

## **This Week in Agriculture:**

### **USDA Quarterly Stocks and Planting Intentions Report Summary: March 29, 2013**

- **Going into Thursday's report many traders felt they had USDA stocks numbers pegged. With most sectors of demand reported weekly and usage pace seemingly fitting in with recent projections, it seemed as though any shift from pre-report expectations would be minor. Traders were proven painfully wrong though when the USDA released higher than expected numbers across the board, wiping out gains and sending corn limit down to round out the holiday shortened week.**
- **Ahead of the report traders were expecting March 1<sup>st</sup> corn stocks to come in around 5 billion bushels, with estimates ranging from 4.92 billion bushels, up to 5.25 billion. The USDA put March 1<sup>st</sup> corn stocks at 5.4 billion bushels, adding nearly a half a billion bushels to ending stock projections in a blink of the eye.**
- **Indicated disappearance, or corn used for anything other than ethanol or exports-most typically feed-was down nearly a billion bushels from the same quarter a year ago. This would signify either a crushing halt to feed usage, or that there was possibly more corn in the countryside than originally calculated. This rapid increase in stocks though, would equate to a similar rise in ending stocks and, if accurate, a less pressing need to ration demand.**
- **Nationwide the amount of corn stored on farm is down significantly from a year ago, while the amount of corn stored commercially is only off slightly. Here in Michigan overall corn numbers are lower than last year, with total bushels in all positions down 11 million from a year ago. It's interesting to see though that a lot of bushels have made it to market, the amount of bushels stored on farms is down 18 million from a year ago, with bushels stored commercially up nearly 7 million from last year.**
- **On the acreage side of things projections came in right as anticipated. Ahead of the report traders were expecting the USDA to estimate intended corn acres at 97.3 million acres, with a range of 96.8 to 98 million. This is relatively close to last year's 97.2 million acres, but if realized this will be the largest amount of corn planted since 1936.**
- **Soybean stocks came in much higher than expected as well. Ahead of the report traders were anticipating March 1<sup>st</sup> stocks of around 947 million bushels. The USDA put March 1<sup>st</sup> stocks at just under a billion bushels. With overall soybean usage a function of crush, exports and residual disappearance, a higher than anticipated stocks number of this magnitude indicates either we started with more soys than we thought, or our weekly usage numbers are off. Either way, the increase in stocks indicates a follow through increase in ending stocks in subsequent supply and demand report.**
- **Nationwide soybean stocks are down significantly from last year due to record usage in the first half of the marketing year. Here in Michigan there are nearly 6 million bushels less on farms than there was a year ago, while commercial holdings are down over 11 million bushels. The big question for soys is whether or not usage will slow as much as expected in the second half of the marketing year.**
- **Acreage projections for soybeans came in lower than anticipated. Ahead of the report traders were expecting planting projections to come in around 78.5 million acres, up from last year's 77.2 planted area. The USDA believes farmers will plant 77.1 million acres of soybeans this spring.**
- **Wheat stocks came in higher than expected as well. This has a lot of folks wondering where feed demand has gone. If we're not feeding corn (due to higher than expected stocks), we're not feeding wheat (again, due to higher than expected stocks) and livestock numbers haven't fallen nearly as hard as expected, what on earth are we feeding? Traders will be waiting to see how this plays out in subsequent USDA supply and demand reports.**

**With the numbers released yesterday we're going to need to see demand pick up significantly in corn to help prevent a 400 million bushel increase in ending stocks. Lower prices will be needed in the short-term to help facilitate ethanol usage and encourage foreign buyers to come our way. It's still a bit touch and go as to how the USDA will handle further demand projections as we move ahead. Soybeans are a bit different in the respect that ahead of the report the stock numbers projected would have indicated a negative carryout at the end of the year,**

**basically meaning we were going to use more beans than we had. With this update it's likely now the USDA can reflect higher usage without necessarily cutting into their ending stock projections. Wheat will continue to follow corn for the most part, unless something develops weather-wise.**

**Speaking of weather, with yesterday's report out of the way weather is going to become the number one factor we trade for awhile. 2 week forecasts indicate a continuation of the current pattern, meaning cold and wet conditions are likely to linger for awhile yet. It's early of course, but planting delays and acreage switches could become hot topics in the weeks ahead. The markets were closed today for the Good Friday holiday and will reopen Sunday night. Keep us posted on what you're looking for, opportunities will still present themselves, they just may be a bit harder to find for a bit. Until next week, from our family to yours, have a great Easter holiday!**

**All the Best!**

**Angie Maguire**

**Citizens LLC**

**[www.citizenselevator.com](http://www.citizenselevator.com)**

**\*\*\*\*Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein\*\*\*\***