



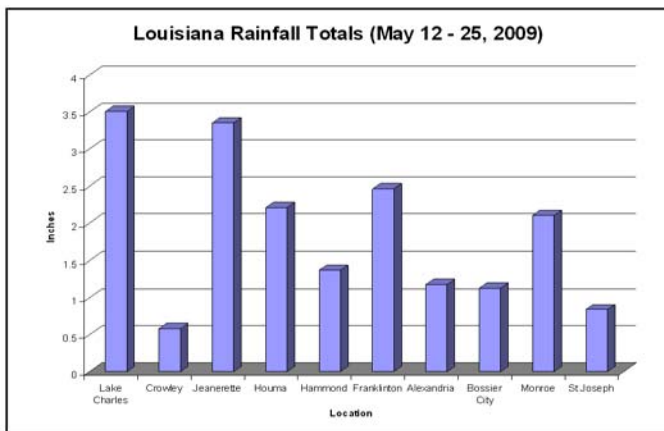
Louisiana Food and Fiber Industry Monitor

Kurt Guidry
Department of Agricultural Economics and Agribusiness



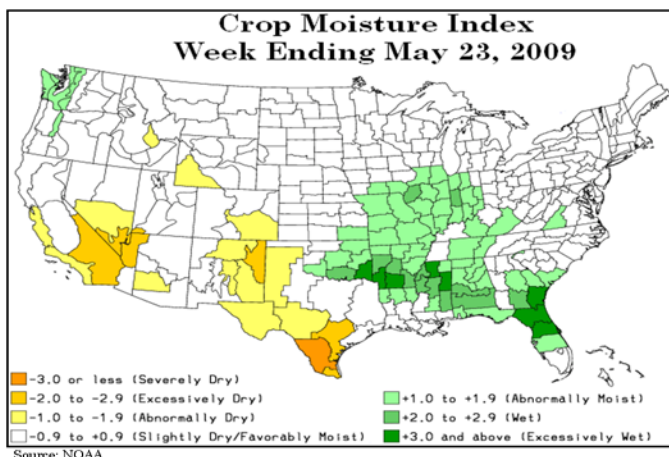
Current Production Situation

The tropical system that dumped heavy rains across the Southeast United States was a cause of concern for many producers who were hoping for a week or so of dry weather to be able to continue field activities and to reduce the threat of flooding along rivers and bayous. While many areas of the state received some rain this past weekend, it was not nearly as much as what was feared. Rainfall totals from throughout the state over the last 15 days ranged from 0.5 inches to 3.5 inches. There was some fear that the state could see those totals just in the past weekend.



Source: LSU AgCenter, Louisiana Agrilimatic Information

With the rain received over the weekend, it would appear that the majority of the state is experiencing adequate to slightly high soil moisture. The latest Crop Weather Summary indicated only 4% of the state experiencing very short soil moisture supplies. As long as wet conditions do not prevent needed field activities, this should aid in crop development.



Source: NOAA

Despite the wet conditions in parts of the state, the majority of the state's crops are well within normal ranges for crop development (See Table 1). The same cannot be said across the entire US, however, as 2009 planting and crop emergence lag 5 year averages for corn, cotton, rice and soybeans.

Table 1. Crop Development - Week Ending May 24, 2009

Commodity	Louisiana				United States	
	May 24 th	Last Wk	Last Yr	5Y Avg	May 24 th	5Y Avg
Corn - % Planted	100	100	100	100	82	93
Corn - % Emerged	100	100	100	100	52	71
Cotton - % Planted	95	86	92	93	61	69
Cotton - % Emerged	84	74	87	85	N/A	N/A
Rice - % Planted	98	95	98	98	86	93
Rice - % Emerged	94	87	96	96	69	82
Soybeans - % Planted	79	72	80	76	48	65
Soybeans - % Emerged	64	60	93	88	17	31
Sorghum - % Planted	98	93	96	94	47	48
Sorghum - % Emerged	64	60	93	88	N/A	N/A
Wheat - % Headed	100	100	100	100	68	71
Wheat - % Turning Color	98	96	100	98	N/A	N/A
Wheat - % Harvested	33	7	33	36	N/A	N/A

Source: USDA, National Agricultural Statistics Service

Despite some presence of disease and insect pressure being experienced in the state, more than 50 percent of all of the state's crops and livestock are reported in good to excellent condition (See Table 2). The hot and wet conditions being experienced, however, will warrant continued monitoring for disease and insect pressure.

Table 2. Crop Condition - Week Ending May 24, 2009

Crop	Louisiana			United States		
	Very poor to Poor	Good to Excellent	Percent	Very poor to Poor	Good to Excellent	Percent
Corn	6	20	74	N/A	N/A	N/A
Cotton	2	26	72	N/A	N/A	N/A
Rice	5	32	63	12	38	50
Sorghum	1	28	71	N/A	N/A	N/A
Sugarcane	11	33	56	N/A	N/A	N/A
Wheat	1	27	72	27	28	45
Livestock	5	28	67	N/A	N/A	N/A
Pasture	9	32	59	15	26	59

Source: USDA, National Agricultural Statistics Service

Current Price Situation

With the general economy showing some signs of, at least, finding a bottom, some of the spillover pressure

that has been impacting the commodity markets seems to have eased up a bit and allowed the markets to focus more on their own supply and demand fundamentals. The USDA released its first estimates for supply and demand for the 2009 crop and the 2009/10 marketing year in May (See Table 3). Ending stocks for both soybeans and corn look to be relatively tight for the upcoming year and will likely make the market very sensitive to any production difficulties that may occur this summer. While not shown here, ending stocks for sugar are also projected to be extremely tight. The 289,000 short tons projected are down from 1.1 million short tons during the previous year and is the lowest level over the past 40 years.

Table 3. Domestic Supply and Demand Estimates - May 2009

	Wheat	Corn	Rice	Soybeans	Cotton
	-----2009/10 Marketing Year -----				
Planted Acres	58.60	85.00	3.18	76.00	8.81
Harvested Acres	48.90	77.80	3.16	75.00	7.90
Yield	41.40	155.40	7,082	42.60	805
Total Supply	2,810	13,705	268.2	3,337	20.06
Domestic Use	1,273	10,660	132.0	1,675	3.50
Exports	900	1,900	97.0	1,260	11.00
Total Use	2,173	12,560	229.0	3,107	14.50
Ending Stocks	637	1,145	39.2	230	5.56
Mkting Year Price	\$5.20	\$4.10	\$11.00	\$9.45	\$0.54

Source: USDA, World Agricultural Supply and Demand Estimates

Ending stocks projections for wheat, rice, and cotton all point to those markets having difficulty approaching the higher levels experienced during 2008.

Table 4. Nearby Futures Prices - May 26, 2009

Commodity	Unit	Closing Price		
		05/26/09	Previous Week	Previous Year
Corn	Bushel	\$4.28	\$4.26	\$5.98
Soybeans	Bushel	\$11.86	\$11.62	\$13.48
Wheat	Bushel	\$6.12	\$5.89	\$7.59
Cotton	Pound	\$0.5506	\$0.5622	\$0.6620
Rice	Hundredweight	\$11.91	\$11.94	\$19.60
Sugar	Hundredweight	\$21.95	\$21.95	\$21.00
Fed Cattle	Hundredweight	\$82.83	\$81.68	\$96.70
Feeder Cattle	Hundredweight	\$102.58	\$101.38	\$115.25
Class III Milk	Hundredweight	\$9.83	\$9.82	\$18.19

Source: DTN, AgDayta Online

With the wet conditions in parts of the Mid-West, delayed crop development, and much lower prospects for winter wheat yields in Oklahoma and parts of Kansas, there are definitely some supply and demand factors helping to support prices for many commodities (See Tables 4 and 5). Add to this additional interest from speculative buyers and supported export demand from a falling US dollar during the past 7 consecutive weeks, the feed grains and oilseeds markets have definitely been experiencing an upward trend in prices over the last

few weeks. These markets should remain supported until the markets have a better feel for the potential size of the 2009 crops. For livestock, the signs of a slightly improving economy and increased consumer confidence along with the start of the summer grilling season should all help support prices in the short term. The negative for the livestock markets is that there seems to be evidence for continued high grain prices.

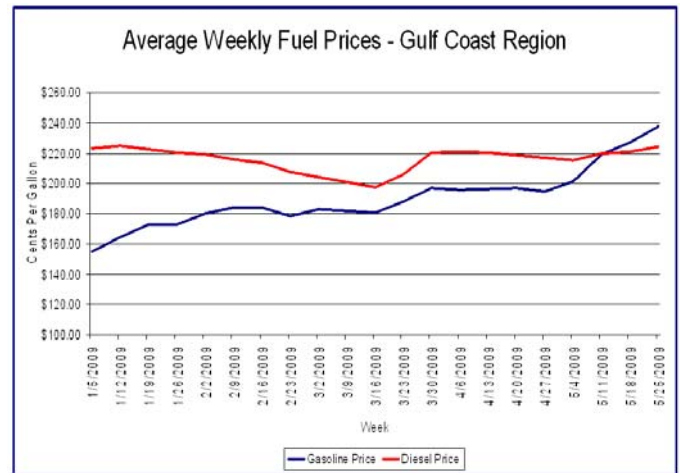
Table 5. New Crop Futures Prices - May 26, 2009

Commodity	Unit	Contract Month	Closing Price		
			05/26/09	Previous Week	Previous Year
Corn	Bushel	September	\$4.38	\$4.35	\$6.11
Soybeans	Bushel	November	\$10.43	\$9.96	\$13.42
Wheat	Bushel	July	\$6.12	\$5.89	\$7.59
Cotton	Pound	December	\$0.5857	\$0.5948	\$0.7501
Rice	Hundredweight	September	\$12.17	\$12.04	\$19.10

Source: DTN, AgDayta Online

Current Input Price Situation

Unfortunately, the signs of an improving economy have also seemed to coincide with higher fuel prices. Fuel prices in the Gulf Coast Region have increased in each of the last 4 weeks.



Source: Dept of Energy, Energy Information Agency

Prices for most fertilizers trended downward from the last half of 2008 through the first few months in 2009. It would appear, however, that price have stabilized and would not be expected to move significantly lower.

Table 6. Reported Fertilizer Prices

Fertilizer	-- May 18, 2009 --		-- Previous Month --	
	Low	High	Low	High
Ammonium Nitrate	\$359	\$435	\$350	\$475
Liquid Nitrogen (28% Spread)	\$395	\$400	\$395	\$400
13-13-13	\$345	\$495	\$345	\$495
DAP (Diammonium Phosphate)	\$400	\$525	\$400	\$600
Potash	\$700	\$850	\$725	\$920

Source: USDA, Agricultural Marketing Service