

**This Week in Agriculture:**  
**News That Could Make a Difference: May 10, 2013**

- **Rapid moves back and forth made it difficult for traders and farmers alike this week as weather, today's USDA report and outside economic factors helped increase volatility in an already historically volatile market. For the week July corn lost 26, while December corn was down 25. July soybeans were up 11, while November beans were down 15. July wheat finished the week down 17.**
- **Monday night's crop progress report showed planting is off to an even slower start than traders had anticipated. Ahead of the report many expected 15-20% of intended corn acres would be planted. The USDA put planting progress at 12%, the slowest pace since 1984, and 2% slower than the flood year of '93. Soybeans were 2% planted, 20% slower than last year's start, and 10% slower than the 5 year average.**
- **Here in Michigan the USDA estimates 5% of the crop had been planted as of last Sunday night. This is well behind last year's 43% pace and the 33% 5-year average. Weather for the week was spectacular though, likely allowing planting pace to increase rapidly before it rained.**
- **Spring Wheat planting is off to a historically slow start. As of last Sunday night an estimated 23% of the crop was planted. This is well behind the 5 year average pace of 50% and 60% slower than last year's extraordinary start. With issues in the Hard Red Winter Wheat Belt due to drought and freezes, the slow start to Hard Red Spring Wheat plantings could have implications down the road.**
- **Today's USDA report gave us the first insight into what they expect this year to bring from a supply and demand perspective. With it being early yet they did little to reflect the historically slow start to the growing season as it relates to actual production figures.**
- **Ahead of the report traders were expecting significant increases to carryout from this year's drought reduced crop. For new crop corn many analysts were anticipating new crop ending stocks to come in just below 2 bln bushels, with a reduction in planted acres expected. The USDA did not adjust acreage lower, but did lower yield to 158 bpa, up significantly of course, from last year. Even with the lower yield though, the USDA feels we will still produce over 14 billion bushels of corn this summer.**
- **Of course, it's key to point out, the USDA bases their 158 bpa yield on the corn crop being nearly 60% planted by May 15<sup>th</sup>. With traders anticipating 35-40% of the crop planted by Sunday night it's possible to achieve 60%, but with heavy rains falling mid-week and more in the forecast, it may be difficult.**
- **Soybean production was put at a record high 3.39 bln bushels. The USDA is anticipating a 4.9 bushel per acre increase, up to 44.5 bpa. They anticipate demand to return with available supply, but still feel carryout will more than double, rebounding up to 265 mbu from this year's 125 million bushel carryout. This was nearly 30 million bushels higher than traders were anticipating.**
- **New crop wheat production estimates were updated in today's report as well. The USDA anticipates overall wheat production to fall nearly 10% from last year, with all of that coming from production losses in Hard Red Wheat. Overall HRW wheat production is expected to be down 23% from last year, with the highest rate of abandonment expected since the 06/07 growing season.**
- **Better growing conditions in the Eastern Belt let the USDA raise their Soft Red Wheat production forecast. They expect production to come in 19% higher than a year ago. Here in Michigan the USDA anticipates slightly lower yields to offset higher planted acreage. Overall they expect production at this point will come in 340,000 bushels below last year.**
- **Old crop numbers for both corn and beans in today's report were left relatively unchanged. It will be vital to watch how demand evolves as we move into the summer. The slow start to planting has all but guaranteed we will have a longer wait for new crop production to hit the pipeline. With ethanol production returning to better levels and feed usage still in question this delay could have far reaching implications down the road.**

- **Old crop soybeans will be interesting to monitor as well. The record shortage of available cash supplies has already pushed basis levels to record highs. It appears as though some end users may begin sourcing beans out of South America as we move into the summer. The extent at which this happens will have a significant impact on cash prices as we move ahead.**
- **National Weather Service extended forecasts released this afternoon are calling for normal to above normal temperatures and above normal precipitation in the Upper Midwest through the 24<sup>th</sup> of May. Sunday night's forecasts will play a significant role in where we head Monday.**

**Overall weather will remain the dominating factor. At this point it appears as though the majority of the crop will be planted uniformly throughout the growing region once (if??) it dries out. This will only further increase the importance of July weather as the bulk of the crop will pollinate at once. Keep your point of profit in mind. As we move further into summer volatility is only likely to increase, target orders are truly the only way to capture quick bursts in the market, and should be a significant part of your marketing plan. Don't hesitate to give us a call with any questions, we're here to help! Until next week, have a great weekend and stay safe!**

**All the Best!  
Angie Maguire  
Citizens LLC  
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