Weekly Commodity Markets Review

From: Joe Schmidt Date: February 17, 2012

The issues in the market now are the same ones that have been there since the start of the year, namely trying to fill export pipelines. Cash corn is firm, in fact unprecedented for this time of the year. Corn export inspections contained a shipment to China, and Mexico also is importing corn in lieu of drought. Corn continues to hang in the upper portion of its trading range.

The trend in the market is to buy beans/sell corn. Weather this week in Brazil is still an issue with hot and dry conditions possibly adding to lost soybean production. Surrounding countries like Paraguay have already lowered production estimates, and they are also suffering from hot and dry conditions. South American basis levels are also near all time highs. As trade production guesses become lower, the market has edged upward. To complicate matters baseline projections are calling for planted acreage that would decline to 74 million areas. Thus, the acreage fight just received more emphasis all brought about by South American growing problems.

Other parts of the world have different issues. The black sea remains frozen snarling logistics. The U.S. has been the beneficiary, getting back some demand for wheat. But wheat still remains fundamentally the most bearish market on the board…lagging the most when grains are weak.

EU Finance Ministers cancelled a meeting on Wednesday which was intended to approve the next round of Greek bailouts. Ag markets are starting to take note of some of the negative outside factors in Europe pushing the Euro down to 3 week lows against the dollar on concerns that the Greek bailout might not happen. In addition, Moody's reported that they may downgrade 17 global banks as well as 114 European financial intuitions in the next few days.

U.S. January consumer prices rose 0.2%, the fastest pace in 4 months due to high gas prices, but below guesses for +0.3%; core prices as expected at +0.2%.

Markets will be closed on Monday in observance of Presidents Day.

Flour Markets:

Chicago wheat contracts surged to sharp gains Friday, pulling the Kansas City and Minneapolis markets along for the ride. Strong commercial interest led the charge as the March-to-May Chicago futures spread weakened dramatically to only 3 3/4 cents--considered a bullish level. The action by this spread would seem to support the rumor that China bought 3.5 mmt of SRW and HRW wheat. If verified, a significant short-covering rally would ensue. Announced sales this week were impressive with another 120,000 mt of SRW sold to unknown destinations this morning. News Ukraine grain traders have agreed to limit wheat exports along with speculation Russia will pull back to protect domestic reserves should also continue to lend support.

Winter wheat basis levels stayed steady with spring wheat levels pushing up. Spring wheat offers were limited most of the week which lead to the boost in spot values. Dry weather continued in the U.S. spring wheat growing areas, causing farmers continued concern about spring planting. The Southern Plains have received much needed moisture this week. Texas reported the winter wheat crop at 98% emergence which is about average for the last 5 years. Global concerns for the Europe/Greece debt drama and Iran threatening to stop exporting oil to certain European countries pushed oil prices higher this week.

The rally in wheat futures were in spite of the news of a record forecast for wheat production in Australia. Australia is the 4th largest wheat exporter in the world and expects production will reach a record 29.5 MMT. Much of the Australian harvest was said to be completed ahead of the floods this year although some areas were damaged. The rains were timely for other areas benefitting crop output.

Concerns are growing over dryness in the Canadian Prairie Provinces---they have only received 40% of normal winter precipitation. A wintry mix across the U.S. Great Plains will add much needed soil moisture.

The U.S.D.A. in the February WASDE report had increased Global wheat ending stocks 3.08 MMT from the January report to 213.10 MMT, exceeding the 2009/2010 record. U.S. acreage estimates from the U.S.D.A. 10-year forecast were 56.5 million, on the light side of recent expectations with production estimated at 2.120 billion bushels leaving the preliminary stocks/use ratio at 40.9% versus 38.5% for 2011/2012.

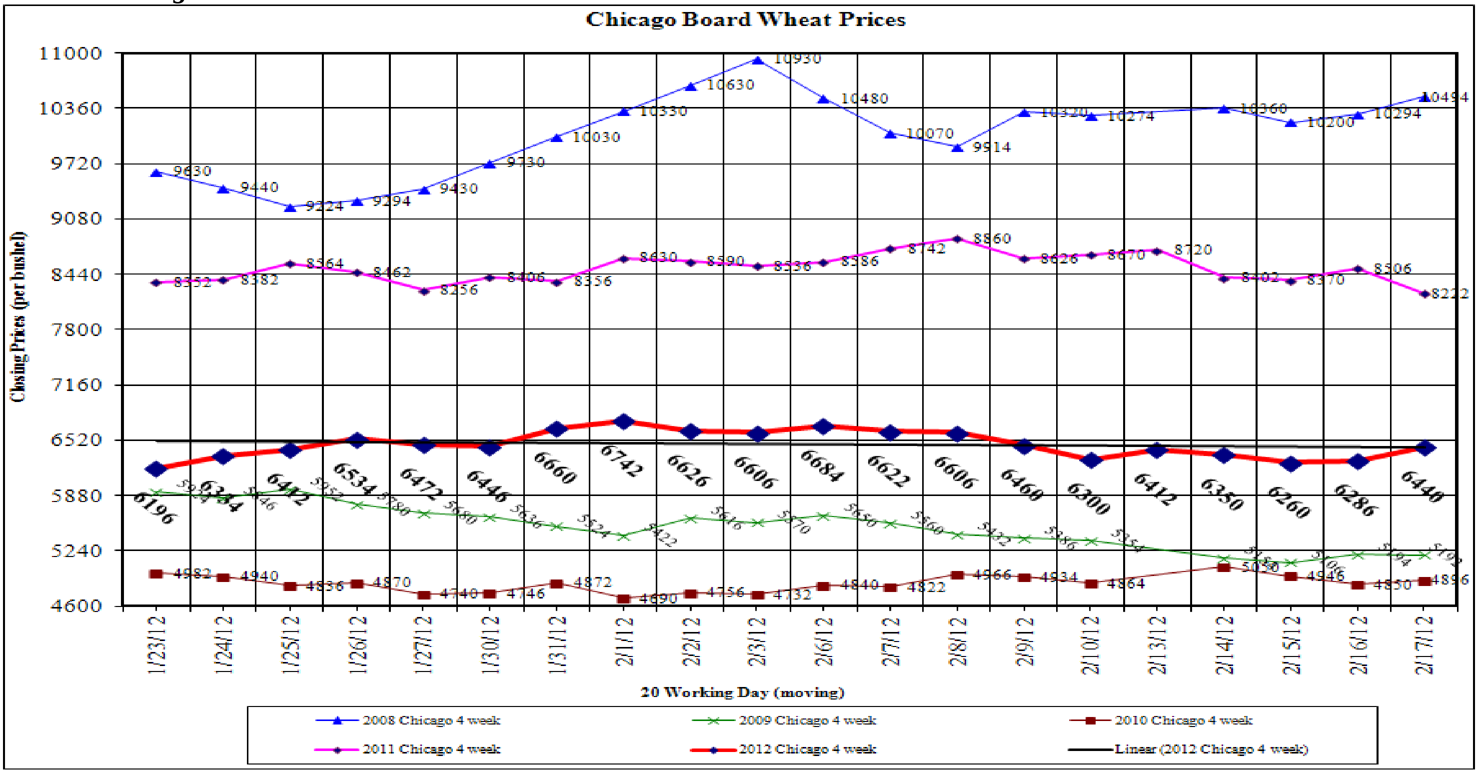
U.S.D.A. announced 120,000 metric ton of U.S. soft red winter wheat to unknown destinations for delivery in the 2011/2012 crop year. Ukraine grains traders have agreed to limit wheat exports to 1.7 MMT from February to July per a request from the government due to domestic supply concerns. Light rain is expected next week in dry areas of the U.S. Northern Plains spring wheat growing areas and the spring wheat areas of the Canadian Prairies, but more is needed.

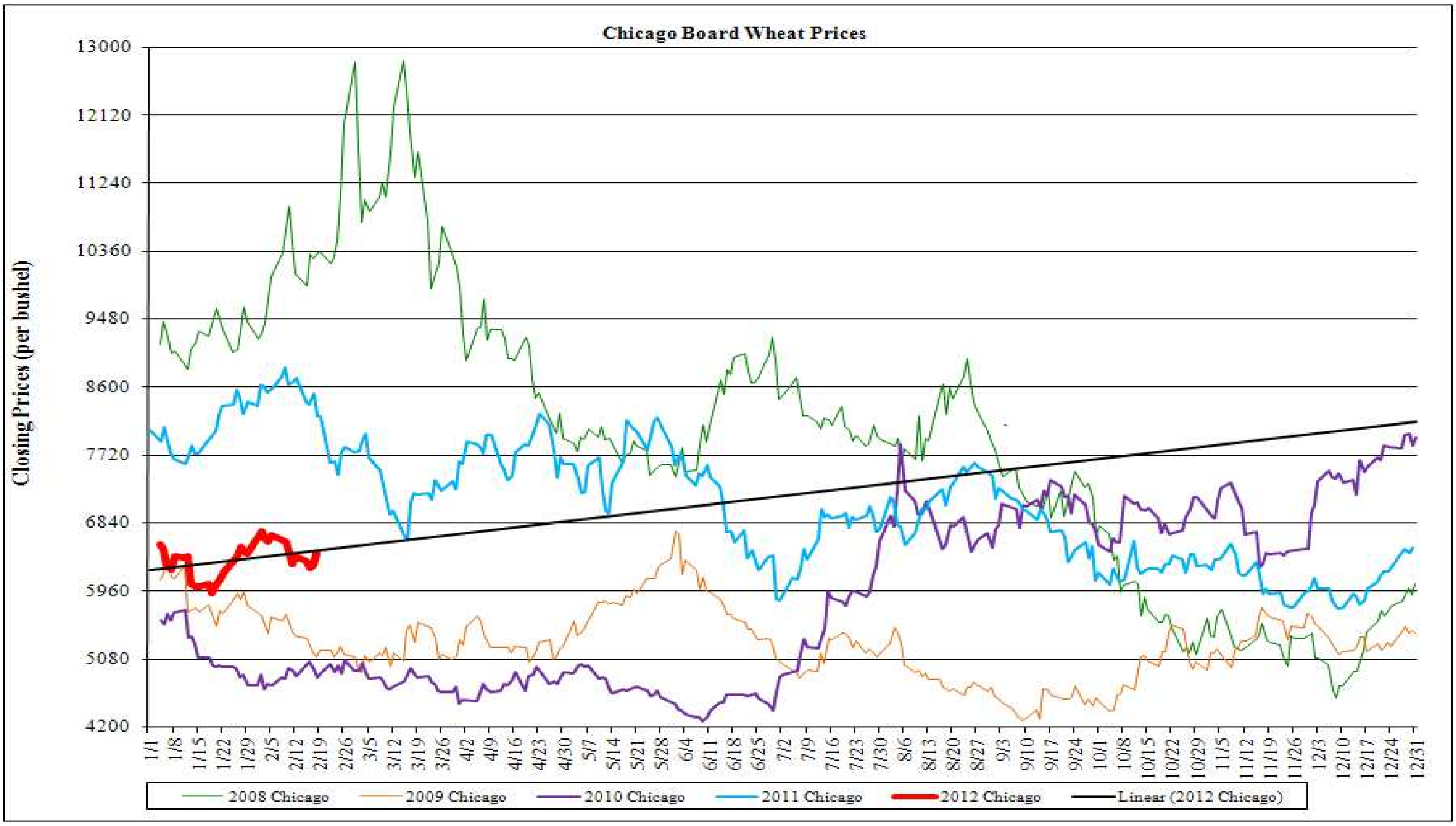
Libya tendered to buy 63,000 metric tons of wheat for March shipment and Israeli private buyers were tendering for 25,000 metric tons of feed wheat for April/May shipment. Egypt's GASC has purchased 180,000 tons of U.S. soft red winter wheat for April 11-20 shipment at $259 per ton, FOB. GASC did not receive any Russian offers. GASC bought 55,000 U.S. SRW on Monday for April 1-10 shipment at $262. That was its first U.S. wheat purchase since June. This was seen as a sign that perhaps U.S. and world values are getting in better alignment. Cumulative export shipments in the weekly inspections report were 690.5 million and were somewhat expected.

Light rain and snow across the U.S. Southern Plains hard red winter area is expected over the next week to 10 days. Ukraine has no plans to curb exports of grain despite risks of crop-loss due to poor weather. Concerns growing over dryness in the Canadian Prairie Provinces---they have only received 40% of normal winter precipitation.

The nearby Chicago wheat contract settled at a premium to corn. Global ending stocks are forecast at a record. March Chicago support is seen at $6.26, then $6.00. May could trade in a wide $5.75-$6.85 range. Support in May Minneapolis is seen at $8.00, then $7.65. March Kansas City wheat futures continue to trade in a narrow range between $6.60-$7.20 and is currently near the midpoint of the range.

a. Chicago Board Wheat Prices

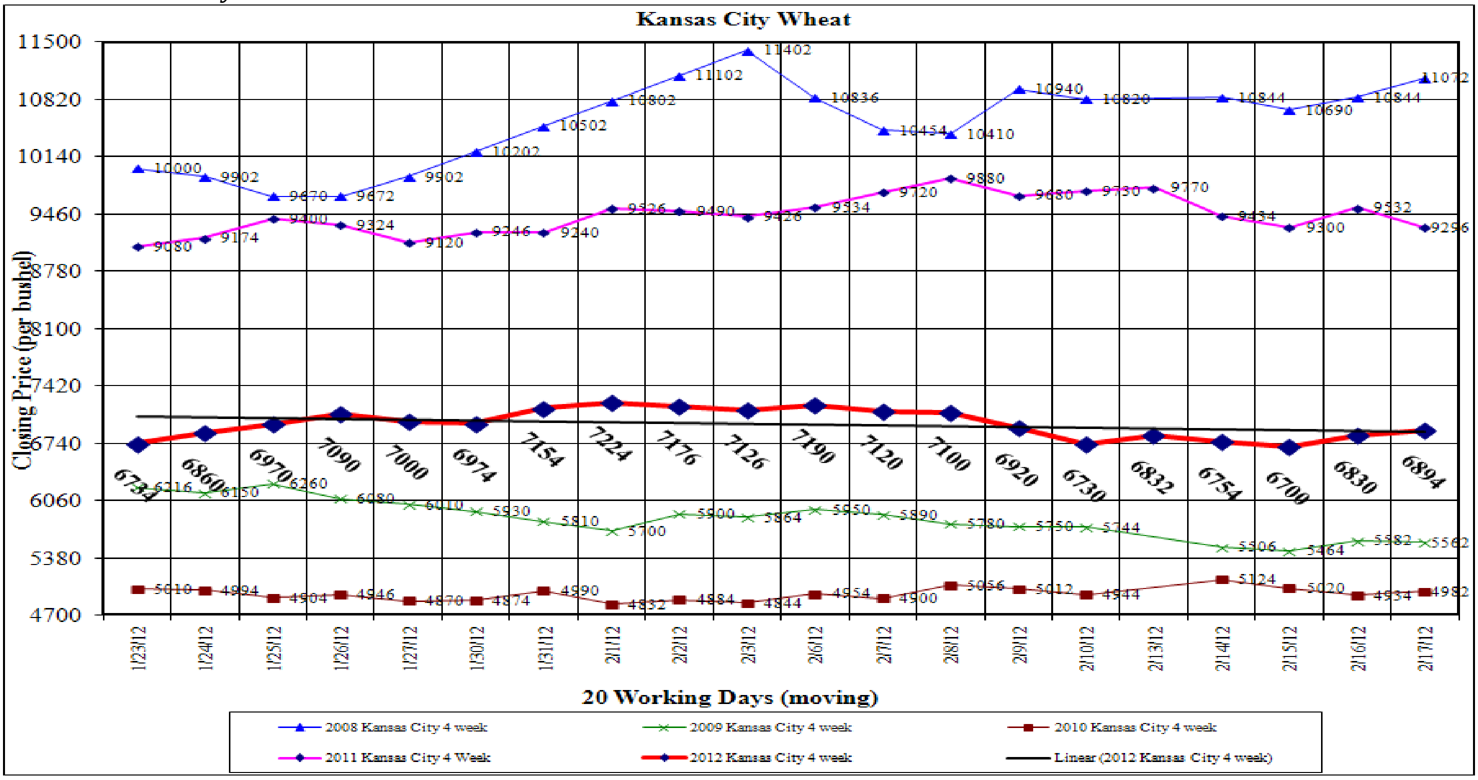


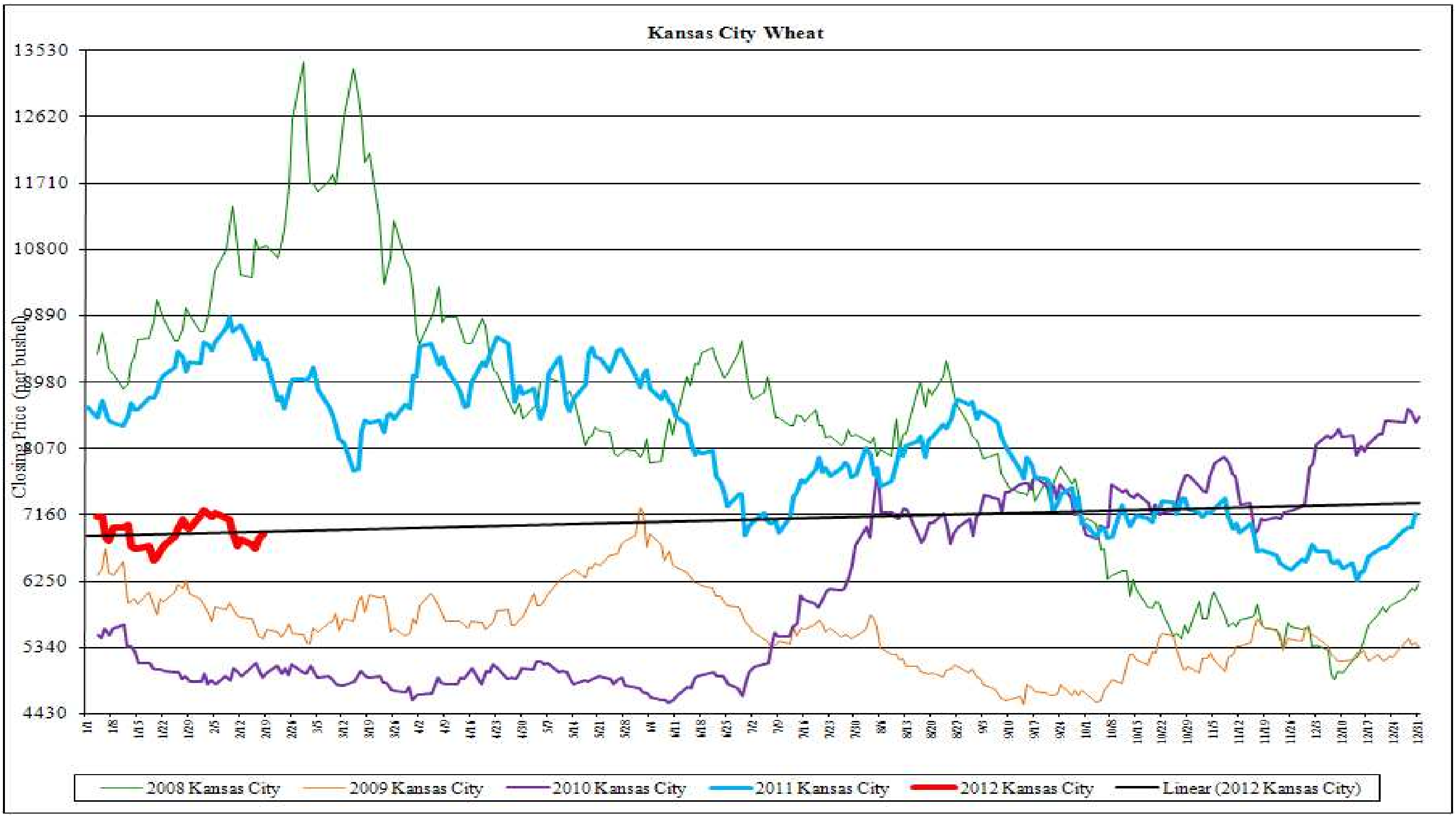


The Chicago Board chart above shows the price activity for the last 20 working days (one full period). Flour made from the wheat traded on this board includes **CAKE AND PASTRY** flours.

Cake and Pastry flour closed up $0.32/cwt from last Friday's close.

b. Kansas City Board Wheat Prices

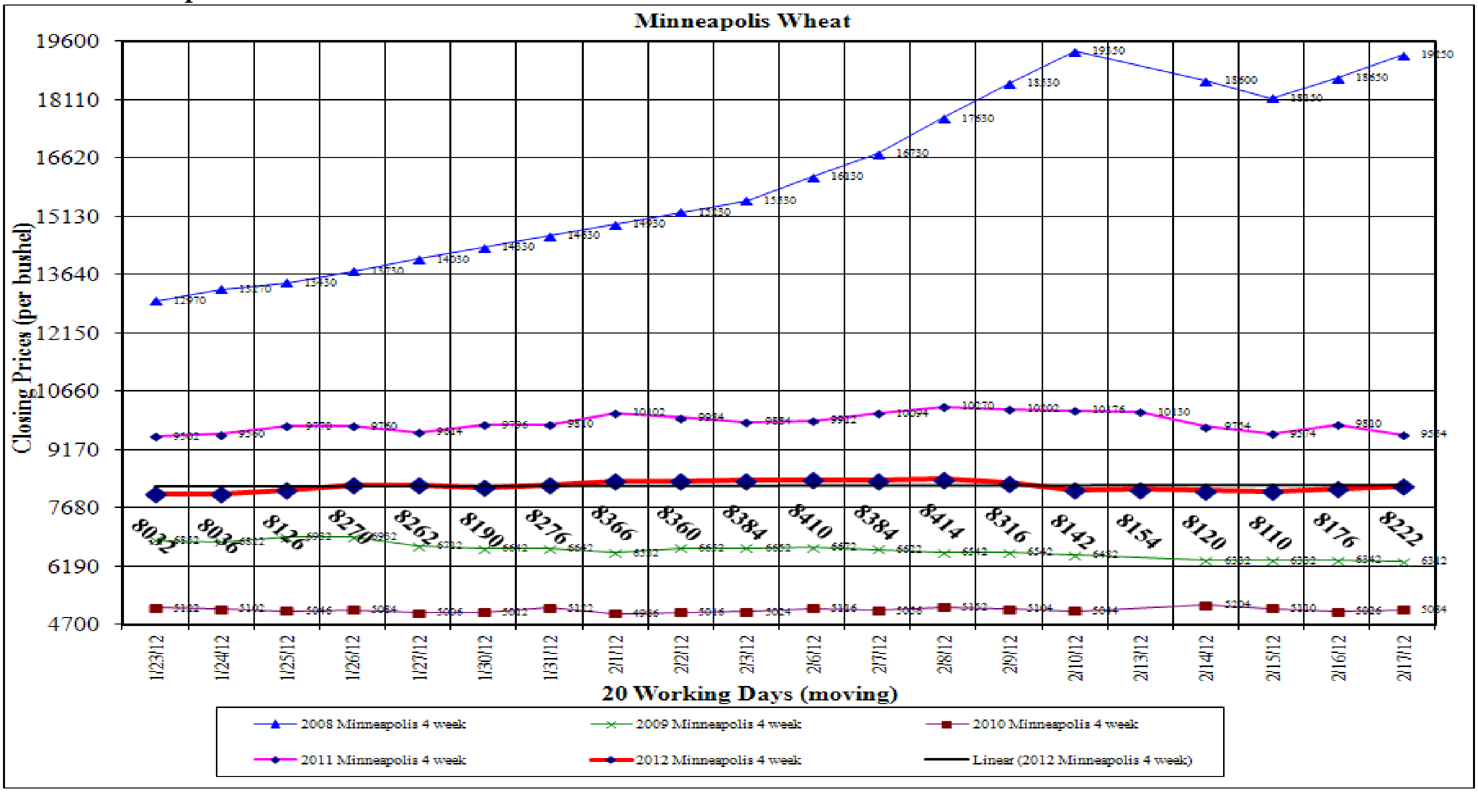


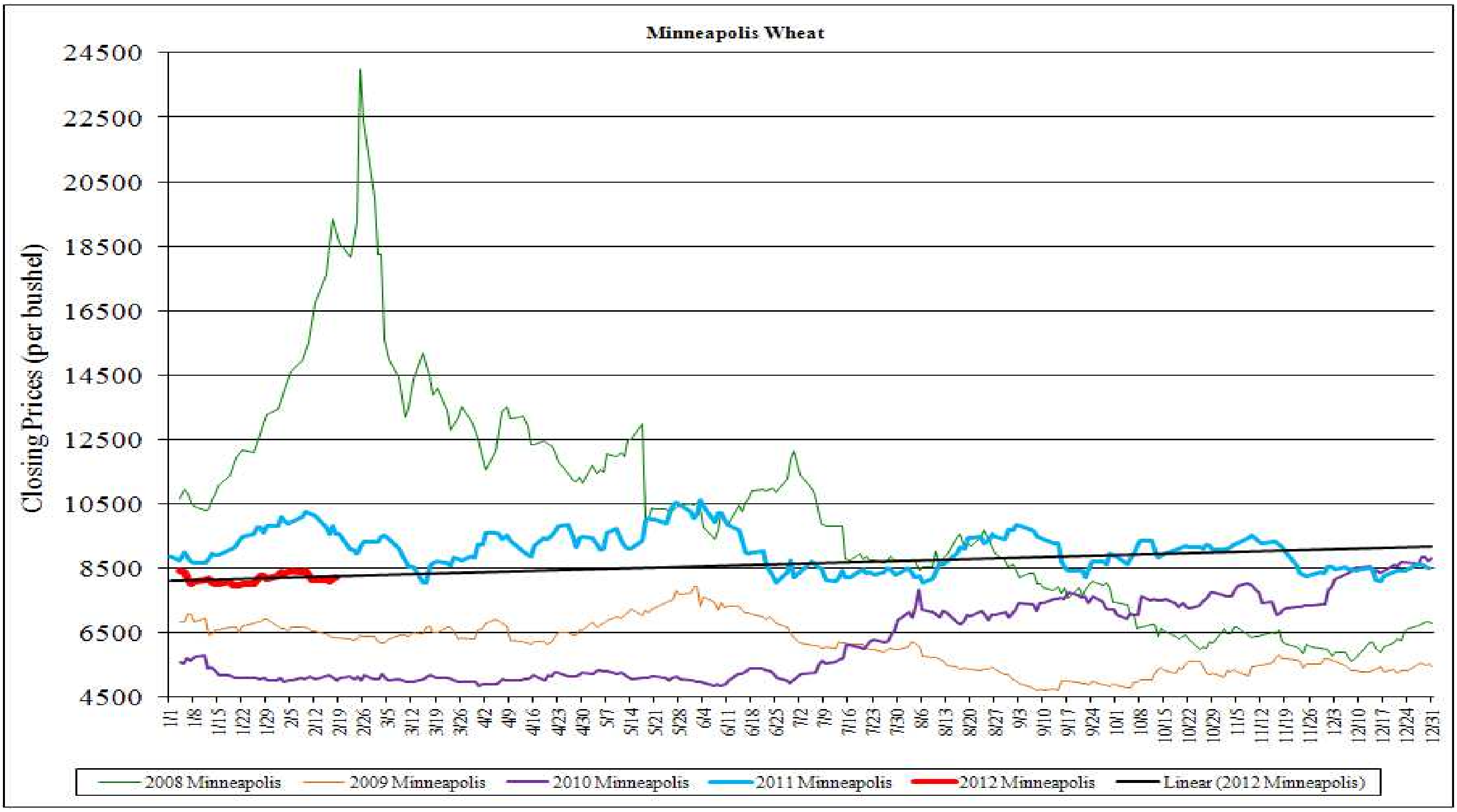


Kansas City Wheat is used to make **Hard Red Winter Patent flours (white pan bread) and H&R flours.**

Hard Red Winter wheat flour closed up $0.38/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 up $0.18/cwt. off last Friday's close.

Shortening Market:
U.S.D.A. reported export sales this morning of 2.92 MMT of U.S. soybeans to China, the largest single U.S. soybean sale on record. The majority of the sale will shipped in this crop year. Price direction is all based on whether it rains in southern Brazil next week. Weather conditions in Argentina remain favorable of late season crop development. 0.5" to 1.5" inch rainfall with 85% coverage in southern Brazil is forecast for early-to-mid next week.

South American soybean production estimates continue to decline. **Oil World** released their February projections Wednesday—Brazil at 69.5 MMT, Argentina at 47.0 MMT and Paraguay at 4.6 MMT. **Oil World's** estimates are 5.3 MMT below U.S.D.A. latest projections. If South American production is as low as many of the projections, it has implications for the 2012/2013 U.S. soybean complex balance sheets—tighter stocks have demand coming to U.S. markets. In the U.S., the economy appears to be improving but exports for the week came in on the low end of expectations for beans and meal. Rain in Southern Brazil this coming weekend and into late next week is crucial for late bean development and to stop the near daily slide in production forecasts by trade analysts.

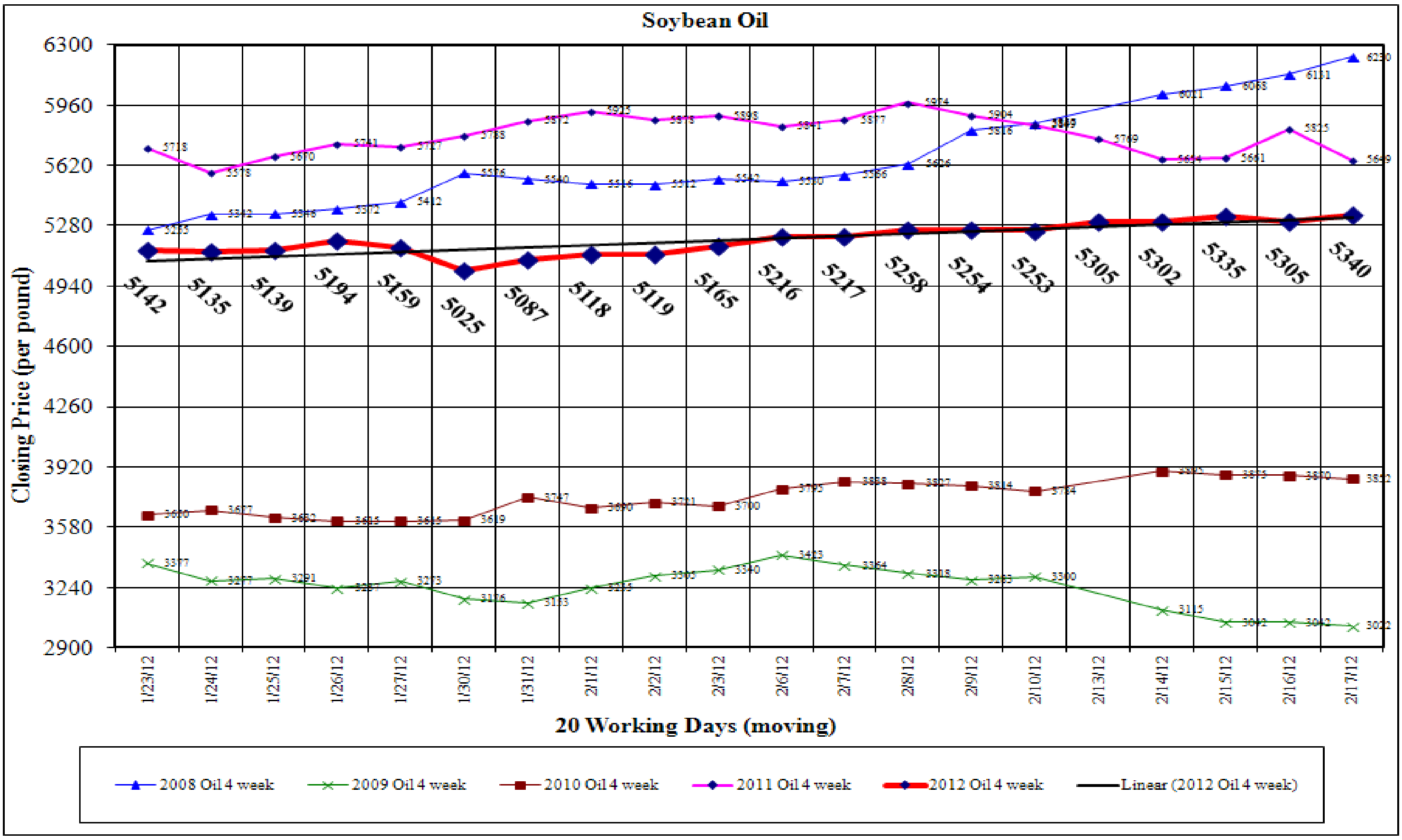
NOPA released its January report on Tuesday:

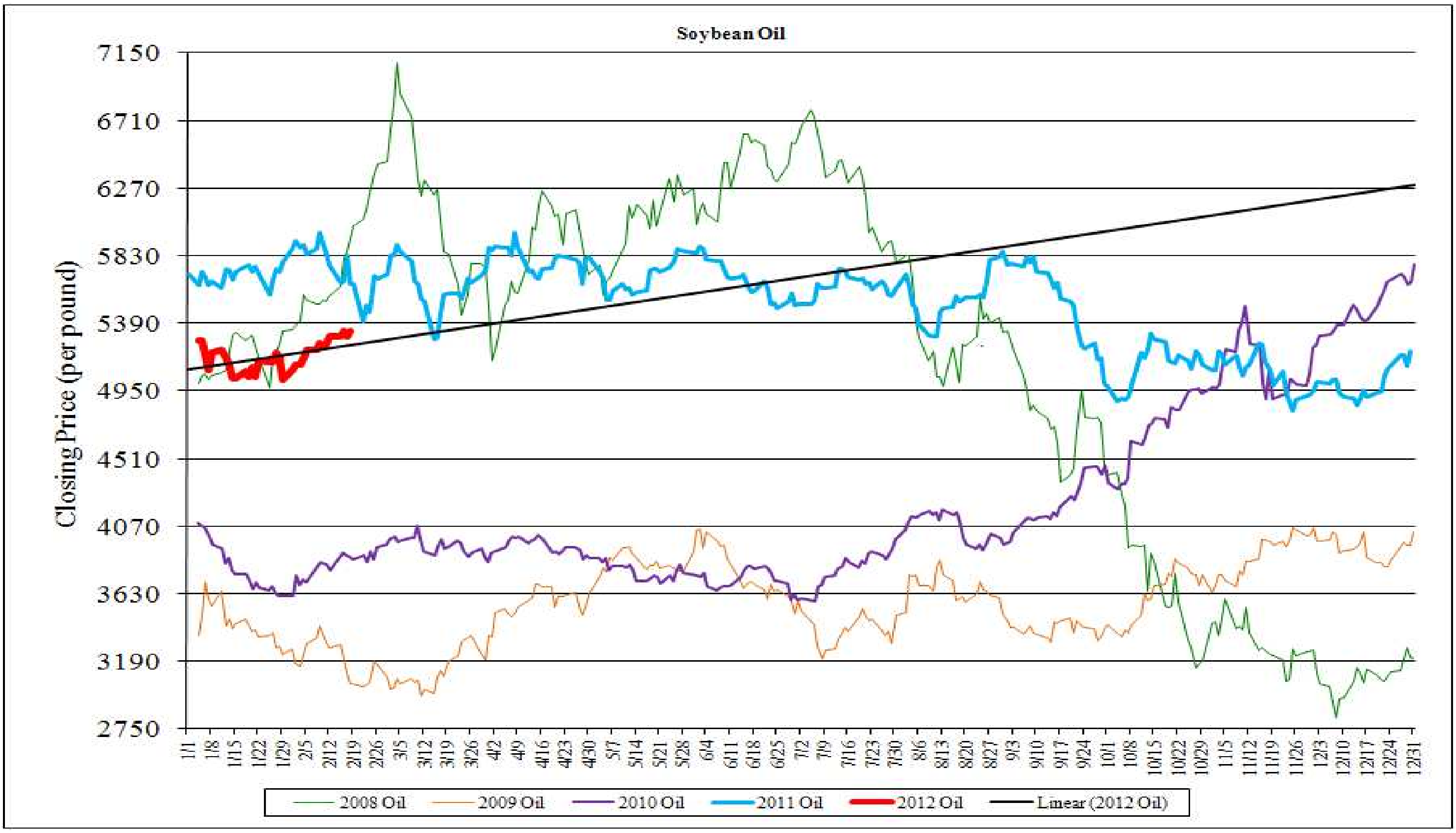
- 142.8 million bushels of soybeans were crushed in January. This compares to 145.4 million in December and 144.6 million last January.
- January soybean oil stocks increased to 2.1 billion lbs. from 1.9 billion lbs. in December and 3.1 billion lbs. last January. The increase in stocks is attributed to less demand from biodiesel sector. Soybean oil stocks are a billion pounds below a year ago, although they did rise 40 million pounds from the previous month.
- Meal exports are substantially behind a year ago and soybean oil stocks are a billion pounds below a year ago and up 40 million from the previous month.

The U.S.D.A. ERS Baseline report projects U.S. soybean acres for 2012/2013 at 74 million acres with production at 3.215 billion bushels and if their original demand assumptions are realized would put ending stocks at 209 million bushels or a 6.5% stocks to use ratio. That number may be revised next week at the Outlook Forum in D.C., but was seen as supportive to the markets (for now). Weekly U.S.D.A. export inspections were 38.572 million bushels, larger than last year by almost 3 million. Cumulative shipments still lag at 794 million versus 1.059 billion a year ago. China bought 116,000 tons of U.S. soybeans this week. Outside markets are lending support. China February soybean imports were estimated by the CNGOIC at 3.97 million tons, down from about 4.61 million tons in January but up sharply from 2.32 million tons in February 2011. Soybean demand remains good, as reports continue to indicate that China is looking for additional cargoes for late March/April. Strong bean demand will not help to improve crush margins.

Expect May soybeans to remain in an $11.40-12.95 trading range. The November new-crop contract is expected to decline back to the $11.20-11.50 area this spring as the U.S. plantings are projected to end up over 75 million acres. Soybean May meal should trade back to September levels around $345. Support is seen at $300. Basis March futures, soy bean oil prices are finding support in the $0.52 area—upside target remains in the $0.5380 area. May soybean oil is seen holding in a $0.55/lb. - $0.55/lb. range.

Shortening closed up $0.47/50# cube ($0.33/35# pail of oil, $0.0094/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)

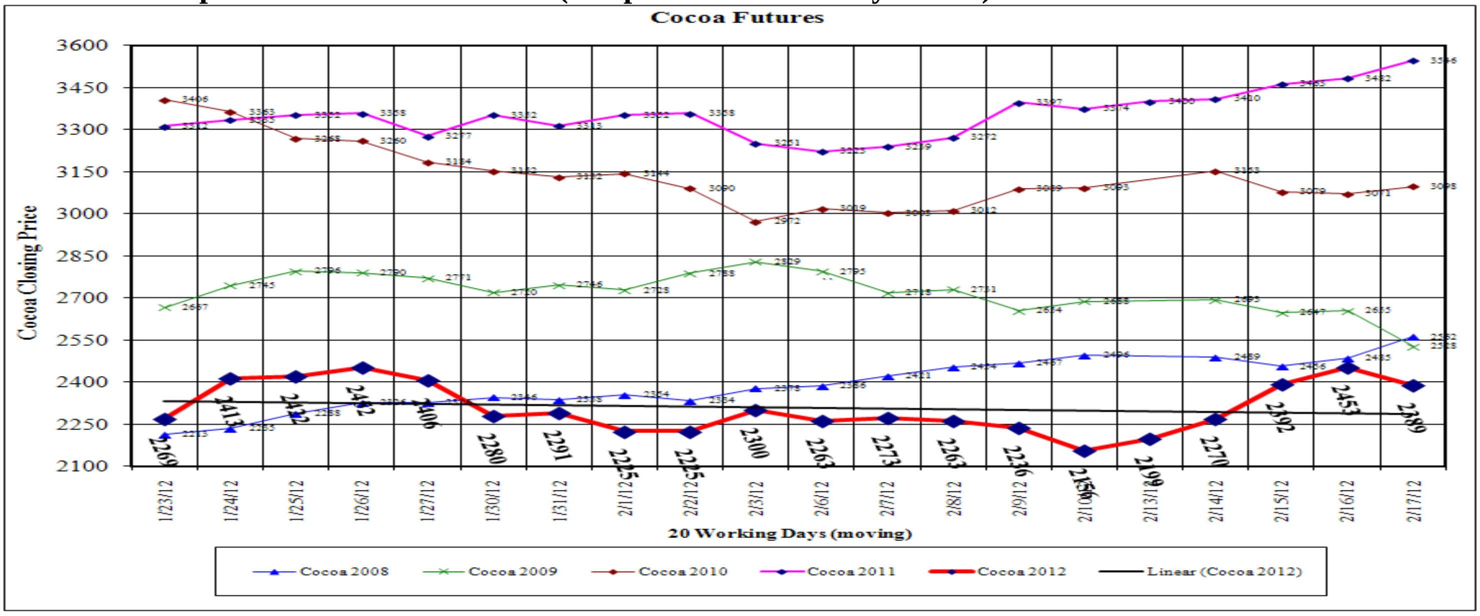
Cocoa Market:

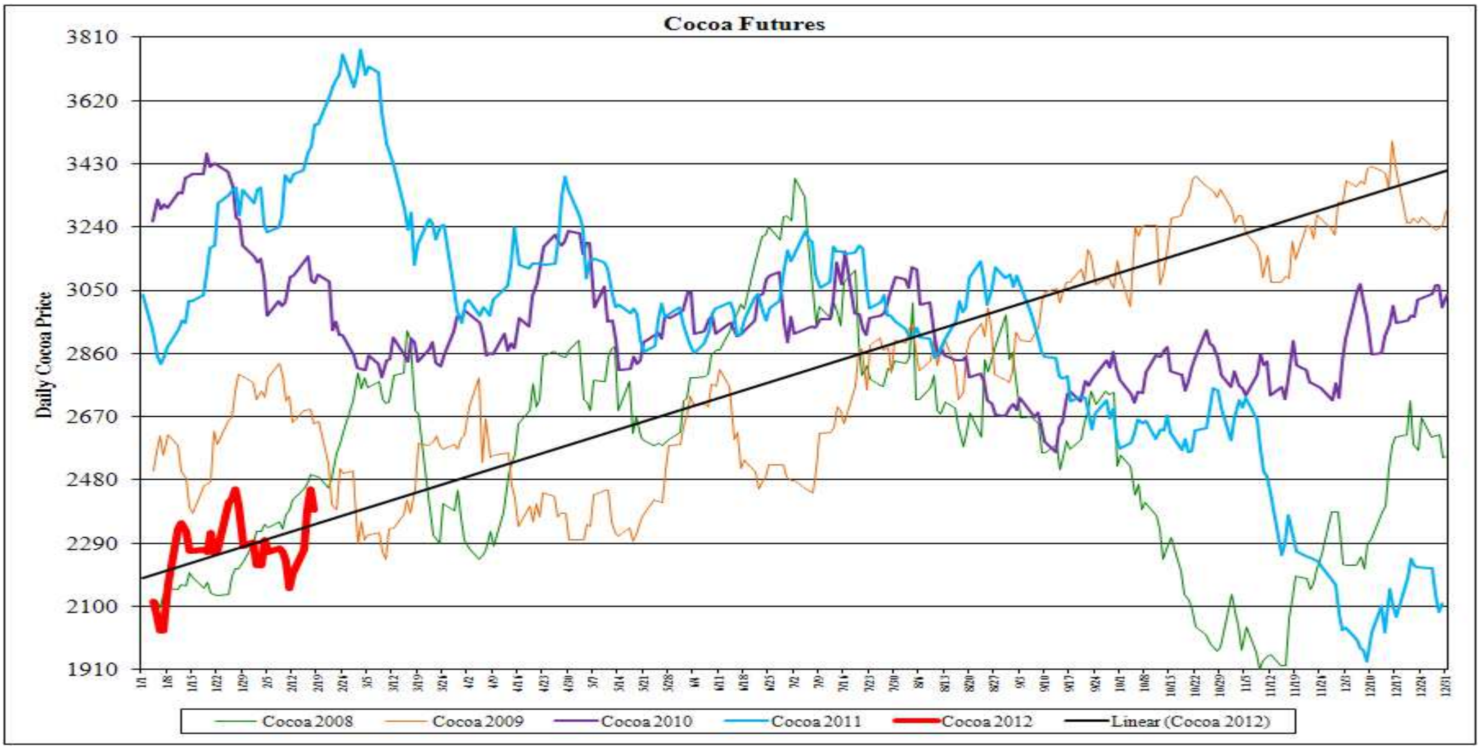
Cocoa futures closed sharply higher as arrivals in Ivory Coast continue to work lower. Other West Africa nations are exporting less right now, too. Exports from West Africa have begun to drop significantly and the market found a bid on ideas that the main season harvest might be ending early and that the weather there is turning hot and dry. Traders are hearing reports of big winds in western Africa now that could hurt quality or cause cherries to drop off the trees. There are also reports that farmers are holding the crops in some areas and hoping for higher prices. Exports from Indonesia are also down sharply. Nigeria said that its main crop harvest is over, and this is earlier than anticipated by the trade.

The cocoa market is giving a strong indication it is bouncing off a near term bottom.

ICE certified stocks are sharply higher. ICE said that 450 contracts were delivered today against March and that total deliveries for the month are now 450 contracts.

Cocoa closed up $233.00/ton for the week (compared to last Friday's close).





Sugar Market
Futures closed lower on what appeared to be speculative selling. Speculators have been unable to force prices higher and now are getting flat or short. Traders are unsure of the next big price move although the market continues to hold some big support areas. However, bears also note that futures have not been able to penetrate resistance on the upside at all and appear willing to sell any rally attempts.

#11 sugar futures traded lower on downgrading of six European countries credit rating. White sugar futures in London are trading at an inverse, an indication that the nearby cash market is short white (refined) sugar. Market turning attention to center-south Brazil crop---how much production will there be.

Plenty of supplies remain available to the market, and more could be on the way after Mexican sugar areas got very positive rains this week. India has returned to its traditional position as a major exporter after being a big importer the previous year.

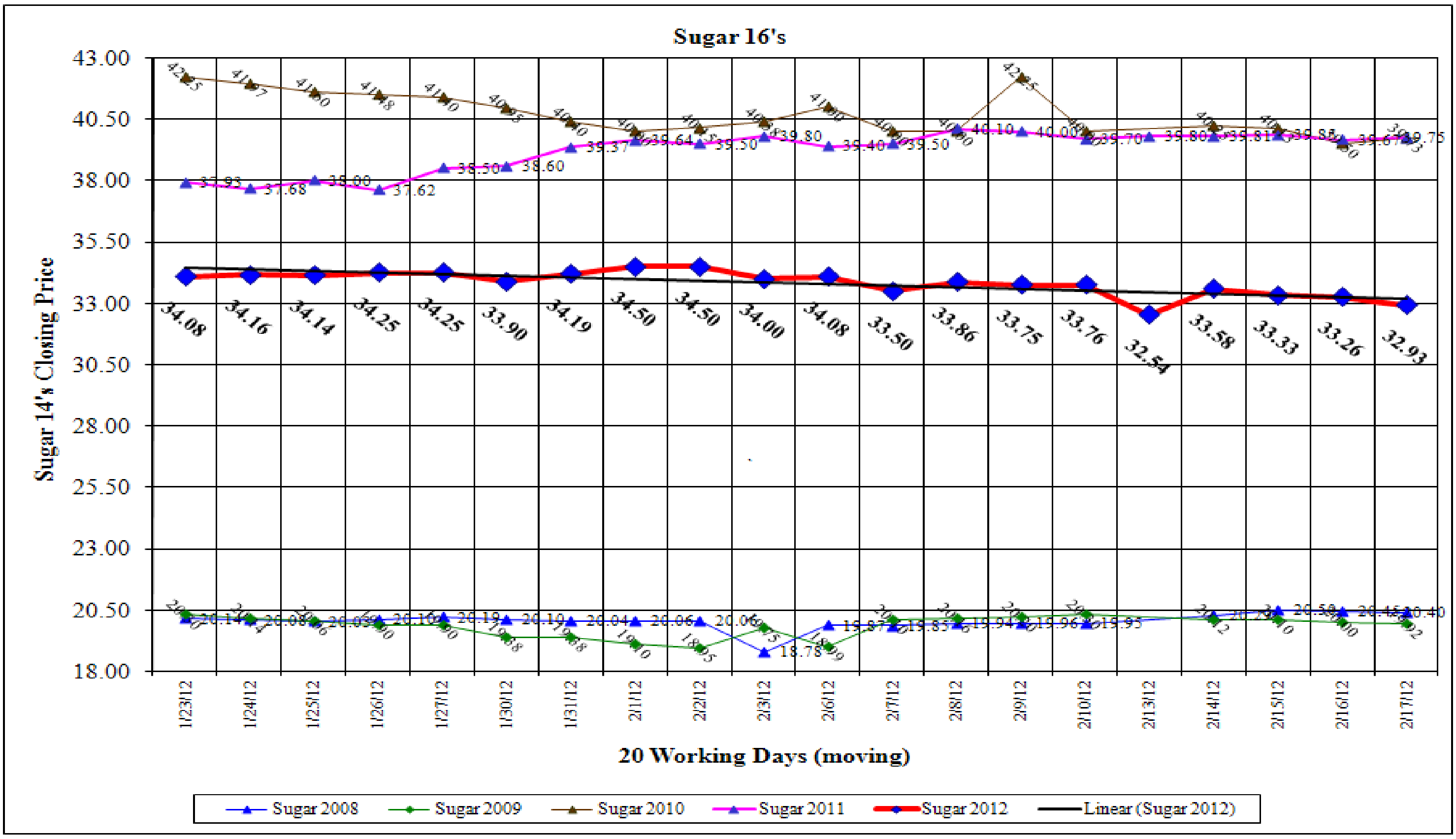
Supply side fundamentals for sugar remain weak with big production reported in the northern hemisphere. There is talk of less production in Brazil again later next year due to the poor weather in the south and lower prices. Weather is getting better there now.

American Crystal Sugar continues to operate with replacement workers.

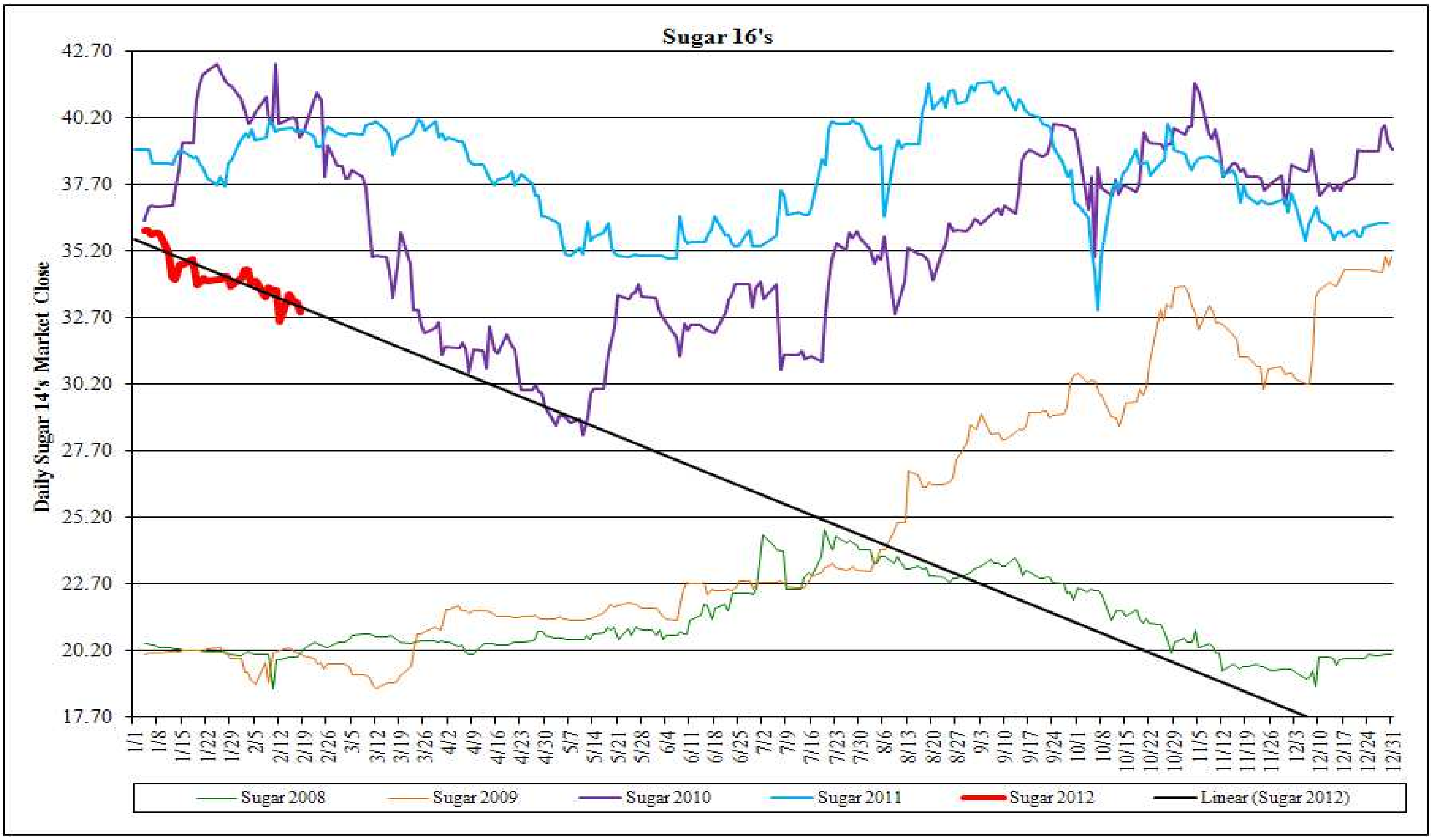
U.S. supplies of sugar are adequate for now, but we expect supplies to tighten as we approach the third quarter (JAS).

Price Outlook: U.S. sugar balance sheet is supportive to prices; look for domestic prices (both beet and cane) to firm. U.S. supplies of the sugar are going to get extremely tight by Q3.

Sugar 16's closed down $0.83/cwt for the week (versus last Friday's close)

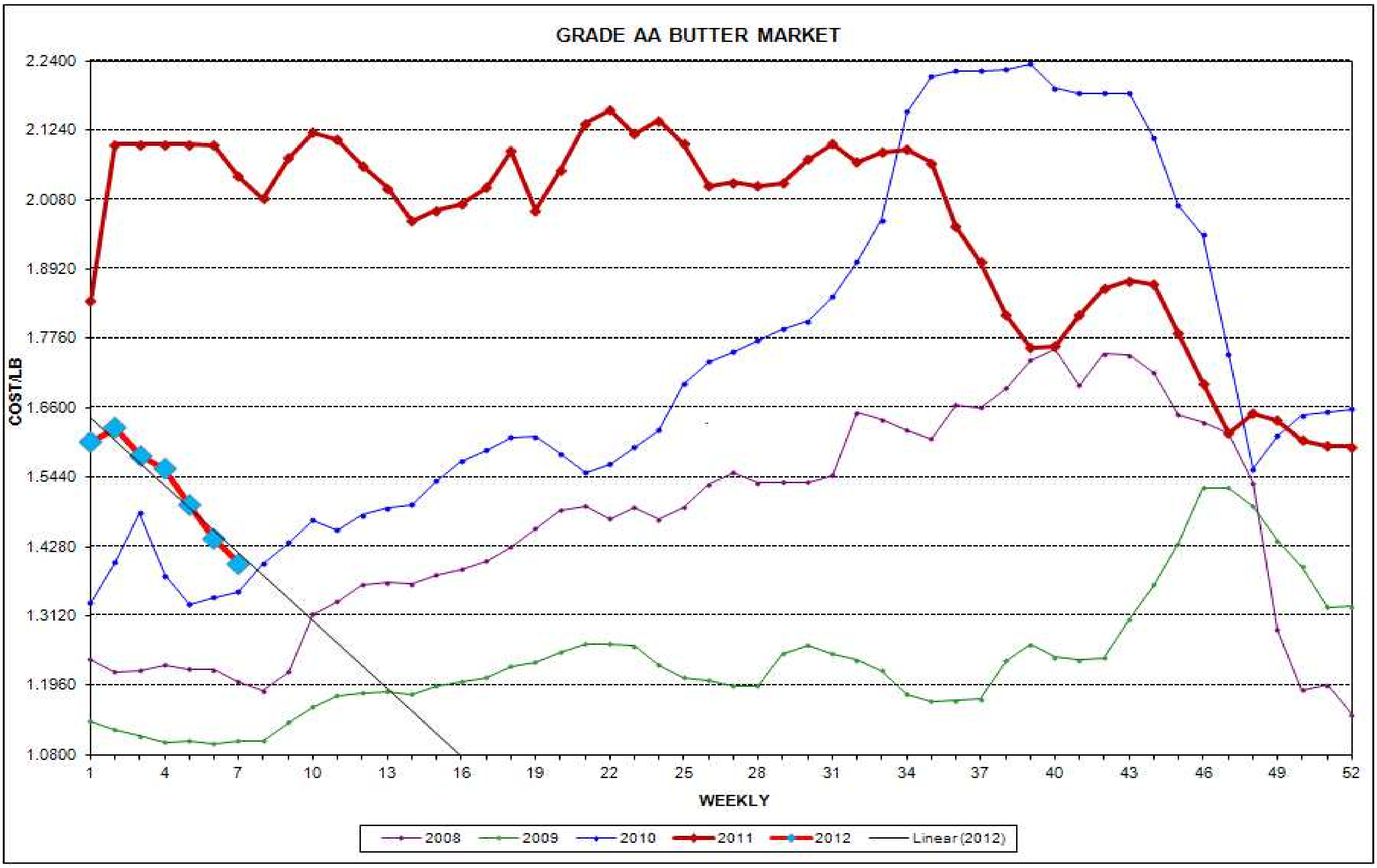


Sugar 16's
Sugar 14's Closing Price
20 Working Days (moving)
Sugar 2008
Sugar 2009
Sugar 2010
Sugar 2011
Sugar 2012
Linear (Sugar 2012)



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 up $0.0175/lb on Friday, ending the week at $1.415/lb. The weekly average is $1.4005/lb. down $0.042/lb from last week's average.

A. Butter Market

The butter price dipped to the lowest level in nearly two years this week, but firmed later in the week to close at $1.4150. Churning schedules across the country remain seasonally strong as cream supplies remain readily available to churns. Often, cream continues to move from one region to another to find churning capacity or willing buyers. Often, current churning activity is surpassing demand, thus clearances to inventory continue. Again this week, Cooperatives Working Together (CWT) announced the acceptance of export assistance requests for nearly 4.5 million pounds of butter for shipment now through June 2012. Within the past three weeks, 18.9 million pounds of butter have received export assistance through CWT. According to the Foreign Agricultural Service, exports of butter and milk fat for January-December 2011 totaled 140.3 million pounds, up 12% or 15.2 million pounds from the twelve month comparable period in 2010. Saudi Arabia is the largest importer with a 26% increase (+6.0 million pounds) above last year's amount. Japan moved into the top five export destinations for U.S. butter this year with a large increase. Butter and milk fat exports accounted for 7.8% of butter production in the U.S. for calendar year 2011.

B. Dairy Powders

Overall, dry product markets and prices are weaker with buyers stepping back from markets or negotiating lower prices until stability is re-established. Nonfat dry milk markets are weak with prices generally trending lower. Low heat powder production is strong as dryers process increasing volumes of milk across the country. High heat powder production, when occurring, is often limited to midweek processing schedules. Some producers are trying to build stocks of high heat for future needs before dryer times become devoted entirely to low heat output. Dry buttermilk markets and prices are weak. Strong churning activity is keeping buttermilk volumes readily available with drying schedules generally keeping pace with condensed buttermilk output. Whey powder markets are weak with prices unchanged to generally lower. Manufacturers are often noting increasing dry whey production, on a week to week basis, due to steadily increasing volumes of milk available to Class III facilities.

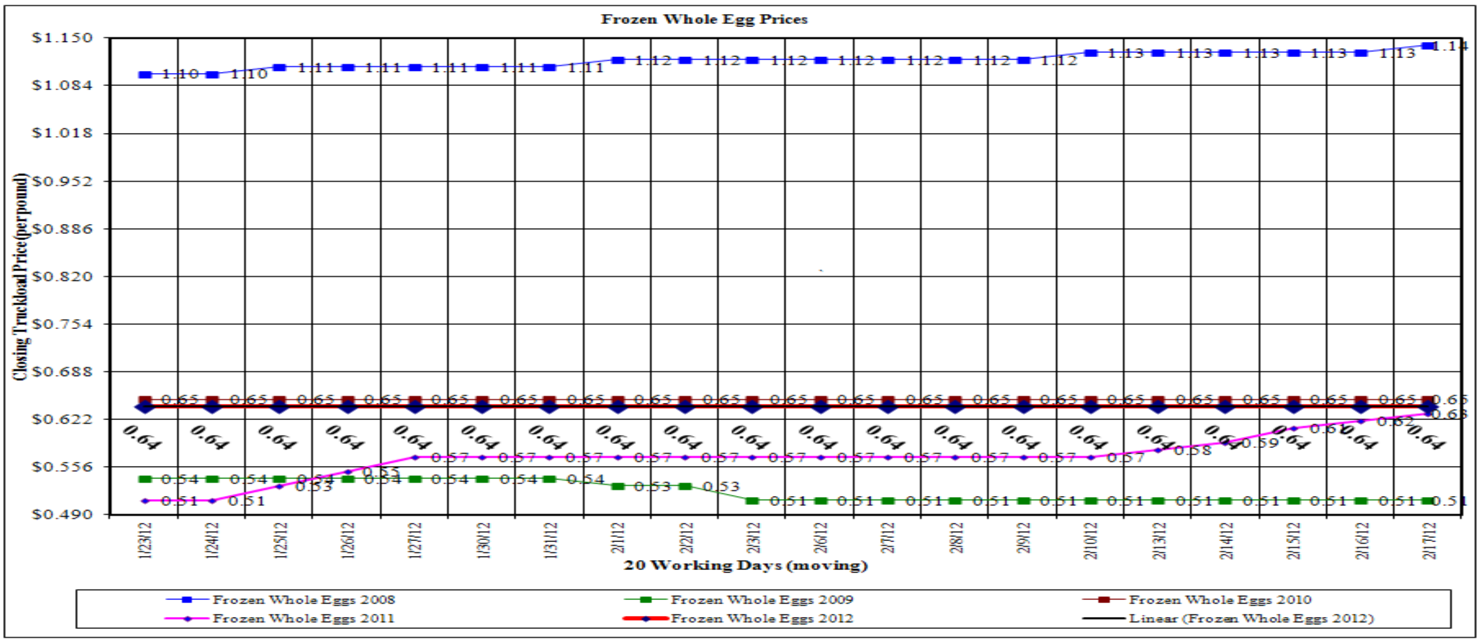
Eggs

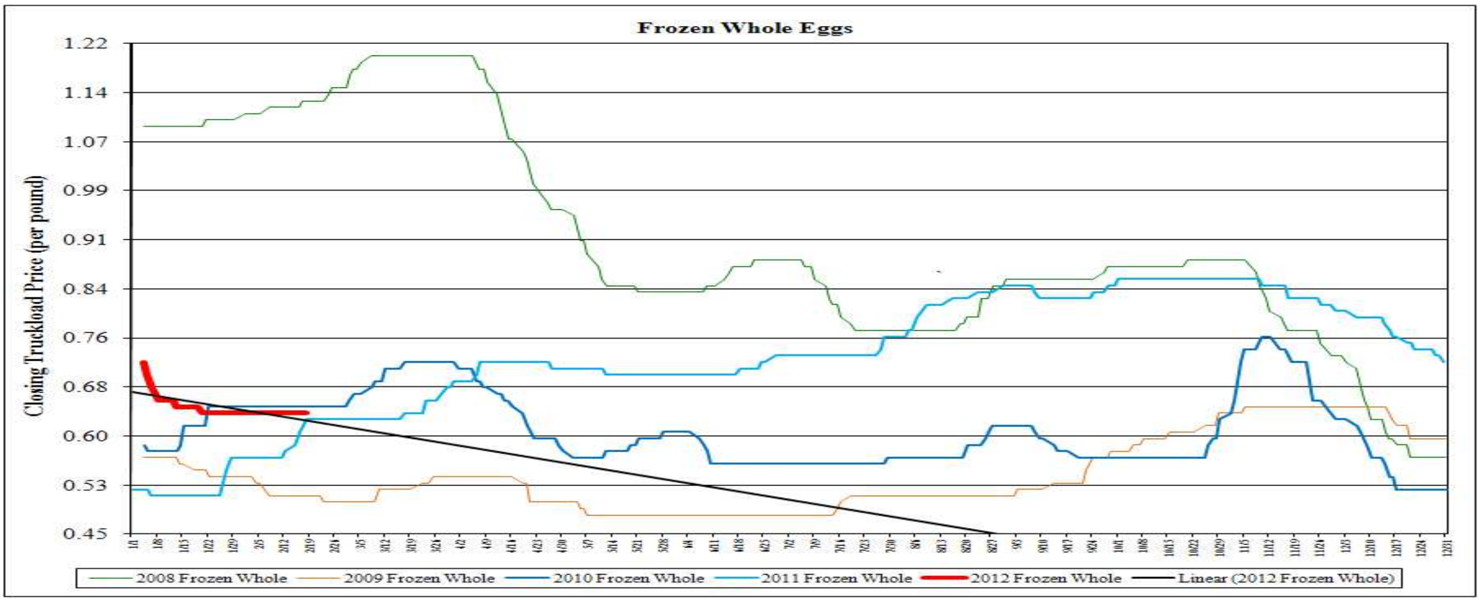
Retail demand for shell eggs remains only "fair", as some describe this week and next to be the slowest of the year. That being said, buyers are still taking supplies as expected. Feature activity is helping, especially for those with ninety-nine cent ads or below. Promotions above these levels are having a mixed response, with some reporting no increase in consumer interest. Retail prices remain high in most areas, as some are choosing greater margin over volume. Institutional and foodservice business is slow, which is typical for this time of year. Supplies of extra large and large are fully adequate for present need. Jumbos, mediums, and smalls are available to readily available.

Wholesale trading volumes have picked up some, but most are well supplied with their own production and are not active in the spot market. Selective buying interest is noted for extra large and large mainly from the northeast and south central. Discounted offerings in these categories are not available, so sellers either put eggs in inventory or have found a home for their surplus. Movement of jumbos, mediums, and smalls are being discounted, as new birds have brought with them lighter weight eggs and interest in jumbos lags.

The products arena remains quiet. All categories of liquid have been moving at current market prices, and at times, higher if "certified". Some interest in liquid whites has been noted, but completed activity is minimal at this time. Export opportunity continues to present itself in the dried and frozen complexes, but domestic buyers remain inactive.

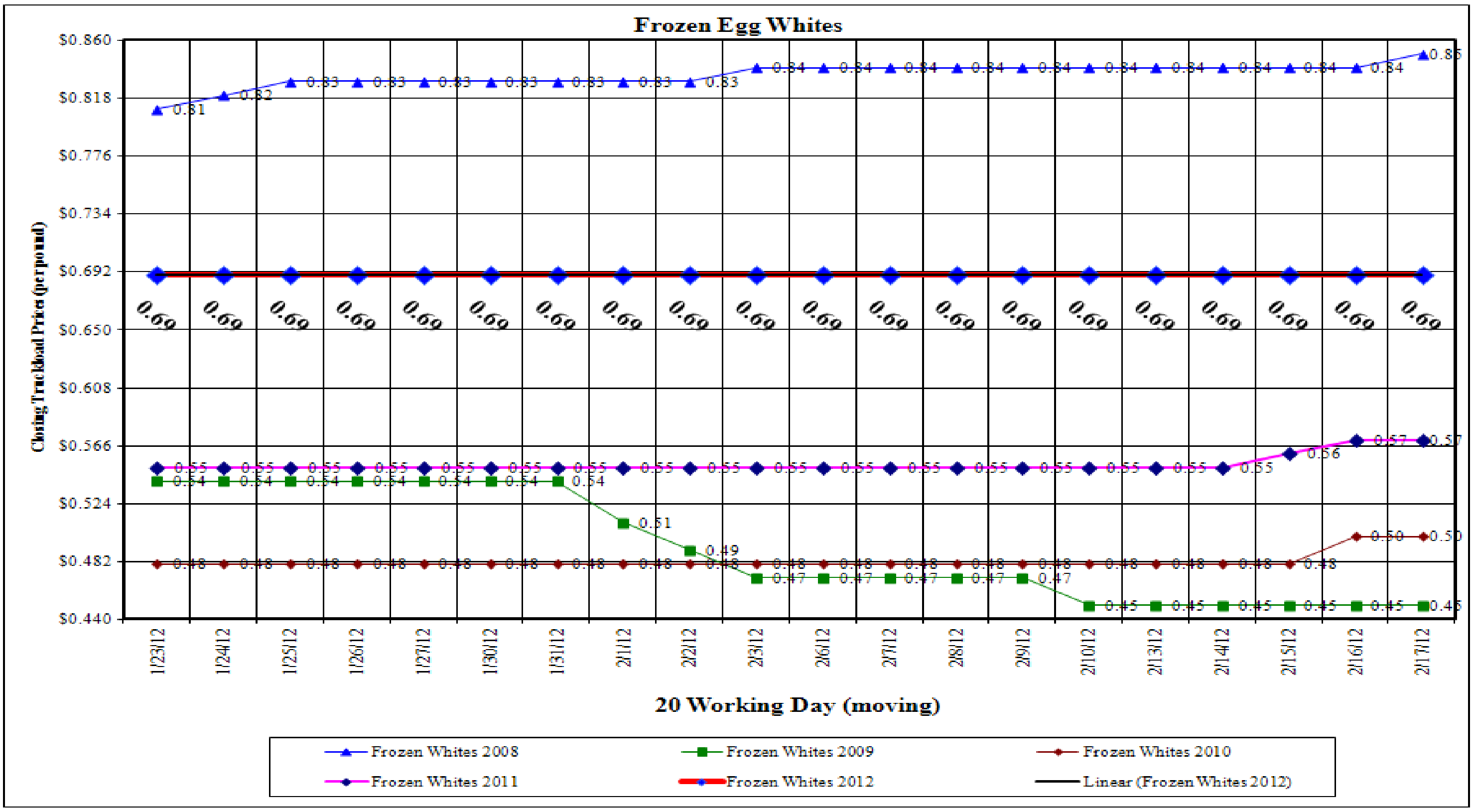
a. Frozen Wholes

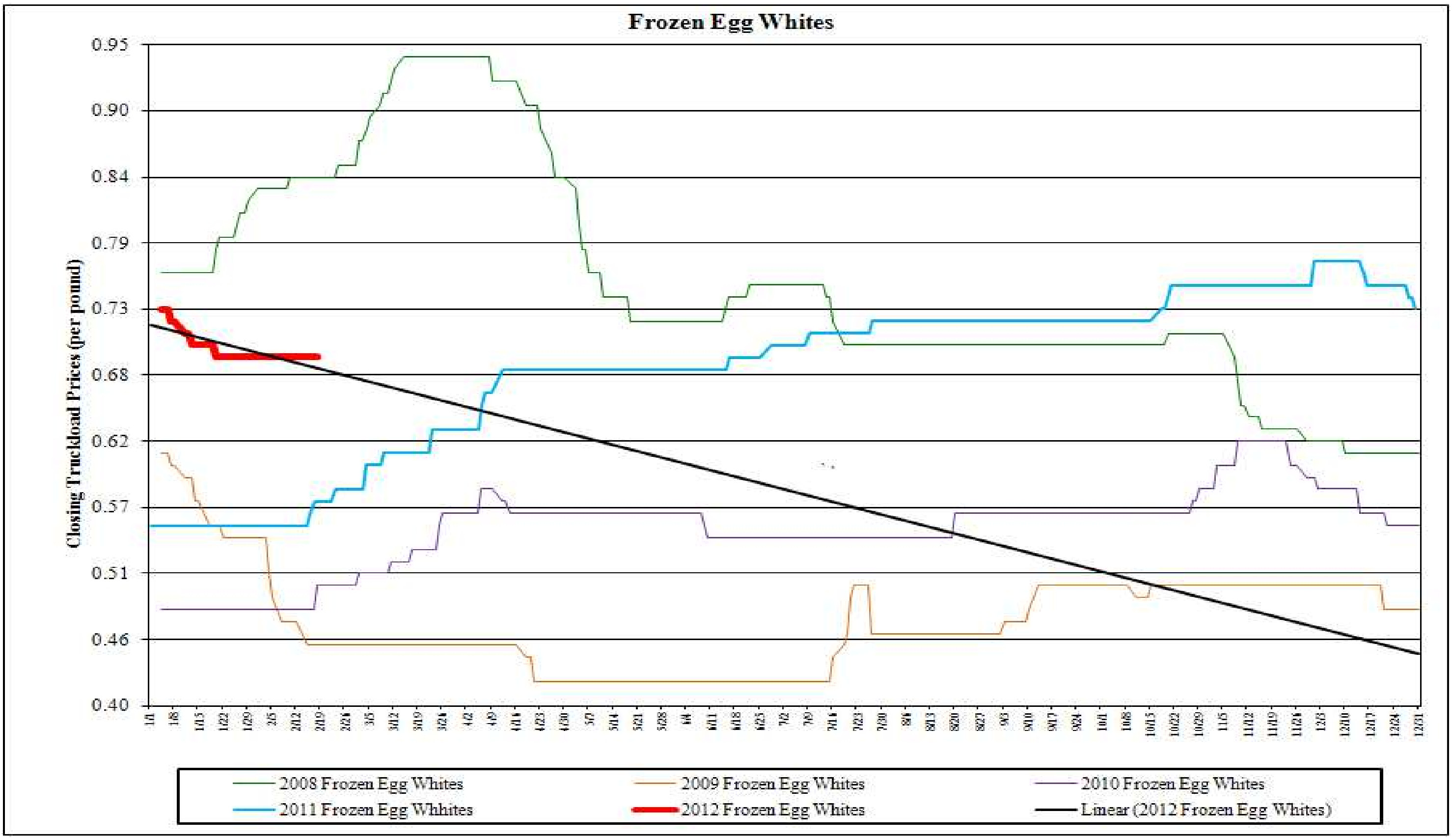




Frozen Whole Eggs closed "no change" for the week (compared to last Friday's close).

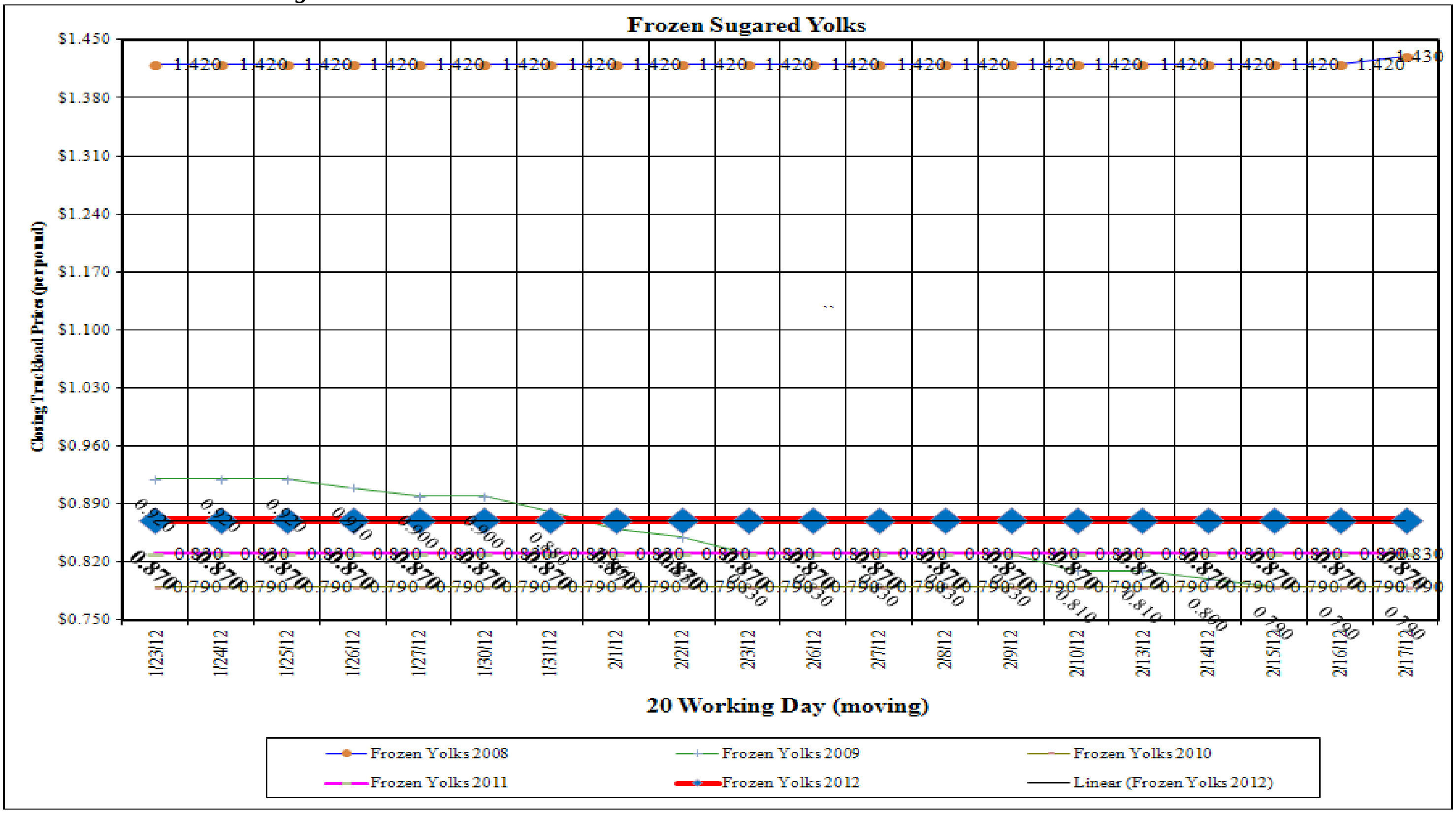
b. Frozen White

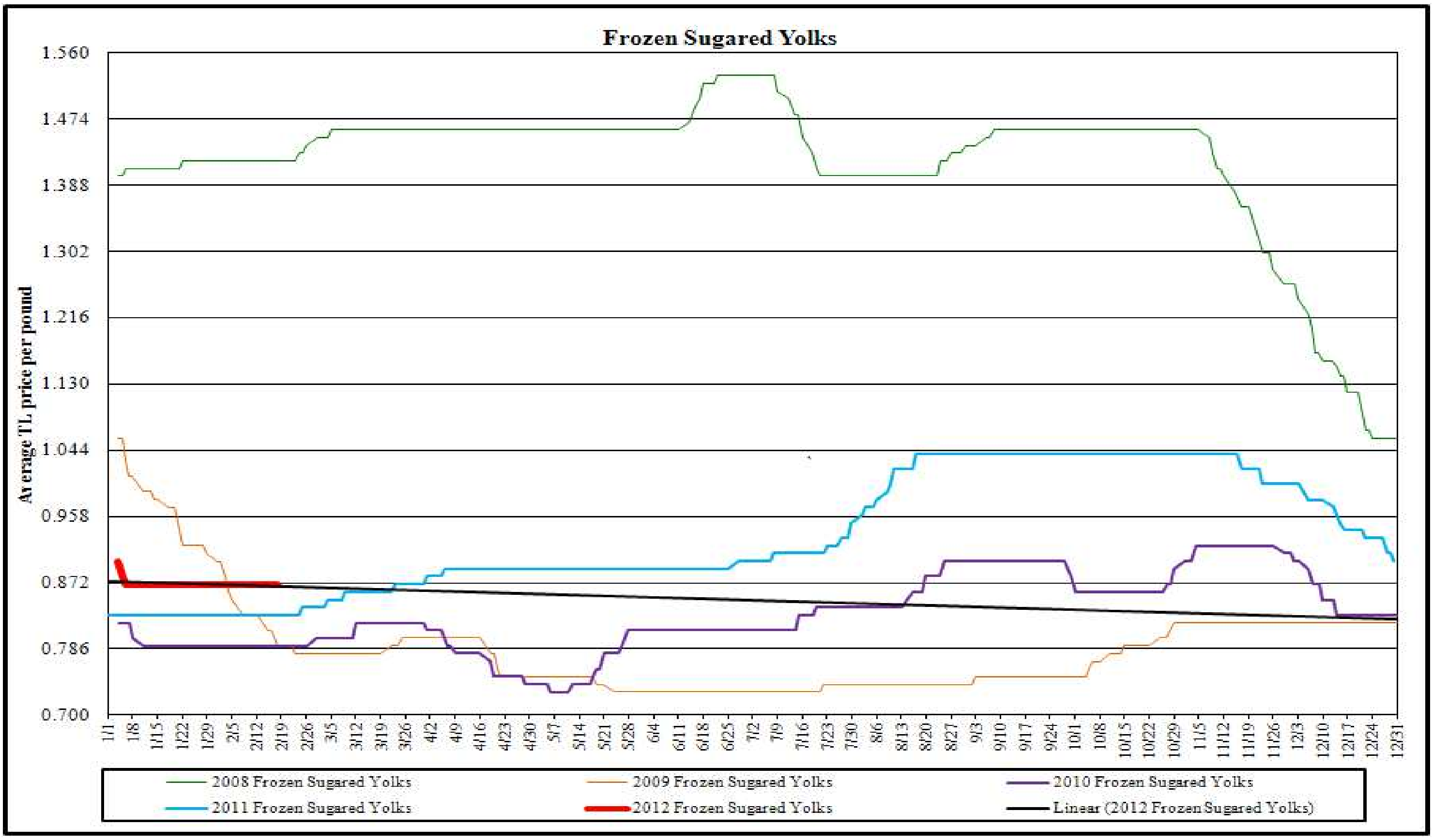




Frozen Egg Whites closed "no change" for the week (compared to last Friday's close).

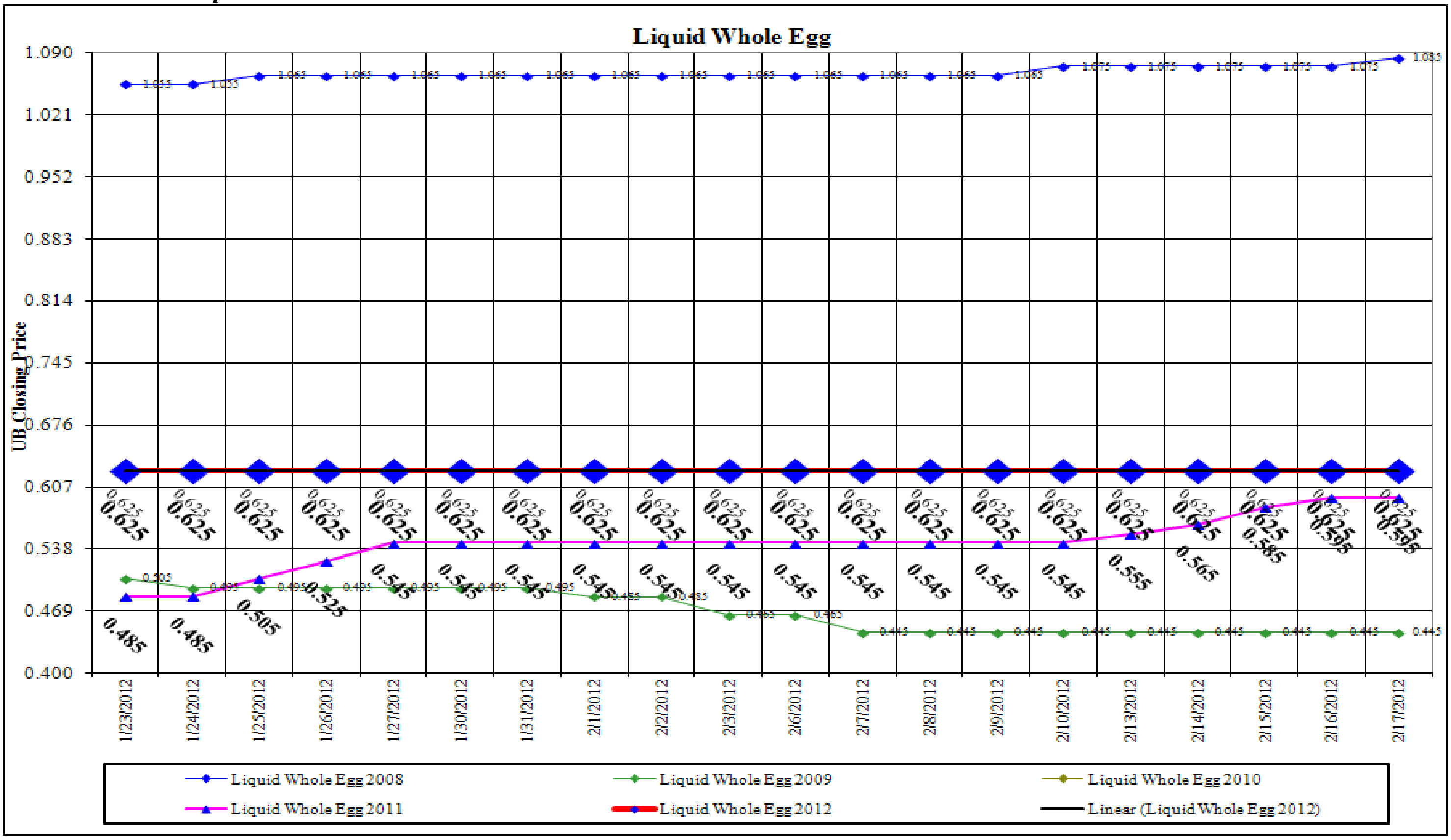
c. Frozen Sugared Yolks

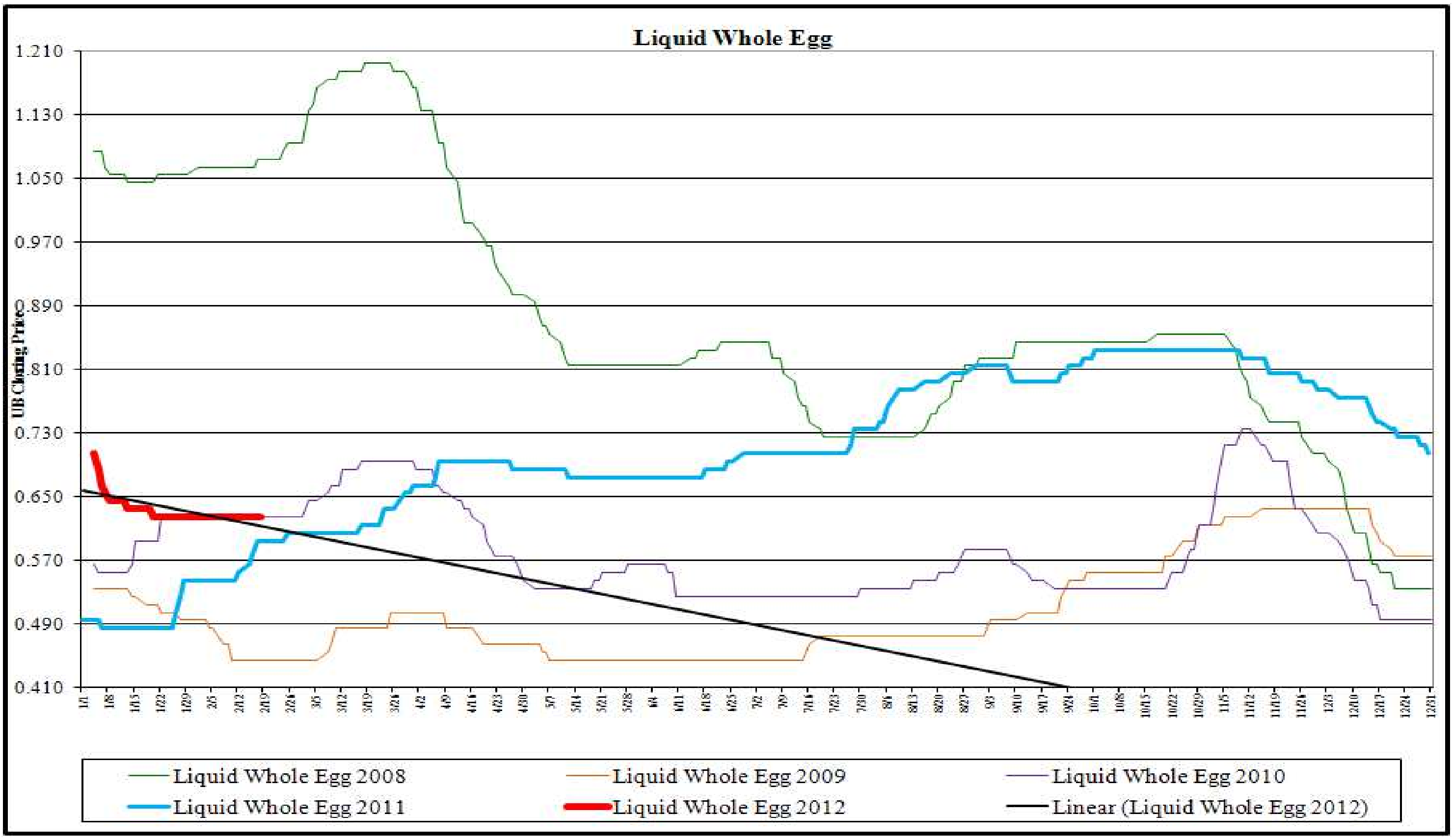




Frozen Sugared Yolks closed "no change" for the week (compared to last Friday's close).

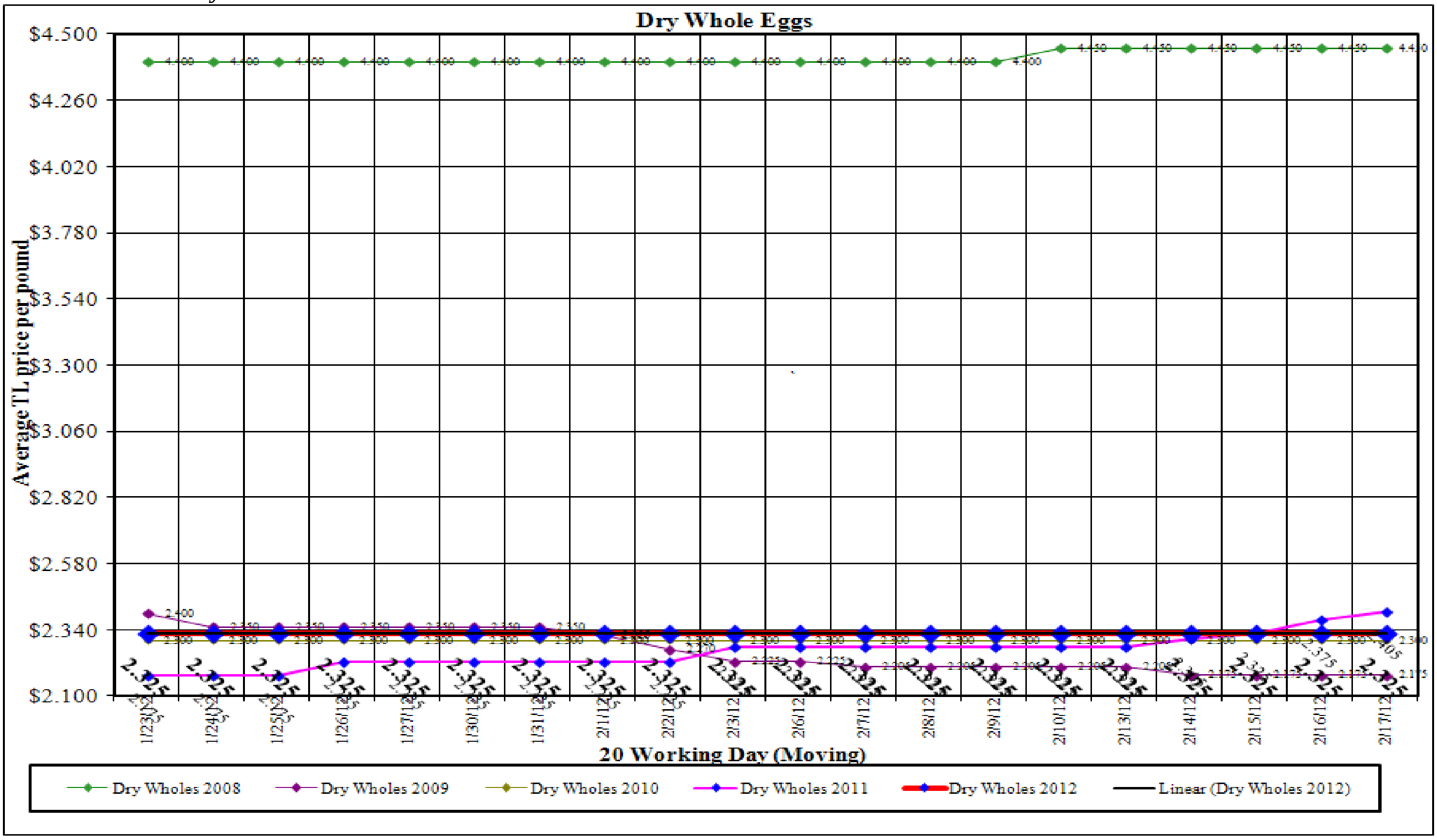
d. Liquid Wholes

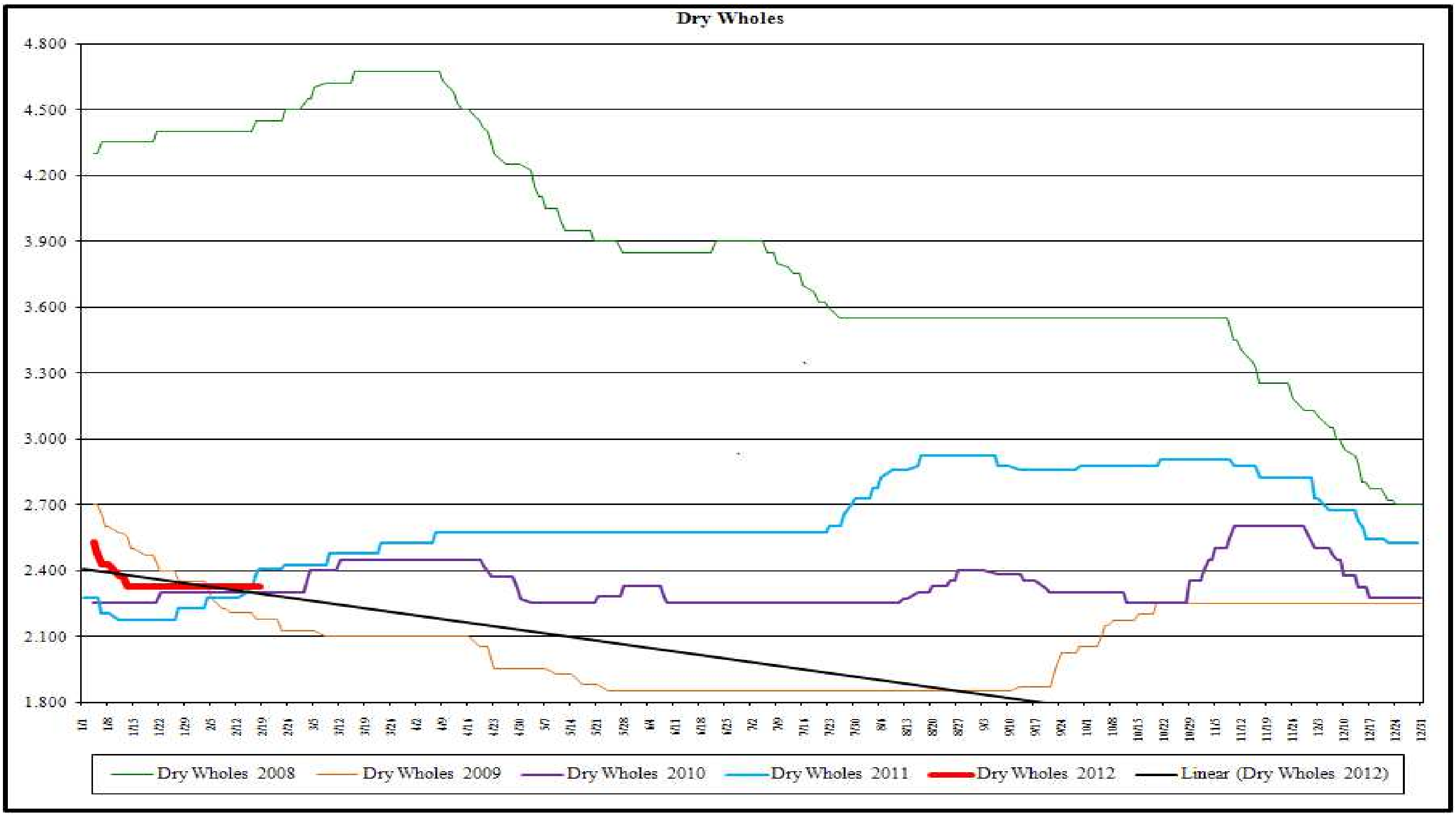




Liquid whole eggs closed "no change" for the week (compared to last Friday's close).

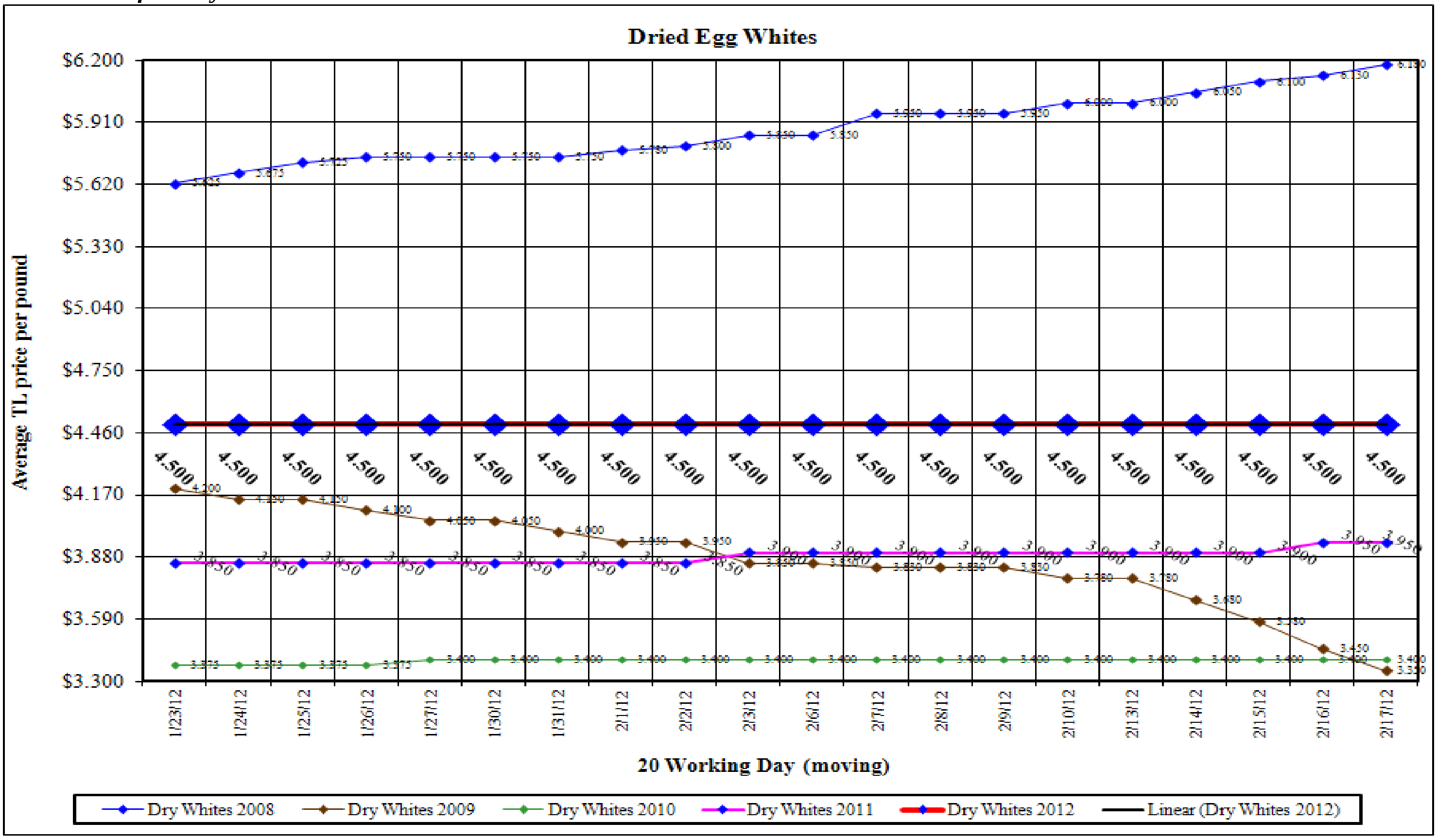
e. Dry Wholes

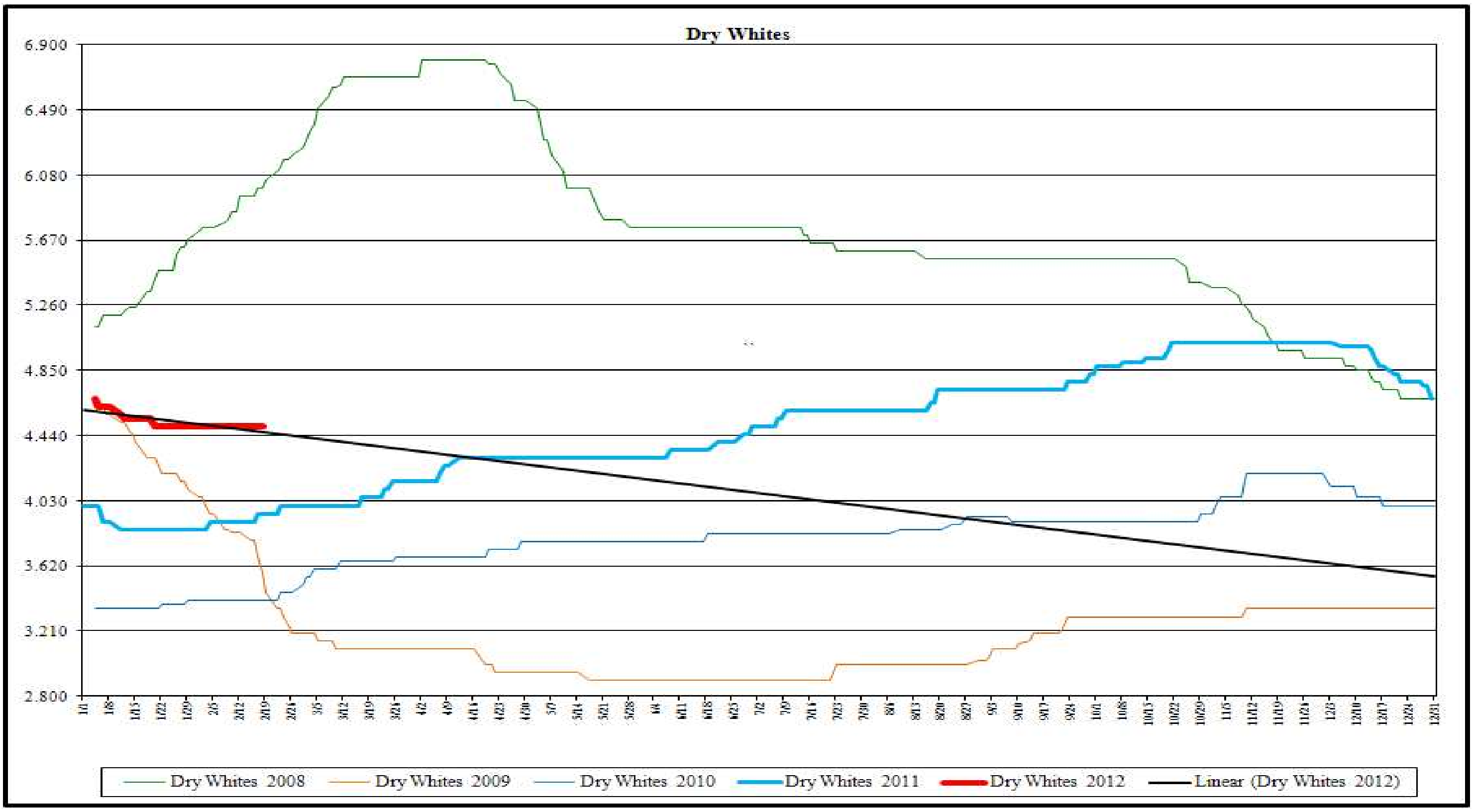




Dried Whole Eggs closed "no change" for the week (compared to last Friday's close).

f. Dry Whites





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

Corn

The U.S.D.A. forecasted a trend line yield for U.S. corn of 164 bushels per acre. This compares to a yield of just 147.2 last year, and 152.8 in the year before that. 164 bushels per acre would be the highest since 2009-2010, and caught many analysts by surprise following two years of disappointing yields.

The U.S.D.A. Economic Research Service baseline projections estimate corn acres in the U.S. will reach 94 million acres and production at a record 14.235 billion bushels for 2012/2013 marketing year. If ERS estimates are realized ending stocks would be at 1.623 billion bushels, doubling the current 2011/2012 estimate. The report also estimates the growth of Chinese corn imports over the next 10 years will account for almost half of the overall growth in U.S. corn exports. The Baseline also foresees acreage dropping back in 2013 to 90 million with a declining on farm price over the next two years and leveling out for the rest of the decade. The U.S.D.A. weekly export inspections report showed cumulative shipments for 2011/2012 are now larger than last year at this time.

China's 2012 corn imports are seen rising to 4.5 million versus 3.5 million in 2011 even though last year's corn output hit a record. This expectation is due to growing domestic corn use and high domestic corn prices. U.S.D.A. projects China's 2011-2012 corn imports at 4.0 million.

The weekly U.S. grain stocks report showed terminal and elevator corn stocks fell 6.3 million bushels to 64.5 million versus 86.2 million a year ago.

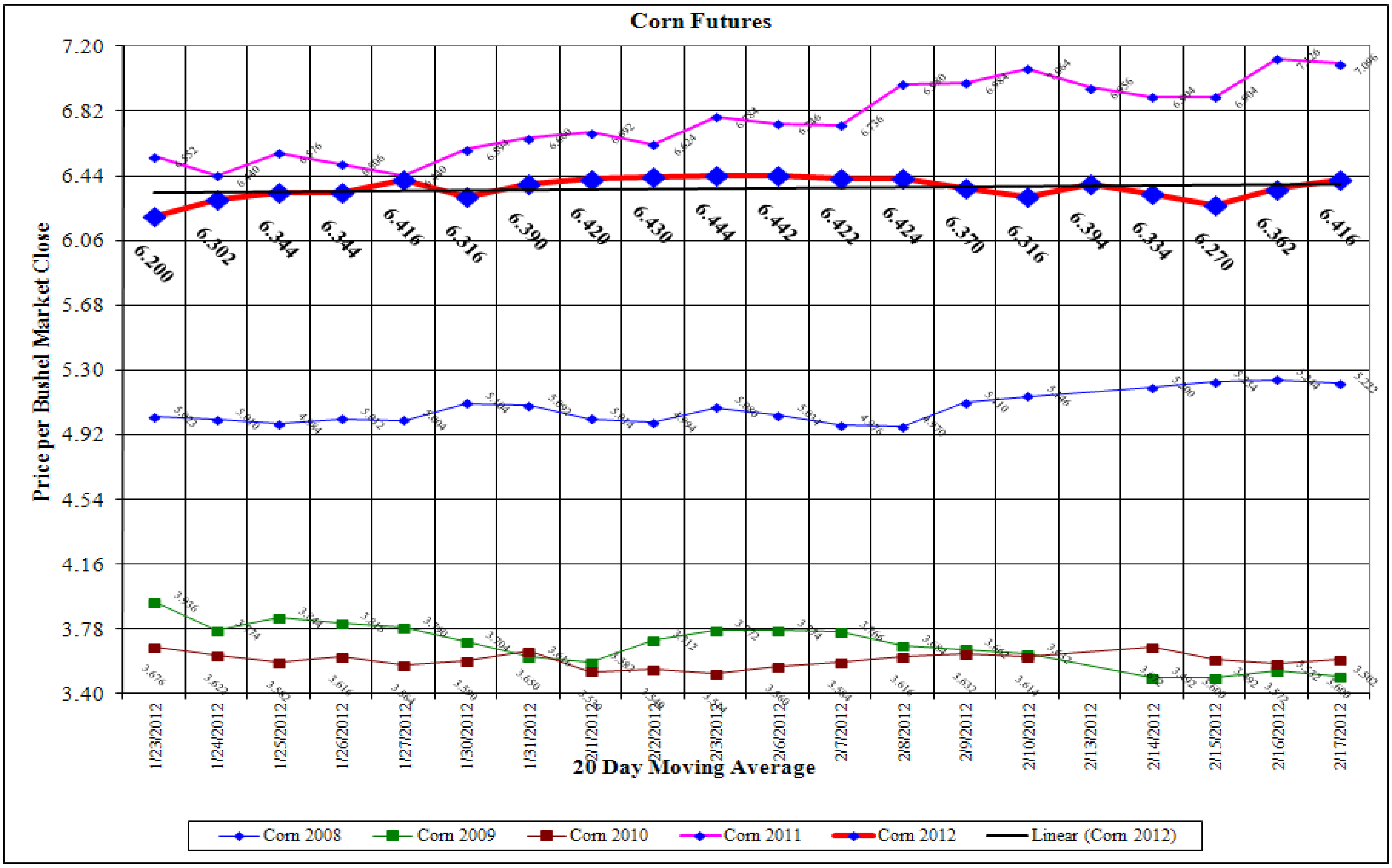
Cash basis levels are mostly steady in the Midwest but some processors are bidding higher to secure supplies.

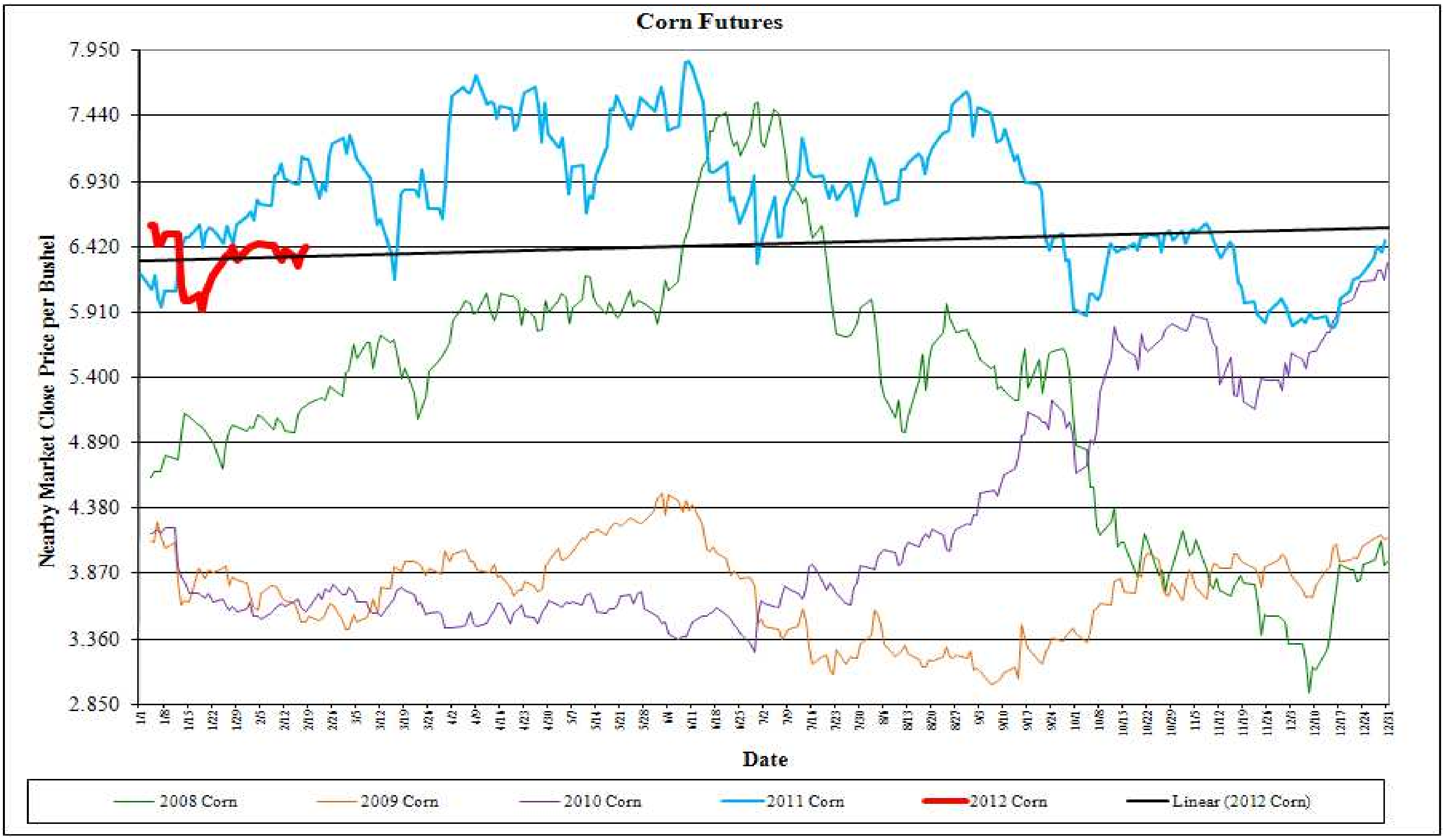
The weekly EIA report showed ethanol stocks at 21.5 million barrels—up 0.4 million from last week and up almost 2 million from a year ago. Average daily production was 928,000 barrels.

Old crop corn prices have been range bound for the past three weeks. Concerns about export competition continue to circulate, mostly versus feed wheat. Fund money flows are still a major variable, and very much influenced by the value of the U.S. dollar on a day to day basis.

Corn could turn bearish for the short term unless U.S. export developments pick up. March support is seen at $6.19. May is expected to trade in a $5.85-$6.84 range. Don't discount December dipping below $5.05 if the U.S. 2012 corn area climbs to 94 million acres.

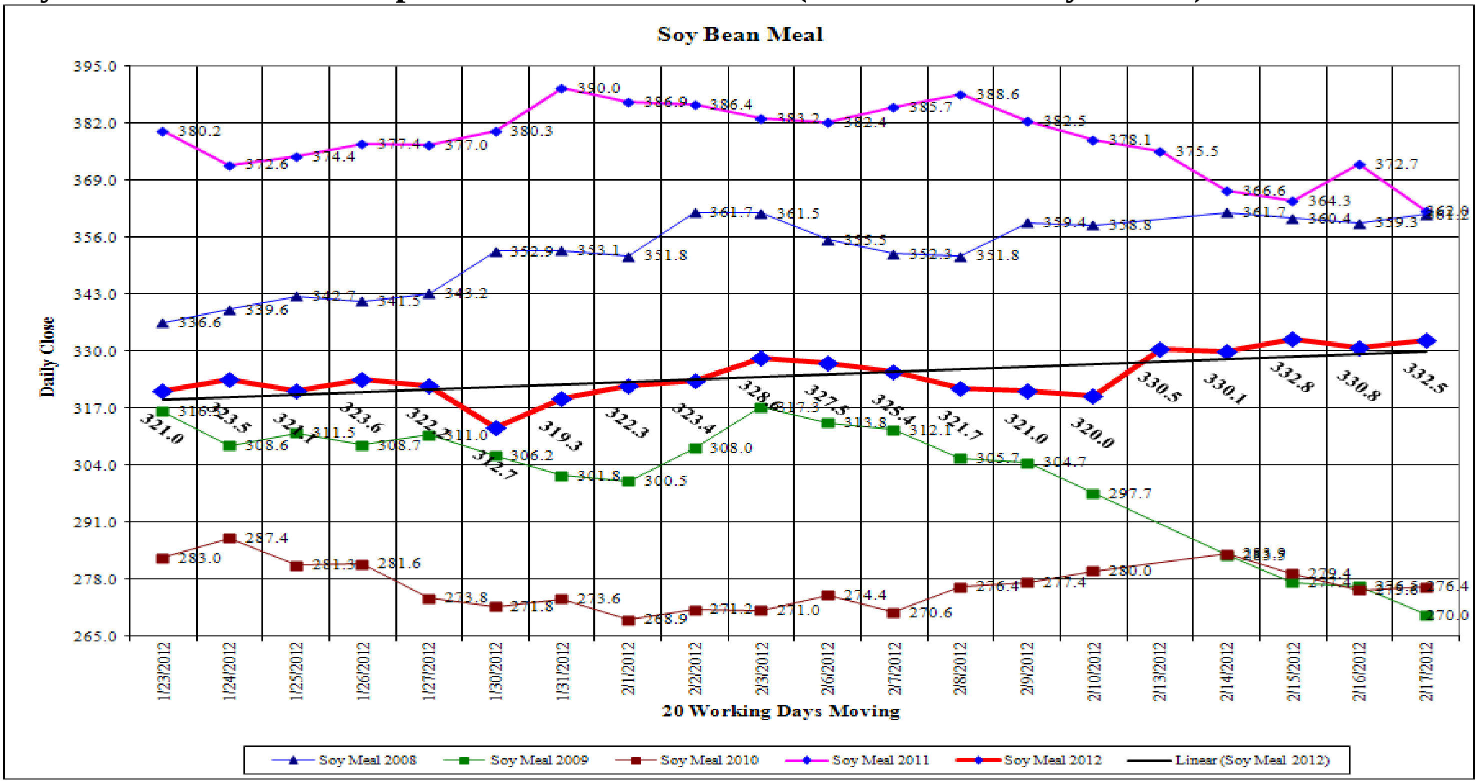
Corn futures closed up $0.10/bushel for the week (versus last Friday's close).

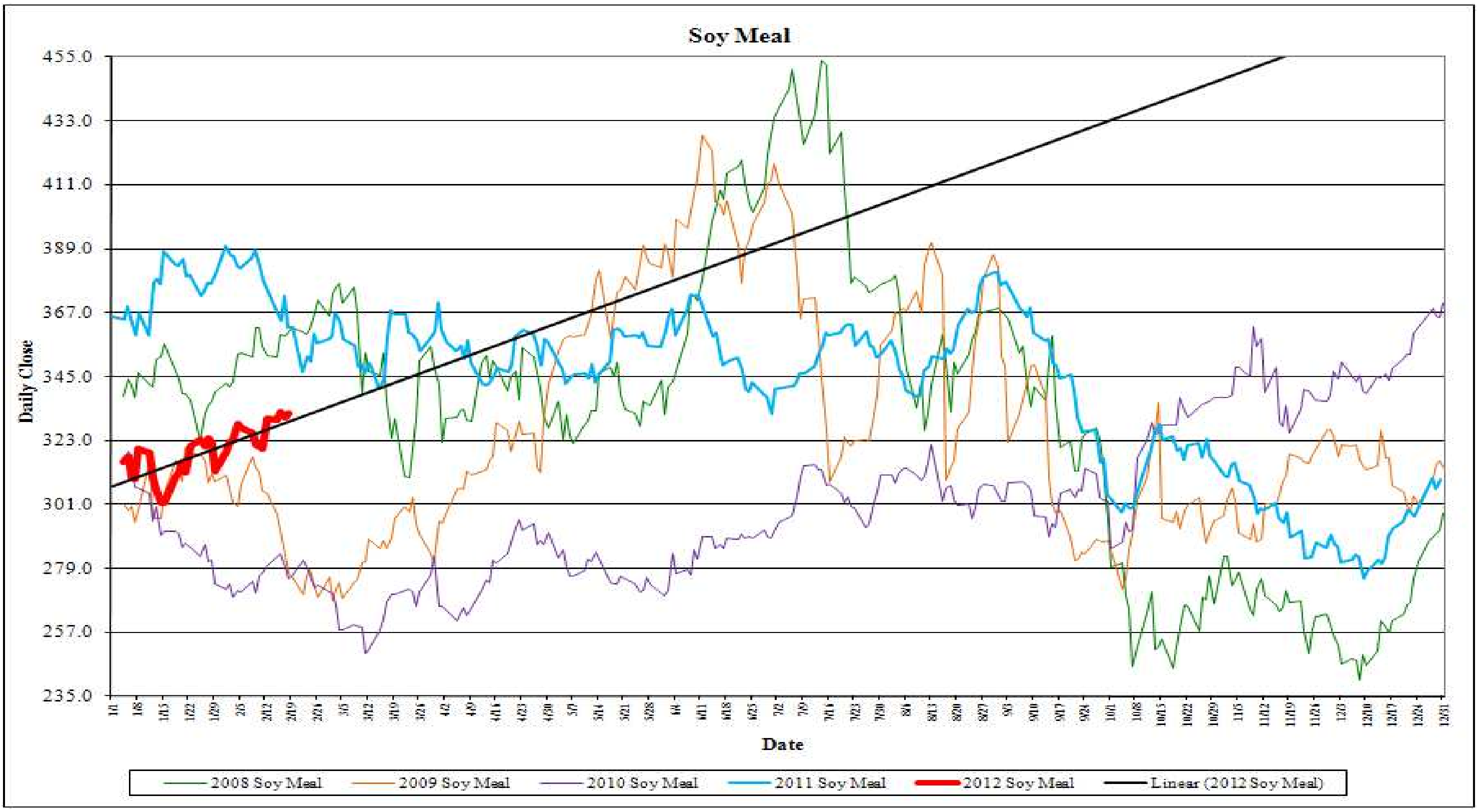

Corn Futures
Price per Bushel Market Close
20 Day Moving Average
Corn 2008
Corn 2009
Corn 2010
Corn 2011
Corn 2012
Linear (Corn 2012)


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

Soy Meal
Meal exports are substantially behind a year ago. May meal should trade back to September levels around $345. Support is seen at $300.

Soy meal futures closed up $12.50/ton for the week (versus last Friday's close).

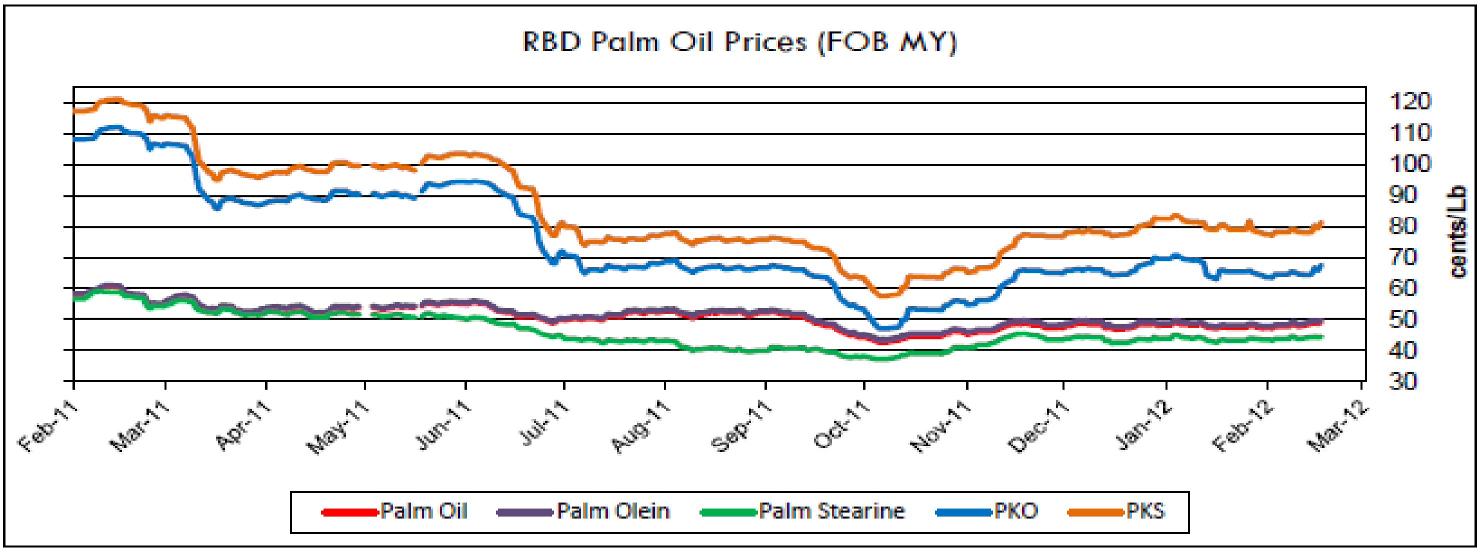




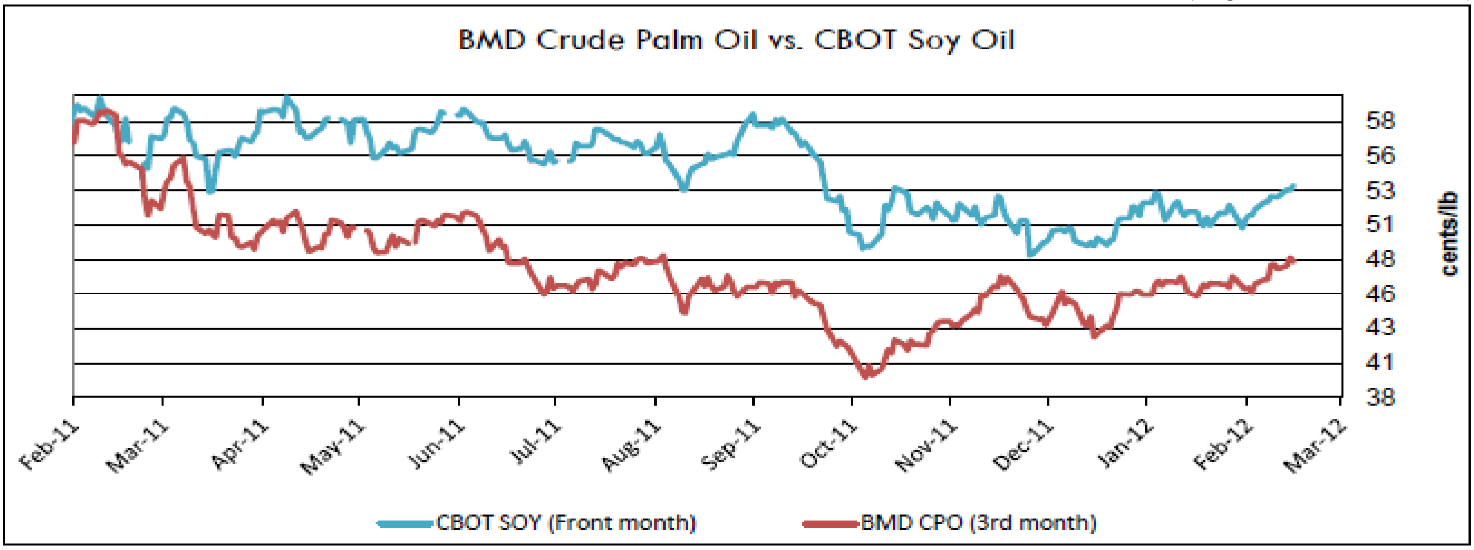
Palm Oil

Malaysian crude palm oil futures climbed to a near two-month high on hopes that Greece will soon secure a bailout package, while dry weather fears in soy-producing South America also provided support. The market optimism came when a proposal to withhold part of the bailout until after Greek elections expected in April was dropped, increasing prospects of securing a deal next week and preventing the euro debt crisis from spreading. Concerns of a smaller soybean crop in drought-hit Brazil and Argentina also lifted palm oil. Benchmark May palm oil futures gained 53 ringgit to close at 3,242 ringgit ($1,066) per ton. In signs of slowing demand, cargo surveyor SGS has pegged February 1-15 palm oil exports at 494,298 tons, less than expected, and down 81,535 tons from the same period last month (14% decrease) and down 115,789 tons from February 1-15, 2011 (19% decrease). The ITS estimate was slightly higher at 509,107.

A seasonal downturn in production, lower South American soybean production and positive analysts' price projections were offset by still disappointing export demand and renewed euro zone jitters. Traders did note that RBD palm olein is near a $100 ton discount to Argentine soy oil, which could encourage export demand. Malaysia's 2012 palm oil exports could grow 10%, stripping out production growth, and could eventually eat into high stockpiles topping 2 million tons, the head of the Malaysian Palm Oil Council said.



(Graph source: Loders Croklaan)



(Graph source: Loders Croklaan)

Energy Markets

For the foreseeable future the world, at best, has entered a slow growth phase. This conclusion is driven by an assessment of the three main global markets – the U.S., EU and Asia. In all likelihood, the U.S. will continue to grow but at a reduced rate (in comparison to past decades) as a result of its enormous accumulation of debt [fast approaching $15.7 trillion] which will require leaders to ultimately cut spending and increase taxes. With regard to the EU, the region will most likely undergo a sustained contraction as a result of the growing sovereign debt crisis which will ultimately burden stronger more competitive countries (i.e. – Germany, the Netherlands, Austria and Finland) with the requirement to support their weaker counterparts as they restructure their economies. As for Asia, specifically China, slow growth in the U.S. and a contraction in the EU will significantly dampen its own growth rate while it struggles to kindle domestic demand.

Based on the foregoing, the current price of energy (WTI $101.65 and Brent $118.96 per barrel) seems to be significantly above the underlying fundamentals. The world today is well supplied, especially in light of Libyan oil coming back on-stream, and with demand stable, or at best, increasing moderately, prices appear to be overvalued by 15% to 20%. This pricing premium has been introduced in large part by numerous external (non-fundamental) factors. These factors include both financial and geopolitical uncertainty.

Uncertainty or risk is too often treated uniformly by the marketplace. Risk must be assessed based upon the type of potential event creating the underlying uncertainty as well as the likelihood and the impact of such an event.

The energy markets are currently being supported both by extremely loose monetary policy from the Fed, ECB and the BOJ as well as continuing tensions in MENA. These challenges will be influencing the market for a significant period of time. The movement toward greater economic and social freedom in Egypt, Libya, Bahrain, Yemen and Syria are by no means complete and will continue to evolve and mutate over the coming years. Moreover, statements from the reserve banks in the developed world indicate that they plan to continue their overly accommodative policy well into 2013-2014.

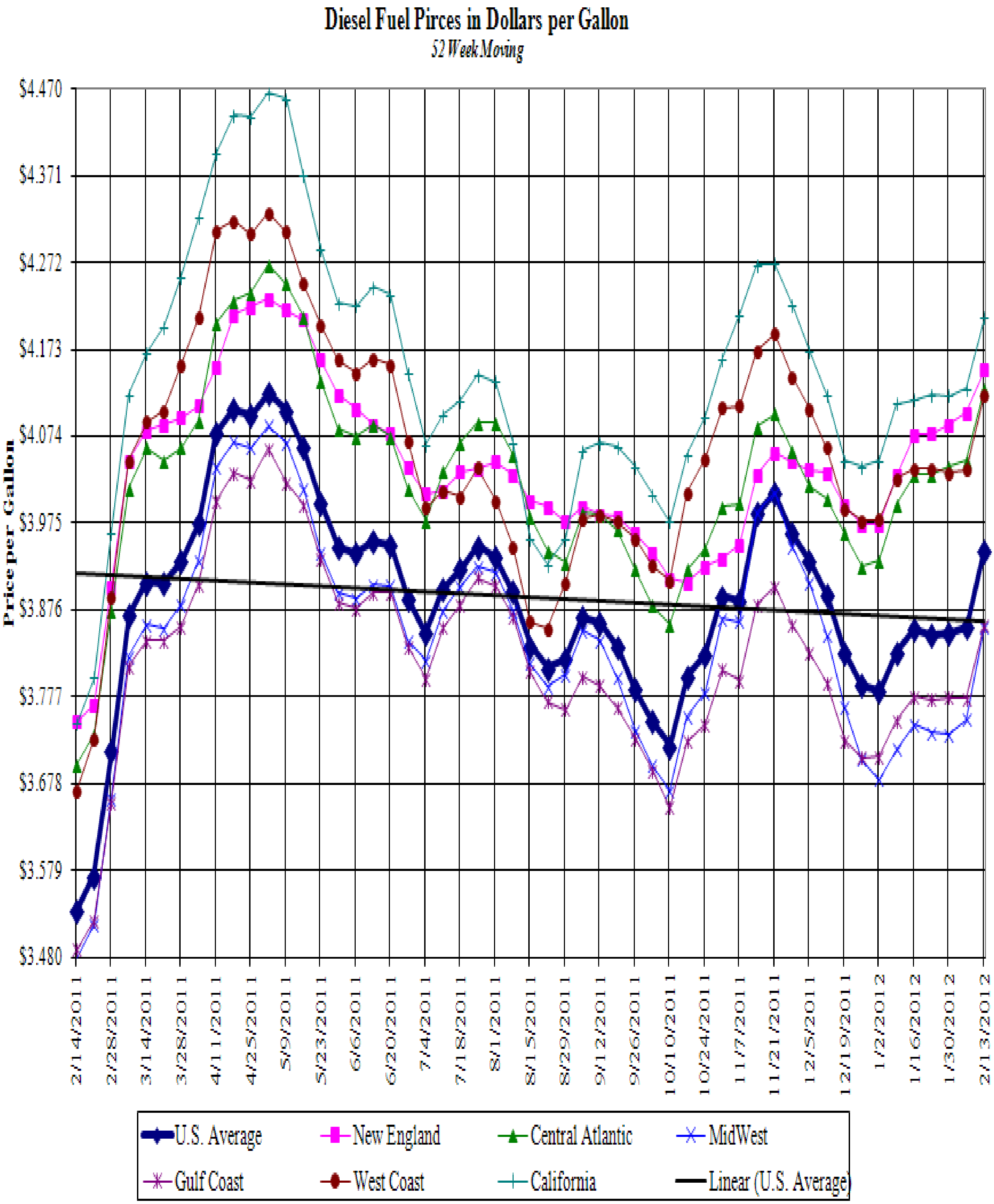
In contrast, the uncertainty created by events in Iran and the EU have yet to fully impact the markets but have the potential to dramatically affect prices. There can be no doubt that recent events concerning Iran have unsettled the markets. However, the underlying risk that the market is concerned with is that of military conflict which causes a disruption in the supply of oil from the Persian Gulf to the rest of the world. Should Iran's drive to become a nuclear state proceed despite recent U.S. and EU sanctions, it appears inevitable that either the U.S. or Israel (or both) will strike Iran's nuclear facilities in an attempt to delay or set back Iran's progress. In such an event, the price of oil would most likely spike in excess of $150 per barrel. The durability of such a price spike will depend on the nature of Iran's response to such a military strike and type/extent of any ensuing conflict.

The risk posed by the sovereign debt crisis in the EU is that of a disorderly default by Greece which cascades to other vulnerable nations. In such an event the EU, which is already suffering from negative growth, would most likely be thrown into a deep recession. Although many commentators have recently argued that the EU could be decoupled from the rest of the world – the prospect of this actually happening is highly dubious. In all likelihood, a deep recession in the EU would negatively impact both the U.S. and Asia. Under these circumstances, the forecast for stable to moderately increasing global demand would no longer be valid. In that event, expect demand to pull back materially—similar to that which we experienced during the financial crisis in 2008.

In summary, expect that energy prices will remain inflated and highly susceptible to headline risk for the coming weeks/months. This cycle will only be broken once a conclusion to the Iranian situation has been reached (i.e., either Iran comes to the table to negotiate limits on its nuclear program or the military option is undertaken) and/or the EU debt crisis ends (i.e., a durable solution to the debt crisis is achieved or Greece, as well as other weak nations, default). Both of these challenges are binary in nature and as such forecasting their ultimate resolution is extremely difficult. However, in the interim, expect prices to continue to trade within the following bands – WTI between $95.00/$105.00 and Brent $109/$120.

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
2/14/2011	$3.5340	$3.5870	$3.7490	$3.7000	$3.5240	$3.4790	$3.4890	$3.5110	$3.6710	$3.7470
2/21/2011	$3.5730	$3.6200	$3.7690	$3.7340	$3.5570	$3.5170	$3.5220	$3.5680	$3.7290	$3.7990
2/28/2011	$3.7160	$3.7640	$3.9030	$3.8750	$3.7030	$3.6610	$3.6560	$3.6980	$3.8920	$3.9640
3/7/2011	$3.8710	$3.9080	$4.0460	$4.0140	$3.8500	$3.8230	$3.8120	$3.8450	$4.0460	$4.1220
3/14/2011	$3.9080	$3.9460	$4.0810	$4.0610	$3.8850	$3.8590	$3.8420	$3.8880	$4.0910	$4.1700
3/21/2011	$3.9070	$3.9380	$4.0870	$4.0460	$3.8780	$3.8550	$3.8410	$3.9250	$4.1040	$4.1990
3/28/2011	$3.9320	$3.9520	$4.0950	$4.0610	$3.8920	$3.8830	$3.8570	$3.9590	$4.1550	$4.2560
4/4/2011	$3.9760	$3.9820	$4.1090	$4.0920	$3.9230	$3.9320	$3.9050	$4.0170	$4.2090	$4.3230
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


Diesel Fuel Pirces in Dollars per Gallon
52 Week Moving
Price per Gallon
$4.470
$4.371
$4.272
$4.173
$4.074
$3.975
$3.876
$3.777
$3.678
$3.579
$3.480
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3/14/2011
3/28/2011
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11/7/2011
11/21/2011
12/5/2011
12/19/2011
1/2/2012
1/16/2012
1/30/2012
2/13/2012
U.S. Average
New England
Central Atlantic
MidWest
Gulf Coast
West Coast
California
Linear (U.S. Average)

Fruits/Nut Markets

***Citrus*—U.S.D.A lowers Florida citrus estimates due to small fruit sizes**
Small fruits have caused the U.S.D.A. to lower its estimation of the Florida orange crop by 1 million boxes. The reduction comes as a result of small Valencia oranges. The estimated total crop is still 4% higher than last year. The U.S.D.A. also lowered the current grapefruit crop estimate by 500,000 boxes to 18.7 million boxes and the tangerine harvest by 100,000 boxes to 4.3 million boxes, but it kept the tangelo estimate at the current 1.1 million boxes.

***Citrus*—US (CA): Frosts will reduce citrus crop by 15%**
Frost that hit the San Joaquin Valley in December and January is expected to cost citrus growers in the vicinity of 15% of their crops. "We ran frost protection from 25 to 30 nights, depending on which part of the Valley you were in," Alyssa Nichols, a spokeswoman for Exeter-based California Citrus Mutual, said. "And in the foothills it was probably a little less." The damage will vary from crop to crop as mandarins are more vulnerable to frosts, with damage beginning at 32 degrees, than are navels, which only get damaged when it plummets below 27 degrees. As a result the anticipated drop in the mandarin crop is 35%. Citrus Mutual officials said the recent bout of warmer weather has allowed growers to better see the weather damage, which includes scarring of the fruit rind.

***Blueberries*—U.S. (MS): Blueberry growers on the lookout for cold weather**
It's something Teresa and Gerald Holified have been doing regularly since the weather turned cold: checking the condition of their 3,000-plus blueberry bushes. They both know that if the temperature drops too low, many, if not all, of their blueberries for the year will be lost. Right now, the Holifields would prefer warmer temperatures, which is why the next several weeks will be a critical time. "With this Arctic air coming down, we have probably about six varieties and probably two of the varieties are going to be affected. It will probably be a total loss," Teresa said. "The buds are very fat. With that Arctic air, we're good to about 21 degrees on some varieties, but if it drops lower than 21, it's a high possibility we might even lose the whole crop." After working in the industry for the past 24 years they have experienced a wide range of weather extremes and are only too aware of the physical limitations imposed upon them if the weather does turn cold. "We've gotten out here with sprinklers and overheads before and stayed out here all night with power washers just wetting them all down, freezing in the process, and it has made no difference," Teresa said. "It's going to be really bad if we happen to lose, even if we lose any, because I usually sell every berry that comes off here," she said.

***Blueberries*—U.S. (ME): Blueberry yield statistics delayed by budget cuts**
Federal budget cuts mean that the U.S.D.A. estimate of the 2011 Maine wild blueberry harvest has been pushed back until March. Traditionally such stats are released in early February. David Yarborough, Maine Extension Service's wild blueberry specialist said that it's his best guess that Maine's 2011 crop will be "normal" at about 80 to 85 million pounds. The bulk of those berries were grown in barrens in rural Washington County. Yarborough said mid coast growers had lower yields per acre than did their Down East counterparts, due to weather during pollination and a lack of rainfall during the run up to harvest.

The state's 2010 crop weighed in at 83 million pounds, down from 88.1 million pounds in 2009. The 2010 harvest was estimated to be worth $50.6 million. The United States is the world's largest producer of both "wild" low bush blueberries native to Maine and cultivated high bush varieties grown in Michigan, New Jersey, Washington, Oregon, Georgia and Arkansas. The total value of the 2010 crop, at 493 million pounds, was estimated at $644 million. Maine's wild blueberry crop represents about 15% of all U.S. blueberry production.

Due to marketing and promotional strategies developed by the North American Blueberry Council, demand for blueberries has risen significantly in recent years. In the year 2000, per capita consumption in the U.S. was estimated at 0.26 pounds. By 2010, that number had increased to 1.1 pounds, due largely to promotion of the antioxidant properties of what the industry has dubbed "little blue dynamos."

According to the U.S.D.A., rising consumption has prompted a flurry on new highbush plantings, and acreage devoted to blueberries had increased from 71,075 acres in 2005 to 110,000 acres in 2010. With 60,000 acres, Maine is the largest producer of wild blueberries in the world, even with only half of those acres in production, given a two-year cultivation cycle.

There are six companies in Maine that process, freeze and can wild blueberries, as well as one fresh pack cooperative. An estimated 99% of all the berries harvested in Maine are frozen for use as a food ingredient.

***Apple and Blueberry crop concerns*—US (ID): Mild weather could bring out fruit blossom too early**
Fruit specialists at the Purdue University have suggested that the mild temperatures that are being experienced may serve to bring out the blossom on fruit trees early. The danger here of course is that this could still be too early - there is always the possibility that the early emerged blooms may be struck down by a frost afterwards. The result in this case would be disaster for the states apple and blueberry crops, which are responsible for the generation of somewhere in advance of 413 million per year. Growers are hoping for a cold spell to keep the flowers back until the danger of frost has passed.

***Walnuts*—US: Growers may cease walnut supply to Diamond Foods**
Some Californian walnut growers have announced that they plan to cease supplying to Diamond Foods as a result of a controversy over payments that has led to the loss of high level jobs at the company. Six small walnut growers have stated they will stop supplying Diamond when their contracts expire because they say the company has been underpaying farmers. Three of those growers said they hoped to break their contracts early.

Diamond declined to comment on its relationship with growers. The company this week said it had to restate earnings for 2010 and 2011 after its audit committee found that it had improperly accounted for payments to walnut growers. Though this is only a fraction of the growers that supply to Diamond it could spark a wider exodus that would see Diamond struggle to fulfill its orders or to meet the demand for increased payment for produce.

Diamond is being investigated by the U.S. Securities and Exchange Commission and, according to the Wall Street Journal, U.S. prosecutors have launched a criminal probe. The maker of Emerald nuts, Kettle chips and Pop Secret popcorn this week placed Chief Executive Michael Mendes and Chief Financial Officer Steve Neil on administrative leave. Critics have said that Diamond delayed certain payments in orders to boost its earnings while it was negotiating to buy the Pringles potato chip business from Procter & Gamble Co, a deal which is now not expected. Diamond shares, which closed at $23.52 on Friday on the Nasdaq, have tumbled 76% from their high of $96.13 touched in September.

***Almonds*—US (CA): It's too blooming early for Fresno almond growers**
Almond trees throughout the Valley have begun blossoming early, which could be disadvantageous for crop levels. As it started warming up last week, some buds started coming out. Warmer weather was responsible for bringing the trees into bloom so early. And the late start to the Valley's rain season can slow down the budding process. If trees are in full bloom and if it continues to rain and it's cloudy and cold and the bees cannot come out, then it's a problem. It will affect pollination, sometimes significantly. Water from the recent storms can also pose a problem for budding flowers. Farmers have been waiting for the rain but too much over a long period of time can damage the crop.