



July 6, 2012

Dear Subscriber:

The weather market continued in spades this past week with both soybeans and corn futures making straight up moves on the futures charts. Temperatures in the triple digits for much of this past week and little to no rain in the delta and eastern corn belt have certainly stressed the crop. Evening temperatures in the 70s has not given corn much relief. But while the trade believes USDA's 166 bpa estimate no longer is achievable, there is considerable discussion of – ON A NATIONAL AVERAGE – what sort of yield we can expect. Within a few weeks we'll begin to get some statistical evidence as harvest approaches in the southern reaches of the corn belt. Still our analysts – surveying traders, clients, and agronomists – suggest that maybe a conservative estimate of loss is nine to ten bpa – putting the potential national average at 156. Analysts we spoke with suggest that – despite the weekly crop ratings to the contrary – USDA may not take much larger a swing than that on its July Crop Production Report, preferring to wait for empirical evidence on harvested plots in August when certainly the agency will be able to measure rows, tip back, and test weight on southern fields. Friday Informa projected new crop corn yield at 153.3 bpa and soybeans at 42.0 bpa.

Our analysts suggest that Chicago traders are "ahead of USDA" with futures moving into rarefied air of seven dollars plus (eight dollars cash this week in Peoria, Illinois AND at the Gulf).

Meteorologist Drew Lerner says next week will see a break from the oppressive heat – but no corn belt wide soaking. Here is his extended outlook from Friday morning:

"Crops stress will be eased with rain expected today through Sunday and relief from excessive heat occurring Sunday into next week. However, outside of northern parts of the western Corn Belt, rain will be light and improvements in the condition of crops will be brief without follow up rain. The expected rainfall should support reproducing corn and soybeans. Several days of restricted rain will follow with an increase in light shower

activity in the eastern Corn Belt occurring July 13-19 while the western Corn Belt sees a brief increase in rain July 15-17.

Although crops will benefit from rain and cooler temperatures this weekend into next

week, soil moisture is not likely to be significantly increased in most areas outside of the northwestern Corn Belt. Crop stress will quickly increase again after the moisture from the light rain is lost to evaporation. A general soaking of rain is needed to more significantly restore yield potentials and if only occasional rounds of light rain occur this month yields will continue to decline in much of the Midwest.

Temperatures Saturday will be hottest from eastern Kansas

through Illinois, Indiana, Kentucky, Ohio, and southern Michigan where

A M - 5 8 0 A G R I C U L T U R E

sponsors

THANK YOU

THANKS TO THESE SPONSORS FOR SUPPORTING THE AG E-LETTER

The Andersons

The Andersons, Inc. is a diversified company with interests in the grain, ethanol and plant nutrient sectors of U.S. agriculture, also railcar leasing and repair, industrial products formulation, turf products production, and general merchandise retailing. Founded in 1947, The Anderson's is celebrating 65 year's of service.

<http://www.andersonsinc.com/>

<http://www.agrigold.com>

In our 9th year as a major corporate underwriter of quality on-air Agricultural Programming at AM-580, **AGRIGOLD** is pleased to provide additional funding for this E-newsletter for the benefit of **AGRIGOLD** customers and other farmers across the country.

AgriGold – The Corn Specialist

AgriGold
The Corn Specialist
www.agrigold.com

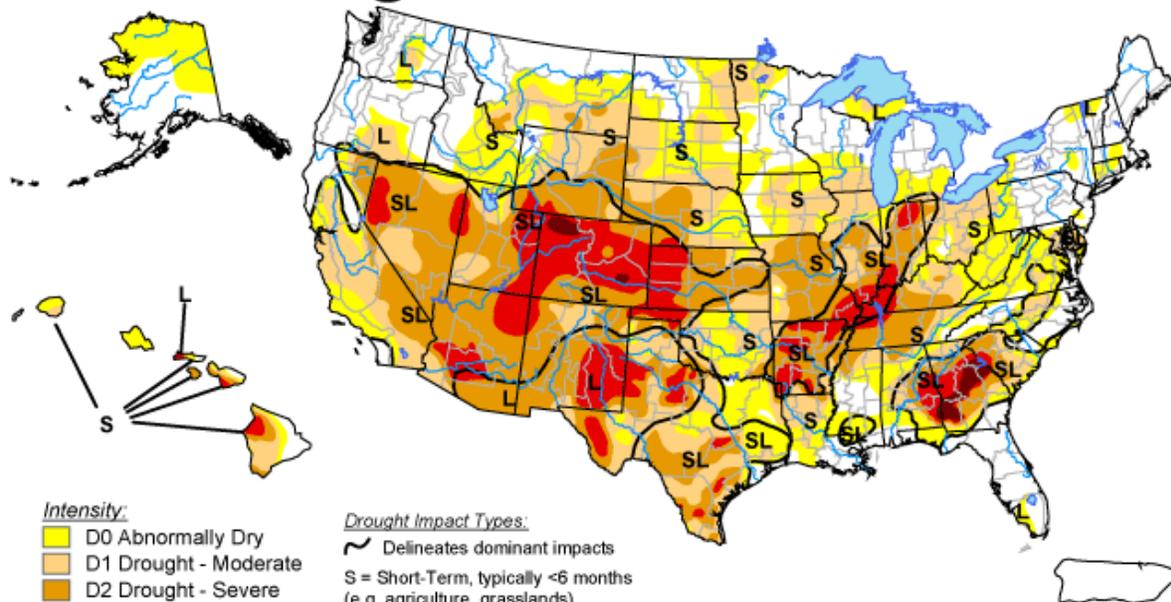
FOR INFORMATION ON SPONSORING THE WILL AG E-LETTER EMAIL LES SCHULTE AT LSCHULTE@AD.UIU.EDU OR CHARLIE SMITH AT SMITH22@AD.UIU.EDU OR CALL (217) 333-1070.

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

highs will be in the upper 90s to 105 with extremes highs near 108. Highs elsewhere will be in the 80s and lower 90s with middle 90s near the hottest region. Sunday's highs will be warmest from eastern Kansas into southern Ohio and Kentucky where highs will be in the lower 90s with some middle 90s in southern parts of the eastern Corn Belt. Highs elsewhere will be in the 80s. Monday through next Friday will be cooler and highs will be in the 80s with some lower 90s in the south and a few upper 70s in the Great Lakes region and in the far northwest.

U.S. Drought Monitor

July 3, 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, July 5, 2012
Author: Rich Tinker, NOAA/NWS/NCEP/CPC

U.S. Drought Monitor

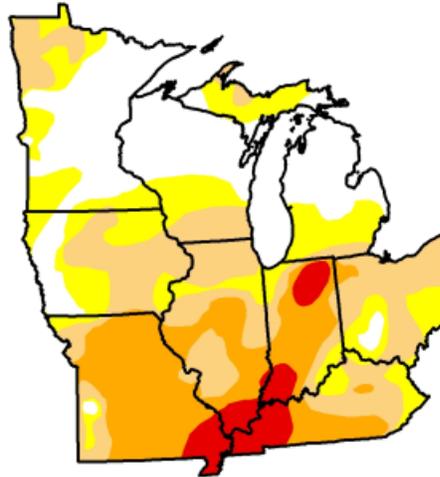
Midwest

July 3, 2012
Valid 7 a.m. EST

	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	25.55	74.45	52.56	24.76	5.60	0.00
Last Week (06/26/2012 map)	28.87	71.13	45.76	15.27	5.28	0.00
3 Months Ago (04/03/2012 map)	64.51	35.49	19.68	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 (06/28/2011 map)	97.20	2.80	0.00	0.00	0.00	0.00

Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional



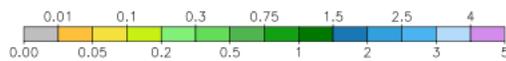
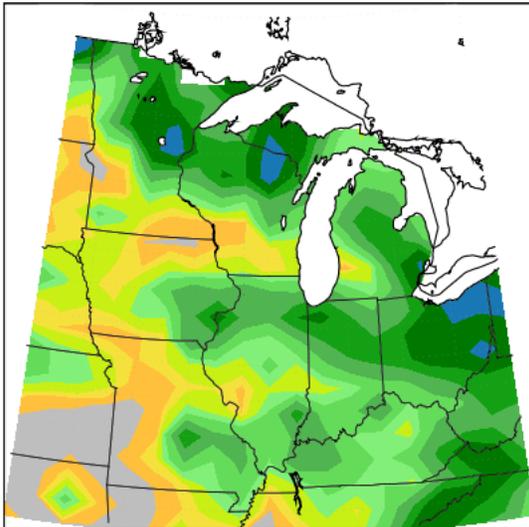
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu>



Released Thursday, July 5, 2012
Rich Tinker, Climate Prediction Center/NOAA

Accumulated Precipitation (in)
June 29, 2012 to July 5, 2012



Midwestern Regional Climate Center
Illinois State Water Survey, Prairie Research Institute
University of Illinois at Urbana-Champaign

WEEKLY OUTLOOK

University of Illinois Agricultural Economist Darrel Good says there is uncertainty on both the production and demand side of the corn equation. Darrel writes:

“The dilemma, however, is it is far from clear how much corn will be available next year. At current prices, consumption next year might be closer to 13.3 billion bushels rather than 13.775 projected by USDA. To maintain year-ending stocks at 850 million bushels, production would also have to total 13.3 billion bushels. With acreage harvested for grain at 88.851 million, the U.S. average yield would need to be near 150 bushels to produce 13.3 billion bushels. Based on recent and upcoming weather, there is considerable risk that the yield will be below that level. If so, additional rationing and even higher prices will be required.”

To read Darrel’s full report go to:

<http://www.farmdoc.illinois.edu/marketing/weekly/html/070212.html>



USDA reports this week’s corn export sales at 6.1 million bushels (0.8 this year, 5.3 next year). Trade guesses were for 7.9 to 19.7 million bushels. On the year, total commitments for corn are 1533.0 million bushels vs. 1803.9 million bushels a year ago at this time.

Weekly Corn – as of June 28, 2012

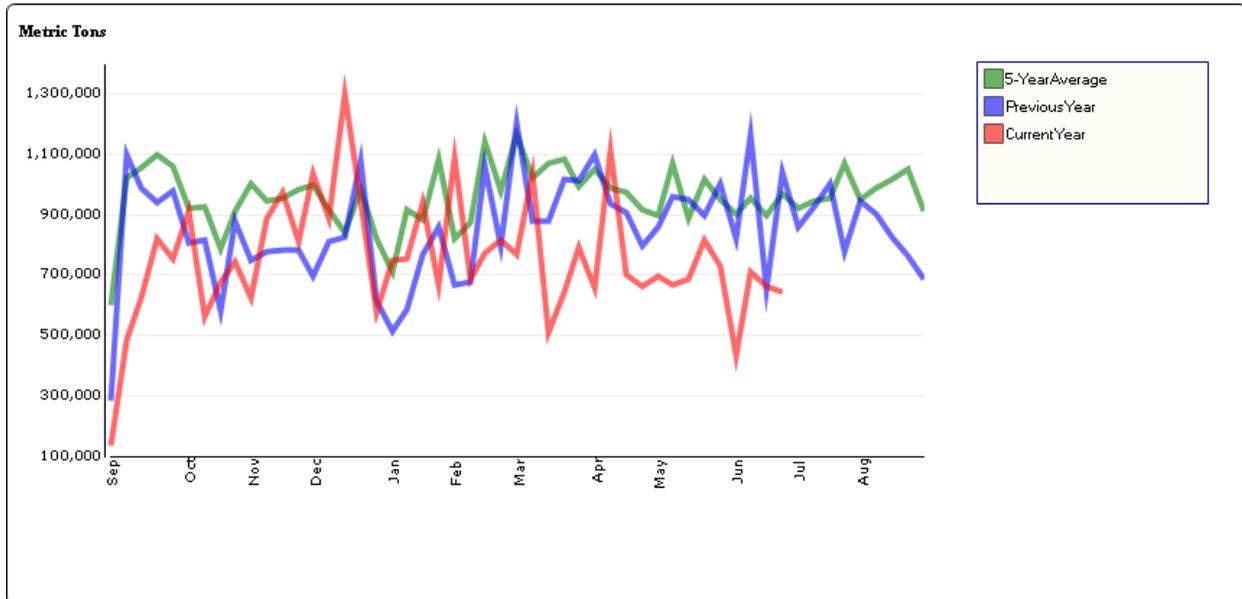


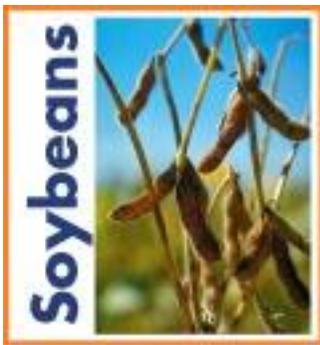
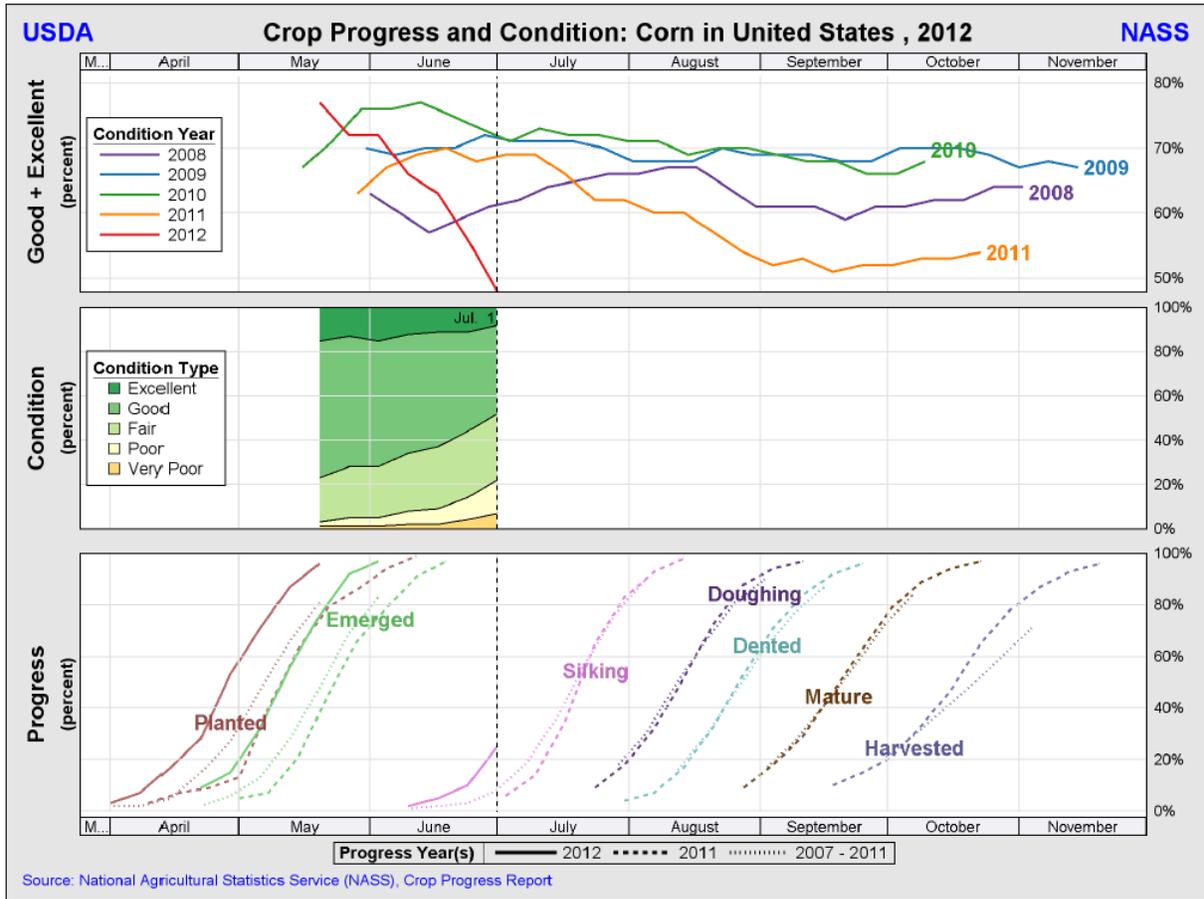
Chart Courtesy of USDA Foreign Ag Service

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



USDA reports this week's soybean export sales at 64.8 million bushels (11.0 this year, 53.8 next year). The trade was anticipating sales of 16.5 to 25.7 million bushels. On the year, total commitments for soybeans are 1382.6 million bushels vs. 1535.7 million bushels a year ago at this time.

Weekly Soybeans – as of June 28, 2012

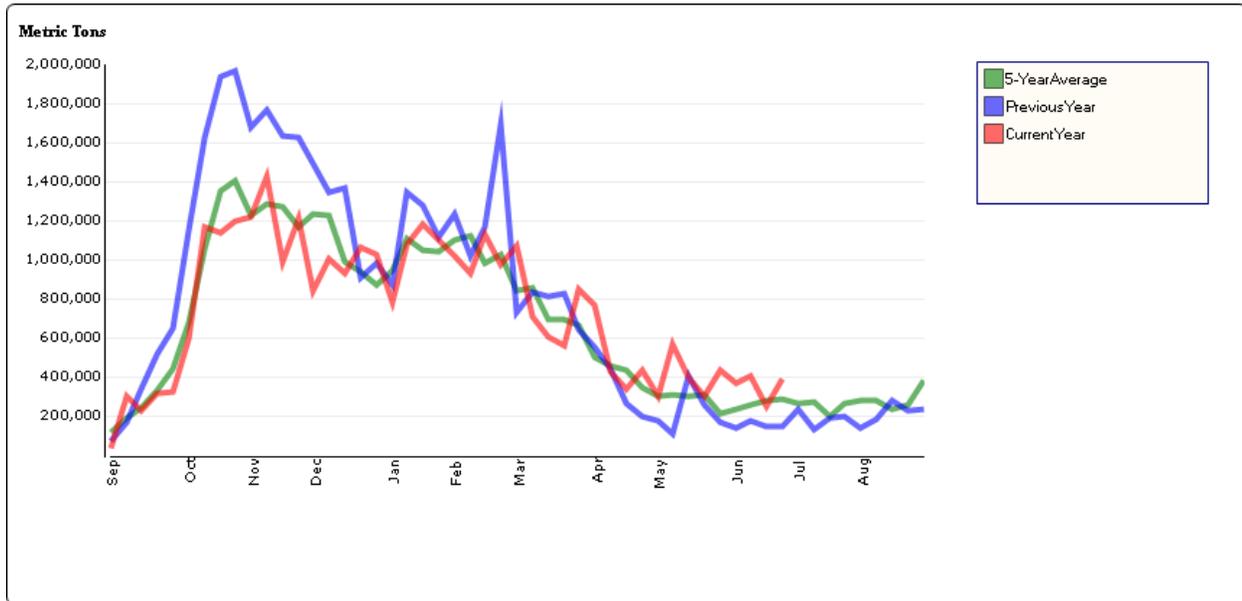
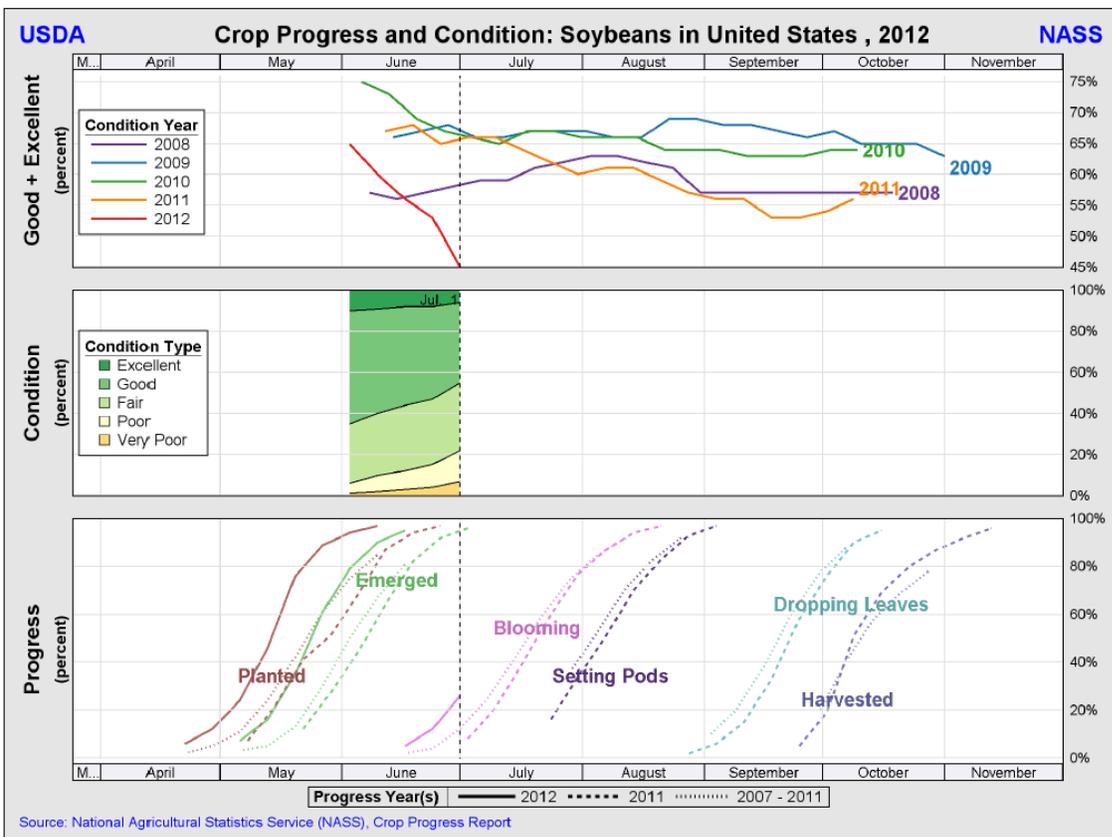
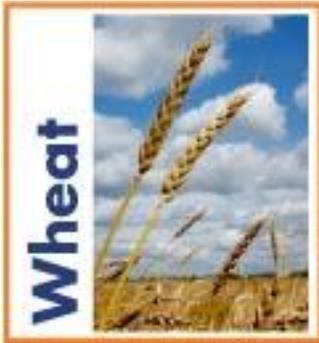


Chart Courtesy of USDA Foreign Ag Service





USDA reports this week's wheat export sales at 15.4 million bushels (15.4 this year, 0.0 next year). The trade was anticipating wheat sales between 11.0 million bushels and 16.5 million bushels. On the marketing year wheat sales have totaled 262.1 million bushels compared with 284.9 million bushels a year ago at this time.

Weekly Wheat – as of June 28, 2012

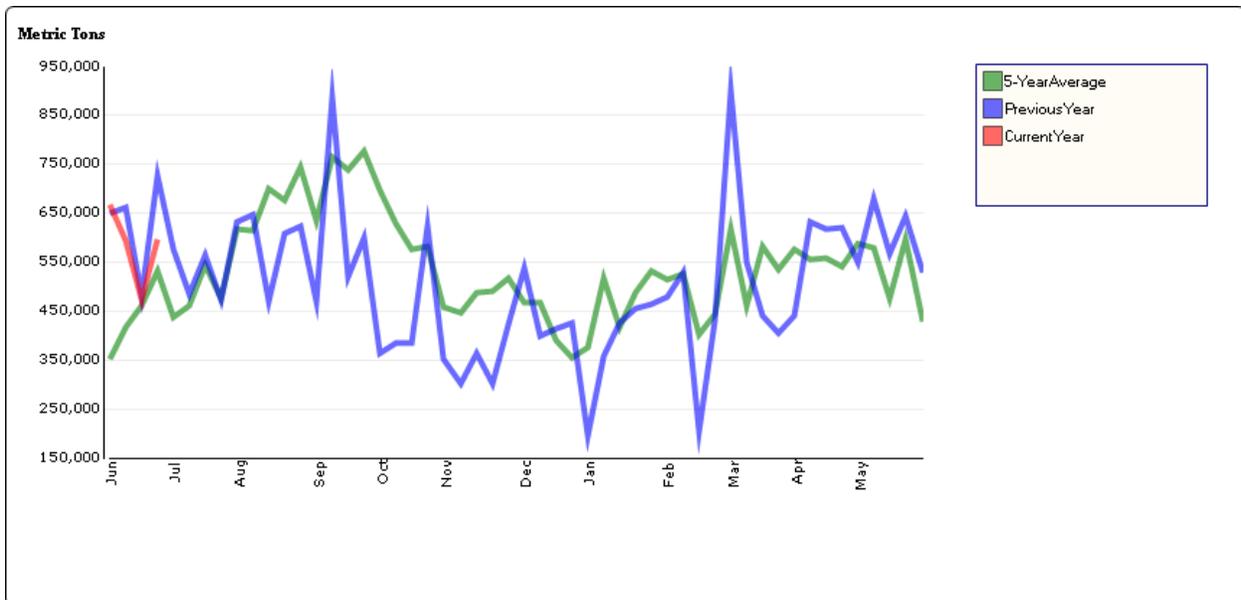
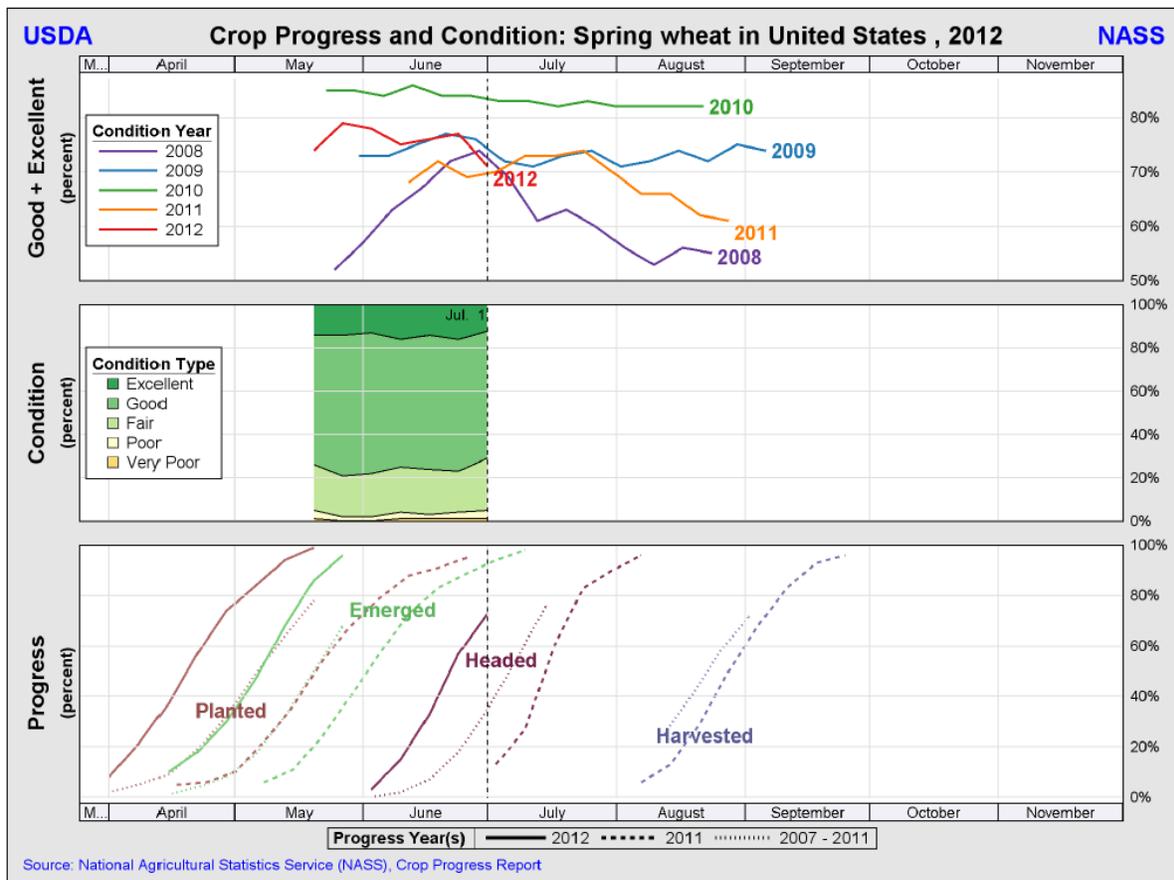


Chart Courtesy of USDA Foreign Ag Service



TECHNICALS

Friday's profit trading on the board is being viewed as consolidation by our analysts, who are of the opinion that higher prices may be needed to ration what is promising to be very tight new crop ending stocks. Our analysts say as long as the huge gap (25 cents) from this past Wednesday's to Thursday's future trade on the November chart remains open, further upside price strength is possible. Our analysts noted that often on straight up market rallies that you may expect between three and five price

**WILL AG.ORG Introduces NEW
Smart Phone Website!**

m.willag.org

- The Pre-Opening Market Report
- The Opening Market Report
- The Closing Market Report
- Commodity Week
- Agricultural News and Weather

gaps. We've seen three thus far in both harvest corn and beans (although the June 25th gap in November composite beans has been filled on daily charts). November beans are close to achieving one potential upside objective:

November 2012 Soybean Futures (Composite Daily)



If the 1544 upside objective November objective is reached, technicians will make a case for an upside objective of 1693.

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, IL
- Dan Zwicker, CGB Enterprises - Mandeville, Louisiana

Guest:

- Dave Loos, Illinois Corn Growers Association - Bloomington, Illinois

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/cw120706.mp3>

Dial Up MP3:

<http://www.will.uiuc.edu/media/cw120706dial.mp3>

July 6, 2012



Weekly Continuation Chart

Commodity	Week High	Week Low	Week Settle	Change from Previous Week
Jul Wheat	824	733 1/2	791 1/4	up 52 1/4
Jul 13 Wheat			817 3/4	up 20
Jul Corn	776 3/4	679 3/4	743 1/4	up 70 3/4
Dec Corn			697	up 58 1/4
Jul Soybeans	1644 1/2	1522 1/4	1619 3/4	up 107
Nov Soybeans			1505 3/4	up 78
Aug Live Cattle	12045	11865	11920	down 125
Aug Lean Hogs	9735	9540	9622 1/2	down 40
Jul Oats			351 1/2	up 15 1/2



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.