

GRAIN COMMENTARY

Kevin McNew, President at Grain Hedge and Adjunct Professor UMCP

Grains continued to limp lower this week with soybeans and wheat giving up 9 cents while corn kept losses to only 1 cent.

US soybean prices dropped below \$10 a bushel to hit a two-month low on Tuesday, dragged down by expectations of record South American production in a global market that is already amply supplied. Increased SA production comes as US farmers are expected to plant more soybeans next season, adding to global inventories. Private analytics firm Informa Economics raised its 2017 US soybean plantings forecast to 88.7 million acres, from 88.647 million in January. Allendale also weighed in this week with their forecast of 88.8. If realized this would be about a 5.3 million acre increase over last year.

For corn, acreage forecasts are generally between 90 to 91 million acres for the US in 2017, off from last year's tally of 94.0. Spring weather forecasts from the Climate Prediction Center suggested April-May-June would be warmer than normal for much of the country which should help with spring planting. However, a wet spring combined with a threat of flooding in the Upper Midwest could hamper planting potential there. On the demand side, corn had a good week for export sales as both old- and new-crop delivery sales were above expectations.

In wheat, the cold snap that spread across the Eastern US may have done some damage to SRW wheat fields in IN/OH/KY. By the end of the week temperatures improved which may help minimize the damage. Traders are keenly watching the weather outlook in the dry Southern Plains. Warm temperatures Thursday through Sunday will increase some of the need for moisture as the crop develops further. The latest weather models show a rain system for Mar. 22-24 in this region but it will likely miss the Texas and Oklahoma Panhandles. A second system is expected in western Hard Red Winter Wheat areas Mar. 26-28 but again the SW Plains are expected to miss out.