

# TIMELY INFORMATION

## Agriculture & Natural Resources

### Farm Profits and High Commodity Prices

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In these days of high commodity prices, farmers have been taking a hit from the media because of potential future increases in the price of food and the effect that may have on consumers. We have been trying to get the word out that cost increases have largely taken that profit back, and farmers are not a lot better off today than they were when corn and soybean and wheat prices were lower. The table below vividly demonstrates that profits accrue to the owners of the limiting resources, in this case, agricultural inputs. Monsanto is doing well.

We have also been concerned that the price of cotton has not kept pace with the price of other farm products. We worry that US cotton acreage may decline further next year, on top of a roughly 35% decline in 2008. But maybe Monsanto isn't all that worried about their cotton business.

Monsanto Delivers Record Second-Quarter Results on Strong Growth of U.S. and International Corn Businesses, Growing Demand for Roundup

ST. LOUIS, April 2, 2008 /PRNewswire-FirstCall/ --

(\$ in millions)	Second Quarter 2008	Second Quarter 2007	Six Months 2008	Six Months 2007
<b>Net Sales by Segment</b>				
Corn seed and traits	\$1,747	\$1,192	\$2,214	\$1,552
Soybean seed and traits	455	373	617	543
Cotton seed and traits	40	23	82	48
Vegetable and fruit seed	206	174	336	274
All other seeds and traits	97	68	132	93
<b>TOTAL Seeds and Genomics</b>	<b>\$2,545</b>	<b>\$1,830</b>	<b>\$3,381</b>	<b>\$2,510</b>
Roundup and other glyphosate-based herbicides	\$982	\$530	\$1,990	\$1,179
All other agricultural productivity products	252	249	507	459
<b>TOTAL Agricultural Productivity</b>	<b>\$1,234</b>	<b>\$779</b>	<b>\$2,497</b>	<b>\$1,638</b>
<b>TOTAL Net Sales</b>	<b>\$3,779</b>	<b>\$2,609</b>	<b>\$5,878</b>	<b>\$4,148</b>
<b>Gross Profit</b>	<b>\$2,229</b>	<b>\$1,448</b>	<b>\$3,284</b>	<b>\$2,130</b>
<b>Operating Expenses</b>	<b>\$755</b>	<b>\$616</b>	<b>\$1,417</b>	<b>\$1,176</b>
Interest (Income) Expense – Net	\$(7)	\$3	\$(3)	\$6
Other (Income) Expense - Net	\$(203)	\$6	\$(184)	\$20
<b>Net Income</b>	<b>\$1,129</b>	<b>\$ 543</b>	<b>\$1,385</b>	<b>\$633</b>