January 24, 2014

Dear Subscriber:

25th Annual All Day Ag Outlook Tickets go on Sale
Monday, February 27

The 25th annual All Day Ag Outlook Meeting is set for March 4 at the Beef House in Covington, Indiana. Most all of our analysts will be there -- including Sue Martin of Ag and Investment Services. Along the way we'll get the lowdown on farmland values for 2014 and the commodity title of the new farm bill. And of course our great marketing panels on soybeans, corn, and cash grain. The cost is 30 dollars a ticket and includes continental breakfast, Beef House lunch, and 25th anniversary hat. Register during regular business hours -- 9 a.m. - 4:30 p.m. central time with your major credit card and guarantee your spots. The phone number to call is (217) 333-7300. We'll mail your tickets immediately!

Here is the day's lineup:

2014 All Day Agricultural Outlook Meeting
Tuesday, March 4, 2014
Beef House, Covington, Indiana
Maximizing Returns in 2014

Registration
8:45 am Eastern (7:45 am Central)

Opening Remarks (5 min)
9:25 am Eastern (8:25 am Central)

Soybean Commodity Panel (45 min)
9:30 am Eastern (8:30 am Central)
*Dan Zwicker, CGB Enterprises, Mandeville, Louisiana
*Curt Kimmel, Bates Commodities, Normal, Illinois
*Wayne Nelson, L and M Commodities, New Market, Indiana
Key Note 1 (30 min)
Land Values in 2014
10:15 am Eastern (9:15 am Central)
Murray Wise, CEO, Murray Wise Associates LLC, Champaign, Illinois

Break (15 minutes)
10:45 am Eastern (9:45 am Central)

Cash Grain Panel (45 min)
11:00 am Eastern (10:00 Central)
*Greg Johnson, The Andersons, Champaign, Illinois
Aaron Curtis, MIDCO, Bloomington, Illinois
*Matt Bennett, Total Grain Marketing, Winsor, Illinois
*Chuck Shelby, Risk Management Commodities, Lafayette, Indiana

BREAK (5 minutes)
11:45 am Eastern (10:45 am Central)

Key Note 2 (40 Minutes)
Title 1 – Farm Bill 2014
11:50 am (10:50 am Central)
*Jonathan Coppress, Clinical Professor of Law and Policy, College of Agricultural, Consumer, and Environmental Sciences, University of Illinois at Urbana Champaign

Lunch and Trade Show
12:30 pm Eastern (11:30 am Central)

Key Note 3 (40 Minutes)
1:30 pm Eastern (12:30 pm Central)
*Sue Martin, Ag and Investment Services, Webster City, Iowa

Corn Panel (45 min)
2:15 pm Eastern (1:15 pm Central)
*Pete Manhart, Bates Commodities, Normal, Illinois
*Jacquie Voeks, Stewart Peterson Group, Champaign, Illinois
*Mike Zuzolo, Global Commodity Analytics, Lafayette, Indiana
*Bill Mayer, Strategic Farm Marketing, Champaign, Illinois
Ag Commodity Outlook meeting season is heating up again and we’ve got numerous opportunities for you to attend on our calendar. For the latest meetings you can bookmark this link:

[http://will.illinois.edu/agriculture/calendar](http://will.illinois.edu/agriculture/calendar)

Here is what we have on the calendar for your consideration:

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Location</th>
<th>Analysts</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 29, 2014</td>
<td>Dinner at 6:00 p.m. Outlook Panel at 6:45 p.m.</td>
<td>Elks Club Pontiac, Illinois</td>
<td>Curt Kimmel, Bates Commodities, Normal, Illinois Jacquie Voeks, Stewart Peterson Group, Champaign, Illinois Jason Clapp, Risk Management Commodities, Lafayette, Indiana</td>
<td>First Farm Credit - Pontiac, Illinois</td>
</tr>
<tr>
<td>February 4, 2014</td>
<td>6:00 p.m. pizza 6:30 p.m. WILL Outlook Panel</td>
<td>U of I Extension Office, Kankakee, Illinois</td>
<td>Curt Kimmel, Bates Commodities, Normal, Illinois Jason Clapp, Risk Management Commodities, Lafayette, Indiana</td>
<td>U of I Extension</td>
</tr>
<tr>
<td>February 6, 2014</td>
<td>1:00 p.m.</td>
<td>Center for Agriculture DeKalb County Farm Bureau Bldg 1350 West Prairie Drive Sycamore, IL 60178</td>
<td>Wayne Nelson, L and M Commodities Jacquie Voeks, Stewart Peterson - Champaign, Illinois Presenter: Dan Basse, Ag Resource Company - Chicago, Illinois</td>
<td>Castle Bank</td>
</tr>
<tr>
<td>February 10, 2014</td>
<td>5:30 p.m. Registration 6:00 p.m. Dinner</td>
<td>Farm Credit Services Bldg Mahomet, Illinois</td>
<td>Gary Schnitkey, University of Illinois Curt Kimmel, Bates</td>
<td>Farm Credit Services of Illinois</td>
</tr>
<tr>
<td>Date</td>
<td>Time</td>
<td>Location</td>
<td>Speaker(s)</td>
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<tr>
<td></td>
<td>5:30pm - Registration</td>
<td>Farm Credit Services Bldg</td>
<td>Gary Schnitkey, University of Illinois Mike Zuzolo, Global Commodity Analytics &amp; Consulting - Atchison, Kansas Pete Manhart, Bates Commodities - Normal, Illinois Chuck Shelby, Risk Management Commodities - Lafayette, Indiana</td>
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<tr>
<td></td>
<td>6:00pm - Meal</td>
<td>Sherman, Illinois</td>
<td>Farm Credit Services of Illinois</td>
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<td></td>
<td>6:45pm - WILLAg</td>
<td>Marketing Panel</td>
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<tr>
<td></td>
<td>6:30 p.m.</td>
<td>Meeting</td>
<td>First Farm Credit Services</td>
<td></td>
</tr>
<tr>
<td>February 19, 2014</td>
<td>6:30 p.m.</td>
<td>St. Clair County Farm Bureau</td>
<td>Greg Ginder, INTL FC Stone - Chesterfield, Missouri TBA Mike Zuzolo, Global Commodity Analytics and Consulting - Atchison, Kansas</td>
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<tr>
<td></td>
<td></td>
<td>1478 E State Route 15</td>
<td>Wyffels Hybrids Inc</td>
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<tr>
<td></td>
<td></td>
<td>Belleville, Illinois 62222</td>
<td></td>
<td></td>
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<tr>
<td>February 20, 2014</td>
<td>10:30 a.m.</td>
<td>Richards Farm Restaurant</td>
<td>Pete Manhart, Bates Commodities, Normal, Illinois Jacquie Voeks, Stewart Peterson Group, Champaign, Illinois Chuck Shelby, Risk Management Commodities, Lafayette, Indiana</td>
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<tr>
<td></td>
<td></td>
<td>Casey, Illinois</td>
<td>U of I Extension</td>
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<tr>
<td>February 26, 2014</td>
<td>7:00 p.m.</td>
<td>Richland Community College</td>
<td>Gary Schnitkey, University of Illinois WHOE Radio AM1520</td>
<td></td>
</tr>
<tr>
<td>March 4, 2014</td>
<td>WILLAG.ORG All Day Ag Outlook Meeting</td>
<td>The Beef House, Covington, Indiana</td>
<td>FULL DETAILS IN THIS LETTER</td>
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</tbody>
</table>
University of Illinois agricultural economist Darrel Good took a hard look at USDA NASS and FSA planted acres numbers. Darrel writes:

“The relationship between FSA and NASS planted acreage estimates can be useful in forming early expectations of the NASS final acreage estimates. FSA releases reports of planted acreage monthly from August through January, reflecting the producer reports received and processed to date. Beginning in October, NASS formally uses the FSA estimates as input into their estimates. In most years, however, the September FSA estimates are close to the final FSA estimates, or can be used to anticipate final FSA estimates, and therefore final NASS estimates. The FSA estimates in September 2013, for example, provided an early indication that NASS September corn

Look Back to last September’s
HIGHER CBOT averages for
CORN - $5.11
BEANS - $12.13
Increase your revenue claims by as much as
$85 per acre!
Cost as low as $3-$5/A

Take a RP Policy
Take an APR1 HPO Plus
Add the Fall Look-Back

CORN EXAMPLE - 85% MPCI Coverage Level
180 bu. APH (TA) & 190 bu. Final Yield
MPCI Prices: $4.50 Spring - $3.60 Harvest

RP CORN CLAIM without HPO = $5/acre
RP CORN CLAIM with HPO = $90/acre

Call 800-383-0046 to register for a meeting listed below...
Jan 28 - 8:00 am Maverick’s Litchfield IL
Jan 28 - 9:00 am Sherman House Batesville IN
Jan 29 - 9:00 am Double Tree Hotel Bloomington IL
Jan 30 - 9:00 am Derruchi’s Spring Valley IL
Jan 30 - 9:00 am Elk’s Club Tipton IL
Jan 31 - 9:00 am Railside Golf Gibson City IL
Jan 31 - 9:00 am Diamond Springs Highland IL
and soybean acreage estimates were too high, having not yet fully reflected
the magnitude of prevented plantings.”

To see Darrel’s full report go to:

http://www.farmdoc.illinois.edu/marketing/weekly/html/012114.html

**Evaluation of Selected USDA WAOB and NASS Forecasts and
Estimates in Corn and Soybeans**

University of Illinois ag economists were asked to be part of a team by the
Office of the Chief Economist of USDA to evaluate potential statistical errors
in USDA and WASDE reporting of corn and soybeans. The report is must
reading in our opinion…but here is a snippet:

Given the evidence of a sharp decline in market analysts' ability to anticipate
actual quarterly corn usage since the start of the 2006 marketing year, we
considered a number of potential explanations for the decline offered by
various market participants.

Based on the statistical evidence regarding implied usage surprises we
developed four criteria that an explanation needs to satisfy in order to be
earlier?, iii) Why only in particular marketing years?, and iv) Why a pattern
of reversals during marketing years? Using these criteria, we showed that
all but one of the potential explanations offered to date clearly fails to satisfy
at least one of the criteria.

The explanation with the most merit is that unresolved errors in production
estimates for corn led to the large surprises. NASS stocks estimates
undoubtedly encompass sampling errors for both production and stocks
estimates and it is likely that unresolved sampling errors for corn production
estimates are large enough to explain the surprises.

It is more difficult to pin down exactly why unresolved sampling errors for
corn production were concentrated in 2009, 2010, and 2012 and caused the
quarter-to-quarter reversal pattern in surprises, but reasonable arguments
can be put forward. Nonetheless, it is important to emphasize there is no
"smoking gun" in terms of the available evidence on the impact of
unresolved production sampling errors, with some of the evidence best
described as circumstantial....
Our review also highlighted the ongoing problem of widespread misunderstanding and confusion about the forecasting procedures used by NASS to generate corn and soybean yield forecasts. While this problem likely can never be fully solved, and we are well aware of and applaud the ongoing efforts that NASS makes to communicate with market participants, we believe more can and should be done to address the misunderstanding and confusion.

We recommend that NASS "open up the black box" for each monthly corn and soybean yield forecast as much as possible. This should include: i) presentation of state and national yield forecasts derived from the agricultural yield survey (AYS) and the objective yield survey (OYS), as well as the usual composite forecast derived from the two surveys, ii) presentation of assumptions regarding fruit weights used in deriving OYS
yield forecasts during forecast months when these measurements are not available, and iii) some form of recognition of the degree to which weather and crop condition data influence composite forecasts.

To read the summary report go to:

http://farmdocdaily.illinois.edu/2014/01/evaluation-usda-waob-nass-forecasts-estimates-corn-soybeans.html

To read the full report go to:

http://www.farmdoc.illinois.edu/marketing/morr/morr_14-01/MORR_14-01.pdf

USDA reports this week’s corn export sales at 27.3 million bushels (27.3 this year, 0.0 next year). On the year, total commitments for corn are 1184.8 million bushels vs. 523.6 million bushels a year ago at this time.

Weekly Corn – as of January 16, 2014

Chart Courtesy of USDA Foreign Ag Service
In Friday afternoon’s commitments of traders report for the week ending January 21 non-commercials decreased its net long position. Non-commercials were long 327,982 contracts, a decrease of 4,390 contracts, and were short 393,173 contracts, a decrease of 5,413 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net short position for the period ending January 21. Non-commercials were long 323,944 combined future and option contracts, a decrease of 3,635 combined future and option contracts and short 336,704 contracts, a decrease of 8,272 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for January 21 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>447,645</td>
<td>31,929</td>
<td>-826</td>
<td>1,066</td>
</tr>
</tbody>
</table>

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 61.4 million bushels (25.8 this year, 35.6 next year). On the year, total commitments for soybeans are 1548.7 million bushels vs. 1210.3 million bushels a year ago at this time.
Weekly Soybeans – as of January 16, 2014

Chart Courtesy of USDA Foreign Ag Service

In Friday afternoon’s commitments of traders report for the week ending January 21, non-commercials increased its net long position. Non-commercials were long 235,517 contracts, an increase of 8,658 contracts and were short 77,507 contracts, an increase of 4,348 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending January 21. Non-commercials were long 234,948 combined future and option contracts, an increase of 8,025 contracts and short 80,876 contracts, an increase of 5,937 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for January 21 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>150,509</td>
<td>12,073</td>
<td>1,262</td>
<td>1,574</td>
</tr>
</tbody>
</table>
USDA reports this week’s wheat export sales at 15.2 million bushels (15.5 this year, -0.3 next year). On the marketing year wheat sales have totaled 930.0 million bushels compared with 750.0 million bushels a year ago at this time.

Weekly Wheat – as of January 16, 2014

Chart Courtesy of USDA Foreign Ag Service

In Friday afternoon’s commitment of traders report for the week ending January 21 non-commercial traders decreased its net short position. Non-commercials were long 123,449 combined future and option contracts, an increase of 412 contacts and short 175,780 contracts, a decrease of 183 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for January 21 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>157,825</td>
<td>36,598</td>
<td>2,222</td>
<td>4,214</td>
</tr>
</tbody>
</table>

### Panelists:

- Aaron Curtis, MIDCO - Normal, Illinois
- Elaine Kub, Mastering the Grain Markets - Elkhorn, Nebraska
- Bill Mayer, Strategic Farm Marketing - Champaign, Illinois

### Guest:

- Steve Freed, V.P. Research ADM Investor Services - Chicago, Illinois

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...

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/cw140124.mp3](http://audio01.will.illinois.edu/cw140124.mp3)

**Dial Up MP3:**

[http://audio01.will.illinois.edu/cw140124dial.mp3](http://audio01.will.illinois.edu/cw140124dial.mp3)
### Weekly Continuation Chart

**January 24, 2014**

<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>Mar Wheat</td>
<td>578</td>
<td>560 3/4</td>
<td>565 3/4</td>
<td>up 1 3/4</td>
</tr>
<tr>
<td>Jul Wheat</td>
<td>577</td>
<td></td>
<td></td>
<td>unchanged</td>
</tr>
<tr>
<td>Mar Corn</td>
<td>431 1/2</td>
<td>421</td>
<td>429 1/2</td>
<td>up 5 1/2</td>
</tr>
<tr>
<td>Dec 14 Corn</td>
<td>449 1/2</td>
<td></td>
<td></td>
<td>up 1/2</td>
</tr>
<tr>
<td>Mar Soybeans</td>
<td>1314</td>
<td>11263 1/2</td>
<td>1284 3/4</td>
<td>down 31 3/4</td>
</tr>
<tr>
<td>Nov 14 Soybeans</td>
<td>1109 1/4</td>
<td></td>
<td></td>
<td>down 15 3/4</td>
</tr>
<tr>
<td>Feb Live Cattle</td>
<td>14455</td>
<td>14060</td>
<td>14340</td>
<td>up 305</td>
</tr>
<tr>
<td>Apr Lean Hogs</td>
<td>8665</td>
<td>8510</td>
<td>8637 1/2</td>
<td>up 20</td>
</tr>
<tr>
<td>May Oats</td>
<td>396 1/4</td>
<td></td>
<td></td>
<td>down 5 1/2</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
  - 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