

June 22, 2012

Dear Subscriber:

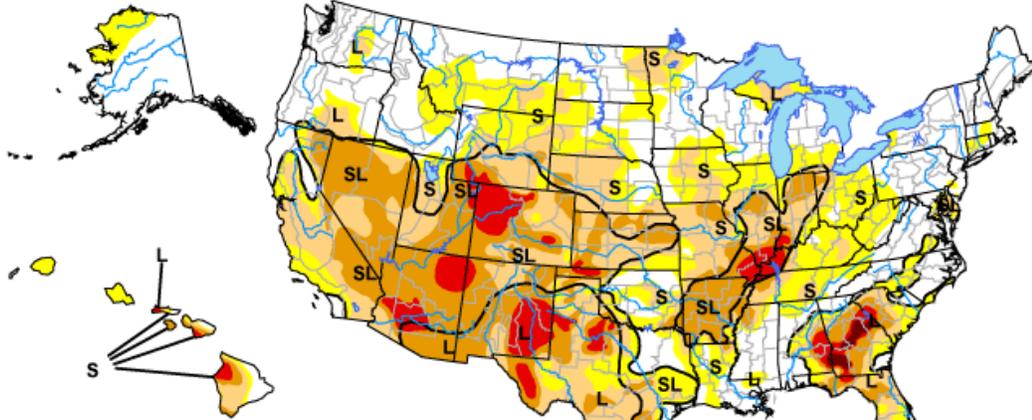
June is our most important month for raising the dollars we need in the bank to provide you agricultural programming next year. Friday I was in the studio opening an umbrella during the Opening Market Report because my mother was superstitious and believed if you did so it would rain. And don't we all need rain. The point I am trying to make is that our agricultural service is truly a partnership....you tell us what you need on the air and in our other venues like our telephone service, our websites (computer and smart phone), this letter, our outlook panels and All Day Ag Outlook Meeting, our podcasts and MP3 downloads – and we will try our best to service your needs. In return we ask you to consider the value of the service on your agricultural operation and become a partner of WILL Ag through an annual contribution. Without you it would be practically impossible to fund our programming. If you have already sent in a check for the agricultural programming that begins on July 1, Todd and I thank you – if you haven't there is still time to make a HUGE difference in our 2012-2013 agricultural offerings. Please call our pledge line this weekend – 217-244-9455 – or go on line to our secure pledge website at www.willpledge.org. Todd and I again humbly thank you.



OK on to the content....as everyone surely now knows we are in a full blown weather market and unfortunately Illinois and Indiana are two states at the heart of the issues. The latest drought map from the NWS as well as the rain chart from the Midwestern Regional Climate Center lays out the issue:

U.S. Drought Monitor

June 19, 2012
Valid 8 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 21, 2012

Author: Richard Heim/Liz Love-Brotak, NOAA/NESDIS/NCDC

U.S. Drought Monitor

June 19, 2012
Valid 7 a.m. EST

Midwest

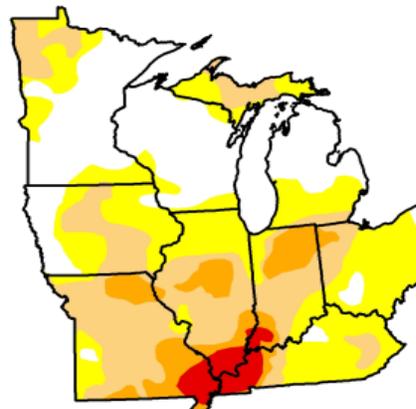
	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	28.94	71.06	37.84	11.96	3.49	0.00
Last Week (06/12/2012 map)	39.70	60.30	18.54	3.51	0.00	0.00
3 Months Ago (03/20/2012 map)	72.22	27.78	20.02	6.32	0.00	0.00
Start of Calendar Year (12/27/2011 map)	71.84	28.16	13.42	6.80	0.00	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 (06/14/2011 map)	98.82	1.18	0.00	0.00	0.00	0.00

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Richard Heim, National Climatic Data Center, NOAA

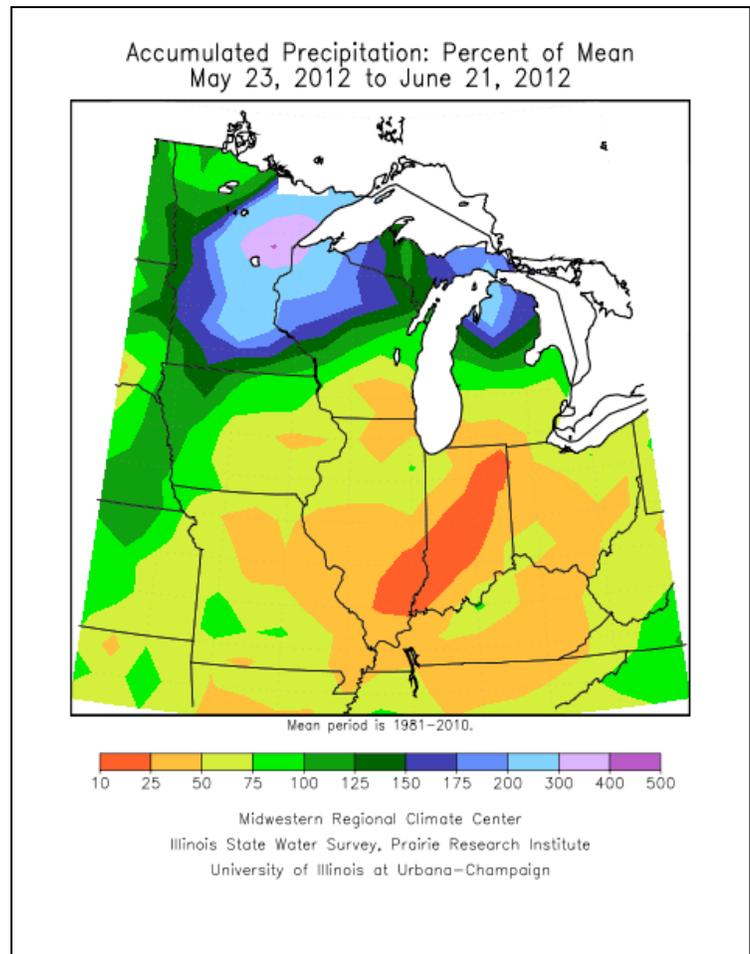
Friday here is what World Weather Incorporated Meteorologist Drew Lerner had to say about the weather forecast over the next two weeks across the corn belt:

“The lower and eastern Midwest will see a restricted rainfall pattern through much of the next week and most of the moisture from rain this week will be lost to evaporation. Soil moisture should be high enough to prevent serious crop stress outside of the dry region from southeastern Missouri to central and southern Indiana, but corn is pollinating and rain advertised for next Friday into Sunday, July 1 will be critical to successful pollination.

Scattered showers will follow through July 6 and conditions for crops should gradually improve in some areas, but not all areas will receive significant rain and crop stress could increase in pockets that miss out on significant rainfall. The combination of low soil moisture and the restricted rain during the next two weeks as corn is pollinating in the lower Midwest could lead to lower yields in many locations. Meanwhile, the northwestern Corn Belt will continue to see favorable conditions and high yield potentials.

Mild temperatures through much of the next two weeks in the eastern Corn Belt should slow the expansion of serious crop stress. The southwestern Corn Belt will become hot this weekend and again during the middle to late part of next week and stress to crops should accelerate as moisture from rain earlier this week is depleted.

High temperatures today will be in the 80s with some middle and upper 70s in the north. Southwestern areas will be warmer Saturday and highs from eastern Nebraska into eastern Kansas and western Missouri will be in the lower to middle 90s with lower 90s extending into southern Illinois and western Kentucky. Highs elsewhere will be in the 70s and 80s. Sunday will be warmer and highs from southeastern Nebraska and eastern Kansas into

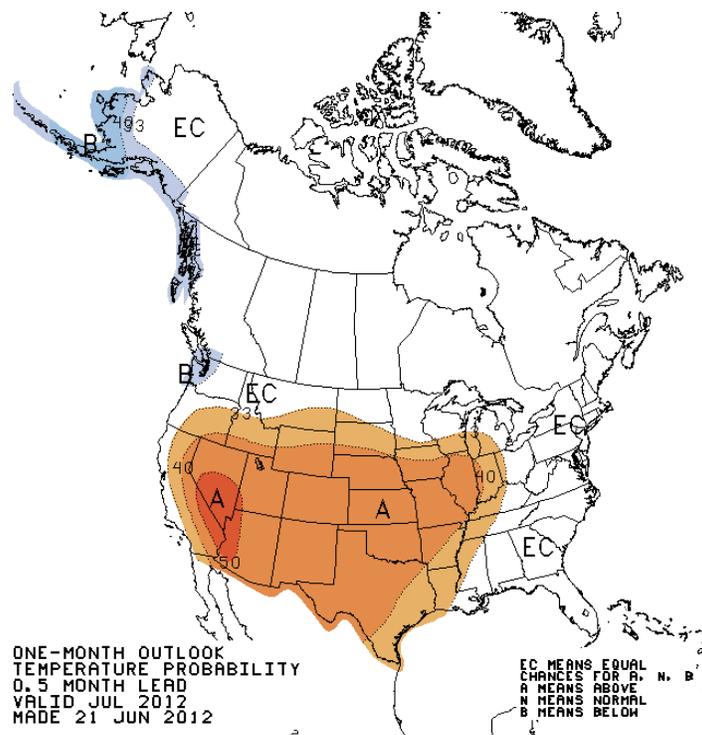


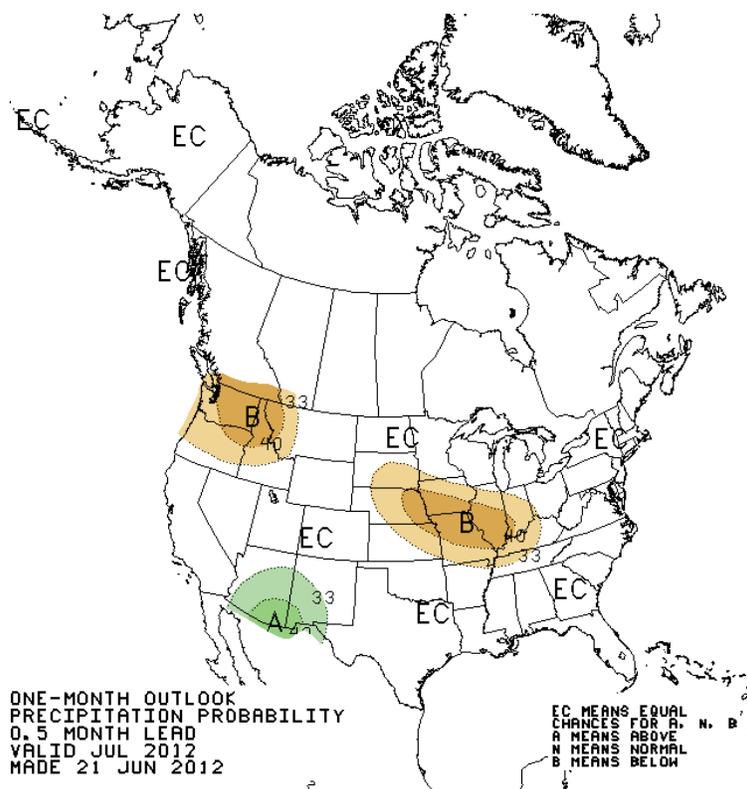
western Missouri will be in the upper 90s with a few lower 100s. Highs in the middle and some upper 90s will extend from elsewhere in Missouri into parts of southern Illinois and western Kentucky. Other areas in the lower Midwest will see highs in the middle 80s to the lower 90s while highs in the north are in the 70s and 80s.

Monday will be cooler and highs will be in the 70s with 80s in some western and southern locations. Tuesday will be a little warmer and highs Wednesday through next Friday will be in the 80s and lower 90s with some middle and upper 90s in the southwest and some middle and upper 70s in the north.

Lows in the north will be in the 50s and lower 60s some upper 40s and some middle 60s. Lows in the south will be in the 60s with some middle and upper 50s and some lower 70s. Most of the lows in the lower 70s will occur in western areas while most of the lows in the 50s occur in eastern areas. Some cooling will occur early in the second week of the two-week outlook.”

Also this week we got the latest 30 and 90 day outlooks from the Climate Prediction Center – the news there is not encouraging for a swath of the corn belt....





Our analysts suggest that futures traders have begun to dip their toe into the weather issues and started added some weather premium into the marketplace – but caution that a trend line corn (163-164 bpa) crop is not out of the realm of possibility with timely rains over the next two weeks. When polling our analysts most say that the trade has already discounted this possibility and are factoring in a 159-161 bpa crop. Even so with the huge acres that still produces stocks in excess of 14 billion bushels – which in turn still will place great emphasis demand.

Next week promises to be choppy with two key reports due out on Friday – the Quarterly Grain Stocks Report and the June Acreage Report. This past week Informa Economics put 2012 U.S. Corn Plantings At 96.759 Million acres, projected U.S. soybean plantings at 75.959 million acres and pegged U.S. spring wheat plantings at 13.476 million acres.

The USDA, in its prospective planting report released March 31, projected corn plantings at 95.864 million acres, soybean plantings at 73.902 million acres, and spring wheat plantings at 11.976 million acres.

The larger acreage numbers did not really move the market with the trade focusing its attention on yield. Still it is a reminder that it is possible when all the dust settles next Friday – 2012-13 US Ending Stocks could be higher if USDA finds still more old stock stocks for carry in – modestly lowers the yield and finds a lot more acres.

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W I L L R A D I O
U R B A N A I L L I N O I S

WEEKLY OUTLOOK

University of Illinois Agricultural Economist Darrel Good gives his preview of the Quarterly Grain Stocks report. Darrel writes:

For corn, the estimate of June 1 stocks will reveal the level of feed and residual use during the previous quarter since weekly estimates of exports and domestic ethanol production provide on-going estimates of use in those categories. Based on cumulative marketing year export inspections through May and Census Bureau export estimates through April, exports during the quarter were likely near 390 million bushels. Based on weekly and monthly estimates of ethanol production, total food and industrial uses of corn during the quarter may have been near 1.64 billion bushels.

Anticipating feed and residual use of corn during the previous quarter is made more difficult by the surprising levels of June 1 stocks estimates the past two years and the resulting wide range of implied feed and residual use during the March-May quarter. Use was calculated at 1.273 billion bushels during the March-May quarter in 2010, but at only 716 million bushels last year. For the entire 2011-12 marketing year, the USDA currently projects feed and residual use at 4.55 billion bushels, 243 million bushels less than use of a year ago. Implied use during the first half of the year was 247 million less than that of a year ago, with all the decline occurring in the first quarter. If the USDA forecast is correct, use during the last half of the current year should be about equal to that of last year. Use during the final quarter of the year is expected to be relatively small due to the availability of more than the normal amount of new crop corn in August, and perhaps a little more summer wheat feeding than occurred last year. So, what about third quarter use?

On the surface, third quarter feed and residual use might be expected to be near that of last year. Total red meat and poultry production during the second quarter of the calendar year was about 1.5 percent less than during the same quarter last year, egg production was about unchanged, and milk production was up about 6.5 percent. In addition, the production of distillers grains was about equal that of a year ago. However, implied use during the third (and fourth) quarter last year was extremely small and there is less than complete confidence in the accuracy of that estimate. The bottom line is that there is likely to be a wide range of expectations for the June 1 stocks estimate. Based partially on the on-going record strong corn basis, we

anticipate that feed and residual use of corn during the third quarter was larger than the estimate for last year's use. If so, June 1 stocks would be near 3.1 billion bushels and use for the year would be expected to exceed the current USDA projection of 4.55 billion bushels.

To read Darrel's full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/061812.html>



USDA reports this week's corn export sales at 15.0 million bushels (6.7 this year, 8.3 next year). Trade guesses were for 13.8 to 29.5 million bushels. On the year, total commitments for corn are 1524.6 million bushels vs. 1752.2 million bushels a year ago at this time.

Weekly Corn – as of June 14, 2012

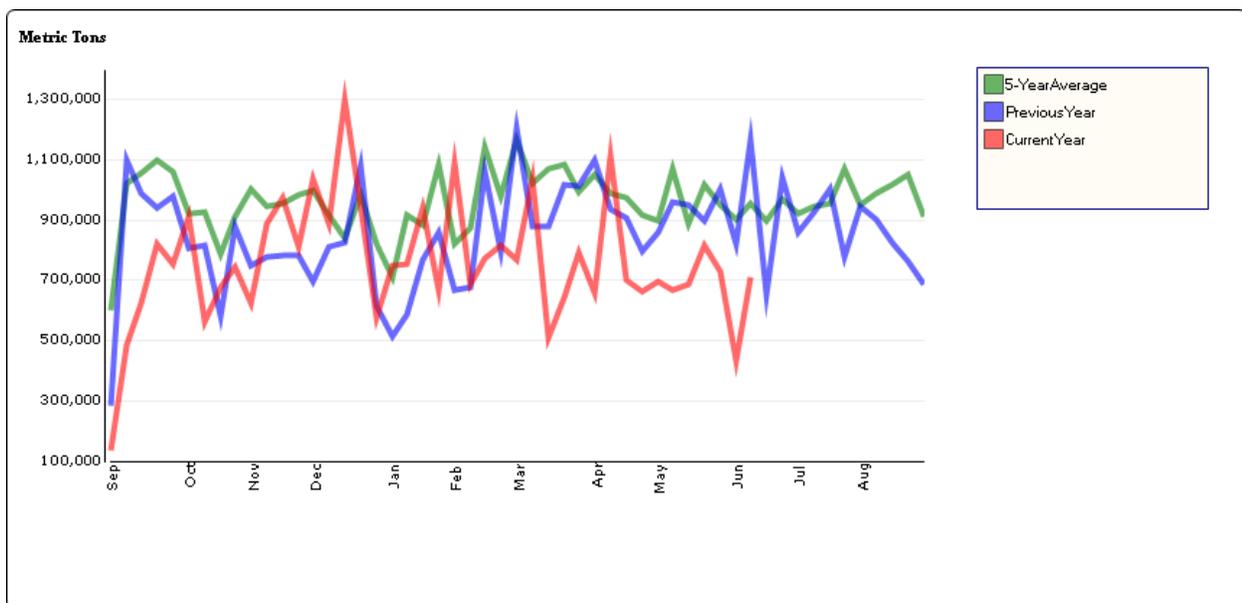


Chart Courtesy of USDA Foreign Ag Service

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:

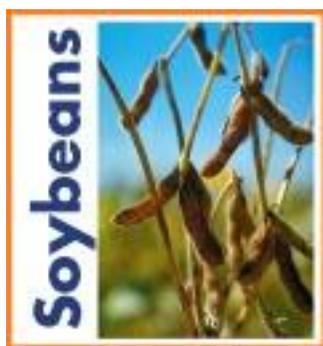
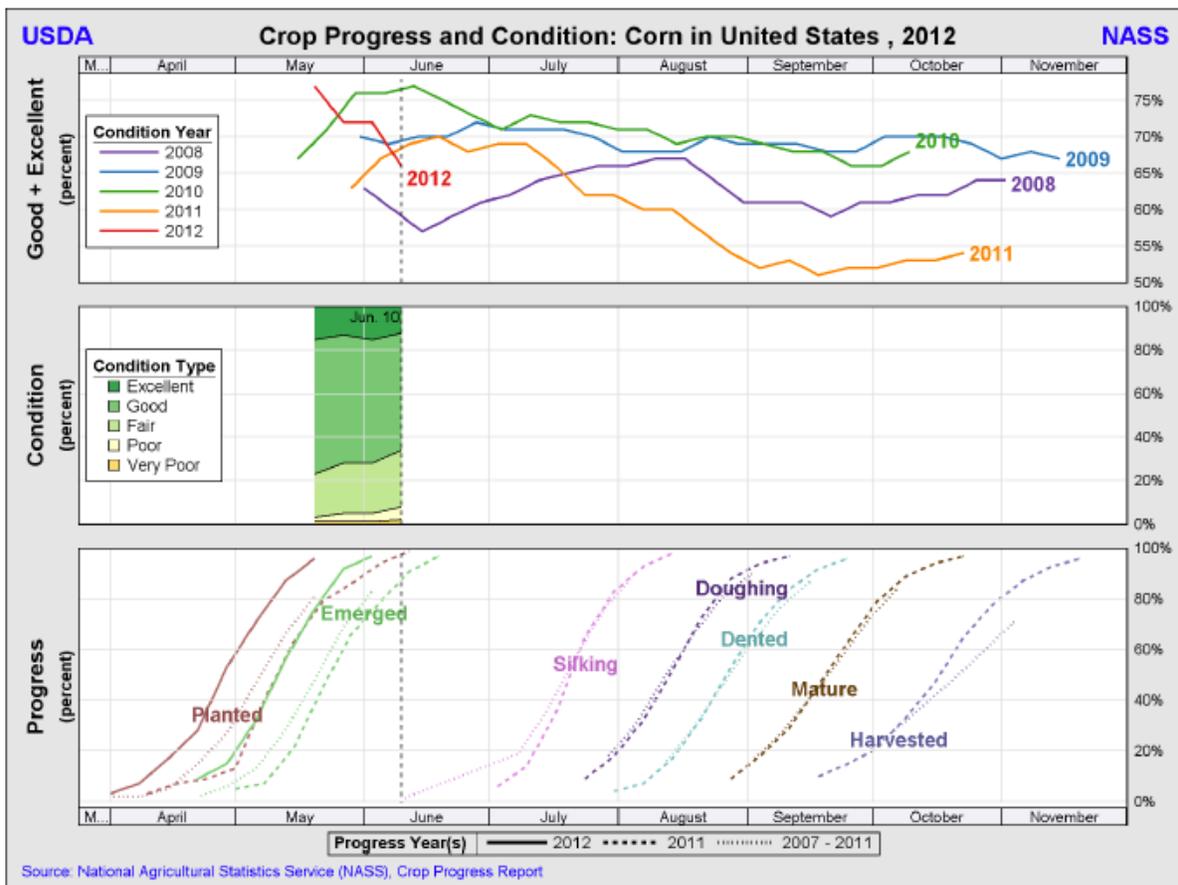
[http://www.ams.usda.gov/mnreports/NW GR110.txt](http://www.ams.usda.gov/mnreports/NW_GR110.txt)

In Friday afternoon's commitments of traders report for the week ending June 19 non-commercials increased its net long position. Non-commercials were long 274,943 contracts, an increase of 10,884 contracts, and were short 169,579 contracts, an increase of 248 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 19. Non-commercials were long 274,863 combined future and option contracts, a increase of 19,334 combined future and option contracts and short 154,821 contracts, a decrease of 7,132 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 19 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	456,094	59,525	-7,867	-7,385



USDA reports this week's soybean export sales at 22.3 million bushels (6.0 this year, 16.3 next year). The trade was anticipating sales of 18.4 to 33.1 million bushels. On the year, total commitments for soybeans are 1557.7 million bushels vs. 1536.8 million bushels a year ago at this time.

Weekly Soybeans – as of June 14, 2012

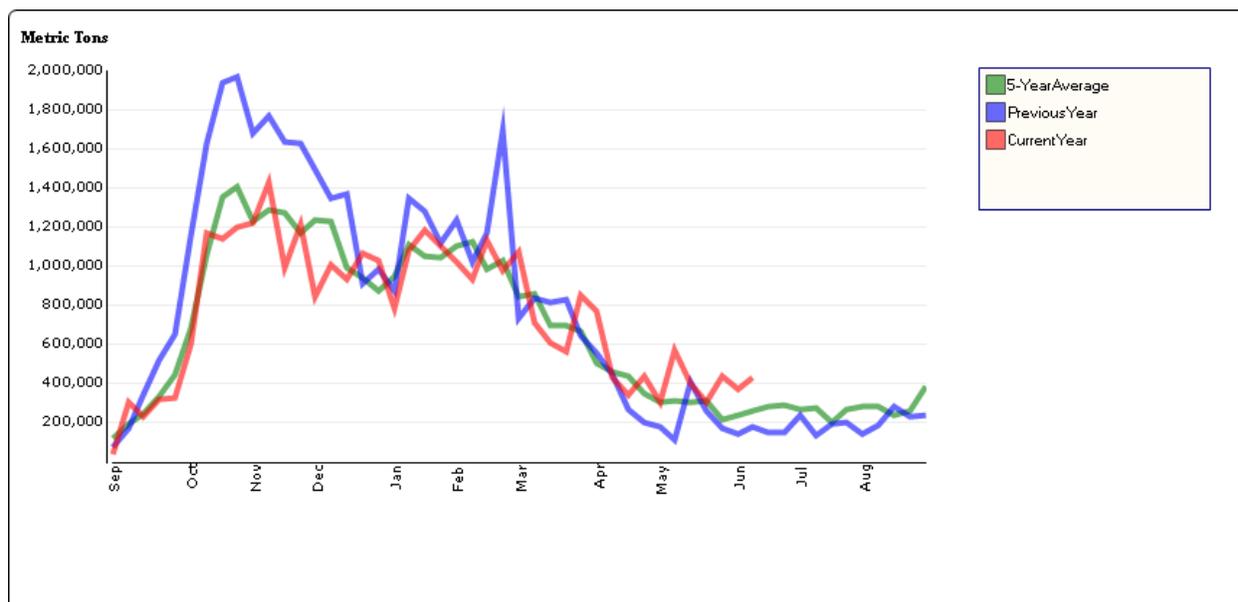


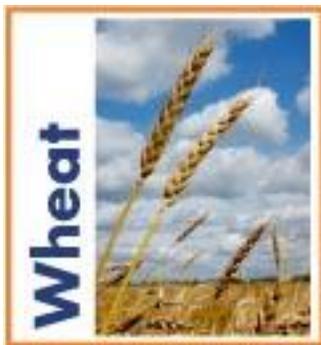
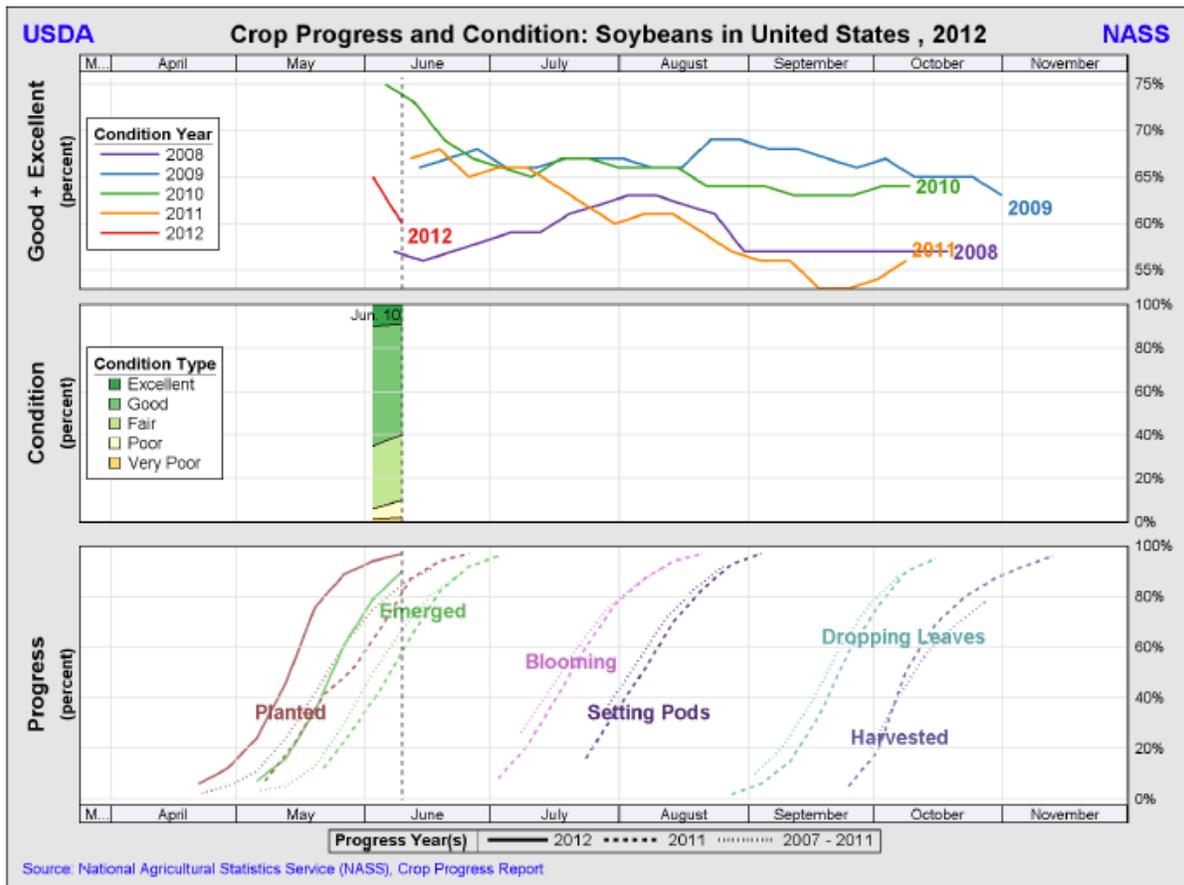
Chart Courtesy of USDA Foreign Ag Service

In Friday afternoon's commitments of traders report for the week ending June 19, non-commercials decreased its net long position. Non-commercials were long 282,996 contracts, a decrease of 2,358 contracts and were short 49,355 contracts, a decrease of 2,073 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 19. Non-commercials were long 259,163 combined future and option contracts, an increase of 2,296 contracts and short 41,896 contracts, a decrease of 2,835 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 19 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	201,156	50,729	-1,874	-1,744

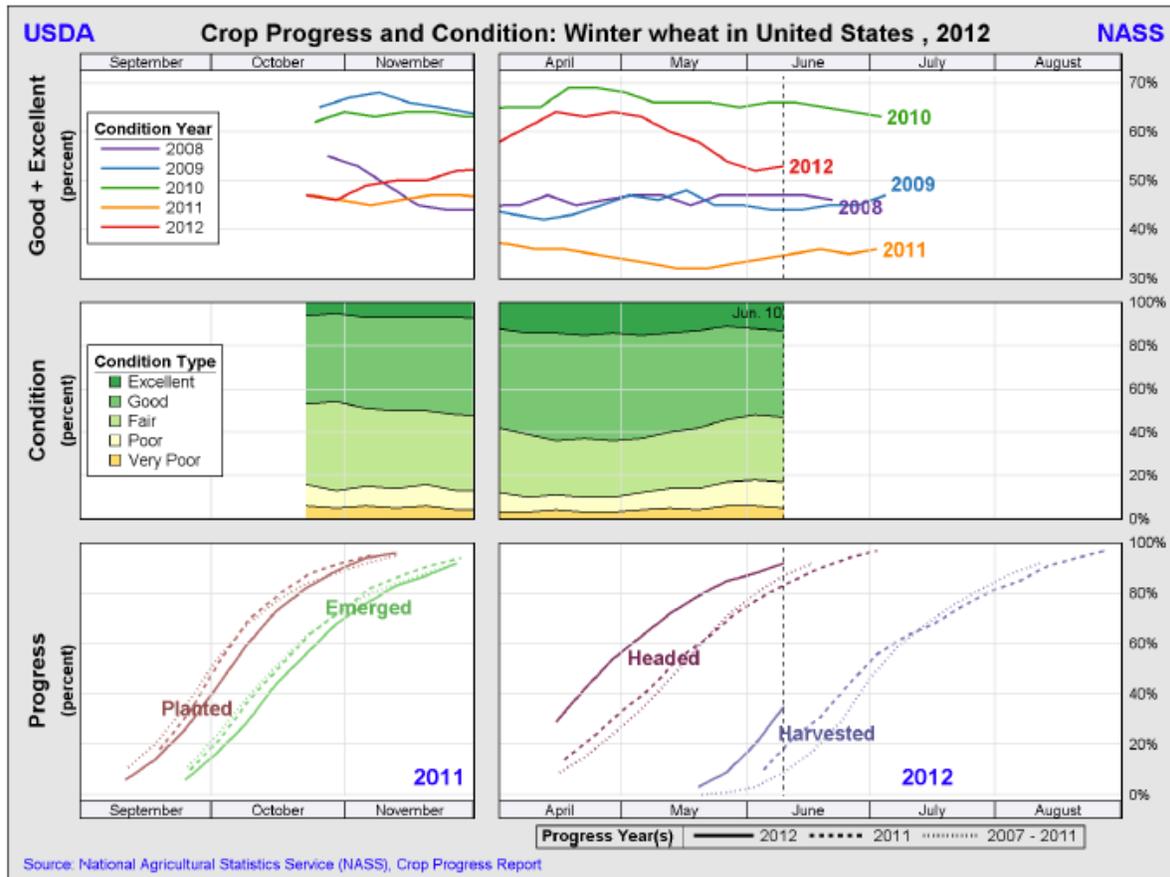


USDA reports this week's wheat export sales at 30.9 million bushels (30.9 this year, 0.0 next year). The trade was anticipating wheat sales between 11.0 million bushels and 18.4 million bushels. On the marketing year wheat sales have totaled 234.8 million bushels compared with 284.9 million bushels a year ago at this time.

In Friday afternoon's commitment of traders report for the week ending June 19 non-commercials decreased its net short position. Non-commercials were long 115,156 combined future and option contracts, an increase of 2,206 combined future and option contracts and short 125,268 contracts, an increase of 1,187 combined future and option contracts from the previous reporting period.

The CFTC Supplemental Report for June 19 indicated the following combined future/options positions (INDEX ONLY):

	Long	Short	Long Change from Previous Report	Short Change from Previous Report
Index Traders	234,393	31,640	-2,922	-4,562



Weekly Wheat – as of June 14, 2012

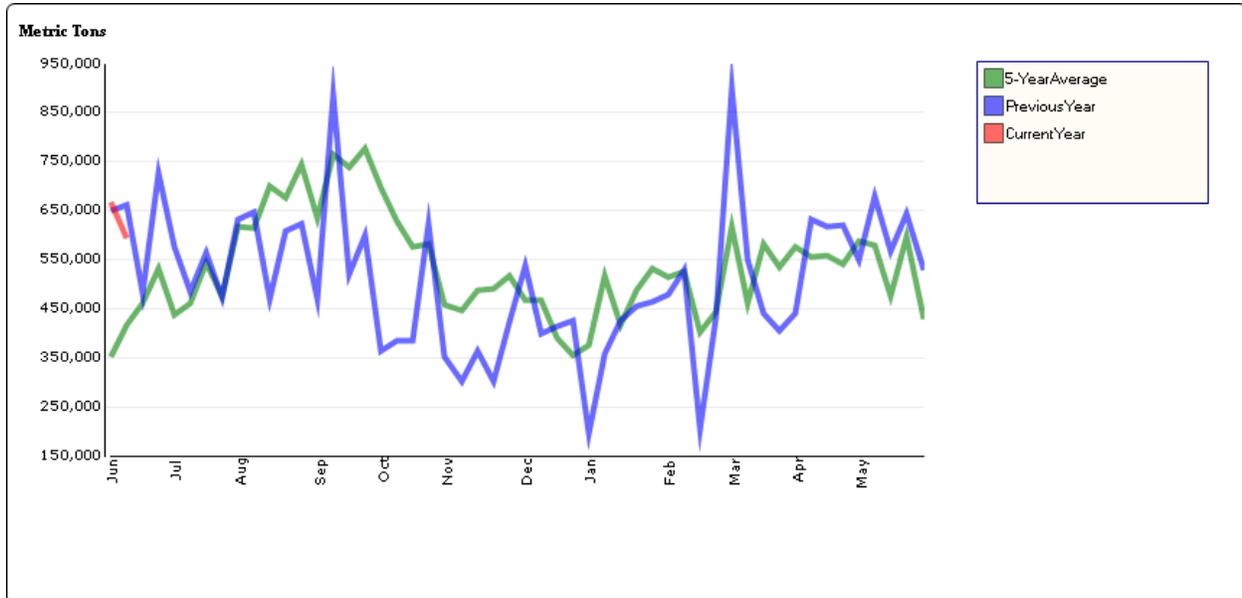
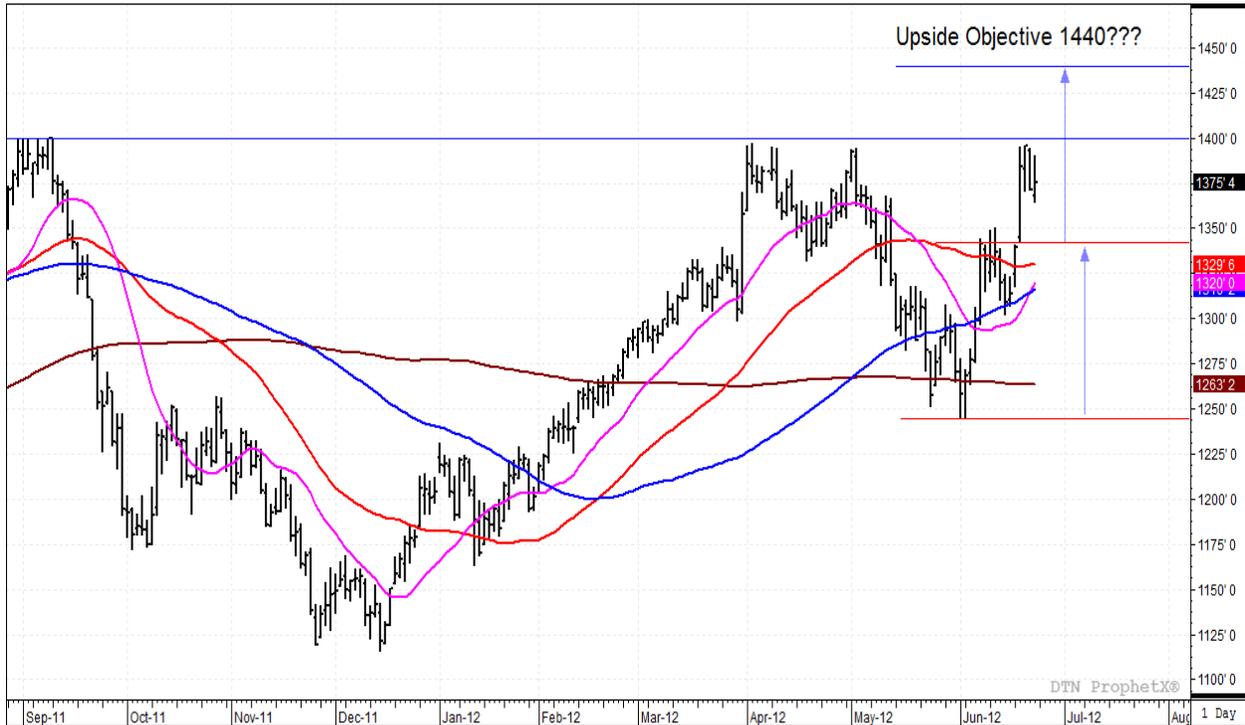


Chart Courtesy of USDA Foreign Ag Service

TECHNICALS

The November Soybean daily chart GAPPED higher this week, something that rarely happens – and our analysts say it becomes a measuring point for soybeans to move higher – as long as the gap remains unfilled the upside potential exists:

November 2012 Soybean Futures (Composite Daily)



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m.willag.org

- The Pre-Opening Market Report
- The Opening Market Report
- The Closing Market Report
- Commodity Week

- Agricultural News and Weather

Still soybeans have yet to penetrate to the upside the 14 dollar level – a point where rallies stalled in September 2011 and April and May of 2012.

It will also be important to keep an eye on the 50 day (in red) and 100 day (in blue) moving averages. Bulls would NOT want to see these averages cross.

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:

- Mike Georgy, Allendale - Mahomet, Illinois
- Greg Johnson, The Andersons - Champaign, Illinois
- Sherman Newlin, Risk Management Commodities - Hutsonville, Illinois

Guest:

Tom Grisafi, Indiana Grain Company - De Motte, 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/cw120622.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/cw120622dial.mp3>

June 22 , 2012



Weekly Continuation Chart

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Jul Wheat	684 3/4	612	673 1/4	up 63 3/4
Jul 13 Wheat			729 3/4	up 41 3/4
Jul Corn	617	576 1/4	590 1/4	up 10 3/4
Dec Corn			555 1/2	up 49 1/2
Jul Soybeans	1464 1/4	1375 1/4	1442 1/2	up 66 1/2
Nov Soybeans			1375 1/2	up 61 1/2
Jun Live Cattle	11730	11565	11690	up 75
Jun Lean Hogs	9585	9400	9492 1/2	up 190
Jul Oats			328 3/4	up 21



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.