

# South American Soy Shortfall, Record US Corn Acreage Drives Market



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Young corn in Chicot County, Ark., gets a little drink in this photo taken April 29, 2012. Extension Staff Chair Gus Wilson says this is one of the few times he's seen irrigation in April.

U of Arkansas System Division of Agriculture photo by Gus Wilson

## JONESBORO, ARK.

**H**igher prices driven by tightening soybean supply estimates may expand soy acres in the U.S., while record corn acres are weighing heavily on the new crop corn futures, said Scott Stiles, extension economist for the University of Arkansas System Division of Agriculture.

"Soybean export business has been especially brisk with both old crop and new crop sales noted," he said. "Many in the trade believe the 250-million-bushel soybean ending stocks seen in the April USDA Supply/Demand report will be revised lower in May."

The shortfall in South American soybeans has made the world supply situation tighter, and that "has made China nervous and the U.S. has been the benefactor," Stiles said. "The old crop futures contracts have exploded higher again over the past week, continuing a rally that

began in mid-January," all of which are helping pull the new crop November contract higher.

"The odds are strong that final U.S. 2012 soybean acres will exceed USDA's March planting intentions estimate," he said, adding that a tight 2011 supply situation and record-large exports during the first half of the 2012 marketing year is expected to keep U.S. supplies extremely tight in 2012-13.

"Sideways" is how Stiles describes the corn market that's overhung by this spring's record high acreage, early planting and the potential for a big harvest. He warns growers to watch their backs.

"New crop corn futures will struggle to climb higher this year without a significant crop threat," Stiles said. For growers, "Marketing plans for corn should remain focused on downside protection and significantly lower prices by late 2012." Δ