


April 24, 2015

Dear Subscriber:

We are now fully into the spring “weather market” season with traders closely monitoring every six hour weather update. Next week it is expected that there will be several open planting days across the corn belt with only light and scattered showers predicted as of this Friday writing. Drew Lerner’s forecasts are later in this week’s letter. Technically this week corn showed weakness with the December 2015 daily chart posting a new low for the year during Friday’s trade. This will need to be closely watched as planting picks up in the week ahead. Traders are already

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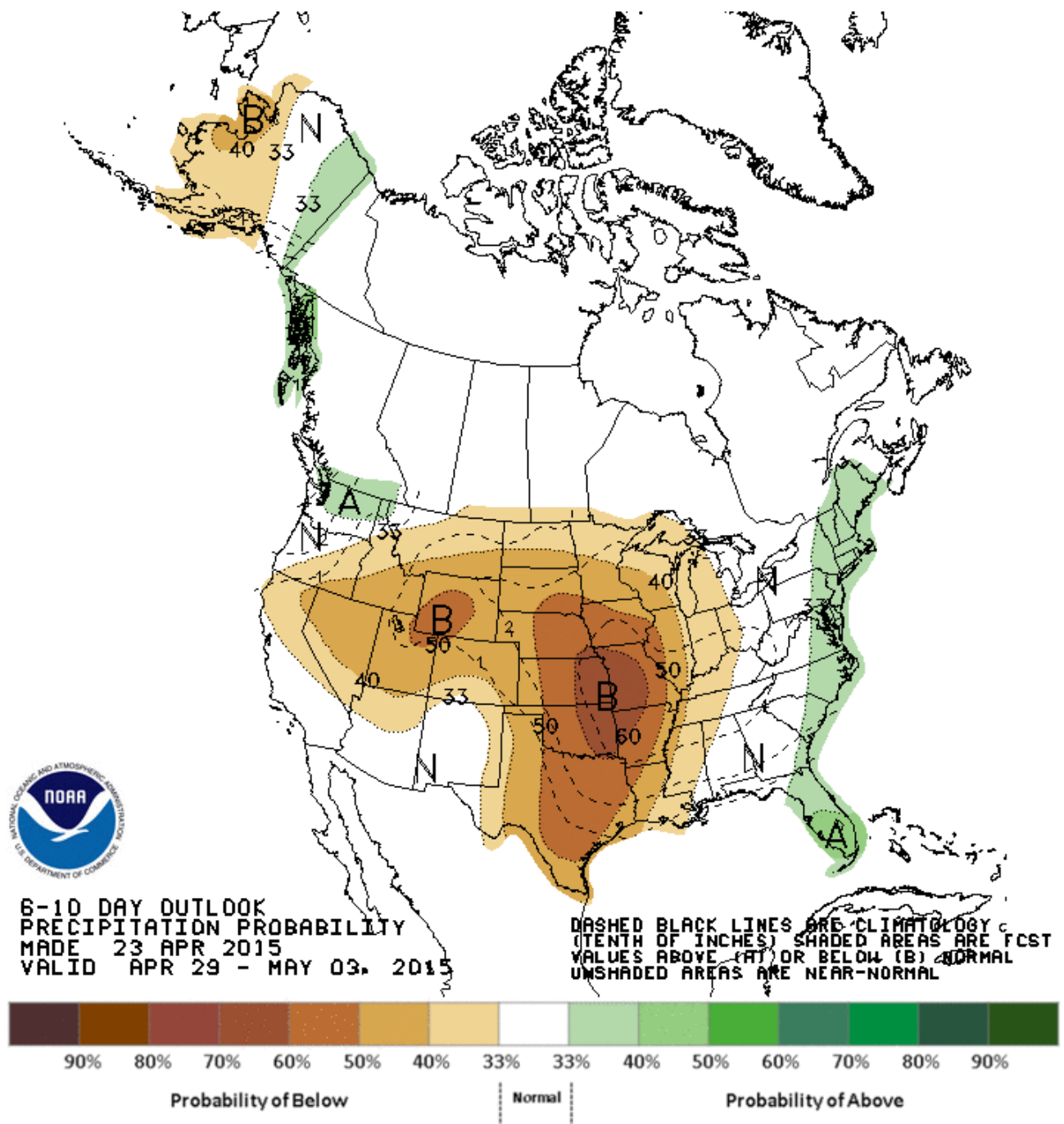
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suggesting that there likely will be some switch from corn to other crops (soybeans?) in the Delta where planting progress is most behind. Monday's crop progress report could add additional fuel to that fire.

Here is the National Weather Service precip six to ten day outlook map issued on Friday:



This week our analysts spent some time looking at the potential for crude oil to stage a summertime rally:

## June 2015 Crude Oil Futures (Composite Daily)



The red line represents the 50 day moving average. The blue line represents the 100 day moving average. Note that last September the 50 dma crossed under the 100 dma. Technicians often label this a death cross and it can be an excellent indicator of market weakness; such was the case as June 2015 oil futures lost some 44 dollars into the January time frame. Since that time the market has consolidated in a wide sideways range – but now appears that the 50 and 100 day moving averages are poised to cross once again.

The 50 day moving average crossing ABOVE the 100 day moving average is often labeled by technicians as a golden cross and it can indicate STRENGTH in the market. Should a golden cross verify look for crude oil futures to rally further and perhaps provide support to ethanol margins in the summer time frame.

# WEEKLY OUTLOOK

University of Illinois agricultural economist Darrel Good looks at the question of whether 2015 soybean consumption reach USDA's projection. Darrel writes:

At this juncture in the marketing year, it appears that the total of the domestic soybean crush and exports during the 2014-15 marketing year will be close to the current USDA projection. However, even as prospects for total consumption become clearer over the next five months, uncertainty about the magnitude of year-ending stocks will remain until the USDA releases the estimate of September 1 stocks on September 30. As mentioned above, September 1, 2014 stocks were 38 million bushels smaller than expected just three weeks before the release of the stocks report. The level of uncertainty this year is magnified by the March 1, 2015 stocks estimate that hinted that the 2014 crop may have been overestimated. To view Darrels' full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/042015.html>



This week Gary Schnitkey from the Department of Agriculture and Consumer Economics at the University of Illinois dug into his projections for 2015 gross corn revenues in Illinois:

In Illinois, 2015 gross revenues for corn are projected to be lower than 2014 gross revenues. In 2015 for corn, gross revenues are projected in the mid to high \$800 per acre range for farms in Northern and Central Illinois with high-productivity farmland. Gross revenues in the low \$800 per acre range are projected for farms with lower-productivity farmland in Central Illinois. Gross revenues in the low \$700 range are projected for Southern Illinois farms. These 2015 levels are about \$200 per acre below average gross

revenue levels for 2010-13. As long as prices are below \$4.50, gross revenues in the above ranges are to be expected.....

**Table 1. Gross Revenue for Corn in Four Regions of Illinois, Actual for 2009 through 2014 and Projected for 2015.**

	Year <sup>2</sup>			Year <sup>2</sup>		
	2010-13	2014	2015P	2010-13	2014	2015P
<b>Panel A. Northern Illinois</b>				<b>Panel B. Central Illinois - High</b>		
Yield per acre (bu/acre)	175	208	192	166	231	196
Price per bushel	\$5.52	\$3.80	\$4.25	\$5.69	\$3.75	\$4.25
	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre
Crop revenue	\$955	\$790	\$816	\$925	\$866	\$833
ARC/PLC payment	0	50	30	0	2	30
Direct payments	23	0	0	24	0	0
Crop insurance proceeds	52	46	0	103	10	0
<b>Gross Revenue</b>	<b>\$1,049</b>	<b>\$886</b>	<b>\$846</b>	<b>\$1,052</b>	<b>\$878</b>	<b>\$863</b>
<b>Panel C. Central Illinois - Low</b>				<b>Panel D. Southern Illinois</b>		
Yield per acre (bu/acre)	153	215	182	132	194	150
Price per bushel	\$5.50	\$3.75	\$4.20	\$5.70	\$3.75	\$4.25
	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre
Crop revenue	\$844	\$808	\$754	\$729	\$728	\$680
ARC/PLC payment	0	2	30	0	2	20
Other govt payments	24	0	0	21	0	0
Crop insurance proceeds	33	10	0	157	1	0
<b>Gross Revenue</b>	<b>\$970</b>	<b>\$820</b>	<b>\$794</b>	<b>\$906</b>	<b>\$737</b>	<b>\$700</b>

<sup>1</sup> Regions are northern, central, and southern Illinois. Central Illinois is divided into high productivity (196 bushel expected yield in 2015) and low productivity (182 bushel expected yield) farmland. Data for 2010 through 2014 come from Illinois Farm Business Farm Management.

<sup>2</sup> The column 2010-13 gives averages for 2010 through 2013

.....For the foreseeable future corn prices likely will be nearer \$4.00 per bushel than the high \$5.00 per bushel values experienced from 2010 to 2013. From 2010 to 2013, many farms in Northern and Central Illinois had gross revenues near or above \$1,000 per acre. For the foreseeable future, gross revenues that are near \$200 per acre less than the 2010-13 time period are reasonable. Expectations of gross revenues in the mid to high \$800 range are reasonable for many farms in Northern and Central - High Illinois. Gross revenues near \$800 are reasonable for Central - Low Illinois farms. Gross revenues in the low \$700 range are reasonable for Southern Illinois.

To read the full FEFO go to:

[http://www.farmdoc.illinois.edu/manage/newsletters/fefo15\\_08/fefo\\_15\\_08.html](http://www.farmdoc.illinois.edu/manage/newsletters/fefo15_08/fefo_15_08.html)

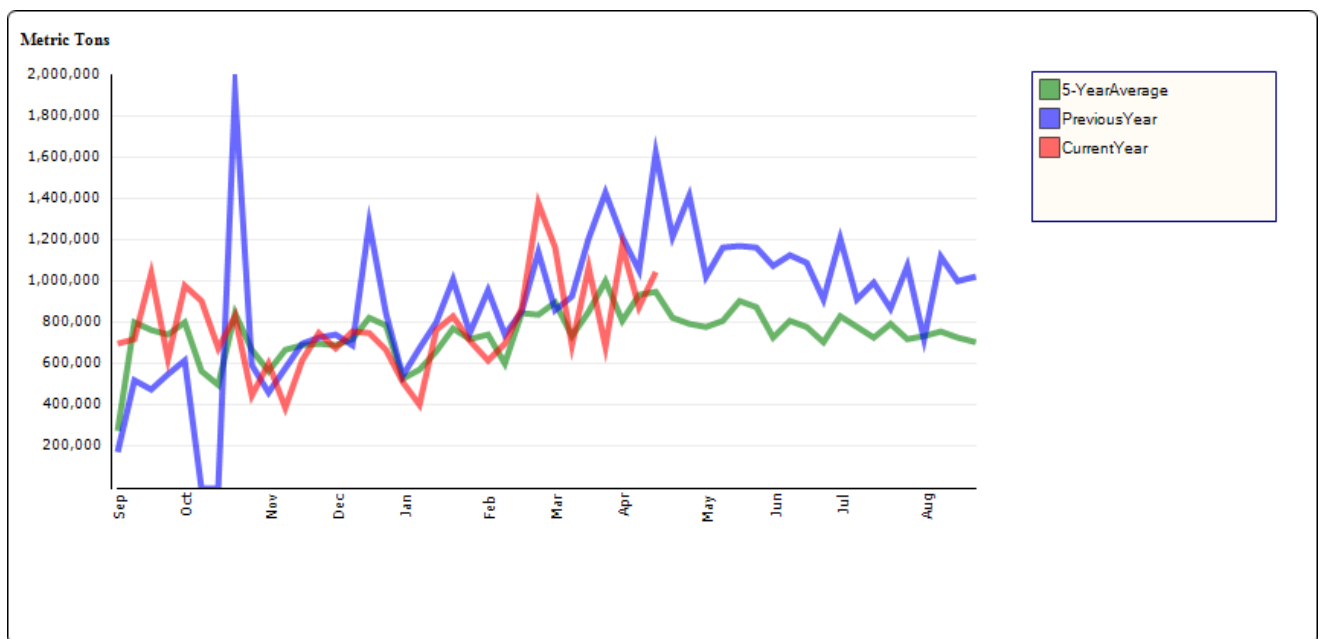
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USDA reports this week's corn export sales at 34.4 million bushels (34.2 this year, 0.2 next year). On the year, total commitments for corn are 1554.4 million bushels vs. 1695.5 million bushels a year ago at this time.

### **Weekly Corn – as of April 16, 2015**



**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)**

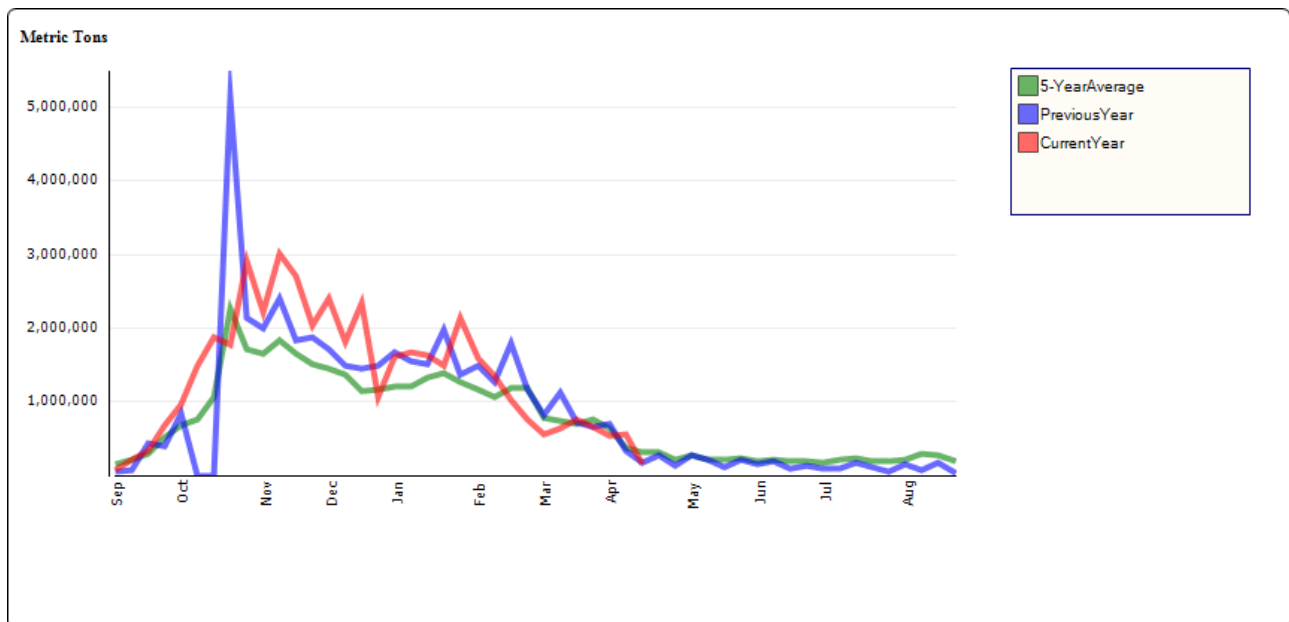
**The Iowa basis report is at:**

**[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 4.1 million bushels (3.8 this year, 0.3 next year). On the year, total commitments for soybeans are 1787.1 million bushels vs. 1639.1 million bushels a year ago at this time.

### **Weekly Soybeans – as of April 16, 2015**



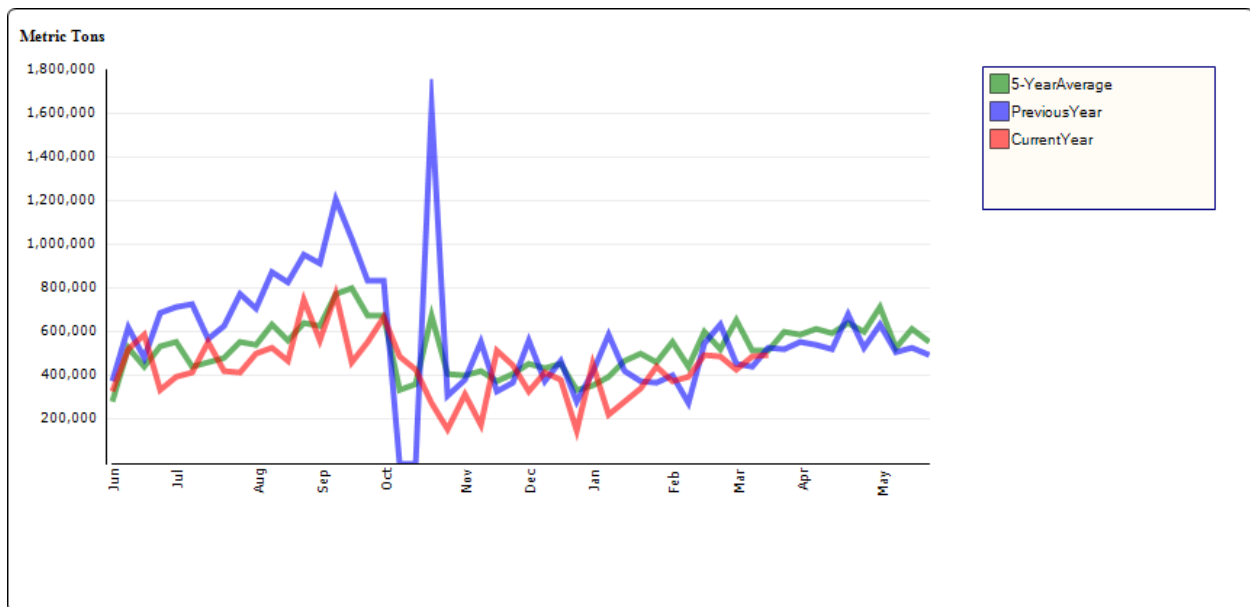
### **Chart Courtesy of USDA Foreign Ag Service**

We picked up this tidbit from the reporting of RDF Radio's Al Jarad – evidently Illinois Department of Agricultural officials who test seeds for germination say that some tested soybean seeds are suffering from pod and stem blight which can lead to lower germination rates.



USDA reports this week's wheat export sales at 19.3 million bushels (14.6 this year, 4.7 next year). On the marketing year wheat sales have totaled 869.9 million bushels compared with 1141.1 million bushels a year ago at this time.

**Weekly Wheat – as of April 16, 2015**



**Chart Courtesy of USDA Foreign Ag Service**

**Ag Weather**

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

Today's forecast continues to promote a very good outlook for most of the Midwest, although today and Saturday will be rainy days in the west and mostly Saturday in the east. The western Corn Belt will turn drier Sunday and will be free of any major storm systems through at least May 2. Showers and thunderstorms will begin to increase May 3, but the more significant rainfall in the western Corn Belt will likely hold off until after May 3.



The eastern Midwest will turn dry Sunday and stay that way through Wednesday. A weak weather system will push through the eastern Midwest from the north late next week generating some showers of light intensity. The precipitation will be followed by some returning drier weather during the first weekend in May before showers and thunderstorms slowly increase during the week of May 3.

Several days of good drying are expected in the Midwest next week and fieldwork will accelerate at that time. Field progress also advanced in many areas Thursday and will do so again today. This weekend's precipitation will only disrupt fieldwork for a short period of time and planting progress will have moved dramatically forward by May 2. There has already been some good progress this week.

Temperatures will be mild during in the eastern Midwest much of the coming week with the exception of the lower Midwest Saturday when some highs in the 70s to near 80 occur just ahead of showers and thunderstorms. Most other days during the coming week will have high temperatures in the 50s and lower 60s north and 60s to a few lower 70s south. Low temperatures most nights will be in the 30s and 40s with a few upper 20s in the far north Saturday and Sunday.

The western Corn Belt will be a little warmer during the middle to latter part of next week with more 60- and 70-degree highs expected. Some extremes near 80 may evolve in the southwest by the end of next week.

Temperatures in the first five days of May will be warmer than usual throughout the Midwest with many 60- and 70-degree highs in the north and 70- and 80-degree readings in the south. Lows will be mostly 40s and 50s with a few 30s in the far north.



## Commodity Week

### **P**anelists:

- Jason Clapp, Risk Management Commodities - Lafayette, Indiana
- Curt Kimmel, Bates Commodities - Normal, Illinois
- Rich Nelson, Allendale - McHenry, Illinois
- Wayne Nelson, L and M Commodities - New Market, Indiana

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://will.illinois.edu/commodityweek/program/commodity-week-april-23-2015>

### **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