

This Week in Agriculture:

A Mixed Bag of Information from the Week That Was: May 27, 2011

- Volatility remained fully entrenched in the markets this week as weather and planting concerns battled head to head with debt concerns in the Euro Zone and other negative outside influences. For the week old crop corn finished relatively unchanged after regaining its losses from Tuesday's sell off. December corn gained 18 cents finishing the week close to new highs for the year. July soys closed unchanged for the week, with Nov soys up 18. July wheat added 14 cents as well.
- Same as what we discussed last week, delayed plantings and weather were the big driving factors in this week's move higher as well. As of Monday night the USDA estimates 8.6 million acres of corn remain unplanted in OH, IN, MI and ND.
- North Dakota's prevented planting date on corn is May 25, and with less than half of the expected acres planted many are wondering how many acres will actually be seeded once the weather straightens out. Here in MI as well as in Indiana and Ohio farmers will have another week to decide. As of Monday night's report only 11% of the crop is planted in Ohio, with 49% planted in Indiana and 57% planted here in the state.
- Acreage loss caused by Mississippi River flooding is another wild card. A major farm group estimates that 3.6 million acres of farmland in the Mississippi and Ohio River Valleys have been impacted by record flooding. This includes nearly 40% of the country's rice area. Replant concerns will be major in these areas as well.
- Many analysts have already dropped their planted acreage estimates on corn down to 90 million acres or less. An estimated 2.2 million acre loss from the USDA's March estimate of 92.2 mln. Of course yield potential will likely be significantly reduced due to late plantings as well.
- A point to ponder: according to a major farm group in the state most of Ohio has only seen 8.4 days suitable for field work since the first of April.
- Of course the opposite is true in the Western Belt where the majority of the corn is in the ground. Iowa, Nebraska and Illinois have 98%, 94% and 90% of their corn in the ground respectively. Some wonder with the already high corn prices if a slight increase in acreage similar to what we saw in 09 won't occur due to decent conditions in the West. Of course many analysts believe we really won't have an accurate idea of actual acreage planted until sometime in August.
- Wheat prices remain incredibly strong on production concerns out of Europe, the Plains states and now in the Soft Red Wheat Belt. According to the International Grain Council European production prospects have been reduced by nearly 150 million bushels due to severe drought conditions experienced there.
- Here in the US they lowered the country's total production by just under 50 million. Questions will remain though on just how much Spring Wheat will be planted. North Dakota's prevent plant date on Spring Wheat is just around the corner, and as of Monday night's report only 34% of that crop has been planted, with only 49% planted in Montana. Drought in the South and developing disease concerns in the Soft Red Wheat Belt will keep traders on their toes as well.
- For the second year in a row global demand is expected to outweigh global production, cutting into reserves and supplies around the world.

Extended forecasts continue to hint at a pattern shift, with temperatures expected to climb in to the 90's next week. The acreage debate will likely begin to really heat up once traders return from their extended holiday weekend. Late planting, prevented planting or rotation shifts to soys will remain in the forefront of most traders minds.

Something to think about, our food grade soy program is a perfect opportunity to make up for lost revenue on those acres you can't get planted to corn. If this weather were to turn around like forecasters believe it will we still have a couple solid weeks to get beans into the ground without significant concerns over yield loss. Give us a call today, we're here to help!

The markets as well as our Charlotte office will be closed on Monday in observance of the Memorial Day holiday. Until next week have a great weekend and stay safe.

All the Best!

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