GRAIN MARKET OUTLOOK

GRAIN HEDGE

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BOZEMAN, MT

KEY DRIVERS SHAPING AG

- Commodity price deflation
- Chinese demand
- Biofuels reaching maturity

Oil price plummeting...

Range Bound

$6.87 to $7.40

Oil prices expected to reach $40 to $50 per barrel range
China will continue to be a dominant global soybean importer.

Range Bound: $6.87 to $7.40

Soybeans: South American Production vs China Imports

South American Production increasing at 6 MMT per year.

Ethanol Production Plateau
MAR CORN FUTURES

US CORN S&D

Acres Planted  90.9  88
Yield  173.4  170
Production  15,668  13,700
Feed  5,375  5,500
FSI  6,545  6,550
Exports  1,750  1,850
Total Use  13,670  13,000
Ending Stocks  1,998  1,825

Weekly Ethanol Production

Note: The data shows the weekly ethanol production in thousands of barrels per day. The production for 2014 is compared to 2013, with an increase of 4.6% in 2014. This reflects a 0.3% increase from the previous year.
Ethanol margins expected to come under pressure which limits ethanol grind.

**US Cattle on Feed Inventory**

**US Hog Inventory**

2014 Q3 down 2.4%
Broiler Chick Placements

2014 YTD up 3%

Pace to reach USDA Export Estimate of 950 MB

Current export tally is 56 MB behind pace. We think it could be off 100 to 125 MB by end of MY

International Corn Factors

• Argentina & Brazil expected to have smaller production: 97 MMT vs 104 MMT LY
• China said to be “near approval” of Syngenta’s MIR 162

US Corn Export Sales (Cumulative)
1/19/15

**US NOPA Crush**

Crush is 1.4% behind last year, while USDA expects a 2.7% increase

**S. American Soybean Production**

- Argentina expected to grow 55 MMT up from 54 MMT last year
- Brazil expected to grow 94 MMT up from 86.7 MMT last year
Argentina Soybean

The growing season in Argentina is challenging with conditions being quite favorable for planting and crop development across the region. Although erratic in the past three years, the region has experienced relatively favorable planting and growing conditions this year. According to the Department of Commerce, the Argentine soybean production is expected at 51.2 million metric tons. According to the International Grains Council, the Argentine wheat production is expected at 7.7 million metric tons. The 2014-15 and 2015-16 crop years, Argentina is expected to be the largest exporter of soybeans and wheat.

US WHEAT S&D

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<th>2014-15</th>
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<td>Acres Planted</td>
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<td>Ending Stocks</td>
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International Wheat Forces

• Sinking Russian Ruble is giving Russia export advantage
• But political instability is causing issues….
International Wheat Forces

- Sinking Russian Ruble is giving Russia export advantage
- But political instability is causing issues…
- US not competitive in export arena
- Cold weather threatening Ukraine
- El Nino projected for next 3 to 6 months

Corn Outlook

- Potential drop in USDA’s Jan Production forecast
- Exports are limited and appear to be heading for a disappointing year
- Ethanol production cutback could be severe in 2nd half of MarketingYear
- US Acreage cutbacks in 2015
Soybean Outlook

• Late planting in SA could expand US export window.
• China buying is slowing, but could bounce back on harvest delays in SA
• Higher US acres in 2015

Wheat Outlook

• Competition in global wheat market keeps our exports limited
• Production problems in Ukraine?
• Global supplies to be abundant

QUESTIONS??