

**June 27, 2008**

**Weekly Review-** Pre-report buying and more unsettled weather to delay replanting pushed grains higher this week. December corn ended the week 31-½ cents higher and November soybeans 50 ½ cents higher. Government regulation on commodities has been a hot topic on the CBOT this week. U.S. House of Representatives overwhelmingly passed legislation (402-19) to force the CFTC to curb speculation. Next step is the Senate and then on to Pres. Bush to sign it into law. Trade is and will be tempered with the worry of regulation hanging over their heads. In 1980 the markets were frozen by the CFTC and then plummeted after re-opening.

**Corn-** Crop ratings increased this week slightly and indications are that ratings should see another increase on Monday afternoon's report. The Final Plantings that will be released Monday morning will overshadow crop ratings. Expectations are for planted acres to decrease 600,000 acres. The biggest focus will be on harvested acres as abandonment acres could be high with recent flooding. 85.5 million planted acres with 89% harvested acres and a yield of 147.8 would produce an 11.25 billion bu. crop. Bringing in 1.435 billion '07/'08 bushels and keeping demand at current projections we will have a '08/'09 balance sheet projecting a 520 million bushel carryover. This type of projected carryover would require 200-million bu. of demand to be rationed to keep levels somewhat adequate. After the report is seen, trade will immediately turn to weather as the driving force of price action over the next month. Decent weather over the next month should lead to a break in this market but any type of hot/dry conditions could create a price explosion. Late plantings have also led to the worry of an early frost. Current FcStone research finds that over 30% of the U.S. corn crop will not be mature by Oct. 1. This is something we can't afford to have happen if we want the great demand to stay around. The Dec. corn chart shows the early formation of a bull-flag which broke out to the upside this week.



**Soybeans-** Soybeans higher as widespread rain fell in Iowa to further delay plantings. Report estimates now fall around the 74.2 million acres vs. 74.8 in March Intentions. Some corn replanting now being switched to beans. This will keep the market guessing all summer on the amount of acres and what these late acres can yield. World Soybean stocks look to remain very tight over the new couple of crop years. Rumors of Bio-diesel plant bankruptcies seem to surface weekly.

**Recommendation-** Uncertainty in the market is at an all-time high. Both corn and beans could see a 2-dollar swing either way over the next couple months. If floor strategies have not been put into place already I think everyone should take a hard look at executing some soon. Even production uncertain bushels should be looked at to have some cheap protection. The amount of profit here is great and should allow you to sleep a little easier at night!

**Have a great weekend!**