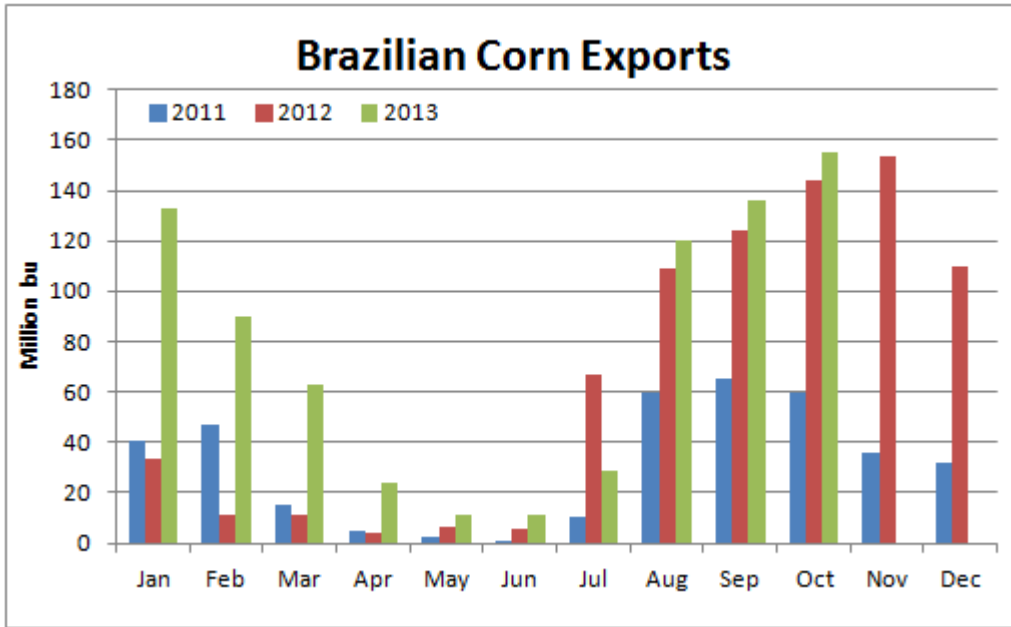


# Closing Grain & Soybean Comments

**Kevin Riesberg Monday, November 4, 2013**

**CORN:** Corn finished slightly lower in narrow range bound trade as traders wait for Friday's USDA report. The wires report the avg trade guess at 158.9 bpa but most of the "major" analysts are in the 159-162 area of bpa. Underpinning the market is the firming cash values at interior points in the Midwest along with a weekly export inspection number that was a little larger than expected at 31.32 mln bu. Some spot processor markets in parts of Iowa are posting +30Z or better for nearby while IL corn basis holding steady at +15Z. So far farmer selling has

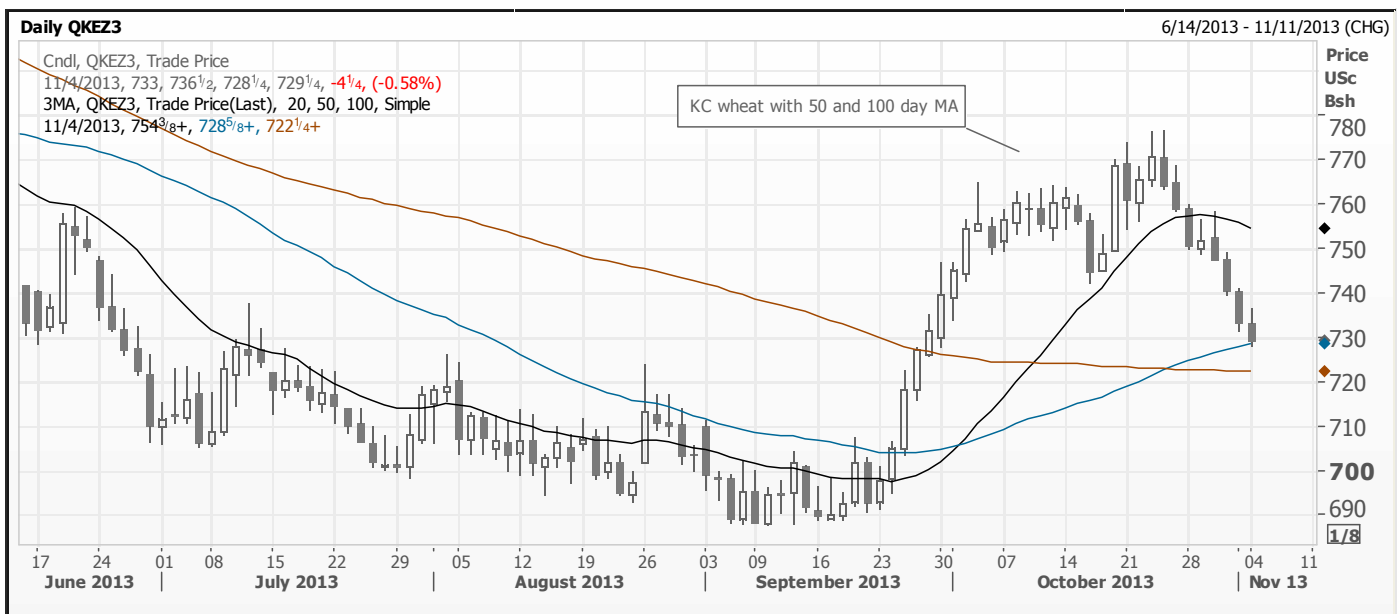
been light though many areas are still in their grace period before producer must decide to sell or store. Harvest progress this afternoon was at 73%, in line with expectations of 70-75% complete. 5 Year avg is 71%. Wet weather is hampering getting the last 20-25% of the crop out this week (though clear weather is expected latter part of this week into early next week). Fresh export news was light with S. Korea booking 60k tons of Black Sea corn for April. Brazil's govt noted on Friday that October corn exports continue to run above last year's pace, see chart. US ag attaché in China did



slightly lower his corn production estimate to 210 mmt, down 1 mmt from current USDA numbers but still is a record production number. Imports of corn for China was left unchanged at 7 mmt.

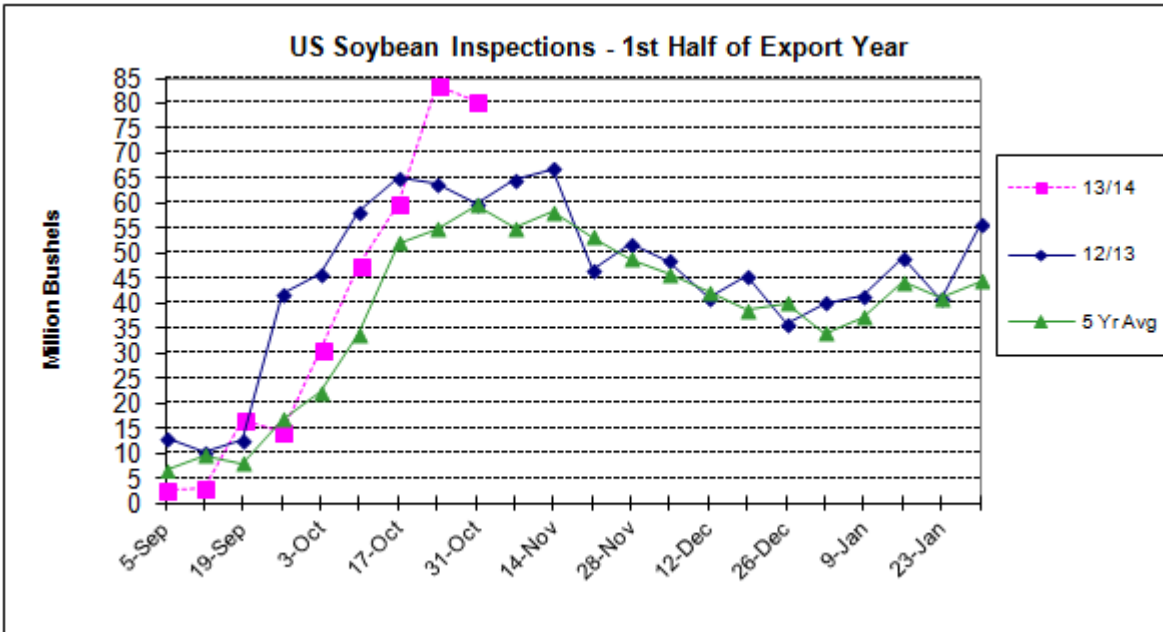
Technical outlook for corn remains negative with any rebounds toward the \$4.40-\$4.50 Dec board expected to find cash selling from the country. Any breaks toward \$4.00 prior to the report will likely be greeted with end user pricing.

**WHEAT:** Wheat was lower today with a disappointing weekly export inspection number of less than 8 mln bu and negative technical picture for wheat. Even news that Saudi Arabia buying over 720k tons of hard wheat from



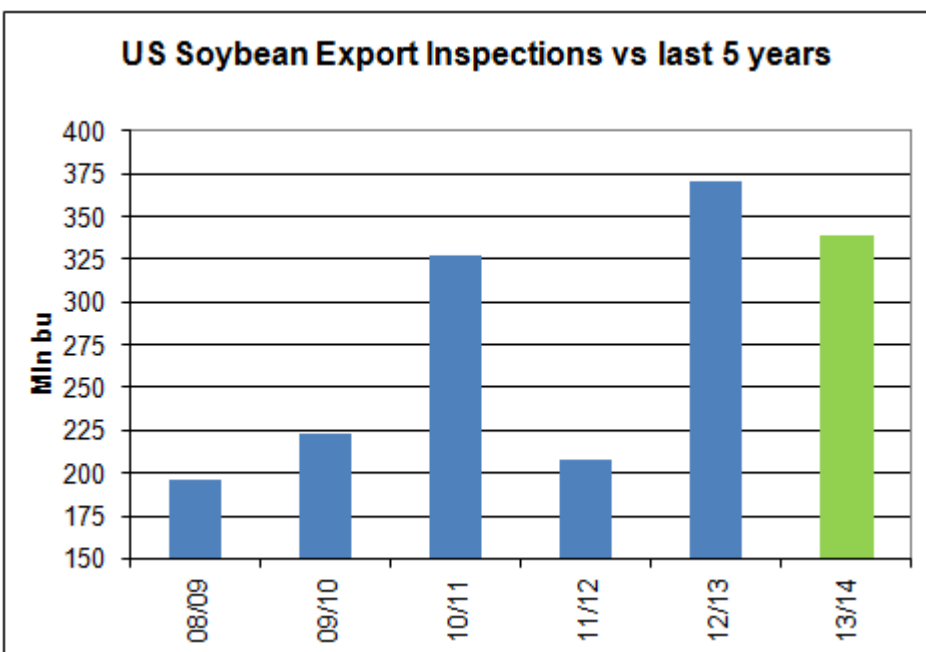
countries failed to support US values. Wires also reporting that Iran is nosing around for 400k tons of wheat of which some could be sourced out of the US. Iran's president noted back in September that Iran will need to import 7.5 mmt this coming year. US HRW basis is starting to cool down with upper 12's down 4-7 cents today after soaring the last 3 weeks. KC Dec/Mar spread continues to relax as funds liquidate their long Dec positions or roll them to the March. This afternoon's Crop progress saw G/E conditions improve 2% to 63% G/E (year ago was just 39% G/E). 91% of the winter wheat crop is now planted vs 90% avg. Would expect to see more grinding lower type trade tonight/tomorrow on lack of fresh demand news and non-threatening growing conditions for US winter wheat.

SOY-COMPLEX: A mixed bag today for the complex with meal and beans for January forward closing higher while Nov beans and soyoil closed in the red. Nov beans saw pressure from 275 contracts being delivered over the weekend with no good commercial stopper, causing the Nov/Jan inverse to give up 7 cents today. Jan beans though was supported another huge export inspection of over 80 mln bu, the largest 2 week shipment period in



US history. The chart below notes that total shipments on soybeans is only behind last year's record pace. As a result many analysts are looking for the USDA to increase their soybean export projection by 50-75 mln bu and absorb the larger production number expected (bean yield estimate expected to be 42.5-43.0 bpa).

US bean harvest is



now 86% done with farmer selling picking up before Friday's report as farmers come to the end of their grace period. (5 yr avg of harvest is 85% for this time of year).

Brazilian soybean planting is 48% complete compared to 40% this time last year. Argentine growing areas are seeing some much needed moisture is allowing bean planting to jump start there.

Technically the bean market remains in a glide path lower until we get past the USDA report. Next major support in Jan beans toward \$12.20 and every 20 cents lower from there with key support at \$11.70. Support for Dec soymeal toward \$370 and then \$345. Soyoil

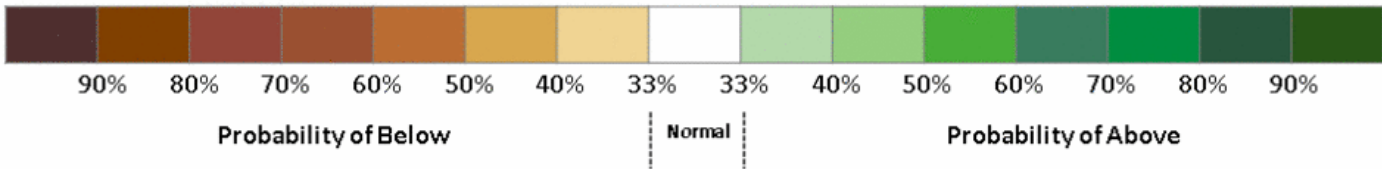
seeing support from rising palm oil values but 42.12 is finding hard resistance to the upside.

Have a good afternoon!



6-10 DAY OUTLOOK  
 PRECIPITATION PROBABILITY  
 MADE 4 NOV 2013  
 VALID NOV 10 - 14, 2013

DASHED BLACK LINES ARE CLIMATOLOGY (TENTH OF INCHES) SHADED AREAS ARE FCS VALUES ABOVE (A) OR BELOW (B) MEDIAN UNSHADED AREAS ARE NEAR-MEDIAN



**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.