

This Week In Agriculture:

News That Could Make a Difference for the Week That Was: March 18, 2011

- What a difference a couple days can make. Early on in the week things were looking absolutely horrible with the markets bottoming out before turning around overnight Wednesday and into Thursday.
- Overall old crop corn gained 19 cents from last Friday's close, but an amazing 75 cents from Tuesday's lows. December corn followed a similar path, gaining 21 cents from last Friday and 50 cents from Tuesday. Soys were the same with both old and new crop adding around 30 cents from last Friday and 42-44 cents from Tuesday's lows. Not to be left out wheat added 8 cents from last Friday, and a solid 66 cents from Tuesday's lows.
- The market was beyond oversold after bottoming out Tuesday afternoon. New information out of Japan combined with rumors of Chinese corn purchases for August forward and extremely strong export sales reported on Thursday helped to push things ahead rather rapidly.
- Initially traders feared the worst when it came to the port situation in Japan. Many had feared ports were irreparably damaged and that it could be months before full shipments could resume. Luckily the majority of ports were left relatively unscathed.
- Only 1 of the top 10 ports that handle U.S. grain had to be shut down, and that port only handled an estimated 8% of U.S. grain imports overall. With the country's fishing and livestock industries devastated some traders are beginning to discuss an actual import increase, rather than the decrease most were concerned about early on in the week.
- The Chinese corn import rumor really got traders going on Thursday. An industry insider says a deal was put together for a good amount of corn August forward, with more possible sales to be put on the books as we move ahead. Talk that China may pull their 13% VAT tax off from corn imports helped to support the market as well.
- The 13% value added tax makes corn imports much more expensive. Some estimate the VAT causes a dollar a bushel loss on any corn imported in to the country. Historically low corn stocks however, may force the government to remove this tax in the near future.
- More and more private analytical groups are coming out with acreage estimates ahead of the USDA's March 31st estimate. One well-followed group released their survey based estimates late yesterday. They anticipate we'll see 91 mln acres of corn planted, this is a million lower than the USDA's baseline numbers released in February. For soys they feel we'll see 77.2 mln acres, around a million less than the initial USDA estimate as well.
- A second well-followed group released their survey based numbers mid-day. They see corn acres coming in just under the 92 million acres the USDA has projected. On the soy side of things though, they believe we'll see 75.3 million acres planted, a decrease of nearly 2 million acres from last year's acreage figure and 3 million less than the USDA's February baseline estimates.
- Weather is starting to make some headlines as well. In Brazil late season rains are slowing harvest and causing quality issues. Many are beginning to estimate significant yield and production losses due to the heavy rains. A private trade group in Brazil is reporting 30% of the Brazilian soy crop is harvested compared to 46% harvested last year at this time.

- **Spring weather forecasts are coming out as well. The National Weather Service expects below normal temperatures through June for WI, Iowa, Northern Nebraska and the Dakotas, with normal precipitation. Meteorologists are beginning to compare this year to the spring of 09, that year we saw substantial flooding in the Dakotas and Northern Iowa, with a slow start to planting. Of course when it comes to weather only time will tell.**

As we move ahead keep in mind how it felt to watch the markets plummet like they did. As I've said many times before volatility will be the only constant as we move through the production season. Take advantage of price spikes and make sure you get your target orders in place. Give us a call with any questions, we're here to help!

**All the Best!
Angie Maguire
Citizens L.L.C.**

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