

# Weather Spurs Concerns Over Planting Delays

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**W**heat, soybeans, and corn were up and cotton was down for the week. Planting/weather concerns continue to play a key role in the markets. Corn planting has improved dramatically the past two weeks however planting concerns

continue in Wisconsin, Minnesota, and North Dakota. Concern over planting delays has also become prevalent with soybeans due to heavy precipitation with additional precipitation anticipated for a large part of the Corn Belt in the next 5-days which could also result in flooding in the Midwest. Drier weather conditions have been forecast in the 6 to 15 day forecasts however this would put planting into the middle of June. Warm dry conditions in the southern plains and planting delays in North Dakota and Canada continue to provide support to wheat prices. July cotton decreased for the 9th consecutive trading session today. Old crop new crop spreads have narrowed as positions have begun to be moved from July to future months.

## Corn

Weekly exports were within expectations with net sales of 34.5 million bushels (3.4 million bushels for the 2012/13 marketing year and 31.1 million bushels for the 2013/14 year). Overall corn sales continue to trail USDA predictions. Ethanol production decreased 12,000 barrels per day to 863,000 barrels per day. May 24th ending ethanol stocks decreased to 16 million barrels from 16.4 million the 5th consecutive weekly decline. Jul/Sep and Jul/Dec future spreads were -65 cents and -95 cents, respectively.

Corn planted reported May 28th was 86 percent compared to 71 percent last week, 99 percent last year, and a 5-year average of 90 percent. Planting progress for the week was within market expectations. Corn emerged was 54 percent compared to 19 percent last week, 89 percent last year, and 67 percent for the 5-year average. In Tennessee corn planted was 87 percent (5-year average 95 percent), corn emerged was 73 percent (5-year average 86 percent), and corn condition was 75 percent good to excellent 5 percent poor to very poor. Producers should consider having 35 percent of their crop priced at this point. Any additional rallies in prices should be looked at as an opportunity to increase the level of new crop priced. From a price risk management standpoint (depending on anticipated harvest date), a \$6.00 September Put Option costing 38 cents would establish a \$5.62 futures floor or a \$5.70 December Put Option costing 46 cents would establish a \$5.24 futures floor.

## Soybeans

Soybean supplies continue to be tight contributing to market volatility. Weekly exports were below expectations with net sales of 31.8 million bushels (4.0 million bushels for 2012/13 and 27.8 million bushels for 2013/14). China cancelled 5.4 million bushels of old crop soybeans and may cancel additional contracts. Poor Chinese crush margins have contributed to cancellations. Jul/Nov future spread was -\$2.06.

Soybean planting estimates as reported May 28th were 44 percent compared to 24 percent

last week, 87 percent last year, and a 5-year average of 61 percent. Soybean planting this week was slightly above market expectations. Soybeans emerged were 14 percent compared to 3 percent last week, 57 percent last year, and a 5-year average of 30 percent. In Tennessee soybeans planted was 21 percent (5-year average 41 percent) and soybeans emerged was 8 percent (5-year average 20 percent). Improvements in November soybean prices the past two weeks presents an opportunity to price additional production. Having 35 percent of the crop priced at this point should be considered. Downside protection could be achieved by purchasing a \$13.20 November Put Option which would cost 72 cents and set a \$12.48 futures floor.

## Cotton

All cotton weekly export net sales were higher than last week, however within expectations at 157,900 running bales (117,500 bales of Upland cotton for 2012/13; 35,00 bales of Upland cotton for 2013/14; 2,300 running bales of Pima cotton for 2012/13; and 3,100 bales of Pima cotton for 2013/14. May 30th adjusted world price (AWP) decreased 2.65 cents to 68.99 cents. Cotton equities on 2013 loan cotton are in the 23 cent range. Jul/Dec future spread was 2.7 cents.

Cotton planted reported May 28th was 59 percent this week compared to 39 percent last week, 76 percent last year, and the 5-year average of 69 percent. Tennessee was 37 percent planted compared to 13 percent last week, 88 percent last year and a 5-year average of 71 percent. Lack of precipitation in West Texas and parts of Georgia continue to be of concern, however speculation is that planting in Georgia is higher than the March Intentions number. Producers should consider obtaining downside protection on a portion of their new crop production. Purchasing an 83 cent December Put Option costing 5.38 cents would establish a 77.62 futures floor.

## Wheat

Weekly exports were within expectations at net sales of 28 million bushels (1.3 million bushels for 2012/13 and 26.7 million bushels for 2013/14). Jul/Sep future spread was 10 cents.

Nationally, winter wheat heading as of May 28th was reported at 60 percent compared to 43 percent last week, 85 percent last year, and the 5-year average of 72 percent. Crop condition ratings for winter wheat as reported May 28th were 31 percent good to excellent which was the same as last week, compared to 54 percent last year. Poor to very poor was 42 percent, compared to 41 percent last week and 17 percent last year. In Tennessee winter wheat turning color was reported at 9 percent (5-year average 61 percent) and crop condition was reported as 81 percent good to excellent and 4 percent poor to very poor. Spring wheat planting reported May 28th was at 79 percent compared to 67 percent last week, 100 percent last year, and a 5-year average of 86 percent. Spring wheat emerged reported May 28th was 42 percent compared to 22 percent last week, 94 percent last year, and a 5-year average of 66 percent. Currently producers should consider having 35 percent of the 2013 crop priced. A \$7.20 July Put Option would cost 39 cents and set a \$6.81 futures floor. Δ

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