



ADMIS Morning Grain Comments

June 1, 2012

Grains are trading lower Friday morning. The bearish mentality is linked to rain falling across the Midwest and weak outside markets. At 7:15am, July corn was 3 cents higher at about 5.58, but the rest of the contracts were pennies lower. July soybeans were down 12 cents to 13.28, but under pressure making new session lows. July wheat was 3.5 cents lower to about 6.40, seeing comparable losses for the other contracts.

The dollar is higher, climbing to a new high for the move, prompting a commodity selling theme. Crude oil is down about \$3.50 to around 83.00, which is down \$24 from May 1st. Equities look to trade sharply lower, worried about global economics with China reporting a weaker than expected PMI (50.4 for May) and the US jobs data lower than expected (up 69,000 instead of estimate of 155,000, pegging unemployment at 8.2%).

The longer weather forecasts still are raising concerns for June and July, prompting some ideas of a drier bias. However, the weather for now looks good, not concerning enough to shake the economic concerns and the technical trends.

The bearish news has soybeans making new lows for the move, with the July contract heading for support at the 200-day moving average of 13.08. July corn looks like it wants to consolidate in the 5.50 area, needing to correct its oversold condition. July wheat has retraced more than 62% of its mid-May surge, falling through support at its 50-day moving average of 641.

Export Sales were even more disappointing than expected. The talk was for weak numbers and soybeans and corn came in below estimates. Wheat export sales were 319 compared to estimates of 250-550. Corn sales were 283 compared to estimates of 500-900. Soybean sales were 419 compared to estimates of 500-900. Soymeal sales were about 29 compared to estimates of 75-200. Soyoil sales were about 18 compared to 15-30.

Brian Brase

Traditional funds sold 9,000 soybeans on Thursday and are net long 197,000 soybean contracts, while net long 79,000 soymeal (-4) and net short 27,000 soyoil (-3). Funds sold 6,000 corn and are net long at 89,000 corn contracts and sold 2,500 wheat and are now net long 3,500 wheat contracts.

Index funds were net long 112,500 soybean contracts (+2), 82,000 soyoil(-1) , 20,000 soymeal(-1), 290,000 corn(+6), and 153,000 wheat(-5). Commercials were short 311,000 corn (+40), 137,000 wheat(+53) and 286,000 soybeans (-6).

	Support	Resistance
July Beans	1308	1350
July Bean Oil	4783	4977
July Meal	386.9	407.3
July Corn	544	564
July Chi. Wheat	623	652
July K.C. Wheat	659	683