

Overview

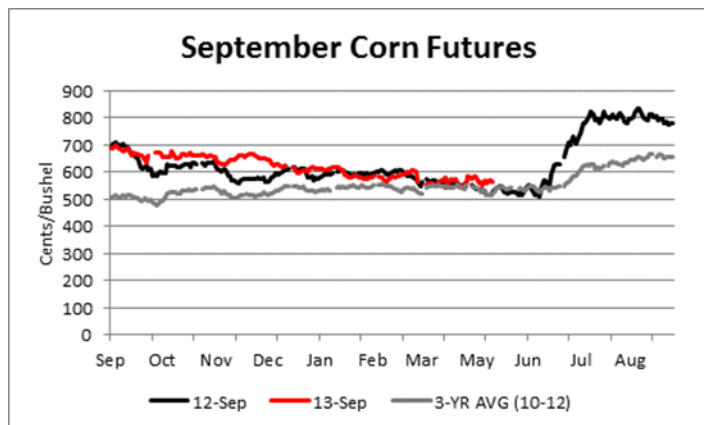
Corn and soybeans were up wheat was down and cotton was mixed for the week. Weather continues to be a key factor in the markets. Rainfall in the 5-day forecast is sporadic throughout the Midwest with the majority of precipitation anticipated in the northern Corn Belt. Six to 10 day forecasts indicate precipitation on the eastern edge of the Corn Belt. NOAA projects above average temperatures and average precipitation in most of the Corn Belt and Mid-South for June, July, and August. These projections are extremely early so it is important to not read too much into them.

	Previous	Current	Change
USD	83.14	84.25	+1.11
Crude Oil	95.85	96.04	+0.19
Dow	15,118	15,349	+231

Corn

Cash corn prices remain strong as limited supplies have been supportive to the market. Weekly exports were slightly lower than expectations with net sales of 10.2 million bushels (8.7 million bushels for the 2012/13 marketing year and 1.5 million bushels for the 2013/14 year). Overall, the May 16th export report was neutral to friendly for old crop corn and neutral for new crop corn. Ethanol production increased 14,000 barrels per day to 857,000 barrels per day.

Corn	July	Change	September	Change
Price	\$6.52	\$0.16	\$5.56	\$0.02
Support	\$6.31	\$0.18	\$5.43	\$0.07
Resistance	\$6.66	\$0.06	\$5.64	-\$0.09
20 Day MA	\$6.41	\$0.04	\$5.62	-\$0.01
50 Day MA	\$6.56	-\$0.03	\$5.70	-\$0.01
100 Day MA	\$6.77	-\$0.02	\$5.84	-\$0.03
4-Week High	\$6.69	na	\$5.96	na
4-Week Low	\$6.10	na	\$5.36	Na
Technical	Sell	+	Strong Sell	=

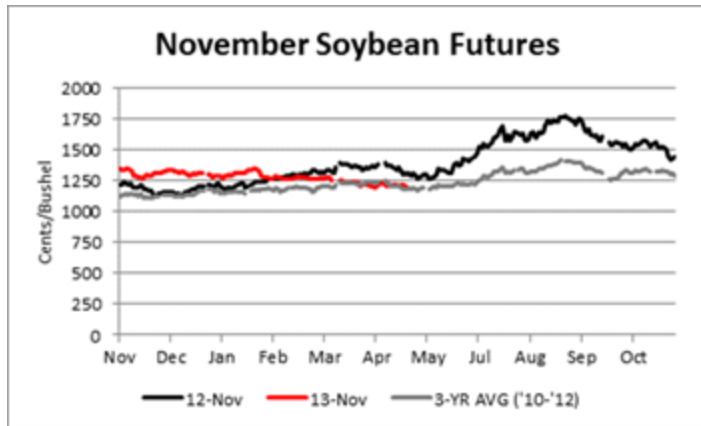


Corn planted as of May 13th was reported at 28% compared to 12% last week, 85% last year, and a 5-year average of 65%. Corn emerged was 5% compared to 3% last week, 43% last year, and 24% for the 5-year average. This is the lowest planting progress reported at this time of the year on record (the previous low was 29% in 1984). Planting delays from inclement weather in some key corn producing states may continue to be of concern. However, significant progress has been made demonstrating farmers perseverance and ability to plant a significant amount of acres in a short window. Market expectations for planting progress for this coming Monday May 20th are 55 to 65%, which may exceed the record for increased planting progress from one week to the next. With some weather/planting uncertainty still hanging over the corn market producers should consider pricing additional new crop bushels. The next week or two will more or less bring planting uncertainty to a conclusion. Producers should consider having at least 35% of their crop priced at this point in the season. If the planting progress report next Monday is on the high side of projections or exceeds projects downward price pressure will ensue. From a price risk management standpoint, a \$5.60 September Put Option costing 37 cents would establish a \$5.23 futures floor.

Soybeans

Soybean cash prices continue to be very strong as supplies are tight. Weekly exports were slightly higher than expectations with net sales of 13.3 million bushels (4.6 million bushels for 2012/13 and 12.7 million bushels for 2013/14). Overall, the May 16th export sales report was neutral for old crop soybeans and neutral to bullish for new crop. Brazil continues to experience loading delays at ports, further delaying soybeans entering foreign markets.

Soybeans	July	Change	November	Change
Price	\$14.48	\$0.49	\$12.28	\$0.23
Support	\$14.15	\$0.42	\$12.05	\$0.24
Resistance	\$14.65	\$0.33	\$12.40	\$0.04
20 Day MA	\$13.91	\$0.12	\$12.11	\$0.00
50 Day MA	\$13.93	-\$0.01	\$12.33	-\$0.05
100 Day MA	\$14.05	\$0.00	\$12.62	-\$0.04
4-Week High	na	\$0.00	\$12.40	na
4-Week Low	na	\$0.00	\$11.86	na
Technical	Strong Buy	+	Sell	+

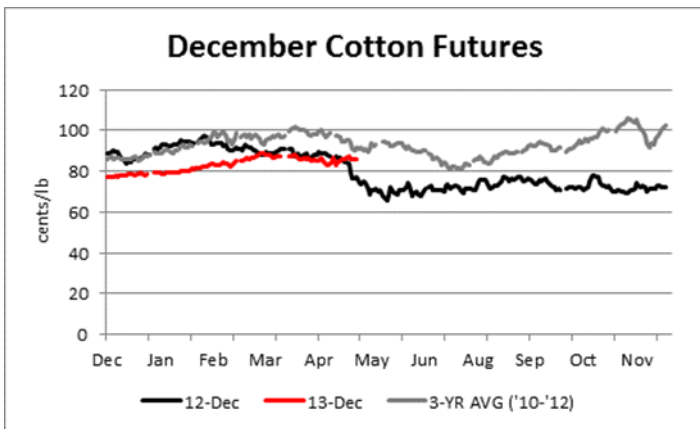


Soybean planting estimates for May 13th were 6% compared to 2% last week, 43% last year, and a 5-year average of 24%. The rally in soybean prices, due in part to sustained soybean exports to China and improvement in corn planting progress this week, should be looked at as an opportunity to increase the amount of soybeans producers currently have priced. Producers should consider pricing an additional 5-10% of their production under these favorable conditions or look to obtain downside price protection. Having a minimum of 25% of the crop priced at this point should be considered. Downside protection could be achieved by purchasing a \$12.40 November Put Option which would cost 71 cents and set an \$11.69 futures floor.

Cotton

All cotton weekly export net sales were lower than last week however within expectations at 142,800 running bales (74,000 bales of Upland cotton for 2012/13; 68,800 bales of Upland cotton for 2013/14; and 8,900 running bales of Pima cotton for 2012/13). May 16th adjusted world price (AWP) decreased 0.77 cents to 72.92 cents. Cotton equities on 2013 loan cotton are in the 26.10 cent range. Cotton will most likely continue to trade between 80 to 90 cents until additional new crop production information is forthcoming.

Cotton	July	Change	December	Change
Price	86.41	-0.07	85.90	0.08
Support	85.19	1.02	84.40	0.84
Resistance	87.11	-1.92	86.72	-1.38
20 Day MA	85.97	0.14	85.26	-0.14
50 Day MA	87.53	-0.07	86.21	0.00
100 Day MA	84.54	0.46	83.83	0.37
4-Week High	88.40	na	87.25	na
4-Week Low	82.84	na	82.92	na
Technical	Buy	=	Buy	=

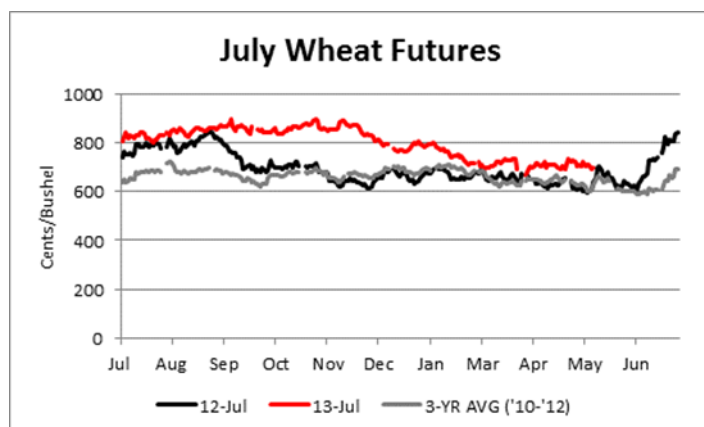


Cotton planted May 13th was reported at 23% this week compared to 17% last week, 46% last year, and the 5-year average of 38%. May 14th USDA report estimated global cotton production for 2013/14 at 117.8 million bales or a 3% decline from the previous year. Cotton consumption is projected at 110.4 million bales or a 2% increase from the current season. This would be the fourth consecutive season that cotton production exceeds cotton consumption. U.S. production is estimated at 14 million bales 19% below the final 2012 estimate. Purchasing an 86 cent December Put Option would cost 5.39 cents and establish an 80.61 futures floor.

Wheat

Weekly exports were slightly lower than expectations at net sales of 19.9 million bushels (4.6 million bushels for 2012/13 and 15.3 million bushels for 2013/14). Overall the report was neutral for wheat.

Wheat	July	Change	September	Change
Price	\$6.83	-\$0.21	\$6.91	-\$0.21
Support	\$6.74	-\$0.14	\$6.83	-\$0.13
Resistance	\$6.93	-\$0.39	\$7.01	-\$0.38
20 Day MA	\$7.06	-\$0.03	\$7.15	-\$0.02
50 Day MA	\$7.08	-\$0.01	\$7.16	-\$0.01
100 Day MA	\$7.35	-\$0.06	\$7.44	-\$0.06
4-Week High	\$7.36	na	\$7.45	na
4-Week Low	\$6.80	na	\$6.88	na
Technical	Strong Sell	-	Strong Sell	-



Nationally, winter wheat heading as of May 13th was reported at 29% compared to 20% last week, 73% last year, and the 5-year average of 51%. Crop condition ratings for winter wheat as of May 13th remained unchanged from the previous week at 32% good to excellent and 39% poor to very poor, compared to 60% good to excellent and 14% poor to very poor last year. Spring wheat planting reported May 13th was at 43% compared to 23% last week, 92% last year, and a 5-year average of 63%. Spring wheat emerged as of May 13th was 10% compared to 5% last week, 63% last year, and a 5-year average of 32%. World wheat supplies are expected to be larger than a year ago creating downward pressure on prices from the supply side. An estimated 9% decrease in US production is estimated to be more than offset by increases in production from Canada, Russia, the EU, and Australia. However drier conditions in Russia and Australia should continue to be monitored as well as planting progress in Canada, as if these production issues continue adverse yield effects will result. Currently producers should consider having a minimum of 30% of the 2013 crop priced. A \$6.85 July Put Option would cost 22 cents and set a \$6.63 futures floor.

Additional Information

The House recently passed the new farm bill out of committee while the Senate version is still under revisions. Both versions contain reductions in spending over 10 years, however what cuts are made and how severe they are remain to be determined. Changes to crop insurance programs are apparent in both the House and Senate versions. Upcoming dates Tennessee farmers should be aware of are: the CRP general sign up (May 20 to June 14) and the Tennessee Agriculture Enhancement Program application period (June 1 to 7). Important crop insurance dates in the next two months are: the June 3rd deadline for choosing ACRE as a revenue-protection plan; and final planting dates for corn - May 20th (late planting period ends June 14), soybeans - June 15th (late planting period ends July 5th), soybeans behind wheat - June 25th (late planting period ending July 15th), and Cotton - May 20th (late planting period ending June 5th). Contact your crop insurance representative if clarification on your current insurance position is required or prior to any changes in planting decisions.

Regional Tennessee elevator prices paid to farmers and daily futures settlement prices for corn, soybean, and wheat for the past week are available in subsequent pages. If you require further information, clarification, or would like to be added to our email list please contact me at aaron.smith@utk.edu.