

## **This Week in Agriculture:**

### **USDA Quarterly Stocks and Acreage Report Summary: June 30<sup>th</sup>, 2015**

- **Today's USDA report gave us updated insight into both planted acreage and stocks numbers as of the first of June. Ahead of today many traders were concerned we would see larger than expected stocks, potentially outweighing any bullish weather factors in the short-term. The USDA disagreed with this sentiment showing lower than expected stocks on hand for both corn and soybeans.**
- **Coming into today traders were expecting June 1<sup>st</sup> corn stocks to come in around 4.56 billion bushels. One of the highest numbers seen in over a decade, and reflecting the large surplus of supplies after last year's bumper crop. The USDA put June 1<sup>st</sup> stocks at 4.45 billion bushels, showing indicated usage is nearly 140 million bushels higher than what we saw during the same time period a year ago.**
- **At 4.45 billion bushels total grain supplies as of the first of June are 595 million bushels higher than a year ago. With carryout projections in last month's supply and demand report coming in 644 million bushels higher than the 13/14 crop year this increase wasn't a surprise. What is interesting though is where the corn is being held. Of the increase in stocks nearly 70% are still in the hands of farmers across the country.**
- **Here in Michigan total on-hand stocks are down 8 million bushels from last year. Similar to national numbers though, on farm stocks are up 2 million bushels from a year ago, with the twist being commercial holdings are down 10 million.**
- **On the soybean side of things, traders were expecting June 1<sup>st</sup> stocks at 670 million bushels, with an extraordinarily wide pre-report range of 604 million bushels all the way up to 707 million bushels. This wide range had reflected uncertainty over actual supply potential in the face of increased demand and a solid cash market. The USDA put their June 1<sup>st</sup> number at 625 million bushels, indicating far greater disappearance than originally thought.**
- **Similar to corn the 220 million bushel increase in stocks versus a year ago was not a surprise due to increased carryout projections. However, the lower than expected stocks numbers indicates a potential cut to carryout is on tap in the next supply and demand update. Also similar to corn the increase in stocks is seen primarily in the hands of farmers, with 62% of those bushels still sitting on farm.**
- **Wheat stocks were the only real bearish number to come out of the USDA today, with today's number coming in 35 million bushels higher than the pre-report estimate. With June 1<sup>st</sup> numbers being the final carryout number for old crop wheat this indicates an increase is coming in the next supply and demand report. However, concerns over crop quality and potential production due to heavy and unrelenting rainfall in many areas of the Soft Red Wheat Belt allowed the trade to shake it off and the market to move higher with corn and beans.**
- **Here in Michigan, wheat stocks are down 2.4 million bushels from a year ago.**
- **Ahead of today's report acreage was a very hotly debated topic. The fast start to corn planting was slowed down in a hurry by rain as we entered May and for many, especially in the Eastern Corn Belt June was the wettest month on record. Many locations saw 300-600% of their normal rainfall, while those who weren't necessarily that wet still saw rain fall nearly every other day making fieldwork nearly impossible. On the flip side though some locations in the Western Belt have seen near ideal conditions to the start of their growing season leading some traders to believe acreage in those areas would come in higher than expected.**
- **In today's report the USDA put corn acreage at 88.897 million acres versus pre-report expectations of 89.3 million acres. They did make some note of the wet conditions causing potential production loss by lowering the harvested acreage percentage slightly.**
- **Ahead of today's report traders were expecting soybean acreage to come in around 85.171 million, especially since today's results were put together in early June. The USDA put total plantings at 85.14 million; similar to corn they did lower their harvested acreage percentage slightly showing some acres that were planted might not get harvested this fall.**

- Here in Michigan the USDA expects harvested corn acres to fall 80,000 acres from last year, with soybean acreage down 50,000.

Overall the market reacted positively with beans up 40+ cents, corn up 20+ cents and wheat up 16+ cents as of this writing. While today's numbers weren't necessarily crazy at first glance the removal of risk has allowed for some renewed buying interest, especially with a risk off mindset starting to shape up in the outside markets. At this point it is important to remember that though we have raised the floor below today's prices significantly we haven't removed the ceiling. Large global supplies and a strong dollar will likely resume their wet blanket effect if weather conditions turn around.

Make sure to keep your point of profit in mind and take advantage of marketing opportunities when they come. Keep target orders in place and scale sell on an incremental basis to capture upside gains. In the meantime don't hesitate to call with any questions. We're here to help!

All the Best!

Angie Setzer

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