BOCKEN TRADING

LLC

November 2012 Performance Summary

November saw follow-through weakness led by the soy complex with smaller losses in corn and wheat. Beans lost 110 cents in November with meal down over $40 and oil down 79 points while corn was down 8 cents. Chicago wheat was down 20 cents while KC only lost 6 cents with Minneapolis down 23. KC found support on the ongoing drought in the Southern Plains with crop ratings deteriorating throughout the month.

The soybean market saw additional fund liquidation throughout the month after the USDA raised the national average yield more than expected in the November report. When coupled with ideas for record large South American crops, funds threw in the towel. SF traded 13.72 mid-month – over 4.00/bu below September highs. Another feature was oil gaining on meal – in corrective action and also on much stronger than expected export demand for US soyoil surfacing. Near the lows, support was found as the market ran out of selling and producer movement shut off. Record large South American crops were/are being assumed and the market is nervous about the ongoing wet pattern/flooding in Argentian as well as few drier than normal spots in southern Brazil. China crush margins have improved. US crush margins are very strong due to strong product demand and US crop year crush ideas are increasing. South American crush levels in October were lower than expected. Going forward, the market needs to maintain risk premium for South American weather as well as logistical issues as their execution needs to be nothing less than perfect as they take over the world export program following their harvest. Argentina remains a wildcard politically with producers likely to hold beans as much as possible as a currency hedge. Markets have rallied a dollar off of November lows and should hold gains in the near term. Whether further upside can be sustained likely depends on South American weather/crop perceptions, but we are walking a delicate balance with March 1 stocks in the US expected to be the tightest on record.

Corn tested the September lows mid-month near 714 CH as export demand remained dismal and ethanol margins remain negative. The spread between US/South American and US/Black Sea narrowed considerably, however, which provided support as did strong US basis levels, and futures erased most of the monthly losses. We seem to be stuck in a range now as export and ethanol rationing continues. South America continues to do business for January despite thinning offers. There is some concern that we are not rationing enough in the feed sector, but the market will have to wait for the January 11 stocks report to get a better idea. In the meantime, funds have added longs and the holiday season/year end is quickly approaching.

Wheat continues to trade the same channel pattern since June. Spike highs were made early in November on ideas that business was going to shift to the US but once again it was shattered dreams as most are lowering their US export forecast. Indian exports are lasting longer and cutting into more markets than anticipated. Without India, US exports would have been in the 1200-1300 milbus range and major exporter stocks would have been tighter than 07/08. US exports should improve for the balance of the crop year given that the Black Sea is essentially done and Southern Hemisphere exports will be 7-8 mmt less than the same time frame last year. However, US stocks are more than ample. Exports likely end up near 1100 milbus with carryout stocks near 700 milbus. We could absorb even more export demand if necessary. Going forward, HRW moisture and how Black Sea wheat winters will be the key factors. Given all the major exporters (with the exception of the US) as well as Ukraine and Russia (exported more than expecting drawing down old crop stocks) will start 13/14 with very tight stocks, there is no room for any major crop issues in the 13/14 balance.

Regards,
Megan Bocken
Bocken Trading , LLC

gfirtik@nesvick.com • aduhon@nesvick.com
9047 Poplar Avenue, Suite 101 • Germantown, Tennessee • 38138 *phone:* 901.766.4446 • *fax:* 901.766.4406