This Week in Agriculture:

News That Could Make a Difference: June 15, 2012

- **A continuance of the up one week, down the next week pattern we've been stuck in recently with the markets lower this week. Concerns over upcoming weekend elections in Greece, combined with the possibility of more rain in the forecast pressured the market for much of the last half of the week. Overall old crop corn was down 15, with new down 36. Old crop soybeans were 47 lower, with new down 16. Wheat was down 28.**

- **Sunday elections in Greece could have significant impact on economies throughout the globe. Voters will decide whether or not they as a country will follow through on promises made months ago to the European Central Bank. In order to receive bailouts the government at the time agreed to cut spending and start paying off debt. At this point the Sunday election will come down to a "conservative" type party versus the "anti-austerity" party. As mentioned a couple weeks back, Greece could potentially run out of money in months without any sort of outside support. A vote for the anti-austerity party could lead to support being cut off, and an eventual Greek exit from the European Union.**

- **Spain receiving an EU sponsored bailout for their banks this past weekend and Italy now stepping up to the plate with their hand out has not helped investor confidence as of late either. In short, poor economic news has done more than enough to keep a lid on buying enthusiasm-even in the face of hot and dry weather conditions.**

- **At this point a good portion of the Corn Belt is dry. The most recent drought monitor released by the National Weather Service shows abnormally dry conditions stretching from Nebraska, north into Southern Wisconsin and Southern Michigan and east into Ohio. One well-followed agronomist claims his soil moisture index is the driest throughout the Belt he has even seen in the second week of June.**

- **As a result of the hot and dry weather the condition ratings are some of the lowest seen for this week of the year in many years. The percentage of corn rated good to excellent is at its lowest level since 2008. Only 60% of the soybean crop was rated good to excellent, this is the second worst rated crop in the last 10 years, also right behind the 2008 crop.**

- **Tuesday morning's USDA Supply and Demand report didn't give traders much to go on either. Ahead of the report traders were expecting the USDA to adjust both old and new crop corn carryout lower. The USDA adjusted old crop ethanol usage a touch higher, but lowered exports just enough to offset the increased ethanol demand—leaving old crop corn carryout unchanged. Traders were also thinking the USDA may adjust new crop carryout lower due to the relatively poor crop condition ratings. The USDA left new crop corn carryout numbers unchanged as well.**

- **With last week's ethanol production the highest in 4 months traders believe we will need to see further increases to ethanol demand numbers in subsequent USDA reports.**

- **On soys some adjustments higher were made to usage, lowering old crop carryout but the USDA did little to tighten the new crop outlook. The USDA expects a slight increase in old crop exports and crush, lowering their projected carryout by 35 million bushels. They lowered projected crush and exports for new crop though offsetting the majority of the old crop supply decline. Many traders find this a bit hard to believe, and feel that the USDA could be overestimating new crop carryout significantly.**

When it comes down to it the outside markets and global concerns will continue to act like a wet blanket to these markets. With all of the negative global economic factors taking shape it's going to take a definite production issue to get traders to buy. Sunday night's trade into next week is going to be dominated by weather developments and the election results out of Greece. The National Weather Service is calling for wide range of weather conditions for the next 6 to 10 and 8 to 14 days. At this point over 30% of the Corn Belt could go into pollination under stress if rain does not develop as advertised this weekend through the first part of next week. Give us a call with any questions, target orders are honestly the only way to capture the volatility that is firmly entrenched in these markets.

All the Best!
Angie Maguire
Citizens LLC