



WEEKLY COMMENTS

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Friday, December 30, 2011

We wish you a Happy, Healthy and Prosperous New Year. The markets are closed Jan 2nd.

Position Management: The table shows how the Model Farm is positioned at this time. Individual recommendations may vary.

	2011 Crop	2012 Crop
Corn	50% sold HTA - basis is now set. 50% sale with Fixed Basis Contracts	30% sold HTA
Soybeans	50% sold HTA - basis is now set. 50% sale with Fixed Basis Contracts	20% sold HTA
Wheat	50% sold HTA. If fall delivery needed basis is set.	none

Price Targets: **Old Crop Corn**, watch the March futures for a move towards \$6.62 or even \$6.75 to consider a sale if you are looking to make one. The target for July would be \$.10 higher. This would be the upper range of the Oct-Nov consolidation on the charts. That would put cash near \$6.35 or \$6.40 if the market can move that far.... which is yet to be seen. If you have a lot of 2011 corn to move yet you may wish to consider a lower target.

Old crop soybeans, also watch March futures to see if prices can reach the \$12.40 to \$12.80 consolidation area, which would put cash values near or above \$12.00. Soybeans prices have already bounced \$1.12 off of the Dec 12 & 14 lows, an impressive two week movement. Values are once again above the 50 week moving average and the \$11.73 ½ October lows.

The **December 2012 Corn** chart has consolidation between \$6.00 and \$6.15 and a move to that area would likely bring some selling pressure. It may be a place to consider a pricing some 2012 new crop if you don't have any sales on the books. If the Jan report has a significant reduction carry out or a spring weather scare occurs we could try to test the \$6.50 to \$6.70 area.

The new crop **November 2012 Soybean** contract has consolidation at higher levels, that being \$12.15 to \$12.45 and would need to breakout above \$12.58 to have a chance to move above \$13.00.

Hedge: a means of protection against something, especially a means of guarding against financial loss

Speculate: to form a conjecture on the basis of incomplete facts or information, to engage in financial transactions that have an element of risk.

Basis: The basis contracts works well in many areas but not everywhere. See prior newsletters for more details.

Corn basis is very good ranging from -.14 to around -.20 under March futures at most locations. Soybean basis is good but does not have us as excited as the corn basis has us. Soybean basis ranges from -.45 to around -.56 under January futures at most locations.

Next Major USDA Reports: Thursday Jan 12, 2012 WASDE & Crop Production & Grain Stocks

A concern of the trade in the January supply and demand report is what adjustment USDA may make to harvested corn acres, if any. Talk is that it appears that USDA has reduced harvested acres by 1.2 million from what was harvested a year ago, mainly from flooding across the Midwest and in the Ohio Valley. Some of the trade is over-looking the possibility that this reduced may be too great. If even a portion of these acres are added back in we could see larger production and carryout on corn, even with an unchanged yield.

Another thought has been that corn yield could be slightly reduced in the next report and that any decrease in yield may be off-set with lower usage. Corn exports have been running behind prior estimates all marketing year, and feed corn usage may be adjusted down with all the feed wheat usage. Much of the new crop wheat coming out of Australia is only going to make feed quality, and buyers are already showing interest in importing it. There are also concerns over domestic corn demand, primarily from ethanol manufacturing.

Market Talk Trade estimates for 2012 index fund rebalancing are starting to trickle in. This week one trade source is estimating that funds will buy 33,000 contracts of wheat, buy 18,000 soyoil, buy 7,000 soybeans and sell 11,000 contracts of corn, from Jan. 2-15.

The corn market traded higher as worries persist about South American weather combined with short covering and slower holiday volumes to rally prices to the best levels since mid-November. Funds were seen as buyers of 8,000 contracts of corn one day alone. Argentine corn, which pollinates during the first two weeks of January, sits at the center of concern as further heat and dry weather is seen. A private weather group expects Argentine corn yields to slip further over the next 10 days.

Soybeans were the weaker commodity as early gains gave way to profit taking and left the beans trading sideways for the week. Brazilian weather concerns are supporting soybeans.

Crop Yield Metric Conversions

Corn

Soybeans & Wheat

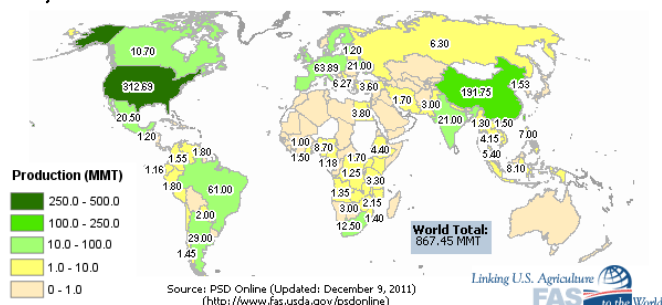
Crop Yields			
Pick a crop (for bushels, only) => Corn, shelled			
English		Metric	
Unit	Value	Value	Unit
Bushels per acre	100.00	6.28	Tonnes per hectare
	15.93	1.00	

Crop Yields			
Pick a crop (for bushels, only) => Soybeans			
English		Metric	
Unit	Value	Value	Unit
Bushels per acre	45.00	3.03	Tonnes per hectare
	14.87	1.00	

Corn Metric Conversion 100 bushels per acre = 6.28 Tonnes per hectare or 1.00 Tonnes per hectare = 15.93 bushels per acre
Soybean Metric Conversion 45 bushels per acre = 3.03 Tonnes per hectare or 1.00 Tonnes per hectare = 14.87 bushels per acre

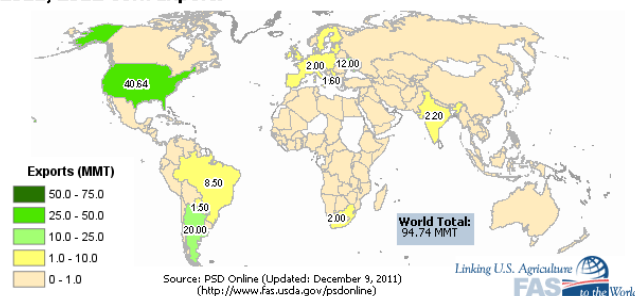
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2011/2012 Corn Production



US Corn exports of 40.64 mmt = 1,493,239,271 bushels
Ukraine corn exports 12.0 mmt = 440,917,107 bushels

2011/2012 Corn Exports



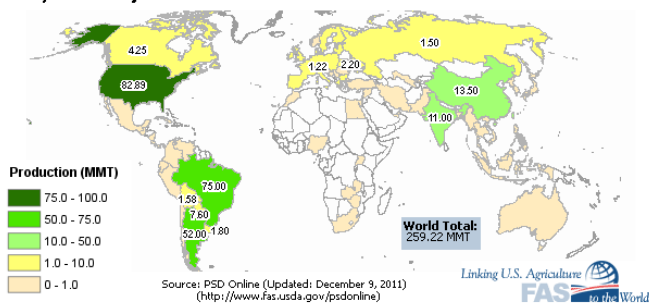
Argentina Corn Exports 20.0 mmt = 734,861,845 bushels
Brazil corn exports 8.50 mmt = 312,316,284 bushels

US Corn Yield of 146.7 bu. per acre = 9.21 Tonnes per hectare
Ukraine Corn estimate of 6.0 Tonnes per hectare = 95.6 bu/acre

Argentina Corn estimate of 7.60 Tonnes per hectare = 121.07 bu/acre
Brazil Corn estimate of 4.2 Tonnes per hectare = 66.9 bu/acre

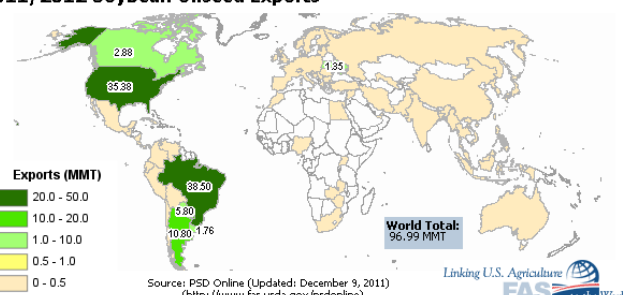
Brazil Soybean exports this year are expected to exceed U.S. Soybean exports for the first time in history.

2011/2012 Soybean Oilseed Production



US Soybean exports of 35.38 mmt = 1,299,970,000 bushels
Argentina Soybean Exports 10.8 mmt = 396,000,000 bushels

2011/2012 Soybean Oilseed Exports

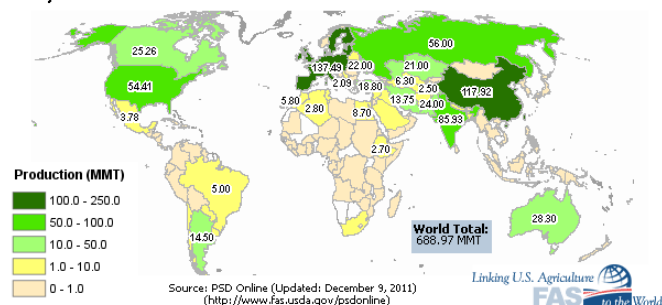


Brazil Soybean exports 38.50 mmt = 1,404,610,000 bushels
Paraguay Soybean exports 5.8 mmt = 213,000,000 bushels

US Soybean yield of 41.3 bu. per acre = 2.78 Tonnes per hectare
Argentina yield estimate of 2.74 Tonnes per hectare = 40.74 bu/acre

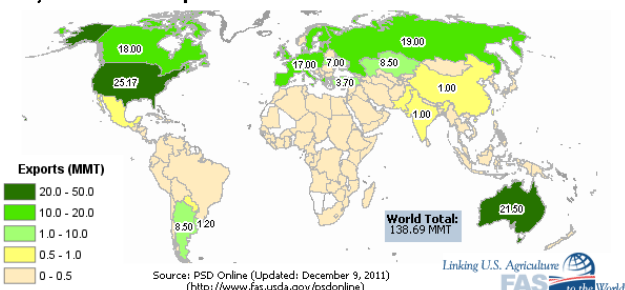
Brazil Soybean estimate of 3.0 Tonnes per hectare = 44.6 bu/acre
Paraguay yield estimate 2.0 Tonnes per hectare = 29.74 bu/acre

2011/2012 Wheat Production



US Wheat exports of 25.17 mmt = 925,000 bushels
Russian Wheat Exports 19.0 mmt = 698,000 bushels

2011/2012 Wheat Exports



Australia Wheat exports 21.5 mmt = 789,000 bushels
Canadian Wheat exports 18.0 mmt = 661,380 bushels

US Wheat Yield of 43.7 bu. per acre = 1.19 Tonnes per hectare
Russia Wheat estimate of 2.18 Tonnes per hectare = 32.41 bu/acre

Australia Wheat estimate of 2.01 Tonnes per hectare = 29.88 bu/acre
Canadian Wheat estimate of 2.96 Tonnes per hectare = 44.01 bu/acre

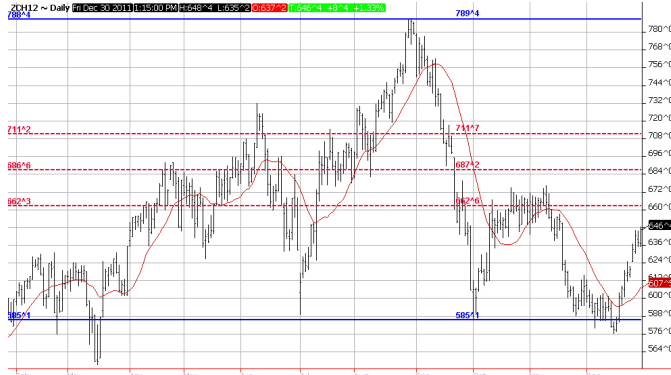
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Chart Action

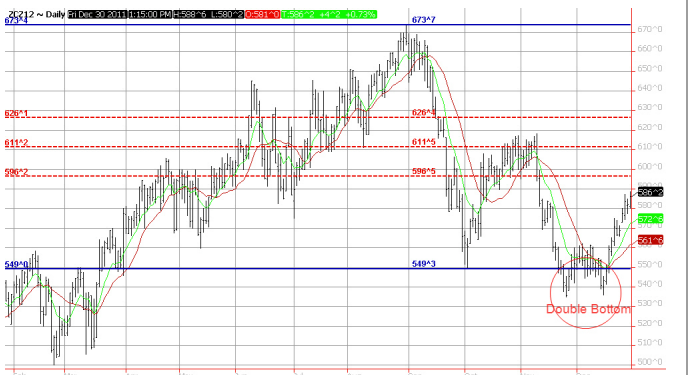
One of the things we watch is chart action for clues to what may be unfolding from a technical point. One of the indicators of change is a double bottom chart action. While the nearby charts do not show a double bottom formation the new crop Dec 12 corn and Nov 12 soybeans both have formed distinct double bottoms. These formations historically tend to be very strong levels of support and can at times lead to strong price movements.

December 12 corn made a low of \$5.35 on Nov 25 and then another low 14 trade days later on Dec 15 of \$5.36. Friday's high of \$5.88 ¾ is \$0.53 ¾ off of the low with the last 10 days accounting for the recent leg up.

March 12 Corn



December 12 Corn

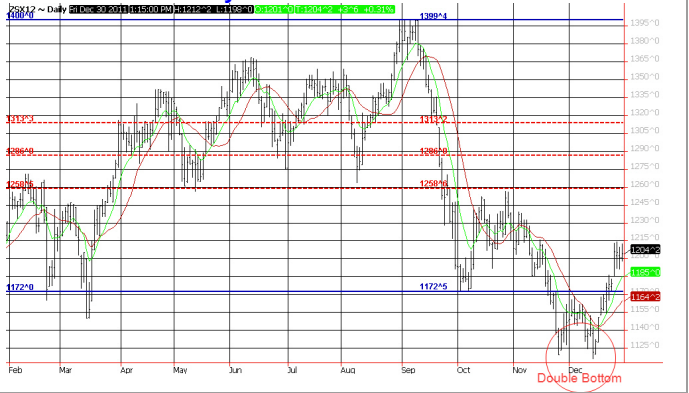


November 12 soybeans made a low of \$11.19 ½ on Nov 25 and then another low 13 trade days later on Dec 14 of \$11.15 ¼. This week's high of \$12.14 is \$0.98 ¾ off of the low with the last 11 days accounting for the recent leg up.

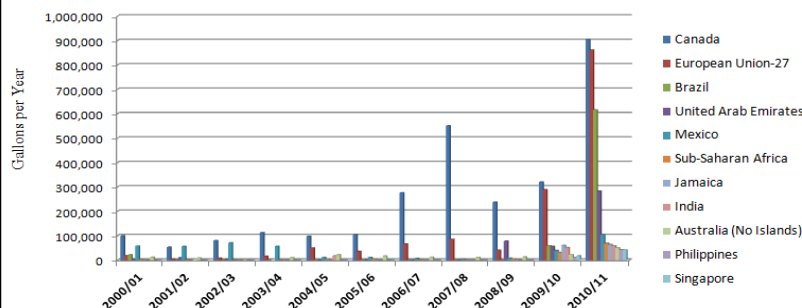
March 12 Soybeans



November 12 Soybeans



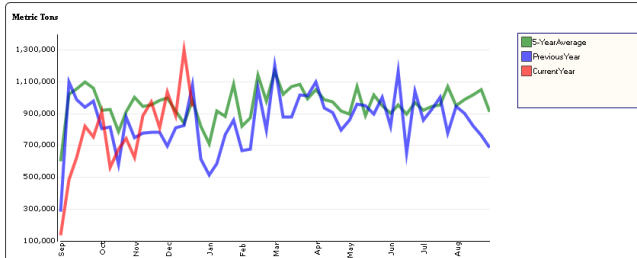
U.S. Exports of Ethyl Alcohol



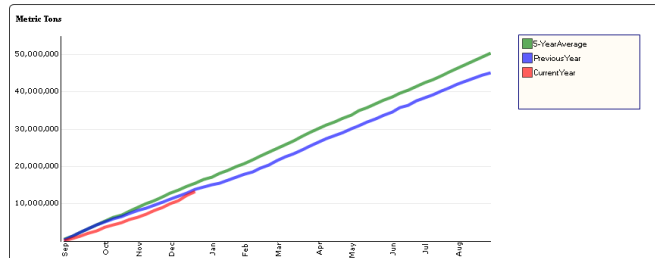
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US Corn Exports 2011-12 Net sales of 318,800 MT for the 2011/2012 marketing year resulted as increases for Japan (194,700 MT, including 77,900 MT switched from unknown destinations), China (188,100 MT switched from unknown destinations), Mexico (125,700 MT, including 19,600 MT switched from unknown destination and decreases of 19,300 MT), Canada (25,400 MT), Taiwan (13,900 MT), and Honduras (11,600 MT), were partially offset by decreases for unknown destinations (285,500 MT) and South Korea (3,100 MT). Net sales of 26,400 MT for delivery in 2012/2013 were reported for Japan (22,100 MT) and Mexico (4,300 MT). Optional origin sales of 90,000 MT were reported for Mexico. Exports of 946,300 MT were down 27 percent from the previous week and 6 percent from the prior 4-week average. The primary destinations were to China (253,200 MT), Japan (250,500 MT), South Korea (174,900 MT), Mexico (165,000 MT), Taiwan (32,000 MT), and Cuba (26,200 MT).

Weekly

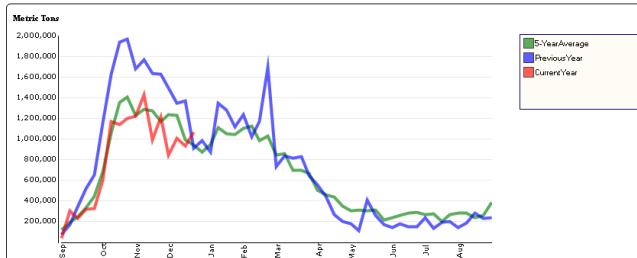


Accumulated

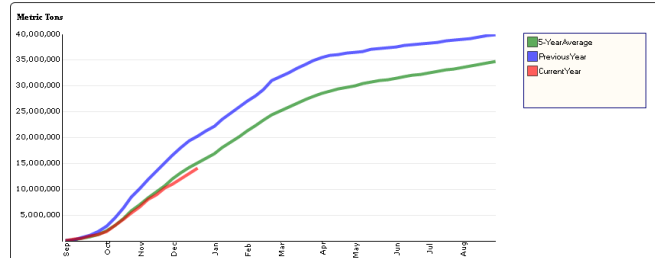


US Soybean Exports 2011-12 Net sales of 662,700 MT for the 2011/2012 marketing year were up 1 percent from the previous week and 11 percent from the prior 4-week average. Increases were primarily for China (422,200 MT, including 60,000 MT switched from unknown destinations and decreases of 18,500 MT), Taiwan (60,000 MT), unknown destinations (53,500 MT), Japan (47,800 MT, including 19,500 MT switched from unknown destinations and decreases of 900 MT), the Netherlands (26,800 MT switched from unknown destinations), and Indonesia (21,900 MT). Optional origin sales of 60,000 MT were reported for China. Net sales of 500 MT for delivery in 2012/2013 were reported for Japan. Exports of 1,068,500 MT were reported primarily to China (848,100 MT), Turkey (48,300 MT), Mexico (34,800 MT), the Netherlands (26,800 MT), Taiwan (26,300 MT), and Canada (26,000 MT).

Weekly

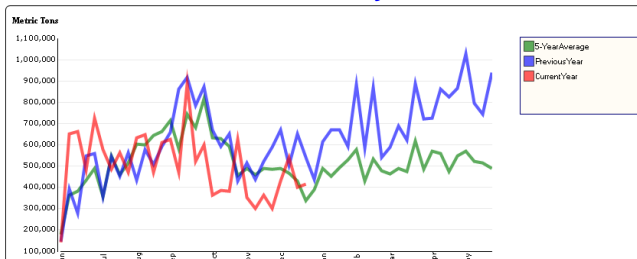


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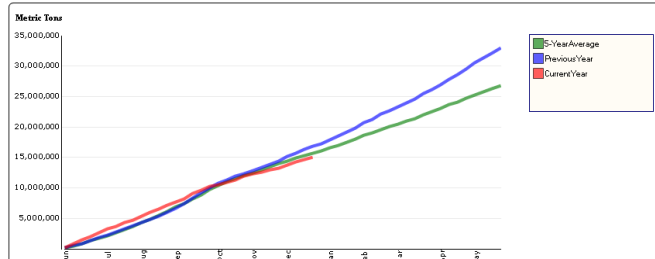


US Wheat Exports 2011-12 Net sales of 431,200 MT for the 2011/2012 marketing year were up 19 percent from the previous week and 7 percent from the prior 4-week average. Increases were primarily for Nigeria (142,600 MT), Mexico (75,600 MT, including 17,000 MT switched from unknown destinations), the Philippines (56,200 MT), Canada (55,000 MT), and Venezuela (28,800 MT). Decreases were reported for unknown destinations (58,900 MT). Exports of 413,700 MT were up 3 percent from the previous week, but down 1 percent from the prior 4-week average. The primary destinations were to Nigeria (101,500 MT), Japan (79,900 MT), the Philippines (52,200 MT), Mexico (46,500 MT), and Guatemala (28,700 MT).

Weekly



Accumulated





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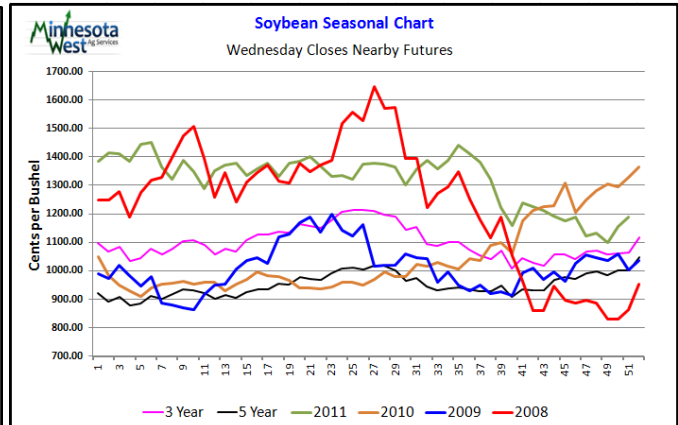
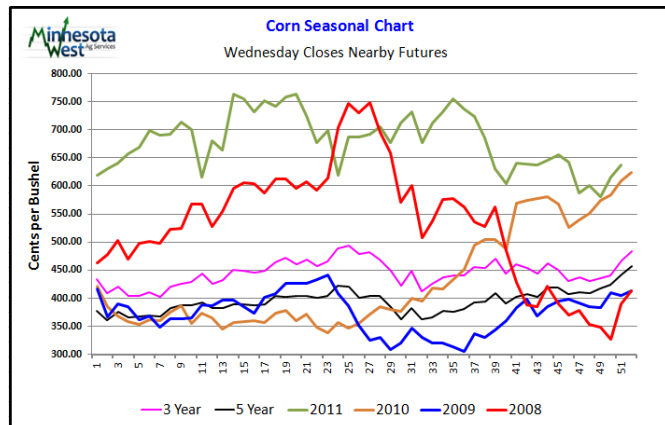
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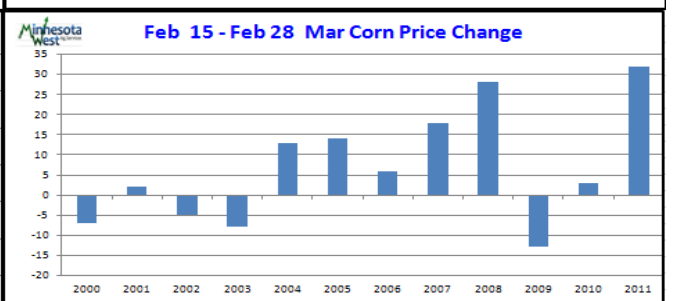
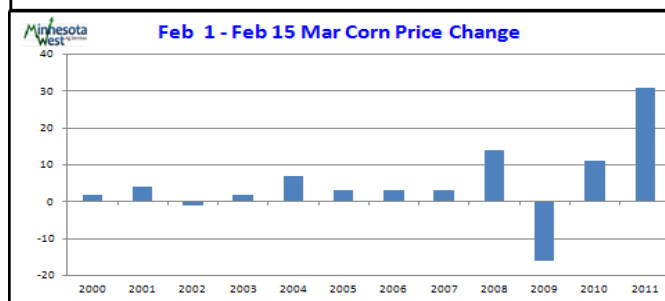
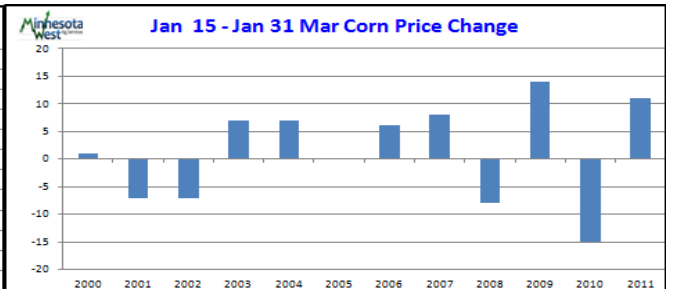
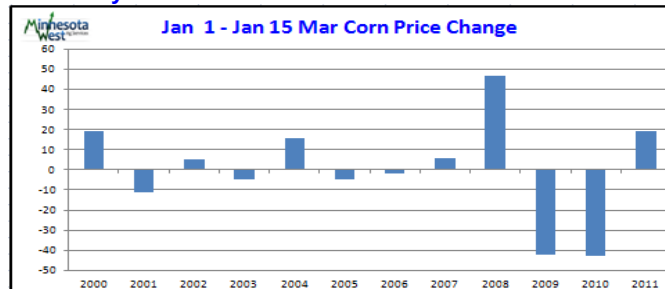
Outside Markets:

U.S. Dollar Index	80.522s	-0.389	-0.48%	Euro FX	1.29680s	+0.00210	+0.16%	Ethanol Futures	Jan 12	2.203s	+0.001
CRB CCI Index	566.00s	+3.00	+0.53%	Canadian Dollar	0.98210s	+0.00490	+0.5%	Gasoline RBOB	Feb 12	2.6574s	-0.0120
Gold	1565.8s	+25.9	+1.68%	Japanese Yen	1.30100s	+0.01120	+0.87%	Diesel Gulf (ULSD)	Feb 12	2.9142s	-0.0059
Silver	27.875s	+0.601	+2.2%	Australian Dollar	1.01710s	+0.01300	+1.29%	RME Biodiesel	Dec 11	1379.550s	+0.500
DJIA	12150s	-67	-0.55%	Chinese Renminbi	0.158330s	+0.000250	+0.16%	Heating Oil	Feb 12	2.9142s	-0.0059
S&P 500 Index	1252.60s	-4.80	-0.38%	Mexican Peso	0.071725s	+0.000400	+0.56%	Natural Gas	Feb 12	2.989s	-0.038
Nasdaq 100	2274.50s	-2.75	-0.12%	1-Month Libor	99.6975s	+0.0075	+0.01%	Crude Oil Brent	Feb 12	107.38s	-0.63
Russell 1000 Growth	578.70s	-2.40	-0.41%	T-Bond	144-26s	+0-10	+0.22%	Coal Futures	Feb 12	69.72s	+0.05
MSCI EMI Index	921.50s	+3.30	+0.36%	3-Month T-Bill	99.2700s	0.0000	-	Uranium	Jan 12	52.25s	0.00
Nikkei 225	8415.00s	-45.00	-0.53%	5-Year T-Note	123-818s	+0-055	+0.14%				
Brazilian Real	0.53190s	0.00000	-	10-Year T-Note	131-040s	+0-090	+0.21%				

Seasonal Price Charts:



Bi-Weekly Seasonal Price Charts:



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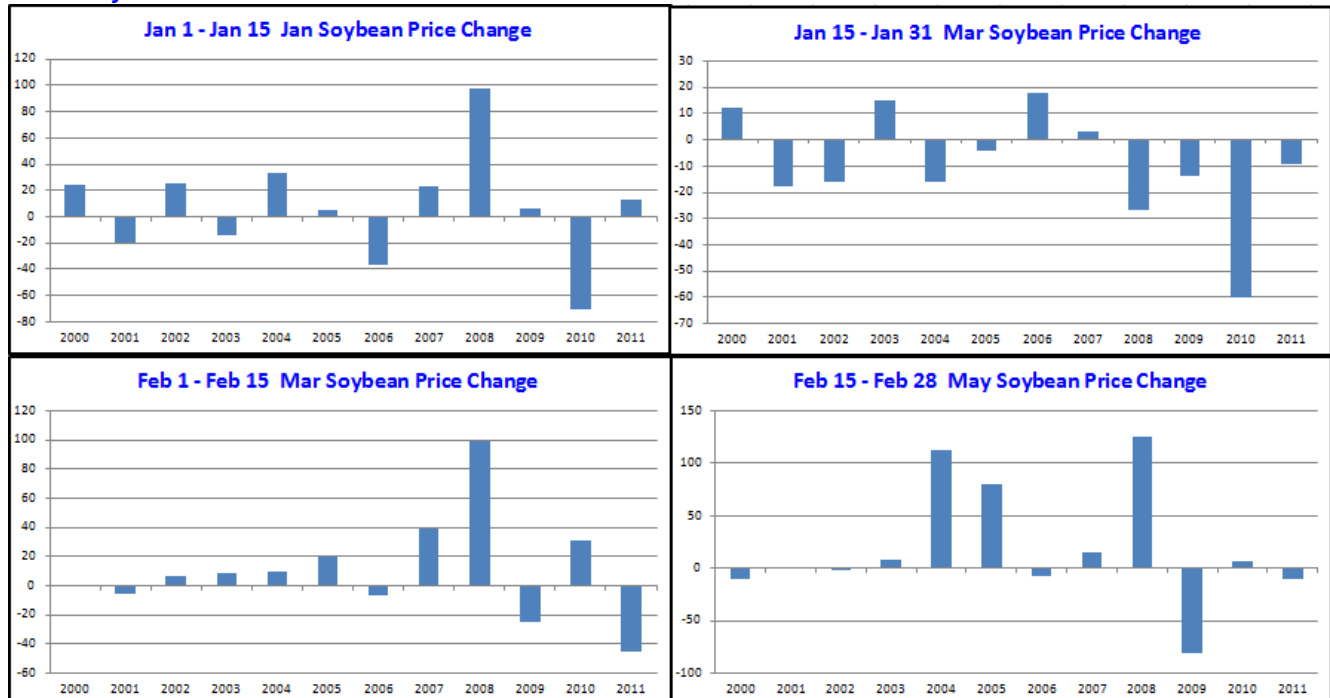
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Bi-Weekly Seasonal Price Charts:



Corn: Friday's Close: Mar 12 Corn closed at \$6.46 1/2, up 8 1/2 cents, May 12 Corn closed at \$6.54 3/4, up 8 1/2 cents, Jul 12 Corn closed at \$6.61 1/4, up 8 3/4 cents Dec 12 Corn closed at \$5.86 1/4, up 4 1/4 cents
Corn futures finished higher for the day and up 27 cents for the week. The price driver was weather concerns in South America. Forecasts are still calling for above normal temperatures and below normal rainfall in the areas that are need of something better for further crop development versus stress on the crop. Open interest declined 4,415 contracts on yesterday's price correction. The weekly CFTC Disag report showed Managed Money added 22,192 contracts to their net long position from the previous week. Weekly export sales came in at 318,800 MT for 2011/12 and 26,400 for 2012/13 delivery, below trade estimates. Export shipments were 946,300 MT, down 6% from the four week average.

Soybean Complex: Friday's Close: Jan 12 Soybeans closed at \$11.98 1/2, up 11 cents, Mar 12 Soybeans closed at \$12.07 3/4, up 10 3/4 cents, May 12 Soybeans closed at \$12.17 1/2, up 10 1/4 cents, Nov 12 Soybeans closed at \$12.04 1/4, up 3 3/4 cents, Jan 12 Soybean Meal closed at \$309.40, up \$2.80, Jan 12 Soybean Oil closed at \$52.09, up \$0.95
Soybeans finished the day higher and were up 35.5 cents for the week but down 14.06% from a year ago. Total open interest has dropped nearly 38,000 contracts this week approaching year end and January deliveries. The weekly CFTC Disag report showed Managed Money increased their net long by 21,108 contracts bringing the total net long to 23,683 contracts from the previous week. USDA reported weekly export sales of 662,700 MT for 2011/12 and 500 MT for 2012/13 delivery that was over the high end of trade expectations. Exports were mainly to China at 848,100 MT with the total at 1,068,500 MT. Weather in Brazil and Argentina has been stressing their crops which led to the rally in U.S. corn and beans the past couple of weeks. Temperatures are forecast to be in the high 80s and low 90s for the next 7 days. Episodes of hot weather and limited rainfall, especially in the Rio Grande do Sul and Parana portion of Brazil have stressed crops.

Wheat: Friday's Close: Mar 12 CBOT Wheat closed at \$6.52 3/4, up 7 1/2 cents, Mar 12 KCBT Wheat closed at \$7.17, up 19 cents, Mar 12 MGEX Wheat closed at \$8.49 1/2, down 5 3/4 cents
Wheat futures closed higher on the day and up for the week. CBOT and KCBT wheat futures were among the biggest losers for 2011. Wheat weekly export sales were 431,200 MT for the 2011/12 marketing year up 7% from the four week average. Above trade estimates that ranged from 200-350,000 MT. The Northern Plains in the U.S are abnormally dry with a moderate to severe drought situation in southern Minnesota and northern Iowa. The long range forecast for the western portion of the Northern Plains is calling for above normal precipitation and above normal temps which stretches over most of the country. The Southern Plains remain in an extreme to exceptional drought in the weekly Drought Monitor report with that pattern continuing in the 8 to 10 day forecast which is calling for above temps and below normal precipitation. Global wheat supplies are adequate with the projected world wheat carry out at 208.52 million MT.

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Cattle: Friday's Close: Feb 12 Cattle closed at \$121.450, down \$0.900, Apr 12 Cattle closed at \$125.450, down \$0.775, Jan 12 Feeder Cattle closed at \$146.350, down \$0.525 Mar 12 Feeder Cattle closed at \$148.800, down \$1.000 Apr 12 Feeder Cattle closed at \$150.175, down \$0.850

Live Cattle futures sold off after the expiration of the December contract. Cattle were down \$2.87 for the week but the red meats were the big winners for 2011, posting record highs. Cash cattle in Nebraska sold for \$202 in the dressed and \$123 to \$125 in the live. There was very little business in KS or TX, not really enough to establish a market in those states. The weekly CFTC Disag report showed Managed Money increased their net long by 6,731 contracts from the previous week. Beef exports continue to be good. Weekly sales for 2011 were 6,600 MT and for 2012 were 7,100 MT. Beef exports were a new record high in 2011 with the unofficial accumulated total at 795,456 MT and another week of reporting to add to that total. The official GATT number will be out in February. Wholesale beef prices were basically steady this afternoon, with Choice graded boxes up \$0.05 and Select unchanged from yesterday.

Hogs: Friday's Close: Feb 12 Hogs closed at \$84.300, up \$0.325, Apr 12 Hogs closed at \$87.700, down \$0.025 May 12 Hogs closed at \$94.825, up \$0.425

Lean Hogs closed out the day higher but were \$1.55 lower for the week. Year over year prices were up \$7.45. Cash hog prices were \$0.22 higher in IA/MN, \$0.14 higher in the WCB and \$0.48 lower in the ECB. Retail demand has been soft with retail cuts at generally lower prices. Pork exports have been significant this year while domestic demand for pork began to decline after midyear. Pork trading is slow with light demand and mostly moderate offerings. The cutout was lower on 51.5 loads.

Cotton: Friday's Close: Mar 12 Cotton closed at 91.8, up 17 points, May 12 Cotton closed at 91.68, up 32 points Dec 12 Cotton closed at 87.84, up 2 points

Cotton closed mildly higher on light volume. Cotton was 414 points higher or 4.75% for the week. Cotton was 36.9% lower for the year. The USDA Weekly Export sales report put sales for the reporting period ending December 22 at 77,900 bales for 2011/12 and 17,600 bales for 2012/13 for upland cotton and 34,000 bales for Pima cotton for combined marketing years. Managed Money was seen reducing net longs slightly as of Tuesday in the CFTC Disaggregated Futures and Options report. Certificated stocks are at 39,394 bales.

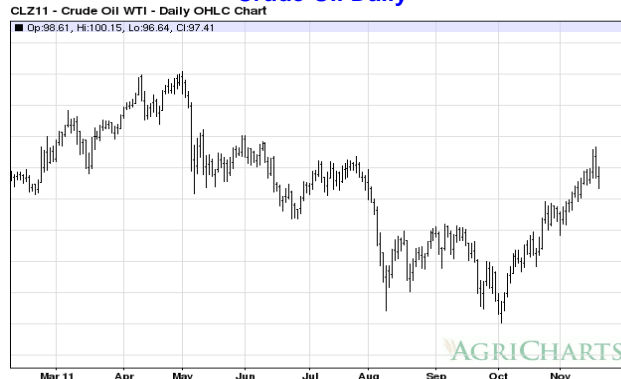
US Dollar Index



CRB CCI Index



Crude Oil Daily



Gold Weekly



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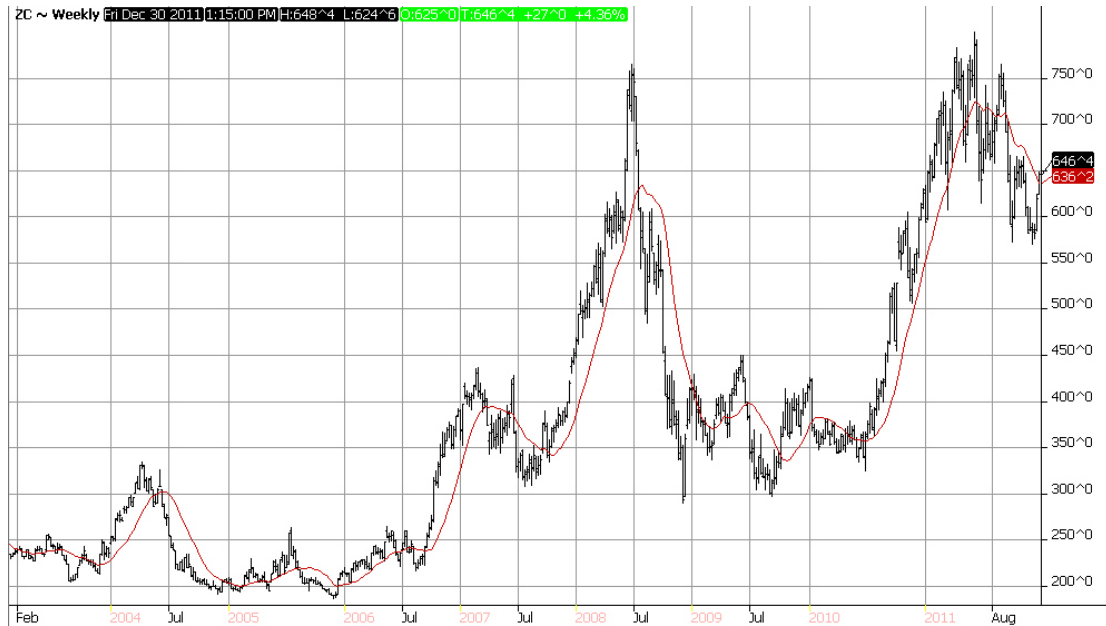
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Corn Weekly Chart



Corn Monthly Chart



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WEEKLY COMMENTS

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Soybean Weekly Chart



Soybean Monthly Chart



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