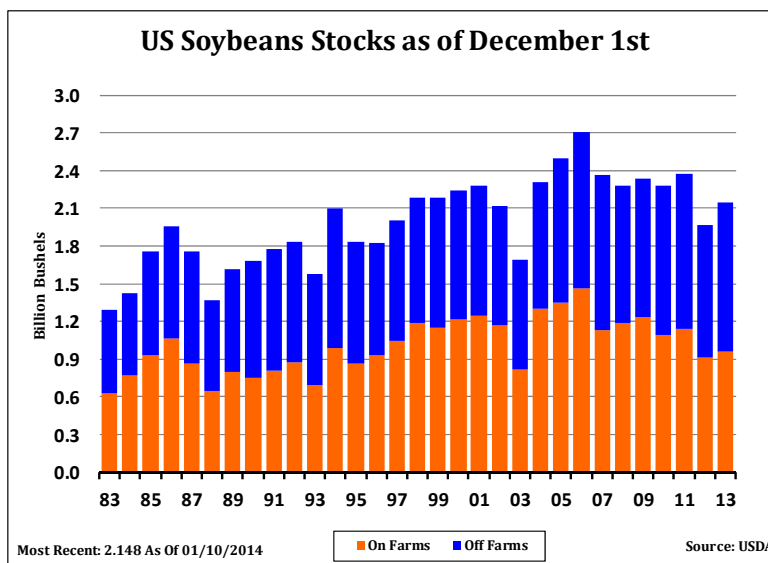


### SOYBEANS

U.S. Grain Stocks (1000 Bushels): Soybeans						
Date	2012			2013		
	On Farms	Off Farms	Total All Positions	On Farms	Off Farms	Total All Positions
Mar 1	555,000	819,488	1,374,488	456,700	541,320	998,020
Jun 1	179,000	488,465	667,465	171,100	263,564	434,664
Sep 1	38,250	131,120	169,370	39,550	101,007	140,557
Dec 1	910,000	1,056,161	1,966,161	955,000	1,192,558	2,147,558

**SOYBEANS:** The USDA report was considered mixed as US demand trends were firm but world ending stocks were higher. The USDA pegged the 2013/14 ending stocks at 150 million bushels, which was same as the December estimate the average trade guess. Export demand was revised higher by 20 million bushels and crush was revised up by 10 million, but the demand increases were offset by higher 2013 production. Traders expected a final 2013 production estimate near 3.279 billion bushels, which would have been up 21 million from November, but the actual production came in at 3.289 billion. Yield came in at 43.3, which was up from 43.00 posted in November. December 1st stocks came in at 2.148 billion bushels, compared with trade expectations at 2.166 billion. The USDA pegged world ending stocks for 2013/14 at 72.33 million tonnes as compared to 70.62 in December and trade expectations at 71.53 million tonnes. Brazil production was revised up by 1 million tonnes to 89 million.



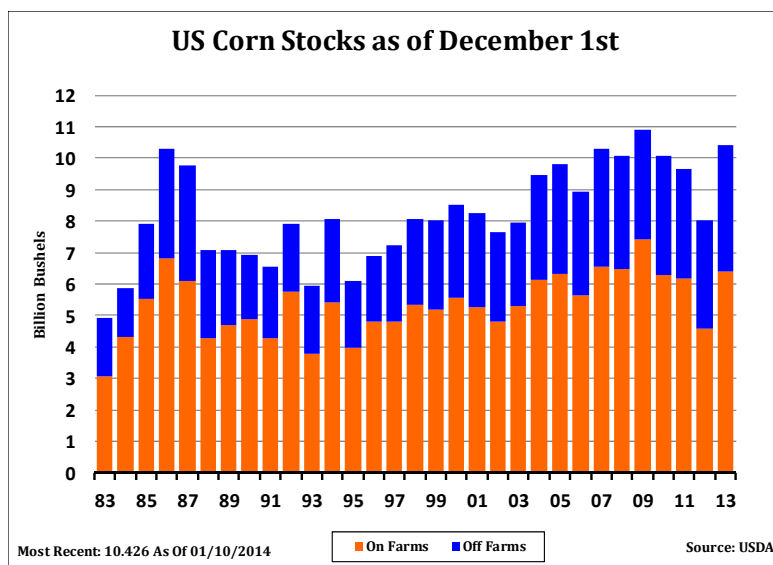
**PRICE OUTLOOK:** The market reaction to the report was an immediate 10 cent pullback off of the highs. November quickly pushed lower on the day as traders believed that if weather conditions last August resulted in a 43.3 bushel per acre yield, then new crop yields will be higher under normal weather and that planted area is shifting to soybeans. May soybean resistance is at 1274. Look for choppy to lower trade over the near-term with 1238 3/4 and 1224 as next downside targets. November soybean resistance is at 1109 with 1069 1/2 as next downside objective.

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### CORN

U.S. Grain Stocks (1000 Bushels): Corn						
Date	2012			2013		
	On Farms	Off Farms	Total All Positions	On Farms	Off Farms	Total All Positions
Mar 1	3,192,000	2,831,356	6,023,356	2,669,200	2,730,726	5,399,926
Jun 1	1,482,000	1,666,204	3,148,204	1,260,100	1,506,144	2,766,244
Sep 1	313,700	675,327	989,027	275,000	546,185	821,185
Dec 1	4,586,000	3,446,732	8,032,732	6,380,000	4,046,104	10,426,104

**CORN:** The USDA report was considered supportive as December 1st stocks came in near the low end of expectations and down 364 million bushels from expectations. In the Supply/Demand report, the USDA pegged 2013/14 ending stocks at just 1.631 billion bushels, compared with the average trade guess near 1.86 billion. This was also near the low end of the range of estimates of 1.654 to 2.054 billion. Feed usage was up 100 million bushels, and ethanol usage was revised up 50 million. Traders expected a final 2013 production estimate near 14.066 billion bushels, which would have been 77 million above the November, but the actual production came in at just 13.925 billion bushels. Yield came in at 158.8 bushels per acre, down from 160.4 in November. In the Grain Stocks Report, December 1st stocks came in at 10.426 billion bushels, compared with trade expectations at 10.79 billion. Last year's figure was 8.033 billion. The USDA pegged world ending stocks for 2013/14 at 160.23 million tonnes, compared to 162.46 in the December report and trade expectations at 163.2 million tonnes.



**PRICE OUTLOOK:** The report was bullish against expectations for both the US and world. Hedge funds were aggressive sellers in the days into the report, and it appears that short-covering from speculators and index fund buying could be a powerful force over the next few days. March corn could see support over the near-term at 416, with 449 3/4 as stiff resistance.

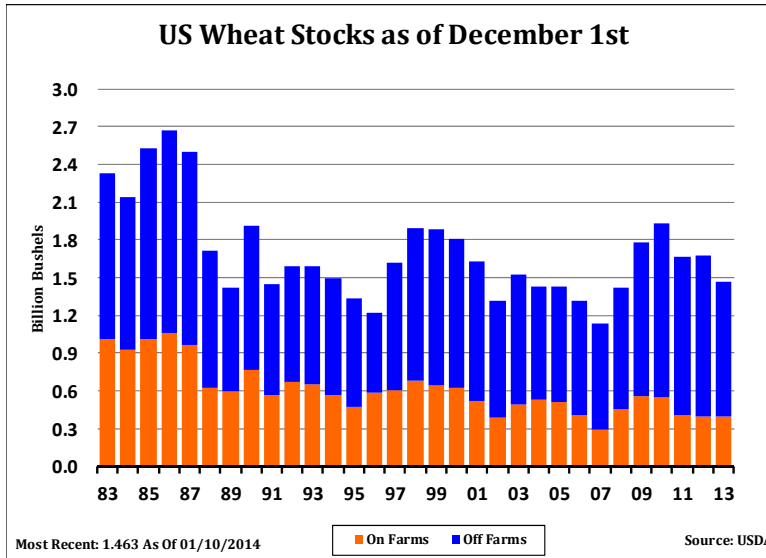
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### WHEAT

U.S. Grain Stocks (1000 Bushels): All Wheat						
Date	2012			2013		
	On Farms	Off Farms	Total All Positions	On Farms	Off Farms	Total All Positions
Mar 1	217,100	982,245	1,199,345	236,970	997,860	1,234,830
Jun 1	112,030	630,590	742,620	120,150	597,739	717,889
Sep 1	572,900	1,531,837	2,104,737	555,000	1,314,637	1,869,637
Dec 1	399,500	1,271,079	1,670,579	398,500	1,064,202	1,462,702

U.S. Acreage (1000 Acres)	2013			
	Jan 12 Seedings	Mar 28 Intentions	Jun 28 Planted	Jan 10 Seedings
Wheat, All	-	56,440	56,530	-
Winter	43,090	41,988	42,697	41,892
Hard Red	-	-	-	30,100
Soft Red	-	-	-	8,440
White	-	-	-	3,390
Durum	-	1,751	1,538	-
Other Spring	-	12,701	12,295	-

**WHEAT:** The USDA report for wheat was considered bearish against trader expectations. US all wheat carryout was pegged at 608 million bushels, which was up from 575 million bushels reported in December and up from the average trade estimate of 557 million bushels. The range of estimates was 460 million to 586 million, so the big jump in stocks is considered bearish. For the grain stocks report, December 1st stocks came in at 1.463 billion bushels, compared with trade expectations of 1.400 billion and with 1.671 billion last year. Total winter wheat plantings were pegged at 41.892 million acres, compared with trade expectations near 43.5 million acres. The range of estimates was 42.5 to 44.6 million, so the news was supportive to the new crop. Still, the market fell sharply on the poor old crop news. Hard red acreage came in at 30.1 million, compared with the average trade estimate of 30.45 million and last year's 29.571 million. Soft red acreage was pegged at 8.440 million vs. trade estimates near 9.525 million. White winter came in at 3.39 million and compared with estimates near 3.535 million. World ending stocks for 2013/14 came in at 185.4 million tonnes, compared with expectations of 182.67 million and with the 182.78 million forecasted in the December report.



**PRICE OUTLOOK:** The old crop news was bearish against trade expectations, and this sparked aggressive selling across the board. July wheat should find support first, but new winter wheat crops from key world exporters are still in good shape. March wheat should find some temporary support near 557. The market is extremely oversold.

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# The Hightower Report

*Futures Analysis & Forecasting*

**USDA GRAIN STOCKS REVIEW**  
**January 10, 2014**

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