

Corn Hits Fresh High on Supply Concerns

(Associated Press)

Corn futures surged to a 12-year high Monday on expectations that world supplies will shrink rapidly amid growing demand for the grain to feed livestock and make alternative fuel.

Other commodities traded mostly higher, with gold and platinum touching record highs and crude oil also making gains.

Investors snapped up corn contracts for a second straight session after the U.S. Department of Agriculture released a bullish report Friday projecting a steep drop in U.S. corn ending stocks. The USDA lowered its ending stocks forecast for 2007-08 to 1.438 billion bushels, down sharply from 1.797 billion.

"It's the ending stocks that did it. People were surprised they would fall so low," said Elaine Kub, analyst with DTN. "We're finally getting some price discovery and seeing how high people are willing to go."

Corn for March delivery jumped 17 cents to settle at \$5.12 a bushel on the Chicago Board of Trade, exceeding the previous high set in May 1996.

Despite a record U.S. harvest last year, corn prices rose more than 15 percent in 2007, driven by the burgeoning ethanol industry and growing demand for livestock feed in places like China.

Dry, hot weather in South America's corn belt has also pushed up prices.

Other agricultural futures traded mixed. Soybeans for March delivery slipped 2.25 cents to settle at \$12.965 a bushel, after earlier reaching a contract-high of \$13.41. March wheat rose 7.75 cents to settle at \$9.17 a bushel.

In other commodities, gold -- which breached the \$900 an ounce mark Friday -- continued its upward climb on a weak U.S. dollar, fears of a U.S. recession and high oil prices. Gold's popularity has soared during the past year on its appeal as a hedge against inflation and as a safe investment in times of political and economic uncertainty.

Gold for February delivery added \$5.70 to settle at \$903.40 an ounce on the New York Mercantile Exchange, after earlier rising to a new all-time high of \$915.90.

The dollar's decline versus the 15-nation euro has also been a major driver of gold, which rose nearly 32 percent in 2007. The strengthened slightly against the greenback, fetching \$1.4865.

When adjusted for inflation, however, gold is well below a record. An ounce of gold at \$900 in

1980 would be worth about \$2,300 today.

Other precious metals also traded higher Monday. Platinum for April delivery jumped \$11.50 to settle at \$1,580.90 on the Nymex, after earlier touching a contract high of \$1,597.40. Silver for March delivery rose 5.5 cents to settle at \$16.425 an ounce on the Nymex, while March copper added 3.5 cents to settle at \$3.3390 a pound.

Meanwhile, energy prices rose on the Nymex on expectations that cold weather across the U.S. will boost demand for fuel. Growing Middle East tension also added to the advance, seemingly overshadowing worries that a weakening U.S. economy will slow oil demand.

Light, sweet crude for February delivery rose \$1.51 cents to settle at \$94.20 a barrel on the Nymex.

Heating oil futures for January delivery added 5.33 cents to settle at \$2.5892 a gallon, while February gasoline futures added 5.25 cents to settle at \$2.3728 a gallon.