

Closing Grain & Soybean Comments

Kevin Riesberg Friday December 13, 2013

CORN: Friday the 13th was a bad omen for the corn bulls as the market ground lower through the session and as Dec contracts when off in quiet fashion (unlike Dec soymeal). Dec corn went off at \$4.20 1/2 and barring some major weekend news, we would expect March corn to drift down to there to fill the gap, see chart below. This would still be above the contract low of \$4.18 1/2 set in early December. Ethanol values plunging today with nearby Dec Chicago Platts down over 14 cents/gal while the Jan was down over 6 cents/gal from last night.



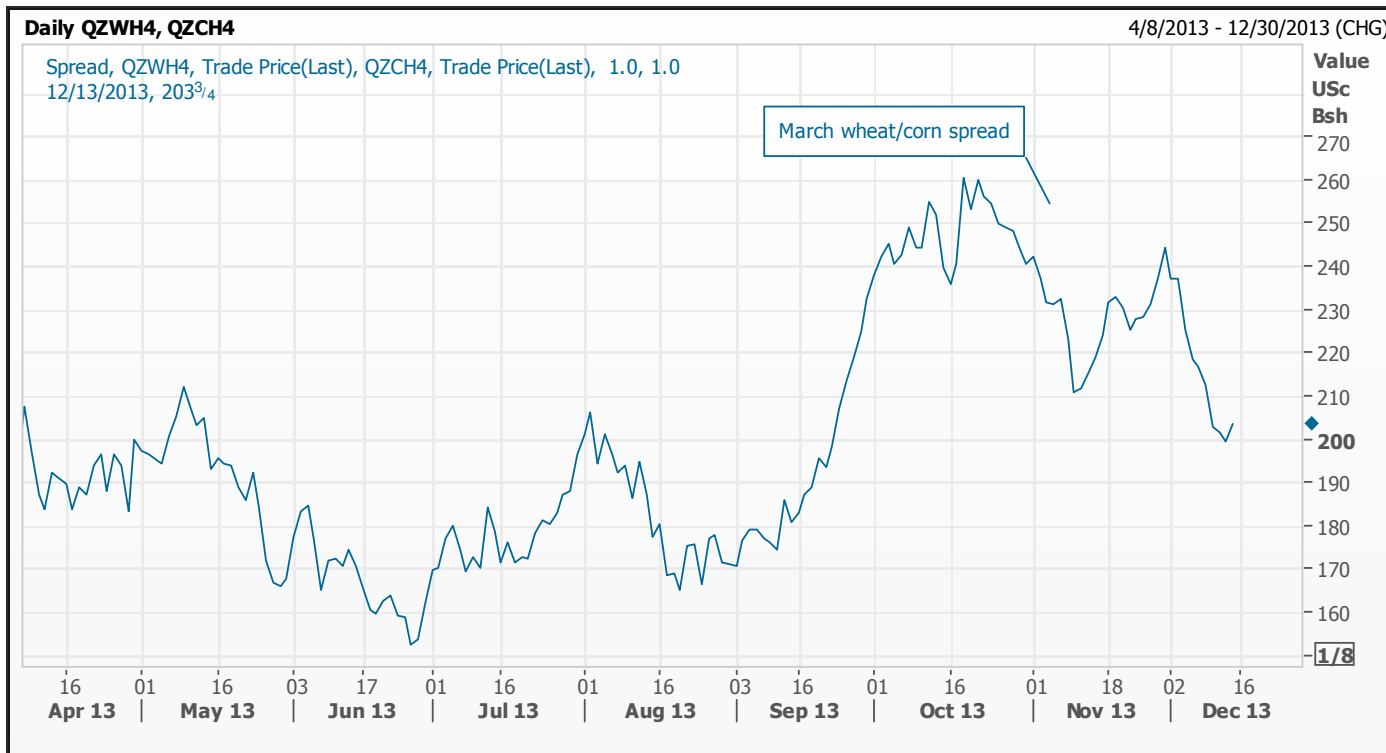
The negative technical action and concern about China continuing to cancel some US corn cargoes weighed on the trade today. There was little fresh friendly news to talk about or at least to counter the bears. Interior corn basis levels did firm at some processors as the farmer selling slowed down in many areas with futures break the last 2 days. Note in parts of the Corn Belt where cash prices hovered near \$4.00, there was some farmer selling as producers wanted to grab that before it fell into the \$3's. Corn spreads remain quiet with March/May hovering

between 8 to 8 1/2 cents while the July/Dec holds near 12 cents (compared to 15 1/2 cents in early November). After \$4.18 1/2 the next major support for March corn will be toward \$4.10 (low of CZ in early Dec).



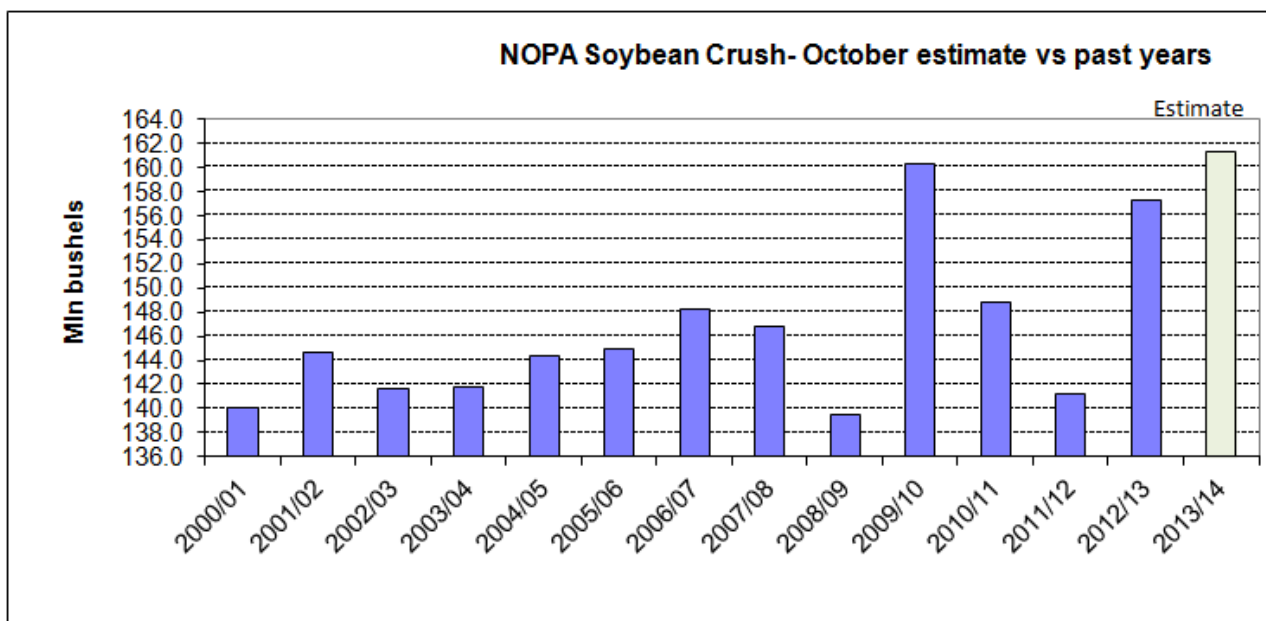
WHEAT: The wheat markets closed lower on continued technical selling and lack of fresh bullish export news (at least for the US). There was some chatter about another cargo of US HRW sold to Brazil but other than that, there has been very little for US exporters to focus on. The Dec contracts when off in quiet order in all 2 exchanges though KC Dec was very weak today. ADM putting deliveries this morning was to blame for it. Chicago March/Jly spread continues to move out to a wider carry after seeing a

small inverse earlier this morning, see chart above. With the weakness in the corn today, the wheat/corn spreads have found some temporary support at \$2.00 in Chicago, (see chart below). KC and Mpls protein premiums keep racing higher thanks to rail issues to the mills. The Commitment of Traders report should show spec fund short position increasing. Look for follow through weakness next week in absence of any fresh fundamental news.

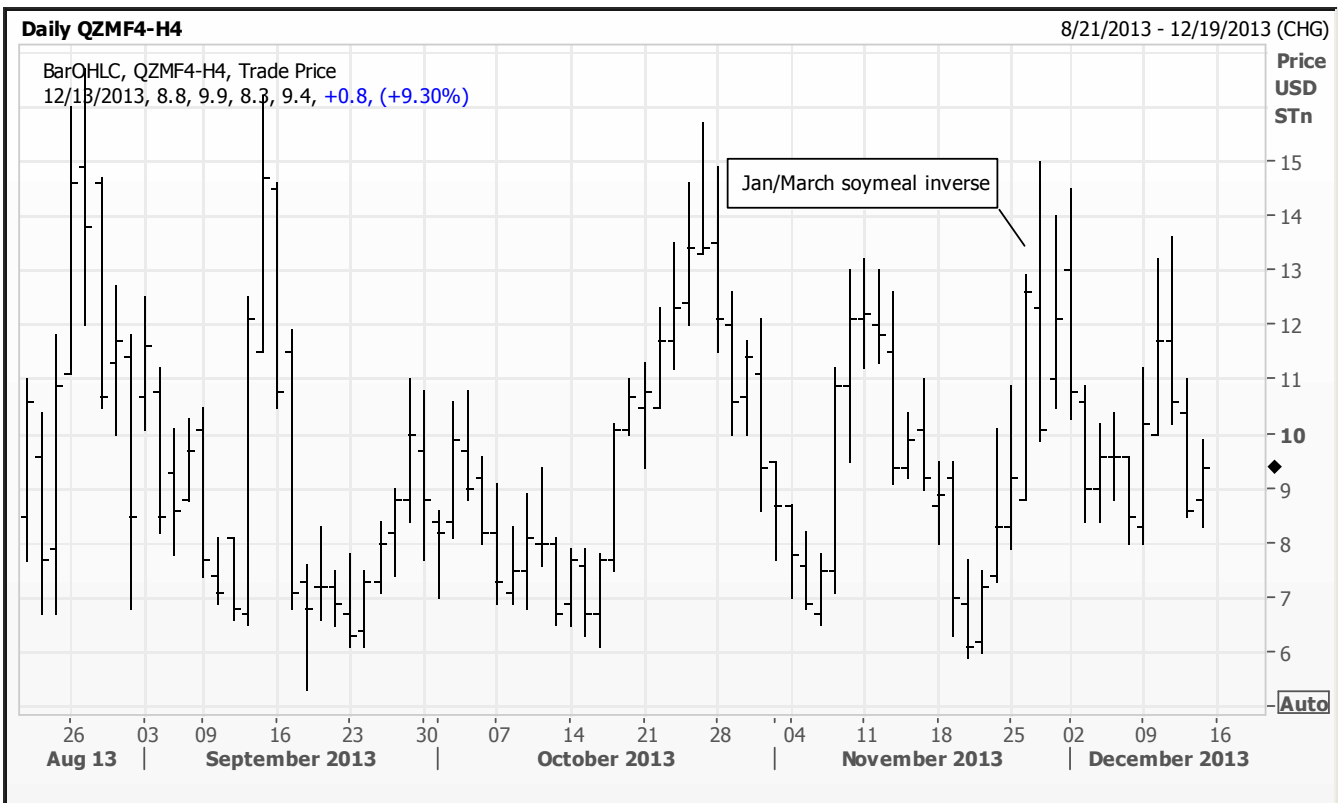
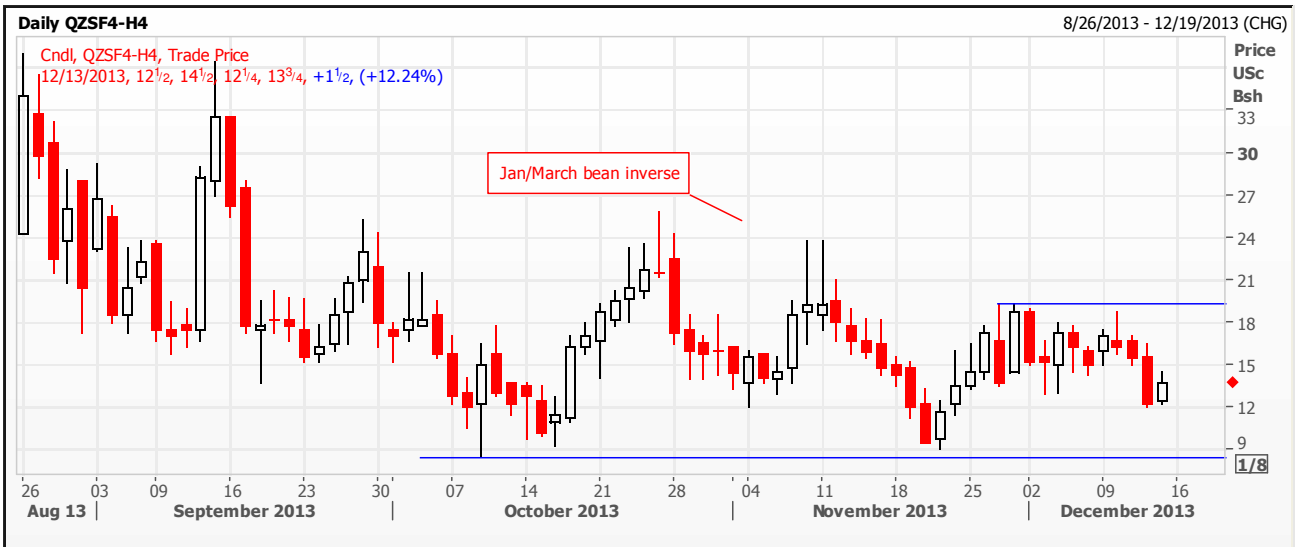


SOY-COMPLEX: Compared to corn and wheat the complex performed much better as beans and meal clawed their way back to the plus side late. Of course the fireworks in Dec meal at expiration where a 1 lot traded in the pit at \$510 was to blame. NOPA crush for November is out Monday with the avg trade guess of 161.3 mln bu with a range of 157.5-170 mln bu. If this comes to past it would be the largest November crush number on record for Nov and the 3rd largest on record (164.4 mln bu in Dec 2009). Interesting to note on the last 2 NOPA reports that the actual number has been above the avg trade guess by 2-3 mln bu. The avg guess on NOPA soyoil stocks are 1.437 bln lbs for this report vs 1.355 bln lbs in Oct. Interior US soybean basis is trying to stabilize at the processors after plunging lower the last 2 weeks on heavy US farmer selling. IL barge freight continues to firm on concern about low water levels. Jan/Mar bean spread found some support at 12 cents today after trading above

18 cents earlier in the week. Meal basis is also on the defensive as export demand shifts toward the cheaper S. American supplies for next spring. Weather forecast for S. America is still favorable right now but trade is keeping eye on shifting trend to drier weather for



Argentina and southern Brazil in the extended models. Stay tuned.



This material has been prepared by a sales or trading employee or agent of R.J. O'Brien and is, or is in the nature of, a solicitation. This material is not a research report prepared by R.J. O'Brien's Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions.

DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that R.J. O'Brien believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.