



# Corn

Benson Quinn Commodities Inc.  
Minneapolis, MN

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## Review:

The complex was seen closing at two week lows as it had a mild meltdown ahead of tomorrow's USDA report. Technical selling picked up as the May contract broke down through last week's low of \$3.75 as well as the previous week's \$3.71 1/4 triggering sell stops. Selling pressure was also noted to have been coming from the December contract following the same pattern and trading down through its \$4.01 and \$3.98 levels. Market weakness was blamed on declining demand as well as the outside macro markets providing very little if any support for the second consecutive session. The Brazilian governments equivalent to the USDA, CONAB increased their corn production estimate on their monthly report by just a fraction to 51.38mt compared to 51.36mt in February and 51.0mt last year giving a wake up to the majority of the trade that the overall trend in South America is for higher corn and soybean production. They increased their soybean production outlook to 67.5mt compared to 66.73mt in February and 57.17mt last year. Brazil's recent increases along with the likelihood that the USDA will follow the same pattern for most if not all of South America also provided overhead resistance to price action today. For the day funds were estimated to have sold in excess of 5,000 contracts as they chased the buyers for nearly the entire session.

A University of Missouri think tank, FAPRI, the Food and Agriculture Policy Research Institute released their latest outlook for the 2010-11 crop year. They pegged planted acres for corn at 89.6 million with a yield of 159.5 putting the production level at 13.134 billion bushels and the carryout at 1.642 billion bushels compared to the Outlook Conference carryout of 1.654 billion. Usage would be approximately 100 million above this year's current projection of 13.115 billion bushels.

Below is a snapshot of the Dow Jones production and carryout survey results for Wednesday's USDA report. The USDA reportedly was only going to survey the four states of IL, MI, MN, and WS which has some in the trade expecting that will prevent the USDA from reducing the production level significantly as they will not include the states of North and South Dakota.

### Recap for the USDA Production, & Carryout Stock Estimates

#### 2009-10 Production Estimates

Dow Jones	USDA Mar 10	Average of Estimates	Range of Estimates	USDA Feb 10	USDA Final 08-09
Corn		13,081	12,838 -13,200	13,151	12,101
SB		3,350	3,210-3,375	3,361	2,967
Yield					
Corn		164.5	162.0 - 165.3	165.2	153.9
SB		43.8	41.9 - 44.0	44.0	39.7
2009-10 Carryout Estimates					
Corn		1.716	1,602-1,814	1.719	1.673
SB		0.195	0.170-0.235	0.210	0.138
Wht		0.971	0.876-1,001	0.981	0.657

Jon Michalscheck

## Settlements:

	Close	Change	High	Low
CHO	358 3/4	-5 3/4	364 1/2	358
CKO	369	-6	375 1/4	368 1/4
CNO	380	-6	386	379 1/4
CUO	388 3/4	-6 1/4	394 3/4	387 3/4
CZO	397	-6	403 1/4	395 1/2
CZ1	408 1/4	-8 3/4	416 1/4	407 1/2

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

	Vol Elec	Vol Pit	O/I	Change
Total	132,504	16,088	1,120,056	-515
CKO	67,138	8,017	463,526	-3,941
CZO	19,625	2,496	263,790	+1,695

## Technical:

	Support	Resist	20-Day MA	50-Day MA
CKO	374	399 1/2	377 3/4	388 1/2
CZO	398	421	402 3/4	411

## USDA Weekly Export Data:

	Date	Trade Est.	Actual
Inspect (Mil. Bu.)	03/04/10	32 - 36	34,077
Sales (MT)	02/25/10	350 - 550	833,400

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

Mo.	Barge Frt.		St. Paul		Savage	
	Bid	Offer	Basis	Chg	Basis	Chg
Mar			-50K	---		
R/O	340	350	-30K	--	-32K	--
May	335	345	-25K	--	-28K	--

## Shuttle/Rail Markets:

Mo.	AVG2YC		AVG3YC		Max 20 3YC		FOB CP	
	BN PNW	CP PNW	HEREFORD	SINGLES				
Mar	+92K	+60K	+58K	-60K				
Apr	+92K	+60K	+58K	-60K				
May	+95K	+62K	+58K	-60K				

## Gulf Market (CIF):

Mo.	Basis	Change	Domestic Market:	Basis
Mar	34/35	-1/-2	Chicago	-07K
Apr	36/38	-1	Toledo	-30K
May	40/42	---	Decatur	-03K
Jun	38/40	---	Marshall	-45K

## Cost of Carry:

Spreads	Carry	Full Carry	% of Full Carry
CKO/CNO	10 3/4	11 1/4	96
CNO/CZO	17	29	59
CZO/CH1	10 1/2	17 1/4	61

## CBOT Deliverable Stocks (Thou Bus):

	As of March 5th All Warehouses	Previous Wk All Warehouses	Year Ago All Warehouses
Del	6,805	7,417	6,677
Non	2,765	2,932	956
Total	9,570	10,349	7,633

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