

This Week in Agriculture:
News That Could Make a Difference: March 21, 2014

- **This week was loaded with volatility and whipsaw market action as weather and global market concerns have traders scratching their heads on which direction we need to head after the recent run-up in values. For the week, both May and December corn were down 7. May beans were up 20 after falling off from new highs put in place early Thursday. November beans also saw new highs before profit taking left them finishing the week only a penny higher. July wheat finished the week up 4.**
- **As expected the Crimean province voted for independence in last Sunday's vote, setting themselves for a return to Russian territory. Early on in the week the quiet nature of the transition had traders looking to move to the sidelines in a risk-off type of move. However, reports of a Ukrainian soldier's death at the hand of Russian troops indicated that perhaps the transition would not go as smoothly as initially indicated.**
- **The USDA announced 13 million bushels of U.S. corn was sold to Egypt this morning. With Egypt being a traditional Ukrainian customer, a continuation of United States corn business may indicate the country has concerns the transition will not go as smoothly as initially hoped.**
- **While the Ukrainian developments were what gave wheat its initial power to move to the upside, drought and condition concerns were what gave the market another leg higher this week. As we mentioned in last week's newsletter, Dustbowl-like sandstorms have rocked the Southern Plains. In some locations the dust storms are so intense they are capable of making day look like night, moving tons of sand from one location to another. Dryland wheat at this point appears as though it could be a total loss in some locations, while irrigated wheat is struggling to maintain a stand.**
- **Record setting cold, and in some areas standing water, has traders, farmers and agronomists concerned about damage and potential winter kill in the Soft Red Wheat Belt as well. With our carryout expected to be the tightest since 07-08 and issues developing in other wheat producing countries traders will be watching production potential closing in the weeks and months ahead.**
- **The idea that China could potentially resell their Brazilian bean purchases back into the United States became the big story of the week. At this point Chinese crush margins are dismal as meal demand continues to fall off due to the Bird Flu epidemic the country is experiencing. Reports of bean cargoes unable to be unloaded due to full space at Chinese ports have hit the market; while Chinese officials have announced they intend to import 2-3 mln metric tonnes (73-110 mbu) less than the most recent USDA estimate.**
- **The idea of Brazilian beans making their way into the U.S. market has more of a psychological impact than an overall negative supply and demand impact at this point. With current soybean export sales running nearly 103 million bushels ahead of USDA estimates and no sign of significant cancellations in the wings, imports will be necessary.**
- **Ethanol numbers were somewhat supportive this week as well as higher production and lower available stocks showed the highest level of indicated ethanol demand since October. There are some concerns surfacing though that regionalized rail logistics issues are cutting into the ability of some plants to move their finished product. The inability to move finished product is cutting into storage capacity, and in the worst cases a plants ability to grind at reasonable levels. A slowdown in grind has pressured corn basis in some areas, while allowing ethanol futures to see a sustained rally in value as well.**

As we look ahead, traders will continue to keep a watchful eye on geo-political tensions in Ukraine and surrounding areas, but the real focus will likely shift towards the USDA's Planting Intentions and Quarterly Stocks Report set to be released on the 31st. The recent run-up and volatility in prices has allowed for relatively wide ranges to develop in acreage expectations. At this point it appears corn acres are expected to come in around 90-94 million acres, with soybeans at 79-83 million. Spring Wheat will remain the wildcard-and with the recent run up in wheat futures-it could be the game changer. Stocks numbers will be hotly debated as well, because those numbers will give us actual implied 2nd quarter usage, and insight into any potential changes in April's Supply and

Demand report. Hog numbers will be released next Friday, and with the PED epidemic still running rampant, traders will be looking to see what, if any, changes will be made to herd levels.

Bottom-Line: As we work our way through next week traders may turn to a more risk-off approach ahead of the March 31st report. This means that if you have bushels you know will need to be sold for cash flow or movement needs, it may not hurt to look at putting sales on. When it comes to making money looking at where we *could* go is far less important than looking at where we have come from. Keep this in mind when deciding what values you would like to use for sales. In the meantime, don't hesitate to call with any questions, we're here to help!

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

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