

**Corn:** Corn traded both sides of unchanged during the session. The Dec was able to hold yesterday's low of \$4.55 but as has been the case lately, was unable to extend even small rallies. It settled down 1 cent on the day to \$4.58 ¼. The September contract finished 4 cents lower at \$4.68 ¼. The Sep-Dec inverse spent most of the day trading in the 10-13 cent range before settling at 10. News was very light and this left corn vulnerable to other markets, such as the weaker wheat and energy contracts.

2013/14 US Production				
	RJO	Average Estimate	Estimate Range	USDA July '13
<b>Corn</b>	14.007	13.980	13.485-14.269	13.950
<b>Yield</b>	157.1	157.7	154.0 - 161.2	156.5
<b>Soybeans</b>	3.400	3.338	3.220-3.400	3.420
<b>Yield</b>	44.2	43.5	42.0 - 44.4	44.5

Corn is also struggling to find direction with the August USDA reports less than a week away. They will be released on Monday at 11:00 am Chicago time and will include an initial, objective look at the US corn crop. The table at the left shows the average trade guess on national yield of 157.7. RJO is at 157.1. Carryout of corn in the US is expected to be largely unchanged from a month ago for both the 12/13 and 13/14 crop years. Likewise, the world numbers are expected to be close to unchanged.

Much of the Midwest received rain in recent days, although the SW ½ of IA did mostly miss out, keeping some of the driest areas still dry. The southern Plains and Midwest are likely to see some additional rainfall this week while the northern Midwest will see only scattered events. The forecast then brings the next widespread rainfall chance during the middle part of next week. The 11-16 day also has rain early in the period. Just as importantly, temperatures are expected to remain cooler than normal, which is putting less stress on corn plants than is normal for this time of year.

Other news included: China accepted its first major shipment of GMO corn from Argentina which will increase exporters' confidence that futures loads will be accepted as well. This is likely to lead to an increase in Argentine corn exports into China. Agroconsult estimates that Brazil will produce 75.7 mmt of corn in the upcoming year, up 79.1 mmt in 12/13. The trade is looking for weekly export sales of 0-8 million bushels of old crop and 18-28 million bu on new crop. The funds sold 4,000 corn on the day.

Corn basis in the Midwest was mostly better yesterday with many locations improving 5-15 cents. Generous pushes are being paid as well. A few notable WCB locations did back off. Spot gulf bids improved to +130 U, up 10 cents from yesterday.

In corporate news: South Korea approved ADM's takeover of Glencore, leaving Australia and China still considering the deal. ADM is expecting all approvals to be final by the end of the year. Cargill announced yearly earnings of \$2.31 billion following a strong 4<sup>th</sup> quarter that saw earnings of \$483 million.

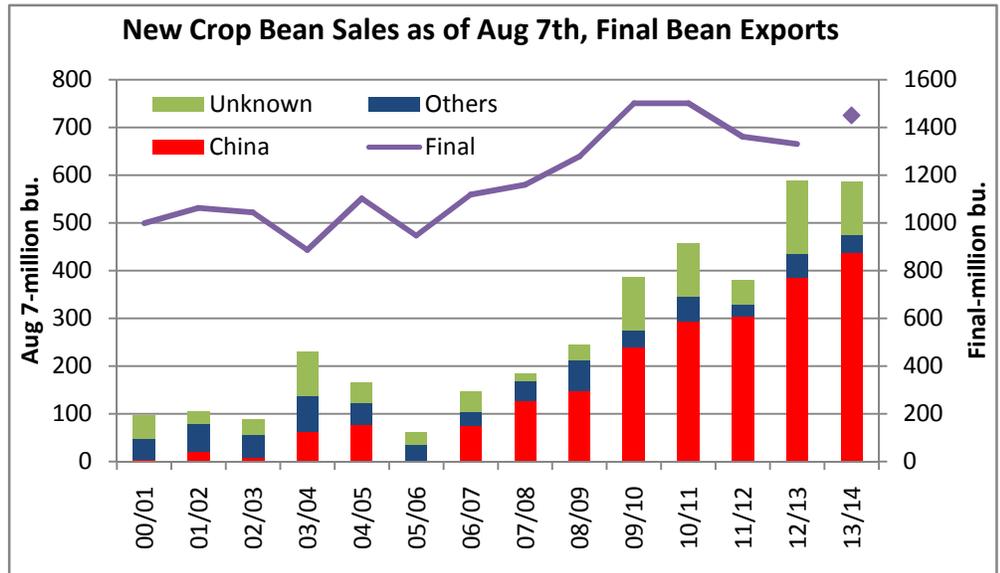
**Soybeans:** The soybeans traded both sides of unchanged. However, the November contract made new lows for the 7<sup>th</sup> consecutive session and still finished 1 ½ cents lower at \$11.65 ¾. The old crop contracts did manage to finish higher supported by the cash market, which is strengthening once again. The Sep settled at \$11.99, up 5 ½ cents. The bean spreads were firmer in general as the Sep-Nov inverse rallied to 33 ¼ cents and the Nov-July narrowed a penny to 16 ¾.

Weekly Export Sales-Aug 1st				
	12/13		13/14	
	Estimates	Last Week	Estimates	Last Week
Corn	0.0-7.9	5.3	17.7-27.6	43.0
Beans	0.0-3.7	2.9	25.7-36.7	37.9
Wheat	-	-	18.4-25.7	21.9

\*-all in mil bu. Source: Reuters

Dec meal rebounded following 4 straight lower closes; it settled at \$347.40, up \$1.70. The old crop contracts were up even more as the cash meal market finally shows signs of stabilizing. Oil, on the other hand, was down 45-50 points on the day putting the Dec at 42.10. This was the lowest close for that contract since September 2<sup>nd</sup> of 2010. Weakness in the energies weighed on oil as did fund activity. They bought 3,000 meal but sold 3,000 oil. 75 contracts of oil were delivered against the August contract.

The USDA announced the sale of 220K tons of beans to China, following the announcement of 110K tons yesterday. Shown at the right are new crop bean sales as of Aug 7<sup>th</sup> for every year dating back to 2000 as well as the final exports for that year. (2013 figured by adding latest exports sales report and all subsequent sales announcements and so are probably slightly understated.) Current sales to China are a record but sales to unknown are down from a year ago. Total sales on the book are very comparable to a year ago but it is interesting to note that the USDA is forecasting exports to be up 9% in 13/14 from 12/13 levels.



In other news: AGP announced that they will be expanding their Hastings, NE bean plant with plans to be completed by 2016, pending negotiations with state and local officials. Agroconsult estimated that Brazil will produce 86 mmt of soybeans in the 13/14 crop year on 4.4% more acreage than last year. The USDA was last at 85 mmt. Other estimates range from 80-89 mmt. NOFI became the 2<sup>nd</sup> Korean feedmaker in a little over a week to pass on all meal offers in a 55K ton tender.

Although some areas would like to see more rain, the current Midwest weather is seen as conducive to soybean's reproductive stage that is taking place throughout the month of August.

Recognizing the impact of August weather on the bean crop, the USDA will not begin objective bean production reports until September. Monday's numbers will be subjective and based on crop condition scores. The trade is looking for both a smaller yield number than last month as well as fewer acres. The average estimate on production is 3.338 billion bushels, down from 3.42. There is also an expectation that the smaller production will take the 13/14 US carryout down to 263 million bushels from 295 million last month.

Midwest basis bids improved 15-30 cents at many locations yesterday. The market leaders are again showing bids at or in excess of +200 X. Pushes above posted bids continue to be paid as well. Spot gulf bids are at +190 X with LH Aug bid at +150 X. Meal basis has stabilized this week with some locations even improving yesterday.

**Wheat:** Following a 1 day reprieve, the selling in wheat continued today as the Chicago contracts finished 4-7 cents weaker. KC and MN were down 3-5 cents as well. The ongoing harvest in the Northern Hemisphere continues to weigh on world wheat markets. US wheat also remains uncompetitive into some of the world's key markets. The December wheat in Chicago settled at \$6.56 ¼, KC was \$7.07 ½, and MN was \$7.44 ½. Like the flat price, the wheat spreads were mostly softer.

For Monday's report, the trade is looking for US wheat production to be basically unchanged from last month at 2.112 billion bu. Slightly higher winter wheat production is expected to be offset by a reduction in the spring wheat production figure. Not surprisingly, the 13/14 US carryout is also expected to be basically unchanged at 573 million bu. Weekly export sales are seen at 18-26 million, largely in-line with a week ago.

The Southern Plains will continue to see moisture in the coming days/weeks which will keep improving the moisture profile for key HRWW growing areas. Meanwhile, rains will abate over the Northern Plains this week and allow for better ripening weather to be seen for the growing spring wheat.

On the international front: Japan bought 52.6K tons of feed wheat in one of their regular tenders. Iraq bought 150K tons of wheat in their latest tender including 100K tons from Australia and 50K tons of Canadian. This tender confirms that US wheat is the world's most expensive on a C&F basis into the key North Africa/Middle East market. Russia has exported 1.23 mmt (45.2 million bu) of wheat so far in 2013.

The funds sold 4,000 wheat on the day.

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