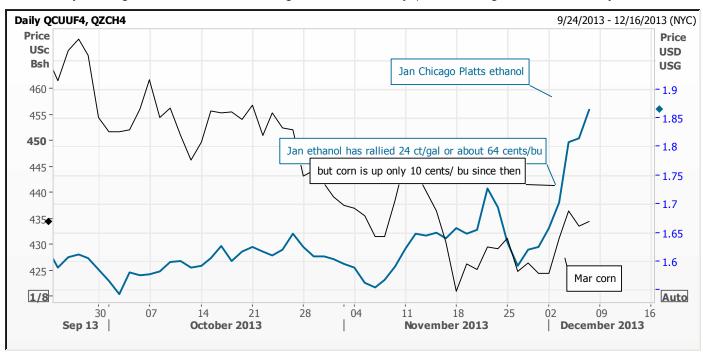


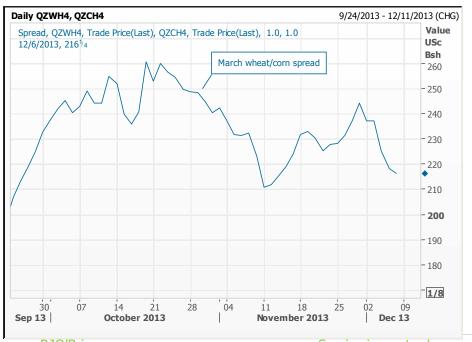
Trien Closing Grain & Soybean Comments

Kevin Riesberg Friday Dec 6, 2013

CORN: It was a choppy trading session for corn but for the week March corn was able to close 10 cents higher. Out of the last 7 weeks this was only the 2nd higher weekly close. Underpinning the corn market is this week is the red hot ethanol market that saw a 40 cent/gal rally in spot (would be like over \$1.00 bu/rally in corn) while even the January Chicago Platts rallied 24 cents/gal from last Friday (vs the meager 10 cent/bu rally in March corn).



Of course keeping the corn market in check is the concern about China barring/rejecting US corn cargoes and slowing shipments to there. Other export news was light with S. Korea passing on tenders while Taiwan booked 1 US corn cargo. The USDA S/D report next Tuesday is not likely to have much impact with most of changes to be seen on the domestic use and on the world balance sheets. Avg guess for US ending stocks is 1.871 bln bu (Nov was 1.887). US corn basis was a mixed bag with some plants starting to firm Jan slot bids this week driven by the better ethanol margins. This afternoon's Commitment of Traders report showed that the spec funds have started



to cover in some of their large short position. As of Tuesday night they were short 188k contracts, or 16k contracts less than last week. We would expect to see additional short covering heading into the year end. Commercial selling was on the other side of the short covering. Country indicates that farmers are likely to reward the market on any 15-20 cent/bu rallies from here.

WHEAT: The wheat market closed mixed to slightly lower on light technical selling. Chicago March wheat finished down over 18 cents for the week while KC was down over 13 cents and Mpls March was down a whopping 26 1/2 cents from last Friday. The shockingly large Canadian production report this week was to blame for the weakness in wheat, especially against the

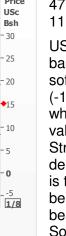
Mpls contract. While the US ending stocks number is expected to fall slightly from 565 mln bu (avg trade guess is 540 mln bu) the trade is focused on the strong competition from Canada and Europe into the export channels. Egypt is expected to retender soon after they canceled the contract on the Romanian wheat cargo bought this week over improper paper work filed by the seller. This afternoon's CoT report showed the spec funds are still short almost 100k contracts in Chicago while bumping up their long position in KC wheat to 8k contracts. Trade remains concerned about the early bitter cold temps in the Plains and lack of snow cover but won't be able to quantify winterkill damage (if there is any) until this spring. Wheat basis levels are steady to firmer with some KC protein levels up 5 cents from vesterday. SRW CIF values also holding steady.

SOY-COMPLEX: Soybeans closed only slightly lower as they were able to claw their way back from mid-session lows while meal was also able to push to the plus side. Early weakness was seen despite export sales of 189k tons of old and 195k tons of new crop beans to unknown (likely China). Weather forecasts remains favorable for S



American growing conditions as Argentine farmers are 58% planted.

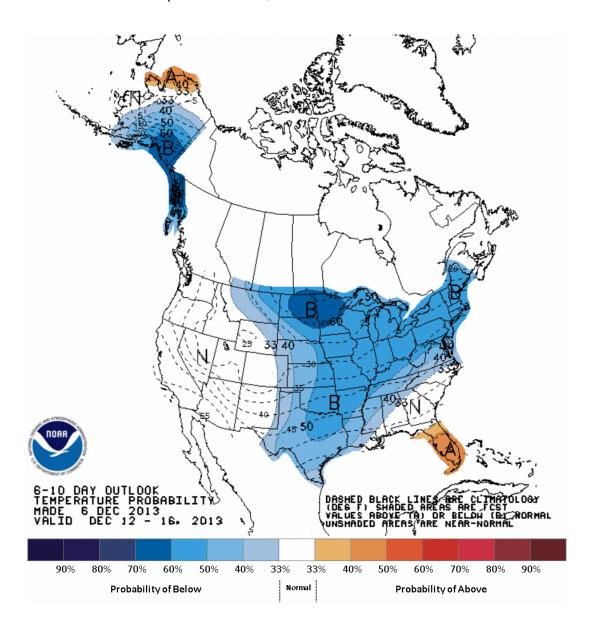
Supporting beans is expectation by traders for the USDA to lower the US ending stocks number from 170 mln bu down toward 150-155 mln bu. Goldman roll started today with Jan/Mar bean inverse narrowing slightly as did the Jan/Mar meal inverse toward \$8 at one point. This afternoon's CoT report showed the spec funds are long 115k contracts of beans (up 5k) and 32k meal while increasing their



short in sovoil to 47k contracts (up 11k).

US soybean basis remains soft in the WCB (-15F in Neb) while ECB values run +25F. Strong export demand for meal is the driver behind the ECB bean strength. Sovoil basis

continues to struggle. Market action Sunday night is expected to be light and choppy in front of the USDA report with stiff resistance expected toward \$13.50.



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