

Closing Grain & Soybean Comments

Kevin Riesberg Friday, May 31, 2013

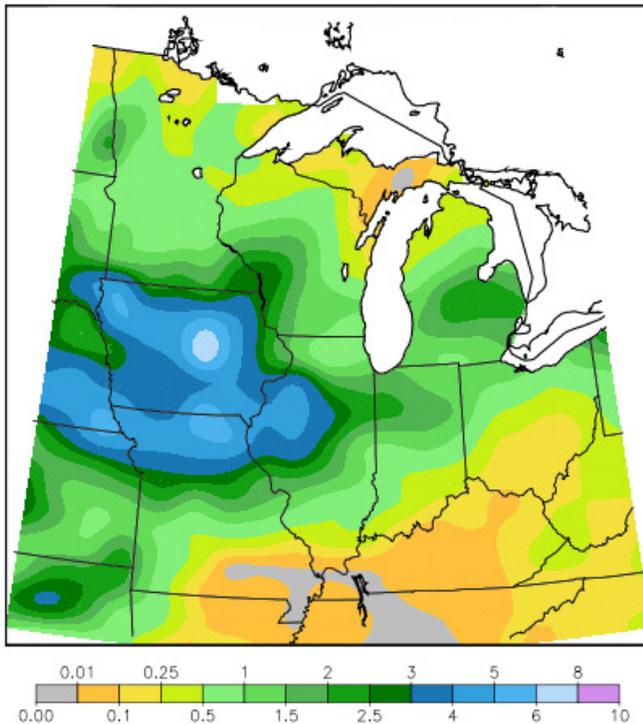
Corn: Corn closed higher with concern planting delays as weather models call for another storm system middle of next week and as we move past Preventative Planting dates. This past Tuesday crop progress report indicated there were over 13 mln acres of corn to plant with the bulk of them in IA, MN, WI and IL, see table. With the rainfall this week across much of Iowa and central IL (see maps below) there will be little progress made except in parts of OH, KY and TN. Planting progress Monday night could increase to 90% but would leave over 9 mln acres planted after June 1.

State	USDA March report (thou acres)	% left to Plant as of 5/26	Acres left to plant (thou acres)	PP dates
IA	14,200	15%	2,130	5/31
MN	9,000	18%	1,620	5/31
WI	4,350	36%	1,566	5/25 & 5/31
IL	12,200	11%	1,342	5/31 & 6/5
ND	4,100	28%	1,148	5/25 & 5/31
IN	6,100	14%	854	6/5
MO	3,400	17%	578	5/31 & 6/5
KS	4,600	12%	552	5/20 & 5/31
SD	5,900	9%	531	5/25 & 5/31
OH	3,950	11%	435	5/25 & 5/31
NE	9,900	4%	396	5/25 & 5/31
MI	2,600	10%	260	6/5
US	97,282	14%	13,619	

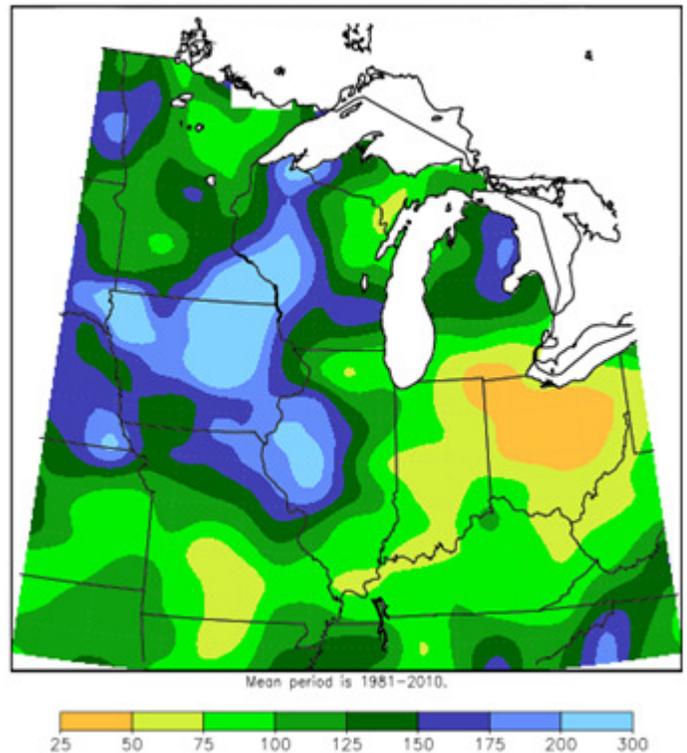
The USDA did deny rumors that preventative planting dates were going to be pushed back. So producers must now make the decision if

to abandon those acres and take the insurance money, continue to plant corn but risk lower yields/ & insurance payments or to switch to soybeans. Currently idea on the amount of acres that could get switched to soybeans range from 2-4 mln acres. Note that NASS survey for the planting acreage report started yesterday and runs through June 15th (Acres report is out June 28th). The table below shows

Accumulated Precipitation (in)
May 24, 2013 to May 30, 2013



Accumulated Precipitation: Percent of Mean
May 1, 2013 to May 30, 2013



to abandon those acres and take the insurance money, continue to plant corn but risk lower yields/ & insurance payments or to switch to soybeans. Currently idea on the amount of acres that could get switched to soybeans range from 2-4 mln acres. Note that NASS survey for the planting acreage report started yesterday and runs through June 15th (Acres report is out June 28th). The table below shows

different scenarios with corn plantings down 2 - 4 mln acres from the March intentions number. A 4 mln

	USDA 12/13	USDA 2013/14	Possible acres	
Planted	97.2	97.3	95.0	93.0
Harvested	87.4	89.5	87.4	85.6
Yield	1234.4	158.0	158.0	158.0
Carryin	989	759	759	759
Production	10,780	14,140	13,809	13,518
Available	11,894	14,924	14,593	14,302
Feed/residual	4,400	5,325	5,325	5,325
Ethanol	4,600	4,850	4,850	4,850
Exports	750	1,300	1,300	1,300
Total Use	11,135	12,920	12,920	12,920
Carryout	759	2,004	1,673	1,382
CO/Use	6.8%	15.5%	13.0%	10.7%
Days of CO	24.9	56.6	47.3	39.1

acre drop with the current USDA demand projection would drop ending carryout below 1.4 bln bu, but still is considerably looser than our current carryout. Old/new crop inverses firmed today inspite of the looming index rolls next week. Basis levels are holding steady with a slight uptick on farmer selling of new crop. Country contacts indicate that July corn toward \$6.75-7.00 will find new round of selling and in new crop toward \$5.75-6.00. This afternoon's Commitment of Traders report showed spec funds going long now on corn. Focus next week will be on Monday's planting progress and if the rains are as heavy as forecast for the latter part of next week.

WHEAT: Wheat market was dragged higher with

corn today though the US market continues to struggle with the GMO fall out. S. Korea announced it would suspend purchases of US wheat for the time being while it tested various wheat and flour in different parts of the US for GMO. At this point there does not appear to be much of a shift to Canada but will need to be monitored. Some chatter that Australia could pick up some Asian business but old crop supplies are tight there along with shipping slots. In other export news Iraq booked wheat from Russia for July-Sept slot. India tenders to export another 100k tons. Other export news was light today. SRW harvest is getting underway in the South with good yields reported while harvest is moving north in Texas. HRW basis firmed 4-6 cents for the mid to lower protein levels today. Trade continues to focus on movement of SRW for this summer into the Southern Plains feed yards. Trade keeping eye on possible heavy rains for Delta/Southeast in the extended weather models (disease issues). Funds remains large shorts in Chicago of over 60k contracts. Look for wheat to remain a follower of corn short term.

SOY-COMPLEX: Beans and meal were higher as weekly export sales pace on soymeal continues to clip along at over 149k tons and now surpassing the USDA projection. The trade shrugged off the old crop bean cancelations as the meal export number shows that it's the domestic crush pace that we need to slow. The market has pretty much factored in the Chinese cancelations of soybean cargoes out of Brazil. Ultimately these bushels should just get rolled forward. US made a rare soyoil sale to Germany of 30k tons (thought to be tied to the slow shipments

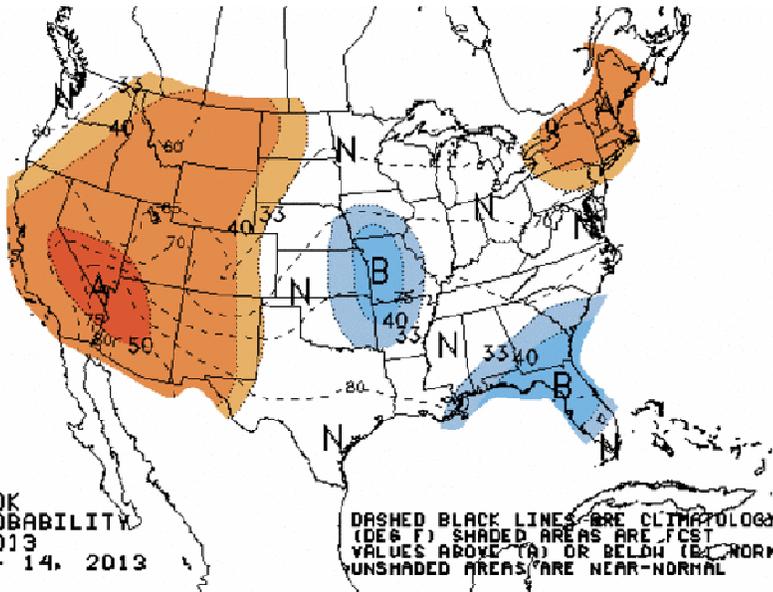
out of S. America on soyoil). New crop soybeans are getting support from concern about late planting when in reality there is plenty of time in June to get the crop in (most states have June 15 to 20th date on Preventative Planting). The table at left shows that even if we pick up 2 mln acres from the March Intentions, a drop of 1 bpa to a more reasonable 43.5 bpa would leave ending stocks at the current USDA estimate. But ending stocks could push over 300 mln bu if we were to see an increase of 3 mln acres on plantings (even with 43.5 bpa yield). This should keep rallies of Nov beans in check. US soybean basis is steady to softer at the processors with softening meal basis. Look for weather and planting progress to dominate the trade on Monday.

US SOYBEAN BALANCE SHEET

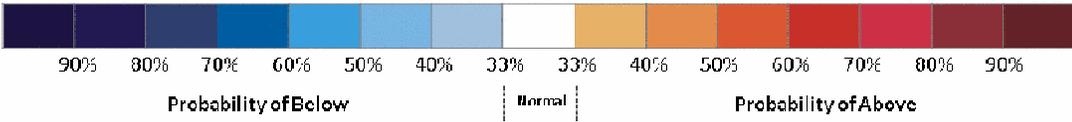
	USDA 12/13	USDA 2013/14	Possible Acres	
Planted	77.2	77.1	79.0	80.0
Harvested	76.1	76.2	78.1	79.0
Yield	39.6	44.5	43.5	43.5
Carryin	169	125	125	125
Production	3,015	3,390	3,395	3,438
Available	3,204	3,530	3,530	3,573
Crush	1635	1,695	1,695	1,695
Exports	1350	1,450	1,450	1,450
Seed/Residual	95	120	120	120
Total Use	3080	3,264	3,264	3,264
Carryout	125	265	266	309
CO/Use	4.1%	8.1%	8.2%	9.5%



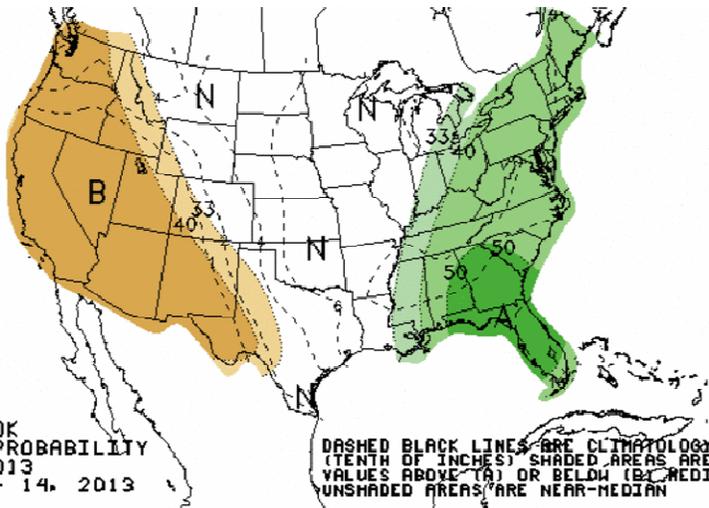
8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 31 MAY 2013
VALID JUN 08 - 14, 2013



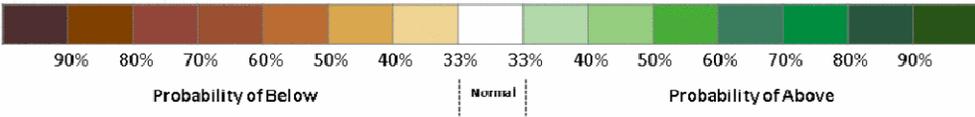
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8-14 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 31 MAY 2013
VALID JUN 08 - 14, 2013



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