



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Grains finished Tuesday night's session higher and started out in decent shape at higher money yesterday as well, but soybeans and wheat faltered and dropped into the red by the finish. Corn managed a higher close, maybe partly because of the less than ideal harvest reports coming out of some places in the Corn Belt in the early rounds. It's an easy assumption though that earlier harvested corn in the Corn Belt states was probably some of the more stressed corn this year. Plus, we all know that as harvest moves north they'll get into more areas where expectations are very high for big yields this year, like in Iowa, Minnesota and the Dakotas.

$\frac{3}{4}$ cent higher new crop corn at the close doesn't make a trend though and 7 lower beans doesn't necessarily either. The fact of the matter is- soybeans have been trading sideways for a couple of weeks, hovering just above contract lows waiting for fundamental direction, perhaps from tomorrow's S&D report. Corn has more of a range to it, dropping progressively lower over the last 3 weeks before starting to bounce from just above contract lows in this week's action. Those lows are very critical support levels in both markets because they were established on the day of the last S&D and crop production numbers last month.

6-10 day weather forecasts were calling for above normal temperatures everywhere. Precip was unchanged from the previous day's run with above normal in the far Northern Plains and below normal through the Central, Southern Plains as well as through the Corn Belt. That forecast has somewhat of a friendly flair for wheat and soybeans on the moisture side, but the temps being above normal even in the north means more heat units and a potential better finish for northern crops.

No new big business was reported in the 8 am USDA export reporting.

There was a flood of estimates regarding South American production and planting prospects that came out yesterday. Argentina's Rosario Exchange raised their corn production estimate for this year's crop up to 27.3 mmt's compared to their previous estimate of 25.8. At the same time though their estimate for this coming year's corn planting is down 23% from this past crop. Brazil analysts estimated next year's soybean production at 97.1 mmt's, which would be

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up 1 ¼ mmt from this year. Some analysts have their crop production penciled in as high as 100 mmt's, but with the seed still in the bag I would caution anyone from trying to trade on those numbers. The talk is probably worth less than the paper the estimates were printed on this early in the game, no different when we hear US planted acreage discussion before the calendar turns to the new year.

Tomorrow morning at 11:00 USDA releases the September crop reports. DTN's surveyed results have the average corn yield guess at 166.6 bpa and beans at 46 bpa. Both of those numbers are slightly lower than the August data. Old crop corn and soybean ending stocks are also estimated to drop slightly with corn pegged at 1.770 bln and beans 228 mln. New crop stocks guesses are 1.580 bln corn, 396 mln beans and 860 mln wheat. In the big picture analysis, new crop stocks at those levels are bearish wheat and soybeans and neutral with maybe a slight hint of friendliness for corn.

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