

This Week in Agriculture:

News That Could Make a Difference: April 20, 2012

- **An ugly week for old corn as futures fell to their lowest level seen since January before recovering slightly. Wheat remained trapped in its recent range, while old crop soybeans managed to close at the highest level seen since last August. Overall old crop corn lost 18 cents, while new crop lost a nickel. Old crop soybeans finished the week 18 cents higher, while new beans were up 2. July wheat lost 7 cents.**
- **At this point in the year traders continue to debate crop production potential and tend to see the sky as the limit to just how much we can produce. An early pace to planting has helped to curb concern over tight old crop corn supplies. As of Monday we were 17% planted nationwide—a record fast start (Illinois was 41% planted!!!).**
- **When converted to potential bushels traders feel the corn that's in the ground now (if everything were to remain perfect) could result in nearly 2.6 billion bushels of new crop corn in mid-August. This is around 1.8 billion bushels more than what was available early last year. Of course this could have the potential to limit rationing in the last half of the summer, but one has to keep in mind that the recent stretch of cooler weather has reduced heat unit accumulation and lowered soil temperatures; this could potentially offset the earlier planting pace.**
- **Another concern for traders is the potential amount of soy acreage expansion we could see without a significant decrease in corn acres. One well-followed group pointed out the fact that in 2008 we had around 3 million acres more in total production than seen in the March USDA projections. That, combined with another approximate 3 million acres coming out of conservation programs in the last 4 years could result in an additional 1-3 million acres of potential planted acreage. Double cropping will have a big influence on the final acreage pie as well. Of course only weather and time will tell.**
- **Rumors that China was a heavy buyer of corn on the recent break really got the market cooking on Thursday. Rumors of purchases as large as 500,000 to a million metric tons had the market rally hard. A lack of confirmation and a report that the actual sales were much smaller than reported led to the Friday sell-off. With the uncertainty over where we actual stand when it comes to old crop supplies and potential demand volatility will remain firmly entrenched in the markets.**
- **Japan halted corn imports out of the Ukraine due to poor quality. This could have implications down the road if Japan were to turn back to the U.S. to once again cover its short-term corn needs.**
- **Soybean export sales were once again huge with over 1.2 million metric tons of soy sales announced in Thursday's USDA Export Sales report. Demand out of China continues to surge. Rumors that the Chinese province responsible for 40% of the country's total soy production is suffering its worst drought in 10 years also helped to support the market as well.**

It seems as though the trade is eager to find a spring low in the corn market. At this point everything is supportive to corn production; if it's too wet it's good for soil moisture, too dry, good for planting etc, etc. Let this week show just how volatile this market's going to be as we head into the summer—and how important target orders are when it comes to having a successful marketing plan and a profitable year. At this point the weather looks decent with above normal temps forecasted for much of the Corn Belt; here in the Great Lakes normal temps are expected. The 8 to 14 day forecast is calling for above normal temperatures throughout the growing region through May 4. At this point we won't have much to trade on until the May 10th supply and demand update. Outside markets, weather and demand ideas will remain in the driver's seat in the meantime. Give us a call with any questions, we're here to help!

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