

## **This Week in Agriculture:**

**A Mixed Bag of Information from the Week that Was: March 14, 2014**

- **Trading this week's markets came with a dose of Dramamine as political tensions from around the globe and uncertainty over supply and demand potential resulted in extreme market volatility across the board. When the dust settled today we saw May corn down 4 cents for the week, while December corn was up 1. May soybeans took it on the chin, losing 68 for the week, while November beans saw decent buying support on lows, only losing 14. July wheat was the winner, gaining 30 cents for the week and trading at the highest level seen since the first half of December.**
- **Monday's USDA report quickly became a non-event as traders turned their attention to multiple outside factors. The idea that our March 31<sup>st</sup> Quarterly Stocks report will give a clearer indication to what's truly available stock-wise sent trader's minds elsewhere in the meantime as well.**
- **Chinese economic data released over the weekend and throughout the week was the main driver behind the weakness in the soybean market. Exports in February fell 18.1% from last year, and came in over 25% lower than the 7.5% growth that had been anticipated ahead of the report's release. An 18% drop in exports would be the biggest year to year decline for the month since 2009. With Chinese economic growth being viewed as vital in many realms of commodity demand, this week's numbers sent many traders running to the sidelines, with copper, iron ore and crude seeing a drop in price as a result.**
- **We have been hearing rumblings about Chinese purchase cancellations since January. And while we have seen little in the way of solid cancellations here in the U.S., rumors and eventual confirmation of up to 600,000 metric tonnes (22mbu) of Brazilian bean sale cancellations reverberated through the market. At this point poor crush margins and reduced hog and poultry numbers in the country indicate Chinese bean demand may weaken as we move through the year.**
- **In reality with 106% of our recent USDA export projection sold, cancellations are almost necessary in the coming months to keep carryout anywhere near the levels currently anticipated. On the shipment front industry analysts believe we have around 1.9 mmt (69.8 mbu) left to ship into China, with around 4.4 mmt (161.7 mbu) left to ship into other destinations.**
- **As we outlined in last week's newsletter tensions (to put in mildly) between Russia, Ukraine and the West has had the market on edge and continued to do so as we moved through the week. Sunday, those in the Crimea province will vote on whether or not they should be independent of Ukraine. A vote for independence will likely be ignored by Western governments and Ukraine, but will be embraced by Russia. The million dollar question will be how Russia reacts to a yes vote and what takes place as we move forward.**
- **Concern has already risen that crops in Crimea will remain unplanted due to turmoil and an inability to obtain fuel and other inputs. While Crimea only accounts for about 1.2% of total Ukrainian production, any drop in production has traders skittish. Drought conditions and trouble obtaining inputs has been an issue throughout the main crop-growing regions of Ukraine as well. With Ukraine considered the "bread basket" of Europe, conditions in the country will be monitored closely in the coming days and weeks.**
- **Wheat production concerns are prevalent throughout the U.S. as well. Severe drought has crept its way back into much of the Southern Plains, with dry-land areas suffering tremendously. Pictures of Dustbowl-esque sand storms hit news sources and social media midweek only furthering the level of concern. Soft Red Wheat production potential may be limited by excessive cold weather, heavy snowfall and icing, with many growers crossing their fingers and waiting for the crop to come out of dormancy.**

**Looking ahead, reaction to the Ukrainian referendum Sunday night into Monday could result in dramatic swings in the market in either direction. When looking at pricing opportunities keep in mind what we have gained in the last couple of weeks, and how just a short time ago these levels seemed nearly impossible. Catch-up sales and further scale selling through target orders is recommended at this time. If you have any questions on how to take advantage of current and future pricing opportunities give us a call. Until next week, have a great weekend!**

**All the Best!**  
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