

DEC 2013 CORN

Corn managed to sneak out back to back higher closes thanks to another day of moderate gains in wheat and light fund short covering. Funds bought 3000 contracts for the session. Weather remains favorable for harvest across the vast area of the Midwest with only a minor system moving through this weekend with the heavier amounts with that system seen in the far west. Weekly corn export sales were slightly better than expected at 25.2 mln vs. 17.2 mln last week. YTD sales stand at 545 mln vs 398 last year at this time. US needs to average just 14.9 mln/week to reach the USDA's export projection. Basis markets remain dynamic as ECB and far NW values have plunged, but the Central region remains extremely high and in search of supplies until harvest bushels become more available. Adding to tension in the Central region is the fact that many producers will be cutting beans while the end users still need corn for the next two weeks. Stay tuned! The corn spread trade was flat and continues to reflect the market's expectation that the crop is big and likely getting bigger. CZ/CH has settled between 11 3/4 and 13 1/2 every day since July 1!! Corn chart is trying to turn friendly, but may continue to struggle in the short run. Look for support at 451-453 in the overnight trade, with resistance at 458-460. For the week, CZ is up just 6 cents vs WZ up 32 and SX up 1 1/2 cents.



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NOVEMBER 2013 BEANS

Beans slipped 5-8 cents lower at the close, meal fell \$2-3, and soyoil finished with slight losses after falling to new contract lows. Funds were modest net sellers of beans/meal and traded soyoil even in a light volume session. The USDA reported bean sales of 103.5 mln beans, consisting largely of the signing (routine) with China. YTD bean commitments stand at 944.2 mln vs. 815 last year at this time. US needs to average only 9.5 mln/week in sales to reach the USDA export projection. New crop meal sales exceeded expectations. Harvest weather looks favorable with only slight interruptions over the next 10 days. Nearby bean basis premiums continue to erode as harvest looks to expand more noticeably next week into areas of the central Midwest. Gulf values were again firmer at +95/+102. Bean spread trade was firmer SF thru SK and weaker SK forward. SX/SF settled at a 2 carry as it maintains its 7 day sideways pattern. Yield reports continue to exceed expectations in many areas, but may become more variable as harvest expands into the drier regions over the next 2 weeks. Note on the chart that SX is finding retracement support at current levels on a close only basis. USDA Sep 1 stocks report will be released Monday at 11:00 am. Look for a two-sided overnight trade with support 2-4 cents lower and first significant resistance 6-9 cents higher.



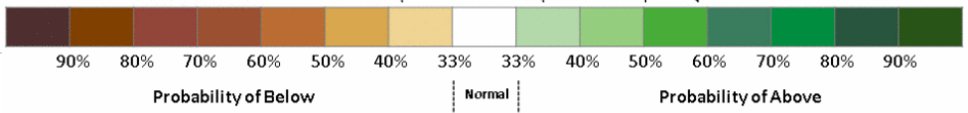
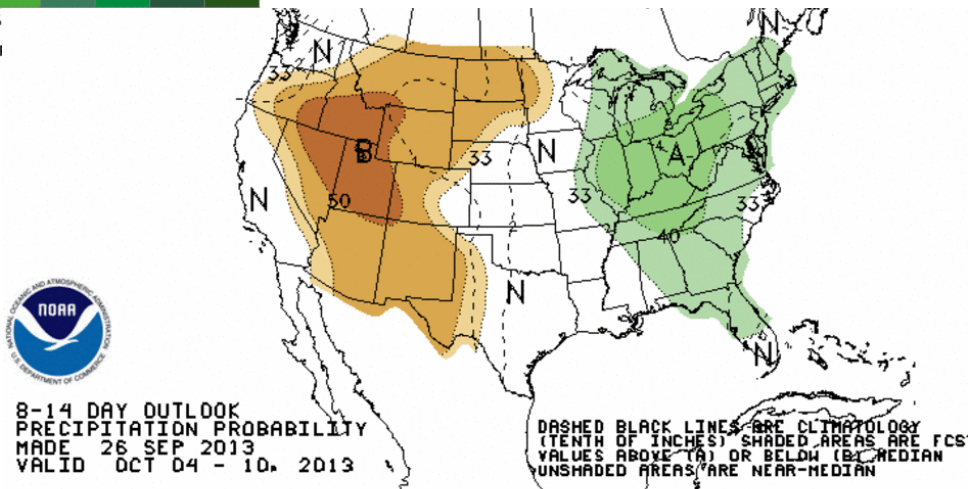
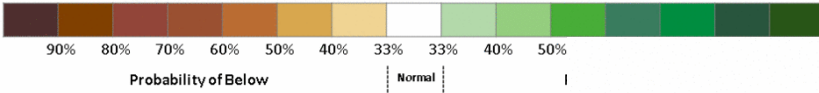
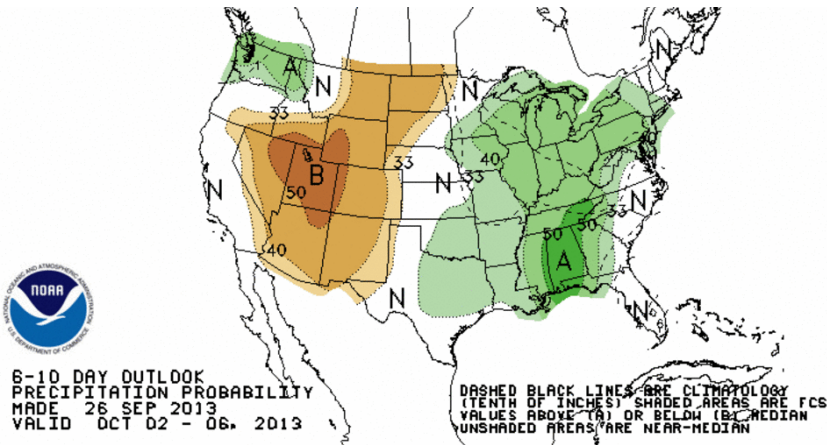
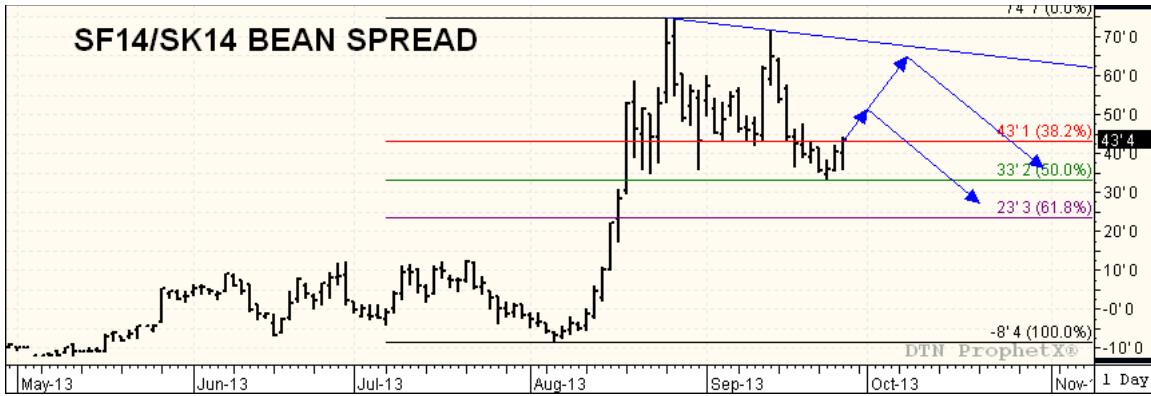
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DEC WHEATS

Wheat futures posted their 4th straight higher close on moderate fund buying (4000 cts) and continued strong export demand. The USDA reported a solid 22.8 mln weekly sales number vs 25.9 mln last week. YTD wheat commitments stand at a healthy 650 mln vs 469 last year at this time. US needs to avg 12.3 mln/week to reach the annual export projection. For the week, funds have bought an estimated 14,000 contracts as they cover a portion of their long standing short position. Rains in the plains will be beneficial to winter wheat plantings. On the chart, WZ posted its highest close since July 16. WZ should find increasing resistance as it approaches the 682-685 area. Note that KWZ closed at a premium to MWZ to the tune of 3 cents. Look for some consolidation on Friday as the trade absorbs this week's impressive gains.



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