

**March 7, 2008**

**Weekly Review-** For the week, May corn ended down \$.0925 at \$5.4725 while beans finished a disappointing \$1.2825 lower at \$14.0825. The last couple of days have seen the most activity with beans closing close to limit lower Thursday and limit lower on Friday.

**Corn-** Corn seems to be playing follow the leader with all the activity in the outside markets. With private reports on acreage having been coming out and with new reports to come, the big question facing us today is will they even matter. As the heated debate of food vs. fuel and acreage for next year continues to be a hot topic, the focus today seems to be focused on the soybean and vegetable oil situation in China and Brazilian crop expectations. Corn traders are forced to take a sideline seat and try to play catch up as other markets work themselves out. Corn finished out the day on Friday limit lower out of sympathy for soybeans.



**Soybeans-** As you can see in the chart of May soybeans, correction in this market has



definitely taken place. Although bearish news from China is to blame for the recent setbacks, many view the news as not that significant and that what we have seen the past couple of days is overreaction from the funds. The real question we must ask then is if this is overreaction, then how far will it go before they come back to reality. Synthetic trading indicated that on Friday May soybeans should have theoretically trade another 45 cents lower. If everything stays the same Monday may end up being another ugly day, but it also wouldn't

be the first time they called for markets to be so low from the synthetics just to open up higher on Sunday night.

**Recommendation-** This past week should have only reiterated the fact that these markets are unquestionably wild and unpredictable. I have been asked several times if this is the end or just correction. My answer has been that there are still a lot of hurdles to get through before the new crop is even in the ground, but lately these markets haven't been up to the fundamentals. What will the funds do??? Next week we could be back to our all time highs again, or we could be another 1-2 dollars lower in beans and 50 cents lower in corn. The only lesson we can take from this week is the need to have some floors under at least some of our crop.

The **Professional Edge** in Commodity Risk Management

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