

## Corn Jumps Most Since March as Hot Weather Curbs U.S. Prospects 2012-06-18 19:02:48.244 GMT

By Tony C. Dreibus and Whitney McFerron

June 18 (Bloomberg) – Corn surged the most since March on signs that unusually hot, dry weather is eroding crop conditions in the main growing region of the U.S., the world's largest producer and exporter. Soybeans and wheat also rallied.

Dryness will be a "significant concern" during the next week in central and southern Midwest states, where temperatures may top 90 degrees Fahrenheit (32 degrees Celsius) through June 20, Kyle Tapley, an MDA Information Systems Inc. meteorologist, said today in a report. Conditions have worsened in the three weeks ended June 10, and a report today by the U.S. Department of Agriculture may show further declines as of yesterday.

The price of corn for delivery after the harvest dropped 14 percent this year through yesterday as the USDA forecast that domestic farmers would produce a record 14.79 billion bushels this year, after planting the most acres since 1937. The 20 percent supply increase was expected to overwhelm an 8.9 percent jump in consumption led by a surge in demand for livestock feed, the USDA said June 12.

"The 10-day forecasts are suggesting little rain in the midst of this heat," Mike Zuzolo, the president of Global Commodity Analytics & Consulting in Lafayette, Indiana, said by telephone. "It's clear that weather has taken control of this corn market. Traders are scared ahead of today's crop-progress report."

Corn futures for December delivery rose 5.5 percent to settle at \$5.34 a bushel at 1:15 p.m. on the Chicago Board of Trade, the biggest gain for a most-active contract since March 30. The December futures plunged 7 percent last week.

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An estimated 66 percent of the U.S. crop was in good or excellent condition as of June 10, down from 77 percent on May 18, USDA data show.

About half an inch (1.3 centimeters) to 1.5 inches of rain fell in the U.S. Midwest from June 15 through yesterday, Commodity Weather Group forecaster Joel Widenor said today in a report. Eastern Kansas, southeastern Nebraska and Indiana were drier. At least one third of the U.S. Corn Belt may experience stress from insufficient moisture in the next 10 days, he said.

The hot, dry weather also may hurt soybean crops in the U.S., the world's largest grower and exporter last year, Sterling Smith, a commodity market analyst at Citigroup Inc.'s institutional client group in Chicago, said today in an e-mailed report. The USDA may lower its estimate for conditions by 2 to 3 percentage points, after rating the crop 60 percent good to excellent last week, he said.

Soybean futures for November delivery gained 1.9 percent to

\$13.3925 a bushel on the CBOT. Wheat futures for December delivery surged 3.3 percent to \$6.725 a bushel in Chicago.

Grain and oilseed prices also gained after proponents of a bailout won an election in Greece, easing concern that the troubled country will leave the trade bloc that shares the euro and signaling improved prospects for demand for raw materials.

“The bottom line is we averted a potential currency crisis, so the agriculture traders who jumped out of their longs on fears about Greece are coming back in full force,” said Zuzolo of Global Commodity Analytics.