

Corn and Soybeans Marketing Newsletter

April 15, 2008

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Current Stocks - Corn stocks on March 1 totaled 6.86 billion bushels, up 13% from March 1 a year ago. Farm stocks were 3.78 billion bushels, up 14% from a year ago. Off-farm stocks were 3.08 billion bushels, up 12% from a year ago. The December 2007 through February 2008 disappearance was 3.42 billion bushels, compared with 2.86 billion bushels the same time period last year. Soybean stocks of 1.43 billion bushels were down 20% from March 1 of 2006. Farm stocks at 593 million bushels were down 35%. Off-farm stocks were 835 million bushels, down 5% from a year ago. Soybean disappearance was 904 million bushels for the December 2007 through February 2008 period, down 1%. Total wheat stocks were 710 million bushels, down 17% from a year ago. Disappearance for December 2007 through February 2008 was 422 million bushels, down 8% from a year ago. Barley stocks were down 10%, oats up 11%, grain sorghum up 30%, and sunflowers down 6%.

Prospective Plantings - USDA released the Prospective Plantings Report on March 31. As expected, producers plan to reduce corn acreage in favor of soybeans. Corn acreage is projected at 86 million acres, down 8% from last year. Soybean acreage is projected up 18% to 74.8 million acres, only 1% below the 2006 record. Iowa and Nebraska reported the largest increases in soybean acres. Acreage for all wheat is projected at 63.8 million acres, up 6%. Cotton is losing acres to corn and soybeans with projections down 13% to 9.39 million acres. In Tennessee, corn acreage is projected down 25% to 650,000 acres. In 2007, 870,000 acres were planted to corn while 550,000 acres were planted in 2006. Soybean acres are projected up 39% to 1.45 million. There were 1.04 million acres in 2007 and 1.16 million in 2006. Cotton acres are expected to be down 40% to 310,000.

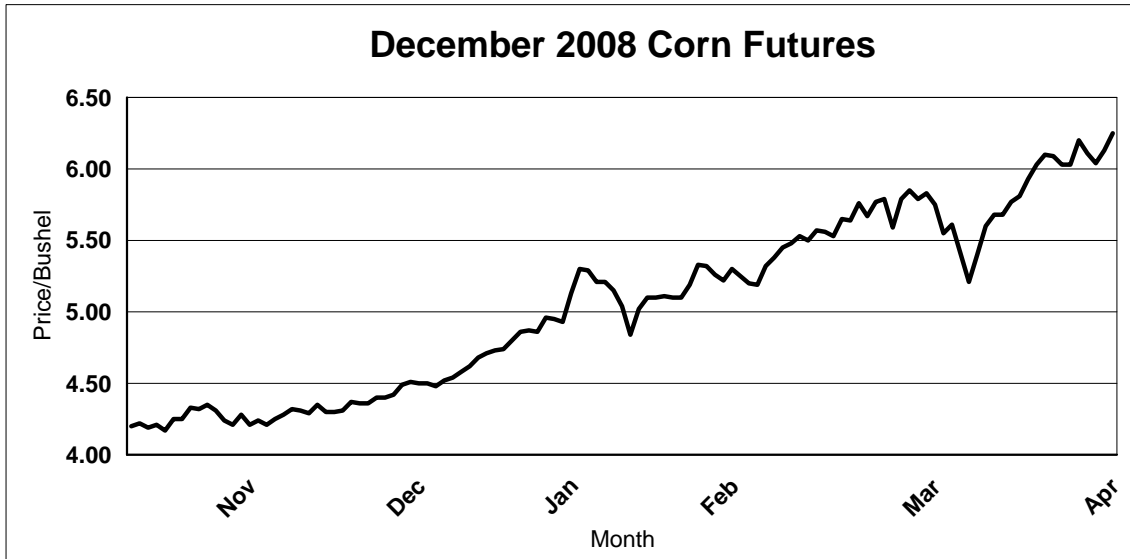
Corn Outlook - As expected the market reacted to the planting intentions report. December futures have moved from \$5.77 on March 31 to \$6.25 today. Planting prospects indicate corn stocks will likely drop this year, putting additional pressure on 2008 planting weather and yields. If the acreage is accurate, stocks could drop significantly during the 2008/09 marketing year. On the demand side, feed use and exports could drop, but ethanol use is expected to increase. This indicates prices will be higher. Today's cash prices in lower Middle Tennessee were \$5.86 to \$5.96, up 14 to 15 cents from the previous day. December futures closed at \$6.25 on April 15, up 12 cents from the previous day and up a total of 21 cents the past two days. September cash contracts are being offered at \$5.85 to \$6.10 by lower Middle Tennessee markets. December futures at \$6.25 with a basis estimate of minus 20 cents would hedge \$6.05 minus transaction costs. A \$6.20 put with a 76 cent premium would floor \$5.24 minus transaction costs with a minus 20 cents basis. A \$5.00 put with a 68 cent premium would floor \$4.12 with a minus 20 cents basis.

Soybean Outlook - November soybean futures dropped to \$10.89 after the planting intentions report, but have recovered to mid-March levels. November's current peak was \$14.47 on March 3. A trend yield this year could send stocks to well over 300 million bushels. But with 160 million bushels in stocks coming out of this year, and strong export demand continuing, the market is taking into account some yield risk. Lower Middle Tennessee cash prices were \$13.15 to \$13.30 on April 15, up 8 cents from the previous day. November futures closed at \$13.00, up 12 cents from the previous day and up a total of 38 cents the past two days. November futures at \$13.00 with a basis estimate of minus 60 cents would hedge \$12.40 minus transaction costs. A \$12.80 put with a \$1.50 premium would floor \$10.70 minus transaction costs with a minus 60 cent basis. A \$12.00 put with a \$1.06 premium would floor \$10.34 minus transaction costs with a minus 60 cent basis. The November cash contract was \$11.90 to \$12.25.

What Is The Market Offering For Corn?

Date April 15 Futures Price 6.25
 Contract Month Dec. 2008 Est. Basis -0.20

Then if	Dec. 2008	Futures	=	\$7.00	\$6.25	\$4.50
	and actual cash		=	6.80	6.05	4.30
		LDP		0.00	0.00	0.00
Sample Strategies Executed	April 15		Realized Prices for	October 2008		
1) Sold Futures	@	6.25		\$6.05	\$6.05	\$6.05
2) Bought Put	\$5.00 @	0.21		6.59	5.84	4.59
3) Bought Put	\$5.50 @	0.40		6.40	5.65	4.90
4) Bought Put	\$6.20 @	0.76		6.04	5.29	5.24
5) Cash Forward Contract		5.95		5.95	5.95	5.95



What Is The Market Offering For Soybeans?

Date April 15 Futures Price 13.00
 Contract Month Nov. 2008 Est. Basis -0.60

Then if	Nov. 2008	Futures	=	\$14.00	\$13.00	\$10.50
	and actual cash		=	13.40	12.40	9.90
		LDP		0.00	0.00	0.00
Sample Strategies Executed	April 15		Realized Prices for	Nov. 2008		
1) Sold Futures	@	13.00		\$12.40	\$12.40	\$12.40
2) Bought Put	\$11.00 @	0.68		12.72	11.72	9.72
3) Bought Put	\$12.00 @	1.06		12.34	11.34	10.34
4) Bought Put	\$12.80 @	1.50		11.90	10.90	10.70
5) Cash Forward Contract		12.05		12.05	12.05	12.05

