This Week in Agriculture:

USDA Supply and Demand Report Summary: April 10, 2012

- **This morning's report seems to be much ado about nothing. The USDA made very few adjustments while traders were anticipating some major changes after last month's quarterly stocks report.**

- **Ahead of the report traders were anticipating an 84 million bushel reduction in old crop ending stocks. The USDA instead left ending stocks unchanged. This is somewhat of a surprise since March 1st stocks came in 140 million bushels lower than what traders were expecting, likely indicating increased usage.**

- **The USDA believes summer wheat feedings and a significant reduction in March forward ethanol production will help offset the increased usage during the first half of the marketing year. They also feel with the early start to corn planting we will have significant supplies of new crop corn available prior to the end of the marketing year (September 1st). Exports were left unchanged and not discussed though current export pace remains on track to meet or exceed current USDA expectations.**

- **The USDA projects on farm corn prices to average $6.00 to $6.40.**

- **On the soybean side of things the USDA lowered ending stock expectations. Ahead of the report traders were anticipating ending stocks to come in around 246 million bushels, the USDA put ending stocks at 250 million bushels this morning. The big adjustments to soybean usage came from a 15 million bushel increase in projected exports as well as a 15 million bushel increase to domestic crush.**

- **The USDA further reduced South American crop prospects in this morning's report as expected. They anticipate Brazilian production will come in around 66 million metric tons. This is 2.5 million lower than last month's estimate and in line with some more recent estimates. In Argentina they anticipate around 45 mln metric tons of production, also in line with recent estimates.**

- **Price-wise the USDA anticipates on-farm soy prices to come in around $12.00 to $12.50.**

- **As for wheat the USDA made some minor adjustments to their supply and demand projections, most of which were anticipated by traders heading in to this morning. Feed usage was raised by 35 million bushels, with a slight downward adjustment to seed usage.**

- **By class Soft Red Wheat saw the biggest adjustment with an increase in projected exports. Carryout wise though wheat remains at burdensome levels. When looking at this year versus last the USDA anticipates Soft Red Wheat carryout to come in some 40 mln bushels higher than last year. White Wheat ending stocks are expected to fall back slightly year to year as well coming 13 mln bushels lower than last year.**

The day started out positive with all markets gaining before turning around midday and succumbing to downward pressure. Corn and wheat took it the hardest with traders selling heavy and taking some profit off the table. At this point we're going to start focusing on weather. Extended forecasts for the Great Lakes are calling for normal to slightly above normal temperatures with normal temperatures through the 23rd of April. Keep in mind the opportunities still present in old crop prices, while also monitoring new. The market will give you opportunities to lock in a profit; it's just a matter of whether you take them or not as they're presented. Give us a call with any questions, we're here to help!

All the Best!
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