

Agri Commodities Monthly



Rabobank

The Heat is On – weather has ag markets on edge

Weather is currently the focal point for agricultural commodity markets, supporting prices and increasing volatility. The tight supply of many products requires favourable conditions for production to replenish stocks, but in many producing regions adverse weather conditions are threatening output potential, and markets are reacting by pricing in production risks.

GRAINS & OILSEEDS

WHEAT



Divergent pressures in wheat market, but we maintain our downside bias

- Russian export prices have eased considerably and are undercutting those of other exporters
- US wheat prices are being underpinned by strength in the corn market due to threatening weather

CORN



Weather risks threaten our forecast for an easing in prices over 2H 2011

- We maintain our view that lower prices are more likely – but with significantly less confidence due to weather risks in the US
- Weather developments in the US over the next two months will be the predominate influence on prices for the coming season

SOYBEANS



Soybean prices are likely to outperform corn in 2H 2011 on increasingly bullish fundamentals

- We raise our nearby CBOT soybean price forecast as the US soybean crop is estimated to fall to the lowest since 2008/09
- Price volatility is likely to increase as the market trades on US weather and shifts into demand-rationing mode

PALM OIL



Palm oil prices are expected to continue easing, encouraging higher end user demand

- We maintain our view that MDEX palm oil prices will ease based on bearish fundamentals but not witness a significant selloff due to limited supplies of alternative vegetable oils
- Palm oil's price discount to alternative vegetable oils is likely to persist and encourage end user demand

SOFTS

SUGAR



Our sugar price forecast has been increased this month as lower supply from Brazil means tight short-term supply and a larger risk premium

- UNICA's new production estimates tightened the global balance sheet and decreased buffer stocks
- However, global new crop sugar supply is still forecast to be better than last season, and we expect this to send prices lower

COTTON



Cotton prices have fallen too far given a tight supply forecast and poor US crop conditions

- Short-term fundamentals and falling outside markets have led to front-month cotton prices falling below USD 1 per pound for the first time since September
- While market sentiment remains bearish due to lower demand, we see price support in the new season from thin stocks and lower US output

COCOA



We expect buying support from commercials to wane and the expanding 2010/11 crop estimates to pressure prices downward

- Ghana's state buyer (Cocobod) has increased their production forecast to 1 million tonnes while Ivory Coast deliveries are up 24% YOY
- Grinding reports show significant demand increases, but this is likely skewed due to facilities being closed

COFFEE



Coffee prices have returned close to the pre-frost lows and should continue to fall with benign weather

- Outside influences are expected to drive the flat price as the forecast 2011/12 deficit is likely priced into the current market
- Expectations of large crops in Vietnam in the fall and Brazil next year as well as possible selling by producers should pressure prices lower

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OUTLOOK

Weather is currently the focal point for agricultural commodity markets, supporting prices and increasing volatility. The tight supply of many products requires favourable conditions for production to replenish stocks and meet growing demand, but in many producing regions adverse weather conditions are threatening output potential, and markets are reacting by pricing in production risks. Given low global inventories for almost all agricultural markets, we expect weather and yield prospects to continue to be a key driver of prices until harvests are well underway in the Northern Hemisphere. There is simply not sufficient inventory levels in many markets to cope with below trend production which supports our outlook for prices remaining at elevated levels throughout the 2011/12 season.

Hot and dry conditions in the US are imperilling the corn, wheat, soybean, and cotton crops, and the Brazilian sugar crop has been revised lower due to climatic conditions. Negative weather impacts are the principal factor in the current sugar price rally, and have helped grain prices rebound quickly from the June sell-off. Cotton prices are falling strongly but we believe the drought conditions in the US growing regions will support the market moving forward. Overabundant rainfall across Europe is also raising concerns about grain quality, while in North Africa and the Middle East dry conditions prevail.

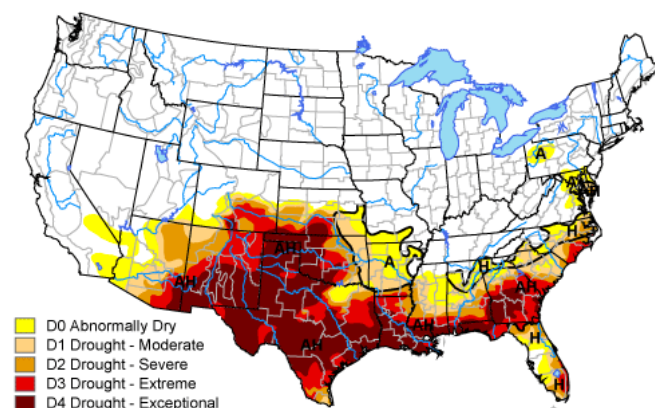
Inventory levels in many agricultural commodities are at historical lows which will likely cause price reactions to further deterioration in the weather to be significant and highly volatile. Early indications of bad weather will likely be reflected quickly in the prices of commodities. The recent frost scare in Brazil is likely to have had very little impact on production, but prices on the NY Arabica market increased 10% on the news. Given the fundamentals, market sensitivity to adverse weather news is expected to remain acute until stock levels can be rebuilt.

Rabobank quarterly average price forecasts

Commodity	unit	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11(f)	Q4'11(f)	Q1'12(f)	Q2'12(f)
Wheat	US\$/bu	658	713	793	753	705	700	700	650
Corn	US\$/bu	425	564	675	733	700	680	675	600
Soybeans	US\$/bu	1027	1248	1383	1363	1375	1325	1300	1200
Palm oil	MYR/t	2620	3308	3675	3345	3000	2900	2800	2600
Sugar	US\$/lb	20.1	29.1	30.6	24.4	26.0	23.0	21.0	21.0
Coffee	US\$/lb	175	205	258	271	245	220	210	180
Cocoa	US\$/tn	2876	2862	3314	3038	3000	2900	2900	3000
Cotton	US\$/lb	87.3	129.1	182.0	166.8	120.0	115.0	110.0	105.0

Source: Bloomberg, Rabobank

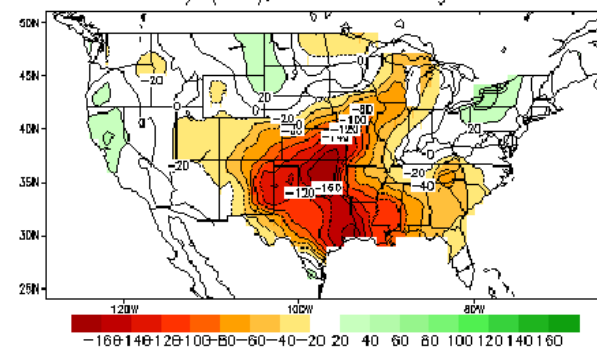
Current drought conditions in the US are threatening the grain, oilseed, and cotton crops



Source: Bloomberg, Rabobank

The soil moisture outlook from the NOAA suggests dry conditions to remain to the end of October

Lagged Averaged Soil Moisture Outlook for End of OCT2011
units: anomaly (mm), SM data ending at 20110719



Source: NOAA, Rabobank

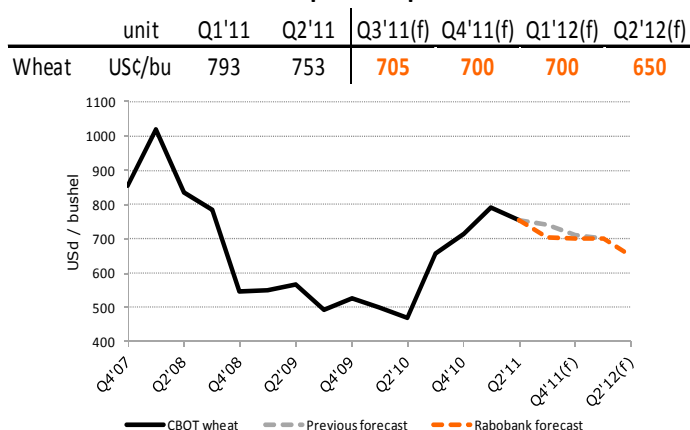
WHEAT



Divergent pressures in wheat market, but we maintain our downside bias

- Russian export prices have eased considerably and are undercutting those of other exporters
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Lower CBOT wheat prices expected in 2H 2011

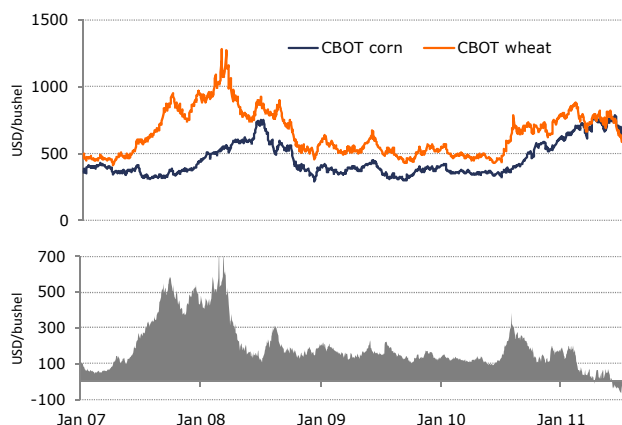


Source: Bloomberg, Rabobank

In line with our previous forecasts, we continue to expect an easing in wheat values over the second half of 2011 and into the first half of 2012. However, given the important growing stage in the season, our confidence levels are low due to the wide range of possibilities which remain for wheat, soybeans, and corn. This time last year, grain markets had been quite lacklustre until the Russian drought and subsequent export ban and with grain inventory levels so low; it will only take one production event this season to see a similar performance from prices. Adding further complexity to the current outlook is the macroeconomic picture which is far from clear given the on-going sovereign debt concerns in the euro zone and the fast approaching deadline to amend the debt ceiling in the US, which is weighing on investor confidence. Much depends on near-term developments in the progress of the US corn crop. Adverse hot and dry conditions are threatening yields and a continuation of this heat system would likely to drag the entire grains complex higher.

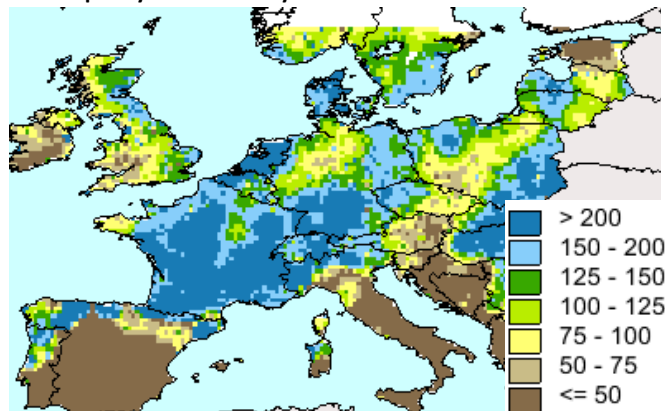
Wheat prices have traded a wide range over the past month, and this volatility looks set to continue over the coming months as diverging forces continue to influence the market. Reflecting these diverging factors and the uncertainty in the global wheat market, nearby CBOT wheat prices have traded a range of USD 3.13 per bushel versus a range of USD 2.00 and 1.85 for corn and soybeans respectively. The re-emergence of Russia onto the world wheat export market in June dragged world wheat prices lower. However, prices have recovered strongly in the first half of July as wheat prices have followed corn higher amid weather concerns.

US wheat will be closely linked with corn price movements over coming months with the spot markets trading at parity



Source: Bloomberg, Rabobank

Excess rain in Europe during harvest threatens to downgrade wheat quality for a second year in a row



Source: Bloomberg, Rabobank

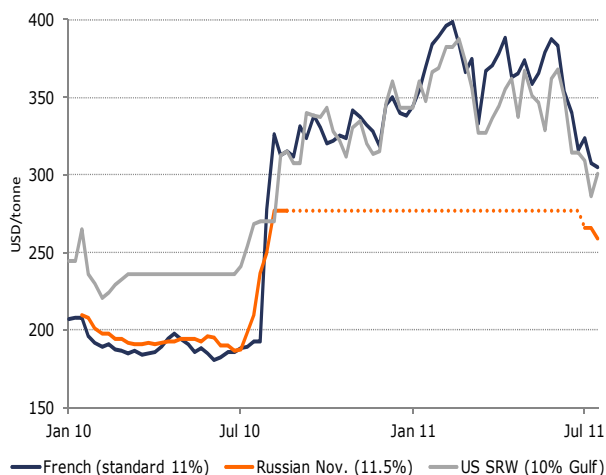
Wheat market dynamics alone appear bearish at current price levels with Russia's re-emergence onto the world wheat market likely to provide a drag on any further upside moves. Russian cash wheat prices have collapsed by 16% in June and first half of July, following the government's announcement 28 May that the grain export ban (in place since August 2010) would not be extended into the new crop year. The differentials between Russian export bids and those of traditional wheat exporters have gapped higher with current levels out of Rostov some USD 40 to USD 55 per tonne below US SRW gulf or French Rouen values. Some suggest that this weakness in Russian cash wheat values indicates that carry-over stock levels from last season were significantly higher than official estimates, while others believe it is an effort to 'buy back' importer trust. After initially hesitating to re-engage, Egypt's GASC (the government's wheat procurement body) have purchased solely Russian wheat in its last two tenders of 360 thousand tonnes in the first half of July. Perhaps Russia is on its way to re-instating itself as the predominant exporter of wheat to Egypt, after having been eclipsed in the 2010/11 season by the EU.

Given such extreme price differentials between Russia and competitor exporters, it appears likely that Russia will continue to win an increased share of global wheat demand. Ordinarily we would be expecting global export prices to follow Russian prices lower in order to maintain export demand. However, as wheat is substituted for corn in the US feed mix and as EU stock levels are already at tight levels, we may start to see a dislocation occurring in the market.

Elsewhere, abundant rainfall across most of western Europe has raised fears of protein and quality downgrades for a second successive year and threaten to re-ignite protein spreads. While in Australia the wheat-growing season began with favourable crop conditions across the country. Western Australia has received significant rainfall during the growing season, however, the subsoil moisture deficit remains a hurdle to crop production. In contrast, the east coast has had a dry start to winter – with crops relying on the significant sub-soil moisture stored from last season. On a positive note, the Australian weather bureau's outlook shows an improvement in rainfall prospects throughout the remainder of the winter crop growing season, with the chances of a wetter-than-normal growing season now at 50%. Rabobank expects MY 2011/12 crop production to be sustained at an above average level, yet likely fall short of the bin-buster harvests of MY 2010/11 as yields moderate back towards average levels. The crop is also likely to be of far better quality than the 2010/11 crop.

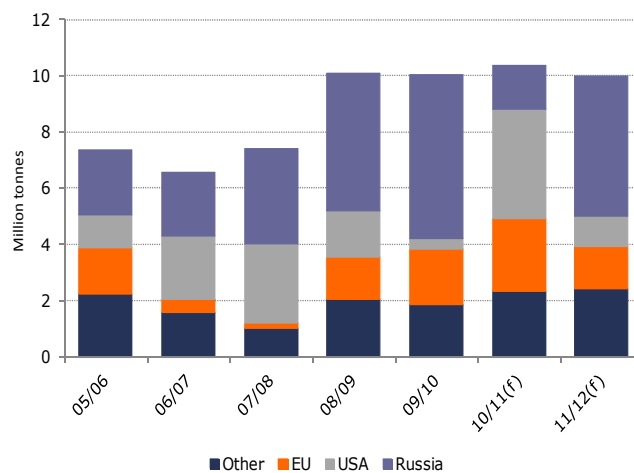
In Argentina, expectations for area planted to wheat have been reduced from 4.9 million hectares to 4.7 million hectares. So far, 67% has been planted (3.1 million hectares). This reduction is due to farmers' hesitance to plant wheat under the current domestic rules; export restrictions result in weak demand from exporters and domestic prices are substantially below parity. Instead, some farmers have turned to other winter crops such as malting barley. Unfavourable weather in some areas at planting time also prevented the wheat area from expanding further. However, the area represents a 9% increase from last year. Assuming yields at 2.8 tonnes per hectare — lower than last year's spectacular yields, but in line with historical averages — we forecast the Argentine wheat crop to reach 13 million tonnes.

Russian wheat export prices have collapsed and are now significantly below US and EU prices



Source: Bloomberg, Rabobank

Russia lost its position as top exporter to Egypt in 2010/11 but has secured the past two import tenders from GASC



Source: USDA, WCA Corp., Rabobank

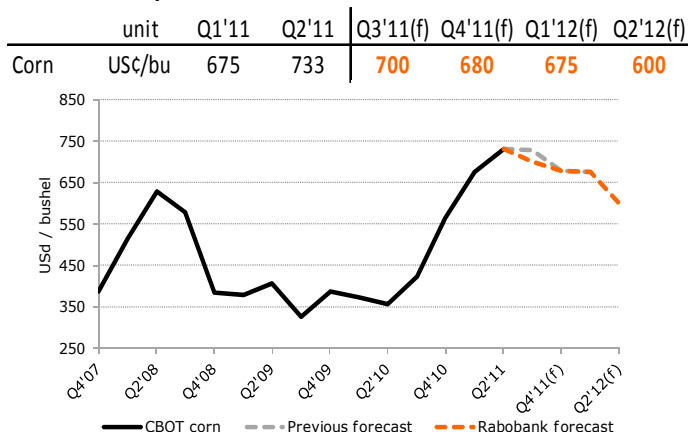
CORN



Weather risks threaten our forecast for an easing in prices over 2H 2011

- We maintain our view that lower prices are more likely – but with significantly less confidence due to weather risks in the US
- Weather developments in the US over the next two months will be the predominate influence on prices for the coming season

Our corn price forecast remains bearish for 2H 2011

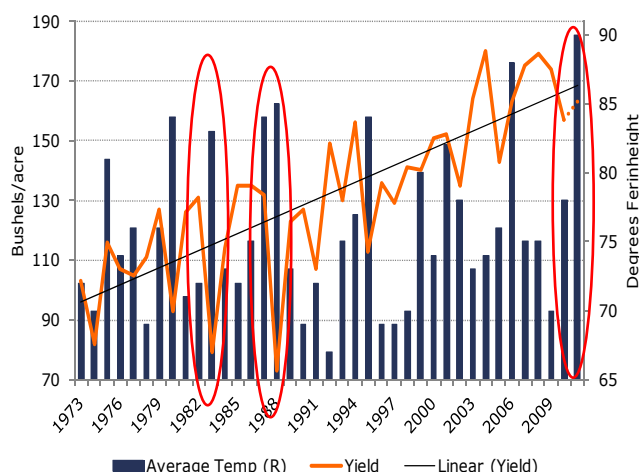


Source: Bloomberg, Rabobank

We maintain our view — as indicated last month — that lower corn prices are more likely over the second half of 2011 than we have seen in the first half of the year but with less confidence, due to the increasing yield risk in the US caused by adverse weather developments. Given the historically low inventory levels estimated to be carried into the 2011/12 season (we are using 850 million bushels which implies a stocks to use ratio of 6% in the US) any reduction in projected corn yields will be bullish for prices, even at current elevated price levels. While we believe it is still too early to adopt a significant downgrade from the USDA's July WASDE estimate of 158.7 bushels per acre, the risk of yield revision is clearly being skewed to the downside. There also remains a risk that we see an area downgrade in the August WASDE as the USDA will include the data from the states they have re-surveyed on planted acreage. This month's production risks are a potential game-changer for prices, and if adverse weather persists through into August, we will need to revisit our mildly bearish view on prices.

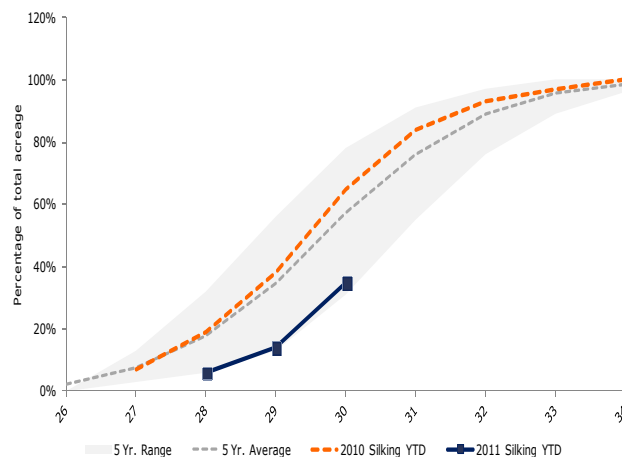
New corn crop prices are set to remain volatile given such an uncertain production outlook with a classic weather market to be the predominant driver over the next one or two months. This week's NASS crop ratings added further uncertainty into the market by dropping the national corn good/excellent rating by 3 percentage points to 66% versus 72% last year. Significant downgrades were recorded in Kansas, Illinois and Indiana where hot/dry conditions have been the most severe as they have encroached into the corn-producing regions from the south. We expect a slide in ratings is likely again next week given the impact of this week's heat, although some isolated rainfall should help. Not only did the crop condition ratings slip by an unusually high 3 percentage points this week, but according to NASS crop development is also well behind normal levels with 35% of the crop silking versus 62% last year and a 5-year average of 47%.

High average July temperatures can crimp Illinois corn yields significantly – this seasons temperatures are set for a record



Source: USDA, NOAA, Rabobank

US crop development is well behind normal levels –with only 35% silking versus a 5 year average of 45%



Source: USDA, Rabobank

This crop's slower-than-normal development was expected on the basis of delayed plantings in the eastern Corn Belt and into the Northern Plains due to excessive moisture. However, it does contribute to the increasing risk of a sub-optimal yield this season.

Fundamentals are forecast to tighten in the global corn market, despite recent high prices encouraging a strong production response from world producers. While weather holds the key for new crop yields in the US at present, the USDA is forecasting an impressive 6% growth rate for world corn production to a record 872 million tonnes.

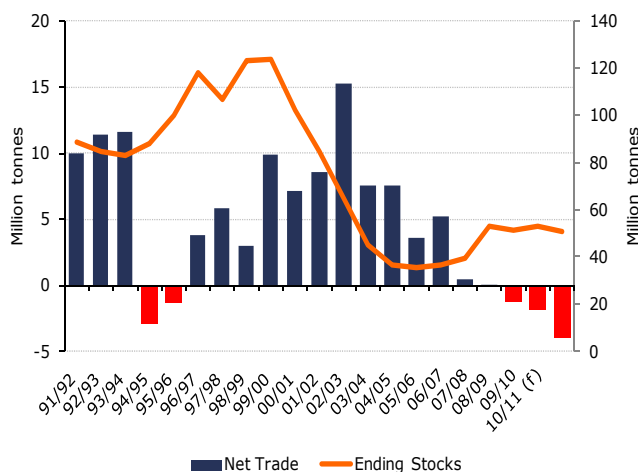
In Brazil, despite corn price levels well above the historical average, many farmers have been disappointed with this year's harvest, as adverse weather has greatly affected yields and profits. In Mato Grosso and Parana, the two largest production regions of the winter corn crop, the fields had already been impacted by drought earlier this year, but the more severe damage occurred closer to harvest when a harsh frost hit over 70 % of the crop. The severe impact has been officially confirmed at least by the government of the state of Parana. According to their official report, about 35% of the second corn crop was lost. As a result, the initial production estimate for the second crop in the state of 8.12 million tonnes, was slashed by over 3 million tonnes. Similar damage levels are estimated to have been incurred in Mato Grosso, although official numbers are yet to be released. All in all, the production of winter corn in Brazil is expected to total around 16 million tonnes — 5 million tonnes below the Brazilian government's early July forecast. This in turn will lower total Brazilian corn production for 2010/2011 to around 50 million to 52 million tonnes versus the USDA's current estimate of 55 million tonnes.

Rabobank's Argentine grains analyst is forecasting an impressive increase in domestic planted area for corn of around 15% for the 2011/12 season. This expected increase is a result of extremely favourable producer margins from corn, as well as crop rotation needs in several areas. Planting is still a few months away and intentions may be altered by global market developments or weather, but early projections indicate that the Argentine corn crop may increase 18% YOY to reach 26 million tonnes in 2011/12.

While market focus is rightfully centred on the supply side of the ledger at present, it is worth highlighting some of the recent developments we are monitoring for corn demand. Chinese corn imports from the US have increased in the second half of June amid easing US prices with the arbitrage for imports into China attracting fresh buying interest. We are estimating that around 3 million tonnes of US new crop corn was booked by China and have now amended our 2011/12 balance sheet to a total import estimate of 4 million tonnes for the season, the highest since 1994/95.

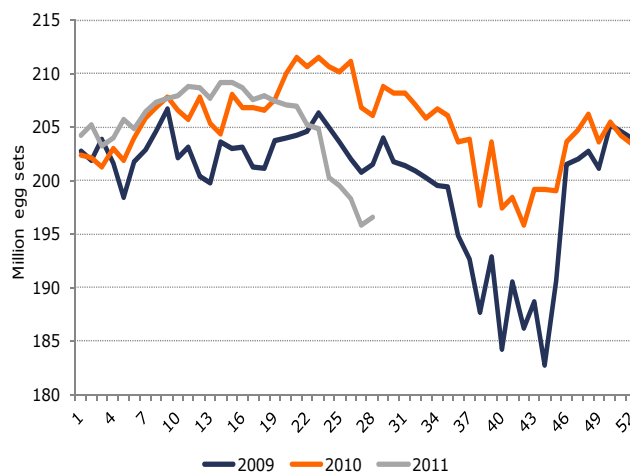
Demand destruction is now confirmed in the US poultry industry with year-over-year egg sets continuing to trail year-earlier levels — the latest weekly data is down 6% YOY — as product prices have failed to keep pace with input costs this season. While we are approaching the end of the 2010/11 season (end August), cash markets in the US remain tight, and with poor new crop conditions in the southern corn-growing regions of the US, margins are likely to remain under pressure until new crop harvest gathers pace.

Chinese corn imports are forecast to reach their highest level since the 1994/95 season



Source: Bloomberg, Rabobank

US egg sets stop the week on week, slide but remain well down on year earlier levels



Source: Bloomberg, Rabobank

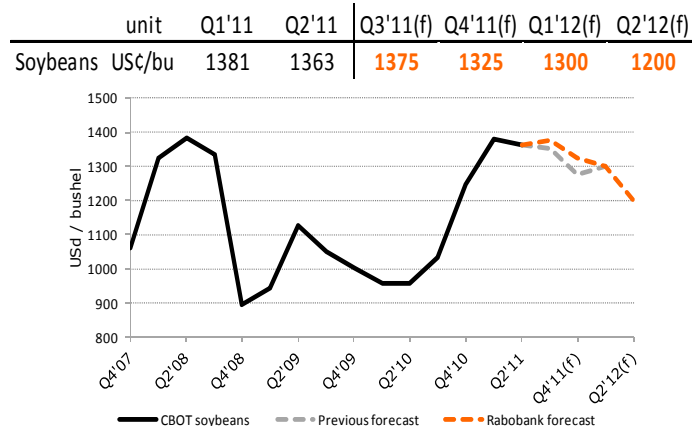
SOYBEANS



Soybean prices are likely to outperform corn in 2H 2011 on increasingly bullish fundamentals

- We raise our nearby CBOT soybean price forecast as the US soybean crop is estimated to fall to the lowest since 2008/09
- Price volatility is likely to increase as the market trades on US weather and shifts into demand-rationing mode

Downside bias maintained, but Q3 CBOT soybean price forecast increased on lower US production

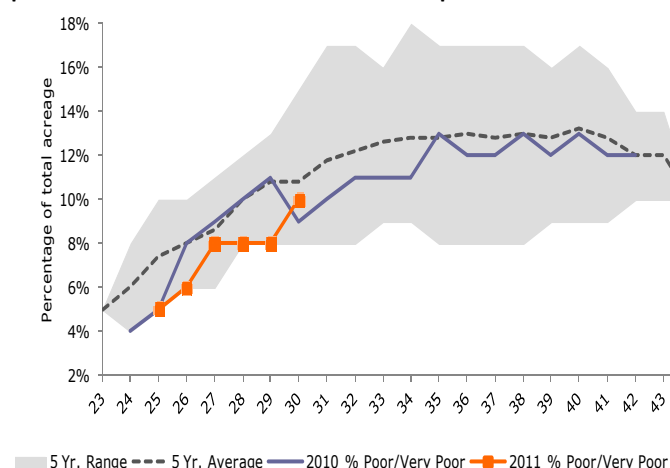


Source: Bloomberg, Rabobank

We raise our nearby CBOT soybean price forecast as fundamentals turn increasingly bullish due to lower-than-expected US production. We believe the USDA is over-stating the area planted and harvested for the US soybean crop, particularly given the hot, dry weather which is stressing crops. We expect downward revisions to the USDA's production forecast by roughly 65 million bushels in the August WASDE — due to above-average share of double-crop soybeans and unfavourable weather conditions. While we expect corn will continue to be the dominant market mover leading into the August WASDE report, we view soybeans' value relative to corn as unsustainably low. Both US and global soybean ending stocks are expected to decline in 2011/12, which will support prices in order to ration demand. The degree of demand-rationing needed will largely be determined by US weather and to what extent it causes US soybean production to fall below the USDA's forecast.

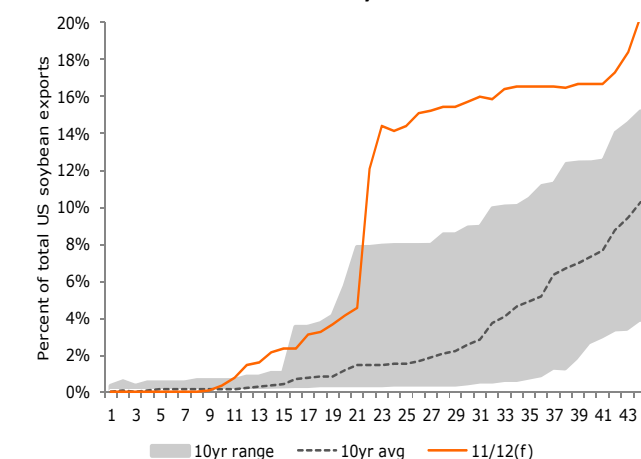
US soybean production is likely to drop to a 3-year low due to lower harvested area and poor weather. In its 30 June planting report, the USDA reported US farmers planted 75.2 million acres of soybeans — the smallest area since 2008. Given the strong incentive for farmers to plant corn and the adverse weather conditions, we expect this area could be lowered by 200,000 acres when the USDA revises this number 11 August. While the USDA lowered their expectations for soybean plantings in the Dakotas from the prospective plantings report, they still expect a record-high combined 8.5 million acres from North and South Dakota. The USDA also reported an above-average amount of double-crop soybeans at more than 6% (nearly 5 million acres) of the total. More than 3 million of these double-cropped soybean acres were reportedly be planted in the southern states which had already been experiencing drought conditions leading into the current heat wave. At the time the USDA collected data for the report, many of these acres had not been planted yet and are likely to remain unplanted or result in a below-average harvested percentage. There is also an increasing risk of yield

Heat stress has caused the amount of US soybeans in poor/very poor conditions to rise 5% to 10% over the past 5 weeks



Source: USDA, Rabobank

New crop US soybean export sales are record high with more than 20% of USDA's forecast already sold



Source: USDA, Rabobank

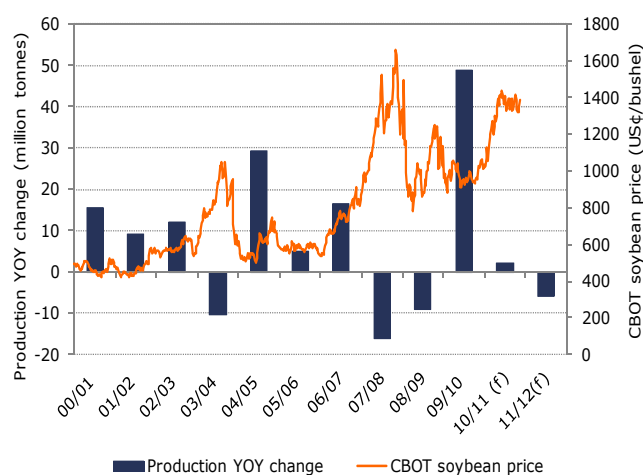
loss before the soybean crop enters its key yield-determining phase in August. The late planted crop is already showing signs of stress as the most recent USDA weekly crop progress report showed the amount of soybeans in poor or very poor condition has risen to 10% — the highest amount for this time of year since 2008/09 when yields fell below 40 bushels per acre. This weekly report will be closely watched as another 4% or more of the crop being downgraded to poor/very poor would lend us to crimp our yield expectations further.

Global soybean production is likely to decline for a second year in a row. We expect soybean production outside of the US to face a similar situation of YOY decline as farmers are incentivised to increase the area planted to grains and cotton. We forecast world soybean production in 2011/12 to be nearly 2% below USDA's 261 billion tonne forecast and expect the countries with the most downside in production will be Argentina, China and India. This would be the first year of declining soybean availability since CBOT soybean prices hit their record-high of USD 16.63 per bushel in 2008. But with so much time left in the growing season, it is unlikely that CBOT soybean prices will post a new high as we forecast the global stocks-to-use ratio to be 3.6% above the low reached in 2008/09 at 22.8%. However, under a worse-case scenario in production this could support prices moving to the previous highs of more than USD 16 per bushel.

Soybean prices must transition into demand-rationing mode due to the shrinking expectations of global production. The recent pace of US export sales and biodiesel production have been running at an unsustainable pace given the outlook for a smaller crop in 2011/12. Already more than 20% of the expected US soybean export volume for 2011/12 has been sold — a record-large amount for this time of year and would imply an export program 30% above USDA's forecast. This is contrary to the USDA's recent downgrade of their forecast for China's soybean imports in 2011/12 by 1.5 million tonnes to 56.5 million tonnes. Soybean crush margins have turned positive in China after being negative for most of the first half of 2011. Furthermore, near record-high hog prices have increased hog profitability considerably — implying higher, not lower import demand. The pace of US soybean oil use has also increased in recent months — drawing down soy oil stocks to the lowest level since 2009. Record-high biodiesel production margins have increased demand for soybean oil used in methyl ester to increase 5 consecutive months. This pace of both domestic and export demand will not be sustainable for rapidly shrinking US soybean crop.

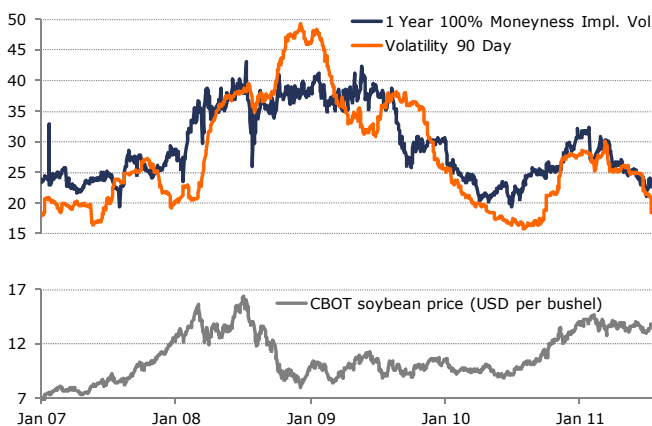
Given the increasing supply-side uncertainty developing in the soybean complex, we expect price volatility to increase from its relatively low levels. We maintain our view that soybean prices, along with the entire grains and oilseeds complex, will move lower during the second half of 2011. However, given the mounting weather risks, it is likely the range in which CBOT soybean prices trade increases as the market attempts to value the size of the US soybean crop. The type of price movements we expect to see are in stark contrast to the narrow trading range of less than USD 2.00 per bushel witnessed during the first half of 2011. In a worse-case scenario for US soybean production, we note the potential upside in excess of USD 16.00 per bushel should the US crop conditions continue their rapid descent. However, there is still a window of opportunity for the US weather to improve giving downside risk to our price forecast. As a result, we look for US weather to drive prices leading into the August WASDE, and with so many uncertainties in the market, we expect volatility to increase from the current low levels.

A YOY decline in global soybean production will continue to support prices



Source: Bloomberg, Rabobank

We expect CBOT soybean price volatility to increase driven by uncertainties surrounding the size of the US crop



Source: USDA, Bloomberg, Rabobank

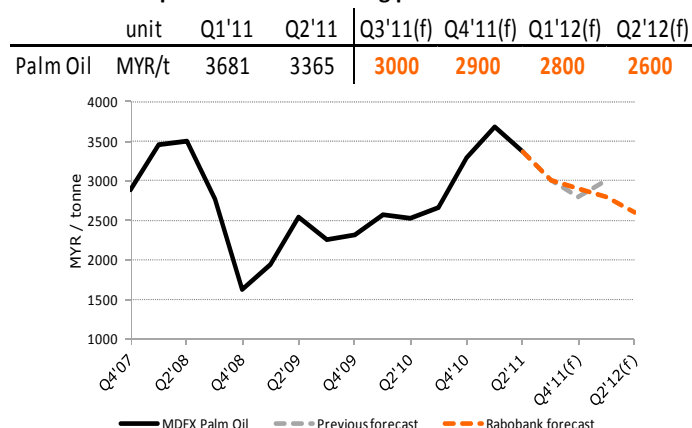
PALM OIL



Palm oil prices are expected to continue easing, encouraging higher end user demand

- We maintain our view that MDEX palm oil prices will ease based on bearish fundamentals but not witness a significant selloff due to limited supplies of alternative vegetable oils
- Palm oil's price discount to alternative vegetable oils is likely to persist and encourage end user demand

MDEX Palm oil price forecast of easing prices into 2012 maintained

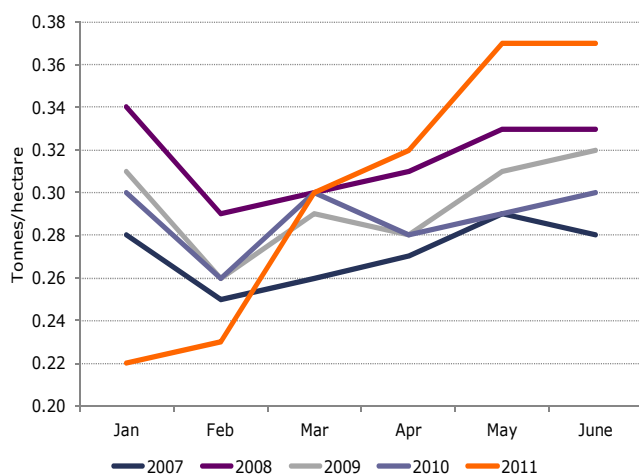


Source: Bloomberg, Rabobank

We expect palm oil's discount versus alternative vegetable oils to continue to widen due to strong production growth. Palm oil yields and production in Malaysia continued to rebound in June, rising more than 20% YOY. Malaysia's production reached the highest level since October 2009 at 1.98 million tonnes. Exports of palm oil from Malaysia rose 6% MOM in June to 1.43 million tonnes; Indonesia's exports rose to 1.2 million tonnes in April from 0.82 million tonnes in March. We expect the continued rebound in palm oil availability to further increase palm oil's price discount to alternative vegetable oils such as soy oil which is now more than USD 20 0 per tonne. This will continue to encourage major consuming countries, such as China and India, to increase palm oil imports. India's palm oil imports rose more than 30% MOM in June to 738,000 tonnes. Furthermore, India's palm oil imports have accounted for more than 76% of their total vegetable oil imports YTD, up from 71% at the same time last year. Imports to China rose to 513,868 tonnes in June — the highest amount this year.

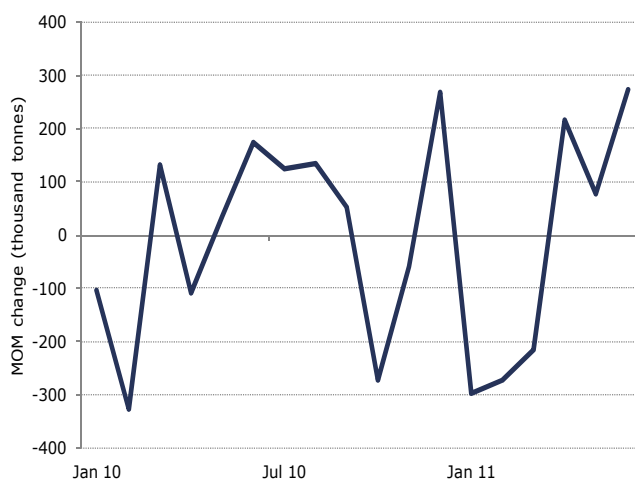
While underlying palm oil fundamentals appear bearish, we do not expect MDEX palm oil prices to see a massive selloff due to continued support from the CBOT soybean complex. In isolation, the outlook for MDEX palm oil prices is bearish. However, we expect palm oil prices will benefit from a YOY decline in global soybean production and increased CBOT soybean price volatility due to weather concerns. Palm oil prices will also benefit from the declining prospect of the global rapeseed crop. The stocks-to-use ratio of the world's vegetable oils are expected to drop below 7% in 2011/12 for the first time in nearly 40 years. Given the continued tightness of global vegetable oils, we do not expect a significant decline in MDEX palm oil prices.

Malaysia's palm oil yields have increased more than 20% YOY to 0.37 tonnes/hectare



Source: MPOB, Rabobank

Combined edible vegetable oil imports of China and India have shown MOM increases for 3 consecutive months



Source: Bloomberg, Rabobank

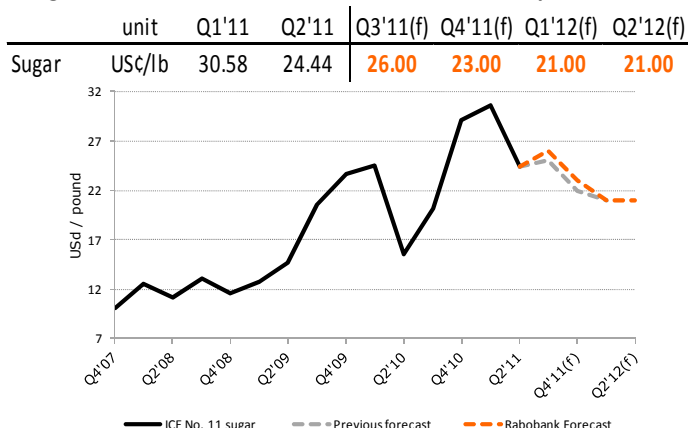
SUGAR



Our sugar price forecast has been increased this month as lower supply from Brazil means tight short-term supply and a larger risk premium

- UNICA's new production estimates tightened the global balance sheet and decreased buffer stocks
- However, global new crop sugar supply is still forecast to be better than last season, and we expect this to send prices lower

Sugar #11 forecast raised due to lower Brazilian output estimates

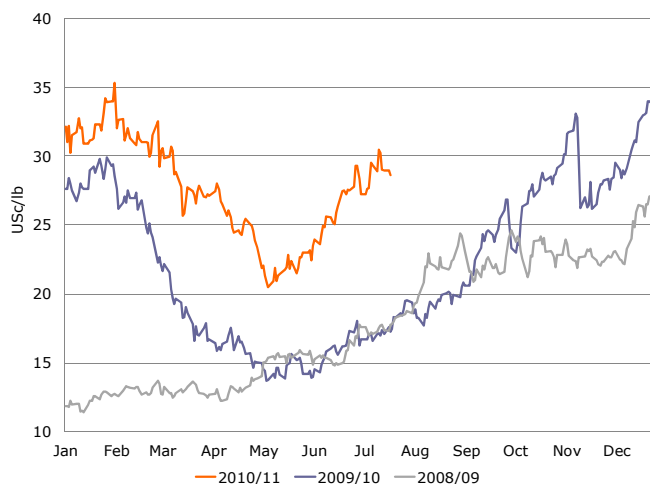


Source: Bloomberg, Rabobank

Sugar prices have rallied on lower output expectations, but given the forecast new season surplus we expect prices to ease moving forward. Front month prices on the NY exchange have dropped 7% in the week to 20 July, but are still up 41% in the past two and a half months as Brazilian production continues to be the major concern of the market. However, the price impact of the lower Brazilian output will likely be mitigated in the new season by a larger surplus which we currently forecast to be 9.8 million tonnes. With improved production in the EU and Russia along with increased supply in Thailand and India, the balance sheet tightness is expected to be relieved in the new season and prices to fall.

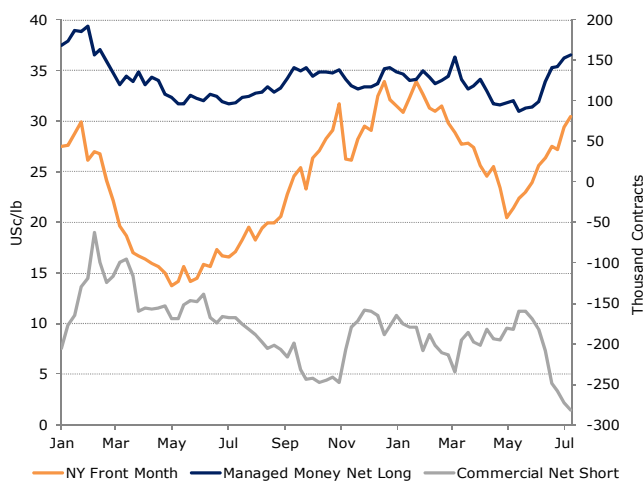
The managed money net long position in the NY raw sugar market has grown 80% from 17 May to 12 June as a steady supply of bullish news has encouraged speculators buying. The speculator net long position is now the largest since 17 February 2010 when the front month price was US\$ 27.36 per pound. From that position prices fell to US\$ 13.75 per pound over the next five months and the speculator net long position fell 41%. We would expect the speculator position to fall quickly on bearish fundamental indicators. Short covering by commercials has also been a major driver for higher prices; the producer/user net short position increased 77% from 17 May to 12 July. In our view, due to the medium term supply situation with better crops expected in the Northern Hemisphere, Thailand and India, speculators will likely cover long positions, take profit off the table and reduce their positions given the increasing risk of a bearish move in prices.

The front month raw sugar price movements in the past three seasons have followed a pattern of rallying though the summer



Source: Bloomberg, Rabobank

The managed money net long position has increased on buying while the commercial net short has grown due to short covering



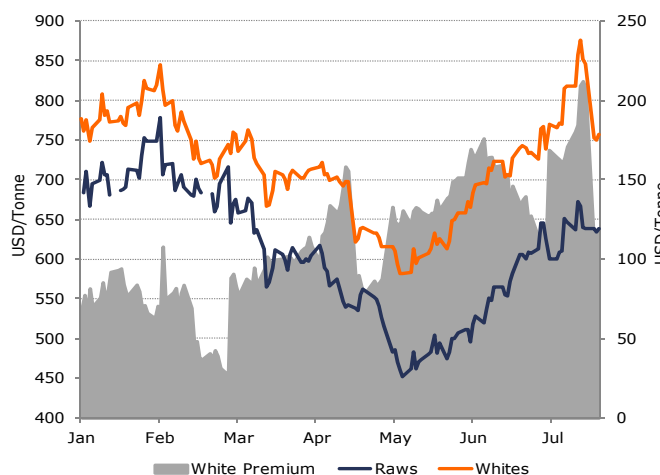
Source: Rabobank, CFTC

UNICA released a revised production estimate for the 2011/12 harvest in Centre/South Brazil, lowering its cane production forecast to 534 million tonnes (4% below production in 2010/11), and reducing forecast cane quality to 135.7 kg ATR/tonne cane (3.4% below performance in 2010/11). With respect to cane quality, cane flowering is more prevalent than normal in the most important production regions, and infestation of sugarcane borer also is starting to raise some concerns. There are also worries that a spell of low temperatures at the end of June/beginning of July may have caused some frost damage. As a result of lower forecast cane production and cane quality, sugar production and export availability have been revised to 32.4 and 23.1 million tonnes, respectively compared with UNICA's preliminary forecast of 34.6 and 24.9 million in March. Meanwhile, projected ethanol production was put at 22.5 billion litres, 12% below the March projection, and 11% below production in 2010/11. Due to high international sugar prices, Brazilian mills are maximising sugar production at the expense of ethanol. A low projected crop and a growing flex fuel fleet, have created a tight domestic market for Brazilian ethanol. The government is struggling to assure that the production of ethanol is sufficient to at least meet the mandatory amount of anhydrous ethanol in the gasoline blend. In an effort to do so, it is very likely that the current blend of anhydrous ethanol on gasoline (25%) will be reduced to 18%. Even with a prompt reduction in the anhydrous ethanol blend, the domestic ethanol supply/demand balance is likely to be tight in 2011. This suggests that ethanol prices should be relatively firm over the course of the harvest, which in turn should support sugar prices. We estimate that current mill returns from ethanol are equivalent to a fob raw sugar price of close to Usd 22 per pound.

In Australia, the cane crush continues with delays with the prevalence of stand-over cane likely to be supportive for international prices in the short term. Stand-over cane – unharvested plants from the previous season – is a major hurdle as the heavy and fibrous nature of the plants slows processing. As much as one million tonnes of stand-over cane still needs to be cut, and given the progress and state of the crop some of it might not be harvest. New cane sugar content is averaging around 10-11% and the crush is expected to yield 4.1 million tonnes. Exports are forecast to be 2.8 million tonnes for 2011/12. Mills expect the crush to be complete by mid-December and the supply will help alleviate modestly the tight conditions expected in the coming months due to the lower Brazilian crop.

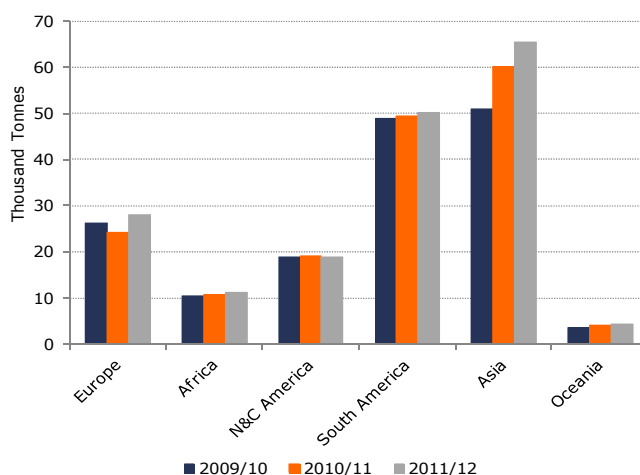
In India a better domestic crop is now expected which will increase availability, help ease prices and may result in further exports. The Indian government has reported that as of 8 July the area under sugarcane reached 5.138 million hectares, compared to 4.9 million hectares a year ago. This is an increase of 4.9% over the same period last year. We forecast 2011/12 production to reach 28.4 million tonnes, up from 26.5 million the previous season. Ex-factory prices across India have moved up by INR 1-1.5 per kg since mid-June as an additional 500,000 tonnes of sugar exports being allowed under the Open General License (OGL). Also supporting higher domestic cash prices is the likely increase in demand for the festival season in the coming months. Given the period of high demand and growing prices, further exports are not expected to be allowed in 2010/11, but with a forecast increase in production of 1.9 million tonnes for 2011/12 an increase in exports in the new season is expected.

Prices have come off after UNICA production estimates were released and we expect them to continue to ease



Source: Bloomberg, Rabobank

A forecast increase in output in the new season is expected to weigh on sugar prices



Source: Rabobank

COTTON

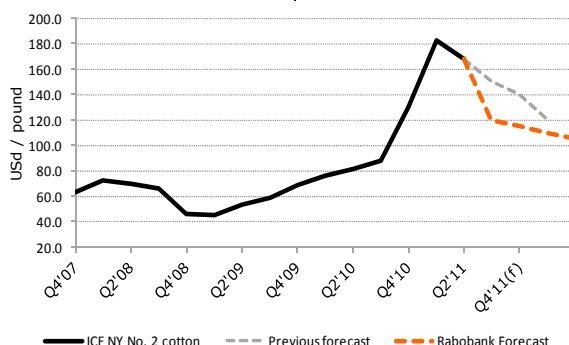


Cotton prices have fallen too far given a tight supply forecast and poor US crop conditions

- Short-term fundamentals and falling outside macro markets have led to front-month cotton prices falling below USD 1 per pound for the first time since September
- While market sentiment remains bearish due to lower demand, we see price support in the new season from thin stocks and lower US output

Cotton No. 2 price forecast is lowered on continued loss of demand

	unit	Q1'11	Q2'11	Q3'11(f)	Q4'11(f)	Q1'12(f)	Q2'12(f)
Cotton	US\$/lb	182.2	168.0	120.0	115.0	110.0	105.0

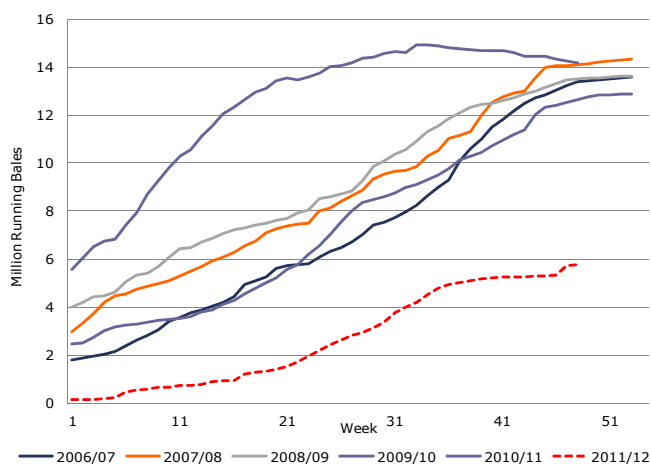


Source: Bloomberg, Rabobank

Demand destruction incurred due to high prices and the expectation of larger crops in Asia has resulted in a 53% price correction in the front month futures contract on the New York exchange, but further downside is expected to be limited due to the forecast tight balance sheet of the new season and a smaller US crop. We do not anticipate a price rally given the bearish sentiment in the market, the increased use of substitutes and the concerns about the global economic outlook, but we see current price levels on the New York exchange deriving support from new season buying and further reductions in US crop expectations. While new crop US production concerns are mitigated by larger crops elsewhere, the supply of exportable cotton globally is forecast to decrease until Southern Hemisphere harvests begin in the fall of 2012. The US is forecast to account for 40% of all exports in 2010/11, but due to the smaller crop and thin carryover stocks in the new season, the US is not expected to have the supply to allow such pace to continue. Outlook for 2011/12 suggests global supply will be more abundant, but ending stocks will still be at historically low levels, and supply from the US is seen as too limited for prices to correct beyond the US\$ 80 per pound level for a sustained period.

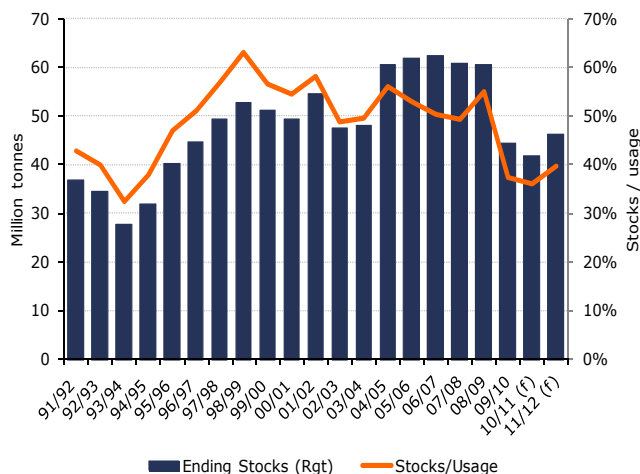
Bearish indicators abound in the cotton market, suggesting an over-correction of prices could occur, we expect this could lead to a sharp recovery. Mills in China and India are reportedly awash with high-priced yarn supplies that buyers are not interested in due to expectations of cheaper material in the new season. Cancellations of US old crop export sales continue, and the USDA will likely have to revise lower the export forecast for the 2010/11 season. Although 778,525 bales of export sales have been cancelled in the past 15 weeks for the 2010/11 season, China alone has purchased 4,569,169 bales for the 2011/12 season, suggesting demand is being pushed forward and will be friendly for prices in the new season.

Old crop export sales cancellations continue while new crop US export sales are strong a sign demand is shifting out



Source: Rabobank, USDA

Global cotton ending stocks are forecast to improve in the new season but remain historically low



Source: Rabobank

COCOA

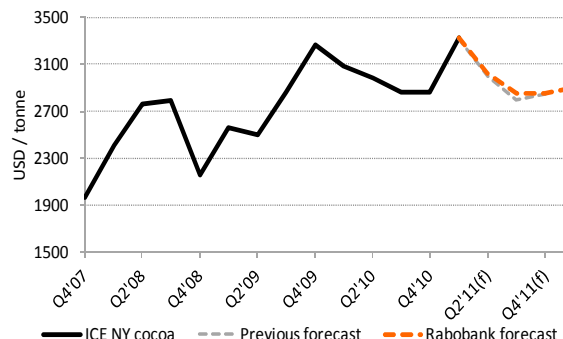


We expect buying support from commercials to wane and the expanding 2010/11 crop estimates to pressure prices downward

- Ghana's state buyer (Cocobod) has increased their production forecast to 1 million tonnes while Ivory Coast deliveries are up 24% YOY
- Grinding reports show significant demand increases, but this is likely skewed due to facilities being closed in Ivory Coast

NY cocoa price forecast has been adjusted slightly higher

	unit	Q4'10	Q1'11	Q2'11(f)	Q3'11(f)	Q4'11(f)	Q1'12(f)
Cocoa	US\$/t	2857	3322	3025	2850	2850	2900

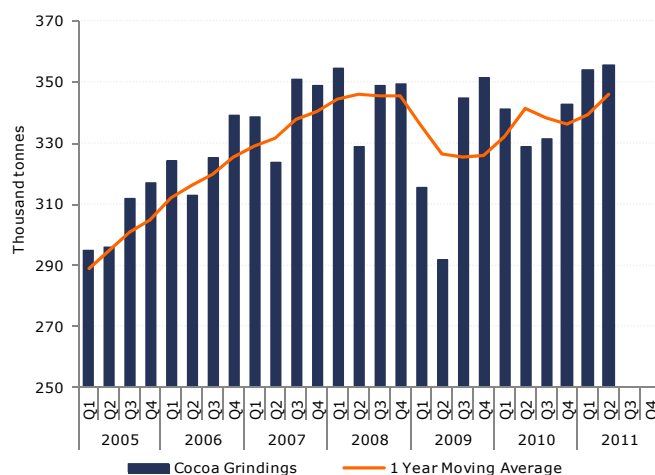


Source: Bloomberg, Rabobank

Cocoa terminal market prices have increased in the past month as strong grinding reports and continued commercial buying have supported values along the curve. Concerns about widespread black pod problems in the new season crop in Indonesia and Ivory Coast have also been friendly for prices. Continued rainfall in the areas is spreading the disease and exacerbating the problem. The front month contract in NY is up 11% from the recent low of USD 2,863 USD per tonne on 6 June 2011. In our view, the current season surplus, now forecast at 292,000 tonnes, will result in lower prices over coming months/SH 2011. The 2010/11 carryover, the second largest ever, is expected to be sufficient to cover the current industry demand and offset the forecast deficit in the new season.

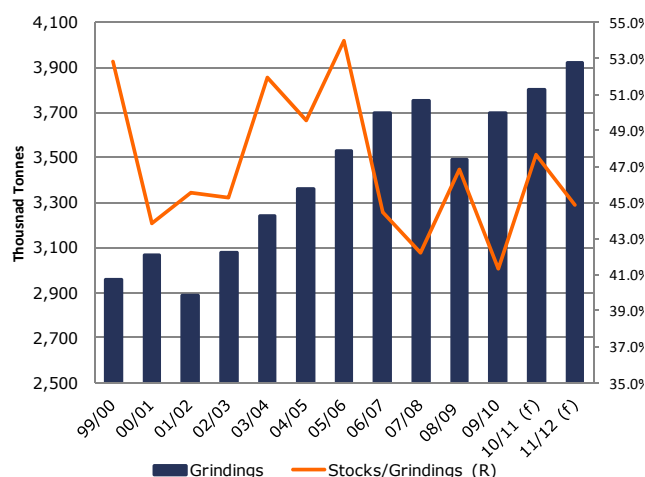
Supporting the view that terminal prices will ease in the new season is our expectation that demand for cocoa in the new season will increase only moderately from the current marketing year with much of the growth in the powder market in emerging countries. The Q2 2011 grinding data from North America and Europe showed strong expansion, with grindings in both regions up 7.6% from Q2 2010, but this is likely due to production being shifted from Ivory Coast. The number one producer of cocoa is the third-largest grinder, and when grinding facilities were shut down due to the civil war, processing was displaced to Europe and North America. We forecast global grindings to increase 2.7% in 2010/11 from the previous season's growth of 6% as high terminal market prices as well as tight availability have encouraged users to draw down stocks. For the coming season, we expect lower cocoa bean prices to encourage buying, but for demand growth to be limited in Europe and North America. While grindings are projected to grow to the highest level ever in 2011/12, the large stocks carried over from the current bumper season mean the stocks-to-grinding ratio will be above the five-year average.

European cocoa grindings were highest since records began in 1999 as Ivory Coast production shut down



Source: Rabobank, ECA

Global grindings are expected to reach a record in the new season but the stocks-to-use ratio will remain near average



Source: Rabobank

COFFEE

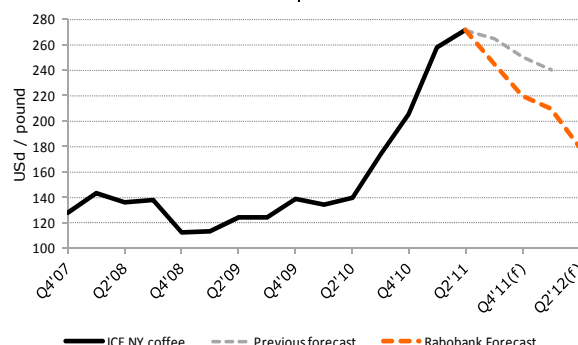


Coffee prices have returned close to the pre-frost lows reached in June and should continue to fall with benign weather

- Outside influences are expected to drive the flat price as the forecast 2011/12 deficit is likely priced into the current market
- Expectations of large crops in Vietnam in the fall and Brazil next year as well as possible selling by producers should pressure prices lower

The "C" contract price forecast is lowered

	unit	Q1'11	Q2'11	Q3'11(f)	Q4'11(f)	Q1'12(f)	Q2'12(f)
Coffee	US\$/lb	258	271	245	220	210	180

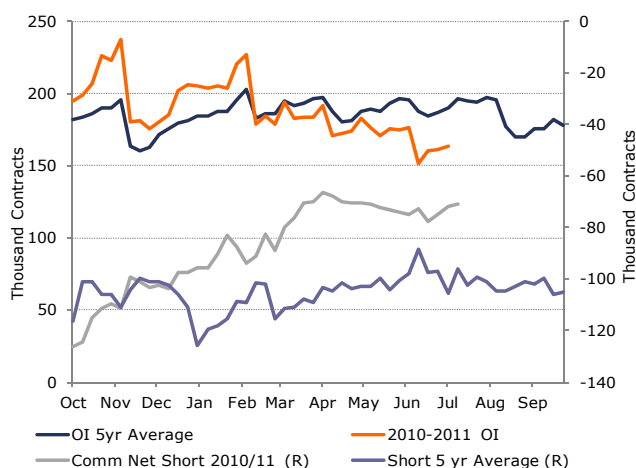


Source: Bloomberg, Rabobank

We believe coffee prices will continue the downward trend begun at the start of May as priced in new season fundamentals, and a well covered industry, will result in waning buying support from both speculators and commercials. The commercial net short position in the NY market is also small relative to the five-year average, suggesting more producer selling may need to occur. Outside markets have begun to exert a stronger influence on the NY terminal market as the fundamental situation remains generally unchanged; the global economic situation has many speculative investors concerned about commodity risk, and with the fundamental news vacuum, the coffee markets are moving with outside markets. The correlation between the Arabica front month price in NY and the moves of both non-commercials and commercials has fallen significantly since March suggesting fundamentals are making less of an impact on prices. The correlation between contract prices and the S&P agricultural index has increased, an indication that prices are being influenced more by macro impacts such as the sovereign debt crisis or hints the FED may engage in further quantitative easing. Coffee prices are likely to continue to trade on a day-to-day basis together with outside markets, and we expect they will continue the downward trend into the new season

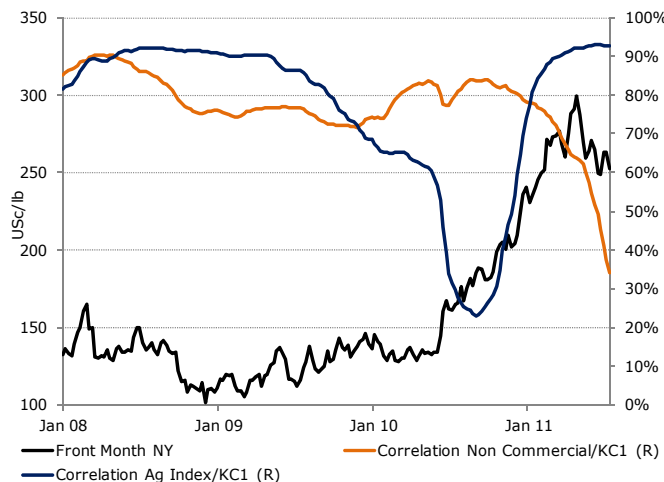
The robusta cash market in Vietnam is very tight as high prices have led to an unsustainable export pace and much of the remaining stock at origin lies in strong hands only selling at large premiums. However, the impact on the Robusta market in London is dampened due to increasing certified stocks, which have nearly doubled in 2011, but this supply is more costly relative to origin beans. Front month prices in London are at 2011 lows, and we view the robusta outlook as more bearish than that for Arabica in the short term due to the record Vietnam harvest forecast for November.

In NY the commercial net short position is smaller than the 5-year average and open interest has been falling since February



Source: Bloomberg, Rabobank

The correlation between NY and non-commercial moves has fallen but has increased between NY and the general ag index



Source: Rabobank, Bloomberg

Monthly Chart Pack

Global Agri Commodity Balance Sheets

Global Corn Supply & Demand

(1000 Ha/1000 Mt)					Rabobank		USDA	
	06/07	07/08	08/09	09/10	10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	124,594	110,069	132,272	147,243	143,629	118,301	143,629	120,880
Area Harvested	149,577	160,534	158,417	157,714	162,723	167,017	162,723	167,017
Yield	4.8	4.9	5.0	5.2	5.0	5.1	5.0	5.2
Production	713,451	793,615	798,824	812,976	816,000	854,498	820,022	872,393
Imports	90,417	98,489	82,587	90,285	88,067	93,303	91,267	91,663
Total Supply	928,462	1,002,173	1,013,683	1,050,504	1,047,696	1,066,102	1,054,918	1,084,936
Exports	94,041	98,614	84,467	96,977	88,843	91,523	90,157	94,917
Feed Consumption	477,364	496,838	479,294	483,507	493,072	510,967	495,101	517,296
FSI Consumption	246,988	275,404	300,851	326,391	347,481	355,642	348,780	357,059
Total Consumption	724,352	772,242	780,145	809,898	840,552	866,609	843,881	874,355
Total Usage	818,393	870,856	864,612	906,875	929,395	958,132	934,038	969,272
Surplus Deficit	-10,901	21,373	18,679	3,078	-24,552	-12,111	-23,859	-1,962
Ending Stocks	110,069	131,317	149,071	143,629	118,301	107,970	120,880	115,660
Stocks/Usage	15.2%	17.0%	19.1%	17.7%	14.1%	12.5%	14.3%	11.9%

Global Soybean Supply & Demand

(1000 Ha/1000 Mt)					Rabobank		USDA	
	06/07	07/08	08/09	09/10	10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	53,237	62,990	51,423	42,676	59,346	65,784	59,346	65,875
Area Harvested	94,256	90,674	96,367	102,150	103,503	102,759	103,503	104,565
Yield	2.5	2.4	2.2	2.6	2.5	2.5	2.5	2.5
Production	237,126	221,006	211,952	260,838	263,045	256,483	263,693	261,453
Imports	69,066	78,118	77,376	86,801	91,325	98,366	89,820	94,866
Total Supply	359,429	362,114	340,751	390,315	413,716	420,634	412,859	422,194
Exports	71,321	79,589	76,842	92,649	96,527	98,623	92,792	97,576
Crush	195,610	201,819	193,222	209,534	220,808	232,290	223,809	232,355
Seed/Feed/Residual	29,508	27,800	28,115	28,786	30,596	30,413	30,383	30,296
Total Consumption	225,118	229,619	221,337	238,320	251,404	262,704	254,192	262,651
Total Usage	296,439	309,208	298,179	330,969	347,932	361,326	346,984	360,227
Surplus/Deficit	9,753	-10,084	-8,851	16,670	6,438	-6,477	6,529	-3,908
Ending Stocks	62,990	52,906	42,572	59,346	65,784	59,308	65,875	61,967
Stocks/Usage	28.0%	23.0%	19.2%	24.9%	26.2%	22.6%	25.9%	23.6%

Global Wheat Supply & Demand

(1000 Ha/1000 Mt)					Rabobank		USDA	
	06/07	07/08	08/09	09/10	10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	150,313	130,646	125,949	166,239	198,294	190,416	198,294	187,117
Area Harvested	213,261	217,908	224,721	227,312	222,386	224,318	222,386	225,076
Yield	2.8	2.8	3.0	3.0	2.9	2.9	2.9	3.0
Production	596,106	611,231	682,190	684,251	647,668	652,510	648,213	664,337
Imports	114,589	113,666	136,933	133,577	127,687	125,448	125,422	124,324
Total Supply	861,008	855,543	945,072	984,067	973,649	968,374	971,929	975,778
Exports	111,598	117,416	143,660	135,846	126,910	125,539	126,396	127,590
Feed Consumption	107,902	98,117	117,885	117,193	118,817	120,611	119,957	121,667
FSI Consumption	510,862	515,593	516,870	532,734	537,507	549,371	538,459	542,257
Total Consumption	618,764	613,710	634,755	649,927	656,323	669,982	658,416	663,924
Total Usage	730,362	731,126	778,415	785,773	783,233	795,521	784,812	791,514
Surplus Deficit	-22,658	-2,479	47,435	34,324	-8,655	-17,472	-10,203	413
Ending Stocks	130,646	124,417	166,657	198,294	190,416	172,853	187,117	184,264
Stocks/Usage	21.1%	20.3%	26.3%	30.5%	29.0%	25.8%	28.4%	27.8%

Source: USDA, Rabobank

Global Agri Commodity Balance Sheets

Global Cotton Supply & Demand

(1000 Ha/1000 480lb Bales)					Rabobank		USDA	
	06/07	07/08	08/09	09/10	10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	61,887	62,266	60,728	60,540	44,275	41,862	44,275	44,399
Area Harvested	34,580	32,917	30,603	30,114	33,502	35,923	33,502	35,557
Yield	3.5	3.6	3.5	3.4	3.4	3.4	3.4	3.5
Production	121,812	119,683	107,102	101,384	113,545	121,265	114,555	123,156
Imports	38,029	38,959	30,143	36,244	37,000	39,000	35,767	38,287
Total Supply	221,728	220,908	197,973	198,168	194,820	202,127	194,597	205,842
Exports	37,476	39,005	30,065	35,570	37,000	39,000	35,411	38,294
Loss	-1,811	-2,154	-2,679	-73	-147	-100	-147	-198
Use	123,797	123,329	110,070	118,396	116,105	116,917	114,934	116,746
Total Domestic Use	121,986	121,175	107,391	118,323	115,958	116,817	114,787	116,548
Total Usage	159,462	160,180	137,456	153,893	152,958	155,817	150,198	154,842
Surplus/Deficit	-1,985	-3,646	-2,968	-17,012	-2,560	4,348	-379	6,410
Ending Stocks	62,266	60,728	60,517	44,275	41,862	46,310	44,399	51,000
Stocks/Usage	50%	49%	55%	37%	36%	40%	39%	44%

Global Coffee Supply & Demand

(1000 60 kg bags)					Rabobank		USDA	
	05/06	06/07	07/08	08/09	09/10	10/11(f)	11/12(f)	10/11(f)
Beginning Stocks	41,664	32,629	35,108	31,274	34,136	27,235	29,365	25,838
Arabica Production	69,802	82,224	73,145	82,886	73,920	84,355	77,065	85,780
Robusta Production	46,894	49,569	49,950	50,712	52,971	55,475	56,750	53,279
Total Output	116,696	131,793	123,095	133,598	126,891	139,830	133,815	139,084
Imports	92,195	97,360	96,819	96,746	98,815	104,950	104,000	102,413
Total Supply	250,555	261,782	255,022	261,618	259,842	272,015	267,180	267,335
Exports	92,829	102,799	96,439	99,452	101,263	105,600	104,000	104,967
Soluble Use	12,963	12,857	13,584	12,376	13,144	13,400	13,900	13,865
Use	112,159	111,043	113,725	115,654	118,200	123,650	126,160	117,160
Total Consumption	125,122	123,900	127,309	128,030	131,344	137,050	140,060	131,025
Total Usage	217,951	226,699	223,748	227,482	232,607	242,650	244,060	235,992
Surplus/Deficit	-8,426	7,893	-4,214	5,568	-4,453	2,780	-6,245	8,059
Ending Stocks	32,604	35,083	31,274	34,136	27,235	29,365	23,120	31,343
Stocks/Usage	26%	28%	25%	27%	21%	21%	17%	27%

Global Sugar Supply & Demand

(1000 Mt)							Rabobank	
	04/05	05/06	06/07	07/08	08/09	09/10	10/11(f)	11/12(f)
Beginning Stocks	68,192	61,758	64,384	72,824	73,898	62,257	56,424	59,512
Production	141,036	151,320	166,469	166,855	151,834	158,622	167,784	178,139
Imports	47,256	48,805	46,767	45,393	46,951	53,058	54,920	52,344
Total Supply	209,228	213,078	230,852	239,679	225,732	220,879	224,207	237,651
Exports	50,187	50,674	51,930	51,423	51,285	56,438	55,518	52,344
Consumption	144,539	146,826	152,865	159,752	159,954	161,076	164,098	168,294
Total Usage	144,539	146,826	152,865	159,752	159,954	161,076	164,098	168,294
Surplus/Deficit	-3,503	4,495	13,603	7,103	-8,119	-2,454	3,686	9,845
Ending Stocks	61,758	64,384	72,824	73,898	62,257	56,424	59,512	69,357
Stocks/Usage	43%	44%	48%	46%	39%	35%	36%	41%

Global Cocoa Supply & Demand

(1000 Tonnes)							Rabobank	
	04/05	05/06	06/07	07/08	08/09	09/10	10/11(f)	11/12(f)
Gross Production	3,381	3,786	3,434	3,752	3,616	3,630	4,133	3,907
Ivory Coast	1,286	1,408	1,229	1,382	1,222	1,245	1,390	1,260
Ghana	599	740	614	729	662	620	960	775
Net Production	3,256	3,748	3,400	3,694	3,542	3,594	4,092	3,868
Grindings	3,363	3,530	3,700	3,750	3,491	3,700	3,800	3,920
Surplus/Deficit	-107	218	-300	-56	51	-106	292	-52
Ending Stocks	1,666	1,906	1,645	1,584	1,635	1,529	1,821	1,769
Stocks to Use	49.5%	54.0%	44.5%	42.2%	46.8%	41.3%	47.9%	45.1%

Source: Rabobank

US Agri Commodity Balance Sheets

US Corn Supply & Demand

(Mln acres/Mln bu.)	05/06	06/07	07/08	08/09	09/10	Rabobank		USDA	
						10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	2,114	1,967	1,304	1,624	1,673	1,708	850	1,708	880
Area Harvested	75.1	70.6	86.5	78.6	79.5	81.4	84.9	81.4	84.9
Yield	147.9	149.1	150.7	153.9	164.7	152.9	157.0	152.8	158.7
Production	11,112	10,531	13,038	12,092	13,092	12,447	13,329	12,447	13,470
Imports	9	12	20	14	8	25	15	30	20
Total Supply	13,235	12,510	14,361	13,729	14,773	14,180	14,194	14,185	14,370
Exports	2,134	2,125	2,437	1,849	1,987	1,900	1,880	1,875	1,900
Feed Consumption	6,115	5,540	5,858	5,182	5,140	5,050	5,100	5,000	5,050
FSI Consumption	3,019	3,541	4,442	5,025	5,939	6,430	6,350	6,430	6,550
Ethanol Usage	1,603	2,119	3,049	3,709	4,568	5,050	4,950	5,050	5,150
Total Consumption	9,134	9,081	10,300	10,207	11,079	11,480	11,450	11,430	11,600
Total Usage	11,268	11,207	12,737	12,056	13,066	13,380	13,330	13,305	13,500
Ending Stocks	1,967	1,304	1,624	1,673	1,708	850	864	880	870
Stocks/Usage	17.5%	11.6%	12.8%	13.9%	13.1%	6.4%	6.5%	6.6%	6.4%

US Soybean Supply & Demand

(Mln acres/Mln bu.)	05/06	06/07	07/08	08/09	09/10	Rabobank		USDA	
						10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	256	449	574	205	138	151	215	151	200
Area Harvested	71.3	74.6	64.1	74.7	76.4	76.6	74.1	76.6	74.3
Yield	43.06	42.85	41.73	39.73	43.98	43.46	42.65	43.45	43.43
Production	3,068	3,197	2,677	2,967	3,359	3,329	3,160	3,329	3,225
Imports	3	9	10	13	15	15	15	15	15
Total Supply	3,327	3,655	3,261	3,185	3,512	3,495	3,390	3,495	3,440
Exports	940	1,117	1,159	1,279	1,501	1,520	1,485	1,520	1,495
Crush	1,739	1,808	1,803	1,662	1,752	1,650	1,655	1,650	1,655
Seed/Feed/Residual	199	157	94	106	108	110	117	125	114
Domestic Consumption	1,938	1,965	1,897	1,768	1,860	1,760	1,772	1,775	1,769
Total Usage	2,878	3,081	3,056	3,047	3,361	3,280	3,257	3,295	3,264
Surplus/Deficit	194	124	-369	-67	13	64	-82	49	-24
Ending Stocks	449	574	205	138	151	215	133	200	175
Stocks/Usage	15.6%	18.6%	6.7%	4.5%	4.5%	6.6%	4.1%	6.1%	5.4%

US Wheat Supply & Demand

(Mln acres/Mln bu.)	05/06	06/07	07/08	08/09	09/10	Rabobank		USDA	
						10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	540	571	456	306	656	976	843	976	861
Area Harvested	50.1	46.8	51.0	55.7	49.9	47.6	47.8	47.6	47.2
Yield	42.0	38.7	40.2	44.9	44.5	46.4	42.2	46.4	44.7
Production	2,103	1,808	2,051	2,499	2,218	2,208	2,015	2,208	2,106
Imports	81	122	113	127	119	110	110	100	100
Total Supply	2,724	2,501	2,620	2,932	2,993	3,294	2,968	3,284	3,067
Exports	1,003	908	1,262	1,015	881	1,275	1,140	1,286	1,150
Feed Consumption	157	117	16	255	148	170	190	135	220
FSI Consumption	994	1,020	1,035	1,005	988	1,006	1,026	1,003	1,026
Total Consumption	1,151	1,137	1,051	1,260	1,136	1,176	1,216	1,137	1,246
Total Usage	2,153	2,045	2,314	2,275	2,017	2,451	2,356	2,423	2,396
Surplus Deficit	31	-115	-150	351	318	-133	-231	-115	-190
Ending Stocks	571	456	306	656	976	843	612	861	671
Stocks/Usage	26.5%	22.3%	13.2%	28.9%	48.4%	34.4%	26.0%	35.5%	28.0%

US Cotton Supply & Demand

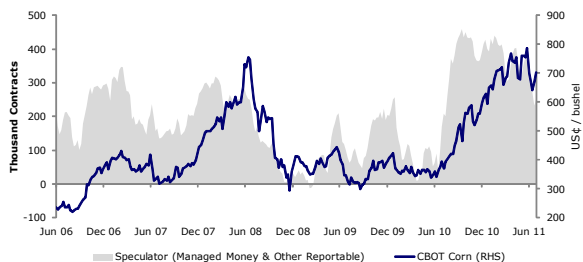
(Mln acres/1000 Bales)	05/06	06/07	07/08	08/09	09/10	Rabobank		USDA	
						10/11(f)	11/12(f)	10/11(f)	11/12(f)
Beginning Stocks	5,495	6,069	9,479	10,051	6,337	2,947	3,257	2,947	2,750
Yield	4.3	4.2	4.5	4.2	4.0	4.2	4.1	4.2	4.1
Production	23,890	21,588	19,207	12,815	12,188	18,100	15,700	18,104	16,000
Imports	28	19	12	0	0	10	5	5	5
Total Supply	29,413	27,676	28,698	22,866	18,525	21,057	18,962	21,056	18,755
Exports	17,673	12,959	13,634	13,261	12,037	14,000	12,000	14,500	12,000
Loss	-200	303	429	-319	80	0	-60	6	-45
Use	5,871	4,935	4,584	3,587	3,461	3,800	3,700	3,800	3,800
Total Usage	23,344	18,197	18,647	16,529	15,578	17,800	15,640	18,306	15,755
Net Trade	17,645	12,940	13,622	13,261	12,037	13,990	11,995	14,495	11,995
Surplus/Deficit	574	3,410	572	-3,714	-3,390	310	65	-197	250
Ending Stocks	6,069	9,479	10,051	6,337	2,947	3,257	3,322	2,750	3,000
Stocks/Usage	26.0%	52.1%	53.9%	38.3%	18.9%	18.3%	21.2%	15.0%	19.0%

Source: USDA, Rabobank

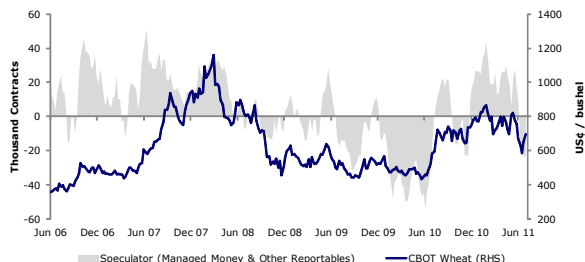
Speculator Net Positions*

12-Jul-11

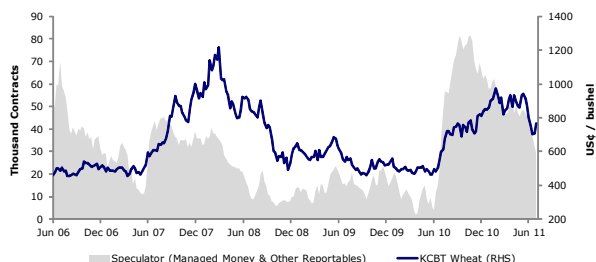
Speculator Net Length vs. CBOT Corn



Speculator Net Length vs. CBOT Wheat



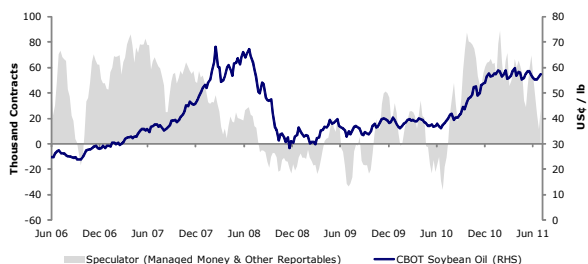
Speculator Net Length vs. KCBT Wheat



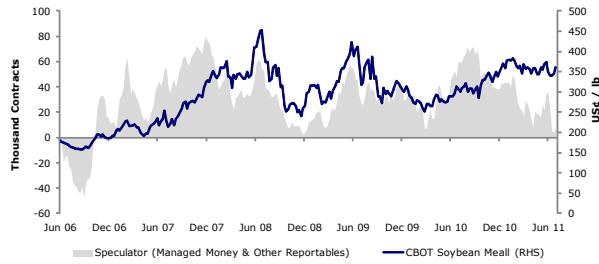
Speculator Net Length vs. CBOT Soybean



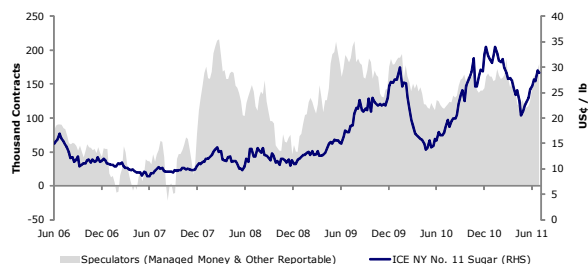
Speculator Net Length vs. CBOT Soybean Oil



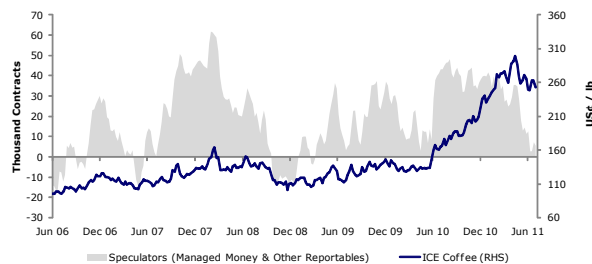
Speculator Net Length vs. CBOT Soybean Meal



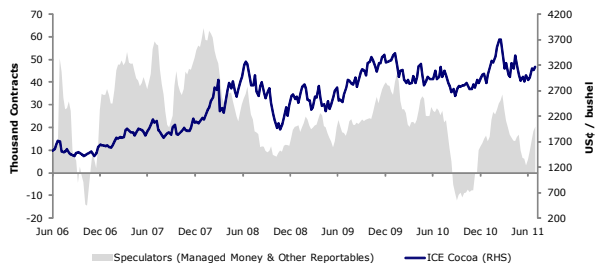
Speculator Net Length vs. ICE No.11 Sugar



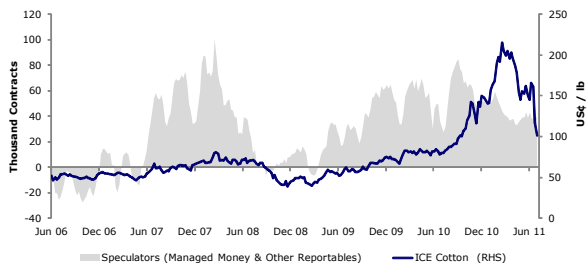
Speculator Net Length vs. ICE Coffee



Speculator Net Length vs. ICE Cocoa



Speculator Net Length vs. ICE No.2 Cotton

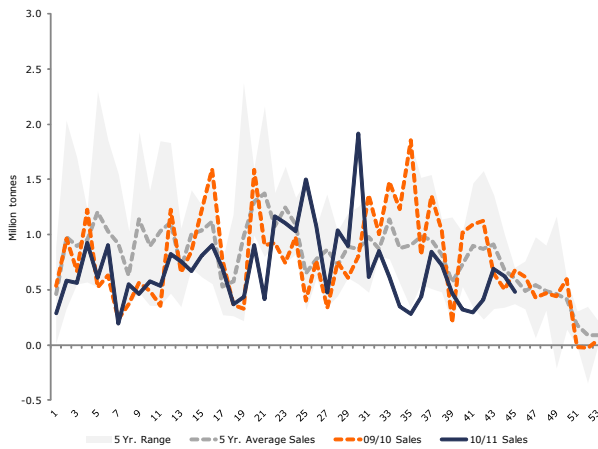


Source: CFTC, Bloomberg, Rabobank

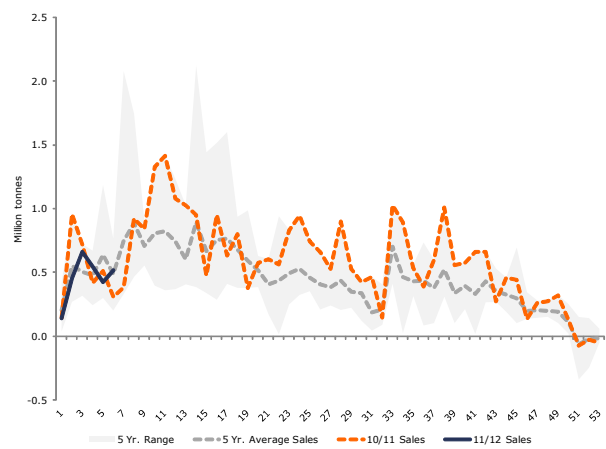
* Includes futures and options

US Export Sales

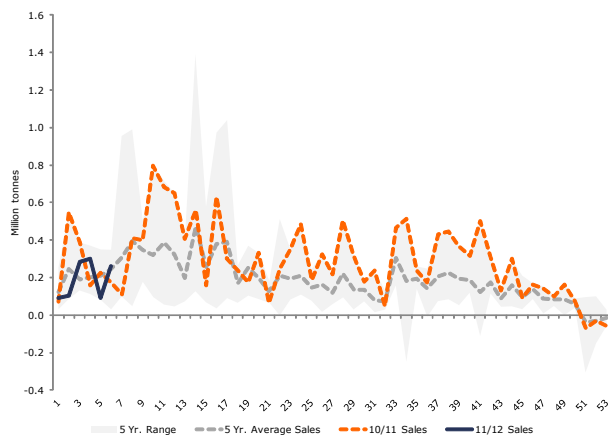
Weekly US Corn Export Sales



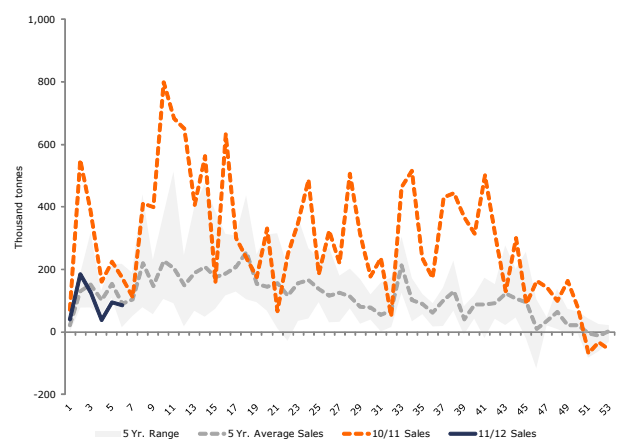
Weekly US Wheat Export Sales (All Wheat)



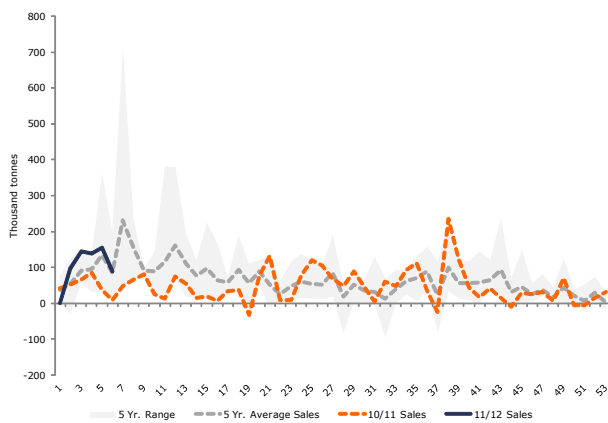
Weekly US Hard Red Winter Wheat Export Sales



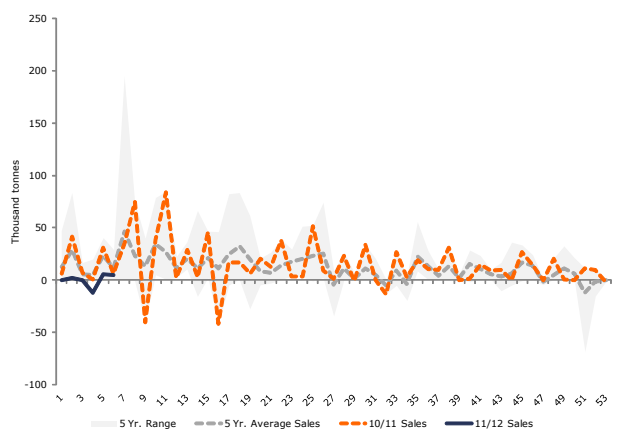
Weekly US Hard Red Spring Wheat Export Sales



Weekly US Soft Red Winter Wheat Export Sales



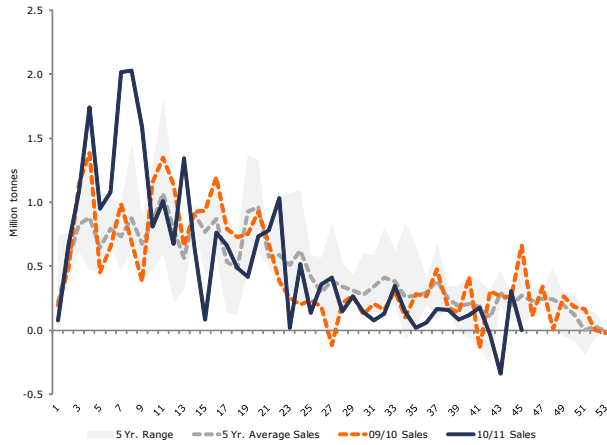
Weekly US Hard Red Spring Wheat Export Sales



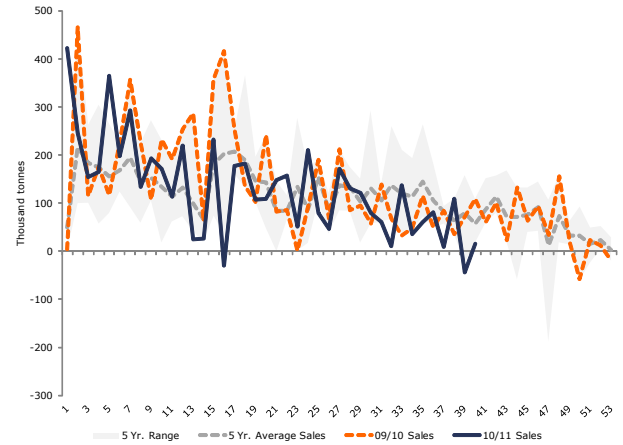
Source: USDA, EU Commission, Rabobank

US Export Sales

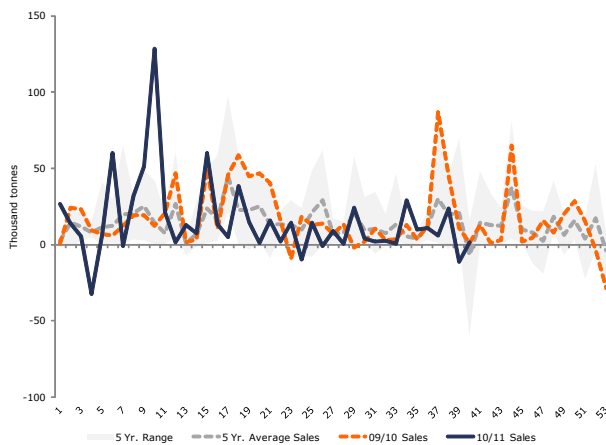
Weekly US Soybean Export Sales



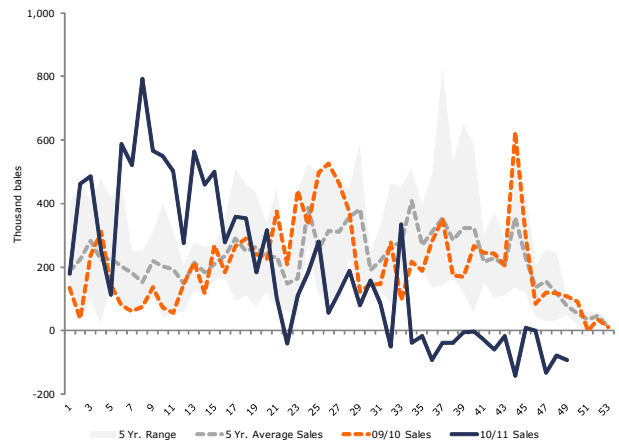
Weekly US Soybean Meal Export Sales



Weekly US Soybean Oil Export Sales



Weekly US Cotton Export Sales



Source: USDA, EU Commission, Rabobank

Benchmark Agricultural Commodity Prices

Derivative Markets

As of: 22-Jul-2011

		Prices		Month on Month		Year-to-Date		Volatility									
		Current	Close Prev.	Mth.	Net Chg.	Percent Chg.	Net Chg.	Percent Chg.	90D Historical	1 Mth. Chg.	3 Mth. Implied	1 Mth. Chg.	12 Mth Avg. Impl	12 Mth High Impl.	12 Mth Low Impl.		
Grains & Oilseeds																	
CBOT Wheat	US¢/bu	678.25	638.25	⬆️	40.0	6.3%	-116.00	-14.6%	CBOT Wheat	48.3	1.7	37.0	-1.9	39.2	54.5	31.7	
KCBT Wheat	US¢/bu	771.25	770.00	⬆️	1.3	0.2%	-79.75	-9.4%	KCBT Wheat	40.1	0.7	34.2	2.6	36.5	50.7	31.4	
MGE Wheat	US¢/bu	827.25	860.50	⬆️	-33.3	-3.9%	-54.25	-6.2%	MGE Wheat	41.1	1.3	35.9	-4.0	37.9	120.7	29.9	
Matif Wheat	EUR/t	190.75	210.25	⬆️	-19.5	-9.3%	-61.75	-24.5%	Matif Wheat	49.7	0.9	37.9	-1.9	34.4	52.7	26.9	
CBOT Corn	US¢/bu	678.75	677.50	⬆️	1.3	0.2%	49.75	7.9%	CBOT Corn	44.6	4.4	37.7	-2.8	37.8	45.1	28.2	
CBOT Soybeans	US¢/bu	1,383.75	1,330.25	⬆️	53.5	4.0%	-10.00	-0.7%	CBOT Soybeans	18.9	-5.7	23.4	-0.4	26.1	33.9	19.7	
CBOT Soybean Meal	USD/st	361.90	347.10	⬆️	14.8	4.3%	-8.40	-2.3%	CBOT Soybean Meal	22.2	-2.9	22.7	0.5	25.2	31.5	19.2	
CBOT Soybean Oil	USD/lb	56.71	56.15	⬆️	0.6	1.0%	-1.03	-1.8%	CBOT Soybean Oil	17.6	-5.9	19.8	-2.4	23.2	29.5	18.3	
MDEX Palm Oil	MYR/t	3,138.00	3,205.00	⬆️	-67.0	-2.1%	-676.00	-17.7%	MDEX Palm Oil	17.3	-5.0	-	-	-	-	-	
Matif Rapeseed	EUR/t	455.50	447.25	⬆️	8.3	1.8%	-41.75	-8.4%	Matif Rapeseed	22.0	-3.8	19.3	-3.7	22.6	33.5	33.5	
ICE Canada Canola	CAD/t	561.20	573.20	⬆️	-12.0	-2.1%	-22.60	-3.9%	ICE Canada Canola	20.8	-3.4	17.1	-3.9	20.3	24.3	16.2	
Softs																	
ICE NY No. 11 Sugar	US¢/lb	31.20	27.23	⬆️	4.0	14.6%	-0.92	-2.9%	ICE NY No. 11 Sugar	42.0	-4.5	40.6	1.4	45.6	59.6	33.8	
Liffe No. 5 Sugar	USD/t	809.00	739.90	⬆️	69.1	9.3%	31.50	4.1%	Liffe No. 5 Sugar	42.1	6.6	36.7	6.6	37.9	45.5	29.6	
ICE NY Coffee	US¢/lb	238.80	243.75	⬆️	-4.9	-2.0%	-1.70	-0.7%	ICE NY Coffee	28.1	-2.0	35.6	0.1	37.6	46.3	31.0	
Liffe Robusta Coffee	USD/t	1,960.00	2,258.00	⬆️	-298.0	-13.2%	-122.00	-5.9%	Liffe Robusta Coffee	32.5	2.3	32.4	-0.4	31.2	37.8	22.4	
ICE NY Cocoa	USD/t	3,060.00	3,040.00	⬆️	20.0	0.7%	25.00	0.8%	ICE NY Cocoa	29.9	-0.4	30.2	0.4	32.7	44.3	29.0	
Liffe Cocoa	GBP/t	1,903.00	1,884.00	⬆️	19.0	1.0%	-114.00	-5.7%	Liffe Cocoa	26.5	-0.2	29.1	1.1	30.7	44.3	25.5	
ICE NY No. 2 Cotton	US¢/lb	97.43	161.22	⬆️	-63.8	-39.6%	-47.38	-32.7%	ICE NY No. 2 Cotton	56.2	7.8	41.7	-2.4	43.8	69.1	22.1	
Livestock																	
CME Live Cattle	US¢/lb	110.40	111.28	⬆️	-0.9	-0.8%	2.50	2.3%	CME Live Cattle	19.0	-1.3	17.3	-0.7	15.8	19.1	13.2	
CME Feeder Cattle	US¢/lb	135.98	138.00	⬆️	-2.0	-1.5%	14.10	11.6%	CME Feeder Cattle	15.7	0.8	16.7	-1.5	15.0	19.0	11.5	
CME Lean Hogs	US¢/lb	99.73	98.28	⬆️	1.4	1.5%	19.98	25.0%	CME Lean Hogs	25.0	-0.5	21.8	1.0	21.7	26.2	17.9	

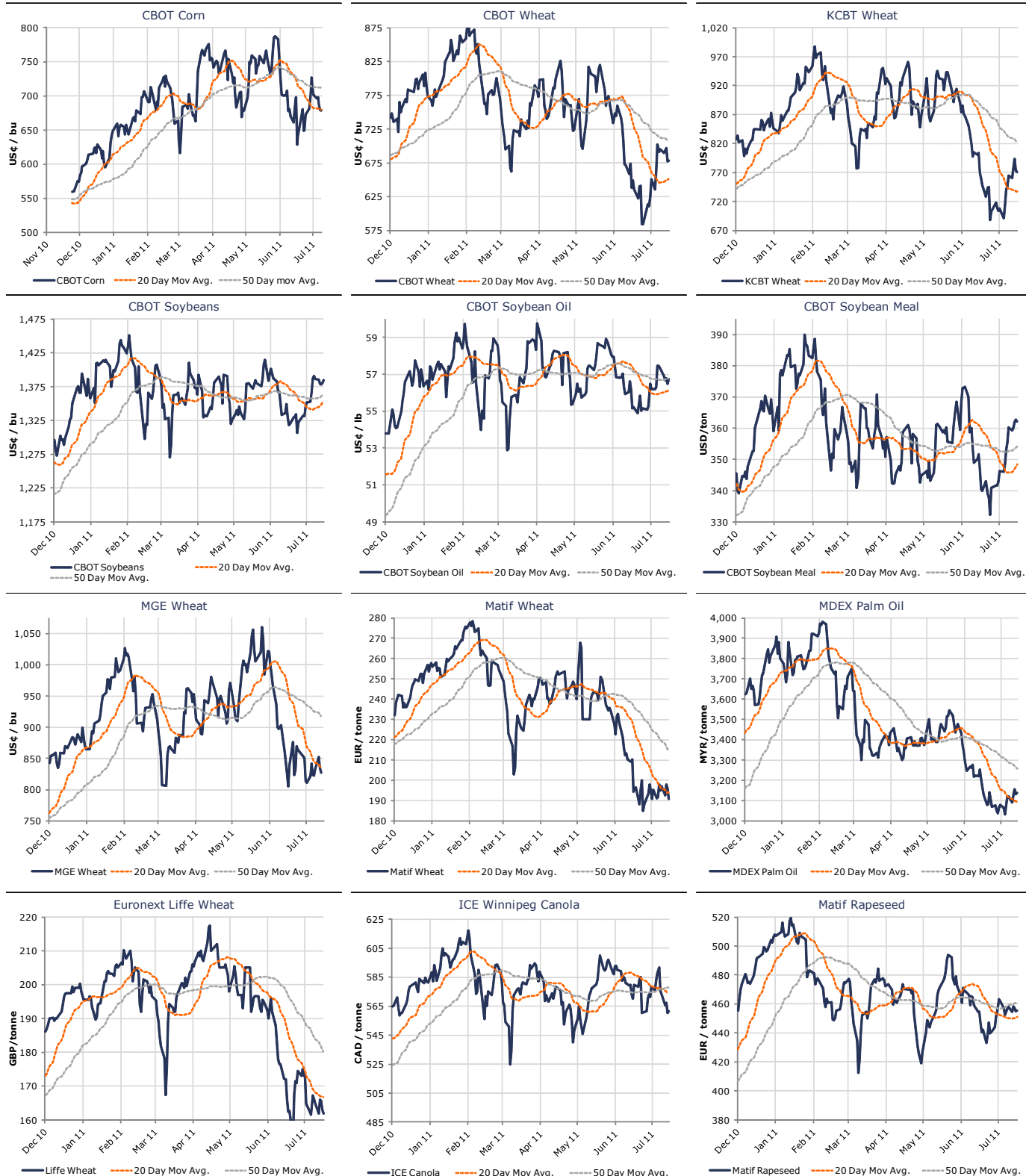
Cash Markets

	Last Update	Price	1 Wk Chg.	1 Mth Chg.	12 Mth Chg.	YTD Chg.		Last Update	Price	1 Wk Chg.	1 Mth Chg.	12 Mth Chg.	YTD Chg.
Milling Wheat							Soybeans						
US SRW (CIF Gulf USD/bu)	21/07/2011	7.17	-0.4	-0.30	0.98	-1.38	US (FOB Gulf USD/t)	15/07/2011	540	9.9	-1	125	2
US HRW (CIF Gulf USD/bu)	21/07/2011	8.47	0.1	-0.27	2.95	-0.04	Argentina (FOB USD/t)	16/07/2010	402	7.9	38	-9	-2
US DNS (CIF PNW USD/bu)	21/07/2011	10.29	-0.2	-1.14	3.49	0.80	Brazil (FOB USD/t)	15/07/2011	537	15.9	23	124	5
Russia #4 (FOB Novo. USD/t)	21/07/2011	235	-5.0	-53	35	-29	Soybean Meal						
French 11% (FOB Rouen USD/t)	21/07/2011	287	0.8	-23	61	-40	US Hi Pro (FOB USD/ton)	22/07/2011	0	-352.3	-341	-331	-368
German B (CIF Hbg EUR/t)	22/07/2011	200	14.0	-20	64	-44	Argentina Hi Pro (FOB USD/t)	19/07/2011	376	9.0	25	-34	-42
Feed Wheat/Barley							Dutch 44-47% (FOB Rot. USD/t)	22/07/2011	408	6.0	10	67	-24
Rouen Feed Barley (FOB USD/t)	22/07/2011	191.80	-3.0	1.00	56.00	-18.65	Vegetable Oils						
Ukraine Feed Wheat (USD/t)	11/01/2011	260.00	0.0	10.00	89.00	0.00	US Soybean Oil (FOB US\$/lb)	22/07/2011	0.0	-56.1	-54.9	-36.2	-54.2
Corn							Brz. Soybean Oil (FOB USD/t)	22/07/2011	0	-1,266.5	-1,231	-847	-1,282
US No. 2 (CIF Gulf USD/bu)	21/07/2011	7.82	-0.0	0.15	3.67	1.25	Arg. Soybean Oil (FOB USD/t)	22/07/2011	0	-1,273.2	-1,231	-902	-1,284
Argentina (FOB Up River USD/t)	15/07/2011	318	28.1	-13	149	59	Soybean Oil (CIF Rot. EUR/t)	21/07/2011	953	-17.0	30	233	-80
Sugar							Rapeseed Oil (CIF Rot. EUR/t)	21/07/2011	990	0.0	15	235	-100
World Raws (USD/t)	22/07/2011	698.8	21.0	92.3	283.8	-24.3	CPO (CIF Rot. USD/t)	21/07/2011	1,103	10.0	-18	288	-183
World Whites (USD/t)	22/07/2011	810.5	32.0	61.8	285.0	0.8	Mal. CPO (FOB USD/t)	22/07/2011	1,135	25.0	15	300	-115
CNF Black Sea (USD/t)	22/07/2011	740.8	21.0	89.3	287.8	-22.3	Coffee						
MCXSUGM Comdty	22/07/2011	2,963	38.0	158	163	-182	ICO Coffee Indicator (US\$/lb)	22/07/2011	202.3	-8.6	-2.7	51.0	4.8
MCXSUGS Comdty	22/07/2011	2,740	20.0	208	120	-115	Colombian Milds (US\$/lb)	22/07/2011	276.3	-9.8	-0.3	45.1	-6.3
Cocoa							Brazilian Naturals (US\$/lb)	22/07/2011	236.6	-8.8	-0.8	82.1	16.5
ICCO Cocoa Indicator (USD/t)	20/07/2011	3,225	4.5	206	32	118	Vietnam Robusta (USD/t)	21/07/2011	2,285	-229.3	-182	429	9
Indonesia (Del. NY USD/t)	15/07/2011	3,533	42.0	136	387	248	Cotton						
Ivory Coast (Del. NY USD/t)	15/07/2011	3,518	27.0	96	-53	33	Cotlook A Index (US\$/lb)	10/06/2011	164.52	-26.2	-15.54	60.46	-25.02
Ghana (Del. NY USD/t)	15/07/2011	3,618	27.0	46	-78	33	US Middling Avg. (US\$/lb)	21/07/2011	120.37	-9.5	-35.04	31.98	-33.76

Source: Bloomberg

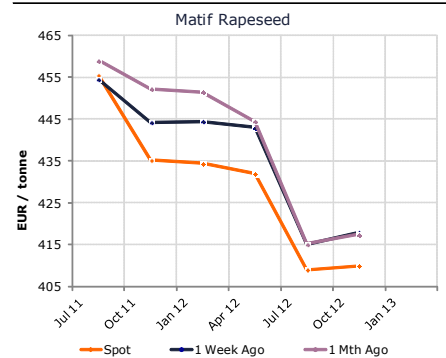
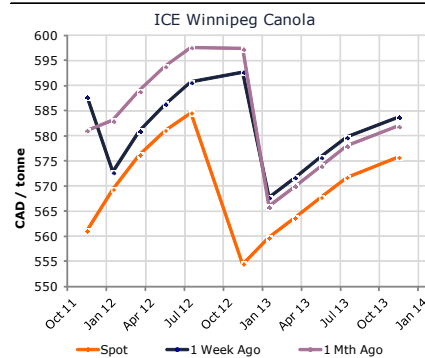
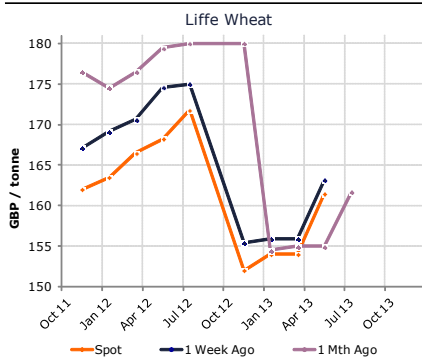
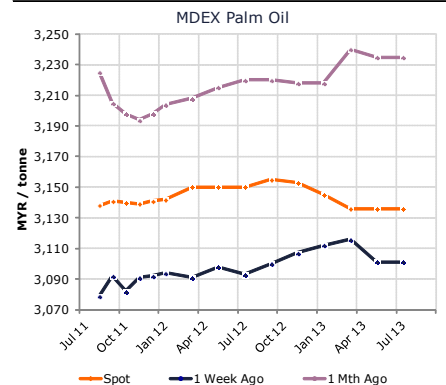
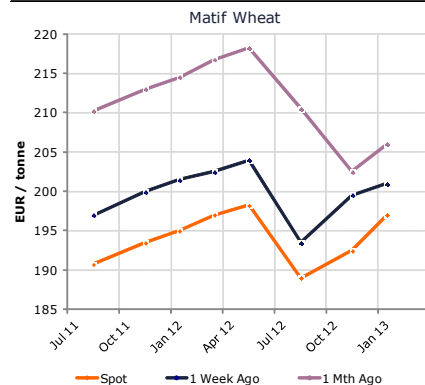
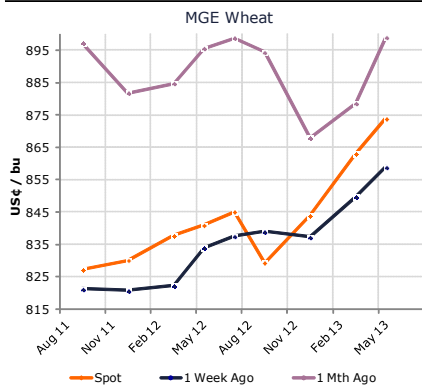
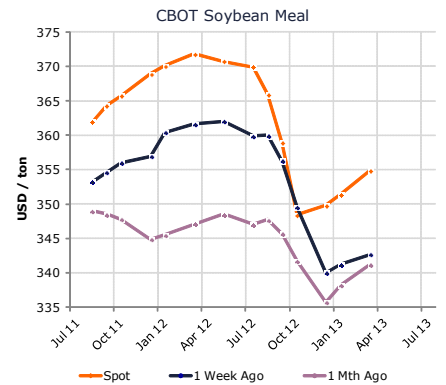
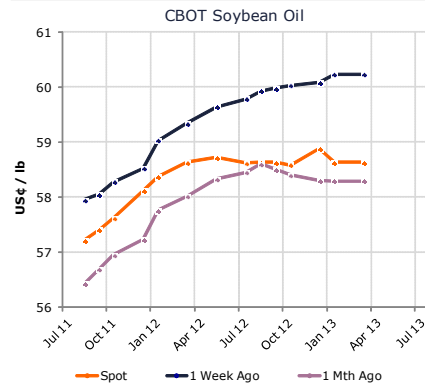
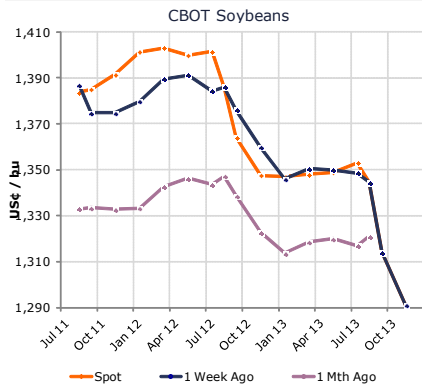
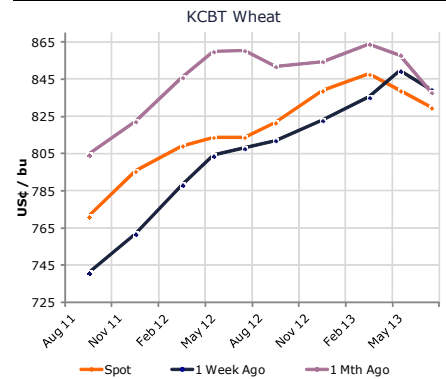
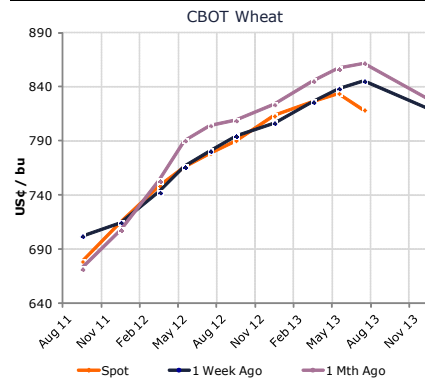
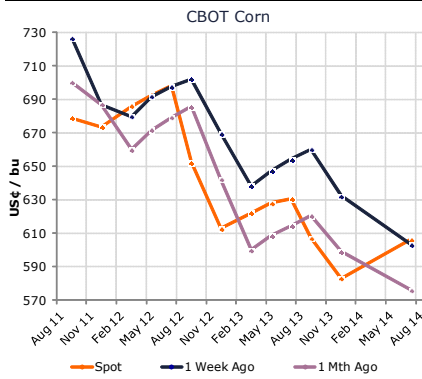
N.B.Cash market prices are indicative only and should not be considered as a reliable source of actual traded prices

Grains & Oilseed Spot Continuous Prices



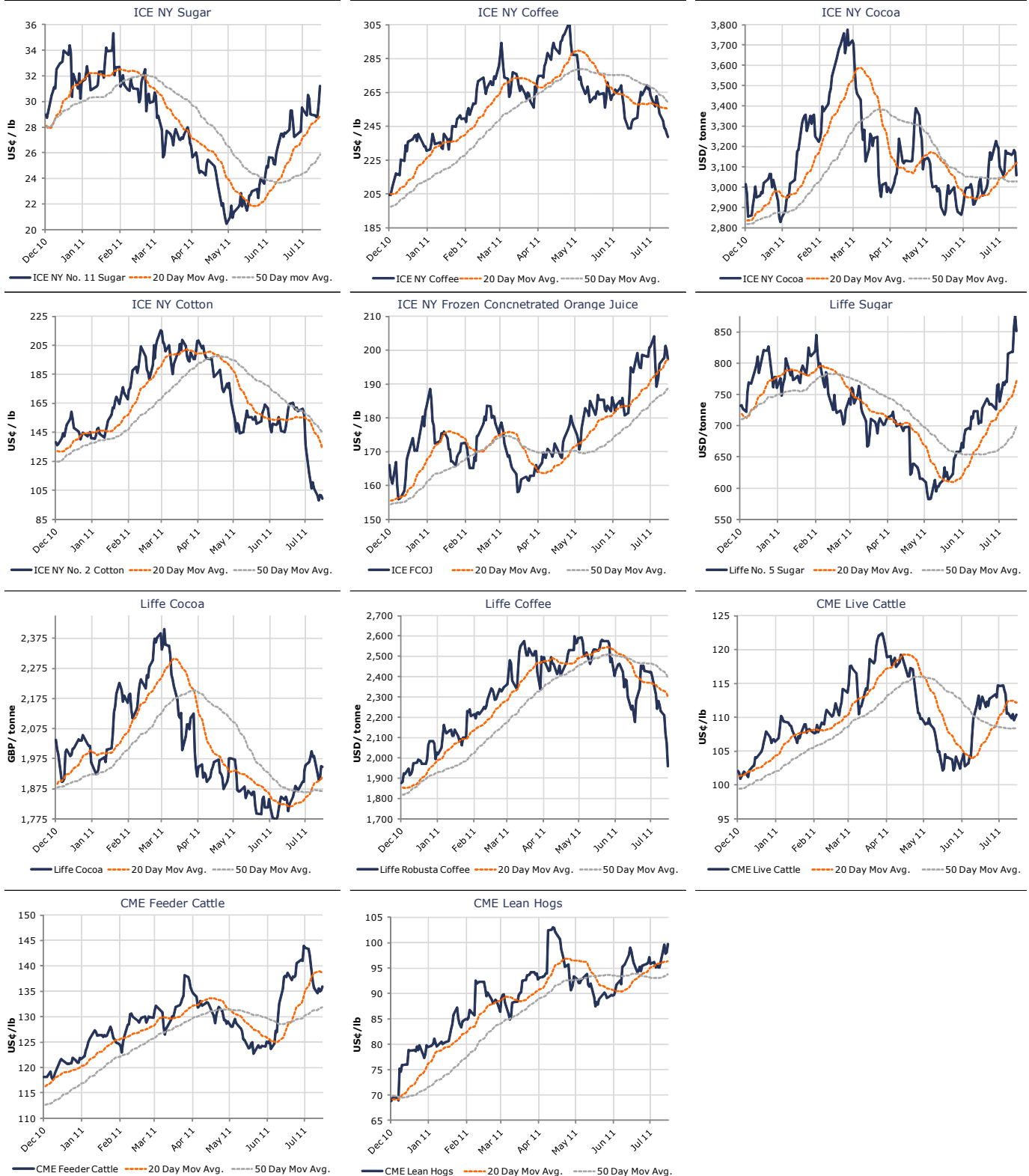
Source: Bloomberg

Grains & Oilseed Futures Forward Curves



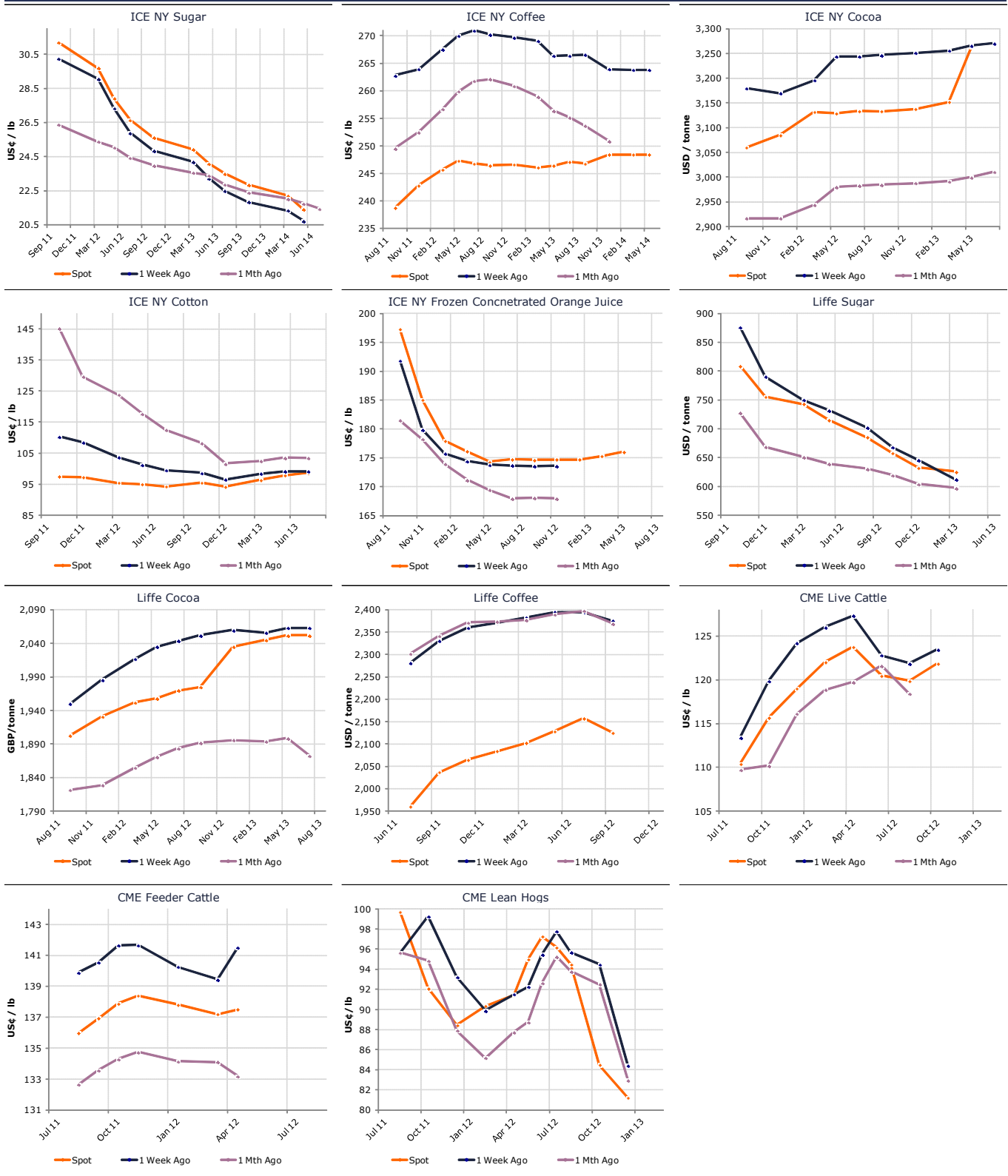
Source: Bloomberg

Softs & Livestock Spot Continuous Prices



Source: Bloomberg

Softs & Livestock Futures Forward Curves



Source: Bloomberg

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