

Corn and Soybeans Marketing Newsletter

April 8, 2009

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Current Stocks - Corn stocks on March 1 totaled 6.96 billion bushels, up 1% from March 1 a year ago. Farm stocks were 4.09 billion bushels, up 8% from a year ago. Off-farm stocks were 2.87 billion bushels, down 7% from a year ago. The December 2008 through February 2009 disappearance was 3.12 billion bushels, compared with 3.42 billion bushels the same time period last year. Soybean stocks of 1.3 billion bushels were down 9% from March 1 of 2008. Farm stocks at 657 million bushels were up 11%. Off-farm stocks were 645 million bushels, down 23% from a year ago. Soybean disappearance was 974 million bushels for the December 2008 through February 2009 period, up 5%. Total wheat stocks were 1.04 million bushels, up 46% from a year ago. Disappearance for December 2008 through February 2009 was 386 million bushels, down 9% from a year ago. Barley stocks were up 16%, oats up 21%, grain sorghum up 12%, and sunflowers up 11%.

Prospective Plantings - USDA released the Prospective Plantings Report on March 31. Corn acreage is projected at 85 million acres, down 1% from last year. This would be the second consecutive year for fewer corn acres, but still the third largest crop since 1949. Soybean acreage is projected up slightly to 76 million acres, and would be the largest crop on record. Acreage for all wheat is projected at 58.6 million acres, down 6%. Cotton continues to lose acres with projections down 7% to 8.81 million acres. This would be the smallest cotton crop since 1983 and a record low in Louisiana and Mississippi. In Tennessee, corn acreage is projected down 3% to 670,000 acres, 20,000 acres less than harvested last year and 190,000 less than two years ago. Soybean acres are projected to be down 2% to 1.46 million. There were 1.494 million acres harvested in 2008. Cotton acres are expected to be up 9% from last year's 285,000 acres to 310,000. Winter wheat acres are down 39% to 380,000 acres. These are all preliminary estimates and will change in response to prices and weather conditions. The national survey indicates a decrease of 7.5 million acres from 2008. When taking into account a reduction in double crop acres from reduced wheat acres, there are 3 million acres to be taken out of row crops.

Corn Outlook - Corn acreage estimates were 665,000 acres more than expected. December futures closed today at \$4.28, up ¼ cent from yesterday and down 8 cents since the acreage report. Higher soybean prices could pull acres from corn and cotton. Today's cash prices in lower Middle Tennessee were \$3.87 to \$4.12, steady from the previous day. September cash contracts are being offered at \$3.93 to \$4.08 by lower Middle Tennessee markets. December futures at \$4.28 with a basis estimate of minus 30 cents would hedge \$3.98 minus transaction costs. A \$4.20 put with a 50 cent premium would floor \$3.40 minus transaction costs with a minus 30 cents basis. A \$3.70 put with a 27 cent premium would floor \$3.13 with a minus 30 cents basis.

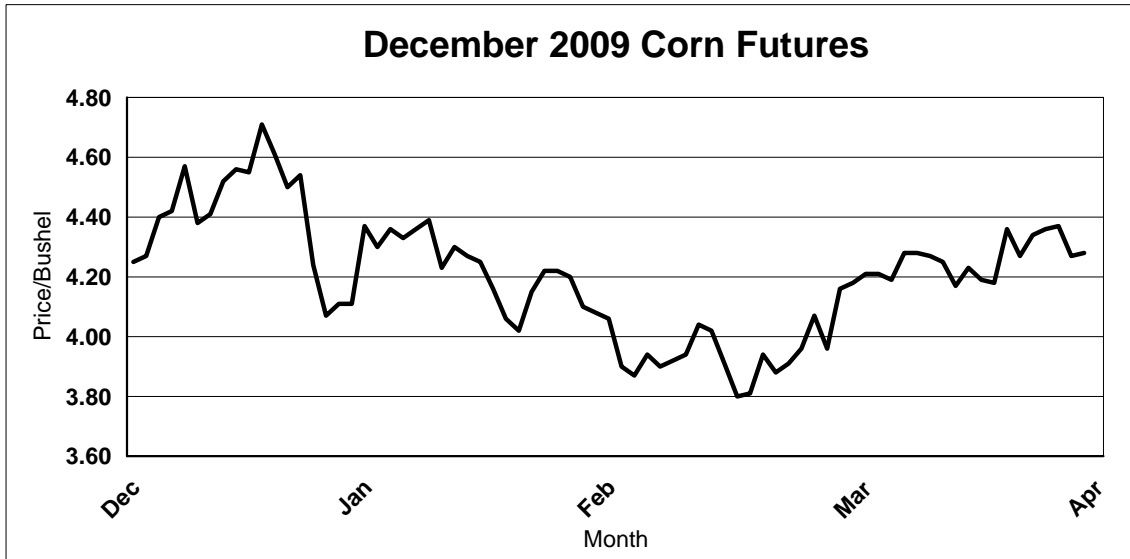
Soybean Outlook - Soybean acreage estimates were 3.5 million acres less than expected. November soybean futures jumped 50 cents to \$8.92 after the planting intentions report, and have bounced around a bit before closing today at \$9.16. Lower Middle Tennessee cash prices were \$9.50 to \$9.90 on April 8, up 8 cents from the previous day. November futures at \$9.16 with a basis estimate of minus 50 cents would hedge \$8.66 minus transaction costs. A \$9.20 put with a \$1.08 premium would floor \$7.62 minus transaction costs with a minus 50 cent basis. A \$8.40 put with a 68 cent premium would floor \$7.22 minus transaction costs with a minus 50 cent basis. The November cash contract was \$8.46 to \$8.84.

DCP & ACRE - Sign up has been extended to August 14. Fact sheets, presentations and other information are available at www.fsa.usda.gov/dcp to aid in the decision making process.

What Is The Market Offering For Corn?

Date April 8 Futures Price 4.28
 Contract Month Dec. 2009 Est. Basis -0.30

Then if	Dec. 2009	Futures	=	\$5.00	\$4.25	\$3.00
	and actual cash		=	4.70	3.95	2.70
		LDP		0.00	0.00	0.00
Sample Strategies Executed	April 8		Realized Prices for	October 2009		
1) Sold Futures	@	4.28		\$3.98	\$3.98	\$3.98
2) Bought Put	\$4.20 @	0.50		4.20	3.45	3.40
3) Bought Put	\$3.70 @	0.27		4.43	3.68	3.13
4) Bought Put	\$3.20 @	0.13		4.57	3.82	2.77
5) Cash Forward Contract		4.00		4.00	4.00	4.00



What Is The Market Offering For Soybeans?

Date April 8 Futures Price 9.16
 Contract Month Nov. 2009 Est. Basis -0.50

Then if	Nov. 2009	Futures	=	\$10.50	\$9.25	\$7.00
	and actual cash		=	10.00	8.75	6.50
		LDP		0.00	0.00	0.00
Sample Strategies Executed	April 8		Realized Prices for	November 2009		
1) Sold Futures	@	9.16		\$8.66	\$8.66	\$8.66
2) Bought Put	\$9.20 @	1.08		8.92	7.67	7.62
3) Bought Put	\$8.40 @	0.68		9.32	8.07	7.22
4) Bought Put	\$7.60 @	0.39		9.61	8.36	6.71
5) Cash Forward Contract		8.65		8.65	8.65	8.65

