

## This Week in Agriculture:

USDA Crop Production and Supply and Demand Report Summary: October 12, 2011

This morning's report could be seen as mildly bullish for soybeans, neutral to slightly bearish for corn and relatively bearish for wheat.

### Corn Ending Stocks:

Average Analyst Estimate: 795 mbu

USDA September Estimate: 672 mbu

Today's USDA Number: 866 million bushels

- Corn production was lowered again in this morning's report. The USDA believes we planted 385,000 acres less than reported in last month's report, with 452,000 acres less being harvested. Yield-wise they stuck to the 148.1 bu per acre estimate released last month. Total production came in 64 mln bushels lower than last month's projection.
- The USDA had to factor in the extra 208 million bushels worth of old crop corn found in the September 30<sup>th</sup> Stocks report. Similar to the last 2 monthly supply and demand reports the USDA also lowered usage again, citing a 50 million bushel reduction in projected exports. The increase in carryin combined with the reduction in exports more than offset the production decrease.
- With the additional decrease in export numbers the USDA projects corn exports to come in 380 million bushels lower than last year. At this point in the marketing year (it's still early) we're only 5% behind last year's pace on sales, with the USDA projecting a decrease of over 10%.
- Here in Michigan the USDA believes our yield will be 2 bpa lower than what we achieved last year, but planted acreage is up 100,000 acres. Total production here in Michigan based on USDA projections will be 10.6 million bushels higher.
- The USDA believes this year's on farm average price will come in between \$6.20 and \$7.20.

### Soybean Ending Stocks:

Average Analyst Estimate: 181 mbu

USDA September Estimate: 165 mbu

Today's USDA Estimate: 160 million bushels

- Contrary to popular belief heading into today's report the USDA further lowered soybean production estimates. Yield-wise the USDA projects an average yield of 41.5 bpa, down from last month's 41.8 bpa estimate. Harvested acreage was lowered by 100,000 acres nationwide as well.
- Similar to corn, a further reduction in anticipated demand helped to offset the majority of the production decrease. The USDA adjusted export forecasts 35 million bushels lower based on sluggish early demand and recent high prices.
- Here in Michigan total soy acreage is expected to be 100,000 acres lower than last year, with yields up a half a bushel an acre from a year ago. Total production-wise the USDA believes we'll see 3.38 million bushels less here in the state.
- On farm average soy price is expected to come in between \$12.15-\$14.15.
- The head scratcher portion of this morning's report came in projected wheat feeding numbers. Throughout much of the last few months all we've heard about is how valuable wheat is as a feed product and just how much wheat's being fed. The USDA however lowered feed and residual use of all wheat classes by 80 million bushels.

- Exports were reduced by 50 million bushels as well. This reduction in demand combined with a 10 million bushel increase in anticipated imports has the USDA projecting carryout 76 million bushels higher than last month's projections and nearly 90 mln bushels higher than the average trade guess.

Corn and soybean markets held their own after this morning's report with corn losing 4 cents and soybeans gaining 4. Wheat fell hard, down 34. Since last Tuesday we've seen November soybeans gain 86 cents from their lows while December corn has come back 63 cents. Rumors yesterday regarding possible Chinese imports, and GMO acceptance helped to push the corn market limit higher with soys gaining 58 cents yesterday alone. Keep an eye on prices as we move ahead, opportunities are beginning to resurface, especially for any grain movement you need to make happen right away. Give us a call with any questions.

I'm still working out the bugs in the new email format, so I apologize for duplicate copies of last week's letter. We'll continue to work on sending out daily bid alerts as well, so make sure you let us know if you'd like to receive daily price alerts!

All the Best!

Angie Maguire

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