



August 30, 2013

Dear Subscriber:

With end of month looming, September contracts moving into delivery, a long three day Labor Day weekend, and the 2 dollar run up in November soybean futures, it's only expected that traders banked profits this week. However the underlying fundamentals for the 2013

soybean crop remain intact –

and with rain prospects over the next three days less than wide spread (although the midday weather model as we are writing this letter put between a half and an inch of weekend rain potential in significant parts of Illinois, Indiana, and Ohio) when the markets open again on Monday evening, traders will likely continue to play the game of how **low** yield and 2013 ending stocks could go. Some of our most respected analysts already have penciled in a sub 41 national bpa soybean crop, easily putting ending stocks back under 200 million bushels. The next ten days likely will tell the story on ultimate soybean yields.

A blue-themed graphic with the text "A M - 5 8 0 A G R I C U L T U R E" at the top. Below it, the word "sponsors" is written in a light blue font, followed by "THANK YOU" in large, bold, blue letters. A white box contains the text "THANKS TO THESE SPONSORS FOR SUPPORTING THE AG E-LETTER". Below this is the ADM logo (a green leaf inside a blue diamond) and the text "Support for the WILL ag e-newsletter is provided by ADM. ADM thanks America's farmers, because everything they do, starts with you. Learn more at www.adm.com". A blue link "<http://www.adm.com/>" is provided. At the bottom, a white box contains contact information: "FOR INFORMATION ON SPONSORING THE WILL AG E-LETTER CONTACT LES SCHULTE OR CHARLIE SMITH LSCHULTE@ILLINOIS.EDU | SMITH22@ILLINOIS.EDU | (217) 333-7300". The word "ILLINOIS" is written in blue at the very bottom.

Here is World Weather Incorporated meteorologist Drew Lerner's two week outlook:

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In our 9th year as a major corporate underwriter of quality on-air Agricultural Programming at AM-580, **AGRIGOLD** is pleased to provide additional funding for this E-newsletter for the benefit of **AGRIGOLD** customers and other farmers across the country.

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I L L I N O I S

"Today's first week forecast has not changed much for the U.S. Midwest. A band of showers will accompany a cool front that moves through the region late Saturday into Monday, but resulting rainfall is not likely to be great enough for a serious boost in precipitation. The moisture will help to slow drying rates and may offer a little less stress for a few areas, but most of the precipitation will be far too light to make a change to

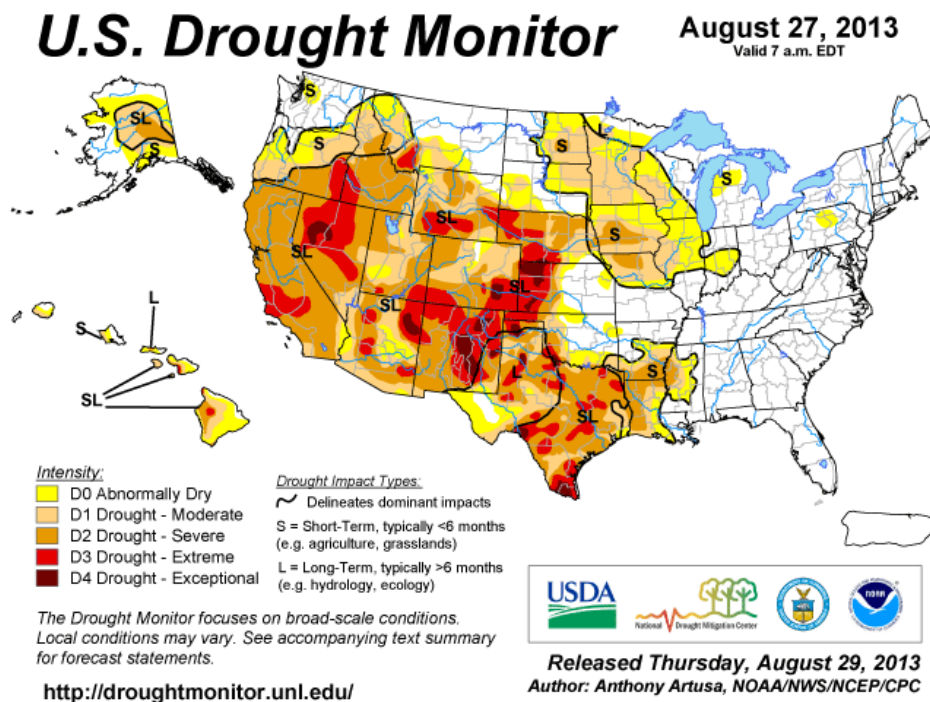
the bottom line. Temperatures behind the frontal system and precipitation will cool to the 70s and 80s across most of the Midwest. The cool off lasts two to three days only and then temperatures will warm back to the 80s late next week with some lower 90s possible in the far west again.

“The second week forecast is the big talk of the town today. The two most recent GFS model runs have suggested 1.00 to 2.50 inches of rain will occur across the western Corn Belt Sept. 9-10 with slightly lighter rainfall in the eastern Midwest Sep. 10-11. The event seems overdone and World Weather, Inc. is not buying into the amounts of rain. We believe 0.30 to 0.80 inch with local totals to 1.50 inches will occur during this event. The moisture will still be favorable for crops and will offer a little more relief to the driest areas. However, it will take a great amount more of rain to have a lasting impact on the region. This storm system should be weaker in future model runs.

Temperatures will be warm leading up to September 9 storm system and then readings will cool off again.

Temperatures will not be cold enough for a threat of frost during the next ten days to two weeks.”

Here is the latest NOAA drought monitor:



Another very supportive feature for new corp beans has been export sales. Countries have stepped up to the plate and already purchased more than HALF of USDA's 2013-14 projections for soybeans.

PROGRAMING NOTES



The College of Agricultural, Consumer and Environmental Sciences (ACES) invites you to attend the

annual **Salute to Agriculture Day** event at the University of Illinois next Saturday September 7.

Join the College of ACES from 9 to 11 a.m. for a public tailgate at the ACES tent located just west of the State Farm Center (Assembly Hall) main entrance/circle drive. Then, watch the Fighting Illini football team take on the Cincinnati Bearcats at 11 a.m.

Register for tickets now at:

<https://ecommerce.aces.illinois.edu/salutetoagriculture/>

A breakfast of bacon, egg and cheese sandwiches and L.A. Gourmet signature cinnamon rolls will be featured in the tent. Adult breakfast tickets are \$15, and student breakfast tickets are \$10. A cash bar will be available. Individual game tickets also may be purchased for \$20.

Several WILLAg folks (Gleason, Nelson, Coolley, Voeks, Kimmel) will be on hand for the event next Saturday along with Orion Samuelson, Dean of the College of ACES Bob Hauser, and President of the University of Illinois Bob Easter. Come join them for Salute to Agriculture at the Illini Football game.

WEEKLY OUTLOOK

Purdue University agricultural economist Chris Hurt writes that recent price action in corn and soybean futures has taken the rose off the bloom for hog profitability in the second half of 2013. Chris writes:

“While the cost outlook has risen, the hog price outlook has not increased proportionally to feed prices. Expected margins have narrowed, but not collapsed. Starting with a cost of \$59 per live hundredweight, current forecasts of hog prices will cover those costs. Prices this fall and winter are expected to be around \$61, rise to \$65 in the second quarter of 2014, and then drop to about \$62 for a third quarter average. That makes the average over the year spanning the fourth quarter of 2013 through the third quarter of 2014 about \$62.50 and provides an expected profit of about \$3.50 per hundredweight, or nearly \$10 per head....

...Given the current outlook for hog and feed prices, a relatively small breeding herd expansion could increase pork supplies to a level that would push the industry back into losses starting in the fall of 2014. A two to three percent breeding herd expansion would be expected to push the industry back to breakeven. While that seems like a small number, there are multiple factors that support this expectation. First, a two percent expansion in the breeding herd means that production will grow by a much larger amount. The number of pigs per litter has been growing by an annual average of 1.8 percent over the last five years. Weights will also increase, so a two percent increase in the breeding herd means about a four percent expansion in pork production.”

To see Chris' full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/082613.html>



USDA reports this week's corn export sales at 25.9 million bushels (-0.6 this year, 26.5 next year). On the year, total commitments for corn are 751.6 million bushels vs. 1562.3 million bushels a year ago at this time.

Weekly Corn – as of August 22, 2013

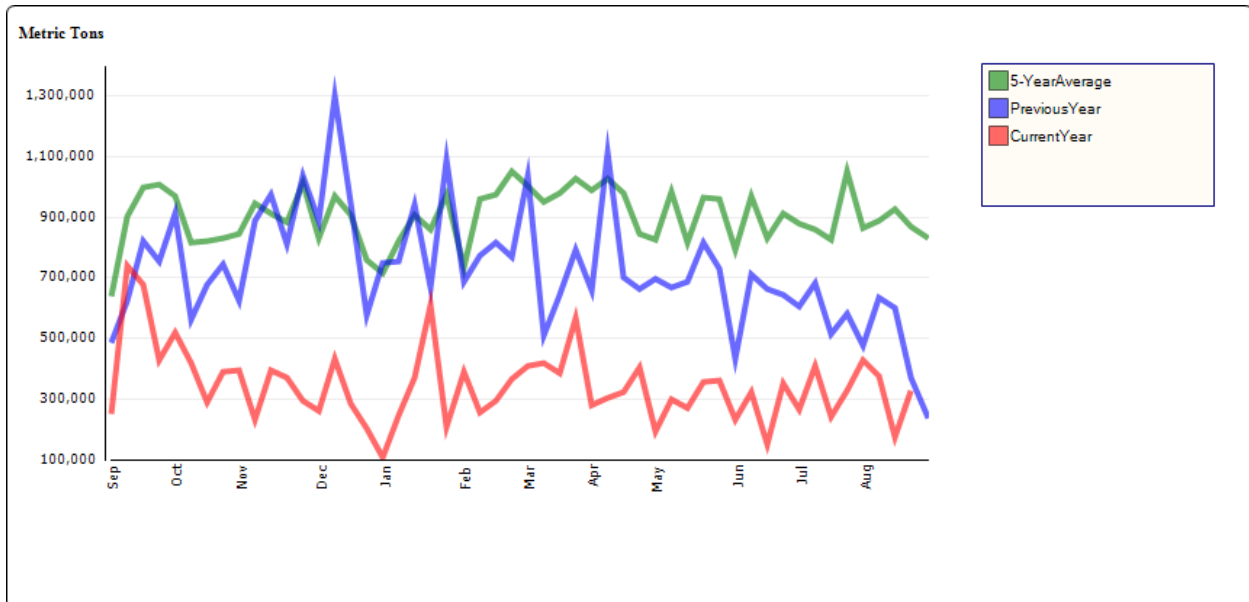
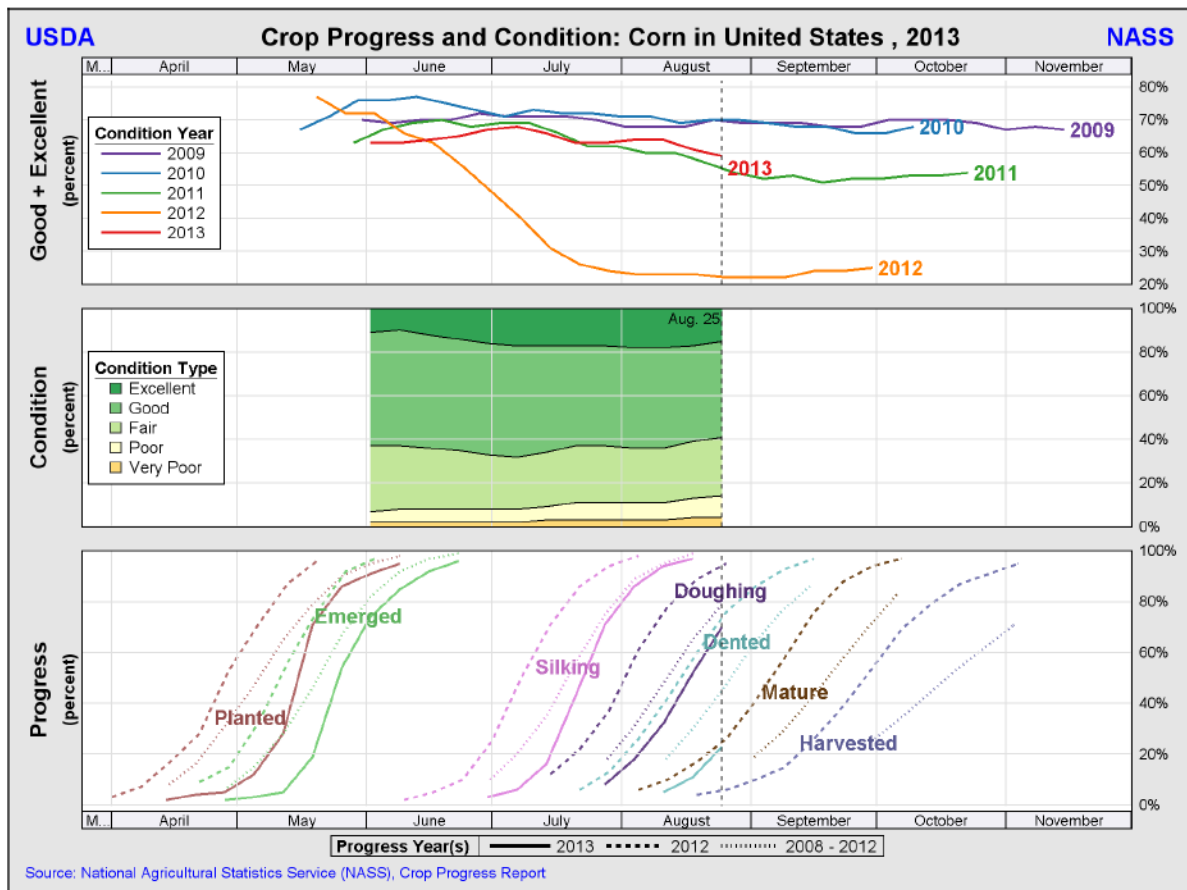


Chart Courtesy of USDA Foreign Ag Service



For information on basis in Illinois this past week go to:

[http://www.ams.usda.gov/mnreports/GX GR113.txt](http://www.ams.usda.gov/mnreports/GX_GR113.txt)

The Iowa basis report is at:

[http://www.ams.usda.gov/mnreports/NW GR110.txt](http://www.ams.usda.gov/mnreports/NW_GR110.txt)

In Friday afternoon's commitments of traders report for the week ending August 27 non-commercials decreased its net short position. Non-commercials were long 310,942 contracts, a decrease of 35,606 contracts, and were short 342,715 contracts, a decrease of 45,759 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net short position for the period ending August 27. Non-commercials were long 300,757 combined future and option contracts, a decrease of 6,856 combined future and option contracts and short 315,833

contracts, a decrease of 37,608 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for August 27 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	413,045	30,610	-32,807	-29,692



USDA reports this week’s soybean export sales at 31.8 million bushels (-0.1 this year, 31.9 next year). On the year, total commitments for soybeans are 1366.0 million bushels vs. 1426.0 million bushels a year ago at this time.

Weekly Soybeans – as of August 22, 2013

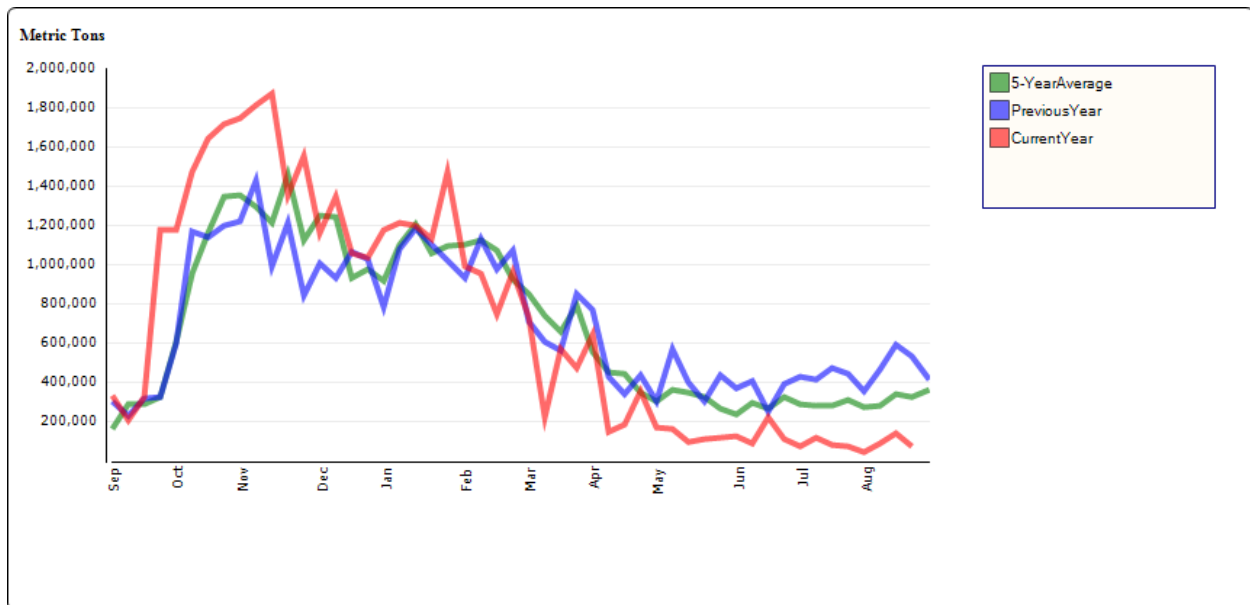
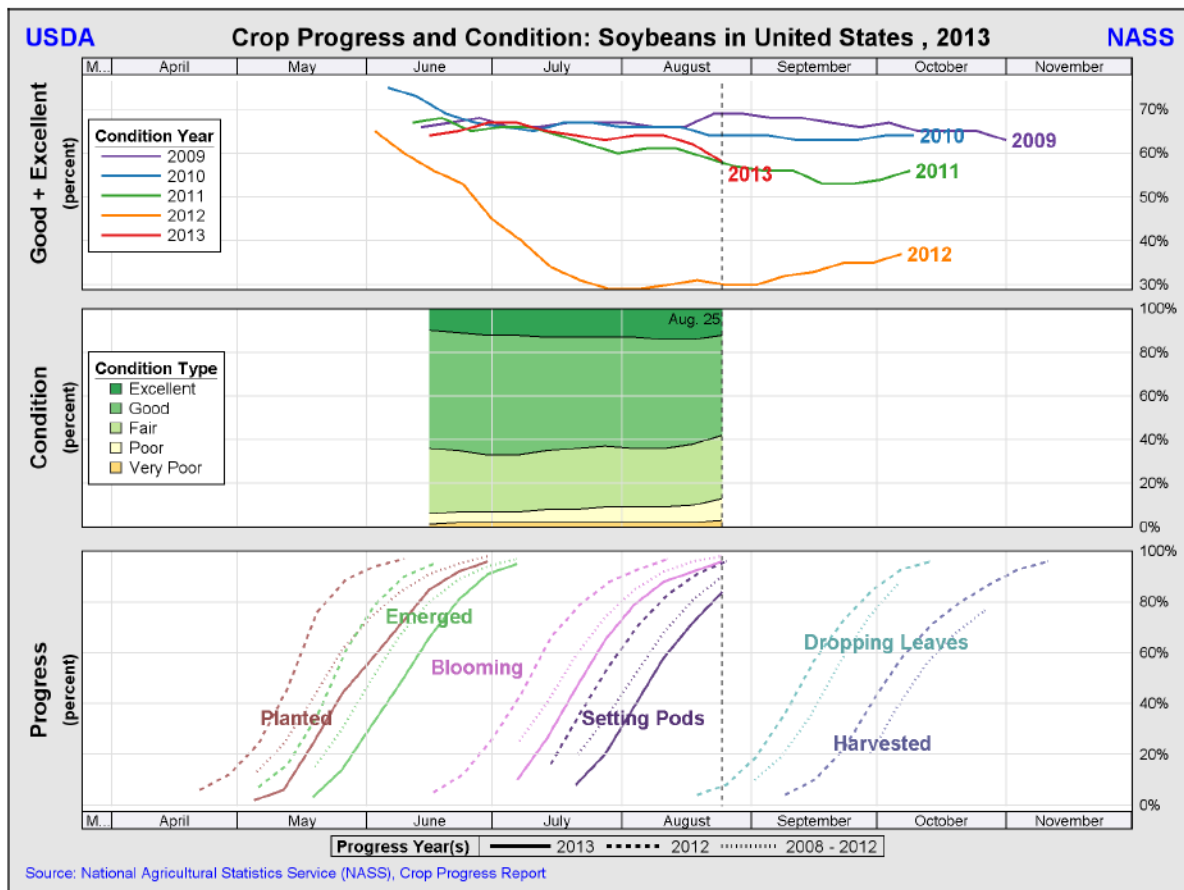


Chart Courtesy of USDA Foreign Ag Service



In Friday afternoon's commitments of traders report for the week ending August 27, non-commercials increased its net long position. Non-commercials were long 226,062 contracts, an increase of 18,365 contracts and were short 86,249 contracts, a decrease of 16,053 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending August 27. Non-commercials were long 205,060 combined future and option contracts, an increase of 14,870 contracts and short 57,840 contracts, a decrease of 23,484 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for August 27 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	155,264	14,029	5,286	-447



USDA reports this week's wheat export sales at 20.3 million bushels (20.3 this year, 0.0 next year). On the marketing year wheat sales have totaled 556.8 million bushels compared with 401.3 million bushels a year ago at this time.

Weekly Wheat – as of August 12, 2013

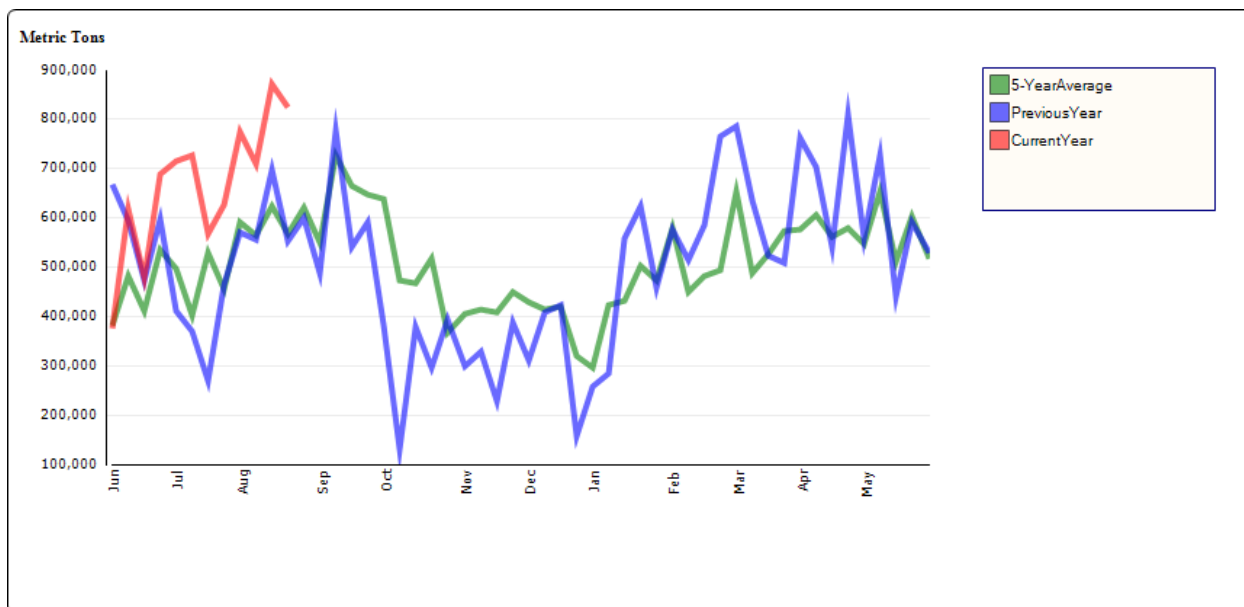


Chart Courtesy of USDA Foreign Ag Service

In Friday afternoon's commitment of traders report for the week ending August 27 non-commercial traders decreased its net short position. Non-commercials were long 121,891 combined future and option contracts, an increase of 2,630 contracts and short 156,804 contracts, a decrease of 9,979 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for August 27 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	162,879	13,733	-5,286	-11,427

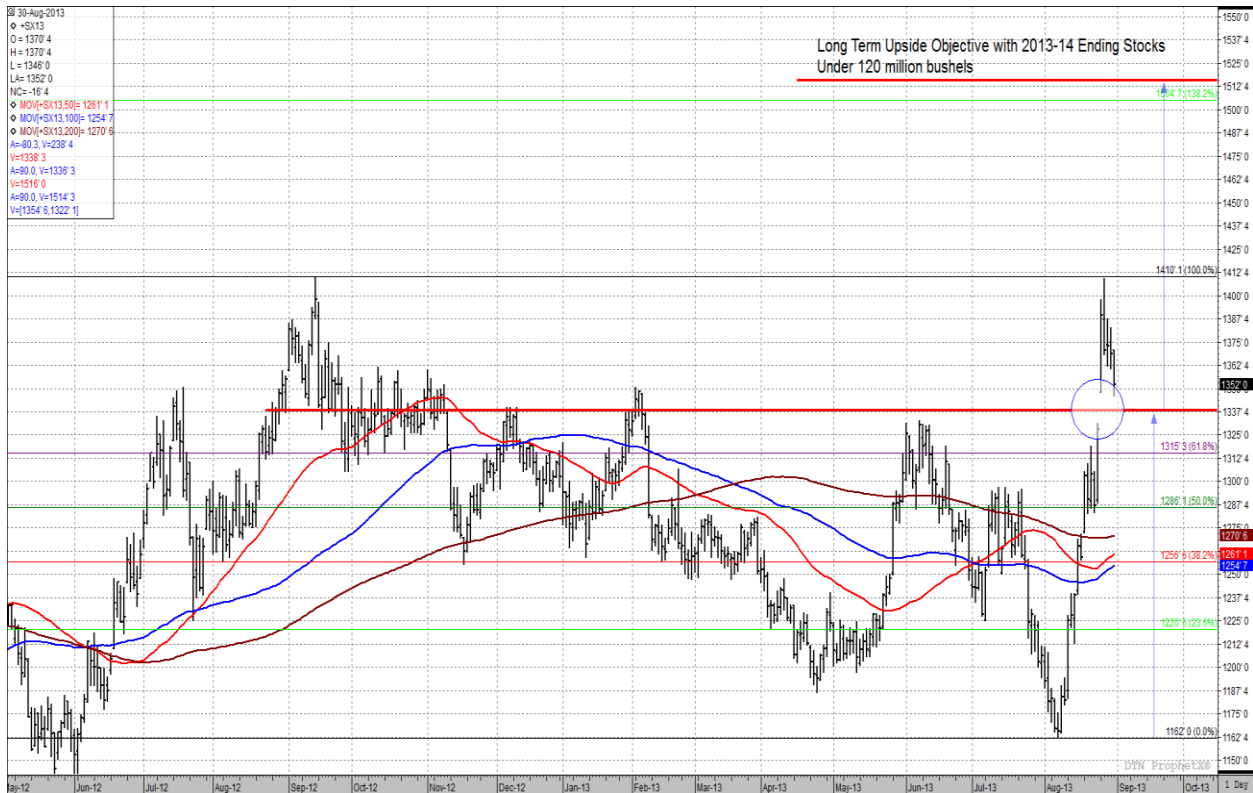
Technicals

This past Monday November 2013 soybean futures gapped significantly higher on reported smaller pod counts in a number of key states from the Pro Farmer crop tour and hot and dry weather forecasts.

The balance of the week saw traders banking profits as rain prospects turned more positive. But a soybean belt wide soaking rain is NOT in the forecast as of this writing – likely keeping soy bears on the defensive. Our analysts say this past Monday's gap is a key technical feature; as long as the gap remains open, there is potential for higher soy prices.

First target will be just above this past Monday's trade – the November 2013 soybean contract high of 1409 3/4 set in September of 2012; this past Monday's rally came within a quarter cent of that benchmark.

November 2013 Soybean Futures (Composite Daily)



But longer term, if hot and dry conditions have indeed robbed soybean yield (and won't October's Crop Production report be a potential barn burner), and this past week's gap remains open our analysts say the technical read north of 15 dollars.



Panelists:

- Dale Durchholz, AgriVisor LLC - Bloomington, Illinois
- Curt Kimmel, Bates Commodities - Normal, Illinois
- Wayne Nelson, L and M Commodities - New Market, Indiana

Guest:

- Paul Burgener, Farm Futures Magazine - Gering, Nebraska

You can listen to Commodity Week each Saturday morning at 11:30 a.m. central time on AM-580 or click on the following link after 6:00 p.m. Friday evenings and catch the show on our website:

Broadband MP3:

<http://audio01.will.illinois.edu/cw130830.mp3>

Dial Up MP3:

<http://audio01.will.illinois.edu/cw130830dial.mp3>

Weekly Continuation Chart



August 27 2013

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Sept Wheat	665	639 1/4	643 1/4	up 8 3/4
Jul Wheat			666 1/2	up 6
Sept Corn	522 3/4	487 3/4	495	down 1/2
Dec 13 Corn			508 1/4	up 12
Sept Soybeans	1453 3/4	1382 1/4	1424	up 58 3/4
Nov 13 Soybeans			1357 1/2	up 29 1/2
Aug Live Cattle	12390	12270	12270	down 40

Oct Lean Hogs	8790	8557 1/2	8762 1/2	up 252 1/2
Sept Oats			391 1/2	up 28 1/2

AM-580 Daily Agricultural Programming Schedule

<http://www.will.uiuc.edu/am/agriculture/schedule.htm>

Monday – Friday (all times central)

- 8:49 a.m. – \$*Opening Commodity Market Report
- 8:52 a.m. - \$Drew Lerner Agricultural Weather
- 9:49 a.m. – \$*Mid-Morning Commodity Market Report
- 10:59 a.m. – Commodity Market Price Update
- 11:59 a.m. – Commodity Market Price Update
- 12:58:30 p.m. – *Midday Market Analysis with Sue Martin
- 2:06-2:36 p.m. – \$*Closing Market Report
 - 2:11 – Futures Analysis
 - 2:20 - Agricultural News
 - 2:25 - Cash Grain Analysis or Energy Analysis
 - 2:32 – Agricultural Weather Analysis

Saturday

- 6:30 a.m. - \$* Commodity Week
- 11:30 a.m. – \$*Commodity Week

* Available on the website for on demand listening

\$ Available via podcast