

**From:** Rod Petersen [mailto:rodneyp@agrivantage.com]  
**Sent:** Friday, June 15, 2007 3:06 PM  
**Subject:** Corn Market

## Dec Corn Near Life of Contract High

Dec corn has traded within 4 ½ cents of the life of contract high made on Feb 22<sup>nd</sup> at 429 ½. (Attached: Dec 07 daily corn chart) The market is currently rallying based on the dryness east of the Mississippi. The high pressure dome that is in place has kept rains from moving east across the corn belt, but if rains develop in the next 10 days it will be hard for the Dec corn contract to maintain these lofty levels. The corn market is presently trading a weather scare.....not an actual event. It is too early to subtract many bushels from the yield potential due to dryness. As of last Monday the crop conditions rating for corn was at 77% in the good to excellent category which indicates that at this point there is room for some crop deterioration and still obtain yields that are above trend line for the 2007 corn crop. Weather forecasts are still a mixed bag depending upon who you are listening to but at these price levels producers who need to make catch up sales are now getting a second chance to sell at profitable levels. If trend line or above yields are realized basis levels this fall are likely to widen.

The USDA acreage report will be released on Friday June 29<sup>th</sup>. The March 30<sup>th</sup> report projected an additional 12mln more acres some analysts are calling for an increase of 2 – 4mln corn acres above the March estimate. If the high pressure ridge breaks down and allows rain into the eastern corn belt and more corn acres are found in the USDA's acreage report a major correction lower is likely. Long liquidation by the funds could take the market dramatically lower into harvest..... No rain in the eastern corn belt ? Who knows how high the corn market could go. At this point a dollar (or more) move up or down from here is likely. It all depends on the weather the rest of the growing season.

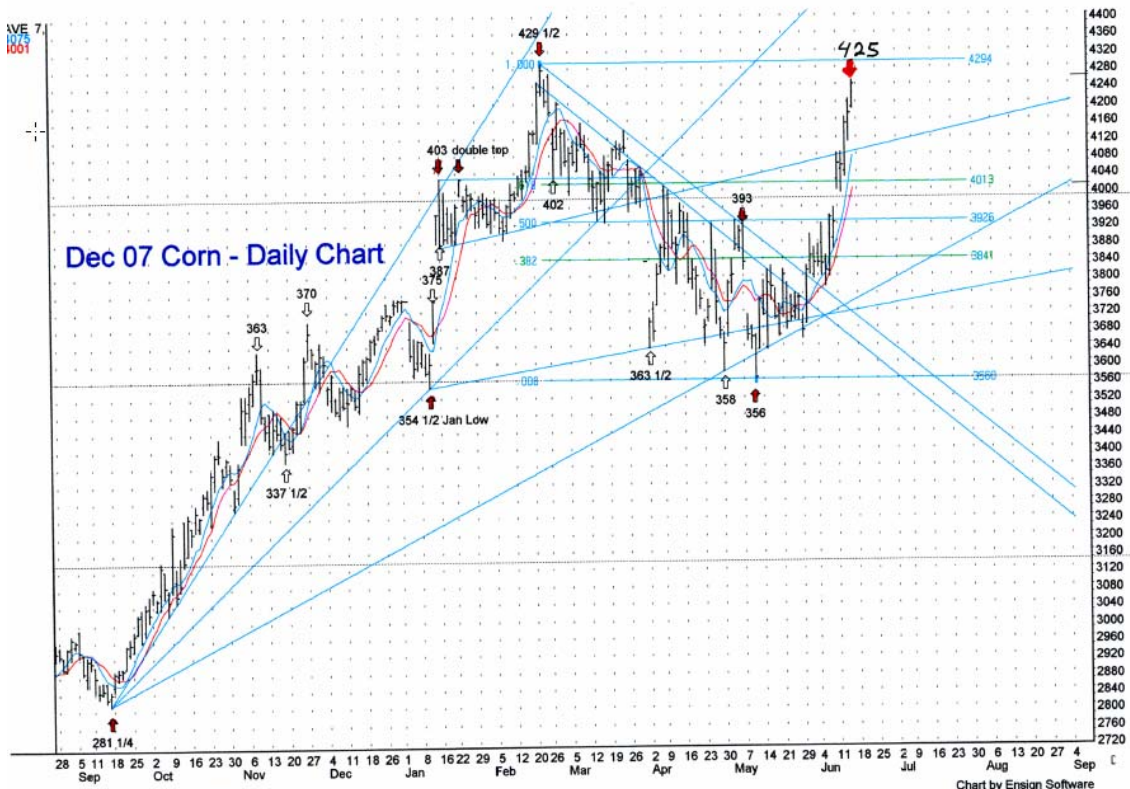
At this point the corn market is responding to a weather scare. Past history indicates that weather scares should be sold. Call options can be purchased if the real weather event occurs.

**Friday noon weather update:** WGN's meteorologist Tom Skilling cited a possibility of scattered showers in Chicago starting Sunday night with a better chance of rain by mid-week. Skilling indicated that humidity levels should gradually increase over the next week east of the Mississippi. Skilling also made reference to the above normal temperatures that much of the state of Illinois and further east have been experiencing which naturally increases moisture requirements. Iowa State's climatologist Elwynn Taylor stated that he still has the 2007 U.S. corn yield unchanged from his previous estimate of 154 bpa. Taylor also indicated the high pressure ridge that has been blocking rains east of the Mississippi looks to be weakening. Our local radio station in Spencer, IA suggested that the jet stream will flatten out allowing rain to progress further east next week. At this point no one knows..... but rains moving into IL, IN and OH will likely cause a profit taking correction.

Strategy is still far more important than guessing how high or low we will go this marketing year. Resistance is now found at 429 ½ support at 400 and then 393. Looks like a second chance to sell at very profitable levels. Catch up sales should be made now.

**Recommendation: Any remaining upriced projected corn bushels that are field direct to elevator should be priced now. No upside protection is recommended unless Dec 07 corn futures makes two consecutive closes above 431. Call with questions.**

C7Z Daily 06-15-07 Close: 4242 Net: 66 High: 4250 Low: 4184 Open: 4186 Volume: 33472 OpenInt: 476844



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Chart by Ensign Software  
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