



December 10, 2013

WE WILL BE UPDATING AND ADDING MATERIAL THROUGHOUT THE DAY ON DECEMBER 10 TO THIS LETTER BEGINNING AT 11:00 AM CST. PLEASE CHECK BACK OFTEN FOR THE LATEST INFORMATION!

This morning (Tuesday, December 10, 2013) USDA released its latest WASDE report. Don't forget we will have on air coverage of the report at 12:20 p.m. Central Time with Wayne Nelson of L and M Commodities in New Market, Indiana. We will post that audio to this letter shortly after air. This morning (December 10) USDA released its December WASDE report. Here are some of the key numbers:

WILL AG.ORG Smart Phone Website!

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- Market Analysis
- The Opening Market Report
- The Mid-Morning Market Report
- The Closing Market

USDA December 2013 U-S Ending Stocks for 2013-14 in billions of bushels (released December 10, 2013)

Crop	USDA December Estimate	Average Guess	Range	USDA November Estimate
Corn	1.792	1.864	1.737 - 2.013	1.877
Soybeans	0.150	0.153	0.118 - 0.170	0.170
Wheat	0.575	0.547	0.404 - 0.575	0.565

From the December 2013 WASDE report:

CORN: Projected U.S. feed grain supplies for 2013/14 are raised slightly this month with a 5-million-bushel increase projected for corn imports. With a record crop now estimated for Canada, additional quantities of Canadian corn are expected to find their way into the U.S. market. U.S. corn use for 2013/14 is projected higher with increases for food, seed, and industrial use and for exports. Corn used in ethanol production is projected 50 million bushels higher reflecting the strong pace of weekly ethanol production since mid-October. Exports are also projected 50 million bushels higher based on the

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I L L I N O I S

pace of sales to date and higher expected global consumption. Projected U.S. ending stocks are lowered 95 million bushels.

The 2013/14 season-average farm price for corn is projected 10 cents lower at the midpoint with the range narrowed to \$4.05 to \$4.75 per bushel based on prices reported to date. Average prices received by farmers, however, are expected to continue to be reported above prevailing cash bids well into early 2014 as some sales will reflect the higher forward prices available before harvesting.

SOYBEANS: Total U.S. oilseed production for 2013/14 is projected at 96.44 million tons, down slightly due to a small reduction in cottonseed. Although soybean production remains unchanged, 2013/14 supplies are raised 10 million bushels on stronger-than-expected early season soybean imports. Soybean exports are increased 25 million bushels to 1.475 billion reflecting record commitments (shipments plus outstanding sales) through November. Soybean crush is raised 5 million bushels to 1.690 billion as strong foreign demand for soybean meal, led by the European Union and Southeast Asia, more than offsets a reduction in domestic soybean meal use. Soybean oil supplies are increased in line with higher crush. With total use unchanged, soybean oil stocks are increased 55 million pounds to 1.69 billion. Although total use is unchanged, soybean oil used for methyl ester is projected lower reflecting expanded production of non-ester based renewable diesel. Soybean ending stocks for 2013/14 are projected at 150 million bushels, down 20 million from last month.

Prices for soybeans and soybean meal are projected higher this month. The U.S. season-average soybean price range for 2013/14 is projected at \$11.50 to \$13.50 per bushel, up 35 cents on both ends of the range. The soybean meal price is projected at \$400 to \$440 per short ton, up 25 dollars on both ends of the range. The soybean oil price range is projected at 38 to 42 cents per pound, down 2 cents on both ends.

WHEAT: Projected U.S. wheat supplies for 2013/14 are raised 10 million bushels this month with higher projected imports. Record production and higher exports for Canada are expected to add to wheat supplies in the United States. Imports are raised 5 million bushels each for Hard Red Spring (HRS) and Soft Red Winter (SRW) wheat. Projected exports for all wheat are unchanged, but minor adjustments are made by class with SRW wheat exports raised 5 million bushels and HRS wheat exports lowered an offsetting amount. Projected ending stocks are raised 10 million bushels. The 2013/14 projected season-average farm price is lowered 10 cents at the midpoint with the range narrowed to \$6.65 to \$7.15 per bushel as near

record world supplies and increased export competition reduce price prospects for U.S. wheat.

USDA December 2013 World Ending Stocks for 2013-14 in millions of metric tons (released December 10, 2013)

Crop	USDA December Estimate	Average Guess	Range	USDA November Estimate
Corn	162.46	164.17	162.80 - 166.00	164.33
Soybeans	70.62	71.42	70.00 - 75.23	70.23
Wheat	182.78	179.98	178.00 - 182.51	178.48

USDA December WASDE Production in millions of metric tons (released December 10, 2013)

Crop	USDA December 2013-14 Estimate	USDA November 2013-14 Estimate	USDA December 2012-13 Estimate	USDA November 2012-13 Estimate
Argentina Wheat	11.00	11.00	9.50	9.50
Australia Wheat	26.50	25.50	22.46	22.08
China Wheat	121.00	121.00	121.00	121.00
India Wheat	92.46	92.46	94.88	94.88
FSU-12 Wheat	104.06	104.06	77.21	77.21
EU Wheat	143.12	143.34	133.88	133.58
Argentina Corn	26.00	26.00	26.50	26.50
Brazil Corn	70.00	70.00	81.00	81.00

China Corn	211.00	211.00	205.60	205.60
South Africa Corn	13.00	13.00	12.37	12.20
Argentina Soybeans	54.50	53.50	49.30	49.30
Brazil Soybeans	88.00	88.00	82.00	82.00

From the December 2013 WASDE report:

CORN: Global coarse grain supplies for 2013/14 are projected 3.6 million tons higher. At 1,420.5 million tons, supplies are up 122.8 million from 2012/13 and 103.1 million above the previous record in 2011/12. Corn accounts for more than 80 percent of the increase over this period with 2013/14 world corn production up 101.4 million tons from last year. Global corn output for 2013/14 is raised this month with Canada and Ukraine increased 1.1 million tons and 1.0 million tons, respectively. Partly offsetting are 0.4-million-ton reductions for both the European Union and Kenya. World barley and oats production are also raised, up 1.7 million tons and 0.8 million tons, respectively. Barley production is raised 1.2 million tons for Australia and 0.8 million tons for Canada. Partly offsetting are small reductions for Iran and the European Union. Oats production is raised 0.6 million tons for Canada with small increases also for the European Union and Australia. World sorghum production is lowered 0.4 million tons with smaller crops projected for India and Australia.

Global 2013/14 coarse grain consumption is raised 4.3 million tons with half of the increase from higher foreign corn consumption. Corn feeding is raised for Canada, the European Union, and Ukraine. Foreign barley and oats consumption are also raised with increased barley feeding in Australia, Saudi Arabia, Iran, and Canada, and increased oats feeding in Canada. Higher coarse grain production in Canada, Australia, and Ukraine support increased use for these countries and higher imports allow for the increases for the European Union and Saudi Arabia. Global corn exports are raised 1.8 million tons with increases for the United States and Canada. Global barley exports are raised 0.9 million tons with increases for Australia, Ukraine, and Canada. World corn ending stocks are projected 1.9 million tons lower as the U.S. reduction is only partly offset by a 0.5-million-ton increase for Ukraine.

SOYBEANS: Global oilseed production for 2013/14 is projected at 502.3 million tons, up 2.9 million tons from last month. Foreign oilseed production accounts for most of the change with increases for soybeans, rapeseed, and palm kernel only partly offset by reductions in cottonseed, sunflowerseed, and copra. Global soybean production is projected at a record 284.9 million tons, up 1.4 million due to increases for Argentina and Canada. Argentina production is projected at 54.5 million tons, up 1.0 million due to higher projected area. Global rapeseed production is projected at a record 70.0 million tons, up 2.1 million due to gains for Canada and Australia. Canadian rapeseed production is raised 1.9 million tons to 18.0 million based on the latest survey results from Statistics Canada. Favorable conditions throughout the growing season resulted in record rapeseed yields this year. Other changes this month include lower sunflowerseed production for Argentina and increased cottonseed production for Pakistan.

Global oilseed trade is projected at 128.3 million tons, up 1.6 million from last month. Increased soybean exports from the United States and increased rapeseed exports from Canada account for most of the change. Global oilseed ending stocks are projected at 82.8 million tons, up 2.1 million as lower soybean stocks in the United States are more than offset by increased soybean stocks in Argentina, Canada, the European Union, and Russia, and higher rapeseed stocks in Canada and Australia.

WHEAT: Global 2013/14 wheat supplies are raised 5.3 million tons to 887.3 million. This is up 32.1 million tons from last year, but 9.0 million tons below the record supplies of 2011/12. Global 2013/14 production is raised 5.0 million tons with most of the increase for Canada based on the latest Statistics Canada estimate which put production at a record 37.5 million tons. This is up 4.3 million tons from last month's forecast and 5.4 million tons higher than the previous record in 1990/91 as excellent summer weather and an extended growing season boosted yields to record levels. Production is also raised for Australia, up 1.0 million tons to 26.5 million, slightly above the recent forecast by the Australian Bureau of Agricultural and Resource Economics and Sciences. Production is also raised 0.4 million tons for 2012/13 reflecting recent revisions to last year's crop by the Australian Bureau of Statistics. Partly offsetting this month's 2013/14 increases is a small reduction for the European Union as the latest statistical reports lower output for Denmark, but raise output slightly for the Netherlands and France.

Global wheat trade for 2013/14 is raised this month with larger available supplies in key exporter countries and stronger demand expected for several importing countries. Exports are raised 1.5 million tons for Canada, 1.0 million tons for the European Union, 0.5 million tons for Australia, and 0.2

million for Turkey. Imports are raised for Egypt, Bangladesh, Mexico, Azerbaijan, South Korea, Syria, and Turkey. Most of the increase in exportable supplies is from higher production in Canada and Australia; however, in the European Union higher corn imports and feeding are expected to free up wheat to support the strong ongoing pace of sales and shipments. Wheat feeding is increased for Canada, Egypt, and South Korea. Wheat food use is raised for Bangladesh and Syria. Global wheat ending stocks are projected 4.3 million tons higher mostly on increases for Canada and Australia.

To see the full December 2013 WASDE report go to:

<http://www.usda.gov/oce/commodity/wasde/>

After the reports were released Dave spoke with Wayne Nelson of L and M Commodities in New Market, Indiana. **THIS LINK IS NOW LIVE.**

Broadband MP3:

<http://audio01.will.illinois.edu/ag-nelson131210.mp3>

Here are some of the key slides from the USDA Secretary lock-up briefing this morning (December 10) in Washington, D.C.:

World Corn Production

Country or Region	2012/13 estimate	2013/14 forecast	Change from November	Change from 2012/13
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	862.9	964.3	0.2	11.8
United States	273.8	355.3	0.0	29.8
Foreign	589.0	609.0	0.2	3.4
Argentina	26.5	26.0	0.0	-1.9
Brazil	81.0	70.0	0.0	-13.6
Mexico	21.6	21.7	0.0	0.5
Canada	13.1	14.2	8.4	8.7
European Union	58.9	64.9	-0.5	10.3
FSU-12	32.4	46.1	2.2	42.2
Ukraine	20.9	30.0	3.4	43.4
Russia	8.2	11.5	0.0	40.0
South Africa	12.4	13.0	0.0	5.1
China	205.6	211.0	0.0	2.6
India	22.2	23.0	0.0	3.5

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World Corn Supply and Use

	2012/13 estimate	2013/14 forecast	Change from November	Change from 2012/13
	<i>Million Tons</i>		<i>Percent</i>	
Beginning stocks	132.5	134.9	0.0	1.8
Production	862.9	964.3	0.2	11.8
Total Supply	995.3	1,099.2	0.1	10.4
Feed use	516.6	566.8	0.3	9.7
Total use	860.4	936.7	0.4	8.9
Trade	91.8	112.2	1.6	22.1
Ending Stocks	134.9	162.5	-1.1	20.4

U.S. Corn Supply and Demand

	2012/13 estimate	2013/14 forecast	Change from November	Change from 2012/13
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	97.2	95.3	0.0	-1.9
Harvested area (million acres)	87.4	87.2	0.0	-0.2
Yield (bushels per acre)	123.4	160.4	0.0	30.0
	<i>Million bushels</i>			
Beginning stocks	989	824	0.0	-16.7
Production	10,780	13,989	0.0	29.8
Imports	162	30	20.0	-81.5
Total supply	11,932	14,842	0.0	24.4
Feed and residual	4,333	5,200	0.0	20.0
Food, seed, and industrial	6,044	6,400	0.8	5.9
Ethanol	4,648	4,950	1.0	6.5
Domestic use	10,377	11,600	0.4	11.8
Exports	731	1,450	3.6	98.2
Total use	11,108	13,050	0.8	17.5
Ending stocks	824	1,792	-5.0	117.6
	<i>Percent</i>			
Stocks to use ratio	7.4	13.7		
	<i>Dollars per bushel</i>			
Average market price	6.89	4.05/4.75	-2.2	-36.1

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World Soybean Production

Country or Region	2012/13 estimate	2013/14 forecast	Change from November	Change from 2012/13
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	268.0	284.9	0.5	6.3
United States	82.6	88.7	0.0	7.4
Foreign	185.5	196.3	0.7	5.8
Argentina	49.3	54.5	1.9	10.5
Brazil	82.0	88.0	0.0	7.3
Paraguay	9.4	9.0	0.0	-3.9
Ukraine	2.4	2.7	0.0	12.3
India	11.5	11.8	0.0	2.6
China	12.8	12.2	0.0	-4.7

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U.S. Soybean Supply and Demand

	2012/13 estimate	2013/14 forecast	Change from November	Change from 2012/13
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	77.2	76.5	0.0	-0.9
Harvested area (million acres)	76.2	75.7	0.0	-0.6
Yield (bushels per acre)	39.8	43.0	0.0	8.1
	<i>Million bushels</i>			
Beginning stocks	169	141	0.0	-17.0
Production	3,034	3,258	0.0	7.4
Imports	36	25	66.7	-30.8
Total supply	3,239	3,423	0.3	5.7
Crush	1,689	1,690	0.3	0.1
Seed and residual	90	109	0.4	21.0
Domestic use	1,779	1,799	0.3	1.1
Exports	1,320	1,475	1.7	11.8
Total use	3,098	3,274	0.9	5.7
Ending stocks	141	150	-12.0	6.4
	<i>Percent</i>			
Stocks to use ratio	4.5	4.6		
	<i>Dollars per bushel</i>			
Average market price	14.40	11.50/13.50	2.9	-13.2

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The WILL Ag Staff
Dave Dickey & Todd Gleason

