

# Closing Grain & Soybean Comments

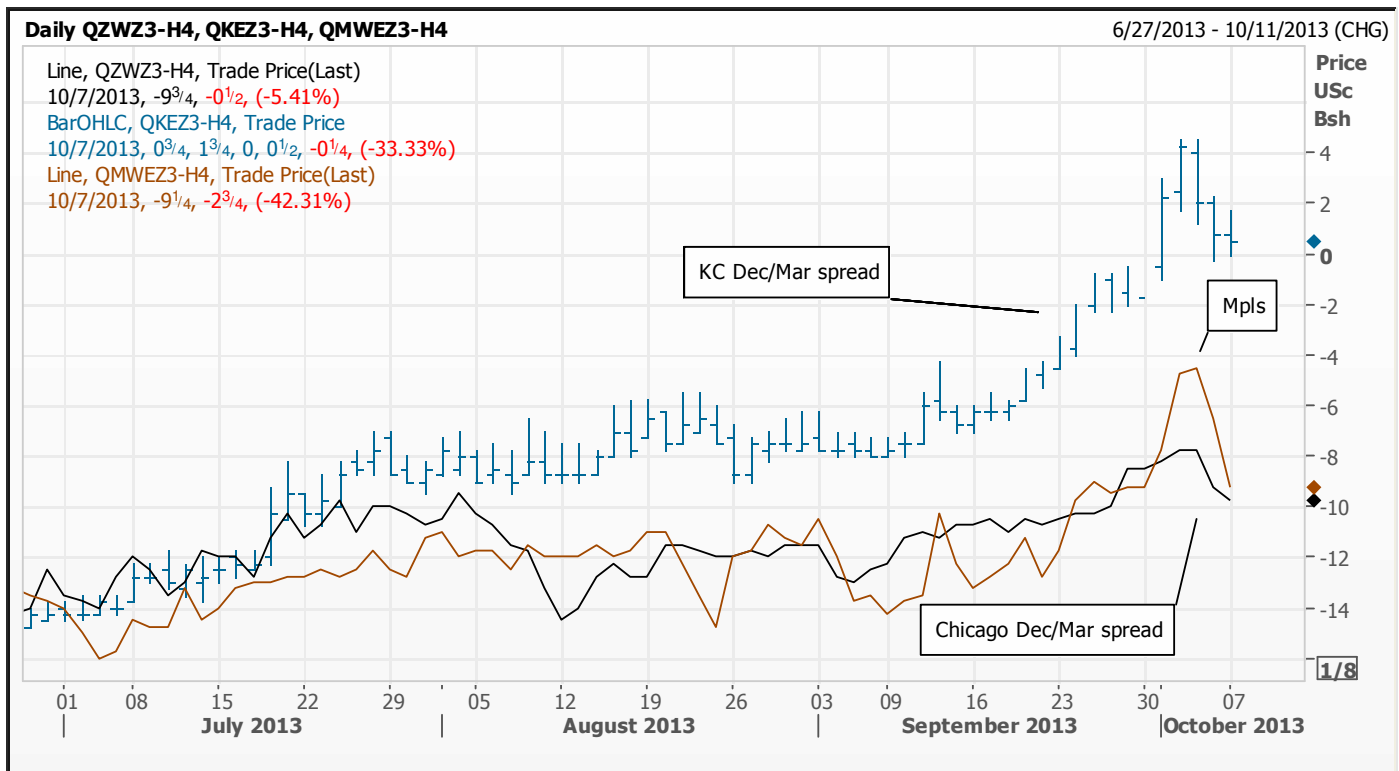
Kevin Riesberg Monday, October 7, 2013

**CORN:** Corn market rallied today on short covering with funds thought to have bought 9k contracts of corn. Support for corn came from wheat's continue march upward along with rumors and chatter that China might have booked US corn. Yet CIF and PNW cash markets are not showing any significant strength if the Chinese buying was true. USDA did confirm today that it will NOT be putting out the October crop report this Friday and would not give an estimate when it will do so. Reuters reports the avg trade guess on yield of 156.5 with a range of 152.9 to 159.4 bpa. Avg production estimate is 13.802 bln bu with a range of 13.483-14.150 bln bu. With the govt shut down there will be no crop progress report this afternoon though many private estimates are falling in the 20% area on harvest progress. Weekly export inspections were put out by the FGIS (their budget in part paid for by user fees) and corn inspections were solid at 25.3 mln bu. Corn spreads narrowed in slightly today with the short covering in Dec as the Dec/Mar continues to find strong resistance at 13 cents carry with very light farmer selling so far. Resistance for Dec toward \$4.52 1/2- \$4.53 (1st retracement level and 20 day MA) and then toward \$4.63 which is near the 50 day MA and 38% retracement level, see chart below.



**WHEAT:** Wheat moving higher again as technical signals encourage more short covering in Chicago and KC wheat. Rising wheat prices in the Black Sea region on growing concern about wet conditions there along with solid US export business continues to fundamentally underpin the market. Weekly US export inspections were a solid 29.8 mln bu with shipments to Brazil being the highlight. Algeria, Iraq and Jordan are tendering for wheat this week after passing on tenders last week. Most of this business is likely to get done out of Europe and the Black Sea. While winter wheat plantings are running far behind in Ukraine and Russia, winter wheat plantings are underway in France with 9% done as of Sept 30th compared to 3% last year. US winter wheat plantings are likely to be over 50% complete (vs 39% last week). Cash values are steady to a little softer with the Dec/Mar spread widening slightly in all 3 exchanges, see chart on next page. Chicago Dec wheat is expected to find some resistance toward \$7.00 and in KC Dec toward last week's high at \$7.64 1/2. With no fresh fundamentals look for

technical signals to dominate trade action.

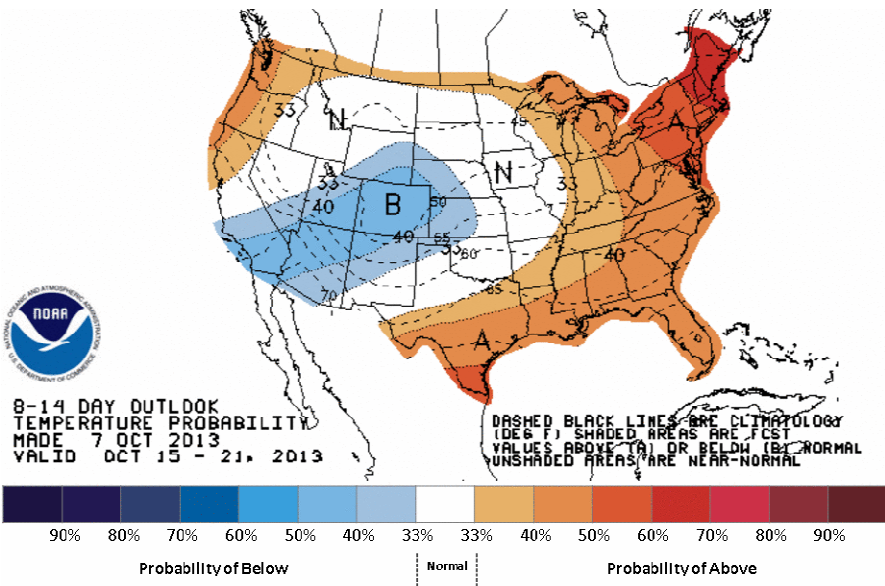
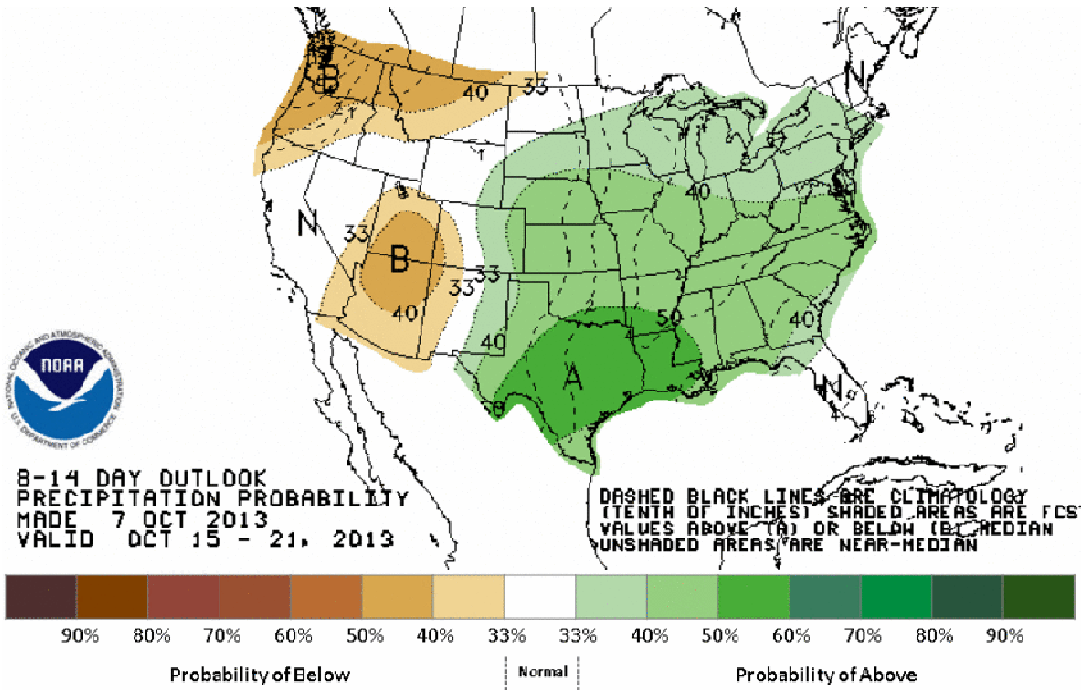


SOY-COMPLEX: The soy-complex closed slightly firmer with support coming from wheat and corn though front months saw some pressure as the Goldman roll kicked off today (Nov/Jly softened 6 cents today). Harvest



pressure was light today with much of the Midwest too wet from recent rains though harvest progress should pick up starting tomorrow. Harvest progress nationally expected to be over 25% complete. Longer range maps continue to call for above normal precip in the Midwest, see maps below. Interior US soybean basis levels are mixed at the processors with some starting to roll meal bids to the Dec tonight. Crush margins remain robust. Weekly export inspections were supportive at 30.5 mln bu vs 14.3 mln bu last year. Chinese markets finish up their holiday and will resume trade tonight. No USDA crop report this week though avg trade guess on the yield is 41.55

bpa with a range of 40.4 to 42.3 bpa. Production estimates range from 3.079 bln bu to 3.201 bln bu with avg guess of 3.156 bln bu Would look for drifting higher trade overnight with resistance toward the \$13.25 area.



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