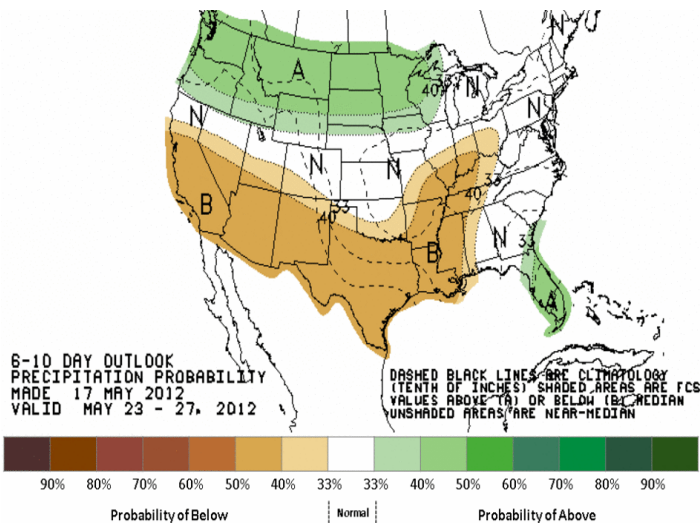


Weather

The Corn Belt will be mostly dry today. Showers will start to develop in western areas tomorrow with that spreading eastward over the weekend and into early next week. The best rainfall chances will favor northern IA, northeastern NE, the eastern Dakotas, and a lot of MN. Rainfall totals in these areas will range from .5-1.5". Coverage in these areas should be pretty good. For the rest of the Corn Belt, there will be some scattered showers but coverage won't be strong and rainfall totals will likely be .5" or under.

The Delta and Southeast should be mostly dry today, although there will be showers in areas along the Atlantic. By Monday there should start to be some showers in the area, but coverage does not look very good. Rainfall totals will probably be pretty light as well. Temps will mostly average near normal.

The Southern Plains will see some chances for showers today through the weekend. There will be spots that get good rainfall, but overall coverage will be poor and most place will probably wind up with nothing. High temps will get into the 90s today, favoring western areas. Cooler temps are expected next week with lots of 70s and 80s for highs.



The Euro model still shows a ridge of high pressure in the eastern US late next week, and it actually looks like the GFS model is starting to lean a little closer in that direction this morning as well. If this is correct, it would put a lot of hot temps in the Corn Belt next week. We could start to see 100F highs in the HRW Plains by mid week. Highs could reach into the 90s in the southwestern CB on Thursday with more widespread 90s in the CB by Friday. There is certainly a chance that part of the CB could get into the 100s according to some forecasters. The long term models suggest cooler and wetter conditions in the 11-15 day timeframe.

Cash Corn Selected Basis Bids

	Spot	Chg.	New	Chg.
Pekin, IL	37	N 7	-22	Z -2
Decatur, IL	60	N 0	-15	Z 0
Danforth, IL	24	N 0	-36	Z 0
Quincy, IL	31	N NA	-23	Z NA
Vincennes, IN	40	N 0	-22	Z 0
Toledo, OH	35	N 0	-27	Z 0
Caruthersville, MO	40	N 5	-9	Z 0
Council Bluff, IA	35	N 0	-27	Z 0
Sioux City, IA	15	N 0	NA	Z NA
Des Moines, IA	NA	N NA	NA	Z NA
Cedar Rapids, IA	49	N 9	5	Z 0
Burlington, IA	14	N 0	-45	Z 0
Marshall, MN	18	N 0	-45	Z 0
Aberdeen, SD	-4	N 0	-68	Z 0
Emporia, KS	0	N -22	NA	Z NA

Cash Soybean Selected Basis Bids

	Spot	Chg.	New	Chg.
Decatur, IL	15	N 0	-15	X 1
Danforth, IL	-12	N 3	-34	X 1
Quincy, IL	12	N NA	-8	X NA
Vincennes, IN	-12	N 0	-31	X 0
Toledo, OH	-15	N 0	-20	X 1
Caruthersville, MO	16	N 0	15	X 1
Council Bluff, IA	-2	N 3	-35	X 1
Sioux City, IA	-49	N 0	-70	X 1
Cedar Rapids, IA	-18	N 0	-46	X 0
Burlington, IA	-55	N 0	-70	X 1
Marshall, MN	-52	N 0	-72	X 1
Aberdeen, SD	-50	N 0	-83	X 0
Emporia, KS	-43	N 42	NA	X NA

Cash SRW Selected Basis Bids

	Spot	Chg.	New	Chg.
Caruthersville, MO	10	N 0	15	N 1
Columbus, OH	0	N 0	0	N 0
Toledo, OH	0	N 0	10	N 0
Vincennes, IN	-11	N 0	-11	N 0
Memphis, TN	20	N 0	20	N 0

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Grains

Malaysian palm oil futures were up 1 ringgit at 3,096/mt.

Chinese Dalian soybean futures were down 19 yuan at 4,310/mt. Corn futures were up 1 yuan at 2,390/mt. Soymeal, soyoil, and palm oil were all lower.

Paris milling wheat futures are up 0.50 EU/mt at 207.50.

US wheat futures are steady this morning, but remain on high alert due to the potential problems in Russia. Yesterday several newswire reports suggested the Russian crop is shrinking due to hot and dry weather. Previous estimates for Russia's wheat crop have been in the around 55 mmt area, but now some are suggesting production could be near or below 50 mmt. The forecast for the next several days looks mostly dry for now.

Argentina's Ag Ministry forecast their wheat crop at 13.2 mmt, down from 14.5 mmt last year. The USDA's WASDE report showed a production estimate of 12.0 mmt. Planted area is expected to fall to just 4.0 million hectares compared to 4.6 million last year.

Argentina's Ag Ministry also cut their forecast for soybean production to 41.5 mmt, down 1.4 mmt from their previous estimate. The BACE kept their forecast for production unchanged at 41.0 mmt. There are several private analysts that believe the crop is 40 mmt or smaller.

Newswires are reporting southeast Asian imports of US DDGs in the Jan-Mar period are down 11% from last year at 264 tmt. Buyers apparently are waiting/hoping for lower prices before making purchases.

The National Corn Growers Association has asked the CFTC to implement a 30-day waiting period before allowing the CME to expand its grain futures trading hours. According to the NCGA, the expanded hours "raise serious issues that potentially place the nation's corn growers at a marketing disadvantage". The CME said they do not know when they will start with the new trading hours yet, but a spokesman suggested it could begin on June 4.

An Indian government panel said they favor exports of wheat from federal stocks to free up storage space for the newly harvested crop. The panel has recommended exports of 3.0 mmt from federal stocks, and is also suggesting allowing exports from private groups for another 1.0 mmt. India's inventories of grains, including wheat, have risen to over 70 mmt, well above its listed storage capacity of a little over 60 mmt. Iranian officials are expected to visit India next week to discuss further purchases.

Calendar:

- Monday 5/21—10:00am Export Inspections, 3:00pm Crop Progress
- Thursday 5/24—7:30am Export Sales

Livestock

Cash cattle trade will get started eventually today. Bids are still hovering around the \$119 level with asking prices around \$122-123. The COF report will be released this afternoon.

US Gulf CIF Quotes

Soybeans	Bid	Δ	Offer	Δ	SRW	Bid	Δ	Offer	Δ				
May	+60	N	NC	+67	N	+3	May	+50	N	NC	+53	N	NC
Jun	+67	N	NC	+70	N	+1	Jun	+52	N	-1	+55	N	NC
Jul	+69	N	NC	+71	N	-4	Jul	+55	N	NC	+57	N	NC

Corn	Bid	Δ	Offer	Δ	HRW	Bid	Δ	Offer	Δ				
May	+83	N	NC	+90	N	+5	May	+50	N	NC	+60	N	NC
Jun	+81	N	NC	+90	N	+5	Jun	-	N	-	-	N	-
Jul	+64	N	NC	+80	N	+2	Jul	+50	N	NC	+10	N	NC

USDA Estimated Boxed Beef Cut-out Values

	Choice 600-900	Select 600-900
5/17/2012		
Current Cutout Value	191.10	185.83
Change from Prior Day	0.12	0.73
Choice/Select Spread	5.27	
Load Counts	90	59

Wholesale Pork Trade

	5/17/2012	Change
USDA Cutout	82.68	0.75
Loin Primal	103.65	(0.11)
Ham Primal	65.75	0.04
Butt Primal	98.09	0.43
Rib Primal	148.23	5.83
Belly Primal	89.05	2.93

CME Indices

	As of	Price	Change
Feeder Index	5/16	147.79	0.38
Hog Index	5/15	79.88	0.52

Cash Hog Snapshot – Carcass Base Price

National	WCB
Base Price Range: \$72.00-86.47	Base Price Range: \$72.00-86.47
Weighted Average: \$83.14	Weighted Average: \$84.95
Compared to prior's day close: \$2.66	Compared to prior's day close: \$2.59

IA/MN	ECB
Base Price Range: \$72.00-86.47	Base Price Range: \$72.00-86.00
Weighted Average: \$84.82	Weighted Average: \$79.43
Compared to prior's day close: \$2.35	Compared to prior's day close: \$2.33

SLAUGHTER (Head)

Cattle:	5/17/2012	128,000	Last Week:	127,000	Last Yr:	131,000
	WTD:	505,000	Last WTD:	497,000	Last Yr WTD:	516,000
Hogs:	5/17/2012	410,000	Last Week:	416,000	Last Yr:	407,000
	WTD:	1,642,000	Last WTD:	1,659,000	Last Yr WTD:	1,624,000

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	Average of estimates	Range of estimates
On-feed May 1	100.3	99.4-101.1
Placed in April	88.4	82.9- 98.6
Marketed in April	98.6	96.4- 99.2

For the week ending May 5, all cattle carcasses averaged 775 lbs, unchanged from the previous week and up 15 lbs from last year. Steers averaged 832 lbs, up 4 lbs from the previous week and up 16 lbs from last year. Heifers averaged 769 lbs, down 2 lbs from the previous week but up 21 lbs from last year. This is somewhat burdensome, because seasonally speaking carcass weights should bottom soon and begin to trend higher.

It has been a very solid week for the cash hog market, but buyers might be ready to take a break today. Yesterday's higher prices were sparked by aggressive buying that resulted in impressive movement.

Calendar:

- **Friday 5/18—2:00pm Cattle on Feed**
- **Tuesday 5/22—2:00pm Cold Storage**

Financials

Europe is still a mess and this continues to weigh on the markets. The only difference is that today Spain is getting the most attention as compared to the past several days when the headlines have been all about Greece. Spain's stock market is flirting with a seven-year low. Moody's yesterday issued a credit rating downgrade of the country's banking industry, citing banks' heavy load of "non-performing" loans and their trouble raising financing. These problems are highlighted by the Bank of Spain's report on Friday that banks' and savings banks' bad loan ratio had risen to 8.36%...the highest in 18 years.

Today could be interesting for US equities, however, as the Facebook IPO will finally trade. Yesterday Facebook stocks was priced at \$38/share and the company has raised about \$16 billion from the sale. It will be interesting to see what sort of retail demand there is for the stock when it begins trading at 10am CT this morning. Given the broad weakness in equities lately, I wonder if this could give the market little bit of a confidence boost.

There was a moderate earthquake in Japan this morning, but at the time of writing there has been no tsunami warning issued. The earthquake had a magnitude of 4.8.

Calendar:

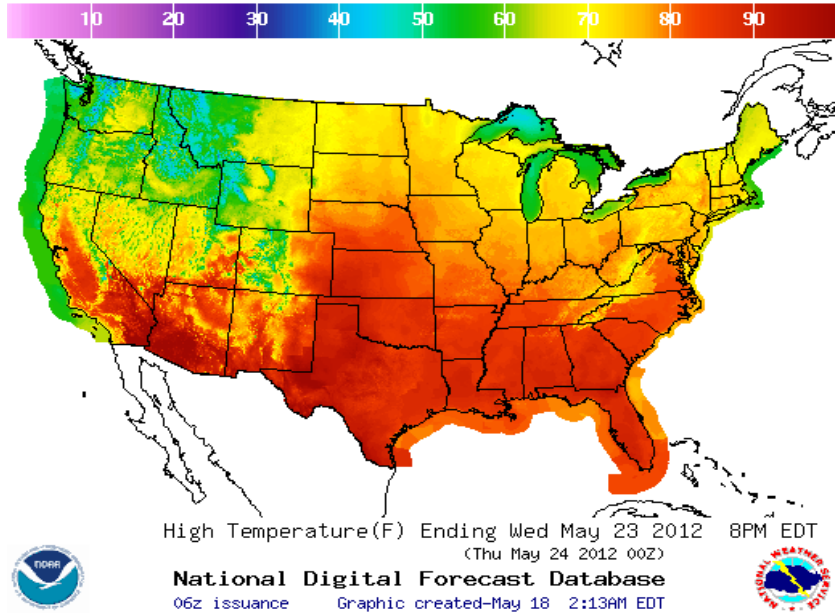
- **Tuesday 5/22—9:00am Existing Home Sales**
- **Wednesday 5/23—9:00am New Home Sales**
- **Thursday 5/24—7:30am Jobless Claims, Durable Goods**

Energies

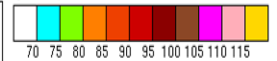
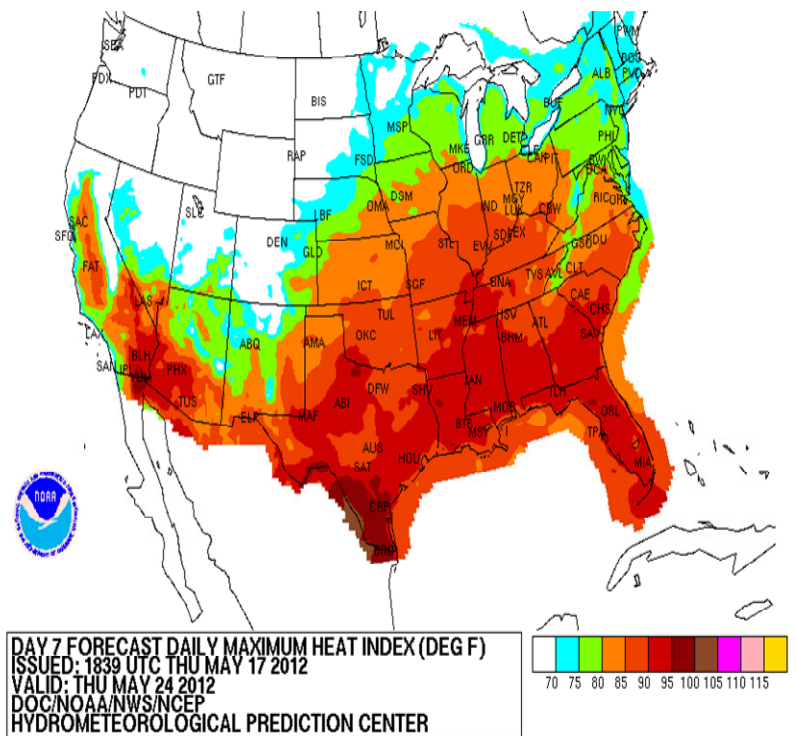
An analyst with Total said high oil prices will be sustained in part by increased social spending by Middle Eastern governments in the wake of the Arab Spring. He believe the region's leaders will have to spend more of their oil revenues on social programs

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You can start to see the hot temps develop on this map for next Wednesday:



A map of expected heat index valid through 5/24:



in an attempt to keep a lid on popular discontent. This will likely translate into hawkish production decisions by OPEC he believes. The analyst said oil has a price floor of around \$90/bbl, sustained largely by the high cost of unconventional crude production. Because an increasing amount of crude is supplied from sources like deepwater wells far offshore, high prices are needed to sustain investment in these sorts of projects. A sustained fall below \$90 would lead companies to pull out of deepwater projects, which in turn would only serve to drive prices up again.

Calendar

- Tuesday 5/22—3:30pm API Inventories
- Wednesday 5/23—9:30am DOE Inventories
- Thursday 5/24—9:30am Natural Gas Storage

Softs:

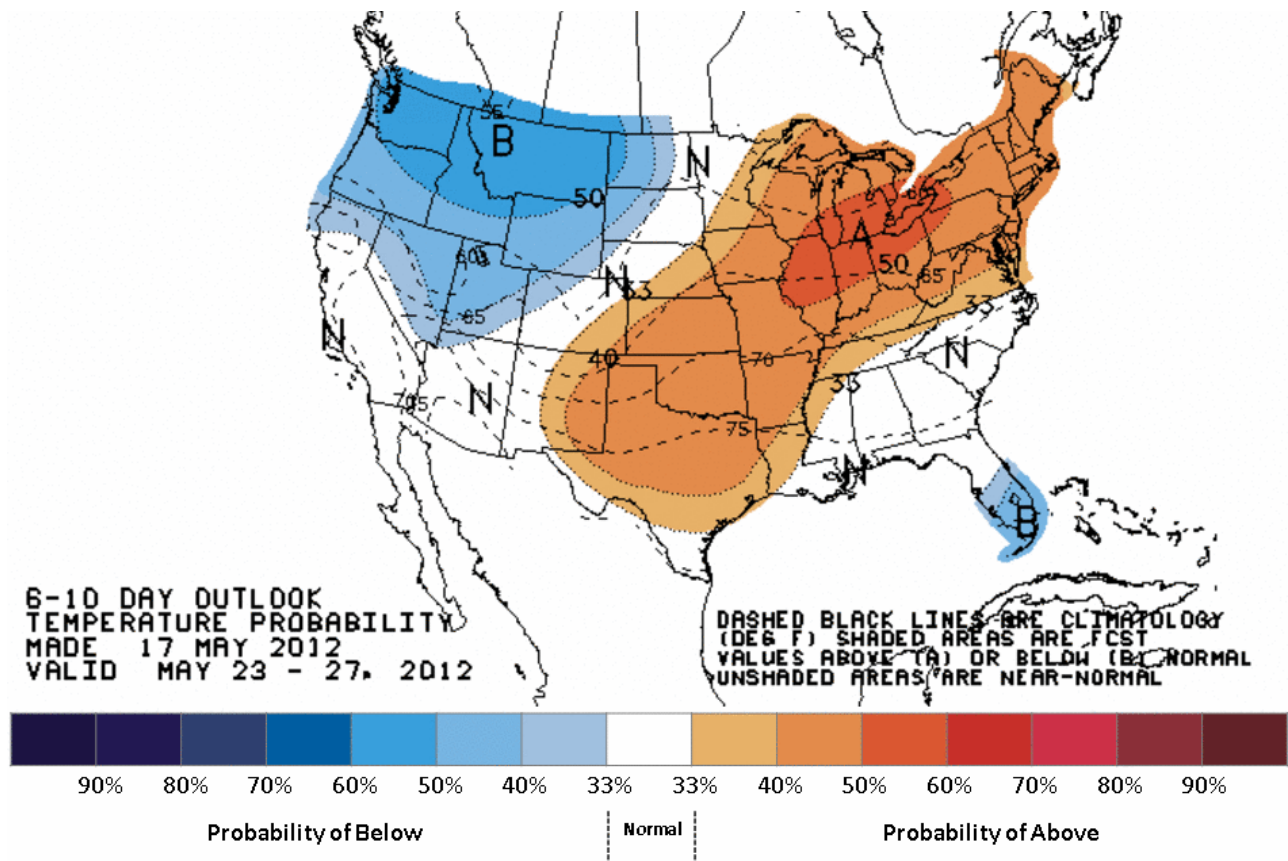
The China Cotton Association said China’s cotton production this year will fall by 9% with higher planting costs and weak prices limiting farmers’ willingness to plant cotton. Cotton imports in the current marketing year (began Sep 1) are expected to hit a record 4.5 mmt. Imports in the Sept-Apr period have totaled 3.75 mmt.

Highlight of the Day:

Calendar:

- Thursday 5/24—7:30am Export Sales

DZ



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