



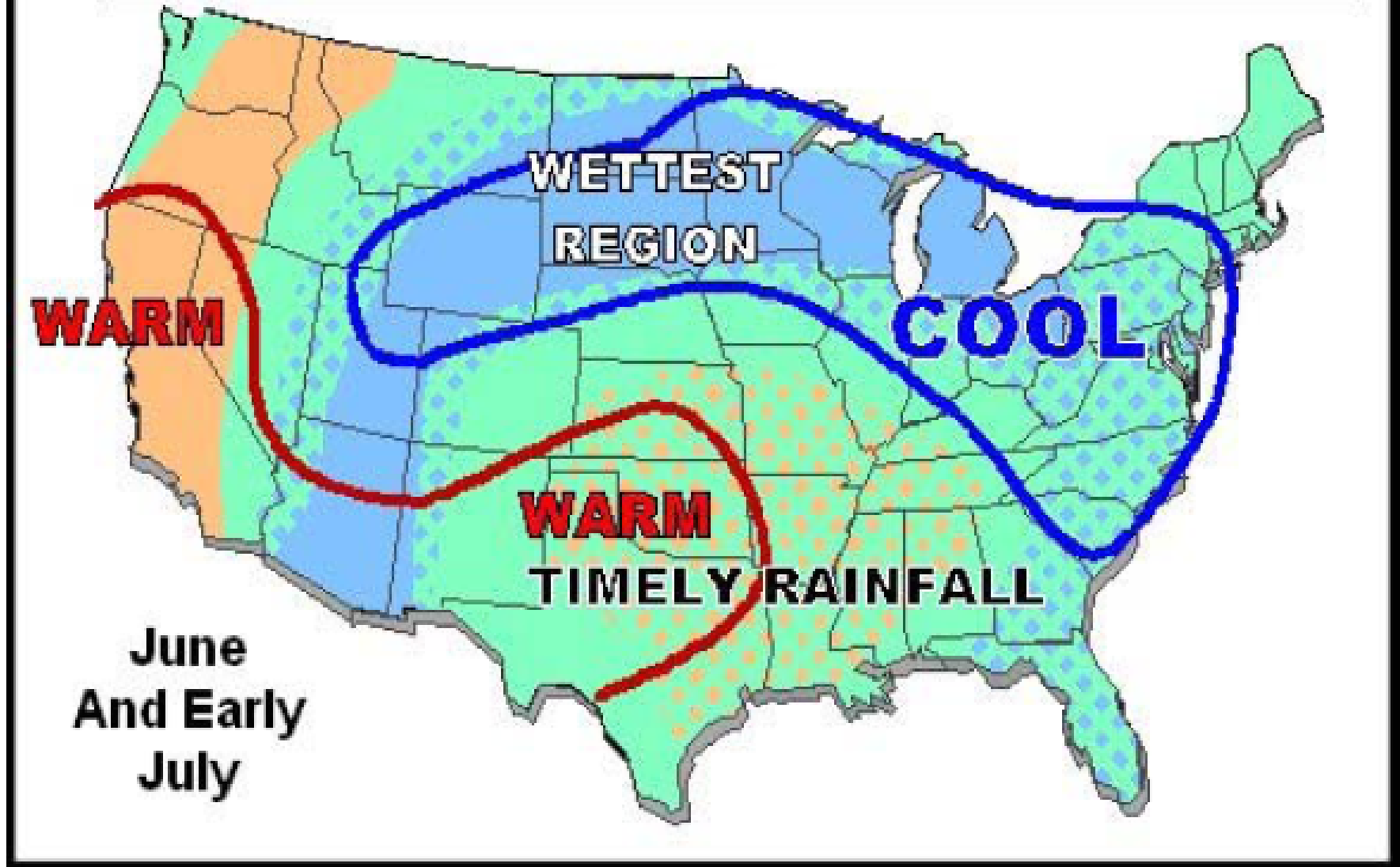
Oilseeds: Situation and Outlook

Mario Balleto
Citi Global Markets

National Cottonseed Products Association

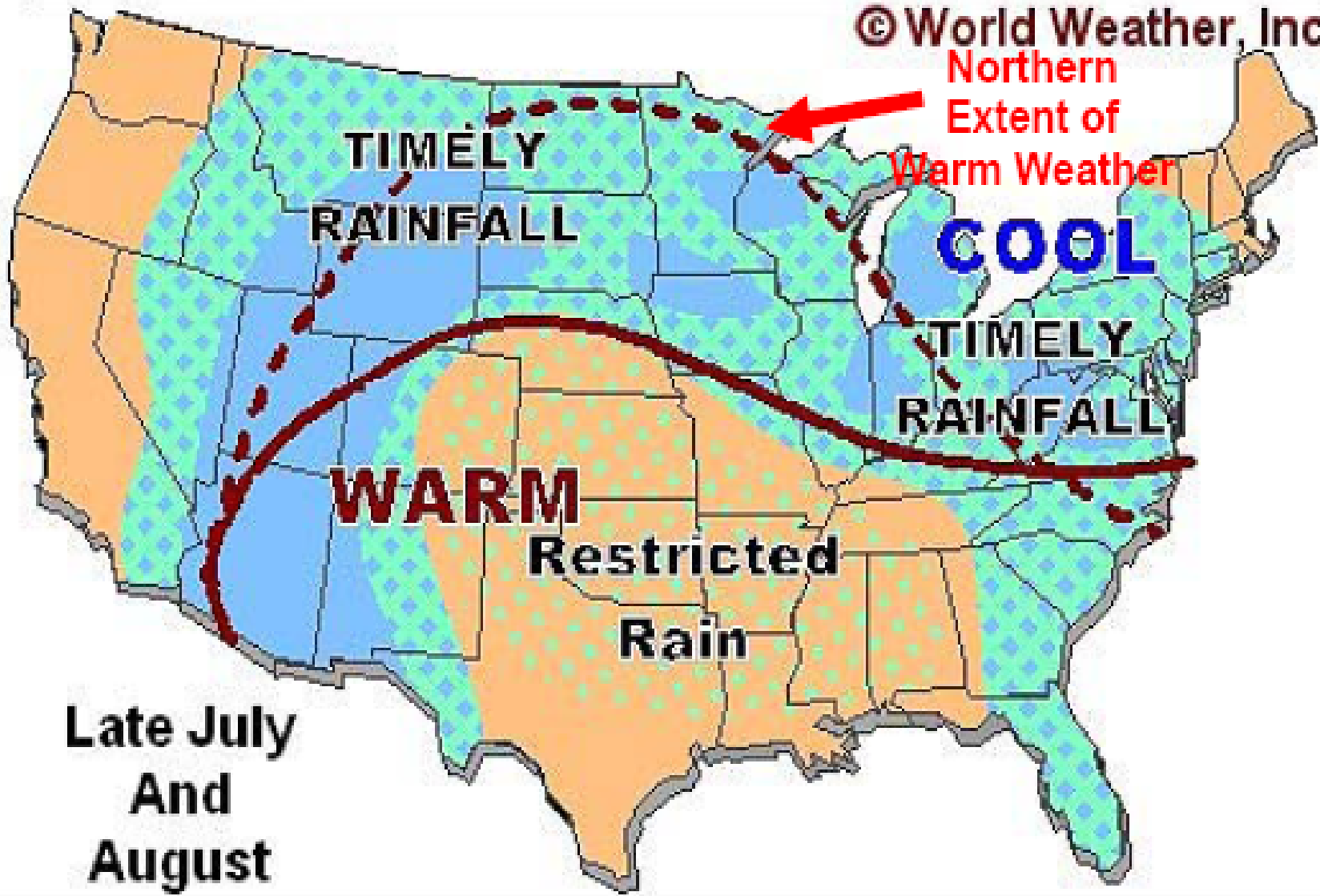


EARLY SUMMER 2010 WEATHER TENDENCIES



LATE SUMMER 2010 WEATHER TENDENCIES

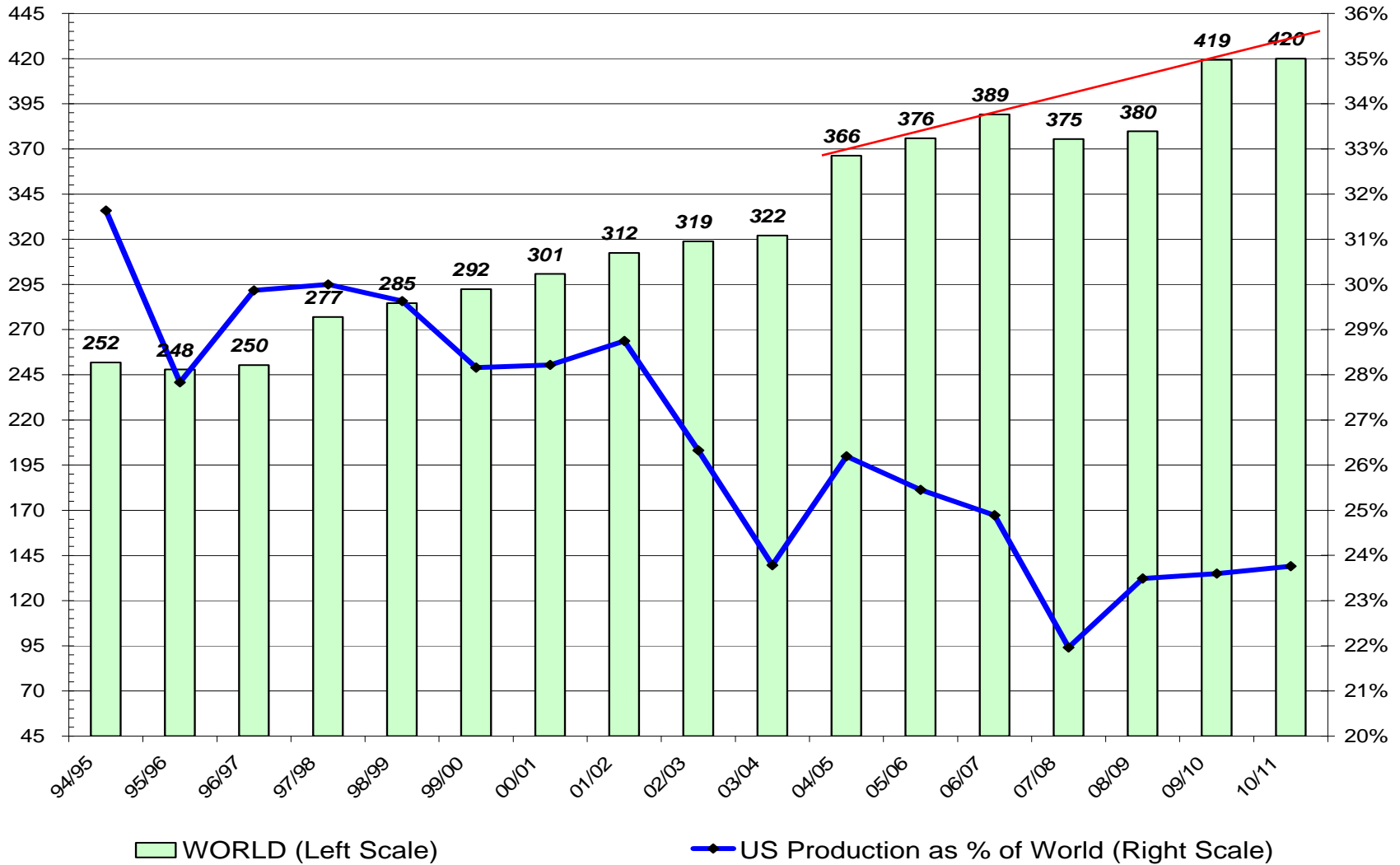
© World Weather, Inc.



Late July
And
August

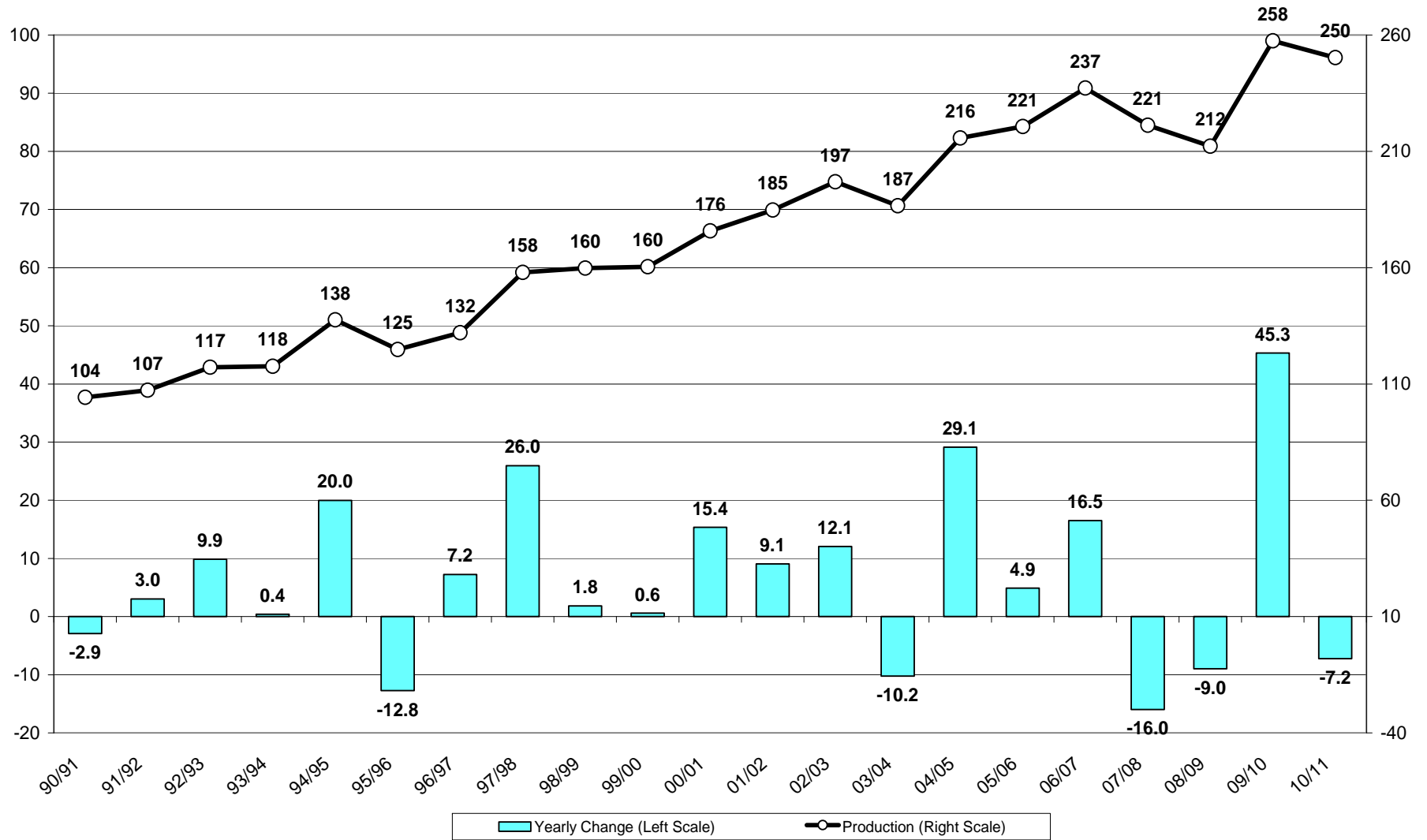
World production is flat, up 775KMT following massive increase of 39.7 MMT in 2009-10

WORLD OILSEED PRODUCTION, Million Tonnes



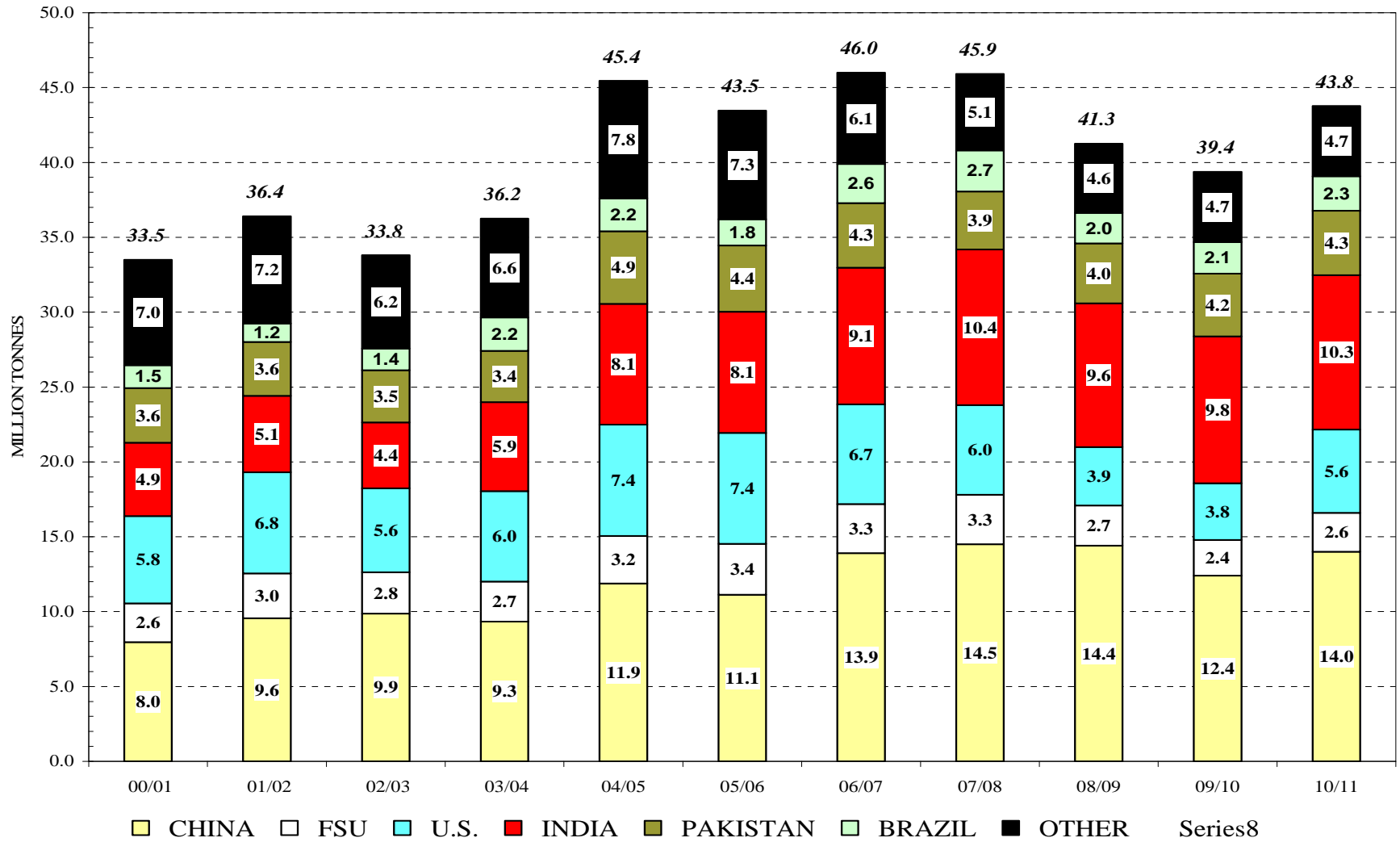
Soybean production declines 7.2 MMT from previous record high in 09/10

World Soybean Production, Million Tonnes



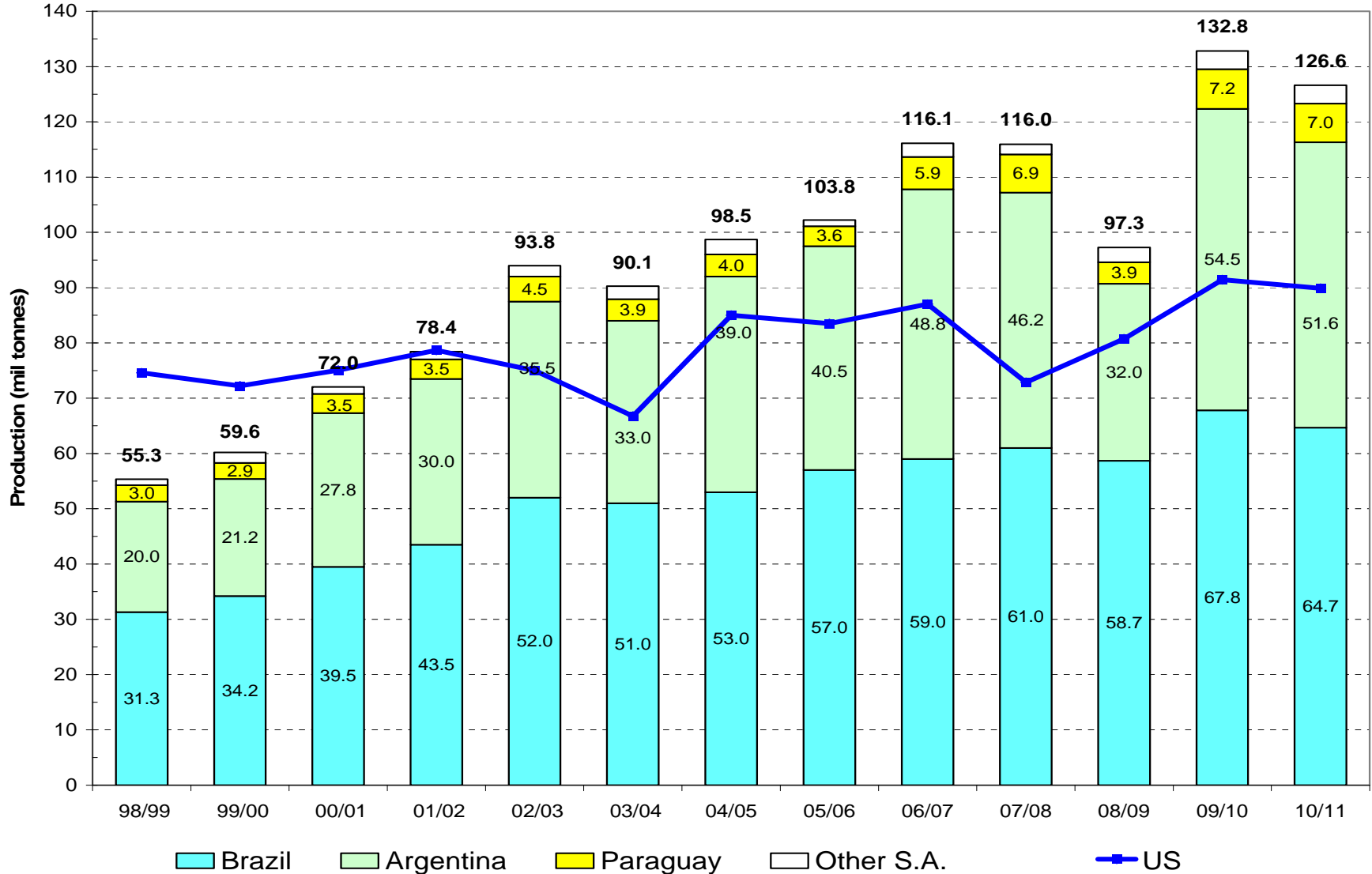
Production +4.4MMT, up 11%

WORLD COTTONSEED PRODUCTION

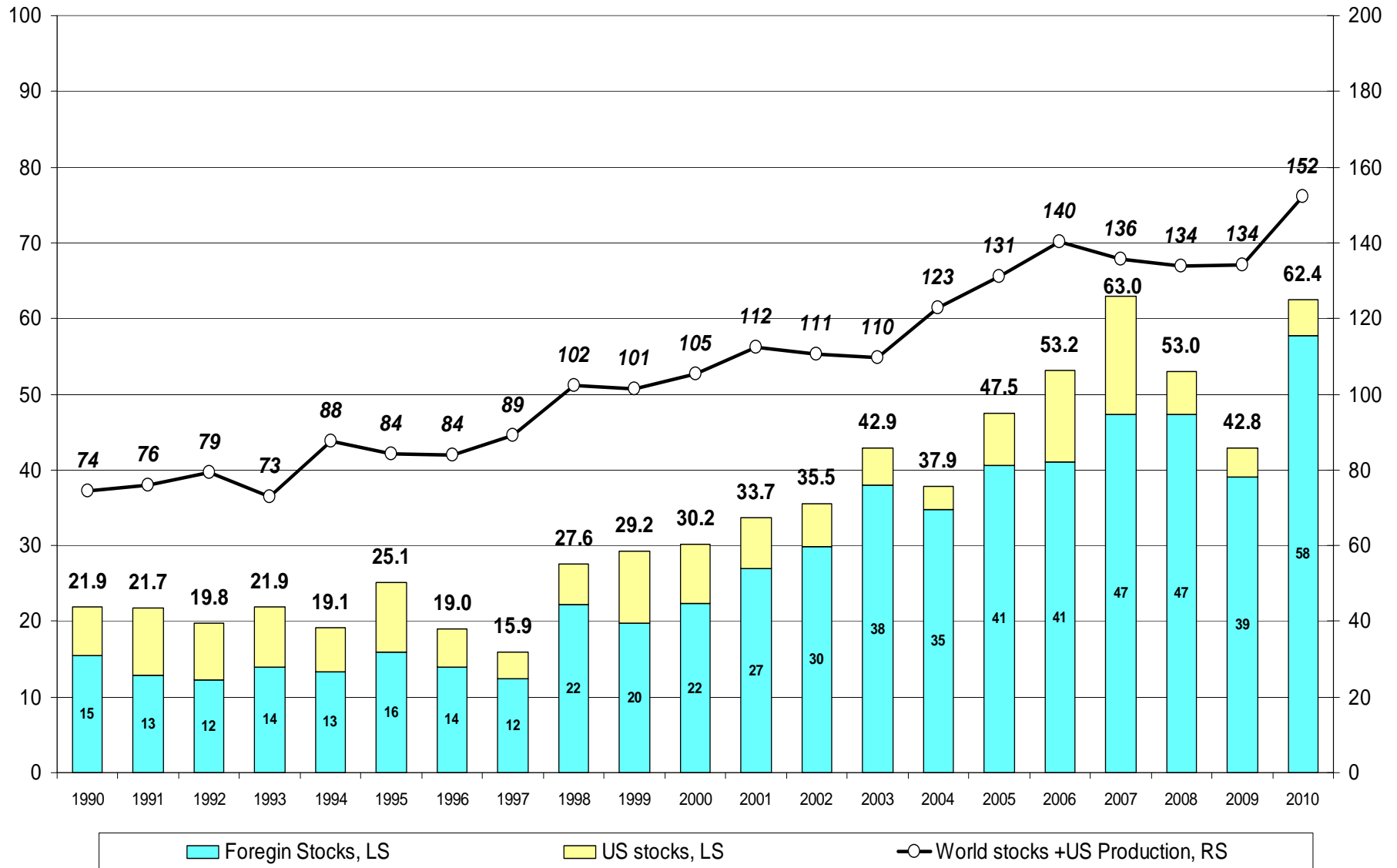


Production to decline 6.2MMT from 09/10 record high

SOUTH AMERICAN SOYBEAN PRODUCTION



World First Half Year Soybean Supply and Stocks (Million Tonnes)



USDA may be understating potential acreage by 1-2 million acres, mostly corn & cotton
Soybeans could decline 100K acres

U.S. ACREAGE OF 15 MAJOR CROPS

(000 ACRES)

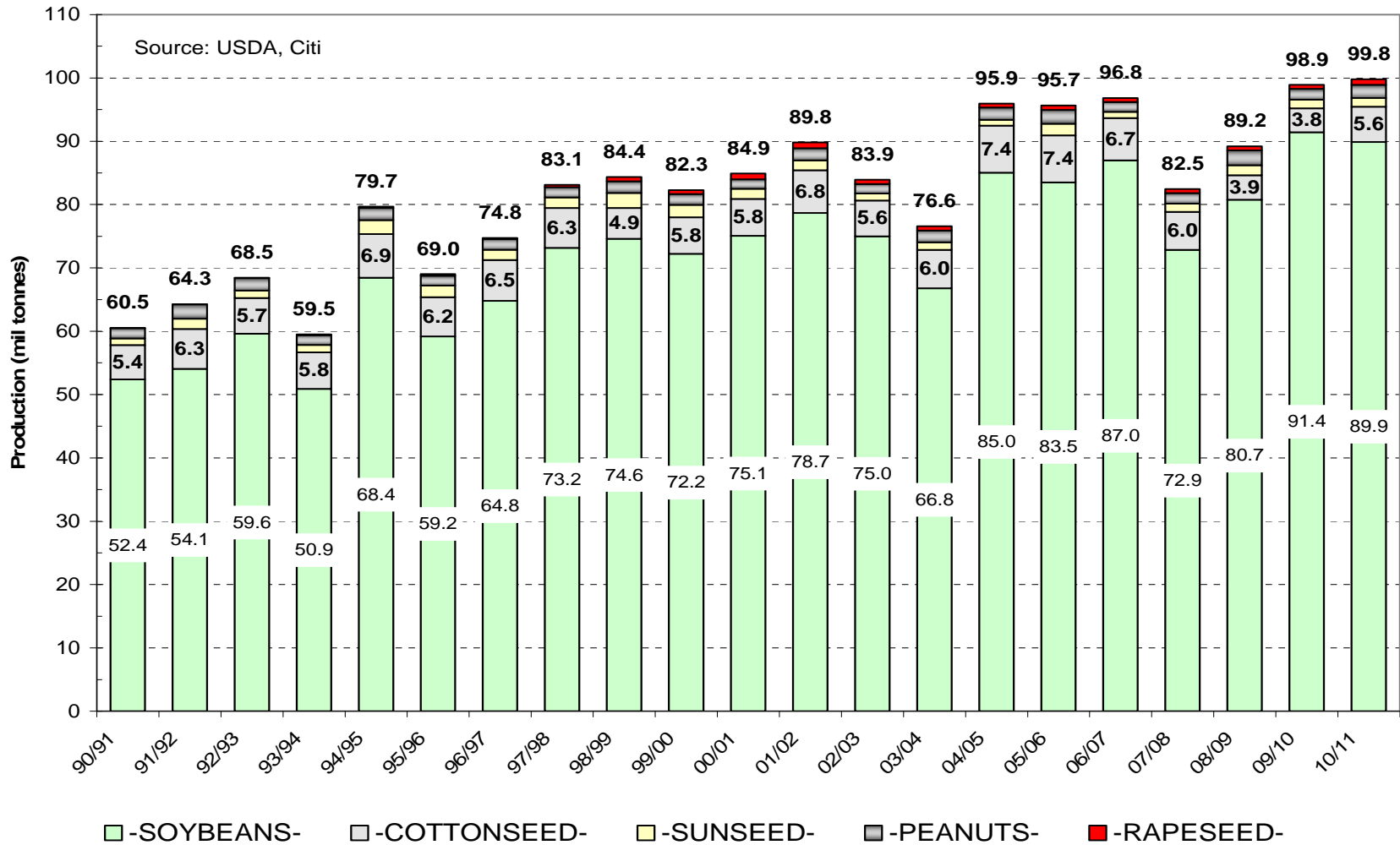
--PLANTED UNLESS OTHERWISE INDICATED--

	2005	2006	2007	2008	2009	USDA 2010
CORN	81779	78327	93527	85982	86482	88798
SORGHUM	6454	6522	7712	8284	6633	6360
OATS	4246	4166	3763	3247	3404	3364
BARLEY	3875	3452	4018	4246	3567	3273
WINTER WHEAT	40418	40565	45012	46307	43311	37698
DURUM	2760	1870	2156	2721	2554	2223
OTHER SPRING	14036	14899	13292	14165	13268	13906
RICE	3384	2838	2761	2995	3135	3411
SOYBEANS	72032	75522	64741	75718	77451	78098
PEANUTS	1657	1243	1230	1534	1116	1201
SUNFLOWER	2709	1950	2070	2517	2030	2181
COTTON	14245	15274	10827	9471	9149	10505
HAY HARVESTED	61637	60632	61006	60152	59775	60460
EDIBLE BEANS	1623	1623	1527	1495	1538	1767
TOBACCO HARVESTED	297	339	356	355	354	334
SUGARBEETS	1300	1366	1269	1091	1183	1174
CANOLA/RAPSEED	1159	1044	1176	1011	827	1228
TOTAL - MARCH	318528	313214	317892	319809	313222	315981
TOTAL - JUNE	315792	314107	316067	320170	316072	
TOTAL - JANUARY	313611	311632	316443	321290	315777	
AREA ADJUSTMENTS						
DOUBLE CROPPED SOY	2550	3718	4827	6815	4649	3650
AREA LESS DOUBLE CROP	311061	307914	311616	314475	311128	312331
CRP	34902	35984	36767	34632	33747	31400
ADJUSTED AREA TOTAL	345963	343898	348383	349107	344875	343731

Source: USDA, Citi

Record high production, minor oilseeds offset decline in soy, CS +1.8MMT

U.S. OILSEED PRODUCTION



U.S. COTTONSEED SUPPLY/DEMAND SITUATION

August-July Crop Year

	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	Citi <u>09-10</u>	Citi <u>10-11</u>
Planted (000 acres)	13480	13659	14245	15274	10827	9471	9149	11000
Harvested (000 acres)	12003	13057	13803	12732	10489	7569	7691	10230
Yield (Tons/acre)	0.56	0.63	0.59	0.58	0.63	0.57	0.54	0.60
Production (000 tons)	6665	8198	8172	7348	6589	4300	4178	6138
Beginning Stocks	347	421	592	602	489	643	514	492
Imports	2	1	0	0	3	0	0	0
	----	----	----	----	----	----	----	
Total Supply	7014	8620	8764	7950	7081	4943	4692	6630
Crush	2642	2923	3010	2680	2707	2250	1850	2560
Exports	355	379	522	616	599	191	250	400
Feed/Seed/Residual	3596	4726	4630	4165	3132	1988	2100	3069
	-----	-----	-----	-----	-----	-----	-----	
Total Usage	6593	8028	8162	7461	6438	4429	4200	6029
Ending Stocks	421	592	602	489	643	514	492	601
	54	58	57	57	48	46	50	50

US COTTONSEED MEAL (000 tons)

(October-September)

	<u>02-03</u>	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	Citi <u>09-10</u>	Citi <u>10-11</u>
Crush(oct-sep)	2565	2736	2999	2962	2657	2717	2101	1750	2570
Meal yield	43.5%	45.5%	45.4%	46.3%	46.7%	46.4%	44.5%	45.5%	46.0%
Beginning Stocks	62	34	77	52	59	62	55	29	45
Imports	0	0	0	0	0	0	0	0	0
Production (000 tons)	1115	1244	1362	1372	1241	1262	934	796	1182
Domestic Usage	1092	1132	1279	1226	1133	1149	870	680	1010
Exports	51	70	107	141	105	119	90	100	120
Ending Stocks	35	77	53	59	62	55	29	45	97

US COTTONSEED OIL (mil pounds)

(October-September)

	<u>02-03</u>	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	Citi <u>09-10</u>	Citi <u>10-11</u>
Oil Yield %	28.3	31.9	31.9	32.1	32.0	31.5	31.3	31.5	31.5
Beginning Stocks	40	36	110	76	101	99	147	121	132
Imports	22	0	2	2	2	0	0	0	0
Production (mln lbs)	725	874	957	951	849	856	658	551	810
Domestic Usage	639	690	935	860	714	623	497	440	660
Exports	110	110	57	68	138	186	192	100	150
Ending Stocks	37	110	76	101	99	147	121	132	131

SOYBEAN MEAL SUPPLY/DEMAND BALANCE

(October-September)(thousand tons)

	04/05	05/06	06/07	07/08	08/09	Citi Est. 09/10	USDA April 09/10	Citi Proj. 10/11	USDA* 10/11
BEGINNING STOCKS	211	172	314	343	294	235	235	323	300
PRODUCTION	40715	41244	43111	42282	39104	41199	40775	39787	39435
IMPORTS	147	141	156	141	88	173	140	70	165
TOTAL SUPPLY	41073	41557	43581	42766	39486	41607	41150	40180	39900
DOM. DISAP.	33559	33195	34452	33192	30743	30409	30400	31000	30800
EXPORTS MEAL	7342	8048	8786	9280	8508	10875	10450	8880	8800
TOTAL USAGE	40901	41243	43238	42472	39251	41285	40850	39880	39600
ENDING STOCKS	172	314	343	294	235	323	300	300	300
STOCKS TO USE MEAL EQUIVALENTS	15.35	26.72	32.41	12.20	9.00	10.80	11.81	21.92	21.05
OCT-SEP CRUSH (milbu)	1708	1748	1813	1782	1649	1745	1730	1677	1655
AVG. ANNUAL SBM YIELD	47.67	47.19	47.57	47.46	47.42	47.23	47.14	47.45	47.66

*- USDA Outlook Conference estimates

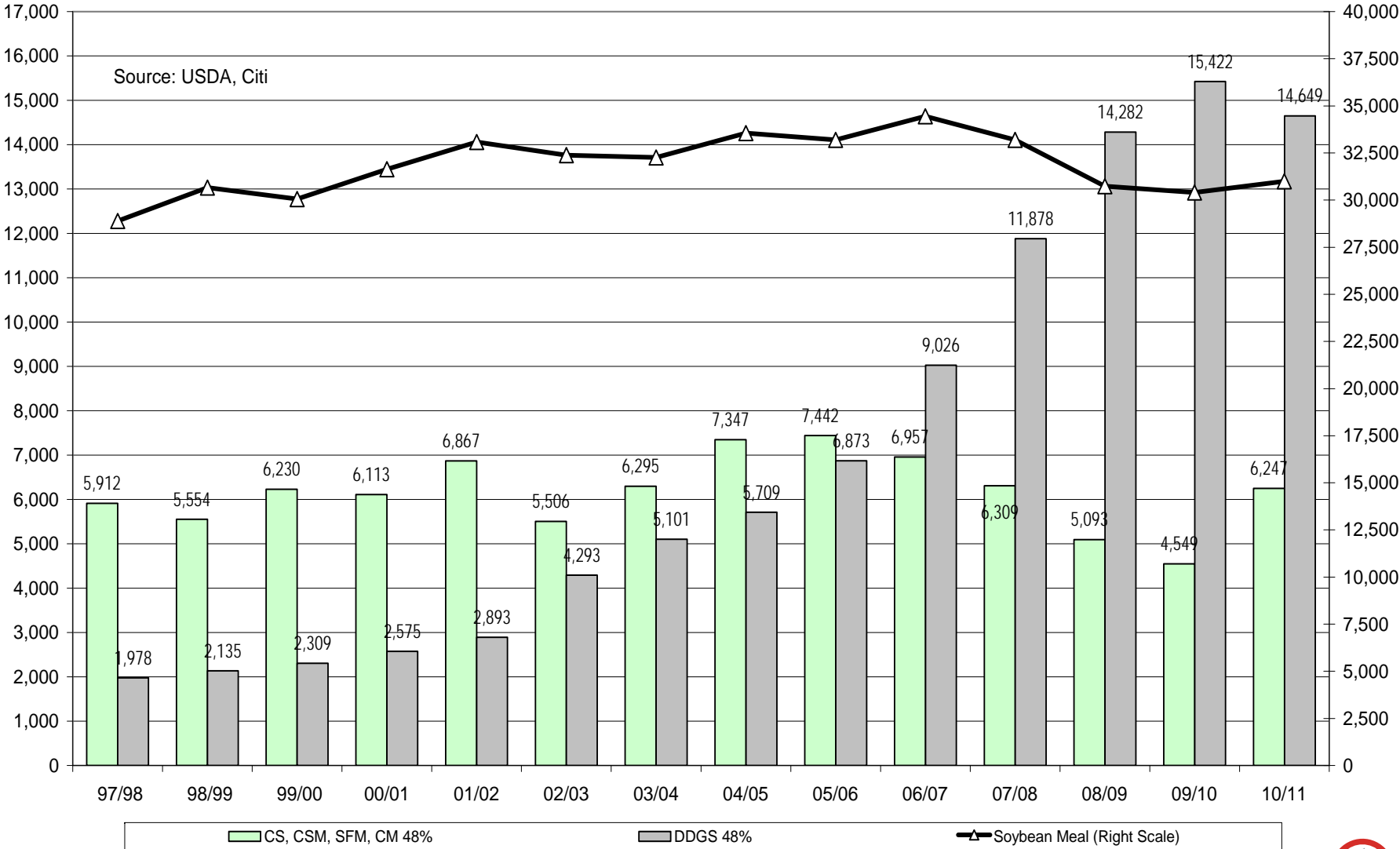
Source: USDA, Census, Citi

Exports to decline massively due to strong
expansion in S. Am. production



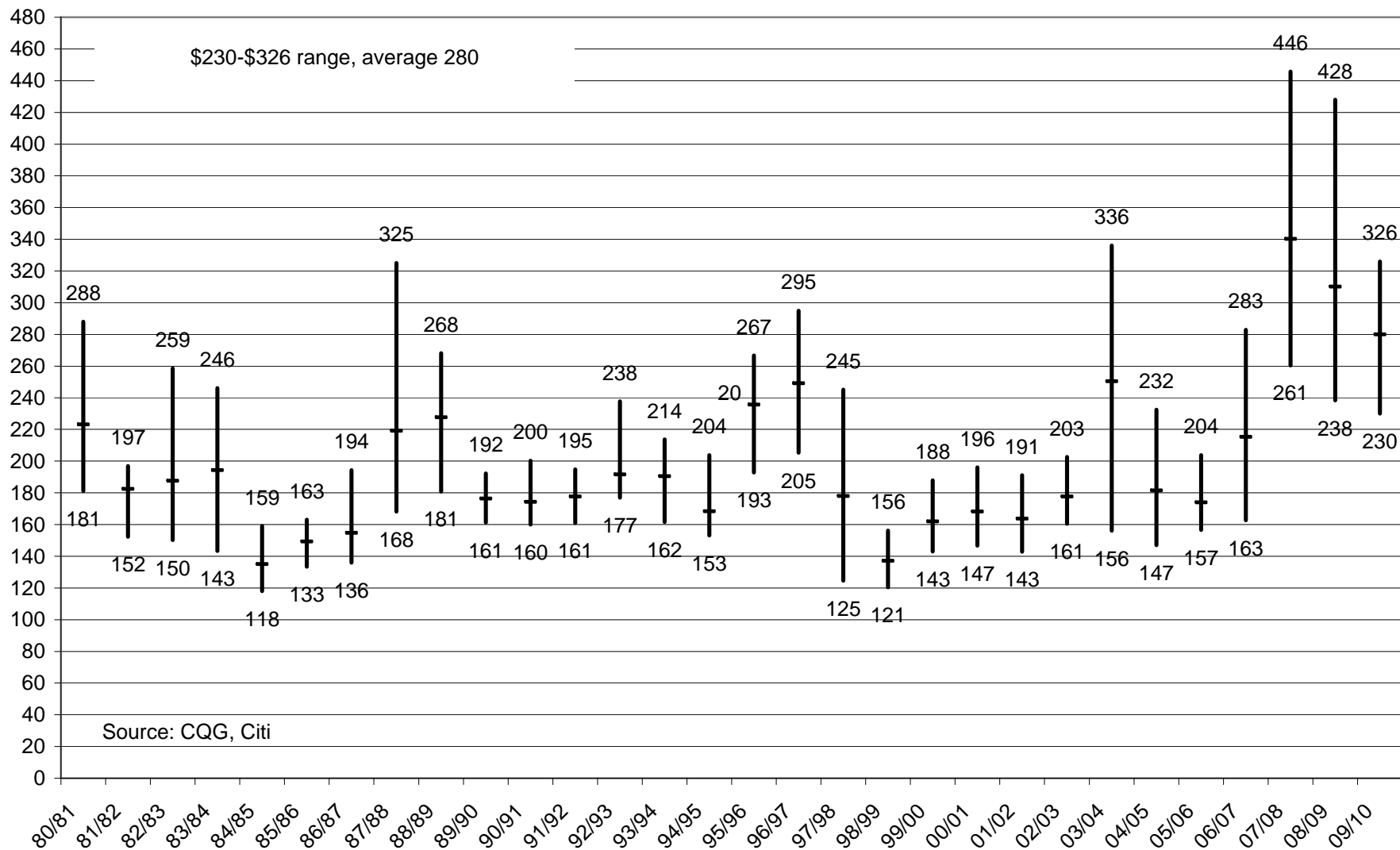
Less DDGS but Other Proteins increase 1.7 Million tons

US Protein Meals Consumption, Thousand Tons 48%



Lower prices for 2010-11 are expected

Soybean Meal Nearby Futures, Annual Hi, Low, Average, \$/ton



U.S. SOYBEAN SUPPLY/USAGE BALANCE

(September-August)(million bushels)

	04/05	05/06	06/07	07/08	08/09	Citi Est. 09/10	USDA Apr 09/10	Citi Proj 10/11	USDA* 10/11
ACRES PLANTED	75208	72032	75522	64741	75718	77451	77451	77998	78098
% HARVESTED	0.983	0.989	0.988	0.991	0.986	0.986	0.986	0.987	0.987
ACRES HARVESTED	73958	71251	74602	64146	74681	76372	76372	76984	77083
AVERAGE YIELD	42.2	43.1	42.9	41.7	39.7	44.0	44.0	42.9	42.9
CARRY-IN	112	256	449	574	205	138	138	173	170
PRODUCTION	3124	3068	3197	2677	2967	3359	3359	3303	3307
IMPORTS	6	4	9	10	13	18	15	15	8
TOTAL SUPPLY	3242	3328	3655	3261	3185	3515	3512	3491	3485
CRUSH	1696	1739	1808	1803	1662	1738	1730	1677	1655
EXPORTS	1103	940	1116	1159	1283	1483	1445	1300	1325
SEED	88	92	80	89	90	91	91	90	86
FEED/RESIDUAL	99	108	78	5	12	30	57	70	82
TOTAL USAGE	2986	2879	3082	3055	3047	3342	3323	3137	3148
STOCKS	256	449	574	205	138	173	190	354	337
STOCKS-TO-USE %	8.6	15.6	18.6	6.7	4.5	5.2	5.7	11.3	10.7

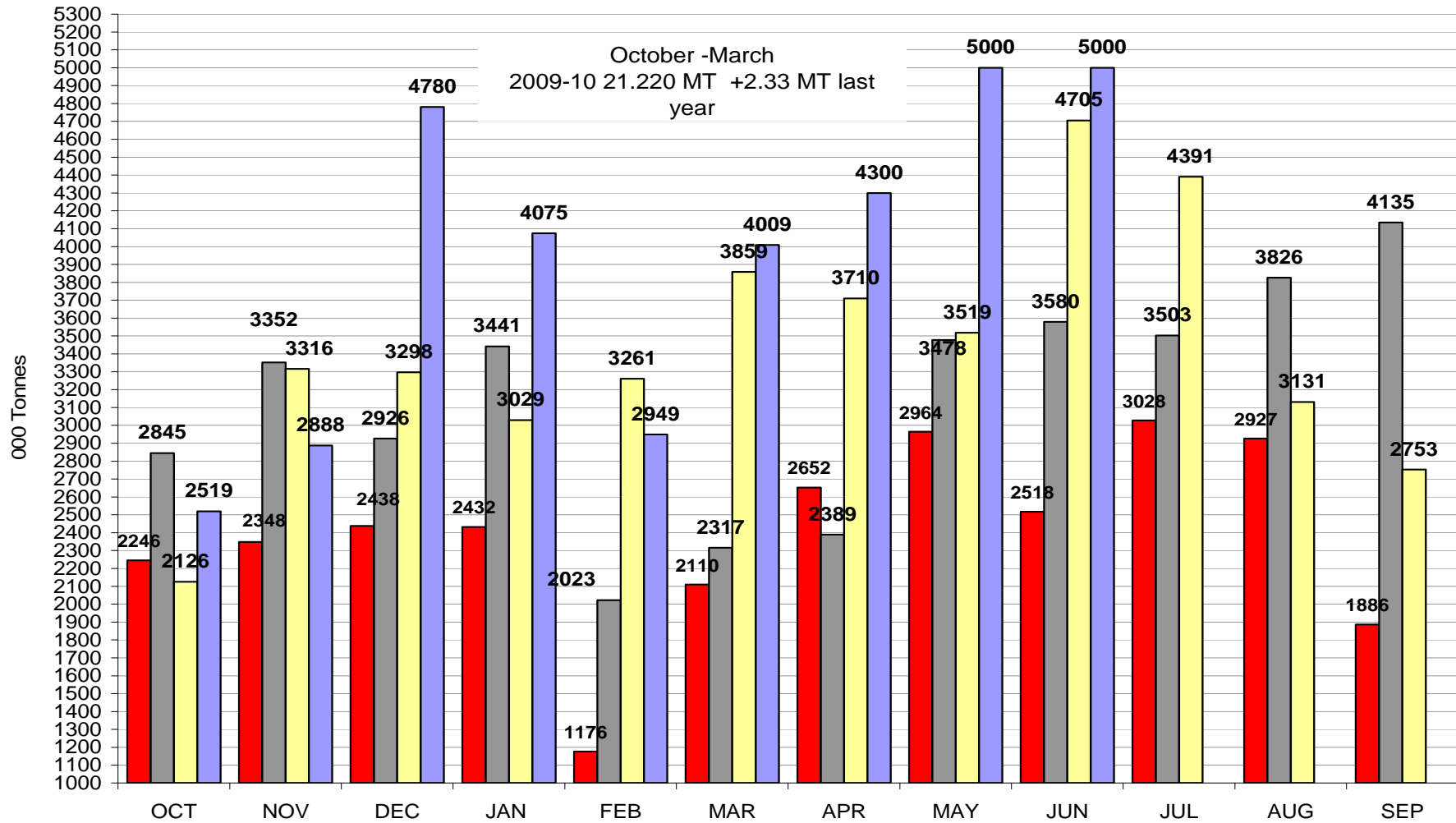
* - Citi estimate for carry-in stocks, USDA March Prospective Plantings and USDA Outlook Conference estimate for imports and usage

Source: USDA, Citi Futures Perspective

More world export demand shifts to S. Am.

Estimates for April 4.26, May-June 4.7-5.5 each, Oct-Sep 45.5 MMT, +4.4 MMT
 Soybean production expected to decline

China Soybean Imports

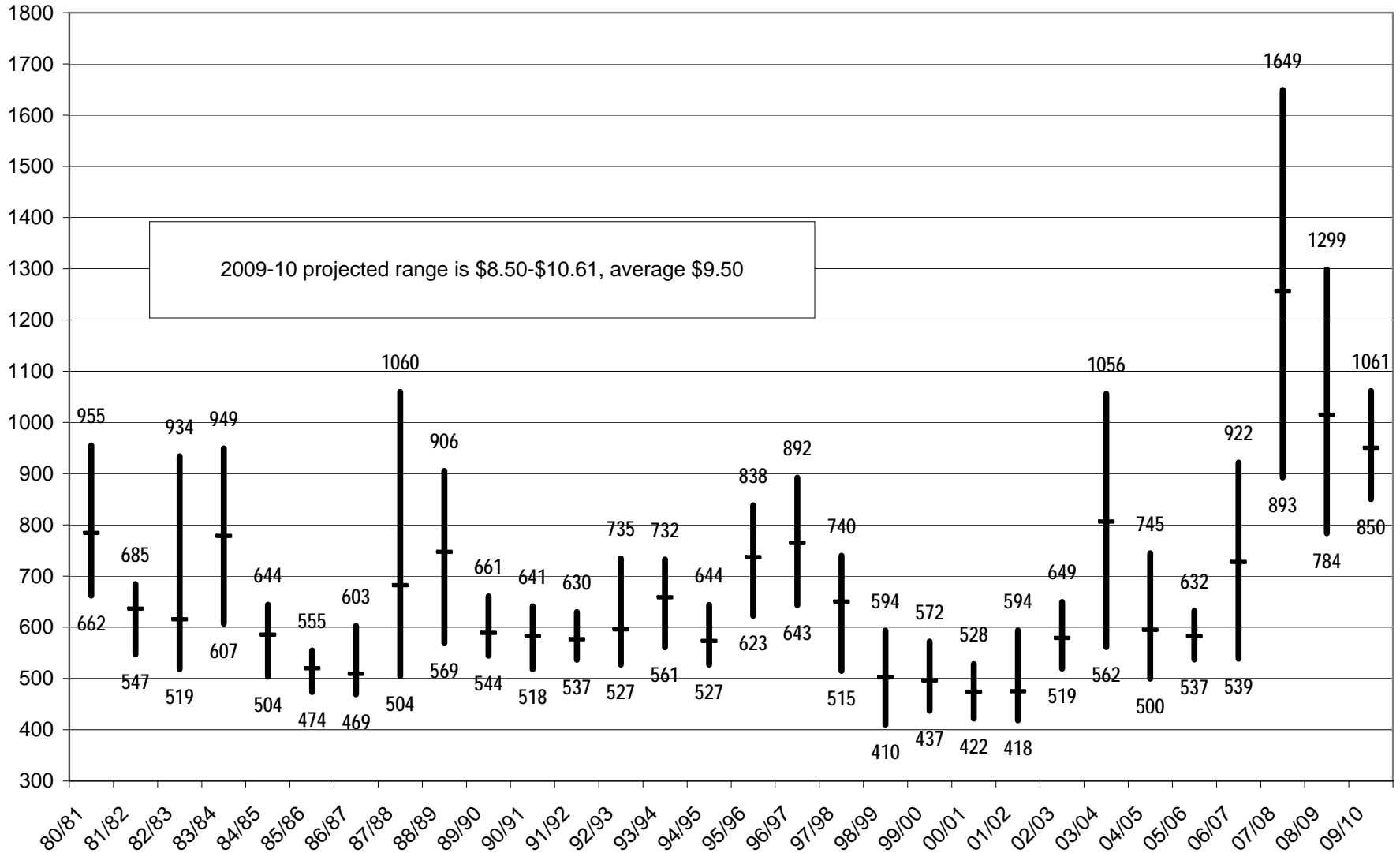


Source: Citi, China Customs, MOC, CNGOIC

■ 2006-07 ■ 2007-08 ■ 2008-09 ■ 2009-10

Lower prices for 2010-11, average \$8.00-\$8.50

Soybean Nearby Futures, Yearly High, Low, Average



Increasing usage for ME reducing supplies for traditional usage categories

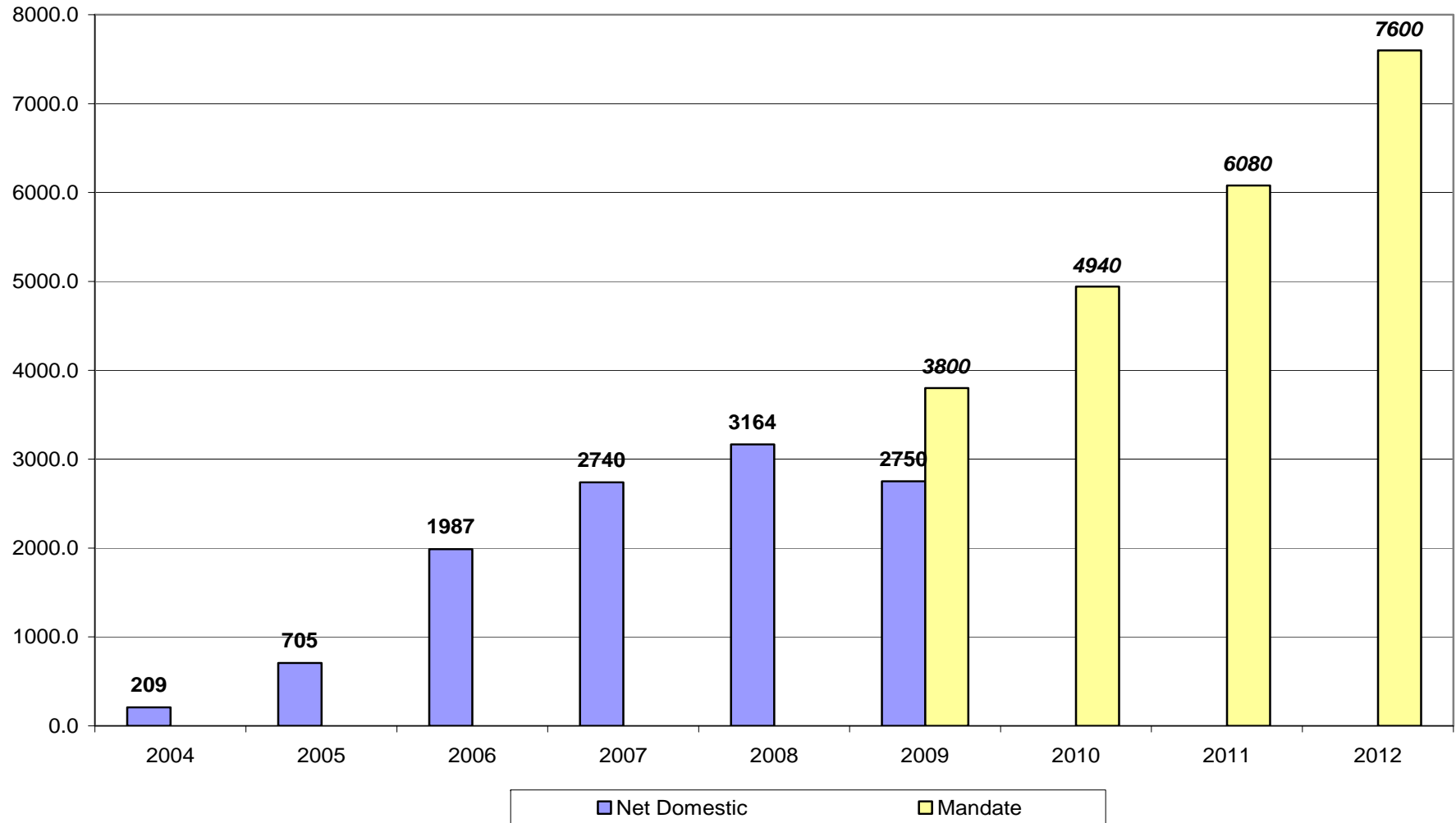
U.S. Domestic Use of Oils and Fats

million pounds

	OCT-MAR			OCT-SEP				
	<u>08/09</u>	<u>09/10</u>	<u>+/-</u>	<u>08/09</u>	<u>09/10</u>	<u>+/-</u>	<u>10/11</u>	<u>+/-</u>
CORN	851	894	42	1671	1750	79	1,825	75
COTTON	275	231	-44	492	440	-52	660	220
SUN	181	288	107	432	565	133	600	35
PALM	1116	1016	-100	2115	2090	-25	2,190	100
PKO	371	328	-43	735	660	-75	720	60
COCONUT	457	635	178	944	1130	186	1,170	40
LARD	559	555	-4	1090	1100	10	1,140	40
TALLOW	823	840	17	1696	1715	19	1,740	25
SBO	8391	8077	-314	16385	16142	-243	16,800	658
PEANUT	94	102	8	212	225	13	250	25
RAPE	1607	1571	-36	2806	2830	24	3,444	614
TOTAL	14727	14538	-189	28579	28647	68	30,539	1,892
Bio diesel	2252	2120	-132	4231	4380	149	6,000	1,620
Traditional	12475	12418	-57	24348	24267	-81	24,539	272

Imports do not qualify yet for the mandate, 2010 mandate will tighten domestic supplies

US Biodiesel, Net Domestic, Million Pounds



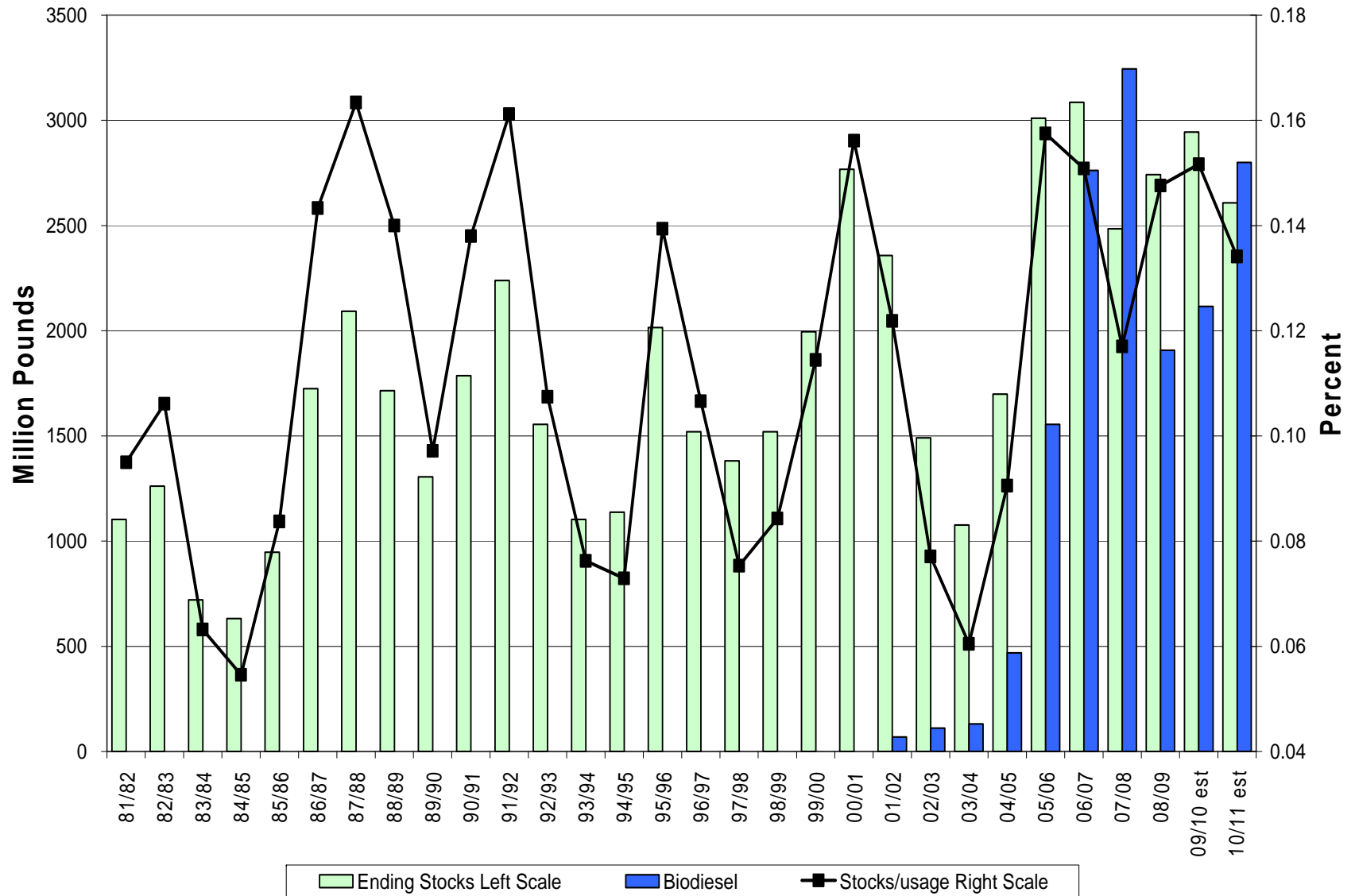
US stocks remain ample to burdensome

U.S. SOYBEAN OIL SUPPLY/USAGE BALANCE (October-September)(million pounds)

	04/05	05/06	06/07	07/08	08/09	Citi Est. 09/10	USDA April 09/10	Citi Proj. 10/11	USDA* 10/11
BEGINNING STOCKS	1076	1699	3010	3085	2485	2742	2742	2944	2637
PRODUCTION	19360	20387	20489	20571	18746	19473	19270	19034	18785
IMPORTS	27	35	37	65	90	145	75	80	85
TOTAL SUPPLY	20463	22122	23536	23721	21321	22361	22087	22058	21507
BIODIESEL	469	1555	2762	3245	1907	2116	2200	2800	2800
EX BIODIESEL	16970	16404	15802	15084	14478	14026	14000	14000	14200
DOM. USAGE	17439	17959	18564	18329	16385	16142	16200	16800	17000
EXPORTS	1325	1153	1887	2908	2193	3275	3250	2650	2000
TOTAL USAGE	18764	19112	20451	21237	18578	19417	19450	19450	19000
ENDING STOCKS	1699	3010	3085	2485	2742	2944	2637	2608	2507
STOCKS TO USE % OF USAGE	9.05	15.75	15.09	11.70	14.76	15.16	13.56	13.41	13.19
OCT-SEP CRUSH (mil bu)	1708	1748	1813	1782	1649	1745	1730	1677	1655
AVG. ANNUAL SBO YIELD	11.33	11.67	11.30	11.54	11.37	11.16	11.14	11.35	11.35

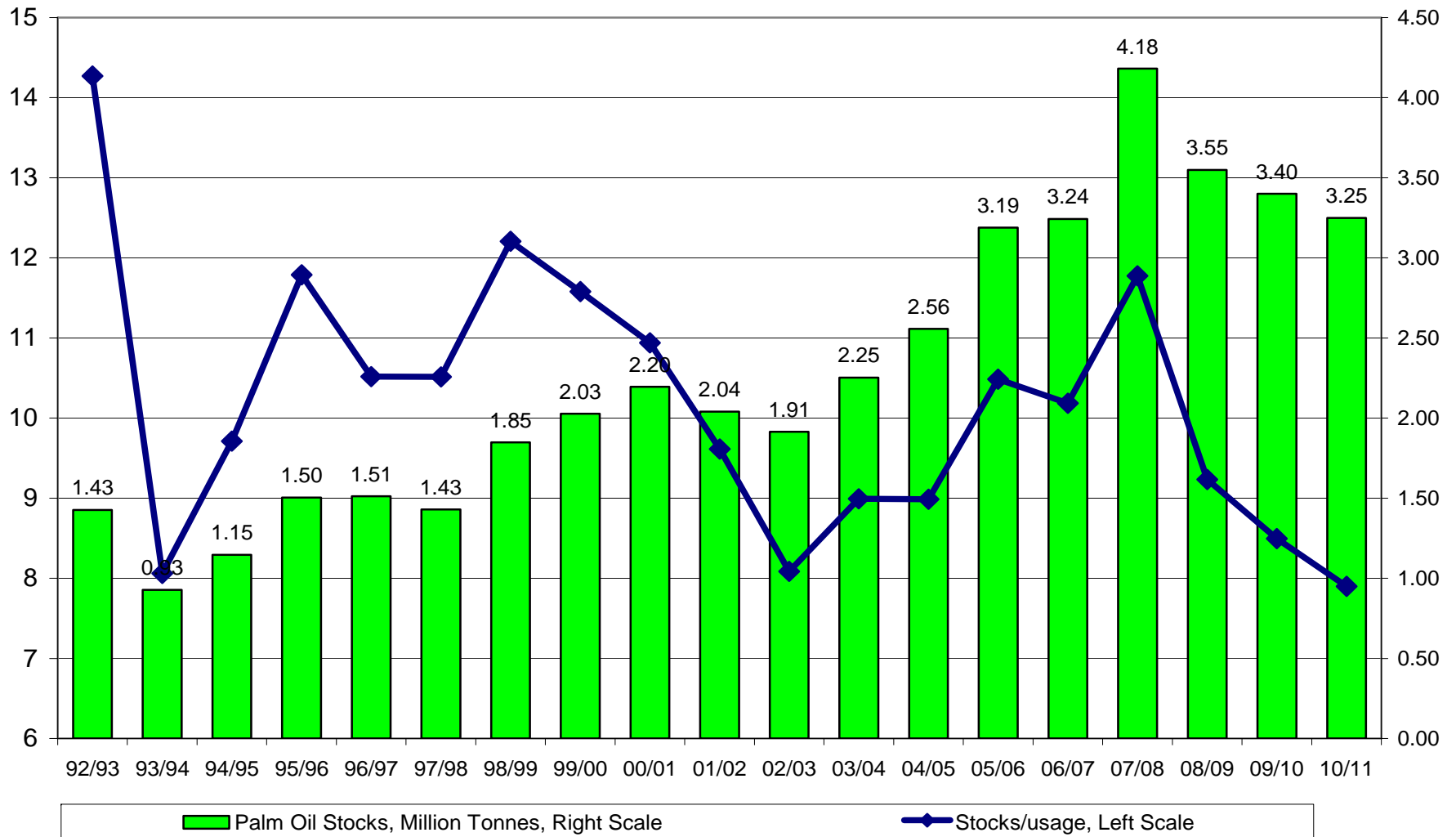
* - USDA Outlook Conference estimates

US Soybean Oil Stocks and Stocks/Usage

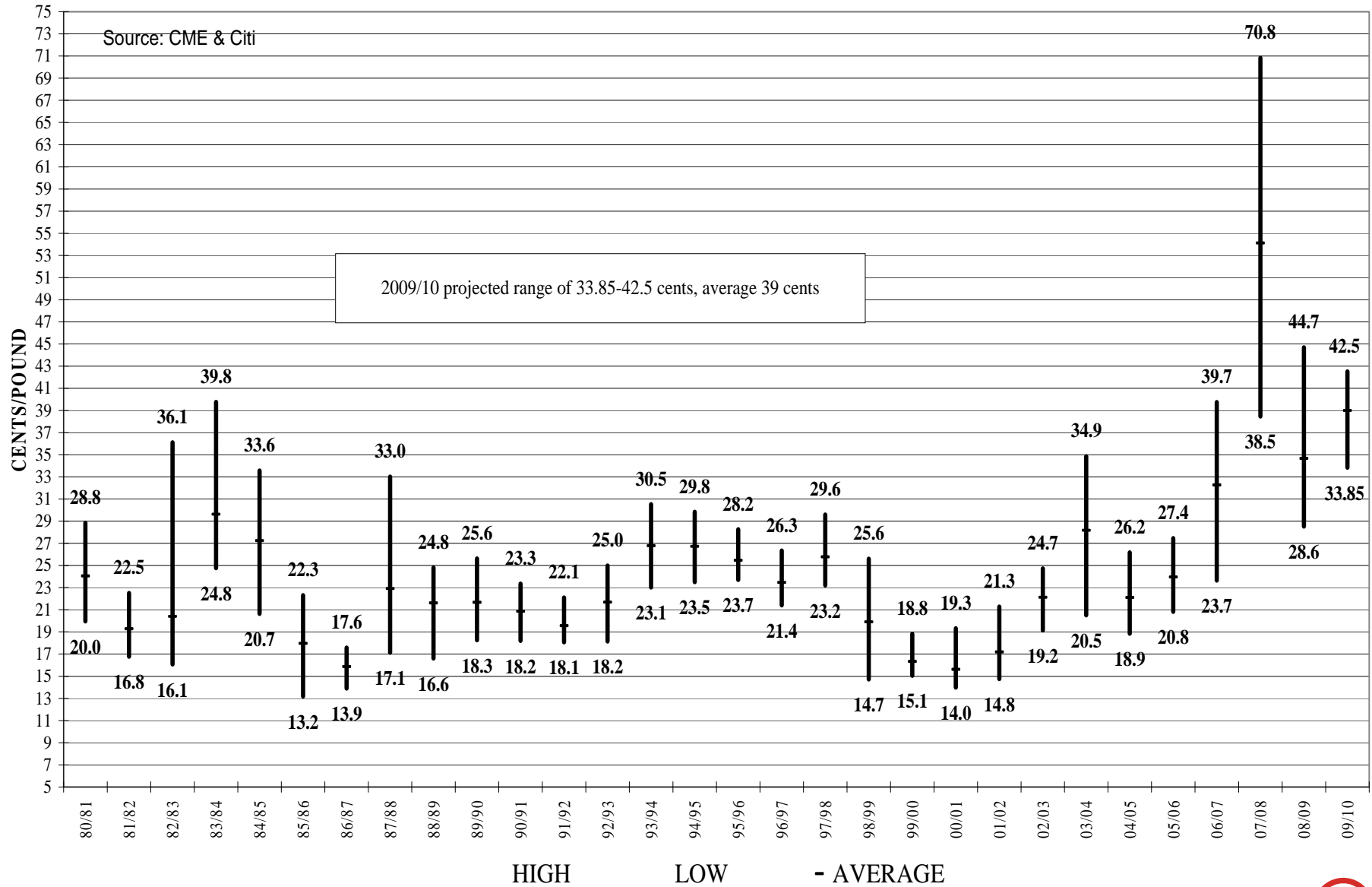


Stocks decline to minimum pipeline levels

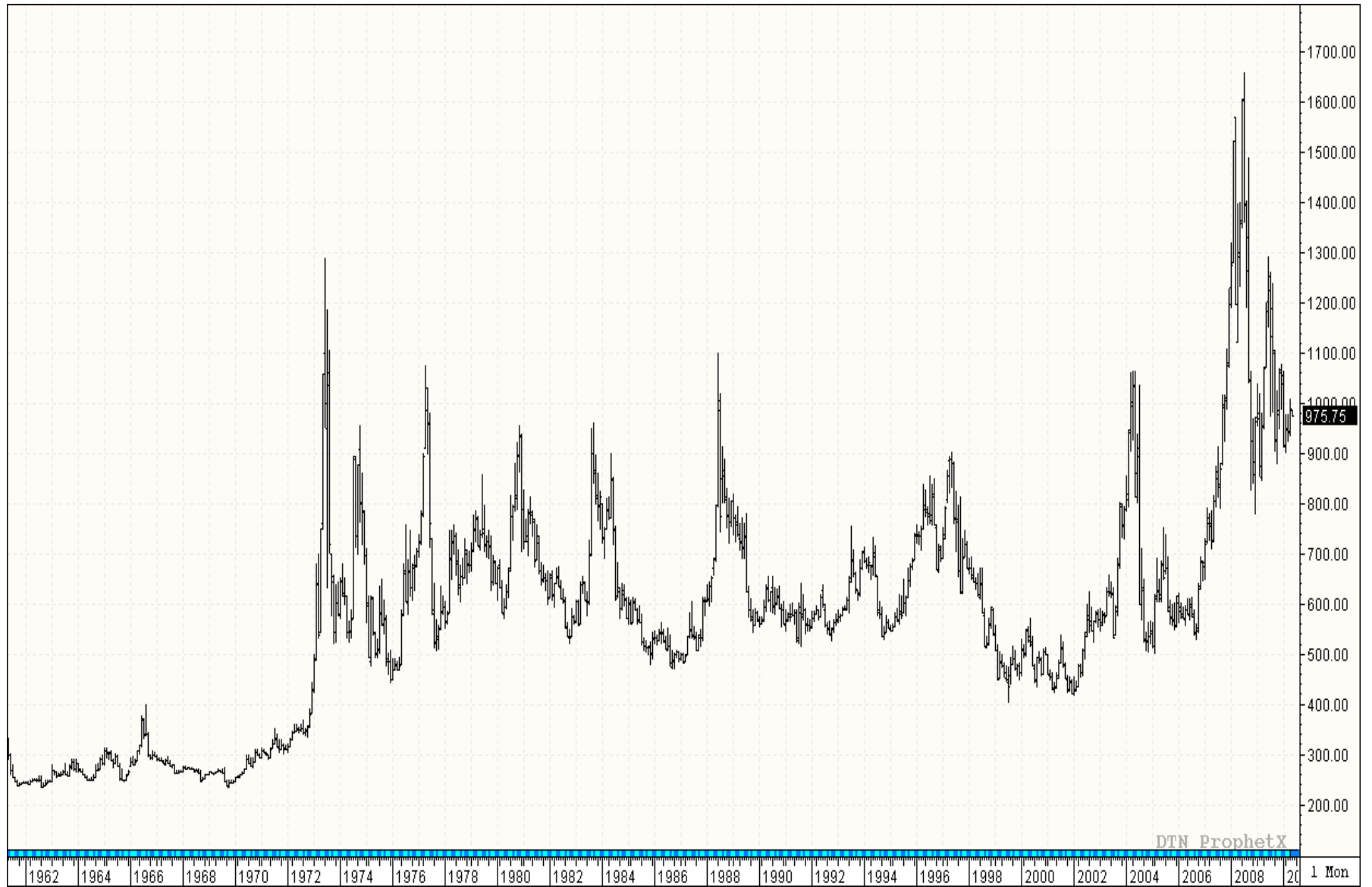
Malaysia & Indonesia Palm Oil, Million Tonnes



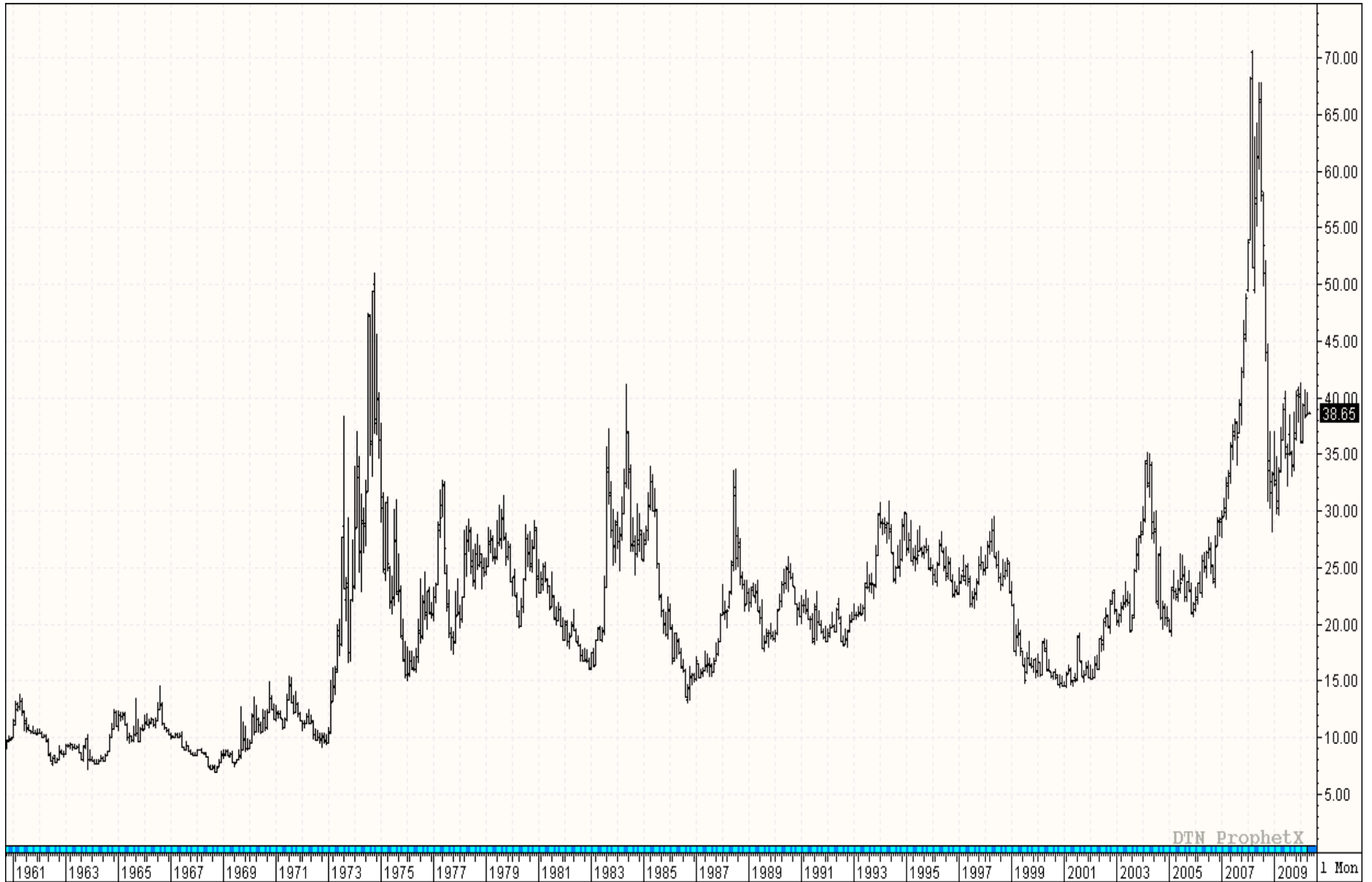
SOYBEAN OIL YEARLY HIGH, LOW, AVERAGE PRICES FOR NEARBY SOYBEAN OIL FUTURES



Soybean Futures, cents/bushel, Paradigm shift



Soybean Oil Futures, cents/pound



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Citi Futures Perspective

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