

AG Marketing

"What We See, Hear & Don't Know"

Week of June 18th 2012,

Report & Weather

The rains over the week end were better than nothing, but as far as being a soaker that was slim and far between. It seems like the weather is changing every couple hours from wet to dry to hot to cooler. Indiana and even parts of Ohio and Illinois still seem to be on the dry side with them states entering a very critical timeframe in the next two weeks. If you ask anyone in Indiana I am sure they would say corn has to go higher. As for my farm we are starting to get on the dry side. We have been fortunate this spring but the rains will have to keep falling for sub moisture is not like we have seen the last three years.

The report on Tuesday really was a ho hummer of a report and came in about the same as last month or within expectations. The only excitement was seeing July corn trade about 25 cents in a matter of minutes. Let me tell you if this is how they do the June 29th acreage report, well 25 cents maybe on the light side. We continue to see high basis levels in corn and yet the USDA keeps the carryout the same? Is the corn out there or isn't it? This is the question I really have no idea if there is or not! Basis levels mean that corn may not be in the right spot at the right time, or farmers or endusers do not want to get rid of the physical product or the product is of short supply. So take your pick at what you think maybe the issue. All I know is that ethanol plants are struggling, but yet they seem to keep grinding even at these high basis levels. I have heard of some plants grinding milo and wheat. My point is if the crop is not out there why would ethanol plants still be buying at high basis levels especially when they aren't making very much if any \$\$\$\$\$.

Acreage: I am pretty confident that acres will be high, so YIELD is the only part of the equation left!

CORN

	Swenson High Yield	Swenson Low Yield
crop year	2012-13	2012-13
planted acres	96	96
Harvested acres	89.0	89.0
Abandonment	92.7%	92.7%
Yield	165	142.0
Production	14685	12638
Carryin	851	851
Imports	20	20
Total Supply	15556	13509
Feed/residual	5200	4600
Seed		
Food	1405	1405
Ethanol	5100	5000
Total DOMESTIC	11705	11005
EXPORTS	1925	1650
Total Use	13630	12655
% demand change	0.40%	-7.70%
Carryout	1926	854
Stocks/Use	6.31%	6.75%

SOYBEANS

	Swenson High Yield	Swenson Low Yield
crop year	2012-13	2012-13
planted acres	76	76
Harvested acres	75	75
Abandonment	98.7%	98.7%
Yield	44	39
Production	3300	2925
Carryin	175	175
Imports	15	15
Total Supply	3490	3115
Crush	1650	1615
Seed	90	90
Residual	35	35
Total DOMESTIC	1775	1740
EXPORTS	1525	1250
Total Use	3300	2990
% demand change	#VALUE!	-9.39%
Yield/Needed	44.00	39.87
Carryout	190	125
Stocks/Use	5.76%	4.18%

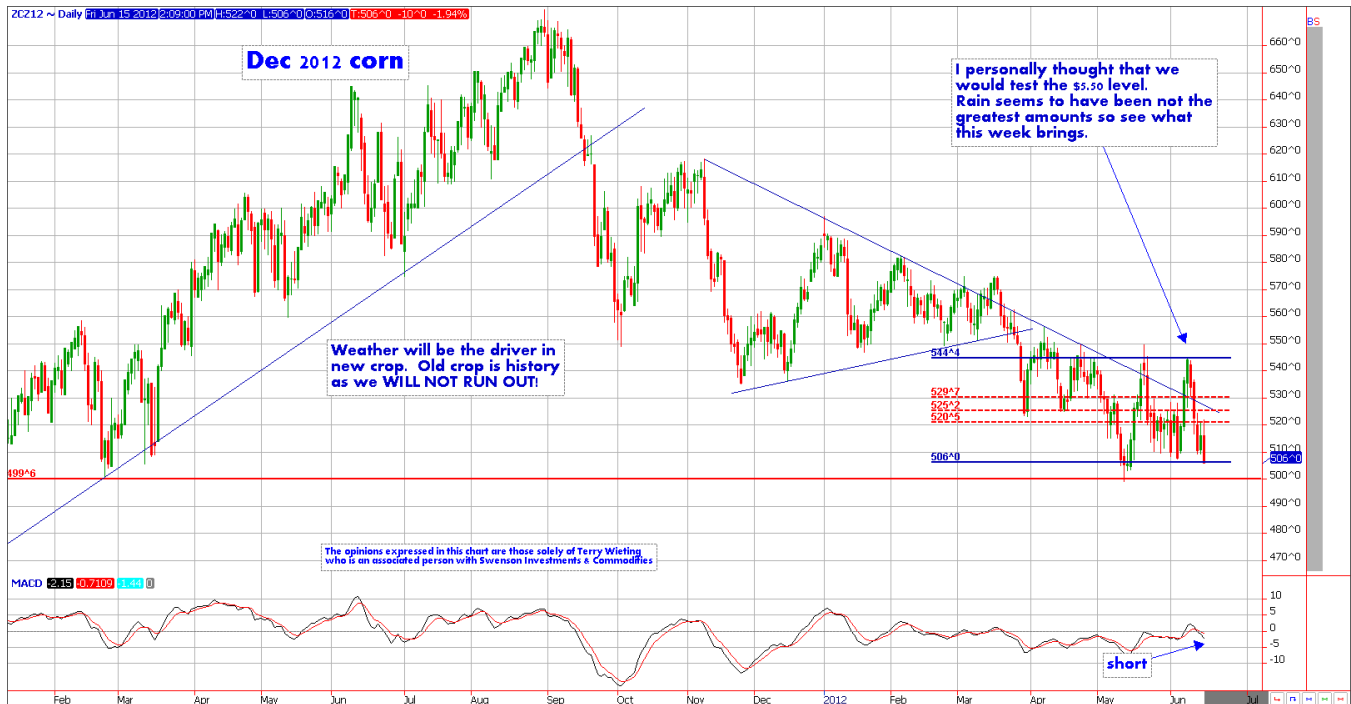
TRADING FUTURES AND OPTIONS INVOLVES SUBSTANTIAL RISK OF LOSS AND IS NOT SUITABLE FOR ALL INVESTORS OR PRODUCERS. FUNDAMENTAL FACTORS, SEASONAL AND WEATHER TRENDS, AND CURRENT EVENTS MAY HAVE ALREADY BEEN FACTORED INTO THE MARKETS. STRATEGIES USING COMBINATIONS OF POSITIONS, SUCH AS "SPREAD" AND "STRADDLE" POSITIONS, MAY BE AS RISKY AS TAKING SIMPLE "LONG" OR "SHORT" POSITIONS. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THE OPINIONS EXPRESSED IN THIS LETTER ARE THOSE SOLELY OF TERRY WIETING WHO IS A BRANCH MANAGER WITH SWENSON INVESTMENTS AND COMMODITIES.

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I maybe a little low on these acres yet, but this is to just make a point. The first table is for corn. I put a high yield of 165 and a low yield of 142. The thing that blows me away is that a 142 yield with 96 million acres and we maintain our carryout where it is at for another year and we are probably looking at \$6 plus corn. On the other hand if the yield is from 158-166 we will have anywhere from a 1.3-2.0 billion bushel carryout and will probably have \$3-4 corn staring at us in the face. The next month is going to be very critical as far as weather. Beans are just going to be tight either way I look at it. Now I am not saying \$16 here we come. All I am saying is that it will be tight until at least March of 2013. We are pretty sure that South America will ramp up bean acres, so if the weather is any good we could theoretically take care of the problem by this time next year. We have lots of weather to play out here yet for anyone to make any kind of guess at what could happen.

Basically the markets are at a point where they could go either direction in a hurry. I would not want to one anyone of the commodities, but yet downside risk is real. It looks like Greece may stay in the Euro, so I would think this would be bearish for the \$\$\$\$ and positive grains, but who knows. Europe seems like they are on again, off again, on again, off again, well you get the point. Weather markets are very hard to figure out for the forecast changes all the time, seems like by the minute. This is once again why futures and options are a great tool so that you have lots of flexibility. Marketing is an everyday event all year long. Have a great week.



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