

## **This Week in Agriculture:**

**A Mixed Bag of Information from the Week That Was: June 3, 2011**

- **Outside market weakness and perceived economic concerns continue to weigh on commodity markets overall. At the same time though fundamental concerns over potential production problems has kept buyers interested. The two together has brought increased volatility and rapid market moves both higher and lower.**
- **For the week old crop corn lost 4 cents, all of that coming in today's trade with the July corn market losing 12 cents overall. New crop corn finished 2 cents higher. Soys were this week's strongest market with old crop gaining 34 cents, and new adding 29. July wheat was down 44 cents this week.**
- **The week started out weak with Russia announcing it would lift the export bans on wheat it had put in place after last summer's historical drought and production loss. Many traders were expecting this to happen, however Russia's aggressive offers right out of the gate caused some to pause and take a look at how Russia's reemerging presence in the market would affect global trade.**
- **Tuesday night's crop progress report showed corn planting slightly slower than what traders had anticipated with nationwide planting coming in at 86%. This will leave over 10% of the crop left to be planted after the first of June, the first time we've seen this much corn left unplanted since 1996.**
- **Ohio was the slowest with only 19% of their corn in the ground, leaving 3 million of their anticipated 3.7 million acres unplanted. Indiana has 59% of their 5.9 million acres planted, leaving an estimated 2.42 million acres unplanted. Here in Michigan the USDA estimates the crop was 67% planted as of Monday night. With North Dakota having 74% of their corn planted.**
- **Some private agronomists believe Ohio will only be able to plant 58% of their intended acreage. This would translate into a 1.56 million acre loss of corn acres in the state alone. However some are quick to point out that Ohio can and has planted 40%+ of their corn acres in one week's time with the right type of conditions. Indiana is able to plant rather rapidly as well.**
- **Some believe it could be months before we get a true idea of how many acres were actually planted. The Risk Management Agency will survey prevent plant acreage results between August 1<sup>st</sup> and September 29<sup>th</sup>, which means the USDA can only estimate lost acres on their June 30<sup>th</sup> report.**
- **Trade reflecting on 2009, when planting pace was comparably slow. In the end we saw a total net increase of 1.5 million acres over the USDA's initial March estimate. Traders are already assuming we'll see acreage increases in Iowa, Illinois and Nebraska where spring conditions have been better.**
- **Spring Wheat planting is also in trouble with only 68% of the crop planted. North Dakota and Montana are lagging behind average pace significantly with only 55 and 59% of their crops planted respectively. The 68% planted pace is the slowest planting pace in over 25 years and with further flooding anticipated across the northern tier states into Canada abandonment is basically a given.**
- **Soybeans got a nudge this week after a big private investment firm called them the commodity of choice saying they were undervalued when compared to other commodities.**

**The USDA will release their updated Supply and Demand numbers Thursday morning; we will have an overview of those numbers for you in Friday's newsletter. Traders will continue to monitor weather conditions both here and abroad with Germany and France still experiencing droughts. As of this afternoon extended forecasts are calling for slightly better planting conditions across the Eastern Belt and Great Lakes over the next two weeks with warm temperatures and sporadic rainfall through the 17<sup>th</sup> of June.**

It's going to take a lot of time to get a solid feel for final acreage numbers in corn, spring wheat and soys. This will keep traders on their toes, however outside market factors and strong concern over debt and the U.S. credit rating may keep a bit of a ceiling on things in the short term. Give us a call with any questions. Remember to get those target orders in place, in corn and soys today neither market made it back up to the highs seen during overnight trade. Target orders will allow you to capture those bursts higher. Until next week, have a great weekend and stay safe!

All the Best!

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