

GRAIN COMMENTARY

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Grains were under intense selling pressure this past week with double digit losses pushing grain prices to their lowest marks in nearly six months. For the week corn and soybeans were off 10 while wheat suffered a 15-cent slide.

In wheat, the prospects of rain in the drought-stricken southern Plains over the next two weeks has sent the wheat market sharply lower. However, the latest model guidance for the 15-day total shows moisture levels that are slightly lower in key states than was previously projected. The bulk of the rain is expected next Wed/Thu and then another system on the following Sat/Sun.

Private weather forecaster Planalytics gave their first forecast of Winter Wheat Yields based on satellite imagery data of the crop, which measures plant health based on greenness. They project 2017 US average Winter Wheat Yield at 48.2 bushels per acre, off from last year's WW average of 55.3, and slightly below trend yield of 48.5. That's a 13% drop in yield compared to last year. When combined with lower acres, that likely puts carryout levels for wheat into the 850 to 900 MB range for 2017 vs 1,129 MB currently for old-crop 2016.

On March 31, all eyes will be on the results of USDA's first survey of farmers planting intentions for spring crops. Most traders look for about a 5 million acre increase in soybean plantings over last year and a 4 million acre drop in corn plantings. All wheat acres are expected to be off about 3.5 million from last year.

In international news, Brazil's meatpacking industry was raided this week by government officials following a police investigation into corruption involving food-sanitation inspectors and accusations that rotten products were sold. Major buying countries like China and the EU were quick to suspend shipments and are likely to restrict Brazilian beef imports for the near-term. The prospect for weaker feed demand in the country seems very real which could force even more grains in SA to hit the world market.