



August 13, 2020

Market Update

The USDA came out with a crop estimate on August 12, 2020 with acres up 5.84% and yields of 4218 lbs which would equal yields recorded in 2012. I think that at best at the moment one can expect yields to average 4000 lbs. Certified planted acres came out as well estimating 1'564'400 acres which if harvested would represent a 12.41% increase, very much in line with what the industry expected and what I have been predicting.

You will find attach a spreadsheet with both the numbers of the USDA and certified acres. The USDA is calling for a crop of 3'106'600 fst vs. my prediction with certified acres of 3'124'000 fst. A 3.1 million fst crop is needed to ensure that we have a decent carryover next year. The big question though in everybody's mind is what will the carryover be at the end of July.

The past 3 days have given the Southeast very beneficial rains after 3 weeks of fairly dry weather. The key though is for the weather to continue being favorable the coming month to ensure an average yield and a good quality.

The market has not reacted at all to these numbers as the industry expected a double digit increase in plantings. I don't believe anybody will be paying attention to the USDA crop estimate and will be more focus on certified acres. Shellers are a lot more comfortable with the situation with the rains received this week. But with seemingly good sales in the books, a good month to go and no room for error with the weather, I believe the shellers will continue being cautious.