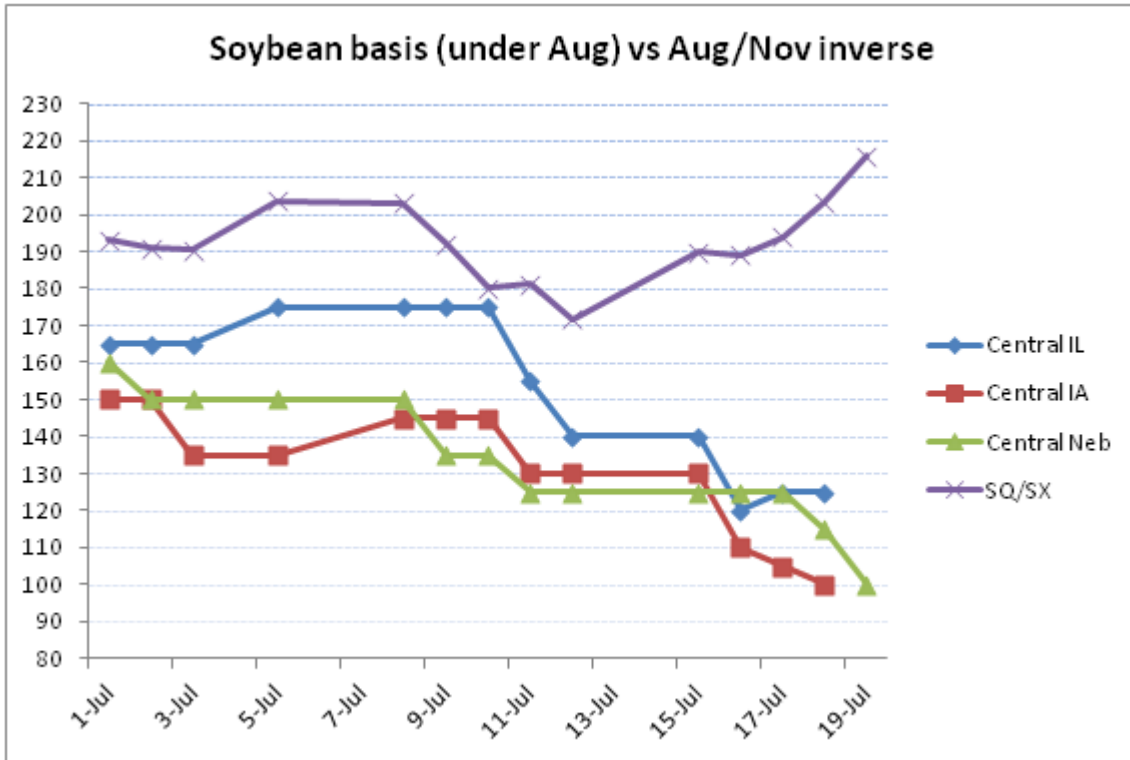


Closing Grain & Soybean Comments

Kevin Riesberg Friday, July 19, 2013

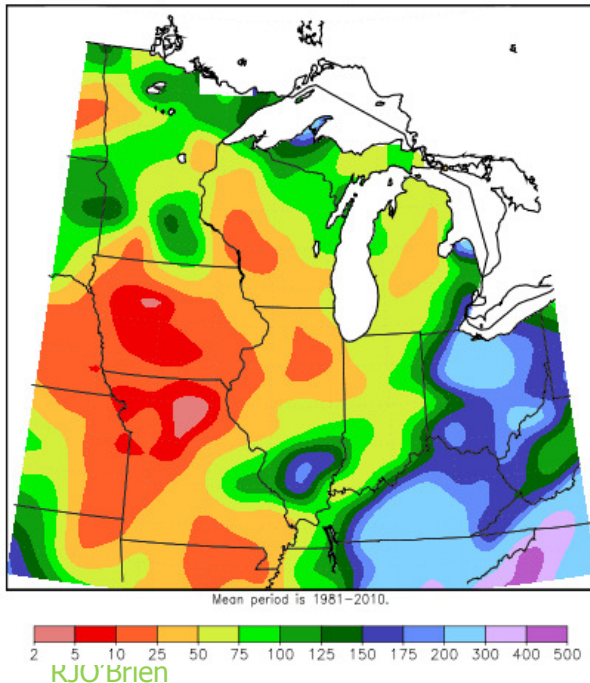
SOY-COMPLEX: Soybeans and soymeal continue to charge higher being led by the old crop August contracts today though new crop months did see some support on midday weather forecasts taking warmer/drier slant in the 11-15 day period.



August bean and meal basis continues to tumble as futures march higher. Chart at left showing how bean basis has broken 50-55 cents since the start of July, especially in recent days as the Aug/Nov inverse pushed above \$1.90. Meal basis is breaking in similar fashion and so far processors have been able to keep margins in black (over \$1.00 bu yet) by walking bean basis down. How much ownership the processors have is open

to debate with Western processors better covered for next few weeks than the Eastern Belt. Open interest in Aug beans is still over 44k contracts or 220 mln bu with just 8 trading sessions left. Export news is quiet though S. American basis values have been firming in recent days. Argentine govt yesterday afternoon lowered their old crop soybean production estimate from 50.2 mmt to 49.4 mmt. Updated weather maps will be the driver Sunday night/early next week with the question if the WCB gets the rains as advertized or will they be lighter than expected. Crop ratings are expected to fall 1-2% on the G/E come Monday afternoon, reflecting this week's dry conditions. Tonight's Commitment of Traders report shows the spec fund is long over 82k contracts of soybeans (up 8k) while long 35k meal and short 59k soyoil.

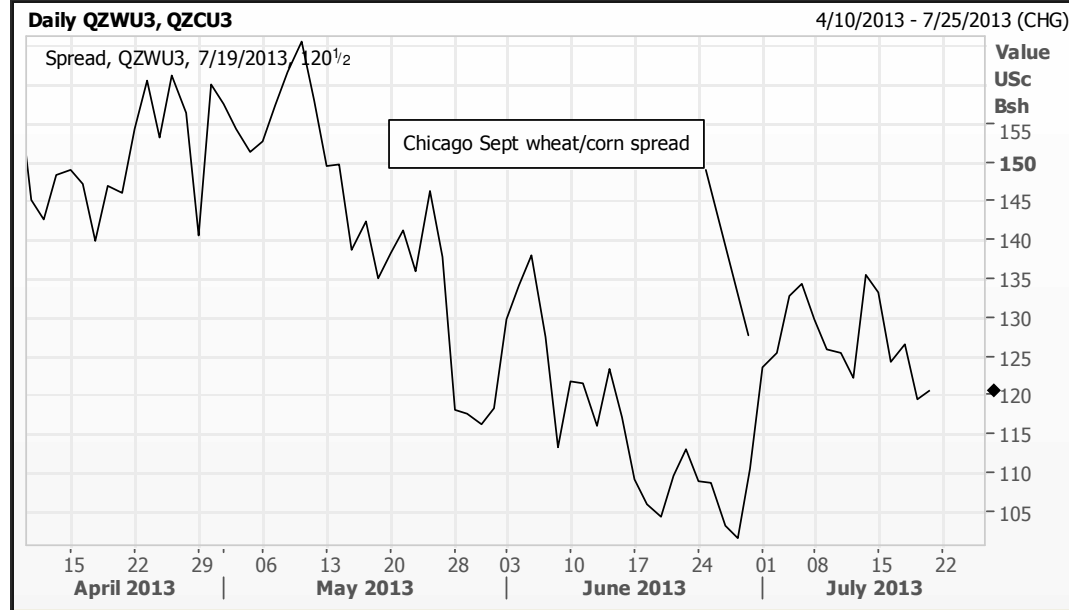
Accumulated Precipitation: Percent of Mean
July 1, 2013 to July 18, 2013



CORN: The corn market spent most of the session lower but did climb back later in the day as the midday maps backed off the rain next week for Iowa (pushed it into KS/MO) and brings heat back for early August. Pollination will be in full swing the next 2 weeks across the Midwest. Stronger soybean and wheat markets also helped while old crop corn basis continues to stair-step higher. The Sept/Dec inverse pushed out over 46 cents at one point as Sept is supported on the tight old crop supply & cash values while Dec corn struggles with a forecast that does see a large portion of the Midwest getting rain at some point next week (some models call for 3 different rain events by next Friday). The most critical areas in need of the rain are in western IA/eastern Neb and parts of northern MO along with some pockets in IL and ND, see map at left. Also keeping Dec corn under pressure are

cheap world values compared to US corn. S. Korea booked another 3 cargoes of corn for Sept and Dec from the Black Sea and South Africa at prices that were 60-70 cents/bu cheaper than US corn. Dec corn was able to hold key technical support today at \$4.90 but what the weather maps look like on Sunday night/Monday morning will determine if we breach it and head to \$4.75 or if we re-test resistance at \$5.25-5.30. Tonight's Cattle on Feed report was neutral with All on Feed at 97% of year ago, right in line with expectations. Tonight's Commitment of Traders report showed the spec funds did trim their short position slightly to 110k contracts, down 10k from the previous week.

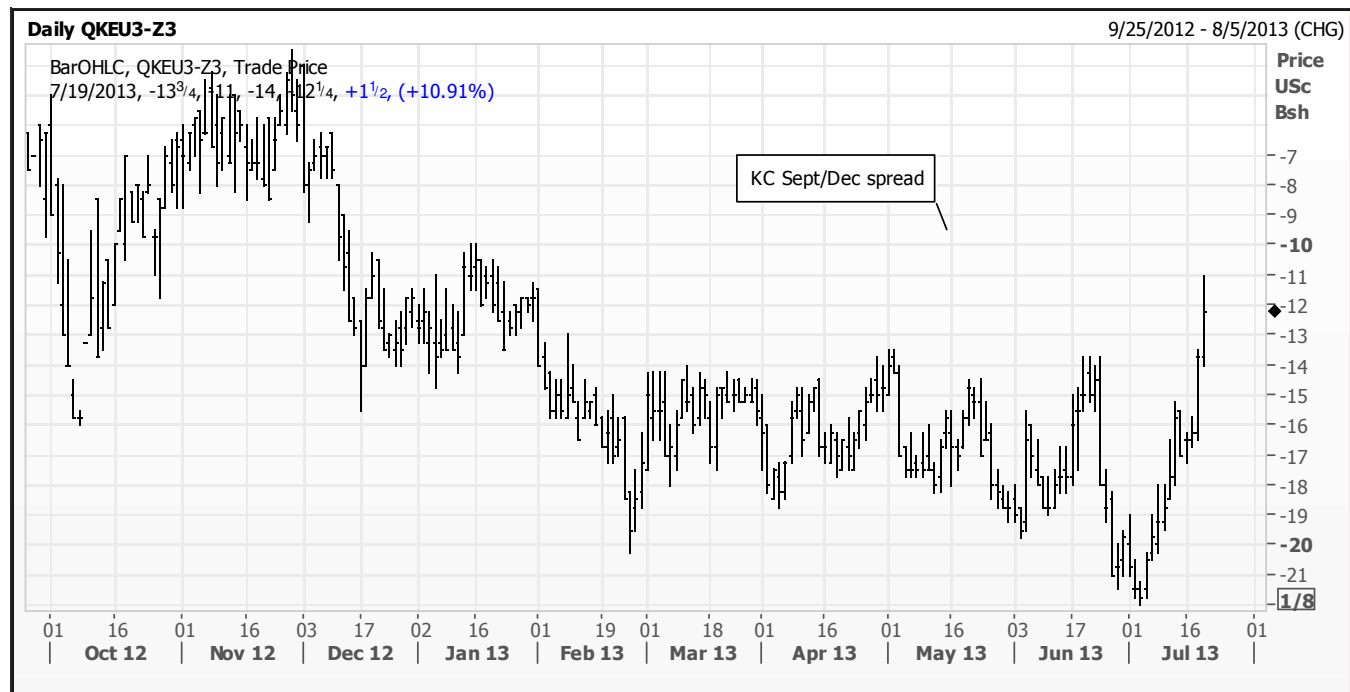
WHEAT: Wheat markets closed higher on short covering led by Chicago. USDA announced that China bought another 120,000 tons of SRW this morning which was deemed supportive. Country contacts report that vomitoxin remains an issue as SRW harvest drags on and next week's wet weather forecast for the ECB is not welcomed news for producers there (1-3 inches of rain expected). The wheat/corn spread is trying to find support now near \$1.20 as feeders hunt for off-grade feed quality SRW.



remains an issue as SRW harvest drags on and next week's wet weather forecast for the ECB is not welcomed news for producers there (1-3 inches of rain expected). The wheat/corn spread is trying to find support now near \$1.20 as feeders hunt for off-grade feed quality SRW.

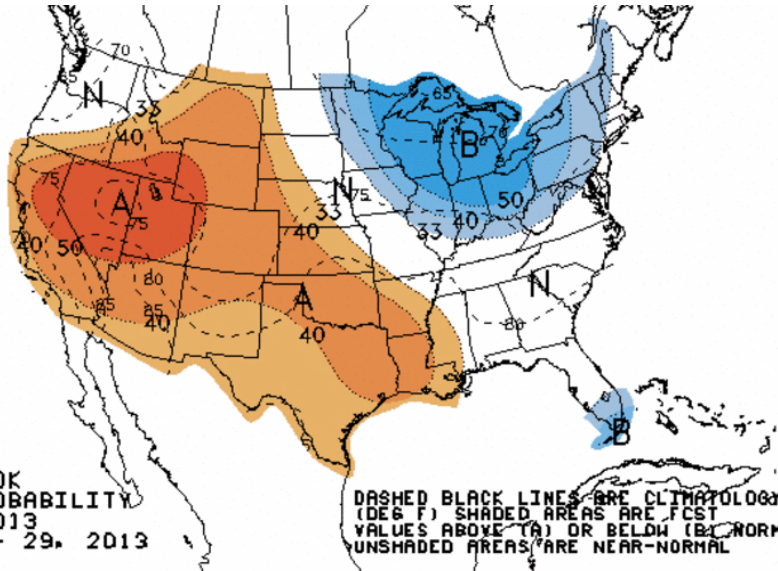
HRW basis is holding firm with the KC Sept/Dec spread hitting 11 cents at one point today, see chart below. In other parts of the world, French wheat harvest is now 3% complete and keeping an eye on the hot/dry forecast

for next week. Protein levels early on are on the low side with some French ports now setting minimums on inbound loads. In other news there was some chatter that Brazilian mills booked some wheat cargoes from both Canada and from Russia. Russian/Black Sea wheat prices continue to slide as they are in glut slot harvest. Spec funds are still short over 66k contracts in Chicago and short almost 20k contracts in KC yet. Look for market action Sunday night to be driven by the weather maps. Key support in WU is at \$6.50-52.

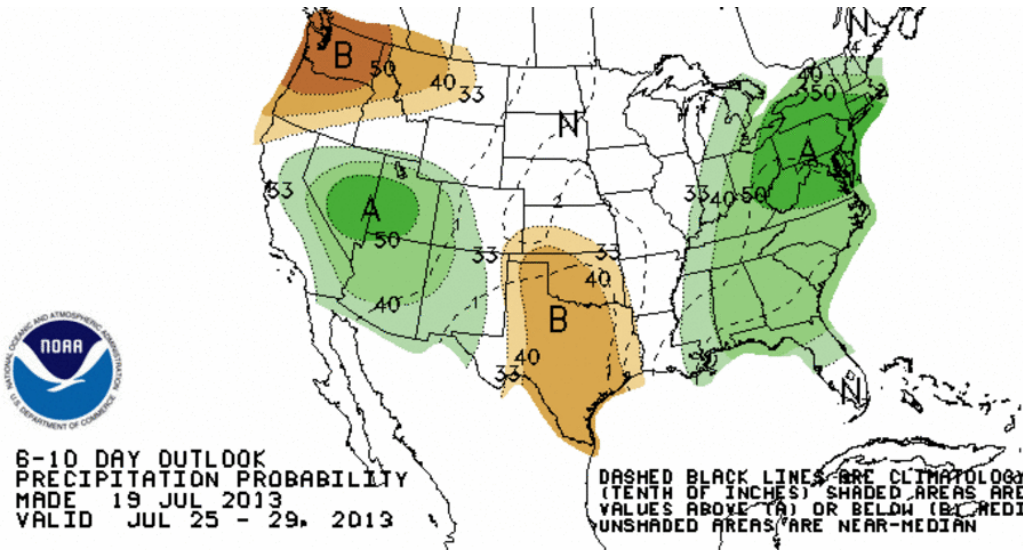
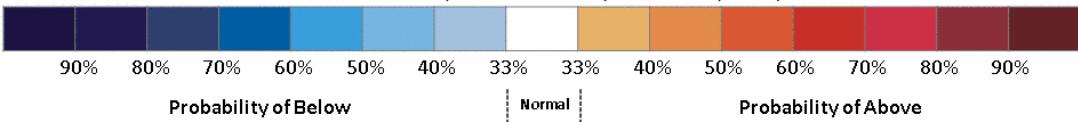




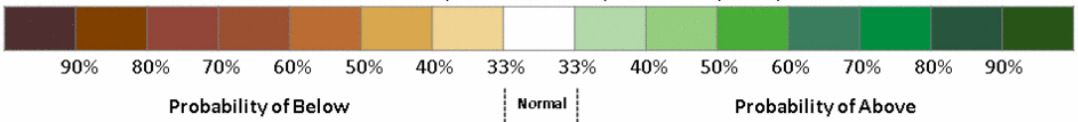
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 19 JUL 2013
VALID JUL 25 - 29, 2013



DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCS' VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL



DASHED BLACK LINES ARE CLIMATOLOGY (TENTH OF INCHES) SHADED AREAS ARE FCS' VALUES ABOVE (A) OR BELOW (B) MEDIAN UNSHADED AREAS ARE NEAR-MEDIAN



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 19 JUL 2013
VALID JUL 25 - 29, 2013

This material has been prepared by a sales or trading employee or agent of R.J. O'Brien and is, or is in the nature of, a solicitation. This material is not a research report prepared by R.J. O'Brien's Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions.

DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that R.J. O'Brien believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.