

## **This Week in Agriculture:**

**A Mixed Bag of Information from the Week that Was: October 28, 2011**

- **Another back and forth week of sideways trading as traders try to wrap their minds around the potential changes in production versus demand and where exactly we will end up at the end of the current marketing year. For the week corn gained 6 cents, soybeans added 5 cents and July 2012 wheat was up 22 cents. National average corn cash prices are the highest seen in over 3 weeks.**
- **There are several factors on both the bull and the bear side attempting to give the market direction on any given day. On the negative side of things we're seeing tremendous early season weather conditions in South America. Brazil's largest soy producing state Mato Grosso is an estimated 40-45% planted, well ahead of last year's 15% and the 5 year average of 26%. Brazil as a whole is 25% planted, ahead of last year's 15% pace and on pace with their 5 year average.**
- **Traders are also concerned with the amount of corn being purchased from the Black Sea region by traditional United States customers. With the export tax being lifted in the Ukraine we've seen Japan and others purchasing large quantities of corn as of late. This however may be short lived as the gap between U.S. and Ukrainian corn prices continues to narrow. Another issue that may arise eventually is the quality of the Ukrainian corn, which has traditionally been much poorer than the quality of United States corn.**
- **Corn and soybean exports this week were both incredibly poor, coming in below trade expectations.**
- **Early on in the week the Euro debt crisis weighed heavily on the market as traders feared a resolution was far off. However mid-week the EU Summit in Brussels resulted in several solutions to several problems. An increase in the Euro rescue fund with 100 bln dollars being allotted for Greece recovery, and the rest being set aside to help Italy and Spain helped traders breathe a sigh of relief. The resolution also helped to strengthen the Euro and push the dollar to 7 week lows.**
- **On the positive side of things we're starting to see traders grow concerned over Winter Wheat acres, or the potential lack thereof. It's a tale of two worlds as the Hard Red Wheat growing region in the Southern Plains is far too dry to plant, while the upper Great Lakes and much of the Soft Red Wheat region is too wet to get acres in the ground. This could have incredible impact going forward as we continue to debate old crop wheat usage for feed, food and exports.**
- **With funds holding an extremely large short position in Chicago wheat we could see opportunities really begin to present themselves as we move into the New Year. The USDA will estimate Winter Wheat acres for the first time in the January Quarterly Stocks and Acreage report.**
- **It has also been brought to the attention of many traders that we have the lowest global stocks to use ratio seen since 1981. There's little to no room for any sort of hiccup in production anywhere.**

**The USDA will release their updated supply and demand estimates November 9<sup>th</sup>. Ahead of that report we'll see several private groups release their own estimates throughout the week next week. It makes sense to start getting a marketing plan in place as we move into the winter months. This market has the potential to pop and make rapid moves without much in the way of notice, but those kinds of moves could be short lived. Give us a call with any questions, we're here to help with any type of questions you may have.**

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

**\*\*\*\*Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein\*\*\*\***