



September 7, 2012

Dear Subscriber:

The September Crop Production and WASDE reports are set for release next Wednesday – and while often the September reports are repeats of August our analysts suggest that with harvest progressing at a brisk pace USDA may have additional empirical data that could make for a volatile

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Wednesday. Our analysts suggest that USDA “may” have underestimated planted acres for both corn and soybeans while recent production estimates – notably from FC Stone and Company and Lanworth – suggest the corn crop is still getting smaller. Do these two fundamental factors cancel each other out on the September production number? Or will acres actually decline (see Darrel Good’s comments later in the letter).

There are also suggestions that the 2012 carry in number will get larger as corn exports in the last six weeks or so have virtually dried up (notwithstanding some solid export sales this past week when corn dropped under eight dollars on the board).

That is to suggest that there may be an increase in 2012-13 corn ending stocks. Technically corn futures are putting in what our analysts say is a potential rounded supply-demand top or a weak head and shoulders top. Either way there is agreement that a sharp break in corn futures to the downside is possible in the short term – certainly to the 775 area – and technicals point to a possible test of 730 December futures.

WEEKLY OUTLOOK

University of Illinois Darrel Good' tackles what USDA may come out with for corn acres on the upcoming September 12 Crop Production report. Darrel writes:

"The recently released USDA Farm Service Agency (FSA) report of planted acreage of corn in 2012 by those participating in government programs has been used to judge the potential change in the NASS estimate of planted acreage this year. That report showed planted



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I L L I N O I S

acreage by program participants at 93 million, or 96.5 percent of the NASS

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June estimate. Some have suggested that this report points to an increase in the NASS estimate of planted acreage. However, in the previous five years, the ratio of FSA acreage to the NASS final estimate averaged 97 percent, in a range of 96.7 to 97.5 percent. The ratio based on the June estimate this year is slightly smaller than that of the final ratio of the previous five years. If anything, then, the lower ratio points to the

potential for a slight reduction in the NASS final estimate of planted acreage rather than an increase.”

To see Darrel's full comments go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/090412.html>

Here is a look at Drew Lerner's weather for the upcoming week across the corn and soybean belts:

Cooler air will spread across the Midwest today into Saturday before warming occurs Sunday into early next week. Some cooling will occur during the middle to latter part of next week with warmer air returning during the following weekend. Highs today and Saturday will be in the upper 60s and 70s with some 80s and lower 90s in the south today and some middle 60s in the north today. Sunday will be a little warmer and highs Monday will be in the 70s with some lower to middle 80s in the west and south. Tuesday's highs will be in the middle 70s to the lower 80s with some middle 80s in the south. Highs Wednesday and Thursday will be in the 70s and lower 80s with some upper 60s in the north and some middle 80s in the south. Next Friday's highs will be in the 70s with some lower 80s in the south and some upper 60s in the north.

Lows in northern areas during the next week will be mostly in the 40s and 50s with some 60s in eastern areas Wednesday and Thursday. A few northern locations will cool to the upper 30s this weekend. Lows in southern areas will be in the 50s and lower 60s with some upper 40s. Some eastern locations will see lows in the middle 60s Saturday morning while some western locations see lows in the middle 40s Saturday and Sunday mornings.

Rain from the remnants of Hurricane Isaac induced minor and temporary increases in water levels on the Missouri, Illinois, Ohio, and Mississippi Rivers. These increases were welcome, but water levels have already begun to decline in many locations and with no general soakings of rain expected during the next two weeks, water levels should continue to decline. Greater rain will be needed soon to ensure restrictions to barge traffic do not become more significant later in the fall.



USDA reports this week's corn export sales at 1.0 million bushels (-4.1 this year, 5.1 next year). Trade guesses were for 13.8 to 22.0 million bushels. On the year, total commitments for corn are 1558.2 million bushels vs. 1894.0 million bushels a year ago at this time.

Weekly Corn – as of August 30, 2012

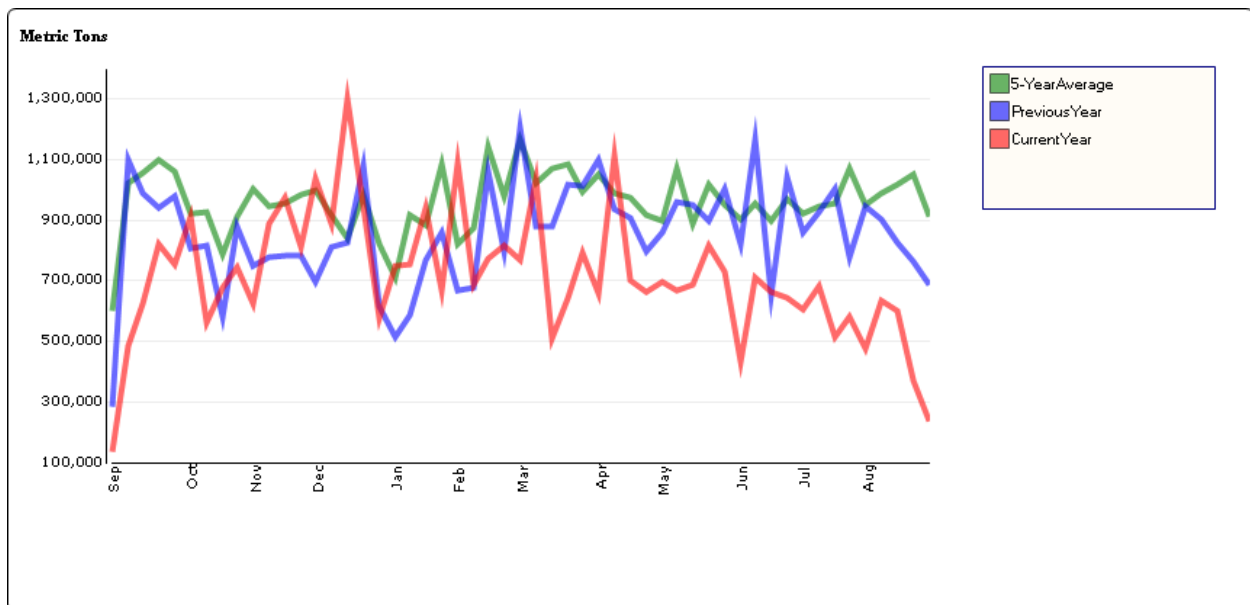


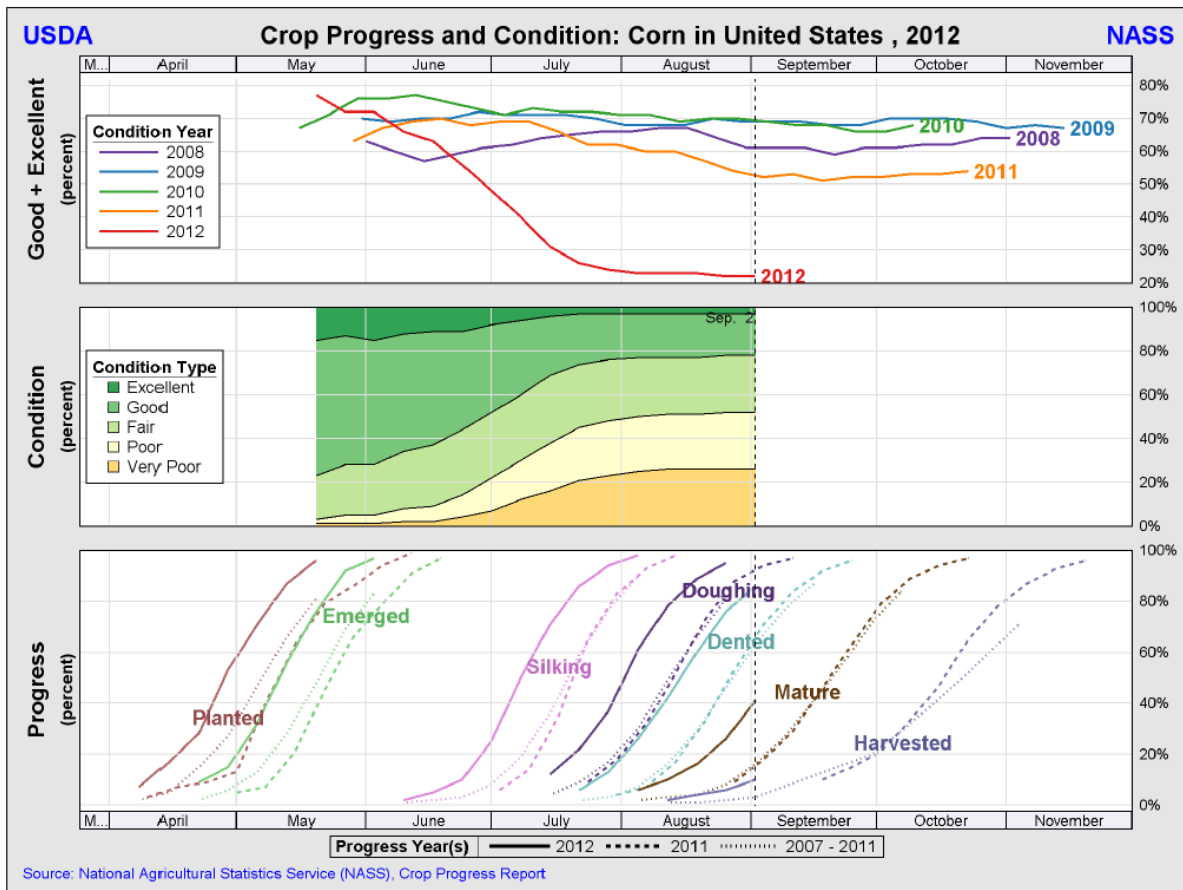
Chart Courtesy of USDA Foreign Ag Service

For information on basis in Illinois this past week go to:

http://www.ams.usda.gov/mnreports/GX_GR113.txt

The Iowa basis report is at:

http://www.ams.usda.gov/mnreports/NW_GR110.txt



In Friday afternoon's commitments of traders report for the week ending September 4 non-commercials increased its net long position. Non-commercials were long 430,977 contracts, an increase of 6,421 contracts, and were short 82,874 contracts, a decrease of 4,212 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending September 4. Non-commercials were long 421,192 combined future and option contracts, an increase of 8,426 combined future and option contracts and short 54,078 contracts, a decrease of 3,872 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 4 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	422,160	60,938	-705	-966



USDA reports this week's soybean export sales at 19.3 million bushels (0.2 this year, 19.3 next year). The trade was anticipating sales of 22.0 to 28.5 million bushels. On the year, total commitments for soybeans are 1426.2 million bushels vs. 1551.7 million bushels a year ago at this time.

Weekly Soybeans – as of August 30, 2012

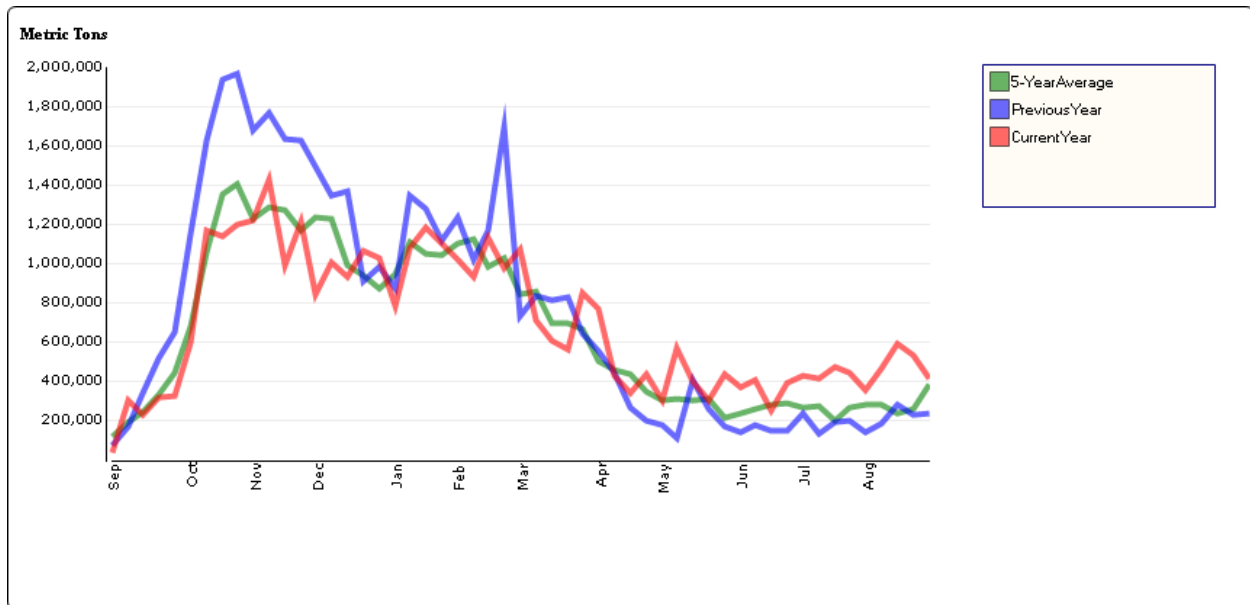
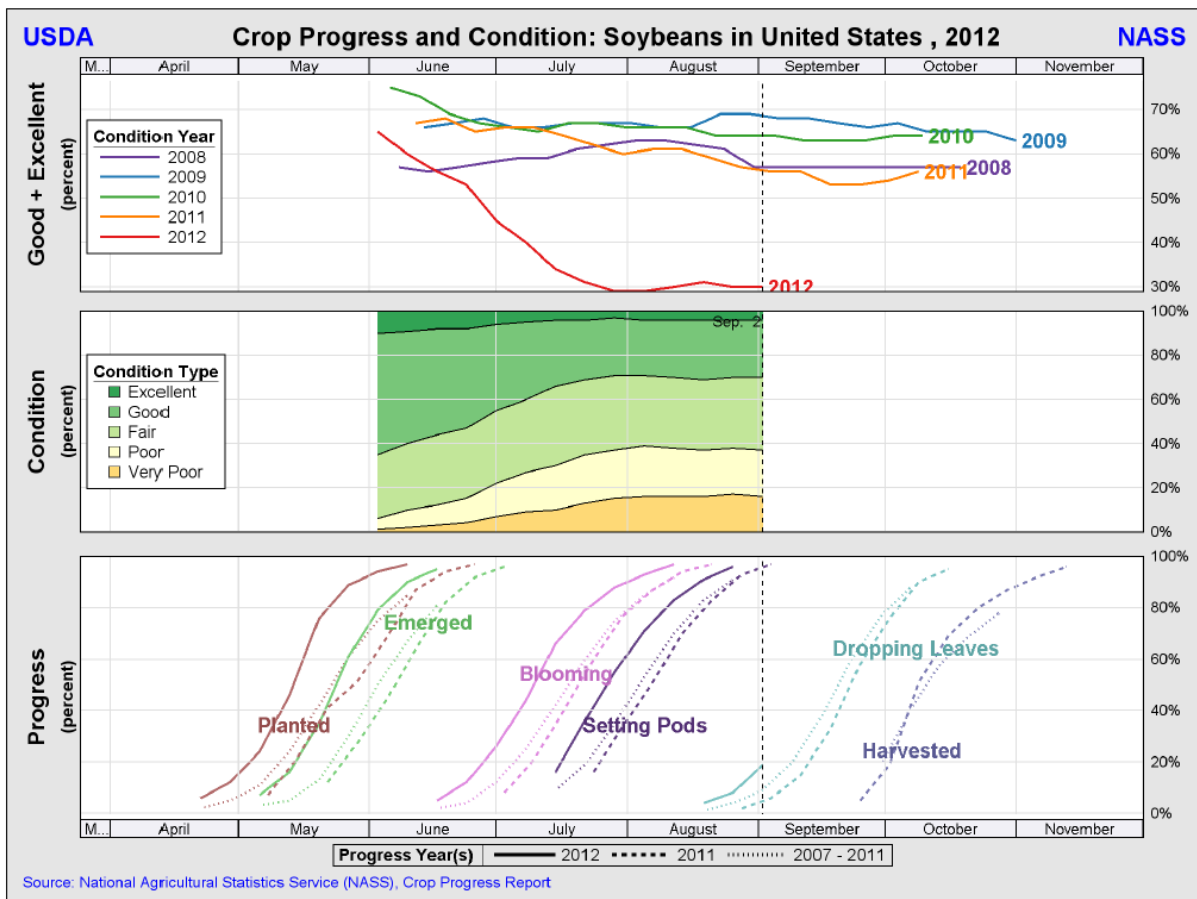


Chart Courtesy of USDA Foreign Ag Service

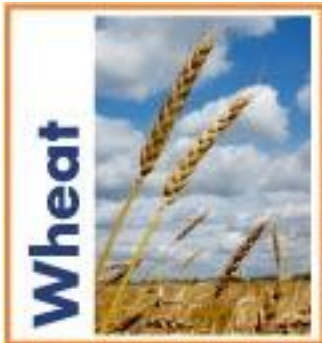


In Friday afternoon's commitments of traders report for the week ending September 4, non-commercials increased its net long position. Non-commercials were long 303,032 contracts, an increase of 8,636 contracts and were short 70,387 contracts, an increase of 371 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders increased its net long position for the period ending September 4. Non-commercials were long 303,135 combined future and option contracts, an increase of 8,092 contracts and short 56,422 contracts, a decrease of 1,877 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 4 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	198,905	81,538	98	-961



USDA reports this week's wheat export sales at 21.1 million bushels (20.4 this year, 0.7 next year). The trade was anticipating wheat sales between 13.8 million bushels and 22.0 million bushels. On the marketing year wheat sales have totaled 421.9 million bushels compared with 448.4 million bushels a year ago at this time.

Weekly Wheat – as of August 30, 2012

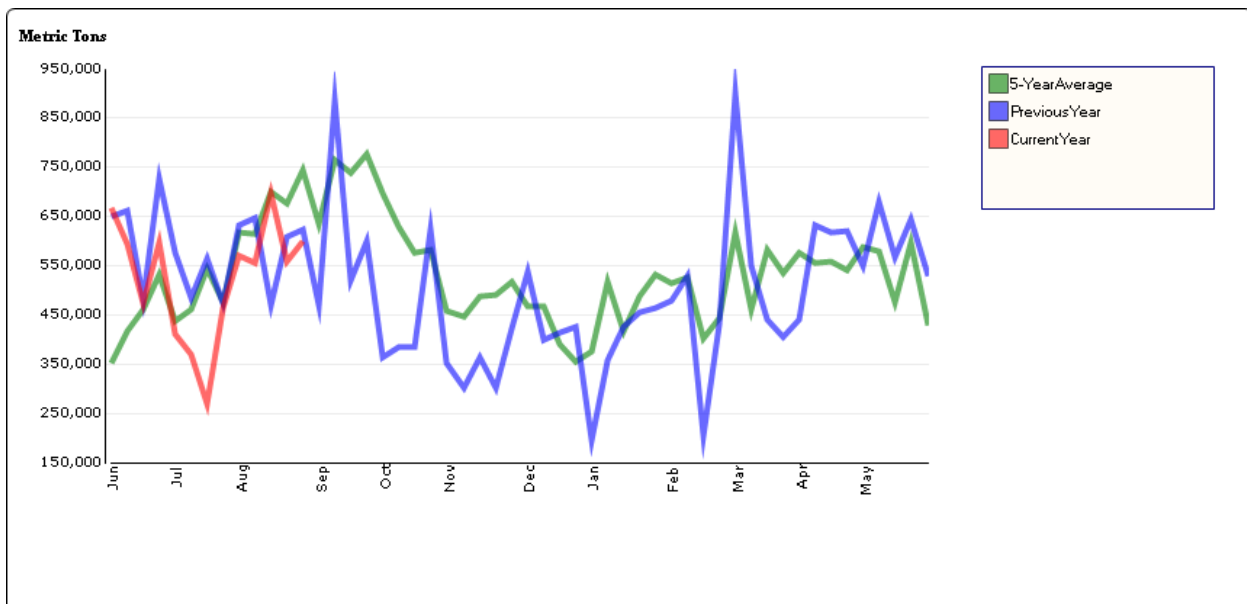
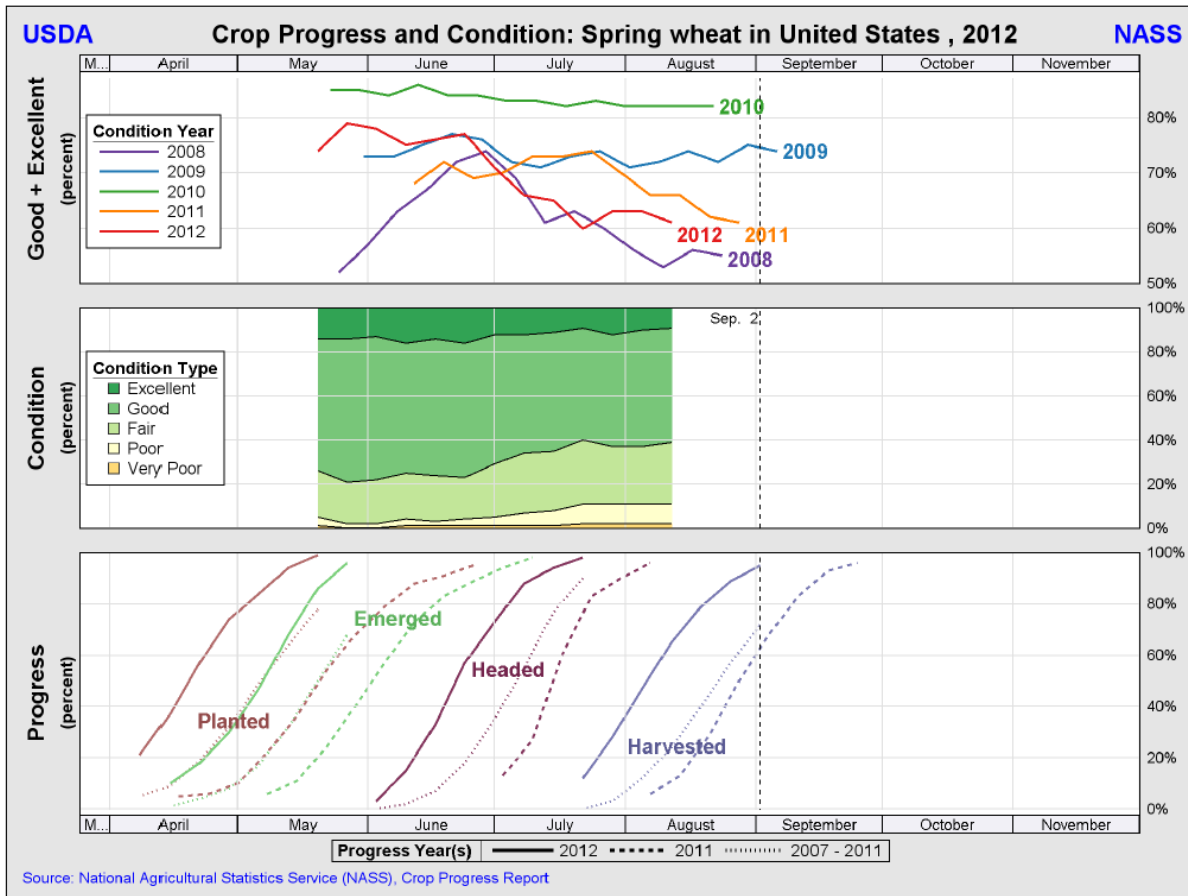


Chart Courtesy of USDA Foreign Ag Service



In Friday afternoon's commitment of traders report for the week ending September 4 non-commercials increased its net long position. Non-commercials were long 148,672 combined future and option contracts, an increase of 7,563 combined future and option contracts and short 93,481 contracts, an increase of 4,758 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 4 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	222,841	33,958	215	1,455

Crop Production Estimates for September 12 USDA Crop Production Report

Organization	Corn Yield	Corn Production	Soybean Yield	Soybean Production
F. C. Stone	121.40	10.607	36.7	2.739
Informa Economics	119.80	10.310	35.4	2,639
Lanworth	116.60	10.200		
U of I Ag Economist Darrel Good		10.200		
USDA August Estimates	123.40	10.779	36.1	2.692

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 us via snail mail at Campbell Hall for Public Telecommunications, 300 North Goodwin Avenue, Urbana, Illinois 61801, or phone at (217) 333-7300.





Commodity Week

Panelists:

- Pete Manhart, Bates Commodities, Normal, Illinois
- Wayne Nelson, L and M Commodities, New Market, Indiana
- Dan Zwicker, CGB Enterprises, Mandeville, Louisiana

Guest:

- Kevin Van Trump, The Van Trump Report (www.farmdirection.com)

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 RIGHT NOW and catch the show on our website:

Broadband MP3:

<http://www.will.uiuc.edu/media/cw120907.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/cw120907dial.mp3>

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Weekly Continuation Chart

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Sept Wheat	890 3/4	844	884 3/4	up 16 3/4
Jul 13 Wheat			868 3/4	up 11
Sept Corn	818 1/4	787 1/4	795	down 7 3/4
Dec Corn			799 1/2	down 1/4
Sept Soybeans	1794 3/4	1722	1731 3/4	down 32 3/4
Nov Soybeans			1736 1/2	down 20
Oct Live Cattle	12670	12570	12647 1/2	up 45
Oct Lean Hogs	7520	7045	7135	down 282 1/2
Sept Oats			385 3/4	down 2 3/4



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.