

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: October 5, 2012

- **The markets settled quickly after last week's September surprise courtesy of the USDA. At the end of the day last Friday we looked like we were heading back to the moon. Unfortunately the markets didn't necessarily cooperate with that idea, and instead allowed increasing yield estimates, outside market factors and general commodity exhaustion push things lower. For the week corn closed down 9, soys were 49 lower and wheat was down 28.**
- **Traders continue to digest last week's USDA September 1st stocks. The numbers released last week indicated that feed usage was not down near as much as once thought. Wheat feeding alone, based on what the USDA released last week, came in nearly double earlier estimates.**
- **The lower stocks number in corn also indicated feed demand has not slowed down near as much as anticipated with the higher market values. Traders still feel as much as 200 million bushels of new crop corn was counted in September 1st old crop stocks. This could have further implications as we move ahead.**
- **South American corn continues to beat US corn into the Southeast though, indicating our corn exports will likely remain sluggish. Just last week a Southeast feeder purchased 750,000 metric tons from Brazil. At this point South American corn is being offered nearly \$1.27 cheaper than US corn.**
- **According to the USDA 54% of the nation's corn has been harvested. Here in Michigan the harvest pace is closer to 17% as of last Sunday night. At this point it appears as though the lowest of the yield estimates have been factored in. We actually have a couple different private analytical groups and agronomists increasing their corn yield estimates by a bushel or two, or in one case even 5 bushel to the acre.**
- **Soy yields have been increasing almost daily with late rains helping to significantly improve crop prospects. However with over 80% of our new crop export projections already committed it's likely we'll see any production increases offset by demand adjustments. Soy meal sales remain ahead of schedule as well with 41% of the USDA projections committed versus 21% as the 5 year average.**
- **According to the USDA a record 41% of the US soy crop is harvested. Here in Michigan the USDA estimates we are 24% harvested as of last Sunday night.**
- **Logistical issues could hamper Brazilian crop production, with many farmers still waiting on fertilizer deliveries. As mentioned in previous newsletters the bottleneck at Brazilian ports is making for a difficult start to the growing season. This will also have an impact on export shipments once the Brazilian crop is harvested next spring. Some experts are already lowering their new crop Brazilian export projections (yes, even when the crop has yet to be planted we're hypothesizing on what the demand potential will be!).**
- **Dry conditions and hot temperatures continue to be monitored in Brazil as well. At this point soil moistures are running below normal in areas responsible for nearly 25% of the Brazilian soy crop. Temperatures have averaged 5-10 degrees above normal throughout much of the country for the last month. As we move ahead temperatures are expected to remain above normal with limited rainfall for the next 10 days. It's far too early to cause any sort of damage but the situation will definitely need to be monitored.**

The USDA will release their updated supply and demand projections next Thursday, October 11th. Traders anticipate production and demand increases in soybeans. They are uncertain as to what corn numbers will hold, but know the decrease in old crop ending stocks found last week will have to be factored in. In the meantime harvest continues to roll with most producers in the state somewhat pleased with their results-at least compared to what they were expecting. We will have the USDA numbers when they're released, so feel free to give us a call with any questions. We also are extremely competitive when it comes to on-farm or delivered bids so give us a call if you're looking to get anything moved. Until next week, have a great weekend and stay safe!

**All the Best!
Angie Maguire**

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