

This Week in Agriculture:

News That Could Make a Difference: July 12, 2013

- **Weather was the driving factor behind this week's market movement. Thursday's USDA report was able to draw a bit of attention, but when the USDA failed to offer much in the way of surprises, weather returned to center stage. Overall for the week September corn closed 19 higher, while December corn finished up 16. August soybeans were down 4, while November soys were up 27. September wheat finished the week 21 higher, while July 14 wheat was up 19.**
- **It seems as though the Western Corn Belt can't win when it comes to battling Mother Nature. After a historically soggy spring that delayed field work and prevented plantings a hot and dry pattern has emerged. With the crop being planted into overabundant top soil moisture compaction and shallow root systems have made it relatively unable to handle the recent lack of rainfall and heat.**
- **As we've seen throughout the year forecast models continue to vary greatly. One model may call for hot and dry conditions in the 6-10 day, while another calls for cool and wet. The lack of certainty has led to even more volatility in the markets as we head into pollination.**
- **Thursday's USDA Supply and Demand Report was a relative non-event. For the most part USDA estimates came in above pre-report estimates, but without a major shake-up as seen in more recent reports the focus quickly returned to weather.**
- **Number-wise the USDA lowered old crop corn carryout (or new crop beginning stocks) by 40 mln bushels, back down to 729 mln bushel. They cite the slow start to this year's harvest as reasoning behind their 50 mbu increase in feed usage arguing that feeders will have to find more old crop stocks to make it through the year. The increase in feed usage was slightly offset by a 10 mln bushel increase in imports as the delayed harvest will likely result in more foreign corn making its way into the countryside.**
- **Their new crop corn ending stocks number came in slightly above pre-report expectations as well. With the surprisingly high planted acreage number traders were unsure what to expect. Conditions for this time of year are relatively high as well, so there was a concern we could see a solid increase in production. The USDA actually lowered production slightly citing delayed planting as reasoning behind possible increases in abandonment and a reduced harvested acreage figure. For now, yields were left unchanged at 156.5.**
- **With total production expected 55 mln bushels lower at just under 14 billion bushels the USDA went on to adjust overall demand 100 million bushels lower—citing delayed harvest as a reason for slow early season export shipments and lowered feed demand. After all adjustments were made to the supply and demand matrix total carryout was left relatively unchanged from last month, up 10 mln bushels to 1.96 bln bushels.**
- **Though historically high basis levels and sharp inversions indicate otherwise, the USDA left old crop soybean carryout unchanged from last month at a just above pipeline low of 125 mln bushels. With the increase in planted acres as indicated in June 28th report overall new crop production was raised 30 mln bushels, up to 3.42 bln bushels overall. Over 400 mln bushels more than last year's drought reduced crop.**
- **With new crop demand numbers left unchanged the USDA raised their new crop carryout estimate by 30 mln bushels. Their updated carryout estimate of 295 mbu was 32 mbu higher than pre-report estimates.**
- **Wheat was the only crop to see slightly positive information released. With beginning stocks reduced slightly as outlined in the June 28th stocks report and an expected increase in export demand, carryout numbers came in lower than traders were expecting.**
- **Early in the week China locked in their largest single day wheat purchase since 2004 and it doesn't appear as though the purchase pace will slow anytime soon. Cheap prices and ample global supplies have pushed the country to increase their domestic stockpiles at a relatively rapid rate.**
- **From a production standpoint the lowered acreage outlined in the June 28th report was more than offset by higher yield estimates. Nationwide production was increased 2% from their June forecast. Here in**

Michigan yield estimates were lowered a bushel to the acre, slightly offsetting the higher acreage reported on June 28th. Overall state-wide production is expected 3.21 mln bushels higher than last year.

Today's trade started strong before wetter midday models pushed it lower. Sunday night's forecasts will be key for next week's market movement. Keep an eye on price movement and remember your point of profit when determining sale levels. In a market such as this opportunities are fleeting, making target orders that much more important. Until next week, have a great weekend and stay safe!

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

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