

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: September 9, 2011

- **A much softer tone in the markets this week as traders look ahead to Monday's updated USDA Supply and Demand numbers. For the week December corn was down 24 cents, trading 41 cents off the contract highs put in place last week. Soybeans finished the week 20 cents lower, and 39 cents off from the contract highs set last week. Wheat was the biggest loser finishing 48 cents lower.**
- **Demand, and our ability to see it sustained with prices are as high as they are was the driving factor behind this week's weakness. Many traders are beginning to look at the slower export pace and decreased feed usage with concern. These fears were further compounded when unconfirmed reports indicated several cargoes of feed wheat were being purchased from the UK and Canada for movement into the Eastern U.S.**
- **Trade volume this week was down significantly from last week as well with traders moving to the sideline ahead of Monday's updated supply and demand report. Many private analytical groups have been releasing their production estimates, some coming in well below the USDA's August report, with others keeping yield estimates relatively close to the 153 bpa released last month.**
- **Overall traders feel we'll see the USDA come out with a 149 bpa yield estimate on Monday's report. However, as discussed earlier, many traders believe usage will be lowered accordingly. The average trade estimate for carryout is 636 million bushels, versus the USDA August estimate of 714 mbu.**
- **Production-wise traders anticipate a 396 mln bushel decrease from the August estimate. On the demand side though they feel we'll see a 301 mln bushel decrease. Overall traders are anticipating a decrease in carryout from August of 78 mbu.**
- **On the soybean side of things traders are not anticipating much in the way of significant changes from last month's numbers. Overall traders feel there will be a slight decrease in production, which will be primarily offset through demand decreases. The average trade guess on carryout is 151 bushels per acre, versus last month's estimate of 155 bushels to the acre.**
- **July Census export numbers showed the slowest monthly pace for the month since 2004. The record large South American soy crop has worked overtime to keep a lid on global interest for U.S. beans at this point in time.**
- **Something interesting to watch as we move into harvest is how many commercial operations will handle a certain variety of bioengineered corn. The variety has yet to be approved throughout much of Europe and in China, leaving many major exporters from accepting it at this point in time. Lawsuits have commenced, with both sides saying the other is to blame.**
- **Weather-wise the National Oceanic and Atmospheric Association (NOAA) believes we'll see La Nina return and strengthen as we move into the winter months. With wildfires raging in Texas, the last thing anyone wants to hear is the drought is likely to continue in the region, if not intensify.**

Next week will be interesting. Some forecasts show low temperatures in the 20's and 30's in Northern areas of the Dakotas and Minnesota. Here in Michigan they feel the lake will keep us isolated enough for lows to stay well above freezing. Monday's USDA report will give us direction for the week, before traders start focusing on the September 30th Quarterly Stocks and Acreage report. Give us a call with any questions. We'll have the USDA numbers Monday when they're released.

All the Best!
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