

This Week in Agriculture:

News That Could Make a Difference: December 21, 2012

- **Fiscal cliff issues, lackluster demand and a thin trade all contributed to an ugly week in the markets. Overall for the week corn lost 27, beans were down 63 and wheat was 24 lower.**
- **Export demand was the story of the week. Early in the week we established South Korea had purchased another large chunk of South American corn. They were also in the market for more, specifying it should be “non U.S. origin” corn originally, only changing their mind late in the week after prices had dropped.**
- **At this point early season corn loadings are down by nearly 52% from last year. Oct-Dec corn exports are the slowest they’ve been in relation to USDA estimates in nearly 40 years. Many traders feel the USDA could be overestimating corn export demand by nearly 250 million bushels, while others feel corn exports could be more back loaded due to lingering supplies of South American corn.**
- **Bean exports were in the spotlight this week as well. While bean export shipments are running some 40% ahead of last year’s pace (the USDA is anticipating a 7% decline year to year), cancellations were the story of the week. This week alone China cancelled nearly 900,000 metric tons (over 33 million bushels) of soy purchases total. The largest purchase cancellation in over 14 years occurred yesterday with 540,000 metric tons of sales (nearly 20 million bushels) cancelled.**
- **The reasoning behind the cancellations has been hotly debated. Some traders feel the cancellations were higher priced contracts to be replaced with lower priced bushels, while others believe they could be paving the way for larger South American purchases after the first of the year. Areas in Northern Brazil could start harvesting new crop beans as early as the last part of January.**
- **South American crop potential is still in question. Argentina remains wet, with conditions less than ideal for planting, while most of Brazil seems to be in good shape with planting progress over 90% completed. At this point it appears as though any production loss in Argentina could be offset by a production gain in Brazil. Of course traders still question the logistical capabilities in Brazil and how it will impact their ability to supply the insatiable global demand.**
- **Another thorn in corn’s side came in the form of private acreage estimates for 2013. This week a well-followed private analyst projected corn acres at an amazing 99.026 million acres. If we were able to achieve trend-line yield on this type of acreage we would be looking at over 15 billion bushels worth of corn production versus only 11 billion bushels worth of demand this crop year.**
- **Their soy acreage projection was somewhat bullish at only 78.96 million acres, down from their last projection of 80.1 million acres.**

We will be closed Monday and Tuesday for the Christmas holiday. The markets will only be open part time on Monday, closing at one in the afternoon and reopening on Wednesday. Next week’s trade should be relatively non-existent with traders instead choosing to return after the first of the year. Once we get back to normal we’ll start focusing on the January 11th USDA Quarterly Stocks and Supply and Demand Report. Stocks numbers will be highly scrutinized as this will be the first look at feed usage in the first quarter of the marketing year. Harvested acreage numbers will also be vital. Keep in touch and don’t hesitate to call if you have any questions. Keep in mind the massive production potential for next year and don’t forget what \$6.00 plus corn can do to contribute to your bottom line. Until next week, have a great weekend and a safe and happy holiday. From our family to yours, Merry Christmas!!

All the Best!

Angie Maguire

Citizens LLC

www.citizenslevator.com