

## **This Week in Agriculture:**

USDA Crop Production and Supply and Demand Report Summary: August 11, 2011

This morning's report could be considered bullish for both corn and soys, while it was neutral on wheat. This morning's production numbers included the results of a secondary July planted acreage survey held in Minnesota, Montana and the Dakotas.

### **New Crop Corn Ending Stocks:**

**Average Analyst Estimate:** 751 mbu

**USDA July Estimate:** 870 mbu

**Today's USDA Number:** 714 million bushels

- Corn production was lowered significantly from last month. Total harvested acres came in 500,000 lower than the USDA's June 30<sup>th</sup> estimate, with yields lowered an incredible 5.7 bushel to the acre down to 153 bpa nationwide. With the acreage and yield reductions the USDA expects total production to come in 556 million bushels lower than their last published estimate.
- A 340 million bushel reduction in usage helped to offset the significant production loss, but carryout numbers still came in much lower than many analysts anticipated. The big demand reductions came in all three major usage sectors. Corn used for ethanol was 50 mbu lower while both corn exports and expected feed usage came in 150 million bushels lower than projected last month.
- Here in Michigan the USDA believes we have 150,000 acres more corn planted than last year. Yield-wise though they anticipate we'll see an average yield of 142 bu per acre, 8 bushels lower than last year's 150 bpa state-wide yield. Overall production wise they anticipate we'll see 4.5 million bushels more of corn production here in the state.
- The USDA believes this year's on farm average price will come in between \$6.20 and \$7.20.

### **New Crop Soybean Ending Stocks:**

**Average Analyst Estimate:** 168 mbu

**USDA July Estimate:** 175 mbu

**Today's USDA Estimate:** 155 million bushels

- Soy harvested acreage was reduced 500,000 acres as well, with the majority of the reductions coming out of South Dakota. Yield-wise the USDA lowered their estimate by 2 bushel per acre, down to 41.4 bpa. With the yield and acreage reductions total soy production is expected to come in 169 million bushels lower than estimated last month.
- Similar to corn, demand reduction helped to offset some of the projected production decrease. A 30 mln bushel increase in old crop ending stocks, combined with a 20 mbu reduction in crushings and a 95 million bu reduction in exports led to ending stock numbers only being reduced by 20 mbu total.
- Here in Michigan total soy acreage is expected to be 100,000 acres lower than last year, with yields down 2.5 bpa at 41. Production-wise the USDA expects we'll produce 9.2 million bushels less as a state than we did last year.
- On farm average soy price is expected to come in between \$12.50 and \$14.50.
- This morning's wheat numbers came in relatively neutral and close to what traders had anticipated prior to its release. Higher Winter Wheat production helped to offset lower Spring Wheat and Durum numbers. Exports were lowered 50 million bushels due to more competitively priced wheat on the world market. Feed use was raised by 20 mln bushels due to its cheaper price relative to corn.

- Here in Michigan the USDA believes we had a 73 bushel to the acre yield, 3 bpa higher than last year's yield. With an 170,000 acre increase in planted area and the yield increase total Michigan wheat production will be 13.94 mln bushels higher than last year.

The corn market opened limit higher, touching the recent high for the third time in 2 months, before backing off just a bit. Soybeans and wheat were much higher as well before settling back slightly like corn. Overall corn closed 25 cents higher; soybeans finished 30 cents better, with wheat adding 16 cents. If you haven't done anything on pricing new crop bushels, or have bushels left in the bin there's no better time than the present to at the very least get target orders in place. From a historical standpoint we're at the upper end of the market range. Nothing in these markets is guaranteed, but you can't go broke making money. Give us a call today; there are plenty of options available to you that will allow you to lock in profit while remaining flexible.

All the Best!

Angie Maguire

Citizens LLC

[www.citizenslevator.com](http://www.citizenslevator.com)

\*\*\*\*Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein\*\*\*\*