

May 10, 2013

**WE WILL BE UPDATING AND
ADDING MATERIAL
THROUGHOUT THE DAY ON MAY
10 TO THIS LETTER BEGINNING
AT 11:00 AM CST. PLEASE CHECK
BACK OFTEN FOR THE LATEST
INFORMATION!**

This morning (Friday, May 10) USDA released its May 2013 WASDE report and its May Crop Production report for wheat. In addition to updating 2012-13 demand estimates the WASDE report gives the first 2013-14 ending stocks and world production estimates. Don't forget we will have on air coverage of the report at 12:20 p.m. Central Time with Mike Zuzolo of Global Commodity Analytics. We'll post that audio to this letter shortly after air. Here are some of the key numbers of the May Crop Production report:

FOLLOW OUR AG TEAM ON TWITTER

**Dave's TWEETS are
at @DavidADickey**

**Todd's TWEETS are
at @commodityweek**

USDA May 2013 Wheat Production for 2013 in billions of bushels - released May 10, 2013

Crop	USDA May 2013 Estimate	Average Guess	Range	2012 Output
All Wheat	2.057	2.059	1.832 - 2.165	2.269
All Winter Wheat	1.486	1.477	1.359 - 1.555	1.645
Hard Red Winter Wheat	0.768	0.765	0.676 - 0.834	1.004
Soft Red Winter Wheat	0.500	0.496	0.473 - 0.524	0.420
White Winter Wheat	0.216	0.217	0.204 - 0.226	0.222

From the USDA May 2013 Crop Production Report:

Winter wheat production is forecast at 1.49 billion bushels, down 10 percent from 2012. Area harvested for grain is forecast at 32.7 million acres, down 6 percent from last year. As of May 1, the United States yield is forecast at 45.4 bushels per acre, down 1.8 bushels from the previous year. Hard Red Winter production, at 768 million bushels, is down 23 percent from a year ago. Soft Red Winter, at 501 million bushels, is up 19 percent from 2012. White Winter, at 217 million bushels, is down 2 percent from a year ago. Of the White Winter production, 11.4 million bushels are Hard White and 205 million bushels are Soft White.

To see the full May 2013 USDA Crop Production Report go to:

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1046>

Here are some of the key numbers from the May 2013 WASDE Report:

<i>USDA May 2013 U-S Ending Stocks in billions of bushels - released May 10, 2013</i>				
Crop	USDA May 2012-13 Estimate	Average Guess	Range	USDA April 2012-13 Estimate
Corn	0.759	0.754	0.684 - 0.802	0.757
Soybeans	0.125	0.124	0.107 - 0.130	0.125
Wheat	0.731	0.731	0.681 - 0.747	0.731

<i>USDA May 2013 U-S Ending Stocks in billions of bushels - released May 10, 2013</i>			
Crop	USDA May 2013-14 Estimate	Average Guess	Range
Corn	2.004	1.973	1.387 - 2.427
Soybeans	0.265	0.239	0.147 - 0.347
Wheat	0.670	0.627	0.486 - 0.726

From the May 2013 WASDE Report:

CORN: U.S. feed grain supplies for 2013/14 are projected at a record 400.5 million tons, up 25 percent from 2012/13 with higher area and yields expected for corn, sorghum, and oats. Corn production for 2013/14 is projected at 14.1 billion bushels, up 3.4 billion from 2012/13 when extreme drought and heat reduced yields to their lowest levels since 1995/96. The 2013/14 corn yield is projected at 158.0 bushels per acre, 5.6 bushels below the weather adjusted trend presented at USDA's Agricultural Outlook Forum in February:

http://www.usda.gov/oce/forum/presentations/Westcott_Jewison.pdf

The slow start to this year's planting and the likelihood that progress by mid-May will remain well behind the 10-year average reduce prospects for yields. Corn supplies for 2013/14 are projected at a record 14.9 billion bushels, up 3.0 billion from 2012/13.

U.S. corn use for 2013/14 is projected up 16 percent from 2012/13 on higher feed and residual disappearance, increased use for ethanol, sweeteners, and starch, and a partial recovery in exports. Feed and residual use for 2013/14 is projected up 925 million bushels reflecting a sharp rebound in residual disappearance with the record crop and an increase in feeding with lower corn prices. Projected corn use for ethanol is increased 250 million bushels from this month's higher projection for 2012/13. Lower corn prices and high prices for Renewable Identification Numbers (RINS) support profitability for ethanol producers.

U.S. corn exports for 2013/14 are projected 550 million bushels higher than this month's lower projection for 2012/13. At the projected 1.3 billion bushels, 2013/14 exports are expected to rebound from their lowest level since 1970/71. An expected fourth straight year of record foreign corn production with large crops in South America and the FSU-12 will provide substantial competition for the United States. U.S. corn ending stocks are projected at 2.0 billion bushels, up 1.2 billion from 2012/13. The season-average farm price at \$4.30 to \$5.10 per bushel is down sharply from the record \$6.70 to \$7.10 for 2012/13.

SOYBEANS: U.S. oilseed production for 2013/14 is projected at 100.9 million tons, up 9 percent from 2012/13. Higher soybean production accounts for most of the increase. Sunflowerseed, peanut, and cottonseed production are each projected below last year's crops. Soybean production is projected at a record 3.390 billion bushels, up 375 million from the

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I L L I N O I S

drought-reduced 2012 crop on slightly higher harvested area and higher yields. Soybean yields are projected at a weather-adjusted trend level of 44.5 bushels per acre, up 4.9 bushels from 2012. Soybean supplies are projected at 3.530 billion bushels, up 10 percent from 2012/13. Additional soybean meal exports for 2012/13 are offset by reduced domestic consumption, leaving crush unchanged. Soybean exports and ending stocks for 2012/13 are also unchanged from last month.

The 2013/14 U.S. soybean crush is projected at 1.695 billion bushels, up 60 million from 2012/13 reflecting increased domestic soybean meal consumption and exports. Despite increased competition from South America, U.S. soybean meal exports are forecast higher on sharply lower prices. Soybean exports are projected at 1.450 billion bushels, up 100 million from 2012/13 on increased supplies and competitive prices. Ending

stocks are projected at 265 million bushels, up 140 million from 2012/13. The U.S. season-average soybean price for 2013/14 is forecast at \$9.50 to \$11.50 per bushel compared with \$14.30 per bushel in 2012/13. Soybean meal and oil prices are forecast at \$280-\$320 per short ton and 47-51 cents per pound, respectively.

WHEAT: U.S. wheat supplies for 2013/14 are projected at 2,917 million bushels, down 7 percent from 2012/13. Wheat production is projected at 2,057 million bushels, down 9 percent from last year with reduced prospects for Hard Red Winter wheat. The all wheat yield, projected at 44.1 bushels per acre, is down 2.2 bushels from the record levels of 2012/13 and 2010/11. The survey-based forecast for winter wheat production is down 10 percent with the lowest harvested-to-planted ratio since 2006/07 and lower yields as persistent drought and April freezes reduce crop prospects in the southern and central Plains. Partly offsetting is higher forecast Soft Red Winter wheat production with higher area. Spring wheat production for 2013/14 is projected to decline 8 percent as reduced durum area and a return to trend yields reduce prospects for durum and other spring wheat.

Total U.S. wheat use for 2013/14 is projected down 7 percent year-to-year with lower domestic use and exports. Feed and residual disappearance is projected 70 million bushels lower as larger supplies and lower prices for feed grains in 2013/14 limit wheat feeding by late summer. Partly offsetting is a 13-million-bushel increase in domestic food use as flour extraction rates fall from a very high level in 2012/13 and consumption grows with population. Exports for 2013/14 are projected at 925 million bushels, down 100 million from the 2012/13 projection. Large crops for major export competitors limit opportunities for U.S. wheat. U.S. ending stocks are projected to decline for a fourth consecutive year. At 670 million bushels, ending stocks would be down 61 million bushels from the 2012/13 projection. The all wheat season-average farm price is projected at \$6.15 to \$7.45 per bushel, down from the record \$7.80 projected for 2012/13 as world prices for wheat and coarse grains are expected to decline sharply by fall.

USDA May 2013 Argentina and Brazil Corn/Soybean production in millions of metric tons - released May 10, 2013

-	USDA May Estimate	Average Guess	Range	USDA April Estimate	2011/12 Output
Argentina	-	-	-	-	-
Corn	26.50	25.4	25.0 - 26.0	26.5	21.0
Soybeans	51.00	50.9	48.5 - 53.0	51.5	40.1
-	-	-	-	-	-
Brazil	-	-	-	-	-
Corn	76.00	75.2	73.5 - 77.5	74.0	73.0
Soybeans	83.50	82.8	82.0 - 83.5	83.5	66.5

USDA May 2013 World Ending Stocks in millions of metric tons - released May 10, 2013

Crop	USDA May 2013-14 Estimate	Average Guess	Range
Corn	154.6	156.3	135.4 - 165.6
Soybeans	75.0	70.5	65.0 - 83.0
Wheat	186.4	186.4	178.1 - 195.8

**USDA May 2013 World Ending Stocks in millions of metric tons -
released May 10, 2013**

Crop	USDA May 2012-13 Estimate	Average Guess	Range	USDA April 2012-13 Estimate
Corn	125.4	125.8	123.8 - 132.1	125.29
Soybeans	62.5	62.3	61.1 - 63.0	62.63
Wheat	180.2	181.5	178.3 - 183.2	182.26

**USDA May 2013 WASDE in millions of metric tons -
released May 10, 2013**

Crop	USDA May 2013-14 Estimate	USDA May 2012-13 Estimate	USDA April 2012-13 Estimate
Argentina Wheat	13.00	11.00	11.00
Australia Wheat	24.50	22.08	22.00
China Wheat	121.00	120.60	126.60
India Wheat	92.00	94.88	94.88
FSU-12 Wheat	107.09	77.21	77.21
EU-27 Wheat	138.77	132.06	132.01
Argentina Corn	27.00	26.50	26.50
Brazil Corn	72.00	76.00	74.00
China Corn	212.00	208.00	208.00
South Africa Corn	13.00	12.20	12.50
Argentina Soybeans	54.50	51.00	51.60
Brazil Soybeans	85.00	83.50	83.50

From the May
2013 WASDE
Report:

CORN: Global coarse grain supplies for 2013/14 are projected at a record 1,407.6 million tons, up 113.8 million from 2012/13. Global corn production for 2013/14 is projected at a record 965.9 million tons. Foreign corn production is up 23.5 million tons. The largest increases are projected for the FSU-12, EU-27, and China, but large crops are again expected in 2013/14 for Brazil and Argentina. Global corn trade is projected higher with

increased imports for China more than offsetting a reduction for EU-27. Spurred by lower prices, smaller year-to-year import increases are projected for a number of countries. Exports are lowered for Brazil, India, and Argentina, but raised for Ukraine and EU-27. World corn consumption is projected at a record 936.7 million tons, up 72.8 million from 2012/13 with foreign consumption up 41.5 million. Global corn ending stocks for 2013/14

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are projected up 29.2 million tons on the year. At 154.6 million tons, stocks would be a 13-year high.

SOYBEANS: Global oilseed production for 2013/14 is projected at a record 491.3 million tons, up 4.7 percent from 2012/13 mainly due to increased soybean production. Global soybean production is projected at 285.5 million tons, up 6 percent. The Argentina soybean crop is projected at 54.5 million tons, up 3.5 million from 2012/13 on record planted area and higher yields. The Brazil soybean crop is projected at a record 85 million tons as higher harvested area more than offsets lower yields. China soybean production is projected at 12 million tons, down 0.6 million from 2012/13 as producers continue to shift area to more profitable crops. If realized, harvested area at 6.6 million hectares would be down 28 percent in the past 4 years. Global production of high-oil content seeds (rapeseed and sunflowerseed) is projected up 6.1 percent from 2012/13 on increased rapeseed production in Canada, India, EU-27, and Ukraine, and increased sunflowerseed production in Argentina, EU-27, Russia, Ukraine, and Turkey. Oilseed supplies are up 5.1 percent from 2012/13. With crush projected to increase 3.4 percent, global oilseed ending stocks are projected at 82.6 million tons, up 12.3 million.

WHEAT: Global 2013/14 wheat supplies are projected 3 percent higher than in 2012/13 with a 51.2-million-ton increase in foreign production more than offsetting a 19.3-million-ton reduction in global beginning stocks and lower forecast production in the United States. At the projected 701.1 million tons, global production would be a record and up 45.5 million from 2012/13. Production for 2013/14 is projected higher in all of the world's major exporting countries with the largest increases expected in the FSU-12 and EU-27, up 29.9 million tons and 6.7 million tons, respectively. Production is projected higher for Australia, Argentina, and Canada, up a collective 6.2 million tons from the current year. Also affecting global trade prospects in 2013/14 are year-to-year production increases for major importers, the Middle East and North Africa, where weather has been favorable for winter crops since seeding last fall.

Global wheat exports for 2013/14 are projected higher than in 2012/13 with increases expected for FSU-12, Argentina, and India more than offsetting reductions for EU-27 and Australia. Global wheat consumption is projected 20.0 million tons higher with increases in both feeding and food use. Wheat feed and residual use is raised for FSU-12 and EU-27 with larger production. The largest increase in food use is for in India, but lower prices support small increases for many countries. Global ending stocks for 2013/14 are projected at 186.4 million tons, up 6.2 million on the year.

To see the full May 2013 WASDE report go to:

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

This afternoon Dave spoke with Mike Zuzolo of Global Commodity Analytics about today's reports. **THIS LINK IS NOW LIVE!**

Mike passed along that there is a mistake on Ending Stocks vs. last year in his comments: he was looking at the Foreign Column instead of World Coarse Grains go up 31.8 mmt or nearly 21%...

He passes on apologies for any confusion...

Broadband MP3:

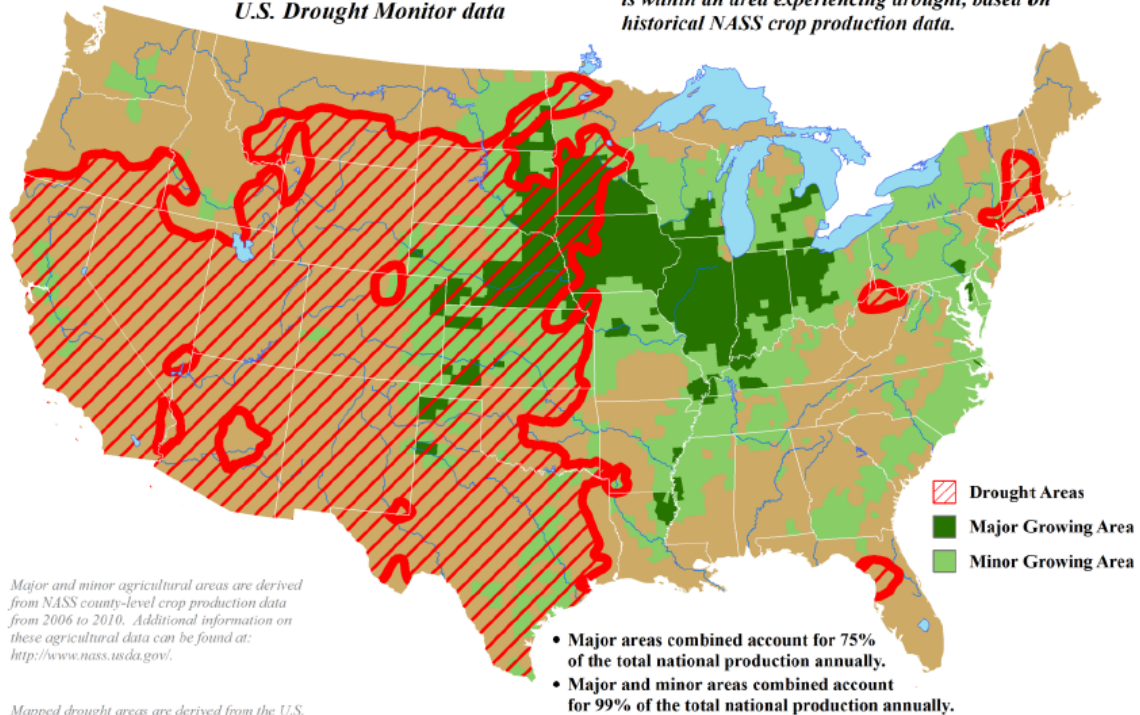
<http://audio01.will.illinois.edu/ag-zuzolo130510.mp3>

Here are some of the key slides from the USDA Secretary lock-up briefing this morning (May 10) in Washington, D.C.:

U.S. Corn Areas Experiencing Drought

*Reflects May 7, 2013
U.S. Drought Monitor data*

*Approximately 35% of the corn grown in the U.S.
is within an area experiencing drought, based on
historical NASS crop production data.*



Major and minor agricultural areas are derived from NASS county-level crop production data from 2006 to 2010. Additional information on these agricultural data can be found at: <http://www.nass.usda.gov/>.

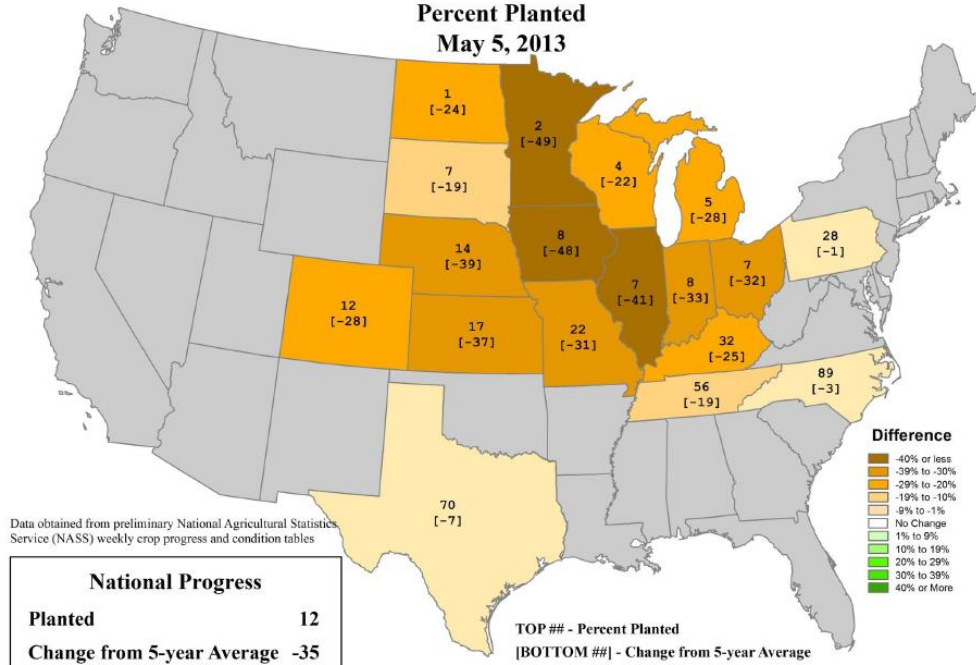
Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: <http://droughtmonitor.unl.edu/>.

USDA Agricultural Weather Assessments
World Agricultural Outlook Board

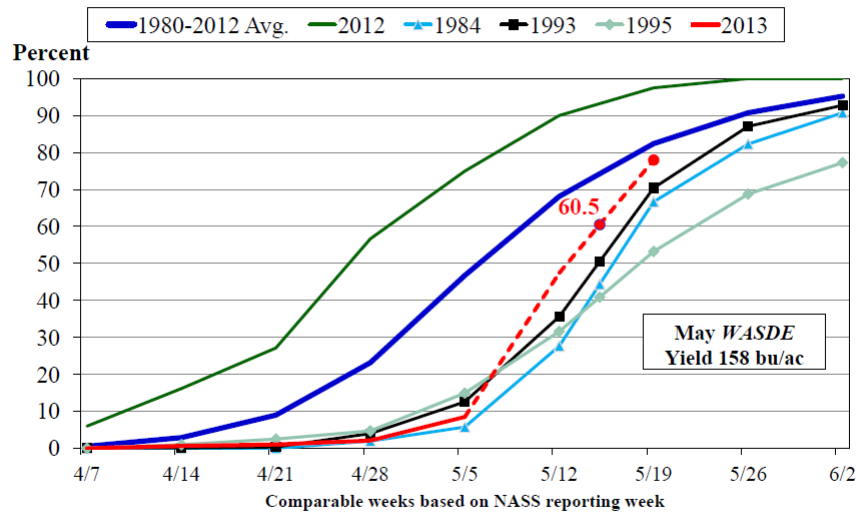
May 10, 2013

U.S. Corn Progress

Percent Planted
May 5, 2013

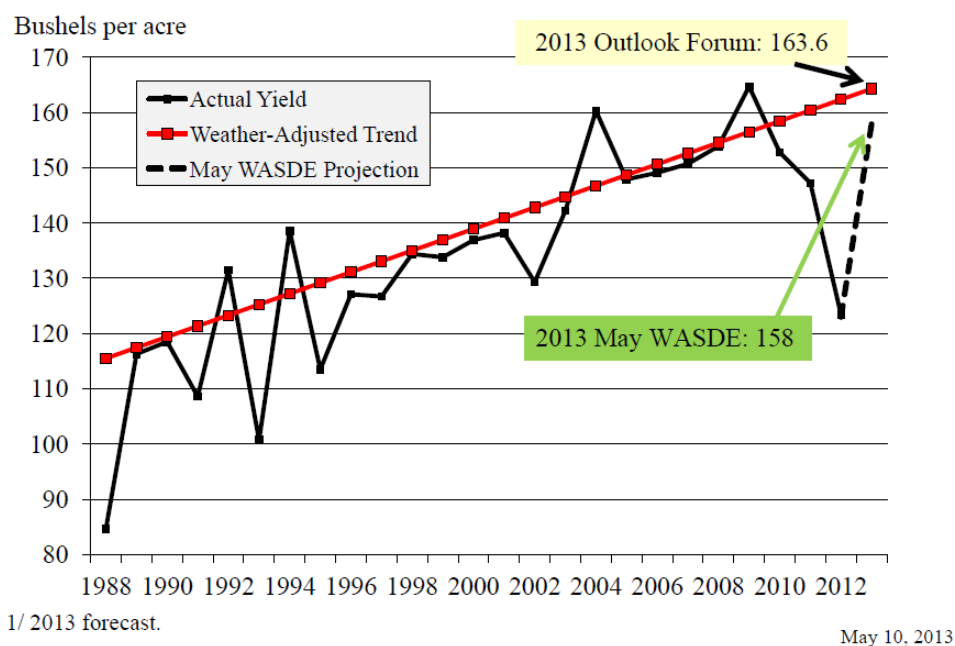


Corn Planting Progress

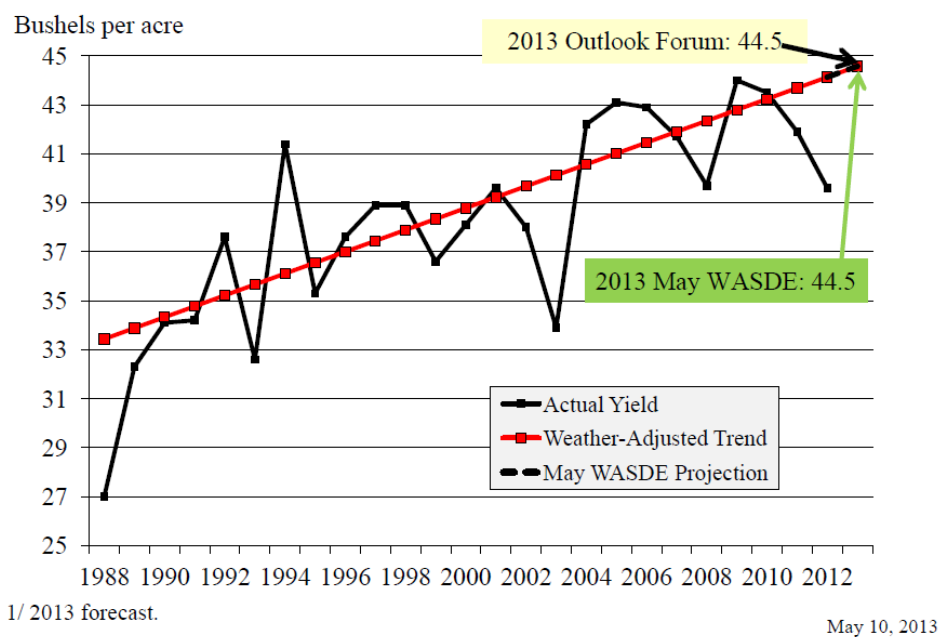


May 10, 2013

Corn Weather-Adjusted Trend Yield vs. Actual



Soybeans Weather-Adjusted Trend Yield vs. Actual





USDA reports this week's corn export sales at 11.3 million bushels (4.6 this year, 6.7 next year). Trade guesses were for 15.7 to 31.5 million bushels. On the year, total commitments for corn are 664.0 million bushels vs. 1477.4 million bushels a year ago at this time.

Weekly Corn – as of May 2, 2013

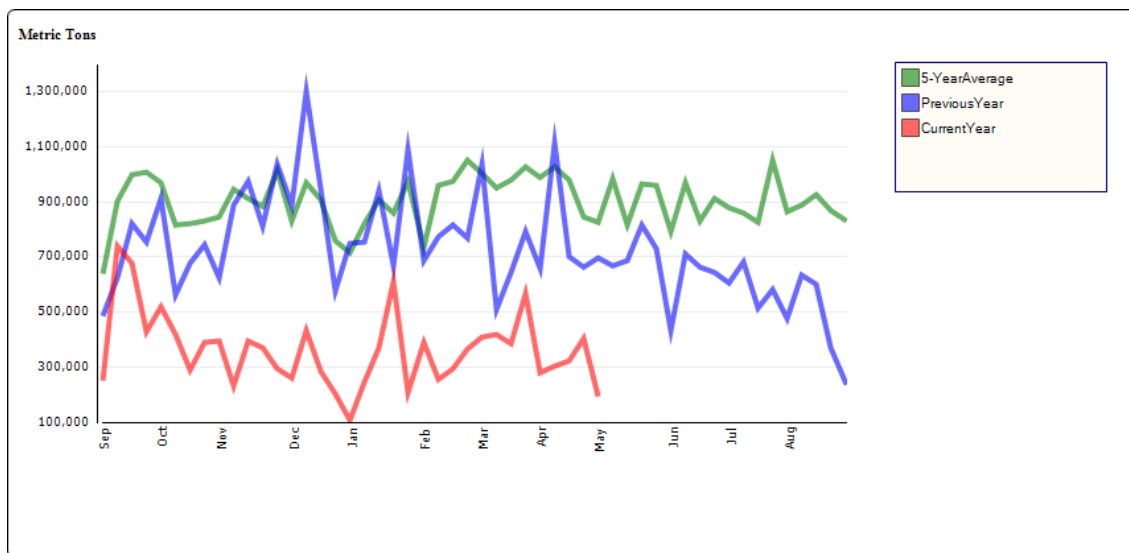


Chart Courtesy of USDA Foreign Ag Service

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 21.5 million bushels (7.1 this year, 14.4 next year). The trade was anticipating sales of 14.7 to 33.1 million bushels. On the year, total commitments for soybeans are 1340.5 million bushels vs. 1267.0 million bushels a year ago at this time.

Weekly Soybeans – as of May 5, 2013

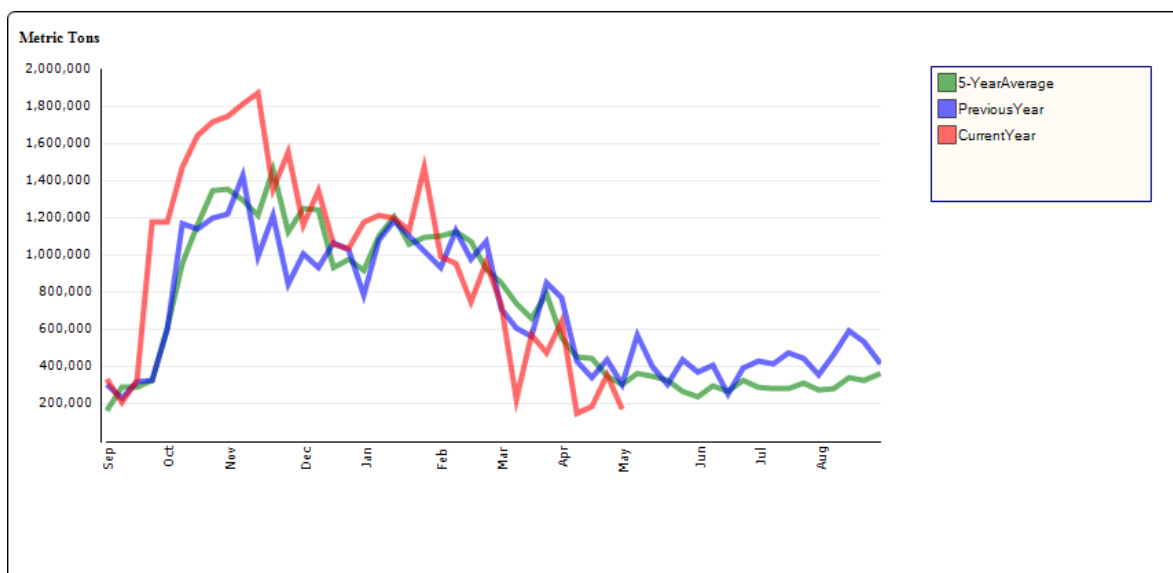


Chart Courtesy of USDA Foreign Ag Service



USDA reports this week's wheat export sales at 17.1 million bushels (8.8 this year, 8.3 next year). The trade was anticipating wheat sales between 14.7 million bushels and 22.0 million bushels. On the marketing year wheat sales have totaled 983.5 million bushels compared with 1010.6 million bushels a year ago at this time.

Weekly Wheat – as of May 5, 2013

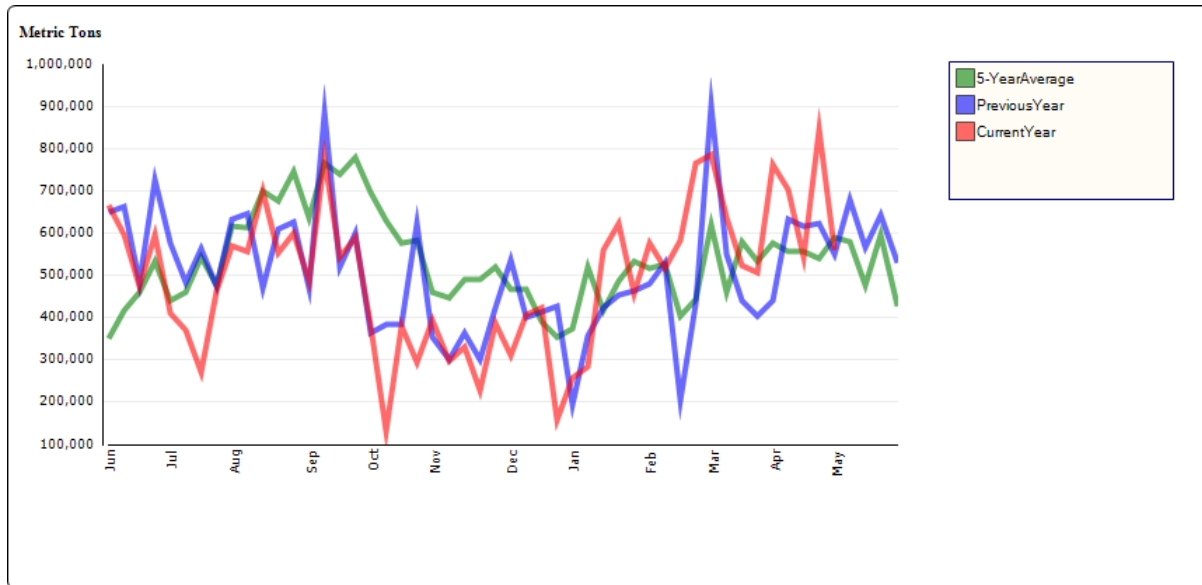


Chart Courtesy of USDA Foreign Ag Service

WEATHER

Here is the latest from Drew Lerner of World Weather Inc. in Kansas City:

Today's forecast continues to suggest generally improving weather for the weekend with today's rain in the east coming to an end. A strong cold front passing through the region tonight and Saturday will be accompanied by a few insignificant showers. The precipitation will last only a few minutes and will be out of the region and net drying will resume.

Flooding in the Red River Basin of the North will continue to recede over the next week with some slowly improving field working opportunities across the region.

Temperatures will turn threateningly cold across the Midwest Sunday and Monday. Frost is expected all the way south into Missouri and the Ohio River Valley while freezes are common in the north. Extreme lows of middle and upper 20s are expected from the eastern Dakotas into Michigan while extremes further south will be in the 30s. Freezes may occur southward to southern Iowa, northwestern Illinois, northeastern Indiana and northwestern Ohio. Any freezes that occur further south will be isolated and readings will be no cooler than 31 or 32 degrees.

Warming will occur dramatically early next week. High temperatures Sunday will be in the 50s and 60s. Saturday will be similar with some warmer readings in the southeast. In contrast, high temperatures later next week will be in the 70s and 80s followed by lows in the 40s and 50s.

The only significant rain expected next week will occur during the late Wednesday into Friday morning period. Rainfall in the western Corn Belt will not be significant except in Missouri and possibly southeastern Iowa. Most of the significant rain will fall from Missouri to Ohio and southern Michigan Thursday of next week and amounts of 0.25 to 0.75 inch will result with a couple of pockets of nearly 1.00 inch.

The second week of the forecast will trend wetter again. The period May 19-23 will generate widespread rain in the Midwest slowing fieldwork once again. Rain totals of 0.75 to 2.00 inches will be possible with some cooling likely, as well.



Panelists:

- Brian Stark, The Andersons, Champaign, Illinois
- Mike Zuzolo, Global Commodity Analytics, Lafayette, Indiana
- Dan Zwicker, CGB Enterprises, Mandeville, Louisiana

Guest:

- Drew Lerner, World Weather Inc., Kansas City, MO

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. Friday evenings and catch the show on our website:

Broadband MP3:

<http://audio01.will.illinois.edu/cw130510.mp3>

Dial Up MP3:

<http://audio01.will.illinois.edu/cw130510dial.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.