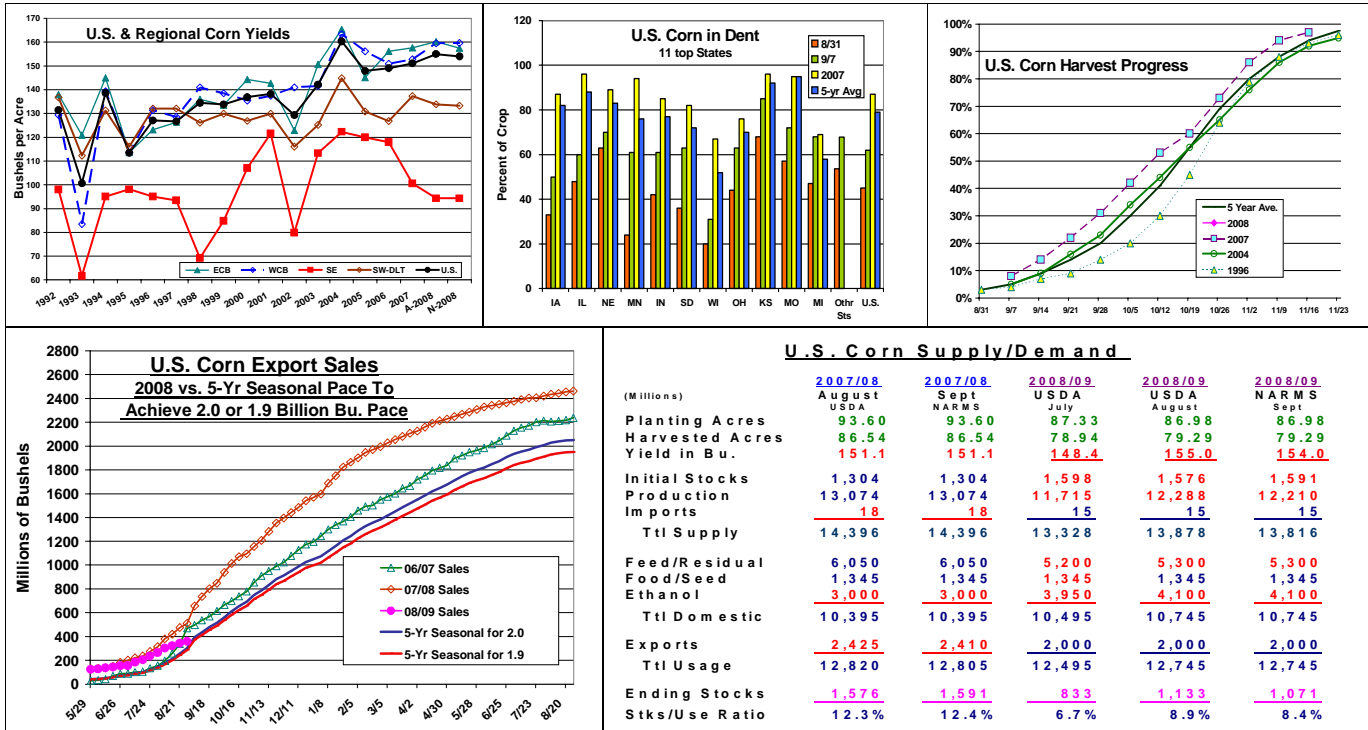


## Plant Population Vs. Dryness Determines Corn Yield



The 2008 growing season has been challenging for U.S. corn producers. Last spring's wet weather delayed plantings and slowed emergence, parts of the Midwest flooded in June, temperatures have been normal to below-normal and August had below normal moisture. The USDA will try to quantify the impact of this year's highly diverse weather when it releases its next monthly crop production report on Friday, September 12.

Field results from this year's Pro Farmer crop tours, which covered the major producing areas of the Midwest, confirmed the rising plant population that the USDA mentioned in last month's report. However, reduced ear length, August dryness that reduced kernel filling and the slow maturity of this year's crop due to moderate-to-cool temperatures are issues the tour and others in the trade have raised that could impact the size of the 2008 corn crop. Because of these factors, we reduced our expectations for the ECB (2.7 bu.) and KY, TN and MO from last month while boosting IA and MN because of late August rains. Overall, our U.S. yield estimate declined 1 bu. to 154 bu. per acre, resulting in 12.21 billion bu. crop vs. 12.288 billion last month.

This year's slow maturity of the corn crop won't help the USDA calculate a yield estimate, with this week's progress report noting only 62% of the 2008 crop is dented, up from 45% last week, but sharply behind last year's 87% pace and the five-year average level of 79%. Interestingly, no national weekly corn harvest progress level was released this week; the first time since 1993 the USDA hasn't begun this data by this time. This delay also highlights the limited new field data available, with just 11% of this year's crop reported as mature vs. 38% in 2007, to project 2008 ear weights accurately for another month.

No major old-crop demand adjustments are expected in the USDA S&Ds as it waits for the stocks report on September 30, but trade talk about 2008/09 export sales being reduced seems premature as current sales are ahead of the normal seasonal pace vs. looking at 2007 only. Overall, the upcoming USDA report might not provide much news, so corn's recent daily price factors of crude oil, general economic attitudes and the value of dollar could continue, with December corn possibly slipping to the \$4.90 to \$5.00 area. But, an acreage battle with beans should help rebound values post-harvest. Jerry Gidel

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