This Week in Agriculture:

News That Could Make a Difference: April 12, 2013

- **A positive week as the USDA seemingly erased most of March 28th stock report's negativity in their updated supply and demand numbers. Overall for the week May corn was up 30, with December corn up 15. May soybeans were up 52, while November beans were up 2. July wheat was up 15.**

- **Going into Wednesday's supply and demand report many traders were well aware of the last 2 years. Each year the USDA has come out with a significant variance in their March stocks number from what traders have anticipated, only to change that outlook in their April report two weeks later. In both 2011 and 2012 feed demand was left unchanged even after sizable differences in March stocks and trader expectations.**

- **Based on the March 28th stock numbers traders were anticipating a 275 million bushel plus reduction in feed demand, and perhaps further reductions to ethanol and export usage. Most analysts were anticipating old crop carryout to jump up to 810 million bushels, from 632 mbu a month ago. The USDA managed to keep things interesting, instead keeping their carryout estimate at a historically small 757 million bushels.**

- **Usage adjustments were made to all three demand sectors, with feed usage lowered by 150 mbu and export sales down by 25 million. The biggest surprise of the report was a 50 million bushel increase in ethanol use. The USDA feels with improving margins after the slow start to the year ethanol demand will continue to pick up and increase as we move through the summer. This week's ethanol production report seemed to solidify that thought process; ethanol production moved to the highest level seen since July 2012.**

- **When asked about the discrepancies and wide swings the USDA seemed to shrug their shoulders. They feel that perhaps the farmer is not fully accurate when estimating how much corn he has in the bin, while at the same time they are looking into whether or not test weight will have a strong influence on overall stock numbers. Either way, Wednesday's report was enough to help the market rebound and put a short-term low in place.**

- **Soybean numbers were positive after a negative March stocks report as well. Many traders were anticipating a slight increase in ending stocks, up to 136 mbu from last month's 125 mbu estimate. Instead of increasing stocks the USDA increased exports and crush while reducing residual (or unknown) usage, leaving overall carryout figures unchanged at 125 million bushels.**

- **Considering we have officially booked 99% of the USDA's soy export projections and shipped nearly 90% many analysts are wondering how the USDA will handle future supply and demand projections. Crush numbers have yet to slow nearly as much as anticipated as well, sending basis levels in interior locations to their highest level seen for this time of year in recent memory.**

- **Wheat numbers were somewhat disappointing, with overall numbers coming in higher than anticipated. Hard Red Wheat carryout was increased a bit, while Soft Red Wheat carryout was lowered once again. The initial reaction to the report was negative, but temperatures in the 20's in the Hard Red Wheat Belt was enough to pull prices higher towards the end of the week.**

- **According to the USDA over 50% of the Oklahoma crop is jointed; with nearly a quarter of the Kansas crop well into maturity as well. It's known damage was done, but the extent of which may take time to show itself. Conditions in Soft Red Wheat are still relatively decent, but maturity has been delayed with the well below normal temperature pattern we are experiencing.**

- **At this point extended forecasts indicate a continuation of below normal temperatures with above to much above normal precipitation, especially in the Eastern Corn Belt. The USDA is expected to issue its first planting progress report Monday evening. The last major slow planting start took place in 2009 when we only had 48% of the crop in the ground by May 15th. That year we were able to produce an above trendline yield, with good weather throughout the summer. The 10 year average nationwide is 73% planted by mid-May, so traders will be watching extended weather forecasts closely.**

As we move ahead weekly export and ethanol figures will become increasingly important for old crop corn values, with weather dominating new crop moves. Don’t forget, an above trendline yield could send new crop carryout well above 2 billion bushels. Many times when the weather pattern shifts it does so quickly, so be aware of any opportunities in the market as they present themselves. Having a marketing plan in place and target orders entered ahead of your busy time will help you market even when your focus is elsewhere. Give us a call with any questions, we’re here to help! Until next week, stay safe and stay dry!

All the Best!
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