

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: April 5, 2013

- **The markets remain in shock after last Thursday's surprising USDA numbers. Insult is being added to injury however as China contends with a new strain of Bird Flu possibly impacting feed product demand as we move ahead. Overall for the week May corn lost 67 cents, while December corn was down 5. May soybeans were 42 cents lower, with November beans losing 24 cents. July wheat bucked the trend, gaining 14 cents for the week.**
- **Last week's USDA stocks number has been labeled one of the most bearish in memory, with over 300 million bushels basically added to ending stock potential overnight. This resulted in the biggest 2 day move to the downside since 1996 and a slash of nearly half of the funds long ownership in as many days.**
- **The one positive from this crushing move lower is the potential export business we could pick up in the short term. The drop in prices has made us competitive again in the world market. With the focus on soybean exports in South America and the logistical issues taking place there as well, we could see world demand return. This, of course, would help reduce some of those extra supplies found in last week's report.**
- **The drop in prices has also helped improve ethanol margins, hopefully helping to increase ethanol demand as well as we move into the summer months. The USDA will release updated supply and demand projections next Wednesday the 10th. Most traders are unsure at this point what to expect, with many feeling we will see a significant drop in feed usage with a significant increase in ending stocks to reflect last week's stocks update.**
- **Soy exports for the week were 3 times what is needed to meet USDA projections, bringing us to 99% committed overall, with shipments well ahead of average pace as well. It's very likely we will see the USDA increase export projections in next week's report, chewing up most of the extra bushels found in last week's quarterly stocks report.**
- **What's not helping is the concern over future Chinese demand as a new strain of Bird Flu is forcing hog and poultry culls throughout the country. H7N9 has hit impacted Shanghai sickening nearly a dozen people and killing 6. The new strain seems to respond well to medical treatment if caught early, but has frightened consumers in the region.**
- **Fears have prompted mass culling of poultry, with over 20,000 birds killed this week in Shanghai. The disease has also been found in pigeons, prompting officials to close some poultry markets through the weekend. Some also question whether the disease is also somehow related to the thousands of dead hogs discovered in rivers 2-3 weeks ago. While an epidemic will likely be avoided because of warmer temperatures and a quick response from officials, it will definitely bear watching as we move ahead.**
- **The CME will introduce new hours (yes, again) beginning Sunday night. The markets will open at 8pm (Eastern time), trading through 8:45 am, they will close for 45 minutes, reopening at 9:30 am with both pit and electronic markets trading until 2:15 pm. The new hours are intended to help increase liquidity and reduce volatility; we'll see how that works.**

As we mentioned the USDA will update their supply and demand projections next Wednesday. We'll have those numbers for you as they're released. In the meantime we will continue to trade on global economic ideas, demand potential and weather, with new crop production likely to step in the spotlight as we move ahead. At this point the 6-10 day forecast is calling for cool temps and above normal precipitation, with the 8-14 day forecast calling for slightly above normal temps with above normal precipitation to the North and normal rainfall to the South. Give us a call with any questions, we're here to help!

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