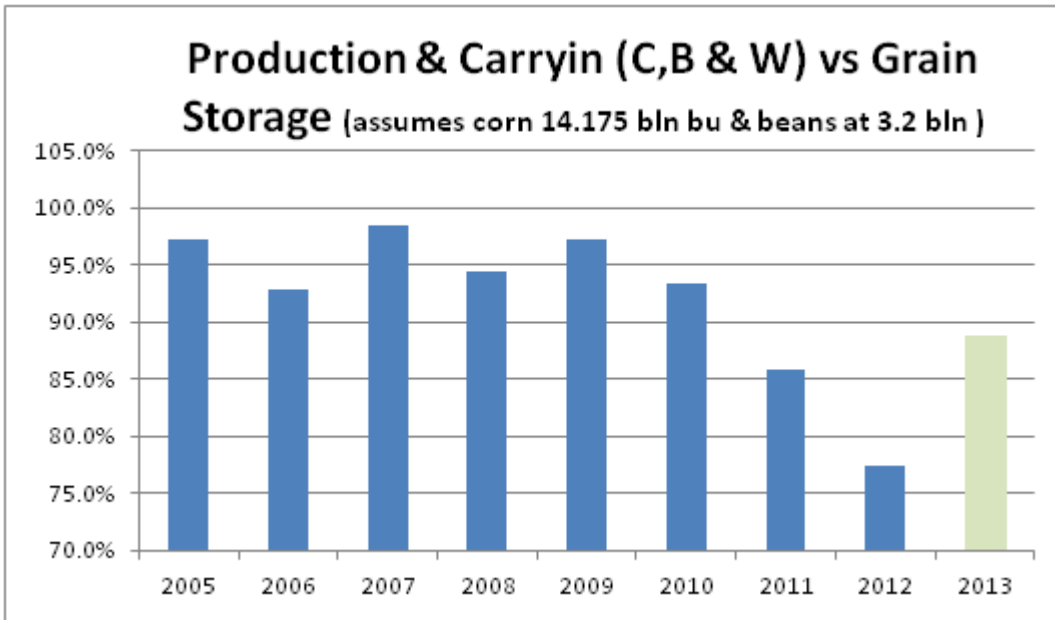


# Closing Grain & Soybean Comments

Kevin Riesberg Monday, October 28, 2013

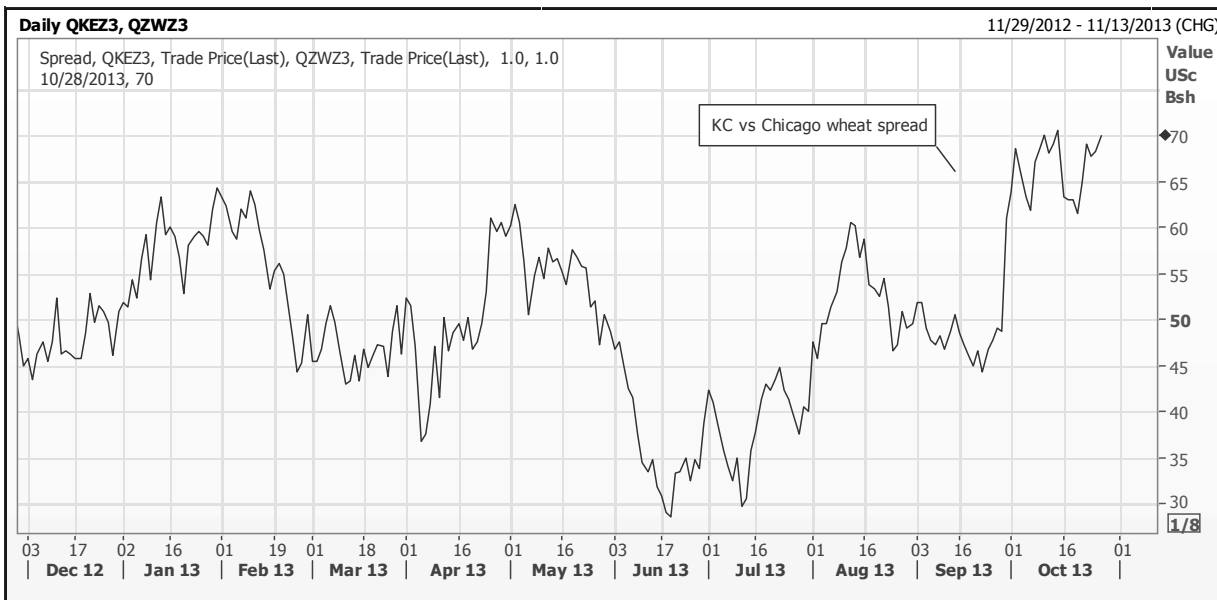
**CORN:** Corn market slumped lower along with soybeans and wheat after a big harvest weekend in the Midwest. Funds dumped 12,000 contracts as Dec corn took out recent support of \$4.32 and posted its lowest close since 2010. Harvest progress was bigger than expected at 59% complete and so far yields are still running better than expected. The G/E on corn even improved 2% points to 62% from last week. Many analysts look for the private crop estimates that come out later this week to run closer to 158-162 bpa on the national yield. USDA will be out with their number on Nov 8th. Even with the record corn crop though storage so far is an issue in regional areas rather than being widespread problem. Surging rail freight values also giving incentive to elevators to go to the



ground with BNSF shuttles bid \$2,500 a car vs offers of \$3,100 while Dec slot is just \$450 bid vs \$900 offer. Same story on UP cars, just at slightly cheaper values. Nov slot is bid \$800 vs \$1,500 offers while the Dec slot bid is just \$150 a car. The chart at left notes even with a corn crop of over 14.1 bln bu and soybeans at 3.2 bln bu that production plus carry-in stocks is less than 90% of available storage. This is due to a combination of expanded storage at both farm and elevator level and also historically low carry-in

stocks. Dec/Mar corn spread continues to hover near 12-13 cents with only light farmer selling seen in the WCB but heavier selling seen in the ECB where harvest is further along. Weekly export inspections were solid this week at 26.5 mln bu but took a back seat to the huge lifting of soybeans this past week of 83 mln bu. Trade shrugging off that Argentine corn plantings at 25% is just half of normal pace with nearby focus on record US crop. Technically the corn market remains negative with next support toward \$4.25 and then toward the \$4.00 level on Dec.

**WHEAT:** Wheat market followed corn and soybeans lower with little export news to support prices. KC protein premiums though continue to firm with it up 8 cents/bu again today with 12% pro trading at +143Z. Chart below



shows KC wheat vs Chicago pushing back toward 70 cent premium. Weekly export inspections were on the light side at just 16.3 mln bu as exporters are focused on lifting soybeans. US winter wheat ratings did show a 4% drop in the G/E this afternoon when traders were looking for unchanged. Technically the

wheat market is poised for a further correction with a pull back toward support in \$6.75-6.80 in WZ and \$7.40-7.42 in KWZ. Mpls Dec looking for support toward 100 day MA of \$7.31 1/4.

SOY-COMPLEX: The soy-complex plunged lower on technical and harvest pressure. Not even a weekly export inspection number over 83 mln bu was able to stop the tide of selling (it was largest weekly shipment number since 2009).

Funds dumped 12k beans with more technical selling kicking in when Nov beans took out its 20 and 100 day moving avg, see chart. Next critical area for bean bulls to hold is \$12.60. A breach of this would open the door toward \$12.00.

There also was some chatter that selling from Argentine farmers will be picking up now after the mid-term elections ensure that the current President Fernandez will not be able to run for a 3rd term.

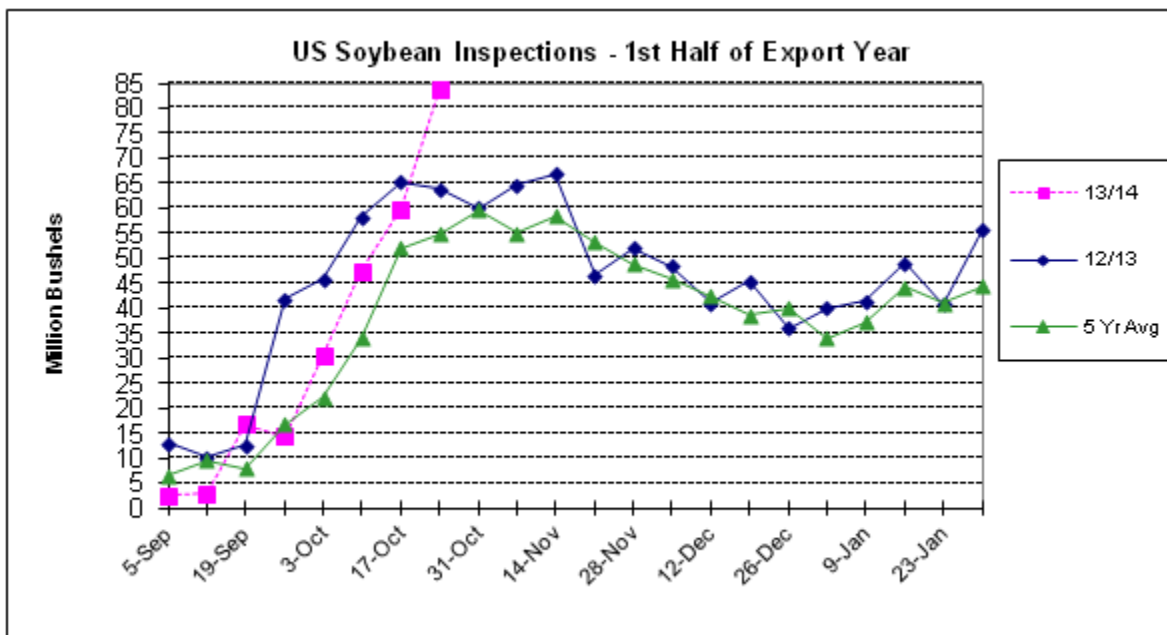
US soybean harvest is winding up with this afternoon's progress number at 77% right in line with the chatter of 75-80% complete. CIF bean basis softening today allowed the Nov/Jan inverse to hit 3 cents at one point late in the session. First notice day is this Thursday and so far no deliveries are expected. Some processors started to roll their bean bids to



the Jan late last week with more expected to follow suit later this week. Crush margins remain huge at over \$1.40 a bu in some locations thanks to strong meal demand.

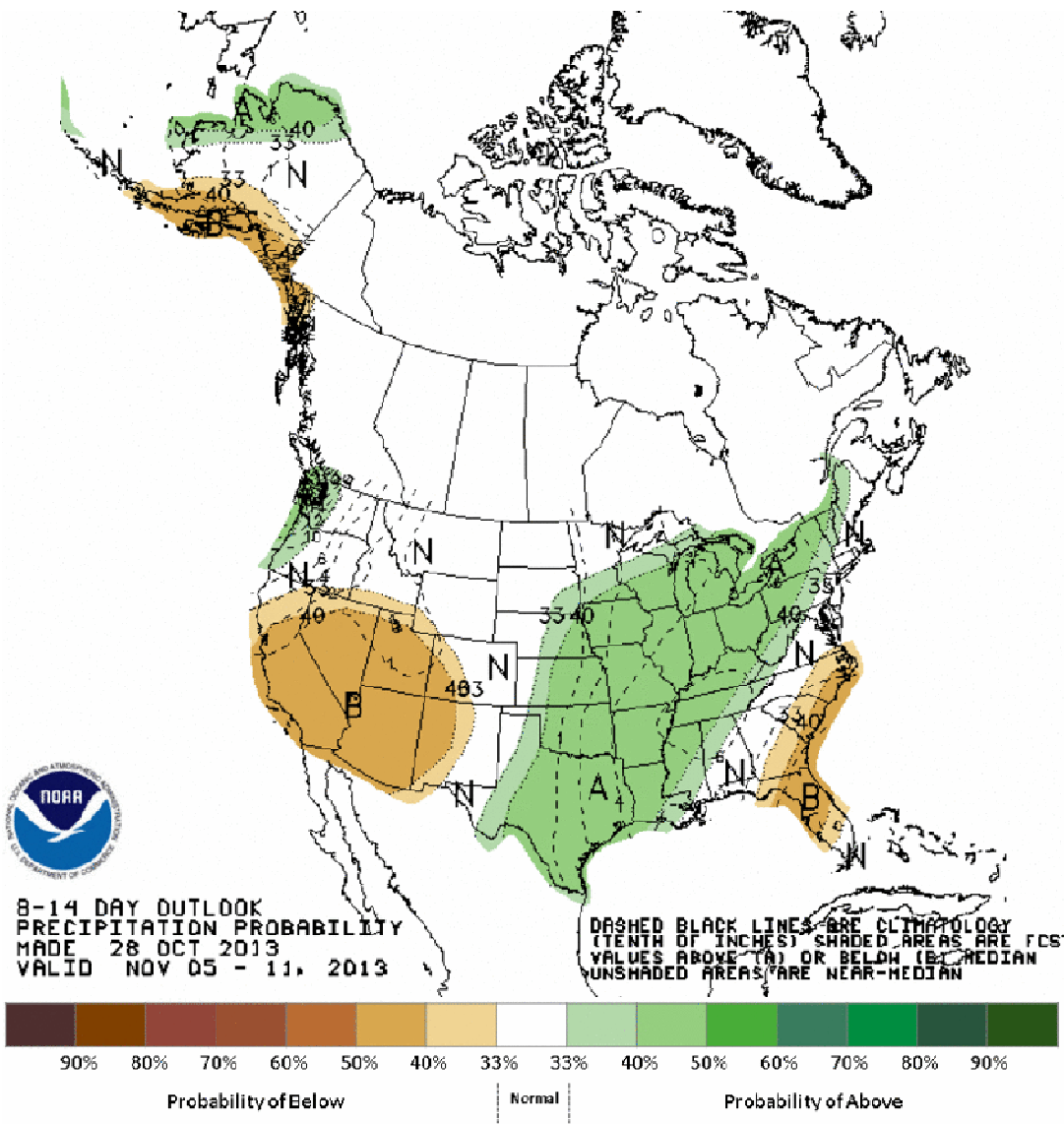
Private crop estimates later this week are expected to improve slightly toward 42 bpa vs last USDA number of 41.2 bpa.

Would expect to see some follow through weakness overnight with focus on \$12.60



support level.

Have a good night!



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