

CORN: EASIER

There was a big rally in the corn market yesterday with July up 18 ½ cents and December up 10 ¼. Funds bought 12K contracts. The USDA announced China buying 360 TMT new crop corn and 180 TMT sold to unknown (I wonder who?). The weekly ethanol production numbers were also supportive at 875K barrels, compared to 857K last week. This surpasses the weekly rate that is needed to meet the USDA projections. Blending margins are still poor. Export sales were 104.6 TMT for old crop. We were looking for 100 to 200. New crop was 341.6, compared to guesses at 100 to 300. I view both numbers as supportive. Resistance in July is \$6.58 and then \$6.69. Support is \$6.41 and then \$6.32. The forecasts are mostly unchanged with scattered thundershowers this weekend for most of the Corn Belt. Next week looks to be drier for the northeast part of the belt. Right now that is the area that is most behind. We have held the uptrend line for now, and are trying to violate the downtrend line. Look for a two sided trade today.

As of the break, trade was 3 ½ lower in CN13.

SOYBEANS: MIXED

Export sales were positive across the complex. Beans and meal continue to see old crop bookings that make carryout a difficult at best proposition and impossible at worst. Cancellations of meal and/or beans will be necessary as the likelihood of importing beans is minimal. Weather will have some effect on planting progress over the weekend, negatively on getting the beans in the ground for most areas. Outside markets are in puking mode as Chinese economic data has Asian and EU markets down hard, mostly 2-6% lower. Spreads rallied strongly into the close and overnight the July pierced the \$15 mark. To cover the full gap to the May contract closing price it needs another 22 cents from the latest high mark. Basis is a mess with changes to contract month and processors buying beans on the rally. Still, there will be squeezes. Looking to the last few months of the marketing year, processors will be aggressive in finding beans to cover any additional sales and keep meal basis strong to maintain good margins. Another July liquidation day as hedges are moving to Aug. and Nov. It was a big day for meal in both OI and vol. 115 TMT sold to China for '13-'14. Look for two-sided trade and keep a keen eye on financial markets as they can pull all instruments down with them. **Beans:** V-200,832/OI-585,716 (+2,988); **Meal:** V-92,654/OI-273,416 (+6,737); **Oil:** V-80,992/OI-351,348 (-250)

As of the break, trade was 2 lower in SN13.

WHEAT: STEADY

Wheat bounced yesterday following corn because a lack of fundamental clarity in the market brought out the bulls. This morning wheat seems to be independent of corn, trading better as corn is lower widening the feed spread. The market has seen an influx of feed wheat over the past couple weeks due to lack of corn in certain regions and the narrowing of the spread. Exports sales this morning are 91% better than the previous week at 239,400 MT of old crop sales. This is up 55% on the four-week running average and gives the USDA a glimmer of hope at the potential for making their estimates. Solid moisture and overall good conditions have Europe looking strong, but lower acreage has Strategie Grains cutting their estimate by 200K tonnes. Look for a steady trade as the market absorbs any information on Texas harvest and gauges global fundamentals.

As of the break, trade was 3 ¾ higher in KWN13.

CATTLE: MIXED

The cattle market imploded yesterday after two strong days and lots of ballyhoo from the industry that the "lows were in" and there "would never be another bad day" for cattle prices. The buying over the last couple days appears to have been short-covering, led by technical more than any fundamental reversal of fortune for the cattle/beef markets. Speaking of beef, the choice cutout was up again yesterday afternoon, to \$211.20 now, while the select was down \$0.78 to now stand at \$192.19, total movement of 192 loads. Some cash trade developed yesterday, mostly \$124 in Texas on decent volume. Some \$202 traded in the North. Still a very strong basis of +4 to +5 versus a historical average of something closer to +1 or +2 for this week. Feeder cattle prices came under heavy pressure as well yesterday, with the May feeder contract coming off the board today and August sitting some \$13 premium, there may well be more to come out of the feeder market as August becomes the front month. Cattle are trading mixed this morning.

Please Note: There will be no evening trade Sunday, May 26th for trade date May 27th. Markets will have a regular Monday evening open for trade date May 28th.

Fund Position	Accumulative	Yesterday
Corn	+104,085	+12,000
Soybeans	+116,211	+7,000
Soybean Meal	+53,157	+3,000
Soybean Oil	-18,179	+1,000
Chicago Wheat	-28,916	+2,000
KC Wheat	+15,524	0



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