

Corn and Soybeans Marketing Newsletter

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Current Stocks - Corn stocks on June 1 totaled 4.27 billion bushels, up 6% from June 1 a year ago. Farm stocks were 2.21 billion bushels, up 12% from a year ago. Off-farm stocks were 2.06 billion bushels, up slightly from a year ago. The March 2009 through May 2009 disappearance was 2.69 billion bushels, compared with 2.83 billion bushels the same time period last year. Soybean stocks of 597 million bushels were down 12% from June 1 of 2008. Farm stocks at 226 million bushels were down slightly. Off-farm stocks were 371 million bushels, down 18% from a year ago. Soybean disappearance was 705 million bushels for the March 2009 through May 2009 period, down 7%. Total wheat stocks were 667 million bushels, up 118% from a year ago. Disappearance for March 2009 through May 2009 was 373 million bushels, down 7% from a year ago. Barley stocks were 88.6 million bushels, up 30% from a year ago; oats 84.1 million bushels, up 26%; and grain sorghum 101 million bushels, up slightly.

Acreage Report - USDA released an Acreage Report on June 30. The acres that seemed to be missing in the March 31 planting intentions report were found. U. S. corn acreage is projected at 87 million acres, up 1% from last year, but 7% below 2007's record. This would still be the second largest crop since 1946. Weather challenges in the eastern Cornbelt led to expectations of fewer corn acres. Soybean acreage is projected up 2% from a year ago to 77.5 million acres, the largest crop on record. The increase in soybean acres was expected, but not for the other crops. Acreage for all wheat is projected down 5%. Cotton acres are down 4% to lowest level since 1983. Record lows for cotton are expected in Louisiana and Mississippi, with California down 46%. In Tennessee, corn acreage is projected down 6% (40,000 acres) to 650,000 acres, partially due to weather delays resulting in shifts to other crops. Soybean acres are projected to be up 7% to 1.6 million, the most since 1984. Cotton acres are expected to be up 19% to 340,000 acres. Some of this increase is from shifts from corn due to delayed planting. Another factor is a drought in the cotton growing regions of Texas that have some cotton producers expecting a price rally. Winter wheat acres are down 31% from last year to 430,000 acres.

Corn Outlook - Corn prices have dropped in response to the acreage report. December futures settled at \$4.73 on June 2, \$1.35 higher than today's close. December futures closed today at \$3.38, down 8 cents from yesterday. Today's cash prices in lower Middle Tennessee were \$3.15 to \$3.50, 8 to 9 cents lower than yesterday. September cash contracts are being offered at \$3.04 to \$3.05 by lower Middle Tennessee markets. December futures at \$3.38 with a basis estimate of minus 30 cents would hedge \$3.08 minus transaction costs. A \$3.30 put with a 23 cent premium would floor \$2.77 minus transaction costs with a minus 30 cents basis. A \$3.10 put with a 14 cent premium would floor \$2.66 with a minus 30 cents basis. Some analysts feel that favorable weather coupled with the estimated expanded acreage could push corn below \$3.00 at harvest.

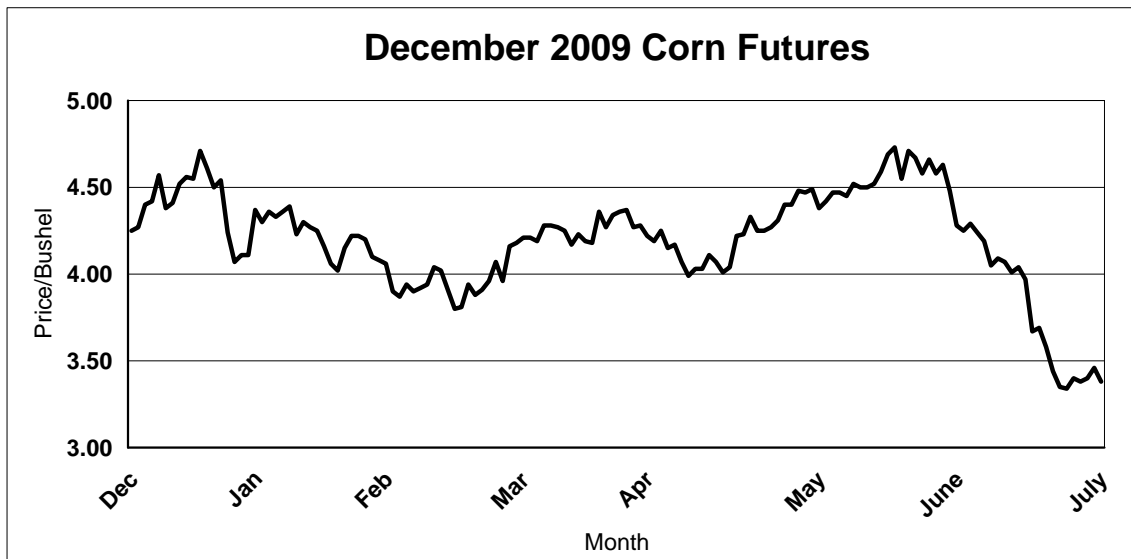
Soybean Outlook - November soybean futures closed at \$10.86 on June 2, \$1.81 higher than today's close. November futures closed today at \$9.05, down 14 cents from the previous day. Lower Middle Tennessee cash prices were \$10.71 to \$10.80 today, down 14 to 15 cents from the previous day. November cash contracts were being offered \$8.65 to \$9.31. November futures at \$9.05 with a basis estimate of minus 50 cents would hedge \$8.55 minus transaction costs. A \$9.00 put with a 69 cent premium would floor \$7.81 minus transaction costs with a minus 50 cent basis. A \$8.40 put with a 40 cent premium would floor \$7.50 minus transaction costs with a minus 50 cent basis. The latest estimate on soybean carryover was higher than expected. This coupled with favorable weather could see harvest prices approach \$8.00.

“People determined to hit the peak are destined to hit the valley.”
Statement by Agricultural Economist David Kohl in reference to pricing commodities.

What Is The Market Offering For Corn?

Date July 15 Futures Price 3.38
 Contract Month Dec. 2009 Est. Basis -0.30

Then if	Dec. 2009	Futures	=	\$4.00	\$3.40	\$2.80
	and actual cash		=	3.70	3.10	2.50
			LDP	0.00	0.00	0.00
Sample Strategies Executed	July 15		Realized Prices for	October 2009		
1) Sold Futures	@	3.38		\$3.08	\$3.08	\$3.08
2) Bought Put	\$2.90 @	0.08		3.62	3.02	2.52
3) Bought Put	\$3.10 @	0.14		3.56	2.96	2.66
4) Bought Put	\$3.30 @	0.23		3.47	2.87	2.77
5) Cash Forward Contract		3.05		3.05	3.05	3.05



What Is The Market Offering For Soybeans?

Date July 15 Futures Price 9.05
 Contract Month Nov. 2009 Est. Basis -0.50

Then if	Nov. 2009	Futures	=	\$10.50	\$9.00	\$7.50
	and actual cash		=	10.00	8.50	7.00
			LDP	0.00	0.00	0.00
Sample Strategies Executed	July 15		Realized Prices for	November 2009		
1) Sold Futures	@	9.05		\$8.55	\$8.55	\$8.55
2) Bought Put	\$7.80 @	0.20		9.80	8.30	7.10
3) Bought Put	\$8.40 @	0.40		9.60	8.10	7.50
4) Bought Put	\$9.00 @	0.69		9.31	7.81	7.81
5) Cash Forward Contract		8.65		8.65	8.65	8.65

