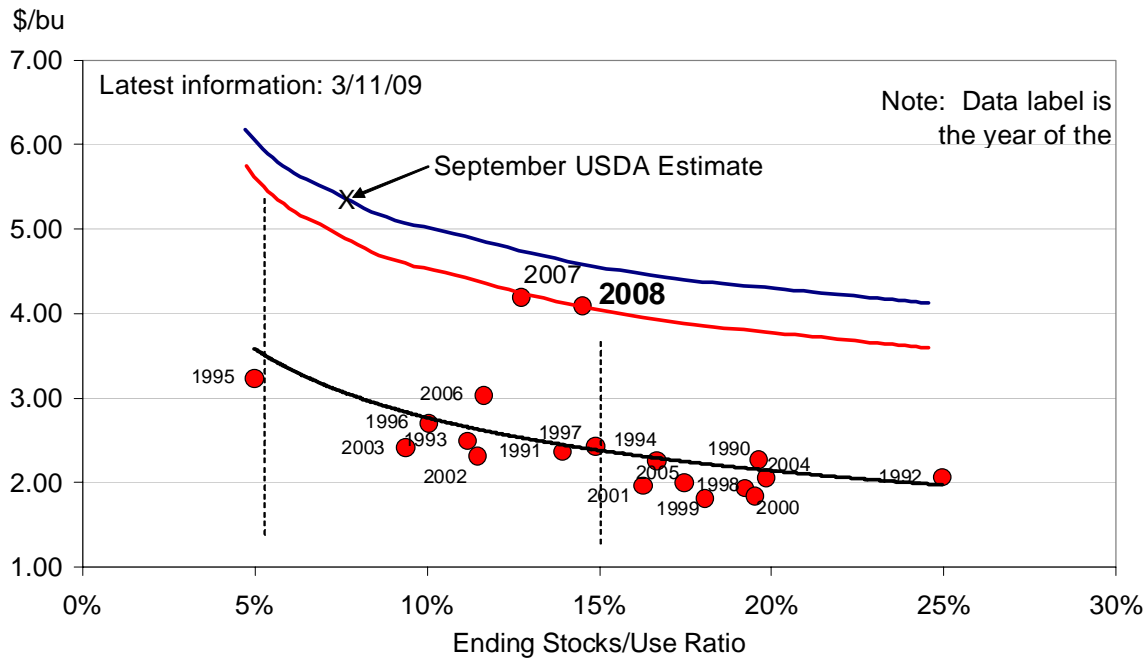


Daily Livestock Report

U.S. CORN PRICE VS. S/U RATIO 1990-2008



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E-Livestock Volume	3/11/09	3/10/09	3/4/09
LE (E-Live Cattle):	18,590	18,928	12,249
GF (E-Feeder Cattle):	2,416	1,953	1,067
HE (E-Lean Hogs):	18,341	19,608	14,993

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Wednesday's Crop Production and World Agricultural Supply and Demand Estimates marked a bit of a reversal as **USDA increased corn usage estimates after cutting them from October (the revised version) through January and holding them steady in February.** The increase was in ethanol usage due to "indications of improving blender incentives and higher ethanol use." That may be code for "the administration will grant the increase in ethanol percentage" but we aren't sure. Regardless, USDA increased ethanol usage by 100 million bushels and reduced exports by 50 million bushels, leaving projected total use at 12.0 billion bushels this year. That increase takes projected carryout stocks to 1.74 billion bushels or 14.5% of projected total corn usage. That percentage is 0.5% lower than the 2007 year-end stocks/use ratio but still higher than many years in the 1990s. USDA also increased its price forecast, adding 25 cents per bushel to each end to drive the mid-point to \$4.10. For now, it appears USDA is working with a corn demand curve such as the red line in the chart at left — lower than the implied demand of last September's forecast but very consistent with the months since then. Using the 1997 observation (S/U = 14.9%, Price = \$2.43) as a comparison, this new demand curve implies prices 68% higher than similar supply scenarios in years past. Does that mean corn demand is 68% higher? We're never quite sure how you say an entire function is "XX% higher" or "YY% lower" but we think this makes sense. The latest supply and utilization table for corn appears on page 2.

The revised ethanol use estimate of 3.7 billion bushels would result in 10.36 billion gallons of ethanol being produced in the 2008-2009 crop year that runs from September to August. The Renewable Fuels Association (RFA) says that, as of March 5, there are 193 plants operating in the U.S. Those plants have a capacity of 12.375 billion gallons but are currently operating at a rate of 10.36 billion gallons, 16% below rated capacity. There are another 23 plants with capacity of 2.066 billion gallons still under construction or expansion. So, given that some growth will likely occur from September through December 2009, ethanol manufacturers may reach the 2009 renewable fuel standard of 10.5 billion gallons. That is still not a certainty, given the shaky economics of ethanol thus far in '09. Keep in mind that the RFS increases to 11.5 billion gallons in 2010, requiring an additional 357 million bushels of corn.

USDA also lowered its estimate of year-end soybean stocks, primarily by increasing projected exports. That change drove projected year-end stocks/use ratio to 6.2% which, should it come to fruition, would be the lowest such ratio since 2003. The Fed's increase their projected soybean price for this year by adding \$0.20/bu to both ends of the range. They reduced projected soybean oil prices by \$2.50/cwt and left projected meal prices unchanged. An updated supply and Utilization table for soybeans appears on page 2.

Figure 1

U.S. CORN SUPPLY AND UTILIZATION - MARCH

		2007/08	2008/09		Pct Change	Pct Change
		Est	USDA, Feb	USDA, March	vs Feb	vs '07/'08
Acres Planted	Mil A	93.6	86.0	86.0	0.0%	-8.1%
Acres Harvested	Mil A	86.5	78.6	78.6	0.0%	-9.1%
Yield	Bu/A	151.1	153.9	153.9	0.0%	1.9%
Beginning Stocks	Mil Bu.	1304	1624	1624	0.0%	24.5%
Production	Mil Bu.	13074	12101	12101	0.0%	-7.4%
Imports	Mil Bu.	20	15	15	0.0%	-25.0%
Total Supply	Mil Bu.	14398	13740	13740	0.0%	-4.6%
Food, Seed & Ind	Mil Bu.	1338	1300	1300	0.0%	-2.8%
Ethanol for fuel		3026	3600	3700	2.8%	22.3%
Feed & Resid	Mil Bu.	5974	5300	5300	0.0%	-11.3%
Exports	Mil Bu.	2436	1750	1700	-2.9%	-30.2%
Total Usage	Mil Bu.	12773	11950	12000	0.4%	-6.1%
Carryover	Mil Bu.	1624	1790	1740	-2.8%	7.1%
Stocks/Use		12.7%	15.0%	14.5%	-3.2%	14.0%
Nat. Wtd. Avg. Farm Price	\$/Bu.	4.20	3.65 - 4.15	3.90 - 4.30	-2.5%	-7.1%

Figure 2

U.S. SOYBEAN SUPPLY & UTILIZATION - MARCH

		2007/08	2008/09		Pct. Change	Pct. Change
		USDA, Oct	USDA, Feb	USDA, March	vs. Dec	vs. '07/'08
Acres Planted	Mil A	64.7	75.7	75.7	0.0%	17.0%
Acres Harvested	Mil A	64.1	74.6	74.6	0.0%	16.4%
Yield	Bu/A	41.7	39.6	39.6	0.0%	-5.0%
Beginning Stocks	Mil Bu.	574	205	205	0.0%	-64.3%
Production	Mil Bu.	2677	2959	2959	0.0%	10.6%
Imports	Mil Bu.	10	9	9	0.0%	-10.0%
Total Supply	Mil Bu.	3261	3173	3173	0.0%	-2.7%
Crushings	Mil Bu.	1801	1650	1640	-0.6%	-8.9%
Exports	Mil Bu.	1161	1150	1185	3.0%	2.1%
Seed	Mil Bu.	93	90	90	0.0%	-3.2%
Residual	Mil Bu.	0	73	73	0.0%	N/A
Total Usage	Mil Bu.	3056	2963	2988	0.8%	-2.2%
Carryover	Mil Bu.	205	210	185	-11.9%	-9.8%
Stocks/Use		6.7%	7.1%	6.2%	-12.6%	-7.8%
Nat. Wtd. Avg. Farm Price	\$/Bu.	10.10	8.75 - 9.75	8.95 - 9.85	0.0%	-10.9%
Soybean Oil Price	Cents/lb.	52.03	31.00 - 34.00	28.50 - 31.50	1.5%	-35.6%
Soybean Meal Price	\$/ton	335.94	265 - 305	265 - 305	3.7%	-16.7%