

This Week in Agriculture:

News That Could Make a Difference: September 7, 2012

- **A mixed week as traders digest what kind of crop potential we're actually facing. True to the adage "the bull needs to be fed daily" traders took beans lower when fresh or exciting news dried up mid-week. Now we will likely play the waiting game as we move towards next Wednesday's updated supply and demand numbers. Overall for the week December corn closed nearly unchanged, November soybeans down 20 cents, while wheat finished 16 cents higher.**
- **Tuesday night's crop progress report showed condition ratings relatively unchanged, but the crop is well ahead of average when it comes to maturity. As of Sunday 86% of the nation's corn is dented versus the five year average of 63%. The rapid move towards maturity has several traders believing 50-60% of the crop will be harvested and in the bin by the end of the month. Early harvest progress will likely sway September 1st stocks significantly, with experts suggesting nearly a billion bushels of new corn being harvested by the end of August. This will make final old crop usage estimates difficult to pin down.**
- **Yield estimates continue to drop as we move towards harvest. Some experts feel that actual yield numbers are even lower than the initial ear and pod counts due to lower test weight and poorer quality. At this point yield estimates range from 116.6 up to 121.4-well below the USDA's August estimate of 123.4 bushels to the acre. Soybean yield estimates have ranged from 34.5 up to 35.9 compared to the USDA's most recent 36.2 bushel to the acre estimate. One private trade group bucked the trend this week though, raising their soy yield estimate up to 36.7 bushels to the acre.**
- **The USDA will release their updated supply and demand projections Wednesday morning. This report will have a lot of vital information in it and updated harvested acreage projections as well. As we've mentioned before it's not only the yields that are coming in to question, but the actual harvested acreage numbers as well.**
- **Compared to other years with significant production issues the USDA seems optimistic that a good percentage of the corn planted will be harvested. Some traders feel we could see an additional million acres plus pulled out of corn production. On the flip side though, some traders see the FSA numbers released in August indicating the USDA may have underestimated planted acres initially.**
- **Going into the report the average trade estimate has total corn production pegged at 10.38 billion bushels compared to the August estimate of 10.8. The average trade estimate for soybean production is 2.66 billion bushels, down slightly from the recent USDA estimate of 2.69 billion bushels.**
- **Global production concerns put wheat as the leader this week. Top soil moisture in the Hard Red Wheat Belt is lacking significantly with little in the way of relief forecast at this point. A frost scare and dryness concerns have traders cutting production estimates out of Australia as well. Several other countries throughout the globe are either dealing with quality problems or production loss as well.**
- **We're not out of the woods when it comes to Black Sea wheat and their losses in production either. Some traders see the Russian wheat crop comparable to the 2010 crop year when the government restricted exports. At this point Russia is still selling exportable wheat, but many feel their supplies will be exhausted by the first part of October.**

This is the worst time of year in the ag business as the only thing certain is harvest is coming fast and fierce. What we yield, how much of that production will be sucked out of the market and what we will have left at the end of the year remains up in the air. As mentioned, the USDA will update their production outlook on Wednesday, as we've seen in the last couple months market swings at the release of the report could present short lived opportunities, having target orders in place will allow you to capture some of those. Give us a call with any questions, we're here to help! Until next week, have a great weekend and stay safe!

**All the Best!
Angie Maguire**

Citizens LLC

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