



# Corn

Benson Quinn Commodities Inc.  
Minneapolis, MN

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**Review:** The complex closed higher after seeing an almost mirror image of what transpired during the Thursday session. Support is reported to be centered on the possibility of further production declines in the Southern Hemisphere, the spring and summer weather pattern in the U.S. and other Northern growing regions of the World and will demand from China continue to increase as we proceed through 2012 and beyond. Technical buying that has been on a twelve session run could be setting the market up for a "buy the rumor, sell the fact" USDA report next week as its questionable as to whether they will relinquish much of their new length ahead of it. The bears in the market seemed to be convinced that the recent rally, especially in the cash market is more supply led than demand that eventually the Southern Hemisphere pipeline will get to adequate levels and pull even more business away from the U.S.. If realized it will leave the U.S. left to supply the domestic side of the market and will rely heavily on a strong demand base for ethanol to carry the market for the last half of the crop year.

Technically, for the week the March corn contract was seen closing up \$.02 3/4 after putting in a higher high and low with the new crop December contract following the same pattern but closing up \$.010 1/2. The H-K spread widened back out to \$.06 1/4 compared to last week's close of \$.05 3/4. Support or resistance appears to surface at the \$.06 1/2 to \$.07 range as the trade continues to roll out of March positions ahead of the first delivery at the end of the month. The N-Z spread was also noted to have given up \$.06 of its value this week and closed at \$.74 after trading out to \$.84 but falling \$.00 3/4 short of last week's level. Spreads could be indicating were are losing momentum but the bulls will argue that both the old as well as new crop months managed to close up above their 100-day moving averages and they will see that as supportive, at least going into the weekend.

The Informa Group released their pre-USDA guesstimates one hour into the day session. They pegged the Argentine corn production at 22.5 million tons vs. last month's 24.0 and the USDA January estimate of 26.0 million. They left Brazil's 2011 corn crop unchanged at 61.0 and had their 2012 crop at 61.75 million tons vs. the USDA at 61.0. With regards to soybeans they pegged Argentina at 46.5 vs. 51.0 last month and USDA's 50.0 million ton estimate and they had Brazil at 70.0 vs. 72.0 million last month and the USDA's January estimate of 74.0 million. Soybeans were reported to have found some support from the report but it didn't appear that corn did. We would expect it may have triggered some long corn/short soybean as well as long wheat/short soybean liquidation for the balance of the session.

### Supplemental Commitment Report Combined Futures & Options

	As of 01/31/12	Long	Short	Net
Large Fund	Actual	252,289	126,725	125,564
	Change	16,250	-16,051	+32,301
Commercial Hedger	Actual	352,370	709,718	-357,348
	Change	-1,266	25,883	-27,149
Small Trader	Actual	157,669	276,118	-118,449
	Change	-20,184	-12,852	-7,332
Index Trader	Actual	439,457	89,224	350,233
	Change	13,724	11,544	+2,180

Funds would appear to have added 5,000 to 10,000+ more contracts than what has been estimated for the week ending January 31<sup>st</sup>.

Jon Michalscheck

### Settlements:

	Close	Change	High	Low
CH2	644 1/2	+1 1/2	646 1/2	638
CK2	650 3/4	+1 1/4	652 3/4	644 1/4
CN2	655 1/2	+2	656 1/2	648 1/2
CU2	604 3/4	+3 1/4	604 1/2	596 1/4
CZ2	581 1/2	+2 1/2	581 3/4	573 3/4
CH3	593 1/4	+2 1/4	593	586
CZ3	562 1/4	- 1/2	563	555

### Volume/Open Interest (# of Contracts):

	Vol Elec	Vol Pit	O/I	Change
Total	293,650	28,401	1,245,938	+1,238
CH2	150,218	14,882	394,919	-9,723
CZ2	26,984	2,622	234,364	+6,917

### Technicals:

	Support	Resist	20-Day	50-Day
CH1	592 1/2	645	629 1/4	616 3/4
CK2	599 1/2	631 1/4	635 1/2	624

### USDA Weekly Export Data:

	Date	Trade Est.	Actual
Inspect (Mil. Bu.)	01/26/12	29 to 33	22,690
Sales (MT)	01/26/12	700 - 950	975,000

### River Markets (St. Paul and Savage):

	Barge Frt.		St. Paul		Red Wing	
Mo.	Bid	Offer	Basis	Chg	Basis	Chg
Feb			-35H	+7	---	---
R/O	410	425	-28K	+4	-31K	---
May	400	420	-26K	+2	-29K	---

### Shuttle/Rail Markets:

	BN PNW	CP PNW	Herford	FOB CP
Mo.	2YC	2YC	Max 20 3YC	Singles
Feb	+110H	+92H	+84H	-45H
Mar	+115H	+104H	+85H	-45H
Apr	+112K	+102K	+83H	-50K

### Gulf Market (CIF):

Mo.	Basis	Change
Feb	71/70	+4/+1
Mar	/64	/--
Apr	59/62	--/+1
May	59/62	--/+1

### Domestic Market:

Mo.	Basis	Del Pt.	Basis
Feb	71/70	Chicago	+10H
Mar	/64	Toledo	+12H
Apr	59/62	Decatur	+25H
May	59/62	Marshall	-20H

### Cost of Carry:

Spreads	Carry	Full Carry	% of Full Carry
CH2/CK2	6 1/4	12 1/2	46
CH2/CN2	11	25 1/2	43
CK2/CN2	4 3/4	13	37

### CBOT Deliverable Stocks (Thou Bus):

	As of Jan 27 <sup>th</sup> All Warehouses	Previous Wk All Warehouses	Year Ago All Warehouses
Del	3,744	3,679	7,017
Non	353	657	3,344
Total	4,097	4,336	10,361

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