



Recession Impact on Agriculture Industry & Lessons Learned

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What the experts say...



“While there is a great deal of uncertainty concerning the full magnitude of the US and global recession, the effects of the crisis are expected to be less severe for US Ag than for many other sectors of the US economy.”

“The crisis will impact US Ag mostly through indirect international effects rather than through changes in the US economy.”(ie demand)

Corn & Soybean Digest – Apr 2009

“History tells us there will be some impact on agriculture from a recession, primarily on the demand side.”

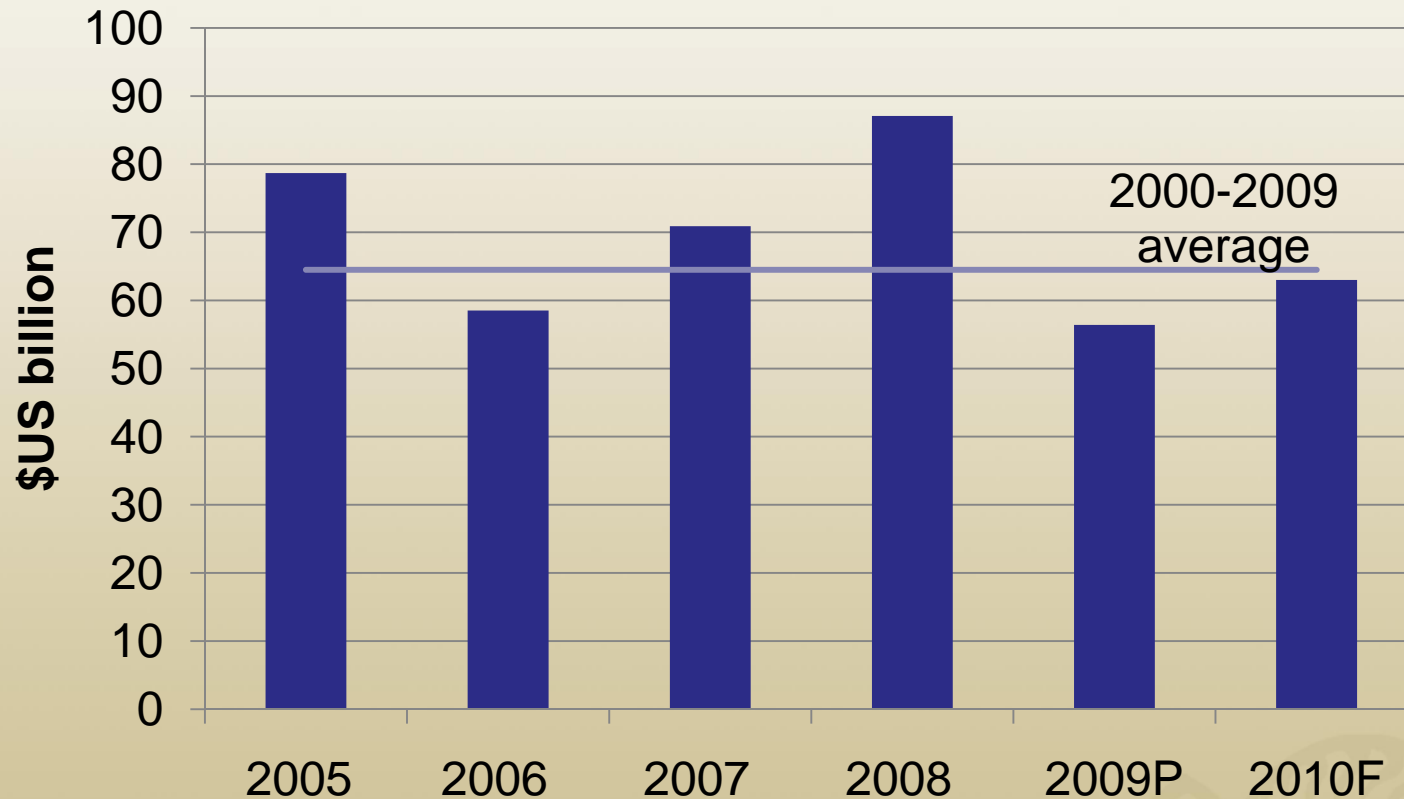
“There are many more mouths to feed around the world and the world’s middle class has grown considerably. This should help shorten the period of recovery.”

Profarmer

“The good news is that crop farmers’ credit risks are pretty good...Where I see the risk in Ag is that operating costs have doubled...growers are stuck with \$4 avg corn breakeven costs.”

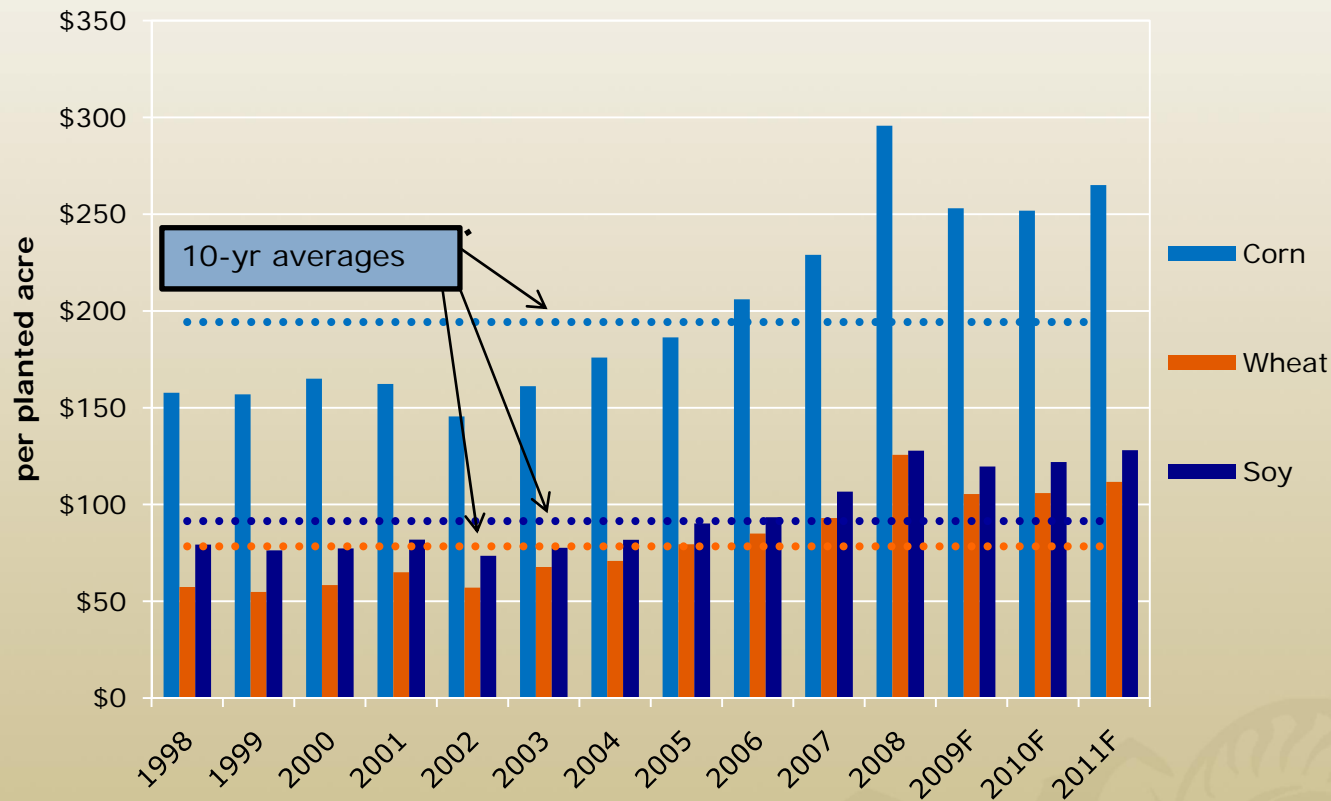
Corn & Soybean Digest – Nov 2008

US Ag Aggregate Economic Impact



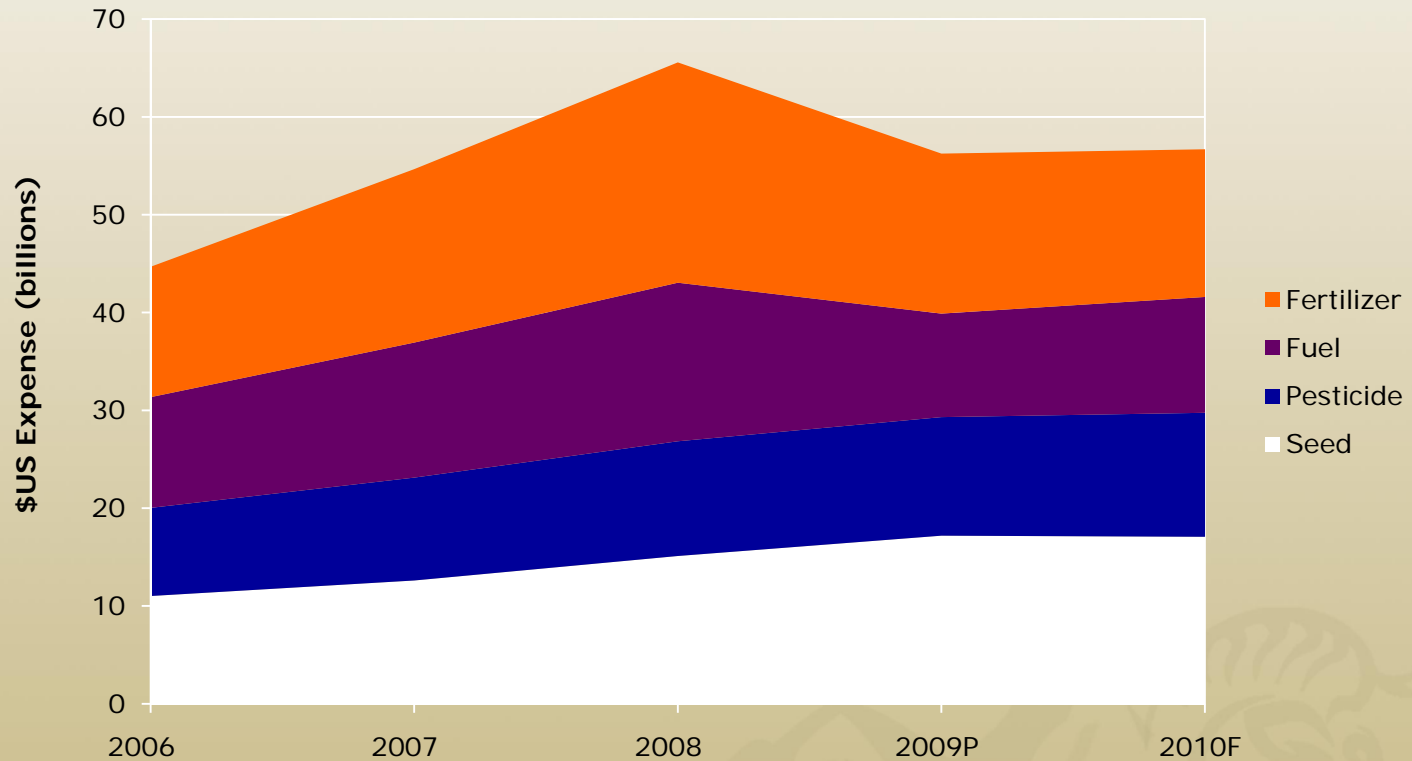
- US net farm income down by \$30 billion in 2009
- Set to recover by \$7 billion in 2010
- Just \$1.4 b below 10 yr average

Variable Production Costs

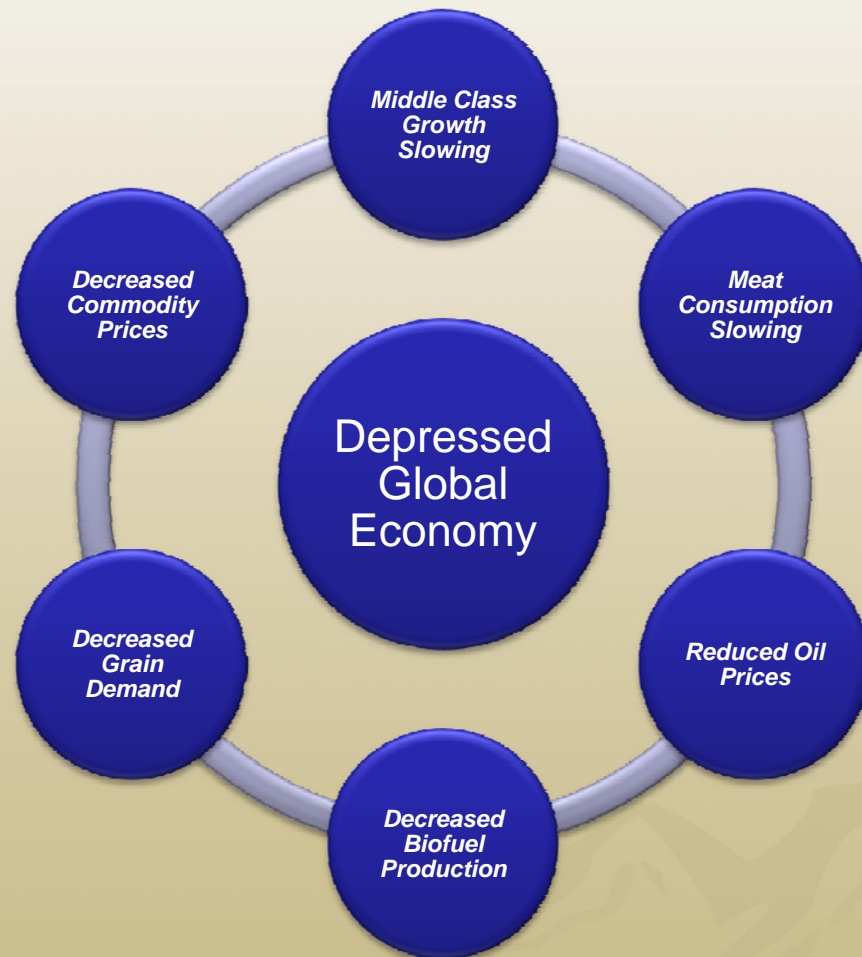


- Crop production costs fell 6-14% in 2009, expected flat in 2010 - 2011
- Still about 30-40% higher than 1999-2009 average.

Key US Farm Sector Variable Costs



Impact of a Depressed Global Economy



Cause and Effect...

Energy Prices drive...

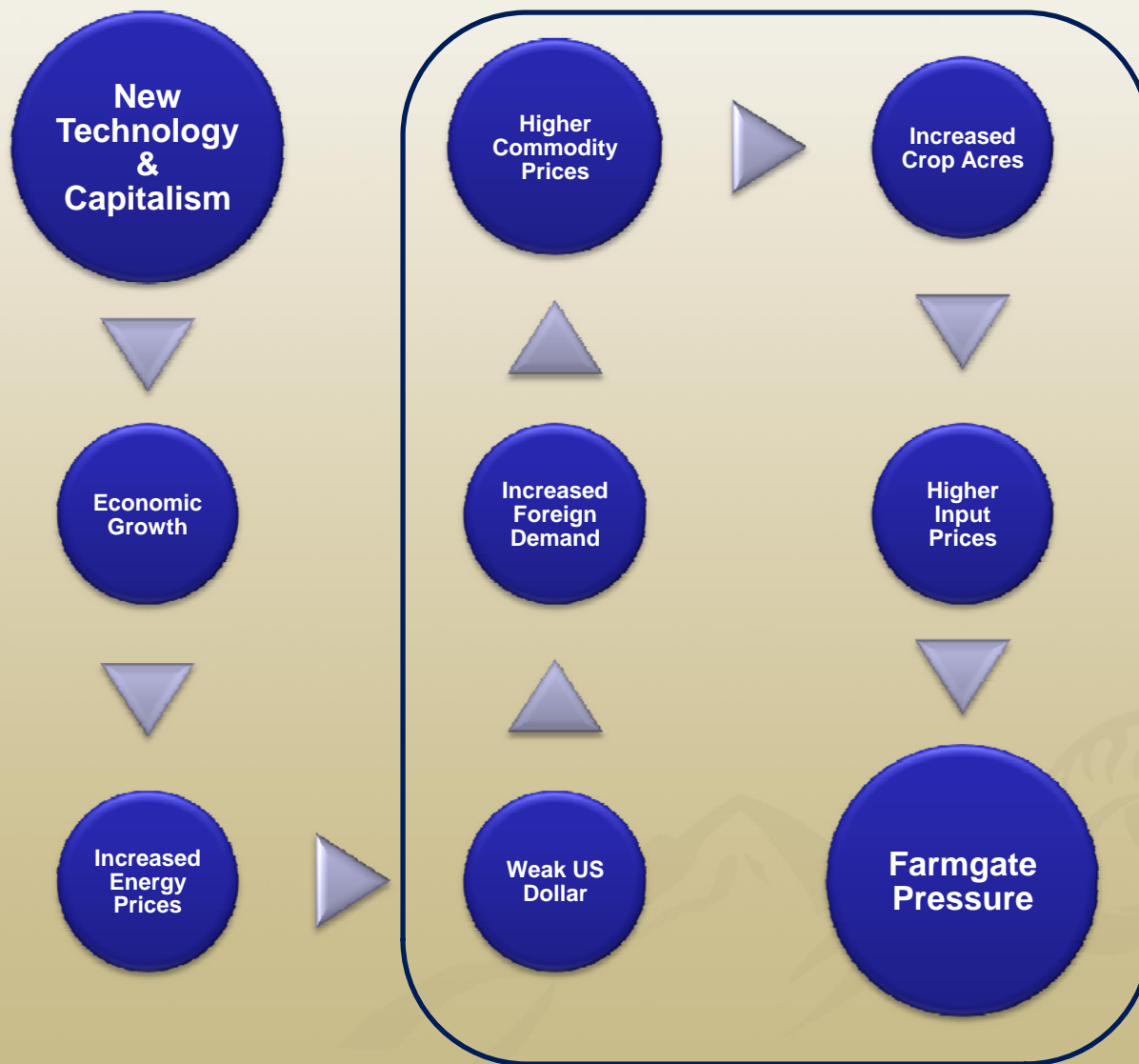
Ethanol Prices, which drive...

Corn Prices, which drive...

Livestock Production, which drive...

Meat Prices

The Economic Link to Ag...



Economic Factors Affecting Overall Ag

Top 5



1. Energy Prices (Crude Oil)
 - Impact on overall grain demand and commodity prices
 - Biofuel impact
2. Global Economy and Growth
 - Middle Class income & consumption
3. US Dollar Value
 - Impact on export demand
4. Biofuel Production
5. Biotech Advancements
 - Impact on worldwide productivity

Factors Affecting Ag *Chemical* Economy

Top 10



1. Glyphosate
 1. Volatility
 2. Resistance
2. Commodity Prices
3. Reduced R&D Investment
4. Increased Generic Pressure
5. Chemical Company Consolidation
6. Retail Consolidation
7. Increased Regulatory Scrutiny
8. Weather
9. Biotech Impact
10. Overall farmgate input prices