

# A Week For The Books

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The markets had a generally good week this week as the stock market hit 10,000 points for the first time since October 2008 and the commodities were mostly higher. Crude oil and gold, as well as most commodities, were higher on inflation concerns as the US Dollar index continues to stumble lower. This undoubtedly provides some support to the grain and livestock markets.

### *Corn*

All eyes are on the weather right now as the Corn Belt has been under extended wet conditions have kept fieldwork at a standstill. On Tuesday's (10/13) crop condition report the USDA showed 13% of the nation's corn crop had been harvested with most of that coming from NE and IN. Already we are significantly behind last year's pace of 21% and we will almost certainly lose further ground this week. The USDA supply and Demand report released on Oct 9 projected a slightly larger than 13 billion bushel crop is in the field, but the crop is still in the field. October 9<sup>th</sup>'s report pegged yield this year at 164.2 bu/ac, up from 161.9 bu/ac in September and obviously a record yield. Right now it seems like the market settled in at a price range it liked toward the end of the week until either conditions get worse or the crop starts coming off of the fields. For the week December futures were 9 3/4 cents higher.

### *Soybeans*

Soybean producers are obviously struggling with the weather impeding fieldwork as well. Soybean harvest was already drastically behind with Tuesday's report showing only 23% of the soybean harvest complete compared to 51% last year, and I would expect that we fell behind another 10% points this week. Nebraska is the furthest along on the soybean crop at nearly 1/2 done; MN, IA, IN, OH, and SD are all about 25% done and ND, WI and IL have less than 10% complete. Again, the USDA report released the 9<sup>th</sup> showed a large crop, 3.25 billion bushels, out there to be taken. The USDA raised soybean yields only slightly from 42.3 bu/ac in September to 42.4 bu/ac in October's S/D report. For the week November futures were 10 cents higher.

### *Wheat*

The wheat markets have been following the corn and bean markets for the most part. After two good weeks the market is about 60 cents off of the lows set in early October,

but the wheat complex has had a difficult time pushing Chicago Wheat futures (soft red winter) beyond the \$5 mark. Winter wheat planting is only slightly behind last year's pace at 64% complete and emergence at 39% compared to 46% last year. The wheat market needs world demand to pick up; if it does the US should get our fair share of the business with the weak dollar factored in. For the week December futures were 22 ½ cents higher.

### ***Lean Hogs***

The hog market continued its recent run this week by closing higher once again. Lean Hog futures are now \$10-11 off of the August lows and it wouldn't surprise me if the rally stalls here to let the cash markets catch up and take some of the premium in the futures market out. It is early yet in the December contract but I think the cash hogs will drive the futures which are now in overbought conditions. For the week December futures were \$1.33 higher.

### ***Cattle***

The cattle market was higher on the week and over \$2 higher than the low in early October. Trade was choppy toward the end of the week in anticipation of Friday's COF report. The report for placements and cattle on feed came in near expectations while marketed cattle were on the low end of trade guesses. On feed was 101%, avg guess was 100.5%; placements were 105% vs avg guess of 105.5%; marketed was 96% vs 98% avg guess. There is hope for better demand ahead with economic recovery, but there is plenty of supply right now which may hinder the cash market and any prolonged rally as well. *Market analysis is for the week ending 10.16.2009.*