

This Week in Agriculture:
News That Could Make a Difference: March 19, 2015

- A rough week so far for corn and beans, while wheat has done its best to fight its way back from multi-month lows. Supportive announcements from the Fed were able to offer some short-term support, before sellers found their way back to the market again. At this point in the week May corn is down 7, while December corn is down 5. May soybeans are 12 lower, while November beans are down 6. July wheat has gained 8 cents.
- Corn can't catch a break it seems as the strong dollar and available stocks around the world have limited the demand we so badly need on the export side of things. Unconfirmed rumors that buyers had purchased a couple cargo loads of European corn into the Southeast feed market did not help matters, pushing corn down hard to start the week.
- While the rumors of corn purchases were unfounded, the fact that a trade like that could pencil into the marketplace was enough to send some of the most staunch market bulls to the sidelines. Perhaps more worrisome than the idea that we *could* put foreign corn into the Southeast is the fact that Shell has looked to book a cargo load of Brazilian ethanol, set to be unloaded in Florida. With the largest amount of ethanol on hand in over 2 years a trade like this would seem odd, but currency conversions can do some pretty amazing, and unexpected things.
- Speaking of amazing and unexpected things, the Fed removed the word "patient" from their post meeting statement this month. Removing one simple word has opened the door to an interest rate increase as early as June. Though many traders were expecting this, the fact that the Fed also mentioned the idea that the economy and inflation aren't quite performing at target levels was enough to pressure the dollar index.
- The pressure in the index was so great we saw a momentary "flash crash" take place where values dropped at an unheard of pace, before slightly recovering into the close. When the dust settled the dollar had posted its worst day in 18 months, with commodities working sharply higher. Unfortunately the dollar was able to recover overnight and into the next day resuming the latest commodity selling trend.
- The National Oilseed Processors Association released their updated crush numbers for February this week as well. Depending on whom you ask, numbers could have been viewed as both bullish and bearish. Though February crush at 146.97 was a record for the month, it came in slightly below trader expectations ahead of the report.
- At this point current crush numbers are running .5% higher than a year ago with the USDA expecting a 3.5% increase. Looking at where we stand versus USDA expectations we will need to maintain around 142.9 million bushels a month to meet expectations. Limited bean supplies last year had us averaging around 133.6 million bushels of crush in the March through August time period.
- Fun fact: In Argentina 46,000 medium and small grain producers, or 70% of farms in the country, account for 12% of the total output of grain. Because of this fact the Argentina government announced a stimulus plan this week meant to help the small farmer. While it is likely this stimulus has come as more of a snub to the large farmers in the country, it will help lend some support in the short-term.
- And finally, from our "This Could Be Good News" department, the National Weather Service released their 3 month outlooks on temperature and precipitation today. In their outlook much of the Northern Corn Belt and Great Lakes region will see above average temperatures with near normal precipitation. Conditions in both the Northern and Southern Plains will bear watching however as drought conditions have taken hold, with little in the way of heavy rainfall expected.

It is likely we will remain in a slight holding pattern ahead of the USDA's March 31st report. At this point funds have built a considerable short position and appear to be comfortable waiting to see what happens for the time being. It is interesting to note that excessively wet weather continues to plague the Deep South and the Delta with some farmers having to review rotation decisions in order to avoid corn pollinating in the baking summer sun.

While this is not necessarily bullish for soybeans, the idea that some of these acres could go to Milo will likely keep traders on their toes.

Opportunities for movement remain available, and there are plenty of ways to get grain moving if you need to. We have seen some off quality corn starting to make its way into the pipeline with the recent warmer temperatures, be sure to remain diligent and keep the corn moving. The sure way to make a bad situation worse is by taking cheap corn and letting it go out of quality. In the meantime give us a call with any questions, we're here to help!

All the Best!

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