

This Week in Agriculture:
News That Could Make a Difference: June 29, 2012

- **A huge week for markets as hot and dry conditions and their consequences on crops trumped any sort of negative information. For the week old crop corn was up 76 cents, with new up 80. Old crop soybeans were 55 cents higher, while new beans were up 53. July wheat was up 68 as well.**
- **The week started with corn limit higher as any sort of rain that had been forecast for the parched areas of the Eastern and Southeastern Corn Belt dissipated. Hope from late last week that Tropical Storm Debby would move north was instead replaced by the reality of 100 degrees plus temperatures.**
- **Monday night's crop condition ratings took another big drop. Overall corn and soybeans are now the worst rated crops we've seen for this time of year since 1988. Indiana continues to suffer immensely with only 27% of their crop rated good to excellent and 26% classified as poor to very poor. Illinois corn is rated 37% good to excellent, while Missouri has 34% of their crop rated good to excellent. Here in Michigan the USDA still sees 61% of the crop still in good to excellent condition.**
- **Yield expectations have dropped solidly with the first sub-150 bushel to the acre yield estimate released this week. At this point yield estimates range from 147 bpa up to 156 bpa, far below the USDA's lofty 166 bpa yield estimate they stuck with in their last supply and demand estimate. A yield of 147 bushels to the acre would likely push December futures towards up towards \$6.50 to \$6.75—we did trade briefly above \$6.50 a couple different times this week, before falling back.**
- **Soybean condition ratings by state were similar to corn with IN, IL, MO and Ohio seeing the worst conditions overall. Only 24% of Indiana's soybeans are considered to be in good to excellent condition. IL soys are rated 35% good to excellent, with Missouri at 26% and Ohio at 40% good to excellent. Here in Michigan the USDA believes 49% of the soy crop is in good to excellent condition.**
- **Winter wheat is an estimated 59% harvested, much higher than the 27% five year average.**
- **Tight corn supplies, high corn prices and low margins are said to be responsible for another ethanol plant closure in Indiana. Officials say they will wait until margins improve to re-open the plant. Unfortunately these stories are becoming more common and point to what low supplies and high prices can and will do to demand eventually.**
- **The USDA updated their planted acreage projections and quarterly stocks numbers today with little fanfare over actual numbers. Overall the report could be considered all over the board as some numbers came in above pre-report expectations, while others came in below.**
- **For corn the USDA increased planted acres by just over a half a million, traders were anticipating a slight increase. Quarterly stocks numbers came in slightly below pre-report expectations, likely indicating a bit more in the way of feed usage than earlier anticipated. Here in Michigan the USDA believes there are around 6 mln bushels more of corn on hand than there was on June 1st of last year. Of that, 5 million more are on farms, while a million more is in the hands of commercials.**
- **Planted acreage for soybeans was increased by 2.2 million acres, while traders were expecting a 1.6 million acre increase. Soybean stocks came in a touch higher than expected as well. Here in Michigan the USDA estimates there are 4.2 million bushels more soybeans on hand than there was last June 1st. Of those bushels the majority of them are in off farm storage.**
- **Wheat stocks came in slightly above expectations, while wheat acreage came in slightly below.**

At the close a nice line of thunderstorms moved through the driest parts of Northern Indiana and into Ohio pressuring corn futures quite a bit. This afternoon's extended forecast however is calling for above normal temperatures and below normal precipitation through the 13th of July throughout much of the Corn Belt. There could be a bit of a reprieve though for us here in Michigan as above normal precipitation is forecast for the Great Lakes in the 8-10 day timeframe. Sunday night's weather models will be the driving factor behind next week's

moves. Trade will likely be thin with the holiday falling right in the middle of the week. Give us a call with any questions, we're here to help! Until next week, have a great weekend, a great holiday and stay safe!

**All the Best!
Angie Maguire
Citizens LLC**

******Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein******