

# Grain Market Review

(As of Friday, September 18, 2009)

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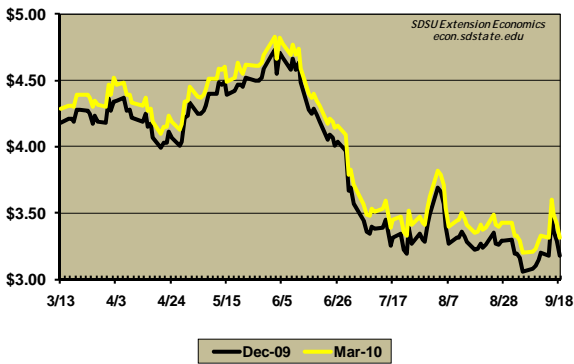
## CORN

<b>Chicago CORN Futures</b>			
Futures Month	This Week	Last Week	Week's Change
Dec	318	320	-2
Mar	331	333	-2
May	341	343	-2
Jul	349	351	-2
Sep	357	359	-2
Dec	367	371	-4
Mar	380	383	-3

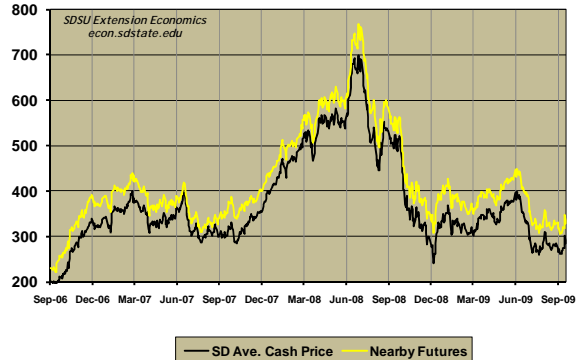
<b>South Dakota Cash Corn</b>			
	This Week	Last Week	Change
Cash bids	259-307	243-292	
Ave. price	285	271	14

Other crops	S.D. Ave.
Sunflower	1163
Oats	172
Milo	235
Millet	507

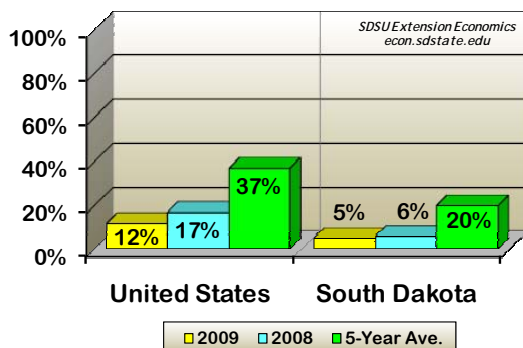
**Daily CORN Futures**  
Chicago Board of Trade



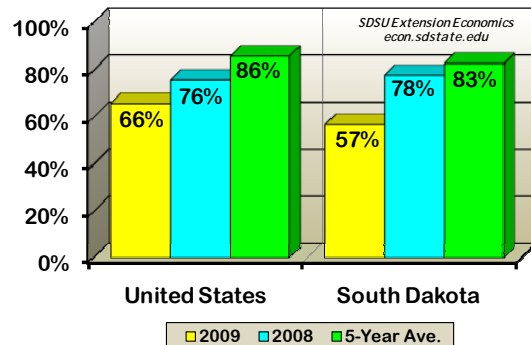
**CORN**  
SD Daily Ave. Cash v. Nearby Futures  
(September 2006 - Present time)



**Corn: % Mature**  
(as of September 13, 2009)



**Corn: % Dented**  
(as of September 13, 2009)



Source: USDA - National Agricultural Statistics Service

Source: USDA - National Agricultural Statistics Service

The South Dakota average price for corn late this past week was \$2.85 per bushel, 14 cents higher than a week ago.

The monthly World Agricultural Supply and Demand Estimates report (WASDE) issued by USDA in mid-September continued to confirm the fundamental expectations in the grain trade. This year the United States will produce its largest soybean crop in history and the second largest corn crop in history. Although the production projections for corn and soybeans were bearish in this report, the usage projections have a bit more positive tone. All categories of usage for corn and soybeans are expected to be slightly higher than a year ago. However, carryover supply for soybeans is still expected to grow to a projected 220 million bushels. Corn supplies will decline somewhat from a year ago, but the 1.63 billion bushel supply is considered manageable as long as there are no late season production problems that might impact production.

Wheat production in the United States this year is not a record-setter but the projected carryover supplies of wheat are expected to be the largest since 2001 when wheat prices were struggling to exceed the \$3.00 per bushel mark. Even though wheat production in the U.S. is lower this year, this bullish factor is outweighed by the bearish nature of wheat demand. Wheat exports are expected to fall by 65 million bushels compared to a year ago and with the large carry-in supply from 2008, projected carryover supplies for the 2009 crop will grow by nearly 70 million bushels.

In order to gauge what the future holds for grain and oilseed prices in the next year, one should look back several years for perspective on the impact of supply and demand. Prior to the fall of 2006, the grain market was often viewed as a supply dominated market. U.S. farmers tended to produce more than sufficient quantities of grains and oilseeds that outpaced demand resulting in large carryover supplies. However, beginning in the fall of 2006 corn prices were driven to unprecedented levels by December of that year due in part to the growing expansion of the ethanol industry. This shifted the grain market to a more demand driven market. As a result of the growing demand for corn, U.S. farmers planted 15 million more acres of corn in the spring of 2007 than were planted in 2006. This huge increase in corn acres led to a decline in acres planted to soybeans in 2007 of 11 million fewer acres. Wheat production in the U.S. and worldwide had already shrunk by 2006 leaving wheat in a position to take advantage of strong demand at a time of very tight domestic and world wheat supplies.

The growth in demand for grains and oilseeds along with the dramatic shift of acres between corn and soybeans in 2007 and 2008 led to even more significant price increases for corn and soybeans through the summer of 2008. Extraordinarily tight supplies of wheat led to significant price increases for wheat as well; particularly from the fall of 2007 through the spring of 2008. While these price increases for all commodities were influenced by grain supply and demand fundamentals, prices were also very sensitive to other factors such as energy markets, the stock market and the value of the dollar.

By the late summer of 2008 the price euphoria that existed in grain commodity markets ebbed considerably. Prices for corn, soybeans and wheat fell considerably through the end of 2008 and the trend has continued through the fall of 2009. The pressure of the strongest recession in years combined with the huge downturn in the stock market and other outside markets led to a grain market that is currently more influenced by supply than it is with demand. Yet, while the pendulum may be poised to swing back to a supply driven market, demand still matters. The challenge will be whether demand can strengthen enough in the next year to reduce the current

projections for carryover supply. If corn and soybean production is finalized at the current projections, the chance for growth in supplies becomes greater if current demand projections remain constant or weaken. Wheat supplies have already experienced a significant buildup in 2008 and 2009 so wheat also faces the risk of further buildup of supplies if current demand projections remain constant or weaken. The length of the recovery from the recession will influence demand in the export market as well as in the domestic market. The impact of the recession and its recovery will also influence input costs of farmers and suppliers of agriculture related goods and services, leading to more potential uncertainty for profitability in the next year or two. The exuberance of demand outpacing production of the last few years has changed but demand for corn, soybeans, and wheat will be pivotal in this next year. In addition, one must look ahead to how these factors will influence planting decisions next year.

Even though row-crop harvest has not started yet this fall, the impact of next year's crop combined with the demand for the crop harvested this fall will be important in determining if the current weakness in prices for grains and oilseeds will continue for the longer term. For the short-term, however, it appears that the current projections of record or near record setting production and growing or steady carryover supplies will mean a bearish outlook for grain prices into next year.

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.

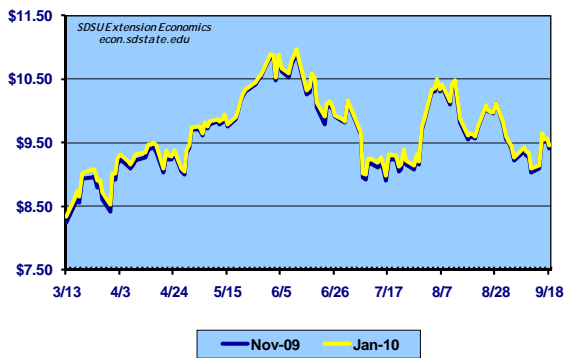
# SOYBEANS

<b>Chicago SOYBEAN Futures</b>			
Futures Month	This Week	Last Week	Week's Change
Nov	941	903	38
Jan	945	910	35
Mar	947	915	32
May	944	917	27
Jul	945	921	24
Aug	939	917	22

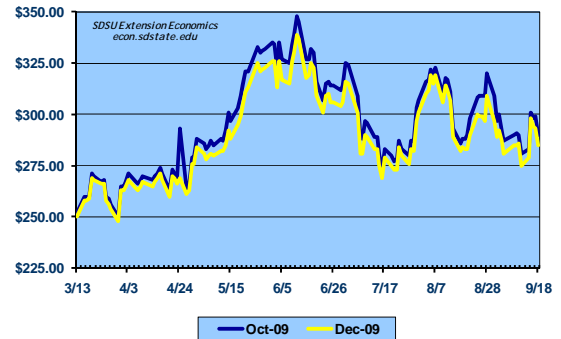
<b>South Dakota Cash Soybeans</b>			
	This Week	Last Week	Change
Cash bids	843-983	837-1021	
Ave. price	891	901	-10

Other crops	S.D. Ave.
Sunflower	1163
Oats	172
Milo	235
Millet	507

**Daily SOYBEAN Futures**  
Chicago Board of Trade



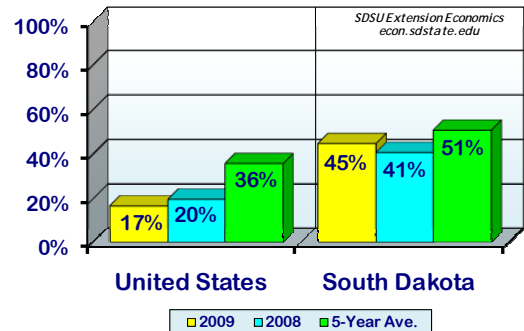
**Daily SOYBEAN MEAL Futures**  
Chicago Board of Trade



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



**Soybeans: % Dropping Leaves**  
(as of September 13, 2009)



Source: USDA - National Agricultural Statistics Service

The South Dakota average price for soybeans late this past week was \$8.91 per bushel, 10 cents 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."

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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

<b>Minneapolis WHEAT Futures</b>			
Futures Month	This Week	Last Week	Week's Change
Dec	497	494	3
Mar	511	511	0
May	522	522	0
Jul	532	534	-2
Sep	544	547	-3

<b>Chicago WHEAT Futures</b>			
Futures Month	This Week	Last Week	Week's Change
Dec	457	467	-10
Mar	477	487	-10
May	489	499	-10
Jul	501	511	-10
Sep	517	527	-10

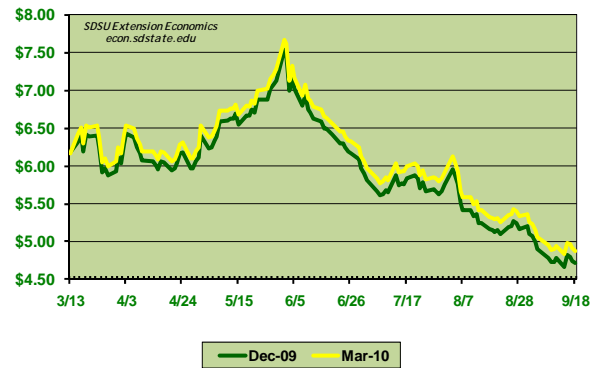
<b>Kansas City WHEAT Futures</b>			
Futures Month	This Week	Last Week	Week's Change
Dec	472	478	-6
Mar	488	494	-6
May	500	506	-6
Jul	511	517	-6
Sep	523	525	-2

<b>South Dakota Cash Spring Wheat</b>			
	This Week	Last Week	Change
Cash bids	380-521	364-488	
Ave. price	474	440	34

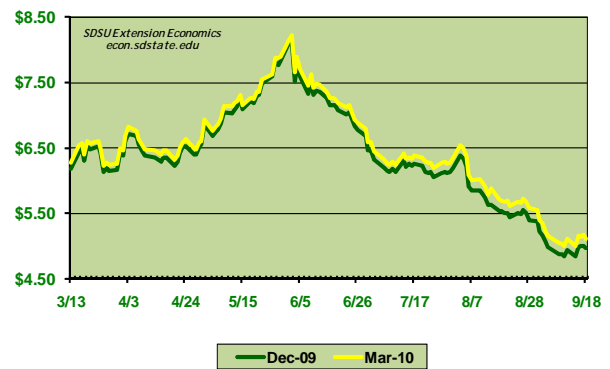
<b>South Dakota Cash Winter Wheat</b>			
	This Week	Last Week	Change
Cash bids	344-450	324-450	
Ave. price	385	383	2

Other crops	S.D. Ave.
Sunflower	1163
Oats	172
Milo	235
Millet	507

**Daily WINTER WHEAT Futures**  
Kansas City Board of Trade



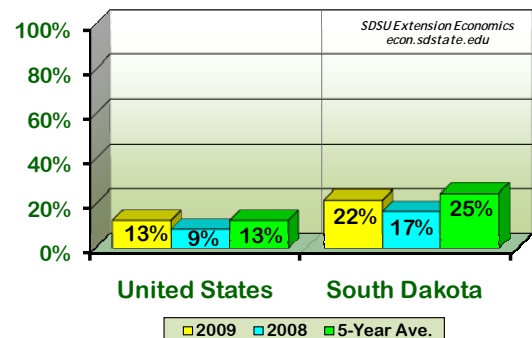
**Daily SPRING WHEAT Futures**  
Minneapolis Grain Exchange



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



**Winter Wheat: % Planted**  
(as of September 13, 2009)



The South Dakota average price for spring wheat late this past week was \$4.74 per bushel, 34 cents higher than a week ago.

The South Dakota average price for winter wheat last this past week was \$3.85 per bushel, 2 cents higher than a week ago.

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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.