

Summary & Highlights of 9/19/07 Crop Roundup

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MFGR US CN/BN Production Estimates: MFGR, which in the Sept '06 crop roundup correctly predicted the directional change in Sept vs. Final CN/BN production, estimates '07 US corn production of 13.472 bil bu (157.7 BPA)-up 164 mil bu vs. USDA Sept) and soybean production of 2.623 bil (41.47 bil bu) up only 4 mil bu vs. USDA's Sept 12 forecast. Reporters were generally more confident about their corn forecast than soybeans where harvest is just beginning. Corn yields are generally exceeding expectations despite sub-optimal summer conditions on the heels of early emergence, excellent stands, good sub soil moisture reserves, record triple stack acreage and more spraying to control fungal diseases. Cautious tone on soybean production estimates reflects expectations for greater yield variability, dry August conditions in key areas and extreme August heat in the mid south.

Marketings: Our network reports that US farmer advance sales of '07 corn are at least normal if not more ranging from 20-40% of corn crop sold while forward sales of '07 soybeans are far less with 15-35% of crop sold. Large advance sales of new crop corn along with wide carry charges and below normal basis will collectively hold additional farmer sales to a minimum. Soybean market are rising too fast recently to spawn additional harvest sales despite high prices. However, either prolonged period of stagnating prices or a price retrenchment would bring out more farmer soybean sales at harvest. Network noted lower advance sales of new crop wheat than last year despite higher prices—a factor which will accelerate price pressure on the downside after market is confident that wheat highs are in. We view slow marketings in wheat and soybeans as a negative while large new crop advance sales of corn must be viewed as a positive.

Winter Wheat Acreage: SRW acreage poised to gain more than HRW acreage for upcoming '08 winter wheat crop. Look for no change in '08 KS wheat acreage, a 10% gain in NB winter wheat area while Midwest SRW advances 10%-25% (and even more in IL). Delta SRW area will advance 10%-15% this fall. KS farmers hoping for prompt harvest of sorghum and soybeans which will be necessary to sustain '08 winter wheat acreage at '07 levels. Dakota/MT winter wheat area gains of 10-15% are assured although new crop HRS bids still not high enough for Red River Valley growers to increase '08 spring wheat acreage. Bottom line—battle for '08 acreage already underway with winter wheat—particularly SRW—already winning the first skirmish.

Wrap Up: We think the corn market is trading an even larger '07 US corn production number than today's MFGR forecast. Strong CZ performance today reflects concern over shrinking '08 US corn area, tight global grain stocks, continued inflow of spec capital into commodities and fear that soybean rally may just be getting underway if '08 S. American weather is sub par or the '07 US soybean yield



slips below 41 BPA. Wheat acts tired but the real test will be whether market can retreat further when next large round of demand appears which could be as early as next week when more should be known about size, origin and shipment periods of Turkey/Pakistan tenders. Tight global wheat supplies, exacerbated by sub par Sept weather across Australia, insure that wheat will stay well supported longer than historical corrections in wheat have suggested. Additionally, ethanol demand growth, while slowing in '07/08, is not going away which compounds challenge facing soybean market as it attempts to balance shrinking stocks globally with steady gains in soy product usage. Key guideposts for these markets in the weeks ahead include willingness of global wheat buyers to re-enter market on modest setbacks, next Friday's crop report (which will give an indication as to just how tight 6/08 US wheat stocks will be) and the Oct 12 crop report which last year blew the socks off bears with its surprise slash of '06 US corn production. Beware of shorting soybeans until Brazilian weather pattern normalizes. Wheat will be a treacherous short until early next month when we'll know if Australian rains arrive in time. We are impressed with buoyancy of corn in face of tidal wave of bearish supply news. This may change as harvest selling picks up later next month but until then we sense that shorts are keeping their powder dry until the October crop report.

	Corn		
	2007	MFGR	2007
Area	Harvested	BPA Est.	
AL	240.00	65	15,600.0
AZ	0.00		0.0
AR	530.00	155	82,150.0
CA	190.00	175	33,250.0
CO	1,050.00	150	157,500.0
CT	0.00		0.0
DE	175.00	80	14,000.0
FL	0.00		0.0
GA	480.00	120	57,600.0
ID	0.00		0.0
IL	13,000.00	183	2,379,000
IN	6,450.00	160	1,032,000.0
IA	13,950.00	182	2,538,900
KS	3,400.00	145	493,000.0
KY	1,340.00	120	160,800.0
LA	730.00	160	116,800.0
ME	0.00		0.0
MD	470.00	85	39,950.0
MA	0.00		0.0
MI	2,230.00	113	251,990.0
MN	7,650.00	158	1,208,700.0
MS	950.00	130	123,500.0
MO	3,380.00	147	496,860.0



MT	0.00		0.0
NE	8,700.00	180	1,566,000
NH	0.00		0.0
NJ	84.00	105	8,820.0
NM	45.00	185	8,325.0
NY	540.00	123	66,420.0
NC	1,030.00	89	91,670.0
ND	2,200.00	129	283,800.0
OH	3,780.00	150	567,000.0
OK	250.00	138	34,500.0
OR	0.00		0.0
PA	1,000.00	112	112,000.0
RI	0.00		0.0
SC	370.00	100	37,000.0
SD	4,450.00	126	560,700.0
TN	780.00	100	78,000.0
TX	1,850.00	144	266,400.0
UT	0.00		0.0
VT	0.00	0	0.0
VA	400.00	80	32,000.0
WA	130.00	210	27,300.0
WV	0.00		0.0
WI	3,300.00	148	488,400.0
WY	0.00		0.0
Other	294.00	143.6	42,218.4
Totals:	85,418	157.7203	13,472,153

Soybeans

	2007	Jan Est. Bn Yld.	MGR	2007
%Harvested	Area Harvested		BPA	Production
	170.00		20	3,400.00
	2,750.00		38	104,500.0
	155.00		24	3,720.0
	205.00		29	5,945.0
	0.00			0.0
	8,300.00		46	381,800.0
	4,580.00		43	196,940.0
	8,770.00		51	447,270.0
	2,300.00		30	69,000.0
	1,140.00		30	34,200.0
	580		39	22,620.0
	420.00		25	10,500.0
	1,790		33	59,070.0

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6,200.00	43	266,600.0
1,440.00	39	56,160.0
4,450.00	38	169,100.0
3,950.00	52	205,400.0
78.00	27	2,106.0
213.00	37	7,881.0
1,370.00	22	30,140.0
3,050.00	36	109,800.0
3,980.00	44	175,120.0
250.00	24	6,000.0
435.00	39	16,965.0
410.00	22	9,020.0
3,250.00	40	130,000.0
1,050.00	24	25,200.0
75.00	32	2,400.0
0.00	0	0.0
490.00	27	13,230.0
1,390.00	42	58,380.0
24.00	34.5	828.0
63,265.00	41.47	2,623,295