

FAPRI July 1996 Baseline Update

Where We Are Today and
Factors Affecting Where
We May Be Tommorrow

Assumptions

1) Macro

- Global Population 1½% Growth
- Global GDP 3.5% Strong Growth
- Global Policy
 - GATT
 - NAFTA

2) FAIR Act

- Decoupled - Producer has option to adjust crop mix.
- Politics
 - Not necessarily any major political power to change in 1997.
 - Administration concerned about a safety net.
 - Marketing loan may reemerge.
 - Rice and cotton may push hard when they see acreage drop.
- Sign up - Completed at end of July with 99% of eligible acreage enrolled.
- No FOR or Set-aside
- New CRP
 - Expect 25-30 million acres.
 - No more CRP contract extensions
 - Land expiring in 1997 will have to be reenrolled.
 - New contracts or those reenrolled must meet erodibility index of 8.

3) Export Market

- China biggest uncertainty
 - Income growth a major driving factor.
 - Get both grain and livestock expansion.
 - Have a major land constraint.
 - Infrastructure problem.

4) Weather

- Normal

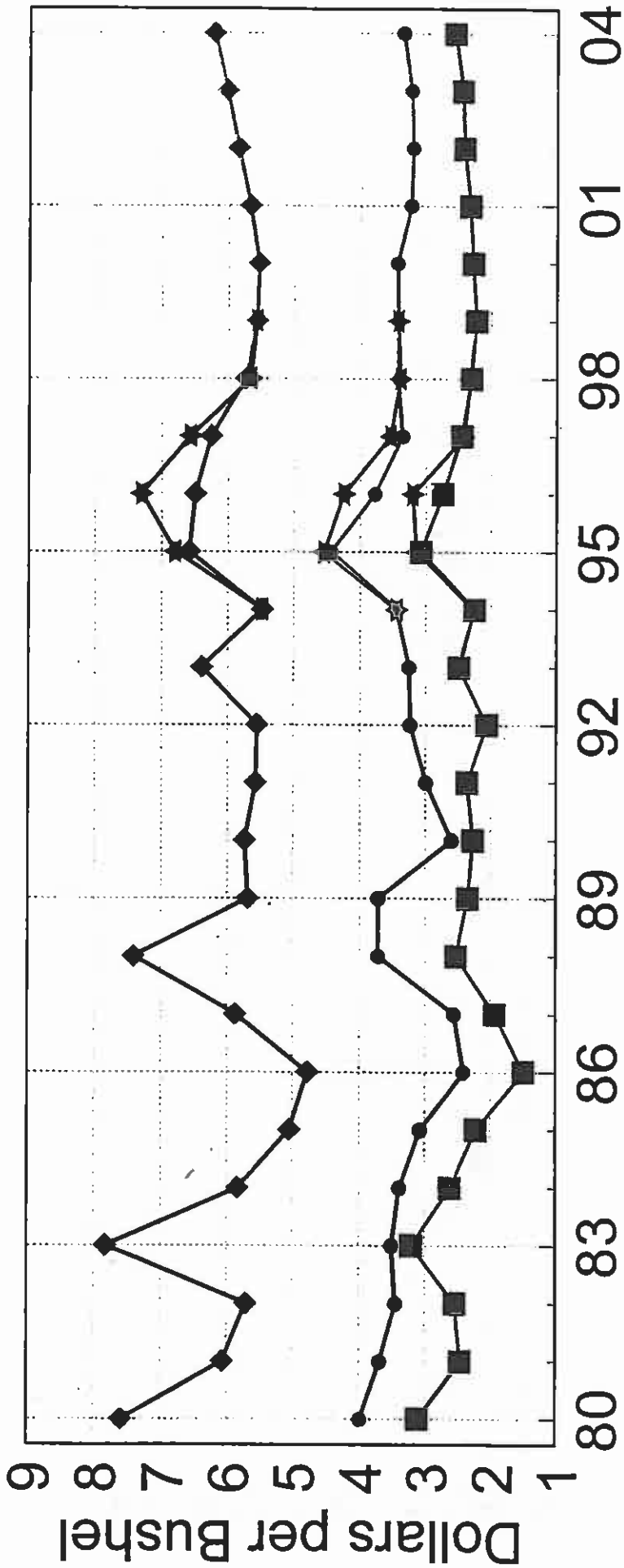
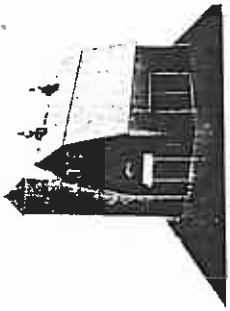
5) Technology

- Trend Levels

- 8) World Will Find More Acreage and Produce More Crops.
- 9) Generally Over Reacts on Crop Supply in the Longer Term.
 - Stand a chance of awakening a sleeping giant in Brazil.
 - \$4 corn.



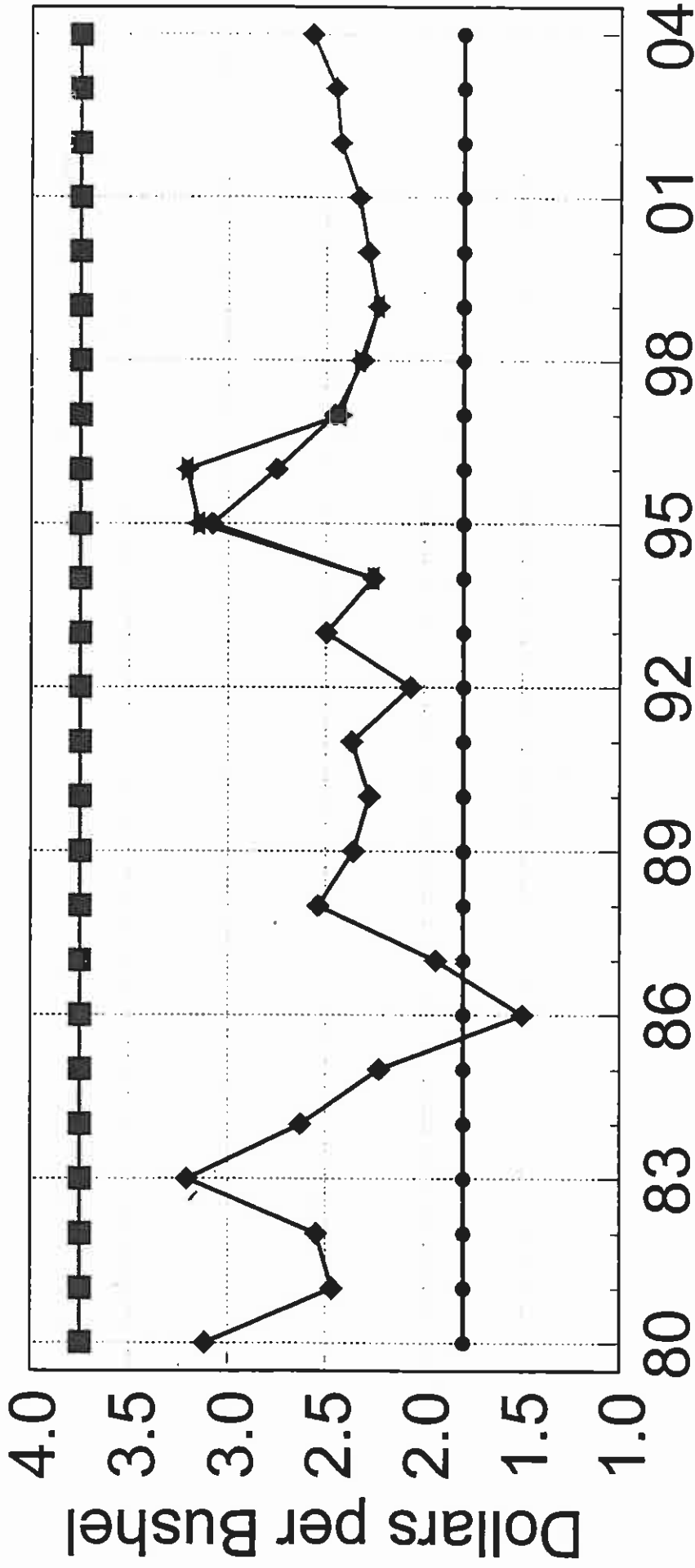
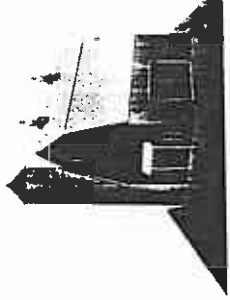
Average Farm Prices



Corn Soybeans Wheat July '96 Update



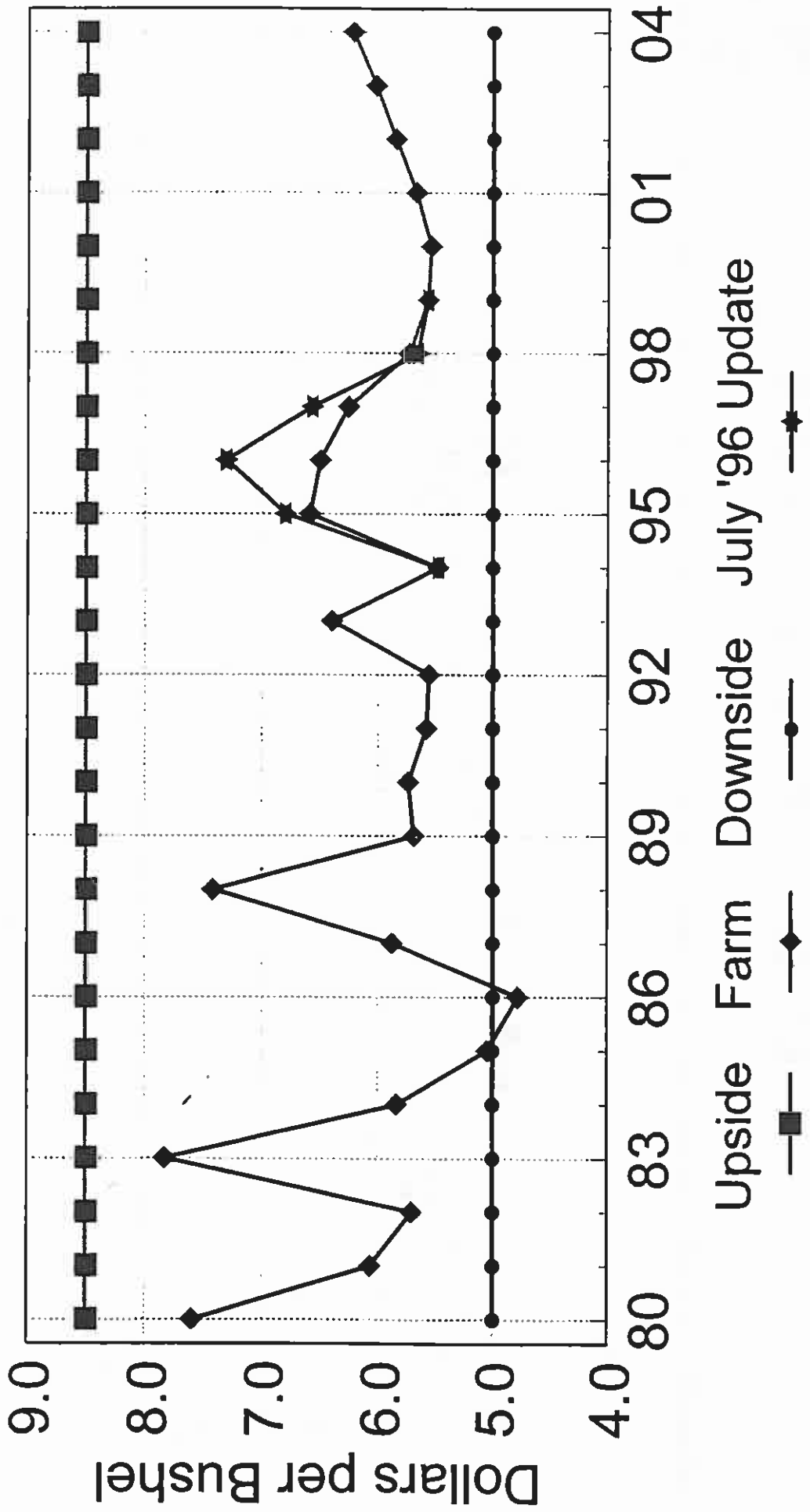
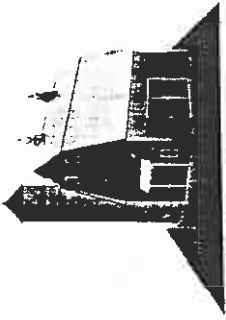
U.S. Corn Prices



Upside Farm Downside July '96 Update



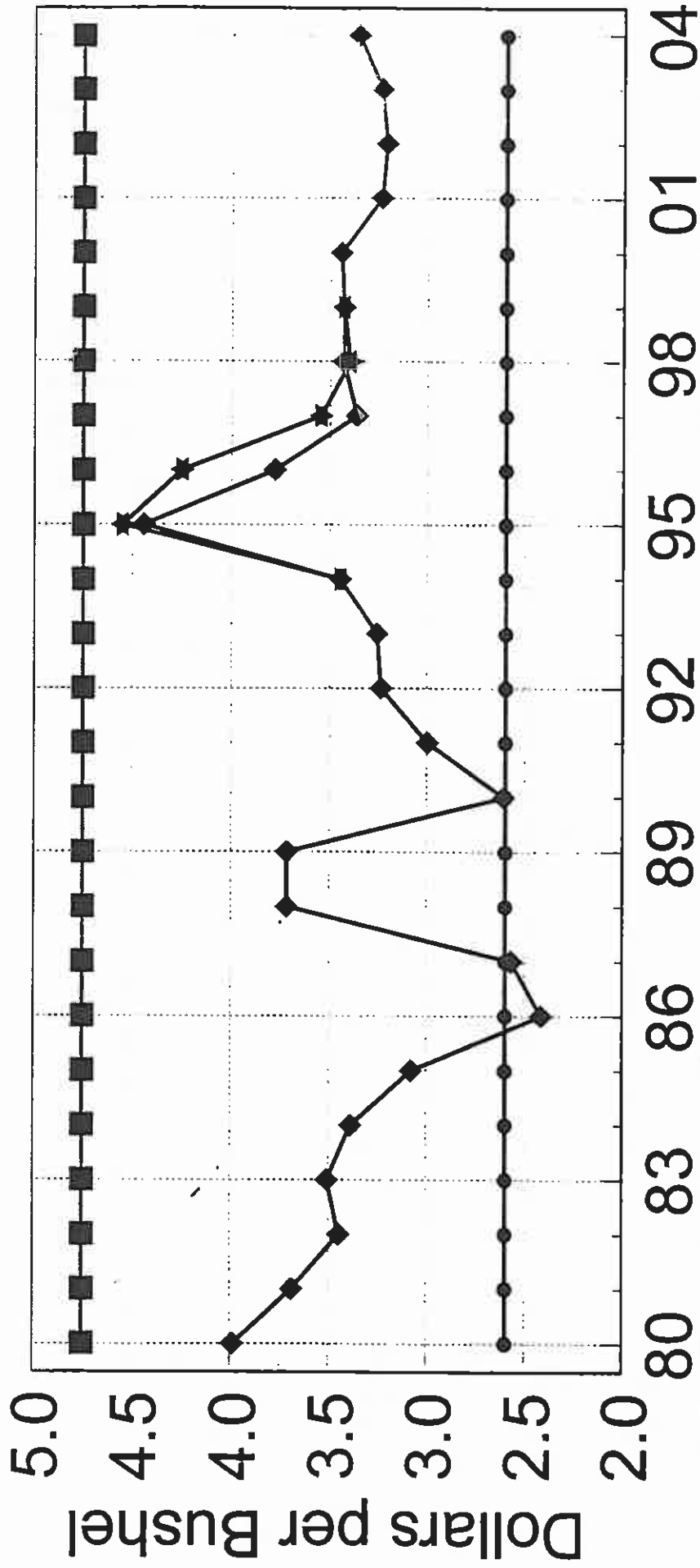
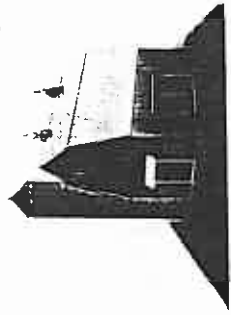
U.S. Soybean Prices



Upside Farm Downside July '96 Update



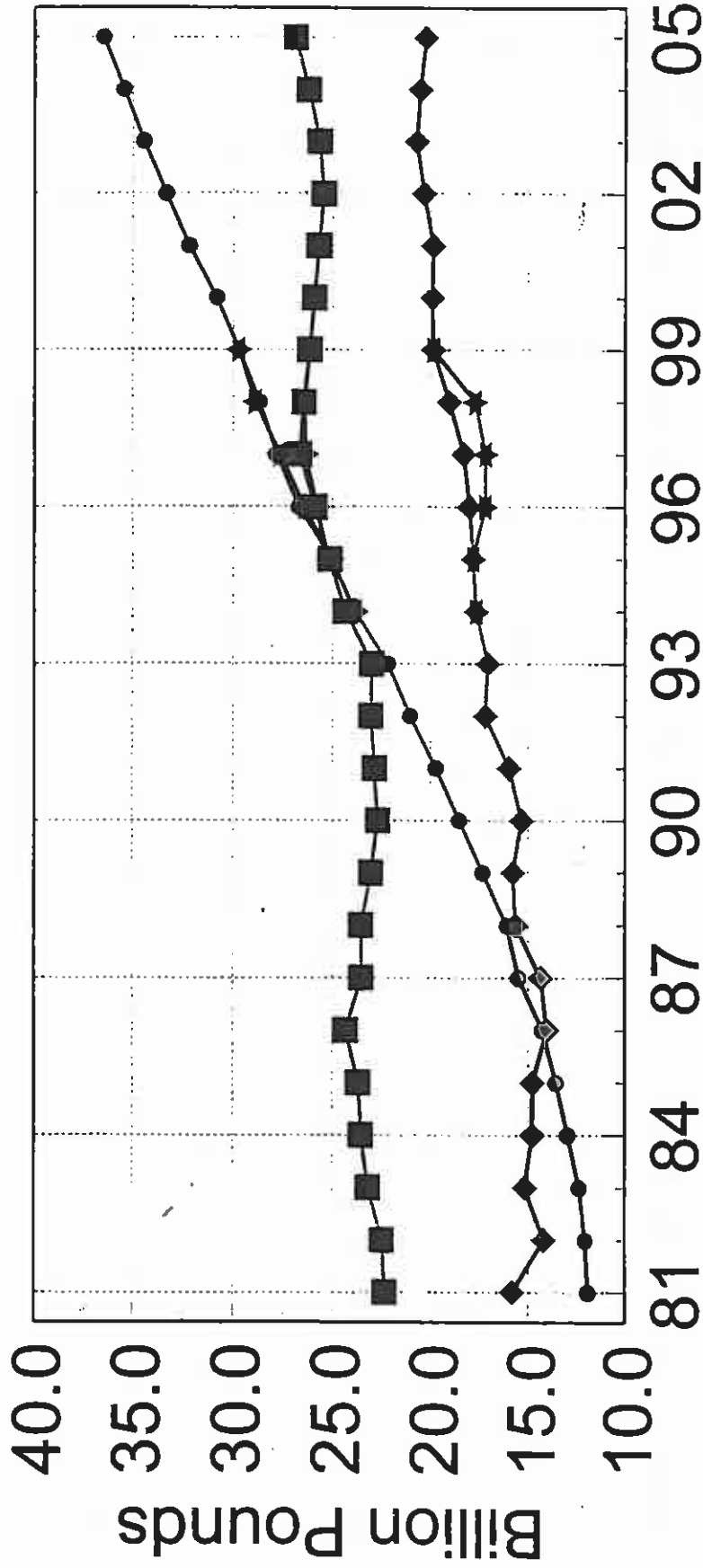
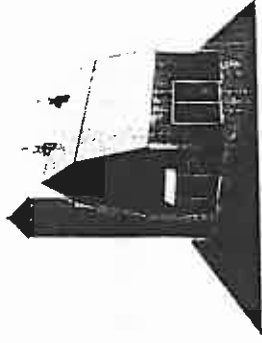
U.S. Wheat Prices



Upside Farm Downside July '96 Update



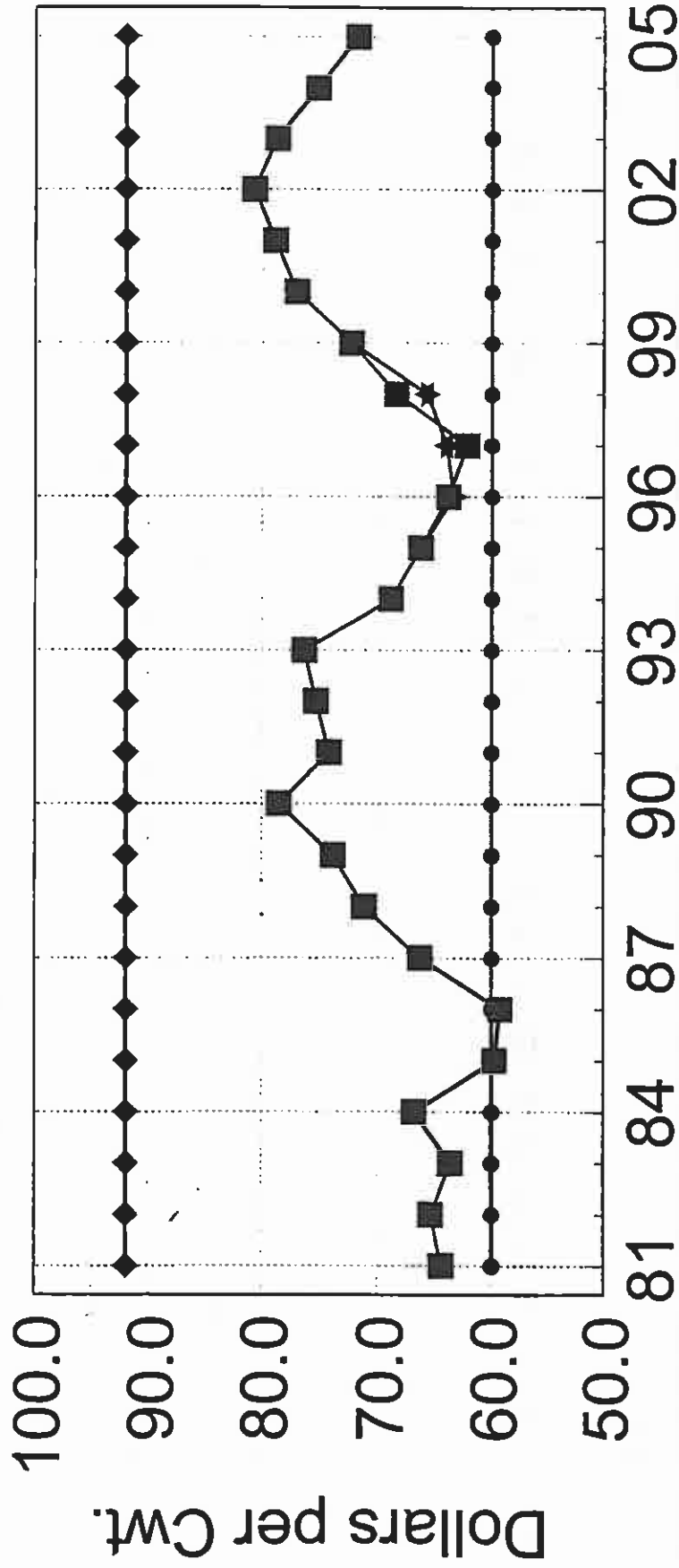
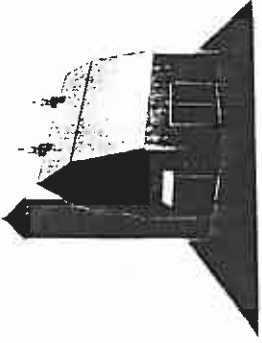
Livestock Production



Beef Pork Broiler July '96 Update



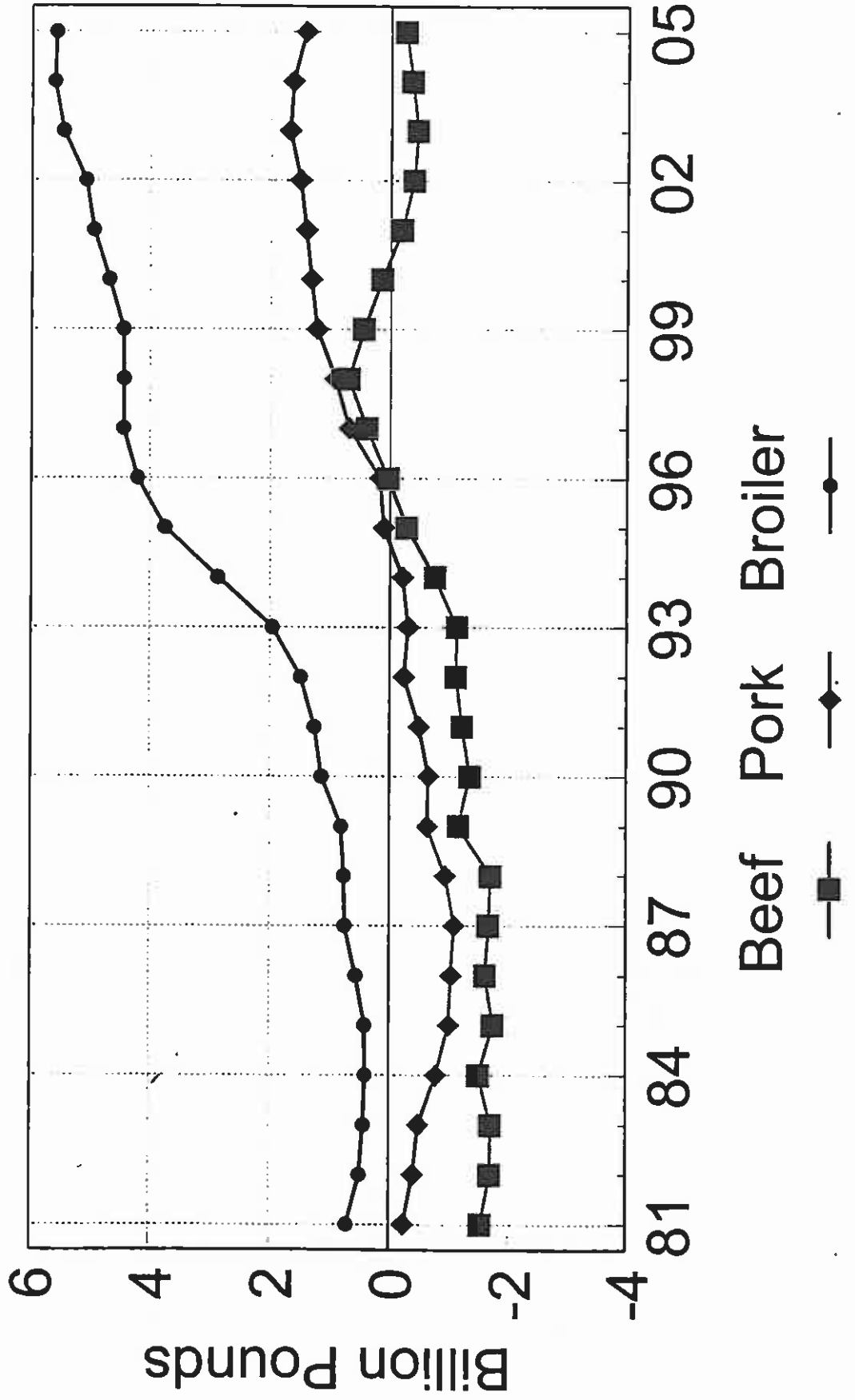
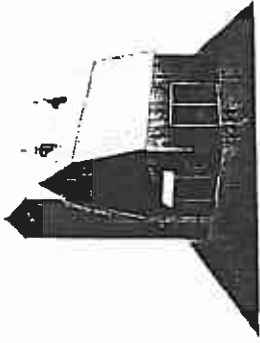
U.S. Beef Prices



Neb Direct Upside Downside July '96 Update



U.S. Livestock Net Exports



U.S. Corn Supply and Utilization

	94/95	95/96	96/97	97/98	98/99
Program					
			(Percent)		
ARP Rate	0.0%	7.5%	NA	NA	NA
NFA Rate	15.0%	15.0%	NA	NA	NA
Participation Rate	81.6%	76.0%	NA	NA	NA
Area					
			(Million Acres)		
Base Area	81.5	81.8	NA	NA	NA
Contract Area	NA	NA	73.7	73.9	74.6
ARP/PLD/0-92,85	2.4	7.5	NA	NA	NA
CRP Idled	4.3	4.3	4.1	3.8	3.1
Net Flexed Area	-4.3	-3.5	NA	NA	NA
Payment Planted	51.8	43.0	NA	NA	NA
Planted Area	79.2	71.2	79.5	82.2	78.1
Harvested Area	72.9	65.0	73.6	76.3	72.6
Yield					
			(Bushels per Acre)		
Actual	138.6	113.5	120.0	126.9	129.2
Program	105.5	106.2	106.2	106.2	106.2
Supply					
			(Million Bushels)		
Beginning Stocks	10,963	8,947	9,164	10,214	10,397
Production	850	1,558	322	524	1,005
Imports	10,103	7,374	8,832	9,679	9,381
	10	15	10	10	10
Domestic Use					
Feed, Residual	7,227	6,325	6,550	7,078	7,087
Fuel Alcohol	5,534	4,750	4,927	5,279	5,224
HFCS	533	395	455	551	582
Seed	462	485	483	535	553
Food, Other	19	20	21	20	21
	680	675	664	693	708
Exports	2,177	2,300	2,089	2,130	2,174
Total Use	9,404	8,625	8,640	9,208	9,261
Ending Stocks					
FOR, Special Program	1,558	322	524	1,005	1,135
CCC Inventory	78	0	0	0	0
9-Month Loan	42	38	42	42	42
"Free" Stocks	348	30	71	182	199
	1,090	254	412	782	895
Prices and Returns					
			(Dollars)		
Farm Price/bu.	2.26	3.15	3.21	2.43	2.33
Loan Rate/bu.	1.89	1.89	1.89	1.89	1.89
Target Price/bu.	2.75	2.75	NA	NA	NA
Contract Payment/bu.	NA	NA	0.27	0.51	0.40
FOB Gulf Price/mt	102.57	140.69	143.47	109.68	105.41
Variable Expenses/a.	151.34	155.27	156.12	155.13	156.39
Partic. Returns/a.	205.86	186.97	253.61	198.60	179.95
Nonpartic. Returns/a.	161.92	202.11	229.65	152.68	144.09

U.S. Barley Supply and Utilization

	94/95	95/96	96/97	97/98	98/99
Program					
			(Percent)		
ARP Rate	0.0%	0.0%	NA	NA	NA
NFA Rate	15.0%	15.0%	NA	NA	NA
Participation Rate	83.9%	82.0%	NA	NA	NA
Area					
			(Million Acres)		
Base Area	10.7	10.7	NA	NA	NA
Contract Area	NA	NA	9.6	9.8	10.3
ARP/PLD/0-92,85	2.7	2.4	NA	NA	NA
CRP Idled	2.8	2.8	2.8	2.6	2.2
Net Flexed Area	-0.6	-0.6	NA	NA	NA
Payment Planted	4.4	4.0	NA	NA	NA
Planted Area	7.2	6.7	7.1	7.8	7.8
Harvested Area	6.7	6.3	6.8	7.1	7.2
Yield					
			(Bushels per Acre)		
Actual	56.2	57.2	58.2	58.4	58.6
Program	47.1	47.0	47.0	47.0	47.0
Supply					
			(Million Bushels)		
Beginning Stocks	580	512	540	578	597
Production	139	113	101	106	119
Imports	375	359	394	418	423
	66	40	45	55	55
Domestic Use					
Feed, Residual	401	349	393	396	401
Food, Seed, Ind.	226	174	219	222	228
	175	175	174	174	173
Exports					
	66	62	41	64	64
Total Use					
	467	411	434	459	465
Ending Stocks					
FOR, Special Program	113	101	106	119	132
CCC Inventory	5	0	0	0	0
9-Month Loan	5	5	5	5	5
"Free" Stocks	9	3	7	10	14
	94	93	94	104	113
Prices and Returns					
			(Dollars)		
Farm Price/bu.	2.03	2.89	2.87	2.52	2.18
Loan Rate/bu.	1.54	1.54	1.54	1.54	1.54
Target Price/bu.	2.36	2.36	NA	NA	NA
Contract Payment/bu.	NA	NA	0.34	0.28	0.29
FOB Pacific NW/mt	117.45	158.67	157.47	141.00	124.83
Variable Expenses/a.	69.33	71.05	70.97	70.50	70.98
Partic. Returns/a.	62.26	98.55	113.81	92.04	72.54
Nonpartic. Returns/a.	49.07	98.55	99.95	80.79	60.93

U.S. Soybean Supply and Utilization

	94/95	95/96	96/97	97/98	98/99
Area					
		(Million Acres)			
CRP Idled	4.2	4.2	4.0	3.8	3.1
Net Flexed Area	6.0	4.9	NA	NA	NA
Planted Area	61.7	62.6	64.5	63.9	66.5
Harvested Area	60.9	61.6	63.7	63.1	65.6
Yield					
		(Bushels per Acre)			
Yield	41.4	34.9	34.5	37.6	37.9
Supply					
		(Million Bushels)			
Beginning Stocks	2,731	2,492	2,383	2,496	2,695
Production	209	335	180	121	204
Imports	2,517	2,152	2,198	2,370	2,487
	5	5	5	5	5
Domestic Use					
Crush	1,558	1,477	1,467	1,494	1,567
Seed, Residual	1,405	1,360	1,351	1,380	1,459
	153	117	116	114	107
Exports	838	835	794	799	802
Total Use	2,396	2,312	2,262	2,293	2,369
Ending Stocks	335	180	121	204	327
CCC Inventory	0	0	0	0	0
9-Month Loan	52	8	6	20	50
"Free" Stocks	283	172	115	183	277
Prices and Returns					
		(Dollars)			
Farm Price/bu.	5.48	6.80	7.31	6.57	5.66
Loan Rate/bu.	4.92	4.92	4.97	5.26	5.26
FOB Gulf Price/mt	218.42	268.37	287.68	259.65	225.13
Bean/Corn Ratio	2.42	2.16	2.27	2.71	2.43
Variable Expenses/a.	79.54	80.96	81.34	81.77	82.37
Net Returns/a.	147.08	156.48	170.91	165.13	132.02
44% Meal Price/ton	150.00	215.00	227.44	200.68	184.16
Oil Price/cwt	27.58	25.00	24.31	23.12	20.76
Crushing Margin/bu.	1.14	1.11	0.82	0.81	1.07

U.S. Upland Cotton Supply and Utilization

	94/95	95/96	96/97	97/98	98/99
Program					
			(Percent)		
ARP Rate	11.0%	0.0%	NA	NA	NA
NFA Rate	15.0%	15.0%	NA	NA	NA
Participation Rate	89.2%	79.1%	NA	NA	NA
Area					
			(Million Acres)		
Base Area	15.32	15.48	NA	NA	NA
Contract Area	NA	NA	15.95	16.08	16.28
ARP/PLD/50-92,85	1.72	0.21	NA	NA	NA
CRP Idled	1.43	1.43	1.43	1.30	1.10
Net Flexed Area	0.18	0.10	NA	NA	NA
Payment Planted	9.66	9.85	NA	NA	NA
Planted Area	13.55	16.72	14.10	13.88	13.97
Harvested Area	13.16	15.80	13.47	13.10	13.17
Yield					
			(Pounds per Acre)		
Actual	705	533	630	659	658
Program	606	600	600	600	600
Supply					
			(Million Bales)		
Beginning Stocks	22.65	20.42	20.65	21.76	22.30
Production	3.30	2.59	2.57	3.57	4.04
Imports	19.32	17.53	17.68	17.99	18.06
	0.02	0.30	0.40	0.20	0.20
Domestic Use					
Mill Use	11.10	10.40	10.98	11.35	11.50
Exports	8.98	7.50	6.15	6.42	6.67
Total Use	20.08	17.90	17.13	17.77	18.17
Unaccounted	0.01	0.05	0.05	0.05	0.05
Ending Stocks	2.59	2.57	3.57	4.04	4.17
CCC Inventory	0.00	0.00	0.00	0.00	0.00
"Free" Stocks	2.59	2.57	3.57	4.04	4.17
Prices and Returns					
			(Dollars)		
Season Avg. Price/lb.	0.727	0.764	0.708	0.649	0.642
Calendar Avg. Price/lb.	0.676	0.768	0.727	0.669	0.643
Loan Rate/lb.	0.500	0.519	0.519	0.519	0.519
Target Price/lb.	0.729	0.729	NA	NA	NA
Contract Payment/lb.	NA	NA	0.093	0.076	0.081
Cotlook A Index/mt	1,949	2,098	1,917	1,750	1,731
Adjusted World Price/lb.	0.678	0.737	0.665	0.599	0.591
Variable Expenses/a.	293.00	284.23	293.31	295.21	299.55
Partic. Returns/a.	248.62	170.49	265.93	232.80	219.64
Nonpartic. Returns/a.	277.88	170.49	218.55	193.82	178.17

U.S. Beef Supply and Utilization

	1994	1995	1996	1997	1998
		(Million Head)			
Cattle and Calves (Jan. 1)	101.0	102.8	103.8	103.2	102.2
Beef Cows (Jan. 1)	34.7	35.2	35.3	34.8	34.4
Total Cattle Slaughter	34.4	35.3	36.6	37.4	37.3
Supply		(Million Head)			
Beginning Stocks	529	548	519	476	488
Imports	2,369	2,103	2,058	2,025	2,075
Production	24,386	25,222	25,813	26,387	26,435
Total	27,284	27,873	28,390	28,888	28,998
Disappearance					
Domestic Use	25,125	25,533	25,792	26,150	26,074
Exports	1,611	1,821	2,122	2,250	2,435
Total	26,736	27,354	27,914	28,400	28,509
Ending Stocks	548	519	476	488	489
Per Capita Consumption					
Carcass Weight	96.4	97.1	96.8	97.2	96.0
Retail Weight	67.0	67.5	67.3	67.5	66.7
Change	2.9%	0.7%	-0.3%	0.4%	-1.2%
Prices					
1100 - 1300 #,		(Dollars Per Hundredweight)			
Nebraska Direct Steers	68.83	66.24	63.37	63.98	65.67
Change	-9.9%	-3.8%	-4.3%	1.0%	2.6%
600 - 700 #, Oklahoma					
City Feeder Steers	83.48	70.44	62.00	64.87	68.92
Change	-9.0%	-15.6%	-12.0%	4.6%	6.2%
Utility Cows, Sioux Falls	42.47	35.54	33.71	35.46	35.26
Change	-10.6%	-16.3%	-5.2%	5.2%	-0.6%
		(Dollars per Pound)			
Beef Retail	2.83	2.84	2.78	2.81	2.83
Change	-3.6%	0.5%	-2.1%	0.8%	1.0%
Net Returns					
		(Dollars Per Cow)			
Cow - Calf	-23.07	-87.04	-133.15	-116.07	-93.92
		(Dollars Per Hundredweight)			
Feedlot	-5.04	-1.04	-0.63	-0.24	1.45

U.S. Broiler Supply and Utilization

	1994	1995	1996	1997	1998
Supply (Million Pounds)					
Beginning Stocks	358	458	560	478	481
Production	23,666	24,827	26,174	27,421	28,660
Total	24,024	25,286	26,734	27,899	29,142
Disappearance					
Domestic Use	20,690	20,831	21,972	22,863	23,906
Exports	2,876	3,894	4,285	4,555	4,751
Total	23,566	24,725	26,257	27,418	28,657
Ending Stocks	458	560	478	481	485
Per Capita Consumption (Pounds)					
Total	79.3	79.7	82.5	85.0	88.0
Total less Pet Food	69.9	69.8	71.7	73.3	75.4
Change	2.3%	-0.1%	2.8%	2.3%	2.8%
Prices (Cents per Pound)					
12 City Wholesale	55.70	56.40	58.11	59.13	59.56
Change	0.9%	1.3%	3.0%	1.8%	0.7%
Broiler Retail	90.13	90.23	91.35	92.28	91.26
Change	8.7%	0.1%	1.2%	1.0%	-1.1%
Net Returns	6.41	6.93	4.39	5.52	8.47

U.S. Turkey Supply and Utilization

	1994	1995	1996	1997	1998
Supply (Million Pounds)					
Beginning Stocks	249	254	271	315	306
Production	4,937	5,072	5,366	5,451	5,614
Total	5,186	5,326	5,637	5,766	5,920
Disappearance					
Domestic Use	4,652	4,707	4,955	5,071	5,209
Exports	280	349	367	389	405
Total	4,932	5,056	5,322	5,460	5,613
Ending Stocks	254	271	315	306	307
Per Capita Consumption (Pounds)					
Total	17.8	17.9	18.6	18.8	19.2
Change	0.0%	0.6%	3.9%	1.3%	1.7%
Prices (Cents per Pound)					
East. Region, Wholesale	65.70	66.40	67.25	68.92	69.12
Change	-2.7%	1.1%	1.3%	2.5%	0.3%
Turkey Retail	100.03	101.82	104.30	107.43	108.23
Change	-0.1%	1.8%	2.4%	3.0%	0.7%
Net Returns	2.52	3.15	3.93	5.53	5.67