This Week in Agriculture:

A Mixed Bag of Information from the Week That Was: April 29, 2011

- **Volatility was the word of the week with the corn market achieving a limit down move yesterday before turning around and moving limit higher today. Overall for the week old corn gained 12 cents, with new adding 4 cents. Old crop soybeans were 5 cents better, with new crop soys 8 lower. July wheat finished the week 33 cents lower.**

- **Weather, the mid-week meeting of the Federal Reserve, demand questions and general hedge fund money movement were the largest factors behind this week's market moves.**

- **Early in the week traders were closely monitoring drought conditions in both the Southern Plains as well as parts of Europe. Both areas received what were perceived as much needed rains mid-week. Though total coverage was less than desirable, rainfall amounts ended up better than anticipated where the rain did fall. With 40% of the Texas crop seen in very poor condition as of Monday's crop progress report rain is still desperately needed.**

- **Rain in the Midwest continued for much of the week, but a drier forecast for the Western Belt throughout next week was enough to prompt a partial sell-off Thursday. This afternoon's extended forecast from the National Weather Service is calling for more of the same. Other meteorologists however are anticipating a possible shift to the pattern as we move ahead.**

- **The meeting of the Federal Reserve on Wednesday went pretty much as expected. The Fed is planning on allowing the Quantitive Easing 2 (QE2) policy to expire in June as planned. This policy had the federal government purchasing billions of dollars worth of bonds and was pointed to as the driving factor behind commodity rallies and subsequent inflation.**

- **The policy's expiration is seen as a slight blow to commodities in the respect that many anticipate the dollar to strengthen as a result. It gave some large hedge funds enough of a reason to sell off, prompting Thursday's ugly near limit down close for corn and double digit losses for wheat and soys.**

- **Poor export sales reported Thursday morning also helped to accelerate the fund sell off. Old crop corn exports were down 43% from the prior week, with soy sales seen down 59% and wheat sales down an incredible 97%. To meet the USDA's projected total export sales for corn an additional 350 million bushels will have to be sold prior to September 1.**

- **Point to ponder: in 2008 December corn futures at this point were around \$6.22. By July 1st Dec futures had surged to \$7.52 before collapsing down to \$3.64 by the 20th of November that year.**

This week is a perfect example of how target orders will allow you to capture overnight and short lived market surges. This thing is only going to continue to get even more volatile as we move into the growing season. Do not forget the amount of managed money that's jumping in and out of the markets daily as well. It's no longer just a fundamental game, but a big-time money game to a lot of people as well. Give us a call with any questions, we're here to help!

All the Best!
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