

Closing Grain & Soybean Comments

Kevin Riesberg Monday, November 25, 2013

CORN: Corn closed slightly higher in lackluster trade compared to the reversal and rally that beans & meal were able to do today. The corn market continues to slowly grind higher on light short covering with support from firm cash markets and increasing export demand for Feb-May slot. Weekly export inspections at 30.2 mln bu this morning were solid and toward top end of expectations. Farmer selling remains generally light heading into the holidays. This afternoon's weekly harvest progress number should be near 95% complete and likely the last one of the year. Dec spread action remains heavy with 1st notice day on Friday and traders looking for deliveries to range from zero to 500 contracts. Currently there are none registered for delivery. The Dec/Dec '14 spread has rallied over 10 cents since the end of October, see chart. Ethanol values were on the defensive today after last

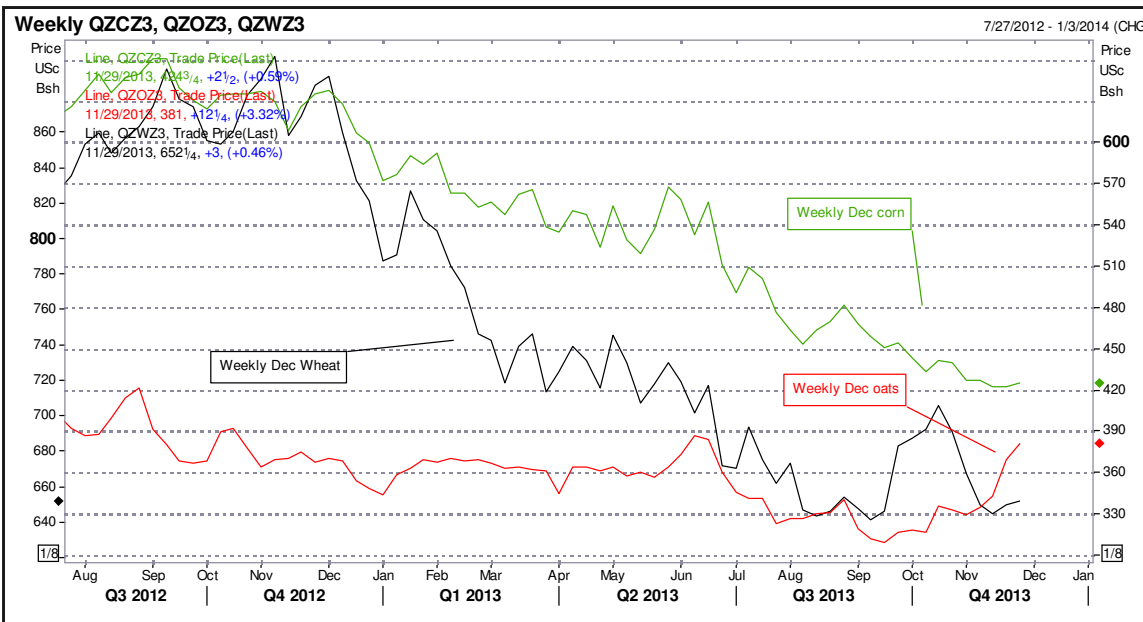


week's soaring rally with Q1 and Q2 seeing the most pressure today. Dec ethanol was down over 7 cents/gal or almost 20 cents/bu equivalent to corn as ethanol plants lock up margins.

Export news saw just Israel tendering for 100k tons of option origin corn. There is chatter that Brazil is

curbing their export corn offers for Feb-April as loading capacity will be dedicated to soybean loadings. This should steer export business to the US and Ukraine for that time frame. Short term would expect to grinding higher type trade this week with resistance in March corn toward the \$4.40-4.50 area.

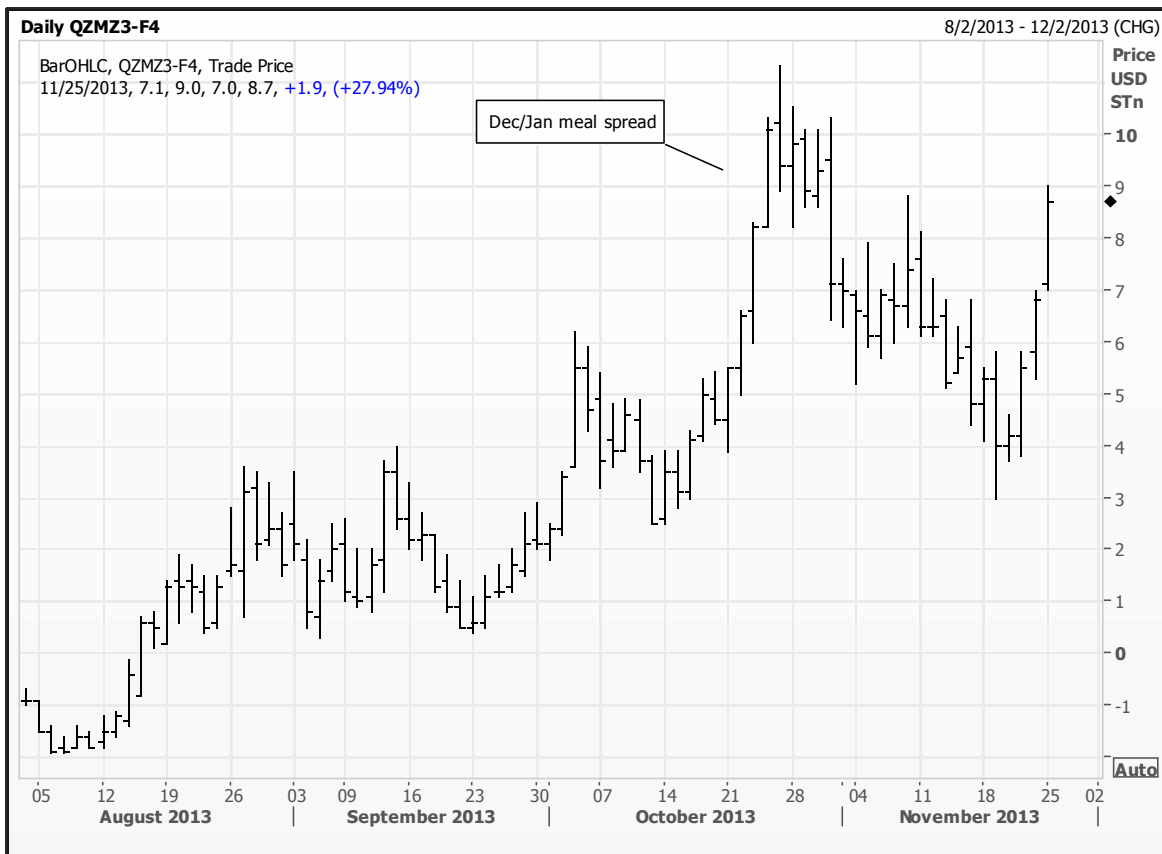
WHEAT: Wheat closed slightly higher led by Chicago while Mpls wheat finished mixed. Support in wheat coming from short covering on concern about colder than normal temps and no snow cover causing winter kill in the upper



Plains. Also there was talk that private buyers in Iran were out looking for offers on 300k tons of wheat (after the nuclear deal was done this weekend). Trade a little skeptical on this business getting done soon as financing part of it will take some time. Iraq booked 150k tons of Canadian wheat and 50k tons of Australian wheat in their tender. Meanwhile India looks to move another 70k tons into the export channel with an

export tender for last week Dec shipment. US weekly export inspections were a little disappointing at just 12.6 mln bu. Basis levels are holding steady to firm on HRW and SRW. Traders look for this afternoon's winter wheat G/E rating to slip 1% toward 62%. Deliveries this week in KC and Mpls are expected to be light while in Chicago should see 0-500 contracts. Chart above notes that Dec oats have rallied 50 cents/bu in recent weeks with Dec wheat also starting to make the turn while Dec corn working on holding the \$4.20 area. Look for drifting, grinding higher type trade the balance of the week.

SOY-COMPLEX: The bean market had a good reversal today after trading lower overnight and most of the morning session only to reverse course thanks to the surging Dec meal. No deliveries are expected in Dec meal, helping the Dec/Jan meal inverse surge to \$9 a ton. While there was lots of talk that China was a buyer of US old crop bean cargoes the only thing the USDA reported this morning was 2 cargoes of NEW crop soybean sales. The weekly export inspection also gave traders heartburn today. The USDA is checking into why the weekly export inspection number showed shipments of just 66 mln bu but the difference between the Yearly total and last week's yearly total indicate the shipments should be over 76 mln bu. Reportedly Chinese buyers are booking US bean cargoes for Feb/March shipment after Brazilian's port loading fiasco last year but have the option to switch them to S. America if port loadings go better this year. US cash bean movement picked up slightly today as Jan beans pushed above \$13.30. Country contacts report increase farmer selling interest at \$13.00 cash to the farmer. Bean inverses rebounded today with Jan/Mar pushing out to 15-16 cent inverse while March/July inverse pushed out to 27 cents. Technically it was a supportive close in the Jan beans above \$13.20 with next resistance toward \$13.50-13.65 as historically Jan beans firm into the Thanksgiving holiday. We would expect to see softer interior basis levels if the board continues to push upward and finds/triggers US farmer selling into the rally. US crush margins are still holding though soyoil values were under pressure on meal/oil spreading. Other world veg oil prices were generally softer overnight. Weather forecast remains favorable for the most part in S. America with Brazilian bean plantings nearing 80% complete and Argentina on pace at over 40% done. Have a good afternoon!



LATE: Corn harvest is 95% complete vs 91% and right on with expectation. Winter wheat G/E is 62%, down 1% and expected by the trade. Overall neutral numbers.

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