



June 8, 2012

Dear Subscriber:

We begin our coverage today with the trade estimates for next Tuesday's crop production and WASDE reports:

USDA June 2012 Crop Production Report in billions of bushels (released June 12, 2012)				
Crop	USDA June Estimate	Average Guess	Range	USDA May Estimate
All Wheat	-	2.222	2.112 - 2.310	2.245
All Winter Wheat	-	1.650	1.595 - 1.689	1.694
Hard Red Winter Wheat	-	0.996	0.957 - 1.027	1.032
Soft Red Winter Wheat	-	0.422	0.400 - 0.450	0.428
White Winter Wheat	-	0.231	0.219 - 0.236	0.233

USDA June 2012 U-S Ending Stocks Estimates for 2011-12 in billions of bushels (released June 12, 2012)				
Crop	USDA June Estimate	Average Guess	Range	USDA May Estimate
Corn	-	0.826	0.688 - 0.901	0.851
Soybeans	-	0.197	0.170 - 0.218	0.210
Wheat	-	0.757	0.727 - 0.775	0.768

USDA June 2012 U-S Ending Stocks Estimates for 2012-13 in billions of bushels (released June 12, 2012)

Crop	USDA June Estimate	Average Guess	Range	USDA May Estimate
Corn	-	1.740	1.223 - 1.950	1.881
Soybeans	-	0.147	0.112 - 0.211	0.145
Wheat	-	0.728	0.653 - 0.772	0.735

USDA June 2012 South American Production in millions of metric tons (released June 12, 2012)

-	USDA June Estimate	Average Guess	Range	USDA May Estimate
Argentina:	-	-	-	-
Corn	-	20.4	20.0 - 21.0	23.8
Soybeans	-	40.7	39.5 - 41.5	42.5
Brazil:	-	-	-	-
Corn	-	67.6	66.0 - 69.0	67.0
Soybeans	-	65.6	64.5 - 66.4	65.0

Remember that Tuesday's release of Crop Production WASDE report will occur while BOTH the electronic trade and pit trade are open. Looking at the estimates it appears that the trade is not expecting a lot of adjustments on ending stocks on the June report – however the RANGE of trade estimates is very wide – and with the report release occurring for the first time during open trading our analysts say to expect volatile almost “knee jerk” movement on the report release – especially if NASS/WASDE gives the trade a surprise.

Meanwhile the rally this week has been about weather, some indications from Federal Chairman Ben Bernanke that QE3 is still on the table, and China efforts to stimulate GDP. Sunday evening's ten day outlook will be very important to whether there will be follow through on this week's rally in corn and soybean futures. Here is what Drew Lerner had to say on Friday morning:

"The outlook has not changed

greatly since Thursday and if the forecast verifies parts of the lower Midwest will see significant crop stress during the second week of the two-week outlook. No significant rain is expected outside of the northwestern Corn Belt through Saturday and by this weekend topsoil moisture should be

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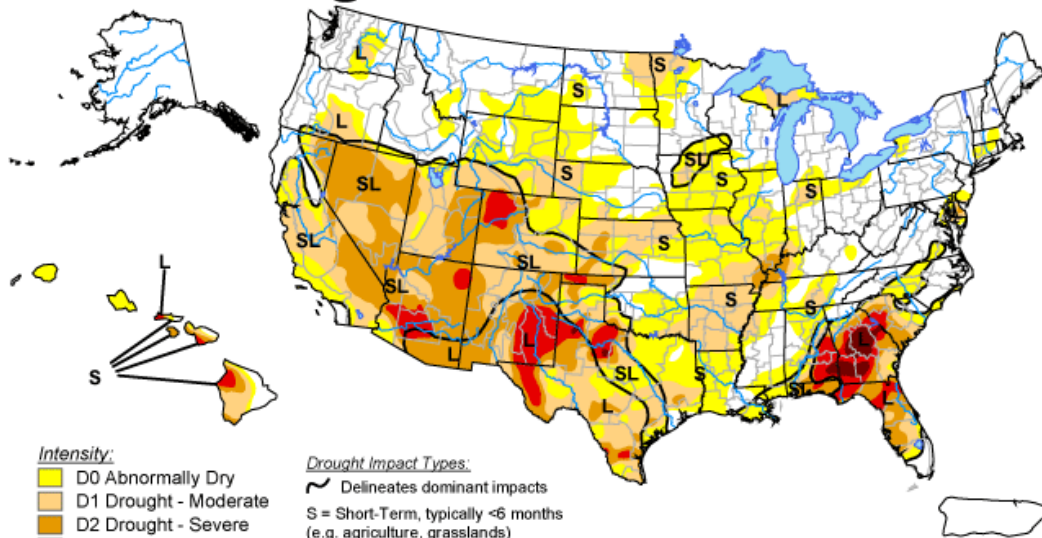
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marginal to short in most areas from eastern Kansas and southeastern Nebraska through southern Illinois, much of Indiana, and western Kentucky. Some crops could be stressed in this region, especially in the lower Ohio River Basin, but enough subsoil moisture should be in place to prevent critical dryness from evolving right away. Most areas to the north of this region should continue to have favorable soil moisture with the exception of parts of eastern North Dakota into northwestern Minnesota where soil moisture remains low.

Rain Sunday into Wednesday will be critical in preventing excessive dryness and serious crop stress from evolving in the lower Midwest next week. Temporary relief from dryness should occur, but subsoil moisture will remain low and if rain does not return soon serious crop stress could evolve in some areas. Timely showers are expected June 14-22, but many areas will not receive significant rain and some significant stress could evolve. Drying rates and stress to crops could increase as temperatures warm beyond June 15. Crop stress may not reach critical levels in the next two weeks, but if rain does not increase in late June permanent production cuts will be possible."

U.S. Drought Monitor

June 5, 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 7, 2012
Author: David Miskus, NOAA/NWS/NCEP/CPC

WEEKLY OUTLOOK

University of Illinois Agricultural Economist Darrel Good says soybean futures have been a rollercoaster of volatility. Darrel writes:

"Prices will continue to be influenced by a wide range of factors, but over the next three months prospects for the 2012 U.S. crop will be one of the more important factors. The USDA's March 30 *Prospective Plantings* report revealed producer intentions to plant 1.074 million fewer acres this year than planted last year. The USDA will release an estimate of planted and harvested acreage on June 29. The strong soybean price rally into planting time suggests that acreage may exceed intentions. Unless there is a large difference from intentions, the production focus will be primarily on yield prospects....We have defined late planting as the percentage of the crop planted after May 30 in the major soybean producing states included in the USDA's *Crop Progress* report. Based on that definition and weekly planting progress reported by the USDA, we estimate an average of 34 percent of the crop was planted late in the 26 year period from 1986 through 2011. The smallest percentage was 13.6 percent in 2000. Some of the late planting each year reflects soybeans planted following winter wheat harvest. Only 11 percent of the crop was reported as not yet planted as of May 27 this year, so a new record low percentage of the crop was planted late this year. With an early harvest of the soft red winter wheat crop, even most double-cropped soybeans will be planted in a timely fashion. Timeliness of planting is not the most important factor in determining yields, but an early planted crop suggests a higher yield potential than if an average percentage of the crop had been planted late."

To read Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/060412.html>



USDA reports this week's corn export sales at 15.7 million bushels (9.9 this year, 5.8 next year). Trade guesses were for 15.7 to 31.5 million bushels. On the year, total commitments for corn are 1514.2 million bushels vs. 1724.4 million bushels a year ago at this time.

Weekly Corn – as of May 31, 2012

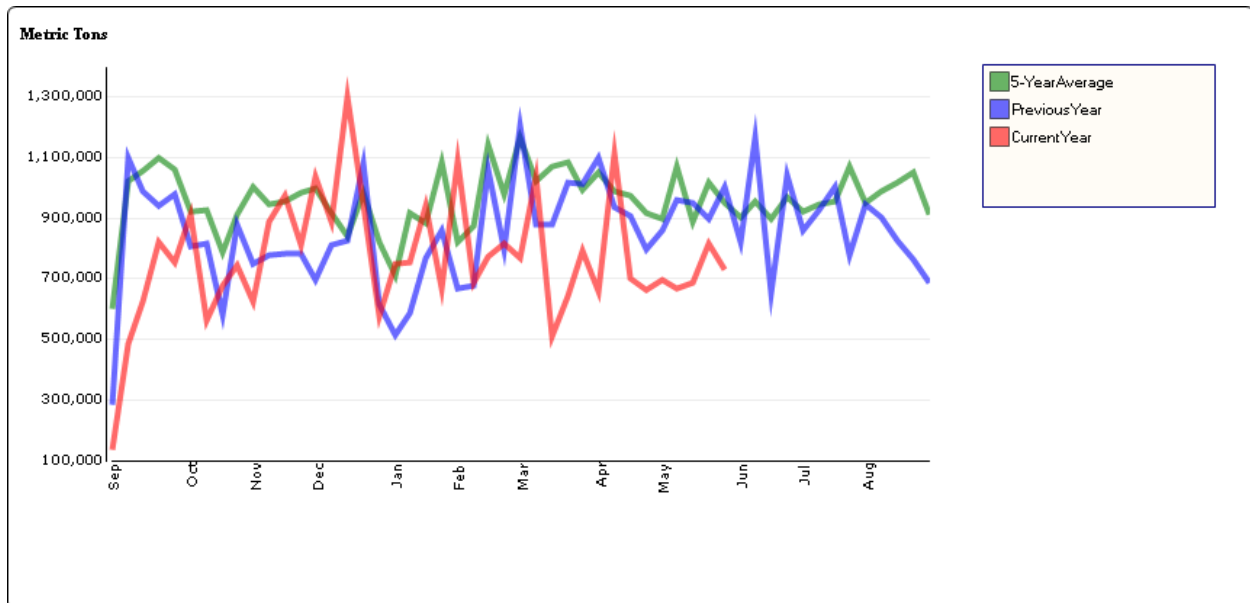


Chart Courtesy of USDA Foreign Ag Service

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)

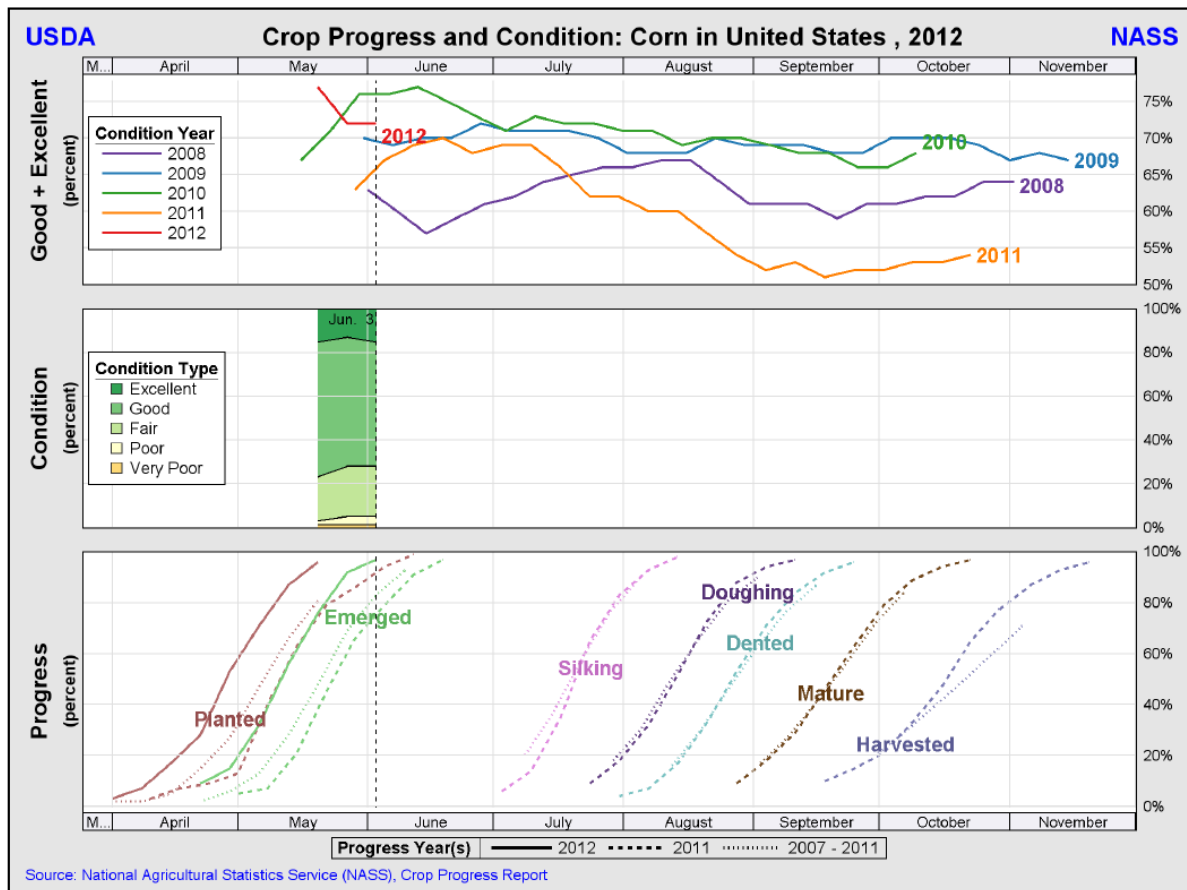
In Friday afternoon's commitments of traders report for the week ending June 5 non-commercials decreased its net long position. Non-commercials

were long 268,436 contracts, an increase of 6,643 contracts, and were short 174,870 contracts, an increase of 19,728 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending June 5. Non-commercials were long 260,071 combined future and option contracts, a decrease of 4,056 combined future and option contracts and short 170,055 contracts, an increase of 18,559 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 5 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	480,980	82,585	1,497	9,070





USDA reports this week’s soybean export sales at 18.2 million bushels (8.1 this year, 10.1 next year). The trade was anticipating sales of 18.4 to 36.7 million bushels. On the year, total commitments for soybeans are 1336.0 million bushels vs. 1531.4 million bushels a year ago at this time.

Weekly Soybeans – as of May 31, 2012

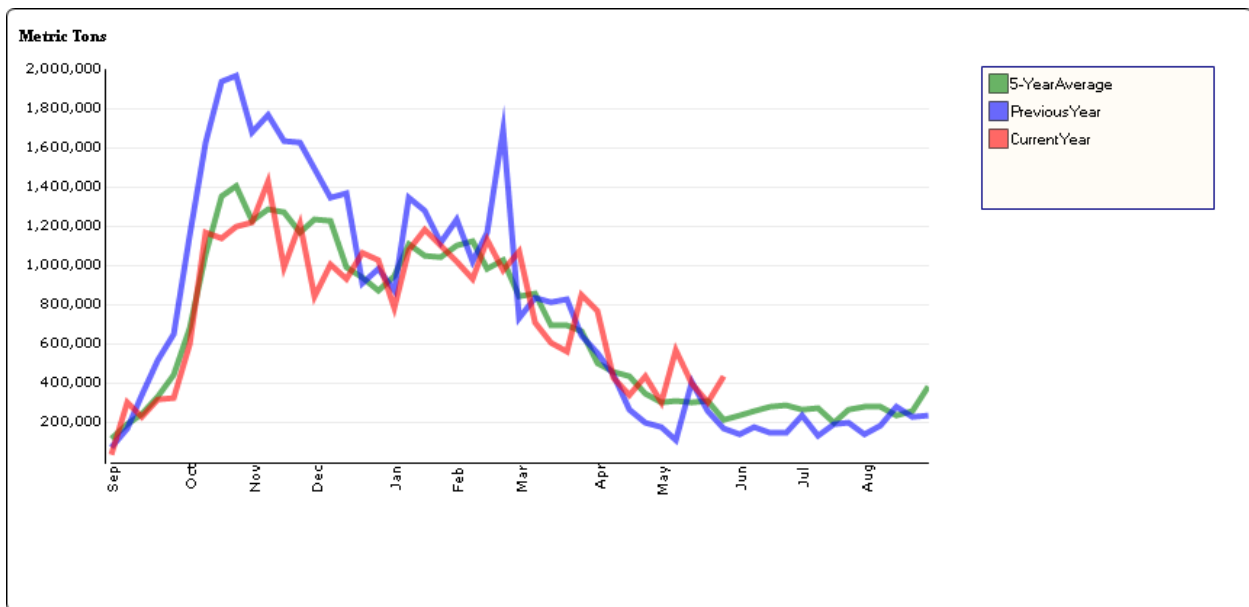


Chart Courtesy of USDA Foreign Ag Service

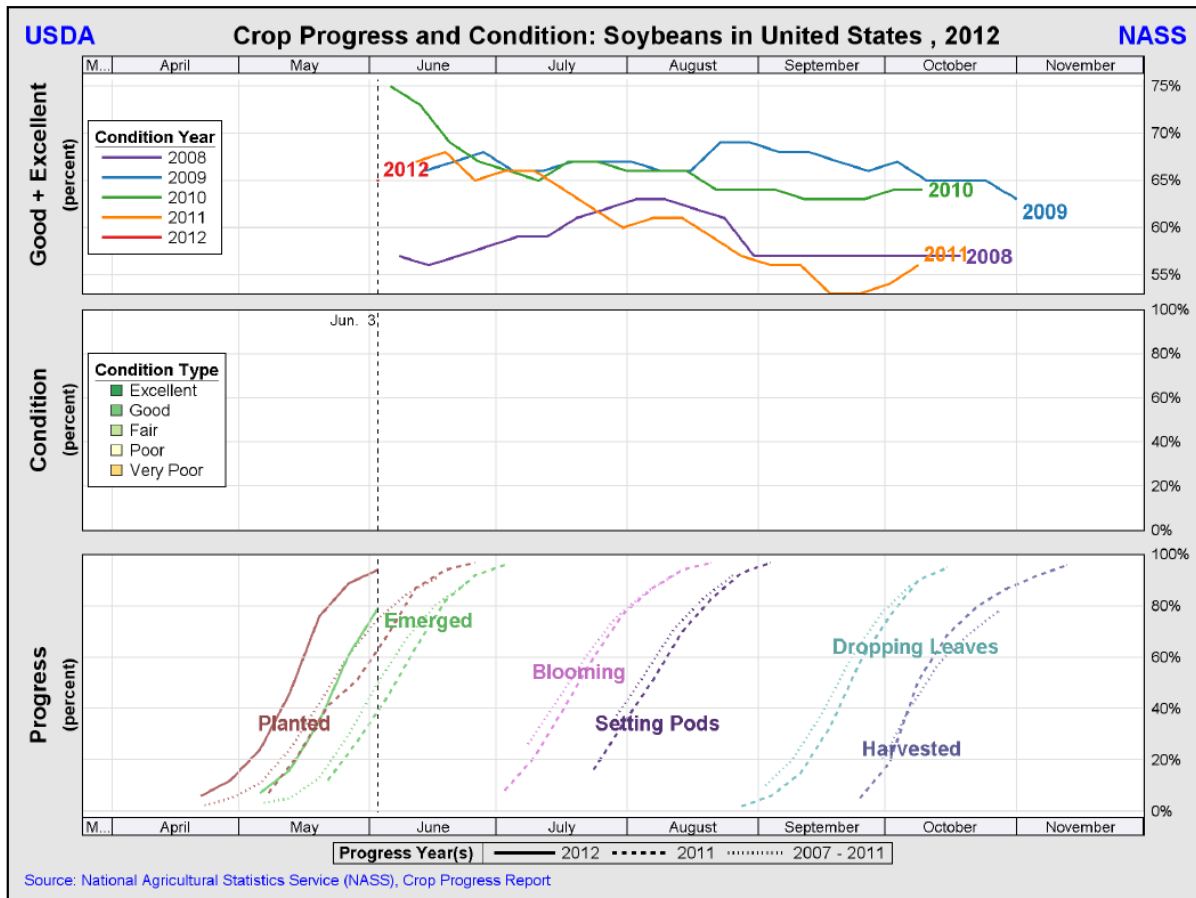
In Friday afternoon’s commitments of traders report for the week ending June 5, non-commercials decreased its net long position. Non-commercials were long 270,134 contracts, a decrease of 22,028 contracts and were short 56,438 contracts, an increase of 586 contracts from the previous reporting period.

Meanwhile in futures and options combined non-commercial traders decreased its net long position for the period ending June 5. Non-

commercials were long 230,019 combined future and option contracts, a decrease of 24,004 contracts and short 53,050 contracts, an increase of 3,404 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 5 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	212,266	61,106	1,287	1,609



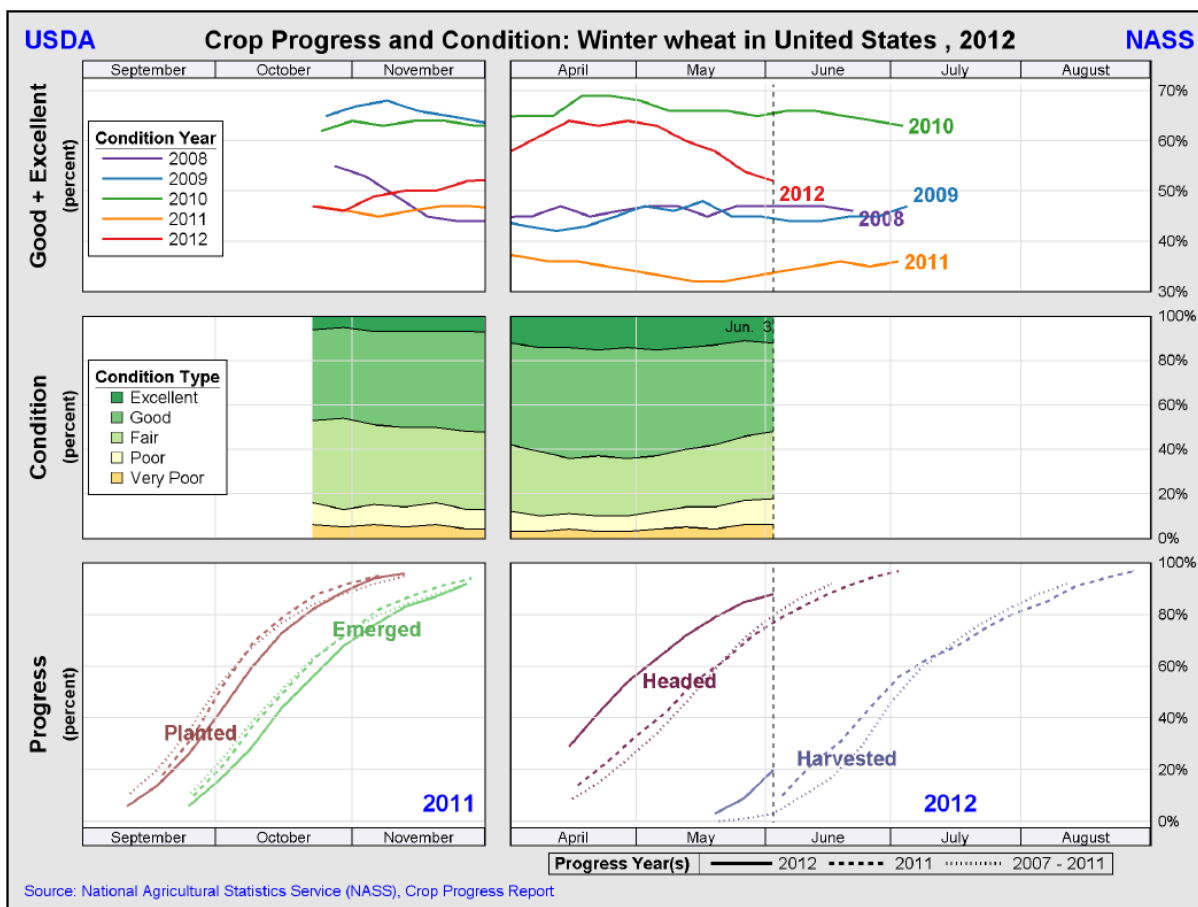


USDA reports this week’s wheat export sales at 6.1 million bushels (6.1 this year, 0.0 next year). The trade was anticipating wheat sales between 11.0 million bushels and 18.4 million bushels. On the marketing year wheat sales have totaled 188.0 million bushels compared with 143.9 million bushels a year ago at this time.

In Friday afternoon’s commitment of traders report for the week ending June 5 non-commercials went from a net long to a net short position. Non-commercials were long 109,574 combined future and option contracts, an increase of 1,733 combined future and option contracts and short 117,947 contracts, an increase of 19,511 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 5 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	241,822	43,059	3,058	10,899

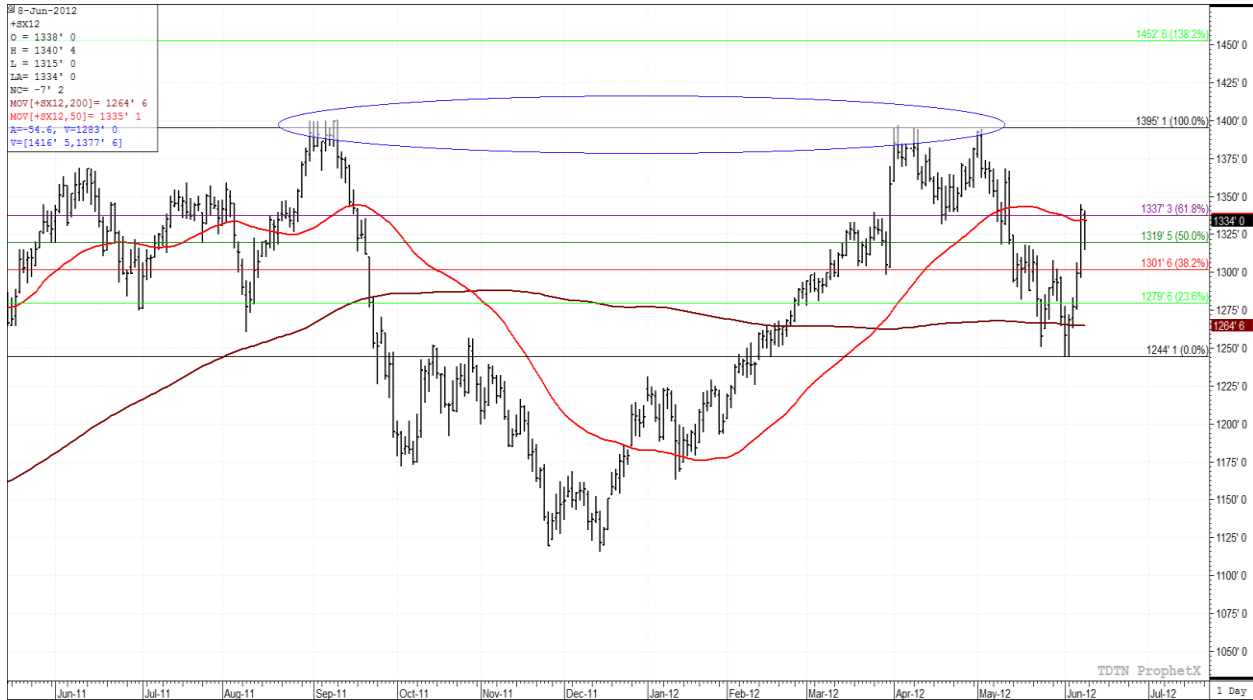


TECHNICALS

The technical this past week may suggest that we are moving toward a full blown summer weather market with a counter seasonal rally into the fall. Traders are in the process of recalculating corn and soybean prospects off USDA's lofty estimates in in May WASDE report. In addition or analysts suggest soybean export prospects are well understated by USDA as China and this past week in somewhat of a surprise Egypt continue to buy U-S old crop and new crop beans. Our analysts project new crop soybean prospects closer to 150 million bushels vs. the 210 million reported on the May WASDE.

November 2012 soybeans futures are butting up against two key resistance points – the 50 day moving average (the red line in the below chart) and the 61 percent Fibonacci retracement level (the 61 percent as well as the 38 percent retracements tend to be the points of greatest resistance for soybean futures). Clearance of these levels on a closing basis tees up a potentially quick upside move to test the triple top just under 14 dollars.

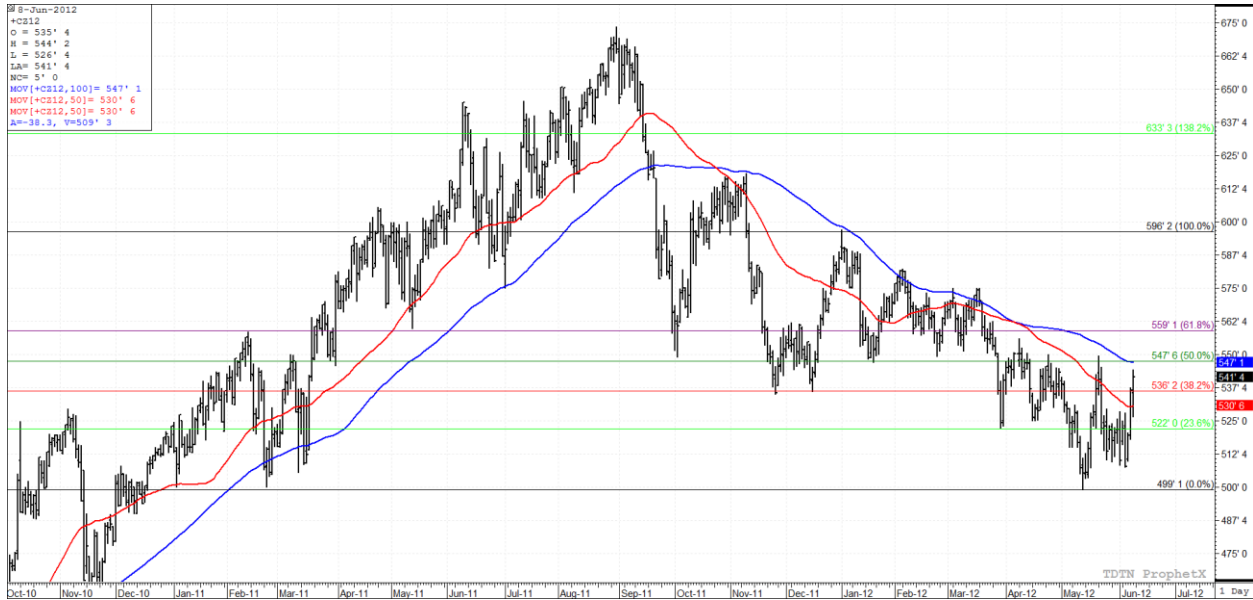
November 2012 Soybean Futures (Composite Daily)



Meanwhile both the December 2012 Corn Futures composite daily and weekly charts are suggestive of the infant stages of a summertime counter seasonal rally. The daily chart shows the May 11 low of 499 is likely the springtime low – with subsequent weeks failing to trade down to that level. This week the weekly chart shows futures clearing the 50 day moving average as well as the 50 percent Fibonacci retracement – typically a spot of stiff resistance for corn futures). Just above the market sits the 100 day moving average.

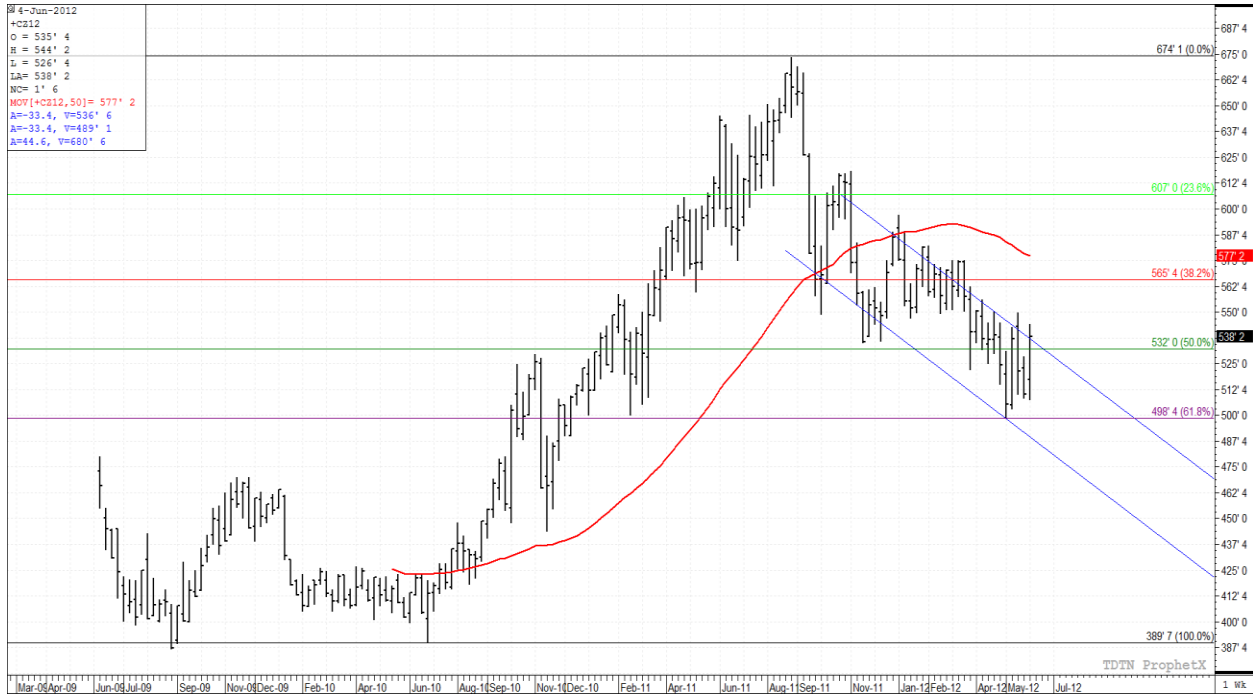
Our analysts have been very vocal this week about the possibility of corn rallying back to around six dollars – give or take a few cents.

December 2012 Corn Futures (Composite Daily)



The weekly chart is also bullish with corn futures recording this past week a key reversal higher (a lower low, a higher high, and a higher settlement).

December 2012 Corn Futures (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 us via snail mail at Campbell Hall for Public Telecommunications, 300 North Goodwin Avenue, Urbana, Illinois 61801, or phone at (217) 333-7400.



Panelists:

- Aaron Curtis, MIDCO, Bloomington, Illinois
- Dan Zwicker, CGB Enterprises, Manderville, Louisiana
- Wayne Nelson, L and M Commodities, New Market, Indiana

Guest:

- Jim Bower, Bower Trading, Lafayette, Indiana

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/cw120608.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/cw120608dial.mp3>

June 8, 2012



Weekly Continuation Chart

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Jul Wheat	644 3/4	611 3/4	630 1/4	up 18
Jul 13 Wheat			720 3/4	up 28 1/4
Jul Corn	605 1/2	557 3/4	598	up 46 1/2
Dec Corn			544	up 34
Jul Soybeans	1439	1331 1/2	1426 1/4	up 82
Nov Soybeans			1332 1/2	up 74 1/2
Jun Live Cattle	11990	11705	11987 1/2	up 217 1/2
Jun Lean Hogs	9370	9075	9302 1/2	up 230
Jul Oats			303 1/4	up 18 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.