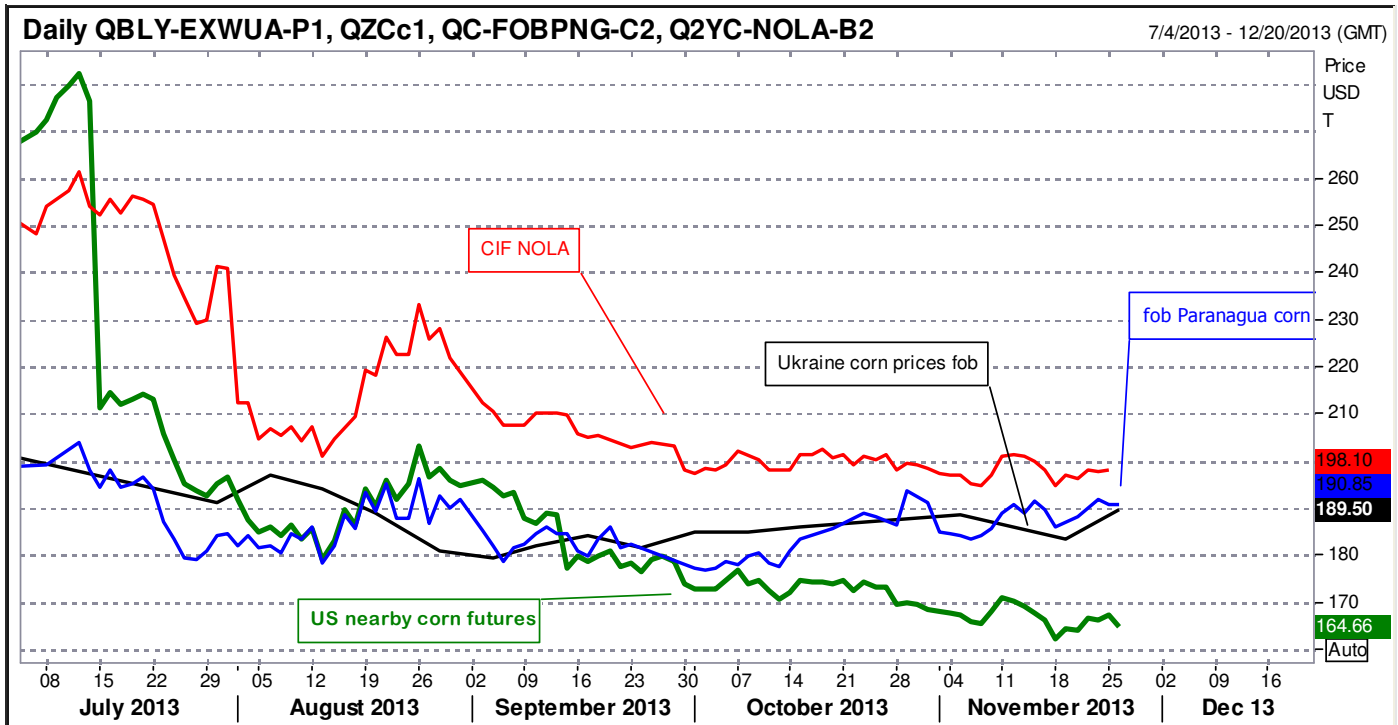


Closing Grain & Soybean Comments

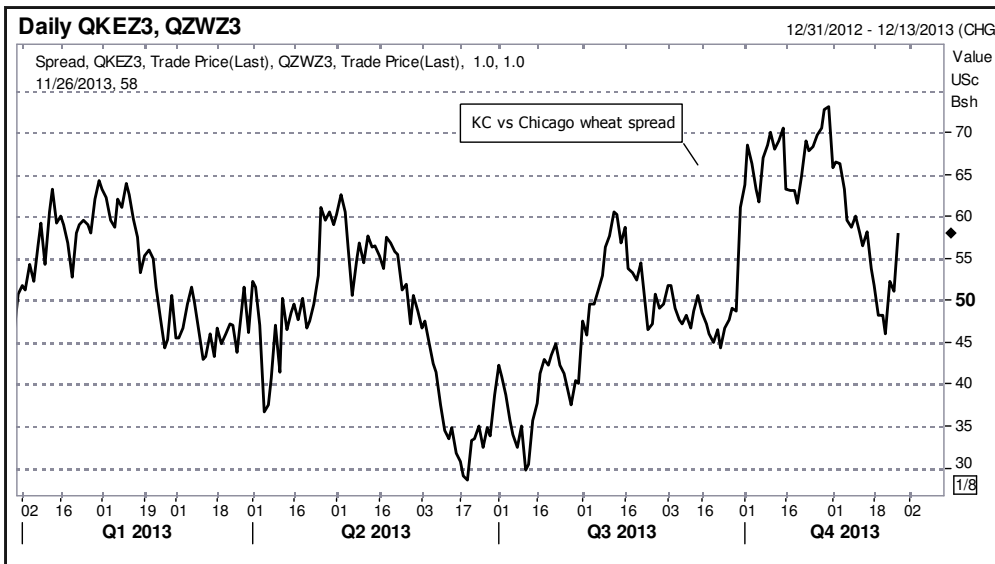
Kevin Riesberg Tuesday, November 26, 2013

CORN: Corn closed lower as funds sold 9,000 contracts on the day. Falling ethanol values and a lack of export news weighed on corn values while the Dec/Mar corn spread was stuck between 6-7 cents today. Heavy spread volume was seen in the Mar/May at 8- 8 1/4 cents as one firm bear spread 20k contracts. No deliveries are expected against the Dec contract on Friday though could see some early next week. Some large Midwest corn processors firmed their basis levels for Jan-July forward by as much as 10 cents as the lower board action choked off farmer movement again. Ethanol prices remain defensive and have fallen 12 cents/gal on the nearby Dec Chicago Platts since last week. Tomorrow's weekly EIA report should show a bump in the ethanol production while ethanol stocks should start to stabilize finally. In other news, export interest for US corn has been quiet though the spread between CIF and Ukraine and Brazilian corn values continue to narrow, see chart below.



Next support for March corn is last week's low of \$4.20 and then toward the \$4.00 level. Resistance is at \$4.33 and then toward \$4.45-4.50

WHEAT: Wheat close slightly lower on the day with choppy spread action as the Chicago Dec/Mar faded out to 10



cents carry while KC Dec/Mar pushed into almost 7 cent inverse at one point today. No KC wheat deliveries are expected Friday while Chicago deliveries should also be on the light side (less than 500 contracts). Relatively good US winter wheat conditions of 62% G/E and not much fresh export news put the wheat markets on the defensive. Egypt this afternoon though did announce a tender for LH Dec shipment. In their last tender last week the Egyptian's surprised the trade booking Russian wheat. So traders will be watching closely to see how aggressive the

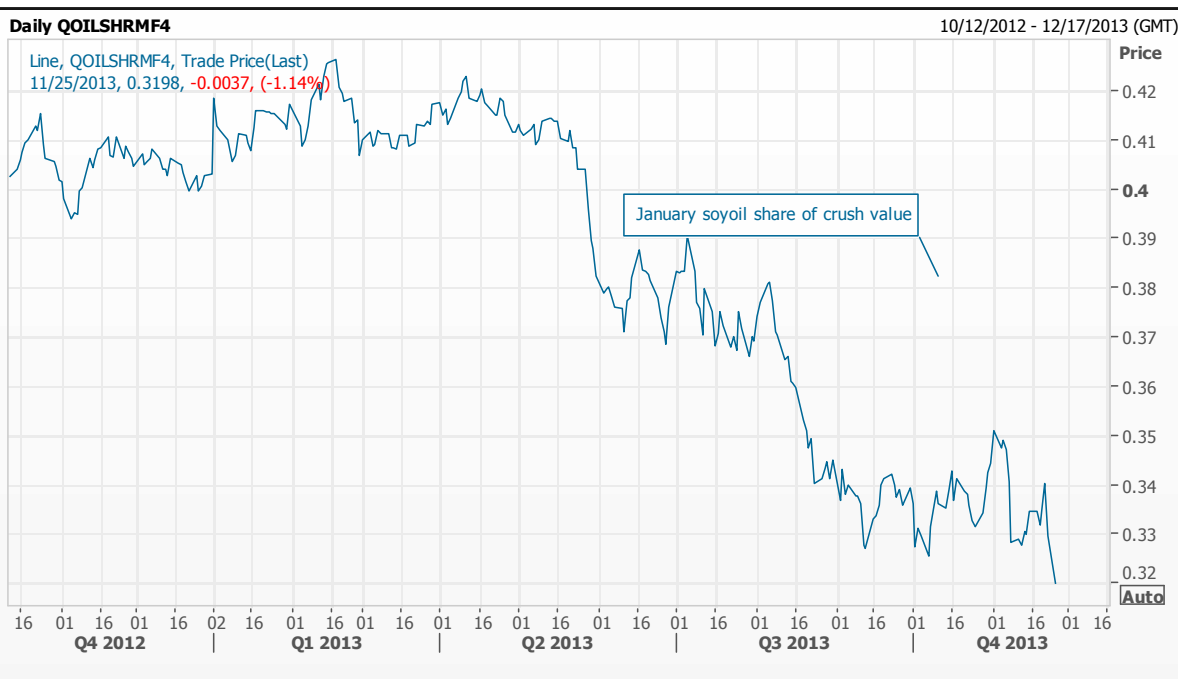
Russians and Black Sea is on this go-around. US basis levels are holding mostly steady with light movement. Look for steady to firmer trade tonight until the results of the Egyptian tender are known.

SOY-COMPLEX: All the fireworks were in the soymeal today with a textbook definition of short squeeze underway. Dec meal shot up over \$15 a ton at one point while the Dec/Jan inverse almost hit \$22 a ton inverse, see chart at



left. Before today's surge there were no deliveries expected Friday morning. Now though there is chatter that given today's move, it works "on paper" to make deliveries in the WCB. So if values don't back off too much tomorrow then we could see some light deliveries Friday morning.

The bean spreads followed along with the Jan/Mar flirting with 18 cents while March/Jly hit 29 cents.



Jan soyoil as % of crush value made a new low thanks to the meal rally, see chart at left. Dec soyoil deliveries Friday morning are expected to be a few thousand contracts.

As for this morning's USDA announcement that China canceled out soybean sales of 300k tons while an unknown bought 360k tons, the talk is

that one Chinese crusher sold back some US bean cargoes to another Chinese crusher. We would not be surprised to see some more sales washed out short term given the amount of US soybeans headed to China and with the recent 60 cent/bu futures rally. CIF beans were steady while some interior processor bids were mixed to softer on the nearby. Weather forecast remains generally favorable for S. American growing conditions with traders mostly dismissing the concerns about caterpillars, plant diseases, etc as normal factors. Look for choppy trade overnight with resistance toward \$13.40 and support at \$12.90-13.00 in SF while SMZ should see some consolidation. A reminder that tomorrow is a normal trading session. Markets will re-open 8:30 am Friday & close at noon on Friday CST.

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