Progressive Ag
RISK MANAGEMENT SPECIALISTS

MARKETLINE

Leading Agriculture into the 21st Century

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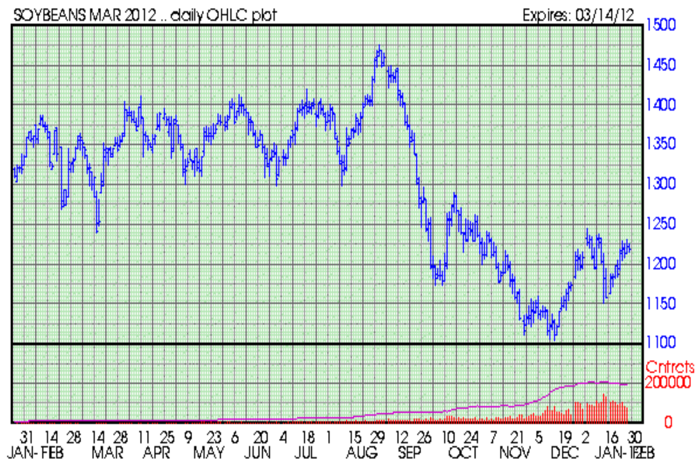
What to Sell	**Cash Only**		**Future Hedgers**	
Week's Rank	**'11**	**'12**	**'11**	**'12**
1. HRS Wheat	90%	70%	90%	70%
2. Durum				
3. Pinto Beans	-50%			
4. Navy Beans	-50%			
5. Flax				
6. Canola	-50%		-50%	
7. Malt Barley				
8. Sunflowers	-50%		-50%	
9. Feed Barley	-150%			
10. Soybeans	100%	80%	100%	80%
11. Corn	100%	90%	100%	90%



Soybeans *Followed Wheat And Corn*

Soybeans gained 20 to 40 cents on the week. Deferred contracts experienced larger gains as commercial traders are neutral-to-bearish. South American weather continues to influence the market.

Soybeans opened 19.0 cents higher on Monday after the weekend brought less moisture than expected to South America. The coverage and amount of rain experienced in Argentina was less than anticipated, especially in the northern regions. The forecast for Brazil appears dryer as well. Support was provided by positive outside markets, including a weak U.S. dollar. Estimates of Chinese imports increased for the third consecutive month, providing strength to the market. Increased export interest helps to firm up the basis both in South America and the U.S.

Tuesday soybeans opened 7.5 cents down after South America experienced better rain coverage and accumulation than expected overnight. The 6-10 day forecast remains wet as well. The rain is slowing the early harvest in northern Brazil, which could accelerate U.S. exports in the short term. Soybeans received strong support from the wheat and corn markets as they traded sharply higher. Other outside markets were more negative, as crude oil was down and the U.S. dollar was firm.

Wednesday soybeans opened 4.5 cents down and traded mixed before settling at 6.5 cent losses. Pressure came from negative outside markets early with gold and crude down and the U.S. dollar stronger. Later in the session outside markets grew more positive, but reports of rain in Argentina kept pressure on soybeans. Recent South American rains could boost crop conditions, with many analysts expecting crop sizes to stabilize near the current estimates. The early harvest in northern Brazil remains slow, keeping the U.S. export window open for now.

Soybeans opened 11.0 cents higher on Thursday with support from strong outside markets. The U.S. dollar was lower while crude oil traded higher. There was some spillover buying interest from a strong corn market early in the session as well. Soybeans pushed through the 100-day moving average for the first time since Sept 16, but were unable to sustain that level. Commercial selling late in the session provided pressure, causing soybeans to close well off session highs. The South America weather forecast shows dry conditions over the weekend, followed by rain next week and into the following weekend.

USDA reported last week's soybean export inspections pace at 35.7 MB. This brings the year to date export shipments pace for soybeans to 675.8 MB compared to 935.6 MB for last year at this time. Last week's soybean export sales pace was estimated at 17.1 MB. This brings the year to date export sales pace for soybeans to 955.7 MB compared to 1.372 BB last year at this time. With 32 weeks left in soybean's marketing year, shipments need to average 19.5 MB and sales need to average 10.8 MB to make USDA's 1.3 BB

2011 Sales: 100% Sold
20% Nov 11 FF at $10.68 on 9/29/10
20% Nov 11 FF at $10.81 on 10/1/10
20% Nov 11 FF at $10.50 on 10/4/10
25% Nov 11 FF at $12.00 on 12/02/10
15% Nov 11 FF at $13.45 on 3/18/11
(average price $11.42)
Rolled out of Nov 2011 soybean FF positions at $12.02 into Jan 2012 FF positions at $12.125 on 11/02/11

2012 Sales: 80% Sold
35% Nov 12 FF at $11.50 on 12/03/10
20% Nov 12 FF at $12.35 on 3/18/11
25% Nov 12 FF at $13.20 on 7/7/11

2013 Sales: 50% Sold
20% Nov 13 FF at $11.98 on 3/18/11
30% Nov 13 FF at $12.60 on 7/7/11

WHEAT: *Led Grain Markets This Week*

The wheat markets had gains of 30 to 40 cents for the week. Rumors of export tariffs in Russia and firming prices on European wheat sparked commercial and non-commercial buying interest in the wheat markets. Losses in the dollar were supportive as well. Non-commercial traders had built a record net short position in Chicago wheat during the first weeks of January, and short covering this week fueled the rally.

Wheat opened 7.5 cents higher in Chicago on Monday and closed 9.25 cents higher. Weekend rains were disappointing in South America, creating strong gains in the row crop markets. Wheat followed along with additional support coming from the continued slide in the U.S. dollar. U.S. wheat is becoming more competitive on the world market, as shown by better numbers in the weekly export inspections report.

On Tuesday wheat opened 2 cents lower but quickly turned higher on commercial buying interest. Strong gains were propelled by rumors of possible Russian wheat export tariffs. Both Russia and Kazakhstan are said to be building domestic wheat reserves in the face of a questionable Ukrainian winter crop. This is the first positive fundamental news the wheat markets have had in quite some time, creating a buying spree in what was a heavily sold market.

Wheat opened with small gains on Wednesday but added strength throughout the day. Noncommercial short-covering has added fuel this rally after building a record net short position over the past few weeks. With recent weakness in the U.S. dollar and firming wheat prices in the Black Sea region, U.S. wheat has become competitive on the world market. Rumors of Russian wheat export tariffs have been unconfirmed, but traders are viewing a slowdown of exports from that region as forthcoming. Russia has exported between 21 and 22 million metric tons this year, and government officials had predicted earlier that exports would be capped at 23 to 25 mmt.

Thursday wheat opened with 13 cent gains and had gains for the entire day, and a late session surge in Mpls made the spring wheat market the leader at the end of the day. Commercial buying has continued in the wheat markets, evidenced by the strength in the nearby contracts. Stronger European wheat prices and a slowdown of exports from the Black Sea region supported wheat. While reduced exports from Russia and FSU countries could help U.S. wheat exports, the large Australian crop will be stiff competition in the Asian market. With the rally in corn, soft red wheat should continue to find its way into the feed market.

USDA reported last week's wheat export inspections pace at 17.1 MB. This brings the year to date export shipments pace for wheat to 637.4 MB compared to 731.0 MB for last year. With 19 weeks left in the marketing year, shipments need to average 16.5 MB to keep pace with USDA projections.

Last week's wheat export sales pace was estimated at 22.2 MB. This brings the year to date export sales pace for wheat to 777.0 MB compared to 1033.1 MB last year. With 19 weeks left in wheat's marketing year, export sales need to average 9.8 MB to make USDA's projection of 950 MB.

2011 Sales: 90% Sold

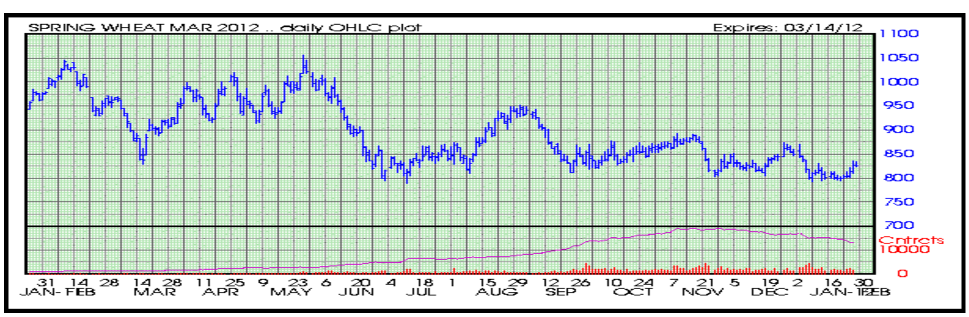
25% sold Sept 11 Chi contract at $7.6675 (08/06/10).
25% sold Sept 11 Chi contract at $7.14 (08/09/10).
Rolled out of Sept 11 Chi at $7.15 on 09/07/11.
25% sold Sept 11 MWE contract at $8.40 (12/02/10).
15% sold Sept 11 MWE contract at $8.95 (3/24/11).
Rolled out of Sept 11 MWE at $9.70 on 09/07/11.
Repositioned wheat sales in Dec MWE at $9.35 on 09/07/11.

2012 Sales: 70% Sold

25% sold July 12 Chi contract at $7.25 (08/09/10).
35% sold July 12 Chi contract at $7.90 (12/02/10).
10% sold Sep 12 MWE contract at $8.62 (3/24/11).

2013 Sales: 10% Sold

10% sold July 13 Chi contract at $8.08 (3/24/11).



CORN: *Strength In World Feed Grains*

The corn market gained 25 cents this week with the strength in the wheat market. Rumors that Russia may put a tax on wheat exports and may even ban exports supported the wheat market which spilled over to corn. The strengthening export demand and a firming cash basis also offered support this week.

To start the week, corn opened 8 cents higher and found solid buying support. Rain did fall in Argentina this past weekend, but not as much as forecast and not as widespread. Traders believe Argentina's crop continues to shrink and opens up more opportunities for US Exports. News of fresh export sales also added strength as Mexico purchased 152,900 MT of US corn.

On Tuesday corn opened 2 cents lower with pressure from the rainfall in Argentina, along with the lower overnight trade and the negative outside markets. Reports are that parts of Argentina received 1.5 to 2.5 inches of rain in the last 24 hours. Soon after the open, the wheat market took off and corn followed. Rumors in the wheat complex were that Russia was going to tax their wheat exports and may possibly ban export sales. This offered support to corn as there could be less feed grain on the world market. Corn futures are also finding support from lower trending production estimates for Argentina's crop and the lack of farmer selling.

Corn opened 2 cents higher on Wednesday and traded firm for the day. Production estimates continue to shrink for the Argentina crop and the forecast for Argentina and southern Brazil is also dry for the next 7 days. Corn is also finding support from demand and an improving basis. Argentina's Ag Minister believes that corn exports will still total 15.4 MT this season. USDA had projected 18.5 MT in the last USDA monthly update.

On Thursday, corn opened 9 cents higher and traded firm until the close. The futures found support early from the positive outside markets and the strong exports sales report. The Feds decision to leave interest rates alone was seen as positive to the commodities and pressured the dollar. The strong cash basis, ethanol demand and lack of farmer selling also offered support. Argentina also remains dry for the next 5 days, but there are hints of showers for the weekend. The futures did back off at the close as profit taking entered the market.

Ethanol production for the week ending January 20th averaged 934,000 barrels/day. This is down 0.74% vs. last week and up 1.3% vs. last year. Total Ethanol production for the week was 6.538 million barrels. Corn used in last week's production is estimated at 99.49 MB as compared with the weekly average pace of 94.9 MB necessary per week to meet this crop year's USDA estimate. Stocks were 19.8 million barrels which was up 1.4% vs. last week and up 4% vs. last year.

USDA's Export Inspection Report was neutral for corn. There were 35.2 MB of corn reported shipped and above the 31.4 MB needed to meet USDA's projection of 1.65 BB. This was within the pre-report estimates of 32 to 38 MB. The Export Sales Report for corn was at 40.9 MB, which was above the 19.3 MB that was needed to meet USDA projection of 1.65 BB. This was above the estimates of 25.6 MB to 33.5 MB and friendly for corn. Total shipments this week were at 37 MB and below the 31.8 MB needed this week.

2011 Sales: 100% Sold:

Liquidated December 11 FF positions (12-05-11) at $5.84 for a $1.11 loss. Fixed basis on 30% turning them to cash and rolled 70% to the March 12 FF contract at $5.95.

2012 Sales: 90% Sold:

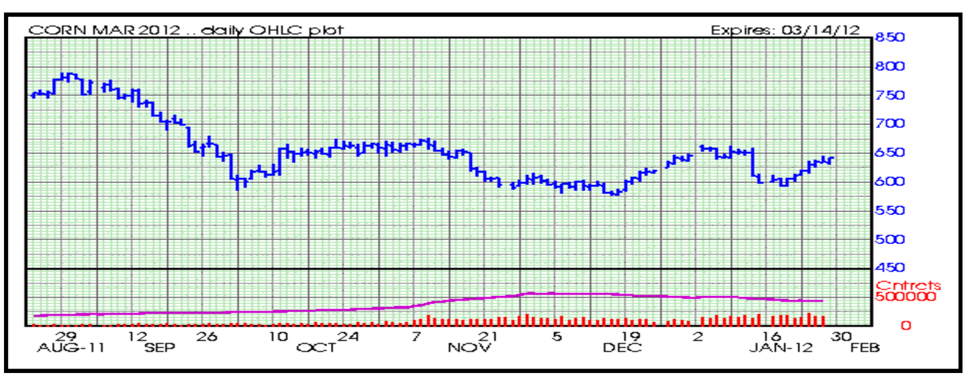
10% Dec 2012 FF $4.55 (10-4-10)
35% Dec 2012 FF $5.00 (12-2-10)
10% Dec 2012 FF $5.60 (3-18-11)
25% Dec 2012 FF $6.24 (6-21-11)
10% Dec 2012 FF $6.09 (7-7-11)

2013 Sales: 60% Sold:

20% Dec 2013 FF $5.57 (3-18-11)
30% Dec 2013 FF $5.98 (6-21-11)
10% Dec 2013 FF $5.87 (7-7-11)

2014 Sales:60% Sold:

30% Dec 2014 FF $5.98 (6-21-11)
30% Dec 2014 FF $5.84 (7-7-11)



SPECIALTY CROPS

Barley

USDA reported inspections of 8,000 bushels of barley for export. The barley export shipments pace is at 5.6 MB compared to 4.5 MB for last year at this time. Export sales of 9,000 bushels were reported going to Taiwan. Year to date sales for barley are at 3.8 MB compared to 4.1 MB for last year. Cash bids in Mpls were at $5.30 for feed and $7.15 for malting barley.

Canola

Canola futures on the Wpg exchange gained from $4 to $10 CD/ton for the week. Canola followed the soybean market closely with daily weather reports from South America. There was active spreading in the canola market this week with new crop contracts showing the strongest gain for the week, up around $10 CD/ton in the November contract. Active farmer selling pressured the nearby contracts, while concerns about 2012 production supported the deferred. Thursday's cash canola bids in Velva were at $24.21.

Durum

USDA reported export inspections of 579,000 bushels for durum this week. There were no new export sales reported, with durum's export sales pace at 14.9 MB compared to 29.4 MB for last year at this time. Cash bids for milling quality durum are at a discount to spring wheat, with bids in the $7.50 to $7.90 range.

Sunflowers

Last week's soybean oil export sales pace was estimated at 2.5 TMT. This brings the year to date export sales pace for soybean oil to 192.7 TMT compared to 1040.5 TMT for last year at this time. Thursday's cash sunflower bids in Fargo were at $27.00.

Dry Beans

Dry bean markets remain firm, with strong Mexican demand creating an increase in pinto bids. Pinto bids are now in a range from $45 to $48 in the ND/MN region, reaching producer price targets. Prices are steady at $45 for navies and blacks.