

# **April 2010 Grain Supply-Demand Report Signals “Last Pause” Before Spring Weather and Production Influences**

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Important adjustments were made in the projected usage of United States’ wheat, corn and soybeans in the April 9, 2010 USDA World Agricultural Supply and Demand Estimates (WASDE) report. Given the year-over-year growth of projected World ending stocks of wheat, coarse grains, and oilseeds, these changes by themselves are not likely to have a large impact on grain market price trends. During the remainder of April and May, U.S. and world grain markets will turn their focus toward 2010 crop production and supply prospects for feedgrains, oilseeds and wheat. This shift will likely first be reflected in the May 2010 WASDE report, where the USDA World Agricultural Outlook Board will begin providing monthly grain market supply-demand projections for the 2010/11 marketing year for U.S. and World feedgrain, oilseed and wheat markets.

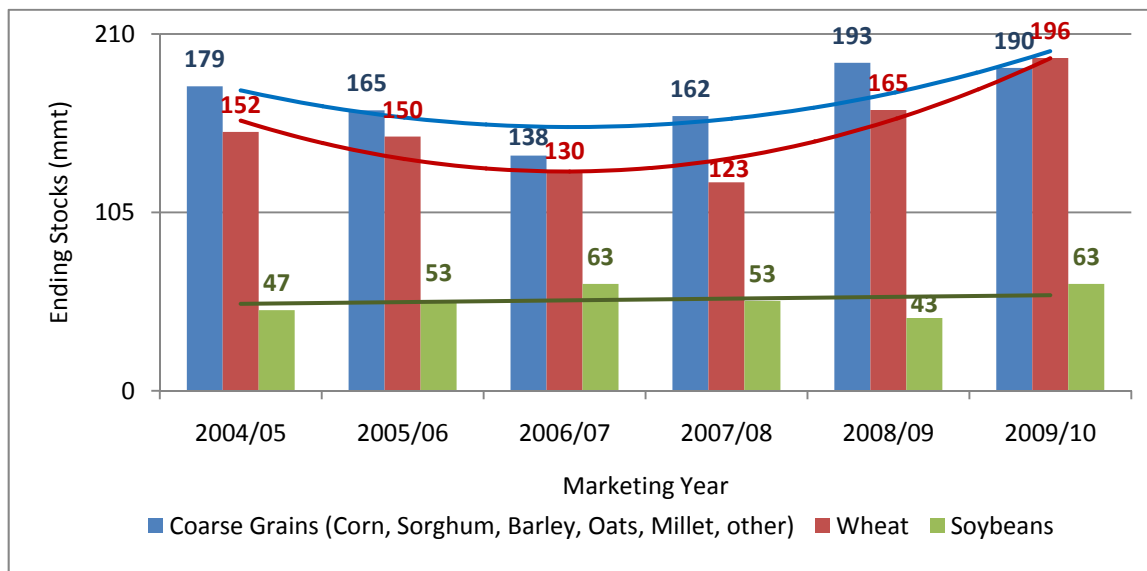
In the coming months uncertainty over U.S. fieldwork and planting progress as well as crop development prospects are likely to lead to seasonal grain market volatility. In past years this uncertainty and accompanying price volatility has provided at least temporary periods of support for grain prices during spring and early summer months. In 2010 such market volatility may provide U.S. crop producers with opportunities to sell remaining old crop inventories and to initiate new crop 2010 marketing strategies.

## **World Ending Stocks**

**World Coarse Grain & Corn Stocks:** World coarse grain ending stocks for the 2009/10 marketing year (ending August 21, 2010) are projected to be 190.05 million metric tons (mmt) (Figure 1). This is up 4.55 mmt from the March 2010 WASDE report and represents 17.2% World ending stocks-to-use for coarse grains. Coarse grains include corn, grain sorghum, barley, oats, rye, millet and mixed grains. World coarse grain ending stocks in the range of 190-193 mmt range during the 2008/09-2009/10 marketing years represent an increase of 38% to 39% over the 2006/07 marketing year. World coarse grain ending stocks in 2006/07 were 138.43 mmt. This trend toward larger projected ending stocks is a primary indicator of the “larger supply – lower price” situation that now exists in World coarse grain markets.

World corn ending stocks are projected to be 144.20 mmt in 2009/10, which is up 4.05 mmt from the March 2010 WASDE report, representing 17.8% ending stocks-to-use. World corn stocks are projected to account for 75.9% of total World coarse grain ending stocks in 2009/10. A decline in projected 2009/10 corn ending stocks in Mexico (a drop of 0.8 mmt to 1.91 mmt) is offset by increases in Brazil (up 1.3 mmt to 12.58 mmt) and China (up 0.25 mmt to 49.12 mmt). Projected Brazilian corn production of 53.5 mmt in 2009/10 is up 2.5 mmt from the March 2010 WASDE report, and compares to 51.0 mmt and 58.6 mmt of corn produced in Brazil during the 2008/09 and 2007/08 marketing years, respectively.

**Figure 1. World Ending Stocks of Coarse Grains, Wheat and Soybeans: 2004/05 through 2009/10 Marketing Years** (April 9, 2010 USDA WASDE Report)



**World Wheat Stocks:** World wheat ending stocks for the 2009/10 marketing year (ending May 31, 2010) are projected to be 195.82 mmt, which is down only 0.95 mmt from the March 2010 WASDE report, and represents 30.2% World wheat ending stocks-to-use (Figure 1). The types of wheat aggregated together to represent total wheat supplies include hard red winter, hard red spring, soft red winter, white wheat, and durum. World wheat ending stocks of near 196 mmt during the 2009/10 marketing year represent an increase of approximately 60% over the situation of “low stocks and higher prices” that existed during the 2006/07 marketing year, when final World wheat ending stocks were 138.43 mmt ending stocks. Even more-so than for World coarse grains, these higher levels of World wheat stocks are burdensome to handle, store and use in world wheat markets, and limit the potential for markedly higher wheat prices to occur during the remainder of the 2009/10 marketing year.

On a country-by-country basis, declining wheat export prospects in Australia and Canada have lead to increased ending stocks projections. Australian wheat ending stocks for 2009/10 are projected to be 4.14 mmt , up 0.5 mmt from the March 10<sup>th</sup> report. Canadian wheat ending stocks for 2009/10 are projected to be 7.36 mmt , also up 0.5 mmt from the March 2010 WASDE report. Increased domestic feeding of wheat in Russia combined with decreased exports lead to a projected decrease in Russian wheat ending stocks, down to 12.68 mmt (down 0.5 mmt from the March 2010 WASDE report). Increased domestic feeding of wheat in the Ukraine lead to a projected decrease in Ukrainian wheat ending stocks to 2.51 mmt (also down 0.5 mmt from the March 10<sup>th</sup> WASDE report).

**World Oilseed & Soybean Stocks:** World oilseed ending stocks for the 2009/10 marketing year (ending August 31, 2010) are projected to be 74.06 mmt, which is up 2.26 mmt from the March 2010 WASDE report and represents 21.0% World ending stocks-to-use. The category of “Oilseeds” includes soybeans, sunflowers, cotton, canola, flaxseed, peanuts, and other oilseed-type crops. World ending stocks of oilseeds near 74 mmt during the 2009/10 marketing year represent an increase of nearly 34% over the low stocks level that existed in 2008/09 (i.e., 55.33 mmt ending stocks in the 2008/09 marketing year). This increase in World oilseed ending stocks is not proving to

be as burdensome to the World oilseed market as increased coarse grain and wheat ending stocks are in their respective World markets. However, this level of stocks does indicate a trend toward greater available World oilseed supplies and at least marginally lower fundamental supply-demand support for oilseed prices during the remainder of the 2009/10 marketing year than has existed in to date.

World soybean ending stocks are projected to be 62.96 mmt in 2009/10 which is up 1.99 mmt from the March 2010 WASDE report, and represents 26.7% ending stocks-to-use (Figure 1). World soybean ending stocks are projected to account for 85.0% of total World oilseed ending stocks in the 2009/10 marketing year. Increases are projected in 2009/10 soybean ending stocks in Brazil (up 1.15 mmt to 18.25 mmt), Argentina (up 0.6 mmt to 25.58 mmt) and China (up 0.30 mmt to 10.27 mmt). Projected Brazilian soybean production 67.5 mmt in 2009/10 is up 0.5 mmt from the March 2010 WASDE report projections, and compares to 57.8 mmt and 61.0 mmt of soybeans produced in Brazil during the 2008/09 and 2007/08 marketing years, respectively. Projected Argentina soybean production of 54.0 mmt in 2009/10 is up 1.0 mmt from the March 2010 WASDE report, and compares to 32.0 mmt and 46.2 mmt of soybeans produced in Argentina during the 2008/09 and 2007/08 marketing years, respectively.

## **Corn and Grain Sorghum Supply-Demand Situation**

**Changes in the U.S. Corn Balance Sheet for 2009/10:** Projected feed and residual use of U.S. corn for the 2009/10 marketing year was lowered 100 mb to 5.450 bb (Table 1). As a result of the reduction in feed use, projected 2009/10 U.S. corn ending stocks were increased to 1.899 mb (up 100 mb from the March 2010 WASDE report). With this change, projected 2009/10 marketing year ending stocks of U.S. corn have increased 224 mb from the projection of 1.675 mb in the December 2009 USDA WASDE report.

As a result of these changes, projected 2009/10 ending stocks-to-use for U.S. corn increased to 14.7%, which is up from 13.8% and 13.0% in the March 2010 and December 2009 USDA WASDE reports, respectively. The average U.S. farm price for corn was projected to be in the range of \$3.50 to \$3.70 per bushel which amounts to a narrowing of \$0.05 per bushel on both the bottom and top end of the price range. The midpoint of the projected 2009/10 average price range (\$3.60 per bushel) is unchanged from the March 2010 USDA WASDE report.

The USDA World Agricultural Outlook Board (WAOB) adjusted feed usage and ending stocks based on the March 1, 2010 U.S. corn stocks estimate provided by the USDA National Statistical Service (NASS) in combination with strong corn use for ethanol production during the most recent December-February quarter. The approach used by the WAOB to make this adjustment illustrates that livestock feed usage of U.S. corn and other grains are ultimately “residual” calculations. In other words, USDA feed and residual use projections are calculated on a quarterly and marketing year basis by subtracting more readily measurable quantities of grain usage (i.e., exports, wet and dry corn milling use in the case of corn, domestic crush for soybeans, flour processing for wheat, etc.) from survey based estimates of supplies from USDA NASS.

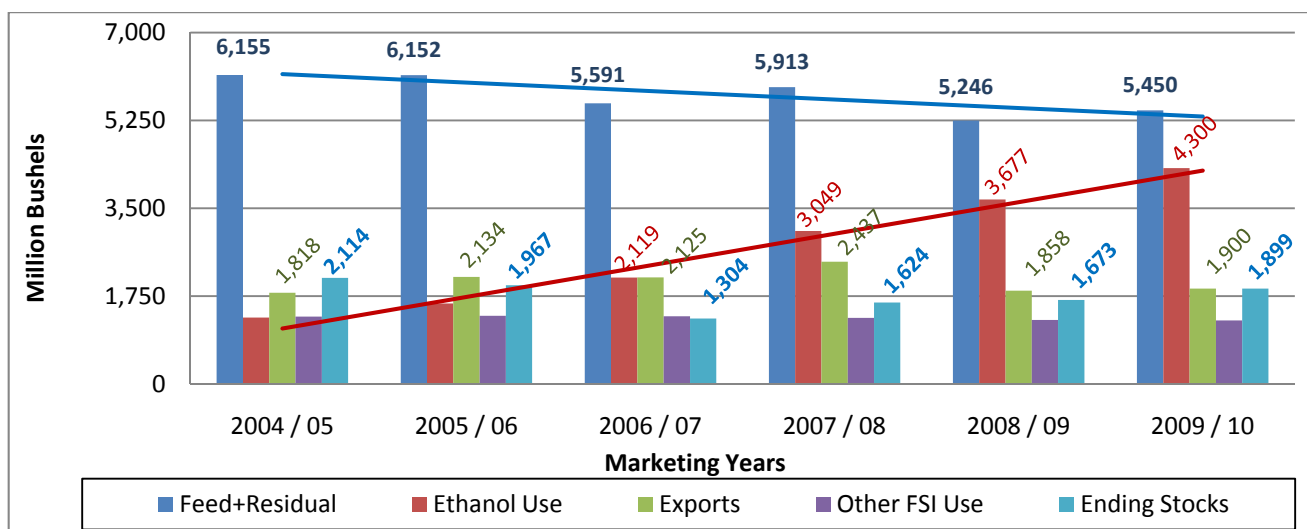
**Table 1. U.S. Corn Supply-Demand Balance Sheet: 2007/08 - 2009/10 Marketing Years**  
(April 9, 2010 USDA WASDE Report)

Item	2007/08	2008/09	2009/10	Δ in 2009/10 from March 2010 WASDE
Planted Area (million acres)	93.5	86.0	86.5	--
Harvested Area (million acres)	86.5	78.6	79.6	--
Yield per harvested acre (bushels/acre)	150.7	153.9	164.9	--
	million bushels			
Beginning Stocks	1,304	1,624	1,673	--
Production	13,038	12,092	13,131	--
Imports	20	14	10	--
Total Supply	14,362	13,729	14,814	--
Ethanol for fuel	3,049	3,677	4,300	--
Non-ethanol Food, Seed & Industrial	1,338	1,276	1,265	--
Exports	2,437	1,858	1,900	--
Feed & Residual	5,913	5,246	5,450	down 100 mb
Total Use	12,737	12,056	12,915	down 100 mb
Ending Stocks	1,624	1,673	1,899	up 100 mb
% Ending Stocks-to-Total Use	12.8%	13.9%	14.7%	up 0.9%
U.S. Average Farm Price (\$/bushel)	\$4.20	\$4.06	\$3.50-\$3.70 <i>Midpoint = \$3.60</i>	<i>Range narrowed \$0.05 /bu. on each end</i>

**U.S. Export Competitors & World Import Buyers for Corn:** The United States remains the top World exporter of coarse grains (including corn, grain sorghum, rye, millet, barley, oats and other mixed grains) with a projection of 52.23 mmt in 2009/10 (47% of World coarse grain exports), followed by Argentina (13.81 mmt), Ukraine (11.02 mmt), Brazil (8.11 mmt), Australia (4.36 mmt), and Canada (3.63 mmt). Major coarse grain importers in 2009/10 are projected to be North Africa/Middle East (20.14 mmt), Japan (19.46 mmt), Mexico (10.70 mmt), Saudi Arabia (9.81 mmt), South Korea (7.57 mmt), and Southeast Asia (4.43 mmt).

**U.S. Corn Use and Ending Stocks Trends During the 2004/05 – 2009/10 Period:** Since the 2004/05 marketing year, U.S. feed and residual use of corn has generally declined, while use of corn for ethanol production has increased over the same period (Figure 2). Ending stocks of U.S. corn have increased since the 2006/07 marketing year, moving from 1.304 bb in 2006/07 to a projected level of 1.899 bb in 2009/10.

**Figure 2. Trends in U.S. Corn Use and Ending Stocks: 2004/05 - 2009/10 Marketing Years**  
(April 9, 2010 USDA WASDE Report)



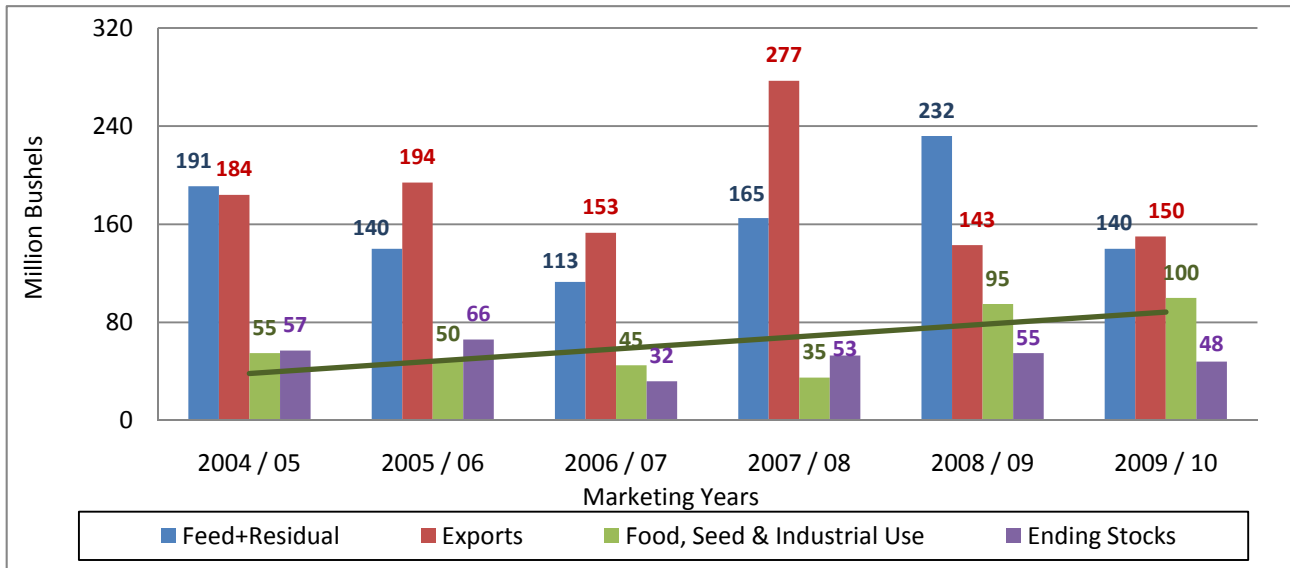
**Changes in the U.S. Grain Sorghum Balance Sheet for 2009/10:** The USDA WAOB made only small, offsetting changes in the U.S. Grain Sorghum supply-demand balance sheet for the 2009/10 marketing year (Table 2). Projected exports were decreased to 140 mb (down 10 mb) while projected feed and residual use was increased by the same amount (10 mb) up to 150 mb. The projected range of U.S. farm average grain sorghum prices for the 2009/10 marketing year is \$3.10 to \$3.30 per bushel, with both the lower and upper end of the price range narrowing by \$0.05 per bushel. The midpoint of the 2009/10 average price range (\$3.20 per bushel) is unchanged from the March 2010 WASDE report.

**Table 2. U.S. Grain Sorghum Supply-Demand Balance Sheet: 2007/08 - 2009/10 Marketing Years**  
(April 9, 2010 USDA WASDE Report)

Item	2007/08	2008/09	2009/10	Δ in 2009/10 from Feb. 2010 WASDE
Planted Area (million acres)	7.7	8.3	6.6	--
Harvested Area (million acres)	6.8	7.3	5.5	--
Yield per harvested acre (bushels/acre)	73.2	65.0	69.4	--
	million bushels			
Beginning Stocks	32	53	55	--
Production	497	472	383	--
<b>Total Supply</b>	<b>530</b>	<b>525</b>	<b>438</b>	--
Food, Seed & Industrial	35	95	90	--
Exports	277	143	140	down 10 mb
Feed & Residual	165	232	150	up 10 mb
<b>Total Use</b>	<b>477</b>	<b>471</b>	<b>390</b>	--
Ending Stocks	53	55	48	--
% Ending Stocks-to-Total Use	11.1%	11.6%	12.3%	--
U.S. Average Farm Price (\$/bushel)	\$4.08	\$3.20	\$3.10-\$3.30 Midpoint = \$3.20	Range narrowed \$0.05 /bu. on each end

**U.S. Grain Sorghum Use and Ending Stocks Trends During the 2004/05 – 2009/10 Period:** Increasing use of grain sorghum in ethanol production is reflected by increased food, seed and industrial use in the 2008/09 and 2009/10 marketing years (Figure 3). Ending stocks for U.S. grain sorghum continue to remain in the range of 32 to 66 million bushels during the 2004/05 to 2009/10 period, with 48 mb of ending stocks (12.3% stocks to use) projected for 2009/10.

**Figure 3. Trends in U.S. Grain Sorghum Use and Ending Stocks Over the 2004/05 - 2009/10 Marketing Years** (March 10, 2010 USDA WASDE Report)



## Wheat Supply-Demand Situation

**Changes in the U.S. Wheat Sheet for 2009/10:** The USDA WAOB made adjustments in its projections of U.S. wheat exports, feed and residual use, and ending stocks in its projections for the 2009/10 marketing year (Table 3). Projected exports of U.S. wheat for the 2009/10 marketing year were increased to 865 mb, up 40 mb from the March 2010 WASDE report. However, this level of projected U.S. wheat exports is still 15% and 31.5% below total U.S. wheat exports during the 2008/09 and 2007/08 marketing years, respectively. Export projections for hard red winter, hard red spring, and durum wheat classes in 2009/10 were increased by 20 mb, 15 mb, and 5 mb, respectively. Projected feed and residual usage of U.S. wheat in 2009/10 increased to 180 mb (up 10 mb), and projected seed use was increased to 73 mb (up 1 mb).

Following the changes in exports, seed, and feed and residual use, projections of U.S. wheat ending stocks for the 2009/10 marketing year were decreased by 51 mb to 950 mb. Projected ending stocks-to-use for U.S. wheat in 2009/10 equals 46.6%, a decline from 50.4% in the March 2010 USDA WASDE report. The month-over-month decline in ending stocks-to-use for U.S. wheat may signal the beginning of a trend toward lower relative ending stocks levels. Over time a combination of reduced or level World and U.S. wheat production and steady-to-increasing wheat use may lead to a less burdensome oversupply situation in wheat markets. The USDA projected 2009/10 marketing year

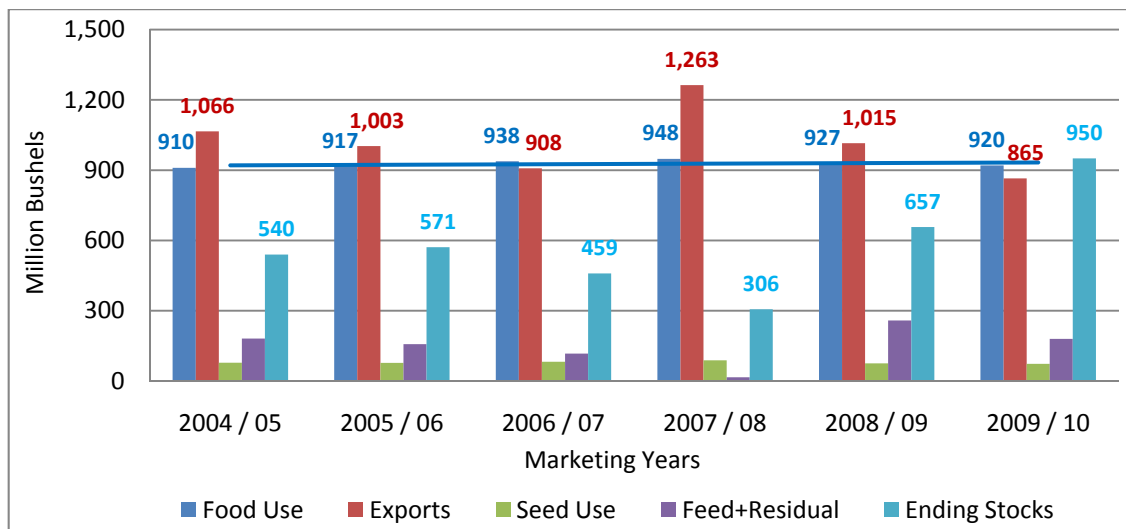
average U.S. farm prices for wheat to be in the range of \$4.85 to \$4.95 per bushel, a narrowing of \$0.05 on each side of the price range.

**Table 3. U.S. Wheat Supply-Demand Balance Sheet: 2007/08 - 2009/10 Marketing Years**  
(April 9, 2010 USDA WASDE Report)

Item	2007/08	2008/09	2009/10	Δ in 2009/10 from Feb. 2010 WASDE
Planted Area (million acres)	60.5	63.2	59.1	--
Harvested Area (million acres)	51.0	55.7	49.9	--
Yield per harvested acre (bushels/acre)	40.2	44.9	44.4	--
	million bushels			
Beginning Stocks	456	306	657	--
Production	2,051	2,499	2,216	--
Imports	113	127	115	--
<b>Total Supply</b>	<b>2,620</b>	<b>2,932</b>	<b>2,988</b>	<b>--</b>
Food Use	948	927	920	--
Seed Use	88	75	73	up 1 mb
Exports	1,263	1,015	865	up 40 mb
Feed & Residual	16	258	180	up 10 mb
<b>Total Use</b>	<b>2,314</b>	<b>2,275</b>	<b>2,038</b>	<b>up 51 mb</b>
Ending Stocks	306	657	950	down 51 mb
% Ending Stocks-to-Total Use	13.2%	28.9%	46.6%	down 3.8%
U.S. Average Farm Price (\$/bushel)	\$6.48	\$6.78	\$4.85-\$4.95 Midpoint = \$4.90	Range narrowed \$0.05 /bu. on each end

**U.S. Wheat Use and Ending Stocks Trends During the 2004/05 – 2009/10 Period:** Even with the changes in projected exports and ending stocks for U.S. wheat in the 2009/10 marketing year in the April 2010 WASDE report, strong downward trends in U.S. exports and upward trends in U.S. wheat ending stocks exist since the 2007/08 marketing year (Figure 4). Since the 2007/08 wheat marketing year, U.S. wheat exports have declined from a record high of 1.263 bb in 2007/08, to 1,015 bb in 2008/09, to a projected level of 950 mb in 2009/10. Conversely, U.S. wheat ending stocks have increased from 306 mb in 2007/08 to 657 mb in 2008/09 to 950 mb in 2009/10.

**Figure 4. Trends in U.S. Wheat Use and Ending Stocks: 2004/05 - 2009/10 Marketing Years**  
(April 9, 2010 USDA WASDE Report)



**U.S. Export Competitors & World Import Buyers for Wheat:** The United States remains the largest individual country in the World in terms of wheat exports with a projection of 23.54 mmt in 2009/10 (18.7% of World wheat exports), followed by the EU-27 (20.0 mmt), Canada (18.0 mmt), Russia (17.5 mmt), Australia (14.5 mmt), Ukraine (9.0 mmt), Kazakhstan (7.5 mmt) and Argentina (4.0 mmt). Major World wheat importers in 2009/10 are projected to be North Africa (19.25 mmt), selected Middle East countries (17.65 mmt), Southeast Asia (12.45 mmt), Brazil (6.5 mmt), the EU-27 (6.0 mmt), and sections of the 12 countries making up the Former Soviet Union (5.5 mmt).

The U.S. wheat market will begin focusing more intently in coming weeks on fieldwork conditions in the Northern Plains states of North Dakota, South Dakota, parts of Minnesota and even into the wheat producing regions of Canada to determine whether significant delays in the seeding of hard red spring wheat are likely to occur in during the spring months. And as has been stated in previous newsletters, U.S. wheat prices continue to show signs of being influenced by outside corn and soybean markets, U.S. currency fluctuations and the activity of non-commercial traders in commodity futures markets. Even with currently burdensome wheat supplies in the U.S. and on the World market, odds are that at least somewhat volatile wheat prices and markets are likely to exist until the summer months when the 2010 U.S. winter and spring wheat crops are harvested.

### Soybean Supply-Demand Situation

**Changes in the U.S. Soybean Balance Sheet for 2009/10:** The USDA World Agricultural Outlook Board raised projected U.S. soybean exports for the 2009/10 marketing year to a record high 1.445 bb, up 25 mb from the March 2010 WASDE report (Table 4). This amount of U.S. soybean exports is 12.6% and 24.7% higher than the 2008/09 and 2007/08 marketing years, respectively. The pace of U.S. soybean exports to China and elsewhere in the world has continued to remain strong ahead of the anticipated availability of large exportable soybean and soybean product supplies from Argentina and Brazil. Residual use of U.S. soybeans was adjusted downward to 57 mb (down by 26 mb from the March 2010 WASDE report). The net effect of these two essentially offsetting changes in projected use was to leave 2009/10 U.S. soybean ending stocks unchanged at 190 mb, equaling a

5.7% ending stocks-to-use projection. The USDA projected U.S. average farm prices for soybeans to be in the range \$9.20 to \$9.70 per bushel, a narrowing of \$0.25 per bushel on both ends of the price range from the March 2010 USDA WASDE report. The midpoint of the projected price range (\$9.50 per bushel) was unchanged.

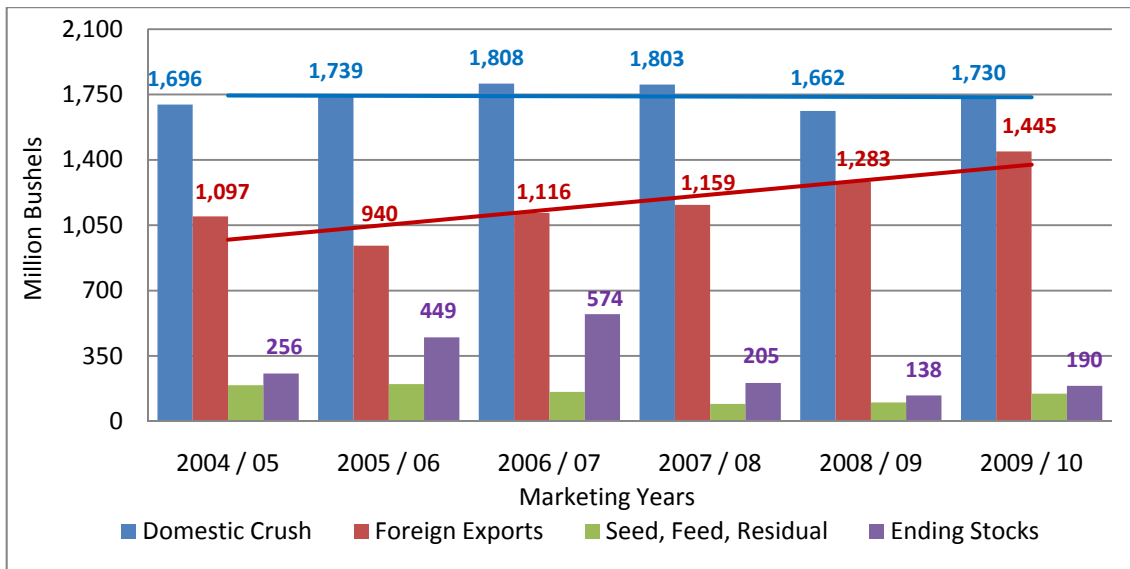
As has been the case since at least early 2010, market expectations are that the pace of U.S. soybean exports will begin declining dramatically once the bulk of Brazilian and Argentine soybeans are harvested and available to export (possibly in mid-late April). The degree to which this price decline may occur will depend on a) the continued strength (or lack thereof) of soybean and soybean product export demand from China and other U.S. soybean export buyers, as well as b) trends in U.S. dollar-related currency exchange rates.

**Table 4. U.S. Soybean Supply-Demand Balance Sheet: 2007/08 through 2009/10 Marketing Years**  
(April 9, 2010 USDA WASDE Report)

Item	2007/08	2008/09	2009/10	Δ in 2009/10 from Feb. 2010 WASDE
Planted Area (million acres)	64.7	75.7	77.5	--
Harvested Area (million acres)	64.1	74.7	76.4	--
Yield per harvested acre (bushels/acre)	41.7	39.7	44.0	--
	million bushels			
Beginning Stocks	574	205	138	--
Production	2,677	2,967	3,359	--
Imports	10	13	15	--
<b>Total Supply</b>	<b>3,261</b>	<b>3,185</b>	<b>3,512</b>	<b>--</b>
Domestic Crushings	1,803	1,662	1,730	--
Exports	1,159	1,283	1,445	up 25 mb
Seed	89	90	89	--
Residual	5	12	57	down 26 mb
<b>Total Use</b>	<b>3,056</b>	<b>3,047</b>	<b>3,323</b>	<b>up 1 mb</b>
Ending Stocks	205	138	190	--
% Ending Stocks-to-Total Use	6.7%	4.5%	5.7%	--
U.S. Average Farm Price (\$/bushel)	\$10.10	\$9.97	\$9.20-\$9.70 Midpoint = \$9.45	Range narrowed \$0.25/bu. on each end

**U.S. Soybean Use and Ending Stocks Trends During the 2004/05 – 2009/10 Period:** U.S. soybean exports continue to trend higher since the 2005/06 marketing year (Figure 5). Soybean exports from the U.S. have steadily increased from 940 mb in 2005/06 to a projected record high of 1.445 bb in the 2009/10 marketing year. Prospects for large 2009/10 ending stocks of soybeans from Argentina and Brazil as well as for increased acreage of soybeans in the United States in 2010 may lead to larger World supplies of soybeans in the 2010/11 marketing year. The key issue for the soybean market will be whether major importers of soybean and soybean products will continue to the pace of strong demand in the coming year. If not, then projected ending stocks of soybeans in major exporting countries such as the U.S., Brazil and Argentina could begin to decrease, and unless product problems were to occur in 2010, support for soybean prices would likely weaken.

**Figure 5. U.S. Soybean Use and Ending Stocks: 2004/05 through 2009/10 Marketing Years**  
 (April 9, 2010 USDA WASDE Report)

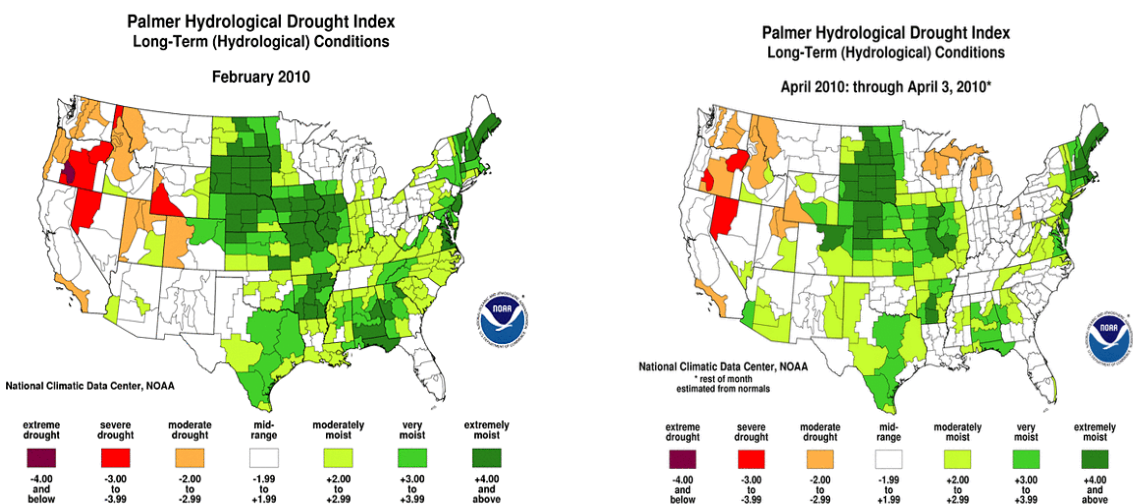


**U.S. Export Competitors & World Import Buyers for Soybeans:** The United States remains the largest individual country in the World in terms of soybean exports with a projection 39.33 mmt in 2009/10 (47.7% of World soybean exports), followed by Brazil (26.3 mmt) and Argentina (7.0 mmt). Major World soybean importers in 2009/10 are projected to be China (43.5 mmt), the EU-27 (13.0 mmt), Japan (3.60 mmt) and Mexico (3.5 mmt).

### Current Soil Moisture Conditions in U.S. Crop Production Areas

Palmer Hydrological Drought Index readings provided by the National Climatic Data Center (NOAA) for the week of April 3<sup>rd</sup> and for February 2010 indicate that some drying of fields in key production areas has occurred over the last month – particularly in Iowa and Illinois (Figure 6). However, there continue to be large sections of the western Corn Belt that are rated as “very moist”, including all of South Dakota and large parts of North Dakota and Nebraska. If drying progress continues in the middle and northern Corn Belt states, it is likely that the U.S. corn crop will be planted in a timely manner in these areas. Slower progress can be anticipated in the western Corn Belt and Northern Plains given the wetter conditions that now exist in fields in that region.

**Figure 6. Palmer Hydrological Drought Index – Long Term Hydrological Conditions (Source: NOAA)**



**Note:** The Palmer Hydrological Drought Index maps show hydrological long term cumulative drought and wet conditions as of February 2010. Red shading denotes dry conditions while the green shading indicates wet conditions. <http://lwf.ncdc.noaa.gov/oa/climate/research/prelim/drought/palmer.html>

## Summary

The USDA World Agricultural Supply Demand Estimates report released on April 9, 2010 by the World Agricultural Outlook Board does not appear to have made marked changes in the grain marketing supply-demand situation. Projections for increased wheat exports and decreased wheat ending stocks in the U.S. for the 2009/10 marketing year are supportive to price prospects, but do not affect World wheat supply-demand balances enough to have a large price impact. Prospects for 2010 winter and spring wheat production are set to be the primary influence on U.S. wheat prices till mid-year harvest.

Decreased feed use and increased ending stocks of U.S. corn for the 2009/10 marketing year are not supportive of U.S. corn price prospects, but are likely to be overshadowed by the grain market's focus on crop production factors and anticipated supply issues during the coming spring and summer months. The continued strong pace of U.S. soybean exports to date in the 2009/10 marketing year have supported the soybean market, but seem destined to bow to pressure from large South American soybean supplies in coming months. Plus, the attention of the oilseed market will turn to U.S. soybean production prospects during the summer and early fall months.

This shift in focus toward supply concerns and prospects for the coming market year will begin in earnest with the May 11<sup>th</sup> USDA World Agricultural Supply Demand Estimates report. At that time the USDA World Agricultural Outlook Board will provide the first of its monthly U.S. and World grain market supply-demand projections for the 2010/11 marketing year for feedgrains, oilseeds and wheat. From that point on, it is likely that weather and crop production concerns will be major drivers of grain market prices until 2010 crops are harvested.