

CORN: BETTER

Old crop corn closed four and three quarters lower Friday, while new crop corn closed one and three quarters higher. Continued liquidation in the Jul/Dec. spread and some weaker basis levels in the interior pressured the spreads. Funds sold 3K contracts. Today we are sharply higher on heavy rains across the Corn Belt. Two to five inch rains fell across southeast South Dakota and most of Iowa. Locally there were some 9 to 10 inch amounts. Resistance in Jul is \$6.70 and then \$6.76. Support is \$6.53 and then \$6.38. We made pretty good progress last week and are expecting the weekly number to be over 90%. More rain is expected this week in the north central and western areas of the Corn Belt. We look for the market to stay strong. Strength in beans should also support corn. We are hearing talk about prevent plant acres and we may be under the 97.3 MA USDA number.

As of the break, trade was 4 higher in CN13.

SOYBEANS: BETTER

Weather is the key issue this morning and it is tough to gauge how it will affect the final bean acreage. As unplanted corn acres could be replaced with beans, we will need to monitor the next couple of weeks. Today's report should continue to lag normal after this bout of wet weather in the heart of the Corn Belt. Beans are still attempting to close above \$15. With old crop tightness and no evidence of meal demand being cancelled or switched, this is a foregone conclusion in the near future. Weather is making it even easier to accomplish as the deferred months will not be as much of a drag. Basis will be a focus the next couple of weeks after the debacle that was last week. With pretty much all of the processors switching to Nov., we will now see how the spread realigns and what it costs them to cover any additional needs. China is still purchasing the new crop slot in beans with another 120 TMT announced this morning. Open interest took a large hit on Friday in beans and volume across the board was very low. Look for better trading values with the front end leading the way. Beans: V-197,006/OI-576,912 (-12,326); Meal: V-75,831/OI-278,992 (+771); Oil: V-76,156/OI-354,410 (-537)

As of the break, trade was 12 ¾ higher in SN13.

WHEAT: STEADY

Wheat traded two to five lower overnight, and going into the 8:30am opening one higher. Paris wheat is down the equivalent of \$.04/bu, USD and crude are higher at this

time. The focus this morning is on corn and beans due to the excess rains over the weekend slowing planting. Big rains were also reported in the U.S. and Canadian spring wheat areas also limiting work in those areas. Interesting story is out this morning discussing how cool wet weather has delayed the planting of the spring wheat crop in Russia and threatens crop production. Cool wet weather is hampering crop development all across Europe. There was an Iraq tender over the weekend, no confirmation of business, but looking at the reported prices, Serbian/Russian was the cheapest with Canadian \$40 MT and U.S. \$80 MT above the lowest offers. Look for wheat to follow the corn action.

As of the break, trade was 1 ¼ higher in KWN13.

CATTLE: STEADY - HIGHER

The cattle markets finished last week with a bang, trading to 100-200 point gains on Friday with large volume short-covering. Total open interest in live cattle was off a sharp 6K contracts on Friday alone with widespread producer hedge lifting taking place as a growing number of market analysts now suggest summer lows are in, or are very close. This as futures already have deep discounts built in over the coming weeks/months with fed cattle supplies seasonally expanding and beef prices expected to retreat. Boxed beef prices did show their first real signs of weakness in more than a month on Friday with the choice index down \$2.50 and the select off \$1.08. Interesting to read one university economist's feeding margin model turn out the most profitable projected feeding margins on an incoming placement in at least four years. Big inverses in corn futures and weak feeder cattle basis have helped significantly improve commercial cattle feeding margins in recent weeks/months. Despite the weaker beef markets, we will be expecting a firmer futures market to start the holiday-shortened week, in line with firmer grain and macro markets.

Fund Position	Accumulative	Yesterday
Corn	+106,682	-3,000
Soybeans	+106,377	-7,000
Soybean Meal	+48,735	-3,000
Soybean Oil	-13,409	-2,000
Chicago Wheat	-40,565	-2,000
KC Wheat	+9,604	0



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