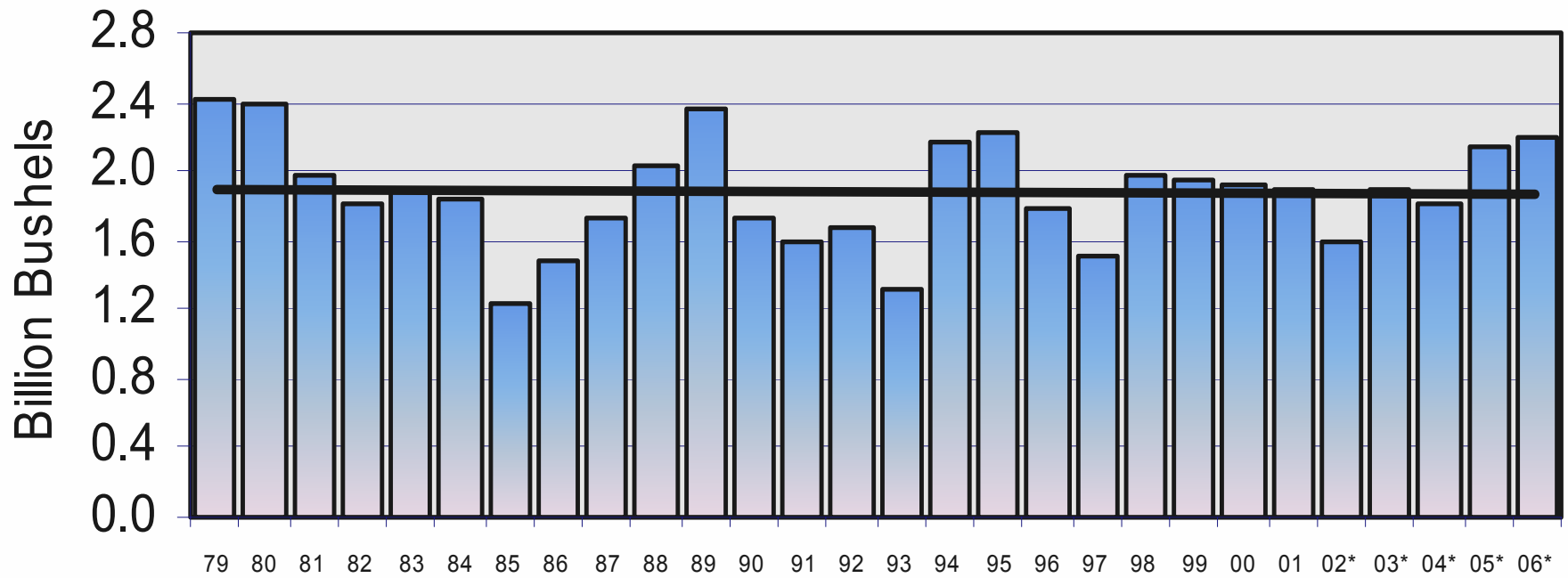
Feed and Residual Use of U.S. Corn



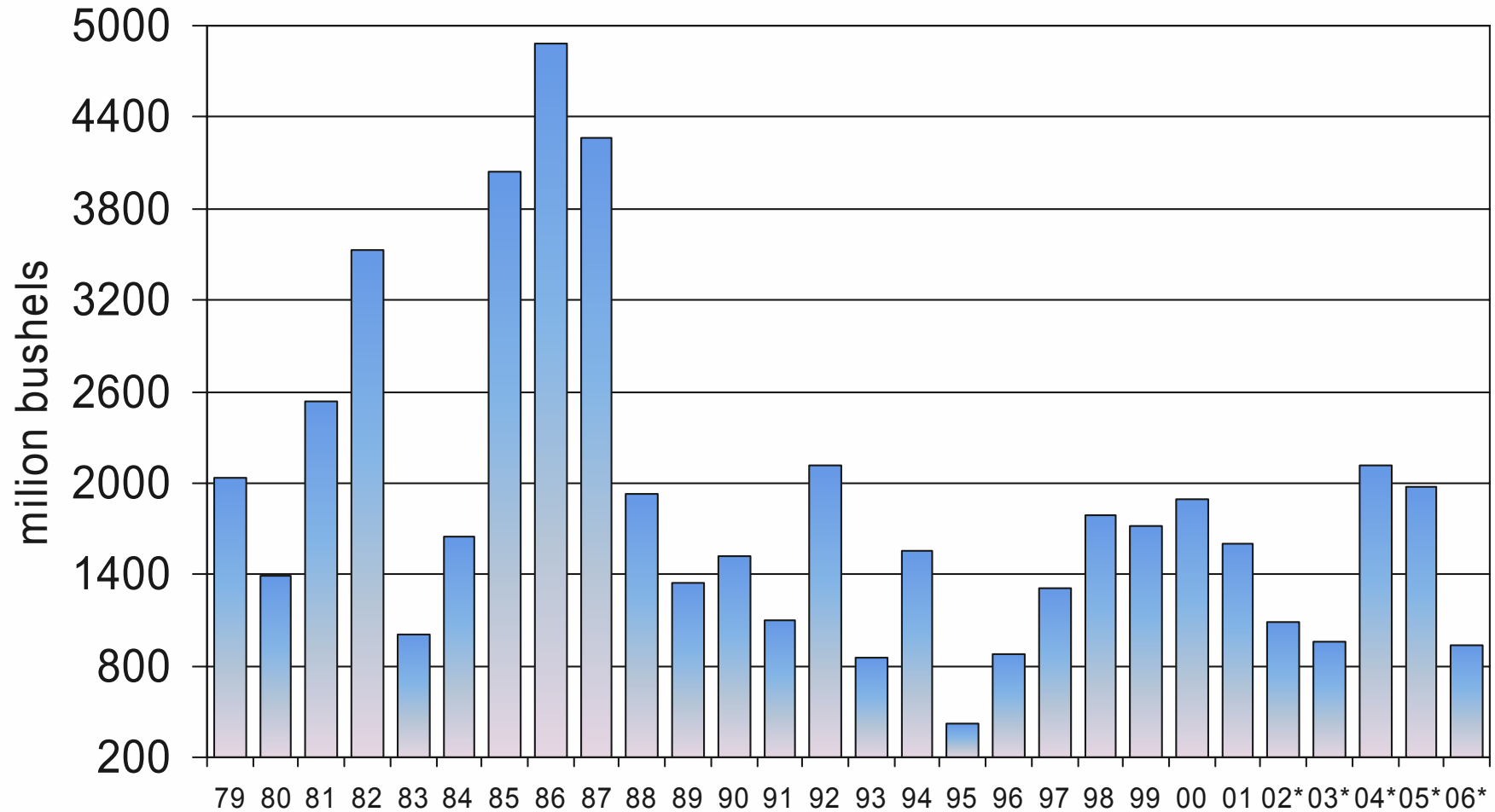
Food and Industrial Use of U.S. Corn



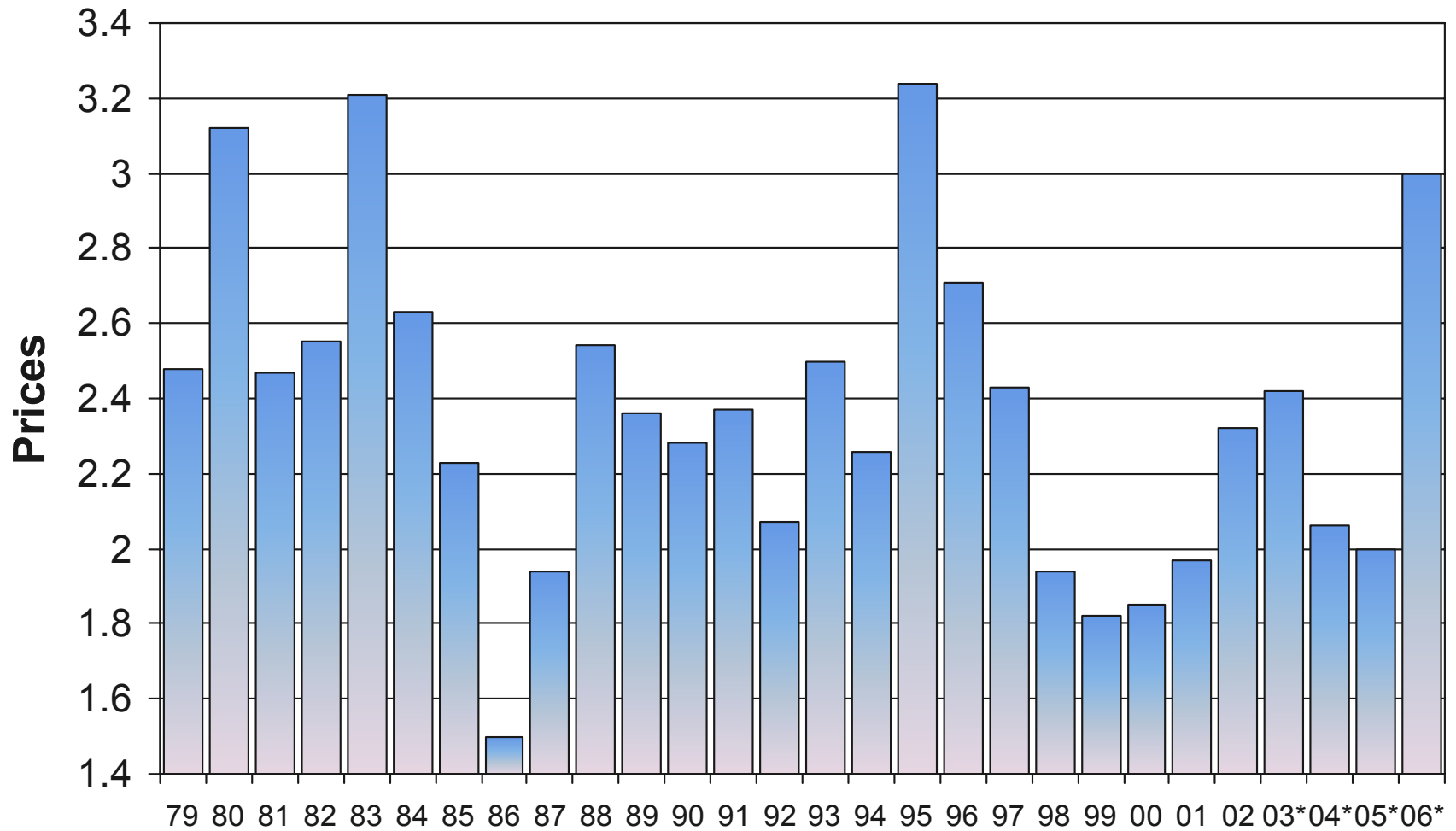
US Corn Exports



Ending Stocks of Corn

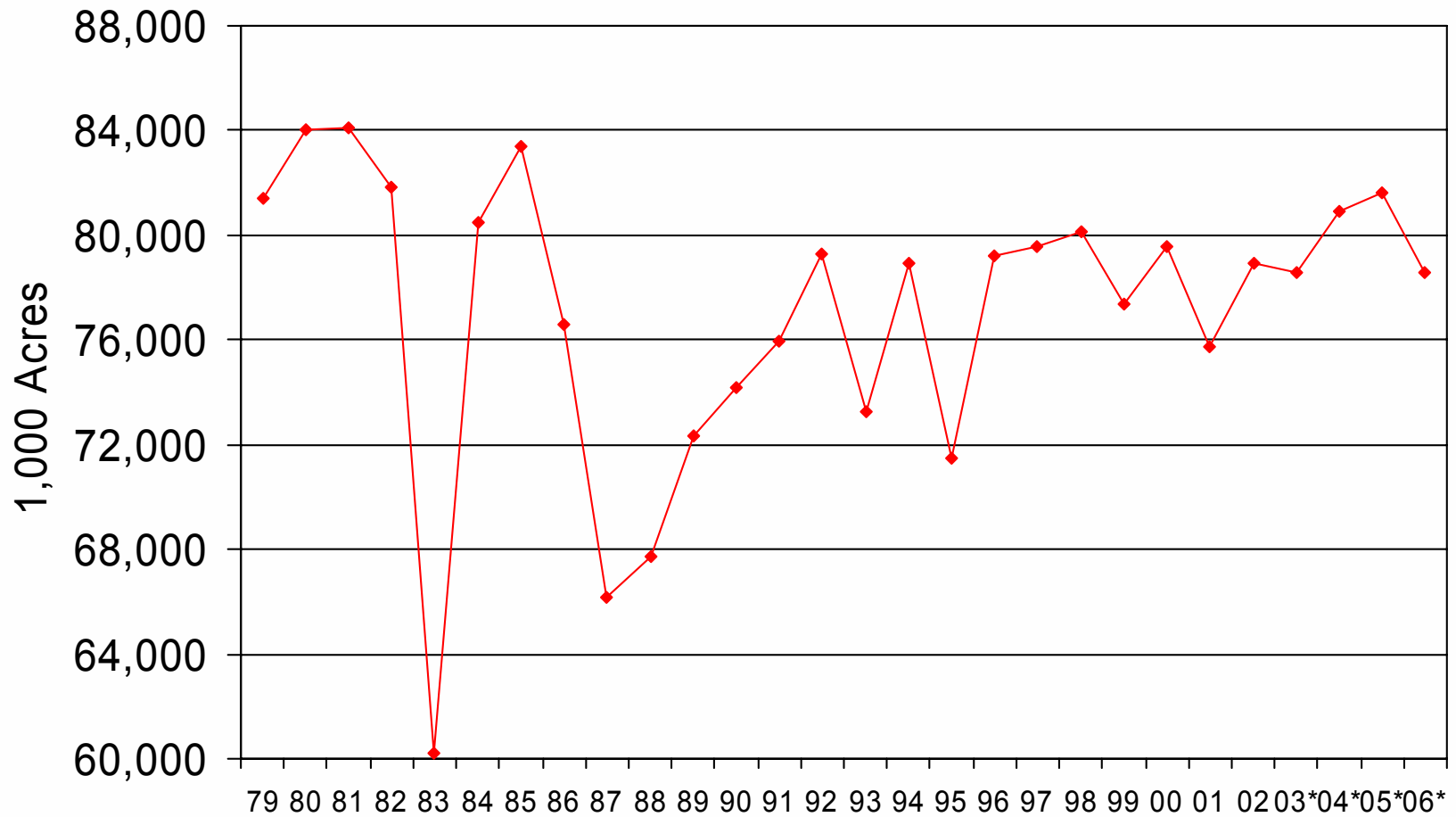


Average Farm Price of Corn

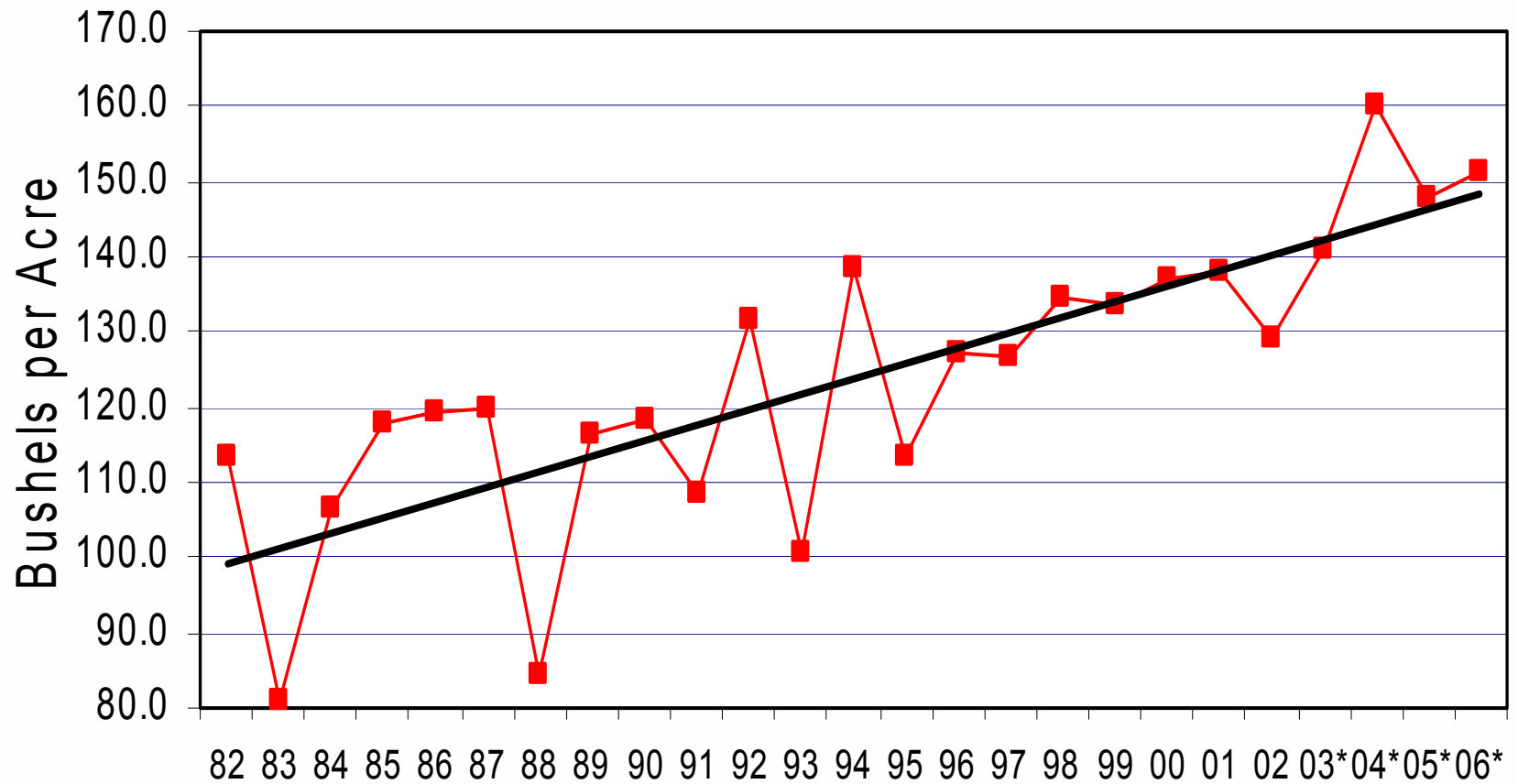


* projected

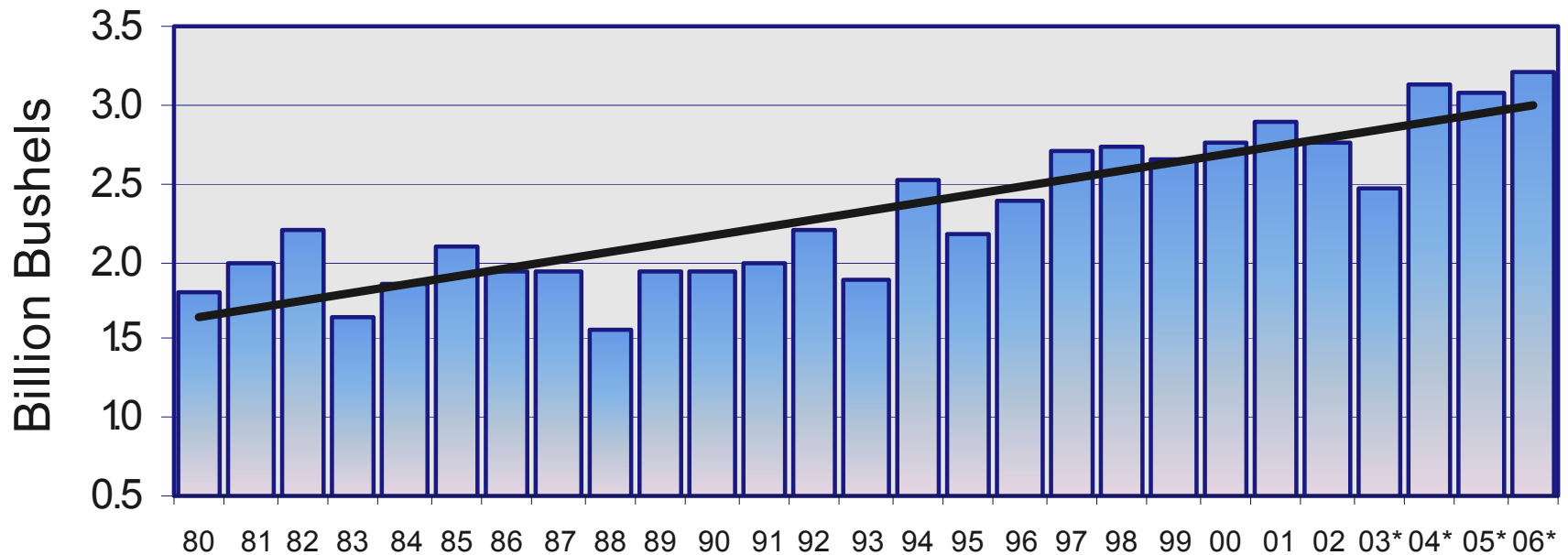
US Corn Acres Planted



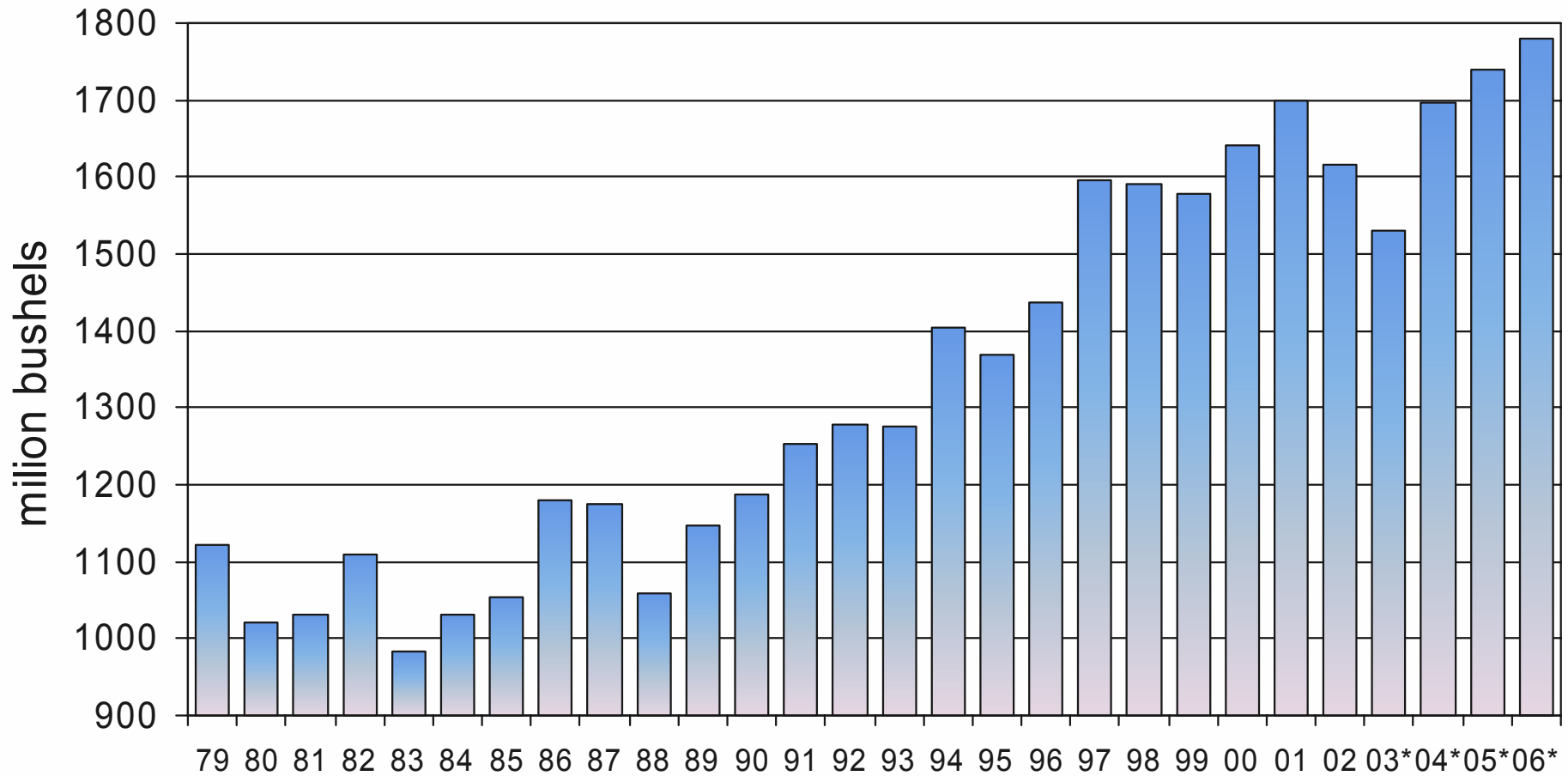
US Corn Yields



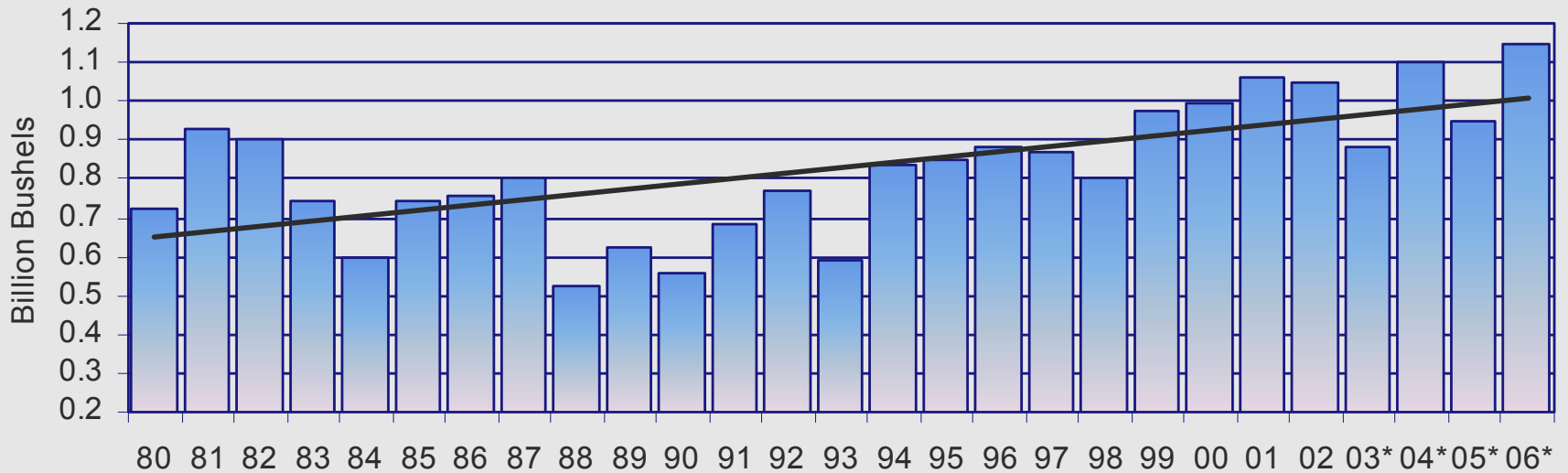
US Soybean Production



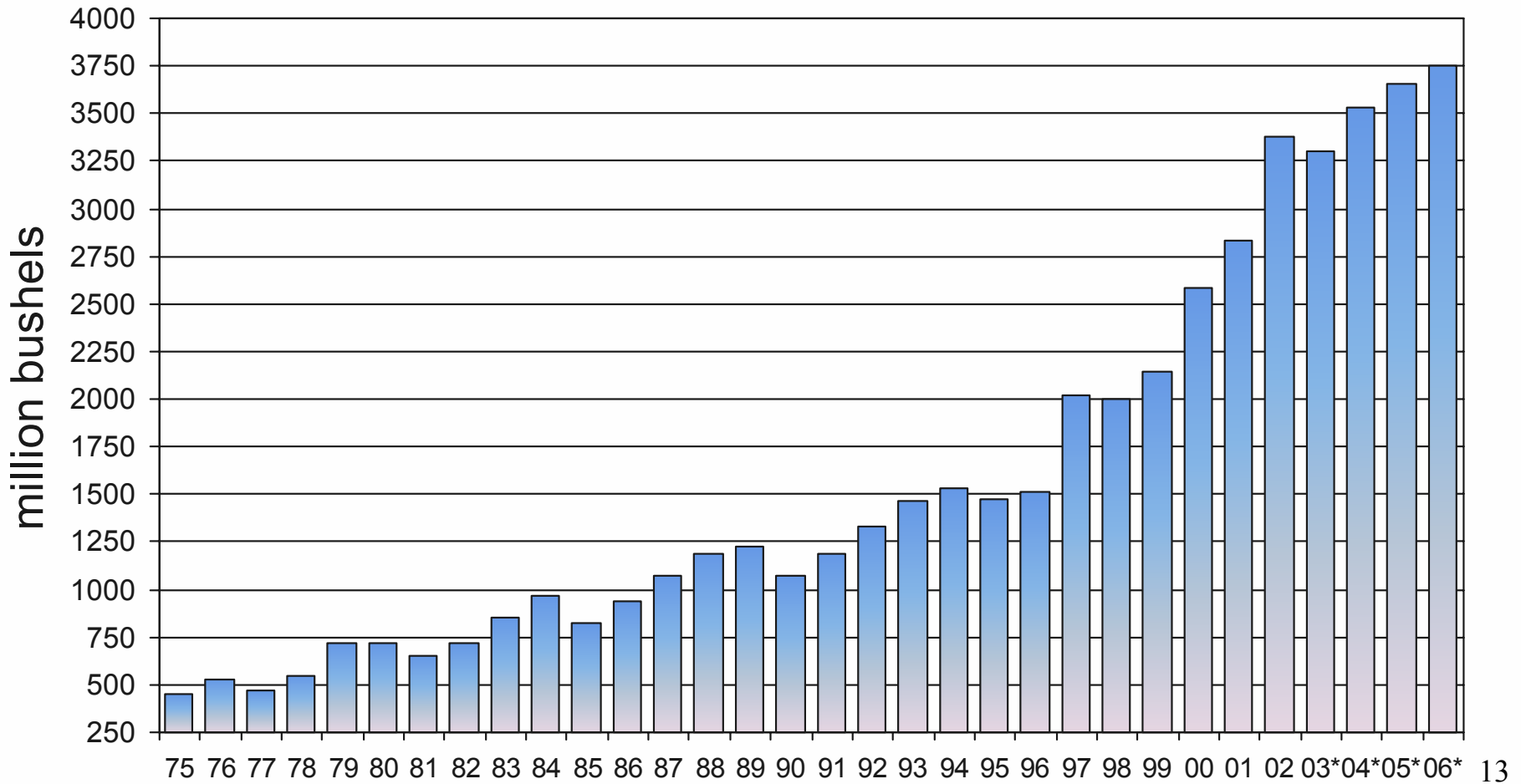
U.S. Soybean Crush



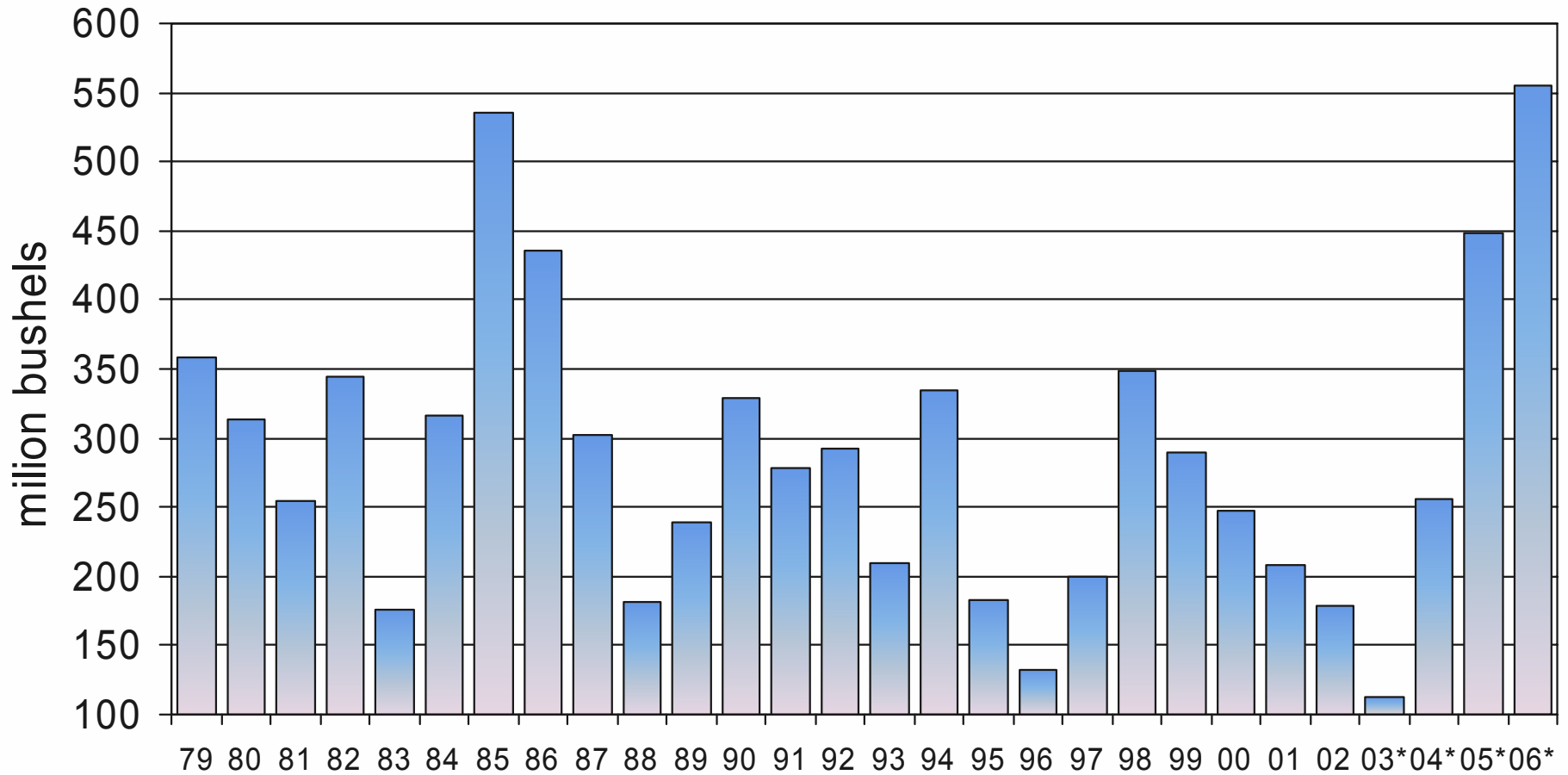
US Soybean Exports



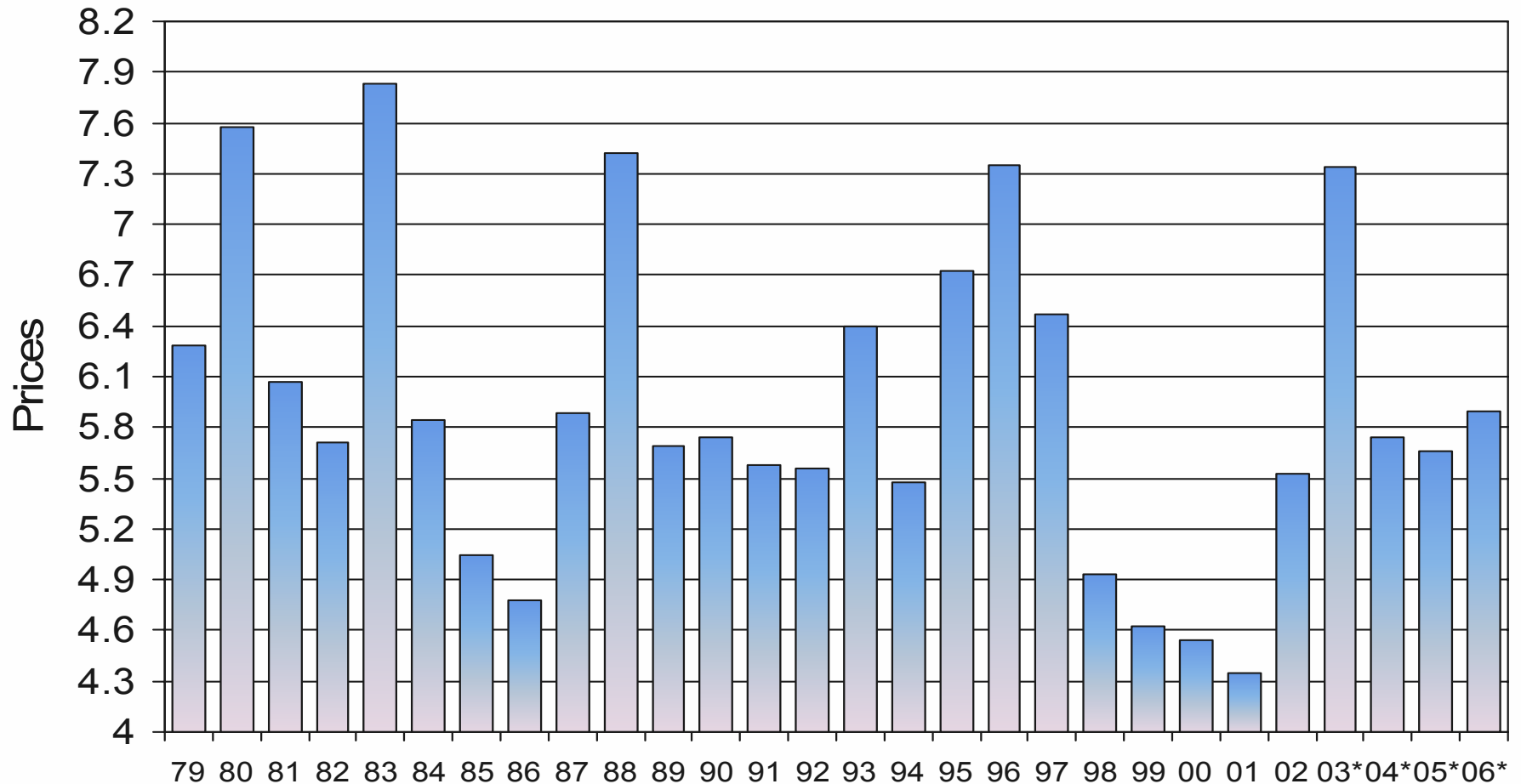
South American Soybean Production



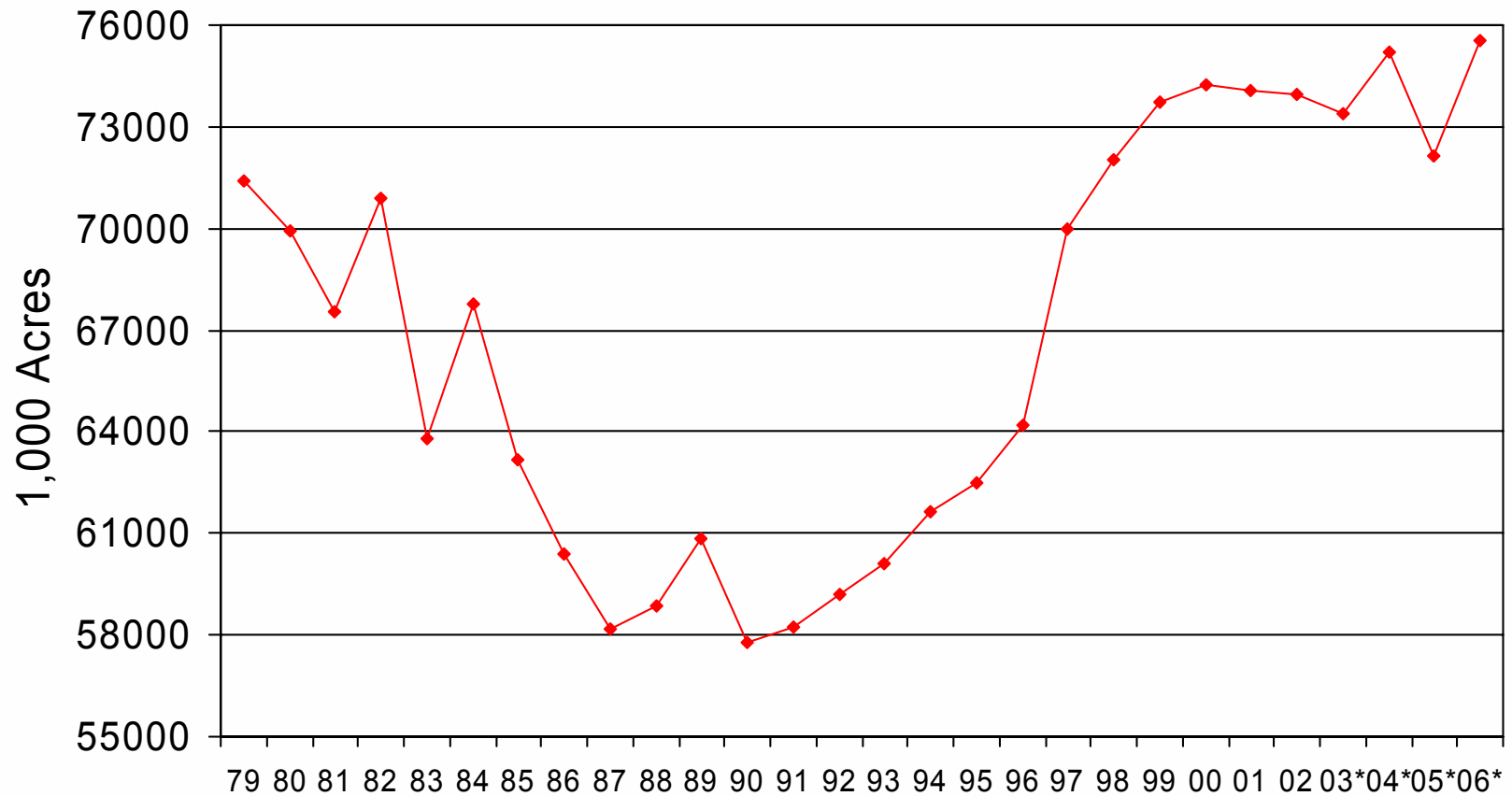
Ending Stocks of Soybeans



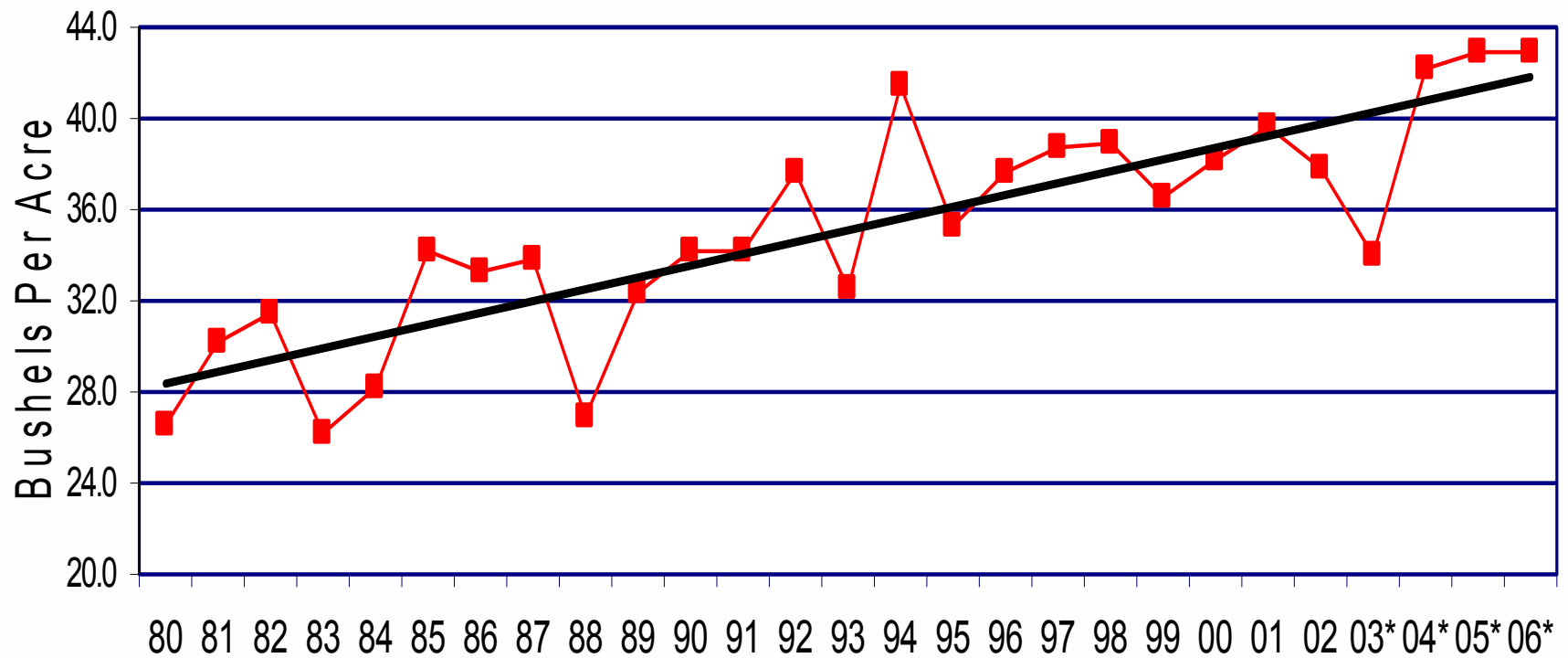
Average Farm Price of Soybeans



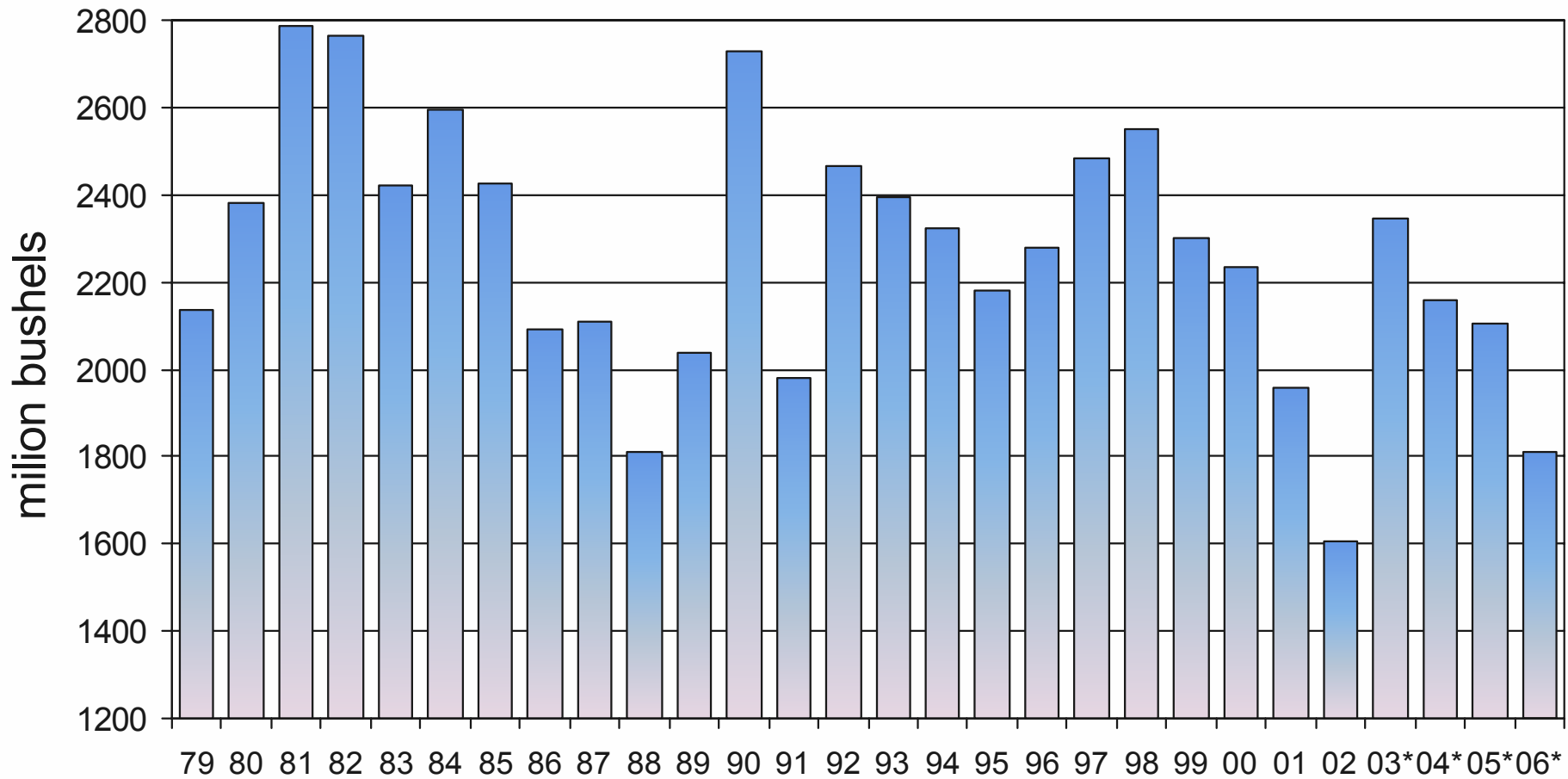
US Soybean Acres Planted



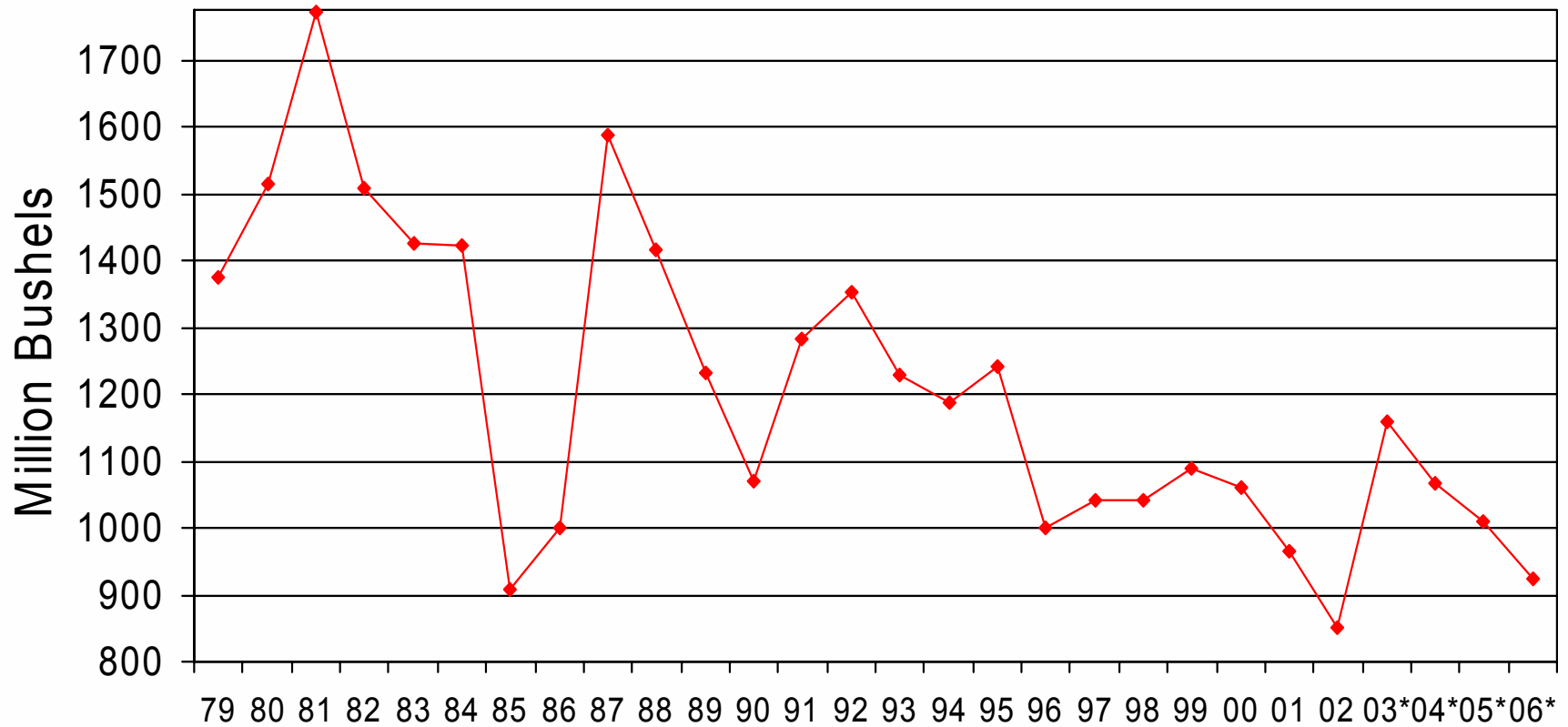
U.S. Soybean Yields



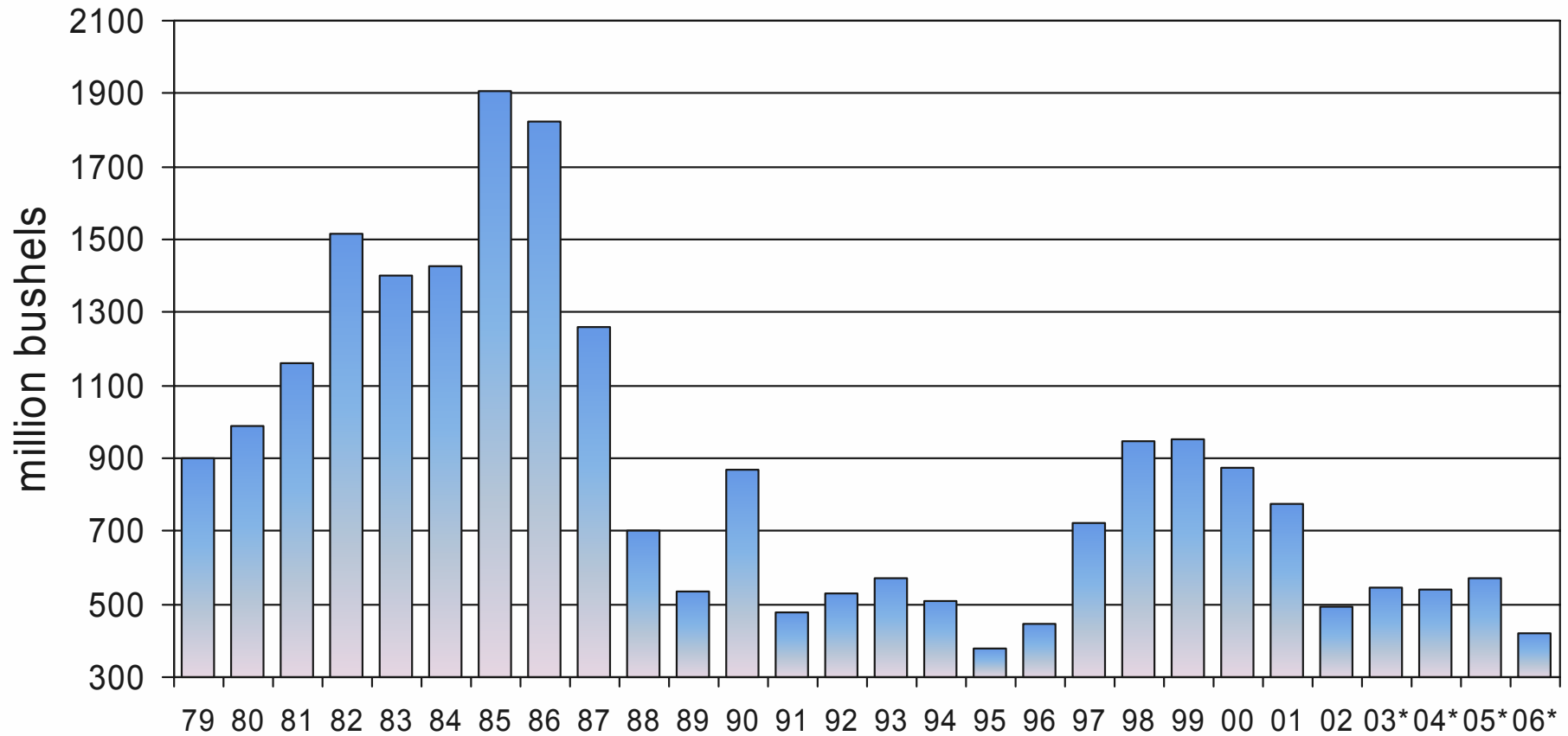
US Wheat Production



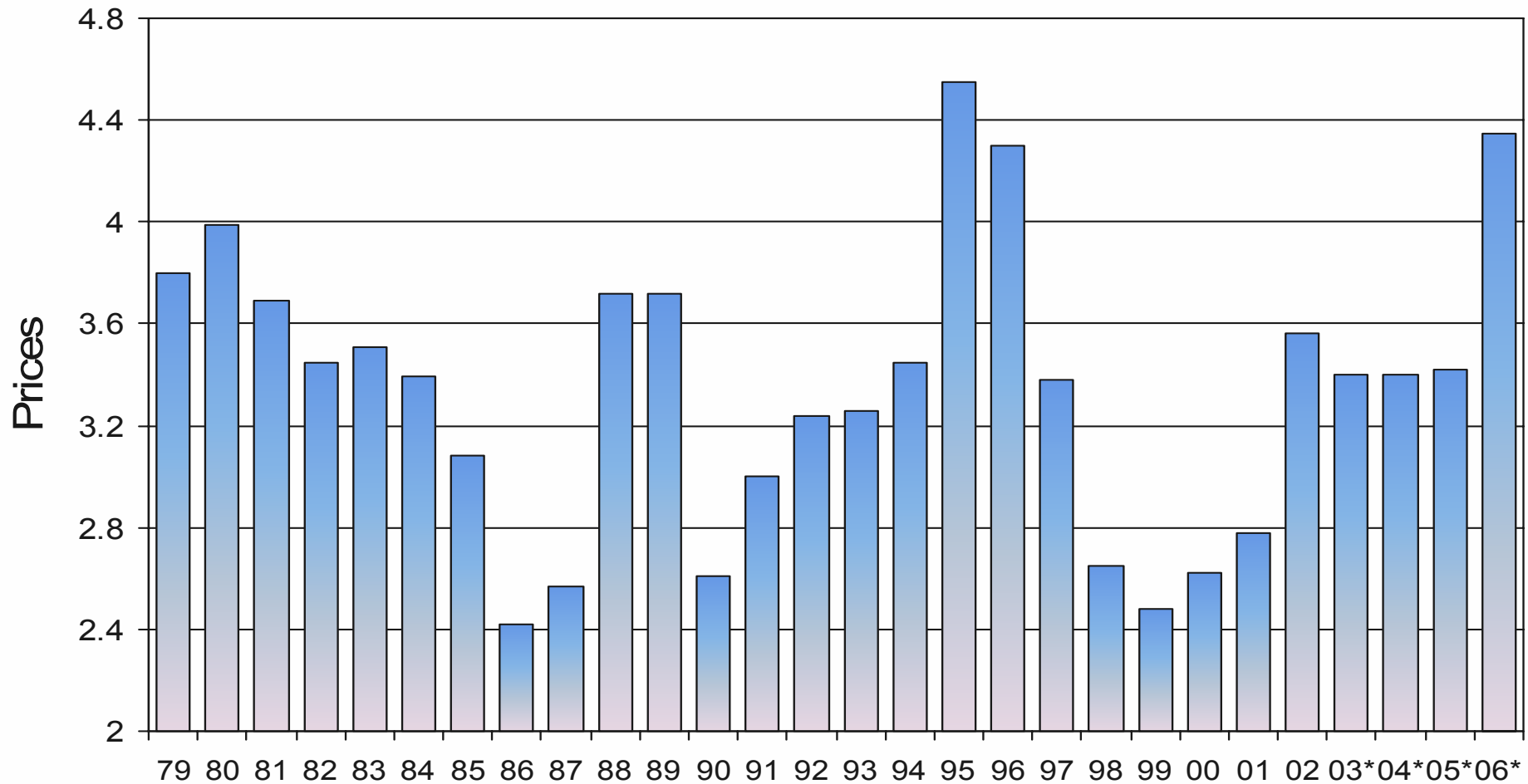
US Wheat Exports



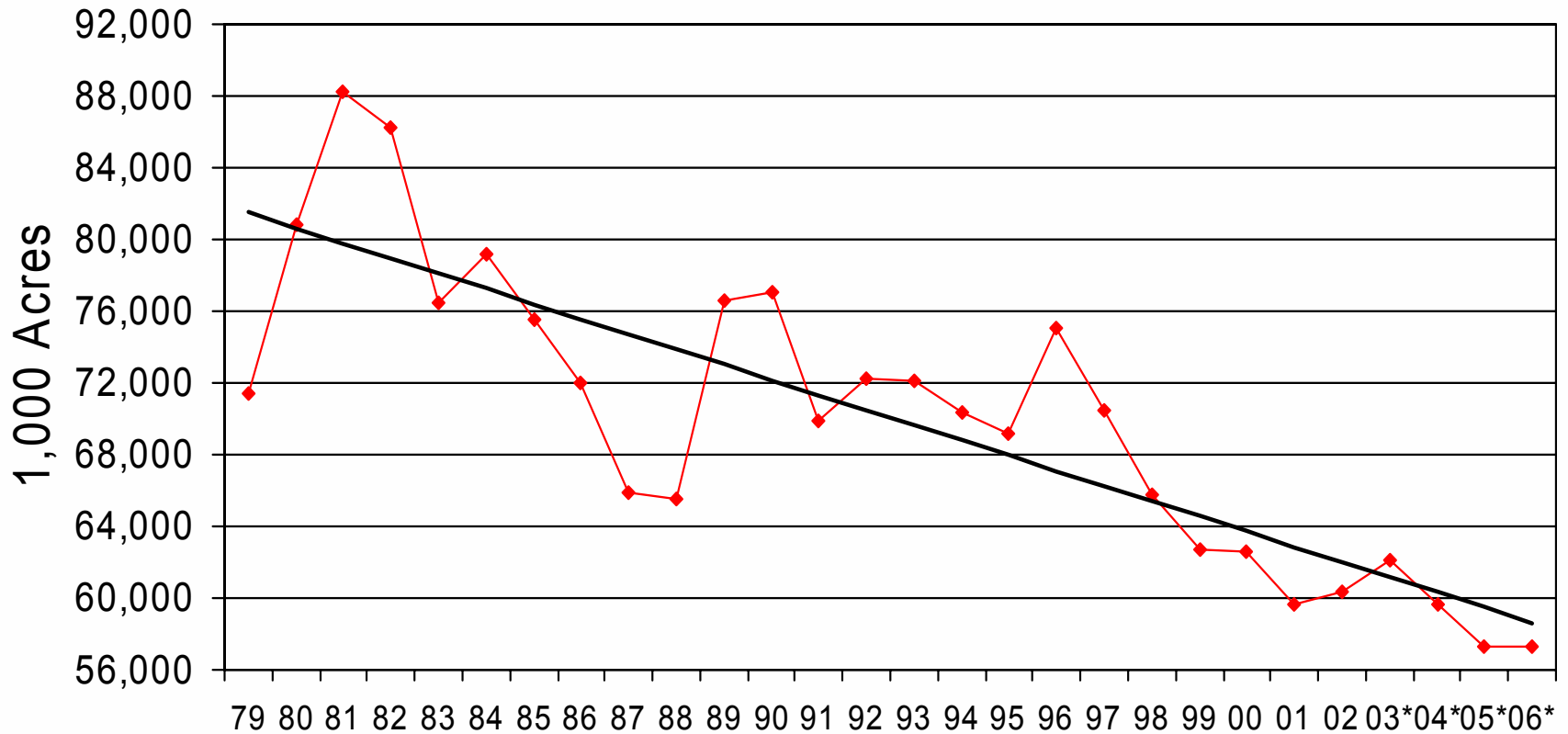
Ending Stocks of Wheat



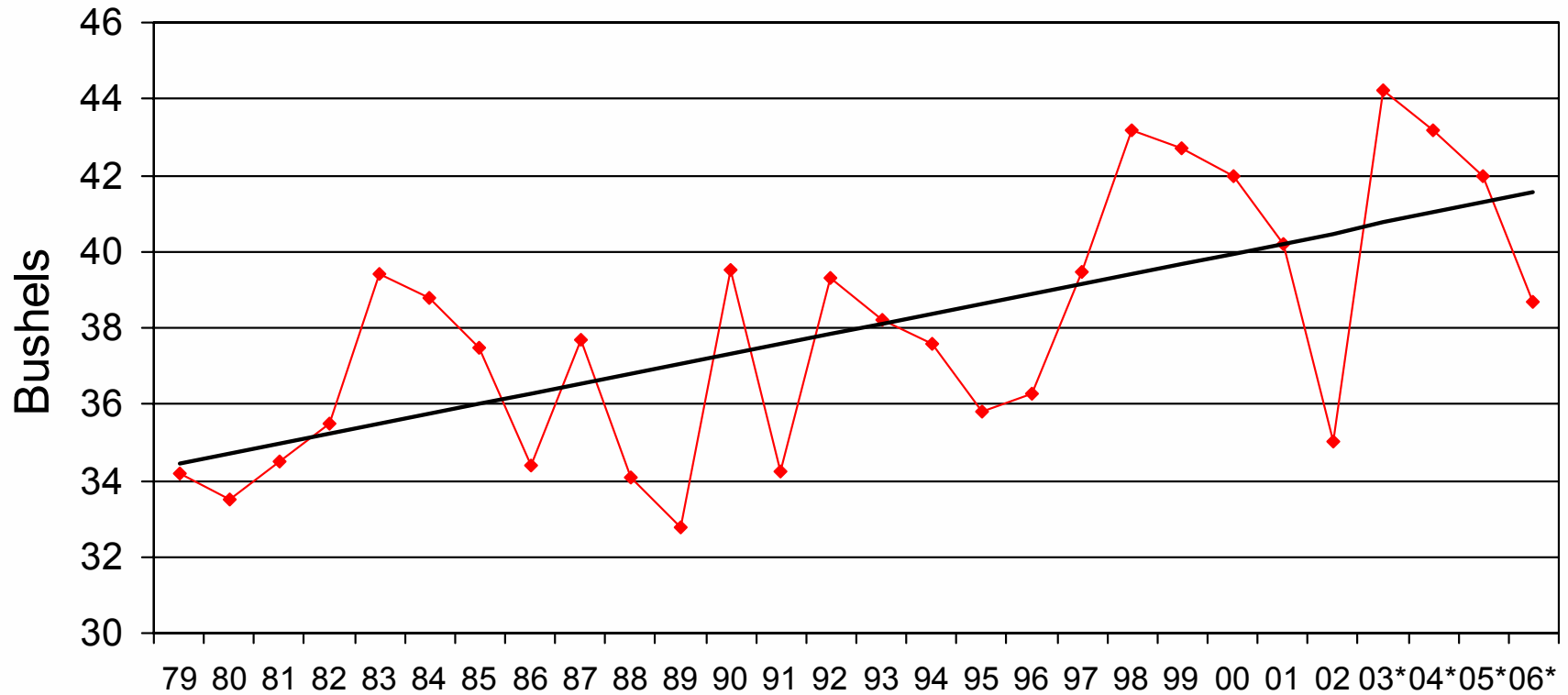
Average Farm Price of Wheat



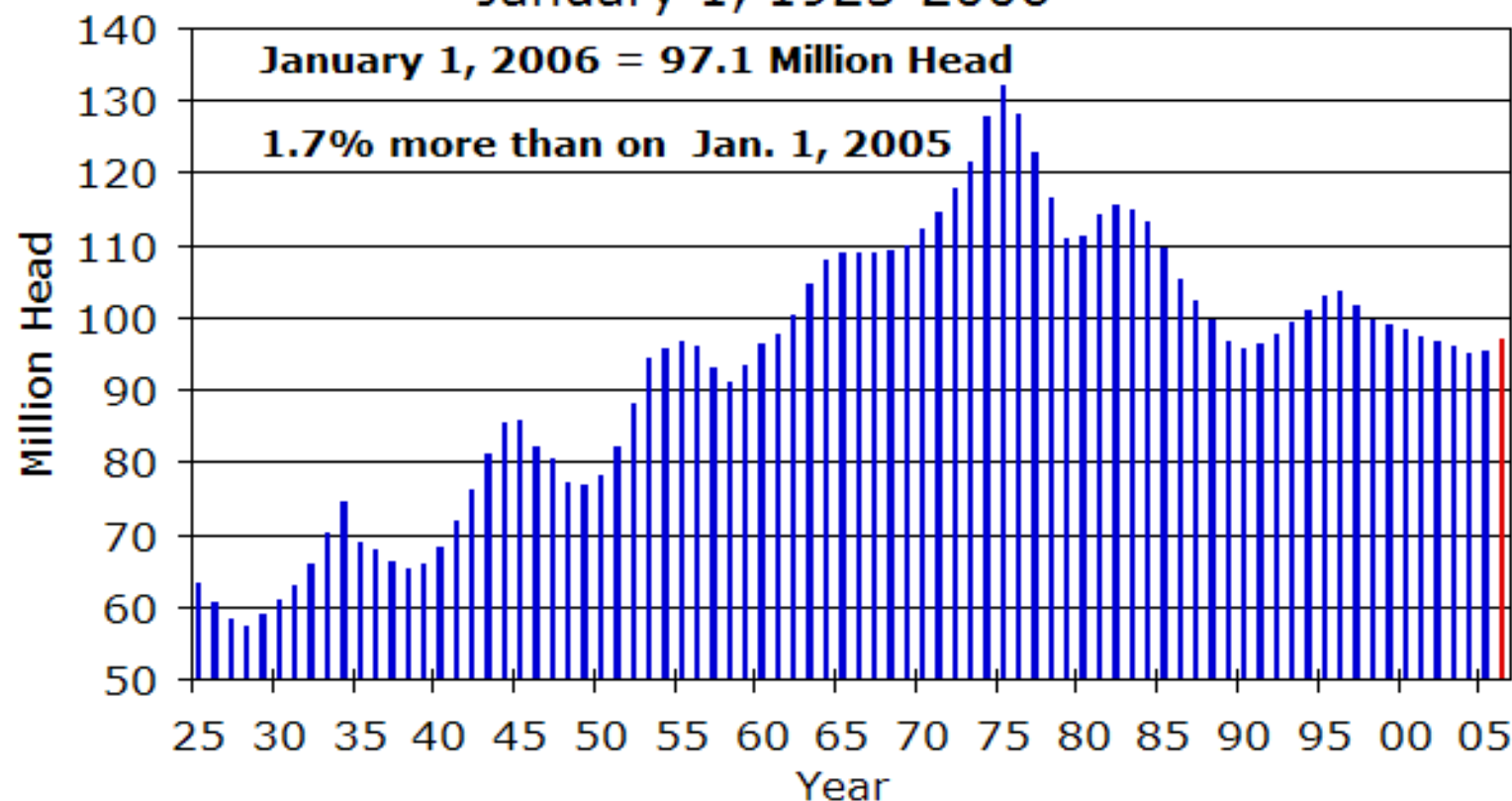
US Wheat Acres Planted



US Wheat Yield Per Acre



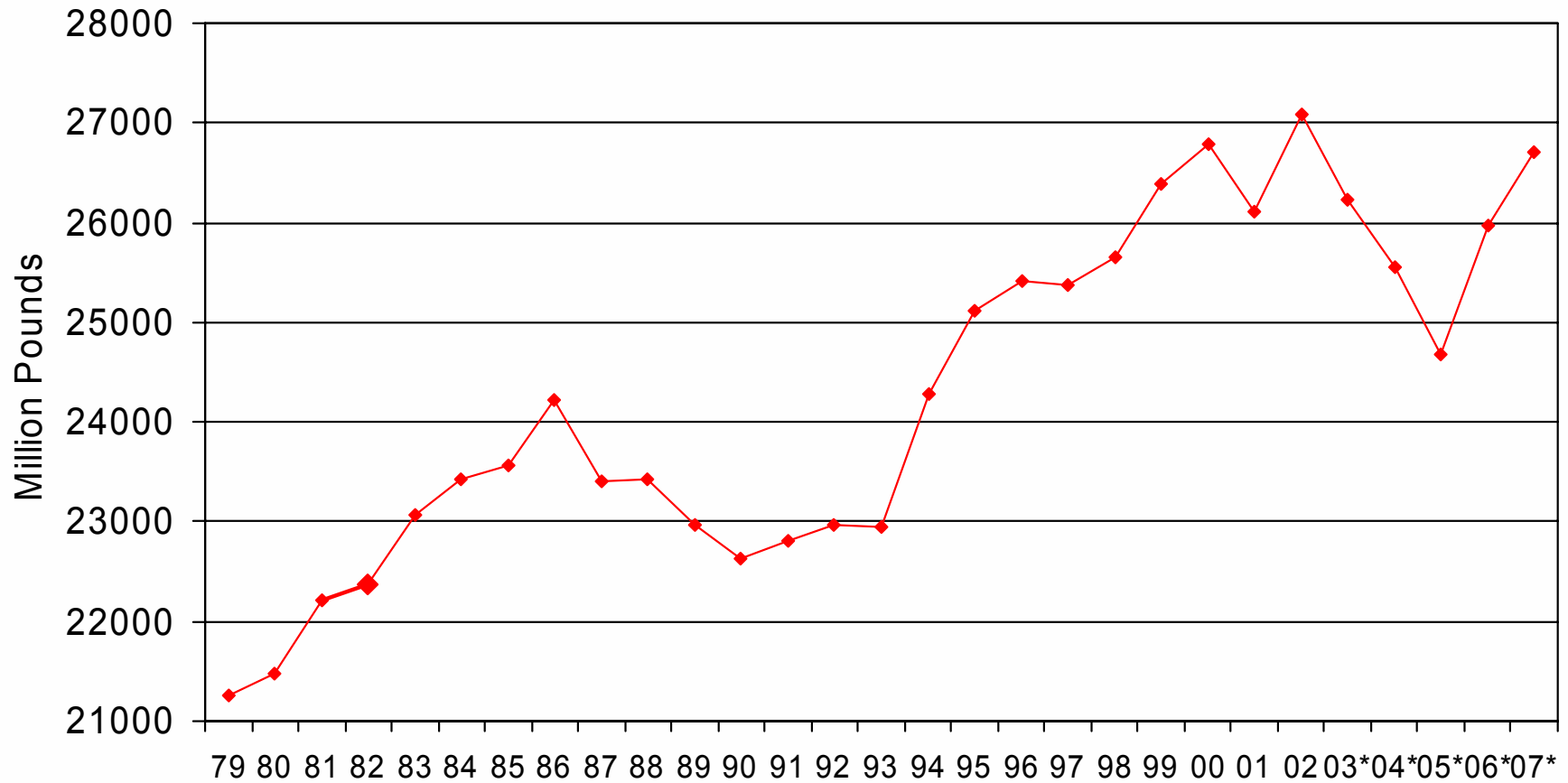
U.S. Cattle Inventory January 1, 1925-2006



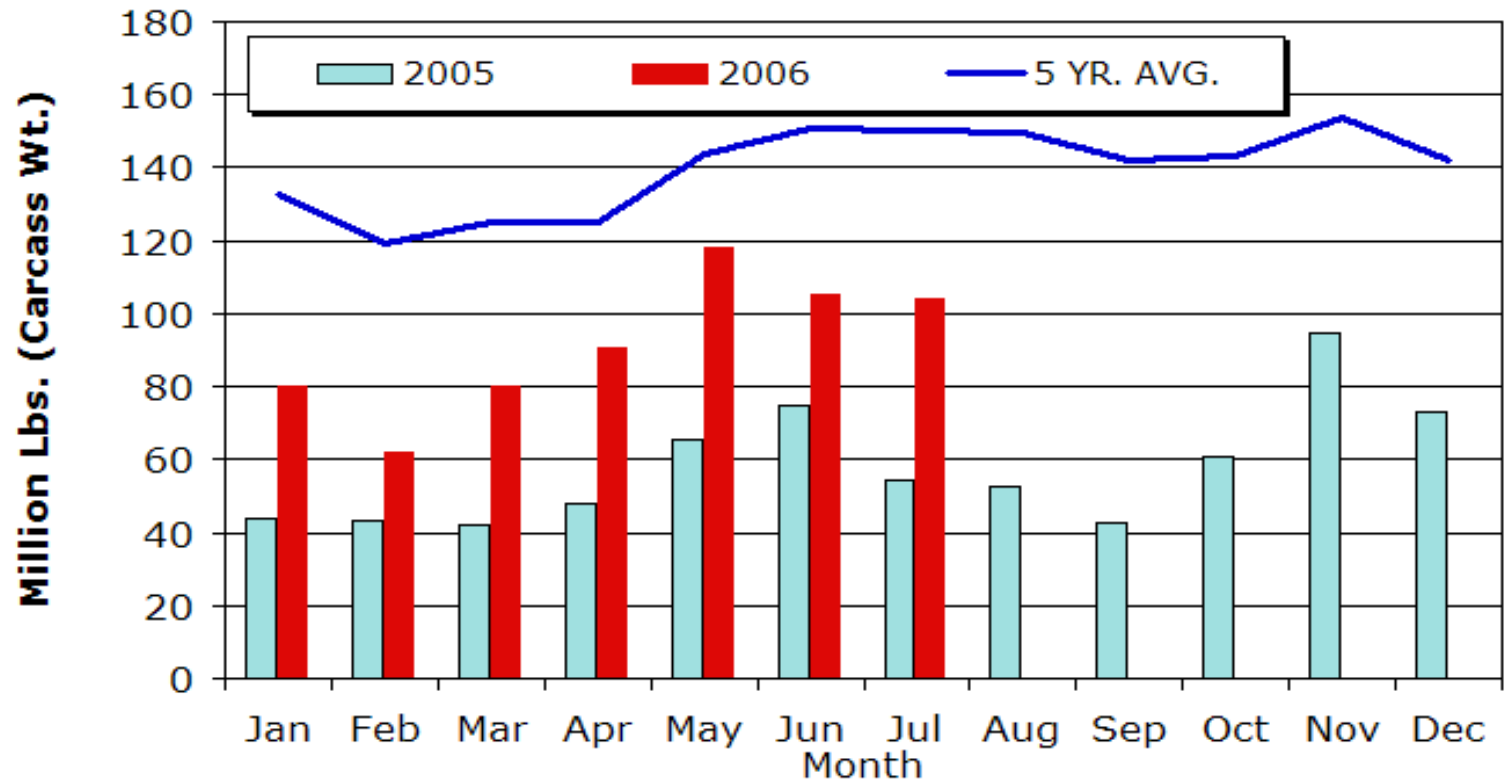
Source: USDA & K-State Research & Extension

KSU Dept. of Ag Econ
www.agmanager.info

US Commercial Beef Production



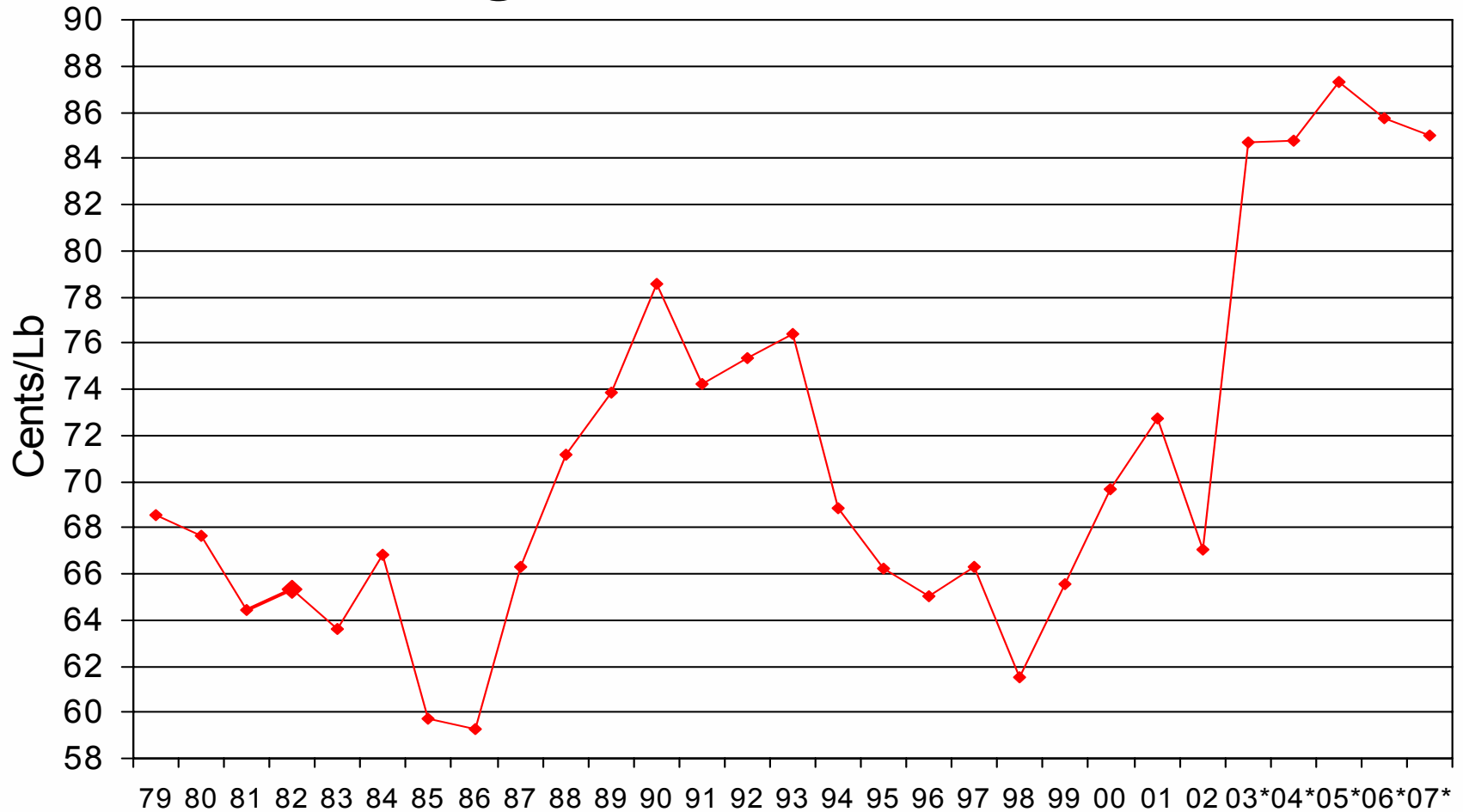
U.S. Beef Exports



Source: USDA & K-State Research & Extension

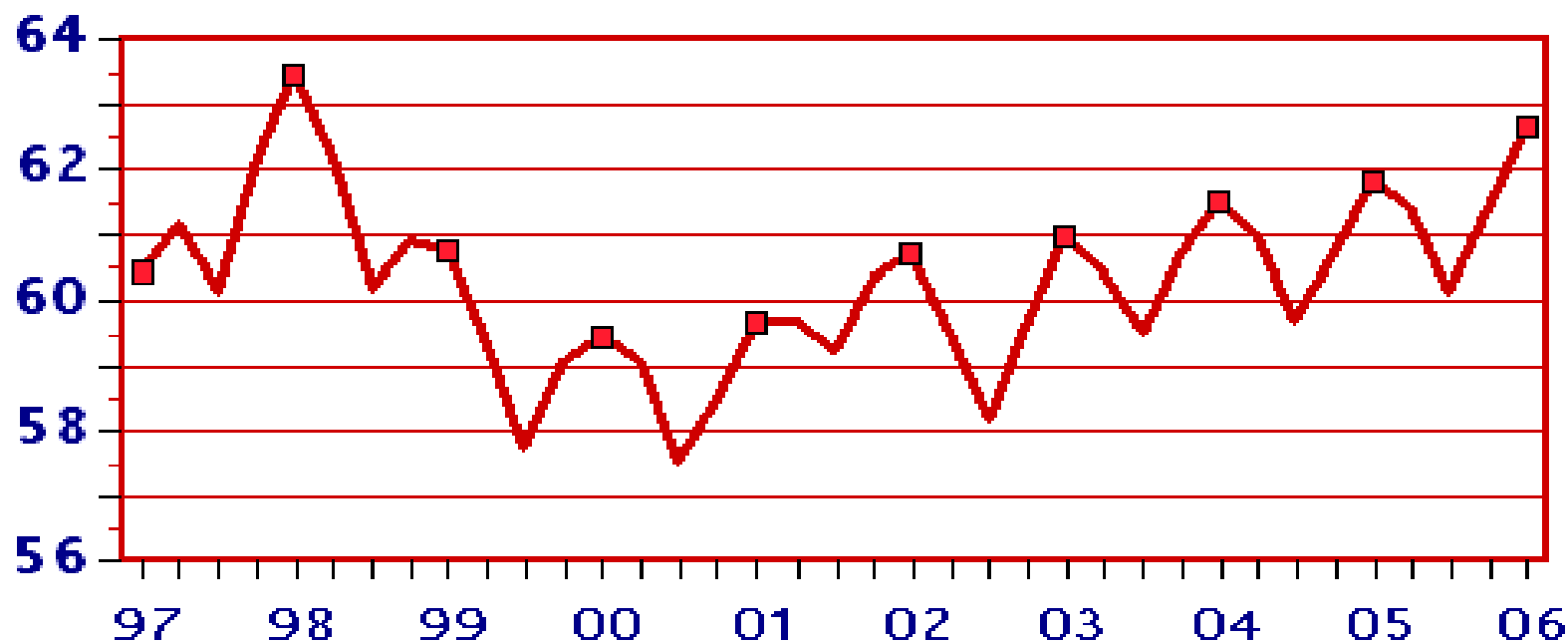
KSU Dept. of Ag Econ
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Slaughter Steer Price



U.S. Quarterly Hogs and Pigs Inventory September 1

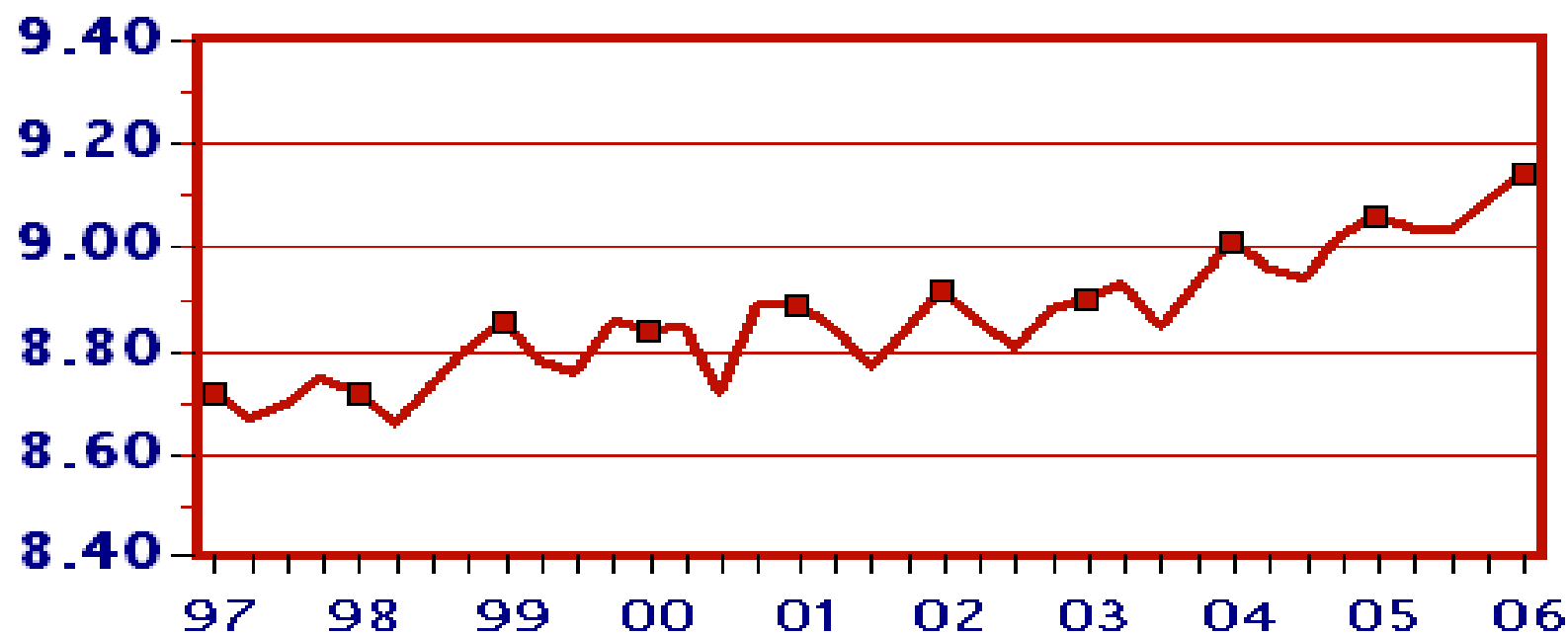
Million Head



USDA-NASS
9-29-2006

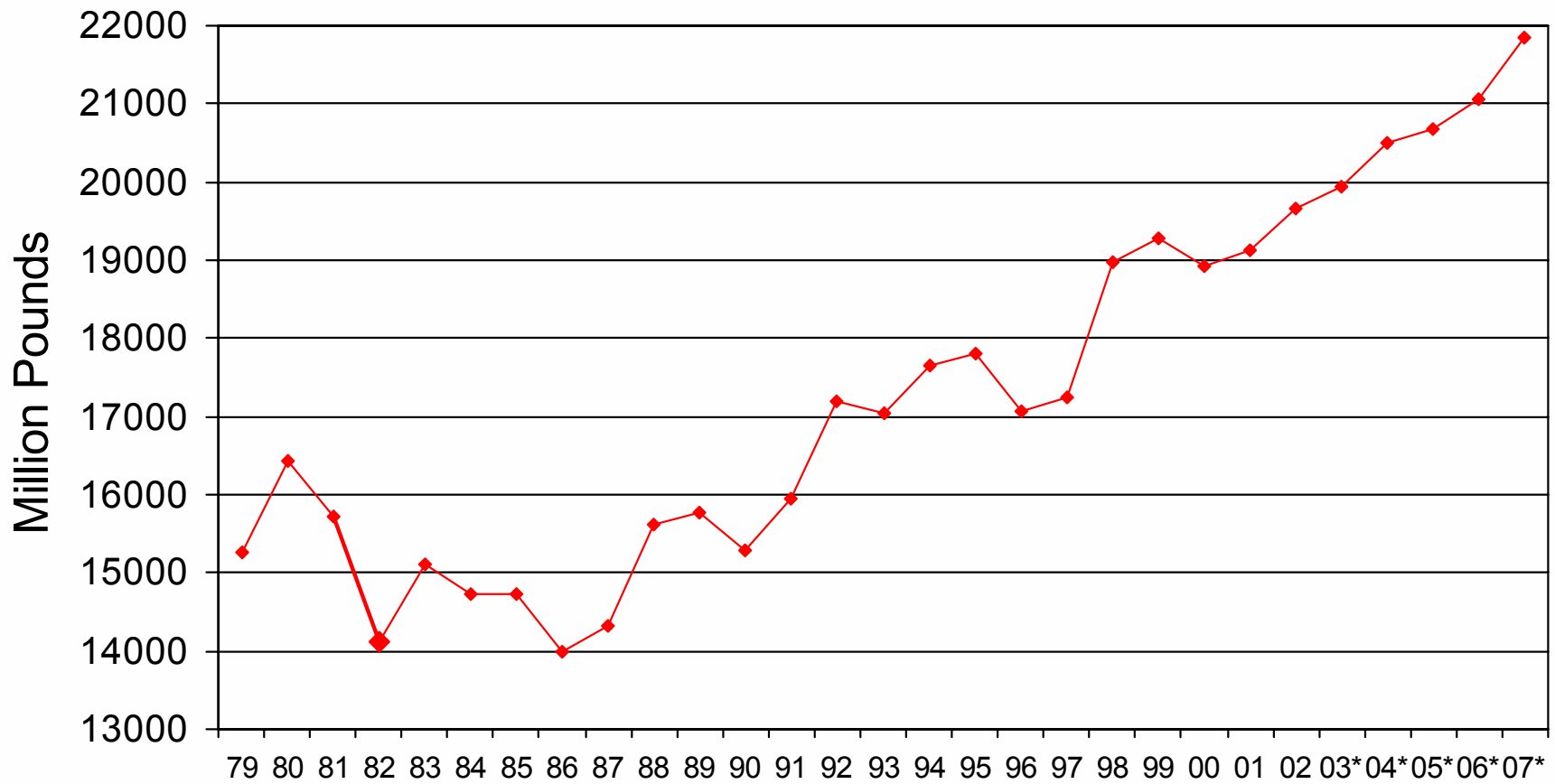
U.S. Quarterly Litter Rate June-August

Number Head

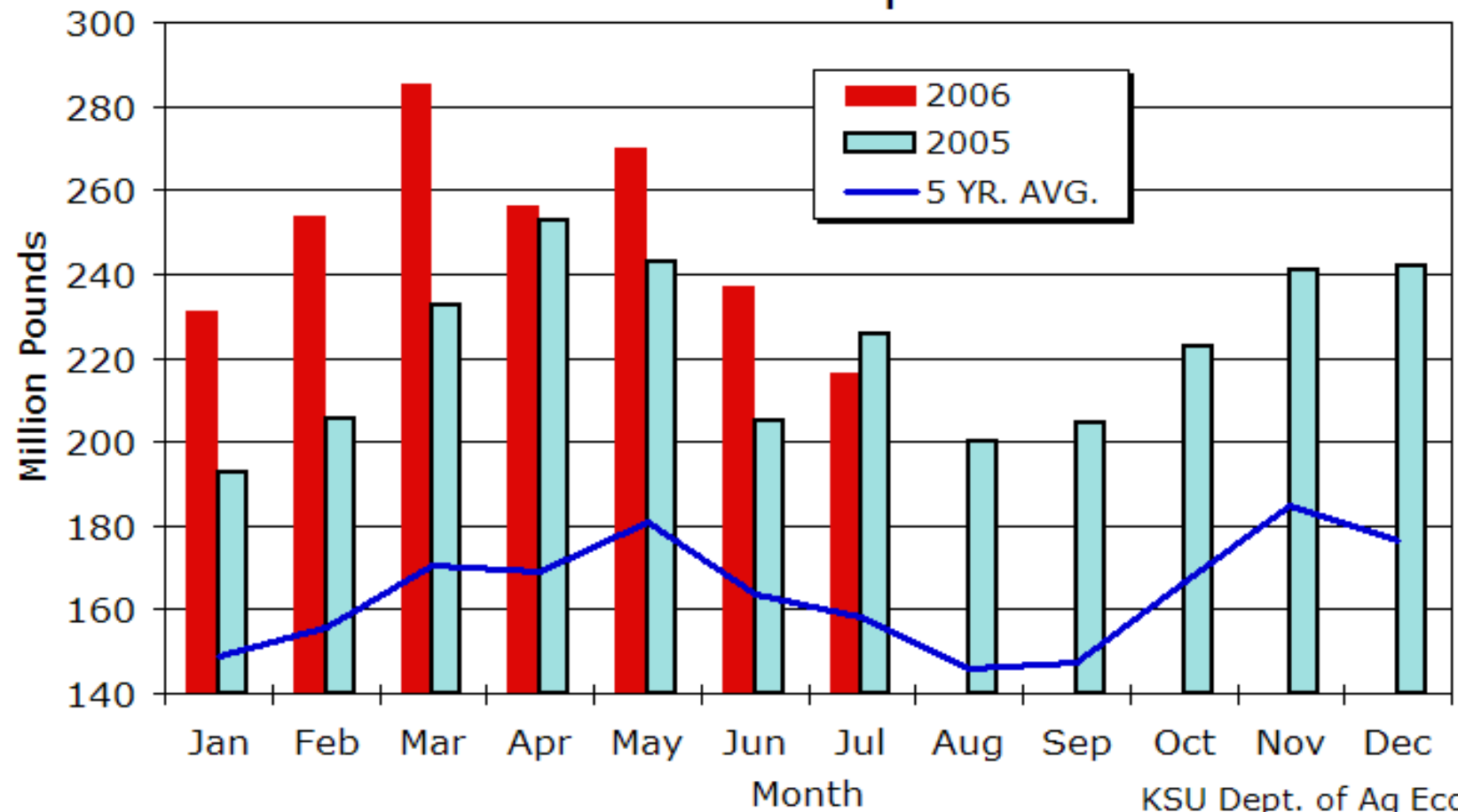


USDA-NASS
9-29-2006

US Commercial Pork Production



U.S. Pork Exports



Source: USDA & KSU

KSU Dept. of Ag Econ
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Hog Prices (Barrows and Gilts, U.S.)

