

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: October 7, 2011

- **A week of sideways trading with traders digesting last week's surprising USDA stocks numbers. Overall for the week corn finished up 8 cents, beans down 21 and wheat down 2.**
- **Traders spent much of the week looking at last week's updated stocks numbers and what that will mean for final carryout as we move ahead. Most traders remain aware of the fact that between the August and September Supply and Demand reports the USDA cut corn demand by 770 million bushels due to high prices seen at the time.**
- **Many now wonder how the significant drop from contract highs will impact demand as we move ahead. Traders are noting yesterday's export sales numbers were nearly double what we saw for this week a year ago. At the same time ethanol margins remain solid, while feed margins are beginning to improve at these lower price levels as well.**
- **Chinese demands and the implications it will have on our supply and demand outlook as we move ahead was debated heavily this week. Something that went relatively unnoticed last week was the claim from a senior Chinese official with the state backed China Feed Industry Association that the country will likely face a corn shortfall of nearly 15 mmt (590 mln bu) by 2015.**
- **In September U.S. bean shipments to China dropped significantly, while imports from Brazil increased. As South America begins planting the 11/12 crop many feel the record yields seen last year will be hard, if not impossible to duplicate. With the recent price drop United States soybeans are now more competitive with the beans coming out of South America, which will hopefully help us see higher prices as demand increases.**
- **Politicians are still struggling on what to do with the ethanol blend mandate as we move ahead. A bill has been introduced in the House that would closely tie the ethanol blending mandate level to supply, demand and carryout figures. In years of tight corn supplies the required blend would be downscaled significantly. In years of plentiful supply more blending would be required. It seems a bit difficult to maneuver since the outlook on supply and demand can change rapidly from one month to the next, but it will be important to monitor down the road.**
- **The USDA will release their updated Supply and Demand numbers on Wednesday the 12th. These numbers will incorporate the higher old crop ending stocks for corn, as well as the slight reduction in soybean carryout as well. Many traders are anticipating a significant increase in wheat used for feed, with some discussing nearly 100 million bushels plus of added feed wheat demand.**
- **The USDA will also update yield and acreage projections for both corn and soybeans in Wednesday's report. Most analysts out there feel both soybean and corn acres will have to be further reduced once again. Yield estimates have some traders scratching their heads. Some private groups believe we'll see a yield increase, while others feel yields will stay relatively close to the USDA's September estimates of 148.1 bpa on corn and 41.8 bpa on soybeans.**

We'll have the updated USDA numbers when they're released Wednesday morning. Looking ahead traders will work to try and figure out what we're looking at yield-wise overall. Soybean yield reports are coming in higher than expected in a lot of areas, while corn yields are extremely mixed. Moving ahead it may take something big to get traders to stick their necks out too far, especially with the negative outside economic issues we're dealing with. Give us a call with any questions; we have tremendous opportunities available for your new crop needs, as well as great plans on how to price what you're going to put in the bin. We can also

help you with grain movement as we have trucks and space available. Until next week have a great weekend and stay safe!

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

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