

Corn, Soybean Acres May Be Higher Than Predicted

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Corn, cotton, soybeans and wheat prices are all down for the week. The U.S. Dollar Index before the close was 79.395 up 0.41 for the week. The Dow Jones Industrial Average before the close was 13,580 down 13 points since last Friday. Crude Oil before the close was 93.06 a barrel, down 5.94 a barrel for the week. The Farm Service Agency released updated certified acreage data this week. If total acreage keeps the same relationship with certified acres as it has in the past, then corn and soybean planted acres will be higher than USDA has estimated. This has put pressure on those markets this week. Next Friday, USDA will issue the September 1 quarterly stocks report. This will be the 2011/12 marketing year stocks for corn and soybeans and the 1st quarter stocks for wheat. USDA announced a change to the release times of several major USDA reports. USDA statistical reports affected are: World Agricultural Supply and Demand Estimates, Acreage, Crop Production, Grain Stocks, Prospective Plantings, and Small Grains Summary. These reports stating in January 2013 will be released at 11:00 a.m. Central time. It has also been reported that the CME Group will go back to a 9:30 a.m. pit trading start on report days rather than 7:20 a.m.

Corn:

Current Crop: December closed at \$7.48 $\frac{1}{4}$ a bushel, down 33 $\frac{3}{4}$ cent a bushel for the week. Technical indicators have a sell bias. Support is at \$7.39 a bushel with resistance at \$7.59 a bushel. Weekly exports were well below expectations with net sales of 2.8 million bushels for the 2012/13 marketing year. Corn in the mature stage is 76 percent nationwide compared to 58 percent last week, 40 percent last year and the five year average of 41 percent. Corn harvested nationwide on September 16 was 26 percent compared to 15 percent last week, 8 percent last year and the five year average of 9 percent. Early in the week, a Reuters' poll of analysts estimated corn yields at 121 bushels per acre and production at 10.416 billion bushels compared to 122.8 bushels per acre and production of 10.727 from USDA. A private estimate today puts planted acreage for 2012 at 97.2 million acres compared to USDA's 96.4 million acres and the corn crop at 11.093 billion bushels with a yield of 126.6 bushels per acre. I am currently priced at 50 percent of anticipated production, and 30 percent with Put Options. I would sell the remainder of un-priced corn at harvest or if storage is available contract for future delivery taking advantage of basis improvement. I would not store corn un-priced or at least without a floor price. A December \$7.50 Put would cost 34 cents and set a \$7.16 futures floor. This option expires November 23.

Deferred: March 2013 contract closed at \$7.51 a bushel, down 35 cents a bushel since last Friday. Technical indicators have a sell bias. Support is at \$7.42 a bushel with resistance at \$7.61 a bushel. A private estimate today projected 2013 corn acres at 97.5 million acres, slightly higher than their estimate for 2012 acres. September 2013 corn closed at \$6.65 a bushel, down 24 $\frac{1}{4}$ cents for the week. I would have 10 percent of 2013 production priced.

Cotton:

Current Crop: December closed at 73.25 cents per pound, down 2.65 cents since last week. Support is at 71.50 cents with resistance at 76.52 cents per pound. Technical indicators have changed to a sell bias. The Adjusted World Price for September 21– September 27 is 64.15 cents per pound, down 0.38 cents. All cotton weekly export net sales were 226,100 bales (197,100 bales of Upland cotton net sales for 2012/13; net sales of 14,800 bales of Upland cotton for 2013/14 and net sales of 14,200 bales of Pima cotton for 2012/13). Keep in contact with your cotton buyer for current quotes on loan equities and pricing alternatives. Cotton bolls opening were 59 percent compared to 46 percent last week and 65 percent last year and the five year average of 51 percent. Cotton

harvested was 6 percent compared to 4 percent last week, 8 percent last year and the five year average of 7 percent. Cotton crop condition ratings were 43 percent good to excellent compared to 41 percent last week and 27 percent last year. Poor to very poor were reported at 30 percent compared to 30 percent last week and 45 percent last year.

Deferred: March 2013 cotton closed at 74.23 cents per pound, down 2.56 cents for the week. Support is at 72.66 cents with resistance at 77.16 cents per pound. Technical indicators have changed to a sell bias.

Soybeans:

Current Crop: The November contract closed at \$16.21 $\frac{3}{4}$ a bushel, down \$1.17 $\frac{1}{4}$ a bushel since last Friday. Technical indicators have changed to a sell bias. Support is at \$15.91 a bushel with resistance at \$16.54 a bushel. Weekly exports were at the top end of expectations at net sales of 26.4 million bushels (26.2 million bushels for 2012/13 and net sales of 200,000 bushels for 2013/14). Soybeans dropping leaves were 57 percent compared to 36 percent last week, 28 percent last year and the five year average of 37 percent. Soybeans harvested were reported at 10 percent compared to 4 percent last week, 4 percent last year and the five year average of 4 percent. Soybean condition ratings were 33 percent good to excellent compared to 32 percent last week and 53 percent last year. Poor to very poor ratings were 36 percent compared to 36 percent last week, and 18 percent last year. A Reuters' poll of analyst's average guess on soybean yields came in at 35.85 bushels per acre compared to USDAs latest number of 35.3 bushels per acre. This same group put production at 2.674 billion bushels compared to USDA's 2.634 billion bushels. A private firm today reportedly has raised its estimate of 2012 soybean acres to 77.1 million acres with production of 2.663 billion bushels compared to USDA's 76.1 million acres. There is still enough uncertainty with yields, acres and demand to keep the market interesting. I am currently 50 percent priced overall on anticipated production; with an additional 30 percent priced in Put Options. At current price levels, storage should be used for possible basis appreciation and not necessarily futures price speculation. From a price risk management standpoint, a \$16.20 November Put option would cost 52 cents and set a \$15.68 futures floor. This option expires October 26, 2012.

Deferred: January 2013 soybeans closed today at \$16.22 a bushel, down \$1.18 a bushel since last week. Technical indicators have changed to a sell bias. Support is at \$15.92 a bushel with resistance at \$16.52 a bushel. November 2013 soybeans closed at \$13.54 down 43 $\frac{3}{4}$ cents for the week. Watch for 2013 opportunities.

Wheat:

Nearby: December futures contract closed at \$8.97 $\frac{3}{4}$ a bushel, down 26 $\frac{1}{2}$ cents a bushel since Friday but up 17 $\frac{3}{4}$ cents today. Technical indicators have changed to a buy bias. Support is at \$8.72 a bushel with resistance at \$9.12 a bushel. Weekly exports were within expectations at 18 million bushels of net sales for 2012/13. Conflicting information out of Russia on whether they may limit grain exports has swung the market both ways this week. It may be a moot point as at their current rate of exports they could run out of exportable wheat which would be supportive of the market. Pressure has been put on the wheat market this week from the price drop in corn and soybeans.

New Crop: July 2013 wheat closed at \$8.71 $\frac{1}{2}$ a bushel, down 21 $\frac{1}{4}$ cents since last week. Technical indicators have changed to a buy bias. Support is at \$8.57 a bushel with resistance at \$8.80 a bushel. Winter wheat planted is reported at 11 percent compared to 4 percent last week, 11 percent last year and the five year average of 14 percent. I would be 10 percent priced for 2013 production. Δ

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