

Grain Market Review

(As of Friday, September 04, 2009)

Alan R. May

Extension Grain Marketing Specialist
South Dakota State University

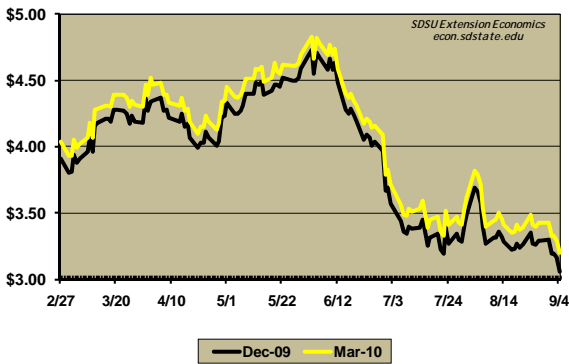
CORN

Chicago CORN Futures			
Futures Month	This Week	Last Week	Week's Change
Sep	300	321	-21
Dec	306	329	-23
Mar	320	343	-23
May	329	351	-22
Jul	338	360	-22
Sep	347	369	-22
Dec	357	378	-21

South Dakota Cash Corn			
	This Week	Last Week	Change
Cash bids	237-316	245-306	
Ave. price	272	281	-9

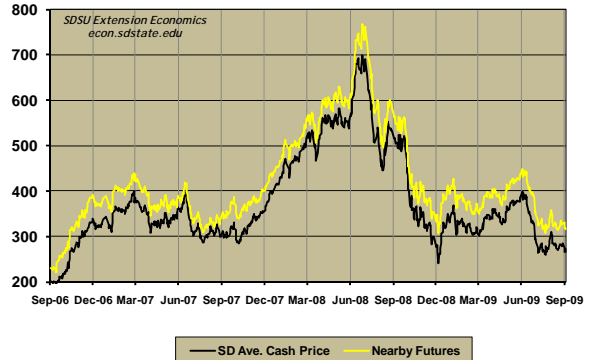
Other crops	S.D. Ave.
Sunflower	1232
Oats	166
Milo	226
Millet	549

Daily CORN Futures
Chicago Board of Trade



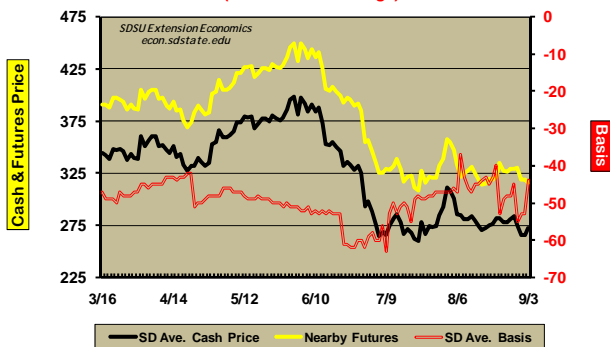
CORN

SD Daily Ave. Cash v. Nearby Futures
(September 2006 - Present time)

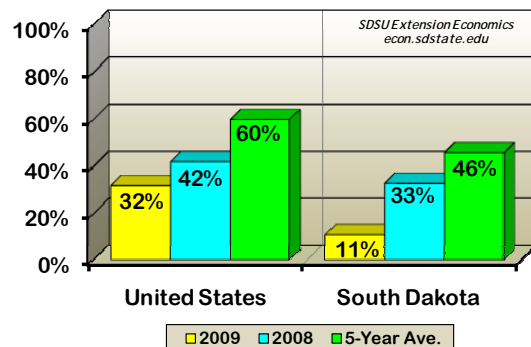


CORN

Daily Cash - Futures - Basis
(South Dakota Average)



Corn: % Dented
(as of August 30, 2009)



Source: USDA - National Agricultural Statistics Service

The South Dakota average price for corn late this past week was \$2.72 per bushel, 9 cents lower than a week ago.

Corn futures lost over twenty cents this past week and for now, it appears the market is poised for what could be a near record corn crop. Several private firms have pegged the total corn production for a little over 13 billion bushels and the prevailing opinion for the rest of the market is that this is a big corn crop that could easily get bigger. News articles written by analysts from one end of the corn belt to the other concerning the worries about whether the nation's corn crop will have time to fully mature go mostly unread by the trade. At this point, the market simply isn't putting any premium into the "weather worries" for corn and probably will not do so until the first early frost hits. Even then, it is anyone's guess how the market would react to an early frost. Although the market may not be willing to put any premium into the market at this time, it does not mean it will take notice of it at some time. It may be prudent to prepare for the possibility of a price rally of some kind if this does become reality but don't put all your eggs into that basket either.

There is the likelihood for greater expense this fall for drying and dealing with storage issues so be prepared for every possibility. For now, one should look at the carry in the corn market and determine if there is an opportunity for corn in storage to be priced for delivery later this winter or early next spring. There is a 14 cent carry between the December and March corn futures contracts and a 23 cent carry between the December and May contracts. Basis is not unusually wide at the current time but you might want to check basis bids on cash contracts for delivery later this fall or winter to see if you can lock in a price that will not only pay for storage but provide a better net price than you would receive today.

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.

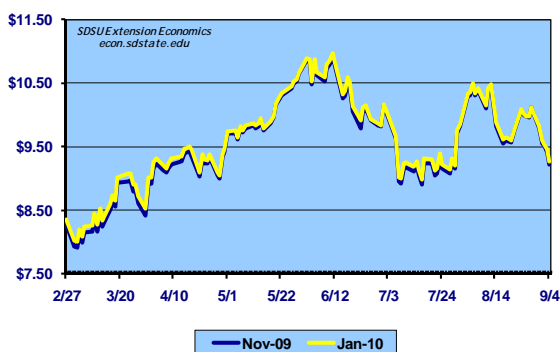
SOYBEANS

Chicago SOYBEAN Futures			
Futures Month	This Week	Last Week	Week's Change
Nov	922	1011	-89
Jan	927	1012	-85
Mar	928	1007	-79
May	927	999	-72
Jul	930	1000	-70
Aug	925	993	-68

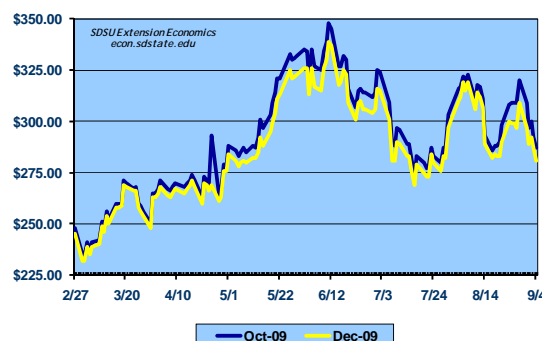
South Dakota Cash Soybeans			
	This Week	Last Week	Change
Cash bids	866-1081	936-1135	
Ave. price	970	1075	-105

Other crops	S.D. Ave.
Sunflower	1232
Oats	166
Milo	226
Millet	549

Daily SOYBEAN Futures
Chicago Board of Trade



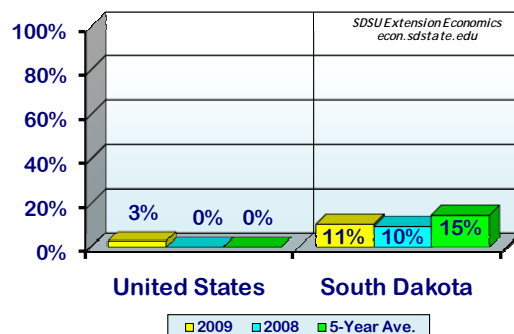
Daily SOYBEAN MEAL Futures
Chicago Board of Trade



SOYBEANS
SD Daily Ave. Cash v. Nearby Futures
(September 2006 - Present time)



Soybeans: % Dropping Leaves
(as of August 30, 2009)



Source: USDA - National Agricultural Statistics Service

The South Dakota average price for soybeans late this past week was \$9.70 per bushel, \$1.05 lower than a week ago.

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
Sep	483	521	-38
Dec	499	540	-41
Mar	516	559	-43
May	528	569	-41
Jul	540	579	-39

Chicago WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Sep	444	467	-23
Dec	472	495	-23
Mar	491	515	-24
May	504	528	-24
Jul	515	540	-25

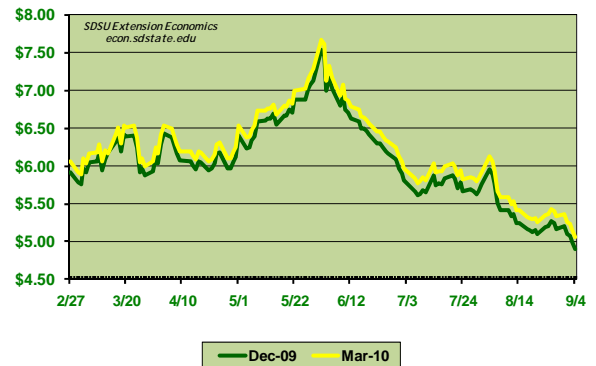
Kansas City WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Sep	477	500	-23
Dec	490	517	-27
Mar	506	533	-27
May	517	544	-27
Jul	529	556	-27

South Dakota Cash Spring Wheat			
	This Week	Last Week	Change
Cash bids	381-484	435-501	
Ave. price	443	477	-34

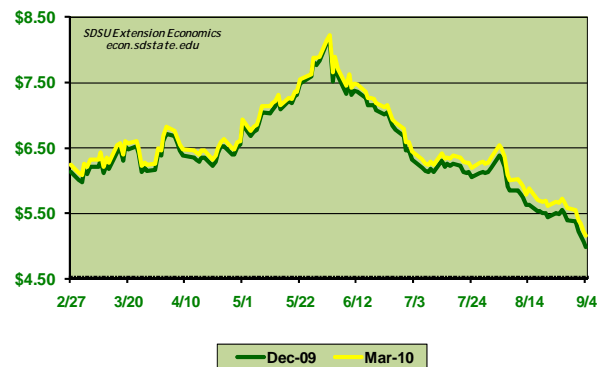
South Dakota Cash Winter Wheat			
	This Week	Last Week	Change
Cash bids	356-450	398-455	
Ave. price	407	430	-23

Other crops	S.D. Ave.
Sunflower	1232
Oats	166
Milo	226
Millet	549

Daily WINTER WHEAT Futures
Kansas City Board of Trade



Daily SPRING WHEAT Futures
Minneapolis Grain Exchange



SPRING WHEAT
SD Daily Ave. Cash v. Nearby Futures
(September 2006 - Present time)



WINTER WHEAT
SD Daily Ave. Cash v. Nearby Futures
(September 2006 - Present time)



The South Dakota average price for spring wheat late this past week was \$4.43 per bushel, 34 cents lower than a week ago.

The South Dakota average price for winter wheat last this past week was \$4.07 per bushel, 23 cents lower than a week ago.

There just isn't any news in the wheat market that is good in terms of giving wheat prices a boost anytime soon. After experiencing the lowest domestic and world supply in years just two years ago, projected carryover wheat supplies from this year's domestic harvest will grow to 743 million bushels, the largest carryover supply since 2001. This growth occurred even with fewer wheat acres this past year and a large downturn in total production. Demand remains weak and may not grow significantly enough to make a dent in future projections for carryover supply. This means that price pressure on wheat should probably be viewed as the rule; not the exception.

Wheat prices that rose so dramatically in late 2007 and collapsed by fall of 2008 were followed by a more consistent price pattern in the \$5.00 to \$6.00 range. However, in just the last month, wheat prices have fallen to levels more reminiscent of price prior to the fall of 2007. It is hard to look at a price quote and see wheat prices lower than \$4.00 per bushel but that's where we are at this point and it may be something we will have to deal with for at least the rest of this year into early next year when more is known about planted winter wheat acres and expectations of planted acres world-wide. For now, one should look fairly hard at the carry in the wheat market and determine if there is a pricing opportunity for wheat in storage to be priced for delivery later this winter or early next spring. There is a 16 cent carry between the December and March winter wheat futures and a 17 cent carry in the same contract on the spring wheat market. Basis is extraordinarily wide on both spring and winter wheat at the current time so you might want to check basis bids on cash contracts for delivery later this fall or winter to see if you can lock in a price that will not only pay for storage but provide a better net price than you would receive today.

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.