

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: October 19, 2012

- **Another frustrating week of whipsaw market action as traders wrestle with crop size, outside market factors and projected demand as we move ahead. Soybeans had an incredibly rough week, falling below \$15.00 for the first time since July 5th, before recovering slightly. Overall for the week everything finished a touch lower with soybeans down 11, corn down 9 cents and wheat 7 cents lower.**
- **Outside factors continue lurk in the shadows as global economic factors continue to weigh heavy on the mind of traders. The DOW dropping 220 points at the close of the day today didn't help ease anyone's mind. At the same time further European economic issues and implementation of commodity limits as a result of Dodd-Frank rules will likely keep cautious traders on the sidelines.**
- **Last Friday traders took a good chunk of money out of the markets on reports that livestock producers were importing large chunks of corn out of South America. Most "sane" folks wondered what the fuss was about considering the USDA has 75 million bushels of imports already factored in to the corn supply and demand table. This shows just how easily frightened traders will likely be as we move through the remainder of the year.**
- **It's also been reported though that Brazil is no longer offering corn for exports beyond late December as they try to figure out the global market and get prepared for soy harvest. It's not likely we'll see a big surge in exports as a result of this, but if the Brazilian corn crop were to run into production trouble this year things could get interesting.**
- **Japan corn usage for the 2012 crop year is down to a 20 year low, while wheat feeding is at a 20 year high. This could have significant bearing going forward as Japan has historically been one of our largest grain customers. The Ukraine announcing a ban on wheat exports after November 15th will also help as Japan will have to source wheat from a somewhat tight global market place.**
- **A popular, well-followed analytical group took the first shot at guessing 2013 acres today. They feel we will see 97.5 million acres of corn and 80 million acres of soybeans planted next spring. This compares to last spring's plantings of 96.9 million acres of corn and 77.2 million acres of soybeans.**
- **Cattle on feed numbers released today showed poor feeding margins have resulted in a herd reduction and less placements. This has been expected somewhat but will remain closely monitored as we move ahead.**
- **Fun Fact: As a nation China eats double the meat of the United States.**

As harvest wraps up we'll get a better idea of what we're actually looking at. Judging by basis values corn supplies are low and supply is tight, even with nearly 80% of the nation's corn harvested. Soybeans remain the wild card. Chinese demand has resurfaced with cheaper prices and a return to positive crush margin in the country. Better than expected yields in some areas and the lurking inverse to the March futures month have kept the cash market from strengthening significantly. There are plenty of opportunities available though to maximize your revenue, so don't hesitate to give us a call with any questions! Until next week, have a great weekend and stay safe!

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

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