



December 5, 2014

Dear Subscriber:

We're beginning to think ahead for the All Day Ag Outlook Meeting on March 10 at the Beef House in Covington, Indiana. If there is a panel you would like to see now would be a great time to drop Dave an e-mail at dadickey@illinois.edu.

Our analysts say not so fast soybean bears. We begin today with a quick look at the January 2014 daily futures chart. What appeared to be a head and shoulders top in the market -- in classic technical analysis confirmed by a second day lower close below the neckline -- may turn out to be a bear trap IF soybeans can close back above the neckline on a closing basis (as I write this on Friday morning that comes in at 1013.

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ILLINOIS

January 2015 Soybean Futures (Composite Daily)



On the down side the 979 benchmark (the 62% fibonacci retracement level is key support. Closes below that level would be viewed as very bearish with the possibility for classic head and shoulder technical targets (967 and then 912 the low for the downward move from October).

WEEKLY OUTLOOK

University of Illinois ag economist Darrel Good puts a pencil to corn consumption ahead of USDA's WASDE report next Wednesday. Darrel writes:

The USDA will update the projections of marketing year corn consumption on December 10. The current pace of consumption suggests that the projection of total consumption will be little changed from the November projection. Corn prices have settled into a trading range of about \$0.25 since late

October. That range is expected to persist at least until the final production estimate and December 1 stocks estimate are released on January 12, 2015.

To see Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/120114.html>



Registration Closing Soon! Seating is limited.

LOCATIONS

- Dekalb, IL - Monday, December 15, 2014
- Peoria, IL - Tuesday, December 16, 2014
- Springfield, IL - Wednesday, December 17, 2014
- Mt. Vernon, IL - Thursday, December 18, 2014
- Champaign, IL - Friday, December 19, 2014

Complete meeting information and registration at the website farmdoc.illinois.edu/ifes/2014

OVERVIEW

Price and income volatility continued apace in 2014. Unlike most of the last eight years, however, the volatility was generally to the downside for crops and to the upside for livestock. Crop prices declined sharply in the face of record yields, while livestock prices reached unheard of levels driven by the PEDs virus in the pork sector and a drought-ravaged beef sector. Crop producers now face a variety of difficult decisions to deal with the diminished revenue outlook. One important decision that looms large is the farm

program sign-up. Income support from the new farm program is likely to be much more important than was expected just a few months ago. There are certainly no shortages of management challenges on the horizon. The University of Illinois Extension and members of the farmdoc team from the Department of Agricultural and Consumer Economics will be holding a series of five Farm Economics Summit meetings to help producers navigate these turbulent times.

Speakers from the farmdoc team at the University of Illinois will explore the farm profitability outlook and management challenges from several perspectives, including the 2015 outlook for prices, farm income prospects, long-term grain price prospects, and the new farm programs. The format for the meeting will be fast-paced and allow plenty of time for questions from the audience.



USDA reports this week's corn export sales at 46.1 million bushels (46.1 this year, 0.0 next year). On the year, total commitments for corn are 895.6 million bushels vs. 992.6 million bushels a year ago at this time. Year to date export commitments are now 51% of the USDA projection for the year, just 1 point shy of the 5yr average for this week.

Weekly Corn – as of November 27, 2014

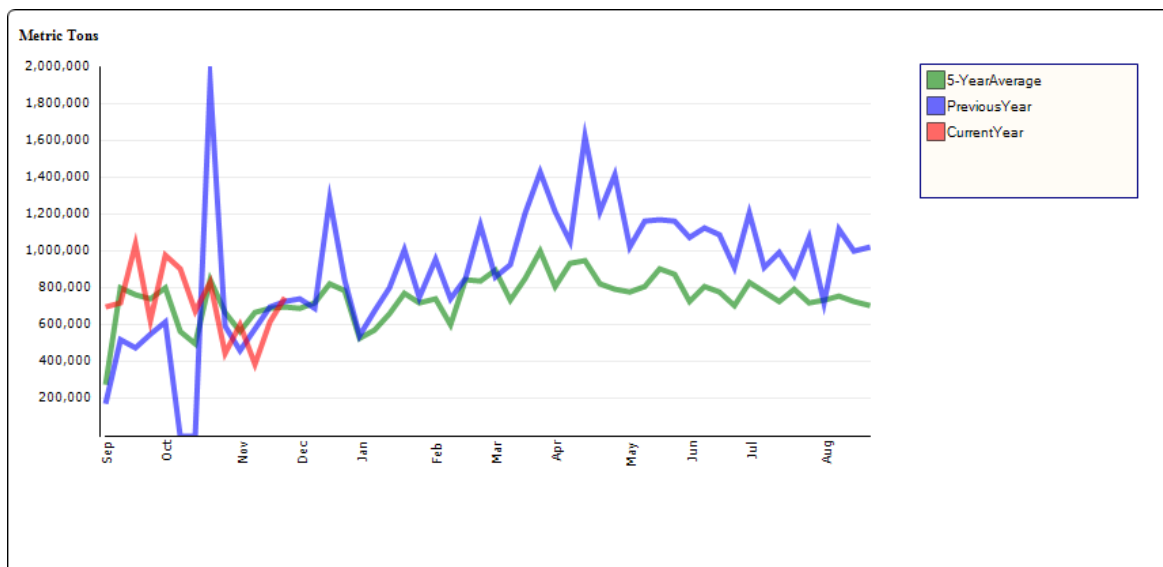


Chart Courtesy of USDA Foreign Ag Service

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

http://www.ams.usda.gov/mnreports/GX_GR113.txt

The Iowa basis report is at:

http://www.ams.usda.gov/mnreports/NW_GR110.txt



USDA reports this week's soybean export sales at 43.3 million bushels (43.3 this year, 0.0 next year). On the year, total commitments for soybeans are 1456.9 million bushels vs. 1378.5 million bushels a year ago at this time. Cumulative soybean sales stand at 84.7% of the USDA forecast for the 2014/15 (current) marketing year versus a 5-year average of 74.9%.

Weekly Soybeans – as of November 27, 2014

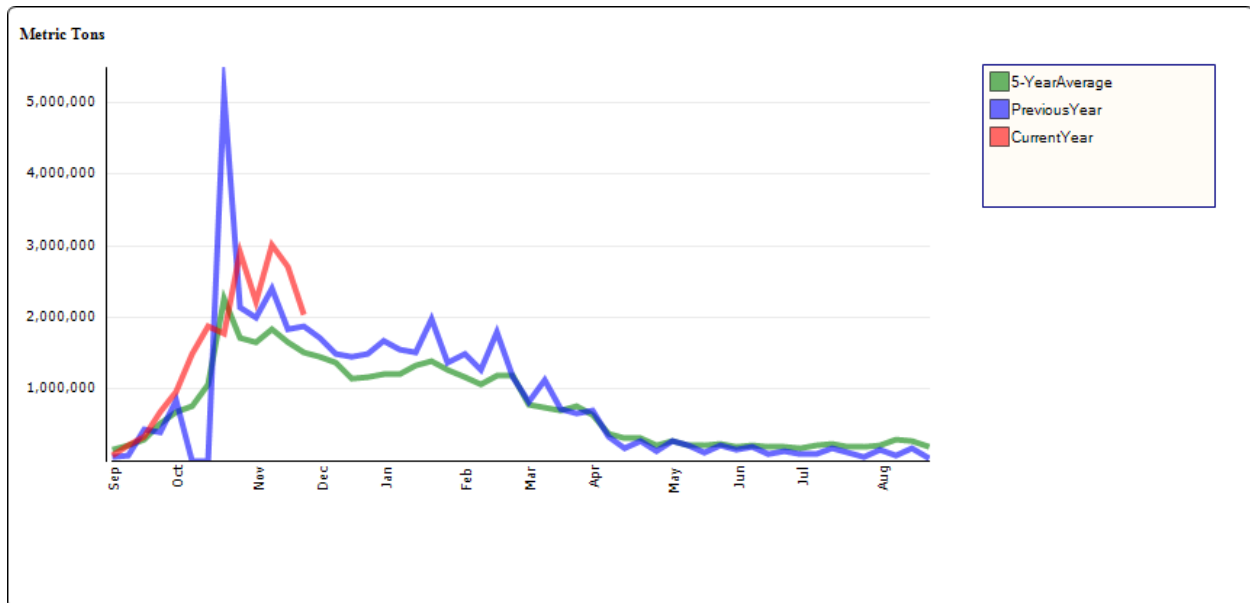


Chart Courtesy of USDA Foreign Ag Service



USDA reports this week's wheat export sales at 11.9 million bushels (11.7 this year, 0.2 next year). On the marketing year wheat sales have totaled 622.2 million bushels compared with 830.6 million bushels a year ago at this time.

Weekly Wheat – as of November 27, 2014

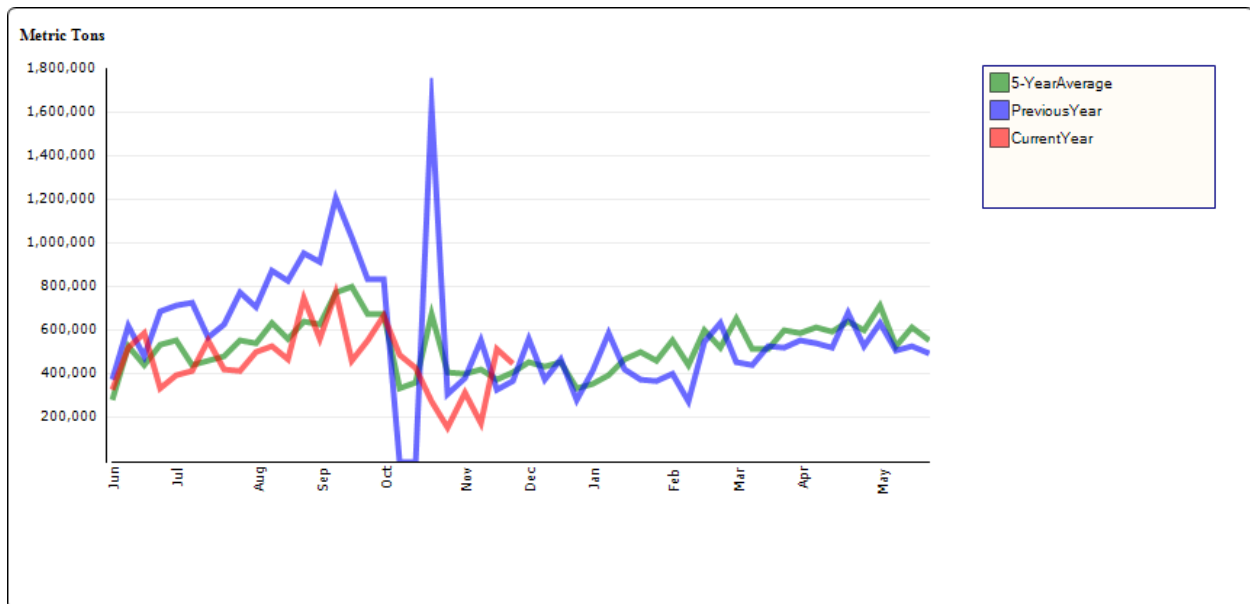


Chart Courtesy of USDA Foreign Ag Service

Ag Weather

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

BRAZIL

No significant changes have been made to the two-week outlook since Thursday and the regular rounds of showers and thunderstorms expected in much of Brazil and Paraguay should lead to favorable conditions for crops in much of the region with a few exceptions. A close watch on developing dryness is needed for portions of southern and northeastern Brazil and southern Paraguay. Rain chances will be limited in portions of southern and

northeastern Brazil and southern Paraguay and each rain event advertised for these areas will be important in preventing dryness from evolving. Northeastern Minas Gerais into Bahia already has low topsoil moisture and this region could be first to see serious crop stress if rain does not increase soon. Some light showers will occur through the middle of next week with greater rain occurring Thursday into next Friday and more significant rain likely Dec. 13-15.

Outside of a few pockets that have missed out on rain recently most of southern Brazil and southern Paraguay have favorable top and subsoil moisture. This region will be driest overall during the next two weeks, however, and rain Monday into Wednesday will be important in maintaining favorable conditions for crops. As long as rain falls as advertised during the next two weeks conditions for crops should remain favorable in nearly all locations.

Fieldwork should advance in most locations with areas from Mato Grosso and northern Mato Grosso do Sul to Sao Paulo and surrounding areas seeing the most frequent rain and interruptions to fieldwork.

ARGENTINA

The two-week outlook is wetter for northern Argentina while southern Argentina is still expected to see little significant rain after this weekend. Most areas outside of southwestern Argentina should see favorable conditions for summer crops through the next two weeks as soil moisture in place today and expected rain during the period lead to a favorable environment for crop development. Portions of Cordoba, Santiago del Estero, La Pampa, and much of San Luis are already running low on soil moisture and crop stress could soon evolve in areas that do not receive significant rain. Santiago del Estero and northern Cordoba will see an increase in rain beginning Tuesday while southern Cordoba into La Pampa and San Luis see mostly light rain with the moisture likely to be quickly lost to evaporation.

Planting progress will be slowed by the increase in rain beginning Saturday, but some fieldwork should advance around the rain. The increase in rain beginning Saturday will not be welcome in many winter wheat producing areas. However, rain will be greatest in northern Argentina where most of the crop has likely already been harvested. Central and southern wheat areas will see some rain, but rain there should not be great enough to raise serious concerns over wheat quality.



Commodity Week

Panelists:

- John Bondurant, Bondurant Futures - Memphis, Tennessee
- Merrill Crowley, Crowley Commodities - Watseka, Illinois
- Chuck Shelby, Risk Management Commodities - Lafayette, Indiana
- Dan Zwicker, CGB Enterprises - Mandeville, Louisiana

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...

Listen NOW!!!!!! This program lays out bullish and bearish scenarios for the commodity and economic markets over time. It is a really valuable listen.

<http://audio01.will.illinois.edu/cw141205.mp3>

AM-580 Daily Agricultural Programming Schedule

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

Friday

- 2:36 p.m. – 3:00 p.m. – \$*Commodity Week

Saturday

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

* Available on the website for on demand listening

\$ Available via podcast