This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: June 7, 2013

- **Concerns over a delayed finish to the spring planting season, and its potential impacts on overall production continue to lend support to the market. For the week July corn gained 4 cents, while December corn was down 9. July soybeans were up 18, while November soys were up 26. July wheat was down 9.**
- **Initially it appeared as though planting progress would be made as early forecasts looked drier for the week. For many though, the presented planting window was too narrow as another half inch to upwards of 3 inches fell in some of the wettest areas of the Midwest.**
- **Monday night's crop progress report released by the USDA showed nearly 8.7 million projected corn acres remain unplanted. This is nearly 4 million acres more than we usually see by this week of the marketing year. Perhaps most crucial out of these planted acres is where they're located.**
- **Of the 8.7 million acres unplanted 1.7 million acres are in some of Iowa's best farmland, while another 1.1 million and 1.2 million acres remain unplanted in Wisconsin and Minnesota respectively. Illinois has an estimated 1 million acres unplanted.**
- **Monday night's report showed soybean plantings at their slowest pace since 1996. Emergence is severely lagging as well, with a record low emergence rate of 32%. Similar to corn, unplanted soy acres are in some of the largest production states with 5.26 mln acres left to plant in Iowa and nearly 4.79 million acres unplanted in Illinois.**
- **Here in Michigan corn planting is estimated at 94%, ahead of the 5 year average of 92%. Emergence is running ahead of average, with an estimated 79% emerged, 3% ahead of normal. Soybean planting is ahead of schedule as well, with 78% of the crop planted, vs the 5 year average of 74%. Soybean emergence is running 11% ahead of average here in the state, with an estimated 57% of the crop emerged.**
- **In 2011 we had a very similar planting pace at this point. That year we saw a nationwide yield of 152.8 bu per acre, which would be below the latest USDA estimate of 158 bpa. Another important difference between 2011 and this year is where the delays took place. In 2011 the Eastern Corn Belt was trapped in a wet pattern, with MI, IN and Ohio especially suffering.**
- **Prevent plant is coming to the forefront the further into June we get. Looking back at 2011 we can note some interesting developments regarding prevent plant and its impact on final acres. That year over 4.6 million acres of intended production was left idle as farmers had no choice but to take prevent plant. Even more interesting though, was the final planted acreage versus production. Even with over 3 million acres of corn taking the prevent plant option, we only lost 300,000 acres from the USDA's initial planting projections. Soybeans were more in line, with nearly all of the 1.6 million acres of prevent plant taken out of final acreage numbers.**
- **Aside from actual planting pace, development will begin to play a role as well. As noted emergence and other progress is behind schedule nationwide. When it comes to heat units we are lagging significantly. Cumulative heat units since March are the 10th lowest in the last 30 years. More heat appears to be coming into the forecast in the weeks ahead, but of course a delicate balance will have to be achieved to avoid further injuring an already delicate crop.**
- **While it's easy to assume production will be down due to the challenging spring it is also important to note possible demand shifts from a global standpoint. At this point our foreign competitors appear to have solid production potential in the months ahead. Brazil, for example, looks poised to produce another record corn crop. Some private industry estimates have Brazil's corn production anywhere from 98 million, to nearly 146 million bushels larger than current USDA estimates. With China beginning to build a stronger working relationship with South America, this increase in supplies could have implications down the road.**

- **Even more so than corn, global wheat supplies have the potential to jump significantly. While it appears as though Spring Wheat acres will be cut and other Winter Wheat production in the U.S. could fall, global wheat production is set to post a record recovery. Several well-followed global analytical groups feel as though global wheat production could increase by over a billion bushels from last year. For us here in the States domestic demand development will be key when it comes to price action in the months ahead.**

At this point we will continue to trade weather. The loss in acres is real, as is the potential loss to production. Extended forecasts continue to vary by model and model run. At this point the National Weather Service is calling for normal to above normal temperatures with normal to above normal rainfall across much of the Midwest in the 6-10 and 8-14 day forecasts. We will receive updated supply and demand numbers Wednesday June 12th. Many traders are expecting slight adjustments to old crop numbers, with few adjustments expected in new crop numbers ahead of the June 28th Acreage and Quarterly Stocks report.

As we saw last year, lowered production will result in higher prices, but higher prices can, and likely will, result in lower overall demand. With the potential for large global crops taking advantage of pricing opportunities as they present themselves will allow you to capture margin in an otherwise irrational marketplace. We'll have the USDA's numbers when they are released Wednesday at noon. Give us a call with any questions in the meantime; we're here to help you with all of your marketing needs. Until next week, have a great weekend and stay safe!

All the Best!
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