

Soybeans Stable, Other Crops Plummet End Of January

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The market ended the week down with the exception of November Soybeans about even. The U.S. House passed a stimulus package that now goes to the Senate. Most of the money would not be slated to be spent until 2010. Fourth quarter 2008 gross domestic product (GDP) shrunk 3.8 percent, the deepest quarterly slide in 26 years. However, it was less of a cut than was expected. The U.S. Dollar Index ended the week around 86.46 up .41 which is negative for commodities. Crude oil was lower for the week at 41.76 down 4.25. Scattered showers across Argentina while not easing their drought helped bring weakness to the commodity market.

Corn:

Nearby: March 2009 futures closed at \$3.80 bushel on Friday, down \$.10 from last week. Weekly exports were 43.7 million bushels, more than what was expected. Another encouraging report that has given a small possibility exports might make the USDA projection. Continue to look at staggering corn sales out of storage through early March. I would be inclined to accelerate sales as it will be difficult for nearby corn to rally much from this point.

New Crop: The September 2009 futures contract closed at \$4.12 bushel on Friday, down \$.10 bushel from last week. Acreage is still a concern for 2009. Excess blender credits from the last 2 years will be used to help meet the Renewable Fuels Standard offsetting some ethanol production. Oil and gasoline prices will need to increase for ethanol to become more feasible. September Corn Futures have dropped below the trailing stop trigger of \$4.13, so I would consider pricing a portion of the crop, possibly 10 percent. The next trigger point to watch is \$3.91.

Cotton:

Nearby: The March futures closed at 49.41 cents/lb Friday, down 1.23 cents/lb from last week. Early in the week futures traded to a 4 month high before dropping. Weekly exports for cotton were disappointing for the week. Cotton in the loan program has seen equity prices in Tennessee reach this week 3 cents/lb. - 4 cents/lb depending on warehouse tariff, micronaire, and leaf color. If you have loan cotton

to sell, keep in contact with your cotton buyer.

New Crop: The December 09 futures closed at 55.54 cent/lb. up .23 cents/lb. from last week. A reduction in acres this spring will be needed to fuel a market rally.

Soybean:

Nearby: March 2009 futures closed at \$9.77 bushel on Friday, down \$.32 from last week. Weekly exports were 19.6 million bushels, lower than expected. Argentina is still in drought conditions, but the critical period for soybeans will be in February. Soybean prices declined on scattered showers. To manage risk I would look to sell storage soybean on rallies, spreading sales out over the next month.

New Crop: The November 2009 futures contract closed at \$9.46 bushel on Friday, up \$.03 from last week. For prices to increase, the Argentina drought will need to continue to worsen and soybean acreage increases in the U.S. will need to lessen. During the week, November Soybean Futures fell through the trailing stop trigger point of \$9.30 bushel, I would consider pricing a portion of the crop, possibly 10 percent. The next trigger point is \$8.89 bushel.

Wheat:

Nearby: March 2009 futures closed at \$5.68 bushel on Friday, down \$.15 bu. from last week. Weekly exports were a negative 2.1 million bushels as there were more cancellations than sales. U.S. wheat is currently overpriced as compared to the world market.

New Crop: The July 2009 futures contract closed at \$5.92 bushel on Friday, down \$.14 bu. from last week. Wheat is still a follower of corn & soybeans. There is some concern that the wheat condition in the U.S. southern Plains is suffering under dry weather. I would not price any additional new crop wheat at this time unless July Wheat Futures reach \$5.78 bushel. July Wheat Futures will to move above \$6.68 before I move my trailing stop up.

I appreciate the opportunity to fill in on an interim basis in row crop marketing. I welcome any question, comments, or suggestions and ask that you direct them to me at my office at 731-635-9551 or by email at scdanehower@utk.edu. Δ

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