

## **This Week in Agriculture:**

**A Mixed Bag of Information from the Week that Was: October 18, 2013**

- **Short-term harvest lows appear to have been put in place at this point, with all 3 markets regaining some composure and strength this week. Perceived demand strength and a falling dollar were the main driving factors behind this week's moves to the upside. Overall for the week both December 13 and 14 corn was up 8 cents, November 13 soybeans were up 24 with Nov 14 up 14. December wheat was up 13 cents, while July 2014 wheat closed up 10.**
- **The USDA's return to function was met with both excitement and hesitation this week as traders ready themselves for an influx of information. The question of whether or not there would be a much feared "data dump," where all of the information missed over the last 3 weeks was released at once was answered relatively quickly. The missing pieces will be doled out over the next 2 weeks getting us mostly caught up information-wise by October 31<sup>st</sup>.**
- **Now that we have made it to harvest the supply side of the market appears to be somewhat confirmed. We know there is a crop, and a decent one at that across much of the countryside—with only a few exceptions. Demand is where the questions linger. A lower dollar, global production issues and a hungry Chinese nation have traders scratching their heads as to the export sales pace realized over the shutdown period.**
- **The trade got their first piece of the export puzzle after today's close with the export sales numbers from the first missed October 3<sup>rd</sup> report released. Wheat, corn and soybean sales all came in as strong, or stronger than expected. The October 10<sup>th</sup> report will be released next Thursday, with all numbers from the remaining missed reports released October 31<sup>st</sup>. Traders are expecting overall export activity from the shutdown to come in at 2.24 mmt (88 mbu) for corn, 2.86 mmt (105 mbu) for soybeans and 1.55 mmt (56.95 mbu) for wheat when the final numbers are released.**
- **Though somewhat expected, the fact that the USDA will not release updated supply and demand information this month brought some disappointment to the market. Considering October was the first month updated FSA information was set to be integrated into production numbers there was quite a bit of anticipation surrounding how the possible adjustments would be factored in to final planted and harvested acreage overall. The cancellation of the October supply and demand report is a first in the history of the USDA, never in their 147 year history has a report been missed. Traders will now have to wait until November 8<sup>th</sup> for an update.**
- **A well-followed analytical group gave us insight into what they are expecting out of next year's domestic production. Pricing ratios lean solidly in the favor of soybeans at this point, so as expected they anticipate soybean acres to increase significantly over last year. With an increase of 6.7 million acres from this year and normal yields we would easily see a record large soybean crop. Corn acres are expected to fall off 5.7 mln acres from this year, with wheat acres expected to increase slightly.**
- **Of course considering we are still playing the guessing game of this year's production currently being harvested it's no more than an educated guess based on economics to try and put a production number on next year. It does however give us insight into what to expect in the year ahead. Similar to what we have seen in corn, high(er) soybean prices will encourage higher production. We don't have to look far into the future to see that, farmers throughout Brazil are looking to forego their traditional second crop of corn, favoring double crop soybeans instead.**

**Bottom line: having the USDA back in action could be somewhat of a double edged sword. While the information they give from an export sales prospective is somewhat invaluable, it is possible we could see some traders disappointed in actual acreage and production estimates come November 8<sup>th</sup>. When looking at pricing opportunities keep in mind the old "big crops get bigger" adage and work to take some risk off the table if you know you're making money. Early yield reports in the region indicate a significant bump in on-farm production is likely, so remember to focus on revenue per acre when viewing where to sell, as opposed to price per bushel. In the meantime, never hesitate to call with any questions, we're here to help!**

**All the Best!**  
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