

## **Corn, Wheat Rebound from Last Week's Losses**

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By TOM POLANSEK

U.S. grain futures surged as traders saw signs that foreigners were re-entering the markets after last week's steep losses.

The U.S. is the world's largest exporter of corn and wheat, and when futures prices fall, foreign buyers step in to secure the grains they need. Last week, corn sank to 3½-month lows and wheat reached its lowest level in almost a year.

On Tuesday, corn for July delivery climbed 39.75 cents, or 6.2%, to settle at \$6.8050 a bushel. The contract wasn't subject to the typical 30-cent limit on gains at the Chicago Board of Trade because it is expiring next week. Corn for December delivery, the most actively traded contract, rose 15.75 cents, or 2.6%, to \$6.1250 a bushel.

Soft red winter wheat futures also rebounded, with the July contract closing up 20.25 cents, or 5%, at \$6.1375 a bushel. Most-active September wheat jumped 23.25 cents, or 3.8%, to \$6.3550 a bushel.

"You can only beat on [prices] for so long and then they have to show some signs of life," said Shawn McCambridge, senior grains analyst in Chicago for Jefferies Bache, a brokerage firm.

Prices collapsed last week after the Department of Agriculture issued surprisingly high estimates for existing corn supplies and the number of acres farmers planted with corn. The estimates weighed heavily on corn and dragged wheat along for the ride, as both grains are used for animal feed.

Despite Tuesday's gains, the front-month corn contract remains well below its record high near \$8 a bushel, which it reached in early June. Prices have tumbled during the past several weeks on concerns a potential global economic slowdown could reduce demand for commodities.

China was thought to be one of the countries to take advantage of the latest selloff. There was talk among traders that China booked 500,000 tons of corn after being the suspected buyer of 1.14 million tons last week. The USDA confirmed only that last week's deals were struck with "unknown destinations."

Foreign buyers were expected to step up purchases of wheat now that prices are competitive with those from the Black Sea region, which is known for offering low-cost grain on the world market.

It is a "natural time" to accelerate buying of wheat because the harvest is progressing in the U.S., bringing fresh supplies in from the fields, said Dale Durchholz, analyst for AgriVisor, an agricultural advisory firm in Illinois.

"I think we're going to start seeing business ramp up on the export side," he said.

Soybeans finished higher on spillover buying from the grains and lingering doubts about output. The futures will remain trapped in a narrow trading range until some meaningful news

emerges to provide some clear direction, analysts said. November soybeans rose 5.5 cents, or 0.4%, to \$13.18 a bushel at the CBOT.