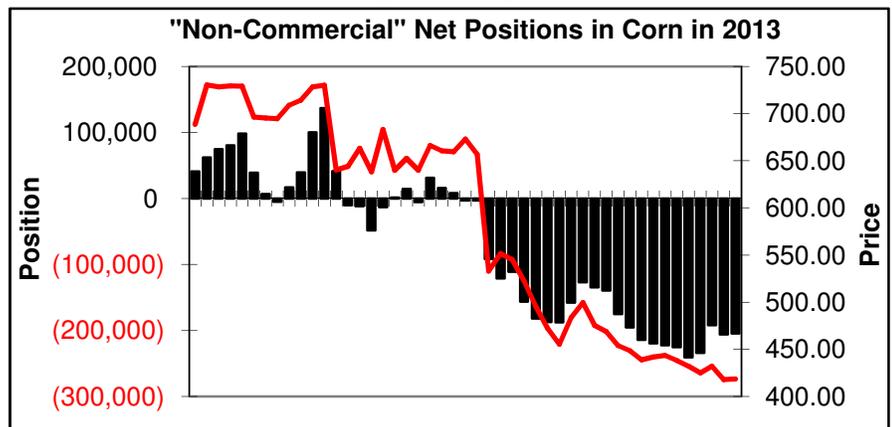


Corn: Corn was the best performing grain market of the day. The Dec settled at \$4.16 ½, up 1 ¼ cents. Surprisingly, the higher close came after corn had fallen to new lows for the move leaving the near-by contracts once again at multi-year lows. The turnaround had to be partially credited to profit-taking (remember the funds are short) and long soy-short corn & long wheat-short corn unwinding. The Dec '14 contract finished the day steady at \$4.54 ¼. The spreads were mixed. The Dec-Mar settled at 8 cents carry, in from 9 ¼ on Friday but the Mar-May traded out to and settled at 8 ½ cents.

Newswires are reporting that China rejected another 2 cargoes of US corn for traces of MIR 162, Syngenta's Vipterra variety. This follows a rejection over the same reason in the week of November 19th. Meanwhile, the weekly export inspections totaled 35.7 million bushels last week, bigger than estimates of 27-31 million. Over 21 million bushels of this was headed for China. Will we continue to see more wrestling between sellers and China's Inspection and Quarantine Bureau? Separately, a Chinese news agency is reporting that their government will be restricting state stockpilers from filling their reserves with imported corn and soybeans.

Other news was rather limited. There were no deliveries against the Dec corn or Dec ethanol, highlighting the cash market's strength relative to the futures market's weakness. Ethanol traded higher throughout the session, even when corn was making its multi-year lows. The EPA's public comment period on lowering the 2014 RFS mandate level began on Friday and will run until January 28th. Brazil announced that it exported 3.91 mmt of corn in November, down just slightly from 3.95 mmt in October.

The funds were even in corn on the day. The CFTC's latest report (as of 11/26) shows the speculative funds still short more than 204K contracts, not far off the 241K seen just a few weeks ago (see chart).



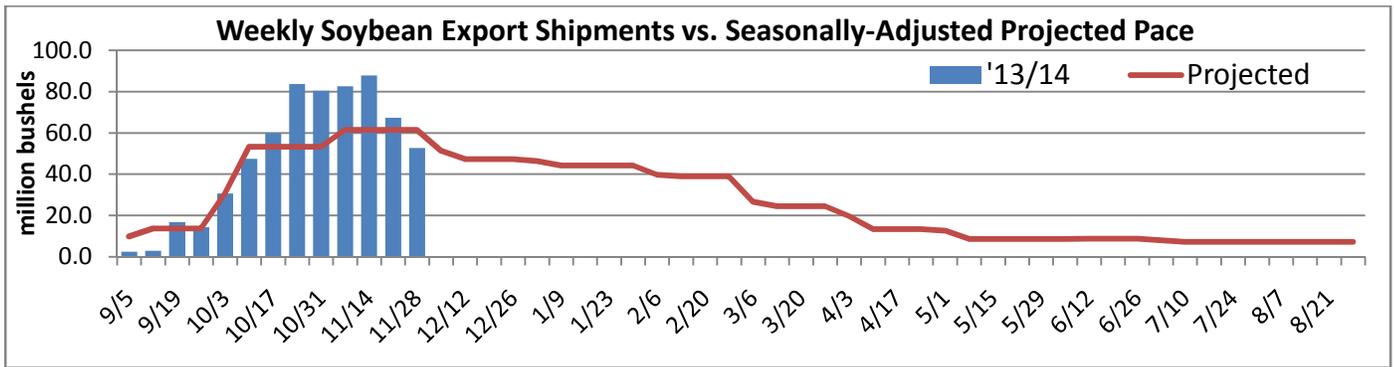
There were not many changes to Midwest corn basis on Friday or this morning. What few changes were seen were generally improvements of 3-5 cents. The gulf market was also a bit firmer at midday, bid at +80 Z vs. +78 Z going home on Friday.

Soybeans: The soybean complex decided to get in on the Black Friday/Cyber Monday price slashing. January soybeans settled 15 ¼ cents lower at \$13.21 ¼; this was down nearly 25 cents from the overnight trade when soybeans made new highs for the move. The Nov '14 beans actually managed to finish 3 cents higher on the day at \$11.50. Profit-taking and a turnaround in the soybean meal were blamed for the sharp correction in the soybeans. The cash market had also not followed suit on last week's board rally. The spreads were lower across the board with the Jan-March inverse going home at 15 ¼ cents, down from 18 ¾ cents on Friday.

The meal saw an even bigger turnaround. Overnight the December meal traded at \$461.80, a new contract high, before falling nearly \$15 per ton to settle at \$447.00. Much of the strength in meal in the last 2 weeks has been credited as a short squeeze as the cash markets have not shown anywhere near that much strength. Oil did finish mildly higher, up 10-15 points, presumably on oil/meal spread unwinding.

The USDA's attaché in Argentina is now estimating the Argentine soy crop at 57.5 mmt compared to the latest WASDE number of 53.5 mmt, citing more soybean acres at the expense of corn. Corn planting in Argentina had been slowed by early season dryness. The latest data shows they are 48% planted on corn compared to 73% average. Many of those acres will switch over to beans. Ironically, soybean planting in Argentina is right in line with average at 54% complete. Brazil is 88% planted on soybeans compared to 85% average. Most growing areas have received good rains and, at the moment, their forecast remains favorable as well. Brazilian analyst AgRural bumped their Brazilian soy production projection to 89.4 mmt compared to the USDA at 88.

Weekly export inspections were just 52.6 million bushels vs. estimates of 60-70 million. The chart below shows this is the first week under the seasonally-adjusted level implied by the USDA's export projection since early October. As soon as December, the weekly export pace will begin to slide if this year holds true to the seasonal tendencies.



In other news: Brazil's trade agency said they exported 648K tons of soybeans in November, down from 1.5 mmt in October. Argentina ordered their domestic fuel and electricity producers to increase the amount of biodiesel they use after the EU slapped Argentine biodiesel with import tariffs. The trade is looking for Canada's canola crop to have been 16.9 mmt, up from October's Stats Canada number of 16.0. The record is 14.6 mmt. Stats Canada will update the number on Wednesday at 7:30 am.

Midwest soybean basis was mostly steady on Friday. A few locations did back off by 2-5 cents while meal basis was steady. The gulf market is steady-firmer. There is some movement of commercial-owned beans this week but fresh hedging activity was limited with the board lower.

The funds sold 7,000 beans and 4,000 meal on the day. The CFTC report showed the speculative funds buying 16K beans, nearly 11K oil, and nearly 7,000 meal in the week ending 11/26. They are now long nearly 110K contracts of soybeans (546 million bu) and 28K contracts of meal (2.9 million tons). They are still short 36K contracts of oil.

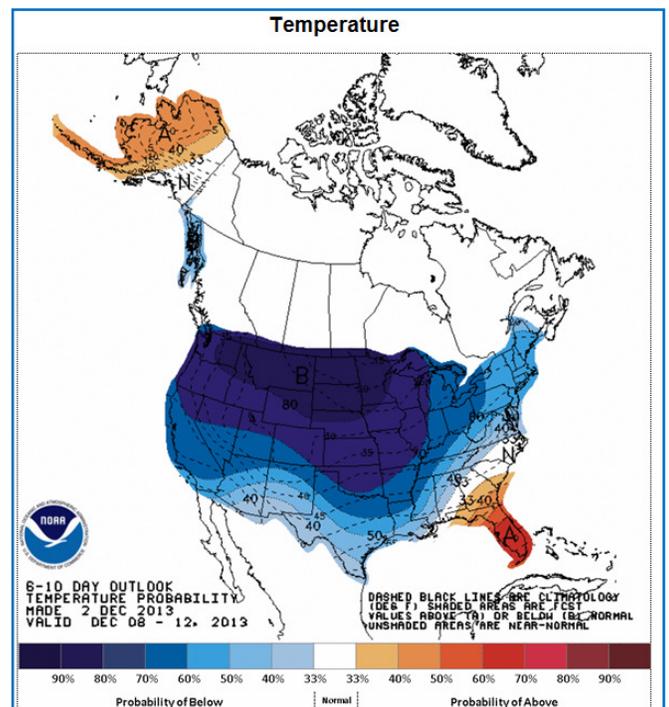
Wheat: Wheat saw a similar trade to the soybeans, pushing to its highest level in nearly a month during the overnight before profit-taking reversed the early gains into late losses. KC generally outperformed its fellows and finished 2-4 cents lower. MN was down 3-5 and Chicago saw losses of 5-8 cents. Volume in Chicago was just over half of normal. The wheat spreads were mostly firmer with the Mar-May settling at a 6 1/2 cent carry in MN, 4 3/4 cents carry in Chicago, and 1 1/4 cent inverse in KC.

The trade is watching the forecast closely as a blast of cold air looks to move into the Plains at the end of this week and could possibly result in some winterkill on a HRWW crop that otherwise looks to be in good shape as it enters dormancy.

Weekly export inspections were in the range of estimates at 15.5 million bushels. This is just under the 15.7 million level needed weekly to hit the USDA's current estimate. After the close, Egypt's state buying agency announced a tender for 55-60K tons of soft wheat and 60K tons of milling wheat for Dec 20-31 shipment. Their most recent tenders have resulted in purchases from Romania, Russia, and France. Bangladesh and Algeria are also tendering for 50K tons each, although both could end up buying more.

Stats Canada will release their latest production estimates on Wednesday morning at 7:30 am. The trade is looking for all-wheat production to be 33.8 mmt, compared to 33 mmt last month. This would be a new record.

The funds sold an estimated 4,000 Chicago wheat. The CFTC report shows the speculative funds selling over 8,000 contracts in the week ending 11/26, taking their net short to nearly 104K contracts. They are slight longs in the KC wheat.



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