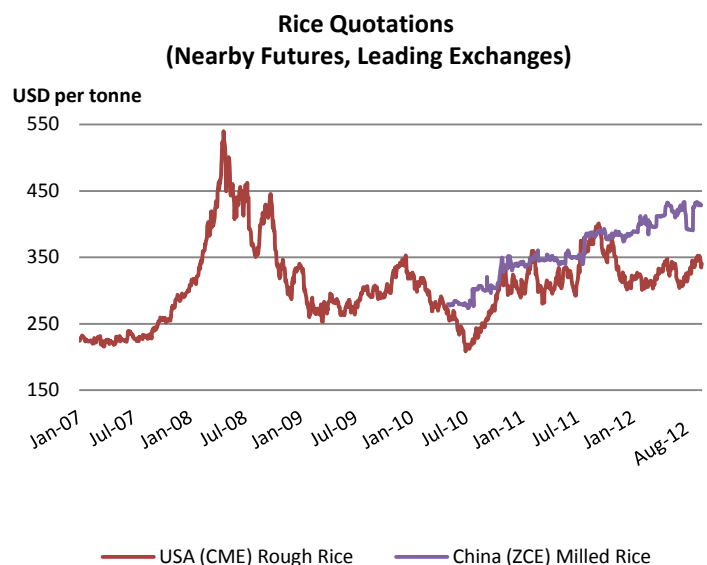
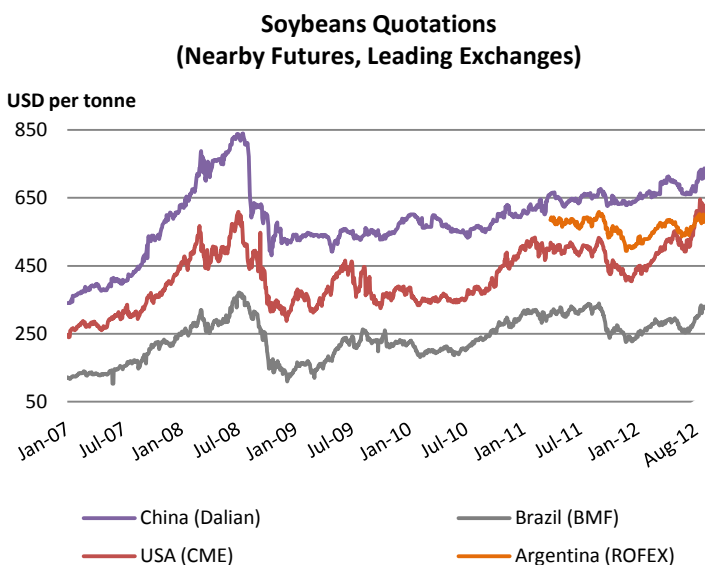
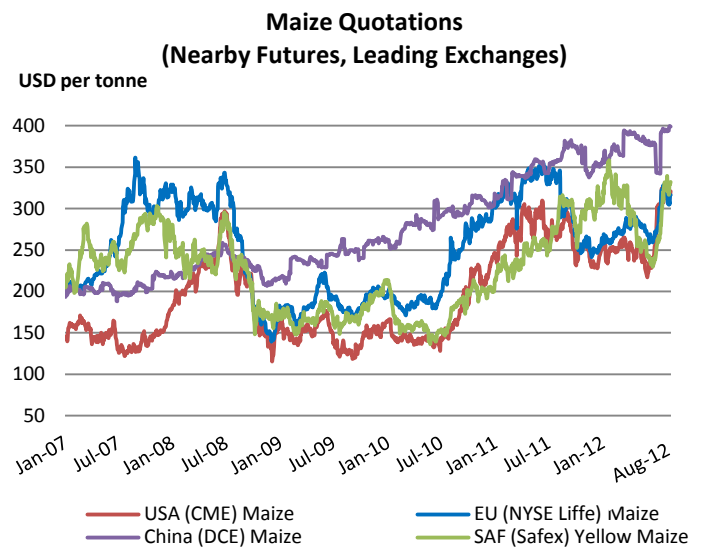
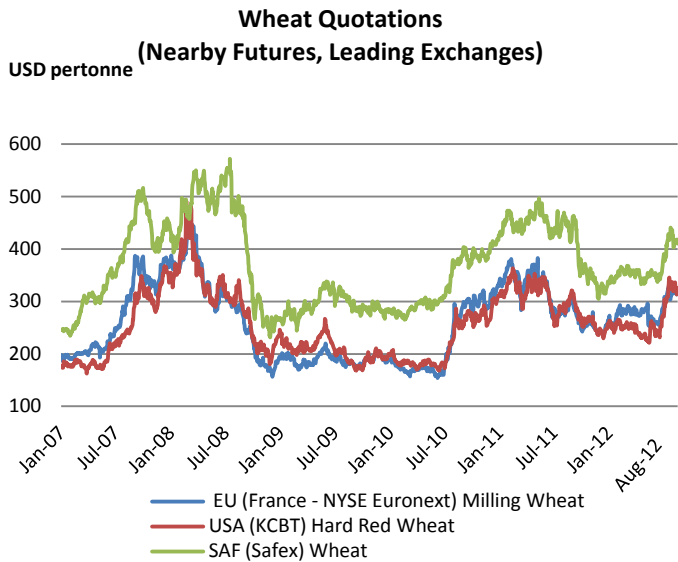


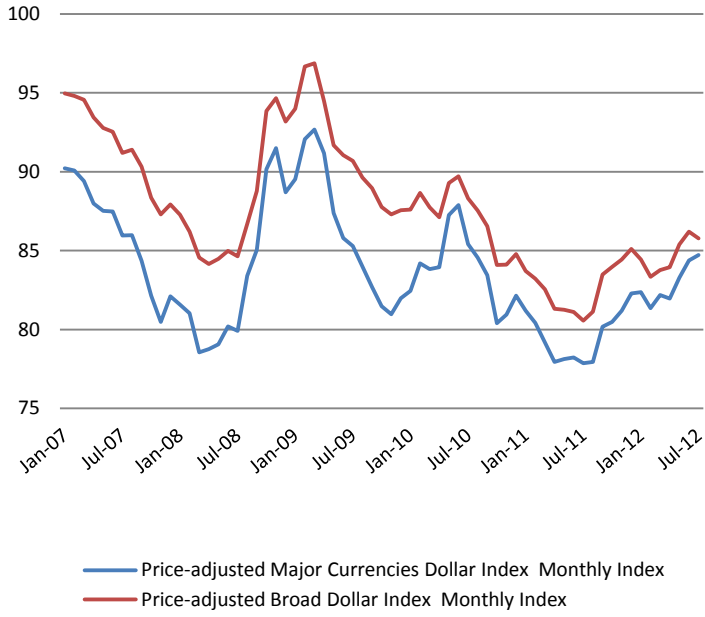
Market Monitor – September 2012

Excessive drought and extreme heat in the USA dominated agricultural commodity markets activity throughout the 2012 summer growing season, pushing maize and soybeans prices to record levels and raising wheat and rice prices by 10-35 % over their spring time lows. Unlike recent previous price increases, notably during 2008 and 2010, volatility levels and trading volumes remained relatively tame. A retrenchment from commodity trading by several large investment banks, a decline in confidence in futures markets by retail investors following the bankruptcy of two US futures commission merchants, and additional cost burdens associated with compliance to the implementation of the 2010 Dodd-Frank legislation may help explain this development. In addition, the policy of ethanol mandates has undergone renewed debate. Finally, the relative strength of the dollar versus most currencies, especially the euro, and the lack of another round of quantitative easing by the US Federal Reserve may have prevented agricultural commodity prices from excessive spiking. However, the usual patterns of net buying by money managers and net selling by hedgers held true during the summer rally.

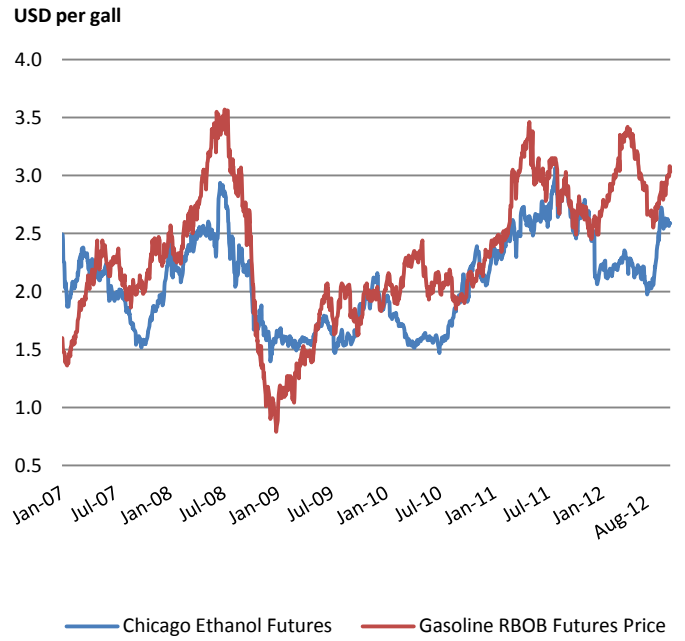
Futures prices exhibit buoyancy in all markets



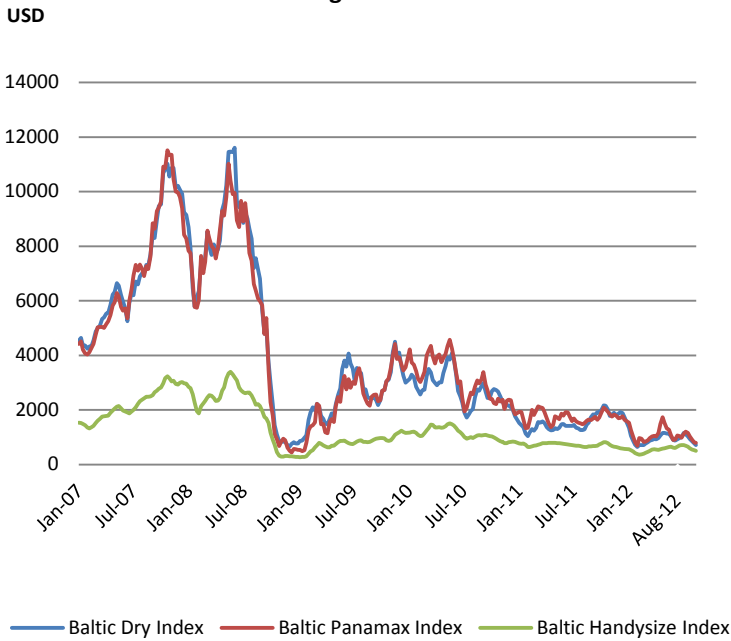
Dollar Indexes (Real Terms)



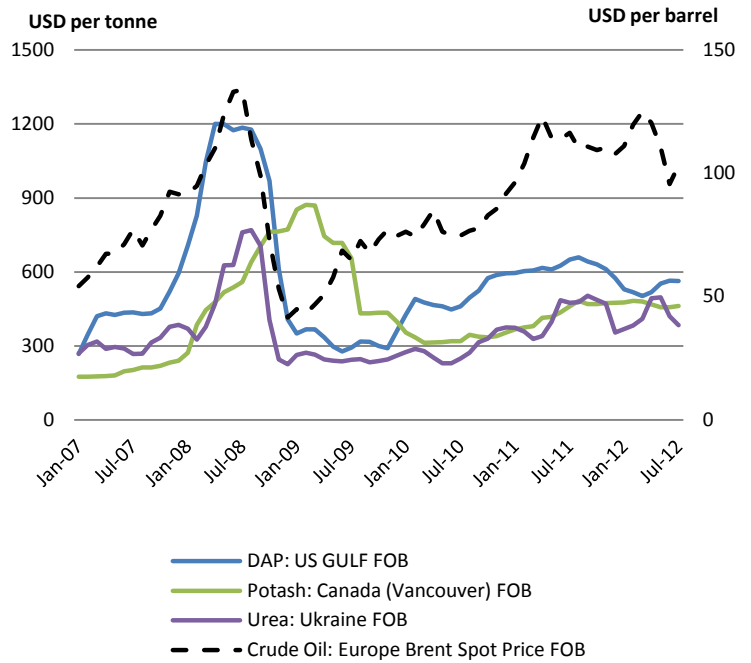
Ethanol prices continue to lag gasoline prices



Ocean freights remain low

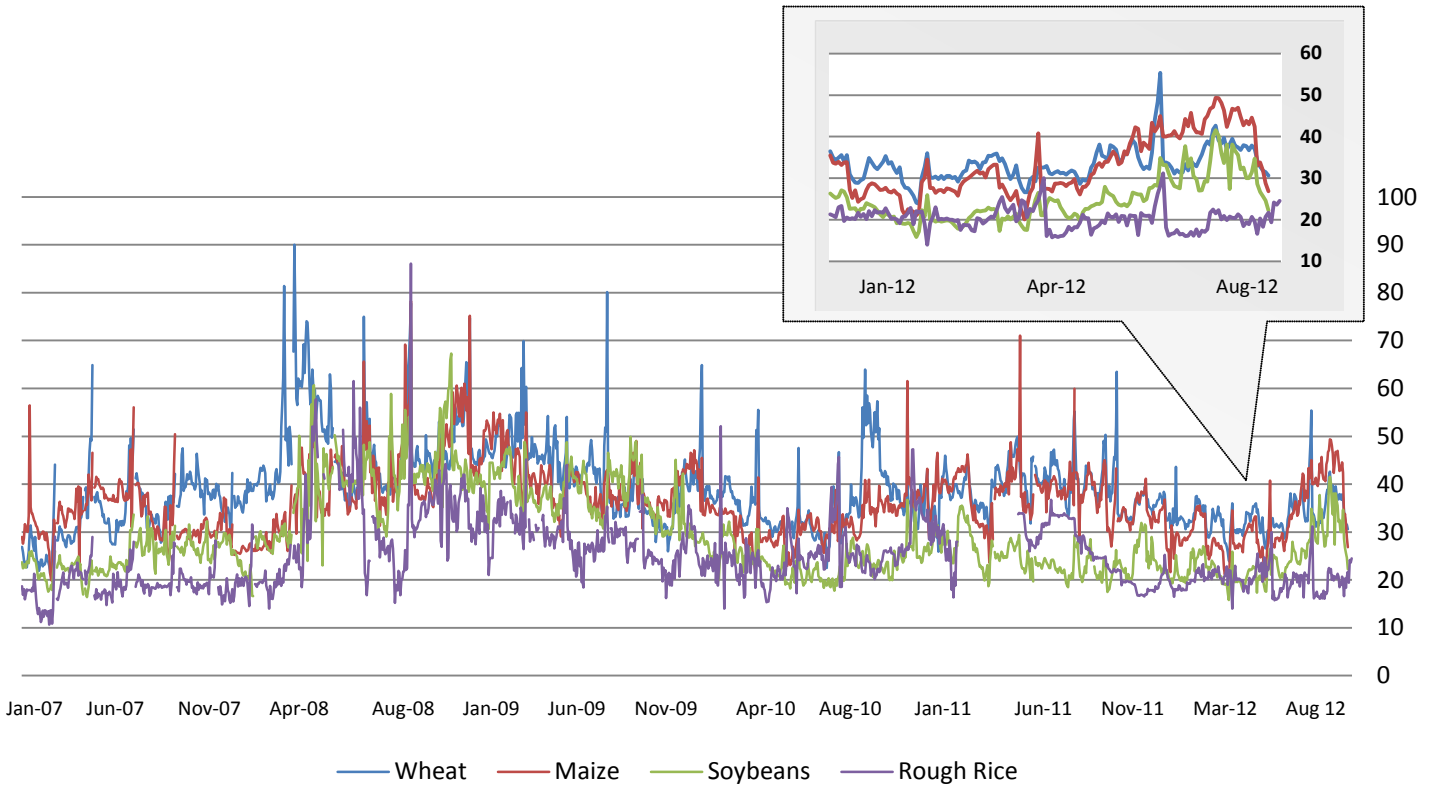


Monthly Fertilizer and Crude Oil Prices

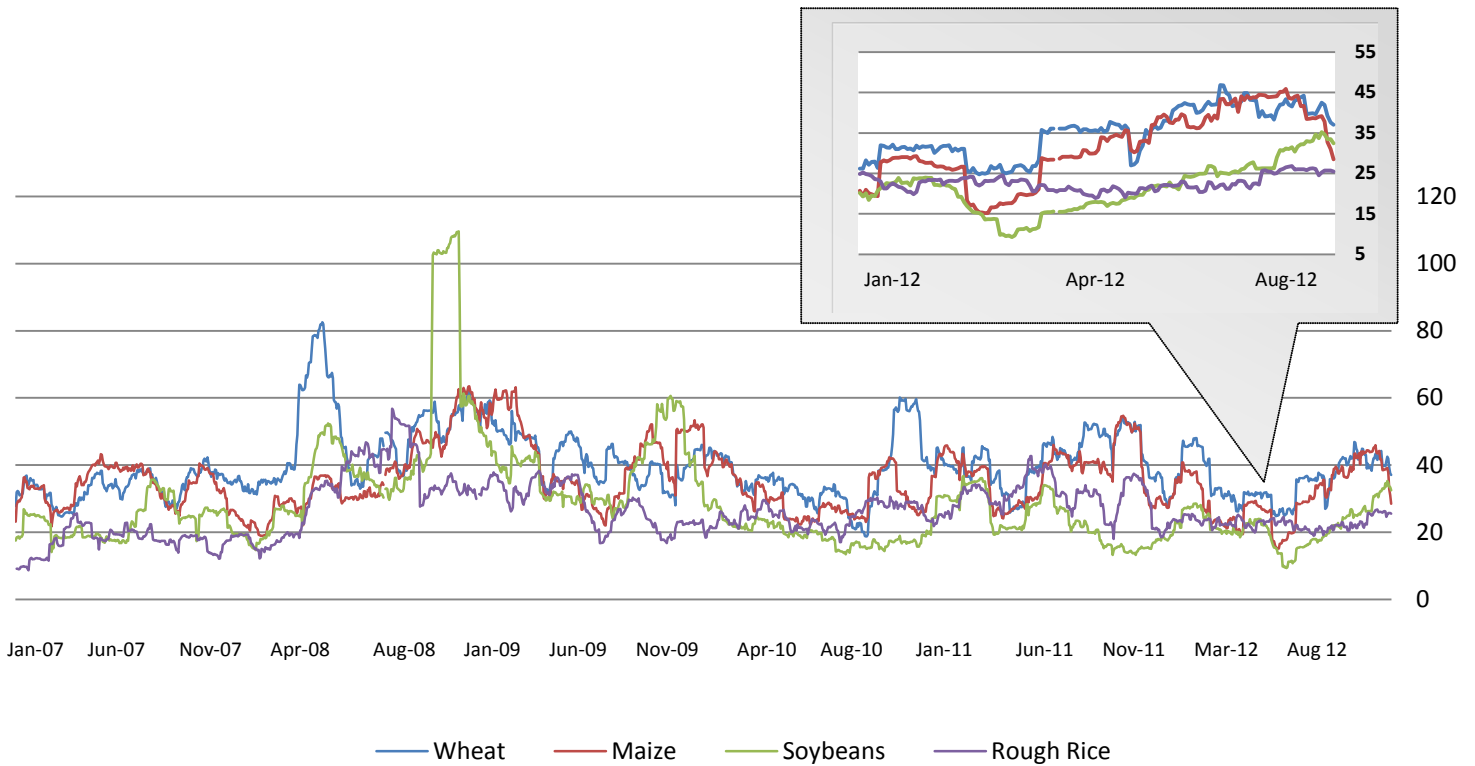


Both implied and historical volatility diminished despite high prices

Implied Volatility

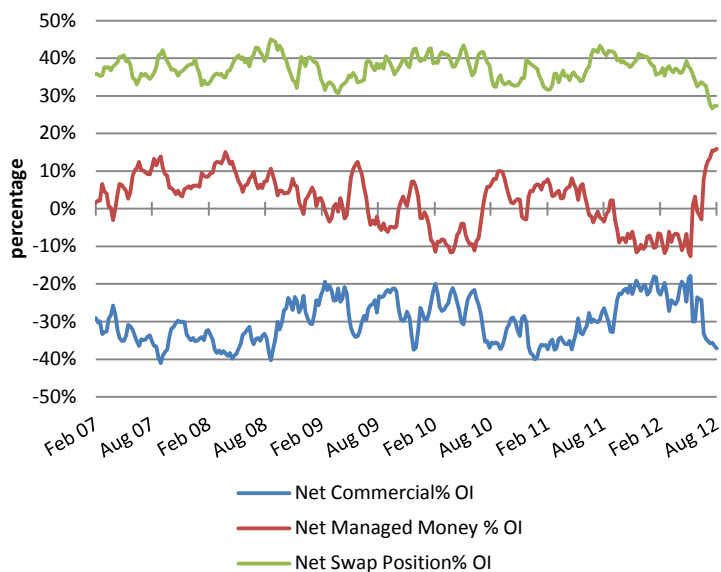


Historical Volatility (30 days basis)

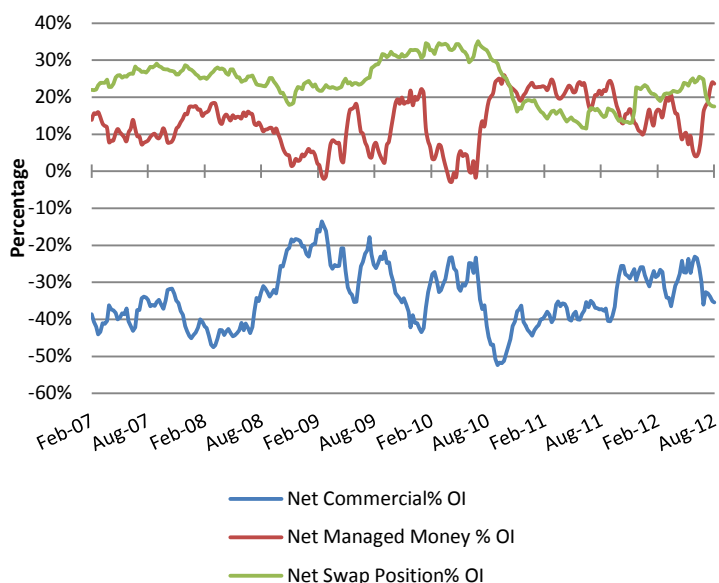


Swaps dealers, including index funds, reduced long positions, managed money increased longs and commercials increased shorts

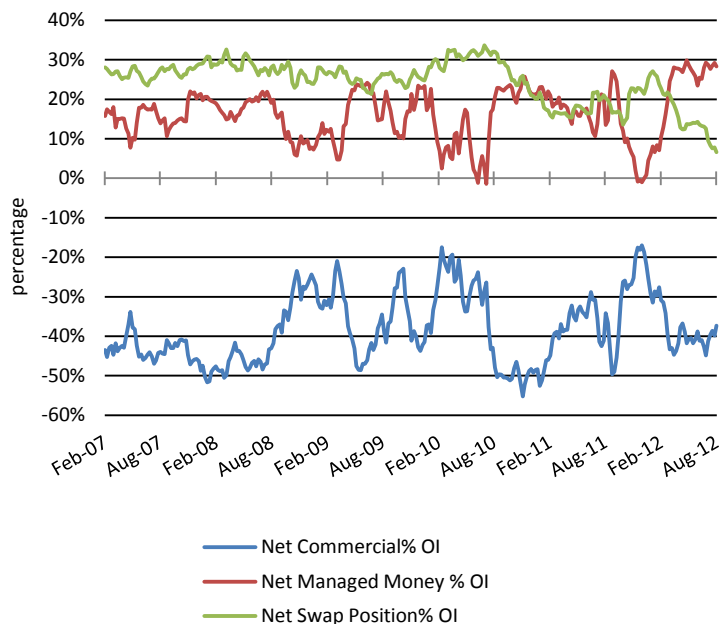
Wheat:
Net Length as a % of Open Interest



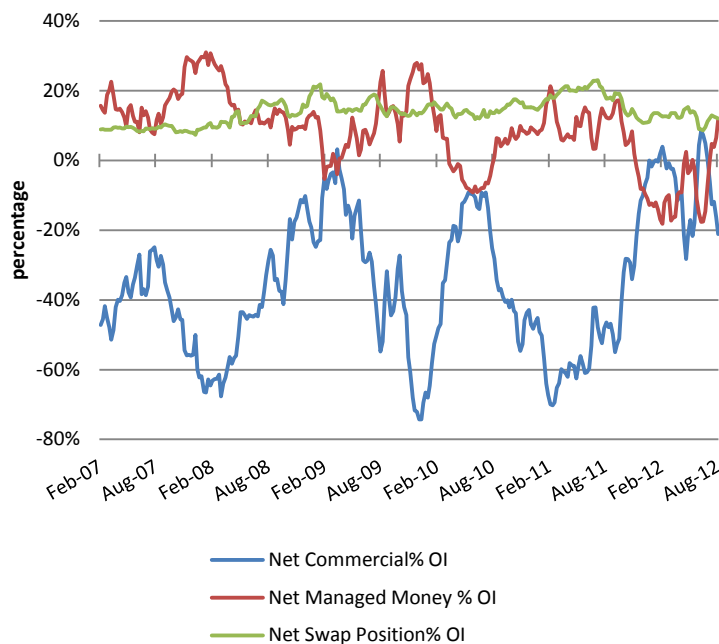
Maize:
Net Length as a % of Open Interest



Soybeans:
Net Length as a % of Open Interest

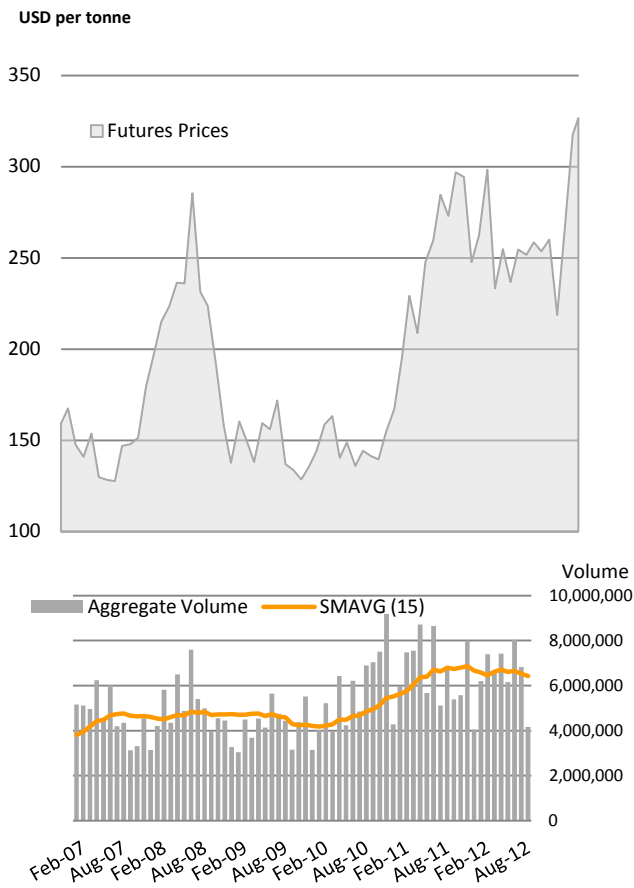


Rough Rice:
Net Length as a % of Open Interest

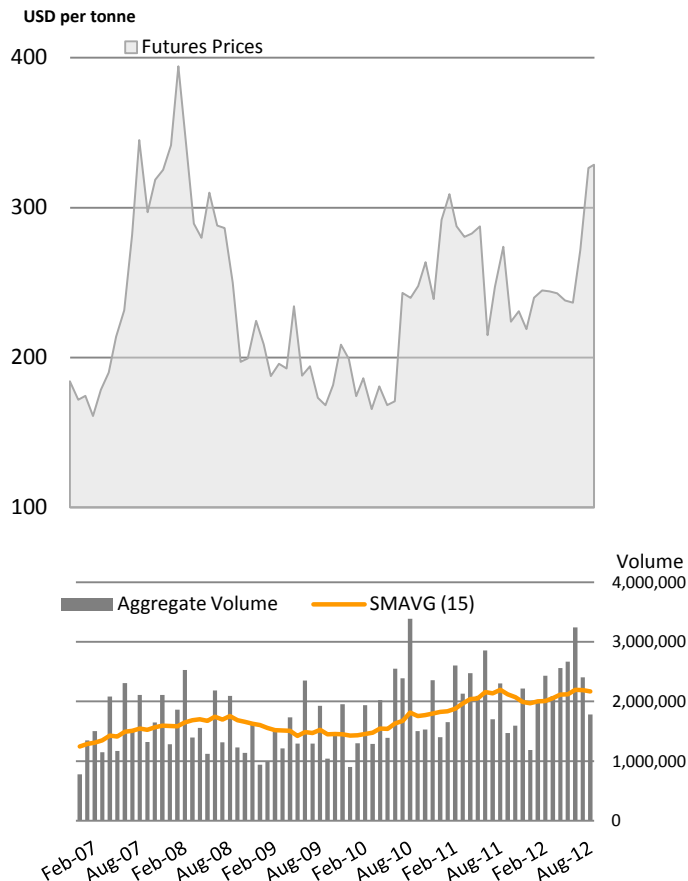


Futures prices and aggregate volumes

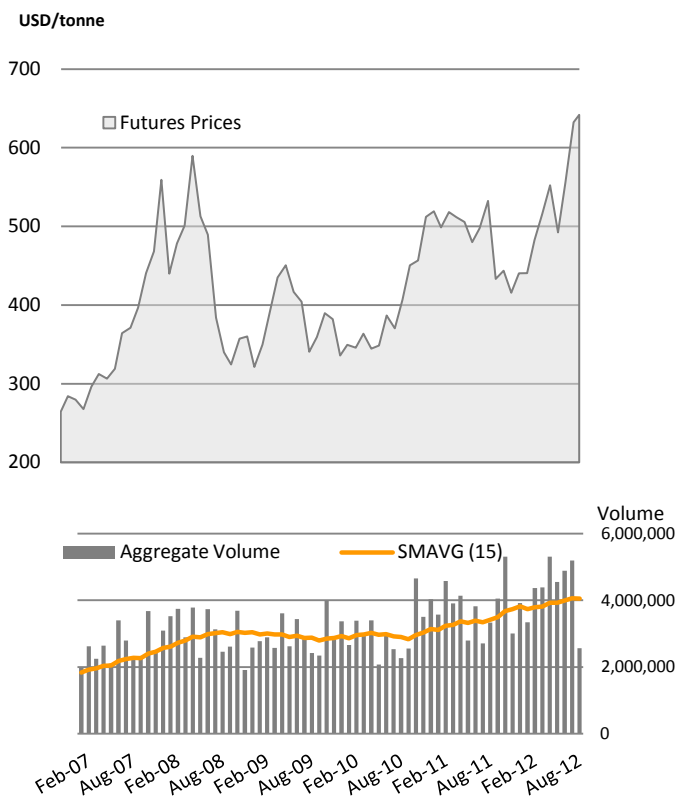
Maize Active Contract



Wheat Active Contract



Soybeans Active Contract



Rough Rice Active Contract

