

## This Week in Agriculture:

A Mixed Bag of Information from the Week That Was: May 20, 2011

- Nearly as quick as it took it away the markets put it back on this week, with big gains all around. For the week old crop corn gained an amazing 77 cents, with new adding 39. Old crop soybeans were up 51 cents, with new gaining 40. July wheat added 79 cents overall.
- Weather and delayed plantings were the main driving factors. Monday night's crop progress report showed 63% of the corn crop planted nationwide, versus 40% planted last week and 75% as the five year average. In 2009 only 57% of the nation's crop was planted at this point.
- The biggest delays were seen in Indiana, Ohio, North Dakota and Wisconsin where 29%, 7%, 14% and 35% of the corn crop was planted respectively. All of these numbers are lagging significantly behind the five year average where Indiana generally has 66% of the corn crop in, Ohio generally has 70% planted, while North Dakota and Wisconsin are usually 55% and 67% planted by this point.
- These four states account for an estimated 16.2 million acres based on the USDA's March 31<sup>st</sup> Planting Intentions Report. Talk is already rolling through trading pits that we could lose 1 to 2 million acres of corn plantings just in these states alone.
- The USDA estimates we're 41% planted here in Michigan, up significantly from the 8% planted the week prior, but well below the 68% five year average. The USDA expects us to plant 2.5 million acres here this spring.
- There is talk as well that Mississippi River flooding could potentially cut an additional million to 1.5 mln acres. Private analysts are already predicting anywhere from a 1.5% to 10% reduction in planted acres. At 160 bu to the acre a 2 million acre drop in acreage alone could spell out a 320 million bushel reduction in production, taking our estimated carryout for the 11-12 crop year from 900 mln predicted last week down to under 600 mln bushels.
- A leading fertilizer producer however believes in the end we will still see 92 million acres of corn planted based on their fertilizer sales and movement.
- Nationwide soybean plantings were estimated at 22% as of Sunday night. Versus 31% as the 5-year average. Here in Michigan it's estimated 15% of the soy crop is planted, while in Ohio only 3% of the crop is in the ground.
- While too wet is the story in the Eastern Corn Belt too dry still dominates in the Southern Plains and parts of Europe where the wheat crop is suffering significantly. Soil conditions in Northern France are the driest seen in nearly 50 years. Analysts there are estimating a significant reduction in wheat production, with one French analyst is predicting an 11% reduction to the French wheat crop.
- Demand for corn hasn't seemed to slow much either at this point. Ethanol production for last week rebounded significantly up to the highest level seen in nearly 6 weeks. Exports came in at the higher end of pre-report estimates as well. Of course prices bottomed out early last week, so this week's rebound may help to control the appetites of some of these end users in the meantime.
- Fun fact: According to the Renewable Fuels Association 35 million metric tons of livestock feed, either in the form of wet mill material or dried distillers grains came from ethanol production in the 2009-2010 crop year. This amount of feed translates into an estimated 50 billion quarter pound patties of meat—or 7 quarter pounders for every man, woman and child on earth.

**Monday night's planting progress report and weather will be the main focus as we start out the week. Traders are anticipating 80% of the crop will be planted. Progress in the Western Corn Belt has been good so far, while the Eastern Belt of course is lagging significantly. Rain remains in the forecast with Indiana and Ohio in the bull's eye for heavy rains both Monday and Tuesday.**

**Keep in touch; things are going to get very interesting over the next couple of weeks. Some are hinting at a possible pattern shift the week of May 30<sup>th</sup> into June 3<sup>rd</sup>. Target orders will be key as we move ahead. Don't forget to check out our website for up to date weather and market commentary [www.citizenselevator.com](http://www.citizenselevator.com). Until next week, have a great weekend and stay safe!**

**All the Best!  
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