

This Week in Agriculture:

News That Could Make a Difference: April 26, 2013

- **A mixed and volatile week as several unique factors from around the globe perplex traders and lead to uncertainty. Overall for the week July corn was down 14, with December corn down 20. July soybeans finished the week unchanged, while November beans were up 2. July wheat closed 21 cents lower.**
- **Concerns over delayed planting allowed corn to have a strong finish last week. Monday night's crop progress report showed one of the slowest planting starts since 1984, with only 4% planted. The five year average for this week of the year is 16% planted; last year we had 26% of the corn in the ground.**
- **An improved forecast for the first week of May pressured the markets lower however; as traders feel improved technology allows farmers to do more with less. A look at planting progress over the last 20 years shows the bulk of corn acres are planted between April 25th and May 17th. Today's extended forecast from the National Weather Service shows the Eastern Corn Belt still experiencing cooler than normal temperatures and above normal precipitation through the 10th of May.**
- **Flooding is also occurring in the most Northern areas of the Central U.S. where it's estimated up to 2 million acres could possibly be switched out of corn production. Before we jump on the bull bandwagon however, it's important to point out that even with a 2 million acre planting decline and a 147 bpa yield (trendline yield would actually indicate a potential yield closer to 160), we could still see new crop carryout come in above a billion bushels.**
- **It's interesting to see what a difference just a few months make. In December we were discussing the possibility of rivers closing to grain traffic due to low water levels. This week the CME group declared Force Majeure at all locations on the Illinois River due to flooding. Improvement in topsoil moisture has been seen throughout Iowa, with only 9% of Iowa's topsoil considered short. Nebraska is still battling dry conditions, with 41% of their topsoil still rated short.**
- **Bird Flu remains in the headlines as more cases of the disease are confirmed almost daily. Reports of a man in Taiwan contracting the illness sent the market lower midweek. While the man is believed to have contracted the disease in China, its presence is significant as it is the first case of the illness off the mainland. While the World Health Organization feels human to human transfer is unlikely, they warn this variation of the disease is easier contracted by humans from birds than its predecessors.**
- **Analysts are still determining what the potential impact could be when it comes to demand for soybeans, meal and corn. At this point many argue consumers will still turn to pork, but there has been no solid evidence of that theory at this point.**
- **An interesting note about the impacts of social media and the markets: this week the Associated Press' Twitter account was hacked. The hacker posted a tweet stating an explosion in the White House had injured the president. It was only minutes before the hack was discovered and the tweet was removed, but that was all it took for the Dow to drop over 150 points. The market recovered quickly, but it shows just how easily the market can be manipulated by rumors, unconfirmed reports and outright dishonesty.**

The markets will remain extraordinarily volatile as we move ahead. The amazing dichotomy that is presenting itself between old and new crop when it comes to supply and demand is nearly unprecedented. One ripple in production could send waves throughout the marketplace. While at the same time we remain entrenched in the "Rose Colored Glasses" marketing period that is early spring. Possibilities of how this year will play out are endless, and while we are still dealing with planting delays a looming bumper crop out of Brazil and the possibilities of one here in the U.S. will keep traders hesitant to buy.

We will likely trade on weather, Chinese developments and what is happening in South America in the short term. Traders will also keep their attention focused on May 10th USDA report where we will get our first look at new crop supply and demand potential. Keep us posted on what you're looking for when it comes to price and

movement. Remember, you can't go broke making money, so always keep your point of profit in mind. Until next week, have a great weekend and stay safe!

All the Best!

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