

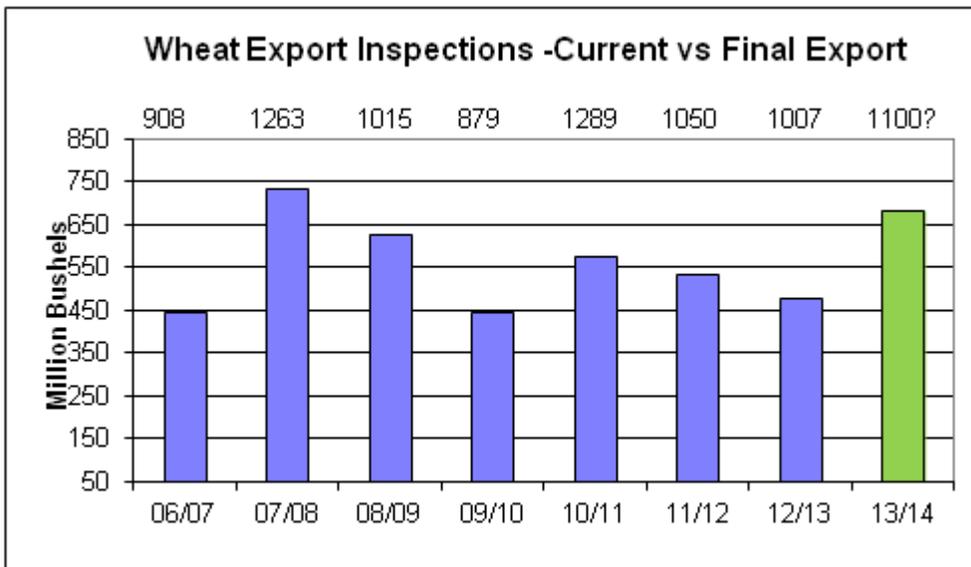
# Closing Grain & Soybean Comments

**Kevin Riesberg Monday December 9, 2013**

**CORN:** Choppy trading session in corn as it closed higher on short covering before tomorrow's USDA S/D report (though the trade is not expecting any major revisions in this report). Trade shrugging off for now the reports of continued problems with US corn cargoes getting into China. Interesting to note that the weekly inspections report showed over 17 mln bu of US corn was loaded out last week for China. Weekly export inspections were better than expected at over 40 mln bu. Current YTD shipments are 144 mln bu ahead of last year, see table below. Argentine corn plantings remain woefully behind at just 52% complete vs 66% last year and 77% normally with reports some producers there are switching to soybeans. Spec funds continue to liquidate short positions heading into the holidays and before the index rebalancing. US farmer selling is expected to pick up as March corn approaches the \$4.50 area. US corn basis levels have a softer tone though spot ethanol margins remain robust into Q1 while livestock margins are also positive. Bitter cold weather and winter storms continue to cause issues with logistics, both rail and barge, in the Midwest. Market action tomorrow will be dictated by the USDA report and if neutral would expect to see drifting higher prices on continued short covering by the spec fund crowd (short over 195k contracts yet).

EXPORT INSPECTIONS:		12/5/13		Year	Lst Yr	Needed	Wks	USDA	Ship vs	Projected	Current	Ahead	
(Mln Bu)	Estimates	This Week	Lst Wk	Lst Yr	Total	Total	Weekly	Left	Estimates	Year ago	vs yr ago	Pace	(Behind)
Corn	28-32	40.2	36.1	8.1	361.3	217.4	27.3	38	1400	144	-135	1342	(58)
Soybeans	48-55	60.4	55.0	48.5	703.4	654.1	19.6	38	1450	49	-226	2612	1,162
Wheat	11-15	19.8	15.5	14.3	678.9	475.7	16.8	25	1100	203	-314	1307	207

**WHEAT:** Wheat closed mixed to slightly lower in light choppy trade. Support was seen from a combination of concern about sub-zero and single degree temps in the HRW areas over the weekend with very little snow cover. One private firm reportedly put out an estimate that 5% of the HRW suffered damage though we won't know until this spring the extent of the damage (if any). Weekly export sales were a little bigger than expected which also provided some support. US wheat shipments for the year are now 200 mln bu above last year and largest pace since 2007 when the US exported 1.263 bln bu (see chart). Cheaper French, Canadian and Black Sea values continues to



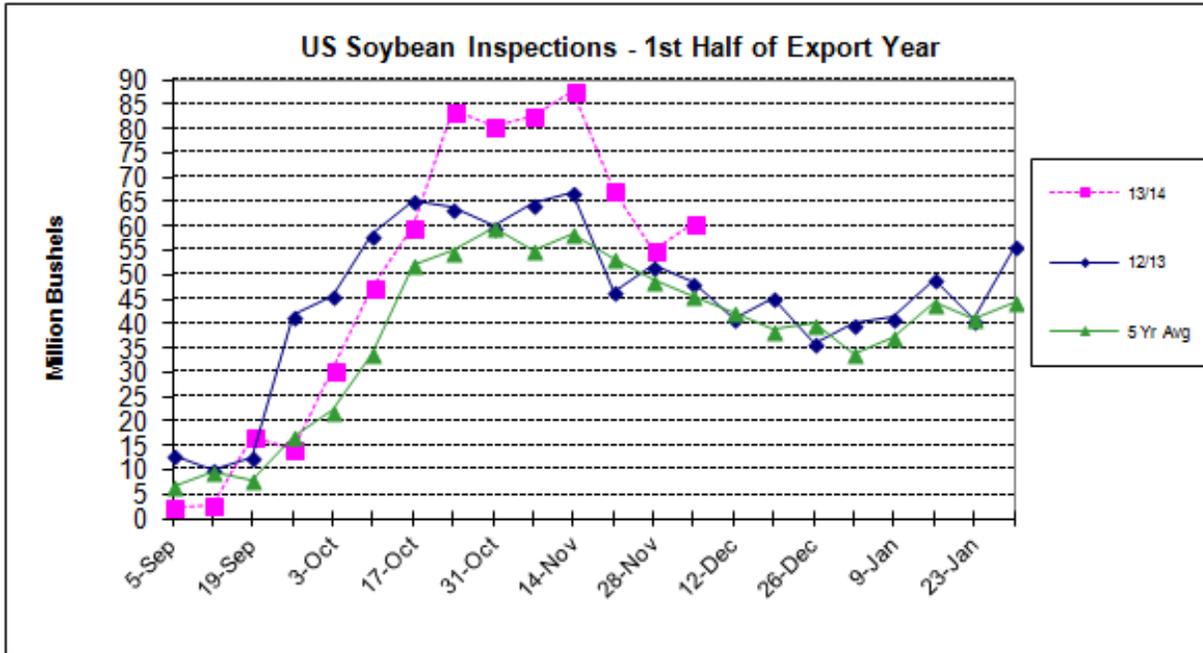
Protein	Week ago	Today	Chg
11%	+130H	+130H	0.000
12%	+176H	+160H	-16
13%	+135H	+145H	+10

give the US strong competition in the export arena. Egypt is expected to tender at some point this week for a cargo to replace the deal that fell through last week due to a paperwork glitch. Argentine wheat harvest is now 35% complete vs 38% last year. US HRW basis levels are firmer with 13% proteins finally starting to close the gap to 12%,

see table. Technically the US wheat market continues to struggle with resistance at 50 day MA of 6.57 1/2 in WH. Below \$6.47 the major support is \$6.23-6.25.

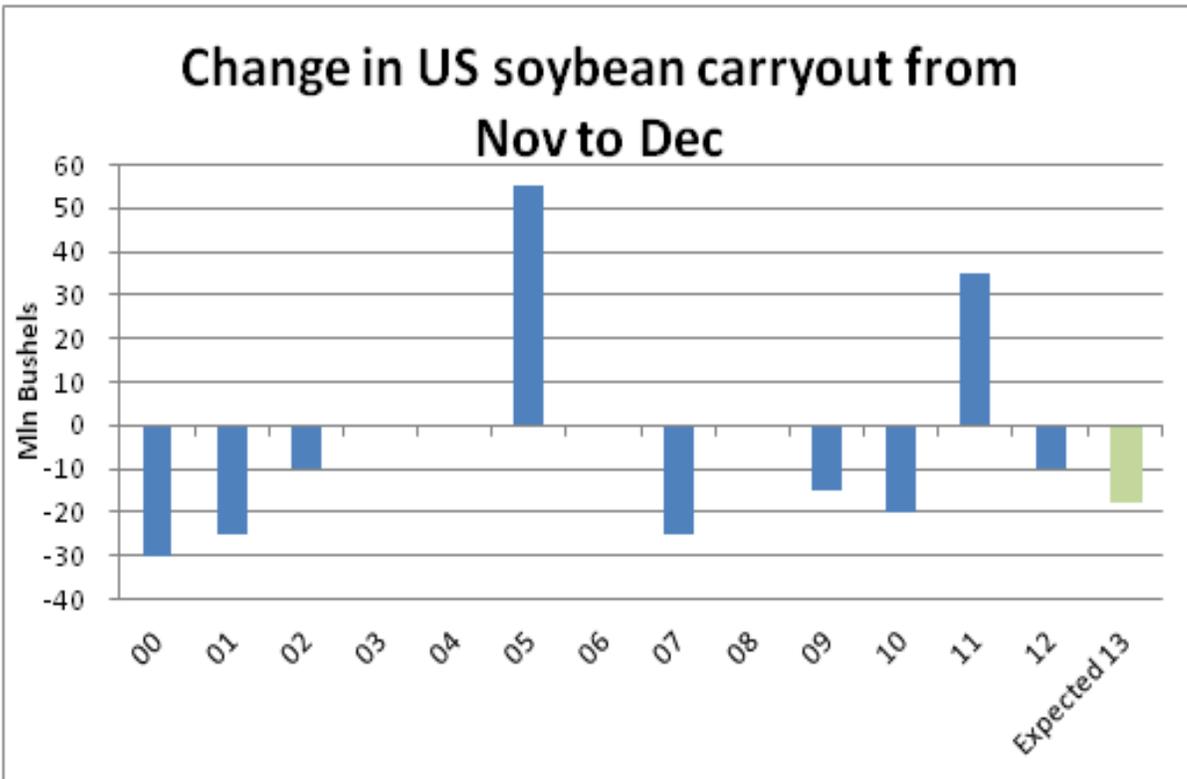
**SOY-COMPLEX:** Soybean once again was leading the charge higher with talk of more export business getting done out of the US. Soybeans followed along while soyoil closed under pressure on meal/oil spreading. Funds are thought to have bought 8,000 contracts of soybeans on the day as Jan beans are probing the \$13.50 resistance level. Besides the meal export chatter, weekly export inspections of soybeans were bigger than expected at 60 mln bu, see table above. This along with USDA confirming that China booked another 230k tons of old crop soybeans and 60k tons of new crop soybeans from the US. Cash traders indicate that the old crop sales announced were for Feb/Mar shipment and could be switched to Brazil, depending on how loadings are going

there at the time. Brazilian soybeans for March are running +45K compared to +60K for US Gulf in that time frame. Weather remains generally favorable for South America with an eye on a few dry areas but nothing



concerning. Brazilian soybean planting is now 94% complete while Argentine plantings are now 66% done (vs 61% avg. There continues to be talk of Argentine farmers putting in more soybean acres than corn and/or double cropping behind wheat.

As for tomorrow's report the trade is looking for a cut in the US ending soybean stocks toward 150-155 mln bu driven by the strong crush and export sales pace. Such a cut from the November S/D would be in line with past changes since year 2000, see chart.



Technically meal and soybeans remains in an upward channel with resistance in Jan beans above \$13.50. US farmer selling is picking up on the rally and keeping pressure on nearby soybean basis at the processors and export market. The

sharp inverse and reports of the large South American crop has US producers looking to part with beans and hold corn for now. Have a good afternoon!

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