

CORN: BETTER

Corn settled down two cents overnight after a higher day yesterday. The weather forecast is getting chilly in the northern belt, with some frost concern over the next two nights for the newly emerging corn. Export sales were huge at 1.85 million tons (72.6 million bushels), with Japan taking nearly half of that amount. South Korea, Egypt and China are all taking sizable amounts. Crude oil is lower, while the dollar is higher again. Basis remains steady, with all eyes are on the Gulf situation and whether the port will stay open, especially with recent export sales that will need to be shipped out. Technical resistance in July corn is \$3.80 while support is \$3.50. Expect a firmer start on huge sales.

Overnight trade settled 2 lower in CN10.

SOYBEANS: MIXED

Deliveries have wound down in oil to only 134, beans have dropped to 289 and meal remains at zero. Export sales were disappointing across the complex. Only bean oil was within the expected range, mainly due to nearly no expectations. Cancellations in meal and oil are ongoing, but not enough to outweigh new sales. New crop sales on beans are nearly equal to old crop. Meanwhile, meal and oil are getting no new crop interest of any quantity lately. The trade was mixed overnight because grains appear to be divorcing themselves from the crude and dollar influences. Both would purport much lower opens today. Weather is not an issue. Basis is steady to processors, weak to export outlets. Beans: -1 to +2; Meal: +2 to +3; Oil: -20 to -30

Overnight trade settled 1 ½ higher in SN10.

WHEAT: LOWER

Macro woes from Europe are the theme for the week. The dollar continues higher as the Euro falls. Crude also continues to drop, pushing through \$80 this morning. Wheat prices managed to scratch out small gains yesterday, behind leadership in corn. Production concerns due to dry conditions in France and possible cold temperatures across northern Europe have also taken the spotlight. Overnight trade found wheat down four to five cents. Opening calls should be a nickel lower. Exports sales last week show all wheat at 150m tons old, 134m tons new crop. Sales look mediocre for wheat.

Iraq bought Russian and Australian wheat this week; US prices were not competitive. No Japan tender this week. US cash basis weakens in the interior, as the trade finds it difficult to place a value on potentially huge low protein production the market does not need. Some dryness is noted in southwestern Kansas, but other areas look good. The Kansas wheat tour's less than stellar yield projections were slightly under last year's, maybe due to potential rust/disease problems. They will have an estimate out this afternoon. Other private estimates will be out tomorrow. Snow in South Dakota, and cold temperatures for Nebraska and into northern Kansas are forecast for this weekend. Freezing temperatures for Kansas are unlikely. Rains are likely across the wheat areas the next seven days.

Overnight trade settled 4 ½ lower in KWN10.

CATTLE: STEADY

The speculative crowd has had all the excuses in the world to pressure cattle futures over the past two days, yet they have not been willing, or able, to do so. The equity markets are off recent highs, there have been sharp losses in outside commodities (including hogs), and the US dollar is surging to 12-month highs. And then there is the cattle complex which has been impressively resilient as the trade eyes a stronger than expected beef market, very positive packer margins, and firmer-yet cash cattle values. Nearby futures are quickly closing their discount to the spot markets while the deferreds are lagging. Showlist supplies are amazingly current and even the bears will admit now that demand is better than previously thought. A seasonal pullback in cash cattle and beef is still likely this summer with increased slaughter adding production, but the historical 15% break in pricing is probably more than can be expected this go-around. Opening calls are steady this morning with outside markets weaker.

Fund Position	Accumulative	Yesterday
Corn	+76,370	+6,000
Soybeans	+68,099	-4,000
Soybean Meal	+36,029	-2,000
Soybean Oil	+18,178	+3,000
Chicago Wheat	-32,221	+1,000
KC Wheat	+14,488	0

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