



Nothing Friendly from USDA

USDA didn't change many numbers in its February Supply/Demand Report, but the numbers it did change weren't market-friendly. That said, the trade was maybe anticipating some bearish numbers, so there wasn't a large reaction to the report on Tuesday. Here are some of the key changes from this month's report.

Corn – the biggest change was a cut in exports of 50 mln bu, leading to an increase in carryout of 35 mln bu. This is a 10-year high in US stocks. The Market Year Average (MYA) price was unchanged with a midpoint of \$3.60. World carryout was kept nearly unchanged. **Neutral-slightly bearish.**

Soybeans – US crush was cut 10 mln bu, increasing carryout the same to 450 mln bu – the 2nd largest ever. MYA price was unchanged at \$8.80. Argentine production was increased 1.5 mmt (2nd highest ever), & world carryout was increased 1.14 mmt. **Slightly bearish.**

Wheat – USDA lowered exports 25 mln bu and increased carryout a like amount, now at a 6-year high. MYA price was kept unchanged at \$5.00. The world wheat report saw an increase of nearly 2 mmt beginning stocks, an increase in Argentine production of 0.5 mmt, & a decrease in feeding of nearly 3 mmt, with the net being an increase in carryout of more than 6.8 mmt. **Bearish.**

Cotton – USDA cut export ½ mln bales & raised carryout the same, nearly unchanged from last year despite 2 ½ mln less planted acres this year. MYA price unchanged. World cotton stocks increased 1.22 mmt due to cut in world usage. **Slightly bearish.**

Rice – USDA did not make any changes to the US S&D numbers, but did lower the MYA prices 0.2 cents, which would increase PLC payments. **Neutral.**

Aside from the influence from the macro markets (US dollar, crude oil, stocks) on ag commodities, the trade will be turning its focus to 2016 acreage prospects.

Informa Commodities released its most recent survey of intended acres (right) in January, still showing expectations for a large drop in wheat acres, a large increase in soybeans, & smaller increased in corn & cotton acres. USDA will release its Planting Intentions Report on March 31, which along with the March 1 Grain Stocks Report, usually makes that day a big one for the markets.

	February USDA	January USDA	Change vs Prev Month	2014-15 Estimate	Change vs 2014-15
Corn	1,837	1,802	+35	1,731	+106
Soybeans	450	440	+10	191	+259
Wheat	966	941	+25	752	+214
Sorghum	65	65	unch	18	+47
Cotton	3.60	3.10	+0.50	3.70	-0.10
Rice	41.9	41.9	unch	48.5	-6.6

	February USDA	January USDA	Change vs Prev Month	2014-15 Estimated	Change vs 2014-15
Corn	208.81	208.94	-0.13	206.18	+2.63
Soybeans	80.42	79.28	+1.14	77.08	+4.92
Wheat	238.87	232.04	+6.83	214.51	+24.36
Cotton	104.08	102.86	-1.22	112.17	-8.09
Rice	89.28	89.70	-0.42	103.46	-14.18

	FINAL 2014-15		2015-16	
Corn	\$3.70	N/C	\$3.60	unchanged
Soybeans	\$10.10	N/C	\$8.80	unchanged
Wheat	\$5.99	N/C	\$5.00	unchanged
Cotton	60.5	N/C	59.0	unchanged
Sorghum	\$4.03	N/C	\$3.30	unchanged
Barley	\$5.30	N/C	\$5.50	up 25 cents
LG Rice	\$11.90	N/C	\$11.30	down .2 cents

Informa 2016 January Planted Area Estimates

Crop	Planted (Thousand Acres)			2016 as % of 2015
	USDA 2015	Informa 2016	2016 Change	
Corn	87,999	88,869	+ 870	101.0%
Grain Sorghum	8,459	8,099	-360	95.7%
Oats	3,088	2,980	-108	96.5%
Barley	3,558	3,472	-86	97.6%
Soybeans	82,650	85,230	+ 2580	103.1%
Upland Cotton	8,422	9,280	+ 858	110.2%
Am-Pima Cotton	159	179	+ 20	112.9%
Sunflowers	1,859	1,905	+ 46	102.5%
Winter Wheat	39,461	36,609	-2,852	92.8%
Other Spring	13,247	12,742	-505	96.2%
Durum Wheat	1,936	1,795	-141	92.7%
Rice	2,614	2,765	+ 151	105.8%



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Revenue Management Update

Price Select for 2016

DCIS' Price Select program has been very popular so far this year! Price Select allows producers another opportunity to get a crop insurance price & revenue guarantee higher than the one set in February if the average futures price in the month selected is higher than the base & harvest prices. Price Select is available this year for corn, soybeans, & cotton, and the months of March, April, May, June, & July are available for purchase. Price Select is available in 22 states for corn & soybeans, and available in 9 states for cotton this year.

Since the base prices for these three crops are the lowest they've been in years, and guaranteed revenues are most likely below cost of production, Price Select would give you a chance to get a higher guarantee and maybe even cover your costs.

These graphs show the 10-year averages of new crop futures. June has been the highest average for corn, July the highest for soybeans, & April for cotton. Those would be the months I'd most strongly consider for both making forward sales this year and for Price Select.

Price Select is priced pretty cheap – just a few pennies per month – and we will likely run out of capacity in some states. Talk with your DCIS agents SOON if you're interested!

