

Summary of overnight US trading session

Symbol	Market	Settlement	24hr change	24hr change %	Open*	Low*	High*
INDU Index	DOW JONES INDUS. AVG	12220.59	50.03	0.00	12170.71	12170.71	12259.79
SPX Index	S&P 500 INDEX	1313.8	4.14	0.00	1311.8	1310.15	1319.18
NDX Index	NASDAQ 100 STOCK INDX	2316.36	4.27	0.00	2319.07	2314.02	2331.63
VIX Index	CBOE SPX VOLATILITY INDX	17.91	0.09	0.01	17.87	17.07	18.08
GCJ1 Comdty	GOLD 100 OZ FUTR Apr11	1425.2	1.00	0.00	1428.5	1424.3	1430
SIA Comdty	SILVER FUTURE May11	37.150	0.101	0.00	37.34	37.055	37.43
CLA Comdty	WTI CRUDE FUTURE May11	105.39	0.01	0.00	105.43	105	105.76
NGJ1 Comdty	NATURAL GAS FUTR Apr11	4.438	0.035	0.01	4.425	4.411	4.475
HOJ1 Comdty	HEATING OIL FUTR Apr11	305.18	0.30	0.00	305.1	305	306.28
W K1 Comdty	WHEAT FUTURE(CBT) May11	739.250	6.000	0.01	736	735	739.75
C K1 Comdty	CORN FUTURE May11	693.250	3.750	0.01	692.75	691.5	694.75
S K1 Comdty	SOYBEAN FUTURE May11	1359.500	1.250	0.00	1360.000	1356.750	1362.000
KCK1 Comdty	COFFEE 'C' FUTURE May11	268.6	2.80	0.01	267.15	266.15	270
JOK1 Comdty	FCOJ-A FUTURE May11	162.45	0.65	0.00	162.25	161.3	163.2
CCK1 Comdty	COCOA FUTURE May11	3242	39.00	0.01	3222	3199	3290
SBK1 Comdty	SUGAR #11 (WORLD) May11	27.86	0.41	0.01	27.45	27.05	28
CTK1 Comdty	COTTON NO.2 FUTR May11	204.49	4.33	0.02	209.68	202.63	211.16
LCJ1 Comdty	LIVE CATTLE FUTR Apr11	118.600	2.77	0.02	115.925	115.700	118.650
DX Index	DOLLAR INDEX SPOT	76.4	0.25	0.00	76.301	76.29	76.41901

US Stocks

There's truth in the old Wall Street saying, "The market climbs a wall of worry." The only thing that changes is the graffiti on the wall. The crises that preoccupy investors keep changing. At any given time, there are a few issues that they can't stop obsessing about. Last year everyone's attention was on the three Gs: the Gulf of Mexico oil spill, Goldman Sachs Group Inc.'s legal problems and Greece's solvency worries. You hear little about these situations today. Just as I predicted last year, the issues remain unresolved yet they have mutated from crises into ordinary problems. Investors' attention has moved elsewhere. Today's preoccupations are Japan's earthquake devastation and nuclear crisis; Libya's potential to become a third front to bog down the U.S. military; and uprisings elsewhere in the Middle East. I believe that investors nonetheless can expect that stocks of good companies purchased today will be worth more in two or three years. I'm thinking of companies such as Vishay Intertechnology Inc., Buckle Inc., MKS Instruments Inc. and Carter's Inc. I'll tell you why I like these stocks in a moment. First, let me elaborate on the wall of worry concept. In 1998 an Asian currency crisis took center stage. In August of that year, the Standard & Poor's 500 Index fell about 15 percent. Some pundits thought the world financial system would unravel. It didn't, and the S&P went on to post a 29 percent total return for the remainder of the year.

Japanese stocks fell 26 percent in the first half of 1995 after a terrible earthquake that devastated Kobe, an industrial and shipping hub. Yet over the following 24 months, the Nikkei 225 Stock index gained almost 44 percent, including dividends. I remember a time in the early 1970s when investors focused obsessively on the U.S. balance of payments. Back in the 1920s, rail car loadings were a key metric. It's as if investors can never see the whole forest, only certain trees. The wall-of-worry concept applies over long time spans as well. From December 1940 through December 2010 stocks advanced at a compound annual growth rate of 11 percent, including reinvested dividends. During that time we experienced World

War II, the Korean War, the Cuban missile crisis, the Vietnam War, above-ground nuclear testing (with radioactive fallout), Watergate, the Arab oil embargo and several recessions.

I recite that history lesson to worried clients when they call me during scary times, wondering if they should stay in the market or withdraw. You can guess my reply. As chess grandmaster Bobby Fischer once said, nobody ever won a chess game by resigning. If you buy good stocks and hold them for two years or more, you will usually come out well. One that I recommend now is Vishay Intertechnology, based in Malvern, Pennsylvania. It makes electronic components such as capacitors, diodes, resistors and transistors. Its products are used in cars, computers, printers and mobile phones. Vishay's is a feast-or-famine business, and it had losses in 2008 and 2009. I believe it will stay profitable for a good while now. In 2010 it posted a return on stockholders' equity of almost 24 percent. The stock sells for 11 times earnings.

Buckle, a Kearney, Nebraska, apparel maker, never missed a beat during the worldwide recession. It has reported a profit each year since it went public in 1992. In the fiscal year that ended in January, the company posted a red-hot return on stockholders' equity, 38 percent. You might expect Buckle to sell for exorbitant prices, but in fact it fetches only 13 times earnings. The clothes are definitely young, casual, and mostly medium-priced, with some edging up to higher price points. Occupying an interesting niche is MKS Instruments. The Andover, Massachusetts, company makes instruments that control and analyze gases during manufacturing processes. The products are needed to make semiconductors, flat panel displays, optical storage devices and solar cells. The company lost money in 2009 yet bounced back in 2010, posting a 19 percent return on equity. I think the technology and manufacturing segments are heating up, and more profitable times should lie ahead for MKS. I'll close with Carter's, the largest U.S. manufacturer of baby clothes. The Atlanta-based company has four major sales channels: its own stores, department stores, Wal-Mart Stores Inc. and Target Corp. It makes the Child of Mine brand for Wal-Mart and the Tykes brand for Target. Having acquired its leading competitor, Oshkosh B'Gosh Inc., in 2005, Carter's has market dominance and some degree of pricing power. It earned almost 24 percent on equity last year. The stock sells for 11 times earnings. It pays no dividend but would be wise to start doing so, in my opinion. Disclosure note: I have no long or short positions in the stocks mentioned in this week's column, for clients or personally. (John Dorfman, chairman of Thunderstorm Capital in Boston, is a columnist for Bloomberg News. The opinions expressed are his own. His firm or clients may own or trade securities discussed in this column.)

Precious Metals

Gold futures fell on bets that the rally yesterday to a record was overdone. Silver also declined as the dollar rose against a basket of major currencies and U.S. equities gained. "Gold made new highs, but it didn't have any follow-through," said Frank Lesh, a trader at FuturePath Trading LLC in Chicago. "If you're a trader bulled up in gold and it didn't launch, you have to sell." Yesterday, gold futures jumped to an all-time high of \$1,448.60 an ounce. The metal gained 0.7 percent this week after turmoil in Libya, radiation leaks from a damaged nuclear reactor in Japan and Europe's lingering debt crisis spurred demand for an investment haven. Gold futures for April delivery fell \$8.70, or 0.6 percent, to settle at \$1,426.20 at 1:44 p.m. on the Comex in New York. The price has climbed 30 percent in the past 12 months. Silver futures for May delivery dropped 32.6 cents, or 0.9 percent, to \$37.049 an ounce. Yesterday, the price reached \$38.18, the highest in 31 years. The metal jumped 5.7 percent this week and has more than doubled in the past year.

Gold may extend gains from a record as fighting in Libya and Europe's debt crisis spur demand for an alternative investment, a survey found. Seventeen of 19 traders, investors and analysts surveyed by Bloomberg, or 89 percent, said bullion will rise next week. Two predicted lower prices. Gold for April delivery was up 2.2 percent for this week at \$1,446.70 an ounce at 12:23 p.m. yesterday on the Comex in New York after reaching a record \$1,448.60 earlier that day. U.S. and allied warplanes carried out further strikes against Muammar Qaddafi's ground forces as the leader's loyalists increased their attacks on cities. Portugal moved closer to a bailout after Prime Minister Jose Socrates's offer to resign left his government in limbo as European Union leaders try to address the region's debt crisis. "The market got a boost from ongoing violence in the Middle East and North Africa region," said Andrey Kryuchenkov, an analyst at VTB Capital in London. European debt "troubles" linger, and "as far as gold is concerned, it is

exactly such fears that drove bullion higher late last year," he said. The attached chart tracks the results of the Bloomberg survey, with the red bars derived by subtracting bearish forecasts from bullish estimates. Readings below zero signal that most respondents expect a decline. The green line shows the gold price. The data are as of March 18. The weekly gold survey that started more than six years ago has forecast prices accurately in 202 of 355 weeks, or 57 percent of the time. This week's survey results: Bullish: 17 Bearish: 2 Neutral: 0

Energy

Oil traded below \$106 a barrel in New York as concerns that European nations' debt may cut demand overshadowed the threat of the Libyan conflict spreading in the Middle East and restricting crude supplies. Futures slipped 0.2 percent on March 25 after the European Union cut the amount committed to an emergency support system for the euro region. Libyan rebels recaptured the oil port of Ras Lanuf, while 12 people died in clashes in Syria. Crude for May delivery traded at \$105.46 a barrel, up 6 cents, in electronic trading on the New York Mercantile Exchange at 10:08 a.m. Sydney time. The contract fell 20 cents to \$105.40 on March 25. Prices climbed 4.3 percent last week and are 28 percent higher the past year. Oil in New York has rallied 24 percent since protests began Feb. 15 in Libya, a member of the Organization of Petroleum Exporting Countries. The conflict is the bloodiest in uprisings that have toppled the presidents of Tunisia and Egypt and spread to Algeria, Bahrain, Iran, Oman and Yemen. Brent crude for May settlement traded at \$115.66 a barrel, up 7 cents, on the ICE Futures Europe exchange in London. The contract dropped 13 cents to \$115.59 on March 25.

Oil prices may fall on speculation that a civil war that's slashed Libyan crude output won't reduce supplies from other countries in the region, a Bloomberg News survey showed. Eleven of 24 analysts, or 46 percent, forecast crude oil will decline through April 1. Eight respondents, or 33 percent, predicted prices will increase and five estimated little change. Last week, 56 percent of respondents said futures would gain. Libyan oil output has slumped as a conflict between its government and insurgents forced companies including Total SA and ConocoPhillips to suspend operations and evacuate staff. Prices have advanced 16 percent this year as unrest spread from Tunisia to Egypt, Yemen, Bahrain and Syria. "The rally is likely to run out of steam absent of fresh news from the Middle East and North Africa," said James Zhang, a London-based commodity strategist at Standard Bank Plc. Saudi Arabia pledged to replace any lost Libyan oil as soon as companies ask for it, including crude of the same quality, an oil official from the country said in February. OPEC nations could arrange swaps where Saudi oil would replace African barrels destined for Asia, allowing crude to be redirected to Libya's usual customers, according to the official, who declined to be identified.

The kingdom, the biggest producer in the Organization of Petroleum Exporting Countries has 3.5 million barrels of spare output capacity, Saudi Arabian Oil Minister Ali al-Naimi said, the official Saudi Press Agency reported on March 8. Libya was the ninth-biggest oil producer among OPEC members in February. Tunisia, Egypt, Yemen, Bahrain and Syria aren't members of the group. Crude oil for May delivery rose \$3.55, or 3.5 percent, to \$105.40 a barrel this week on the New York Mercantile Exchange. Futures are up 31 percent from a year ago. The oil survey has correctly predicted the direction of futures 47 percent of the time since its start in April 2004.

Natural gas futures rose to the highest level in more than seven weeks as forecasts showed colder-than-normal weather, boosting demand for the heating fuel. Gas gained for a third week as the Climate Prediction Center forecast cooler-than-usual weather for the eastern U.S. from March 30 to April 7. The low temperature in New York will be 26 degrees Fahrenheit (minus 3 Celsius) tomorrow, 12 degrees below normal, according to AccuWeather Inc. in State College, Pennsylvania. "You have cold weather along the East Coast next week and traders are not willing to go short over the weekend," said Hamza Khan, an analyst with the Schork Group Inc., a consulting company in Villanova, Pennsylvania. Natural gas for April delivery gained 15.9 cents, or 3.8 percent, to \$4.403 per million British thermal units on the New York Mercantile Exchange, the highest settlement level since Feb. 2. The futures increased 5.6 percent this week. A series of storms stretching into April is making it harder for computer forecasting models to determine how cold the U.S. East will be, Matt Rogers, president of Commodity Weather Group LLC, said

in a note to clients today. CWG's forecast from March 30 to April 3 says it's likely that an area of below-normal temperatures will develop in the Northeast and the Ohio Valley and back into Illinois and Missouri.

U.S. heating demand will be 19 percent higher than average from tomorrow through April 1, according to Weather Derivatives in Belton, Missouri. "We are clearly having a cold spell and it's supporting the gas market," said James Williams, an economist at WTRG Economics, an energy research firm in London, Arkansas. About 52 percent of U.S. households use natural gas for heating, according to the Energy Department. The number of gas drilling rigs in the U.S. rose 5 to 880 this week, up from last week's 875, the lowest level since Jan. 29, 2010, according to Houston-based Baker Hughes Inc. Gas also gained as data showed the U.S. economy is improving, according to Williams. Gross domestic product grew at a 3.1 percent annual rate in the fourth quarter, comparing with a 2.8 percent estimate issued last month, figures from the Commerce Department showed today in Washington.

U.S. gas inventories slipped 6 billion cubic feet in the week ended March 18 to 1.612 trillion cubic feet, the Energy Department reported yesterday. The stockpile decrease was smaller than the five-year average withdrawal for the week of 17 billion cubic feet, department data show. A surplus to the five-year average rose to 2.2 percent from 1.4 percent the previous week. U.S. gas production advanced 1.1 percent in December from November, according to the Energy Department's monthly EIA-914 report. Output in the lower 48 states increased for a second month, increasing 0.2 percent to 66.76 billion cubic feet a day from a revised 66.6 billion. The department will release a new EIA-914 report on March 29, covering January production levels. Gas futures volume in electronic trading on the Nymex was 246,209 as of 2:37 p.m., compared with the three-month average of 307,000. Volume was 408,591 yesterday. Open interest was 887,596 contracts. The three-month average open interest is 878,000. The exchange has a one-business-day delay in reporting open interest and full volume data.

Grains

Wheat fell for the second time in three days on speculation that rain will aid parched fields in the U.S. and that farmers will plant more of the crop than forecast. Parts of central and eastern Kansas and Oklahoma may get 0.5 inch (1.3 centimeters) of rain in storms starting March 27, while western areas may get less, according to T-Storm Weather. On March 31, the government will issue its planting forecasts, which may show farmers plan to sow more wheat after prices jumped 57 percent in the past year, said Shawn McCambridge, the senior grain analyst for Prudential Bache Commodities LLC. Weather "forecasts can suit any position in the market, if you want it to be bullish, or if you want it to be bearish," McCambridge said from Chicago. "With the report coming out next week, I think traders will be very cautious." Wheat futures for May delivery fell 6.25 cents, or 0.8 percent, to settle at \$7.3325 a bushel at 1:15 p.m. on the Chicago Board of Trade. That left a 1.4 percent increase for the week, the third gain in the past four weeks. In the U.S. Great Plains, "the drier areas still seem like they'll come up with the short end of the stick," said Tom Leffler, the owner of Leffler Commodities LLC in Augusta, Kansas. "In the center part of Kansas, I think the untold story is how good the wheat crop really is, and that's the part of the state with the majority of the production." Earlier today, wheat futures touched \$7.53, the highest since March 10, on signs that grain demand is increasing. U.S. exporters sold 1.25 million tons of corn to unknown buyers, government data show. After rallying, corn and wheat closed lower. Wheat is "following the lead of corn," said Brian Hoops, the president of Midwest Market Solutions in Yankton, South Dakota. "There's a little 'buy the rumor, sell the fact.'" Wheat was the fourth-biggest U.S. crop in 2010 at \$13 billion, behind corn, soybeans and hay, government data show. The U.S. is the world's largest exporter.

Soybeans rose for the seventh time in eight sessions on speculation that U.S. farmers, the world's largest growers and exporters, will plant less of the oilseed as they seek better returns from other crops. Soybean plantings will drop 3.2 percent from last year to 74.9 million acres as more land is devoted to corn and cotton, according to Northstar Commodity Investment Co. in Minneapolis. Soybean prices have risen 44 percent in the past year, while cotton more than doubled, and corn surged 94 percent. The U.S. Department of Agriculture will release its annual report on farmer planting intentions on March 31. "The returns for planting corn and cotton are just too attractive" relative to growing soybeans, said Mark Schultz, the chief analyst at Northstar. "Farmers can make \$200 an acre more by planting corn instead of soybeans." Soybean futures for May delivery rose 3.75 cents, or 0.3 percent, to close at \$13.5825 a bushel

at 1:15 p.m. the Chicago Board of Trade. Yesterday, the price fell to \$13.38, the lowest since March 18. Most-active futures fell 0.3 percent this week. Soybeans, valued at \$38.9 billion in 2010, are the biggest U.S. crop after corn, government data show.

Corn prices fell from a two-week high on concern the radiation from a damaged Japanese nuclear plant and uprisings in the Middle East and northern Africa may slow global demand and reduce investment in commodities. Japan's nuclear regulator said a reactor core at the quake-damaged Fukushima power plant may be leaking. Syrian troops opened fire on protesters today in several cities, the Associated Press reported. Syria is the latest Middle Eastern country to be hit by a wave of uprisings that ousted longtime rulers in Egypt and Tunisia and sparked a civil war in Libya. "The situation in Japan is less certain, and the fighting continues to expand in the Middle East and northern Africa," said Shawn McCambridge, a senior grain analyst for Prudential Bache Commodities LLC in Chicago. "Traders just wanted to get out of long positions and see what happens during the weekend." Corn futures for May delivery fell 13 cents, or 1.9 percent, to close at \$6.895 a bushel at 1:15 p.m. on the Chicago Board of Trade, paring this week's gain to 0.9 percent. The most-active contract touched \$7.4425 on Feb. 22, the highest since July 2008, after the U.S. government said domestic inventories before the harvest would fall to the lowest since 1996. Earlier today, futures rose to \$7.1725, the highest since March 8, after the U.S. Department of Agriculture announced corn sales of 1.25 million metric tons to unknown destinations. The sales, which the USDA said were the sixth-largest ever in a single day, probably are going to China, where prices for the grain rose to a record this week, analysts said. "It is highly likely China bought the corn," said Jim Gerlach, the president of A/C Trading Inc. in Fowler, Indiana. "The question now becomes not whether China is buying U.S. corn, but how much, and will they continue?" Corn is the biggest U.S. crop, valued at \$66.7 billion in 2010, government figures show.

Softs

The rally that drove cotton prices to the highest since America was recovering from the Civil War is ending as farmers from Texas to New South Wales plant record crops and replenish stockpiles for the first time since 2007. Cotton will drop 51 percent to \$1 a pound by Dec. 31, according to the median in a Bloomberg survey of 14 analysts and traders. Hedge funds are already cutting bets on higher prices by the most in three years. Output may rise 11 percent to 127.5 million bales in the year that starts Aug. 1, three times faster than a 3 percent gain in demand to 120 million bales, the U.S. Department of Agriculture estimates. One 480-pound bale is enough for 215 pairs of jeans. "We have had quite a nice run, and I don't see it sustaining," said John Stephenson, who helps manage more than C\$2 billion (\$2 billion) at First Asset Investment Management Inc. in Toronto. "More acreage will be dedicated to cotton, and in a scenario where consumers are facing higher food and fuel prices, clothing will take a back seat." Cotton rose to \$2.197 on March 7, the highest in 140 years of trading in New York, after flooding in Australia and Pakistan and freezes in China ruined crops. Adidas AG, the second-largest sporting-goods maker, said this month that cotton was a cost threatening margins, and Wal-Mart Stores Inc., the world's biggest retailer, paid more for garments including jeans.

Farmers are responding by planting more cotton, which may come at the expense of corn and soybeans, First Asset's Stephenson said. Corn gained 79 percent since July 1 and soybeans climbed 50 percent, driving global food costs to a record, the United Nations estimates. An extra 44 million people were driven into "extreme" poverty since June, according to the World Bank, and riots spread across North Africa and the Middle East, toppling leaders in Egypt and Tunisia. While March 7 marked the peak, it's much less than in previous decades. In 1973, cotton jumped to the highest in at least 14 years to 99 cents, the equivalent of \$4.92 today, according to a calculator on the website of the Federal Reserve Bank of Minneapolis. Cotton closed at \$2.0449 on March 25, after surging 178 percent since mid-July, the most among the 24 commodities in the Standard & Poor's GSCI index. The raw-materials gauge climbed 42 percent, the Standard & Poor's 500 Index gained 20 percent and Treasuries lost 0.2 percent, a Bank of America Merrill Lynch index shows.

Hedge funds and other money managers cut bets on higher prices by 64 percent from a September peak, the steepest drop since 2008. Their wagers declined for seven consecutive weeks, the longest stretch since at least June 2006, and total 29,185 contracts, U.S. Commodity Futures Trading Commission

data show. One contract equals 50,000 pounds. Futures anticipate a drop to \$1.2792 by December, according to ICE Futures U.S. data. Costs won't fall to the \$1 predicted in the Bloomberg survey until October 2012, the data show. Even \$1 would still be 64 percent higher than the 10-year average of 61.16 cents. Stockpiles in warehouses monitored by ICE Futures U.S. plunged 81 percent since June and in October fell to the lowest level since at least August 2002. "Global plantings are set to expand impressively this year," said Gary Raines, an economist at FCStone Fibers & Textiles in Nashville, Tennessee. "Even if this production overshadows mill demand, the gap may not be enough to rebuild world inventories enough to pull prices down to their long-term average in just one marketing year."

Prices could still rally to \$2.30 by June because supply is so scarce and more "weather problems or other external catastrophes" could mean a high of \$2.90, said John Flanagan, president of Flanagan Trading Corp. in Fuquay-Varina, North Carolina. Demand is still strengthening. In the year ending July 31, China will use 17.5 million more bales than it grows, the USDA estimates. China's economy will expand 9.5 percent this year, more than three times the growth of the U.S. and the euro zone, according to the median of as many as 68 economists' forecasts compiled by Bloomberg. While farmers will grow more cotton this year, not all of it may reach global markets. India, the second-biggest producer after China, limited cotton-yarn exports in December because of concern about domestic shortages. It eased some of those restrictions last month.

The same surge in prices that is helping boost U.S. farm profit by 20 percent to a record \$94.7 billion is hurting manufacturers, retailers and consumers. The "headwinds on costings, particularly on cotton out of Asia, will affect everyone," Myron E. Ullman, the chairman and chief executive officer of J.C. Penney Co., the third-biggest U.S. department-store chain, said March 9. Gap Inc., the largest U.S. apparel chain, is facing similar issues, Chairman and CEO Glenn K. Murphy said on a conference call the same day. Raw materials, labor and transport costs are all creating "a gross margin headwind," Herbert Hainer, CEO of Herzogenaurach, Germany-based Adidas, said on a conference call March 2. Nike Inc., the world's largest sporting-goods firm, began to see the impact in the third quarter, Chief Financial Officer Don Blair said on a call two weeks later. Wal-Mart, based in Bentonville, Arkansas, already paid more for some cotton garments including jeans, and "we're told that by later this year, there will be substantially more" increases, William Simon, President and CEO of Wal-Mart U.S., said on a conference call March 10.

Some U.S. textile makers are canceling orders or using more synthetic fibers on concern they won't be able to pass costs to customers, said Cass Johnson, president of the Washington-based National Council of Textile Organizations, which has more than 80 companies as members. Cotton's share of the global textile market will shrink to about 30 percent by 2020 from about 37 percent as mills switch to synthetics, according to the International Cotton Advisory Committee. The Washington-based group has 43 member countries. Best Western International Inc., the world's biggest hotel chain by rooms, said it's paying 53 percent more for towels than it did a year ago. Orders for towels and sheets can take as long as two months to fill, compared with two weeks normally, the company said in an e-mailed response to questions. In the year that begins Aug. 1, global cotton plantings will increase by 7.9 percent to 36 million hectares (89 million acres), the most in 16 years, according to the committee.

Production in the U.S., the biggest exporter, will rise 6.6 percent to 19.5 million bales in the next crop year, according to USDA estimates. Indian output may climb to a record, according to Bhadrash Trading Corp., the nation's top exporter. Output in Australia, the fourth-biggest shipper, may also surge to an all-time high, the Australian Bureau of Agricultural & Resource Economics & Sciences forecast March 1. By the end of the next crop year, in July 2012, global stockpiles may have expanded by 18 percent to 50 million bales, according to the USDA. "The prices are exaggerated, and the shortage in the market has been overstated," said Christoph Eibl, co-founder of Zug, Switzerland-based Tiberius Group, a fund manager overseeing more than \$2 billion. "The market has been pushed up a lot by speculators and this is not sustainable."

Sugar prices rose for the second straight day on signs that demand may increase in Europe. Coffee also advanced. C. Czarnikow Sugar Futures Ltd., based in London, said in a report that the European Union may allow more duty-free shipments of the sweetener in the third quarter, when stockpiles are usually low. This month, an EU committee backed plans to import 300,000 metric tons with no duty. "We are

seeing signs of rising demand," said Michael Smith, the president of T&K Futures & Options Inc. in Port St. Lucie, Florida. "Prices should remain firm." Raw sugar for May delivery gained 0.41 cent, or 1.5 percent, to settle at 27.86 cents a pound at 2 p.m. on ICE Futures U.S. in New York. The commodity, up 0.5 percent this week, has jumped 63 percent in the past 12 months. The most-active contract may climb to 30 cents by the end of next week, Smith said. Refined-sugar futures for May delivery rose \$5.70, or 0.8 percent, to \$711.80 a ton on NYSE Liffe in London. Arabica-coffee futures for May delivery climbed 2.8 cents, or 1.1 percent, to \$2.686 a pound in New York. The price, down 2.8 percent this week, has almost doubled in the past 12 months. Robusta-coffee futures for July delivery rose \$16, or 0.7 percent, to \$2,442 a ton in London.

Cocoa rose, capping the biggest weekly gain in a month, amid escalating political unrest in Ivory Coast, the world's largest producer. Cotton fell, and orange juice climbed. As many as 1 million people have fled violence in Ivory Coast's commercial capital, Abidjan, following a disputed election on Nov. 28, according to the United Nations. President Laurent Gbagbo has refused to concede defeat to Alassane Ouattara, the internationally recognized winner. Cocoa has jumped 16 percent since the vote. "We still have this power struggle and what appears to be a widening civil war," said Luis Rangel, a vice president at ICAP Futures LLC in Jersey City, New Jersey. "The number of people fleeing could be a long-term problem for the cocoa market if too much of the labor pool moves away." Cocoa for May delivery advanced \$39, or 1.2 percent, to settle at \$3,242 a metric ton at 12:58 p.m. on ICE Futures U.S. in New York. This week, the commodity gained 3.7 percent, the most in a month. The most-active contract has climbed 15 percent in the past year. In London, cocoa futures for May delivery rose 37 pounds, or 1.8 percent, to 2,111 pounds (\$3,381) a ton on NYSE Liffe. Cotton futures for May delivery dropped 4.33 cents, or 2.1 percent, to \$2.0449 a pound in New York. The price, up 2.7 percent this week, has more than doubled in the past 12 months. Orange-juice futures for May delivery gained 0.65 cent, or 0.4 percent, to \$1.6245 a pound. This week, the price dropped 0.6 percent, the fourth straight decline. The commodity is up 15 percent in the past 12 months.

Live Cattle

Hogs surged to the highest price since at least April 1986 on speculation that demand for U.S. pork exports will climb amid increasing domestic purchases of ham. Cattle approached a record high. Japan, the biggest buyer of U.S. pork in 2010, may increase imports on concerns that food may be contaminated by radiation after an earthquake damaged the Fukushima Dai-Ichi nuclear plant. Leaks from the reactor "ultimately mean less domestic food production," said David Kruse, the president of CommStock Investments Inc. in Royal, Iowa. Pork exporters "have seen no decrease in orders coming from Japan," Kruse said. "They're anticipating that the potential would be for some increases." Hog futures for June settlement rose 2.525 cents, or 2.5 percent, to settle at \$1.037 a pound at 1:05 p.m. on the Chicago Mercantile Exchange. Earlier, the price reached \$1.03725, the highest for a most-active contract since at least April 1986. This week, the commodity climbed 3.9 percent, the most since Jan. 28. In the U.S., grocers are increasing ham purchases before Easter, Kruse said. The meat is traditionally served on the holiday, which is April 24 this year. Yesterday, wholesale ham rose 2.5 percent to 77.59 cents a pound, the highest since Oct. 12. The retail cost of meats will rise as much as 5.5 percent this year, including a 7 percent jump for pork, the most of any major food group, the government forecast in a report today. Cattle futures for June delivery rose 2.975 cents, or 2.6 percent, to \$1.1775 a pound, the highest settlement ever. The intraday record was \$1.18 on March 9. Earlier, the price jumped by the exchange limit of 3 cents. This week, the commodity gained 5.3 percent, the most since mid-January. Feeder-cattle futures for August settlement advanced 2.4 cents, or 1.8 percent, to \$1.38525 a pound, the highest settlement ever. After the close of regular trading, the price climbed to an intraday record of \$1.39.

Source: Market reports are sourced from Bloomberg News

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