

Corn Futures Test \$6 Milestone
(Wall Street Journal)
By TOM SELLEN

Speculative-fund buying took Chicago Board of Trade corn futures to all-time highs Wednesday, with the lead contract testing the \$6 area on ideas that adverse weather could delay plantings.

Nearby CBOT May corn rose 11.75 cents a bushel to settle at \$5.9575, near its intraday and all-time high of \$5.9925. Deferred contracts, including the December contract, representing the soon-to-be-planted crop easily settled above the \$6-per-bushel mark.

Speculators, who don't use the underlying commodity, lead the buying interest.

The rally is a continuation of the market's bullish makeup after the U.S. Agriculture Department on Monday estimated farmers would plant 8% fewer acres of corn this year versus last because of high input costs such as fertilizer and fuel and attractive prices for alternate crops such as soybeans or wheat which compete with corn for land.

As a result, corn prices have raced to record highs in two out of the past three trading days.

"You had some technical [chart] strength and also some concerns about the weather with the extended forecast taking us into the middle of the month and staying on the cool and wet side," says Shawn McCambridge, senior grains analyst at Prudential-Bache in Chicago.

"And of course we saw a continuation of the acreage concerns," he says.

The National Weather Service six- to 10-day forecast calls for near to above-normal precipitation and normal to below-normal temperatures. This comes at a time when farmers need fields to dry out and soil temperatures to rise so they can prepare fields for planting.

Some analysts say if corn isn't planted in the heart of the Midwest by May 5, yield loss will likely result.

Independent agricultural analyst John Kleist says the higher prices are an effort to siphon off demand in order to avoid the possibility of supplies declining further in case of a weather problem this growing season.

The USDA on Monday pegged the current supply of U.S. corn, as of March 1, at a lower-than-expected 6.86 billion bushels, suggesting ethanol and feed demand had been stronger than anticipated and causing concern that stocks could drop to worrisome levels by the fall.