

### CORN: LOWER

Corn closed 5 lower yesterday on moderate volume but light farmer selling. Funds sold an estimated 20,000 contracts making them long around 210,000 contracts. Crop progress came out close to expectations and the condition report was unchanged along with extended weather forecasts calling for a little drier pattern than past forecasts, pushed the market a lower. The trade is still watching the Chinese trade negotiations at the G-20 meeting with little new attention. Resistance in CN is \$4.58 and then \$4.64. Support is \$4.43 and then \$4.30. Old crop corn basis continues to be on fire in the eastern corn belt and that is tightening the old crop spreads. Trade is constantly trying to access production, demand, and carryout. The trade is expecting some limited rationing at these levels and higher. End users are working to get covered into new crop. The spec crowd is keeping an eye on weather. Look for some recovery today but it is doubtful we will trade higher.

**As of the break, CN19 was 3 lower.**

### SOYBEANS: LOWER

The break in the rally continued overnight. Planting should continue for at least two more weeks. While well beyond ideal, something at these values is better than nothing. The continued problems between Canada and China expanded into pork imports as another Canadian company was listed as a no go for Chinese imports of pork. Weather is going to continue to make progress spotty, but amounts are becoming less and coverage spottier. Thus, there should be progress, just not a comprehensive situation. Basis values are improving slightly along the river. Crushers are trying to hold the line at low NC values. Some even discounting nearby values below NC. Spreads are holding steady and may have problems widening with this move of basis along the river. The N/X inverted seems like a stretch even at this point in time. Look for lower on the open and a decent chance to bounce back to the positive side, but wheat seems to be the anchor so far the last two days and corn falling into lock step as both have run well past world values and thus are not competitive in the world market. So don't be surprised to see more selling today as the OI report indicated happened yesterday in good volumes. On a side note, options are nearly equal to futures OI now in beans.

Beans: V-324,169/OI-778,232(-13,784) Meal: V-126,014/OI-492,652(+4,009) Oil: V-172,384/OI-463,568(-12,168)

**As of the break, SN19 was 6 ¼ lower.**

### WHEAT: LOWER

The market lost 7-10 cents on Tuesday, running into pressure from drier weather patterns ahead for the Plains and corn trading lower for the day. KC closed off the lows near the 10-day MA, seeing enough buying interest with harvest only slowly progressing north toward Kansas. ABARES lowered the Aussie export estimate to 11.7 MMT, down 2.5 MMT from March, following an 11% drop in production last week due to drought. Domestic cash markets remain firm, as mills take advantage of the wheat available, not knowing when new crop will be ready or what it will look like. The rally in futures and interior basis has taken U.S. port values out of global contention, but the low protein crop should find its way into the feed ration at current prices. Look for a similar day to Tuesday, with pressure on wheat from weakness in corn and a drier pattern coming early next week.

**As of the break, KWN19 was 9 ½ lower.**

### CATTLE: MIXED

Cattle futures turned in a relatively quiet, two-sided session yesterday, finishing firmer in all but the nearby June and Aug LC contracts. The feeder cattle market can finally catch a breath with a relaxed corn market, and deferred live cattle futures I think like the idea of a slowed placement pace. As noted yesterday, this Friday's month of May placement data is expected to be down 4-5% vs last year's total, still not small, but reversing the very large placement totals of Feb, Mar, and April. While the grain markets have not appreciated ample rains, cattle country is flush with very good grass and forage conditions. It has a tendency to spread cattle out geographically, delay feedyard placements, and also slow down cow slaughter which we've indeed seen in recent weeks. Cash cattle expectations for this week remain mixed.

Fund Position	Accumulative	Yesterday
Corn	213,742	-20,000
Soybeans	-32,889	6,000
Soybean Meal	17,131	-5,000
Soybean Oil	-40,820	7,000
Chicago Wheat	21,274	-8,000
KC Wheat	-24,397	-



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