

**February 22, 2012**

**The World Agricultural Outlook Board Report this week when they will be released at the Annual Outlook Conference.**

**Next The March 9, Crop Production Report and March 12 the price reaction report after the crop production reports. The prospective planting report March 30, April 10 --- Crop Production, May 10 --- Crop Production, June 12 --- Crop Production, June 29 --- June 1 Grain Stocks, 2012 acreage, July 11 --- Crop Production, Sept 12 --- Crop Production, Sept 28 --- Small Grains Annual summary, Sept 1 Grains Stocks**

**We are offering Free DP for corn and soybeans call your locations for available space.**

The U.S. commodity exchanges showed red, lower prices, as the U.S. Dollar is trading higher along with the China's soybean futures and products are lower on position evening as DCE corn also slipped. Arab Authority for Ag Development to set up an \$800 mil food investment fund. The world's second biggest economy and oil consumer China, released the preliminary HSBC PMI manufacturing index which advanced to 49.7, compared with January's final reading of 48.8, which indicated that the country's manufacturing side is getting better and may improve more in the coming period, especially that the Chinese central bank cut reserve requirements from February 24 to support economic growth more.

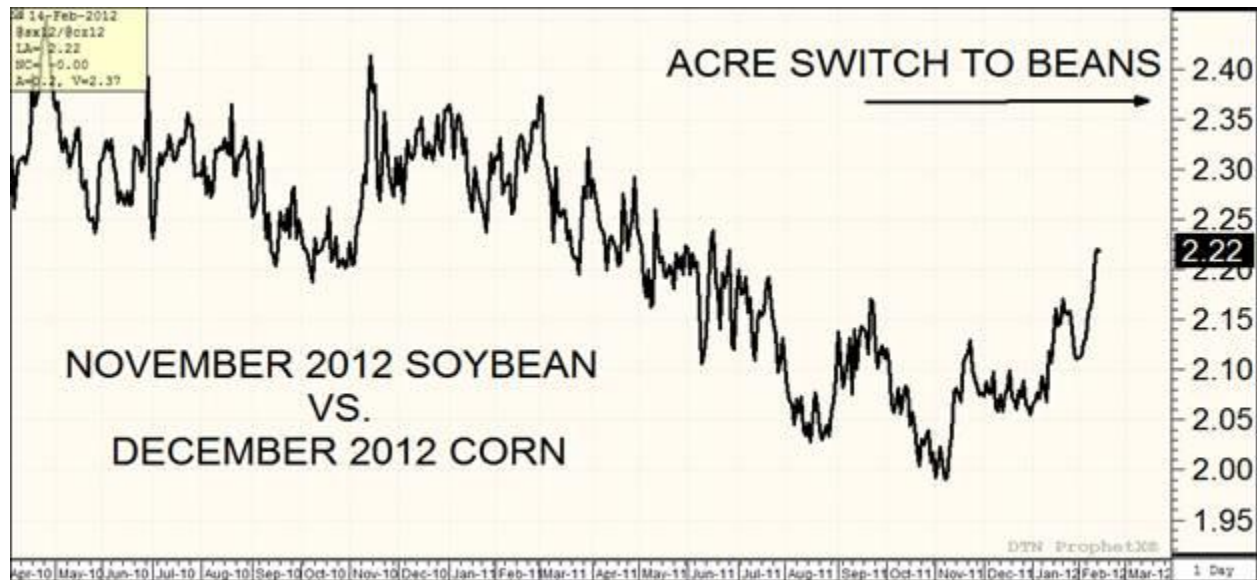
In general, with the dryness in the forecast for the U.S. growing regions and maybe delay plantings in the eastern corn belt, by collecting all these factors it is likely traders can see a bullish bias for the commodities as analysis have said in the last few weeks we need a soybean to corn ratio of 2.37 to get producers switch acres from corn to soybeans. This information was food for the spec funds as they rolled out of corn longs into soybeans yesterday. As we read several times before, the effect from Iranian oil supplies may be doubled if a military intervention happens between the west and Iran.

**CORN:** Trend is negative May corn support is \$6.20 then \$6.16. Resistance is \$6.48 then \$6.56. Support for December futures are at the 566 and 568 level.

Ukraine reports corn exports to Japan are being delayed by severe winter; Japan has bought a record 1.5 million tonne European corn for January-March shipment, mainly Ukraine, but at least 400,000t yet to be delivered. Exports totaled 34.7 million bushels versus 29.1 mil last week (was 29.0) and 39.3 million a year ago putting YTD exports at 775 million bushels versus 778 million last year leaving this unchanged on the year with the USDA currently forecasting a 7% yearly decline. U.S. domestic cash markets were steady, the export market weaker with farmer selling termed light. There were no changes in registrations 0 contracts currently registered. Traditional funds are estimated holding moderate net long positions with options.

**SOYBEAN:** Trend is positive May soybean support is \$12.35. Resistance is up at \$12.70 then \$12.90. The support for the November futures contract is 12.49 and 12.33.

Wire story reports Goldman prefers soybeans to corn over the medium term as we can see in the chart below there needs to be at least 50 cents more spread between the corn and soybeans to make it profitable to switch planting acres. We see limited soybean acreage and stronger exports versus lower ethanol production and potential early planting of corn in the dry central corn belt. Morgan Stanley reports exiting of July/December corn spread due to slowing ethanol production, risk of lower than expected corn acreage. Exports totaled 38.4 mil bushels versus 39.1 million bushels last week (was 38.5) and 42.3 million bushels a year ago putting YTD exports at 833 million bushels versus 1.101 billion last year that is down 24% with the USDA currently forecasting a 15% yearly decline. U.S. domestic cash markets were steady to better in the interior, the export market mixed with farmer selling termed light. Traditional funds are estimated holding moderate net long positions with options.



**Wheat:** In KC, the 693 and 697 level, basis MAY, (701 and 705, basis JLY) and In MPLS, the 804 and 801 level, basis JLY, (786 and 784, basis DEC).

Russia reports will maintain wheat and grain exports in 2012/13 as it has exported 18 million tonne wheat this year and expects to sell another 4 million tonne before the year ends in June. Russia is unlikely to impose grain export taxes because stocks are adequate as the grain output in 2012/13 may exceed 93.9 million tonne. They will keep exporting grain to Iran in absence of any government ban and will be expanding wheat export to East and South Asia. They have 1.0 million tonne of ag exports delayed by cold weather.

Japan to cut the price at which it sells imported wheat to domestic users by 15% as of April 1 paving the way for a fall in prices of bread and other wheat products Exports totaled 22.1 mil bushels versus 18.9 mil last week (was 16.5) and 31.2 mil a year ago putting YTD exports at 715 mil bushels versus 842 mil last year that is down 15% with the USDA currently forecasting a 24% yearly decline. Traditional funds are estimated holding sizable net short positions with options in CGO.

**Crude Oil:**

Crude oil rose to significant highs amid concerns on global oil supplies where it reached to the highest for more than 7 consecutive months, as the IEA announced that talks with Iran on its nuclear program have reached a failure, which increased the possibilities of a military intervention.

Crude oil opened today's session at \$105.93 reaching so far a high of \$106.38 and a low of \$105.70 where it is currently trading positively around \$106.25

The International Atomic Energy Agency (IAEA) said that it failed in talks with Iran over its nuclear weapon, as the country refused entering the team of inspectors into its nuclear base during two days of talks that ended yesterday. Talks between the agency and Iran were aimed to ease rising tensions between the country and the west and avoid a possible military intervention, as Israel and the U.S. said that all options are available ensuring no nuclear weapon in the nation, where Iran will not remain silent where it will make a military reaction indeed.



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