

America's corn belt farmers face uncertainty after rain ... and more rain

Farming

Cold, rainy weather has meant severe planting delays for farmers from Ohio to Nebraska – and next week's acreage report takes on heightened importance

Debbie Carlson in Chicago

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Puddles in the corn fields near Sheffield, Illinois. Heavy rains have caused unprecedented delays in US corn planting this spring. Photograph: Tom Polansek/Reuters

In his 32 years of farming, Steve Fourez says he's almost never been so late planting corn and soybean crops on the 500 acres he farms in east-central [Illinois](#).

Normally by the start of May he's finished planting corn, and soybeans are seeded soon after. This year, Fourez said, he wrapped up planting on 6 June, as cold, grey and rainy weather kept him idle. Fourez's experience is playing out across the corn belt, a deeply fertile agricultural region stretching roughly from Ohio to Nebraska.

Planting is so tardy that the US Department of Agriculture's June 28 acreage report, an annual survey of what crops farmers planted this year, will take on heightened importance.

Mike Zuzolo, the president of Global Commodity Analytics and Consulting, said: "This planting-delay issue, because of what states it has affected, will make the planted acreage report ... historically important for market direction."

Mike Tannura, the founder of T-Storm Weather, a weather forecasting service that focuses on agriculture, said the timeframe between June last year and June this year represents the wettest in the corn belt in 125 years, as the jet stream has largely stayed put, affecting precipitation patterns. "We're crushing all kinds of rainfall records," he said.

Farmers' planting woes pushed corn prices at the Chicago board of trade to five-year highs, with the December contract – which reflects this year's planted acreage – trading around \$4.50 a bushel. Market-watchers say grain markets are setting up for a volatile summer for prices.

The late start to the season adds insult to injury for farmers, who have wrestled with several years of low prices because of bumper harvests and slowing demand because of the US-China trade war.

The agriculture department is already trimming its acreage and production estimates for this fall's corn harvest. In mid-June it knocked off 3m acres from its initial 2019 planting forecast of 92.8m acres, bringing it to 89.8m; and cut the national yield estimate by 10 bushels per acre to 166 bushels per acre, which Zuzolo said is unprecedented.

Estimates for additional cuts range from another 2m to 3m acres. This year's total drop will probably exceed the previous prevented-planted acreage record of 3.6m set in 2013.

For the acreage report, USDA surveys farmers in the first two weeks of June about how much they actually planted, and the most recent weekly crop progress report as of 17 June showed 96% of the corn crop in the ground nationally. Usually it's 100% by now.

Ken Morrison, the editor of market newsletter [Morrison on the Markets](#), said he thinks traders are overestimating how much USDA will cut in the acreage report, since farmers had incentives to plant until mid-June to collect crop insurance payments.

There's some speculation the significant delays may make the 27 June data less accurate. Morrison suggested USDA may re-survey farmers at the end of July and give an updated figure in the monthly August crop production report, noting there is some precedent to this.

What makes this year so serious is where the farmers are having trouble. Illinois is the second largest corn-growing state, and farmers there were only 88% done as of 17 June, when normally more than half complete planting in the first week of May. Shawn



Hackett, the president of agricultural consulting firm Hackett Financial Advisors, said to see Illinois farmers this far behind is shocking.

*Right: The scene in Sheffield, Illinois
Illinois is the second largest corn-growing
state. Photograph: Tom Polansek/Reuters*

“You look at the state and you go, ‘holy mackerel’. You just can’t have Illinois miss production. It’s some of the best ground in the country,” he said.

Krista Swanson, a west-central Illinois farmer, had to reseed some land and still left about 40 acres unplanted. She said the late planting means a host of problems for growing crops: pollination in hot weather reduces yield, abundant topsoil moisture creates a shallow root structure which leaves crops at risk of dry weather or toppling over, and plants mature late.

“It’s really a domino effect,” she said.

Harvest will be delayed until mid-October, causing farmers to race against time to avoid frost killing the crop. Tannura said even normal frost dates could be a problem, let alone an early frost.

While corn prices are at five-year highs, farmers may not really benefit. It’s too early to estimate production, so they can’t make forward sales to take advantage of current values, Zuzolo and Hackett said. A poor macroeconomic environment also bites, as trade wars soften demand, the global economy is slowing, the US dollar is stronger and there’s ample feed-wheat supplies available to livestock producers. Even though corn supplies could tighten significantly, Hackett doesn’t expect a repeat of 2012 when the corn futures prices hit \$8 a bushel in a similar supply scenario.

“In this environment, it’s not \$8. I’m just speculating, but maybe \$6 gets the job done right now,” he said.