

## Corn prices rocket past 2008's record highs nearing \$8

Written by Wauneta Breeze  
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*Cattle producers also see record prices this spring*

**By Tina Kitt**

**The Wauneta Breeze**

Futures prices for corn reached all-time highs Monday, rocketing past the previous high of \$7.66 set in June 2008.

These are proving to be volatile times in the trading pits as 2008's highs were initially breached last week and the fireworks continued this week.

On Tuesday, April 5, corn futures for May delivery on the Chicago Board of Trade rose 6 1/2 cents, closing at \$7.66 3/4 a bushel, the highest closing price for a contract closest to expiration since Chicago corn futures were first traded in 1877.

But that record price didn't last long, with new highs set later in the week and again this week.

Corn futures traded climbed to an all-time high of \$7.76 Monday before retracing dramatically Tuesday.

Projections for tight ending stocks and the need to ration demand pushed old-crop contracts higher. New-crop was pulled higher as forecasts call for cool and wet weather in the Midwest over the next few weeks, which could lead to some planting delays.

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This past Monday (April 11) CBOT May corn closed 8 cents higher at \$7.76, the July contract closed at \$7.81 1/4 and December closed at \$6.57 1/4 before seeing a strong correction in prices during trading Tuesday as prices dropped 20 to 23 cents by the close.

Corn futures have more than doubled from levels a year ago, and some analysts expect prices to top \$8 a bushel this spring amid growing concern over tight supplies and potential weather problems.

Corn prices have jumped more than 15 percent since a U.S. Department of Agriculture report last week showed low stockpiles as of March 1. By the end of August, U.S. corn stocks are expected to fall to a 15-year low.

Surging demand from China and other top importers has contributed to shrinking global grain stockpiles and helped push U.S. corn prices to all-time highs.

The April World Agricultural Supply and Demand Estimates (WASDE) released Friday by the Agriculture Department reported the corn supply at the historically low level of 5 percent of total usage, the same as the March report.

That represents just 18 days of supply.

USDA's prospective plantings report, also released last week, shows farmers intend to plant 92.2 million acres of corn this year, the second largest corn acreage since 1944. But a big corn crop is required to build supplies and to meet growing demand for ethanol, feed and other uses, say analysts.

In the April WASDE report, USDA lowered its estimated feed/residual use by 50 million bushels, which was offset by a 50-million-bushel increase in corn used for ethanol. That fact explains the unchanged 5-percent stocks level.

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The April WASDE pegs corn ending stocks for the 2010-11 marketing year at 675 million bushels, the same as in March, confirming that corn supply and use is still very tight.

In an unusual set of circumstances, livestock prices have also rallied to record levels even as the cost of inputs — like corn — have escalated. Typically when corn prices are high, livestock prices are low and vice versa.

Cattle futures on the Chicago Mercantile Exchange hit all-time highs last week too, with April live cattle hitting \$122.50 a hundred-weight on April 4. April feeders hit \$138.45 on April 1.

### **Soybean, wheat prices lag**

While corn prices have soared, soybean and wheat prices remain far below the highs seen in 2008. Soybean futures closed strongly lower on Monday and Tuesday. The market was pressured by profit-taking on recent gains and increasing competition for export sales from the newly harvested crop in South America.

After climbing to strong levels this winter, wheat prices fell dramatically early this week as well, despite less than ideal growing conditions across Texas, Oklahoma and Kansas.

Cash grain prices in Wauneta at the close of trading Tuesday left cash corn priced at \$6.79 after breaking \$7 on Monday. New crop corn was \$5.73.

Cash wheat closed at \$7.50 and new crop wheat closed at \$7.54.

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Cash soybeans at Palisade closed at \$12.29, with new crop beans closing at \$12.28.