

## This Week in Agriculture:

A Mixed Bag of Information from the Week That Was: April 22, 2011

- All markets were closed today due to the Good Friday holiday. The markets were however able to fit a week's worth of volatility into the four days they had to work with. Overall old crop corn finished down 5, with new corn up 9. Old crop soybeans were up 48 cents, with new adding 42. July wheat was up a solid 55 cents.
- Weather and fund activity were the main driving factors behind upward moves. Last year is ingrained in the memories of traders and this year's slow start is exactly the opposite of what we needed to happen to make anyone feel comfortable about our production potential.
- In the last two weeks heavy precipitation has fallen across the majority of the Corn Belt, some isolated areas in Southern Indiana and Ohio seeing 8-10 inches of rain. With more in the forecast through the first week of May.
- On Monday the USDA released their updated planting progress showing only 7% of the corn crop planted nationwide. This is compared to 16% of the crop planted last year, but not too far behind the 5-year average pace of 8%. Here in Michigan 0% of the crop is in the ground compared to 6% planted last year and 2% as the 5 year average. Below is state-wide pace by week for the last 6 years:

	<u>2010:</u>	<u>2009:</u>	<u>2008:</u>	<u>2007:</u>	<u>2006:</u>	<u>2005:</u>
3 <sup>rd</sup> Wk April:	6%	2%	1%	2%	7%	23%
4 <sup>th</sup> Wk April:	32%	3%	10%	7%	28%	34%
1 <sup>st</sup> Wk May:	53%	5%	37%	25%	58%	58%
2 <sup>nd</sup> Wk May:	75%	16%	66%	52%	50%	80%
3 <sup>rd</sup> Wk May:	81%	38%	82%	74%	84%	87%
4 <sup>th</sup> Wk May:	85%	72%	93%	89%	91%	97%

- Agronomists agree however that as long as the majority of the corn is planted by the middle of May it can still reach its full yield potential. To make a long story short, there's still plenty of time to get the crop in the ground.
- Wet and cold conditions have caught the attention of traders in the wheat pits as well. While Soft Red Winter Wheat is in fantastic condition overall Spring Wheat planting delays and the drought in the South has traders worried about production reduction. Early in the week the Canadian Wheat Board indicated they believe that Spring Wheat plantings in the West will be delayed by at least 10 days to 3 weeks, and that's if conditions were to straighten out by early next week.
- In the South agronomists in Oklahoma believe a 65 mln bushel crop is likely to become a reality. A crop this size would be just over half of last year's 121 mbu total production. Wildfires in Texas continue to expand, chewing up tens of thousands of acres as well.
- With the budget battle continuing in Washington DC legislators are now discussing cutting ethanol and other biofuel subsidies as a way to save money. Some lawmakers are demanding the 45 cent ethanol blending tax credit be done away with by early summer, citing the billions that have already been poured into the industry.

- At the same time however other lawmakers and the Ag Secretary are pushing for an increase in subsidies and funding for projects nationwide. Secretary Vilsack states the 400,000 jobs tied to the industry are enough of a reason to continue tax credits, low interest loans and other subsidies.
- Mid-week the market took a step back due to a negative ethanol production report from the Energy Information Administration. The EIA's report showed ethanol production falling to the lowest level seen since last September. Some contribute this to high corn prices, while others cite seasonal slowdowns and maintenance as the main driving factor.

As we move into next week things will really get interesting if the current weather pattern continues. Flood watches and warnings are posted through much of IL, IN and OH with this afternoon's extended forecast calling for above normal precipitation and below normal temps to continue through the 6<sup>th</sup> of May. Give us a call with any questions. Scale selling your new crop corn and soys through target orders is the best way to handle the uncertainty we're facing. Until next week, have a great weekend and a fantastic Easter.

All the Best!  
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