

## Grainscoop I

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Subject: Recap 8-9-13

### **CORN:**

Values continuing to slump as traders anticipate a robust production estimate in critical USDA Monday production acreage and S&D update. Average trade guess looking for a crop at 14005 with a 157.7 yield to rebuild stocks to near 2 billion bushels next year. One private analyst estimating China corn production at a record 213 mmt actually above USDA's robust 211 estimate despite some hot weather recently. This same analyst estimating corn yield potential at 159 with 700,000 less harvested acres than USDA July forecast. China firm estimating corn imports at only 5.5 mmt vs USDA's 7 mmt forecast. Producer selling remains virtually nil with corn processors rolling inverted bids into September and bidding over +155 Sep for nearby corn. Processors bidding over \$1.50 inverse from now to October. Producer will likely take a significant amount of time to realign price expectations. Producer selling of new crop has been near historically low. Interesting to consider the range of US farmer selling as a percentage of the crop in early months of the crop cycle.

### **US Farmer Corn Sales: Percent of Crop**

	5 Year Range <u>Percent</u>
Sep	5.0 – 10.7
Oct	6.9 – 16.7
Nov	8.5 – 14.3
Dec	8.2 – 11.3
Jan	<u>11.3 – 16.5</u>
5 mo Total	39.9 – 69.5

Producer typically selling 40 to 70 percent of the crop in the first 42% of the crop year. Well financed and disgruntled producers may be tight holders of inventory until after the new tax year in January as price expectations wane. Some ethanol plants taking extended down time with sharp cash corn price inverse. RINs under pressure with ideas that RFS mandate will be lowered. Funds short 75,000 contracts of corn futures. Index funds continue to move out of the September contract. US weather forecast remains unusually cool for continued optimum corn pollination. Dry weather however persists in significant portions of Iowa but most other areas enjoying generally adequate precipitation. Trade looking for small changes in Monday night crop ratings.

**SOYBEANS:**

Nearby values collapsing with both interior US river and processor bids trading down to levels below DVE with the August contract expiring August 14. Some interior bids as much as 25 cents under DVE, possibly setting the stage for a further collapse in the nearby spreads prior to expiration. Even interior soymeal basis values weakening with unattractive delivery points now trading under the August contract. Trade looking ahead to critical USDA production, resurveyed acreage and S&D update mid Monday morning. Trade guess expecting production at a robust 3336 with a 43.6 yield. This would be the second highest August and Final US soy yield ever. Funds long 81,000 soybeans, 26,000 meal and short 50,000 oil. Index funds moving out of the September contract. 70 contracts of August soyoil delivered. China selling 90,000 tons of domestic soy in a weak weekly auction.

**WHEAT:**

Values trading lower in sympathy with row crop weakness. Trade talking of Canadian wheat moving into the US to substitute for tight HRW subclass situation. China firm estimating wheat imports at 6.5 mmt there vs USDA 8.5 mmt forecast. Trade expecting Monday USDA report to project US all wheat production at 2106, slightly below the USDA July 2114 estimate. Spring wheat production may exceed trade expectations. Funds short 50,000 contracts of Chicago wheat. Rains continue in US HRW areas for fall planting.

ECBOT	HIGH	LOW	CLOSE	CHANGE
Sep Corn	4.7675	4.64	4.6575	- 7 3/4
Dec Corn	4.6275	4.52	4.5325	- 6 1/2
Aug Beans	13.5525	13.40	13.4075	- 15
Nov Beans	11.945	11.80	11.8225	- 2
Sep wheat	6.45	6.305	6.335	- 7 3/4

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"To think is easy. To act is hard. But the hardest thing in the world is to act in accordance with your thinking." — [Johann Wolfgang von Goethe](#)

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