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Marketing News

January 2006

Price Protection Program

We are beginning to sign up bushels for the Price Protection Program (PPP), which will start the third week of February. Last year's PPP averaged \$2.224 for January delivery, which compares to today's price of \$1.86. The PPP is a good way to take emotion out of marketing and capture sales during seasonal highs of the market. (See seasonal chart below) Eighty percent of the time it is better to forward contract before harvest than to sell during harvest. Please contact us if you have any questions regarding this program or any of the other marketing strategies we offer.

Corn Market

The corn market has a mixed outlook going into 2006. A large 2005 crop is leaving the corn market with ample supply and will continue to weigh on the market's attempt to rally. In contrast, there are many factors to support an increase in the corn price. Higher input cost and a high fall bean/fall corn price ratio will open the door for a decrease in corn acres. Corn world ending stocks remain tight compared to previous years, even with large U.S. stocks. Growing ethanol demand and an increase in animal units on feed will support domestic use. A weakening dollar will make exports more competitive and keep inflationary fears in the mix. These factors will all support the corn price, not to mention the impact of any weather problems we might have starting this spring with a La Niña event.

Bean Market

The bean market remains volatile. South American growing weather remains the biggest market driver. Export sales have remained steady helping the U.S. catch up on lost sales from this fall. However, we could end up seeing more bean acres with the higher corn input costs, which may lead to lower prices. New cash bean prices have been running around \$6.00, which is a good place to start making sales.

Wheat Market

Poor soft red winter wheat fundamentals leave current wheat prices with large risk. Large supplies, lagging exports, and a potential for a large increase in SRW acres paint a bearish picture for Chicago wheat futures. However, futures could see outside support from HRW, 2nd tightest world ending stocks-to-use ratio in the past 16 years. And, don't forget, there are still many more chances to "kill" the crop before July.

Market Recommendation

Market recommendations are available for old and new crop. Call us to discuss how we can help you develop a solid marketing plan.

"All of us at Demeter would like to thank you for your business this past year and we look forward to serving you this coming year"

Corn(CBOT) 40 Year Seasonal(1960-1999)

