

# ***Summer Price Volatility***

*July 2010*

**Weather  
& Crop  
Growing  
Conditions**



**USDA June 30<sup>th</sup>  
Reports**

**U.S. Crop  
Supply/Demand**

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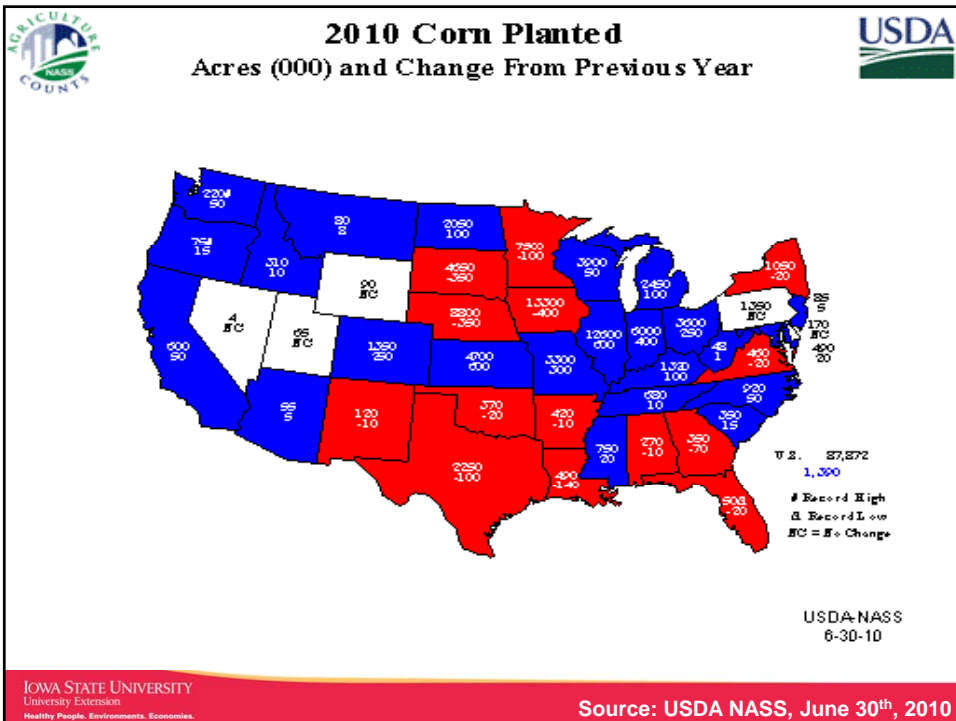
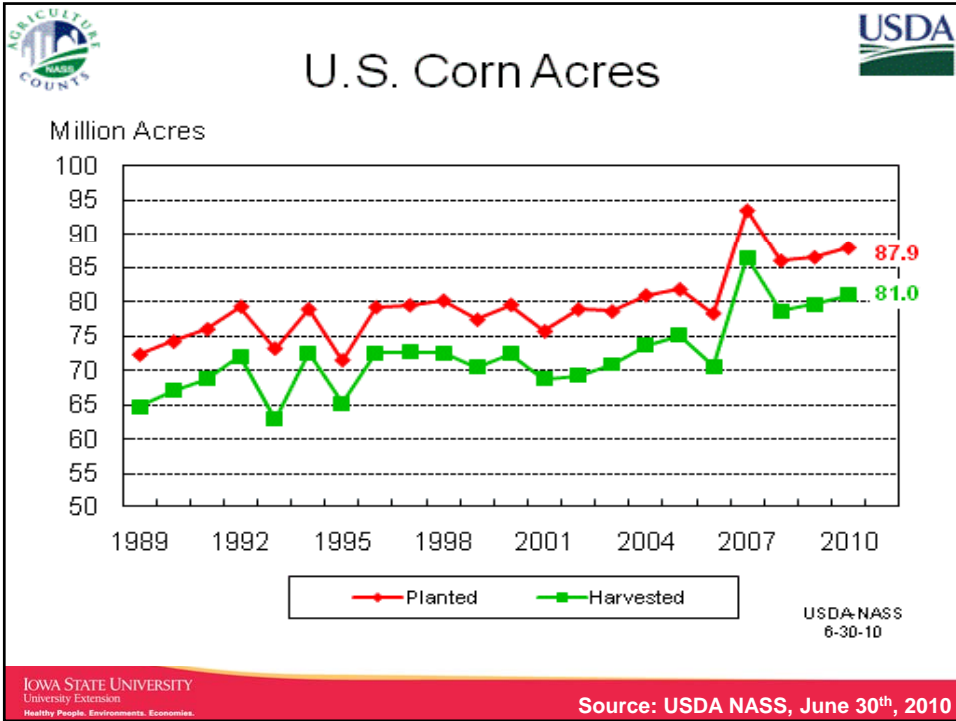
**[www.extension.iastate.edu/polk/farmmanagement.htm](http://www.extension.iastate.edu/polk/farmmanagement.htm)**

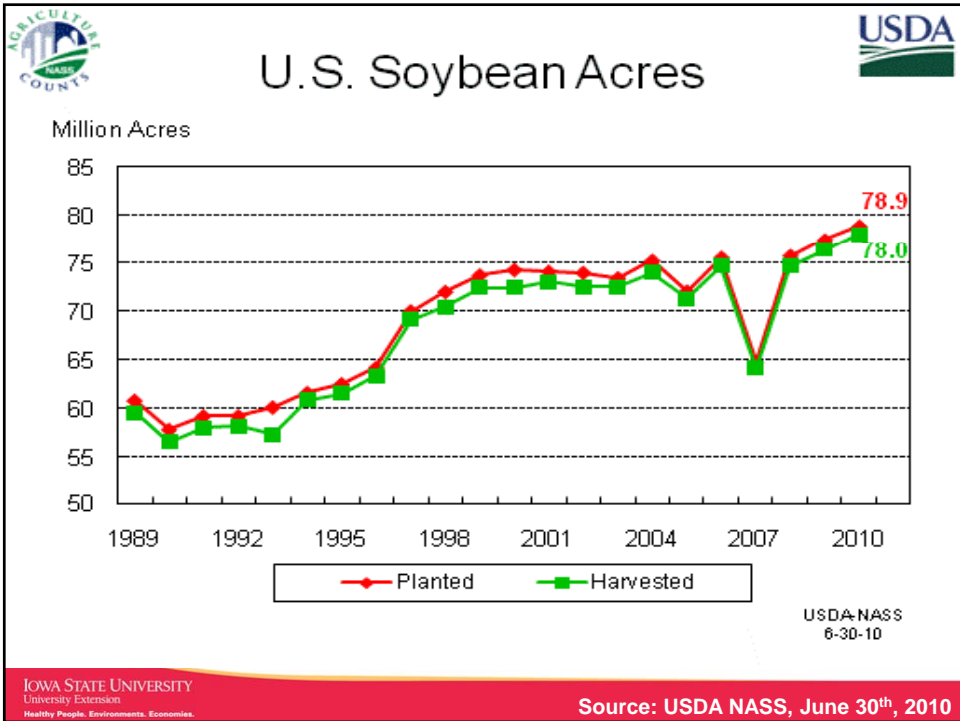
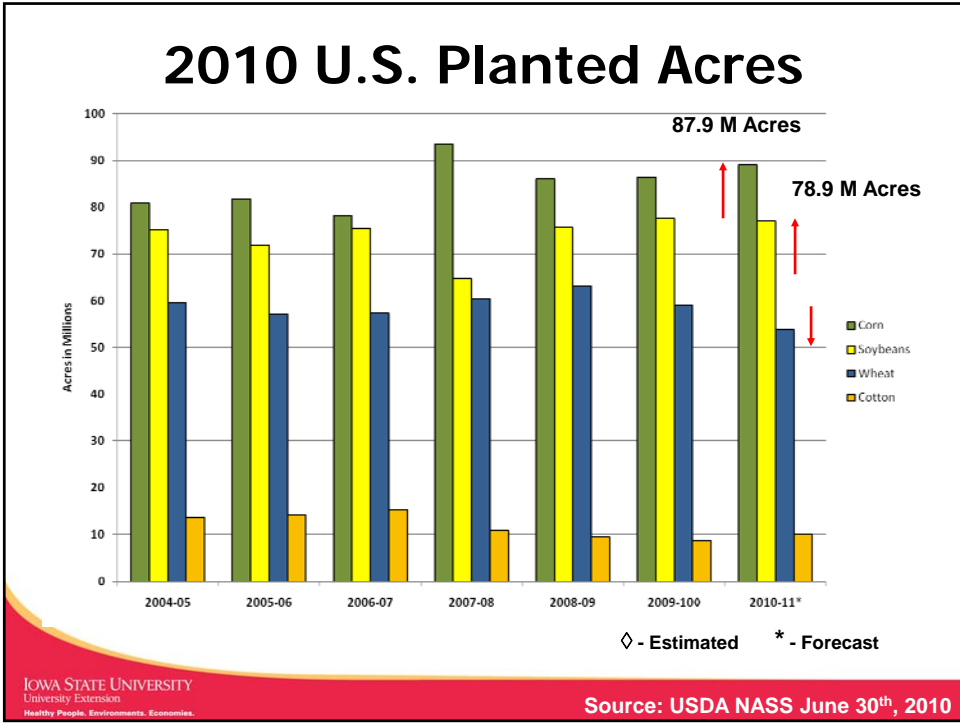
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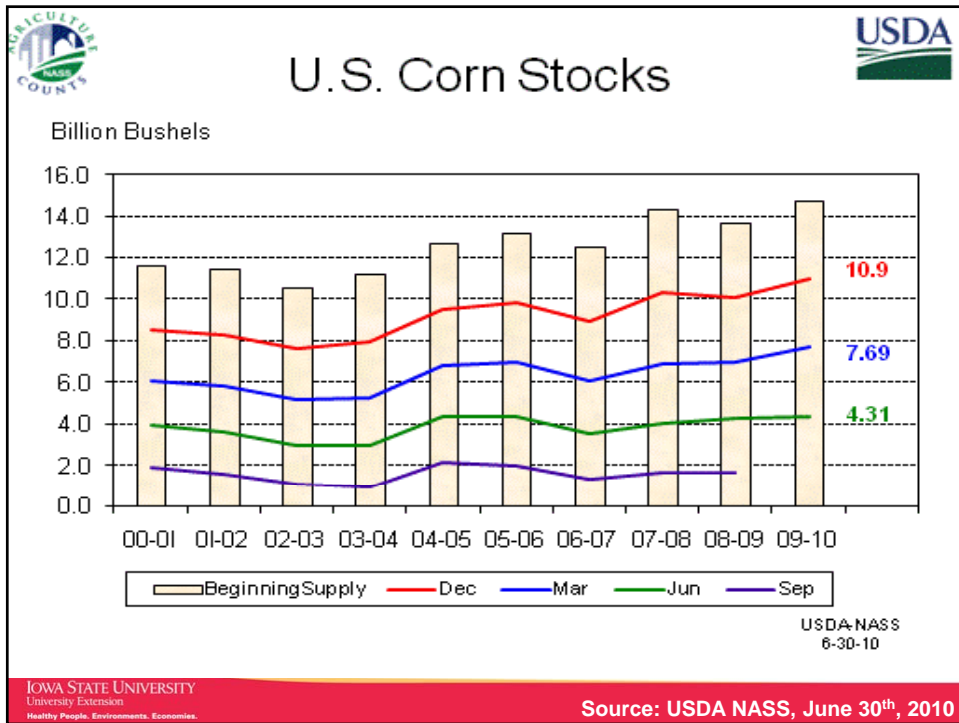
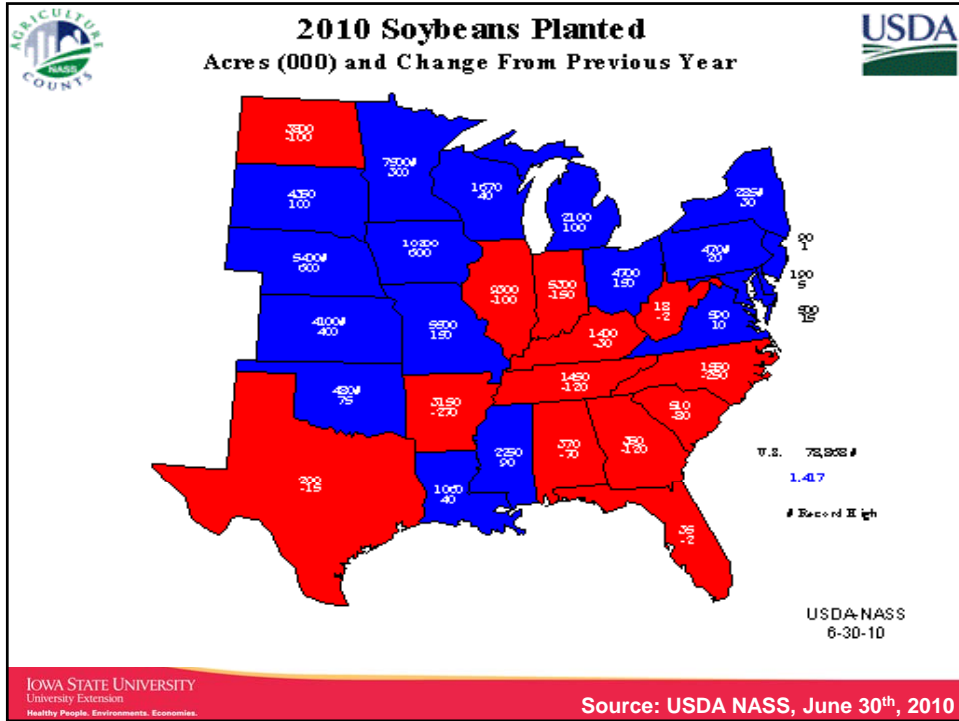
## **Presentation Objectives**

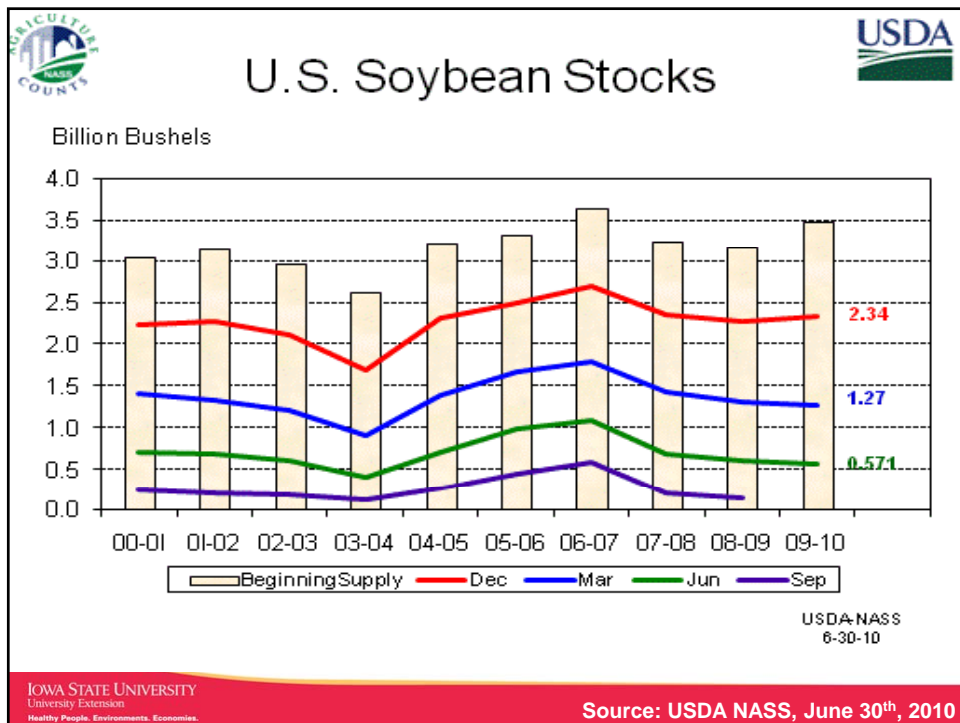
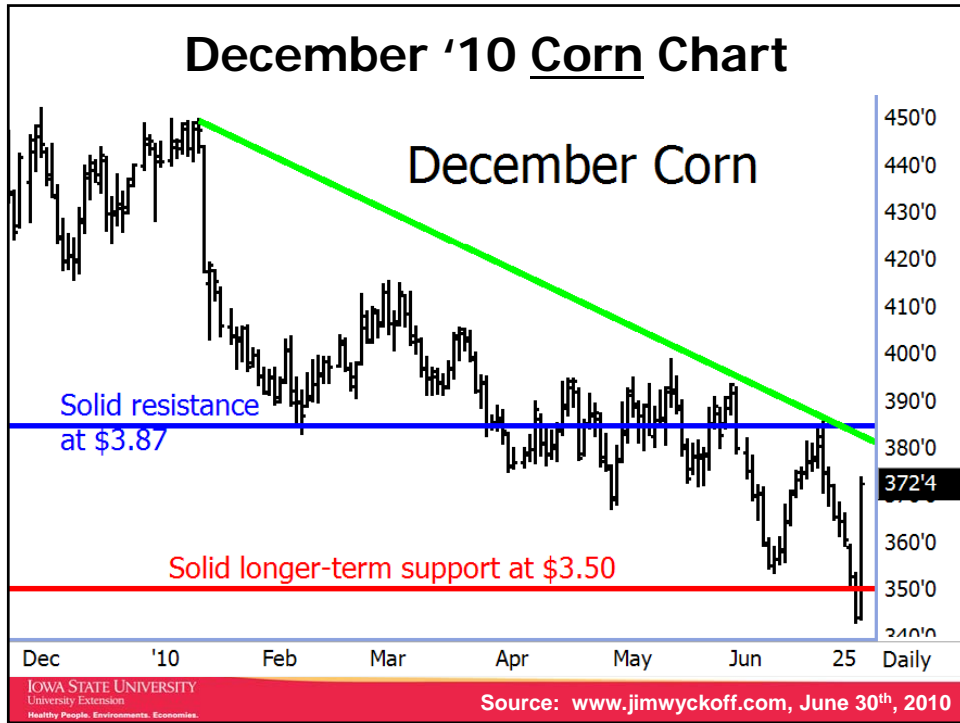
- **Highlight the June 30<sup>th</sup> USDA Planted Acres & Quarterly Grain Stocks Reports**
- **Review December Corn & November Soybean Futures Price Charts**
- **Summarize the El Nino to La Nina Weather Pattern and Likely Analog Year to 2010**
- **Highlight Summer Weather Forecasts**
- **Provide 5 Crop Marketing Strategies & 5 Websites**

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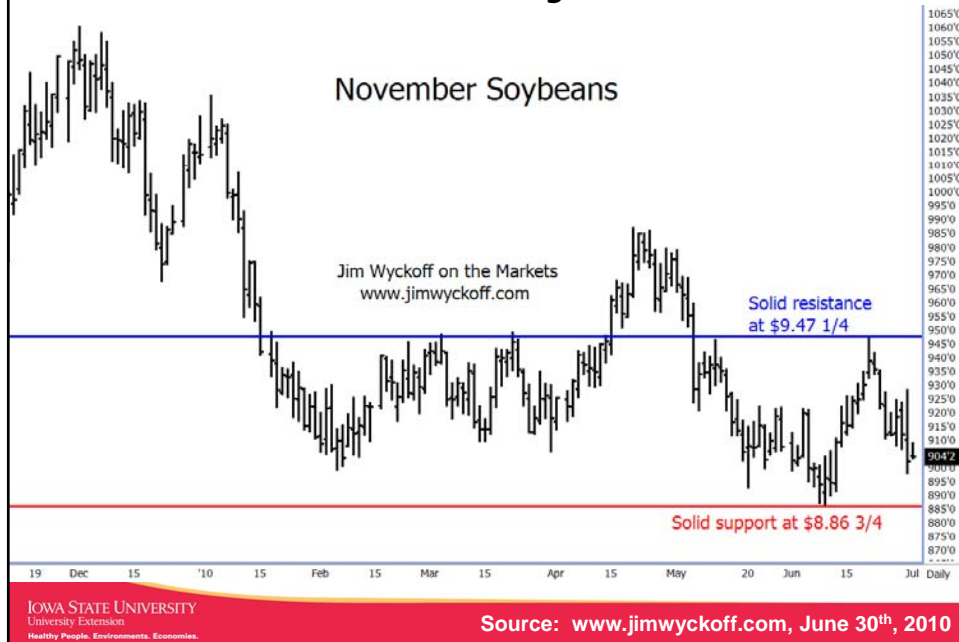








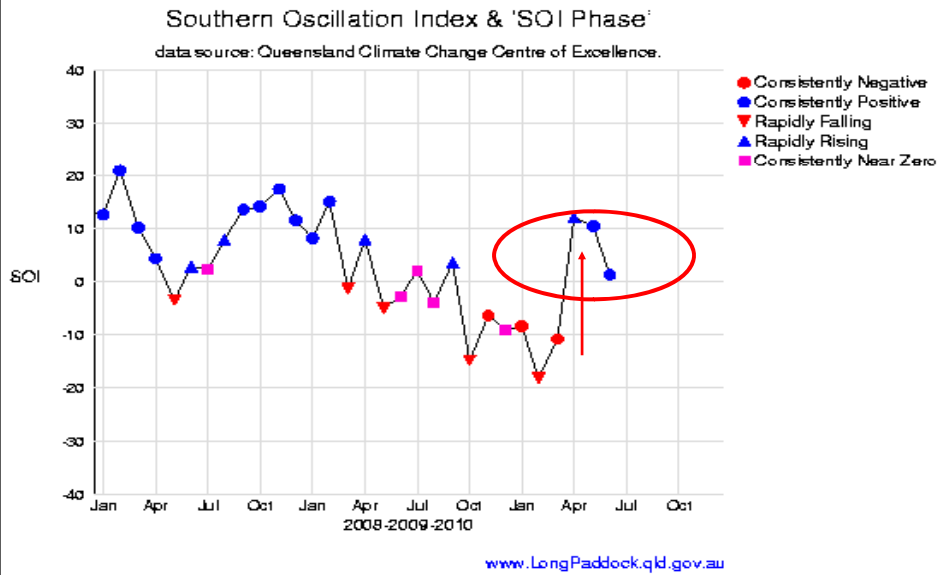
## November '10 Soybean Chart



## Warm April Temperatures

- April, 2001 and April 2006 also exceptionally warm; neither followed by big summer weather problems
- Record national corn yields after very warm April weather in 1941, 1942, 1955, 1985, and 1986; fell just short of new records in 1977, 1981, and 2001
- CONCLUSION: The fact that April 2010 ranked among the ten warmest ever in the Midwest does not necessarily increase chances for major problems with hot/dry weather for the summer of 2010.

# SOI Measurement to Forecast LaNina

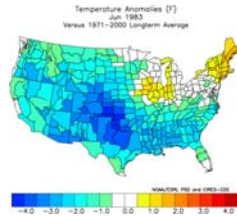


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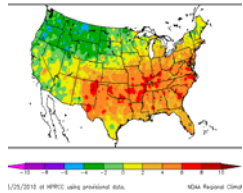
Source: www.longpaddock.qld.gov.au June 30<sup>th</sup>, 2010

# Comparing Spring of 1983 to 2010

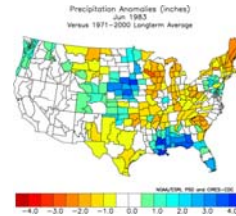
## June Temperatures



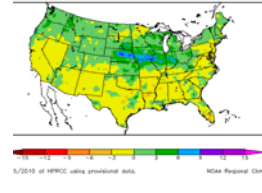
Departure from Normal Temperature (°F)  
6/1/2010 - 6/24/2010



## June Precipitation



Departure from Normal Precipitation (in)  
6/1/2010 - 6/24/2010



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Source: Solberg, Freese-Notis Weather June 28<sup>th</sup>, 2010

## Top Analog Year Choice: 1998

- Started the year with an El Niño event
- Weakening El Niño during the spring
- Transitioned to neutral conditions by May-June-July
- La Niña in place for the June-July-August time period
- Near-record wet June in the Midwest
- Near-record warm June in the southern United States

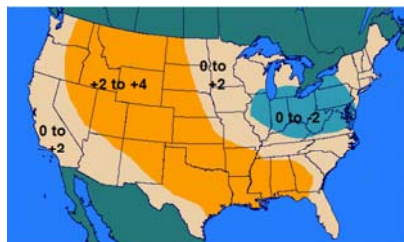
## Secondary Analog Year Choices: 1939, 1981, 2008

- All three years were exceptionally wet in June in the Midwest, while exceptionally warm in the southern United States

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Source: Solberg, Freese-Notis Weather June 28<sup>th</sup>, 2010

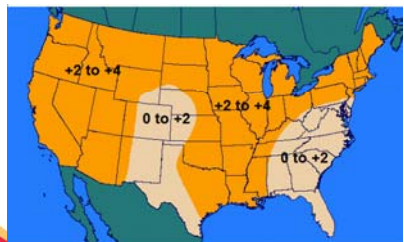
## Summer Weather Forecasts



JULY TEMPERATURE OUTLOOK



JULY PRECIPITATION OUTLOOK



AUGUST TEMPERATURE OUTLOOK



AUGUST PRECIPITATION OUTLOOK

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Source: Solberg, Freese-Notis Weather June 28<sup>th</sup>, 2010

## 5 Crop Marketing Strategies

Expect Futures  
Price  
Volatility, Be  
Disciplined

Finish Old  
Crop Sales

Separate  
On-Farm vs.  
Commercial  
Storage  
Strategies

Expect Basis  
Variability,  
Old and New  
Crop



Use New Crop Sales to Match Cash Flow

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Source: Johnson, ISU Extension, July 2010

## Crop Marketing Web Sites

- **Crop Risk Management - ISU Polk County**  
Crop Marketing Newsletter, Crop Insurance & Grain Contracts Updates, Webcasts & ACRE Answers)  
[www.extension.iastate.edu/polk/farmmanagement](http://www.extension.iastate.edu/polk/farmmanagement)
- **National Weather Service Extended Forecasts**  
[www.cpc.ncep.noaa.gov/products/predictions/610day](http://www.cpc.ncep.noaa.gov/products/predictions/610day)
- **USDA National Ag Statistics Service (NASS)**  
[www.nass.usda.gov](http://www.nass.usda.gov)
- **World Agricultural Supply & Demand Estimates**  
[www.usda.gov/oce/commodity](http://www.usda.gov/oce/commodity)
- **Ag Decision Maker – ISU Extension**  
(Decision Tools, Newsletters, Publications and Voiced Media)  
[www.extension.iastate.edu/agdm](http://www.extension.iastate.edu/agdm)



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