

Closing Grain & Soybean Comments

Kevin Riesberg Monday, September 23, 2013

CORN: Corn closed slightly better in light volume with funds buyers of about 5,000 contracts with support coming from stronger wheat market and unwinding of bean/corn spreads. Spec funds are still holding large short position, mostly in the nearby Dec contract. The Chicago Dec wheat/corn spread is pushing above \$2.00 bu while the KC wheat/Dec corn spread is pushing back above \$2.45, see chart below. Dec corn for now continues to hold above the critical support level of \$4.46 with resistance back toward \$4.73-4.74 level, see chart below. USDA announced this morning that Mexico booked 197k tons of US corn over the weekend. S Korea booked 68k tons for Jan arrival but option origin the US or S. America. US weekly export inspections this morning were a little better than expected at 17.9 mln

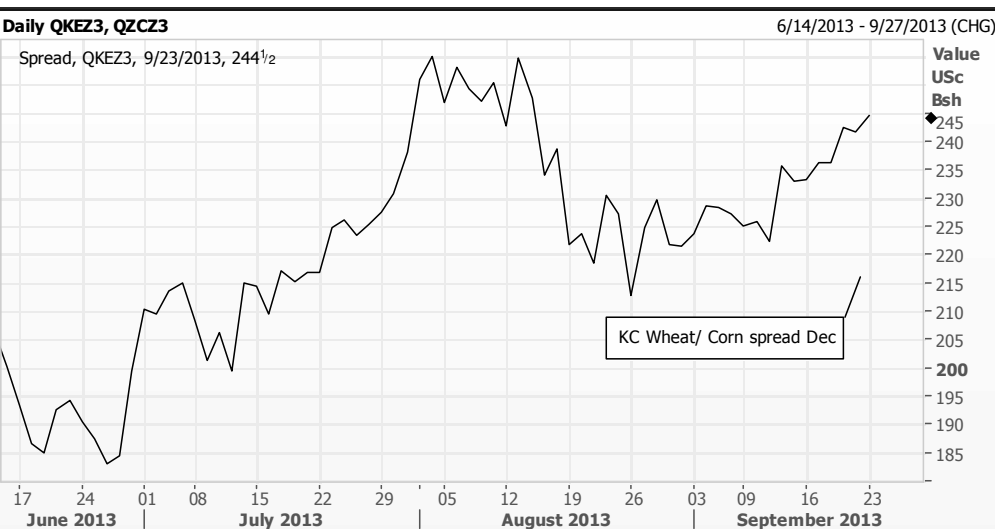
Corn Bid for October ship			
PNW	Gulf	Difference	
+105Z	+62Z	43	cents/bu
Ocean Freight to China \$/ton			
PNW	Gulf	Difference	
\$29.50	\$49	(\$20)	\$/ton
\$0.75	\$1.25	(\$0.50)	cents/bu

Advantage PNW vs Gulf: 7 cents/bu

bu with the bulk of them coming out of the Gulf. Current PNW vs Gulf basis numbers for October though favor the PNW by 7 cents/bu for Asian destinations. Spot corn basis levels are a mixed bag with some plants jumping bids 15 cents while others dropping 40 cents. Just a matter of how far along harvest is going in a particular region with



tonight's weekly harvest progress at 7% complete vs 4% last week. Most of the Midwest is to be dry this week and will help speed up with dry down. G/E did improve 2% from last week with the recent rains and there is no cold/ frost see in the forecast for next 10-15 days (see map on page 3). So even the late areas appear will be able to make maturity.



Next round of private crop estimate start coming out next week after Monday's Sept Stocks report. Would expect an easier start tonight.

WHEAT: Wheat closed higher on light short covering led by Chicago thanks to CGNOIC bumping their import estimate by 1 mmt to 7.5 mmt. Currently China has 3.7 mmt on the books with the US, 2.2 mmt on with Australia and 0.2 mmt from France. This leaves another 1.4 mmt then to come from Canada, Australia or the US. At this point the signs point toward Australia

and Canada though for supplies on the balance. In other news US weekly export inspections were robust again 42.3 mln bu. This afternoon's Crop progress report showed spring wheat harvest creeping closer to done at 93% complete, right in line with 5 year avg. Winter wheat plantings are 23% complete vs 24% avg. Technically Chicago wheat is building a base of support sub-\$6.50 and with the large short position by the spec funds, could see a short covering rally toward end of the week in front of month end and the Sept stocks report. Resistance remains toward the \$6.80-6.85 level (100 day MA at 6.83 3/4.).

SOY-COMPLEX: The soybean complex continues to struggle with harvest getting underway and nearby soybean basis levels falling toward new crop levels. Many bean plants were off another 20 cents on the nearby posted bids with tumbling soymeal basis levels and the warm/ dry weather expected this week and next (see 8-14 day map on next page). Early yield reports continue to be all over the board with not much consistency yet (for every 60 bpa report one can find a 25 bpa report).

Soybeans Bid for October ship			
PNW	Gulf	Difference	
+137X	+88X	49	cents/bu
Ocean Freight to China \$/ton			
PNW	Gulf	Difference	
\$29.50	\$49	(\$20)	\$/ton
\$0.80	\$1.33	(\$0.53)	cents/bu
Advantage PNW vs Gulf: +4 cents/bu			

Some pressure was also see from unwinding of bean/corn spreads today. The trade shrugged off a better than expected export inspection number of 16.8 mln bu (mostly out of the Gulf). Bean harvest is just getting underway in the Dakotas with 3% cut vs 12% normally in ND and 10% in SD. Currently PNW has only 4 cents/bu advantage over the Gulf for Asian buyers, see table at right comparing basis values vs

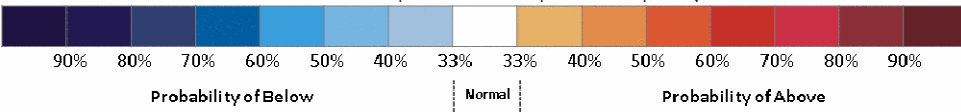
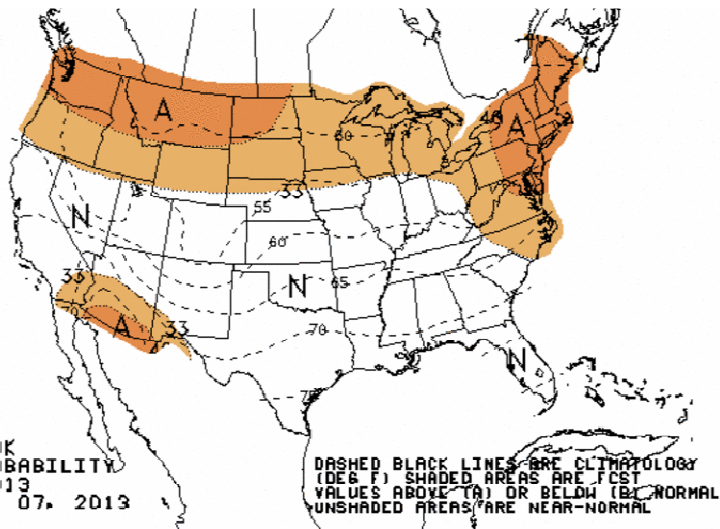
ocean freight spreads. China was back from the holidays but no word if they booked additional South American cargoes for Feb forward. US bean harvest as a whole is just 3% vs 9% normally with wet weather in the South this weekend hampering progress. Mississippi is just 13% cut vs 43% avg. The G/E rating nationally did not improve like many expected so that should give some support tonight to the Nov contract. Nov/Jan bean spread touched 3 cents today while the back month inverses also gave up ground. The chart below shows the Nov/July inverse continues to lose ground with the liquidation by the spec fund long and harvest selling.

If Nov beans take out the \$13.00 then next support level is toward \$12.85-12.88.

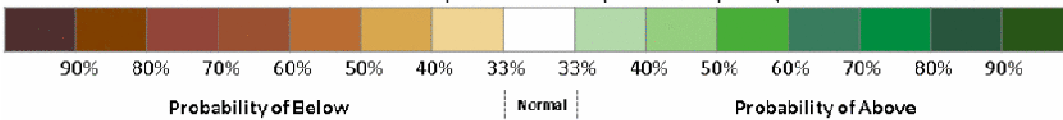
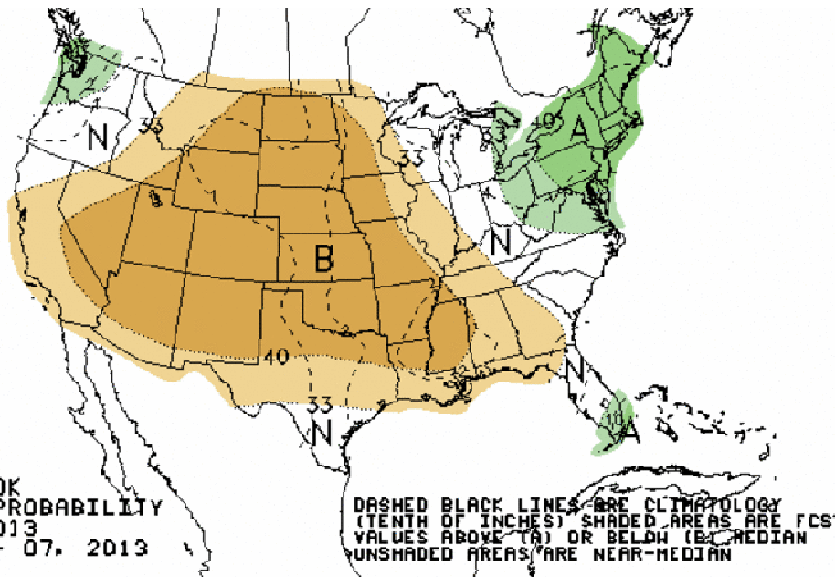




8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 23 SEP 2013
VALID OCT 01 - 07, 2013



8-14 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 23 SEP 2013
VALID OCT 01 - 07, 2013



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