



December 19, 2014


Dear Subscriber:

Happy Holidays and our sincere wishes that your operations be profitable in 2015.


Predicting price direction the last few weeks of December is fraught with danger. First off beginning today a LOT of traders are going to put their hands in their pockets – volume will dry up – and what little volume there is can make the markets unreasonably volatile. That being said we do have a couple of charts to share with what might be termed some mid-term possibilities for the U-S dollar and soybeans. We'll get to that in a second – but we

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I L L I N O I S

want to point out that on air our stable of analysts were relatively in agreement that the rally we've seen in corn since October needs to be rewarded depending on where you might be in your 14 AND 15 marketings. There was agreement that if a producer has sold nothing yet in 15 this is a place to consider peeling of a portion of inventory and getting started. For additional old crop...if the corn market was to move higher in thin trade over the next several trading sessions it "might" target a gap in the chart:

March 2014 Corn Futures (Composite Daily)



That gap – at 425 is also essentially the 50 percent fibonacci retracement level off the 2013 yearly highs; that particular retracement often provides difficult resistance, but our analysts suggest a test of that level is possible – and even likely longer term.

Meanwhile if you are a soybean bull, there is some technical encouragement that happened on the charts this week:

March 2014 Soybean Futures (Composite Daily)



The red line on the chart represents the 50 day moving average – the blue line is the 100 day moving average. Note that the red line has crossed over and above the blue line – this “golden cross” can often indicate a bullish tone about to enter the marketplace. It was just such a golden cross back in October that signaled the start of the run up in corn. Our analysts say this golden cross bears watching.

And now the U-S dollar. In recent weeks it has rallied strongly – not so much on U-S inflation pressure but rather the melt down in a number of world economies. But if you look at the dollar from a long term perspective you will see it has been in a very large SIDEWAYS trading range dating back to 2008:

U-S Dollar Index (Weekly)



If it does punch through the top of the range our analysts say the short term technical objective would be around 91.40....but that being said the dollar also put in what is essentially a double top on Friday. Stay tuned.

WEEKLY OUTLOOK

U of I Ag Economist Darrel Good looks at some of the fundamental reasons for corn's rally on the future market since October:

March 2015 corn futures traded to a high of \$4.115 on December 15, the highest level since July 10 and \$0.80 above the low reached on October 1.

The average spot cash price at South-Central Illinois elevators was reported at \$3.785 on December 12, \$1.01 above the low on October 1. A number of factors have contributed to the strength in corn prices over the past six weeks. First, the USDA's October and November production forecasts were well below the expectation of nearly 15 billion bushels that was being widely discussed in early October. A second supportive factor comes from prospects for corn consumption that have improved modestly since September. The USDA now projects 2014-15 marketing year corn consumption at 13.67 billion bushels, 65 million bushels above the September projection. The recent pace of consumption in some categories, however, has been above the average rate projected for the year. That pace has contributed to the post-harvest strength in both futures prices and basis levels.

To see Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/121514.html>



USDA reports this week's corn export sales at 27.5 million bushels (27.3 this year, 0.2 next year). On the year, total commitments for corn are 960.8 million bushels vs. 1043.1 million bushels a year ago at this time.

Weekly Corn – as of December 11, 2014

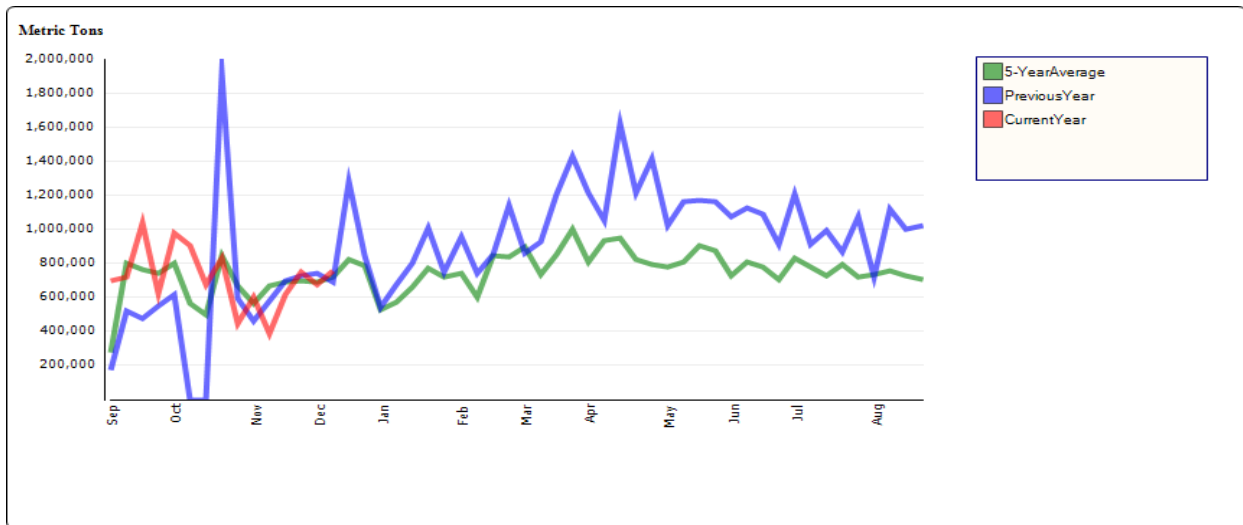


Chart Courtesy of USDA Foreign Ag Service

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)



USDA reports this week's soybean export sales at 38.5 million bushels (25.6 this year, 12.9 next year). On the year, total commitments for soybeans are 1512.2 million bushels vs. 11431.7million bushels a year ago at this time.

Weekly Soybeans – as of December 11, 2014

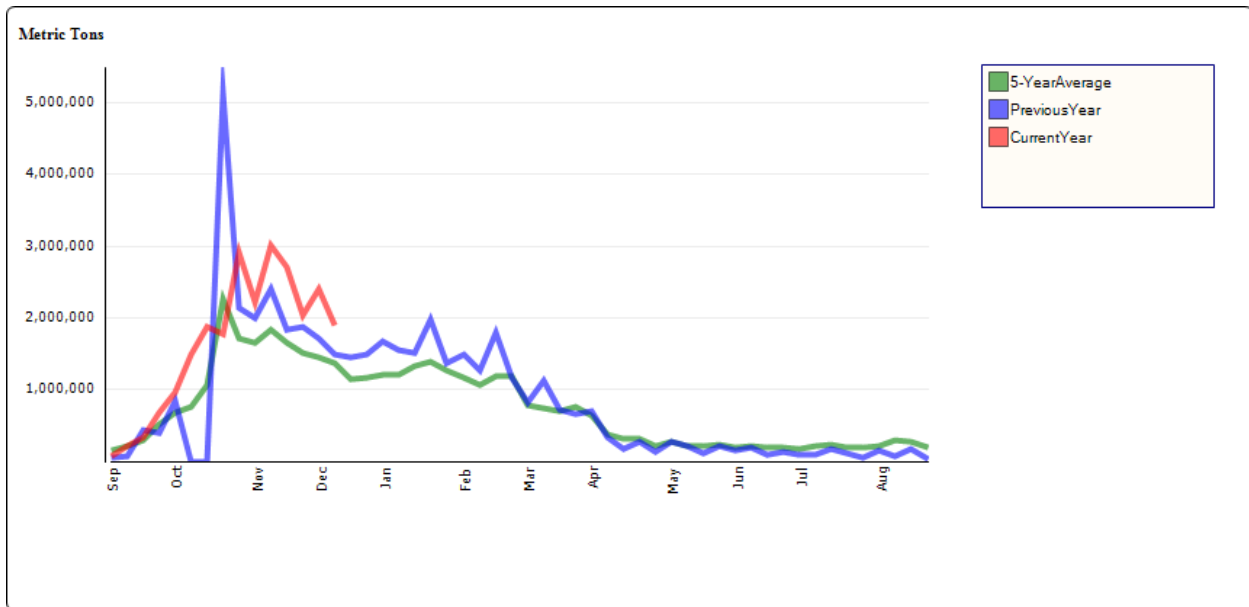


Chart Courtesy of USDA Foreign Ag Service



USDA reports this week's wheat export sales at 18.7 million bushels (17.5 this year, 1.2 next year). On the marketing year wheat sales have totaled 655.9 million bushels compared with 868.4 million bushels a year ago at this time.

Weekly Wheat – as of December 11, 2014

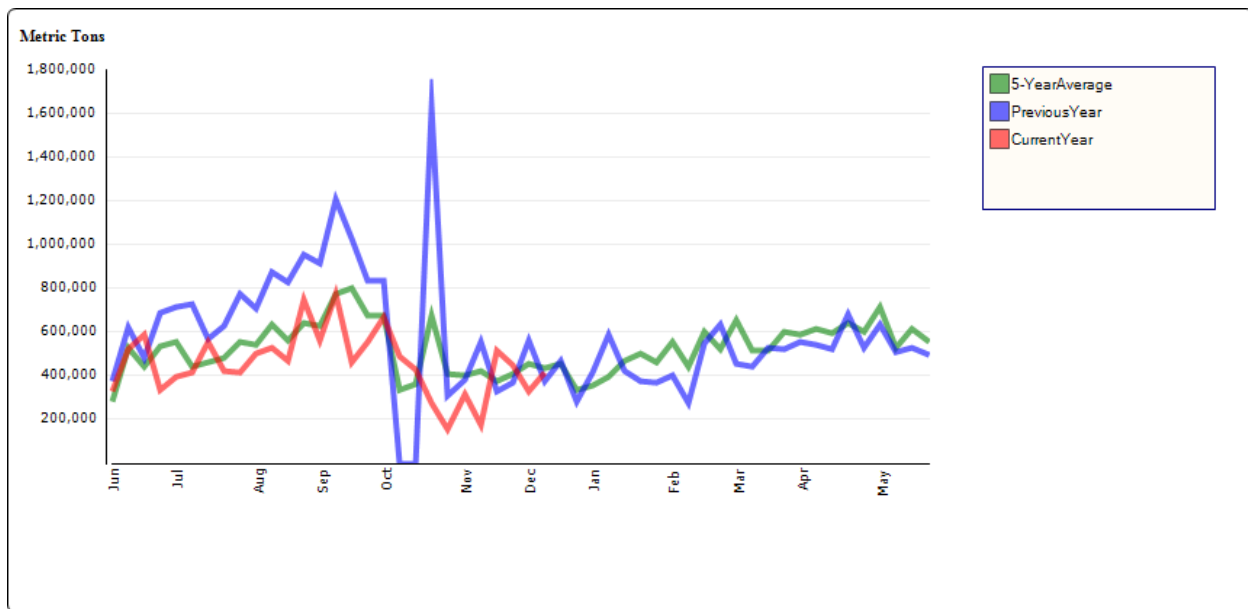


Chart Courtesy of USDA Foreign Ag Service

Ag Weather

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

BRAZIL

Rain will fall in all of Brazil at one time or another during the next two weeks. The least frequent and least significant rain will occur in the far northeastern corner of grain and oilseed country. Rain that falls in far southern Brazil will occur in a couple of brief events with net drying expected between the two. Rainfall will be greatest in far southern Brazil Saturday and Sunday with more expected in the first days of January. Despite the brevity of rain in the far south rain amounts will be moderate to heavy enough to assure no dryness issues through early January. The same can be said for most of Paraguay, although there may be a few drier pockets in that country.

Some rainfall during the coming week may be a little too great and significant runoff might occur to cause some localized areas of flooding. The significant runoff will be most welcome to crop areas in Minas Gerais and Sao Paulo where water reservoirs are still notably low. Flood potentials will be greatest in western and southern Rio Grande do Sul this weekend and again Monday into Tuesday from parts of Parana into Sao Paulo.

Temperatures will be near to slightly cooler than usual during the next two weeks.

ARGENTINA

Rain will fall in many areas across the nation through the weekend, although amounts in the south will be a little too light and erratic to seriously bolster soil moisture. Portions of Santa Fe, northern Entre Rios and Corrientes will receive some heavy rain this weekend with southern Chaco also being impacted briefly. Net drying conditions will occur Monday through Friday of next week, although there will be some isolated showers. The next more significant rain event occurs Dec. 27-29 at which time most of the nation is advertised to receive rain and it will prove to be timely in the south where dryness in the topsoil is expected to be a little more common by that time. Concern over dryness is not likely to become a big issue unless rainfall in both this week's and next week's predicted events turn out lighter than expected or if either one completely fails to evolve. Missed rainfall would not bode well for some of the driest areas in Cordoba, southern Santa or northwestern Buenos Aires where there is already a drier bias present in the topsoil. Subsoil moisture, however, will still carry crop development into January, but rain must occur soon thereafter to prevent a more serious bout of stress from evolving.

Temperatures will cool off so that highs are limited to the 60s and 70s Fahrenheit south and lower 80s north for a brief period of time Saturday into Monday. Low temperatures during those days will be in the 40s and 50s and there may be one or two locations in the interior southeast of Buenos Aires that may report an extreme low of 38 or 39 degrees. In contrast, high temperatures today will be in the upper 80s and 90s nationwide with a few extremes near or slightly over 100 in the north. The heat will retreat to northern Argentina Saturday and then all areas will be cool Sunday into Tuesday.

The latter half of next week will trend much warmer again with highs back into the 80s and 90s followed by lows in the 50s and 60s south and 60s and lower 70s north. Minor temperature changes will occur thereafter through the last days in the month.



Panelists:

- Ellen Dearden, AgReview - Morton, Illinois
- Chip Nellinger, Blue Reef Agri-Marketing - Morton, Illinois
- Brian Stark, The Andersons - Champaign, Illinois
- Mike Zuzolo, Global Commodity Analytics and Consulting - Atchison, Kansas

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 NOW – the week’s show has been posted!!!!

<http://audio01.will.illinois.edu/cw141218.mp3>

AM-580 Daily Agricultural Programming Schedule

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