

Closing Grain & Soybean Comments

Kevin Riesberg Monday, September 30, 2013

CORN: Corn closed sharply lower as funds sold over 15,000 contracts of corn as the Quarterly Corn stocks report was larger than expected by over 140 mln bu as it came in at 824 mln bu. At 204 mln bu, Iowa had 25% of the remaining corn stocks on Sept 1 followed by IL at 129 mln bu or 16% and then MN at 101 mln bu or 12%. It also implied that June-Aug feed/residual use at 225 mln bu is the smallest in over 13 years and just half of just 2 years ago, see table below. Wheat feeding for the quarter on the other hand was almost as large as last year's record pace. Today's number pushes the expected ending stocks for this coming year back above 2.0 bln bu and will

US CORN BALANCE SHEET			New
	USDA	USDA	Begin Stox
	12/13	13/14	13/14
Planted	97.2	97.4	97.4
Harvested	87.4	89.1	89.1
Yield	123.4	155.3	155.3
Carryin	989	661	824
<u>Production</u>	<u>10,780</u>	<u>13,843</u>	<u>13,843</u>
Available	11,931	14,530	14,693
Feed	4475	5100	5100
Ethanol	4665	4900	4900
<u>Export</u>	<u>735</u>	<u>1225</u>	<u>1225</u>
Total Use	11,270	12,675	12,675
Carryout	661	1855	2018
CO/Use	5.9%	14.6%	15.9%

June-Aug Feed & Residual		
	Corn	Wheat
2001	947	239
2002	954	185
2003	874	315
2004	889	264
2005	1043	261
2006	963	205
2007	746	207
2008	668	393
2009	684	261
2010	489	258
2011	453	205
2012	324	429
2013	225	423

help blunt any reduction in the planting number. Private estimates on production start coming out tomorrow with USDA to release the Crop report next Friday October 11th. Perception by the trade is that good early yields will cause the USDA/NASS to increase the yield estimate slightly in the Oct report.

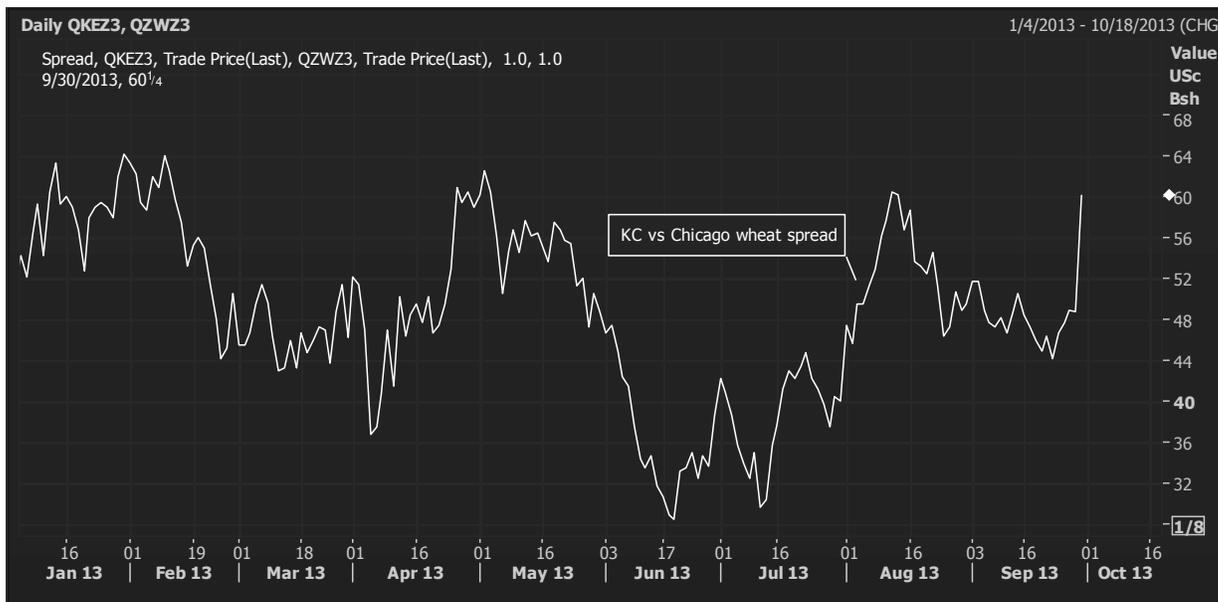
Dec corn was able to take out the previous support at \$4.46 and now has little support until the \$4.25 area. Farmer selling was moderate before the report but then died off. Besides the lower board some Midwest processors dropped basis

toward new crop levels resulting in a drop of over 40 cents/bu today on nearby bids as harvest is to gear up this week.

Harvest progress this afternoon was expected to be near 13-

15% & came in at 12%. Look for corn to stay defensive unless private crop reports give a surprise next few days.

WHEAT: Wheat market had a bullish quarterly stocks report despite spring wheat production being up 21 mln bu from the last production report and up 20 mln bu from the avg trade guess. HRW wheat production was cut by a large 47 mln bu though so KC wheat led the charge higher but heavy selling in Chicago and Mpls late in the



session weighed on those markets. J/J/A wheat feeding was almost as big as last year and more than double from 2 years ago, see table above. KC/Chicago wheat spread for nearby now knocking on door of resistance from 61-64 cents, see chart at left. Other news was rather light with weekly export

inspections again solid at 33 mln bu. Traders note that Russian wheat prices are rising on a combination of concern about continued wet conditions hampering winter wheat seeding along with the Russia govt restocking program to start on October 8th. Their goal to buy in 6 mmt and replenish govt stocks. The US ag attaché to Russia still looks for grain exports this coming year to be 22 mmt of which 16 mmt is to be wheat. They do note though that much of the wheat is closer to feed quality rather than milling quality.

This afternoon weekly progress showed that US winter wheat planting is now 39% complete, right in line with the 5 year avg of 40%. Good rains were seen across the HRW belt this weekend. Would look for consolidation tonight with weakness in corn and beans to keep gains in wheat in check as \$7.00 remains a brick wall for WZ.

<u>US SOYBEAN BALANCE SHEET</u>			New
	USDA	USDA	Carryin
	<u>12/13</u>	<u>13/14</u>	<u>13/14</u>
Planted	77.2	77.2	77.2
Harvested	76.2	76.4	76.4
Yield	39.8	41.2	41.2
Carryin	169	125	141
<u>Production</u>	<u>3,034</u>	<u>3,149</u>	<u>3,149</u>
Available	3,243	3,289	3,305
Crush	1690	1655	1655
Exports	1315	1370	1370
<u>Seed/Residual</u>	<u>95</u>	<u>115</u>	<u>115</u>
Total Use	3100	3140	3140
Carryout	141	150	165
CO/Use	4.5%	4.8%	5.3%

SOY-COMPLEX: The soy-complex was hammered lower on a combination of a big Stocks report and negative technical signals. Quarterly stocks report showed that NASS "found" 18 mln bu of soybeans from last year's crop as they revised last year's harvested acres and yield upward. Of the 141 mln bu nationally, IA had just over 40 mln bu or 28% of the stocks on Sept 1 followed by IL at 16 mln bu (11% of the stocks) and MN at 15.7 mln bu. So the ending stocks for this coming year are now a more comfortable 165 mln bu and if NASS bumps production by 1 bpa in the October 11th report then carryout will be over 230 mln bu. Early yield reports continue to run better than expected and has more traders looking for a yield bump rather than a decrease in next week's report.

US soybean harvest is now 11% complete, which is a little slower than trade expected but clear weather until Thursday should help to speed things along.

Weekly export inspections at just over 14 mln bu was a little less than expected by the trade. Export news is light with China to go on holiday for week.

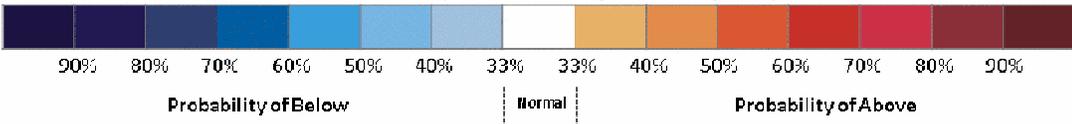
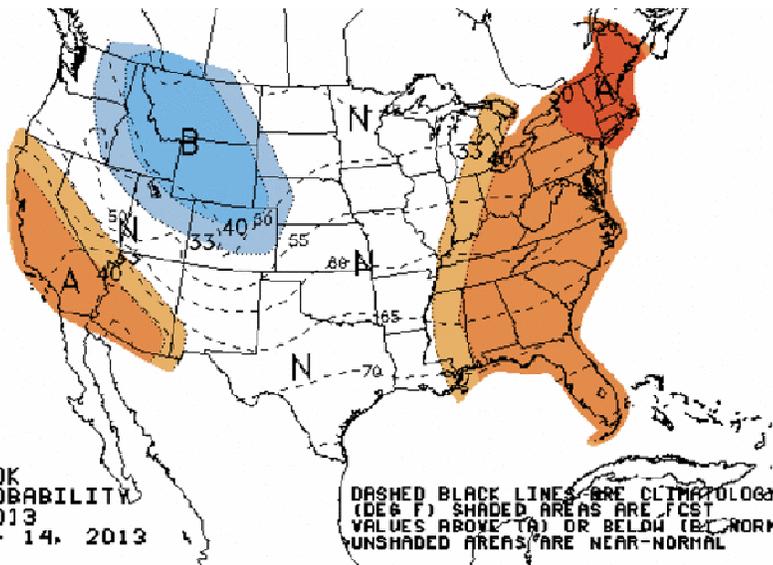


News out of South America remains bearish with Abiove (Brazil's version of NOPA) estimates the coming soybean crop to be 86 mmt vs this past year's crop of 81.6 mmt. Exports are expected to be 44 mmt vs 41.5 mmt this past year. Of course the main challenge there remains the logistics to move such a large crop through the ports in a timely manner.

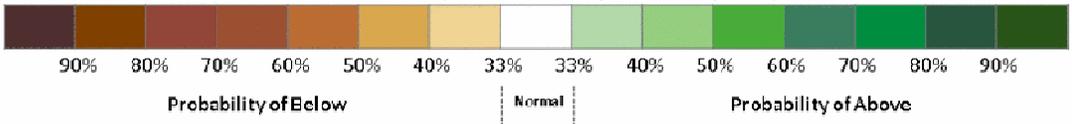
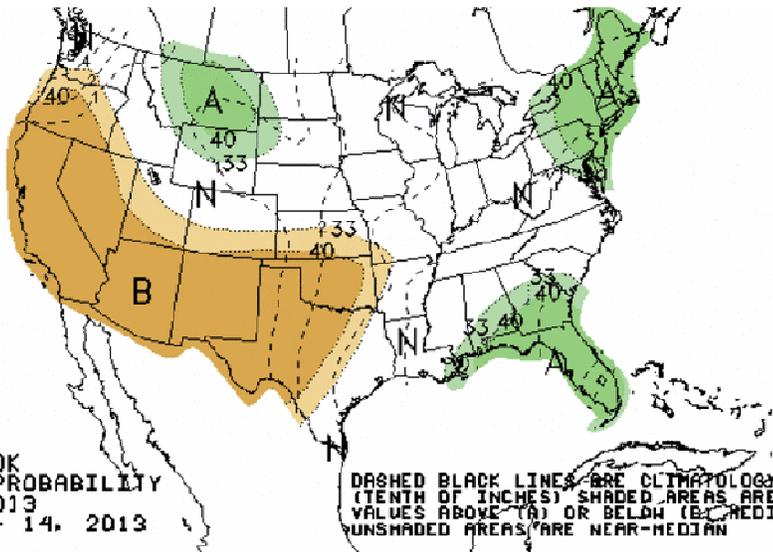
Spec funds are thought to have dumped over 18,000 soybeans, 7,000 meal and 4,000 soyoil today. So that leaves them long over 75k contracts of soybeans as of tonight. The chart at left shows if 100 day moving avg is taken out in SX then the next level of support is the 61% retracement level toward \$12.56. Have a good afternoon!



8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 30 SEP 2013
VALID OCT 08 - 14, 2013



8-14 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 30 SEP 2013
VALID OCT 08 - 14, 2013



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