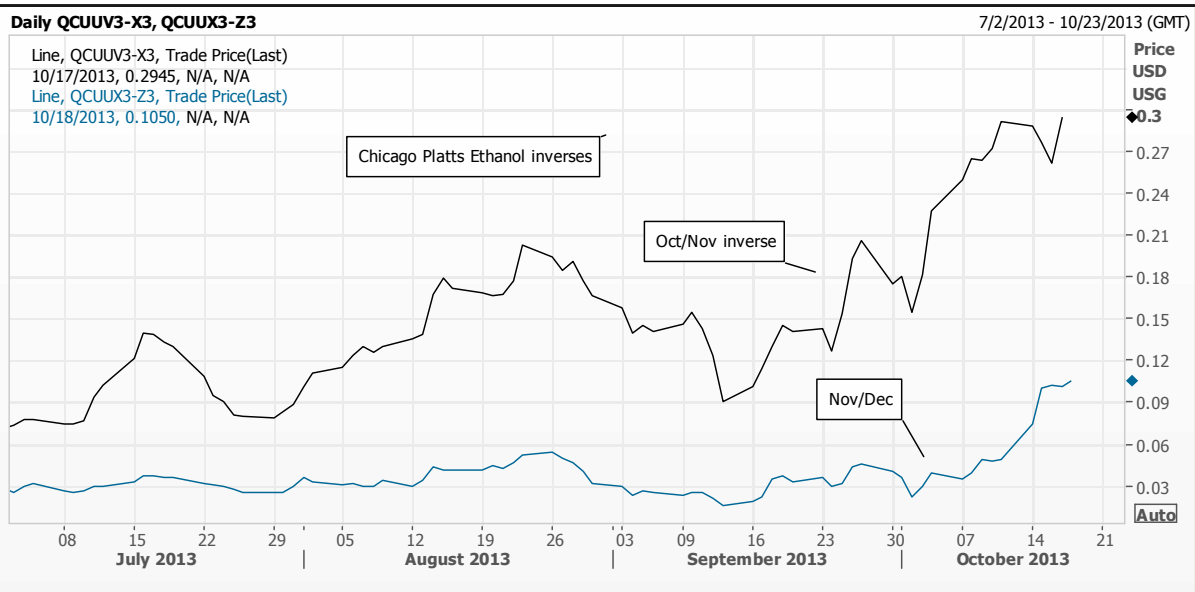
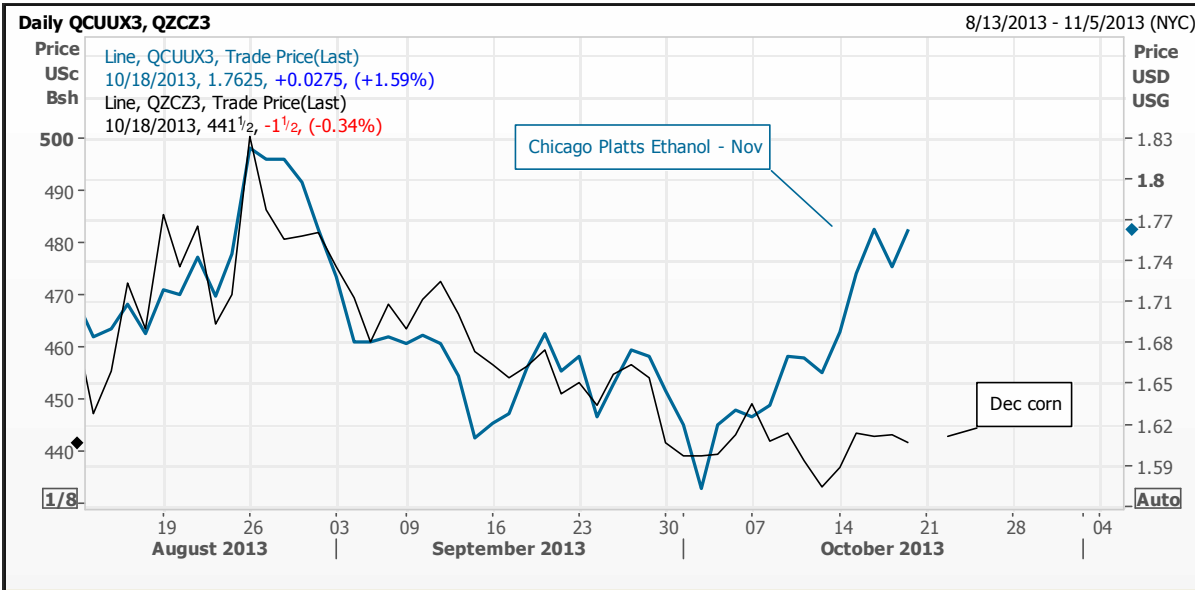


# Closing Grain & Soybean Comments

Kevin Riesberg Friday, October 18, 2013

**CORN:** Corn closed slightly lower on the day on light pre-hedging but for the week Dec contracts was up 9 cents/bu. Supporting corn was the double digit rally in wheat along with supportive short-term technicals. Informa's planting estimate for 2014/15 was a little supportive at 91.7 mln corn acres, down about 1 mln from their



corn has picked up in some areas of the Midwest as Dec corn tried to push back toward \$4.50. Spot basis levels at many processors softened this week or at least reduced the inverse from spot to gut slot harvest bids (most locations in the Midwest expect to be done with beans next week and focus on corn). Meanwhile ethanol values continue to march higher this week with the market continued to invert on the nearby Oct and Nov Chicago Platts

Export Estimates:	old crop		new crop		old crop		new crop	
	Corn	Soybeans	Soymeal	Soymeal	Soyoil	Soyoil	Wheat	
Thousand tons:	500-700	800-1,100	20-80	150-300	5-10	5-15	500-750	
Mln Bushels	19.5-27.5	29.0-40.5					18.5-27.5	
<b>Actual Sales</b>								
Tons (Thou)	<u>775.2</u>	<u>860.7</u>	<u>10.9</u>	<u>317.0</u>	<u>1.5</u>	<u>-1.0</u>	<u>775.2</u>	
Bushels (mln)	<u>30.5</u>	<u>31.6</u>					<u>39.0</u>	

Sept forecast. They increased wheat acres by 1 mln to 57.7 mln while soybean plantings are forecast to be 83.9 mln, up just 0.3 mln from their Sept estimate. Informa is looking at production next year to be near 13.7 bln bu on corn, 3.7 bln bu on beans and 2.3 bln bu on wheat. USDA put out the export sales report ending Sept 26th this afternoon with a solid number of just over 30 mln bu. The next sales number will be released on October 31st as the USDA plays catch up on reporting data. Traders will be watching to see if the Chinese corn buying will be in this report (talk is 1.2 mmt of US corn was booked in this "blackout" period). US farmer selling of

ethanol, see charts above. For now \$4.50 is stiff resistance for CZ. Note that CFTC data will not be out today but will be released next week.

**WHEAT:** Wheat raced higher on short covering today with Chicago Dec closing above \$7.00 for the 1st time since this June as funds bought over 6,000 contracts. KC and to a smaller degree Mpls also followed suit driven by

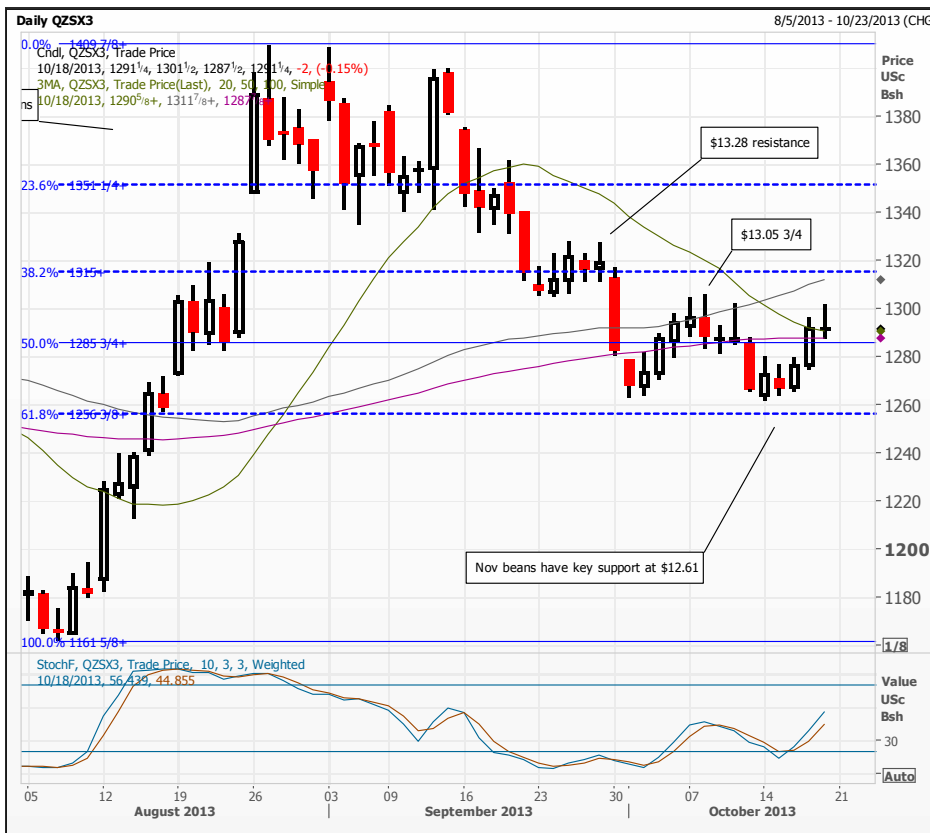
rumors that China had 1.0 mmt of import quotas reallocated from the mills that weren't using them to other mills that would use them. There also was chatter China had booked one cargo of wheat off the PNW in the last few days. So the China talk along with more chatter about the short Argentine wheat crop (less than 9 mmt vs USDA at 12 mmt) spurred on short covering by the spec funds. This afternoon's weekly export sales number (was supposed to have been out Oct 3rd) of 39 mln bu was better than expected. The trade paid little attention to the Informa



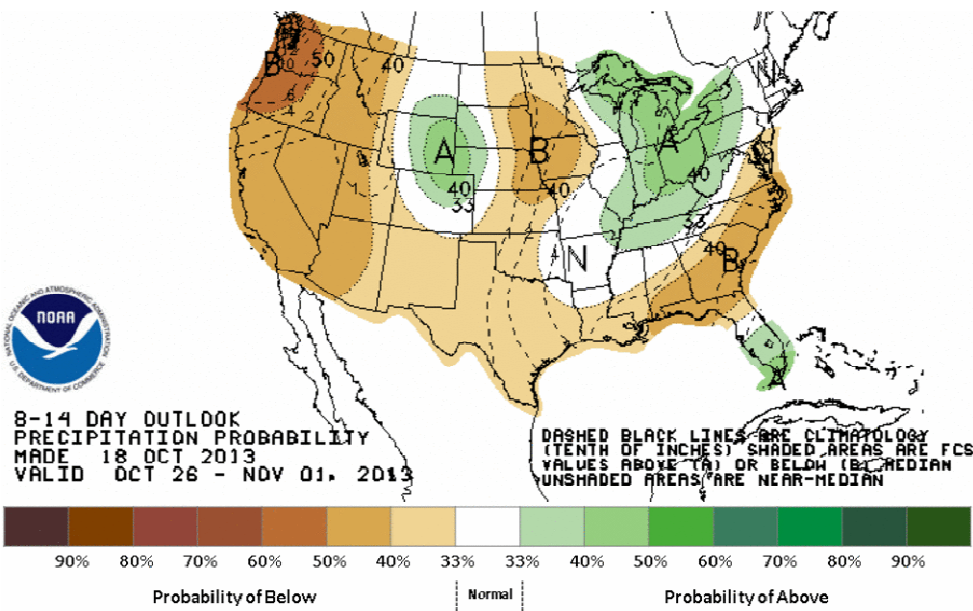
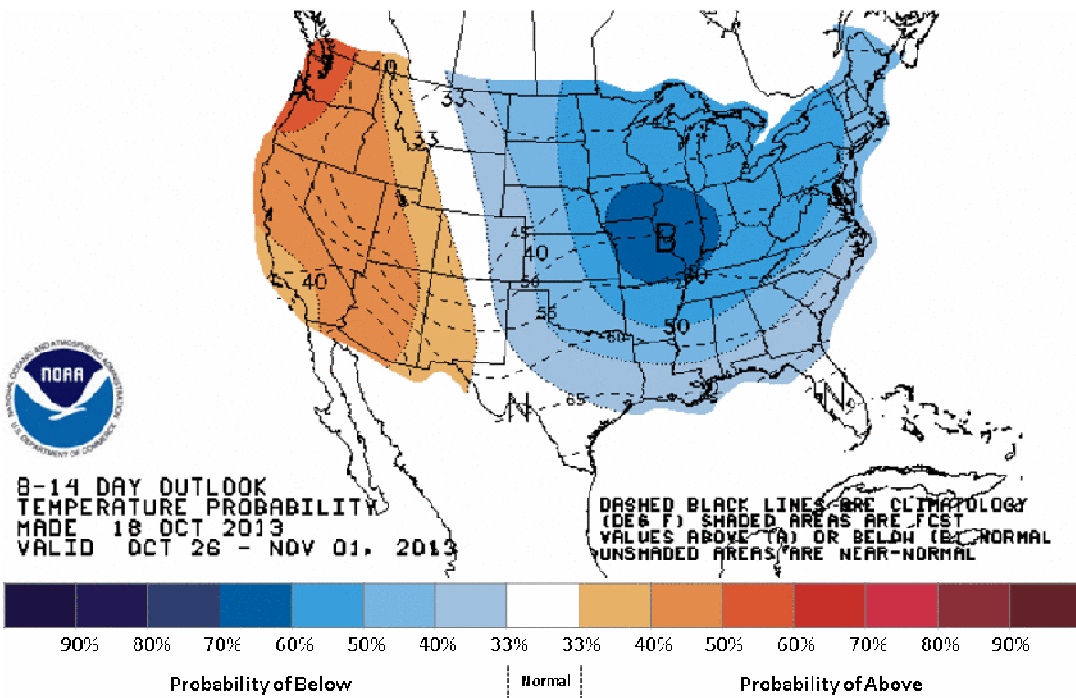
estimate that US wheat plantings will increase 1.2 mln acres to 57.7 mln. Technically it was a strong close and would expect to see more follow through strength next week with next major resistance toward \$7.40-7.50 in WZ.

**SOY-COMPLEX:** The soybean market closed slightly lower with strong harvest activity expected now through the middle of next week as harvest in the Midwest begins to wind down and switch to corn. Also many areas where farmers have 5-15 days to decide if they will sell or store will be coming to an end by late next week. We are

seeing a pick-up in farmer selling in the Midwest as Nov beans push back above \$13.00 futures. The market shrugged off the overnight sales report of China and unknown destinations buying 362k tons of US beans (13.3 mln bu). The weekly export sales report this afternoon was right in line with expectations. Soybean basis is a mixed bag with CIF generally holding firm while Midwest processors bids are stabilizing as the focus turns to corn harvest. Crush margins are over \$1.00 a bushel so the processors have strong incentive to be running full bore with the strong soymeal exports. With India running into some quality issues with their hi-pro meal, US soymeal is the cheapest source of good quality soymeal for end users. There were some reports of elevators rolling their bean bids to the Jan already but would expect to see more of that toward the end of next week. Trade will now wait for fresh



export news and the harvest progress number on Monday afternoon (should be 60-70% complete).



**This material has been prepared by a sales or trading employee or agent of R.J. O'Brien and is, or is in the nature of, a solicitation.** This material is not a research report prepared by R.J. O'Brien's Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions.

DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that R.J. O'Brien believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.