DAILY GRAIN COMMENT

Chinese markets
Equivalents at its futures exchanges:
Jan soybeans - $15.77, up seven cents
May soybeans – $16.05, up $.17
Sep soybeans – $16.08, up $.25
Jan corn - $5.38, up 2 cents
Jan wheat – 738.24 cents, up 2.91 cent
Jan cotton – 90.42 cents, up 0.36 cent
Meal prices were up $2-$3 per ton.

The early floor call on the grain markets was higher to sharply higher, but the magnitude of gains may be recalculated downward following bearish developments for corn and wheat prior to the market opening. USDA reported marketing-year low weekly export sales for both corn and wheat, plus energy prices were weakening and the dollar was gaining. We see that leading to a more neutral opening, if not lower.

Here's what may move grain prices today –
Corn

- USDA reported below average weekly export sales for corn. They were also the slowest sales of the year.
- Corn remains closely tied to developments in crude oil prices. Prices have been closely following the directional changes in crude oil. Crude oil prices were lower at press time this morning.

Soybean complex

- Soybeans and soybean oil remain closely tied to developments in crude oil prices. Prices have been closely following the directional changes in crude oil. Crude oil prices were lower at press time this morning.
- USDA reported good weekly sales of soybean meal and soybean oil. Soybean sales met expectations but were weak versus the average.
- Acreage competition for 2008.

Wheat markets

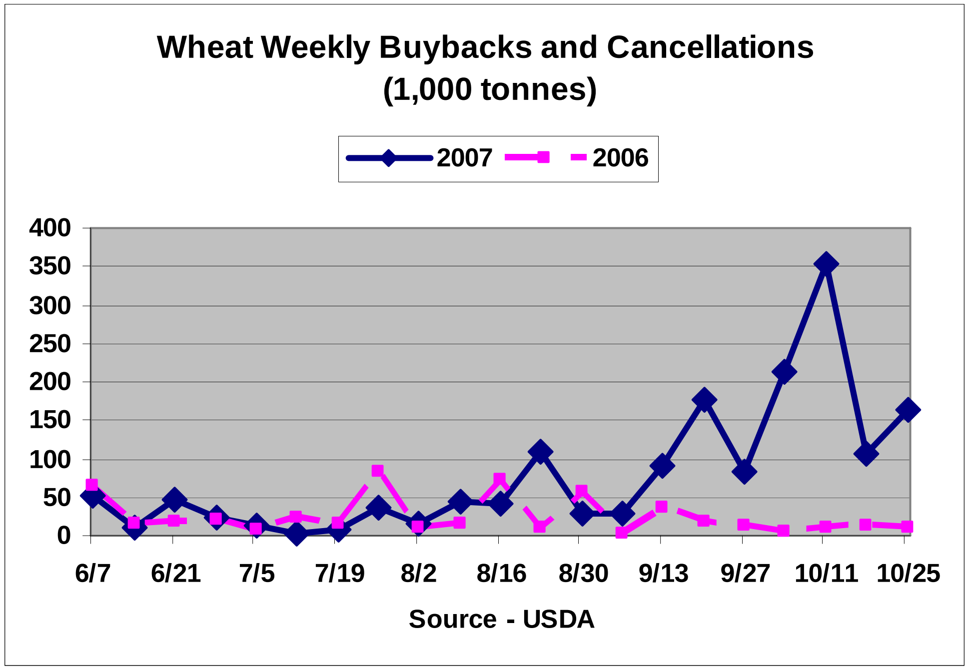
- USDA reported dismal wheat export sales. They were a marketing year low at only 180,000 tonnes. There were once again large cancellations. For soft red wheat, there was an actual net cancellation for the week. Sales totaled -12,800 tonnes.
- Strong dollar and weakness in energy prices at press time.

Rice

- Price prices shot higher yesterday, following news that USDA had once again increased its estimate of the world market price. That estimate is up $.30 over the past two weeks. Vietnam and India are out of the market as export competitors for the time being.
- Acreage competition for 2008. Rice area is at risk of losing market share again.

Export Sales
Wheat – USDA reported weekly wheat sales at 180,200 tonnes or 6.6 million bushels. Sales were below expectations and the fewest of the marketing year. Weekly soft red export sales were actually negative at -12,800 tonnes. As displayed on our chart, there were once again large weekly all wheat cancellations. Our

chart displays this crop-year's weekly reports of the buybacks and cancellations versus the same week last year. The pattern between the two years is very similar up through August. But beginning in September, there have been many buybacks and cancellations this year. This week, the buybacks and cancellations totaled about 163,000 tonnes. This reduces wheat export sales totals. This is consistent with past years when grain export sales started off strong. It is common for cancellations to accelerate later in the season and limit growth in sales as the sales totals mount toward record highs and prices rally sharply. Sales were below the weekly average of 18.4 million bushels. For the crop year, wheat sales are at 977 million bushels compared to 480 million last year. Sales are at 85% of the forecast compared to the average of 60%.



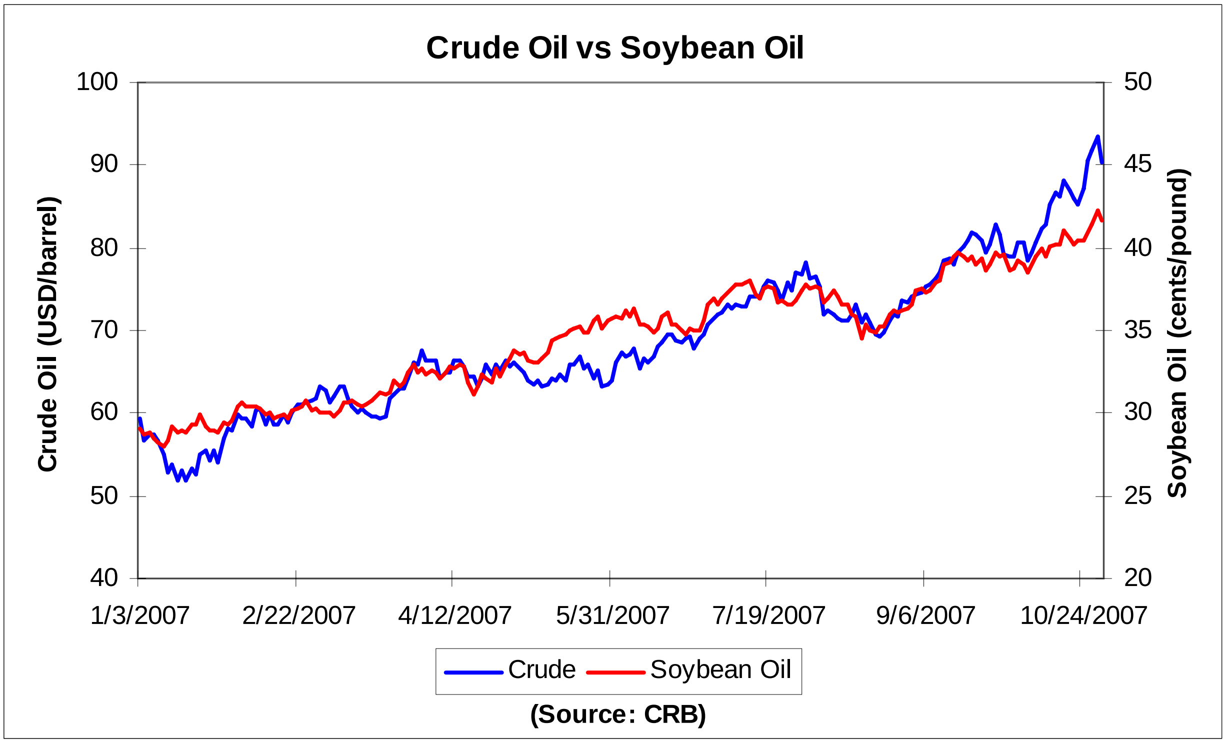
Corn – USDA reported weekly corn sales at 635,300 tonnes or 25.0 million bushels. Sales were below expectations, and the least of the marketing year. Sales were also below the weekly average of 46.0 million bushels. Five out of the previous six weeks had been in excess of 60 million bushels, so this is a significant slowdown in sales. For the crop year, total corn sales are at 1.095 billion bushels compared to 779 million last year. Sales are at 47% of the USDA forecast compared to the five-year average of 33%. Despite the weekly slowdown, the accumulated data support another USDA increase in its export forecast.

Soybeans – USDA reported weekly soybean sales at 740,600 tonnes or 27.2 million bushels. Of that total, China bought 280,300 tonnes. It has bought 6.0 million this year versus 5.7 million last year. Soybean sales were in line with expectations but less than the weekly average of 41.1 million bushels. For the crop year, soybean sales are at 461 million bushels compared to 487 million last year. USDA reports sales at 47% of its forecast compared to the average of 44%. The weak dollar continues to be of benefit for US export sales. The Brazilian real is near seven-year highs, which helps the competitive position of the US.

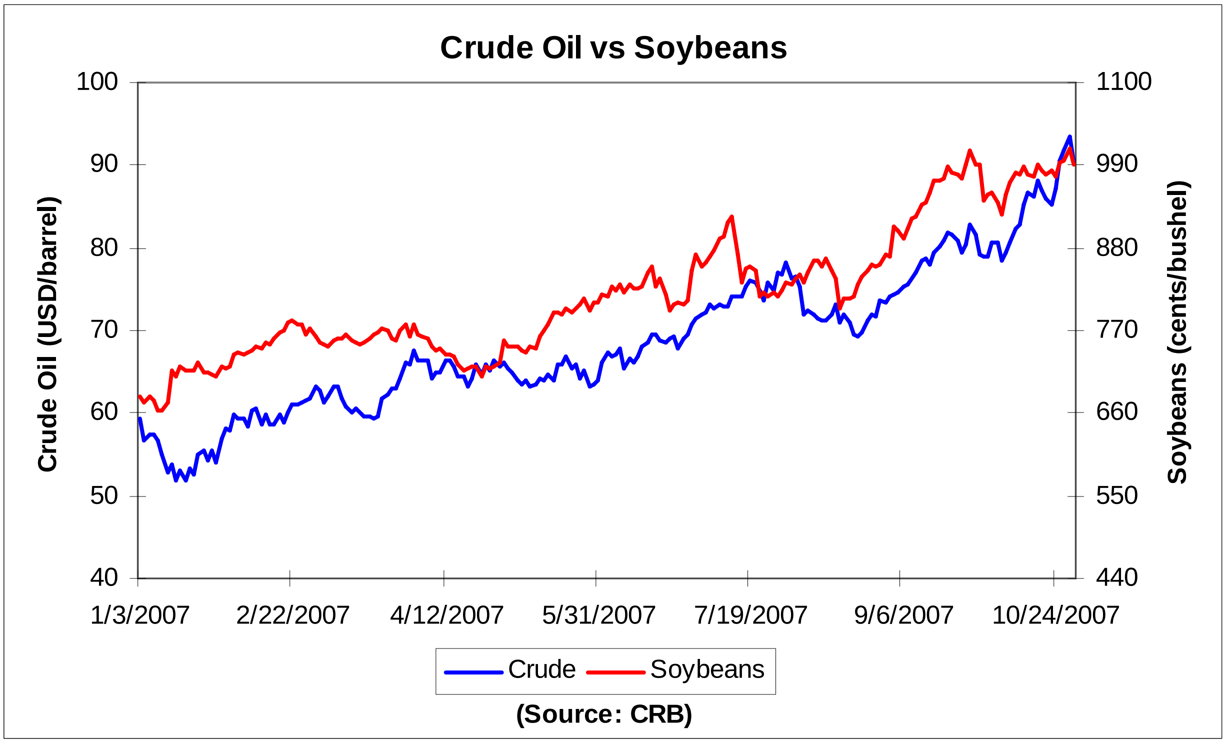
Rice - USDA reported weekly rice sales at 64,100 tonnes. The weekly average is 65,400. Large buyers included Mexico and Saudi Arabia. For the crop year, sales are at 1.595 million tonnes compared to 1.001 million tonnes last year. USDA reports sales at 47% of its forecast compared to the average of 36% and 32% last year. Sales are way ahead of the normal pace to the forecast.

Energy prices versus some grain prices
Please recall that past performance does not guarantee future results.

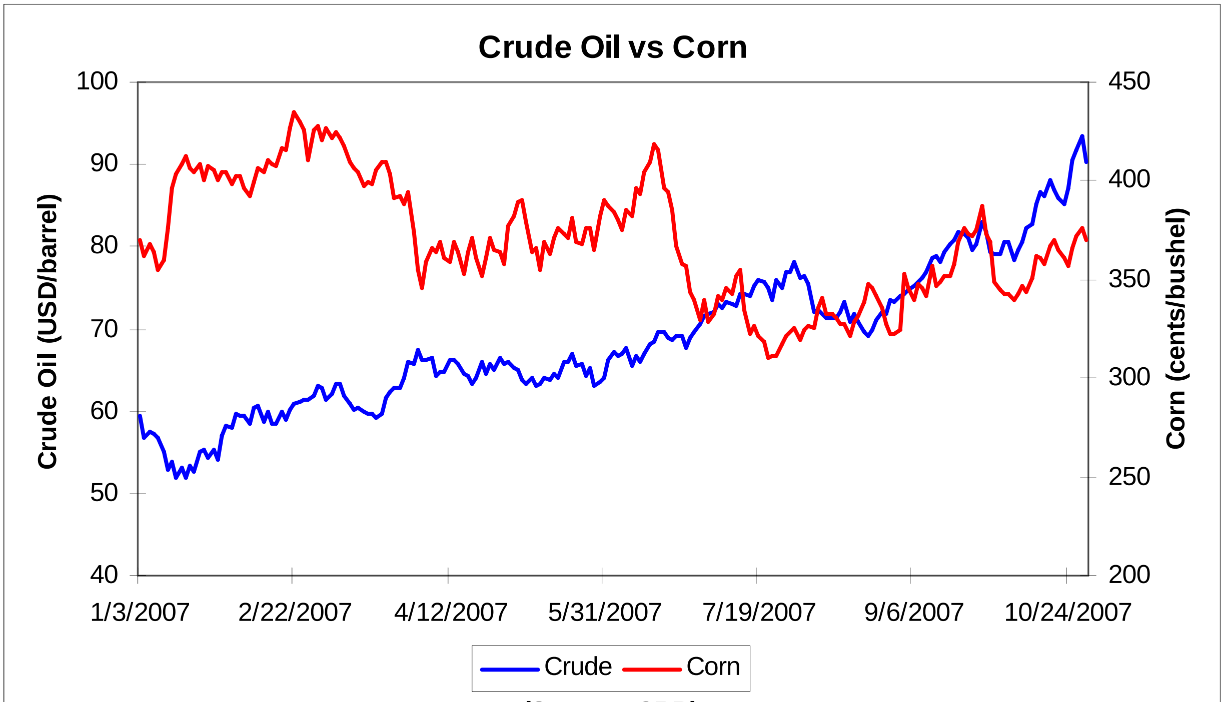
It has been almost inescapable that there have been some close correlations between the rally in crude oil prices and in grain prices. Our first chart overlays crude oil futures versus soybean oil futures. This year there has been a 95% correlation between the two markets. Both have risen steadily through the year. And we can see that soybean oil prices frequently gain and retreat right in sync with crude oil.



The performance of crude oil versus soybeans is seen in the next chart. The correlation is high but not quite as strong as that for soybean oil. We again see how frequently soybean and crude oil prices mimic one another.

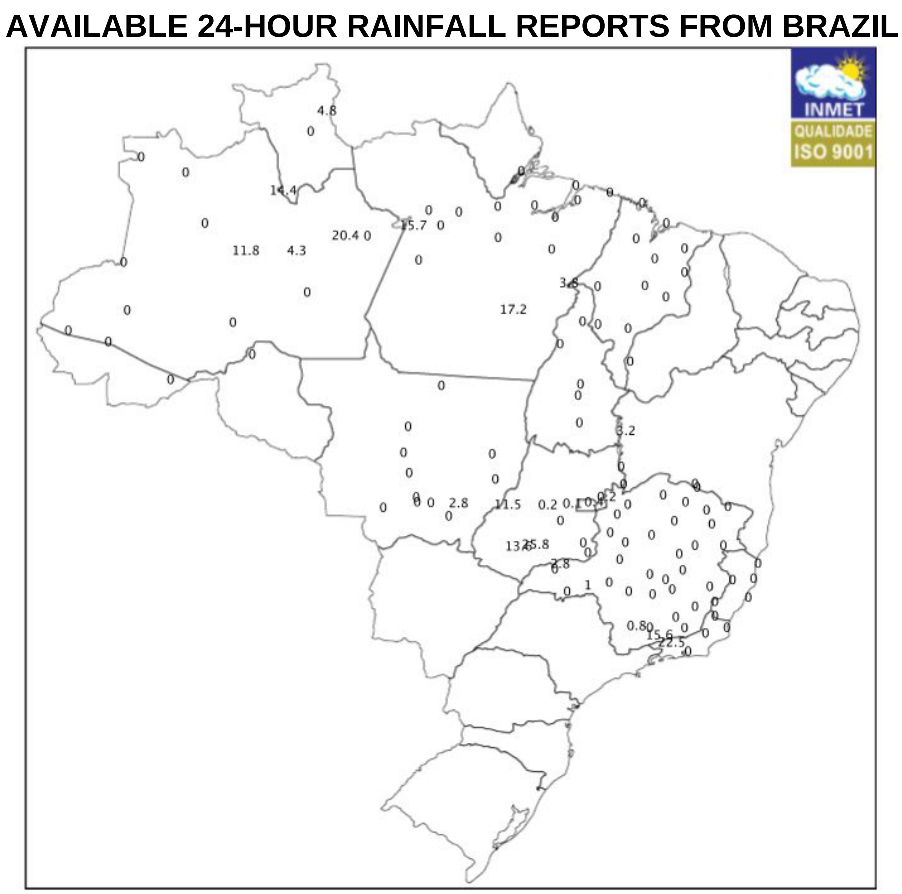


The third chart is for crude oil versus corn. Unlike the soybeans and soybean oil, there was a wide divergence between the performances of crude and corn earlier this year. For the balance of the year, there is a negative correlation between the two. But recently it appears that the steady rise in crude oil prices has again attracted buying interest in corn.



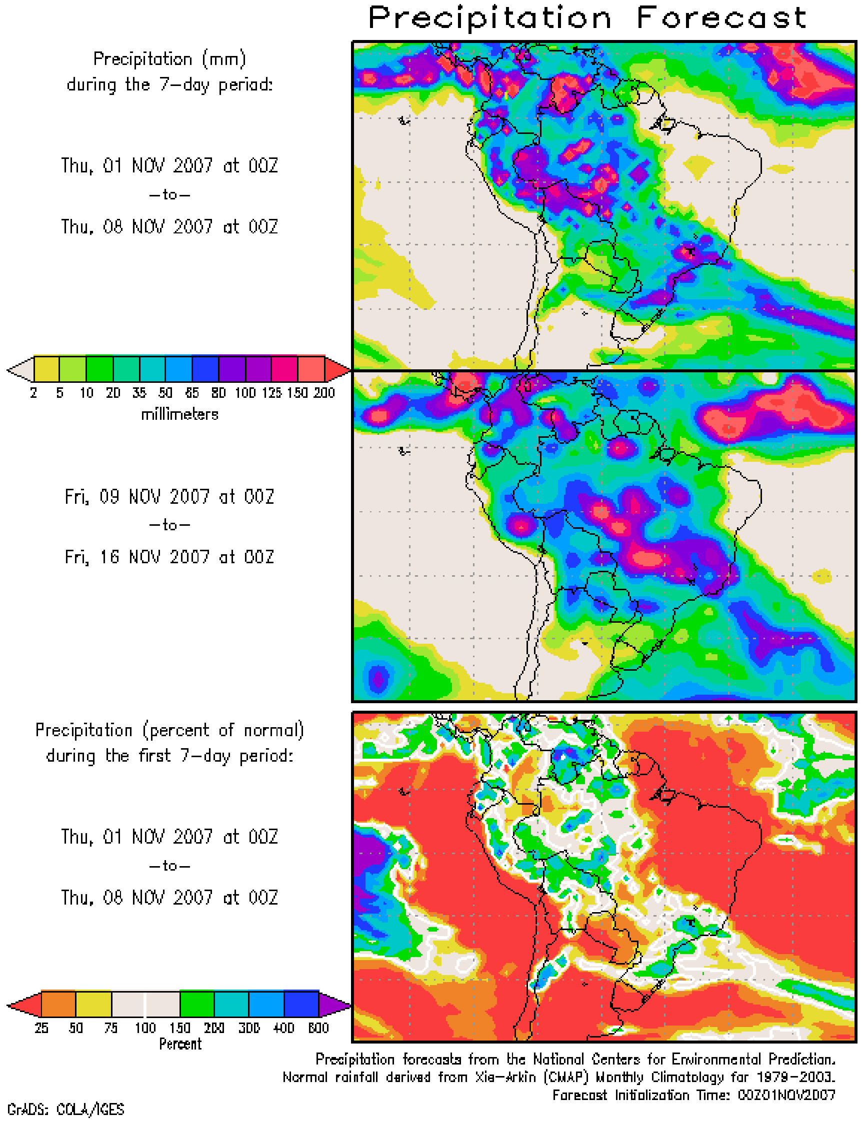
(Source: CRB)

South American Weather



Rainfall data for Southern Brazil was not available at press time. In northern areas, it was mostly a dry day yesterday. That should have facilitated plantings.

SOUTH AMERICAN RAINFALL FORECASTS FOR THE NEXT TWO WEEKS

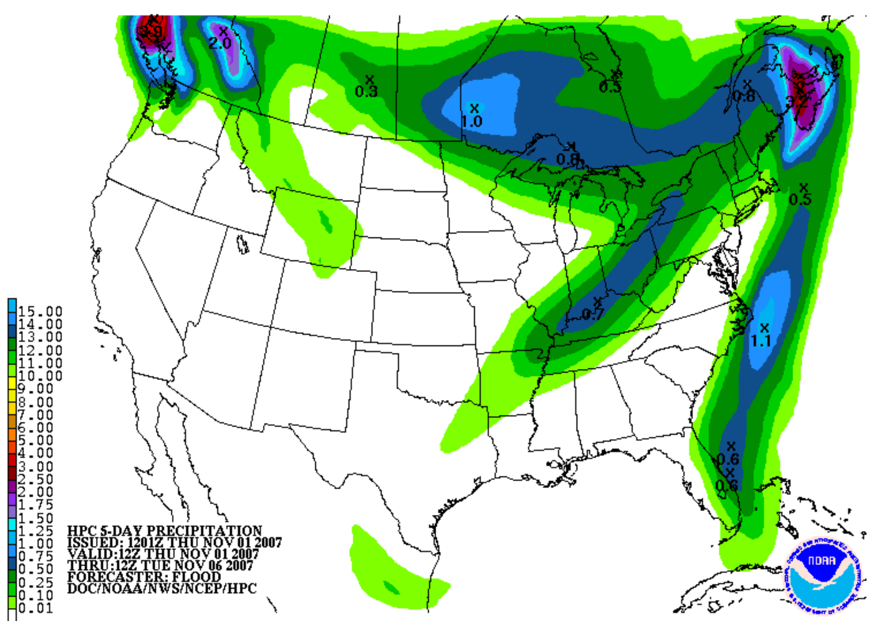


The forecast maps are similar to those from yesterday. Rains are currently concentrated in southern Brazil. This system is expected to gradually move northward.

Weather – United States

NATIONAL WEATHER SERVICE RAINFALL FORECAST FOR THURSDAY TO TUESDAY MORNING

Some rains are forecast for the Ohio River Valley. Other areas of the central and western Midwest plus the Plains are expecting mostly dry conditions.



Gulf basis levels
Following are previous day, midday bid-side Gulf barge/track quotes, basis the nearby futures, with the change versus the previous midday quote:
Corn bid 58.0Z
Soybeans bid 44.0X, up nine cents
HRW bid 90.0Z
SRW bid 35.0Z

Shipping
The Baltic Dry Freight Index for October 31 was 10,656, down 230. The highest reading for this index was 11,033 recorded on 10/29/07. Last year, the index was at 4037.

Other news
From Daily Energy Comment - U.S. Average Ethanol: 10/30/07 1.8021 (per gallon)

Malaysian palm oil prices gained 50 ringgits to 2930.

In France, cash wheat – not available.

In Hamburg, FOB soybean oil is down one euro to €741. CIF Rotterdam quotes November U.S. Gulf beans up $5.50 per tonne at $471 and March Brazilian beans up $5.25 per tonne at $471.

Dollar
The dollar is higher this morning.

Hedging and trading plans
There is an update to our trading plans. For hedging and trading recommendations, please contact your A.G. Edwards Financial Consultant.

Bill Nelson