



May 10, 2012

WE WILL BE UPDATING AND ADDING MATERIAL THROUGHOUT THE DAY ON MAY 10. PLEASE CHECK BACK OFTEN FOR THE LATEST INFORMATION!

WE WILL ALSO ADD TO THIS LETTER ON FRIDAY.

Dear Subscriber:

This morning USDA released its May 2012 WASDE report. Here is a look at all the key numbers:

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- Market Analysis
- The Pre-Opening Market Report
- The Opening Market Report
- The Closing Market Report
- Commodity Week
- Agricultural News and Weather

USDA May 2012 U-S Ending Stocks Estimates for 2011-12 in billions of bushels (released May 10, 2012, 7:30 a.m. CST)

Crop	USDA May Estimate	Average Guess	Range	USDA April Estimate
Corn	0.851	0.761	0.660 0.801	0.801
Soybeans	0.210	0.215	0.165 - 0.263	0.250
Wheat	0.768	0.781	0.711 - 0.825	0.793

USDA May 2012 U-S Ending Stocks Estimates for 2012-13 in billions of bushels (released May 10, 2012)				
Crop	USDA May Estimate	Average Guess	Range	February Estimate
Corn	1.881	1,686	1,209 - 2,072	1,616
Soybeans	0.145	0.172	0.87 - 0.308	0.205
Wheat	0.735	0.827	0.561 - 0.990	0.957

From the May 2012 WASDE report:

CORN: U.S. feed grain supplies for 2012/13 are projected at a record 416.3 million tons, up 16 percent from 2011/12 with higher area and production for corn, sorghum, barley, and oats. Corn production for 2012/13 is projected at a record 14.8 billion bushels, up 2.4 billion from 2011/12. A projected 5.1-million acre increase in harvested area and higher expected yields, compared with 2011/12, sharply boost production prospects. The 2012/13 corn yield is projected at a record 166.0 bushels per acre, 2.0 bushels above the 1990-2010 trend reflecting the rapid pace of planting and emergence. Despite the lowest expected carryin in 16 years, corn supplies for 2012/13 are projected at a record 15.7 billion bushels, up 2.2 billion from 2011/12.

Total U.S. corn use for 2012/13 is projected up 9 percent from 2011/12 on higher feed and residual disappearance, increased use for sweeteners and starch, and larger exports. Feed and residual use for 2012/13 is projected up 900 million bushels reflecting a sharp rebound in residual disappearance with the record crop and an increase in feeding with lower corn prices and higher expected pork and poultry production. Projected corn use for ethanol is unchanged on the year as weak gasoline consumption limits domestic blending opportunities. Corn exports for 2012/13 are projected 200 million bushels higher than in 2011/12 on abundant domestic supplies, lower prices, and higher expected China demand. Record foreign corn supplies, however, are expected to limit the increase in U.S. shipments. U.S. corn ending stocks for 2012/13 are projected at 1.9 billion bushels, up 1.0 billion bushels from

the current year projection. The season-average farm price is projected at

\$4.20 to \$5.00 per bushel, down sharply from the 2011/12 record projected at \$5.95 to \$6.25 per bushel.

Projected corn ending stocks for 2011/12 are raised 50 million bushels to 851 million with lower expected June-August feed and residual disappearance. The large year-to-year increase in winter wheat production and attractive prices for wheat relative to corn are expected to raise summer wheat feeding. Record mid-April corn plantings and early May crop emergence boost prospects for early 2012-crop corn usage before

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the September 1 beginning of the 2012/13 marketing year. As in recent years, this late-summer new-crop usage is expected to displace old-crop usage and boost carryout.

SOYBEANS: U.S. oilseed production for 2012/13 is projected at 97.0 million tons, up 6 percent from 2011/12. Higher soybean production accounts for most of the increase, but sunflowerseed, canola, peanut, and cottonseed production also are all projected above last year. Soybean production is projected at 3.205 billion bushels, up from the 2011 crop as higher yields more than offset lower harvested area. Harvested area is projected at 73.0 million acres based on a 5-year average harvested-to-planted ratio and planted area of 73.9 million acres. Soybean yields are projected at 43.9 bushels per acre, up 2.4 bushels from 2011. With beginning stocks projected at 210 million bushels, 2012/13 soybean supplies are projected at 3.43 billion bushels, up 4 percent from 2011/12.

U.S. soybean crush for 2012/13 is projected at 1.655 billion bushels, almost unchanged from 2011/12 as a lower extraction rate offsets reduced total soybean meal use. Total soybean meal use is projected down 1 percent as reduced exports are only partly offset by gains in domestic use. Increased soybean meal exports from Paraguay and Argentina are expected to exceed the limited gains in global import demand, resulting in reduced U.S. export prospects. With increased 2012/13 U.S. soybean supplies and sharply lower South American soybean supplies on hand this fall, U.S. soybean exports are projected at 1.505 billion bushels, up 190 million from 2011/12. Ending stocks for 2012/13 are projected at 145 million bushels, down 65 million from 2011/12, leaving the stocks-to-use ratio at a historically low 4.4 percent. The U.S. season-average soybean price for 2012/13 is projected at \$12.00 to \$14.00 per bushel compared with \$12.35 per bushel in 2011/12. Soybean meal prices are forecast at \$335 to \$365 per short ton, compared with \$360. Soybean oil prices are projected at 52.5 to 56.5 cents per pound compared with 53.5 cents for 2011/12.

WHEAT: The 2012/13 outlook for U.S. wheat is for larger supplies and use, but lower prices. All wheat production is projected at 2,245 million bushels, up 12 percent from last year's weather-reduced crop and the highest since 2008/09. The all wheat yield, projected at 45.7 bushels per acre, is up 2.0 bushels from last year, but 0.6 bushels below the 2010/11 level. The survey-based forecast for 2012/13 winter wheat production is up 13 percent with a forecast yield of 47.6 bushels per acre as a recovery in yields in the southern and central Plains boost Hard Red Winter (HRW) wheat production sharply from the previous year.

Partly offsetting is lower forecast production for Soft Red Winter wheat and White wheat compared with last year. Spring wheat production for 2012/13 is expected to rebound with a recovery in durum area and higher projected yields for other spring wheat, which are expected to offset the decline in other spring area. U.S. wheat supplies for 2012/13 are projected at 3,133 million bushels, up 5 percent from 2011/12. Total U.S. wheat use for 2012/13 is projected up 8 percent year-to-year on higher expected domestic use and exports. Food use is projected at 945 million bushels, up 15 million from 2011/12 as flour extraction rates are expected to decline modestly from historical highs in recent years and consumption grows with population. Feed and residual use is projected at 230 million bushels, up 50 million from the 2011/12 projection as favorable wheat prices relative to corn and larger HRW supplies boost summer quarter wheat feed and residual disappearance. U.S. exports for 2012/13 are projected at 1,150 million bushels, up 125 million from this month's 25-million-bushel higher projection for 2011/12. Larger supplies, more competitive prices, and an early expected start to this year's harvest open the door to higher demand for U.S. wheat during the coming months. U.S. ending stocks are projected to continue their decline from the recent high in 2009/10. At a projected 735 million bushels, 2012/13 ending stocks are expected down 33 million from 2011/12 and 241 million below 2009/10. The season-average farm price for all wheat is projected at \$5.50 to \$6.70 per bushel, down sharply from the record \$7.25 per bushel projected for 2011/12.

To see the full May 2012 WASDE report go to:

<http://www.usda.gov/oce/commodity/wasde/>

<i>USDA May 2012 World Ending Stocks Estimates for 2011-12 in millions of metric tons (released May 10, 2012)</i>				
Crop	USDA May Estimate	Average Guess	Range	April 2012 Estimate
Corn	127.56	122.01	117.22 - 130.00	122.71
Soybeans	53.24	52.96	50.00 - 55.90	55.52
Wheat	197.03	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	152.34	138.29	124.50 - 162.20
Soybeans	58.07	58.24	42.00 - 69.42
Wheat	188.13	195.53	175.20 - 210.00

USDA May 2012 World Supply and Demand Estimates in millions of metric tons (released May 10, 2012, 7:30 a.m. CST)

Crop	USDA May 2012-13 Estimate	USDA May 2011-12 Estimate	USDA April 2011-12 Estimate
Argentina Wheat	12.00	14.50	14.50
Australia Wheat	26.00	29.50	29.50
China Wheat	120.00	117.92	117.92
India Wheat	91.00	86.87	86.87
EU-27 Wheat	132.00	137.38	137.49
FSU-12 Wheat	97.76	114.42	114.30
Argentina Corn	25.00	21.50	21.50
Brazil Corn	67.00	67.00	62.00
South Africa Corn	13.00	11.50	11.50
China Corn	193.00	191.75	191.75
Argentina Soybeans	55.00	42.50	45.00
Brazil Soybeans	78.00	65.00	66.00

From the May 2012 WASDE report:

CORN: Global coarse grain supplies for 2012/13 are projected at a record 1,389.2 million tons, up 6 percent from 2011/12. Global corn production for 2012/13 is projected at a record 945.8 million tons, up 75.3 million from 2011/12, and the 6th straight year that world corn output has set a new record. Foreign corn production is also projected to be a record at 570.1 million tons, up 13.6 million with the largest increases for Argentina, Mexico, Canada, South Africa, China, and Ukraine. Global corn trade is projected higher for 2012/13 with imports raised 6 percent mostly supporting higher corn feeding in China, Vietnam, South Korea, Japan, EU-27, and the Middle East. Global corn food, seed, and industrial use is also raised with increases in corn processing expected for China, Argentina, EU-27, and Brazil. Global corn consumption is projected at a record 921.0 million tons, up 53.7 million from 2011/12 with more than half of the increase in foreign markets

SOYBEANS: Global oilseed production for 2012/13 is projected at a record 471.5 million tons, up 8 percent from 2011/12 mainly due to increased soybean production. Global soybean production is projected at 271.4 million tons, up almost 15 percent. The Argentina soybean crop is projected at 55 million tons, up 12.5 million from 2011/12 as yields rebound and relatively high prices lead to record harvested area. The Brazil soybean crop is projected at a record 78 million tons, up 13 million, also due to record harvested area and improved yields.

Paraguay soybean production is projected at 7.8 million tons, up 3.8 million from 2011/12 as yields rebound strongly from drought-reduced levels. China soybean production is projected at 13.1 million tons, down 0.4 million from 2011/12 as producers continue to shift area to more profitable crops. Global production of high oil content seeds (sunflowerseed and rapeseed) is projected almost unchanged from 2011/12 as increased area is mostly offset by lower yields. Oilseed supplies for 2012/13 are up 3 percent from 2011/12 despite a 23 percent reduction in beginning stocks resulting from drought-reduced South American crops. With crush projected to increase 2.9 percent, 2012/13 global oilseed ending stocks are projected at 65.6 million tons, up 2.9 million from 2011/12, but still 15.8 million below 2010/11. Global protein meal consumption is projected to increase 2.8 percent in 2012/13. Protein meal consumption is projected to increase 5 percent in China, accounting for about half of global protein consumption gains. Global soybean exports are projected at 97.3 million tons, up 9 percent from 2011/12. China soybean imports are projected at 61 million tons, up 5

million from 2011/12. Global vegetable oil consumption is projected to increase 3.2 percent in 2012/13, led by increases for China and India..

WHEAT: Global wheat supplies for 2012/13 are projected 2 percent lower on the year as a 23.8-million-ton reduction in foreign production offsets the increase in U.S. output. At the projected 677.6 million tons, global production is down 17.1 million from 2011/12. Lower 2012/13 production for FSU-12, EU-27, Australia, Morocco, Argentina, Turkey, and Pakistan accounts for most of the reduction. Record production for India and China and larger crops in Canada, Afghanistan, Algeria, and Iran limit the decline. Global wheat trade for 2012/13 is expected to be lower than in 2011/12 with world imports projected down 6.1 million tons to 135.3 million. Some of the largest reductions are for EU-27, South Korea, Mexico, Japan, the Philippines, and Saudi Arabia where wheat feeding is also reduced. Exports are reduced for FSU-12, Argentina, EU-27, Australia, and Brazil, but raised for Canada. Global wheat feeding is lowered 13.9 million tons from 2011/12 with lower expected supplies of feed-quality wheat and record projected coarse grain supplies. Global wheat consumption is projected down 7.9 million tons or 1 percent from 2011/12 as small increases in food use in most countries partly offset the decline in global wheat feeding. Global ending stocks for 2012/13 are projected at 188.1 million tons, down 8.9 million on the year. Stocks are expected to remain sharply higher than the recent low of 125.6 million tons in 2007/08.

To see the full May 2012 WASDE report go to:

<http://www.usda.gov/oce/commodity/wasde/>

Listen here for first reaction before the opening bell to the Thursday WASDE numbers with Ellen Dearden of Ag Market in Morton, Illinois. **(THESE LINKS ARE NOW LIVE)**

Broadband MP3:

<http://www.will.uiuc.edu/media/ag-dearden120510.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/ag-dearden120510dial.mp3>

Thursday morning we had an extensive conversation after the opening bell with Dan Zwicker of Consolidated Grain and Barge Enterprises in Manderville, Louisiana. **(THESE LINKS ARE NOW LIVE)**

Broadband MP3:

<http://www.will.uiuc.edu/media/ag-zwicker120510.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/ag-zwicker120510dial.mp3>

And here is what University of Illinois economist Darrel Good had to say about today's WASDE report in a conversation with Todd Gleason...

<http://www.will.uiuc.edu/media/WASDE-120510.mp3>

USDA GRAIN STOCKS TABLES BEGIN ON NEXT PAGE

WASDE - 506 - 11

U.S. Wheat Supply and Use 1/

	2010/11	2011/12 Est.	2012/13 Proj.	2012/13 Proj.
			Apr	May
			<i>Million Acres</i>	
Area Planted	53.6	54.4	NA	55.9 *
Area Harvested	47.6	45.7	NA	49.2 *
			<i>Bushels</i>	
Yield per Harvested Acre	46.3	43.7	NA	45.7 *
			<i>Million Bushels</i>	
Beginning Stocks	976	862	NA	768
Production	2,207	1,999	NA	2,245
Imports	97	120	NA	120
Supply, Total	3,279	2,982	NA	3,133
Food	926	930	NA	945
Seed	71	79	NA	73
Feed and Residual	132	180	NA	230
Domestic, Total	1,128	1,189	NA	1,248
Exports	1,289	1,025	NA	1,150
Use, Total	2,417	2,214	NA	2,398
Ending Stocks	862	768	NA	735
CCC Inventory	0	0	NA	
Free Stocks	862	768	NA	
Outstanding Loans	15	10	NA	
Avg. Farm Price (\$/bu) 2/	5.70	7.25	NA	5.50 - 6.70

U.S. Wheat by Class: Supply and Use

Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
			<i>Million Bushels</i>			
2011/12 (Est.) Beginning Stocks	386	185	171	85	35	862
Production	780	398	458	314	50	1,999
Supply, Total 3/	1,167	620	662	408	126	2,982
Domestic Use	436	237	306	126	84	1,189
Exports	395	240	155	210	25	1,025
Use, Total	831	477	461	336	109	2,214
Ending Stocks, Total May	336	143	201	72	17	768
Ending Stocks, Total Apr	351	143	211	72	17	793

Note: Totals may not add due to rounding. 1/ Marketing year beginning June 1. 2/ Marketing-year weighted average price received by farmers. 3/ Includes imports. * Planted acres reported in the March 30, 2012, "Prospective Plantings." Harvested acres and yield for other spring wheat and durum are projected using 10-year harvested-to-planted ratios by state and 1985-2011 yield trends by state (except Idaho durum). Winter wheat harvested acres and yield reported in the May 10, 2012, "Crop Production."

Wheat-by-class projections for 2012/13 will first be published in the July 11, 2012, WASDE.

WASDE - 506 - 12

U.S. Feed Grain and Corn Supply and Use 1/

FEED GRAINS	2010/11	2011/12 Est.	2012/13 Proj. Apr	2012/13 Proj. May
	<i>Million Acres</i>			
Area Planted	99.6	102.5	NA	108.0 *
Area Harvested	90.0	91.1	NA	98.3 *
	<i>Metric Tons</i>			
Yield per Harvested Acre	3.67	3.55	NA	3.96
	<i>Million Metric Tons</i>			
Beginning Stocks	48.1	32.3	NA	24.2
Production	330.0	323.5	NA	389.6
Imports	2.4	2.6	NA	2.4
Supply, Total	380.5	358.4	NA	416.3
Feed and Residual	127.7	119.7	NA	143.0
Food Seed & Industrial	170.0	169.6	NA	170.1
Domestic, Total	297.6	289.3	NA	313.0
Exports	50.6	45.0	NA	52.1
Use, Total	348.3	334.2	NA	365.1
Ending Stocks	32.3	24.2	NA	51.1
CCC Inventory	0.0	0.0	NA	
Free Stocks	32.3	24.2	NA	
Outstanding Loans	1.3	2.6	NA	
CORN				
	<i>Million Acres</i>			
Area Planted	88.2	91.9	NA	95.9 *
Area Harvested	81.4	84.0	NA	89.1 *
	<i>Bushels</i>			
Yield per Harvested Acre	152.8	147.2	NA	166.0 *
	<i>Million Bushels</i>			
Beginning Stocks	1,708	1,128	NA	851
Production	12,447	12,358	NA	14,790
Imports	28	20	NA	15
Supply, Total	14,182	13,506	NA	15,656
Feed and Residual	4,793	4,550	NA	5,450
Food, Seed & Industrial 2/	6,428	6,405	NA	6,425
Ethanol & by-products 3/	5,021	5,000	NA	5,000
Domestic, Total	11,220	10,955	NA	11,875
Exports	1,835	1,700	NA	1,900
Use, Total	13,055	12,655	NA	13,775
Ending Stocks	1,128	851	NA	1,881
CCC Inventory	0	0	NA	
Free Stocks	1,128	851	NA	
Outstanding Loans	48	100	NA	
Avg. Farm Price (\$/bu) 4/	5.18	5.95 - 6.25	NA	4.20 - 5.00

Note: Totals may not add due to rounding. 1/ Marketing year beginning September 1 for corn and sorghum; June 1 for barley and oats. 2/ For a breakout of FSI corn uses, see Feed Outlook table 5 or access the data on the Web through the Feed Grains Database at www.ers.usda.gov/data/feedgrains. 3/ Corn used to produce ethanol and by-products including distillers' grains, corn gluten feed, corn gluten meal, and corn oil. 4/ Marketing-year weighted average price received by farmers. * Planted acres reported in the March 30, 2012, "Prospective Plantings." For corn, harvested acres projected based on historical abandonment and derived demand for silage. Projected corn yield based on the simple linear trend of the national average yield for 1990-2010 adjusted for 2012 planting progress.

WASDE - 506 - 15

U.S. Soybeans and Products Supply and Use (Domestic Measure) 1/

SOYBEANS	2010/11	2011/12 Est.	2012/13 Proj. Apr	2012/13 Proj. May
	<i>Million Acres</i>			
Area Planted	77.4	75.0	NA	73.9 *
Area Harvested	76.6	73.6	NA	73.0 *
	<i>Bushels</i>			
Yield per Harvested Acre	43.5	41.5	NA	43.9 *
	<i>Million Bushels</i>			
Beginning Stocks	151	215	NA	210
Production	3,329	3,056	NA	3,205
Imports	14	15	NA	15
Supply, Total	3,495	3,286	NA	3,430
Crushings	1,648	1,645	NA	1,655
Exports	1,501	1,315	NA	1,505
Seed	87	86	NA	89
Residual	43	30	NA	36
Use, Total	3,280	3,076	NA	3,285
Ending Stocks	215	210	NA	145
Avg. Farm Price (\$/bu) 2/	11.30	12.35	NA	12.00 - 14.00
SOYBEAN OIL				
	<i>Million Pounds</i>			
Beginning Stocks	3,406	2,425	NA	2,565
Production 3/	18,888	19,055	NA	18,915
Imports	159	185	NA	195
Supply, Total	22,453	21,665	NA	21,675
Domestic Disappearance	16,795	17,900	NA	18,200
Exports	3,233	1,200	NA	1,250
Use, Total	20,028	19,100	NA	19,450
Ending stocks	2,425	2,565	NA	2,225
Avg. Farm Price (c/lb) 2/	53.20	53.50	NA	52.50 - 56.50
SOYBEAN MEAL				
	<i>Thousand Short Tons</i>			
Beginning Stocks	302	350	NA	300
Production 3/	39,251	39,750	NA	39,435
Imports	179	200	NA	165
Supply, Total	39,731	40,300	NA	39,900
Domestic Disappearance	30,277	30,900	NA	31,200
Exports	9,104	9,100	NA	8,400
Use, Total	39,381	40,000	NA	39,600
Ending Stocks	350	300	NA	300
Avg. Farm Price (\$/s.t.) 2/	345.52	360.00	NA	335.00 - 365.00

Note: Reliability calculations at end of report. 1/ Marketing year beginning September 1 for soybeans; October 1 for soybean oil and soybean meal. 2/ Prices: soybeans, marketing year weighted average price received by farmers; oil, simple average of crude soybean oil, Decatur; meal, simple average of 48 percent, Decatur. 3/ Current month projection for 2011/12 based on October year crush of 1,660 million bushels. * Planted acres are reported in the March 30 Prospective Plantings. Harvested acres based on 5-year average planted-to-harvested ratio. Projected yields based on 1989-2010 trend analysis.

Here are some of the key slides from the USDA Secretary lock-up briefing this morning (September 12) in Washington, D.C.:

World Soybean Production

Country or Region	2011/12 estimate	2012/13 forecast	Change from 2011/12
	<i>Million Tons</i>		<i>Percent</i>
World	236.9	271.4	14.6
United States	83.2	87.2	4.9
Foreign	153.7	184.2	19.8
Argentina	42.5	55.0	29.4
Brazil	65.0	78.0	20.0
Paraguay	4.0	7.8	95.0
India	11.0	11.4	3.6
China	13.5	13.1	-3.0

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U.S. Meat Production and Prices

	2012 forecast	2013 forecast	Change from 2012
Production	<i>Billion pounds</i>		<i>Percent</i>
Beef	25.19	24.57	-2.5
Pork	23.28	23.83	2.3
Broilers	36.59	37.50	2.5
Turkey	5.98	6.04	0.9
Total meat	91.83	92.70	1.0
Prices	<i>Dollars/cwt</i>		
Steers	125.82	129.50	2.9
Hogs	61.92	59.00	-4.7
	<i>Cents/lb</i>		
Broilers	87.6	85.5	-2.3
Turkey	108.9	103.5	-5.0

May 10, 2012

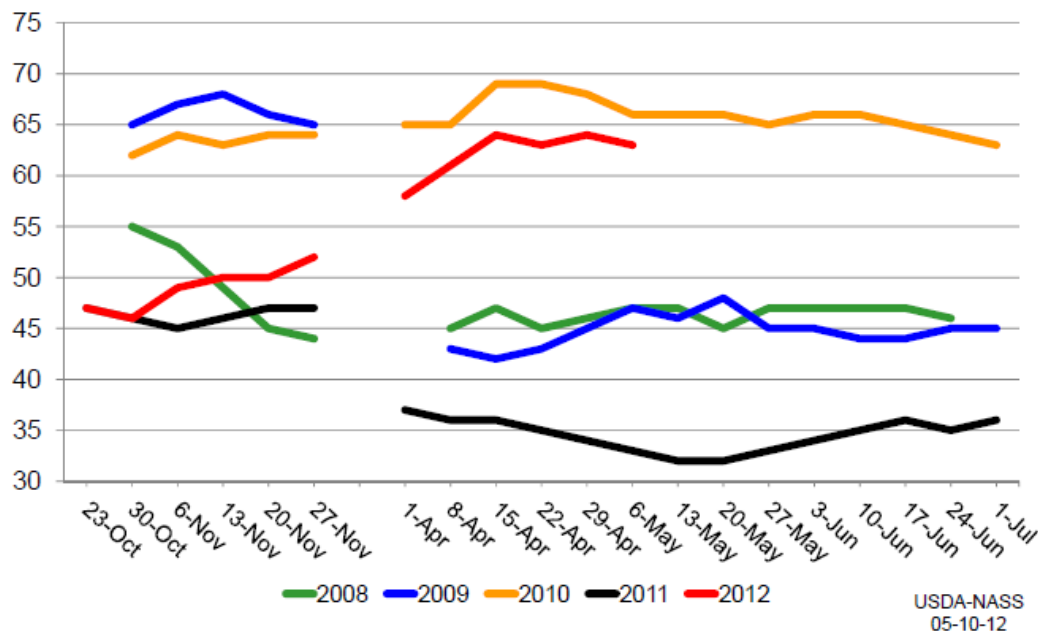
U.S. Production Summary

	2011/12 estimate	2012/13 forecast	Change from 2011/12 Percent
<i>Crops and Products</i>			
Wheat (Million bu)	1,999	2,245	12.3
Rice (Million cwt)	185.0	183.0	-1.1
Corn (Million bu)	12,358	14,790	19.7
Sorghum (Million bu)	214	335	56.2
Barley (Million bu)	156	200	28.4
Oats (Million bu)	54	75	39.8
Soybeans (Million bu)	3,056	3,205	4.9
Soybean oil (Million lbs)	19,055	18,915	-0.7
Soybean meal (Thousand s.t.)	39,750	39,435	-0.8
Cotton (Million bales)	15.57	17.00	9.2
Sugar (Thousand s.t., raw value)	8,290	8,575	3.4
<i>Milk (Billion lbs)</i>			
	201.9	202.6	0.4
<i>Meat (Billion lbs)</i>			
Beef	25.19	24.57	-2.5
Pork	23.28	23.83	2.3
Broilers	36.59	37.50	2.5
Turkey	5.98	6.04	0.9
Total Meat	91.83	92.70	1.0

May 10, 2012



Winter Wheat Condition Percent Rated Good to Excellent

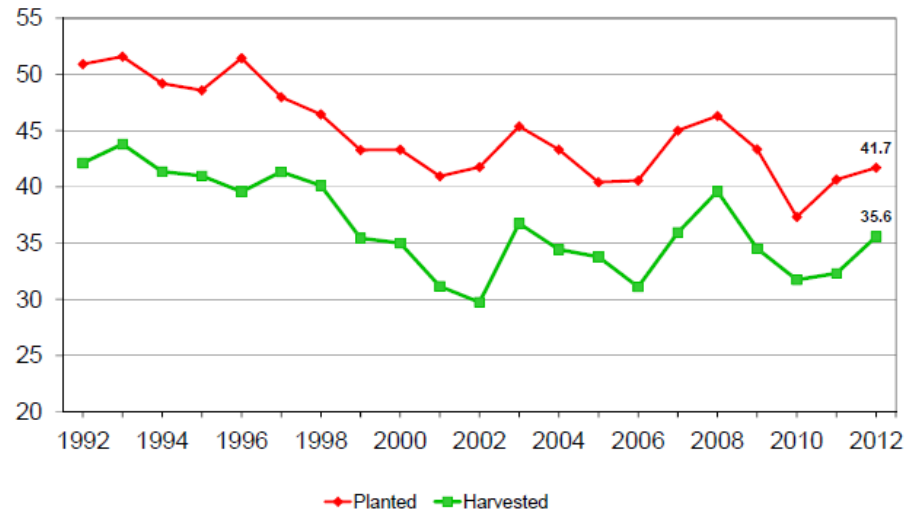




U.S. Winter Wheat Acres



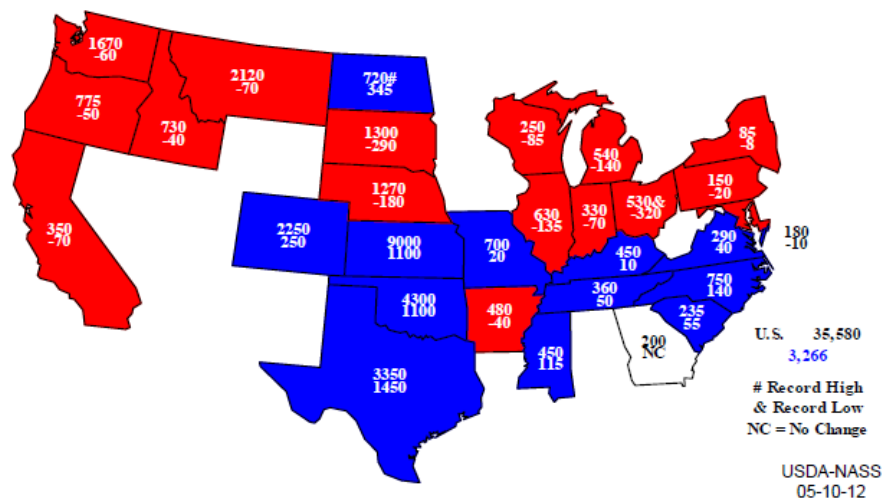
Million acres



USDA-NASS
05-10-12



Winter Wheat Harvested, 2012 Acres(000) and Change From Previous Year

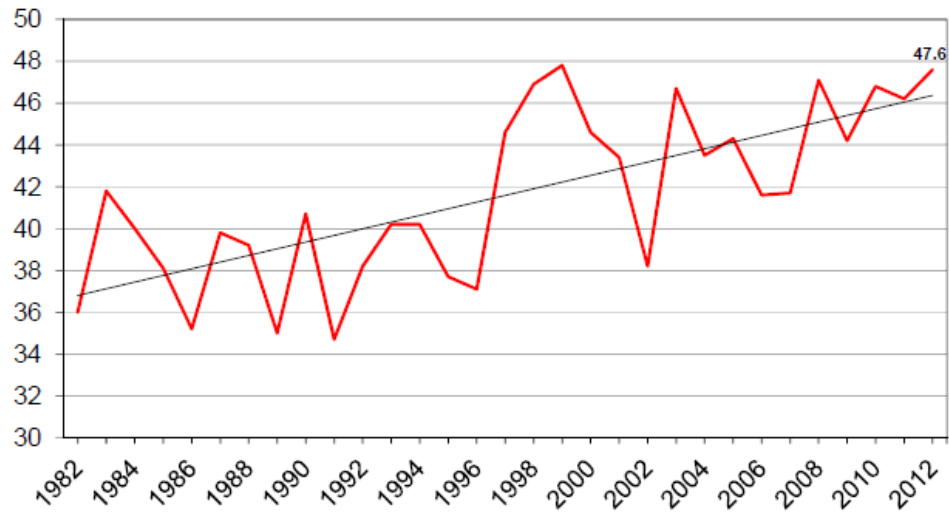




U.S. Winter Wheat Yield



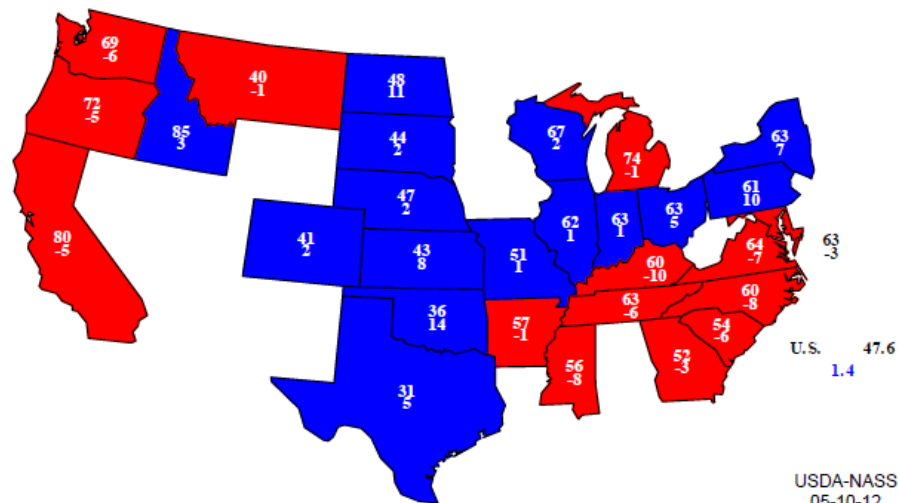
Bushels/acre



USDA-NASS
05-10-12



Winter Wheat Yield - May 1, 2012 Bushels and Change From Previous Year



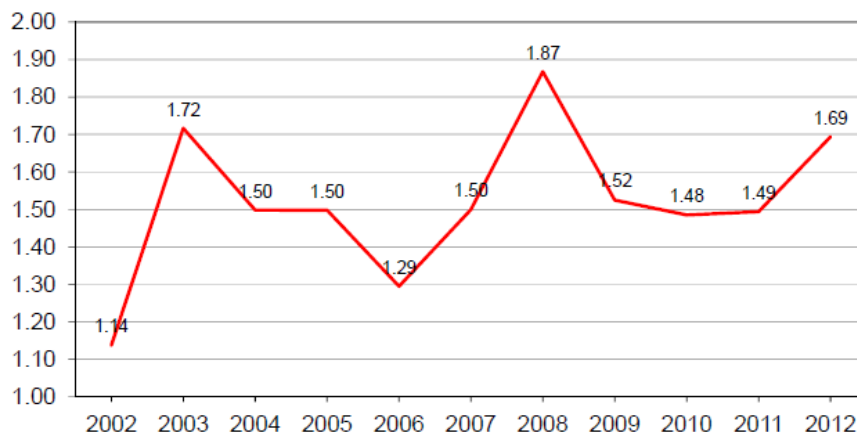
USDA-NASS
05-10-12



U.S. Winter Wheat Production



Billion bushels



USDA-NASS
05-10-12

WEEKLY OUTLOOK



*AM 580 Agriculture's
Market Analyst Portal*

DIAL 217-333-3434

To hear **FREE** commodity market analysis
Updated twice daily at 10:15 a.m. and 3:15

University of Illinois
Agricultural Economist Darrel
Good says that corn prices
have recently moved in three
distinct patterns. These
include the patterns for new
crop futures, old crop
futures, and old crop cash
prices.

Darrel writes:

"...the long period of strong
basis may reflect a higher
rate of feed and residual use
than has been revealed to

date and the cash market's expectation of much tighter year ending stocks. If that is the case, a strong basis may persist through the end of the marketing year. The question boils down to which market, cash or futures, has better anticipated consumption and ending stocks.

Price behavior after the May contract expires next week may provide some clues about the correct scenario. The June 1 stocks estimate will be more revealing and will provide for a more accurate forecast of year-ending stocks."

To read Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/050712.html>



USDA reports this week's corn export sales at 18.6 million bushels. Trade guesses were for 35.4 to 62.9 million bushels. On the year, total commitments for corn are 1477.4 million bushels vs. 1631.4 million bushels a year ago at this time.

Weekly Corn – as of May 3, 2012

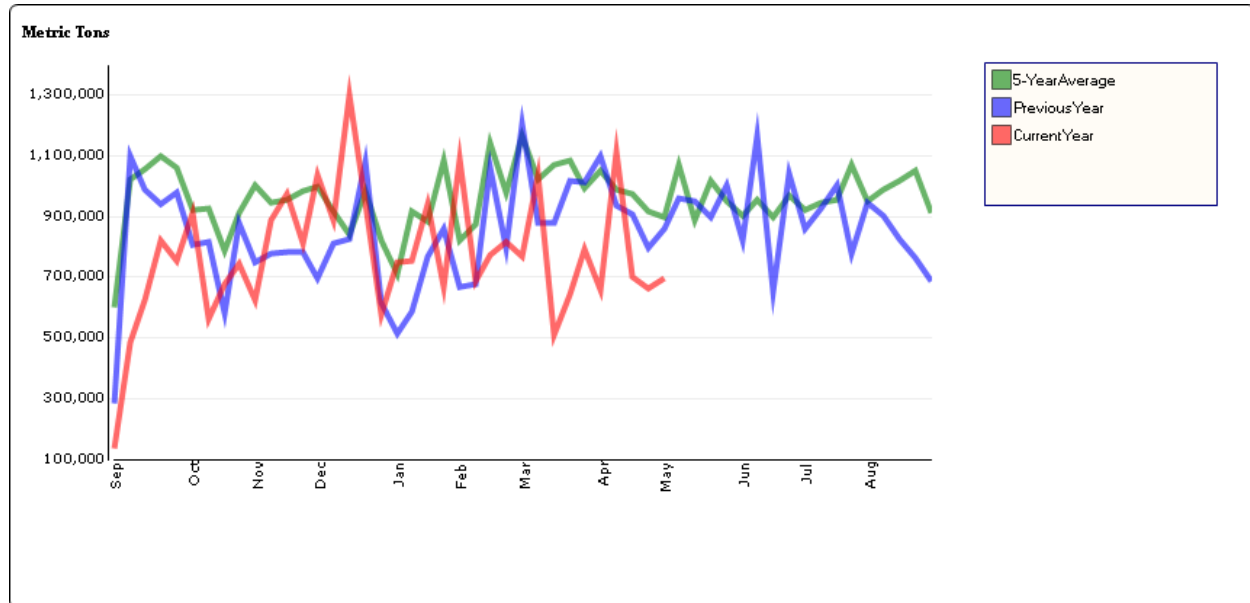


Chart Courtesy of USDA Foreign Ag Service

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 67.1 million bushels (17.1 this year, 50.0 next year). The trade was anticipating sales of 44.1 to 64.3 million bushels. On the year, total commitments for soybeans are 1267.0 million bushels vs. 1511.8 million bushels a year ago at this time.

Weekly Soybeans – as of May 3, 2012

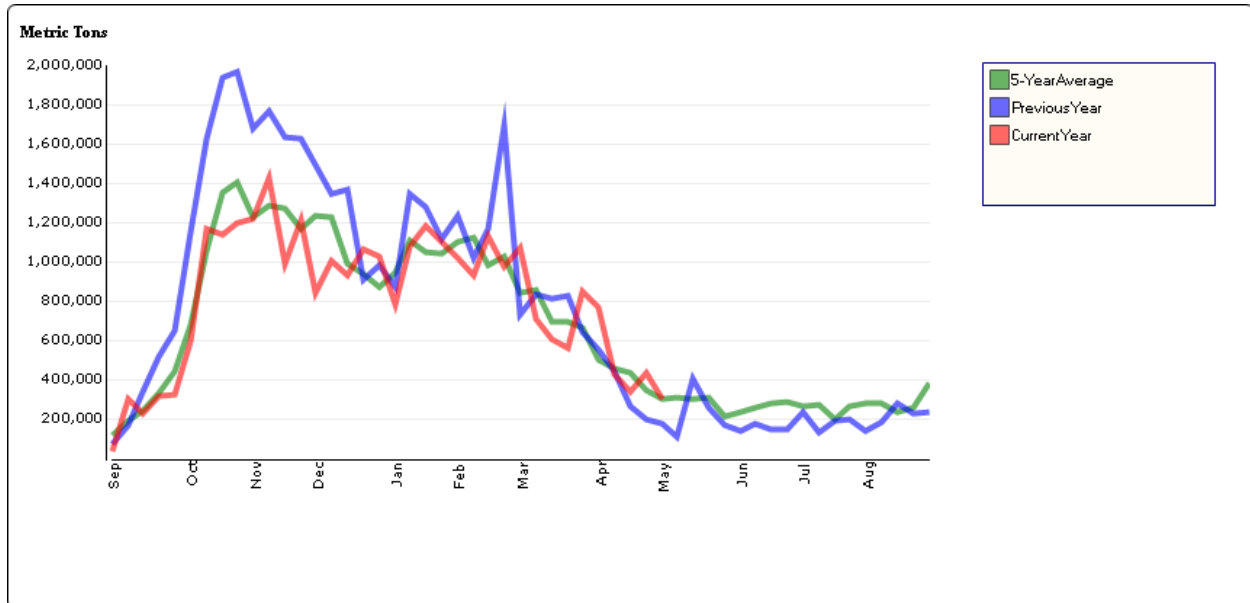


Chart Courtesy of USDA Foreign Ag Service



USDA reports this week's wheat export sales at 20.2 million bushels (8.1 this year, 12.1 next year). The trade was anticipating wheat sales between 14.7 million bushels and 29.4 million bushels. On the marketing year wheat sales have totaled 1010.6 million bushels compared with 1297.3 million bushels a year ago at this time.

Weekly Wheat – as of May 3, 2012

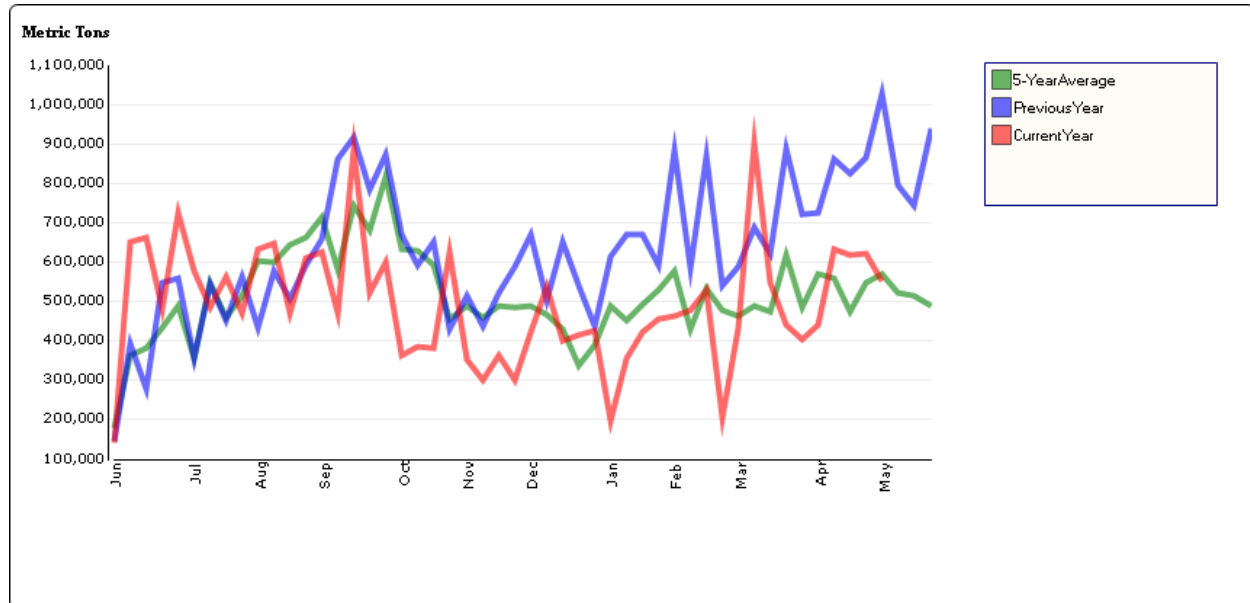


Chart Courtesy of USDA Foreign Ag Service

Other Fundamentals

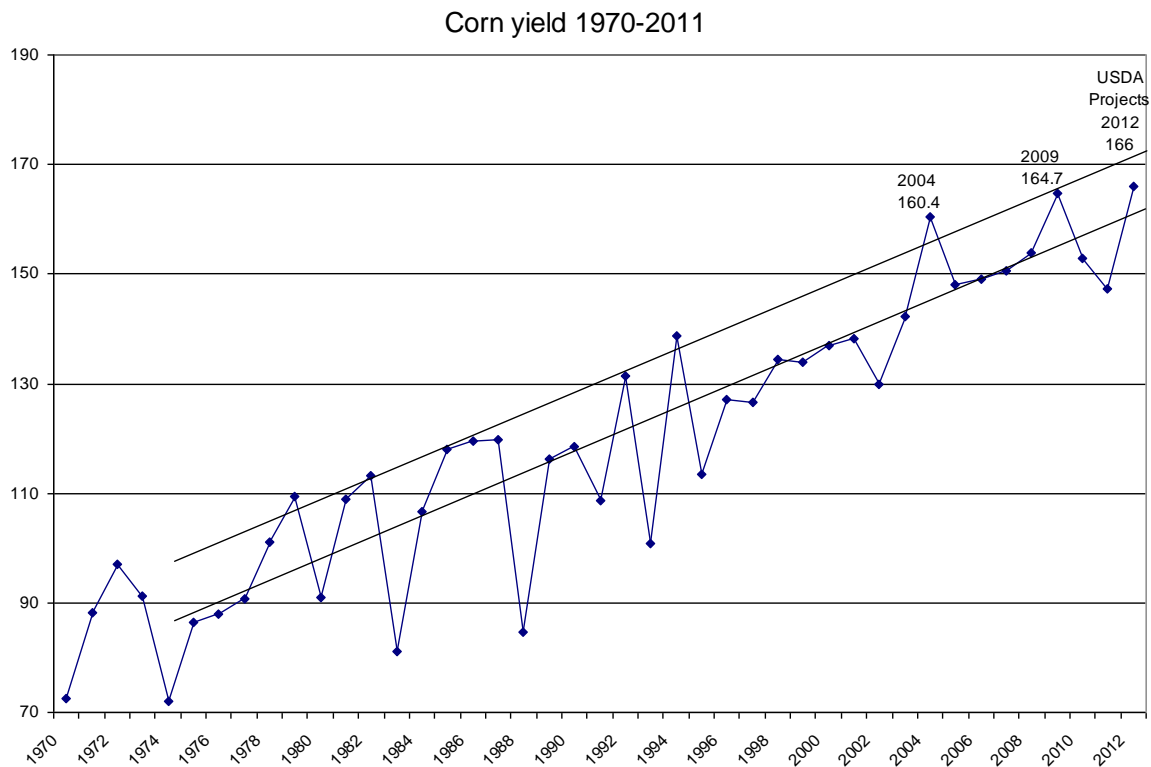
Friday, World Weather Inc. meteorologist Drew Lerner had this to say about Midwestern weather prospects:

Rain in the **U.S. Midwest** will be restricted over the coming week to ten days, but sufficient soil moisture is present to leave the ground favorably moist to carry on normal crop development without much concern in the near-term outlook.

Rain is expected in the **lower Midwest** late this weekend into early next week from southeastern Missouri to southern Ohio and Kentucky as the remnants of the Texas rain shifts northeast. Rain totals will range from 0.20 to 0.80 inch with local totals to 1.30 inches. The remainder of the Midwest will not likely be impacted greatly.

Scattered showers and thunderstorms will impact both the **U.S. Delta and southeastern states** late this weekend into next week. Any and all precipitation will be welcome, but greater amounts are needed to seriously lift long term soil moisture. Timely rain is still good for crops even if amounts are below average.

And we received this nifty chart in our e-mail box Friday morning from Merrill Crowley of Mcf Commodities in Crescent City Illinois:



Recall that USDA's Thursday WASDE report put corn yield at 166 bpa. Recall that USDE tossed out the 2011 growing season in their analysis (see the discussion between Todd and Dr. Darrel Good on page 9 of this letter). Here it is graphically represented. The lower line on the graph is trend line yield – the upper represents years with excellent growing conditions. The trend line yield suggests a starting point closer to the 2004 yield of 160.4 – and our anecdotal information suggests the trade is by and large in the 161 bpa camp with a upper bias for weather (which may not be quite as ideal thus far as traders have suggested).

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. 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) 333-7400.



Commodity Week

Panelists:

- Dan Zwicker, CGB Enterprises, Manderville, Louisiana
- Brian Stark, The Andersons, Champaign, Illinois
- Jacquie Voeks, Stewart Peterson – Champaign, Illinois

Guest:

- Jerry Bange, USDA World Agricultural Outlook Board

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 after 6:00 p.m. CT Friday evening and catch the show on our website:

Broadband MP3:

<http://www.will.uiuc.edu/media/cw120511.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/cw120511dial.mp3>



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.

