

This Week in Agriculture:
USDA Quarterly Stocks Report Summary: September 28, 2012

- **This morning's much anticipated USDA report surprised the trade by being bullish on corn and wheat, while slightly bearish on soybeans. The positive information from the USDA helped to wipe out what was an otherwise dismal week. The corn market finished the day today locked limit higher, wheat finished the day up 44, while soybeans added 27 cents. Overall for the week December corn closed down 8 cents, November soybeans lost 20 cents and July 2013 wheat finished 4 cents lower.**
- **This morning's report was important for corn and soybeans because it gave us an honest look at what our final ending stock numbers were for the 2011/2012 crop year. In the last USDA Supply and Demand report the USDA increased old crop corn ending stocks indicating that reduced usage was behind the gain in bushels.**
- **Going into the report traders were concerned that there would be significant intermingling of crop years as well, possibly skewing this morning's numbers. Based on the August 27th crop progress report there were approximately 5.2 million acres of corn harvested prior to the first of September. Using the USDA's most recent 122.8 bpa yield number one could assume September 1st stocks would have included upwards of 644 million bushels of new crop corn. This idea has had traders running scared for the last couple of weeks.**
- **In the September 12th Supply and Demand report the USDA pegged old crop ending stocks at 1.181 billion bushels. The average pre-report estimate going into this morning's report was the USDA would put old crop ending stocks at 1.113 billion bushels. This morning's number came in at 988 million bushels, some 183 million bushels below the USDA's ending stocks projection.**
- **So what does this mean? Basically the USDA took 183 million bushels out of their already snug new crop ending stock projection. It also indicates that even in the face of higher prices feed usage remains steady.**
- **Here in Michigan, based on the USDA's numbers we have around 700,000 bushels of corn less on hand than we did last year at this time. Farmers however are holding 2 million bushels more than they were a year ago, while commercials have 2.7 million bushels less on hand.**
- **Soybean numbers weren't near as friendly. Based on disappearance data, farm program data, export and crushing numbers the USDA increased their 2011/2012 production estimates (yes, they raised last year's production) by 37.5 million bushels overall.**
- **This higher revision to production led to an increase in old crop ending stocks. In the USDA's September 12th report the USDA pegged old crop ending stocks at 130 million bushels. Traders were anticipating this morning's stocks number to come in right at that 130 mbu figure. The USDA however, pegged September 1st stocks at 169 million bushels.**
- **Overall in the whole scheme of things this won't do much to ease the projected tightness in new crop supply and demand fundamentals. No matter what though 39 million bushels is still 39 million bushels and soys were a tad slow to follow the rally in corn and wheat.**
- **Here in Michigan we have 1.7 million bushels less of available soybeans on hand than we did a year ago. Of those bushels farmers are holding 500,000 bushels less while commercials have 1.2 million bushels less on hand.**
- **Wheat numbers were positive as well. With such a small corn crop the amount of wheat fed recently has been even larger than anticipated. Wheat numbers overall came in nearly 100 million bushels below pre-report expectations. Between corn and wheat traders saw a nearly 300 million bushel drop in available feed grain supplies.**

- **Here in the state the USDA believes we have 14.55 million bushels less wheat on hand than we had a year ago at this time. Most of the bushels are in the hands of commercials at this point, with 2.9 million bushels less on farms.**

Overall we still have some of the outside concerns that led us lower here over the last two weeks. This morning's report though has helped to offset some of those in the short term. The big question as we get further into harvest will be whether or not yields are better or worse than anticipated. So far corn yields seem to be at or slightly worse than expected, while soybean yields seem to be a touch better. As harvest progresses we want to remind you that we will be competitive, especially on picked up prices at the farm. We will also have Saturday hours available at our Vermontville, Charlotte and Potterville facilities. Keep in touch, until next week, have a great weekend and stay safe!

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

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