

Grain Market Review

(As of Friday, March 27, 2009)

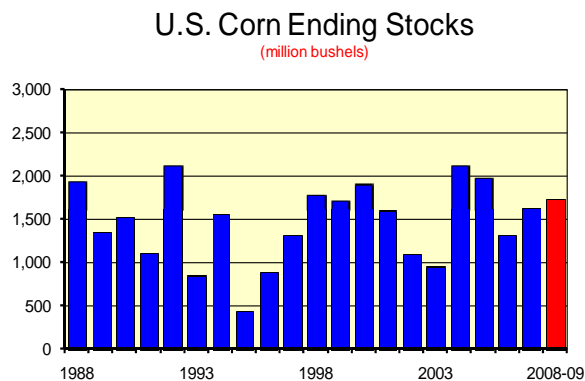
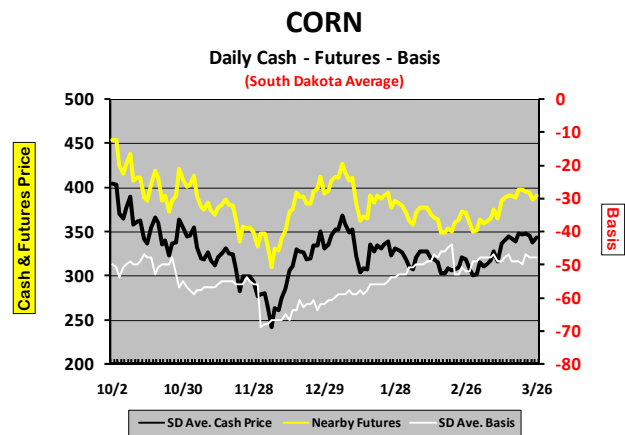
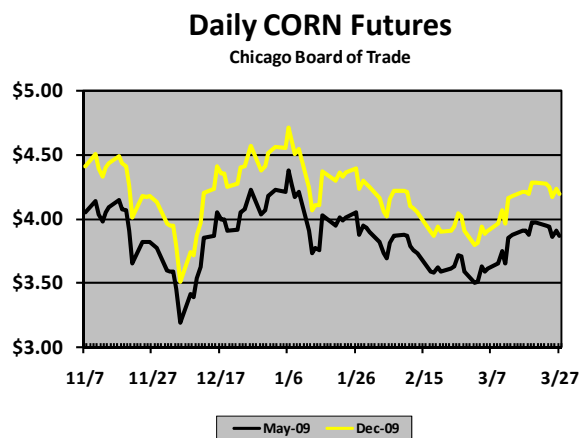
Alan R. May
Extension Grain Marketing Specialist
South Dakota State University

CORN

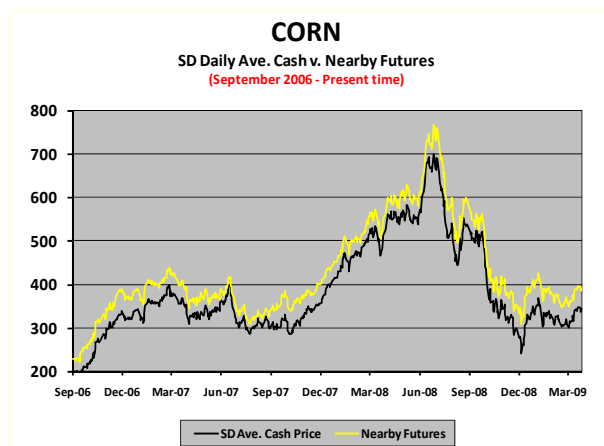
Chicago CORN Futures			
Futures Month	This Week	Last Week	Week's Change
May	387	397	-10
Jul	397	407	-10
Sep	407	416	-9
Dec	419	428	-9
Mar	432	439	-7
May	439	445	-6
Jul	445	451	-6

South Dakota Cash Corn			
	This Week	Last Week	Change
Cash bids	312-362	313-368	
Ave. price	343	348	-5
New Crop	322-378	328-383	
Ave. price	354	359	-5

Other crops	S.D. Ave.
Sunflower	1297
Oats	187
Milo	263
Millet	622



Sources: USDA - National Ag Statistics Service/ Economic Research Service
 SDSU Extension Economics - <http://econ.sdstate.edu>



The South Dakota average price for corn late this past week was \$3.43 per bushel, 5 cents lower than a week ago.

The average bid for new crop corn in South Dakota this past week was \$3.54, 5 cents lower than a week ago.

Unlike a week ago when corn futures made some decent gains for the week, the end of this week's trade was a turn-around to the downside. Futures lost one to two cents on both Monday and Tuesday, eight cents on Wednesday but gained some ground on Thursday. Friday's trade was down leaving corn futures in negative territory for the week.

The grain trade was again influenced this past week by the standard mantra of crude oil, value of the dollar and the performance of the stock market. At the same time however, the basic fundamentals of grain supply and demand are being viewed more closely. However, this past week there seemed to be little in the way of definitive fundamentals to give corn futures any solid direction. The primary thing the trade has been waiting for is the Annual Prospective Plantings report which will be issued by USDA on Tuesday, March 31st (early next week). While many are expecting to see fewer corn acres and more bean acres than a year ago, opinions as to what the report will reveal next week are as mixed as ever making this report the most difficult to predict in recent years. There have been differing opinions about the influences of production costs, availability of inputs, market signals, and most recently...weather. Severe floods in North Dakota and poor conditions in the southern plains could impact spring wheat acres and winter wheat production. And, there is always the potential for delayed plantings in other areas.

The mix of acres will be important if the economy begins to strengthen sufficiently in the year ahead that would result in a change in the dynamics of demand. This could easily be the year when there will be more significant differences between the intentions report and the actual acreage report issued in June. These differences would be significant in terms of impact of the acreage difference, not necessarily the actual acreage differences between the two reports. If demand 10, 12, 16 months down the road changes due to a stronger economy and does not match up with planted acres of all crops this spring, volatility will continue and the markets could get interesting. However, you have to make a planting decision now and what it boils down to is cost of production. Cost of production is the foundation of profitability, followed by the potential net revenue that can be achieved by one crop over another. That part of the equation means you must have a sound marketing plan in place to do whatever possible to capture the price that will mean better net revenue. Some would say all you have to look at is the price relationship between corn and soybeans to decide what to plant. However, because production costs have been more of a moving target these last few years than in the past as well as the impact of land rents and land values on enterprise budgeting, I think that price factor just doesn't hold much water. You have to look at your direct costs, your land charges, your insurance program and your overall willingness and ability to accept risk and then decide what is the best option for you.

USDA's monthly supply and demand numbers from the most recent World Agricultural Supply and Demand Estimates report are summarized in a file that is linked below. For complete details, simply click on the link entitled, "Corn Supply and Demand."

Corn basis data and cash corn price data for various regions of South Dakota is available by connecting with a link at the bottom of this page. To access the charts showing the corn basis and cash prices for your region of the state, just click on the link entitled "Cash corn price and basis charts". This basis information is compiled by the Economics Department at South Dakota State University.

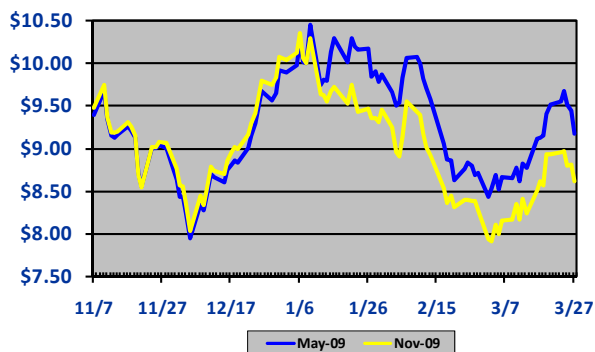
SOYBEANS

Chicago SOYBEAN Futures			
Futures Month	This Week	Last Week	Week's Change
May	917	952	-35
Jul	915	949	-34
Aug	901	933	-32
Sep	872	905	-33
Nov	861	893	-32
Jan	871	903	-32

South Dakota Cash Soybeans			
	This Week	Last Week	Change
Cash bids	854-909	848-908	
Ave. price	883	886	-3
New Crop	725-805	735-812	
Ave. price	781	789	-8

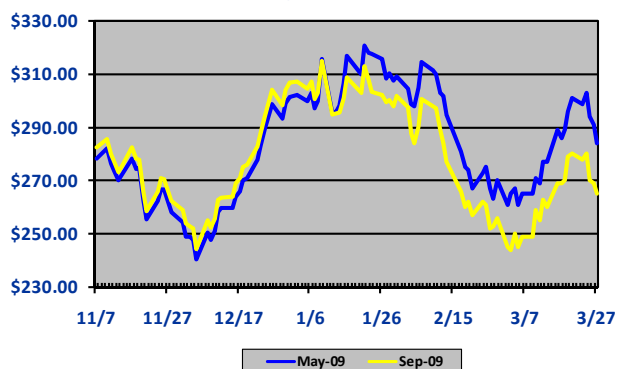
Daily SOYBEAN Futures

Chicago Board of Trade



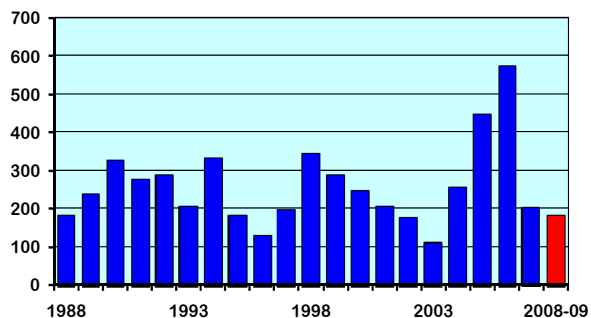
Daily SOYBEAN MEAL Futures

Chicago Board of Trade



U.S. Soybean Ending Stocks

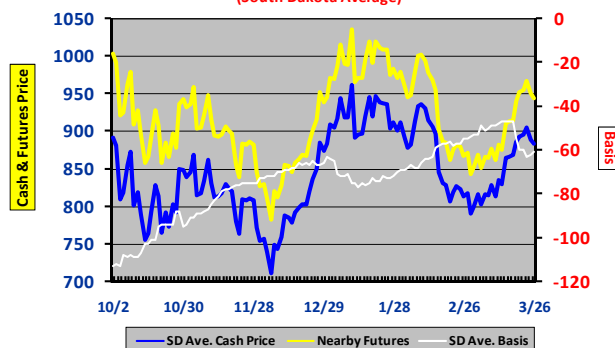
(million bushels)



Sources: USDA - National Ag Statistics Service / Economic Research Service
SDSU Extension Economics: <http://econ.sdstate.edu>

SOYBEANS

DAILY Cash - Futures - Basis
(South Dakota Average)



The South Dakota average price for soybeans late this past week was \$8.83 per bushel, 3 cents lower than a week ago.

The average bid for new crop soybeans in South Dakota this past week was \$7.81, eight cents lower than a week ago.

Unlike a week ago when soybean futures made some solid gains for the week, the end of this week's trade was a turn-around to the downside. The grain trade was again

influenced this past week by the standard mantra of crude oil, value of the dollar and the performance of the stock market. At the same time however, the basic fundamentals of grain supply and demand are being viewed more closely. The primary thing the trade has been waiting for is the Annual Prospective Plantings report which will be issued by USDA on Tuesday, March 31st (early next week). While many are expecting to see fewer corn acres and more bean acres than a year ago, opinions as to what the report will reveal next week are as mixed as ever making this report the most difficult to predict in recent years. There have been differing opinions about the influences of production costs, availability of inputs, market signals, and most recently...weather. Severe floods in North Dakota and poor conditions in the southern plains could impact spring wheat acres and winter wheat production. And, there is always the potential for delayed plantings in other areas.

The mix of acres will be important if the economy begins to strengthen sufficiently in the year ahead that would result in a change in the dynamics of demand. This could easily be the year when there will be more significant differences between the intentions report and the actual acreage report issued in June. These differences would be significant in terms of impact of the acreage difference, not necessarily the actual acreage differences between the two reports. If demand 10, 12, 16 months down the road changes due to a stronger economy and does not match up with planted acres of all crops this spring, volatility will continue and the markets could get interesting. However, you have to make a planting decision now and what it boils down to is cost of production.

Cost of production is the foundation of profitability, followed by the potential net revenue that can be achieved by one crop over another. That part of the equation means you must have a sound marketing plan in place to do whatever possible to capture the price that will mean better net revenue. Some would say all you have to look at is the price relationship between corn and soybeans to decide what to plant. However, because production costs have been more of a moving target these last few years than in the past as well as the impact of land rents and land values on enterprise budgeting, I think that price factor just doesn't hold much water. You have to look at your direct costs, your land charges, your insurance program and your overall willingness and ability to accept risk and then decide what is the best option for you.

USDA's monthly supply and demand numbers from the most recent World Agricultural Supply and Demand Estimates report are summarized in a file that is linked below. For complete details, simply click on the link entitled, "Soybean Supply and Demand."

Soybean basis data and cash soybean price data for various regions of South Dakota is available by connecting with a link at the bottom of this page. To access the charts showing the soybean basis and cash prices for your region of the state, just click on the link entitled "Cash soybean price and basis charts". This basis information is compiled by the Economics Department at South Dakota State University.

WHEAT

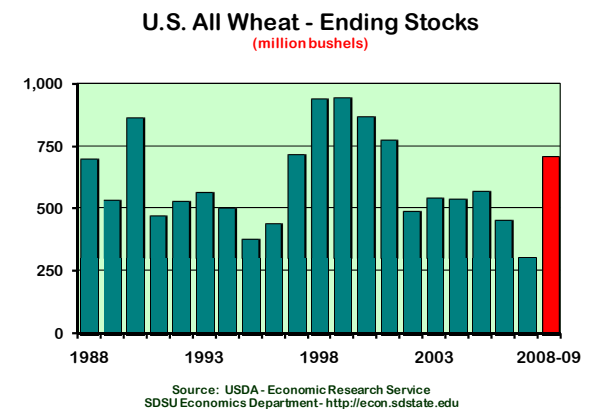
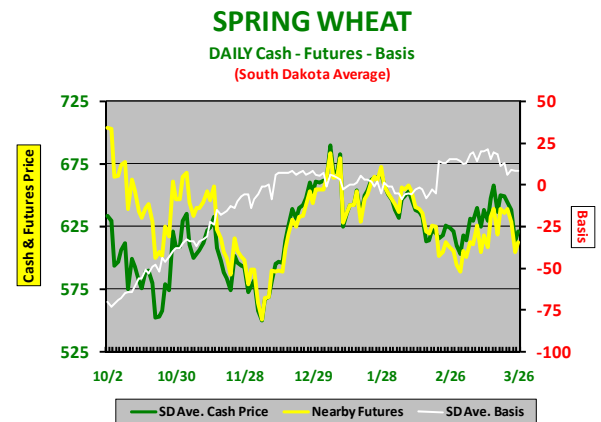
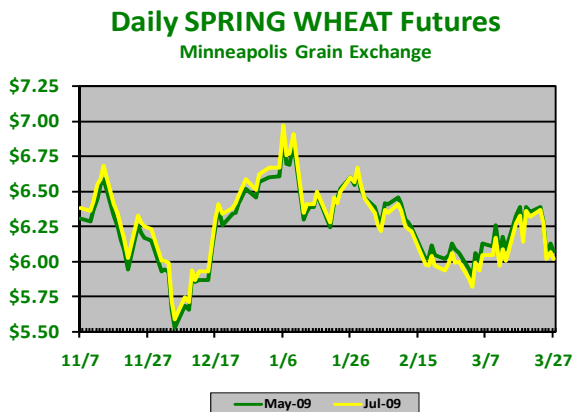
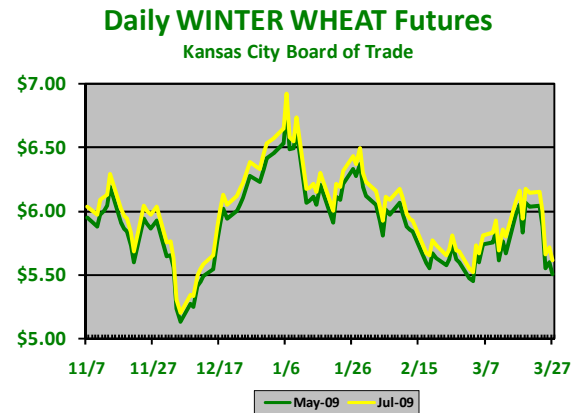
Minneapolis WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
May	608	636	-28
Jul	602	632	-30
Sep	605	638	-33
Dec	615	648	-33
Mar	623	658	-35

Chicago WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
May	507	550	-43
Jul	520	563	-43
Sep	546	587	-41
Dec	569	609	-40
Mar	585	624	-39

Kansas City WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
May	550	603	-53
Jul	561	614	-53
Sep	571	624	-53
Dec	587	639	-52
Mar	599	651	-52

South Dakota Cash Spring Wheat			
	This Week	Last Week	Change
Cash bids	584-650	615-688	
Ave. price	621	650	-29
New Crop	500-586	531-606	
Ave. price	550	577	-27

South Dakota Cash Winter Wheat			
	This Week	Last Week	Change
Cash bids	460-540	506-589	
Ave. price	514	558	-44



The South Dakota average price for spring wheat late this past week was \$6.21 per bushel, 29 cents lower than a week ago.

The South Dakota average price for winter wheat last this past week was \$5.14 per bushel, 44 cents lower than a week ago.

Unlike a week ago when wheat futures made some solid gains for the week, this week's trade was a turn-around to the downside. The grain trade was again influenced this past week by the standard mantra of crude oil, value of the dollar and the performance of the stock market. At the same time however, the basic fundamentals of grain supply and demand are being viewed more closely. The primary thing the trade has been waiting for is the Annual Prospective Plantings report which will be issued by USDA on Tuesday, March 31st (early next week). While many are expecting to see fewer corn acres and more bean acres than a year ago, opinions as to what the report will reveal next week are as mixed as ever making this report the most difficult to predict in recent years. With wheat, there is the whole matter of weather lately with the severe floods in North Dakota and the very real prospects of reduced spring wheat acres in that state due to planting delays. We have some of our own concerns about spring wheat planting in South Dakota with the wet conditions in the northern areas of the state where the bulk of our spring wheat is grown. There have also been differing opinions about the influences of production costs, availability of inputs, market signals, and as noted above...weather.

The mix of acres will be important if the economy begins to strengthen sufficiently in the year ahead that would result in a change in the dynamics of demand. This could easily be the year when there will be more significant differences between the intentions report and the actual acreage report issued in June. These differences would be significant in terms of impact of the acreage difference, not necessarily the actual acreage differences between the two reports. If demand 10, 12, 16 months down the road changes due to a stronger economy and does not match up with planted acres of all crops this spring, volatility will continue and the markets could get interesting. However, you have to make a planting decision now and what it boils down to is cost of production. Cost of production is the foundation of profitability, followed by the potential net revenue that can be achieved by one crop over another. That part of the equation means you must have a sound marketing plan in place to do whatever possible to capture the price that will mean better net revenue. You have to look at your direct costs, your land charges, your insurance program and your overall willingness and ability to accept risk and then decide what is the best option for you.

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Wheat basis data and cash wheat price data for various regions of South Dakota is available by connecting with a link at the bottom of this page. To access the charts for your region of the state, just click on the links entitled "Spring wheat cash and basis charts" and "Winter wheat cash and basis charts". This basis information is compiled by the Economics Department at South Dakota State University.