



November 1, 2013

Dear Subscriber:

Good export demand, and good crush for ethanol did little to rally corn futures charts this week. At best it can be said that corn is trying to make a stand at its long term trend line of support – but if estimates late this week from Linn Group, Chase Bank, and Informa come to pass a week from today when USDA is set to release its November Crop

Production WASDE reports, corn may continue to find itself grinding even lower. One quick note about those reports – there was a rumor going around in the trade this past week that USDA would NOT be making acres adjustments in the November report – that’s not true. NASS Chief Joe Prusacki says that whatever FSA number that are available will be folded into the November data set.

Traders now for the most part have in their computations crossed the 14 billion bushel benchmark for the 2013 corn crop. And the SOYBEAN crop has gotten significantly larger as well on recent estimate balance sheets.

The graphic is a blue rectangular box with white text. At the top, it says 'A M - 5 8 0 A G R I C U L T U R E' in a spaced-out font. Below that, the word 'sponsors' is written in a light blue, italicized font. The main text reads 'THANK YOU' in large, bold, blue capital letters. Underneath, a white box contains the text 'THANKS TO THESE SPONSORS FOR SUPPORTING THE AG E-LETTER'. To the left is the ADM logo, which consists of a blue diamond shape with a green leaf-like element inside, and the letters 'ADM' in blue below it. To the right of the logo, the text says 'Support for the WILL ag e-newsletter is provided by ADM. ADM thanks America's farmers, because everything they do, starts with you. Learn more at' followed by the website 'www.adm.com'. Below this is a blue link: '<http://www.adm.com/>'. At the bottom, a white box contains the text 'FOR INFORMATION ON SPONSORING THE WILL AG E-LETTER CONTACT LES SCHULTE OR CHARLIE SMITH LSCHULTE@ILLINOIS.EDU | SMITH22@ILLINOIS.EDU | (217) 333-7300'. At the very bottom, the word 'ILLINOIS' is written in a spaced-out font.

Here is a sampling of a few trade groups that have released some projections:

Crop	LinnGroup	Informa	Chase Bank	USDA September Estimates	USDA 2012
Corn:					
Production	14.330	14.223	14.767	13.843	10.780
Yield	163.4	161.2		155.30	123.4
Soybeans:					
Production	3.265	3.298		3.149	3.034
Yield	43.1	43.3		41.20	39.8

Our analysts are of the opinion that if corn production is higher than 14.2 billion bushels on next Friday's report that December corn futures will break below current levels with downside targets potentially being 417 and then 398 1/4.

Our analysts say the trade will regain its focus on demand side fundamentals after next Friday's reports are out of the way – the next major update will not be till the January 2014 finals.....

WEEKLY OUTLOOK

University of Illinois agricultural economist Darrel Good looks at the demand side of corn balance sheets – especially exports and ethanol crush:

"Anecdotal reports suggest that a relatively small portion of the 2013 crop was forward priced and that producers are choosing to store a large portion of the newly harvested crop. If that characterization is correct, there is a lot riding on the direction of corn prices over the next several months.

Beyond the size of the U.S. crop, prices will be influenced by the strength of demand as reflected in the rate of consumption. The focus for the next 10 weeks will be on the pace of exports and the pace of ethanol production. The pace of feed and residual use will not be revealed until the release of the USDA's December 1 stocks estimate in the second week of January. Focus

in the export market will likely be on the pace of sales and shipments to China.

Without a substantial shift in net trade and/or a change in stock levels, ethanol production during the current year will be determined by domestic consumption. To exceed the USDA projection, ethanol consumption will have to breach the E10 blend wall through increased consumption of E85. Increased consumption of E85 could be motivated by a continuation of the scheduled biofuels mandate that would support RINs prices at high levels.

The magnitude of increase under that scenario would be determined by a number of inter-related factors including expansion of infrastructure for E85 deployment and the use of RINs credits to meet the mandates. A second way to motivate expansion of E85 consumption is with low ethanol prices relative to gasoline prices that allow competitive pricing of

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I L L I N O I S

E85 relative to E10. However, that scenario would likely require a continuation of low corn prices. Based on leaked EPA documents, there is some chance that biofuels mandates will be rolled back in 2014. If so, corn used for ethanol production is unlikely to exceed 4.9 billion bushels.

Corn prices, particularly during the last half of the marketing year, will also be influenced by the expected size of the 2014 U.S crop.

With corn producers reporting nearly 3.6 million acres of prevented planting in 2012 and with current 2014 crop prices favoring corn over soybean production in many areas, a decline in corn acreage in 2014 seems unlikely.

Taken together, current prospects do not seem to favor a quick or substantial recovery in corn prices without production problems in South America. Without an increase in the price for the 2014 soybean crop, lower corn prices may be more likely.”

To read Darrel’s full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/102813.html>



USDA reports this week’s corn export sales (weeks of October 10, 17, 24) at 208.4 million bushels (179.3 this year, 29.1 next year). On the year, total commitments for corn are 808.3 million bushels vs. 429.5 million bushels a year ago at this time.

Weekly Corn – as of October 24, 2013

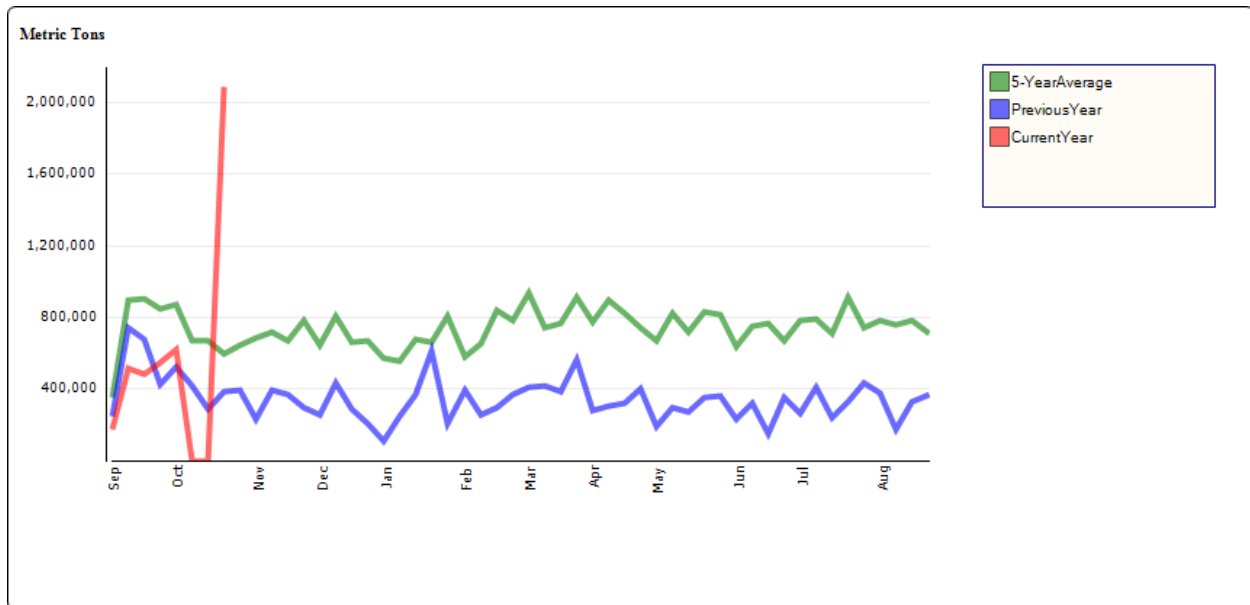


Chart Courtesy of USDA Foreign Ag Service

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 October 22 non-commercials decreased its net short position. Non-commercials were long 354,612 contracts, an increase of 10,265 contracts, and were short 480,407 contracts, an increase of 7,000 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net short position for the period ending October 22. Non-commercials were long 309,897 combined future and option contracts, an increase of 5,687 combined future and option contracts and short 419,518 contracts, an increase of 6,175 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for October 22 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	428,817	46,381	3,566	-455



USDA reports this week’s soybean export sales (weeks of October 10, 17, 24) at 174.2 million bushels (174.2 this year, 0.0 next year). On the year, total commitments for soybeans are 1184.2 million bushels vs. 946.3 million bushels a year ago at this time.

Weekly Soybeans – as of October 24, 2013

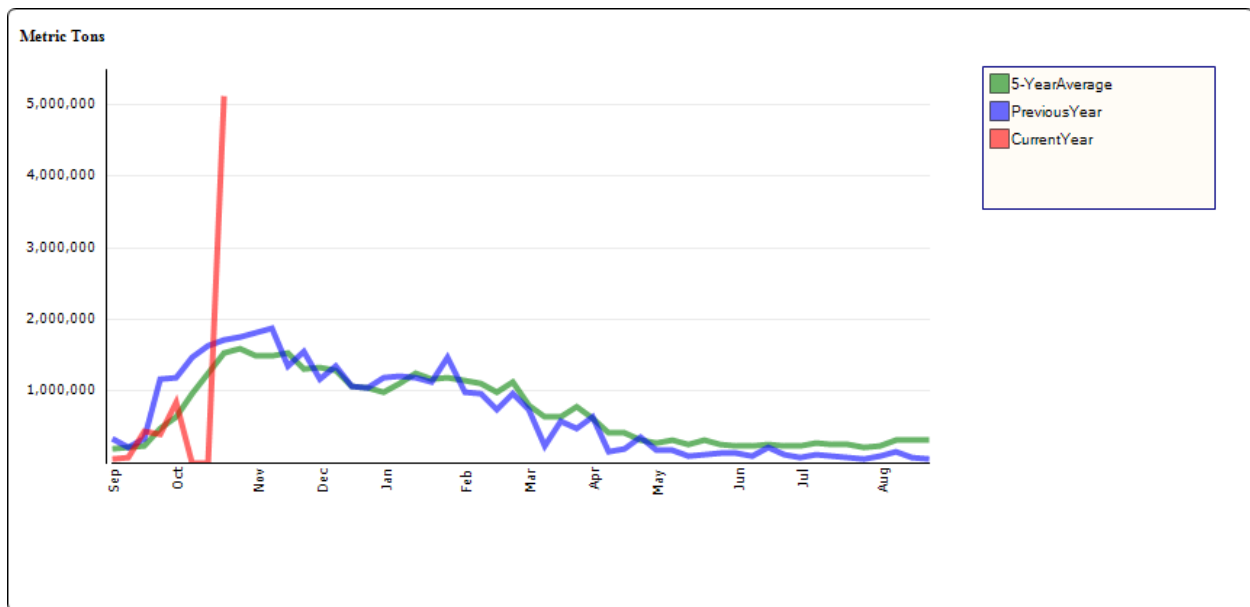


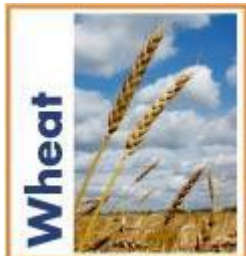
Chart Courtesy of USDA Foreign Ag Service

In Friday afternoon's commitments of traders report for the week ending October 20, non-commercials increased its net long position. Non-commercials were long 209,830 contracts, an increase of 6,119 contracts and were short 70,725 contracts, an increase of 3,159 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending October 22. Non-commercials were long 183,313 combined future and option contracts, an increase of 8,553 contracts and short 57,428 contracts, an increase of 958 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for October 22 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	162,583	23,214	1,493	-1,979



USDA reports this week's wheat export sales (weeks of October 10, 17, 24) at 48.1 million bushels (48.1 this year, 0.0 next year). On the marketing year wheat sales have totaled 752.9 million bushels compared with 540.3 million bushels a year ago at this time.

Weekly Wheat – as of October 24, 2013

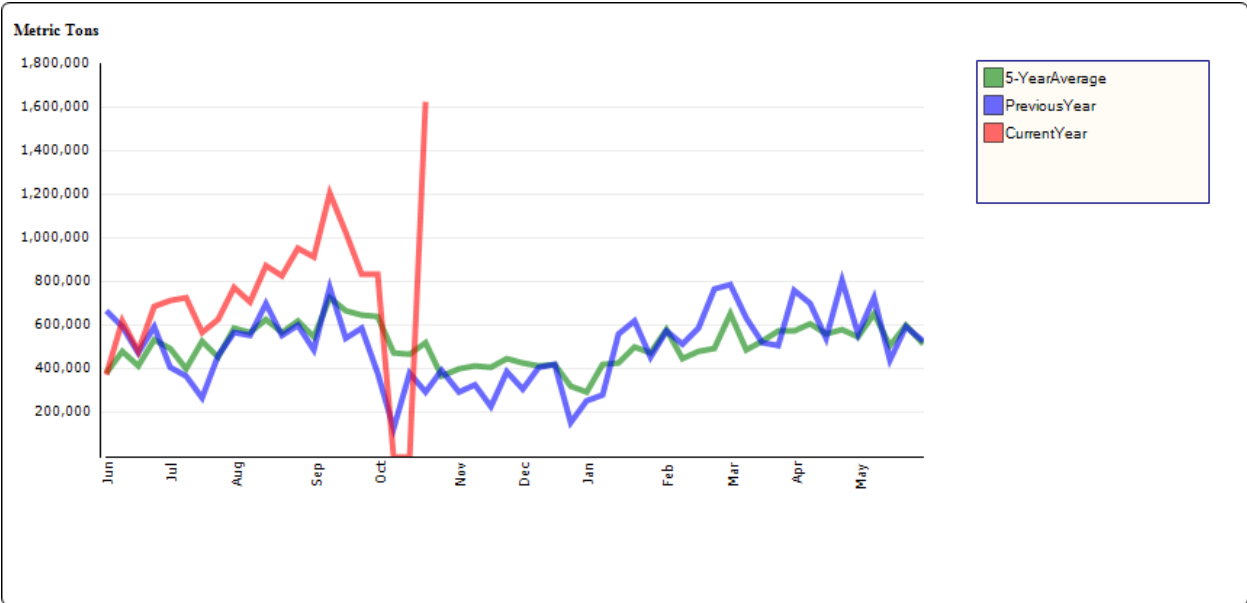


Chart Courtesy of USDA Foreign Ag Service

In Friday afternoon’s commitment of traders report for the week ending October 22 non-commercial traders increased its net long position. Non-commercials were long 129,461 combined future and option contracts, an increase of 4,956 contracts and short 114,461 contracts, an increase of 985 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for October 22 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	168,259	18,156	1,388	2,040



Panelists:

- Matt Bennett, Total Grain Marketing - Windsor, Illinois
- Aaron Curtis, MIDCO Commodities - Bloomington, Illinois
- Dan Zwicker, CGB Enterprises - Mandeville, Louisiana

Guest:

- Ray Jenkins, Cargill Corn Milling - Eddyville, Iowa

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/cw131101.mp3>

Dial Up MP3:

<http://audio01.will.illinois.edu/cw131101dial.mp3>

Weekly Continuation Chart



November 1, 2013

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Dec Wheat	691 1/4	664 1/2	667 3/4	down 23

Jul Wheat			684 3/4	down 16 3/4
Dec Corn	440	425 3/4	427 1/4	down 12 3/4
Dec 14 Corn			466 3/4	down 16
Nov Soybeans	1301 1/4	1265	1266	down 34
Nov 14 Soybeans			1145 3/4	down 19 1/4
Dec Live Cattle	13442 1/2	13197 1/2	13207 1/2	down 90
Dec Lean Hogs	9230	8830	8835	down 162 1/2
Dec Oats			329 1/2	down 207 1/2

AM-580 Daily Agricultural Programming Schedule

<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
 - 2:11 – 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