

**This Week in Agriculture:**  
**USDA Supply and Demand Report Summary: March 10, 2014**

- Today's market action was quite unique. From the start of the Sunday night open it appeared as though buyers were nowhere near as aggressive as they were a week ago to own grains. Many viewed the hesitation as being part of a risk off strategy heading into this morning's USDA report. In the end, though the numbers were not negative to price from a relative standpoint several outside factors came together to pressure the market-with all three majors closing lower.
- On the corn side of things coming into today's report traders were anticipating a slight increase to carryout from last month's projections. In February the USDA had old crop corn carryout projected at 1.481 bln bushels. Ahead of today, the average trade estimate was 1.487 billion; the USDA came in at 1.456 billion.
- The adjustment came from a somewhat anticipated increase in exports. As we mentioned last week, corn export sales were at 93% of the February estimate. Because of the quick sales pace the USDA increased exports by 25 million bushels, leaving all other demand factors unchanged.
- While it is very rare to see any sort of feed adjustment ahead of the March Quarterly Stocks Report due out at the end of the month, some traders were expecting to see the .7% decrease in hog numbers from last month's report perhaps show up in today's feed numbers-the lack of adjustment will have some traders on edge as we work our way to March 31<sup>st</sup> Quarterly Stocks.
- From a global perspective, overall global carryout was increased by 1.3 mln metric tonnes (51.8 mbu) from last month's estimate. The increase came from higher stocks in China because of a touch higher production number; higher stocks in Indonesia helped to increase the global number as well.
- Soybean numbers came in 4 mln bushels higher than the average pre-report estimate. Several adjustments were made to individual demand sectors, in the end only resulting in a 5 million bushel reduction in ending stocks projections from last month. Overall imports were increased 5 mbu, crush was reduced by 10 mbu, with exports being increased by 20 mbu.
- The export number released today was perhaps the most interesting, because even with the adjustment taken into account we still have 93 million bushels of extra soybeans sold. There were rumblings today that China cancelled several South American bean cargoes slated to ship this summer, sending traders into risk off mode-but from an overall standpoint, while Chinese demand may be fading for later in the year, old crop shipment numbers are still quite strong.
- Globally we saw some adjustments to the South American crop. Goldilocks weather-too dry in one area, and too wet in another has had an impact on overall production potential. At this point the Brazilian crop outlook seems to range between 86 mmt and 89 mmt. The USDA believes Brazil will produce around 88.5 mmt-1.5 mmt less than last month.
- Wheat numbers were about as boring as they come. Ahead of the report traders were expecting a slight increase in overall carryout numbers. The USDA left everything unchanged. It will be interesting to see as we move ahead if we see any increases in imports, or decreases in exports when (if???) Canadian grain starts to move freely.

Bottom-line, negative economic data from China and an overall "overbought" mentality took hold in the markets today. Traders will be eagerly awaiting "Turn Around Tuesday" hoping to get a feel for solid direction as we move ahead. As we work our way towards the end of March weather will begin to be the dominating factor. In this afternoon's extended forecast the National Weather Service is anticipating cold temperatures to stay locked in place in the Corn Belt through the next two weeks. While it is WAY too

**early to discuss planting delays, it will quickly become something to keep an eye on. In the meantime, give us a call with any questions, we're here to help!**

**All the Best!**

**Angie Maguire**

**Citizens LLC**

**[www.citizenselevator.com](http://www.citizenselevator.com)**

**\*\*\*Futures trading is very risky, Citizens LLC holds no liability for the use of the information contained herein\*\*\***