

CORN: EASIER

Corn started out higher and then had a big sell off partially due to high frequency traders. Funds sold 10K contracts. Last afternoon's crop progress was at 91%, lower than the trade guesses. The crop condition was out for the first time this week at 63% good/excellent. This compares to 69% average. This is much higher than the trade was expecting and why the market was down overnight. Resistance in Jul. is \$6.65 and then \$6.70. Support is \$6.44 and then \$6.38. Exports were poor at 11.7 MB. The trade was looking for 9 to 13. Forecasts are calling for more rain this week and into next week. We will be talking about a lot of acres not being planted for the next several weeks. The trade is looking for 2 to 5 MA of corn not planted. The market is trading in a pennant formation and should bounce off the \$6.45 to \$6.42 area. Look for a little recovery today, but not a two-sided trade.

As of the break, trade was 6 ¼ lower in CN13.

SOYBEANS: LOWER

"Turn-around Tuesday" has some momentum. The outside markets are of little affect, weather is looking better in the extended forecast, and technical traders are in profit-taking mode. The GS roll starts Friday. Brazil is filling the boats at a record pace, but there is still a wait for those queuing up. This is affecting U.S. exports though, i.e. cancellations for old crop. One survey is showing a switching of over 1 MA of corn to beans due to wet/delayed planting conditions. While negative, it should actually make progress even further behind than shown yesterday. OI climbed in beans and meal, but fell in oil. Vol. was impressive in beans and mediocre in meal and oil. The resistance level of \$13.46-47 will remain intact today, but support at \$14.87 does not appear in danger either. Pressure on the inverses will continue until all funds roll their longs out by June 13th. While not being talked about much, the drought area should continue to shrink, but not disappear in the far western reaches of the growing areas. Today should see lower trade all day. Beans: V-197,801/OI-599,304 (+4,608); Meal: V-66,803/OI-284,829 (+1,368); Oil: V-86,083/OI-373,287 (-3,189)

As of the break, trade was 12 ¼ lower in SN13.

WHEAT: LOWER

Extensive high frequency trading had yesterday's market trading both sides in a wide range. This morning the

market has settled down, at least until the 8:30 open. Japan is seeking their weekly tender, with 61K tonnes of 163K coming from the U.S. They still are avoiding western white wheat after the GMO scare, even with South Korea's diligent testing of U.S. wheat coming up all clear. HRWW ratings rose yesterday by 1% to 32% good/excellent, still very much below historical averages. Harvest is rolling in Texas and solid proteins and better than expected yields are the rumors coming from the fields. Corn hit a key reversal yesterday, and for the time being, wheat will take its cues from fall crops. Outside markets are neutral to bearish with crude around unchanged and the USD up 167 points.

As of the break, trade was 5 ¾ lower in KWN13.

CATTLE: STEADY

Live cattle futures traded lower virtually all session yesterday, finishing with near \$1 losses taking most of the nearby contracts back to the middle of their two-week trading range. Feeder cattle futures performed relatively better, reversing from early lows to close mixed. Oklahoma City auction reported feeder cattle sales up \$3-6 versus two weeks ago (the auction was closed last Monday for Memorial Day) on good demand and a light volume of just 7,900 head versus 11,200 last year. Interesting to see the national feeder cattle index, a five-day weighted average, jumping a sharp \$2.33 yesterday afternoon to \$133.14, still well below Aug. futures, but now perhaps trending firmer as is seasonally the case through the summer. Boxed beef prices have begun the week weaker as expected, and showlist counts are reportedly larger than a week ago in all major feeding states. Early week expectations are for a cash cattle trade steady to \$1 weaker than last week's \$124-125 market with cattle feeders still tempted by extremely firm basis and forward futures discounts. Futures markets remain choppy.

Fund Position	Accumulative	Yesterday
Corn	+126,952	-10,000
Soybeans	+131,721	+7,000
Soybean Meal	+63,229	+2,000
Soybean Oil	-15,270	+1,000
Chicago Wheat	-33,329	+1,000
KC Wheat	+10,212	0



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