

ASSOCIATION FOR CORPORATE GROWTH



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Michigan Agri-Business Association

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MICHIGAN AGRI-BUSINESS ASSOCIATION

- What is Michigan Agriculture
- Current Situation
- Trends
- Issues
- Predictions





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Rank in U.S. agriculture by selected commodities, 2009

Rank	Item	Unit	Quantity	Percent of U.S.	Leading State
1			<i>Thousands</i>	<i>Percent</i>	
	Beans, dry, black	Cwt	1,770	58.8	Michigan
	Beans, dry, cranberry	Cwt	55	65.5	Michigan
	Beans, dry, small red	Cwt	404	57.5	Michigan
	Blueberries	Pounds	99,000	26.9	Michigan
	Cherries, tart	Pounds	266,000	74.1	Michigan
	Cucumbers (for pickles)	Tons	188.5	34.7	Michigan
	Geraniums (seed and cuttings)	Pots	20,103	33	Michigan
	Geraniums – Cutting	Baskets	593	17.1	Michigan
	Grapes, Niagara	Tons	27.5	43.2	Michigan
	Squash	Cwt	1,365	18.9	Michigan
	Hostas, Impatiens, Begonias, New Guinea Impatiens, Petunias- Flats, Petunias-Baskets, Easter Lilies				

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Rank in U.S. agriculture by selected commodities, 2009

Rank	Item	Unit	Quantity	Percent of U.S.	Leading State
2			<i>Thousands</i>	<i>Percent</i>	
	Beans, dry, all	Cwt	3,510	13.8	North Dakota
	Beans, dry, navy	Cwt	976	29.2	North Dakota
	Carrots (fresh market)	Cwt	594	2.7	California
	Celery	Cwt	1,055	5.4	California
	Hardy/garden Chrysanthemums	Pots	4,911	11.2	North Carolina
	Potted Other herbaceous perennials	Pots	17,853	14.8	California
	Marigolds	Flats	821	20.7	California
	Pansies/Violas	Baskets	371	34.2	North Carolina
	Other Flowering and Foliar	Baskets	1,720	11.7	North Carolina
	Geraniums – Cutting	Flats	66	18.3	California
	Geraniums – Cutting	Potted	3,388	9.5	California
	Vegetable type bedding plants	Flats	852	17.5	California



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Rank in U.S. agriculture by selected commodities, 2009

Rank	Item	Unit	Quantity	Percent of U.S.	Leading State
3	Apples	Pounds	1,150,000	11.6	Washington
	Asparagus	Cwt	235	26.1	California
	Geraniums – Seed	Flats	56	13.1	Ohio
	Geraniums – Seed	Baskets	81	17.5	Illinois
	Cucumbers (fresh market)	Cwt	968	11.1	Florida
	Beans, snap (processing)	Tons	65.2	8	Wisconsin
	Beans, dry, dark red kidney	Cwt	22	2.6	Minnesota
	Beans, dry, light red kidney	Cwt	139	14.4	Minnesota
4	Sugarbeets	Tons	3,318	11.2	Minnesota
	Cherries, sweet	Tons	28.7	6.7	Washington
	Grapes, Concord	Tons	45.4	11.4	Washington
	Plums	Tons	2.9	1	California
	Grapes, all	Tons	96.5	1.3	California



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Rank in U.S. agriculture by selected commodities, 2009

Rank	Item	Unit	Quantity	Percent of U.S.	Leading State
5	Maple syrup	Gallons	115	4.2	Vermont
6	Pumpkins	Cwt	737	7.9	Illinois
	Peaches	Tons	17.2	1.6	California
8	Milk	Pounds	7,968,000	4.2	California
9	Potatoes	Cwt	15,660	3.6	Idaho
11	Corn for grain	Bushels	310,800	2.4	Iowa
12	Soybeans	Bushels	79,600	2.4	Iowa
13	Hogs, as of Dec. 1, 2009	Head	1,080	1.6	Iowa
	Wheat, winter	Bushels	38,640	2.5	Kansas
19	Cash receipts	Dollars	5,579,184	2	California
26	Hay, all	Tons	2,482	1.7	California
28	Cattle, as of Jan. 1, 2010	Head	1,100	1.2	Texas



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CURRENT SITUATION

- Early Planting
- Early Harvest
- Wheat Planting



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CURRENT SITUATION

- Dairy Challenged - Again
- Improved Pork Prices – Margins Good Today
- Yields Off High Estimates



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CURRENT SITUATION

Corn		Acres	Yield ¹	Production ²
	1970	1,730,000	81	140,130,000
	2010	2,450,000	150	367,500,000

Soybeans				
	1970	515,000	26	13,390,000
	2010	2,100,000	45	94,500,000

Wheat				
	1970	495,000	39	19,305,000
	2010	510,000	80	40,800,000

Total Bushels				
	1970			172,825,000
	2010			502,800,000

¹ bushels/acre ² bushels

Source: NASS-USDA



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CURRENT SITUATION

Corn		Acres	Yield ¹	Production ²
	2010	2,450,000	150	367,500,000
	2011	2,700,000	170	459,000,000

Soybeans

	2010	2,100,000	45	94,500,000
	2011	1,850,000	45	83,250,000



¹ bushels/acre ² bushels

Source: NASS-USDA

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CURRENT SITUATION

Wheat	Acres	Yield ¹	Production ²
2010	510,000	80	40,800,000
2011	750,000	80	60,000,000

Dry Beans

2010	230,000	25	5,750,000
2011	180,000	25	4,500,000

Total Bushels

2010			502,800,000
2011			606,750,000



¹ bushels/acre ² bushels

Source: NASS-USDA

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HISTORY

U.S. COMMODITY PRICES*

	1970	1980	1990	2000	7/1 2008	10/1 2008	11/1 2010
Corn	\$1.32	\$3.05	\$2.21	\$1.90	\$7.00	\$3.00	\$5.12
Soybeans	2.84	7.49	5.63	4.54	10.00	8.00	12.39
Wheat	1.40	3.60	2.40	2.22	7.00	6.00	6.95

*per bushel-cwt

Source: NASS-USDA



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DEMAND

OPERATING ETHANOL PRODUCTION

■ Poet Bio-Refining	Caro	45 MGPY*
■ The Anderson's	Albion	50 MGPY*
■ U.S. BioEnergy	Woodbury	50 MGPY*
■ Global Ethanol	Riga	50 MGPY*
■ Marysville Ethanol	Marysville	50 MGPY*

Most Plants Running Above "Name-Plate" Capacity

*millions of gallons per year



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DEMAND

CHINDIA

- Since 1988
 - Per Capita Caloric Consumption
 - ✓ China up 26.2%
 - ✓ India up 17.3%
 - Total Daily Calories
 - ✓ China up 1.55 Trillion Calories
 - ✓ India up 1.20 Trillion Calories
- Demand for Meat and Dairy Products



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DEMAND

CROP DEMAND GROWTH IN THE LAST DECADE

+12%

The growth rate of world **population** over the last ten years

+25%

The growth rate of **pork** consumption over the last ten years

+29%

The growth rate of **chicken** consumption over the last ten years

+23%

The growth rate of world **corn** consumption over the last decade

+39%

The growth rate of world **soybean** consumption over the last decade

+4%

The growth rate of world **crop area** harvested



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DEMAND

WORLD POPULATION*

- 1950 2.5 Billion
- 2010 6.9 Billion
- 2050 9.2 Billion *(forecast)*



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ISSUES

- Food Safety
 - Large Commercial Manufacturers
 - “Cottage” Food Suppliers
 - Suppliers
 - ✓ Wheat
 - ✓ Dry Beans
 - ✓ Edible Soybeans
 - ✓ Etc.



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ISSUES

- Environment

- Fertilizer

- ✓ Phosphorus

- ✓ Nitrates

- Fertilizer

- ✓ Saginaw Bay

- ✓ Lake Erie

- ✓ Great Lakes

- ✓ Rivers



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ISSUES

- Carbon
- Regulation
- Legislation
- Customer Driven
 - Revenue Opportunities
 - ✓ Carbon Credits
 - ✓ New Technologies



Part of the Farm Bill

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ISSUES

- Judiciary
 - NPDES Permit for Applications Near Water
 - RR Sugar Beets
 - RR Alfalfa



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ISSUES

- Big is Bad
 - Organic
 - “Sustainable” Production
 - “Locavore” Movement

98% of Food Comes From Large, Commercial Producers!



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TRENDS

- As Growers Get Larger, Fewer Retailers are Needed
- As There are Fewer, Larger Retailers, Fewer Wholesalers are Needed
- As There are Fewer at All Levels, There are Fewer Manufacturers, Processors and Buyers of Farm production

Tough to Repeal Free Enterprise!



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PREDICTIONS

- Niche Markets Will Be That
- Organic Demand Will Increase
- Urban Agriculture is a Minor Issue...But Will get Big Bucks and Resources!



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PREDICTIONS

- Consolidation Will Accelerate
 - Farmers
 - Retailers
- Large Will Get Larger
- Mid-Sized Will Grow or Disappear



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PREDICTIONS

- Technology Will Drive Higher Yields
 - More Storage
 - ✓ On-Farm
 - ✓ Commercial
 - Infrastructure Challenges
 - ✓ Rail
 - ✓ Water
 - ✓ Highways



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TRENDS

Agribusiness Response

➤ Quicker

- ✓ Grain Receiving
- ✓ More Storage

➤ Better

- ✓ People
 - Marketing
 - Crop Advisors



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TRENDS

- More
 - Technology
 - ✓ Site Specific
 - ✓ Up to Date
 - Expertise
 - ✓ Upgrade Staff !



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PREDICTIONS

- The Next Farm Bill Will Be Less “Farm”
 - More Rural Development
 - More Nutrition – Urban Focus
 - More Conservation
 - Fewer Payments to Producers



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PREDICTIONS

Cost of all Farm Programs

- \$32 Billion in 2000
- \$11.9 Billion in 2010
 - ✓ \$3.1 Billion for Conservation
 - ✓ 22 % Below 5 Year Average



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PREDICTIONS

- Government Payments
- Farmland as an Investment
- Infrastructure
 - Rail
 - Water
 - Roads



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PREDICTIONS

Opportunities

- Carbon
- Animal Care
- Food Safety
- Processing
- Logistics



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We Must Strive To Be “Where The Puck
Is Going To Be,” Not Where It Has Been.



THANK YOU

QUESTIONS OR COMMENTS...



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