

## This Week in Agriculture:

USDA Crop Production and Supply and Demand Report Summary: November 9, 2011

This morning's report could be seen as relatively neutral to bearish. All numbers came in higher than the average pre-report estimate, but within the range of guesses. Corn yields were reduced further than anticipated. The driver, since this report can be viewed as a somewhat "non-event" will be outside macro economic news, which is quite bearish today.

### Corn Ending Stocks:

Average Analyst Estimate: 800 mbu      USDA October Estimate: 866 mbu

Today's USDA Number: 843 million bushels

- Pre-report trade estimates for corn ending stocks ranged from 690-900 million bushels.
- The USDA again lowered yield expectations by 1.4 bushels to the acre. This reduced total production by 123 mln bushels. Michigan yield estimates were left unchanged from last month at 148 bu to the acre. The big adjustments were made to Minnesota and the Dakotas where yields were reduced anywhere from 4 to 11 bu to the acre, IL saw a 3 bushel to the acre drop in yield estimates as well. The USDA increased yield estimates in Ohio (up 5 bu from last month) and Iowa (up 2 bpa).
- Again, however, the USDA lowered feed usage expectations by another 100 million bushels. This helped to offset the production decrease for the most part, and pulled ending stocks down only slightly. These continued cuts to feed demand will come into question eventually as grain consuming animal units are up from last year.
- Average on farm price expectations were left unchanged at \$6.20-\$7.20.

### Soybean Ending Stocks:

Average Analyst Estimate: 180 mbu      USDA October Estimate: 160 mbu

Today's USDA Estimate: 195 million bushels

- Pre-report trade estimates for soybean ending stocks ranged from 150-225 mbu.
- The USDA reduced soybean yield expectations by 0.2 bushels to the acre. They also went further to reduce exports by another 50 million bushels. The large crop coming out of South America will continue to put a damper on United States bean demand.
- Brazilian soy production was raised by an estimated 1.5 mln metric tons, which equates to just over 55 million bushels. A slight production decrease was factored in for Argentina due to increased corn plantings. Overall though the USDA anticipates global supplies to remain adequate, even with the slight decrease in United States production.
- Soft Red and White Winter wheat supply and demand numbers were left unchanged from last month, while all wheat carryout was reduced slightly. The wildcard as we move ahead in wheat will be how many acres of Winter Wheat we'll see planted, as well as just how much wheat will end up being fed. At this point Soft Red Wheat is trading at a \$15.00/ton discount to corn at the Gulf.

The market was all over the board today, starting out much lower due to negative outside factors. Midday we saw it head higher, before turning back around again into the close. We settled 4-6 lower for the 2011 corn crop, and down hard for the 12 crop and beyond. Soybeans closed down 19-20 cents across the board, while wheat lost 14-19. Give us a call with any questions, basis values have remained strong throughout

harvest presenting opportunities to move what needs to be shipped right away. It's also a great time to put target orders in to place for next year's production. No one has any idea where this thing will head, but having orders in will at the very least give you a road map for your marketing plan.

All the Best!

Angie Maguire

Citizens LLC

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

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