



Outlook 2015: Rebalancing After Finding the Lows

*Agri Commodity Markets
Research*



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November 2014

As Rabobank's Chairman of the Executive Board, I am delighted to introduce to you our Agri Commodity Markets Outlook 2015: *Rebalancing after Finding the Lows*.

The year is drawing to a close, and the supply of many agri commodities has rebalanced from the tight levels of the last two years. Favourable growing season conditions through 2014, along with moderate consumption growth, have improved stocks for leading crops, including soybeans, corn and cocoa. And as a result, prices for these commodities have moved to a lower level over the past months.

Agri commodity prices in 2015 are expected to trend lower, or remain stable for the most part, following the improved available supplies. The wide price swings of previous seasons are not expected to be as pronounced in the year ahead, as stock levels have improved. However, agri commodity markets will still remain volatile in 2015, as stocks are not yet at levels to buffer significant supply or demand shocks. Therefore, uncertainty still persists over how the markets will respond in 2015.

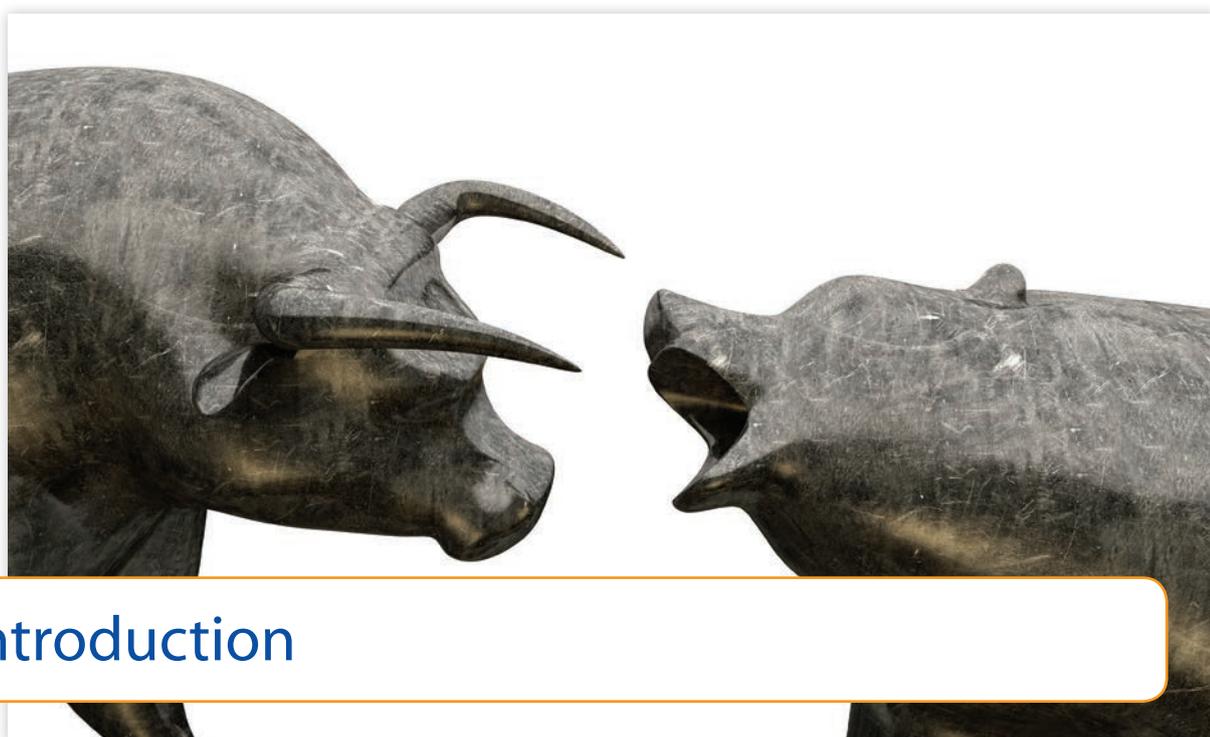
Whatever your role is in the food & agri supply chain—be it primary producer, processor, trader or retailer—you face interesting times, with opportunities and challenges ahead. And we are here to face them with you.

We hope that, as we approach 2015, you find this report useful in supporting your decision-making and strategies. The report is a key example of the work we, as a leading bank in the food & agri sector, provide to help support our clients through a dedicated team of specialised analysts around the world.

With kind regards,

Wiebe Draijer
Chairman of the Executive Board





1 Introduction

Bumper harvests in 2014 have improved world supplies of most grains and oilseeds, which will result in lower and less volatile price levels compared to previous years. Similarly, record-large stock levels will continue to hang over the sugar and cotton markets through 2015, limiting the extent of price recovery, while cocoa stocks are projected to build somewhat. There are some exceptions to this trend, as coffee and beef supplies will remain low in 2015, resulting in strong price levels being maintained.

Overall, the fundamentals in the agri commodity markets appear more balanced through 2015. Consequently, we expect narrower trading ranges for many commodities versus 2014. On the demand side, growth has slowed in recent years. However, lower price levels should now encourage consumption growth, which will support prices. Key variables to watch in the

year ahead include US dollar strength, uncertain Chinese demand growth, slowing biofuel demand and oil price weakness.

Rising stocks pressure prices through 2015, but challenges persist

Farmer selling and planting decisions, global demand and weather-related production risks remain key drivers through 2015. Assuming normal growing conditions for crops, moderate increases in demand will allow stocks to build for most commodities through 2015. For example, the recent plateau in biofuel demand—driven by slower growth in mandates and the low crude oil price, combined with a reduction in global import demand—will allow worldwide supply of grains and oilseeds to outstrip demand in 2015. However, the projected lower price levels through 2015 also provide

Figure 1.1: Rabobank's quarterly agri commodity average price forecasts for 2015

		Q1'14	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
Wheat (CBOT)	USc/bu	617	649	528	525	520	530	550	560
Wheat (Matif)	EUR/tonne	201	200	172	165	165	170	180	185
Corn	USc/bu	453	477	359	360	360	370	380	360
Soybeans	USc/bu	1,357	1,468	1,145	980	970	930	910	900
Soymeal	USD/ton	447	482	395	365	370	350	340	360
Soy oil	USc/lb	39.8	40.7	34.2	32.5	32.8	33.2	32.5	32.0
Palm oil	MYR/tonne	2,693	2,566	2,221	2,140	2,250	2,300	2,265	2,230
Sugar	USc/lb	16.4	17.3	15.9	16.2	16.5	16.8	17.0	17.5
Coffee (ICE)	USc/lb	153	185	182	190	195	200	185	175
Coffee (Liffe)	USD/tonne	1,931	2,046	2,003	2,010	2,000	2,050	1,950	1,900
Cotton	USc/lb	88.0	88.6	66.7	63.0	65.0	65.0	70.0	73.0
Cocoa (ICE)	USD/tonne	2,881	3,010	3,182	2,950	2,800	2,750	2,780	2,700
Cocoa (Liffe)	GBP/tonne	1,823	1,890	2,022	1,900	1,900	1,850	1,850	1,790

Price forecasts current as of 25 November 2014

Source: Bloomberg, Rabobank, 2014

a great incentive for consumption to exceed the forecast levels. China's import demand will continue to be one of the most important variables for many agri commodity markets.

Lower commodity price levels will have a significant impact on farmers' behaviour in 2015. In the case of grains and oilseeds, relatively good access to cash and increased storage capabilities allow farmers to store commodities until prices might spike again. In addition, grain and oilseed plantings for the 2015 crop will reflect the changed economics of crop production. In South America, farmers have switched from input-intensive corn to soybeans, which are cheaper to produce, and the United States (US) is expected to make a similar switch in 2015.

Weather remains critical to production outlook

On the supply side, weather-related production abnormalities threaten to impact agri commodity prices. The weather in 2014 was somewhat of an anomaly for agri commodity production, with favourable to ideal growing-season conditions experienced across most regions driving bumper crops across commodities. The only exception was persistent drought conditions across central and southeast Brazil and the east coast of Australia. The coffee crop in Brazil has suffered from dryness during flowering, with late rains only able to mitigate some of the production losses associated with the 2014 drought. The dryness has also delayed Brazil's soybean planting, which bears the risk of lower yields. Later planting also means later harvests, which could potentially result in a lower acreage of safrinha corn, as it can only be planted after the early soybean crop is harvested. In Russia, dry weather has delayed planting of winter grains. As a result, crops may enter into dormancy in poor condition, substantially increasing the risk of winterkill and therefore lower production.

The risk of a weak-to-moderate El Niño developing through 2015 remains a possibility, and if materialised, it would result in above-normal rains in Argentina and

southern Brazil, improving yield potential of soybeans and corn, but possibly lowering crop quality. Palm oil, sugarcane and cocoa yields also remain at risk, depending on the potential intensity, timing and duration of an El Niño event. Despite the higher beginning stocks in 2015, weather threats could cause prices to diverge from our base price scenario.

Macro drivers remain very much in play during 2015

The pace of world growth has been disappointing during 2014, particularly in the eurozone, where counter sanctions from Russia have hindered economic recovery. It appears unlikely that China will sustain its target growth rate of 7.5 percent pa, and a downward revision is widely expected for 2015. The US and United Kingdom (UK) economies are the bright spots for 2015, though their pace of expansion will be tempered by slow growth elsewhere. The US recovery allowed the Federal Reserve to wind up its asset purchases programme in October 2014, and the market is expecting the first US rate hike in 2015. As a consequence of rate hike speculation, the US dollar has gained ground against other major currencies in 2H 2014, and the market consensus is strongly in favour of further broad-based US dollar gains through 2015.

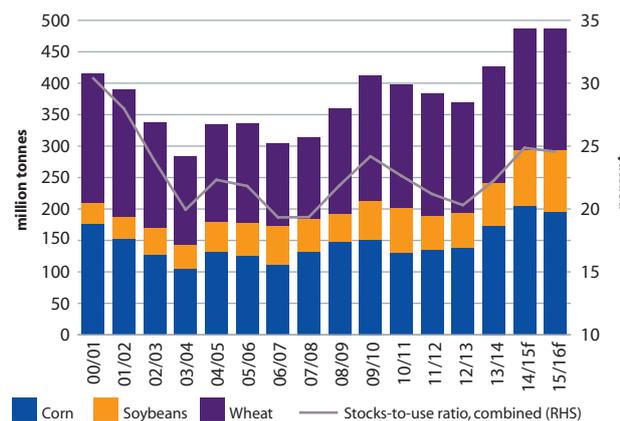
US dollar strength is expected to provide ongoing headwinds for dollar-denominated agri commodity prices through 2015. This is particularly the case for the sugar market, where the ICE #11 will take considerable direction from the Brazilian real—particularly during the local harvest—and a depreciation of 7 percent is projected against the US dollar over the year. The ICE #11 is projected to increase by 6 percent in US dollar terms through 2015, while commodity currency weakness is expected to drive a more pronounced increase of sugar prices in local terms, up 12 percent in Australian dollar terms and 17 percent in Brazilian real terms.

Figure 1.2: S&P Agri Index remains at multi-year lows, while the US dollar finds strength in late 2014



Source: Bloomberg, Rabobank, 2014

Figure 1.3: Global grain and oilseed stocks are projected to grow to record-high levels and stocks-to-use to 2002/03 levels



Source: USDA, Rabobank, 2014

More comfortable stocks to limit the trading range through 2015

The global wheat balance is still relatively tight and is expected to drive CBOT Wheat prices up through 2015, the most bullish of the grains and oilseeds. Rising soybean stocks, increasing plantings and declining biodiesel production will drive an 8 percent decline in CBOT Soybean futures through 2015, and a sustained growth in Chinese import demand remains central to limiting further declines. This will also see the CBOT Soybean/CBOT Corn price ratio narrow from the highs in 2014 to a more traditional relationship in 2015.

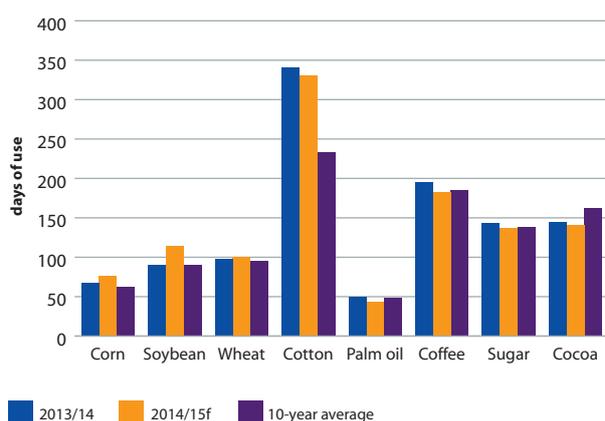
Soft commodity markets remain subject to weather risk through 2015, despite starting the year with comfortable stock levels, which are projected to tighten. The sugar market is expected to transition from five

consecutive seasons of surplus production towards a small deficit in 2014/15, driving the ICE #11 up 6 percent. Coffee markets will remain volatile, and subject to Brazilian weather and currency risks through 2015. However, after rallying the most out of all the agri commodities through 2014, ICE Arabica coffee is expected to edge 8 percent lower by the end of 2015—assuming favourable flowering in late 2015. Cotton stocks are projected to decline for the first time in six years in the 2015/16 season, driving a USc 8/lb, or 12 percent, increase in the ICE #2 through the year—albeit coming off a five-year low. Cocoa stocks are expected to rise following a favourable growing season and declining grindings, driving the stocks-to-grindings ratio to 41 percent, the highest since 2011/12. ICE Cocoa futures are expected to track lower through 2015, down 8 percent.

Our methodology

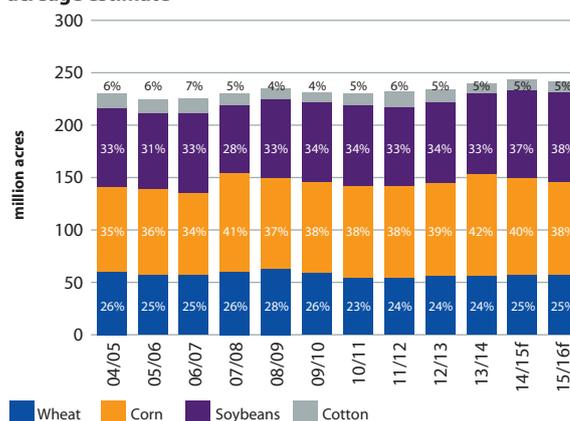
A range of quarterly price forecasts is presented through this outlook. The 'base case' represents the most likely price trajectory in our view, given a set of drivers discussed. However, agri markets are inherently volatile and influenced by a range of both probable and unforeseeable factors. We discuss the range of price scenarios with a lower probability of being realised in the high and low case price scenarios. These high and low cases represent potential quarterly average highs and lows, and not a daily high or low. Quarterly price forecasts are based on our expectation of the average daily settlement of the active contract over the quarter.

Figure 1.4: Global grain and oilseed stocks, expressed in days of use, continue to rise in 2014/15, with the exception of palm oil



Source: USDA, Rabobank, 2014

Figure 1.5: Farmers are expected to switch from input-intensive crops like corn to low-cost soybeans, as shown by the US acreage estimate



Source: USDA, Rabobank, 2014

Figure 1.6: Rabobank's 12-month outlook for prices from current levels

Live cattle		Bullish cattle price outlook is driven by tight supply and continued strong demand, as the herd is projected to decline by a further 2 percent to 3 percent YOY
Cotton		The ICE #2 is expected to remain subdued through 2015, as China's import demand is projected to slow by the most since 2008/09
Sugar		ICE #11 futures are expected to maintain an upward trajectory during 2015. However, heavy stocks at both destinations and origins and a depreciating Brazilian real will limit the extent of price recovery
Wheat		Wheat prices are expected to strengthen after finding a base in early 2015, as supply risks persist and—even without risks—supply and demand are just balanced for 2015/16
Palm oil		Palm oil prices are expected to rise in 2015, as demand growth outpaces production growth, while strong soybean supplies will limit the upside
Corn		Corn prices are expected to increase slightly through 2015, as widespread storing of corn by farmers and declining planted acres will provide some price support
Soymeal		Soymeal prices in 2015 will be below the high levels of the last two years, but will be supported by strong global demand
Soy oil		Soy oil futures are expected to move lower to sideways over the course of 2015, with a stronger bearish move later in the year, given large supplies which will pressure prices
Lean hogs		Lean hog futures are expected to ease in 2015, as US pork production recovers. We forecast 3 percent production growth, following the outbreak of PEDv in late 2013 and early 2014
Coffee		Coffee prices are expected to remain elevated throughout 2015, supported by a tighter supply situation and declining stocks of Arabica
Cocoa		Cocoa futures are expected to remain under pressure through 2015, easing from an average of USD 2,800/tonne in Q1 to USD 2,700/tonne in Q4 2015
Soybeans		Soybean prices in 2015 are expected to trade lower in a tighter range than in previous years, as global soybean availability has significantly improved following the record US crop

Source: Rabobank, 2014

Our price forecasting performance last season

Our 2014 Markets Outlook, *Lower Prices as Stocks Build* (released December 2013), highlighted some key themes for the year ahead:

1. Slowing biofuel demand
2. Commodity currency weakness
3. Uncertain Chinese demand growth
4. Rebuilding stocks

Our fundamental view anticipated lower prices right across the agri commodity complex in 2014, with exceptions in the cocoa and sugar markets. We observed grain and oilseed futures trending downwards over the year, as favourable weather contributed to record-breaking production. Similar pressure emerged from newfound strength in the US dollar, and a fall in crude oil prices to below USD 90/barrel reduced the economic viability of alternative fuel sources. Unforeseen variables, such as severe drought across central and southeast Brazil and geopolitical events in the Black Sea region, also had a substantial influence on the shaping of prices. Overall, we are pleased to see our 2014 viewpoint realised across the agri commodity complex.

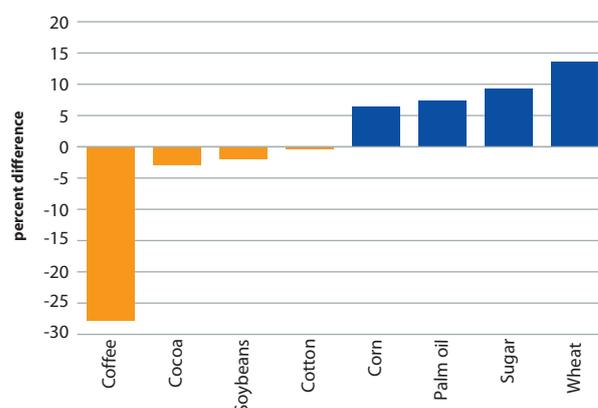
Exceptional growing conditions for grains and oilseeds exceeded our expectations in 2014, particularly in the US, and have been key in driving market prices. Record-breaking soybean and corn yields saw production outpace consumption for a second year, contributing to towering global inventories and pressuring prices lower. Similarly, the EU and Black Sea regions surpassed expectations for wheat production by a significant margin, improving export availability and driving more competitive pricing. As a result, both corn and wheat prices trended towards our low case scenario over the year. Soybeans almost matched our 2014 forecasts, after prices trailed our base case scenario as stock levels recovered.

Widespread drought across southern Brazil drove considerable volatility across the coffee prices throughout the year. The unprecedented event followed a favourable flowering period and occurred during the critical bean formation phase of plant development. Constrained yields cut Brazilian production by an estimated 23 percent YOY. ICE Arabica coffee futures prices more than doubled to levels above US\$ 200/lb in early 2014 and stayed at levels of close to US\$ 200/lb for the rest of 2014, as the market shifted into a deficit balance for the first time since 2010/11. Our base case forecast, formed prior to the arrival of the unforeseen drought, assumed a production surplus of 3.2 million bags. As a result, we underestimated the outlook for coffee futures through 2014.

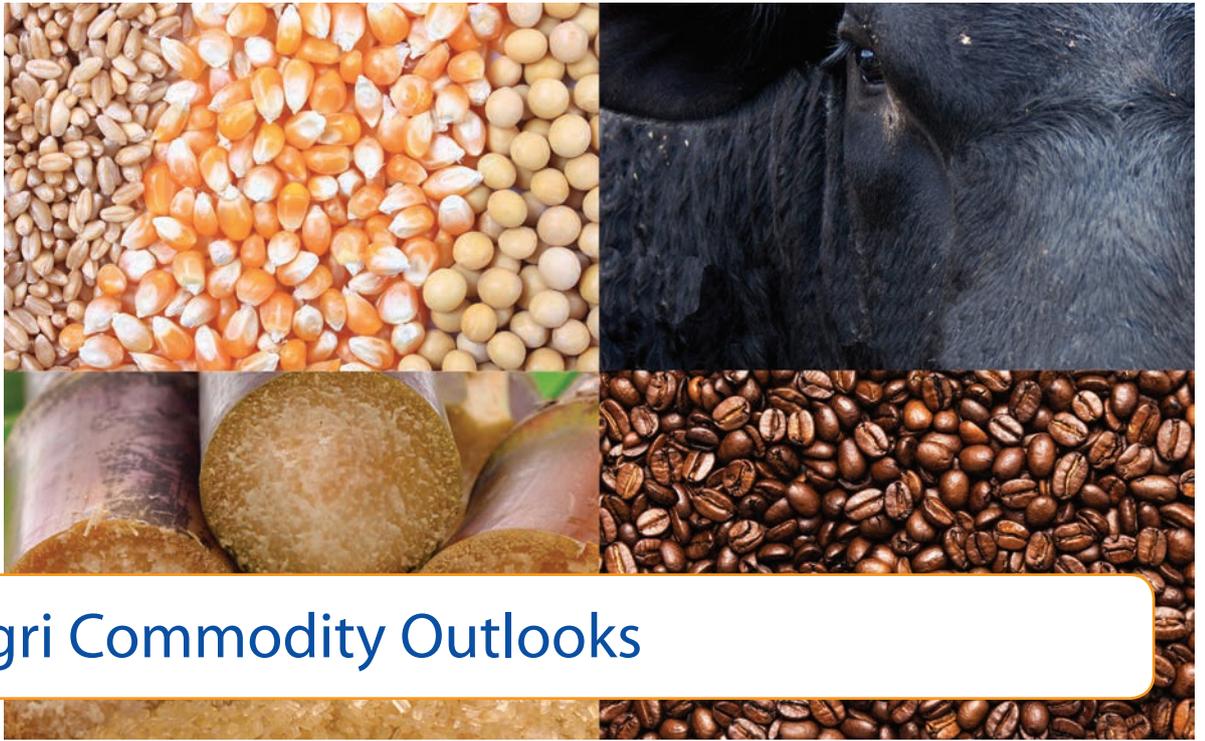
Commodity currency weakness was a key variable behind our price outlooks, and the impact of the depreciating Brazilian real was understated in our sugar price forecast. In addition, the growth in global sugar consumption declined to 1.7 percent YOY, coming in below our expectations. This drove the ICE #11 some 9 percent below our 2014 forecasts.

Cocoa, soybeans and cotton were our most accurate forecasts—all within 5 percent of actual annual prices. In contrast, coffee and wheat forecasts were the least accurate, as unforeseen variables went against our expectations. The remaining commodities—corn, sugar and palm oil—were forecast at 5 percent to 10 percent higher than actual prices, as the magnitude of anticipated price reductions exceeded expectations.

Figure 1.7: 2014 forecast results show we underestimated bullish moves in coffee and bearish moves in grains



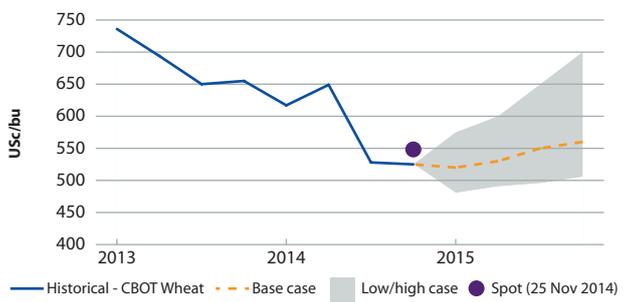
Source: Bloomberg, Rabobank, 2014



2 Agri Commodity Outlooks

WHEAT

	unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
CBOT	US\$/bu	649	528	525	520	530	550	560
Matif	EUR/tonne	200	172	165	165	170	180	185



12-month outlook from spot

Low case	Base case	High case
Relentless supply pressure from other grains and weak global demand keep wheat price below our base scenario	Global stock building, combined with plenty of substitute grains and only incremental increases in wheat demand, results in a neutral outlook after finding the bottom in early 2015	Adverse weather and geopolitical risk in the Black Sea region result in a bullish scenario

Source: Bloomberg, Rabobank, 2014

Heading into 2015, global wheat stock building will continue to pressure prices, keeping the market range-bound as abundant feed wheat limits market rallies during 1H 2015. With only incremental increases to global wheat demand through 2014/15 and no significant demand-side shocks expected, prices will remain driven by the supply side. In addition, increased production by key importers combined with competitively priced substitute grains will reduce global wheat trade by 12 million tonnes YOY while weighing down prices. Despite our almost neutral outlook for 2015, significant production risk exists. Such risks could lead to price increases in 2H 2015—depending on Northern Hemisphere production—as despite the projected stock building, wheat is still the most fundamentally tight of the major grains.

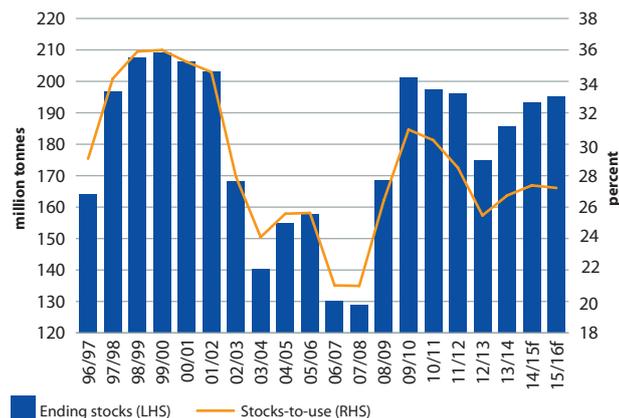
Base case

Wheat price is expected to stabilise after finding a base early in 2015, as the heavy global balance sheet weighs on the market. Still, Northern Hemisphere production risk could cause price increases. Record corn and soybean crops will complement the global wheat production record of 718 million tonnes during 2015. The corn-to-wheat price ratio for the December 2014 contract held between 1.5-1.4 during 2H 2014, which will likely

continue into 2015, as long as lack of fundamental support keeps wheat prices tethered to corn.

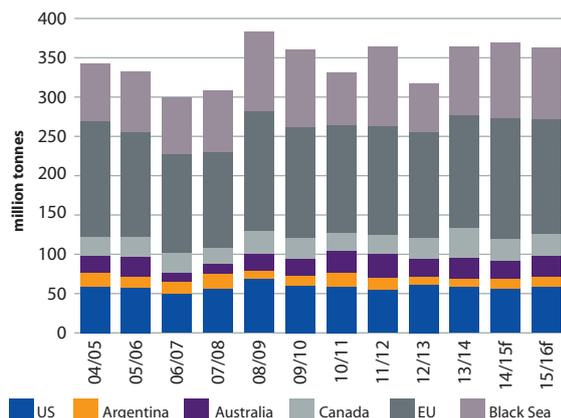
Lower year-over-year trade during 2014/15 will weigh on prices, as competition from other grains combined with only incremental demand growth allows stocks to build. Despite a much larger EU wheat crop, exports should fall 10 percent behind last year's record, as export competition (e.g. out of the Black Sea region) will pick up, allowing stocks to build significantly in the EU. However, a large share of the stock increase will consist of lower quality wheat. Given the large stocks, and assuming a normal crop for 2015/16, the EU should remain adequately supplied in 2015. Similarly, India is unlikely to export a large amount of wheat in 2014/15, considering that minimum price supports currently sit significantly above global prices. Indian wheat exports are expected to be around 3 million tonnes, driven more by the possibility of freeing up space in local storage facilities rather than price. In other countries, the lower global wheat prices will create some additional demand (e.g. Indonesia is projected to increase its imports by 5 percent to 6 percent, and Vietnam by 4 percent). Overall, only incremental global demand increases are expected, leading to an 8 million tonne global stock increase in 2014/15.

Figure 2.1: World wheat ending stocks are projected to remain sufficient in 2015/16



Source: USDA, Rabobank, 2014

Figure 2.2: Persistently large wheat crops in key producing countries to provide sufficient export potential in 2015/16



Source: USDA, Rabobank, 2014

Weaker Chinese wheat imports are expected to persist in 2015 and are unlikely to revisit 2013/14 levels. China's wheat imports are forecast around 3 million to 4 million tonnes in 2014/15, which is a significant decline from the record imports of 7 million tonnes in 2013/14. This is due to better domestic production, resulting from growing internal pressure to rebuild stocks after the poor 2013/14 Chinese wheat crop. Because China normally imports wheat from the US, Canada and Australia, exports from these regions will be sluggish in 2014/15.

Global consumption will increase by 21 million tonnes, as competitively priced feed wheat will stimulate demand while limiting price downside during 2015. Because of adverse harvest weather in North America and the EU during 2014, an abundant supply of feed-quality wheat is available, but there are only adequate supplies of milling-quality wheat. Low global feed wheat prices will attract buyers and create opportunities for blending supplies. During 2015, some high local basis to coax milling-quality wheat from farmers or to overcome logistical bottlenecks may be seen, yet these issues will be regional and not market movers. With the market having already incorporated most bearish factors into wheat price, downward price movement will be limited by opportunistic buying.

High case

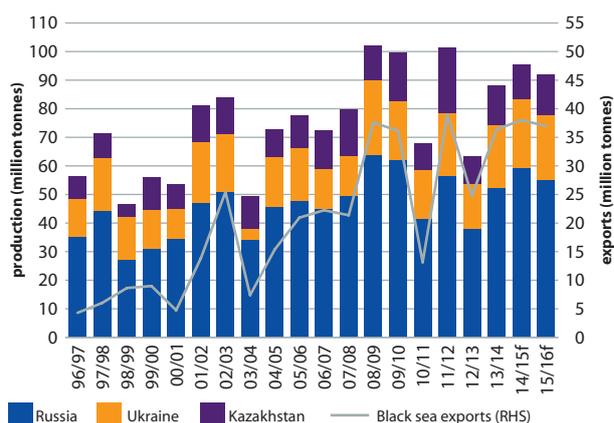
For our otherwise neutral 2014 wheat outlook, weather and geopolitical risk in the Black Sea region provide the best chance for price upsides in a year of abundant grain substitutes. Despite another record global crop, wheat stocks are only marginally able to increase as consumption grows further, stabilising the stocks-to-use ratio at 27 percent. While the Black Sea region's 2014 crop was up 8 percent YOY, dryness in Russia and poorly developed winter crops could result in higher-than-normal winterkill and therefore a lower output in 2015, which would decrease exports from the Black Sea region. Furthermore, although geopolitical tensions between the West and Russia still smoulder, wheat

exports from the Black Sea region were not greatly impacted in recent months. However, a renewed conflict over Ukraine in 2015 could lead to rising wheat prices.

Low case

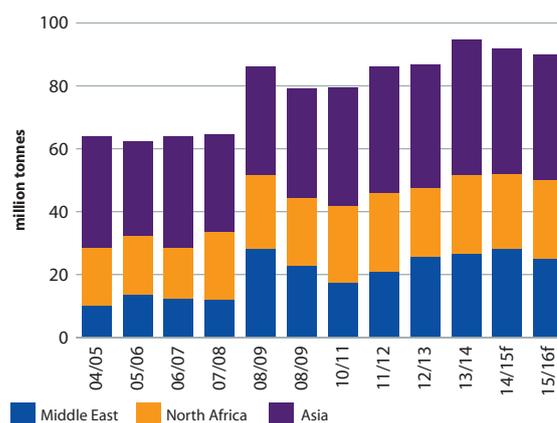
As wheat fails to find sufficient global demand because of bearish corn fundamentals, relentless pressure from other grains could keep wheat prices low all year, and weaker-than-anticipated demand from Asia could further lower trade expectations and pressure FOB prices.

Figure 2.3: Weather events and geopolitical relations in the Black Sea region still carry substantial risk to futures prices



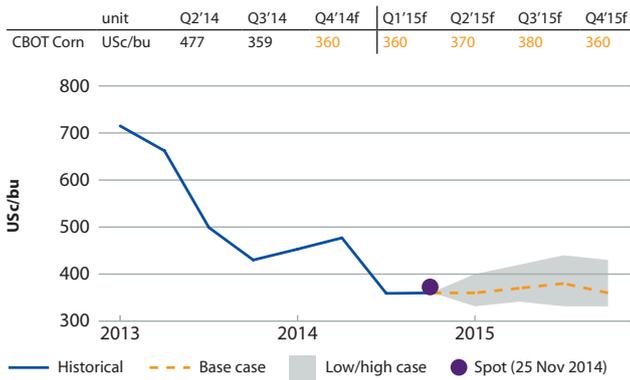
Source: USDA, Rabobank, 2014

Figure 2.4: Lacklustre import demand across Asia, North Africa and the Middle East to pressure prices



Source: USDA, Rabobank, 2014

CORN



12-month outlook from spot

Low case

Lacklustre economic growth results in setbacks in global demand

The substitution of corn in feed rations and farmer liquidation of the 2014 crop also carry substantial downside risk

Base case

Widespread crop storage and declining planted acres for 2015 provide some price support

High case

Production issues cause a contraction in South American output for 2015

Lower-than-expected US planting and unexpected strong demand push prices to our high case scenario

Source: Bloomberg, Rabobank, 2014

The global corn balance sheet will start 2015 with the second consecutive year of global stock building. While production has increased, use is expected to grow only marginally by 2 percent, which will lead to the highest annual stocks-to-use ratio since 2002, of about 21 percent. Incentive to store corn on farm and in elevators will likely drive a premium in the market until late February or early March, when corn is generally liquidated to pay for spring planting. As a result, our CBOT baseline outlook is generally sideways to slightly bearish for Q1 2015, as the Northern Hemisphere stores the record crop.

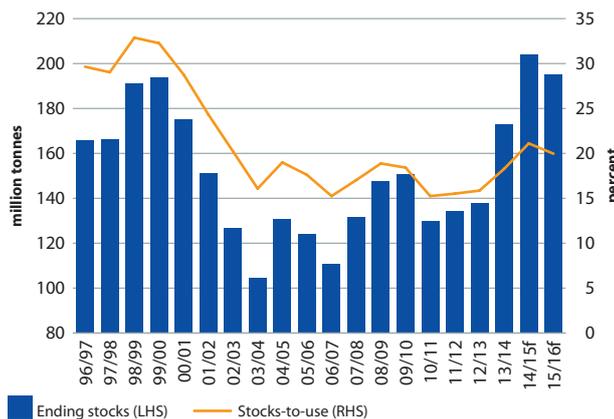
Lower prices relative to other crops will likely drive initial planting estimates to favour soybeans and spring wheat over corn. Fewer acres in initial planting estimates for the Northern Hemisphere should support prices, depending on the size of the contraction. A decrease in US corn planting to below 90 million acres and a contraction of Brazilian second crop production due to input cutbacks are expected to support prices in 2H 2015. Pressure on cash prices should be experienced in July/August, as a significant on-farm storage position in the US will eventually need to be liquidated as the 2015/16 US crop is pollinating. Under normal harvest conditions, the liquidation of the 2014/15 crop will offset much of the price support from fewer acres planted.

Base case

Corn prices are expected to bottom out late in 2014 and slightly increase over the course of 2015, as a 16 million tonne YOY increase in US production balances out a combined production cutback of 8 percent from Brazil, Argentina and Ukraine. We expect the 2014/15 Brazilian summer corn planting to decline by 8 percent, or 6 million hectares, in favour of soybeans. Total Brazilian summer corn output of 28 million tonnes—combined with a 10 percent decrease in the second corn crop, coming in at 44 million tonnes—will produce a total Brazilian crop of 77 million tonnes, which is down 3.5 percent YOY. Argentina is expected to reduce planted area by up to 20 percent, with some area going to soybeans and some area further away from infrastructure going fallow. This will result in an 8 percent drop in corn production, to 21 million tonnes. The base case outlook projects a 1 percent (10 million tonne) YOY increase in global corn use.

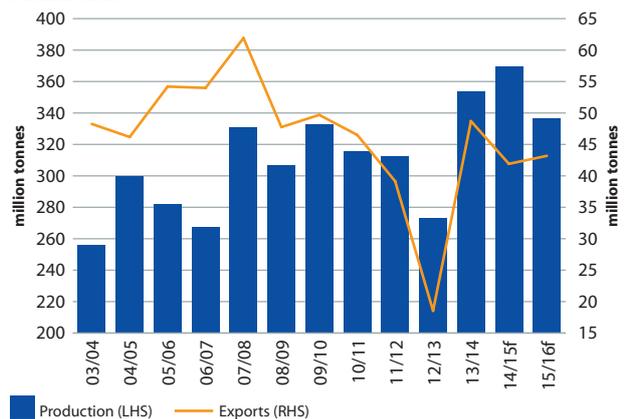
With the robust increase in stocks, long-term storage is likely to return as the key merchandising/farmer marketing strategy. The current December 2014 to July 2015 CBOT carry spread is running near US\$ 40/bushel. Additionally, the history of seasonal cash basis portends good potential for profits as cash prices strengthen from harvest lows. As a result, the prospects of storing grain

Figure 2.5: Global stocks-to-use ratio is set to reach 10-year highs amidst record global corn stocks in 2014/15



Source: USDA, Rabobank, 2014

Figure 2.6: US corn production is projected to decline in 2015/16, following the record-large harvest of 2014/15, while exports remain firm



Source: USDA, Rabobank, 2014

to make a profit are strong, and therefore our base case outlook includes an expectation of record storage levels through Q3 2015. Fall processor buying is likely to increase as the potential for a winter premium is driven by the difficulty of pulling grain out of a profitable storage environment. Consequently, our base case price outlook sets a bottom countered by processor buying during Northern Hemisphere harvest and maintains a sideways pattern above USD 3.30/bushel through Q1 2015.

Northern Hemisphere spring planting is the next critical factor for corn price. The current soybean-to-corn price ratio has been persistently above 2.7, which is significantly higher than the average national break-even point of 2.35. Given the growth in corn stocks and strong likelihood of substantial storage, the ratio is expected to drive prospective planting estimates to favour soybeans over corn. As a result, we expect US corn planting to be down 3 million to 4 million acres YOY in 2015/16. With corn planting as low as 88.3 million acres, the probability of increasing stocks year-over-year is small, which has the potential to drive a USc 20/bushel to USc 40/bushel risk premium back into the spring CBOT futures price. Based on our trend-line expectation of a 163 bushel/acres yield, this level of planting would produce 13.2 billion bushels in the US. Ending stocks would decline to 2.0 billion bushels, with a slightly higher US usage of 13.6 billion bushels. The ending stocks-to-use ratio would settle at less than 15 percent, with a Q2 CBOT price averaging close to USD 4.00/bushel

High case

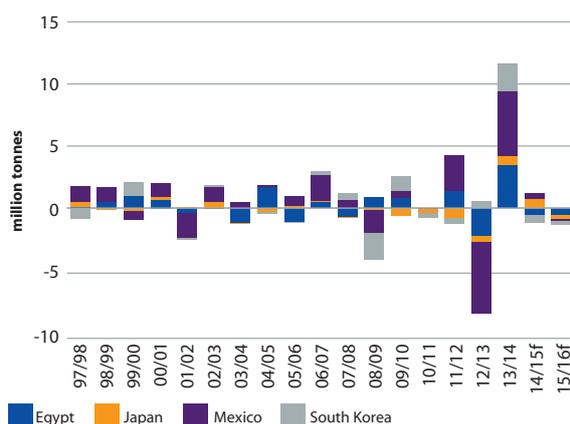
Given the large volume of US stock in storage, much of the Q1 2015 price forecast is likely to be similar to the base case scenario, with key changes occurring in Q2 if production faces challenges. With South American production potential already decreased due to less area planted to corn and reduced application of fertiliser and other inputs, the safrinha crop in Brazil is at risk of further contraction. Lower-than-expected US planting and an unexpected surge in global demand could also

drive prices higher. US planting is likely the most critical swing factor for our high price outlook. A cutback to below 88 million acres planted to corn in the US combined with production issues in South America would lead to a global stocks-to-use ratio of below 18 percent (US stocks-to-use of below 14 percent). In this scenario, we expect prices to increase to USD 4.50/bushel in 2H 2015, with the potential for nearly USD 5.00/bushel during Q2 planting, including a weather risk premium.

Low case

Stronger setbacks in global demand, due to poor economic growth or a substitution of corn in feed rations, is the main driver for our low case scenario. In our base case scenario, we use trend yields, which are below the strong yields achieved this year in most countries. Another season with good weather and a boom in production would pressure prices lower. This would be exacerbated by the summer liquidation of the 2014/15 crop.

Figure 2.7: Eroding YOY import demand to weigh on prices, encouraging large crop volumes into storage



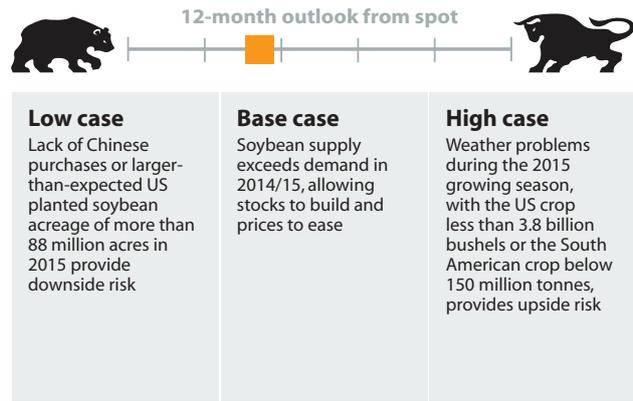
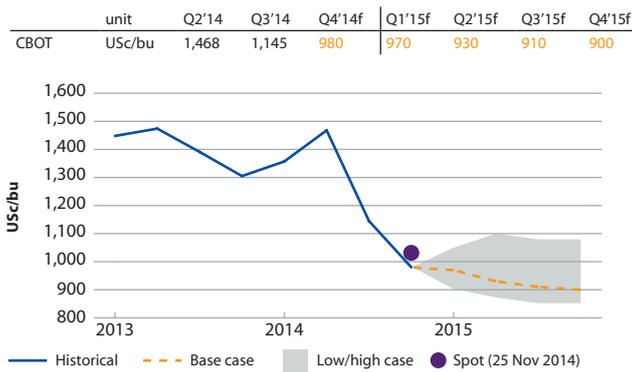
Source: USDA, Rabobank, 2014

Figure 2.8: CBOT Soybean/CBOT Corn nearby price ratio to ease back towards the 10-year average of 2.5



Source: Bloomberg, Rabobank, 2014

SOYBEANS



Source: Bloomberg, Rabobank, 2014

Soybean prices are expected to move downwards by Q1 2015 and then sideways to downwards at a significantly lower level than in previous years. While we expect continued price volatility, the daily volatility will be below that of past years. The huge US crop in 2014, combined with expected record crops in South America in 2015, will ease the global balance sheet significantly. The CBOT futures forward curve is relatively flat, with November 2015 futures close to November 2014 levels, reflecting the market expectation of balanced supply in 2015. We believe prices are likely to stay below the futures forward curve if the forecast record crops in South America materialise. However, climatic conditions between December and February will be critical, and prices will be subject to short-term rallies on any weather scares. Our base case already reflects a 4 million tonne increase in Chinese soybean imports in 2014/15—similar to the previous year’s growth—but a potential weakness of the Chinese economy would imply the risk of slower soybean import growth.

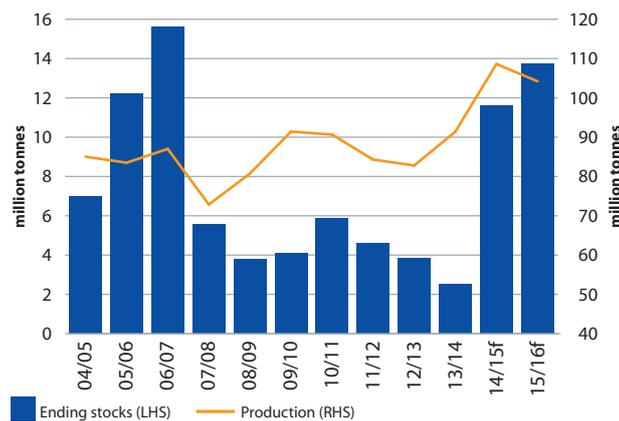
Base case

Soybean prices should move in a tighter trading range than in previous years, as global soybean availability has significantly improved with the record US crop. Taking into consideration the projected large crop in South

America, the global ending stocks-to-use ratio is poised to reach a record 31 percent by September 2015, a steep increase from the 25 percent seen one year earlier. We forecast global production for 2014/15 to be 9 percent up on last year, at 312 million tonnes, outstripping global demand by 30 million tonnes, which allows for significant stock building. There is still a long way to go before the 2015/16 crop is made, but assuming average weather conditions, stocks would build further.

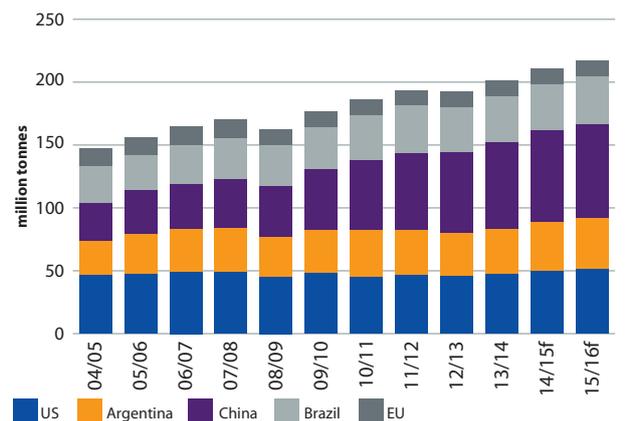
We expect combined soybean production from Argentina, Brazil and Paraguay to reach 156 million tonnes in 2015. This is mainly due to an expected continued growth in acreage and would be 7 million tonnes above last year’s production. The Brazilian soybean area is set to increase by 1.6 million hectares, or 5.5 percent, due to the favourable soybean economics vis-à-vis corn, as the soybean-to-corn price ratio favours the planting of soybeans. Based on trend-line yields, Brazil’s soybean production will reach a record 92 million tonnes in 2015, a 7 percent YOY increase, allowing for growth in both exports and crush. In Argentina, soybean area is expected to increase by only 2 percent, with corn acreage in the Pampas being switched to soybeans. However, this will be partly offset by a reduction in marginal areas in Argentina, where

Figure 2.9: US soybean ending stocks to reach a seven-year high of 11.6 million tonnes in 2014/15



Source: USDA, Rabobank, 2014

Figure 2.10: Global crush to further expand, consuming some, but not all of the additional supply



Source: USDA, Rabobank, 2014

production and transport costs are too high for even soybeans. We forecast Argentina's production slightly up on last year, at 55 million tonnes. The domestic crush will benefit from the increased supply and is projected to grow by 7 percent YOY. Overall, we forecast soybean crush in South America to grow by 5 percent YOY, to almost 80 million tonnes, which still leaves enough supply for higher exports and stock building. Brazil is expected to export 47 million tonnes in the next marketing year, with an additional 9 million tonnes and more than 4 million tonnes coming out of Argentina and Paraguay, respectively. In total, South American export potential will be greater than 60 million tonnes. But with increased competition from the much better-supplied US, it might be hard for South America to exceed this level.

China's import demand will continue to be one of the main supporting factors for soybean prices throughout 2015. Domestic soybean production in 2014 has further decreased by 3 percent YOY, to less than 12 million tonnes, and domestic stocks are continuing to run at low levels similar to the previous two marketing years. Even so, the development of the Chinese and global economies might put a question mark on the magnitude of the growth of the animal protein sector and the respective demand for soymeal. We project further growth for both Chinese soybean crush and imports. Using a growth rate of 6 percent—similar to that of the previous two years—we forecast domestic crush at 73 million tonnes, which will ultimately result in imports of 73 million tonnes, topping the previous season by 4 million tonnes. Until November 2014, US export sales to China were—not surprisingly—much stronger than in the previous year. But when the record South American crop becomes available in 2015, the Chinese will source soybeans from the Southern Hemisphere. Imports in other Asian countries are also expected to grow in 2014/15. That being said, growth should be more than offset by a reduction in US imports after last year's unusually high import levels. Our base case price outlook reflects the record crops in South America and the growth of trade.

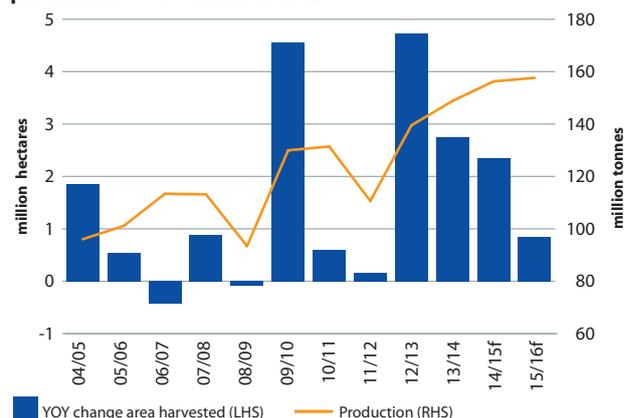
High case

Higher-than-expected prices may come from supply risks and potentially strong demand. Over the last few years, the South American soybean crop has proven that adverse weather can easily reduce output by 20 million tonnes, or 13 percent of anticipated production. A late arrival of the wet season in Brazil has delayed soybean plantings for the 2015 crop, which increases the risk of below-trend yields. However, the peak summer months (end December to late February), when soybeans are blooming and setting pods, are key for crop development, and any weather shock that impacts crop yields will skew prices upwards. In addition, the development of the Brazilian real to US dollar exchange rate will be decisive in the timing of the commercialisation of the Brazilian soybean crop. Furthermore—as is the case for most grains and oilseeds—farmers' willingness to store soybeans and the timing of selling will continue to impact prices. This is particularly true for Argentina, as over the last few years farmers have been holding on to their soybeans as a hedge against inflation and potential exchange rate devaluation. In addition, logistics bottlenecks might result in price spikes when the record soybean crops need to be moved. Finally, Chinese import demand, driven by prices below those of last year and robust growth of the feed sector, could boost imports and global prices to even higher levels.

Low case

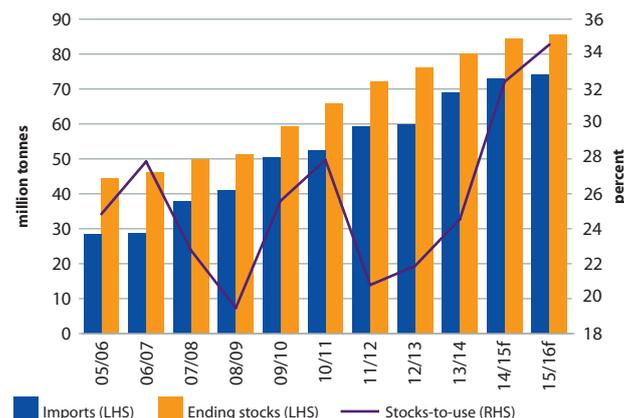
As has been the case in recent years, the purchases from China provide one of the biggest downside risks to our price forecasts. In the base case, we estimate that Chinese soybean imports for 2014/15 will reach another record level of 73 million tonnes, representing a key price support in the face of record South American production. Any reduction in purchases will lower the floor for soybean prices. Another driver of potentially lower-than-forecast prices is the US soybean area in 2015. There is potential for US farmers to plant more soybeans in 2015 than we currently expect, which would put pressure on prices.

Figure 2.11: South American soybean plantings are projected to increase once again in 2014/15 (Sep/Aug), driving record production of 156 million tonnes



Source: Bloomberg, USDA, Rabobank, 2014

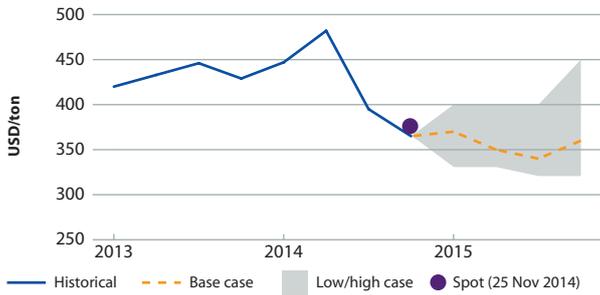
Figure 2.12: China's soybean import demand is projected to set new records of 74 million tonnes in 2015/16



Source: USDA, Rabobank, 2014

SOYMEAL

unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
CBOT US\$/ton	482	395	365	370	350	340	360



12-month outlook from spot



Low case

Lack of demand, driven by a weak global economy and poor livestock herd expansion, combined with a record global soybean crop results in low-end price projections

Base case

Strong global soybean demand supports prices in 2015, while record soybean supply improves availability

High case

Strong Chinese demand beyond 58 million tonnes, an easing of PEDv in the US and soybean crop failures provide upside risk

Source: Bloomberg, Rabobank, 2014

The key driver for soymeal is the strong global demand, which has grown year-over-year despite the record-high prices of the last two years. Soymeal consumption is being driven by an ever-increasing demand for protein. The largest rises in meat consumption are coming from China, Southeast Asia, Brazil and the Middle East. In addition, high beef prices have provided price incentive for rapid expansion for both poultry and pork producers, who are large consumers of soymeal. Also, the increasing demand for protein and soymeal in Brazil, India and China is reducing their ability to export, creating more demand for soymeal from the US and Argentina.

Base case

Soybean meal prices in 2015 will be below the high levels of the last two years, but will be supported by strong global demand. Our base case has futures prices around USD 350/ton for the year. For the first time since the 2006/07 crop year, there will be adequate supplies of soybeans for crushing. The surge in demand for soymeal in the past year and record crushing margins are clear signals for processors to ramp up crushing. As a result, soymeal supplies will meet the growing record demand. The increase in crush and soymeal supplies will bring US soymeal basis values back to

their historic levels and eliminate the end-of-crop-year volatility.

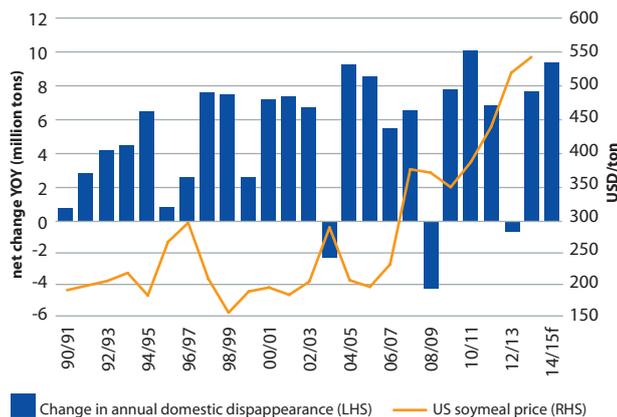
High case

Stronger-than-expected Chinese demand, resulting from increased economic growth, is the major factor that would move prices to the upper end of our forecast. GDP growth is positively correlated with meat consumption. In addition, quicker expansion of poultry numbers and a milder winter would help stem the spread of porcine epidemic diarrhea virus (PEDv) in the US hog herd, which would translate into higher soymeal demand and consequently higher prices. Lastly, weather problems in the soybean-growing season in North and South America would lift prices to the upside.

Low case

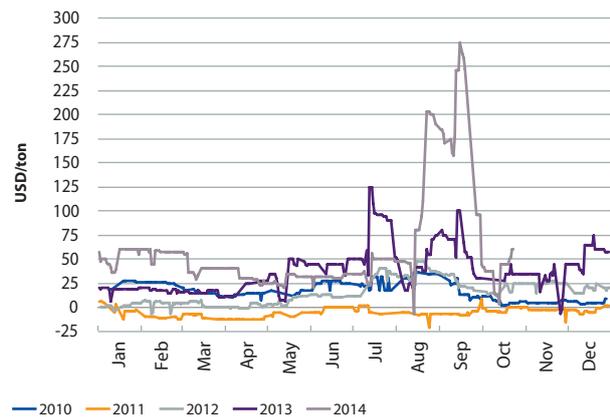
There is a low probability of reaching the low-end price projections for soymeal until Q4 2015. The demand for meat and soymeal is expected to remain high. We would need to see further deterioration in the global economy plus the inability for both the poultry flock and hog herds to grow. But as the South American crop comes to market and another large US soybean crop develops, there will be significant downward pressure by the fourth quarter of 2015.

Figure 2.13: Global soymeal demand to remain strong in 2014/15 despite higher prices



Source: DTN, USDA, Rabobank, 2014

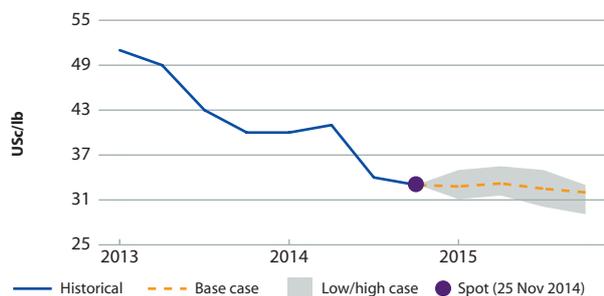
Figure 2.14 Higher crush rates to reduce US soymeal basis to historical levels in 2014/15



Source: DTN, Rabobank, 2014

SOY OIL

	unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
CBOT	US\$/lb	40.7	34.2	32.5	32.8	33.2	32.5	32.0



Source: Bloomberg, Rabobank, 2014

Soy oil is once again the third wheel of the soybean complex as soy meal retakes the price lead. The combination of soy oil's share of the crush recovering from multi-year lows set in 2014 and low stocks have given the soy oil market hope for 2015 prices. Still, we project prices to be relatively steady in 2015. Record soy meal export demand, resulting in a high US crush rate, will build oil supplies. Combined with a less robust demand from the biodiesel sector, this is putting soy oil prices under pressure. The price premium of soy oil to palm oil has narrowed lately and we expect this trend to continue.

Base case

Soy oil futures are expected to move lower to sideways over the course of 2015, with a stronger bearish move later in the year. Our base forecast is projecting a decline from the October 2014 rally, with a sideways move for much of 2015. Several market factors could swing soy oil futures in 2015. Market expectations are high that US biodiesel will lift soy oil prices as demand rises. However, we are cautious about those expectations. In the US, the FDA has proposed that trans fats should no longer be designated as 'generally recognised as safe' (GRAS). The majority of US food manufacturers have already removed trans fats from their products. However, the removal of GRAS status would reflect negatively on



Low case

The combination of soy oil stock building—due to a strong crush—and low crude oil prices, which reduce margins and demand for biodiesel, pressures soy oil prices

Base case

Large supply due to strong crushing combined with a cautious expectation on US biodiesel, as well as the removal of GRAS status in the US, result in lower-to-sideways prices

High case

Biodiesel demand may drive prices if US blenders' credit is restored and Brazil and Asia increase demand

soy oil, as it would put an end to any hydrogenated US soy oil use. A decision is expected sometime in the next year.

High case

The upside potential for soy oil futures is limited, and for the market to move to the upper range of our forecast, soy oil stocks will need to tighten further. US soy oil stocks are at their lowest level since November 2004, as measured by the National Oilseed Processors Association (NOPA). However, the expected increase in crush will add supply and therefore stocks. In addition, the US Congress will have to vote to restore the blenders' tax credit in order to jump-start the US biodiesel industry and soy oil use. Moreover, increases in Brazil's biodiesel mandates, from 5 percent to 7 percent, will help increase demand for soy oil.

Low case

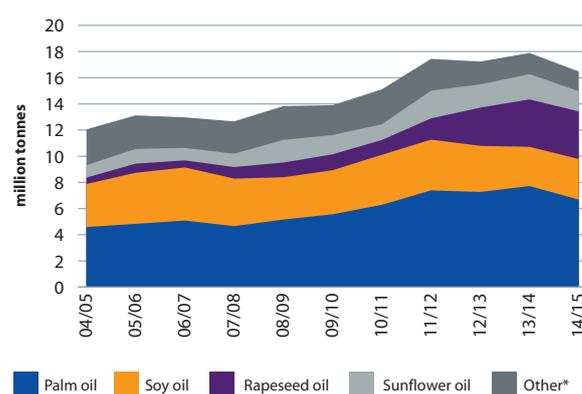
While the global stocks-to-use ratio is expected to plateau in 2015, global soy oil as well as vegetable oil stocks remain on the increase. With the strong global demand for soy meal, we expect the bull spreading of meal and oil to continue to be a market feature. Argentinean biodiesel production has grown substantially, by almost one-third in 2014. However, with the lower crude oil price level, competitiveness of biodiesel will be severely hampered, which would pressure prices even more.

Figure 2.15: The soy oil to palm oil spread is expected to remain narrow during 2015 on abundant soy oil stocks



Source: Bloomberg, Rabobank, 2014

Figure 2.16: Global vegetable oil stocks are projected to decline by 8 percent in 2015

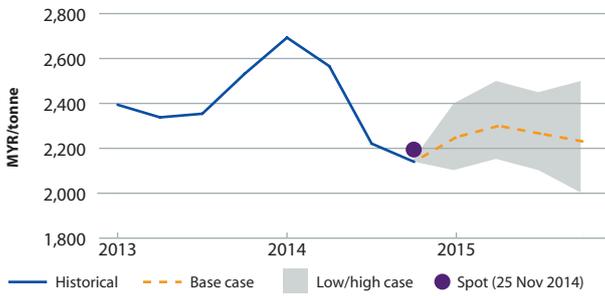


* includes coconut, cottonseed, peanut, olive and palm kernel oils

Source: USDA, Rabobank, 2014

PALM OIL

unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
MDE-Bursa MYR/tonne	2,566	2,221	2,140	2,250	2,300	2,265	2,230



12-month outlook from spot

Low case	Base case	High case
High availability of alternative oils following strong soybean crushing pressures prices lower	Production constraints and improved demand drive prices through 2015	Poor oilseed production following adverse weather, as well as an upturn in biofuel demand, support palm oil prices
	Price outlook is capped by heavy 2015 oilseed supplies	

Source: Bloomberg, Rabobank, 2014

Palm oil prices are expected to improve in 2015, driven by rising demand as well as constrained supplies due to dry weather in 2014. We expect prices to average MYR 2,260/tonne in 2015, against our estimate of MYR 2,400/tonne in 2014. Palm prices have more upside risk than downside through 2015, as most of the bearish factors are already priced in.

Base case

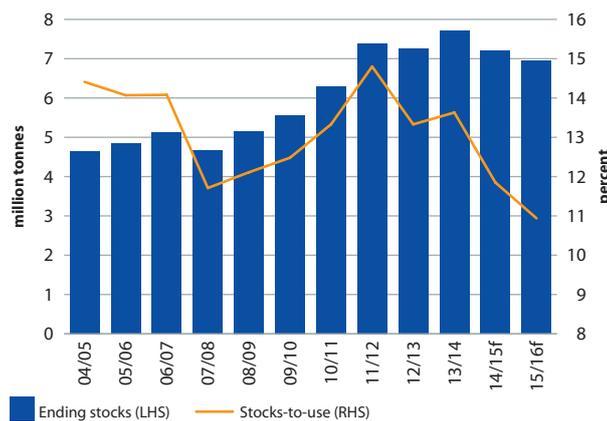
Production constraints will drive palm oil prices higher in the near term, although strong oilseed supply will keep a lid on growth. World oilseed supplies are expected to increase by 5 percent in 2014/15, driven by strong soybean production. However, the incremental supply growth of other (non-soy) oilseeds is expected to remain constrained in 2014/15. The combined stocks-to-use ratio for the vegetable oil complex remains at a moderately lower level of 10 percent, and vegetable oil production is expected to increase by 7 million tonnes in 2014/15, against demand growth of 8 million tonnes. Higher demand will be partially met by the existing stocks.

Global palm production is expected to grow by 1.3 million tonnes in 2015, against a 3.6 million tonne increase in 2014 due to dry weather conditions. We expect Indonesian production to increase by 1.8 million

tonnes and Malaysian production to decline by 260,000 tonnes. Stocks are expected to be marginally lower in 2014/15 compared to the previous year, following slower production growth and improved demand. The Indonesian stocks-to-use ratio is expected to decline from 7.4 percent in 2013/14 to 6.1 percent in 2014/15, with ending stocks expected to remain at a moderate level of 2 million tonnes. Malaysia's 2014/15 ending stocks are pegged at a comfortable level of 1.75 million tonnes, against 2.09 million tonnes in 2013/14.

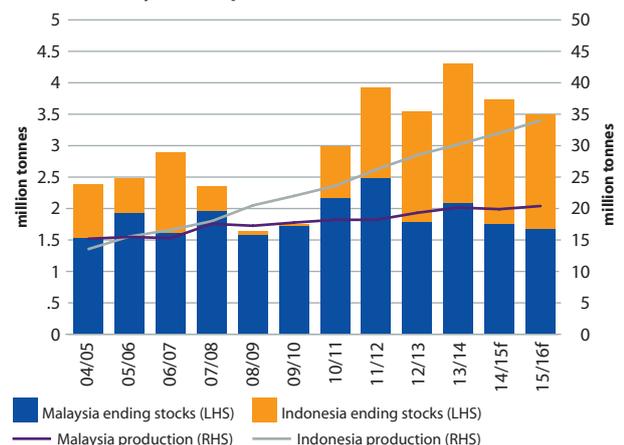
Stronger demand from emerging economies will support prices as economic prospects improve. Lower palm prices and restocking by destination markets are expected to increase palm oil demand in 2014/15. Palm oil demand will stay firm relative to supply growth and is expected to increase by 4 million tonnes in 2014/15. Indian imports are expected to grow by 8 percent in 2014/15, and exports to China should increase by more than 10 percent after declining in 2013/14. Although EU imports are expected to stay flat or marginally up, other emerging economies besides India and China could witness 6 percent growth in import volumes. The CBOT Soy Oil and MDE-Bursa Palm Oil spread continues to remain tight, driven by constrained palm oil supply and lower sunflower oil availability.

Figure 2.17: World palm oil stocks projected to decline for a second consecutive season in 2015/16



Source: USDA, MPOB, Rabobank, 2014

Figure 2.18: Dry conditions in 2014 to drive marginal reductions in future Malaysian output



Source: USDA, MPOB, Rabobank, 2014

Biodiesel demand remains an uncertain swing factor, as lower crude prices limit vegetable oil use and weigh on palm prices. In our base case, we expect additional vegetable oil demand of 1.5 million tonnes for biodiesel production. This demand will primarily come from Indonesia, Brazil and Argentina. Growth in the EU and US remains uncertain. Crude prices remain the key factor to support biodiesel consumption and will need to move up from current levels to create additional demand for vegetable oil-based biodiesel.

High case

Weather risk remains the key to the high case price scenario. A poor 2015 soybean harvest in South America or the US would drive a deterioration of the vegetable oil balance sheet, supporting oilseed prices through 2015. A weak oilseed balance sheet coupled with tight palm fundamentals would provide enough support for a palm price rally. Declining palm oil production potential in Indonesia and Malaysia also features in our high case price scenario, following dry conditions from January through March and from July through September of 2014. The lagged impact could see production downgraded from current estimations by another 2 percent, reducing ending stocks by 5 percent, to a four-year low.

Stronger demand from the biodiesel sector would support the outlook for palm prices. Increases in crude prices could lead to a higher degree of vegetable oil use in biodiesel production. Additional demand creation over our base case expectation of 1.5 million tonnes supports palm prices to higher levels. Besides crude prices, there could also be regulatory support, with governments taking calls to increase the blending mandate in 2015. The US has a decision pending on such an issue, while Malaysia is contemplating a study on the possibility of 10 percent blending.

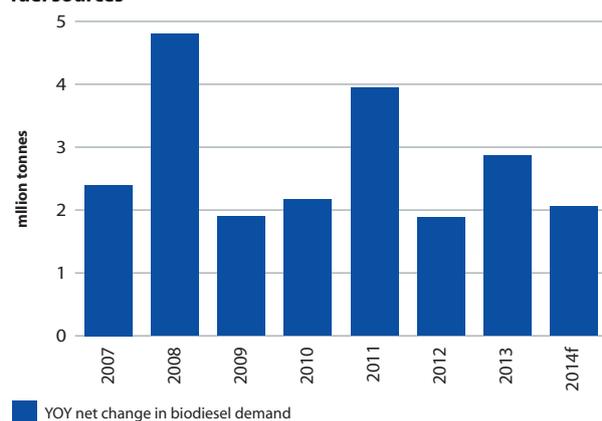
Low case

Strong soybean crushing would drive increased oil supplies, pressuring palm prices. A large part of the record soybean crop will not be crushed, leading to

higher stocks of soybeans. Much of these stocks would be sitting in key origins like Argentina or destination markets like China, driven by strong imports. Increased soybean crushing, driven by improved demand for meal or better crush margins, would increase the oil availability and exert pressure on palm prices.

Demand remains subdued in key importing countries. Lack of demand due to increased availability of competing oils and poor off-take from key destination markets like India, the EU and China would weigh on the palm balance sheet. Subdued demand could lead to stocks building up rather than declining. To encourage demand and clear inventory, palm prices would be required to stay at lower levels.

Figure 2.19: Biodiesel demand growth expected to slow as low crude oil prices reduce the competitiveness of alternative fuel sources



Source: Oil World, Rabobank, 2014

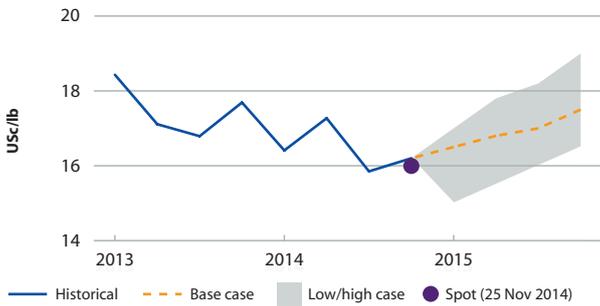
Figure 2.20: Soy and palm oil spread to remain tight—increased CPO premium over Brent to discourage biodiesel use in 2015



Source: Bloomberg, Rabobank, 2014

SUGAR

ICE #11	unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
	USc/lb	17.3	15.9	16.2	16.5	16.8	17.0	17.5



Low case

World consumption growth declines to 1.5 percent YOY

Brazilian real trades at an average of 2.9 against the US dollar through 2015

Base case

Supply/demand balance moves to a 1.9 million tonne deficit in 2014/15

Brazilian real is expected to depreciate against US dollar to 2.65–2.8

Brazilian ethanol blend increases to 27.5 percent

High case

Brazilian sugar production declines to 38 million tonnes in 2015/16

US dollar/Brazilian real is expected to range between 2.4–2.5

Mild El Niño evolves during Q1 2015

Source: Bloomberg, Rabobank, 2014

ICE #11 futures are expected to maintain an upward trajectory during 2015. However, heavy stocks at both destinations and origins and a depreciating Brazilian real will limit the extent of price recovery over the coming year. Volatility will remain a key feature as the Brazilian real fluctuates, weather risks persist and sugar-related policies change in key countries. The ICE #11 is expected to trade in a wider range, particularly during 2H 2015, as the supply/demand balance tightens to a deficit of 1.9 million tonnes. The US dollar is forecast to strengthen through 2015, and the corresponding producer currency weakness will again present headwinds for sugar futures in US dollar terms; albeit in domestic terms, prices are expected to rise considerably. ICE #11 futures track higher through 2015 in all of our price scenarios, reaching a high of USc 17.5/lb in our Q4 base case price forecast, with a corresponding US dollar/Brazilian real of 2.7.

Base case

Under our base case price scenario, the active ICE #11 contract is expected to rise to an average of USc 16.5/lb in Q1 2015, USc 16.8/lb in Q2, USc 17/lb in Q3 and USc 17.5/lb in Q4. Ongoing US dollar strength and associated currency weakness across key producer countries will remain the primary driver of the ICE #11 over the coming year. Under the base case outlook, the Brazilian real is expected to depreciate against the

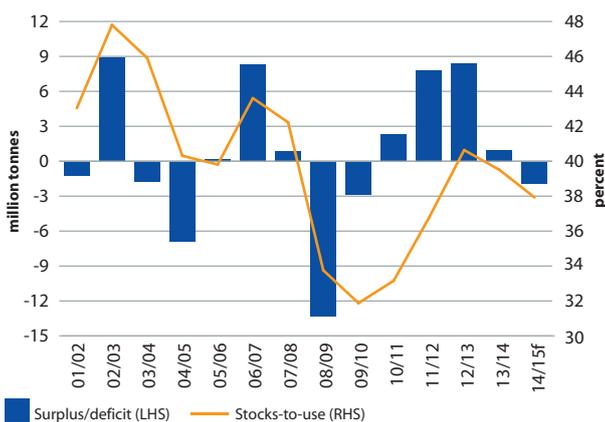
US dollar to 2.65–2.70 in 1H 2015, and to 2.7–2.8 in 2H 2015.

The supply/demand balance is projected to shift towards a mild deficit of 1.9 million tonnes, the first deficit in five seasons. Global production is expected to remain stable at 181 million tonnes in 2014/15, up a mere 0.5 percent YOY. This will be supported by a 9 percent increase in EU production to 18.6 million tonnes. In light of lower prices, consumption is expected to return to the ten-year average growth rate of 2.2 percent, nearing 179.8 million tonnes in 2014/15. However, if adverse weather limits production further, the deficit will deepen, driving prices towards our high case scenario.

In Brazil, the 2014/15 harvest, which is nearing completion, is expected to reach 612 million tonnes of cane on a national basis and 555 million tonnes of cane in the Centre/South. This would represent, a 7 percent decline YOY, following prolonged drought conditions and declining agricultural yields, with 31.9 million tonnes of raw sugar produced.

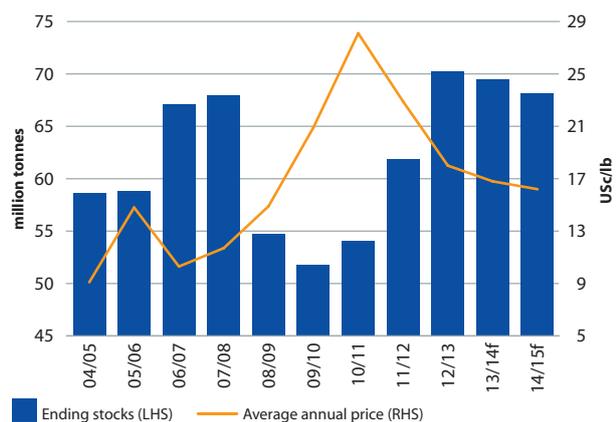
Weather remains the driving factor for Brazil's 2015/16 harvest. National cane production is expected to recover by 4 percent YOY, to 634 million tonnes, with 575 million tonnes produced in the Centre/South. Sugar production is expected to remain around the

Figure 2.21: The world sugar supply/demand balance is projected to transition to a 1.9 million tonne deficit in 2014/15



Source: FO Licht, Rabobank, 2014

Figure 2.22: Heavy stocks at origins and destinations to limit the extent of price recovery across the ICE #11 in 2014/15



Source: FO Licht, Rabobank, 2014

31.8 million tonne mark in the Centre/South. The cane mix, declines to 43 percent sugar production in 2015/16, the lowest split since 2008/09, as the mandated ethanol blend is expected to rise by 2.5 percent, to 27.5 percent. Combined with the 3 percent increase in domestic gasoline prices, ethanol demand is expected to strengthen and provide support for both ethanol prices and, subsequently, the ICE #11.

El Niño-like drier-than-normal conditions across much of Asia through the growing season of 2H 2014 have pared back the production potential in the region. Thai cane production is expected to decline to between 90 million and 95 million tonnes in 2014/15, driving a 14 percent YOY contraction in sugar production, to 10 million tonnes, after last year's record-breaking season. Stocks are expected to decline by some 8 percent YOY through 2014/15, from the record-large 6.4 million tonnes in 2013/14. Production in India is expected to remain stable YOY, at a raw equivalent of 26.6 million tonnes, despite the ongoing payment arrears situation and a delayed and drier-than-normal monsoon season.

In China, the declining domestic cane price, (potentially down to RMB 380/tonne), plus direct subsidies for 2014/15, have driven a loss of over 10 percent of cane acreage this season. Sugar production is expected to decline by 10 percent YOY, to 13 million tonnes. It will be important to monitor the potential shift towards a floating cane price in 2015, in line with the domestic white sugar market, to assess further potential reductions in cane area. China's imports are expected to decline to some 3.3 million tonnes in 2014/15, following a record last season and heavy domestic stocks of near 7 million tonnes.

High case

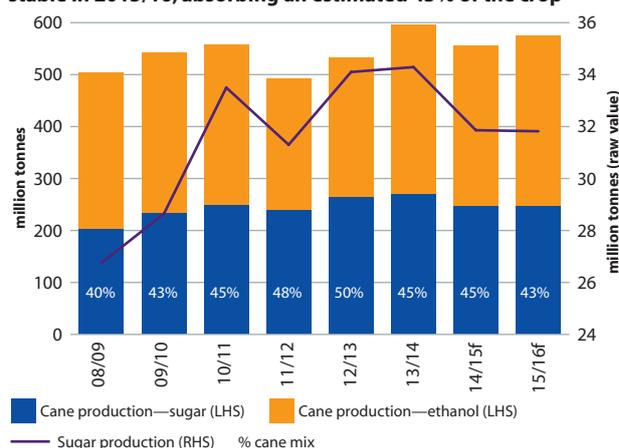
Under our high case price scenario, the US dollar/Brazilian real exchange rate is expected to range between 2.4 to 2.5. Dry conditions across the Centre/South, will limit Brazilian sugar production to 38 million tonnes, as ATR declines in the 2015/16 crop. Meanwhile, a mild El Niño commencing in Q1 2015 would bring dry

conditions across much of Asia and eastern Australia, limiting Thai production to 9.5 million tonnes. A weaker-than-normal 2015 monsoon season compromises yield potential of the Indian crop for 2015/16. This scenario drives a tightening of the supply/demand balance in the 2015/16 season and provides considerable support for futures in the second half of the year.

Low case

A further depreciation of the Brazilian real and a slowdown in consumption growth form the basis of our low case price outlook. Under this scenario, the Brazilian real trades at an average of 2.9 against the US dollar through 2015, pressuring the ICE #11. Consumption growth declines to 1.5 percent YOY, or 178.6 million tonnes, slowing further after a 1.75 percent growth rate in the 2013/14 season. This follows declining retail sales resulting from increasingly health-conscious consumers and slower economic growth, and drives supply and demand towards a balance.

Figure 2.23: Brazilian Centre/South sugar production to remain stable in 2015/16, absorbing an estimated 43% of the crop



Source: UNICA, Rabobank, 2014

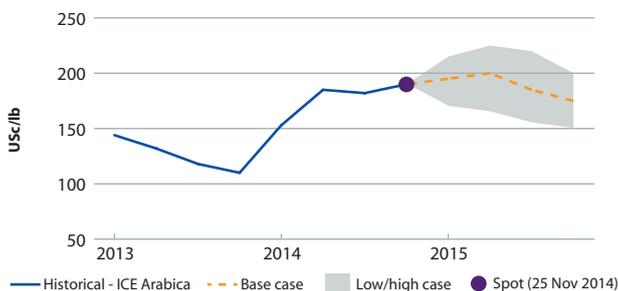
Figure 2.24: US dollar strength remains a headwind for the ICE #11, although returns are expected to rise in local currency terms



Source: Bloomberg, Rabobank, 2014

COFFEE

	unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
ICE	US\$/lb	185	182	190	195	200	185	175
Liffe	USD/tonne	2,046	2,003	2,010	2,000	2,050	1,950	1,900



Low case	Base case	High case
Good weather allows Brazil's production to repeat 2014 levels	Brazil's production decreases slightly in 2015, after the 2014 drought reduced crop potential	Brazil's Arabica crop shrinks further
Declining demand due to higher coffee prices and weak economic growth	World coffee market sees a second year of deficit production	Further weather disruptions lead to an even tighter supply situation
US dollar strengthens, and Brazilian real sees devaluation	US dollar strengthens across all currencies, particularly the Brazilian real	Currency movements are smoother than expected

Source: Bloomberg, Rabobank, 2014

A second year of deficit production projected for Arabica and a balanced Robusta market will support coffee prices in 2015. Brazilian production remains the key price driver through 2015, and many uncertainties remain regarding the potential for the next crop. In our view, there is little room for the 2015 crop to surprise to the upside. Coffee prices are expected to remain elevated and volatile through 2015, supported by a tighter year-over-year Arabica supply situation and a decline in stocks.

The severe drought that affected Brazil's main Arabica-growing regions during 2014 not only influenced the development of coffee beans, but also the trees' vegetative growth. As a result, productive branch growth is less than ideal, reducing the potential number of internodes, which would eventually develop into flowers and later on into cherries. Above-normal pruning activities have been reported in regions that were most affected by the drought, reducing harvestable area for 2015. A range of possibilities are considered for Brazil's next crop, with maximum production at 47 million bags and minimum production at 42 million bags.

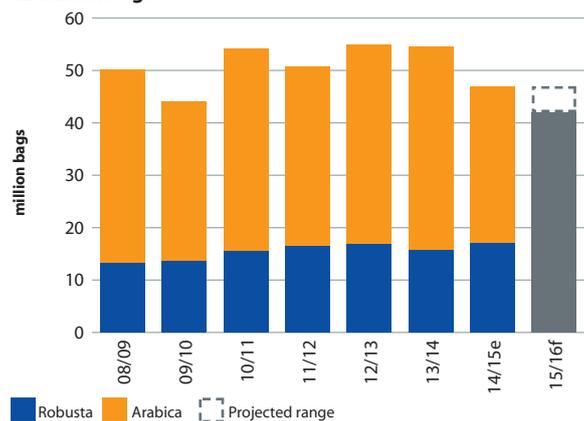
Base case

Our base case scenario, which considers the midpoint of Brazil's possible crop range at 45 million bags, points to

a combined deficit of 5.1 million bags of coffee in 2014/15, including 4.7 million bags of Arabica and 0.4 million bags of Robusta. A deficit in the world coffee market by itself would already send a sufficient signal for higher prices. The fact that it would be the second consecutive deficit and that stocks have already been drawdown in 2014 makes the circumstances even more bullish. The US dollar is expected to strengthen in relation to other currencies, particularly the Brazilian real, while a deterioration of Brazil's macroeconomic fundamentals should result in further a depreciation, limiting the upside of coffee prices in 2015. Given that the Robusta market should be relatively in balance and the major supply issue is concerning Brazil's Arabica, the spread between both varieties is expected to remain high throughout 2015.

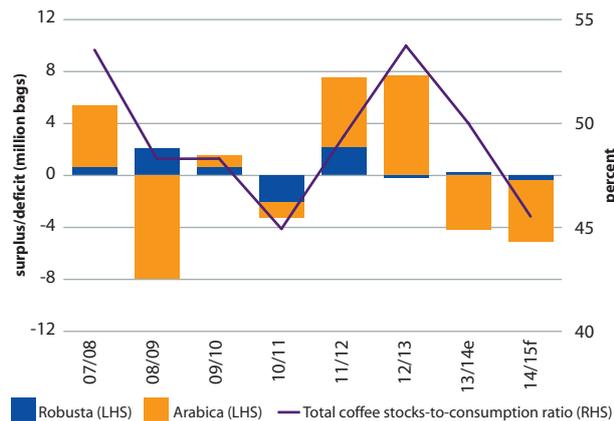
Elsewhere in the world, there is little room for additional production upside to compensate for Brazilian losses in the Arabica market. Output in Colombia is expected to increase to 12.8 million bags (+6 percent YOY), following an extensive tree renovation programme, while the Central American crop starts to recover from the roya outbreak. However, the projected increase in these regions should not be enough to fill the gap left by Brazil.

Figure 2.25: Brazil's production likely to at best stall at 47 million bags after the severe drought in 2014, and could end up as low as 42 million bags



Source: CONAB, Rabobank, 2014

Figure 2.26: A second year of deficit production projected in the world coffee market in 2014/15



Source: ICO, F.O. Licht, LMC, USDA, Rabobank, 2014

Robusta production should see a modest 2.6 percent growth in 2014/15 (October/September), in comparison with the previous year. In Brazil, Robusta areas were hardly affected by the drought in 2014 and should produce similar levels in 2015, or even see a small increase. Vietnam will head towards another bumper crop, and should get close to matching its 2013/14 record season, while India and Indonesia are expected to recover after disappointing crops.

On the demand side, total coffee consumption is expected to increase by 2.2 percent for 2014/15 (October/September)—in line with the long-term average. Arabica consumption is expected to grow less in 2015, at 1.1 percent. Higher prices in 2014 and concerns about Brazil's crop should result in a shift from Arabica to Robusta in average roasters' blend. For this reason—given the increase in Asian demand—Robusta consumption is forecast to grow more, at 3.6 percent in 2014/15.

Coffee buyers are still holding a large amount of stocks that were transferred from producers during 2014. For this reason, prices should gradually increase throughout 2015, as the market 'feels' the tighter supply situations. Late flowering in Brazil should also result in some delay of harvesting activities, postponing their deliveries and causing prices to peak in Q2. After Q3 2015, prices should start retreating somewhat, as Brazil's new crop conditions become clear. Given normal circumstances, a recovery in production would be expected in 2016, which puts pressure on prices in late 2015.

High case

The major variable in our high price scenario is further disruptions of Brazil's crop in 2015. Given the fragile situation of coffee trees in Brazil, a major decrease in production, to 42 million bags, is not yet out of the question if adverse weather persists or intensifies. If realised, the supply situation could become truly critical, driving prices high enough to curb demand.

Low case

There are a number of factors that could potentially improve the tight supply situation, limiting the extent of upside risk for coffee prices. On the demand side, higher coffee prices, combined with low economic growth, could impact consumption more than anticipated. On the supply side, Brazilian production could reach 47 million bags, given favourable weather throughout the summer. Besides the fundamentals, our low case scenario incorporates a further depreciation of the Brazilian real. It also takes into account the large net long position that speculators still hold, which could potentially exacerbate a downside correction.

Figure 2.27: Volatility in coffee prices expected to remain high during 2015



Source: Bloomberg, Rabobank, 2014

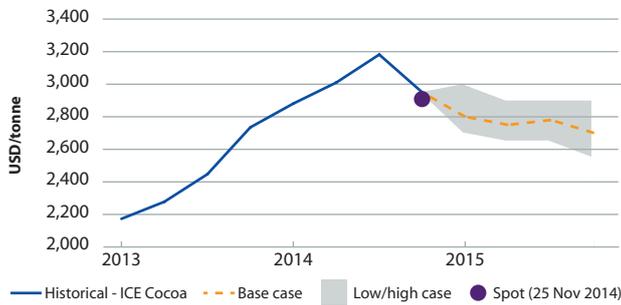
Figure 2.28: Stronger Robusta demand expected to drive the spread lower, although still at elevated levels



Source: Bloomberg, Rabobank, 2014

COCOA

unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
ICE USD/tonne	3,010	3,182	2,950	2,800	2,750	2,780	2,700
Liffe GBP/tonne	1,890	2,022	1,900	1,900	1,850	1,850	1,790



Low case	Base case	High case
Ghanaian production exceeds 1 million tonnes, driving a greater build in stocks	Cocoa futures decline through 2015 on rising stocks	Potential downgrades in West African production and associated shifts in bean and product trade flows
Grindings decline through 2015, pressuring prices	World cocoa supply/demand balance shifts into a surplus in 2014/15	El Niño may limit yields in the 2015/16 crop
	Grindings growth slows to 1 percent	

Source: Bloomberg, Rabobank, 2014

Base case

ICE Cocoa futures are expected to remain under pressure through 2015, easing from an average of USD 2,800/tonne in Q1 to USD 2,700/tonne in Q4. The world cocoa supply/demand balance is projected to shift into a surplus of some 110,000 tonnes during 2014/15, after a neutral balance of 11,000 tonnes in 2013/14. Production is expected to grow by at least 3.5 percent YOY, to a record 4.4 million tonnes. This is mostly driven by a favourable outlook for the West African crop, with Côte d'Ivoire forecast to produce a record 1.76 million tonnes, while production in Ghana is expected to reach at least 950,000 tonnes.

The demand outlook is relatively weak, with grindings expected to increase by a mere 1 percent to 4.3 million tonnes, up from 4.26 million tonnes in 2013/14. Declining European grinding is the main factor, as the economic recovery remains modest and increasingly health-conscious consumers are shifting consumption patterns. Butter ratios are also expected to decline, as elevated prices, along with low grinding and manufacturing margins drive demand towards powder where possible.

High case

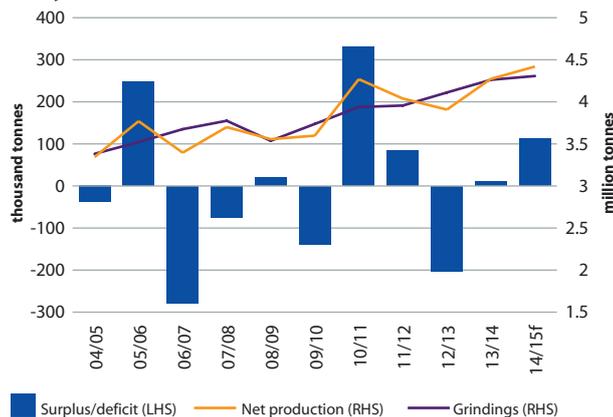
While remote in our view, and so far unfounded, there remains a possibility that the Ebola epidemic could interrupt the production and trade flows of West African cocoa beans and products. This would trigger speculators to move into cocoa markets to take profit on a potential price increase.

A downgrade in West African production would drive futures towards our high case price scenario of USD 3,000/tonne in Q1 to USD 2,900/tonne in Q4 2015. While a mild El Niño remains in the cards for early 2015, this is unlikely to influence the yields of the main crop. However, an extended period of warmer and drier-than-normal conditions through the growing season would provide price support.

Low case

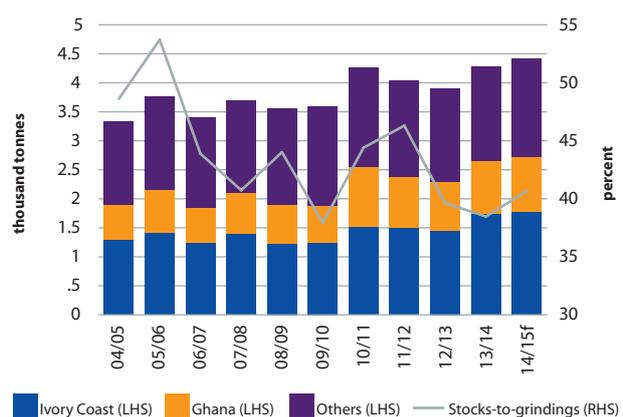
Under the low case price forecast, ICE Cocoa futures ease to USD 2,700/tonne in Q1 2015 and finish the year at USD 2,550/tonne in Q4. Ghanaian production exceeds 1 million tonnes in this scenario, for the first time since 2010/11, following an increase in domestic prices and higher yields. Flat to declining world grindings would also pressure terminal prices towards our low case scenario.

Figure 2.29: The world cocoa balance is expected to shift into a surplus of some 110,000 tonnes in 2014/15—the most in four years



Source: ICCO, CRA, Rabobank, 2014

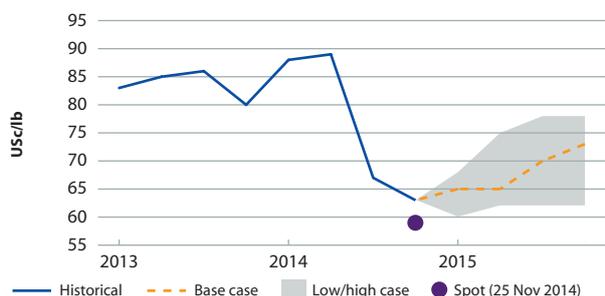
Figure 2.30: Favourable weather has boosted world cocoa production prospects to a record 4.4 million tonnes in 2014/15



Source: ICCO, Rabobank, 2014

COTTON

unit	Q2'14	Q3'14	Q4'14f	Q1'15f	Q2'15f	Q3'15f	Q4'15f
ICE #2 USc/lb	89	67	63	65	65	70	73



Low case	Base case	High case
Low alternative summer crop prices pressure cotton futures	Cotton market trades through the heaviest-ever period of over-supply through 2014/15	China imports 10 million bales in 2014/15
Price ratios of soybeans and corn-to-cotton drive stable US plantings	China to import 8.5 million bales in 2014/15	US exports increase, reducing ending stocks to 3 million bales
	Cotton area contracts in 2015/16 season	China's area contracts by over 5 percent YOY

Source: Bloomberg, Rabobank, 2014

Base case

The ICE #2 is expected to remain subdued through 1H 2015, as China's 2014/15 imports slow to 8.5 million bales. Active futures are expected to average USc 63/lb through Q1 as the late US crop flows, rising to USc 65/lb in Q2 as the smaller Southern Hemisphere crop arrives. Futures are expected to find mild support through 2H, at USc 73/lb in Q4, as the 2015/16 MY commences and ending stocks decline for the first time in six seasons, to below 100 million bales. Domestic price support policies and a declining price outlook across alternative summer crops limit production responses to prices through 2015. High-quality cotton supplies remain tight and fibre quality premiums should hold firm.

Northern Hemisphere harvested area is expected to decline 4 percent in 2015/16, while Southern Hemisphere area contracts a further 3 percent YOY. In the US, 2015 plantings are expected to contract 7 percent YOY, to 10.6 million acres, as soybean area increases and the loan scheme limits a rapid acreage contraction, leading to a 15.4 million bale crop.

Cotton consumption is projected to rise 6 percent YOY in 2014/15, as lower and more competitive prices support cotton textile blends. However, the subdued outlook for crude prices and associated declining costs

of man-made fibre production limit the extent of cotton's competitiveness against alternate fibres.

High case

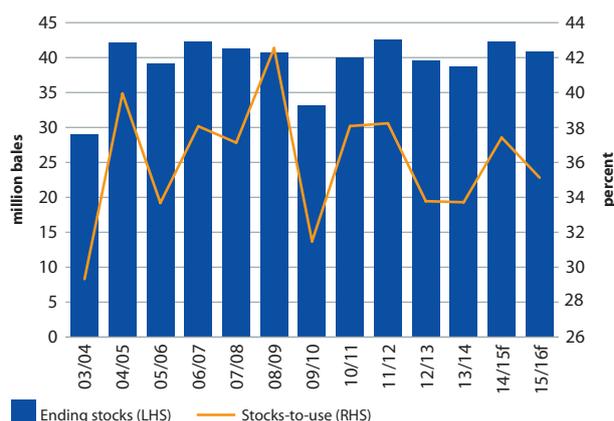
China's cotton imports reach 10 million bales, declining 30 percent YOY, as spinners hunt for higher-quality imported fibre. This scenario boosts US exports and draws down US stocks to 3 million bales. A contraction in China's 2015/16 acreage of greater than 5 percent YOY drives prices above our base case.

Brazil's 2014/15 cotton plantings may drop over 10 percent YOY as prices fall below the government's price support target. Drought conditions across much of the east coast of Australia and limited water availability could reduce the 2014/15 crop to below 2 million bales—the smallest in five seasons—and cut 2015/16 plantings below 200,000 hectares.

Low case

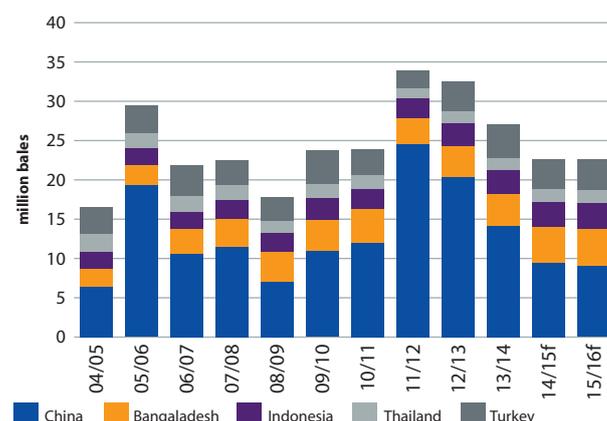
The risks for cotton prices appear moderately skewed to the upside, particularly as global production contracts in 2H 2015. If soybean and corn prices trade towards our low case price scenarios, particularly through Q1, the contraction in cotton area during 2015/16 will be limited. Chinese imports below 7 million bales will also drive futures towards our low case price forecast.

Figure 2.31: World-excluding China cotton stocks to contract for the first time in two seasons in 2015/16



Source: USDA, Rabobank, 2014

Figure 2.32: World imports are declining as China's Reserve cotton stocks are unwound



Source: USDA, Rabobank, 2014

LEAN HOGS

Low case	Base case	High case
US pork production sees strong growth of 5 percent	A recovery of the US breeding herd increases supply	Another severe PEDv outbreak in the US or a wide-scale outbreak in Canada offsets any expected supply growth
Mexico's recovery from PEDv drives a supply recovery	Another, though more moderate, PEDv flare-up this winter will not offset this trend	



Base case

Lean hog futures are expected to ease in 2015, as US pork production recovers. We forecast 3 percent production growth, following the outbreak of PEDv in late 2013 and early 2014. The US breeding herd has expanded by nearly 2 percent, and farrowing from September through February is to be up 4 percent from the prior year's levels. We expect a portion of this supply growth to be curbed by another PEDv flare-up again this winter, although it is not expected to be as severe as the outbreak seen in 2014. Since the first cases of PEDv emerged in April 2013, hog producers have become better equipped to cope. Some natural immunity has built up, and two PEDv vaccines, which have had some success in reducing the impact of the virus on infected farms, have become available.

High case

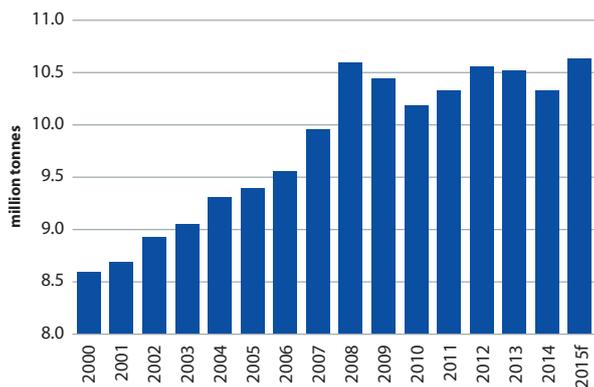
An outbreak of PEDv this fall and winter that is as severe as the outbreak last year forms the basis of our high case price forecast. In this scenario, hogs lost to PEDv would offset the supply growth producers are planning, as indicated by increased farrowing intentions this fall and winter. As a result, pork production in 2015 would be flat, with 2014 levels keeping pork supplies tight and hog futures high. We forecast futures to again trade in the USc 85/lb–USc 105/lb range through 2015 in this scenario. Hog futures could also be lifted by an outbreak

of PEDv in Canada, which at this point has mostly dodged the virus that has affected producers in the US and Mexico. Canada supplies about 5 percent of the hogs processed in the US, which would decline if hog supplies in Canada decline due to a PEDv outbreak.

Low case

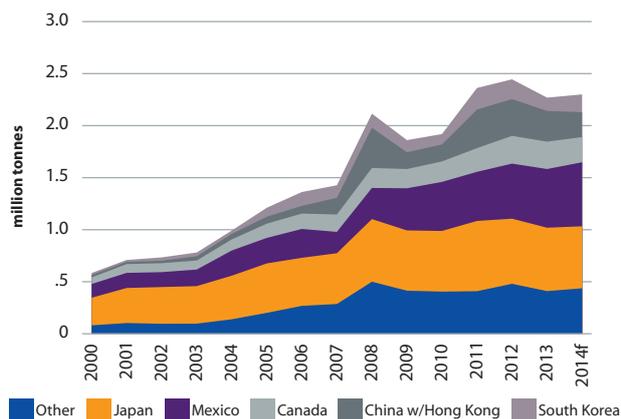
A 5 percent increase in US pork production in 2015, resulting from lower-than-expected PEDv cases, is the basis of our low case price forecast. This level of production growth is in line with the USDA's current forecast and would be the second-largest increase in US pork production in the last 17 years. We would see a rapid uptick in production in Q2 2015 and futures prices trade down to the ten-year average of USc 77/lb. High profit margins in 2014 and declining feed costs, especially for soymeal, have incentivised producers to increase pork supplies next year. Hog futures could decline further in 2015 if pork production in Mexico jumps, after PEDv drove an 11 percent decline in production in 2014. Mexico is the number one destination for US pork exports, accounting for more than a quarter of US shipments.

Figure 2.33: US pork production to recover in 2015 after a setback from PEDv in the previous year



Source: USDA, Rabobank, 2014

Figure 2.34: US pork exports, especially to China, remain well below pre-PEDv levels



Source: USDA, Rabobank, 2014

LIVE CATTLE

Low case

Aggressive growth in pork and broilers drives a price spread between retail prices that will further curb consumer demand for beef

Base case

Record price levels in 2015 are driven by a 2 percent to 3 percent decline in US beef production and lower imports from Canada and Mexico

The moderate rebound in pork and chicken supply will not be able to offset this tight market trend

High case

Strong demand combined with supply shortages due to a severe and rainy winter in the US, and reduced shipments from Australia due to widespread rains drive the high case scenario

**Base case**

Record price levels are expected, as beef production will likely post another 2 percent to 3 percent decline in 2015, after already experiencing a 5 percent decline in 2014. US cow slaughter was down 14 percent in 2014 due to aggressive herd rebuilding, which is expected to continue into 2015. We expect the rate of carcass weight growth to slow to more conventional levels in 2015, after reaching substantial gains in 2014. Reduced cattle and beef imports from Canada and Mexico will be additional driving factors. An expected moderate rebound in pork and chicken supply might ease beef prices. However, due to the overall tight market fundamentals, we expect the market to trade towards record levels in the first half of the year, before levelling to a more traditional seasonal pattern for the second half of the year. All of these factors will reduce beef availability and are expected to drive markets to new record price levels.

High case

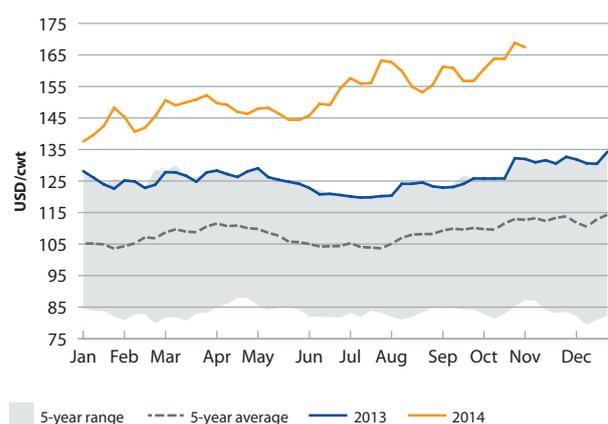
With record tight supplies of all classes of cattle in North America, any surprises in production could send the market into a continuation of price advances, at or above levels recorded in 2014. The three biggest vulnerabilities to the tightly supplied market are: 1) a severe winter in the US, with excess precipitation over the production area; 2) widespread rains across

Australia, which would sharply curtail shipments of lean beef to the US and drive lean grinding beef prices sharply higher; 3) even stronger-than-expected consumer demand for beef both in the US and globally. These factors would drive lean beef prices to new record levels that would force additional grinding of fed beef chucks.

Low case

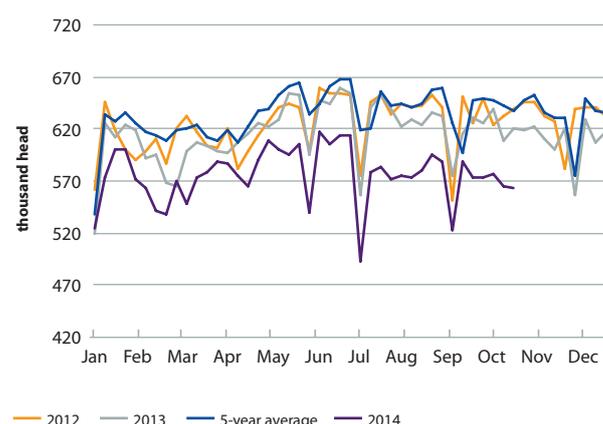
Prices will ease marginally as aggressive growth in both pork and broilers drives a price spread between retail prices that will curb consumer demand for beef. Currently, broiler production is expected to be up just over 4 percent in 2015, while pork production is expecting a 4 percent to 5 percent increase, and depending upon the success of PEDv management, output could be up even further. As production from other competitive proteins escalates, the price spreads between wholesale and retail prices are expected to widen to levels that will limit additional advances in beef prices. The biggest threat to additional beef price advances is that the market simply reaches price points where consumers elect alternative protein sources, or worse: walk away from the meat case altogether. Given the tight supplies, even the low case scenario maintains cattle prices at historically high price levels.

Figure 2.35: Prices reached record levels in 2014 due to tightening US beef fundamentals



Source: USDA-AMS, Rabobank, 2014

Figure 2.36: Aggressive herd rebuilding in the US drove a 14 percent decline in the 2014 domestic slaughter



Source: USDA-AMS, Rabobank, 2014

Appendix

Global agri commodity balance sheets

Global wheat supply & demand		USDA					Rabobank	
(1,000 ha/1,000 mt)	09/10	10/11	11/12	12/13	13/14	14/15(f)	14/15(f)	15/16(f)
Beginning stocks	168,602	201,243	197,390	196,162	174,759	185,722	185,722	193,215
Area harvested	225,358	216,687	220,709	216,280	220,801	221,359	223,264	224,050
Yield	3.05	3.00	3.15	3.04	3.24	3.25	3.20	3.21
Production	686,842	649,559	695,773	657,942	714,739	719,860	714,166	718,345
Imports	133,564	131,680	149,287	144,215	156,590	153,442	152,950	155,075
Total supply	989,008	982,482	1,042,450	998,319	1,046,088	1,059,024	1,052,838	1,066,635
Exports	137,088	132,803	158,251	137,361	165,806	154,919	153,890	155,200
Feed consumption	120,980	114,873	146,620	137,093	130,224	139,869	134,030	138,400
FSI consumption	529,697	537,416	541,417	549,106	564,336	571,338	571,703	578,000
Total consumption	650,677	652,289	688,037	686,199	694,560	711,207	705,733	716,400
Total usage	787,765	785,092	846,288	823,560	860,366	866,126	859,623	871,600
Surplus/deficit	36,165	-2,730	7,736	-28,257	20,179	8,653	8,433	1,945
Ending stocks	201,243	197,390	196,162	174,759	185,722	192,898	193,215	195,035
Stocks/use	31%	30%	29%	25%	27%	27%	27%	27%

Global corn supply & demand		USDA					Rabobank	
(1,000 ha/1,000 mt)	09/10	10/11	11/12	12/13	13/14	14/15(f)	14/15(f)	15/16(f)
Beginning stocks	147,455	146,626	130,047	134,512	137,784	172,991	172,991	204,161
Area harvested	158,684	164,638	172,132	177,589	180,045	177,240	178,139	178,433
Yield	5.20	5.07	5.16	4.89	5.49	5.59	5.60	5.42
Production	825,566	835,372	888,158	867,966	989,186	990,320	997,293	967,890
Imports	90,060	92,311	99,900	99,417	122,192	110,295	113,820	114,928
Total supply	1,063,081	1,074,309	1,118,105	1,101,895	1,249,162	1,273,606	1,284,104	1,286,980
Exports	92,748	91,286	116,941	95,156	129,929	113,092	112,656	115,392
Feed consumption	491,604	502,900	507,458	518,770	576,066	596,691	593,891	600,547
FSI consumption	327,769	350,076	359,194	350,185	370,176	372,319	373,395	375,996
Total consumption	819,373	852,976	866,652	868,955	946,242	969,010	967,286	976,543
Total use	912,121	944,262	983,593	964,111	1,076,171	1,082,102	1,079,942	1,091,935
Surplus/deficit	6,193	-17,604	21,506	-989	42,944	21,310	30,007	-8,653
Ending stocks	150,960	130,047	134,512	137,784	172,991	191,504	204,161	195,044
Stocks/use	18%	15%	16%	16%	18%	20%	21%	20%

Source: USDA, Rabobank, 2014

Global agri commodity balance sheets								
Global soybean supply & demand			USDA				Rabobank	
(1,000 ha/1,000 mt)	09/10	10/11	11/12	12/13	13/14	14/15(f)	14/15(f)	15/16(f)
Beginning stocks	43,119	60,847	70,234	53,403	56,280	66,854	66,854	89,128
Area harvested	102,432	103,060	103,144	109,421	113,201	117,822	118,554	120,023
Yield	2.54	2.56	2.32	2.45	2.52	2.65	2.63	2.58
Production	260,503	263,946	239,793	268,063	285,012	312,058	312,082	309,222
Imports	86,817	88,760	93,444	95,888	110,289	112,718	111,476	112,404
Total supply	390,439	413,553	403,471	417,354	451,581	491,630	490,412	510,753
Exports	91,440	91,702	92,157	100,540	112,729	115,536	117,372	121,737
Crush	209,184	221,337	228,112	229,597	239,549	251,918	251,384	258,765
Seed/feed/residual	28,868	30,280	29,799	30,937	32,449	33,898	32,529	32,910
Total consumption	238,052	251,617	257,911	260,534	271,998	285,816	283,913	291,675
Total use	329,492	343,319	350,068	361,074	384,727	401,352	401,284	413,412
Surplus/deficit	17,828	9,387	-16,831	2,877	10,574	23,424	22,274	8,214
Ending stocks	60,947	70,234	53,403	56,280	66,854	90,278	89,128	97,341
Stocks/use	26%	28%	21%	22%	25%	32%	31%	33%

Global palm oil supply & demand			USDA				Rabobank	
(1,000 ha/1,000 mt)	09/10	10/11	11/12	12/13	13/14(e)	14/15(f)	14/15(f)	15/16(f)
Beginning stocks	5,160	5,559	6,285	7,388	7,266	7,718	7,718	7,198
Production	46,107	48,836	52,111	55,969	59,559	63,293	60,900	63,810
Imports	35,417	36,489	38,990	41,823	39,795	42,521	42,881	44,956
Total supply	86,684	90,884	97,386	105,180	106,620	113,532	111,499	115,964
Exports	36,565	37,458	40,074	43,420	42,268	44,567	43,565	45,470
Food consumption	33,659	35,049	36,587	39,542	39,480	42,013	42,376	44,276
Industrial	10,248	11,488	12,626	14,237	16,379	17,720	17,550	18,425
Feed	653	604	711	715	775	810	810	840
Total consumption	44,560	47,141	49,924	54,494	56,634	60,543	60,736	63,541
Total use	81,125	84,599	89,998	97,914	98,902	105,110	104,301	109,011
Surplus/deficit	399	726	1,103	-122	452	704	-520	-245
Ending stocks	5,559	6,285	7,388	7,266	7,718	8,422	7,198	6,953
Stocks/use	12%	13%	15%	13%	14%	14%	12%	11%

Source: USDA, Rabobank, 2014

Global agri commodity balance sheets										
Global cotton supply & demand							USDA		Rabobank	
(1,000 ha/1,000 bales)	09/10	10/11	11/12	12/13	13/14	14/15(f)	14/15(f)	15/16(f)		
Beginning stocks	62,226	47,383	50,608	73,697	90,014	101,476	101,476	103,945		
Area harvested	30,192	33,552	35,829	34,338	32,713	34,298	33,551	32,309		
Yield	3.4	3.5	3.6	3.6	3.7	3.5	3.5	3.5		
Production	103,369	117,640	127,280	123,561	120,308	119,608	117,315	113,832		
MY imports	37,077	36,765	45,319	46,177	40,670	34,348	36,762	37,407		
Total supply	202,672	201,788	223,207	243,435	250,992	255,432	255,553	255,184		
MY exports	35,522	35,393	45,857	46,670	40,943	34,348	36,982	37,707		
Loss	-62	9	-370	-828	-493	-128	220	300		
Use	119,829	115,778	104,023	107,579	109,066	113,852	114,406	117,529		
Domestic use	119,767	115,787	103,653	106,751	108,573	113,724	114,626	117,829		
Total use	155,289	151,180	149,510	153,421	149,516	148,072	151,608	155,536		
Surplus/deficit	-16,460	1,862	23,257	15,982	11,242	5,756	2,909	-3,697		
Ending stocks	47,383	50,608	73,697	90,014	101,476	107,360	103,945	99,648		
Stocks/use	40%	44%	71%	84%	93%	94%	91%	85%		

Global coffee supply & demand							Rabobank	
(1,000 60 kg bags)	07/08	08/09	09/10	10/11	11/12	12/13	13/14(e)	14/15(f)
Beginning stocks	64,307	69,656	63,820	65,359	62,055	69,604	77,108	73,173
Arabica production	84,744	72,245	80,896	79,794	83,946	86,934	77,007	77,405
Robusta production	50,702	54,052	55,932	55,027	64,523	64,051	65,347	67,039
Total output	135,446	126,297	136,828	134,820	148,469	150,984	142,354	144,444
MY imports	99,507	101,404	98,602	107,982	106,837	111,228	114,612	113,655
Total supply	299,260	297,356	299,250	308,162	317,361	331,816	334,074	331,272
MY exports	99,507	101,404	98,602	107,982	106,837	111,228	114,612	113,655
Soluble use	17,286	15,869	17,192	18,386	18,984	20,386	19,750	20,390
Use	112,811	116,263	118,097	119,739	121,936	123,094	126,539	129,143
Domestic consumption	130,097	132,132	135,289	138,125	140,920	143,480	146,289	149,533
Total use	229,604	233,536	233,891	246,107	247,757	254,708	260,901	263,188
Surplus/deficit	5,349	-5,835	1,539	-3,305	7,549	7,504	-3,936	-5,089
Ending stocks	69,656	63,820	65,359	62,055	69,604	77,108	73,173	68,084
Stocks/use	54%	48%	48%	45%	49%	54%	50%	46%

Global cocoa supply & demand							Rabobank	
(1,000 mt)	07/08	08/09	09/10	10/11	11/12	12/13	13/14(e)	14/15(f)
Production	3,700	3,556	3,598	4,269	4,039	3,908	4,273	4,419
Ivory Coast	1,382	1,223	1,242	1,511	1,486	1,449	1,730	1,760
Ghana	711	662	632	1,025	879	836	920	950
Grindings	3,775	3,537	3,737	3,938	3,956	4,111	4,262	4,307
Surplus/deficit	-75	19	-139	331	83	-203	11	112
Ending stocks	1,538	1,557	1,418	1,749	1,832	1,629	1,640	1,752
Stocks/use	41%	44%	38%	44%	46%	40%	38%	41%

Global sugar supply & demand							Rabobank	
(1,000 mt)	07/08	08/09	09/10	10/11	11/12	12/13	13/14(e)	14/15(f)
Beginning stocks	67,101	67,992	54,686	51,774	54,066	61,881	70,241	69,508
Production	166,563	150,759	159,919	166,239	176,285	184,407	180,236	180,535
MY imports	46,069	48,537	56,186	54,451	54,147	58,562	55,602	55,307
Total Supply	233,663	218,750	214,604	218,013	230,350	246,288	250,476	250,043
MY exports	50,731	50,610	56,636	55,377	54,267	61,759	58,942	58,567
Consumption	161,009	161,991	162,381	163,022	168,350	172,850	175,926	179,797
Total Use	161,009	161,991	162,381	163,022	168,350	172,850	175,926	179,797
Surplus/deficit	891	-13,306	-2,912	2,291	7,815	8,360	969	-1,896
Ending stocks	67,992	54,686	51,774	54,066	61,881	70,241	69,508	67,612
Stocks/use	42%	34%	32%	33%	37%	41%	40%	38%

US agri commodity balance sheets								
US corn supply & demand			USDA				Rabobank	
(Mln acres/Mln bu)	09/10	10/11	11/12	12/13	13/14	14/15(f)	14/15(f)	15/16(f)
Beginning Stocks	1,673	1,708	1,128	989	821	1,236	1,236	2,303
Area Harvested	79.5	81.4	83.9	87.4	87.7	83.1	83.1	81.2
Yield	164.7	152.6	146.8	123.1	158.8	173.4	175.0	163.0
Production	13,092	12,425	12,314	10,755	13,925	14,407	14,542	13,241
Imports	9	28	29	160	36	25	25	20
Total Supply	14,774	14,161	13,471	11,904	14,782	15,668	15,803	15,564
Exports	1,956	1,831	1,541	730	1,917	1,750	1,650	1,700
Feed Consumption	5,126	4,777	4,520	4,315	5,132	5,375	5,375	5,350
FSI Consumption	5,961	6,425	6,421	6,038	6,497	6,535	6,475	6,530
Ethanol Usage	4,568	5,021	5,021	4,648	5,134	5,150	5,090	5,100
Total Consumption	11,087	11,202	10,941	10,353	11,629	11,910	11,850	11,880
Total Usage	13,043	13,033	12,482	11,083	13,546	13,660	13,500	13,580
Surplus Deficit	58	-580	-139	-168	415	772	1,067	-319
Ending Stocks	1,731	1,128	989	821	1,236	2,008	2,303	1,984
Stocks/Usage	13%	9%	8%	7%	9%	15%	17%	15%

US soybean supply & demand			USDA				Rabobank	
(Mln acres/Mln bu)	09/10	10/11	11/12	12/13	13/14	14/15(f)	14/15(f)	15/16(f)
Beginning stocks	138	151	215	169	141	92	92	427
Area harvested	76.4	76.6	73.8	76.1	76.3	83.4	83.1	85.1
Yield	44.0	43.5	42.0	40.0	44.0	47.5	48.0	45.0
Production	3,359	3,331	3,097	3,042	3,358	3,958	3,991	3,830
Imports	15	14	16	41	72	15	10	10
Total supply	3,512	3,497	3,328	3,252	3,570	4,065	4,093	4,266
Exports	1,499	1,505	1,365	1,317	1,647	1,720	1,750	1,775
Crush	1,752	1,648	1,703	1,689	1,734	1,780	1,810	1,880
Seed/feed/residual	110	129	91	105	98	115	106	106
Domestic consumption	1,862	1,777	1,794	1,794	1,832	1,895	1,916	1,986
Total use	3,361	3,282	3,159	3,111	3,478	3,615	3,666	3,761
Surplus/deficit	13	64	-46	-29	-49	358	335	78
Ending stocks	151	215	169	141	92	450	427	505
Stocks/use	4%	7%	5%	5%	0	12%	12%	13%

US wheat supply & demand			USDA				Rabobank	
(Mln acres/Mln bu)	09/10	10/11	11/12	12/13	13/14	14/15(f)	14/15(f)	15/16(f)
Beginning stocks	706	976	863	743	718	590	590	654
Area harvested	49.8	46.9	45.7	48.7	45.3	46.4	46.5	46.2
Yield	44.3	46.2	43.6	46.2	47.1	43.7	43.7	46.1
Production	2,209	2,163	1,993	2,252	2,135	2,025	2,030	2,130
Imports	119	97	112	123	169	170	165	147
Total supply	3,033	3,236	2,968	3,118	3,022	2,785	2,785	2,931
Exports	879	1,291	1,051	1,012	1,176	925	919	992
Feed consumption	141	85	157	370	227	180	184	220
FSI consumption	988	996	1,017	1,018	1,028	1,036	1,029	1,029
Total consumption	1,129	1,081	1,174	1,388	1,256	1,216	1,212	1,249
Total use	2,008	2,372	2,225	2,400	2,432	2,141	2,131	2,241
Surplus/deficit	318	-113	-120	-25	-128	55	64	36
Ending stocks	976	863	743	718	590	645	654	690
Stocks/use	49%	36%	33%	30%	0	30%	31%	31%

Source: USDA, Rabobank, 2014

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