

A Quick Look at the 2012 Corn & Soybean Crops

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The Hightower Report

July 16th, 2012

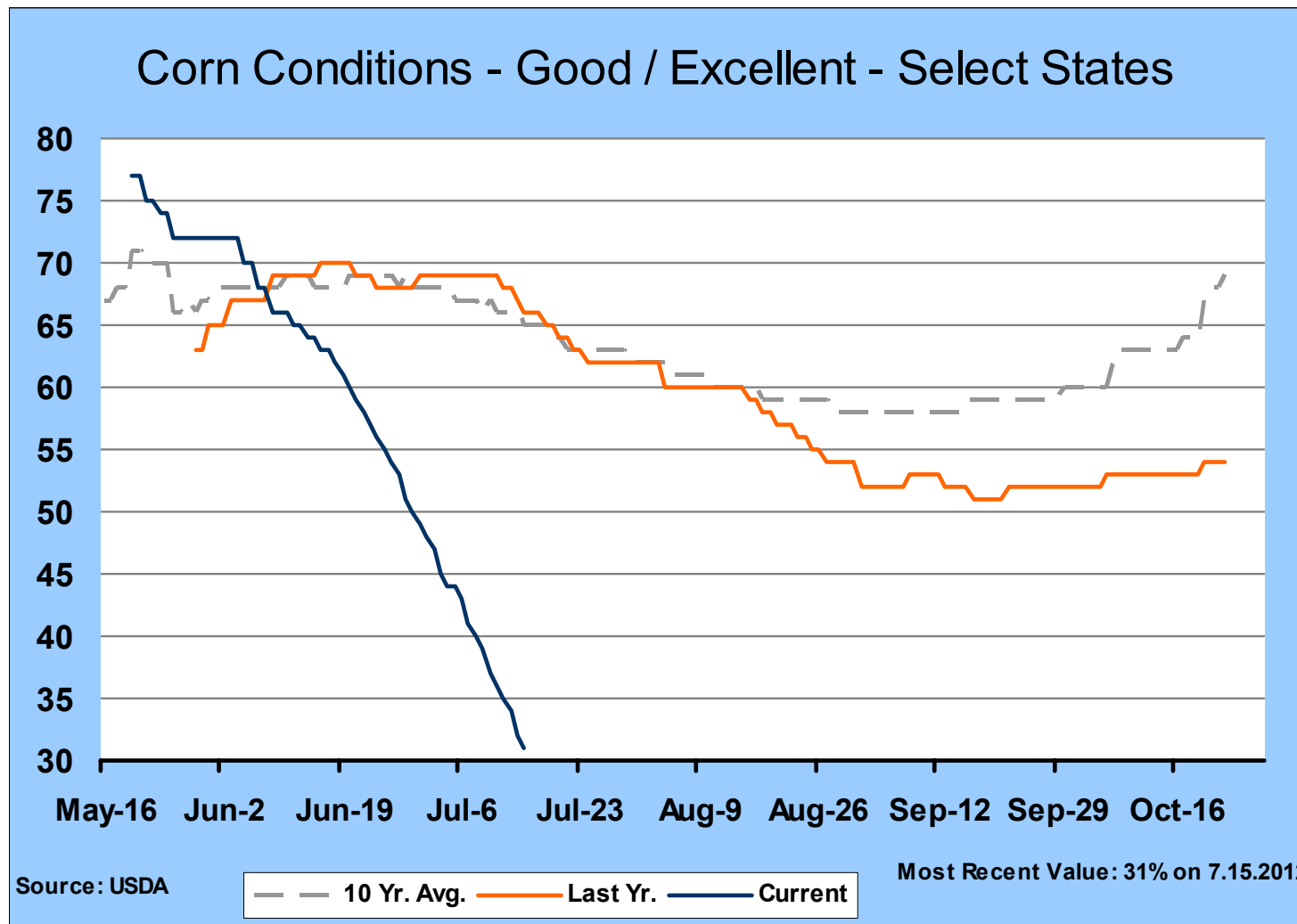


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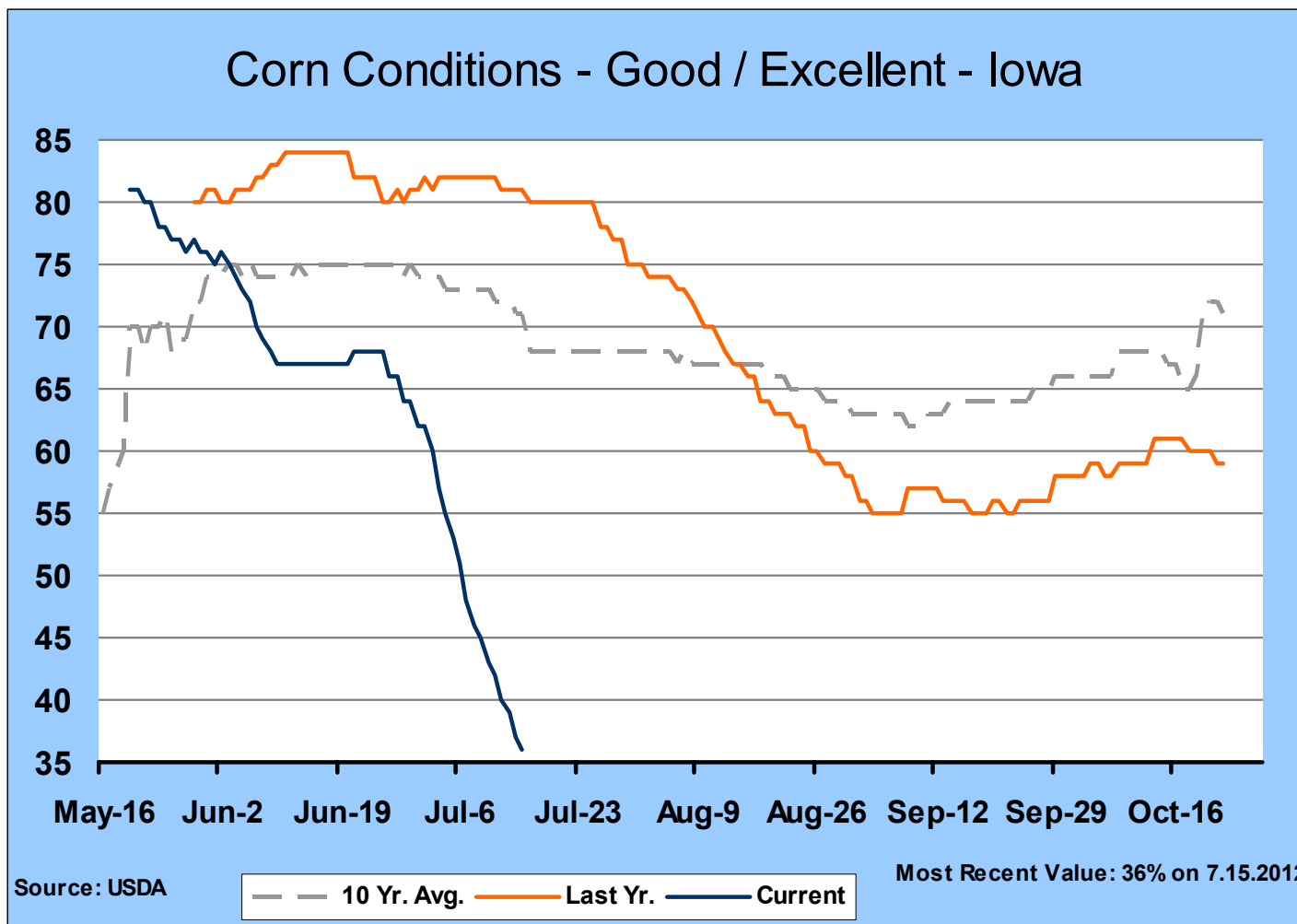


2nd Worst Corn Ratings on Record for Week Ending July 15





Iowa Corn Good / Excellent 36% vs. 20-year average of 71%



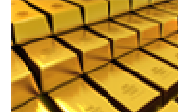


Corn Yield: 113.5 to 140.6???

Corn - US Actual vs. 10 Year Trend Analysis

Actual (bu/acre)		Trend (bu/acre)		
Year	Yield	10 Year Trend	% vs Actual	2012 Yield Equivilant
1970	72.33	87.35	-17.19%	131.71
1974	71.85	96.23	-25.33%	118.77
1980	90.97	102.88	-11.57%	140.65
1983	81.09	113.71	-28.68%	113.43
1988	84.60	118.04	-28.33%	114.00
1993	100.69	124.61	-19.20%	128.52
2012*	146.00	159.06	-8.21%	

*2012 Yield based on July 2012 WASDE Report.



USDA SUPPLY/DEMAND US CORN								2012-13 Outlook		
	05-06	06-07	08-09	09-10	Jul USDA 10-11	Jul USDA 11-12	Jul USDA 12-13	Various Yields		
								Low	current	High
Planted Area (M Acres)	81.8	78.3	86.0	86.4	88.2	91.9	96.4	96.4	96.4	96.4
Harvested Area (Acres)	75.1159	70.636	78.6	79.5	81.4	84.0	88.9	87.9	87.9	87.9
Yield (Bu/Acre)	147.9	149.1	153.9	164.7	152.8	147.2	146.0	134.0	139.0	142.0
Beginning Stocks (M Bu)	2,114	1,967	1,624	1,673	1,708	1,128	903	851	851	851
Production	11,112	10,531	12,092	13,092	12,447	12,358	12,970	11,779	12,218	12,482
Imports	9	12	14	8	28	20	30	15	15	15
Supply, Total	13,235	12,510	13,729	14,774	14,182	13,508	13,903	12,645	13,084	13,348
Feed & Residual	6,115	5,540	5,182	5,125	4,793	4,550	4,800	4,800	4,800	4,800
Food, Seed & Industry	3,019	3,541	5,025	5,961	6,428	6,455	6,320	6,320	6,320	6,320
Ethanol for Fuel	1,603	2,119	3,709	4,591	5,021	5,050	4,900	4,900	4,900	4,900
Domestic Total	9,134	9,081	10,207	11,086	11,220	11,005	11,120	11,120	11,120	11,120
Total Exports	2,134	2,125	1,849	1,980	1,835	1,600	1,600	1,600	1,600	1,600
Use, Total	11,268	11,207	12,056	13,066	13,055	12,605	12,720	12,720	12,720	12,720
Ending Stocks	1,967	1,304	1,673	1,708	1,128	903	1,183	-75	364	628
Stocks/Use Ratio	17.5%	11.6%	13.9%	13.1%	8.6%	7.2%	9.3%	-0.6%	2.9%	4.9%



December Corn 1983

DEC 1983 Corn

Cents per Bushel



The Hightower Report

Max: 376.5 (8/25/1983) - Min: 262.25 (12/3/1982)

38% Rally From
(July 5, 1983 to
August 25, 1983)

Weather / Supply
Driven Rally

2012 CZ Equivalent 6.98



December Corn 1988

DEC 1988 Corn

Cents per Bushel



The Hightower Report

Max: 370 (7/5/1988) - Min: 192 (12/7/1987)

66% rally

(May 13, 1988 to
June 28, 1988)

Weather/Supply Driven
Rally

2012 CZ Equivalent 8.39

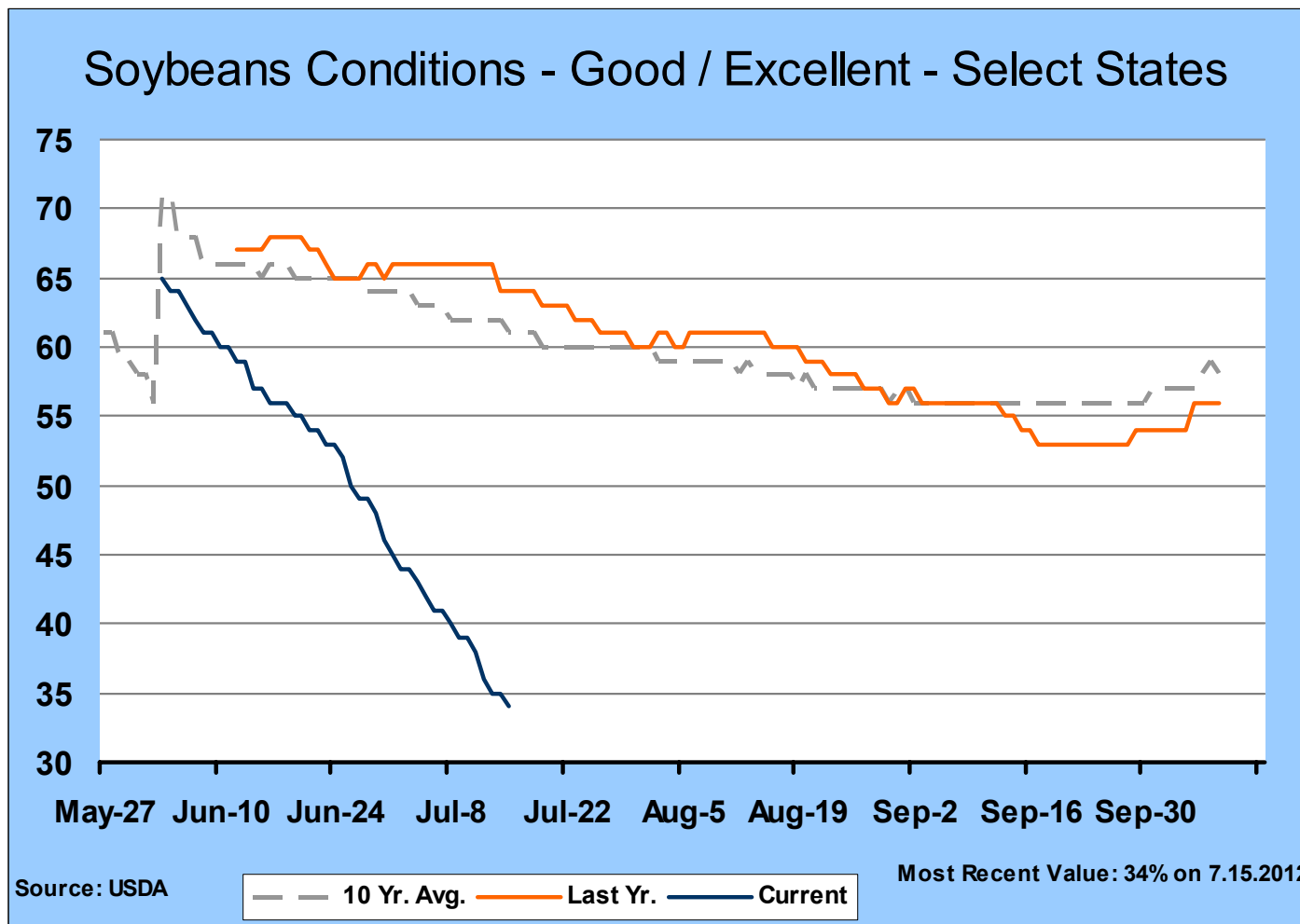


Corn Strategies

- Buy August 770/820 bull call at 18 cents looking for the spread to move to maximum 50 cents in next 10 days. Aggressive traders can sell an August 700 put for 12 ½ which cheapens net outlay to just 5 ½ cents but adds risk.
- Buy Sept 770/900 bull call at 34 cents looking for the spread to move to 92 cents on a run to 900 in the next few weeks. Aggressive traders can sell an Sept 700 put for 14 which cheapens net outlay to just 20 cents but adds risk.

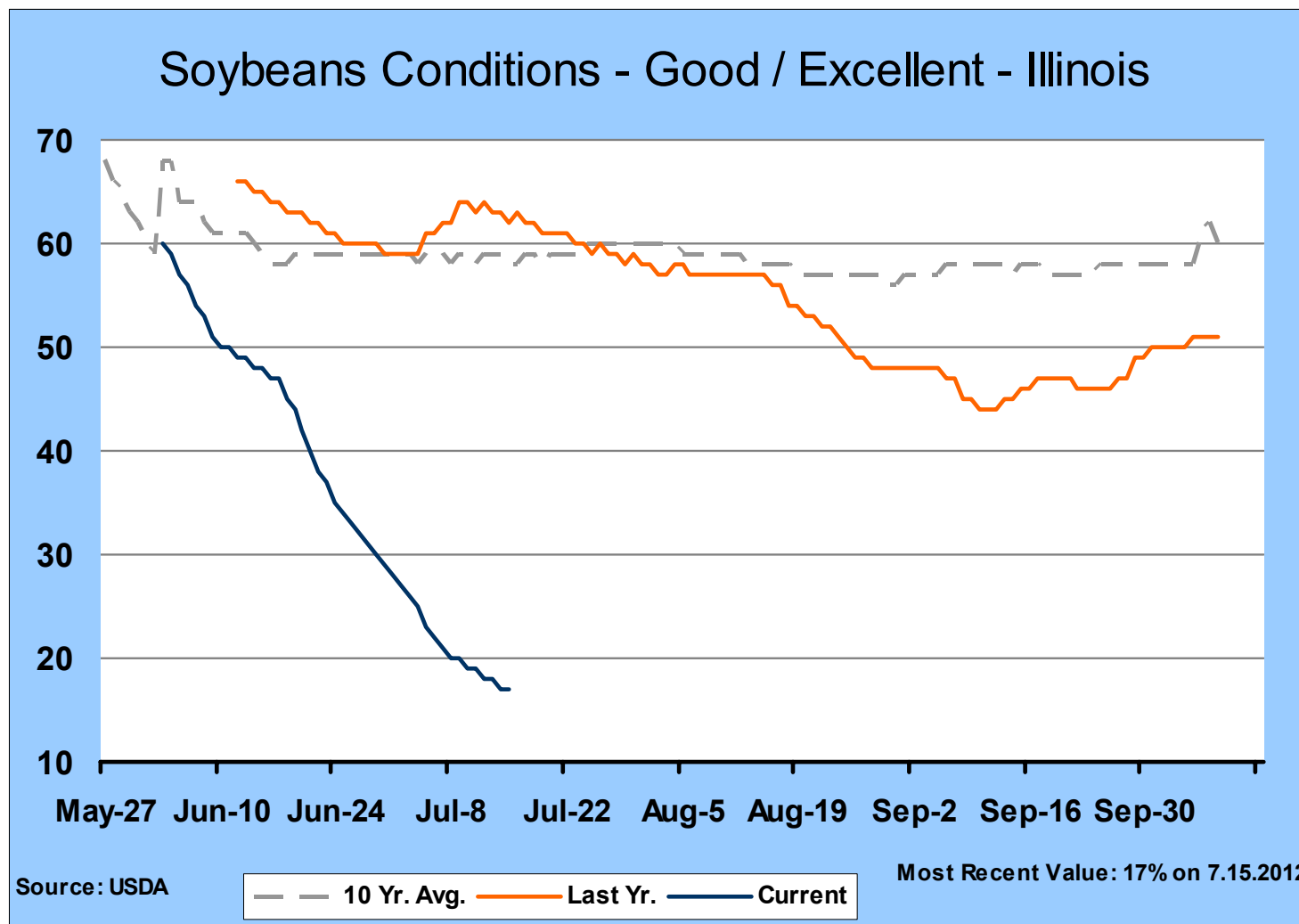


Soybean Good / Excellent 34% vs. 20-year Average of 62%





IL Soybean Good / Excellent 17% vs. 1988 Rating of 9% on July 15th

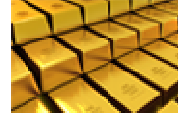




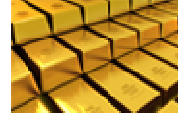
Soybean Yield: 36.2 to 39.4???

Soybeans - US Actual vs. 10 Year Trend Analysis					
Actual (bu/acre)		Trend (bu/acre)			
Year	Yield	10 Year Trend	% vs Actual	2012 Yield Equivilant	
1974	23.69	28.99	-18.28%	36.18	
1980	26.51	30.57	-13.30%	38.38	
1983	26.16	31.44	-16.79%	36.83	
1988	27.00	33.05	-18.31%	36.16	
1993	32.63	36.61	-10.89%	39.45	
2003	33.86	39.28	-13.81%	38.16	
2012	40.50	44.27	-8.51%		

*2012 Yield based on July 2012 WASDE Report.



USDA SUPPLY/DEMAND								2012-13 Outlook		
US SOYBEANS								New Acreage and Various Yields		
	05-06	06-07	07-08	09-10	Jul USDA 10-11	Jul USDA 11-12	Jul USDA 12-13	Low	Trend	High
Planted Area (M Acres)	72.0	75.5	64.7	77.5	77.4	75.0	76.1	76.1	76.1	76.1
Harvested Area (Acres)	71.2	74.6	64.1	76.4	76.6	73.6	75.3	75.3	75.3	75.3
Yield (Bu/Acre)	43.1	42.9	41.7	44.0	43.5	41.5	40.5	38.0	39.5	40.5
Beginning Stocks (M Bu)	256	449	574	138	151	215	170	175	175	175
Production	3,068	3,197	2,677	3,359	3,329	3,056	3,050	2,861	2,974	3,050
Imports	3	9	10	15	14	15	15	15	15	15
Supply, Total	3,327	3,655	3,261	3,512	3,495	3,286	3,235	3,051	3,164	3,240
Crushings	1,739	1,808	1,803	1,752	1,648	1,675	1,610	1,610	1,610	1,610
Exports	940	1,116	1,159	1,499	1,501	1,340	1,370	1,370	1,370	1,370
Seed	93	80	89	90	87	88	89	89	89	89
Residual	101	77	5	20	43	13	35	36	36	36
Use, Total	2,878	3,081	3,056	3,361	3,280	3,116	3,105	3,105	3,105	3,105
Ending Stocks	449	574	205	151	215	170	130	-54	59	135
Stocks/Use Ratio	15.6%	18.6%	6.7%	4.5%	6.6%	5.5%	4.2%	-1.7%	1.9%	4.3%



November Soybeans 1983

NOV 1983 Soybeans

Cents per Bushel



The Hightower Report

Max: 968.5 (9/13/1983) - Min: 570.5 (11/1/1982)

62% rally

(June 29th, 1983 to
September 13th, 1983)

2012 SX Equivalent 20.16



November Soybeans 1988

NOV 1988 Soybeans

Cents per Bushel



The Hightower Report

Max: 1046 (6/23/1988) - Min: 532.5 (11/4/1987)

49% rally (April 11, 1988
to June 23th)

2012 SX Equivalent 18.54

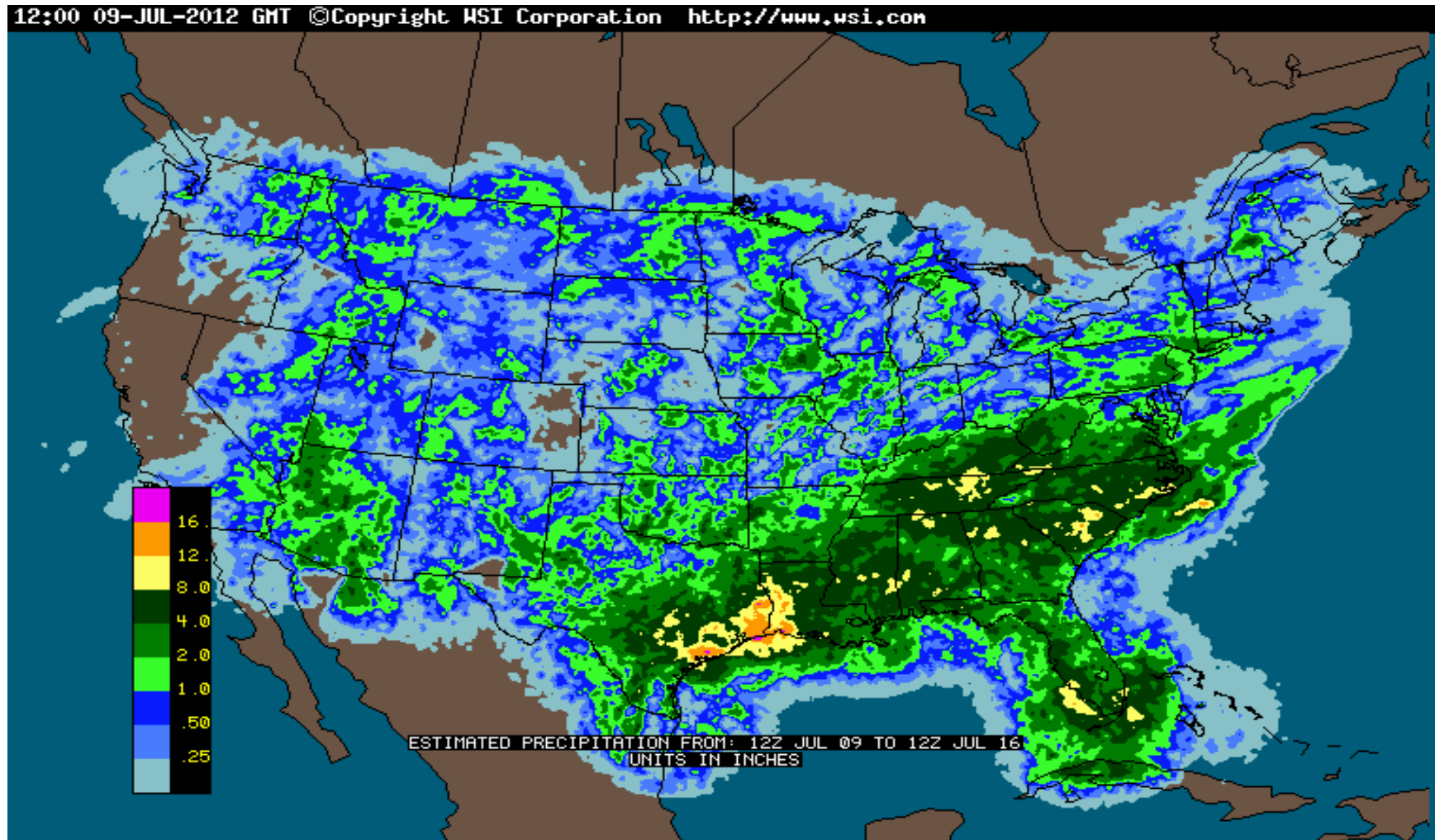


Soybean strategies:

- Buy August 1640/1720 bull call at 20 cents looking for the spread to move to maximum 80 cents in next 10 days. Aggressive traders can sell an August 1560 put for 14 which cheapens net outlay to just 6 cents but adds risk.
- Buy Nov 1600/1840 bull call spread for 58 cents. On a run to 1855 in the next 30 days, the spread should be near 147. Aggressive Traders could sell a Nov 1420 put for 30 but adds to risk.



1-week Rain Totals – Light Blue is Less Than ¼ inch

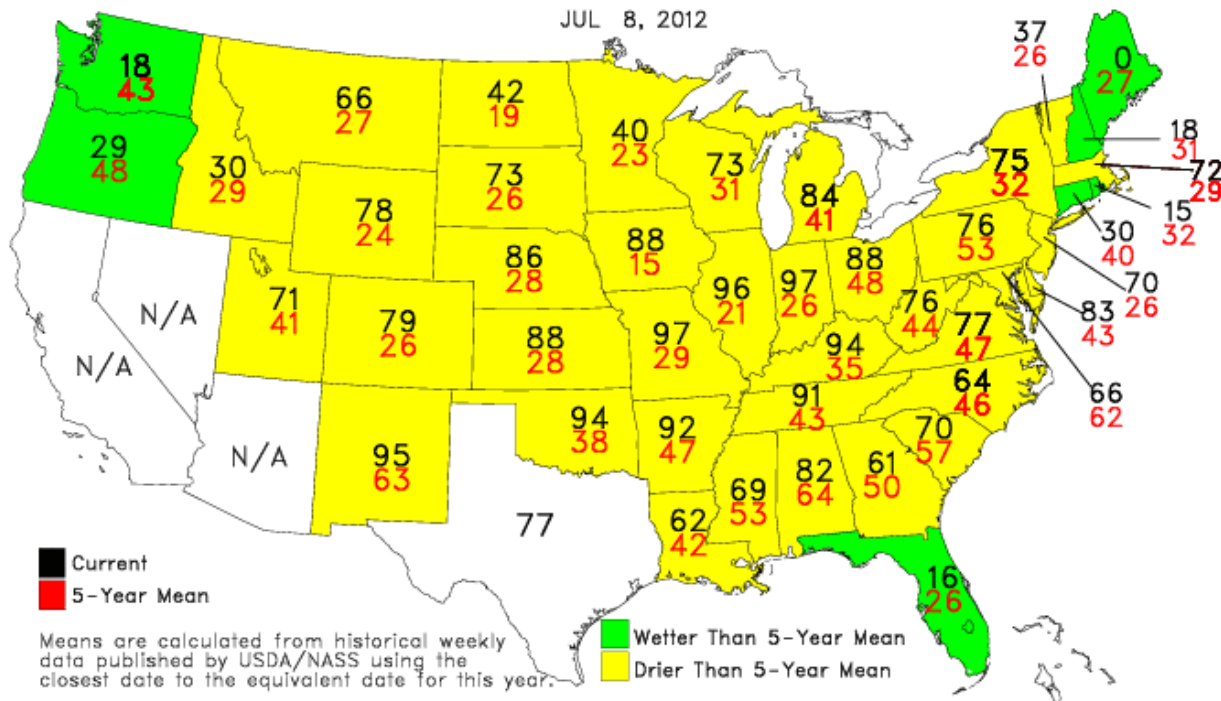




Topsoil Ratings vs. 5-yr Mean

USDA Topsoil Moisture Short-Very Short
Current Vs. 5-Year Mean

JUL 8, 2012



Current
 5-Year Mean

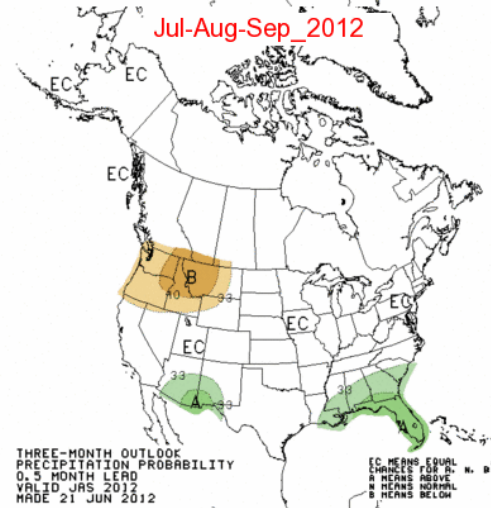
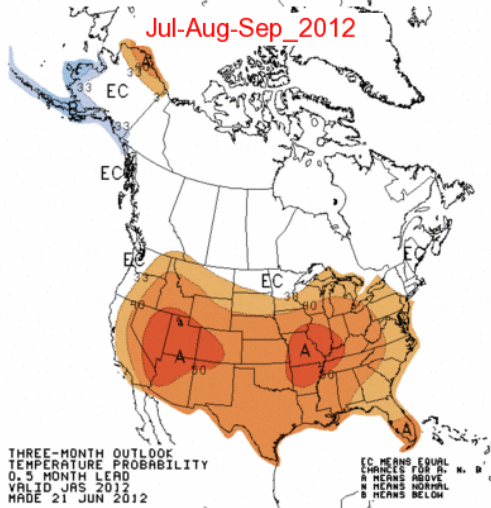
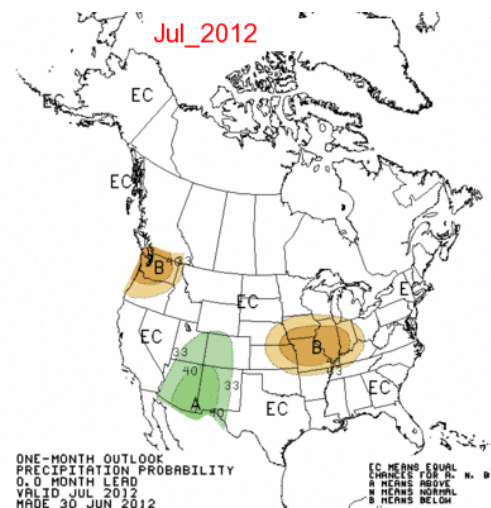
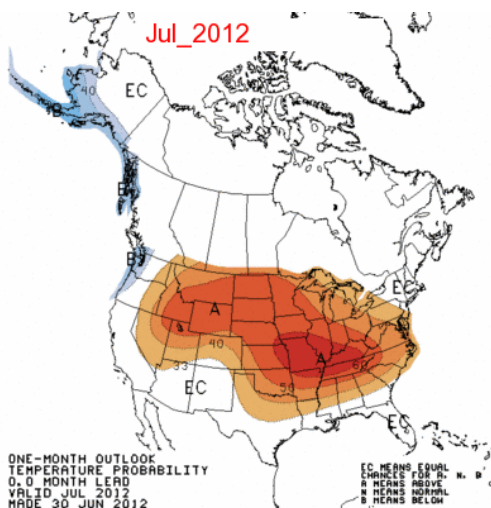
Means are calculated from historical weekly data published by USDA/NASS using the closest date to the equivalent date for this year.

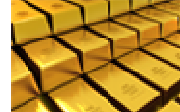
Wetter Than 5-Year Mean
 Drier Than 5-Year Mean

Produced by NOAA, NWS CLIMATE PREDICTION CENTER
 Results are based on the short and very short percentages of topsoil moisture (upper 6 inches) reported by USDA. Reports are based on subjective observations.

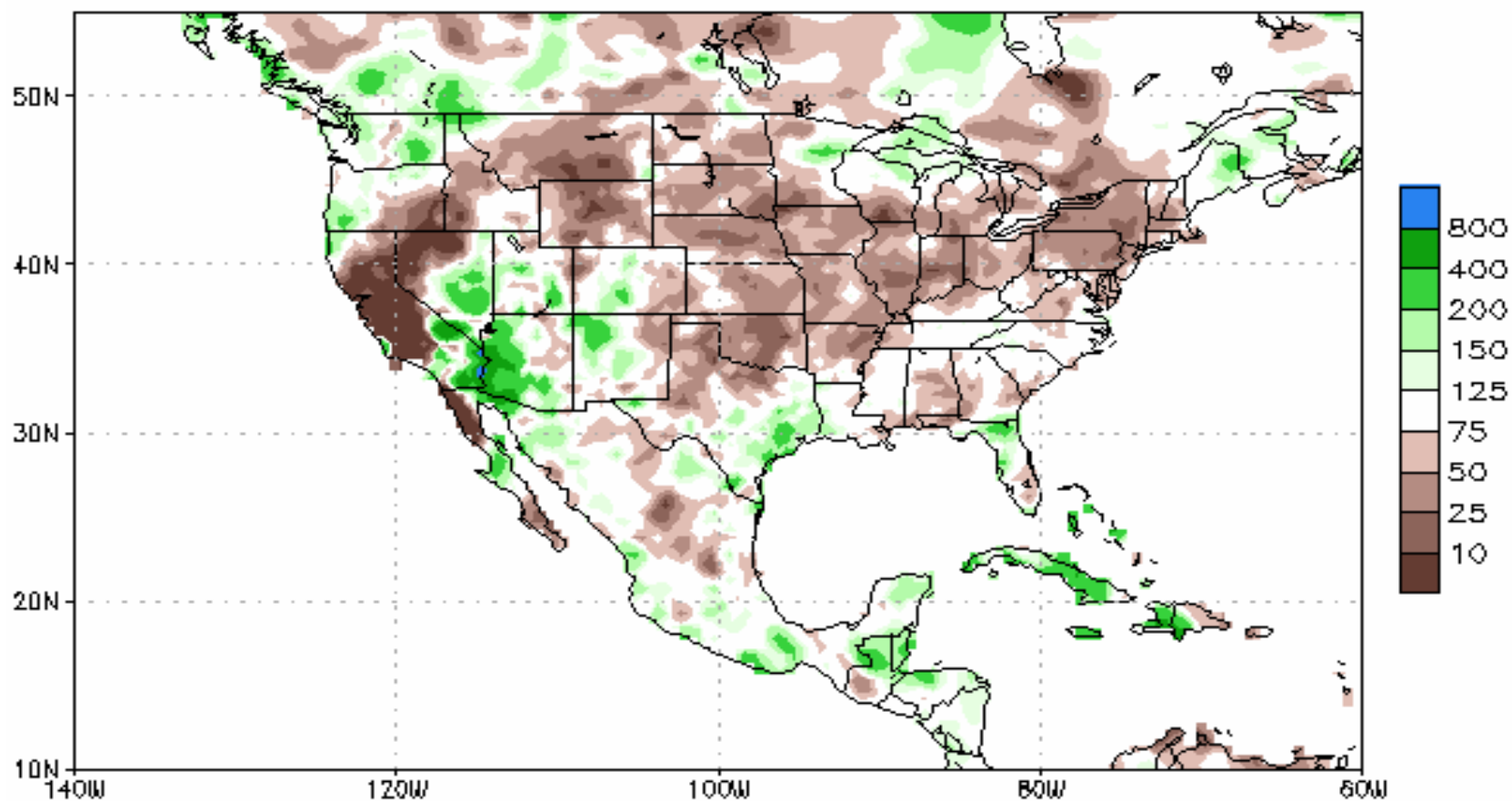


NOAA Outlook





30-day Accumulated Precip % of Normal 16JUN2012-15JUL2012



Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1979-1995)