



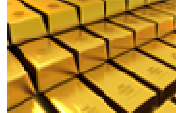
September USDA - FYI

The Hightower Report

September 11, 2012

Terry Roggensack – terry@hightowerreport.com

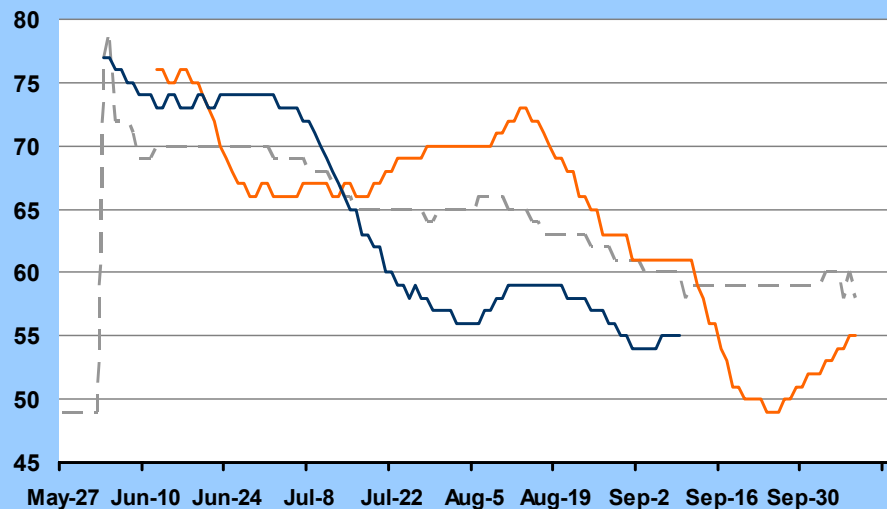
Ken Smithmire – ken@hightowerreport.com



How did crops finish?

Trade sees soybean production down 55 million for report

Soybeans Conditions - Good / Excellent - Minnesota

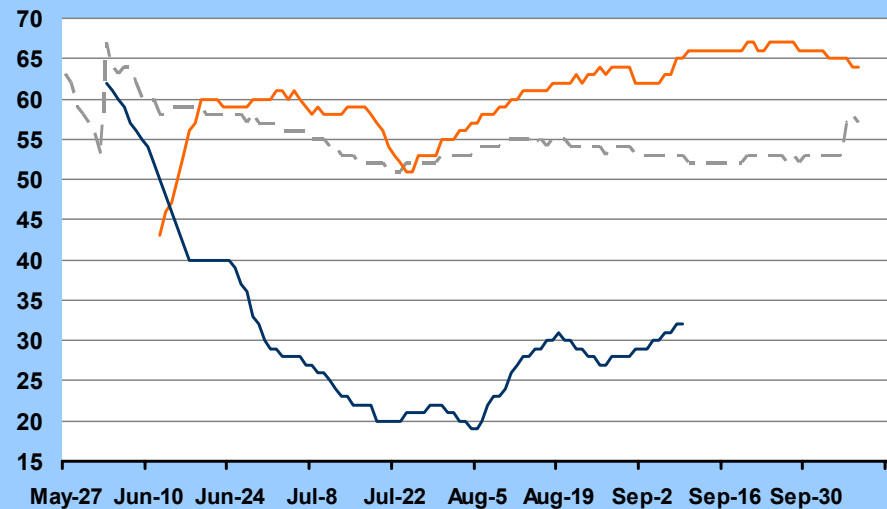


Source: USDA

--- 10 Yr. Avg. — Last Yr. — Current

Most Recent Value: 55% on 9.9.2012

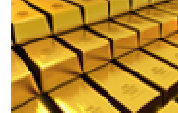
Soybeans Conditions - Good / Excellent - Ohio



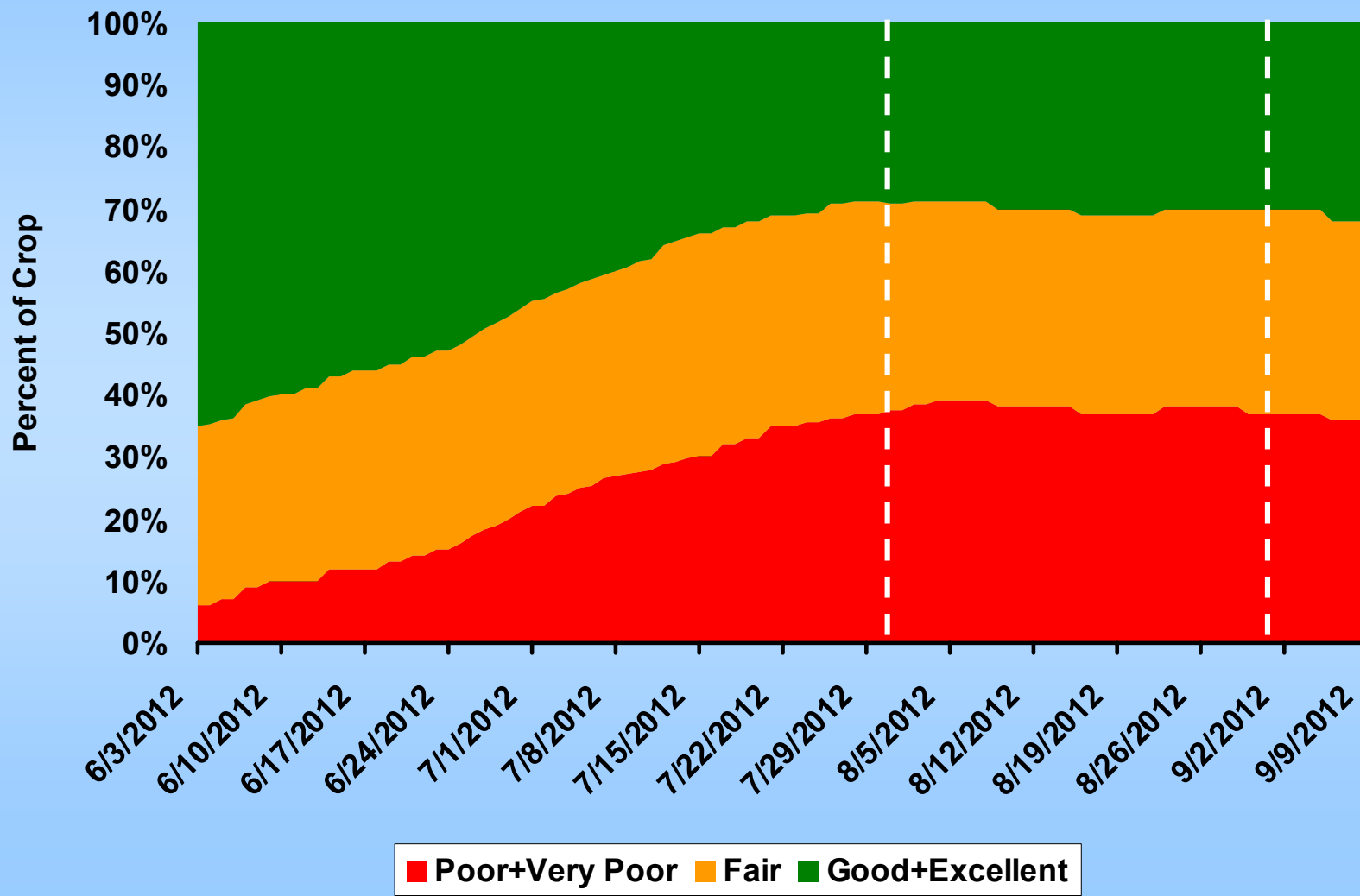
Source: USDA

--- 10 Yr. Avg. — Last Yr. — Current

Most Recent Value: 32% on 9.9.2012



2012 Soybean Crop Conditions - Select States





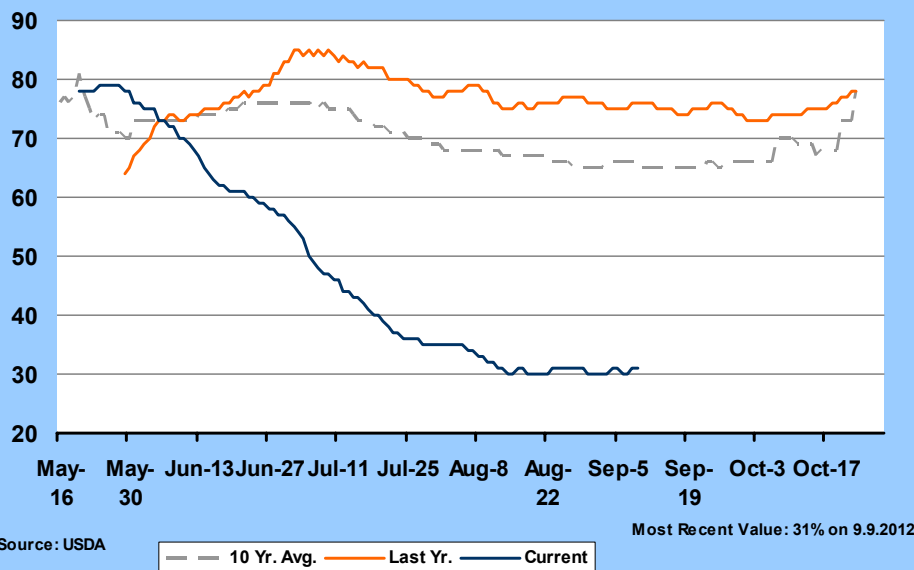
Range of Yield Estimates for Report No Demand Adjustments

USDA SUPPLY/DEMAND US SOYBEANS								2012-13 Outlook		
								New Acreage and Various Yields		
					Aug USDA	Aug USDA	Aug USDA	Low	now	High
	05-06	06-07	07-08	09-10	10-11	11-12	12-13			
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	74.6	74.6	74.6	74.6
Yield (Bu/Acre)	43.1	42.9	41.7	44.0	43.5	41.5	36.1	32.0	35.5	36.7
Beginning Stocks (M Bu)	256	449	574	138	151	215	145	137	137	137
Production	3,068	3,197	2,677	3,359	3,329	3,056	2,692	2,387	2,648	2,738
Imports	3	9	10	15	14	15	20	20	20	20
Supply, Total	3,327	3,655	3,261	3,512	3,495	3,286	2,857	2,544	2,805	2,895
Crushings	1,739	1,808	1,803	1,752	1,648	1,690	1,515	1,515	1,515	1,515
Exports	940	1,116	1,159	1,499	1,501	1,350	1,110	1,110	1,110	1,110
Seed	93	80	89	90	87	88	89	89	89	89
Residual	101	77	5	20	43	13	27	31	31	31
Use, Total	2,878	3,081	3,056	3,361	3,280	3,141	2,745	2,745	2,745	2,745
Ending Stocks	449	574	205	151	215	145	115	-201	60	150
Stocks/Use Ratio	15.6%	18.6%	6.7%	4.5%	6.6%	4.6%	4.2%	-7.3%	2.2%	5.5%

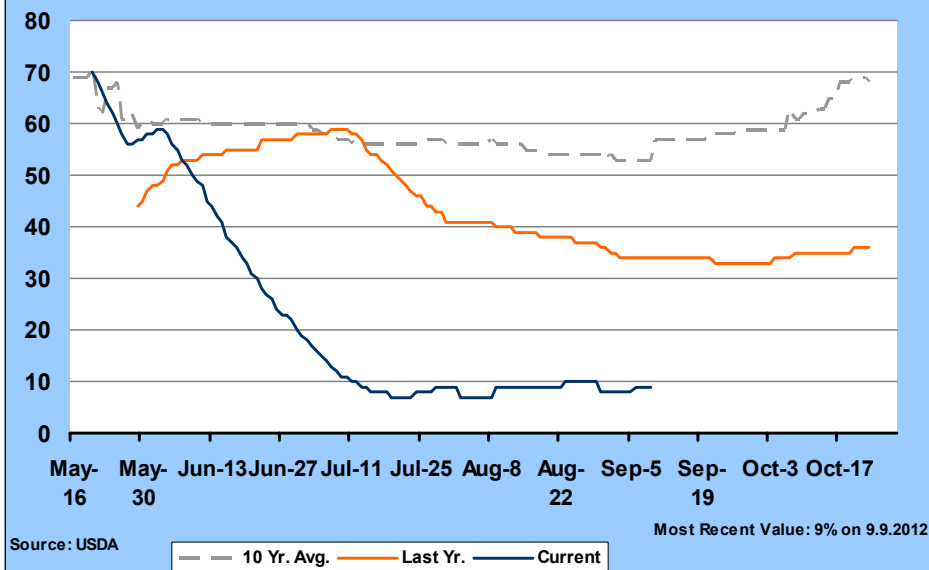


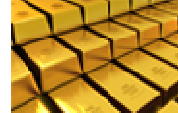
How Did Crops Finish? Trade Sees Corn Production Down 375 million bu

Corn Conditions - Good / Excellent - Nebraska

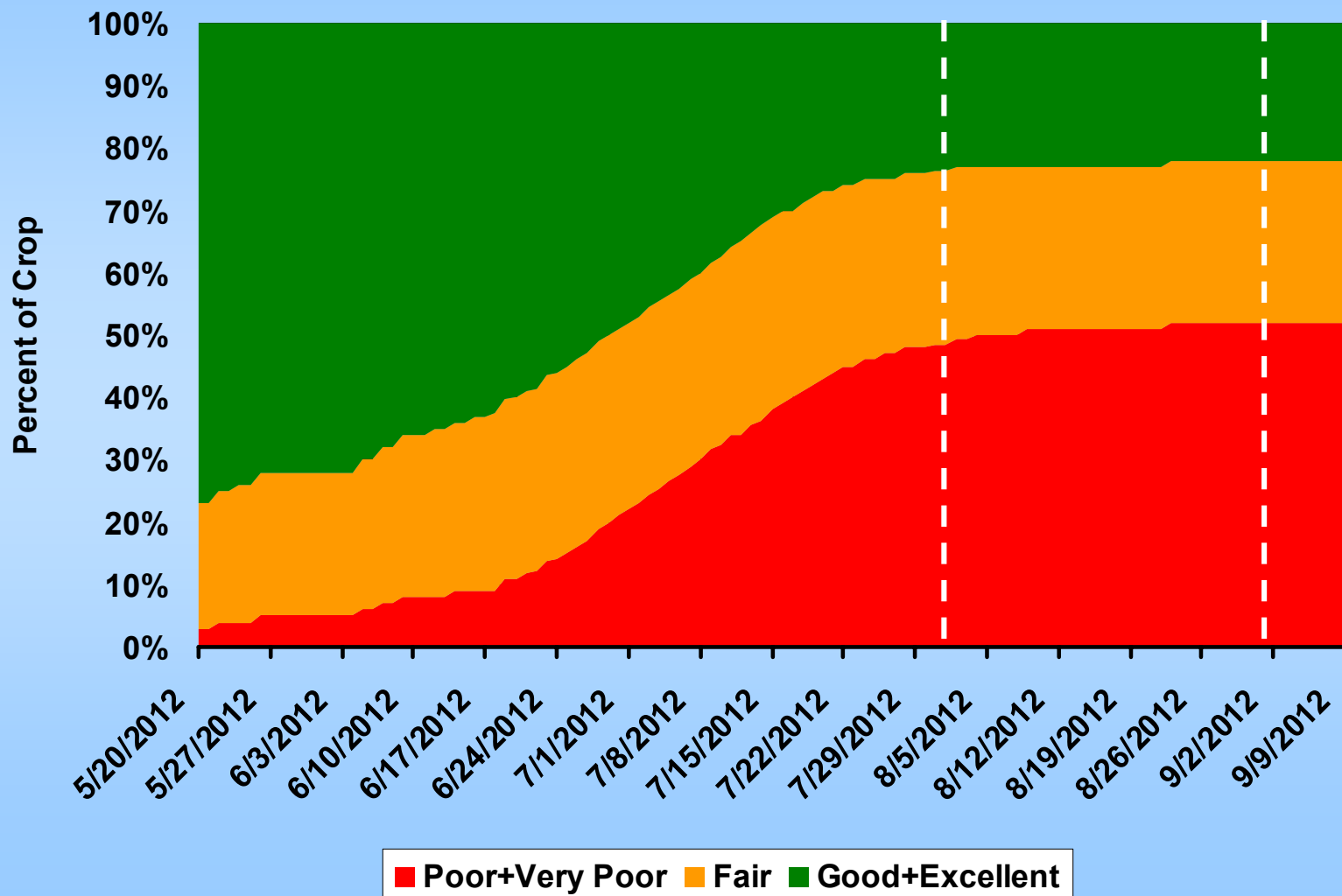


Corn Conditions - Good / Excellent - Indiana





2012 Corn Crop Conditions - Select States





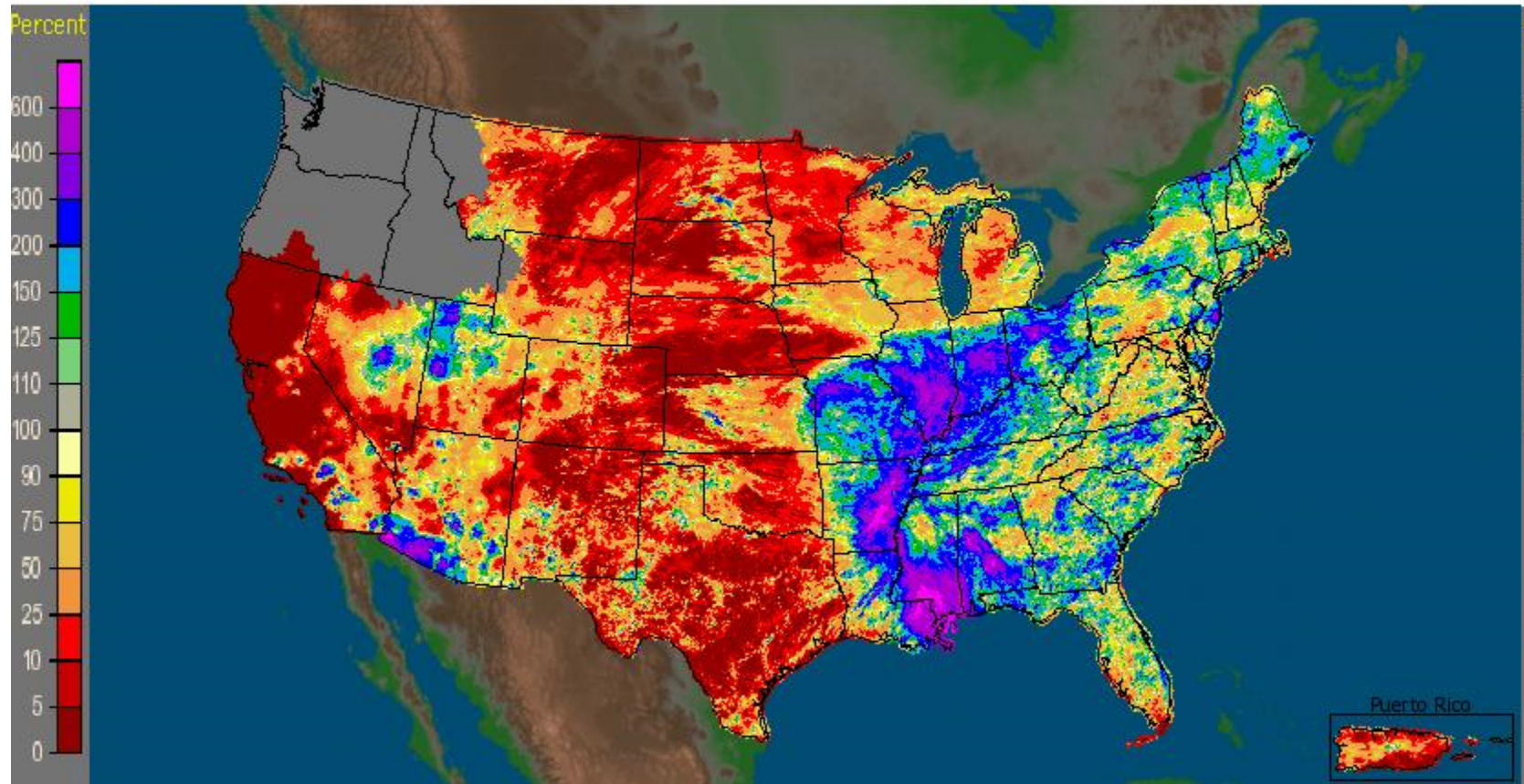
Current Range of Yield Estimates Plus Drop of 1.6 Million Harvested

USDA SUPPLY/DEMAND US CORN								2012-13 Outlook		
	05-06	06-07	08-09	09-10	Aug USDA 10-11	Aug USDA 11-12	Aug USDA 12-13	Various Yields		
								Low	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	87.4	86.0	86.0	86.0
Yield (Bu/Acre)	147.9	149.1	153.9	164.7	152.8	147.2	123.4	117.6	120.6	123.4
Beginning Stocks (M Bu)	2,114	1,967	1,624	1,673	1,708	1,128	1,021	1,014	1,014	1,014
Production	11,112	10,531	12,092	13,092	12,447	12,358	10,779	10,114	10,372	10,612
Imports	9	12	14	8	28	25	75	75	75	75
Supply, Total	13,235	12,510	13,729	14,774	14,182	13,511	11,875	11,203	11,461	11,701
Feed & Residual	6,115	5,540	5,182	5,125	4,793	4,550	4,075	4,075	4,075	4,075
Food, Seed & Industry	3,019	3,541	5,025	5,961	6,428	6,390	5,850	5,850	5,850	5,850
Ethanol for Fuel	1,603	2,119	3,709	4,591	5,021	5,000	4,500	4,500	4,500	4,500
Domestic Total	9,134	9,081	10,207	11,086	11,221	10,940	9,925	9,925	9,925	9,925
Total Exports	2,134	2,125	1,849	1,980	1,834	1,550	1,300	1,300	1,300	1,300
Use, Total	11,268	11,207	12,056	13,066	13,055	12,490	11,225	11,225	11,225	11,225
Ending Stocks	1,967	1,304	1,673	1,708	1,128	1,021	650	-22	236	476
Stocks/Use Ratio	17.5%	11.6%	13.9%	13.1%	8.6%	8.2%	5.8%	-0.2%	2.1%	4.2%



14-day Precipitation S Minnesota, Dakotas & Nebraska too Dry

CONUS + Puerto Rico: Current 14-Day Percent of Normal Precipitation
Valid at 9/10/2012 1200 UTC- Created 9/10/12 23:39 UTC

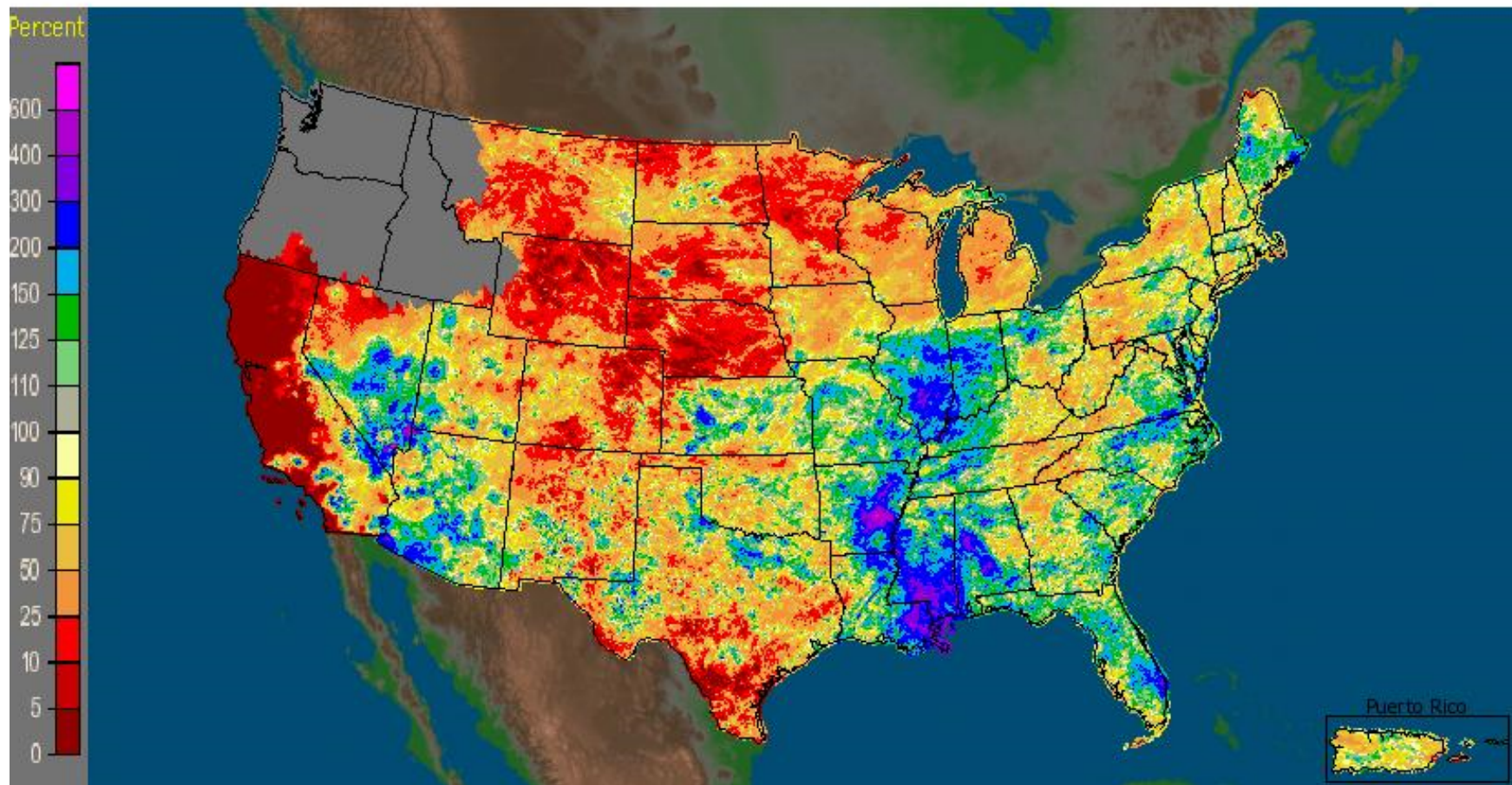




30-Day...Same

CONUS + Puerto Rico: Current 30-Day Percent of Normal Precipitation

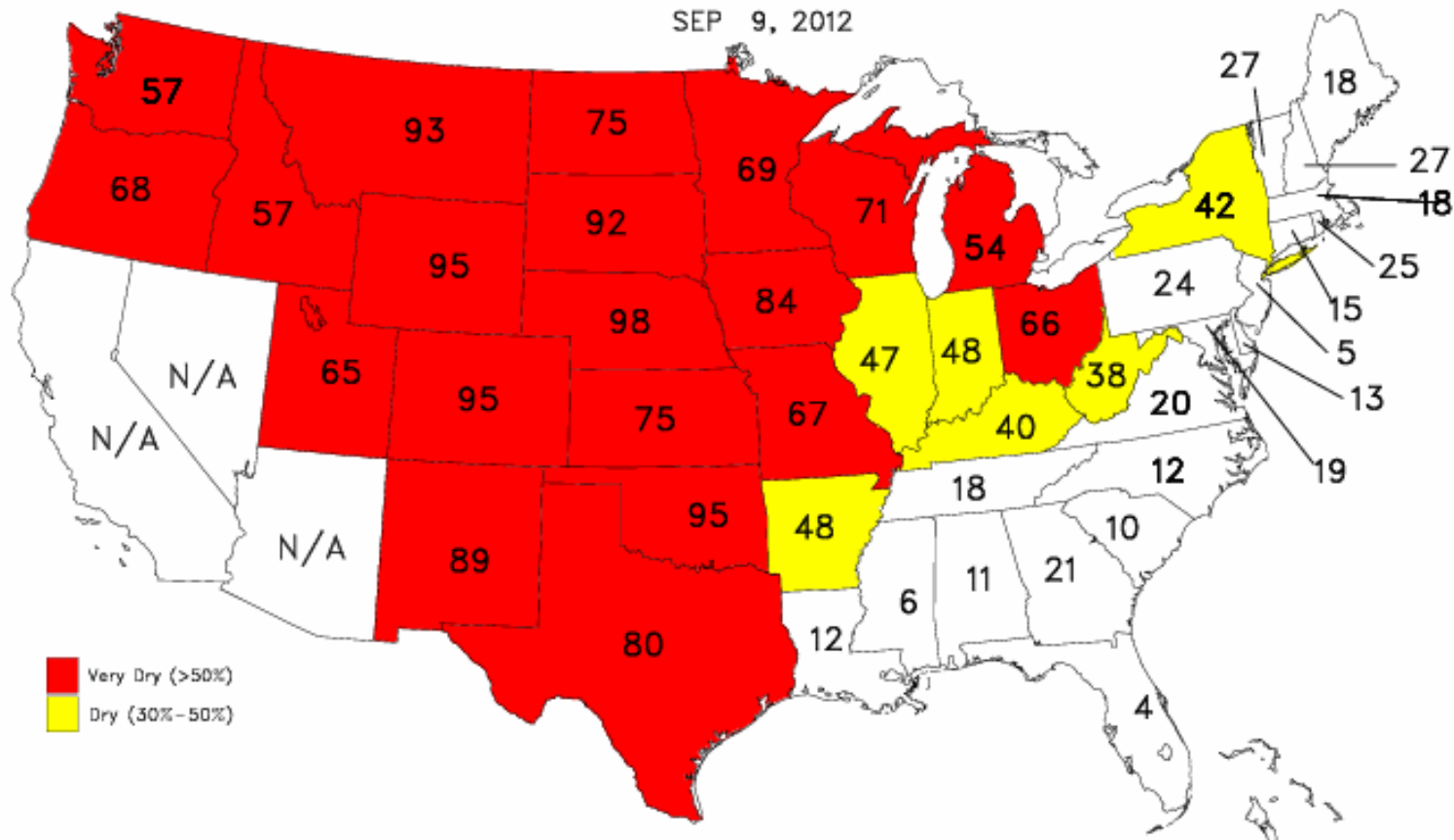
Valid at 9/10/2012 1200 UTC- Created 9/10/12 23:39 UTC





USDA Topsoil Moisture Short-Very Short Percent Of State Area

SEP 9, 2012



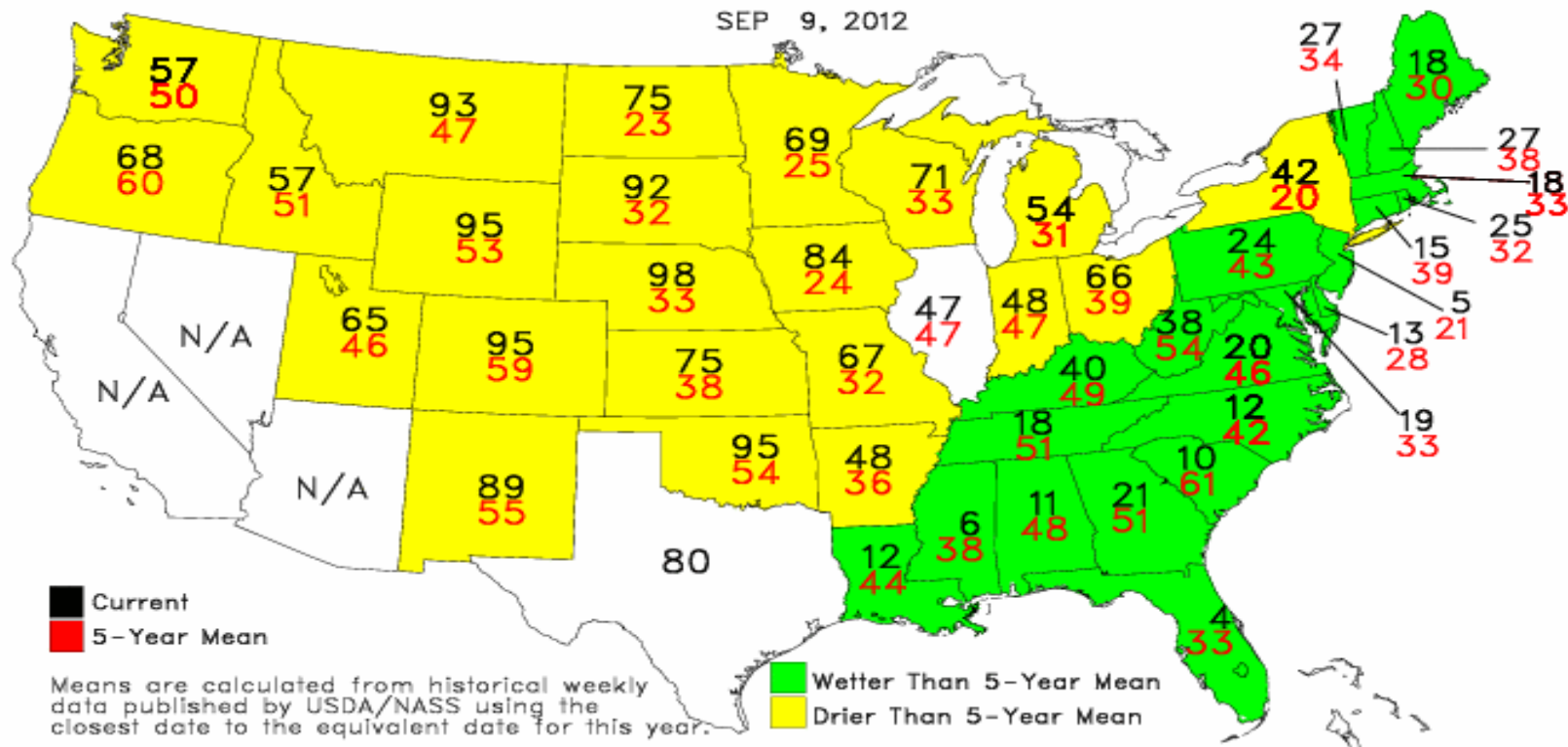
Very Dry (>50%)
 Dry (30%-50%)

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.



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

SEP 9, 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

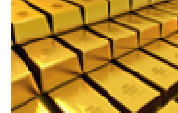
Produced by NOAA, NWS CLIMATE PREDICTION CENTER

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.



For Traders Holding Long Corn Positions Into the Report,
or Wanting to Get Long Before Report,
Consider This Strategy for Protection

- Buy the December 780 put for 40 cents and sell 3 of the March 680 puts for 15 cents each for a net credit of 5 cents.
- If the market breaks sharply, the long put will reduce losses to the long position. The sharp break in prices, and the increase in short-term volatility, should help the long put holder.
- The trader will be in a position to lift the put and set tight stop on futures.
- On a report rally, the short out-of-the money puts should loose value.
- We still expect another leg higher in corn. Upside objectives of 893 ½ and 942 are next.



For Traders Holding Long Soybean Positions Into the Report,
or Wanting to Get Long Before Report,
Consider This Strategy for Protection

- Buy the October 1720 put for 29 1/2 cents and sell 2 of the November 1580 puts for 14 cents each.
- If the market breaks sharply, the put will reduce losses to the long position. The sharp break in prices, and the increase in short-term volatility, should help the long put holder.
- The trader will be in a position to lift the put and set tight stop on futures.
- On a report rally, the short out-of-the money puts should lose value.
- We still expect another leg up in soybeans. Upside objectives of 1855 and 1995 3/4 are next.