

# Corn, Wheat Prices Rise, Cotton, Soybeans Dip

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Corn and wheat finished up, cotton and soybeans down for the week. Prices were higher earlier in the week as funds bought mostly corn and soybeans. The Dow Jones Industrial Average was trading at 10,003 before the close, up about 3 percent for the week. Crude Oil ended the week up slightly, trading at 77.42 a barrel before the close. Unemployment was pegged at 10.2 percent, the highest since 1983 and greater than expected. This led to some flight to the dollar as well as concerns on demand putting pressure on commodity prices. The U.S. Dollar, stronger today, is weaker for the week at 75.92, down .56. USDA will release their monthly Supply and Demand report on Tuesday, November 10. Comments will be posted online at

<http://economics.ag.utk.edu/outlook.html> .

## Corn:

*New Crop:* December 2009 futures closed at \$3.67 a bushel on Friday, up \$.01 bushel for the week. Support is at \$3.57 - \$3.66 bushel with resistance at \$3.91 bushel. Weekly exports sales were 22.2 million bushels, within range of expectations but still falling short to reach USDA's target. As of November 1, the crop condition ratings for corn were 67 percent in the good to excellent rating compared to 69 percent the previous week and 64 percent a year ago. Corn harvest is at 25 percent, compared to 20 percent last week, 53 percent last year and the five year average of 71 percent. With good harvest weather this week and for the most part projected for next week, I would expect the percent harvested to jump over the next two weeks. The average trade estimate for the November 10 USDA report is for corn yields of 163.7 bu./acre with a range of 159.8 - 165 bu./acre. Ending stocks are estimated at 1.65 billion bushels as compared to last month's report of 1.672 billion bushels. As corn is harvested, the tendency is for prices to weaken. If the current support line is breached, then prices could drop to the \$3.20 level. Currently, corn for January delivery in West Tennessee is priced \$0.20 bushel higher than cash prices. Producers with storage may want to store and price their corn for January delivery.

*Deferred:* The March 2010 futures contract closed at \$3.81 bushel, up \$0.02 bushel from last week. The September 2010 contract closed at \$4.08, up \$0.04 bushel from last week. Support is \$4.08 with resistance at \$4.28 bushel. I am currently forward contracted up to 10 percent of 2010 production. Check with your elevator for 2010 pricing.

## Cotton:

*Nearby:* The December 09 futures closed at 66.54 cents/lb. down 1.10 cents/lb. from last week. Support is at 66.48, resistance at 68.88 cents. Weekly exports sales were 244,800 bales (215,500 bales 09/10; 29,300 bales 10/11), well above expectations. Overall crop condition ratings as of November 1 were 42 percent good to excellent compared to 44 percent last week and 47 percent last year. Cotton harvest is reported at 28 percent compared to 19 percent last week, 45 percent last year and the five year average of 50 percent. This has been a good week for cotton harvest and a lot of ground has been covered. There is still concern on some of the crop in the South, most notability in Louisiana where 73 percent of the cotton crop is rated very poor to poor. That is an increase of 28 points in one week. Production may be adjusted downward in next Tuesday's USDA report, but the cotton market has most likely priced this in. The market will be watching closely any changes in demand. I would recommend keeping in contact with your cotton buyer for current quotes on loan equities and or cash

prices. The Adjusted World Price for November 6 - November 12 is 52.78 cents/lb so there is no LDP for this period.

*Deferred:* The March 2010 futures contract closed at 70.33 cents/lb., down .56 cents/lb. from last week. The December 2010 futures contract closed at 74.91 cents/lb., down .16 cents/lb. for the week.

## Soybeans:

*New crop:* January futures closed at \$9.55 bushel, down \$0.22 bushel from last week. Support is at \$9.52, with resistance at \$10.08 bushel. Weekly exports were 19.3 million bushels (19.2 mb 09/10 and .1 mb 10/11), about expected and still above pace to meet USDA projections. A 13.1 million bushel sale to China was announced today that will be reflected in next week's number. As of November 1, crop conditions have the crop rated at 63 percent good to excellent compared to 65% last week. As of November 1, 51 percent of the crop was harvested compared to 44 percent last week, 85 percent last year and the five year average of 87 percent. As in corn, harvest pressure is starting to hit the soybean market. Prices will need help from outside influences such as a weaker dollar as combines roll throughout the Midwest. Expectations for the USDA report are for nationwide soybean yields to be 42.7 bu./acre, with the range of estimates being 41.6 bu./acre to 44.1 bu./acre. Last month USDA projected 42.4 bu./acre. The average trade guess for ending stocks is for 235 million bushels compared to last month's projection of 230 million bushels. There is quite a range of estimates from 180 million bushels to 300 million bushels. Local soybean prices for January delivery are \$0.20 - \$0.23 bushel higher than current cash prices. Storage for January delivery may be an alternative, but I would not want to be completely un-priced. If soybean yields hold up, we could see additional price weakness in the near term.

*Deferred:* The March 2010 contract closed at \$9.60 bushel on Friday, down \$0.15 bushel from last week. The November 2010 contract closed at \$9.54 bushel, down \$0.08 bushel for the week. Support is at \$9.50 with resistance at \$9.93 bushel. During the week, prices rallied up through \$10.00. I would look to price 10 percent at that level. Additional opportunities may come in winter to spring as corn and soybeans compete for acreage.

## Wheat:

*Nearby:* The December 2009 futures contract closed at \$4.97 bushel, up \$0.03 bushel from last week. Weekly exports were 10.5 million bushels, below expectations. The trade estimates wheat ending stocks in the November 10 USDA report to be 869 million bushels compared to 864 million bushels last month. The guesses range from 834 million bushels to 934 million bushels. Wheat is currently overpriced for the world market which is leading to anemic exports.

*New Crop:* The July 2010 futures closed at \$5.42 bushel, up \$0.05 bushel from last week. Support is at \$5.40 bushel with resistance at \$5.69 bushel. As of November 1, 79 percent of the winter wheat has been planted compared to 76 percent last week, 88 percent last year and the five year average of 90 percent. Emergence is 64 percent compared to 59 percent last week, 74 percent last year, and the five year average of 75 percent. I am currently 10 percent priced for 2010 wheat and would encourage wheat producers to watch the market for pricing for next year. For wheat to get back up to \$6.00 and beyond is going to take a reduction in supply which most likely means an acreage cut. Δ

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