Weekly Commodity Markets Review

From: Joe Schmidt Date: April 20, 2012

It's Friday and today is options expiration for May futures. The market needs to continue to work to slow demand and increase acreage. With the recent flurry of activity out of China, it does not appear that demand is slowing. It has been stated that the market will seek the level at which most pain can be inflicted when options are expiring. This level typically means the level with the most open interest. Old-crop, new crop spreads are firm, and values find support on setbacks. While moving to month end, there has been a good deal of liquidation in corn, which has pressured the bean market down its lows. In lieu of the large break in corn, bean prices have remained rather firm. More rains are going to cross today - with warm temperatures. All in all it could slow corn planting back to what is a more "normal" pace.

Look for a higher trade to follow the strength from crude petroleum and the weaker U.S. dollar. Yet there's still enough bearish news on the periphery to keep prices trading in a sideways manner; Canola planting ideas, EU financial concerns and good U.S. weather to name a few.

Spain's bad bank loans and concerns of contraction and yields are back on rise - which is bad situation to be in. So even though we are all talking about Spain this week - do not forget Greece and then Italy and France are not necessarily out of woods either. French President Sarkozy's comments this week about the currency problem in Europe sent the euro into a tail spin. The on top of all of this the ECB is saying that they might not be as willing to extend more stimulus right now.

Strength in the U.S. dollar is bearish for ag commodities because it lessens the competitiveness of U.S. ag exports. Ag markets were further weakened by evidence of stall in U.S. economy, too. After months of economic indicators persistently beating market expectations and offering a recovery for the U.S. as an "offset" to worrisome slowdown in China's economy, the numbers were negative last week; particularly on jobless figures.

U.S.D.A. has resumed weekly crop progress and crop condition reports at the national level, released each Monday. The speed of planting often impacts trade by either supporting or casting doubt on farmer planting intentions revealed in U.S.D.A.'s March 30th Prospective Plantings Report. The Euro-crisis and new doubts about China's economy are growing. This raises the risk of long-liquidation by commodity Index Funds and resumption in selling ag futures by commodity trading funds.

Planting progress is benign for now - with few weather problems. Rains continue to be mainly in the upper Midwest - and luckily this area very much needs these rains. More systems move thru into the weekend. The Southwest could use some more rains, but planting in most areas is moving fast. In the upper Midwest we will still get back into fields between these rains and as soil is taking moisture well.

Flour Markets:

Wheat futures prices were on a downslide all week until corn futures rallied yesterday and wheat followed. On Friday, the wheat markets settled back down slightly, and ended the week lower across all three markets. Spring wheat basis is volatile as winter wheat basis remains steady. The new winter wheat crop is in excellent shape and looks like an earlier harvest with large yields. This could mean a lower protein crop, so farmers are reluctant to promise wheat with specific protein levels. Farmers are also watching the fields closely for insects and disease. Corn planting is also making great progress with 17% completed as of April 15th. U.S. wheat exports last week were reported down 19% from prior week.

Improving U.S. winter wheat conditions and rapid spring wheat planting progress should continue to weigh on all-wheat markets. Planting progress for winter wheat this week is 64% good/excellent versus 61% last week. U.S. spring wheat is 37% planted as of April 15th—up from 21% last week and versus the 5-year average of 9%—

emergence 10% versus 1% normal. MN plantings at 56% compared with the 5-year average of 6%, MT 23% versus 8%, ND 27% versus 2%, SD 83% versus 13% and WA 30% versus 49%.

U.S. winter wheat conditions improved 3 points to 64% good/excellent versus 36% last year—but there are big swings up/down among states; U.S. winter wheat heading came in at 11% versus the 5-year average of 8%. Winter wheat improvements—KS improved 4 points to 69% good/excellent, MI 3 to 67%, MT 25 to 57%, NE 3 to 63%, OR 8 to 69%, SD 10 to 58%, and WA 7 to 89%. Winter wheat declines—AR declined 9 points to 50% good/excellent, IL 7 to 77%, IN 4 to 79%, MO 5 to 71%, NC 8 to 83% and OH 4 to 46%. SRW conditions likely declined due to the recent cold/frosty weather. CO winter wheat conditions were unchanged at 42%, ID at 87%, OK at 77% and TX at 38%.

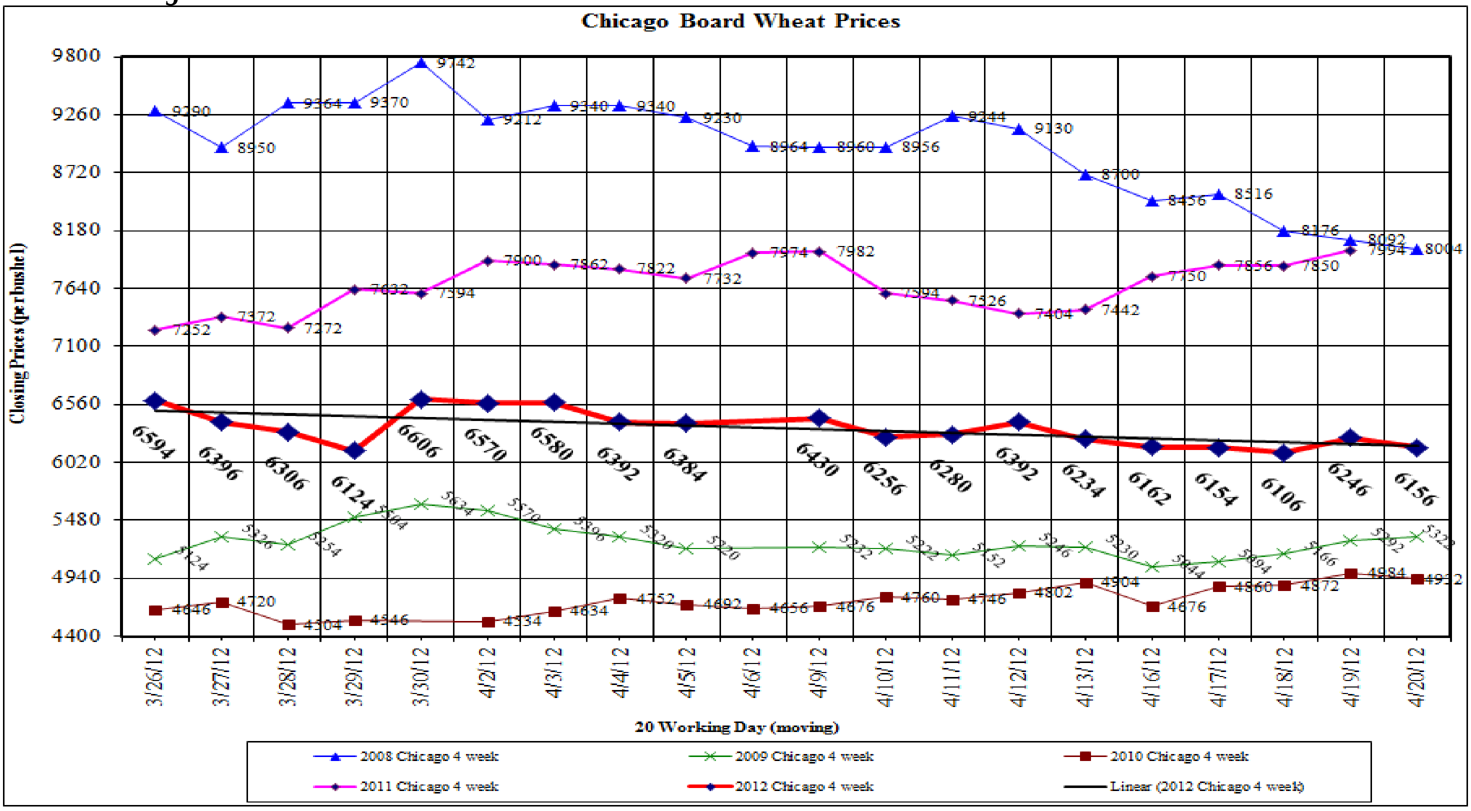
With frost/freeze forecasts mostly above the U.S./Canadian border, the advanced emergence is not creating much anxiety or need for weather premium. Some SRW is being ripped up because of poor stands and/or freeze damage, but rumors almost always total more than reality. The U.S.D.A. Export Inspections Report indicated inspections were 25.75 million bushels—well off of the pace from last year. Cumulative shipments are 194 million bushels behind last year at this time.

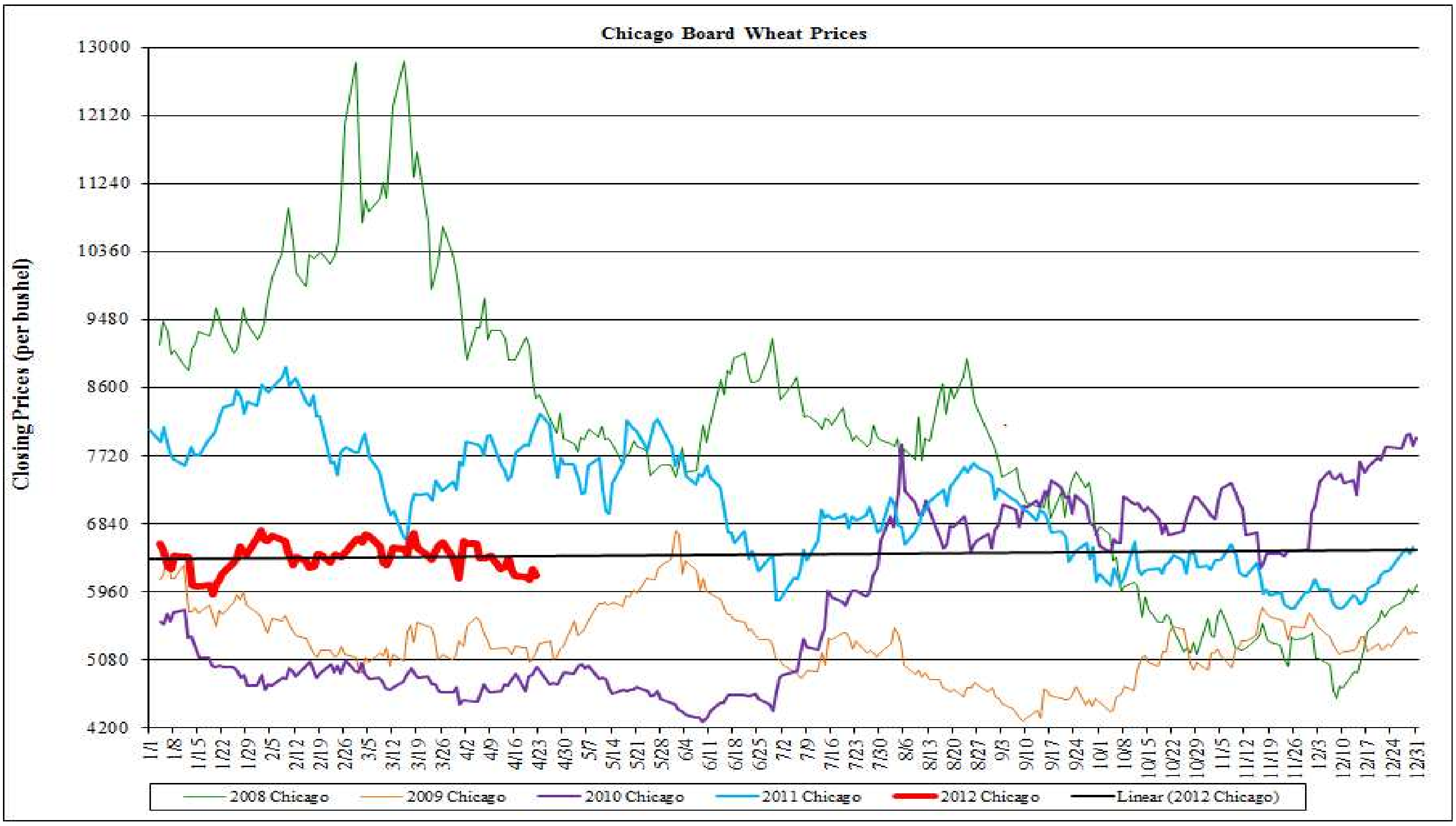
U.S. winter wheat heading at 11% falls short of last year's 29% but is above the 5-year average of 8%. AR at 40% compared with the normal 27%, NC 16% versus 12%, OK 32% versus 17% and TX 30% versus 25%.

The weekly U.S. grain stocks report showed terminal and elevator wheat stocks declined 4 million to 157.3 million versus 199.9 million last year. CBT deliverable wheat stocks declined 1.4 million to 65.4 million versus 56 million a year ago.

Rain fell across northern Germany. Europe's forecast is unchanged for the first week but a little drier for the second week.

a. Chicago Board Wheat Prices

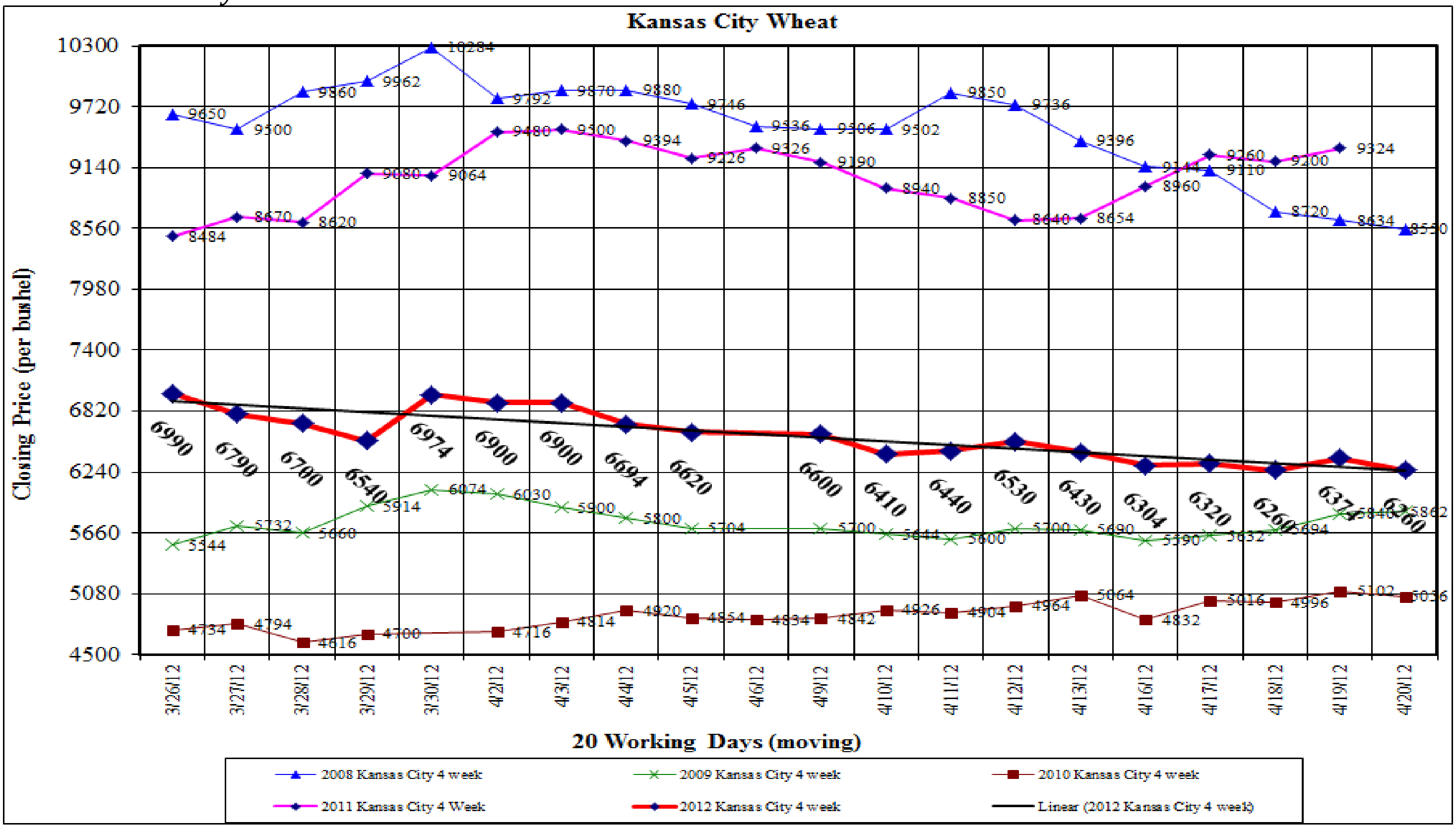


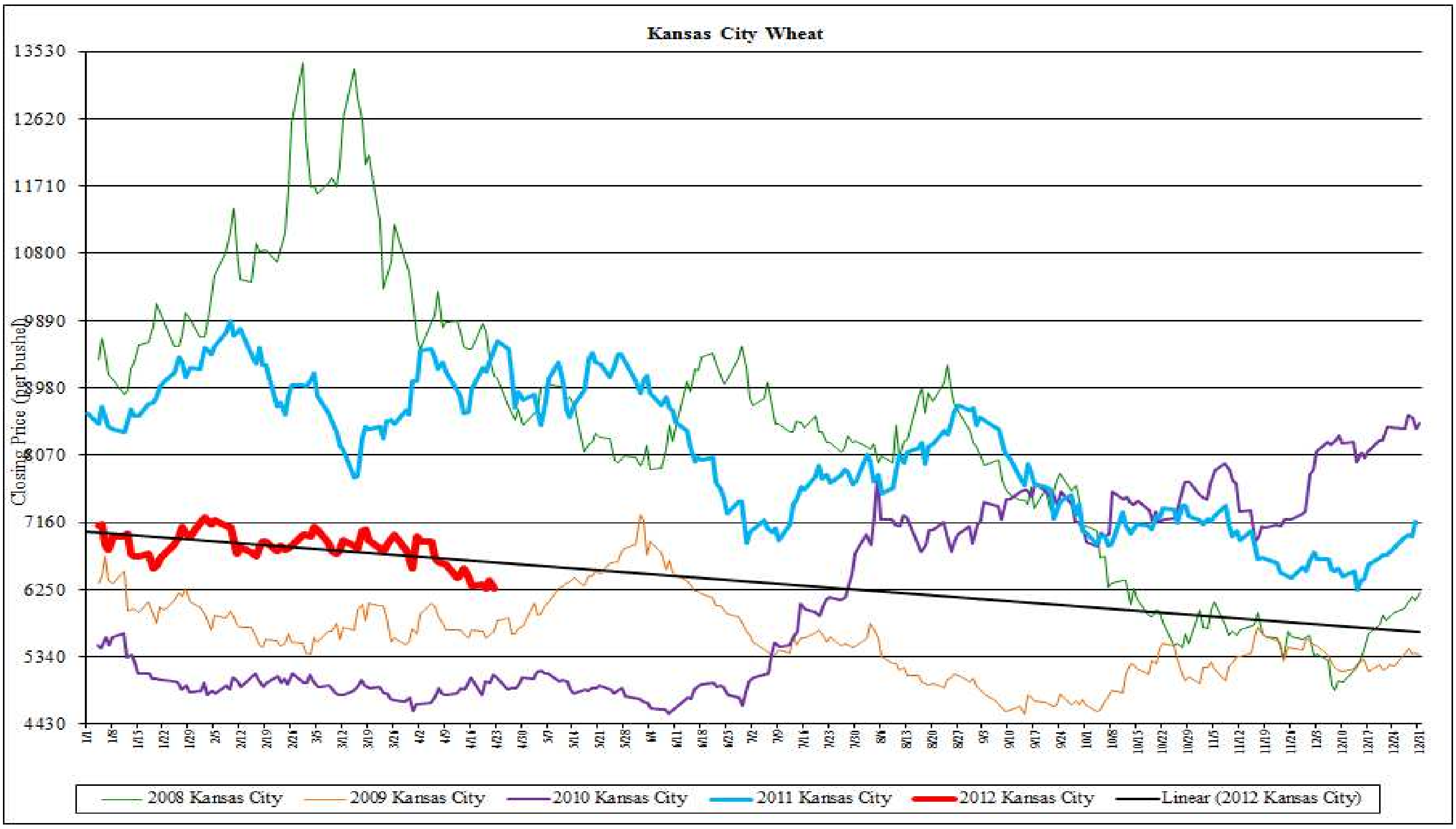


The Chicago Board chart above shows the price activity for the last 20 working days (one full period). Flour made from the wheat traded on this board includes **CAKE AND PASTRY** flours.

Cake and Pastry flour closed down $0.18/cwt. from last Friday's close.

b. Kansas City Board Wheat Prices

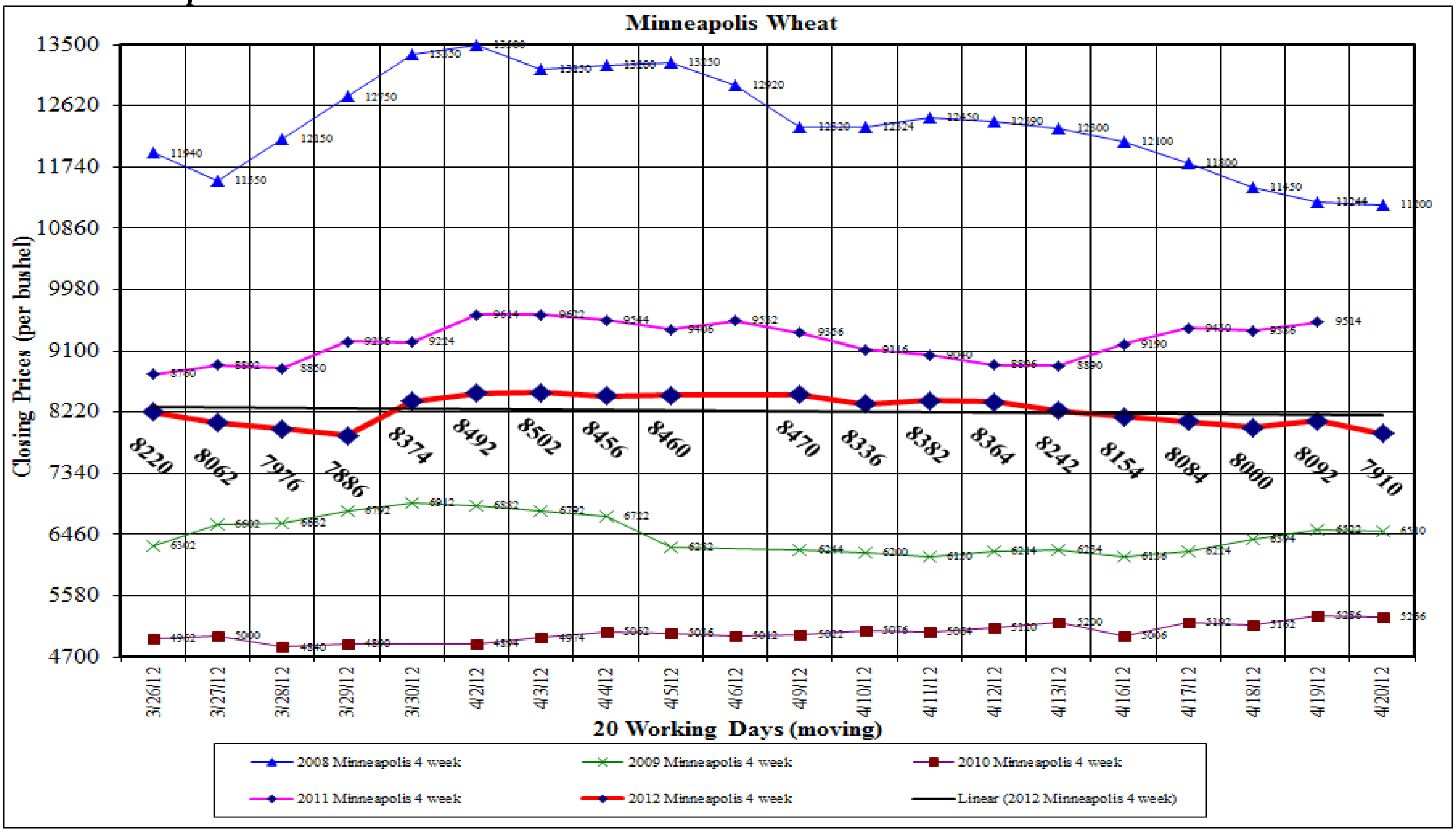


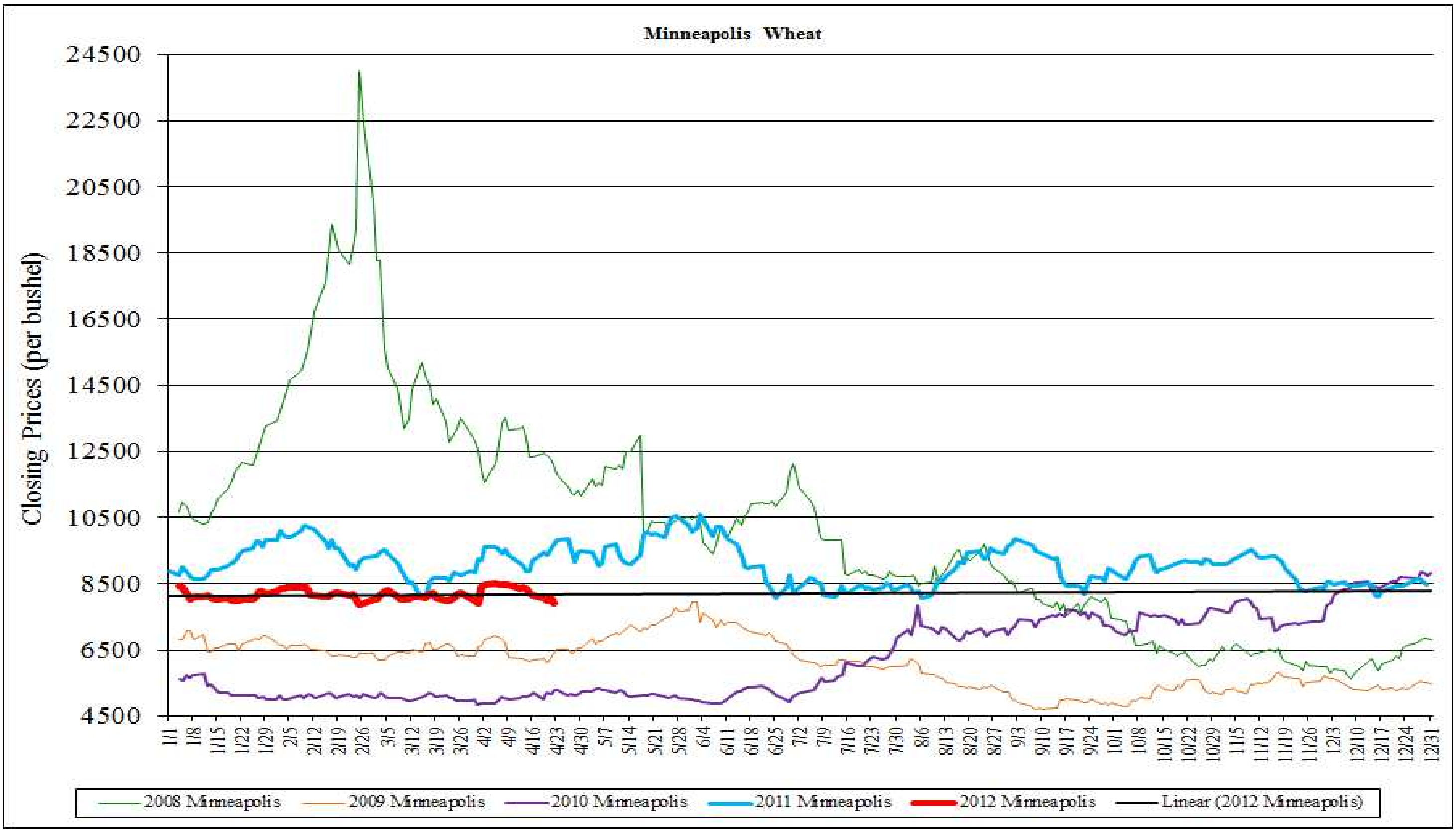


Kansas City Wheat is used to make **Hard Red Winter Patent flours (white pan bread) and H&R flours.**

Hard Red Winter wheat flour closed down $0.39/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 $0.76/cwt. off last Friday's close.

Shortening Market:

From an export sales standpoint, it would appear that we are on track to meet or exceed the current U.S.D.A. forecast for soybeans and meal, but oil appears to be lagging. The U.S.D.A. Export Inspections Report showed 18.065 million bushels (beans) shipped. That was versus 15.97 million in the same week of 2011. Cumulative shipments are now 279.7 million behind year ago but gaining ground. The monthly NOPA crush report showed 140.5 million bushels for March. Soy oil stocks rose as expected, to 2.36 billion pounds, as oil yield was a huge 11.55 pounds per bushel and biodiesel use has slowed following the loss of the blend credit.

Bean plantings will be reported in next Monday's update but the fast planting pace is a good indication that soy beans may gain additional acres on the June 30 Planting Report. The fact that corn is getting in the ground quickly doesn't mean that bean acres will necessarily lose out. There are reports circulating that beans have picked up 1-2 million acres due to the bean/corn ratio that has surged over 2.5:1 since the Intentions report.

Celeres puts Brazilian soybean harvest at 88% complete versus 5-year average of 80%; forward sales 72% versus 56% normal. **Oil World** announced that Argentina's 2012 soybean crop was down another 1.0 mmt to 44.0 mmt with Brazil dropping by .5 million tons to 65.0 mmt.

Soybeans are in the best position to bottom first and resume strength along all the grains. Reason? At current rates of usage and current planting intentions reported on March 30th, there is very high risk of a major drawdown in ending stocks unless price rations usage. Large speculators hold a record-large net long position in CBOT soybeans, leaving the market vulnerable to bouts of long liquidation.

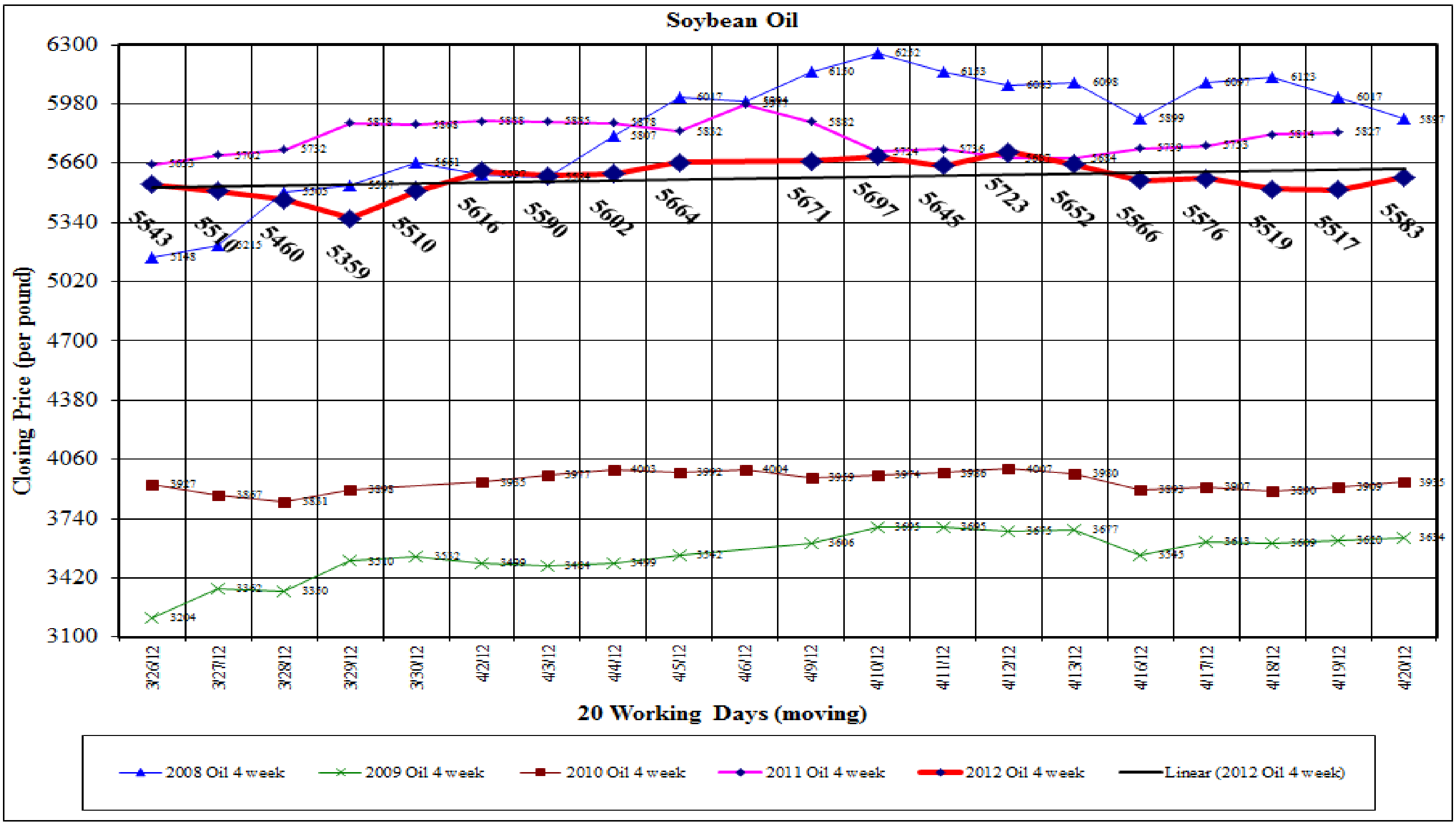
The weekly U.S. grain stocks report showed terminal and elevator soybean stocks declined 1.3 million to 26.9 million versus 9.7 million last year. CBT deliverable soybean stocks increased 227,000 to 2.8 million to 7.5 million versus 4.4 million last year.

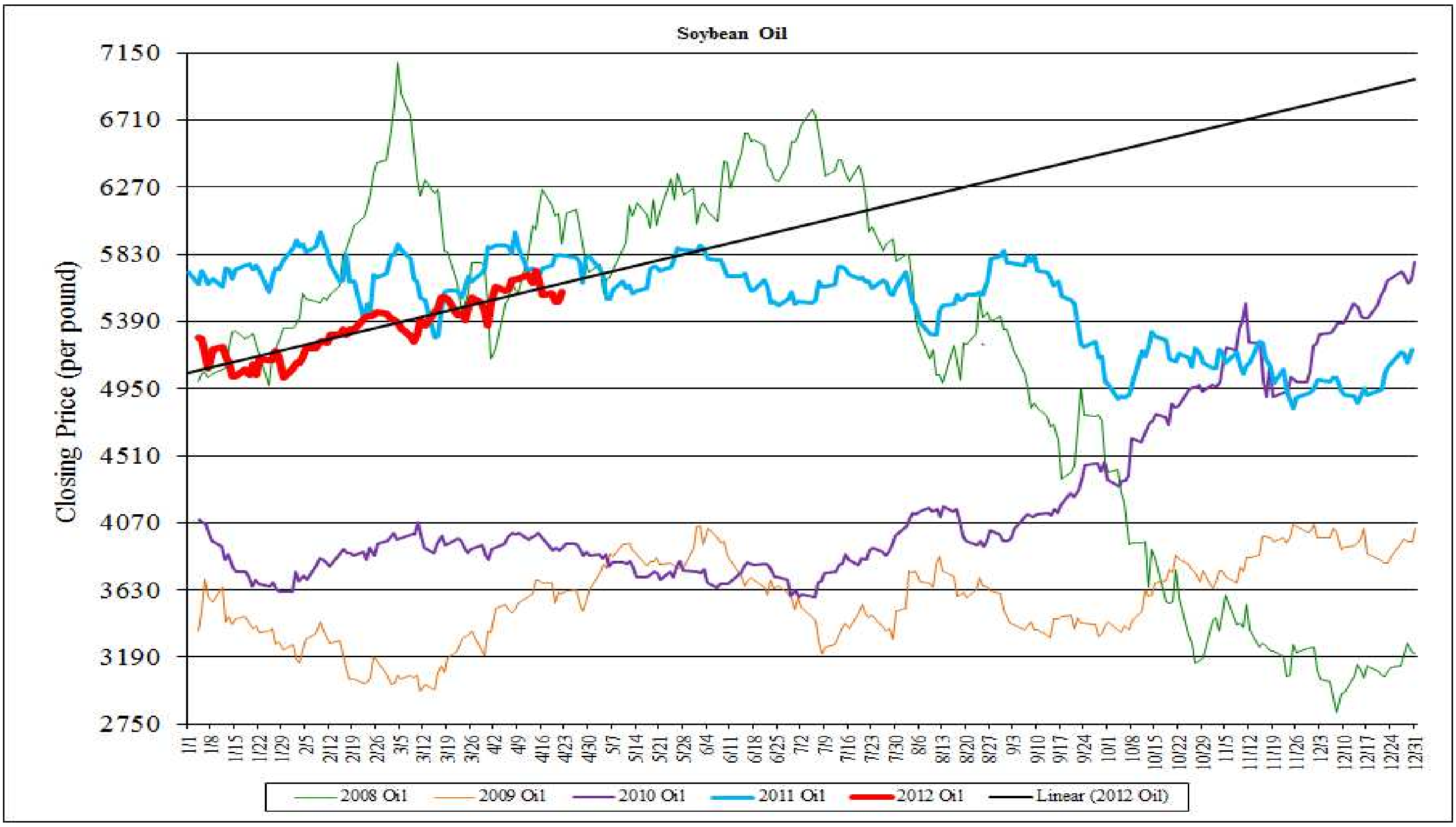
Overall soy complex markets have been relatively quiet as we pretty much know what South America has for crops and we are just entering into the planting season in the U.S. We are looking for new inputs to drive these markets. So we should continue to see this market swing back and forth, but in the process, seem to be defining the range better. With planting off to a good start and reports that acres are getting pulled away from corn and into beans, the upside should be limited to recent highs until we see China back in the market for significant quantities of U.S. beans.

The soy complex still has a job to do to limit demand given the continual decline in South American production estimates and the low March U.S. planting intentions. For the time being it appears as though prices have corrected enough to return to trading the fundamental strength in the complex. Look for soy oil to remain in the $0.55/lb.-$0.60/lb. trading range over the next couple of months until we get the crop in the ground and start looking for weather to provide direction.

Use the recent break in the oil market to finish covering your April-July needs since the next buying opportunity should come in July as long as the U.S. doesn't experience a Midwest weather problem. Longer term, the fundamentals still appear very supportive for the soy complex so, if pricing is attractive and margins are positive, I would take advantage of this break to extend coverage out through the JAS period covering any remaining positions on the CBOT for that period. The low end of the expected range between now and the end of June has now dropped down to ~$0.55/lb. on ideas that fund liquidation may be temporarily overdone. The recent selloff to the 5550 area as a great buying opportunity in what should be setting up as a $0.56/lb.-$0.60/lb. trading range heading into the summer weather market.

Shortening closed down $0.37/50# cube ($0.26/35# pail of oil, $0.0075/lb. for bulk oil) for the week.

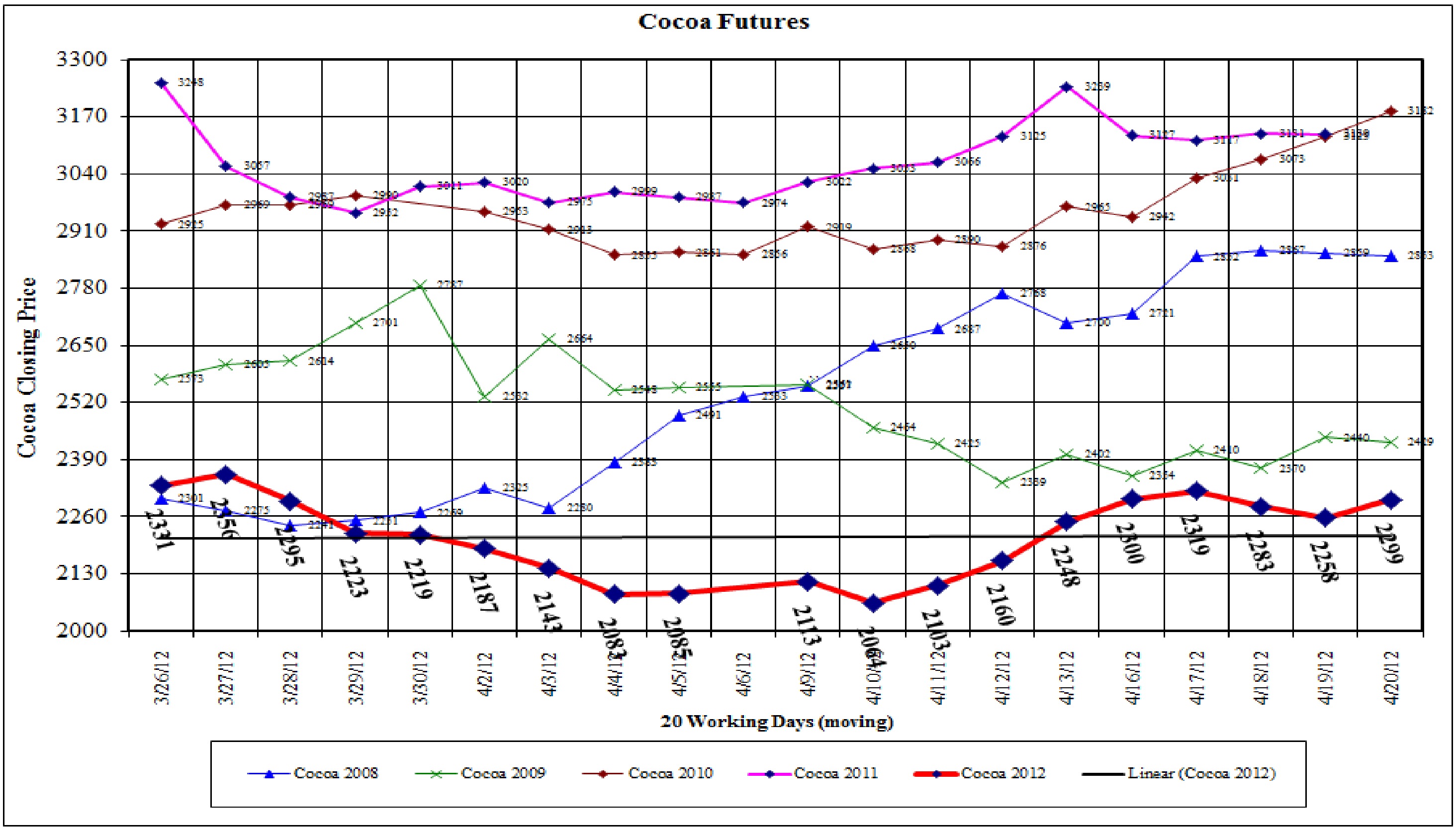

Soybean Oil
Closing Price (per pound)
20 Working Days (moving)
2008 Oil 4 week
2009 Oil 4 week
2010 Oil 4 week
2011 Oil 4 week
2012 Oil 4 week
Linear (2012 Oil 4 week)

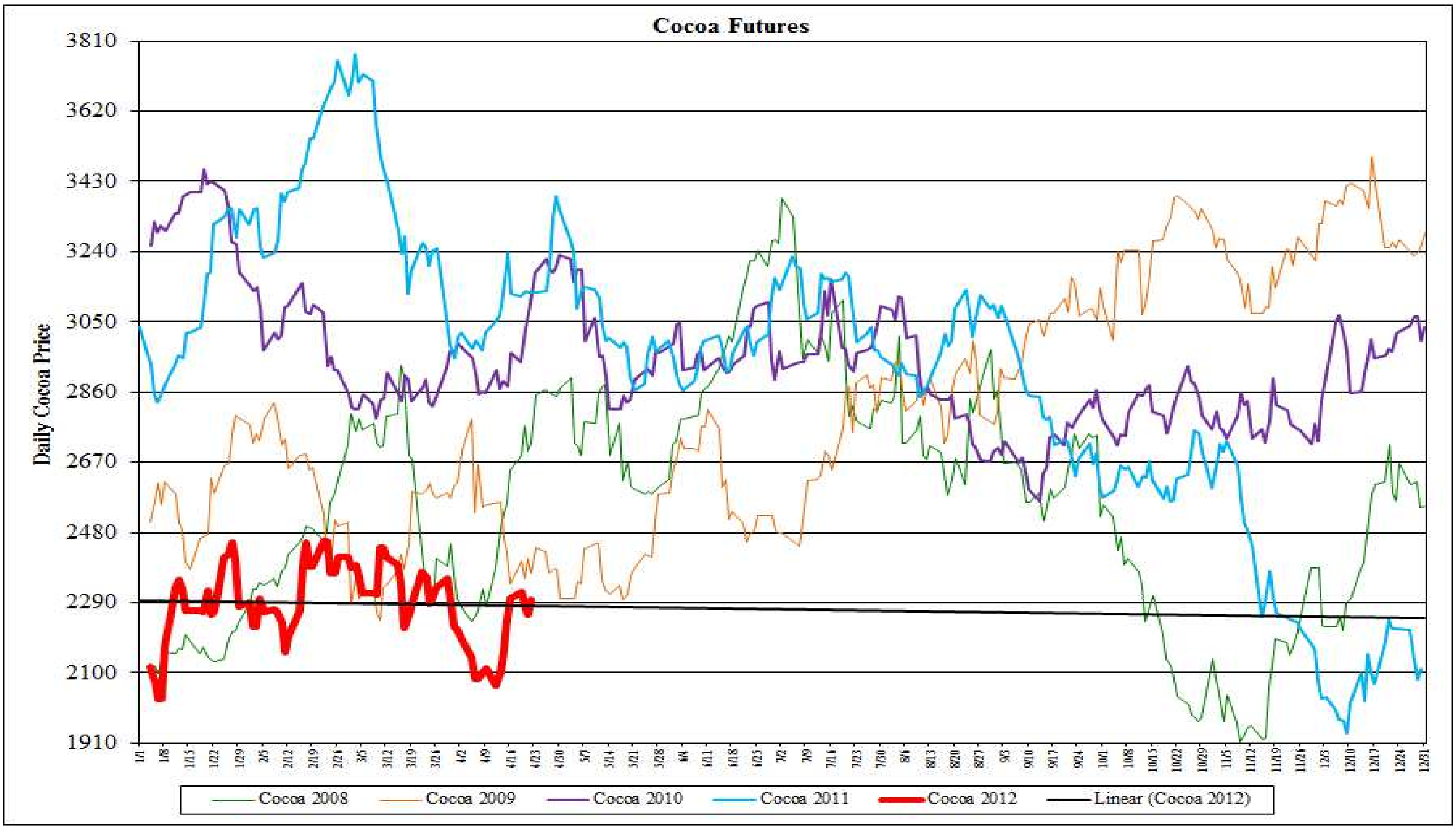

Soybean Oil
Closing Price (per pound)
2008 Oil
2009 Oil
2010 Oil
2011 Oil
2012 Oil
Linear (2012 Oil)

Cocoa Market:
All West Africa countries are harvesting the midcrop now, and yields are expected to be high. Rain is forecast for many areas now, and overall weather does not seem too bad. Showers have been reported in other parts of West Africa this week. Rain would still be beneficial, but right now the rains will mostly support development for the next crop. Traders note that western Africa crops seem to be available. Flowers are reported on trees there due to regular rains.

Cargill's cocoa and chocolate business has officially marked the completion of upgrades to its cocoa processing facility in Wormer, the Netherlands following a U.S. $82 million (€57 million) investment.
Cargill has opened a new Center of Expertise for cocoa and increased the cocoa powder production capacity at its Wormer facility enabling Cargill to strengthen its ability to offer customers greater product innovation and increased levels of service. The upgrade is in response to growing customer demand for high quality cocoa powders that are tailor-made to individual customer specifications. The Wormer facility processes cocoa liquor into cocoa butter and powder offering customers globally over 100 types of cocoa powder with a diverse variety of flavors and colors under the premium Gerkens® brand. The Center includes an ISO 17025 accredited quality control laboratory, a pilot plant for product and process development, as well as an expanded expert taste panel to support sensorial evaluation for cocoa liquor and powder products. The investment has also enabled Cargill to open a new, fully automated cocoa powder warehouse and distribution center in the port of Amsterdam with very high food quality and safety standards. The warehouse will provide an efficient storage capacity, storing three times as much product per square meter as conventional warehouses in the port of Amsterdam. Better transport and capacity planning will also result in more than 10% reductions in CO_2 emissions on existing transport and customer shipments. The Netherlands has been a focal point of Cargill's cocoa and chocolate business for many years. The new Center of Expertise will offer our customers even greater innovation and insight, while upgrades to their production and storage capacities will mean they will also benefit from higher quality and customer service. Cargill's cocoa and chocolate facilities in the Netherlands are part of its wider cocoa and chocolate network in Western Europe, Africa, Brazil, Canada and the United States. Cargill has been supplying quality cocoa and chocolate products to customers around the world in the chocolate, confectionery and food industry for over 50 years.

Cocoa closed up $51.00/ton for the week (compared to last Friday's close).


Cocoa Futures
Cocoa Closing Price
3300
3170
3040
2910
2780
2650
2520
2390
2260
2130
2000
2331
2356
2295
2223
2219
2187
2143
2083
2085
2113
2064
2103
2160
2248
2300
2319
2283
2258
2299
3/26/12
3/27/12
3/28/12
3/29/12
3/30/12
4/2/12
4/3/12
4/4/12
4/5/12
4/6/12
4/9/12
4/10/12
4/11/12
4/12/12
4/13/12
4/16/12
4/17/12
4/18/12
4/19/12
4/20/12
20 Working Days (moving)
Cocoa 2008
Cocoa 2009
Cocoa 2010
Cocoa 2011
Cocoa 2012
Linear (Cocoa 2012)


Cocoa Futures
Daily Cocoa Price
3810
3620
3430
3240
3050
2860
2670
2480
2290
2100
1910
Cocoa 2008
Cocoa 2009
Cocoa 2010
Cocoa 2011
Cocoa 2012
Linear (Cocoa 2012)

Sugar Market
World sugar market feeling pressure from better crop in Brazil and market talk that India is going revised their export quote higher. Brazil got some nice rains last week, but there are still many concerns about how much they will produce this year because of dry weather earlier in the season.

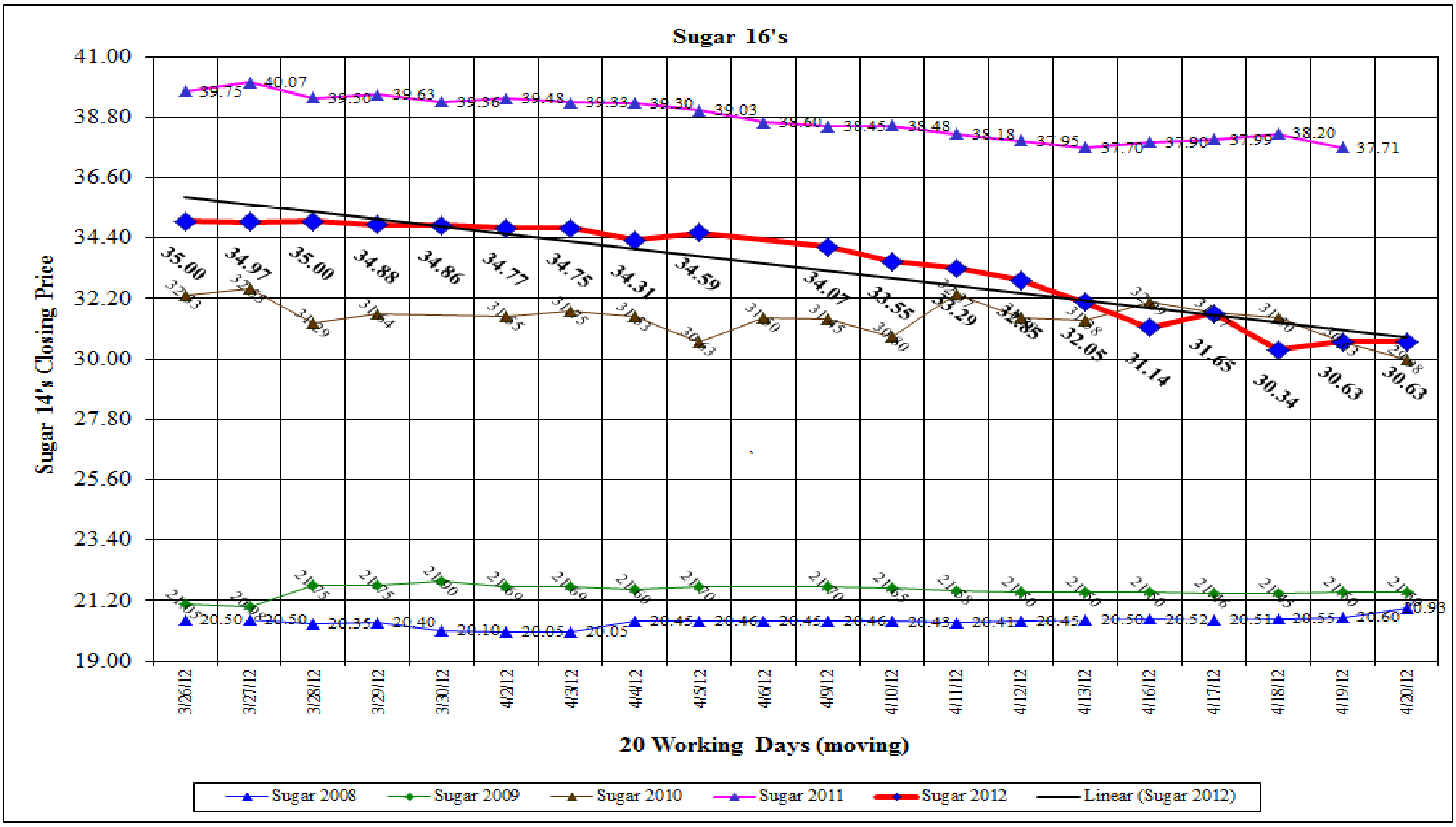
On Wednesday, the U.S. Department of Agriculture (U.S.D.A.) today announced a 51,000 short tons raw value (STRV) increase in the fiscal year (FY) 2012 Overall Allotment Quantity (OAQ), a reassignment of projected surplus beet sugar marketing allocations between beet processors, and a reassignment of surplus cane sugar marketing allotment from domestic sugarcane processors to a 420,000 STRV increase in the FY 2012 raw sugar tariff-rate quota (TRQ). U.S.D.A. announced an increase in the FY 2012 OAQ to 9,507,250 STRV, which represents 85% of the demand estimate published in the April 2012 World Agricultural Supply and Demand Estimates (WASDE) report. The increase is split in accordance with the Sugar Marketing Allotment program, 54.35%/45.65% between the beet and cane sectors, or 27,719 and 23,281 STRV, respectively. U.S.D.A. evaluated each sugar beet processor's ability to market its full allocation, and decided not to reassign beet sugar allotment to imports at this time due to uncertainties that still exist in forecasting FY 2012 sugar production. However, beet sugar marketing allocations are transferred from beet sugar processors with surplus allocation to those with deficit allocation. In addition, U.S.D.A. determined that all sugarcane processors have surplus allocations of the FY 2012 cane sugar marketing allotment. Therefore, the 420,000 STRV reassignment to the raw sugar TRQ increase reduced all sugarcane states' sugar marketing allotments. The total cane sector allotment decreased in net from 4,316,778 to 3,920,060 STRV. The new cane state allotments are Florida, 1,926,658 STRV; Louisiana, 1,554,521 STRV; Texas, 170,745 STRV; and Hawaii, 268,135 STRV. The FY 2012 sugar marketing allotment program will not prevent any domestic sugarcane processors from marketing all of their FY 2012 sugar supply. Due to uncertainties that still exist in forecasting each company's and sector's FY 2012 sugar production, further reassignments are likely.

The 420,000 STRV raw sugar TRQ increase, when combined with an estimated reallocation of 70,000 STRV, is expected to yield a net increase in raw sugar imports of 450,000 STRV, after normal TRQ slippage because not all supplying countries will fill their import quota allocations. This TRQ increase is not currently expected to increase FY 2012 domestic sugar supplies sufficiently to attain a level U.S.D.A. considers adequate. U.S.D.A. used an ending stocks-to-use level of 14.5% in estimating the "reasonable ending stocks" parameter for the most recent FY 2012 sugar market quarterly review mandated by statute.   Significant uncertainties about FY 2012 Mexican imports, domestic refined and raw sugar demand, the early sugar beet crop, and other market factors make it prudent for U.S.D.A. to not increase imported supplies further at this time.   U.S.D.A. will re-evaluate market conditions in June, as required by statute, and increase, as determined appropriate, the TRQ to bring the expected FY 2012 ending-stocks-use to within the traditional range that U.S.D.A. considers adequate, i.e., 13.5% to 15.5%.

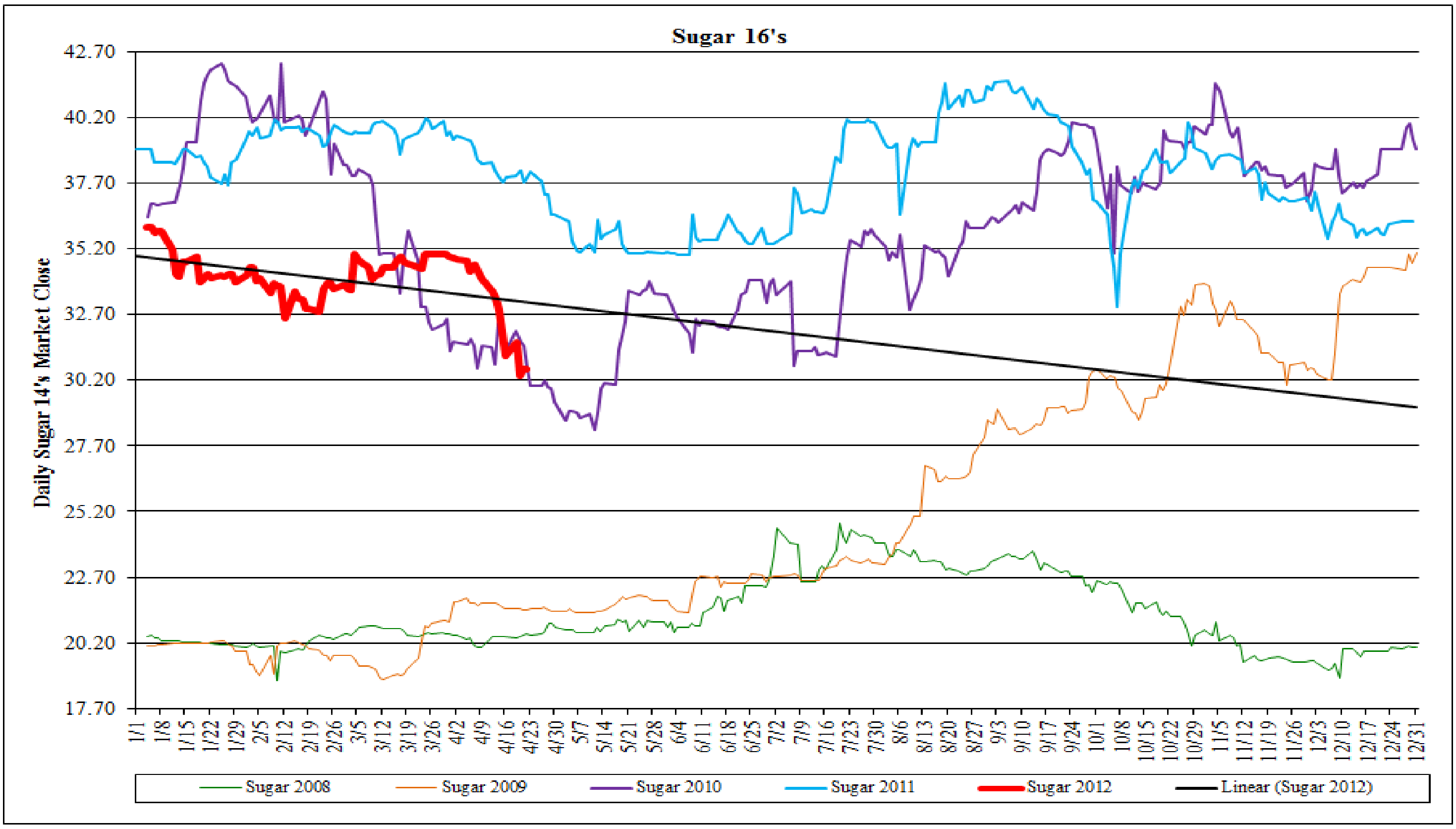
There appears to be an increasing amount of the sugar exported out of Mexico to the U.S. that is repackaged world white sugar. U.S. supplies of sugar are adequate for now, but expect supplies to tighten as we approach the third quarter (JAS) which is confirmed in supply/demand estimates.

Price Outlook: Near-term U.S. sugar prices remain on the defensive, but the tightening of the U.S. balance sheet by U.S.D.A. confirms that supplies will get tighter as the crop year progresses.

Sugar 16's closed down $1.42/cwt. for the week (versus last Friday's close)

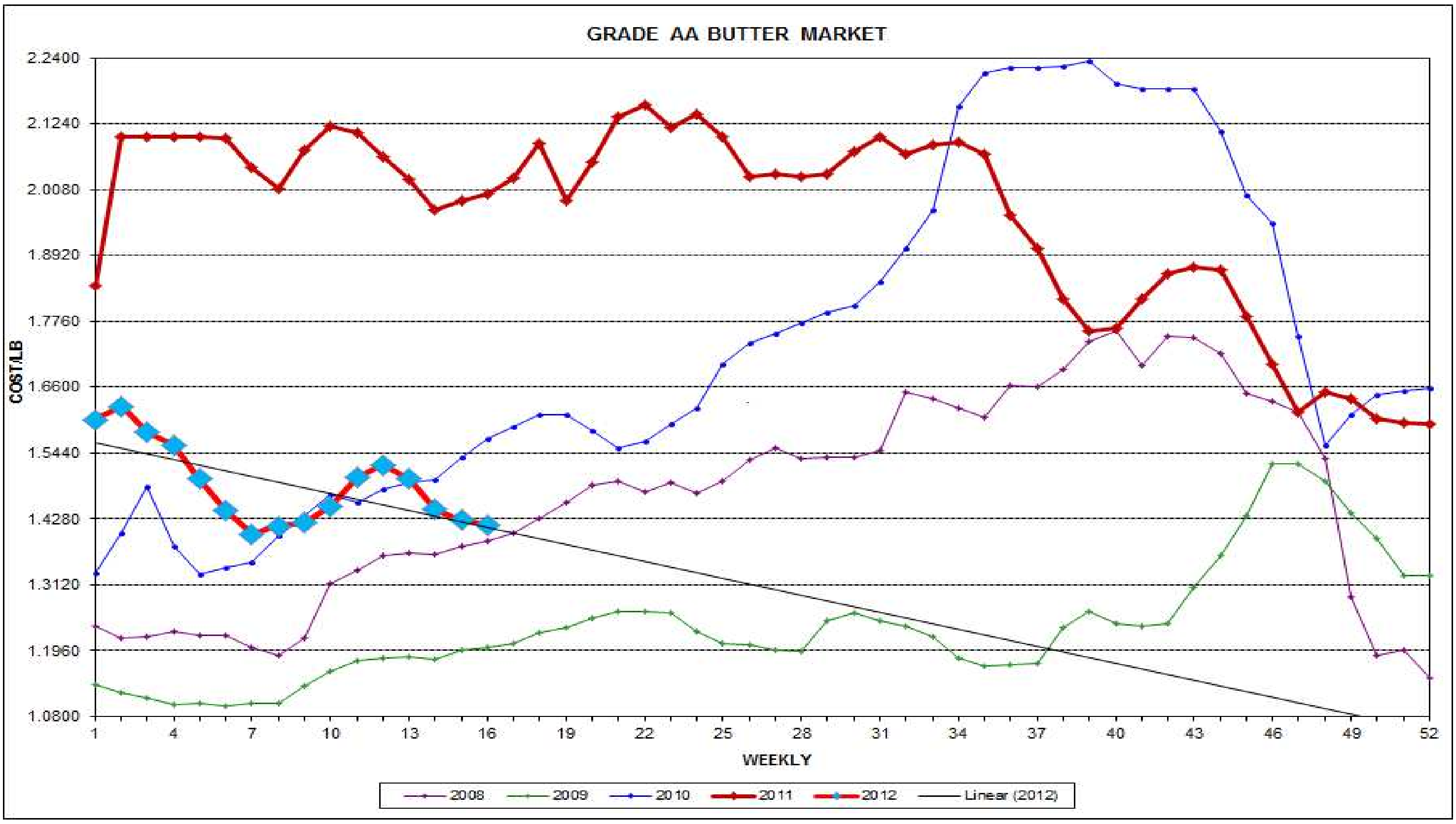


Sugar 16's
Sugar 14's Closing Price
20 Working Days (moving)
Sugar 2008
Sugar 2009
Sugar 2010
Sugar 2011
Sugar 2012
Linear (Sugar 2012)



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 $1.4125/lb. The weekly average is $1.4175/lb. down $0.0085/lb from last week's average.

A. Butter Market

The butter price declined $0.0125/lb. this week and closed on Friday at $1.4125. Churning schedules have eased following the active churning prior to the recent holiday. Cream volumes remain plentiful to the churn and many churns are running at or very near capacity levels. Many butter producers are able to manage their output at this time and be selective with their additional cream purchases. Churning continues to generate print butter for current and near term needs, but much churning is being directed toward bulk volumes which are clearing to inventory. Butter demand has slowed considerably. In most instances, orders are being placed for near or short term needs as many buyers feel that further price weakness will develop as milk and cream volumes increase seasonally. Retail buyers are indicating that feature activity is limited, although advertised butter continues to be present in many grocery ads. Cooperatives Working Together (CWT) accepted export assistance requests last week totaling 1.1 million pounds.

U.S.D.A. released the March Milk Production report this week showing 50-state milk production at 17.7 billion lbs., up 1.9%, on a daily average basis versus the prior month and 4.2% greater than last year. Higher milk production versus the prior year is driven by a 3.2% gain in milk per cow and a nearly 1.0% increase in the dairy herd. The U.S. dairy herd expanded by 12,000 head in March to 9.266 million—the largest since May 2009. States posting the highest year-over-year gains in milk production are: Utah 7.8%, Michigan 7.3%, Colorado 7.1%, Arizona 6.6% and California 6.2%.

B.

B. Dairy Powders

Many dry product markets continued lower this week. Active production is pressuring the supply side of nonfat dry milk throughout the country as farm milk production continues to exceed 2012 projections. Condensed skim loads are crossing regional boundaries to find processing room and hiking production in some butter/powder plants, as dryer schedules allow. Dry buttermilk markets in the West declined this week as a response to active production in that region, but Central prices held steady. The Central market is lightly tested as buyers and sellers are not inclined to move beyond contract agreements at this time. Whey protein concentrate 34% prices notched lower for the fifth consecutive week as market participants note ready availability of edible and off spec nonfat dry milk at lower prices than WPC 34%. The lactose market held steady. The range widened as some lower priced spot sales to intermittent customers finalized while spots sales between approved suppliers and end users also finalized at higher prices due to strong demand.

Analysis of February's NDM trade data indicates that the U.S. is facing increased competition in Southeast Asia, which may be forcing U.S. exporters to shift efforts to other regions. Year to date, the top ten export partners account for 87% of U.S. NDM/SMP exports. While the top four trade partners remain consistent: Mexico, Indonesia, Philippines and Vietnam. Exports to all but Mexico are trending lower versus last year. Meanwhile exceptionally strong exports to Mexico and Egypt in 2012, up 56% and 66% respectively, have kept U.S. NDM/SMP exports positive versus last year. However, more SMP may be available on the global market. Last year the Indian government banned exports of SMP and casein to ease domestic prices. In addition, India imported 50,000 tons of SMP to enhance supply. With 2012 milk production forecasted at 127 million tons, up more than 4.5% versus last year, manufacturers want the ban lifted. Indian SMP stocks are estimated near 100,000 tons or over 220 million lbs. These stocks are currently not available to the world market; however, if the ban is lifted then a portion of these stocks would be readily available to global buyers. This suggests U.S. NDM/ SMP exporters may experience more competition in the coming months.

Dry whey, NDM and WPC prices reported by Dairy Market News continue to decrease versus the prior week. The Central dry whey mostly range is 48.5¢ to 58.0¢, down 1.5¢ on the low end and 2.0¢ lower on the high end. The West dry whey mostly range is 46.0¢ to 54.5¢, down 2.0¢ on the low end and 0.75¢ less on the high side. The Central and West regions are reporting NDM price lows of $1.085/lb. and $1.10/lb., respectively. The Central/East NDM mostly range is $1.15/ lb. to $1.31/lb., down 2.0¢ on the low side and a penny less on the high end. The West NDM mostly range is $1.15/lb. to $1.26/lb., down 2.0¢ on the low end and 4.0¢ lower on the high end. The WPC range is $1.36/lb. to $1.465/lb., unchanged on the low end but down 2.5¢ on the high end. Lactose prices were unchanged at 89.0¢ to 94.0¢.

Eggs

Retail demand remains fair at best for the shell egg market. There are some mixed reports of some demand interest, but overall call from this channel has been disappointing since the holiday. Buyers are taking supplies at an average pace, now that post-Easter inventories have been cleared. A lack of feature activity has been cited as one cause, with most slow to schedule ads while prices are still on the decline. More have begun to place promotions for the weeks to come though, as we reach levels associated with sales below the dollar mark. Foodservice business is improving, especially in the northern regions, where warmer temperatures have allowed seasonal orders to begin. Supplies of jumbos and extra-large are balanced. Large are available in all regions. Lighter weights are adequate.

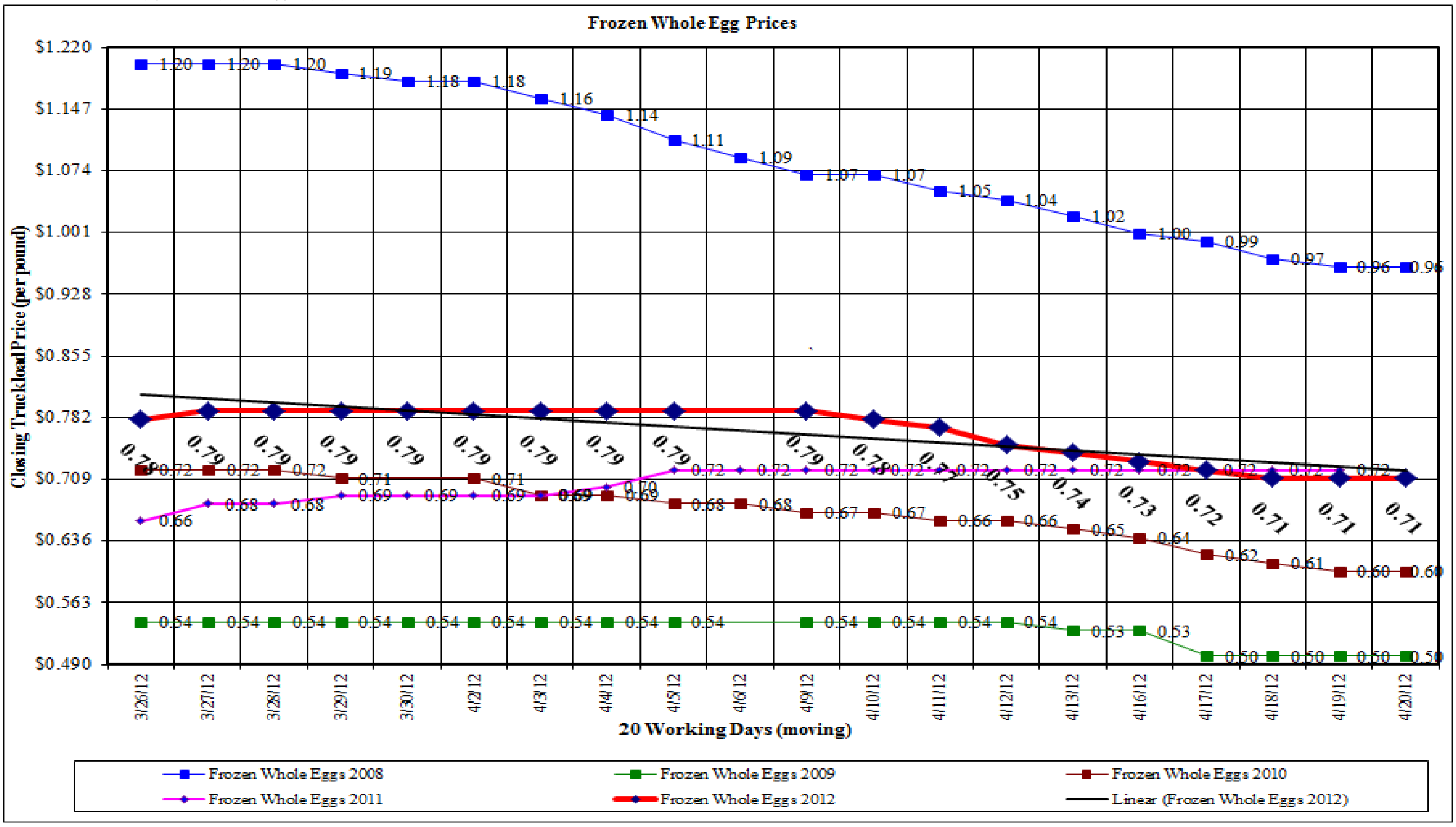
Wholesale trading activity is extremely light. This is not surprising though, as most state they have plenty eggs on hand to fill their orders and are not taking a position on spot market supplies at this time. Sellers typically describe large as the only size creating problems, with inventories burdensome in several cases. Completed transactions represent discounts to current quotes, as sellers remain willing to negotiate their asking prices. The majority have implemented some type of flock adjustment since the holiday, which seems to be helping jumbos and extra-large.

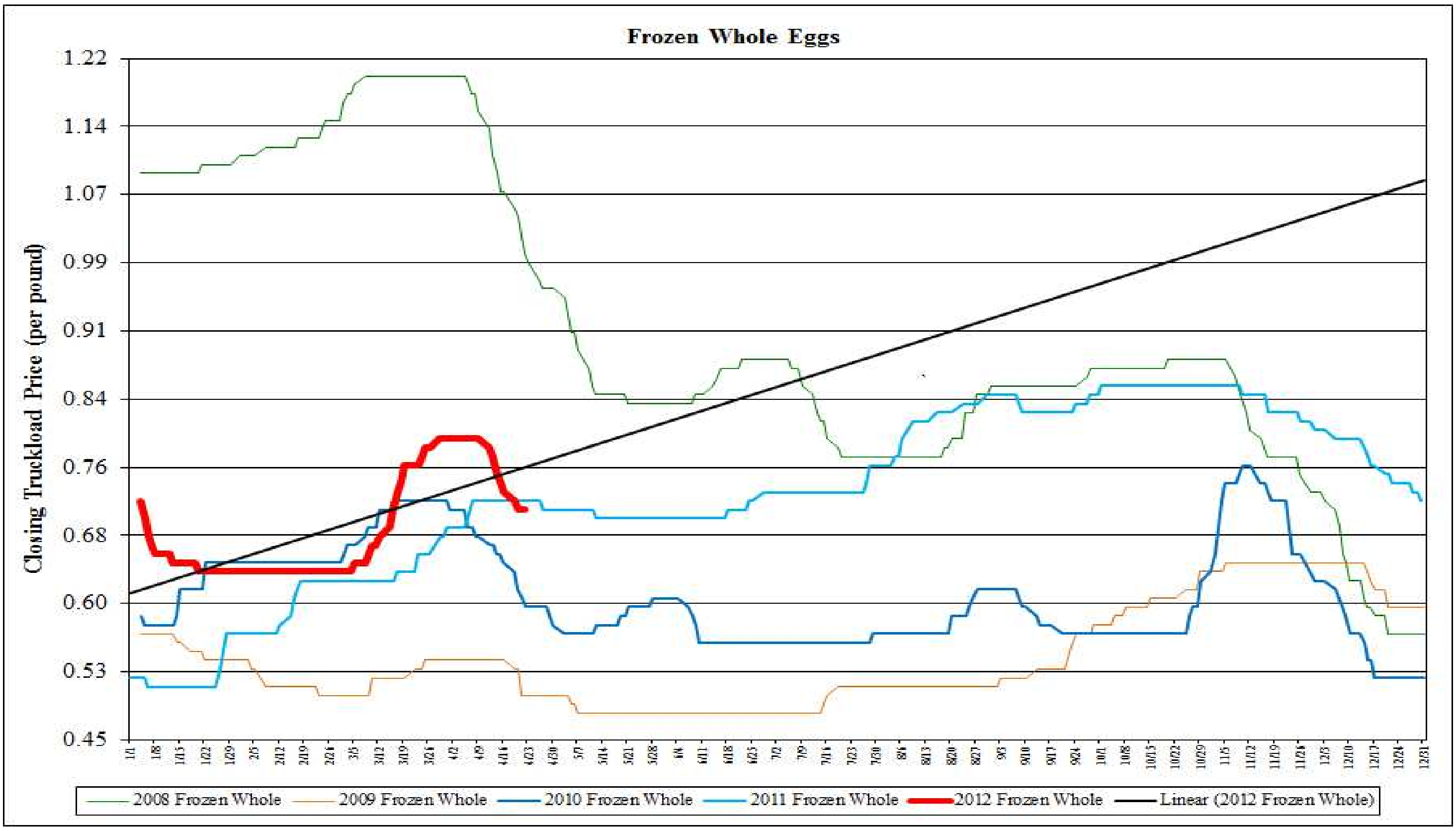
Further processors have been able to secure supplies of breaking eggs below current market quotes, resulting in changes to published quotations. Eggs processed under Federal Inspection totaled 1,360,185 cases for the week ending April 14th. The number of cases broken is up 4% from the previous week and up 6% from the same week last year. 751,094 cases were broken in-line this week, representing 55.2% of the total break.

Liquid yolk is trending downward, as some sellers are willing to discount but cannot find interested buyers. Sellers of frozen whole egg continue to adjust their asking prices lower due to recent depreciation in liquid costs. The remaining items in the dried and frozen categories are unchanged. Sellers are open to negotiation for transactions through the 3rd quarter, but trading is generally transacting at current market quotes.

a.

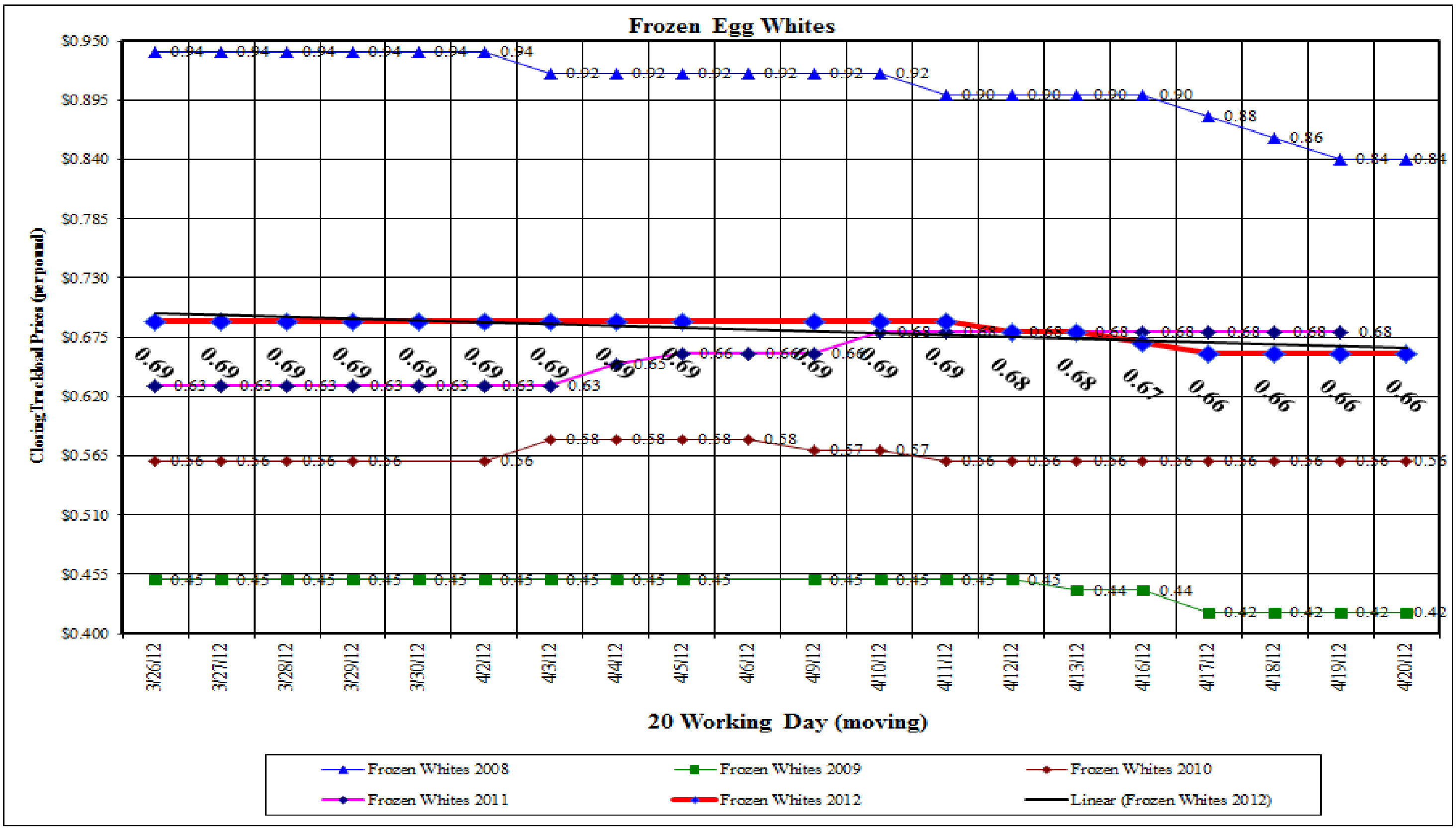
a. ***Frozen Wholes***

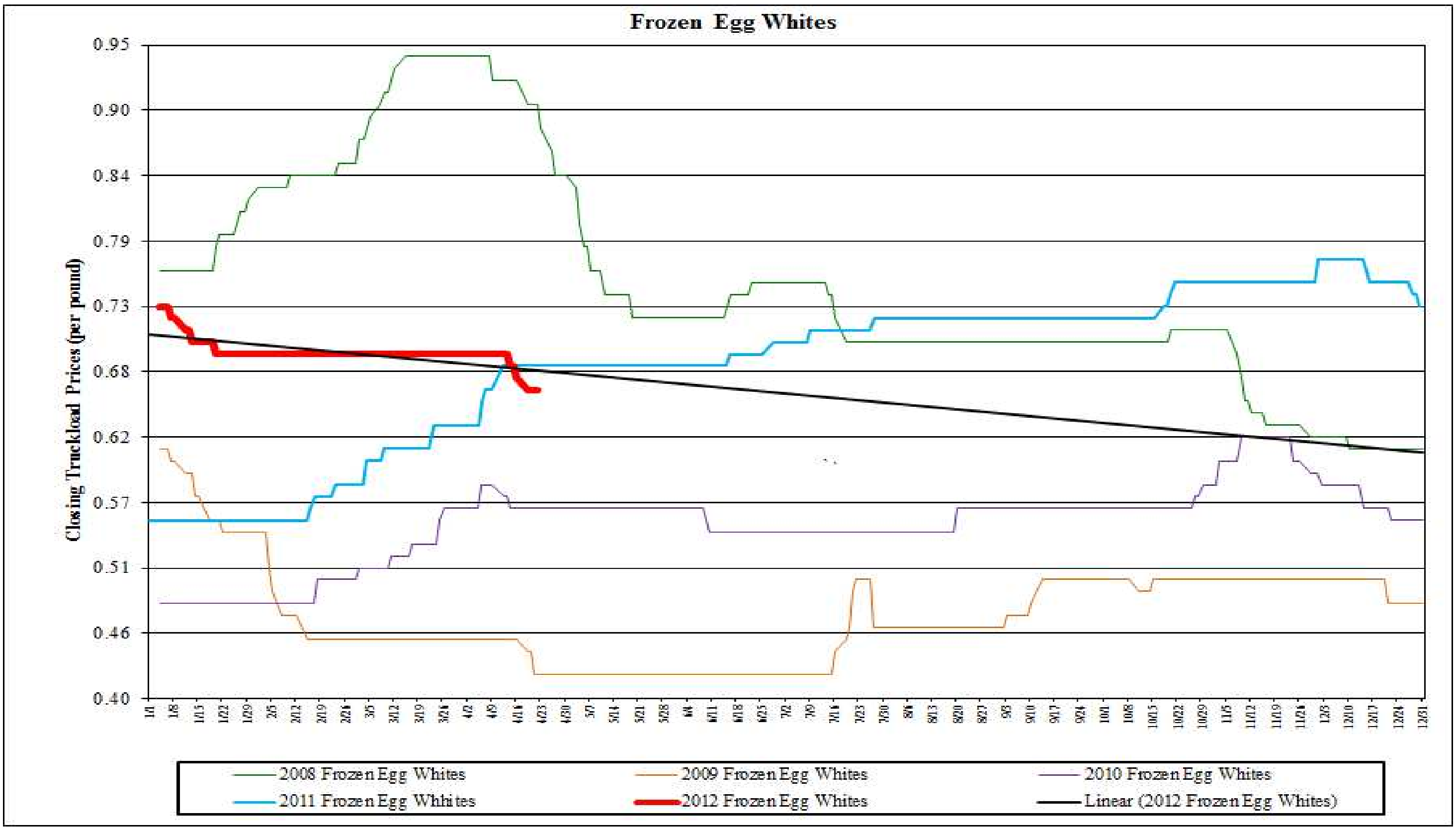




Frozen Whole Eggs closed down $0.03/lb. for the week (compared to last Friday's close).

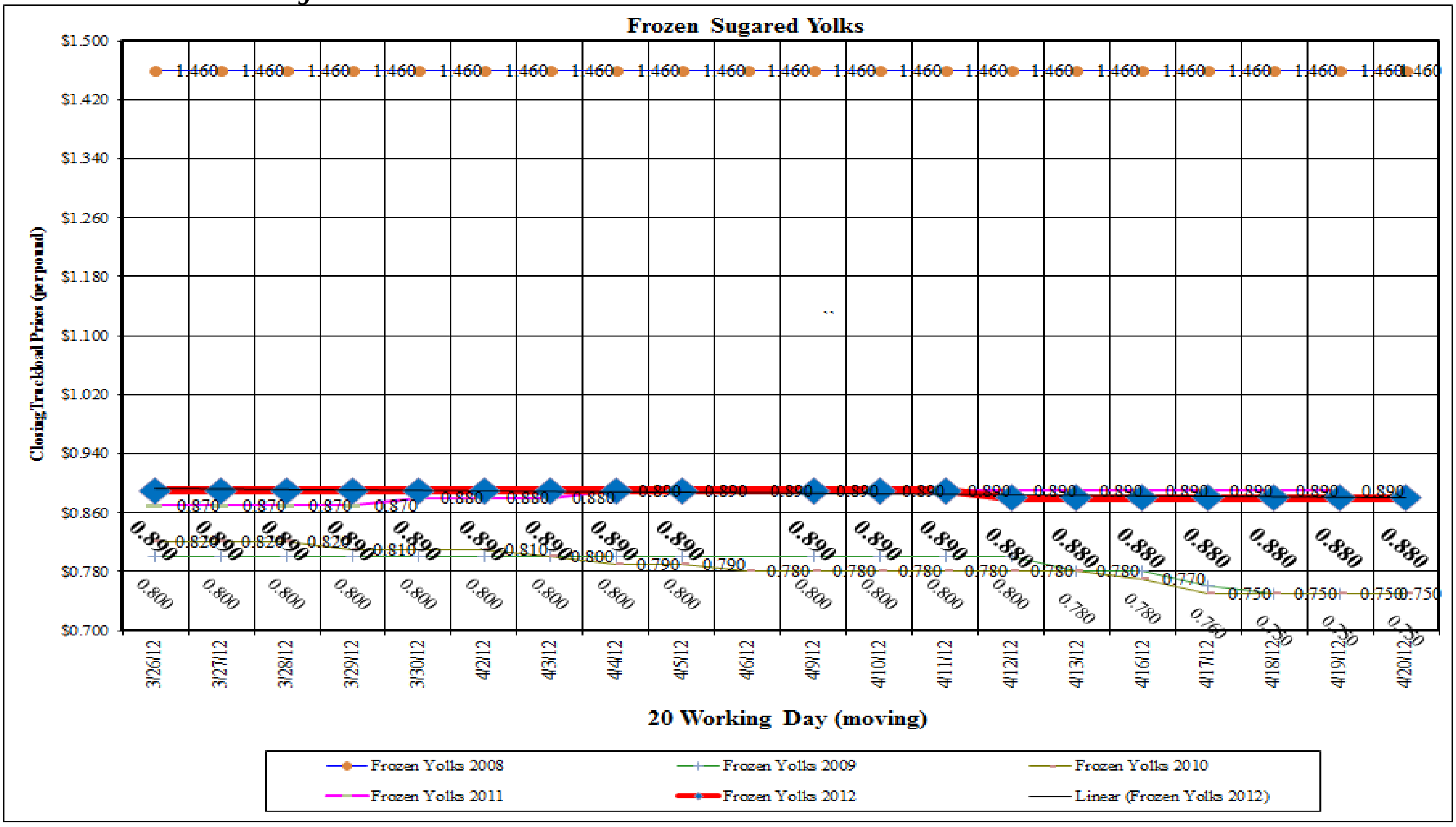
b. ***Frozen White***

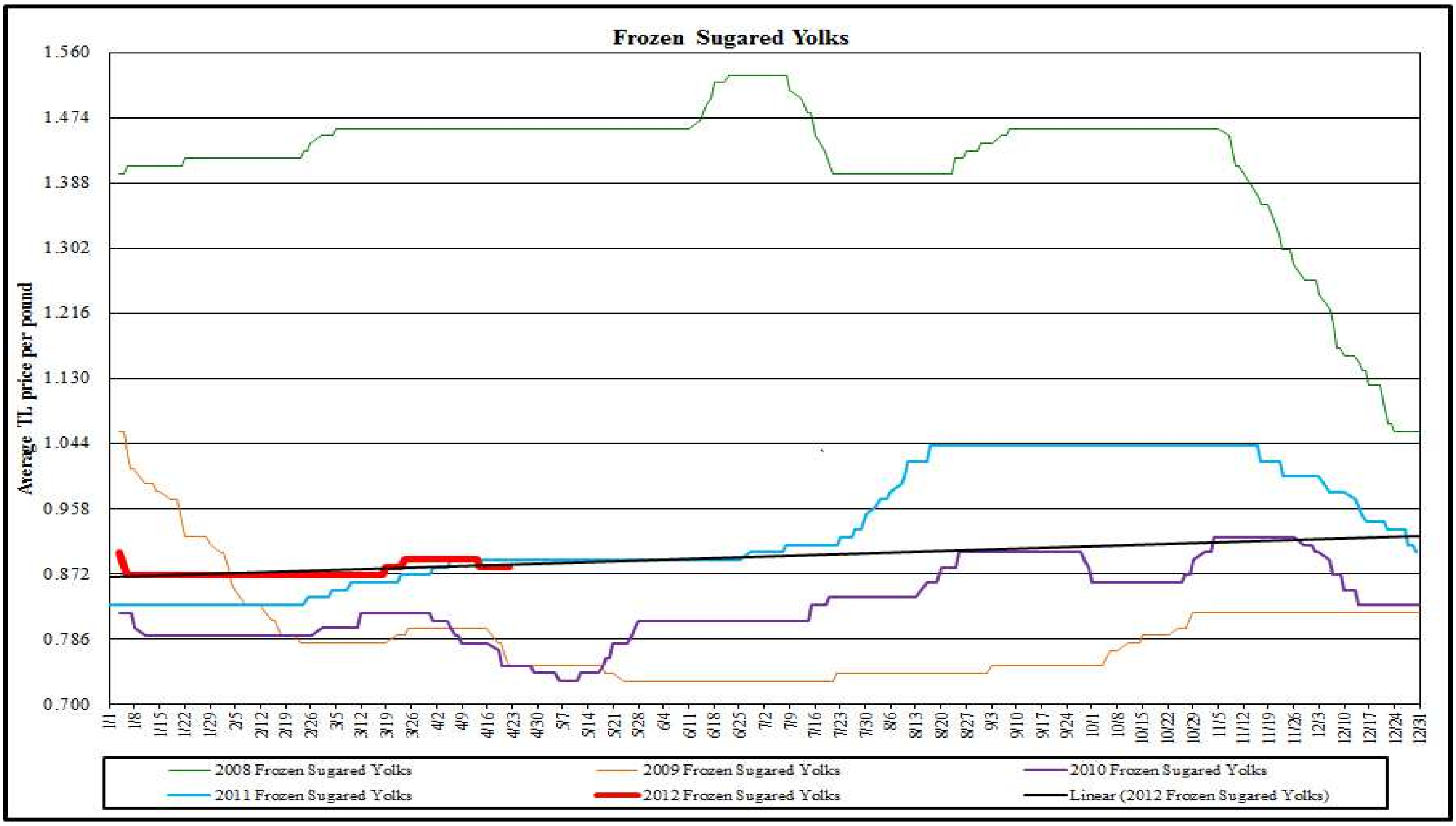




Frozen Egg Whites closed down $0.02/lb. for the week (compared to last Friday's close).

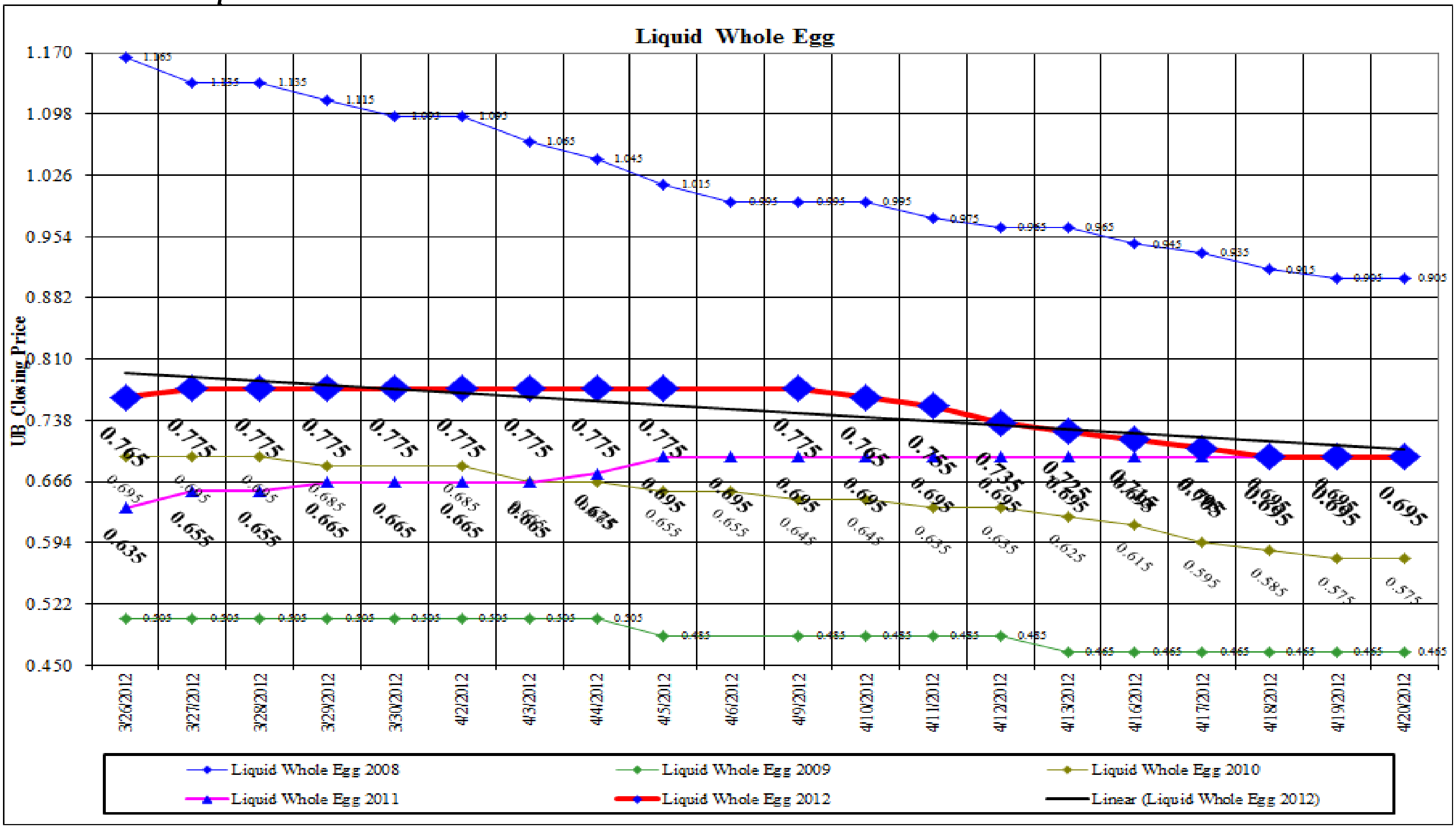
c. Frozen Sugared Yolks

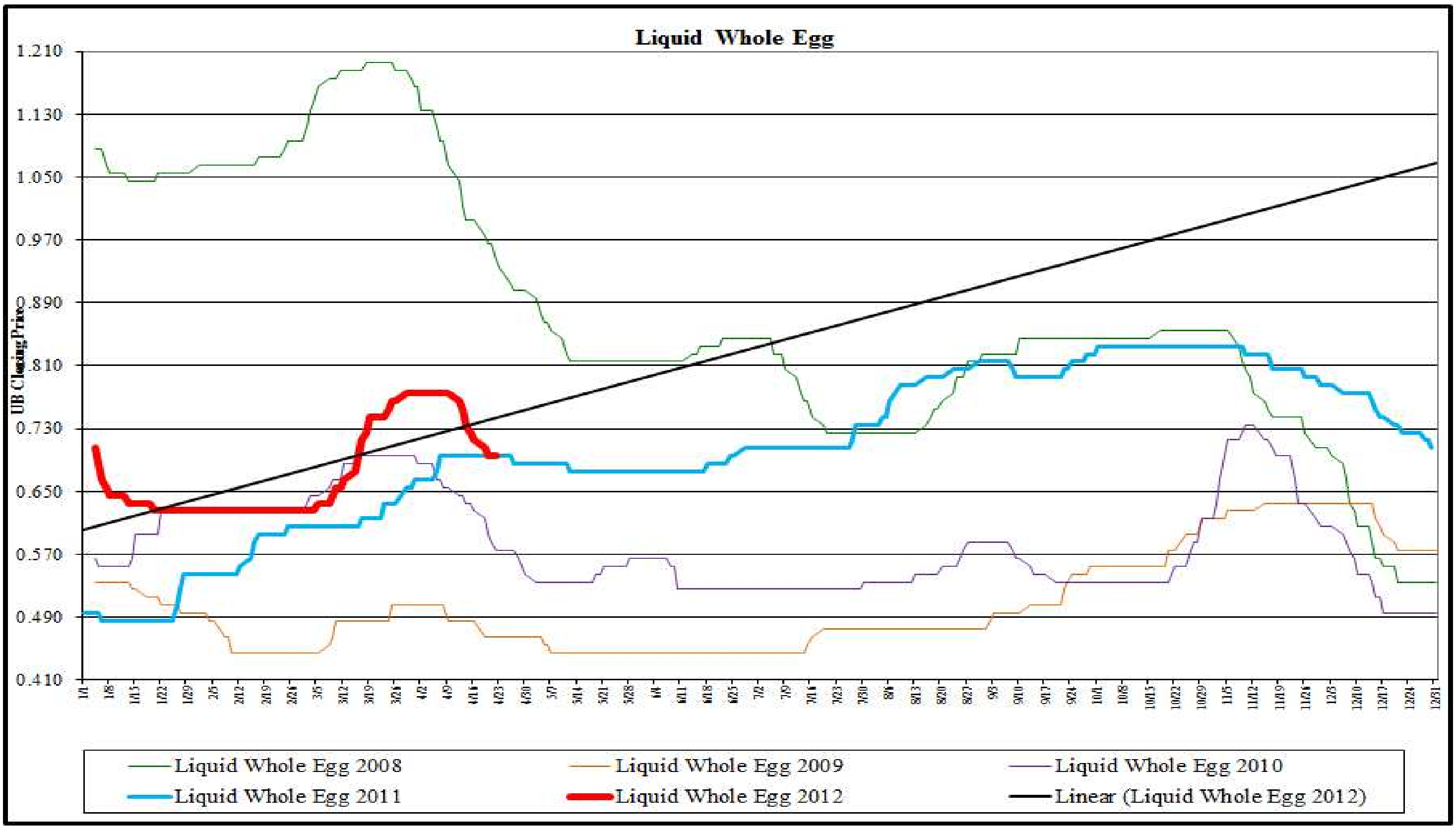




Frozen Sugared Yolks closed "no change" for the week (compared to last Friday's close).

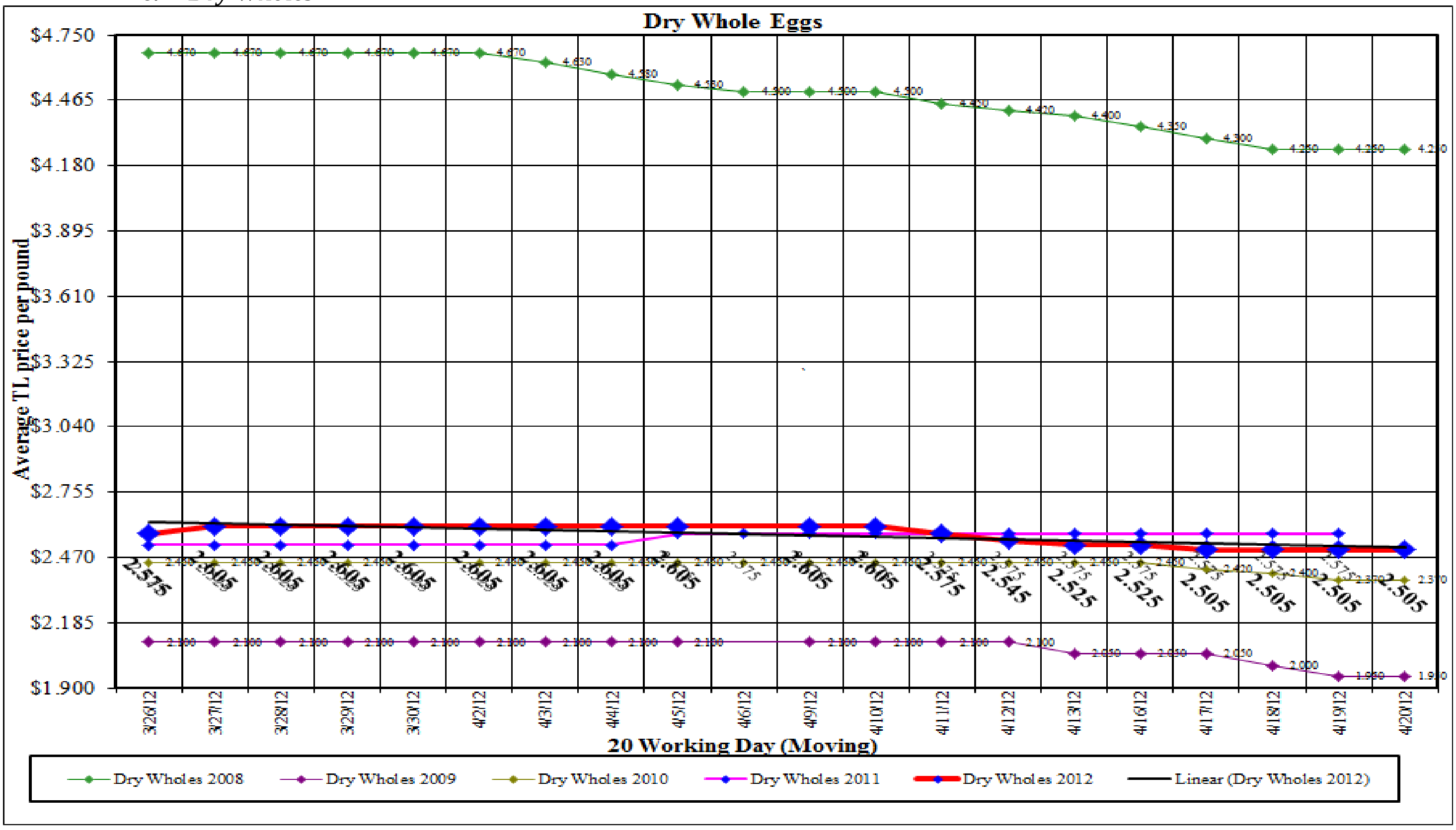
d. Liquid Wholes

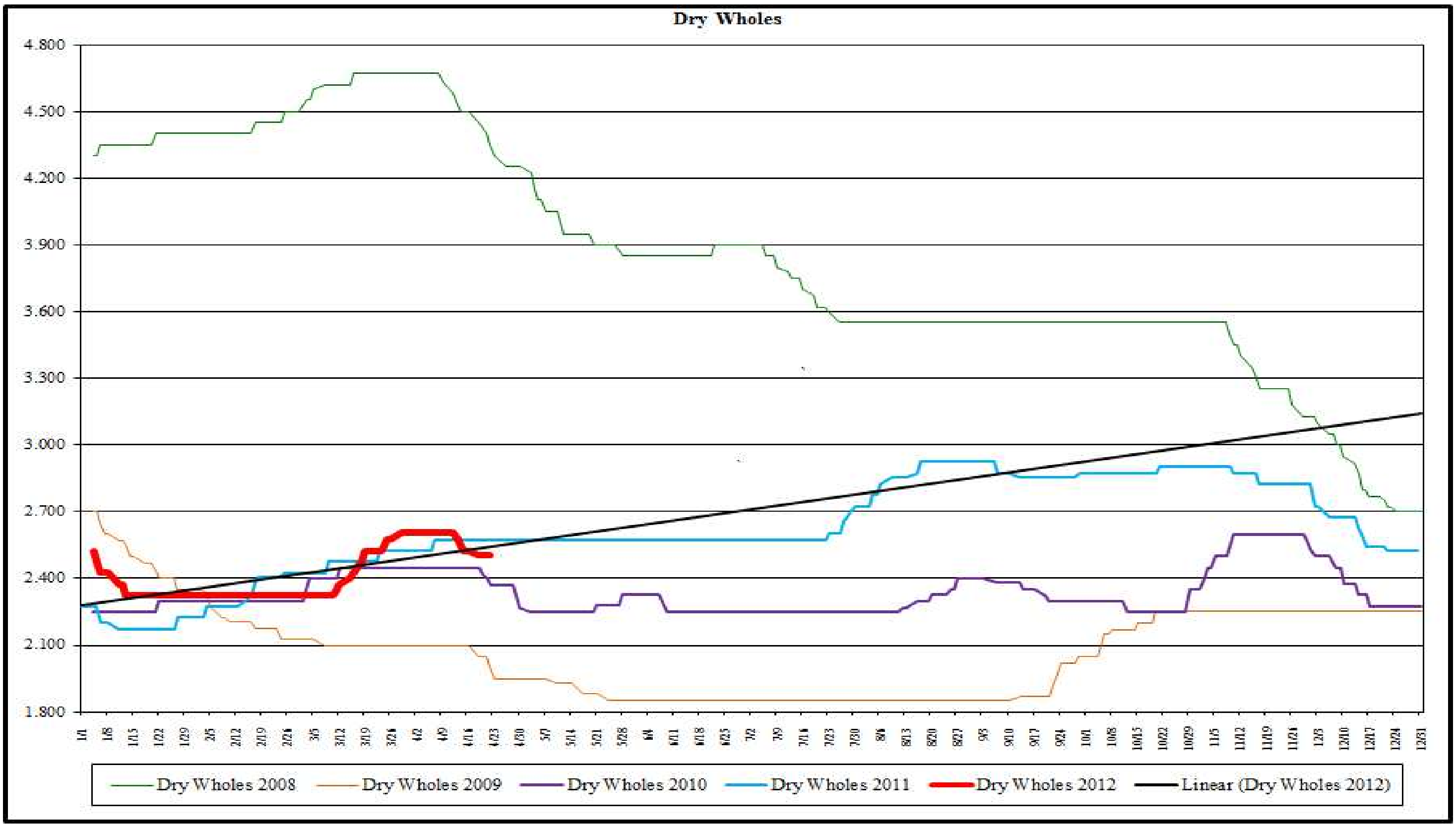




Liquid whole eggs closed down $0.03/lb. for the week (compared to last Friday's close).

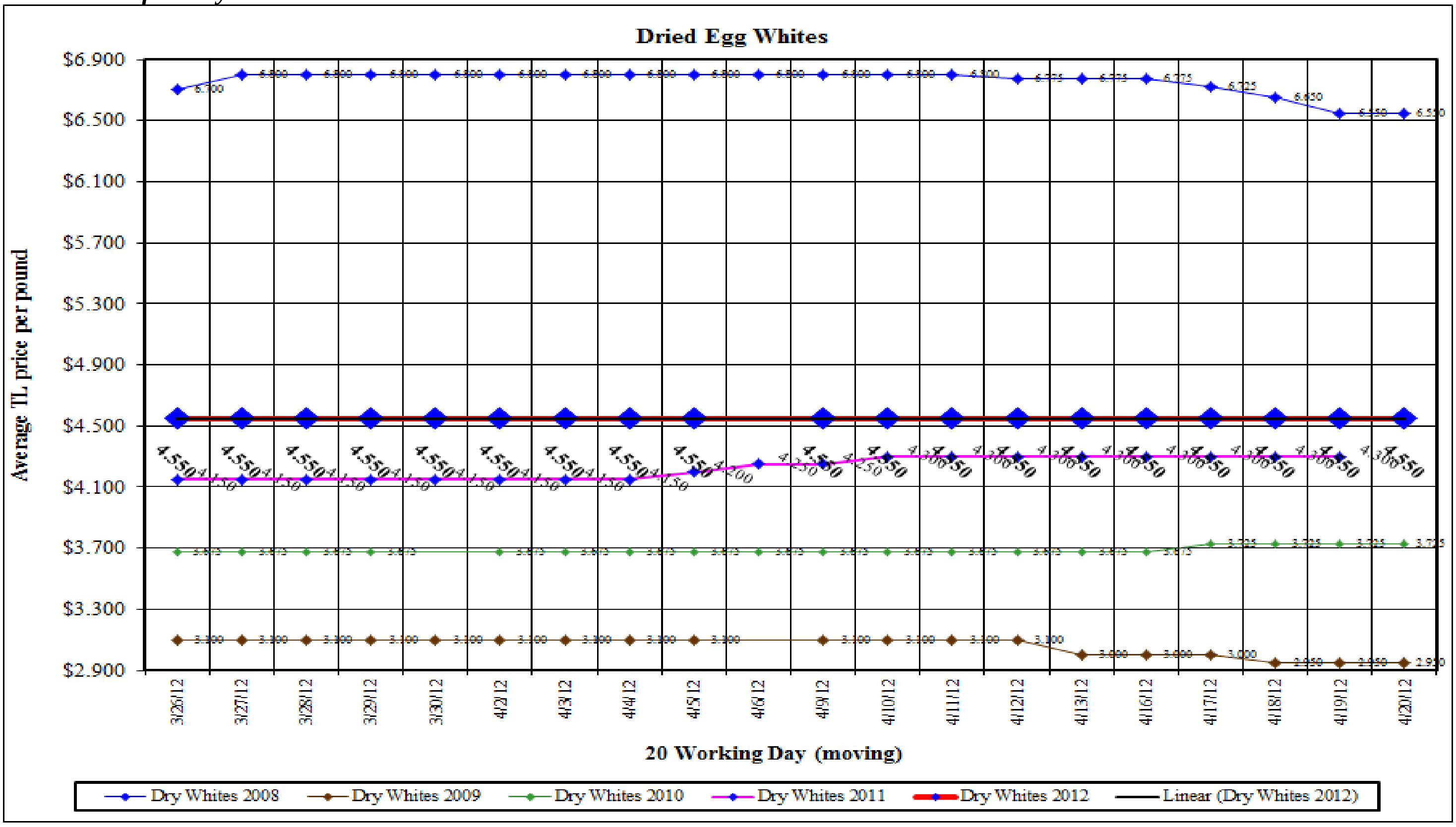
e. Dry Wholes

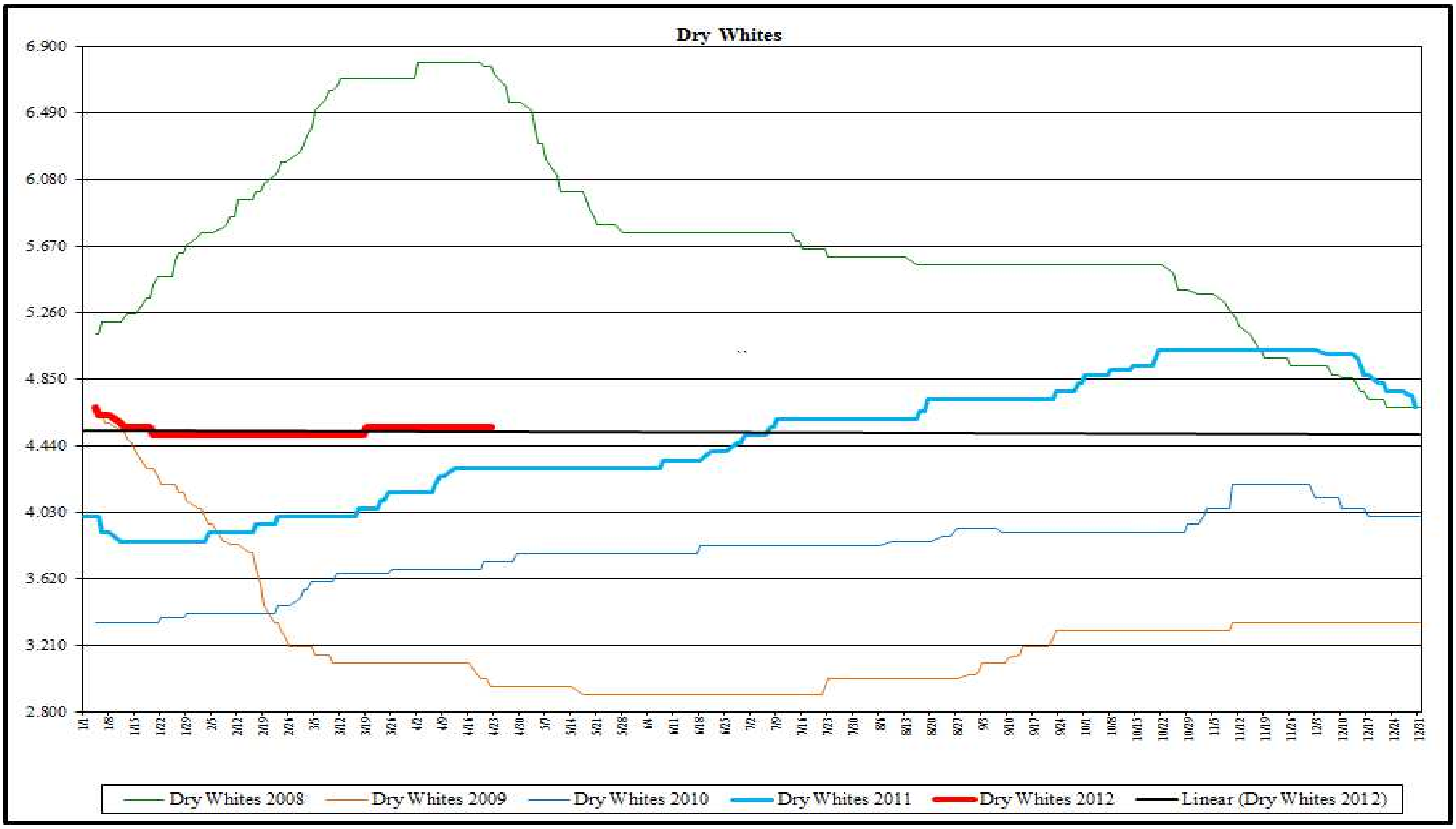




Dried Whole Eggs closed down $0.02/lb. for the week (compared to last Friday's close).

f. Dry Whites





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

Corn
Nothing has been reported for China in terms of corn purchases yet, but rumors are rampant. Currently China can have U.S. corn delivered for 6% less than domestic prices. Japan did say they were halting old crop corn buying from Ukraine because of quality problems. That could potentially open the door for more U.S. business. Japan has also been buying from South America. U.S.D.A. put export sales at 300,400 MT for 2011/2012 and reduced 2012/2013 net sales by 2,400 MT. Export shipments were 1,114,500 MT up 71% from the four week average.

There is talk about frost and freeze damage to corn last week and whether affected fields will be replanted (or how much yield potential is lost if they are left alone). The funds have been liquidating some positions out of concern about global demand for commodities, not tied specifically to corn. Rapid corn planting is a concern for new crop.

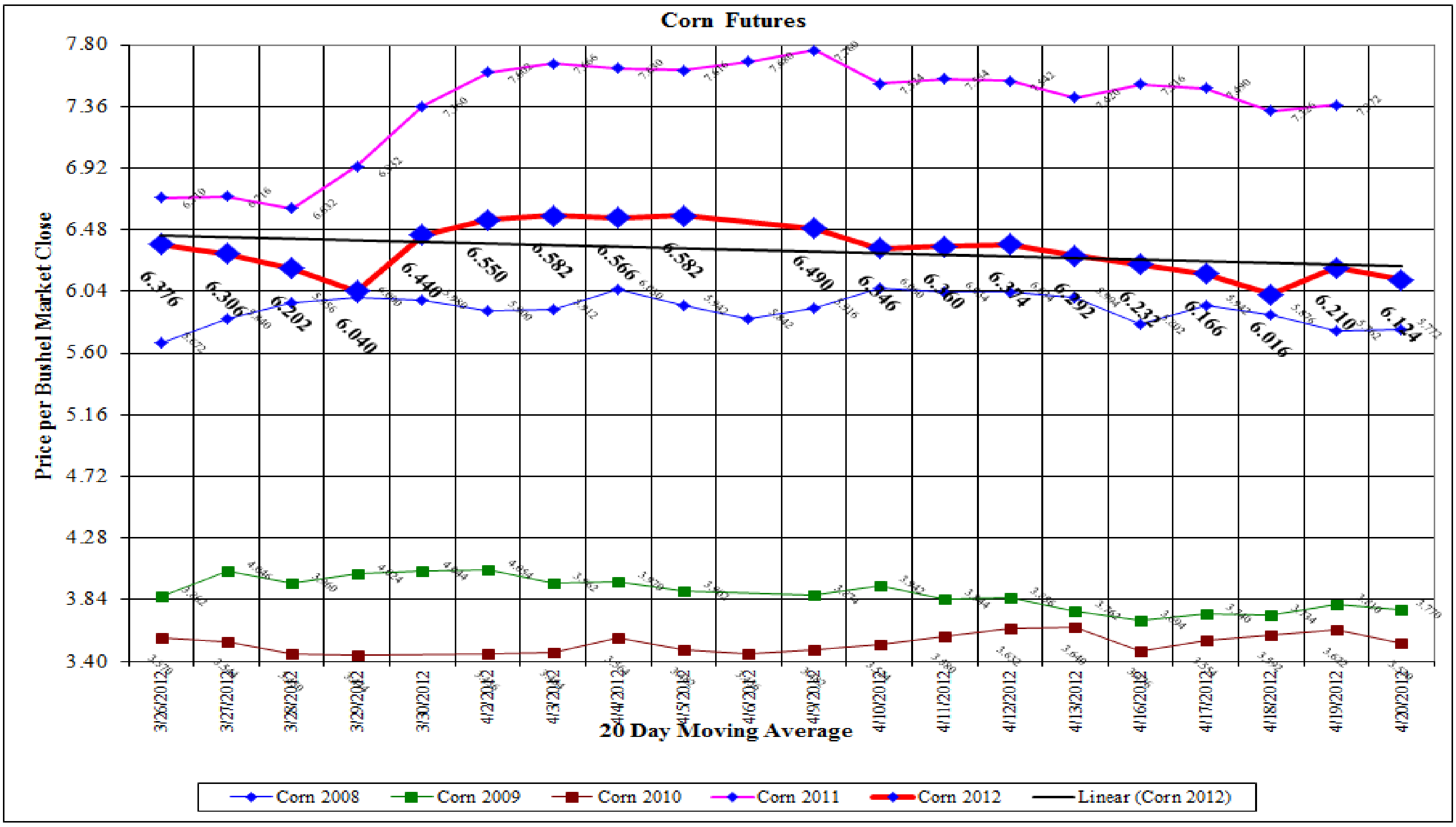
The U.S.D.A. Export Inspections Report was bull friendly at 42.875 million bushels versus 39 million a year ago. Cumulative shipments are only behind last year by 62.1 million bushels. U.S.D.A. is projecting that they will be down 135 million bushels for the year, which ends August 31.

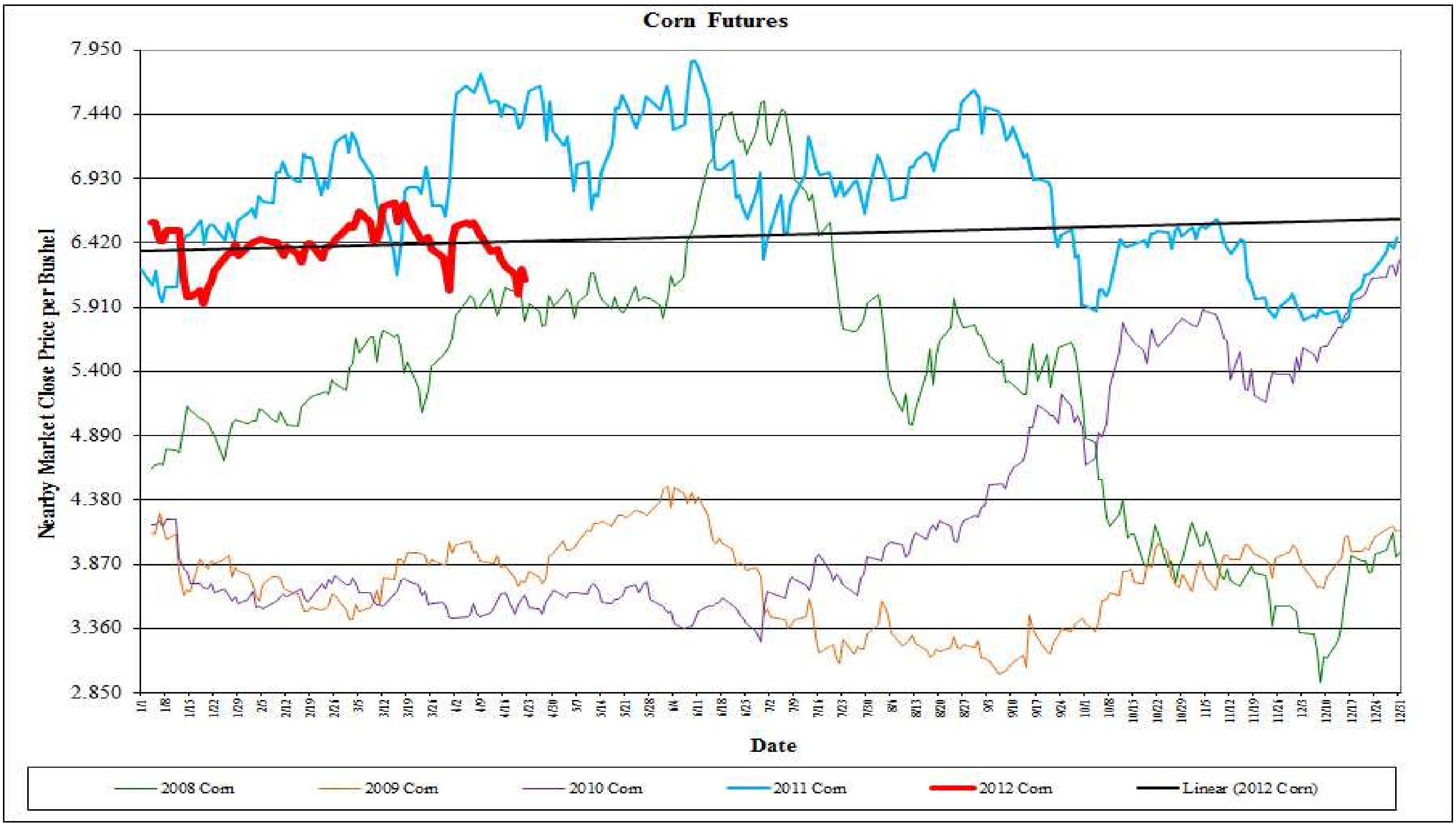
Planting progress reports out this week showed corn planting at 17% complete (up 10% from last week's level) versus the 5 year average of 5% and last year of 7%. IL corn plantings surged to 41% versus the 5-year average of 6%, IN 24% versus 2%, IA 5% versus 3%, KS 18% versus 9%, KY 59% versus 14%, MN 7% versus 2%, MO 39% versus 15%, NC 54% versus 36%, OH 10% versus 1%, TN 80% versus 25% and TX 54% versus 59%. One weather specialist said that about 30% of the main U.S. corn region had dry subsoil conditions versus 78% the prior week as some areas got double the normal rains in the last week.

The weekly U.S. grain stocks report showed terminal and elevator corn stocks were little changed at 60.8 million bushels versus 76.3 million a year ago. CBT deliverable corn stocks declined 485,000 bushels to 2.6 million versus 7.3 million a year ago.

Cooler temps and some rains have slowed the start, but as you can see we are out to a record pace and do not see this really slowing down too much. Weather, overall, is very good as we get rains where needed and planting still moving along in most other areas AND next week looks great as warmer temps return for a while.

Corn futures closed down $0.168/bushel for the week (versus last Friday's close).

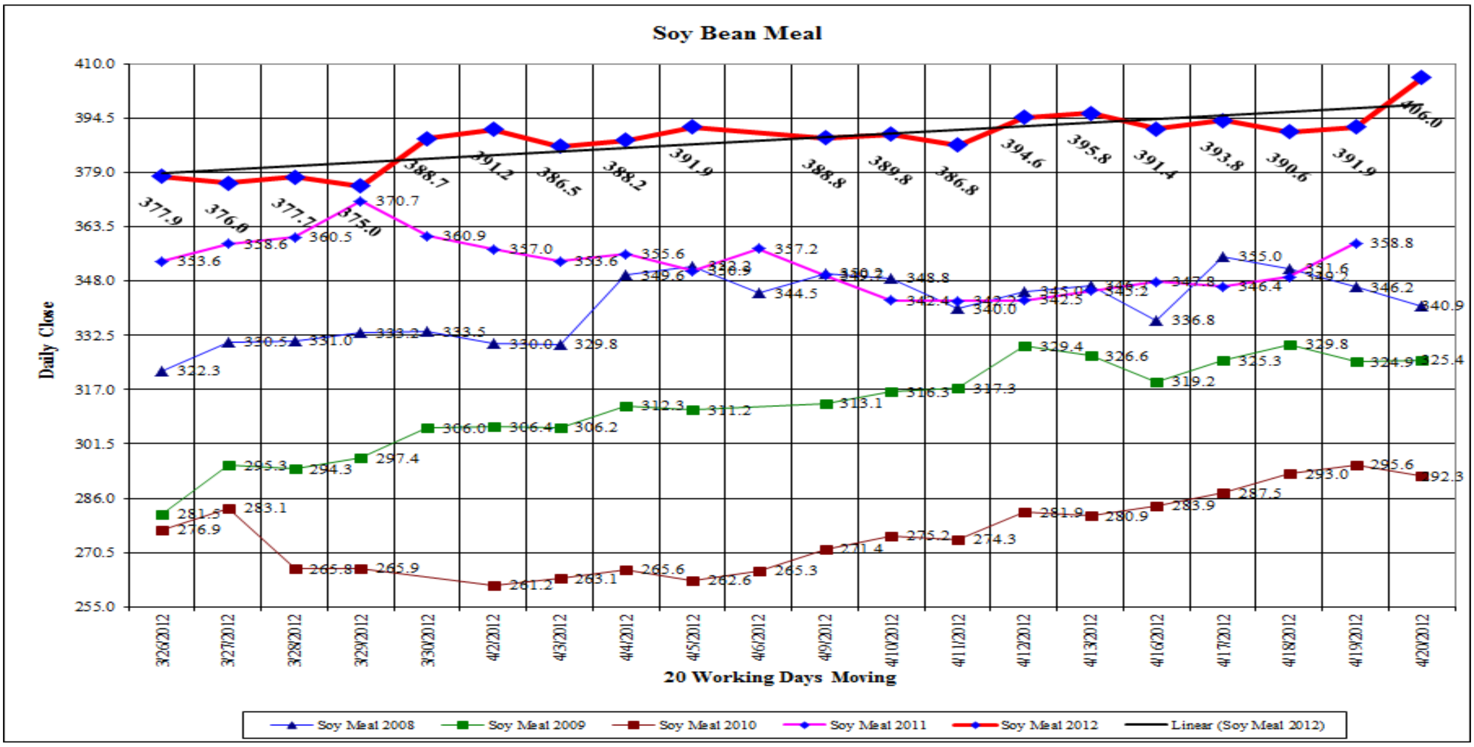

Corn Futures
Price per Bushel Market Close
20 Day Moving Average
Corn 2008
Corn 2009
Corn 2010
Corn 2011
Corn 2012
Linear (Corn 2012)
6.376
6.306
6.202
6.040
6.440
6.550
6.582
6.566
6.582
6.490
6.346
6.360
6.374
6.292
6.232
6.166
6.016
6.210
6.124

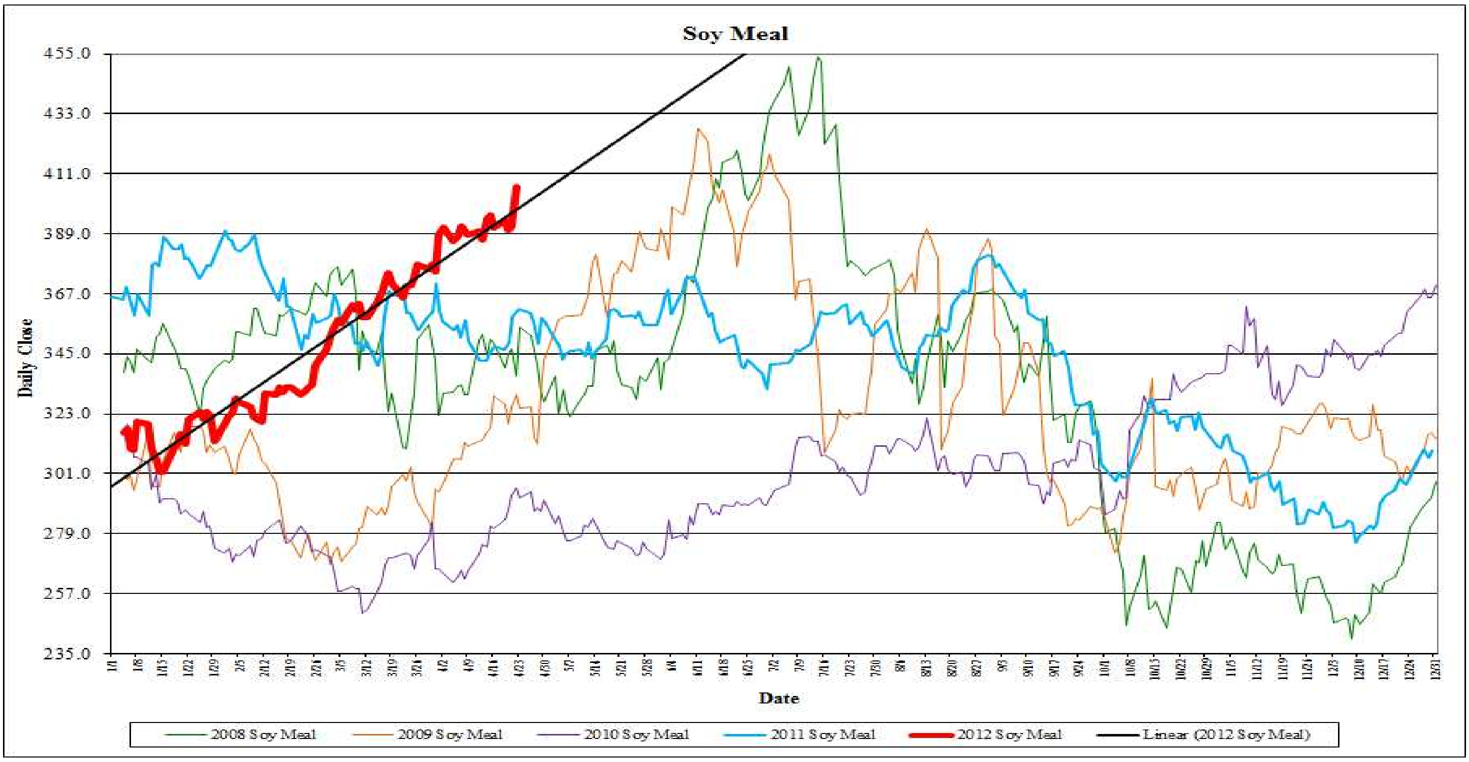

Corn Futures
Nearby Market Close Price per Bushel
Date
2008 Corn
2009 Corn
2010 Corn
2011 Corn
2012 Corn
Linear (2012 Corn)

Soy Meal

The July meal market traded to a new high of 406.00 this week. The July meal market has been topping out at 399.00 but continues to bounce off its lows. Major support moves up to 410.00 and if we take out 410.00 would extend a new leg upward. Good export sale and demand is keeping the market well supported at the overall low dips to 390.00. Soybean meal exports were up 29% from the four week average at 210,700 MT. May contract options expire today.

Soy meal futures closed up $10.20/ton for the week (versus last Friday's close).

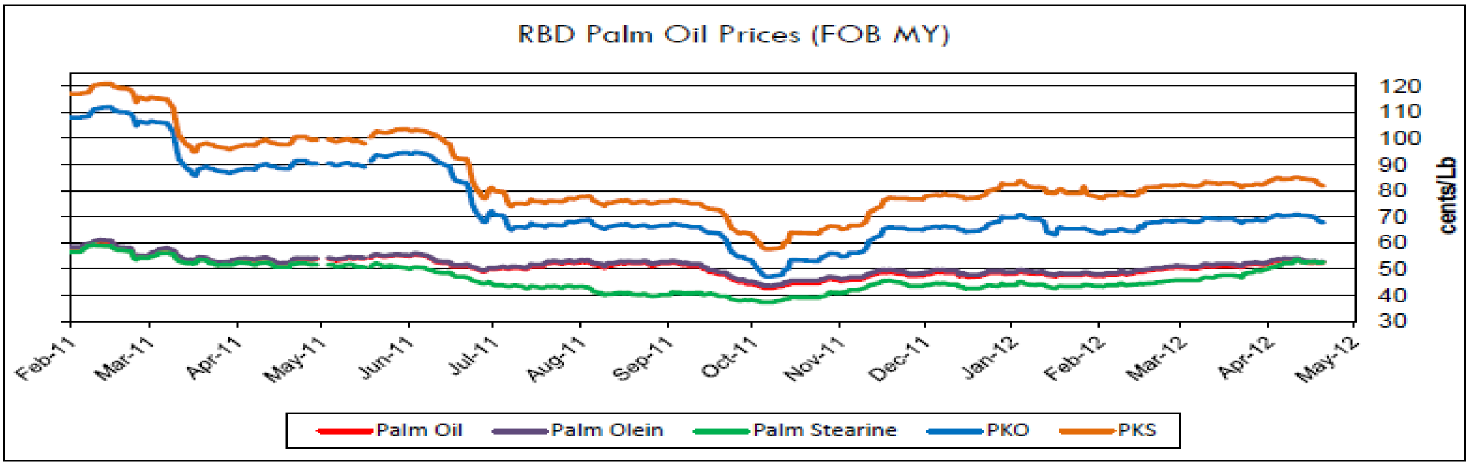




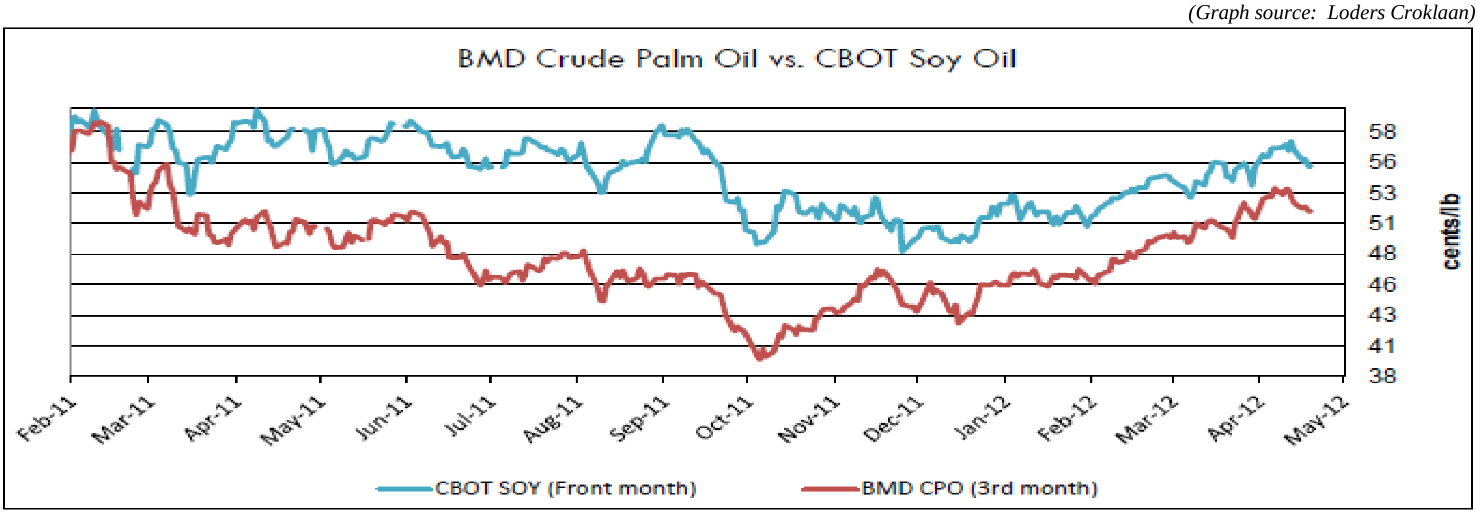
Palm Oil

Malaysian palm oil futures reversed earlier losses to end higher on last minute buying, although traders remained wary over the weak global economy and slowing export data. Buying surged in the last half hour of trading and some traders said this was due to the weak performance this week that prompted investors to close out their short positions to book profits. Despite closing higher on Friday, palm oil still recorded a slight 0.3% weekly loss as investors were held back by disappointing jobless U.S. data, while worries about the euro zone persisted despite a better-than-expected Spanish bond auction.

Earlier in the week, Malaysian palm oil futures hadslipped as investors feared that the euro zone debt crisis could hurt demand for the edible oil, although losses were curbed as a successful Spanish debt sale helped ease some worries. Global markets including crude oil futures rebounded after Spain's debt auction turned out better than expected, although palm oil investors were not too optimistic especially as Malaysian exports slowed down for the first time after a strong run since early March. But tight palm oil stocks in No.2 producer Malaysia remained a bullish factor as it reinforced views that the shortfall in global oilseed supply could worsen amid the drought situation in soy-producing South America. Malaysian palm oil stocks dropped below the 2 million ton mark for the first time this year, reinforcing views of a tight global supply amid a lower soy crop in drought-hit South America. But concerns of a slowing commodity demand also surfaced with Spain's surging borrowing costs stoking investor nervousness over euro zone debt woes and weaker global economic growth. Negative macroeconomic factors coupled with weaker export numbers may force traders to take profits. But fundamentally, supply for crude palm oil and other vegetable oil is still very tight, so that should be supportive throughout the second quarter. Malaysian palm oil exports fell by close to 15% for the first half of April from a month ago, according to cargo surveyor data. Exports for refined products suffered declines as orders shifted to top producer Indonesia, which enjoyed a favorable tax structure.



(Graph source: Loders Croklaan)



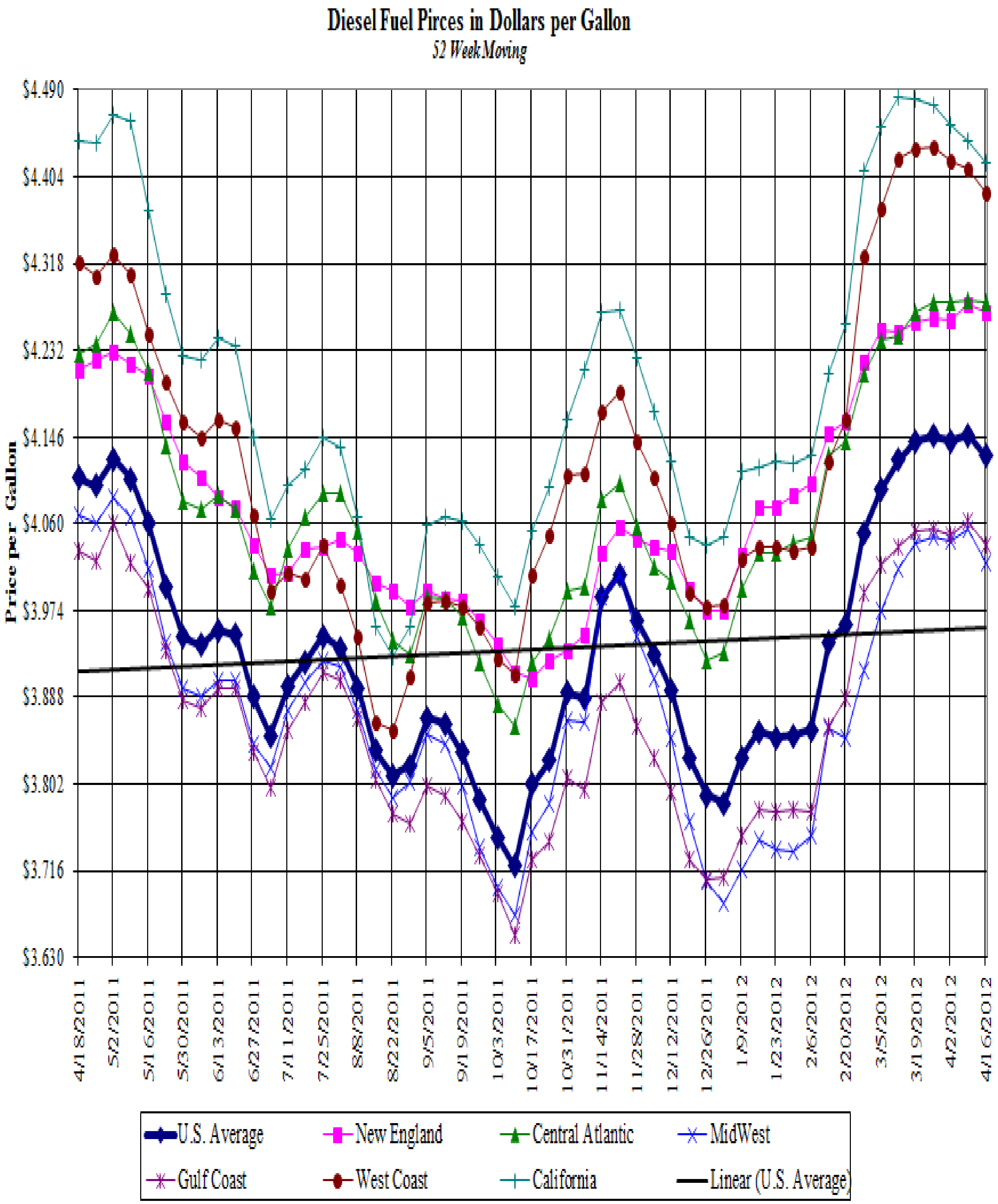
(Graph source: Loders Croklaan)

Energy Markets

Crude oil slipped to $118 this week, continuing a steep decline as rising Spanish debt costs raised fears of a new euro zone crisis that could derail economic growth. Crude petroleum is also down on higher than expected U.S. crude stocks.

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
4/18/2011	$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
4/16/2012	$4.1270	$4.1810	$4.2690	$4.2800	$4.0910	$4.0210	$4.0380	$4.1290	$4.3890	$4.4180


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
4/18/2011
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
2/6/2012
2/20/2012
3/5/2012
3/19/2012
4/2/2012
4/16/2012
U.S. Average
New England
Central Atlantic
MidWest
Gulf Coast
West Coast
California
Linear (U.S. Average)

Fruits/Nut Markets

***Cherries*—US: Northwest cherry crop update**
There is news on the Northwest cherry crop, even though it is still very early. The first all industry crop estimate is not due until early next month, though early indications seem to show promise. There is a nice spread over the growing districts, suggesting harvest will take place over 85 days. The first shipments are anticipated on June 11th, but with so much time in-between this date a lot can happen, both in terms of timing and of quality. However, early indications are good. Growers have reported perfect orchard conditions throughout the Fall and Winter periods so they are expecting a large crop. All being well it should be at least as large as last year's yield of 18.3 million boxes, though there are hopes it could reach 20 million boxes. Currently the weather is expected to get warmer, which would help things along. The last two years have provided the coldest May weather for 20 years. The Chelan variety is just finishing blooming and growers think there is a full crop. In warmer districts Bing is also finishing its blooming period , and is at about 30%-50% across the Northwest generally.

***Peaches*—US (TX): Peaches rebound from last year's drought**
Good rains and a promising bloom look to make up for last year's drought-affected peach crop in Texas. Volumes are anticipated to be higher than last year, and picking may begin a few weeks earlier than normal. "We've got a good bumper crop," says Frank Davis, president of the Fredericksburg Peach Company. "We've had a good winter, good rain, tree bloom looks good, and volume looks like it should be up from last year." He anticipates production to be up by about a third, but admits that last year's figures were low due to low rainfall. This year's volume is not expected to be affected by low rainfall, but if the next month is especially dry it could affect sizing, according to Roger Crenwelge of Crenwelge Peaches. "We had a drought last year," he says, "but if we get enough moisture this year, the fruit should be fine. If there's not enough water, the fruit won't size well." Jamey Vogel, owner of Vogel Orchard and president of the Hill Country Fruit Council in Texas, predicts the season could start a little early this year. "We are a little early right now," he notes, "but it's kind of slowed down. We initially thought we'd start picking around the first of May, but now we think it will be about a week later." Harvesting normally begins around the third week in May. Vogel also believes output will rebound this year, and that's a good thing, considering the lackluster year they had in 2011. And although the state's output is nowhere near the production levels for California or Georgia, the nation's leading peach-producing states, the upcoming season should bring good news for growers. "The important thing this year is the turnaround," he says. "We had a tremendous drought last year and this year the trees have recovered well. We won't have the kind of crop we had in 2010, but it should still be good."

***Strawberries*—US (FL): Lots of strawberries, lower prices**
As the Florida winter strawberry season wrapped up, suppliers reported lower prices due to high volumes in December. "Overall, we had a lot more volume than in previous years," said Bob Wilhelm of All-American Produce. "Most growers just planted more, and at least for us, we sold at least 75% more this year than last year." Those supply levels caused prices to remain low for most of the season. Wilhelm noted that they usually get $16 to $22 per case during the winter, but that wasn't true this year. "Prices were very low in December, as low as six to seven dollars," he said.

***Strawberries*—US: Cold no match for Tennessee strawberries**
The so renowned Tennessee strawberry crop is looking good this year, thanks to a mild winter and warm spring, and in spite of recent cold weather. "We had a pretty good frost in many areas of the state," says Tammy Algood, fruit and vegetable marketing specialist with the Tennessee Department of Agriculture. "However, temperatures in many places did not get as low as was predicted. The actual temperatures will vary depending on air drainage, ground cover and topography, but it's fairly certain that some sites saw temperatures below freezing." Algood says there are close calls for the growers, in one way or another, every year, which means they are prepared for any eventuality. "They are set up and can react to cold events." She says that the closer the fruit is to full ripeness the more tolerant of cold it becomes, as a result of the rising brix levels. That being the case things are looking very good this year. "Warm early spring temperatures pushed development, bloom, and fruit set far sooner than we normally see in Tennessee. It still looks like we're going to have the best fresh strawberry season we've seen in years."

***Cranberries*—US (MA): Cranberries threatened by fund withdrawal**
Federal funding for Massachusetts crops may be cut, or even stopped altogether, this year, as the current law's term comes to an end in September. Some of the programs it covers are mandatory and will certainly be continued, but over 30 programs could be eliminated. Several of these relate to specialty crops, which would include cranberries grown in south-eastern parts of the state. The industry has benefited from the U.S.D.A.'s Specialty Block Crop Grant program, due to expire this fall, unless some action is taken by congress. Other programs that are similarly at risk include initiatives for organic agriculture and farmers' markets. It is thought that, altogether, up to $10 billion worth of agricultural support funding is at risk.

Cranberries are the second most important source of farm income in the state, after plant nurseries, and make up 25% of the national total. Many of the bogs in the region were planted with cranberries over 100 years ago. There is tendency of the bogs to become less productive over time. As a result of this the growers need access to the funding to ensure continued renewal of the cultivation sites. A spokeswoman for U.S Rep. William Keating of Quincy said the congressman believes federal funding should continue for the cranberry industry. "(He) has been working to preserve vital programs in the Farm Bill that provide our local cranberry farmers with necessary capital, and strongly supports the bill's reauthorization this year," said Keating spokeswoman Lauren Almendolara.

***Blueberries*—US (CA): Some blueberries get early start**
Despite storms hitting several parts of California last week, this year's blueberry crop looks like it could get a good start. While most harvesting will commence next month, some growers in the southern San Joaquin Valley will start harvesting early. While most production starts later this month or in early May, most growers are expecting a slightly earlier harvest with increased production. Some years, supplies from Florida and Georgia have much more of an influence on the California blueberry crop, but prices look like they'll be a little stronger than in previous years. For April 19, blueberry prices for a flat of 12 - 4.4 ounce cups from Florida and Georgia were reported to be between $15 and $17.50.

***Michigan Fruit Crop*—US (MI): Most fruit escapes damage**
Fruit growers in Michigan are pleased, overall, that their crops look safe, despite the recent freezing temperatures. There have been significant problems for the growers of grapes for juice, but other than that, most things seem to have held their own successfully. District Fruit Agent Philip Schwallier says "I'm really pleased with how healthy the trees look now compared with what I thought they would be last week. It appears that we have escaped all major frost and we've got a good crop coming." Researchers say the cooler temperatures should slow crops so harvests will only be three weeks early.