



MORNING COMMENTS

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Thursday, July 7, 2011

See Multi-Year Historical CBOT Corn & Soybean Futures charts on pages 3 & 4

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. The corn price forecast by a number of analysts has been reduced considerably with a number of them forecasting Dec corn under \$5/bushel to \$4.70 futures and have also lowered their Soybean forecast for old crop but have called new crop soybeans from \$12 to \$14 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 Goldman & Morgan Stanley both released bullish commodity report's this morning, with emphasis on crude oil. More details when they are available. One large Chinese food buyer blasting USDA for flip flopping stocks & acreage forecasts from early June to June 30 calling the data "an insult" and saying it makes it more difficult to hedge. Welcome to the world of USDA!

Monday USDA crop progress report showed US corn crop 69% G/E, up 1 point from last week and vs 71% last year. Kansas rating down 9 with the third worst July 1 rating in 25 years with ongoing drought there. Minnesota corn height only 25 inches vs 45 last year and 43 average. South Dakota height 22 vs 35 last year and 32 average. Again a late northwestern belt crop to be dealt with this fall. Iowa, Nebraska and Missouri rated better than last year with 68% of the crop rated below last year now.

Trade remains largely disoriented in the aftermath of last week's stocks report. USDA will project a new crop situation in next week's July 12 report. Trade sentiment may shift violently as we deal with these interim S&D projections before final crop size can be determined next fall. Well followed Informa will estimate US crops mid Friday morning. Last year Informa July corn yield estimate was 163.5 before final crop yield was 152.8.

Some analyst are looking for China buying to resume if December corn futures trade below \$5.75. Other reports have them buying last week prior to USDA's acreage report & rumors of them buying again last night are circulating in Chicago this morning.

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

Outside Markets:

U.S. Dollar Index	75.405	-0.035	-0.05%	Euro FX	1.42690	+0.00030	+0.02%	Ethanol Futures	Aug 11	2.579p	+0.007
CRB CCI Index	634.50p	-0.50	-0.08%	Canadian Dollar	1.04310	+0.00960	+0.93%	Gasoline RBOB (E)	Aug 11	2.9976p	+0.0202
Gold	1526.4	-2.3	-0.15%	Japanese Yen	1.23110	-0.00520	-0.42%	Diesel Gulf (Ulsd)	Aug 11	3.0441p	+0.0063
Silver	36.435	+0.524	+1.46%	Australian Dollar	1.06710	+0.00880	+0.83%	Heating Oil (E)	Aug 11	2.9633p	+0.0067
DJIA	12569p	+36	+0.29%	Chinese Renminbi	0.154600p	-0.000090	-0.06%	Crude Oil Brent (E)	Aug 11	116.27	+2.65
S&P 500 Index	1348.90	+13.10	+0.98%	Mexican Peso	0.086050s	+0.000075	+0.09%	Natural Gas (E)	Aug 11	4.217p	-0.146
Nasdaq 100	2398.00	+22.75	+0.96%	1-Month Libor	99.8050p	+0.0025	-	Polypropylene	Aug 11	0.7725s	0.0000
Russell 1000 Growth	620.90p	+1.30	+0.21%	T-Bond	122-28	-0.25	-0.63%	Polyethylene	Aug 11	0.5613p	0.0000
MSCI Emi Index	1174.10	+6.40	+0.55%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jul 11	1468.048p	+5.191
Nikkei 225	10185.00	+115.00	+1.14%	5-Year T-Note	119-7.5	-1-2.5	-0.89%	Coal Futures	Aug 11	77.45p	-0.22
Brazilian Real	0.63405s	-0.00225	-0.35%	10-Year T-Note	122-125	-0.190	-0.48%	Uranium	Jul 11	52.65p	+0.50

Weather Dry weather dominated the majority of the Midwest yesterday, with some light showers finishing up in MI and also impacting northern sections of IN and OH with totals of generally under .10". Temps were average to a bit above, with highs in the mid 80's to low 90's. The forecast still sees fairly quiet weather to dominate most of the Midwest for the rest of this week, with some rains in the far south today on tonight. The next front will drop into the north by the weekend and bring some light to moderate rains. That weekend front then looks settle into the central Midwest and stall out, allowing for some scattered showers and thunderstorms to occur off and on across most of the region into much of next week. It is these hit and miss rains for next week that still look to bring the lions share of the precip to areas of the Midwest to the south of I-80 in the 10 day period. Temps will not move much from where they have been, with lots of 80's and a few low 90's.

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Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
07	08	09	10	11	12	13	14	15	16
85° 66°	86° 66°	86° 71°	89° 75°	88° 71°	83° 71°	82° 69°	85° 72°	85° 72°	85° 70°

Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
07	08	09	10	11	12	13	14	15	16
83° 68°	88° 69°	88° 74°	90° 74°	86° 71°	85° 72°	83° 70°	86° 72°	86° 72°	86° 70°

South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
07	08	09	10	11	12	13	14	15	16
85° 66°	88° 71°	85° 72°	88° 67°	82° 66°	80° 68°	78° 68°	81° 69°	81° 69°	82° 66°

Central Indiana:

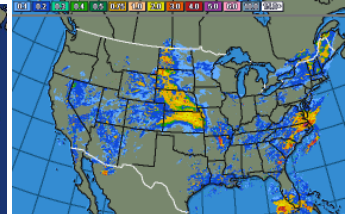
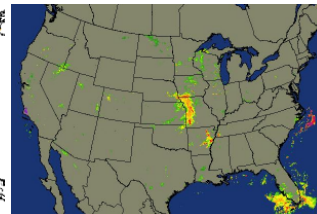
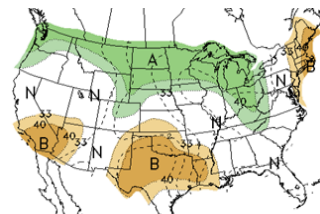
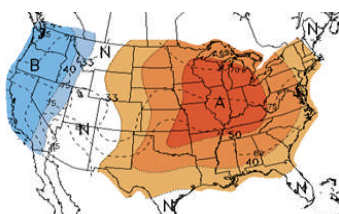
thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
07	08	09	10	11	12	13	14	15	16
87° 67°	86° 66°	87° 69°	88° 73°	88° 70°	84° 69°	84° 69°	86° 72°	87° 73°	84° 71°

8-14 Day Temp

8-14 Day Precipitation

Current Radar

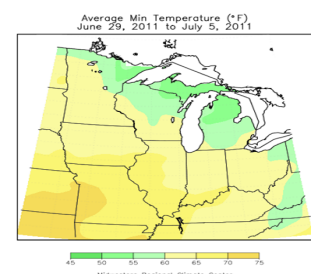
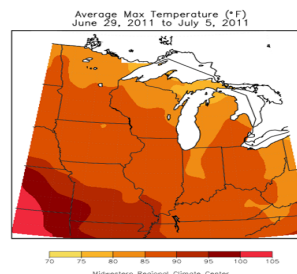
Last 24 hr Precip



Official Weather Station -2011

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

	Monday, July 4	Tuesday, July 5	Wednesday, July 6
Air Temperature	Max = 86; Min = 64	Max = 88; Min = 68	Max = 84; Min = 61
Soil Temperature			
2 inch	Max = 96; Min = 73; Ave = 85	Max = 98; Min = 73; Ave = 85	Max = 97; Min = 72; Ave = 85
4 inch	Max = 86; Min = 68; Ave = 77	Max = 86; Min = 69; Ave = 78	Max = 86; Min = 69; Ave = 78
8 inch	Max = 78; Min = 69; Ave = 74	Max = 80; Min = 70; Ave = 75	Max = 80; Min = 72; Ave = 76
Daily Precipitation	0.00"	0.01"	0.00"



Corn: Morning: July 11 Corn is at \$6.54 ¼, up 5 ½ cents, Sept 11 Corn is at \$6.24 ½, up 5 ¾ cents,

Dec 11 Corn closed at \$6.13 ½, up 5 cents. Mar 11 corn closed at \$6.26 ¾, up 4 ¾ cents

Yesterday's Close: Jul 11 Corn closed at \$6.48 ¾, down 31 ¾ cents, Sep 11 Corn closed at \$6.18 ¾, down 6 ¾ cents, Dec 11 Corn closed at \$6.08 ½, down 4 cents Dec 12 Corn closed at \$6.01 ½, down ¼ cent

Corn futures ended lower on the day unable to hold earlier pluses on the firm dollar and generally good growing weather for corn. Spot corn took back all the gains from yesterday to close sharply lower. July futures were under pressure from expiration tomorrow and 12,283 contracts of open interest coming into today's trading session. Cash close to futures offers little incentive to deliver. China increased interest rates by 1/4 percent helping to boost the U.S. dollar. Private exporters announced the sale of 120,000 MT of corn to Egypt for 2010/11 delivery and 225,000 MT of corn to South Korea for delivery in 2011/12. Cash basis levels were steady at elevators and processors around the Midwest and firm at river locations and some ethanol plants. Ethanol futures were higher.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.37, up 6 cents, Sept 11 Soybeans closed at \$13.22 ¼, up 5 ½ cents, Nov 11 Soybeans closed at \$13.23 ¼, up 4 ¾ cents, Jan 11 Soybeans closed at \$13.34, up 5 ½ cents

Yesterday's Close: Jul 11 Soybeans closed at \$13.31, down 1 ¼ cents, Aug 11 Soybeans closed at \$13.22 ¼, unchanged, Nov 11 Soybeans closed at \$13.18 ½, up 1/2 cent, Jul 11 Soybean Meal closed at \$341.70, unchanged, Jul 11 Soybean Oil closed at \$55.27, up \$0.17

Soybean futures ended the day basically unchanged from yesterday with the spot month down a bit and new crop up a bit. Weather forecasts are good for crop development in the U.S. over the next several days but then much above normal temperatures will penetrate the major bean producing states from July 12 through the 20th. Beans will need moisture to combat the heat but not all states will be getting the needed rain. The weekly crop condition report showed an improvement in the overall crop ratings for U.S. soybeans yesterday. Soybean gulf basis bids were firm with the recent lower futures prices getting more competitive with South America. Weekly export sales will be reported Friday versus Thursday because of the shortened holiday week. Cash basis levels in the Midwest were steady to up 5 cents at a Council Bluffs Iowa processor. Cash basis levels for Chicago offer little incentive to deliver against futures so there have been no deliveries.

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Wheat: Morning: Jul 11 CBOT Wheat closed at \$6.08, down 3 ¼ cents, Sept 11 MGEX Wheat is at \$8.23 ½, down 4 cents
Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.11 ¼, down 2 ½ cents, Jul 11 KCBT Wheat closed at \$7.08 ¾, down 9 ¾ cents, Jul 11 MGEX Wheat closed at \$8.63 ¾, down 5 ½ cents

Wheat futures ended lower across the board on the close with several contracts closing near the low of today's trading range. Harvest continues to move forward for SRW wheat with minimal damage and good test weights reported but yields. The weather should continue to cooperate for the next few days before chances of rain could interrupt harvest progress. Jordan purchased 150,000 MT of Russian HRW in the weekly tender, the first major purchase since the export ban ended. As with the other crops there was a slight improvement in the U.S. condition ratings putting the good/excellent at 36 percent. Export sales for the week ending June 30th will be reported Friday because of the shortened holiday week. Cash basis levels are steady for HRW and SRW wheat.

Cattle: Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.11 ¼, down 2 ½ cents, Jul 11 KCBT Wheat closed at \$7.08 ¾, down 9 ¾ cents, Jul 11 MGEX Wheat closed at \$8.63 ¾, down 5 ½ cents

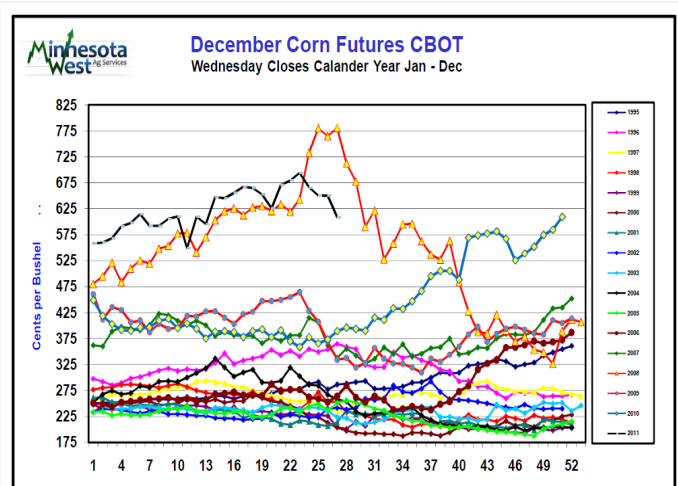
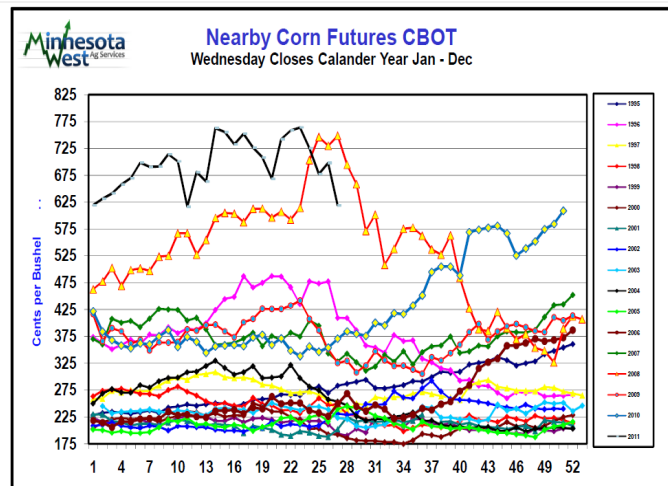
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Hogs: Yesterday's Close: Jul 11 Hogs closed at \$96.025, up \$0.250, Aug 11 Hogs closed at \$93.600, up \$0.250 Oct 11 Hogs closed at \$87.275, up \$0.925

Lean hog futures closed mostly higher on the day. The weather is supposed to turn hot next week which could limit meat demand. The upcoming higher temperatures could also impact hog weight gains. Pork production is basically on par with a year ago levels so any change in weights could affect overall output. Cash hogs were mixed this afternoon. IA/MN were up \$1.05 at \$96.42, WCB hogs were \$0.45 higher at \$96.15 and ECB hogs were down \$1.03 at \$93.07. The Lean Hog Index was at \$101.44, down \$0.80 for July 1st. The spot July contract expires July 15th with the current spread between the CME Index and futures narrowing. Pork trading was moderate with light to moderate demand and offerings. The Carcass was up \$1.19 at \$97.39.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 155.4, down 360 points, Oct 11 Cotton closed at 116.98, down 197 points Dec 11 Cotton closed at 113.42, down 210 points

Cotton futures closed lower on China's move to raise interest rates, a higher dollar and Portugal's debt downgrade. July cotton futures expire tomorrow. Daily Certificated cotton stocks were down significantly at 49,101 bales from yesterday's 94,237 bales. There were 140 contracts issued and stopped. Those bales are expected to be headed to the export market. Cotton production will be significantly reduced in TX this year but Australian farmers are looking for higher output because of recent good rains. Even irrigated Texas acres are in trouble and farmers have to be selective with acres due to water rationing.



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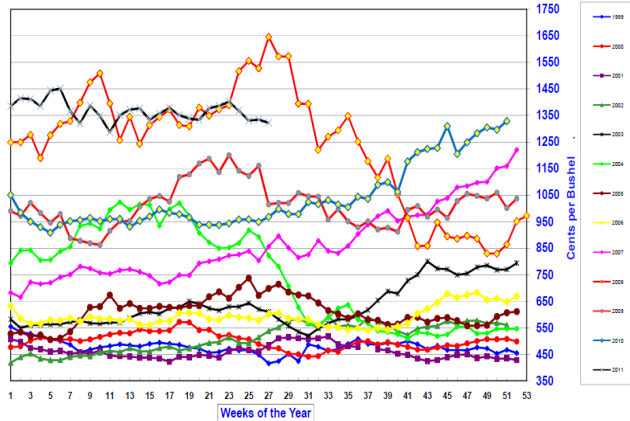
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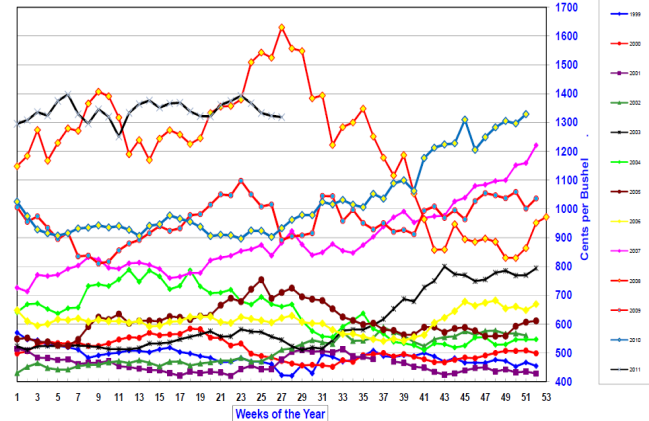
Nearby Soybean Futures CBOT

Wednesday Closes Calendar Year Jan - Dec



November Soybean Futures CBOT

Wednesday Closes Calendar Year Jan - Dec



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



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