September 6, 2013

Dear Subscriber:

The past week was very much one which bears had much of the action, especially in the corn pit. Bearish production numbers from F.C. Stone, some light rains, technical considerations, and good yield reports from harvest in the southern corn belt helped push futures lower with the December 2013 contract making a new low for its move (457) and falling below the 25 day moving average.

Still there is some consensus from our analystst that the August lows in corn will hold going into next Thursday’s Crop Production and WASDE reports. Our analysts remain divided on whether USDA will make significant adjustments to corn and soybean yield and most believe any adjustments to planted and harvested acres will wait for the October reports when FSA has all its data crunched.

http://www.adm.com/
But it is clear talking to our analysts that when it comes to soybeans what side of a national 40 bpa USDA comes down on in future reports will determine whether ending stocks are “relatively comfortable” or “painfully tight” – tight enough to push November 2013 futures through the now triple top at 1409 if you include the contract high from 2012.

The window is quickly closing on whether rains will do much to increase soybean yield – a number of our farmer brokers suggest that whatever additional yield increase comes in soybeans due to showers will need to happen within the next 10 to 14 days. The “flash drought” has hit Illinois especially hard – many locations have suffered their dryest or second dryest August on record.

Here is the latest drought maps – nationally, for Illinois, for Iowa, and rain graphs:
U.S. Drought Monitor

September 3, 2013
Valid 7 a.m. EDT

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu/

 Released Thursday, September 5, 2013
Author: David Miskus, NOAA/NWS/NCEP/CPC

U.S. Drought Monitor
Midwest

September 3, 2013
Valid 7 a.m. EST

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu

Released Thursday, September 5, 2013
National Drought Mitigation Center.
Here is the latest from World Weather Incorporated Meterologist Drew Lerner on the two week outlook:

“Crop stress will continue in many areas across the Midwest with some expansion possible into a few new areas during the next two weeks as significant drying is expected in much of the region. An important increase in shower activity will occur Saturday into Thursday and although most of the rain will be light, temporary reductions in crop stress should result. Two to three days of dry weather will follow in most areas and crop stress should increase again. Stress to crops will be greatest from the eastern two-thirds of Iowa and nearby locations in southern Minnesota to northeastern Missouri and central Illinois. Parts of this region will see a few light showers through
Saturday with the resulting rain too light to do more than slow drying rates in most cases. Stress to crops will also likely increase in other areas of the Corn Belt that missed out on significant rain during the weekend and have little remaining soil moisture with significant stress possible in portions of western Wisconsin, eastern North Dakota, and northwestern Minnesota.

Rain may return to a large part of the Midwest Sep. 14-17 and some relief from dryness would result. This rain event would have potential to improve some crops, but the change will come after another week to eight or nine days of stress resulting in additional production cuts. Rain after mid-month might not benefit crops as much as it would now, especially if cooling occurs late this month as expected. Confidence in the timing and details of this rain event remain low.

The most favorable conditions for crops will continue to extend from Kentucky into Ohio and in portions of Michigan. This region will dry down during the next two weeks, but soil moisture should remain supportive of crop development.

High temperatures today will be in the 80s with some lower 90s in the west and 70s from Michigan into much of Ohio. Highs Saturday will be in the middle 80s to the lower 90s with middle 90s in the far southwest and upper 70s and lower 80s in some northern and eastern locations. Highs Sunday through Tuesday in the north will be in the middle 70s to the middle 80s with some lower 70s Sunday and a few upper 80s Monday and Tuesday. Highs in the south will be in the 80s and lower 90s with a few upper 70s in the east Sunday and Monday and some middle 90s in the southwest Sunday and Monday. Wednesday and Thursday will be cooler and next Friday’s highs in the north will be in the 70s while southern areas see highs in the upper 70s to the middle 80s with some middle 70s in the east and some upper 80s in the southwest.

Low temperatures Saturday will be in the upper 50s to the middle 60s with some middle 40s to the middle 50s from Ohio into much of Michigan, eastern Indiana, and Kentucky. Lows Sunday through Wednesday in the north will be in the 50s and lower 60s with a few upper 40s Sunday and Monday and some middle 60s each day. Lows in the south will be in the 60s with a few lower 70s most days and some 50s in the east Monday. Thursday’s lows will be cooler and lows next Friday in the north will be in the 50s with a few upper 40s. Lows in the south will be in the middle 50s to the middle 60s. Temperatures will warm early in the second week of the two-week outlook.”
University of Illinois ag economist Darrel Good says price action for soybeans could remain strong into harvest.... Darrel writes:

“At this juncture, the 2013 corn crop is expected to be large enough that rationing of consumption during the year ahead will not be required. The average farm price will likely be higher than expected a month ago, but a sharp increase in prices from current levels to discourage consumption is probably not needed. Prices during the first half of the marketing year may be relatively flat.

There is more concern about the size of the soybean crop and prices have risen sharply over the past month. Unlike corn prices, soybean prices are expected to unfold in more of a short-crop pattern like that of last year. Under such a pattern, prices would be expected to peak very early in the marketing year in order to discourage consumption and decline as the year progresses, particularly if the South American crop is large again in 2014.”

To see Darrel’s full report go to:

http://www.farmdoc.illinois.edu/marketing/weekly/html/090313.html
USDA reports this week’s corn export sales at 8.4 million bushels (~4.5 this year, 12.9 next year). Traders predicted export sales of 13.8 to 29.5 million bushels. On the year, total commitments for corn are 747.2 million bushels vs. 1558.2 million bushels a year ago at this time.

Weekly Corn – as of August 29, 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

The Iowa basis report is at:

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

In Friday afternoon’s commitments of traders report for the week ending September 3 non-commercials increased its net short position. Non-commercials were long 317,390 contracts, an increase of 6,448 contracts, and were short 355,658 contracts, an increase of 12,943 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net short position for the period ending September 3. Non-commercials were long 297,856 combined future and option contracts, a decrease of 2,900 combined future and option contracts and short 321,101
contracts, an increase of 5,268 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 3 indicated the following combined future/options positions (INDEX ONLY):

<table>
<thead>
<tr>
<th></th>
<th>Long</th>
<th>Short</th>
<th>Long Change from Previous Report</th>
<th>Short Change from Previous Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index Traders</td>
<td>413,060</td>
<td>30,793</td>
<td>14</td>
<td>183</td>
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</tbody>
</table>

USDA reports this week’s soybean export sales at 31.2 million bushels (0.2 this year, 31.0 next year). Traders predicted export sales of 16.5 to 31.9 million bushels. On the year, total commitments for soybeans are 1366.2 million bushels vs. 1426.2 million bushels a year ago at this time.

**Weekly Soybeans – as of August 29, 2013**

Chart Courtesy of USDA Foreign Ag Service
And further speaking of exports, there was quite a bit made this past week when China sold 15.3 million bushels out of its strategic soybean reserves domestic crushers and food processors. This begs the question of just how much exportable soybeans Brazil may have at this time....and if China plans to replenish it’s those reserves with South American or U-S stocks. As to the former questions, Brazil has been exporting soybeans this year at an extremely rapid pace compared with recent years:

![Brazilian Soybeans Monthly EXPORTS](image-url)
In Friday afternoon’s commitments of traders report for the week ending September 3, non-commercials increased its net long position. Non-commercials were long 240,748 contracts, an increase of 14,686 contracts and were short 74,986 contracts, a decrease of 11,263 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending September 3. Non-commercials were long 218,221 combined future and option contracts, an increase of 13,161 contracts and short 51,602 contracts, a decrease of 6,238 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 3 indicated the following combined future/options positions (INDEX ONLY):
**Weekly Wheat – as of August 29, 2013**

**USDA reports this week’s wheat export sales at 27.5 million bushels (24.6 this year, 2.9 next year). Traders predicted export sales of 15.6 to 22.0 million bushels. On the marketing year wheat sales have totaled 581.4 million bushels compared with 421.7 million bushels a year ago at this time.**

**Chart Courtesy of USDA Foreign Ag Service**

In Friday afternoon’s commitment of traders report for the week ending September 3 non-commercial traders increased its net short position. Non-commercials were long 119,186 combined future and option contracts, a decrease of 2,706 contacts and short 160,509 contracts, an increase of

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<tbody>
<tr>
<td>Index Traders</td>
<td>157,065</td>
<td>13,905</td>
<td>1,801</td>
<td>-124</td>
</tr>
</tbody>
</table>
3,706 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 3 indicated the following combined future/options positions (INDEX ONLY):

<table>
<thead>
<tr>
<th>Index Traders</th>
<th>Long</th>
<th>Short</th>
<th>Long Change from Previous Report</th>
<th>Short Change from Previous Report</th>
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<tbody>
<tr>
<td>165,518</td>
<td>15,197</td>
<td>2,639</td>
<td>1,465</td>
<td></td>
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Panelists:

- Merrill Crowley, Crowley Commodities - Watseka, Illinois
- Aaron Curtis, MIDCO - Bloomington, Illinois
- Dan Zwicker, CGB Enterprises - Mandeville, Louisiana

Guest:

- Jerry Gidel, Rice Dairy - Chicago, Illinois

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/cw130906.mp3

Dial Up MP3:
### Weekly Continuation Chart

**September 6, 2013**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Week High</th>
<th>Week Low</th>
<th>Week Settle</th>
<th>Change from Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept Wheat</td>
<td>654</td>
<td>625</td>
<td>635</td>
<td>down 8 1/4</td>
</tr>
<tr>
<td>Jul Wheat</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sept Corn</td>
<td>504 1/2</td>
<td>483 1/2</td>
<td>491 1/2</td>
<td>down 3 1/2</td>
</tr>
<tr>
<td>Dec 13 Corn</td>
<td>468 1/4</td>
<td></td>
<td></td>
<td>down 13 3/4</td>
</tr>
<tr>
<td>Sept Soybeans</td>
<td>1467 3/4</td>
<td>1380 1/4</td>
<td>1437</td>
<td>up 13</td>
</tr>
<tr>
<td>Nov 13 Soybeans</td>
<td>1367 3/4</td>
<td></td>
<td></td>
<td>up 10 1/4</td>
</tr>
<tr>
<td>Oct Live Cattle</td>
<td>12725</td>
<td>12490</td>
<td>12567 1/2</td>
<td>down 112 1/2</td>
</tr>
<tr>
<td>Oct Lean Hogs</td>
<td>9100</td>
<td>8725</td>
<td>9090</td>
<td>up 327 1/2</td>
</tr>
<tr>
<td>Sept Oats</td>
<td>368 1/2</td>
<td></td>
<td></td>
<td>down 23</td>
</tr>
</tbody>
</table>

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**AM-580 Daily Agricultural Programming Schedule**

[http://www.will.uiuc.edu/am/agriculture/schedule.htm](http://www.will.uiuc.edu/am/agriculture/schedule.htm)

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
  o 2:11 – Futures Analysis
  o 2:20 - Agricultural News
  o 2:25 - Cash Grain Analysis or Energy Analysis
  o 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