

Market Analysis - October 20, 2004

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Corn trade finished a few cents up last week despite a bearish USDA report. This is impressive but don't get the feeling that the market is going to turn upwards all of a sudden! The markets were surprised by the USDA production estimate for 2004 being 400 million bushels higher than expected and the carryover is pegged at 1.691 bushels. National yield averages are put at 158.4 and this could move above a massive 160 bushels. As expected on Monday corn turned lower – it was not because everyone had time to digest the report over the weekend – lower than expected inspection numbers drove it down. Don't be too depressed – this time of year is usually a seasonal low. Corn was fractionally lower by Wednesday and basis bids were held steady as farmer sales remain slow. On the bull side – the harvest has been slowed down due to damp weather, but futures traders are certainly not buying into any kind of bullish momentum in this market. Soybeans moved to lower lows last week due to a really disappointing USDA report, but let's look at the bright side – given the news the sell off should have been a lot worse! The production estimate was a staggering 100 million bushels greater than the average trade guesses of 345 million bushels and only 190 in the September report! Domestic stocks to use now stands at 14.4% (highest in 14 years) and we have not seen these size of carryover numbers in the last 18 years. Last week's harvest progress report was at 58% which is 5% beyond the 5 year average. On Monday the beans enjoyed a tiny lift with export inspections coming in a little higher and basis bids were reported as being firm. On Tuesday commercial and non-commercial buying lifted the market and the November contract actually lifted the prices so the gap that was generated last week from the report was filled. On Wednesday soybeans closed higher again in a quiet session and much of this was attributed to spread trading – buying the November and selling the distant. This is due to basis strengthening and what looks like no farmer sales occurring anytime soon. Also, some repositioning occurred as the November option is about to expire on Friday. Good news anywhere? Yes, some futures traders think the harvest lows are now in place. Let's hope so. Wheat has turned out to be the golden boy of the three markets with a nice upward move last week (we were seeing the complete opposite at the start of this year). In fact, wheat rose 15 cents because the USDA numbers were friendly for wheat. The carryover was put at 569 million versus 590 million and world wheat carryover was also dropped. Higher usage explains that. On Monday a huge speculative attack (more like profit taking) hit the market but that was reversed (as expected) the next day when new positions were locked into. Farmer sales also remain light so we are enjoying higher prices and firming basis. Wednesday's downturn makes this market a true "Up one day, down the next day" type of market (as one analyst put it). The good news here is that wheat keeps knocking on the resistance plane door – if it breaks through we might a bull market for a while.

LOCATION	CORN BASIS		SOYBEAN BASIS		WHEAT BASIS	
	CASH (Dec04)	NEW (Dec04)	CASH (Nov04)	NEW (Nov04)	CASH(Dec04)	NEW(Jul05)
Western MD	+2	n/a	-52	n/a	-4	n/a
Central MD	-1	n/a	-29	n/a	-5	-10
Southern MD	-19	-19	-40	-40	-25	-24
Upper E. Sh	-11	-11	-44	-44	n/a	-20
Lower E. Sh	-2	-2	-31	-31	-15	-19

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS SERVICE

Rain activity last week resulted in 5.1 days suitable for field work for the week ending October 17, 2004. Despite the rain, corn for grain harvest increased 12 percent to 78 percent complete, 14 percent above last year and 8 percent above the five-year average. Soybeans were in good to excellent condition. Soybean harvest was 21 percent complete, on target with the five-year average and 10 percent above last year. Other hay fourth cutting increased 6 percent from last week to 69 percent complete. Alfalfa hay fourth cutting increased 5 percent to 85 percent complete and fifth cutting increased 8 percent to 25 percent complete. Planting of barley was 64 percent complete, 21 percent above last year and slightly below the five-year average. Winter wheat was 37 percent planted, well above last year and the five-year average.

Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
	10/12	10/19	10/12	10/19	10/12	10/19	10/12	10/19
Western Md	2.10	2.08	4.76	4.81	3.05	3.10	1.88	1.88
Central MD	2.03	2.05	4.94	5.04	3.01	3.09	2.15	2.15
Southern MD	1.78	1.87	4.78	4.93	2.81	2.89	----	----
Upper E. Shore	1.89	1.95	4.87	4.89	----	----	----	----
Lower E. Shore	1.98	2.04	4.87	5.02	2.91	2.99	1.76	1.76

Date	10/12	10/19	Date	10/12	10/19
48% Soybean Meal	178.00	183.00	44% Soybean Meal	166.00	171.00

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	10/12	10/19	10/12	10/19	10/12	10/19	10/12	10/19
Western Md	----	----	----	----	----	----	----	----
Central MD	2.03	----	4.63	----	3.14	3.22	----	----
Southern MD	1.78	1.87	4.78	4.93	2.99	3.08	1.65	1.65
Upper E Shore	1.89	1.95	4.87	4.89	3.03	3.12	1.65	1.65
Lower E Shore	1.98	2.04	4.87	5.02	3.04	3.13	1.65	1.65

Corn		Soybeans		Wheat		Soybean Meal ¹	
Dec	207.00	Nov	527.60	Dec	319.20	Dec	156.80
Mr05	217.00	Ja05	532.20	Mar05	329.60	Ja05	158.10
May	224.00	Mar	537.60	May	334.00	Mar	160.30
Jul	230.20	May	543.20	Jul	337.60	May	162.50
Sep	236.60	Jul	549.00	Sep	343.20	Jul	164.80
Dec	245.20	Aug	550.40	Dec	351.20	Aug	166.00

¹ \$/ton

HAY AND STRAW					
New Holland, PA - \$/ton - Oct 18, 2004 - 77 Loads					
Alfalfa 97.00-180.00	Mixed Hay 55.00-240.00	Timothy 55.00-200.00	Orchardgrass 45.00-150.00	Straw 90.00-200.00	
Westminister, MD - \$/bale - Oct 19, 2004 - 36 Lots					
Alfalfa 3.00-3.80	Alfalfa Mix 2.00-2.50	Timothy 2.00-2.80	Timothy Mix 1.00-1.70	Grass Mix 1.70-3.60	Straw 2.50
POULTRY (Grade A) - Week Ending Oct 23, 2004					
	<u>Current Week</u>	<u>Week Ago</u>	<u>Month Ago</u>	<u>Year Ago</u>	
NY Wtd Avg. (Fryers)	62.59	63.65	62.64	59.87	
12 City Composite	67.90	69.72	69.59	63.07	
LAMBS - Westminister, MD - \$/cwt - Oct 19, 2004					
30-40 lbs	107.50-125.00	80-90 lbs	111.00-127.50	Sheep	47.50-82.50
50-60 lbs	112.50-125.00	100-110 lbs	102.50-115.00		
TERMINAL MARKETS HOGS - Oct 19, 2004			DIRECT MARKET HOGS - Westminister, MD - Oct 19, 2004		
Base Price Range (\$/cwt) a.m.	Carcass Basis Base 185 lb Hog	Sows (1-3) 300-449 lbs	Butcher Hogs	180-298 lbs	45.00-67.00
			Sows		38.00-41.00
Iowa, Minn	59.75-68.25	32.00-46.45	Millsboro, DE Market Hogs - (\$/cwt) -Oct. 20, 2004		
Eastern Cornbelt	60.25-68.00	42.42-46.00	\$42.00		
FEEDER PIGS - (\$/cwt) -					
Gumboro, DE - Oct 19, 2004			New Holland, PA - Oct 20, 2004		
Head: 263	Trend: None		Head: 519	Trend: Mostly slaughter	
Under 30 lbs	85.00-190.00	30-39 lbs	90.00-150.00		
40-49 lbs	99.00-120.00	50-59 lbs	70.00-109.00		
60-69 lbs	70.00- 80.00	70-79 lbs	45.00- 71.00		
CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - Oct 19, 2004			HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - Oct 19, 2004		
Oct	87.85	Fb05	90.58	Dec	66.50
Nov	86.00	Apr	87.83	May	65.15
Dec	89.05	Jun	84.15	Feb05	66.90
				Jun	69.80
				Apr	64.65
				Jul	66.05
STOCKER-FEEDER CATTLE - (\$/cwt)					
Winchester, VA - Oct 18, 2004			Westminister, MD - Oct 19, 2004		
Steers	200- 300 lbs	130.00-156.50	Steers (M&L)	200- 300 lbs	96.00-122.00
	300- 400 lbs	118.00-139.00		400- 500 lbs	95.00-116.00
	400- 500 lbs	114.00-127.00		600- 700 lbs	82.00-106.00
	500- 600 lbs	101.00-122.50		800- 900 lbs	73.50- 87.50
	600- 700 lbs	94.50-106.00	Heifers (M&L)	200- 300 lbs	98.00-122.50
	700- 800 lbs	89.00-100.00		400- 500 lbs	88.00-110.00
	800- 900 lbs	86.00- 93.00		600- 700 lbs	75.00- 96.00
	900-1100 lbs	77.00- 89.50		800- 900 lbs	71.00- 76.00
Heifers	300- 400 lbs	108.00-123.00	Hols Bulls	80 - 90 lbs	90.00-117.50
	400- 500 lbs	104.50-116.25	Returned to farm	100- 110 lbs	135.00-162.50
	500- 600 lbs	90.00-106.00		120- 130 lbs	135.00-155.00
	600- 700 lbs	86.00- 99.00			
	700- 800 lbs	85.00- 99.00			
	800- 900 lbs	72.50- 81.00			
Lancaster, New Holland & Vintage - Week Ending - Oct 23, 2004					
Bull, Holstein	90-120 lbs	140.00-178.00	Plainer	90-120 lbs	140.00-171.00
Heifers, Hols	90-120 lbs	375.00-625.00	Plainer	90-120 lbs	175.00-385.00
SLAUGHTER CATTLE (\$/cwt)					
Westminister, MD - Oct 19, 2004					
Fed Steers			Fed Heifers		
H-Ch	83.25-87.75		H-Ch	82.50-86.00	
L-Ch	79.75-83.25		Ch	79.50-81.50	
Select	70.50-77.00		Select	74.50-79.00	
Cows			Old, Short, S	40.00-65.00	
High Dressing	50.25-54.25		Hols Heifers #1	360.00-480.00	
Breakers	45.00-50.00		#2	200.00-290.00	
Boners	40.00-44.75		Beef X Heifers	105.00-160.00	
Thin & Slow	39.00-Down				
Lancaster, New Holland & Vintage - Week Ending - Oct 23, 2004					
Steers, Ch 2-3	1150-1470 lbs	80.00-83.25	Weak to \$1.50 lower		
Heifers, Ch	1140-1390 lbs	76.85-79.75	None		
Cows, Breakers 75-80 pct lean		47.50-51.00	\$1.50-\$2.50 lower		
Bullocks,	1025-1505 lbs	72.00-78.00	None		
Bulls, YG 1	1185-2050 lbs	56.00-62.00	\$1.50-\$3.00 lower		

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

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