Crop / Weather Update

July 15, 2019
In its weekly Crop Progress Report, the USDA stated corn crop conditions as of July 14 as being 58% good to excellent (G/E). That represented a 1% weekly improvement, but this latest figure fell well below comparable year-ago and 10-year results at 72% and 67%, respectively. Pre-report survey data indicated traders were expecting a result unchanged from last week, so this higher reading may exert some downward pressure upon futures in overnight trading. The numbers improved in 10 states, declined in 5 and proved unchanged in 3. There were no major swings. The G/E rating did rise 5% in Illinois (42%) and 4% in Missouri (32%) and Ohio (38%), but the fact that those three states had some of the lowest rated corn may darken the negative overall result. The largest decline of 3% was suffered by Kentucky corn (72% G/E) and Colorado (82%).
The comparison on the previous page between the latest G/E corn condition rating to the 10-year average, at 58% and 67%, respectively, may persuade some market observers to think the current corn crop situation isn’t all that bad. A look at the amount of corn currently silking should at least partially correct such ideas, since this latest figure at 17% compares quite poorly to last year’s comparable figure at 59% and to the respective 5- and 10-year averages at 42% and 39%. The disparity is even larger in the northern states. For example, the five-year averages for the I-states of Illinois, Indiana and Iowa at 67%, 44% and 40%, respectively, are far ahead of the current readings at 19%, 10% and 8%. No corn was seen silking in South Dakota or Michigan, with less than 10% silking in Colorado (4%), Iowa (8%), Minnesota (2%), North Dakota (1%), Ohio (6%) and Wisconsin (1%). Futures may garner support from these results.
Cotton Crop Condition

Percent of Acreage Rated Good or Excellent

This week’s cotton condition result looked bearish, since it indicated a second-consecutive 2% weekly improvement. The latest reading at 56% good to excellent (G/E) easily topped the comparable 2018 result at 41% as well as the 10-year average figure at 49%. The state breakdown confirms the significance of this rise, with 9 states posting gains, 3 being unchanged and just 3 seeing declines. Moreover, South Carolina (72% G/E) saw a 9% increase, and four states [Alabama (+5 to 62% G/E), Louisiana (+5% to 69%), Mississippi (+6% to 56%) and Texas (+5% to 53%)] posted gains of 5% or more. Oklahoma suffered the worst weekly decline, of just 3%, to 68% G/E. That development, as well as the fact that the dominant state of Texas improved so substantially, also emphasizes the improved cotton conditions.
As of 7/14, the rice crop condition is rated 67% good and excellent (G/E), up 1% from last week. Comparatively, the 10-year average is 68% G/E, and last year’s crop was rated 69%. After a slow start with planting, the crop is fairly normal. For individual state condition ratings, three states increased percentages in the top two categories, while one decreased and two had no changes. Missouri saw the biggest increase in its condition rating, moving from 50% G/E to 55% this week. The rest of the states had minor or no change: Mississippi up 2% to 66% G/E; Texas up 1% to 44% G/E; Arkansas and California no change at 61% G/E and 100% G/E, respectively; and finally, Louisiana went down 1% to 66% G/E.
As of July 14th, 54% of the U.S. soybean crop was rated to be in either good or excellent condition (G/E). This was up one point from last week and within the range of polled industry expectations (52% to 54%). Last year, the crop was rated 69%, and the 10-year-average for mid-July is 63%. So, this year’s crop is still rated much lower than average, which is concerning since much of it was also planted later. Looking at individual states, six increased in the G/E categories, while 7 decreased and 5 remained the same. A few states had large increases in G/E categories, but these don’t affect the overall U.S. condition rating as much due to the amount of soybeans grown in these regions, the low condition ratings in the states or both. Those states were Missouri, up 6 points to 41% G/E; North Carolina, up 8 points to 58% G/E and Ohio, up 5 points to 33% G/E. Arkansas saw the largest decrease in condition, down 4 points to 56% G/E. Illinois and Iowa, where the most soybeans are grown, had ratings of 41% G/E (+3%) and 63% G/E(-1%), respectively.
According to USDA, the portion of the 2019 U.S. spring wheat crop rated to be in either Good or Excellent (G/E) condition declined by 2% in the second week of July to reach 76%. This came as a surprise as many in the trade, including Doane, were looking for a slight improvement from the previous week. Of the six states surveyed, there was an even split between states showing deteriorating or improving conditions. Declines in the G/E ratings were seen in Idaho (-10%), Montana (-3%) and North Dakota (-2%), while improvements were seen in Washington (+7%), South Dakota (+3%) and Minnesota (+2%). It appears that recent rains in Montana and North Dakota were unable to help prop up the spring wheat conditions in those states, while persistent dryness in Idaho led to a sharp drop in ratings of its spring wheat crop. Lower-than-expected spring wheat ratings are seen as being a somewhat supportive feature for the Minneapolis wheat market, although overall conditions ratings still support above-average yield ideas.
The 2019 U.S. winter wheat harvest advanced 10% in the week ending July 14 to reach 57% complete. On average, the trade was looking for harvest progress to have reached 62% with guesses ranging between 58% and 72%. Greatest progress was made for the week in Ohio (35%), Indiana (31%), Kansas (20%), Missouri (17%) and Illinois (16%). Comparing progress versus 2018, the furthest delays are seen in Colorado (-53%), Nebraska (-43%), Michigan (-32%) and Ohio (20%). Harvest has essentially concluded in Oklahoma (98%), Texas (97%), Missouri (96%) and North Carolina (93%). It was somewhat surprising to see such little progress in Colorado and in the Pacific Northwest since there was mostly open weather and warmer temperatures were seen in the first half of July. Forecasts are calling for moisture from Tropical Storm Barry to move east to favor the mid-South and eastern Corn Belt in the coming week. This should leave some open weather for harvest to advance in central wheat growing states, like Colorado and Nebraska, and push towards completion in Kansas.
The map displays the percent of normal precipitation over the past week. Most media attention was rightly focused on storm Barry that briefly reached hurricane status prior to making landfall west of New Orleans on Saturday morning. Barry did produce heavy downpours in the lower Mississippi River Valley and the remnants of the system continued to drench areas of the Delta as this new week begins. There was some relief that Delta rainfall totals initially in the 4-8 inches range were not even larger. Turning attention to the Midwest, the majority of the central and eastern Midwest recorded little to no rainfall last week. Crop regions that were very dry included southern Iowa, northern MO, western ILL, eastern WI and much of MI. While the dry weather facilitated winter wheat harvesting, there were reports of visible stress to corn and soybean plants. The northern Plains spring wheat region recorded above average rains that should benefit spring wheat and other grains and oilseeds.
The map above displays Monday’s seven-day rainfall forecast to Monday morning, July 22. Prominent is the moderate to heavy rains targeted into the mid-Mississippi River Valley and the Ohio River Valley. This system is the remnants of what was Hurricane Barry and the crops in the regions receiving these rains will benefit. There is also an early week system that is producing rains in the northern Midwest and upper Great Lakes. Areas receiving rains will be fortunate to have these early week systems as the forecast maps continue to project very hot weather late this week and into the weekend for much of the Midwest. Highs reaching the low 100s in the SW Corn Belt and 90s for the southern two-thirds of the Corn Belt for several successive days are quite possible. Areas missing the current rains and that have been below average so far this month risk significant stress to the late developing corn and beans.
Here is this afternoon’s 6-10 day precipitation probability forecast map. This is a peak period for corn crop development and the forecast for most of the Corn Belt shows below average rainfall. Further, the temperature outlook is for above average temperatures (not shown). This combination presents continuing threats to corn development as it moves into the reproductive phase. As noted in today’s progress, only 17% of the corn crop is silking. That implies most of the crop will tassel and silk over the next four weeks. The forecast maps remain rather unfavorable to that goal at least for the next ten days.