



MORNING COMMENTS

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Wednesday, July 6, 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.

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 September corn is once again priced competitively in the world market with tenders from a number of countries taking place yesterday. Last trade day for July futures are next Thursday July 14, so no limits exist for July and little trade will occur except someone who wants to buy futures and take delivery at 53 cents above the September which shouldn't happen. July may have rampant price swings if someone is short and needs to buy back to exit the position but it is hard to imagine that they would not be out of the month already.

Continued skepticism about USDA acreage report by the trade. Internal corn prices in China have weakened somewhat...partly in response to the import rumors. There are also reports of increased substitution of both imported and domestic feed wheat in the China feed markets which is starting to weigh on corn prices.

Brazil is considering the possibility of lowering their ethanol blend rate. The current rate is 25%, and may be scaled back to 18% to allow the country to stretch the country's domestic ethanol supply, and avoid losing money by processing high priced sugar into fuel. This is not good news for the U.S. renewable fuel industry who had been hoping for increased ethanol exports.

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

USDA crop progress report showed 6 percent of the corn crop silking versus 12 percent for the five year average and 18 percent a year ago. Corn condition ratings improved 3 points in the excellent category. Soybean emergence is on par with the five year average but blooming is at 8 percent versus 18 percent for the five year average. Soybean condition ratings improved 2 points in the excellent category which was above trade expectations. Winter Wheat harvest is outpacing a year ago by 4 points with yields about as expected. Winter wheat condition ratings improved by one point in the good category. Only 13 percent of the spring wheat is headed with the five year average at 52 percent for this week. Spring wheat crop condition improved 1 point from last week. Wheat stocks at select export elevators and terminals were up 8.267 million bushels from last week.

Outside Markets:

U.S. Dollar Index	75.380	+0.395	+0.53%	Euro FX	1.42880	-0.00930	-0.65%	Ethanol Futures	Aug 11	2.572p	+0.073
CRB CCI Index	635.00p	+11.50	+1.84%	Canadian Dollar	1.03320	-0.00380	-0.37%	Gasoline RBOB (E)	Aug 11	2.9774p	+0.0048
Gold	1510.8	-1.5	-0.1%	Japanese Yen	1.23390	-0.00030	-0.02%	Diesel Gulf (Ulsd)	Aug 11	3.0378s	+0.0371
Silver	35.170	-0.232	-0.66%	Australian Dollar	1.05630	-0.00270	-0.25%	Heating Oil (E)	Aug 11	2.9566p	+0.0321
DJIA	12533p	+19	+0.15%	Chinese Renminbi	0.154690p	+0.000010	+0.01%	Crude Oil Brent (E)	Aug 11	112.74	-0.87
S&P 500 Index	1329.70	-7.00	-0.52%	Mexican Peso	0.085975s	-0.000125	-0.15%	Natural Gas (E)	Aug 11	4.363p	+0.052
Nasdaq 100	2363.75	-8.25	-0.35%	1-Month Libor	99.8025p	-0.0025	-	Polypropylene	Aug 11	0.7725s	0.0000
Russell 1000 Growth	619.60s	+3.00	+0.49%	T-Bond	123-25	+0-19	+0.48%	Polyethylene	Aug 11	0.5613p	0.0000
MSCI Emi Index	1162.00	-9.00	-0.77%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jul 11	1462.857p	+17.476
Nikkei 225	10045.00	+30.00	+0.3%	5-Year T-Note	121-2.5	+0-270	+0.7%	Coal Futures	Aug 11	77.67p	+0.50
Brazilian Real	0.63630s	-0.00180	-0.28%	10-Year T-Note	123-035	+0-145	+0.37%	Uranium	Jul 11	52.15p	+0.50

Weather

Central Illinois:

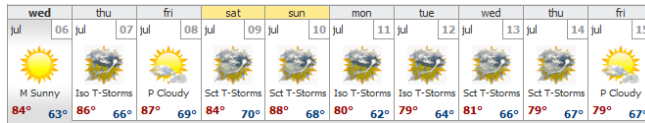
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06 jul	07 jul	08 jul	09 jul	10 jul	11 jul	12 jul	13 jul	14 jul	15 jul
M Sunny	P Cloudy	M Sunny	M Sunny	P Cloudy	Iso T-Storms	Iso T-Storms	P Cloudy	P Cloudy	P Cloudy
88° 66°	84° 63°	84° 65°	83° 70°	87° 74°	89° 70°	84° 66°	83° 69°	84° 72°	86° 69°

Central Iowa:

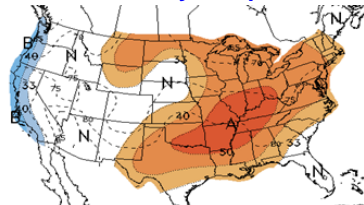
wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
06 jul	07 jul	08 jul	09 jul	10 jul	11 jul	12 jul	13 jul	14 jul	15 jul
P Cloudy	Iso T-Storms	P Cloudy	Iso T-Storms	Iso T-Storms	Sct T-Storms	Sct T-Storms	Sct T-Storms	Sct T-Storms	Sct T-Storms
87° 67°	86° 67°	86° 67°	86° 74°	89° 73°	88° 70°	85° 69°	83° 70°	82° 72°	86° 70°

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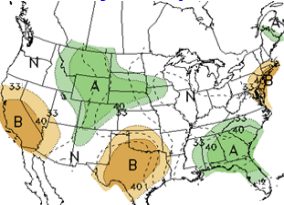
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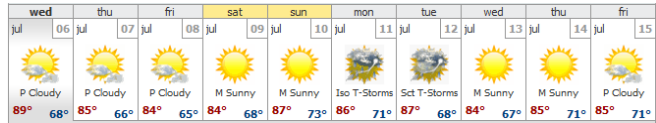
8-14 Day Temp



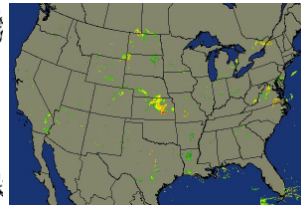
8-14 Day Precipitation



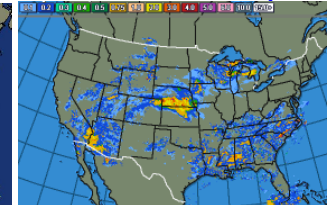
Central Indiana:



Current Radar



Last 24 hr Precip



Official Weather Station -2011

SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

	Monday, July 4	Tuesday, July 5
Air Temperature	Max = 86; Min = 64	Max = 88; Min = 68
Soil Temperature		
2 inch	Max = 96; Min = 73; Ave = 85	Max = 98; Min = 73; Ave = 85
4 inch	Max = 86; Min = 68; Ave = 77	Max = 86; Min = 69; Ave = 78
8 inch	Max = 78; Min = 69; Ave = 74	Max = 80; Min = 70; Ave = 75
Daily Precipitation	0.00"	0.01"



Hail from Friday's storm. It is interesting to hear how bad the storm was, and then get a response of wow when someone sees a picture of a farm site that was actually totally destroyed, not just tree and debris damage.

Amazingly, there have been no reports of physical injuries to individuals from the storm, just reports of individuals with heat exhaustion from cleaning up.

There is lots of wood and sheet metal in fields that needs to be picked up. Some reports of stove silos with severe damage.

Corn: Morning: July 11 Corn is at \$6.74 ½, down 6 cents, Sept 11 Corn is at \$6.21, down 4 ½ cents, Dec 11 Corn closed at \$606 ¾, down 5 ¾ cents, Mar 11 corn closed at \$620 ½, down 5 ½ cents

Yesterday's Close: Jul 11 Corn closed at \$6.80 ½, up 39 ¾ cents, Sep 11 Corn closed at \$6.25 ½, up 18 ¾ cents, Dec 11 Corn closed at \$6.12 ½, up 15 ¾ cents Dec 12 Corn closed at \$6.01 ¾, up 12 ¼ cents

Corn futures ended higher on the day with most of the gains in the old crop corn on short covering. Grain stocks at select export elevators and terminals were down 6.267 million bushels from last week. The USDA Export Inspections report this morning showed 34.588 million bushels inspected for export for the week ending June 30th with a total increase of 36.585 million bushels from last week after revisions to prior data. This is 4.5 million bushels behind last years weekly pace. The weather has been extreme this year. The northern and eastern grain belts have experienced extreme moisture resulting in delayed planting and flooding and the southern plains have been in an extreme drought with TX production drastically reduced. The new long range forecasts do not promise much relief except for NE, IA, IL and IN, four of the top corn producing states. Those states are predicted to have highs in the mid 80's, with adequate moisture, ideal for crop production. Cash basis bids were steady to firm in the Midwest.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.22 ¾, down 9 ½ cents, Sept 11 Soybeans closed at \$13.06 ½, down 10 ½ cents,

Nov 11 Soybeans closed at \$13.08, down 10 cents, Jan 11 Soybeans closed at \$13.18 ½, down 9 ½ cents

Yesterday's Close: Jul 11 Soybeans closed at \$13.32 ¼, up 10 cents, Aug 11 Soybeans closed at \$13.22 ¼, up 9 ½ cents, Nov 11 Soybeans closed at \$13.18, up 5 ½ cents, Jul 11 Soybean Meal closed at \$341.70, up \$0.80, Jul 11 Soybean Oil closed at \$55.10, down \$0.06

Soybean futures finished higher on the day widening the spread between old and new crop slightly. The demand for soybeans nearby has eliminated the carry in the market. Soybean stocks on hand at export elevators and terminals were down 1.252 million bushels from last week. Weather forecasts are good for continued crop development over the next 7 days although above normal temperatures in the long range forecast will not be beneficial to more mature soybean crops. The USDA Export Inspections report this morning showed 4.515 million bushels inspected for export for the week ending June 30th with a total increase of 5.06 million bushels from last week after revisions to prior data. This is 1.86 million bushels ahead of last years weekly pace. Brazilian soybean acreage is expected to expand for the next marketing year increasing competition for U.S. exports. Cash basis bids were steady to weaker with buyers rolling to the August contract.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$6.04, down 9 ¾ cents, Sept 11 MGEX Wheat is at \$8.23 ¼, down 9 ¾ cents

Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.13 ¾, up 29 ¼ cents, Jul 11 KCBT Wheat closed at \$7.18 ½, up 15 ½ cents, Jul 11 MGEX Wheat closed at \$8.69 ¼, up 38 ¼ cents

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Wheat futures closed higher across the board rebounding some from the recent sell off. Harvest is outpacing a year ago by 4 points with yields about as expected. Winter wheat condition ratings improved by one point in the good category. Only 13 percent of the spring wheat is headed with the five year average at 52 percent for this week. Spring wheat crop condition improved 1 point from last week. Wheat stocks at select export elevators and terminals were up 8.267 million bushels from last week. The weather should continue to cooperate for the next few days before chances of rain could interrupt harvest progress and crop development. The USDA Export Inspections report this morning showed 26.12 million bushels inspected for export for the week ending June 30th with a total increase of 29.35 million bushels from last week after revisions to prior data. This is 10.95 million bushels ahead of last year's weekly pace.

Cattle: Yesterday's Close: Aug 11 Cattle closed at \$113.350, up \$0.500, Oct 11 Cattle closed at \$119.850, up \$0.175, Dec 11 Cattle closed at \$122.700, up \$0.475, Aug 11 Feeder Cattle closed at \$141.275, up \$0.800 Sep 11 Feeder Cattle closed at \$142.575, up \$1.025 Oct 11 Feeder Cattle closed at \$142.900, up \$0.950

Cattle futures ended higher on the day pushing the resistance envelope on the 2011 contracts and passing through resistance on February 2012. The marketing is set up to challenge the contract high on February finishing within a \$1.10 of their April high. Feeder cattle prices also ended higher on the day missing their contract high by a dime on the spot contract but making new historical highs on the weekly continuation charts. Cash cattle sold for \$112 to \$112.50 last week with numbers on the lighter side compared to other weeks with a shorter slaughter week and prices in line with the expiring June futures contract. Holiday demand was good which could lead to higher money this week as retailers replenish supplies although demand will most likely seasonal curtail as the weather heats up later. Boxed beef prices ended the day at higher money. Choice is up 58 cents at \$179.18 and Select is up 126 cents at \$173.57.

Hogs: Yesterday's Close: Aug 11 Cattle closed at \$113.350, up \$0.500, Oct 11 Cattle closed at \$119.850, up \$0.175, Dec 11 Cattle closed at \$122.700, up \$0.475, Aug 11 Feeder Cattle closed at \$141.275, up \$0.800 Sep 11 Feeder Cattle closed at \$142.575, up \$1.025 Oct 11 Feeder Cattle closed at \$142.900, up \$0.950

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Cotton: Yesterday's Close: Aug 11 Cattle closed at \$113.350, up \$0.500, Oct 11 Cattle closed at \$119.850, up \$0.175, Dec 11 Cattle closed at \$122.700, up \$0.475, Aug 11 Feeder Cattle closed at \$141.275, up \$0.800 Sep 11 Feeder Cattle closed at \$142.575, up \$1.025 Oct 11 Feeder Cattle closed at \$142.900, up \$0.950

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US Dollar Index weekly

DX - U.S. Dollar Index (ICEFI) - Weekly OHLC Chart



Crude Oil Weekly

CL - Crude Oil WTI (NYMEX) - Weekly OHLC Chart



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Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



Aug 11 Soybean Daily Chart

ZSQ11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



Dec 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart



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