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**

**Wheat Quotations**

(Nearby Futures, Leading Exchanges)

**Maize Quotations**

(Nearby Futures, Leading Exchanges)

**Soybeans Quotations**

(Nearby Futures, Leading Exchanges)

**Rice Quotations**

(Nearby Futures, Leading Exchanges)
Ethanol prices continue to lag gasoline prices

Dollar Indexes (Real Terms)

Price-adjusted Major Currencies Dollar Index Monthly Index
Price-adjusted Broad Dollar Index Monthly Index

Ocean freight remains low

Monthly Fertilizer and Crude Oil Prices

USD per tonne
USD per barrel
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

USD per tonne

Futures Prices

Aggregate Volume

SMAVG (15)

Wheat Active Contract

USD per tonne

Futures Prices

Aggregate Volume

SMAVG (15)

Soybeans Active Contract

USD/tonne

Futures Prices

Aggregate Volume

SMAVG (15)

Rough Rice Active Contract

USD per tonne

Futures Prices

Aggregate Volume

SMAVG (15)