



Red Solo Cup



Fundamental Comments

Corn: Weekly Change – March +.10, December +.8 1/2 The corn market was surprisingly higher this week. News was limited as traders have been focusing on Ag Forum estimates that will be released on February 23-24. The main fundamental news traders are questioning is the exports. The current export pace is running closer to last year's estimate, 1.835 billion bushels, than the last forecast released in February (which was raised by 50 million bushels), 1.700 billion bushels. This was worthy of attention this week with China visiting the some key agriculture areas of the U.S. Technically speaking, both old crop and new crop futures generated buy signals on daily charts. The long term trend continues to trade in a "lower highs" format. New crop corn, however, printed an outside day higher move on Thursday with follow through on Friday. If this week's reports are considered either neutral or positive, retracement targets on December futures become the likely targets moving into the spring with the 50% target being the first one at \$6.04.

Soybeans: Weekly Change – March +.38 1/2, November +.22 1/2 The soybean market acted as the work-horse this week, leading the way higher despite weakness in the other grain markets. Some of the strength came from continued rumors of a shrinking S. American crop. Another factor that supported this market was the well publicized purchase of beans from China. The Gartman Letter had the best perspective of this purchase, stating the quantity of the purchase was the equivalent of all the soybeans grown in Iowa plus a few more. The sale was for 477.6 million bushels. In all likelihood, actual shipments will be less than this number but it's still impressive that someone can write a purchase contract of nearly half a billion bushels or 15% of the U.S. bean crop at one time. There was likely carryover of this excitement into new crop futures. November futures ended the week at the highest price since September 22. This market is currently in an uptrend and should be followed with sell stops. This strategy would have a triggered a sale already for November 2012 futures traded \$14.00 on September 12 and then traded sharply lower (outside day down). For what it's worth, SX12 lost over \$2.00 in the next 14 trading sessions and ended the month at \$11.94 1/2.

Wheat: Weekly Change – March +.14, July +.11 1/4 Wheat prices continue to be followers of the other markets. Fundamentally, Ukraine agreed to reduce wheat exports as a result of adverse weather this winter. They will attempt to push other grains into the market place rather than announce a ban or tariff, which would be negative politically. The U.S. also made some, for lack of a better term, "unusual" sales this week. Egypt made their first acquisition of U.S. wheat of the year. Other countries also purchased SRW and SWW, indicating export competition was thin this week. Globally, wheat stocks are high and U.S. exports will face stiffer competition going forward.

Outside Factors:

- Unemployment applications drop to a 4-year low
- General Mills Inc. is lowering its fiscal 2012 adjusted earnings forecast, saying it experienced softer volumes in the U.S. during December and January.
- Caterpillar says it will build plant in Georgia
- Campbell Soup Co.'s second-quarter net income fell 14 percent as it spent more on marketing and a cutback in discounting hurt sales volume.