March 21, 2014

Commodity trade this week is likely to focus on position squaring ahead of Friday’s Quarterly Hogs and Pigs report and next Monday’s Prospective Plantings and Grain Stocks reports. It is also the end of the quarter, which may have some traders looking to bank profits.

Anecdotal evidence from our analysts and their clients suggest soybean plantings will be very large. The recent Doane Advisory Services survey, one which encompasses a very large sample, commanded trader’s attention on its release.

2014 Doane Acreage Survey
• Soybean planting will rise to 83.6m acres from 76.533m in 2013
• Corn acreage will fall to 90.9m from 95.365m in 2013
• Wheat sown forecast at 57.3m acres up from 56.156m in 2013
• Spring-wheat estimated at 13.5m, compared with 11.596m in 2013
• Cotton acreage projected at 11.5m, compared with 10.407m in 2013
NOTE: Winter-wheat seeding fell 2.8% to 41.9m acres, the USDA said on Jan. 10

November 2014 Soybean Futures (Composite Daily)
May 2014 Soybean Futures (Composite Daily)

December 2014 Corn Futures (Composite Daily)
University of Illinois agricultural economist Darrel Good put the pencil to paper to project what USDA might report on USDA soybean grain stocks at the end of the month. Darrel writes in his Weekly Outlook, “The estimates of exports and domestic crush presented here along with average feed, seed, and residual use during the first half of the 2013-14 marketing year would point to March 1 soybean stocks of 973 million bushels. However, an estimate that differs by as much as 25 million bushels in either direction from that estimate probably should not be considered a surprise given the historic variation in feed, seed, and residual use during the first half of the marketing year.”
The magnitude of feed, seed, and residual use of soybeans during the first half of the marketing year is sometimes used to anticipate whether the USDA will ultimately alter the estimated size of the previous year’s harvest. A large (small) level of use, for example, might suggest that the crop was over (under) estimated. While use during the first half of the year has varied considerably, it is not a good predictor of use during the last half of the year. That use has ranged from 99 million to 40 million bushels and is not highly correlated to use during the first half of the year. As a result, the magnitude of use during the first half of the marketing year provides very little information about the likelihood of a change in the production estimate.

To see Darrel’s full report go to: http://www.farmdoc.illinois.edu/marketing/weekly/html/031714.html

USDA reports this week’s corn export sales at 29.4 million bushels (29.4 this year, 0.0 next year). The trade was anticipating export sales of 11.8 to 33.5 million bushels.

On the year, total commitments for corn are 1,533.9 million bushels vs. 585.4 million bushels a year ago at this time.
In Friday afternoon’s commitments of traders report for the week ending March 18 non-commercials increased its net long position. Non-commercials were long 416,760 contracts, a decrease of 5,337 contracts, and were short 174,409 contracts, a decrease of 12,784 contracts from the previous reporting period. Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending March 18. Non-commercial traders were long 414,132 combined future and option contracts, a decrease of 3,205 combined future and option contracts and short 130,011 contracts, a decrease of 13,237 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for March 18 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>446,852</td>
<td>49,748</td>
<td>745</td>
<td>-547</td>
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</table>


USDA reports this week’s soybean export sales at 23.5 million bushels (7.4 this year, 16.1 next year). The trade was anticipating export sales of 5.5 to 31.2 million bushels. On the year, total commitments for soybeans are 1,632.6 million bushels vs. 1,305.1 million bushels a year ago at this time.

Weekly Soybeans – as of March 13, 2014

*Chart Courtesy of USDA Foreign Ag Service*

In Friday afternoon’s commitments of traders report for the week ending March 18, non-commercials increased its net long position. Non-commercials were long 273,916 contracts, a decrease of 8,693 contracts and were short 86,004 contracts, a decrease of 1,048 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending March 18. Non-commercial traders were long 270,638 combined future and option contracts, a decrease of 9,015 contracts and short 68,042 contracts, an increase of 202 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for March 18 indicated the following combined

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</thead>
<tbody>
<tr>
<td>Index Traders</td>
<td>160,841</td>
<td>23,635</td>
<td>1,530</td>
<td>2,744</td>
</tr>
</tbody>
</table>
USDA reports this week’s wheat export sales at 22.0 million bushels (14.8 this year, 7.2 next year). The trade was anticipating wheat export sales of 7.3 to 25.7 million bushels. On the marketing year wheat sales have totaled 1,084.5 million bushels compared with 908 million bushels a year ago at this time.

Weekly Wheat – as of March 13, 2014

In Friday afternoon’s commitment of traders report for the week ending March 18 non-commercial traders increased its net long position. Non-commercials were long 111,619 combined future and option contracts, an increase of 372 contacts and short 91,567 contracts, a decrease of 8,841 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for March 18 indicated the following combined future/options positions (INDEX ONLY):

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<th>Long Change from Previous Report</th>
<th>Short Change from Previous Report</th>
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</thead>
<tbody>
<tr>
<td>Index Traders</td>
<td>156,434</td>
<td>21,249</td>
<td>531</td>
<td>-7,835</td>
</tr>
</tbody>
</table>

*Chart Courtesy of USDA Foreign Ag Service
Here is the latest from World Weather Inc. meteorologist Drew Lerner. Brazil, a welcome period of drying will occur in southern Paraguay and far southern Brazil through the next week and conditions for fieldwork will gradually improve as showers and thunderstorms shift northward in Brazil. Rain will be greatest from Mato Grosso do Sul to Parana today into Friday with Mato Grosso to Minas Gerais and western Bahia wettest Saturday into Monday. The rain will be welcome in Minas Gerais and western Bahia and improvements in soil moisture and conditions for crops should result. Northeastern Brazil will return to a restricted rainfall pattern from Tuesday into at least the first days of April and stress to crops should increase again as the soil dries down. Other areas in Brazil and Paraguay will have adequate soil moisture to support crop development through the next two weeks.

Regular rounds of showers and thunderstorms will occur in Mato Grosso and northern Mato Grosso do Sul and surrounding areas this weekend through the end of March and fieldwork will be slowed. Rain and interruptions to fieldwork will increase in Paraguay and portions of southern Brazil March 28-30 with several days of drier weather following.”

Argentina will see a favorable period of drying for much of the next two weeks with the only significant rain event occurring March 28-30. Conditions for crop maturation and harvesting will improve as the region dries down while soil moisture levels remain high enough to favorably support the needs of crops in nearly all locations. Rain will cause some temporary interruptions to harvesting March 28-30. A small and minor crop producing area in southeastern La Pampa and southwestern Buenos Aires is still short on soil moisture and would benefit from greater rain.

Warming will occur Sunday and Monday and highs Tuesday through next Thursday will be in the 80s with some upper 70s in the southeast and some lower 90s in central and northern areas. Lows will be in the middle 40s to the lower 60s with some lower 40s in the south and some middle 60s in the north. Some southern areas will cool to the middle and upper 30s Saturday morning.
http://www.cpc.ncep.noaa.gov/products/predictions/30day/
http://droughtmonitor.unl.edu/
Panelists
- Jason Clapp, Risk Management Commodities - Lafayette, Indiana
- Curt Kimmel, Bates Commodities - Normal, Illinois
- Chip Nellinger, Blue Reef Agri-Marketing - Morton, Illinois

Guest:
- Joe Vaclavik, Standard Grain - 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 WILL AM 580. Or click on the following link after 4:00 p.m. Friday afternoons and catch the show on our website

LISTEN NOW
http://audio01.will.illinois.edu/cw140321.mp3

Programming Schedule

Monday – Friday (all times central)

<table>
<thead>
<tr>
<th>Broadcast</th>
<th>Web</th>
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<tbody>
<tr>
<td>8:50 a.m.</td>
<td>9:05 a.m.</td>
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<td>9:50 a.m.</td>
<td>10:05 a.m.</td>
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<td>10:59 a.m.</td>
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<td>11:59 a.m.</td>
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<tr>
<td>12:58 p.m.</td>
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<td>2:06 p.m.</td>
<td>3:05 p.m.</td>
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Friday
- 2:36 p.m. 4:05 p.m. Commodity Week

Saturday
- 6:30 a.m. Commodity Week