

Published by: John Payne

11/5/2013 11:17:32 AM

I feel excited to say for the first time in 9 weeks, WELCOME TO WASDE WEEK! The last time we heard from the USDA regarding WASDE data, it was September 12th. Since that day, we have seen prices move dramatically in grains and oilseed markets. December Corn shed almost 45 cents, November Beans are off almost 1.40 and December Cotton is off 8 cents from the moment the report was released. The good news has been in wheat, with December Chicago Wheat is up 20 cents (was up almost 70 at one point) and KC Wheat has gained 35 cents (was up almost 80 at one point). Keep in mind, the wheat move was made primarily on the back of a very bullish September 30th stocks report, where we saw little new corn or bean data. Regardless, my point for posting these gains is to point out that these markets have moved substantially since the last USDA check in. I am expecting trends to be pushed or changed from the results of this report.

The bean markets are probably the most asked about, so I will start there. The recent export reports have been strong enough for the USDA to possibly raise the export expectations on Soy, but how will higher exports measure against higher production? The last few weeks have seen China making record purchases, yet price has not been able to hold as more and more US soybeans are hitting the market. If you had locked me in a room and forced me to read bean news without looking at price for the last month, you would be hard pressed to convince me prices are sitting on near term lows, which is where they are now. The wrap up of harvest should have the market searching for a near term low in coming weeks. Where that low comes in will depend squarely on the following factors:

- 1) Does the market stay inverted after the USDA report and after the November delivery season ends?
- 2) How much higher does the USDA adjust the 2014 carryout? Does the adjustment offset the faster than expected soybean import pace by the Chinese? Right now China is about 100 million bushels over their expected import pace. If the ending stocks on beans were to be raised 25 million bushels, the uptick in Chinese demand will be somewhat negated.
- 3) The meal/oil trade structure. This is my gauge for Spec interest in this market. The trade has been long bean meal and short corn for quarter after quarter. This will be our compass.



December Bean Meal against December Bean Oil (contract value difference)



Regarding corn, I can't reiterate what has already been said about Corn and the fundamentals. We know; they are bearish. I have a feeling based off the chart below, and the massive amount of shorts in this commodity that a bounce is coming. I know the data is bearish, but deep down I just have this nagging feeling the story may be about to change. I think the cycle is going to start weighing on those planning to plant corn next year and we will begin to see less and less acres be prepped for corn planting. Based off the myopic attitude the market tends to have, it could start to trade the story coming out of South America, i.e. very little corn acres/massive bean acres, which brings me to this chart:

Continuous Corn (monthly)





Prices are sitting on a long term trend line that has held multiple times, going back to 2005. If this trend line breaks and we close November around 400, then I think its curtains for corn and we look to test lows from those years. Corn shorts may want to sell some puts down below these resistance levels as a hedge against the trade. Everyone seems to be short corn. 'Zigging' when everyone else is 'zagging' is usually a pretty good play. With that said, the recent long term moves in corn have come in 4.25 cent moves. The most recent move has only encompassed 4.00 of range. Do we see 3.50 before it's all said and done? We may, but I wouldn't expect many to have a chance to buy there as the book ends of recent long term moves have ended with capitulating selloffs/ buys.

The Wheat markets may get slightly neglected over the next few days, but we should not be forgetting the seasonal sell signals that come online later this week in Wheat. The Argentinian crop was smaller than expected, but larger than first thought a few weeks ago. Australia seems to be having a decent year and European wheat reports show plantings going smoothly. Watch this spread (July KC Wheat vs Chicago) for direction. A bullish move in wheat should be led by KC, a break of either line should encourage bullish/bearish follow through post report.

July KC Wheat vs July Chicago Wheat



THE SCHEDULE (All times EST)

It's all about Friday folks. Not only do we have the Super Bowl of grain reports, but we have the first live monthly unemployment number announcement since the shutdown. Throw in ECB press conferences on Thursday, Fed Chair Bernanke press conference on Friday and Chinese CPI and Industrial Production on Saturday and we may have the makings for a rocky start to the week, next week.

Date	2:54pm	Currency	Impact		Detail	Actual	Forecast	Previous	Graph
Mon Nov 4									
Tue Nov 5	12:30am	JPY	🔴	BOJ Gov Kuroda Speaks	📁				
	10:00am	USD	🔴	ISM Non-Manufacturing PMI	📁		54.2	54.4	📊
Wed Nov 6									
Thu Nov 7	7:45am	EUR	🔴	Minimum Bid Rate	📁		0.50%	0.50%	📊
	8:30am	EUR	🔴	ECB Press Conference	📁				
		USD	🔴	Advance GDP q/q	📁		1.9%	2.5% ^{⬇️}	📊
		USD	🔴	Unemployment Claims	📁		332K	340K	📊
	2:00pm	EUR	🔴	ECB President Draghi Speaks	📁				
	Tentative	CNY	🔴	Trade Balance	📁		23.5B	15.2B	📊
Fri Nov 8	8:30am	USD	🔴	Non-Farm Employment Change	📁		126K	148K	📊
		USD	🔴	Unemployment Rate	📁		7.3%	7.2%	📊
	9:55am	USD	🔴	Prelim UoM Consumer Sentiment	📁		74.6	73.2 ^{⬇️}	📊
	3:30pm	USD	🔴	Fed Chairman Bernanke Speaks	📁				
	8:30pm	CNY	🔴	CPI y/y	📁		3.3%	3.1%	📊
Sat Nov 9	12:30am	CNY	🔴	Industrial Production y/y	📁		10.1%	10.2%	📊

Mon 11/04/2013

3:00 PM	Dairy Products	NASS
4:00 PM	Crop Progress	NASS

Tue 11/05/2013

9:00 AM	Food Price Outlook	ERS
4:00 PM	Weekly Weather and Crop Bulletin (WAOB)	WAOB
4:00 PM	Monthly Milk Cost of Production	ERS

Wed 11/06/2013

3:00 PM	National Dairy Products Sales Report	AMS
3:00 PM	Broiler Hatchery	NASS

Thu 11/07/2013

8:30 AM	U. S. Export Sales	FAS
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Fri 11/08/2013

12:00 PM	World Agricultural Production	FAS
12:00 PM	Oilseeds: World Markets and Trade	FAS
12:00 PM	Grains: World Markets and Trade	FAS
12:00 PM	Cotton, Grains, Oilseeds, and World Agricultural Production Data	FAS
12:00 PM	WASDE	WAOB
12:00 PM	Cotton: World Markets and Trade	FAS
12:00 PM	Crop Production	NASS
12:00 PM	Cotton Ginnings	NASS
3:00 PM	Peanut Prices	NASS
4:00 PM	Season Average Price Forecast	ERS

Here is a tip I have been giving my clients for trading WASDE on Friday -trade the report based off how you want to be set up on Sunday night, not how you want to be set up before for the announcement. The major move from the report may not come until Sunday evening or Monday morning after the Asian and European markets have a chance to see the numbers. We will only trade this report for 2 hours and 15 minutes on Friday, without banks being opened in overseas markets. Because of this, I would avoid any weekly puts or calls that expire on Friday. Spend the extra money and give yourself another week to figure out where this thing goes.

Stand by throughout the week for more on WASDE and these markets. I am done following the crop progress report; assume corn progress to lag this evening and bean progress to be at about 85%. If anything else breaks before Friday, you can bet your bottom dollar TWIG will be there watching. Stay tuned!

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