Floods, rains keep pushing soybean, corn prices higher

The unusual weather patterns that are causing flooding in the Midwest are affecting soybean and corn prices all across the nation, according to Dr. Danny Robertson of the LSU Agricultural Center.

"Last January, February and March, I said that it might take unusual weather patterns in the Midwest corn/soybean belt to increase prices," Robertson points out. "At that time, many 'experts' were talking about 'El Nino' or dry weather in that area, but what we have seen recently has been just the opposite of that prediction."

While much of Louisiana and the Southeast has been dry, parts of the Midwest corn-soybean belt are soaked with rain. It's estimated that as much as 6 million acres are flooded or still unplanted.

Consequently, soybean futures closed at $7.24 per bushel on Thursday, an increase of $1.53 per bushel in just three weeks.

"These are the highest bean prices we've seen since May 1990," Robertson said, adding, "Those prices lasted only a few days and then dropped rapidly to the $6 and below range."

The record soybean crop last year and very large feed grain crop had carryover figures of more than 320 million bushels for soybeans and more than 2 billion bushels for corn.

Although domestic usage and exports were strong for both, the huge crop had prices in the mid $5 per bushel range for soybeans and low $2 per bushel range for corn.

A recent U.S. Department of Agriculture acreage report estimated 1993 planted acreage for soybeans at 61.58 million acres - 2.28 million above the March planting intentions figure and about 1.6 million acres above pre-reported trade guesses.

"The acreage report along with high carryout figures, and a large Brazilian crop, could put a damper on the current price rally if weather patterns return to normal," the Extension economist said. "However, if weather problems continue and grain barges are not allowed down the Mississippi River to export elevators in Louisiana, prices for corn and soybeans may rise further."

Robertson says problems caused by the weather could cause high positive basis at Louisiana export elevators and provide pricing opportunities for Louisiana producers, and he suggests that Louisiana soybean and grain producers may want to consider using the present weather rally to price a portion of their 1993 production.

"I know many producers are not certain of this year's production, but put options or forward contracting up to 50 percent of expected normal production might be a smart choice," the Extension economist said.

"Saying that speculators have gotten into these commodity markets and will likely drive prices too high on the upside and too low on the downside, Robertson points out the potential for another large rise see Floods C-4"