

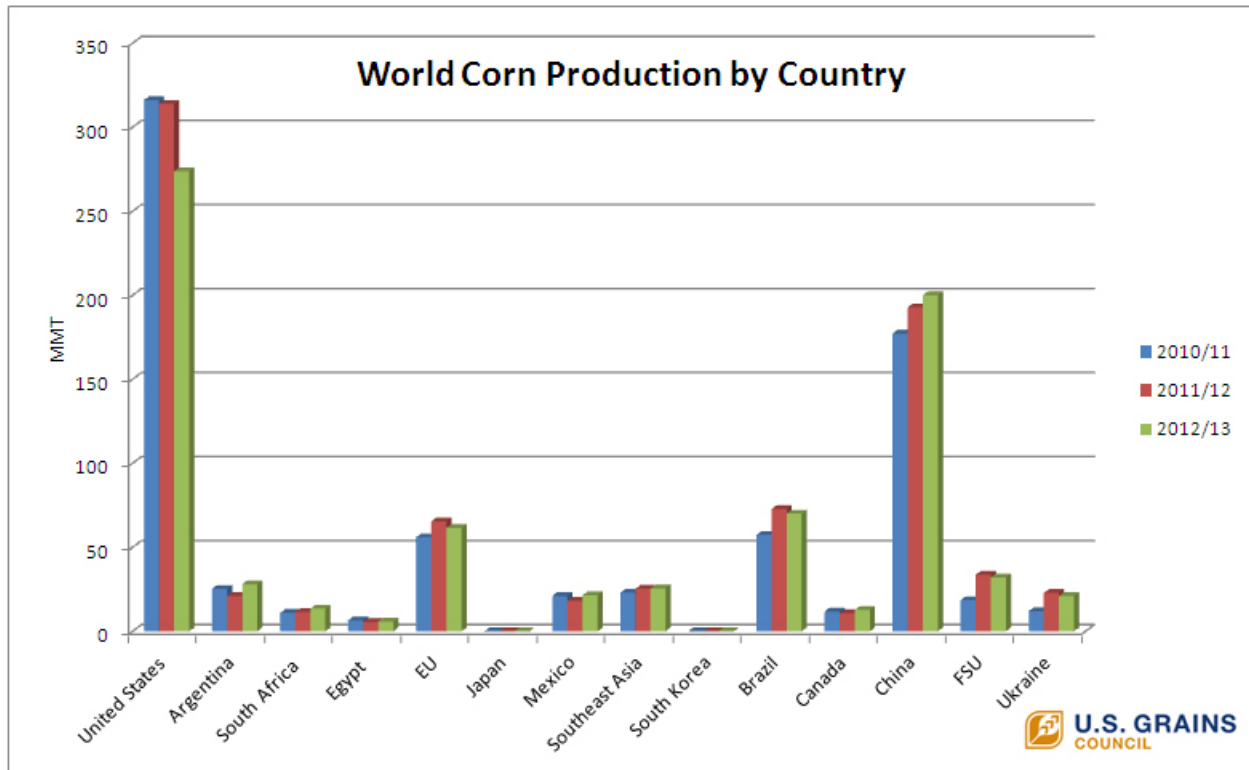


U.S. GRAINS COUNCIL

US Grains Council Analysis of USDA's August WASDE Report

In its monthly agricultural supply/demand update the U.S. Department of Agriculture on August 10 again lowered the outlook for U.S. corn production, reflecting the continued deterioration of this year's crop due to the once-in-a-lifetime drought that affects most of the U.S. corn belt.

The latest USDA projection lowers U.S. corn production to 274 million metric tons (10.8 billion bushels), down almost 40 million tons (1.6 billion bushels) from last year, and the lowest since 2006. World corn production is estimated at 849 million tons (33.4 billion bushels), down 27 million tons (1.1 billion bushels) from last year, but 19 million tons (748 million bushels) higher than 2010/2011 due to higher production from China, Brazil, and Argentina.

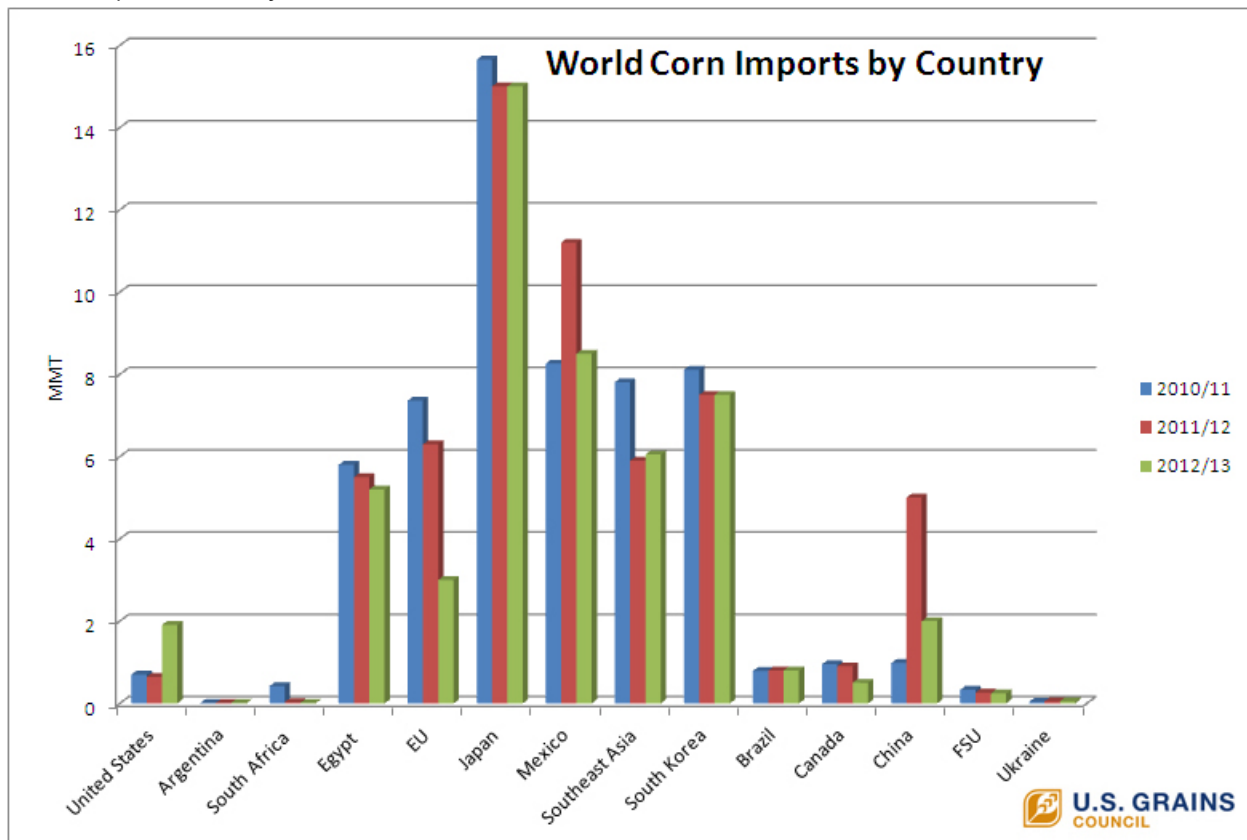




With this large reduction in U.S. corn supplies, higher prices are expected to ration demand during the coming year. USDA projects that total world corn use will decline about 7 million tons (275.6 million bushels) from last year, while U.S. total use will drop 25 million tons (984.2 million bushels) — feed use down 12 million tons (472.4 million bushels), corn use for ethanol down 12.7 million tons (500 million bushels), and exports down 6.3 million tons (248 million bushels). USDA expects world corn imports to decline by almost 7 million tons (275.6 million bushels), while non-U.S. feed use will continue to grow, up 13 million tons (511.8 million bushels) from last year to 405 million tons (15.9 billion bushels).

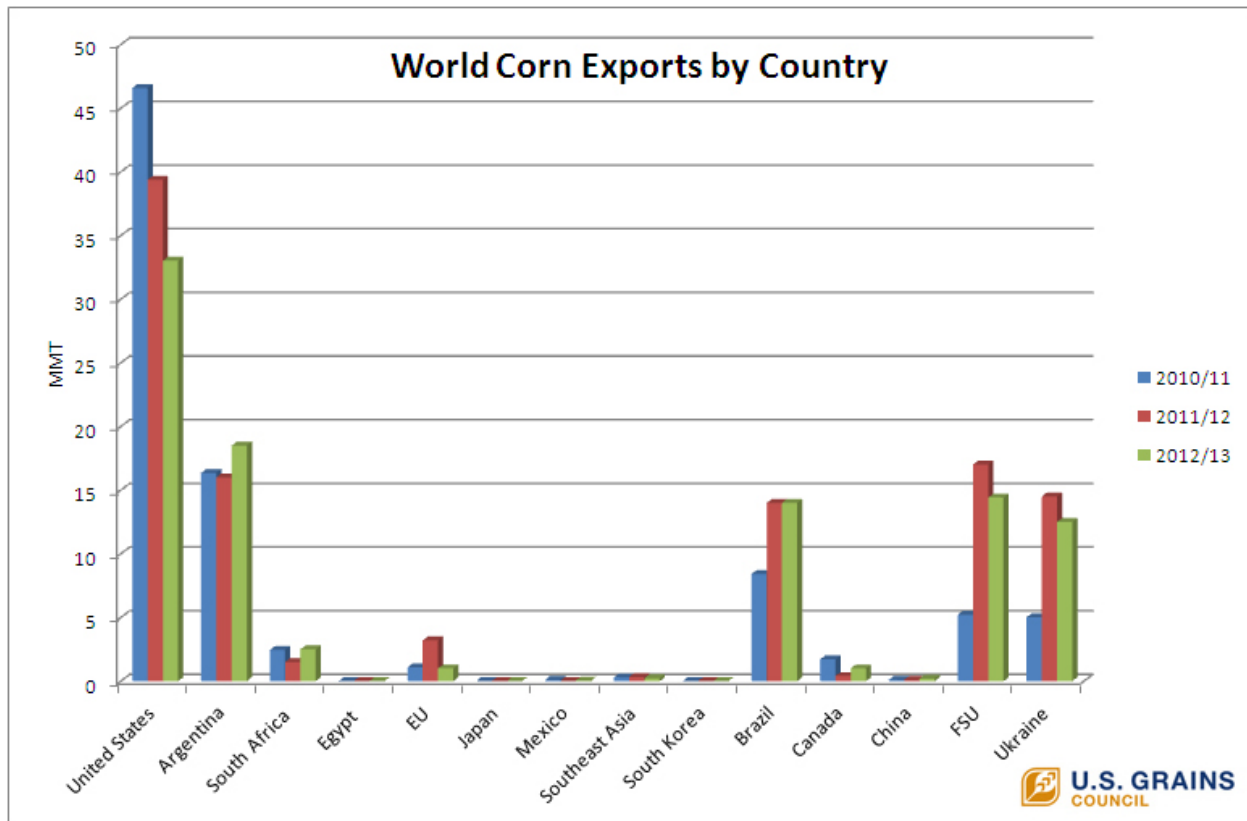
From a broader perspective, world coarse grain feed use (including mainly corn, sorghum and barley) will be essentially unchanged from last year at 660 million tons, compared with 658.5 million tons in 2011/12.

Countries will respond to the tight corn supplies and higher prices in the coming year in different ways according the USDA estimate. For example, Japan and South Korea imports are projected be unchanged from 2011 to 2012. China's corn imports likely will decrease by 3 million tons (118.1 million bushels) due partly to a record domestic corn harvest of 200 million tons (7.9 million bushels), which is up 7 million tons (275.6 million bushels) from last year.





Globally, all corn users will face the challenge of higher prices and the need for increased efficiency, careful risk management and creative marketing strategies during the coming year. As the projections for U.S. corn use demonstrate, the high prices will ration demand in all markets and in all sectors (feed, food and fuel). Also, the relatively smaller decline in U.S. exports compared to domestic use reflects the resilience of global feed demand.



Despite the decreases projected for U.S. corn production, the United States remains open to trade. In the coming year it will be vital that all exporting countries follow the U.S. example: Open markets, transparent market information and careful planning can help us all work through the coming year.

Agricultural production depends each year on weather factors beyond the control of governments or farmers. But agriculture and food production are basically optimistic lines of work. Each year U.S. farmers plant with hope, and do their best with what nature provides at harvest. U.S. farmers use the best genetics, technology and management practices to grow grains for the world market. As they prepare to harvest this year's disappointing crop, they look forward to normal weather and a record harvest in 2013.