

This Week in Agriculture:

USDA Quarterly Stocks and Acreage Report Summary: March 30, 2012

- **This morning's report was a good mix of solid bullish news with a slightly bearish twist. Overall corn acres came in higher than anticipated, while every other number came in below pre-report expectations.**
- **Corn acreage estimates came in at 95.9 mln acres. The average analyst estimate ahead of the report was 94.72 million. This morning's 95.9 number was higher even than the highest pre-report estimate and could be viewed as extremely bearish. However, with fantastic early season weather thus far some traders had been tossing a 95.5 million acre plus number throughout this past week.**
- **Quarterly stocks numbers can be considered bullish for corn. Ahead of the report traders were anticipating a stocks number of 6.15 billion bushels. This would indicate around 3.63 billion bushels worth of usage in the second quarter of the marketing year. A lower stocks number than traders were anticipating indicates a higher than expected amount of usage and/or disappearance.**
- **A quarterly stocks number of 6.01 billion bushels is also 513 million bushels lower than the stocks we had on hand last March 1st nationwide. Here in Michigan the USDA believes there are just over 11 million bushels more of corn on hand than a year ago. Of those stocks there are 17 million bushels more on farms and just under 6 million bushels less on hand in off-farm commercial locations.**
- **Regionally there are 13 million bushels less on hand in Indiana, just under 6 million bushels less on hand in Ohio and a significant decrease in Illinois as well with over 100 million bushels less on hand than we had a year ago. Most of the downturn in IL came from significant crop losses in the Southern part of the state.**
- **Soybean numbers were very positive all around with acreage coming in well below expectations and stocks numbers lower than anticipated as well. Ahead of the report traders were anticipating an acreage number of 75.4 million acres, this morning's USDA estimate was 73.9 million acres of soy planting this spring.**
- **Stocks-wise the USDA's numbers came in below expectations as well. Traders were anticipating March 1st stocks to come in around 1.387 billion bushels, today's report showed 1.37 billion bushels on hand. Here in Michigan the USDA believes there are an additional 7.6 million bushels of beans on hand. Out of that increase 5.5 million additional bushels are held on the farm with an additional 2 million bushels in commercial storage.**
- **Wheat numbers were supportive as well with acreage for all wheat coming in 1.5 million lower than anticipated ahead of the report. The majority of that cut came in a reduction to projected Spring Wheat acres, with a slight downturn in Durum acres as well.**
- **Wheat stocks as of the first of March were slightly below what traders were anticipating as well, likely due to feed usage. Similar to corn and soys, wheat stocks here in Michigan are higher than what they were a year ago as well. The USDA estimates there are nearly 6 million bushels more of wheat in storage in the state than there was a year ago. Most of that increase is in commercial storage facilities.**

Today's USDA adjustments caused traders to flood back into the market, nearly erasing old crop corn and wheat losses for the week and hitting the highest level in soys since late last Summer or early Fall. At this point we're likely to start truly debating how many acres could be switched from soys to corn and the true production potential we are facing. Forecasts are calling for cooler conditions in April, but with the transition away from La Nina extended forecasts are proving more difficult to pin down. Give us a call with any questions, at this point it is vital to put target orders in place. Do what you can to catch pricing opportunities and lock in a profit!

******Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein******