

## This Week in Agriculture:

A Mixed Bag of Information from the Week That Was: July 8, 2011

- It took some time, but traders were able to shake off the negative influence left over from last Thursday's shockingly bearish report and start back higher mid-week. Weather, combined with a weaker dollar, increased export interest and a stronger commodity complex in general helped move all three major markets higher. For the week September corn gained 36 cents, with Dec adding 40, November soybeans were up 34, with the September wheat board gaining 39 cents.
- Traders are now really looking into the USDA's numbers released last Thursday. Many will go ahead and concede the nearly 92.3 million acres of corn was likely planted. Now however, they really question how many of those acres will be harvested.
- The USDA projects 92% of the acres planted to corn will be harvested for grain, similar to last year's harvested ratio. The long-term average for percentage of grain harvested figures out somewhere near 92.5%. In poor years however the average is closer to 90%. Many wonder if the USDA's harvested percentage isn't a bit overly optimistic, especially in a year full of flooding, cold spring temperatures and other weather extremes.
- If harvested acreage were to come in closer to that 90% of plantings we would see another 1.8 million acre drop in final harvested acreage figures. At 158 bpa that would equate to a production loss of nearly 284 million bushels.
- China's state run food trader was quick to jump in line condemning the USDA's radical adjustments to production outlooks, calling the agencies extreme swings an "insult."
- NASS officials will resurvey acreage in North Dakota, South Dakota, Montana and Minnesota later this summer to try and get a more accurate feel of what's planted there. We will also be waiting for acreage numbers out of the Risk Management Agency, but those will not be released until sometime in October.
- Something interesting to think about, the executive director of North Dakota's FSA stated June 28<sup>th</sup> that upwards of 6.3 million acres of ND farmland is likely unplanted. A far cry from the 1.52 million acre figure released by the USDA last week. Similar concerns have been voiced in both Ohio and IN.
- The quarterly stocks number released last week is also being brought into question. Last week's quarterly stocks number indicates a nearly 44% drop in corn used for feed. Of course a drop in feed use was anticipated due to high prices, however livestock populations have not declined, they have in fact increased over last year's numbers.
- The big driving factor behind today's significant upward move though breaks down to one simple thing, weather. With the majority of this year's crop going in relatively late most of the crop will be in pollination 10 days to 2 weeks behind average. Most agronomists believe the crop will be in pollination from July 10<sup>th</sup> through the 24<sup>th</sup>, corresponding with what forecasters see as a major heat dome developing.
- Some of this afternoon's forecast runs put temperatures up to around 100 degrees by the end of next week from South Dakota to Chicago and points south. Of course with the weather nothing is ever guaranteed, but if realized temps like that could be incredibly detrimental to corn production.

Give us a call with any questions you may have. An old trader's tale says that if the close the Friday after the 4<sup>th</sup> of July is higher than the close the Friday before the 4<sup>th</sup> we are likely moving higher into August. It will be interesting to see if this is accurate this year like it was last. If the heat forecasted occurs and China's buying interest remains intact things could really get interesting all over again as we move ahead. There's still time to get your target orders in place ahead of pollination.

Just a head's up, we want your wheat business. We are offering several value added services this year to help make your wheat harvest not only more profitable, but a more pleasant as well. Give us a call we have competitive bids and the trucks needed to make your harvest flow smoothly. Until next week, have a great weekend and stay safe.

All the Best!

Angie Maguire

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