

Commodities Report

March 31, 2010

	<u>Close March 31</u>	<u>March 18</u>	<u>2 week change</u>
<i>Dec Corn</i>	3.77	4.05	- .28
<i>Nov Soybeans</i>	9.17	9.41	- .24
<i>July Wheat</i>	4.65	4.90	- .25
<i>July Soymeal</i>	266.00	269.00	- 3.00
<i>April Hogs</i>	73.30	72.90	+ .40
<i>April Cattle</i>	96.45	97.35	- .90
<i>June Cdn \$</i>	98.51	98.72	- .21
<i>US \$ Index</i>	80.98	80.20	+ .78
<i>April Gold</i>	1115.00	1128.00	- 13.00
<i>May Crude Oil</i>	83.70	82.54	+ 1.16
<i>US 10 Yr Notes</i>	116-10	117-03	- 25
<i>TSX Stocks</i>	12039	12022	+ 17

Grains weakened over the past two weeks, although they all remain in sideways trends. Soybeans are nearer the upper end of the three week sideways trend, while corn and wheat are near the bottom of their ranges.

Old crop soybeans have been relatively the strongest market. Many Argentina ports are shut down due to a strike there, resulting in a force majeure in shipments from there. This could translate into more export demand for US soybeans, and US stocks are already less than last year at this time.

Today (March 31), USDA released their highly anticipated report. Soybean stocks are 1.27 bln bu, compared to 1.302 last year at March 1. Corn stocks are 7.693 bln, 739 mln more than last year. Both these numbers were higher than traders' expectations.

USDA also reported prospective plantings, based on farmer surveys. Corn acres were put at 88.8 mln, compared to 86.5 last year. Soy acres were pegged at 78.1, versus 77.5 last year. Acres were higher at the expense of wheat acres which are estimated at 53.8. (59.1 in 2009).

The corn and soybean acres were slightly less than expected. It is interesting that there will be 2.4 mln less acres sown to the three main crops than last year. More cotton will be planted in the south, as cotton prices are strong. As well, USDA expects some acres will not get planted, especially in the northern fringes of the grain belt.

Overall, the report was considered a bit negative, but markets dropped hard. With stocks larger than expected, it takes more of the weather premium out of the market. Weather forecasts will become the markets focus from here, but a lot of damage was done to the charts.

Weather forecasts into the first half of April are for above normal precipitation and temperatures. This will be good for winter wheat, but could cause planting progress to lag, if it continues. The US has had late springs the past two years, but the affects on yield have been non-existent.