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June 30 USDA Report Increases Corn and Soybean Acreage

The late June USDA Acreage Report is always highly anticipated, because it becomes the first "hard data" after the March USDA Plantings Intentions Report to give an indication of crop production levels in a given growing season as of June 1.

Many times the June USDA report can have a big impact on grain market trends and 2016 didn't disappoint. Producers planted more corn and soybeans, compared to the March Planting Intentions Report, according to the latest USDA report on June 30. The USDA surveyed more than 70,000 agricultural producers during the first two weeks of June to gather information for the June 30 USDA report.

The June 30 USDA Acreage Report listed the total number of planted-corn acres in the U.S. at 94.15 million, which is up seven percent from last year, and is the third-largest amount since 1944. The June 30 USDA report showed an increase of about 450,000 planted-corn acres, compared to the March USDA Planting Intentions Report earlier this year.

The 2016 U.S.-estimated corn acreage compares to: 88 million acres in 2015, 90.6 million acres in 2014, 95.4 million acres in 2013, and 97.2 million acres in 2012. The June 30 USDA estimates for planted-corn acreage this year is well above the average of major grain analysts and resulted in a sharp decline for both "old crop" and "new crop" corn futures prices on the Chicago Board of Trade (CBOT).

The June 30 USDA report estimates that a record number of soybean acres will be planted in 2016 across the U.S. The report listed this year's planted-soybean acreage at 83.69 million, which is an increase of about one million acres from 2015. Record soybean acreage in 2016 is likely in several states, including: Minnesota, North Dakota, Ohio, and Wisconsin.

The USDA projections for 2016 planted-soybean acreage are slightly below the average grain trade estimates, which initially resulted in some increases regarding CBOT soybean futures prices.

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The June 30 USDA report pegged total 2016 U.S. wheat acreage at 50.8 million acres, compared to 54.6 million acres in 2015, and 56.8 million acres in 2014. The estimated 2016 cotton acreage is 9.8 million acres, which is an increase of 17 percent from 2015. Total 2016 planted acreage (for all crops) is up almost 5 million acres, compared to last year.

Another interesting aspect of the June 30 USDA report was the level of biotechnology varieties that are now being used by U.S. farmers, especially given the current discussions in Congress regarding potential GMO-labeling legislation. The USDA report showed that planted-biotech varieties this year will comprise: 92 percent of corn acreage; 94 percent of soybean acreage; and 93 percent of cotton acreage.

Many areas of the upper Midwest have struggled with excessive rainfall during June and now some areas of the Corn Belt have become quite dry, as we head into the critical tasseling and pollination period for corn. In the regular Monday Crop Progress Report on June 27, the USDA rated 75 percent of the corn in the U.S. to be in "good" to "excellent" condition, including 81 percent of the corn in Minnesota, 79 percent in Iowa, and 73 percent in South Dakota.

The USDA rated 72 percent of the nation's soybeans to be in "good" to "excellent" condition, as of June 27, including 77 percent in Iowa, and 75 percent in both Minnesota and South Dakota.

The USDA is currently projecting 2016 national average yields at 168 bushels per acre for corn and 46.7 bushels per acre for soybeans, which compares to final U.S. average yields in 2015 of 168.4 bushels per acre for corn and 48 bushels per acre for soybeans.

Quarterly Grain Stocks Report

The USDA Quarterly Stocks Report on June 30 indicates that total U.S. corn stocks on June 1 registered at 4.72 billion bushels, which compares to 4.45 billion bushels a year ago.

The June 30 USDA stocks estimate was well above the pre-report estimates of most grain analysts, which was another factor in the corn market decline following the report.

July corn futures on the CBOT closed at \$3.58 per bushel on June 30 and December 2016 "new crop" corn futures closed at \$3.71 per bushel, both of which were at their lowest levels since early Spring.

Local cash-corn prices in southern Minnesota on June 30 were at \$3.10-\$3.25 per bushel for 2015 corn and just slightly above that level on forward-contracted 2016 corn. 2016 corn prices are well below the cost of production for most producers in the Midwest.

The June 30 USDA Quarterly Stocks Report indicates that total U.S. soybean stocks on June 1 were at 870 million bushels, which compares to 627 million bushels a year ago. The June 30 USDA

soybean stocks estimate was slightly above the pre-report estimates of most grain analysts. However, this was somewhat offset by the lower-than-expected 2016 U.S. soybean acreage.

July CBOT soybean futures closed at \$11.75 per bushel on June 30 and November 2016 futures closed at \$11.53 per bushel. Local cash-soybean prices in southern Minnesota ranged from \$10.75 to over \$11.20 per bushel on June 30 and 2016 "new crop" forward-contact prices were in a range of \$10.60 to nearly \$11.00 per bushel. This represents an approximate \$2.00-per-bushel improvement, compared to soybean prices in mid April. If these stronger soybean prices persist, it will help offset the negative impacts of the current downtrend in the 2016 corn market.

For more information, contact Kent Thiesse, Farm Management Analyst and Vice President, MinnStar Bank, Lake Crystal at: 507-381-7960 or kent.thiesse@minnstarbank.com.

2016 Ag Conference

Join ICBM for this year's Ag Conference in Austin, MN.

Bankers will learn from ag industry experts and participate in discussions on critical ag issues and how they affect the financial industry.

The event will be held July 19-20. Registration and program information is available [here](#).

Questions? Contact Patti Coles, ICBM Meeting and Event Planner at pcoles@icbm.org or 651-789-3987.

Minnesota Pork Board Hosting Annual Lenders Meeting

[Register](#) now for the Minnesota Pork Board's Annual Lenders Meeting in Mankato.

The event takes place July 26 at the Country Inn & Suites. Act fast, because registration for the meeting closes July 18.

The agenda for the event can be found [here](#).

For more information, contact Jill Resler at 507-345-8814 or jill@mn-pork.com.

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