

Grain Market Review

(As of Friday, June 18, 2009)

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

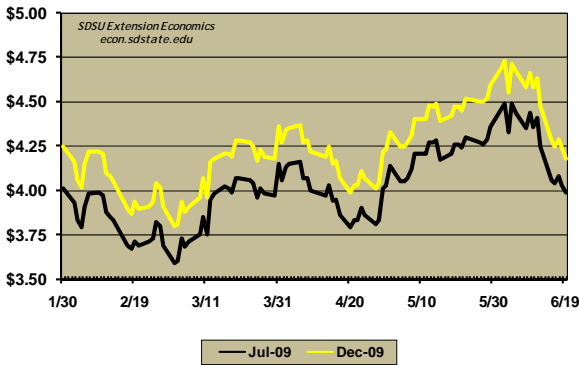
CORN

Chicago CORN Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	399	425	-26
Sep	407	435	-28
Dec	419	448	-29
Mar	431	459	-28
May	440	467	-27
Jul	447	475	-28
Sep	439	464	-25

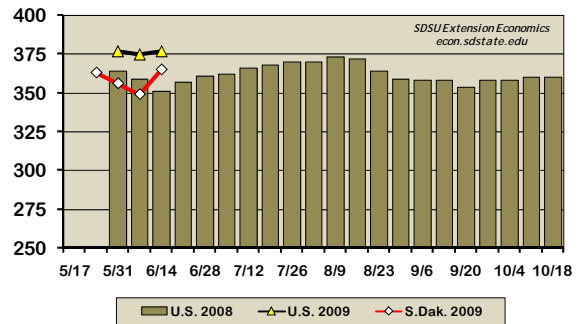
South Dakota Cash Corn			
	This Week	Last Week	Change
Cash bids	320-364	358-406	
Ave. price	350	388	-38
New Crop	325-379	365-418	
Ave. price	358	397	-39

Other crops	S.D. Ave.
Sunflower	1434
Oats	192
Milo	289
Millet	596

Daily CORN Futures
Chicago Board of Trade

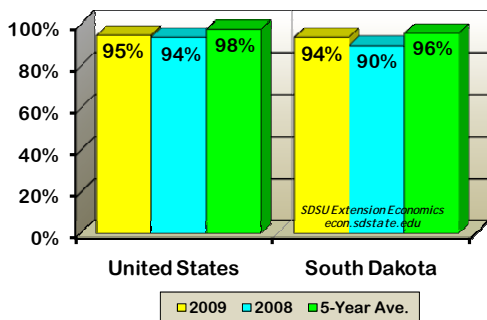


CORN: Crop Condition Index
(as of June 14, 2009)



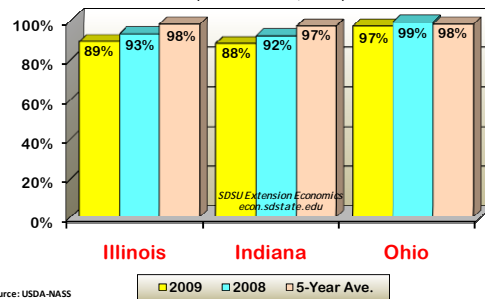
Source: USDA - National Agricultural Statistics Service

Corn: % Emerged
(as of June 14, 2009)



Source: USDA - National Agricultural Statistics Service

Corn: % Emerged
Selected States in EASTERN Corn Belt
(as of June 14, 2009)



Source: USDA-NASS

The South Dakota average price for corn late this past week was \$3.50 per bushel, 38 cents lower than a week ago. The average bid for new crop corn in South Dakota this past week was \$3.58 per bushel; 39 cents lower a week ago.

After gaining nearly 90 cents from early March through early June, corn futures have managed to lose nearly half of that gain just in the last two weeks. Most of the losses came on two days of trading, Friday, June 12 and the following Monday, June 15. The losses on both of these days were due in part to worldwide liquidation in just about every segment of the commodity market from metals to crude oil to grains. A generally stronger dollar over the last few weeks lent pressure to corn futures as well as well as those days when crude oil took a hit on price. If nothing else, this just proves that corn futures along with the other grain markets, are highly volatile and while the basic supply and demand fundamentals of grain have been working in all the grain markets, outside influences continue to play a major role in the day to day price movement.

In just over a week from today, June 19th, USDA will release its much anticipated Annual Acreage report. The prolonged wet weather in the eastern corn belt will likely impact the acreage of corn and soybeans with most everyone expecting a shift of acres out of corn into soybeans. One firm issued its estimates on June 19 and the market seemed to react to the news; perhaps more in soybeans than in corn. There is little question the weather of this spring will have an impact on planting but there is also the concern whether the report issued at the end of this month will accurately reflect the acreage shift. It is not that the survey itself is inaccurate but perhaps the timing of this report, for this year at least, could be early from the standpoint that many farmers in the eastern cornbelt were not finished with planting when the survey was taken.

Whatever the case, it is possible that corn has not seen its best price upturn yet this summer if indeed the acreage numbers are down and if production is lowered due to the later planting dates. The current carryover supply is tight but for the most part adequate to meet anticipated demand but any production hiccup this summer in the face of a potentially healing worldwide commodity may produce supplies that will be pressed with potentially growing demand. Only time will tell what the final acreage numbers will be but one should expect the corn and soybean trade will be waiting to see what direction to take prior to and after the release of this year's acreage report.

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."

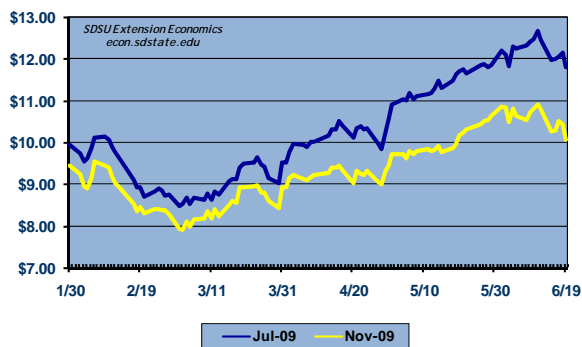
Corn basis data and cash corn price data for various regions of South Dakota is available by connecting with a link at the bottom of this page. To access the charts showing the corn basis and cash prices for your region of the state, just click on the link entitled "Cash corn price and basis charts".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

SOYBEANS

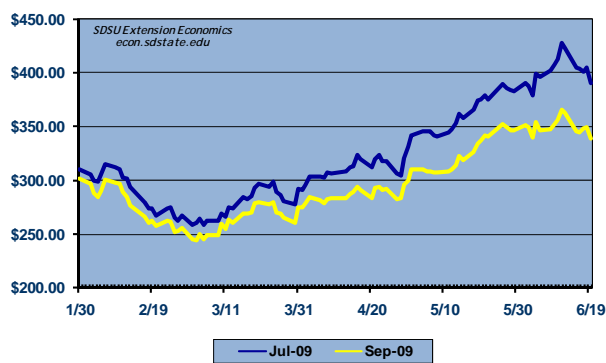
Chicago SOYBEAN Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	1180	1245	-65
Aug	1119	1171	-52
Sep	1052	1109	-57
Nov	1004	1077	-73
Jan	1011	1083	-72
Mar	1047	1079	-32

South Dakota Cash Soybeans			
	This Week	Last Week	Change
Cash bids	1106-1177	1138-1213	
Ave. price	1143	1187	-44
New Crop	921-979	974-1022	
Ave. price	958	1004	-46

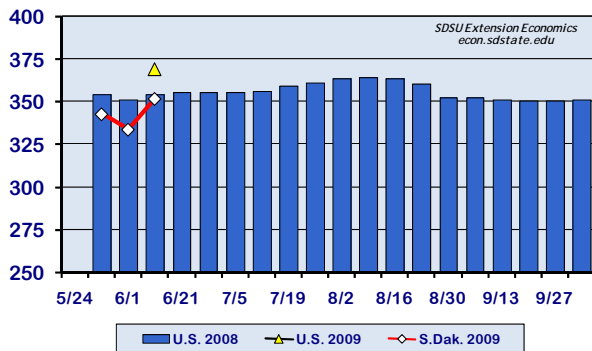
Daily SOYBEAN Futures
Chicago Board of Trade



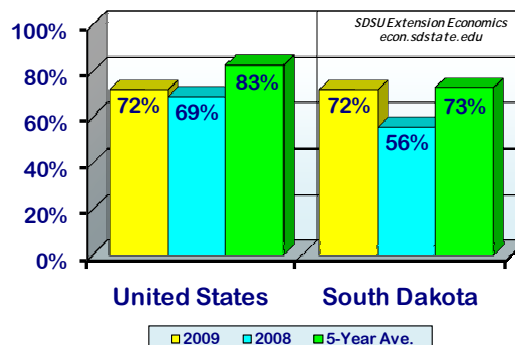
Daily SOYBEAN MEAL Futures
Chicago Board of Trade



SOYBEANS: Crop Condition Index
(as of June 14, 2009)



Soybeans: % Emerged
(as of June 14, 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 \$11.73 per bushel, 44 cents lower than a week ago. The average bid for new crop soybeans in South Dakota this past week was \$9.58, 46 cents lower than a week ago.

After gaining nearly \$3.00 to \$3.50 early March through early June, soybean futures have managed to lose about \$1.00 of that gain just in the last two weeks. Most of the losses came on two days of trading, Friday, June 12 and the following Monday, June 15. The losses on both of these days were due in part to worldwide liquidation in just

about every segment of the commodity market from metals to crude oil to grains. A generally stronger dollar over the last few weeks lent pressure to soybean futures as well as well as those days when crude oil took a hit on price. If nothing else, this just proves that soybean futures along with the other grain markets, are highly volatile and while the basic supply and demand fundamentals of grain have been working in all the grain markets, outside influences continue to play a major role in the day to day price movement.

In just over a week from today, June 19th, USDA will release its much anticipated Annual Acreage report. The prolonged wet weather in the eastern corn belt will likely impact the acreage of corn and soybeans with most everyone expecting a shift of acres out of corn into soybeans. One firm issued its estimates on June 19 and the market seemed to react to the news; perhaps more in soybeans than in corn. There is little question the weather of this spring will have an impact on planting but there is also the concern whether the report issued at the end of this month will accurately reflect the acreage shift. It is not that the survey itself is inaccurate but perhaps the timing of this report, for this year at least, could be early from the standpoint that many farmers in the eastern corn-belt were not finished with planting when the survey was taken.

Whatever the case, it is possible that soybeans may see more price pressure if indeed the acreage numbers are higher than expected and production grows due to more acres. However, it must be noted here that the soybean market has two very distinct markets right now; the old crop market and the new crop market. Old crop supplies are extraordinarily tight and will respond more positively perhaps to short term demand expectations. New crop prices, on the other hand, could be pressured with the news of more acres so one should anticipate the possibility of new crop prices trending lower. However, even with more acres, the mix between new crop production and the very small carry-in from the 2008 crop may not build supplies for 2009-10 to the extent that some may think. This possibility will likely be ignored in the next few months but if the expected growth in soybean production this year falls a bit shorter than expected, there could be room for some price strength as time goes along late summer and early fall. We simply won't know if this is the case until we get past the June Acreage Report and as we get closer to harvest. The current carryover supply is tight but any production hiccup this summer in the face of a potentially healing worldwide commodity may produce supplies that will be pressed with potentially growing demand. Only time will tell what the final acreage numbers will be but one should expect the soybean and corn trade will be waiting to see what direction to take prior to and after the release of this year's acreage report.

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

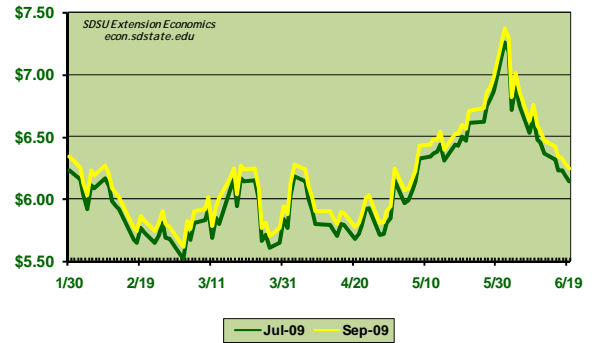
Minneapolis WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	700	733	-33
Sep	697	726	-29
Dec	710	737	-27
Mar	722	747	-25
May	722	751	-29

Chicago WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	556	585	-29
Sep	586	613	-27
Dec	611	640	-29
Mar	626	658	-32
May	643	667	-24

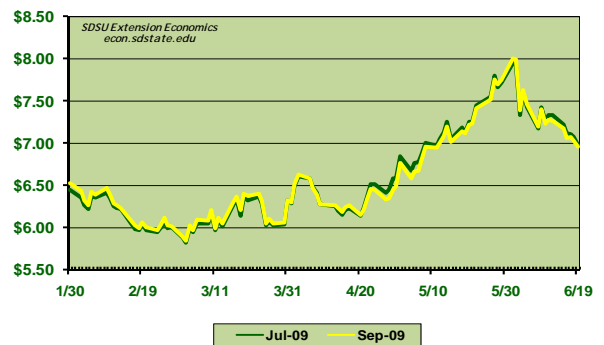
Kansas City WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	614	637	-23
Sep	625	647	-22
Dec	641	663	-22
Mar	655	679	-24
May	665	682	-17

South Dakota Cash Spring Wheat			
	This Week	Last Week	Change
Cash bids	608-702	638-724	
Ave. price	659	686	-27
South Dakota Cash Winter Wheat			
	This Week	Last Week	Change
Cash bids	495-577	530-615	
Ave. price	550	579	-29

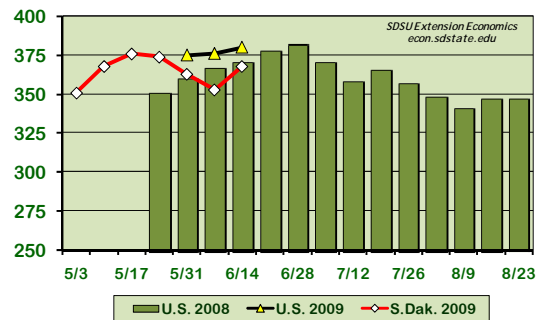
Daily WINTER WHEAT Futures
Kansas City Board of Trade



Daily SPRING WHEAT Futures
Minneapolis Grain Exchange

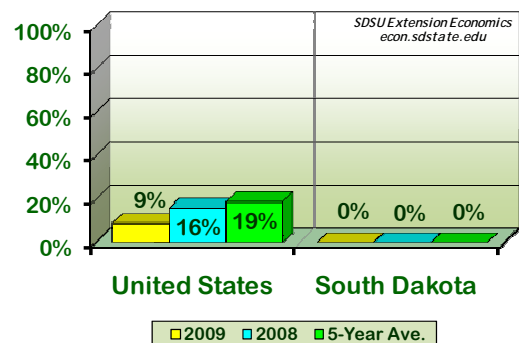


SPRING WHEAT: Crop Condition Index
(as of June 14, 2009)



Source: USDA - National Agricultural Statistics Service

Winter Wheat: % Harvested
(as of June 14, 2009)



Source: USDA - National Agricultural Statistics Service

The South Dakota average price for spring wheat late this past week was \$6.59 per bushel, 27 cents lower than a week ago.

The South Dakota average price for winter wheat last this past week was \$5.50 per bushel, 29 cents lower than a week ago.

During the months of March, April, and May, cash wheat prices in South Dakota rose \$1.50 per bushel for both spring and winter wheat and the climb seemed steady enough to make one think that there was potential for summer-long price strength in wheat. The price upturn was steady, it was fairly prolonged (3 full months) and the news of the poor winter wheat conditions in Texas and Oklahoma along with the flooding problems in North Dakota was all this market needed to maintain the upward pace. In addition, it was during this same time frame that the value of the dollar had weakened considerably and that lent support to a market that relies heavily on exports to consume around 40% of the U.S. annual production of wheat. However, all good things seem to come to an end eventually. While one can hope this price downturn is only a temporary thing, it is typical that we can look back now and realize that it took three months for wheat prices to increase by \$1.50 per bushel but has taken only three weeks to pretty much erase most of those gains.

Harvest is underway in the southern plains and regardless of what the condition ratings were going into harvest, little attention has been paid to current condition ratings as the burdensome carryover supplies of wheat from the '08 harvest still weighs heavily on prices. While much attention will be paid to the USDA' Annual Acreage Report at the end of June as it pertains to spring wheat acres, little support from any corner has come to the aid of wheat futures the last few weeks. In addition, the value of the dollar has gained some strength and while the dollar valuation has been bouncing around day after day, the trend has been for a dollar that is gaining some strength and that has applied pressure to wheat futures.

It seems there is still some room for some price recovery prior to harvest but this will only come if there is a significant reduction in spring wheat acres and if the overall wheat harvest comes in lower than expected to impact supply. Equally important will be the export market and the influence the value of the dollar and the worldwide recession will have on the buying power of foreign countries. In addition, the way all grain commodities have performed over the last year one cannot rule out a strong rally on the back of outside influences and other factors. However, the wheat market is a dog that can't hunt right now and as long as supplies appear to meet and/or exceed longer term demand expectations, one should be prepared for the possibility of continued weakness in wheat prices if bullish fundamentals do not appear.

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, "Wheat Supply and Demand."

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.