

Weekly Commodity Markets Review

From: Joe Schmidt

Date: May 18, 2012

The story today was the wheat market, where a huge housecleaning rally took place on concerns about weather and production. A story about dry and withering Kansas wheat futures lit a fire under Kansas City and Chicago contracts. Corn was attempting to keep pace with higher wheat while buy grains / sell soy was a key feature of the day.

The imminent withdrawal of Greece from the EU has the euro on the ropes and is feeding fears of a negative economic “domino effect” if that is seen as a template for other EU countries facing ongoing financial crisis. Europe’s political/economic challenges are likely to last minimally for the next month, and the result is a continuation of the strong U.S. dollar/weak commodity price environment. U.S. dollar index is higher and reached the highs put in place in mid-January. The U.S. dollar is being viewed as a safe haven. Outside market action (crude oil, DJIA, gold and the dollar) will be especially strong components of market action in commodities as these markets essentially gauge the “temperature” of concern about the general economic outlook into summer. A decline in crude oil prices to \$85 by July 4th would not be a shock.

Weather continues to be favorable across much of the U.S. Midwest, which will allow farmers to rap-up corn planting and likely close in on 80-85% planted for soybeans by this weekend. However, lack of recent rainfall have some in the trade concerned that crop conditions may be impacted due to a deficiency of sub-soil moisture.

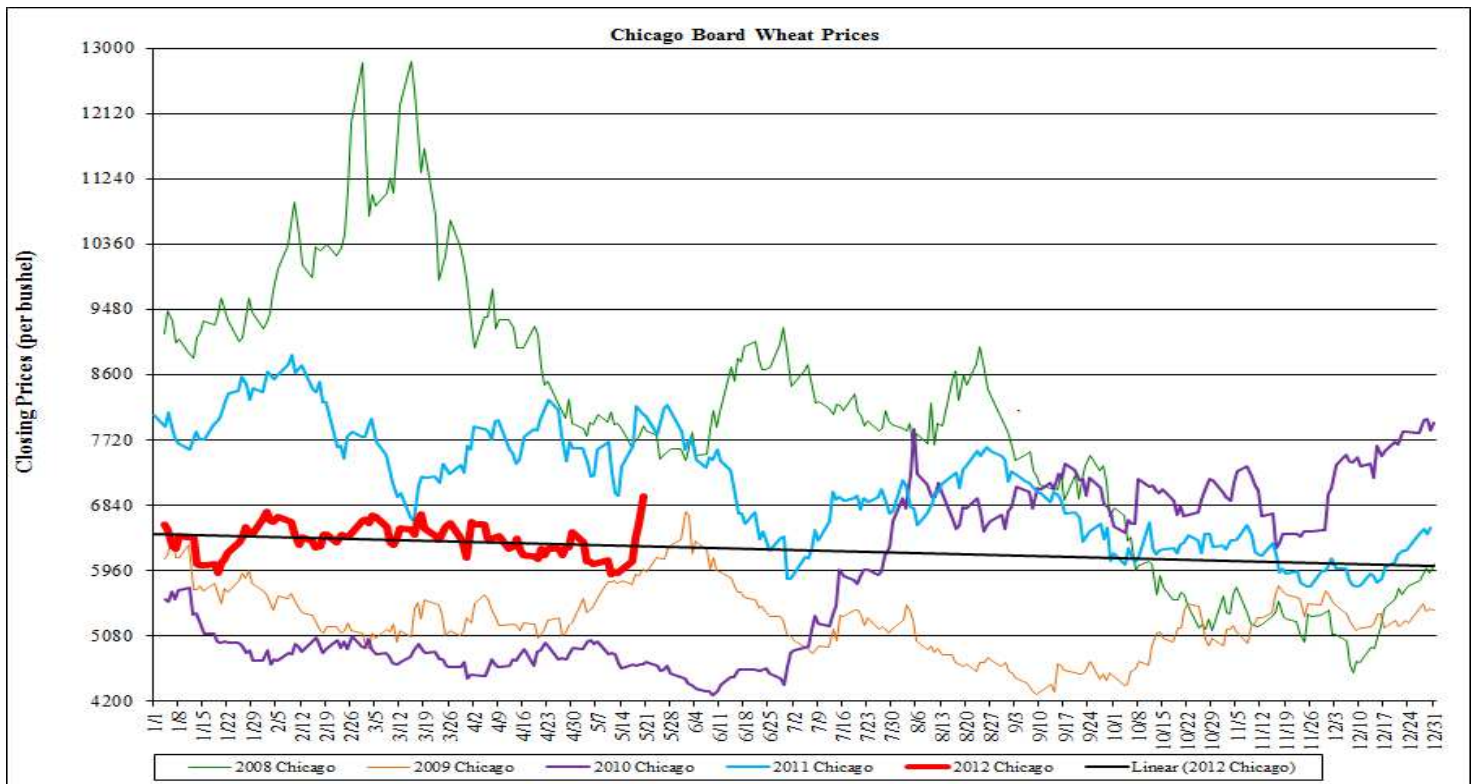
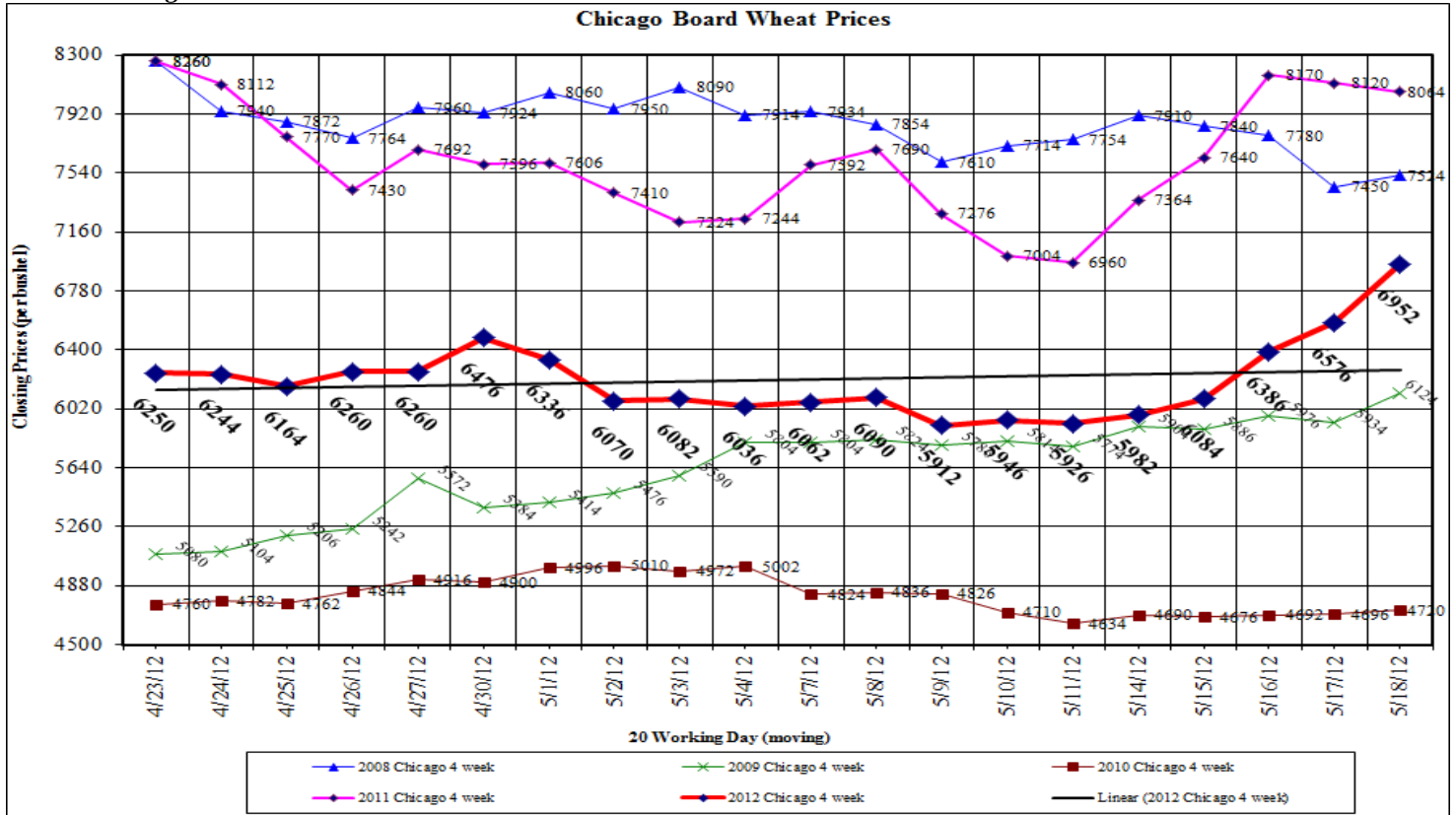
Flour Markets:

Wheat futures prices are higher this week. U.S. wheat futures closed higher on continued dryness concerns in Kansas, Russian and Ukrainian wheat areas. Confirmation from U.S.D.A. that U.S. exporters sold 100,000 metric tons of wheat to Iraq was also supportive to prices. Basis levels are mostly unchanged on winter wheat and the spring wheat basis is choppy. The winter wheat crop is 98% headed in Kansas with 52% rated at good-to-excellent, which is down from last week’s rating of 60% due to windy, dry weather. 94% of spring wheat is planted in the key states compared to 64% average to date. Corn is 87% planted. The five year average is 66% to date. Harvest is underway in Texas and Oklahoma with early protein reports in the thirteen’s. Dry weather is causing concern for the Russian wheat crop.

Chicago wheat held up better than corn and soy, as it remained supported by weather concerns that had fuelled its biggest gain in more than two weeks on Tuesday. Wheat was the focus in terms of crop news, with hot and dry weather expected this week a potential risk for developing hard red winter wheat crop in Kansas, the top winter wheat growing state, although the U.S. crop overall is in much better shape than a year ago. Concerns about the Kansas wheat crop are slowly emerging, which could create support as we continue to test new contract lows in this market. U.S. winter wheat conditions declined 3 points to 60% good/excellent, 26% fair and 14% poor/very poor. Even with the decline, the winter wheat progresses is still well above last year’s 32% good/ excellent, 24% fair and 44% poor/very poor. The improvements: CO conditions improved 2 points to 56% good/ excellent, MI 2 to 66%, NE 2 to 68% and OR 3 to 77%. The declines: The biggest decline was for KS, which fell 8 points to 52% good/ excellent. KS topsoil moisture was rated 36% short/very short versus 57% last year. Other declines—AR fell 4 points to 53% good/ excellent, IN 1 to 74%, MO 4 to 65%, MT 4 to 59%, NC 3 to 80% and WA 1 to 89%. Several states were unchanged, with ID holding at 87% good/ excellent, IL 82%, OH 55%, OK 76%, SD 73% and TX 34%. U.S. winter wheat heading advanced 9 points to 72% versus 50% last year versus the 5-year average of 46%. IL was 92% heading versus 48% normal, IN 81% versus 26%, KS 98% versus 46%, MO 97% versus 57%, NE 52% versus 4%, OH 53% versus 5%, SD 14% versus 0 and TX 98% versus 82%. U.S. spring wheat plantings advanced 10 points to 94% versus the 5-year average of 64%; emergence 68% versus 32% normal.

The U.S.D.A. winter wheat crop estimate was large, and adds to an already abundant U.S. wheat supply/demand situation (except HRS). World supplies are not growing, so pay attention to export markets as this is the key bullish risk. Minneapolis futures are expected to maintain a sizable premium to KC futures due to the tightness in the HRS situation.

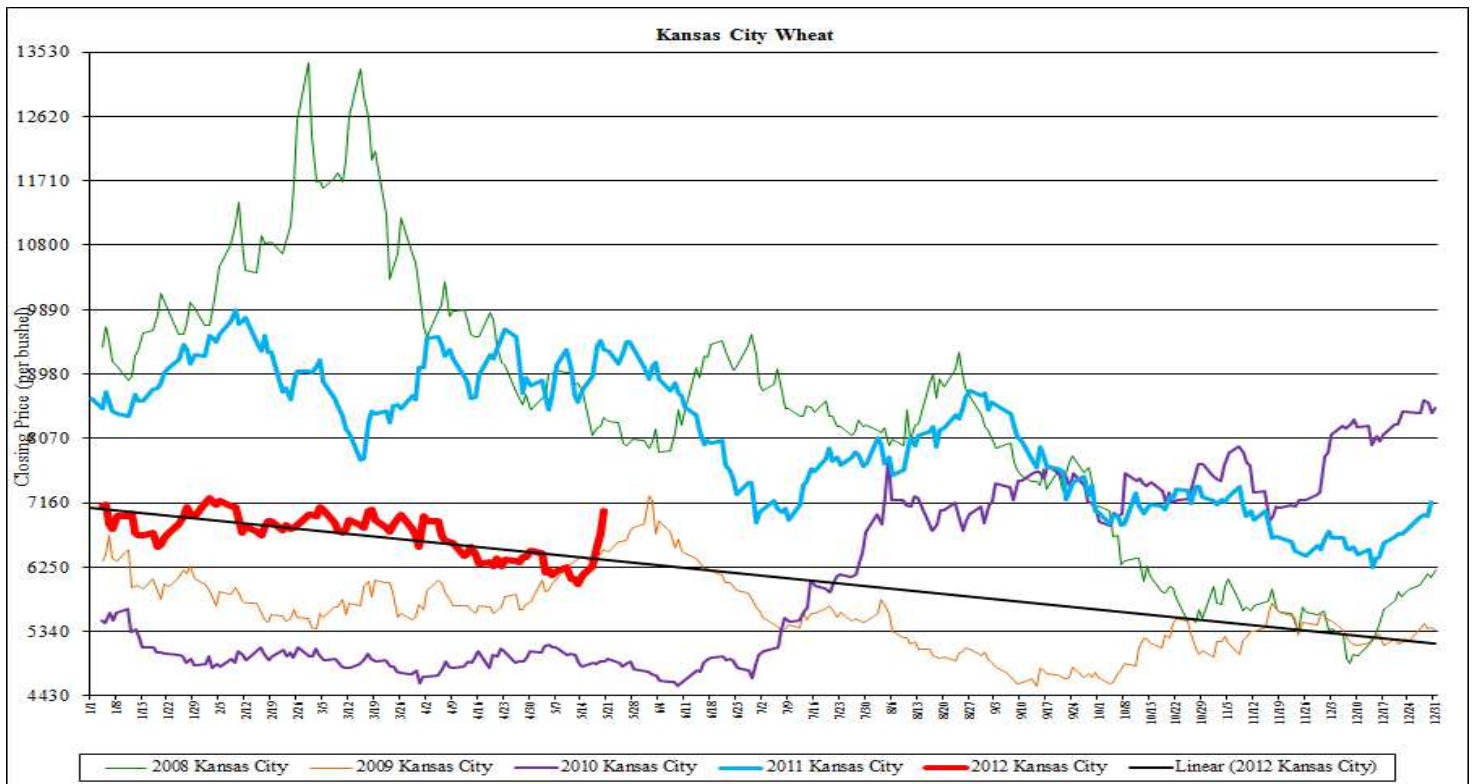
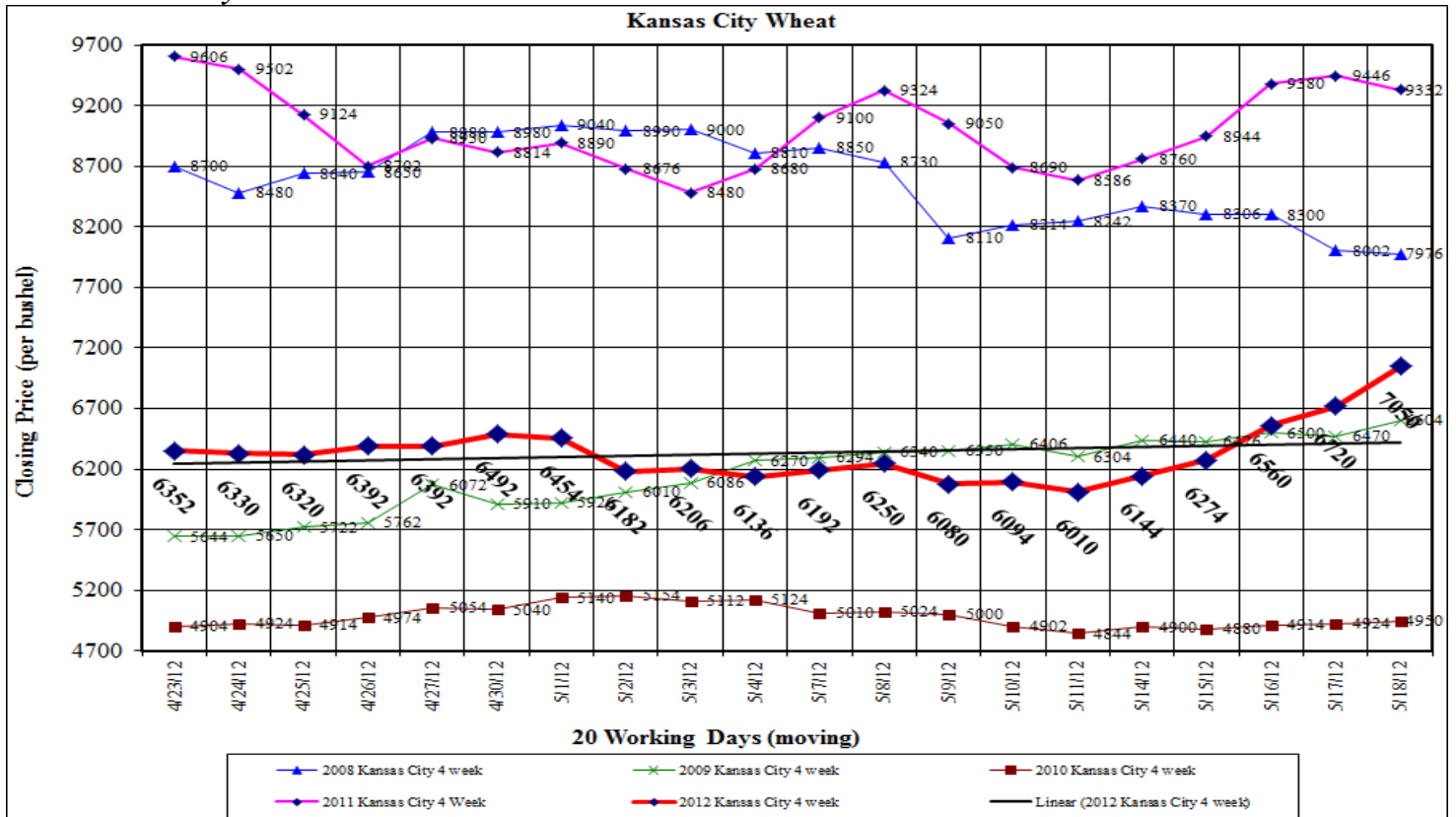
a. Chicago Board Wheat Prices



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 \$2.36/cwt. from last Friday's close.

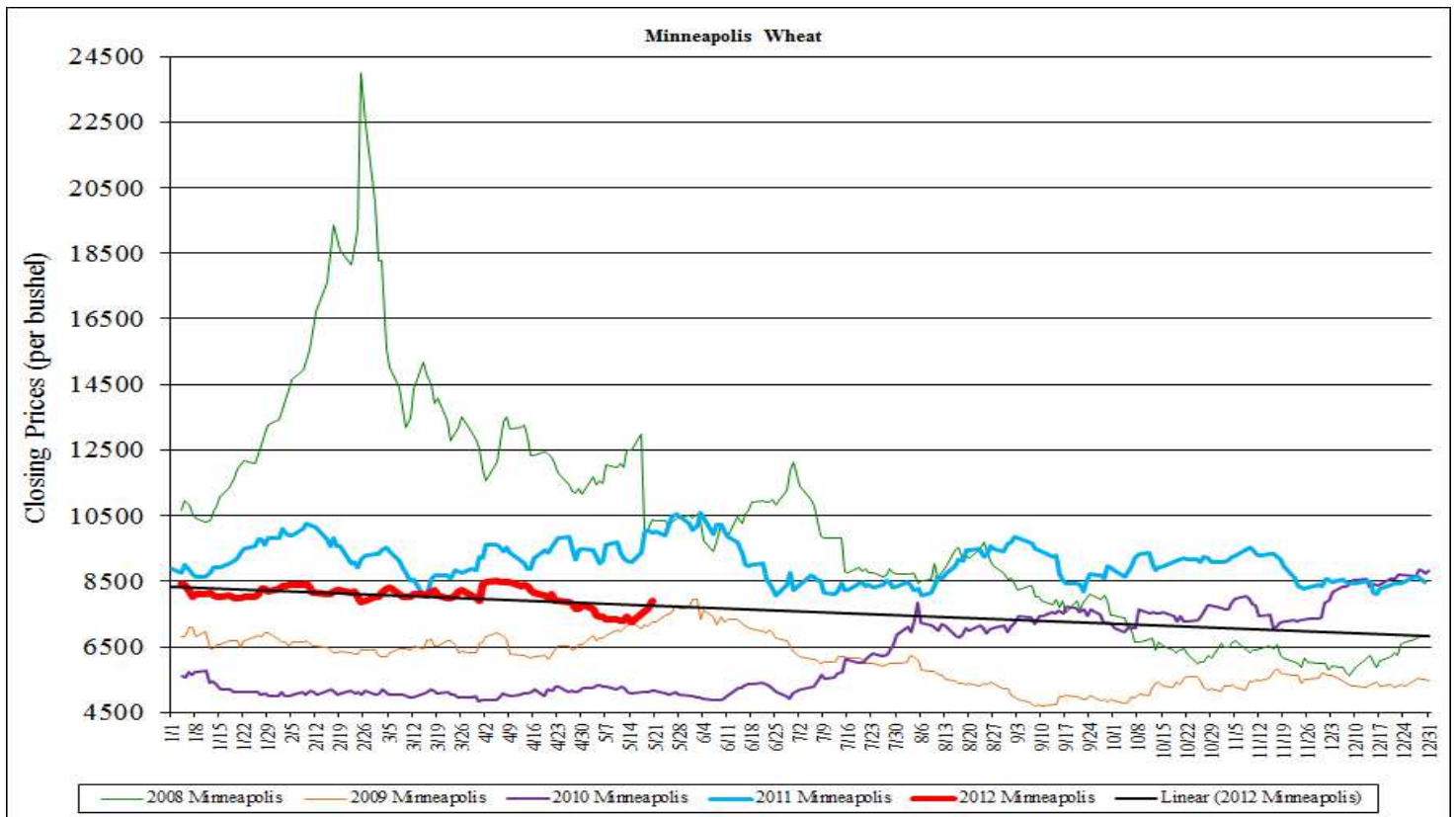
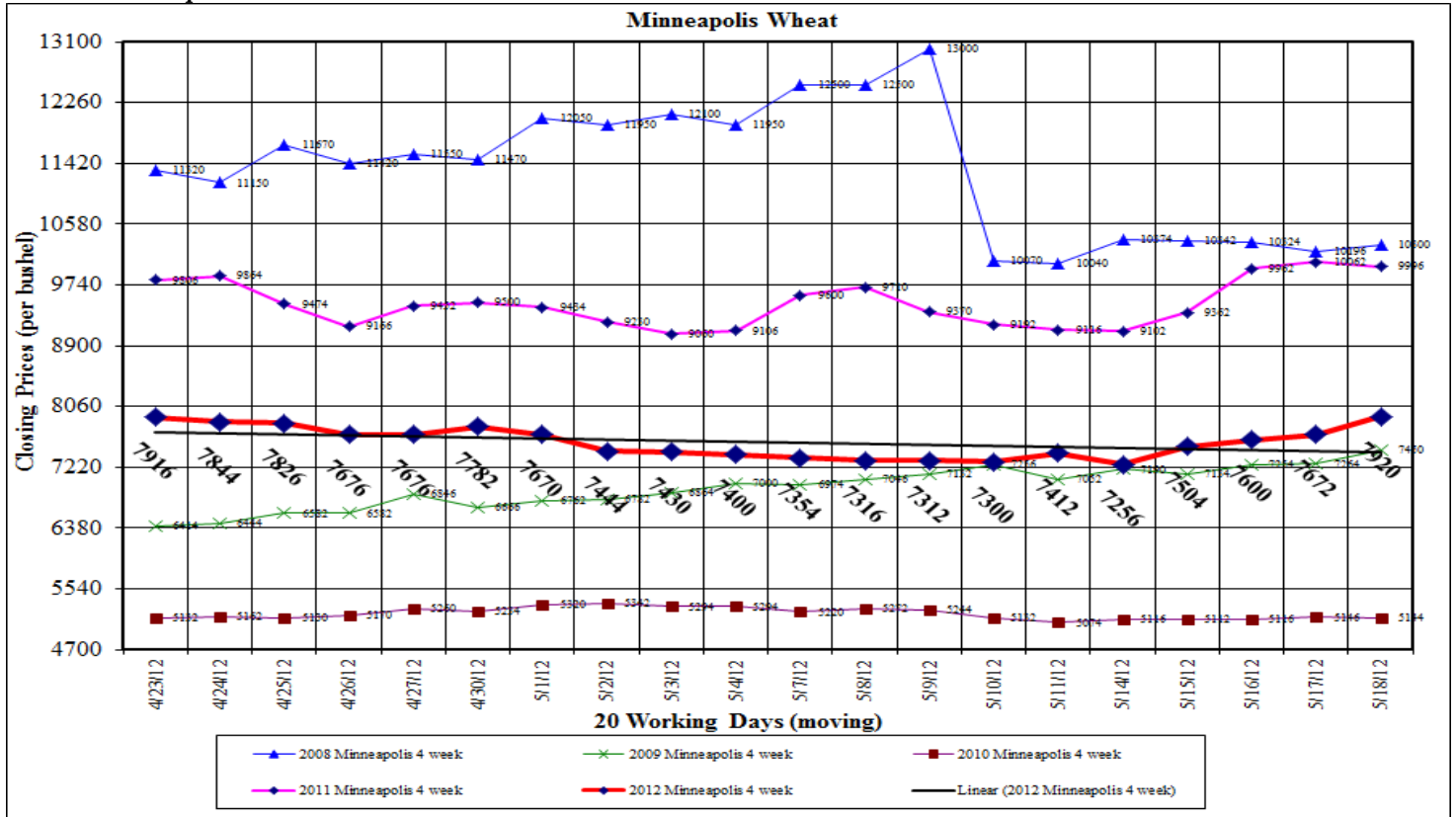
b. Kansas City Board Wheat Prices



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 \$2.39/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 up \$1.17/cwt. off last Friday's close.

Shortening Market:

Weather for the next 10 days remains favorable for planting and crop development. A Kansas State ag economist says that he believes he could see as many as 2.0-2.5 million more acres of the soybeans planted this year from double-cropping due to early harvest of wheat crop. Soybean complex and particularly soybean oil are technically weak and at this point extremely oversold—and the fundamentals are still bullish.

Australia's Oilseed Federation forecast 2012/13 canola production at 2.97 MMT as compared to 3.19 MMT year—the decline in production is due to dry conditions in the eastern states.

Soybeans have been the most bullish commodity by far since January, reflecting reductions in Brazil/Argentina soybean crops as well as Chinese demand. The outlook for the 2012/2013 U.S. soybean supply/demand is for stocks to decline toward minimal levels—any U.S. soybean yield losses could be very bullish.

In a sign of the scale of China's demand, a Reuter's poll of analysts and traders showed Chinese corn imports are likely to jump almost 60% in the year to September 2013, turning it into the world's fourth-largest buyer as Beijing strives to feed livestock to meet its fast-growing demand for meat. Soy production in China was projected to fall 7% this year to 13 million tons. China is already the world's top importer of soybeans and its recent demand for U.S. soy amid deteriorating harvest prospects in South America fuelled a price surge. This demand contributed to the U.S. government's forecast of a decline in U.S. stocks both this season and next.

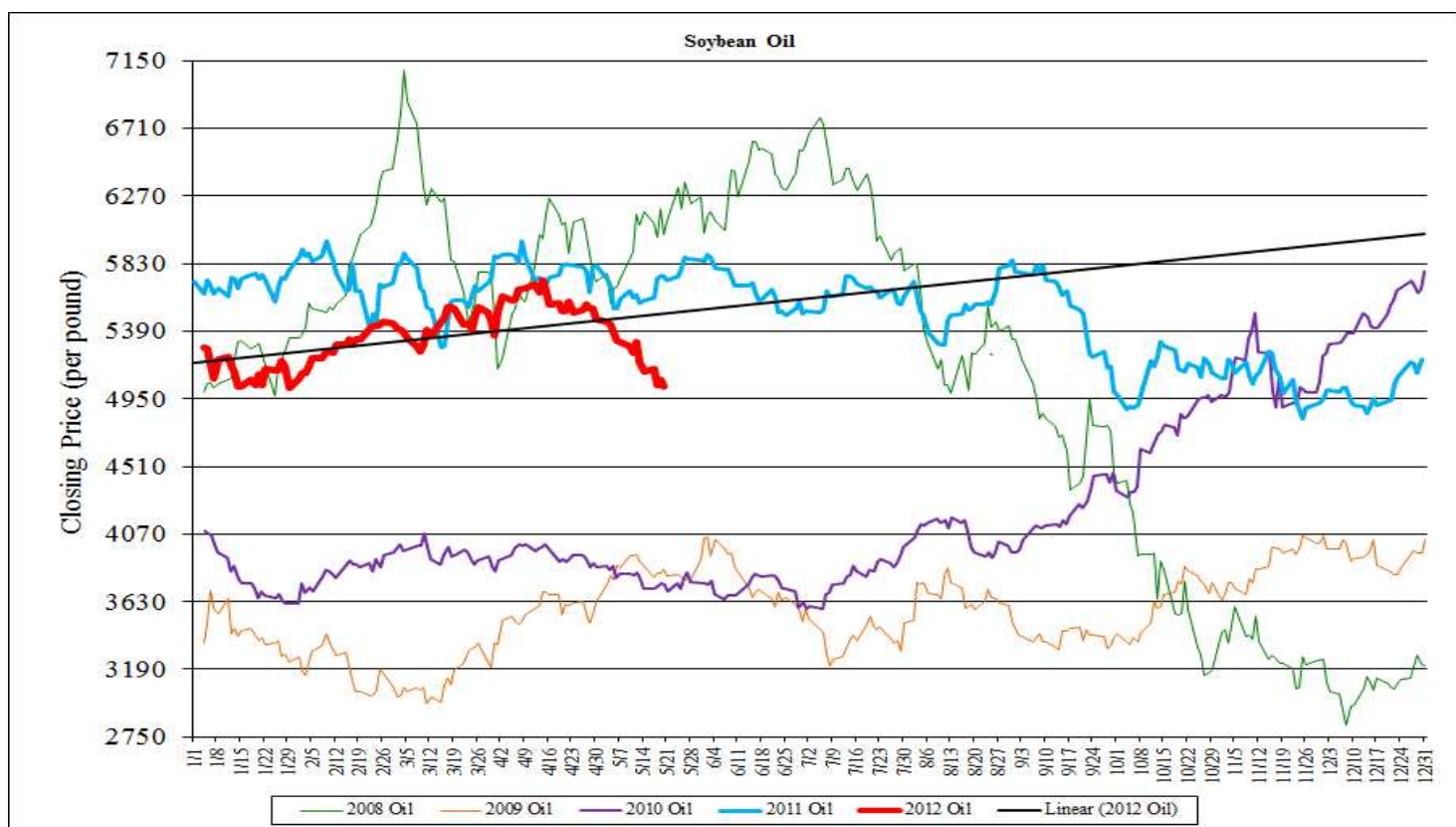
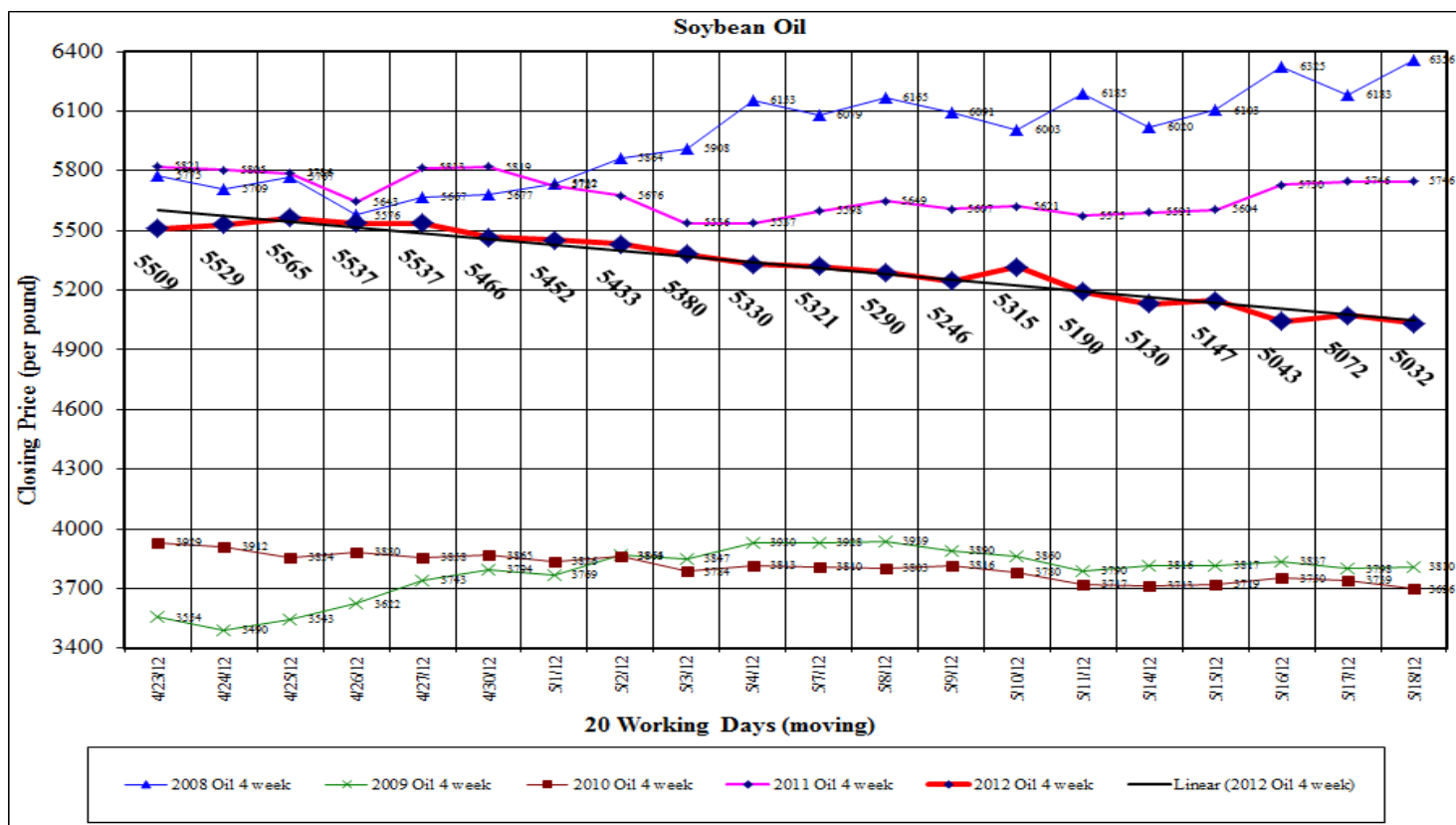
U.S. soybean plantings showed rapid progress, advancing 22 points to 46% versus 17% last year versus the 5-year average of 24%. AR at 71% compared with the 5-year average of 34%, IL 44% versus 21%, IN 68% versus 22%, IA 39% versus 30%, KS 40% versus 14%, MI 32% versus 23%, MN 44% versus 29%, MS 90% versus 72%, MO 37% versus 12%, NE 60% versus 28%, ND 51% versus 10%, OH 46% versus 29%, SD 28% versus 7%, TN 16% versus 18% and WI 16% versus 18%. U.S. soybean emergence advanced 9 points to 16% versus just 3% last year versus the 5-year average of 16%.

Brazil's soybean harvest is virtually complete at 99.5%, analyst Celeres says. Farmers have sold about 83% of their crop versus last year's and the 5-year average of 63%. Recent soybean prices at 4-year highs have encouraged advanced sales of 25% of the 2013 harvest, it added. U.S.D.A. last week pegged Brazil's new crop soybean output at a record 78 million tons versus 65 million this year.

The entire soybean complex remains in liquidation. July soybean oil futures punched through support at \$0.51, which opens up downside potential to the \$0.4950-\$0.50 area. Soy oil futures continue to post new trading range lows in line with a weaker crude oil market versus a demand story for soy meal. Interestingly enough, wheat and soy oil will sometimes trade together directionally which may be the case this year in that both hold the largest spec short currently. Soy oil supply/demand fundamentals are supportive to price—stocks at the end of both 2011/2012 and again 2012/2013 are declining. The key bullish risk for soy oil may be the potential increase in mandated use of biodiesel from soy oil in 2013 (from 1.0 billion gallons to 1.28 billion).

Major negative inputs included commercial selling, weakness in the Chinese market and weakness in crude oil. Major supportive inputs included fund buying, strength in soybeans, concerns that recent market declines have left prices near oversold levels, traders who bought oil/sold meal, reports of improved margins in the U.S. biodiesel industry, Weekly Export Sales that were well within the range of estimates (8,100 T. old crop and 40,000 T. new crop versus estimates of 30,000 to 60,000 T.), strength in the overnight palm oil market (up 10 ringgits) and concerns regarding upcoming downtime in the U.S. crushing industry (tightening supplies of U.S. oil).

Shortening closed down \$0.85/50# cube (\$0.60/35# pail of oil, \$0.0172/lb. for bulk oil) for the week.

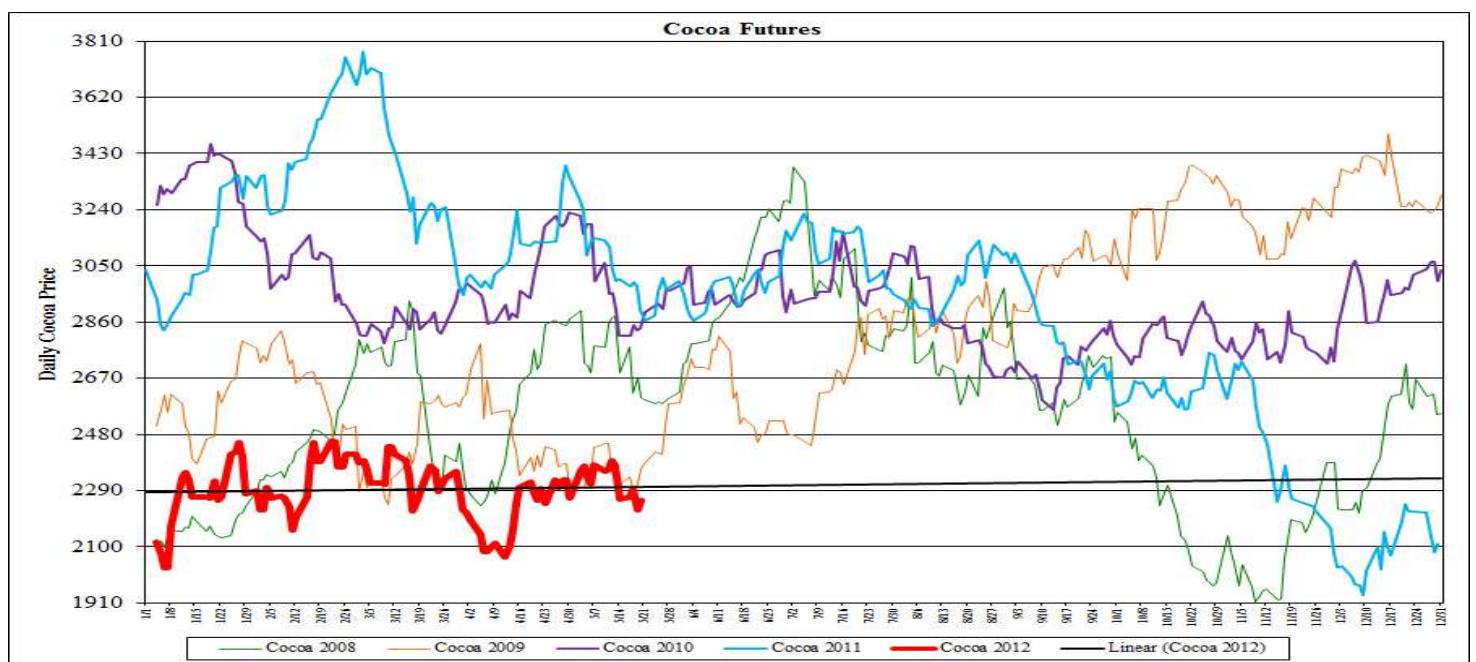
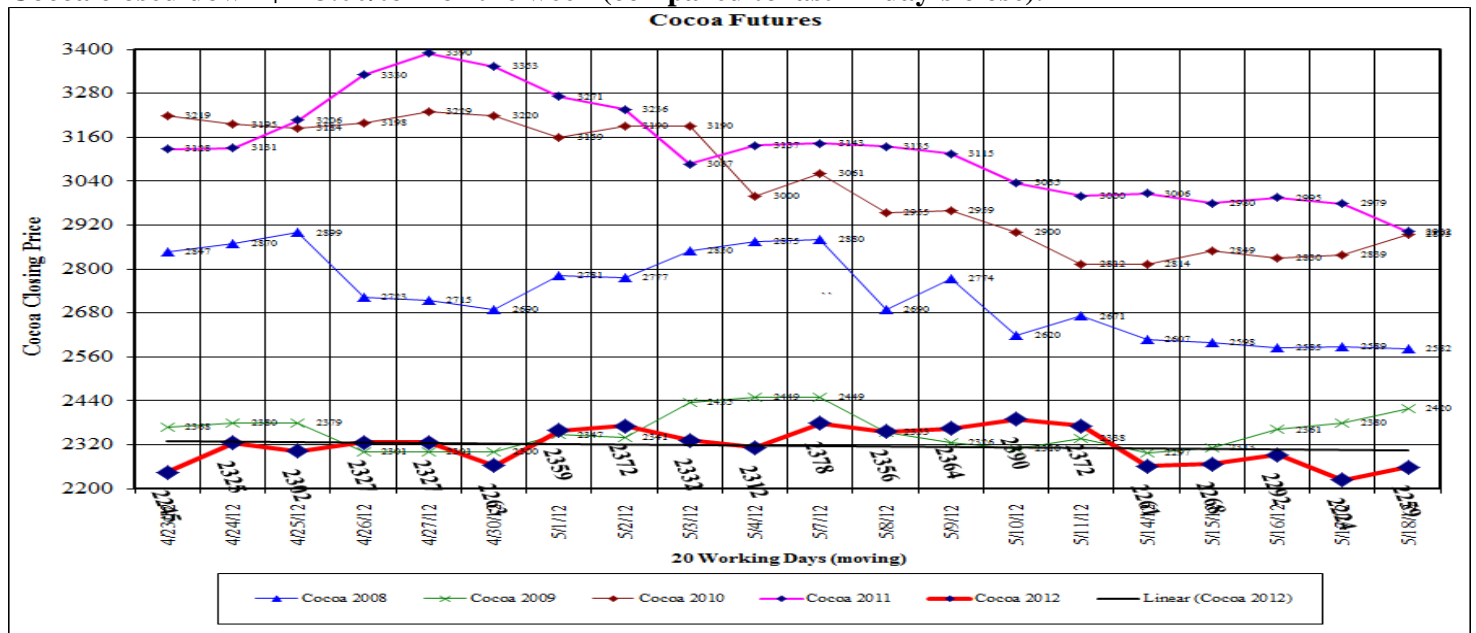


Cocoa Market:

Futures closed lower in consolidation trading. Futures remain in a longer term trading range. All West Africa countries are harvesting the midcrop now, and yields have been dropping off after a strong start. Rain is forecast for many areas now, and overall weather is called good. 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 Ivory Coast crops seem to be available and arrivals are reported. Flowers are reported on trees there due to regular rains. Wire reports indicate that Nigeria offers have dried up as the Midcrop production has come in short. Ghana production is said to be short as well. Rains have been reported in Ghana lately.

Looking ahead, scattered to isolated showers and storms are expected in West Africa. Temperatures will average near to above normal. Malaysia and Indonesia should see episodes of scattered showers. Temperatures should average near normal. Brazil will be mostly dry and warm. ICE certified stocks are lower at 5.289 million bags.

Cocoa closed down \$113.00/ton for the week (compared to last Friday's close).



Sugar Market

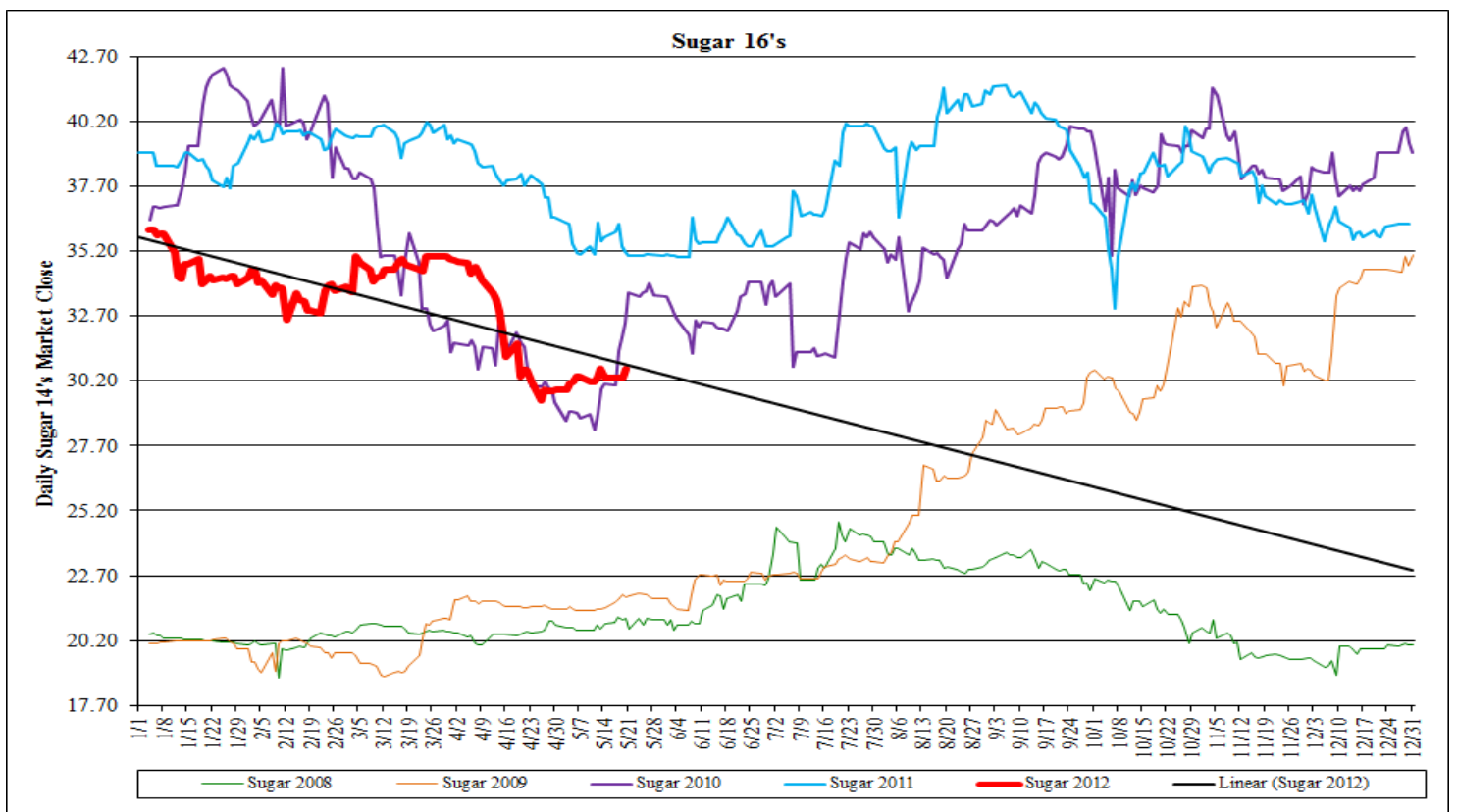
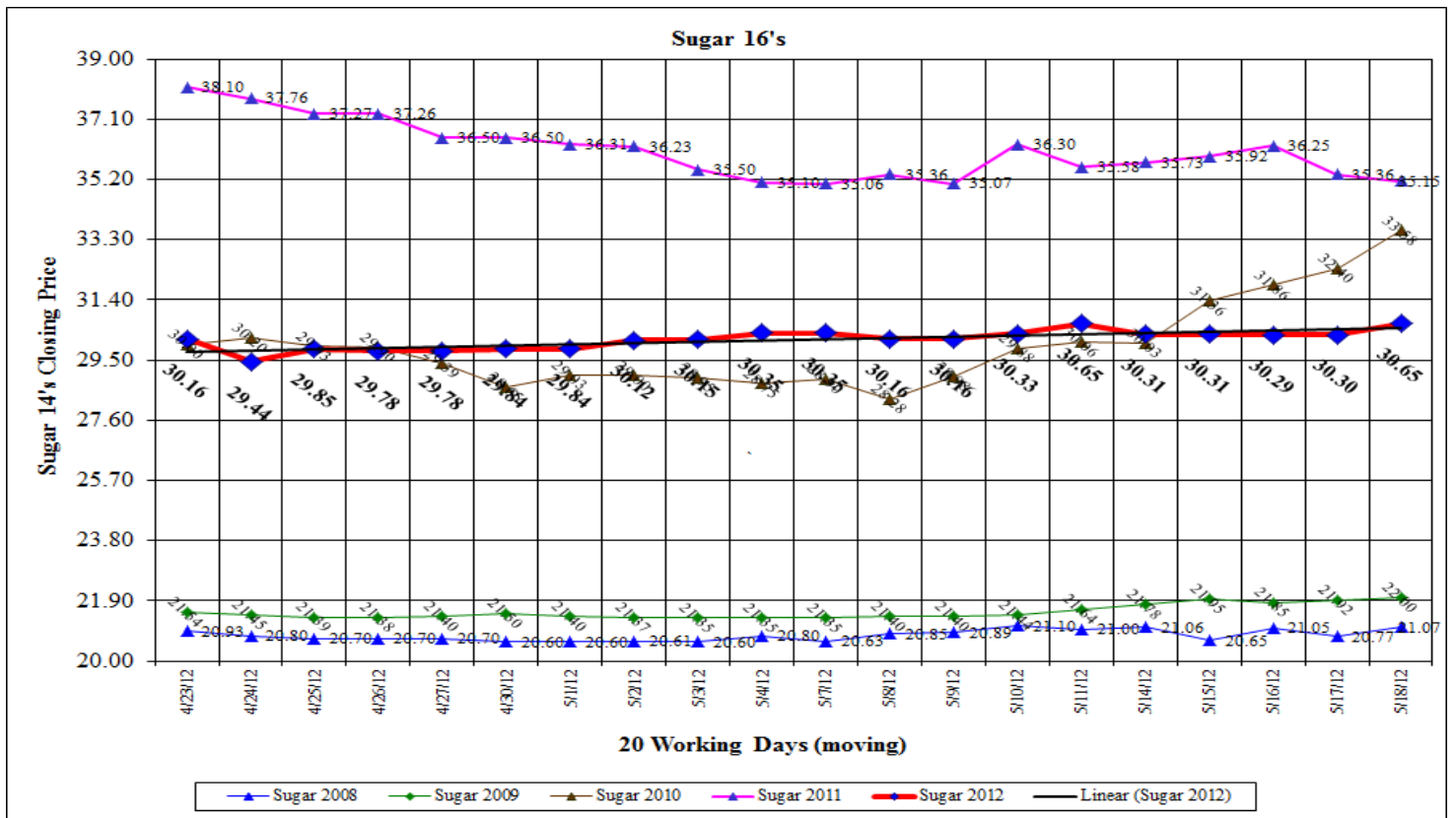
#11 sugar futures have consolidated around the 20-month low and futures are now getting pressure to move higher on buying tied to improving demand ideas. Sugar prices are pressured on news that while India will not cap sugar exports, the government will put tighter restrictions on sugar exports for the remainder of the crop year to slow exports, requiring producers to submit one export application at a time for a maximum export quantity of 10,000 MT.

World sugar traders remain bearish #11 futures on good Brazilian crop, more Indian exports and now expectations that next year we also see a sugar surplus. Even though supplies are expected tighten in Q3, prices remain on the defensive. Ideas are that the market may have completed a short term low at this time. Traders anticipate the Brazil crop is becoming available. However, talk of increasing demand on price breaks keeps providing support. The harvest progress until now has been slow, but should start to pick up under better weather conditions. There are still many concerns about how much Brazil will produce this year because of dry weather earlier in the season. However, indications are that Brazil production will be a little bigger than last year. Supplies in northern countries remain big, especially in Thailand and India. The market has been weak overall on ideas of ample supplies from northern producers such as India and Europe keeping a lid on prices, but worries about the next Brazil production coming soon adding now to the pressure.

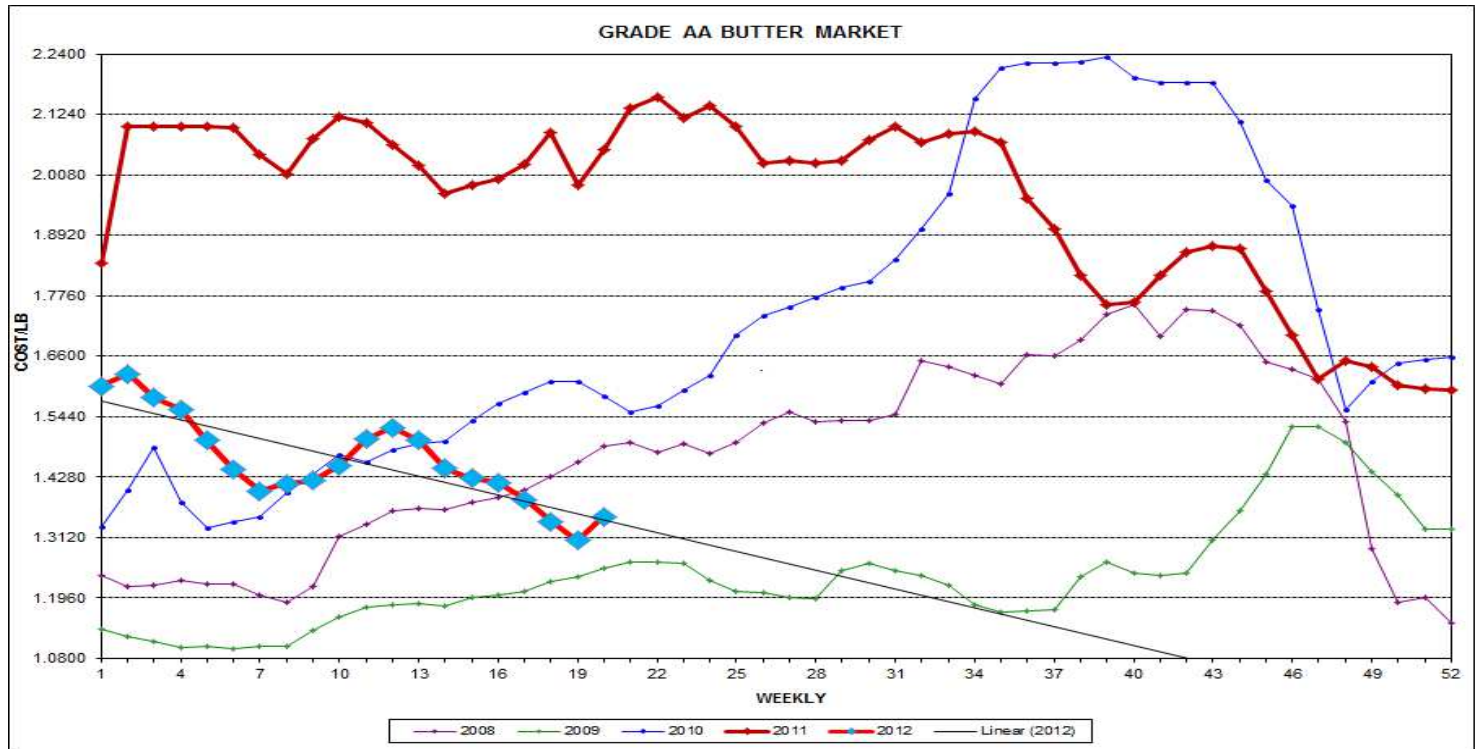
Looking ahead, mostly dry conditions are expected in Brazil. Temperatures should be near normal. Mexico has produced 4.73 million tons of sugar so far this year, down 7% from last year. Ukraine expects to produce 1.8 million tons of Sugar from domestic beets, down 22.8% from last year.

U.S. sugar prices remain weak and the market is expecting them to remain weak.

Sugar 16's closed "no change" for the week (versus last Friday's close)



Butter Dairy Market



Score AA butter closed “no change” on Friday, ending the week at \$1.355/lb. The weekly average is \$1.3515/lb. up \$0.045/lb. from last week’s average.

A. Butter Market

Late last week and continuing for much of the current week, the cash price firmed to close the week at \$1.3550. To the surprise of many butter producers and handlers, this strength is occurring at a time when butter production is seasonally strong and inventories are building. Cream volumes available to the churn remain seasonally heavy, although some butter producers are reporting lighter surplus cream offerings than in recent weeks. Lighter surplus offerings are being attributed to increased Class II demand, especially for ice cream and mix needs. Although lighter surplus cream offerings are occurring, many butter producers are anticipating heavier volumes within the week as the Memorial Day holiday weekend approaches which usually generates additional cream volumes for the churn. Typically, many Class II operations reduce their holiday weekend runs and divert cream volumes, which end up in churns from coast to coast. Overall butter demand is fair with some producers and handlers reporting good butter movement. Retail print ads are featuring butter promotions in many regions of the country, which typically clear good volumes of print butter. The Cooperatives Working Together (CWT) program continues to accept butter and anhydrous milk fat export assistance requests. During the week, the program announced that they recently accepted requests totaling nearly 1.5 million pounds (663 MT). Thus far in 2012, CWT has assisted with exports of 42.8 million pounds.

B. Dairy Powders

For most dry dairy product markets, the market tone is unsettled to weak and prices are trending lower. Nonfat dry milk powder markets are mixed as market participants weigh the news of a possible NDM sale to the export market clearing substantial quantities of NDM. NDM production across the country varies as milk intakes maintain high levels in some regions, while declining in others. Buttermilk powder markets are generally weak as prices trend lower. Powder production is seasonally active, although condensed sales into Class II operations are reportedly increasing seasonally. Often, recent price declines have prompted potential buyers to purchase for immediate needs only, unwilling to expand their inventories with the prospect of further price declines. Buttermilk powder inventories are building seasonally. Whey powder markets are mixed, although a steadier undertone is developing. Prices unchanged to lower. Cheese production across the country is seasonally strong, but reports of declining milk volumes are becoming evident in slightly lower cheese output for some. Whey powder demand is improving, especially for Class II needs which is tightening available supplies. Lactose markets are generally steady with prices unchanged to slightly lower as spot sales activity increases. Buyers and manufacturers are working on agreements for Q3 contracts. Lactose production is generally steady with stock availability varying from manufacturer to manufacturer.

Eggs

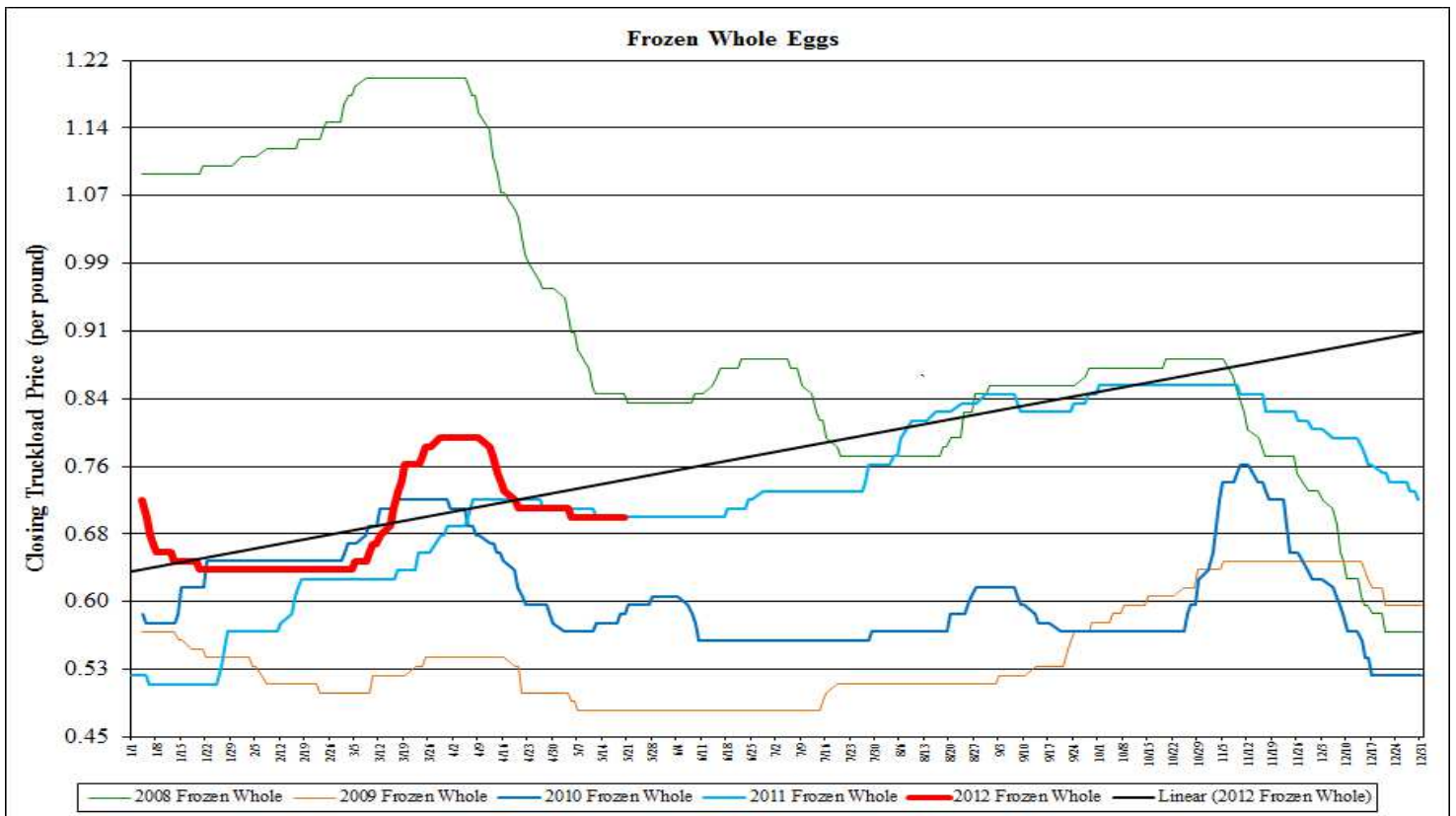
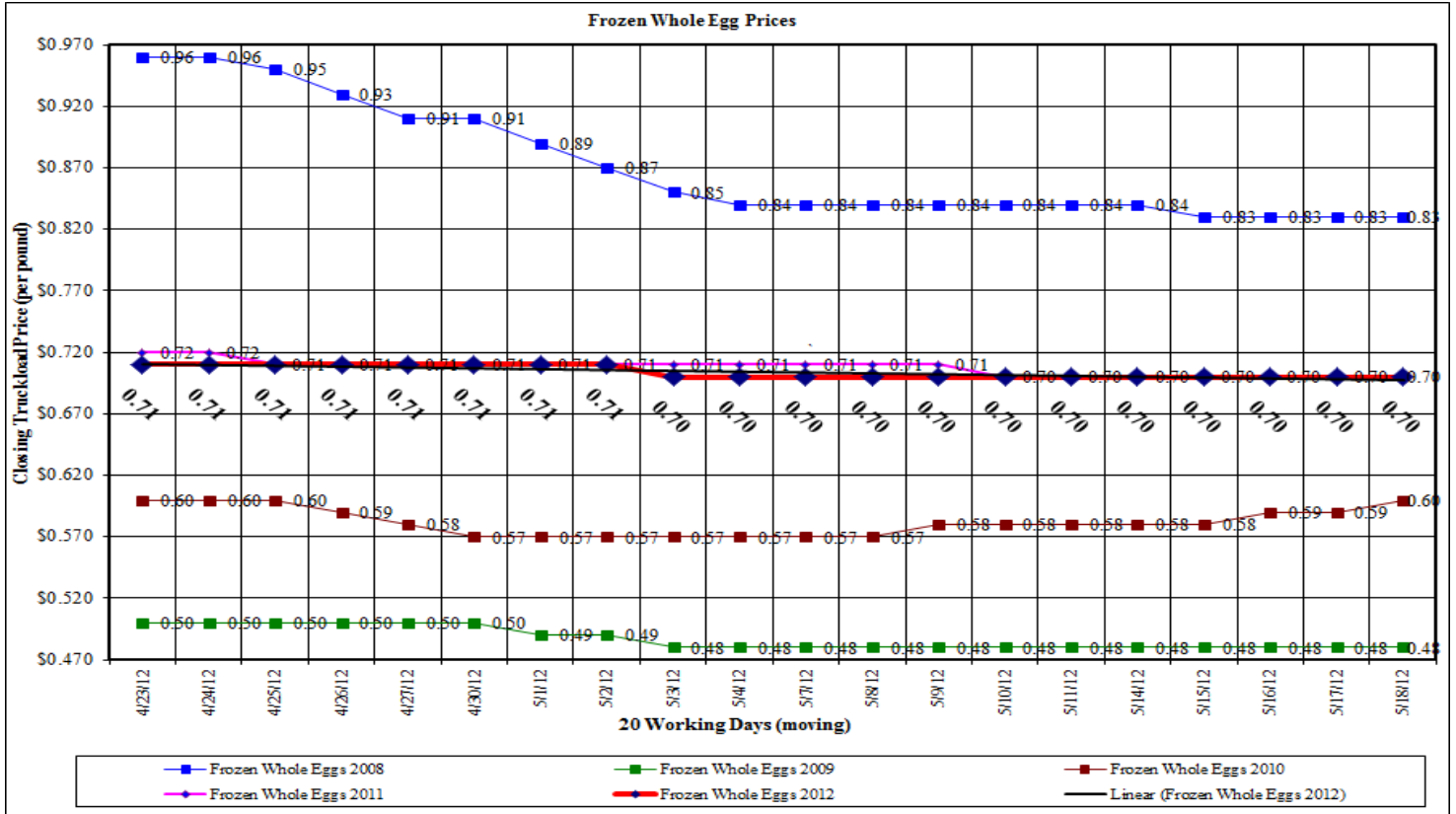
Retail demand has improved progressively throughout the week and is now being described in a range from fair to good. Retail buyers are placing orders at, or slightly above seasonal averages depending on feature activity currently in placed or scheduled for the week to come. Several note promos, but ads are still below expected levels in terms of volume, especially considering the price points that the market reached. Foodservice sales are mixed, but are advancing overall.

Supplies of jumbos through large are well balanced. Mediums are adequate for current need. Smalls and brown eggs remain in stable position, due in large part to export interest. Bidding at the wholesale level is progressing in both volume and price, with several stating immediate need to secure supplies in the heavy size categories. Sellers are holding their positions confidently now that the market has begun to trend upward. Large eggs are attaining the best premium, with the heaviest call being shown from the Northeast and South Central, often filled by producers in the Midwest. Mediums are moving at the low side of supportive, while smalls continue to test the upper end of our levels however minimal transactions are noted. Further processors are being forced to increase the price of their bids, as supplies are needed in the cartoned market and sellers of heavy breaking eggs hold asking values higher.

Eggs Processed under Federal Inspection totaled 1,415,463 cases for the week ending May 12th. The number of cases broken is down 2% from the previous week but up 2% from the same week last year. 780,884 cases were broken in-line this week, representing 55.2% of the total break. U.S. broiler eggs sets: 97% of year ago. U.S. chicks placed: 96% of year ago.

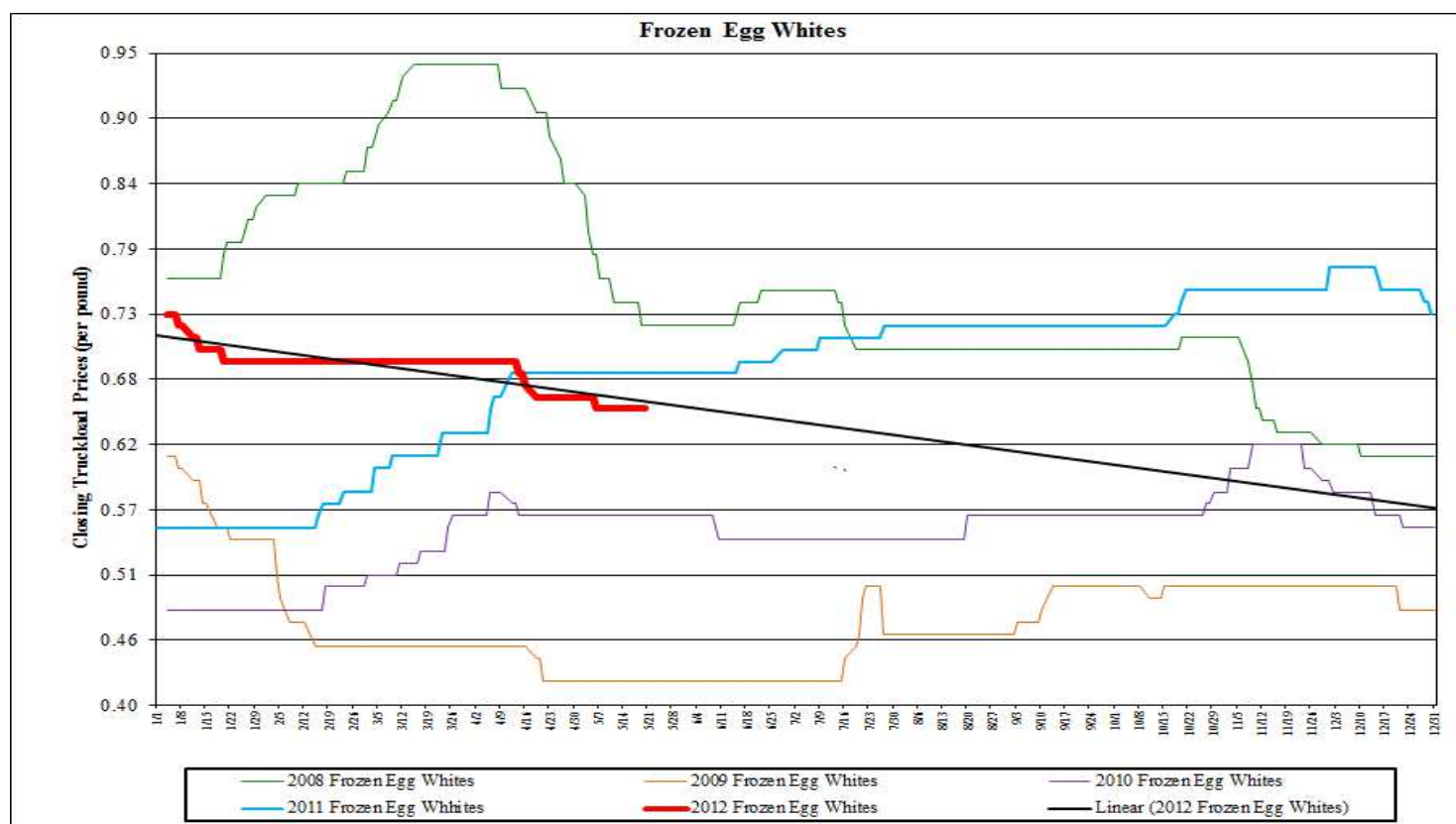
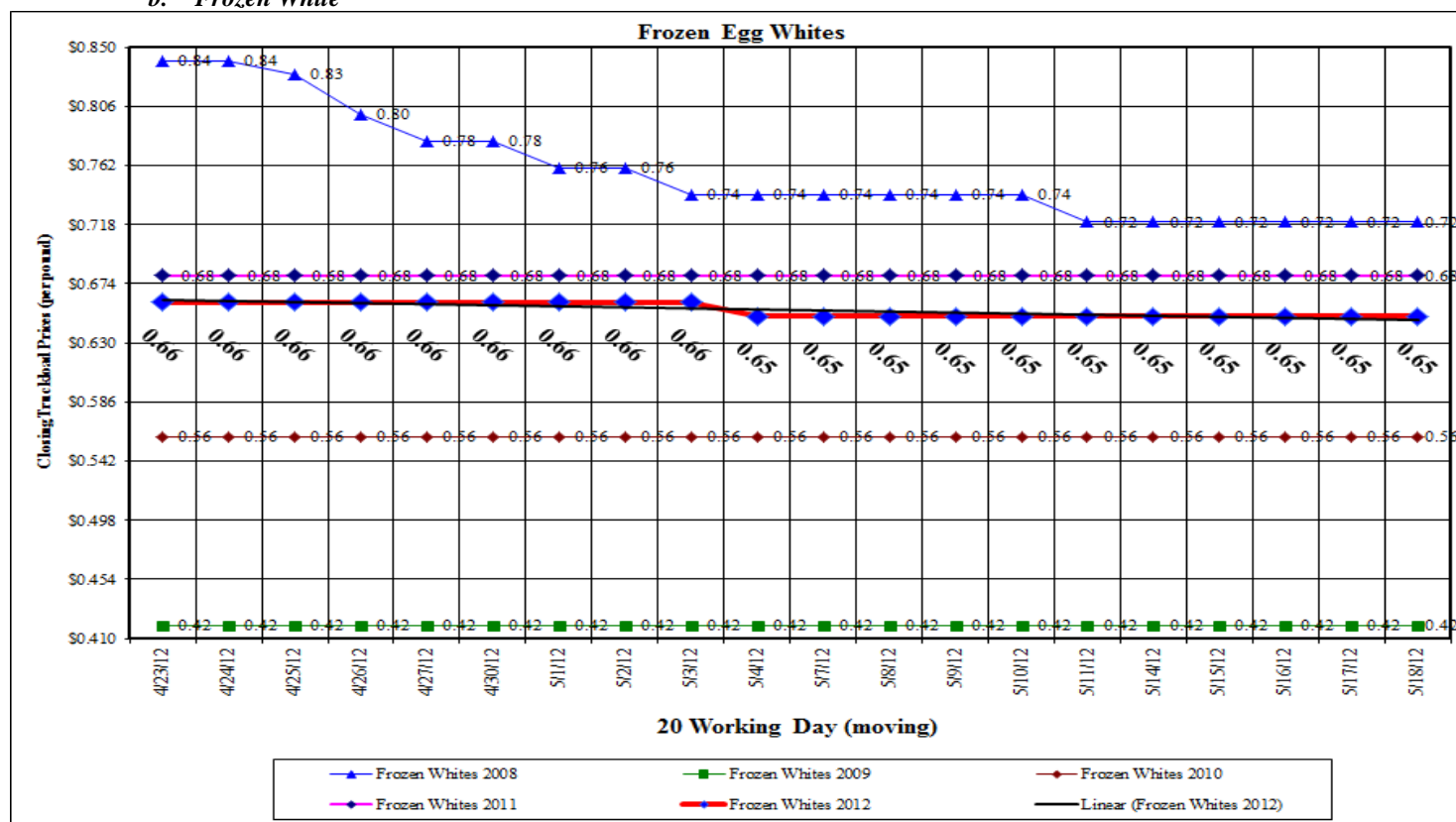
Liquid whole egg is trending higher, with some inline breakers attempting to supplement breaking eggs moving into the cartoned channel with raw liquid. Several transactions have been completed above current market quotes. Adjustments to the published market quotes have had limited effect on the frozen or dried markets however, as there is already quite an extensive spread present. All other items are unchanged, but inquiry for finished product seems to be picking up now that the shell egg market has begun to rebound.

a. Frozen Wholes



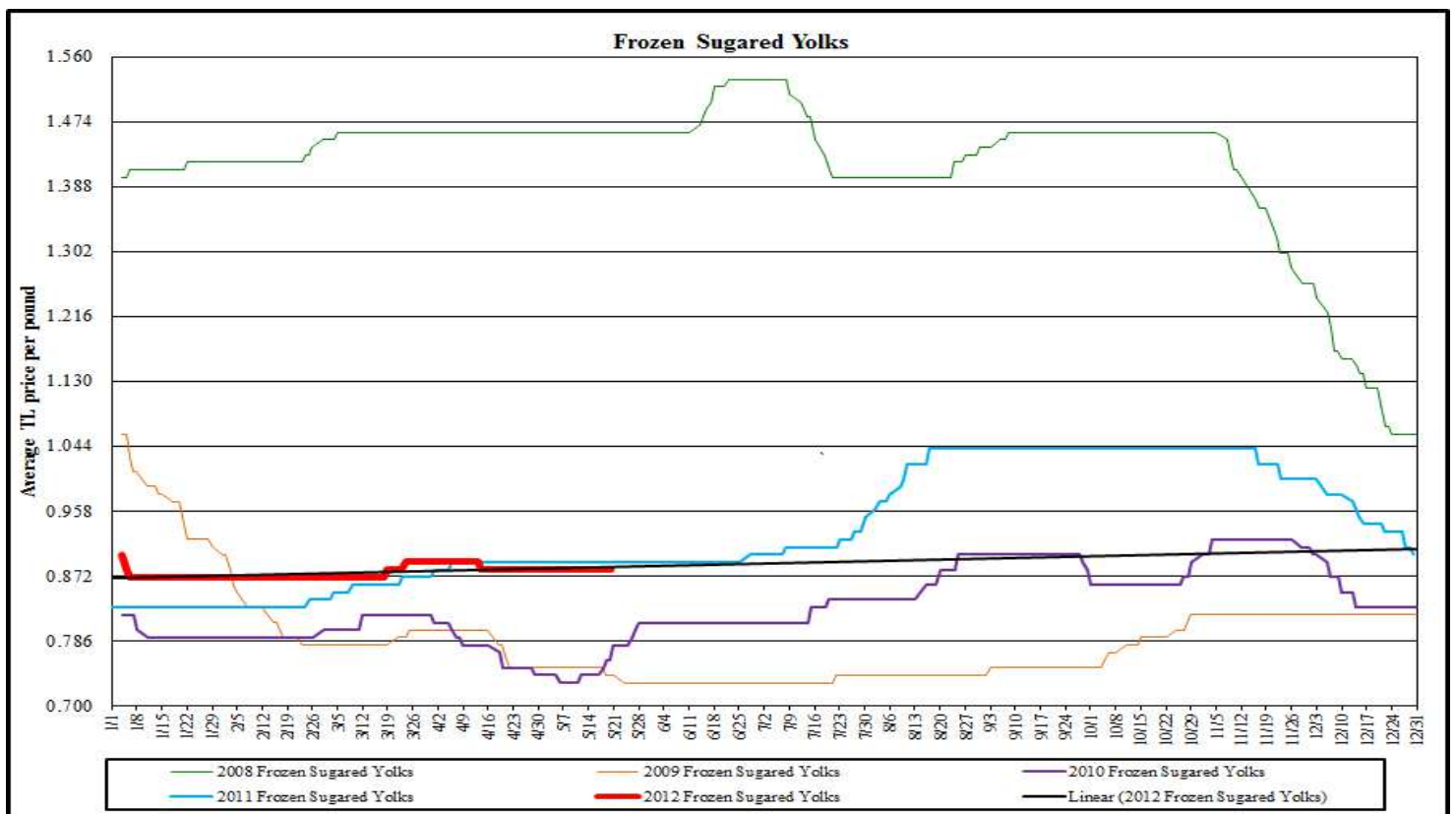
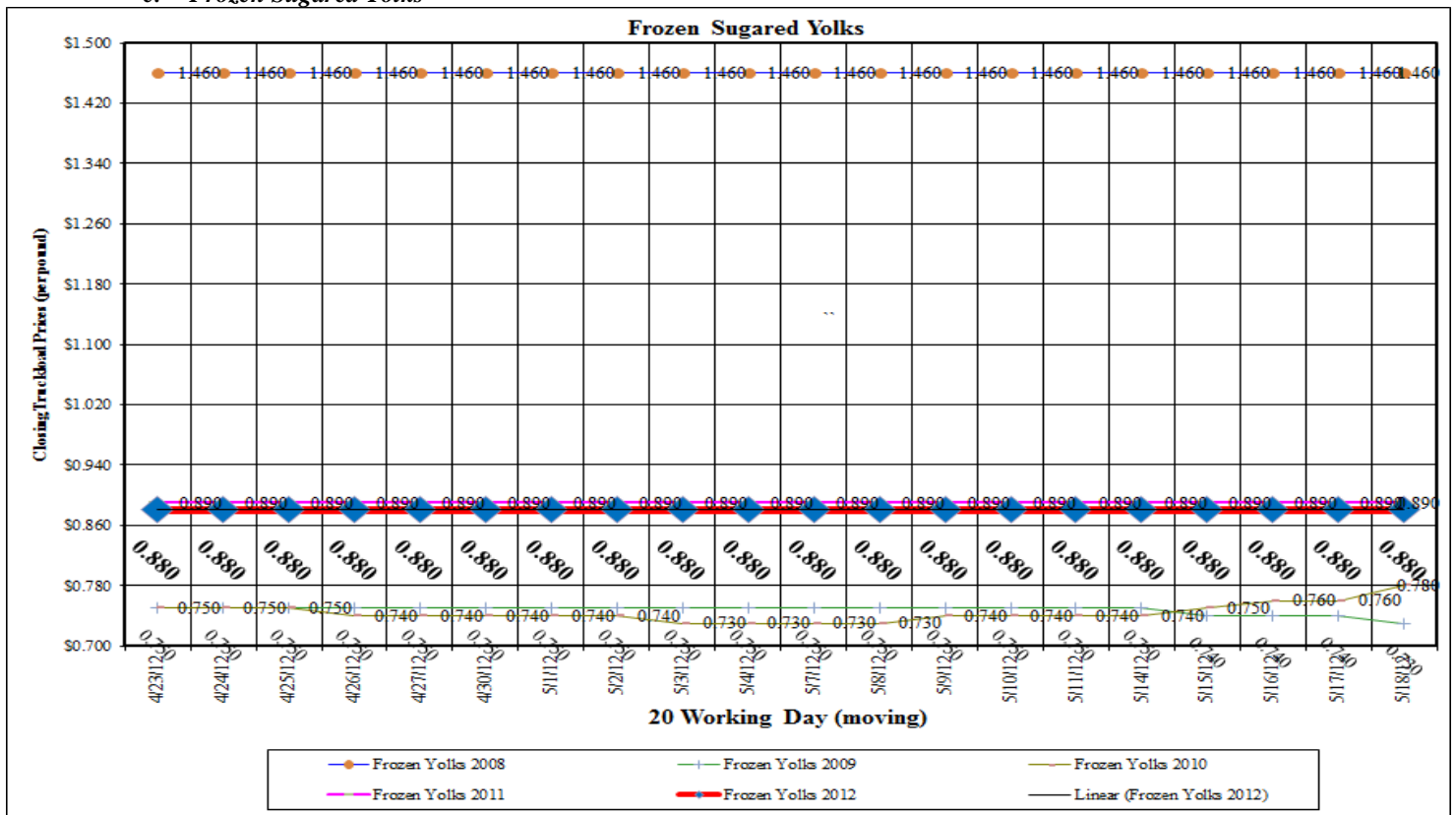
Frozen Whole Eggs closed “no change” for the week (compared to last Friday’s close).

b. Frozen White



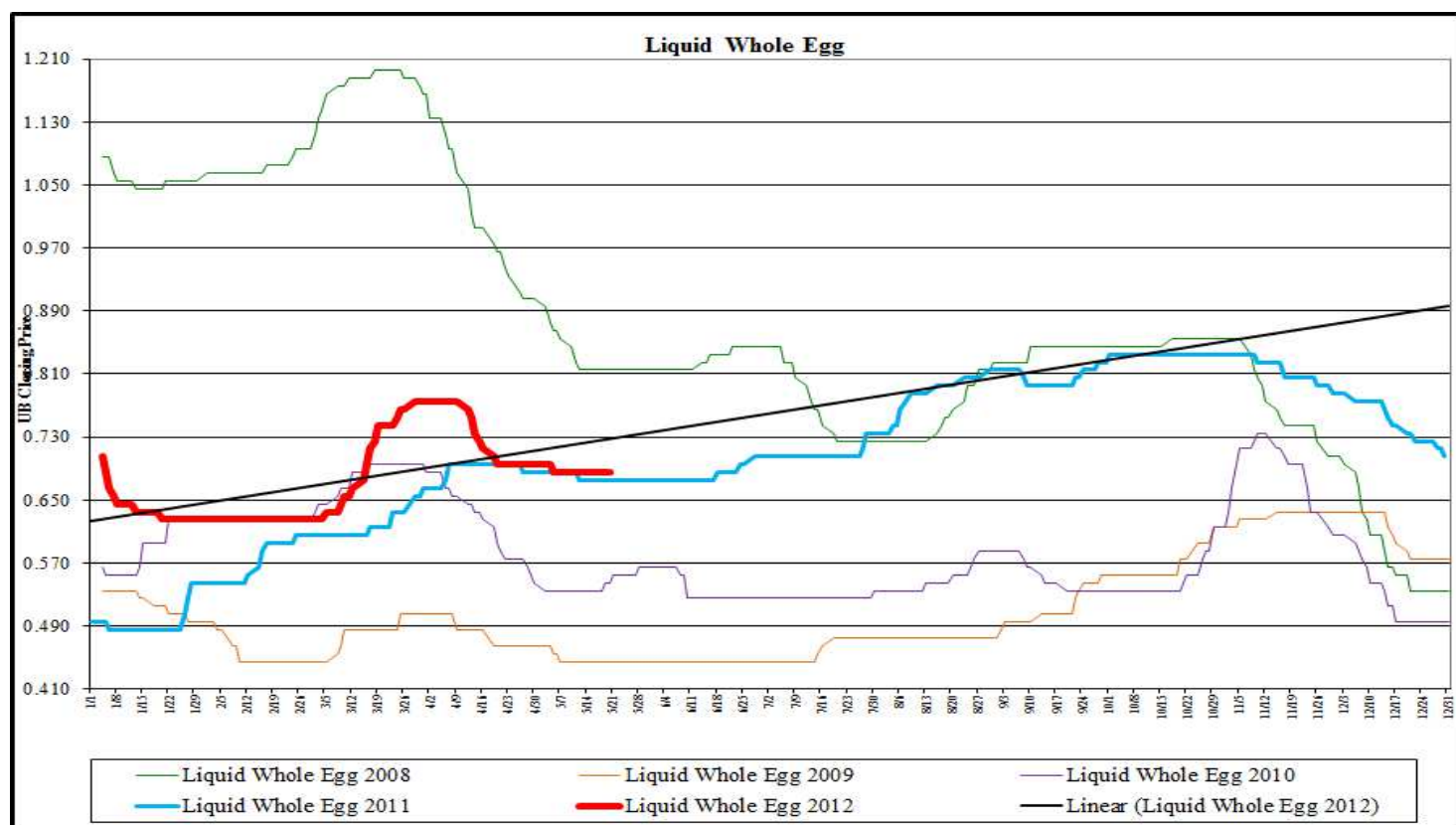
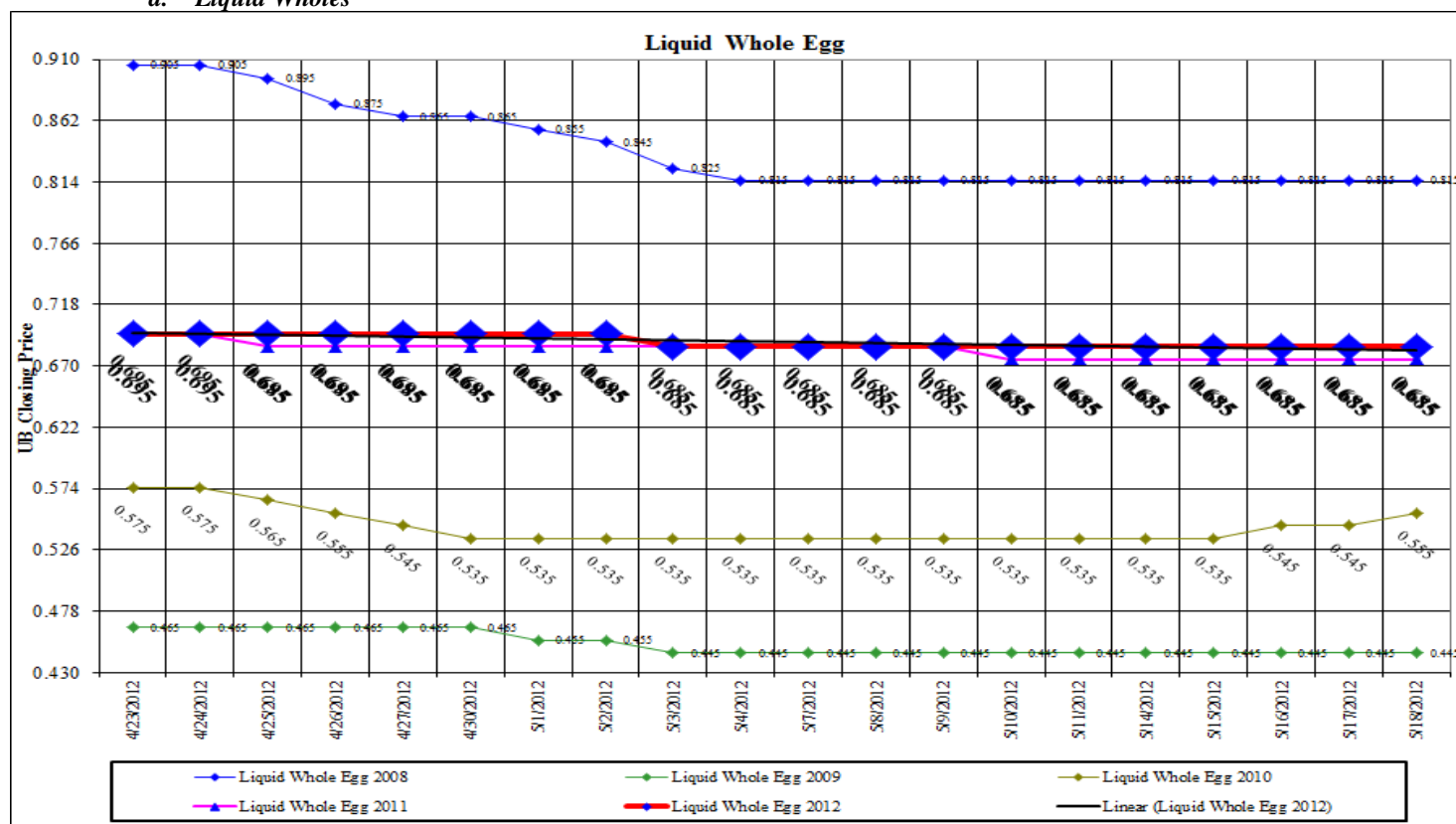
Frozen Egg Whites closed “no change” for the week (compared to last Friday’s close).

c. Frozen Sugared Yolks



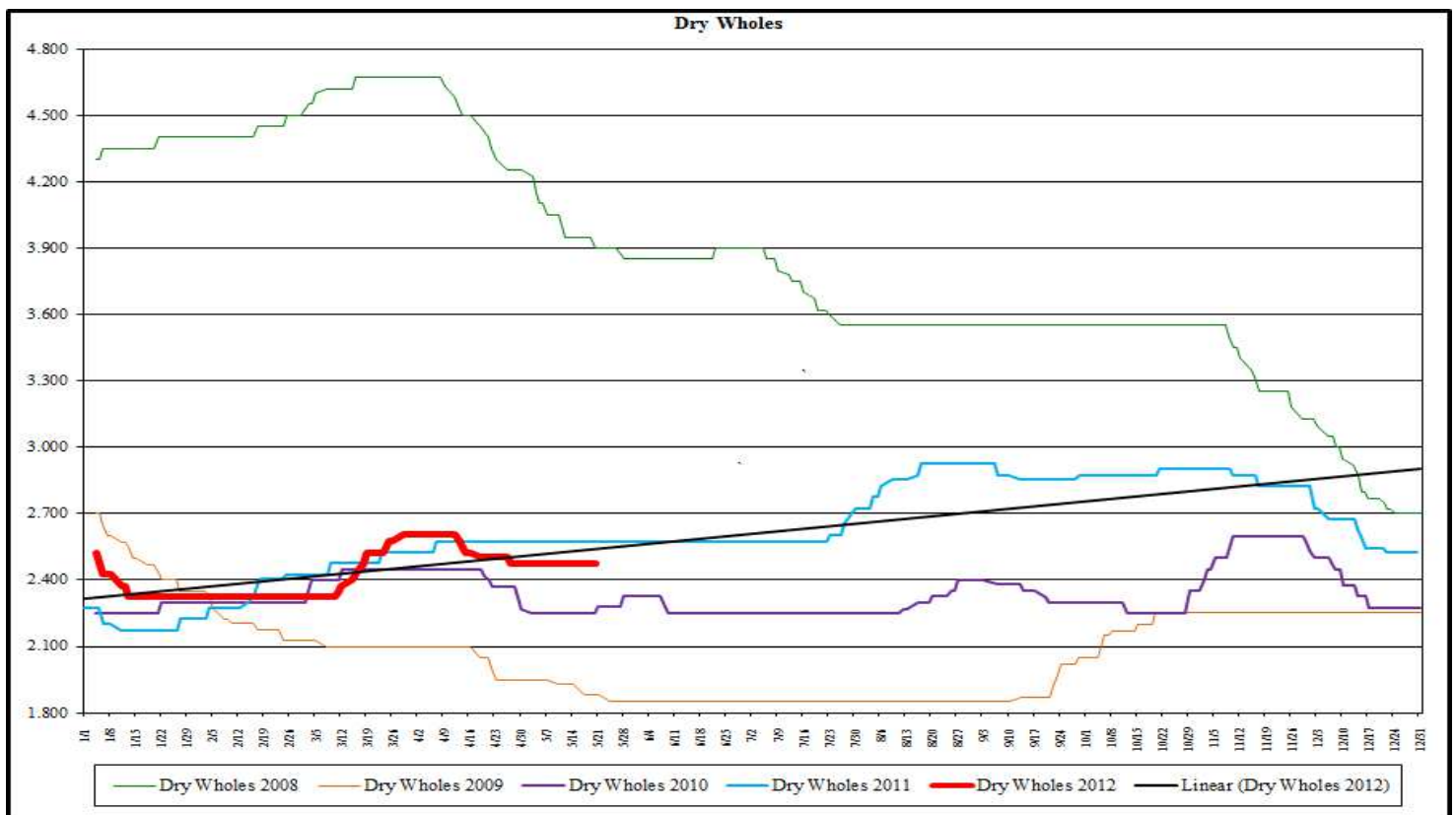
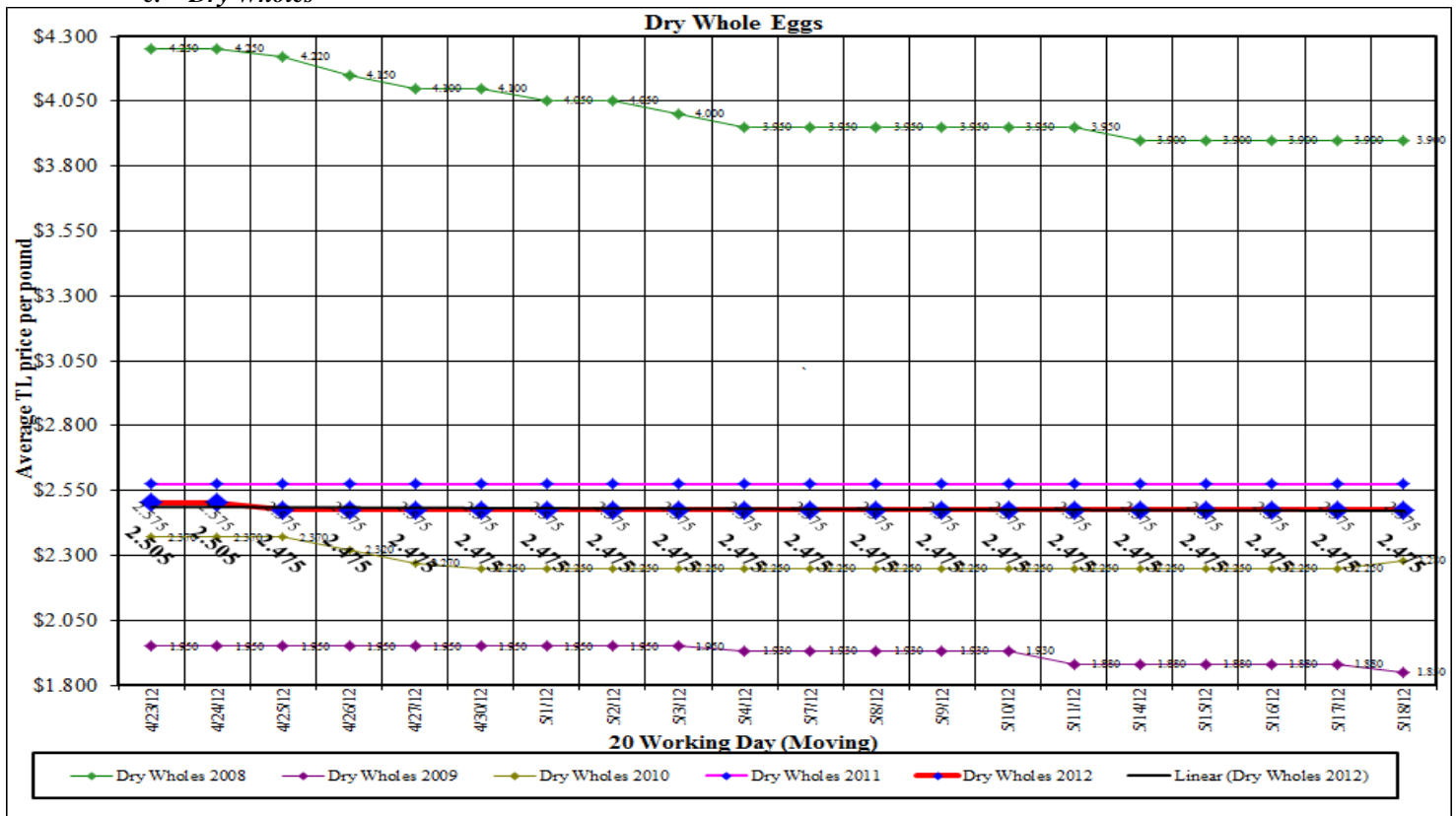
Frozen Sugared Yolks closed “no change” for the week (compared to last Friday’s close).

d. Liquid Wholes



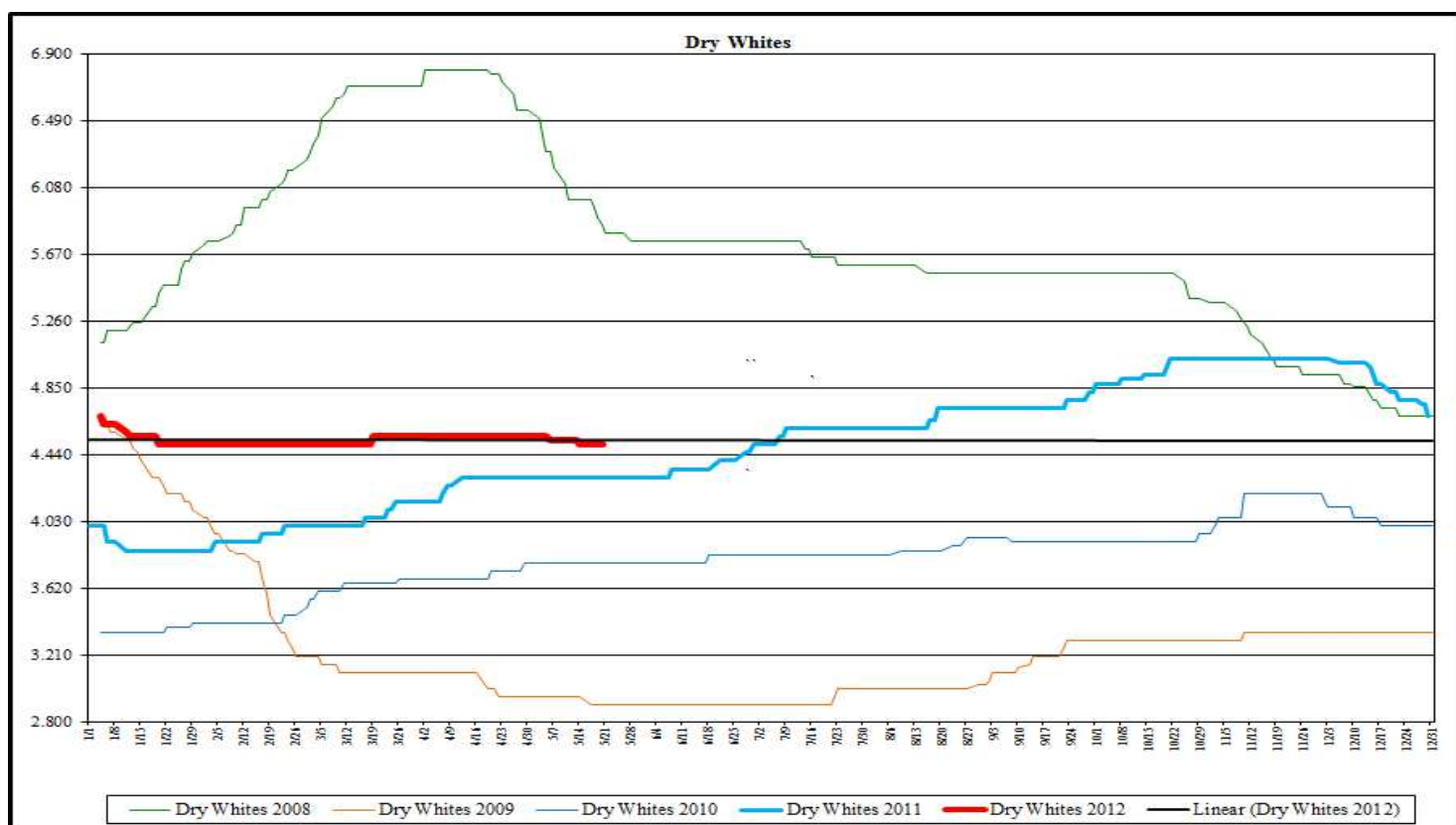
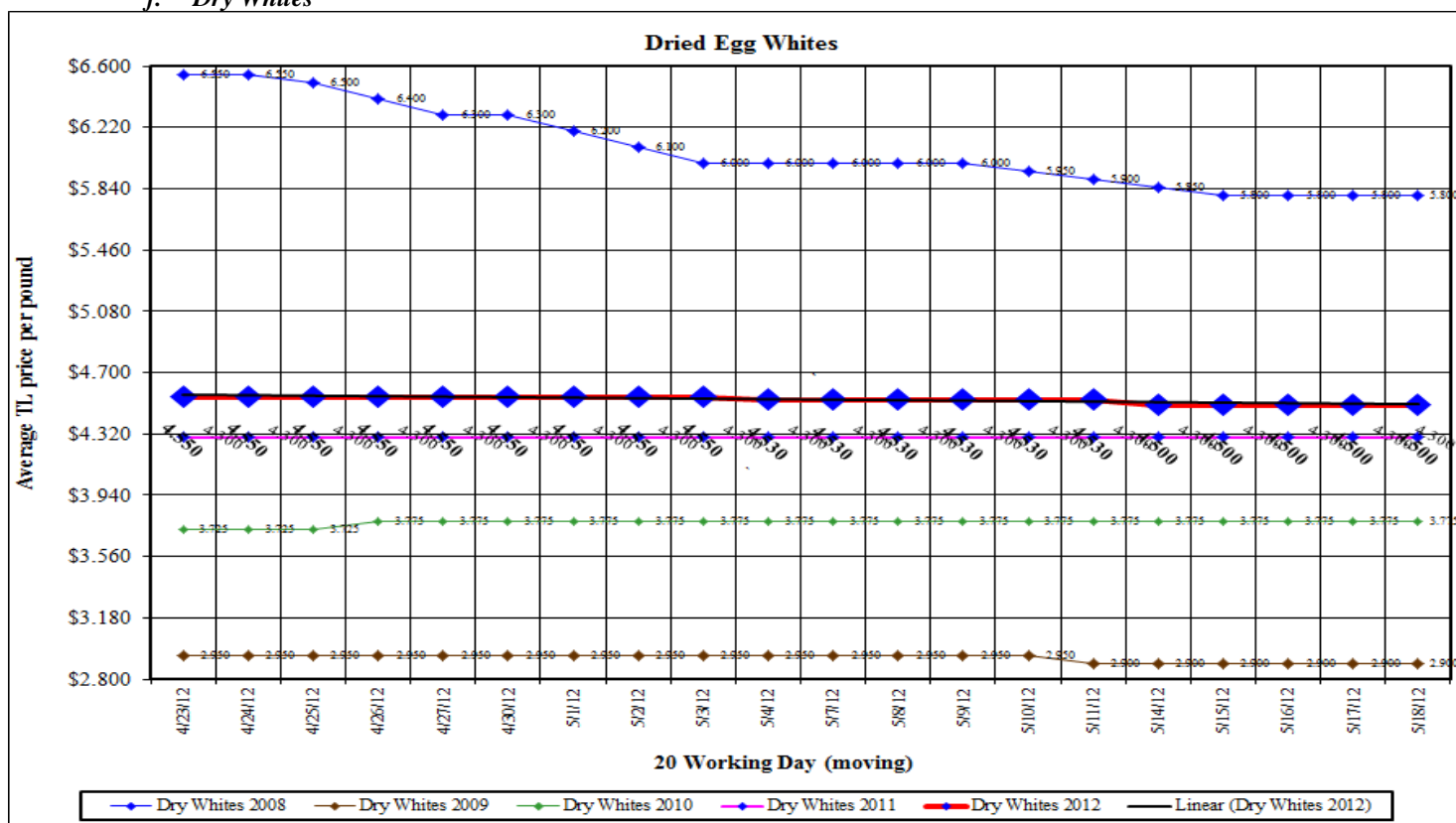
Liquid whole eggs closed “no change” for the week (compared to last Friday’s close).

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 down \$0.03/lb. for the week (compared to last Friday's close).

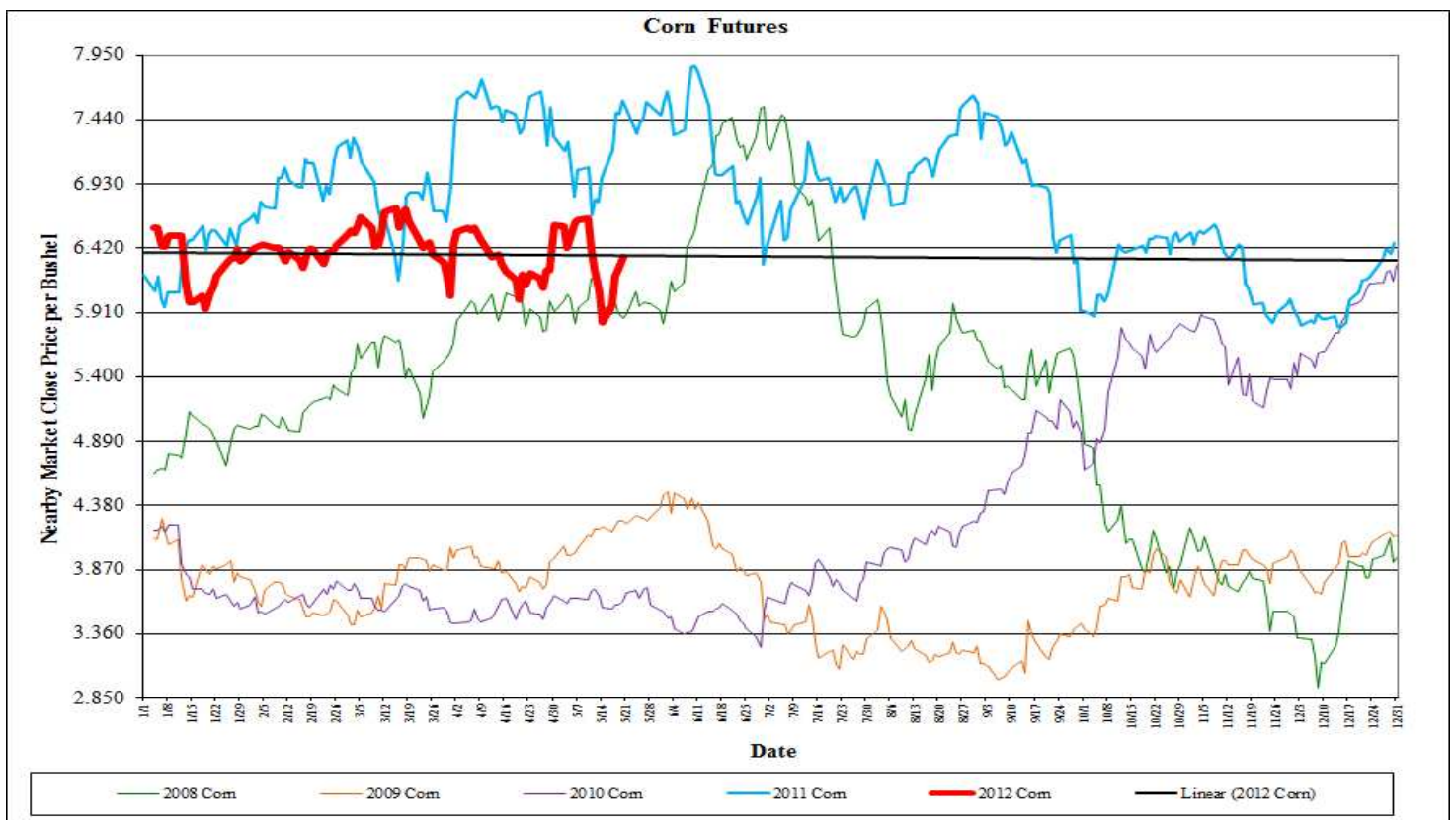
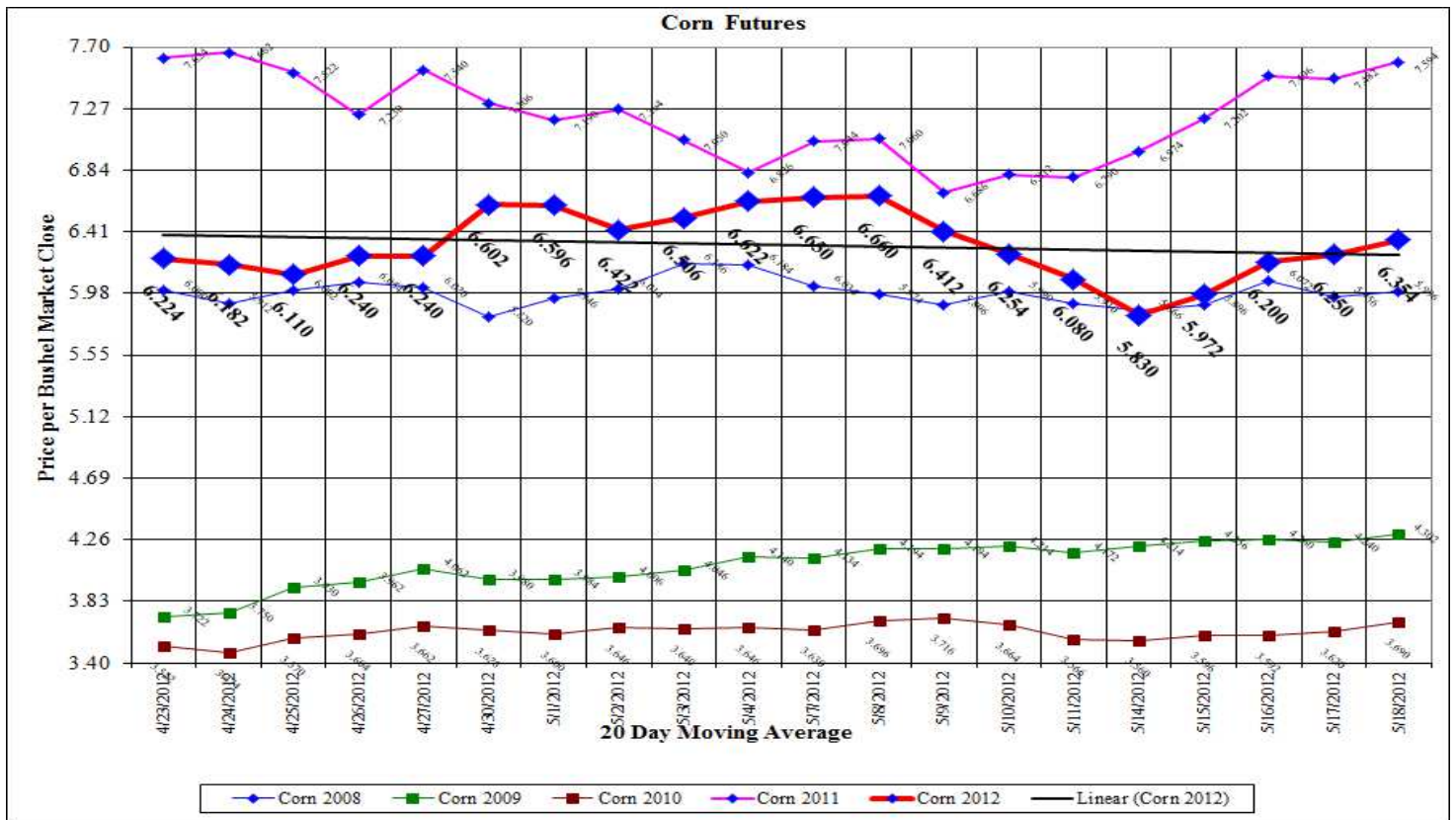
Corn

This week's corn market put in a strong performance as prices rallied to higher levels along with gains in soybeans and wheat. Major supportive inputs included fund buying, strength in beans/meal/soy oil/wheat (wheat sharply higher), ideas that prices are still attempting to correct oversold conditions, ideas of continued Chinese interest in U.S. corn (both old and new crop slots), concerns regarding drier weather outlooks in the corn belt for the next several days, strength in the Chinese markets, reports of strength in both domestic and export basis levels (some rumors that Central IL. Corn traded as high as +70—on the July corn option), farmer selling of cash corn that was average to below average (a small increase today, but still slow in relative terms) and firmer spread trade (July corn firm relative to September corn or to December corn). Major negative inputs included commercial selling, weakness in the U.S. stock market, today's Weekly Export Sales (339,400 T. old crop and 525,700 new crop versus estimates of 800,000 to 1,400,000), weakness in crude oil, strength in the U.S. dollar and reports today that Japan has bought 500,000 T. of South American corn for July/August/Sept shipment.

The July corn option put in a strong performance as prices surged to higher levels, closing at the highest level since May 8 and closed near daily highs (and just below the 50-day moving average).

Corn stocks are forecast to recover sharply at the end of the 2012/2013 crop year (to over 1.5 billion bushels). The favorable start to the 2012 U.S. corn growing season adds to the optimism about supplies going forward. U.S. corn plantings advanced 16 points to 87% versus 56% last year versus the 5-year average of 66%. IL at 95% compared with the normal of 65%, IN 93% versus 53%, IA 90% versus 79%, KS 90% versus 73%, MI 60% versus 54%, MN 88% versus 70%, MO 93% versus 62%, NE 91% versus 76%, ND 83% versus 41%, OH 84% versus 51%, SD 79% versus 43% and WI 57% versus 53%. U.S. corn emergence advanced 34 points to 56% versus 16% last year versus the 5-year average of 28%.

Corn futures closed up \$0.274/bushel for the week (versus last Friday's close).

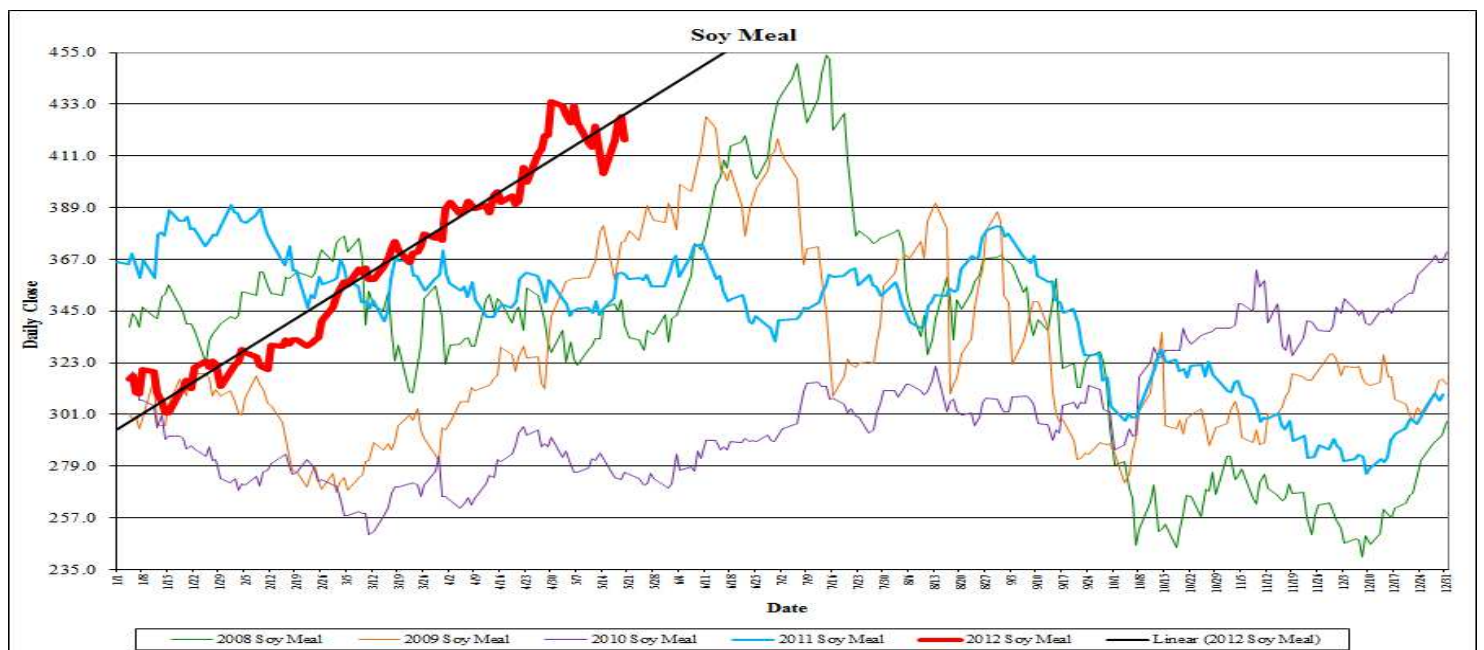
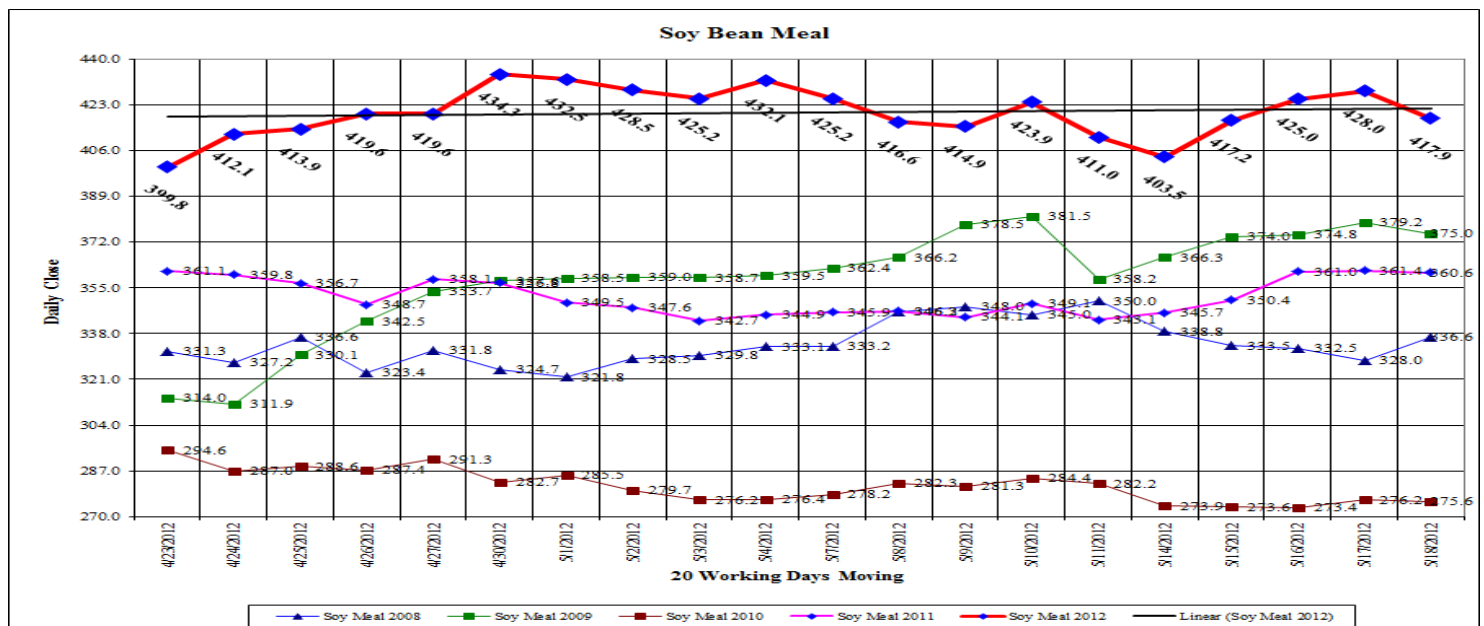


Soy Meal

This week's meal market put in a strong performance as prices closed at higher levels along with strength in other markets. Major supportive inputs included fund buying, strength in soybeans/corn/wheat, concerns regarding upcoming downtime in the U.S. crushing industry (tightening supplies of U.S. meal), Weekly Export Sales that were near the upper side of estimates (114,300 old crop and 81,300 new crop versus estimates of 75,000 to 225,000), strength in the Chinese market, reports of continued export interest in U.S. meal, strength in domestic basis levels (firmer again today in both old and new crop slots) and strength in spreads (SMN once again made sharp gains relative to new crop). Major negative inputs included commercial selling; traders who bought oil/sold meal, ideas that meal is overbought after recent sharp gains and strength in the U.S. dollar. The July meal option put in a firm performance as prices once again rejected attempts to decline, moved sharply higher, closed higher, closed back above the 10 day moving average but did close in the lower part of the daily trading range.

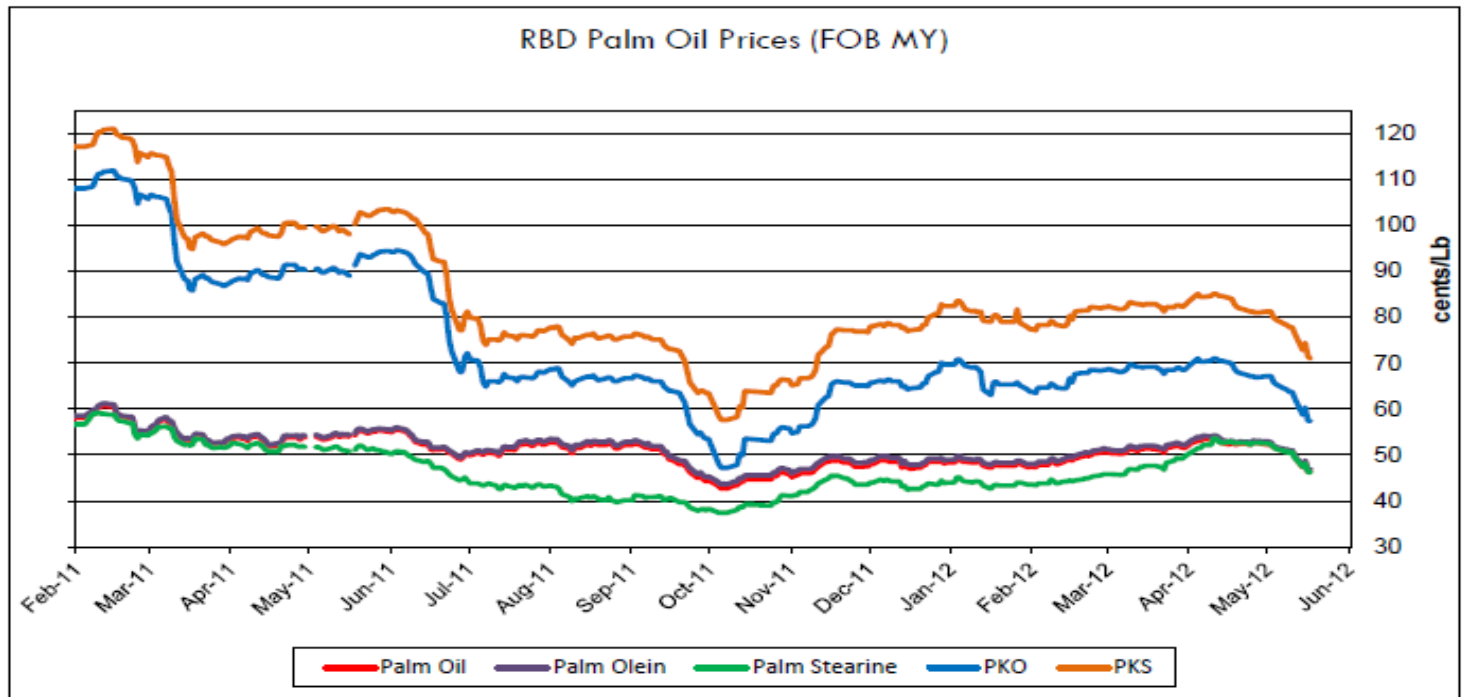
Net export sales of 114,300 metric tons were down 17% from the previous week and 36% from the prior 4-week average.

Soy meal futures closed up \$6.90/ton for the week (versus last Friday's close).

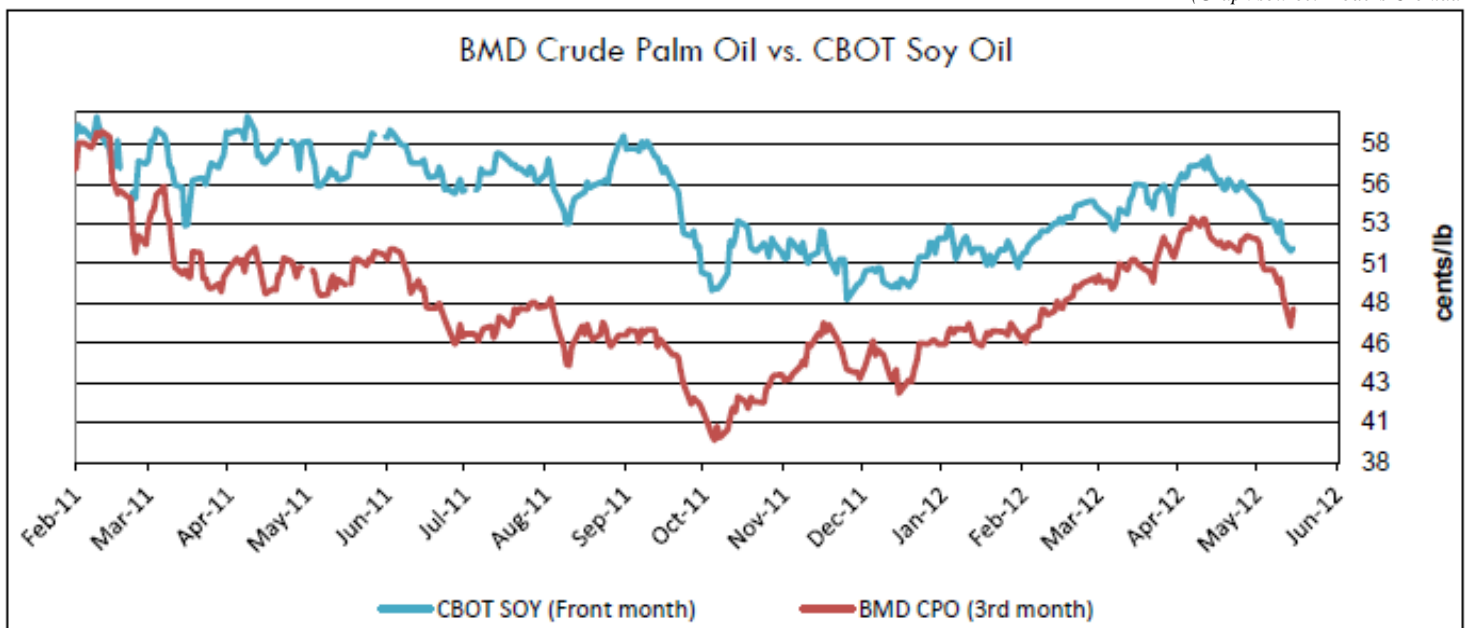


Palm Oil

Malaysian palm oil futures tumbled to their lowest in more than three months as traders feared a prolonged political crisis in Greece could slow the global growth momentum and dampen commodity demand. Greek political leaders met on Wednesday to form a caretaker government that will lead the country into its second election in just over a month. News that Greece would hold fresh elections, after a previous vote failed to yield a government, increased uncertainty over the debt-laden country's future in the euro zone, pushing share prices lower and the euro to a new four-month low against the dollar. Palm is not spared from the broad-based selling as commodities including crude oil, gold, silver, soybeans and soybean oil are all dropping. Benchmark August palm oil futures lost 124 ringgit to close at 3,085 ringgit (\$990) per ton. U.S. grain and oilseed futures eased, with soybeans falling for the third time in the past four sessions, as fears Greece will leave the euro zone continued to dampen markets.



(Graph source: Loders Croklaan)



(Graph source: Loders Croklaan)

Energy Markets

Brent crude oil prices slid with world shares and the euro as investors fled from riskier assets, while a surprise build in U.S. crude inventories helped send the WTI benchmark to a more than six-month low. Crude oil has been gradually trending lower since the 2-26-12 peak of \$110. However the decline in the past week to \$91 has been a clear sign that the market is collectively bearish on prices. Crude has plunged about 13% over the past two weeks. Further downside is possible if not probable – a move to \$85 in nearby crude oil over the next 30-60 days would not be a surprise. If the price of crude declines by another 10%, then other commodities (without regard to their specific fundamentals) should be expected to move to some degree in a similar pattern lower.

Gas burned for power generation was up 34% in February over the same period in 2011. Coal's share of power generation has dropped from 44.6% in the first quarter of 2011 to 36% in 2012.

Production cuts from dry wells are expected to be offset by a 900,000 Mcf/d increase in the Northeast, particularly the Marcellus Shale region, through the summer, according to Bentek. Assuming supply in summer 2012 is equal to that of 2011, Bentek says that demand this year will have to average 4.3 Bcf/d more than last to avoid reaching storage capacity. While demand will most likely be greater than last summer, it is unlikely that production will be flat.

Expectations of some warm weather are providing some support for gas. Current gas pricing may be representative of what we will see for the rest of the summer. Expect prices to remain in a range as the supply/demand fundamentals play out.

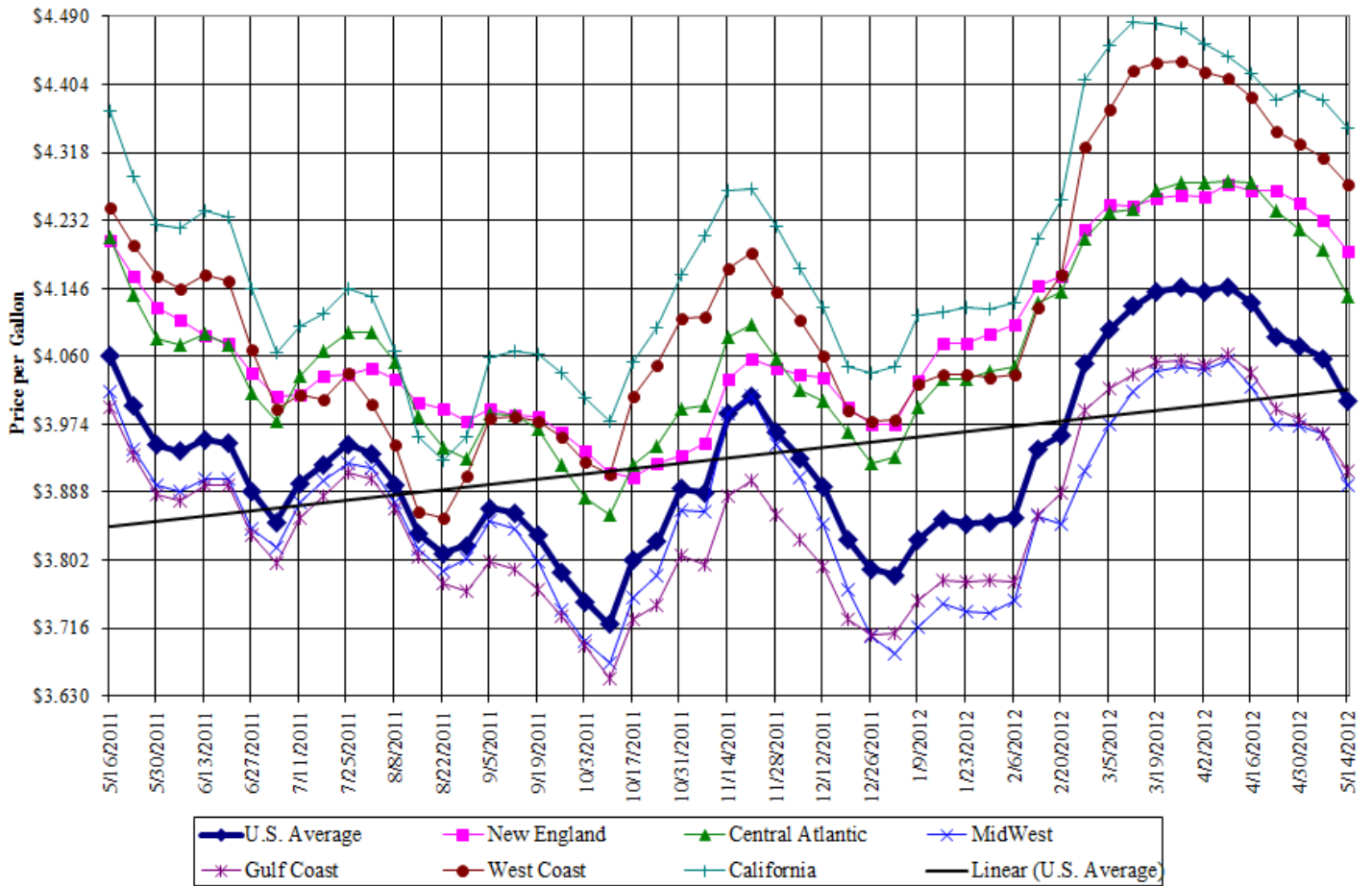
The unfolding economic crisis in Europe could have some effect on gas prices. Crude oil has been falling and the U.S. dollar has been approaching its highest point of the year versus the euro. The former could be a benefit to consumers, but the latter will eventually squeeze domestic manufacturing. With reports of industries interested in returning to the U.S. to take advantage of low gas prices, a strong dollar environment would be a counterweight for any export-oriented business.

In the electric markets—summertime volatility is right around the corner. Buyers should consider removing risk through September. If possible, on peak blocks should be used to hedge risk.

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 |
|------------|-----------------|------------|----------------|---------------------|-------------------|----------|------------|--------------|---------------|------------|
| 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 |
| 4/23/2012 | \$4.0850 | \$4.1460 | \$4.2690 | \$4.2450 | \$4.0500 | \$3.9740 | \$3.9930 | \$4.0900 | \$4.3450 | \$4.3840 |
| 4/30/2012 | \$4.0730 | \$4.1300 | \$4.2550 | \$4.2200 | \$4.0390 | \$3.9710 | \$3.9800 | \$4.0720 | \$4.3300 | \$4.3960 |
| 5/7/2012 | \$4.0570 | \$4.1080 | \$4.2320 | \$4.1940 | \$4.0210 | \$3.9620 | \$3.9620 | \$4.0470 | \$4.3120 | \$4.3850 |
| 5/14/2012 | \$4.0040 | \$4.0540 | \$4.1920 | \$4.1350 | \$3.9690 | \$3.8970 | \$3.9150 | \$4.0040 | \$4.2770 | \$4.3490 |

Diesel Fuel Prices in Dollars per Gallon
52 Week Moving



Fruits/Nut Markets

Apples—US: Great season for Washington apples

Washington's apple industry is sprinting into the final lap of the sales season, pushed by a tail wind of solid pricing and strong market demand that has the industry calling this a very good year. Average prices for fresh apples are ahead of last year and a tight market for processing fruit has kept prices at near historic levels. The momentum for the \$1.4 billion industry, the state's largest agricultural commodity, is expected to extend into the fall, despite an anticipated large crop and concern over higher fuel costs and the adequacy of the labor supply. The rosy outlook is partly due to what has been described as extensive late-April frost damage to apples in Washington's two major domestic competitors: New York and Michigan. Media reports say losses are widespread and could exceed 50% of the crop. Growers across the border in Canada also were hit hard by the weather. While a better picture of losses there will be known in June and beyond, the current season is a winner for this state's growers.

"The result this year is growers are reaping the benefits of a strong fresh market and high returns and a strong processor market," said Lindsay Buckner, senior vice president of fruit procurement and grower services for Tree Top Inc. of Selah. "We have record pricing on average for processing fruit." A high-quality 2011 apple crop is resulting in more fruit being packed for fresh sale and less available for processing, driving up prices for the commodity to be made into apple juice and other processed products.

The U.S.D.A. Market News Service reports supplies of processing apples are down about 50,000 tons from this same time last year. To date, the industry has shipped 82 million boxes out of a total crop likely to end up at 107 million boxes, the second largest in history.

Cherries—US: Good Northwest cherry crop anticipated

Initial projections for the 2012 cherry crop in the Pacific Northwest are higher than last year. Favorable weather leading up to the harvest may put this year's production above 2009's record high. Early production estimates for cherries out of the Northwest are 20.98 million 20-pound boxes. If these early projections are accurate, this year's crop would top 2010's output of 20.46 million boxes, and it would be much higher than last year's production of 18.37 million boxes. Although harvesting begins in June, almost 60% of the crop will be picked in July. The rest of the region's production is will be split between June and August. Good weather is being hailed as one of the reasons behind higher production. The Northwest cherry region is made up cherry-growing areas in Washington, Oregon, Idaho, Utah and Montana.

Cherries—US: (CA): Cherry season starts with low volumes

Harvesting of cherries has started in California for a season which is expected to be short. Spring weather affected the crop's bloom period and is likely to cause lower volumes of cherries than in previous years. "We've had some weather issues this season," said David Thiessen of Stillwater Orchards. "Cool weather during spring made for a long bloom period." That long bloom period will most likely make for lower volumes and a mix of maturity among fruit. That mixed maturity will, in turn, cause an uneven harvest. Stillwater Orchards, which will begin harvesting their cherries at the end of the week, will pick cherries for three weeks. Throughout the state, many growers are expecting production periods that are shorter than normal. The bright side for consumers, noted Thiessen, is that quality will be excellent on available fruit, and for growers, demand will be high. "Quality looks excellent," he said, "and both domestic and export demand are good." With good demand and a limited early supplies, prices should remain strong.

Cranberries— US (WI): Frost raises cranberry production price

The weather is causing complications for Wisconsin cranberry growers. A string of below freezing nights - hot on the heels of a warm winter that lead to premature budding - means extra costs. Michael Obrien, a cranberry grower for 28 years and operations manager at Lake Nokomis Cranberries in Eagle River. "Farming is constant variety, constantly changing challenges," he said. "Some of the growers in the central part of the state are more like a month ahead. "The early thaw exposes the plants and it can be kind of tricky that time of year to protect them." Obrien has been using sprinklers at night to prevent the plants from freezing. "It's thousands of dollars of extra expense for every night we

have to have the irrigation going," he said. However, there is every chance such an investment will pay off in the long term. According to the Wisconsin State Cranberry Growers Association, the industry pumps \$300,000,000 into Wisconsin's economy each year and employs around 3,400 people. Last year, farmers here in Wisconsin produced four million barrels of cranberries - almost 60% of the national total crop yield - predictions for this are for similar amounts, if growers can just keep the frost at bay.

Peaches—US (CA): Good quality, lower volumes for early peaches

With early varieties of peaches being picked in California, growers are reporting good quality fruit in smaller sizes. "So far, the fruit has been excellent," said Steven Trevino of Mountain View Fruit Sales. "The fruit we have is of high quality with high brix levels." He noted that early varieties are smaller than normal and are not being picked in large numbers, and though production should pick up next week, he expects total volume to be lower than last year. "Volume is going to be down from last year," he said, "it's not clear by how much, but maybe between 10 and 20 percent." Part of the decrease is due to last month's storms, but Trevino highlighted the quality of remaining fruit. "Quality is very good, it's just a matter of size," he said, "and with lower volumes prices will be good, too."

Apples—US (MI): Calls for Michigan orchards to become federal disaster zone

Michigan lawmakers are asking the Federal government to provide assistance to West Michigan farmers whose crops have been decimated by cold weather after an early start to the growing season. Wednesday, house lawmakers approved a resolution calling on Congress and President Obama to declare Southwest Michigan a federal disaster area. If accepted this will allow farmers access to federal funds. Supporters of the resolution say Michigan produced 36,000 tons of fruit last year, injecting more than \$15 million into the state economy.

Apples—US: Minnesota apple damage not as bad as feared

The sudden cold snap that interrupted Minnesota's warm spring five weeks ago doesn't appear to have been as big a disaster for the state's apple crop as first feared, but still it has left some growers hurting and worried. The frost bit hard on the nights of April 9 and 10 while many apple trees were blooming unusually early. That will affect the size of the crop, but researchers and growers said Wednesday it looks like the losses won't be as bad as they could have been. They'll find out for sure in August and September when growers start picking their Zestars, Sweetangos, Honeycrisps, Haralsons and other popular regional varieties. "There's no question that the crop has been impacted statewide. The question is whether there's a 15% reduction or an 80% reduction. The people I'm talking to are saying this isn't as bad as we thought," University of Minnesota apple breeder David Bedford said. For some growers, though, the damage is bad. It's giving heartburn to Mike Dekarski, owner of Apple Jack Orchards in Delano and president of the association. He was left with very few early-maturing Zestars and Chestnut Crabs, though he's still expecting a good crop of late-season Regents and Sweet 16s. Dekarski said and several other growers he knows are dreading the "June drop," when trees go through a self-thinning and might ordinarily shed 10% of their fruit. He said he's heard from growers who thought they survived the frost but lost everything this past week.

Pecans—US: Lipan - promising new pecan variety

Lipan, anew variety of pecan nut that was first released as a trial variety last July, is a large nut that gives excellent yields and high disease resistance. Tommy Thompson, of the U.S.D.A. Agricultural Research Service, said, "The Lipan pecan should make money for growers." Maybe he should know - he bred it. Lipan is the 29th variety to be bred by the ARS. "The Lipan pecan will be a high contributor in commercial pecan orchards with improved yield potential and excellent resistance to pecan scab disease," Thompson says. The new variety produces about a 2,500-pounds-per-acre yield. About 45 Lipan pecans constitute one pound of in-shell nuts; a lower per-pecan number than many standard varieties, including Pawnee. This means Lipan pecans are larger than Pawnee — the most popular-planted variety in the world. The percent shell kernel rates in the low-to-mid-50 range which is better than average. Another quality offered by the new variety is strength against the wind. The tree itself is strong of structure. However, it's not going to be widely released just at the moment. "Lipan is a trial cultivar at this point," Thompson said. "We think pecan producers will like it." Lipan, an early-maturing nut, is harvested around Oct. 4. This is about 10-14 days after the Pawnee harvest (Sept. 22), and about 17 days before the Desirable variety (Oct. 21) and 20 days before the Wichita (Oct. 24). All ARS-developed varieties — except for the first, Barton — are named after American Indian Tribes. The Lipan Tribe is an Apache Tribe from the Rio Grande River and Mexico areas.

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