Weekly Commodity Markets Review

From: Joe Schmidt Date: January 27, 2012

Ag commodities strengthened following the Fed's statements to keep interest rates low until the end of 2014 and that they were looking into the possibility of another round of QE. Additional support should come from the recovering U.S. economy and the perception that Greek government/private sector talks are back on track. Rallies will be limited by the fact that exports for the week came in below expectations and it appears that Argentina is getting the needed follow up rains over the next 1-2 weeks.

Consumer food prices rose by 4.7% during December from a year ago, equal to the highest rate of gain recorded since February 2009. At-home food prices are 6.0% higher than a year ago, while away from home prices continue to post a more benign 2.9% gain. While the largest gains recorded were for coffee (+19%) and fats/oils (+14%), it is becoming clear that the story for food inflation during 2012 will feature protein items. Consumer food prices are rising at the most rapid rate in nearly three years, and now the gain in consumer prices is approaching the rate of gain in the wholesale prices (PPI-Food +6.1% during December).

U.S. Q4 GDP was reported this morning at 2.8%, the fastest rate in 1½ years, but was below expectations. Talks have stalled with private bond holders over Greek bond coupon rate, which has raised the potential again for a messy Greek default. As a result, the Euro is weakening and U.S. dollar is strengthening. However, this morning new concerns are being raised about Portugal—they may be getting ready to default for the second time.

A key price driver during 2012 will be the allocation of planted acreage among major crops – and thus how much of each crop will be produced. The U.S.D.A. will give a subjective projection of 2012 acreage on February 24 (at the U.S.D.A. Outlook Forum), and U.S.D.A. NASS will release a survey-based estimate of 2012 acreage planted on March 31.

A broader question is how many acres are "needed" in total (4 major crops) for the coming year. An initial analysis suggests 2012 will be a year of excess acreage – 12 MM more acres than are needed to meet demand, which compares to a range of a surplus of 4 mm in 2010 to a deficit of 10 mm during 2006. The needed acreage for each crop is based upon U.S.D.A.'s initial (May) estimate of total demand for that crop year, and from that the planted acreage (with trend yields and normal abandonment) is calculated. The importance of this is that expectations going into the 2012 planting season are that we will not only have enough acreage to meet demand; we will have a sizable surplus. The assessment of "needed" acreage will be recalibrated after U.S.D.A. publishes their supply/demand figures for 2012/2013 on February 24, but the verdict that we will going into the growing season with more acreage than is needed. Plenty can go wrong in the coming year with this bearish scenario – sizable unplanted acres, below trend yields, larger than expected demand. And we are moving through 2011/2012 with minimal stocks of corn, so some stock rebuilding is necessary. However the estimated surplus of 12.6 mm acres is hard to overlook. From a risk management point of view, the lack of an acreage battle means that the environment for the coming months has more downside risks for prices than upside risks.

Traditional fundamental drivers (weather, demand developments, government policy) have been the headline drivers. However the influence of external drivers (such as value of the U.S. dollar and crude oil prices) is playing a greater role in determining price levels and increasing market volatility.

On Monday, the EU slapped trade sanctions on Iran. Reuters reports that EU banks have stopped financing grain trade with Iran. Six panamax vessels and three handy-size bulk carriers loaded with grains are sitting offshore and unable to unload. Iran's annual grain imports total 4.5 million tons, including 3.5 million of corn. Ukrainian corn shipments are also being impacted. A sharp decline in Iran's currency due to Western sanctions is adding to Iran's financing problems. "The Iran trade is in chaos with devaluations, and payment difficulties are causing ships to be delayed. It is hard to guess the numbers, but delays of up to 60 days are being talked about," a European trader said.

Flour Markets:

Wheat futures closed slightly lower on Friday after closing up for the 6th day yesterday—although all wheat markets were higher for the week—and basis levels have relaxed some as mild weather continues to allow rail shipments to move smoothly. Wheat futures closed higher at all three exchanges for the week. Chicago was the firmest, with expanded position limits allowing large spec traders to accumulate more positions in the liquid Chicago market. Global supply concerns were raised when Russian officials indicated they may limit their exports to ensure adequate domestic wheat supplies. Later rumors they may impose export tax, possibly as early as March 1st, added to concerns over adequate wheat supply. Rumors out of Russia have the Russian government limiting grains exports once exports reach 23-25 MMT, by imposing protective duties (sometime this spring). An U.S.D.A. attaché report released Tuesday said Russian grain exports are expected to slow dramatically from now through June. Barring a severe, unforeseeable, weather event, world supplies are adequate, limiting the effect of these concerns on the market. Weakness in the dollar after interest rates were unchanged supported most commodity prices. Texas winter wheat crop condition is declining and other winter wheat growing areas could use more moisture. The Texas state crop condition report put 23% of the crop in good or excellent condition, and 40% at either poor or very poor. Wheat markets are starting to sell off on weaker corn market. Cash wheat supplies are tight, so cash markets are firming which is supportive to futures.

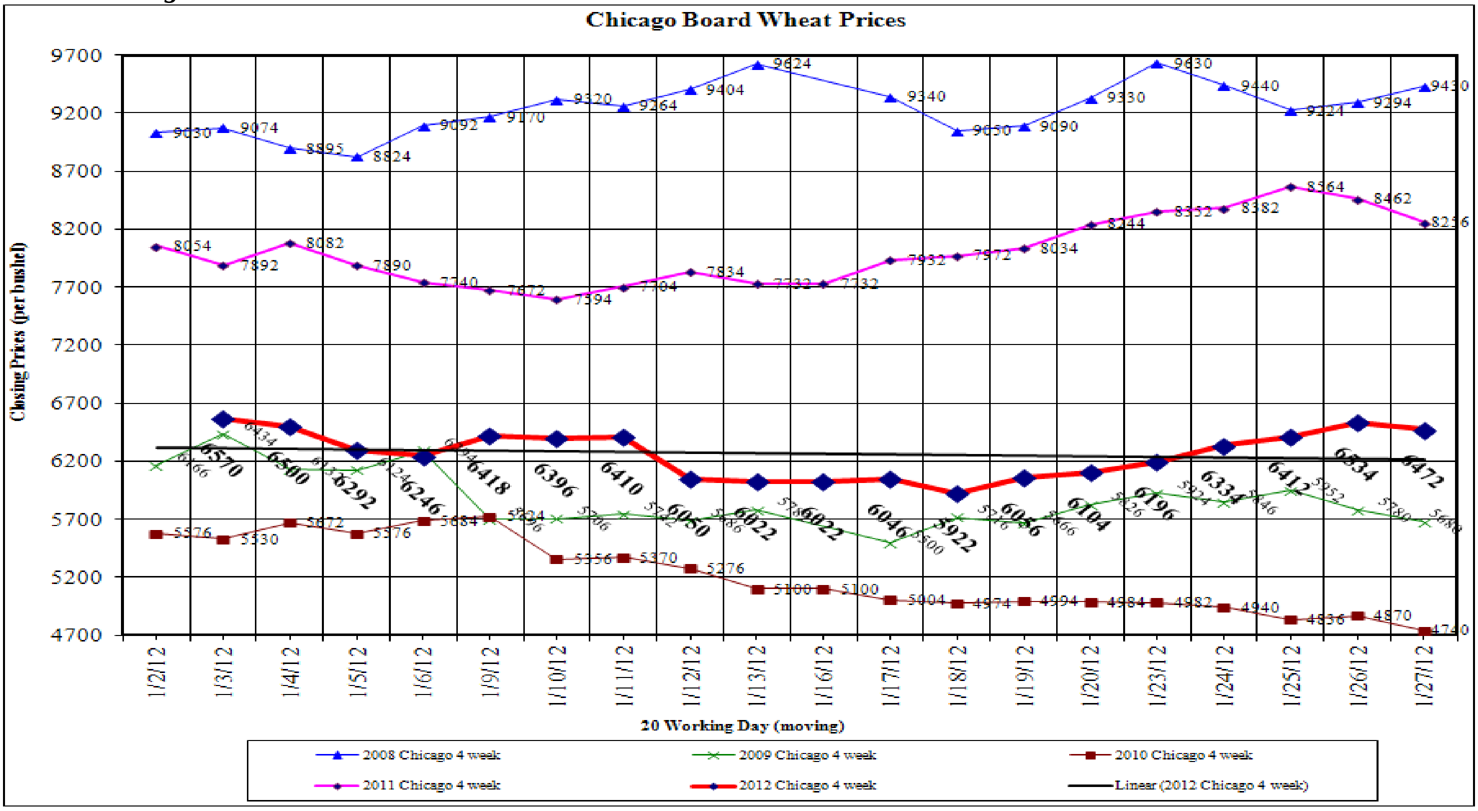
Weekly wheat exports were 604,700 MT for 2011/2012 marketing year and 14,000 MT for 2012/2013 marketing year in reports released this morning. The U.S.D.A. export inspections were disappointing at 17.106 million bushels. That was up from 13.4 million last week, but compares to 25.027 million a year ago. Year to date shipments are 93.6 million bushels below year ago.

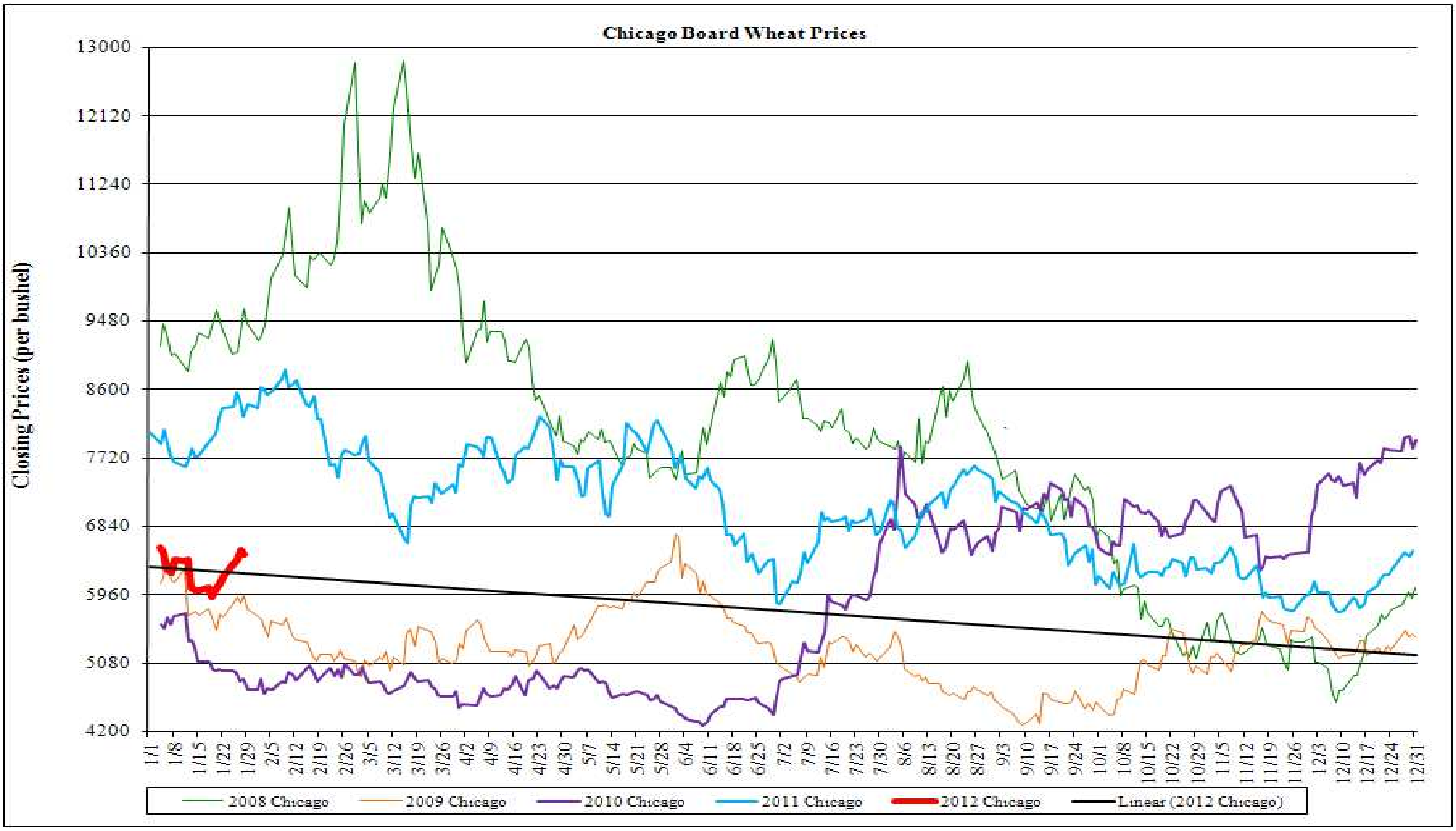
Wheat stocks at select export elevators and terminals were up 3.7 million bushels from the previous week. Russia was expected to show much slower exports for the balance of the marketing year due to tighter supplies, logistical issues and possible tariffs when sales hit the max the government wants for the year. Cumulative exports for 2011/2012 marketing year are about 85 million bushels lower than last year for HRW wheat, 30 million lower than last year for SRW and 34 million bushels lower for HRW wheat than the previous year.

Support in Chicago March wheat is seen at $5.80, then $5.65, with resistance at $6.50-6.70. March Kansas City wheat futures continue to trade in a narrow range between $6.60-$7.20. Support in Minneapolis is seen at $7.75, then $7.50. New crop prices are higher for SRW and HRW than they are for old crop on concerns that corn and soybeans will take acres from wheat this spring.

There is no cold threat for the U.S. crop over the next ten days. Much of Ukraine and western Russia have adequate snow coverage to counter threat from bitter cold temperatures arriving this weekend. Russia (and/or Ukraine) is unlikely to slap on export controls anytime soon, as speculated earlier.

a. Chicago Board Wheat Prices

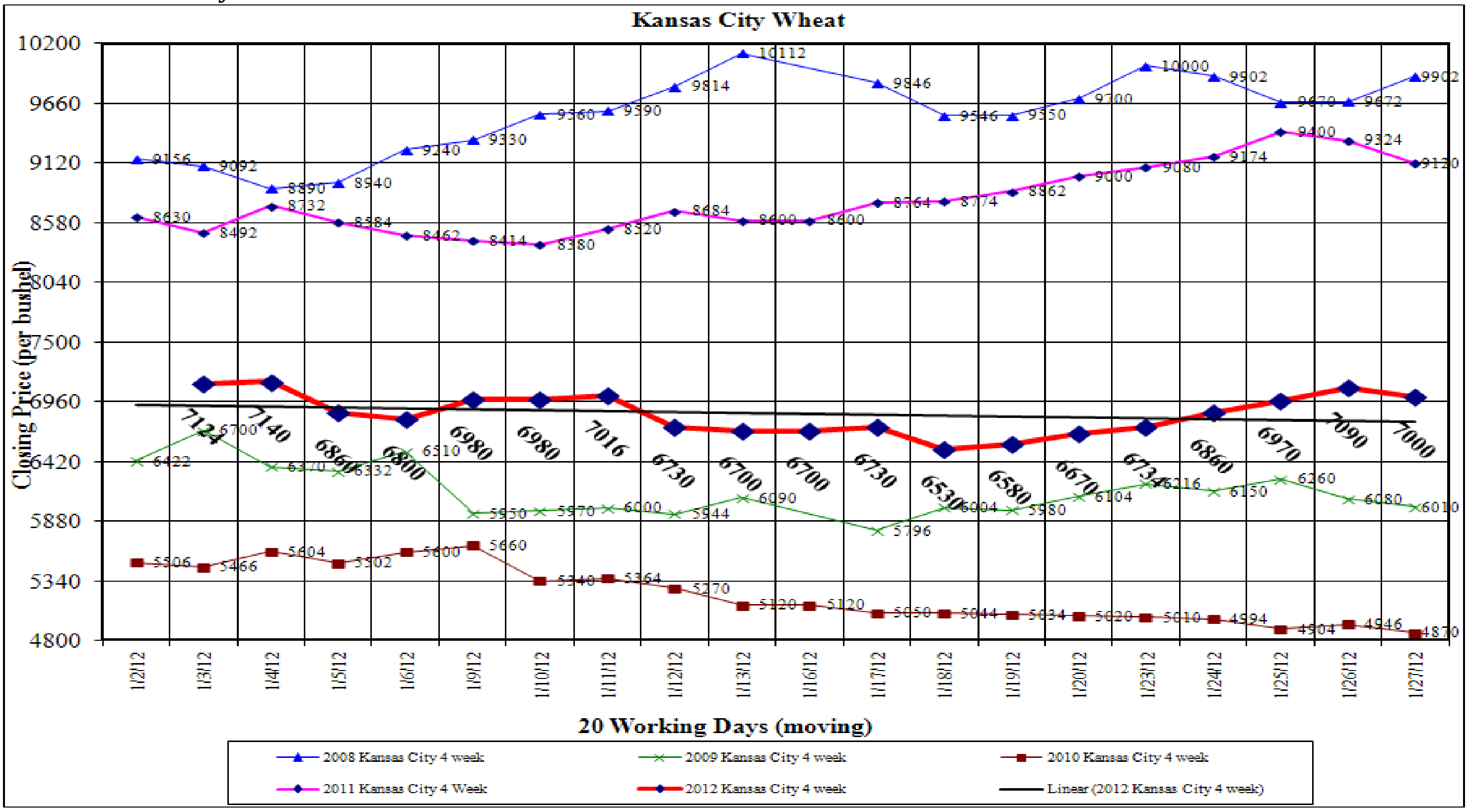


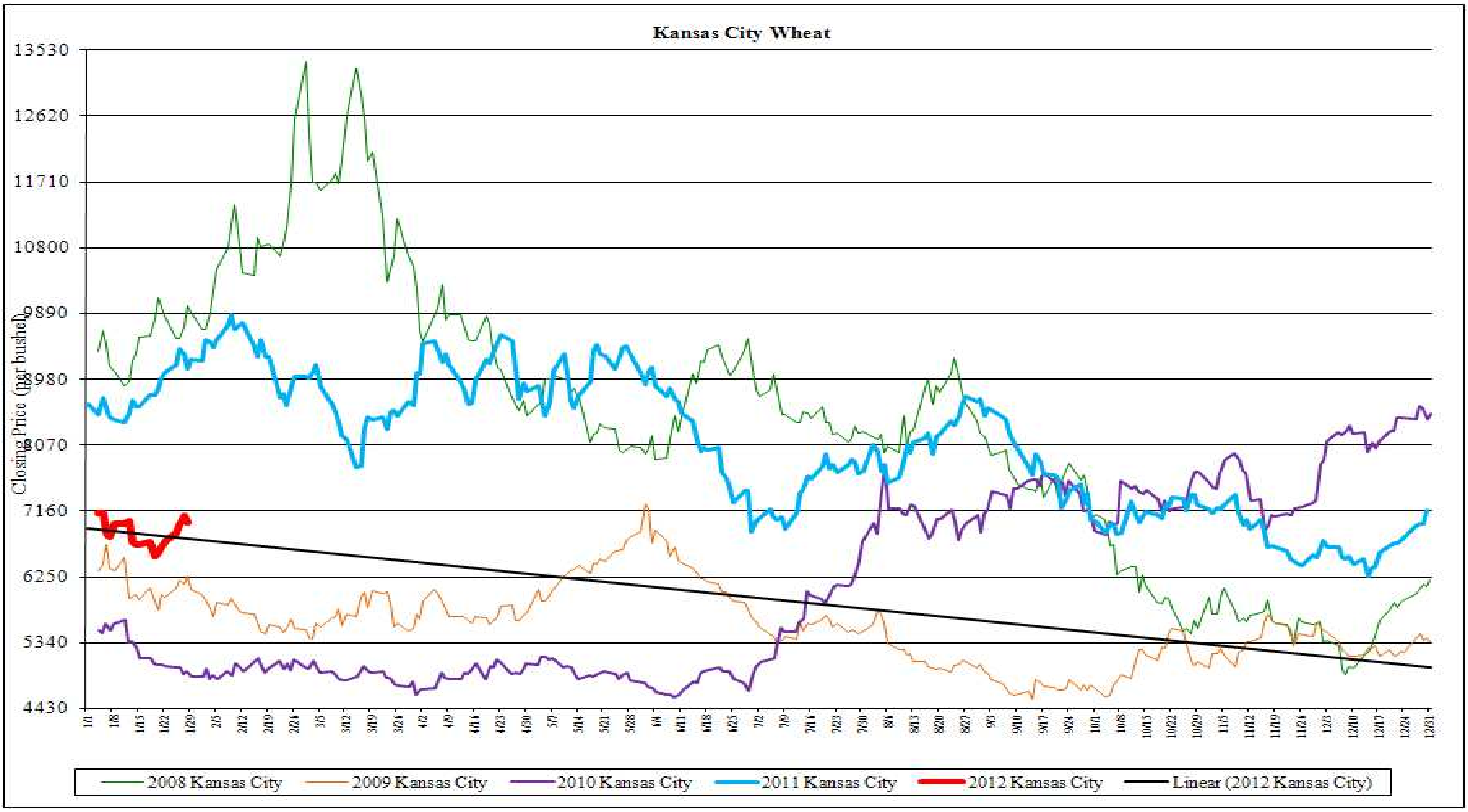


The Chicago Board chart above shows the price activity for the last 20 working days (one full period). Flour made from the wheat traded on this board includes **CAKE AND PASTRY** flours.

Cake and Pastry flour closed up $0.85/cwt from last Friday's close.

b. Kansas City Board Wheat Prices

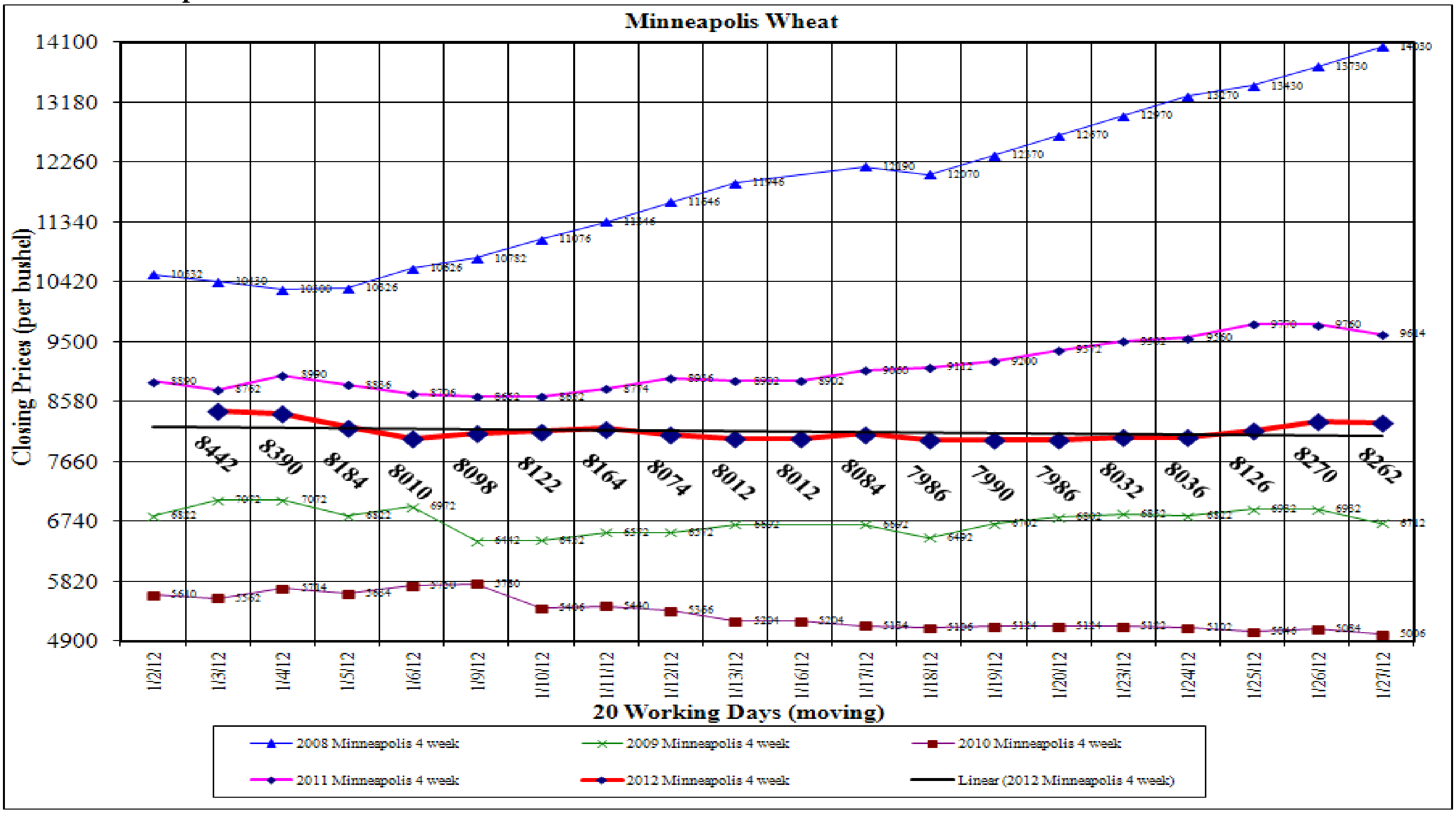


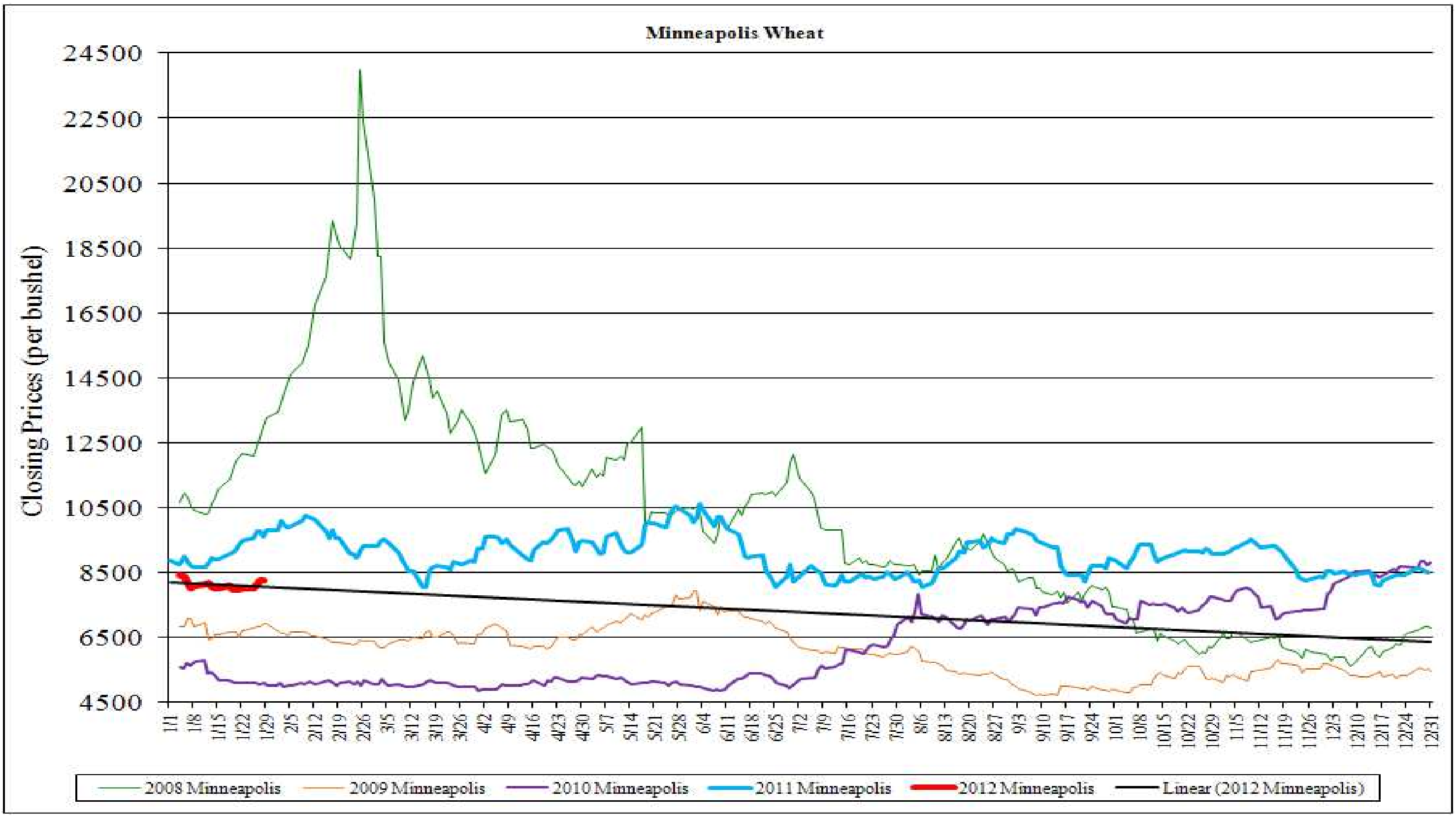


Kansas City Wheat is used to make **Hard Red Winter Patent flours (white pan bread) and H&R flours.**

Hard Red Winter wheat flour closed up $0.76/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 $0.63/cwt. off last Friday's close.

Shortening Market:
Markets continue to be very quiet as we are moving into the typical winter doldrums - finishing up crop development in South America - too early to talk about planting in U.S. - quiet export markets - just over all quiet. This does not mean that we have quiet futures markets though as funds and outside markets continue to sway markets.

Soybean futures were stronger this week, added to the gains accumulated last week. A weak U.S. dollar index, sharply higher soybean meal and soybean oil prices and lighter than expected rainfall in South America contributed to the rally. Bean export sales number was much lower (almost half) of what trade had expected and almost 80% of those sales went to China. So export demand is remaining relatively weak, although things are tightening now in South America and this might give U.S. a chance at getting back in. U.S.D.A. weekly export sales for the week ending January 19th were 466,300 MT for 2011/2012 marketing year and 126,000 MT for the 2012/2013 marketing year with the combined total below trade estimates of 700 to 850 thousand MT. Inspections lag year ago by 260 million bushels. The pattern is similar to 2008/2009, and we are 43 million bushels ahead of 2008/2009 to date.

Soybean stocks at select export elevators and terminals tracked by U.S.D.A. were down 1.357 million bushels from the previous week. U.S. export sales although behind the past two years for this time of year are still above the five year average. Soybean shipments to Europe are substantially behind previous years. U.S. cash basis levels are higher at processors and river terminals in the Midwest.

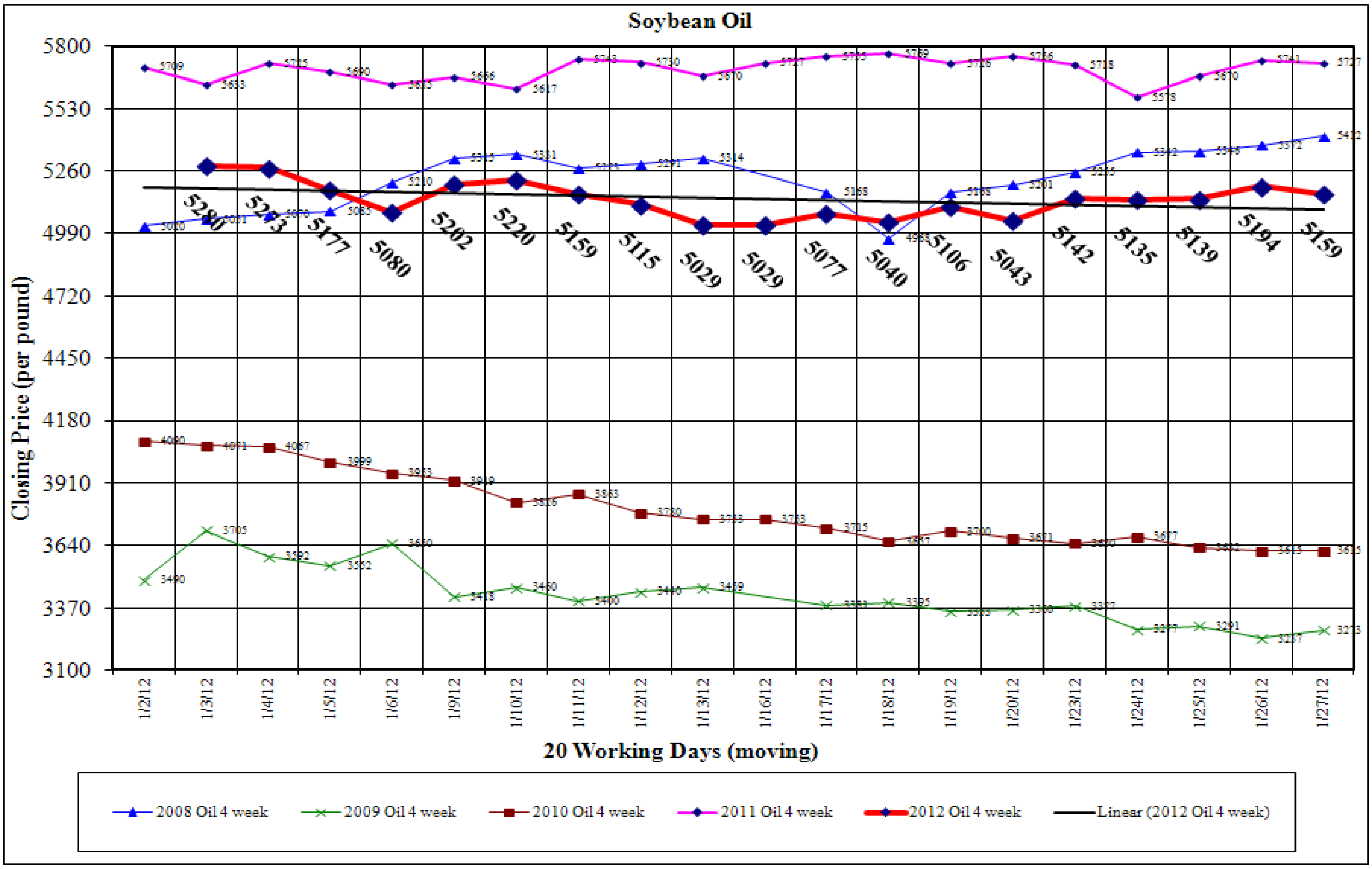
Thailand bought new-crop Brazil soybean meal (they normally buy it from Argentina). Offshore values are leading the products lower. Argentina is wetter during the Sunday-Friday period, bias north. Southern Brazil will continue to see net drying until rains later next week exit Argentina. Weather forecasts for southern Brazil and Argentina are dry until late this weekend. Parts of Argentina remain dry and there was a general consensus that rains last weekend's rains were disappointing.

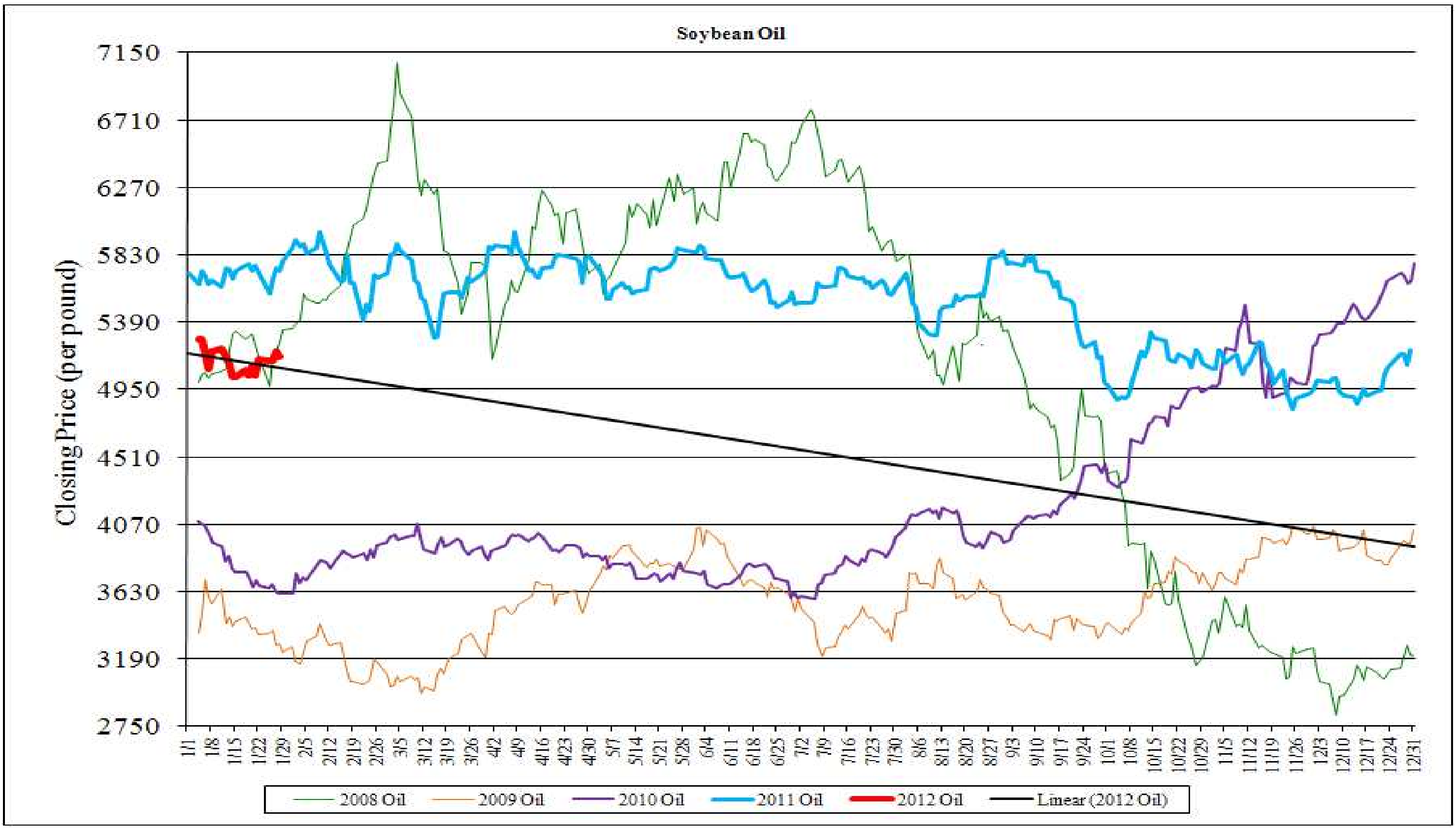
For the most part, the rains in January have been timely for the crop but will need to continue to keep the crop from further deterioration. Rio Grande Do Sol, the most southern state in Brazil and a major soybean producer did not receive any rain on this last go around---a concern. Rains are forecast for late this weekend and into early next week. Of late, soybean and soybean meal futures have looked technically stronger than soybean oil—bull spreading of meal/oil has kept a lid on soybean oil futures heading higher. In addition, strong corn and wheat have helped support the soybean complex. **Oil World** lowered their estimate of the Argentine crop 1.5 MMT to 48.5 MMT, but surprisingly increased their estimate of the Brazilian crop 1.0 MMT to 72.0 MMT.

China has suspended imports of Indian soybean meal and rapeseed meal due to contamination. Indonesia has announced that the export tax on palm oil from that country in February will rise 1.5% to 16.55%, making palm oil more expensive to the buyer.

Soybean outlook: Expect a near term support at around $11.65, then $11.20, basis the March, with upside at $12.50-$12.75, depending on South American weather and Chinese demand. Basis the nearby rolling Chicago futures contract, estimate the 2011-2012 crop-year average will end up around $10.50, with a low/high range of $9.00-$14.46 (already established).
Soybean oil March outlook: Soybean oil is expected to trade in a $0.485-$0.555 range. Initial support is seen at $0.49. Soybean oil futures look very comfortable trading in a range between $0.50-$0.52, while the broader trading range is $0.485-$0.555 (all basis March futures). Buyers should look at setbacks in the oil market as a buying opportunity to finish up pricing your Q1 needs and adding to ownership in the Q2 and Q3 periods—at least oil futures board. Better basis buys opportunities should present themselves in mid/late February.

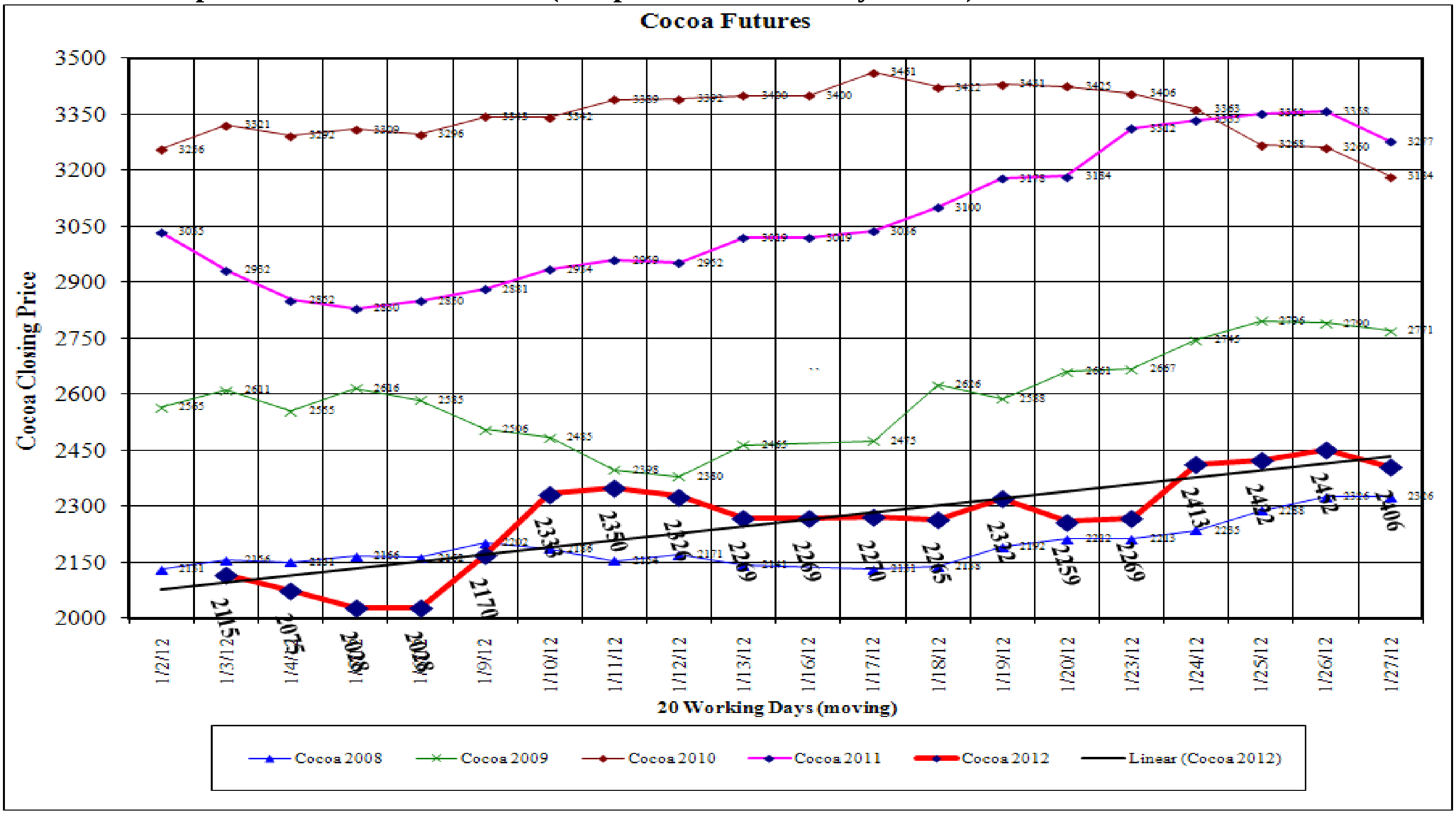
Shortening closed up $0.63/50# cube ($0.44/35# pail of oil, $0.0126/lb. for bulk oil) for the week.

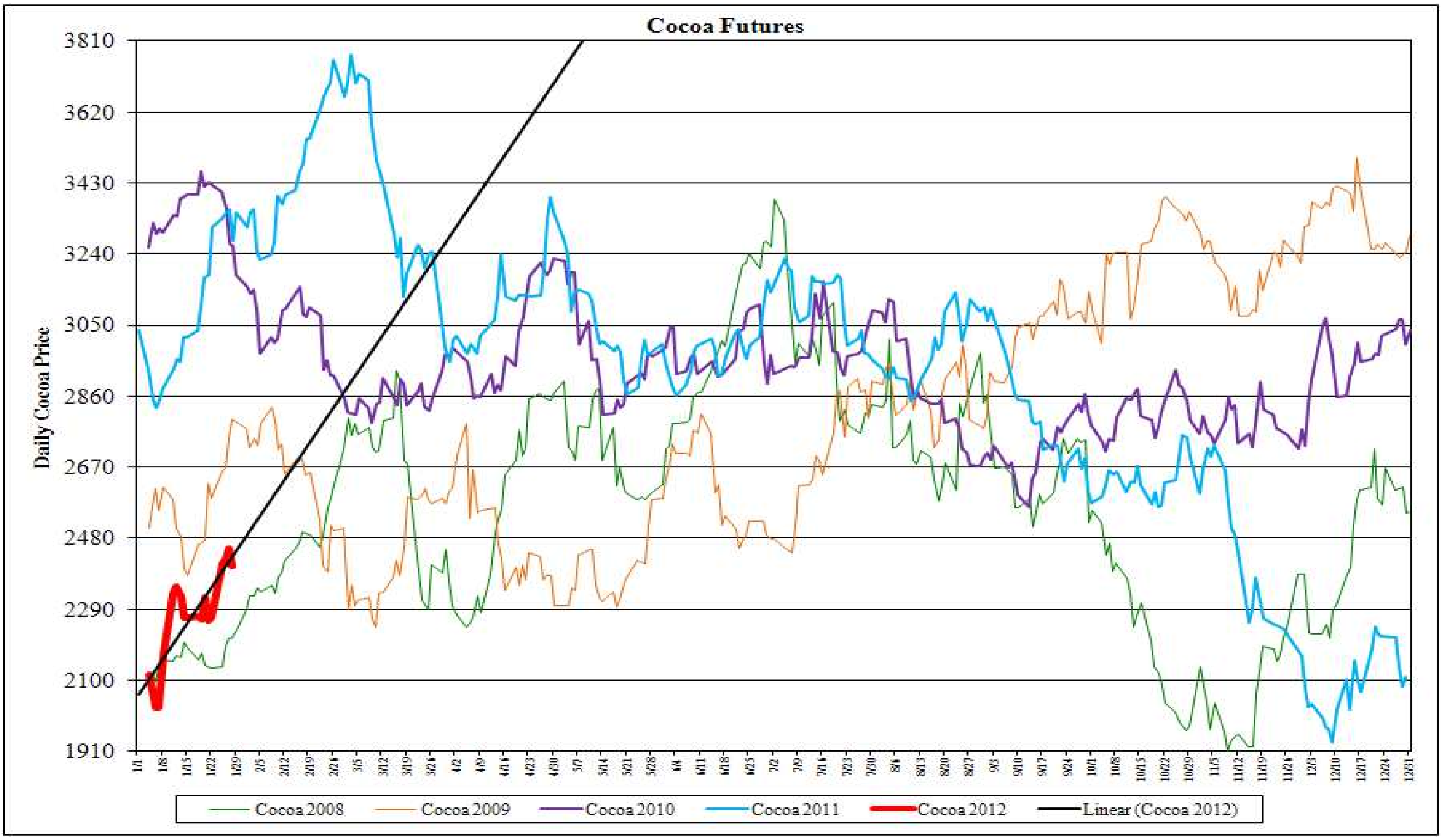

Soybean Oil
Closing Price (per pound)
20 Working Days (moving)
2008 Oil 4 week
2009 Oil 4 week
2010 Oil 4 week
2011 Oil 4 week
2012 Oil 4 week
Linear (2012 Oil 4 week)


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

Cocoa Market:

Cocoa closed up $147.00/ton for the week (compared to last Friday's close).

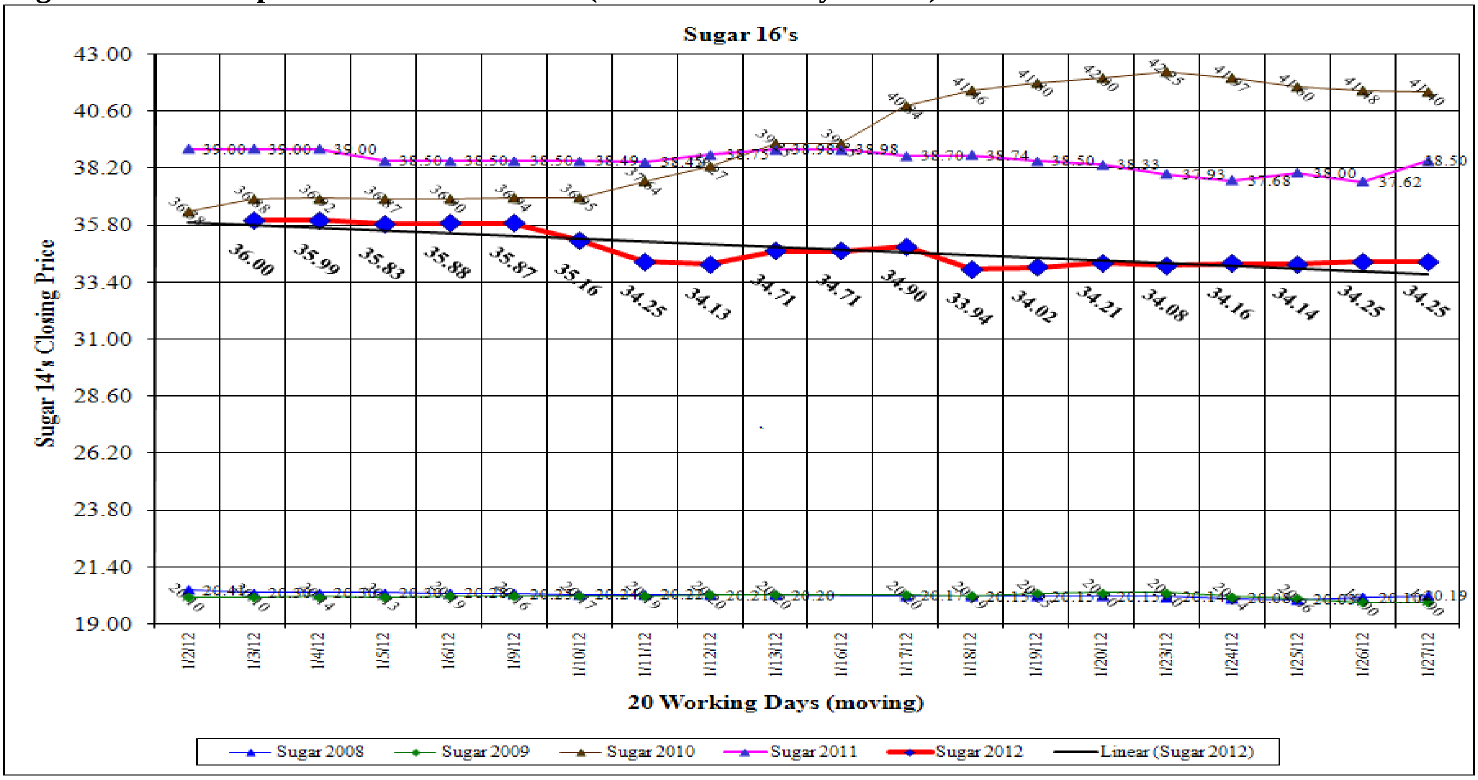


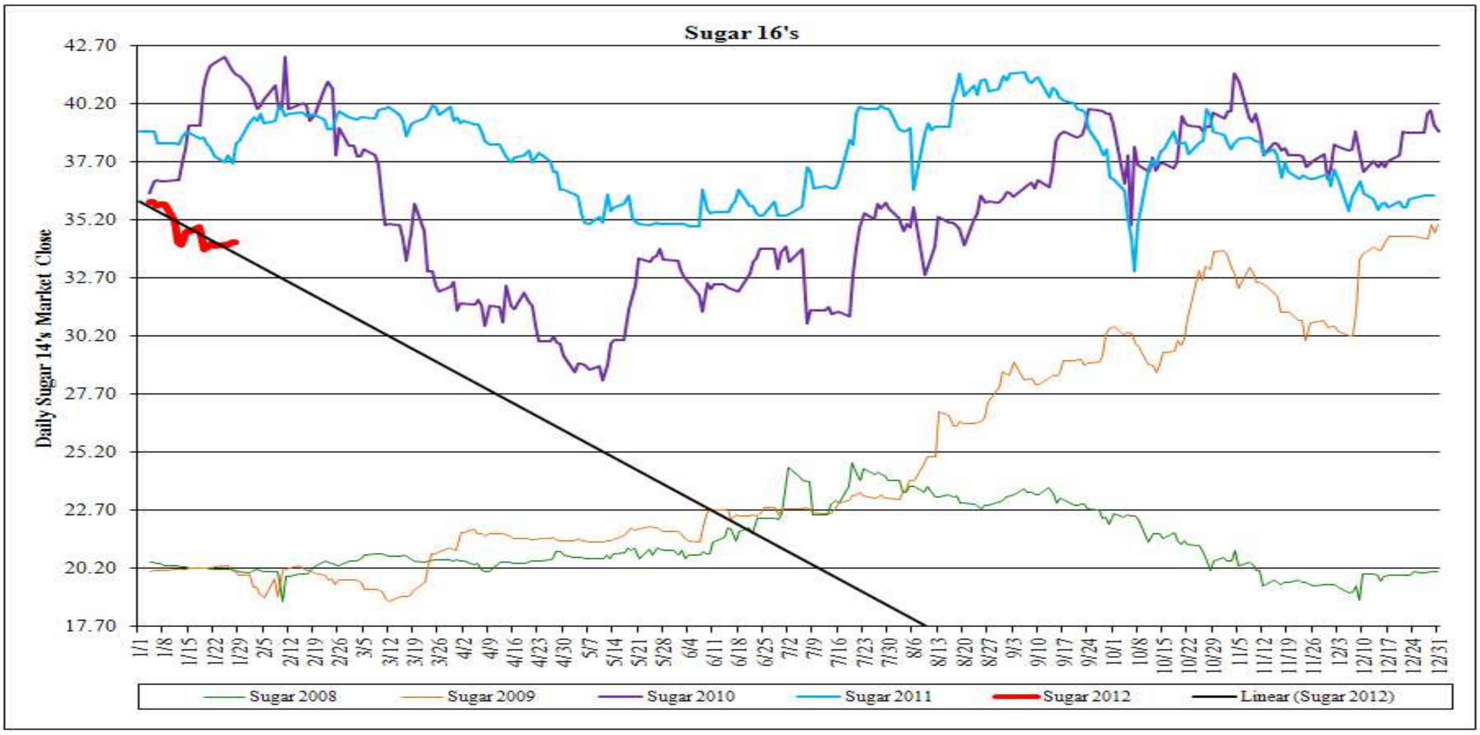


Sugar Market

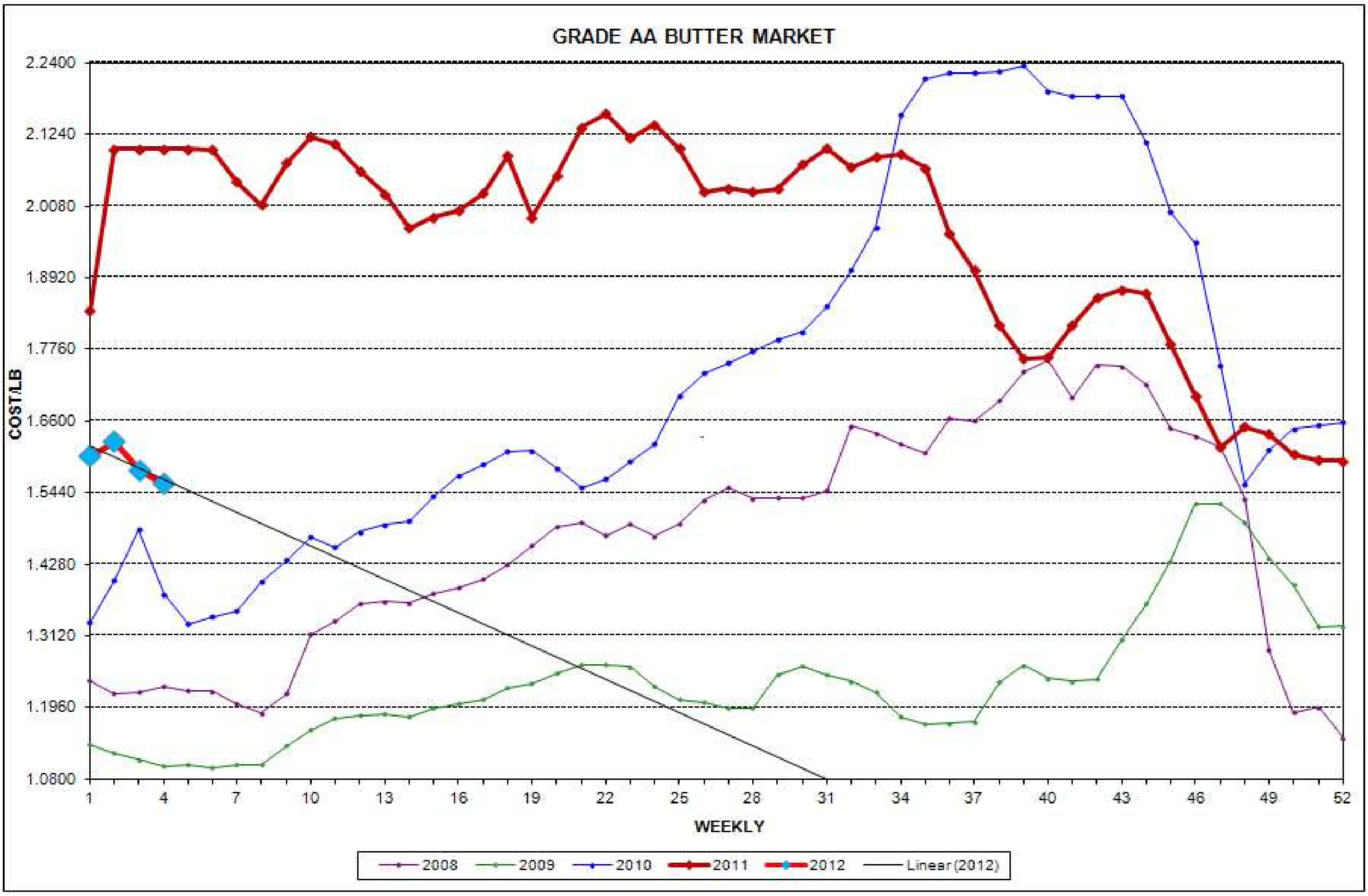
#11 sugar futures are following other commodity markets lower on renewed concerns about Greek debt default. Sugar supplies in the Central America and the U.S. are tightening up. Trade is now seeing world sugar surplus halved from previous estimates. American Crystal Sugar continues to operate with replacement workers. Imperial sugar has offering lower priced sugar into the marketplace at the same time they are continuing to have production issues at their Savannah, GA refinery. U.S. supplies of the sugar are going to get extremely tight by Q3; there is already market chatter about tight supplies here and in Mexico. U.S. sugar balance sheet is supportive to prices; look for domestic prices to firm.

Sugar 16's closed up $0.04/cwt for the week (versus last Friday's close).





Butter Dairy Market



Score AA butter closed down $0.005/lb on Friday, ending the week at 1.55/lb. The weekly average is $1.558/lb. down $0.022/lb from last week's average.

A. Butter Market

The butter price continues to ease and settled at $1.5500 at week's end. This cash price is the lowest since December 2010. Churning activity across the country is strong as cream supplies are plentiful and clearing from one region to another to find processing capacity. Butter producers are gearing up production schedules and often, churns are running at capacity levels. With churning as active as it is, production is greatly surpassing demand, thus clearances to inventory are heavy. Butter demand is fair at best as many buyers are hesitant to procure too heavily in a down price cycle. According to the NASS Cold Storage report, stocks of butter as of December 31, 2011, total 105.2 million pounds, +29% or 23.5 million pounds more than December of last year. Stocks were 12% higher or 11.7 million pounds more than November 2011. According to the FAS, quota imports of butter for January-December 2011 total 9.9 million pounds, 36.5% more than the same period in 2010. Imports for 2011 account for 64.3% of the total quota for 2011. Imports of High-Tier butter (above quota and with a penalty) are 0.7 million pounds, 105.0% above the comparable 12 month period last year.

B. Dairy Powders

Central Nonfat dry milk prices moved lower this week. NDM prices in the East moved marginally lower. In the West, NDM prices are lower with a weaker market tone. Dry buttermilk prices are unchanged in all regions. The Central buttermilk market is picking up weakening signals from the NDM market. Eastern dry buttermilk production remains active. The Western dry buttermilk market tone is unsettled to weak. Dry whole milk prices are lower. Central dry whey prices are steady with increasing spot load availability. Northeast dry whey prices continued to move higher. Western dry whey prices are fractionally higher with limited spot sales. Whey protein concentrate 34% prices are unchanged. Lactose prices are unchanged on the mostly price series. Casein prices and markets are generally steady.

Eggs

Retail demand is reported in a range from fairly good to good this week. Buyers are growingly more comfortable taking on supplies now that market has been settled for an extended period of time. This has presented the opportunity to feature at attractive levels, and several participants are reporting ads in place this week. More have promotions scheduled through the beginning of February, as retailers look to take advantage of current pricing.

Supplies of all sizes are adequate for current need, and most are describing the ability to get what they need with minimal setback. Completed transactions are therefore limited, due to the majority's ability to fill orders with supplies on hand.

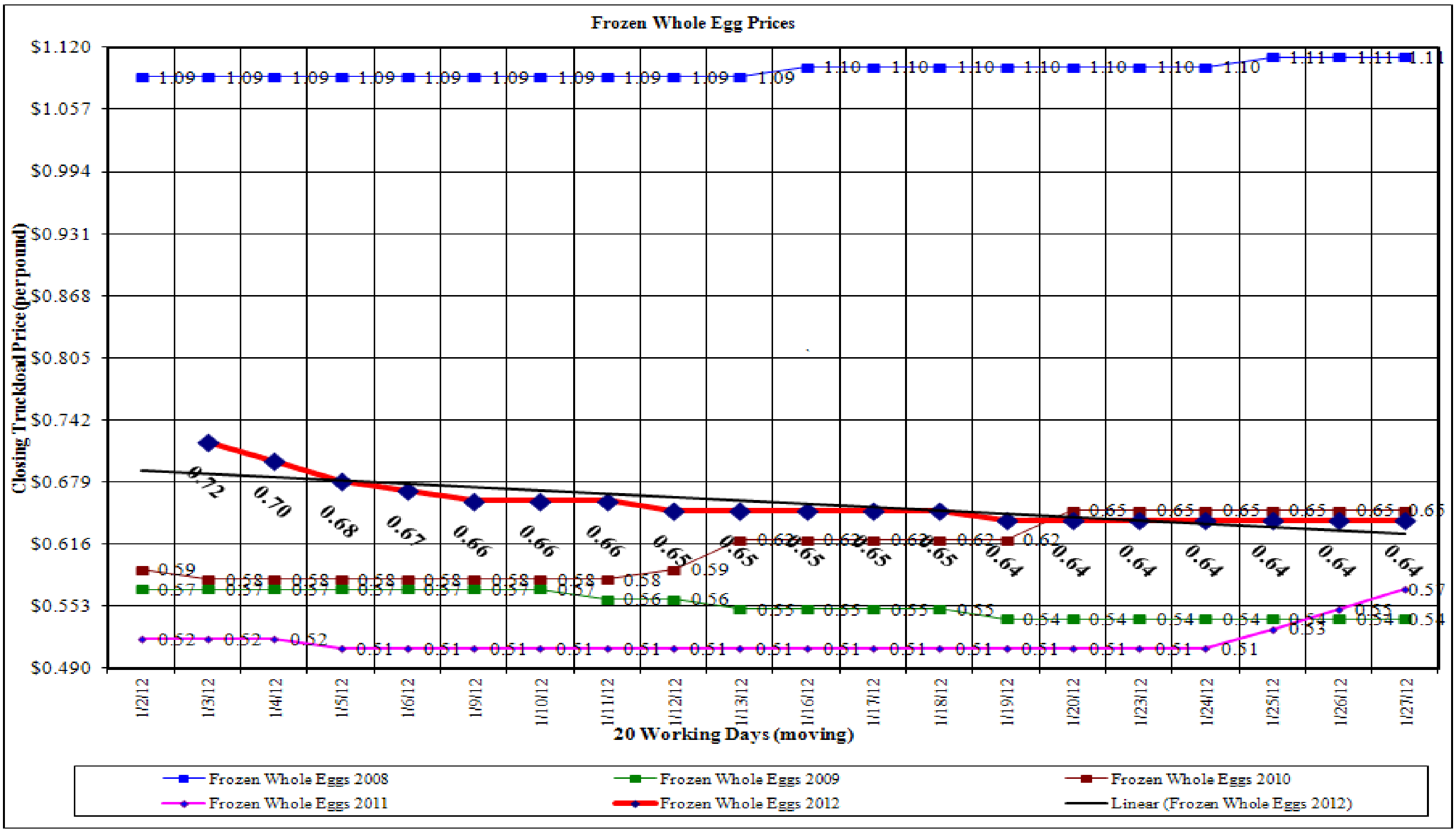
The national shell egg inventory was reported by the U.S.D.A. to be 1,016.3 thousand cases, representing a decrease of 7.4% from last week's figure, but up 19.3% from the same week last year. Breaking inventory has also declined by 3.6% this week, totaling 279.6 thousand cases. The total shell egg inventory is 1,295.9 thousand cases, down 6.6% from the past week's total. Inventories continue to decline as a combination of seasonal flock adjustments and increased call from the retail sector has begun to balance supplies. Most are still able to fill the needs of their customers with floor stocks on hand, but sellers in the spot market are attempting to hold asking prices at current levels. Feature activity is expected to increase over the next few weeks and many are hopeful that buyers will begin to take a stronger inventory position. The market is steady here, especially as this is the last week of the month, typically the slowest period in terms of demand. Broiler egg sets were at 95% for the week and chick placements were 96% in line with recent trends.

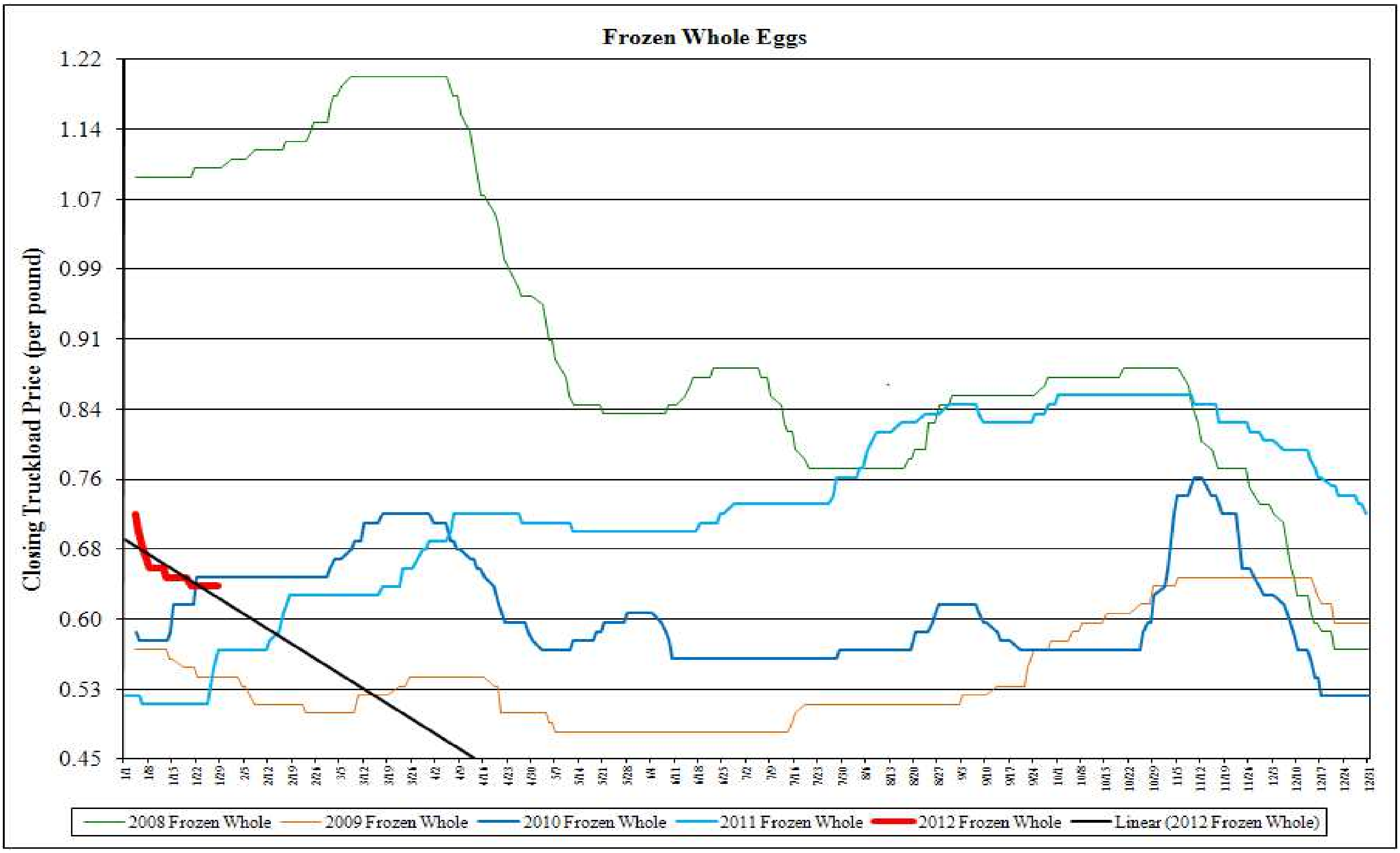
December table egg prices reached their highest level since early 2008, but January prices have been down over 20% from those highs. The January 1st table egg supply flock was a little more than a half percent lower than January 2011. Egg-type layers were down 2.15% YOY; egg-type eggs produced were up 5% YOY. Egg-type eggs in incubators were virtually flat YOY, while Egg-type chicks hatched were down 3% YOY. The laying flock and other "pipeline" indicators continue to show that the industry is poised to be adaptable to the margin environment through 2012.

Table egg production during October (on a 30-day basis) was up 0.6% YOY. Large egg prices are forecast to move lower into February, and 2012 large egg prices are now projected to be lower by 6%, on average, compared to 2011. This is a reversal from previous months, but the price break seen in January, coupled with significantly lower projected feed costs makes the case for lower overall prices. Breaking stock is forecast to move generally sideways through Q1 2012; the average breaking stock price for 2012 is $0.56/dozen ($0.43/lb), down 14% from 2011.

The egg products markets have been relatively quiet this week. Previous buying interest of liquid whole egg seems to have subsided. The frozen and dried complexes are inactive. Sellers here are open to negotiation, especially in the frozen complex, but most contracts have already been signed through the first half of the year.

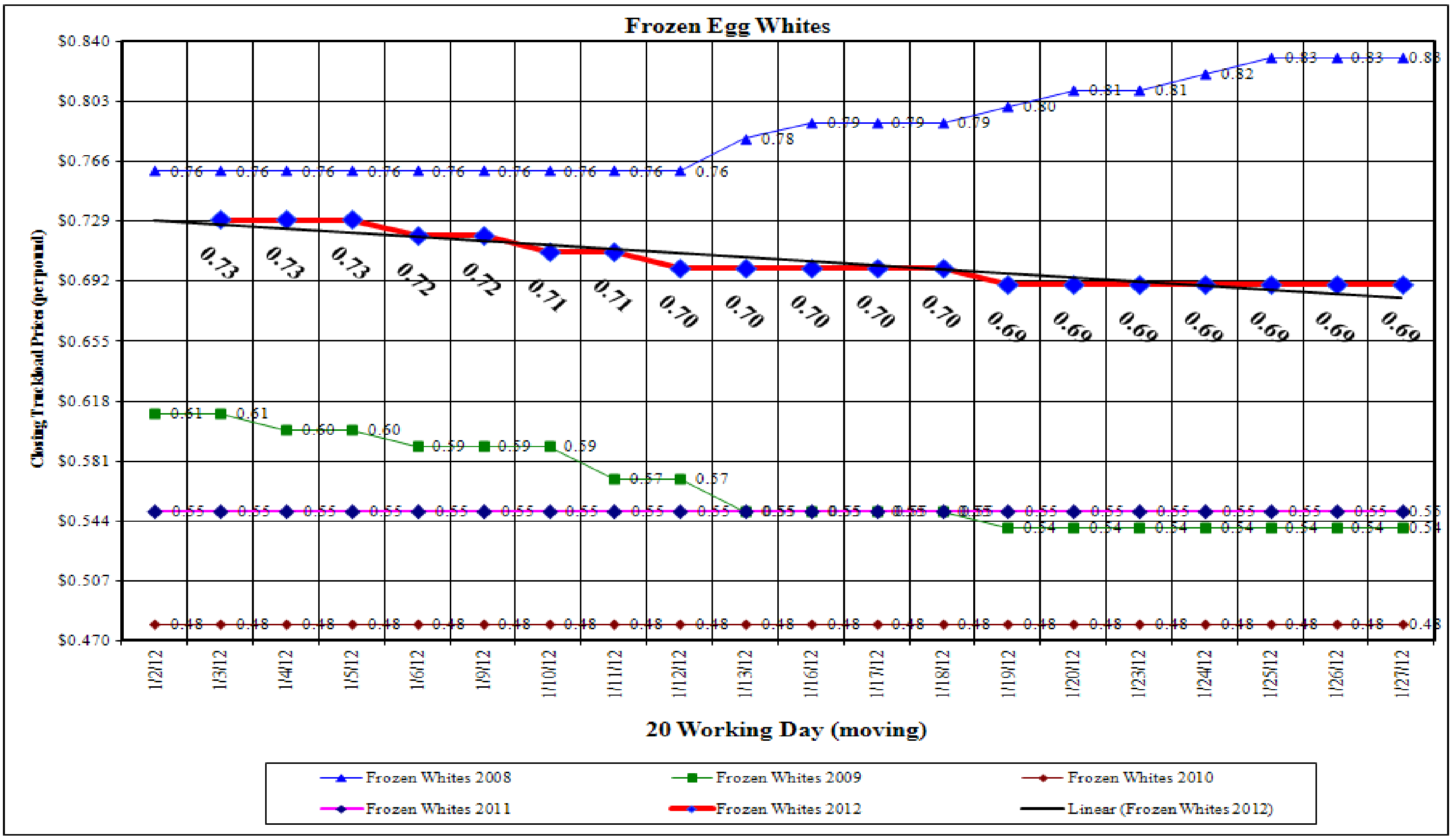
a. Frozen Wholes

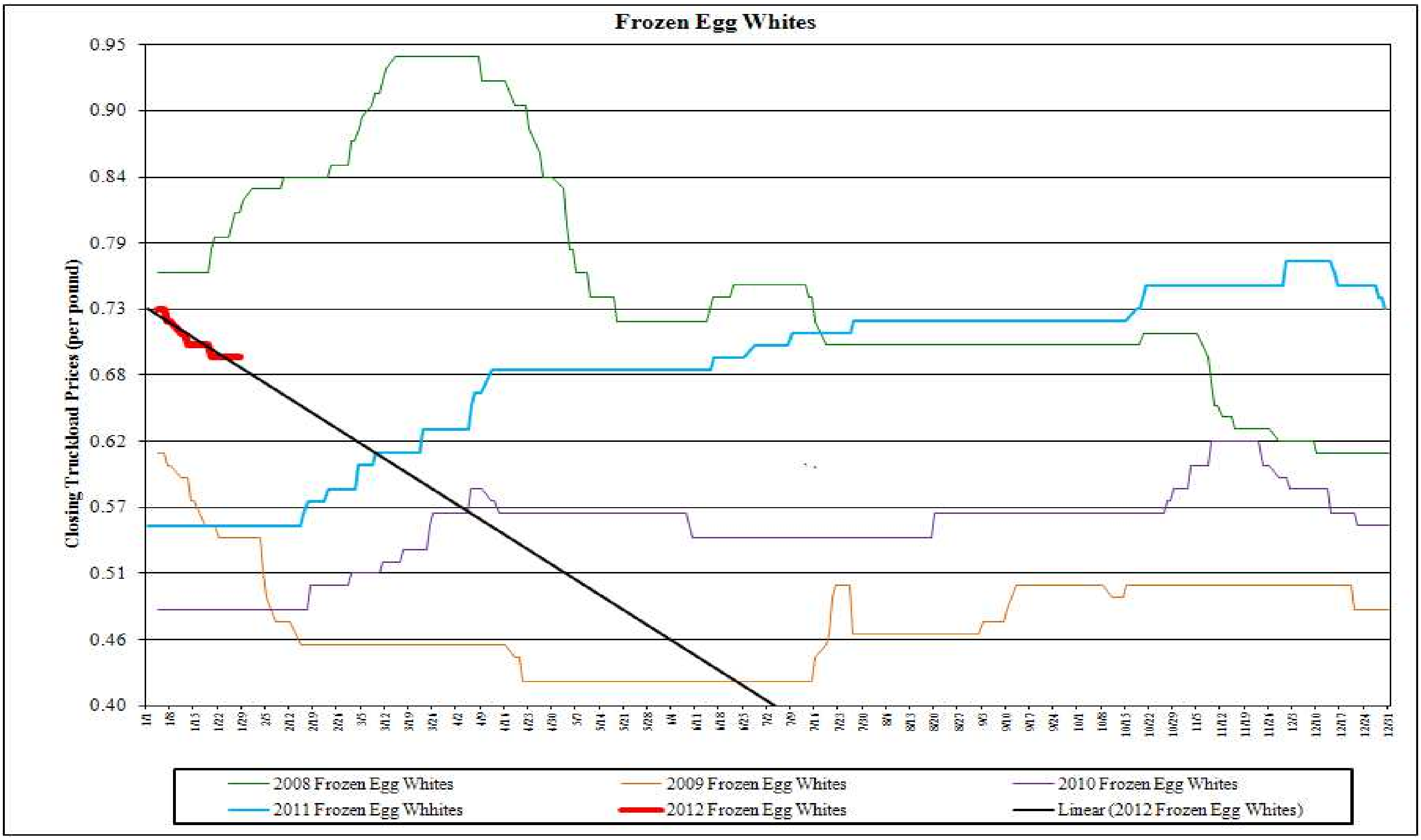




Frozen Whole Eggs closed "no change" for the week (compared to last Friday's close).

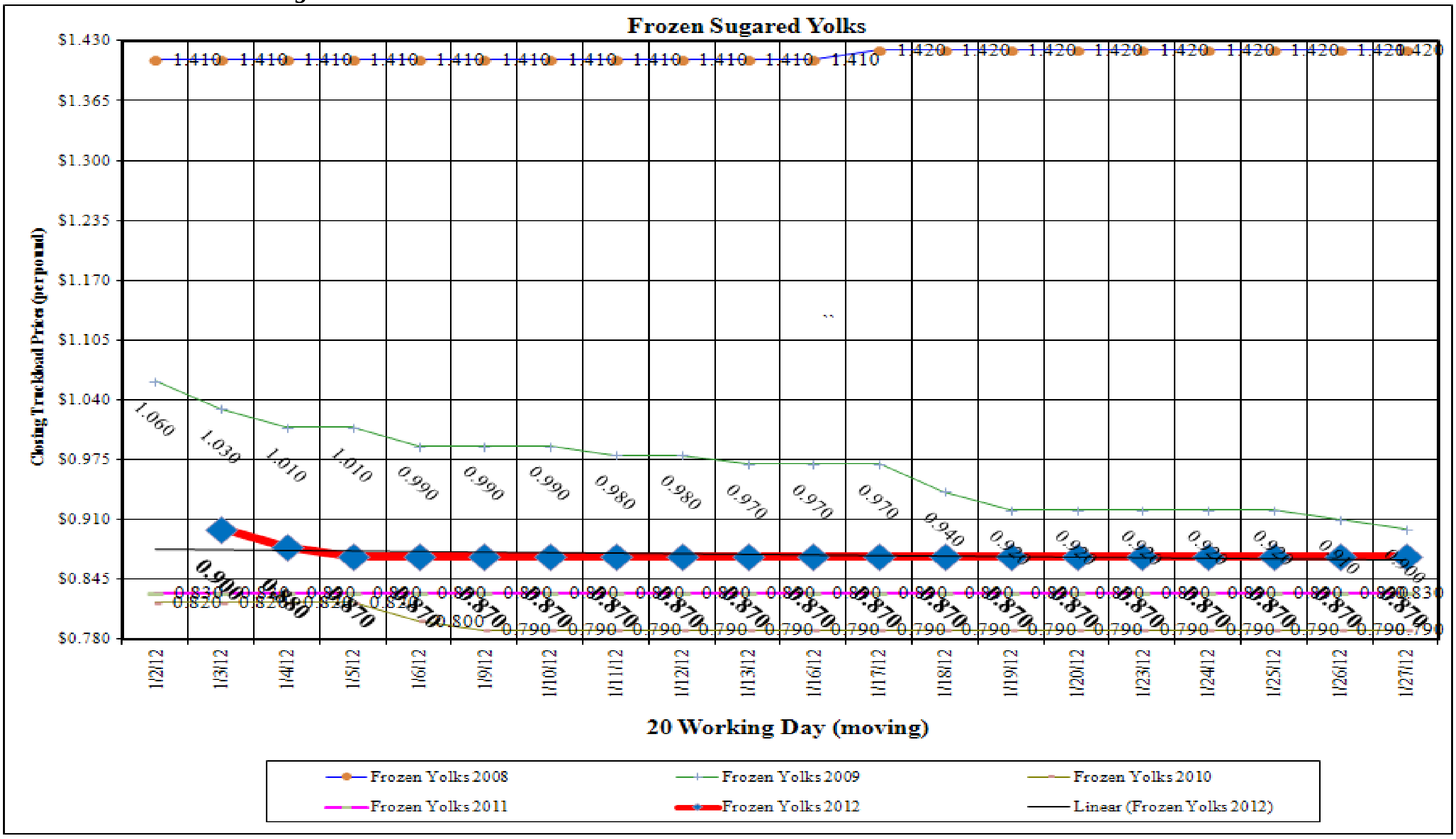
b. Frozen White

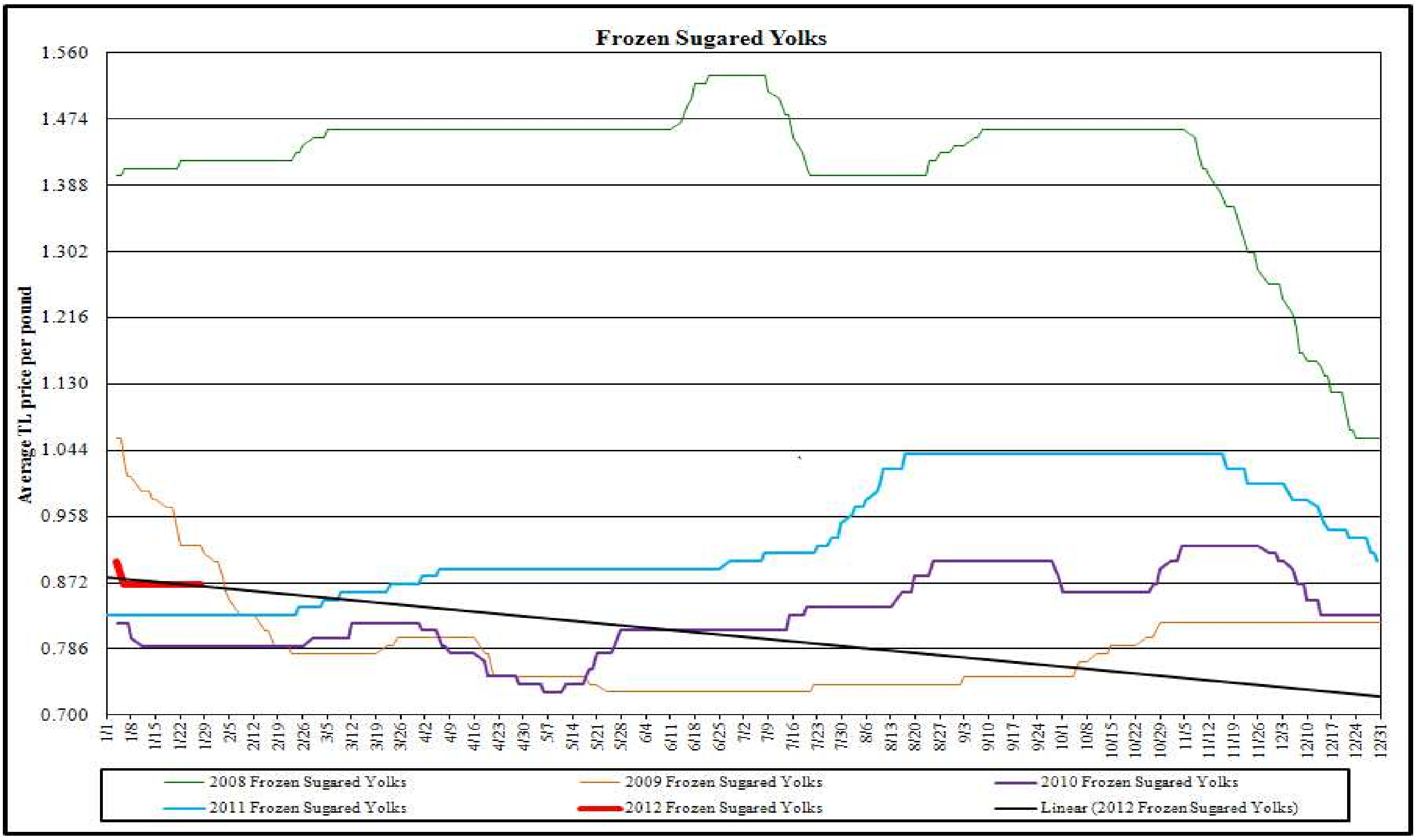




Frozen Egg Whites closed "no change" for the week (compared to last Friday's close).

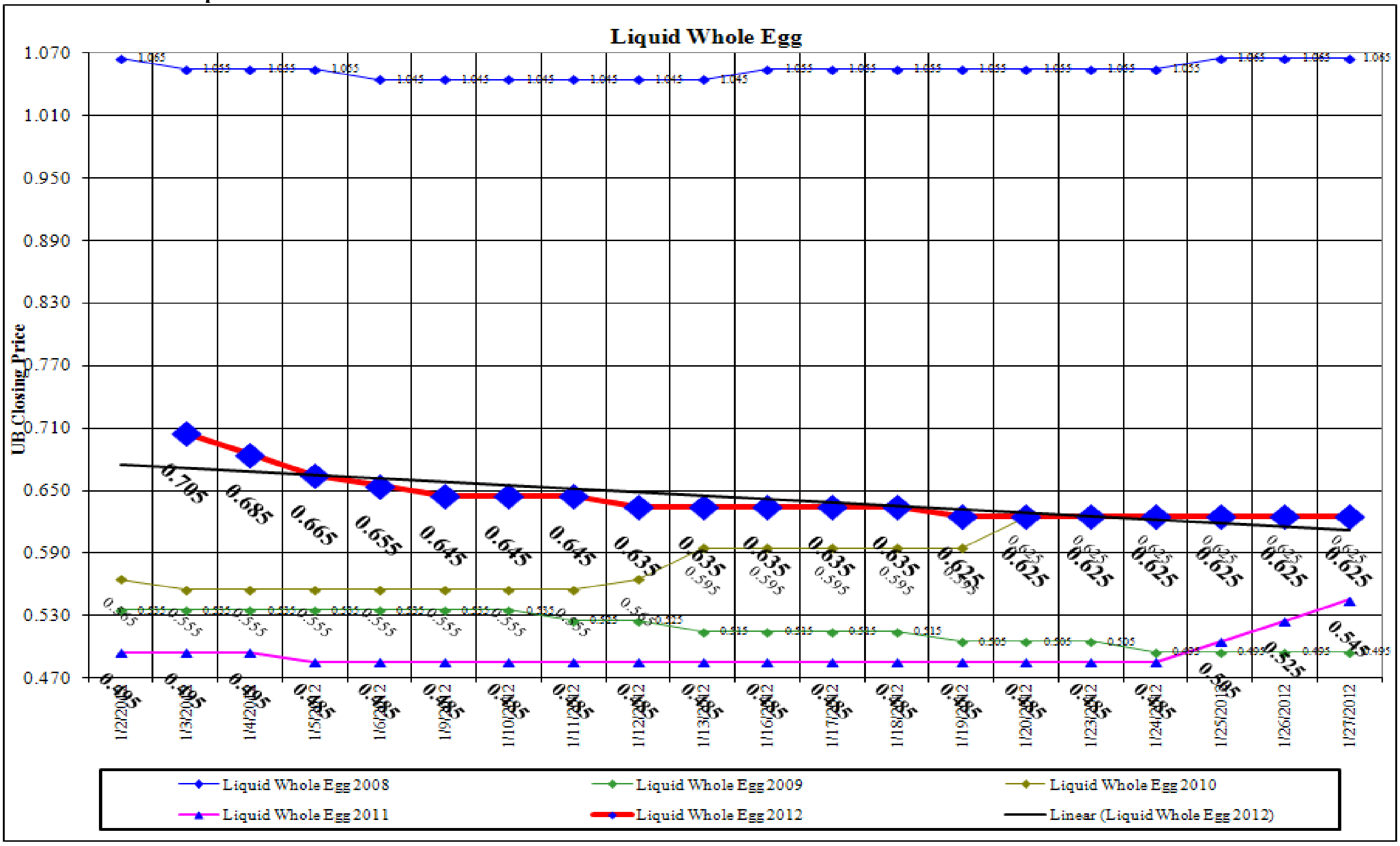
c. Frozen Sugared Yolks

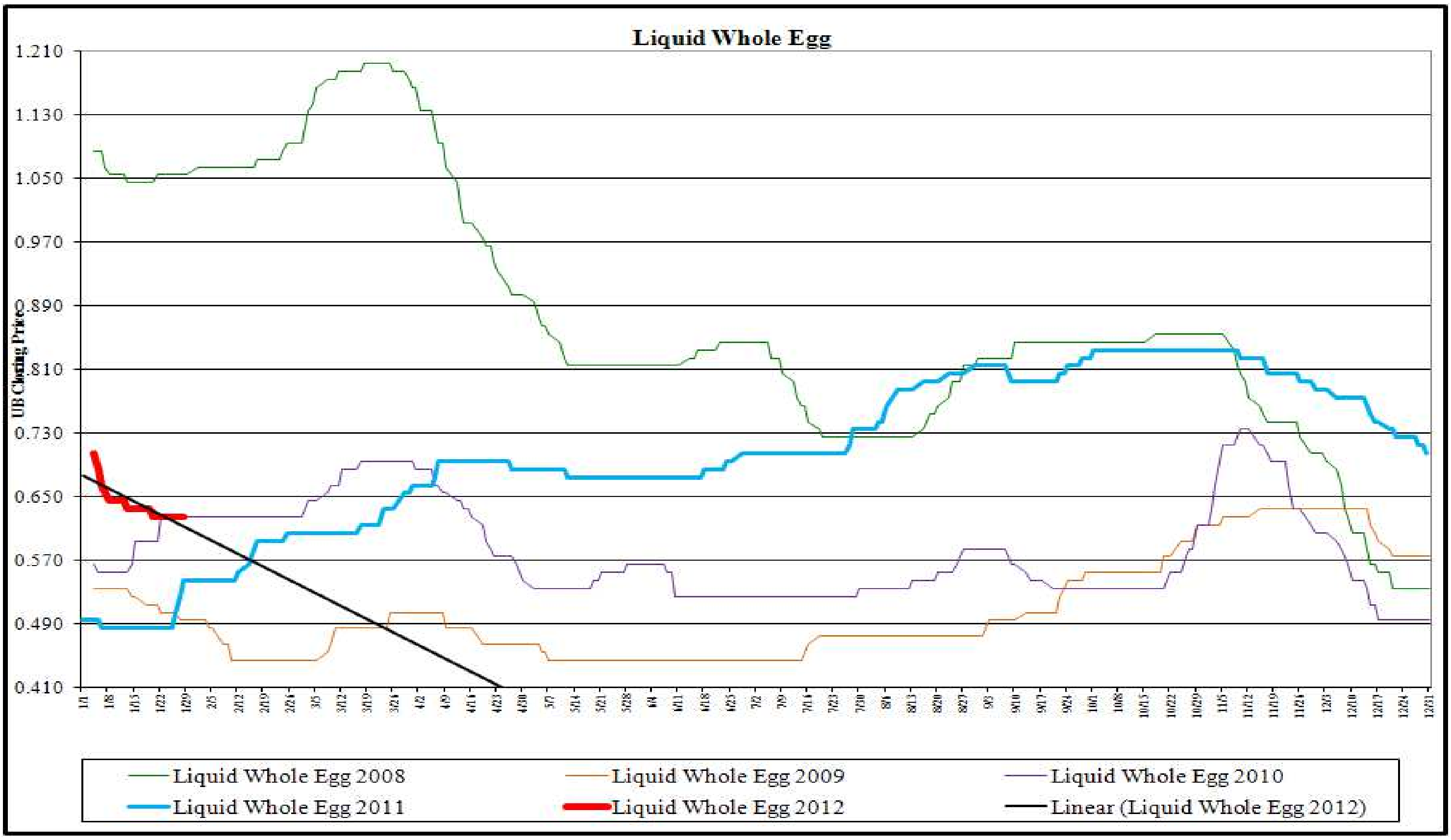




Frozen Sugared Yolks closed "no change" for the week (compared to last Friday's close).

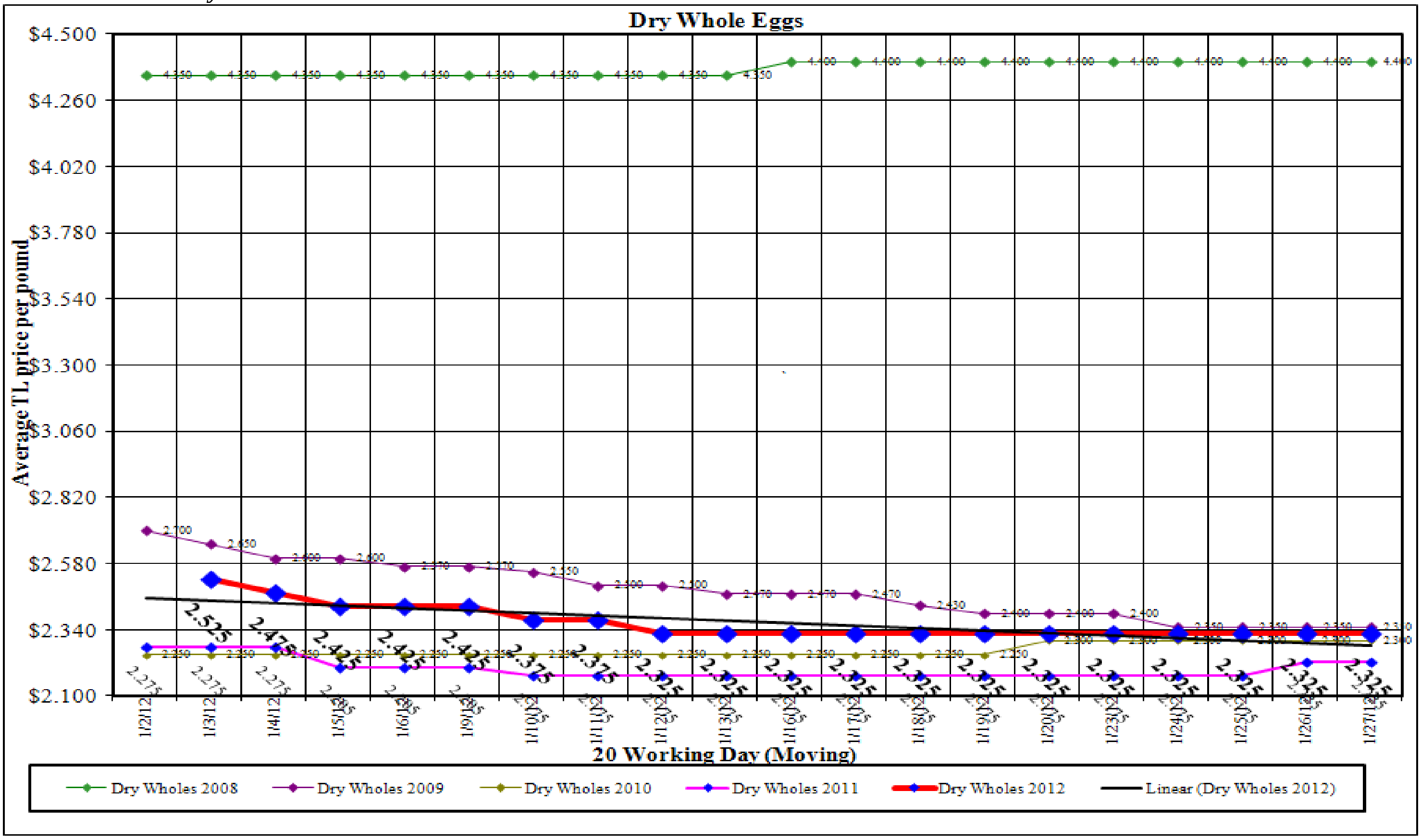
d. Liquid Wholes

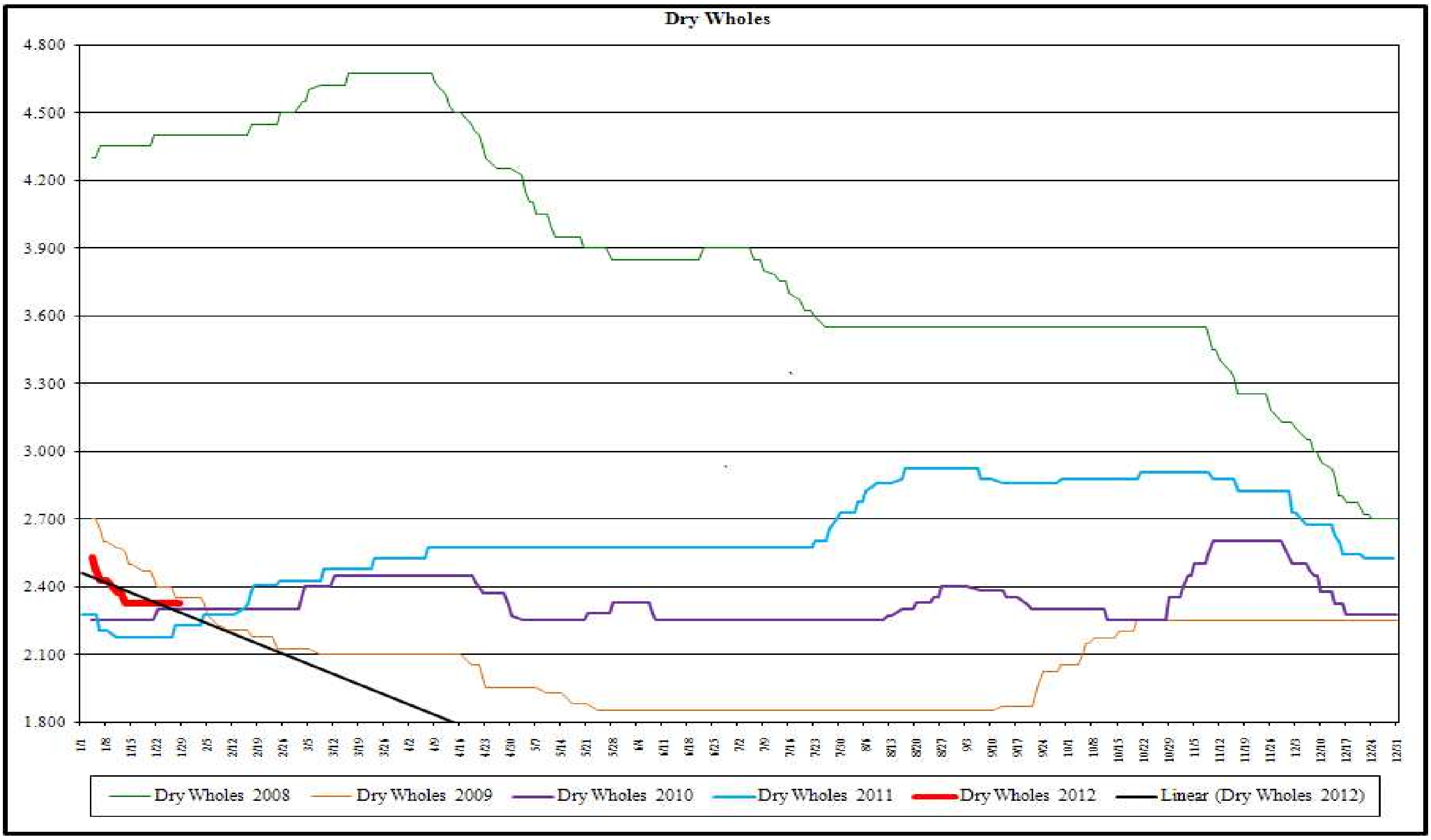




Liquid whole eggs closed "no change" for the week (compared to last Friday's close).

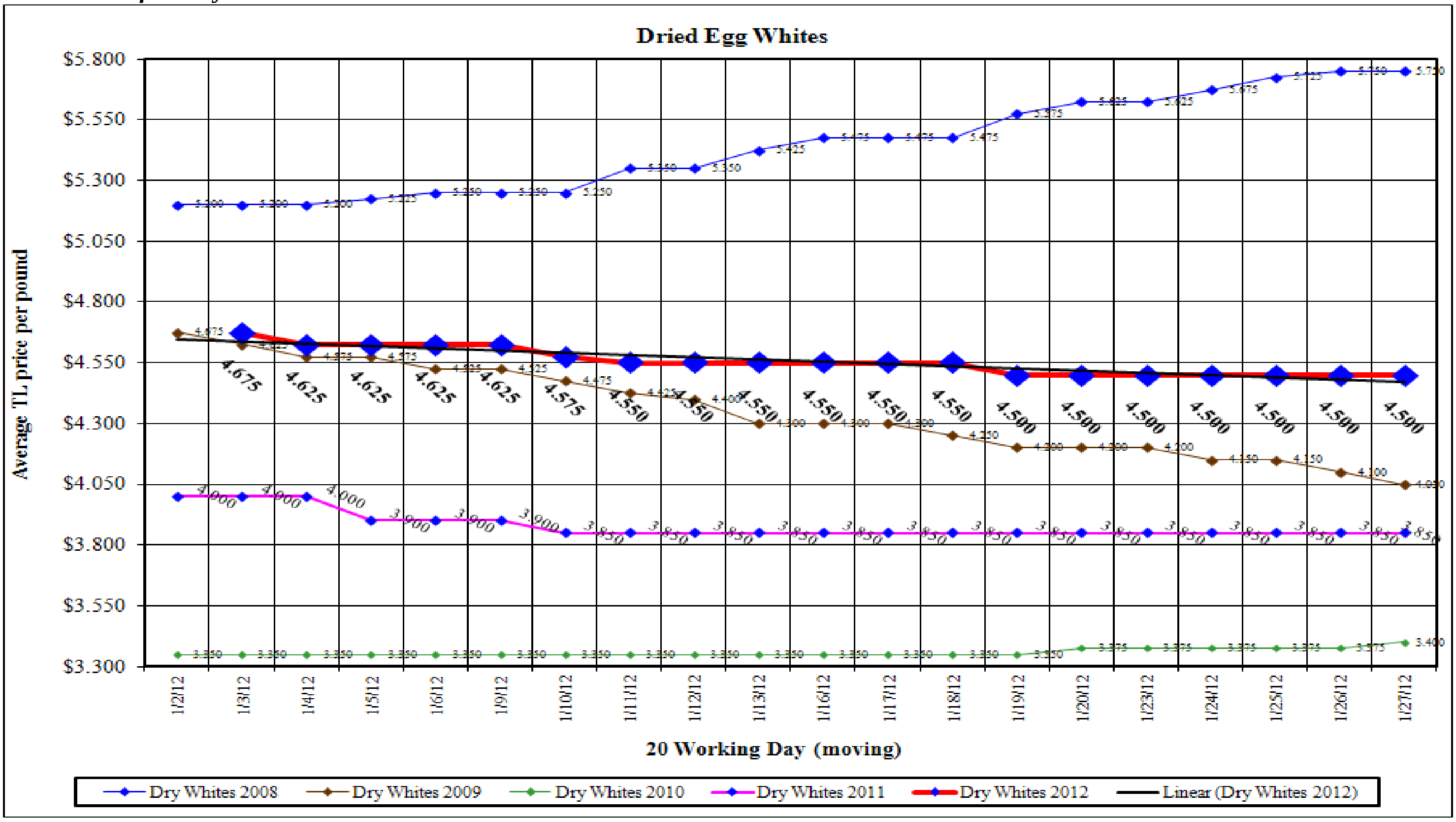
e. Dry Wholes

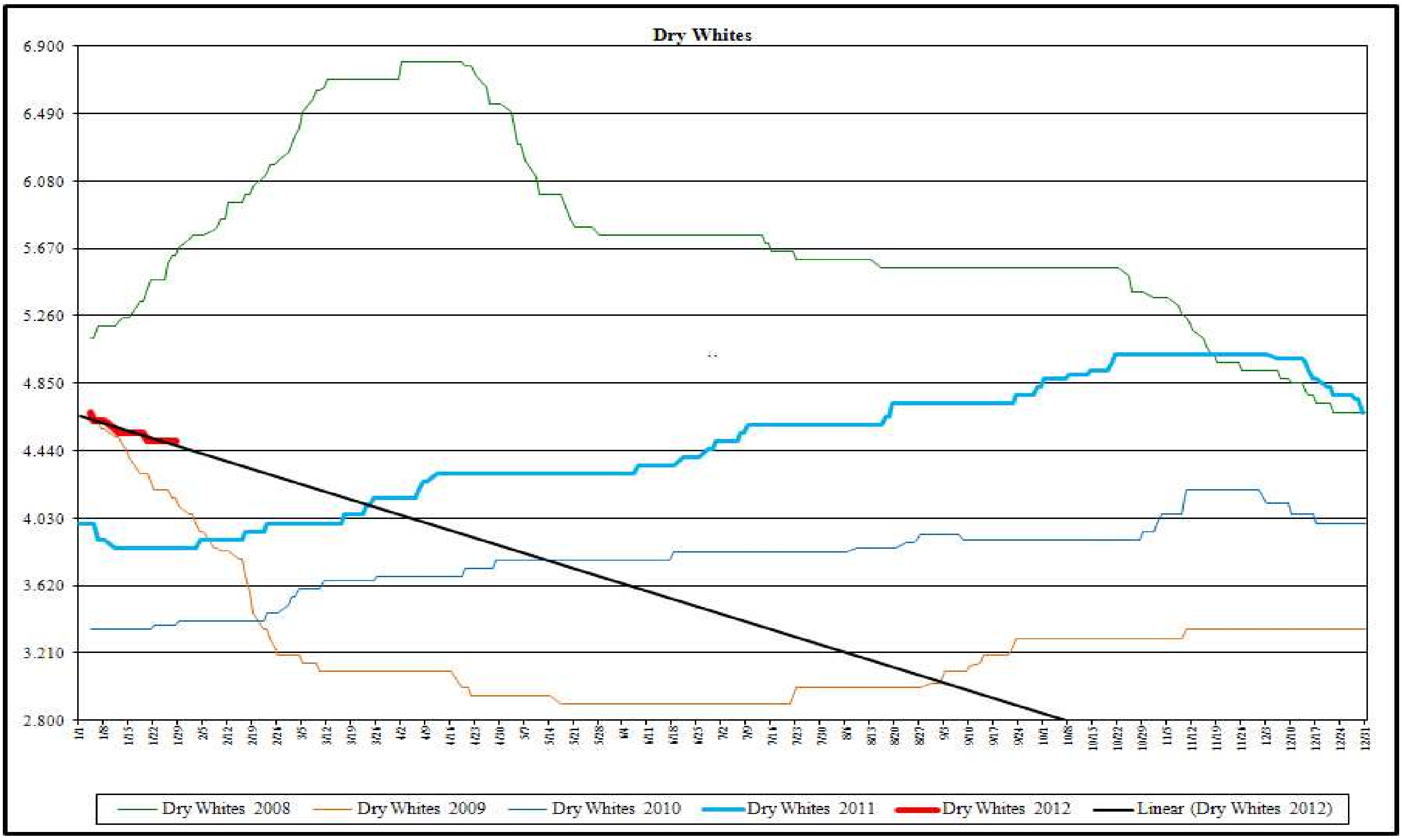




Dried Whole Eggs closed "no change" for the week (compared to last Friday's close).

f. ***Dry Whites***





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

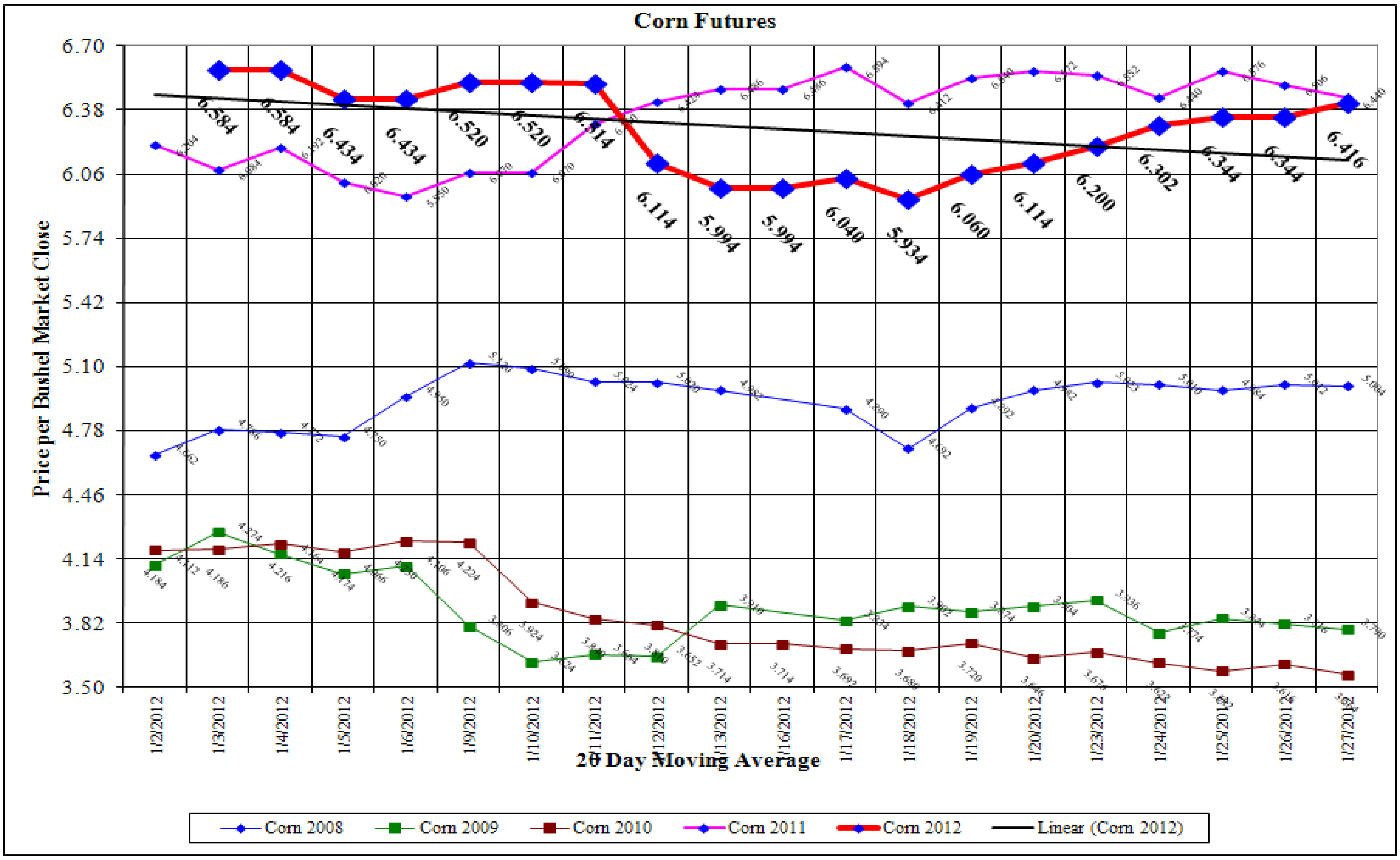
Corn
Lack of fresh news, higher U.S. dollar, and lower crude oil are pulling prices lower. The dollar was weaker, but the main story for corn was the strength in soybean meal. Meal is a substitute for both corn and feed wheat, so a $9 rise in meal is supportive to the feed grains. The decline in animal units especially in poultry will likely continue to keep a lid on corn feed usage this year.

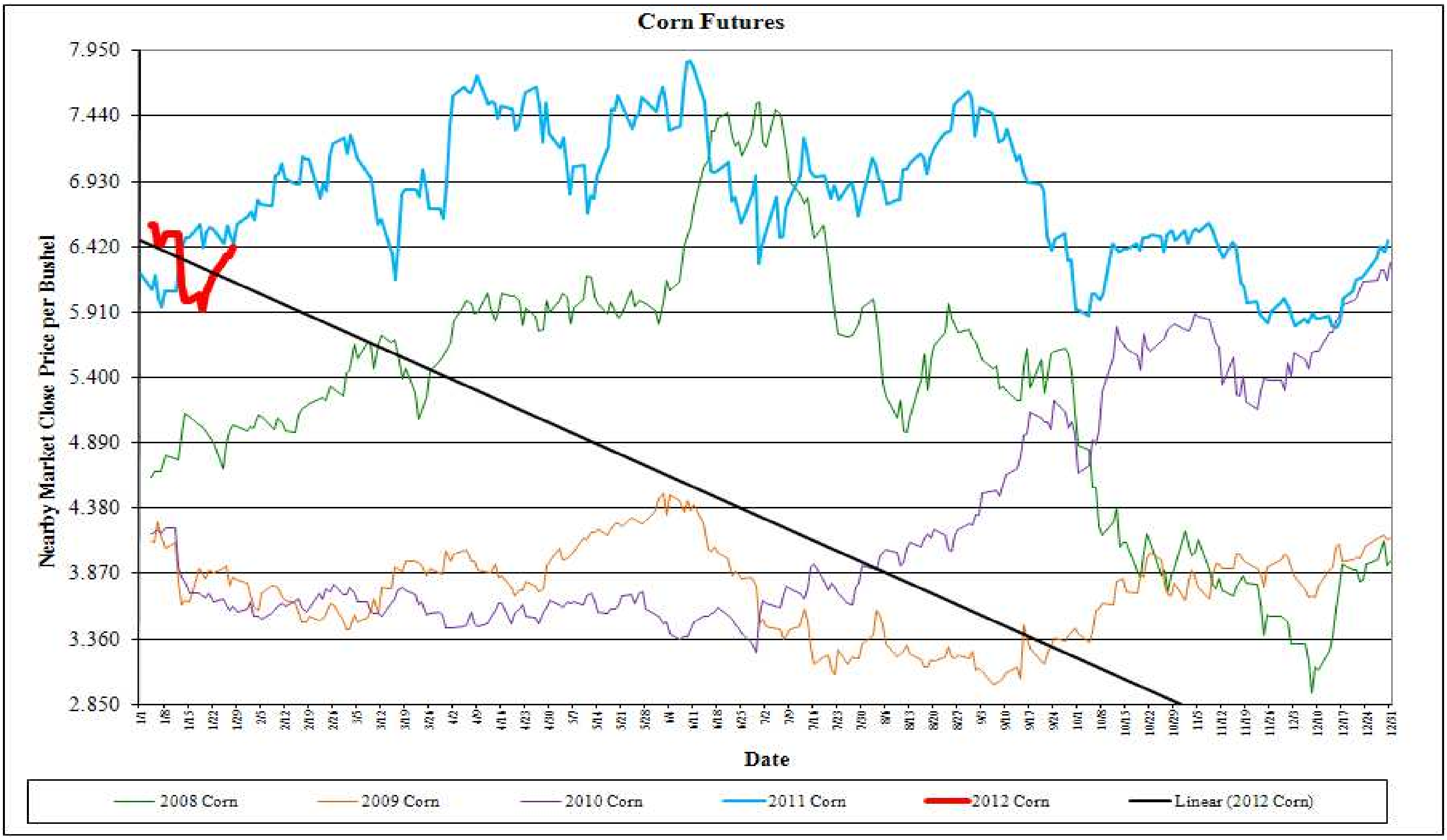
A sale of 152,900 MT of corn to Mexico was also a supportive factor. U.S.D.A. weekly export inspections for last week were 35.2 million bushels, about 8 million stronger than the same week in 2011. Cumulative shipments of 647.428 million bushels are now only 4.2 million bushels below last year, while U.S.D.A. is projecting a drop of 185 million bushels for the full marketing year. World corn stocks are only up slightly from a year ago. Farmers are still reluctant to sell even though basis levels have improved on competition among processors and exporters. There was a cash push at the Gulf yesterday with one shipper caught short of corn for export. Slow grain movement over the last several months has left supplies low with 64.1% of the corn still in on farm storage as of December first.

Support for March corn is seen at $5.76, with resistance at $6.76. Tight farmer holding and good demand from processors and exports have kept basis levels firm. Corn stocks at select export elevators and terminals were down 4.36 million bushels from the previous week. Cumulative export shipments of 647.428 million bushels are now only 4.2 million bushels below last year, while U.S.D.A. is projecting a drop of 185 million bushels for the full marketing year.

Ethanol futures are trading at a 2-week high, but still at a 64 cent per gallon discount to nearby gasoline futures. U.S. ethanol production for the week ending January 20 totaled 934,000 barrels per day, off 7,000 bpd from the prior week. It was the lowest weekly tally since the end of November. Production hit a record 963,000 bpd for the week ending December 30, just before the blending incentives expired. Meanwhile, ethanol inventories rose to 19.81 million barrels, the highest level since last May.

Corn futures closed up $0.302/bushel for the week (versus last Friday's close).

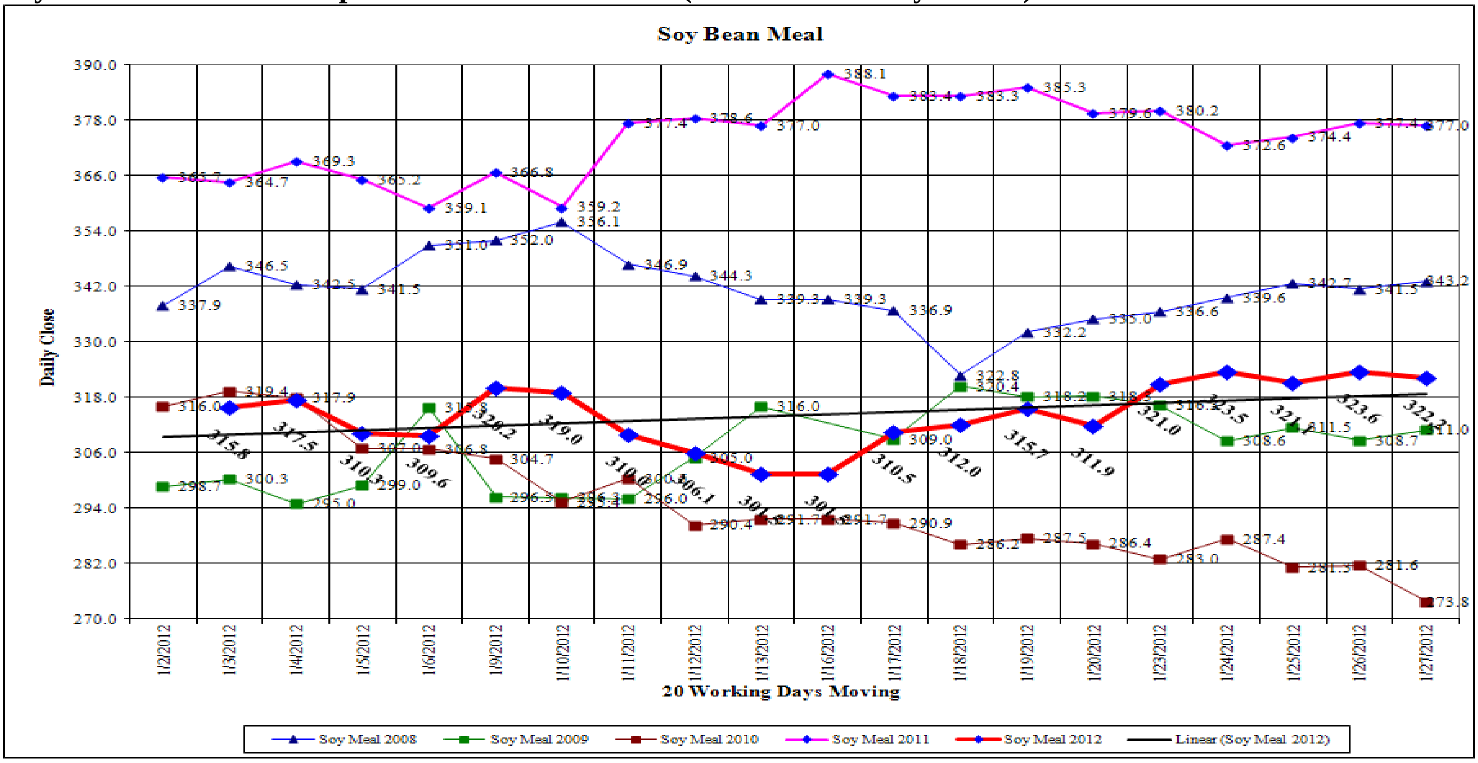

Corn Futures
Price per Bushel Market Close
20 Day Moving Average
Corn 2008
Corn 2009
Corn 2010
Corn 2011
Corn 2012
Linear (Corn 2012)

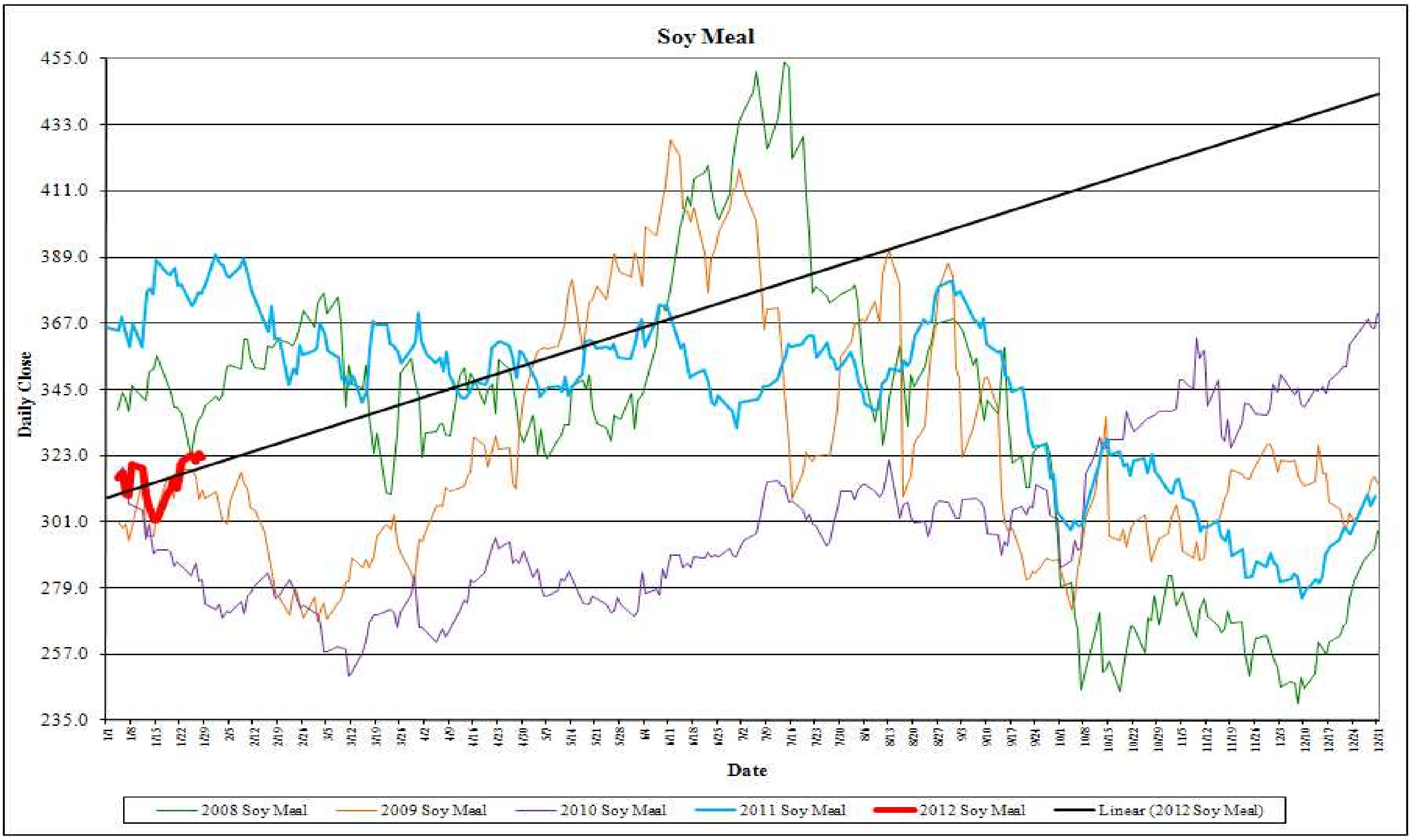

Corn Futures
Nearby Market Close Price per Bushel
Date
2008 Corn
2009 Corn
2010 Corn
2011 Corn
2012 Corn
Linear (2012 Corn)

Soy Meal

Soybean meal March outlook: Meal is expected to trade in a wide $285-345 range.

Soy meal futures closed up $10.30/ton for the week (versus last Friday's close).





Palm Oil

The Malaysia Derivatives Exchange has been closed for the Chinese New Year.

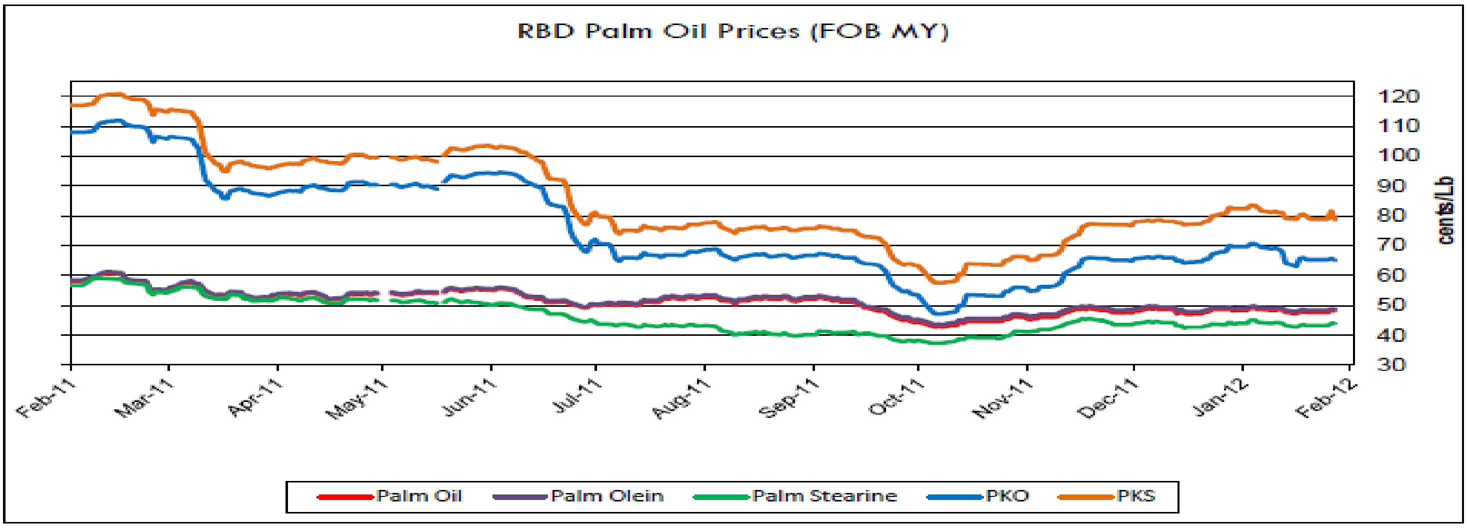
Malaysian crude palm oil dropped 1.2% as traders booked profits on slowing export demand, with orders shifting to top producer and competitor Indonesia. Benchmark April palm oil futures dropped 38 ringgit to settle at 3,131 ringgit ($1,030) per ton.

Investors shifted their focus to the U.S. Federal Reserve and the fact that the Fed will keep interest rates at ultra-low levels, potentially weakening the U.S. dollar. That has strengthened the ringgit currency used to price palm oil feedstock, making the commodity expensive for refiners. But strong demand in the cash market after the Lunar New Year holidays supported the futures market which has made little headway so far this year.

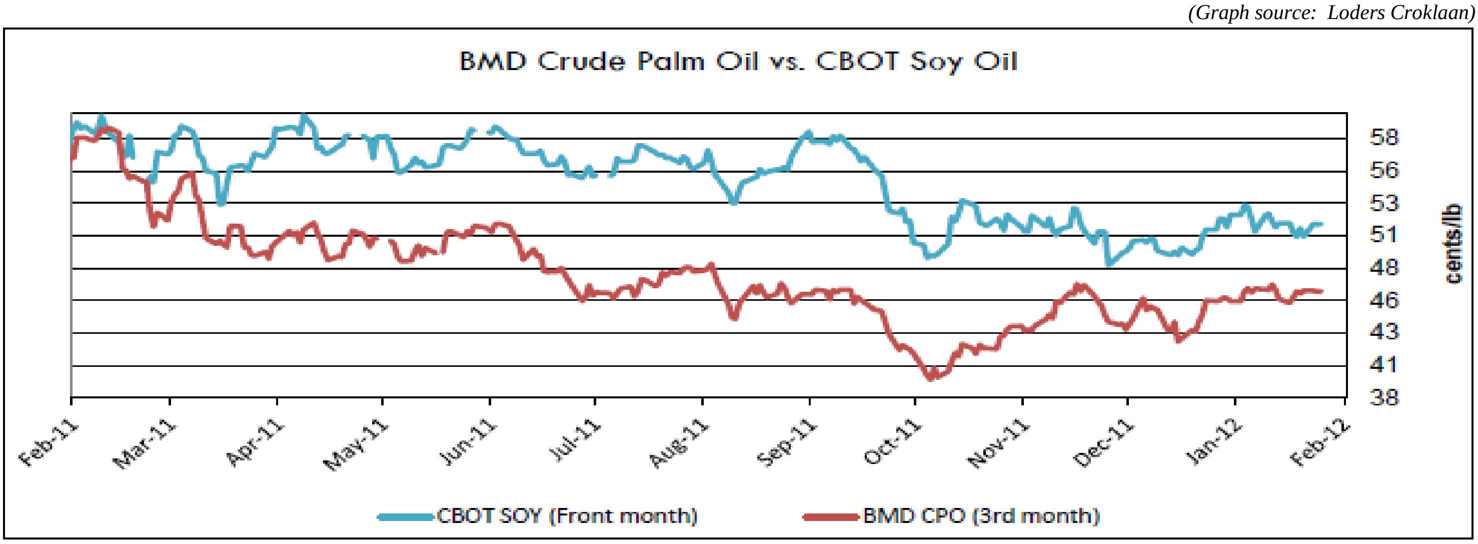
Investors were also focused on cargo surveyors reports of a Malaysian export decline of close to 17% to 19.9% from January 1 to 25, with some saying orders had shifted to Indonesia, which offers cheaper cargoes thanks to lower export taxes. Also, countries like China and India cut back on orders. Traders are expecting a more pronounced slowdown in Malaysian palm oil exports after the Lunar New holidays although China, the world's No.2 buyer of the tropical oil, may restock as inventory levels come down.

There appears to be a shift in demand to Indonesia with the refiners there able to pass on the cost savings from lower export taxes to their offer prices. Malaysia has to contend with declining margins as refined palm oil product prices are falling after Indonesia's massive export tax cut on processed edible oils triggered a ramp up in cargoes. That has curtailed the export of Indonesian crude palm oil that Malaysia often takes up to supplement its smaller domestic supply. Cash prices reflect this, with Indonesia's crude palm oil just 5% cheaper than refined palm oil used in cooking oil.

Reuters is reporting palm oil was expected to drop to 3,103 ringgit per ton, with a downside potential at 3,049 ringgit.



(Graph source: Loders Croklaan)



(Graph source: Loders Croklaan)

Energy Markets
Crude oil closed $1.43 higher this week on supply concerns as Iran renewed a threat to close the vital Strait of Hormuz while prospects for demand growth look set to improve, with positive economic indicators from Europe and the United States. Higher crude oil supports the price of vegetable oil that is increasingly getting channeled into the biodiesel sector.

As anticipated, the European Union (EU) imposed a ban on the import of crude oil from Iran along with a number of other economic sanctions. The reaction in pricing was largely muted as a result of having already been built into the market. The EU embargo will not immediately halt the flow of Iranian oil into Europe. EU foreign ministers agreed to an immediate ban on all new contracts to import, purchase and transport Iranian crude and refined oil products; however, the 27 EU foreign ministers agreed to leave existing contracts to purchase crude and refined products in place through 1 July. At the behest of Greece, who along with Italy and Spain is highly dependent on Iranian crude, the EU agreed to undertake a review of the effects of this policy before 1 May. According to EU officials, any move to reverse or delay the embargo as a result of such a review would require unanimous consent of all 27 EU members and seems highly improbable at this point.

In addition to the sanctions, the USS Abraham Lincoln accompanied by a portion of the 5th Fleet traversed the Strait of Hormuz without incident. Part of the flotilla included two U.S. destroyers, a U.S. cruiser as well as British and French warships. This highly publicized re-entry into the Persian Gulf by an international fleet was designed to project the West's unity with regard to sanctions and the need to halt Iran's nuclear program. It is the first transit through the strait by a U.S. aircraft carrier since earlier this month when Iran threatened action if the USS John C. Stennis returned to the Persian Gulf after its deployment elsewhere.

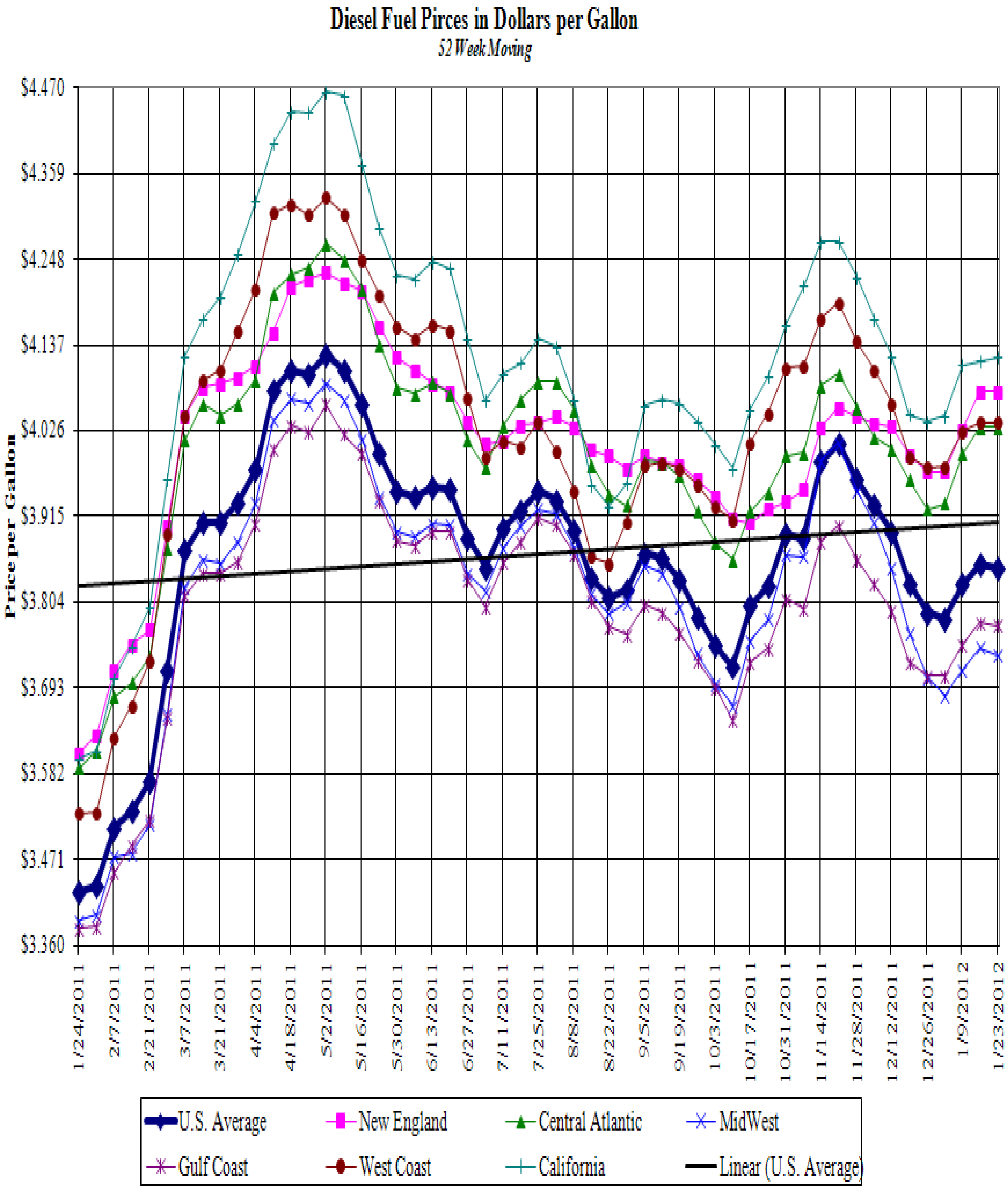
As expected, Iran railed against the new sanctions imposed by the EU, calling the decision an act of "psychological warfare" and stated that such efforts would only worsen the standoff concerning Iran's nuclear program. EU officials are heralding this unprecedented scale of sanctions on Iran as an attempt to get the Islamic Republic back to the negotiation table to discuss its nuclear program. The International Atomic Energy Agency (IAEA) confirmed that it would proceed with a visit to Iran from January 29-31 in order to address the country's nuclear program. Sources report that Iran has also confirmed the same dates for the IAEA's visit.

In addition to the embargo on oil, the EU also agreed to freeze certain assets of the Iranian Central Bank (ICB) and to ban trade in gold and other precious metals with the ICB and Iranian state entities. Despite recent news, the energy markets remained fairly calm with both WTI and Brent gaining approximately $1.50 and $1.00 per barrel respectively.

In light of the fact that both China and India have, to date, refused to follow the new sanctions, EU's pronouncement adds efficacy to the West's efforts but by no means assures their success. While the EU accounts for 18% of Iran's oil exports, Asian countries such as China, South Korea, Japan and India still account for over 50%.

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
1/24/2011	$3.4300	$3.4800	$3.6090	$3.5900	$3.4210	$3.3920	$3.3820	$3.3880	$3.5310	$3.6020
1/31/2011	$3.4380	$3.4940	$3.6330	$3.6110	$3.4320	$3.3990	$3.3840	$3.3960	$3.5330	$3.6120
2/7/2011	$3.5130	$3.5650	$3.7170	$3.6820	$3.5010	$3.4750	$3.4550	$3.4590	$3.6300	$3.7070
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



Diesel Fuel Pirces in Dollars per Gallon
52 Week Moving
Price per Gallon
$4.470
$4.359
$4.248
$4.137
$4.026
$3.915
$3.804
$3.693
$3.582
$3.471
$3.360
1/24/2011
2/7/2011
2/21/2011
3/7/2011
3/21/2011
4/4/2011
4/18/2011
5/2/2011
5/16/2011
5/30/2011
6/13/2011
6/27/2011
7/11/2011
7/25/2011
8/8/2011
8/22/2011
9/5/2011
9/19/2011
10/3/2011
10/17/2011
10/31/2011
11/14/2011
11/28/2011
12/12/2011
12/26/2011
1/9/2012
1/23/2012
U.S. Average
New England
Central Atlantic
MidWest
Gulf Coast
West Coast
California
Linear (U.S. Average)

Fruits/Nut Markets

***Strawberries*—US (CA): Early strawberry volumes up**

Although the year has only begun and most harvesting has not started, California's strawberry production is already ahead of last year's numbers. Carolyn O'Donnell, Communications Director for the California Strawberry Commission, notes that volume is up over last year. “It's too early in the season to tell much,” she says, “but so far, volume is about twice what it was last year at this point.” She also notes that acreage went up slightly from 37,336 acres last year to 38,373 acres this year, an increase of 2.8%. According to the commission's National Berry Report, as of January 23rd, California's volume has been 8.8 million flats. Last year, volume was at 5.8 million flats at this point in the year. Production is currently centered in southern portions of the state until the weather gets warmer, and then production picks up farther north. Peak volumes are typically reached from April through June.

***Strawberries*—South Lousiana strawberry growers enjoying the weather**

South Louisiana strawberry growers are enjoying the weather. Thanks to considerable warmth they are producing fine crops, well able to compete with Californian growers who have been suffering from the effects of inclement weather recently that has threatened the production of a range of fruits.