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News from the Corn Crib

Trade Responsibly!

Terry Rouse
General Manager

WGM Rail Shuttle bids have been affected by the harsh winter this year. Fortunately we are experiencing some signs of relief from the expensive rail freight largely caused by 2013/2014 weather conditions.

As we move forward into spring rail freight should continue to relax and improve our Rail Shuttle bids. Cash bids In Texas are good and most end users

have been operating hand to mouth waiting for freight markets to ease before re-filling storage space. Rail bids are not extremely weak but the spread between Rail and Processors is somewhat exaggerated at times due to reluctance by producers to sell corn at current price levels forcing processors to bid aggressively to capture good ethanol margins.

Be responsible and stay in contact with WGM personnel to

capture gains when they happen in what appears to be a nervous cash market ahead. It appears certain that corn carryout this year will be large and once the end users need for corn is satisfied the cash market will begin the process of determining where carryover stocks will be located at year end. Planted acres and weather will determine if someone will be rewarded or not for having 2013 corn left in their bins. Reward doesn't appear likely at this time.

Market Update

Aaron Curtis
MID-CO Commodities

When will the producer sell? That seems to be the question that most involved in the corn trade are asking. Corn basis and spreads are acting counter to what one would expect after a record corn production, but the lack of consistent corn movement from the producer has prompted both basis and spreads to stay firm. Since harvest, producers have been a willing seller of \$13.00 beans, but much more reluctant to sell \$4.00 corn. In the meantime, corn demand churns along at little over a billion bushels a month on average. Exports for corn have seen an impressive recovery from the dismal program of a year ago. Total commitments are double a year

ago, and new sales need to average just 6 Mln. bu. a week to reach the USDA target. It is looking more and more likely that this figure will need to be adjusted higher in future reports. The weekly ethanol numbers are also meeting expectations, and the USDA told us in the January stocks report that corn feed usage was a record in the 1st quarter. All in all, the corn demand story has been a positive. On the flip side, however, the current U.S. ending stocks number of 1.631 Bln. bu. and a world corn ending stocks estimate of 160 MMT are more than comfortable and have limited any futures rally attempt. The bean demand storyline is also been a positive one. Soybean export commitments have already exceeded the USDA balance

sheet estimate. China has once again been an aggressive buyer of U.S. beans. Rumors of Chinese bean cancellations have started and are not new this time of year, but have caused bean futures to work lower recently. The other demand byline, soybean crush, is also off to a strong start as margins remain good. Unfortunately, the current ending stocks estimate for soybeans do not support the current pace that exports are on. So, if favorable South American weather continues, traders are expecting to see some additional bean export cancellations out of the U.S. In addition, the world bean ending stocks estimate is plentiful at 72 MMT.

As for prices, corn and bean futures have traded in broad trading ranges

since harvest. Like mentioned above, solid demand offers support, but the sheer size of the world corn and soybean production available to the market creates resistance. Looking ahead, more range bound trade is expected in the short term. The subsequent USDA reports in February and March will tinker with demand, but they are normally not market movers. Of interest to traders, however, will the Ag Outlook Forum in late February and the prospective plantings report in late March. That will then lead to acreage mix discussions and the spring weather. If the weather cooperates (both in South America and the U.S.), corn and bean prices are expected to continue to drift lower in 2014.



AgriVisor is part of the **GROWMARK** family of companies, and provides **WGM** with additional resources to benefit all of **WGM's** producers.

Federal Crop Insurance February Average

Visit our website at www.westerngrainmarketing.com to monitor the February average for Federal Crop Insurance!

2014 Grain Markets Could Provide Challenge

Nick Klump
AgriVisor

The calendar has flipped from January to February, and with that change, comes the beginning of the Federal Crop Insurance spring price discovery period. The month of February provides the spring price guarantee for corn and soybeans for any producer selecting Federal Crop Insurance. Typically, the Federal Crop Insurance program is the cornerstone in a producer's risk management plan. Crop insurance is a great place to start, however, this year could bring another potential obstacle... lower grain prices

with input costs that have not fallen in conjunction. With these lower prices, it might prove to be an excellent year to incorporate alternative marketing products into your marketing plan.

Taking a look at old crop corn prices (CH14), it's apparent that futures prices have been range bound around \$4.30 since early November. There is also an abundance of old crop that has not been priced. Much of this grain is sitting in either grain bins on the farm or unpriced at country elevators. If a producer is looking to move (sell) corn in the coming months, a potential option could be to utilize an alternative marketing product.

The *Premium NT* product, offered by Western Grain Marketing through AgriVisor, allows the producer to capture additional premium on a cash sale today, while making a firm commitment to sell an additional like amount of grain in the future. The premium received today can be added to a cash sale, making the old crop price received by the farmer higher than the posted cash bid. The additional new crop commitment is required. This product can work very well in range bound markets, providing the producer with upfront premium in exchange for a firm commitment to deliver grain in the future.

While looking at new crop corn prices (CZ14), a potential strategy could be to utilize the *Floor LX* product. This product locks in a guaranteed floor, but allows for unlimited upside potential. Producer cost for this type of product is typically 20 cents. With world and domestic supply levels where they are and expected to grow, having a guaranteed floor provides comfort, while the potential to participate in any significant weather rallies is an added benefit.

The aforementioned Premium NT and Floor LX products can be useful tools, but are recommended only on a small portion of Actual Production History (APH). These products are not for every producer, but can provide solid diversification in a marketing plan. For more information on these products, please contact Western Grain Marketing.

AGRICULTURE
is the nation's
LARGEST
EMPLOYER
with more than **23**
[that's 17% of the civilian workforce] **MILLION**
JOBS
involved in some facet of
AMERICAN AGRICULTURE.
Source: National FFA Organization

Introducing Scott Terry and Adam Bauer

Western Grain Marketing is excited to introduce Scott Terry the new Operations and Accounting Assistant at Camden as well as Adam Bauer as the new Grain Originator.

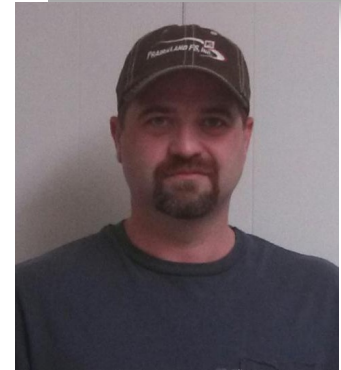
Scott is an employee of Prairie-land FS and now has responsibilities with Western Grain Marketing. Scott joined us in late September of last year. Previously,

he worked for Two Rivers FS in the main office assisting with accounting and computer work. Scott will be the main contact for all things related to grain at the Camden location. Scott is originally from the Littleton area.

Adam started with WGM in November working part time in the Rushville office as well as the Adair Rail Shuttle where he will

be permanently placed. He is originally from the Rushville area. Adam holds a Bachelors of Science degree in Agriculture Business from Western Illinois University. He comes to us with experience as the elevator manager for Ag Land FS in Green Valley, Illinois. Adam currently resides in Havana.

Welcome Scott and Adam!



Scott Terry
Operations/Accounting Assistant



Adam Bauer
Grain Originator



USDA Supply and Demand Report

Courtesy of MIDCO Commodities, Inc.

Updated January 29, 2014

	Corn		Soybeans		Wheat			
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13		
Beginning Stocks	821	989	Beginning Stocks	141	169	Beginning Stocks	718	743
Production	13,925	10,780	Production	3,289	3,034	Production	2,130	2,266
Total Supply	14,781	11,932	Total Supply	3,454	3,239	Total Supply	3,008	3,131
Feed/Residual	5,300	4,335	Crush	1,700	1,689	Food	950	945
F/S/I	6,400	6,044	Seed/Residual	109	90	Feed/Seed	324	461
Exports	1,450	731	Exports	1,495	1,320	Exports	1,125	1,007
Total Demand	13,150	11,111	Total Demand	3,304	3,099	Total Demand	2,399	2,414
Ending Stocks	1,631	821	Ending Stocks	150	141	Ending Stocks	608	718
Stocks as a % of Use	12.4	7.4	Stocks as a % of Use	4.5	4.6	Stocks as a % of Use	25.3	29.7
Planted Acres	95.4	97.2	Planted Acres	76.5	77.2	Planted Acres	56.2	55.7
Harvested Acres	87.7	87.4	Harvested Acres	75.9	76.2	Harvested Acres	45.2	48.9
U.S. Bu/Acre	158.8	123.4	U.S. Bu/Acre	43.3	39.8	U.S. Bu/Acre	47.2	46.3



Mission:
To provide competitive grain marketing solutions and exceptional service.

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Locations

We have qualified, experienced people ready to serve all your needs at any of the following full-time locations.

Adair Rail Shuttle

Phone: 309.653.2650
Toll Free: 866.610.3740

Bushnell Elevator (Seasonal)

Phone: 309.772.3180

Camden Elevator

Phone: 217.667.2111

Colmar Elevator (Seasonal)

Phone: 309.458.6271

Fairview Elevator

Phone: 309.778.2216
Toll Free: 888.458.2216

Fiatt Elevator (Seasonal)

Phone: 309.789.6203

Hermon Elevator

Phone: 309.462.2321
Toll Free: 800.447.4376

Ipava Branch

Phone: 309.753.8253

Knoxville Elevator

Phone: 309.289.2321
Toll Free: 800.322.1182

Littleton Elevator (Seasonal)

Phone: 309.257.2222

Macomb Elevator (Seasonal)

Phone: 309.837.5793

Mt. Sterling Elevator

Phone: 217.773.3911

Rapatee Elevator (Seasonal)

Phone: 309.245.2321

Rushville (Home Office)

Phone: 217.322.3306
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We're on the web!
www.westerngrainmarketing.com



Dates to Remember

February

- 8-9 Western Illinois University Ag Mech Expo
- 10 USDA Supply and Demand Report and Crop Production Report
- 21 USDA Cattle on Feed Report

March

- 9 Daylight Savings
- 10 USDA Supply and Demand Report and Crop Production Report
- 21 USDA Cattle on Feed Report
- 31 USDA Prospective Plantings Report and Grain Stocks Report

April

- 9 USDA Supply and Demand Report and Crop Production Report
- 25 USDA Cattle on Feed Report

May

- 9 USDA Supply and Demand Report and Crop Production Report
- 16 USDA Cattle on Feed Report
- 26 Memorial Day (altered markets)
- 27 USDA Crop Progress Reports start



2014 Ag Mech Farm Expo

February 8th 9am-5pm

February 9th 10am-4pm

WGM will be there!
Come visit us at Booth #94

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