

This Week in Agriculture:

News That Could Make a Difference: April 27, 2012

- **A strong week as the dip in prices last week helped to stimulate significant export demand. For the week July corn finished 23 cents higher, while December corn was up a penny. July soybeans were the big gainer, adding 45 cents, with November beans up 5 cents. July wheat finished the week 26 cent higher.**
- **Though a week ahead of normal, planting pace wasn't nearly as far along as anticipated by traders. The USDA pegged nationwide planting at 28%. IL is the most advanced with 59% of the expected corn planted in the state. Indiana was well ahead of average as well, with 46% of its corn planted. Iowa, however, is behind their 5-year average with only 9% of the crop in the ground.**
- **The quick pace has been trumped recently with concern that a lack of growing degree days could possibly slow development and negate the early plantings. For the first time in recent history March average temperatures were higher than April's. This leaves a lot of questions as to whether or not we will have the bumper amount of corn available in late August and September as originally expected.**
- **The other big story of the week was export demand. As of Monday China's first quarter corn imports had nearly surpassed the entire amount of corn purchased in all of 2011. The United States accounted for 99.5% of the increase. Huge export sales continued to be reported throughout the remainder of the week. New crop purchases have surged significantly leading one to wonder if China sees current new crop corn prices as potentially cheap.**
- **In just the last 3 days total reported corn export sales were 22.4 mln bushels of old crop and 28 mln bushels of new. This was before today's announcements of several million metric tons of additional sales—Fun fact: A metric ton of corn is equal to 39.37 bushels.**
- **Ethanol production continues to struggle. Ethanol stocks remain high and seem to remain relatively sustained even though total production has slowed. Total reported ethanol production last week was the lowest since last September. Even with the slowdown in production most traders feel the USDA will have to leave their current corn used for ethanol numbers unchanged at 5 billion bushels, if not raise it slightly.**
- **Even with nearby soybean prices hitting their highest level since 2008 export commitments remained strong. Total soybean export sales on Thursday's USDA Export Sales Report surpassed trader expectations, coming in at over 1.4 mmt (51.4 mln bushels).**
- **Total soybean production out of South America remains in question as private and government groups continue to reduce expected production. The most recent estimate from Argentina's government has the soy crop down 2.1 mln metric tons (77 mln bushels) from the most recent USDA estimate.**
- **The continued downturn in South American production combined with the surge in Chinese purchases has prompted traders to think total old crop carryout could fall by 50-75 mln bushels—making new crop production that much more imperative. Last week rumors ran rampant that the Brazilian government may limit or restrict exports in the next few months. The Brazilian government emphatically denied this report, but this may be interesting to watch as we move ahead.**

At this point export demand may help to keep some support under this market. Planting should maintain it's ahead of average pace with extended weather forecasts looking relatively conducive to decent production. Now's the time to get your new crop targets in place, it's likely we'll see traders take new crop prices up to recent highs at least one more time. If you don't have enough new crop bushels locked in it definitely wouldn't hurt to use those numbers as benchmarks. Give us a call with any questions, we're here to help!

**All the Best!
Angie Maguire
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