

This Week in Agriculture:

News That Could Make a Difference: April 24, 2015

- **This week marked one of the ugliest weeks for corn in recent memory, as Avian Flu concerns and the idea of rapid planting pace over the next couple of weeks had traders selling with both hands. Wheat and soybeans made some big moves but managed to settle nearly unchanged despite corn's influence. When the dust settled we saw May corn down 16, while December corn was down 15. May soybeans and July wheat were unchanged, while November soybeans were down 2.**
- **The announcement Monday of Bird Flu hitting a large egg laying facility in Iowa was more than enough to trump slower than average planting pace. Though eventually reduced to 3.8 million birds, the initial announcement of 5.3 million birds affected in one single location was enough to rock the industry and trigger significant concerns over potential feed demand implications. While many are quick to point out that an egg laying hen eats just under a bushel of corn in its lifetime and that 5.3 million birds is less than 1% of the country's poultry population, selling pressure still continued to mount as headline after headline predicted doom.**
- **Both Wisconsin and Minnesota declared a state of emergency seeking federal help in bio-security, aid and potential vaccination needs. Minnesota's turkey flock has been hit the hardest by the disease due to heavier travelled migratory paths and smaller, more open turkey operations. Reports of the disease slowed toward week-end, with many hoping bio-security measures, warmer temperatures (similar to PEDv, the disease struggles to spread in warm temperatures) and the end coming to bird migration should help keep its spread contained.**
- **As mentioned, planting pace released Monday indicated progress so far this year is slightly slower than average. At 9% planted we saw a 7% jump in progress from last week, but remain 4% behind the 5 year average pace. At this point market bulls continue to point to the Delta as continued rainfall in many locations has kept planting progress sporadic at best.**
- **Though only a tiny portion of overall acres, an estimated 345,000 of projected corn acres remain unplanted in Arkansas and parts of Mississippi just days ahead of insurance dates. Tennessee and Kentucky account for a much greater amount of unplanted corn acres with an estimated 2.2 million of intended acres still unplanted between the two. Monday night's report showed the states 37% and 27% behind their 5 year average pace, a number likely to grow this coming week after continued rains hampered progress.**
- **On the flip side, drier than normal conditions in the Western Belt has helped the Dakotas and Minnesota get off to a phenomenal start in Spring Wheat planting. South Dakota has set a record pace, with an estimated 73% of their Spring Wheat acres in the ground, nearly double the 5 year average. Though some light rain and cool temperatures limited field activity in many locations, it is likely corn and wheat plantings will show significant progress again in these areas on Monday night's report.**
- **Throughout the Northern Hemisphere planting appears to be getting off to a decent start, prompting the International Grains Council to increase their projected 2015 global corn crop production estimate by just over 393 million bushels from last month. Gains were primarily seen in Serbia, Mexico and China. Though the crop will still remain much smaller than last year's record, growing crop estimates do little to help improve an already bearish market attitude.**
- **Changing government policies and high domestic prices have many analysts expecting a 3% increase in Chinese corn acres in the coming year. A government stockpiling program has inflated domestic prices in the country, pushing them 30% or more above global values. These high prices are encouraging farmers to grow corn, with many looking to reduce soybean and cotton acres as a result.**
- **Though the increase in acreage and subsequent crop size in China is hardly anything to get excited over, the idea that quality of stockpiles remains unknown and that import values are cheaper than domestic supplies leaves the door open for potential import growth in the coming months. A changing approach to the government's Value Added Tax (VAT) on imports could help stimulate growth in imports as well.**

- **An announcement late today indicated the country will drop the VAT 2% by October 1st. This decrease would equate to nearly 3 to 5 dollars a tonne for corn (8 to 13 cents per bushel) and 10 to 12 dollars per tonne in soybeans (27 to 33 cents per bushel), and could help potentially spur growth as we move ahead.**

Traders may have their plates full on Monday as developments in weather, a possible resurgence in the Brazilian trucker strike and position squaring ahead of the USDA's first new crop supply and demand outlook the following week will likely set the tone. Of course any further spread of Bird Flu or any other indication demand is weaker than already anticipated could cause more in the way of selling pressure. With funds incredibly short already any potential weather issue could be explosive, but at this point that seems like a lifetime away.

Making plans for grain movement into summer and looking at potential pricing opportunities in soybeans are not bad ideas ahead of planting really picking up steam. Also, don't forget to get those target orders in place. If this market does get its feet under it you're going to want to take advantage of any bursts to the upside. In the meantime don't hesitate to call with any questions, we're here to help!

All the Best!

Angie Maguire

Citizens LLC

www.citizenslevator.com

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