

## This Week In Agriculture:

USDA Supply and Demand Report Information: May 11, 2011

- This morning's report could be considered relatively bearish overall. Today's report gave us the first detailed look into what the USDA is expecting for the new crop year, with numbers coming in above pre-report estimates pretty much across the board.
- On old crop corn the USDA raised carryout estimates due to slow export sales and increased imports. Ahead of the report traders were anticipating carryout to come in around 665 million bushels compared to last month's 675 mbu estimate. This morning the USDA stated 2010/11 carryout would be closer to 730 million bushels.
- This morning's numbers give us the first official look into what the USDA is anticipating for the 2011/2012 crop year. Ahead of the report traders were anticipating an initial carryout of 808 million bushels. Instead the USDA believes we'll see a 900 mln bu ending stocks number. Reduced usage was the main factor behind the higher than anticipated carryout number.
- At this point the USDA is anticipating 92.2 million acres will be planted to corn, with a projected yield of 158.7 bushels per acre. Giving us a total production number of 13.5 billion bushels. A 100 million bushel reduction in export projections, combined with a 50 mln bushels reduction in corn used for feed more than offset a 50 mln bushel increase in corn used for ethanol.
- Old crop soybean carryout numbers came in much higher than anticipated, with new crop carryout numbers coming in slightly lower. Ahead of this morning traders were expecting old crop carryout numbers to come in around 153 mln bu, the USDA however came in with a 170 mln bu carryout figure. A 30 million bushel reduction to projected exports was the driving factor behind the surprising increase in carryout.
- New crop-wise traders were anticipating a 167 mbu carryout; instead the USDA believes we'll see 160 million bushels left over at the end of next year. The USDA is anticipating 76.6 million acres will be planted, with a yield of 43.4 bushels per acre giving us a total production number of 3.29 BBU.
- Demand-wise the USDA sees crush up marginally, with exports falling off nearly 40 million bushels from this year. Lower exports come as a result of higher soybean production through much of South America. In today's report the USDA increased Argentina's total production by 3.5 million metric tons, or nearly 128.6 million bushels.
- Wheat production was a mixed bag. Terrible conditions in the Hard Red Winter Wheat Belt have reduced yield potential there by nearly 25% versus last year's production. On the flip side of the coin cool weather and plentiful rain has raised yield potential by nearly 80% over last year.
- The USDA will release its wheat by class breakdown in the July report. For now they anticipate all wheat supplies will decline by nearly 9% versus last year, but remain high when compared to historical averages.

Today's negative report pushed the market lower by 30 cents in old crop corn and nearly 25 cents for new crop corn. Wheat took it on the chin as well losing 40 cents on the July board. Old crop soybeans were down 7 cents, while new crop closed relatively close to even. Of course we have a lot of growing season ahead of us to keep the volatility fully entrenched in these markets.

Keep in mind recent highs and what kind of numbers you're going to need to lock in a profit. Use these figures when getting your target orders in place. Any moves upward could be tempered by today's numbers and the general idea on the outside that commodity markets are slightly overpriced. This afternoon's extended weather forecasts are calling for relatively nice planting weather it appears with above normal temps and below normal precip here in the Great Lakes in the 6-10 day. The 8-14 day forecast is calling for above normal temperatures with normal to above normal precipitation throughout much of the Corn Belt. Give us a call with any questions, we're here to help.

All the Best!  
Angie Maguire  
Citizens LLC

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