



October 25, 2013

Dear Subscriber:

The data flow from USDA is slowing returning to normal. This past week we had Export Sales for the week ending October 3 – NEXT Thursday we get a huge update that includes October 3 through October 24. The expectation is that corn and soybean exports will be HUGE – and perhaps the corn futures could reflect

those expectations early next week ahead of the report. Thus far corn harvest has been relatively orderly -- not pushing futures either way very far in recent weeks. In fact this past week's trading range as of this writing is just eight and three-quarters cents – you have to go back to 2008 to find as quiet a week. Our analysts say that basis has been firming slightly in recent trading dates, reflecting producer reluctance to sell corn at these levels and building need from end users.

A blue-themed graphic with the text 'AM - 580 AGRICULTURE' at the top. Below it, the word 'sponsors' is written in a light blue script, followed by 'THANK YOU' in large, bold, blue capital 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 small blue capital letters at the very bottom.

Friday Dave had a conversation with Mike Zuzolo of Global Commodity Analytics in Atchinson, Kansas looking at the off the cliff drop recently of the U-S dollar:

### US Dollar Index



Note a technical head and shoulders top exists in the dollar index – the neckline of the formation was broken in September – and the downside objective reads 76.61 or something close to that benchmark. Note also that trade this week has pushed the dollar down to some mid term support levels that were built September 2012 through February 2013.

Failure for the dollar to hold those levels increases the likelihood of a further downside correction. In short the dollar is at a key line in the sand support point.

# WEEKLY OUTLOOK

Purdue University agricultural economist Chris Hurt says "Cash cattle prices have moved higher this fall, supported by small cattle supplies, a generally favorable demand base, and low feed prices that have sent feeder cattle futures prices to record highs. The outlook suggests even higher prices in coming months....

How much more upside is there in finished cattle markets? Prices are expected to move into the very-low

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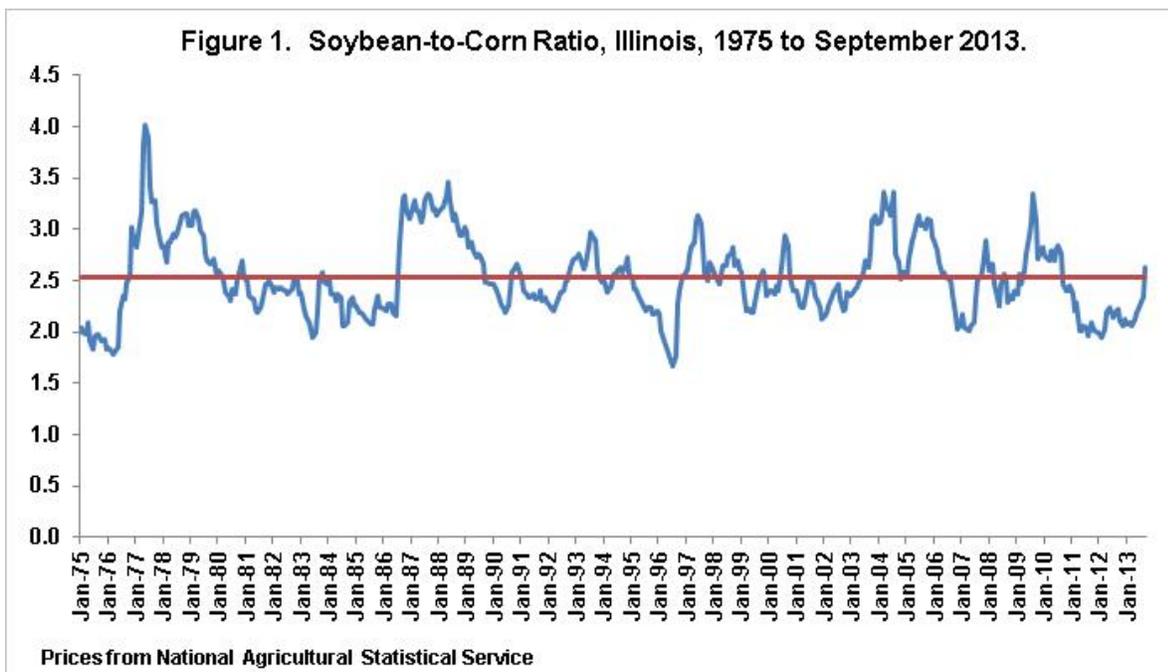
ILLINOIS

\$130s in November and average about \$130 for the October to December quarter. Further strength is expected into March and April with highs reaching the mid-\$130s. First quarter averages are expected to be about \$133 and second quarter near \$132. On an annual basis, cattle prices should set new record highs this year near \$126 and break that record once again in 2014 with an average near \$130 for the entire year.”

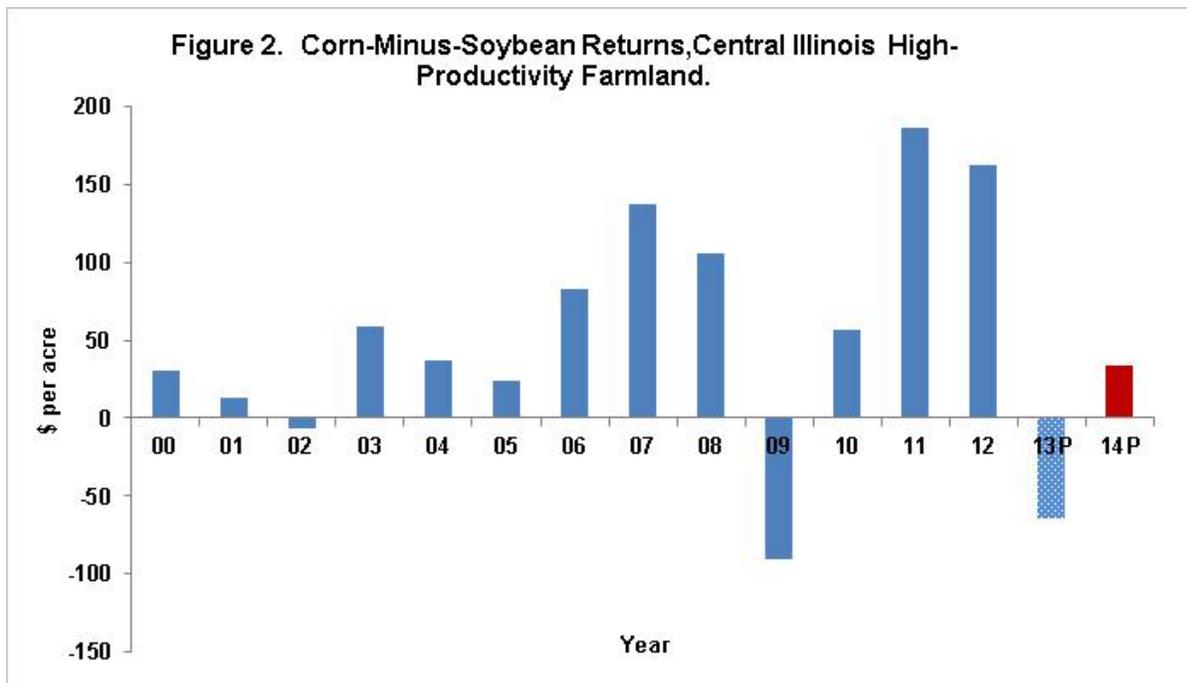
To read Chris’ full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/102113.html>

The folk at Farm Doc at the University of Illinois are already looking ahead to 2014 Corn and Soybean prices – this week Gary Schnitkey issued a study. Gary says “Prospective plantings of corn and soybeans in 2014 are beginning to receive attention. In this post, corn and soybean returns for 2013 and 2014 are examined to evaluate potential acreage shifts in Illinois. While soybeans will be more profitable than corn in 2013, projections for 2014 indicate that corn will be more profitable than soybeans. These return projections suggest that profitability considerations do not lead to shifts in acres between corn and soybeans....”



Historically, corn has been more profitable than soybeans, as illustrated in Figure 2. This figure shows historical and projected corn-minus-soybean returns for grain farms in central Illinois having high-productivity farmland that are enrolled in Illinois Farm Business Farm Management (FBFM). Corn-minus-soybean returns equal corn returns minus soybean returns, with positive values indicating that corn is more profitable than soybeans.



Between 2000 and 2012, corn has been more profitable than soybean in all but two years: 2002 and 2009. Since 2006, commodity prices have reached higher levels than prior to 2006. Between 2006 and 2012, corn-minus soybean returns have averaged \$92 per acre.

Since financial records for 2013 have not been summarized, corn-minus-soybean returns for 2013 are projections. In 2013, corn-minus-soybean return is projected to be -\$64 per acre, indicating that soybeans will be more profitable than corn. The primary factor leading to higher soybean returns is high soybeans prices relative to corn prices, as indicated by the 2.97 soybean-to-corn price ratio. A secondary factor is relatively high nitrogen costs for corn production in 2013 caused lower corn returns relative to soybean returns.

Corn-minus-soybean return in 2014 is projected at \$34 per acre. While corn is projected to be more profitable than soybeans, the corn-minus-soybean return in 2014 is projected at less than the 2006-2012 average of \$92 per

acre. Difference in corn and soybean returns in 2014 is projected less than in recent history....**overall, these return projections do not suggest large shifts in acres between corn and soybeans.**

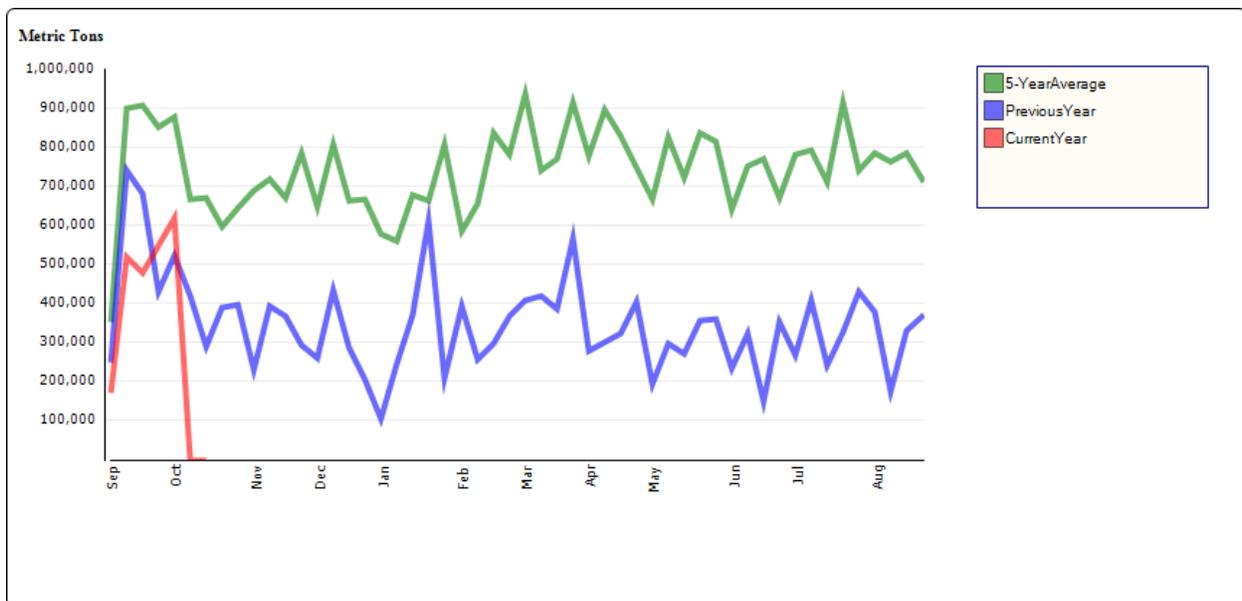
To read Gary's full analysis go to:

<http://farmdocdaily.illinois.edu/2013/10/corn-soybean-returns-stable-Illinois-acreages.html>



**U**SDA reports this week's corn export sales (week of October 3) at 52.8 million bushels (52.8 this year, 0.0 next year). On the year, total commitments for corn are 629.0 million bushels vs. 410.7 million bushels a year ago at this time.

### **Weekly Corn – as of October 3, 2013**



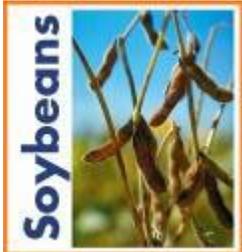
### **Chart Courtesy of USDA Foreign Ag Service**

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)

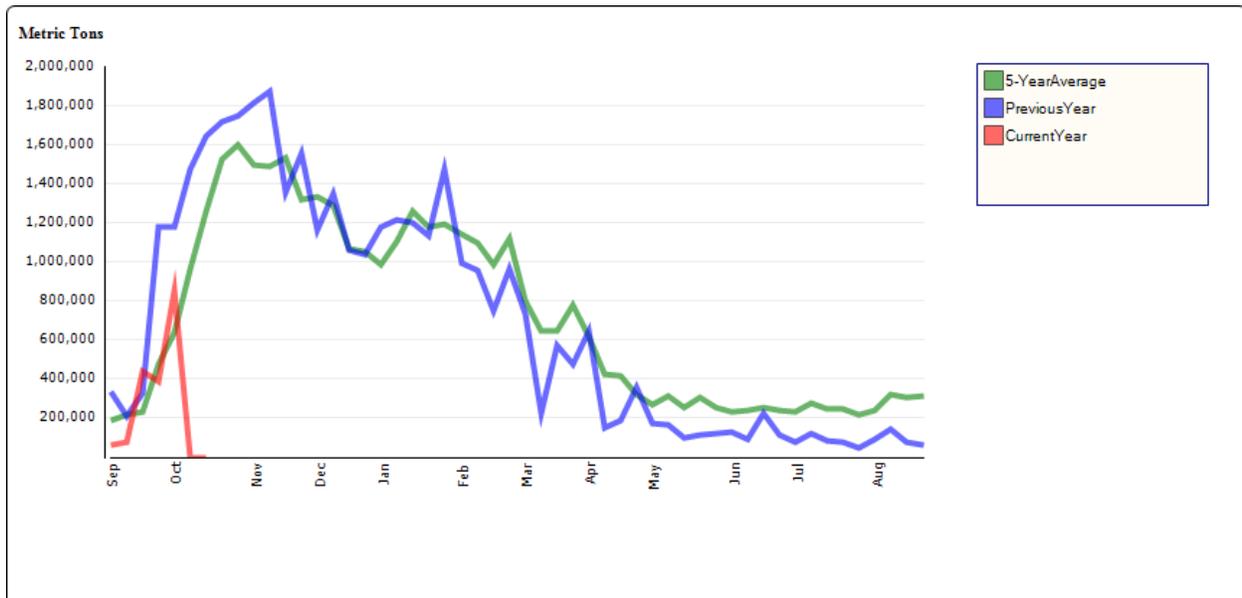
The Iowa basis report is at:

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

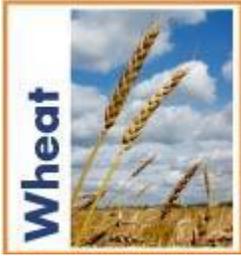


**U**SDA reports this week's soybean export sales (week of October 3) at 34.9 million bushels (34.2 this year, 0.7 next year). On the year, total commitments for soybeans are 1010.0 million bushels vs. 880.7 million bushels a year ago at this time.

### ***Weekly Soybeans – as of October 3, 2013***

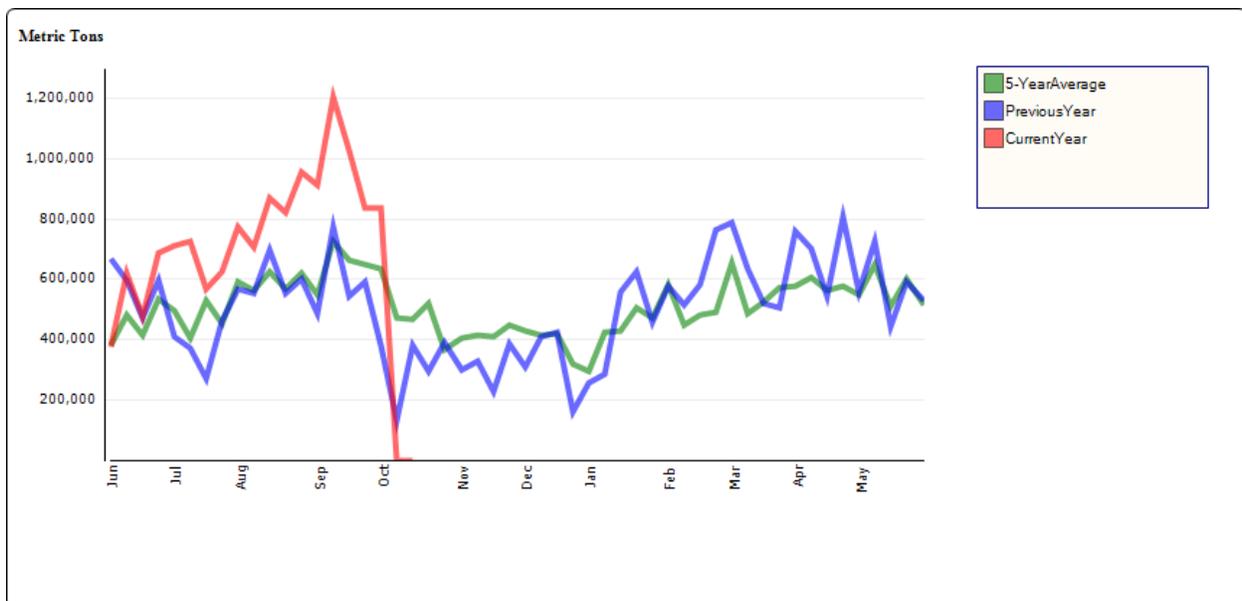


**Chart Courtesy of USDA Foreign Ag Service**



**U**SDA reports this week's wheat export sales at 24.0 million bushels (24.0 this year, 0.0 next year). On the marketing year wheat sales have totaled 704.8 million bushels compared with 490.9 million bushels a year ago at this time.

***Weekly Wheat – as of October 3, 2013***



**Chart Courtesy of USDA Foreign Ag Service**

**TECHNICALS**

Corn technicals continue to march sideways, hanging tough after regaining it's long term uptrend line as shown on the Continuation Chart (December only):

## Corn Futures (Continuation, Lead Month December Only)



There is a sense among some of our analysts that the sideways corn futures price action we are seeing “may” be able to read as a very small head and shoulders bottom formation. To verify December 2013 corn futures would need closes above 446 – potentially leading to a very small rally to the 454 level. There is some sense among our analysts that this could happen next week if traders buy the rumor ahead of next Thursday’s Export Sales report which will encompass Oct 3-24.

## December 2013 Corn Futures (Composite Daily)



# Commodity Week

## Panelists:

- Ellen Dearden, Ag Review, Morton, Illinois
- Merrill Crowley, Crowley Commodities - Watseka, Illinois
- Wayne Nelson, L and M Commodities, New Market, Indiana

## Guest:

Brian Basting, Commodity Research Analyst - Advance Trading, Inc. -  
Bloomington, Illinois

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/cw131025.mp3>

**Dial Up MP3:**

<http://audio01.will.illinois.edu/cw131025dial.mp3>

Weekly Continuation Chart



March 22, 2013

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Dec Wheat	711 1/4	690 1/4	690 3/4	down 15
Jul Wheat			692	down 1 1/4
Dec Corn	446 1/4	437	440	down 1 1/2
Dec 14 Corn			482 1/4	down 1/4
Nov Soybeans	1318 3/4	1288 1/2	1300	up 8 3/4
Nov 14 Soybeans			1165	down 6
Oct Live Cattle	13400	12982 1/2	13257 1/2	up 270
Dec Lean Hogs	9062 1/2	8735	9042 1/2	up 247 1/2
Dec Oats			333 1/4	down 2 1/2



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## **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