



June 7, 2013

Dear
Subscriber:


Corn futures traders this week attempted to push the December contract through the gap left over from the Memorial Day weekend, but did not get that accomplished. Weekend wet weather in the western corn belt should provide underlying support to the market as we count down to the next round of USDA reports this upcoming Wednesday – Crop Production and

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I L L I N O I S

WASDE numbers are due out then.

Weather remains very much the key heading into the report – but there are possibilities that the trade will refocus its attention on the demand side of the equation early next week. No one we spoke with this past week believes that USDA's May WASDE 2 billion bushel corn carry over is any good – most analysts are trimming at least 400 to 600 million bushels off that estimate for a carryover between 1.4 and 1.6 billion bushels, assuming NO

June adjustments from USDA on the demand side of the ledger. Here is meteorologist Drew Lerner's take on the weather for next week:

“Weather conditions across the Midwest are expected to gradually improve after the weekend’s greater rain event. There has already been some improvement with the recent drier weather. Temperatures have not been as warm as they need to be to induce greater degree day accumulations and faster crop development, but a trend toward warmer weather is expected in the coming week to ten days that should eventually provide some of those benefits, although rain will continue to occur routinely across a big part of the nation’s corn and soybean country.

Flooding continues to diminish in the middle Mississippi River Basin, but will continue for a while. The same is true for a part of the Illinois River system.

The greatest rain events over the next two weeks will occur Saturday and Sunday in the western Corn Belt and Sunday and Monday in the east. Rain coverage and amounts will be highest then, but not excessively great outside of a few localized areas in the northwest. Another well organized rain event is expected Tuesday and Wednesday in the western Corn Belt and Wednesday into Thursday morning in the east with another system June 14-16. These storm systems will provide a disruption to needed drying leaving some fields wet, but the trend is still likely to provide some improvement in field access over time, especially as temperatures trend warmer.

Highs through the weekend and early next week will often be in the 60s and 70s in the northern one third of the Midwest corn and soybean belt. Highs elsewhere will be in the 70s and lower 80s. The remainder of next week and the following weekend, (June 15-16) will produce high temperatures in the 70s north and 80s in the central and south. Lowest morning temperatures over the coming week will be in the 40s and 50s, but many morning temperatures will be in the 50s and 60s. The coolest morning temperatures are likely this weekend.”

WEEKLY OUTLOOK

Purdue University ag economist Chris Hurts says that hog profits are on the mend....but livestock producers are keeping a close eye on delayed plantings as they calculate their margins. Chris writes:

“Hog producers generally should keep any expansion plans on hold awaiting better clarification of the size and prices for 2013 crops and the implications for hog production costs. The size of those crops should be more transparent in another 60 days, although late-planting likely means that frost will also be a threat for much of the month of September.

In general, if corn prices stay below \$6 per bushel, the pork industry will be able to survive another year of low crop production. Corn prices above \$6 would push the outlook back into losses. The opposite would be true of \$5 or lower corn prices. Some expansion could be expected with low \$5 corn prices and a more aggressive expansion would be expected with corn prices dropping below \$5. Expansion, if it occurs, is not expected until the fall.”

To read Chris’ full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/060313.html>



USDA reports this week’s corn export sales at 6.2 million bushels (4.2 this year, 2.0 next year). Trade guesses were for 19.7 to 31.5 million bushels. On the year, total commitments for corn are 684.3 million bushels vs. 1514.2 million bushels a year ago at this time.

Weekly Corn – as of May 30, 2013

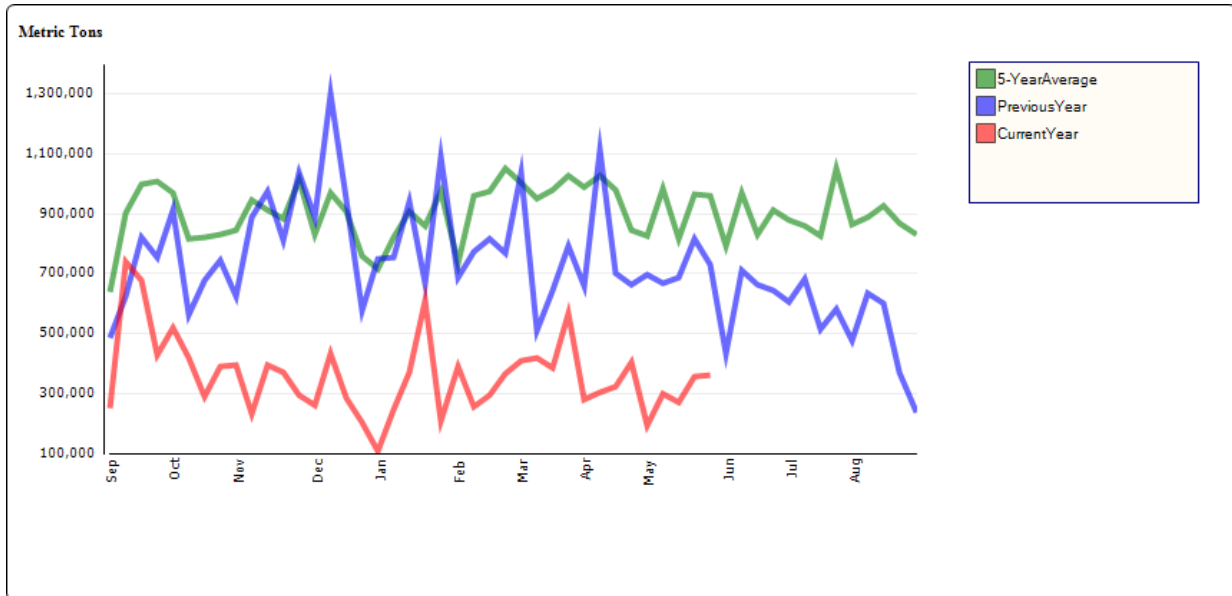
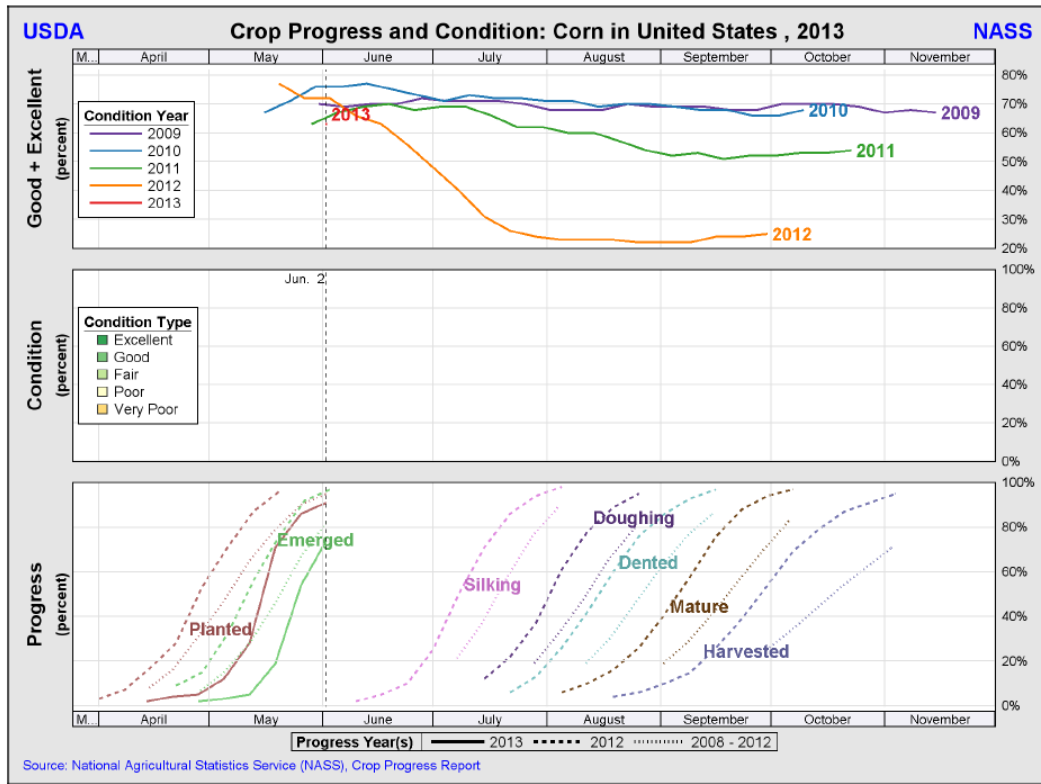


Chart Courtesy of USDA Foreign Ag Service



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)

In Friday afternoon's commitments of traders report for the week ending June 4 non-commercials decreased its net long position. Non-commercials were long 368,272 contracts, a decrease of 8,602 contracts, and were short 232,450 contracts, an increase of 8,075 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending June 4. Non-commercials were long 362,928 combined future and option contracts, a decrease of 11,112 combined future and option contracts and short 225,229 contracts, an increase of 3,432 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 4 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	443,040	60,636	4,076	1,726



USDA reports this week's soybean export sales at 23.5 million bushels (1.8 this year, 21.7 next year). The trade was anticipating sales of 11.0 to 25.7 million bushels. On the year, total commitments for soybeans are 1345.6 million bushels vs. 1336.0 million bushels a year ago at this time.

Weekly Soybeans – as of May 30, 2013

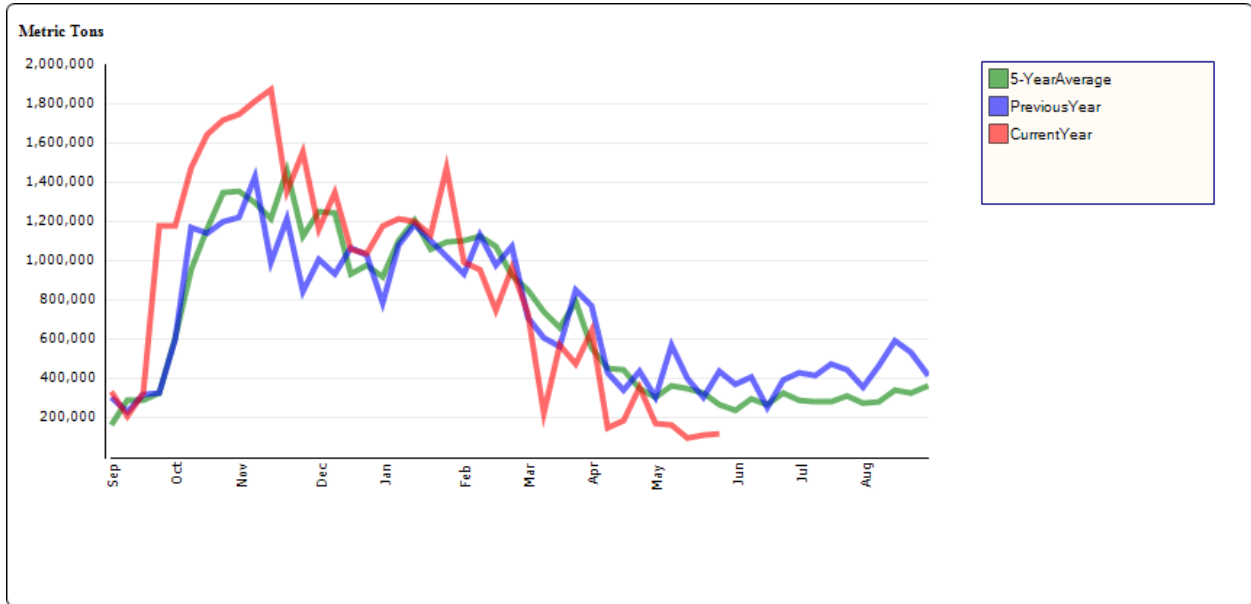
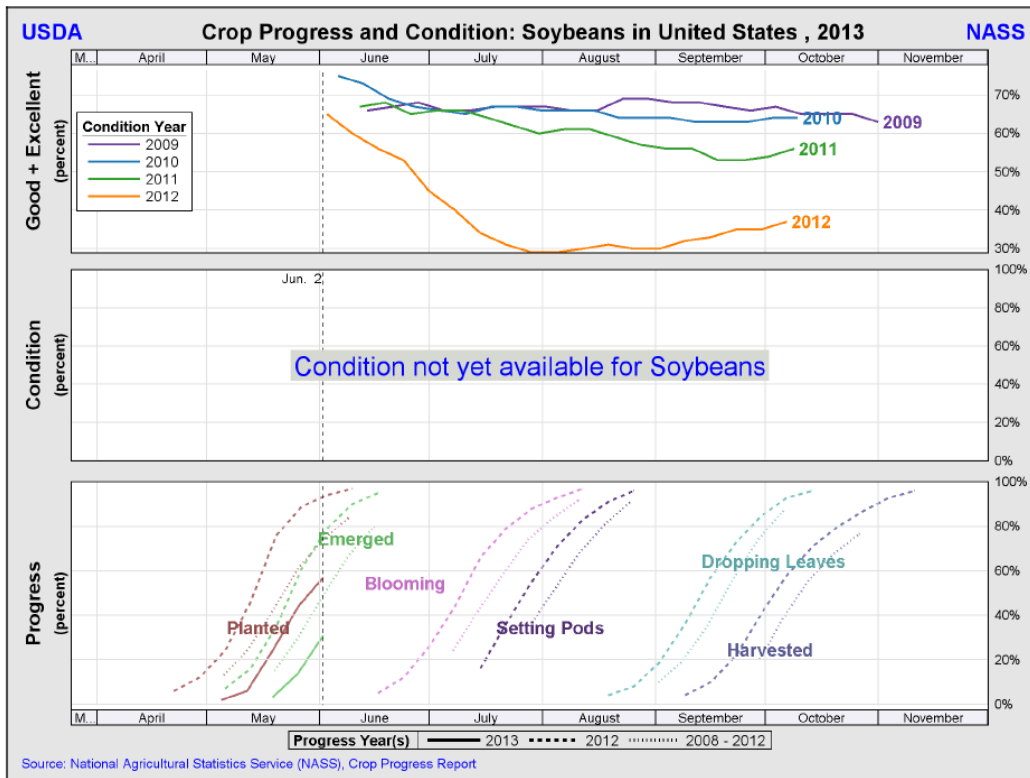


Chart Courtesy of USDA Foreign Ag Service



In Friday afternoon's commitments of traders report for the week ending June 4, non-commercials increased its net long position. Non-commercials were long 234,210 contracts, an increase of 3,417 contracts and were short 124,606 contracts, a decrease of 13,153 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending June 4. Non-commercials were long 233,109 combined future and option contracts, an increase of 2,757 contracts and short 85,410 contracts, a decrease of 16,086 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 4 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	154,786	28,926	2,424	957



USDA reports this week's wheat export sales at 23.2 million bushels (-1.2 this year, 24.4 next year). The trade was anticipating wheat sales between 11.0 million bushels and 22.0 million bushels. On the marketing year wheat sales have totaled 995.7 million bushels compared with 1026.0 million bushels a year ago at this time.

Weekly Wheat – as of May 30, 2013

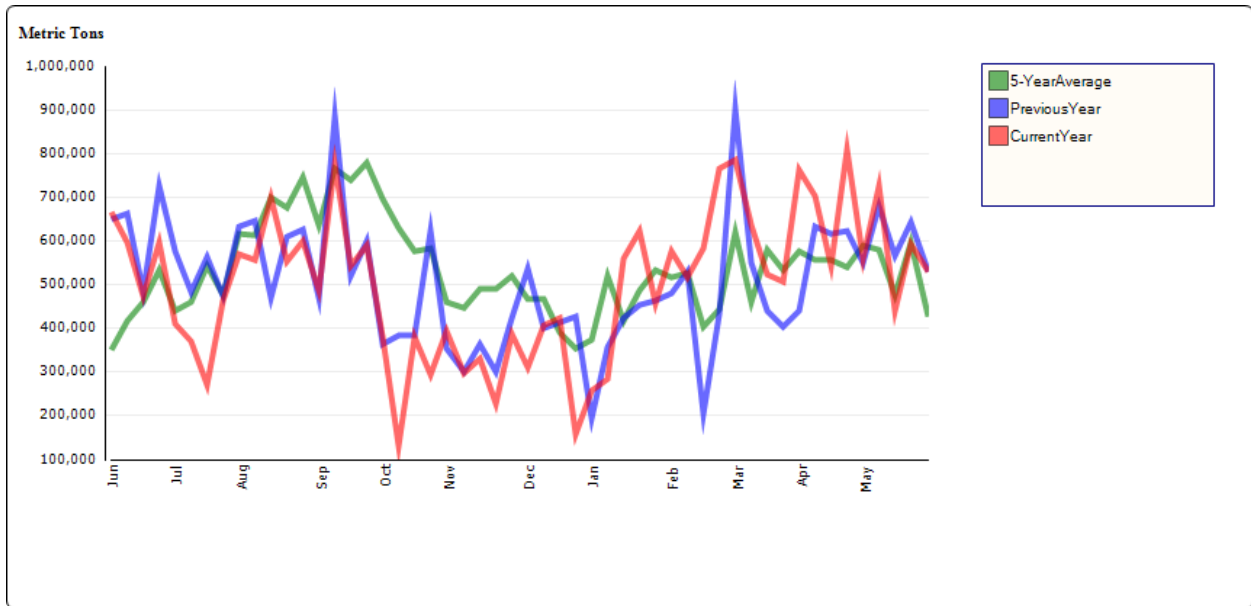
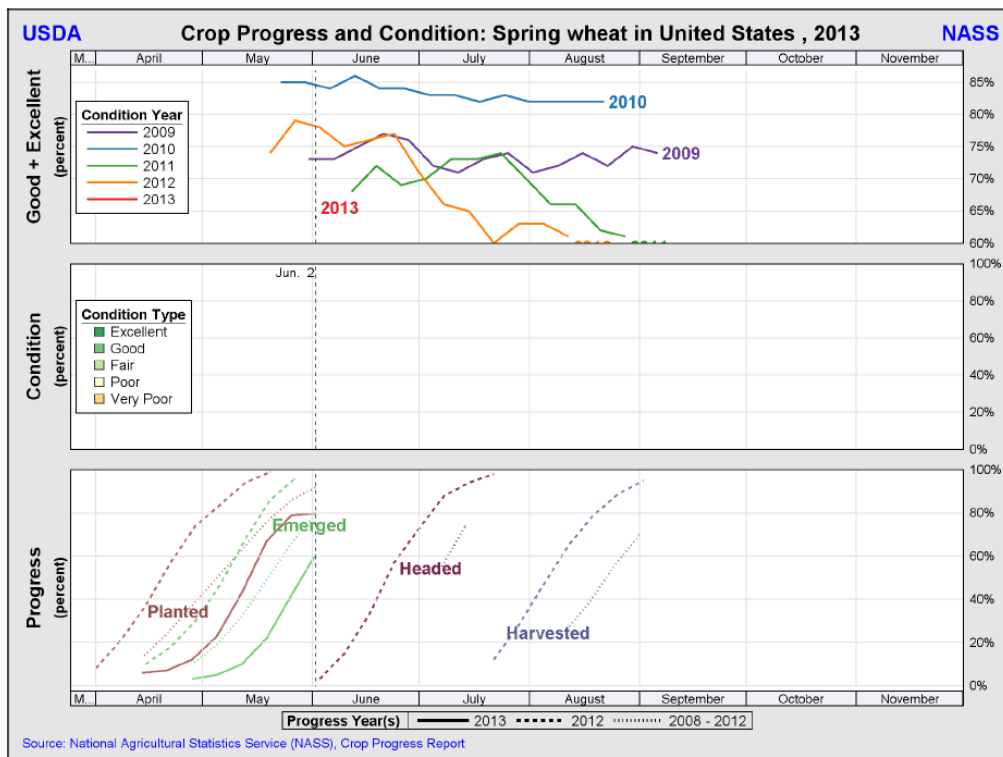
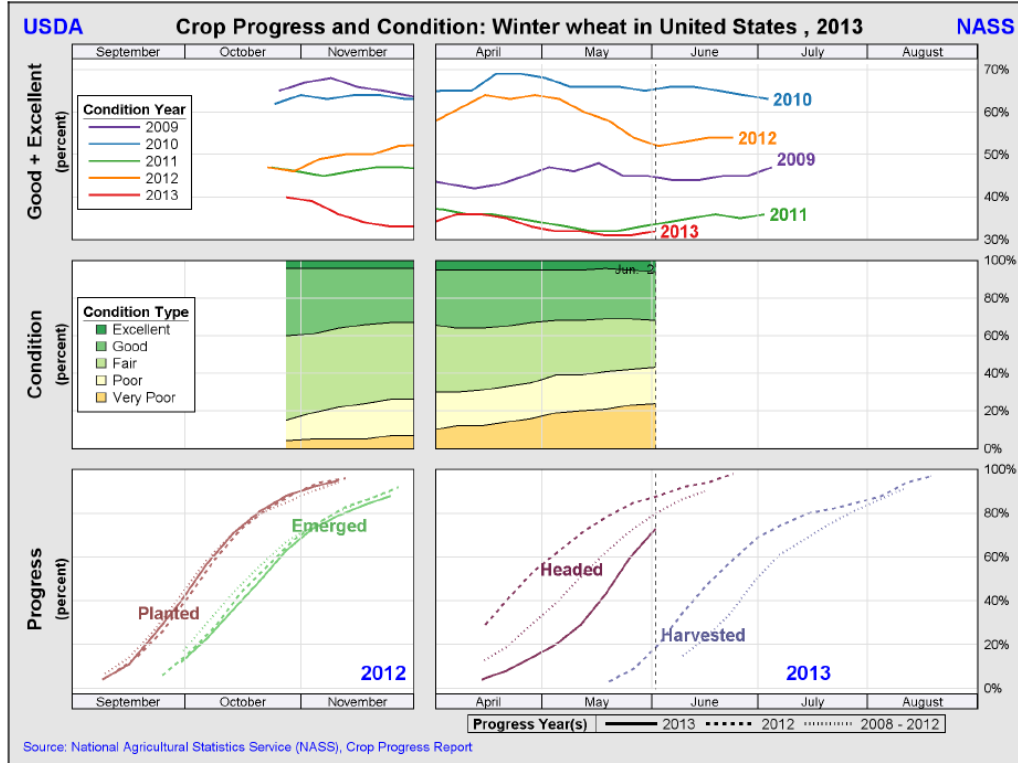


Chart Courtesy of USDA Foreign Ag Service



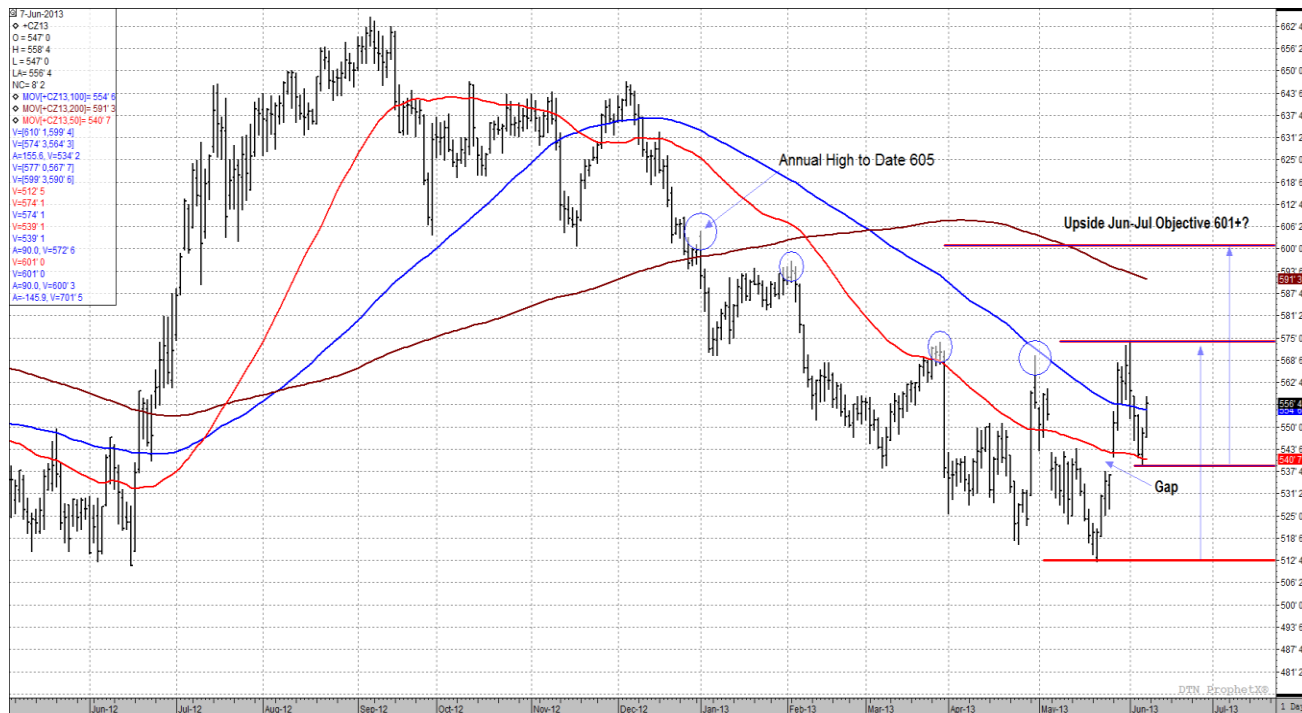


In Friday afternoon's commitment of traders report for the week ending March 19 non-commercial traders decreased its net short position. Non-commercials were long 115,739 combined future and option contracts, an increase of 5,921 contracts and short 128,092 contracts, a decrease of 5,647 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 4 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	185,953	35,765	-3,869	-209

December 2013 Corn Futures (Composite Daily)



Our analysts suggest futures action this past week potentially set the market up for a June/July test of the annual high of 605 set at the beginning of January. December 2013 corn futures managed to hold about the gap left over from the Memorial Day weekend and the 50 day moving average in red in the above chart. Note there is a triple top now on the chart at the 573 level. Our analysts believe closes above that triple top set the market up for rallying to the 6 dollar level. Friday’s corn trade also saw December futures rallying above the 100 day moving average after losing that benchmark earlier in the week.

Our analysts suggest that as long as the gap remains unfilled, additional upside potential remains.

The technical objectives we mentioned last week remain: the circled areas -
 - April 30 at 570, March 27 at 573 3/4, February 4 at 596 1/2, and January 3 at 605 become the upward technical objectives for a potential June – July rally.



Commodity Week

Panelists:

- Elaine Kub, Mastering the Grain Markets - Elkhorn, Nebraska
- Bill Mayer, Strategic Farm Marketing - Champaign, Illinois
- Dan Zwicker, CGB Enterprises - Mandeville, Louisiana

Guest:

- U of I ag economist Darrel Good

You can listen to Commodity Week each Saturday morning at 11:30 a.m. central time 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/cw130607.mp3>

Dial Up MP3:

<http://audio01.will.illinois.edu/cw130607dial.mp3>

Weekly Continuation Chart



June 7, 2013

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Jul Wheat	714 1/2	692 1/2	696 1/4	down 9 1/4
Jul Wheat 14			744 1/4	down 9 1/4
Jul Corn	674	643 3/4	662 1/4	up 4 1/4
Dec Corn			558 1/2	down 8 3/4
Jul Soybeans	1549	1509	1528 1/4	up 18 1/4
Nov Soybeans			1330 1/4	up 26
June Live Cattle	12152 1/2	11997 1/2	12012 1/2	down 117 1/2
Jun Lean Hogs	9817 1/2	9540	9812 1/2	up 250
Jul Oats			407 1/4	up 33 1/4

AM-580 Daily Agricultural Programming Schedule

<http://www.will.uiuc.edu/am/agriculture/schedule.htm>

Monday – Friday (all times central)

- 8:49 a.m. – \$*Pre-Opening Commodity Market Report
- 9:49 a.m. – \$*Opening Commodity Market Report
- 10:59 a.m. – Commodity Market Price Update
- 11:59 a.m. – Commodity Market Price Update
- 12:55 p.m. – *Midday Market Analysis with Sue Martin

- 2:06-2:36 p.m. – \$*Closing Market Report
 - 2:08 – Futures Analysis
 - 2:20 - Agricultural News
 - 2:25 - Cash Grain Analysis or Energy Analysis
 - 2:32 – Agricultural Weather Analysis

Saturday

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

- 11:30 a.m. – \$*Commodity Week

*Available on the website for on demand listening! \$Available via podcast.