



## USDA World Ag Supply & Demand Estimates – March 2010

The USDA released their March WASDE and US Crop Production reports overnight.

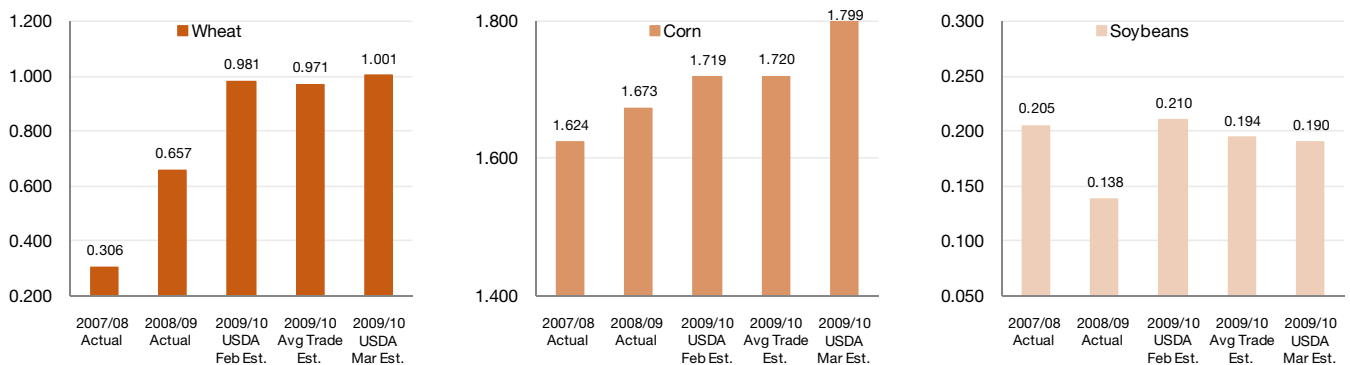
- The reports were **bearish for wheat and corn prices, but mildly supportive soybeans and cotton.**
- US and world wheat stocks are very comfortable. Coarse grain stocks have increased slightly but still remain reasonably tight by historical standards. US soybean stocks remain tight, however this is being increasingly offset by increases in South American supplies.

### Key Results

#### US Grain & Oilseeds

- **US wheat ending stock estimates were revised 2% higher this month** to over 1 billion bushels from last month's estimate of 981 million bushels. This was a negative surprise for the market which had been expecting US stocks to be reduced to 971 million bushels. A reduction in US wheat consumption (food purposes) drove the higher stock estimate.
- The **US wheat stock to use ratio** is now forecast at over 50% vs. 29% in 2008/09 and 13% in 2007/08.
- **US corn ending stocks for 2009/10 were revised nearly 5% higher** this month to 1.8 billion bushels. This significantly exceeded trade estimates which forecast US corn stocks to remain mostly unchanged.
- US corn production estimates were reduced slightly as expected, reflecting the wet harvest program. A 5% (100m bu) **downward revision to US corn exports** was the driver of higher corn stocks.
- The **US corn stock to use ratio** is now forecast at 13.8% this season vs. 13.9% in 08/09 and 12.8% in 07/08.
- **The US soybean export and crush estimates were revised higher this month.** Exports increased by 20m bushels (1.4%) this month to 1.42bn bushels and the crush was increased 0.6% to 1.73bn bushels.
- The **soybean ending stock estimates was subsequently reduced by nearly 10% to 190m bushels** from 210m last month. This was below the average of trade estimates which forecast stocks at 194m bushels.
- The **US soybean stock to use ratio** is forecast at 5.9% vs. 4.4% last year, 6.7% in 07/08 and 19% in 06/07.

Figure 1: US Grain and Soybean Ending Stock Estimates (billion bushels)



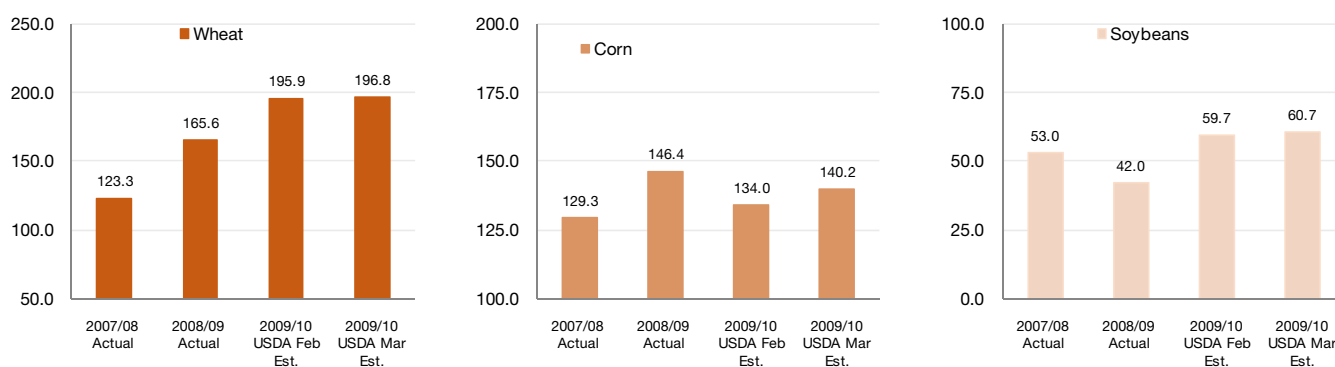
Source: USDA, Bloomberg, Reuters, CBA



## World Grain & Oilseeds

- **World wheat production** estimates for 2009/10 were raised by 600kt to 678mt because of a larger Argentine crop. Beginning stocks in Russia were also raised resulting in a significant (2mt) increase in total wheat supplies.
- **Wheat consumption** was raised on the back of stronger consumption in China and India offsetting weaker US consumption. World consumption for is now pegged at 649.8mt vs. 645.6mt last month.
- **World wheat stocks** this month are forecast at 196.8mt, up nearly 1mt from 195.9mt last month and 166mt in 2008/09. Upward revisions to stocks were made for the US and Russia, both of whom are key exporters.
- The **world wheat stock to use ratio** is forecast unchanged at 30% this month vs. 26% in 2008/09 and 20% in 2007/08.
- **World coarse grain production** is raised by around 4.7mt to 1.1bn tonnes as higher corn and sorghum estimates offset smaller barley and rye crops. Argentinean corn production is raised nearly 4mt to 21mt and South African corn production was raised 2mt.
- World coarse grain **consumption** is mostly unchanged this month, and **stocks** were raised by 3% this month to 185.2mt. Most of the increase in stocks exists in key exporting nations, namely US, Brazil, Argentina and South Africa.
- The **world corn stock to use ratio** is forecast at 16.7% this month vs. 17.7% in 2008/09 and 15% in 2007/08. Despite increasing this month, world stocks of coarse grains can still be considered historically tight.
- **World oilseed production** is forecast higher 1.6mt this month at 435.3mt, with larger Brazilian soybean production estimates (up 1mt to 67mt) accounting for most of the increase. Argentinean soybean production was left unchanged.
- **World oilseed consumption** for 2009/10 was increased by 1.4mt to 352mt, with China's soybean crush raised by around 200kt to 45.15mt. China's soybean import estimate was left unchanged at 42.5mt this year vs. 41.1mt in 08/09 and 37.8mt in 07/08.
- **Global ending stocks** estimates for oilseeds were raised by 800kt to 71.8mt this month. This is significantly higher than 54.9mt last year. Soybean ending stocks are forecast higher in Brazil and Argentina, offsetting a reduction in Chinese and US stocks. All are significantly higher than last year.
- The **world soybean stock to use ratio** is forecast at nearly 26% this month vs. 19% in 2008/09 and 23% in 2007/08.

Figure 2: World Grain and Soybean Ending Stock Estimates (million tonnes)



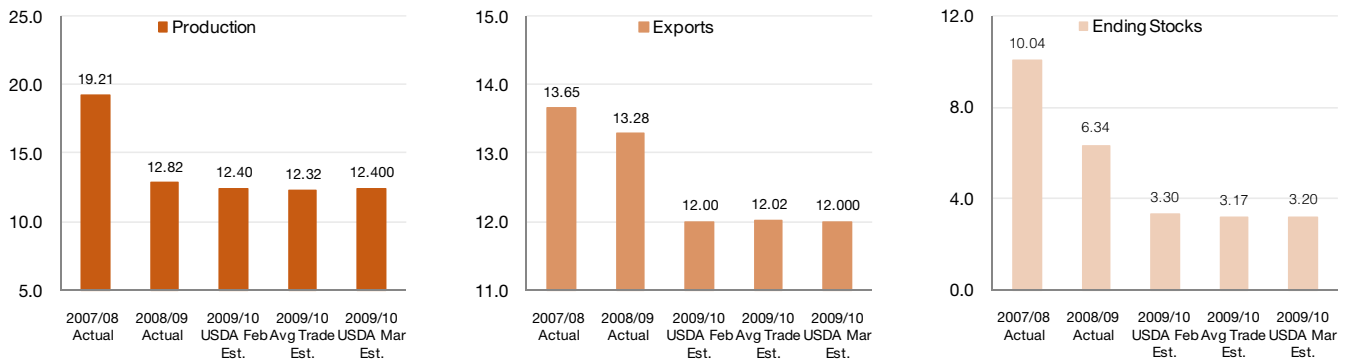
Source: USDA, Bloomberg, Reuters, CBA



Cotton wrap

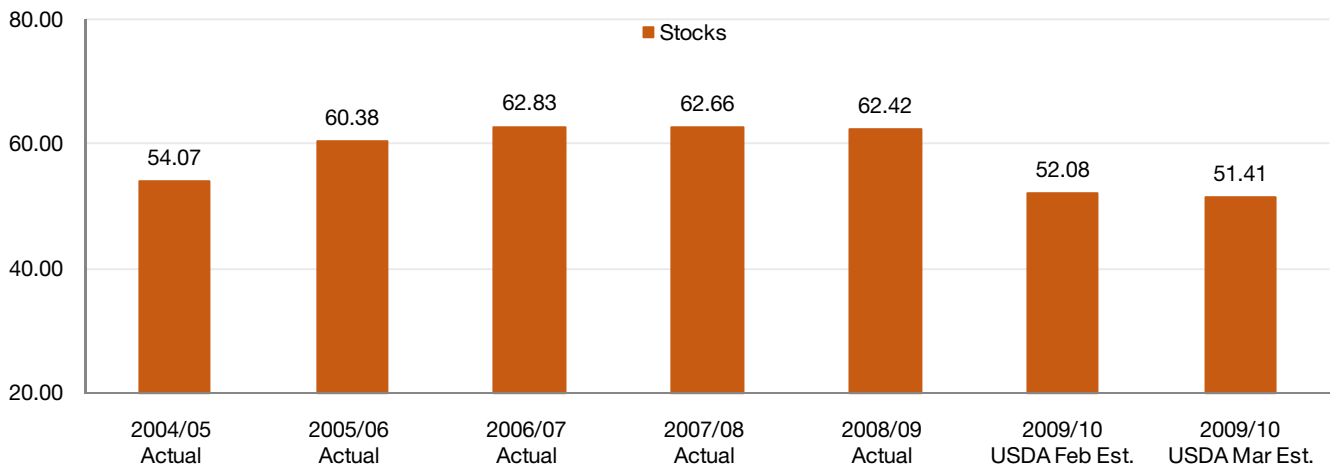
- **US cotton ending stock estimates have been lowered again** this month. This time to an extremely tight 3.2 million bales from 3.3m last month and 6.3m bales in 2008/09. An upward revision to US domestic cotton use fully explained the fall in stocks. Such tight stocks supports prices.
- The trade was expecting US cotton production to be revised lower and US exports to be revised higher; however neither were adjusted. This aspect was mildly bearish for prices.
- **Global cotton production was lowered slightly** this month while world **consumption was increased marginally**, resulting in another reduction to world cotton ending stock estimates. Chinese cotton production forecasts were reduced by half million bales to 31.5m bales, however some private forecasters were expecting a larger cut. Consumption in Pakistan was lowered, however this was more than offset by increased consumption in the US, Turkey and elsewhere. Chinese consumption estimates were unchanged, but their import forecast was increased.
- **Global cotton stocks** were forecast down at 51.4m bales this month vs. 52.1m last month and 62.4m bales in 08/09. Stocks to use are now forecast at a historically tight 44% in 2009/10 vs. 57% in 2008/09.

Figure 3: US Cotton Statistics (million bales)



Source: USDA, Bloomberg, Reuters, CBA

Figure 4: World Cotton Stocks (million bales)



- Complete data is provided on the following pages.



US WHEAT		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
		Actual	Actual	Actual	Actual	Actual	USDA Feb Est.	Range of Trade Est.	Avg Trade Est.	USDA Mar Est.
Yield	(bpa)	43.20	42.00	38.70	40.20	44.90	44.40	~	~	44.40
Area Planted	(m ac)	59.70	57.20	57.30	60.50	63.20	59.10	~	~	59.10
Area Harvested (Implied)	(m ac)	50.00	50.10	46.80	51.00	55.70	49.90	~	~	49.90
Production	(bn bu)	2.158	2.105	1.812	2.051	2.499	2.216	~	~	2.216
Consumption	(bn bu)	1.169	1.152	1.140	1.051	1.260	1.182	~	~	1.162
Exports	(bn bu)	1.066	1.003	0.908	1.263	1.015	0.825	~	~	0.825
Ending Stocks	(bn bu)	0.540	0.571	0.456	0.306	0.657	0.981	0.876-1.001	0.971	1.001
Ending Stocks to Disposal	(%)	24.2%	26.5%	22.3%	13.2%	28.9%	48.9%	~	~	50.4%

US CORN		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
		Actual	Actual	Actual	Actual	Actual	USDA Feb Est.	Range of Trade Est.	Avg Trade Est.	USDA Mar Est.
Yield	(bpa)	160.40	148.00	149.10	150.70	153.90	165.20	~	~	164.90
Area Planted	(m ac)	80.90	81.80	78.30	93.50	86.00	86.48	~	~	86.50
Area Harvested (Implied)	(m ac)	73.60	75.10	70.60	86.50	78.57	79.63	~	~	79.60
Production	(bn bu)	11.807	11.114	10.535	13.038	12.092	13.151	12.838-13.151	13.088	13.131
Consumption	(bn bu)	8.844	9.136	9.085	10.300	10.198	11.115	~	~	11.115
Exports	(bn bu)	1.818	2.134	2.125	2.437	1.858	2.000	~	~	1.900
Ending Stocks	(bn bu)	2.114	1.967	1.304	1.624	1.673	1.719	1.602-1.814	1.720	1.799
Ending Stocks to Disposal	(%)	19.8%	17.5%	11.6%	12.8%	13.9%	13.1%	~	~	13.8%

US SOYBEAN		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
		Actual	Actual	Actual	Actual	Actual	USDA Feb Est.	Range of Trade Est.	Avg Trade Est.	USDA Mar Est.
Yield	(bpa)	42.20	43.00	42.70	41.70	39.70	44.00	~	~	44.00
Area Planted	(m ac)	75.20	72.00	75.50	64.70	75.70	77.50	~	~	77.50
Area Harvested (Implied)	(m ac)	74.00	71.30	74.60	64.10	74.70	76.40	~	~	76.400
Production	(bn bu)	3.124	3.063	3.188	2.677	2.967	3.361	3.219-3.365	3.349	3.359
Crush	(bn bu)	1.097	1.739	1.808	1.803	1.757	1.720	~	~	1.730
Seed use	(bn bu)	0.088	0.093	0.080	0.093	0.095	0.094	~	~	0.089
Exports	(bn bu)	1.097	0.940	1.116	1.159	1.283	1.400	~	~	1.420
Ending Stocks	(bn bu)	0.256	0.449	0.574	0.205	0.138	0.210	0.170-0.233	0.194	0.190
Ending Stocks to Disposal	(%)	11.2%	16.2%	19.1%	6.7%	4.4%	6.5%	~	~	5.9%

US COTTON DATA		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
		Actual	Actual	Actual	Actual	Actual	USDA Feb Est.	Range of Trade Est.	Avg Trade Est.	USDA Mar Est.
Yield	(lb/ac)	855	831	814	879	813	774	~	~	774
Area Planted	(m ac)	13.66	14.25	15.27	10.83	9.47	9.15	~	~	9.15
Area Harvested	(m ac)	13.06	13.80	12.73	10.49	7.57	7.69	~	~	7.69
Production	(m bale)	23.25	23.89	21.59	19.21	12.82	12.40	12.15-12.4	12.32	12.400
Domestic Use	(m bale)	6.69	5.87	4.94	4.59	3.59	3.40	~	~	3.500
Exports	(m bale)	14.44	17.55	13.01	13.65	13.28	12.00	11.5-12.5	12.02	12.000
Ending Stocks	(m bale)	5.50	6.05	9.48	10.04	6.34	3.30	2.7-3.8	3.170	3.200
Ending Stocks to Disposal	(%)	12.4%	12.8%	24.0%	26.8%	21.4%	11.9%	~	~	11.5%



WORLD WHEAT (09/10)		2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 USDA Mar Est.
Production	(mt)	628.8	621.7	596.3	610.4	682.7	677.4	~	678.0
Consumption	(mt)	610.1	624.4	616.9	616.9	640.4	645.6	~	649.8
Exports	(mt)	111.2	116.2	111.2	117.2	143.0	123.8	~	125.1
Stocks	(mt)	151.4	147.8	127.0	123.3	165.6	195.9	~	196.8
Stocks to Use	(%)	24.8%	23.7%	20.6%	20.0%	25.9%	30.3%	~	30.3%
WORLD CORN (09/10)		2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 USDA Mar Est.
Production	(mt)	712.8	696.4	712.4	792.3	794.5	797.8	~	803.7
Consumption	(mt)	685.0	704.0	728.5	771.9	777.2	809.7	~	809.9
Exports	(mt)	78.2	80.9	93.8	98.6	83.9	84.8	~	85.5
Stocks	(mt)	131.3	123.0	108.7	129.3	146.4	134.0	~	140.2
Stocks to Use	(%)	19.2%	17.5%	14.9%	16.8%	18.8%	16.6%	~	17.3%
WORLD COARSE GRAIN (09/10)		2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 USDA Mar Est.
Production	(mt)	1014.6	977.5	989.1	1078.5	1104.5	1095.5	~	1100.2
Consumption	(mt)	975.7	991.6	1016.1	1056.2	1074.9	1105.8	~	1105.6
Exports	(mt)	101.6	107.1	117.4	127.1	112.6	110.6	~	110.6
Stocks	(mt)	178.8	163.7	138.4	160.9	190.6	179.3	~	185.2
Stocks to Use	(%)	18.3%	16.5%	13.6%	15.2%	17.7%	16.2%	~	16.7%
WORLD SOYBEANS (09/10)		2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 USDA Mar Est.
Production	(mt)	216.0	220.4	236.6	221.1	210.9	255.4	~	255.9
Consumption	(mt)	205.4	215.2	224.5	229.7	222.1	235.1	~	235.9
Exports	(mt)	64.5	64.0	71.5	79.5	76.9	81.4	~	81.2
Stocks	(mt)	48.2	52.8	62.7	53.0	42.0	59.7	~	60.7
Stocks to Use	(%)	23.5%	24.5%	27.9%	23.1%	18.9%	25.4%	~	25.7%
WORLD OILSEEDS (09/10)		2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 USDA Mar Est.
Production	(mt)	381.29	391.65	403.33	391.79	395.57	433.73	~	435.30
Consumption	(mt)	302.09	318.27	328.36	338.85	339.43	350.84	~	352.25
Exports	(mt)	74.56	76.04	83.73	92.57	94.19	96.26	~	96.25
Stocks	(mt)	56.38	64.31	72.54	61.67	54.94	70.95	~	71.80
Stocks to Use	(%)	18.7%	20.2%	22.1%	18.2%	16.2%	20.2%	~	20.4%
WORLD COTTON (09/10)		2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 USDA Mar Est.
Production	(m bale)	120.39	117.69	121.99	119.91	107.45	102.74	~	102.24
Consumption	(m bale)	108.82	116.11	123.47	122.97	110.11	115.53	~	115.70
Exports	(m bale)	35.02	44.53	37.12	38.47	30.18	33.77	~	34.40
Stocks	(m bale)	54.07	60.38	62.83	62.66	62.42	52.08	~	51.41
Stocks to Use	(%)	49.7%	52.0%	50.9%	51.0%	56.7%	45.1%	~	44.4%

Please view our website at [www.research.commbank.com.au](http://www.research.commbank.com.au). The Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") and its subsidiaries, including Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814 ("CommSec"), Commonwealth Australia Securities LLC, CBA Europe Ltd and Global Markets Research, are domestic or foreign entities or business areas of the Commonwealth Bank Group of Companies (CBGOC). CBGOC and their directors, employees and representatives are referred to in this Appendix as "the Group". This report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy any securities or financial instruments. This report has been prepared without taking account of the objectives, financial situation and capacity to bear loss, knowledge, experience or needs of any specific person who may receive this report. No member of the Group does, or is required to, assess the appropriateness or suitability of the report for recipients who therefore do not benefit from any regulatory protections in this regard. All recipients should, before acting on the information in this report, consider the appropriateness and suitability of the information, having regard to their own objectives, financial situation and needs, and, if necessary seek the appropriate professional, foreign exchange or financial advice regarding the content of this report. We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this report. Any opinions, conclusions or recommendations set forth in this report are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by the Group. We are under no obligation to, and do not, update or keep current the information contained in this report. The Group does not accept any liability for any loss or damage arising out of the use of all or any part of this report. Any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. The Group does not represent or warrant that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met. Past performance is not a reliable indicator of future performance. The Group has provided, provides, or seeks to provide, investment banking, capital markets and/or other services, including financial services, to the companies described in the report and their associates. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject any entity within the Group to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to the Group. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior written permission of the appropriate entity within the Group. In the case of certain products, the Bank or one of its related bodies corporate is or may be the only market maker. The Group, its agents, associates and clients have or have had long or short positions in the securities or other financial instruments referred to herein, and may at any time make purchases and/or sales in such interests or securities as principal or agent, including selling to or buying from clients on a principal basis and may engage in transactions in a manner inconsistent with this report.

US Investors: If you would like to speak to someone regarding the subject securities described in this report, please contact Commonwealth Australia Securities LLC (the "US Broker-Dealer"), a broker-dealer registered under the U.S. Securities Exchange Act of 1934 (the "Exchange Act") and a member of the Financial Industry Regulatory Authority ("FINRA") at 1 (212) 336-7737. This report was prepared, approved and published by Global Markets Research, a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") and distributed in the U.S. by the US Broker-Dealer. The Bank is not registered as a broker-dealer under the Exchange Act and is not a member of FINRA or any U.S. self-regulatory organization. Commonwealth Australia Securities LLC ("US Broker-Dealer") is a wholly owned, but non-guaranteed, subsidiary of the Bank, organized under the laws of the State of Delaware, USA, with limited liability. The US Broker-Dealer is not authorized to engage in the underwriting of securities and does not make markets or otherwise engage in any trading in the securities of the subject companies described in our research reports. The US Broker-Dealer is the distributor of this research report in the United States under Rule 15a-6 of the Exchange Act and accepts responsibility for its content. Global Markets Research and the US Broker-Dealer are affiliates under common control. Computation of 1% beneficial ownership is based upon the methodology used to compute ownership under Section 13(d) of the Exchange Act. The securities discussed in this research report may not be eligible for sale in all States or countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this research report, and the distribution of this report, may be made only in States and countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. The preparer of this research report is employed by Global Markets Research and is not registered or qualified as a research analyst, representative, or associated person under the rules of FINRA, the New York Stock Exchange, Inc., any other U.S. self-regulatory organization, or the laws, rules or regulations of any State.

European Investors: This report is published, approved and distributed in the UK by the Bank and by CBA Europe Ltd ("CBAE"). The Bank and CBAE are both registered in England (No. BR250 and 05687023 respectively) and authorised and regulated in the UK by the Financial Services Authority ("FSA"). This report does not purport to be a complete statement or summary. For the purpose of the FSA rules, this report and related services are not intended for retail customers and are not available to them. The products and services referred to in this report may put your capital at risk. Investments, persons, matters and services referred to in this report may not be regulated by the FSA. CBAE can clarify where FSA regulations apply.

Singapore Investors: This report is distributed in Singapore by Commonwealth Bank of Australia, Singapore Branch (company number F03137W) and is made available only for persons who are Accredited Investors as defined in the Singapore Securities and Futures Act and the Financial Advisers Act. It has not been prepared for, and must not be distributed to or replicated in any form, to anyone who is not an Accredited Investor.

Hong Kong Investors: This report was prepared, approved and published by the Bank, and distributed in Hong Kong by the Bank's Hong Kong Branch. The Hong Kong Branch is a registered institution with the Hong Kong Monetary Authority to carry out the Type 1 (Dealing in securities) and Type 4 (Advising on securities) regulated activities under the Securities and Futures Ordinance. Investors should understand the risks in investments and that prices do go up as well as down, and in some cases may even become worthless. Research report on collective investment schemes which have not been authorized by the Securities and Futures Commission is not directed to, or intended for distribution in Hong Kong.

All investors: Analyst Certification and Disclaimer: Each research analyst, primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the report. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing, and interpreting market information. Directors or employees of the Group may serve or may have served as officers or directors of the subject company of this report. The compensation of analysts who prepared this report is determined exclusively by research management and senior management (not including investment banking). No inducement has been or will be received by the Group from the subject of this report or its associates to undertake the research or make the recommendations. The research staff responsible for this report receive a salary and a bonus that is dependent on a number of factors including their performance and the overall financial performance of the Group, including its profits derived from investment banking, sales and trading revenue.

Unless agreed separately, we do not charge any fees for any information provided in this presentation. You may be charged fees in relation to the financial products or other services the Bank provides, these are set out in the relevant Financial Services Guide (FSG) and relevant Product Disclosure Statements (PDS). Our employees receive a salary and do not receive any commissions or fees. However, they may be eligible for a bonus payment from us based on a number of factors relating to their overall performance during the year. These factors include the level of revenue they generate, meeting client service standards and reaching individual sales portfolio targets. Our employees may also receive benefits such as tickets to sporting and cultural events, corporate promotional merchandise and other similar benefits. If you have a complaint, the Bank's dispute resolution process can be accessed on 132221.

Unless otherwise noted, all data is sourced from Australian Bureau of Statistics material ([www.abs.gov.au](http://www.abs.gov.au)).