

## **This Week in Agriculture:**

**News That Could Make a Difference: February 22, 2013**

- **If one were to choose 2 words to describe this week “irrational” and “volatile” would probably fit the best, as today alone soybeans experienced a 57 cent trading range before settling near their low. Brazilian logistical issues, the USDA Ag Outlook forum and rumors that a major hedge fund will be forced to liquidate its position all led to the craziness that was this week. Overall May corn finished down 13, while December corn was down 10. March soybeans finished the week 36 cents higher, with November up 4. July wheat was down 23.**
- **China returned from their week long holiday plunging full on into buying mode. As we’ve been discussing wait times out of Brazilian ports only continue to increase as more and more vessels line up to get loaded. In January the idea that China would even remotely show interest in U.S. beans for March was deemed unlikely and many felt as though our export program would all but dry up. China returned to our market this week though buying as many as 9 cargoes of beans for nearby shipment.**
- **The Brazilian government is looking into privatizing their port system. They feel this would help expedite shipments and cut down on costs. Once word of the government plan began to spread union workers at each one of the Brazilian ports threatened to strike. Many threatening to walk off the job as early as this morning, and again on Tuesday. Talks between government officials and union members worked well enough though to keep workers on the job through March 15<sup>th</sup>.**
- **The idea that Brazil was able to avoid striking port workers combined with marketing year low export sales helped to turn the market lower this morning. However, the logistical backlog taking place in Brazil has yet to be solved. Some believe upwards of 360 million bushels or more worth of vessels are lined up waiting to be loaded. The wait for loading at this point is beginning to creep towards 50 days.**
- **The USDA Ag Outlook Forum was held today and yesterday with several experts giving their projections on what the year ahead and beyond will hold for agriculture. As expected the USDA feels production will rebound significantly across the board and prices will likely decline as a result. They expect 2013/14 corn ending stocks to triple, climbing above 2 billion bushels overall. They also anticipate a significant jump in soy production, leading to a doubling of soybean ending stocks for the year.**
- **Though the National Weather Service extended forecasts call for drought conditions in the Plains to persist through June the USDA sees no reason for yields to decline. They anticipate corn yield will come in around 163.6 bu to the acre, with soy yields coming in at 44.5 bpa.**
- **With such a massive increase in ending stocks they feel prices will have to fall, projecting corn prices to average around \$4.80 and soy prices to average around \$10.50. This is something to keep in mind not only when putting together your marketing plan, but also when it comes to making your crop insurance decisions. The federal government Risk Management Agency uses the average closing price for December corn and November soybeans futures to establish their baseline prices for crop insurance. As of yesterday corn was averaging around \$5.69, while beans were averaging \$12.96.**

**While new crop fundamentals at this point seem poor we have a long way to go before the grain is in the bin and we’ve worked our way out of unprecedented tightness in old crop supply and demand fundamentals. South American yield prospects are still in question, as is their ability to meet the demands of a hungry world market. Ethanol margins continue to improve slightly as corn values languish and gasoline prices rise. Overall we have a lot of ups and downs to endure before this thing is finished. Remember moves like today though when it comes to marketing your old crop supplies. Target orders will capture opportunities in today’s ever volatile markets. Give us a call with any questions! We’re here to help!**

**All the Best!  
Angie Maguire  
Citizens LLC**

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