

# Closing Grain & Soybean Comments

**Kevin Riesberg Friday November 29, 2013**

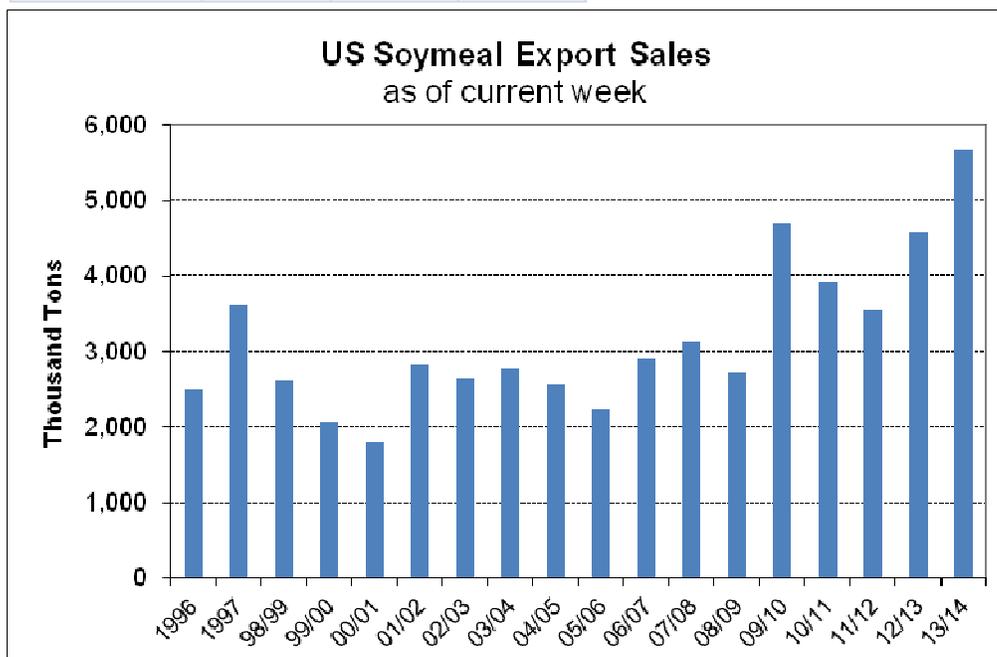
**CORN:** Corn closed lower on the day and spent most of the session on the defensive despite a better than expected weekly sales number of 39.6 mln bu and higher wheat/bean markets. For the month of November, Dec corn fell just over 12 cents/bu. Trade shrugged off a good sorghum number of over 355k tons, mainly to China. No corn deliveries were seen but none were expected. With the Thanksgiving holiday and short session, volume was very light today. News was light this morning other than S. Korea booking another cargo of US corn along with 2 cargoes of feed wheat (thought to be Canadian). Technically the corn market is struggling with US farmer the largest long in the market with the spec fund on the other side. Basis levels were mostly steady though some Midwest processors did soften the Jan slot bids. Next week the trade will focus on the S. American growing conditions, crush margins for US ethanol plants and if export sales can maintain their pace.

**WHEAT:** Wheat closed higher on light short covering into month end as Argentina's govt keeps their wheat production estimate near 8.5 mmt vs the USDA's 11 mmt number. Weekly export sales were neutral at just over 20 mln bu. Some support also coming from concern about recent cold temps in the upper Plains and lack of snow cover though typically the amount of damage is light. Trade keeping eye on rains slowing Australian wheat harvest slightly in eastern parts of that country. India's govt continues to roll out export tenders with 370k tons offered (bids due Dec 23). European prices were mostly higher in light trade. No KC or Mpls deliveries were seen while Chicago saw over 1,300 contracts put out with no good stoppers. This pushed the Dec/Mar out to almost 15 cents carry at one point. Mpls Dec/Mar traded out to 23 cents carry despite no deliveries while the KC Dec/Mar gave up some of its inverse to settle at 4 cents premium to Dec. Technically wheat market has found a short term bottom and looking to test upside resistance toward \$6.75.

**SOY-COMPLEX:** Beans and the products closed higher with meal leading the way. For the month of November the nearby Jan bean contracts has gained 70 cents while Dec meal has rallied over \$53 but Dec soyoil lost over 110 points. No meal deliveries were seen while Dec soyoil saw 1,371 contracts put out. Weekly export sales on

soybeans were bigger than expected at over 51 mln bu as China booked over 36 mln bu but also a bean cargo was switched to Iran. Soymeal sales were also bigger than expected at over 300k tons with Germany taking 66k tons. The chart below shows soymeal sales currently are the largest in over 20 years. The table at left compares the top 6 buyers of US soymeal vs what they had on the books this time a year ago. In some cases these countries have

Soymeal mmt	This Year	Year ago	Chg mmt
Unknown	1,552.1	462.4	1,089.7
Philippines	754.5	207.5	547.0
EU	647.5	214.3	433.2
Mexico	436.2	196.8	239.4
Canada	417.0	177.4	239.6
Vietnam	226.3	12.4	213.9
Venez	215.8	146.8	69.0



triple the sales on vs last year. Crush margins remain strong in the Midwest at over \$1.25 a bu thanks to weak soybeans basis and solid meal demand. CIF values were steady today.

S. American weather and crop conditions remain good as planting now hits 54% in Argentina vs 57% last year. Argentina's BA Grain exchange bumped their soybean planting estimate slightly from 20.3 mln hectares to 20.45.

Sunday night trade will watch updated S American weather forecasts and fresh news on Chinese demand.

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