

# Closing Grain & Soybean Comments

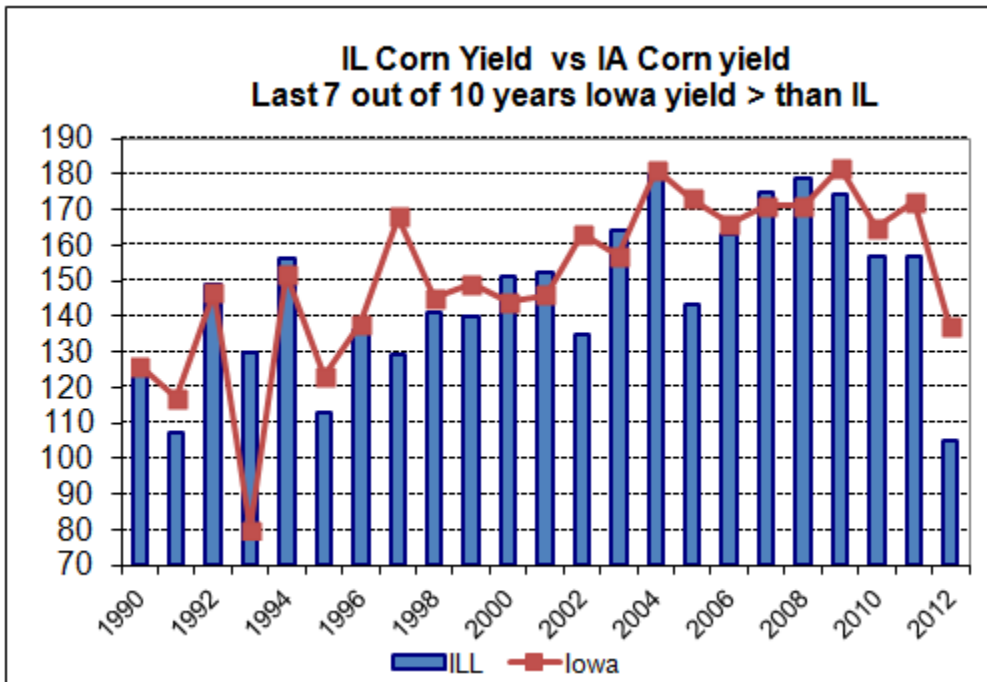
**Kevin Riesberg Monday, July 22, 2013**

**SOY-COMPLEX:** Limit up trade in August soymeal and sharply higher August beans leading the complex higher though soyoil values continue to struggle. The surge in the Aug/Nov bean inverse triggered most of the processors to roll their bean bids to the Nov (or the Sept futures) though a Decatur processor stayed under the August tonight. Many locations knocking bean basis off 10-40 cents when taking the roll on beans. Meal and soyoil though remain bid under the August, hence seeing a huge surge in the crush values to the processors tonight (well over \$1.00 bu with some locations as high as \$1.75 bu). Weekly export inspections were a non-event at just 2.8 mln bu and in line with expectations. Interesting to note the Sept/Nov bean spread pushing out to 64 cent inverse at one point today while the Nov/July bean spread almost hit a 10 cent inverse, see chart below. Expectations of crop ratings dropping 2-3% on the G/E in soybeans and concern about the lateness of the bean crop for the upper Midwest continues to underpin the Nov contract. But ratings fell only by 1% and so could give a little pressure overnight to the Nov contracts. Still many analysts believe the USDA has to lower their record yield projection for the US given current growing conditions (RJO's Randy Mittelstaedt currently is at 43.9 bpa). Farmer selling a little more heavy in the Eastern Belt after the good weekend rains in IL and IN while selling was much quieter in the WCB where rain amounts were disappointing (at least to the farmers). Would expect to see some follow through strength on the Aug/Nov and Aug/Sept as elevators & commercials roll bids and positions to match up with the processor market. Resistance for Nov beans remains toward \$13.00 but if the outlook for August for the WCB stays hot/dry then a test of \$13.50 is likely (see 8-14 day map on page 3).



**CORN:** Compared to the soy-complex the corn market was rather tame as it closed slightly lower with Dec seeing less than a 10 cent trading range. The corn market was torn between the very good rains over the weekend in MO, IL and IN of 1-3 inches (up to 7 inches in places) while eastern Neb and Iowa again missed out on meaningful rainfall. The next best chance for moisture for the WCB is at the end of the week though some midday models were trying to take a drier view. This afternoon's crop ratings fell 3% with most of the decline coming in the WCB. The trade expected a 2-3% drop. With the difference in conditions between IA and IL corn crop, it's interesting to review IL vs IA corn yield since 1990. The chart below shows that for the last 4 years and 7 out of the last 10 years Iowa had a larger corn yield than IL. The last time IL had a larger corn yield was in 2008 when it had a 179 bpa vs Iowa's 171 bpa. That year saw IL with above normal precip in the middle of July while Iowa saw a dry streak that month and below normal precip for much of July. Silking this afternoon was 43% complete vs the 5 year avg of 56%. The good news is that temps are to run normal to below normal the next 10 days which will help with a large portion of pollination. Corn basis levels softened in the ECB today with the good weekend rains

spurring on both old and new crop selling by the producer. Meanwhile in the WCB the movement was much, much lighter as producers wait for moisture. Ethanol margins continue to hold in for plants for August slot with better margins in the ECB vs WCB. Weekly export inspections were neutral at just 8.8 mln bu. Brazilian line up of corn exports starting to increase again as soybean shipments taper off with 3.5 mmt or 137 mln bu to load in August. Dec corn continues to be stuck in a \$4.90-5.25 range for now as the market waits to see how the rain event plays out for this coming weekend.

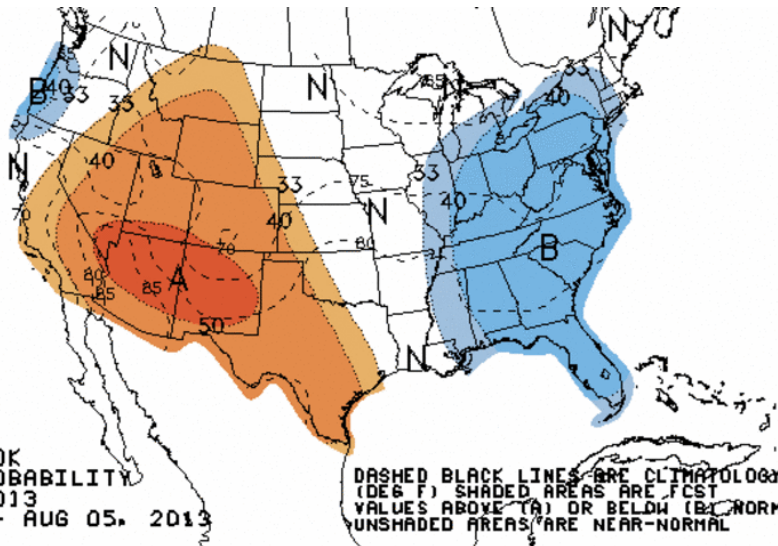


WHEAT: Wheat closed lower with negative corn market weighing on prices and general lack of news for the bulls to talk about. Wheat export inspections were 23.1 mln bu, right in line with expectations. French wheat harvest is gaining steam and yields are improving from earlier reports. Here in the US the SRW harvest jumping with OH going from 28% done last week to 98% tonight. IN also seeing similar jump in progress. In HRW harvest Neb is now 52% complete while SD is just 3% harvested vs 36% avg. Farmer selling remains quiet for now. Spring wheat ratings did slip again by 2% on G/E to 68% (but still better than last year's 60%). The Quality Wheat tour is to kick off from Fargo tomorrow and finishes up July 25th as they tour DNS and Durum areas. The chart below shows Mpls Sept contract has fallen over 30 cents/bu vs KC wheat since late June. Wheat basis levels holding to firm with ord and sub 12% protein firming against 13% and higher proteins. Look for choppy market action overnight with European and Black Sea harvest continuing to put pressure on world values. Have a good night.

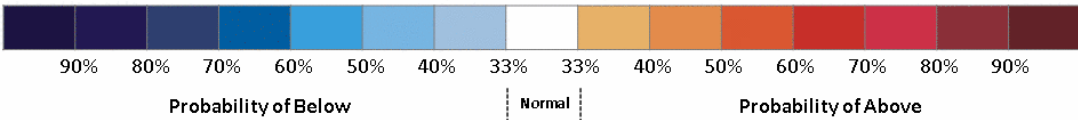




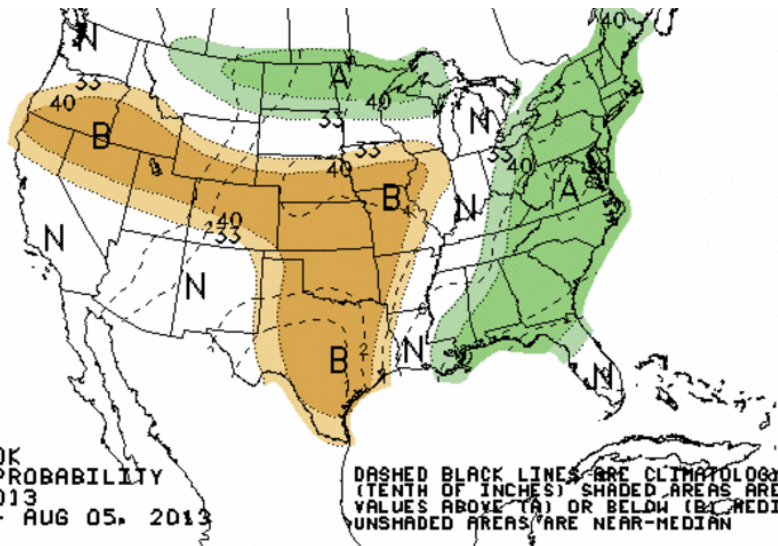
8-14 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 22 JUL 2013  
VALID JUL 30 - AUG 05, 2013



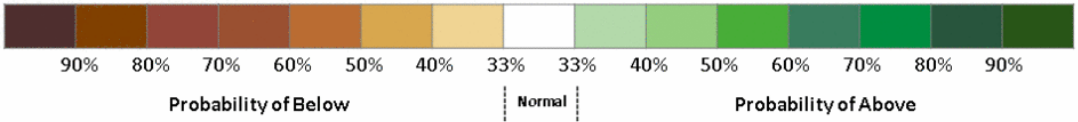
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8-14 DAY OUTLOOK  
PRECIPITATION PROBABILITY  
MADE 22 JUL 2013  
VALID JUL 30 - AUG 05, 2013



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