



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Grain and oilseed trade showed a nice rebound in wheat and corn yesterday, but soybeans just couldn't muster any ability to follow the rally. The story across the newswires getting the most press is end user buying being the primary driver. With spot month corn getting really close to \$3.00 even this week along with hard and soft red winter wheat being solidly below \$4, that story likely does have some merit.

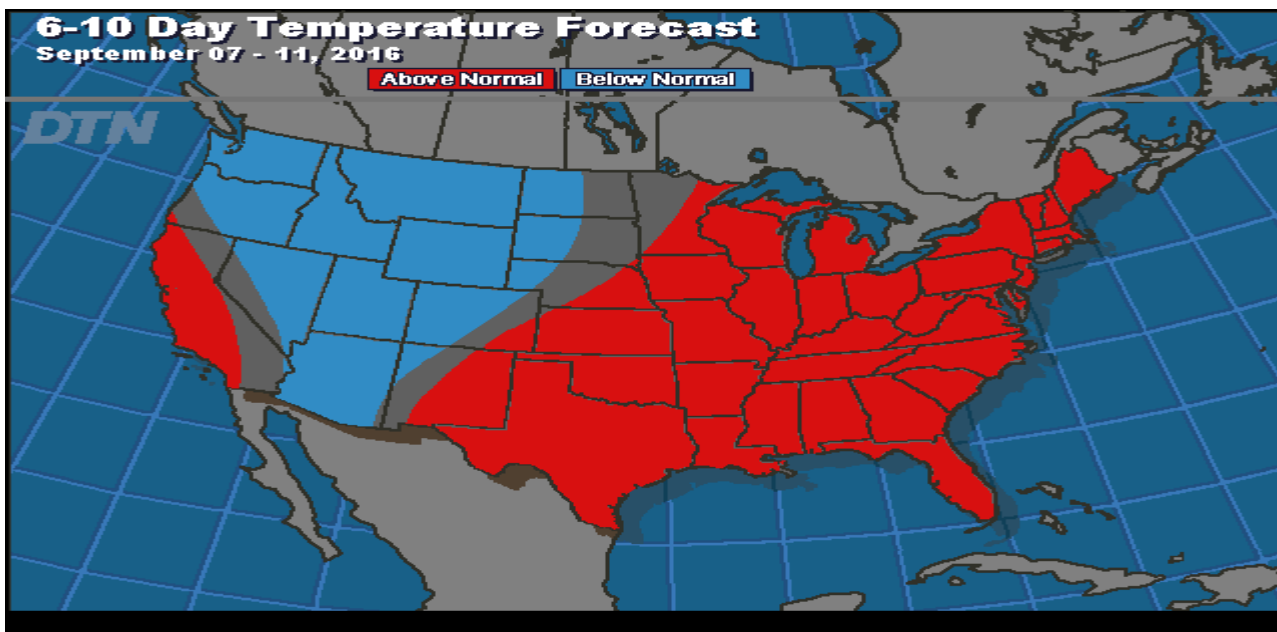
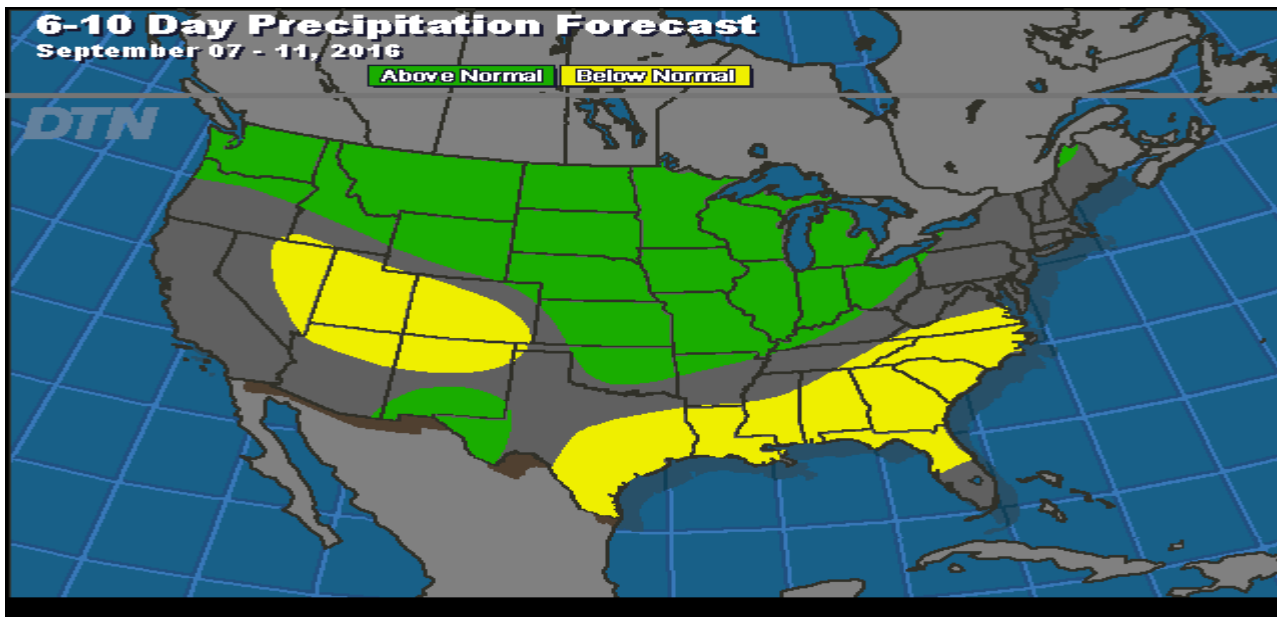
We already saw one 100k+ mt daily sale of wheat this week, which was the first of that magnitude in a long, long time. Despite that daily sale, the weekly export number that came out yesterday morning was really poor for wheat. There were 10.3 mln bushels of old crop sales, which is about half of what I'd like to see in order to say they were bullish. Don't get caught in the trap of being overly bullish wheat. The fundamentals just don't support it...., yet. We need a lot more interest in export demand, or a lot fewer acres planted this fall before getting friendly. Plus, before arguing wheat is cheap enough to feed a significant amount, don't lose sight of the fact corn prices are awfully cheap as well.

Ok, so before closing things out today with everyone thinking I'm beating the bearish drum too hard, I want you to keep in mind we take a 100% objective look at markets and fundamentals. Soybean export demand is great. Corn export demand is pretty good. Wheat export demand is terrible. End user demand for all three should be really good considering the low price levels all three are perched at compared to recent history. Production-wise, we have way too much wheat this year and it's a lower than normal quality crop. Corn production in the August USDA guess was HUGE and it might be big in this month's report as well considering USDA's methodology for the September yield surveys. However, we also feel that corn yield number will get quite a bit smaller by the January final report. Soybean yields started out big in the August report and given August weather this year, that number is very likely to get even larger barring an early freeze event.

That's a LOT of thoughts to chew on in the grain and oilseed markets and there's a lot more that I didn't have time to cover. Plus, with a few more bearish points than bullish, it's kind of self-explanatory why futures and cash markets have been under pressure lately.

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