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Corn Advances Most in a Week as Weather Curbs Crop Prospects
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By Tony C. Dreibus and Jae Hur

May 16 (Bloomberg) -- Corn rose the most in a week in Chicago and wheat gained on concern wet weather will delay planting in the U.S. Midwest as dry weather in the southern Plains and Europe hurts winter-wheat prospects.

About 40 percent of the U.S. corn crop, the world's biggest, was planted as of May 8, below last year's 80 percent and the five-year average of 59 percent, the U.S. Department of Agriculture said in a report last week. Soil in the north of France, the biggest European Union wheat producer, was the driest in the past 50 years, Environment Ministry data show.

Wet weather along the Mississippi River that's flooding fields and drought in parts of Kansas, Oklahoma and Texas are curbing yield prospects in the U.S., the biggest exporter of corn, wheat and soybeans, and boosting commodity prices. Food costs soared to a record in February as prices of raw materials gained.

"Conditions for grains are looking less than ideal, with no major change expected," said Justine White, an analyst at researcher VM Group in London. "While corn planting areas continue to look soggy, major wheat-growing regions are struggling with drought, which will stress the crop. Dry conditions in the EU are putting pressure on wheat crops, which is a concern, as export demand is expected to be high."

Corn for July delivery added 11 cents, or 1.6 percent, to \$6.93 a bushel by 1:15 p.m. London time on the Chicago Board of Trade, advancing for a third day. Prices rose as much as 2.6 percent, the most since May 9. The grain fell 0.6 percent last week, touching the lowest price in almost two months on May 12.

Wheat Climbs

Wheat for July delivery rose 9.5 cents, or 1.3 percent, to \$7.3725 a bushel. The most-active contract declined 4.2 percent last week, the third straight weekly drop. Milling wheat for November delivery traded on NYSE Liffe in Paris increased 3.25 euros, or 1.4 percent, to 229 euros (\$323.83) a metric ton.

Flood warnings are in effect for states along the Mississippi including Iowa and Illinois, the largest U.S. corn growers, National Weather Service data show. Parts of Kansas, Oklahoma and Texas, the biggest U.S. producers of winter wheat, are in an "exceptional drought," U.S. Drought Monitor data showed. The USDA will release its weekly crop progress report at 4 p.m. in Washington.

"The report is likely to confirm continued delays in planting progress caused by flooding in the Corn Belt, which are now likely to have an effect on yields," VM's White said.

"Corn planted this late also becomes more vulnerable to extreme heat during the summer pollination phase."

Survey Results

Sixteen of 23 traders and analysts surveyed from Tokyo to Chicago on May 13 said corn would rise this week, and 16 of 24 respondents forecast a gain for soybeans.

Soybeans for July delivery climbed 4 cents, or 0.3 percent, to \$13.335 a bushel in Chicago. The oilseed gained 40 percent in the past year on increased demand from China, the biggest global importer.

Wet weather in the U.S. northern Plains is delaying seeding of spring wheat. About 22 percent of the crop was sown, compared with 65 percent a year earlier and an average 61 percent for the past five years, the USDA said. Soybean planting was 7 percent complete, compared with 28 percent last year and the five-year average of 17 percent.

"After wet weather during the weekend, there are forecasts for more rainfall this week in the U.S. Midwest," said Toshimitsu Kawanabe, an analyst at broker Central Shoji Co. "We may see another delay in U.S. corn planting in a weekly crops- planting report later today."

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