This Week In Agriculture:

USDA Supply and Demand Report Summary: February 9, 2012

- **This morning's report was a relative non-event with the USDA numbers coming out within the range of pre-report expectations.**
- **Ahead of the report traders were anticipating corn ending stocks to come in around 797 mln bushels, this compared to an ending stocks estimate of 846 million bushels estimated in January. Overall the USDA anticipates we'll have around 801 million bushels left over that the end of the year.**
- **Stronger than expected shipments and sales led the USDA to increase anticipated exports by 50 million bushels from their last report. At this point in the marketing year shipments are only a couple million bushels behind last year's pace with the USDA now anticipating a 135 million bushel reduction in year to year sales.**
- **The increase in exports was only slightly offset by what the USDA sees as a 5 million bushel increase in corn imports.**
- **Ethanol and feed usage was left unchanged from last month's estimate. Traders will continue to monitor ethanol usage as last week's ethanol production report showed a downturn in ethanol production for the first time in several weeks. Ethanol plants in Iowa claim they've seen negative blending margins in 5 of the last 7 weeks. Some producers report the worst blending margins since June of 2008.**
- **A 4 mmt production cut to the Argentina crop lowered global corn supplies and subsequent carryout estimates. Brazilian production was left unchanged though analysts were anticipating a reduction. The USDA believes second crop corn will help to make up for any cuts to initial production in Brazil. Global ending stocks for the 11-12 crop year are estimated at their lowest level since the 2006-2007 crop year.**
- **The on-farm average seasonal price range is expected to come in around $5.80 to $6.60.**
- **For soybeans traders were expecting an ending stock estimate of around 269 million bushels, down slightly from last month's 275 mln bushel estimate. The USDA left ending stock estimates unchanged.**
- **Traders were anticipating a slight reduction in soybean ending stocks, but the USDA left all domestic supply and demand numbers unchanged. The USDA did adjust global production numbers reducing Brazilian and Argentina soy production estimates. The USDA anticipates a 2 million metric ton reduction to the Brazilian crop and a 2.5 million metric ton reduction to the crop in Argentina.**
- **From a global supply and demand perspective the USDA is anticipating a 1 mmt reduction in Chinese imports due to lower than expected early season purchases and shipments. Global ending stocks are expected to come in 3.6 mmt lower than last year.**
- **The USDA anticipates the on farm season price average for soybeans to come in between $11.10 and $12.30.**
- **All-wheat ending stocks came in slightly lower than expected with the USDA increasing overall export expectations. Soft Red and Soft White Winter wheat for feed demand on a global scale has been stronger than anticipated, the increase in exports reduced ending stocks for both varieties of wheat by 15 million bushels each.**
- **One factor likely to keep a lid on any sort of extreme wheat rally is global stocks. In this morning's report the USDA raised wheat ending stocks by 3.1 mln metric tons up to 213.1 mmt. If realized global wheat ending stocks would come in 2.4 million metric tons higher than the previous global stock record set in 1999/2000.**

After trading higher early on the markets closed lower across the board with corn losing 5 cents, soybeans losing 4 cents on old crop and a penny on new, and wheat losing 11 to 14 cents. We'll likely remain range bound for awhile. Traders will begin to focus on new crop plantings and production potential as we move ahead. The next block of information will be released towards the end of the month with the USDA Outlook Forum. Give us a call with any questions, putting target orders in remains vital when it comes to capturing short rallies at old highs.

All the Best!
Angie Maguire
Citizens LLC