

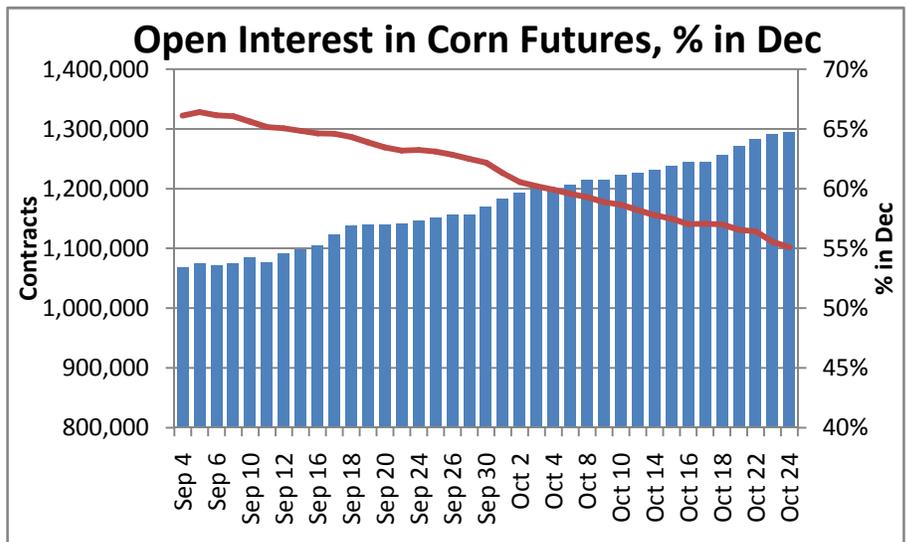
Closing Grain & Soybean Comments

October 25th, 2013

Corn: Corn finished a sideways week with another sideways session. The Dec corn settled at \$4.40, down ¼ cent on the day. The expiration of the November options helped drive corn to that round number. The daily trading range in the Dec was just 2 ½ cents while the trading range for the week was a paltry 8 ¾ cents. The back months were also steady to a penny lower. The July settled at \$4.68 ¼, down ½ cent. The corn spreads were mixed but the Dec-Mar did trade into 11 ½ cents carry at one point, matching its narrowest trade since August. It settled at 12 cents carry.

News was very slim, which contributed to the lack of price action. The US is likely to see a few more days of big harvest activity before rains force the combines out of the fields by next Tuesday. Monday's progress report is likely to show the US over half done on corn harvesting. Tyson announced that they would stop buying Canadian slaughter cattle due because of costs associated with country of origin labeling.

Many traders noted this week's gains in open interest. The chart at the right shows how open interest in corn has grown since September from less than 1.1 million contracts to now almost 1.3 million. In that time, open interest in the December has been more or less flat with the gains being seen instead in the back months. The speculation this week was that new longs were being established on end user pricing and that the new shorts were hedging as the farmer markets some bushels.



Corn basis generally improved in the last 24 hours. Many Midwest locations bumped their posted bids by 3-10 cents and reports of pushes are being heard as well. The gulf was bid at +72 Z at midday, up 2 cents from Thursday levels.

Looking ahead to next week, the trade will focus on the Tues-Thursday rain event, harvest progress (to be released Monday), export sales (to be released Thursday), and private crop estimate updates ahead of the November crop report. From a technical perspective, watch the monthly low of \$4.32 ½ and the monthly high of \$4.49 ½ as key support and resistance.



Soybeans: The soybeans had their worst performance in two weeks as the November finished 9 ¾ cents lower at \$13.00. The July was also down 9 ¾ cents at the end of the day, settling at \$12.49 ¾. The expiration of the November soybean options clearly pushed November futures towards \$13.00 at the end of the day but soybeans struggled throughout the session. Even a sales announcement by the USDA did little to boost prices. The spreads were mixed at the close. The Nov-Jan settled at 6 ½ cents, the highest level in contract history and its 5th consecutive non-lower close.

The products also faded on the day. Meal was down \$1-\$3 per ton with the Dec settling at \$423.50. The oil was down 40-45 points, pressured by losses in world palmoil markets. The Dec oil settled at 40.73.

The USDA announced the sale of 120K tons of soybeans to China and 120K tons of soybeans to Taiwan as part of the daily reporting system. This did not have much of an impact on the bean trade partly because the trade is still trying to ascertain what sales have been declared, what haven't, and how exactly this piecemeal data from the USDA adds up. The picture should be much clearer after next week's catch-up export sales report.

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