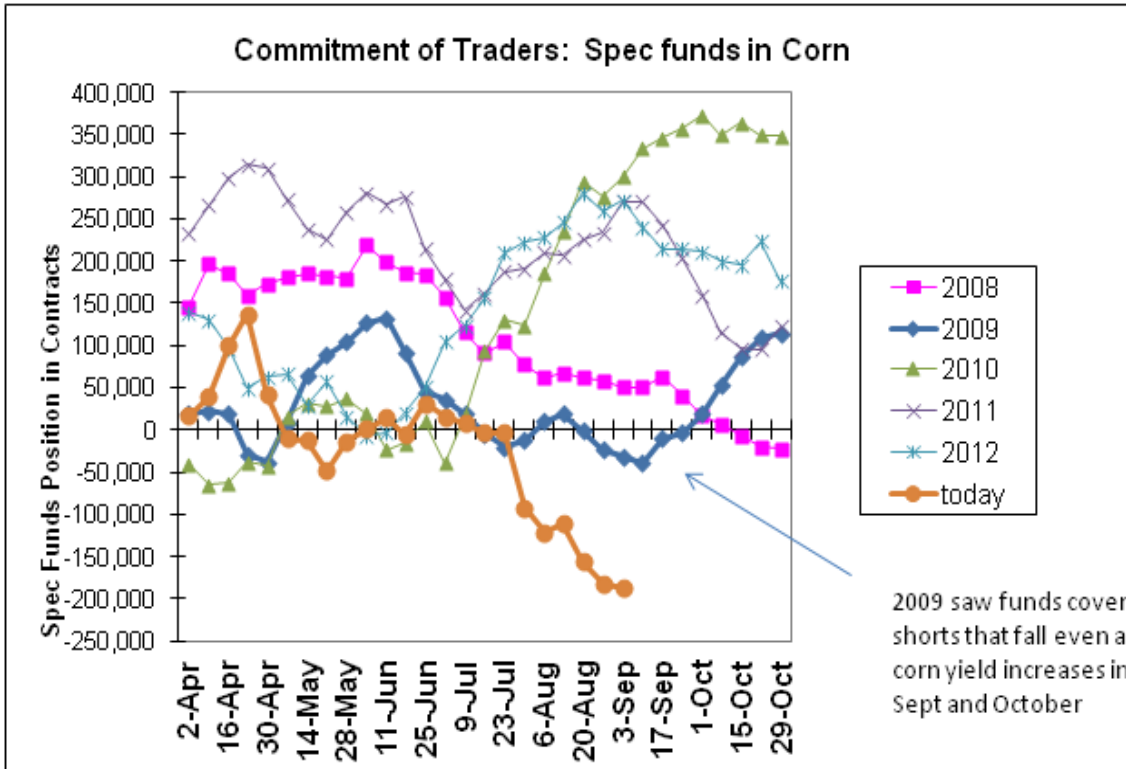


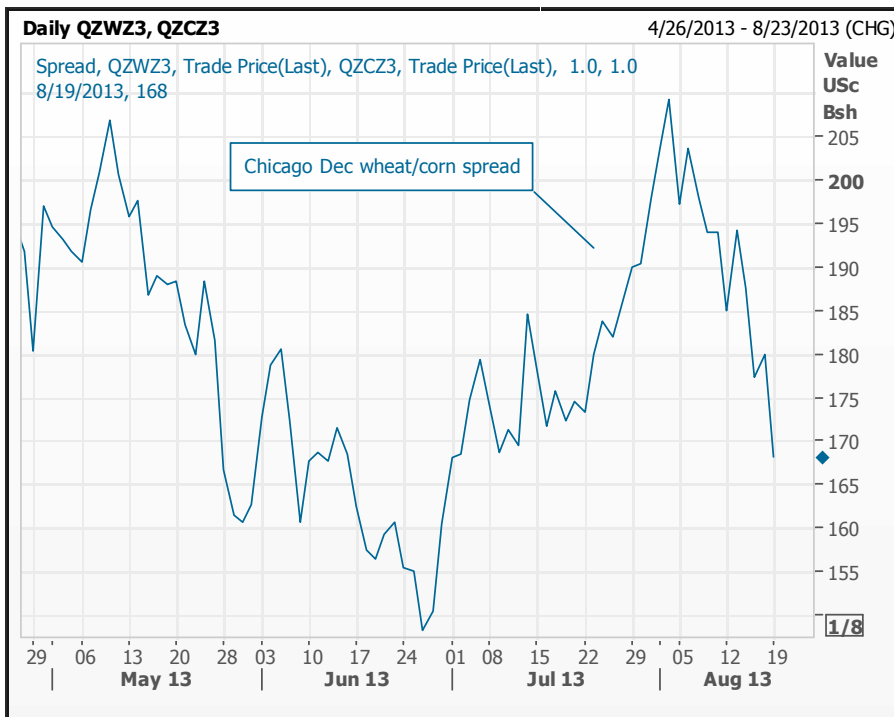
# Closing Grain & Soybean Comments

Kevin Riesberg Monday August 19, 2013

CORN: Corn closed sharply higher following the rally in the soybeans on concern about late dryness in August causing some trimming of the US corn yield. Funds are thought to have bought 18,000 contracts of corn and 15,000 of soybeans today as funds cover in short corn positions. Friday's CoT report showed spec funds still have near record short position at over 180,000 contracts. Interesting to note that back in 2009 the spec funds covered their short position through Sept/Oct even though the USDA increased its corn yield in both the Sept and October



reports that year. In 2008 the spec funds maintained a small short through the fall of about 50k contracts. The 50 day MA for CZ is toward \$5.02 while the 100 day is toward \$5.21 1/2. We expect to see increased farmer selling toward those levels. Pro-Farmer tour is underway and had a lot of attention. Reports that yields in SD and OH are big but not as big as expected gave some support but trade remains wary of these tour reports. Crop ratings were expected to slip 1-2%



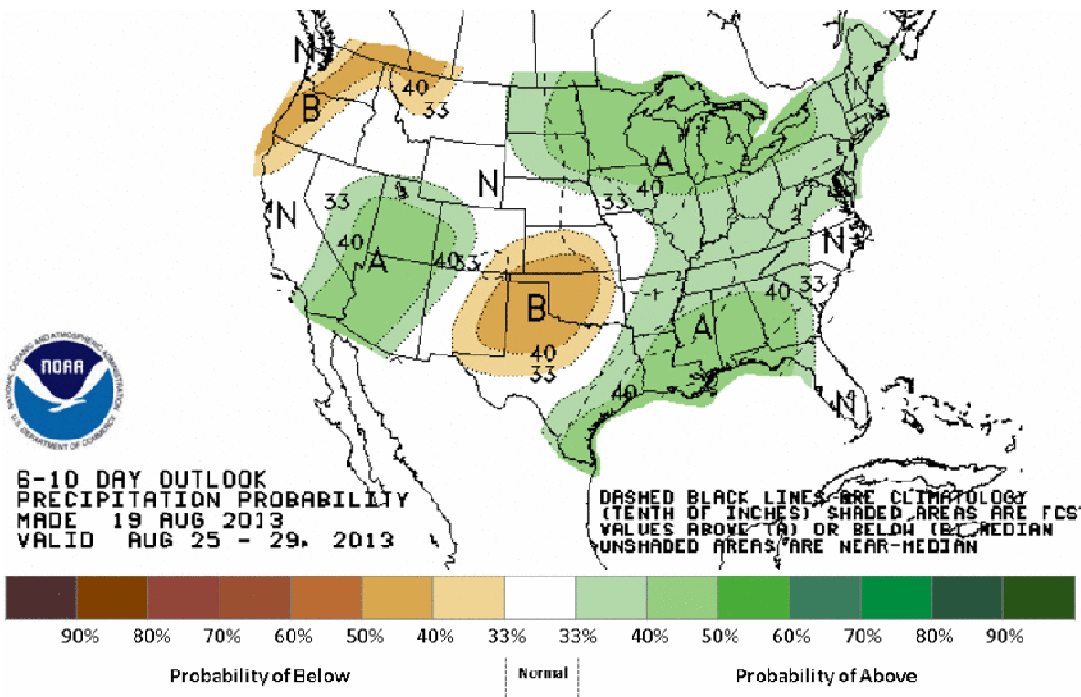
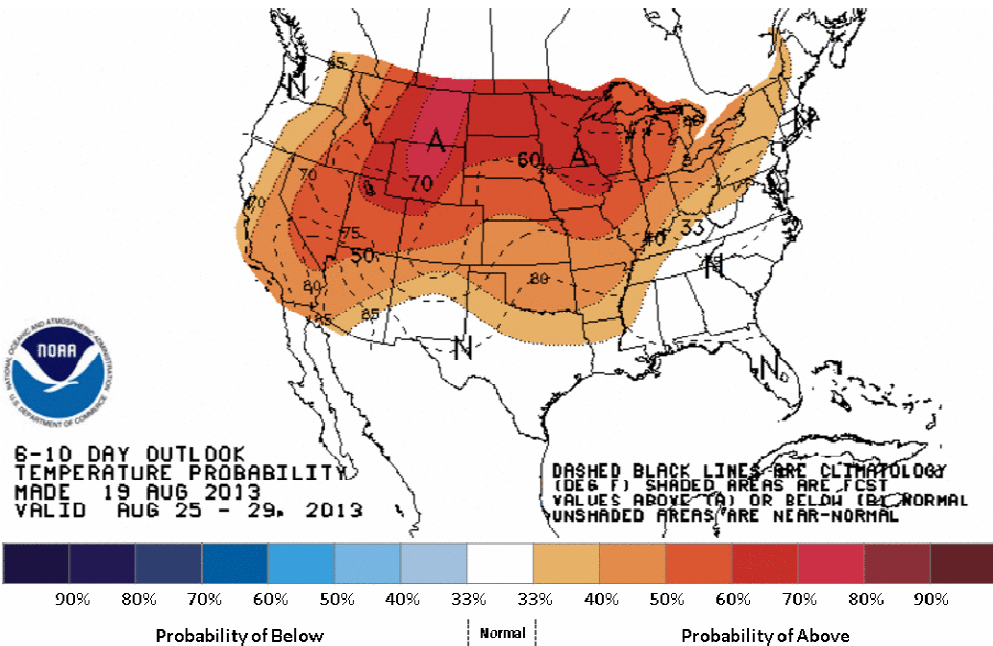
in the G/E tonight but were down 3% to 61% G/E now. Maturity remains a concern yet with 24% of corn IA corn in dough stage vs 60% avg while IL is 70% dough vs 78% avg. Corn basis levels were steady to softer in the spot slots as barges of southern corn arrive in southern Iowa this week. Cash trade expects a steady stream of southern corn heading up the IL and OH Rivers the next 3-4 weeks. Export inspections on corn were only 7.06 mln bu this week and should be fed by LA/TX corn harvest. Would expect some consolidation overnight but next few sessions will be driven by weather models and to the degree that spec funds cover in short positions.

WHEAT: Wheat prices followed corn and soybeans higher though fund buying was not quite as heavy in wheat (less than 5,000 contracts). Wheat/corn spreads continue to collapse, see chart at left. Weekly export inspections were much better than expected



tomorrow.

Have a good afternoon!



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