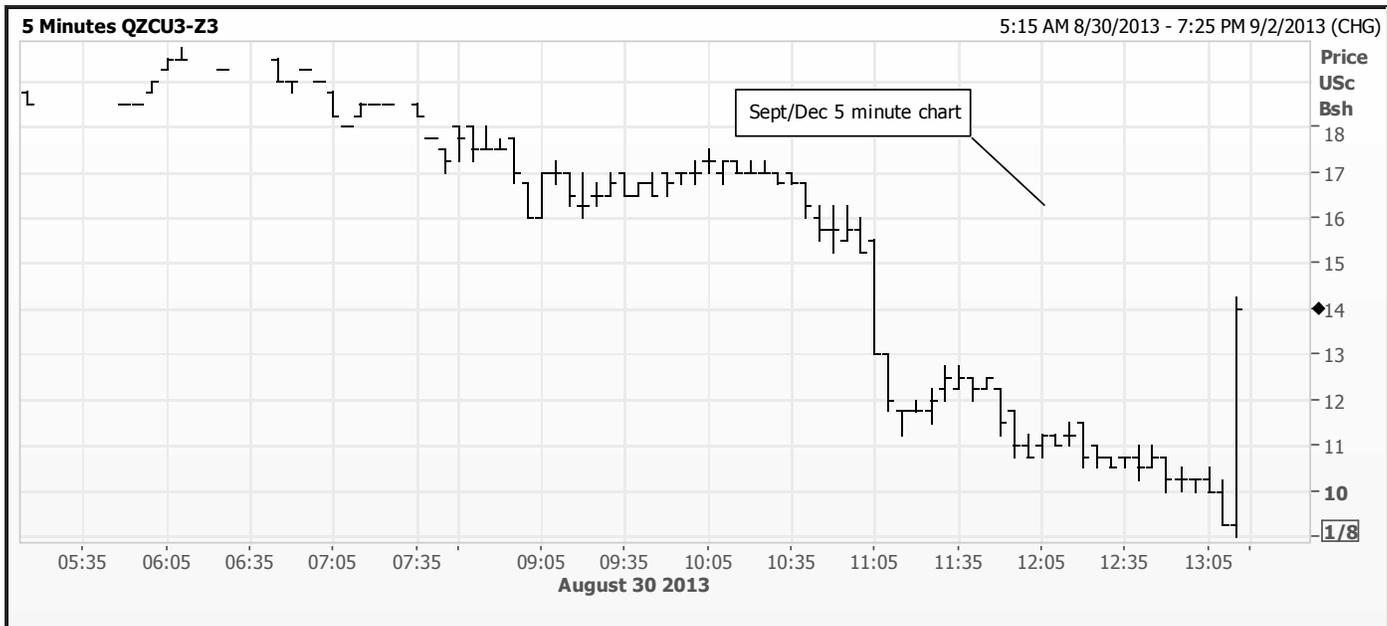


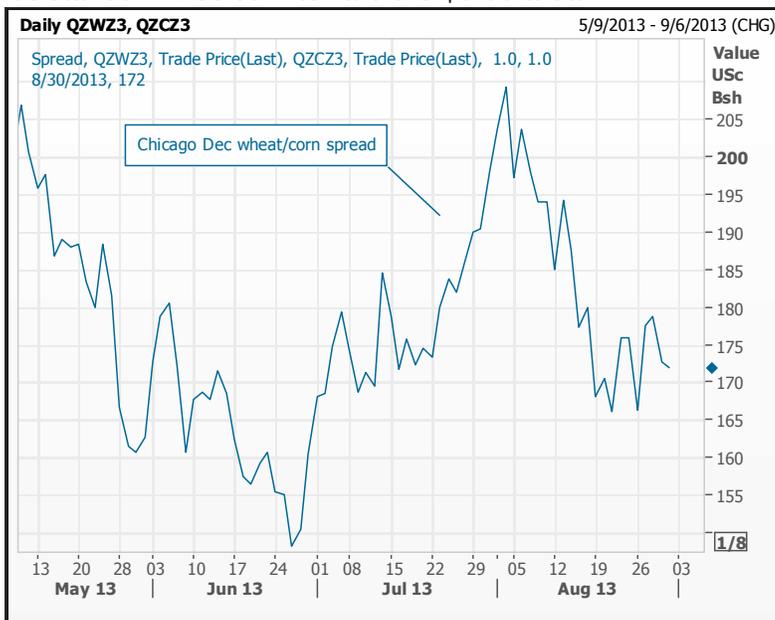
# Closing Grain & Soybean Comments

**Kevin Riesberg Friday August 30, 2013**

**CORN:** Very volatile trade in the corn market before the 3 day weekend with corn surging back to unchanged to slightly higher in the final minutes. Even the Sept/Dec corn spread rallied 5 cents off its lows in the final minute of trade, see chart below. Old crop corn basis broke hard in most markets on this last day of the month (similar move seen at end of July) with various markets off anywhere from 20 to 40 cents for spot slot. Some processor markets are down over 50 cents from values paid last week. Some areas saw give-up selling of old crop corn today as producers try to take advantage before the cash inverse collapses further. While corn harvest is underway in the South and Mid-South, many Midwest locations will not see meaningful corn harvest until LH Sept/FH Oct.



Weather forecast added a little more rainfall for the dry areas of Midwest this weekend but next week is dry until next weekend. Forecasters don't have much confidence though in the extended model. Next week crop ratings are expected to fall another 2-3% in Tuesday's report. Private crop estimates are to start rolling out next week with expectation that the yield numbers will drop, it's just a matter of what degree. USDA Crop report is out Sept 12th. This afternoon's Commitment of Traders report should show the spec funds buying in more of their short position. If the weekend rains are a bust and next week remains dry, then we should see additional short covering with resistance in Dec corn toward the \$5.00 area.



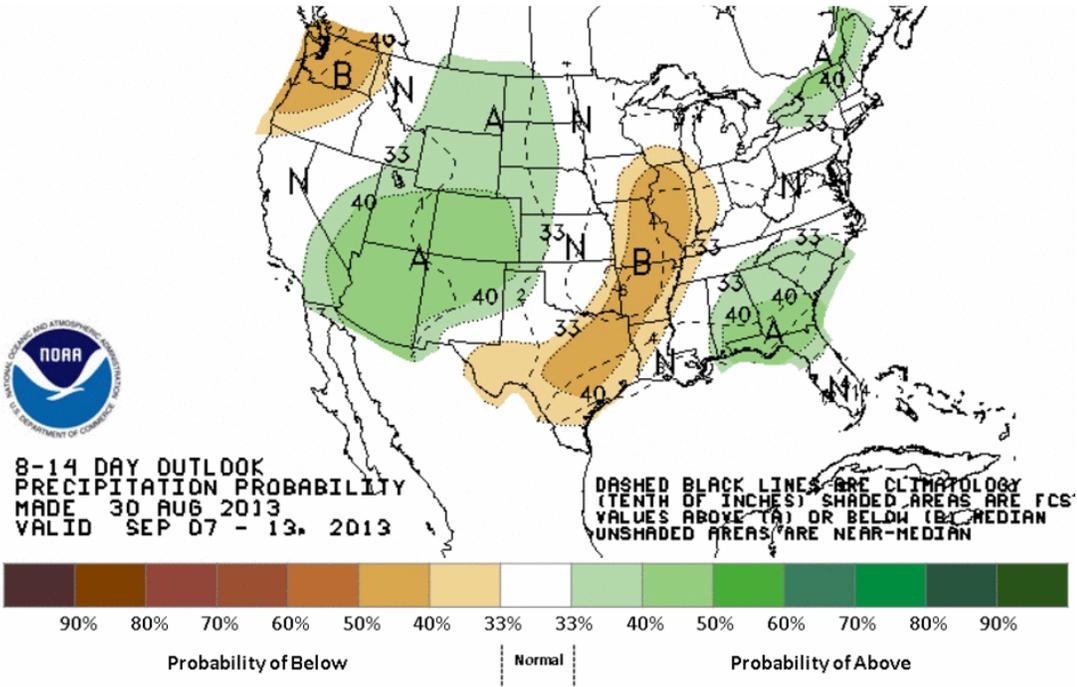
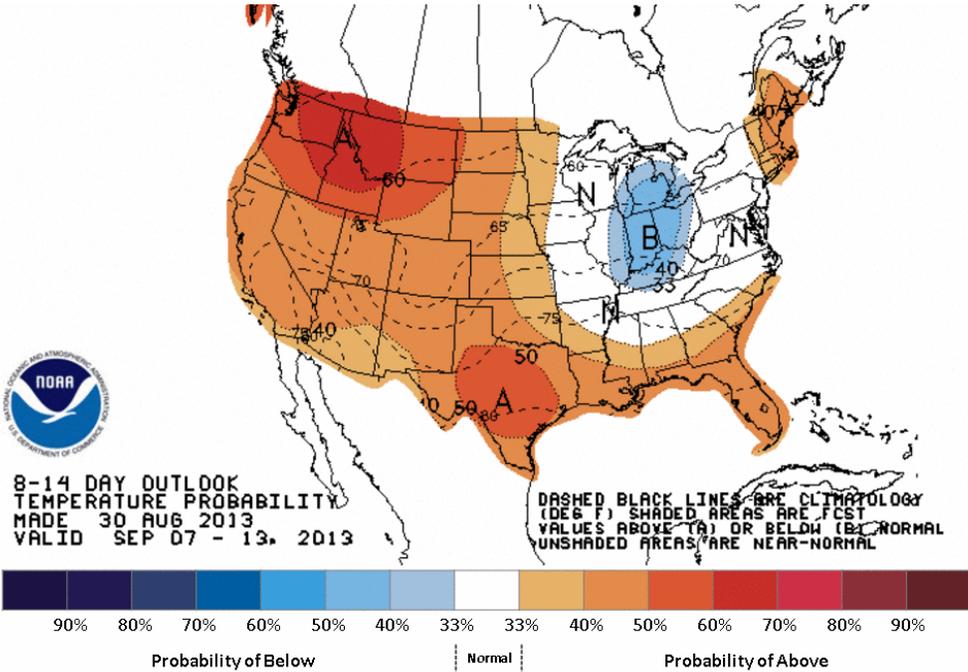
**WHEAT:** Wheat markets were mixed with Chicago and KC wheat higher most of the day while Mpls wheat closed lower. No deliveries were seen in Chicago while KC had just 19 contracts but Mpls saw over 100 contracts put out by LDC. Egypt tenders for option origin wheat this afternoon for LH October shipment. Would expect this round of business to come from Russia/Black Sea again as on their last tender the US SRW was \$20 a ton too high. Germany's Farm Ministry raised their wheat production estimate to 24.9 mmt, up 11% from last year. Germany is Europe's 2nd largest wheat producer after France. US wheat basis levels are steady to firm with higher protein spring wheat values moving higher as spring wheat harvest finds good yields but lower protein. 15% pro is running +165Z now. Market action next week will hinge on

corn price direction and weather.

**SOY-COMPLEX:** The soy-complex closed lower with weather models a little wetter than yesterday's runs for the rain event this weekend. Some profit taking was seen before the long 3 day weekend. Traders are well aware though that if the rain is a bust or the maps stay dry for next week then the complex will be back off to the races. Crop ratings are expected to fall anywhere from 2-5% for Tuesday afternoon. Spot soybean basis is firming at the processors with Midwest harvest not expected to really fire up until very late Sept or 1st week of October. USDA reported that China booked another 110,000 tons of soybeans from the US. Forward export sales of soybeans are now running 79 mln bu ahead of a year ago at this time. Meanwhile if the national yield would slip back to 41.0 bpa, then fall supplies (carry-in stocks plus production) would be up just 72 mln bu. Also note the concern that soybean harvest will be later this year vs last year's drought driven early harvest. Hence current Oct/Nov bean basis at the export channels (Gulf and PNW) are well above where the Oct/Nov bids were this time at the end of August. Interior processor bids on the other hand for Oct/Nov are not that much stronger than what they posted last year at the end of August for Oct/Nov, see table. Perhaps they are anticipating the US farmer being a seller of soybeans off the combine this fall. Country sources report that farmer marketing of soybeans will hinge entirely on flat price (need to be above \$13.00 cash) or that soybean yield are much better than expected. If either fall short then they believe the US farmer will store beans and see how S. American growing season goes. Look for volatile trade Monday night driven by updated weather forecasts. Have a good weekend!

New crop bean basis study:							
	currently		Last year at end of Aug		Basis high that month		
	Oct	Nov*	Oct	Nov	Oct	Nov	
Central IA	-25 X	-15 X or -12F	-30 X	-25 X	+0 X	+5 F	
Central IL	+10 X	+25X or +28F	+25 X	+30 X	+18 X	+21 F	
CIF	+94 X	+94X or +97F	+78 X	+83 X	+89 X	+110 F	
PNW	+140 X	+140X or +143F	+80 X	+105 X	+75 X	+90 F	
	* if X/F= 3 cent inverse						
					Current	Year ago	
Forward soybean sales current vs a year ago in mln bu:					724	645	79
Fall supplies: mln bu (carryin plus production..if yield 41 bpa)					3256	3184	72





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