

CME Oilseed / Grains Comment for: March 29, 2010 **SOY-COMPLEX**

The soy-complex ended higher as a host of macro market forces provided support. The spread of the Argentine Stevedores strike was also supportive, but likely more on a psychological level. Bull spreading was noted in old/new crop soybean and soymeal/soyoil spreads were also features. Funds were estimated to have bought 6,500 contracts of soybeans, 2,000 soymeal and 1,500 soyoil.

The Argentine dockworkers are looking for a 100% pay increase, but it is widely expected that the parties can agree to salary gains of 60-75%. The government may step in to call a cooling period. It appears that this will be worked out within a few days.

This week's export inspections for soybeans were 29.291 million bushels, down from 32.6 last week. Cumulative soybean inspections stand at 87.1% of the USDA's projection for the 2009/10 marketing year versus a 5-year average of 75.6%. Inspections need to average just 8 million bushels each week to reach the USDA's projection.

The Central US forecast is ideal to start the week with the US/EU models in good agreement. Warm/dry weather will prevail with some spotty showers into early April. The extended forecast calls for light/moderate precipitation and mostly seasonal temperatures. This week's warm/breezy and dry weather will favor fieldwork operations. Two systems are projected April 7-14th – the 1st appears to be April 7-8 and will provide widespread totals of .50-1.50 to the Plains and Western Midwest. The 2nd system is projected April 12-14th and will favor the Plains and the Eastern Midwest but totals will be on the light side of only .25-.75 inches.

The South American forecast is improved from last week, offering normal precipitation in Brazil this week and mostly dry weather beyond April 7th. Rainfall through the next 5-7 days will be isolated to central and northern Brazil with totals estimated in the range of 1-3 inches – precipitation beyond April 7th will be limited and light.

Short-term technical trend changed to higher in soybeans and soymeal today, but remains lower in soyoil. The long-term technical trends remain lower for soybeans and soymeal and turned higher today in soyoil. We would favor being on the sidelines in the entire soy-complex. We would look to sell soybeans on a close below 959 3/4, and soymeal on close below 270.60. We would look to trade soyoil from the long side on a close above 3930.

CORN

The corn market saw another mixed slow trade with light support seen from soybeans and the macro influences that were a supportive feature all day. The corn market lagged behind the sharp gains in soybeans today as this week's dry forecast was the main negative price factor along with the switch to the net short side by trend-following funds on the latest Commitments of Traders report. Cash markets were generally quiet ahead of Wednesday's Planting Intentions report from the USDA. Traders are looking for a corn total in the neighborhood of 89 million

acres, although some traders may expect the number to rise into the Planted acreage report at the end of June if planting weather is favorable. Funds were estimated to have sold a modest 1,000 contracts.

This week's export inspections for corn were 37.854 million bushels, down from just over 45 million last week. Cumulative inspections stand at 50.9% of the USDA's projection for the marketing year versus a 5-year average of 54.6%. Inspections need to average 40.8 million bushels each week to reach the USDA's projection. Basis levels were steady for corn at the Gulf this morning with farmers in the region said to be busy doing fieldwork.

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Both short term and long-term technicals trends are lower for corn. We prefer trading from the short side in corn risking a close above 365 $\frac{3}{4}$.

WHEAT

Wheat ended unchanged and at contract lows. Favorable weather and liquidation selling ahead of Wednesday's Planting Intentions report were the main negative factor that overcame support from a dollar index that remained lower throughout the day. Weather has been mostly beneficial to the US winter wheat crop in recent days with forecasts calling for a dry spell all of this week and warmer weather later in the week, this is also considered beneficial.

This week's export inspections in wheat were 14.776 million bushels, down from just over 20 million last week. Cumulative inspections stand at 83.4% of the USDA's export projection for 2009/10 versus a 5-year average of 81.3%. Inspections need to average 14.087 million each week to reach the USDA's projection.

Both short term and long-term technicals trends are lower for wheat. We continue to trade from the short side in wheat risking a close above 478 $\frac{1}{4}$.



<u>Commodity</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Net Change</u>
May Soybeans	977	960	967 ½	Up 15 ½
May SoyMeal	278.00	272.80	276.90	Up 6.00
May Soyoil	39.65	39.25	39.27	Up 32
May Corn	359 ½	354 ¾	357	Up ¾
May Wheat	469	463	464 ¾	Unchanged

Regards, Tim Anderson

The risk of loss in trading futures and options can be substantial, therefore only genuine "risk" funds should be used in such trading. Futures and options may not be a suitable investment for all individuals and individuals should carefully consider their financial condition in deciding whether to trade. Option traders should be aware that the exercise of a long option will result in a futures position.

“This report is contributed by Tim Anderson. Please send email to info@gatetrade.com, if you are interested in learning more about commodity futures and option trading in addition to more extensive research.”