



GRAIN & LIVESTOCK REPORT

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Market Analysis - January 06, 2005

What better way to start the New Year with a recap of the wild, wild year we just experienced. Grain prices were all over the map with soybeans hitting \$10.64 in April (the highest price since 1988). By the end of the year beans settled at just over \$5.00. Corn was at a high too in July hitting \$3.42 in the nearby contract, to finally rest at \$2.00 by the year's end. It was the record crops causing downward pressures on prices combined with the fact that world supplies rose sharply. The huge drop in soybean prices was attributed also to the burdensome supply situation around the world. Things would have been an awful lot worse for beans had the dollar not weakened as much as it did and Asian rust setting in at the end of the harvest. This will, presumably, create uncertainty for 2005. Another huge surprise was the wheat prices fell by much more than corn prices, yet wheat did not have a huge production year. So, what gave? The rest of the world recovered from their bad crop years and their production soared. The weak U.S. dollar could not help things and the market discounted basically any bullish news that came its way. This week traders in the bean pits got positioned for the upcoming USDA report (see below). Whilst basis levels have been declining across the nation, locally we have seen some strength. Seasonally, the bean market tends to improve into the spring once the first of the year hedging (sales of futures) passes. Corn is also not moving much ahead of the report, and the expectation is that there will be few changes. Corn seems to have found a support plan at the \$2.00 mark with resistance set in place at \$2.05. The large carry in this market has kept cash sales slow (even though local basis here has improved). Wheat rebounded by midweek hitting what appears to be a bottom, and it is worth noting that it is not atypical for wheat to fall to fresh lows before having a price surge. Contracts in all three wheat exchanges found support ahead of the USDA report. So, what is in store for the here and now? The USDA report mentioned above comes out on January 12th, which includes grain stocks, winter wheat acreage numbers, and monthly global supply and demand estimates. Two days later we see the NOPA crush report. The more fundamental issues going forward will be the value of the dollar, energy costs, export sales and acreage for beans for 2005. If this year is anything like last years, buy as many options as possible. After all, volatility is the rising tide that lifts all boats (option premiums)!

BASIS TABLE

LOCATION	CORN BASIS		SOYBEAN BASIS		WHEAT BASIS	
	CASH (Mar05)	NEW (Dec05)	CASH (Jan05)	NEW(Nov05)	CASH(Mar05)	NEW(Jul05)
Western MD	+15	n/a	-46	n/a	-2	n/a
Central MD	+1	-10	-46	-30	-18	-29
Southern MD	+4	-10	-39	-35	-44	-34
Upper E. Sh	+17	+3	-29	-25	n/a	-20
Lower E. Sh	+24	+12	-20	-16	-24	-29

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS SERVICE

THE CROP WEATHER WILL RESUME IN APRIL 2005

CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES								
Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
	12/28	1/04/5	12/28	1/04/5	12/28	1/04/5	12/28	1/04/5
Western Md	2.08	2.17	5.05	4.88	3.03	2.98	1.83	1.83
Central MD	2.05	2.03	5.11	4.88	2.75	2.78	2.15	2.15
Southern MD	2.12	2.06	5.17	4.95	----	2.66	----	----
Upper E. Shore	2.25	2.19	5.27	5.05	----	----	----	----
Lower E. Shore	2.32	2.26	5.34	5.14	2.93	2.76	1.76	1.76

Soybean Meal		Lower Eastern Shore		Dealer's Average Cash quotes (\$/ton)	
Date	12/28	1/04/5	Date	12/28	1/04/5
48% Soybean Meal	189.00	185.00	44% Soybean Meal	177.00	173.00

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	
	12/28	1/04/5	12/28	1/04/5	12/28	1/04/5	12/28	1/04/5
Western Md	----	----	----	----	----	----	----	----
Central MD	2.49	2.43	5.37	5.18	3.03	2.95	----	----
Southern MD	----	2.23	----	5.13	2.88	2.80	1.65	1.65
Upper E Shore	----	2.36	----	5.23	2.92	2.84	1.65	1.65
Lower E Shore	----	2.45	----	5.32	2.93	2.85	1.65	1.65

GRAIN FUTURES- Chicago Board of Trade (\$/bu) Settle - Jan 04, 2005							
Corn		Soybeans		Wheat		Soybean Meal ¹	
05Mar	201.00	05Jan	529.60	05Mar	296.00	05Jan	155.30
05May	208.60	05Mar	525.00	05May	304.00	05Mar	155.90
05Jul	216.20	05May	530.00	05Jul	309.60	05May	157.90
05Sep	223.60	05Jul	537.20	05Sep	316.00	05Jul	161.00
05Dec	233.00	05Aug	539.20	05Dec	325.40	05Aug	162.50
06Mar	240.40	05Sep	539.00	06Mar	332.00	05Sep	163.70

¹ \$/ton

HAY AND STRAW					
New Holland, PA - \$/ton - Jan 03, 2005 - 125 Loads					
Alfalfa 85.00-220.00	Mixed Hay 50.00-205.00	Timothy 40.00-165.00	Ballage 23.00-125.00	Orchardgrass 30.00-150.00	Straw 52.00-187.00
Westminster, MD - \$/bale - Jan 04, 2005 - 87 Lots					
Alfalfa 1.30-4.10	Alfalfa Mix 2.40-4.40	Timothy 2.00-4.10	Timothy Mix 2.10-2.80	Grass Mix 1.00-3.70	Straw 2.50-3.40
Southern, MD - Regional Farmers' Market - \$/bale - Jan 01, 2005					
Product	Lo/Hi	Avg Price	Product	Lo/Hi	Avg Price
Alfalfa	5.00-5.00	5.00	Timothy	3.00-4.75	4.00
Lespedeza	4.00-4.20	4.10	Timothy Mixed	3.90-4.00	3.95
Mixed Grass	2.25-4.25	3.31	Shelled Corn (bus)	3.00-3.00	3.00
Orchard Grass	3.70-4.00	3.90	Orchard Grass Mixed	3.40-4.80	3.99
POULTRY (Grade A) - Week Ending - Jan 08, 2005					
	<u>Current Week</u>	<u>Week Ago</u>	<u>Month Ago</u>	<u>Year Ago</u>	
NY Wtd Avg. (Fryers)	69.22	65.77	63.96	62.57	
12 City Composite	69.98	68.12	68.43	65.57	
LAMBS - Westminster, MD - \$/cwt - Jan 04, 2005					
50- 70 lbs	157.50-165.00	90-120 lbs	115.00-135.00	Sheep	41.00-95.00
TERMINAL MARKETS HOGS - Jan 04, 2005			DIRECT MARKET HOGS - Westminster, MD - Jan 04, 2004		
Base Price Range (\$/cwt) a.m.	Carcass Basis Base 185 lb Hog	Sows (1-3) 300-449 lbs	None		
Iowa, Minn	57.25-72.00	34.12-48.37			
Eastern Cornbelt	57.00-70.27	35.01-49.18	Millsboro, DE Market Hogs - (\$/cwt) - Next Sale Jan 18, 2005		
FEEDER PIGS - (\$/cwt) -					
Gumboro, DE -			New Holland, PA -		
Head:	Trend:		Head:	Trend:	
	Next Sale Jan 18, 2005			None	
CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - Jan 04, 2005			HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - Jan 04, 2005		
Jan05	92.25	Jun05	81.60	Feb05	76.50
Feb05	90.48	Aug05	80.28	Apr05	77.15
Apr05	88.00	Oct05	81.45	May05	75.58
Jun05				Jul05	74.18
				Aug05	70.18
STOCKER-FEEDER CATTLE - (\$/cwt)					
Winchester, VA - Jan 03, 2005			Westminster, MD - Jan 04, 2005		
Steers	300-400 lbs	121.00-137.00	Steers (M&L)	200- 300 lbs	81.00-117.00
	400-500 lbs	105.00-115.25		400- 500 lbs	74.00- 97.00
	500-600 lbs	105.00-115.00		600 lbs - Fat	56.00- 61.00
	600-700 lbs	86.50- 98.50		1000 lbs	67.00- 68.00
Heifers	300-400 lbs	115.00-126.00	Heifers (M&L)	200- 300 lbs	77.00-118.00
	400-500 lbs	97.50-107.00		400- 500 lbs	73.00-119.00
	500-600 lbs	87.00- 99.00		600- 700 lbs	81.00- 84.00
	600-700 lbs	85.00- 93.25		800-1000 lbs	65.00- 79.00
			Hols Bull Calves	90- 100 lbs	112.50-172.50
			Returned to farm	100- 115 lbs	147.50-182.50
Lancaster, New Holland & Vintage - Week Ending - Jan 08, 2005					
Bull, Holstein	90-120 lbs	150.00-210.00	Plainer	90-120 lbs	130.00-197.00
Heifers, Hols	90-120 lbs	450.00-535.00	Plainer	90-120 lbs	280.00-420.00
SLAUGHTER CATTLE (\$/cwt)					
Westminster, MD - Jan 04, 2005					
Fed Steers			Fed Heifers		
Ch	81.50-85.75		Ch	77.00-89.75	
L-Ch	75.00-81.00		L-Ch	73.00-77.00	
Select	70.00-75.00		Calves		
Cows			Slaughter Calves	20.00-100.00	
Breakers	50.00-57.00				
Boners	40.00-49.00				
Thin	39.50-Down				
Lancaster, New Holland & Vintage - Week Ending - Jan 08, 2005					
Steers, Choice 2-3	1155-1495 lbs	86.00-89.75	Steady - \$3 lower		
Heifers, Choice	1025-1380 lbs	82.00-86.25	No trend		
Cows, Breakers 75-80 pct lean		50.75-55.75	Steady		
Bulls, YG 1	1025-2070 lbs	56.10-64.75	Steady		

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

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