

No Major Surprises In Acreage, Grain Stocks Report Weekly Crop Comments

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Corn, cotton, soybean, and wheat prices are up for the week. The September U.S. Dollar Index traded before the close at 81.77, down 1.24 today and 0.67 for the week. The Dow Jones Industrial Average before the close traded at 12,835, up 232 points today and 172 points since last Friday. Crude Oil traded at 83.89 a barrel mid-day, up 6.20 today and up 4.13 a barrel for the week. Today's USDA Acreage and Grain Stocks report did not contain any major surprises and the market should soon turn if it has not already back to trading the weather and news on the European bailout on banks and their financial condition. Short term forecasts are not favorable for crop production in the lower Midwest and Mid-South. Crop condition ratings released on Monday afternoons will continue to be scrutinized by market watchers. There is no doubt that we are in a weather market and they do have a tendency to end or change direction when not expected. As mentioned last week, producers should start accessing their crop as to production potential. It is difficult to do at this stage of the season, but can give a rough estimate of how much there is to market. Compare the estimate to what is already priced to determine if there will be a shortfall or if there is additional crop that can be booked. If crop production does look to be short, talk to your grain or cotton buyer as to alternatives. Contact your crop insurance agent and let him/her know the situation. It may not be too early for an adjustor to look at the crop. Comments on the June 29 Acreage and Grain Stocks report can be found at <http://news.ut-crops.com/>.

Corn:

Current Crop: September closed at \$6.28 ½ a bushel, up 77 ¼ cents a bushel for the week. Technical indicators have changed to a strong buy bias. Support is at \$5.98 a bushel with resistance at \$6.63 a bushel. Weekly exports were just below expectations at 11.5 million bushels (7.6 million bushels for the 2011/12 marketing year and 3.9 million bushels for the 2012/13 marketing year). Corn condition ratings this week were 56 percent rated good to excellent as compared to 63 percent last week and 68 percent a year ago. The trade was expecting a 61 percent good to excellent rating. This is the 2nd lowest rating for this particular week since NASS started reporting in 1986. Poor to very poor were at 14 percent compared to 9 percent last week and 9 percent last year. Corn silking was reported this week at 10 percent compared to 5 percent last week, 2 percent last year and the five year average of 3 percent. Old crop grain stocks in today's USDA report were 3.15 billion bushels, 33.5 million bushels lower than expected. USDA may make an adjustment in the July 11 report, but may be more likely to adjust exports downward and leave ending stocks at 851 million bushels. The Acreage report put corn acres planted at 96.4 million acres, 440,000 acres higher than expected. Although planted acres were 540,000 acres higher than the March 30 intentions, harvested acres were lowered to 88.9 million acres reflecting no doubt the drought. With these reports out of the way, the focus will return to the weather. I am currently priced at 50 percent of anticipated production. From a price risk management standpoint, a December \$6.40 Put would cost 56 cents and set a \$5.84 futures floor.

Deferred: March 2013 contract closed at \$6.43 ¾ a bushel, up 78 ¾ cents a bushel since last Friday. Technical indicators have changed to a strong buy bias. Support is at \$6.13 a bushel with resistance at \$6.77 a bushel. September 2013 corn closed at \$5.97 ¼ a bushel, up 35 ¾ cents for the week. Start watching for opportunities for 2013 production.

Cotton:

Current Crop: December closed at 71.33 cents per pound, up 2.21 cents since last week. Support is at 68.20 cents with resistance at 73.22 cents per pound. Technical indicators have a sell bias. The Adjusted World Price for June 29 - July 5 is 60.30 cents per pound, down 3.40 cents. All cotton weekly export sales were a net reduction of 511,400 bales (reduction of 602,100 bales of upland cotton for 2011/12; sales of 87,100 bales of upland cotton for 2012/13; sales of 2,800 bales of Pima cotton for 2011/12 and sales of 800 bales of Pima for 2012/13. Equities have been quoted in the 11 cent range. Keep in contact with your cotton buyer for current quotes on loan equities and pricing alternatives. Cotton squaring nationwide is at 36 percent compared to 27 percent last week, 29 percent last year and the five year average of 32 percent. Cotton boll set is 8 percent nationwide compared to 5 percent last week, 8 percent last year and the five year average of 7

percent. Cotton crop condition ratings were 50 percent good to excellent compared to 53 percent last week and 27 percent last year. Poor to very poor were reported at 16 percent compared to 15 percent last week and 41 percent last year. USDA projects all cotton acreage at 12.6 million acres, down 520,000 acres from the March 30 intentions and within the range of expectations. Hopes for a rally in the cotton market are tied to foreign production problems and an improvement in the world economy. Neither which have materialized as of yet.

Deferred: March 2013 cotton closed at 72.51 cents per pound, up 1.94 cents for the week. Support is at 69.71 cents with resistance at 74.17 cents per pound. Technical indicators have changed to a sell bias.

Soybeans:

Current Crop: The November contract closed at \$14.27 ¾ a bushel, up 52 ¼ cents a bushel since last Friday. Technical indicators have a strong buy bias. Support is at \$13.76 a bushel with resistance at \$14.36 a bushel. Weekly exports were above expectations at 29.1 million bushels (14.8 million bushels for the 2011/12 marketing year and sales of 14.3 million bushels for 2012/13). Soybeans blooming this week were reported at 12 percent compared to 5 percent last week, 2 percent last year and the five year average of 4 percent. Soybean condition ratings were 53 percent good to excellent, about expected by the trade; and compared to 56 percent last week and 65 percent last year. Poor to very poor ratings were 15 percent compared to 12 percent last week, and 8 percent last year. Old crop soybean stocks as of June 1 and reported today by USDA were 667.5 million bushels, 27.5 million bushels higher than the average trade guess. We could see USDA adjust ending stocks upward in the July 11 report to reflect these stocks. USDA's Acreage Report listed soybean acreage for 2012 at 76.1 million acres, up 2.2 million acres from the March 30 intentions report and up 505,000 acres over the average trade guess. It would be the 3rd highest on record. In that number is 5.3 million acres of double crop soybeans which with the current drought is becoming questionable on how viable they will be. As in corn, the focus will go back to the weather and for soybeans to some extent the strength or weakness of the Dollar. I am currently 50 percent priced overall on anticipated production and will be looking closely at implementing a put option strategy. From a price risk management standpoint, a \$14.40 November Put option would cost 92 cents and set a \$13.48 futures floor.

Deferred: January 2013 soybeans closed today at \$14.26 ½ a bushel, up 52 ½ cents since last week. Technical indicators have a strong buy bias. Support is at \$13.78 a bushel with resistance at \$14.32 a bushel. November 2013 soybeans closed at \$12.60 ¾. Start watching for 2013 opportunities.

Wheat:

Nearby: September futures contract closed at \$7.57 ¼ a bushel, up 69 ¾ cents a bushel since Friday. Technical indicators have changed to a strong buy bias. Support is at \$7.30 a bushel with resistance at \$7.76 a bushel. Weekly exports were below expectations at 11.9 million bushels for 2012/13. Wheat harvest has progressed to 59 percent harvested on June 24 compared to 48 percent last week, 36 percent a year ago and the five year average of 27 percent. USDA reported old crop wheat stocks at 743 million bushels, 15 million bushels higher than the June report and 17 million bushels higher than trade expectations. All wheat acreage was reported at 56 million acres, 109,000 acres higher than the March 30 intentions but 830,000 acres less than trade expectations. With current projected usage, wheat stocks should drop slightly but remain adequate. Wheat will tend to move with corn prices while keeping a watching eye on any foreign production problems.

Deferred: March 2013 wheat closed at \$7.91 a bushel, up 67 ¼ cents since last week. Technical indicators have a strong buy bias. Support is at \$7.65 a bushel with resistance at \$8.10 a bushel. Spring wheat is 57 percent headed compared 33 percent last week, 5 percent last year and the five year average of 18 percent. Spring wheat condition ratings as of June 24 were 77 percent good to excellent compared to 76 percent last week and 69 percent last year. Poor to very poor were 4 percent compared to 3 percent last week and 4 percent a year ago. July 2013 wheat closed at \$7.97 ¾ a bushel, up 68 cents for the week. Watch 2013 prices for pricing opportunities. Δ

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