

Overview

Results of the Pro Farmer crop tour were released following Friday's market close. Their corn production estimate was 13460 million bushels compared to the USDA at 13763 million and our forecast of 14009 million. Pro Farmer reduced harvested acreage 1.8 million from the USDA estimate compared to only 1.0 million in our calculation. Their yield estimate was 154.1 bushels per acre compared to the USDA at 154.4 and CIS at 159.0. The marketplace has already factored in yield and production very near the Pro Farmer tour estimate. Therefore, we doubt futures will respond strongly. However, if production eventually approaches our estimate in months ahead, a harvest low near \$4.00 will be justified.

Acreage

The Farm Service Agency (FSA) is responsible for administration of several federal farm programs. Their county agents certify farm acreage in each program and report results to the FSA headquarters at the USDA. Last week, the FSA released planted acreage and prevent plant data for those enrolled in applicable government programs on August 1. The table below illustrates the difference between FSA and official USDA acreage data . . .

Confusion Reigns!					
FSA vs USDA Acreage Data					
Planted Acres – Millions					
Year	June USDA Survey	FSA ^{1/}	Chg	USDA Final	Chg from FSA
2007	92.9	91.1	-1.8	93.5	+2.4
2008	87.3	83.4	-3.9	86.0	+2.6
2009	87.0	83.8	-3.2	86.4	+2.6
2010	87.9	85.4	-2.5	88.2	+2.8
2011 ^{2/}	92.3	88.3	-4.0	91.9	+3.6
2012	96.4	93.0	-3.4	97.2	+4.2
2013 ^{2/}	97.4	88.8	-8.6	?	?

1/ FSA only began reporting August acreage data in 2011.
 Prior years are final acreage released in January.
 2/ Late planting year

FSA acreage is always below the USDA as farmers not participating in government programs aren't counted. However, the difference between the June survey and FSA certification has never been more than 4.0 million acres. *This year, it was an unbelievable 8.6 million.*

Explanations for the huge difference this year are numerous. Most believe FSA acreage was understated because the sign up date was extended 18 days and some counties may have not been included in the survey. Most expect the September FSA report to show a substantial increase in planted acreage. However, the September FSA report will be released several days after the USDA supply/demand report on September 12. The USDA typically does not alter

acreage data from August to September. The FSA data is normally incorporated in USDA acreage for the first time in the October estimate. Therefore, *planted acreage will be highly contested until the October USDA estimate on October 11.*

Acres reported as not planted due to weather (prevent plant) totaled 3.4 million acres compared to 0.3 last year and 3.0 million in the wet spring season of 2011. This figure should not change materially in future FSA reports. How much of this was included in the USDA June acreage survey is not known. The USDA's yield reduction of 2.1 bushels per acre in the August crop estimate may have been to compensate for larger expected prevent plant acres. The trade is generally reducing planted acreage estimates from 1.0 to 3.4 million. *Based on empirical data, we are reducing planted acreage by 1.8 million.*

Yield

The trade was shocked when the USDA reduced their yield estimate from 156.5 bushels per acre in July to 154.4 in August. Condition reports between early July and August had declined less than average and were the highest in three years. Because the USDA had no new acreage data since the June survey, we strongly suspect the sharp yield reduction was to compensate for an expected acreage reduction following the October FSA data.

Abnormally dry conditions occurred in many areas of Iowa during July and into Central Illinois early this month. However, unusually cool weather is believed to have offset lack of rainfall to some degree. Crop scouts observed tip-back (lack of kernels at end of ear) in recent surveys of fields in these areas. The following table compares crop ratings nearest August 18 with trend and final yield . . .

Above Trend Yield?				
Mid-August Crop Rating vs Final Yield				
US Corn – Bushels per Acre				
Year	Crop Ranked ^{1/}	Trend Yield ^{3/}	Final Yield	Final % of Trend
2011	57	154.4	147.2	95.3
2007	58	146.9	150.7	102.6
2006	58	145.1	149.1	102.8
1999	58	132.0	133.8	101.4
1989	59	113.3	116.3	102.6
1997	60	128.3	126.7	98.8
2003	60	139.5	142.2	102.0
2013	61	158.1	159.0^{4/}	100.6
1996	62	126.4	127.1	100.6
2008	64	148.8	153.9	103.4

1/ Ranked by crop rating
 2/ Good/excellent percent nearest August 18
 3/ Thirty year trend
 4/ CIS estimate