

Grain Market Review

(As of Friday, June 5, 2009)

Alan R. May
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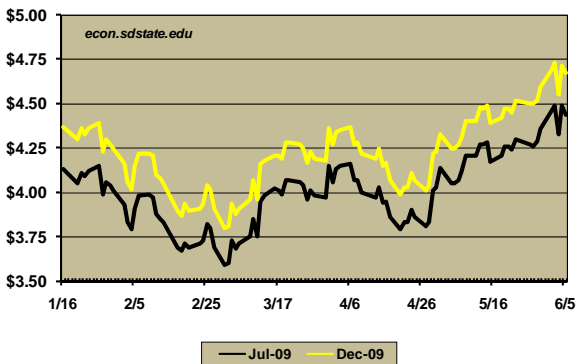
CORN

Chicago CORN Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	444	436	8
Sep	454	446	8
Dec	467	459	8
Mar	478	469	9
May	485	477	8
Jul	492	483	9
Sep	479	471	8

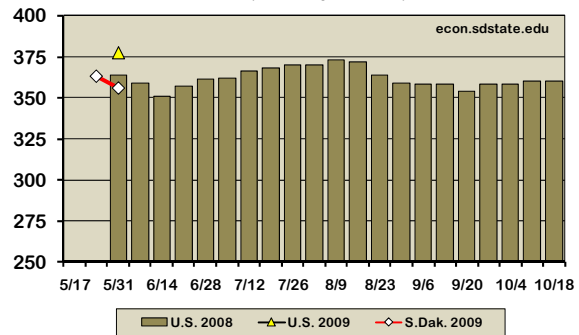
South Dakota Cash Corn			
	This Week	Last Week	Change
Cash bids	367-416	347-399	
Ave. price	397	378	19
New Crop	373-427	354-407	
Ave. price	405	386	19

Other crops	S.D. Ave.
Sunflower	1464
Oats	216
Milo	287
Millet	598

Daily CORN Futures
 Chicago Board of Trade

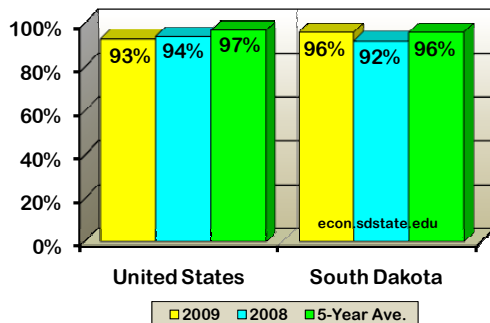


CORN: Crop Condition Index
 (as of May 31, 2009)



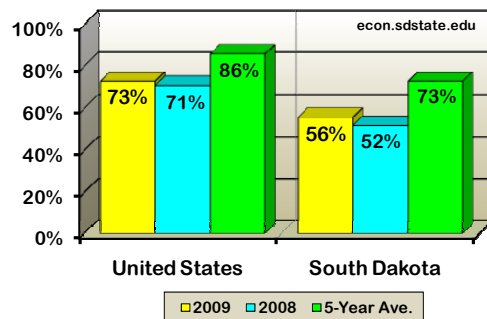
Source: USDA - National Agricultural Statistics Service

Corn: % Planted
 (as of May 31, 2009)



Source: USDA - National Agricultural Statistics Service

Corn: % Emerged
 (as of May 31, 2009)



Source: USDA - National Agricultural Statistics Service

The South Dakota average price for corn late this past week was \$3.97 per bushel, 19 cents higher than a week ago. The average bid for new crop corn in South Dakota this past week was \$4.05, 19 cents higher than a week ago.

This was not a week for the faint-hearted in the grain markets. Corn futures were the most “subdued” of the three major markets with a ten cent gain on Monday, a four cent loss on Tuesday followed by a loss of 17 cents on Thursday and a 16 cent gain on Thursday. Friday’s trade brought single digit losses leaving corn futures with an end of the week gain of 8 to 9 cents.

The outside markets were an influence this past week as the stock market, crude oil, and value of the dollar played into how commodities performed for the week. This underscores the importance of realizing how intertwined all these markets are and the influence they can have on each other. In addition, the current recession and longer term concerns of how long it will take to recover from the current economic problems are a factor in how traders and investors in other markets will form decisions about how to approach the market. Also, the concerns of possible inflationary pressure as we come out of this recession are starting to play into the markets and will add to the volatility over time.

Corn futures have gained nearly 90 cents since early March and with the exception of the large downturn and subsequent recovery from mid-April through mid-May, this corn market has trended higher and has done so with some vigor. Although outside markets have had influence over this market, the basics of corn supply and demand have been felt strongly in this market with concerns over the delayed planting conditions in the eastern corn belt and the more recent concerns of the very dry conditions in the western corn belt. While both situations are not necessarily a guarantee of lower production in 2009, the possibility has given the corn market enough strength to offer statewide average cash bids for old and new crop corn in South Dakota as high as \$3.95 to \$4.05 per bushel.

If this last week’s market performance does nothing else for us, it should prove the tenuous, volatile nature of the corn market and the importance of being prepared to take advantage of large upturns in price when they occur. In addition, your marketing plan should include strategies for what you will do if the market falls hard like it did on Thursday to prevent taking an even greater loss in price if several days of losses are strung together. You may have the idea to sit on the sidelines and do nothing in terms of pricing old and new crop corn because you believe that prices will go higher like they did in the summer of 2008. There is nothing wrong with that strategy as long as you are willing to weigh the risks against the potential rewards of that strategy.

Yet, while anything is possible, one should not assume that this summer will be a carbon copy of last summer. The lesson we need to learn from a year ago is to never argue with a rally and never spit in the eye of a profitable price. If you know your production costs and the market offers a profitable price, there is nothing wrong with locking in that price in some manner to protect against the chance that prices will fall. Just keep in mind that every time you make a sale, you will give up something to get something else in return. You may give up a better price down the road if you make a sale today for example but what you get in return is protection against a market that may turn against you. Last summer’s huge upturn and subsequent collapse should

remind us that what goes up always comes down. While it would be nice to predict exactly when the peak of the market is going to hit, no one is capable of that (even for those who think they can make that prediction). What you have to do is know your costs, set price goals for profitability, execute your sales plan and move on to the next sale. At the very least, make sure you have a plan in place that will prevent you from watching the market hit its peak and then end up selling everything at the lowest seasonal price.

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SOUTH DAKOTA HISTORIC GRAIN PRICES (WEEKLY AVERAGE). This link opens a series of charts that show the historic progression of spot bid prices for corn, soybeans, winter wheat and spring wheat in South Dakota. These charts depict the historic prices by region of the state. Included in each chart is the most current weekly average price for each specific commodity to provide a comparison of current prices against the historic price range. Many of these charts are built upon a sixteen (16) year history of weekly average prices.

CROP PROGRESS/CROP CONDITION RATING CHARTS (SEASONAL). This link opens a complete set of charts depicting the 2009 Crop Progress and Crop Condition ratings for the United States and South Dakota. These charts are built using data from the weekly Crop Progress Report from USDA's National Agricultural Statistics Service. A number of these charts are used each week during the growing season in the weekly grain market review but the full set of charts that are pertinent for each specific week are included in this link.

FUTURES PRICE CHARTS: CORN, SOYBEANS, WHEAT. This link opens the full set of futures price charts; most of which are used in the corn, soybean, and wheat market reviews.

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."

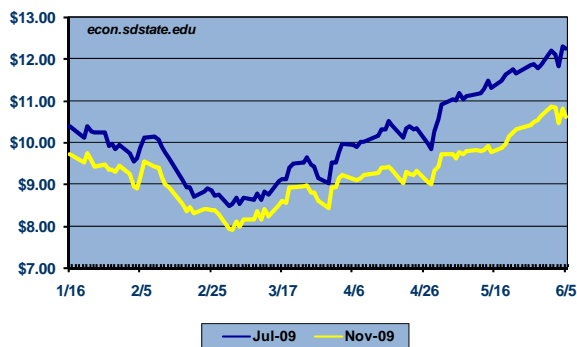
Corn basis data and cash corn price data for various regions of South Dakota is available by connecting with a link at the bottom of this page. To access the charts showing the corn basis and cash prices for your region of the state, just click on the link entitled "Cash corn price and basis charts".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

SOYBEANS

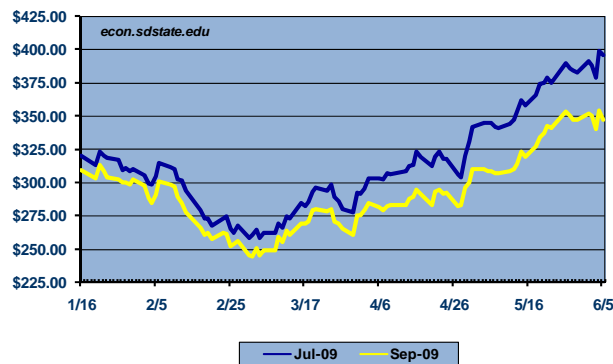
Chicago SOYBEAN Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	1225	1184	41
Aug	1171	1149	22
Sep	1101	1097	4
Nov	1062	1063	-1
Jan	1067	1065	2
Mar	1063	1054	9

South Dakota Cash Soybeans			
	This Week	Last Week	Change
Cash bids	1101-1196	1079-1145	
Ave. price	1169	1121	48
New Crop	939-1014	931-988	
Ave. price	994	966	28

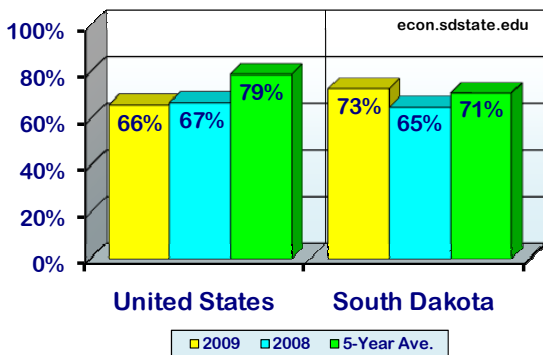
Daily SOYBEAN Futures
Chicago Board of Trade



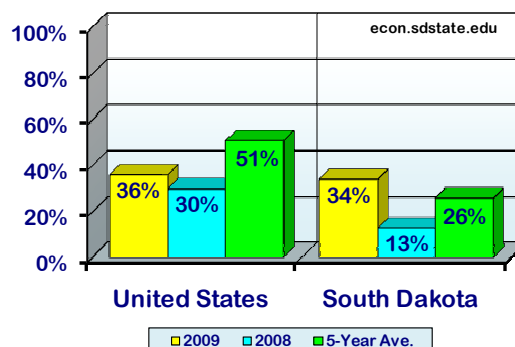
Daily SOYBEAN MEAL Futures
Chicago Board of Trade



Soybeans: % Planted
(as of May 31, 2009)



Soybeans: % Emerged
(as of May 31, 2009)



Source: USDA - National Agricultural Statistics Service

Source: USDA - National Agricultural Statistics Service

The South Dakota average price for soybeans late this past week was \$11.69 per bushel, 48 cents higher than a week ago. The average bid for new crop soybeans in South Dakota this past week was \$9.94, 28 cents higher than a week ago.

This was not a week for the faint-hearted in the grain markets. Soybean futures were highly volatile this past week with 23-37 cent gains on Monday, a 4-9 cent loss on Tuesday followed by a downturn of 27-35 cents on Thursday and a 34-48 cent gain on

Thursday. Friday's trade brought a mixture of losses leaving the front month contracts with sizeable gains and the deferred contracts with on modest single digit gains.

The outside markets were an influence this past week as the stock market, crude oil, and value of the dollar played into how commodities performed for the week. This underscores the importance of realizing how intertwined all these markets are and the influence they can have on each other. In addition, the current recession and longer term concerns of how long it will take to recover from the current economic problems are a factor in how traders and investors in other markets will form decisions about how to approach the market. Also, the concerns of possible inflationary pressure as we come out of this recession are starting to play into the markets and will add to the volatility over time.

Soybean futures have gained between \$3.00-\$3.75 cents since early March and with the exception of a few moderate downturns and subsequent recoveries since late March, this soybean market has trended higher and has done so without much of a look back. Although outside markets have had influence over this market, the basics of soybean supply and demand have been felt strongly in this market with concerns over the very short old crop supplies and the prospects for 2009 production. The uncertainty both situations create has led to prices for old and new crop beans in South Dakota as high as the most recent price quotes listed above.

If this last week's market performance does nothing else for us, it should prove the tenuous, volatile nature of the soybean market and the importance of being prepared to take advantage of large upturns in price when they occur. In addition, your marketing plan should include strategies for what you will do if the market falls hard like it did on Thursday to prevent taking an even greater loss in price if several days of losses are strung together. You may have the idea to sit on the sidelines and do nothing in terms of pricing old and new crop soybeans because you believe that prices will go higher like they did in the summer of 2008. There is nothing wrong with that strategy as long as you are willing to weigh the risks against the potential rewards of that strategy.

Yet, while anything is possible, one should not assume that this summer will be a carbon copy of last summer. The lesson we need to learn from a year ago is to never argue with a rally and never spit in the eye of a profitable price. If you know your production costs and the market offers a profitable price, there is nothing wrong with locking in that price in some manner to protect against the chance that prices will fall. Just keep in mind that every time you make a sale, you will give up something to get something else in return. You may give up a better price down the road if you make a sale today for example but what you get in return is protection against a market that may turn against you. Last summer's huge upturn and subsequent collapse should remind us that what goes up always comes down. While it would be nice to predict exactly when the peak of the market is going to hit, no one is capable of that (even for those who think they can make that prediction). What you have to do is know your costs, set price goals for profitability, execute your sales plan and move on to the next sale. At the very least, make sure you have a plan in place that will prevent you from watching the market hit its peak and then end up selling everything at the lowest seasonal price.

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SOUTH DAKOTA HISTORIC GRAIN PRICES (WEEKLY AVERAGE). This link opens a series of charts that show the historic progression of spot bid prices for corn, soybeans, winter wheat and spring wheat in South Dakota. These charts depict the historic prices by region of the state. Included in each chart is the most current weekly average price for each specific commodity to provide a comparison of current prices against the historic price range. Many of these charts are built upon a sixteen (16) year history of weekly average prices.

CROP PROGRESS/CROP CONDITION RATING CHARTS (SEASONAL). This link opens a complete set of charts depicting the 2009 Crop Progress and Crop Condition ratings for the United States and South Dakota. These charts are built using data from the weekly Crop Progress Report from USDA's National Agricultural Statistics Service. A number of these charts are used each week during the growing season in the weekly grain market review but the full set of charts that are pertinent for each specific week are included in this link.

FUTURES PRICE CHARTS: CORN, SOYBEANS, WHEAT. This link opens the full set of futures price charts; most of which are used in the corn, soybean, and wheat market reviews.

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

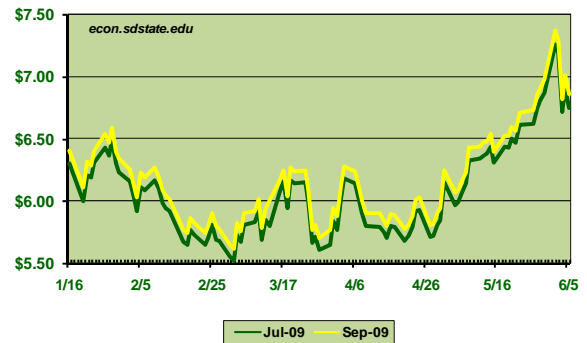
Minneapolis WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	743	772	-29
Sep	746	776	-30
Dec	759	783	-24
Mar	770	790	-20
May	777	790	-13

Chicago WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	623	637	-14
Sep	651	664	-13
Dec	676	686	-10
Mar	694	702	-8
May	705	710	-5

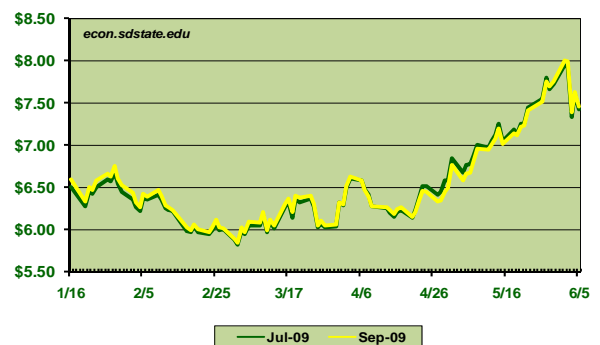
Kansas City WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	675	687	-12
Sep	688	698	-10
Dec	702	714	-12
Mar	717	728	-11
May	724	733	-9

South Dakota Cash Spring Wheat			
	This Week	Last Week	Change
Cash bids	666-751	669-763	
Ave. price	717	728	-11
South Dakota Cash Winter Wheat			
	This Week	Last Week	Change
Cash bids	543-651	543-647	
Ave. price	621	618	3

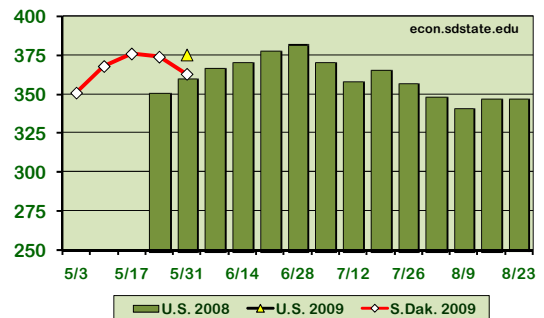
Daily WINTER WHEAT Futures
Kansas City Board of Trade



Daily SPRING WHEAT Futures
Minneapolis Grain Exchange

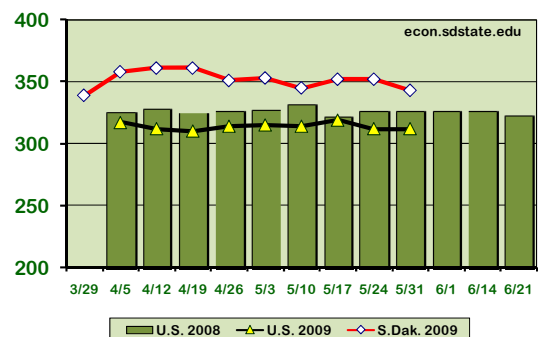


SPRING WHEAT: Crop Condition Index
(as of May 31, 2009)



Source: USDA - National Agricultural Statistics Service

WINTER WHEAT: Crop Condition Index
(as of May 31, 2009)



Source: USDA - National Agricultural Statistics Service

The South Dakota average price for spring wheat late this past week was \$7.17 per bushel, 11 cents lower than a week ago.

The South Dakota average price for winter wheat last this past week was \$6.21 per bushel, 3 cents higher than a week ago.

This was not a week for the faint-hearted in the grain markets. Wheat futures were highly volatile this past week with 35-40 cent gains on Monday, a five cent loss on Tuesday followed by a huge downturn of 47-55 cents on Thursday and a 17-28 cent gain on Thursday. Friday's trade brought double digit losses leaving wheat futures with an end of the week losses of ten to thirty cents.

The outside markets were an influence this past week as the stock market, crude oil, and value of the dollar played into how commodities performed for the week. This underscores the importance of realizing how intertwined all these markets are and the influence they can have on each other. In addition, the current recession and longer term concerns of how long it will take to recover from the current economic problems are a factor in how traders and investors in other markets will form decisions about how to approach the market. Also, the concerns of possible inflationary pressure as we come out of this recession are starting to play into the markets and will add to the volatility over time.

Wheat futures have gained nearly \$1.50 to \$2.00 cents since early March and with the exception of the large downturn this past week, this wheat market has trended higher and has done so with a great deal of vigor. Although outside markets have had influence over this market, the basics of wheat supply and demand have been felt in this market with concerns over the poor condition ratings in the southern plains, delayed planting conditions primarily in North Dakota, and the more recent concerns of the very dry conditions in many areas of the northern and central plains. While these situations are not necessarily a guarantee of lower production in 2009, the possibility has given the wheat market enough strength to offer statewide average cash bids for spring and winter wheat in South Dakota in the mid \$6.00 to mid-\$7.00 range.

If this last week's market performance does nothing else for us, it should prove the tenuous, volatile nature of the wheat market and the importance of being prepared to take advantage of large upturns in price when they occur. In addition, your marketing plan should include strategies for what you will do if the market falls hard like it did on Thursday to prevent taking an even greater loss in price if several days of losses are strung together. You may have the idea to sit on the sidelines and do nothing in terms of pricing old and new crop wheat because you believe that prices will go higher like they did in early 2008. There is nothing wrong with that strategy as long as you are willing to weigh the risks against the potential rewards of that strategy.

Yet, while anything is possible, one should not assume that this summer will be a carbon copy of what happened in early 2008 when cash wheat prices soared to \$15-\$20.00 per bushel. The lesson we need to learn from back then is to never argue with a rally and never spit in the eye of a profitable price. If you know your production costs and the market offers a profitable price, there is nothing wrong with locking in that price in some manner to protect against the chance that prices will fall. Just keep in mind that every time you make a sale, you will give up something to get something else in

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charts” and “Winter wheat cash and basis charts”. This basis information is compiled by the Economics Department at South Dakota State University.