This Week in Agriculture:

A Mixed Bag of Information from the Week That Was: June 10, 2011

- **A big week for the corn market with both July and December corn setting an all time high for each contract before settling back slightly. For the week July corn finished 31 cents higher, while December corn was up 23. Soys and wheat didn't get much attention from traders and ended up finishing the week lower with old crop soys losing 32 cents, new losing 20 and wheat falling 14.**

- **The big push on corn came from yesterday's USDA numbers. Prior to the report traders questioned whether the USDA would reduce acreage due to slow plantings in the Eastern Belt and Northern Plains or if they would wait until the June 30th update. In yesterday's report they lowered total planted acreage by 1.5 million acres. With heavy flooding taking place along the Missouri, Mississippi and Ohio Rivers the USDA anticipates harvested acreage will be further reduced an additional 400,000 acres.**

- **This overall 1.9 mln acre reduction dropped total corn production by 305 million bushels overall. Even with an estimated 100 mln bushel reduction in feed and residual usage the USDA believes we will see a 205 million bushel reduction in new crop carryout from their May estimate. A carryout of 695 mln bushels will give us the tightest stocks to use ratio seen in over 15 years.**

- **The USDA believes the average on-farm price for new crop corn will be $6.00 to $7.00, a record high.**

- **Thursday's report wasn't quite as bullish for soybeans and wheat. On soybeans the USDA left acreage and yields unchanged at this time, stating there is time yet for significant soy plantings to take place with decent weather. With production numbers left unchanged the USDA lowered demand numbers due to the slow export pace and increased competition out of South America.**

- **Overall for new crop soybeans carryout was increased by 30 million bushels. A 10 million bushel reduction in old crop exports combined with a 20 million bu decrease in new crop export projections was the reasoning behind the 30 million bu ending stock increase.**

- **Higher wheat and corn prices prompted the USDA to increase their on-farm average soybean price estimates by a dollar on both ends up to $13.00 to $15.00.**

- **The USDA will issue by class supply and demand estimates for wheat in next month's supply and demand report. This will keep traders on their toes as we move ahead. Overall however the USDA increased all wheat production numbers by 15 million bushels due to improved yield estimates in some parts of the Hard Red Wheat belt, most specifically though they anticipate Soft Red Wheat production to come in much higher.**

- **The USDA did lower Spring Wheat planted acreage estimates by 290,000 acres due to flooding and persistent wet soils in North Dakota and Montana. As of Monday's report North Dakota only had 69% of their projected Spring Wheat planted, with Montana having 73% in the ground.**

Traders will continue to debate what the actual planted and eventual harvested acreage will look like for corn. As of Monday's crop progress report the USDA puts total plantings at 94% complete, this would leave an estimated 5.5 million acres of corn unplanted. With the new 1.5 million acre reduction it would still leave 4 million acres unplanted as of the 5th of June. This combined with historical flooding taking place in areas already planted will keep traders debating just how many acres of corn we will be able to harvest in the fall. At the same time analysts are starting to debate what kind of yield numbers we will end up seeing. With the

majority of the Eastern Corn Belt's corn going into the ground after optimal planting dates it's likely we will see some sort of reduction—this of course depending entirely on Summer weather as we move ahead.

Many are drawing a strong correlation between this year and the summer of 2008. Remember that year we saw corn top out around the 2nd of July only to crumble into harvest that year. There is no question we will see a reduction in demand at these levels, especially with Chicago wheat trading cheaper than corn for the first time in recent memory. Give us a call today, having a solid marketing plan in place based on scale selling and target orders will allow you to lock in a fantastic average price on the crop now in the ground while also taking the emotions out of marketing. Until next week have a great weekend and stay safe!

All the Best!
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