

**OPENING CALLS:** Steady/Higher **REASON:** Grains recover any losses this morning, trend remains, S.A. rains mostly as expected

**EXPORT SALES @ 7:30 AM , HOGS & PIGS (2 PM) AND CFTC REPORTS (2:30 PM) TOMORROW**

**MORNING TRIVIA:** Just under half the 2 billion barrels of crude oil produced in the U.S. in 2010 came from four states—name them...

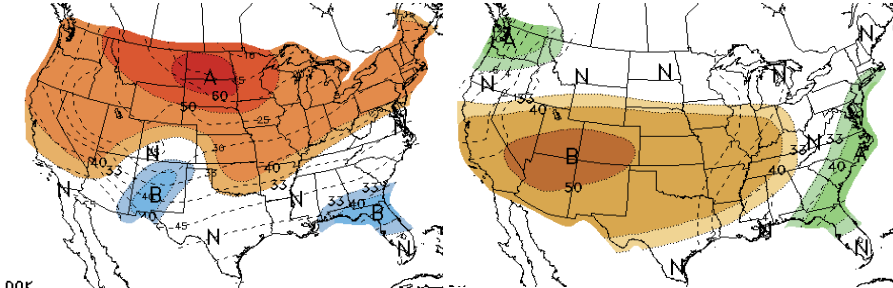
**MARKET HEADLINES:**

- *Quick Editorial:* the grain trade saw fairly lively pre-holiday action overnight, initially lower as rains have finally set in to South America, but regaining that lost ground in the morning hours to finish mostly level or better. Forecasts seem to generally be verifying so far, with more ARG heat/dryness on tap.
- Japan bought 60,720 tonnes of food wheat in this week's tender, all from Australia, for loading from mid-January through mid-February.
- Germany reported 2012 winter wheat plantings at 3.2 million hectares, up 2% from last year, with all winter grain area up 3% from LY to 5.516 mln ha.
- In stark contrast to much of the rest of South America, Mato Grosso's state Farm Economics Institute, Imea, is expecting a record harvest soybeans, corn, and cotton this year. They're pegging soy production (with harvest starting up in the next week) at 22.2 million tonnes, up from last year's record 20.5 MMT thanks to increased area more than offsetting slightly-reduced yields. Corn output in the state is expected to hit 9.8 MMT, up from 7 MMT LY.
- The President of Brazil's Cane Sugar Association, UNICA, is taking the opportunity of the expiration of the ethanol tax credit and tariff to announce Brazil's plans to double cane ethanol production in the next ten years, thanks to expansion of existing mills and investments in 130 new ones. From Jan-Oct 2011, Brazil exports 39 million gallons of ethanol to the U.S., but 156 mln gallons went from the U.S. to Brazil during that same span.
- *Export Sales Estimates (000 tonnes):* **Estimate Range / Last Week**  
 Corn: **450-650 / 505.9** Beans: **400-600 / 468.6** Wheat: **300-450 / 318.3**  
 Meal: **90-150 / 107.3** Oil: **0-15 / 5.5**

**WEATHER UPDATE:**

- Past some scattered precip around the U.S. over the next 24 hours, most of the country's growing areas will remain very dry for the bulk of the next two weeks, and safely above-normal temperature-wise as well. No major winter weather events or lasting cold conditions are seen anywhere in the forecast.
- It appears that Argentine rain chances have mostly come and gone more or less as expected, with decent 0.5-1.0" rains over the past 24 hours in roughly the northern half of growing areas (Cordoba, Santa Fe, Entre Rios) and little to no action in southern/western regions. Temperatures are at least cooling off for the weekend, but at this point the 6-10 day forecast and beyond looks like a return to hot and dry conditions. Southern Brazil should be doing much better in terms of beneficial rains, also as expected; widespread 0.5-1.5" amounts should result in most of the region over the next five days, with a chance for more in the 6-10 day developing in the last European model run.

**NWS 6-10 DAY OUTLOOK: TEMPS & PRECIP**



**TRADITIONAL FUNDS & RECORD POSITIONS:**

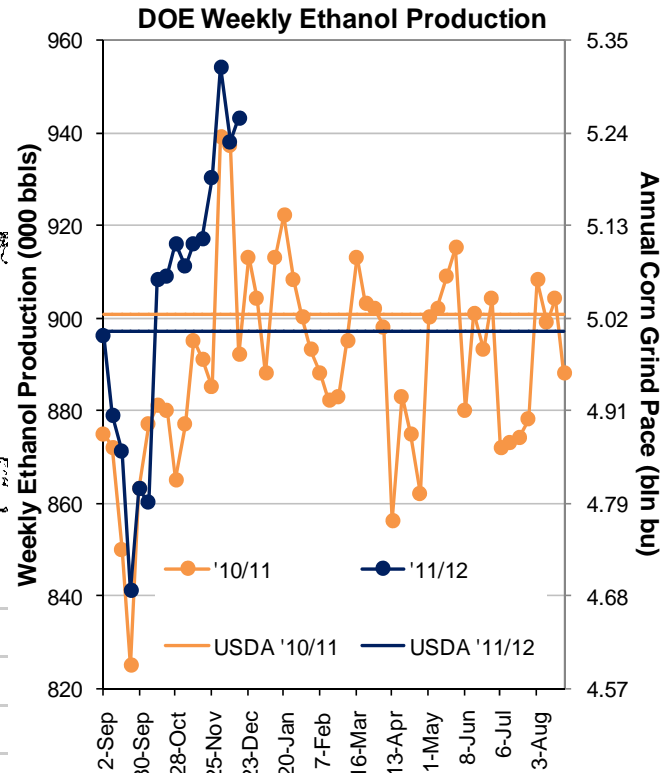
	Corn	Beans	Meal	Oil	Wheat	KC Wht
<b>Daily</b>	8,000	6,000	3,000	2,000	3,000	0
<b>Est Net</b>	158,958	39,909	-21,318	-9,615	-48,091	18,755
<b>Rec +</b>	498,177	228,273	77,636	99,178	42,635	83,394
<b>Rec -</b>	-114,265	-78,161	-43,052	-38,849	-60,457	-39,895

**NIGHT SESSION ACTIVITY: Grain Volume: 77,637**

Symbol	High	Low	Last	Chg	Vol
<b>CH2</b>	617.75	611.50	<b>617.25</b>	<b>+0.75</b>	8,958
<b>CK2</b>	626.50	620.50	<b>626.00</b>	<b>+0.75</b>	2,052
<b>CZ2</b>	570.50	566.00	<b>569.00</b>	<b>-1.75</b>	2,119
<b>WH2</b>	619.25	611.50	<b>617.00</b>	<b>+0.00</b>	3,478
<b>KWH2</b>	675.25	668.75	<b>673.25</b>	<b>+2.25</b>	354
<b>SF2</b>	1158.00	1144.25	<b>1156.25</b>	<b>+2.50</b>	14,136
<b>SH2</b>	1167.50	1153.50	<b>1165.50</b>	<b>+2.25</b>	13,828
<b>SK2</b>	1177.50	1163.75	<b>1176.00</b>	<b>+2.25</b>	4,365
<b>SMF2</b>	300.20	295.80	<b>300.00</b>	<b>+1.00</b>	2,138
<b>BOF2</b>	49.77	49.33	<b>49.66</b>	<b>+0.21</b>	8,633
<b>CLG2</b>	99.39	98.51	<b>98.95</b>	<b>+0.28</b>	18,358
<b>DXY</b>	80.40	79.96	<b>80.29</b>	<b>-0.06</b>	4,710

**FUNDAMENTAL UPDATE:**

Total U.S. fuel ethanol production for the week ending last Friday, as reported by the DOE, actually rebounded slightly to a 943,000-barrels per day rate, up from 938k the previous week and more than 50k bpd ahead of the comparable week last year. Average output through 16 weeks of the '11/12 corn marketing year stands at 903k bpd, more than 20k bpd ahead of last year's pace through mid-Dec, which is equivalent to 120 million bushels of extra annual corn grind vs LY (at a conservative 2.75 gal/bu rate) if that pace were to hold.



**TRIVIA ANSWER:** 1. Texas 2. Alaska 3. California 4. North Dakota

### CORN COMMENTS

March corn put in an impressive rally to close out the day yesterday, rocketing off that \$6 mark for a new one-month high. Up next is a resistance range surrounding the 625-626 area (40-45-50-day MA's, & 23% retracement of the Sep-Dec decline.

#### SUPPORT / RESISTANCE OUTLOOK

Term	Support	Resistance	Our Bias
Short	577.50	619.00	Positive
Long	576.25	676.25	Neutral

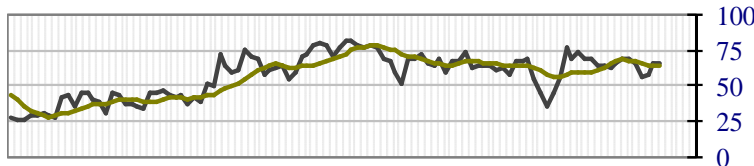
#### TREND OUTLOOK

Term	40-Per MA	20-Per MA	Trend
60 Minute	608.60	612.63	Higher
Day Chart	622.19	597.28	Lower

#### TECHNICAL INDICATORS

Open Int	Volume	Volatility	RSI Levels
Increasing	Normal	Neutral	Overbought

#### 60 MINUTE MAR CORN - eCBOT, w/ MA's & RSI



### WHEAT COMMENTS

March wheat also closed strong yesterday for high single-digit gains, putting its session low right on the \$6 mark and surging towards MA resistance (40-45-50-day) surrounding the 625 and 630 marks. Good MA support lingers around \$6 as well.

#### SUPPORT / RESISTANCE OUTLOOK

Term	Support	Resistance	Our Bias
Short	577.25	619.25	Positive
Long	577.25	680.00	Neutral

#### TREND OUTLOOK

Term	40-Per MA	20-Per MA	Trend
60 Minute	609.15	613.08	Higher
Day Chart	624.73	602.46	Lower

#### TECHNICAL INDICATORS

Open Int	Volume	Volatility	RSI Levels
Increasing	Light	Low	Neutral

### SOYBEAN COMMENTS

Jan beans made up for only moderate single-digit gains yesterday but putting in a bullish outside reversal, and trading and closing above that 1150 level. Resistance did emerge near 1160, with those 40-45-50-day MA's from there up to 1176.

#### SUPPORT / RESISTANCE OUTLOOK

Term	Support	Resistance	Our Bias
Short	1111.50	1159.00	Positive
Long	1094.25	1212.00	Neutral

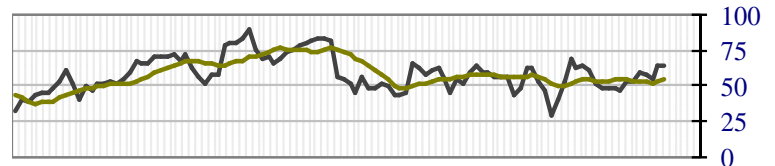
#### TREND OUTLOOK

Term	40-Per MA	20-Per MA	Trend
60 Minute	1145.78	1147.84	Higher
Day Chart	1158.43	1126.74	Lower

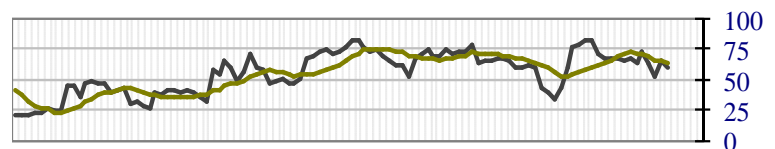
#### TECHNICAL INDICATORS

Open Int	Volume	Volatility	RSI Levels
Decreasing	Normal	Low	Overbought

#### 60 MINUTE JAN BEANS - eCBOT, w/ MA's & RSI



#### 60 MINUTE MAR WHEAT - eCBOT, w/ MA's & RSI



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