January 23, 2015

Dear Subscriber:

Before getting too deep in the weeds we wish to point out a typo for one of the outlook meetings that we are holding this winter.

The meeting in Casey is set for FEBRUARY 26 and not January 26th as previously announced.

And we hope you are considering purchasing tickets to the March 10 All Day Ag Outlook Meeting at the Beef House in Covington, Indiana. You can do so by calling at 217-333-7300. Tickets are 25 dollars and include a Beef House continental breakfast and lunch. You will find a working
agenda (which we may add another person or two) at the end of this letter as well as the full schedule of winter meetings to date. If you would like to hold a meeting in your neck of the woods you can call David at dadickey@illinois.edu.

We begin our discussion of the futures market today not looking at the week’s technical trends in corn and soybeans, nor fundamentals which largely have been fully priced in the market place. Rather we begin with a look at the U-S dollar and the threat is poses on export disappearance if it continues to rally. This past week foreign buyers booked 86 million bushels of corn even as the dollar continued to rally due largely to economic woes in the European Union and China. Friday the U-S dollar index spiked SHARPLY higher, confirming for those left doubting that the index has broken out of a multi year sideways trading range.
The dollar has been on a multi-week rally to post its strongest gains in the past eleven years. Could the dollar continue to rally – perhaps after a pause or future consolidation – and if so what would potentially be the upside target?
The two charts above show just how strong the U-S dollar has been and what are analysts suggest are upside technical targets. The first chart shows the sideways trading range the dollar has been in since 2004. That range can be used as a technical measuring stick; twice that range puts the dollar at a technical target of 104.43. Note the red line at 94.49; this is one of the few remaining overhead resistance points. The second chart is a fibonacci retracement drawn of the 2002 highs. Note that this week the dollar has cleared the 50 percent retracement level which has historically been either a stout line of support or resistance depending on which side of the line the market is trading. Friday the market cleared the 61.8 resistance level. We will need to closely monitor whether there is follow through and closes above this level early next week.

We had a long discussion regarding the dollar on Thursday with Dan Zwicker of CGB Enterprises in Mandeville Louisana:

http://audio01.will.illinois.edu/ag-zwicker150122.mp3
U of I Ag Economist Darrel Good takes another look at USDA’s January reports. Darrel writes:

Based on the estimates of corn stocks, production, and imports, corn disappearance during the first quarter of the current marketing year totaled a record 4.25 billion bushels. Based on estimates of exports and domestic processing uses of corn during the quarter, feed and residual use totaled 2.198 billion bushels. That is 114 million bushels less than the revised estimate (based on a smaller 2013 corn production estimate) of use during the first quarter of last year. The smaller than expected first quarter disappearance this year, along with the smaller 2014 crop estimate, resulted in a 100 million bushel reduction in the USDA’s forecast of feed and residual use for the current marketing year. The issue revealed in these estimates is the predictability of marketing year feed and residual use based on first quarter disappearance. This is not a new issue, but it has become more important because of the wider range in the ratio of first quarter use to total marketing year use experienced in recent years. For the four years from 2006-07 through 2009-10, that ratio ranged from 37.6 to 40.7 percent. In the most recent four years, the ratio ranged from 39.4 to 47.7 percent. First quarter use this year represents 41.7 percent of the USDA’s forecast of use for the entire year. Considerable uncertainty about actual use will persist, with the March 1 stocks estimate to provide more additional insight.

To see Darrel’s full report go to:

http://farmdoc.illinois.edu/marketing/weekly/html/012015.html

15 iFarm Crop Insurance Tools Now Available

The 2015 iFarm Crop Insurance Payment Simulator and Crop Insurance Decision Tools are now available in the crop insurance section of farmdoc.
iFarm Crop Insurance Payment Simulator

This web-based tool provides estimates of premiums for available 2015 insurance products for most counties in the major corn and soybean production regions, across each coverage election, and then calculates the expected frequency of payments, average payment per acre, net cost per acre, and risk reductions associated with alternative crop insurance products and election levels in an easily understood format.

Go to iFarm Payment Simulator

FAST Crop Insurance Decision Tool

This 2015 spreadsheet tool contains four components. The first computes farmer-paid premiums for different user entered parameters. A "What-if" tool calculates insurance payments for user supplied prices and yields. A history of insurance payments and premiums can be found in the "Historical Analysis" section. The tool also allows comparison of farm yields to county yields (requires Microsoft Excel).

Download FAST Crop Insurance Decision Tool

USDA reports this week’s corn export sales at 86.0 million bushels (86.0 this year, 0.0 next year). On the year, total commitments for corn are 1194.7 million bushels vs. 1168.2 million bushels a year ago at this time.
**Weekly Corn – as of January 15, 2015**

[Graph of weekly corn data]

*Chart Courtesy of USDA Foreign Ag Service*

*For information on basis in Illinois this past week go to:*


*The Iowa basis report is at:*


USDA reports this week’s soybean export sales at 4.2 million bushels (0.5 this year, 3.7 next year). On the year, total commitments for soybeans are 1629.1 million bushels vs. 1546.2 million bushels a year ago at this time.
USDA reports this week’s wheat export sales at 20.7 million bushels (16.8 this year, 3.9 next year). On the marketing year wheat sales have totaled 712.6 million bushels compared with 929.9 million bushels a year ago at this time.
Weekly Wheat – as of January 15, 2015

Before we leave wheat fundamentals we need to point out that the U-S crop may not be as good as the trade believes. Thursday’s drought monitor is an eye-opener and something not likely fully priced into futures as of this writing:

U.S. Drought Monitor

January 20, 2015
(Released Thursday, Jan. 22, 2015)
Valid 9 a.m. EST

http://droughtmonitor.unl.edu/
Ag Weather

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

BRAZIL

Rain has been reduced in today’s forecast for Rio Grande do Sul and significant drying is expected there with some crop stress possible in the first week of February. Most of the other major corn and soybean producing areas in Brazil will see regular rounds of showers and thunderstorms during the next two weeks and mostly favorable conditions for crops should occur. Soil moisture is still abundant in Rio Grande do Sul and subsoil moisture should remain high enough to prevent serious stress to crops during the next two weeks, but greater rain will be needed soon to prevent stress from becoming more significant.

Crop stress is also expected to increase in minor crop areas of central and northern Paraguay and in portions of northeastern Brazil where hot temperatures and a lack of soil moisture should continue. Crop stress in northeastern Brazil will be greatest from eastern Bahia to eastern Minas Gerais and Espírito Santo while areas to the west and south see an increase in shower activity and improving conditions crops

Crop stress in Paraguay will be greatest in central and northern areas while southern Paraguay has greater soil moisture that should prevent crops from becoming seriously stressed. The areas in northeastern Brazil and central and northern Paraguay that will see the greatest crop stress during the next two weeks are not major corn and soybean producing areas and the declines in production that occur should not have a significant impact on Brazil’s total corn or soybean output.

ARGENTINA

The two-week outlook remains favorable for most crops in Argentina. A good mix of rain and sunshine is expected and the soil in some eastern parts of the country that is still saturated will have an opportunity to dry down and crop development rates should improve. Two rounds of organized rain will occur during the next two weeks with rain occurring in most areas Tuesday into Wednesday and Jan. 30-Feb. 1.

Some of the driest areas in southern Argentina will benefit from isolated to scattered showers through early next week with more significant rain occurring Jan. 30-Feb. 1.
Panelists:

- Dan Basse, Ag Resource Company - Chicago, Illinois
- Curt Kimmel, Bates Commodities - Normal, Illinois
- Chip Nellinger, Blue Reef Agri-Marketing - Morton, Illinois
- Sherman Newlin, Risk Management Commodities - Hutsonville, 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 NOW – the week’s show has been posted!!!!

http://audio01.will.illinois.edu/cw150123.mp3

Registration 8:45am eastern (7:45am central)

Soybean Commodity Panel
Curt Kimmel, Bates Commodities, Normal, Illinois
Wayne Nelson, L and M Commodities, New Market, Indiana
Mike Zuzolo, Global Commodity Analytics, Lafayette, Indiana
Bill Mayer, Strategic Farm Marketing, Champaign, Illinois

Cash Grain Panel
Greg Johnson, The Andersons, Champaign, Illinois
Aaron Curtis, MIDCO, Bloomington, Illinois  
Matt Bennett, Channel Seeds, Windsor, Illinois  
Chuck Shelby, Risk Management Commodities, Lafayette, Indiana

Livestock Analysis and Futures  
Chris Hurt, Professor of Agricultural Economics, West Lafayette, Indiana

Commodity Futures  
Sue Martin, Ag and Investment Services, Webster City, Iowa

Land Values 2013  
Murray Wise, CEO, Murray Wise Associates LLC, Champaign, Illinois

Corn Panel  
Dan Zwicker, CGB Enterprises, Mandeville, Louisiana  
Pete Manhart, Bates Commodities, Normal, Illinois  
Jacquie Voeks, Stewart Peterson Group, Champaign, Illinois  
Bill Gentry, Risk Management Commodities, Lafayette, Indiana

Scheduled winter meetings. Todd and Dave hope to see you at one soon!

**January 27, 2014 - Lincolland Agri-Energy LLC - Palestine, Illinois**  
6pm Annual Meeting  
Keynote Address  
Todd Gleason, Farm Broadcaster  
University of Illinois

**January 28, 2015 - WILLAg Panel - LaSalle, Illinois**  
Senica’s Oak Ridge Golf Club  
652-670 E US Highway 6  
La Salle, IL 61301  
6:30pm - Crop Insurance Meeting with Panel to Follow  
WILLAg Panel  
Bill Mayer, Strategic Farm Marketing - Champaign, Illinois  
Jacquie Voeks, Stewart Peterson - Champaign, Illinois  
Wayne Nelson, L&M Commodities - New Market Indiana  
Sponsor  
Strategic Farm Marketing
January 29, 2015 - WILLAg Panel - Sycamore, Illinois
DeKalb County Farm Bureau Bldg
    1350 West Prairie Drive
Sycamore, IL  60178
1:30pm - Farm Bill Decision
    Gary Schnitkey, Ag Economist - University of Illinois
2:00pm - WILLAg Marketing Panel
    Wayne Nelson, L&M Commodities - New Market, Indiana
    Joe Vaclavik, Standard Grain - Chicago, Illinois
    Jacquie Voeks, Stewart Peterson - Champaign, Illinois
Sponsor
    Castle Bank

February 4, 2015 - Illinois Pork Expo - WILLAg Panel - Peoria, Illinois
Illinois Pork Expo @ Peoria Civic Center
1:30pm on the Convention Floor
Panelists
    Brett Stuart, Global Agri-Trends - Denver, Colorado
    TBD - CIH Representative
    Jacquie Voeks, Stewart Peterson - Champaign, Illinois
Sponsor
    Illinois Pork Producers Association

February 5, 2015 - WILLAg Panel - Springfield, Illinois
Northfield Inn Suites
    3280 Northfield Drive
Springfield, IL 62702
6:30pm - Crop Insurance Meeting with Panel to Follow
WILLAg Panel
    Matt Bennett, Channel Seeds - Windsor, Illinois
    Curt Kimmel, Bates Commodities - Normal, Illinois
    Bill Mayer, Strategic Farm Marketing - Champaign, Illinois
Sponsor
    Strategic Farm Marketing

February 7, 2015 - Chicago Farmers Farmland Forum - WILLAg Panel - Joliet, Illinois
Wietendorf Agricultural Educational Center
    Joliet Junior College
    17840 Laraway Road
Joliet, Illinois
9am Panel
    Matt Bennett, Channel Seeds - Windsor, Illinois
Chuck Shelby, Risk Management Commodities - Lafayette, Indiana
Gary Schnitkey, Ag Economist - University of Illinois
sponsor - Chicago Farmers

February 11, 2015 - WILLAg Panel - Galesburg, Illinois
Knox Agri-Center
180 South Soangetaha Road
Galesburg, IL 61401
6:30pm - Crop Insurance Meeting with Panel to Follow
WILLAg Panel
Curt Kimmel, Bates Commodities - Normal, Illinois
Bill Mayer, Strategic Farm Marketing - Champaign, Illinois
Chip Nellinger, Blue Reef Agri-Marketing - Morton, Illinois

Sponsor
Strategic Farm Marketing
First Midwest Bank

February 25, 2015 - WILLAg Panel - Ltichfield, Illinois
HSHS St. Francis Hospital
1215 Franciscan Drive
Litchfield, Illinois 62056
10:00am - 2:00pm
WILLAg Panel
TBA
Jacquie Voeks, Stewart Peterson - Champaign, Illinois
Mike Zuzolo, Global Commodity Analytics & Consulting - Atchison, Kansas

Sponsor
Friends of St. Francis

February 25, 2015 - WILLAg Panel - Belleville, Illinois
Edit This
St. Clair County Farm Bureau
1478 Illinois 15, Belleville, IL 6222
Belleville, IL 62221
4:00pm
WILLAg Panel
TBA
Jacquie Voeks, Stewart Peterson - Champaign, Illinois
Mike Zuzolo, Global Commodity Analytics & Consulting - Atchison, Kansas

Sponsor Wyffels Hybrids

February 26, 2015 - WILLAg Panel - Casey, Illinois
7pm Venue & Panel TBA
sponsor - University of Illinois Extension

March 6, 2015 - Illinois Soybean Summit - Peoria
Todd Gleason Emcee
details at the Illinois Soybean Summit Webpag

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