

February 10, 2014

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

Tickets for the March 4<sup>th</sup> All Day Ag Outlook Meeting at the Beef House are going quickly. Don't miss out on reserving your spots - we have sold out in the last four years.

Tickets are 30 dollars and include a continental breakfast, Beef House lunch, and 25th anniversary hat.

Sue Martin will be presenting - and we'll dig into the Commodity Title of the new farm bill and get an update on where farmland values are headed in 2014.

And our traditional marketing pannels on corn, soybeans and cash grain will feature our on air



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*Call 800-383-0046 to register for a meeting listed below...*

**Feb 11 - 9:00 am The Rafters Rest. Lena IL**

**Feb 12 - 9:00 am The Machine Shed Rockford IL**

**Feb 12 - 11:30 am Sweet Peas Grill Geneseo IL**

**Feb 13 - 11:30 am Hammer's Feed Store Galesburg IL**

**Feb 14 - 9:00 am VFW Hall Aledo IL**

analysts. Call during the work week at 217-333-7300 to guarantee your seat.

Here is the full schedule:

<http://will.illinois.edu/agriculture/note/all-day-ag-outlook-tickets-go-on-sale-january-27-2014>

This morning (Monday, February 10, 2014) USDA released its latest WASDE report.

We begin our analysis with a post number interview:

After the reports were released Dave spoke with Curt Kimmel of Bates Commodities in Normal, Illinois. **THIS LINK IS NOW LIVE.**

**Broadband MP3:**

<http://audio01.will.illinois.edu/ag-kimmel140210.mp3>

And U of I Ag Economist Darrel Good weight in on the numbers with Todd Gleason....

Broadband MP3:

<http://www.ifr.illinois.edu/2014/ifr140214/Feb14WASDE-Good.mp3>

You can also read Darrel's take on the numbers at:

<http://www.farmdocdaily.illinois.edu>

Here are some of the key numbers:

<b><i>USDA February 2014 U-S Ending Stocks for 2013-14 in billions of bushels (released February 10, 2014)</i></b>				
Crop	<b>USDA February Estimate</b>	Average Guess	Range	USDA January Estimate
Corn	<b>1.481</b>	1.619	1.574 - 1.748	1.631
Soybeans	<b>0.150</b>	0.143	0.125 - 0.164	0.150
Wheat	<b>0.588</b>	0.603	0.574 - 0.653	0.608

From the February 2014 WASDE report:

**CORN:** U.S. feed grain ending stocks for 2013/14 are expected lower with a 150-million-bushel increase projected for corn exports. Global trade data and strong export sales support this month's outlook for increased world corn imports. Reduced foreign export prospects also lower competition for U.S. corn in the world market. U.S. corn ending stocks are projected 150 million bushels lower with the export increase. The season-average farm price for corn is raised 10 cents on both ends of the projected range to \$4.20 to \$4.80 per bushel. Season-average farm prices for the other feed grains are also projected slightly higher.

**SOYBEANS:** U.S. soybean supplies are increased 5 million bushels to 3.46 billion on higher projected imports, mainly from Canada. Soybean exports for 2013/14 are projected at 1.51 billion bushels, up 15 million from last month reflecting the record pace of shipments and sales through January. While global imports are unchanged, increased export projections for the United States, Brazil, and Paraguay are offset by a reduction for Argentina. Higher U.S. soybean meal exports are offset by reduced domestic use, leaving soybean crush unchanged at 1.7 billion bushels. Residual use is reduced 10 million bushels this month on tightening supplies driven by heavy use to date and large outstanding export sales. At 12 million bushels, projected residual use remains above the exceptionally low level of the past 2 marketing years. Projected soybean ending stocks are unchanged at 150 million bushels.

The 2013/14 season-average soybean price range is projected at \$11.95 to \$13.45, up 20 cents on both ends. The soybean meal price is projected at \$425 to \$465 per short ton, up 10 dollars on both ends of the range. The soybean oil price projection is lowered 1.5 cents at the midpoint with the range narrowed to 34.5 to 37.5 cents per pound.

**WHEAT:** U.S. wheat ending stocks for 2013/14 are projected 50 million bushels lower as higher expected food use and exports more than offset an increase in projected imports. Imports are raised 10 million bushels as railroad backlogs and other logistical problems slow


Canadian wheat shipments to Pacific Coast terminals and encourage additional shipments of Hard Red Spring (HRS) wheat into the U.S. market. Projected food use is increased 10 million bushels based on the latest flour production data reported by the North American Millers' Association. Food use increases are projected for Hard Red Winter and HRS wheat. Exports are projected 50 million bushels higher as reduced competition from Argentina and strong sales and shipments further boost prospects for U.S. wheat in world trade. A reduction in expected exports from Australia during

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I L L I N O I S

the July-June world trade year also raises prospects for 2013/14 U.S. shipments. Exports are projected higher for all classes except Durum. The season-average farm price for all wheat is narrowed 5 cents on both ends of the projected range to \$6.65 to \$6.95 per bushel.

And here are the key world numbers from the February 2014 WASDE report:

***USDA February WASDE Production for South American Crops for 2013-14 in millions of metric tons (released February 10, 2014)***

Crop	<b>USDA February Estimate</b>	Average Guess	Range	USDA January Estimate
Argentina:	-	-	-	-
Corn	<b>24.00</b>	23.82	19.80 - 25.00	25.00
Soybeans	<b>54.00</b>	54.13	52.70 - 57.00	54.50
Brazil:	-	-	-	-
Corn	<b>70.00</b>	69.99	66.10 - 74.00	70.00
Soybeans	<b>90.00</b>	89.76	88.30 - 91.00	89.00

***USDA February 2014 World Ending Stocks for 2013-14 in millions of metric tons (released February 10, 2014)***

Crop	<b>USDA February Estimate</b>	Average Guess	Range	USDA January Estimate
Corn	<b>157.30</b>	159.60	156.27 - 163.20	160.23
Soybeans	<b>73.00</b>	72.67	71.00 - 75.35	72.33
Wheat	<b>183.70</b>	184.97	182.80 - 187.00	184.97

**USDA February 2014 WASDE Production in millions of metric tons (released February 10, 2014)**

Crop	<b>USDA February 2013-14 Estimate</b>	USDA January 2013-14 Estimate	<b>USDA February 2012-13 Estimate</b>	USDA January 2012-13 9.50Estimate
Argentina Wheat	<b>10.50</b>	10.50	<b>9.30</b>	9.50
Australia Wheat	<b>26.50</b>	26.50	<b>22.46</b>	22.46
China Wheat	<b>122.00</b>	121.02	<b>121.02</b>	121.02
India Wheat	<b>92.46</b>	92.46	<b>94.88</b>	94.88
FSU-12 Wheat	<b>103.83</b>	105.02	<b>77.42</b>	77.46
EU Wheat	<b>142.87</b>	142.90	<b>133.88</b>	133.88
Argentina Corn	<b>24.00</b>	25.00	<b>26.50</b>	26.50
Brazil Corn	<b>70.00</b>	70.00	<b>81.00</b>	81.00
China Corn	<b>217.00</b>	217.00	<b>205.61</b>	205.61
South Africa Corn	<b>13.00</b>	13.00	<b>12.37</b>	12.73
Argentina Soybeans	<b>54.00</b>	54.50	<b>49.30</b>	49.30
Brazil Soybeans	<b>90.00</b>	89.00	<b>82.00</b>	82.00

From the February 2014 WASDE report:

**CORN:** Global coarse grain supplies for 2013/14 are projected 2.1 million tons higher with higher foreign beginning stocks and production. Corn beginning stocks are raised for Argentina and South Africa with exports lowered for 2012/13. Coarse grain production for 2013/14 is up 0.8 million tons as small increases in sorghum, barley, oats, and millet production more than offset a reduction for corn. Corn production is lowered 1.0 million tons

for Argentina as additional dryness in January reduces expected plantings and trims yield prospects. Production is lowered 0.3 million tons for Russia corn based on final official estimates. Partly offsetting these reductions is a 0.9-million-ton increase for Ukraine corn output, which is also based on the latest official data. Area harvested and production for both Russia and Ukraine are records for 2013/14.

Global 2013/14 coarse grain consumption is raised 5.0 million tons with higher corn feeding for the European Union, Canada, South Korea, and Egypt and higher barley feeding for Canada, Kazakhstan, Libya, Kuwait, and Syria. Corn feeding is also increased for Mexico, but offsets a reduction in sorghum feeding. Sorghum feeding is raised for China with higher imports.

Global corn imports for 2013/14 are raised 3.2 million tons with increases for the European Union, Egypt, South Korea, Mexico, and Vietnam. Corn exports are raised 0.5 million tons each for Russia and Ukraine, but lowered 1.0 million tons for Argentina and 0.5 million tons each for the European Union and India. With stronger foreign corn use, increased U.S. exports fill the gap between higher foreign corn imports and lower foreign corn exports. Global barley imports are also raised, up 0.5 million tons, with increases for Libya, Kuwait, and Syria. Barley exports are raised with Australia, but a reduction for Kazakhstan is partly offsetting. Global corn ending stocks are projected 2.9 million tons lower. At the projected 157.3 million tons, world ending stocks remain at a 13-year high.

**SOYBEANS:** Global oilseed and product supply and use changes this month include reduced soybean crush, soybean meal, and soybean exports for Argentina, reduced soybean meal imports for the European Union, and increased soybean and soybean meal exports for Brazil and the United States. Global oilseed stocks are projected higher, mostly reflecting higher soybean stocks in Argentina.

**WHEAT:** Global 2013/14 wheat supplies are lowered 1.1 million tons with lower beginning stocks for Argentina and Russia and a 0.8-million-ton reduction in world production. Small reductions in 2012/13 production for Argentina and imports for Russia reduce world carryin supplies for 2013/14. Kazakhstan production for 2013/14 is lowered 1.6 million tons based on the latest official estimates which raised harvested area, but lowered the yield sharply from indications based on earlier harvest reports. Production for Algeria is lowered 0.3 million tons based on the latest official data. Partly offsetting these reductions is a 0.6-million-ton increase for Brazil where better-than-expected yields in southern wheat areas more than offset earlier freeze damage farther north. Ukraine production is also raised, up 0.3 million tons, on final government estimates.

Foreign wheat exports for 2013/14 are lowered as reductions for Kazakhstan and Argentina more than offset an increase for the European Union. Kazakhstan exports are lowered 1.5 million tons with the smaller crop. Exports are lowered 1.0 million tons for Argentina based on the slow pace of shipments. European Union exports are raised 1.5 million tons reflecting the rapid pace of shipments and licensing. Wheat feeding is lowered for the European Union as increased corn imports and feeding free up wheat for export. Wheat feed use is lowered 0.2 million tons for South Korea as increased corn imports and feeding also displace wheat in that market. Global wheat ending stocks are projected 1.7 million tons lower with the largest declines for the United States and European Union. Smaller reductions in ending stocks are expected for Algeria and Russia. Partly offsetting are stocks increases for Argentina, Brazil, and Ukraine.

To see the full February 2014 WASDE report go to:

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

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



# World Corn Production

Country or Region	2012/13 estimate	2013/14 forecast	Change from January	Change from 2012/13
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	862.8	966.6	0.0	12.0
United States	273.8	353.7	0.0	29.2
Foreign	589.0	612.9	0.0	4.1
<b>Argentina</b>	<b>26.5</b>	<b>24.0</b>	<b>-4.0</b>	<b>-9.4</b>
Brazil	81.0	70.0	0.0	-13.6
Mexico	21.6	21.7	0.0	0.5
Canada	13.1	14.2	0.0	8.7
European Union	58.9	64.7	0.0	9.9
FSU-12	32.4	46.2	1.4	42.7
Ukraine	20.9	30.9	3.0	47.7
Russia	8.2	10.7	-2.9	30.1
South Africa	12.4	13.0	0.0	5.1
China	205.6	217.0	0.0	5.5
India	22.2	23.0	0.0	3.5

February 10, 2014

## U.S. Corn Supply and Demand

	2012/13 estimate	2013/14 forecast	Change from January	Change from 2012/13
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	97.2	95.4	0.0	-1.8
Harvested area (million acres)	87.4	87.7	0.0	0.3
Yield (bushels per acre)	123.4	158.8	0.0	28.7
	<i>Million bushels</i>			
Beginning stocks	989	821	0.0	-17.0
Production	10,780	13,925	0.0	29.2
Imports	162	35	0.0	-78.4
Total supply	11,932	14,781	0.0	23.9
Feed and residual	4,335	5,300	0.0	22.3
Food, seed, and industrial	6,044	6,400	0.0	5.9
Ethanol	4,648	5,000	0.0	7.6
Domestic use	10,379	11,700	0.0	12.7
Exports	731	1,600	10.3	118.7
Total use	11,111	13,300	1.1	19.7
Ending stocks	821	1,481	-9.2	80.4
	<i>Percent</i>			
Stocks to use ratio	7.4	11.1		
	<i>Dollars per bushel</i>			
Average market price	6.89	4.20/4.80	2.3	-34.7

February 10, 2014

## World Soybean Production

Country or Region	2012/13 estimate	2013/14 forecast	Change from January	Change from 2012/13
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	268.3	287.7	0.3	7.2
United States	82.6	89.5	0.0	8.4
Foreign	185.7	198.2	0.4	6.7
Argentina	49.3	54.0	-0.9	9.5
Brazil	82.0	90.0	1.1	9.8
Paraguay	9.4	9.3	3.3	-0.7
Ukraine	2.4	2.8	2.3	14.9
India	11.5	11.8	0.0	2.6
China	13.1	12.2	0.0	-6.5

February 10, 2014

## U.S. Soybean Supply and Demand

	2012/13 estimate	2013/14 forecast	Change from January	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	75.9	0.0	-0.4
Yield (bushels per acre)	39.8	43.3	0.0	8.8
	<i>Million bushels</i>			
Beginning stocks	169	141	0.0	-17.0
Production	3,034	3,289	0.0	8.4
Imports	36	30	20.0	-17.0
Total supply	3,239	3,459	0.1	6.8
Crush	1,689	1,700	0.0	0.7
Seed and residual	90	99	-9.2	10.1
Domestic use	1,779	1,799	-0.6	1.1
Exports	1,320	1,510	1.0	14.4
Total use	3,099	3,309	0.2	6.8
Ending stocks	141	150	0.0	6.9
	<i>Percent</i>			
Stocks to use ratio	4.5	4.5		
	<i>Dollars per bushel</i>			
Average market price	14.40	11.95/13.45	1.6	-11.8

February 10, 2014

## U.S. Meat Production and Prices

	2013 forecast	2014 forecast	Change from January	Change from 2013
			<i>Percent</i>	<i>Percent</i>
Production	<i>Billion pounds</i>			
Beef	25.72	24.35	0.1	-5.3
Pork	23.20	23.42	-0.7	1.0
Broilers	37.82	38.88	-0.1	2.8
Turkey	5.80	5.85	-0.8	0.8
Total meat	93.33	93.29	-0.2	0.0
Prices	<i>Dollars/cwt</i>			
Steers	125.89	136.00	1.9	8.0
Hogs	64.05	62.75	0.8	-2.0
	<i>Cents/lb</i>			
Broilers	99.7	97.5	2.1	-2.2
Turkey	99.8	103.0	2.0	3.3

February 10, 2014

# U.S. Meat Trade

*Million Pounds*

	2013 forecast	2014 forecast	Change from January	Change from 2013
<i>Exports</i>				
Beef	2,583	2,335	0.0	-9.6
Pork	4,992	5,140	-0.8	3.0
Broilers	7,364	7,500	-0.7	1.8
Turkey	758	780	0.0	2.9
Mature Chickens	108	110	0.0	2.1
Total meat	15,812	15,874	-0.6	0.4
<i>Imports</i>				
Beef	2,250	2,285	0.0	1.6

February 10, 2014

Export Inspections February 10, 2014 (released at 10:00 a.m. CST)

- Corn exports 27.3 mil bu season to date 602.2 vs 326.7 ly. Est was 20-24
- Soybean exports 56.9 season to date 1,214.2 vs 1035.6 ly. Est was 44-50
- Wheat exports 16.3 season to date 825.8 vs 622.2 ly. Est was 14-19

## **WEATHER**

Here is the latest from World Weather Inc. meteorologist Drew Lerner:

### **BRAZIL:**

The theme to the outlook has not changed greatly since late last week, but the increase in shower activity that had been advertised for the driest areas in Minas Gerais and Bahia has been delayed again. An increase in shower activity is still expected to begin Wednesday and stress to crops should be eased while conditions for planting second season corn should improve as

well. Areas from Rio Grande do Sul to Paraguay and Mato Grosso will be wettest and will see the greatest interruptions to fieldwork, although some fieldwork should occur around the rain.

One of the driest areas in Brazil continues to extend from northeastern Minas Gerais to central to northeastern Bahia and unirrigated crops will likely see rising levels of stress until rain increases. This area of dryness is expanding into Minas Gerais, Bahia, and Espirito Santo into some surrounding areas as rain through at least the next ten days will favor areas to the west and south while drying continues in the region mentioned above.

Another area of significant stress recently has been in southern Brazil from Paraguay into western and northern Parana and western Sao Paulo, but many of these areas will get at least some rain this week to ease the stress somewhat. The combination of quick drying, excessive heat and limited rainfall recently has made this region a greater concern than that further north, especially since northeastern Brazil does not produce nearly as much soybeans as do crop areas to the south.

#### **ARGENTINA:**

*Crops in Argentina will see mostly favorable conditions for development through the next two weeks. Frequent rounds of showers and thunderstorms will continue through Thursday before a pattern of less frequent rain begins Friday. Rain today and Tuesday will be greatest from central and southern Cordoba to central La Pampa eastward into the northern half of Buenos Aires and Entre Rios and some flooding may occur in this region. Rain will expand northward Wednesday into Thursday and areas.*

*Once rain comes to an end Thursday soil moisture will be favorable in much of Argentina. Even with many areas drying down for at least a week beginning Friday, the soil moisture should be high enough to support crops. The exception will be areas from southeastern La Pampa into south-central Buenos Aires. This region has missed out on significant rain recently and is disfavored for significant rain for at least the next ten days.*

#### **COMMODITY WEEK**

You might have noticed Commodity Week has changed slightly. We moved out of our quarter century 11:30am Saturday morning time slot on WILL AM580. The program now airs live at 2:30am Friday afternoons. Our belief is this will cause a

few good things to happen. Because it is logistically impractical for most of the panelists to be live in studio, it means they're all on the phone. Effectively this gives them no place to go, except home, when we finish the live part of the show at 3 o'clock. We believe this means most of the crew will want to continue talking after the show officially ends.

If you've listened to Commodity Week online for a few years, you know that the after show segments can be far more informal and often very informative. This is the goal. We've achieved that end twice in the last month, and suspect it will become a regular feature of the program. Our half hour stretched to nearly an hour this week. If you haven't listened to the Off Air part of Commodity Week, yet, then just shuttle forward in the audio link below to about 28 minutes. Another benefit of the earlier Air time, is that we now post the show to our website by about 4pm Friday afternoons.

[LISTEN](#) - Commodity Week for February 7, 2014

#### Panelists

- Jacquie Voeks, Stewart Peterson - Champaign, Illinois
- Mike Zuzolo, Global Commodity Analytics and Consulting - Atchison, Kansas
- Dan Zwicker, CGB Enterprises - Mandeville, Louisiana

#### Guest

- Glen Ring, Glen Ring Enterprises - Cedar Falls, Iowa



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Dave Dickey & Todd Gleason