

Grain Market Review

(As of Friday, October 30, 2009)

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

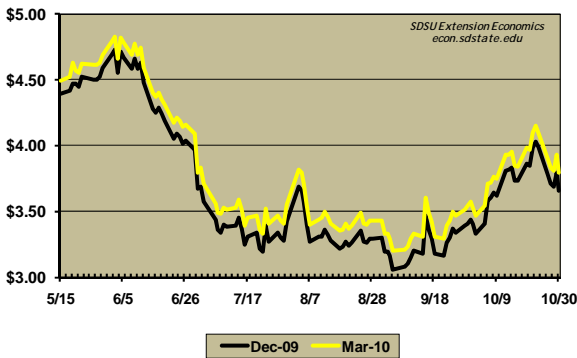
CORN

Chicago CORN Futures			
Futures Month	This Week	Last Week	Week's Change
Dec	366	398	-32
Mar	379	409	-30
May	388	417	-29
Jul	397	425	-28
Sep	404	427	-23
Dec	412	430	-18
Mar	422	438	-16

South Dakota Cash Corn			
	This Week	Last Week	Change
Cash bids	299-380	314-395	
Ave. price	334	352	-18

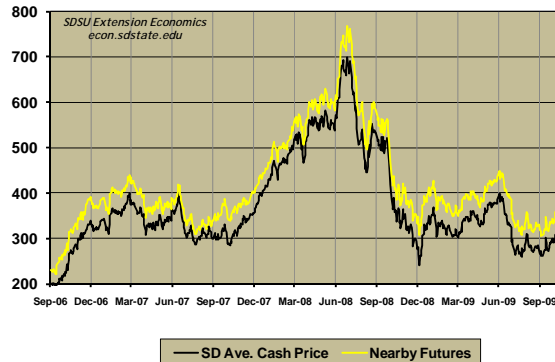
Other crops	S.D. Ave.
Sunflower	1169
Oats	190
Milo	275
Millet	506

Daily CORN Futures
Chicago Board of Trade

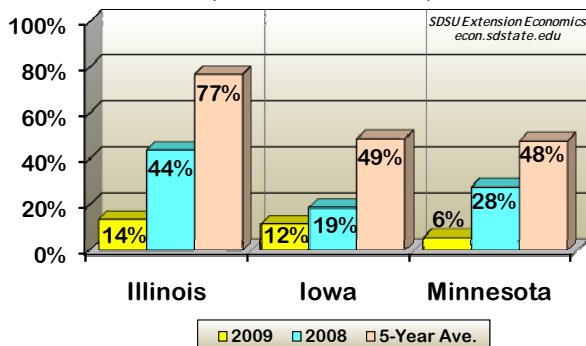


CORN

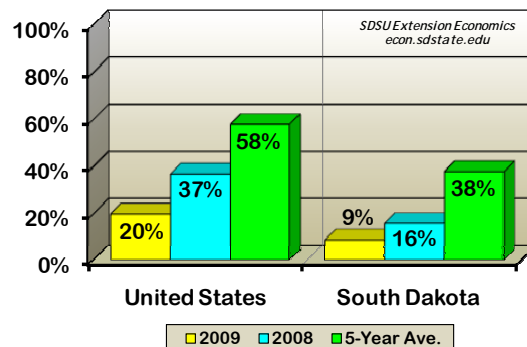
SD Daily Ave. Cash v. Nearby Futures
(September 2006 - Present time)



Corn: % Harvested
Illinois, Iowa, Minnesota
(as of October 25, 2009)



Corn: % Harvested
(as of October 25, 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 \$3.34 per bushel, 18 cents lower than a week ago.

The corn market had only one day of gains last week and that day did little to stem the down turn through the end of the week. Early in the week last week there was some optimism that the row crop harvest would have some good days, especially Monday and Tuesday to get some field work done. That was the case in most areas and even though rain and snow were the norm the rest of the week, there was little cause to give corn or soybean futures any reason to rally. However, one of the more major causes of the downturn last week was the increasing value of the dollar. Even though the upturn in the dollar value index is likely to be a correction, it did not take much to give all commodities a reason to lose ground after months of a steady decline in the value of the dollar. With the weather forecasts for the first week of November showing mostly good weather with little or no outlook for rain, grain futures will likely be pressured as the trade begins to look at a more rapid harvest pace.

The current late harvest and concerns over grain quality will likely make for a bigger disconnect between the futures market and the cash market. While the futures market will still be the foundation for price discovery, it will likely be much less able to account for the price discounts for quality and moisture that the cash market will have to deal with. Quality discounts for both corn and soybeans are a reality, and the cash price will likely be the better indicator of true value for corn and beans. However, this creates a riskier price environment due to the variability of quality and discounts from one region of the country to another. Grain quality is one of the components of basis but the possibility that grain quality could be variable from one location to another means that basis will be more volatile than usual. As a result, if basis varies more than normal this harvest, the decisions to store corn particularly may be made more on the quality factors of the grain than the more typical factors of "carry" in futures and expectations of possible better basis bids after the first of the year. This adds to price risk but one thing you can manage is to make sure you have contacted your crop insurance agent to discuss the claim process on grain you cannot harvest and on the quality of the grain you do harvest. At this point, there is little question that everyone's first priority is to get the harvest completed but your losses must be adequately accounted for through the claims process of your insurance policy. Perhaps your first call today should be to your crop insurance agent.

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.

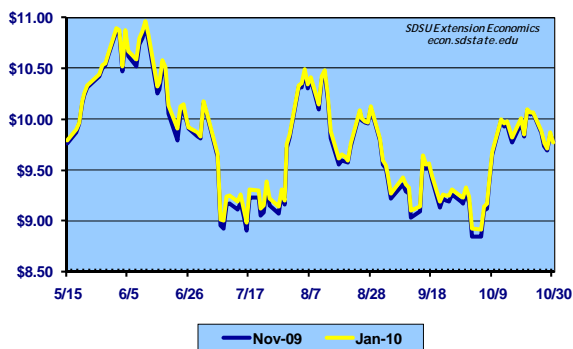
SOYBEANS

Chicago SOYBEAN Futures			
Futures Month	This Week	Last Week	Week's Change
Nov	978	1006	-28
Jan	977	1007	-30
Mar	975	1007	-32
May	970	999	-29
Jul	973	997	-24
Aug	970	993	-23

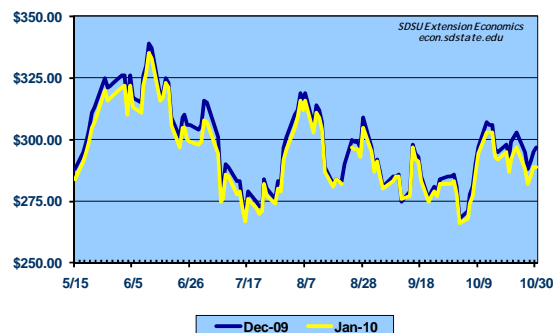
South Dakota Cash Soybeans			
	This Week	Last Week	Change
Cash bids	875-940	904-981	
Ave. price	916	944	-28

Other crops	S.D. Ave.
Sunflower	1169
Oats	190
Milo	275
Millet	506

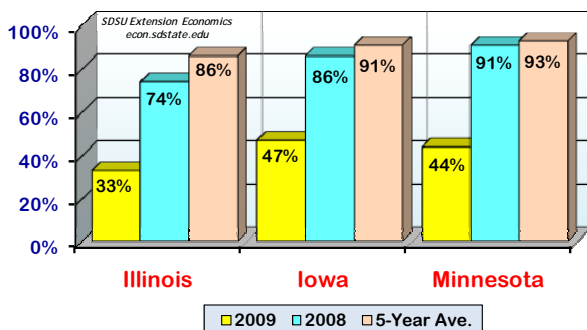
Daily SOYBEAN Futures
Chicago Board of Trade



Daily SOYBEAN MEAL Futures
Chicago Board of Trade

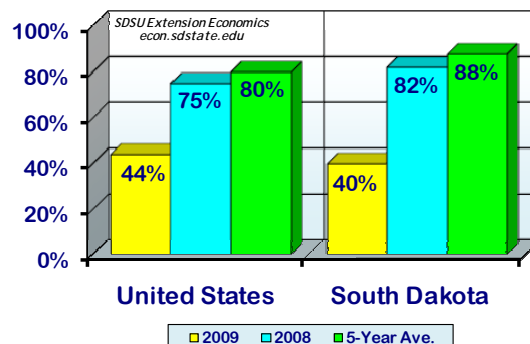


Soybeans: % Harvested
Illinois, Iowa, Minnesota
(as of October 25, 2009)



Source: USDA-National Agricultural Statistics Service

Soybeans: % Harvested
(as of October 25, 2009)



Source: USDA - National Agricultural Statistics Service

The South Dakota average price for soybeans late this past week was \$9.16 per bushel, 28 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."

The soybean market had only one day of gains last week and that day did little to stem the down turn through the end of the week. Early in the week last week there was some optimism that the row crop harvest would have some good days, especially Monday and Tuesday to get some field work done. That was the case in most areas and even though rain and snow were the norm the rest of the week, there was little cause to give corn or soybean futures any reason to rally. However, one of the more major causes of the downturn last week was the increasing value of the dollar. Even though the upturn in the dollar value index is likely to be a correction, it did not take much to give all commodities a reason to lose ground after months of a steady decline in the value of the dollar. With the weather forecasts for the first week of November showing mostly good weather with little or no outlook for rain, grain futures will likely be pressured as the trade begins to look at a more rapid harvest pace.

The current late harvest and concerns over grain quality will likely make for a bigger disconnect between the futures market and the cash market. While the futures market will still be the foundation for price discovery, it will likely be much less able to account for the price discounts for quality and moisture that the cash market will have to deal with. Quality discounts for both corn and soybeans are a reality, and the cash price will likely be the better indicator of true value for corn and beans. However, this creates a riskier price environment due to the variability of quality and discounts from one region of the country to another. Grain quality is one of the components of basis but the possibility that grain quality could be variable from one location to another means that basis will be more volatile than usual. As a result, if basis varies more than normal this harvest, the decisions to store soybeans or corn may be made more on the quality factors of the grain than the more typical factors of “carry” in futures and expectations of possible better basis bids after the first of the year. This adds to price risk but one thing you can manage is to make sure you have contacted your crop insurance agent to discuss the claim process on grain you cannot harvest and on the quality of the grain you do harvest. At this point, there is little question that everyone’s first priority is to get the harvest completed but your losses must be adequately accounted for through the claims process of your insurance policy. Perhaps your first call today should be to your crop insurance agent.

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
Dec	513	561	-48
Mar	528	578	-50
May	541	591	-50
Jul	552	603	-51
Sep	565	615	-50

Chicago WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Dec	494	548	-54
Mar	514	567	-53
May	527	579	-52
Jul	537	589	-52
Sep	554	600	-46

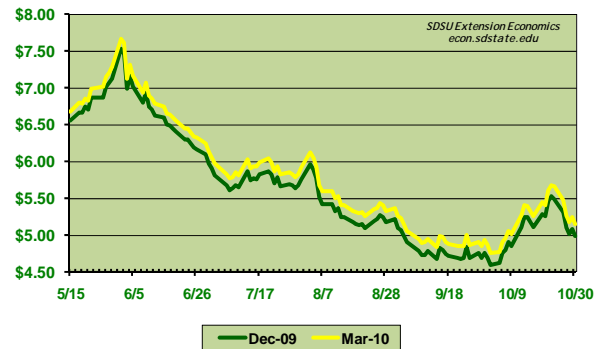
Kansas City WHEAT Futures			
Futures Month	This Week	Last Week	Week's Change
Dec	499	549	-50
Mar	515	566	-51
May	527	577	-50
Jul	538	588	-50
Sep	549	599	-50

South Dakota Cash Spring Wheat			
	This Week	Last Week	Change
Cash bids	437-525	450-567	
Ave. price	496	543	-47

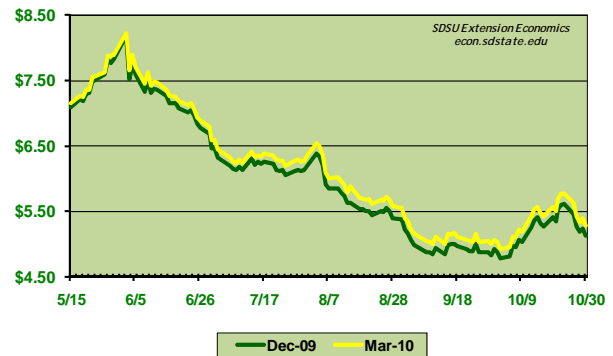
South Dakota Cash Winter Wheat			
	This Week	Last Week	Change
Cash bids	388-447	388-487	
Ave. price	424	465	-41

Other crops	S.D. Ave.
Sunflower	1169
Oats	190
Milo	275
Millet	506

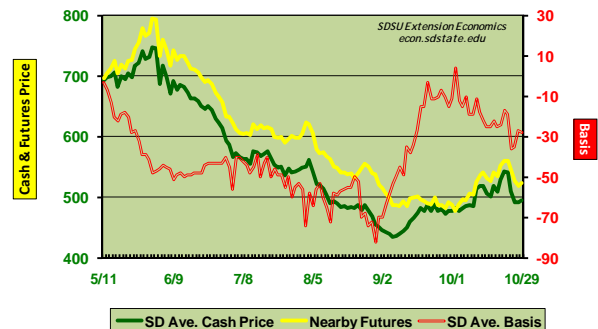
Daily WINTER WHEAT Futures
Kansas City Board of Trade



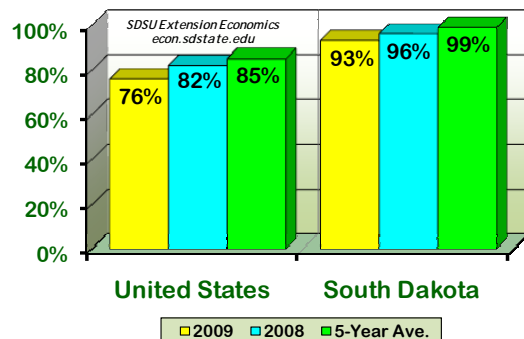
Daily SPRING WHEAT Futures
Minneapolis Grain Exchange



SPRING WHEAT
DAILY Cash - Futures - Basis
(South Dakota Average)



Winter Wheat: % Planted
(as of October 25, 2009)



The South Dakota average price for spring wheat late this past week was \$4.96 per bushel, 47 cents lower than a week ago.

The South Dakota average price for winter wheat late this past week was \$4.24 per bushel, 41 cents lower than a week ago.

The wheat market had only one day of gains last week and that day did little to stem the down turn through the end of the week. In weeks past, wheat took advantage of the price rally in corn and soybeans but last week, it followed both lower. The challenge wheat has over corn and soybeans is that the wheat harvest was done months ago and there is little question that domestic and world supplies of wheat are large. There is nothing that will impact the 2009 wheat harvest so while it is still possible that wheat could move higher if corn and soybeans rally, the underlying problem is still large wheat supplies. Wheat was also able to rally weeks ago due to a weakening dollar but the strength the dollar exhibited last week was a direct influence on the weaker wheat prices last week. Although the value of the dollar could easily continue to weaken in the weeks ahead, there is a point where the supply of wheat still has to be taken into account by the world market. There is still a greater risk of longer term price pressure on wheat just from a supply standpoint alone.

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.