



CURRENT TREND: Lower **REASON:** Technical trends/fundamental issues/weather forecasts intact, but wheat problem weighs

DELAYED ENERGY REPORTS TODAY (NG @ 9:30, DOE @ 10 AM); EXPORT SALES @ 7:30 AM TOMORROW

MORNING TRIVIA: One out of every ___ Americans have at least one tattoo...

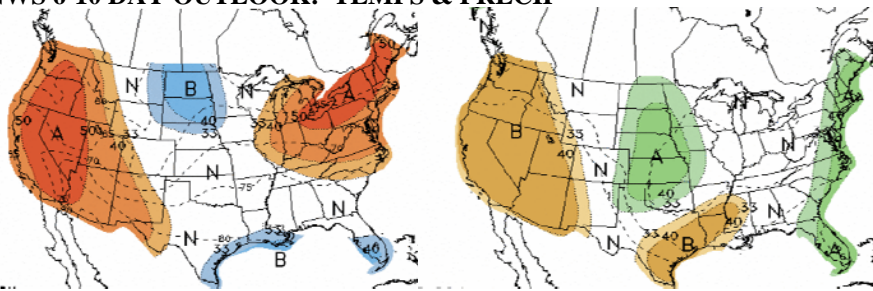
MARKET HEADLINES

- *Quick Editorial:* the USDA discovery of a non-approved strain of GMO wheat in a single Oregon field yesterday turned into a bit bigger of a deal than some had thought overnight, as Japan cancelled the U.S. white wheat portion of its regular tender and put imports of that product on hold. That's adding insult to injury for the current U.S. wheat (and overall grain) export campaign, and that was all it took to put the grains on the defensive this morning.
- South Korea's Nofi bought 68,000 tonnes of optional-origin corn from ADM this morning, for arrival by October 20, at \$277.50/tonne C&F. The tender had been for up to 70k tonnes; the feed manufacturer had bought a 55k-tonne cargo of Black Sea feed wheat for \$282.50/tonne on Tuesday.
- Japan is suspending imports of U.S. soft white wheat due to the discovery of an unapproved GMO wheat strain in Oregon; they're working with the U.S. embassy and USDA to investigate and approve the "safety of wheat" before resuming imports of that variety. SWW generally makes up about one-third of the wheat shipped from the U.S. to Japan, and 17% of all U.S. wheat exports. Japan did still buy 117,035 tonnes of food wheat in a regular weekly tender today, including 53k tonnes from the U.S. (HRW and DNS varieties), and 64k from Canada. They cancelled an offer to buy nearly 25k tonnes of U.S. western white wheat.
- China's Shuanghui International Holdings, Inc. (the majority stakeholder in the country's largest meat processor) bought U.S. giant Smithfield Foods yesterday for around \$4.72 billion. Smithfield had been under pressure from its own shareholders as of late to improve shareholder value or even split up.
- Kazakhstan's Ag Ministry reported cumulative 2012/13 grain exports (July 1—May 20) at 6.3 MMT, down from 9.5 MMT in the same span last year; they expect total '12/13 exports to reach 7-8 MMT, down from 12.1 mln LY.

WEATHER UPDATE:

- Another wide swath of 1-3" rains fell across the heart of the corn belt over the past 24 hours, chiefly from northern KS/eastern NE through central IA and into SE MN/western WI; plenty more rain is on the way through tomorrow and even Saturday before this system finally moves out to the east over the weekend. The next rain event will be firing back up in the northwestern corn belt as soon as Monday night, barely leaving a 2-3 day dry stretch for most as rains again spread across the Midwest next week into the 6-10 day period. 11-15 day forecasts do stand somewhere near normal precip for U.S. growing areas (or even below-normal for the key north-central belt), for what it's worth, while extended temp forecasts have moved to the cooler side as of late

NWS 6-10 DAY OUTLOOK: TEMPS & PRECIP



CFTC MANAGED MONEY & RECORD (Since June 2006) POSITIONS:

	Corn	Beans	Meal	Oil	Wheat	KC Wht
Daily	5,000	-4,000	2,000	-5,000	3,000	0
Est Net	123,682	115,377	55,735	-16,409	-40,565	9,604
Rec +	409,444	240,937	98,846	83,895	73,662	61,669
Rec -	-33,141	-45,088	-54,855	-56,629	-56,406	-3,855

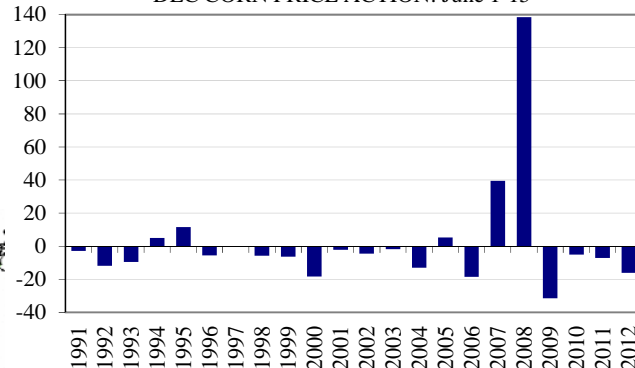
NIGHT SESSION (to 7:00 AM): Grain Volume: 65,572

Symbol	High	Low	Last	Chg	Vol
CN3	667.25	662.75	663.25	-1.75	3,957
CU3	595.50	591.25	591.25	-2.50	3,046
CZ3	567.00	561.25	561.25	-4.50	9,427
WN3	702.25	695.75	695.75	-7.00	4,076
KWN3	747.50	742.00	742.75	-5.00	476
SN3	1507.50	1493.75	1493.75	-8.00	5,956
SQ3	1435.00	1425.00	1425.50	-3.75	752
SX3	1293.00	1285.00	1285.00	-3.50	7,061
SMN3	445.80	442.00	442.10	-2.20	2,606
BON3	48.78	48.47	48.49	-0.14	7,592
CLN3	93.29	92.34	92.58	-0.55	34,844
DXY	83.77	83.27	83.70	-0.01	14,254

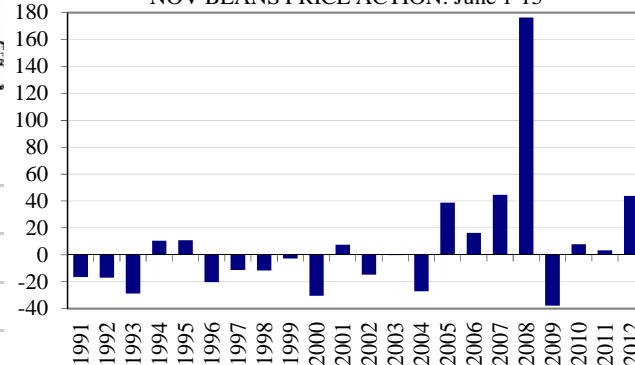
FUNDAMENTAL UPDATE

Today's charts show price action of the key new-crop CBOT corn and soybean contracts, over the first half of June, since 1991. The massive 2008 moves not only skew both charts, but the '08 corn rally (adding 138.5 cents over from June 1-15, as part of a \$2/bu increase altogether) was one of only three gains over that span since '95. Bean action has been decidedly more positive than corn during this time frame in recent years—last year's 43.75-cent gain undervalues the \$5+/bushel rally from early June through early Sept.

DEC CORN PRICE ACTION: June 1-15



NOV BEANS PRICE ACTION: June 1-15





TRIVIA ANSWER: 7

CORN COMMENTS

July corn lost a penny and a half yesterday, but closed strong despite the lower high and low; CN found plenty of support in the 650 area, with MA's clustered from there on down. Resistance remains at 670 and 674 1/4 (100-day MA) - 675.

SUPPORT / RESISTANCE OUTLOOK

Term	Support	Resistance	Our Bias
Short	651.50	669.75	Neutral
Long	610.00	669.75	Negative

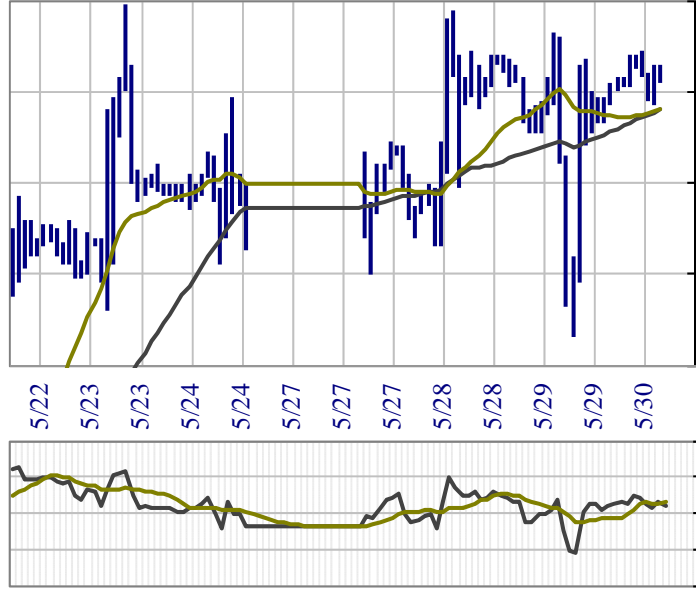
TREND OUTLOOK

Term	40-Per MA	20-Per MA	Trend
60 Minute	664.00	664.00	Lower
Day Chart	641.38	651.76	Higher

TECHNICAL INDICATORS

Open Int	Volume	Volatility	RSI Levels
Decreasing	Normal	Low	Neutral

60 MINUTE JULY CORN - eCBOT, w/ MA's & RSI



SOYBEAN COMMENTS

July beans settled back in with an inside session yesterday, managing to close mid-range and above the \$15 mark; resistance above that remains at retracements at 1514 and 1527 1/4, followed by last week's 1546 3/4 high and 1550.

SUPPORT / RESISTANCE OUTLOOK

Term	Support	Resistance	Our Bias
Short	1471.25	1546.75	Positive
Long	1341.00	1546.75	Neutral

TREND OUTLOOK

Term	40-Per MA	20-Per MA	Trend
60 Minute	1502.47	1500.98	Lower
Day Chart	1404.49	1437.70	Higher

TECHNICAL INDICATORS

Open Int	Volume	Volatility	RSI Levels
Increasing	Heavy	High	Overbought

60 MINUTE JULY BEANS - eCBOT, w/ MA's & RSI



WHEAT COMMENTS

July wheat tested both sides but closed strong yesterday for a nine-cent gain, above \$7 but again unable to make headway into a cluster of MA resistance around 705 (20 thru 50-day); support has held in the 690 area though, with 674-675 up next

SUPPORT / RESISTANCE OUTLOOK

Term	Support	Resistance	Our Bias
Short	687.00	709.00	Negative
Long	674.00	736.75	Neutral

TREND OUTLOOK

Term	40-Per MA	20-Per MA	Trend
60 Minute	696.21	698.25	Higher
Day Chart	704.46	701.51	Lower

TECHNICAL INDICATORS

Open Int	Volume	Volatility	RSI Levels
Decreasing	Normal	Neutral	Neutral

60 MINUTE JULY WHEAT - eCBOT, w/ MA's & RSI



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