This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: October 25, 2013

- **Another week of trade with conflicting direction and expectations is officially in the books. November soybeans were the winner of the week (if we could call anyone the "winner") gaining 9 cents overall, but falling off 16 cents from their high. November 2014 soys remain acutely aware of an exceptionally large global crop potential in 2014 finishing 14 cents lower. December wheat was down 16 after forging recent highs, with July 2014 wheat only down 2. December corn sat in the tightest trading range seen in 5 years, finishing a penny and a half lower, with December 14 corn closing the week unchanged.**

- **Right now traders seem transfixed by the perceived lack of information. We are currently in a somewhat unprecedented period as we have never missed a supply and demand update in modern times. Going this long without "official" information has left buyers and sellers alike timid and lacking conviction on either side of the argument. This leaves the door open for hearty debate regarding the potential for yield increases versus acreage declines versus demand increases.**

- **From a yield perspective many farmers are pleasantly surprised, even those in the most troubled areas have produced a decent crop. A private poll of 16 market analysts put corn yields at 157.2 bpa versus the last USDA number of 155.3. They anticipate an increase to the national soybean yield of nearly a bushel over the last USDA yield projection as well. As indicated in earlier released FSA information acreage is likely to be cut going forward. This is also reflected in the poll as the analysts don't anticipate the yield increases to result in significant production increases overall.**

- **The elephant in the room remains just how much the yield will be increased over how much the acreage is lowered. An increase in yield not offset by a reduction in acreage, or a reduction in acreage not offset by an increase in yield could send the markets in two very different directions.**

- **Though there is a wide range in expectations, the fact that supply is confirmed to be adequate pushes the bulk of attention to the demand front. We are just now piecing export information back together through the 3rd of October, with the month's total sales slated to be released on October 31st. So far our initial sales pace for early in the marketing year has been strong.**

- **At this point China is on track to have booked their second largest amount of monthly U.S. corn purchases on record in the first half of October alone. With interior prices hovering above $9.00 and Black Sea corn values firming China has been a very aggressive buyer thus far. Overall, cumulative exports are running 7% ahead of the 5 year average, but remain slightly behind the USDA's overall projected year to year export increase.**

- **Early season soybean exports have been phenomenal as well. Through the 3rd of October soybean exports are up 15% from a year ago; with the USDA forecasting a 4% increase overall. What's even more impressive is we are already 7% ahead of last year's record pace when it comes to booking overall sales. Even Russia is joining the party locking in 4.4 mln bushels of soybeans this week, which, in addition to the 4.4 mln locked in earlier this year nearly doubles any yearly Russian bean purchases over the last 5 years.**

- **Though routinely left out of recent market discussions wheat is key to watch as well. Export sales for all varieties of wheat are running 11% ahead of the 5 year average on commitments. With a lowered value in the dollar and hefty supplies exports are expected to be large, the main question left to be answered is whether or not they will outpace even the loftiest of estimates as we work our way through the year.**

- **Of importance: We are closing in on the last days of Harvest Price Discovery for revenue based crop insurance policies. At this point corn is around $4.40 versus the spring price of $5.65 and soybeans are running around $12.88 versus the spring price of $12.87.**

Bottom line, uncertainty over which direction we need to head, and whether or not we even *need* to move in any direction will keep the market range-bound into the November 8th report at the very least. It will be hard to find eager buyers until official production numbers are known. Demand is great, but the larger the supply we start with the greater our need for blistering exports, increases in livestock herds and biofuels. Keep this in mind when

looking at pricing opportunities and where you would like to place target orders. Don't forget to look ahead either, as opportunities in new crop wheat, corn and soys are there as well. Input costs for spring 2014 are becoming a touch clearer allowing you to get better insight into your perceived margins. Use these numbers to set realistic targets for both new and old crop sales. In the meantime don't hesitate to call us with any questions, we're here to help. Until next week, have a great weekend and stay safe!

All the Best!
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