

CORN: MIXED TO EASIER

Yesterday brought a hefty correction in corn as it closed sharply lower yesterday in the July after trading up against the resistance line. December closed 3 lower. Funds sold 7,000 contracts yesterday. Rain continues to fall over the wet areas of the Corn Belt with the most falling in the north central and north western Corn Belt, however we are expecting next week's weather to trend towards warmer temperatures and less rainfall. Some rains are expected, but coverage has been reduced slightly.

Resistance in CN is \$6.67 and then \$6.76. Support is \$6.50 and then \$6.38. Export sales were out this morning with some relatively good numbers. Old crop was 85.7 TMT. The trade was estimating 0 to 200. New crop was 789.6 TMT. The range of the guesses was 600 to 800. There is a lot of talk about 2 to 5 MA of corn not getting planted. This will keep the market guess hopping (new term?). Look for a good chance to trade both sides today.

As of the break, trade was ¾ higher in CN13.

SOYBEANS: HIGHER

The rain continues to fall. Record May rainfall in Iowa is sure to increase as the day progresses. Missouri, Illinois and Wisconsin can be added to the list of targets for the weekend rains as it looks like finally by Sunday night the moisture moves east. Progress on planting will be in all likelihood a record slow one. Beans are making a bit of a surge this morning. Resistance at several levels not much above the current values, \$15.14 and \$15.29 to start. Export sales will continue to support as old crop and rapid new crop sales continue. Add in meal sales for old crop at levels that will need imported beans and there is good reason to rally the July contract. While some are using farmer sales as the straw that broke basis' back, I am not so sure it wasn't the importation of beans in deferred slots to cover meal sales at processors close to ports in the east and south. Or more accurately maybe it should be the two straws that broke basis. Volume was light across the complex yesterday and only meal saw OI decline. An interesting aspect of the complex is that the oil market is now projecting a flat forward curve even with more than adequate supplies and continued good crush across the globe. We should see higher value in futures most if not all day on the O/C tightness, highlighted once again by export sales, and weather. Beans: V-122,277/OI-583,673 +3,058; Meal: V-68,017/OI-278,950 -2,821; Oil: V-106,477/OI-373,624 +4,051:

As of the break, trade was 11 ¾ higher in SN13.

WHEAT: MIXED

Wheat was mostly steady yesterday despite GMO wheat in Oregon scaring off import suitors. This morning has a similar feel with South Korea following Japan (who eluded any U.S. purchase this week) in suspending U.S. tenders due to unapproved GMO. SRW is catching its stride with excellent yields and solid quality being reported, with basis dropping feeders in the Southeast are taking advantage. Export Sales were not even in the realm of estimates for old crop at 35,900 MT, a new low for the marketing year and down 85% from the previous week. The recent issues with GMO White Wheat next week should be no better, and with the first week of June comes a fresh start to the USDA crop year. The eastern areas of the HRW region have been hit hard with rain over the past 24 hours with more scattered showers to the west. Look for wheat to trade both sides taking cues from corn today.

As of the break, trade was 3 ¼ lower in KWN13.

CATTLE: STEADY-HIGHER

It was another light volume session in the cattle complex yesterday, this time with futures sliding lower and erasing the gains of earlier this week. August live cattle futures specifically trading to a fresh two week high early in the session yesterday before turning in a classic reversal and closing below the prior session's low, not a positive technical development. These weaker futures developed in the face of packers raising bids to \$123, nearly \$3 over nearby futures, with feedyards mostly countering at \$126+. It would appear we're setting ourselves up for another much stronger than normal basis trade this week and will continue to encourage feeders to pull animals forward and keep supplies quite current. Interesting to see week ending May 18 slaughter data released yesterday show steer carcass weights just 2 lbs greater than last year and heifers just 1 lb larger. This the smallest year-over-year weight spread in 18 months. It was just five months ago that carcass weights were 25+ lbs greater than the prior year... Overnight futures are just mixed as I type, firmer in the fats and weaker in the feeders.

Fund Position	Accumulative	Yesterday
Corn	+116,682	-7,000
Soybeans	+113,377	-2,000
Soybean Meal	+53,735	-2,000
Soybean Oil	-16,409	0
Chicago Wheat	-41,565	-1,000
KC Wheat	+9,604	0



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