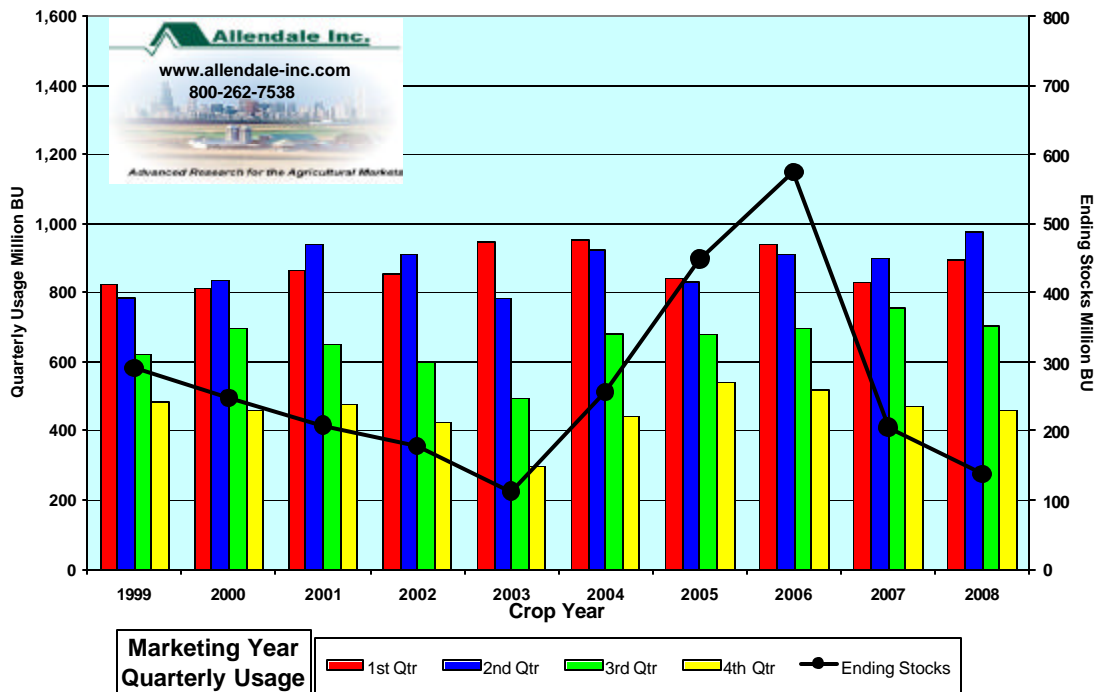


What Quarterly Stocks Report Told Us

As the rush of harvest gets into full swing, we here at Allendale want to remind you that safety needs to be on everyone's mind. Stay aware of those overhead electrical lines as you move equipment around your farm this fall. Everyone who works on the farm should know the location of power lines. Talk to your employees and remind them not to take unnecessary risks. We want you to have a great harvest, so think safety first.

The USDA Quarterly Stocks report held a small surprise in the soybean data on Wednesday. Some analysts were predicting that soybean stocks would fall below 100 million bushels to end the 2008/09 marketing year. The average trade guess was 112 million bushels. USDA reported September 1st stocks at 138 million bushels. Based on an analysis of end-of-marketing year stock estimates, the 2008 soybean production was revised to 2.97 billion bushels. How they achieved this was by increasing 2008 soybean acreage by 40,000 acres along with an increase in yield of 0.1 bushels per acre. The chart below sheds some light on quarterly usage for soybeans since 1999.

Quarterly Soybean Usage



The Quarterly Corn Stocks data was a bit friendly. USDA put corn stocks as of September 1st at 1.674 billion bushels, which was 45 million below the average trade guess of 1.719 billion bushels. This is slightly below what was in the latest supply and demand report of 1.695 billion. We will see these new numbers reflected on the October Supply and Demand Report due out a week from this Friday.

Wheat stocks were put at 2.215 billion bushels. This was 84 million bushels over the average trade guess. Also released Wednesday was the Small Grains Summary report. It put all wheat production for 2009 at 2.220 billion bushels, slightly above the average trade guess of 2.195 billion bushels. The biggest gains in wheat production for the year came in durum and spring wheat, which saw production rise 12 million bushels and 35 million bushels respectively as both were above the highest trade estimates.

What this report did for the corn and soybean markets was achieved in the first few minutes of trade on Wednesday. With only minor adjustments to the old crop corn and soybean ending stocks, the trade's focus went back to weather and how it will affect harvest in the coming days. Wheat on the other hand with higher than expected stocks made a bad situation only worse. Wheat stocks are now higher than any point since 2001. At that time USDA showed the average wheat price was \$2.78. Add the fact that the U.S. was snubbed once again this week on some wheat sales, the wheat market reacted negatively.

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