

This Week in Agriculture:
USDA Report Summary: March 31, 2015

- Today's much anticipated prospective plantings and quarterly stocks report was released midday to less than expected enthusiasm, specifically in corn and wheat. Coming into today traders had taken a view that numbers for corn would be bullish, while numbers for beans would be bearish. The USDA saw things differently, coming in with a somewhat bearish corn report coupled with slightly supportive soybean numbers. Wheat continues to be led more by dollar moves and global supplies than anything else.
- Though stock numbers tend to impact both old and new crop supply and demand outlooks, acres were the main focus of traders coming into today's report. Though the USDA Outlook Forum in February disagreed with trade sentiment, most traders were still anticipating a solid increase in soybean acres with a reasonable decrease to corn acres as a result. In the end the USDA projected numbers closer to their forum estimates than pre-report guesses.
- Ahead of today traders were anticipating corn acres would come in around 88.731 million, with a range of 87 to 89.7 million acres. This compared to last year's plantings of 90.6 million. In their initial official projection the USDA believes we will see 89.2 million acres planted.
- By state acreage projections show 100,000 acre declines expected in Indiana, Iowa, Michigan and North Dakota, with 200,000 acre cuts in Illinois, Missouri and Ohio. The big mover was South Dakota with a potential 600,000 acre cut to corn plantings in the state. Minnesota, Wisconsin, Louisiana and Mississippi went against the trend, with an increase in corn acres expected in those states.
- Soybean acres could be viewed as the surprise of the day coming in below the average pre-report estimate and on the low end of the range. Though 84.6 million is a record large amount of soybeans going into the ground, the fact that traders were expecting an acreage number closer to 86 million let the soybean market show some gains against the grains.
- By state we see many states looking to increase bean acreage by 50,000 to 100,000 acres, with bigger shifts coming in Iowa (+200k), Ohio (+250k) and Tennessee (+160k). Here in Michigan the USDA anticipates a 50,000 acre increase in soy acres. Kansas (-200k), Nebraska (-300k) and North Dakota (-100k) saw the biggest cuts to their intended soybean plantings.
- Winter wheat plantings came in close to expectations and relatively close to unchanged from the January seedings report, with Spring Wheat and Durum coming in slightly lower than anticipated. Though it's already a known in the market it is interesting to see in black and white the cuts to planted acreage seen in the Northern Soft Red Winter Wheat planted area. Michigan, Indiana, Ohio and Illinois are expected to see a combined 300,000 acre decrease between the 4 states.
- Of note, though traders were anticipating a significant increase in Sorghum acres. The USDA did not agree, projecting a 762,000 acre increase instead of the 1-2 million acre increase expected. Outside of corn, soys, wheat and sorghum the USDA expects a 10% increase in peanut ground, a 14% increase in sunflower acres and a 13% decrease in cotton.
- On the stocks side of things we didn't really see much in the way of surprises, but did see a higher than expected stocks number in corn. From a market moving perspective larger than expected stocks tend to indicate more supplies than previously thought or less demand. With stocks coming in 131 million bushels higher than anticipated in corn many traders are expecting a subsequent cut to feed demand and increase in old crop carryout in the next supply and demand report.
- On a by position breakdown it is easy to see where the bulk of the 737 million bushels of increased supply is sitting, on farm stocks are up 519.5 million bushels, with commercial holdings up the remainder. By state the bulk of the increase in holdings can be seen in Iowa (+256 million), Indiana (+110 million) and Illinois (+219 million). While Michigan (-12 million), Minnesota (-22 million), North Dakota (-18 million) and Ohio (-20 million) saw the biggest decline in stocks. With quality issues beginning to surface and weather

beginning to warm it's only a matter of time before the bushels parked in the areas of increased holdings will have to move, likely impacting basis in those areas especially.

- **Soybean stocks came in 13 million bushels lower than the average pre-report estimate, but well within the range of guesses. Soybean demand is a function crush and exports, and with updated demand numbers out of those groups monthly or weekly the fact that traders and the USDA came in relatively close to each other indicates usage and supply at this point appear to be in line. This should limit the likelihood of significant changes in old crop carryout between now and the June 30th stocks update.**
- **In a by state breakdown it is interesting to note none of the major soybean producers have less soys on hand than a year ago, with the range of increases coming in between 13 and 58 million bushels respectively. Here in Michigan the USDA believes we have 16 million bushels more on hand than we did last year at this time. Similar to corn the bulk of the increase is in on farm holdings accounting for 227 million of the 340 million bushel increase in soybean stocks.**
- **Wheat stocks came in slightly below pre-report estimates, but well within the range of guesses. Overall stocks are up 67 million bushels from last year. While here in Michigan the USDA sees 7.7 million bushels less on hand than a year ago, with most of that decrease coming in commercial holdings.**

In the end it appears the fact that so many traders were anticipating bullish numbers for corn became the market's own worst enemy. Though numbers were not far from pre-report estimates and could not necessarily be viewed as "shocking" they allowed for a sell off that seemed to pick up steam as the day went on. Though today is only an initial estimate and did little to change market fundamentals in a major way, the numbers were enough to send buyers to the sidelines until weather becomes an issue. Considering it is only March 31st we have a long way to go before that seed is in the ground and the crop is in the bin and while today may have put a ceiling on significant upward moves short-term, it did not stick a fork in the corn market like some want to portray.

Now is a good time to take a look at basis opportunities; falling prices, slow farmer movement and the idea growers are going to be heading to the fields soon should make for good selling opportunities in the near-term, especially if you're in one of the glut states mentioned above. In the meantime, don't hesitate to ask any questions, we're here to help!

**All the Best!
Angie Maguire
Citizens LLC**

www.citizenslevator.com

******Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein******