

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: May 30, 2014

- **Historically the holiday shortened week after Memorial Day tends to result in a lower trade, and this week was no different. The idea that the bulk of the crop is planted and weather conditions are better than normal across the heart of our growing area was more than enough to contribute to a solid move lower. In the end July corn finished the week down 12, with December 18 lower. July soybeans were down 22 cents, with November off 32. July wheat was down 25 cents as well.**
- **As of Sunday the USDA estimated that we had 88% of our corn planted nationwide. This is right around the 5 year average and ahead of last year's 84%. While the heart of the growing region has it's corn in the ground there is an estimated 5.7 million acres unplanted in North Dakota, Minnesota, Ohio, Wisconsin and of course here in Michigan, where we are off to our slowest start many can remember.**
- **As of Sunday night Michigan was only 53% planted, 29% behind the 5 year average and 35% behind last year. Minnesota was 11% slower than average, with Wisconsin off pace by 13%. Emergence was slightly troubling as well, sitting at only half of the 5 year average. The emergence issue will likely be solved with warmer temperatures, but the questions surrounding acreage shifts from intended corn to soybeans will plague the market through June.**
- **We are a month away from updated USDA planted acreage figures, so it is likely the next 4 weeks will be spent analyzing and estimating just how many acres of what were planted where. Many experts point to the fact that the USDA was short on overall acres in March when you look at total planted acreage projections from last year. With the prevented plant acres and an addition 1 million plus of CRP ground coming back into production many traders question whether or not the USDA could be potentially light on corn and soybean acres both at this point in time.**
- **With nearly ideal weather conditions for the heart of the Corn Belt any thought that we could see extra acres in the USDA's June report may keep some buyers on the sidelines in the short term.**
- **On the soybean side of things planting progress came in at 59%, this is ahead of the 5 year average of 56% and last year's 41% planted pace. Here in Michigan we're 29% planted versus 54% on average and 64% planted last year.**
- **From the demand perspective ethanol grind numbers appear on track to meet USDA projections. It is interesting to note though, we are beginning to see an increase in ethanol stocks on hand. With an estimated 2.5% decline year to year in gasoline demand some traders worry that ethanol blending could slow as we move into summer. Margins at this point are solid though, leaving others to believe we'll keep on grinding even if stocks were to increase.**
- **Export sales pace for corn has been huge compared to a year ago, but shipments are beginning to cause some concern. At this point there is around 600 million bushels of corn sold that hasn't been shipped. With the bulk of the outstanding sales going to China or unknown destinations there is valid concern we could see these sales rolled into new crop or cancelled all together-especially with South American supplies becoming available in the weeks ahead.**
- **It's the 30th of May and the market still seems to be waiting for the news of solid cancellations in soybean export commitments—something it has been waiting for since January. Total outstanding soybean export sales remain over 100% of recent USDA estimates. At this point it seems traders are no longer looking to exports, but are instead looking for confirmation that imports will at least meet, if not exceed recent USDA projections.**
- **With an estimated 30 million bushels shipped or loaded for US ports and another 40 million booked we are still some 20 million bushels below the USDA's 90 million bushel import estimate—this of course depending on who you ask. With rumblings regarding letters of credit issues from buyers in China, traders will continue to evaluate ending stocks ideas just about daily.**

Market activity this month has been a true reflection of a risk off approach combined with the fact that from a global standpoint we are either perfectly comfortable, or projected to be comfortable when it comes to supply. It is easy to predict record yields at this point in the growing season, with 49 and 170 bushel per acre yields being tossed around like it's nothing. While I struggle with projecting any kind of true yield ahead of pollination and pod fill it is important you keep price risk in mind as we move through the summer.

From a cash market perspective producers in the field combined with the recent downturn in futures has corn basis levels firming up across the country. If you have unpriced inventory in the bin give us a call. With the inverse beginning to deepen in the July-September corn markets we may want to look at taking advantage of opportunities as they present themselves. In the meantime I hope that if you need rain you get it, and if you don't it stays dry! Until next week, have a great weekend and stay safe!

All the Best!

Angie Maguire

Citizens LLC

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