



September 21, 2012

Dear
Subscriber:

Early in the week futures were under assault by non-commercial profit takers and hedge pressure, as well as fundamental news that early harvest results for soybeans are better than expected and that China is likely to slow U-S soybean purchases in the fourth quarter.

Adding to the bearish tone is that today (Friday) Informa Economics increased its estimate for 2012 corn planted acres to



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WILL RADIO
URBANA ILLINOIS

97.2 million and production to 11.093 billion bushels vs. the September WASDE estimates of 96.4 million planted acres and production of 10.727 billion bushels.

For soybeans Inform pegs 2012 planted acres of 77.1 million vs. the September WASDE estimate of 76.1 million. But Informa estimated 2012 soybean production at 2.662 million bushels....just 28 million bushels higher than WASDE's September estimate of 2,634 million bushels.

However one bullish fundamental -- we are hearing reports of as well as have personally seen shattered pre-harvested soybeans on the ground -- perhaps representing up to two bushels to the acre.

The next report of significant comes at the end of the month – the Quarterly Grain Stocks report. Our analysts will be speaking at length on the issue next week on air.

Technically speaking futures are trying to make a stand at current levels after seeing significant deterioration over the last week plus of trading. For corn if current levels don't hold downside objectives are at 732 1/2, 719 1/2, 697, 685 and ultimately 660.

Technical downside levels for soybeans include 1602, 1575, and then 1550.

WEEKLY OUTLOOK

University of Illinois Darrel Good takes an early look at the upcoming Quarterly Grain Stocks Report, set for release on September 28. Darrel writes:

"The question is how much of the newly harvested crop was actually consumed in August. The degree of substitution of new crop for old crop corn in August has implications for the magnitude of old crop corn still in inventory on September 1. Regardless of how new crop corn was consumed in August (feed, export, or domestic processing) it will be reflected in the balance sheet in the feed and residual category.

The USDA has forecast the September 1 inventory of old crop corn at 1.181 billion bushels, implying consumption of old crop corn during the fourth quarter of the 2011-12 marketing year of 1.974 billion bushels. Based on weekly export inspections through August and Census Bureau export estimates through July, we estimate fourth quarter exports at

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- **The Opening Market Report**
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285 million bushels. That compares to 290 million bushels implied by USDA's forecast of marketing year exports.

Based on weekly estimates from the U.S. Energy Information Administration, ethanol production during the fourth quarter of the 2011-12 marketing year was about 6 percent less than in the previous year, implying corn consumption for ethanol and by-product production during the quarter of 1.193 billion bushels.

If consumption for other processing uses was near the 331 million bushels implied by the USDA's projection of use for the year, total processing uses of corn during the quarter was near 1.524 billion bushels. If the USDA projection of year-ending old crop inventories of 1.181 billion bushels is correct, implied feed and residual use during the quarter was between 160 and 165 million bushels. That compares to implied use of 448 million bushels last year and 495 million bushels in 2010. The implication is that at least one-third of the crop harvested before September 1 was used in place of old crop corn, mostly during the last half of August."

To see Darrel's full comments go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/091712.html>

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

"Rain delays are most likely in crop maturation and harvest areas of the eastern Midwest today (FRIDAY) and across the Great Lakes region Saturday. Rain after that will be confined to mostly the lower Midwest as scattered shower and a couple of thunderstorms occur throughout the week next week. Most of the precipitation is expected to be light, but it will disrupt some harvesting.

Frost and freeze conditions are still expected tonight (Friday) and again Saturday night. Hard freezes will impact the Dakotas, Minnesota and a few western Wisconsin locations while frost and lighter freezes impact areas from Nebraska and Iowa to the remainder of Wisconsin.

Some patchy soft frost may reach into far northern Missouri and northwestern Illinois Sunday morning. For some areas in Nebraska, Iowa, Wisconsin and southern Minnesota the freezes will come earlier than usual. A little soybean quality decline is still possible in the most immature crop areas that are impacted by significant frost and freeze conditions.

The coldest air will shift off to the east through the Great Lakes region and southeastern Ontario, Canada during the early part of next week. After that temperatures in the Midwest will be near to above average.

High temperatures through the weekend will be in the 50s and 60s in the north and 60s and lower 70s in the south. A few extreme highs over 80 will occur today in the lowermost parts of the Midwest.

Low temperatures of 25 to 32 will occur in the significant freeze region of the Dakotas, Minnesota and Wisconsin while readings in the range of 29 to 34 occur from Nebraska to southern Wisconsin and lows of 33 to 45 occur elsewhere to the east and south.

Temperatures next week will rebound back to highs in the 60s and 70s in much of the Midwest with a few readings near 80 in the far south. Morning lows will be in the 40s and lower 50s with a few upper 30s in the north."



USDA reports this week's corn export sales at 2.8 million bushels (2.8 this year, 0.0 next year). Trade guesses were for 11.8 to 15.7 million bushels. On the year, total commitments for corn are 397.7 million bushels vs. 591.8 million bushels a year ago at this time.

Weekly Corn – as of September 13, 2012

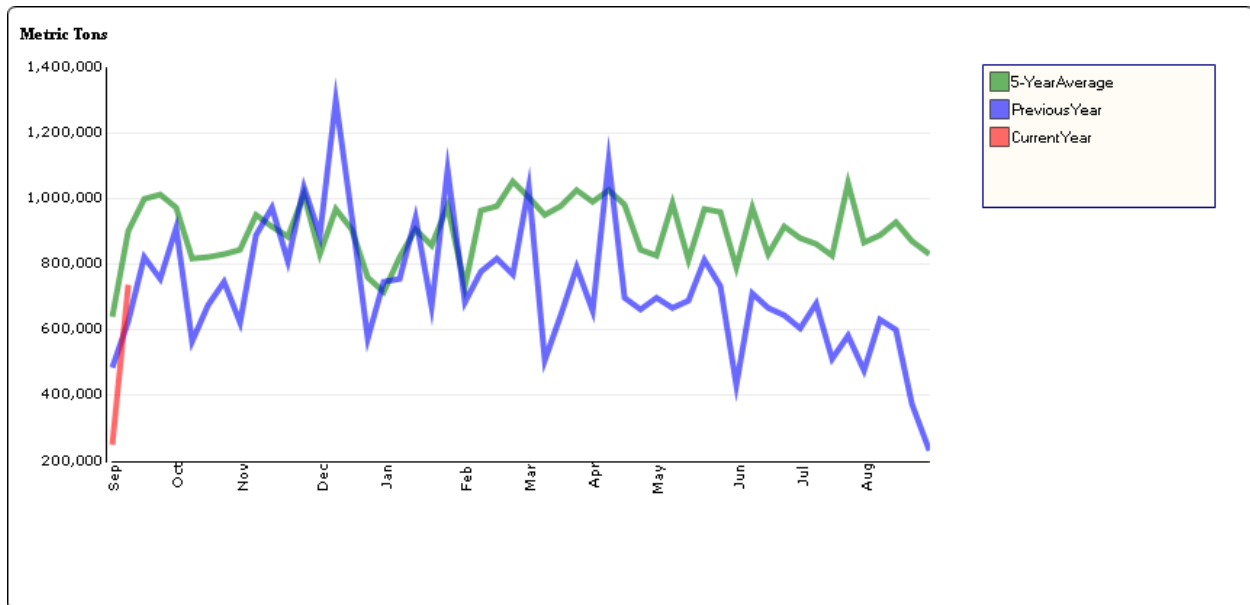


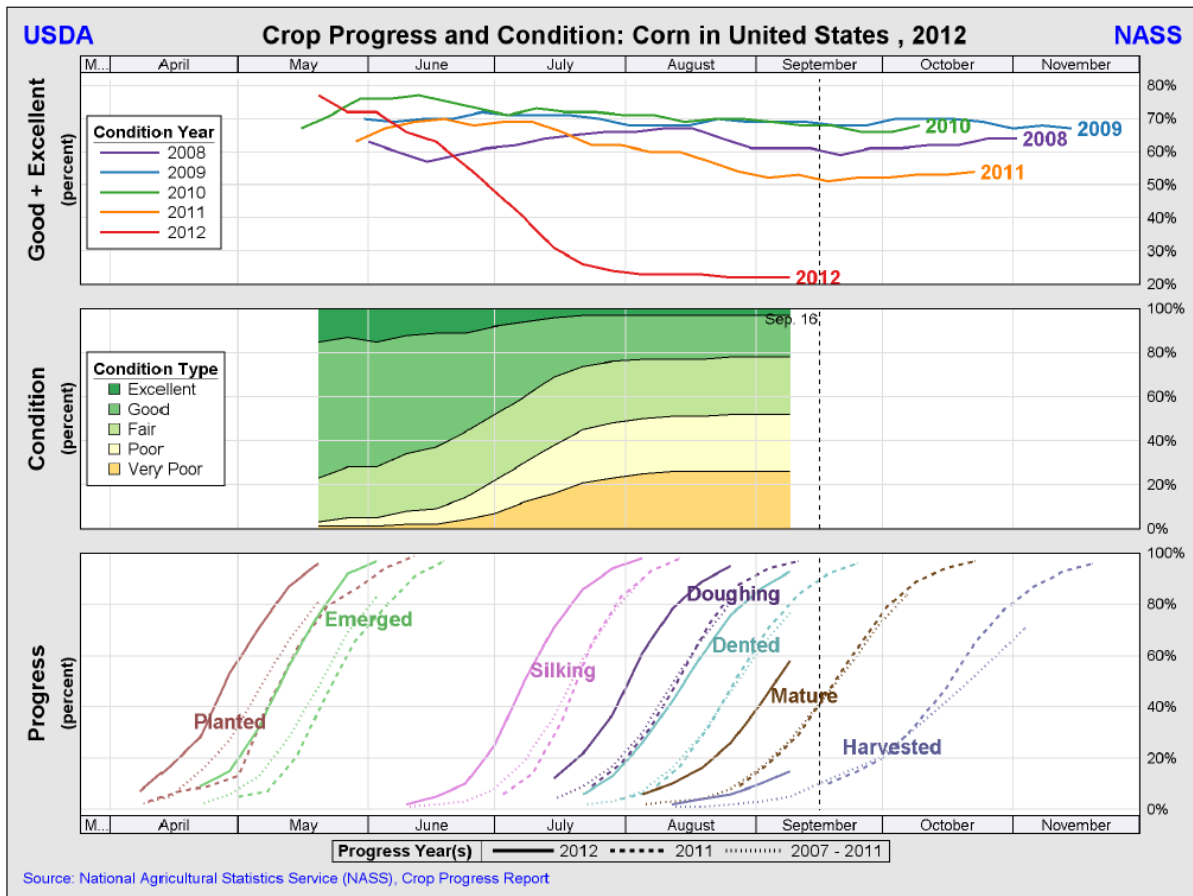
Chart Courtesy of USDA Foreign Ag Service

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 18 non-commercials decreased its net long position. Non-commercials were long 422,311 contracts, an increase of 3,540 contracts, and were short 95,424 contracts, an increase of 9,598 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending September 18. Non-commercials were long 394,226 combined future and option contracts, a decrease of 3,009 combined future and option contracts and short 70,385 contracts, an increase of 9,992 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 18 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	426,217	61,931	2,872	1,251



USDA reports this week's soybean export sales at 26.4 million bushels (26.2 this year, 0.2 next year). The trade was anticipating sales of 22.0 to 29.00 million bushels. On the year, total commitments for soybeans are 787.7 million bushels vs. 554.2 million bushels a year ago at this time.

Weekly Soybeans – as of September 13, 2012

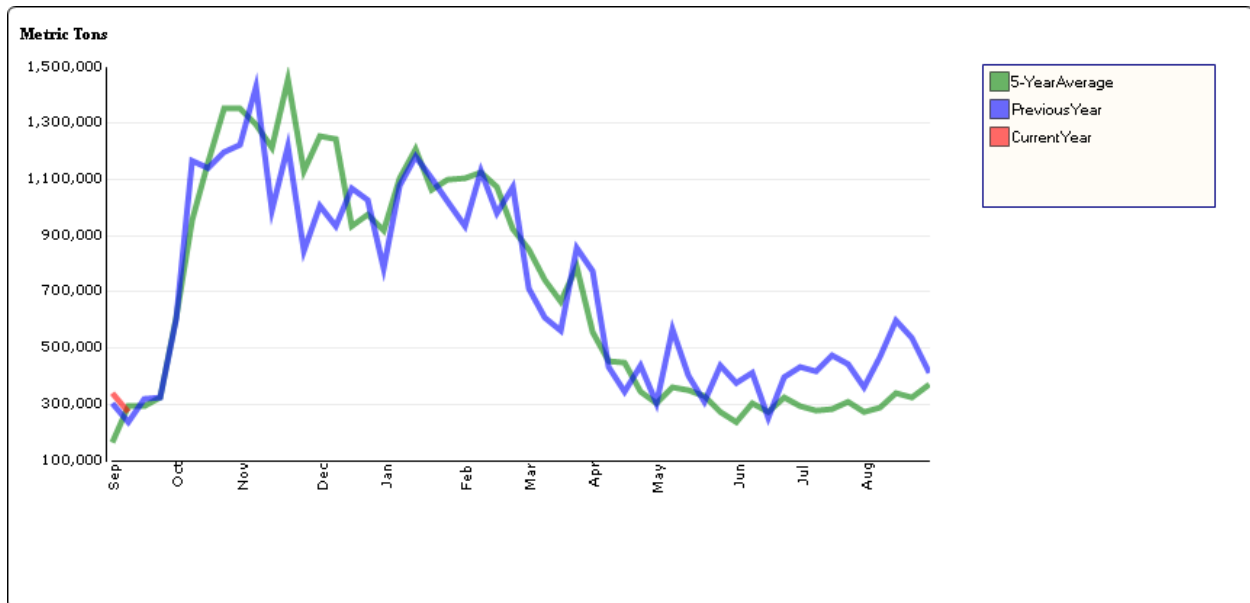
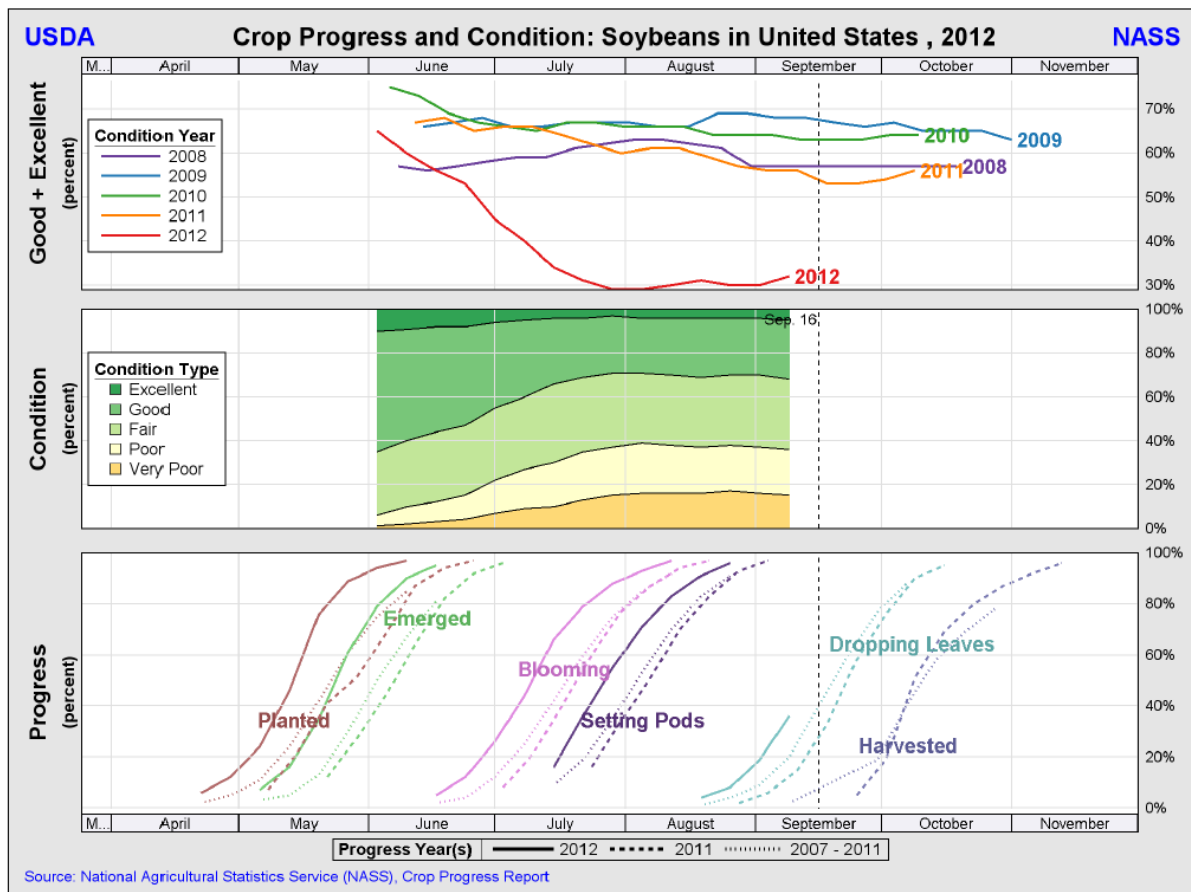


Chart Courtesy of USDA Foreign Ag Service



In Friday afternoon's commitments of traders report for the week ending September 18, non-commercials decreased its net long position. Non-commercials were long 288,794 contracts, a decrease of 8,315 contracts and were short 71,757 contracts, an increase of 4,463 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending September 18. Non-commercials were long 269,798 combined future and option contracts, a decrease of 16,768 contacts and short 55,489 contracts, an increase of 2,726 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for September 18 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	191,682	77,398	-1,937	-2,085



USDA reports this week's wheat export sales at 18.0 million bushels (18.0 this year, 0.0 next year). The trade was anticipating wheat sales between 11.0 million bushels and 14.7 million bushels. On the marketing year wheat sales have totaled 453.7 million bushels compared with 507.3 million bushels a year ago at this time.

Weekly Wheat – as of September 13, 2012

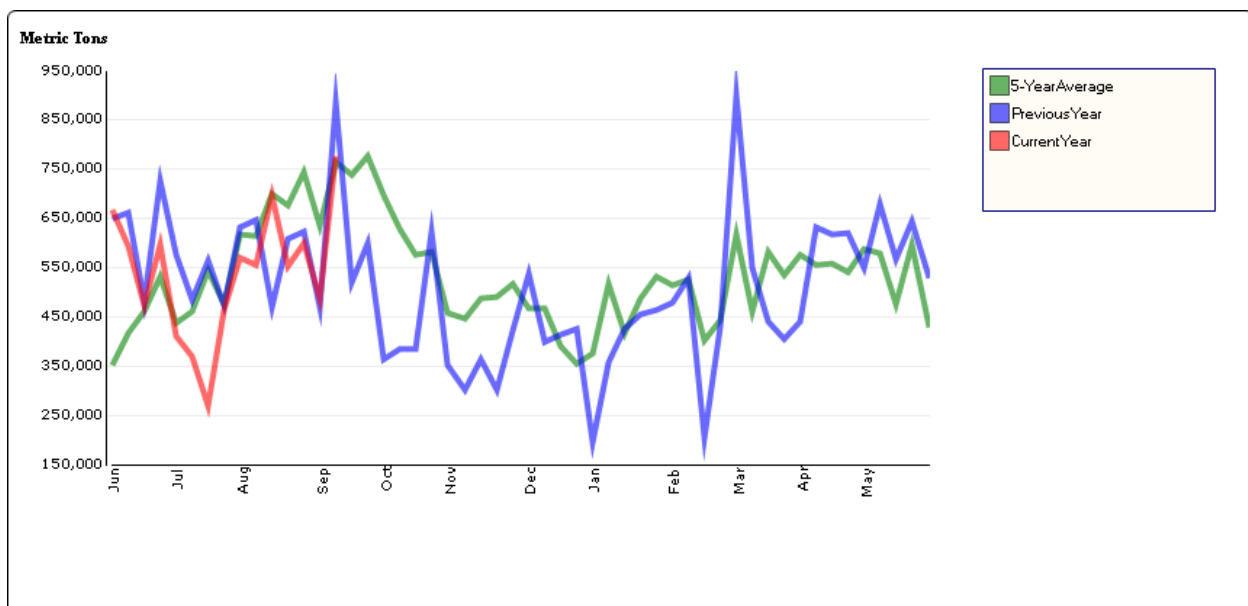
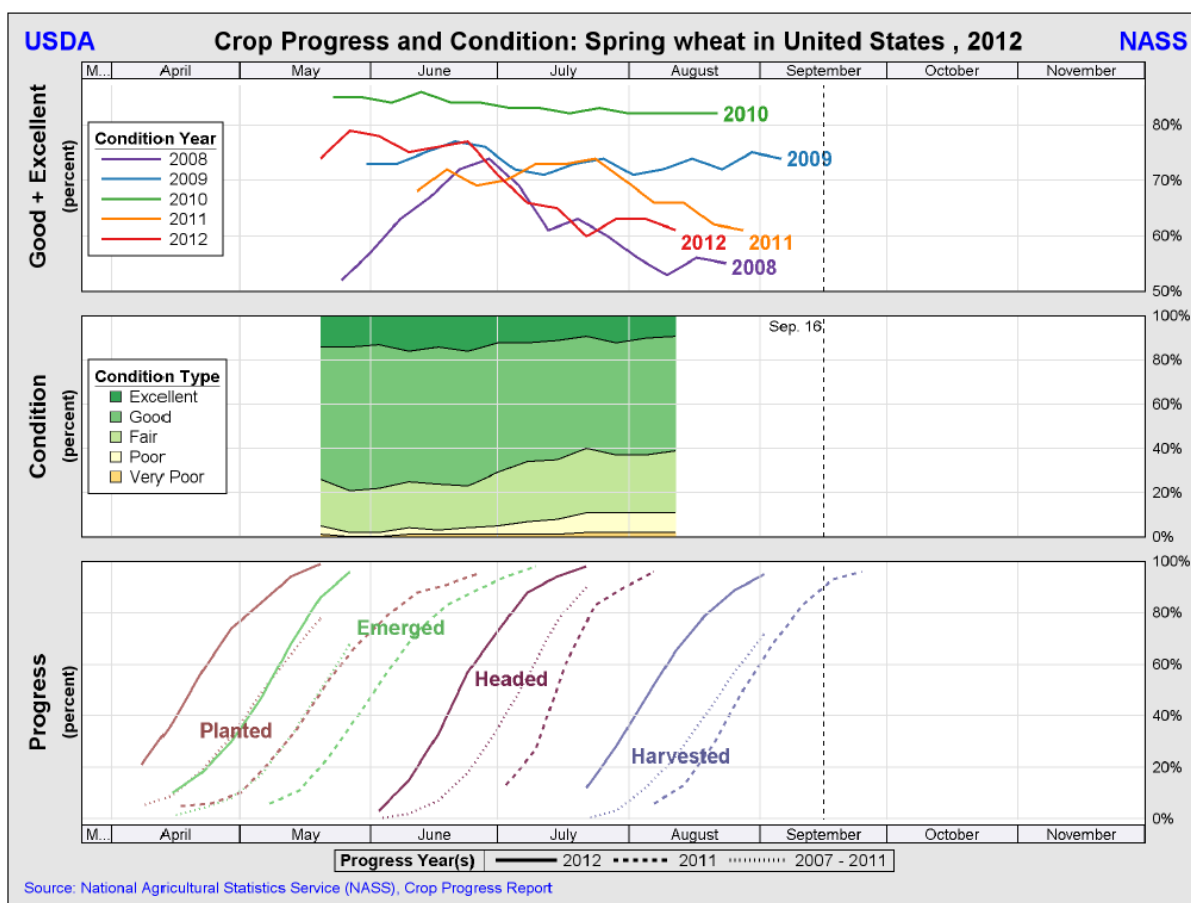


Chart Courtesy of USDA Foreign Ag Service

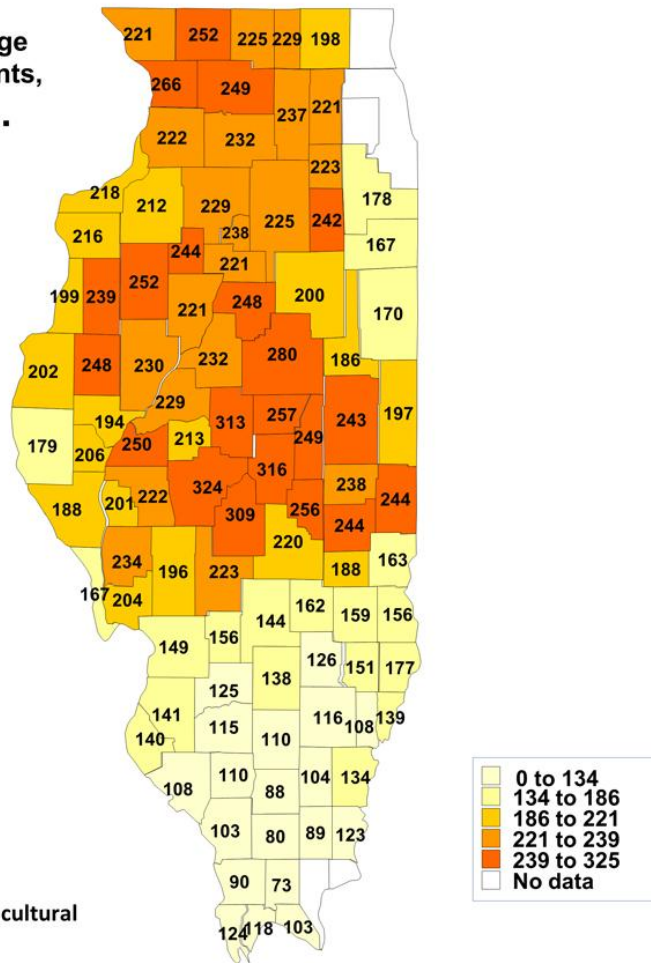


In Friday afternoon's commitment of traders report for the week ending September 4 non-commercials increased its net long position. Non-commercials were long 148,672 combined future and option contracts, an increase of 7,563 combined future and option contracts and short 93,481 contracts, an increase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

The CFTC Supplemental Report for September 18 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	226,157	41,119	3,679	6,551

Figure 1. Average County Cash Rents, \$ per Acre, 2012.



Recently FarmDoc put out it's latest cash rent analysis for the state of Illinois. The report concluded:

"Cash rents likely will not increase as much in 2013 as they did in 2012. Results from a survey by the Illinois Society of Professional Farm Managers and Rural Appraisers suggest that 2013 cash rents will be 1 to 3% higher than 2012 rents. Hence, reasonable estimates of average cash rents in 2013 is to take 2012 cash rents in

Figure 1 and increase those rents by between 1% and 2%."

To read the full report go to:

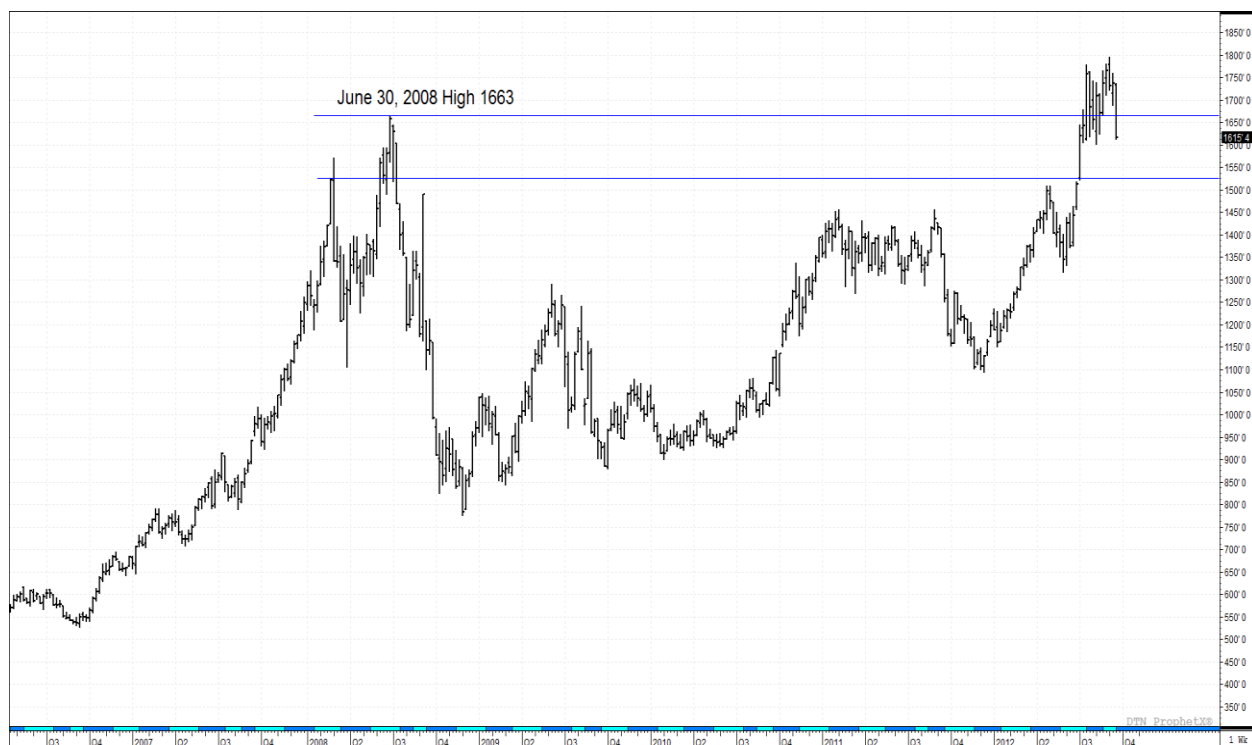
http://www.farmdoc.illinois.edu/manage/newsletters/fefo12_20/fefo_12_20.html

One of the constant questions we've been asking for the last several weeks is weather or nor supply is continuing to fall faster than demand. A useful way to approach the question was shared Friday by Mike Zuzolo of Global Commodity Analytics. He suggested that closes below the 2008 summer highs means that supply no longer is falling faster than demand. Here are the technical:

Corn Continuation Chart (composite weekly)



Soybean Continuation Chart (composite weekly)



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) 333-7300.



Commodity Week

Panelists:

- Bill Mayer, Strategic Farm Marketing, Champaign, Illinois
- Bill Gentry, Risk Management Commodities, Lafayette, Indiana
- Jacquie Voeks, Stewart Peterson Group, Champaign, Illinois

Guest:

- Bill Lapp, Advanced Economic Solutions, Omaha, Nebraska,
<http://www.advancedeconomicsolutions.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/cw120921.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/cw120921dial.mp3>

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Weekly Continuation Chart

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Dec Wheat	926 1/2	860 3/4	897 1/4	down 27
Jul 13 Wheat			871 1/2	down 21 1/4
Dec Corn	781	739	748 1/4	down 33 3/4
Dec 13 Corn			639 1/2	down 21 1/4
Nov Soybeans	1736 1/4	1607 1/2	1621 3/4	down 117 1/4
Nov 13 Soybeans			1354	down 43 3/4
Oct Live Cattle	12730	12550	12552 1/2	down 152 1/2
Oct Lean Hogs	7590	7325	7580	up 177 1/2
Dec Oats			376	down 20 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.