



June 15, 2012

Dear Subscriber:

The market is somewhat on edge as Greece for the second time this year holds governmental elections – with a possible outcome of rejecting the austerity measures imposed by the Euro Zone – and thus potentially leaving the Euro altogether as a currency.

The other key influence over the market next week is the 10 day weather forecast – our analysts say with early planted corn, pollination will be underway for a portion of the crop next week (in fact the pollination window will be wider than in some years).

In many areas a lack of rainfall has resulted in drought conditions....

Here is the latest drought map:

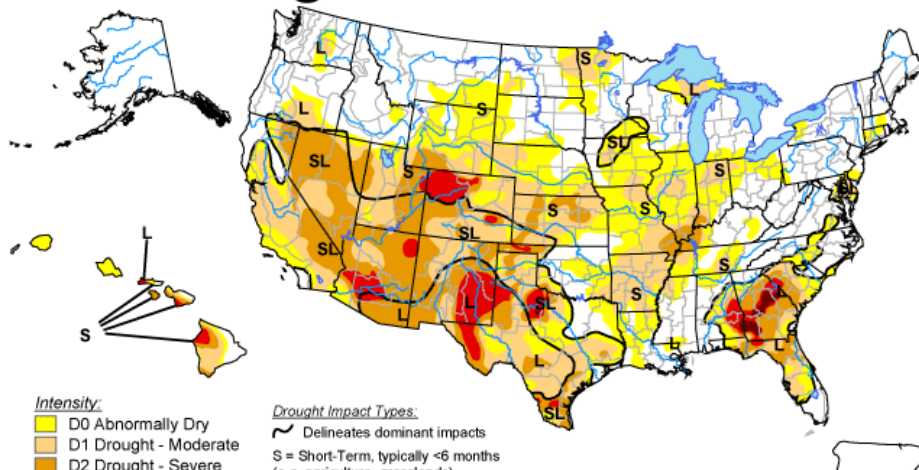
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# U.S. Drought Monitor

June 12, 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, June 14, 2012  
Author: David Miskus, NOAA/NWS/NCEP/CPC

# U.S. Drought Monitor

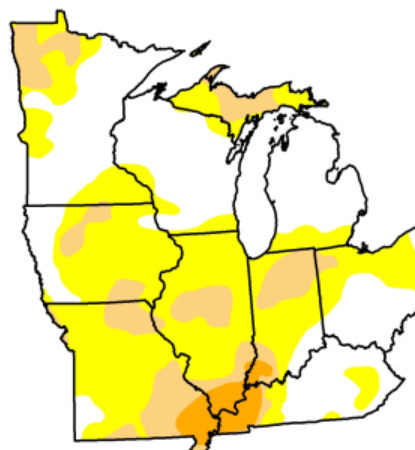
June 12, 2012  
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## Midwest

	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	39.70	60.30	18.54	3.51	0.00	0.00
Last Week (06/05/2012 map)	46.95	53.05	12.87	2.33	0.00	0.00
3 Months Ago (03/13/2012 map)	71.82	28.18	20.02	6.32	0.00	0.00
Start of Calendar Year (12/27/2011 map)	71.84	28.16	13.42	6.80	0.00	0.00
Start of Water Year (09/27/2011 map)	58.85	41.15	14.01	5.03	0.00	0.00
One Year Ago (06/07/2011 map)	98.82	1.18	0.00	0.00	0.00	0.00

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David Miskus, NOAA/NWS/NCEP/Climate Prediction Center

**F**riday World Weather Meteorologist Drew Lerner had this to say about U-S growing conditions:

"Today's forecast is wetter and a little more favorable for crops in the lower and eastern Corn Belt. Rain has been increased for this weekend and now two rounds of scattered thunderstorms are expected during the next week. The rain should be mostly light with a few pockets of locally heavy rainfall, but each round of rain will temporarily ease stress to crops and will buy crops more

Rain in the lower and eastern Corn Belt will be mostly light again, but crop stress should be temporarily eased again. As long as timely showers return in late June and early July crop stress should not reach critical levels in most locations. Soil moisture will remain low in much of the lower and eastern Midwest and if a period of hot and dry weather were to evolve it would not take very long for crops to become seriously stressed.

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

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

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

The fate of a potential tropical disturbance in the Gulf of Mexico will have a large impact on rain in the eastern Corn Belt late next week. A significant tropical disturbance in the Gulf could significantly reduce the available moisture in the eastern Corn Belt, but light rain could still fall on many locations. If a tropical cyclone forms and moves into the

southeastern United States, the frontal boundary where showers and thunderstorms develop could be stalled out in the western Corn Belt and the front may not make it into the eastern Corn Belt.

As a result, the eastern Corn Belt could be mostly dry. The most likely scenario has a weak tropical disturbance in the Gulf that will restrict moisture in the eastern Corn Belt, but rain should still be nearly widespread. Temperatures will be warmer through Wednesday and highs will be 80s and lower 90s with some middle 90s in the south and some 70s in the north. Some far northwestern locations will see highs in the upper 60s Tuesday and Wednesday.


Thursday will be a little cooler and highs next Friday in the north will be in the 70s with some lower 80s and highs in the south will be in the 80s. Lows will be in the 60s with some 50s

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in the north and east and some lower 70s in the southwest. Western areas will become warmer June 23 while eastern areas warm beginning June 24.”

## WEEKLY OUTLOOK

**T**he latest export reports released this past Thursday produced a marketing year low for corn. University of Illinois agriculture economist Darrel Good this week looks at the export side of the ending stocks equation:

“For the year, USDA has projected soybean exports at 1.315 billion bushels. To reach that projection exports during the final quarter will need to total 157 million bushels, or an average of 11.9 bushels per week. Inspections during the 6 weeks ended June 7 averaged 14.9 million per week. Unshipped sales as of May 31 totaled 192 million bushels, compared to 154 million on the same date last year. It now appears that marketing year exports could exceed the USDA projection (to be updated on June 12) by as much as 25 million bushels as the U.S. benefits from the shortfall in South American production. China continues to be the major purchaser of U.S. soybeans (62 percent to date) and has already made large purchases for delivery during the 2012-13 marketing year.

It appears that corn exports will come up well short of 1.7 billion bushels, pointing to larger year-ending stocks than currently projected. Some of the shortfall in exports may be made up by slightly larger consumption for ethanol production as ethanol production during the first three quarters of the year was about two percent larger than production a year earlier. The big unknown, however, is the magnitude of feed and residual use of corn during the last half of the year. Quarterly use in that category has been difficult to anticipate over the past two years. The June 1 corn stocks estimate, along with the level of wheat prices, and the pace of maturity of the 2012 corn crop will shed more light on use in that category.”

To read Darrel’s full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/061112.html>



**U**SDA reports this week's corn export sales at 6.7 million bushels (3.6 this year, 3.1 next year). Trade guesses were for 13.8 million bushels to 29.5 million bushels. On the year, total commitments for corn are 1517.9 million bushels vs. 1736.1 million bushels a year ago at this time.

### ***Export Sales for the Week Ending June 7, 2012***

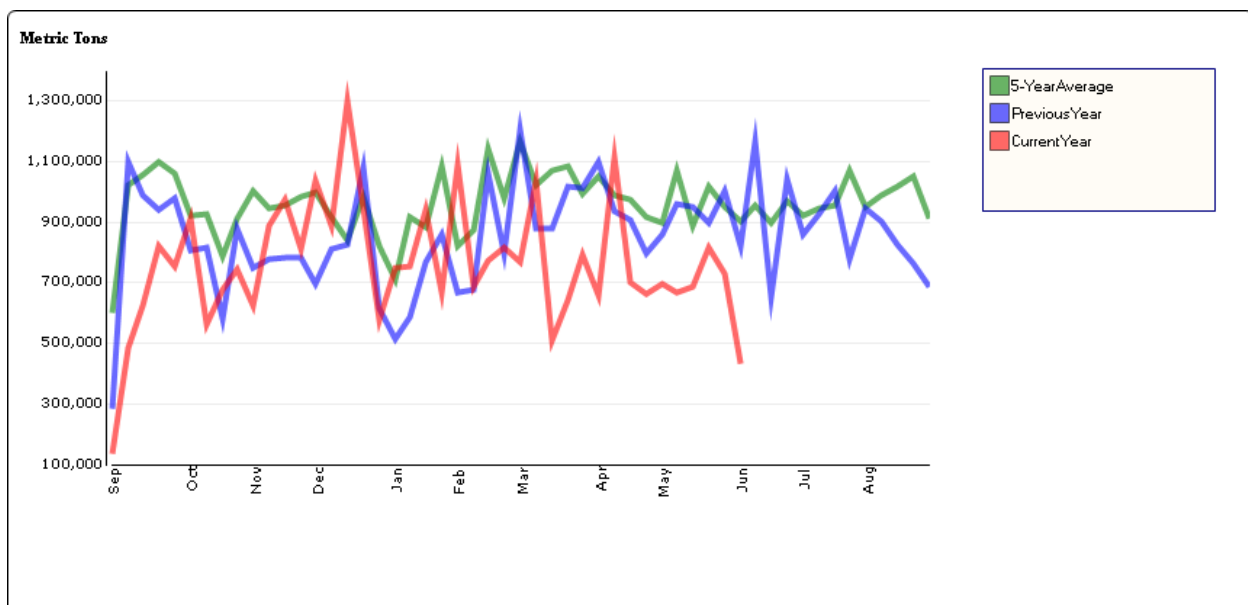


Chart Courtesy of FAS

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)

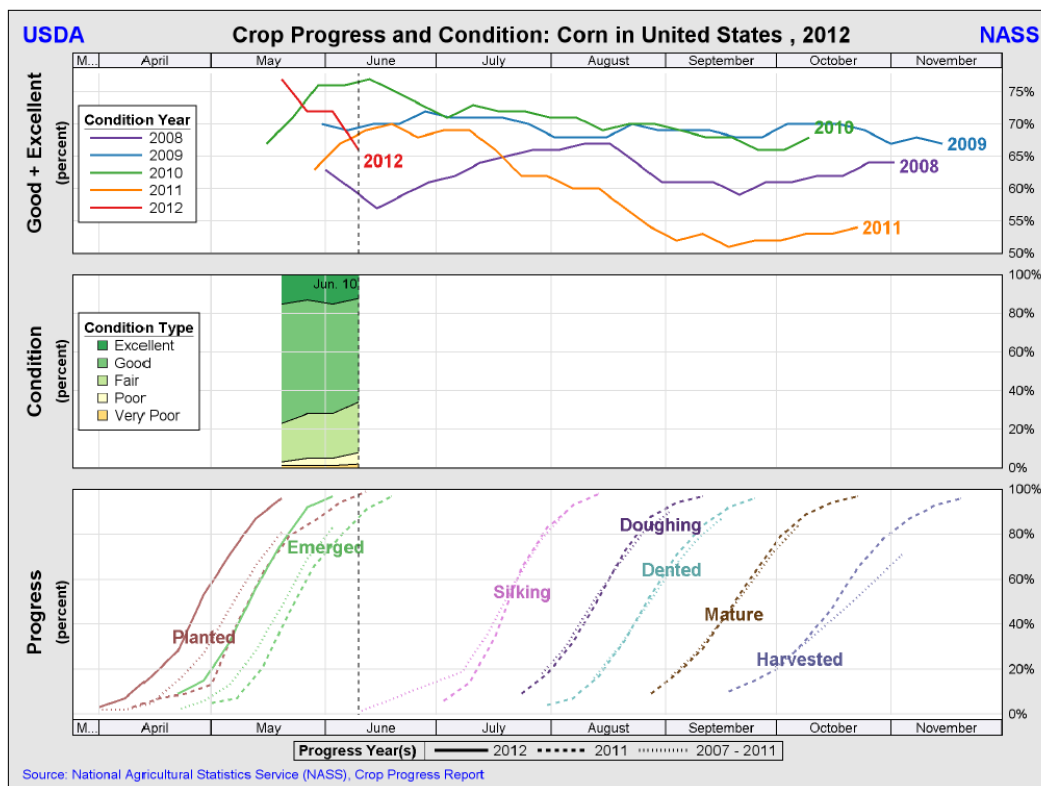


In Friday afternoon's commitments of traders report for the week ending June 12, non-commercials increased its net long position. Non-commercials were long 264,059 contracts, a decrease of 4,377 contracts, and were short 169,331 contracts, a decrease of 5,539 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending June 12. Non-commercials were long 255,520 combined future and option contracts, a decrease of 4,551 combined future and option contracts and short 161,952 contracts, a decrease of 8,103 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 12 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	463,961	66,910	-17,019	-15,675





USDA reports this week's soybean export sales at 36.9 million bushels (15.6 this year, 21.3 next year). The trade was anticipating sales of 16.5 to 27.6 million bushels. On the year, total commitments for soybeans are 1351.6 million bushels vs. 1537.9 million bushels a year ago at this time.

### ***Export Sales for Week Ending June 7, 2012***

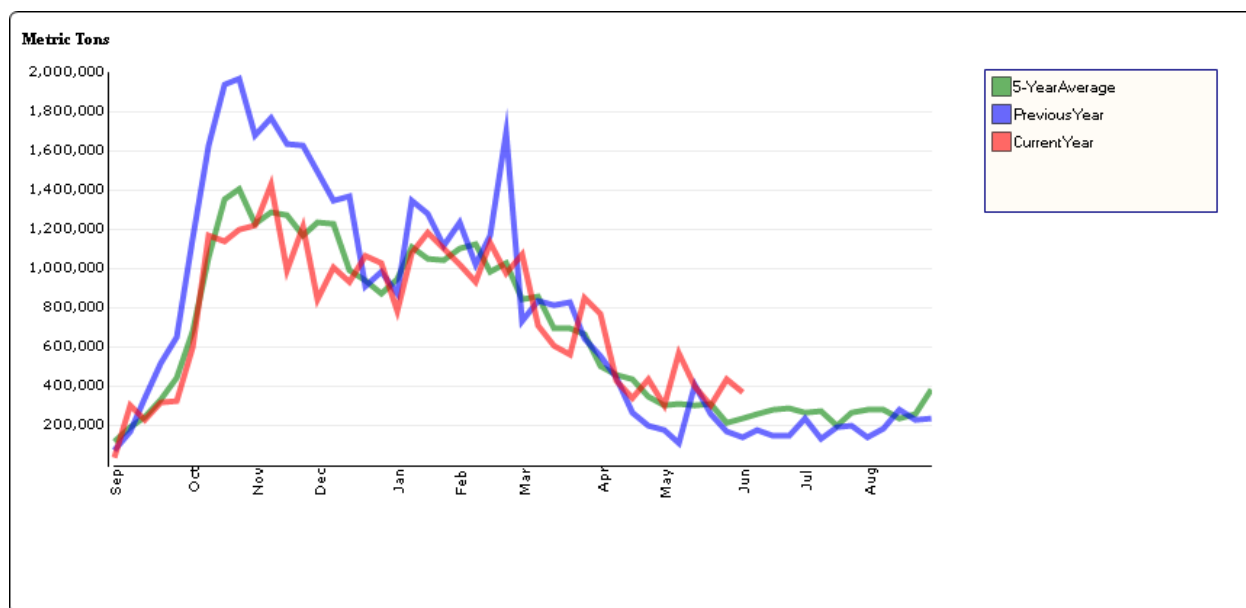


Chart Courtesy of FAS

In Friday afternoon's commitments of traders report for the week ending June 12, non-commercials increased its net long position. Non-commercials were long 285,454 contracts, an increase of 15,220 contracts, and were short 51,428 contracts, a decrease of 5,010 contracts from the previous reporting period.

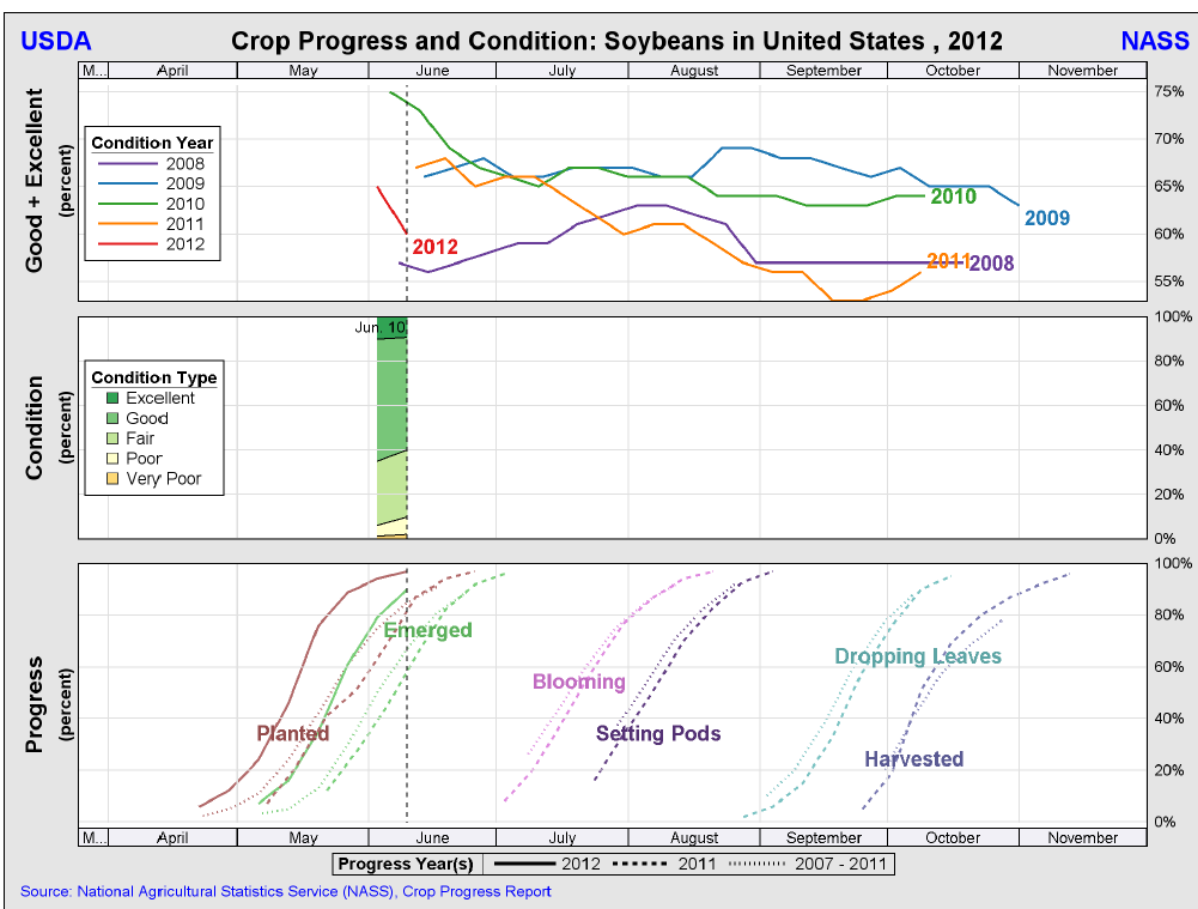
Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending June 12. Non-commercials were long 257,867 combined future and option contracts, an



increase of 26,847 combined future and option contracts and short 44,731 contracts, a decrease of 8,320 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 12 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	203,030	52,473	-9,236	-8,632





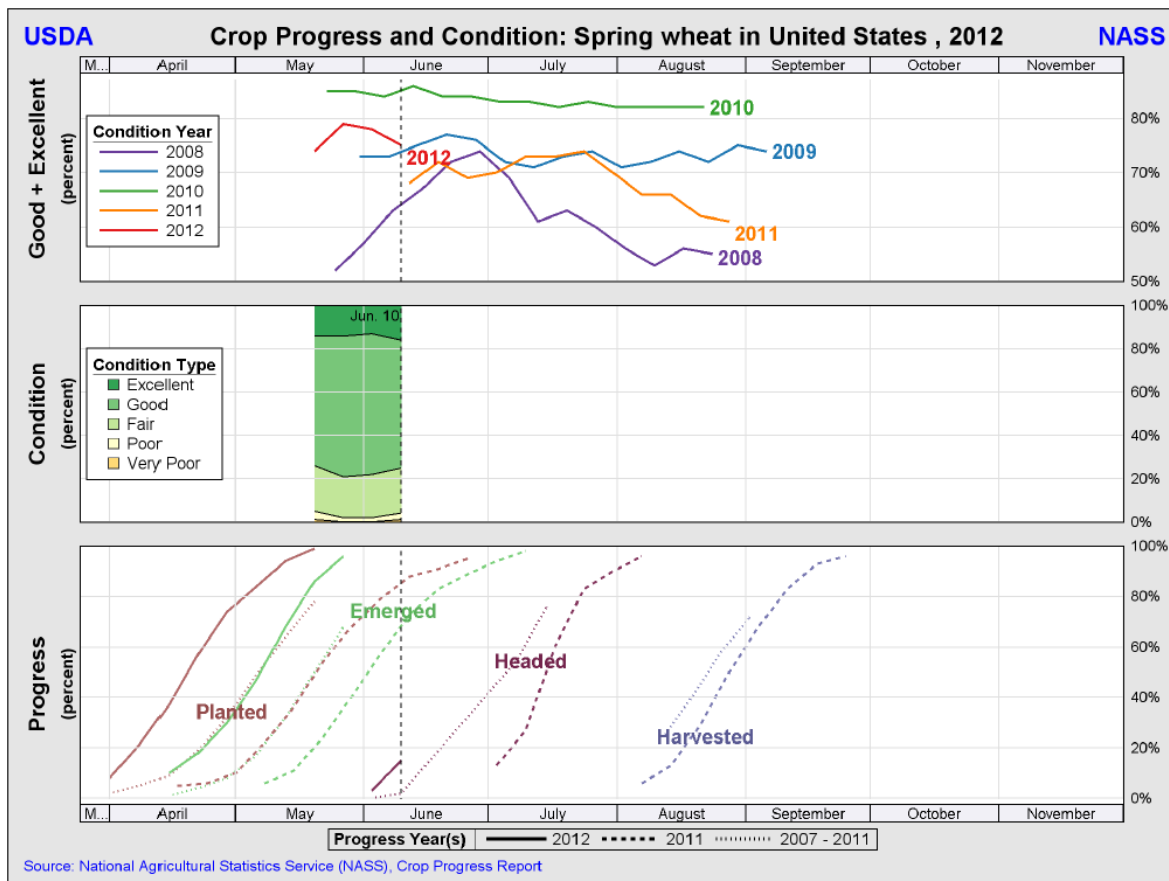
**U**SDA reports this week's wheat export sales at 15.9 million bushels (15.0 this year, 0.0 next year). The trade was anticipating wheat sales between 5.5 million bushels and 12.9 million bushels. On the marketing year wheat sales have totaled 203.9 million bushels compared with 260.6 million bushels a year ago at this time.

***Charts begin next week....***

In Friday afternoon's commitment of traders report for the week ending June 12 non-commercials increased its net short position. Non-commercials were long 112,950 combined future and option contracts, an increase of 3,376 combined future and option contracts and short 124,081 contracts, an increase of 6,134 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 12 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	237,315	36,202	-4,507	-6,857



## OTHER FUNDAMENTALS

On Thursday Todd interviewed Emerson Nafziger and Mike Gray this week regarding outbreaks of western corn rootworm. You can listen to the 24 minute audio file:

<http://www.ifr.illinois.edu/2012/ifr120615/ILCropConditions.mp3>

Here's the condensed version...

Mike Gray on western corn rootworm in Cass County; Iowa confirmed resistance to Cry3Bb1(YieldGard) last year. There was damage in nw and nc Illinois last year (unconfirmed resistance). Suspect farmers, if they had the boxes and could get the insecticide, used a soil insecticide in those areas. Cass is interesting because it is much further south than anything else - look for Beardstown on the Illinois River.

Nafziger on corn - Short is typical of early and or stressed corn. Doesn't mean much as it pertains to yield. That'll be set during pollination and grain fill. Soybeans are flowering early? Big deal, not. They stopped doing so with the cool temps, and will fire back up after June 21 and with the warmer nights.

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.



## **P**anelists:

- Matt Bennett, TGM - Windsor, Illinois
- Pete Manhart, Bates Commodities - Normal, Illinois
- Chip Nellinger, Blue Reef Agri-Marketing - Morton, Illinois

## Guests:

- Joel Karlin, Western Milling - Goshen, California

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/cw120615.mp3>

### Dial Up MP3:

<http://www.will.uiuc.edu/media/cw120615dial.mp3>

### Weekly Continuation Chart



June 15, 2012

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Jul Wheat	642 1/4	607 1/2	609 1/2	down 20 3/4
Jul 13 Wheat			688	down 32 3/4
Jul Corn	608 1/2	575 1/2	579 1/2	down 18 1/2
Dec Corn			506	down 38
Jul Soybeans	1449 1/4	1370 1/2	1376	down 50 1/4
Nov Soybeans			1314	down 18 1/2
Jun Live Cattle	12005	11585	11615	down 372 1/2

Jun Lean Hogs	9515	9235	9302 1/2	up 10
Jul Oats			307 3/4	up 4 1/2

## 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.



