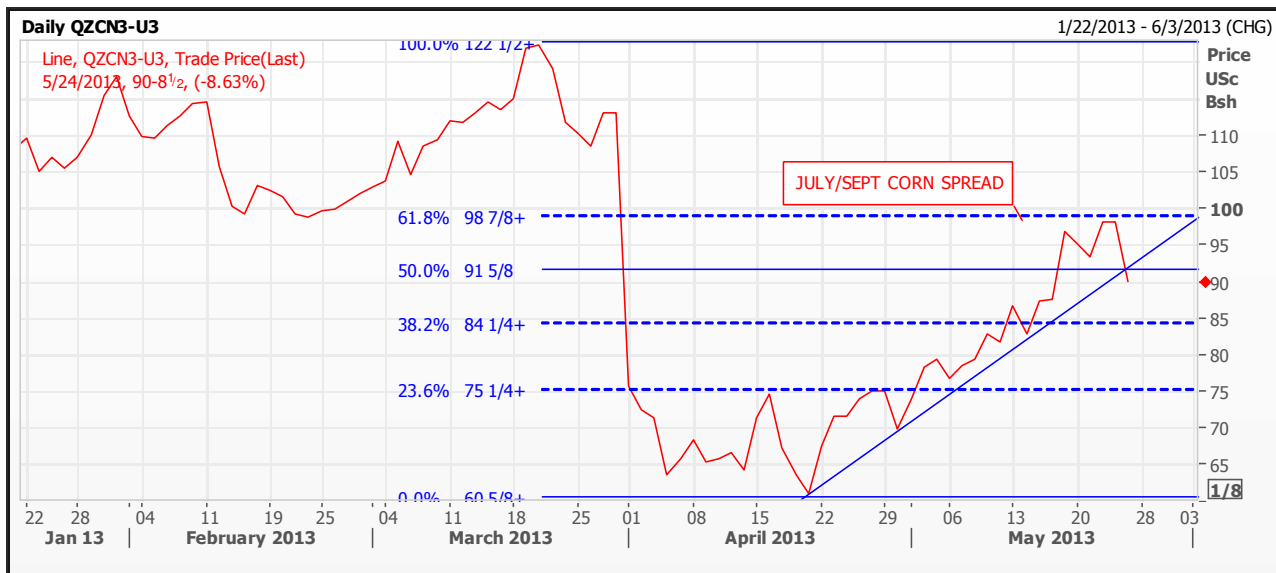


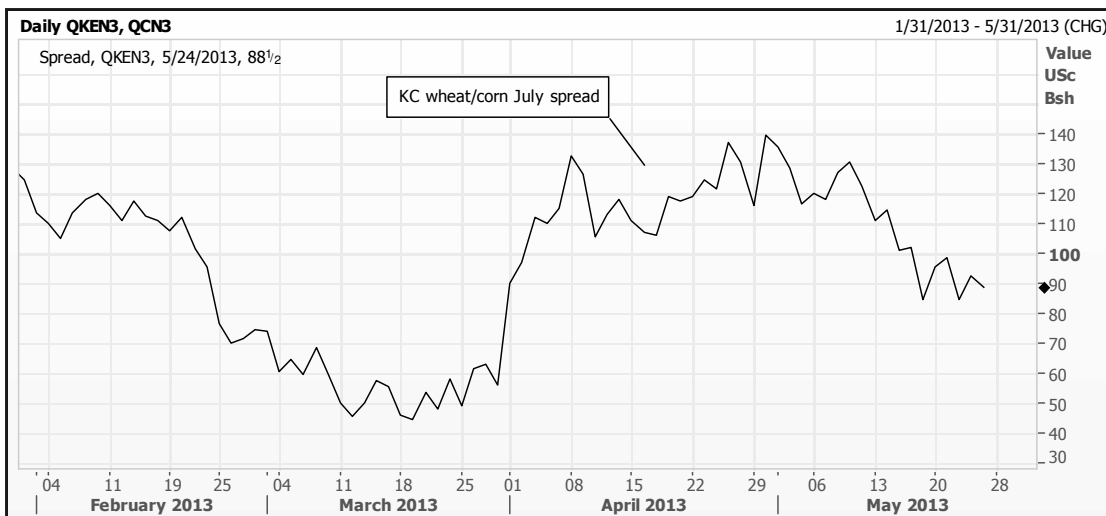
Closing Grain & Soybean Comments

Kevin Riesberg Friday, May 24, 2013

Corn: Corn closed lower on the nearby July contract but higher in the Sept and forward months with the Jly/Sept inverse giving up over 8 cents today. For the week Jly corn gained only 4 cents while Dec rallied 17 cents. A combination of profit taking of old/new spreads and some front running before the index fund roll next month all put some pressure on the nearby July contract. Farmer selling is picking up when Jly pushes above \$6.60. Dec corn finding some support this week with the Chinese buying of US corn along with some concern about the last 10% of the US corn being slow to get planted. If the wetness in parts of northeast IA, southeast MN and parts of WI continues into early June, some of those acres could get pushed into soybeans. Planting pace in Tuesday's report is expected to be in the 85-90% area. US corn basis levels softened at most processors this week on the increased selling from both farmers and elevators into the end users. Seasonally old crop corn has a tendency to break after Memorial Day into early June. Focus next week will be on how many acres are left to finish up planting, weather forecasts and ethanol margins. Exports remains a dead horse for the US with Taiwan and Israel booking more South American corn overnight for Aug/Sept ship. Support for CN is at \$6.53 and \$6.30 with resistance toward \$6.65 and \$6.75. New crop selling was not heavy this week and is not expected to find much until Dec corn nears the \$5.50 area.



WHEAT: Wheat closed lower on profit taking heading into the long weekend. USDA confirmed that China booked 180,000 tons of US SRW with trades looking for additional announcements next week. Traders believe that China has booked 500k-600k tons of new crop SRW this past week. Chicago wheat gained back on KC and Mpls as traders liquidated long KC/short Chicago. For the week WN was up over 14 cents, KC Jly was up 8 cents and Mpls Jly up just 2 cents. KC wheat/corn spread continues to lose ground with the strength of corn while wheat

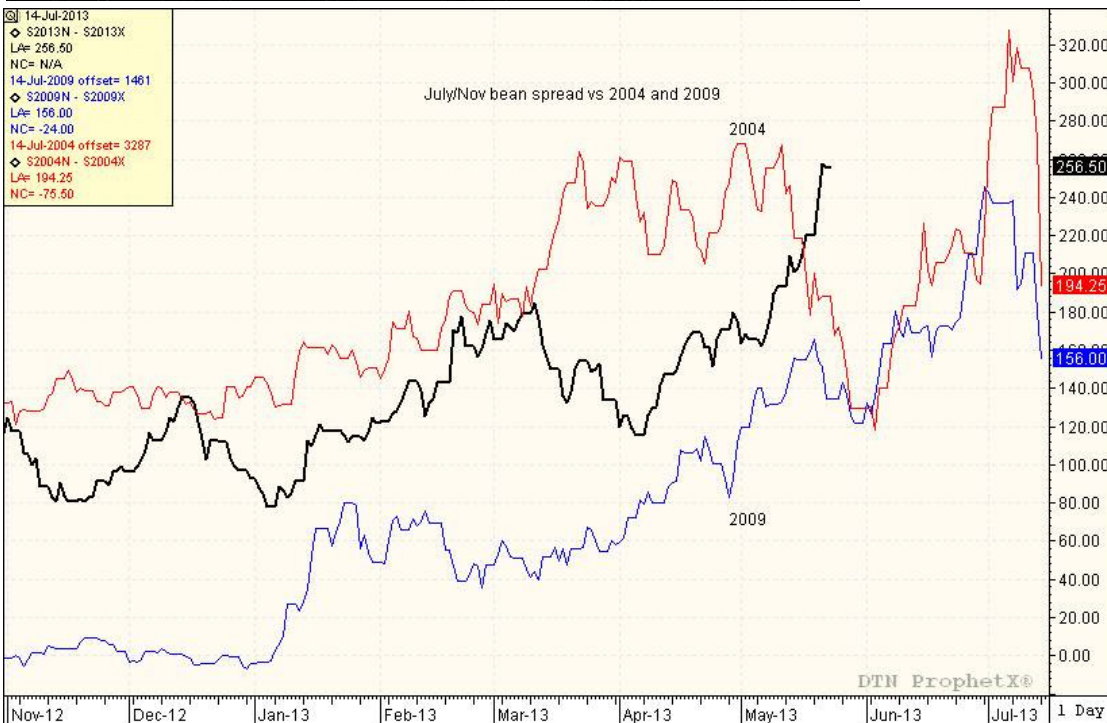


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harvest is just 30-40 days away. Texas wheat harvest is about 2% complete with about 200k bushels taken out in southern TX. Ft Worth reports that so far the new wheat samples are running 62.5 lb TW and avg protein of 14.7%. KS farmers are keeping eye on reports of stripe rust in areas, especially in Sumner County (usually top producing county). HRW basis was firmer with values up 5-9 cents today (11.0% up 5 to +90N while 13.0% was up 9 to +130N). SRW basis was strong this week on the Chinese business while DNS values were mixed to steady. WN is finding stiff resistance in the \$7.07-\$7.10 area (50 day MA) but a push above there would open the door to \$7.30. Support is at \$6.60 for now.

SOY-COMPLEX: July soybeans continued their free fall from yesterday's spike high yet for the week July beans

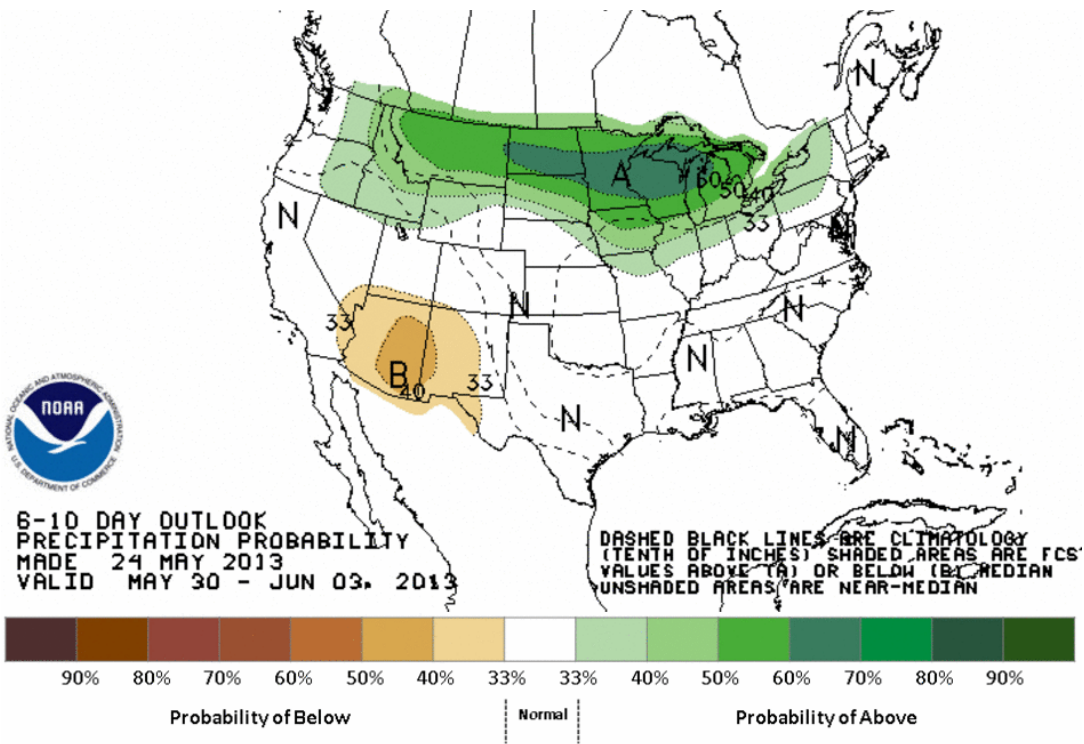
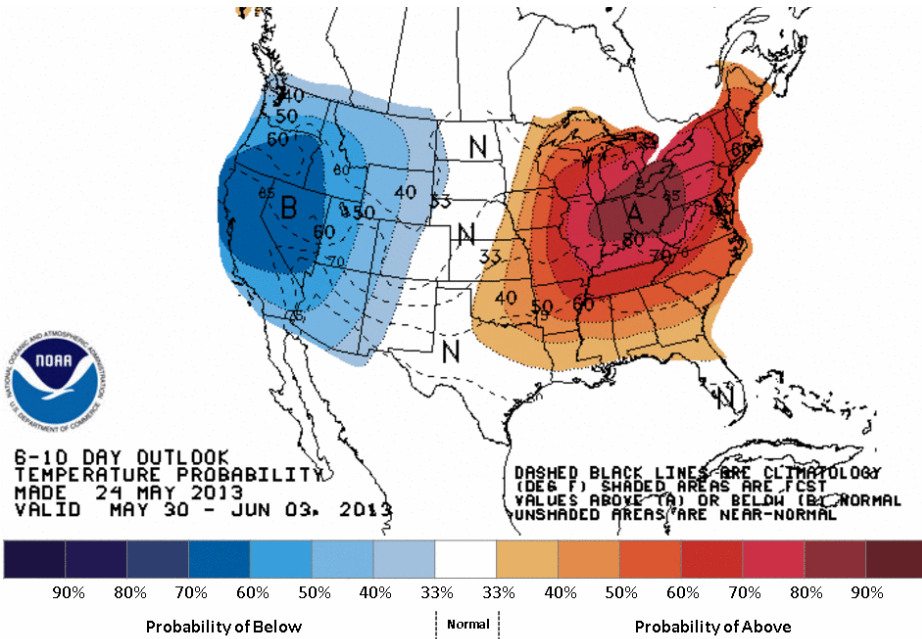
is still up 28 cents from last Friday (had a whopping \$1.03 a bu range this week). Nov beans rallied 19 cents for the week. The July/Nov bean spread went from \$2.20 last Friday to yesterday's high of \$2.98 before settling back toward \$2.27 tonight. The charts below compare the current July/Aug and July/Nov spreads to the last 2 years that US soybean carryout was less than 150 mln bu. Both years saw a break in early June, which also is when index funds roll, and then surged back in late June and in the July delivery period. Fwiw the pattern for the Aug/Nov bean inverse those years did the same...broke in early June and then rallied late June and July (call if want to see that chart). Interesting to note that processors this year rolled soybean basis bids off the July and to the August the same week as in 2004. That year bean basis rallied back in late June/early July before breaking mid-July.



Meal spreads and nearby futures saw similar action with US bean processors sitting now on 3-6 weeks of bean coverage (depends who is talking) but have little forward meal sold. Meal basis is under pressure as a result. Soyoil continues to slump lower as it loses crush share to meal.

Trade next week will focus on if the Chinese are done cancelling bean cargoes (rumors are it was 12 of them) or if they have some more to price yet. Trade will also monitor the loading pace out of Brazil/Argentina and of course the US

soybean planting pace. The WCB and most of the ECB saw good running on bean plantings with exceptions of some pockets in northern Midwest. The national number is expected to jump to 40-45% next Tuesday. Resistance for Nov beans is at 100 day MA of 12.58 3/4 and then the March high of \$12.82. Have a good night!



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