

## This Week in Agriculture:

### USDA Prospective Plantings and Quarterly Stocks Report: March 31, 2016

- The USDA released its much anticipated Prospective Plantings and Quarterly Stocks report to far less fanfare than what growers and traders were hoping for as corn numbers came in above expectations, soybean numbers came in somewhat mixed while wheat numbers could be considered bullish.
- On the quarterly stocks side traders were anticipating March 1<sup>st</sup> corn stocks to come in around 7.8 billion bushels, or 1% higher than the stocks we had on hand a year ago. The USDA agreed with that thought process coming in at 7.8 billion bushels. Of those bushels 4.34 billion are stored on the farm, down slightly from a year ago, while off-farm or commercial stocks are up 3% from last year at 3.47 billion bushels.
- The haves versus have nots we've discussed for much of the year remain extremely apparent as corn stocks in the Western Belt states of Iowa, Minnesota, Nebraska and South Dakota are up 369 million bushels from a year ago, with the Eastern Belt state stocks in Indiana, Illinois and Ohio down 360 million bushels. Here in Michigan farmers are holding 11 million bushels less of corn on the farm, with commercials holding 11.4 million more.
- Quarterly stocks for soybeans came in slightly lower than pre-report expectations. Ahead of today's report traders were anticipating soybean stocks to come in at 1.556 billion bushels, the USDA put that number at 1.531 billion. Unlike corn there isn't an East vs Western Belt split. Increases in soybean stocks were seen throughout the Corn Belt, with the biggest gainers in Iowa (+70.6 mbu) and Minnesota (+44 mbu).
- Wheat stocks came in slightly below pre-report estimates as well. Ahead of today traders were anticipating March 1<sup>st</sup> wheat stocks to come in at 1.36 billion bushels. The USDA put March 1 stocks at 1.32 billion. The biggest gains in stocks were seen in the Hard Red Wheat Belt with Kansas, Oklahoma and Texas stocks up 137 million bushels from a year ago. Here in Michigan stocks are up 3.7 million bushels from last year, while Ohio stocks are up 3.8 million.
- Today's acreage number was the most heavily contested and likely will remain in question well into the growing season. Ahead of the report today traders were anticipating corn acres to come in around 89.98 million acres with a range of guesses running between 89 and 91 million. Even the USDA thought today's number would be mild, estimating 90 million acres at their February Outlook Forum. Today's report showed the USDA expects 93.6 million acres of corn will be planted, the 3<sup>rd</sup> highest on record.
- Soybean acreage could be viewed as neutral to slightly bullish, at the very least not bearish when put up against pre-report expectations. Ahead of the report traders were expecting around 83 million of acres would be planted, with a range in guesses of 81.6 to 84.2 million. The USDA put that number at 82.2 million today.
- While we already had an idea on winter wheat acreage thanks to the January prospective plantings report today's all-wheat number had traders on their toes. Low prices brought how many Spring Wheat or Durum acres we would see planted into question. Ahead of the report traders were expecting all wheat acres to come in around 51.7 million acres. The USDA felt that number was too high, putting all-wheat acreage at 49.5 million. Of that total acreage number Winter Wheat acreage came in below the previous estimate, with Spring Wheat acres coming in 600,000 acres below pre-report estimates.

When the dust settled today we saw corn down 16, beans mixed to slightly higher with wheat up 8. While it is hard to look at today's numbers and get excited about anything it is important to remember that these are prospective planting numbers based off from surveys and estimates. The USDA reports that they have been too high on corn acreage in 13 of the last 20 years; evenly split too high and too low in beans and that they have a tendency to overestimate winter wheat acreage as well.

At this point it is important to look ahead at what types of pricing opportunities you'd like to accomplish and get a realistic view of where this market is likely to head. Forecasts for April are calling for wet conditions to remain in the areas already considered wet, which could potentially make today's acreage number change rapidly in the

coming weeks. Just be aware of the constraints we are working in and plan accordingly. As always, don't hesitate to call with any questions, we're here to help!

All the Best!

Angie Setzer

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