

# Soybean Prices Rise, Corn, Cotton, Wheat Mixed

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**S**oybean prices are up with corn, cotton, and wheat prices mixed for the week. The U.S. Dollar Index before the close was at 80.41, up 0.25 for the week. The Dow Jones Industrial Average traded before the close at 13,132 up 106 points for the week. Crude Oil traded before the close at 86.06 a barrel, up 2.85 a barrel for the week. The monthly employment report showed better than expected results with the unemployment rate dropping 0.2 percent to 7.7 percent. This has been supportive of the Dollar. USDA will release their monthly supply and demand report on December 11. No changes are expected in production as that will be updated in January.

## Corn:

*Nearby:* March closed at \$7.37 ¼ a bushel, down 15 ½ cents a bushel for the week. Technical indicators have changed to a strong sell bias. Support is at \$7.23 a bushel with resistance at \$7.59 a bushel. Weekly exports were well below expectations with net sales of 2.2 million bushels (2.0 million bushels of net sales for the 2012/13 marketing year and 165,000 bushels of net sales for the 2013/14 marketing year). Ethanol production last week was 835,000 barrels per day, up 32,000 barrels from the previous week and 12 percent below a year ago. USDA may have to make a downward adjustment in usage in the December 11 report for ethanol use and exports. The average trade estimate for ending stocks in USDA's report is 663 million bushels compared to November's estimate of 647 million bushels. Changes in production are not expected until the January report and a potential reduction in supplies is offering support to the market. I would be priced out of 2012 corn at this time. However, for producers with corn in storage I would not store un-priced or without a floor price in place. A March \$7.40 Put costs 29 cents and would set a \$7.11 futures floor.

*New Crop:* September contract closed at \$6.57 ¾ a bushel, up 1 cent a bushel for the week. Technical indicators have a buy bias. Support is at \$6.48 a bushel with resistance at \$6.68 a bushel. Elwynn Taylor, Climatologist at Iowa State has a current projection for 2013 corn yields at 147 bushels per acre. This assumes the current forecast of normal Eastern Corn Belt weather and little improvement in the Western Corn Belt. He projects a trend line yield of 160 bushels per acre with normal weather. Either yield scenario with planted acreage estimates of 96-98 million acres for 2013 with current demand will generate abundant ending stocks for 2013/14 and most likely lower prices. Weather and its effects on production will be the driving force on prices in 2013. I would have 10 percent of 2013 production priced.

## Cotton:

*Nearby:* March closed at 73.79 cents per pound, down 0.12 cents since last week. Support is at 72.78 cents with resistance at 74.42 cents per pound. Technical indicators have a buy bias. The Adjusted World Price for December 7 - December 13 is 61.70 cents per pound, up 0.76 cents. Keep in contact with your cotton buyer for current quotes on loan equities and pricing alternatives. All cotton weekly export net sales were again solid at 447,300 bales (415,700 bales of Upland cotton net sales for 2012/13; net sales of 4,300 bales of Upland cot-

ton for 2013/14 and net sales of 27,300 bales of Pima cotton for 2012/13. Domestic use in the upcoming USDA report is expected to be unchanged with exports raised. The cotton market most likely will give more weight to the world numbers. I would be 25 percent - 50 percent priced on cotton. Look for rallies as opportunities to add to pricing.

*New Crop:* December 2013 cotton closed at 77.61 cents per pound, up 0.54 cents for the week. Support is at 76.58 cents with resistance at 77.58 cents per pound. Technical indicators have changed to a buy bias.

## Soybeans:

*Nearby:* The January contract closed at \$14.72 ¼ a bushel, up 33 ½ cents a bushel since last Friday. Technical indicators have a sell bias. Support is at \$14.66 a bushel with resistance at \$15.04 a bushel. Weekly exports were well above expectations with net sales of 42 million bushels (42 million bushels for 2012/13 and net sales of 37,000 bushels for 2013/14). USDA reported today (Friday) on its daily reporting system, a sale of 4.2 million bushels to China. The trade expects USDA to lower ending stocks 10 million bushels to 130 million bushels in the December 11 report. I am currently priced out of 2012 production. There does not appear to be any advantage to storing other than price speculation. That may be better served by selling soybeans and buying an out of the money March or May call option. A \$15.20 March Call would cost 45 cents. I would not store un-priced without setting a floor price. A March \$14.90 Put would cost 60 cents and set a \$14.30 futures floor. This option expires February 22, 2013.

*New crop:* November 2013 soybeans closed today at \$13.29 a bushel, up 24 ½ cents a bushel since last week. Technical indicators have changed to a buy bias. Support is at \$13.07 a bushel with resistance at \$13.53 a bushel. Watch for 2013 opportunities. I would be 5 percent priced on 2013 production.

## Wheat:

*Nearby:* March futures contract closed at \$8.61 a bushel, down 2 ½ cents for the week. Technical indicators have a strong sell bias. Support is at \$8.48 a bushel with resistance at \$8.71 a bushel. Weekly exports were at the low end of expectations at net sales of 13 million bushels for 2012/13. The average trade estimate for wheat ending stocks in next week's USDA report is 714 million bushels, 8 million bushels higher than November. Bearish reaction has been seen on reports of more than expected foreign wheat from Ukraine and India being available for the market.

*New Crop:* July 2013 wheat closed at \$8.73 ¾ a bushel, up 3 ¼ cents since last week. Technical indicators have a strong buy bias. Support is at \$8.60 a bushel with resistance at \$8.80 a bushel. No precipitation is expected in the Plains wheat growing area for the next 10 days, adding to the concern on the crop in that region. There are some discussions in the grain trade that abandonment in the spring could be as high as 25 percent. I am currently priced 10 percent on the 2013 crop and would put serious consideration to pricing more as the wheat crop develops. Δ

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