

This Week in Agriculture:
News That Could Make a Difference: March 22, 2013

- **Outside economic concerns combined with continued uncertainty regarding actual old crop supply and demand figures had the market trading back and forth for much of the week. As the dust settled May corn finished the week 9 cents higher, while December corn was up 2. May soybeans closed 13 higher, while November soybeans were up 2. July wheat finished the week up 8.**
- **The week started with big news economic news out of the Eurozone. Cyprus, a small island just off the coast of Greece is seeking a 10 billion euro bailout from the European Union. In order to receive the bailout the EU is requiring Cyprus to come up with 5.8 billion euros on their own. The original plan involved taxing existing savings accounts by up to 10%.**
- **The idea that money in a bank is open to taxation sent shockwaves through the market, and while Cyprus' economy is smaller than Detroit's the idea that something like this could take place anywhere sent traders around the globe running for the exits. Banks in the country besieged by citizens looking to empty their accounts were forced to close through the weekend until some sort of agreement could be made.**
- **At this point nothing solid has been announced, but the leaders in the EU as well as in Cyprus feel something will be agreed upon over the weekend. The bank levy remains on the table, but this point accounts with less than 100,000 euros will be left untouched. Headlines Monday morning will likely influence the market's direction early on as the issues in Cyprus indicate the economy in the EU may not have improved as much as originally thought.**
- **Outside of global economic issues traders are focusing in on next Thursday's USDA Quarterly Stocks and Acreage report. At this point most traders and private analytical groups seem to be in agreement regarding acreage projections. Most are anticipating corn acres to come in around 97.5 million acres, slightly more than last year's 97.2 million. Soybean acreage projections have come in above 78 million, with some as high as 79.1 million acres, versus last year's 77.2 million acres.**
- **Quarterly stock numbers will likely be the headline maker Thursday with many traders anxious to get an accurate view as to what was actually used in the 2nd quarter. Most are expecting corn numbers for March 1st stocks to come in around 5 billion bushels, with soys expected to come in around 900 million.**
- **Actual demand versus USDA projections remains hotly debated; making next Thursday's numbers that much more important. Soy crush numbers released last week indicate Sept through Feb crush is up 8.3% from last year, with the USDA anticipating a 5.2% decline. With exports remaining on track to exceed USDA projections we will get a better feel for where we stand heading into the last half of the year.**
- **As for corn, cattle on feed numbers are 93% of what they were a year ago, with placements at their lowest level for February on record. With ethanol demand on track at this point to come in around USDA projections, and exports slower than anticipated Thursday's report will show us just how much corn was used for feed and how much will likely be used as we move ahead.**
- **Speaking of ethanol, one of the top producers of ethanol in the country announced margins have returned to a level that will allow them to open 3 of their shuttered ethanol plants. Many traders feel with the recent surge in ethanol values and in some locations the best ethanol margins since December 2011 many other shutdown plants may follow suit. While it's too early to increase ethanol usage projections, it will be something to watch as we work our way through summer.**
- **Brazilian logistical delays are beginning to come to a head with China cancelling over 73 million bushels worth of purchases this week. They stated delayed shipment as the reasoning behind the cancellation, with only 2 of the 12 cargoes booked for Jan/Feb shipment actually delivered. At this point it's highly unlikely China will repurchase these beans from of the U.S., but any further cancellations may have implications down the road.**

- **Weather-wise the National Oceanic and Atmospheric Association released its updated extended forecast calling for cool temperatures to remain in place through the first couple weeks of April. The good news though, is it appears as though things should warm up as we move into the last half of spring. NOAA anticipates above normal temperatures with above normal precipitation for much of the Great Lakes and the Eastern Corn Belt through June.**
- **Interesting weather fact courtesy of Chicago meteorologist Tom Skilling: in the 12 years with comparable March 1-21 temperatures 10 of the following summers have been warmer than average.**

Next week will likely be quite volatile with the unsolved issues in the EU and position trading ahead of Thursday's report keeping everyone on their toes. Weather issues will continue to be monitored, with "late planting" concerns already popping up and helping to support new crop markets. Keep in mind though; the last year we had planting delays was also the last year we had above trendline yields, with the markets topping out in May. Give us a call if you have any questions, we're here to help!

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

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