



December 10, 2014

Dear Subscriber:

We will be adding material to this shell letter after the report is released on December 10, 2014 at 11:00 a.m CST. Be sure to click back on the link often for the latest information.

This morning (December 10, 2014) USDA released its December WASDE Report.

Be sure to tune in the afternoon at 12:40 p.m. CST as we have special coverage of the numbers and what they mean with Wayne Nelson of L and M Commodities in New Market, Indiana.

Here is a look at the key statistics:

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USDA December 2014 U-S Ending Stocks for 2014-15 in billions of bushels (released December 10, 2014, 11:00 a.m. CST)

Crop	USDA December Estimate	Average Guess	Range	USDA November Estimate
Corn	1.998	2.027	1.905 - 2.156	2.008
Soybeans	0.410	0.427	0.400 - 0.455	0.450
Wheat	0.654	0.654	0.642 - 0.681	0.644

From the USDA December 2014 WASDE report:

CORN: U.S. feed grain supply and use projections for 2014/15 are mostly unchanged as a small increase in projected corn food, seed, and industrial (FSI) use reduces ending stocks slightly. Expected corn use for sweeteners is raised 10 million bushels dropping projected corn ending stocks just below 2.0 billion bushels. Supply and use projections for the other feed grains are unchanged. The projected range for the season-average corn farm price is unchanged at \$3.20 to \$3.80 per bushel. The sorghum farm price range is raised 5 cents on each end to \$3.20 to \$3.80 per bushel, equal to corn, as strong demand from China supports sorghum prices.

SOYBEANS: Total U.S. oilseed production for 2014/15 is projected at 117.0 million tons, down slightly due to a small reduction in cottonseed. Soybean exports are increased 40 million bushels to 1,760 million reflecting the record export pace in recent weeks and prospects for additional sales and shipments ahead of the South American harvest. With crush unchanged, soybean ending stocks for 2014/15 are projected at 410 million bushels, down 40 million from last month but still the highest since 2006/07.

The U.S. season-average soybean price range for 2014/15 is projected at \$9.00 to \$11.00 per bushel, unchanged from last month. The soybean meal price is projected at \$340 to \$380 per short ton, up 10 dollars on both ends of the range. The soybean oil price range is projected at 32 to 36 cents per

pound, down 2 cents on both ends reflecting lower-than-expected early season vegetable oil prices and lower petroleum prices.

WHEAT: Projected U.S. wheat supplies for 2014/15 are raised 10 million bushels this month with higher projected imports. Increased production and higher imports from Canada are expected to add to U.S. wheat supplies. The entire import increase is for Durum. Domestic use projections and wheat exports are unchanged. However, a 15-million-bushel reduction for Hard Red Winter exports is offset by 5-million-bushel increases for Hard Red Spring, White, and Durum. Ending stocks for all wheat are projected 10 million bushels higher with the supply increase. The projected season-average farm price range is raised 10 cents per bushel at the midpoint to \$5.80 to \$6.20 per bushel on prices reported to date and recently higher cash and futures prices.

<i>USDA November 2014 World WASDE Production in millions of metric tons (released December 10, 2014)</i>		
Crop	USDA November Estimate 2014-15	USDA October Estimate 2014-15
Argentina Wheat	12.00	12.00
Australia Wheat	24.00	24.00
China Wheat	126.00	126.00
India Wheat	95.91	95.91
FSU Wheat	111.6	111.00
EU Wheat	155.4	155.40
Argentina Corn	22.00	23.00
Brazil Corn	75.00	75.00
China Corn	215.5	214.00
South Africa Corn	13.50	13.50

Argentina Soybeans	55.00	55.00
Brazil Soybeans	94.00	94.00

From the USDA December 2014 WASDE report:

CORN: Global coarse grain supplies for 2014/15 are projected 1.1 million tons higher. Higher corn production for China and EU, higher rye production for Russia, and higher oats production for Canada, more than offset lower expected corn and barley output for Argentina. Upward production revisions largely reflect the latest official government estimates and harvest results. Corn production for Argentina is lowered 1.0 million tons reflecting lower expected plantings, but the reduction in area is partly offset by higher expected yields with abundant early season soil moisture in key growing areas.

Global coarse grain consumption for 2014/15 is raised 2.5 million tons mostly on higher expected barley and mixed grain feeding for EU and higher sorghum feeding for China. Corn feeding is also raised for EU driving the increase in projected foreign corn consumption. EU livestock and poultry feeders are expected to shift rations toward coarse grains as abundant supplies and stronger wheat exports make coarse grain feeding more competitive.

Global coarse grain trade for 2014/15 is mostly unchanged. China corn imports are lowered, but China sorghum imports are raised. Mostly offsetting the increase for China sorghum is a reduction for Japan sorghum imports. Barley imports are raised for Saudi Arabia. Barley exports are lowered for Argentina, but partly offset by an increase for EU. World corn exports are lowered slightly with a reduction for Argentina only partly offset by an increase for Vietnam. Global ending stocks are projected 0.7 million tons higher mostly reflecting the larger China corn crop. Small reductions in U.S. and EU corn stocks partly offset the increase for China.

SOYBEANS: Global oilseed production for 2014/15 is projected at a record 530.7 million tons, up 1.8 million tons from last month. Foreign oilseed production accounts for most of the change on increases for soybeans, rapeseed, and sunflowerseed. Global soybean production is projected at a record 312.8 million tons with gains this month for Canada, Ukraine, and

Paraguay. Global rapeseed production is projected at a record 71.9 million tons, up 1.2 million mainly on increased production for Canada, which is estimated at 15.6 million tons based on the latest survey results from Statistics Canada. Other changes include increased sunflowerseed production for EU and reduced peanut production for Argentina. Palm oil production is reduced for Indonesia for both 2013/14 and 2014/15 on revised yields.

Global oilseed trade for 2014/15 is projected at 135.3 million tons, up 0.8 million from last month. Soybean exports account for most of the change with higher projections for the United States, Paraguay, Ukraine, and Canada only partly offset by reductions for Argentina and Brazil. Global oilseed ending stocks are projected at 104.1 million tons, up 1.1 million from last month and 23.5 million above year-earlier levels. Increased rapeseed stocks in Canada and higher soybean stocks in Brazil and Argentina are only partly offset with lower soybean stocks in the United States.

WHEAT: Global wheat supplies for 2014/15 are raised 1.9 million tons with increased production offsetting lower beginning stocks. World wheat production remains record high and is raised 2.3 million tons led by a 1.8-million-ton increase for Canada. Kazakhstan is raised 0.5 million tons. Both production increases are from updated government statistics. Partly offsetting is a 0.4-million-ton reduction for global beginning stocks with Indonesia consumption raised for 2012/13 and 2013/14.

Global wheat trade for 2014/15 is raised with exports up 3.1 million tons on larger supplies and stronger demand in several importing countries. Exports are raised 1.0 million tons for EU, and 0.5 million tons each for Canada, Iran, and Kazakhstan. The EU increase stems from competitive prices and a fast sales pace to date. The Canada and Kazakhstan increases reflect larger crops. Iran exports are raised on larger flour exports to nearby countries. Russia exports are lowered 0.5 million tons on increased competition, particularly from EU. Iran imports are raised 1.0 million tons on a fast pace of shipments from EU. Egypt imports are raised 0.5 million tons on increasing purchases from the private sector. Smaller increases are made for Bangladesh, Jordan, Colombia, Ethiopia, and Uzbekistan.

Global wheat consumption for 2014/15 is down slightly. The biggest change is a 1.5-million-ton decrease in EU wheat feeding on larger coarse grain supplies and higher wheat exports. Canada wheat feeding is raised 0.5 million tons on the larger crop. Global ending stocks are projected 2.0 million tons higher mostly on increases for Canada, EU, and Russia.

To see the full USDA November 2014 WASDE report go to:

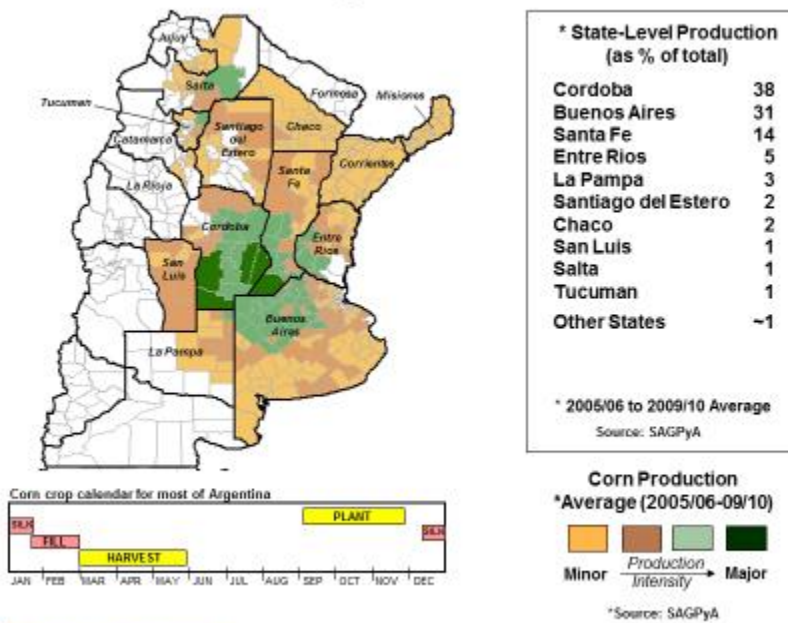
<http://www.usda.gov/oce/commodity/wasde/>

After the report was released Dave spoke about the numbers with Wayne Nelson of L and M Commodities in New Market, Indiana. **(This link is now LIVE)**

<http://audio01.will.illinois.edu/ag-voeks141210.mp3>

From the USDA Secretary lock up briefing:

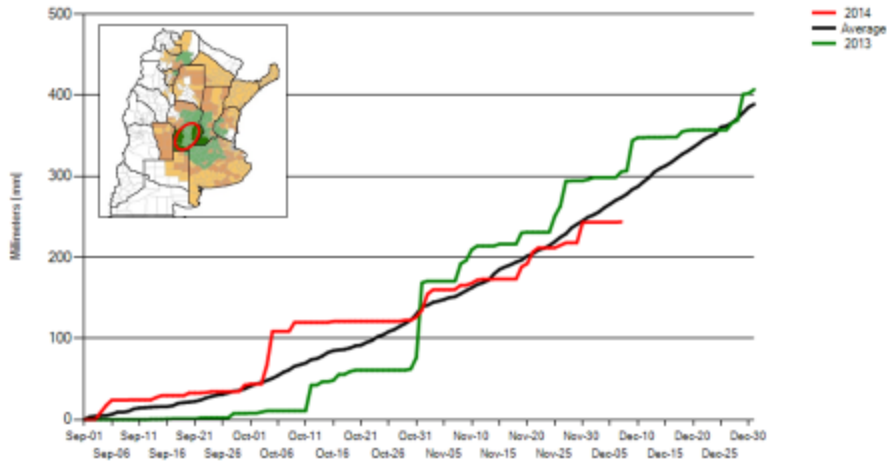
Argentina Corn



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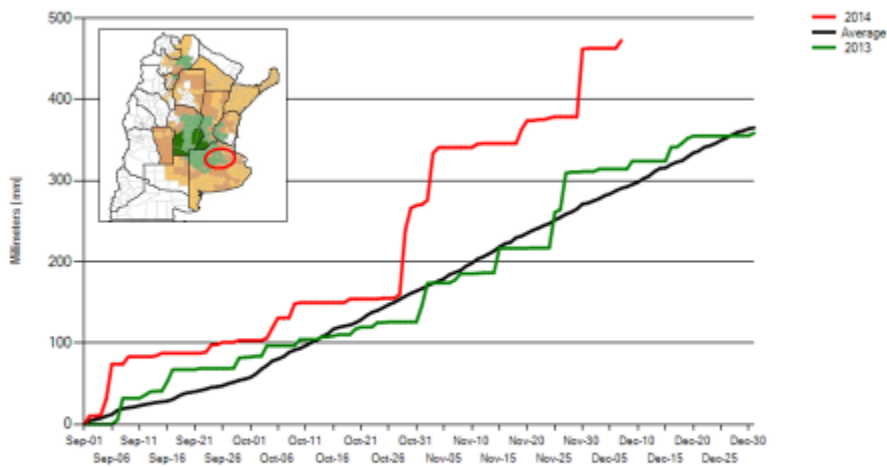
2 - C & S CORDOBA
Cumulative Precipitation



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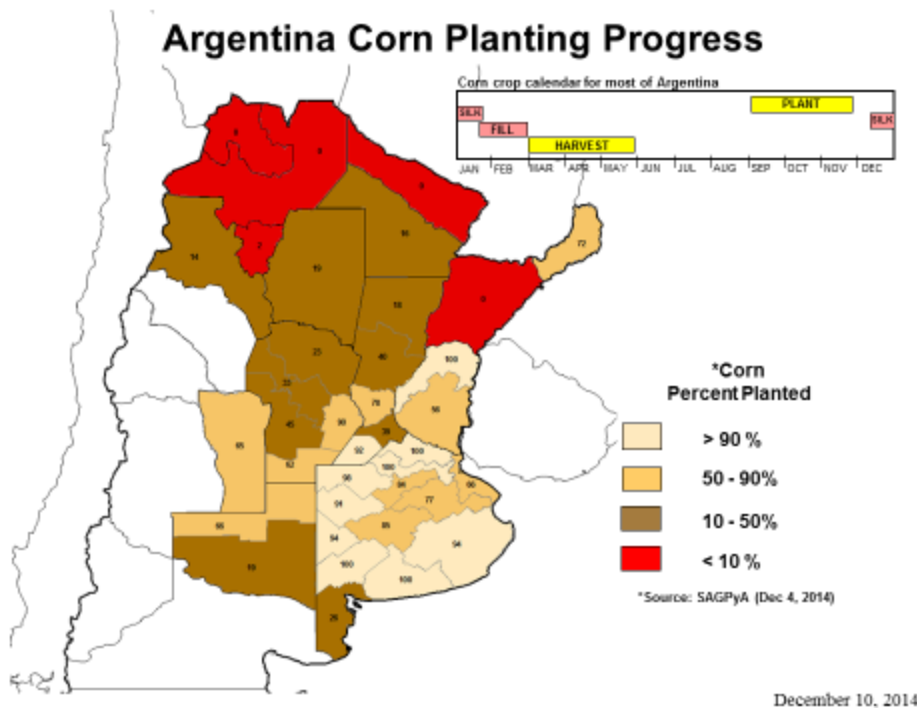
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7 - NORTHERN B. A.
Cumulative Precipitation



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Limited Incentives to Plant Corn

- Clearly negative incentives:
 - Low corn prices especially relative to soybeans.
 - Export taxes at 20 percent, inflation over 40 percent.
 - Credit is scarce.
 - High input costs.
 - High cattle prices are making pastures for feed and grazing profitable.
 - Lowest FOB pricing since 2009 for corn.
 - Argentine government continues to work against the farmers in selling and planting corn.
- Even the “positives” are not so great:
 - China is short on corn supplies, but the U.S. has a record large corn crop
 - The EU market has very limited needs this year
 - Low corn prices in other areas of South America, but corn price is very, very low in Argentina
 - Corn can be made into ethanol, but the higher 10 percent mixes do not begin until January 12, 2015.
- The only clear positive: moisture is readily available.

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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