



Implications and Strategies for Food and Agribusiness Companies from the Global Financial Crisis Panel

IAMA 19th Annual World Forum

Budapest, Hungary

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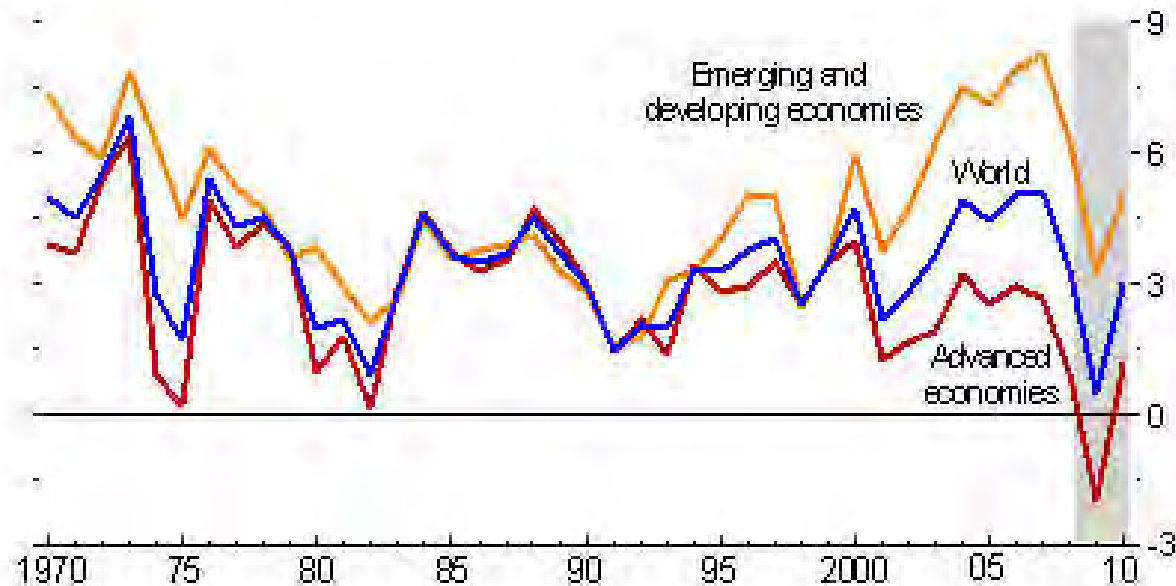
**Opening Comments by
The Honorable Carole L. Brookins**



Globalization of Markets: Global Boom to Bust



Figure 1. GDP Growth
(Percent change)



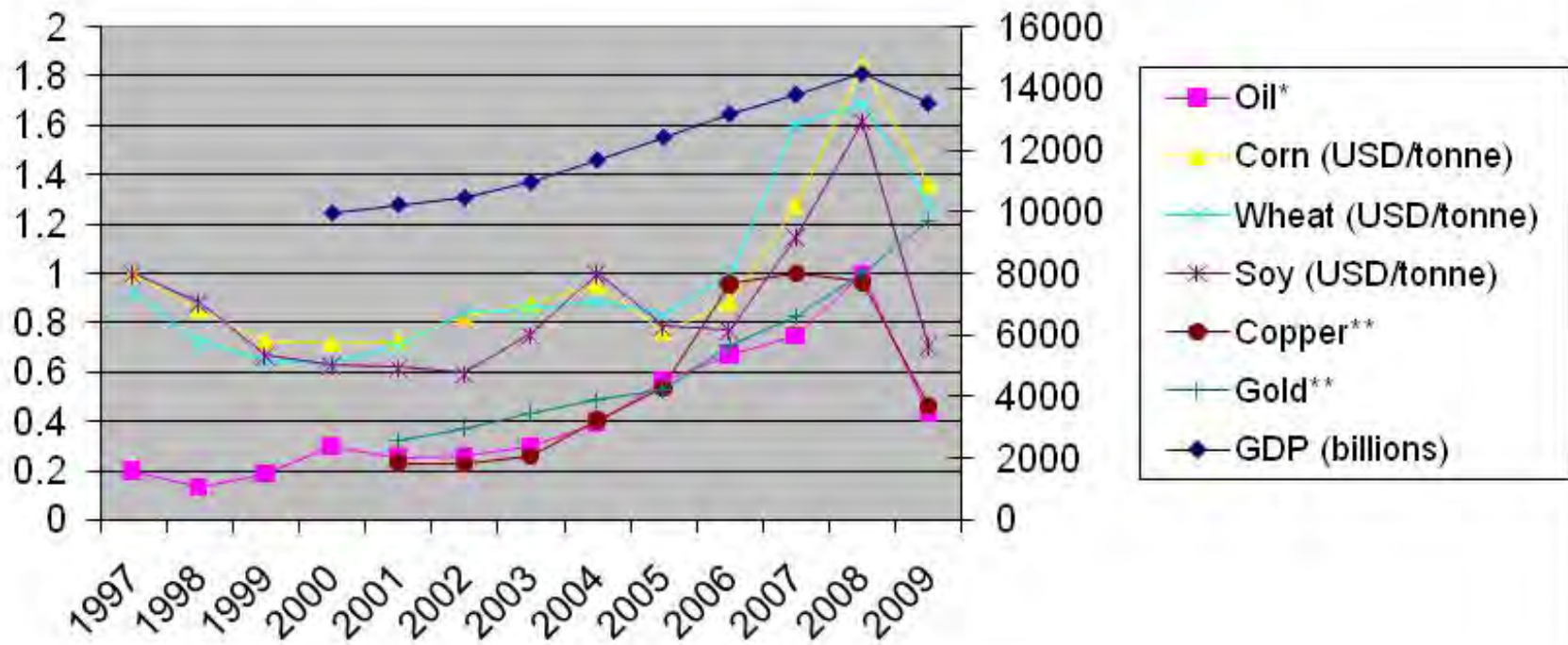
Source: IMF staff estimates.



Commodity Impact



Indexed Main Commodity Prices and GDP



Source: Blumenthal, *Comparative Data on Commodities and GDP*



Elephant In The Room



Financial stability and confidence in monetary institutions are the cornerstones of a functioning and dynamic global market system, powered by private sector-led growth.

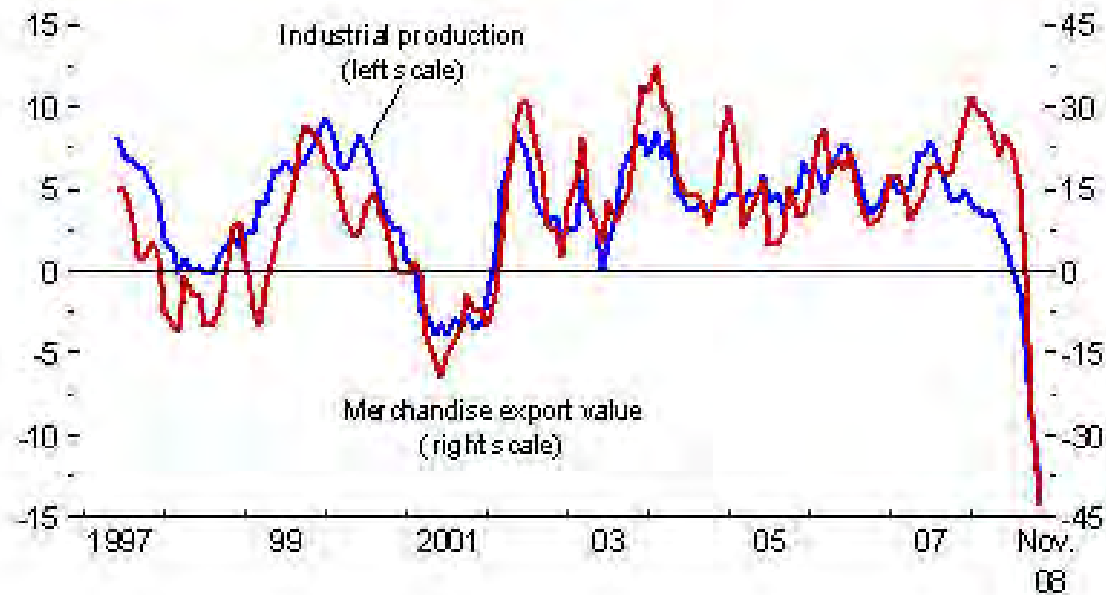


Output and Trade Collapse



Figure 2. Growth in Global Industrial Production and Merchandise Trade

(Annualized three-month percent change)



Sources: Haver Analytics; and IMF staff estimates.



Nature of Markets Is Dynamic Change



- A Broader Market Perspective
- Lens to Understand Market Impacts

IMPORTANT TO IDENTIFY Trends and Events

KEY Question:

- Will Short Term Event Change Longer Term Trend?



Globalization Trends BUT a Different Global System



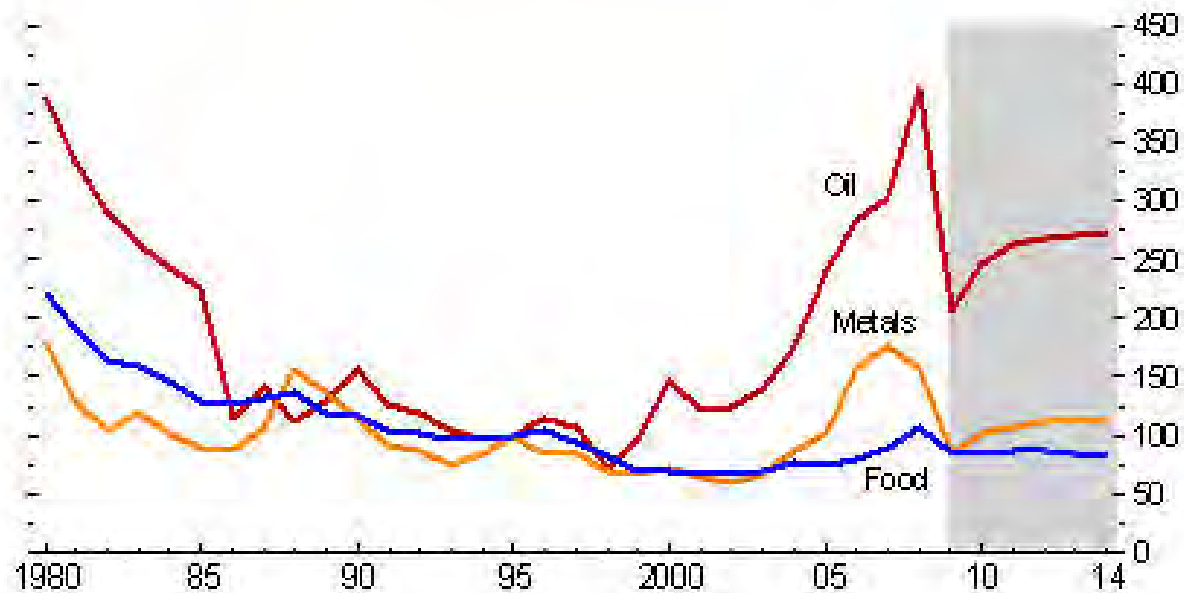
- Managed Capitalism Is the New Face of Globalization
- Financial Power Shifts To Strong Emerging Markets (China rises higher)
- Cyclical Downturn Means Economic Hardships and Possible National Security Threats
- Is Light at the End of the Tunnel?
- Early Signs of Investors Returning to Markets



Real Commodity Prices



Figure 4. Real Commodity Prices
(1995 = 100)



Source: IMF staff estimates.



A Trend in Motion: Rising Commodity Demand



Two Opposite Views of Short-to-medium Term Recession Impact on Commodities

- If longer recession, commodity boom to bust with up to “seven thin years” in demand/price

(Michael Farmer, founder of hedge fund Red Kite)

- “The commodity super-cycle is not over, it is just pausing.”

(Francisco Blanch, Bank of America global head of commodities research)



Globalization Is a Trend In Motion



Our Globe is Both Smaller and Larger : Recession
Hasn't Changed Trend of Global Interconnection of
Markets, Ideas and Goods

A Smaller World

- Instant Communication
- Rapid Transportation

A Larger World

- Population
- Complexity