

# Funds Buying Helps Markets Remain Steady

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This will be the last crop marketing comments for 2011 and I would like to take the opportunity to wish you a merry and safe Christmas and Holiday season. Markets will be closed on Monday, December 26 and January 2. Prices are through Thursday, December 22. Corn, cotton, soybeans, and wheat prices are all up for the week. The March U.S. Dollar Index before the close on Thursday was at 80.26, down 0.57 for the week. The Dow Jones Industrial Average before the close was up 302 points for the week at 12,168. Crude Oil was trading before the close at 99.56 a barrel, up 5.81 a barrel regaining last week's losses. It has been a relatively quiet week in the commodity markets characterized by low volume trading. There has been some interest from funds buying which has helped the markets remain steady to up this week. News from Europe has been mixed as they struggle to overcome their burdensome financial situation. Offering support to the corn and soybean markets and somewhat by extension the wheat market is the weather forecasts for Argentina and southern Brazil. They are below average on rainfall with below average precipitation in the short term forecast. It is still early in their production season with the main concern on corn that is reaching the pollination stage. Some reduction in yields in those areas is starting to be assumed and worked in calculations. Although they still have time for average yields, we might see USDA in their January 12 report reduce production in that region. The January 12 USDA Supply & Demand and Grain Stocks report could be a market mover, which way is uncertain. Final U.S. 2011 production numbers will be released as well as an update of grain stocks on hand which will reflect feed usage. Longer term, the market will be watching the subsoil moisture in the Upper Midwest as well as the Southwest. It will take above average winter precipitation to recharge those areas to achieve trend line yields in 2012.

## Corn:

*Nearby:* March closed at \$6.17 ½ a bushel, up 34 ½ cent a bushel for the week. Support is at \$6.04 with resistance at \$6.31 a bushel. Technical indicators have changed to a sell bias. Weekly exports were above expectations at 37.5 million bushels (28.1 million bushels for the 2011/12 marketing year and 9.4 million bushels for 2012/13 marketing year). It should be noted that China accounted for 2.3 million bushels which were switched from unknown destinations. Exports to China continue even though they are considered to have produced a surplus crop. For corn in storage, I would look at price targets in the \$6.28 - \$6.68 range.

*New Crop:* September closed at \$5.91 ½ a bushel, up 22 ¼ cents a bushel since last Friday. Technical indicators have changed to a sell bias. Support is at \$5.85 with resistance at

\$6.00 a bushel. Watch closely over the next few months for opportunities to price the 2012 crop.

## Cotton:

*Nearby:* March closed at 87.24 cents per pound, up 0.95 cents since last week. Support is at 86.27 cents per pound with resistance at 87.95 cents per pound. Technical indicators have a strong sell bias. All cotton weekly export sales were 88,300 bales (sales of 69,500 bales of upland cotton for 2011/12; sales of 15,400 bales of upland cotton for 2012/13; and sales of 3,400 bales of Pima cotton for 2011/12). Keep in contact with your cotton buyer for current quotes on loan equities and pricing alternatives. At this time, I am currently at 60 percent priced and would target any substantial rallies as a point to evaluate pricing although if cotton is put in the loan, it is more important to watch equity price movement. If equities get to a level that you are comfortable with on your overall pricing (loan, equity, seed, and hauling), have your recap sheets ready for your cotton buyer and price them out.

*New Crop:* December 2012 cotton closed at 86.12 cents per pound, up 1.61 cents for the week. Support is at 85.90 cents per pound with resistance at 86.28 cents per pound. Technical indicators have a strong sell bias.

## Soybeans:

*Nearby:* The January contract closed at \$11.62 ¼ a bushel, up 32 ¼ cents a bushel since last Friday. Support is at \$11.33 with resistance at \$11.81 a bushel. Technical indicators have a sell bias. Weekly exports were above expectations at 26.8 million bushels (24 million bushels for the 2011/12 marketing year and 2.8 million bushels for 2012/13). I would look to sell at least half of my stored crop in the \$11.85 - \$12.00 range and hold the other half for a possible rally from South American weather or even from a weaker dollar.

*New Crop:* November soybeans closed today at \$11.78 ¼ a bushel, up 27 ¾ cents since last week. Support is at \$11.54 with resistance at \$11.97 a bushel. Technical indicators have changed to a sell bias.

## Wheat:

*Nearby:* March futures contract closed at \$6.21¾ a bushel, up 38 cents a bushel since Friday. Support is at \$6.05 with resistance at \$6.33 a bushel. Technical indicators have changed to a sell bias. Weekly exports were within expectations at 13.3 million bushels for 2011/12. Wheat continues to trend with corn and soybeans.

*New Crop:* July 2012 wheat closed at \$6.55 ¼ a bushel, up 35¼ cents since last week. Support is at \$6.42 with resistance at \$6.65 a bushel. Technical indicators have changed to a sell bias. Δ

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