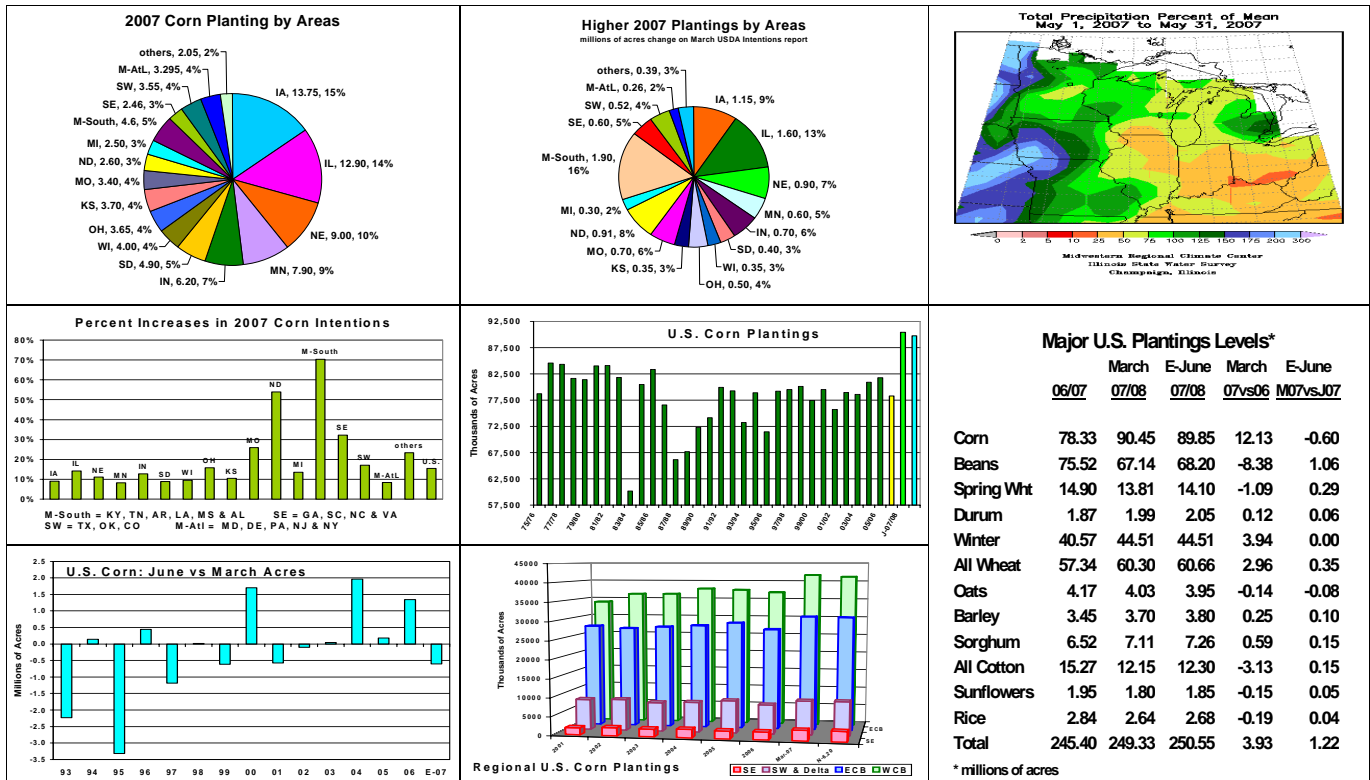


Despite a slow start U.S. corn seedings highest since 1946



With corn prices vacillating dramatically over the last month, the second survey of U.S. 2007 grain and oilseed plantings, released on June 29, will be an important market factor for corn. Early this spring, U.S. producers indicated their intentions to plant 90.45 million acres, the largest seedings since 1946.

As would be expected, the six largest corn-producing states of IA (15%), IL (14%), NE (10%), MN (9%), IN (7%) and SD (5%) indicated they would likely plant 60% of this year's corn acres this spring. However, these same states will only be contributing 43% of this year's projected 12.1 million acre rise in seedings; the less-traditional Mid-South and SE areas of the U.S. and ND are providing one-third of this year's additional acres. With 2007 corn area expanded, April's cold temperatures (Easter freeze in the Plains and Mid-South), drought in the SE and excessive rainfall in the Missouri River area during April and May all have affected this year's final seedings, as have strengthening soybean prices. In the Mid-South and SE, freeze-damaged corn was primarily replanted with corn while most wheat fields were left standing or reseeded to soybeans, prompting a very small decline in corn plantings in these two areas, it appears. This year's excessive moisture in the WCB, which delayed plantings until the first half of May (except for MN) and flooding problems in Missouri River area in the region until late last month could have prompted 370,000 of the region's 4.8 million intentions to be switched to beans. Good moisture and strong prices probably boosted corn seedings in the SW, but Kansas wheat damage has likely led to more milo and soybean seedings since the intentions report. This spring's price recovery in soybeans strengthened the soybean/corn ratio to 2.2 from 1.75 at times has possibly lead to some corn fields being switched to beans in the ECB and East Coast. However, 2007 corn plantings probably will still be 89.85 million acres, down only 600,000 acres from the March intentions and only the second lower June plantings vs. March intentions this decade.

With 2007/08 demand projected 8% higher, to 12.5 billion bu., this summer's growing season weather will remain the corn market's major market factor until the crop passes through its major pollination period in mid-July.

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