



## GRAIN &amp; LIVESTOCK REPORT

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Market Analysis - August 05, 2004

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This week DTN made reference to a Mark Twain quote "October was a dangerous month in which to speculate in." Twain goes on to say however that the other 11 months were equally as dangerous. The month of July would not have shocked Mark and the bulls would have been the ones that would have been hurting. Corn, wheat and beans as well as most other commodities were down (corn down 16% on the month, wheat down 8% and beans down an ugly 33%). The last week of July was horrible for bulls in the beans pit. The market collapsed with August settlements down about 70 cents and November down about 40 cents. Why? Great crop conditions and no cash strength. Most of the week illustrated further price falls until Thursday. Soybeans saw some decent gains with futures moving about 20 cents higher. Good exports sales and the thought (finally) that the market is a bit oversold led the charge. The export sales numbers came in at 65 thousand tons of old crop and 258 thousand tons of new crop. There is talk of a good export month in September. Let's hope so - this market has to bounce at some point. Demand news seems to be improving a little bit for corn. Export sales last week were decent and daily sales announcements have been showing up. On Monday of this week the corn pit could best be described as lifeless with the market doing whatever the other grain pits did. Monday's crop condition report lowered the good to excellent rating by one percentage point and according to some traders are starting to realize that an 11 billion bushel crop is more likely to be in the 10.8 - 10.9 arena. On Thursday corn export sales were seen as supportive coming at over 1.1 million metric tons of combined old and new. With good production this fall the export sector might pick up. If the trade can stay in positive territory we should see some fund buying as they jump on the upward trend (they just love trends) that is slowly emerging. Wheat had a great Monday this week ignited by a bullish export inspection number (market was expecting 12 - 16 million but 24.4 million were reported). Chicago's market illustrated a key 'reversal' on Tuesday (higher high, lower low, higher close from Monday) - a very bullish indicator. Some fund buying was noted as this pattern emerged. This technical indicator was supported by sales on Wednesday to Egypt and on Thursday weekly export sales were viewed as supportive (504 thousand metric tons - at the high end of expectations). So July was a dreadful month? Not altogether - the dollar rallied which should, over time, trigger some more export business.

## BASIS TABLE

| LOCATION    | CORN BASIS   |             | SOYBEAN BASIS |            | WHEAT BASIS |            |
|-------------|--------------|-------------|---------------|------------|-------------|------------|
|             | CASH (Sep04) | NEW (Dec04) | CASH (Aug04)  | NEW(Nov04) | CASH(Sep04) | NEW(Jul05) |
| Western MD  | +71          | n/a         | n/a           | n/a        | -17         | n/a        |
| Central MD  | +39          | -2          | n/a           | -45        | +4          | n/a        |
| Southern MD | +17          | -14         | n/a           | -40        | -53         | n/a        |
| Upper E. Sh | +22          | +1          | n/a           | -40        | -24         | n/a        |
| Lower E. Sh | +30          | -5          | n/a           | -29        | -21         | n/a        |

## WEEKLY CROP WEATHER SUMMARY

## MARYLAND AGRICULTURAL STATISTICS SERVICE

Rain storms limited farmers to 4.0 days suitable for field work. Most Maryland farmers received between 2 to 5 inches of rain, hindering many field activities. Crop conditions for corn and soybeans are in fair to good condition. Corn development is progressing fast with 53 percent of the corn crop in the dough stage and 7 percent in the dent stage. Soybeans are developing rapidly with 39 percent setting pods compared with 18 percent for the five-year average. Farmers are cutting hay.

## CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES

| Grade and Commodity | #2 Y Shelled Corn |      | #2 Yellow Soybeans |      | #2 Red Winter Wheat |      | #3 Barley |      |
|---------------------|-------------------|------|--------------------|------|---------------------|------|-----------|------|
|                     | 7/28              | 8/4  | 7/28               | 8/4  | 7/28                | 8/4  | 7/28      | 8/4  |
| Western Md          | 3.02              | 2.85 | 6.60               | 6.30 | 3.03                | 3.05 | 2.32      | 2.22 |
| Central MD          | 2.79              | 2.63 | 6.64               | 5.94 | 3.15                | 3.18 | 1.98      | 1.98 |
| Southern MD         | 2.39              | 2.41 | 7.07               | 6.70 | 2.65                | 2.69 | 1.70      | 1.70 |
| Upper E. Shore      | 2.44              | 2.46 | 7.12               | 6.75 | 2.94                | 2.98 | 1.80      | 1.80 |
| Lower E. Shore      | 2.54              | 2.54 | 7.16               | 6.81 | 2.98                | 3.01 | 1.81      | 1.76 |

## Soybean Meal

## Lower Eastern Shore

## Dealer's Average Cash quotes (\$/ton)

| Date             | 7/28   | 8/4    | Date             | 7/28   | 8/4    |
|------------------|--------|--------|------------------|--------|--------|
| 48% Soybean Meal | 229.00 | 214.00 | 44% Soybean Meal | 217.00 | 202.00 |

## FORWARD CONTRACT PRICE-REGIONAL (\$/BU) for Harvest delivery Dealer's Avg Quotes

| Grade and Commodity | #2 Y Shelled Corn |      | #2 Yellow Soybeans |      | #2 Red Winter Wheat |      | #3 Barley |      |
|---------------------|-------------------|------|--------------------|------|---------------------|------|-----------|------|
|                     | 7/28              | 8/4  | 7/28               | 8/4  | 7/28                | 8/4  | 7/28      | 8/4  |
| Western Md          | ----              | ---- | ----               | ---- | ----                | ---- | ----      | ---- |
| Central MD          | 2.29              | 2.33 | 5.41               | 5.27 | ----                | ---- | ----      | ---- |
| Southern MD         | 2.22              | 2.21 | 5.51               | 5.32 | ----                | ---- | ----      | ---- |
| Upper E Shore       | 2.35              | 2.36 | 5.51               | 5.32 | ----                | ---- | ----      | ---- |
| Lower E Shore       | 2.44              | 2.40 | 5.60               | 5.43 | ----                | ---- | ----      | ---- |

## GRAIN FUTURES- Chicago Board of Trade (\$/bu) Settle - Aug 04, 2002

| Corn |        | Soybeans |        | Wheat |        | Soybean Meal <sup>1</sup> |        |
|------|--------|----------|--------|-------|--------|---------------------------|--------|
| Sep  | 221.25 | Aug      | 590.00 | Sep   | 318.50 | Aug                       | 183.80 |
| Dec  | 231.25 | Sep      | 565.50 | Dec   | 332.75 | Sep                       | 179.40 |
| Mr05 | 240.25 | Nov      | 557.00 | Mr05  | 344.50 | Oct                       | 171.80 |
| May  | 246.25 | Ja05     | 564.00 | May   | 348.75 | Dec                       | 171.80 |
| Jul  | 251.25 | Mar      | 570.50 | Jul   | 352.00 | Ja05                      | 172.70 |
| Sep  | 252.00 | May      | 576.50 | Sep   | 358.00 | Mar                       | 176.30 |

<sup>1</sup> \$/ton

| <b>HAY AND STRAW</b>   |                        |                                       |  |                    |               |
|--|------------------------|---------------------------------------|--|--------------------|---------------|
| <b>New Holland, PA - \$/ton - Aug 02, 2004 - 55 Loads</b>                      |                        |                                       |  |                    |               |
| Alfalfa  | Mixed                  | Timothy                               | Straw  |                    |               |
| 50.00-205.00   | 70.00-230.00           | 60.00-210.00                          | 120.00-200.00  |                    |               |
| <b>Westminster, MD - \$/bale - Aug 03, 2004 - 108 Lots</b>                     |                        |                                       |  |                    |               |
| Alfalfa  | Alfalfa Mix            | Timothy                               | Timothy Mix  | Grass Mix          | Straw         |
| 1.60-4.60  | 2.00-4.70              | 2.80-4.50                             | 1.60-4.30  | 1.00-4.70          | 2.50-2.80     |
| <b>POULTRY (Grade A) - Week Ending Aug 07, 2004</b>                            |                        |                                       |  |                    |               |
|  | <u>Current Week</u>    | <u>Week Ago</u>                       | <u>Month Ago</u>   | <u>Year Ago</u>    |               |
| NY Wtd Avg. (Fryers)   | 71.41                  | 73.76                                 | 83.33  | 59.13              |               |
| 12 City Composite  | 78.08                  | 78.84                                 | 82.26  | 62.34              |               |
| <b>LAMBS - Westminster, MD - \$/cwt - Aug 03, 2004</b>                         |                        |                                       |  |                    |               |
| 50- 60 lbs   | 90.00-107.50           | <b>Sheep</b>                          |  |                    |               |
| 70- 80 lbs   | 100.00-115.00          | 105-200 lbs                           | 37.00-69.00  |                    |               |
| 90-100 lbs   | 100.00-112.50          | 200-300 lbs                           | 25.00-47.00  |                    |               |
| <b>TERMINAL MARKETS HOGS - Aug 05, 2004</b>                                    |                        |                                       | <b>DIRECT MARKET HOGS - Westminster, MD - Aug 03, 2004</b>                   |                    |               |
| <b>Base Price Range (\$/cwt)</b>   | <u>Carcass Basis</u>   | <u>Sows (1-3)</u>                     | Good   | 400-600 lbs        | 40.00-50.00   |
| <b>a.m.</b>  | <b>Base 185 lb Hog</b> | <b>300-449 lbs</b>                    |  |                    |               |
| <b>Iowa, Minn</b>  | 67.50-78.75            | 40.07-54.58                           |  |                    |               |
| <b>Eastern Cornbelt</b>  | 69.00-80.00            | 48.50-56.50                           | <b>Millsboro, DE Market Hogs - (\$/cwt) - Next Sale 8/17th</b>               |                    |               |
| <b>FEEDER PIGS - (\$/cwt) -</b>  |                        |                                       |  |                    |               |
| <b>Gumboro, DE -</b>   |                        |                                       | <b>New Holland, PA - Aug 04, 2004</b>  |                    |               |
| <b>Head:</b>   | <b>Trend:</b>          | <b>Head: 581 Trend: All slaughter</b> |  |                    |               |
| Next Sale 8/17th   |                        |                                       | 48-53 lbs  | 135.00-150.00      |               |
| <b>CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - Aug 04, 2004</b> |                        |                                       | <b>HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - Aug 04, 2004</b> |                    |               |
| <b>Aug</b>   | 84.82                  | <b>Fb05</b>                           | 89.50  | <b>Aug</b>         | 78.55         |
| <b>Oct</b>   | 87.50                  | <b>Apr</b>                            | 87.37  | <b>Oct</b>         | 70.20         |
| <b>Dec</b>   | 89.27                  | <b>Jun</b>                            | 82.36  | <b>Dec</b>         | 65.45         |
|  |                        |                                       |  | <b>Fb05</b>        | 63.42         |
|  |                        |                                       |  | <b>Apr</b>         | 61.10         |
|  |                        |                                       |  | <b>May</b>         | 61.90         |
| <b>STOCKER-FEEDER CATTLE - (\$/cwt)</b>  |                        |                                       |  |                    |               |
| <b>Winchester, VA - Aug 02, 2004</b>   |                        |                                       | <b>Westminster, MD - Aug 03, 2004</b>  |                    |               |
| <b>Steers</b>  | 300-400 lbs            | 125.00-126.00                         | <b>Steers (M&amp;L)</b>  | 200-300 lbs        | 79.00-113.00  |
|  | 400-500 lbs            | 123.00-137.00                         |  | 400-500 lbs        | 86.00-117.00  |
|  | 500-600 lbs            | 117.50-131.50                         |  | 600-700 lbs        | 69.00- 98.00  |
|  | 600-700 lbs            | 106.50-116.25                         |  | 900 lbs            | 80.00- 90.50  |
| <b>Heifers</b>   | 300-400 lbs            | 118.00-125.00                         | <b>Heifers (M&amp;L)</b>   | 200-300 lbs        | 101.00-102.00 |
|  | 400-500 lbs            | 110.00-118.00                         |  | 400-500 lbs        | 79.00-104.00  |
|  | 500-600 lbs            | 108.50-113.25                         |  | 600-700 lbs        | 69.00- 98.00  |
|  | 600-700 lbs            | 100.00-105.50                         |  | 800-900 lbs        | 67.00- 83.50  |
|  | 700-800 lbs            | 98.50-100.00                          | <b>Bulls Returning to farm</b>   |                    |               |
|  | 800-900 lbs            | 88.75- 92.00                          | <b>#1</b>  | 80- 90 lbs         | 70.00- 95.00  |
|  |                        |                                       |  | 95-100 lbs         | 100.00-127.50 |
|  |                        |                                       |  | 105-110 lbs        | 85.00-127.50  |
|  |                        |                                       | <b>Holstein Heifers</b>  | <b>#1</b>          | 295.00-380.00 |
|  |                        |                                       |  | <b>#2</b>          | 135.00-250.00 |
| <b>Lancaster, New Holland &amp; Vintage - Week Ending - Aug 07, 2004</b>       |                        |                                       |  |                    |               |
| Bull, Holstein   | 90-120 lbs             | 145.00-172.00                         | Plainer  | 90-120 lbs         | 125.00-172.00 |
| Heifers, Hols  | 90-120 lbs             | 475.00-600.00                         | Plainer  | 90-120 lbs         | 300.00-450.00 |
| <b>SLAUGHTER CATTLE (\$/cwt)</b>   |                        |                                       |  |                    |               |
| <b>Westminster, MD - Aug 03, 2004</b>  |                        |                                       |  |                    |               |
| <b>Fed Steers</b>  |                        |                                       | <b>Fed Heifers</b>   |                    |               |
| Ch   | 83.00-86.50            |                                       | Ch   | 76.00- 84.25       |               |
| Select   | 70.50-82.00            |                                       | Utility over fat   | 51.25- 58.25       |               |
| <b>Cows</b>  |                        |                                       | <b>Calves</b>  |                    |               |
| High Dressing  | 53.00-57.00            |                                       | Good Slaughter   | 50.00- 82.00       |               |
| Breakers   | 45.00-52.00            |                                       | Jersey   | 5.00- 20.00        |               |
| Boners   | 39.00-44.00            |                                       | Veal Calves  | 232-280 lbs        | 108.00-121.00 |
| Thin & Slow  | 37.00-Down             |                                       | <b>Beef X Calves</b>   | 70.00-140.00       |               |
| <b>Lancaster, New Holland &amp; Vintage - Week Ending - Aug 07, 2004</b>       |                        |                                       |  |                    |               |
| Steers, Ch 2-3   | 1110-1460 lbs          |                                       | 82.00-85.50  | Steady - \$1 Lower |               |
| Heifers, Choice  | 1278-1380 lbs          |                                       | 79.50-82.00  | Lightly tested     |               |
| Cows, Breakers 75-80 pct lean  |                        |                                       | 55.75-59.00  | Fully Steady       |               |
| Bulls, YG 1  | 1270-2323 lbs          |                                       | 62.50-70.00  | None               |               |

For more information about this report, call 410-841-5740 or write:

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