This Week in Agriculture:

A Mixed Bag if Information from the Week that Was: May 2, 2014

- **Another week of increased market activity as we move further into spring and less than ideal planting weather remains throughout the bulk of the country. For the week July corn finished 13 lower, with December corn down 12. After what can be described as a horribly ugly Thursday July soys finished the week down 24, while November soybeans were down 17. July wheat finished the week 8 cents higher.**

- **As was the case last week traders were anticipating a decent amount of corn planting progress had been made the week prior. Though conditions have been less than ideal, several areas have remained dry enough to turn wheels. After the close on Monday the USDA pegged planting pace at 19%, lower than the pre-report thinking of 20-25%. Last year at this time we were a miserable 5% planted, with the 10 year average coming in around 29%.**

- **Cool and wet weather across the heart of the nation is likely to leave planting progress relatively stalled as we head into next week. Many traders point to last year when it comes to concerns over the slow pace and how we managed to see a solid 158+ bushel per acre yield. In most instances agronomists feel a realized yield drag is not likely to take place in corn until after May 15th.**

- **At the same time many others point to the continuation of the cool and wet pattern in the Northern Corn Belt. Progress north of I-80 may remain delayed for at least another week or two. This afternoon's extended forecast from the National Weather Service showed a likely continuation of below normal temperatures and above normal precipitation over the next 2 weeks.**

- **While many locations across the country remain too wet, the heart of the Southern Plains Hard Red Wheat Belt remains too dry. The Wheat Quality Council held their annual tour of wheat fields in Kansas and surrounding areas finding some very disheartening results. What the drought hasn't impacted the early April freeze has, with some fields seeing the worst yield prospects in nearly 15 years.**

- **While it is difficult to see any producer experience a drought and drop in yield it is important to keep in mind that from a world perspective our HRW is a small percentage of global production. With prices rallying strongly over the last two months it is important to be aware how much the freeze and drought may already be factored in when it comes to looking at marketing opportunities long term.**

- **It is also important to remember production declines in HRW may help support other wheat classes, but does not guarantee a spill over rally. In Monday's crop progress report we saw Hard Red Wheat conditions decline slightly, with Soft Red Wheat conditions improving marginally. Spring Wheat planting remains slow and slightly behind average.**

- **Soybeans had the widest trading range of the week, managing to swing nearly 68 cents on the July board in the last half of the week. November beans traded to their highest level seen since last July. Early in the week market bulls were focused on the likelihood of improved late season Chinese crush margins and demand, as well as the fact that we've already outpaced the USDA on export sales and potentially crush.**

- **Thursday finally provided market bears with the first net cancellation of export sales this year. Though this is needed and has been expected since January the sell off began, snowballing until beans closed down 51. As we move ahead traders will continue to closely monitor the flow of South American beans, crush numbers and the Chinese credit situation keeping an itchy finger on the trigger entering and exiting the market seemingly at will.**

Bottom line: price volatility is only likely to continue as we work our way into May. Meteorologists are still calling for the emergence of an El Nino weather pattern as we move into summer and the likelihood of solid yield prospects. A well-followed agronomic expert predicted U.S. yields of around 164 bpa for corn and around 44 bpa for soybeans, acknowledging the delayed planting as reasoning for trend line yields, as opposed to above trend.

While it is WAY too early to predict yields it is important to keep in mind the risk at hand if we hit trend or above. Demand resurgence and uncertainty has done a lot to help prices over the last several months. It's important to keep in mind the 50 cent rally in December corn, the dollar rally in soybeans and the $1.56 rally in Chicago wheat from their lows set in January if you haven't started contracting your new crop production. In the meantime don't hesitate to call with any questions, we're here to help!

All the Best!
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