

Two Similar Years:

Allendale Inc will note that dating back to 1985 there are two similar years when the harvest progress of corn is near the delay we are presently experiencing. As of Sunday, Nov 29, 2009 the nation's corn harvest is 79% complete and understandably delayed. This 79% completion level pales in comparison to a five year ave level of 97% and 94% last year. The question which is asked, can we anticipate USDA to decrease planted or harvested acres or could we experience a reduction in yield, production or end stocks and thus a rally in prices from the Nov to Dec WASDE?

If we look at the two similar delayed harvested years of 1985 and 1992 you will need to be the final judge as to whether USDA has a surprise up its sleeve or not. In 1992 for the same week of the marketing year, the corn harvest was only 75% complete and in 1985 the harvest was 87% complete, no other two years have seemed so distant. In 1985, there were no changes to factors in the question posed above from the Nov to Dec USDA WASDE reports. There were also no changes in the season average farm prices in the December or January contracts due to the November and December WASDE releases respectively. Thus with 8% more of the nation's 1985 corn harvest completed than the present 79%, the delayed harvested year was of little help from Nov to Jan.

1992's harvest at 75% was running at a 4% lesser pace than present and did not contain any significant surprises within the Dec WASDE. The only revisions we can find are a shade smaller end stocks in Dec WASDE report as well as a yield increase in the Jan WASDE report. The end stocks change increased the season average farm price by 5 cents on the low and high end. It was within the Jan WASDE report that USDA did hold a major surprise by increasing yield by 2.1 bushel per acre and thus increased production and ultimately end stocks by 150 million bushels.

Allendale informs corn producers that when harvest can find two similar years to this year's lag, there were no changes from the Nov to Dec with relationship to yield, planted or harvested acres. Only from the Dec to Jan 1992 WASDE report could we find a significant yield adjustment, and bearish to yield and ultimately end stocks. If there is any good news at least in the Jan WASDE, USDA did not lower the season average farm price.

Allendale did release its Dec 2009 production, U.S. and World end stocks data to official news agencies eight full days in front of the Dec 10, 2009 USDA WASDE launch. We are able to inform you that we did not change yield but did change end stocks for corn, soybeans and wheat. If you would like a similar copy emailed to you, please contact us.

Fundamentals suggest a weaker outlook for corn and wheat as they are not demand driven like the soybeans. Are we trading fundamentals, are you taking action of 2009 and 2010 crops?

We welcome your questions and comments.....Joe Victor

Allendale Inc welcomes any questions you may have by calling 800-551-4626 or email research@allendale-inc.com

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