This Week In Agriculture:

A Mixed Bag of Information from the Week that Was: April 21, 2017

- **An odd week at best as the ideas of potential pricing strength due to perceived planting delays were thrown out the window from the start with bears taking charge and never really letting up as the week progressed. When the dust settled we saw May soybeans down 4, May corn down 15 with May wheat down 25.**
- **While many areas of the Corn Belt haven't necessarily seen above average rainfall these last couple of weeks cooler temperatures and sporadic rain making field work less than ideal has kept most planters idle. Monday night's initial crop progress report indicated planting pace is a bit slower than average. As of Sunday 6% of the corn crop was planted, behind the 12% average and 9% planted a year ago. While many farmers in parts of the Corn Belt will have an opportunity to get into fields this weekend, the active pattern returns next week.**
- **At this point it is far too early to get excited about planting delays (at least for those that don't have a crop to plant) as many point to equipment size and the fact that we've seen the Corn Belt manage to get over half the corn crop planted in a 5 day window these last few years. However the fact that planters aren't rolling—or at the very least aren't rolling in ideal conditions—will likely prompt many to abandon the idea that corn acres could increase from March's initial estimate.**
- **Studies have indicated planting dates play a minor role in yield potential, with most showing no substantial risk of production loss until mid-May. Because of this most growers won't even begin to think about changing their acreage intentions until Mother's Day at the earliest, leaving several weeks left to debate just what a continuation of this wet cool pattern could mean.**
- **Stats Canada (Canada's version of the USDA) released their acreage intentions this morning showing Canadian farmers will plant slightly less wheat than a year ago, but intend to increase soy (up 1.5 million acres), canola (up 2 million acres) and corn (up 500,000) acreage. This morning's numbers did prompt some in the industry to scratch their heads though as overall planted acreage for the country came in nearly 2 million acres higher than a year ago. While some point to pastureland converted into production, many wonder if a revision isn't likely going forward. Of course as with U.S. acreage weather will have the final say.**
- **On the demand side of things we continue to see signs of brightness. Ethanol celebrated a milestone this week breaking through the 10% blending wall many have claimed would limit the industry. The Renewable Fuels Association announced mid-week that the nation's gas contained 10.04% ethanol last year, with over 10% ethanol blended into the nation's fuel supply since October. In fact January saw a record amount of ethanol blended at 10.4%.**
- **Exports show a continuation of strength as well. So far for the year soybean export sales have already outpaced USDA expectations, with corn and wheat finding themselves looking at breaking through USDA projections relatively easily. At this point corn only needs to see 12.7 million bushels of sales a week with the average sale pace running around 30 million bushels.**
- **While it is thought we will see relatively limited export competition until the second corn crop is available out of Brazil sometime in June it is interesting to note that though significant competition is present from a supply standpoint in soybeans we still saw a large old crop soybean flash sale to unknown announced this morning. Many forget that the drought in South America last year left foreign buyers without supplies. Some could argue it took over 4 years for the US to regain market share after the 2012 drought, buyers may not be as quick to return to South American suppliers as first thought if price levels between the two countries remain competitive.**

- **This afternoon's Cattle on Feed report showed 100% of cattle on feed versus a year ago, with placements up 11% versus expectations of a 6% increase. Marketings were 110% of a year ago-as expected. While this may not be bullish for cattle, it does indicate we have a lot of animals to feed. At the same time cash values for live cattle remain well supported and at yearly highs, indicating a continuation of hefty supplies will be needed going forward.**

Sunday night's trade will rely heavily on weather outlooks. At this point though it is important to point out that the funds have amassed a large short position—meaning they're betting the market will move lower. Because of this it is likely we'll need to see something more than just planting delays to generate a move to the upside as funds will likely work to defend their position. However, because of this short position a move to the upside could be somewhat explosive if they find themselves scrambling to cover.

President Trump announced his new tax plan will be released on Wednesday. Because of this most traders will be watching outside market moves intently, potentially leaving commodity markets to languish in their recent range in the short-term. Going into Monday night traders are expecting to see around 11% of the corn crop planted, this would be behind the 18% average pace and slower than last year's 28%. Forecasts after the close indicated a very active weather pattern to be expected for next week, with thoughts of the cooler, wetter trend remaining in place until through mid-month. Remember to get those target orders in place before you hit the fields. The best opportunities tend to present themselves when your mind isn't on making sales. As always, don't hesitate to call with any questions, we're here to help!

All the Best!
Angie Setzer
Citizens LLC
www.citizenselevator.com