

Weekly Corn Export Net Sales Below Expectations



DR. AARON SMITH

KNOXVILLE, TENN.

Corn, soybeans, and wheat were up; cotton was down for the week. December corn, this week fluctuated up one day and down the next finishing up 7 cents from the previous week. Corn prices continue to react to dry conditions in several

areas of the Corn Belt; however overall the corn crop looks very good in many regions. Precipitation over the next few weeks will be the key in determining yields in many areas. Estimated U.S. corn yields range from 145 bu/acre to 165 bu/acre with the USDA reporting 154.4 bu/acre. This variation in projected production (a difference of 1.7 billion bushels) has contributed to the last two weeks up and down market fluctuations. Soybeans continued their upward climb as concerns over the lateness of the crop continue to provide price support. Pricing additional production with November Futures price around \$13.25/bu should be considered for those with limited bushels currently priced. The soybean market may continue up until weather risk has been determined but having a portion of the new crop priced is strongly encouraged. Cotton dropped back to the mid 80 cent range after an increase into the low 90's last week. The trend in cotton continues to be trading December futures in the 80 to 90 cent range. Pricing cotton in the mid to high 80's and above, for those with current year production still not priced should be strongly considered.

Corn

Weekly export net sales were below expectations with net sales of 19.4 million bushels (2.3 million bushels for 2012/13 marketing year and 17.1 million bushels in net sales for the 2013/14 year). Exports were 6.8 million bushels. Last week ethanol production decreased 13,000 barrels per day to 844,000 barrels per day. August 16th ending ethanol stocks increased to 16.5 million barrels up from 16.4 million barrels. Sep/Dec future contract spread was -25 cents.

USDA crop progress report released August 19th reported corn silking at 97 percent compared to 94 percent last week, 100 percent last year, and 99 percent for a 5-year average. Corn dough or beyond was reported at 52 percent compared to 32 percent last week, 87 percent last year and 65 percent for a 5-year average. Corn dented or beyond was reported as 11 percent compared to 5 percent last week, 57 percent last year and a 5-year average of 30 percent. Corn condition was reported as 61 percent good to excellent compared to 64% last week and 23 percent last year; 13 percent poor to very poor compared to 11 percent last week and 51 percent last year. In Tennessee, corn dough or beyond was 91 percent (5-year average 95 percent); corn dent or beyond was 65 percent (5-year average 79 percent); corn mature was 2 percent (5-year average 25 percent); corn silage harvested was 27 percent this week (5-year average 54 percent); and corn condition was 87 percent good to excellent and 2 percent poor to very poor. Downside protection could be obtained by purchasing a \$4.70 December Put Option costing 23 cents establishing a \$4.47 futures floor.

Soybeans

Weekly export net sales were below expectations with net sales of 34.8 million bushels (net sales of 0.8 million bushels for 2012/13 and net sales of 34 million bushels in sales for 2013/14). Exports were 5.4 million bushels. Sep/Nov future spread was -37 cents.

Nationally, soybeans blooming were reported August 19th at 92 percent compared to 88 percent last week, 98 percent last year, and a 5-year average of 96 percent. Soybeans setting pods were reported at 72 percent compared to 58 percent last week, 90 percent last year and a 5-year average of 81 percent. Soybean condition was reported as: 62 percent good to excellent compared to 64 percent last week and 31 percent last year; 10 percent poor to very poor compared to 9 percent last week and 37 percent last year. In Tennessee, soybeans blooming were 80 percent (5-year average 96 percent), soybeans setting pods were 61 percent (5-year average 81 percent) and crop condition was 83 percent good to excellent and 5 percent poor to very poor. Downside protection could be achieved by purchasing a \$13.30 November Put Option which would cost 53 cents and set a \$12.77 futures floor.

Cotton

All cotton weekly export net sales increased from last week with sales of 91,800 bales (81,000 bales of Upland cotton for 2013/14 and 10,800 bales of Pima cotton for 2013/14). Exports were 240,500 bales of Upland cotton and 11,200 of Pima. August 22nd adjusted world price (AWP) decreased 0.47 cents to 73.28 cents. Oct/Dec future spread was -0.16 cents.

Nationally, cotton setting bolls was reported at 85 percent compared to 73 percent last week, 92 percent last year and a 5-year average of 89 percent; cotton opening bolls was reported at 8 percent compared to 16 percent last year and 14 percent for the 5-year average. Cotton condition was: 46 percent good to excellent compared to 43 percent last week and 41 percent last year; 23 percent poor to very poor compared to 25 percent last week, and 30 percent last year. In Tennessee, cotton setting bolls was 83 percent compared to 69 percent last week, 95 percent last year and a 5-year average of 97 percent; cotton bolls opening was 0 percent compared to 15 percent last year and a 5-year average of 8 percent; and cotton condition was reported as 70 percent good to excellent and 6 percent poor to very poor. Purchasing a 85 cent December Put Option costing 3.78 cents would establish an 81.22 cent futures floor.

Wheat

Weekly exports were below expectations with net sales of 18.2 million bushels for 2013/14 marketing year. Exports were 32 million bushels. Sep/Dec future spread was 12 cents.

Nationally, winter wheat harvest reported as of August 19th was reported at 96 percent compared to 92 percent last week, 97 percent last year, and a 5-year average of 94 percent. Spring wheat harvest was 18 percent compared to 6 percent last week, 77 percent last year, and a 5-year average of 38 percent. Spring wheat condition was reported as: 66 percent good to excellent the same as last week; 7 percent poor to very poor compared to 8 percent last week. A \$6.50 December Put Option would cost 31 cents and set a \$6.19 futures floor. Δ

DR. AARON SMITH: Assistant Professor, Crop Marketing Specialist, University of Tennessee



Link Directly To: **PIONEER**