



**It's a World Market**

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**Information Contained:**  
**Key Dates, Government News, CCP or LDP reviews**  
**Wheat – Information and Analysis**  
**Corn/Milo – Information and Analysis**  
**Soybeans/ Sunflowers – Info. and Analysis**  
**Livestock, Weather, and Export Information**  
**Technicals, Recap of Target Prices, Closing Comments**

**KEY DATES THIS MONTH:**

USDA's monthly **Crop Production** Report on Friday, **January 10th** at 12:00 PM EST.

The **Winter Wheat Seedings** report on Friday **January 10th** at 12:00 PM EST.

The **Quarterly December 1 Grain Stocks** report on Friday **January 10th** at 12:00 PM EST.

**Cattle on Feed** Report on Friday, **January 24th** at 3:00 PM EST

First Delivery Notice day on **February Grain Futures on January 31st** and **February Grain Options Expire on January 24<sup>th</sup>**

Use the [FUTURES PRICE CHECK](#) part of our service to review potential price movement on futures from dates you select and on commodities of your choice.

Click on [MARKETING MONITOR](#) to record or develop a marketing plan to keep track of your marketing progress, cash contracts, futures positions and receive weekly e-mail alerts when one of your cash or futures targets have been or are within \$.05 of being reached. This is available on both OC and NC grain production. **CALL US WITH ANY QUESTIONS!**

In our GOSSIP and MONTHLY NEWSLETTERS you will find [links](#) on many subheadings to recent historical information for such things as export sales and shipments, USDA reports (U.S. and World figures), the International Grains Council ([IGC](#)) [estimates](#), Crop Progress and [Crop Condition](#) figures, cash basis figures, Fund positions for futures and futures/options. This information may be useful to evaluate current trends and market expectations.

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#### ABBREVIATIONS AND/OR TERMS:

Posted County Price = PCP, Loan Deficiency Payment = LDP, Marketing Loan Gain = MLG, Counter-Cyclical Payments = CCP, Direct Payments = DP, VP = Very Poor, P = Poor, F = Fair, G = Good, EX = Excellent, International Grains Council = IGC, Trade Promotion Authority = TPA, Economic Research Service = ERS, NC = New Crop, OC = Old Crop.

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#### CASH MARKET SUMMARY along with a key price RELATIONSHIPS:

And prices as of **12/18/2013** were:

**KC WHEAT MAR 2014** futures were **\$6.54** vs a month ago on 12/6/2013 when the price was \$6.96 or down \$0.42 .

**KC WHEAT SEP 2014** futures were **\$6.67** vs a month ago on 12/6/2013 when the price was \$6.99 or down \$0.32 .

**KC WHEAT JUL 2015** futures were **\$6.76** vs a month ago on 12/6/2013 when the price was \$6.99 or down \$0.23 .

**KC WHEAT JUL 2016** futures were **\$6.68** vs a month ago on 12/6/2013 when the price was \$6.93 or down \$0.25 .

Historically **MAR 2014 KC WHEAT** traded at or above **\$7.83** around **17.6%** of time in our similar years and **SEP 2014 KC WHEAT** traded at or above **\$6.48** around **1.3%** of time in our similar years.

**CORN MAR 2014** futures were **\$4.25** vs a month ago on 12/6/2013 when the price was \$4.34 or down \$0.09 .

**CORN DEC 2014** futures were **\$4.54** vs a month ago on 12/6/2013 when the price was \$4.64 or down \$0.10 .

**CORN DEC 2015** futures were **\$4.68** vs a month ago on 12/6/2013 when the price was \$4.77 or down \$0.10 .

**CORN DEC 2016** futures were **\$4.70** vs a month ago on 12/6/2013 when the price was \$4.72 or down \$0.02 .

Historically **MAR 2014 CORN** traded at or above **\$4.57** around **21.1%** of time in our similar years and **DEC 2014 CORN** traded at or above **\$4.94** around **25%** of time in our similar years.

**SOYBEANS MAR 2014** futures were **\$13.14** vs a month ago on 12/6/2013 when the price was \$13.11 or up \$0.03 .

**SOYBEANS NOV 2014** futures were **\$11.60** vs a month ago on 12/6/2013 when the price was \$11.64 or down \$0.04 .

**SOYBEANS NOV 2015** futures were **\$11.49** vs a month ago on 12/6/2013 when the price was \$11.55 or down \$0.05 .

**SOYBEANS NOV 2016** futures were **\$11.11** vs a month ago on 12/6/2013 when the price was \$11.17 or down \$0.06 .

Historically **MAR 2014 SOYBEANS** traded at or above **\$13.67** around **23.9%** of time in our similar years and **NOV 2014 SOYBEANS** traded at or above **\$12.25** around **48%** of time in our similar years.

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**MDI's MONTHLY OUTLOOKS for the GRAIN MARKETS or KEY AREAS COMING UP:**

The **YEAR of 2013** saw a Hi-Low swing in DEC 2013 Corn of \$1.88 with the High closing price on 12-31-2012 at \$6.00 vs. a Low price of \$4.12 on 11-18-2013. The price 11-30-2012 of DEC 12 futures was \$7.48 but fell to \$4.15 on 11-30-2013 with spot corn futures down by 40% during the year or the biggest price drop in one year since the 1960's. The Soybean market saw a price swing as NOV 2013 futures of a Hi-Low closing futures price range of \$2.23 during the year. The high was set on 8-26-2013 at \$13.895 and the low showed up on 8-6-2013 at \$11.66 a bushel. The closing price of \$12.80 on 10-31-13 was down (\$.23) from the 12-31-12 price of \$13.03 and prices dropped around 7% during the year of 2013.

Prices for **DEC 14 Corn started 2013 at \$4.5025 a bushel or (\$1.4925 - down 25%) lower** than the DEC 13 price a year ago due to the gain from a 20.6 day ending U.S. supply at 647 million bushel to a projected figure on 12-10-2013 of a 1.792 billion - 50.1 day ending 13/14 supply and their 12-31-13 World ending 13/14 Corn stocks were up 45 MMT to 162.5 MMT (a 54.1 day ending supply) vs. 12-11-2012 when they showed just 117.5 MMT of carryout or a 50.3 day ending supply. It appears the Wheat fundamentals are somewhat neutral to positive on 12-31-13 with USDA was showing an ending 13/14 U.S. carryout of 575 million bushel and a 86.3 day ending supply vs. the year ago 12/13 estimate of U.S. ending stocks of 754 million bushel which was a 115.3 day ending supply. Wheat futures prices on **JUL K.C. are down by (\$1.045 - 14%) a bushel vs. a year ago at \$6.435**. World ending Wheat stocks are part of the reason for lower prices as they are shown at an average 13/14 projected ending level of 182.8 MMT or a 94.8 day ending supply vs. 12-31-12 figure of 177 MMT of carryout that represented a 95.9 day ending supply. The NOV 2013 Soybean price started 2013 at \$13.03 a bushel vs. a 12-31-2013 price on NOV 14 futures of \$11.35 or (\$1.68) lower than a year ago. The 12-10-2013 USDA crop report showed ending U.S. Stocks projected at 150 million bushel or a 16.7 day ending supply vs. last year's friendly 130 million bushel or 15.7 day ending supply. It is the projected growth to a 14.6 days above average 95.2 day ending 13/14 World Soybean supply and higher 2014 U.S. acres that have lowered prices.

The **U.S. spot dollar** price closed the year of 2013 up \$.55 or by less than 1% at \$80.15. The **DOW** closed 12-30-13 at **16,575 or up by 3470 points or 26.5%** from the 13105 level on 12-31-12. The **NASDAQ** closed up as well at 4175. **Gold** saw a 12-31-13 closing price of **\$1202 - down by (\$473) or by 28.3%** for the year. **Ethanol prices fell by (\$.279) or by 12.8% to \$1.911** this year. **Crude oil** prices rose by \$6.80 a barrel for the year (**up 7.4%**) to close at **\$98.70** on 12-31-2013.

**Winter Wheat Seeded acres** will be reported on **January 10th** and most expect acres to be up from last year - especially in HRW growing areas.

**Grain Stocks** will also be released on **January 10th** and these figures - especially on Corn - could be the real market mover. Corn ethanol use could be higher than USDA is showing and exports are ahead of the pace needed but feed use should be slightly lower than a year ago to date. **MDI is expecting a lower level of stocks than many due to more bushels being pulled back into 12/13 in order to reach the 824 million bushel figure shown as the 9-1-13 ending stocks level. If they do this, they may show a drop in the size of the 2013 U.S. Corn crop to account for this.** Soybean use appears to be running way ahead of normal in both physical export shipments and crush use may be higher than USDA is currently showing. Wheat feed use may be 10-30 million bushel lower than USDA has been showing and may provide a small negative element in this market should they confirm this with a higher than expected stocks figure.

**Ethanol demand is a very vital piece of the U.S. Corn demand** and the actual level of this demand at today's grain prices vs. the current ethanol and crude oil prices is a key to the corn/sorghum markets. The spot Ethanol futures closed 12-31 down by (\$.131) or by 6.8% from the spot price a month ago at \$1.911 while spot crude oil futures rose by 6.5% or \$6.00 to \$98.70 a barrel on the spot market and ROB Gas futures were up \$.1017 or by 3.8% to \$2.7858 as of 12-31-13. **The EIA report shows that ethanol production in the marketing year to 2012/2013 (9-1-12 to 8-30-13) total barrels produced came in at a weekly average of 828 per day through 8-30-13 vs. a figure 840 a year ago ending 8-31-12 so we ended at 98.6% on average vs. a year ago vs. a 92.8% projected use figure by USDA. Production the first quarter of the new 13/14 marketing year is running at a pace of around 108% of last year which would exceed the 5.000 billion level of corn use on the year unless the EPA blending mandate changes things or crude oil falls back to the \$80 level. Ethanol prices can be found at - [click here for a link to a weekly report](#).**

**Gold** closed 12-31-13 at **\$1202 or down (\$49) an oz. from a month ago** and the **DOW** was up 485 - by 3.1% to 16575 on the close 12-31-13 and the **NASDAQ** closed at 4175 up 155 or by 3.9%.

**GOVERNMENT and OTHER NEWS:**

The MDI Expectations for what USDA may show in the January 10th U.S. Crop reports for the 2013/2014 marketing year are:

**WHEAT: In JANUARY, 2013/2014** U.S. planted acres may be left at 56.2 million, harvested acres may be shown at 45.2 million acres or 80.45%, and with a U.S. yield of **47.2 bushel per acre** they arrive at a **2013 U.S. Wheat crop of 2.130 billion bushel**. Exports may hold at 1.100 billion bushel despite a strong start to the 13/14 year. Domestic seed use could rise 2 to 75 million, feed and residual may fall 25 to 285 million bushel, and with food use of 950 million bushel making total domestic demand 1.310 billion bushel with **total demand of 2.410 billion bushel** (down 23 from last report). This when combined with imports of 167 million (up 7 on more Canadian imports) and ending 12/13 wheat stocks of 718 million bushel would leave ending 2013/2014 U.S. carryout at **605 million bushel** which would be a **below average 91.7 day ending supply** (the average has been around 103 days since 2000). **World wheat production for 2013/2014 may come in .58 higher at 712 MMT** on a larger Australian crop to 27.0. The U.S. may stay at 58 MMT, with Canada at 37.5 MMT.

China's crop may be unchanged but could fall from the current 121.0 MMT level. The **WASDE World wheat demand for 13/14 could fall .47 to 704.0 MMT** and they may show a beginning stocks figure of 176 MMT. This would cause ending world 2013/2014 stocks to rise by 1.22 to **184 MMT** or a **95.5 day ending supply right at the 95.9 day average since 2000. This would be a SLIGHTLY NEGATIVE wheat report due to the rise in ending U.S. and World stocks.**

**CORN:** In the **JANUARY** crop report for **2013/2014**, USDA could raise **2013** planted acres 100,000 to **95.4 million** and harvested acres to 87.3 million and with a **2013 U.S. yield of 156.8** (down due to lower than expected stocks as of 12-1) they would arrive at a **2013 U.S. Corn crop of 13.685 billion bushel**. Their 12/13 feed and residual use may fall 100 to 5.100 billion bushel, ethanol use could be up 25 to **4.975 billion bushel**, food, seed and industrial use may fall 10 to 1.440 billion making total domestic use of 11.515 billion bushel. Exports may rise 50 to **1.500 billion** making total **2013/2014 demand of 13.015** billion bushel. Combining this with imports of 36 million and beginning stocks of 824 million bushel lowers the U.S. **carryout down 262 million to 1.530 billion bushel** which is a just below **average 42.9 day ending supply** - the average since 2000 has been around 45 days. **WASDE may show World 13/14 corn production** falling by 8.8 to **955.5 MMT** with the U.S. down 7.7 to 347.6 MMT. China may hold at 211 MMT but could fall based on some past outside reviews. The Brazilian estimate may fall .5 to 69.5 MMT, and Argentina may fall .5 to 24.5 MMT. World corn 2013/2014 **demand may fall 3.27 to 936 MMT** and with a beginning stocks figure of 135 MMT, they could show the 2013/2014 world carryout **down nearly 8 to 154.5 MMT which would be a below average 60.3 day ending supply** - the average since 2000 has been around 72 days. **This would be a SLIGHTLY BULLISH corn report due to the lower U.S. and World carryout's but these figures would remain well above a year ago levels with the size of the 2013 Chinese and U.S. crops being the keys.**

**SORGHUM:** The **JANUARY** report may show a steady **2013/2014 U.S. Sorghum crop of 418 million** bushel based on harvested acres of 6.7 million of 8.1 planted acres and an average **2013 U.S. yield of 62.6 bushel per acre**. Combine this with 100 million bushel of feed demand, 120 of food and industrial use, and 185 million of exports (up 5) for **405 million of total use**, with 15 of beginning stocks it leaves the ending U.S. Sorghum **carryout for 2013/2014 at 28 million or at a 25.3 day ending supply** or below the average level since 2000 of around 41 days. Beginning world stocks should be around 3.8 MMT, Production at 62.5 MMT, and Use of 62.0 MMT leaving ending stocks at 4.3 MMT or a **25.3 day ending supply**. This would be a **SLIGHTLY NEGATIVE** sorghum report.

**SOYBEANS:** in **JANUARY** for **2013/2014**, USDA may raise **2013 planted acres** by 100,000 to **76.6 million** and place harvested acres at 75.8 million with a **2013 U.S. yield of 42.6 bushel per acre** they could arrive at **2013 U.S production of 3.230 billion** bushel. Export demand may rise 5 to 1.480 billion bushel, crush use hold at 1.690 billion bushel, seed at 87 and residual down 15 to 8 for a total of 95 million making total domestic use of 1.785 billion bushel. Total **demand would then be shown at 3.265 billion bushel**. Add in **34 million of imports** (up 9) and with **beginning stocks at 141 million** bushel, it leaves **ending U.S. stocks for 2013/2014 at 140 million** bushel which is a below average **15.7 day ending supply** - the average since 2000 has been around 27 days. **World production** for 2013/2014 as shown by WASDE may rise 1.56 MMT to **286 5 MMT** on larger South American crops and **world use may rise by .63 to 271.5 MMT**. Beginning stocks for 2013/2014 could come in at **60 MMT** thus ending world stocks for 2013/2014 would come in at **75 MMT** which is an **above average 100.9 day ending supply** (the average since 2000 has been around 81 days of ending supply). The U.S. 2013 crop may fall .76 to 87.9 MMT, Brazil may rise 2 to 90 MMT, Argentina could rise .5 to 55 MMT, and the Chinese crop may be steady at 12.2 MMT. This would be a **SLIGHTLY NEGATIVE** soybean report **due to the increase in the World carryout level even if the U.S. carryout is lowered slightly.**

**The key changes USDA may make to their 2012/2013 U.S. and world figures in JANUARY are:** No major changes are expected unless they raise corn feed use back up to account for a lower than expected 12-1 corn stocks figure here in the U.S..

## WHEAT INFORMATION AND ANALYSIS:

**K.C. WHEAT:** On 12/17/2013 spot OC **MAR** futures were **\$6.61**. Our similar years historically averaged **99.49%** of the starting price the next 30 days so look for **MAR K.C. futures** to average around **\$6.57**. The market tends to trade technicals or trends so we are going to review some historical **FACTS** to see what we might expect going forward. **MAR** is now our OC futures for making sales of the old crop that remains unsold or unpriced. The average **MAR** futures price since 1970 as of **12/17/2013** was **\$4.14** and the average ending price is **\$4.16** with an average high of **\$0.27** above the starting price and the average low was **(\$0.21)** under the starting price. Taking today's starting futures price of **\$6.61** and using the historical changes, you can expect a potential high price between now and **2/22** of **\$6.88** and the potential low price would be **\$6.39**. Historically, the ending price is **100.38%** of the current price, so you might expect an ending price this year of **\$6.63**.

**K.C. WHEAT SIMILAR and ALL YEARS REVIEW:** The **HIGHEST** price **MAR K.C. Wheat** hit during the **12/17** to **2/22** period since 1970 was with an average high of **\$4.48** and the **LOWEST** price reached was **\$1.46** on **2/1/1972** with an average low price of **\$3.99**. The futures prices averaged **\$4.22** a bushel during this timeframe. The average export sales since 1970 has been **1,144 million** bushel a year, with ending stocks of **831 million** bushel or a **124.7 day** average ending stocks level. The average U.S. cash price was **\$3.59** a bushel or an average futures price of **\$4.04** using the ( \$.45 ) cash basis.

Our similar years had an average U.S. carryout of **692 million** bushel with an average cash price of **\$3.12** a bushel - using an estimated average U.S. cash basis of ( \$.45 ) equals an average futures price of around **\$3.57** or **WELL BELOW** the closing prices on 12/17/2013. The ending U.S. stocks to use in our similar years were at a **111.7 day** supply vs. the **12/10/2013** USDA figure of **86.3** days for **2013/2014**. The average export sales in our similar years were **1,029 million** vs. USDA's **1,100 million** figure with domestic use of **1,233 million** vs. USDA's **1,333 million** figure for **2013/2014**. Ending world stocks averaged **105.4** days of ending supply since 1970 vs. the current **94.8 day** figure at the end of **2013/2014**. **MAR** futures made a high in the next 30 days in **22** of the last **43** years, and they made a low the next 30 days in **21** of the last **43** years.

**SEP KC WHEAT** futures closed on 12/17/2013 at **\$6.73** vs. an average futures price on that date since 1970 of **\$4.08** a bushel and in our similar years the average was **\$3.97** a bushel so the current price is **MUCH HIGHER**. Secondly, the average futures move DOWN from 12/17 to 8/22 in the years of 1970 to 2013 was **(\$0.21)** and in our similar years it was **(\$0.26)** for a **\$6.52 to \$6.47** SEP KC WHEAT target low this year. Next we looked at the average move UP which was up around **\$1.72** from the starting price since 1970 which is a futures target high in the **\$8.45** area. **SEP** futures made a high in the next 30 days in **8** of the last **43** years, and they made a low the next 30 days in **5** of the last **43** years.

**WHEAT EXPORTS:** Sales for the past four weeks ending **12/26/2013** were **excellent** at **68.8** million bushel and export sales now stand at **899.4** million bushel vs. 700.9 million a year ago at this time. Sales of around **36.4** million a month are needed assuming donations of **10.0** and with donations to date of 3.068. Sales to date have averaged 76.0 per month. Export inspections on shipments for the past four weeks ending **12/26/2013** were **poor** at **70.4** million and brought the total shipped to **729.4** vs. 515.4 shipped a year ago. Shipments need to average **65.0** a month assuming 30 million shipped as flour or not inspected. Inspections to date have averaged 97.0 per month. USDA currently projects exports at 1,100.0 million bushel.

**USDA U.S. REPORT:** On **12/10/2013** USDA placed their 2013/2014 wheat yield at **47.2** bushel on **45.2** million acres (**80.43%**) of the **56.2** million planted acres for a 2013 crop of **2.130** billion bushel. Beginning stocks of **718** million bushel when combined with 2013/2014 domestic food use of **950 million**, seed use of **73 million**, feed use of **310 million**, imports of **160 million (up 10)**, and **1,100 million** of exports for a total use of **2,433 million** leaving ending U.S. wheat stocks for 2007/2008 at **575** million bushel (**up 10**) which is a **86.3** day ending supply. This is **17.0%** below the 693 million fifteen year average. The changes up and down are comparing this month's figures to a month ago.

**WORLD INFORMATION:** On **12/10/2013** USDA showed 2013/2014 world wheat production **increasing 55.25 MMT** to a total world production figure of **711.4 MMT** or **26.140** billion bushel. USDA's world 2013/2014 demand figure rose 25.2 MMT to **704.5 MMT** or 25.884 billion bushel and ending stocks **rose 6.9 MMT** to **182.8 MMT** or **6.716** billion bushel for a **94.8** day ending supply - this ranks as the **25 lowest** figure in the last **38** years. The lowest ending days of supply in the last 38 years has been 68.2 which was in 2007/2008.

**IGC WORLD WHEAT INFORMATION:** On **11/28/2013** IGC showed 2013/2014 world production **increasing 43 MMT** to a total world production figure of **698 MMT** or **25.647** billion bushel. IGC's world 2013/2014 demand figure rose 19 MMT to **692 MMT** or 25.426 billion bushel and ending stocks **rose 6 MMT** to **181 MMT** or **6.650** billion bushel for a **95.5** day ending supply - this ranks as the **3 lowest** figure in the last 4 years. The lowest ending days of supply in the last 4 years has been 95.0 which was in 2012/2013.

**CASH BASIS:** levels on HRW WHEAT as of **1/2/2014** at the gulf was \$1.15 over (unchanged) and the interior KC\_HRW basis was (\$0.02) under (down \$0.02) from **12/4/2013**. SRW wheat had a gulf basis of \$1.00 over (up \$0.24) and an interior bid at Chicago of \$0.09 over (up \$0.17). KC Wheat bids on 11.0 protein were 120 over and 13.0 protein was bid at 135 over. The current bids are based on **MAR futures**.

**CROP PROGRESS:** As of 11/24/2013 WHEAT Emergence was at 93% (up 4%) vs. 88% last year and a 89% average.  
**CROP PROGRESS:** NO CURRENT DATA AVAILABLE

**CROP CONDITIONS** on **WINTER WHEAT** as of **11/24/2013** showed 62% G and EX (down 1%), 8% P and VP (up 1%) compared to a year ago when G and EX totaled 33% and P and VP totaled 26%.

**WINTER WHEAT STATE CROP CONDITIONS** Click on the link to the left for information on WINTER WHEAT state crop conditions.

**CROP CONDITIONS** NO CURRENT DATA AVAILABLE. CLICK ON THE HEADING AT THE LEFT FOR HISTORICAL DATA.

**SPRING WHEAT STATE CROP CONDITIONS** Click on the link to the left for information on SPRING WHEAT state crop conditions.

Some **BULL CASE** factors to consider are:

1. The Chinese crop quality was down in 2013 and this could lead to more import demand by them.
2. Argentina's crop may be lowered and this should create more U.S. export demand to Brazil.
3. The cold weather hitting the U.S. comes with little in the way of snow cover in a few areas and may raise some winter-kill concerns.

Some **BEAR CASE** factors to consider are:

1. The International Grains Council Report of 11-28 states they expect a record world wheat supply in the 2013/2014 year and a 1.4% rise in next year's world wheat acres.
2. The Canadian crop yield was over 20% above 2011 and their large crop is creating more export competition.
3. The drop in corn prices may have caused higher 2014 U.S. Wheat acres and conditions were much better than a year ago going into the winter months.

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## CORN AND SORGHUM INFORMATION AND ANALYSIS:

**CORN:** On 12/17/2013 spot OC **MAR** futures were **\$4.27**. Our similar years historically averaged **99.80%** of the starting price the next 30 days so look for **MAR** K.C. futures to average around **\$4.26**. The market tends to trade technicals or trends so we are going to review some historical **FACTS** to see what we might expect going forward. **MAR** is now our OC futures for making sales of the old crop that remains unsold or unpriced. The average **MAR** futures price since 1970 as of **12/17/2013** was **\$2.86** and the average ending price is **\$2.91** with an average high of **\$0.19** above the starting price and the average low was **(\$0.12)** under the starting price. Taking today's starting futures price of **\$4.27** and using the historical changes, you can expect a potential high price between now and **2/22** of **\$4.45** and the potential low price would be **\$4.15**. Historically, the ending price is **101.71%** of the current price, so you might expect an ending price this year of **\$4.34**.

**CORN SIMILAR and ALL YEARS REVIEW:** The **HIGHEST** price **MAR** Corn hit during the **12/17** to **2/22** period since 1970 was with an average high of **\$3.12** and the **LOWEST** price reached was **\$1.19** on **2/18/1972** with an average low price of **\$2.81**. The futures prices averaged **\$2.96** a bushel during this timeframe. The average export sales since 1970 has been **1,715** million bushel a year, with ending stocks of **1,591** million bushel or a **44.5** day average ending stocks level. The average U.S. cash price was \$2.62 a bushel or an average futures price of \$2.82 using the ( \$.20 ) cash basis.

Our similar years had an average U.S. carryout of **1685** million bushel with an average cash price of **\$3.26** a bushel - using an estimated average U.S. cash basis of ( \$.20 ) equals an average futures price of around **\$3.46** or **WELL BELOW** the closing prices on 12/17/2013. The ending U.S. stocks to use in our similar years were at a **53.7** day supply vs. the **12/10/2013** USDA figure of **50.1** days for **2013/2014**. The average export sales in our similar years were **1,917** million vs. USDA's **1,450** million figure with domestic use of **9,545** million vs. USDA's **11,600** million figure for **2013/2014**. Ending world stocks averaged **85.9** days of ending supply since 1970 vs. the current **63.3** day figure at the end of **2013/2014**. **MAR** futures made a high in the next 30 days in **20** of the last **43** years, and they made a low the next 30 days in **21** of the last **43** years.

**DEC CORN** futures closed on 12/17/2013 at **\$4.54** vs. an average futures price on that date since 1970 of **\$2.92** a bushel and in our similar years the average was **\$3.92** a bushel so the current price is **MUCH HIGHER**. Secondly, the average futures move **DOWN** from 12/17 to 11/22 in the years of 1970 to 2013 was **(\$0.12)** and in our similar years it was **(\$0.20)** for a **\$4.42** to **\$4.34** **DEC CORN** target low this year. Next we looked at the average move **UP** which was up around **\$1.32** from the starting price since 1970 which is a futures target high in the **\$5.86** area. **DEC** futures made a high in the next 30 days in **0** of the last **43** years, and they made a low the next 30 days in **0** of the last **43** years.

**CORN EXPORTS:** Sales for the past four weeks ending **12/26/2013** were **excellent** at **100.0** million bushel and export sales now stand at **1,123.5** million bushel vs. 502.2 million a year ago at this time. Sales of around **39.2** million a month are needed assuming donations of **0.0** and with no donations to date. Sales to date have averaged 73.5 per month. Export inspections on shipments for the past four weeks ending **12/26/2013** were **poor** at **128.2** million and brought the total shipped to **448.8** vs. 255.8 shipped a year ago. Shipments need to average **120.1** a month . Inspections to date have averaged 70.6 per month. USDA currently projects exports at 1,450.0 million bushel.

**SORGHUM EXPORTS:** Sales for the past four weeks ending **12/26/2013** were **excellent** at **25.1** million bushel and export sales now stand at **108.1** million bushel vs. 34.8 million a year ago at this time. Sales of around **7.4** million a month are needed assuming donations of **10.0** and with donations to date of 3.535. Sales to date have averaged 8.0 per month. Export inspections on shipments for the past four weeks ending **12/26/2013** were **poor** at **6.9** million and brought the total shipped to **40.0** vs. 32.4 shipped a year ago. Shipments need to average **16.8** a month . Inspections to date have averaged 6.3 per month. USDA currently projects exports at 180.0 million bushel.

**USDA U.S. REPORT:** On **12/10/2013** USDA placed their 2013/2014 corn yield at **160.4** bushel on **87.2** million acres (**91.50%**) of the **95.3** million planted acres for a 2013 crop of **13.989** billion bushel. Beginning stocks of **824** million bushel when combined with 2013/2014 domestic food use of **1,410** million , seed use of **40** million , feed use of **5,200** million , ethanol use of **4,950** million (**up 50**), imports of **30** million (**up 5**), and **1,450** million (**up 50**) of exports for a total use of **13,050** million (**up 100**) leaving ending U.S. corn stocks for 2007/2008 at **1,792** million bushel (**down 95**) which is a **50.1** day ending supply. This is **19.0%** above the 1,505 million fifteen year average. The changes up and down are comparing this month's figures to a month ago.

**USDA U.S. REPORT:** On 12/10/2013 USDA placed their 2013/2014 sorghum yield at **62.2** bushel on **6.7** million acres (**82.72%**) of the **8.1** million planted acres for a 2013 crop of **0.416** billion bushel. Beginning stocks of **15** million bushel when combined with 2013/2014 imports of **0 million** , and **180 million** of exports for a total use of **400 million** leaving ending U.S. sorghum stocks for 2007/2008 at **31** million bushel which is a **28.3** day ending supply.

**WORLD INFORMATION:** On 12/10/2013 USDA showed 2013/2014 world corn production **increasing 101.40 MMT** to a total world production figure of **964.3 MMT** or **37.962** billion bushel. USDA's world 2013/2014 demand figure rose 76.3 MMT to **936.7 MMT** or 36.878 billion bushel and ending stocks **rose 27.6 MMT to 162.5 MMT** or **6.396** billion bushel for a **63.3** day ending supply - this ranks as the **29 lowest** figure in the last **38** years. The lowest ending days of supply in the last 38 years has been 42.9 which was in 1973/1974.

**IGC WORLD MAIZE INFORMATION:** On 11/28/2013 IGC showed 2013/2014 world production **increasing 87 MMT** to a total world production figure of **950 MMT** or **37.400** billion bushel. IGC's world 2013/2014 demand figure rose 58 MMT to **922 MMT** or 36.298 billion bushel and ending stocks **rose 28 MMT to 157 MMT** or **6.181** billion bushel for a **62.2** day ending supply - this ranks as the **2 lowest** figure in the last 4 years. The lowest ending days of supply in the last 4 years has been 54.5 which was in 2012/2013.

**CASH BASIS:** levels on CORN as of 1/2/2014 at the gulf was \$0.75 (up \$0.08) and the interior CORN basis was (\$0.20) under (down \$0.12) from **12/4/2013**. The current bids are based on **MAR futures**.

**CROP PROGRESS:** As of 11/24/2013 CORN harvest is 95% complete (up 4) vs. 100% last year and a 91% average.

**CROP PROGRESS:** As of 11/24/2013 SORGHUM harvest is 97% complete (up 6) vs. 97% last year and a 91% average.

**CROP CONDITIONS** NO CURRENT DATA AVAILABLE. CLICK ON THE HEADING AT THE LEFT FOR HISTORICAL DATA.

**CORN STATE CROP CONDITIONS** Click on the link to the left for information on CORN state crop conditions.

Some **BULL CASE** factors to consider are:

1. The current corn price may have caused a 10% reduction in Argentine and Brazilian first crop corn acres were reported down 9.5%.
2. U.S. Corn export demand could easily rise in the 13/14 marketing year back to 1.600 billion bushel should problems develop in South America and/or they do not plant as many second crop corn acres in Brazil.
3. We may see a smaller than expected rise in the 2013 U.S. Corn carryout due to a drop in yield and/or added demand and/or a change in the ending 12/13 stocks figure of 824 million.

Some **BEAR CASE** factors to consider are:

1. Chinese DDG and corn import cancellations are pressing market prices.
2. The Ukraine had a large corn crop and they are priced below current U.S. prices but may be too low to encourage any major change in 2014 acres.
3. The South American corn crops in the 12/13 year came up to expectations and will provide added export competition - especially from Argentina that is sitting on corn stocks.

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## SOYBEAN AND SUNFLOWER INFORMATION AND ANALYSIS:

**SOYBEANS:** On 12/17/2013 spot OC **MAY** futures were **\$13.17**. Our similar years historically averaged **101.37%** of the starting price the next 30 days so look for **MAY** K.C. futures to average around **\$13.35**. The market tends to trade technicals or trends so we are going to review some historical **FACTS** to see what we might expect going forward. **MAY** is now our OC futures for making sales of the old crop that remains unsold or unpriced. The average **MAY** futures price since 1970 as of **12/17/2013** was **\$6.91** and the average ending price is **\$7.20** with an average high of **\$0.77** above the starting price and the average low was **(\$0.45)** under the starting price. Taking today's starting futures price of **\$13.17** and using the historical changes, you can expect a potential high price between now and **4/20** of **\$13.94** and the potential low price would be **\$12.73**. Historically, the ending price is **104.09%** of the current price, so you might expect an ending price this year of **\$13.71**.

**SOYBEANS SIMILAR and ALL YEARS REVIEW:** The HIGHEST price **MAY** Soybeans hit during the **12/17** to **4/20** period since 1970 was with an average high of **\$7.89** and the LOWEST price reached was **\$3.11** on **1/13/1972** with an average low price of **\$6.64**. The futures prices averaged **\$7.21** a bushel during this timeframe. The average export sales since 1970 has been **748** million bushel a year, with ending stocks of **241** million bushel or a **26.9** day average ending stocks level. The average U.S. cash price was **\$6.37** a bushel or an average futures price of **\$7.02** using the ( **\$.65** ) cash basis.

Our similar years had an average U.S. carryout of **268** million bushel with an average cash price of **\$8.07** a bushel - using an estimated average U.S. cash basis of ( **\$.65** ) equals an average futures price of around **\$8.72** or **WELL BELOW** the closing prices on **12/17/2013**. The ending U.S. stocks to use in our similar years were at a **31.3** day supply vs. the **12/10/2013** USDA figure of **16.7** days for **2013/2014**. The average export sales in our similar years were **1,259** million vs. USDA's **1,475** million figure with domestic use of **1,866** million vs. USDA's **1,799** million figure for **2013/2014**. Ending world stocks averaged **73.5** days of ending supply since 1970 vs. the current **95.2** day figure at the end of **2013/2014**. **MAY** futures made a high in the next 30 days in **13** of the last **43** years, and they made a low the next 30 days in **15** of the last **43** years.

**NOV SOYBEANS** futures closed on **12/17/2013** at **\$11.65** vs. an average futures price on that date since 1970 of **\$6.90** a bushel and in our similar years the average was **\$10.47** a bushel so the current price is **MUCH HIGHER**. Secondly, the average futures move **DOWN** from **12/17** to **10/22** in the years of 1970 to 2013 was **(\$0.45)** and in our similar years it was **(\$0.30)** for a **\$11.20** to **\$11.35** **NOV SOYBEANS** target low this year. Next we looked at the average move **UP** which was up around **\$3.59** from the starting price since 1970 which is a futures target high in the **\$15.24** area. **NOV** futures made a high in the next 30 days in **7** of the last **43** years, and they made a low the next 30 days in **8** of the last **43** years.

**SOYBEANS EXPORTS:** Sales for the past four weeks ending **12/26/2013** were **excellent** at **111.5** million bushel and export sales now stand at **1,492.7** million bushel vs. **1,130.5** million a year ago at this time. Sales of around **-2.1** million a month are needed assuming donations of **0.0** and with no donations to date. Sales to date have averaged **78.1** per month. Export inspections on shipments for the past four weeks ending **12/26/2013** were **excellent** at **226.9** million and brought the total shipped to **865.6** vs. **779.9** shipped a year ago. Shipments need to average **73.1** a month . Inspections to date have averaged **110.0** per month. USDA currently projects exports at **1,475.0** million bushel.

**USDA U.S. REPORT:** On **12/10/2013** USDA placed their 2013/2014 soybeans yield at **43.0** bushel on **75.7** million acres (**98.95%**) of the **76.5** million planted acres for a 2013 crop of **3.258** billion bushel. Beginning stocks of **141** million bushel when combined with 2013/2014 domestic crush of **1,690** million (**up 5**), and residual use of **22** million , seed use of **87** million , imports of **25** million (**up 10**), and **1,475** million (**up 25**) of exports for a total use of **3,274** million (**up 31**) leaving ending U.S. soybeans stocks for 2007/2008 at **150** million bushel (**down 20**) which is a **16.7** day ending supply. This is **37.8%** below the **241** million fifteen year average. The changes up and down are comparing this month's figures to a month ago.

**WORLD INFORMATION:** On **12/10/2013** USDA showed 2013/2014 world soybeans production **increasing 16.92** MMT to a total world production figure of **284.9** MMT or **10.470** billion bushel. USDA's world 2013/2014 demand figure rose **12.6** MMT to **270.9** MMT or **9.953** billion bushel and ending stocks **rose 10.4** MMT to **70.6** MMT or **2.595** billion bushel for a **95.2** day ending supply - this ranks as the **HIGHEST** figure in the last **38** years. The lowest ending days of supply in the last 38 years has been **20.2** which was in **1972/1973**.

**CASH BASIS:** levels on SOYBEANS as of **1/2/2014** at the gulf was **\$1.00** (up **\$0.06**) and the interior SOYBEANS basis was **\$0.05** over (unchanged) from **12/4/2013**. The current bids are based on **MAR futures**.

**CROP PROGRESS:** As of **11/17/2013** SOYBEANS harvest is **95%** complete (up **4**) vs. **98%** last year and a **96%** average.  
**CROP PROGRESS:** As of **11/24/2013** SUNFLOWERS harvest is **80%** complete (up **15**) vs. **99%** last year and a **93%** average.

**CROP CONDITIONS** NO CURRENT DATA AVAILABLE. CLICK ON THE HEADING AT THE LEFT FOR HISTORICAL DATA.

**BULL CASE** factors to consider are:

1. It is just midseason in the growing season for South America and weather could still cause problems to their record breaking crop predictions.
2. The Chinese demand looks to remain strong and exports to them provide market support where we have already reached **99%** of the projected USDA level.
3. Some ear worm and other rust issues have surfaced in South America and if prices drop, yields may suffer if farmers choose to not control these as much as they will at higher price levels.

**BEAR CASE** factors to consider are:

1. The Brazilian and Argentine soybean acres are expected to rise significantly due to the low price of corn and should create a good deal of export competition in the second half of this marketing year.
2. The world stocks are projected to grow back to a well above average ending days of supply for 13/14 due to large production increases in South America and the U.S..
3. The Chinese and U.S. relations are a little strained and this may cause some cancellations by China and funds may exit their large net long position.

**IGC TOTAL WORLD GRAINS:** On 11/28/2013 IGC showed 2013/2014 world production **increasing 156 MMT** to a total world production figure of **1,946 MMT**. IGC's world 2013/2014 demand figure rose 89 MMT to **1,904 MMT** and ending stocks **rose 41 MMT** to **379 MMT** for a **72.7** day ending supply - this ranks as the **2 lowest** figure in the last 4 years. The lowest ending days of supply in the last 4 years has been 68.0 which was in 2012/2013.

**SUNFLOWERS: producers could price 30-50% of OC and 20% on NC 2014 at current price levels.** In the January 11, 2013 Report, **USDA showed total harvested acres in 2012 at 1.841 million acres (up from 1.458 last year) or at 126.2% of a year ago.** The **2012 production** shown in the January 11th crop report was shown at 2,785,695 vs. 2,038,275 in 2011 or **up by 36.6%** and was based on a 2012 U.S. yield of 1,513 vs. last year's 1,398 figure. **Sunflower acres were shown at just 1.567 million acres in 2013 vs. 1.919 million a year ago. Sunflower stocks in the U.S. as of 9-1-2013** were shown at **338,873 (1000 lbs)** vs. a figure on 9-1-2012 of 190,846 (1000 lbs) or **at 177.6%** The 1-6-2014 spot price at the ADM plant in Goodland, Kansas on sunflowers was **\$18.35 for SPOT delivery** - down (\$.60) from last month and **2014 Act of God NC bids** are at **\$18.30** - also down (\$.60) on the month.

#### **LIVESTOCK ANALYSIS:**

**FEED or END USERS: Look to move coverage on corn or sorghum to 75% for the winter months with MAR 14 Corn at or below \$4.30 and to 50% with MAY 2014 Corn futures in the \$4.40 or lower area.**

**THE DECEMBER 20TH CATTLE on FEED HIGHLIGHTS ARE: ON FEED** as of December 1 was shown at **10.725 million head** or just 95% of last year, **PLACED** on feed during November came in at **1.882 million head** or 97% of a year ago, **MARKETING'S** in November were **1.681 million** or 95% of last year and **OTHER DISAPPEARANCE** was shown at **73,000 head** or 83% of the previous year.

The **February 1st LIVESTOCK INVENTORY Report** showed all **CATTLE and CALVES** at **89.3 million head** or 98% of a year ago and the lowest figure since 1952, **COWS and HEIFERS** that have calved were shown at **38.5 million** or 98% of last year and the lowest level calving since 1941. **BEEF COWS** came in at **29.3 million** or 97% of a year ago and **MILK COWS** were shown at **9,200,000** or equal to last year. The **CALF CROP** was shown at **34,500,000** or 98% of the previous year. Total **CATTLE on FEED** including on farms came in at **13.351 million** or 95% of a year ago.

The **December 28th Quarterly HOG and PIGS Report** showed **ALL HOGS and PIGS** as of December 1, 2013 at **65.9 million head** (down 1% from last year and 2% from September 1, 2013). **BREEDING INVENTORY** came in at **5.76 million head** which is down 1% from a year ago and down 1% from September 1, 2013. **MARKET HOGS** on hand were shown at **60.2 million** or down 1% from last year and down 2% from September 1, 2013. The September-November **PIG CROP** came in at **29.3 million head** or just below 2012 with a record large 10.16 pigs per litter.

As of **December 24th, the CFTC Commitment of Traders** report showed funds **moved to a NET LONG futures only position of 77,516 from a NET LONG 52,621 contracts on Live Cattle futures the past month** - up 24,895 contracts or by 47.4%. The Noncommercial (Traditional) Funds moved up to a **NET LONG Live Cattle futures and options position of 81,912** from a net long 72,024 contracts - up 9,888 contracts or by 13.8%. Index Funds decreased their long Live Cattle **futures and options** to 103,957 contracts (down 3,084 or by 2.9%) and increased short positions by 1369 to 3,018 contracts of short positions - up 83%. **Feeder Cattle futures** saw the funds moving from a **NET LONG futures only position** of 5,738 contracts last month to a **NET LONG 9,043 contracts** this month - **a gain of 3,305 contracts** in long positions - up 57.6%. Noncommercial Traditional Funds showed Feeder Cattle **futures and options** moving from a net long 4,546 contracts to a **NET LONG of 8,572 contracts** this month - a gain of 4,026 in long positions for the month or by 88.6%. Index Funds are now shown holding long **futures and options** of Feeder Cattle of a decreased 5,576 contracts down by 325 from a month ago or by 5.5% and short positions were decreased by 228 to 276 contracts sold or a 41.8% decrease.

**QUICK CHECK SHOWS 50% OF THE TIME** that **JUNE Live Cattle** moved up in price \$3.25 to \$5.85 from December 18th to the end of May based on a 3 to 40 year review. This means those looking to sell finished cattle by then **could use JUNE 2014 Live cattle futures in the \$131.30 to \$133.90 area** for pricing. **COW CALF PRODUCERS** could see November 2014 feeder cattle rise to the \$175.67 to \$186.15 area based on a 50% move history from 12-18 to 10-31. We ran our Livestock Review on **Feeder Steers put on feed at 500 #, costing \$200** and fed to 900 # @ a cost of gain of \$.85 a #, and the cash break-even was \$154.02 and then if they are taken to finish at 1350 # with a cost of gain of \$.90 they had a break even cash price of \$136.02. The current Live Cattle futures price showed that producers had a 25.7% chance of the futures moving to where a \$60 per head profit could be hedged on DECEMBER 2014 LIVE

CATTLE and a \$1.10 basis equals a \$139.36 futures target and these Live Cattle futures were \$129.85 on 12-18-2013. Heifers weighing 500 lbs and costing \$183.00 had 33.33% odds of locking in a **\$60 per head profit using OCTOBER 2014 Live Cattle futures** assuming a cost of gain from 500# to 750# and a (\$.14) basis level.

#### U.S. and WORLD WEATHER INFORMATION:

[Click here](#) for a link to NOAA's weather service. The U.S. Drought Monitor of on December 31st shows drought conditions still exist on over 50% of the U.S. including areas from central and northern IL to most of IA and much of MN to all of NE to all but the far southeastern area of KS, to western OK to all but far eastern TX and southern WY, most of CO and all of the western states of NM and AZ and UT and all but northern ID and NV and CA along with most of WA and OR. This includes most of the HRW wheat area and parts of the western corn belt. The south central and western parts of the U.S. have the most severe drought ratings. Above normal topsoil conditions as shown in the [Crop Moisture Index](#) on December 28th were located in an area from Maine down along the coastal states to FL and along the Gulf over to LA then to AR to southeastern MO to southeastern IL to most of IN to OH with most other areas in normal condition. Drought conditions as far as subsoil goes according to the [Palmer Drought Index](#) of December 28th is in most of CA central MT and then in scattered other areas including 2/3 of IA. Areas of moist conditions were ND and SD, western CO along with much of the eastern areas with good topsoil conditions. The NOAA forecast for JANUARY shows western TX to NM to AZ to UT to NV to most of CA with above normal temperatures with cooler than normal conditions in eastern MT to SD to IA to northern IL to IN to OH to western NY. Below normal moisture is shown in CA to NV to southern UT to AZ to NM during JANUARY. **MARKET IMPLICATIONS of these forecasts are: the HRW crop may see some concerns over adequate moisture and/or winter-kill scares from a lack of cover.**

#### EXPORT AND FOREIGN INFORMATION:

Review Area (in million of bushels)	U.S. <a href="#">WHEAT-13/14</a>	U.S. <a href="#">CORN-13/14</a>	U.S. <a href="#">SOYBEANS-13/14</a>
USDA estimates & monthly change	1,100.0 mb. (No Change)	1,450.0 mb. up 50	1,475.0 mb. up 25
Sales &/or Donations to <b>12/26/2013</b>	899.4 mb.	1,123.5 mb.	1,492.7 mb.
Sales per month to meet USDA	33.4 mb.	37.1 mb.	0 mb.
Shipped through <b>12/26/2013</b>	729.4 mb.	448.8 mb.	865.6 mb.
Shipments per month to meet USDA	59.6 mb. (30 flour)	113.6 mb.	69.2 mb.
Sales and <b>Shipments</b> past four weeks	69 & <b>70</b> mb	100 & <b>128</b> mb	112 & <b>227</b> mb

[Export sales](#) of **2013/2014 WHEAT** as of 12-26-2013 had reached the 899 million level (68 million sold last month) vs. 701 million sold a year ago at this time. Export sales of **CORN** through 12-26 are well above a year ago at 1.124 billion (100 million sold last month) vs. 502 million last year. Sales of **SOYBEANS in 2013/2014** have already reached the 1.450 billion USDA figure with 1.493 billion sold as of 12-26 with 112 million sold the past month and this should cause a slight increase in export sales in the next crop report.

The spot month dollar index ended lower for the month with a close 12-31-13 at **\$80.15 - down (\$.50)** while the EURO closed **.0201 higher at 1.3786** and the REAL closed **\$.0102 lower than a month ago at \$.4199**. [LIFFE](#) front month EU GRAIN PRICES as of 12-31-2013 were: **CORN - \$6.02** a bushel - down (\$.12) on the month, **MILLING WHEAT - \$7.84** a bushel - up \$.08, and **FEED WHEAT - \$6.14** a bushel - up \$.05. This compares to 12-31 - JANUARY shipment [U.S. Gulf prices](#) for **Corn of \$4.92** - down (\$.08) on the month, **Sorghum is shown at \$5.21** for JAN shipment - up \$.05, **SRW Wheat bids were \$7.05** a bushel - down (\$.51), and **HRW** at the Gulf is bid at **\$7.56** a bushel - down (\$.81) from last month and nearly \$1.70 the past 2 months. **Soybeans** were at **\$14.14** a bushel fob the Gulf for **JANUARY shipment** - down (\$.01) from a month ago.

#### TECHNICALS:

**TECHNICALS:** RSI's as of Wednesday, December 18, 2013 on MAR KC WHEAT were 3 on the 9 day and 23 on the 30 day. **These are Lower range figures. ALERT FEED or END USERS.**

**TECHNICALS:** RSI's as of Wednesday, December 18, 2013 on MAR Chicago Wheat were 5 on the 9 day and 28 on the 30 day. **These are Lower range figures. ALERT FEED or END USERS.**

**TECHNICALS:** RSI's as of Wednesday, December 18, 2013 on MAR Corn were 36 on the 9 day and 45 on the 30 day. **These are Lower range figures.**

**TECHNICALS:** RSI's as of Wednesday, December 18, 2013 on JAN Soybeans were 48 on the 9 day and 61 on the 30 day. **These are Mid range figures.**

Note that a Relative Strength Index (RSI) over 70 may be a sign of a topping market and a rating under 30 may be the sign of a bottoming market. We feel the 30 day RSI rating should be used for long term trends and the 9 day rating may be considered when making short term decisions on when to price grain. If the rating is low (under 30) and you do not have to sell right away, waiting may be prudent or if the rating is high (over 70) and you are debating on whether or not to make sales this may help you to make a decision as a topping market may be set to go lower.

**COMMODITY TRADITIONAL and INDEX FUNDS - WHAT ARE THEY AND HOW DO THEY AFFECT THE FUTURES MARKETS:**

Index funds generally handle their positions differently than Traditional funds in that they generally BUY and HOLD futures and are always net long the markets while Traditional funds buy and sell futures more often than Index Funds and often move to a net short market position. **MDI defines Traditional Funds** as those which are primarily managed money accounts, commercials, exporters, and other end users trading their noncommercial accounts vs. the **Index Funds** which are more of your stock market or institutional funds who own commodities as a longer term investment and/or inflation hedge. The Index funds often buy a broad cross section of commodities and figure that a majority of them will move higher thus they place less reliance on fundamentals of individual commodities.

**FUNDS:** held a net long **KCBT WHEAT futures** position on **12/24/2013** of 1.29 to 1.00 with 10,915 contracts net long compared to a net long position of 1.60 to 1.00 with 20,420 contracts net long on 11/26/2013. KCBT WHEAT **futures/options** on 12/24/2013 were net long by a 1.15 to 1.00 margin. Traditional funds held long futures and options of 32,215 and short positions of 37,124 and Index funds held long futures and options positions of 51,211 long vs. 3,988 short positions. This makes total fund positions of a **net long 211.6 million bushel** which is **down by 65.4** from **277.0** million bushel on **11/26/2013**.

**FUNDS:** held a net short **CBT WHEAT futures** position on **12/24/2013** of 1.46 to 1.00 with 58,377 contracts net short compared to a net short position of 0.00 to 1.00 with 59,257 contracts net short on 11/26/2013. CBT WHEAT **futures/options** on 12/24/2013 were net short by a 2.28 to 1.00 margin. Traditional funds held long futures and options of 80,104 and short positions of 182,533 and Index funds held long futures and options positions of 150,286 long vs. 27,431 short positions. This makes total fund positions of a **net long 102.1 million bushel** which is **down by 90.9** from **193.0** million bushel on **11/26/2013**.

**FUNDS:** held a net long **MGE WHEAT futures** position on **12/24/2013** of 1.46 to 1.00 with 4,980 contracts net long compared to a net long position of 1.32 to 1.00 with 3,121 contracts net long on 11/26/2013. MGE WHEAT **futures/options** on 12/24/2013 were net long by a 1.42 to 1.00 margin. Traditional funds held long futures and options of 15,534 and short positions of 10,925 and Index funds held long futures and options positions of 0 long vs. 0 short positions. This makes total fund positions of a **net long 23.0 million bushel** which is **up by 8.3** from **14.8** million bushel on **11/26/2013**.

**FUNDS:** held a net short **CBT CORN futures** position on **12/24/2013** of 1.35 to 1.00 with 77,583 contracts net short compared to a net short position of 0.00 to 1.00 with 110,067 contracts net short on 11/26/2013. CBT CORN **futures/options** on 12/24/2013 were net short by a 1.84 to 1.00 margin. Traditional funds held long futures and options of 185,712 and short positions of 342,634 and Index funds held long futures and options positions of 387,945 long vs. 26,055 short positions. This makes total fund positions of a **net long 1,024.8 million bushel** which is **up by 157.5** from **867.4** million bushel on **11/26/2013**.

**FUNDS:** held a net long **CBT SOYBEANS futures** position on **12/24/2013** of 3.53 to 1.00 with 175,774 contracts net long compared to a net long position of 3.50 to 1.00 with 154,794 contracts net long on 11/26/2013. CBT SOYBEANS **futures/options** on 12/24/2013 were net long by a 3.26 to 1.00 margin. Traditional funds held long futures and options of 195,371 and short positions of 59,877 and Index funds held long futures and options positions of 151,672 long vs. 9,594 short positions. This makes total fund positions of a **net long 1,387.9 million bushel** which is **up by 137.4** from **1,250.5** million bushel on **11/26/2013**.

**Traditional funds** KCBT WHEAT held net short futures and options on 12/24/2013 of 4,909 falling 10,094 from a 5,185 net long position on 11/26/2013, a **205.62% decrease in net long positions**.

**Index funds** KCBT WHEAT held net long futures and options on 12/24/2013 of 47,223 falling 2,987 from a 50,210 net long position on 11/26/2013, a **5.95% drop in net long positions**.

**Traditional funds** CBT WHEAT held net short futures and options on 12/24/2013 of 102,429 rising 1,496 from a 103,925 net short position on 11/26/2013, a **1.44% increase in net long positions**.

**Index funds** CBT WHEAT held net long futures and options on 12/24/2013 of 122,855 falling 19,679 from a 142,534 net long position on 11/26/2013, a **13.81% drop in net long positions**.

**Traditional funds** CBT CORN held net short futures and options on 12/24/2013 of 156,922 rising 47,489 from a 204,411 net short position on 11/26/2013, a **23.23% increase in net long positions**.

**Index funds** CBT CORN held net long futures and options on 12/24/2013 of 361,890 falling 15,998 from a 377,888 net long position on 11/26/2013, a **4.23% drop in net long positions**.

**Traditional funds** CBT SOYBEANS held net long futures and options on 12/24/2013 of 135,494 rising 26,327 from a 109,167 net long position on 11/26/2013, a **24.12% increase in net long positions**.

**Index funds** CBT SOYBEANS held net long futures and options on 12/24/2013 of 142,078 rising 1,148 from a 140,930 net long position on 11/26/2013, a **0.81% increase in net long positions**.

**See the above review for details on the changes funds have made the past four weeks in each of the commodity markets.** A KEY to whether the grain markets will rally is to watch for the Traditional Funds to buy in these markets. The Index Funds may add some net long positions but it will take Traditional fund buying to move prices higher.

From **11-26-2013 to 12-24-2013**, the **Traditional Funds** moved from a net long [K.C. Wheat futures and options](#) position of 5,185 contracts to a NET SHORT position of (4,909) contracts for a 10,094 decrease in their long positions or by nearly 200%. They decreased their net short [Chicago Wheat](#) futures and options from (103,925) contracts net short to a net short position of (102,429) the past month - a drop of 1,496 in sold positions for a 1.5% decrease. The Traditional Funds moved from a NET SHORT position of (204,411) **futures and options** contracts [CORN position](#) to a NET SHORT position of (156,922) contracts - for a net drop in market short positions of 47,489 contracts in short positions or by 23.3%. The Traditional Funds increased their net long [SOYBEAN positions](#) the period ending 12-24-2013 as they moved to a net long **135,944 contracts - up by 26,777 contracts from a month ago or by 24.6%**. Total Index Funds plus Traditional Fund NET LONG positions on Soybeans were at 1.388 billion bushel or **up 137 million bushel or by 11% on the month**. Corn showed combined net long positions of an increased 1.025 billion bushel or **up 158 million bushel or by 18.3%**. Combined K.C. and Chicago Wheat net long positions as of 12-24-2013 totaled just 314 million bushel which is down a 156 million **or by 33.2% the past month**.

**The commodity exchanges daily limits at the date of this report were:** K.C. Wheat, Chicago and Minneapolis wheat daily limits were at \$.60 a bushel, Corn is at \$.40 a bushel with a one-time 150% increase if 2 or more months are locked limit up or down the preceding day, and Soybeans have a daily limit of \$.70 a bushel. Limits will expand to 150% of these levels if the price of two or more futures contract months within the first five to eight listed as non-spot contract months OR the final contract month of a crop year closed at limit bid or offer. The limits can expand two consecutive times under the current CME system except on Corn which has a 1 time expansion limit. The **maintenance hedge margin** on a Corn contract was at \$1,750, for Soybeans it was \$2,900, K.C. Wheat was at \$1,650 per contract - down \$350, Minneapolis Wheat at \$2,650, and Chicago Wheat had a \$1,650 per contract maintenance margin. On livestock, Live Cattle had a \$750 margin requirement, Feeder Cattle were at \$1,500, and Lean Hogs had a \$1,000 maintenance margin requirement - all of these are unchanged from a month ago.

#### **MARKET DATA'S AREAS TO WATCH OR STRATEGIES TO FOLLOW THIS NEXT MONTH ARE:**

**WHEAT:** The key items to watch for in **JANUARY** are where USDA places their **2013 U.S. Wheat final crop size, export demand and imports due to the large Canadian Wheat crop which could increase imports a good deal and raise ending carryout**. MDI expects the ending 2013/2014 U.S. Wheat stocks to rise to the **605 million bushel area**. Recent cold weather and forecasts of added very cold temperatures may cause some minor concerns on winter-kill.. With the Chinese quality problems and a smaller than earlier expected Russian crop and a strong pace to exports to date, USDA could raise 2013/1024 U.S. Wheat exports slightly this month or drop them based on the large Canadian crop.

**WORLD WHEAT** production in 2013/2014 may seed minor changes this month unless China's wheat crop is reduced. Look for a 2013/2014 world production figure of around 707 to 713 MMT and 2013/2014 demand may rise slightly to around 704 to 707 MMT, and ending world stocks in the 178 to 185 MMT area which would be around a 95 -101 day ending supply vs. the average since 2000 of around 96 days.

The November 28th [IGC report](#) was **SLIGHTLY POSITIVE** for wheat as they showed **2013/2014 wheat ending world stocks falling 1 to 181 MMT (6.650 billion bushel - down 40 million)** and at an ending days of supply of **94.7 days and up 6 MMT from the ending 2012/2013 stocks of 175 MMT**. Their production figure for **2013/2014 rose 2 to 698 MMT (25.645 billion bushel - up 70 million from a month ago)**. The IGC's world wheat demand for **2013/2014 rose 2 to 692 MMT (25.425 billion bushel - up 75 million from last month)**. Beginning stocks were steady at **175 MMT (6.445 billion bushel)** on hand at the end of the **2012/2013 marketing year**. The show slightly smaller Chinese, EU, Australia and Russian production levels vs. **USDA**.

**WHEAT MARKETING TIPS or KEY'S this month are:** Look for this market to react to any major surprise in a foreign crop estimate (hint China) and to stall out on the larger Canadian crop and better than normal crop conditions heading into winter. **Remember that when prices are at profitable levels and it never hurts to sell at a profit. See Greg's Gossip under the Current Review tab for specific alternatives and target price levels and %'s that should be priced.**

As of 12/18/2013 Target Futures Prices for **KC WHEAT** OC pricing on **MAR 2014** are **\$6.95 to \$7.25** for **60% to 90%**.  
As of 12/18/2013 Target Futures Prices for **KC WHEAT** NC pricing on **SEP 2014** are **\$7.00 to \$7.60** for **30% to 50%**.  
As of 12/18/2013 Target Futures Price for **JUL 2015 KC WHEAT** NC pricing is **\$7.25** for **20%** of the crop.  
As of 12/18/2013 Target Futures Price for **JUL 2016 KC WHEAT** NC pricing is **\$7.25** for **20%** of the crop.

And prices as of 12/18/2013 were:

**KC WHEAT MAR 2014** futures were **\$6.54**.

**KC WHEAT SEP 2014** futures were **\$6.67**.

**KC WHEAT JUL 2015** futures were **\$6.76**.

**KC WHEAT JUL 2016** futures were **\$6.68**.

**CORN/SORGHUM:** The **JANUARY keys to watch for** are many but where USDA places **their 2013/14 U.S. Production export and ethanol demand. Ethanol use has remained strong and may see a small demand increase due to this running nearly 110% of last year to date.** Export sales may also rise unless they see the Chinese cancellations as a reason not to. MDI has probably one of the most positive outlooks for U.S. situation going into the January crop reports. MDI feels it is likely that the final 2013 U.S. Corn crop will come in under 13.700 billion bushel as we feel a the 824 million bushel 9-1-2013 stocks figure was that large based on a greater than normal amount of corn being pulled from the 13/14 marketing year back. The \$1.80 to \$1.90 over basis in August in states such as IA was a big sign that the pipeline was getting very low and then they added on low to no moisture discounts for up to 20+ moisture corn to entice early harvesting. Combine that with the first part of the marketing year showing a better than normal U.S. basis when with a record supply it should have been weaker, indicates that the supply may not be as large as some are expecting. Yes, tight farmer holding is part of that but many sales occur at harvest time and we have not heard of any place shutting down so the corn is being moved to end users. China remains a wildcard as part of their nation saw a 150 year drought which could lead to a lower production estimate there and perhaps a bullish future crop report surprise. Noncommercial (Traditional Funds) have been exiting their large net short positions the three weeks ending 12-24. Part of this is profit taking and part may be concerns over what the January reports will show.

**WORLD FIGURES FOR 2013/2014:** USDA may show 13/14 **world CORN** production falling - IF - they decrease the Chinese or U.S. crops and or South American acres for a lower production figure there. Total world corn production could fall to the 945 to 965 area depending on what they do with those nations. The 2013/2014 world demand could end up in the 933 to 937 area and **ending stocks may end up in the 145 to 164 MMT area.**

The **November 28th IGC report was NEGATIVE** for **2013/2014** as it raised world ending 2013/2014 maize stocks by 5 to **157 MMT (6.180 billion bushel - up 195 million bushel from a month ago)** or to a 62.2 day ending supply. Their maize **production rose 2 to 950 MMT** (37.400 billion bushel - up 80 million from last month but up 87 MMT or by 3.425 billion bushel from 12/13). Their 2013/2014 world maize demand is up 58 MMT (2.285 billion bushel) from 12/13 as it is shown unchanged at **922 MMT** (36.300 billion bushel). Their beginning stocks are were up 3 at 129 MT or 5.080 billion bushel. **They show Brazil down 12.3 MMT from last year and Argentina is shown down 4 MMT as well. The Ukraine production estimate is shown at 28 MMT or 7.1 up from 12/13 but 1 MMT lower than the last USDA figure.**

**CORN/SORGHUM MARKETING TIPS or KEY'S this month are:** The still \$.05 better than normal national U.S. basis in light of a record large supply implies that either the ending stocks for 2012/2013 of 824 million bushel were too large or we had a smaller crop or this year's crop was pulled back to last year due to the high basis and end users accepting higher than normal moisture levels early on which with high basis enticed early harvesting of the crop. The better basis can't all be attributed to tight farmer holding in MDI's opinion. China has been looking at U.S. Sorghum imports to possibly replace the canceled corn and DDG purchases from the GMO issue. **See Greg's Gossip under the Current Review tab for specific alternatives and target price levels and %'s that should be priced.**

As of 12/18/2013 Target Futures Prices for **CORN OC** pricing on **MAR 2014** are **\$4.50 to \$4.75 for 40% to 70%.**

As of 12/18/2013 Target Futures Prices for **CORN NC** pricing on **DEC 2014** are **\$5.00 to \$5.60 for 30% to 50%.**

As of 12/18/2013 Target Futures Price for **DEC 2015 CORN NC** pricing is **\$5.20** for **15%** of the crop.

As of 12/18/2013 Target Futures Price for **DEC 2016 CORN NC** pricing is **\$5.25** for **15%** of the crop.

And prices as of 12/18/2013 were:

**CORN MAR 2014** futures were **\$4.25**.

**CORN DEC 2014** futures were **\$4.54**.

**CORN DEC 2015** futures were **\$4.68**.

**CORN DEC 2016** futures were **\$4.70**.

**SOYBEANS:** Look for the **JANUARY** keys to be where USDA places **their 13/14 U.S. Soybean production and export demand.** Soybean sales are off to a huge start with 99% of the 2013/2014 USDA level already on the books. It may be hard to keep the 13/14 carryout above 140 million bushel level if exports are increased unless imports of the South American production are shown.

**WORLD PRODUCTION in 2013/2014 could see a rise in production this month due to more South American soybean acres vs. corn and a good start to their growing season in most areas.** The Chinese buying of soybeans has remained strong. The South American estimates for 2013 are very high and Argentina had some dry weather issues along with a small area in Brazil. **MDI is looking for a 2013/2014 World Production figure in the 284 to 288 MMT area with 13/14 world demand of 270 to 274 MMT and ending 13/14 carryout rising to the 73 to 76 MMT area.**

The November 28th IGC report on Soybeans was **NEUTRAL** for 2013/2014 as they left world ending 2013/2014 soybean stocks at 29 MMT (1.065 billion bushel) or to a 37.6 day ending supply. Their soybean production rose 3 to 285 MMT (10.470 billion bushel). Their 2013/2014 world soybean demand is now 14 MMT (515 million bushel above 12/13) as it is shown rising 3 from last month to 282 MMT (10.360 billion bushel - up 110 million). Their beginning stocks were shown at 26 MT or 955 million bushel. The soybean ending stocks in exporting nations are projected at a 3 year high.

**SOYBEAN MARKETING TIPS or KEY'S this month are:** MDI feels that demand for soybeans will remain strong but Chinese cancellations are possible which could impact the market so price protection on NC at today's prices is recommended - especially if you are looking to increase soybean acres in 2014. **Watch Greg's Gossip for our specific advice and targets each week.**

As of 12/18/2013 Target Futures Prices for **SOYBEANS** OC pricing on **MAR 2014** are **\$13.40 to \$14.00** for **50% to 80%**.  
 As of 12/18/2013 Target Futures Prices for **SOYBEANS** NC pricing on **NOV 2014** are **\$12.80 to \$13.80** for **30% to 50%**.  
 As of 12/18/2013 Target Futures Price for **NOV 2015 SOYBEANS** NC pricing is **\$12.00** for **15%** of the crop.  
 As of 12/18/2013 Target Futures Price for **NOV 2016 SOYBEANS** NC pricing is **\$12.00** for **15%** of the crop.

And prices as of 12/18/2013 were:

**SOYBEANS MAR 2014** futures were **\$13.14.**

**SOYBEANS NOV 2014** futures were **\$11.60.**

**SOYBEANS NOV 2015** futures were **\$11.49.**

**SOYBEANS NOV 2016** futures were **\$11.11.**

**THE BOTTOMLINE 12-31-2013:** The USDA January 10th Reports are almost upon us. These are usually a major market mover for either the **BULLS** or the **BEARS** or perhaps both. These reports along with the USDA Annual Outlook Forum in late January will set the tone for the markets through the first planting intentions report in March. The U.S. stock market is keeping some funds out of the grains with the **DOW** now well above the 16000 level causing some money to remain on the sidelines vs. being invested in the commodity markets. In fact one recent report estimated that **\$36 Billion** dollars has been pulled out of commodities in the last part of the year. This appears to have come out of the Wheat market where combined funds are now only long 314 million bushel vs. 688 million the last of June and Corn has seen the largest exodus of money with combined funds now net long 1.025 billion bushel vs. 1.908 billion in late June. Soybeans have seen an increase from 1.127 billion combined net long fund positions in futures and options to 1.388 billion today. New first of the year fund money may be available but will likely not enter the market until after the January 10th reports. When prices are profitable - **ACT - REMEMBER YOU WORK WITH WHAT YOU CAN CONTROL!**

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