CORN: STEADY - MIXED

Friday, corn was caught between strong beans and weak wheat, closing 1 ½ higher for the day. Corn was up 2 ¾ for the week. Open interest has been increasing, implying the funds continue to get longer. Basis was a little weaker last week in most markets. Central Illinois stayed firm. Spreads widened out a little last week on weaker basis. March/July is trading 11 ¼. Resistance in March is $6.50 and then $6.60. Support is $6.30, but a close below $6.44 will break an uptrend line and set us up for a commission house long liquidation back to $6.20 to $6.15. The market chopped around last night in a directionless pattern. The Dollar Index is higher this morning, crude is lower, and equities are lower. This should keep commodities defensive this morning.

Overnight trade settled ¼ higher in CH12.

SOYBEANS: BETTER

South America is receiving moisture for some of those areas in need. Still, more is needed to stabilize the crop, but at least the first and most important step has been taken. We will see rain chances in these areas continue through the week. So, bean strength will need to be sustained on export business or a weaker dollar. As the EU turns, today we find Greece austerity issues still unresolved. Massive demonstrations are expected. Without the cuts, no more money will flow. Due to the issues, bond prices are rising in Italy and France this morning. Thus, outside markets are a mixed bag so far. Expect a stronger US dollar to weigh on any chance at a good rally. Technical indicators, though, are supportive. The next area of resistance is above $12.40. A run to $12.45 and closing above that would be a strong upward signal. CFTC reports showed beans gaining 3,146 and 382 by index and technical funds respectively. Bean oil lost 3,204 in tech funds while gaining 1,210 on Index funds. Meal had 2,502 contracts added to the long side in technical funds. Basis is holding and spreads are still shrinking. We now are below 8 on the nearby and holding just above or at 9 on May/July. OI: Beans +578; Meal -5,046; Oil -2,419. Opening calls: Beans +4 to +7; Meal +0.4 to +1.2; Oil +0.19 to +0.28

Overnight trade settled 5 ¼ higher in SH12.

WHEAT: EASIER

The March contract is -1 ¼ KCBT, -1 CME, and +1 MGEX. The March/May Paris wheat spread is stronger, currently at a €8/MT inverse. Paris wheat is +€3 ¼, trading at €220 ½/MT. March wheat/corn is at a +15 ½ wheat premium. KC high side basis was unchanged to 7 lower (ords +60H, 11s +75H, 12s +102H, 13s +115H, and 14s +185H). On Friday, we saw a weaker HRW cash market with only a few spot cars on the floor. HRW spot car values will likely be softer this week with less demand for low protein and better demand for 12.5% protein and higher. The March/May KCBT spread has narrowed to a 7 ¾ carry, but has a good chance of widening as basis is vulnerable and index rolls begin tomorrow. Gulf HRW 12s are a few cents lower, offered at +115H for Feb/March. HRS wheat basis (via Chicago gateway) was steady to 10 lower with 157 cars trading: 13s +85H, 14s +130/165H, and 15s no quote. The March/May Chicago wheat spread tighter at a 12 ½ carry. Later this month, the CWB will begin to offer open-market cash and pooling contracts for fall harvest. Over the weekend, precipitation in Colorado, Nebraska, and Kansas has improved ground moisture levels. This week should be drier across the Plains. USDA export inspections will be available at 10am and deliverable warehouse stocks will be released tomorrow. Outside markets are weaker. The call this morning is easier.

Overnight trade settled 1 ¼ lower in KWH12.

CATTLE: STEADY - LOWER

Cattle futures were under serious pressure late in the session on Friday and posted $1-2/cwt week-to-week losses in the nearby contracts as a result. Futures weakness ultimately spurred a lower cash cattle trade on Friday afternoon at mostly $123 live in the South and $197-198 dressed in the North, all down $1 from the prior week's trade. This was even after feedyards were bid $124 earlier in the day. The marketplace remains quite frustrated with the boxed beef markets which have now turned lower despite the fact that weekly slaughter rates have been trimmed substantially. Three weeks ago 619K, 608K the week prior, and just 589K head last week are literally some of the slowest non-holiday slaughter totals seen in the past year. Last week's pace was slowed somewhat by winter storms impacting Colorado and Nebraska plants on Friday. Weekly export sales, reported on Friday, were very poor last week and domestically we are entering what is traditionally the poorest time of year for beef demand. Expect the futures trade to keep a keen eye on beef price action this week. It is interesting to see Tyson posting better than expected quarterly profits on Friday. Pork and poultry margins are more than offsetting poor beef margins which they anticipate to improve in the latter half of 2012.

Fund Position	Accumulative	Yesterday
Corn	+233,164	0
Soybeans	+70,388	+6,000
Soybean Meal	-3,025	+2,000
Soybean Oil	-7,648	+3,000
Chicago Wheat	-41,861	-2,000
KC Wheat	+18,072	0

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