



# Corn

Benson Quinn Commodities Inc.  
Minneapolis, MN

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**Review:** Corn was seen closing fractionally mixed on ideas the market was going through a consolidation phase ahead of the upcoming USDA monthly global supply and demand report. A bearish tone in the macro markets tied to the European debt problem once again getting a fair amount of press along with better than expected rains in the Southern Hemisphere along with another system due to move through this week caused a modest wave of profit taking to develop. A two+ week of rallying by the funds seemed to have stalled in the early stages of the Sunday evening session and that set the tone for a market that seemed to lack conviction on what believe will be a bullish report on Thursday. Funds were estimated to have sold 1,000 to 2,000 contracts by the end of the session.

Today's weekly export inspection managed to rebound from last week's dismal corn number but wheat as well as soybeans were seen on the decline. Corn came in approximately 8.0 million bushels above what the trade needs to average and that continues to have some in the trade expecting the USDA to increase the export pace on the Thursday report from its currently 1.650 billion bushel level that was increased last month by 50 million! Year-to-date inspections are nearly even with last year's pace vs. the USDA currently projecting a 10% decline.

USDA Grain Export Inspections Week Ending 02/02/12				
Reuters	Preliminary 02/02/12	Revised 01/26/12	Previous 01/26/12	Last Yr 02/03/11
Wheat	14,505	18,796	18,655	30,618
Corn	39,389	22,834	22,690	29,201
Sorghum	573	289	289	1,165
Soybeans	37,292	41,756	41,503	44,509
Marketing Year-To-Date Inspections				
	Current Year	Last Year		
Wheat	671,398	786,771		
Corn	710,614	712,063		
Sorghum	32,816	60,616		
Soybeans	755,595	1,023,902		

Below is a snapshot of the Dow Jones survey results for the upcoming USDA report. The estimates at face value would indicate that there should be a bullish bias from the majority of the trading going into the report. As we mentioned last week, the trade could be setting up for a "buy the rumor, sell the fact" scenario going into report day? Global buyers appear to be having gotten themselves covered out into the April-May time frame so we could see a vacuum in terms of underlying support if the numbers don't generate a deeper bullish bias than is already in the market.

USDA Domestic Ending Stock Estimates & Brazil & Argentine Production Estimates 2011-12 Domestic Carryout Estimates					
Dow Jones	USDA Feb 09 <sup>th</sup>	Average of Estimates	Range of Estimates	USDA Jan 2012	USDA Final 10-11
Corn		0.797	0.680 - 0.846	0.846	1.128
SB		0.269	0.245 - 0.300	0.275	0.215
Wht		0.868	0.836 - 0.935	0.870	0.862
South American Production Estimates					
Brazil					
Corn		59.8	58.5 - 61.0	61.0	57.5
SB		71.7	70.0 - 73.5	74.0	75.5
Argentina					
Corn		22.5	20.0 - 24.5	26.0	22.5
SB		48.5	46.0 - 50.0	50.5	49.0

Jon Michalscheck

## Settlements:

	Close	Change	High	Low
CH2	644 1/4	- 1/4	648 1/2	639 1/4
CK2	651 1/4	+ 1/2	654 1/2	645 3/4
CN2	656 1/4	+ 3/4	659 1/4	650 1/4
CU2	605 1/4	+ 1/2	605	598 3/4
CZ2	581 1/4	- 1/4	582 1/4	576
CH3	593	- 1/4	593 1/4	588 1/4
CZ3	563 1/2	+1 1/4	569	567

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

	Vol Elec	Vol Pit	O/I	Change
Total	221,164	23,265	1,253,744	+7,806
CH2	114,171	13,164	387,827	-7,092
CZ2	20,856	1,859	238,966	+4,602

## Technical:

	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	Domestic Market:	
			Del Pt.	Basis
Feb	68/66	-3/-1	Chicago	+10H
Mar	62/64	/--	Toledo	+12H
Apr	59/61	--/-1	Decatur	+25H
May	59/62	---	Marshall	-17H

## 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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