

May, 1 2015


Dear Subscriber:

The narrative this week as well as into the weekend has been totally about the supply side of the market – specifically this past week’s open planting window for corn across most of the belt.

Expectations are great among many of our analysts that USDA will estimate that 50 percent or more of the national corn crop has been seeded and perhaps as much as 15 percent of the soybean crop. That likely has the trade once again building ending stocks for 15-16. We will get a strong handle on just where the trade is as late next week estimates should begin to be released by various

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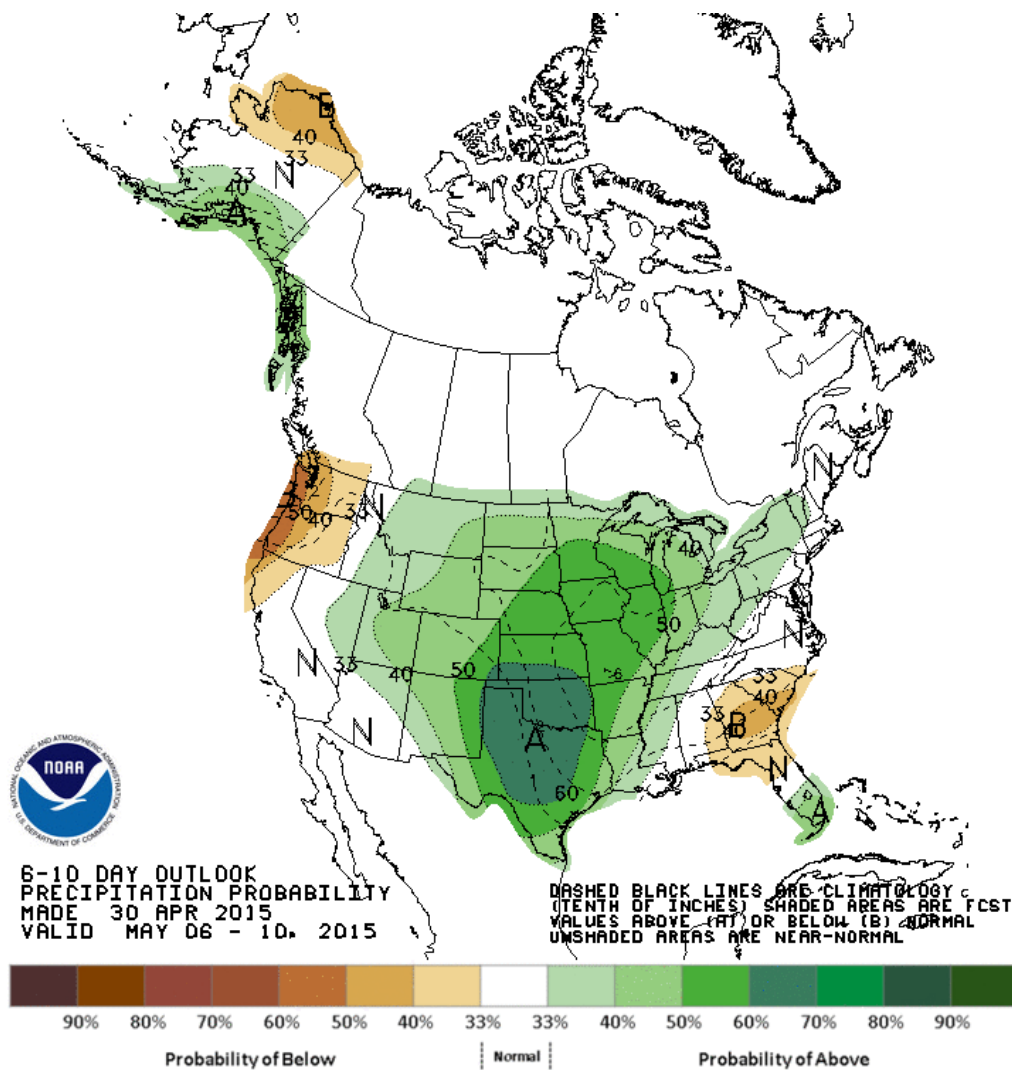
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media outlets ahead of the May WASDE report on May 12.

Next week looks to be far less open for planting than the week past – and perhaps the trade will put a little weather premium back in the marketplace. Our analysts remind us that it is the last few weeks of May when the weather market really heats up for corn as traders speculate on whether the last 5 to 10 percent of the crop goes into the ground and how timely.



Still technically the market finds itself testing the downside with the potential for further bear action in the short term....soybeans suffered a key reversal lower on Thursday and as this writing is in the process of validating that move:

## November 2015 Soybean Futures (Composite Daily)



Our analyst say closes below 949 would confirm Thursday's hook reversal. For soybeans to make any kind of May rally it would take consecutive closes above 949 the November basis.

Corn futures finds itself also testing key support levels:

## July 2015 Corn Futures (Composite Daily)



Our analysts say closes under 362 ½ the July basis would confirm a bearish down flag in the market with potential targets at 360, 352 ½ and finally the October 2014 contract low at 346 ¾.

Traders are currently comfortable despite next week's less than ideal planting conditions that the crop will get into the ground in a timely fashion – and thus currently there is NO/LITTLE weathe risk premium in the market place.

## WEEKLY OUTLOOK

University of Illinois agricultural economist Darrel Good says the market has been under seige as traders look for big supplies and weak demand. Darrel writes:

Corn prices have come under renewed pressure, with a decline of nearly \$0.20 in futures prices over the past week. Those prices are now at the lowest level since October 2014. Old crop basis, however, continues to strengthen seasonally in most markets. The average cash price in central Illinois, for example, was \$0.14 under July 2015 futures on April 23rd, compared to \$0.70 under in late September and early October 2014. Low corn prices appear to reflect expectations for a combination of prolonged demand weakness and another year of ample supplies.

Expectations for demand weakness center on the ethanol and export markets. It is generally argued that plateauing domestic ethanol consumption, a stronger dollar that could favor ethanol imports and discourages exports, and low crude oil prices will limit the price of ethanol and the demand for corn. Similarly, abundant world grain supplies and a stronger dollar are expected to create a weak demand environment for U.S. corn in the world market. In contrast, domestic feed demand for corn should be supported by ongoing expansion in livestock and poultry numbers, even with some loss of poultry numbers to bird flu.

To read Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/042715.html>

## **farmdoc** DAILY

Scott Irwin and Darrel Good from the U of I Department of Agricultural and Consumer Economics and Dwight Sanders from the SIU Carbondale Department of Agribusiness Economics have teamed up to write a report on understanding and Evaluating WAOB/USDA Corn Yield Forecasts. We believe it is MUST reading for corn growers.

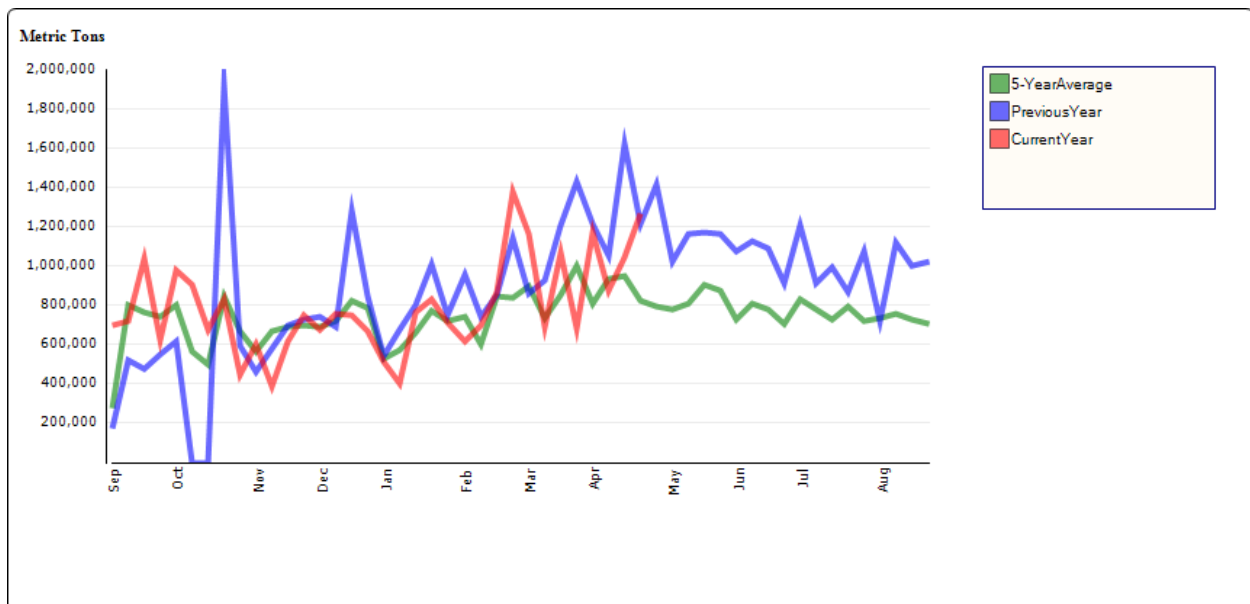
It can be found at:

<http://farmdocdaily.illinois.edu/2015/04/understanding-and-evaluating-waob-usda-corn.html>



USDA reports this week's corn export sales at 37.3 million bushels (32.8 this year, 4.5 next year). On the year, total commitments for corn are 1587.2 million bushels vs. 1732.5 million bushels a year ago at this time.

### **Weekly Corn – as of April 23, 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)**

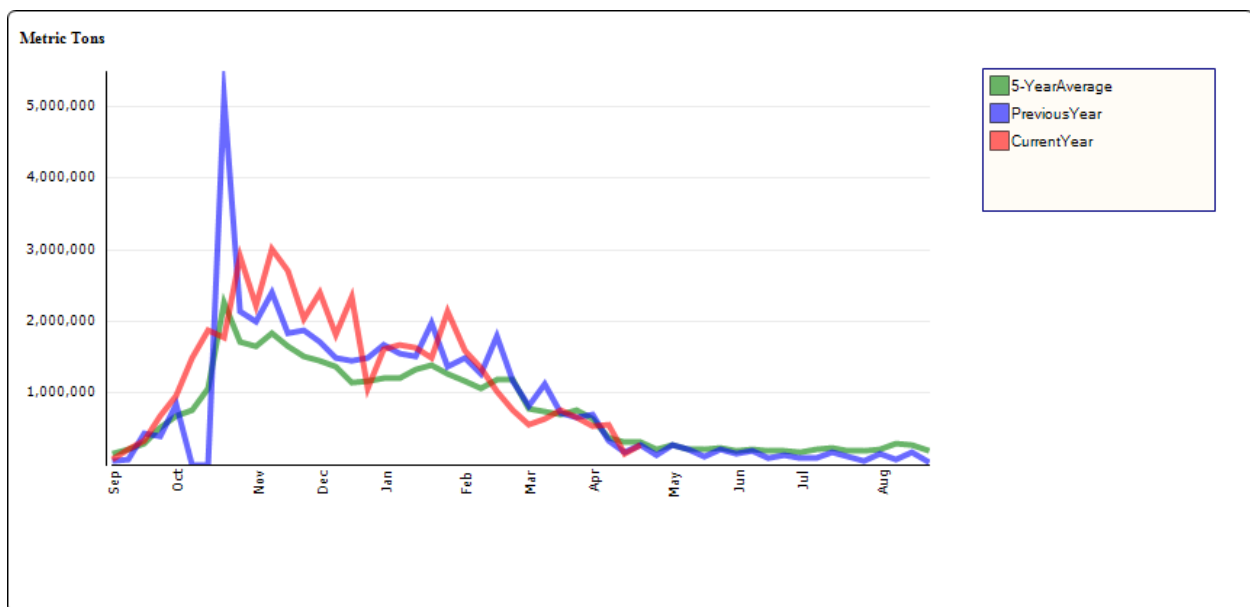
**The Iowa basis report is at:**

**[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 11.5 million bushels (15.9 this year, - 4.4 next year). On the year, total commitments for soybeans are 1803.1 1638.5million bushels vs. 1639.1 million bushels a year ago at this time.

### ***Weekly Soybeans – as of April 23, 2015***



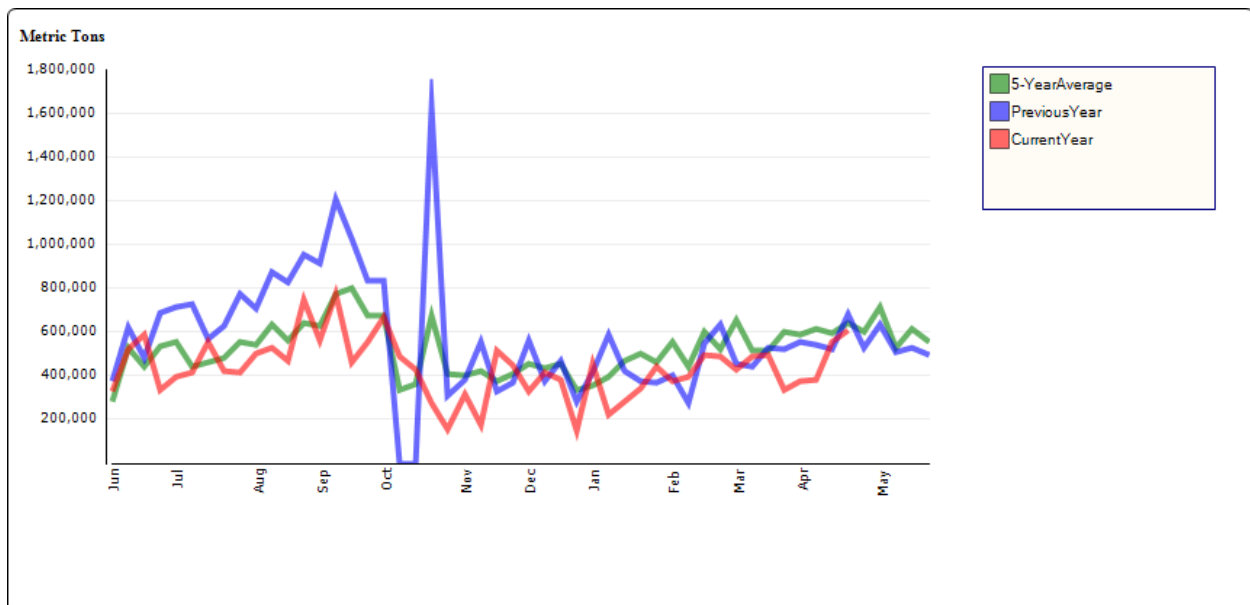
***Chart Courtesy of USDA Foreign Ag Service***

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 14.8 million bushels (- 16.5 this year, 31.3 next year). On the marketing year wheat sales have totaled 853.4 million bushels compared with 1149.0 million bushels a year ago at this time.

### ***Weekly Wheat – as of April 23, 2015***



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

### **Ag Weather**

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

Today's forecast is a little wetter in the second week of the two-week outlook than that advertised Thursday. Good planting progress will occur in the west through Saturday while most eastern areas see favorable conditions for fieldwork through Sunday with areas near and south of the Ohio River seeing little significant rain through Wednesday.

A period of wet weather and slow planting progress will begin in the west Sunday and continue through next Friday, May 8 with rain lingering in many



areas May 9-10. Rain increases in the eastern Corn Belt Monday through May 9 with showers continuing into May 11. A brief period of drying will follow and fieldwork will resume in some areas before rain returns May 13-16.

Ohio and surrounding areas will see improving conditions for fieldwork during the next few days as dry weather returns and temperatures warm. Beneficial rain is expected in the Dakotas and Minnesota Sunday into next week and topsoil moisture should be bolstered for improved crop development and better field working conditions for a while. Follow up rain will be needed to induce more substantial increases in subsoil moisture, but newly planted crops should be left with favorable soil conditions for early crop development.

High temperatures today east of the Mississippi River will be in the middle 60s to the lower 70s with a few lower 60s near the Great Lakes. Highs west of the river will be in the lower to middle 70s with some upper 60s near the river. Saturday's highs across the Midwest will be in the 70s with some lower and a few middle 80s in the west and some middle and upper 60s near the Great Lakes. Sunday's highs from southeastern South Dakota to eastern Kansas, Missouri, and southern Illinois to central Kentucky will be in the upper 70s and lower 80s. Other areas will see highs in the 70s with some middle and upper 60s in the far northwest. Highs Monday through next Friday in the north will be in the middle 60s to the middle 70s with some upper 70s and a few lower 80s in the west and upper 50s and lower 60s near the Great Lakes. Some far northwestern locations will see highs in the lower 60s Friday. Highs in the south will be in the 70s and lower 80s with some upper and a few middle 60s through Wednesday.

Low temperatures Saturday will be in the middle 40s to the lower 50s with some middle 50s in the southwest. Sunday's lows will be warmer and by Monday lows in the north will be in the 40s and 50s with some upper and a few middle 30s in the west. Lows in the south will be in the 50s and lower 60s. Lows Tuesday in the north will be in the upper 30s and 40s with a few lower 50s in the east and a few middle 30s in the west. Lows in the south will be in the 50s and lower 60s with some upper 40s. Wednesday's lows will be warmer and lows Thursday and next Friday will be in the middle 50s to the lower 60s with some lower 50s in the east. Gradual cooling will occur early in the second week of the two-week outlook.



# Commodity Week

## **P**anelists:

- Ellen Dearden, AgReview - Morton, Illinois
- Dale Durchholz, AgriVisor LLC - Bloomington, Illinois
- Steve Freed, ADM Investor Services - Chicago, 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://will.illinois.edu/commodityweek/program/commodity-week-may-01-2015>

## **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