



ARKANSAS FARM BUREAU ELECTRONIC NEWSLETTER  
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Soybeans are walking the tight rope between tightening old- crop stocks and increased 09 production numbers. USDA recently trimmed 2008 09 ending stocks another 20 million bushels, leaving just 110 million bushels to start the new marketing year. This year's production projection is 3.2 billion bushels, but that number is likely to grow as additional acres end up in soybeans. However, this late start practically ensures there will be a tight supply situation in late-summer and early- fall. Prices will react accordingly. November soybeans have initial support at \$10.43, then around \$10. Resistance is the June 1 high of \$10.86.

The plantings report due later this month will likely lower corn acreage. For now USDA lowered yield by two bushels per acre, about 155 million bushels. However, a 100 million-bushel cut in projected feed buffered those lower yield numbers. The net result: projected ending stocks of 1.09 billion bushels. Good crop conditions in the western Corn Belt will partially offset late planting in the eastern side. This crop is going to remain weather sensitive. A December close above \$4.73½ would suggest additional upside potential. All in all, the market is top heavy, and outside markets particularly crude oil could push it lower at any time.

The wheat market is still very competitive, and U.S. export demand is lagging. In a span of two weeks, futures gained more than 75 cents, then turned around and gave it all back. Wheat will continue to follow outside markets, but the recent high of \$6.76 will offer stiff resistance to further gains. Weather problems and late spring wheat plantings guarantee a smaller U.S. crop, but ample world stocks make it a moot point.

The June report left domestic cotton numbers unchanged. Adjustments in world numbers were generally small but on the positive side. The report cut global stocks by a little more than a million bales. In addition, it estimated that production would fall below usage for the third year in a row. At 113.5 million bales, world usage is up from last year, but almost 10 million bales below 2007 08. Until the world economic situation improves, cotton usage will remain depressed. December futures are trading between \$58 63.75. A close outside this range would suggest farther movement in the direction of the breakout.

USDA reduced rice yields by 137 pounds, a result of this year's poor start. Like with corn, USDA isn't making acreage adjustments until it gets planting numbers. The reduced yield cut four million hundredweight from projected long-grain production. Also, the report cut 2009 10 ending stocks for all rice to 36.2 million hundredweight. Of that, 26.3 million

hundredweight was long grain. Internationally, Thailand cancelled some recent intervention stock tenders in response to grower dissatisfaction. At the same time, Vietnam reported a sale to Iraq at levels below their posted minimum export price. Technically, futures have resistance at \$13. The next upside level is \$13.85. Tentative support is \$12.50.

Cattle are still at the mercy of the consumer. Economics are dictating retail buying and beef demand is a concern. Consumers are still purchasing the more economical cut. Because of this, cutout values should be in a position to limit downside. A short-term low should be near. H1N1 still has a grip on the hog market, and futures have plummeted as a result. Packers have slashed pork prices to keep product moving, which has put margins in the red and translated to lower hog values. Until consumer purchasing stabilizes, it will be difficult to generate much potential.

Cooperatives Working Together, a dairy farmer-funded program, recently announced plans to retire 102,898 cows, a move that would remove 2 billion pounds of milk from the U.S. herd. Of these cows, 82,105 cows were from Western states. The announcement halted a decline in cash cheese prices and briefly boosted Class III futures. June 2009 price announcements: Class I is at \$13.88, down 89 cents from last month and \$8.10 from last year. Class II price is at \$6.61, up 12 cents from last month. Class III futures are at \$10.65 for July and \$12.85 for September.

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