



May 4, 2012

Dear Subscriber:

The bombshell of the week was CME Group's announcement that later this month it will go to 22 hour trading of corn, soybeans, wheat and other grains and well as ethanol. Along with that comes changes on margins – Jacquie Voeks of Steward Peterson Group gave us the heads up....

Effective this Monday, May 7, new CFTC Regulation 39.13(g)(ii) mandates each DCO to require its clearing members to collect customer initial margin for non-hedge positions at a level greater than 100 percent of the DCO's initial margin (performance bond) requirements. There is no exception for customer accounts of exchange members that fall within the Regulation. The Regulation applies equally to positions that are regulated as futures and to positions regulated as swaps.

Previously, for futures, the use of "initial to maintenance ratios" applied only to accounts that were neither hedge nor member. Accounts are coded by FCMs as member, hedge, spec or omnibus, and only accounts coded as spec or omnibus had an "initial" requirement level that was higher than the "maintenance" level.

With CFTC Regulation 39.13(g)(ii) going into effect, whether the account is a member or not no longer matters for margin treatment. For member accounts, the only consideration is whether the account qualifies for hedge treatment. If not, then the initial to maintenance ratio applicable to spec accounts must be applied.

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In our 9th year as a major corporate underwriter of quality on-air Agricultural Programming at AM-580, **AGRIGOLD** is pleased to provide additional funding for this E-newsletter for the benefit of **AGRIGOLD** customers and other farmers across the country.



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W I L L R A D I O  
U R B A N A I L L I N O I S

We believe that FCMs will be able to accomplish this change, simply by changing the account type that drives the margin calculation in books, from member to spec, for member accounts which do not qualify for hedge treatment.

We apologize for the short notice about this change. See also Clearing Advisory 12-136, published March 28, about the use of initial to maintenance ratios for non-hedged

positions in swaps, at:

<http://www.cmegroup.com/tools-information/lookups/advisories/clearing/files/Chadv12-136.pdf>

# WEEKLY OUTLOOK

Purdue University ag economist Chris Hurt says cattle traders have become more cautious in recent sessions amid the flap over pink slime and the discovery of a fourth case of BSE in the U-S. Chris writes:

“On the positive side of these two negative events for the cattle industry is the fact that beef supplies will continue to be very small this year, with U.S. beef production down four percent. So far this year, the number of head slaughtered has been down five percent with total production down somewhat over three percent. The recent decline in cattle prices may also discourage some cattle producers from expanding the herd at this time. Cow and heifer slaughter has remained high in 2012, adding credibility to the argument that expansion has not begun, at least not in any major way.

Finished cattle prices averaged about \$125 in the first quarter. Current live futures prices are suggesting that the second quarter will only average about \$117, followed by \$114 in the third quarter and \$119 in the final quarter this year. Those prices seem excessively low and futures traders seem to be extra cautious to the tune of \$3 to \$5 per hundredweight.”

To read Chris' full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/043012.html>



USDA reports this week's corn export sales at 133.7 million bushels (52.4 this year, 84.3 next year). Trade guesses were for 102.4 million bushels to 129.2 million bushels. On the year, total commitments for corn are 1468.5 million bushels vs. 1614.4 million bushels a year ago at this time.

### **Export Sales for the Week Ending April 26, 2012**

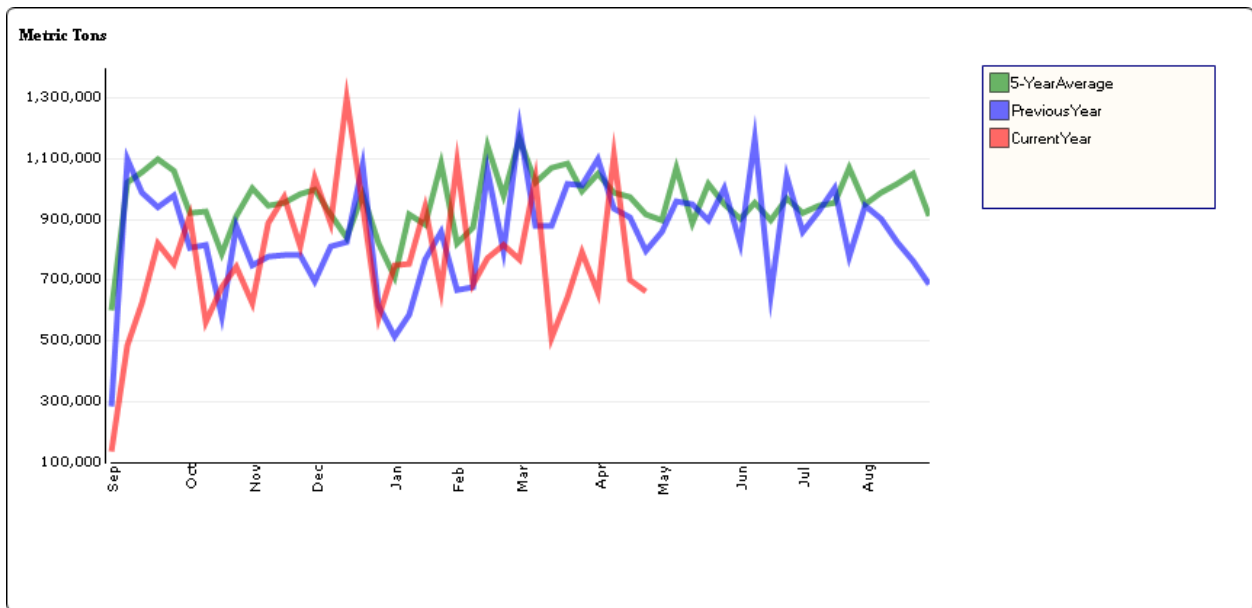


Chart Courtesy of FAS

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)

In Friday afternoon's commitments of traders report for the week ending May 1, non-commercials increased its net long position. Non-commercials were long 315,523 contracts, an increase of 1,896 contracts, and were short 163,575 contracts, a decrease of 2,978 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending May 1. Non-commercials were long 327,985 combined future and option contracts, an increase of 8,346 combined future and option contracts and short 167,472 contracts, a decrease of 6,020 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for May 1 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	487,678	76,616	1,274	-2,182



**U**SDA reports this week's soybean export sales at 61.7 million bushels (22.0 this year, 41.7 next year). The trade was anticipating sales of 33.1 to 51.4 million bushels. On the year, total commitments for soybeans are 1249.9 million bushels vs. 1506.6 million bushels a year ago at this time.

## Export Sales for Week Ending April 26, 2012

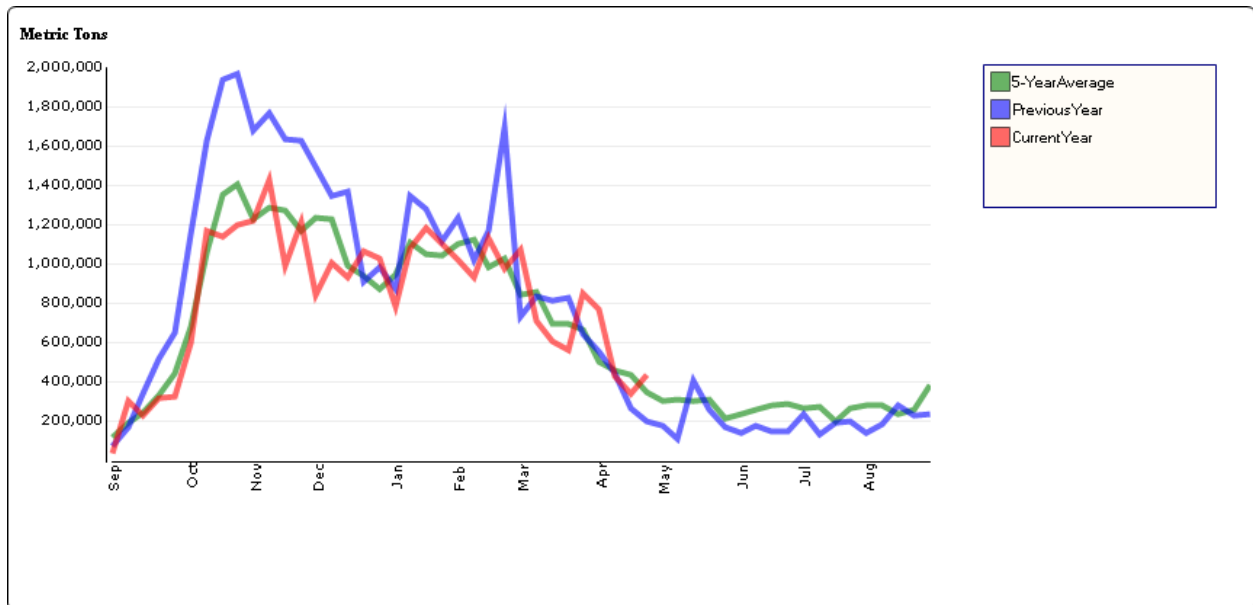


Chart Courtesy of FAS

In Friday afternoon's commitments of traders report for the week ending May 1, non-commercials increased its net long position. Non-commercials were long 310,602 contracts, an increase of 13,140 contracts, and were short 51,859 contracts, an increase of 3,739 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending May 1. Non-commercials were long 306,557 combined future and option contracts, an increase of 13,647 combined future and option contracts and short 46,794 contracts, an increase of 1,816 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for May 1 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	211,891	57,239	3,877	-224



**U**SDA reports this week's wheat export sales at 26.1 million bushels (9.4 this year, 16.7 next year). The trade was anticipating wheat sales between 20.2 million bushels and 31.2 million bushels. On the marketing year wheat sales have totaled 1002.5 million bushels compared with 1284.5 million bushels a year ago at this time.

***Export Sales for Week Ending April 26, 2012***

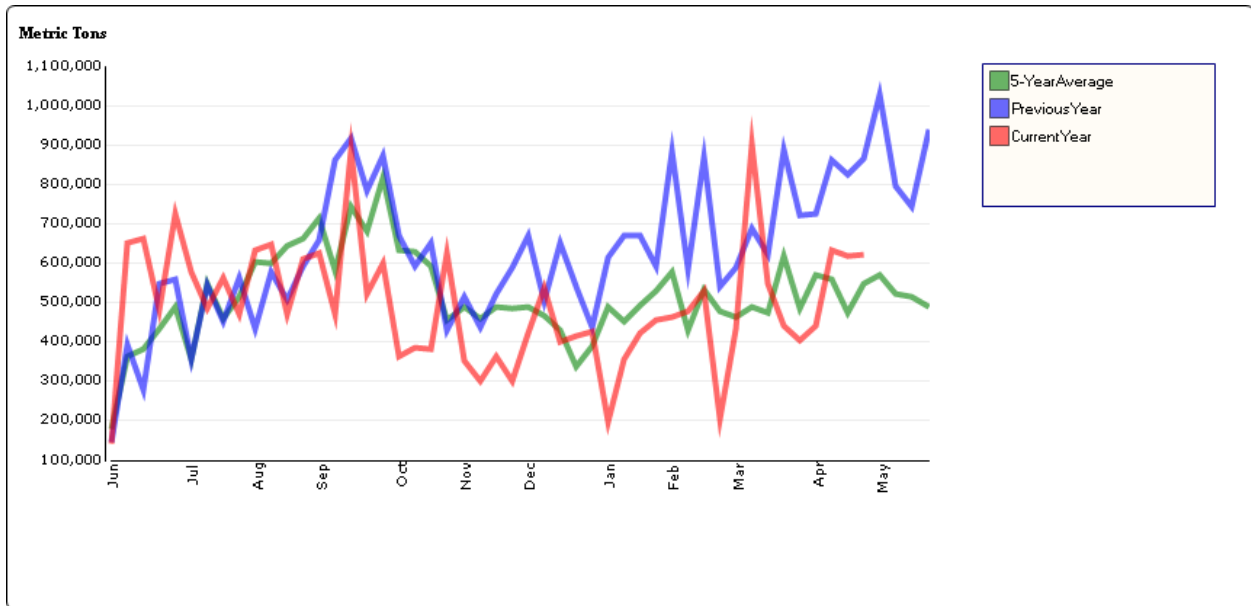


Chart Courtesy of FAS

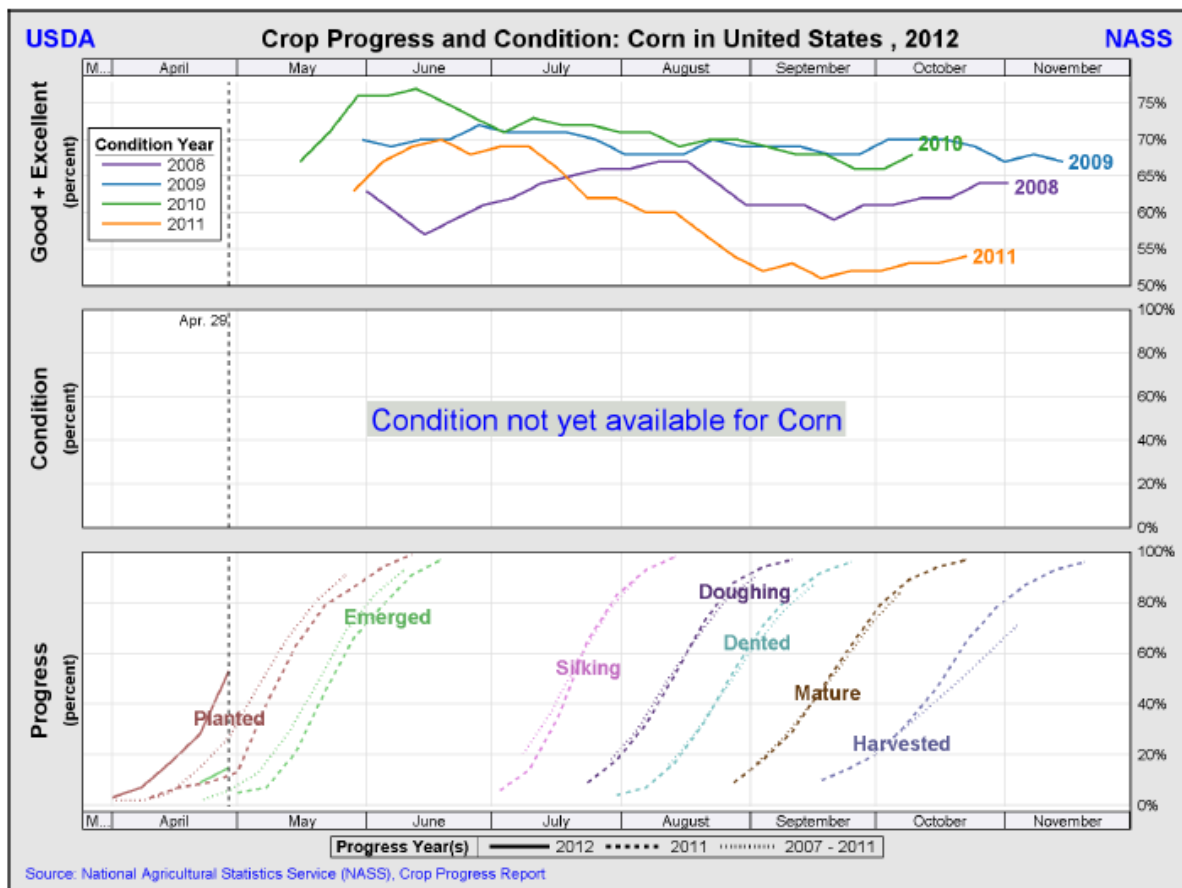
In Friday afternoon's commitment of traders report for the week ending May 1 non-commercials decreased its net short position. Non-commercials were long 110,100 combined future and option contracts, an increase of 5,241 combined future and option contracts and short 138,047 contracts, a decrease of 11,011 combined future and option contracts from the previous reporting period.



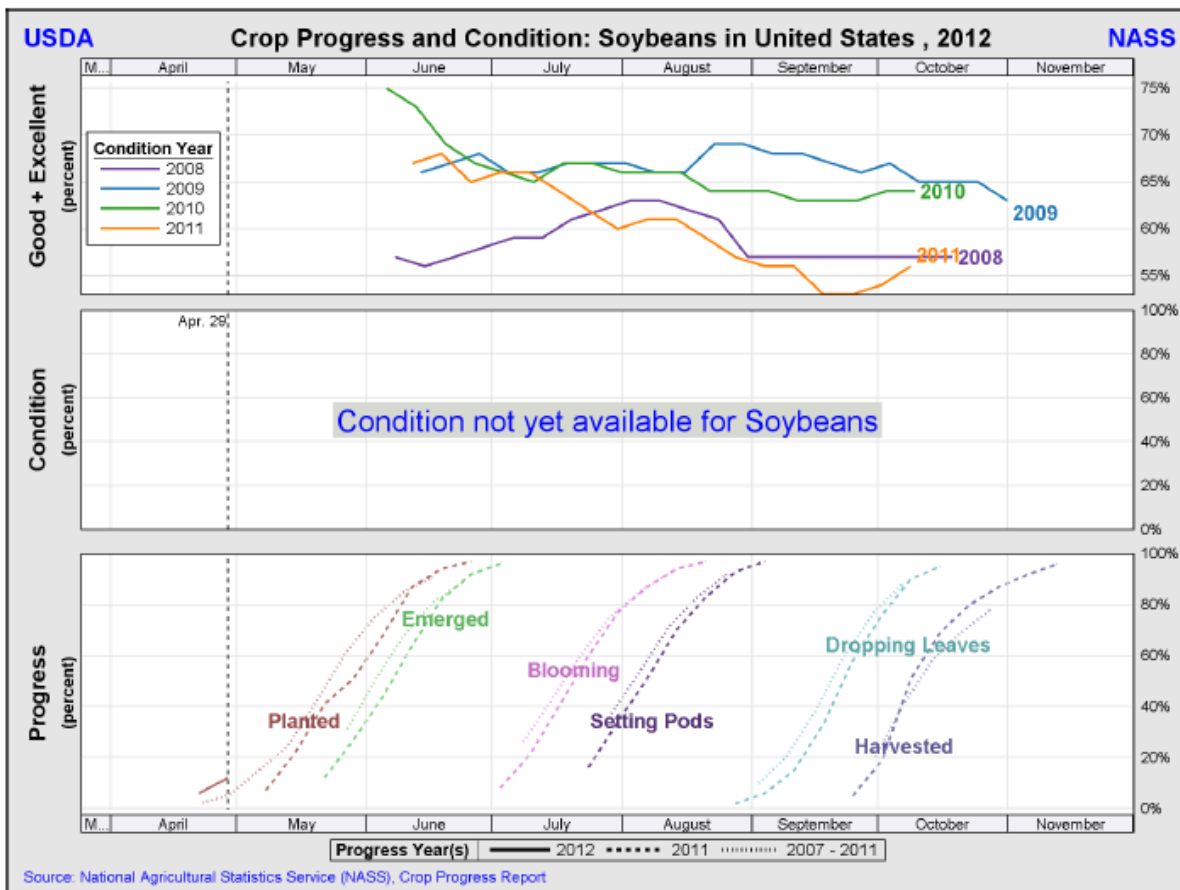
The CFTC Supplemental Report for May 1 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	246,462	31,340	-9,438	-6,478

**Other Fundamentals:**







Friday Drew Lerner of World Weather Inc. had this to say about planting conditions in the U-S:

“Some planting should occur around the frequent showers and thunderstorms expected through Sunday in the western Corn Belt and Monday in the eastern

***DAILY WILLAG.ORG Agricultural Weather Podcast with Drew Lerner***

**Posted by 8:40 a.m. Monday through Friday**

**Subscribe at:**

**<http://will.uiuc.edu/RSS/WILLfeeds/ag-morningweather.xml>**

**DREW LERNER BROADCAST ON AM 580 and our WEB LIVE STREAM at 8:50 am CST daily**

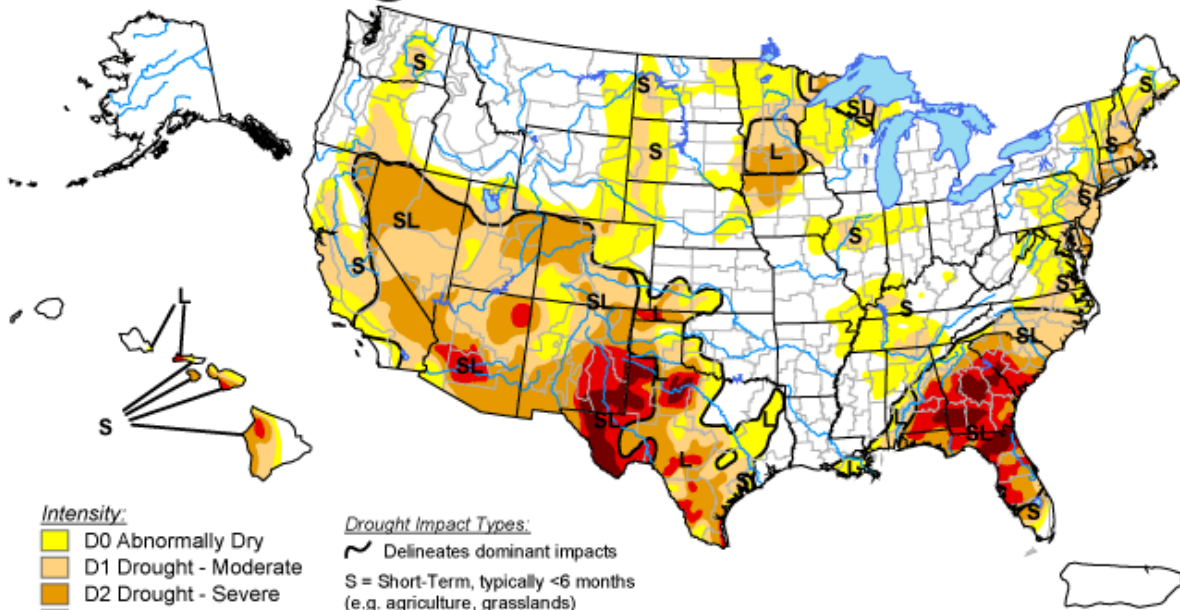
Corn Belt with an acceleration in fieldwork likely next week when a drier pattern evolves across the Midwest. Soil moisture should favorably support crop development throughout the Midwest during the next two weeks. Light rain will return to much of the Midwest Thursday into Sunday, May 13 before a return to a restricted rainfall pattern occurs May 14-18.

A cooler air mass will impact the Midwest during the middle to late parts of next week. This air mass is not advertised to bring frost or freezing temperatures into the lower Midwest, but there is still time for the forecast to change and the situation will need to be closely monitored.

Portions of the lower Ohio River Basin have dried down recently and will benefit from rain during the coming week. Rain will also benefit parts of northern Indiana and northern Ohio where conditions have been abnormally dry during the past month. Some of these areas will need timely rain later this month to ensure the soil moisture does not become excessively dry.”

# U.S. Drought Monitor

May 1, 2012  
Valid 7 a.m. EDT



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

- Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



Released Thursday, May 3, 2012

Author: Matthew Rosencrans, NOAA/NWS/NCEP/CPC

Friday afternoon the trade released their guesses for the May 10 WASDE report. Here are the key predictions:

<b>USDA May 2012 U-S Ending Stocks Estimates for 2011-12 in billions of bushels (released May 10, 2012, 7:30 a.m. CST)</b>				
<b>Crop</b>	<b>USDA May Estimate</b>	Average Guess	Range	USDA April Estimate
Corn	-	0.761	0.660 - 0.801	0.801
Soybeans	-	0.215	0.165 - 0.263	0.250
Wheat	-	0.781	0.711 - 0.825	0.793

<b>USDA May 2012 U-S Ending Stocks Estimates for 2012-13 in billions of bushels (released May 10, 2012)</b>				
<b>Crop</b>	<b>USDA May Estimate</b>	Average Guess	Range	February Estimate
Corn	-	1,686	1,209 - 2,072	1,616
Soybeans	-	0.172	0.87 - 0.308	0.205
Wheat	-	0.827	0.561 - 0.990	0.957

<b>USDA May 2012 World Ending Stocks Estimates for 2011-12 in millions of metric tons (released May 10, 2012)</b>				
<b>Crop</b>	<b>USDA May Estimate</b>	Average Guess	Range	April 2012 Estimate
Corn	-	122.01	117.22 - 130.00	122.71
Soybeans	-	52.96	50.00 - 55.90	55.52
Wheat	-	205.27	201.10 - 207.10	206.27

**USDA May 2012 World Ending Stocks Estimates for 2012-13 in millions of metric tons (released May 10, 2012)**

Crop	USDA May Estimate	Average Guess	Range
Corn	-	138.29	124.50 - 162.20
Soybeans	-	58.24	42.00 - 69.42
Wheat	-	195.53	175.20 - 210.00

Todd and Dave would love to hear from you. We are always looking for ways to improve WILL's agricultural service. If you have an idea, or just want to talk, you can e-mail us at [willagstaff@illinois.edu](mailto:willagstaff@illinois.edu). You can also reach s via snail mail at Campbell Hall for Public Telecommunications, 300 North Goodwin Avenue, Urbana, Illinois 61801, or phone at (217) 333-7300.



# Commodity Week

**P**anelists:

- Mike Zuzolo, Global Commodity Analytics, Lafayette, Indiana

- Matt Bennett, Total Grain Marketing, Windsor, Illinois
- Bill Mayer, Strategic Farm Marketing, Champaign, Illinois

**G**uests:

Michael Cordonnier, Soybean and Corn Advisor - Hinsdale, Illinois

Paula Sabanti, Rabobank, South America

You can listen to Commodity Week each Saturday morning at 11:30 a.m. central time on AM-580 or click on the following link any time after 6 p.m. Friday evening and catch the show on our website:

**Broadband MP3:**

<http://www.will.uiuc.edu/media/cw120504.mp3>

**Dial Up MP3:**

<http://www.will.uiuc.edu/media/cw120504dial.mp3>

Weekly Continuation Chart



May 4, 2012

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
May Wheat	649 3/4	594	603 3/4	down 38 1/2
Jul Wheat			609 1/2	down 40 1/2

May Corn	674	640	662 1/4	up 9 1/4
Dec Corn			524 1/4	down 14 1/2
May Soybeans	1508 1/4	1458	1475	down 21 3/4
Nov Soybeans			1366 3/4	up 4 3/4
Jun Live Cattle	11592 1/2	11237 1/2	11537 1/2	up 252 1/2
May Lean Hogs	8475	7900	7980	down 570
May Oats			331 1/2	down 4 1/4

### AM-580 Daily Agricultural Programming Schedule

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

Monday – Friday (all times central)

- 8:49 a.m. – \$\*Pre-Opening Commodity Market Report
- 9:49 a.m. – \$\*Opening Commodity Market Report
- 10:59 a.m. – Commodity Market Price Update
- 11:59 a.m. – Commodity Market Price Update
- 12:55 p.m. – \*Midday Market Analysis with Sue Martin
- 1:50 p.m. – CBOT & CME Settlement Prices
- 2:06-2:36 p.m. – \$\*Closing Market Report
  - 2:08 – \*Futures Analysis
  - 2:20 – \*Agricultural News
  - 2:25 – \*Cash Grain Analysis or Energy Analysis
  - 2:32 – \*Agricultural Weather Analysis

Saturday

- 6:30 a.m. – \$\* Commodity Week
- 11:30 a.m. – \$\*Commodity Week

\*Available on the website for on demand listening! \$Available via podcast.

