

Grain Market Review

(As of Friday, June 26, 2009)

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CORN

Chicago CORN Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	384	399	-15
Sep	392	407	-15
Dec	404	419	-15
Mar	416	431	-15
May	425	440	-15
Jul	431	447	-16
Sep	423	439	-16

South Dakota Cash Corn			
	This Week	Last Week	Change
Cash bids	299-347	320-364	
Ave. price	329	350	-21
New Crop	303-385	325-379	
Ave. price	336	358	-22

Other crops	S.D. Ave.
Sunflower	1376
Oats	187
Milo	279
Millet	593

The South Dakota average price for corn late this past week was \$3.29 per bushel, 21 cents lower than a week ago. The average bid for new crop corn in South Dakota this past week was \$3.36 per bushel; 22 cents lower a week ago.

On June 30th, 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. At this point it appears that the trade is expecting an increase of 2 million acres planted to soybeans, all at the expense of corn. There is little question that the weather of this spring will have an impact on planting but for this week prior to the issuance of the yearly Acreage Report, the market appeared more focused on the impact of outside markets; primarily crude oil, the dollar, and the stock market.

The question that will not be answered in the June Acreage Report on the 30th will be the production from corn and soybean acres but the foundation of total acres will be a big factor again this year in determining eventual production. I made the comment in last week's corn market review that it might be possible that corn could see another potential upturn yet this summer if indeed the acreage numbers are down and if production is lowered due to the later planting dates. While that idea may seem more unlikely considering the continued downturn of this past week, it is important to remember that the current carryover supply is important to consider. It is a rather tight supply but for the most part adequate to meet anticipated short term 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 longer term demand. At the same time, it is evident that grain commodities are still very heavily influenced by recessionary pressures and the outside markets mentioned above. While it would be

nice to go back to the days when we were more concerned about the more traditional fundamentals of weather, usage, and production, the other markets and the overall health (good or poor) of the economy will play a significant role in influencing price.

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			
<u>Futures</u>	<u>This</u>	<u>Last</u>	<u>Week's</u>
<u>Month</u>	<u>Week</u>	<u>Week</u>	<u>Change</u>
Jul	1201	1179	22
Aug	1128	1120	8
Sep	1046	1050	-4
Nov	991	1006	-15
Jan	992	1013	-21
Mar	987	1011	-24

South Dakota Cash Soybeans			
	<u>This Week</u>	<u>Last Week</u>	<u>Change</u>
Cash bids	1087-1152	1106-1177	
Ave. price	1123	1143	-20
New Crop	882-937	921-979	
Ave. price	918	958	-40

The South Dakota average price for soybeans late this past week was \$11.23 per bushel, 20 cents lower than a week ago. The average bid for new crop soybeans in South Dakota this past week was \$9.18, 40 cents lower than a week ago.

On June 30th, 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. At this point it appears that the trade is expecting an increase of 2 million acres planted to soybeans, all at the expense of corn. There is little question that the weather of this spring will have an impact on planting but for this week prior to the issuance of the yearly Acreage Report, the market appeared more focused on the impact of outside markets; primarily crude oil, the dollar, and the stock market.

The question that will not be answered in the June Acreage Report on the 30th will be the production from corn and soybean acres but the foundation of total acres will be a big factor again this year in determining eventual production. I noted in last week's soybean market review that 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.

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 longer term demand. At the same time, it is evident that grain commodities are still very heavily influenced by recessionary pressures and the outside markets mentioned above. While it would be nice to go back to the days when we were more concerned about the more traditional fundamentals of weather, usage, and

production, the other markets and the overall health (good or poor) of the economy will play a significant role in influencing price.

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	667	699	-32
Sep	667	696	-29
Dec	679	708	-29
Mar	689	719	-30
May	695	726	-31

Chicago WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	534	556	-22
Sep	563	586	-23
Dec	587	611	-24
Mar	604	626	-22
May	616	643	-27

Kansas City WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Jul	589	615	-26
Sep	600	625	-25
Dec	617	641	-24
Mar	632	656	-24
May	640	662	-22

South Dakota Cash Spring Wheat			
	This Week	Last Week	Change
Cash bids	578-680	608-702	
Ave. price	631	659	-28
South Dakota Cash Winter Wheat			
	This Week	Last Week	Change
Cash bids	477-560	495-577	
Ave. price	526	550	-24

The South Dakota average price for spring wheat late this past week was \$6.31 per bushel, 28 cents lower than a week ago.

The South Dakota average price for winter wheat last this past week was \$5.26 per bushel, 24 cents lower than a week ago.

Harvest is underway in the southern plains and that seems to be as good a reason as any for the continued free fall in wheat futures. This reason is not the only one as the fluctuating value of the dollar and very real concerns about export demand have pressured wheat futures extensively. While 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

While one could make the case that there could still be some room for some price recovery prior to harvest, it will come only if there is a significant reduction in spring wheat acres, if the overall wheat harvest comes in lower than expected to impact supply and if demand improved. Demand will have to come from the export market and the influence the value of the dollar and the worldwide recession will have a direct impact 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 pressure on the wheat market is so significant at this point that as long as supplies appear to meet and/or exceed longer term demand expectations, it seems likely that one should expect a greater chance of continued weakness in wheat prices through the harvest period and beyond; particularly if longer term demand does not appear to grow.

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.