

This Week in Agriculture:
News That Could Make a Difference: October 7, 2016

- **Though in line with average pace, the perceived slow start to harvest has traders antsy, waiting to get a grasp on how actual yields are shaping up versus expectations. For the week corn and beans closed 3 cents higher, while wheat was down 7.**
- **Though still an estimate the trade will be watching Wednesday's updated supply and demand numbers from the USDA. Going into the report many traders are expecting the USDA to raise acres for corn and beans slightly while lowering corn yields and increasing soy. When it comes to ending stocks the trade is anticipating larger soy and wheat stocks with a slight decline in corn ending stocks due to slightly lower production and a slight increase in expected demand.**
- **Some traders are split on the idea of increased corn demand however, citing the significant increase in available feed wheat. At this point though last week's quarterly stocks number indicated that feed demand remained strong in the 4th quarter of the marketing year whether there were plentiful feed wheat supplies or not. One wildcard that remains in corn demand continues to be exports as our early pace is the best seen since 2007 and the second best in history.**
- **Seeing this week's sales come in as the third best on record proves that demand is far from slowing down at this point. A big weekly sales number in addition to Brazil announcing the acceptance of 3 GMO traits in order to open the door for US imports shows strong demand is likely to remain into winter.**
- **It will be important to monitor geopolitical developments when it comes to global demand as well. Russia has grown their largest grain crop since the 90's with the intention of becoming one of the largest exporters of both corn and wheat. However recent developments in the war in Syria have pit the UN against Russia as Putin supports the Assad regime. Tough talk has come from both parties with the UN going so far as to question whether Russia is complicate in war crimes. A determination that Russia is out of line could put a significant portion of their anticipated exports on hold if tariffs or other types of fiscal punishment were put in place.**
- **Also in the geopolitical realm we saw a flash crash in the British pound renew fears over what the world will look like once Brexit is complete and Britain has left the European Union. While most have agreed the consequences of the split will be minor the fear of the unknown will keep traders on their toes until a new turmoil of the week shows itself. The weakness in the pound, as well as the Chinese yuan and the Japanese yen pushed the dollar to 10 week highs, at one point testing and breaking resistance before a worse than expected jobs number brought the November rate hike excitement to an end.**
- **Michigan soybean growers received positive demand news when Zeeland Farm Services announced it was going to build a large soybean processing facility in the former Ithaca ethanol plant location. Opening sometime late in 2018, early 2019 the facility will process over 40 million bushels of soybeans a year, also operating as a feed transloading facility and grain storage terminal. This in addition to The Andersons expansion in Albion this spring will continue to ensure local demand for Michigan grown grain in the many years to come.**

After some slight delays this week across the Corn Belt forecasts show harvest should resume without a hitch for many. We are in wait and see mode when it comes to the destruction left by hurricane Matthew, though it is unlikely any major grain producing areas in the Southeast will be impacted. As harvest begins in earnest here in Michigan please take into consideration what bushels you will have to move developing a plan to do so. It will be likely, especially in the case of soybeans that some of the best marketing opportunities will come on the front end of harvest. We will have Wednesday's USDA numbers after they're released. In the meantime don't hesitate to contract us with any questions, we're here to help.

**All the Best!
Angie Setzer
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