

As many of you know, our esteemed colleague Bob Lekberg has been released from the hospital and is doing well. Until his return, Kate Rosenberg will be contributing the wheat and corn portions of our daily Ag Market Watch. Thanks to Kate – and best wishes to Bob for a speedy recovery!

## Beans

Beans capped off the week with a flourish by jumping another 36 cents basis N and 27 ½ cents basis X after posting strong gains on Wed & Thu. There was active fund buying on the close as the soy complex (all three legs) posted an outside week closing higher. This is the kind of price action that grabs the attention of the technically oriented crowd. On Thursday N broke through its 200-day moving average. Today N blasted through the Jan 12 highs and posted an outside week. So there is a lot to like technically. However, the weekly chart is butting up against some chart formation resistance that runs from 1100-1110 basis K futures. K settled tonight at 1102. One crusher indicated to us after the close that afternoon movement had become large enough they were going to basis only. Also keep in mind both Brazil and Argentina were on holiday today and were not in position to sell this rally. South American farmers may be in a selling mood come Monday morning. Therefore, there is sufficient reason to believe that beans could experience a downward price correction next week after jumping by \$1.08 in three days. However, if this technical impediment proves to be a paper tiger, then N futures should be on the glide path toward a small shelf of resistance at 1150 and more potent resistance at 1210-1220. These upside targets come close to

coinciding with a 38.2% retracement of 1122 and a 50% retracement of 1223. For those not impressed with technical arguments, the cash fundamentals remain impressive. Cash beans are trading above delivery value along the river and spreads are inverted all the way out to SX'11. The Midwest weather forecast remains wet. Infectious disease experts are now suggesting the H1N1 virus is not as lethal as earlier feared after they have had a chance to compare it to the powerful 1918 and 1957 flu strains that killed millions. The H1N1 virus lacks the lethal genetic markers that characterized these earlier threats. So concerns have ratcheted down and hog futures saw a nice price bounce today. In options, volatility was firmer by 1-2% in N to 44-45% and by 1 ½% in X to 42 ½%. Leading option player was Fortis (bought 500 X 1200 calls, bought 500 N 980 puts, bought 300 N 1000 puts). In spreads, values were very firm with N/X gaining 9 cents, X/K'0 gaining 2 ½ cents and X/N'0 gaining 3 cents. The N/X topped out today at 120 ½ on screen volume of just over 17,000 contracts. Overnight deliveries were 130 lots with Nidera issuing another 41 new receipts at Chicago. The weekly loan activity report for w/e April 28 showed outstanding loans of 81.2 million bu, down 5.8 million bu from the prior week. The weather forecast for next week remains wet for most of the Midwest. The midday updates today got a bit drier but still retained a wet enough bias to minimize any fieldwork. The southern Midwest should see rains of ½ - 1 inch this weekend. By next Tue/Thu another batch of rains (0.35-1.00 inch) is expected across the heart of the Midwest. The following weekend promises additional rains. Taiwan will tender next Tue for 40-60,000 tonnes US/Brazil beans. Mexico is also shopping for US beans. Brazilian and Argentine bean markets were closed today due to the May Day holidays. Last reported

trade at Paranagua was for July at +50N FOB. Last known offer from Argentina was at +55N FOB for Jun and +60N FOB for Jul. The weekly COT report (futures only) showed the large spec bought 3400 to increase his long to 93,700. With options included, the large spec was long 85,300. The index funds sold 1900 contracts during the past week.

## Oil

Oil posted strong gains of 124 pts and N oil put in an outside week closing higher. Today's highs surpassed the highs set in April. Oil looks like it is breaking out of a 6-month trading range. The 200-day moving average for N lies at 3980 and that will become our upside target. In options, Bache sold 800 N 36 puts, Fortis sold 300 N 34 puts and 200 N 35 puts, and RJO sold 250 N 34 puts. Overnight deliveries were 2465 lots and were not well stopped. Cash soy oil markets were quiet. Argentine soy oil was quoted at -40N FOB for May, -60N FOB for Jun/Jul, and -90 FOB for Aug/Sep. The weekly COT report (futures only) showed the large spec bought 3200 to increase his long to 13,600. With options included, the large spec was long 4800. The index funds bought almost 2800 contracts during the past week.

## Meal

N closed \$11.50 higher to close above an old gap area dating back to Sep 29. N meal also posted an outside week closing higher. N should have substantial resistance in the 375 area. In spreads, Tenco bull spread 200 V/Z and Bunge bull spread 200 N/Z. In crush trade, Tenco sold 900N crush but reversed 600Z and 200U crush, Fortis sold 500N and 300V crush, Man sold 200Q crush and RJO reversed 200U crush. Domestic meal premiums ended the week nominally at +10K FOB IL, -3K FOB

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KC and -8K FOB Des Moines. There were no overnight deliveries. Brazilian pellets traded for Jun/Jul at +18.50N FOB. The weekly COT report (futures only) showed the large spec bought 400 contracts to increase his long to 37,400. With options included, the large spec was long 33,600.

## Corn

Jul 413 3/4 up 10 1/4 cents  
Dec 433 1/4 up 10 cents

July and December corn closed up 2 cents in overnight trade. Overnight trade was pretty light because of May Day, a global holiday. The UK and US markets were the only two markets that remained opened. News out this morning before the market opened was as follows: Mexico sought US corn. Iran tendered for 100,000 tons of South American corn. Israel sought 32,000 optional origin corn. S. Korea was shopping for 55,000 tonnes US or S. American corn. Crude oil was up 2 dollars and the dollar was weaker. Deliveries against May futures were 400 contracts. Another 273 corn receipts were canceled late Thursday. A wet and soggy US corn belt continued to delay planting with rain in the forecast for the next 5 days. A drier midday forecast came out for Central Iowa and northern Illinois for Friday and Saturday with rain continuing Sunday and Monday. The drier forecast could mean farmers would be able to plant corn taking away from the attraction of planting soybeans. This may have led to midday softness to corn prices. July corn opened this morning at 404 up a 1/2 of a cent. Corn began to surge right before the close on heavy fund buying linked to the bean rally. July closed at 413

3/4 up 10 1/4 cents and Dec closed up 10 3/4 at 434. Funds bought an estimated 10-12,000 corn today. Pacific Ethanol's financial grace period has expired without any evidence of fresh financing lined up to allow them to continue operations. Lenders had twice extended forbearance agreements to April 30.

## Wheat

In overnight trade July Chicago wheat closed up 5 1/2 cents. July Minneapolis wheat closed up 1 3/4 cents and July KC wheat closed up 1 1/4 cents. Volume was light overnight due to global holiday May Day. Deliveries against the May future were again high with 7377 contracts delivered. There were no Minneapolis deliveries. 41 May contracts were redelivered in KC all stopped by Term. Japan bought 148,000 tons of wheat 106,000 tons from US, 21,000 tons from Canada, and 21,000 tons from Australia. Syria seeks 200,000 tons of wheat. Israel is in the market for 30,000 tons of wheat. Iraq is seeking 50,000 tons of wheat. Brazil's Government said it will sell wheat stocks to boost supplies. Affecting the KC wheat market is news of very wet conditions in Central Kansas, Oklahoma, and the Dakotas. These areas may see a break in moisture the next few days. Spring wheat areas are drying out next week. Hard red winter wheat areas should see average to above average rains next week. Argentina wheat belt is still dry with rain in the forecast on Sunday and Monday which would be welcomed. Australia's western and south eastern wheat belts will be dry through next week. Dry and cold conditions are occurring in Russia

and Ukraine. Funds came in this morning with an estimated short position of 31,000 contracts. July Chicago wheat opened up 4 1/2 cents at 541. July Minneapolis wheat opened up 1 3/4 cents at 660. July KC wheat opened up 4 1/4 cents at 589. Just minutes into the trading session wheat began to rally quickly. Speculation was that fund short covering pushed into commission house buy-stops. Unwinding of corn/wheat spreads was also noted. July Chicago wheat climbed above the 50 and 100 day moving averages. Britain's farm minister on Friday cut its estimate for UK domestic wheat consumption in 08/09 and raised its import forecast leaving a larger exportable surplus. July Chicago wheat closed near four week highs at 570 up 33 1/2 cents. July Minneapolis wheat closed up 26 1/2 cents at 684 3/4. July KC wheat closed up 30 cents at 614 3/4. The funds bought an estimated 10,000 contracts. The annual US HRW wheat tour starts Tuesday to survey fields across Kansas.

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### Light Country Movement

	Beans	Corn
<b>Chicago</b>	-4 K	1 N
<b>Toledo</b>	2 N	-2 K
<b>CIF</b>	62 TO 70 N	37 TO 40 N
	Oil	Meal Lo/Hi
<b>Decatur</b>	-330 TO -225 K	5 TO 10 K
<b>Des Moines</b>		-8 K

### CBOT Oil/Meal Registrations

	Today	Previous
<b>Oil</b>	13,647	13,647
<b>Meal</b>	0	0

### USDA Grain Inspections for export KRF

	Week Ending	Week Ending	Week Ending	Current Mkt Year	Previous Market
<b>Wheat</b>					
<b>Corn</b>					
<b>Soybeans</b>					

### U.S. Export Sales Report: Sales Summary--, 1995--KRF

week's net chg                      total  
 in commitments                      commitments                      undlvd sales

	this year	next year	this year	last year	this year	next yr
<b>Wheat</b>						
<b>Corn</b>						
<b>Soybeans</b>						
<b>Soymeal</b>						
<b>Soyoil</b>						

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