

## LOOKING FORWARD WITH A BACKWARD GLANCE

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**Grain Recommendation:** No sales. Basis levels & price inversion promises higher prices ahead.

**Confusion:** Not really. But if you dig into the USDA's numbers, one may get there. Talk about having fun with numbers! On February 28<sup>th</sup>, the USDA put out its weekly export sales of soybeans showing a total of 1,171,000 mmt, or 43.0 mb, being sold. Of that total, 689,000 mmt, or **25.3 mb**, was for 2012-2013. Now compare all their numbers. The USDA went on in their number release stating this number of 25.3 mb was well above the **2.0 mb** needed that week to stay on pace with their demand projection of **1.345 bb**. Seeing how February 28<sup>th</sup> is really March 1<sup>st</sup>, that means we are exactly half done with our marketing year. If we need only 2.0 mb per week to meet the USDA's projection of 1.345 bb, then we only need 52 mb in sales to meet that total number. We now take off the 25.3 mb of sales from the 52 mb to come up with the remaining total. Is that not 26.7 mb? That is the total number we need to sell to meet USDA's soybean projection for 2012/2013.

Now we move ahead one week from February 28<sup>th</sup>. For last week, the USDA stated 14.4 mb were sold for 2012/2013 marketing year. 14.4 mb from 26.7 mb leaves us with 12.3 mb left to sell before reaching USDA's total of 1.345 bb. Yesterday's total reported sales of old crop beans for last week (*again for the marketing year of 2012/2013*) were 24.2 mb. We then need to take that number away from the 12.3 mb we have left to sell. By doing so, we end up with a negative number of -11.9 mb. Does not that number come off USDA's total carryover of 122 mb? That is what we believe. If we are right, than our carryover as of today and USDA's numbers is 110.1 mb. Also, any additional sales which are announced on Thursday morning at 7:30 am will come off this number. If cancellations are noted, then that number would be added to this number. What is most confusing about what the USDA does is its inconsistency. See above where they stated they needed 2.0 mb per week to meet their projections? Two weeks later after announcing sales of 25.3 mb and then 14.4 mb, they stated the weekly sales pace was 2.2 mb per week. Maybe they should review the info they release to us. Or do they believe that since they don't leave this information on the website, that we won't remember? We tend to make records of information which we see as valuable and then track it on a weekly basis.

**More Confusion:** One of the reasons for this week's drop in our soybean price was that China canceled purchases of soybeans from Brazil. A few weeks ago, because they could not get their needs immediately met from Brazil, China came here and purchased 10 loads or more from us. Does it not stand to reason that if they switched purchases, they would cancel their original orders? We do not see this as a negative. It has to be neutral at the worst, if not friendly to our price here. We do find it amazing how market facts are "twisted" in such a fashion to report something as being a negative as a reason for negative price action; after the fact.

**Seasonals:** Last year grains rallied about 60% low to high. Seasonals have soybeans stagnant from now until mid-April, when they will then begin their seasonal rally. Corn and soybeans normal seasonal rally into late spring, early summer, is around 20%. That would take prices of both near last year's highs. We would be very satisfied with just having normal. A normal, or usual weather scare, would help too. You would think we would have at least one weather scare this year? At least if you were following recent trends. Look for a second MNU arriving the first half of next week and do make it a great weekend!!