

This Week in Agriculture:

News That Could Make a Difference: March 23, 2012

- **What a difference a week makes. The bears took hold for the majority of the week pushing significantly lower by mid-week before turning around a bit at week-end. For the week old crop corn was down 27, with new crop down 17. Old crop soys finished the week down 8, after gaining back 17 cents in Friday's trade. New crop soys were down 6 while new crop wheat was up 4 cents for the week.**
- **Traders were nervous at the start of the week as Chinese manufacturing activity slowed for the 5th month in a row. A perceived great start to the growing season (in the third week of March?!?) helped to weigh on the market as well.**
- **Further reductions to the South American crop estimates from private groups and agronomic experts have kept the market on its toes as well. Yet another estimate on the Brazilian crop came in 2 mmt below the latest USDA projections.**
- **Brazilian corn numbers are coming in to question as well as conditions haven't improved quite as rapidly as anticipated. Mid-week a well followed expert put his Brazilian corn crop estimate some 4 mln metric tons (127.5 mln bushels) below the most recent USDA guess.**
- **As mentioned recent record setting weather has pushed farmers to start looking at planting far earlier than normal. While this may contribute to an increase in planted acres, early planting does not guarantee solid yields. There have been 7 out of the last 25 years where we've seen a significant amount of corn in the ground by the tail-end of April. Out of those 7 years only 2 have resulted in above trendline yields.**
- **Based on historical data, nationwide the best date to have the majority of the corn planted is actually the second week of May. So early isn't always better.**
- **China will continue to play a bit of cat and mouse with our markets as we struggle to figure out just what their demand will be as we move ahead. At this point Chinese corn prices are hovering right about \$10.00 a bushel, with soybeans trading around \$19.00.**
- **A senior Chinese research official stated this week that Chinese demand is significantly outpacing supplies. The country's processing demand alone has increased 40% since 2008. A secondary concern is the accuracy of the record Chinese corn production estimate from last fall. Some believe that the country may have overestimated the crop by as much as 276 million bushels.**
- **If the rumors of significant loss due to quality and storage issues come to fruition as well as a reduction in production; Chinese demand could alter the global supply and demand figures we're looking at significantly. Of course only time will tell when it comes to what we'll see out of China.**

The USDA will release their planting intentions and quarterly stocks numbers next week on Friday. At this point planting numbers are expected to come in anywhere from 92 to 96 million acres on corn and 73 to 76 million acres on soybeans. The biggest sleeper of next Friday could definitely be the stocks numbers. Those numbers will give us a more accurate indication of true feed usage and supplies. In January stocks numbers came in higher than expected meaning we were either using less or had produced more. It will definitely be interesting to see if this trend continues or if demand has in fact increased through the second quarter of the marketing year. At this point the month of April looks significantly cooler than the last couple weeks, but temperatures for the most part are expected to remain above normal. Give us a call with any questions, it definitely wouldn't hurt to make some catch up sales or lock in some new crop bushels if you're nervous going in to Friday.

**All the Best!
Angie Maguire
Citizens LLC**