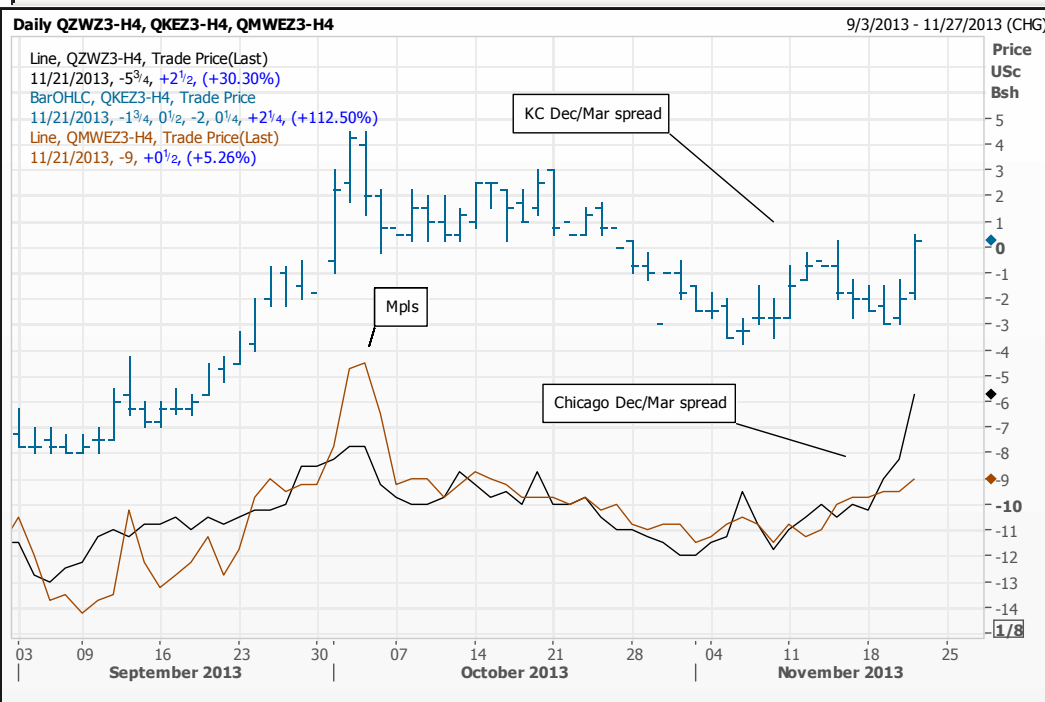
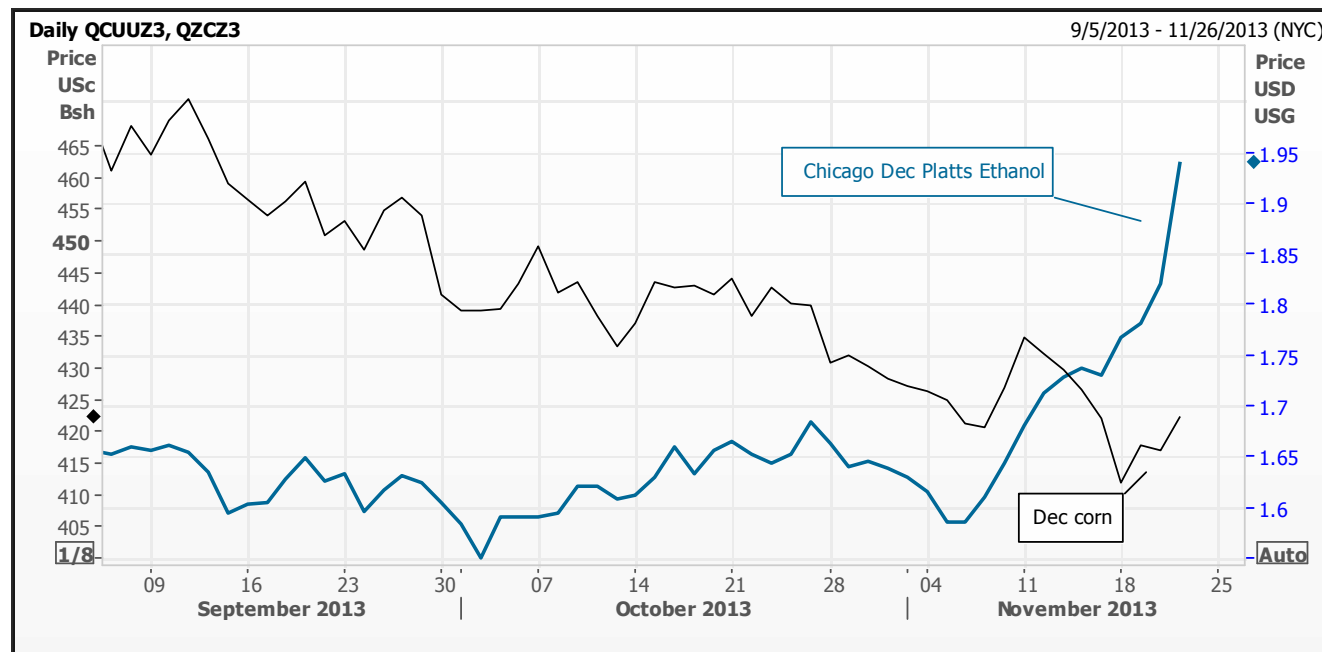


# Closing Grain & Soybean Comments

Kevin Riesberg Thursday, November 21, 2013

**CORN:** Corn rallied today on short covering with support from surging cash ethanol values and a larger than expected weekly export sales number of 37 mln bu. Funds bought only 7k contracts on the day. Chart below shows how ethanol values have rallied over 20 cents/gal since mid-November (equivalent to over 50 cent/bu rally in corn) while Dec futures in that time has bounced less than 15 cents/bu. The big weekly export sales number this week showed Japan, Mexico and Egypt were the main new buyers. The sales to China of 321k tons was previously reported as sales to unknown. Trade is watching if China will have any more issues with US corn cargoes (GMO variety MIR162) as more vessels arrive next week. US corn basis levels were defensive today with the higher board. Some locations backed off 2-10 cents, depending on the plant. Also some bids started to roll from the Dec to March today though would expect to see that happen more next week before FND on Friday. Dec/Mar corn spread narrowed into 5 3/4 cents at one point with spec funds rolling their short positions forward (need to be down to 600 contracts in the Dec by next Wed). Technically Dec corn should see resistance toward the 50 day MA of \$4.38 while March should see resistance at \$4.50 (50 day MA). Dec options expire tomorrow.



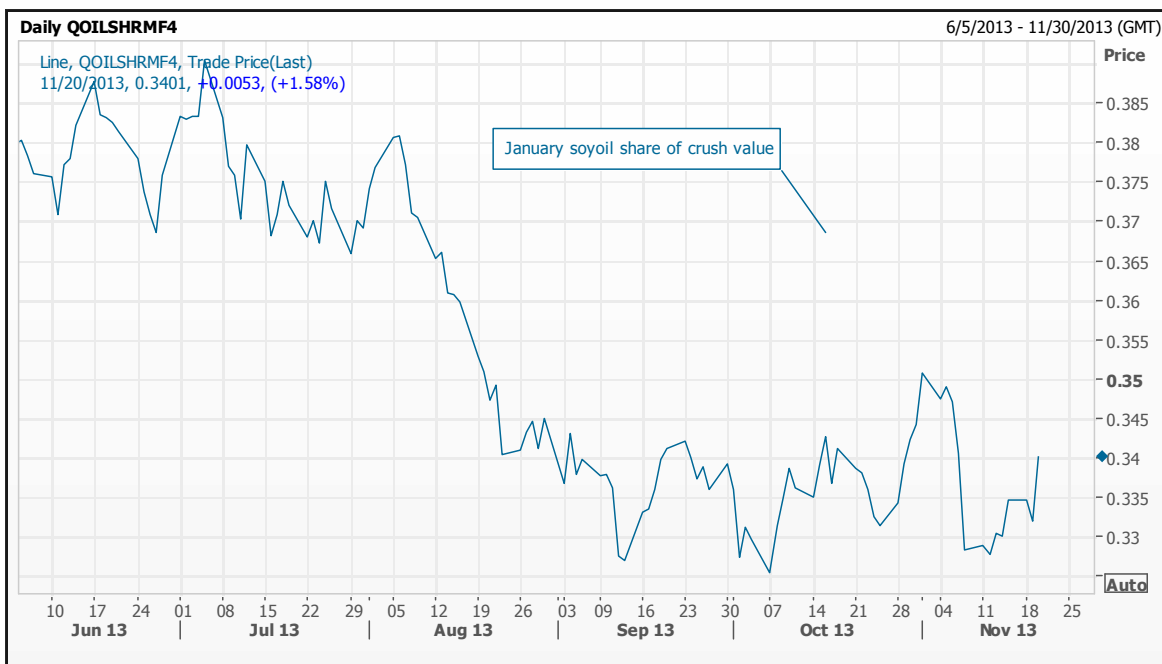
**WHEAT:** Wheat market put in a lackluster performance compared to corn with Chicago outperforming KC and Mpls. Weekly export sales were solid at 22.7 mln bu. Chicago Dec-Mar spread continues to narrow in on a combination of spec funds rolling their short forward and firming CIF values (reportedly +120Z trading thanks to the Egyptian business earlier this week of 2 cargoes). The HRW and DNS saw pressure on lack of fresh export news and as the southern Plains are to see moisture this week. EU weekly exports were 581k tons this week, a record

pace so far. Since July the EU has shipped 10.6 mmt of wheat vs 6.8 mmt last year. If the EU would maintain the weekly shipment of 500,000 tons, then they would be looking at exports of 26 mmt, vs the current record of 22 mmt. In other news, 3 Indian state firms hold export tenders on another 365,000 tons of wheat, which should stay in the Southeast Asian markets. Resistance for Chicago Dec is toward \$6.60 while resistance in KC wheat at \$7.18 (where 20 and 100 day MA converge). Would expect wheat to lose some ground to corn next few days.



**SOY-COMPLEX:** The soy-complex surged higher with soyoil rallying over 100 points while beans saw support from a bigger than expected weekly export number. Weekly export sales on beans were 50 mln bu with fresh sales to China of 30 mln bu followed by sales to Mexico of 6.4 mln bu. Soyoil continues to surge following rallying palm oil values. Palm oil seeing overnight strength from MPOB report stating that stocks could fall toward 1.87 mmt by the end of this year and to 1.76 mmt by the end of 2014 on a combination of lower production (dry weather spells) and increasing export demand. Also chatter that soyoil seeing support from an University of IL study released yesterday stating that the proposed changes to the RFS could be supportive to biodiesel production into 2014. Liquidation of meal/oil spreads also helping to bounce oil values, see chart below.

In the cash markets, soybean basis remains soft both at the processors and at the export channel thanks to the board rally. Jan/Mar bean spread found support toward 9-10 cent inverse for now, see chart above. In other



news Argentine soybean plantings are now 37% complete. Overall weather remains a non-issue at this point. Some in the trade noting Brazil having problems with a caterpillar outbreak. This is seen more as a cost of production issue as some producers have had to make 3 spraying passes already less than a month into the growing season (vs last year when they needed just 1-2 passes all growing season).

Dec option expiration is tomorrow and so would expect Dec meal to hover near \$410 while Dec soyoil hovers now near 41.50. In Jan beans the next resistance point is toward \$13.04 after closed above the 50 and 100 day MA, see chart.



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