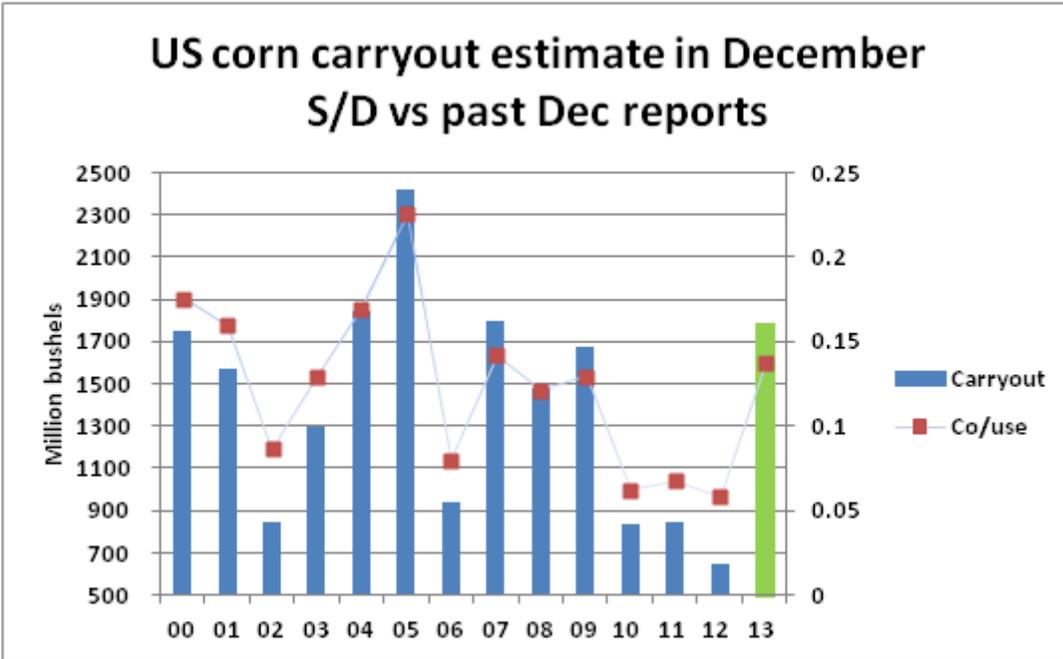


Closing Grain & Soybean Comments

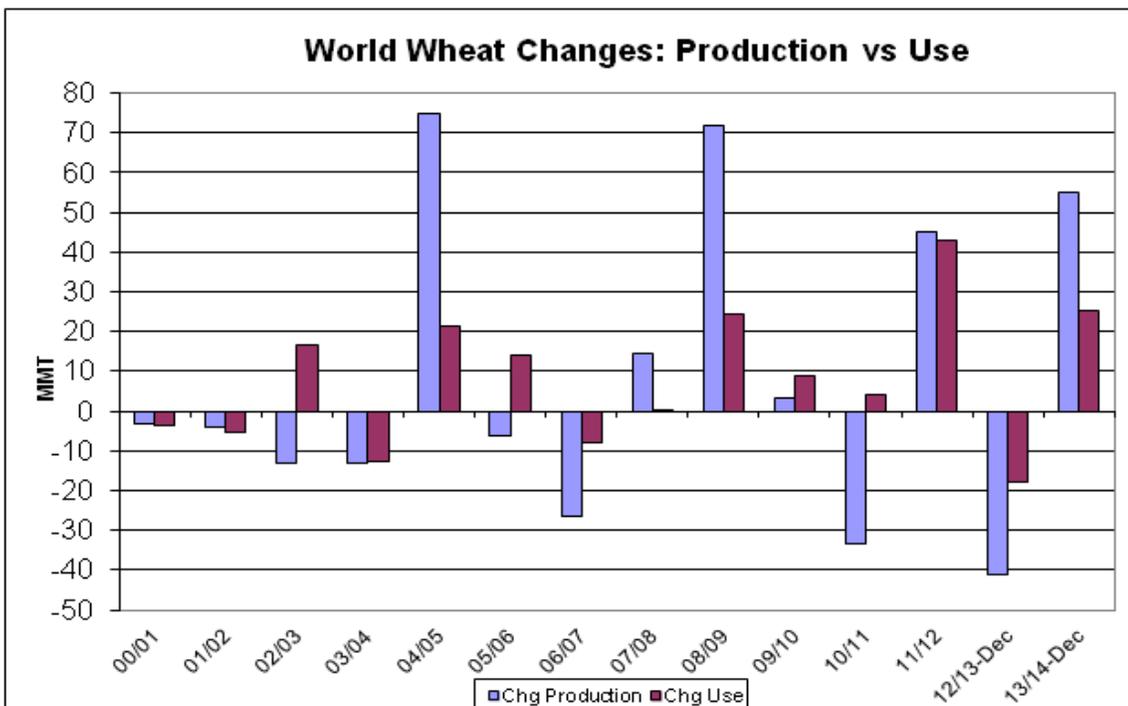
Kevin Riesberg Tuesday December 10, 2013

CORN: Corn market whipsawed back and forth after the USDA report was initially seen not as bearish as feared



with 95 mln bu cut to the ending stocks (ethanol and exports each up 50 mln bu) but negative wheat report and market weighed on corn prices. Overall for the corn market there was not much fresh news to trade in the report so the focus will go back to the Chinese situation and US ethanol grind. Trade now waiting to see if China will have any issues with the US DDGs that are coming into the country. Ethanol margins remain robust through Q1 though ethanol prices did finally set back 2-4 cents/gal depending on the month. Traders will be watching to see with plants running all out

if we finally will get a sizable bump in the weekly ethanol stocks number tomorrow morning or not. US farmer selling did pick up when March corn pushed above \$4.40 but then died off when to broke toward \$4.30. Country contacts indicate farmers are willing sellers toward \$4.40-4.50 March futures but will clam up on sales on price breaks (at least until we get past the January stocks and final production report). Basis levels are mostly steady today though rail car values continue to work higher as adverse weather conditions just adds to the complexity of trying to move record size grain crop. Seasonally corn prices tend to drift higher the latter part of December and the index rebalancing/ profit taking by spec funds will be supportive to it. Big wildcard remains China and its policing of MIR162 in corn and DDG imports. Stay tuned.



WHEAT: Wheat was sharply lower as the USDA report held nothing friendly for the bulls but gave plenty of ammunition for the bears. US ending stocks were increased to 575 mln bu with no increases on the demand side and imports being raised by 10 mln bu (large Canada crop working its way into US). The world numbers were more negative with production up 5 mmt from the November report. The chart at left shows how world wheat production has increased almost 55 mmt from last

year (3rd largest jump since 2000) while world use is to grow less than half that rate. So world wheat ending stocks are comfortable at almost 183 mmt vs the 10 year avg of 162 mmt. Technically it was a very negative trade today as Chicago March took out support levels with the next downside target toward \$6.25. Egypt is taking advantage of today's price break to finally tender for wheat (trade has been expecting them to return this week). This cargo again should come from France or Eastern Europe. Look for wheat to try and stabilize tonight but path of least resistance is lower.

SOY-COMPLEX: It was a "buy the rumor, sell the fact" type trade today as the USDA did cut the US ending stocks to 150 mln bu but some bulls were disappointed the carryout wasn't lower than this. The increases in US crush (5 mln bu) and exports (25 mln bu) was largely anticipated by the trade. The USDA did increase its estimate of soybean imports to 25 mln bu (up 10 mln bu from Nov) as the wide spread between cheap Brazilian soybeans for this spring/summer should pull bushels into the US Southeast and help alleviate the tight US balance sheet. No major surprises in the world numbers with Argentine soybean production increased by 1 mmt to 54.5 mmt while Brazil was left at 88 mmt. Note that Brazilian govt increased their soybean production estimate to 90 mmt this morning. US CIF bean basis holding firm at +105F for Dec and first half Jan on strong loadings and logistical issues on rail and river. Miss River by Thebes, IL will be 1 way traffic and just limit of 15 barges per tow for the



next few months as US Army Corp works to dredge/blast rocks to create a deeper channel.

Bean spreads were mixed today as Goldman roll continues while meal inverse through this spring firmed. Chart below looks at Mar/May soymeal inverse vs the past 5 years with a historical tendency for the spread to lose ground between now and March (exception was in 2009 - drought in Brazil). So far growing

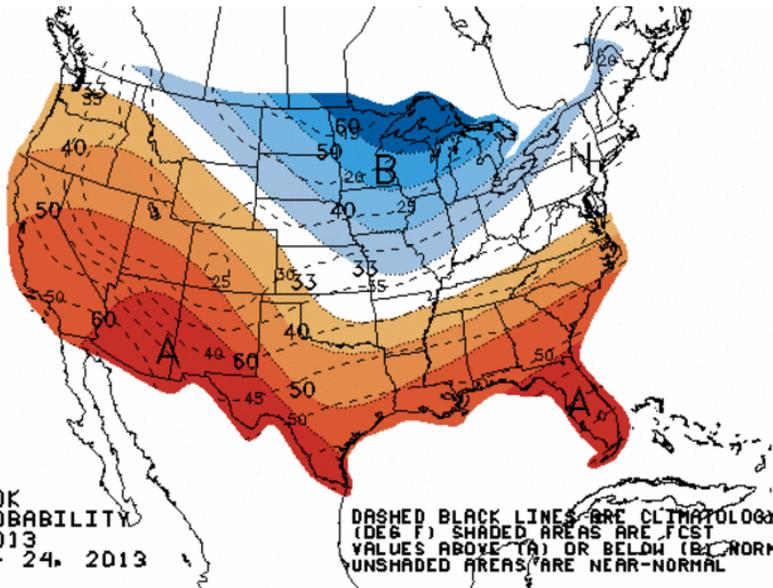
conditions remain almost ideal in Brazil and Argentina while just port capacity being the limiting factor. Look for Jan beans to find strong resistance above \$13.50-13.55 with US farmer selling to pick up on their last 35-45% of their ownership.

Have a good night!

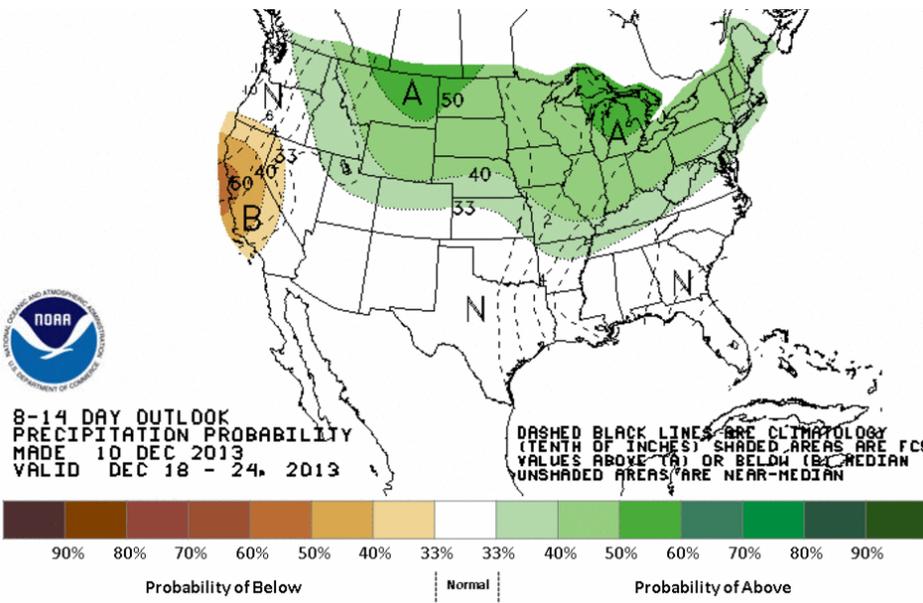




8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 10 DEC 2013
VALID DEC 18 - 24, 2013



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8-14 DAY OUTLOOK
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MADE 10 DEC 2013
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