<u>This Week in Agriculture:</u>

A Mixed Bag of Information from the Week That Was: August 5, 2011

- **Going into Friday morning's market opening traders and farmers alike seem to be suffering from volatility induced whiplash. Tuesday's signing of the debt ceiling increase produced enough enthusiasm for us to see a limit higher close and a return to old highs on the December corn board early on this week. Mid-week though the realization of what we're looking at long-term from a global economic standpoint caused buyers to turn into aggressive sellers.**

- **On Thursday the Dow Jones Industrial average experienced its biggest drop since October of 2008. The words "global economic crisis" have reemerged invoking panic amongst traders. Friday morning's jobs report came in slightly better than expected, but there were still not enough new jobs created to keep up with population growth.**

- **At this point the share of our eligible population here in the U.S. employed is only 58.1%. This is the lowest since July of 1983. Of course when people aren't working they aren't able to spend money as freely. This could have a significant impact on usage down the line.**

- **Outside of the economic factors traders are still debating what we're going to see when it comes to yield projections and demand estimates in next week's USDA Supply and Demand Report. At this point analysts see corn yields coming in anywhere from 145-158 bushel to the acre, with soybean yield holding steady between 42-44 bpa.**

- **The demand side of the equation is where things get interesting. August is the last month of the marketing year for both corn and soys. Therefore we have a better feel for where we stand from an actual usage standpoint and what the "real" demand has been compared to the USDA's projections for usage over the year.**

- **At this point it appears ethanol usage will be slightly lower than the 5 bln bushels the USDA has been projecting. Exports are slower than projected as well, with many feeders switching their rations over to include cheaper and more readily available wheat.**

- **On the soybean side of things export sales are running on pace to meet the USDA's projections, but shipments are lagging. Based on pace thus far we could fall short on the USDA's export expectations by nearly 43 mbu. Soy crush has been lagging as well. June crush numbers were 3.8% smaller than last year, with July running slow as well. To meet the USDA's expectations we would have to match last year's crush pace for August and that seems unlikely.**

- **Weather-wise it has been a year of extremes; Detroit experienced its warmest July on record. Fort Wayne, IN had the most 90 degree days ever in the month of July. Records have been shattered in Tyler, TX where they are still in the process for setting the longest string of 100 degree plus days in a row. At this point they have had 37 days in a row where the high temp has been 100 or greater, with no real end in sight.**

We'll have an overview of the USDA's projections when they're released Thursday morning. In the meantime keep in mind prices are still up around recent highs and at profitable levels. We are still nearly a dollar above lows set on December corn right after the June acreage report. Don't forget to take advantage of opportunities when they present themselves. If you have any questions, or would like to look at putting a marketing plan in place don't hesitate to give us a call, we'd be more than happy to sit down with you to look over your operation and your specific needs. Until next week, have a great weekend and stay safe!

All the Best!
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