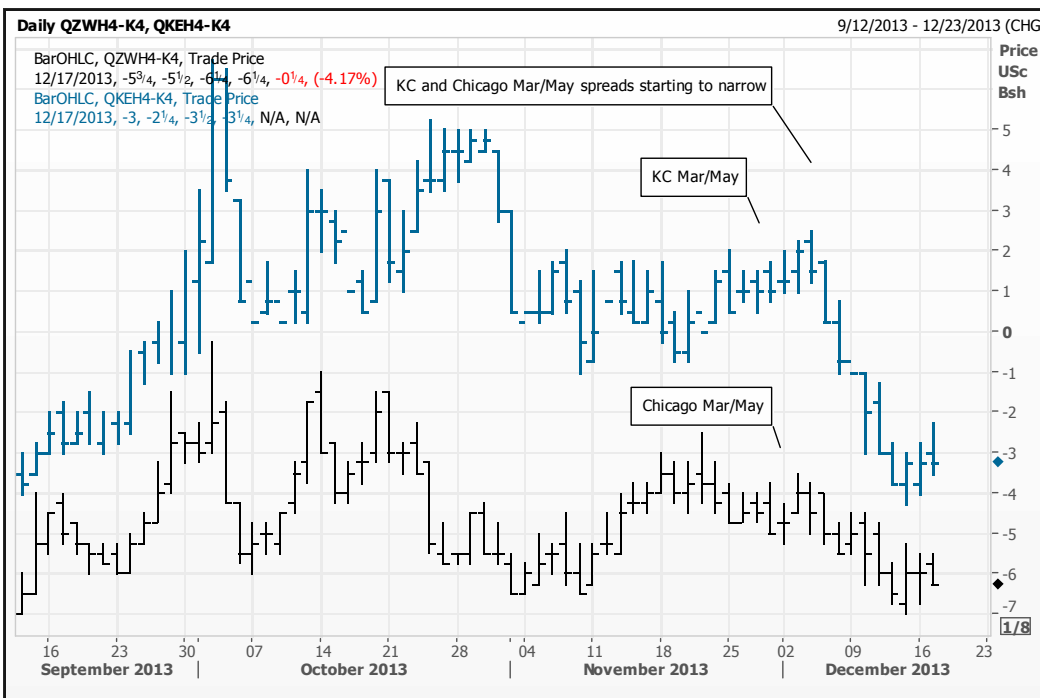


Closing Grain & Soybean Comments

Kevin Riesberg Tuesday, December 17, 2013

CORN: Corn was higher on light short covering in front of tomorrow's Federal Reserve meeting where the Fed will decide if they will scale back its QE3 program or not (currently at \$85 bln a month). S. Korea booked 65k tons of US corn and also agreed to accept early delivery of 195k tons of US corn (at a discount of course). The 195k tons is thought to be afloat cargoes originally bound for China but now diverted to S. Korea. USDA reported this morning that Japan booked 278k tons of new crop 2014/15 corn. Interior corn basis levels in the Midwest did see some firmness for the balance of the month as we get into the holidays (some markets up 7-10 cents/bu). Farmer selling does pick up as cash prices get back toward the \$4.50 area. Ethanol values stabilizing after last week's plunge though traders will be watching tomorrow's weekly EIA report for signs of ethanol stocks building some more. Snarled rail logistics also starting to impact some ethanol plants, pushing them more into truck market.



Trade is also keeping eye on the drier pattern in Argentina though won't be a concern unless we get to Jan 1st and still have not seen any meaningful rain event. Look for some consolidation tonight with resistance in the March toward \$4.30 and then again toward \$4.40. March/May corn spread continues to find stiff resistance at 8 1/2 cts.

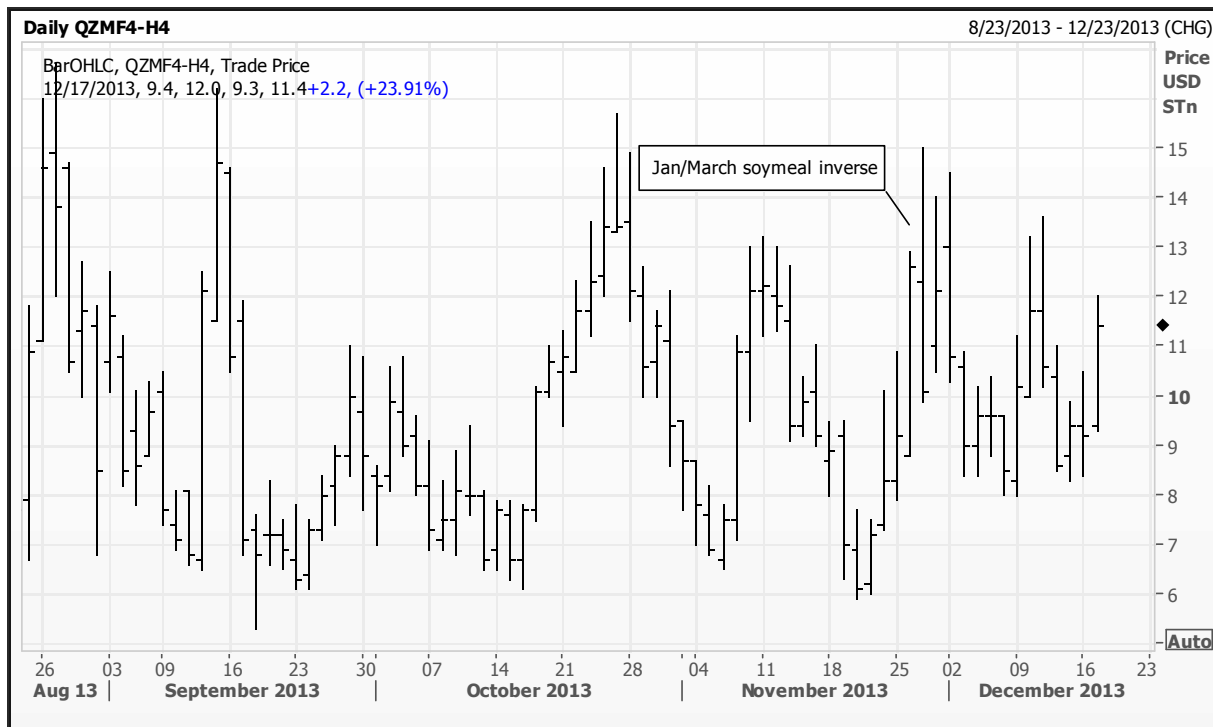
WHEAT: The wheat market closed lower with KC and Mpls getting hit late on news that wheat basis slumped lower today with KC protein premiums off 15-25 cents while some DNS basis was down 20-30 cents from yesterday. Interesting to note that Mar/May spread in KC and Chicago starting to firm the last few days. The Egypt

tender was a bit of a disappointment as they took only 60k tons of Russian and 60k tons of Romanian wheat. Interesting to note that Bunge did offer out some SRW though the US remains at a disadvantage on ocean freight rates. Iran booked 250k tons of Mexican durum wheat and 180k tons of milling wheat from the Black Sea/Baltic region. In other export news Jordan tenders for 100k tons of option origin wheat and Tunisia is in for 134k tons. Both of these tenders should get filled out of Europe/Black Sea. Other news was rather limited today though it was interesting that Cargill announced it would build an ethanol plant in Germany using wheat as a feedstock (it's being built next to one of their existing wheat mills there and is to be operational by fall of 2015). Weather forecast remains generally favorable for the US winter wheat areas. Would expect to see follow through technical weakness tonight into tomorrow.

Weekly DELIVERABLE STOCKS:					in million bushels as of: Dec 13, 2013	
	This Wk	This Wk	Chng	Year Ago	Change from Year Ago Totals: mln bu	
CORN:	5.589	5.069	0.520	2.446	Corn	3.14
BEANS	8.366	7.699	0.667	4.208	Beans	4.16
Chicago Wheat	50.382	50.711	-0.329	79.833	Wheat	-29.45
KC Wheat	71.356	71.275	0.081	92.354	KC wheat	-21.00
Mpls Wheat	18.539	20.381	-1.842	22.824	Mge wht	-4.29

SOY-COMPLEX: Beans closed higher with support coming from the charging meal market and technical buying. Some buy stops were triggered when Jan beans pushed above yesterday's high. Jan/March meal inverse is starting to push out again, see chart as traders wonder if a similar type of short squeeze will be seen against the Jan contract like there was against the Dec. Note that first notice day is just 8 sessions away. The Jan/Mar bean inverse continues to leak lower, going home at 11 1/2 cents tonight. The weekly deliverable stocks report showed another increase to over 8 mln bu at deliverable locations, double of that a year ago. Trade continues to worry about the low water levels through St. Louis with levels to fall toward -4 feet early next week (note that below normal temps are also expected for IL River the week of Christmas). Interior bean basis at the processors is softer with the board rally and transportation issues for both barge and rail. BNSF shuttle cars for spot are bid \$2,000 vs \$4,000 offers while even the UP shuttle cars are now bid \$1,200 vs \$2,000 offer for spot. No fresh export news to report with holidays in sight and Chinese Lunar year also a few weeks off.

Weather forecast for Brazil still looking good with rains expected in the southern areas while the only trouble spot remains Argentina. While not a concern yet, if the dryness stretches into early January then when traders return from the holidays we could see some more fireworks in prices. For now the spec funds are defending their long position in beans and meal and their huge short position in soyoil. Have a good night!



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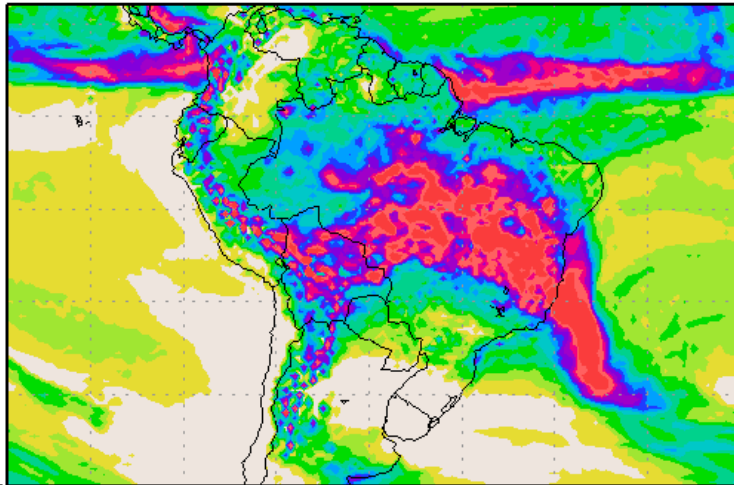
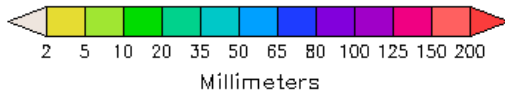
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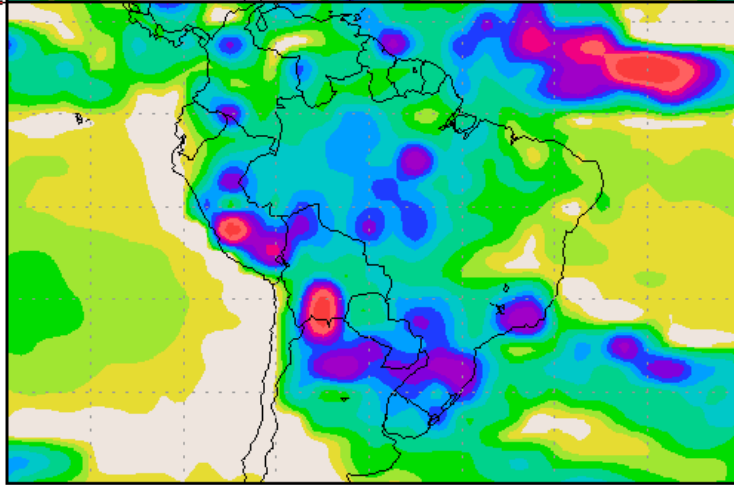
Precipitation Forecast

Precipitation (mm)
during the period:

Mon, 16 DEC 2013 at 12Z
-to-
Tue, 24 DEC 2013 at 00Z

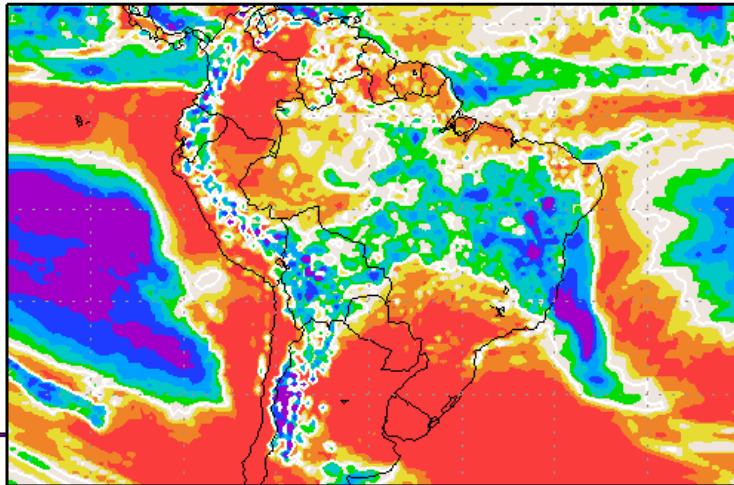
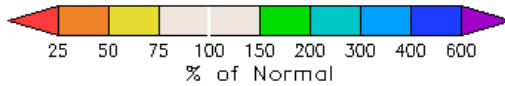


Tue, 24 DEC 2013 at 12Z
-to-
Wed, 01 JAN 2014 at 12Z



Precipitation (% of normal)
during the 7.5-day period:

Mon, 16 DEC 2013 at 12Z
-to-
Tue, 24 DEC 2013 at 00Z



Precipitation forecasts from the National Centers for Environmental Prediction.
Normal rainfall derived from Xie-Arkin (CMAP) Monthly Climatology for 1979-2003.
Forecast Initialization Time: 12Z16DEC2013

GRADS: COLA/IGES