THE UNIVERSITY OF GEORGIA
COOPERATIVE EXTENSION
Colleges of Agricultural and Environmental Sciences & Family and Consumer Sciences

Agricultural & Applied Economics Newsletter

Market Watch

M-4 Vol. XXXII, No. 26 July 9, 2009

FUTURES MARKET WATCH

Month	Commodity	7/3	7/6	7/7	7/8	7/9
July	Corn		3.43	3.35	3.39	3.43
December	Corn		3.44	3.36	3.34	3.40
July	Soybeans		12.00	11.33	10.84	11.10
November	Soybeans		9.63	8.95	8.92	9.16
July	Wheat	Holiday	4.90	4.84	4.88	4.94
December	Wheat		5.45	5.38	5.43	5.48
July	Soybean Meal		401.20	381.00	364.80	371.50
July	Cotton		55.90	55.36	55.36	54.71
December	Cotton		60.24	59.71	59.71	59.68
August	Feeder Cattle		103.80	102.65	101.65	102.95
October	Feeder Cattle		102.92	102.25	101.95	103.10
August	Live Cattle		84.42	84.20	83.35	83.47
October	Live Cattle		89.82	89.20	88.32	88.82
July	Lean Hogs		60.65	60.70	58.92	59.70
December	Lean Hogs		59.00	58.07	57.00	58.15

OPTIONS MARKET WATCH (7/9/09)

Commodity	Strike	Put Premiums			Call Premiums		
Cotton	.60/lb.	Oct	Dec	Mar	Oct	Dec	Mar
		3.95	4.25	4.28	3.06	5.37	7.84
Wheat	5.40/bu.	Sep	Dec	Mar	Sep	Dec	Mar
		.330	.390	.502	.143	.463	----
Soybeans	9.00/bu.	Jul	Aug	Sep	Jul	Aug	Sep
		.210	.670	.880	.754	.700	.880
Corn	3.40/bu.	Sep	Dec	Mar	Sep	Dec	Mar
		.234	.290	.321	.124	.284	----
Hogs	60.00/cwt.	Jul	Aug	Oct	Jul	Aug	Oct
		8.50	1.05	4.43	5.50	4.75	3.40
Fed Cattle	84.00/cwt	Aug	Oct	Dec	Aug	Oct	Dec
		2.00	1.00	1.63	1.48	----	6.38
Feeder Cattle	102.00/cwt	Aug	Sep	Oct	Aug	Sep	Oct
		1.40	2.20	3.03	2.35	3.50	4.13

FUTURE MARKET TREND ANALYSIS* Corn- Down; Soybeans - Down; Cattle - Up; Hogs -Up
*The trend analysis is based on moving averages. For detailed information on the moving trends and their use contact the Extension Ag. Economics Department.

This report is available at http://www.ces.uga.edu/Agriculture/agecon/newsltr.html

LIVESTOCK & GRAIN STATISTICS

Grain Exports (1000Bu.)	**This Week**	**Last Week**	**Year Ago**	**Total to Date For Mktg. Year**	**Total to Date Last Year**	**% This Year Of Last**
Week Ending 7/2/09						
Corn	31,088	29,353	40,756	1,414,318	2,039,280	69%
Soybeans	14,118	14,335	11,259	1,145,789	1,037,676	110%
Wheat	12,128	11,306	20,706	62,681	89,422	70%
Week Ending 7/4/09						
Cattle	628	673	592	16,669	17,507	95%
Hogs	1892	2026	1712	56,141	58,328	96%

PROFIT SCOREBOARD

ENTERPRISE, YIELD AND MARKETING SYSTEM	THURSDAY'S CLOSING FUTURES PRICE	LESS ESTIMATED BASIS EQUALS	FORWARD PRICING OPPORTUNITY ON THURSDAY	OUT OF POCKET AND TOTAL PRODUCTION COSTS	POTENTIAL (RETURNS TO ND & MGT.)	CHANCE OF POSITIVE RETURN TO LAND AND MGT. *
Wheat 55 .bu./acre	July 4.94	-.90	4.04/bu.	3.11/bu. 3.75/bu.	.93/bu. .29/bu.	90% 65%
Corn - Irrigated 180 bu./acre	Dec. 3.40	.05	3.45/bu.	3.16/bu. 4.02/bu.	.29/bu -.57/bu	76% 1%
Soybeans - Dry land 30 bu./acre	Nov. 9.162	-.20	8.96/bu.	4.71/bu. 7.01/bu.	4.25/bu. 1.95/bu	80% 60%
BR Cotton - Dry land 700 lb./acre	Dec. .60	-.03	.57/lb.	.54/lb. .72/lb.	-.3/bu .- 15/lb.	49% 6%
BR Cotton - Irrigated 1100 lb./acre	Dec. .60	-.03	.57/lb.	.44/lb. .65/lb.	.3/lb -.8/bu	99% 7%
Fed Cattle Placed in this week sell at 1200 lbs.	Dec. 88.77	-1.50	87.27/cwt	108.64/cwt 108.64/cwt	-21.37/cwt -21.37/cwt	1% 1%
Hogs Farrow to Finish* Farrowing this week	Feb 42.45	-1.70	40.75/cwt.	45.75/cwt 53.97/cwt.	-5.00/cwt -13.22/cwt	5% 1%
Feeder Pig Finishing* Placed this week *Total Confinement	Dec 42.45	-3.60	38.85/cwt	39.00/cwt. 42.10/cwt.	-.15/cwt -3.25/cwt	42 6%

Cost of production figures may be obtained upon request. Each cost of production is an estimate of cost for a Georgia producer at the indicated yield. Participation in Government commodity programs can greatly affect the level of profitability for the various crop enterprises. Land and management cost are not included in the crop and livestock cost estimates. * Excludes LDP for crops.

GRAIN PRICE PROFILE

Cash Bids and New Crop Contacts

	CORN		WHEAT		SOYBEANS	
Location	Cash	Contract*	Cash	Contract**	Cash	Contract***
Southwest Ga.						
Southeast Ga.						
Central Ga.						
North						
Brunswick						
*Aug-Sept Delivery		**May-June Delivery			***Oct-Dec Delivery	

FEED CASH PRICE

Cash Wheat Mill Direct - Macon -------

	MID WESTERN CORN		SOYBEAN MEAL 48%	
	This week	Last week	This week	Last week
FOB NORTH GA.	--------	--------	-----------	----------
FOB SOUTH GA.	--------	--------	----------	----------
FOB EAST GA.	--------	--------	-------	----------

Georgia ASCS Posted Adjusted Market Price:
Adjusted World Price Cotton

LIVESTOCK PRICE PROFILE

GEORGIA AUCTION July 9, 2009
*Prices furnished by Federal State Market News, Thomasville, GA. For up-to-date prices call (1-800-342-1440)

Medium Frame #1 Steers: 2-250 cwt $$123-140; 250-3 cwt $115-135; 3-350 cwt $112-128; 350-4 cwt $104-124; 4-450 $96-110; 450-5 cwt $94-105; 5-550 cwt $92-104; 550-6 cwt $87-102; 6-650 cwt $85-101; 650-7 cwt $84-98; 7-750 cwt $81-92; 750-8 cwt $85-92.
Medium Frame#1 Heifers: 3-350 cwt $92-110; 350-4 cwt $87-99; 4-450 cwt $86-97; 450-5 cwt $81-96; 5-550 cwt $82-93; 550-6 cwt $80-90; 6-650 cwt $80-87; 650-7 cwt $79-85.
Slaughter Classes: Breakers $45-46; Boners $46-54; Boners Hi Yield $54-57, Lean $37-43.
Live and Carcass Hog Price -Eastern Cornbelt Direct 7/8/09 :Barrows & Gilts - Live Basis 240-300 lbs.$38.55-47.50 Average $43.58; Carcass 185 lbs. $49.63-59.44 Average - $54.90

Surprise Numbers for 2009 US and Georgia Crop Acreage

Nathan Smith, Don Shurley, and Amanda Smith

There are two reports issued annually by USDA that are closely watched and have impact on market prices. In March, the *Prospective Plantings* report shows survey results of what farmers say they *intend* to plant based on current and expected future costs and market conditions. Then in June, the *Acreage* report is the first survey-based estimate of what farmers *actually* planted. What is actually planted can vary (sometimes greatly) from earlier intentions based on changes in prices, costs, weather impacts and soil conditions, planting timeliness, etc.

This year, acreage actually planted varied significantly from the March estimate. In fact, the Georgia numbers in March looked questionable at the time and it was anticipated that actual planting would be different than the early estimate. The following table summarizes 2008 actual acres planted, March 2009 "intentions", 2009 actual planted acres, and the % change 2009 compared to 2008.

Looking at planted acreage for major Georgia row crops, growers generally responded to input costs and market signals by decreasing peanut and small grain acreage and increasing corn, soybean, and cotton acreage. Corn, soybean, and cotton acres are not only increased from last year but higher than farmers said they intended to plant back in March. Using spring market prices, moderating/declining fertilizer prices, and based on UGA Crop Budgets and Crop Comparisons (http://www.ces.uga.edu/Agriculture/agecon/printedbudgets.htm)-- corn, soybeans, and cotton looked better than peanuts and farmers responded to these signals. Georgia's final cotton acreage could end up being even more than the June estimate.

2008 and 2009 Acres Planted By Crop, Georgia and US

	Georgia				**US[1]**			
	2008 Actual	**2009 Intentions[2]**	**2009 Actual[3]**	**% Change**	**2008 Actual**	**2009 Intentions[2]**	**2009 Actual[3]**	**% Change**
Corn	370,000	350,000	450,000	+21.6%	85.98	84.99	87.035	+1.2%
Cotton	940,000	940,000	980,000	+4.3%	9.47	8.81	9.05	-4.4%
Sorghum	60,000	55,000	55,000	-8.3%	8.28	6.96	6.96	-15.9%
Peanuts	690,000	500,000	460,000	-33.3%	1.53	1.12	1.096	-28.4%
Soybeans	430,000	400,000	500,000	+16.3%	75.72	76.02	77.48	+2.3%
Tobacco[4]	16,000	15,000	14,000	-12.5%	.354	.35	.344	-2.8%
Wheat	480,000	340,000	370,000	-22.9%	63.15	58.64	59.78	-5.3%

1/ Million acres
2/ USDA, *Prospective Plantings*, March 31, 2009.
3/ USDA, *Acreage*, June 30, 2009.
4/ Acres harvested.

Corn. The *Acreage* report showed larger than expected US corn acres-- 87 million acres which is 1 million more than last year. Trade estimates before the June report showed corn seedings were expected to be nearly a million acres *less* than the March *Prospective Plantings* report. The average trade estimate was 84.2 million versus the 85 million planting intention versus 87 million actually planted. This 3 million acre swing between expectations and actual acreage is bearish for corn prices. The futures market responded with a 30 cent limit move down in corn futures on June 30. Combined with the *Grain Stocks* report showing larger than expected stocks, corn prices broke through resistance at $3.60 for nearby futures set back in April and pushing on the $3.38 level set in March. December futures dropped below resistance at $3.75 set back in March and are testing $3.50 in the near term.

Weather conditions during the critical corn pollination time in mid to late July could support the market. Due to the higher stocks level, however, domestic use will likely be lowered in the next USDA report. Combined with the news of a larger acreage, current year ending stocks will likely be increased. However, the late plantings and development in the eastern Corn Belt may limit the crop size.

Why the surprise increase in corn acres? The western Corn Belt ended up planting more acres than suggested by the March *Prospective Plantings* report with Nebraska (up 600,000) and Iowa (up 500,000) leading the way. Planting delays in the eastern Corn Belt led most observers to believe the eastern states would be down. But Indiana held steady with Illinois (up 100,000), Michigan (up 100,000), and Ohio (up 100,000) planting more than earlier intended. The Delta states also saw an increase in acres with Arkansas steady and Louisiana (up 190,000) and Missouri (up 50,000) reporting increases over planting intentions. Stronger corn prices during May and the first half of June, along with lower fertilizer costs, encouraged more corn seedings for 2009.

Georgia's corn acreage was pegged at 450,000 acres, up significantly from the 350,000 acres planting intention and 80,000 acres more than last year. Georgia ended up following the national trend of more corn acres in 2009.

Cotton. Georgia cotton acreage is estimated at 980,000 acres—40,000 acres higher than last year. Final acreage could top 1 million acres. The crop was planted later than normal so late season weather and good harvest conditions will be critical. Georgia acreage increased due to lack of stronger competition from peanuts and declining fertilizer prices which improved relative net returns.

US cotton acreage, however, declined for the 3rd consecutive year. Acreage is estimated at 9.05 million acres. This is 240,000 more than farmers said they intended to plant in the March report but still 4.4% less than last year. Acreage continued to decline in the Mid-South and Texas. Acreage in Mississippi and Louisiana is now less than 300,000 acres in both states.

After lows back in March, Cotton prices have flirted with the 60-cent level—peaking at around 63 cents back in May and early June. December futures are currently around 59 to 60 cents. Demand (exports) have been relatively good but often erratic.

The slightly higher acreage planted number will have little or no impact on the market. Instead, all eyes are on crop conditions and the uncertainty with how many acres will actually be harvested. Abandonment in Texas is already expected to be high. Prices have a good chance to make another run at better than 60 cents. The keys will be crop development and harvest and continued good export demand.

Peanuts. Peanut acreage was perhaps the biggest surprise for Georgia. March intentions pegged Georgia peanut acreage at 500,000 acres for 2009-- which would have been a significant decrease of 27.5% from 2008. The June *Acreage* report estimated actual planting at 460,000 acres-- 33% less than last year.

After decent planting progress for the first half of May, abnormally wet conditions in the last half of May delayed peanut planting past the May 31 crop insurance deadline. Only about 60% of the Georgia crop was planted by the end of May according *Crop Progress* reports. Thus, thousands of acres were planted later than normal or not at all. The decline in Georgia acreage dropped total US acreage to 1.1 million acres for 2009. This is a 28.4% decrease but may help relieve the industry of burdensome carryover of 2008 inventory. Using a "normal" abandonment rate, harvested acres would be 1.07 million. A 3,000 pound average yield would result in a 1.6 million ton crop. A US yield of less than average would drop carryover below 500,000 tons which should be supportive of higher prices for peanuts.

Soybeans. Soybean acres were pegged at a record 77.5 million acres-- up 1.77 million from last year and 1.5 million more than March intentions but 800,000 acres *less* than the average pre-report trade estimate. Carryover is expected to be record low going into the 2009/10 marketing season. Demand, however, appears to be slowing and a large '09 crop is expected. Prices near-term have less support unless weather concerns develop.

Georgia farmers planted significantly more soybeans than earlier indicated by March intentions. According to the *Acreage* report, Georgia acreage is estimated at 500,000 acres-- 100,000 more than the March number and 70,000 acres more than last year.