Weekly Commodity Markets Review

From: Joe Schmidt Date: April 13, 2012

The trade is concentrating on the disappointing Chinese GDP report which showed only 8.1% growth for Q1 versus trade ideas around 9%. This is the slowest growth pace in the last 3 years and it's got the markets back on their heels this morning with equities down across Asia, the EU and the U.S. Yet at the same time we're seeing huge bean demand from China over the past 2 days so it's doubtful we'll get much of a sustained setback.

Recap of U.S.D.A. Supply/Demand Report released on April 10

On Tuesday, U.S.D.A. updated supply/demand estimates for major crops. Most of the changes of significance reflected the March 1 stocks data (released March 30), but also changes in export forecasts. While lower than expected March 1 stocks drove reductions in 2011/2012 ending stocks estimates for most of the major crops, the market has been incorporating this information for the past week.

The next U.S.D.A. supply/demand report will be released on May 10, and will feature the first official 2012/2013 supply-demand estimates, as well as the first forecast of 2012 U.S. winter wheat production.

Key highlights of the report:

2011/2012 U.S. Corn Supply/Demand
- Ending stocks are left unchanged at 801 mm – a bearish surprise to the market (March 1 stocks were low, implying large feed/residual)
- All usage left unchanged -- feed/residual 4600, exports 1700 and ethanol 5000
- *The fact that the U.S.D.A. did not adjust their feed/residual after the March 1 stocks report reinforces the notion that the stocks are not always "trustworthy" in assessing feed usage*

2011/2012 U.S. Soybean Supply/Demand
- Ending stocks reduced 275 mm to 250
- The lower stocks estimate is driven by an increase in exports from 1275 mm to 1290 and raising crush from 1615 to 1630
- The increase in exports was expected but the larger crush is somewhat surprising
- U.S.D.A. reduced the crops Argentina (45 mmt, off from 46.5) and Brazil (66 mmt, off from 68.5)
- *Not a lot of bullish input, but probably enough to support the bullish case that has been prevelant*

2011/2012 Soymeal
- Domestic use raised from 30.2 mm tons to 30.6 mm tons (30.3 YA), exports unchanged at 8.9 mm

2011/2012 Soy oil
- Ending stocks reduced from 2415 mm to 2290 mm in spite of larger crush
- Biodiesel use estimate raised from 3600 to 4000 mm – large December output only partially offset by sharp decline in January-February output
- Exports unchanged at 1200 mm
- Food use reduced from 14.1 B to 13.9 B
- *Without Census data, it is hard to argue U.S.D.A.'s assessment*

2011/2012 U.S. Wheat Supply/Demand
- Ending stocks reduced from 825 mm to 793 mm
- Lower stocks reflects feed/residual increased from 145 mm to 180
- Exports unchanged at 1000 mm (although U.S.D.A. did raise SRW exports 15 and lower HRW exports by 15
- By class stocks:
    - HRW raised 15 to 351 mm (386 YA)
    - SRW lowered from 243 to 211 (171 YA) due to larger exports and larger domestic use
    - HRS 143, up 1 (185 YA)
    - White lowered from 87 to 72 (85 YA) on larger domestic use
    - Durum off 1 to 17 (35 YA)
- *Crop year winding down, so not a great deal of attention being paid to this report*

2011/2012 U.S. Sugar Stocks
- U.S. sugar stocks-use reduced from 9.0% to 6.8% (12.7% YA) on lower imports

Flour Markets:

Wheat futures prices are lower this week. Basis on winter wheat was lower and spring wheat basis posted higher. The winter wheat crop is much better than a year ago with 72% of the crop in Kansas jointed, with the five year average of 32%. The spring wheat crop is 21% planted in the 6 key growing states, compared to only 3% at this time last year. Farmers are making great planting progress and are expected to continue to do so. The weather has been the key element in both crops gaining progress and maintaining 3-4 weeks ahead of normal. U.S.D.A. April World Supply and Demand Estimates did not reduce the carryout on corn, citing the massive wheat feeding and an expected early corn harvest.

Wheat pricing found some support on EU crop concerns and expectations for nearby CME wheat prices to return to a premium over the corn contract on ideas U.S. soft wheat exports will continue to dominate the EU, Mexico, and Egyptian import markets. A lower U.S. dollar and a cold snap across parts of Canada, HRW, and SRW wheat country added to the bullish undertone. Although pricing was firm on forecasts for freezing temps in OH and IN, the main question becomes "how much below".

Weekly export demand for last week was 17.6 million bushels compared to 28.77 million bushels during the same week in 2011. Year to date shipments are 182.03 million bushels below last year at this time.

In their report released Tuesday, U.S.D.A. put their wheat stocks figure at 793 million bushels (with the average trade guess at 792 million bushels). World wheat stocks were reduced to 206.3 MMT from 209.6 MMT in the March report.

U.S.D.A. lowered seed use by 3 million bushels to 79 million and raised feed/residual use by 35 million to 180 million. Exports were left unchanged at 1.0 billion. By class, U.S. hard winter wheat stocks were raised 15 million bushels to 351 million versus 386 million last year; hard spring were raised 1 million to 143 million versus 185 million last year; soft red were lowered 32 million to 211 million versus 171 million last year; white were lowered 15 million to 72 million versus 85 million last year; durum were lowered 1 million to 17 million versus 35 million last year.

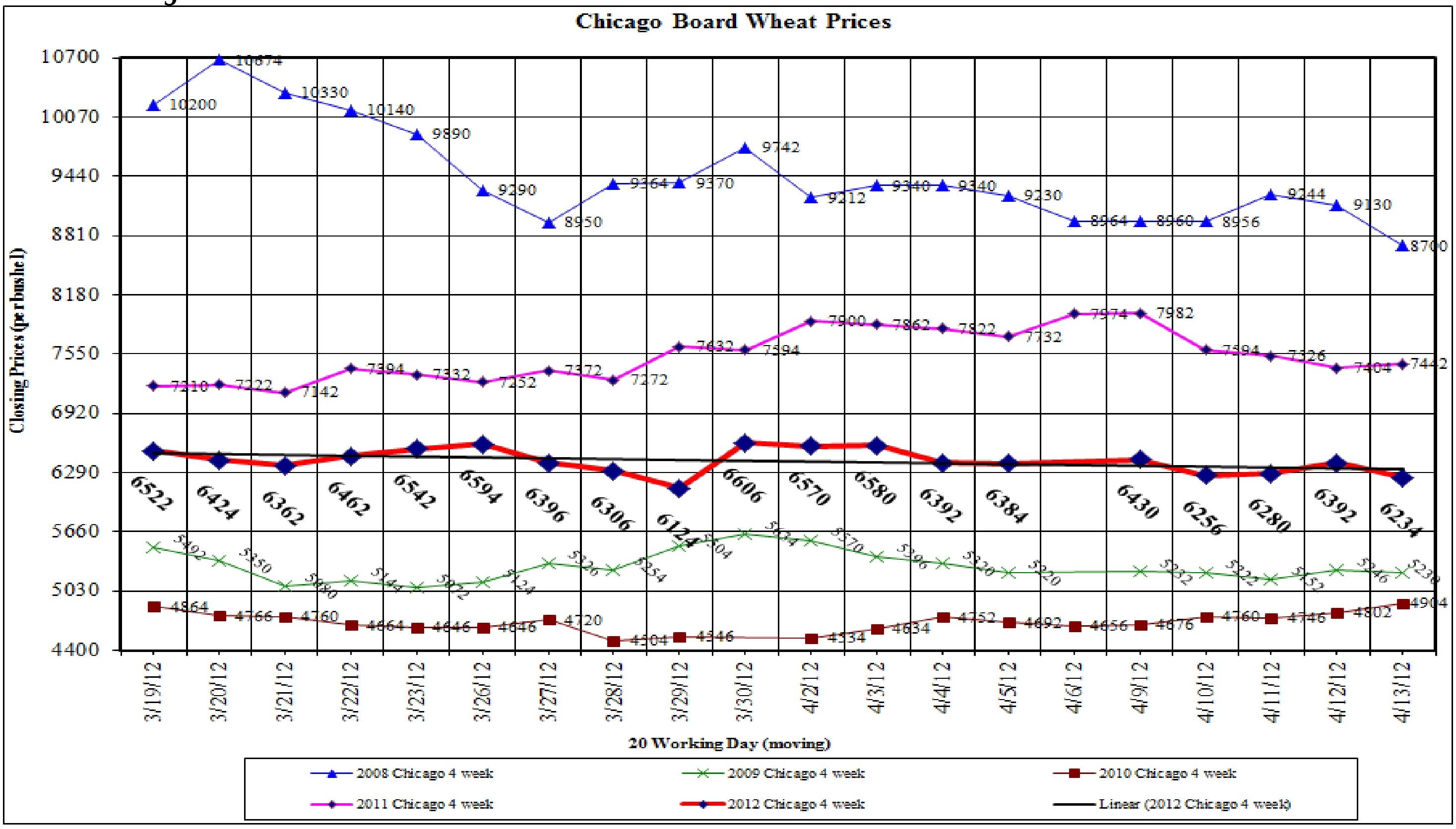
U.S.D.A. reported that spring wheat planting is 21% completed versus an average of only 5%. Winter wheat ratings improved, with only 10% of the crop rated poor or very poor, while 61% is now rated good or excellent. A year ago the crop was rated at 36% good/excellent, 28% fair and 36% poor/very poor. Most key winter wheat states saw improvements. AR conditions improved 3 points to 59% good/excellent, CO 1 to 42%, ID 2 to 87%, IL 6 to 84%, IN 2 to 83%, KS 5 to 65%, MO 3 to 76%, MT 8 to 32%, NC 5 to 91%, OH 5 to 50%, OK 2 to 77%, OR 6 to 61% and TX 4 to 38%.

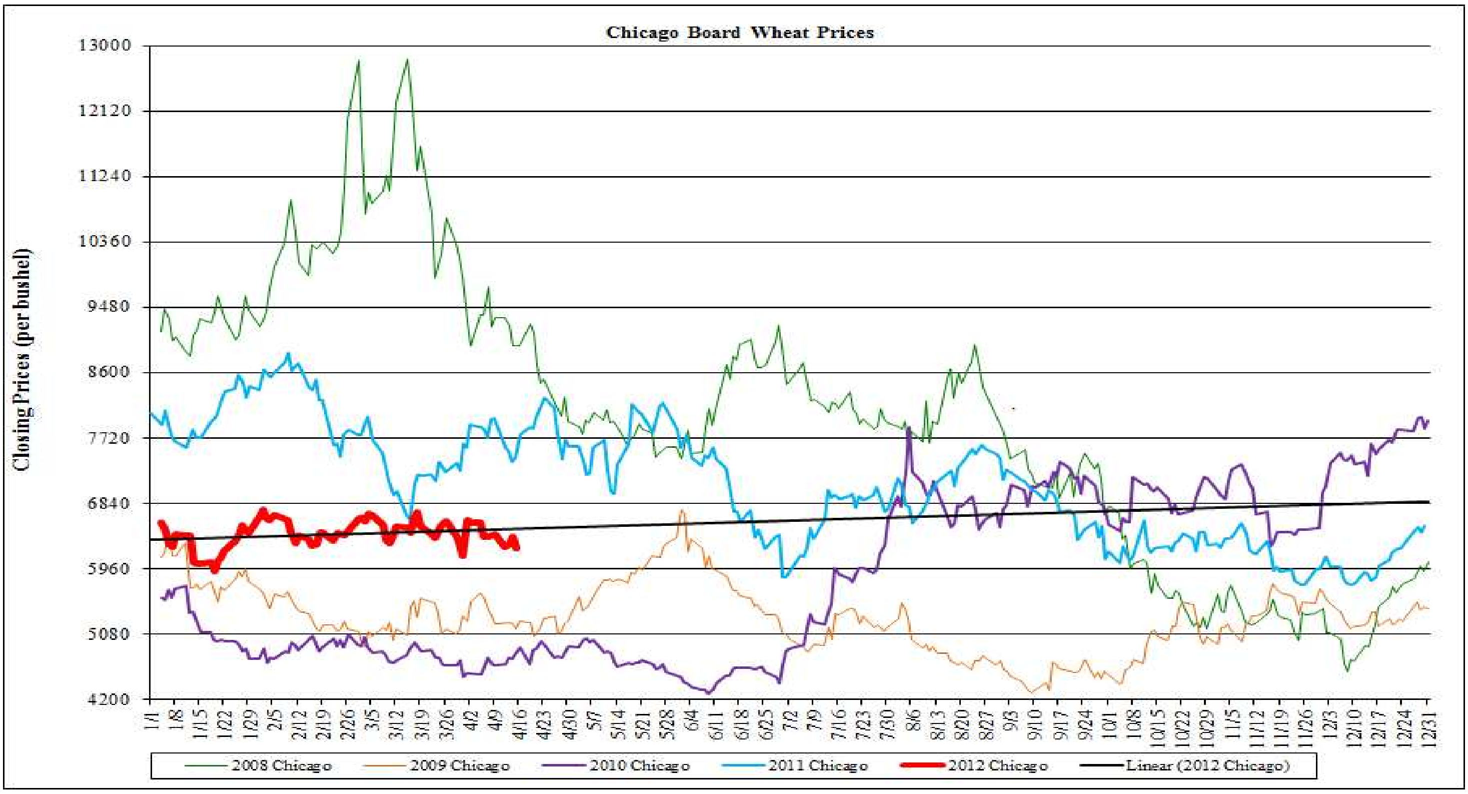
MI winter wheat conditions were unchanged at 66% good/excellent, NE slipped 3 points to 60% good/excellent and WA 4 to 82%.

These new crop fundamentals provide a drag on prices unless there is significant proven damage to the winter wheat crop from the several cold snaps over the next 10 days.

U.S.D.A. left the average farm price unchanged at $7.30 per bushel versus $5.70 last year.

a. Chicago Board Wheat Prices

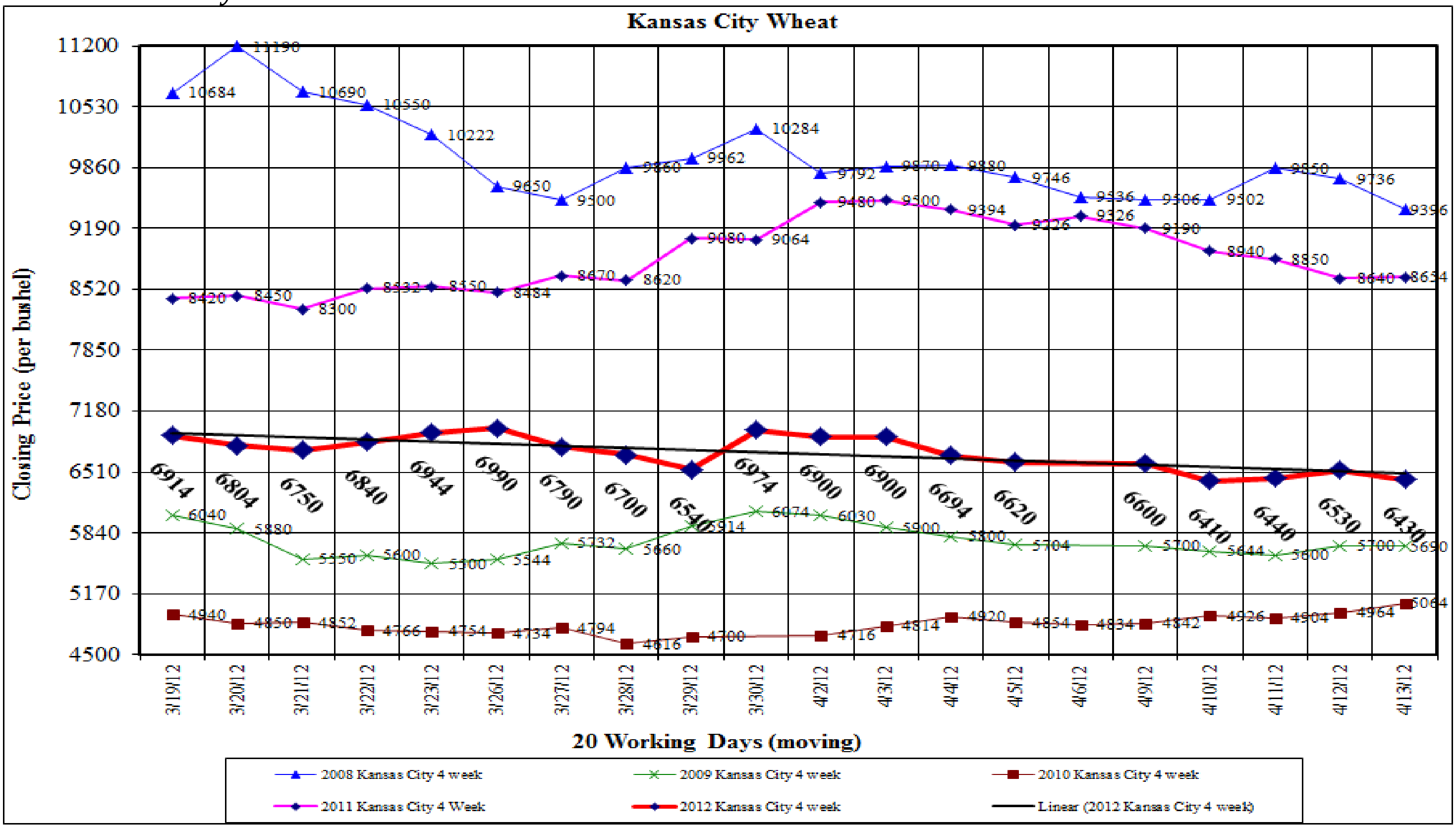


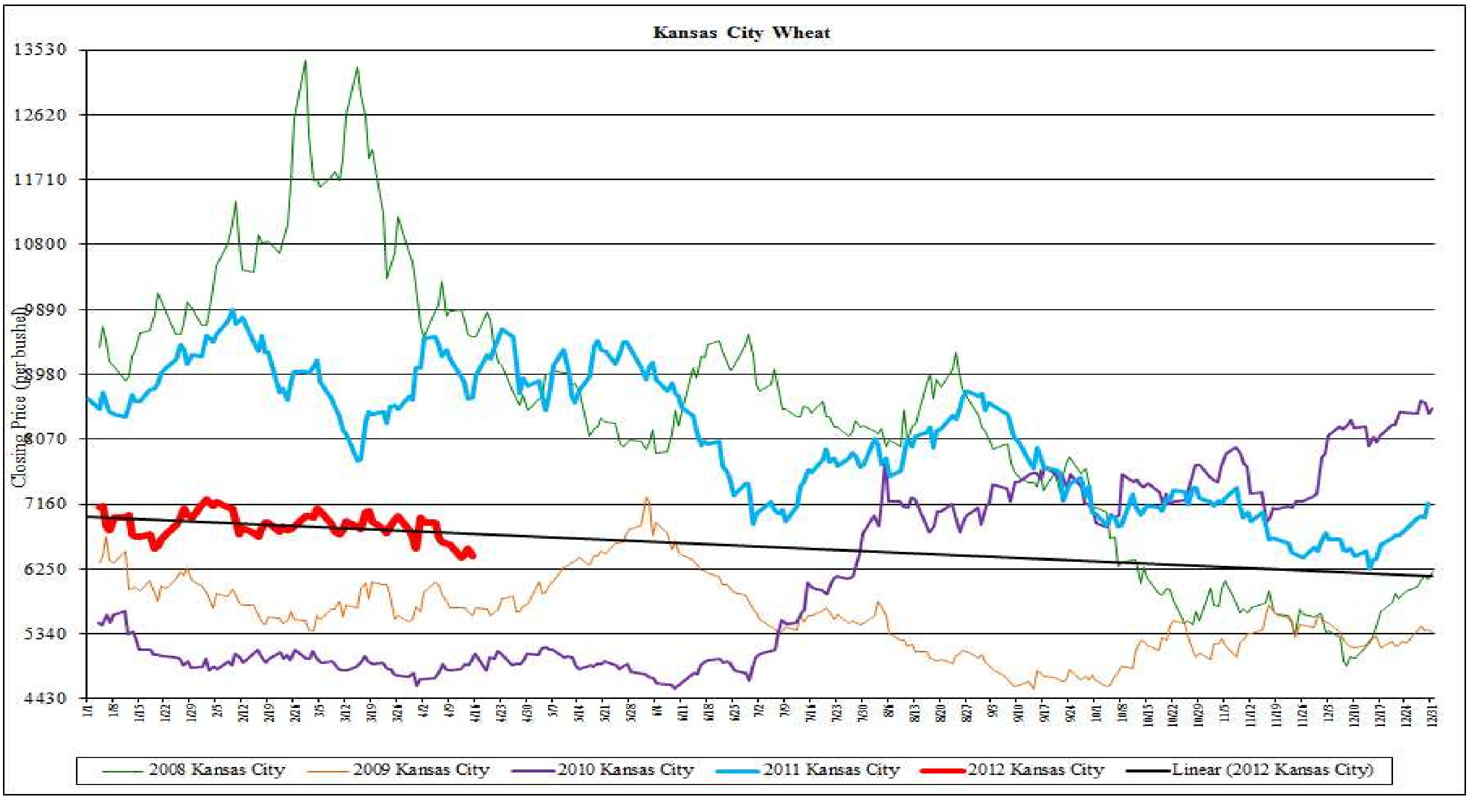


The Chicago Board chart above shows the price activity for the last 20 working days (one full period). Flour made from the wheat traded on this board includes **CAKE AND PASTRY** flours.

Cake and Pastry flour closed down $0.35/cwt. from last Friday's close.

b. Kansas City Board Wheat Prices

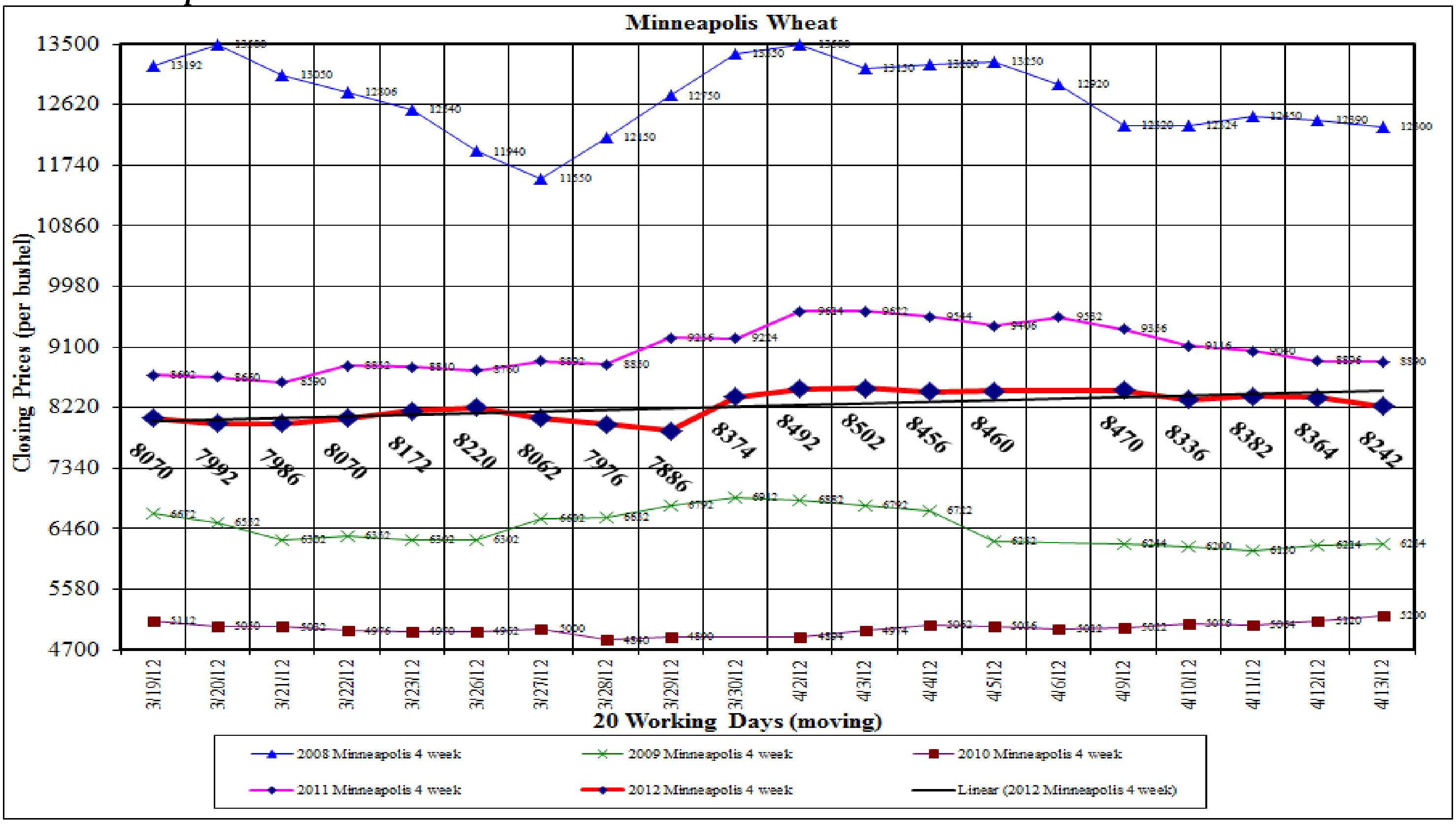


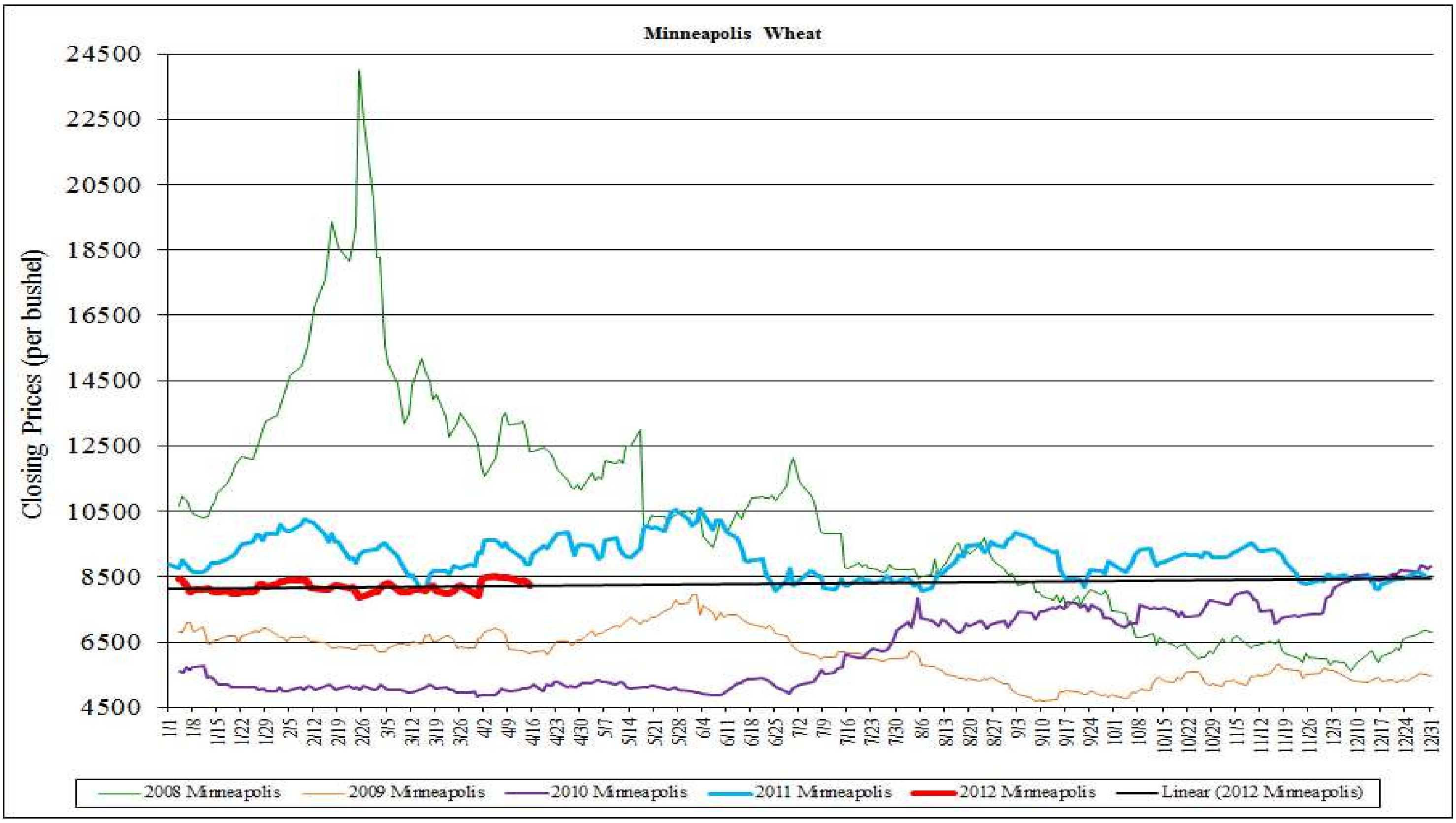


Kansas City Wheat is used to make **Hard Red Winter Patent flours (white pan bread) and H&R flours.**

Hard Red Winter wheat flour closed down $0.44/cwt. versus last Friday's close.

c. Minneapolis Board Wheat Prices





Minneapolis wheat is Hard Red Spring and is used to mill **high gluten and spring patent flours**.

The High Gluten flour market closed down $0.50/cwt. off last Friday's close.

Shortening Market:

The soybean market continues its upward path anxious that it won't have the number of soybean acreage needed by the time we hit the end of the planting period. Planting progress remains very active for corn across much of the Midwest as farmers take advantage of warmer soil temps to get something started earlier than usual. This may be the last week of freezing temperatures that challenges that fact though May can sometimes be a tricky month. U.S.D.A. found 2 million acres of additional beans due to crop switching and due to poor stands of winter wheat being ripped up. Wet soils in the Northern Plains last fall that could not be planted to wheat also are expected to contribute to increased soybean acres. U.S.D.A. is also looking for an increase in Canola acreage to a record 1.56 million up 45% from last year. U.S.D.A. reported combined soybean export sales below the low end of trade estimates with 460,100 MT for 2011/2012 delivery and 176,300 MT for 2012/2013 delivery.

On Tuesday, U.S.D.A. lowered the 2011-2012 U.S. soybean carryover by 25 million bushels to 250 million versus 215 million last season. That was 4 million above average trade guesses. U.S.D.A. raised the crush estimate 15 million to 1.630 billion, raised exports 15 million to 1.290 billion, lowered seed use by 1 million to 86 million and lowered residual use by 4 million to 30 million. The average price was raised $0.25/bushel to $12.25 versus $11.30 last season. Brazil's soybean crop was dropped to 66 MMT from 68.5 MMT on the March report. The Argentine soybean crop was reduced to 45 MMT down from 46.5 MMT in March. With the Brazilian crop almost completely harvested, the latest private estimates suggest a crop between 65.0 and 65.5 MMT, thus leaving for the U.S.D.A. to lower their estimate slightly. Argentina on the other hand is estimated to be 15 to 20% harvested and private estimates have had a much wider range, 40.0 to 44.5 MMT. Thus, this breeds uncertainty into the market. The market deals better with facts than uncertainty.

U.S.D.A. lowered the 2011-2012 U.S. soy oil stocks carryover to 2.290 billion pounds from 2.415 billion versus 2.425 billion last year. The average price was raised $0.01/pound to $0.535 versus $0.532 last year.

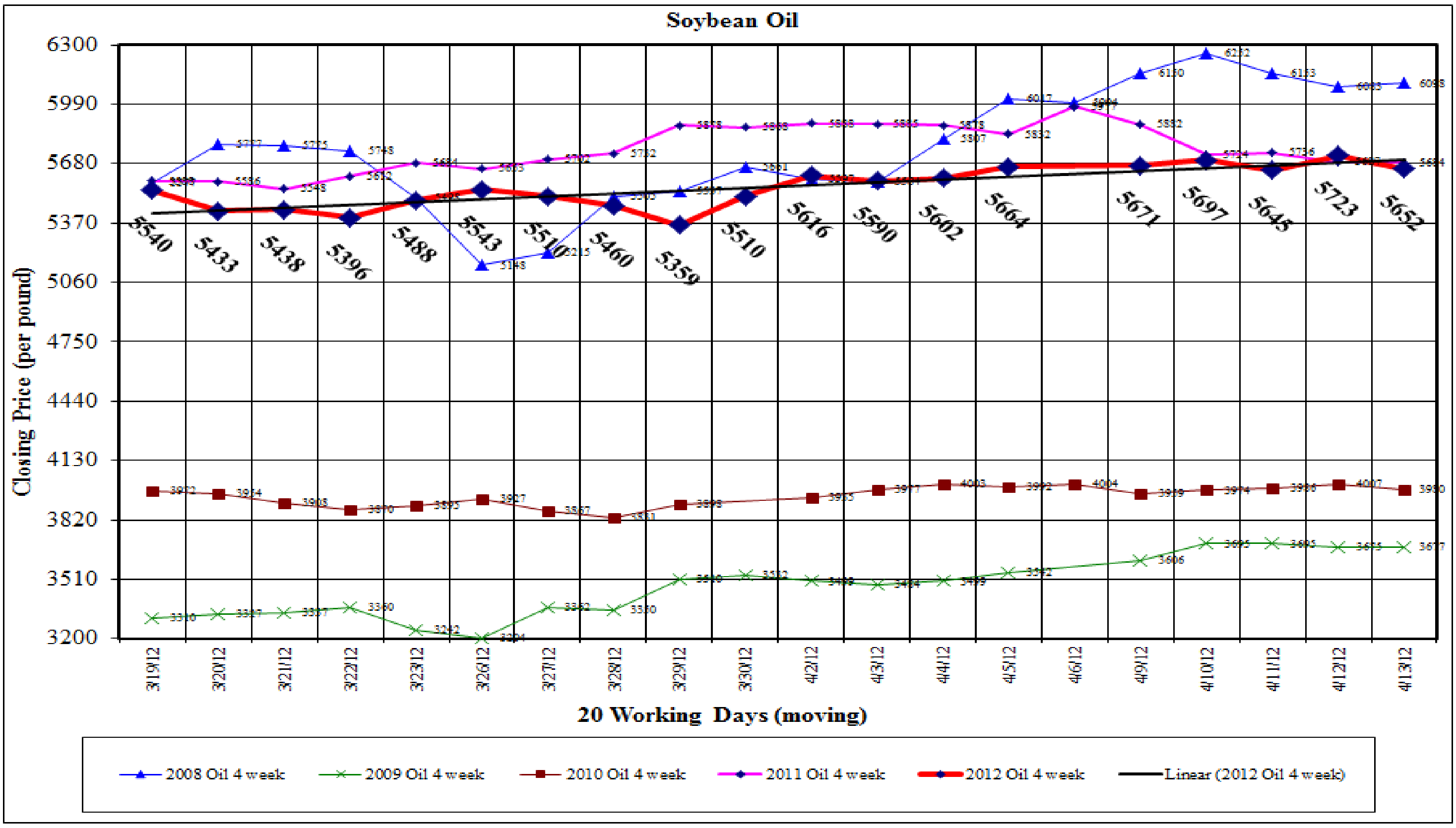
There are some reports surfacing that farmers are switching some corn acres back to beans but it's unclear just how many acres will change. Any dips in the market will be well supported in the coming weeks.

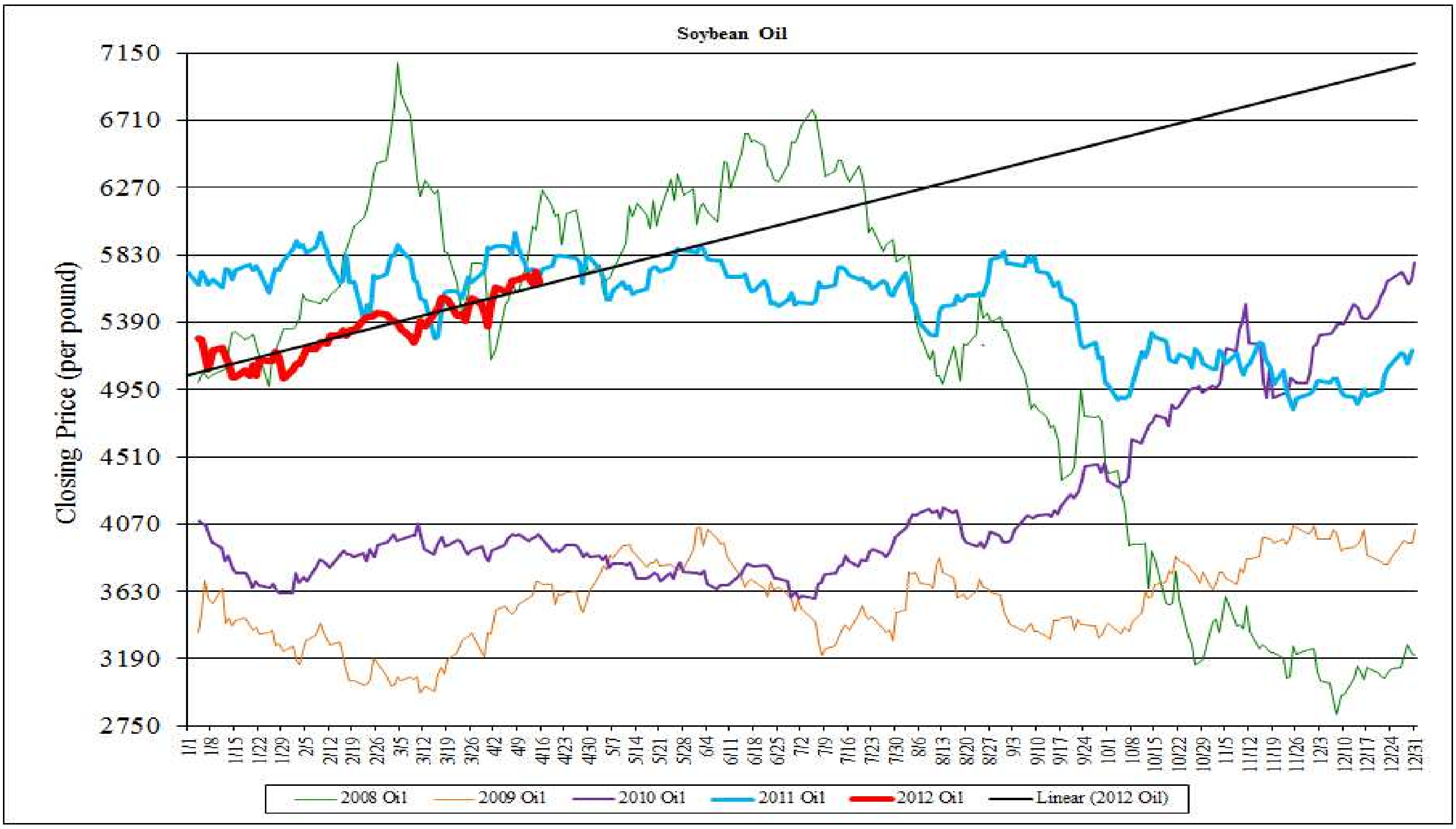
The soy oil market is finding support with the short supplies from South America. The Argentine situation is concerning. Palm production numbers released this week were in-line, but lower. The edible oil market is on the edge with supply concerns.

The range for soy oil should trade between $0.56/lb.-$0.60/lb. until we get a clearer indication of total bean acres and that won't be entirely clear until the June 30 Planting Report and by then we'll be heading into the U.S. weather market.

Look to add to ownership in the low $0.56's if given the opportunity over the next couple of sessions.

Shortening closed down $0.06/50# cube ($0.05/35# pail of oil, $0.0013/lb. for bulk oil) for the week.


Soybean Oil
Closing Price (per pound)
20 Working Days (moving)
2008 Oil 4 week
2009 Oil 4 week
2010 Oil 4 week
2011 Oil 4 week
2012 Oil 4 week
Linear (2012 Oil 4 week)


Soybean Oil
Closing Price (per pound)
2008 Oil
2009 Oil
2010 Oil
2011 Oil
2012 Oil
Linear (2012 Oil)

Cocoa Market:

The supply and demand for cocoa beans appears to be “in balance” for now. In March, the market mostly traded in a tight range between 2220 and 2440, but breaking out of the range (below 2100) during the first week of April. Despite slow industry buying at these levels, support was still provided during significant market drops. At the same time, any upside breakout was countered by consistent origin selling programs both in Ivory Coast and in Ghana. The outlook for the light crop arrivals in West African countries has also improved over time, contributing additional resistance.

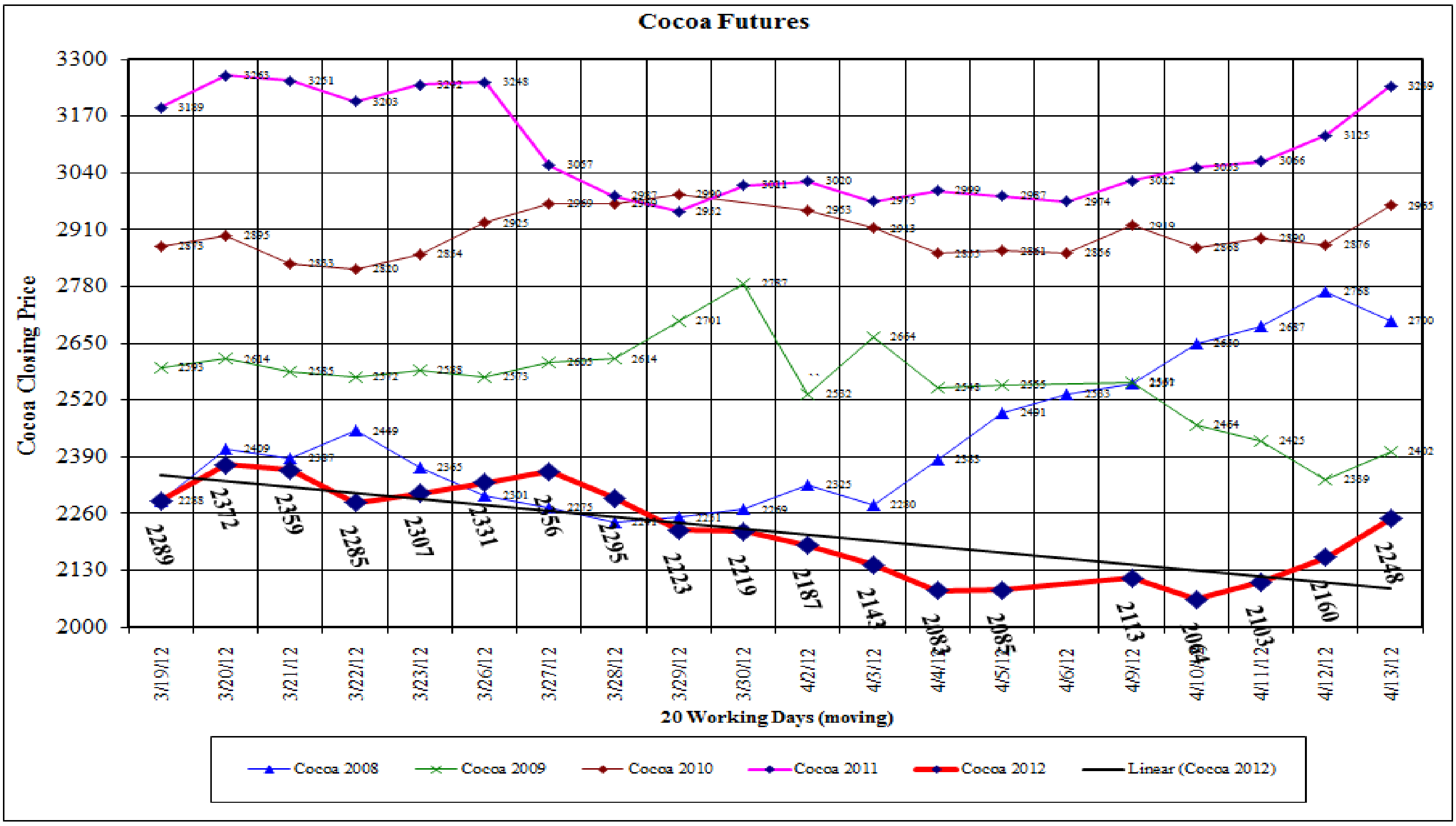
On the fundamental side we went into a steadily growing market consensus about balanced supply and demand. Although the fundamental picture remained roughly unchanged, significant market oscillations (at month end, first of April) were triggered by the spec-to-spec activity and some readjustments concerning the current season’s output. In the absence of fresh news the market is likely to stay in a range of 2050 to 2350, but it is worth keeping an eye on tightening structure, widening arbitrage and speculative positions.

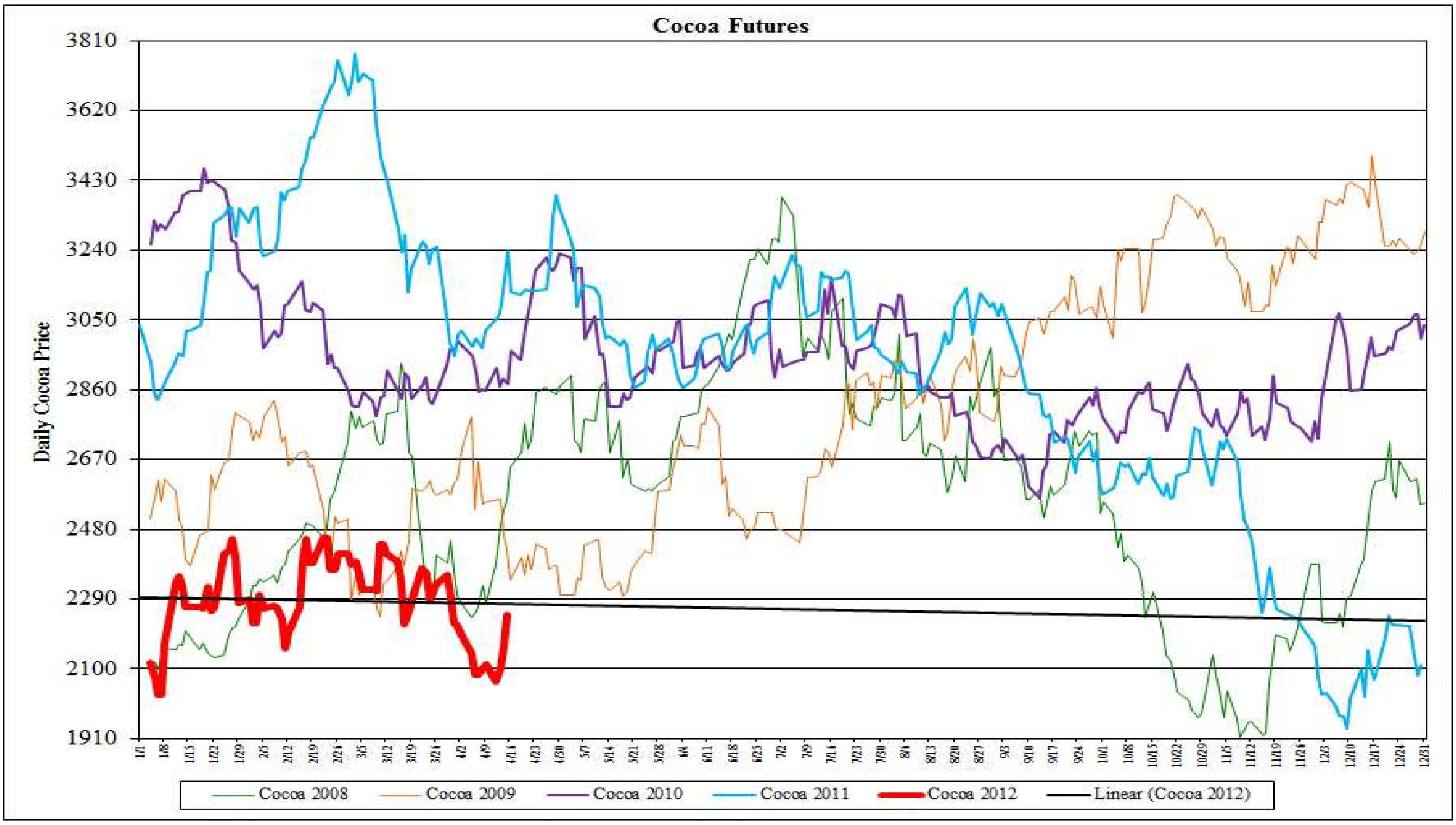
While the cocoa bean market traded in a tight range in March, breaking out of the range in April, the interest in cocoa butter followed in sympathy. Whenever the market traded at the higher end of the range, however, the butter buyer refrained from following the market upwards. The chocolate industry is apparently comfortable enough with its butter cover to be able to wait for buying opportunities. Toward the end of the month the cocoa bean market showed lower levels again and demand for cocoa butter re-appeared. Helped by a softer ratio, the volume increased. On balance, butter buyers maintained cover and will be ready to buy again when the market dips.

Conflicting fundamental news and mixed macroeconomic developments have resulted in a very volatile bean market as we begin the month of April. But as in other recent periods, powder has turned a blind eye to these swings, with prices remaining mostly stable. In North America and Europe, spring has arrived with higher temperatures resulting in early and strong deliveries in the ice cream segment. Powder consumption going forward continues to depend largely on economic developments and the cost of other ingredients (sugar, fats, and so on) used in finished products that contain cocoa powder. Customers are currently finalizing 2012 powder contract coverage.

At one time, powder was the most important cocoa product. Cocoa butter was seen as a mere by-product of the powder process. Later powder took a step back and butter became more highly prized. In recent years powder has occasionally taken the lead on the world market, but only for brief periods. During the late seventies, around 1984, and during 2002 and 2004, cocoa powder was for a time more expensive than butter. Now once again sales of powder have clearly outpaced those of butter. The fact is that while the traditional markets of North America and Europe are major consumers of butter, powder is rapidly gaining popularity in emerging markets. With more and more people enjoying the many products that contain cocoa powder, it’s not unthinkable that powder may continue to surpass butter in price.

Cocoa closed up $163.00/ton for the week (compared to last Friday’s close).


Cocoa Futures
Cocoa Closing Price
20 Working Days (moving)
Cocoa 2008
Cocoa 2009
Cocoa 2010
Cocoa 2011
Cocoa 2012
Linear (Cocoa 2012)


Cocoa Futures
Daily Cocoa Price
Cocoa 2008
Cocoa 2009
Cocoa 2010
Cocoa 2011
Cocoa 2012
Linear (Cocoa 2012)

Sugar Market

#11 sugar traders are still leaning bearish as world sugar is expected to build a surplus this year. Expectations of a firm U.S. dollar are also pressuring world sugar prices lower. World sugar futures did break through $0.24 area this week. World sugar prices were volatile in March trading in nearly a $0.03 range, but ended the month only a shade below where prices began. World sugar pricing continues to be torn between nearby scarcity and the promise of plenty in the near future. Nearby sugar supplies remain somewhat tight, but forecasters predict a sizeable surplus starting in the second half of the year. Talk of dryness in the main Brazilian growing region is a concern now, as the region is the world's largest exporter by a wide margin. Any further downward revisions would reduce world surplus estimates, although it would take a very poor crop to eliminate the expected surplus.

U.S.D.A. released updated U.S. sugar supply/demand estimates on Tuesday:

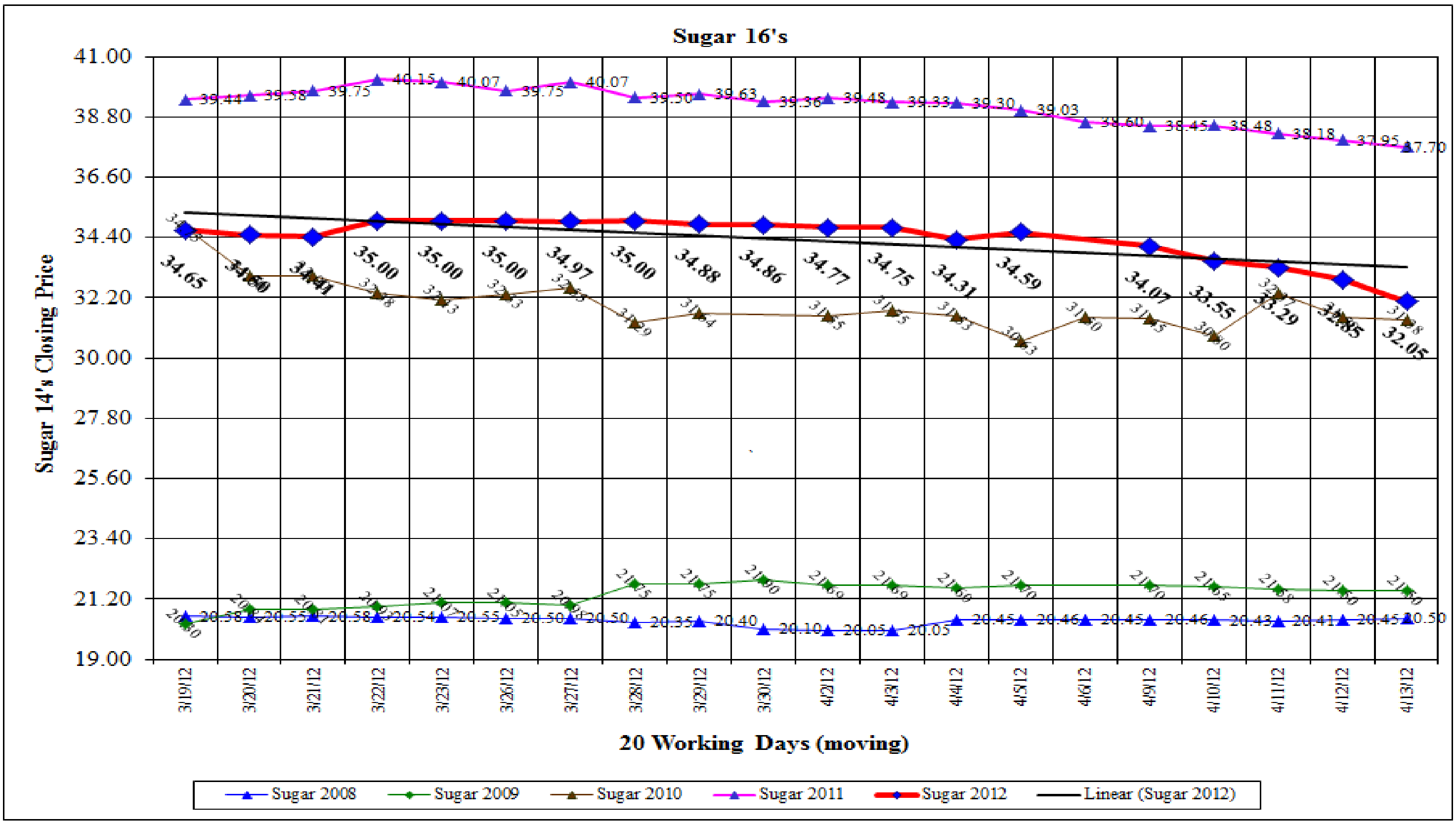
- Beet sugar production was increased 130,000 STRV to 4.655 million STRV
- The big change came in Mexican imports, down 385,000 STRV to 730,000 STRV. This comes on the heels of U.S.D.A. increasing them significantly last month.
- The demand side of the balance sheet was left unchanged.

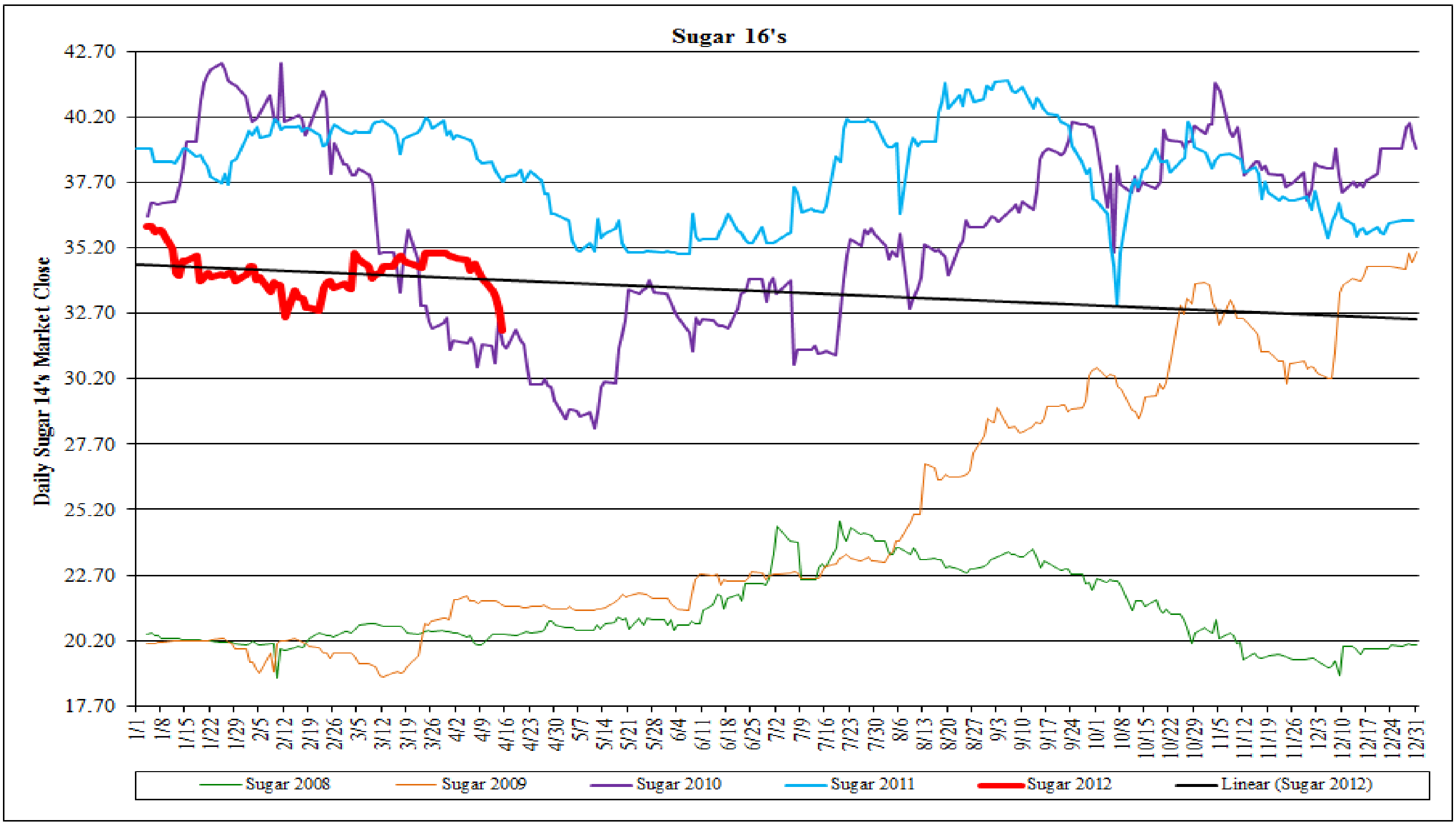
As a result, 2011/2012 U.S. sugar ending stocks dropped to 797,000 STRV, down 250,000 STRV, while the stocks-to-use ratio declined to 6.8% from 9.0% last month.

Domestic sugar buyers are waiting for an announcement from U.S.D.A. on adjustments to 2011/2012 TRQ. There appears to an increasing amount of the sugar exported out of Mexico to the U.S. that is repackaged world white sugar.

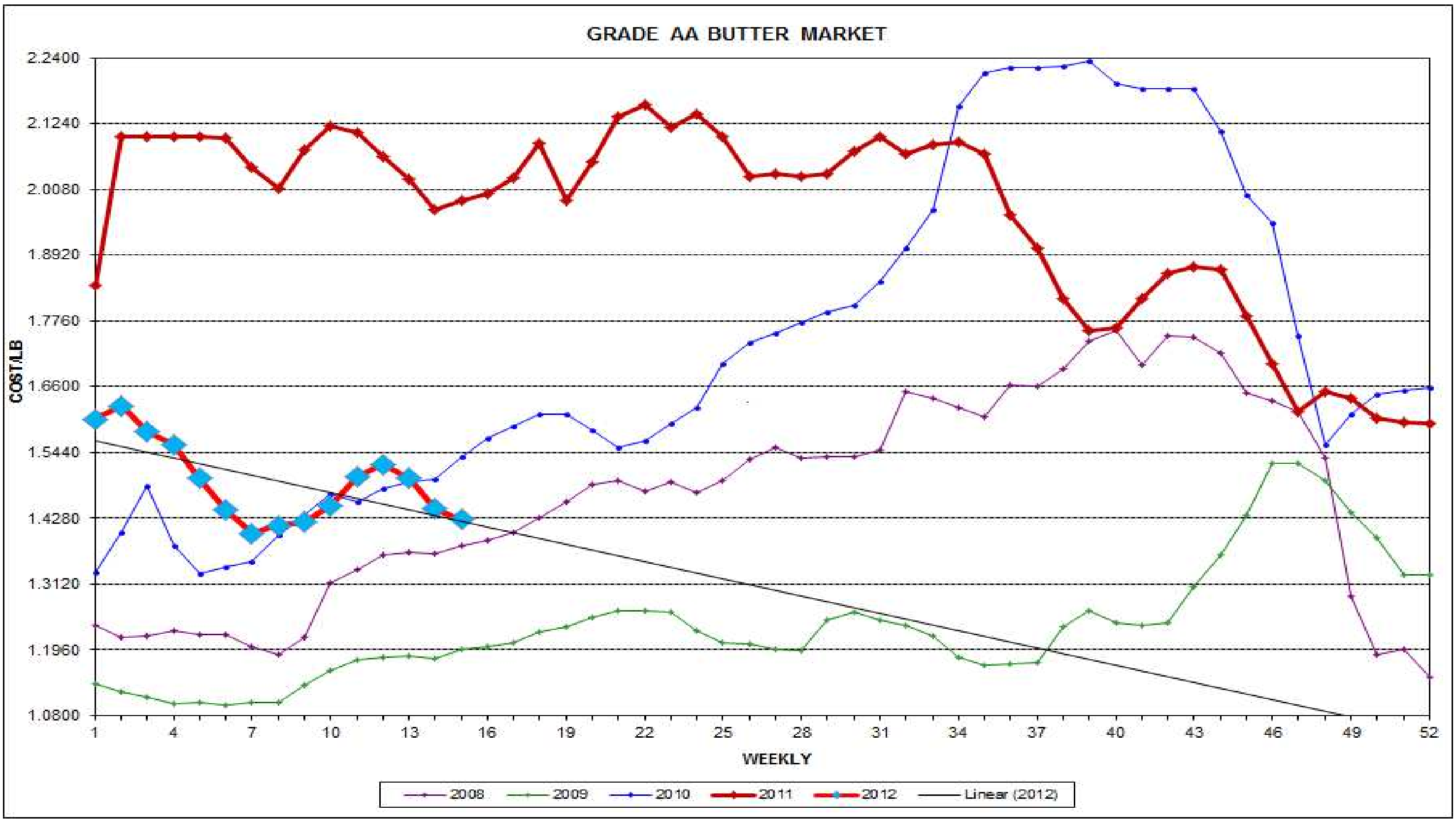
Domestic sugar prices rose slightly during March, mainly due to concerns about the size of the Mexican crop, which is suffering from dryness. The U.S. depends on duty-free imports (NAFTA) from Mexico as part of its supply base. As the U.S.D.A. estimate of the Mexican crop is higher than most analysts', the U.S.D.A. may defer their decision on the timing and size of the import quotas of world sugar until more is known about the size of the Mexican crop. The U.S.D.A. has the authority to increase the quotas on April 1 at the earliest. For the upcoming crop year starting October 1, there is a good chance for early planting of sugar beets, hence an early harvest. If this turns out to be true, this should put some pressure on prices by late summer. For the near future, however, there is little change expected in prices. U.S. supplies of sugar are adequate for now, but we expect supplies to tighten as we approach the third quarter (JAS) which is confirmed in Tuesday's supply/demand estimates. Near-term U.S. sugar prices remain on the defensive, but the U.S. balance sheet remains historically tight despite balance sheet easing by U.S.D.A. If the surplus in world sugar is indeed large, it could put pressure on both world and domestic prices.

Sugar 16's closed down $2.54/cwt. for the week (versus last Friday's close).


Sugar 16's
Sugar 14's Closing Price
20 Working Days (moving)
Sugar 2008
Sugar 2009
Sugar 2010
Sugar 2011
Sugar 2012
Linear (Sugar 2012)


Sugar 16's
Daily Sugar 14's Market Close
Sugar 2008
Sugar 2009
Sugar 2010
Sugar 2011
Sugar 2012
Linear (Sugar 2012)

Butter Dairy Market



Score AA butter closed "no change" on Friday, ending the week at $1.425/lb. The weekly average is $1.426/lb. down $0.0184/lb. from last week's average.

A. Butter Market

The butter price continued to ease during the week and closed the trading week at $1.4250. Churning schedules across the country were very active late last week, over the recent holiday weekend, and into this week, but now have slowed somewhat. Class II cream demand has declined considerably compared to weeks prior to the holiday.   Most cream handlers were anticipating the decline, but were also hopeful that Class II ice cream needs might absorb a good portion of this cream volume. It appears that some ice cream output continues, but not at a pace that would readily absorb available cream volumes. Many ice cream producers are indicating that their production lines are often running heavier than is usually the case for this time of the season, but recent very favorable temperatures and weather patterns have encouraged ice cream and soft service consumption. Butter orders slowed this week as buyers assess their holiday carryover volumes before returning to the marketplace. For those that are re-ordering, often their orders are being placed for short term or immediate needs. Food service orders are also lighter this week as buyers assess their needs. Cooperatives Working Together (CWT) assisted butter exports last week totaling 3.7 million pounds (1,697 MT).

The warm winter led to another sizeable increase in U.S. milk production in February, up 4.6% (adjusted for leap year), as well as an increase in herd size and milk per cow. With the spring flush just around the corner, manufacturing plants have been busy. U.S. butter stocks at the end of February were up 20% from January 2012, and up 43% from February 2011.

B.

B. Dairy Powders

The California Weighted Average Price (CWAP) for nonfat dry milk (NDM) for the week ending April 6, is $1.2980/lb. This is $0.02/lb. less than last week's price. Sales totaled 14.8 million pounds, up 1.3 million pounds versus the prior week. However, sales volume for the past two weeks pales in comparison to the 26.4 million pounds sold during the week ending March 26. The CWAP price includes sale prices set within 150 days of shipment. While the National Dairy Products Sales Report (NDPSR) NDM price includes sale prices established within 30 days of the transaction. Stocks of nonfat dry milk at the end of January were down 4% from December 2011, but up 62% over January 2011. Both Europe and Oceania have had good dairy production over the past year, and late winter and early spring weather in Europe has been conducive to a strong start to their dairy season. NASS prices for nonfat decreased in March, while prices for butter increased. Exports of NDM/SMP through February 2012 total 173.0 million lbs. That is 5.0% more than last year. With a 40% market share, Mexico is the largest importer of U.S. produced NDM/SMP. Through February 29, 2012, Mexico imports of NDM/SMP total 69.7 million lbs., up 56% versus last year. Modestly higher exports were not enough to curb the growing supply of NDM/SMP. Stocks of NDM totaled 196.3 million lbs. in February 2012. That is 58.7% more than last year. Dry product prices reported by Dairy Market News were mostly lower.

Nonfat dry milk prices are lower on a weak market. Milk processors are operating at near capacity to handle the strong farm milk intakes. The market undertone remains weak. Dry buttermilk continues to trend lower in light to moderate trading. Dry buttermilk production is active as significant volumes of surplus cream are moving to Class IV plants. The market undertone is weak. Prices for dry whole milk are lower as price pressure builds on the nonfat and butterfat components of this product. Dry whey prices are unchanged to lower. The market is still exhibiting weakness due to larger inventories finding their way to the spot market. Heavier than usual milk supplies to cheese plants, have increased the whey stream supply. Demand from ice cream manufacturers is helping clear some supplies. Prices for whey protein concentrate 34% moved lower on the mostly price series. Despite the cooperation between manufacturers and brokers to clear WPC 34% according to contract terms, higher than anticipated milk intakes/cheese production/WPC 34% production at some locations prompted some manufacturers to enter the spot market during the last few weeks. Lactose prices moved higher. The market tone is somewhat mixed as lactose spot load availability from manufacturers and resellers is variable.

National Dairy Products Sales Report (NDPSR) prices for dry whey for the week ending April 7 were higher than the prior week. The dry whey price posted the largest gain versus the prior week at $0.0187. It is important to note that this gain was on top of a $0.04 upward revision in last week's dry whey price to $0.5946.

Strong milk production has led to a decline in fluid milk prices, and combined with recent increases in the grain markets, the decline will likely lead to concerns about farm profitability in the coming months. Prices are likely to remain under pressure during the spring flush. This could cause an increase in prices during the second half, if it leads to more aggressive herd reduction.

Eggs

Retail demand for shell eggs has traded in a range from poor to fair this week. Buyers are not taking a strong position at this time due to left over holiday inventories and current price trends. Many are waiting for prices to bottom before placing orders, but a few chains are (surprisingly) taking above average volumes. Feature activity is lackluster this week, as many are taking this week off after strong preholiday promotional schedules. Institutional and foodservice business is average, but some are beginning to receive increased foodservice call relating to summer needs.

The table egg supply flock reached 285.1 million layers on March 1, a 1.2% increase from March 1 2011. The flock is expected to grow throughout the year by an average of 0.8% YOY. The egg-type supply flock hit 3.1 million layers on March 1, a 2.6% increase from a year earlier. The egg-type supply flock is expected to grow at an average YOY rate of over 3% through the rest of 2012. Table Egg production during February (normalized to a 30-day basis) was 6.46 billion eggs, a YOY increase of 3.6%. Table egg production is expected to grow by an average of 1.6% YOY in 2012 due to a combination of an expansion of the supply flock and an increase in eggs per layer of about 1% YOY.

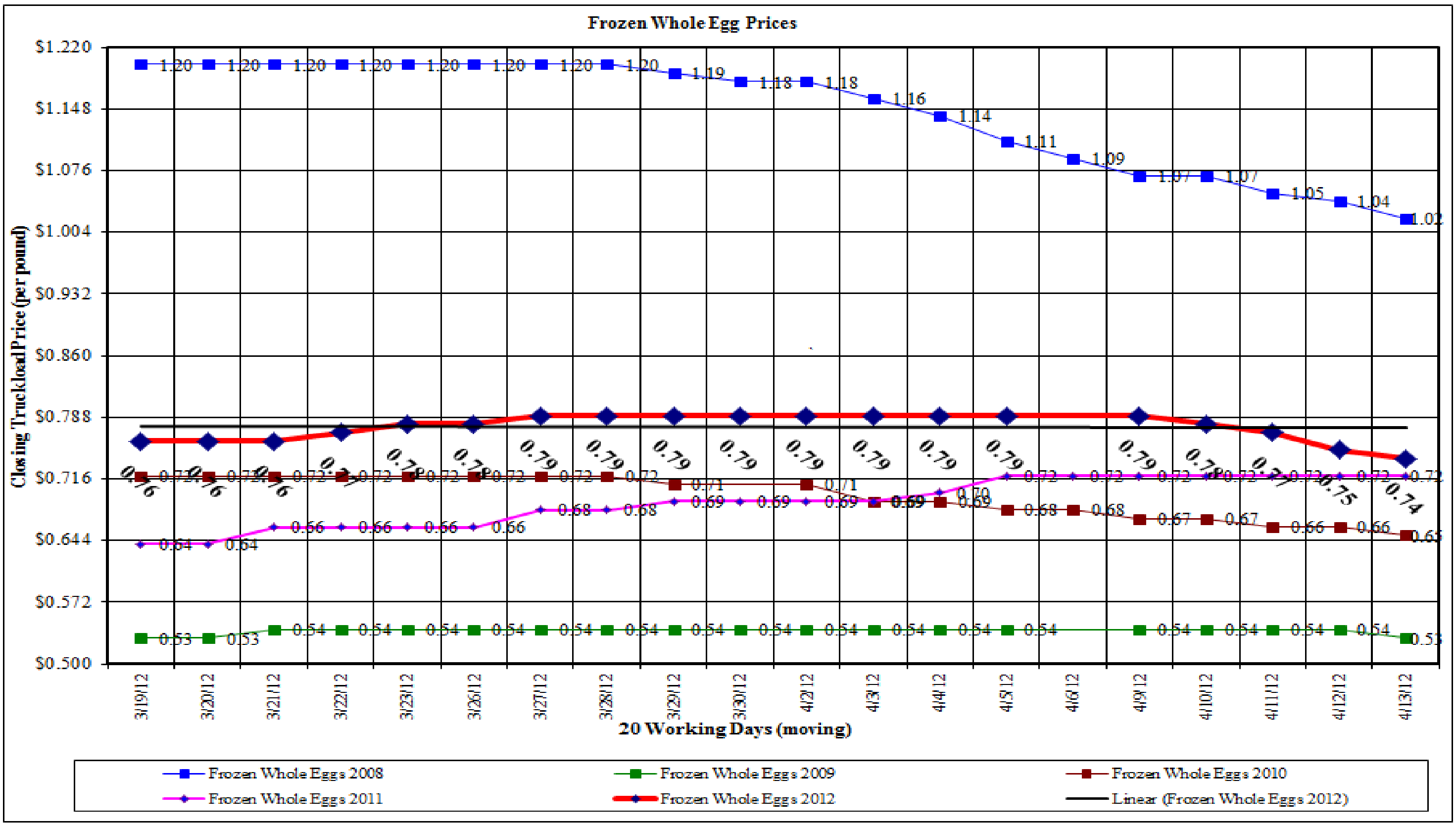
Supplies of all sizes are considered available throughout the country. Wholesale traders are mostly quiet, having plenty of their own inventories on hand to fill the needs of their customers. Some however note that supplies are becoming burdensome, forcing a sales position. Buyers are showing minimal desire to take on product, resulting in discounted asking prices within all regions. Completed transactions have been recorded below current market quotes in the jumbo through medium size categories. This situation is moving the market lower. Reports of flock rotations continue to roll in today, and production levels are expected to return to normal in the weeks to come. While domestic buying lags, there have been several inquiries from the Middle East, especially for the lighter sizes. Further processors have again been able to secure supplies of breaking eggs below current market values, and with demand in the graded channel so slow, in-line producers no longer have the ability to send supplies into the cartoned market. Large table eggs had an average price of $1.20/dozen in March (+15% versus YA), but the average April price is expected to decline to $1.16. Coincidentally, large table eggs are expected to have an average 2012 price of $1.16, down 3% from the 2011 average price of $1.20. The market is weak.

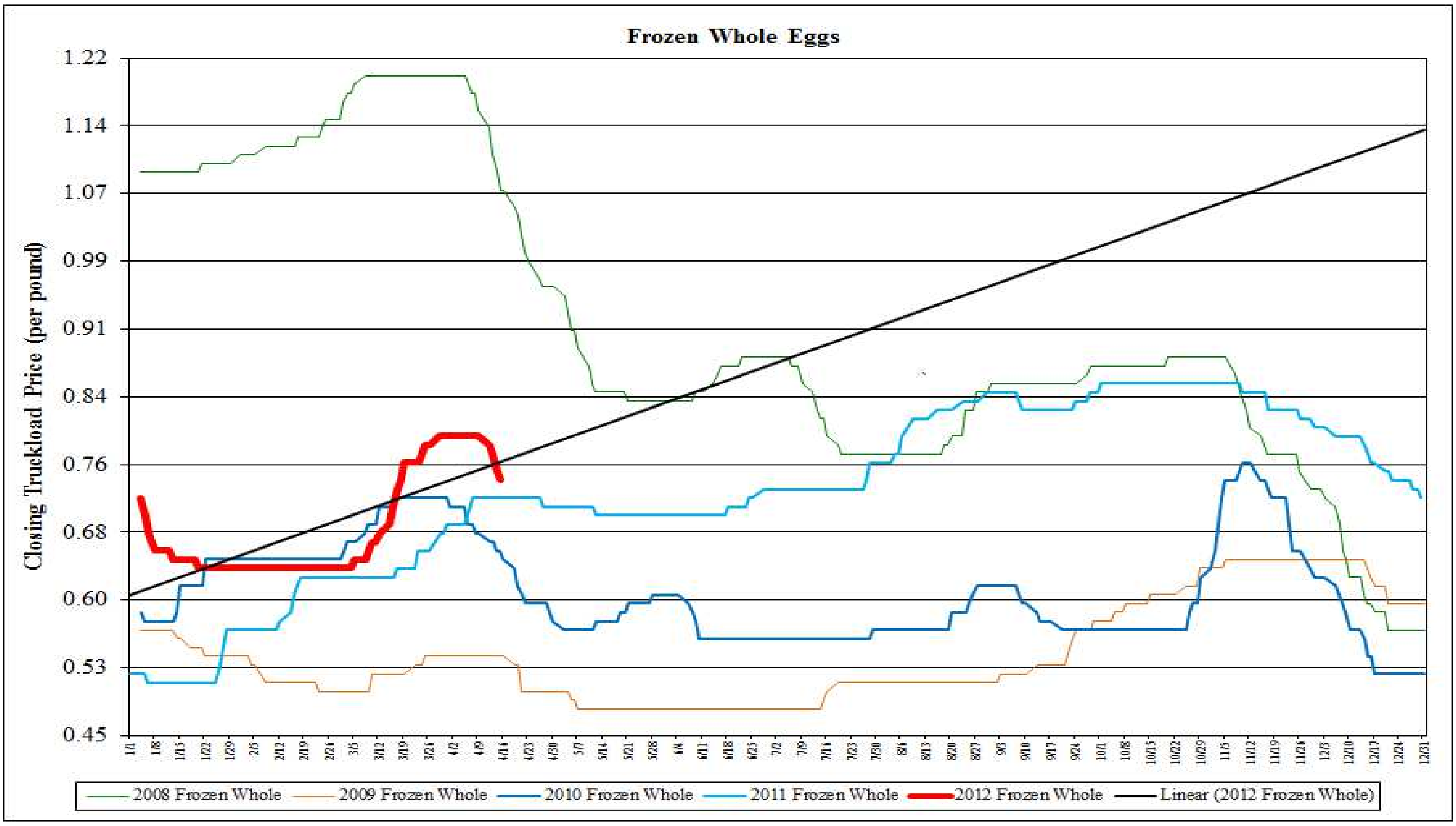
1.99 billion eggs were broken during February, an increase of 7% from the previous year. The number of eggs broken is forecast to see an average YOY increase of 1.5% in 2012 as egg products continue to fetch high prices. Liquid product prices are up 4.5-5% YOY. Liquid white and liquid whole production were both up almost 8% during February on strong product prices. Breaking stock eggs had an average price of $0.57/dozen in March (+1.7% versus YA), but prices are expected to ease in the coming months as large table egg prices ease and large inventories cause some downside pressure.

Players in the egg products arena continue to adjust to the recent declines in raw material cost. No longer able to send shell eggs to the graded channel, processors are breaking on a full schedule, creating excess supplies of liquid. Whole egg in particular has depreciated in value, with several willing to sell below current market quotes. Liquid whites and yolk are also trending lower as a result, but most feel the most pressure lies in the yellow categories. Sellers in the finished complexes are also modifying their asking prices. All items in the frozen category are headed lower, but prices for future deliveries through the end of the year show some positive outlook. Dried whole egg is also declining, with most sellers now able to adjust their asking prices due to the changes in the liquid market.

Completed transactions are limited, as most are anticipating further declines, but buyers are showing need for the 3rd and 4th quarter. Liquid whole egg prices are trending lower, as the availability of breaking eggs has allowed sellers to lower their asking values. Liquid whites had held value fairly well to this point, but transactions this week have pulled the market lower. Liquid yolk is unchanged, but trading is trending toward the low side. Frozen and dried whole eggs have declined, as sellers become more open to negotiation in these categories. Prices are becoming flexible in the other finished complexes as well, but to this point, transactions have been generally transacted at current market levels. The EU call has diminished, at least for the time being, with prices receding over 30% since their peak.

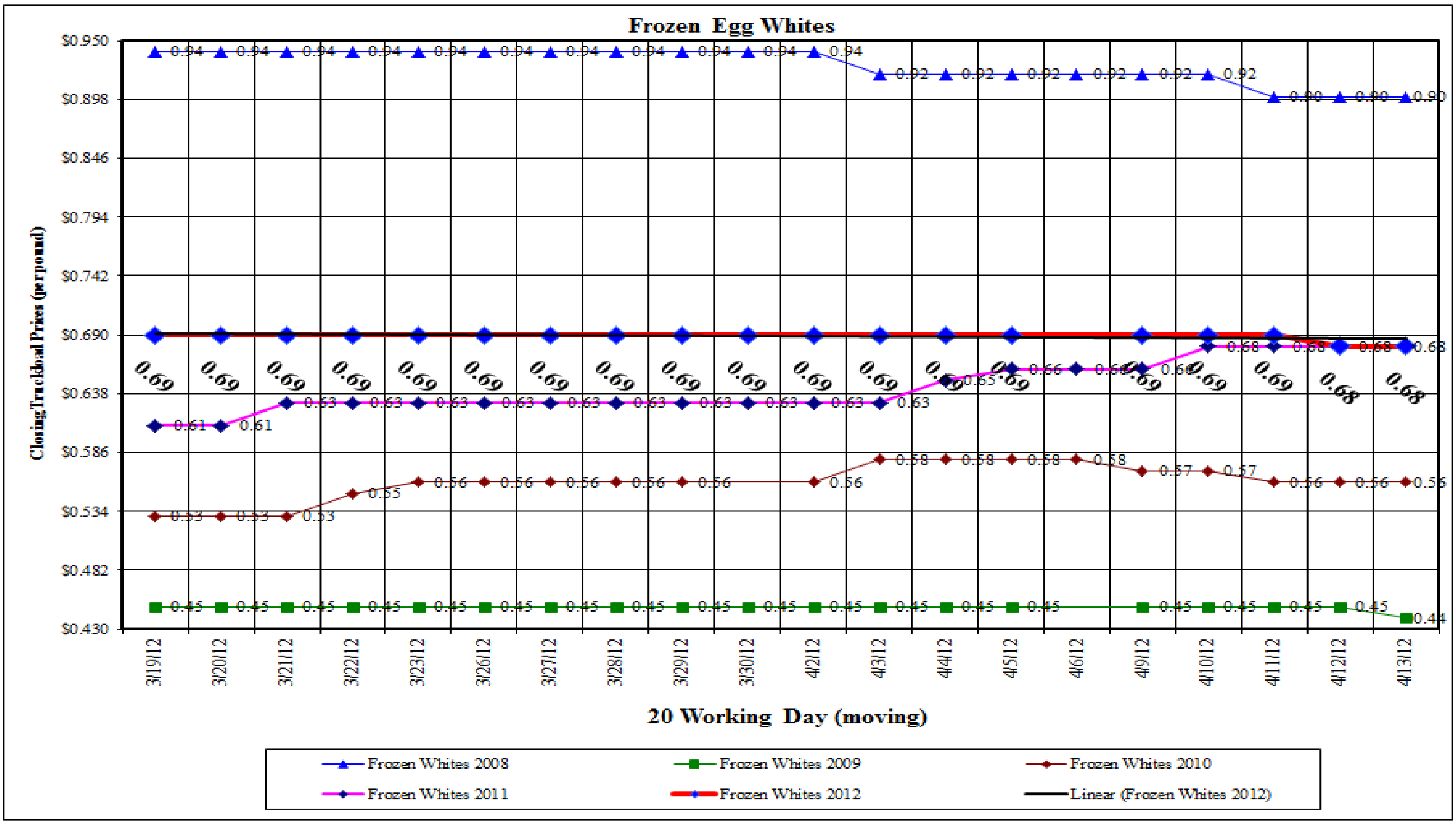
a. ***Frozen Wholes***

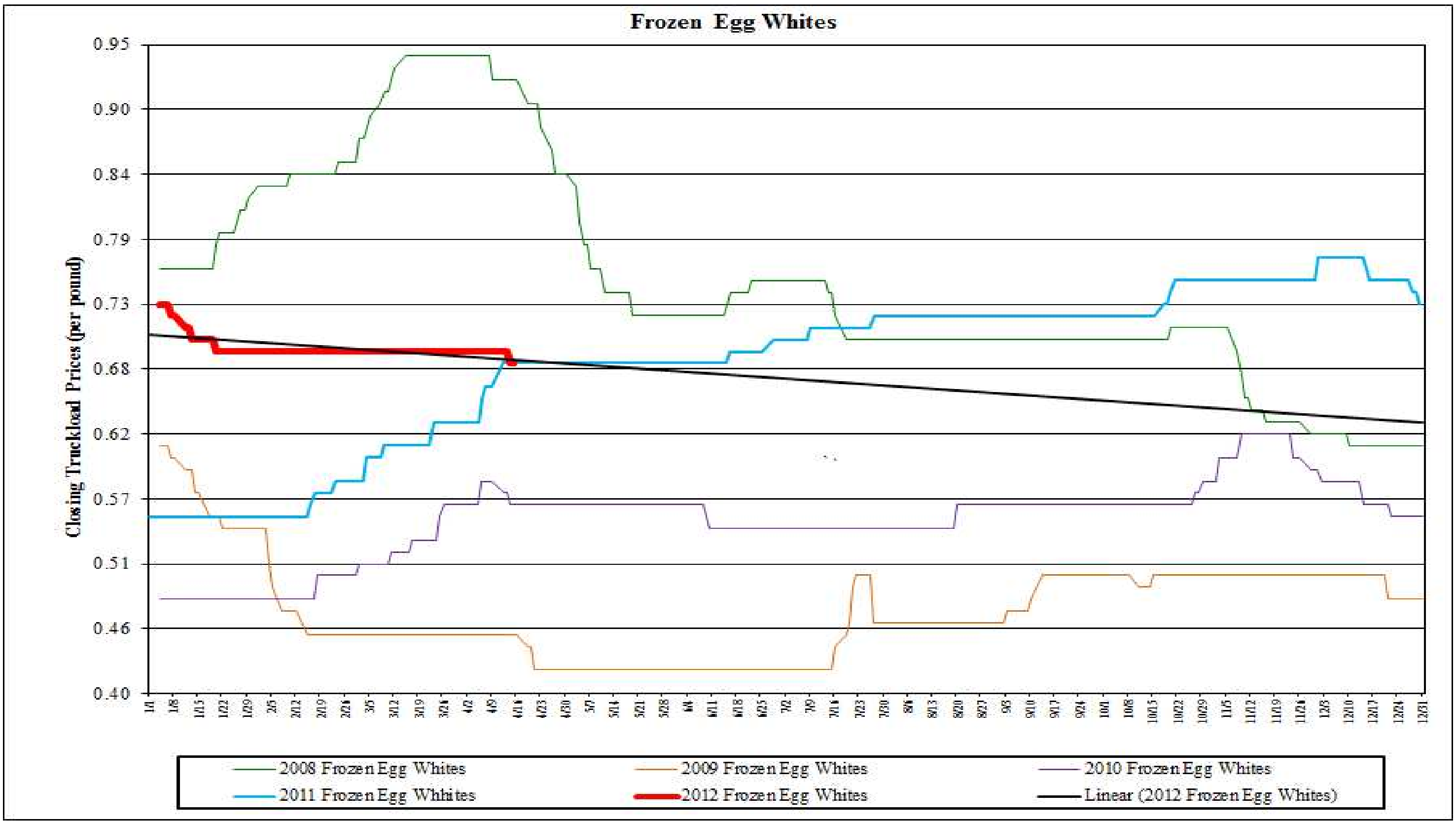




Frozen Whole Eggs closed down $0.05/lb. for the week (compared to last Friday's close).

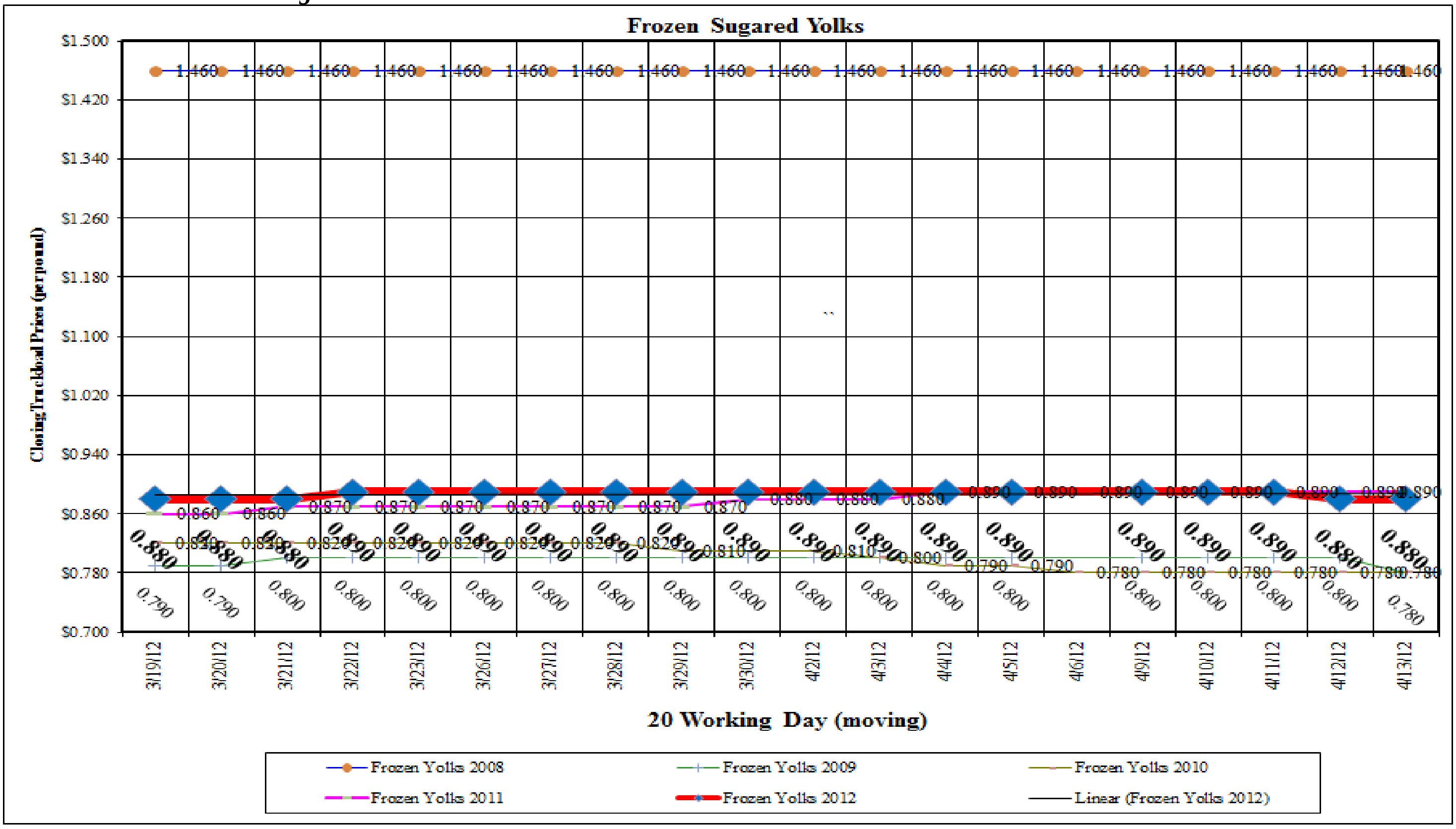
b. Frozen White

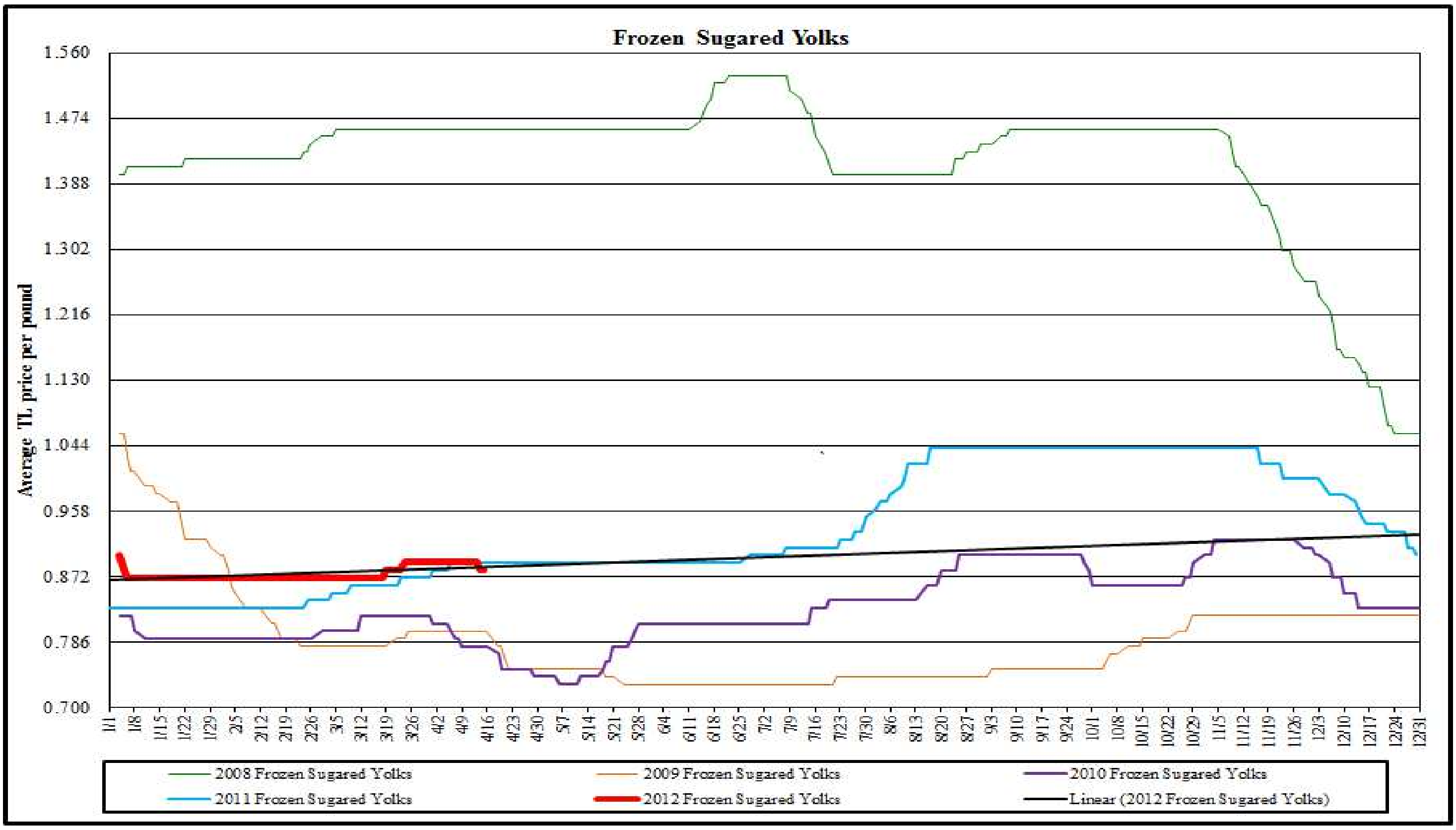




Frozen Egg Whites closed down $0.01/lb. for the week (compared to last Friday's close).

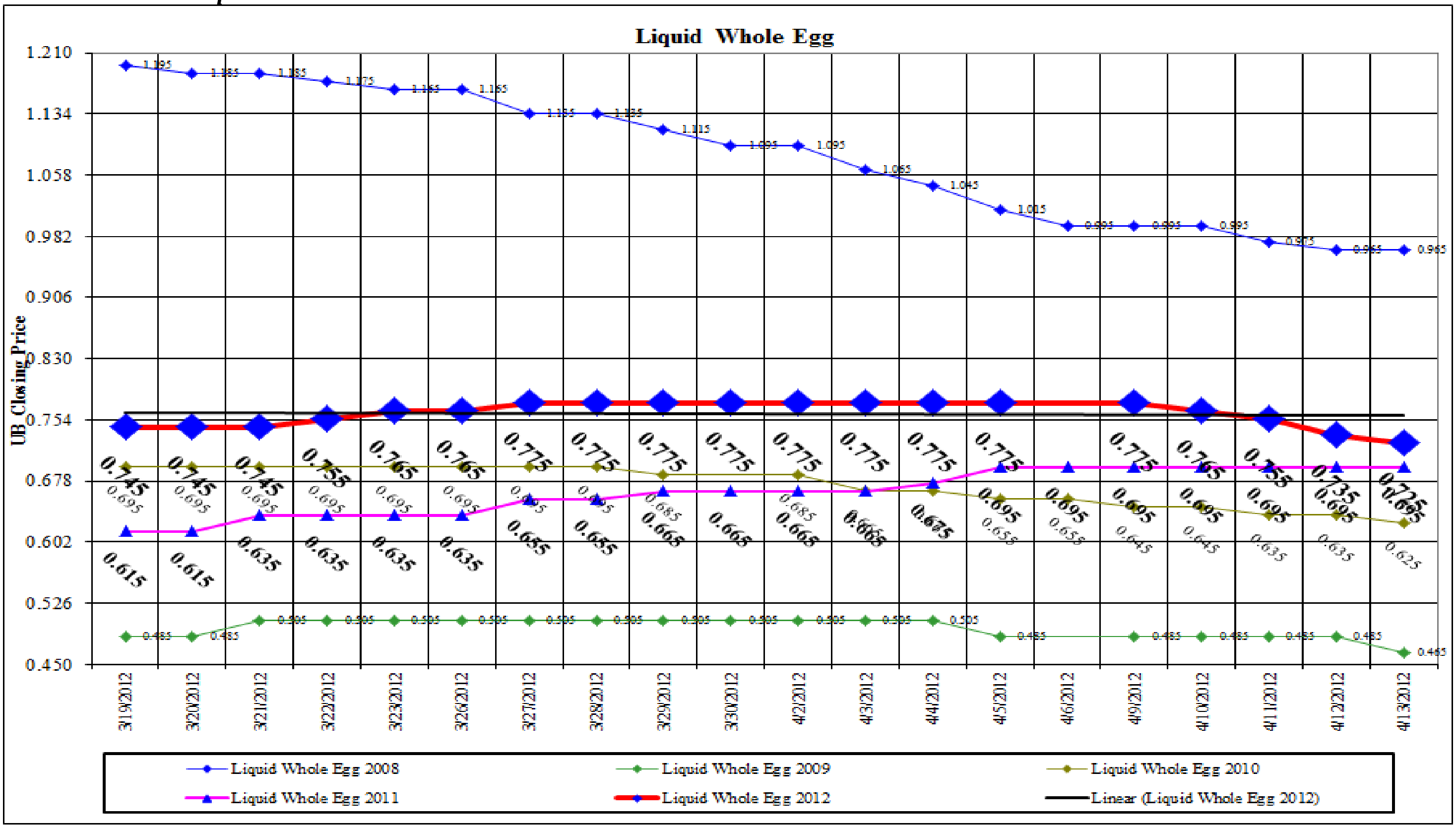
c. Frozen Sugared Yolks

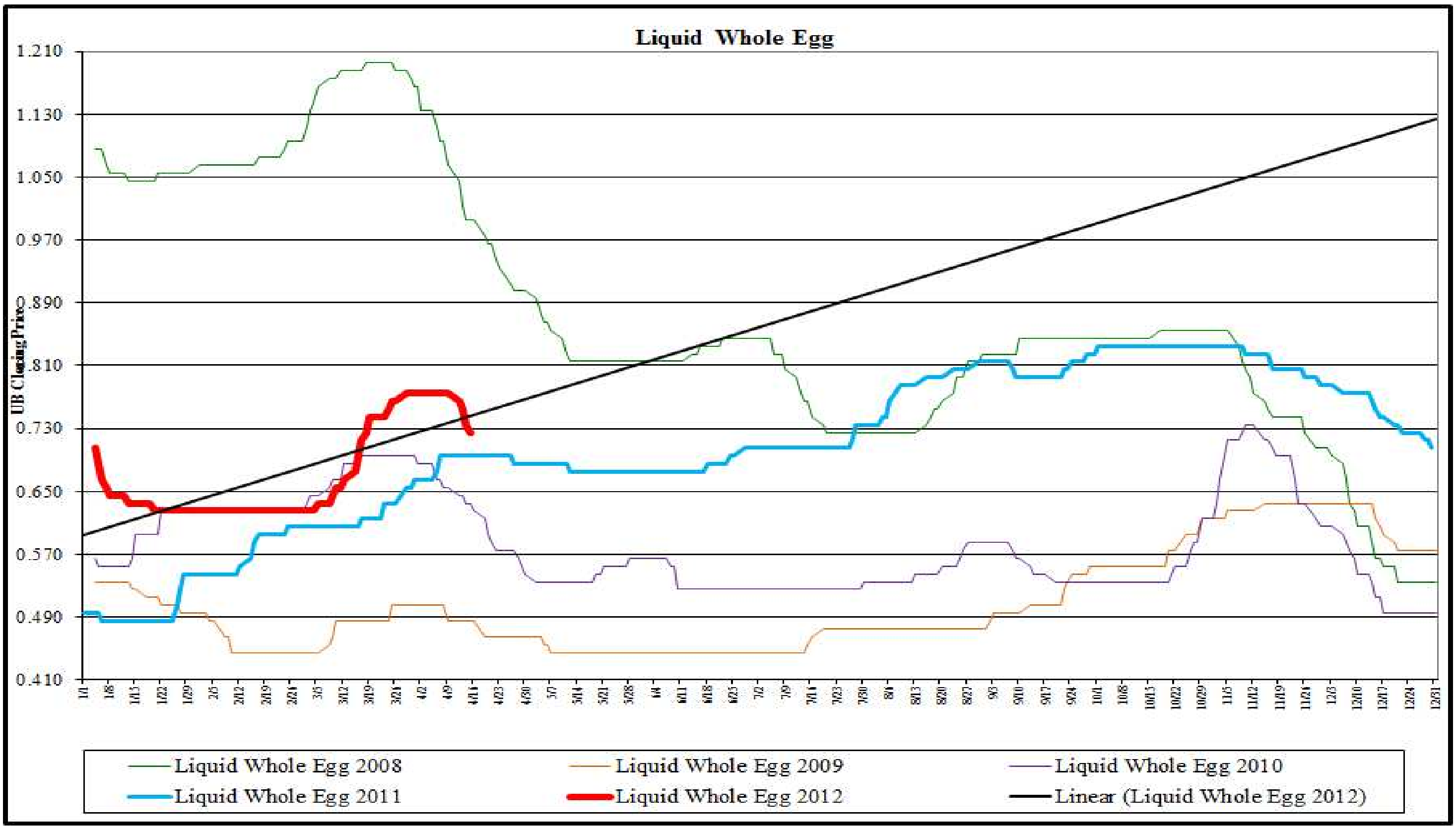




Frozen Sugared Yolks closed down $0.01/lb. for the week (compared to last Friday's close).

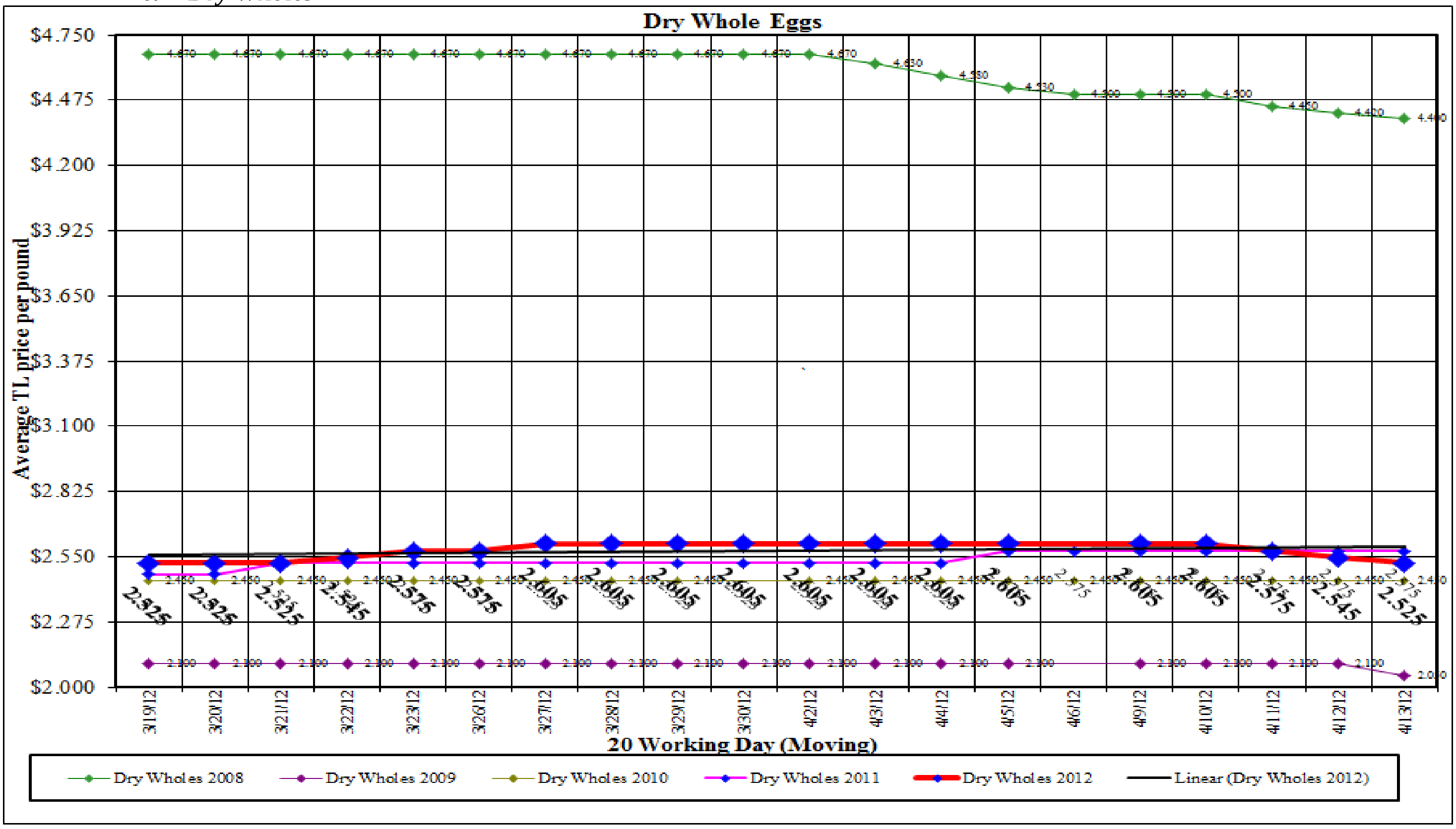
d. Liquid Wholes

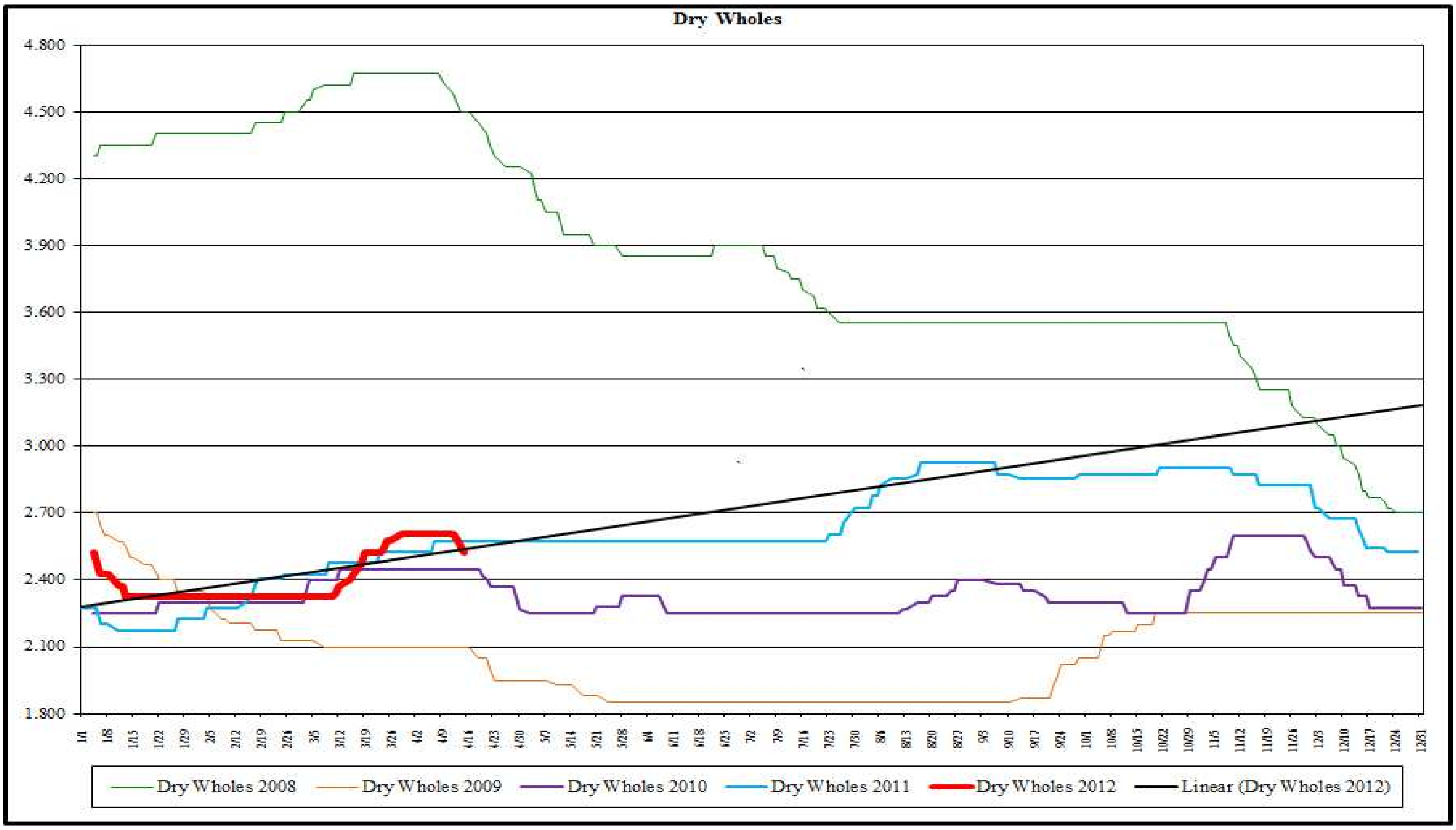




Liquid whole eggs closed down $0.05/lb. for the week (compared to last Friday's close).

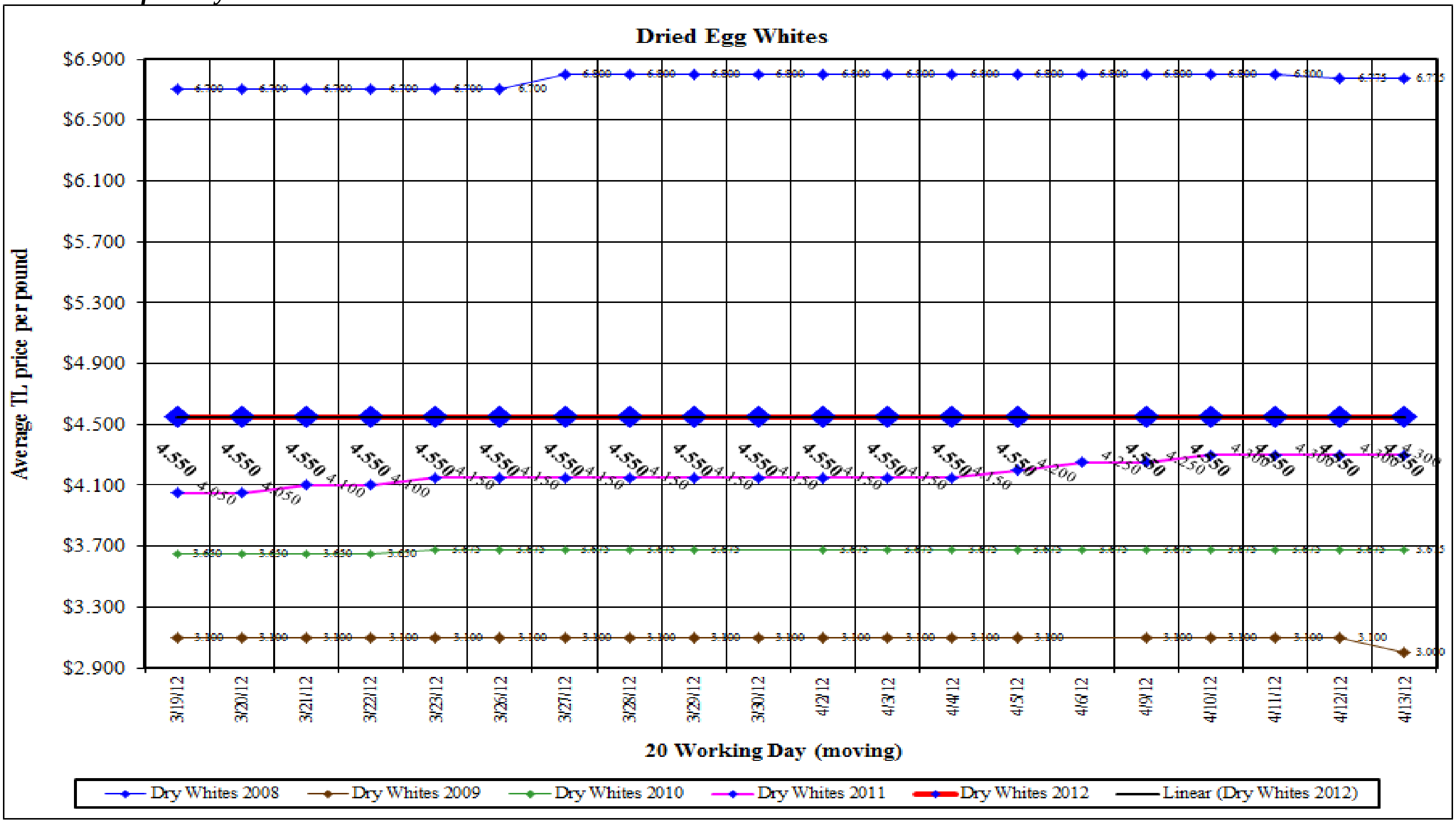
e. Dry Wholes

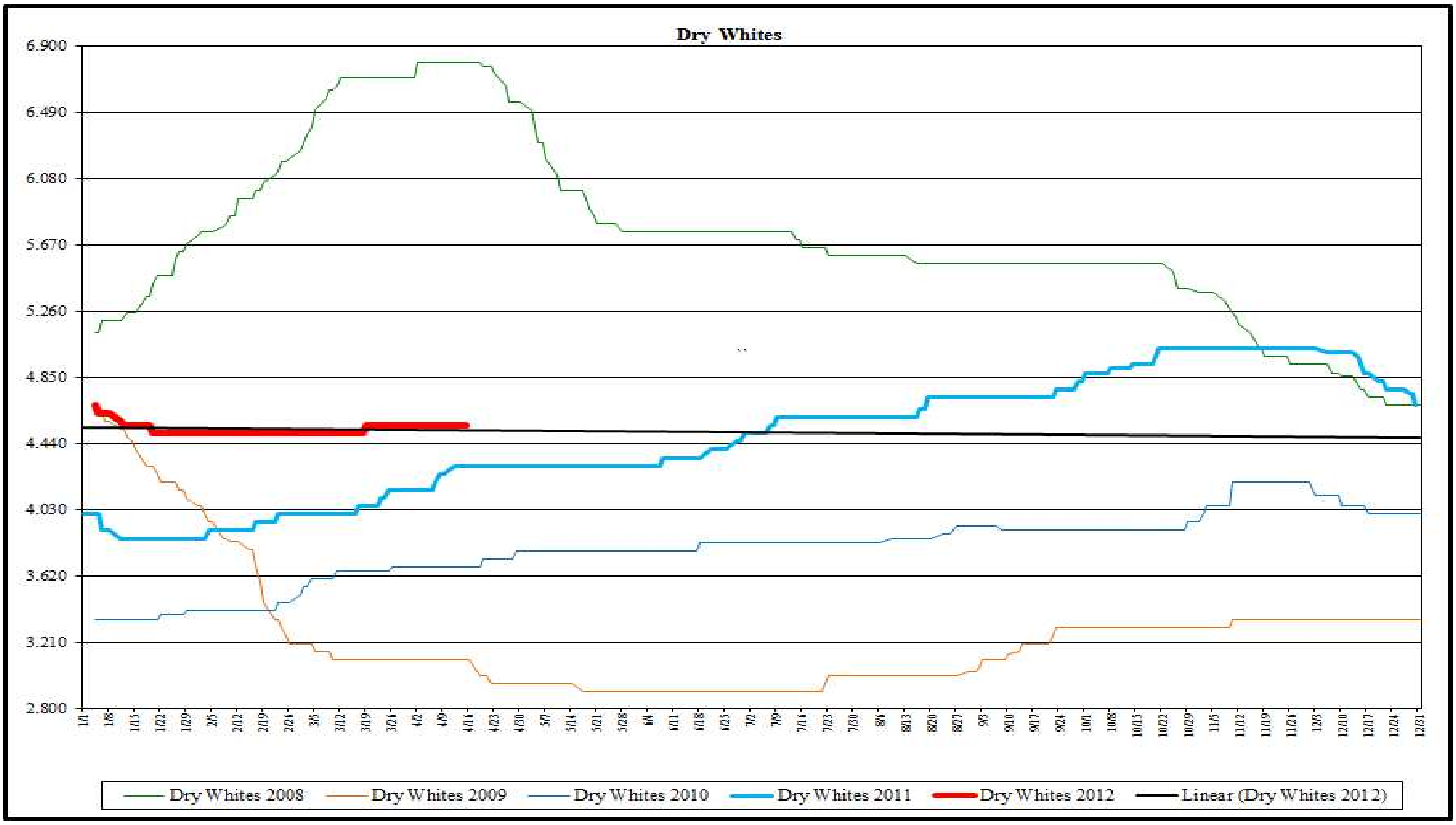




Dried Whole Eggs closed down $0.08/lb. for the week (compared to last Friday's close).

f. ***Dry Whites***





Dried Egg Whites closed "no change" for the week (compared to last Friday's close).

Corn

In Tuesday's report, U.S.D.A. left ending stocks estimate at 801 billion bushels the same as the March report versus 1.128 billion last year. Traders were looking for a decline of 80 million to 721 million. This still represents the tightest stocks/use ratio since 1996. The Argentine corn crop is estimated at 21.5 MMT versus 22 MMT on the March report. After the close on Monday, U.S.D.A. reported corn planting progress as of April 8 at 7% completed in the 18 major states. That was slower than the 8-12% guesses floating around, but typically we're only 2% done now so it still reflects a rapid planting pace. U.S.D.A. said that an early corn harvest during August and feed wheat usage could lower the strain on tight corn stocks. Feed/residual corn use was unchanged at 4.600 billion, ethanol use unchanged at 5.0 billion and exports unchanged at 1.700 billion. The average farm price was unchanged at $6.20 per bushel versus $5.18 last year.

U.S. ethanol production for the week ending 4/6 was running at 896,000 barrels per day (bpd), up 23,000 bpd from last week, up 0.4% from the comparable week last month and down 0.2% from a year ago. Ethanol stocks of 21.922 million barrels decreased 781,000 barrels from last week. U.S. ethanol production margins are maintaining near break-even levels (best plants have positive margins, while less favorably located, less efficient plants have negative margins), reflecting firm cash corn prices, weak gasoline demand and reduced U.S. ethanol exports. The trade is adjusting U.S. ethanol production lower as the market attempts to bring supply in line with demand to stop the increase in U.S. ethanol stocks. Weekly U.S. ethanol production must decline to near 249 million gallons per week and remain there for the remainder of the marketing year to achieve U.S.D.A.'s estimate for corn used for ethanol at 5000 million bushels. If the latest weekly ethanol production pace were maintained for the remainder of the marketing year, the corn grind would reach 5050 million bushels, only slightly above U.S.D.A.'s estimate. A further decline in weekly ethanol production to the level needed to reach U.S.D.A.'s annual corn grind estimate could have bearish implications for old crop corn. Ethanol suppliers are slowly clearing necessary EPA regulations to be able to sell E15 at the retail level. EPA must still approve steps to prevent misfueling of E15 and a monitoring program to make sure the fuel is marked and sold properly. E15 could appear at gasoline pumps in the U.S. sometime this summer. Although the current ethanol production pace exceeds what is needed to reach U.S.D.A.'s estimate for the 2011-2012 corn grind for ethanol, the slowdown in the corn grind for ethanol will result in U.S.D.A. making no adjustment in corn used for ethanol at this time.

U.S. corn plantings advanced 4 points to 7% versus 3% last year versus the 5-year average of 2%. IL corn plantings were 17% complete versus the 5-year average of 1%, IN 6 versus 0, IA 1% versus 0, KS 6% versus 4%, KY 32% versus 7%, MI 3% versus 0, MN 1% versus 0, MO 23% versus 6%, NC 25% versus 18%, OH 2% versus 0, SD 2% versus 0, TN 46% versus 15% and TX 52% versus 54%.

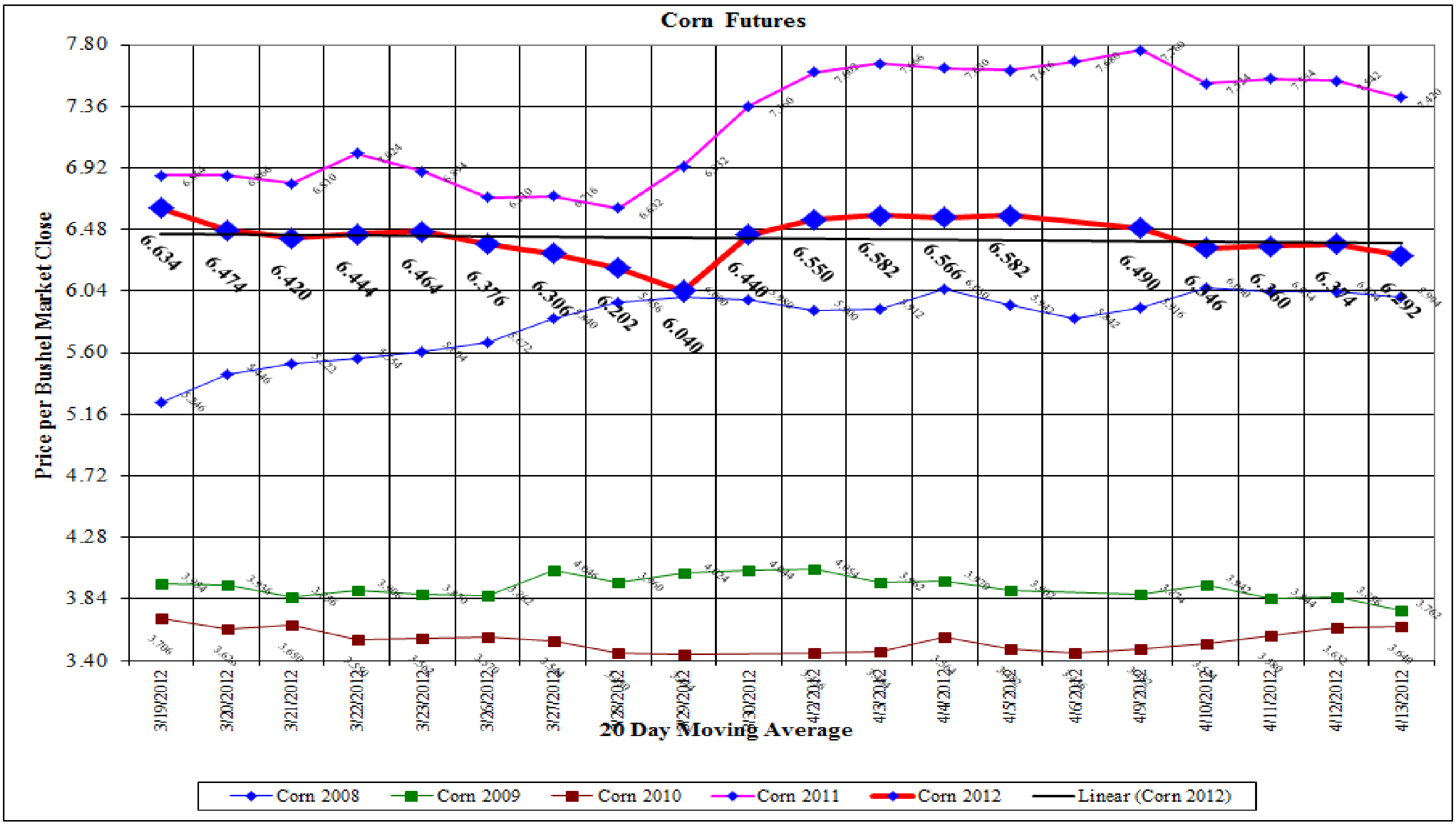
Bearish Market Factors

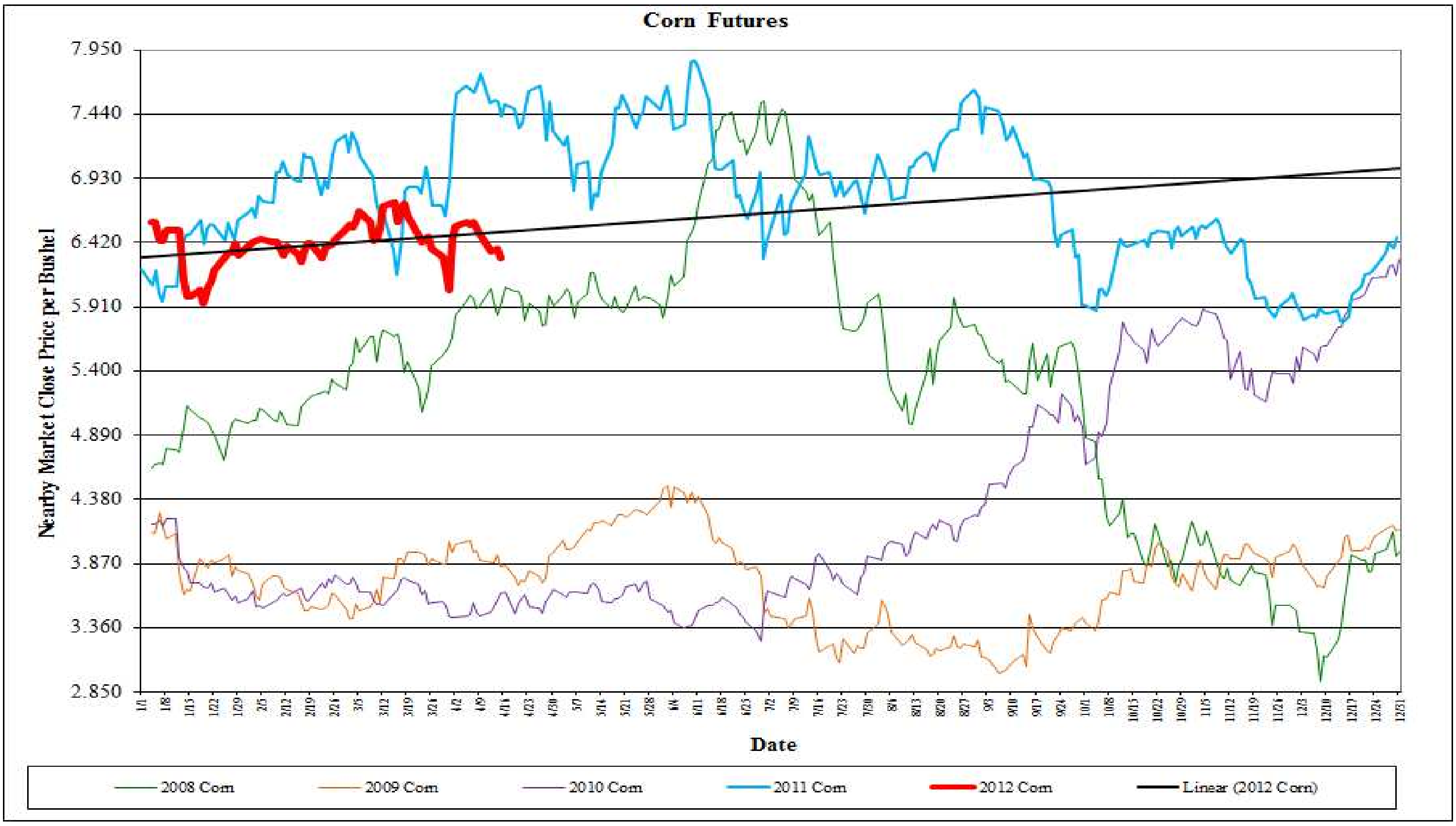
- EU and U.S. debt problems could threaten U.S. and world economic growth prospects.
- U.S.D.A. estimated 2012 U.S. planted corn acreage at a larger than expected 95.9 million acres, up 4.0 million acres from last year.
- Forecasts for a bearish new crop U.S. corn supply situation based on an increase in 2012-2013 U.S. corn carryout have limited fund buying for both old and new crop corn futures.
- Significant early U.S. corn harvest in August could help alleviate some of the tightness in old crop corn futures.
- U.S. weekly ethanol production is declining and ethanol stocks have only stabilized.
- U.S. wheat carryout is projected well above average levels and world wheat carryout is forecast at record levels for 2011-2012 and 2012-2013. Wheat is already displacing corn if feed rations and will compete heavily with corn during June-August.
- U.S. corn export demand has slowed and South America is expected to aggressively sell into the large inverse between old and new crop U.S. corn.
- High gasoline prices are threatening U.S. economic growth

Bullish Market Factors

- USDA's estimates for South American corn and soybean production could be reduced further.
- Old crop U.S. corn carryout is projected at levels which suggest that significant price rationing must occur.
- The ECB's massive low interest 3 year loan program has at least temporarily stabilized the debt crisis in the Eurozone.
- China has been a recent buyer of old crop U.S. corn.
- U.S. and world GDP are forecast at positive levels for the next three years.
- Subsoil moisture supplies are short in the northwestern corn belt-Northern Plains into about 2/3 of western Canada.
- Topsoil moisture is short is parts of Illinois and western Indiana.

Corn futures closed down $0.29/bushel for the week (versus last Friday's close).

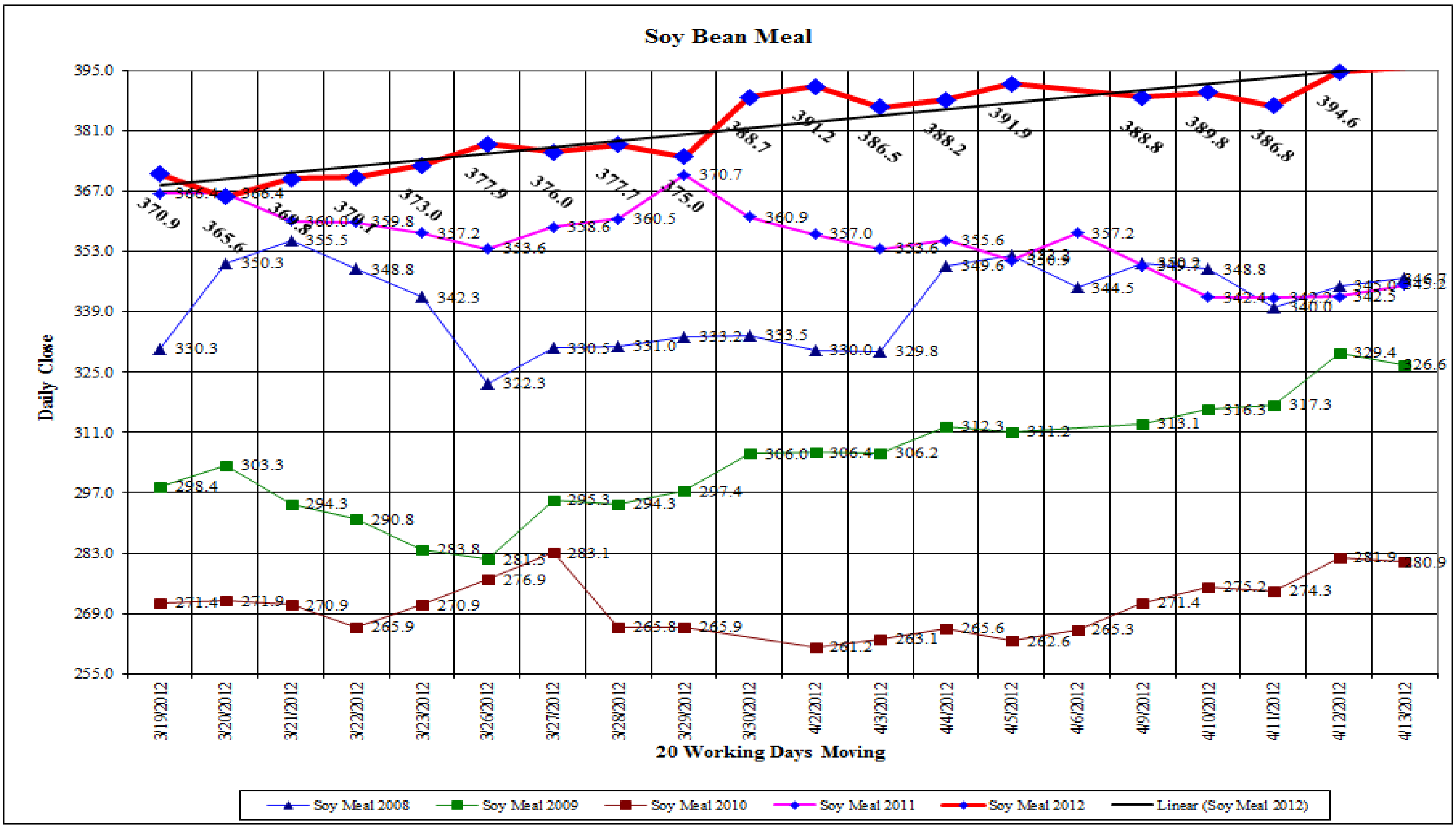

Corn Futures
Price per Bushel Market Close
20 Day Moving Average
Corn 2008
Corn 2009
Corn 2010
Corn 2011
Corn 2012
Linear (Corn 2012)

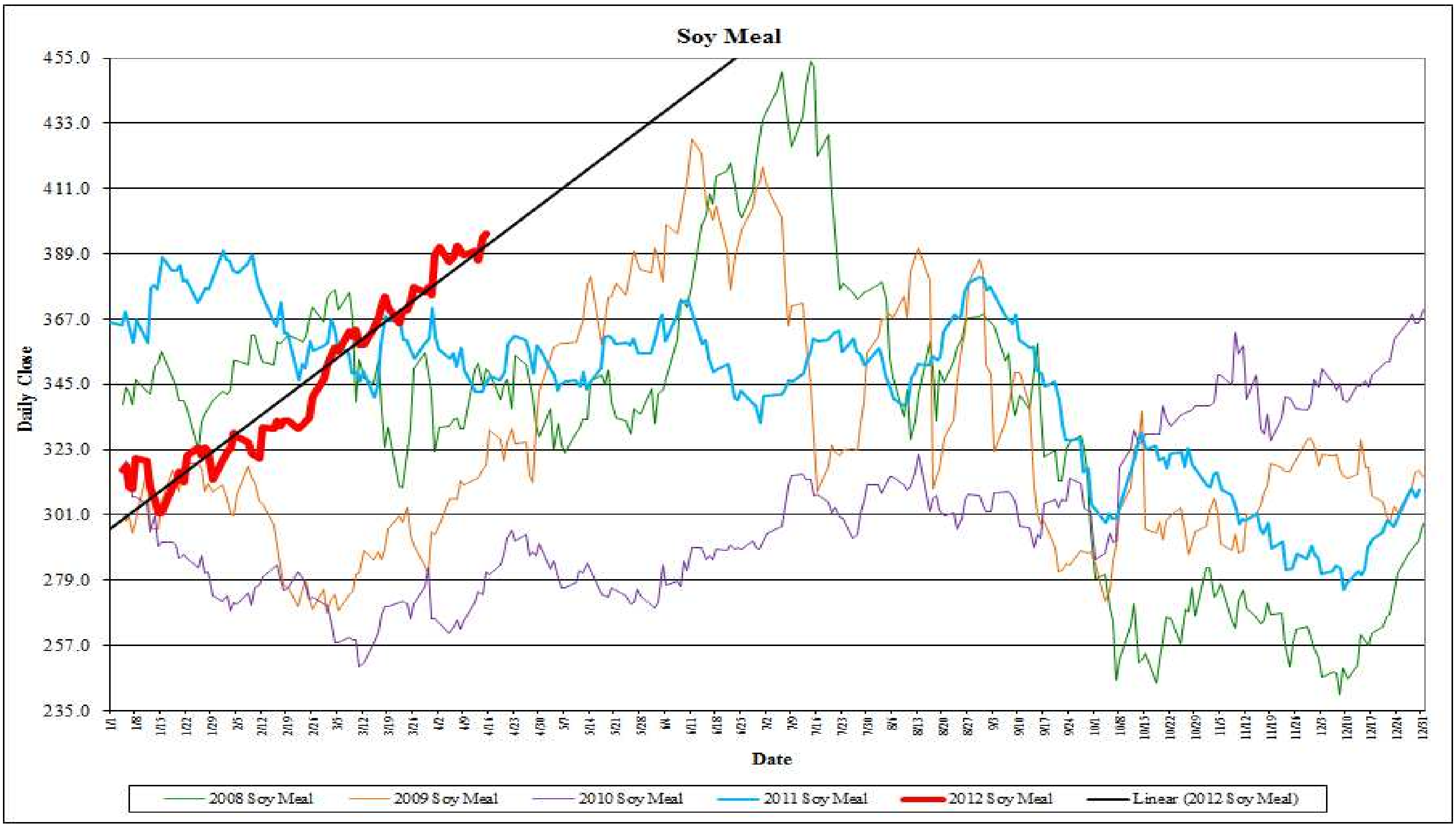

Corn Futures
Nearby Market Close Price per Bushel
Date
2008 Corn
2009 Corn
2010 Corn
2011 Corn
2012 Corn
Linear (2012 Corn)

Soy Meal

The soybean meal market has rallied in response to the large decline in South American soybean production and on tightness in old crop U.S. corn supplies. The slow U.S. soybean meal export sales pace and reduced U.S. broiler numbers have provided overhead resistance for the market. A solid U.S. soybean crush pace suggests that domestic soybean meal disappearance may be running ahead of the pace to reach U.S.D.A.'s estimate for U.S. domestic soybean meal disappearance at 30.200 million tons. This reflects the 1.9% increase in U.S. hog numbers and the low price of soybean meal relative to corn. U.S. broiler production continues to run 4-5% below year ago levels, with broiler industry still struggling to achieve positive feed margins. A recent increase in lysine production that has weakened lysine prices has resulted in corn/lysine undercutting soybean meal in feed rations. This could be slowing U.S. domestic soybean meal use in some markets. U.S. soybean meal export sales have remained well below year ago levels at 5.7 million metric tons versus 6.3 million metric tons last year, although the decline in South American soybean production has added to U.S. soybean meal export potential in 2012-2013 and possibly later this marketing year. In their report released Tuesday, U.S.D.A. kept the 2011-2012 U.S. soymeal carryover unchanged at 300,000 tons versus 350,000 last year. The average price was raised $20 per ton to $345 versus $345.52 last season.

Soy meal futures closed up $3.90/ton for the week (versus last Friday's close).


Soy Bean Meal
Daily Close
20 Working Days Moving
Soy Meal 2008
Soy Meal 2009
Soy Meal 2010
Soy Meal 2011
Soy Meal 2012
Linear (Soy Meal 2012)


Soy Meal
Daily Close
Date
2008 Soy Meal
2009 Soy Meal
2010 Soy Meal
2011 Soy Meal
2012 Soy Meal
Linear (2012 Soy Meal)

Palm Oil

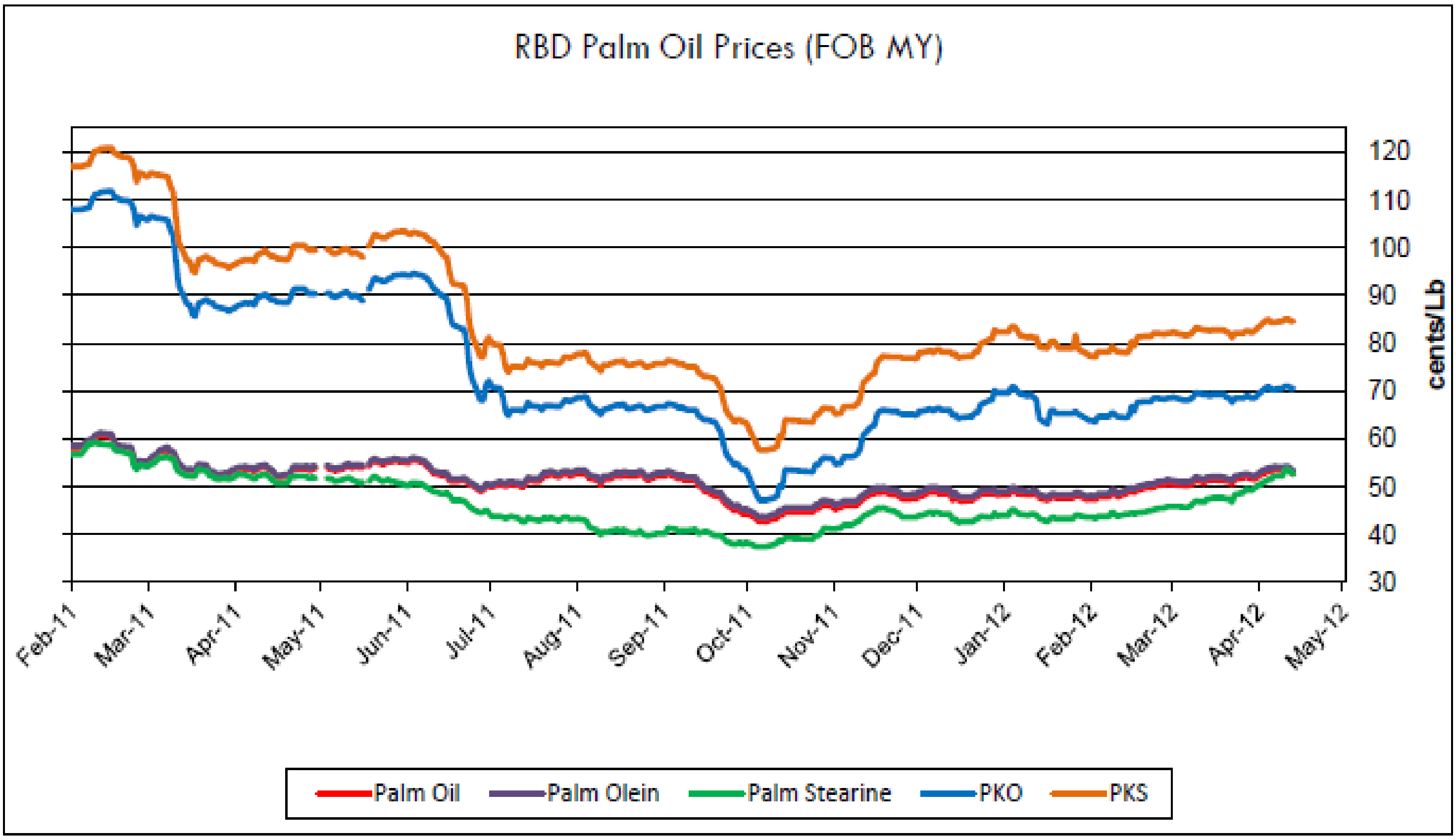
Malaysian palm oil futures rose to a fresh 13-month high as traders continued to make bullish bets on the edible oil after industry data showed healthy export demand and lower stocks. The widely watched Malaysia's palm oil stocks for March fell to a 7-month low as export growth outpaced production. Cargo surveyor data also pointed to higher exports for the first 10 days of April compared to a month ago as major importers including Europe, China and India ramped up buying.

Malaysian palm oil exports recorded a monthly gain of 7.8% and 8.9% (April 1-10). There are a couple of reasons for the increase:

- China has increased purchases of palm oil in line with its overall vegetable oil purchases
- Demand may return to palm oil in the biodiesel industry in Europe

Benchmark June palm oil futures closed 38 ringgit higher at 3,613 ringgit ($1,176) per ton. Prices went as high as 3,628 ringgit, a level not seen since March 8 last year.

Malaysia's palm oil stocks fell 5% in March to 1.96 million tons, against a revised 2.06 million tons in February. The fall exceeded market expectations in a Reuter's poll for palm oil stocks to have fallen 3.5% to 1.99 million tons.



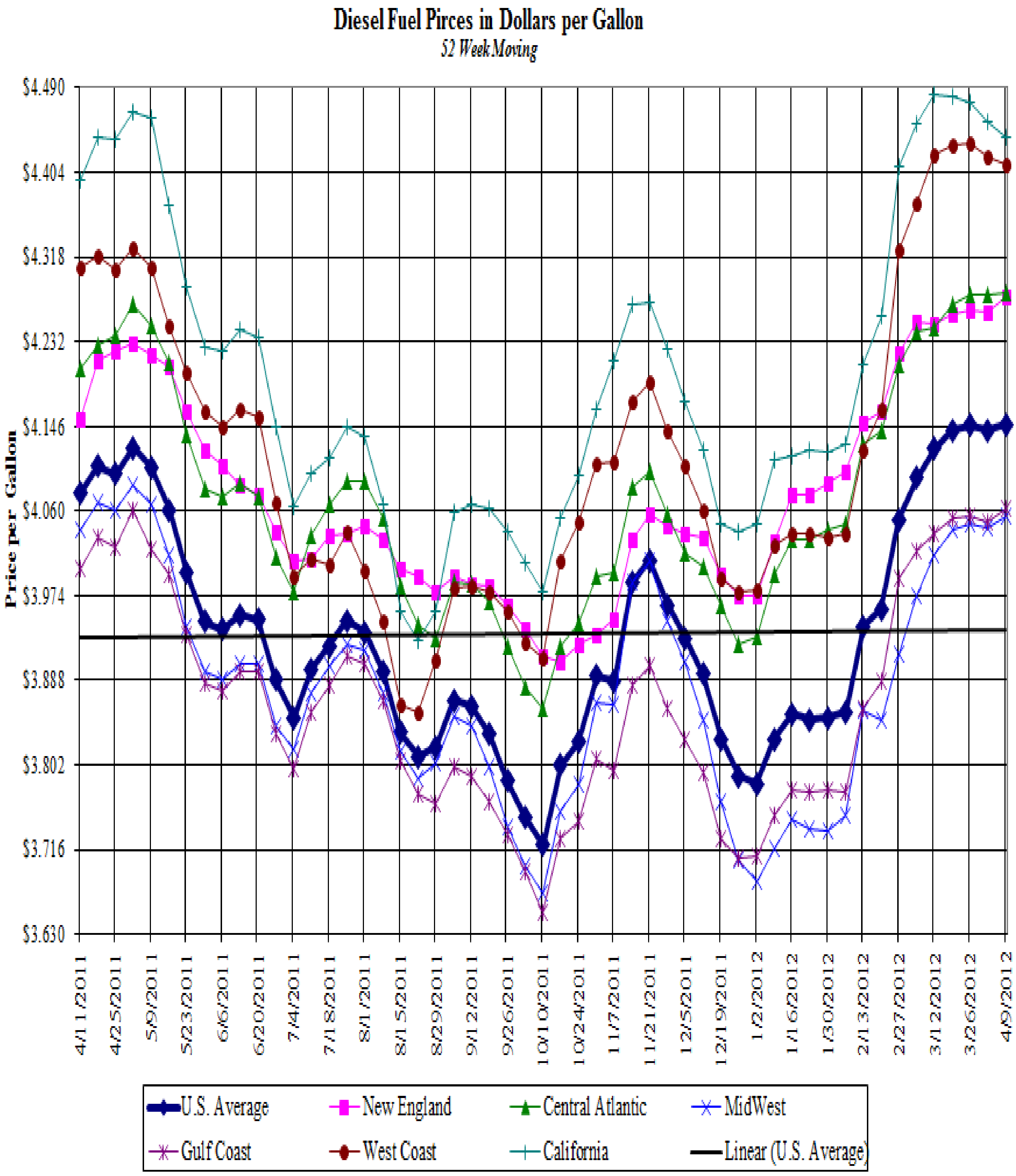
(Graph source: Loders Croklaan)

Energy Markets

Crude oil eased to $102.83/barrel after energy-hungry China's economy expanded at the slowest rate in nearly three years - sparking concern over oil demand growth.

Prices in Dollars Per Gallon

Date	U.S. Average	East Coast	New England	Central Atlantic	Lower Atlantic	Midwest	Gulf Coast	Rocky Mtn	West Coast	California
4/11/2011	$4.0780	$4.0820	$4.1540	$4.2040	$4.0240	$4.0400	$4.0010	$4.0970	$4.3080	$4.3970
4/18/2011	$4.1050	$4.1110	$4.2120	$4.2290	$4.0510	$4.0680	$4.0330	$4.1260	$4.3190	$4.4400
4/25/2011	$4.0980	$4.1050	$4.2220	$4.2380	$4.0380	$4.0610	$4.0240	$4.1340	$4.3050	$4.4380
5/2/2011	$4.1240	$4.1280	$4.2310	$4.2690	$4.0590	$4.0860	$4.0600	$4.1560	$4.3280	$4.4650
5/9/2011	$4.1040	$4.1170	$4.2180	$4.2480	$4.0520	$4.0660	$4.0220	$4.1560	$4.3070	$4.4590
5/16/2011	$4.0610	$4.0750	$4.2070	$4.2100	$4.0050	$4.0150	$3.9960	$4.1340	$4.2480	$4.3710
5/23/2011	$3.9970	$4.0110	$4.1610	$4.1380	$3.9430	$3.9420	$3.9350	$4.1010	$4.2010	$4.2870
5/30/2011	$3.9480	$3.9620	$4.1210	$4.0820	$3.8970	$3.8960	$3.8840	$4.0200	$4.1610	$4.2270
6/6/2011	$3.9400	$3.9550	$4.1050	$4.0740	$3.8910	$3.8890	$3.8770	$4.0150	$4.1460	$4.2230
6/13/2011	$3.9540	$3.9680	$4.0870	$4.0880	$3.9050	$3.9050	$3.8960	$3.9880	$4.1630	$4.2450
6/20/2011	$3.9500	$3.9620	$4.0770	$4.0740	$3.9040	$3.9040	$3.8960	$3.9590	$4.1560	$4.2360
6/27/2011	$3.8880	$3.9140	$4.0380	$4.0140	$3.8600	$3.8420	$3.8340	$3.8850	$4.0690	$4.1460
7/4/2011	$3.8500	$3.8700	$4.0090	$3.9780	$3.8120	$3.8180	$3.7980	$3.8510	$3.9930	$4.0650
7/11/2011	$3.8990	$3.9260	$4.0120	$4.0340	$3.8720	$3.8750	$3.8560	$3.8380	$4.0120	$4.0990
7/18/2011	$3.9230	$3.9630	$4.0340	$4.0660	$3.9120	$3.9030	$3.8820	$3.8270	$4.0050	$4.1140
7/25/2011	$3.9490	$3.9880	$4.0370	$4.0900	$3.9400	$3.9250	$3.9130	$3.8480	$4.0380	$4.1450
8/1/2011	$3.9370	$3.9740	$4.0450	$4.0900	$3.9180	$3.9180	$3.9040	$3.8550	$4.0000	$4.1360
8/8/2011	$3.8970	$3.9360	$4.0310	$4.0530	$3.8770	$3.8750	$3.8680	$3.8510	$3.9490	$4.0670
8/15/2011	$3.8350	$3.8710	$4.0010	$3.9830	$3.8110	$3.8150	$3.8060	$3.8260	$3.8630	$3.9570
8/22/2011	$3.8100	$3.8440	$3.9940	$3.9440	$3.7880	$3.7890	$3.7720	$3.8150	$3.8550	$3.9280
8/29/2011	$3.8200	$3.8430	$3.9770	$3.9300	$3.7930	$3.8030	$3.7630	$3.8390	$3.9080	$3.9580
9/5/2011	$3.8680	$3.8860	$3.9940	$3.9870	$3.8330	$3.8520	$3.8000	$3.8900	$3.9810	$4.0580
9/12/2011	$3.8620	$3.8790	$3.9850	$3.9850	$3.8250	$3.8410	$3.7900	$3.9030	$3.9840	$4.0670
9/19/2011	$3.8330	$3.8530	$3.9830	$3.9680	$3.7920	$3.7990	$3.7650	$3.8920	$3.9770	$4.0620
9/26/2011	$3.7860	$3.8040	$3.9630	$3.9220	$3.7390	$3.7380	$3.7300	$3.8670	$3.9570	$4.0390
10/3/2011	$3.7490	$3.7650	$3.9410	$3.8810	$3.6990	$3.6990	$3.6930	$3.8460	$3.9270	$4.0070
10/10/2011	$3.7210	$3.7410	$3.9120	$3.8600	$3.6740	$3.6710	$3.6510	$3.8280	$3.9100	$3.9770
10/17/2011	$3.8010	$3.8150	$3.9070	$3.9220	$3.7610	$3.7540	$3.7260	$3.8850	$4.0100	$4.0530
10/24/2011	$3.8250	$3.8320	$3.9250	$3.9460	$3.7750	$3.7820	$3.7450	$3.9090	$4.0490	$4.0960
10/31/2011	$3.8920	$3.8860	$3.9350	$3.9940	$3.8360	$3.8660	$3.8080	$3.9590	$4.1070	$4.1630
11/7/2011	$3.8870	$3.8750	$3.9500	$3.9970	$3.8160	$3.8630	$3.7960	$3.9780	$4.1090	$4.2130
11/14/2011	$3.9870	$3.9640	$4.0300	$4.0850	$3.9060	$3.9870	$3.8820	$4.0930	$4.1710	$4.2700
11/21/2011	$4.0100	$3.9840	$4.0560	$4.1000	$3.9180	$4.0100	$3.9030	$4.1440	$4.1910	$4.2710
11/28/2011	$3.9640	$3.9530	$4.0450	$4.0570	$3.8820	$3.9490	$3.8590	$4.0940	$4.1420	$4.2240
12/5/2011	$3.9310	$3.9340	$4.0360	$4.0180	$3.8620	$3.9070	$3.8280	$4.0350	$4.1050	$4.1720
12/12/2011	$3.8940	$3.9170	$4.0320	$4.0030	$3.8300	$3.8480	$3.7940	$3.9910	$4.0610	$4.1220
12/19/2011	$3.8280	$3.8730	$3.9950	$3.9630	$3.7830	$3.7650	$3.7270	$3.9130	$3.9920	$4.0470
12/26/2011	$3.7910	$3.8400	$3.9730	$3.9250	$3.7520	$3.7060	$3.7080	$3.8610	$3.9780	$4.0390
1/2/2012	$3.7830	$3.8440	$3.9730	$3.9320	$3.7540	$3.6830	$3.7090	$3.8360	$3.9790	$4.0460
1/9/2012	$3.8280	$3.9080	$4.0290	$3.9960	$3.8200	$3.7170	$3.7500	$3.8430	$4.0260	$4.1110
1/16/2012	$3.8540	$3.9430	$4.0760	$4.0310	$3.8530	$3.7460	$3.7770	$3.8230	$4.0370	$4.1160
1/23/2012	$3.8480	$3.9380	$4.0770	$4.0300	$3.8430	$3.7360	$3.7740	$3.8170	$4.0370	$4.1210
1/30/2012	$3.8500	$3.9450	$4.0880	$4.0400	$3.8480	$3.7340	$3.7760	$3.8160	$4.0330	$4.1200
2/6/2012	$3.8560	$3.9480	$4.1010	$4.0460	$3.8460	$3.7510	$3.7750	$3.8170	$4.0360	$4.1280
2/13/2012	$3.9430	$4.0280	$4.1500	$4.1280	$3.9300	$3.8570	$3.8600	$3.8410	$4.1210	$4.2090
2/20/2012	$3.9600	$4.0530	$4.1610	$4.1420	$3.9660	$3.8480	$3.8860	$3.8570	$4.1640	$4.2580
2/27/2012	$4.0510	$4.1340	$4.2210	$4.2080	$4.0630	$3.9140	$3.9920	$3.9190	$4.3260	$4.4100
3/5/2012	$4.0940	$4.1670	$4.2530	$4.2430	$4.0940	$3.9740	$4.0200	$3.9860	$4.3720	$4.4540
3/12/2012	$4.1230	$4.1690	$4.2500	$4.2470	$4.0960	$4.0160	$4.0360	$4.0690	$4.4210	$4.4830
3/19/2012	$4.1420	$4.1840	$4.2590	$4.2690	$4.1060	$4.0400	$4.0530	$4.1190	$4.4310	$4.4810
3/26/2012	$4.1470	$4.1900	$4.2630	$4.2790	$4.1100	$4.0460	$4.0550	$4.1360	$4.4330	$4.4760
4/2/2012	$4.1420	$4.1900	$4.2620	$4.2800	$4.1090	$4.0420	$4.0490	$4.1250	$4.4200	$4.4560
4/9/2012	$4.1480	$4.1900	$4.2780	$4.2820	$4.1060	$4.0550	$4.0630	$4.1290	$4.4110	$4.4400


Diesel Fuel Pirces in Dollars per Gallon
52 Week Moving
Price per Gallon
$4.490
$4.404
$4.318
$4.232
$4.146
$4.060
$3.974
$3.888
$3.802
$3.716
$3.630
4/11/2011
4/25/2011
5/9/2011
5/23/2011
6/6/2011
6/20/2011
7/4/2011
7/18/2011
8/1/2011
8/15/2011
8/29/2011
9/12/2011
9/26/2011
10/10/2011
10/24/2011
11/7/2011
11/21/2011
12/5/2011
12/19/2011
1/2/2012
1/16/2012
1/30/2012
2/13/2012
2/27/2012
3/12/2012
3/26/2012
4/9/2012
U.S. Average
New England
Central Atlantic
MidWest
Gulf Coast
West Coast
California
Linear (U.S. Average)

Fruits/Nut Markets

***Blueberries*—US (ID): Frost wipes out 90% of blueberries**
Recent frosts have devastated blueberry crops by up to 90%. The harvest, until now, had been anticipated to be one of the best in years. The real situation was a month ago when we had that beautiful weather, but brought all the fruit out early. Some of the earlier varieties were hurt a lot more. We have some that were almost 100% lost. The area tends to get its last frosts in early May, so the crop is not necessarily clear of further trouble yet. You don't have a crop here until you pick blueberries. That is when you know for sure you are going to have a crop.

***Strawberries*—US (CA): Short-term setback for strawberry season**
Recent storms throughout California have caused a slight setback in the strawberry season. While prolonged rain has the potential to further hamper this year's crop, its expected production will rebound quickly from this week's weather. Before this week's rains, the season was going well, according to Carolyn O'Donnell of the California Strawberry Commission. Quantity of picked fruit was up as the season approach peak volumes. "We're about five million trays ahead of last year," says O'Donnell. "The issue now is the weather. It depends on how much rain we get, how long it lasts and where it falls." If fields get too much rain, there's a danger the fruit will get moldy or become too fragile for packing and shipping, so growers are hoping recent rains aren't too extensive. "It's kind of a hit or miss thing right now," she says, "We won't know for about a week."

Cindy Jewell, marketing director at Cal Giant, doesn't think rains will significantly damage fruit. Current storms might set back production for a while, but they shouldn't affect the season in the long-term. "Thankfully, the rain has been intermittent," says Jewell. "Strawberries rebound quickly this time of year, so the outlook is good for next week." She adds that the temporary dip has made for good prices for growers. The U.S.D.A. reported prices for a flat of strawberries to be between $10 and $12 for April 12.

***Stone Fruit*—US (CA): Crucial month for stone fruit**
With the California stone fruit harvest about a month away, the season is at an important point. Early signs point to a good season, but a single adverse weather event could set back the crop significantly. There are signs that the season will be good, says Steven Trevino of Mountain View Fruit Sales in Reedley. He notes that orchards received a good amount of chill hours during the winter, usually an indicator of a good fruit set. "The season looks good so far," he says, "but we're at the most dangerous part of the season. One freeze or hail storm could really damage the crop." Some fruit, specifically nectarines and plums, have already experienced some damage, according to Doug Sankey, marketing manager at Sunwest Fruit Company. Although the damage wasn't widespread, it came at a time when fruit was especially vulnerable. "We had some hail in growing areas for nectarines and plums," he notes. "The fruit was out of jacket when the hail came through, so we'll see lower volumes for nectarines and plums at first, we're just not sure how much." He's still optimistic about the upcoming season, however, and he anticipates good marketable volumes despite the problems with hail. Early fruit is expected during the first week of May, but for now, growers are hoping there are no major storms left before harvest. "We're crossing our fingers," says Trevino, "this next month will tell us a lot about fruit quality and price for the upcoming season."

***Apples and Cherries*—US (MI): Frost hits apples and cherries**
Farmers in Michigan have seen the first casualties of frost this week. Damage had been anticipated as trees and fruit bushes were blooming and budding unusually early this year, a long time before the danger of cold has passed. Worst hit have been cherries and apples, but apricots have also been hit. Jay Jollay of Jollay Orchards in Coloma highlighted a damaged apple blossom, saying, "As you can see those are brown and dead." However, Jollay said the damage could have been a lot worse and it was mainly the low lying areas of his farm that had been hit by the frost. Others were not so lucky. "I've talked to growers in other areas," he said. "And they think the damage has been quite extensive."

There is still time for a repeat performance and further frosts are predicted for this week, so the growers are not out of the woods yet. "We want to get through these next two or three weeks without damage," Jollay said. "That would be ideal." Usually by mid-May the threat for farmers is over but Jollay said you never know. "Michigan has also had snow in June before. " It's an area that has always posed a challenge to farmers. Jollay, like many growers in the region, try to get round the obstacles by cultivating a diverse range of crops.

***Cherries*—US (CA): Storm could be trouble for cherries**

Storms this week throughout California's Central Valley could damage cherries before the season gets underway. Although rain won't affect this year's crop, hail could damage fruit. An erratic bloom period already promised to curtail production of Brooks cherries in southern growing regions, but overall production was not expected to suffer. But if this week's storms bring large amounts of hail or strong winds, that could damage fruit. "Rain won't really do anything," says Jim Stewart, sales manager at Wespak Sales. "But hail and wind would injure cherries." He adds that this time of year is important as so much of the success of the season is dependent on spring weather.

Production is not anticipated to be significantly different from previous years, but a bad storm could change that. Once this week's weather changes, says Stewart, they might have a better idea about production and quality. According to the National Weather Service, after a brief break on Thursday morning, a storm system should impact central California into the weekend.

***Almonds*—**

The almond shipping numbers for the month of March 2012 were released Wednesday at 172 million lbs. versus 130 million lbs. last March. Shipments were up 32% from last March and year-to-date shipments are now 15% ahead of last year at this time. Month in and month out, we continue to see huge shipment numbers. These strong shipments continue to fuel the fire of firm prices. It will take a few days for the market to react to these numbers but we can assume we will see firmer prices.