

Hurricane Isaac Helps Support Grain Markets

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Cotton, soybean and wheat prices are up while corn prices are mixed for the week. The September U.S. Dollar Index before the close was 81.24 down 0.36 for the week. A weaker Dollar is generally supportive for commodity prices. The Dow Jones Industrial Average before the close was 13,102 up 102 points today but down 56 points since last Friday. Crude Oil before the close was 96.55 a barrel, up 0.45 a barrel for the week. Comments today from Fed Chairman Ben Bernanke while not unleashing an additional stimulus program did not rule out that one might be needed in the future. Some support in the market this week may be contributed to the path of Hurricane Isaac as it makes its way to the Midwest. Overall, there are mixed views whether crop damages may be offset by yield increases or stabilization from the needed moisture, particularly for soybeans. Market positioning before the 3 day Labor Day Holiday weekend has led to weakness in the commodity market today.

Corn:

Current Crop: September closed at \$8.02 $\frac{3}{4}$ a bushel, up $\frac{1}{2}$ cent a bushel for the week. Technical indicators have a buy bias. Support is at \$8.00 a bushel with resistance at \$8.24 a bushel. Weekly exports were below expectations with net sales of 5.3 million bushels (net sales reductions of 1.3 million bushels for the 2011/12 marketing year and net sales of 6.6 million bushels for the 2012/13 marketing year). Corn condition ratings this week were 22 percent rated good to excellent as compared to 23 percent last week and 54 percent a year ago. Poor to very poor were at 52 percent compared to 51 percent last week and 19 percent last year. Corn in the mature stage is 26 percent nationwide compared to 16 percent last week, 7 percent last year and the five year average of 8 percent. Corn harvested nationwide on August 26 was 6 percent compared to 4 percent last week, 2 percent last year and the five year average of 2 percent. Prices continue to appear to be rationing exports and corn for ethanol use. I am currently priced at 50 percent of anticipated production, and 30 percent with Put Options. I am still inclined to sell the remainder of unpriced corn at harvest or if storage is available contract for future delivery taking advantage of basis improvement. I would not store corn unpriced or at least without a floor price. A December \$8.00 Put would cost 47 cents and set a \$7.53 futures floor. This option expires November 23.

Deferred: March 2013 contract closed at \$8.02 a bushel, down 6 $\frac{1}{2}$ cents a bushel since last Friday. Technical indicators have a buy bias. Support is at \$8.01 a bushel with resistance at \$8.20 a bushel. September 2013 corn closed at \$6.82 a bushel, up 1 $\frac{3}{4}$ cents for the week. I would have 10 percent of 2013 production priced.

Cotton:

Current Crop: December closed at 77.26 cents per pound, up 2.05 cents since last week. Support is at 75.89 cents with resistance at 77.97 cents per pound. Technical indicators have a strong buy bias. The Adjusted World Price for August 31 – September 6 is 65.73 cents per pound, up 1.05 cents. All cotton weekly export net sales were 98,900 bales (88,600 bales of upland cotton net sales for 2012/13; 1,700 bales of upland cotton net sales for 2013/14; and net sales of 8,600 bales of Pima cotton for

2012/13). Cotton equities for 2012 loan cotton have been quoted in the 18.50 – 19.00 cent range. Keep in contact with your cotton buyer for current quotes on loan equities and pricing alternatives. Cotton bolls opening were 24 percent compared to 17 percent last week and 24 percent last year and the five year average of 21 percent. Cotton crop condition ratings were 43 percent good to excellent compared to 41 percent last week and 30 percent last year. Poor to very poor were reported at 28 percent compared to 30 percent last week and 41 percent last year. Concerns over the effects of Isaac on cotton yield and quality in the South have supported the market at the end of the week.

Deferred: March 2013 cotton closed at 77.98 cents per pound, up 2.04 cents for the week. Support is at 76.71 cents with resistance at 78.65 cents per pound. Technical indicators have changed to a strong buy bias.

Soybeans:

Current Crop: The November contract closed at \$17.56 $\frac{1}{2}$ a bushel, up 25 cents a bushel since last Friday. Traded as high this week as 17.77 $\frac{1}{4}$ a bushel. Technical indicators have a strong buy bias. Support is at \$17.37 a bushel with resistance at \$17.72 a bushel. Weekly exports were within expectations at 26.5 million bushels (net sales reductions of 365,000 bushels for the 2011/12 marketing year and net sales of 26.9 million bushels for 2012/13). Soybeans dropping leaves were 8 percent compared to 4 percent last week, 2 percent last year and the five year average of 4 percent. Soybean condition ratings were 30 percent good to excellent compared to 31 percent last week and 57 percent last year. Poor to very poor ratings were 38 percent compared to 37 percent last week, and 15 percent last year. I am currently 50 percent priced overall on anticipated production; with an additional 30 percent priced in Put Options. From a price risk management standpoint, a \$17.60 November Put option would cost 72 cents and set a \$16.88 futures floor.

Deferred: January 2013 soybeans closed today at \$17.51 a bushel, up 26 $\frac{3}{4}$ cents since last week. Technical indicators have a strong buy bias. Support is at \$17.31 a bushel with resistance at \$17.67 a bushel. November 2013 soybeans closed at \$13.55 up 31 $\frac{1}{2}$ cents for the week. Watch for 2013 opportunities.

Wheat:

Nearby: September futures contract closed at \$8.70 a bushel, up 2 $\frac{1}{2}$ cents a bushel since Friday. Technical indicators have a buy bias. Support is at \$8.47 a bushel with resistance at \$8.99 a bushel. Weekly exports were about expected at 18.7 million bushels (18.7 million bushels of net sales for 2012/13 and 33,000 bushels for 2013/14). Russia has announced that they had adequate wheat supplies and that there would not be export restrictions. The perception of tight supplies in Russia has supported the wheat market.

New Crop: July 2013 wheat closed at \$8.57 $\frac{3}{4}$ a bushel, up 5 $\frac{3}{4}$ cents since last week. Technical indicators have changed to a strong buy bias. Support is at \$8.43 a bushel with resistance at \$8.69 a bushel. Spring wheat harvested is being reported at 89% compared to 79 percent last week, 44 percent last year and the five year average of 57 percent. I would be 10 percent priced for 2013 production. Δ

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