By Gene Martin,Brandy Carroll & Bruce Tencleve

Corn

Corn's break suggests the top has been made. The USDA has trimmed 2007–08 use 165 million bushels. That includes 100 million from feed, 50 million from ethanol and 15 million from food. The net result has been a boost in ending stocks to 1.598 billion bushels. Minor adjustments in '08–09 projected stocks to 833 million. This has reduced concerns about stocks and pushed futures lower.

Last week's gap below $7.40 was the first sign of a potential top. Another gap lower followed this week, with a close below $7. It puts December in position to test key support at $6.50 or maybe even $6. Resistance now becomes previously mentioned $7–$7.40 support.

Soybeans

Soybeans prove more resilient than corn. July's Supply-Demand Report features a 35 million-bushel rise in exports and a negative 35 million bushels in residual offsets, leaving projected '07–08 stocks unchanged at 125 million bushels.

For '08–09, the USDA reduced production 105 million bushels, to an even 3 billion, and trimmed use by 60 million. The result still is a very tight 132 million bushels in projected stocks. November has trend-line support at $15.25–$15.50, with additional support just above $14.75. Resistance is at $16.17 and the $16.35 contract high.

Wheat

World wheat production is projected sharply higher. Tight world stocks will be a thing of the past if this year's crop reaches its current 664.2 million-metric-ton projection. That will exceed use by 17 million metric tons and raise expected ending stocks to 133 million metric bushels.

Cash market values may be near a bottom, but futures may remain under pressure. September is holding above $8.15, at least temporarily. A move to the recent $7.47 low, or below, is likely. Resistance is $8.50–$9.30.

Cotton

The cotton outlook is bleak. The USDA has altered the '08–09 balance sheet some and left '07–08 alone. It lessens production and projected imports 500,000 bales each and raises domestic use 100,000 bales. That puts ending stocks at an expected 5.3 million. Upside potential is limited at least for the next two–three months.

Cotton must be competitive with beans and corn to pull acreage in '09. If corn and soybeans remain near current price, cotton must go to $1-plus by year's end. Current support for December is 71–72 cents, and lower is possible. Resistance starts at 75 cents.

Rice

The USDA has adjusted rice supply-demand several times, first by raising '07–08 ending stocks 4 million hundredweight to 26.1 million. It put '09 production at 205 million hundredweight, an increase of 8 million. The USDA also edged imports higher, placing '08–09 supplies at 254.6 million hundredweight. An 8 million-hundredweight rise in exports offset those increases. The net effect was ending stocks of 21.6 million — all in all, probably not enough change to make any significant price difference. For now, the big factor is a softening of price internationally. Thailand's offerings have continued to drop from April's sharp peak, with most quotes below $750 a metric ton. U.S. quotes remain at $825–$875.

September futures are testing support just below $18 — and with harvest nearing, they may be vulnerable. Key chart support is $17.06 and near $16.30. A 50-percent retracement at $17.30 on the weekly charts might be the next down-side target.

Cattle

The cattle charts are looking bearish. Deferred contracts have carried a big premium to cash prices in anticipation of stronger demand, but they haven't quite materialized the way traders expected.

Exports were up sharply in May, but that was the only bright spot. Leftover big show lists now are adding negative fuel to the fire, as well. October has down-side objectives near $105.40–$103.50. Feeder cattle futures now are more likely following Live Futures lower than reacting to lower corn prices. However, October is trading mostly sideways, with support building at $113.60.

Hogs

Hog futures have shown strength recently, thanks to better wholesale pork prices. Estimated packer margins are now around $12 a head and provide ample incentive to keep plants busy.

Supplies are still more than adequate. Average weights are now some three pounds lighter than this year, however, apparently because of higher feed costs. August Futures have support near $70.20, with resistance just below $79.

Dairy

2008 Milk production forecasts are up due to slightly more cows expected and slightly stronger growth in milk-per-cow. However, we expect higher feed costs largely to offset higher milk prices, and the '09 production forecast is unchanged.

Commercial exports of dairy products are rising as foreign demand remains strong. Slow '08 production growth and strong demand have shrunk domestic fat and skim solids ending stocks.

The '08 Class III price is down, but Class IV is up. For '09, slow milk-production growth and strong demand should support higher cheese prices. The all-milk price will be higher this month and average $18.95–$19.25 in '08 and $18.60–$19.60 in '09.

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