

**This Week in Agriculture:**  
**USDA Acreage and Quarterly Stocks Report: June 30, 2014**

- Today's report could easily be classified as bearish, or negative to price across the board. Though there were a couple highlights in corn acreage and wheat stocks coming in slightly lower than expected all other numbers came in much higher than projected.
- Hands down the biggest surprise in today's report came from planted soybean acres. Ahead of the report traders were anticipating an increase in planted acres above what the USDA had projected in March. Information from seed companies released over the last couple weeks indicated that perhaps an even higher number could be expected. The USDA did not disappoint coming in 2.69 million acres higher than the pre-report trade estimate.
- At 84.839 million acres this year's planted soybean acreage would be a record large planted number—exceeding the prior record by over 7 million acres. Every major producing state saw a significant increase in soybean plantings. From a by state basis North Dakota came in with a 1.3 million acre increase, Iowa and Minnesota with an 800,000 acre increase and Illinois and Nebraska with a 630,000 and 590,000 acre increase respectively.
- At 91.6 million acres today's USDA corn plantings number came in 125,000 acres lower than the pre-report average estimate in around 90,000 acres lower than the March projection.
- Here in Michigan the USDA believes we have 400,000 more acres of soybeans planted. Corn plantings in the state were around 310,000 acres lower than a year ago.
- The secondary and perhaps lesser noticed surprise came from this morning's corn stocks number. The USDA put June 1<sup>st</sup> stocks at 3.85 billion bushels, over 125 million bushels higher than the pre-report trade estimate-and on the higher end of the 900 million bushel pre-report range.
- As we've talked about before, a higher than anticipated stocks number would indicate slower than anticipated demand, or higher than projected supply. This morning's number, especially when looking at the most recent Cattle on Feed report and Hogs and Pigs report would indicate the USDA may be overestimating feed demand.
- From a by state perspective every major corn holding state has more than they did after last year's drought ravaged crop. The main increases came from the "I" States with Iowa, Indiana and Illinois having at least 150 million bushels more on hand than last year. Here in Michigan the USDA believes we have an additional 23 million bushels more on hand than we did in a year ago going into the last quarter of the marketing year.
- What's key in today's corn stocks number is the amount of corn still held on the farm. According to USDA numbers the amount of corn held on farm is up 48% from a year ago. Here in Michigan, of the 23 million bushels extra on hand farmers are holding 9 million bushels more at home.
- Soybean stock numbers came in 23 million bushels higher than the pre-report estimate. This increase helped to squash some of the fear surrounding us "running out of old crop soybeans" before harvest. On the flip side, this increase may help to also slow the pace of imports-perhaps in the end not changing the overall old crop outlook too much at this point.
- As expected domestic wheat stocks were lower across the board, actually coming in lower than pre-report estimates, and 128 million bushels lower than last year. With today's report being the final ending stocks of the 2013 wheat marketing year, we now know there was a touch less wheat on hand than last projected in June's Supply and Demand. Region-wide we have much less Soft Red Wheat on hand than last year as we go into harvest.

- **Planted acres came in slightly higher than expected due to an increase in Spring Wheat acres. As expected Winter Wheat acres were down nearly 10 million acres from last year.**

**When the dust settled today we saw both September and December corn closing down nearly 23 cents. August soybeans were down 48 cents, while November soybeans were down 71. September wheat was down 16. In the end today has changed the parameters in which we're trading just a bit. Higher soybean acreage can withstand a decrease in yield a bit better than the numbers we were working with last week.**

**Late this afternoon the USDA updated crop conditions leaving soybeans unchanged, and increasing the amount of corn considered good to excellent by a point nationwide. Weather will now hold the trump card and at this point rain will continue to make grain unless we can convince the market otherwise. Give us a call with any questions! We're here to help!**

**All the Best!**

**Angie Maguire**

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