

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: November 30, 2012

- **We spent the week bouncing back and forth between positive and negative sentiments. Fiscal cliffs, austerity measures and potential economic calamities weighed on trader's minds, while increased demand and weather concerns gave support to higher prices. Overall for the week corn finished 4 cents higher, soybeans were up 21 and wheat added 17.**
- **South American weather has become and will be the main focus as we move ahead these next couple months. The Southern 1/3rd of Brazil is too dry, while the Northern areas of the country are seeing decent weather conditions. Argentina is a slightly different story though, with wet conditions hampering harvest progress in wheat and planting progress for both corn and soys.**
- **Brazil soys are estimated to be 75% planted, slightly behind last year, but on par with the 5-year average. Argentina on the other hand is seeing corn planting run over 15% behind last year in some areas, while soy planting is 11% behind. Wheat harvest is only 30% complete giving great concern that crop quality of the still standing wheat will be less than optimal. The Argentine government at this point has suspended export licenses until they get a better grasp on what final production numbers and quality will look like.**
- **Weather for the next 10 days in South America remains somewhat wet in Argentina, while parts of Brazil will see much needed rainfall. The delayed—or at the very least slower than normal start to the crop year has some experts already reducing crop prospects. Many traders feel some acres in the wettest areas of Argentina will be inevitably shifted out of corn production and into soys.**
- **Logistical issues continue to hamper Brazil's export program a bit as well. Japan has returned to the U.S. as a corn buyer as Brazil struggles to meet their commitments. U.S. beans into China continue to be cheaper than Brazil's through mid-March as well.**
- **Speaking of China: in this week's "you've got to be kidding me!!!" news, China has reported they will, for the ninth year in a row, see record grain production. And perhaps the most interesting tidbit in that is for the first time in history the country will produce more corn than rice.**
- **Demand out of China remains strong. One news agency reports that China will use over half of the soybeans produced globally this coming crop year. Their appetite has yet to slow when it comes to bean imports, as increased sales to the country is one reason the soy market was able to rally off recent lows.**
- **Soyoil price and demand have come to the forefront in recent days as well. Current export commitments are at 83% of the USDA's projections. This is versus the 37% pace generally seen at this point in the marketing year. Soybean meal sales are running 15% ahead of USDA projections as well.**
- **Soyoil could see a further increase in demand as we move ahead. Rumor has it we could see the \$1.00 biodiesel blending credit resurrected by year-end as congressional powers that be slip it into legislation used to avoid the fiscal cliff. Stay tuned on that one!**
- **Drought conditions remain entrenched here domestically as well, with the Plains states remaining the hardest hit. The Mississippi is nearing record lows, so low in fact barge traffic could be halted after December 10th. Millions of bushels generally move on the Mississippi and a stop to traffic could have a tremendous impact on regional supplies as we move ahead.**
- **Wheat conditions continue to suffer as well. Winter Wheat conditions are at a record low, and while generally there is little correlation between fall conditions and final production numbers, there's still good reason to be concerned. The South Dakota wheat crop is only 60% emerged, indicating that nearly 40% of the crop will not germinate prior to winter.**

Even in the most normal of years December tends to be a volatile month. A risk-off approach as we move towards year-end may take hold allowing the markets to tread water. However with the possibility of South American production issues and the continuance of drought conditions in the nation's breadbasket we could see things get

extremely interesting as we move ahead. Opportunities remain when it comes to grain movement, so keep your point of profit in mind when it comes to making sales. This time of year is a great time to get target orders into place for both the crops in your bin and the crops you're going to plant next year. It's never too early to get a solid marketing plan in place and we're here to help with whatever questions you may have! Until next week, have a great weekend, and stay safe!

All the Best!

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