

## **This Week in Agriculture:**

**News That Could Make a Difference: April 5, 2012**

- **A strong week for corn and soybeans following last week's surprisingly bullish stocks report for corn and acreage report for beans. Wheat couldn't muster much strength and went against the flow a bit. Overall old crop corn added 14, new added 9. Old crop soys were up 29, with new up 21. Wheat was 28 cents lower for the week.**
- **Traders now face an incredible split in outlooks. In beans we have decent old crop stocks available, but are facing the likelihood of a significant production reduction as we move into next year. On corn the opposite is true with tight old crop stocks and the likelihood of a significant production increase as we move ahead.**
- **The trade is now also confronted with what they view as a potential global economic slowdown as several countries have tried to spend their way out of debt only to discover they've only dug themselves into a deeper hole. Concerns that we could see a global slowdown in demand are not likely to disappear soon.**
- **Even in the face of a sluggish economy Chinese demand has remained robust. With 5 months left in the marketing year they have already booked nearly all of their projected imports. It's likely we'll see future numbers from the USDA include higher demand out of China.**
- **A well-followed private bank increased their pricing estimates for both corn and beans in the near-term this week as well. They anticipate the 3-month nearby corn price could hit 6.90, but anticipate that price to fall drastically to around 5.25 in the 6-12 month time period as increased production is secured. On beans they have raised their 3, 6 and 12 month price forecast to 14.30. A major jump from their last soybean pricing forecast of 12.90.**
- **We continue to watch as analysts and experts lower their South American production estimates. At this point estimates out of Argentina range from 43.1 mmt to 45.4 mmt, versus the USDA's most recent 46.5 mmt estimate. In Brazil soybean production estimates range from 65 to 66 mmt, also well below the USDA's most recent 68.5 mmt estimate. We will get an updated South American production estimate on Tuesday from the USDA.**
- **Weekly ethanol production for last week was the lowest since October 7<sup>th</sup> as ethanol prices remain soft and stocks remain high. This week there was a move forward towards incorporating more E-15 into the nation's gasoline supply. There are quite a few sticking points however as outside industries fight the move towards higher incorporation.**

**Overall this week allowed traders to digest last Friday's information while focusing on the next USDA Supply and Demand report that will be released on Tuesday. With the reduction in stocks numbers last week it's almost a given we'll see a reduction in ending stocks for corn due to higher than anticipated demand. The big question is where the USDA will put that increase in demand, whether it's in feed, exports or ethanol usage.**

**Weather will remain vital of course as we move into the production season. At this point there are cooler temperatures expected next week. Those temperatures though, aren't anticipated to reach far enough South to hurt the much advanced wheat crop at this point. With April 6<sup>th</sup> being the first allowable corn planting date here in the state for crop insurance it's anticipated we'll see planting get started sooner than later. Early planting in decent weather could of course facilitate even more than the 95.9 million acres of corn already expected.**

**Basically we'll have a lot to monitor as we move ahead and having a plan in place will help you navigate the rough waters ahead. Give us a call with any questions. The markets will be closed tomorrow for Good Friday, but Citizens offices will be open. We'll have the updated USDA numbers for you when they're released on Tuesday.**

**All the Best!**

**Angie Maguire**

**Citizens LLC**

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