

**CORN: MIXED**

Old crop corn collapsed yesterday with all out liquidation in the July and in the July/December spread. July was down 9 ½ at the close and Dec was unchanged. Funds sold 9K. The spec crowd was taking profits after reaching near 1996 inverse levels. Basis was a little softer in the central Corn Belt. The July did hold trend line support yesterday. If we take that out, we set ourselves up to retest \$6.10. Resistance in July is \$6.58 and then \$6.69. Support is \$6.32 and then \$6.25. Forecasts are mostly unchanged with scattered thundershowers for the next several days, but we should continue to make more progress this week and by next Sunday be 85% planted. We could test the \$5.00 area in Dec. Look for a mixed, two-sided trade today. We need to hold this \$6.36 area or we will break an uptrend support line.

**As of the break, trade was 2 lower in CN13.**

**SOYBEANS: MIXED**

There are a couple of interesting developments in S.A. this morning. The size of the Brazilian bean crop seems to be zeroing in at 82 MMT with a reduced estimate from one well known entity to 82.3 from 82.5 MMT. Earlier, another group estimated it at 81.5 MMT. Also, news is filtering out of an oil cancellation by China from S.A. Apparently, they have cheaper oil being produced domestically. Maybe I am reading too much into the OI report, but the large fall off in July could be a reflection of this. Finally, a failure to book grain in a tender due to high priced offers may be the tip of the lower prices iceberg as we may be seeing buyers backing off on pricing until they get lower values. Weather actually should give planting a decent window for the report that will not be issued until Tuesday due to the holiday. OI in beans and meal were higher and beans showed a nice uptick in volume. Basis has faltered the last few days and several crushers are moving bids to deferred months. Keep on top of the situation. Spreads are weaker, but still historically strong and expected to stay that way. We could see mostly higher trading today, but two-sided trading is my notion. Beans: V-213,329/OI-583,270 (+3,440); Meal: V-79,684/OI-266,796 (+1,077); Oil: V-76,711/OI-351,627 (-6,675)

**As of the break, trade was 3 ¼ lower in SN13.**

**WHEAT: BETTER**

Yesterday, wheat succumbed to downside pressure from corn to give up Monday's gains. This morning, the bulls are trying to make a move as the market teeter-totter looking for clarity. Decent quality and better than expected yields

are being seen as harvest gets rolling in Texas. Jordan re-issued a day old tender for 150K tonnes of milling wheat today, running till next Tuesday. The HRW region received scattered rains again including the dry Texas and Oklahoma panhandles with more heavy rains through central Oklahoma. The Black Sea region and Australia are making up lost ground as timely rains will be watched closely by the markets. Wheat is looking again like a feed grain as the corn/wheat spreads narrow up and feeders are exploring the feed wheat market, giving elevators a good opportunity to clean up some space. Look for wheat to follow corn this morning.

**As of the break, trade was 3 higher in KWN13.**

**CATTLE: MIXED**

Live cattle futures traded a second session of gains yesterday following those new contract lows established last Friday. August futures are still roughly \$1.50 below trend line and moving average resistance, keeping new sellers on the sidelines. Feeder cattle futures also traded sharply higher, up \$2+ in all but the nearby May contract which expires tomorrow. May futures at \$131.90 remain slightly above the most recent feeder cattle index of \$131.53, while the soon-to-be nearby August contract trades at an incredible \$15 premium in anticipation of tighter feeder supplies by late summer and moderating feed costs. Fund short-covering was also at play the past two days. CFTC data on Friday confirmed spec funds hold a record short position in feeder cattle, nearly 8K contracts, leaving us vulnerable to sharp moves such as this. Boxed beef prices traded firmer in the choice and weaker in the select yesterday and maintained much-improved packer processing margins. And as a result, this week's slaughter total is now running 2K head ahead of last week's pace which wound up being the largest weekly total we had seen in 11 months. Monthly USDA Cold Storage report will be out later this afternoon.

**Please Note:** There will be no evening trade Sunday, May 26<sup>th</sup> for trade date May 27<sup>th</sup>. Markets will have a regular Monday evening open for trade date May 28<sup>th</sup>.

Fund Position	Accumulative	Yesterday
Corn	+92,085	-9,000
Soybeans	+109,211	+4,000
Soybean Meal	+50,157	+2,000
Soybean Oil	-19,179	+3,000
Chicago Wheat	-30,916	+1,000
KC Wheat	+15,524	0



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