

This Week in Agriculture:

News That Could Make a Difference: February 21, 2014

- **A strong week all around as traders entered the holiday shortened week with their fingers on the buy button. Overall March corn was up 7, trading to the highest level seen since October, December corn was up 4. March soybeans managed to trade back up to levels not seen since September rallying 34, while November beans were up 16. July wheat finished the week 10 cents higher.**
- **Soybean export demand continues to take center stage as the much anticipated and hyped sale cancellations discussed in late January have not happened quite as expected. At this point U.S. soybean export sales are now 78 mln bu higher than the USDA's most recent export projection. To put that number into perspective, our current projected soy carryout is only 150 mbu. While cancellations are taking place, seeing weekly export sales remain in positive territory (meaning we're continuing to sell more than we're seeing cancelled) traders remain apprehensive about what was once viewed as a comfortable supply situation.**
- **Shipments remain strong as well, with shipments outpacing the 5 year average by nearly 16%. Considering buyers cannot cancel purchases already shipped, the window for cancellations appears to be shrinking. It is important to note talk of oversupply of soys at ports and declining crush margins in China may have an impact on the market long-term, especially as South American soybeans hit the global market.**
- **Though not following the pace of soybeans, corn and wheat sales are running strong as well. At this point shipments are not moving as strong as we would like to see though. The million dollar question in corn is if once soybean shipments slow, will corn shipments pick up pace as ports clear. This will be important to watch as we move through the spring and into the summer.**
- **Further on the export side of things traders are keeping close eye on the unrest in Ukraine. With civil unrest hitting a boiling point export sales progress has all but stopped. With several million bushels of corn and wheat on tap to be shipped out of the country but unable to be moved many of our foreign customers are starting to look in our direction.**
- **On the domestic demand front in soybeans, lower than anticipated crush numbers were released this week. While cold weather, cheaper prices throughout the month of January and slow farmer movement is likely the reasoning behind the slow pace. With strong meal sales and shipment pace, crush will continue to be monitored closely as well.**
- **In new crop news the USDA released their Ag Outlook Forum projections for the 2014-15 crop year and beyond. As in many years these numbers will give a rough outline when it comes to ideas for the year ahead, but will likely only be traded for a short time as traders look to actual farmer survey based acreage numbers released at the end of March. No matter the long-term market impact, it is still interesting to see what the analysts in D.C. believe we will see production-wise.**
- **For corn they project we will plant 92 million acres this spring, with a record yield of 165.3 bpa. At just under 14 bln bushels worth of production, and not much in the way of demand adjustments the USDA pegs carryout for the crop year at 2.1 bln bushels. With this type of carryout projected they feel the average on farm cash price will come in around 3.90.**
- **As for beans they believe we will see 79.5 million acres planted, keeping with the record yield projections they are anticipating a 45.2 bpa average. With only minor adjustments to usage the USDA anticipates carryout will nearly double, coming in at 285 mbu. The average on farm cash price projection came in below \$10.00 for the first time in several years at \$9.65.**
- **Wheat held little in the way of surprises, with some rebuilding anticipated in domestic stocks numbers.**
- **Of course, as always weather will be the final determining factor. At this point the National Weather Service Climate Prediction Center is forecasting below normal temperatures for much of the Great Lakes and Northern Corn Belt through May. With above average snowfall levels, and record deep frost levels in**

some areas a warm up will be key to get necessary spring field work done-especially after the less than desirable fall weather we saw throughout the Belt last year.

Bottom-line: the recent run up in prices has given us some great pricing opportunities. As expected higher futures values has encouraged farmer movement and basis levels have backed off as result. There are still opportunities available though, especially when looking at deferred movement throughout the spring and summer, as well as new crop hedging. Knowing your baseline values when it comes to calculating margin is key, and if you have any questions when it comes to putting those together we can help. In the case of quick bursts to the upside target orders will be vital in turning what could be potential opportunities into money in your pocket. As always, never hesitate to call if you have any questions, we're here to help! Until next week, have a great weekend, and stay safe!

All the Best!

Angie Maguire

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