



May 16, 2014

Dear  
Subscriber:

Traders spent much of the week liquidating corn futures. Nothing this past week has changed much from a fundamental standpoint other than the pace of corn planting has picked up and the key unknown revolves around final planting numbers in North Dakota and to a lesser extent Minnesota and Wisconsin. Informa Economics this past week acknowledged that the corn crop in North Dakota likely will not

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I L L I N O I S

measure up to USDA estimates – Informa increased preventive planting acres in North Dakota by half a million due to continuous cold and wet conditions. Much of the break in corn futures was technically driven by pent up bear energy that was released a week ago Friday on WASDE report day and quickly found support via a small penny gap on the July and December composite daily corn charts. Here is the December although July is very similar:

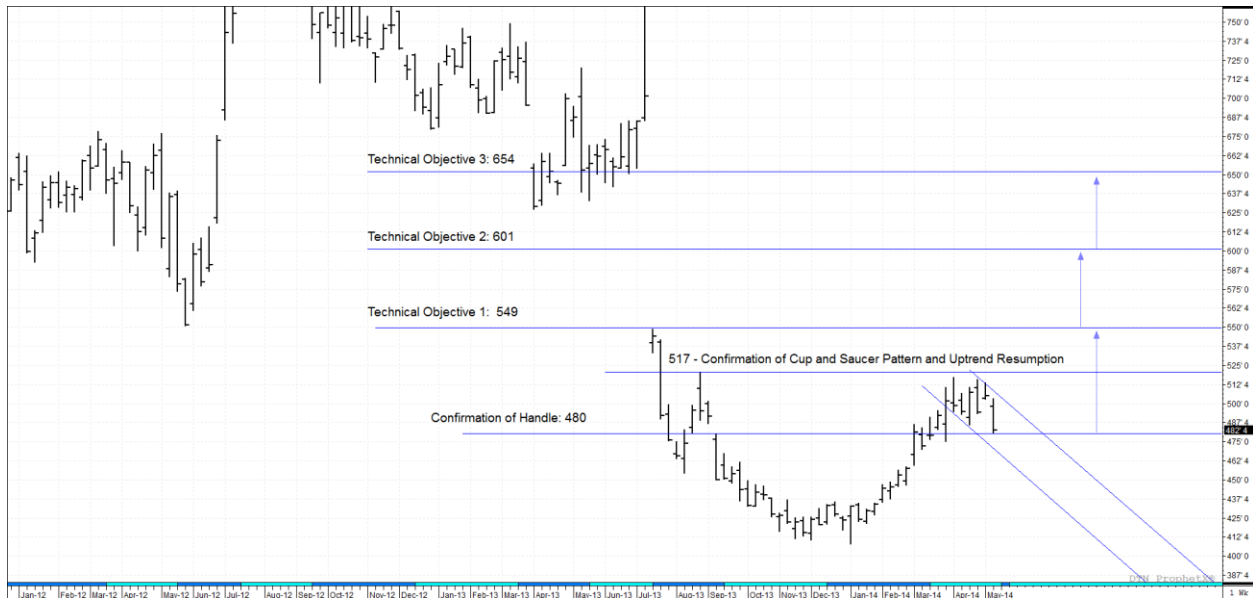
**December 2014 Corn Futures (Composite Daily)**



Our analysts say to pay close attention to Friday’s low which matches up closely with the 50 percent retracement from the April highs back to the January lows and comes in at 476 1/4. There is some belief from our analysts that the market could “catch at this level and begin to turn sideways (the 50 percent retracement area has long been known as points of strong support or resistance in corn trade).

If...the market did turn back up from this benchmark the cup and handle formation in the corn continuation charts would not be violated keeping that technical signal for a rally still a possibility:

## Corn Futures Weekly Continuation Chart



## WEEKLY OUTLOOK

**U**niversity of Illinois agricultural economist Darrel Good wonders if the futures market is getting ahead of itself. Darrel writes....

For 2014, the USDA projected yield based on a weather-adjusted trend model that assumes normal mid-May planting progress and normal summer weather is a record 165.3 bushels per acre. Based on corn planting intentions revealed in the March *Prospective Plantings* report, the 2014 crop is projected to be 10 million bushels larger than the record crop of 13.925 billion bushels produced in 2013. Exports during the 2014-15 marketing year are expected to be 200 million bushels less than the projection for the current year, while feed and residual use is expected to drop by 50 million bushels. These production and consumption projections point to stocks at the end of the 2014-15 marketing year of 1.726 billion bushels, generally exceeding expectations. The marketing year average price is projected in a range of \$3.85 to \$4.55 per bushel, down from \$4.50 to \$4.80 expected this year.

Although other factors may have contributed, corn prices declined following the release of the new projections. Given the surprisingly large level of consumption of U.S corn that has unfolded this year and planting season weather that may pose a threat to both planted acreage and yield in some areas, the price weakness appears to be premature.

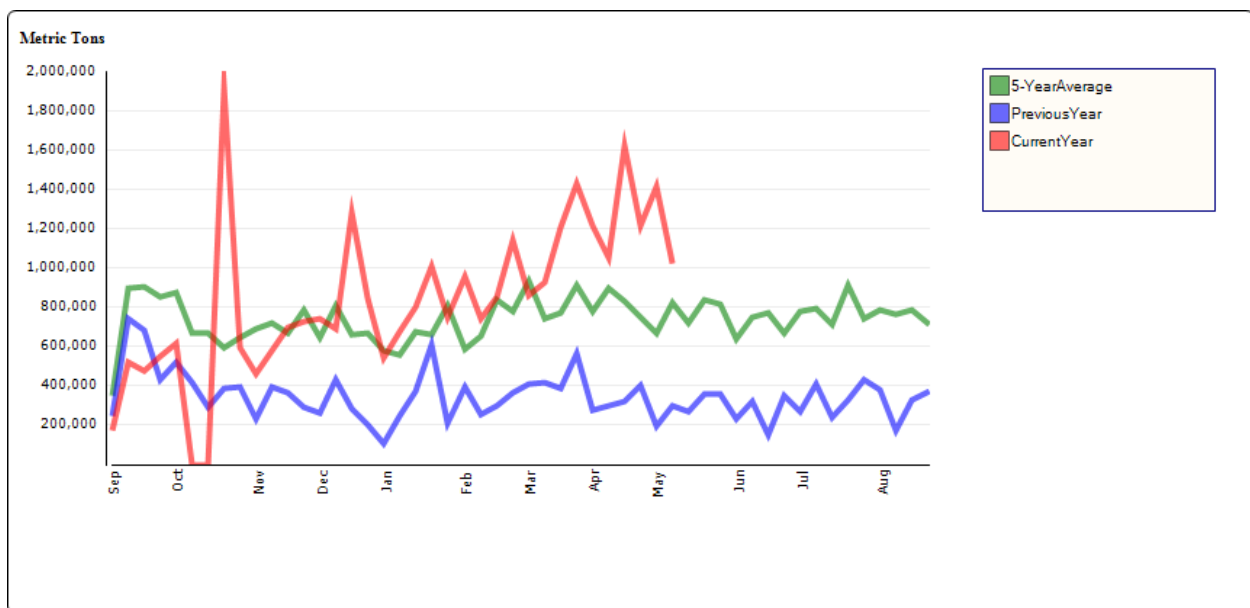
To see Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/051214.html>



**U**SDA reports this week's corn export sales at 15.4 million bushels (13.5 this year, 1.9 next year). The trade was anticipating export sales of 9.8 to 33.5 million bushels. On the year, total commitments for corn are 1752.4 million bushels vs. 672.6 million bushels a year ago at this time.

### **Weekly Corn – as of May 8, 2014**



**Chart Courtesy of USDA Foreign Ag Service**

In Friday afternoon's commitments of traders report for the week ending May 13 non-commercials decreased its net long position. Non-commercials were long 453,043 contracts, an increase of 1,895 contracts, and were short 140,762 contracts, an increase of 14,884 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending May 13. Non-commercials were long 450,258 combined future and option contracts, an increase of 4,316 combined future and option contracts and short 113,674 contracts, an increase of 10,428 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for May 13 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	460,139	54,844	-4,647	-5,848

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)

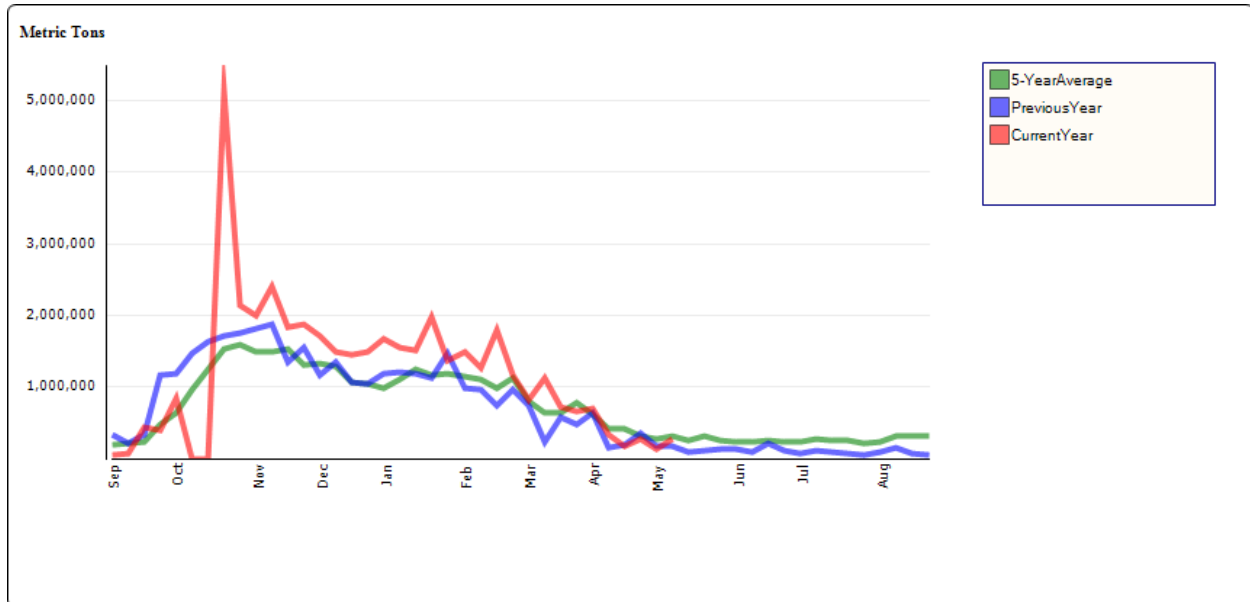
The Iowa basis report is at:

[http://www.ams.usda.gov/mnreports/NW GR110.txt](http://www.ams.usda.gov/mnreports/NW_GR110.txt)



**U**SDA reports this week's soybean export sales at 14.6 million bushels (2.7 this year, 11.9 next year). The trade was anticipating export sales of 0.9 to 16.5 million bushels. On the year, total commitments for soybeans are 1642.7 million bushels vs. 1341.0 million bushels a year ago at this time.

## Weekly Soybeans – as of May 5, 2014



### Chart Courtesy of USDA Foreign Ag Service

In Friday afternoon's commitments of traders report for the week ending May 13, non-commercials decreased its net long position. Non-commercials were long 227,543 contracts, an increase of 2,551 contracts and were short 100,763 contracts, an increase of 6,191 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending May 13. Non-commercials were long 226,262 combined future and option contracts, an increase of 5,798 contracts and short 86,984 contracts, an increase of 6,460 combined future and option contracts from the previous reporting period.

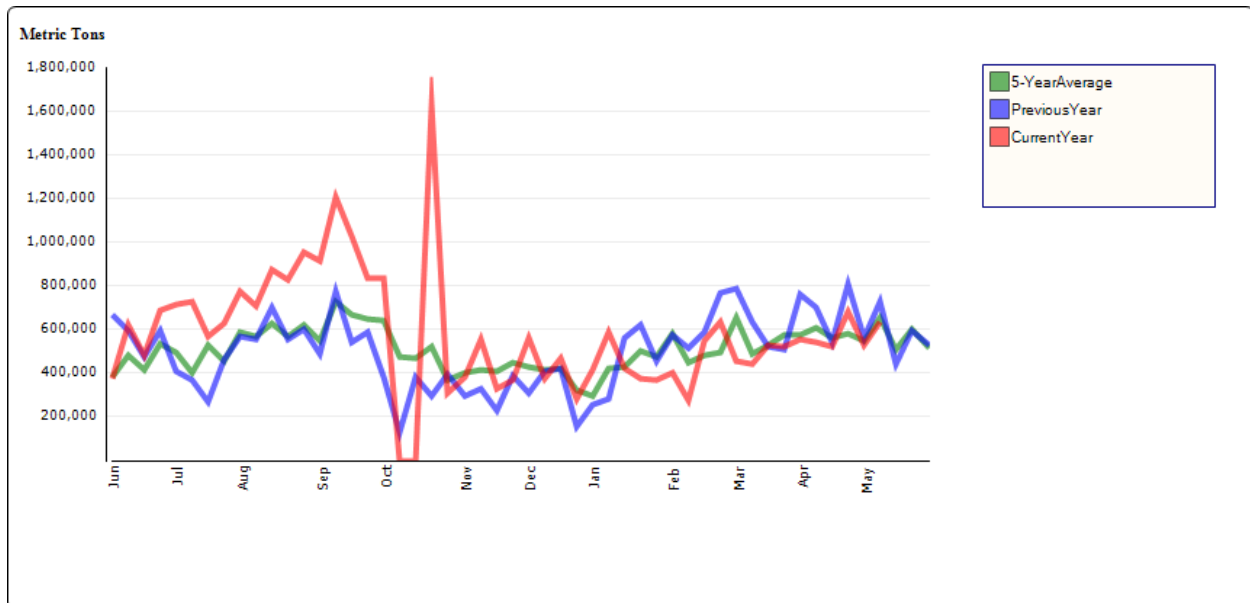
The CFTC Supplemental Report for May 13 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	166,963	22,284	989	1,195



**U**SDA reports this week's wheat export sales at 9.2 million bushels (2.0 this year, 7.2 next year). The trade was anticipating wheat export sales of 9.1 to 23.5 million bushels. On the marketing year wheat sales have totaled 1162.8 million bushels compared with 986.8 million bushels a year ago at this time.

***Weekly Wheat – as of May 5, 2014***



**Chart Courtesy of USDA Foreign Ag Service**

In Friday afternoon's commitment of traders report for the week ending May 13 non-commercial traders increased its net long position. Non-commercials were long 129,255 combined future and option contracts, an increase of

7,549 contracts and short 86,012 contracts, an increase of 3,227 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for May 13 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	165,760	24,866	1,928	2,296

## **Ag Weather**

Here is the latest from World Weather Inc. meteorologist Drew Lerner:

Improving conditions for planting will continue in the western Corn Belt through this weekend and good planting progress should be made as most areas will be dry. Northern areas will benefit from the dry weather the most, but cool temperatures will slow drying rates and the planting pace will continue to be slow in many areas. Rain will increase as temperatures warm early next week and fieldwork will be interrupted again. Most of next week's rain should not be heavy and planting in the northern Midwest should accelerate when mostly dry weather occurs Wednesday through next Friday. Fieldwork should gradually accelerate through this weekend with more aggressive fieldwork occurring Monday through Wednesday when warmer than normal temperatures arrive. Rain will increase Thursday into Saturday May 24 and will briefly interrupt fieldwork, but areas from Michigan into Ohio will likely miss out on most of that rain and planting should continue.

Rain will increase in the western Corn Belt May 24-27 and in the eastern Corn Belt May 25-28 and planting will be interrupted again. The rain should not be heavy enough to cause lasting delays to fieldwork if a period of drier weather follows.

One area that will need to be monitored for developing dryness is the southwestern Corn Belt. Soil moisture should continue to be high enough to favorably support crop development for at least the next ten days and if today's forecast verifies, shower activity from Wednesday through May 27 should maintain a favorable environment for crop development. Parts of the region from eastern Nebraska and eastern Kansas into western Iowa and Missouri have missed out on significant rain recently and will see little to no



significant rain through early next week. Cool temperatures during the next couple days will keep evaporation rates low and will preserve soil moisture, but temperatures will warm Sunday into next week and drying will accelerate. The increase in shower activity Wednesday through May 27 should not bring enough rain to ensure a lasting increase in soil moisture in all of the southwestern Corn Belt and many areas will need follow up rain soon to ensure favorable conditions for crops continue. The increase in rain beginning Wednesday will help to ensure favorable soil conditions continue for the remainder of the Midwest into at least early June.



## Commodity Week

### **P**anelists:

- Merrill Crowley, Crowley Commodities - Watseka, Illinois
- Brian Stark, The Andersons - Champaign, Illinois
- TBA, Risk Management Commodities - Lafayette, Indiana

### **G**uest:

- Jerry Gulke, Gulke Group, 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/cw140516.mp3>

### **Dial Up MP3:**

<http://audio01.will.illinois.edu/cw140516dial.mp3>

Weekly Continuation Chart



May 16, 2014

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Jul Wheat	722 1/4	670 1/2	674 1/4	down 48 1/4
Jul 15 Wheat			719	down 35
Jul Corn	506 1/4	480 1/4	483 1/2	down 24
Dec 14 Corn			481	down 17 3/4
Jul Soybeans	1496	1460 1/2	1465	down 22
Nov 14 Soybeans			1221 1/2	down 4 3/4

**AM-580 Daily Agricultural Programming Schedule**

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

Monday – Friday (all times central)

- 8:49 a.m. – \$\*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