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August 13, 2007 3 p.m. CST

» MARKET RECAP

CORN: CBOT corn futures ended mixed Monday, chopping around in quiet trade, struggling to find direction amid an absence of fresh fundamental news. The market struggled in the absence of fresh news to find direction, analysts said. Supportive weather in the southern Midwest and Delta helped underpin prices, but analysts said corn crop development is far enough along that weather impacts have limited effects on prices. The market did garner mild support from double-digit gains in soybeans, higher wheat prices and outlooks for a continuation of declining crop ratings. Nevertheless, the market took the role of a follower, torn between the ups and downs of wheat and double digit gains in soybeans, traders said. September corn ended 2 cents lower at \$3.31, and December finished 1 1/2 cent lower at \$3.49.

ETHANOL: Ethanol futures settled mixed. September ethanol ended up .025 cent at \$1.859 per gallon and October settled .001 cent lower at \$1.750.

OATS: September oats rose 1 cent per bushel to \$2.50 1/4 per bushel, and December finished down 1 1/2 cents at \$2.59. Activity was slow during the session, but there was some pressure from the start of harvest in Canada, traders said.

RICE: CBOT rice futures finished firmer as late, possibly fund, buying propelled prices at the close, a floor trader said. There was little fresh news out for the market, and activity was "extremely slow" during the session, traders said. News that Iraq issued a new tender to buy thousands of metric tons of rice did not seem to be a factor, they said. Total estimated volume was 100 contracts. Sep rice closed up 4 cents at \$10.44 per hundred-weight, while Nov rice rose 4 1/2 cents to \$10.78 1/2.

SOYBEANS: CBOT soybean futures ended higher Monday, bouncing to the upside on weather related concerns for crops in the southern U.S. Midwest and

*Latest CBOT Prices

Corn (Dec)	348.5
Soybeans (Nov)	881.75
Soybean Meal (Dec)	244.1
Soybean Oil (Dec)	37.35
Oats (Dec)	259
Rough Rice (Nov)	1078.5
Wheat (Dec)	690.5
Ethanol (Dec)	1.79
Gold (Dec)	680.7
Silver (Sep)	12.83
DJ-AIG Index (Dec)	755.7
30-Year U.S. T-Bond (Sep)	109.47
10-Year U.S. T-Note (Sep)	107.53
mini-sized Dow (Sep)	13321
DJIA	13280.02

*Data as of 2:30 CST; Source: Reuters Group PLC

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Delta. The market took time to add some premium to prices, as heat and dryness in the southern soybean belt at the crops critical yield development stage raised concerns in the market place, said Jack Scoville, analyst with Price Futures Group in Chicago. Activity remained light, with technical buying a feature as prices bounced to 3-week highs, analysts say. Otherwise futures had few incentives to push the market, with talk of a break from the recent heat wave, with the potential for rain later in the week in dry areas providing some market caution to limit upside potential, analysts added. August soybeans settled 11 cents higher at \$8.61, and November soybeans finished 10 cents higher at \$8.81 3/4.

SOYBEAN MEAL/OIL: CBOT soy product futures ended higher, rising in unison with price strength in soybeans. Soybean futures were the upside leader of the products for most of the day, underpinned by spillover strength from Malaysian palm oil and crude oil futures. However, the inability of the market to hold above major moving average resistance and a late pull back in crude oil attracted some selling pressure to trim advances down the stretch, analysts said. Soybean futures ended higher across the board, bouncing in unison with soybeans.

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» HEADLINES

Iraq Issues Tender To Buy At Least 30,000 Tons Rice-Grain Bd

Iraq has issued a new tender to buy thousands of metric tons of rice, the Grain Board of Iraq said Monday on its Web site.

Companies have to submit their offers to the board by 0800 GMT Aug. 19 and they can buy tender documents from the board's headquarters in Baghdad at 100,000 Iraqi dinars (\$77).

The board said it was intending to buy at least 30,000 metric tons of rice. The board usually buys much more than the amount announced in its tenders.

According to the Trade Ministry statistics, Iraq needs to buy some 1 million tons of rice a year. It isn't known, however, how much rice Iraq has bought this year.

The last tender issued by the board to buy rice was in July.

Earlier this month, the board issued a tender to buy hard wheat and set Aug. 4 as the closing date.

Separately, the Iraqi Trade Minister Abdul Falah al-Sudani said in a statement issued Sunday that the ministry had bought some 300,000 tons of rice and 700,000 tons of hard

*see **HEADLINES** on page 2*

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» **MARKETS** *(continued)*

Active contracts rallied to 4-week highs, with solid demand an underpinning feature, analysts said. August soymeal settled \$3.10 higher at \$235.60 per short ton, and December soymeal settled \$2.90 higher at \$244.10. August soyoil ended 22 points higher at 36.50 cents a pound, and December soyoil finished 9 points higher at 37.35.

WHEAT: U.S. wheat futures ended mostly higher amid expectations for strong demand and on speculative buying, analysts said. There was little fresh news out for the markets to trade on. A sale of Russian wheat to Egypt during the weekend was a mixed bag for the markets, said Brian Hoops, president of Midwest Market Solutions in Yankton, S.D. The sale was bearish because the U.S. didn't win any of the business but supportive because it means there is less grain on the world market, he said. The U.S. remains a primary source for high-quality milling wheat, analysts noted. Going forward, the trade is looking for more demand news, Hoops said. The Sep/Dec spread was a feature in all three markets, traders said. CBOT Sep wheat slipped 1/2 cent to \$6.66 1/2 per bushel, and CBOT Dec wheat rose 6 cents to \$6.90 1/2.

GOLD/SILVER: Gold futures meandered in a narrow range Monday as traders patiently watched to see how the recent credit-market concerns will play out next, analysts said. "The markets are waiting to see how things play out, given the strong move we saw Friday after the injection of reserves," said Stephen Platt, analyst with Archer Financial Services. As was the case on Thursday and Friday, central banks again pumped cash into the financial markets Monday. However, the European Central Bank said market conditions are "normalizing," and the Federal Reserve's injection of \$2 billion in a one-day repurchase agreement was well below a \$38 billion injection Friday and \$24 billion Thursday. The injections are probably supportive for prices, Platt said. However, he continued, should the credit-market crunch worsen, this could weigh on gold if it should ultimately mean slowing economic growth worldwide. At 2:20 p.m. CST December contract at the Chicago Board of Trade was down 60 cents to \$680.80. CBOT September silver was down 1.4 cents to \$12.848.

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» **HEADLINES** *(continued)*

wheat from international companies. He didn't specify when exactly these quantities were bought, but said shipments of rice and hard wheat would start arriving in the country soon.

The minister didn't name the companies from which Iraq has bought rice and wheat.

Iraq has issued several tenders to buy hard wheat and rice over the last few months as its stocks are running out, according to Iraqi traders. They said the Grain Board of Iraq found it difficult to conclude deals with international companies to buy the two commodities because of soaring prices.

**Italia Zuccheri To Build In Italy
2 Bioethanol Plants In '10**

Italian sugar company Italia Zuccheri SpA will build two bioethanol facilities in the country in 2010 for a total investment of up to EUR280 million and a combined annual output capacity of 340,000 metric tons, Chief Executive Stefano Montanari said Monday.

Each plant will have investments of between EUR120 million and EUR140 million with a yearly bioethanol capacity of about 170,000 tons, the CEO told Dow Jones Newswires over the telephone.

Italia Zuccheri signed Saturday an agreement with the northern Lombardy region, local authorities and farmers' associations to build a facility near the city of Pavia.

Montanari said the bioethanol facility will use mainly corn and sorghum as feedstock. It will replace an inactive sugar plant there following the reform of the European Union's sugar market.

The CEO said Italia Zuccheri was in talks with an industrial partner to share the investments costs, but declined to name the company citing confidentiality clauses.

**Ukraine Grain Harvest To Aug 1
Up 14% On Yr, But Yields Down**

Ukraine harvested 19.9 million metric tons of grain in bulk weight to Aug. 1 on 9.6 million hectares, or 40.3% of the planned total area, which is 14.1% more than the year-earlier figure, the state statistics committee reported Monday.

Hot weather this year resulted in an earlier start to harvest-ing but also smaller yields.

The average yield of all grains to date is reported at 2.07 tons a hectare, 0.47 tons less than a year ago.

Of the total amount of grain harvested to date, winter grains accounted for nearly 74%, or 14.7 million tons, including 13.3 million tons of winter wheat, 36.6% more than the year earlier. The average winter wheat yield to date is 2.49 tons/hectare compared with 2.74 tons/hectare a year ago.

Total wheat harvest to date, including spring wheat, was 13.73 million tons, nearly 40% more than the year earlier. The wheat was harvested on 5.58 million hectares with the average yield of 2.46 tons/hectare compared with 2.74 tons/hectare a year ago.

The agriculture ministry said earlier it expected this year's total grain harvest at 27 million tons, compared with 34.3 million tons in 2006, because of the damage done to crops by drought. Wheat harvest, according to earlier estimates, was expected at 11.7 million-12.6 million tons.

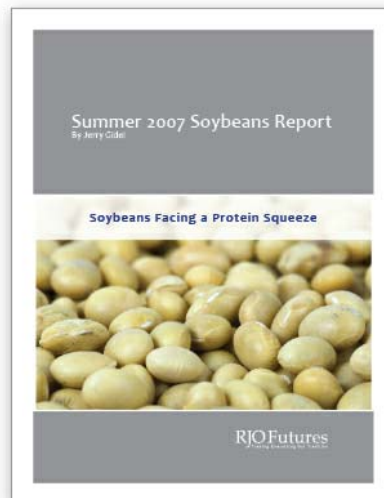
see HEADLINES on page 4

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» **HEADLINES** *(continued)***Virtual Metals: Gold Hedging Falls 5.4 Million Ounces In 2Q**

The pace of gold dehedging accelerated in the second quarter by another 5.4 million troy ounces, according to the Virtual Metals/Haliburton quarterly Hedge Book.

The 15% cut means global gold hedging now stands at 31.2 million ounces, down 70% from its peak of over 100 million in the third quarter of 2001, according to the report, prepared jointly with Mitsui Global Precious Metals.

The data, previously reported by Dow Jones Newswires on Aug. 2, was listed in a report released to news organizations on Monday.

"The bulk of the decline came from two companies closing out their books," said a summary of the report. U.S. gold miner Newmont Mining Corp. (NBM) removed their hedge book totaling 2.0 million ounces, while Australia's Lihir Gold (LGL.AU) closed out its hedge book of 1.4 million ounces.

AngloGold Ashanti Ltd. (AU) saw a reduction of 800,000 ounces in the hedge impact of its book (although in terms of committed ounces, there was a slight increase), said the report. Other cuts included 500,000 ounces by Peru's Compania de Minas Buenaventura SA (BVN), the entire book of 200,000 by Harmony Gold Mining Ltd. (HMY), the entire book of 150,000 by Emperor Mines Lt. (BMP.AU) and also 150,000 from Newcrest Mining Ltd. (NCM.AU).

The report estimated that 34 other companies made cuts totaling another 700,000 ounces.

Only four companies added to their hedge position, and there was a substantial increase by only one - Western Goldfields Inc. (WGDFF) with a project-finance hedge of 0.43 million ounces, said the report.

"The full data confirms our earlier estimate that this was the largest quarter yet in percentage terms, and it must have given the gold price a major boost in Q2, offsetting the impact of heavy central-bank sales," said a prepared statement from Edel Tully, head of precious metals research at Mitsui Global Precious Metals. "Looking ahead to the rest of the year, however, most of the major companies have little dehedging planned and this key support for the gold market could consequently falter."

The report said a slowdown in dehedging during the second half of the year appears "inevitable" from the first-half rate of 9.3 million ounces. A delivery schedule, which indicates when mining companies need to deliver into their hedges, suggests only another 1.5 million ounces is due to be delivered in the second half. However, this does not take into account any additional hedge buy-backs or new hedges, although both are likely to be low, said the report.

Buybacks have been responsible for much of the decline in hedging in recent years, but the potential for this is falling, said the report. Of the remaining 31.2 million ounces of hedging, Barrick Gold Corp. (ABX) is responsible for over 9 million, and the company has completed its stated dehedging program, the report said. AngloGold Ashanti accounted for 8.5 million ounces and is expected to reduce its hedge book broadly in line with its delivery schedule, as is Newcrest, which has 4 million ounces.

"Around half of the remaining hedging is projected-related, and thus more likely to be delivered only when required," the report said.

India Aug 1 Wheat Stocks 12.01M Tons Vs 7.33M Tons

India's stocks of wheat are estimated at 12.01 million metric tons as of Aug. 1, up from 7.33 million tons a year earlier, the latest government data showed Monday.

Stocks of wheat in warehouses constitute one of the benchmarks on which further imports of the grain are decided by the government.

India's federal government has plans to import up to 5 million tons of wheat this year but has so far purchased only 511,000 tons from the international market due to adequate local stocks in warehouses.

The government sells around 900,000 tons of wheat each month to consumers at subsidized prices.

It will need at least 7.2 million tons for such sales requirements until March next year.

However, a government official said additional sales are planned for flour millers through the open market this year.

According to the government data, stocks of rice are estimated at 9.16 million tons, slightly lower than year-earlier levels of 9.52 million tons.

Rhine River Completely Reopened To Traffic Sunday

The River Rhine was fully reopened to shipping Sunday, river police in Germersheim, southern Germany said.

The Rhine was closed to shipping in Switzerland late Wednesday, and in southern Germany on Thursday, after the river became swollen by days of heavy rainfall.

Some sections were reopened Friday as high water levels passed downstream.

A spokesman for the river police in Germersheim said water levels on the Rhine on Sunday morning were below 7.5 meters near Maxau in Baden-Wuerttemberg and below 7.3 meters in Speyer, the critical water levels above which shipping is halted, he added.

The spokesman stressed, however, that there are still some restrictions to shipping, such as a speed limit on certain sections of the river.



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»TALKING POINTS

Australian Farmers Back Plan To Lift Crop Ban

Two Australian farming lobbies and grain exporter AWB Ltd. (AWB.AU) Monday backed a call by Agriculture Minister Peter McGauran for some Australian states to lift a ban on the use of genetically-modified canola and other crops.

Australian farmers have been left behind by global markets that have embraced GM as a safe and viable science, David Crombie, president of lobby National Farmers' Federation, said in a statement.

"What was once a prudent wait and see policy is no longer viable," Crombie said.

Commercial plantings of GM food crops, including canola, is banned in all Australian states except Queensland. States are reviewing these bans ahead of their scheduled expiry after five years in April.

"Farmers must have the opportunity to adopt the method of production best suited to their customers' needs - be that GM, conventional, organic or any combination of these methods," Crombie said.

State and territory governments mustn't arbitrarily deny farmers pursuing sensible, scientifically-proven and time-tested methods of production, he said.

Earlier, Minister McGauran said there are no health risks with GM canola, which has demonstrated commercial and environmental benefits.

Sparking the comments was the issue by the government of a report entitled GM Canola - an Information Package, commissioned by the government and prepared by consultancy ACIL Tasman Pty. Ltd.

The report shows that state governments have no reason not to lift the bans against GM commercial crops when they expire next April, McGauran said.

Australian farmers stand to make significant gains from the introduction of GM technology, he said.

AWB spokesman Peter McBride said the company supports the development of GM crops under controlled conditions because of benefits to farmers and the community, and backs lifting of state moratoriums on GM crops.

The company will support improvements in the grain logistics supply chain to enable effective segregation of GM and non-GM crops and make these available to local and overseas customers, he said in a brief statement.

Federal farmer lobby Grains Council of Australia has also supported calls for the lifting of the moratoria on the commercial release of GM canola from 2008.

Council Chairman Murray Jones said the industry is absolutely confident it can start commercial plantings next year

of the two GM canola varieties approved by the Office of the Gene Technology Regulator.

"This is an issue of confidence," he said in a statement issued last week.

"All the boxes have been ticked for growers and the supply chain and we're confident that the protocols, practices and processes to manage commercial production are all in place for the 2008 season", Jones said.

The council has told the review panels assessing the marketing, trade and economic impacts of the state-based moratoria in South Australia, Victoria and New South Wales that the removal of the moratoria on the production of GM canola will reinvigorate the Australian oilseed industry, he said.

WTO Members Closing Ranks On Import Tariff Cuts, Farm Subsidy

Rich and poor nations are closing ranks on cuts in import tariffs and farm subsidies, and agreement could revive stalled negotiations on a new treaty to further liberalize global commerce, a senior official at the World Trade Organization said Monday.

Deputy Director General Harsha Vardhan Singh said he expects a substantive outcome when negotiators from WTO member nations meet in Geneva next month to revive the deadlocked trade talks.

The move to revive the talks came after the world trade body proposed two new negotiating drafts last month on agriculture and trade in industrial goods to bridge the differences among its 151 member nations.

The draft agreements require the United States to reduce its farm subsidies to a level between US\$13 billion and US\$16.4 billion. Major developing countries such as Brazil, China and India in return will have to give greater cuts in industrial tariffs.

"The concerns of a large number of countries have been addressed in these papers," Singh told a gathering of business leaders in New Delhi.

Although most countries have said the latest proposals form a good basis to resume negotiations, they still have to thrash out the details.

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