

This Week In Agriculture:

USDA Supply and Demand Report Information: April 8, 2011

- **This morning's report could have been considered negative. Traders were anticipating a decline in both corn and soybean ending stocks, with a slight increase in wheat ending stocks. The opposite happened, with the USDA keeping soy and corn carryout unchanged and slightly reducing wheat carryout.**
- **This morning's USDA number is slightly surprising due to the reduced supplies seen in last week's USDA Quarterly Stocks report. The USDA anticipates a 50 million bushel reduction in corn used for feed; this reduction was offset by a 50 million bushel increase in ethanol usage. These offsetting adjustments will leave ending stocks at last month's 675 million bushel when traders were anticipating a 595 million bushel carryout instead.**
- **The USDA believes corn feed usage will be offset by increased Soft Red Wheat feedings. Based on last week's planting intentions report planted acreage is up sharply from last year with early conditions the best we've seen in five years.**
- **The same type of surprise came in this morning's soybean numbers. Based on last week's quarterly stocks numbers traders were anticipating a slight reduction to soy carryout. A 10 million bushel reduction in exports, and a 7 million bushel reduction to soy crush and seed usage lowered total demand numbers by 17 million bushels overall.**
- **The 17 million bushel demand decrease was offset by a 17 million bushel increase in residual disappearance. Overall traders were anticipating soy ending stocks for this year to come in around 137 million bushels instead of the 140 million bushel number the USDA released.**
- **Wheat ending stock numbers came in slightly lower than last month's estimates. Traders were anticipating this morning's USDA number to come in around 861 mbu. Instead the USDA believes we'll have 839 million bushels left over at the end of the marketing year. An increase in wheat for seed lowered this month's estimate by 4 million bushels from last month.**

Initially opening calls had markets falling 10-15 cents across the board. Traders however were fueled by the potential government shutdown and continued inflation worries. This allowed the market to shake loose any negative influence from this morning's numbers and rebound nicely. Closing up in all three markets.

Weather will be the driving factor as we move ahead. Extended forecasts at this point are calling for below to much below normal temps in the heart of the Corn Belt, with precipitation forecasts normal to slightly above normal through the 22nd of this month.

Nearby corn boards hit and held all-time highs this week, keep this in mind when looking at where to price bushels out of the bins. New crop corn and soy prices are up close to recent highs as well. Remember, in recent years U.S. farmers have proven they can plant nearly 40% of their intended corn acres in a week with decent weather conditions, so things can change on a dime. Give us call with any questions, 800-858-3738.

**All the Best!
Angie Maguire
Citizens LLC**

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