Crop Progress. Corn planting progress reached 86% as of May 22 according to Monday’s Crop Progress report from USDA. The average for this week of the crop year is 81%. With projected plantings this year of 93.6 million acres, that leaves about 13 million more to go. The major producing states that are the most behind a normal planting pace are Indiana (62% planted, 77% normal), Michigan (65% planted, 72% normal), and Ohio (51% planted, 66% normal).

There is speculation that some states that are behind normal could see a shift from corn to soybeans given the increase in the soybean to corn price ratio since early March. Over the last several years, budgets in the Corn Belt show equal returns from planting soybeans or corn when that price ratio is about 2.5 (November soybeans/December corn). A ratio greater than 2.5 indicates soybeans are a more profitable option; less than 2.5 the profit advantage goes to corn. That ratio has been on the increase since RMA set the base insurance prices at the end of February, went to 2.75 on the day of the May WASDE report, and has since fallen back to 2.56.
Grain Use. USDA reported another strong week of corn export sales this week. For the week of May 19th, sales of 54 million bushels were on the books, raising the total for the marketing year to 1.646 billion bushels. That level is 95% of the projected marketing year total of 1.725 billion.

U.S. Corn Export Sales Commitments, 2015/16 MY

Export Sales Commitments for the week 5/19/2016: 54 million bushels
Total Export Sales Commitments this marketing year: 1.646 million bushels
95% of the 2015/16 MY Export Sales Target of 1.725 million bushels (May WASDE)
Normal Sales Pace for the end of May: 91%
USDA, Foreign Agricultural Service: May 26, 2016
Sorghum export sales were 4 million bushels for the same week, above the 2 million bushels needed to reach USDA’s marketing year target of 315 million bushels. Sales for the year are currently 89% of that total, right where we should be at the end of May.

The May WASDE included a strong increase in feed use in the 2016/17 corn marketing year, 5.550 billion bushels, up 6% from 5.250 billion bushels in 2015/16. That estimate is supported by the increase in Grain Consuming Animal Units in 2016 of 2.4% (to a record high 95.809 GCAU’s) and an increase in energy feed per GCAU of 3.6% (1.833 MT/GCAU).
Outside Markets. After the release of the latest inflation numbers reflected in the Consumer Price Index from the Bureau of Labor Statistics, speculation increased that the continued rise in prices would prompt the Federal Reserve to raise interest rates at its June policy meeting. The Fed does not use the CPI as its primary measure of inflation but a 2% inflation rate is the target rate for monetary policy. Fuel prices were the sector with the greatest increase in April, led by an 8.1% increase in the gasoline index.

U.S. Inflation: All Items and Food
% Change from same period a year earlier

Prices as of 10:00 am CDT:

<table>
<thead>
<tr>
<th></th>
<th>II Qtr 2016</th>
<th>1-Apr</th>
<th>27-May</th>
<th>net change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500 Index</td>
<td>2,072.78</td>
<td>2,094.21</td>
<td>21.43</td>
<td>1.03%</td>
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<tr>
<td>CRB Commodity Index</td>
<td>168.03</td>
<td>185.62</td>
<td>17.59</td>
<td>10.47%</td>
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<tr>
<td>Jul ’16 Crude Oil</td>
<td>39.17</td>
<td>49.16</td>
<td>9.99</td>
<td>25.50%</td>
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<tr>
<td>Jul ’16 Copper</td>
<td>2.1720</td>
<td>2.1115</td>
<td>(0.0605)</td>
<td>-2.79%</td>
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<tr>
<td>Jun ’16 Dollar Index</td>
<td>94.618</td>
<td>95.585</td>
<td>0.9670</td>
<td>1.02%</td>
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<tr>
<td>Jul ’16 Corn</td>
<td>3.5775</td>
<td>4.0975</td>
<td>0.5200</td>
<td>14.54%</td>
<td></td>
</tr>
<tr>
<td>Dec ’16 Corn</td>
<td>3.6975</td>
<td>4.1050</td>
<td>0.4075</td>
<td>11.02%</td>
<td></td>
</tr>
<tr>
<td>Dec ‘17 Corn</td>
<td>3.8600</td>
<td>4.1075</td>
<td>0.2475</td>
<td>6.41%</td>
<td></td>
</tr>
</tbody>
</table>

Marketing Strategies

2016 Feed Grain Marketing Plan. The December corn contract is trading back above 410 for the first time since last September, a profitable level given this year’s cost and yield projections. I am prepared to add to 2016 sales on this price move. I will use technical indicators as the trigger for when this trend is reversing course. That will bring me to 60% priced on new crop grain.
December Corn Futures and 2016 Marketing Plan

- **South American crop conditions**
- **Battle for Acres Planting Intentions**
- **Early season crop conditions/progress**
- **Weather outlook**
- **Grain Stocks**
- **Acreage Report**
- **Tassel and August Crop Report**
- **Cash sales at harvest**

Sold 20% at 389¼
Sold 20% at 395

**Upcoming Reports/Events.**

- **June 7**  
  Grain Grading Workshop, Corpus Christi
  Short-term Energy Outlook
- **June 10**  
  WASDE
- **June 24**  
  Cattle on Feed
- **June 30**  
  Acreage
  Grain Stocks