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Corn, Soybeans Gain on Speculation Investment Demand May Rise
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By Jae Hur

Jan. 4 (Bloomberg) -- Corn, soybeans and wheat gained on speculation fund managers will buy agricultural commodities at the start of this year to benefit from improving demand because of economic growth.

Corn will average \$4.60 a bushel this year, 11 percent more than the closing price on Dec. 31, said Emmanuel Jayet, head of agricultural research at Societe Generale in Paris and the most accurate forecaster based on estimates compiled by Bloomberg at the end of 2008.

"With the start of the new year, buying from investment funds, especially index funds, looked strong for the grains and oilseed complex, which lagged behind last year's gains among commodities," said Toshimitsu Kawanabe, an analyst at Tokyo-based commodity broker Central Shoji Co.

Corn for March delivery rose as much as 2.2 percent to \$4.2375 a bushel, the highest since Nov. 18, on the Chicago Board of Trade and traded at \$4.23 at 12:15 p.m. Paris time. Prices of the grain rose 1.8 percent last year.

March-delivery soybeans climbed as much as 1.6 percent to \$10.65 a bushel, the highest price since Dec. 17, before trading at \$10.63 a bushel. Prices of the oilseed rose 7 percent last year.

Corn has also been supported by speculation government estimates for the U.S. crop will be cut after snow and ice eroded the potential for late-harvest crops, while soybeans have been underpinned by demand from China, the world's top buyer of the oilseed, Kawanabe said.

Commodity Forecasts

Raw materials may return more than financial assets for the first time in three years as the global economy rebounds, according to Bloomberg surveys and 2009's most accurate commodity forecasters.

The S&P GSCI Enhanced Total Return Index of 24 commodities will gain 17.5 percent, Goldman Sachs Group Inc. estimates. That'll beat an 11 percent jump in the Standard & Poor's 500 Index and a 2.8 percent return on the benchmark U.S. 10-year note, forecasts compiled by Bloomberg show.

The 3.1 percent global expansion forecast by the International Monetary Fund in October also means demand for food will rise. A United Nations index of 55 food commodities advanced for four consecutive months through November.

Shortages sparked riots from Haiti to Egypt in 2008.

Wheat for March delivery rose as much as 2.5 percent to \$5.5475 a bushel and most recently was at \$5.54 a bushel. Prices dropped 11 percent last year.

Milling wheat for January delivery traded on Liffe in Paris gained 0.6 percent to 132 euros (\$189.82) a ton. Milling wheat prices fell 4.4 percent last year.

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