

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: October 11, 2013

- **An ugly week overall as grains seem content searching for a harvest low, at the same time struggling to get the bitter taste of the last USDA report out of their mouths. For the week December corn lost 13 cents—closing near 3 year lows, while beans were down 28. Wheat continues to remain well supported, but lacking the strength to build on its recent rally-the December board was up 5, while the July board was down 2.**
- **The biggest story for the week was the government shut down and the lack of information from the USDA. While many traders argue the accuracy of USDA numbers the market is accustomed to being fed information at an almost constant pace. Crop Progress, Export Inspections, Export Sales and today's World Supply and Demand Report estimates were all shelved as our political leaders in DC struggle to come to a compromise. Even the USDA website fell victim to the shutdown, with archived reports lost somewhere in cyber space-oddly coming partially back online this afternoon.**
- **Perhaps the biggest factor when it comes to the lack of information from the USDA is how badly the last interaction between the Feds and the market went. The shock from the September 30th Quarterly Stocks report still remains in the forefront of many traders minds with questions as to how it will further impact supply and demand numbers as we move ahead. At this point early yield numbers are continuing to come in better than expected and with no confirmation of any bullish demand information from the USDA the market has little to trade on in the interim.**
- **Without any “official” information to trade on traders were sent into a frenzy late Thursday after a major news organization released information from a leaked EPA proposal regarding ethanol and the Renewable Fuels Standard. While the proposal being most heavily reported is one of three potential plans per the article, 2 of the 3 potential plans regarding the RFS could have a significant impact on corn demand as we move ahead by reducing the amount of corn based ethanol required to meet RFS numbers.**
- **At this point it appears as though the EPA may propose adjusting overall required ethanol production by nearly 800 mln gallons from this year-with an estimated reduction in corn demand of nearly 300 mln bushels. With corn ending stocks already projected at a multi-year high and no new information on the export demand front the corn market continues to sit and stew in its own negativity.**
- **Wheat has been the only market to shine as of late as tight ending stocks in all three complexes has traders working to keep prices from getting “too cheap.” Perceived delayed Soft Red Wheat planting due to slower than normal soybean harvest has lent some support to new crop values as well recently.**
- **From a global supply perspective Brazil's government released their initial production figures this week with a record soybean crop expected. Corn production estimates seem to be a bit more subject, with cash price ratios heavily favoring soybeans throughout the region. While at this point there have been some dry conditions reported, wetter extended forecasts appear to be supportive to early crop development.**

Bottom line: though it appears the shutdown could be resolved as early as next week we have a whole host of D.C. issues to follow behind its resolution from the debt ceiling to Farm Bill talks. The market will eagerly wait for the resumption of USDA data as well, as the Catch-22 of questioning the data, while needing it as a barometer of market sentiment remains ever-present. In the meantime keep your options open using target orders to capture any quick bursts in the market through harvest and beyond. At this point any pop should be viewed as a selling opportunity for those of you unable to store your production. Give us a call with any questions, we're here to help!

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

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