



# MORNING COMMENTS

[david@mnwestag.com](mailto:david@mnwestag.com)

Office 1-877-365-3744

[www.mnwestag.com](http://www.mnwestag.com)

Tuesday, July 5, 2011

**Position Management:** The table shows how the Model Farm is positioned at this time. Individual recommendations may vary.

	2010 Crop	2011 Crop	2012 Crop
Corn	90% sold with basis set	50% sold HTA	30% sold HTA
Soybeans	90% sold with basis set	50% sold HTA	20% sold HTA
Wheat	100% sold with basis set	50% sold HTA	none

**Prior Price Targets:** The prior MNWestAg price targets have all been exceeded.

Goldman Sachs cut their three-month corn price forecast to \$8/bushel and lowered their Soybean forecast from \$15 to \$14 per bushel, with the six and 12-month soybean price forecasts also down from \$15.75 to \$14.75 per bushel.

Thoughts for 2012 crop, the only price floor we have today for 2012 is loan rate of \$1.85 corn and \$4.90 soybeans

**Next Major USDA Reports:** Tuesday July 12, 2011 WASDE & Crop Production, Friday July 22, 2011 Cattle on Feed Thursday August 11, 2011 WASDE & Crop Production

**Hedge:** a means of protection against something, especially a means of guarding against financial loss

**Speculate:** to form a conjecture on the basis of incomplete facts or information, to engage in financial transactions that have an element of risk.

**Market Talk** Some in Chicago say the local grain analysts are acting like a herd of sheep trying to decipher USDA's S&D report. USDA apparently found about 120 million bushel of old crop corn, likely increased production from last year's crop.

Corn near Logansport IN will be taseing later this week. Area south of Springfield IL received as much as 4-6" of rainfall. Winter Wheat harvest with yields of low 70's to upper 90's is common in central IL with good quality. Their harvest is just about done.

### MN State Cattlemen's Summer Tour & Trade Show

Rock-Nobles Cattlemen present the 2011 Summer Beef Tour on Tuesday, July 12, 2011 at Nobles County Fairgrounds, Worthington [http://www.mnsca.org/pdf/2011\\_Tour\\_Brochure\\_Version\\_2\\_Web.pdf](http://www.mnsca.org/pdf/2011_Tour_Brochure_Version_2_Web.pdf)

### Outside Markets:

<a href="#">U.S. Dollar Index</a>	74.765	+0.195	+0.26%	<a href="#">Euro FX</a>	1.44450	-0.00330	-0.23%	<a href="#">Ethanol Futures</a>	Jul 11	2.607p	+0.052
<a href="#">CRB CCI Index</a>	632.15	+8.65	+1.39%	<a href="#">Canadian Dollar</a>	1.03780	-0.00330	-0.32%	<a href="#">Gasoline RBOB (E)</a>	Aug 11	2.9726p	+0.0034
<a href="#">Gold</a>	1502.0	+19.7	+1.33%	<a href="#">Japanese Yen</a>	1.23420	-0.00300	-0.24%	<a href="#">Diesel Gulf (Ulsd)</a>	Aug 11	3.0007p	-0.0174
<a href="#">Silver</a>	35.060	+1.366	+4.05%	<a href="#">Australian Dollar</a>	1.05970	-0.00850	-0.8%	<a href="#">Heating Oil (E)</a>	Aug 11	2.9245p	-0.0218
<a href="#">DJIA</a>	12514p	+169	+1.37%	<a href="#">Chinese Renminbi</a>	0.154680p	+0.000060	+0.04%	<a href="#">Crude Oil Brent (E)</a>	Aug 11	111.56	-0.21
<a href="#">S&amp;P 500 Index</a>	1332.90	-1.90	-0.14%	<a href="#">Mexican Peso</a>	0.086100s	+0.000650	+0.76%	<a href="#">Natural Gas (E)</a>	Aug 11	4.311p	-0.063
<a href="#">Nasdaq 100</a>	2358.25	+3.00	+0.13%	<a href="#">1-Month Libor</a>	99.8050p	-0.0025	-	<a href="#">Polypropylene</a>	Aug 11	0.7725s	0.0000
<a href="#">Russell 1000 Growth</a>	616.60p	0.00	-	<a href="#">T-Bond</a>	123-09	+0.19	+0.48%	<a href="#">Polyethylene</a>	Aug 11	0.5613p	0.0000
<a href="#">MSCI Emi Index</a>	1168.50	+2.50	+0.21%	<a href="#">3-Month T-Bill</a>	99.2700s	0.0000	-	<a href="#">Rme Biodiesel</a>	Jul 11	1445.381p	-9.619
<a href="#">Nikkei 225</a>	9995.00	-5.00	-0.05%	<a href="#">5-Year T-Note</a>	119-230	-0.230	-0.6%	<a href="#">Coal Futures</a>	Aug 11	77.17p	-0.46
<a href="#">Brazilian Real</a>	0.63810s	+0.00180	+0.28%	<a href="#">10-Year T-Note</a>	122-135	+0.140	+0.36%	<a href="#">Uranium</a>	Jul 11	51.65p	0.00

**Weather** Last night we received .25" of rainfall. However, the bigger story is that strong straight line winds swept across the prairies of south west MN Friday afternoon with 70+ mph straight line winds and some swirling winds or tornado type of twisting winds. Forming near the South Dakota border and traveling NE from near Balaton to Bird Island and continuing further east, the storms managed to cause severe damage to at least 4 communities. The towns of Vesta, Belview, and Redwood Falls were closed or remain closed to non-residents traffic because of electric lines taken down by tree damage. Renville- Sibley REA reported the biggest single one day electrical outage in the company's history and that some are still without power as of Tuesday morning as it is common to see 3-4 poles per mile snapped off at their mid points. Even a road way is still closed with major 69KV power line and poles lying on the county tar roads. The Willmar Home Depot store sold over 50 portable electric generators, cleaning out the inventory from a total of 4 stores. Locally I saw 17 pole sheds, 12 hayloft barns, 5 grain legs and numerous grain bins destroyed. Several farm sites have only the houses still standing. Along with the winds came .9" to 2.75" of rainfall and some hail. A small region SW of Redwood Falls had the crop destroyed by hail. Corn bent over at 45 degree angles by wind on Friday now has straightened up nicely.

### Central Illinois:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
05 jul	06 jul	07 jul	08 jul	09 jul	10 jul	11 jul	12 jul	13 jul	14 jul
86° 67°	87° 65°	82° 64°	81° 64°	84° 70°	89° 72°	87° 70°	85° 71°	84° 71°	85° 70°

### Central Iowa:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
05 jul	06 jul	07 jul	08 jul	09 jul	10 jul	11 jul	12 jul	13 jul	14 jul
88° 69°	86° 65°	83° 66°	83° 70°	88° 75°	89° 72°	88° 71°	85° 71°	85° 71°	83° 70°

(an equal opportunity provider) The information contained herein was obtained from sources believed to be reliable, but can not be guaranteed. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Commodity marketing and trading is risky. Trading and/or marketing decisions and any trading and/or marketing gains or losses are the responsibility of the commodity owner, producer, and/or account holder. Minnesota West Ag Services LLC and principals and employees assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.

**South Central Minnesota:**

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
05 Jul	06 Jul	07 Jul	08 Jul	09 Jul	10 Jul	11 Jul	12 Jul	13 Jul	14 Jul
T-Storms	Sunny	Iso T-Storms	M Sunny	Sct T-Storms	Sct T-Storms	Iso T-Storms	Sct T-Storms	Sct T-Storms	AM Clouds
79° 61°	84° 63°	84° 65°	83° 69°	88° 72°	83° 66°	82° 65°	80° 67°	78° 68°	79° 65°

**8-14 Day Temp**

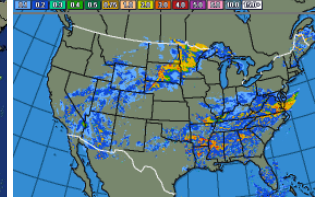
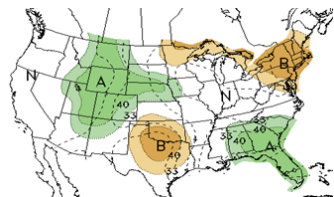
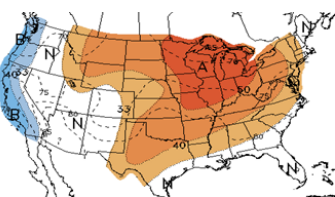
**8-14 Day Precipitation**

**Central Indiana:**

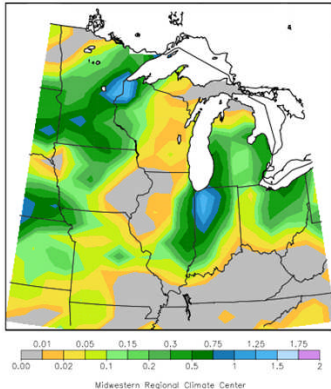
tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
05 Jul	06 Jul	07 Jul	08 Jul	09 Jul	10 Jul	11 Jul	12 Jul	13 Jul	14 Jul
Sunny	P Cloudy	Iso T-Storms	M Sunny	P Cloudy	M Sunny	Iso T-Storms	Sct T-Storms	Sct T-Storms	Iso T-Storms
88° 67°	88° 68°	82° 65°	81° 65°	85° 69°	88° 72°	88° 71°	86° 70°	87° 72°	84° 71°

**Current Radar**

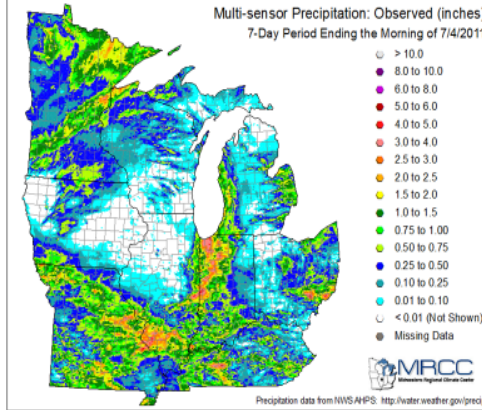
**Last 24 hr Precip**



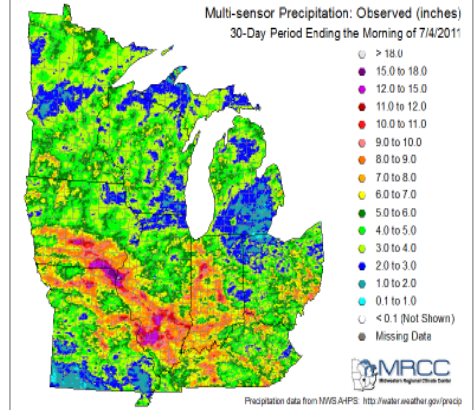
Total Precipitation (inches)  
July 1, 2011 to July 3, 2011



Multi-sensor Precipitation: Observed (inches)  
7-Day Period Ending the Morning of 7/4/2011



Multi-sensor Precipitation: Observed (inches)  
30-Day Period Ending the Morning of 7/4/2011



**Corn:** Morning: July 11 Corn is at \$6.55 , up 14 ¼ cents, Sept 11 Corn is at \$6.23 ½ , up 16 ¾ cents, Dec 11 Corn closed at \$6.09 ¼ , up 12 ½ cents. Mar 11 corn closed at \$6.22 ½ , up 11 ¾ cents  
Friday's Close: Jul 11 Corn closed at \$6.40 ¾ , up 11 ¾ cents, Sep 11 Corn closed at \$6.06 ¾ , down 41 ¼ cents, Dec 11 Corn closed at \$5.96 ¾ , down 23 ¾ cents Dec 12 Corn closed at \$5.89 ½ , up 2 ½ cents  
Corn futures closed sharply lower on new crop and higher for old crop July. July corn was down 29 1/4 cents for the week however. The limit on corn was expanded to 45 cents today for all but the July contract that is in delivery and has no limit. This afternoon's CFTC report showed Managed Money had cut their net long position to 226,132 contracts, the lowest net long since July 27, 2010. Lower corn prices along with the lower U.S. dollar attracted some buying today. Private exporters announced the sale of 1.14 MMT of corn to an unknown destination; 360,000 MT is for 2010/11 delivery and 780,000 MT is for 2011/12 delivery. The weather forecast is calling for above normal precipitation for the Northern Plains, the western and eastern Corn Belt through July 14th. Above normal temperatures stay mostly in the south trapped by the blocking ridge with some above normal temps creeping into the southern portion of the eastern Corn Belt after July 8th in the 8 to 14 day forecast. Farmer sales have dried up on the price drop and ahead of the three day weekend.

**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.37 , up 14 ¾ cents , Sept 11 Soybeans closed at \$13.21 , up 11 ½ cents, Nov 11 Soybeans closed at \$13.24 ¼ , up 11 ¾ cents, Jan 11 Soybeans closed at \$13.35 ½ , up 12 ¾ cents  
Friday's Close: Jul 11 Soybeans closed at \$13.22 ¼ , up 16 cents, Aug 11 Soybeans closed at \$13.12 ¾ , up 13 ¼ cents, Nov 11 Soybeans closed at \$13.12 ½ , up 18 ½ cents, Jul 11 Soybean Meal closed at \$340.90, up \$8.70, Jul 11 Soybean Oil closed at \$55.16, up \$0.12  
Soybean futures closed higher on the day holding the \$13 level on both old and new crop. Soybeans were up 2 cents for the week on the July contract. Soybeans have been trading sideways with \$14 the high end and recently \$12.85 the low end. Futures hit the lower end yesterday. At some point prices will move out of that trading range but for now prices remain range bound. This afternoon's CFTC report showed Managed Money had the least amount of net long contracts since July 13, 2010 with a net long of 61,160 contracts. Goldman Sachs lowered their expectations for soybean prices after yesterday's USDA report and said that above average weather conditions this summer would be required to push soybeans below Goldman's \$13 estimate for any length of time. USDA reduced soybean acres by 1.4 million from the March intentions report. If yields come in at the USDA 43.4 BPA that would be a 3.264 billion bushel crop with a carry in of .619 billion or a total supply of 3.883 billion bushels if all acres are harvest. Typically, about a million acres do not get harvested.

(an equal opportunity provider) The information contained herein was obtained from sources believed to be reliable, but can not be guaranteed. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Commodity marketing and trading is risky. Trading and/or marketing decisions and any trading and/or marketing gains or losses are the responsibility of the commodity owner, producer, and/or account holder. Minnesota West Ag Services LLC and principals and employees assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$6.05 ½, up 21 cents, Sep 11 MGEX Wheat is at \$8.24 ½, up 20 cents  
 Friday's Close: Jul 11 CBOT Wheat closed at \$5.84 ½, down ¼ cent, Jul 11 KCBT Wheat closed at \$7.03, up 14 ¼ cents, Jul 11 MGEX Wheat closed at \$8.31, up 7 ¾ cents

Wheat futures closed mixed. CBOT wheat is was slightly lower on the day and down 51 cents for the week. KCBT was up on the day but down 45 cents for the week. MGEX wheat ended higher on the day and were up 5 cents for the week. Friday's CFTC report showed a second week of net shorts for Managed Money but less net short contracts than the previous week. Wheat harvest is progressing northward and has neared completion in TX and OK. KS is about 70% complete and weather will be cooperative for the next few days for harvest to continue. Yield reports are variable with protein content reported higher in several locations. Millers are seeking more HRW as a substitute for spring wheat. There has been some harvesting of the SRW in the southeastern Midwest again with variable yields. CBOT wheat prices have dropped within a quarter cent of \$3 since April 26, 2011 from today's low to the high on that date. Spring wheat planting was within 5% of being complete last Sunday. The extended forecast, calling for above normal precipitation for the Northern Plains, is not good news for the spring wheat with flooding already a severe problem.

**Cattle:** Friday's Close: Aug 11 Cattle closed at \$112.85, up \$1.97, Oct 11 Cattle closed at \$119.67, up \$2.47, Dec 11 Cattle closed at \$122.22, up \$2.22, Aug 11 Feeder Cattle closed at \$140.47, up \$2.40 Sep 11 Feeder Cattle closed at \$141.55, up \$2.62 Oct 11 Feeder Cattle closed at \$141.95, up \$2.72

Cattle futures showed strong gains into the close today but were down 65 cents for the week. Friday closed at last week's high in the October contract. Feeder cattle prices also finished higher on the day and up \$1.87 for the week. Heat has backed up the cattle in some locations but there were some sales today. There were over 15,000 head traded in KS at \$112, steady money with last week with some of those having a two week pick up versus the normal one week. The majority of TX/OK sales were at \$112.50 to \$113. NE cattle sold for \$112.50 in the live and \$178 to \$180 in the dressed. Combined reported sales total about 40,000 head. Boxed beef prices finished mixed on the day. Choice beef was \$178.60 up 19 cents with Select at \$172.31 down 48 cents.

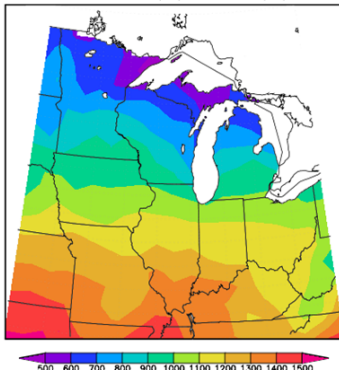
**Hogs:** Friday's Close: Jul 11 Hogs closed at \$95.500, up \$1.100, Aug 11 Hogs closed at \$93.150, up \$1.475 Oct 11 Hogs closed at \$86.775, up \$0.550

Lean hog futures closed higher on the day and down 50 cents for the week. The CFTC report showed Managed Money has increased their net long position to the highest levels since April 26th. Net longs increased about 10,000 contracts from the previous week to 32,326 contracts. Cash hogs were lower today with packers filled for the 4th of July shortened work week next week. IA/MN hogs were down hard for the second day at \$94.26, \$3.52 lower. WCB hogs were down \$3.50 at \$93.90 and ECB hogs were down \$0.98, \$94.65 lower. The Lean Hog Index was at \$102.61, up \$0.10 for June 29th. The spot contract of hogs expires July 15th. Pork trading was slow with light demand and light to moderate offerings ahead of the three day weekend. The cutout was higher.

**Cotton:** Friday's Close: Jul 11 Cotton closed at 161.41, up 162 points, Oct 11 Cotton closed at 121.81, down 188 points Dec 11 Cotton closed at 117.81, down 78 points

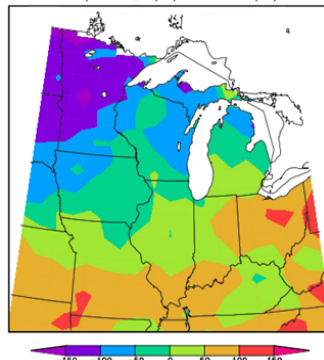
Cotton futures closed mixed with old crop higher. July cotton last trade day is Thursday, leaving only 3 trading days left. Extreme heat and drought in TX has definitely impacted cotton production with virtually no dry land producing and yields reduced on irrigated land. There were some positive economic indicators out today giving stocks another boost. Stocks have rallied 617 points in the last week. This helps cotton as demand is linked to retail sales.

Total MGDD from 5/1/2011 to 7/3/2011



Midwestern Regional Climate Center

MGDD Departure, 5/1/2011 to 7/3/2011



Midwestern Regional Climate Center

### May 1 to July 4<sup>th</sup> GDD Report

GROWING DEGREE DAYS (GDD):	2011 = 894.5 GDD
	2010 = 815.0 GDD
	AVERAGE <sup>11</sup> = 883.5 GDD

(an equal opportunity provider) The information contained herein was obtained from sources believed to be reliable, but can not be guaranteed. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Commodity marketing and trading is risky. Trading and/or marketing decisions and any trading and/or marketing gains or losses are the responsibility of the commodity owner, producer, and/or account holder. Minnesota West Ag Services LLC and principals and employees assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.



**MORNING COMMENTS**

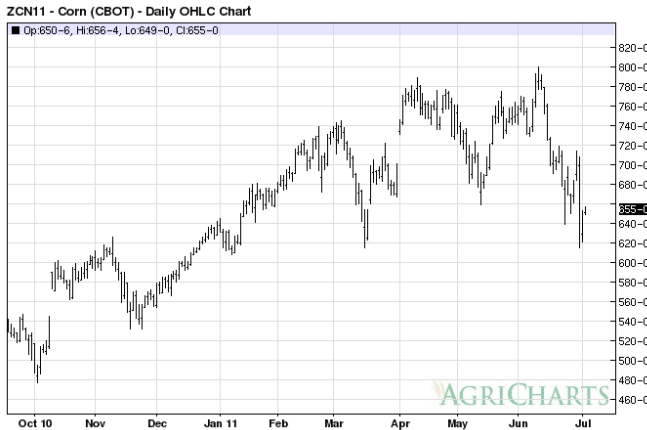
[david@mnwestag.com](mailto:david@mnwestag.com)

Office 1-877-365-3744

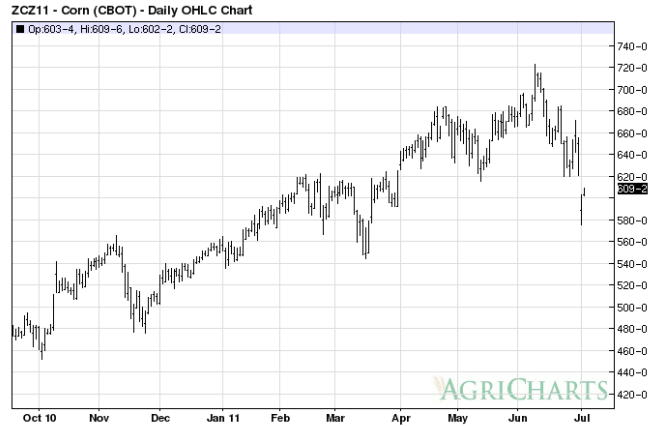
[www.mnwestag.com](http://www.mnwestag.com)

**Tuesday, July 5, 2011**

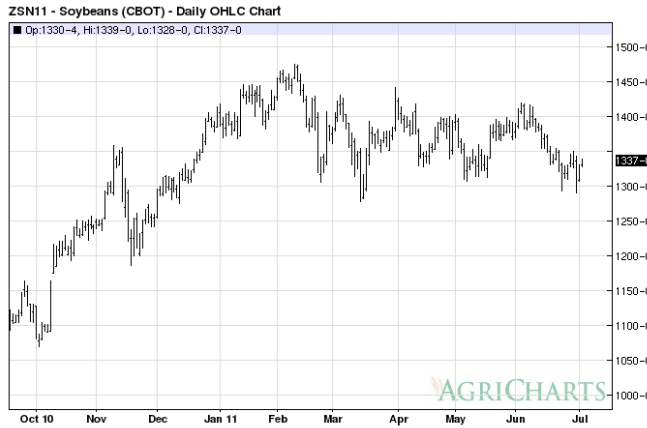
**July 11 Corn Daily Chart**



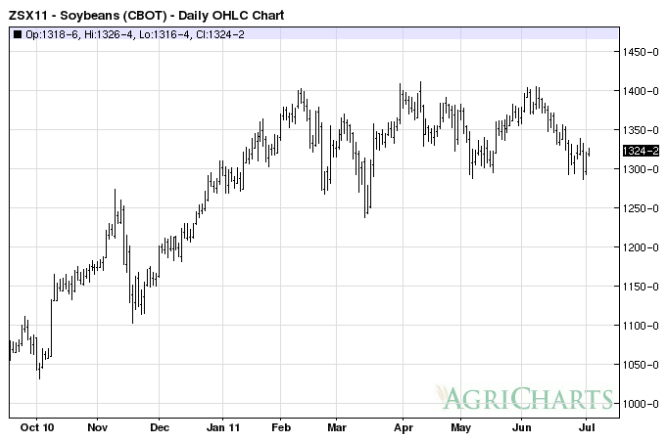
**Dec 11 Corn Daily Chart**



**July 11 Soybean Daily Chart**



**Nov 11 Soybean Daily Chart**



**July 11 Mpls Spring Wheat Daily Chart**



**Sept 11 Mpls Spring Wheat Daily Chart**



(an equal opportunity provider) The information contained herein was obtained from sources believed to be reliable, but can not be guaranteed. All examples given are strictly hypothetical and neither the information, nor any opinion expressed, constitutes a solicitation to market commodities or buy or sell futures or options on futures. Commodity marketing and trading is risky. Trading and/or marketing decisions and any trading and/or marketing gains or losses are the responsibility of the commodity owner, producer, and/or account holder. Minnesota West Ag Services LLC and principals and employees assume no liability for any use of any information contained herein. Reproduction without authorization is forbidden.