Many Factors Affect Market; Still On Shaky Ground

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Cotton, soybeans, and wheat finished up for the week, while corn was flat. Commodity markets especially soybeans have somewhat moved contrary to outside markets as the U.S. Dollar is stronger, oil is up slightly, and the stock market is flat to up slightly for the week. The U.S. Dollar is stronger for the week at 75.73, up .30. The Dow Jones Industrial Average was trading at 10,334 before the close, up 63 points for the week. The stock market has come off of its highs early in the week. Crude Oil ended the week up .63 a barrel, trading at 77.66 a barrel before the close. There appears to be many factors affecting the market including fundamentals, U. S. economy, foreign economies, and currency valuations to name just a few. Depending on whom you talk to or read we are still on shaky ground as to whether the recession has ended and the recovery started. Any of the above factors could turn negative and cause commodity prices to go down. There is still quite a bit of risk in the nearby contracts. Producers with un-priced corn, cotton or soybeans may want to consider ways to control that risk through pricing contracts, options or other methods.

Corn:

New Crop: December 2009 futures closed at $3.91 a bushel on Friday, even for the week. Support is at $3.85 bushel with resistance at $4.06 bushel. Weekly exports sales were 13.9 million bushels, below expectations and below pace to reach USDA's projection. As of November 15, the crop condition ratings for corn were 67 percent in the good to excellent rating compared to 68 percent the previous week. Corn harvest is at 54 percent complete, compared to 37 percent last week, 77 percent last year and the five year average of 89 percent. There still are a lot of uncertainties concerning the size and quality of this year's crop. Slow exports and concerns on quality may keep prices from advancing. Producers with un-priced corn in storage may want to consider forward pricing for January delivery.

Deferred: The March 2010 futures contract closed at $4.07 bushel, up $0.01bushel from last week. The September 2010 contract closed at $4.30, even for the week. Support is $4.25 with resistance at $4.41 bushel. Consider pricing up to 15 percent of the 2010 crop at current levels. If prices drop to the support level of $4.25, I would add another 5 percent pricing. Check with your elevator for 2010 pricing.

Cotton:

Nearby: The December 09 futures closed at 70.41 cents/lb. up 3.31 cents/lb. from last week. Support is at 64.62, resistance at 69.64 cents.Weekly exports sales were 270,100 bales, above expectations. Overall crop condition ratings as of November 15 were 40 percent good to excellent compared to 43 percent last week. Cotton harvest is reported at 60 percent compared to 44 percent last week, 63 percent last year and the five year average of 68 percent. Cotton production has a good chance of being reduced further in upcoming USDA reports from poor harvest weather and impacts from Hurricane Ida. If so, ending stocks could be reduced supporting prices. I would recommend keeping in contact with your cotton buyer for current quotes on loan equities and or cash prices. Equities for loan cotton were in the 13 cent range this week. The Adjusted World Price for November 20 – November 26 is 54.80 cents/lb so there is no LDP for this period.

Deferred: The March 2010 futures contract closed at 74.04 cents/lb., up 2.71 cent/lb. from last week. The December 2010 futures contract closed at 77.47 cents/lb., up 1.88 cents/lb. for the week. Support is at 75.73, resistance at 77.29 cents. Equities for 2010 loan cotton were quoted in the 17 cent range this week with net cash prices 69 – 70 cents per pound. Prices are starting to generate interest among producers in increasing cotton acreage for 2010. If the economy recovers, additional acreage may be needed to keep up with demand. If the economy and demand remains flat, then additional acreage will build stocks putting pressure on prices. I would look to start pricing cotton for 2010, at least a percentage of the crop.

Soybeans:

New crop: January futures closed at $10.46 bushel, up $0.59 bushel from last week. Support is at $10.02, with resistance at $10.67 bushel. Weekly exports were 49.6 million bushels, above expectations and above pace to meet the USDA's projection. As of November 15, 89 percent of the crop was harvested compared to 75 percent last week, 95 percent last year and the five year average of 96 percent. Although the basis has improved this week, the local markets are tending to put a premium or higher price for January delivery. It is currently enough to give a return to on farm storage. Check your local situation to determine whether commercial storage if available is economical. Soybean prices have continued to defy logic, but I would not want to be completely un-priced on stored soybeans, so look closely at a January delivery contract.

Deferred: The March 2010 contract closed at $10.50 bushel on Friday, up $0.58 bushel from last week. The November 2010 contract closed at $10.22 bushel, up $0.25 bushel for the week. Support is at $9.99 with resistance at $10.43 bushel. Consider pricing up to 10 percent of the 2010 soybean crop at current levels. If prices drop back to $10.00, add another 5 percent, otherwise, watch the market.

Wheat:

Nearby: The December 2009 futures contract closed at $5.59 bushel, up $0.20 bushel from last week. Weekly exports were 13.3 million bushels, on the low end of expectations and still below pace to meet the USDA's export projection.

New Crop: The July 2010 futures closed at $6.03 bushel, up $0.19 bushel from last week. Support is at $5.84 bushel with resistance at $6.24 bushel. As of November 15, 90 percent of the winter wheat has been planted compared to 86 percent last week, 96 percent last year and the five year average of 95 percent. Emergence is 77 percent compared to 71 percent last week, 86 percent last year, and the five year average of 87 percent. As of November 15, the crop condition ratings for wheat were 64 percent in the good to excellent rating compared to 63 percent the previous week and 66 percent a year ago. Depending on your wheat crop condition, consider pricing up to 20 percent of the 2010 wheat crop at current levels. Δ

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