This Week in Agriculture:

News That Could Make a Difference: September 20th, 2013

- **Soybean bulls will be happy to see this week over as harvest pressure managed to trump bullish fundamentals sending futures lower. With no bullish enthusiasm in soys to hang its hat on corn followed suit, wheat spent much of the week trading back and forth. Overall November soybeans closed down 65, December corn closed down 8, while December wheat finished 8 higher.**

- **Early on in the week the FSA released their updated information on plantings. Prevented plant acres were the talk of the day with reported PP acreage coming in higher than August's already record high numbers. Overall the FSA reported 3.6 million acres of prevented plant corn, 1.7 million acres of soybeans and nearly 3 million acres of wheat.**

- **Many analysts viewed these numbers as bullish since prevented plant acres are what they are and the likelihood of them changing is low. However, traders have been burnt trading FSA versus NASS numbers in the past. Many times large discrepancies present themselves early on only to have the NASS division of the USDA straighten them out and maintain planted numbers similar to their earlier projections.**

- **Keeping the history between the FSA and NASS in mind some traders believe corn acres in the USDA's October report could be 2-3 million lower than estimated in June, with bean acres down several hundred thousand. Other traders, however, fear the USDA will make other adjustments in production or demand to offset any acreage reduction. The uncertainty in final numbers will keep many buyers from getting too excited in the short-term.**

- **The Fed became the best friend of physical commodities this week as an extension of their monetary policy was announced. Quantitative Easing, or as its affectionately known by traders, QE, has the Fed printing billions of dollars a month working to inject capital into the nation's economy with the hopes we will see a continued recovery and an increase in hiring.**

- **Many market analysts were all but certain the Fed Chair would announce they were doing away with this policy, tapering their injection of funds. The surprising announcement of the extension sent the dollar to 7 month lows and led wheat to rally nearly 15 cents. In a somewhat double surprise grains found it difficult to maintain the rally as harvest pressure and uncertainty over future supply and demand developments had investors eyeing other places for their money.**

- **As we wrap up our growing season South America's is just getting underway. Planting is beginning in some parts of the region with the pace expected to ramp up significantly over the next month. Dry conditions have been discussed, but at this point rains appear to be in the forecast through the first part of October. The big story is the soy to corn pricing ratio farmers in interior areas are seeing. With soybean prices rallying and corn basis levels eating into already depressed prices many farmers are looking to switch corn acres to beans. As a result corn acreage in Argentina is expected fall nearly 7% from last year, while producers in Brazil are looking to double crop soybeans instead of planting Safrinha corn.**

- **With an already skewed global supply chain and a lack of solid infrastructure in the ports of South America many traders will be scratching their heads as to how this will impact soybean export business down the road. At this point our export sales pace is running nearly 20% ahead of the 5 year average indicating China and others will remain buyers. Hundreds of millions of dollars are being spent to upgrade the port systems through the South American export regions, but until beans can be shipped with ease cheap prices will only be one of the factors foreign countries consider when purchasing.**

Overall this week demonstrated how little is guaranteed when it comes to prices and marketing opportunities. Trade sentiment was bearish as the seasonal tendency for prices to fall won out over several separate bullish arguments. The biggest thing to take from this week is how much of an impact global supplies and conditions will have on the market place. At this point it appears we may remain range-bound for the short-term until we get a better handle on actual harvest results. Early numbers have been good, but those are also coming from regions that have not been hit as hard by Mother Nature this year. Give us a call 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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