

GRAINS**SOY COMPLEX RECAP****5/17/2012**

July Soybeans finished up 16 at 1438, 12 off the high and 17 3/4 up from the low. November Soybeans closed up 4 1/4 at 1306 1/2. This was 6 3/4 up from the low and 11 1/2 off the high.

July Soymeal closed up 3 at 428.0. This was 4.6 up from the low and 6.6 off the high.

July Soybean Oil finished up 0.29 at 50.72, 0.27 off the high and 0.31 up from the low.

July soybeans closed moderately higher today led by continued strong gains in meal which moved to the highest level since May 2nd. More China buying of old crop soybeans and a little less pressure from outside market forces helped support strong buying support early in the session with the market already up as much as 74 cents from Monday's lows. Weekly sales were slow but a bulk of the sales were for old crop and this was seen as positive. On top of the weekly sales report, the USDA announced a sale of 480,000 tonnes of US soybeans to China for the 2011/12 season. Net weekly export sales for soybeans came in at 616,300 metric tonnes for the current marketing year and 57,100 for the next marketing year for a total of 673,400 which was well below trade expectations near 1.2 million tonnes. As of May 10th, cumulative soybean sales stand at 98.1% of the USDA forecast for 2011/2012 (current) marketing year versus a 5 year average of 96.8%. Old crop sales of only 42,000 metric tonnes are needed each week to reach the USDA forecast. Net meal sales came in at 114,300 metric tonnes for the current marketing year and 81,300 for the next marketing year for a total of 195,600. Cumulative old crop sales stand at 79.9% of the USDA forecast versus a 5 year average of 78.3%. Sales of 81,000 metric tonnes are needed each week to reach the USDA forecast. Oil sales came in at 8,100 metric tonnes for the current marketing year and 40,000 for the next marketing year for a total of 48,100 which was well above estimates for ear 30,000. Cumulative old crop sales stand at 76.1% of the forecast versus a 5 year average of 69.1%. Sales of 6,000 metric tonnes are needed each week to reach the USDA forecast. Solid gains in wheat and some light concerns for a drying trend in the delta and southern Mid-west for the next few weeks helped to support. Argentina officials pegged the 2011/12 soybean production at 41.5 million tonnes from 42.9 million as their previous estimate and compared with 42.5 million as the recent USDA forecast.

Technical Outlook

SOYBEANS (JUL) 05/18/2012: The market now above the 40-day moving average suggests the longer-term trend has turned up. The crossover up in the daily stochastics is a bullish signal. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 1466 1/4. The next area of resistance is around 1452 3/4 and 1466 1/4, while 1st support hits today at 1423 1/4 and below there at 1407.

SOYMEAL (JUL) 05/18/2012: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 439.7. The next area of resistance is around 433.6 and 439.7, while 1st support hits today at 422.4 and below there at 417.3.

SOYBEAN OIL (JUL) 05/18/2012: The daily stochastics gave a bullish indicator with a crossover up. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's close below the 9-day moving average is an indication the short-term

trend remains negative. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 51.29. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 51.01 and 51.29, while 1st support hits today at 50.43 and below there at 50.13.

CORN MARKET RECAP

5/17/2012

July Corn finished up 5 at 625, 1 1/2 off the high and 9 up from the low. December Corn closed up 2 at 528 1/4. This was 5 1/4 up from the low and 2 3/4 off the high.

July corn closed higher and saw the highest close since May 1st as strength in the other grains and a bounce in gold was enough to offset another weak session for US equity markets. The market saw choppy and two-sided trade early in the session attempting to consolidate yesterday's strong gains. July corn is up as much as 54 1/4 cents from Friday's lows finding support from a surge in wheat prices and continued strong cash markets. Weather concerns for wheat seemed to be the main driver from buyers in grains today. Traders believe there are improving chances of better rain coverage for the central Midwest in the extended forecast models so weather was considered more negative today for corn than yesterday's forecast. Producer selling is still light in spite of historically high basis levels and a strong premium of old crop to new crop corn. Net weekly export sales for corn came in at 339,400 metric tonnes for the current marketing year and 525,700 for the next marketing year for a total of 865,100 tonnes which was well below expectations for near 1.1 million. As of May 10th, cumulative old crop sales stand at 87.7% of the USDA forecast for 2011/2012 (current) marketing year versus a 5 year average of 85.7%. Sales of 326,000 metric tonnes are needed each week to reach the USDA forecast. Argentina officials pegged the 2011/12 corn production at 20.1 million tonnes from 20.3 million as their previous estimate and compared with 21.5 million as the recent USDA forecast.

Technical Outlook

CORN (JUL) 05/18/2012: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 633 1/2. The next area of resistance is around 630 1/4 and 633 1/2, while 1st support hits today at 619 3/4 and below there at 612 3/4.

WHEAT MARKET RECAP

5/17/2012

July Wheat finished up 19 at 657 3/4, 3/4 off the high and 20 up from the low. December Wheat closed up 17 3/4 at 688 3/4. This was 18 1/2 up from the low and 1/2 off the high.

July wheat closed sharply higher on the day and is up now as much as 66 1/4 cents from Monday lows. A lack of rain in the forecast for the western plains in the next week or more and a heat-up in temperatures plus increased crop concerns for the Black Sea region wheat producers helped to drive the market moderately higher on the day. Hot and dry weather is in the forecast for this region and has traders nervous over lower production estimates ahead. Talk that Russia is likely to drop their grain production forecast by 2-3 million tonnes soon helped to support. Dry Australia weather is keeping the planting pace slow and also has provided some support. Net weekly export sales for wheat came in at 321,800 metric tonnes for the current marketing year and 389,600 for the next marketing year for a total of 711,400 which was well above trade expectations near 550,000. As of May 10th, cumulative wheat sales stand at 99.7% of the USDA forecast for 2011/2012 (current) marketing year versus a 5 year average of 97.6%. Sales of 23,000 metric tonnes are needed each week to reach the USDA forecast. On top

of the weekly exports, the USDA reported a sale of 100,000 tonnes of US hard red winter wheat to Iraq for the 2012/13 season. Argentina officials pegged the 2012/13 wheat planted area at just 4 million hectares and some private traders see even lower plantings. For 2011/12, the USDA had 5 million hectares harvested.

Technical Outlook

WHEAT (JUL) 05/18/2012: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 673 1/2. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 668 and 673 1/2, while 1st support hits today at 647 1/2 and below there at 632 1/4.

ENERGIES

ENERGY MARKET RECAP

5/17/2012

June Crude Oil closed down 0.28 at 92.53. This was 0.44 up from the low and 1.35 off the high.

June Heating Oil closed down 5.26 at 284.50. This was 0.39 up from the low and 6.01 off the high.

June RBOB Gasoline finished down 4.33 at 287.76, 5.24 off the high and 1.08 up from the low.

June Natural Gas finished up 0.02 at 2.64, 0.04 off the high and 0.13 up from the low.

June crude oil registered an inside day trading range but trended lower throughout the US trading session. While there was a level of support for WTI crude oil in the wake of the Seaway pipeline reversal, a sell off in equities and uncertainty surrounding the European debt situation weighed. That was especially the case in Brent crude oil, which fell to its lowest level since late-December and closed down around 2.0%. The crude oil market also sifted through headlines ahead of this weekend's G-8 meeting, where global leaders are expected to discuss the pressures hanging over the oil market and potential SPR release.

Technical Outlook

CRUDE OIL (JUN) 05/18/2012: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 90.97. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 93.41 and 94.54, while 1st support hits today at 91.63 and below there at 90.97.

RBOB GAS (JUN) 05/18/2012: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 282.48. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 290.91 and 295.12, while 1st support hits today at 284.60 and below there at 282.48.

HEATING OIL (JUN) 05/18/2012: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 279.50. The 9-day RSI under 20 suggests the market is

extremely oversold. The next area of resistance is around 287.68 and 292.29, while 1st support hits today at 281.28 and below there at 279.50.

LIVESTOCK

LIVE CATTLE RECAP

5/17/2012

June Live Cattle closed up 1.05 at 117.92. This was 0.47 up from the low and 0.05 off the high.

August Feeder Cattle finished up 1.60 at 159.92, 0.02 off the high and 0.52 up from the low.

June cattle traded moderately higher early and closed sharply higher on the session with the market experiencing the highest close since March 29th. Talk of a sharp drop in placements for April and likely May as well plus continued talk that beef demand is on the rise for active consumption weekends just ahead helped to support. Ideas that on-feed inventories will trend lower in the months just ahead helped to support and the discount of futures to last week's cash was also seen as a positive force. Boxed-beef cut-out values at mid-session were up \$.24 to \$191.22 which is up from \$189.92 last week at this time. Weekly U.S. beef export sales for the week ending May 10th came in at 14,400 metric tonnes, compared with the prior 4-week average of 17,700. Cumulative sales for 2012 have reached 395,000 metric tonnes, up 4.4% from last year's pace. Slaughter came in higher than expected at 128,000 head which could be a sign of stronger than expected demand from packers.

Technical Outlook

LIVE CATTLE (JUN) 05/18/2012: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. If yesterday's gap higher on the day session chart holds, additional buying could develop this session. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 11832.000. The next area of resistance is around 11817.000 and 11832.000, while 1st support hits today at 11767.000 and below there at 11730.000.

LEAN HOGS RECAP

5/17/2012

June Lean Hogs closed up 0.92 at 87.42. This was 0.57 up from the low and 0.37 off the high.

July hogs closed sharply higher on the session and up near the highs to see the highest close since April 19th. Fund trader buying was noted after the slightly higher trade early in the session with the market finding extra support from higher cattle prices into the mid-day. More talk of higher slaughter for Saturday (higher demand) plus news that cash markets in the Midwest traded steady to \$1.00 higher was enough good news to keep the buying trend in tact. Weakness in the pork product markets late yesterday helped to limit the advance and so did talk of hefty weights. Slaughter came in at just 410,000 head which was below trade expectations and could add to the sluggish demand concerns.

Technical Outlook

LEAN HOGS (JUN) 05/18/2012: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. Follow through buying looks likely if the market can hold yesterday's gap on the day session chart. Since the close was above the 2nd swing

resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 8830.000. The next area of resistance is around 8787.000 and 8830.000, while 1st support hits today at 8697.000 and below there at 8645.000.

FINANCIALS

BOND MARKET RECAP

5/17/2012

June Bonds finished up 1-180 at 148-120, 0-010 off the high and 1-190 up from the low.

June 10 Yr Treasury Notes closed up 0-110 at 133-245. This was 0-155 up from the low and 0-005 off the high.

Treasury prices exploded today in the wake of a series of US scheduled data points that rekindled fears of slowing again. With the dual bullish environment of slowing US numbers and ongoing Euro zone turmoil it wasn't surprising to see Treasuries forge another upside breakout. It was a little surprising to see Treasuries manage the rise today in the face of renewed talk of a need to raise the US debt ceiling again but in the past that issue has been fashioned into a bullish factor for bonds and notes. Some traders even suggested that sharp gains in gold prices today signaled a potential significant worsening of the Euro zone situation directly ahead and that in turn could have fed renewed buying interest into US Treasuries.

Technical Outlook

BONDS (JUN) 05/18/2012: The market rallied to a new contract high. Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 150-050. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 149-180 and 150-050, while 1st support hits today at 147-130 and below there at 145-260.

10 YR TREASURY NOTES (JUN) 05/18/2012: The market made a new contract high on the rally. Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 134-080. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 134-025 and 134-080, while 1st support hits today at 133-145 and below there at 132-315.

STOCK INDICES RECAP

5/17/2012

June S&P closed down 21.1 at 1301.3. This was 0.3 up from the low and 23.1 off the high.

June S&P E-Mini finished down 21.25 at 1301.25, 29.5 off the high and 0.75 up from the low.

June Dow finished down 161 at 12413, 172 off the high and 3 up from the low.

The June S&P 500 closed lower for the fifth consecutive session and down a little more than 4.0% from last Friday's high. US equity markets trended lower throughout the session, posting their lows of the session in the final minutes of trade. Some traders indicated that in addition to concerns over Greece, there was also talk that credit ratings on Spanish banks could see a downgrade. The market came under early selling pressure after this

morning's US economic data showed a weaker than expected read on the labor market. Probably more disappointing to equity markets was Philadelphia Fed manufacturing data that showed its first monthly decline in seven months. While there were better than expected earnings from Wal-Mart that helped its shares rally nearly 5.0% on the session. Equity markets will get the get a looks at pricing for Facebook's initial public offering after the close. A number of NASDAQ companies are expected to report earnings, including Brocade, Intuit and Applied Materials.

Technical Outlook

S&P 500 (JUN) 05/18/2012: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 1278.88. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 1316.14 and 1338.27, while 1st support hits today at 1286.45 and below there at 1278.88.

S&P E-MINI (JUN) 05/18/2012: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 1278.19. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 1316.37 and 1338.68, while 1st support hits today at 1286.13 and below there at 1278.19.

NASDAQ (JUN) 05/18/2012: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 2455.32. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 2537.62 and 2586.81, while 1st support hits today at 2471.88 and below there at 2455.32.

METALS

PRECIOUS METALS RECAP

5/17/2012

June Gold closed up 37.2 at 1573.8. This was 35.4 up from the low and 6 off the high.

July Silver finished up 0.824 at 28.02, 0.275 off the high and 0.54 up from the low.

Gold: Given the magnitude of the bounce in gold prices this morning, it would seem like the trade moved to increase its US easing expectations or perhaps the buyers of gold and silver were simply pricing in a noted turn for the worse in the Greek or Spain situation. More than likely the gold market was lifted by fresh easing hopes, as the US scheduled data today was patently weaker than initial expectations. As suggested in the mid day coverage, the real upward action seemed to come in relative proximity to the release of the disappointment in the Philly Fed readings. It should be noted that gold initially managed its recovery effort in the face of ongoing strength in the Dollar and weakness in US equities.

Silver: July silver managed a low to high morning bounce in excess of \$1.00 per ounce today. With the market managing the recovery in the wake of nearly a clean sweep of soft US data, it sure seemed like fresh Fed quantitative easing hopes were the inspiration for the bull camp. Seeing US Note yields return to the vicinity of record low levels, might have lent some support to silver and gold prices today but the market recently hasn't exactly garnered lift from falling interest rate news.

Technical Outlook

COMEX SILVER (JUL) 05/18/2012: The daily stochastics have crossed over up which is a bullish indication. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close below the 9-day moving average is a negative short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 2898.2. The next area of resistance is around 2855.0 and 2898.2, while 1st support hits today at 2743.0 and below there at 2674.3.

COMEX GOLD (JUN) 05/18/2012: The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 1607.7. The next area of resistance is around 1594.3 and 1607.7, while 1st support hits today at 1552.9 and below there at 1525.0.

COPPER MARKET RECAP

5/17/2012

July Copper closed up 0.10 at 347.90. This was 2.60 up from the low and 1.20 off the high.

The copper market diverged from the recovery action in the rest of the metals complex. In fact, gold and silver managed very significant recovery moves from their initial lows but copper process generally remained under pressure throughout the entire session. Clearly copper was undermined by softer than expected US scheduled data and for the time being the copper bulls weren't enticed into bidding up copper prices off hope that today's data might prompt the Fed to provide additional easing. It also seemed as if copper and energy prices remained off balance today because of residual Euro zone fears.

SOFTS

COCOA MARKET RECAP

5/17/2012

July Cocoa finished down 68 at 2224, 65 off the high and 4 up from the low.

July cocoa came under pressure from negative outside market factors once gains, and ended Thursday's session with sizable losses. A much weaker than expected Philly Fed survey added to the ongoing Greek debt crisis to weaken macro-economic sentiment, which weakened cocoa prices throughout the day. Reports of insect problems in several cocoa production areas in Nigeria provided some measure of support for the market early in the session. A sharp selloff in the British Pound was also felt to be a key negative factor for cocoa, as it encouraged arbitrage selling of ICE cocoa versus the LIFFE contract.

Technical Outlook

COCOA (JUL) 05/18/2012: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 2171. The next area of resistance is around 2258 and 2308, while 1st support hits today at 2190 and below there at 2171.

COFFEE MARKET RECAP

5/17/2012

July Coffee closed up 2.10 at 180.10. This was 3.70 up from the low and 0.70 off the high.

July coffee was able to overcome the negative impact from outside market factors and finished Thursday's session with moderate gains and with the first close above the 180.00 for two weeks. Carryover support from the LIFFE coffee contract reaching a fresh 8-month high this week was through to have helped ICE coffee recover from early pressure. Sluggish equity markets in the US and Europe weighed on prices but was offset by a Dollar pullback from 4-month highs. Expectations for a record-sized Brazilian coffee crop later on this year was also thought to have pressured coffee prices during the session.

Technical Outlook

COFFEE (JUL) 05/18/2012: The major trend could be turning up with the close back above the 40-day moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 183.75. The next area of resistance is around 182.30 and 183.75, while 1st support hits today at 177.90 and below there at 174.95.

SUGAR MARKET RECAP

5/17/2012

July Sugar closed up 0.13 at 20.86. This was 0.25 up from the low and 0.07 off the high.

July sugar closed higher for the 4th session in a row after the reversal action on Monday attracted increased buying interest from technical traders. In addition, talk of improving demand in the cash market after the recent break and ideas that the Brazil crop may not be as large as feared helped to support. Talk of a large supply from India and Thailand was seen as a limiting factor on the rally. There was some talk of possible Brazil export delays for the new crop season which added to the positive tone. Talk of Ukraine production coming in near 22.8% less than last year helped to support.

Technical Outlook

SUGAR (JUL) 05/18/2012: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 21.13. The next area of resistance is around 21.01 and 21.13, while 1st support hits today at 20.70 and below there at 20.50.

If you need help with risk analysis or strategies, please call Dave Hightower or Terry Roggensack at 312-786-4450.

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