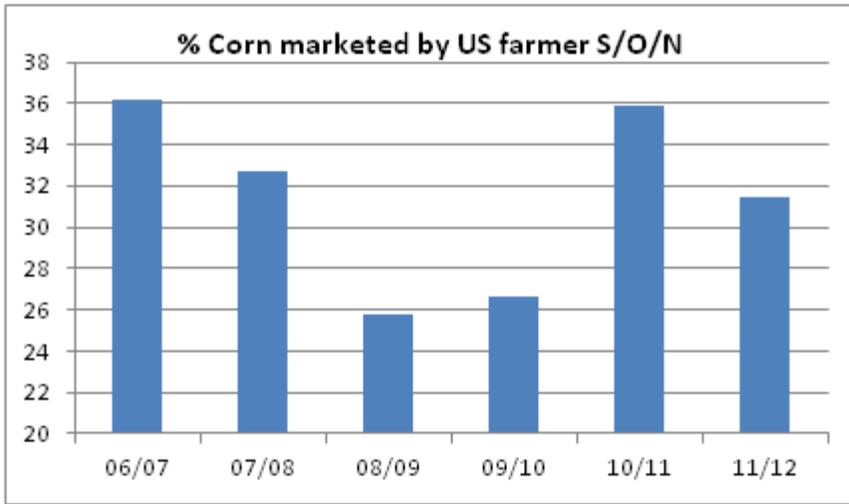


Closing Grain & Soybean Comments

Kevin Riesberg Monday, September 9, 2013

CORN: Corn closed lower on light fund selling as old crop basis levels tumbled and harvest gets going in the southern Midwest this week. Spot cash basis levels were off as much as 40-50 cents/bu today with most of the weakness in IL/ and southern IA, areas where harvest is just getting underway this week. Corn basis is still holding for now in parts of Nebraska, Dakotas and WI but eventually the inverse will collapse in these locations too. Cash sources note that where the inverse has collapsed that farmer selling is quiet. We would expect Sept/Oct/Nov farmer movement to be light this year as long as Dec futures remains below \$5.00. Looking at farmer marketing patterns in recent years, farmer do not like to move corn in a falling market.



Back in 2008 when Dec futures plunged that summer, farmers marketed less than 26% of their corn in that period compared to almost 36% of the crop in 2010 when Dec futures rallied through all of harvest. Currently today's Dec corn chart looks more similar to 2008 than 2010. This would imply heavier marketing by the producer next summer and leave basis/spreads to the do the work of filling the pipeline this Oct/Nov/Dec (unless the crop production reports give us a surprise in October or November).

Weekly export inspections were on low side at just 9.8 mln bu. S. Korea booked another 60k tons of option origin corn last night after other Korea firms booked over 230k tons on Friday.

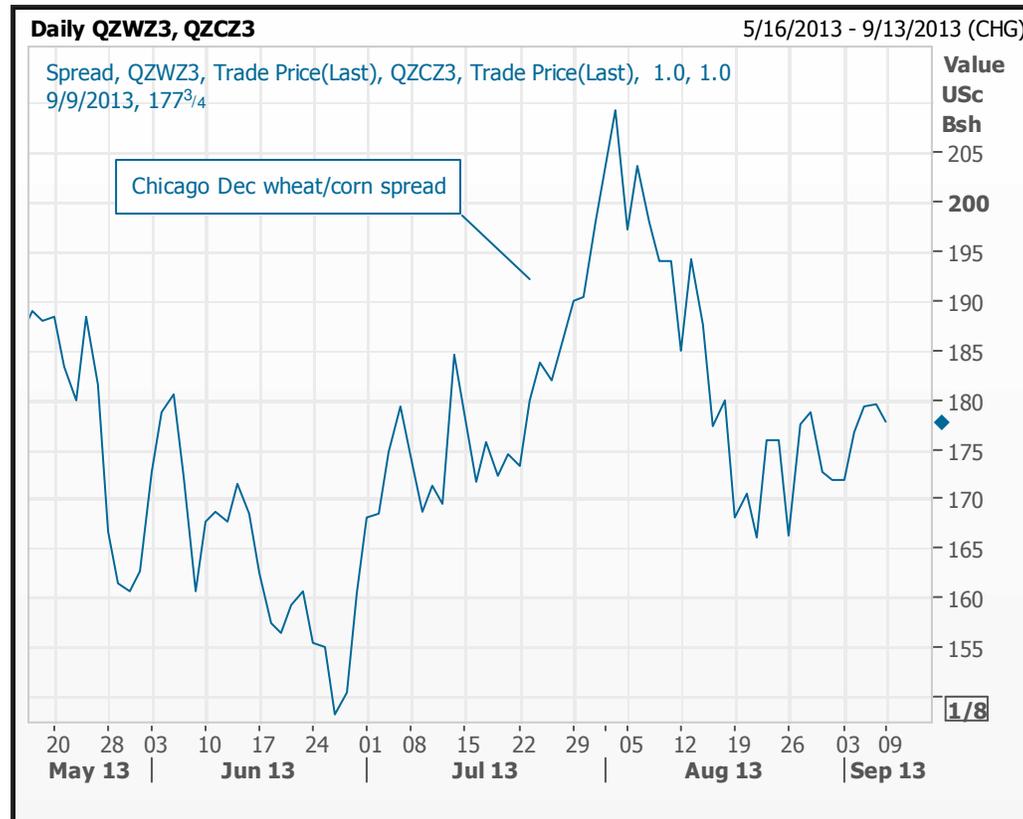
This afternoon's G/E rating fell 2% to 54%, which was expected. Dented did jump to 64% vs 42% last week with the recent hot/dry weather speeding maturity along. At this point no frost threat is seen the next 2 weeks and not an issue anymore.

Look for choppy trade overnight with \$4.57 support (last week's low).



WHEAT: Wheat was lower on lack of export news with even a solid weekly export inspection number of 31.6 mln bu failing to give support. Now this afternoon Egypt tenders for another round of wheat tonight. Trade was a little disappointed they booked just 60k tons on the last tender from Romanian. Trade will be watching to see if some Ukraine or Russian wheat is booked this time around. US winter wheat plantings are 4% planted vs 5% avg.

US spring wheat harvest is now 80% complete vs 79% on avg. The trade also now turning its eye toward the growing conditions in Southern Hemisphere with parts of Argentine wheat areas seeing some much needed moisture over the weekend. At this point spec funds are holding their large short position in Chicago (even in KC) and look for wheat to remain a follower of corn. Chart below shows Dec Chicago wheat/corn spreading stalling out toward \$1.80.



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SOY-COMPLEX: The bean complex finished lower after trading higher overnight. Collapse in Sept bean futures and midday maps a little wetter than morning runs were to blame for the softer trade in beans. Spot bean basis also started breaking at some processors with drops of 20-50 cents/bu seen from southern MN to MO to IL as the market deflates the inverse. Bean harvest is still mostly 2 weeks



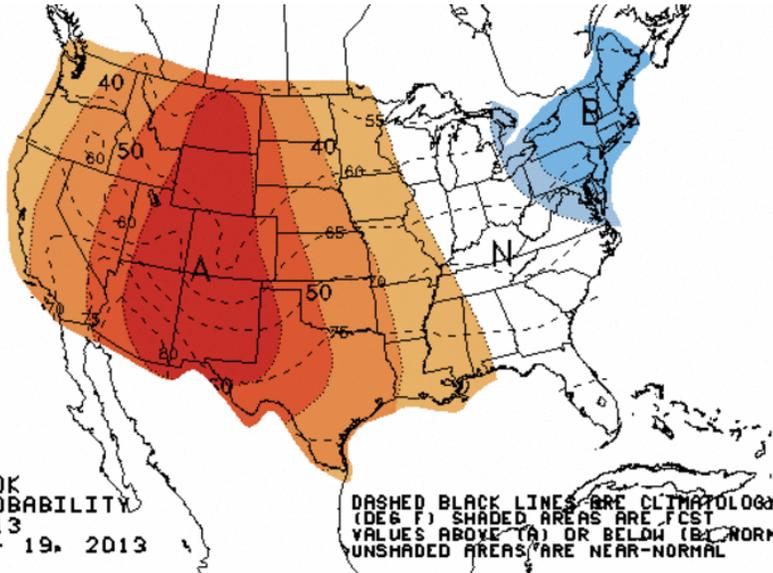
off with focus for right now on early corn harvest. Traders look for processors to roll their meal bids from Sept to Oct and be unable to hold most of the inverse (note the Sept/Oct inverse gave up over \$12 today).

Weekly export inspections on beans were just 2.2 mln bu but are expected to ramp up as we get closer to Oct 1. Export bids for Oct/Nov holding firm until the trade has a better idea of just how much damage this Aug/Sept drought has done to the US bean yield. Nov/Jan bean

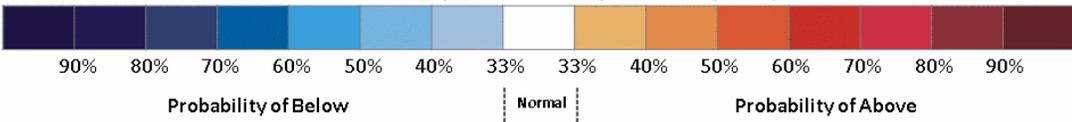
spread should support toward even money to 3 cents carry, see chart above. Tonight's Crop ratings saw G/E on beans fall just 2% instead of the 2-4% that some in the trade was expecting. Would expect to see some additional profit taking by the long spec fund crowd before Thursday's crop report. Support in SX at \$13.35.



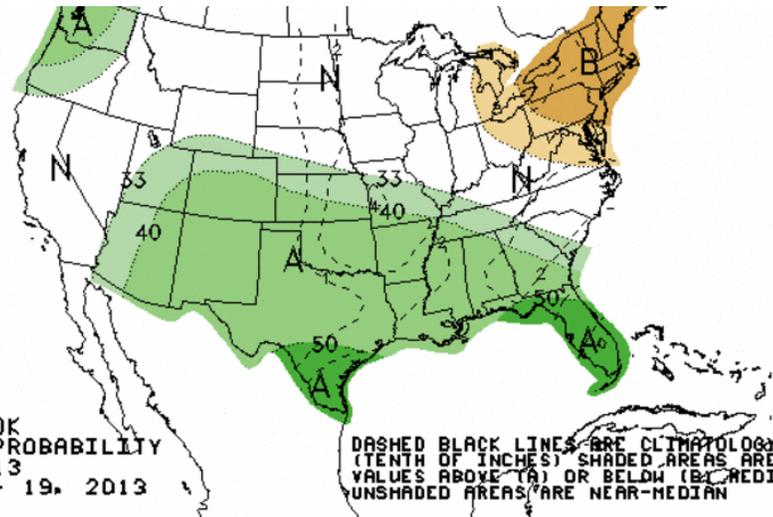
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 9 SEP 2013
VALID SEP 15 - 19, 2013



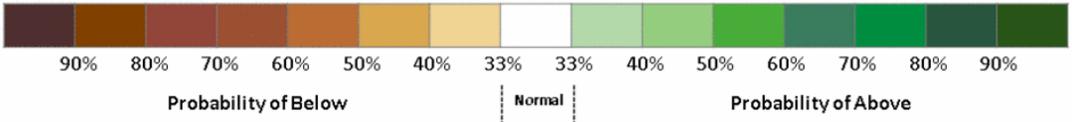
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6-10 DAY OUTLOOK
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MADE 9 SEP 2013
VALID SEP 15 - 19, 2013



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