



Monthly Global Research Newsletter

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MARKET OUTLOOK FOR THE UNITED STATES AND SOUTH AMERICA

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*The following report is an overview of the US and South American economic, political and crop situations as of **September 16, 2011**. This report is intended to be informative and does not guarantee price direction.*

The key events over the last 30 days have been the bearish USDA September soybean, wheat and corn reports. Concerns about a slower World economy may have also triggered fund long liquidation.

November soybeans are near 13.60 and have dropped 100 cents from the August 31 high. December corn is near 7.00 and has dropped 79 cents from the August 29 high. December Chicago wheat is near 6.96 and remains a follower to financial and corn market trends and has dropped 114 cents from the August 29 high.

UNITED STATES

- The infighting between political parties and the lack of Presidential leadership offer a bearish bias to the US economy and commodity prices.
- The USDA estimated the US 2011/12 corn carryout at 672 million bushels (mil bu).
- The USDA estimated the US 2011/12 soybean carryout at 165 mil bu.
- The USDA estimated the US 2011/12 wheat carryout at 761 mil bu.
- The USDA estimated World 2011/12 corn ending stocks at 117.4 million metric tonnes (mmt) vs 114.5 mmt last month, World 2011/12 soybean ending stocks at 62.6 mmt vs 61.0 mmt last month and World 2011/12 wheat ending stocks at 194.6 mmt vs 188.9 mmt last month.
- Higher World supplies and lower demand offered resistance to grain prices despite the hot, dry summer causing a reduction on the size of US crops.



ARGENTINA

- The USDA estimated Argentina's 2011 soybean, corn and wheat crops near 49.0 mmt, 22.0 mmt, and 15.0 mmt, respectively. It estimated the 2012 soybean crop at 53.0 mmt, corn at 27.5 mmt and wheat at 13.5 mmt.
- Uncertain government policies continue to raise concerns about exports from Argentina. Weather forecasts of a possible return of La Nina suggest a potentially dry summer.

BRAZIL

- The USDA estimated Brazil's 2011 soybean crop near a record 75.5 mmt vs 69.0 mmt last year. The 2012 crop was estimated near 73.5 mmt.
- The 2012 soybean planting season began September 15 with conditions a little dry. Brazil's soybean export sales remain good for both old crop and new. Farmers have been active sellers of the 2012 soybean crop.
- Fluctuations in the Brazilian currency and higher-than-desired inflation continue to challenge the Brazilian government.