

This Week in Agriculture:
A Mixed Bag of Information: April 25, 2014

- **A volatile and choppy week as traders are faced with the first weather market of the year, geopolitical uncertainty as well as potential economic issues coming out of China. For the week May beans closed 16 cents lower after setting a 52 week high early on, with November beans closing unchanged. May corn was up 12, while December corn closed 10 cents higher. July wheat was up 9.**
- **Coming in from the extended holiday weekend the talk of the trade was how much corn had been planted the week prior. Warm and dry conditions allowed planters to get rolling at nearly full speed throughout much of the Southern Corn Belt late last week. Going into Monday night's Crop Progress report traders were anticipating a planting pace of around 11-15%. The USDA pegged planting at 6% complete.**
- **While the general consensus is the bulk of planting progress took place late Friday into Saturday and may not have been acknowledged by the USDA "Turnaround Tuesday" saw corn move higher nonetheless. Solid planting progress continued throughout the bulk of the Southern Belt this week before reasonably decent rainfall shut the planters down for a few days. Going into Monday most private analysts are anticipating planting progress to come in between 20 and 25 percent.**
- **With below normal temperatures in the forecast throughout the bulk of the next two weeks it is likely planting progress may become stalled for a short period of time. While last year we managed to plant 43% of the crop in the last portion of May traders will still remain concerned over the slow start to planting overall. The average planting pace for the first week of May is 41% completed-traders will be watching closely to see where we are at in relation to that as we move ahead.**
- **Aside from planting progress and acreage the trade has been blown away by the export demand that has surfaced in corn. While we were expecting a relatively decent increase the phenomenal sales pace we have seen thus far has blown away even the most staunch demand bull. At this point we only need to sell an additional 53 million bushels of corn in the remainder of the marketing year to meet USDA projections. Just this past week alone we had 24 million bushels worth of sales.**
- **It is important to note though, U.S. corn demand from China has weakened considerably with the introduction of non-approved GMO traits and cheaper grain supplies out of South America. As a result traders are slightly wary of the hefty amount of sales to "Unknown" destinations. The idea that China could begin washing out of corn cargoes as they are in beans isn't too farfetched and will have to be monitored accordingly.**
- **When it comes to China and bean demand the situation continues to get more interesting. This week a major news source reported 3 traders employed by a large trading company had been detained in China for possible tax evasion. While the details are murky it appears as though China is cracking down on the misreporting of bean values, while at the same time ensuring that those who are buying beans in the country are doing so as a user of the product. As with anything involving China it may take some time to see how the entire tangled web unwinds.**
- **An additional point of interest coming out of China is the idea that crush values may show solid improvement in the country as we move into summer. It is common knowledge that many bean cargoes purchased by China out of Brazil have been cancelled, defaulted on or resold into U.S. ports. At this point crush margins in the country are poor and beans supplies are more than plentiful making it difficult for end users to fulfill contract terms. However, the country appears to be resurfacing in the market place for late summer purchases indicating demand remains and may in fact pick up once crushers are able to chew through their burdensome supplies on hand.**
- **Disappointing rainfall in the Southern Plains combined with continued deteriorating conditions has wheat traders on edge. The driest portions of OK, KS and Texas were slated to get solid rainfall this week, but the heaviest of rain seemed to develop further East than forecast. Spring Wheat planting is a touch slow due to much cooler than normal conditions in the Northern Wheat Belt. Soft Red Wheat conditions are a touch**

lower than they were a year ago, but generally the crop in the Eastern portion of the country appears to be in good shape.

- Traders will be monitoring the Russian/Ukraine situation closely as tensions continue to rise and Putin continues to test the will of Western nations. Stronger sanctions against Russia have been proposed, while the country's currency was downgraded once more late this week. Weekend developments may have a big impact on Sunday night market moves.
- Updated extended forecasts released this afternoon are calling for much below normal temperatures for the heart of the country's growing regions over the next two weeks. Forecasts point to the likelihood of significant precipitation over much of the nation's midsection in the next 5 days before below normal precipitation makes its way into the country in the 6-10 day timeframe.

Bottom line: volatility is likely to continue as traders monitor the Russian/Ukraine and Chinese economic situations. Weather will add an extra special piece to the market as the idea that slower than normal germination may result in replanting and other production issues as we move ahead. It is important to point out though that several well respected meteorologists are becoming more certain a strong El Nino weather pattern will develop as we work our way into the summer. One such forecaster feels the resulting El Nino could push corn yields up to a phenomenal record high 167 bu per acre. While it is nearly impossible to determine yield potential in late April and early May it is still something to keep in mind.

Looking ahead, if you haven't started booking new crop bushels it may not hurt to get some sales on the books followed up with target orders in case we see the market move higher quickly. Give us a call with any questions, we're here to help! Until next week, have a great weekend and stay safe!

**All the Best!
Angie Maguire
Citizens LLC**

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