

This Week in Agriculture:

USDA Quarterly Stocks and Acreage Report Overview: June 28th, 2013

- If nothing else, at least the USDA has been consistent so far this year when it comes to catching traders and farmers off guard. This morning's negative new crop information basically overshadowed anything positive seen in old crop stocks numbers. For the week overall September corn was down 45, with December corn down 55. August soys were up 16, while November beans were down 23. July wheat was down 52.
- After the March 28th debacle traders were hesitant to get too excited regarding pre-report estimates on June 1st corn stocks. Ahead of the report traders believed we had around 2.85 billion bushels of corn stored on farms and in elevators. The USDA put their June 1st numbers at 2.76 billion.
- This is significant because it would indicate slightly more corn being used than anticipated, or on the flip side, less corn available than even the March stocks would have indicated. As we have pointed out before the USDA acknowledged the wide swing in March and has indicated that counting bushels has become more complex due to increased on farm storage.
- Here in Michigan the USDA believes we have 15 million bushels less on hand than we had a year ago. Of those bushels farmers are holding approximately 34 million bushels, around 12 million bushels less than last year. Commercials are holding 3 million bushels less. Basically indicating quite a bit of corn has made its way to "town."
- The biggest shock in today's report was the planted acreage number given for corn. Due to historically wet conditions this spring most traders were anticipating a reduction in planted acres from the initial planting intentions released in March. In their initial report the USDA had anticipated 97.282 million acres of corn would be planted. Ahead of today's report traders were expecting acreage to come in just above 95 million. The USDA feels 97.4 million acres of corn were planted this spring.
- Immediately these numbers were called into question. An increase of acreage in a normal year is understandable, while an increase after the spring we just went through seems relatively tough. Especially considering that as of the June 9th Crop Progress Report an estimated 4.98 million acres remained unplanted throughout the Corn Belt.
- Here in Michigan the USDA anticipates 2.8 million acres of corn was planted, a nearly 200,000 acre increase from their initial estimates in March, and a 150,000 acre increase in plantings from last year.
- One thing to watch: the USDA has already adjusted their harvested percentage lower. Of course final acreage harvested is the only acreage that truly matters. In their March report the USDA had harvested percentage at 92% close to the historical average, today they put their harvested percentage at just above 91% as flooding and the likelihood of abandonment may increase as we move through the summer.
- Soybean numbers actually came in relatively positive as both stocks and acreage estimates came in below pre-report estimates. Ahead of the report traders were anticipating June 1st stocks to come in around 442 million bushels. The USDA believes there were 435 million bushels available on the first.
- Here in Michigan the USDA believes there is just over 9 million bushels less available than there was a year ago. Of those bushels they claim the bulk remain in farmers hands, with nearly 1.1 million bushels more on the farm than there was a year ago. Record inverses in the market have steadily pushed beans out of the hands of commercials and into the hands of end users as there are over 10 mln bushels less of soybeans stored in commercial facilities than there was a year ago.
- Acreage-wise many traders were anticipating a nearly 800,000 acre increase in soybean acres over the USDA's initial March numbers. The USDA agreed an increase in planted acres was needed, but instead only increase planted area by just under 600,000. Here in Michigan the USDA anticipates we'll plant 100,000 acres less of soybeans than we did last year.

- **As for wheat, all-wheat stocks came in lower than pre-report expectations with indicated disappearance up 13 percent from last year. Indicated disappearance gives us insight into usage and based on these numbers it would indicate a large amount of wheat is likely being fed.**
- **The surprise of today's report, similar to corn, was the increase in planted acres. All wheat acreage came in over 600,000 higher than the pre-report estimate, with Spring Wheat coming in just under 200,000 acres higher than expected.**

Perhaps the most important thing to keep in mind when it comes to today's report is that these numbers were put together as of the first of June. A lot has transpired between then and now and the survey only factored in what had already been planted, or what the farmer was intending to plant. Optimism was still running high at that point. At the same time though remember that this year is not the same as last. Many traders in Chicago and around the world still trade the "rain makes grain" philosophy. The USDA did announce shortly after the report's release that they will resurvey soybean acres; at this point they have made no mention of their corn numbers.

Weather will become the dominating factor as we move ahead and closer to pollination, this afternoon's extended forecast released by the National Weather Service is calling for cooler weather, with normal to below normal precipitation through the 12th of July. Give us a call with any questions, until next week, have a great weekend, and stay safe!

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

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