

Miller on the Market

Frosty Premium?

2009 is proving to be a year that we will have to worry about the crop until the very end. The corn market has been in a downtrend since the middle of June when we first learned of the possibility of a large crop that was going to be hurting to maintain the demand recently seen from a growing ethanol industry and a profitable livestock industry along with growing export demand. And now, with prices over a dollar lower than what we saw in June, we are faced with a later than normal crop maturity. Not a problem unless a weather event ruins what could be the biggest crop in history. A frost in late September could prove to be devastating. Not because a frost this early would be unusual but agronomists say we are up to two weeks behind in maturity. What effects would an early frost have on yield exactly? The table below shows a University of Minnesota study revealing the effects of a frost before maturity is complete.

Corn Grain Yield Reduction by Frost			
Development Stage	Days after Pollination	Percent of Total Yield	Percent Yield Loss
Early Dent	35	68	32
Dent	40	77	23
Late Dent	45	85	15
Half Milk Line	50	92	8
Mature	55	100	0

The December corn contract may have a “frost risk” premium built in to it. A year like this where the crop seems to be getting bigger and bigger should not have a market that is turning into a steady, almost uptrending market. If we get into the beginning

of October and there is still no threat of frost, be prepared for more market losses. Until then we should be able to enjoy a choppy but steady market.



Sep.1, 2009
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