

This Week in Agriculture:
News That Could Make a Difference: May 7, 2015

- As we work our way to the last trading day of the week we continue to see corn, soybeans and wheat struggle to maintain any solid upside move. At this point in the week July corn is trading 2 cents lower, while December corn is down 3. Soybeans have been benefitting from some logistical issues in South America and bearish corn sentiment, pushing both July and November beans up 10. July wheat tried it's best to rally, but is still a penny lower for the week.
- Monday night's planting progress report came in relatively close to what traders were expecting. Decent weather throughout the bulk of the Western Corn Belt combined with the growers' ability to plant an extraordinary amount of corn in a day pushed progress to 55% complete nationally. This is 17% ahead of the 5 year average and 36% ahead of last year's pace.
- We continue to see a pretty solid split in progress between the areas where weather has been conducive to field work and those that can't catch a break from Mother Nature. Dry conditions in Minnesota and the Dakotas have helped push progress there to near record levels. At 83% complete Minnesota is in the lead for the fastest pace, blowing their 5 year average out of the water by 49%. The fast pace wasn't just seen in Minnesota, Iowa managed to plant 55% of their corn in one week's time, with some reports of growers in Central Iowa getting over 80% in the ground.
- The fast pace in the Western Belt is more than compensating for the states too wet to really get going. Indiana, Ohio, Kentucky and Tennessee remained well behind their 5 year average pace in Monday's report, but a mostly dry weather window over the last several days may allow for many to get caught up.
- Historically a fast planting pace has not only indicated a potential increase in corn acreage in the June plantings report, but has also prompted the USDA to increase their yield estimate in the May supply and demand report as well. In 2010 we saw the USDA increase their yield estimate by nearly 3 bushels to the acre, with the most recent adjustment in 2012, where we saw a 2 bushel per acre increase (and we all know how well that worked out that year).
- With the USDA already at a 166.8 bushel per acre yield in their February forum numbers the USDA might be hard pressed to push numbers much higher than that at this point in the growing season. Especially since a national corn yield above 165 has only happened twice in history.
- The dry weather seen a week ago was good for soybean planting as well. The USDA put soy planting progress pace at 13% versus 9% as the 5 year average and 8% ahead of a year ago. Similar to what we're seeing in corn, the states with decent weather are at or ahead of average, while the states dealing with wet conditions are off to a much slower start than usual.
- Planting in the North means wheat quality tours in the South as we saw several groups embark on wheat crop tours this week. Though wheat is very difficult to assess when it comes to yield potential ahead of harvest, getting boots on the ground gives us a bit more in the way of insight when it comes to what growers are seeing in the area for quality and potential.
- With recent rain many were anticipating this year's wheat crop to come in much better than seen in recent years, but that wasn't necessarily the case. In some areas the rains had come a little too late to make up for the dry winter months, while in others disease pressure was beginning to show up in many fields. Tour estimates showed a great range in production potential with the first day's results coming in at their lowest level since 2001. As the group progressed further into the tour though they saw potential build. In the end the group is anticipating the crop to come in slightly better than last year, but still below the 5 year average. The idea we may not see a significant gain in Hard Red Winter Wheat production should help to keep some support under prices until the crop is in the bin.
- Also on the wheat side of things we saw confirmation that Russia will pull their current export tax prior to its initial July 1st expiration date. This week the new Ag Minister proposed the tax be lifted by May 15th, no confirmation of this proposal has been announced yet. In a somewhat surprising twist however, the Ag

Minister proposed a different export tax to go into effect July 1st. While no official announcement has been made yet it appears the tax will be much lower than the current \$1.06+ tax in place.

- **Canadian wheat stocks coming in lower than expected were supportive to wheat values mid-week as well before another round of fund selling hit.**
- **Going into next week's supply and demand update from the USDA there is a wide idea on what we will see when it comes to carry out—especially since this is our first official glimpse at what the USDA is anticipating from a new crop perspective. On old crop traders are expecting the USDA to raise carryout for both corn and wheat, and lower soybeans. They're also expecting new crop ending stocks to come in above the 1.687 billion bushels of corn and 430 million bushels of soybeans projected in the February outlook.**

After we get Tuesday's dose of information out of the way we will continue to watch weather and potential demand prospects. Demand at this point appears to be on track to meet USDA projections for the most part, with concerns remaining over potential feed outlook as we work through the summer. Extended forecasts are calling for below normal temperatures and precipitation throughout much of the Corn Belt and Great Lakes in the 6-10 day, with wetter, warmer conditions returning to the Western Belt in the 8-14.

Watching these markets trade may be difficult until we see something happen on the weather side. Not saying it is good or bad, but having a large chunk of the crop planted and maturing together will make that small window of weather in July that much more important. Basis continues to firm as low market values and lack of movement is making buyers pull their hair out. We'll have the USDA numbers when they're released on Tuesday, in the meantime don't hesitate to give us a call with any questions. We're here to help!

All the Best!

Angie Maguire

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