

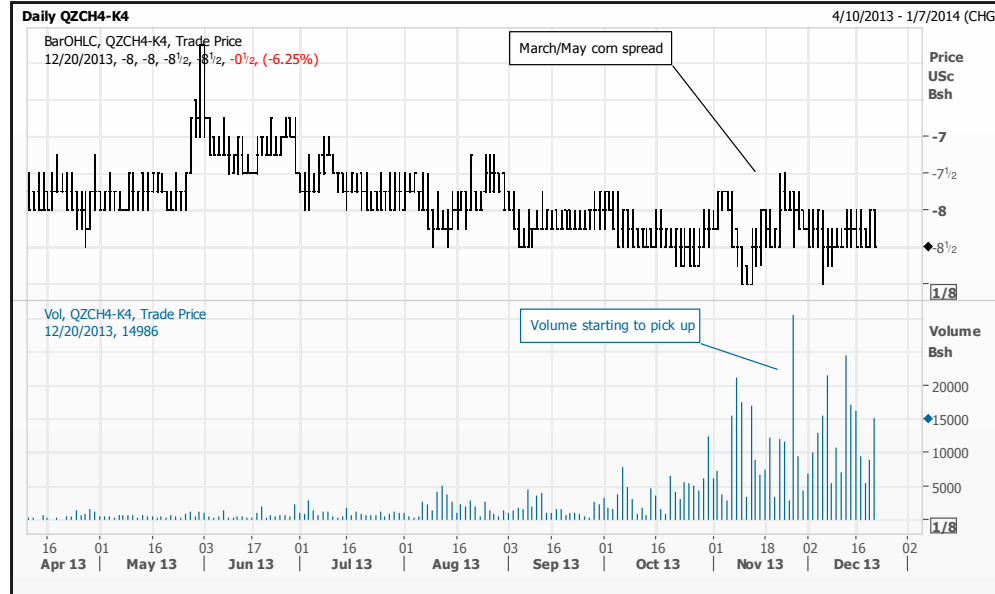
# Closing Grain & Soybean Comments

Kevin Riesberg Friday December 20, 2013

Note CBOT holiday hours: Close at Noon Dec 24th, closed all day Christmas, open at 8:30 am Thursday 26th.

**CORN:** Corn closed higher with short covering as we wrap up the last full week of trading. March corn gained 8 1/2 cents this week with support coming from rebounding ethanol values (up 15 cents/gal from last Friday on January Chicago Platts) and increased export interest. USDA reported another 180k tons of new crop 2014/15

corn sold to Japan this morning. As for GMO issue with China, the trade is resigned that this issue will not be resolved any time soon and watching closely to see if DGGs going there are the next item to be affected. March corn was able to close above its 20 day moving avg today and next target of 50 day MA at \$4.37 3/4. Increased farmer selling is expected toward \$4.40-\$4.50 in the March. Spread volume in the March/May spread picking slightly (see chart) as the spread is finding stiff resistance at 8 1/2 cents. Basis levels are mostly steady with another winter storm to move through the ECB



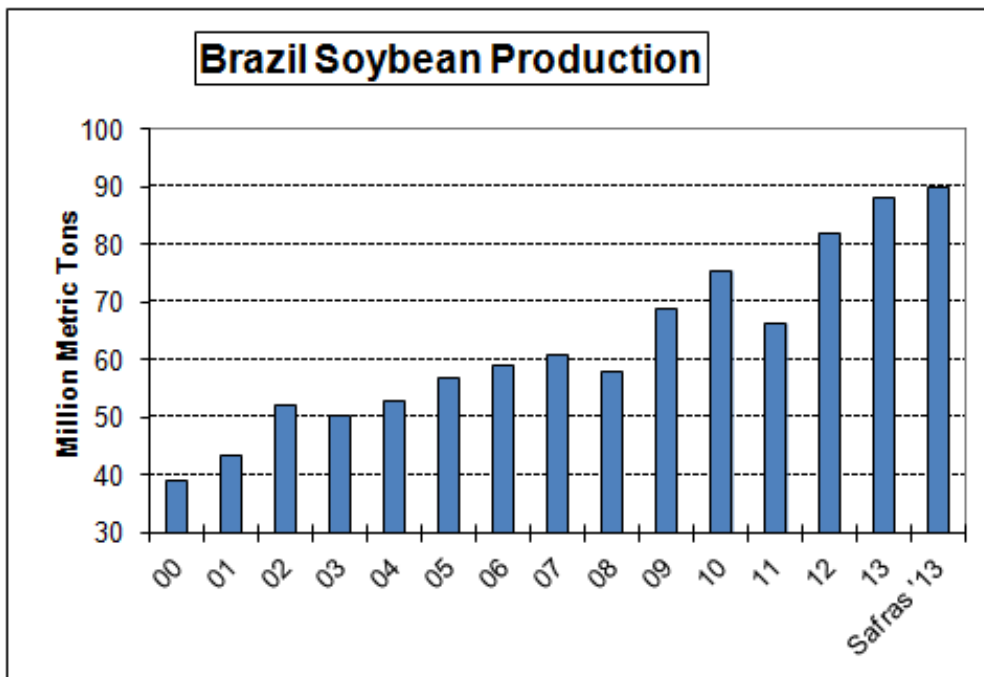
this weekend. Next week look for choppy trade with a higher trend driven by short covering and front running of the index rebalancing in early January. Tonight's CoT report showed spec funds short 175k contracts yet.

**WHEAT:** The wheat markets found a little short covering/dead cat bounce today but still 15 cents lower for the week in Chicago and KC while Mpls March was down 10 cents from last Friday. KC March was down 8 sessions in a row while Mpls March was down 12 days in a row and so a short covering pop should not be a surprise. There has been some chatter the last few days of export business to Brazil and possibly even some private mill business to Egypt but no confirmation on any of this talk. Basis levels have been firming slightly at the Gulf for HRW and SRW this week (5 cents on each) so perhaps something to the chatter. Wheat/corn spreads continue to erode with wheat giving up over 60 cents/bu premium to corn since late November. Weather forecast continue to generally favorable for US winter wheat conditions with parts of TX panhandle seeing some moisture out of the



current system. This afternoon's CoT report showed that the spec fund is short 103k contracts in Chicago, almost dead even in KC and long 3k in Mpls.

SOY-COMPLEX: The complex closed higher with support coming from concern about the drying trend in Argentina with next week's rain system expected to be generally less than 1/2 inch. Conditions look good in Brazil so the focus remains on the problem areas in Argentina if this rain event is a bust. For the week Jan beans rallied just over 10 cents while Jan meal rallied \$14 and Jan soyoil fell 40 points. US bean basis remains on the defensive though as processor bids continue to leak lower with some plants rolling to the March yesterday. CIF values are mostly steady with barge freight values also flat after firming the early part of the week. The chart below shows the Jan/Mar bean spread did break though support level of 8 cents but appears to be finding some consolidation there. Just 5 sessions remain until first notice day with no deliveries expected early in the period



but likely to see some before futures expiration. Fresh export news was lacking today. Safras did increase their soybean production estimate for Brazil from 89.45 mmt to 90.94 mmt (vs the USDA at 88 mmt), see chart at left showing growth of the Brazil crop size since 2000. Since 2000 production there has grown over 50 mmt or over 1.837 bln bu.

Tonight's CoT report showing spec funds are long 138k contracts of beans, long over 60k meal and short over 50k soyoil.

Price action next week will hinge on updated weather maps on S. America and if any confirmation that China has switched some cargoes to Brazil.

Have a good afternoon!

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