

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: May 31, 2013

- **A strong week all around as record setting rainfall in the heart of the Corn Belt left planters in the barn, farmers frustrated and traders questioning where we will be final acreage-wise when all is said and done. Overall for the week July corn was up 7, while December corn was up 31. July soybeans were 33 cents higher, while November was up 57. July wheat managed to gain 9.**
- **Iowa has now experienced their wettest March through May time period in over 141 years. Throughout the region many areas have seen 200-400% of their normal rainfall over the last 60 days. Observed precipitation amounts this week alone are obscene, with much of Iowa and parts of Missouri, Illinois, Nebraska and Kansas seeing upwards of 5-7 inches of rain with more falling in isolated areas.**
- **The USDA's Crop Progress report released Tuesday night (due to the holiday) showed a 15% week to week increase in corn planting progress. The USDA feels we are 86% planted nationwide, with 54% of what's planted emerged. The delays are evident in the heart of the Belt with Iowa and Minnesota both running 13% behind the 5 year average, Missouri 5% slower than average and Wisconsin 21% slower than their 5 year average pace. Here in Michigan we're running ahead of the 5 year average with an estimated 90% of our corn in the ground.**
- **With 86% of the USDA's 97.3 million acres planted it is estimated nearly 10.5 million acres of corn remains unplanted. Of the 10.5 million unplanted 6.4 million of those are in the top 5 corn producing states. Observed precipitation amounts indicate progress this week was likely slowed significantly.**
- **On the soybean side of things, the USDA feels only 44% of the nation's beans are planted. That's 17% behind the 5 year average. Emergence-wise only 14% of beans are emerged, less than half of the 5 year average. As expected the biggest delays are seen in Iowa, Illinois and Wisconsin. Going into the week Iowa had only 40% of their beans planted, well below the 5 year average of 83%. Here in Michigan an estimated 66% of soybeans are planted, 7% ahead of the 5 year average.**
- **Many traders are starting to inquire about prevent plant rules, questioning whether or not farmers will opt out of planting and instead cash in their policies. At this point the likelihood of that happening is relatively low as futures prices are hovering around insured values, and prevent plant only pays 60% of guaranteed revenue. Many farmers, if the weather allows, will likely opt to plant throughout the late planting period.**
- **In other news, a Chinese company has entered a bid to buy Smithfield Foods, the world's largest pork producer. Many believe the deal, worth nearly 5 billion dollars, will have little impact on market supply and demand economics overall, but it still gave traders something to talk about mid-week as China continues to make moves to ensure food security as the demands of their population changes. The transaction is not yet set in stone however, as it still has to make its way through regulatory committees for approval.**
- **Traders are also closely monitoring a situation in the Pacific Northwest where a herbicide resistant strain of White Wheat was discovered in Oregon. Considering there are no approved strains of genetically modified wheat this discovery has and will have implications on trade down the road. For now Japan has suspended all White Wheat imports from the U.S. and the E.U. has announced it will test all inbound white wheat shipments for GMO contamination as well. This may hurt in the short-term, but the market seemed to shrug it off relatively well after the initial downward reaction.**

At this point weather will continue to dominate further market moves. The 6-10 and 8-14 day forecast released this afternoon by the National Weather Service is calling for above normal precipitation to move East with what have been the wettest areas expected to see "normal" precipitation over the next two weeks. Temperature-wise however the NWS is expecting below normal temperatures to shape up over the heart of the Corn Belt during that same timeframe. Here in the Great Lakes "normal" conditions are expected through mid-June.

With new crop soybeans trading at their highest level since early February and Dec corn at its highest level since the release of the report on March 28th it's a good time to look at taking advantage of some of the opportunities presenting themselves. If the weather pattern shifts and planting is allowed to resume crops should do well with the decent top and subsoil moisture conditions we're likely to see. Now is also a great time to get target orders in place and let any upcoming rallies do your marketing for you. In the meantime there are still decent opportunities presenting themselves for old crop movement as well. 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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