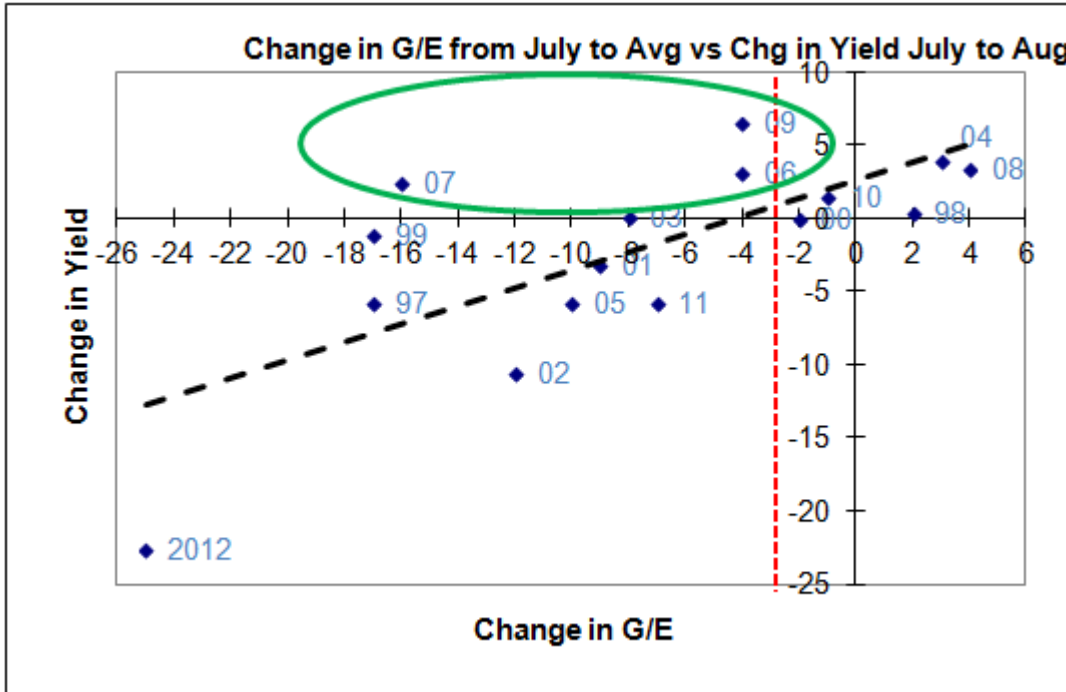


Closing Grain & Soybean Comments

Kevin Riesberg Friday, August 9, 2013

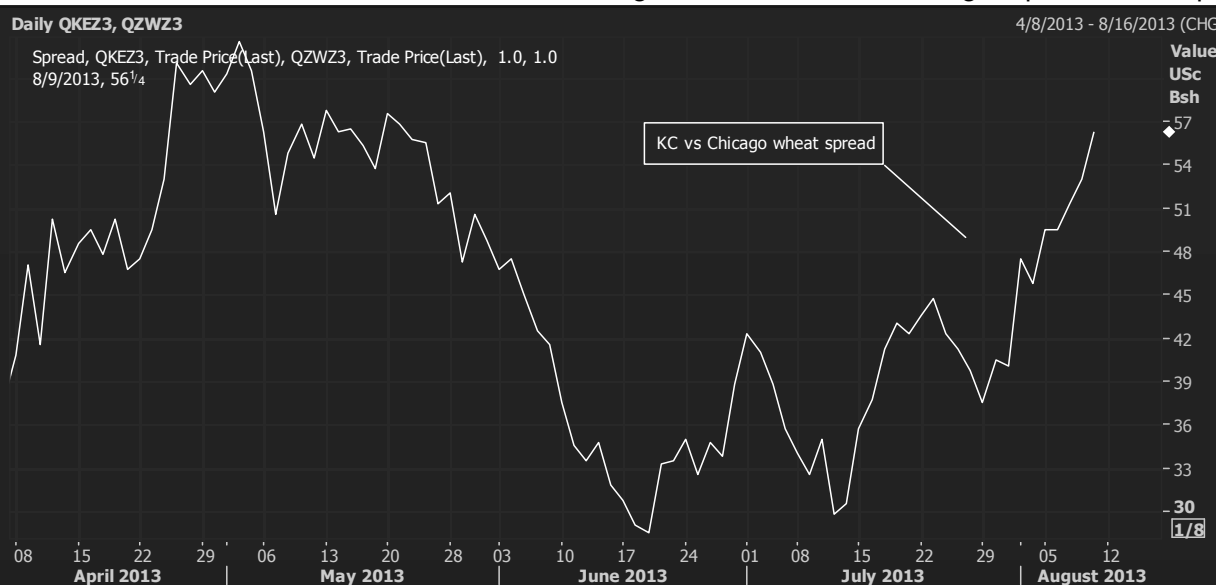
CORN: Corn closed lower led by the nearby Sept contract as funds sold another 10,000 contracts before Monday's USDA report (out at 11 am CST). Trade shrugged off drier midday weather maps as temps are to remain normal to below normal out through the 11-16 day period. Corn basis remains steady though some give up selling was seen in areas where the crop is looking very good (IL and Neb). Many merchandisers look for producers to be heavier sellers next week once the report is out of the way. Southern corn basis remains soft as harvest is getting

fully underway with large or near record yields being reported. As for Monday's report the avg trade guess is for the US yield to be 157.7 bpa, up 1.2 bpa from the July report. Interesting to look the change in the G/E from July 1 to Aug 1 and compare that to the change from the July yield to the Aug yield. Since 1997 there has been 3 other years where G/E decline and the yield increased from July to Aug (2006, 2007, and 2009). So the trade is expecting this year to be the 4th to join that group. Interesting to note in 2006 and 2007 the yields kept increasing



through the autumn but the Final yield was almost identical to the July yield. 2009 on the other hand posted a record yield as the national yield improved into the January report. Late Aug and Sept weather still holds the key yet to final yield (need a normal to later than normal frost). Technically the corn market remains negative with little support in Dec below \$4.50 until \$4.25 and then \$3.98. Tonight's CoT report showing the Spec fund is holding their short position near 187k contracts as of Tuesday night.

WHEAT: Wheat closed lower on technical selling in front of the USDA August production report. There was little

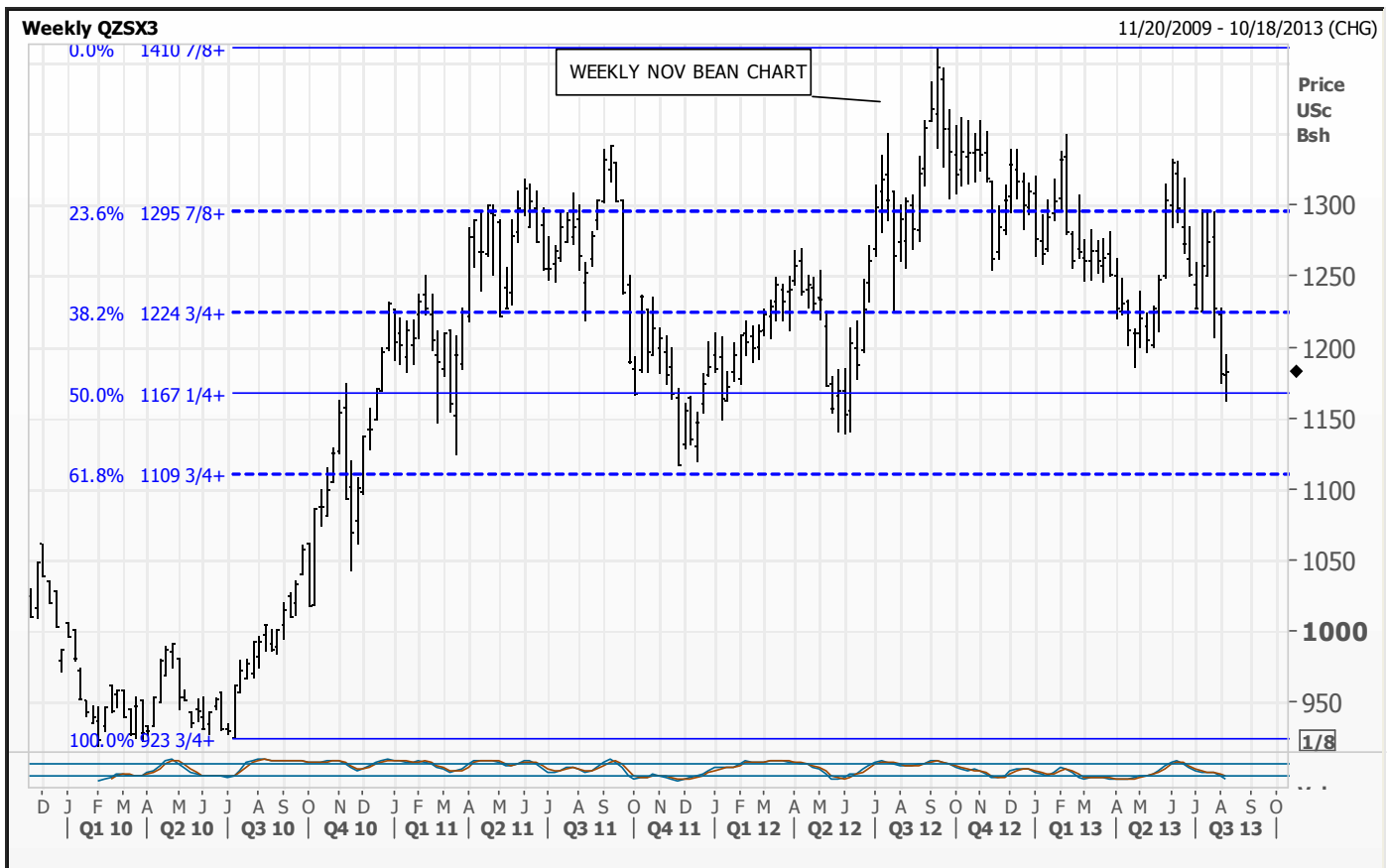


fresh export news for the market to talk about while most of the production reports out of Europe remains bearish. French ag ministry increased their soft wheat production from 35.9 mmt to 36.1 mmt.

KC wheat continues to gain on Chicago, see chart. This past

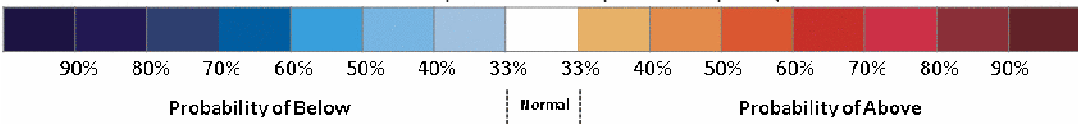
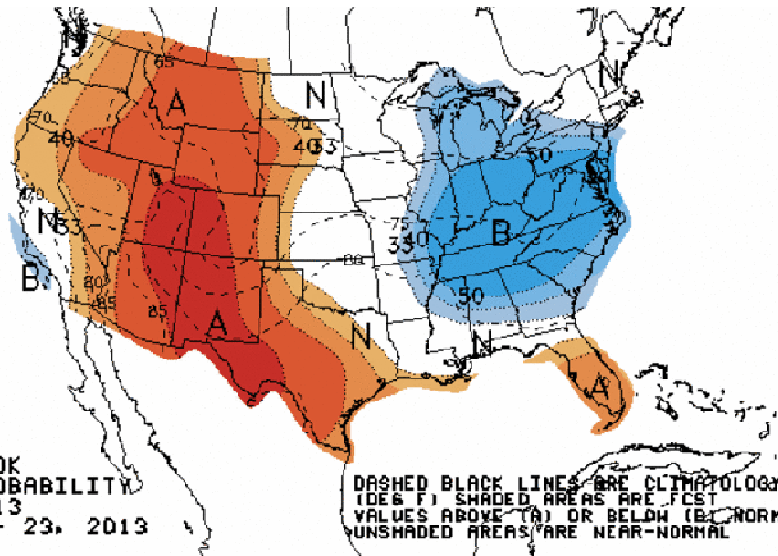
week the spec funds increased their short position in Chicago (to 76k contracts) while cutting their short position in KC (to just 10k contracts). SRW basis continues to soften with it off another 4 cents on nearby. Plains Grains report that with Neb wheat harvest at 98% complete (and southern areas done) that so far the avg protein level of the HRW crop is 13.1% vs 12.6% last year and the 5 year avg of 12.0%. US Spring wheat harvest is expected to pick up steam the next 10 days. Market action Sunday night is expected to be muted in front of the crop report on Monday.

SOY-COMPLEX: The complex closed lower with very choppy trade seen today in both beans and meal. The weather forecast remains generally favorable with some forecasters looking for temps to warm back up to normal to above normal for September. The trade is looking for a cut in the USDA bean yield by 1.1 bpa from the July report but the market is also expects cuts in the demand for new crop beans (namely from the export number). The trade does recognize that NASS has an extremely difficult task of trying to estimate bean yields for this Aug report given the lateness of the crop. Hence many believe the USDA will be conservative with a change and many traders will take this yield number with a grain of salt. This afternoon's CoT report showed the spec funds now on the short side of soybean by 1k contracts (was long 31k yet the previous week). Technically the bean market remains negative with next support level for Nov beans toward \$11.40 and then toward the \$11.00 mark. US soybean basis and meal basis at the processors continues to hold firm for nearby shipments. CIF bean basis on the other hand slumped 15 cents for Aug slot though Oct/Nov basis continues to firm (Chinese interest and concern about farmer movement of soybeans this fall). The Sept/Oct meal inverse gave back some of the gain from the last 2 days and finished above \$30, well above this week's low of \$22. Bean oil continues to grind lower with spec funds increasing their short position now to over 77k contracts. Would expect to see more weakness in the soyoil Sunday night as Malaysia palm oil futures open up after being closed since Wednesday and plays catch up with lower world veg oil values. HAVE A GREAT WEEKEND!

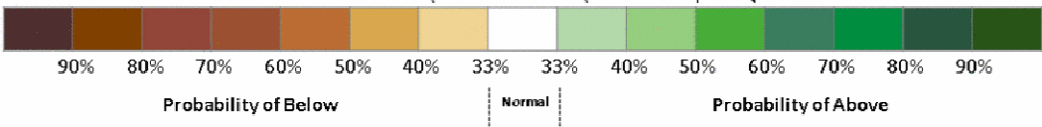
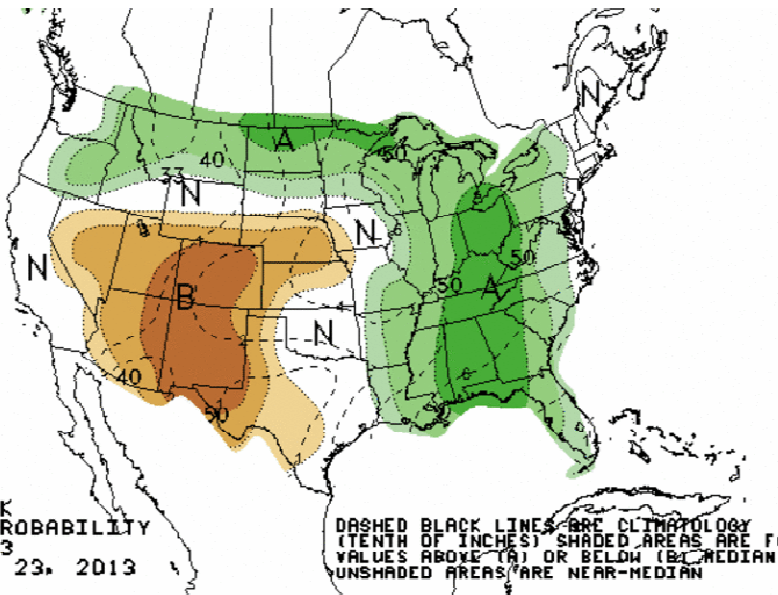




8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 9 AUG 2013
VALID AUG 17 - 23, 2013



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PRECIPITATION PROBABILITY
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