

The latest USDA 'Crop Progress' survey shows that crop plantings remain well behind normal and **there is increasing speculation that the planting delays will significantly reduce the number of acres that will be harvested this fall.** While producers can plant corn after the recommended planting date, studies have shown that if the crop is planted after June 1, there is an increasing likelihood that it will result in lower yields. For some producers, it may make more sense to take the prevented planting payments as outlined in their crop insurance policies rather than roll the dice and plant the crop. Further complicating matters are wet conditions in a number of acres in Iowa, Minnesota and Illinois with more rain in the forecast. Some producers may opt to switch to soybeans but that option also has its complications and deadlines regarding final planting dates for preventive plantings.

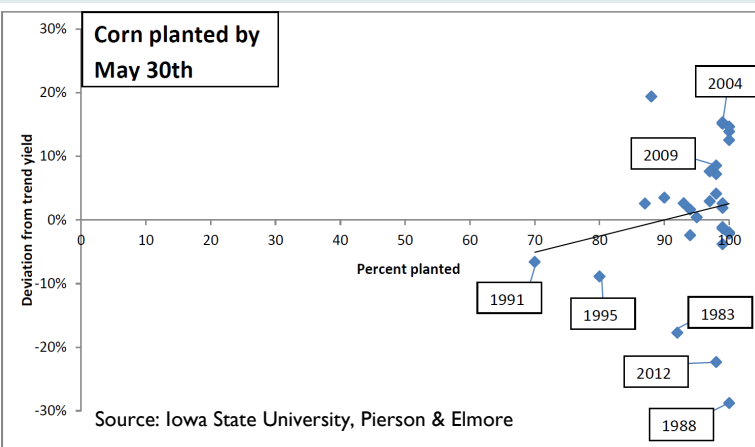
According to the latest USDA survey, **producers in the 18 key production states (see table) had planted only 91% of the corn crop.** Last year the crop had all been planted by this date and in the last five year producers by this date had planted about 95% of the crop. Some key producing states are running below the overall average and below year ago levels. Iowa farmers had planted just 88% of the corn crop. In the March plantings survey, Iowa was pegged to plant 14.2 million corn acres, which implies that producers there have about 1.7 million acres left to plant. Similarly, Minnesota plantings at 87% imply that another 1.2 million acres are left to plant. In all, the current plantings pace implies that as of June 2, 2013, there were about 7.8 million corn acres left to plant. Some of those acres will likely be planted this week but the pace will be slow given the excess moisture on the ground and more rain expected.

Plenty of unknowns remain as far as the overall impact of the late plantings on the corn crop balance sheet. By some estimates, we could see the final planted acres some 3.5 MM acres below the USDA May 2013 estimate of 97.3 million. Assuming no change in yields from the USDA estimate of 158 bu/acre, the reduction in acres alone would remove about 500 million bushels from the final corn crop production. However, despite this significant decline in planted acres, ending stocks still would end up at around 1.5 billion bushels. Also keep in mind USDA made some very generous allowance for feed and residual use in its latest report (+21% increase). A corn crop of about 13.6 billion bushels still would be big enough to push corn prices below current levels by a notable amount. The next question, however, is the impact of delayed plantings on yields. The table above outlines both the number of acres that remain to be planted and the 1980-2012 trend yield for each state. The delays in planting, and potential impact on yield, comes in states that have some of the best yielding crop.


Crop Progress as of June 2, 2013, Implied Acres to Plant and Trend Yields

18-States Surveyed	% Planted	Left to Plant (Mil. Acres)	1980-2012 Trend Yield
Iowa	88%	1.7	176
Minnesota	87%	1.2	173
Wisconsin	74%	1.1	150
Illinois	91%	1.1	167
North Dakota	84%	0.7	128
Missouri	86%	0.5	136
Indiana	94%	0.4	158
South Dakota	96%	0.2	135
Kansas	96%	0.2	133
Michigan	94%	0.2	146
Kentucky	91%	0.1	141
Pennsylvania	93%	0.1	128
Nebraska	99%	0.1	166
Ohio	98%	0.1	156
Colorado	94%	0.1	144
Texas	97%	0.1	132
Tennessee	97%	0.0	133
North Carolina	100%	0.0	111
Total/Wt. Avg.	91%	7.8	157.9

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The chart above shows the effect of delayed plantings on the Iowa corn yields. According to Iowa State research, while there is a negative impact on yields for a late planted crop, the impact may not be as severe as some expect. Some estimates now are indicating overall corn crop yields in the mid to low 150s, which would likely keep corn prices in the high \$5/bu. for next year.



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