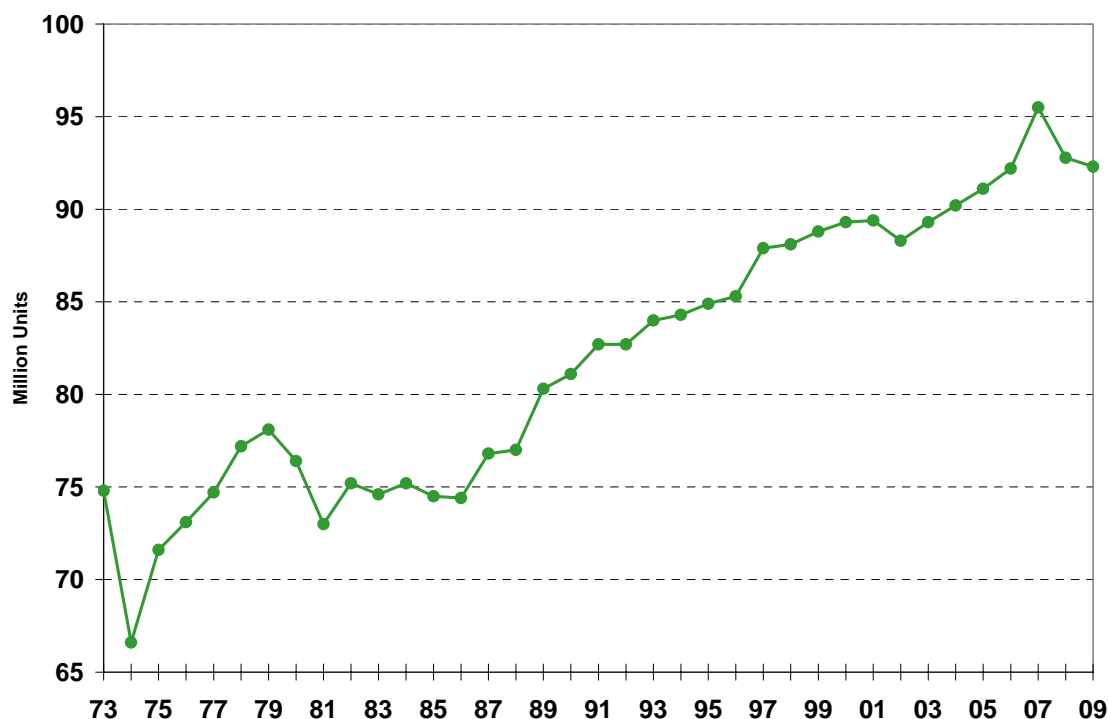


Friday, March 12, 2010

CORN:

Corn finishing slightly lower in very thin trade today. Weather forecast has 1 to 1.5 inch rains for the Eastern Corn belt and ½ rains for the parts of the WCB over the next 48 hours. NWS has upgraded the eastern half of Iowa to levels of Likely or Imminent “Significant Flood Risk”. Longer forecasts are dry with slightly above normal temperatures. USDA Revised their Grain Consuming Animal Units downward after the new figures came out in the March WASDE. The new 2010 estimate went from 92.4 to 92.3 as Poultry grain consumption has slacked recently and looks to impact the remaining of the year.

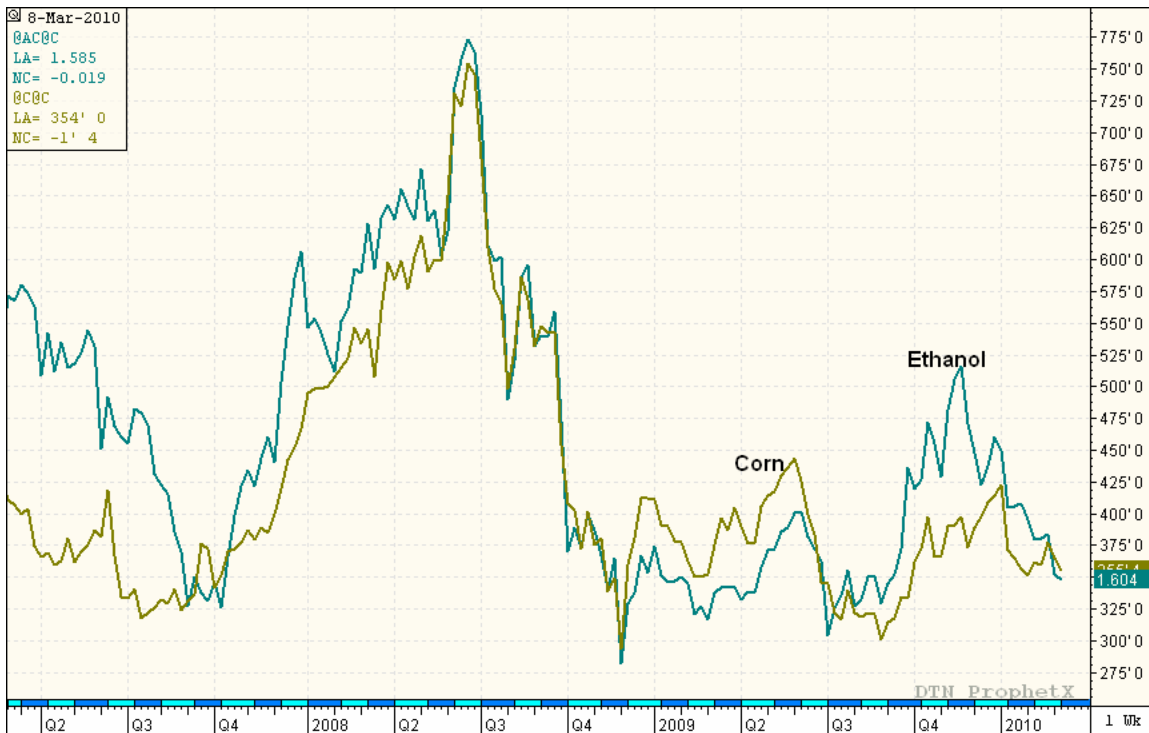
USDA Grain Consuming Animal Units



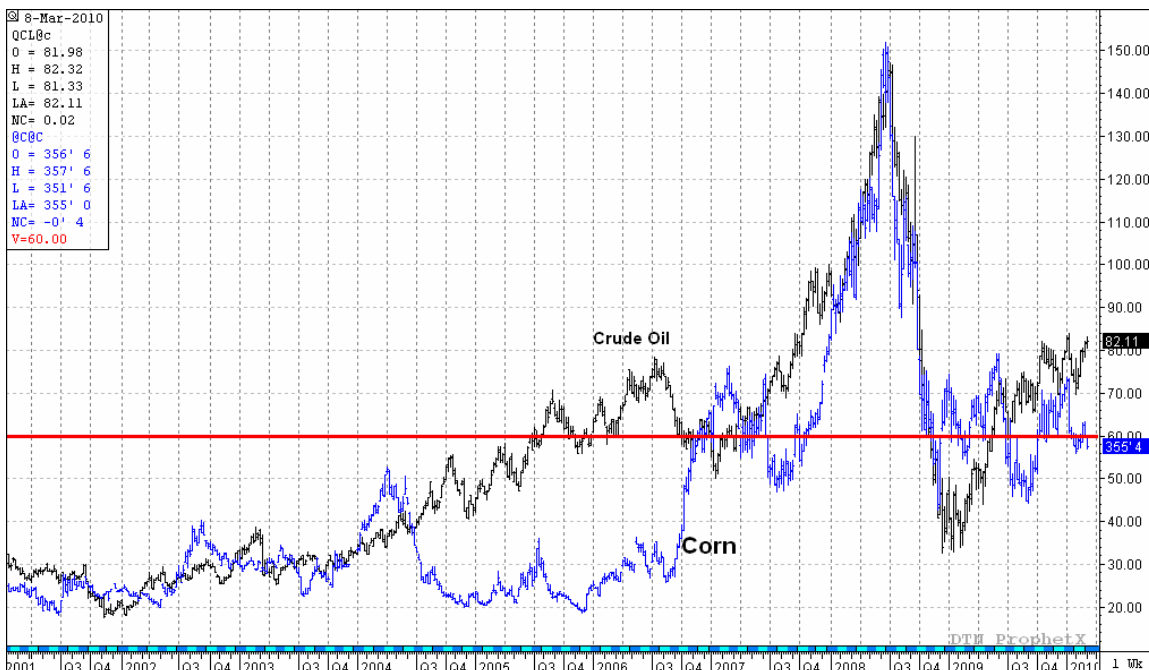
March contract expired at noon today with deliveries of 460 contracts. Ethanol finished lower again today, tracking very well with the corn price pattern. We have been watching the very good relationship of corn and ethanol the last few years and have found that once the ethanol mandate really ramped up the corn price and ethanol price became near lock step as now 1/3 of the corn production is consumed in biofuels production. Ethanol consumption is not new but the percentage of usage makes it a formidable player in predicting price going forward as it has secured its place in analysis through mandate and subsidies. I have included a graph below that shows how related corn price moves are to ethanol prices in the last 3 years.

FCStone Group, Inc. assumes no liability for the use of this information contained and expresses no solicitation to buy or sell futures or options on futures contracts, OTC products. Commodity trading is risky and past financial results are not necessarily indicative of futures performance. Any hypothetical examples given are exactly that and no representation is being made that any person will or is likely to achieve profits or losses based on those examples. Reference to and discussion of OTC products are made solely on behalf of FCStone Trading LLC. Reproduction without authorization is forbidden. All rights reserved.

March 12, 2010



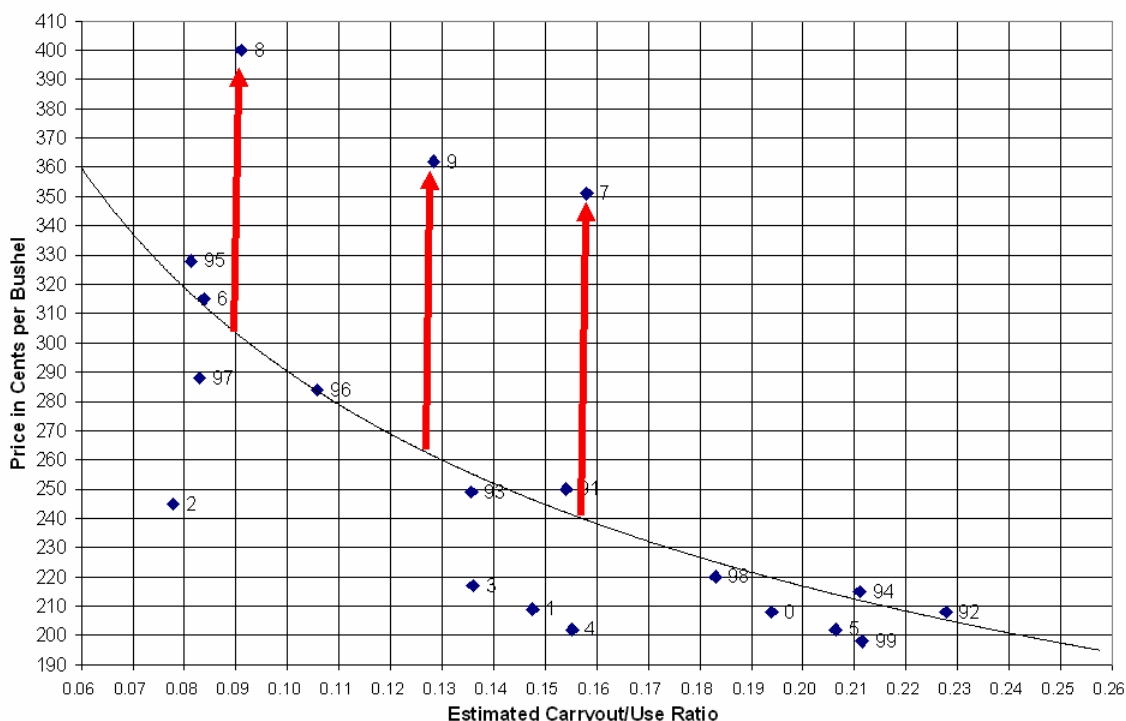
With this relationship established one turns to the question...How does Crude Oil affect corn prices? Up until Crude oil rallied and demonstrated that it was an above 60 dollar a barrel commodity and that ethanol was a serious player, corn price had little to do with crude oil prices. Now they move in tandem, patternwise, with ethanol mandates providing a soft price floor for corn.



March 12, 2010

So the ultimate question is...How have the ramped up mandates of ethanol and higher crude oil prices affected the price of corn? I would put forward that ethanol/crude has a 25 to 30% impact in "inflating" the price of corn. Taking a price model with little or no weather premium factored in and a mostly known crop size one can see the way corn has strayed from the relationship of Carryout/Use ratios and Price.

CORN PRICE ANALYSIS
October USDA Supply/Demand



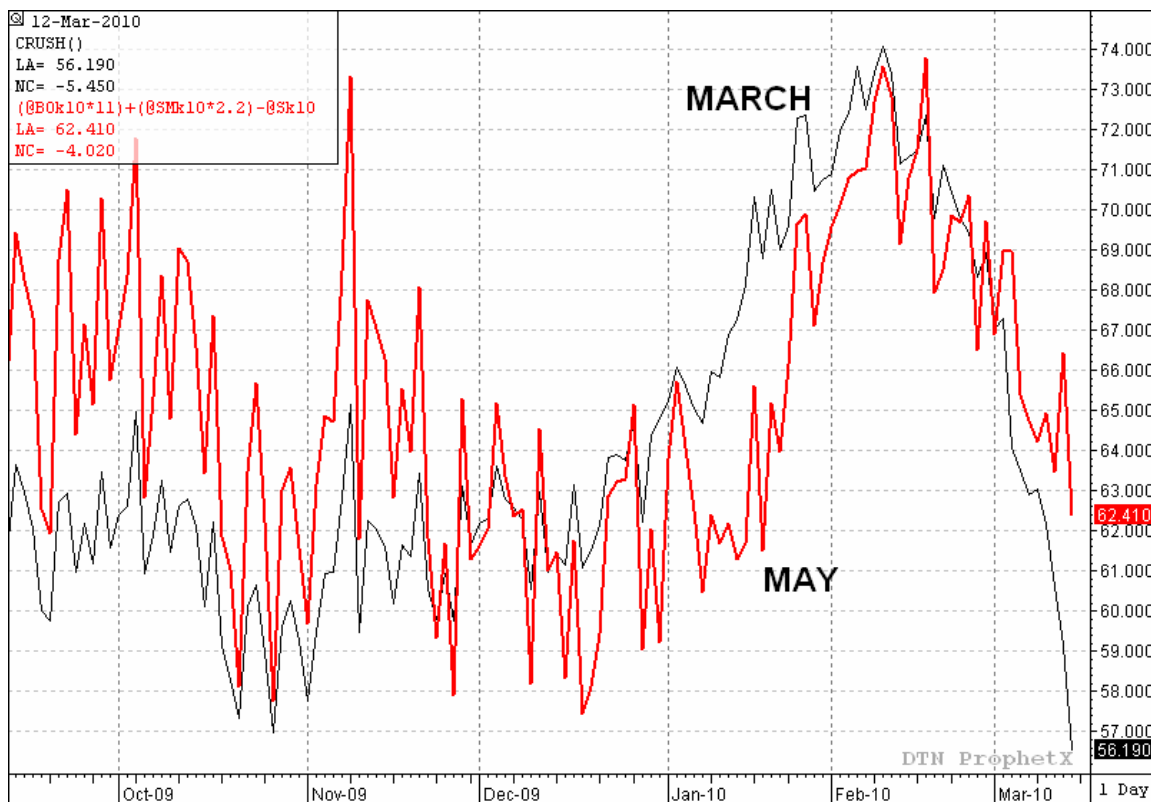
IEA raised their World Crude Oil Demand projections with a decline of developed nations' usage of .3 pct more than offset by Asia, primarily China's increases in demand. China's demand rose 28% year on year.

SOYBEANS:

Values reversed course early after being up 8 cents when the USDA revised a sale to China of 220,000 mt of old crop soybeans to a sale of the same lot but for the new crop year. The news of a sale of soybeans to China in the old crop year soon after the news of the cancellations of soybeans by the Chinese in the Export sales report would have led many to believe that the congestion at South American ports was pushing China back to sourcing their soybeans with the US. Thus with the revised announcement, this was not the case. Pork prices have been falling in China recently as the government has been signaling that it may intervene and start bidding for pork to fill its reserves in order to support prices above breeding cost. The Argentina crop seems go grow larger every time one turns their back. The BA exchange recently revised its estimates for the soy crop and came up with 53.5 mmt with 19 mln HA harvested area. The USDA's last figure was 53 mmt

March 12, 2010

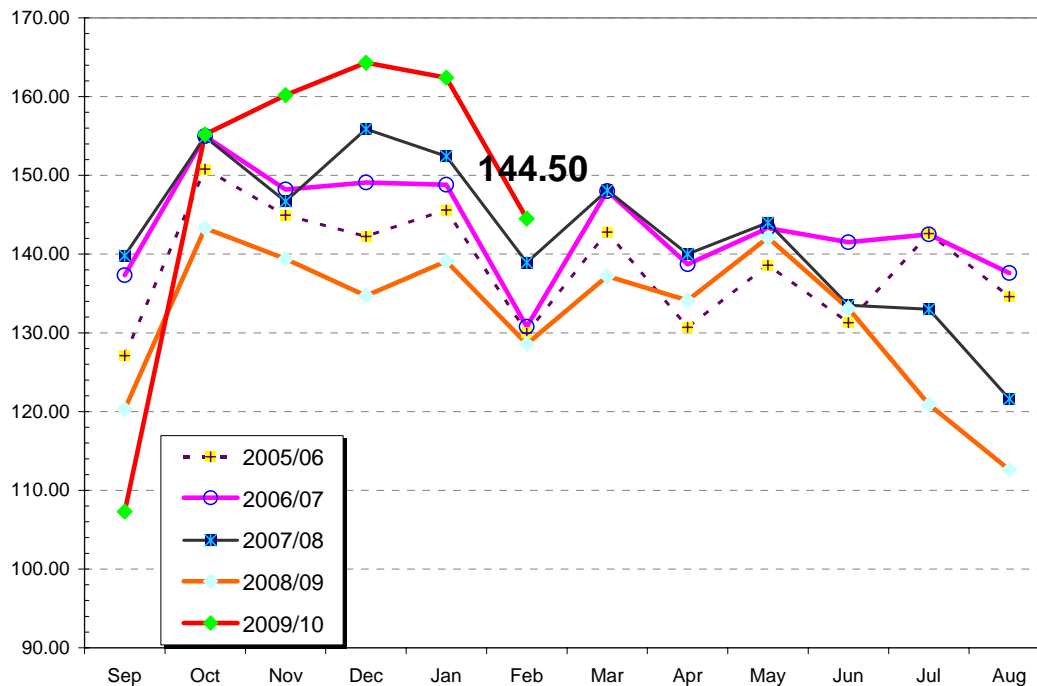
with 18.8 mmt. Looking at yield expectations by the USDA and the yield expectations of the BA Exchange it does not require a lot of imagination using a 5% above average yield and 19 mln HA and getting a Argentina production figure of 59.6 mmt. Expectations of a bumper crop, tax policy, and low prices is expected to make Argentina farmers employ the plastic tube storage like no other time in history as they hold out for better prices. India projects that it will import 9 mmt of Veg oils in the coming year, this is above the 8.66 imported last year. US bean crush margins have been falling recently with the expiring March contract being the most drastic in its descent, and the traded May crush much less so but still falling considerably the last month or so. The growing bean oil stocks and other factors have cut into the profitability of crush plants.



Estimates for NOPA's figure on Monday average around the 144.5 mln bu area. This would follow the seasonal move and bring values closer to last year but would still be very elevated in comparison.

March 12, 2010

Monthly NOPA Crush



The USDA released the ACRE program guarantee prices yesterday afternoon. Under the new farm bill the ACRE program was an option for the producer to participate in and through its participation would exclude the producer from parts of the farm program. The program attracted 32.4 mln acres. Of the 32.4 mln acres, corn took 14, beans took 9.7, and wheat took 7.4. The guarantee price announced for corn is \$4.13/bu, beans \$10.04, and wheat is \$6.63/bu.

WHEAT:

Values rallied late after a thin day spent mostly lower. Speculative funds bought back 3000 of their short position, reducing their net long to 40,000. Weather appears conducive to wheat coming out of dormancy. No hard freezes in the long forecasts are seen at this time though the average temperatures are expected to be cool in the 30 day forecast retarding overall growth of wheat.

March 12, 2010

ECBOT	HIGH	LOW	CLOSE	CHANGE
Mar Corn	3.5725	3.5325	3.54	- 1 1/2
May Corn	3.6725	3.62	3.6425	- 1
Mar Beans	9.34	9.24	9.26	+ 1/2
May Beans	9.38	9.23	9.255	- 5
Mar wheat	4.7175	7.695	4.7225	+ 3 3/4

Regards
Bevan Everett
FCStone