

March 14, 2008

Weekly Review- For the week, May corn ended up 12 cents even with the sell off today. May beans closed out the week down 56 cents. Informa came out with their acreage estimates today and pegged corn acres at 87.5 million acres, which is down from 93.6 this year. The bean number was 71.3 million acres, which is up from 63.7 this year.

Corn- We are in a market that sees great volatility every single day, which only adds to emotions by everyone. Producers don't know when to sell or what to do. End users don't know when to buy or how they are going to make a profit. Elevators don't know how to price grain or whether they even should due to margin requirements. The list goes on and on. Today is a good example (see the chart) as we saw the markets trade as much as 5 cents higher only to drop to down ten then rebound to unchanged before trading limit lower and closing 10 lower. Did you even catch all that??



Soybeans- Talking about volatility, beans are even greater than corn. The market movers today?? Acreage numbers, but even more than that was probably the rumors on the floor. First off supposedly Cargill's Ag Horizons is shutting down due to the loss of millions of dollars and the second was that large investment banks were liquidating ag commodities to free up cash to secure a better credit rating. What a deal? The more you try to figure out this market, the more your head spins. Let's look at a chart of April Lean Hogs just to give you an idea what the hog market is doing.



Recommendation- This market as some would put it is "broken". The volatility is just going to get worse as daily price limits are moving on March 28th to 30 cents on corn and 70 cents on beans from the current 20 & 50 they are today. TRY to curb your emotions a little bit, look at grain in the bin and what you will produce this year, make good solid decisions and don't look back. The more you coulda, shoulda, woulda the worse off you are.