

Closing Grain & Soybean Comments

Kevin Riesberg Friday September 2013

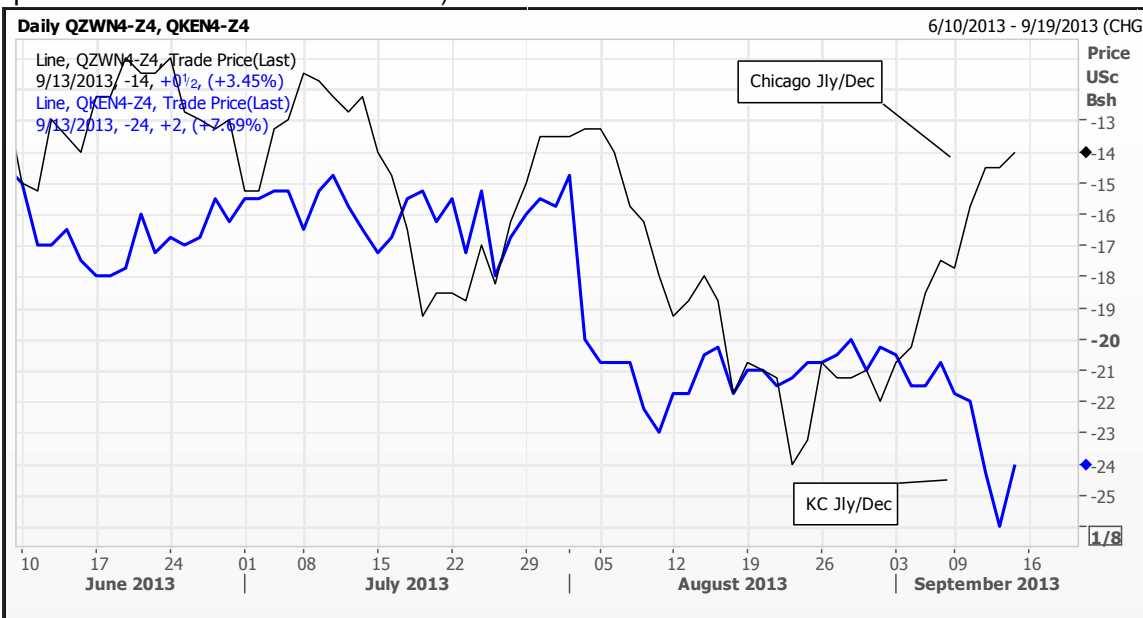
CORN: Friday the 13th was definitely not a good day for the bulls. Corn closed lower on follow through selling from yesterday's negative USDA report. Sept corn futures collapsed into expiration, down 29 cents for the day with the Sept/Dec going off at a 9 cent carry. Spec funds sold about 6,000 contracts today and are thought to have sold close to 20,000 contracts the last 2 sessions and now short almost 160,000 contracts. Support for Dec corn toward the recent low of \$4.46 with little support below this on the weekly continuous chart (below).



Trade though is well aware that FSA will update their acreage report next Tuesday morning with trade still debating if it will show a 1-2 mln increase in Prevent Plant acres. After that report the trade will have little to focus on except anecdotal reports of yield until the Oct 11 USDA crop report. Spot corn basis continues to leak lower with inverses dying quickly as harvest is expected to expand by middle to late next week. Today barge freight firmed 50 points to +550% spot now on

both Mid-Miss and IL River as low water and groundings plague the River system. Freight for last week of Sept and all of October running 600-625%. Rail freight values are still strong with UP shuttles for Oct at \$300 vs \$500 on the bid/offer while BNSF shuttles for Oct are bid \$800 vs \$1,200 a car. Debate continues into the country about farmer movement this fall but most in the country elevator system seem to agree that producers will sell beans this fall and store corn (though some believe producers will sell corn if they can get \$5.00 cash or clear \$1,000 an acre revenue). Corn spreads remain stuck in a holding pattern for now.

WHEAT: Wheat closed lower with KC Sept and Chicago Sept going off in very weak fashion while Mpls Sept fared better. Weaker corn market and a lack of export news for the wheat market to talk about weighed on values today. KC wheat basis was hit hard today with protein premiums down 10-19 cents from yesterday (11.4-12.6% proteins down 19 cents to +101Z). Other than Brazil demand and normal business with Nigeria, Japan and the

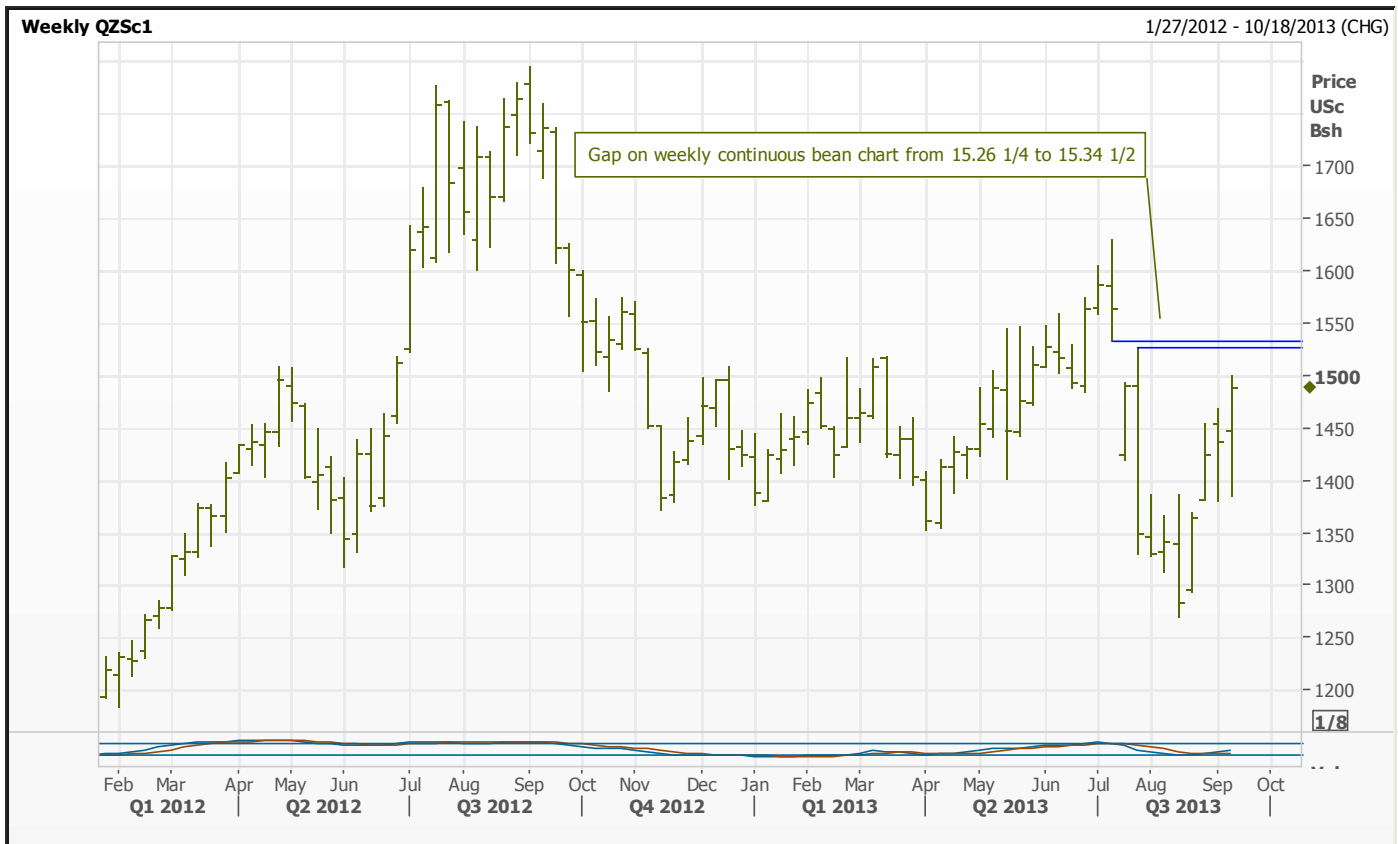


CCC there is not much fresh export news. The trade is keeping eye on reports that with Russian wheat harvest now 66% complete, the quality is declining. IKAR estimates that 40% of the Russian wheat crop (50 mm) is 4th class (the lowest milling quality just above feed grade wheat) and 28% of it is graded as 3rd class.

KC new crop wheat spreads finding some resistance this week

with the Jly/Dec trading out to 28 cents carry before settling at 24 cents tonight. Chicago Jly/Dec spread continues to march in from 24 cents in mid-August to 14 cents tonight. A sharp drop in SRW plantings is expected this fall while HRW areas are to see good recharge of moisture (see rain map below). Look for wheat to remain a follower next week of corn and latest headline news.

SOY-COMPLEX: The soy-complex gave back some of yesterday's gains though for the week Nov beans was up 14 cents from last Friday. Sept beans went off the board in moon-shot fashion with it almost hitting \$15.00 today while the Sept/Nov spread went off at over \$1.00 bu inverse. Trade will now be watching to see if the Nov contract will try to fill some of the gaps left on the continuous chart. Keeping gains in check were processor spot bean basis tumbling lower toward new crop levels. Basis levels fell another 15-35 cents on spot while some plants just dropped bids to new crop levels (ranging from -5X to -35X depending on the region). Spot crush margins are still running 80-100 cents/bu yet thanks to robust meal basis. NOPA crush report is out Monday with avg trade gues for August at 110.7 mln bu with a range of 105.5 to 114 mln bu. NOPA crush last August was 124.7 mln bu. Avg guess on soyoil stocks is 1.856 bln lbs vs 2.168 bln lbs last August. Most country contacts indicate that producers in the Midwest will be sellers of soybeans across the scale as long as cash prices are above \$13.00.

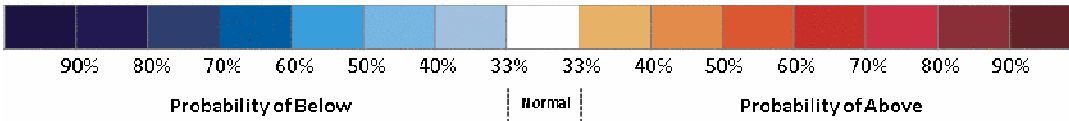
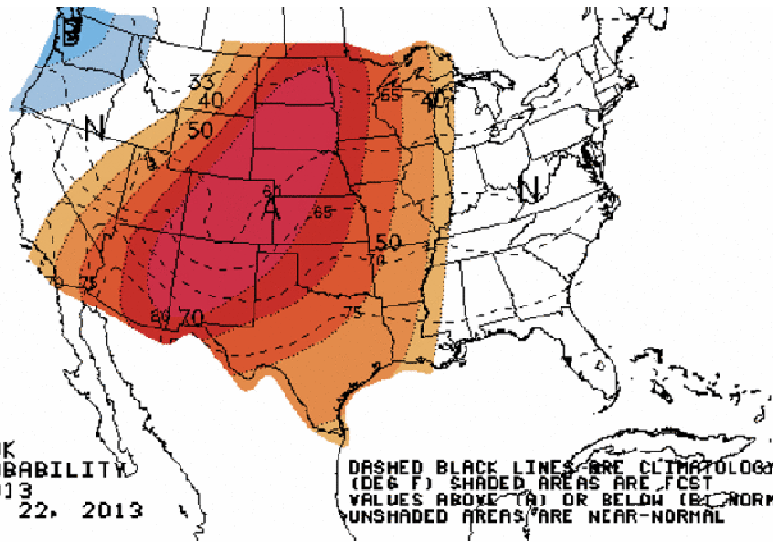


Crop ratings are expected to drop again in Monday's G/E with corn expected to be steady to down 1% while beans should be steady to down 2%. Tuesday's FSA data is not expected to have as much impact on soybeans as on corn. This afternoon's Commitment of Traders report as of Tuesday showed the spec funds were reducing their long position in beans to 106k contracts as of Tuesday night. Since then they have probably pushed that back toward long 120k contracts. For now \$14.10 remains a roadblock for Nov beans with support toward yesterday's low of \$13.41. Trade will keep eye on weather forecasts and hope early harvest is not disrupted by rain, see map below.

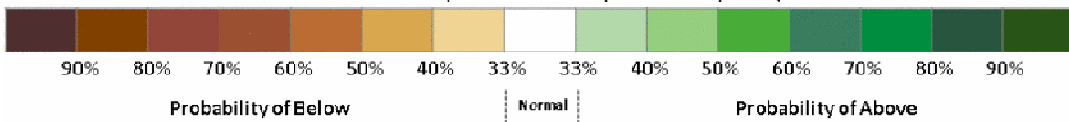
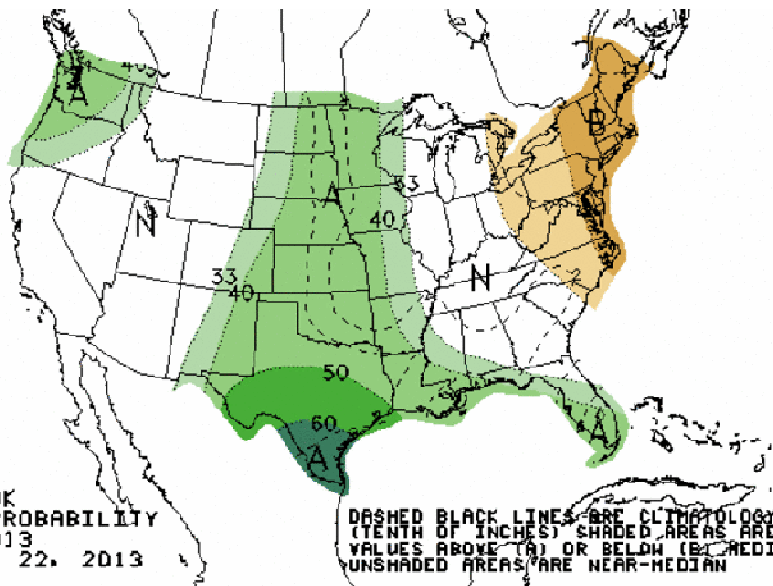
Have a great weekend!



6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 12 SEP 2013
VALID SEP 18 - 22, 2013



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 12 SEP 2013
VALID SEP 18 - 22, 2013



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