




July 25, 2014

Dear
Subscriber:

Another week of decent demand (and OUTSTANDING demand in NEW crop soybeans, soybean meal, and corn has largely gone unnoticed by the trade in the wake of continuous stories of potential for monster yields. The trade has moved well beyond USDA's July Crop Production numbers (corn: 165.3 to something in the 170s. Some traders are even quietly suggesting USDA's final corn number could be closer to 180 bpa.


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I L L I N O I S

Not surprisingly corn futures continued to grind lower this week. There was some optimism in the corn market on Thursday when corn could have posted a key reversal higher and filled a gap on the December futures daily chart at 3771/2 only to end the day about where it started. Thursday's low on December futures marks the low for the current move at 364 1/4 and it fills objective one that many of our analysts have been discussing on air in recent weeks:

December 2014 Corn Futures (Composite Weekly)



Note that our analysts have also been discussing the possibility of corn futures longer term (perhaps after the September 2014 Crop Production Report – and certainly by the October USDA reports) of making a run at 3.07 with cash futures UNDER 3.00 at harvest.

As we previously alluded to the supply growing faster than demand story has largely ignored tremendous new crop sales – especially in soybeans and meal – as well as some bullish fundamentals in wheat. There is corn and bean tour currently underway from the folk at Doane – and thus far there has been nothing to change that narrative. You can read about what scouts are seeing at:

<http://www.doane.com/crop-tour2014/>

By the way if you want to help us with our letter for next week, send us your corn and soybean pictures and locations to dadickey@illinois.edu. We'll post then with next week's WILLAG-E Newsletter!!!

WEEKLY OUTLOOK

University of Illinois agricultural economist Darrel Good talks about the fading premium in corn futures. Darrel writes:

The soybean/corn price ratio is of particular interest. In the July WASDE report, the USDA forecast 2014-15 marketing year ending stocks of corn at 1.801 billion bushels, which represents a marketing year ending stocks-to-use ratio of 13.5 percent. Similarly, marketing year ending stocks of soybeans were forecast at 415 million bushels, which represents a marketing year ending stocks-to-use ratio of 11.7 percent. On the surface, similar stock levels for corn and soybeans would suggest that the soybean/corn price ratio would be near a more normal level of about 2.4. As indicated, the current new crop futures price ratio is near 2.9. Based on harvest delivery cash bids in central Illinois, the current soybean/corn price ratio is 3.05. Prices are still adjusting to supply and consumption prospects for the upcoming marketing year so that price ratios may continue to change. However, the declining and increasingly low price of corn relative to soybeans suggests that the market currently expects the marketing year-ending stocks-to-use ratio for corn to be much larger than projected by the USDA. Such expectations are based on expectations of a much higher corn yield and a much larger corn crop than forecast in the July WASDE report. As suggested in last week's newsletter, even a yield about five bushels higher than forecast by the USDA would not point to average prices as low as currently reflected in the market. Yield expectations are obviously increasing as the growing season progresses and widespread and persistent stressful weather is avoided.

If the 2014 corn crop reaches the lofty levels currently expected, the key to prices after harvest will be the response by users of corn.

To see Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/072114.html>



USDA reports this week's corn export sales at 56.5 million bushels (11.5 this year, 45.0 next year). On the year, total commitments for corn are 1,907.0 million bushels vs. 735.6 million bushels a year ago at this time.

Weekly Corn – as of July 17, 2014

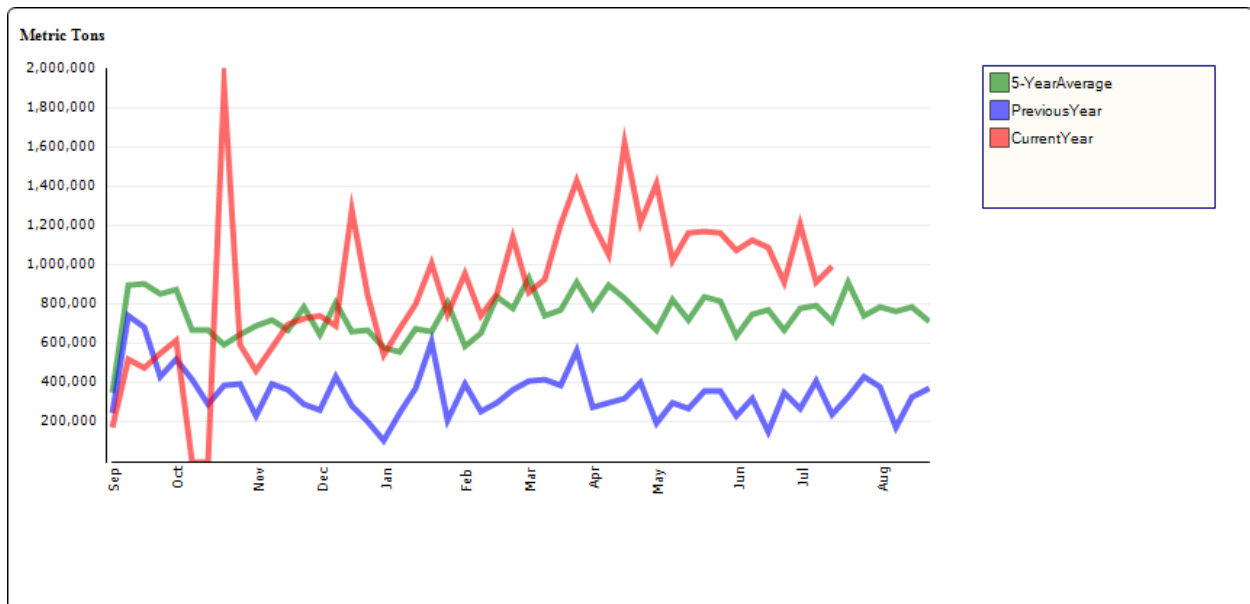


Chart Courtesy of USDA Foreign Ag Service

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)



USDA reports this week's soybean export sales at 98.4 million bushels (8.3 this year, 90.1 next year). On the year, total commitments for soybeans are 1,684.2 million bushels vs. 1,359.9 million bushels a year ago at this time.

Weekly Soybeans – as of July 17, 2014

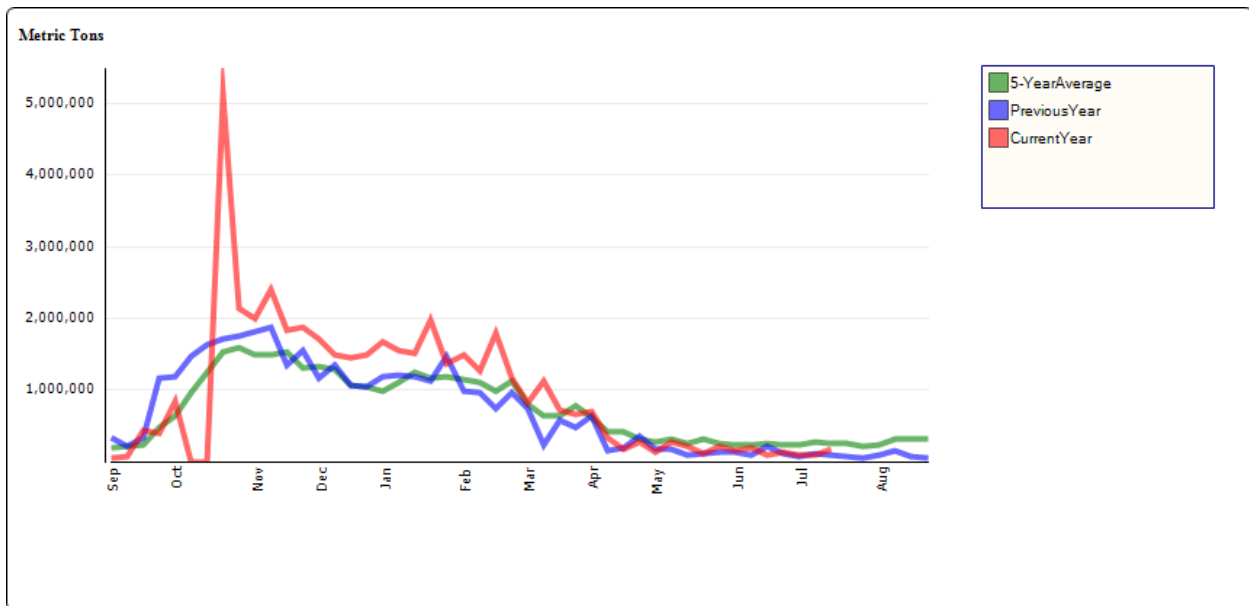


Chart Courtesy of USDA Foreign Ag Service

USDA reports this week's wheat export sales at 16.3 million bushels (16.3 this year, 0.0 next year). On the marketing year wheat sales have totaled 328.1 million bushels compared with 451.8 million bushels a year ago at this time.

Weekly Wheat – as of July 17, 2014

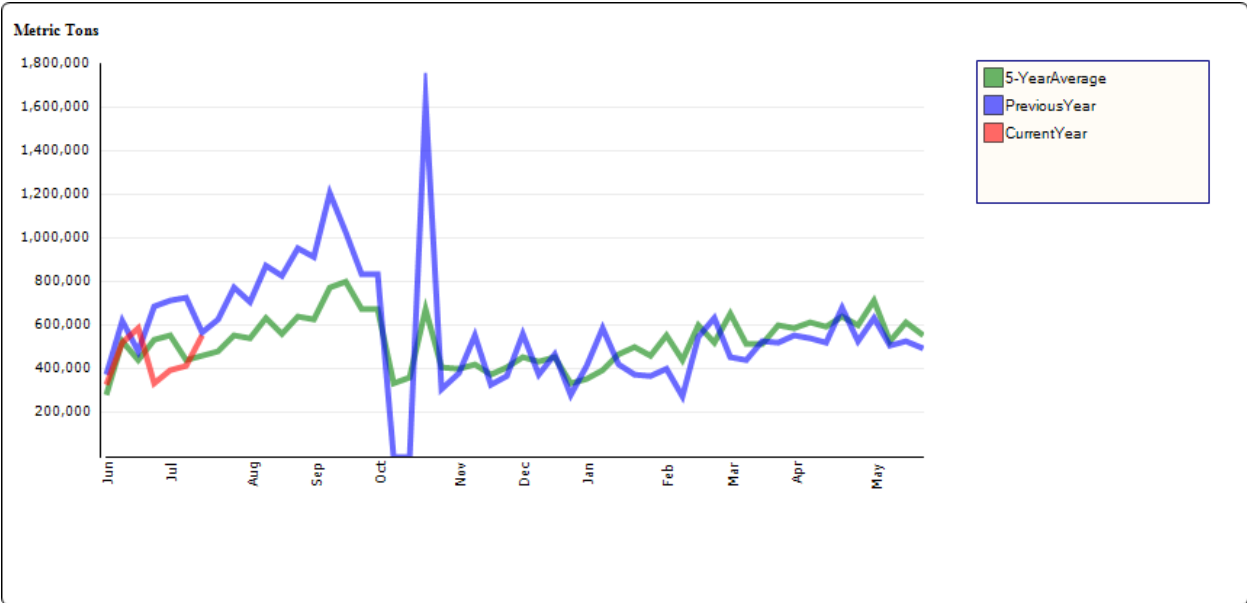


Chart Courtesy of USDA Foreign Ag Service

Ag Weather

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

No significant changes have been made to the two-week outlook since Thursday. A favorable mix of sunshine showers and thunderstorms and mild to warm temperatures will occur. There will be a net decline in soil moisture for many areas, especially in the southwestern Corn Belt where the greatest departure from normal rainfall is expected. The topsoil will firm up in much of the Midwest, but subsoil moisture will be conserved by a combination of the cool temperatures expected most days during the next week and at least some timely rain in most areas.

The southwestern Corn Belt will see the most stressful conditions for crops through the next two weeks while the best conditions for crops occur in the eastern Corn Belt. Rain will fall on much of the eastern Corn Belt into Sunday and soil moisture levels should be favorable in much of the region. Further west, areas from eastern Kansas into Missouri, eastern Nebraska, and southwestern Iowa have been warmest and driest recently and have lower soil moisture than the remainder of the Midwest. This region will continue to see the warmest and driest conditions through the next two weeks and some crop stress should occur.

Serious crop stress should not occur in the southwestern Corn Belt during the next two weeks with most areas receiving at least some light rain while subsoil moisture should remain high enough to support crop development. Much of the remainder of the western Corn Belt and southern Illinois will become vulnerable to increasing levels of stress, especially to soybeans, later in August if rain does not increase before temperatures trend warmer again.

Temperatures will be warm in the lower Midwest this weekend and the cooler next week. The warmth in southwestern areas will exacerbate dryness and crop stress for unirrigated areas.

Saturday's highs will be in the 80s and lower 90s with some upper and a few middle 70s in the far north and some middle 90s in the south. Sunday will be cooler and highs will be in the 70s and 80s with some lower and a few middle 90s in the south and some upper 60s in the northwest.

Highs Monday and Tuesday will be in the 70s with some lower 80s in the south and west a few middle 80s in the south Monday. Wednesday will be a little warmer and highs Thursday and next Friday will be in the upper 70s to the middle 80s with a few middle 70s near Lake Michigan.

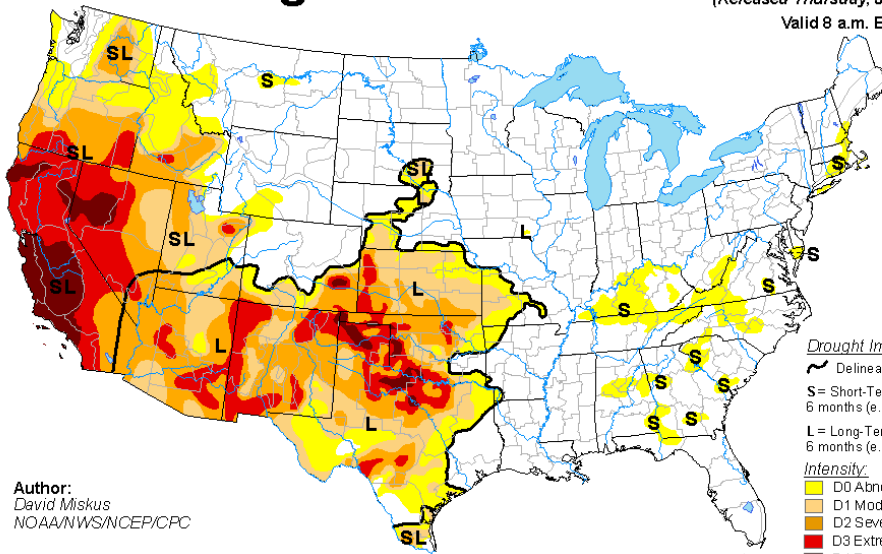
Low temperatures Saturday and Sunday will be in the 60s and lower 70s with some upper and a few middle 50s in the north each day and in the east Saturday and a few middle 70s in the south.

Monday's lows will be cooler and lows Tuesday will be in the middle and upper 50s with some lower 60s in the south and some upper 40s and lower 50s in the north. Wednesday through next Friday's lows will be in the upper 50s and lower 60s with some middle 50s in the north and east. Temperatures will gradually warm during the second week of the two-week outlook.

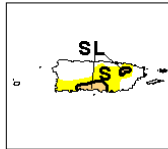
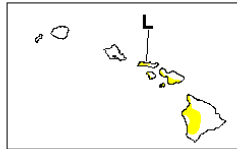
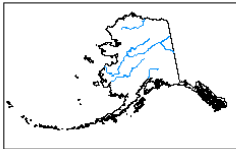
<http://droughtmonitor.unl.edu/>

U.S. Drought Monitor

July 22, 2014
(Released Thursday, Jul. 24, 2014)
Valid 8 a.m. EDT



Author:
David Miskus
NOAA/NWS/NCEP/CPC



<http://droughtmonitor.unl.edu/>

Commodity Week

Panelists:

- Merrill Crowley, Crowley Commodities - Watseka, Illinois
- Dale Durchholz, AgriVisor LLC - Bloomington, Illinois
- Greg Johnson, The Andersons - Champaign, Illinois

Guest:

- Ray Jenkins, Cargill - Eddyville, Iowa

You can listen to Commodity Week LIVE each Friday afternoon at 2:36 p.m. Central Time IMMEDIATELY following The Closing Market Report 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/cw140725.mp3>

Dial Up MP3:

<http://audio01.will.illinois.edu/cw140725dial.mp3>
