

This Week in Agriculture:

A Mixed Bag of Information: February 7, 2014

- **Green was the color of the week as we saw positive demand news combine with logistical hiccups and move markets higher. Overall for the week both March and December corn were up 10 cents. July wheat was up 24. November soybeans added 17 cents, while March soybeans were the winner of the week, gaining 48.**
- **The most interesting story of the week had to be March oats as they traded to an all-time high mid-week, briefly trading higher than corn. Logistical backlogs in Western Canada are compounding the already tight stocks situation in the United States. Buyers have been forced to bid up nearby delivery in hopes of getting their hands on physical supply.**
- **Logistical issues in Canada are also helping lend support to the wheat market. Japan announced this week they will purchase wheat from the U.S. in the short term due to slow delivery of Canadian wheat. Basis values in the Pacific Northwest have firmed recently as well hoping to draw supplies out of bins and in to the market place.**
- **The cold and active weather pattern in the Midwest has added a new and somewhat unexpected twist to the cash market. Some extended forecasts are calling for the current pattern to break, with above normal temperatures forecast for the Western Cornbelt in the 10 to 14 day period. As we saw most recently in South America, logistical issues will eventually work themselves out, unclogging the pipeline and letting the grain flow.**
- **Logistical problems or no, demand appears to remain strong, in many cases coming in stronger than anticipated. Though cold weather had slowed ethanol production somewhat, falling inventories showed demand for the fuel remained strong. Export sales for the week came in better than expected across the board as well.**
- **Strong demand is on the minds of traders as we head into Monday's USDA Supply and Demand update. With soybean export sales already outpacing USDA projections by over 85 million bushels and shipments running strong, it is nearly a given to many analysts we will see export sales increased and soybean carryout levels reduced in Monday's report.**
- **Though shipments are slow, corn export sales have been strong as well. The quick sales pace has traders expecting a slight reduction in old crop carryout in corn, with minor adjustments lower to overall wheat ending stocks also expected.**

Heading into next week traders will look to Monday's USDA report for some added direction, though no major surprises are anticipated. With China back from their New Year holiday soybean traders will be waiting for confirmation of last week's soybean export sale cancellation rumors. South American weather forecasts will also be important to watch as hot and dry weather will not only begin to impact a finishing soy crop, it will also have a large impact on double crop corn acres for Brazil specifically as we move forward. Argentina's currency issues and the impending showdown between government officials and farmers also warrants watching.

As we move ahead keep in mind old crop levels are trading at multi-week highs. With the slow rate of grain movement and the recent futures rally cash pricing opportunities have developed. When looking at selling opportunities keep quality risk and cash flow needs in mind. Sell grain when it makes sense to, not when you have to. We'll have Monday's numbers when they come out, don't hesitate to call with any questions. Until next week, have a great weekend and stay safe!

**All the Best!
Angie Maguire
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