WHAT THE FINANCIAL CREDIT CRISIS MEANS TO THE AGRICULTURE AND FOOD INDUSTRIES

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Agribusiness Executive
NOVEMBER 18, 2008

Bank of America in Agribusiness

- One of the largest providers of financial services to the Food and Agribusiness industry sectors.
- Food and Agribusiness is a significant part of our Commercial Banking portfolio.
U.S. FOOD AND FIBER SYSTEM GDP
(ERS.USDA 2001)

- SERVICES $339 billion
- TRADE $334 billion
- FARMING $74 billion
- JOBS 23.7 million 16.7%
- SYSTEM GDP $1.24 trillion 12.3%

U.S. FARM EQUITY ($ billions)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOURCE</td>
<td>USDA</td>
<td>USDA</td>
<td>FSE</td>
<td>FSE</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,912</td>
<td>2,052</td>
<td>2,134</td>
<td>1,826</td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,210</td>
<td>2,359</td>
<td>2,451</td>
<td></td>
</tr>
<tr>
<td>Total Debt</td>
<td>212</td>
<td>212</td>
<td>217</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>$1,998</td>
<td>$2,147</td>
<td>$2,231</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$87</td>
<td>$96</td>
<td>$85</td>
<td>$64</td>
</tr>
<tr>
<td>ROA</td>
<td>3.9%</td>
<td>4.1%</td>
<td>3.5%</td>
<td></td>
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<tr>
<td>Corn Ave</td>
<td>$3.40</td>
<td>$4.60</td>
<td>$4.70</td>
<td>$2.25</td>
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</tbody>
</table>
U.S. Average Cropland Cash Rent
Dollars per Acre, 1999 - 2008

Doane’s Report 9-19-08
Land Values Peaking?
Farm operators’ debt and repayment capacity, 1970-2006f

- $ Billion
- Maximum feasible debt of farm operators
- Unused repayment capacity

Source: Economic Research Service, USDA.

UNITED STATES AT NIGHT
(WHERE THE PEOPLE ARE)
The chart above shows the effective fed funds rate (the rate banks charge one another for overnight loans) since 1950, and it does not even include the effects of the latest move by the FOMC to lower the targeted rate to 1%. 

U.S. Financial Data

Crude Oil Spot Prices
West Texas Intermediate, Average of Daily Figures
Dollars per barrel

Updated through 11/13/08
USDA is projecting a drop in U.S. commercial dairy exports in 2009 equivalent to 2.3 billion pounds of milk.

U.S. Commercial Dairy Exports

U.S. Milk Prices and Costs of Production, 2006-2009

Based on CME & CBOT Futures, 16/7/09
GLOBAL FOOD ISSUES

- Global commodity price volatility at historic highs…input costs up…
- Food costs increase.
- Global food crisis a growing story…
- Historic low value of U.S. $ drove U.S. ag exports up but…monetary policy has changed…
- Global food system consolidation continues…
- Global food supply is so fragile that any one crisis could change the food issue landscape overnight…
Accelerating Global Development
Perspectives from the Bill & Melinda Gates Foundation
September 17, 2008
Lutz Goedde
Global Development

Poverty (< 1$PPP/day): ca. 2002

Notes:
Regional totals calculated from 1991 reported incidence of poverty
1993 - 2006 (UNDP) and population total estimates (UNPOPULATION).
Migrant country values are taken from the period 1997 - 1999 for
which part of the greatest number of national poverty line values
are available.
Jared Diamond
Professor of geography at the University of California LA
Author of “Collapse” and “Guns, Germs and Steel.”

• If India, as well as China, were to catch up (to the consumption rate of the United States), world consumption rates would triple.

• If the whole developing world were suddenly to catch up, world rates would increase eleven fold.

• It would be as if the world population ballooned to 72 billion people (retaining present consumption rates).