

This Week in Agriculture:

News That Could Make a Difference: June 21, 2013

- **A somewhat volatile week as changing weather forecasts and possible policy updates from the Fed made for conflicted feelings among traders. Overall for the week September corn was up 20, with December corn up 22. August soybeans were down 24, while November beans were 20 lower. July wheat broke out of its recent downtrend, closing 17 higher.**
- **With the calendar deep into the third week of June the USDA left corn planting progress updates at last week's 95% complete. While some progress is believed to have occurred last week, traders will continue to debate just how many acres were left unplanted or switched over to soybeans ahead of next Friday's planted acreage update.**
- **Quality-wise the crop is rated 64% good to excellent nationwide, with 74% of the Michigan crop achieving that rating according to the USDA. It is interesting to note emergence is 5% behind the 5 year average at 92% nationally. Here in Michigan emergence remains just ahead of average with 97% of the crop emerged.**
- **Soybean plantings came in slower than expected at 85% complete. Many traders were anticipating anywhere from 85-90% of the crop planted. This is 6% behind the 5 year average nationwide. State by state numbers show the slowest pace remains in Iowa, North Dakota and Minnesota where the weather has been far from conducive to planting much of the spring. Between the 3 states an estimated 3.9 million acres of soybeans remain unplanted.**
- **Here in Michigan 100% of intended soybean acres are planted. The USDA however, keeps no record of second plantings. Reports from around the state indicate second plantings are common in certain areas where heavy rains washed out large areas of fields or made emergence nearly impossible.**
- **Spring Wheat planting is all but done in the Northern Plains states. As of Monday night the USDA anticipates 92% of intended acres are planted. This could have implications down the road as typically planting is all but wrapped up by this point in the growing season. Most of the acreage loss, it appears, will take place in North Dakota.**
- **While heat has finally made its appearance it is also important to note that the delayed start to the growing season has put crop progress behind in the South. Last year it is estimated nearly a billion bushels of corn were harvested ahead of September 1st. At this point it appears as though new crop supplies could be somewhat delayed. In Alabama the corn crop is only 14% silked, much lower than the 43% 5 year average and the 59% silking seen just a year ago.**
- **It's interesting to note how an Argentinean grower strike has impacted grain flow in the country. Reports indicate truck traffic at the main port fell by nearly 3000 trucks from last Monday's pace as growers there cease grain movement to try and encourage higher prices. Farmers in Brazil are finding profitable production is difficult as well. A record crop there combined with high freight costs have pushed domestic prices down to at or below breakeven.**
- **Another interesting observation from a global standpoint with potential implications on grain flow for decades is the expansion of the middle class in developing countries. The Chinese economy is where growth is most prevalent at this point. From 2000 to 2020 the number of middle class households in China is expected to grow by 180 million.**
- **This growth will continue to fuel demand as Chinese children born today are expected to consume 40 times what their grandparents did.**

The USDA will release their updated Quarterly Stocks and Planted Acreage projections next Friday, June 28th at noon Eastern. Traders are expecting a 2 million acre decline in corn plantings, with anywhere from 700,000 to a million acres of additional soybean plantings. It's important to remember that next Friday's numbers are based on a June 1st survey, so it is possible they could be adjusted again ahead of harvest. Quarterly stocks will also be key, as March 28th's much larger than expected numbers remain in the forefront of traders' minds.

Extended forecast from the National Weather Service are calling for above normal temperatures and below normal precipitation in the Western Corn Belt, with normal temperatures and above normal precipitation expected in the Eastern Corn Belt through the 5th of July. A developing tropical system expected to move up the East Coast could result in significant forecast changes as we move ahead though. Now is a good time to get your target orders into place ahead of what could be an extremely volatile time period. Give us a call with any questions, we're here to help!

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

www.citizenselevator.com

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