



MORNING COMMENTS

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Monday, July 11, 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. 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: , Friday July 22, 2011 Cattle on Feed, Thursday August 11, 2011 WASDE & Crop Production
Tuesday July 12, 2011 WASDE & Crop Production

Carry Out	2010-11 USDA Grain Carry Out Estimates (billions/bu)					Carry Out	2011-12 USDA Grain Carry Out Estimates (billions/bu)				
	USDA July 10/11	Average Trade Est.	Range of Trade Est.	USDA June 10/11	USDA 09/10		USDA July 11/12	Average Trade Est.	Range of Trade Est.	USDA June 11/12	
Corn		0.905	0.805-1.050	0.730	1.708		0.994	0.757-1.177	0.695		
Soybeans		0.198	1.180-0.220	0.180	0.151		0.169	0.134-0.197	0.190		
Wheat							0.702	0.650-0.761	0.687		

Today's session will be spent positioning for tomorrow's supply and demand report. USDS will use the revised acreage and stocks data from the U.S.D.A. reports that were released at the end of June, and provide a look at ending stocks estimates. One of the numbers getting the most interest is the feed usage, which was projected at a historical low level in the 3rd quarter. This use gets attention in all pits, as it can impact all commodity carryout levels.

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: Informa released their July crop estimates Friday but it appeared not to impact the market as traders focused on weather forecasts. Informa estimated corn yield at 162.5 bushels per acre, up from the June USDA estimate of 158.7. This would produce an estimate 13.76 billion bushel corn crop for the United States. Informa's corn yield is 1.1 bushels below its previous forecast, but almost 10 bushels above last season's weather-reduced yield. Informa's 2011 harvested corn area is 200,000 acres below that estimated by U.S. Department of Agriculture in June, but 3.2 million above corn harvested in 2010.

Informa's soybean yields were estimated at 43.1 bushels per acre, down 1 bushel from Informa's previous forecast and would be 0.4 bushel below last year and down from the June USDA number of 43.4, predicting a 3.2 billion bushel crop. Informa tempered its yield forecast for several states due to this season's below-average start, Informa noted in the report, traders said.

Traders cited concerned over a ridge of high pressure building later next week over the Plains and into parts of the Upper Midwest. Temps are expected to reach the upper 90's as the corn crop begins pollination in portions of Iowa, Nebraska and Illinois. Traders said that heat stress during pollination could potentially hurt yields for those areas in need of rainfall. While many parts of the country received excessive rainfall earlier this year, there are some regions without much measureable rainfall during the past few weeks. Some argue the intense heat will not impact pollination nearly as much as nighttime temperatures are expected to drop below 70 degrees. Not all weather models are in agreement and some argue the intense heat may only last a few days. Traders saw the hot/dry forecast as good enough reason to push corn prices higher.

The scrapping of the Canadian Wheat Boards monopoly has the support of Saskatchewan, Alberta and British Columbia provinces. Manitoba, where the Wheat Board is based opposes the plan. The end of the monopoly is to commence August of 2012. Support to maintain the status quo in a CWB survey was at 63%, down from 69% last year. Current law requires that farmers decide the monopoly's future.

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

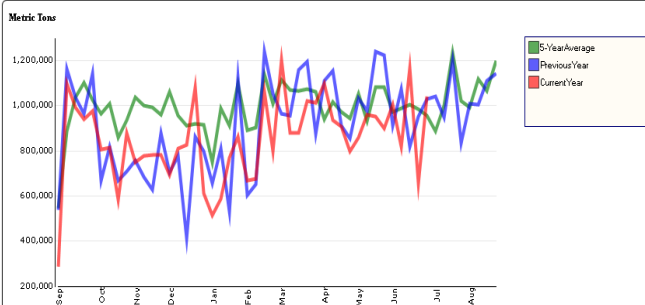
Outside Markets:

U.S. Dollar Index	75.514s	+0.257	+0.34%	Euro FX	1.42140s	-0.01060	-0.74%	Ethanol Futures	Aug 11	2.707s	+0.086
CRB CCI Index	639.00s	-2.00	-0.31%	Canadian Dollar	1.03830s	-0.00240	-0.23%	Gasoline RBOB (E)	Aug 11	3.0926s	-0.0344
Gold	1541.2s	+11.0	+0.72%	Japanese Yen	1.24080s	+0.00950	+0.77%	Diesel Gulf (Usd)	Aug 11	3.1681s	-0.0074
Silver	36.536s	+0.008	+0.02%	Australian Dollar	1.06470s	-0.00310	-0.29%	Heating Oil (E)	Aug 11	3.0964s	-0.0056
DJIA	12615s	-66	-0.52%	Chinese Renminbi	0.154630s	+0.000080	+0.05%	Crude Oil Brent (E)	Aug 11	118.33s	-0.26
S&P 500 Index	1341.80s	-9.90	-0.73%	Mexican Peso	0.086125s	-0.000525	-0.61%	Natural Gas (E)	Aug 11	4.205s	+0.072
Nasdaq 100	2408.50s	-7.00	-0.29%	1-Month Libor	99.8100s	+0.0025	-	Polypropylene	Aug 11	0.7725s	0.0000
Russell 1000 Growth	625.50s	-3.50	-0.56%	T-Bond	124-31s	+1-22	+1.37%	Polyethylene	Aug 11	0.5725s	0.0000
MSCI Em Index	1173.80	-8.80	-0.74%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jul 11	1481.238s	-0.238
Nikkei 225	10070.00s	-150.00	-1.47%	5-Year T-Note	120-2.5s	+0-7.5	+0.59%	Coal Futures	Aug 11	76.95s	-0.42
Brazilian Real	0.63575s	-0.00290	-0.45%	10-Year T-Note	123-230s	+1-080	+1.02%	Uranium	Jul 11	53.65s	+0.50

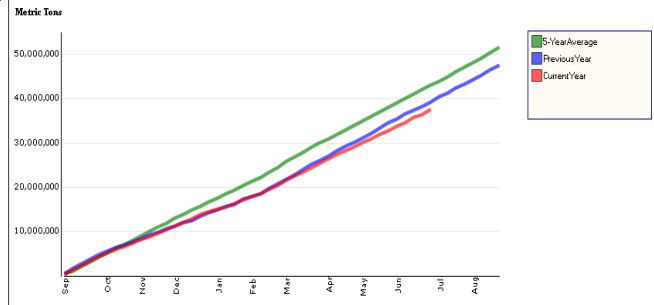
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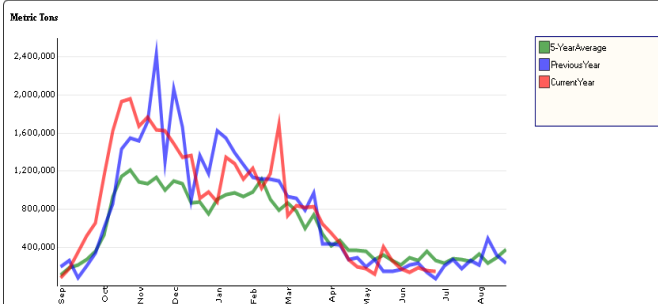
Corn: Weekly Export Sales for the Week Ending 6/30/2011



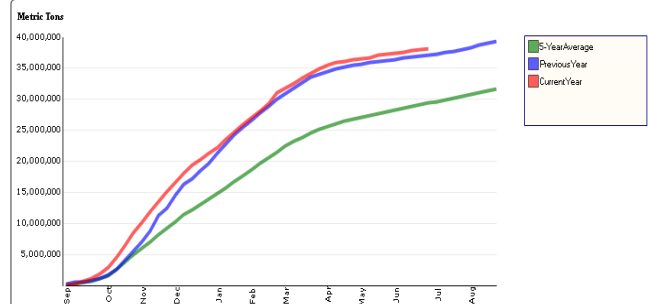
Accumulated Export Sales for the Week Ending 6/30/2011



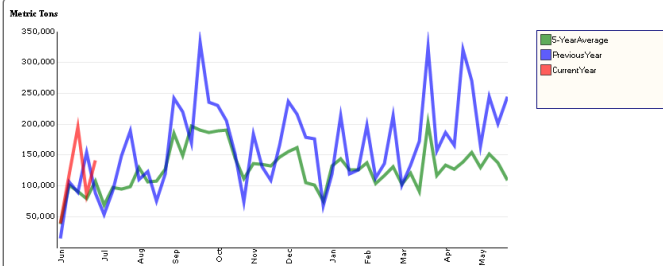
Soybeans: Weekly Export Sales for the Week Ending 6/30/2011



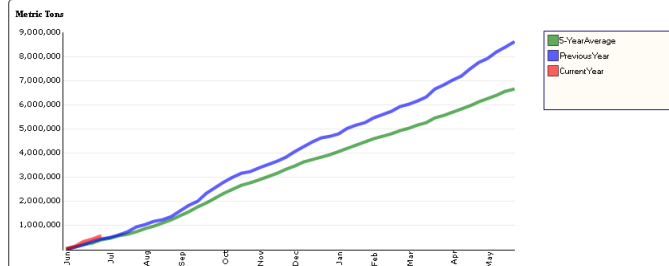
Accumulated Export Sales for the Week Ending 6/30/2011



Spring Wheat: Weekly Export Sales for the Week Ending 6/30/2011



Accumulated Export Sales for the Week Ending 6/30/2011



Sweet Corn for Processing Area Planted, Contracted, and Utilization - States and United States: 2009, 2010, and Forecasted 2011				
State and utilization	Planted Acres			
	2009	2010	2011	
	Total	Total	Contract 1/	Contract 1/
Illinois	18,900	16,400	16,400	(D)
Minnesota	132,000	122,900	122,900	123,800
Oregon	24,200	20,200	20,200	(D)
Washington	84,200	66,400	66,400	68,800
Wisconsin	91,200	81,200	81,200	69,100
Other States 2/	51,700	42,900	42,900	76,750
United States	402,200	350,000	350,000	338,450

Green Peas for Processing Area Planted, Contracted, and Utilization - States and United States: 2009, 2010, and Forecasted 2011				
State and utilization	Planted Acres			
	2009	2010	2011	
	Total	Total	Contract 1/	Contract 1/
Delaware	5,500	3,900	3,900	(D)
Minnesota	77,300	62,700	62,700	69,400
Oregon	18,300	15,700	15,700	(D)
Washington	41,300	34,100	34,100	26,800
Wisconsin	41,400	42,300	42,300	33,300
Other States 2/	29,700	27,100	27,100	32,800
United States	213,500	185,800	185,800	162,300

Weather Locally we received .70" of rainfall Saturday night and then .85" last night for a total of 1.55" over the weekend. Dry weather dominated the majority of the Midwest through midday Sunday and then showers and thunderstorms rolled into much of MN and NW IA late Sunday and into Sunday night. Most totals have not been fully reported, but look to have been in the .35-1" range, with some isolated heavier totals. Temps were average to above average, with highs in the mid 80's to mid 90's. Temps were average to above average, with highs in the mid 80's to mid 90's. The forecast sees enough ridging across the Midwest to produce below average precip and above average temps, although precip will not be totally absent and outside of a period around next weekend, temps do not look to get too out of hand. A fairly weak front will work through the Midwest starting in the north today and then working through the rest of the region the first half of this week. The front looks to bring rains on the order of around .25-.75", with some isolated heavier totals and coverage of around 65%. Areas north of I-80 look to receive the heaviest amounts and best coverage.

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Central Illinois:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
11 Jul	12 Jul	13 Jul	14 Jul	15 Jul	16 Jul	17 Jul	18 Jul	19 Jul	20 Jul
Strong Tstms	Iso T-Storms	Iso T-Storms	Iso T-Storms	P Cloudy	M Sunny	P Cloudy	Sunny	Sunny	P Cloudy
93° 76°	89° 65°	79° 62°	79° 66°	85° 69°	90° 73°	92° 70°	87° 71°	83° 68°	85° 69°

Central Iowa:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
11 Jul	12 Jul	13 Jul	14 Jul	15 Jul	16 Jul	17 Jul	18 Jul	19 Jul	20 Jul
Sct T-Storms	Sct T-Storms	Sct T-Storms	Sct T-Storms	Sunny	Sunny	Sunny	Sunny	Sunny	P Cloudy
93° 74°	84° 68°	81° 67°	84° 73°	92° 73°	96° 73°	95° 73°	85° 71°	86° 70°	86° 69°

South Central Minnesota:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
11 Jul	12 Jul	13 Jul	14 Jul	15 Jul	16 Jul	17 Jul	18 Jul	19 Jul	20 Jul
P Cloudy	PM Showers	Iso T-Storms	Sct T-Storms	P Cloudy	P Cloudy	Sunny	Sunny	M Sunny	Iso T-Storms
88° 66°	84° 60°	78° 66°	85° 72°	91° 74°	90° 75°	93° 73°	86° 69°	82° 68°	87° 66°

Central Indiana:

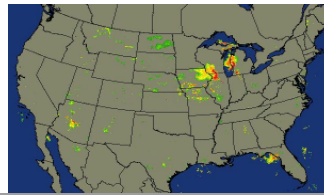
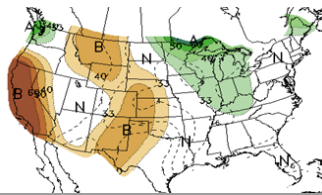
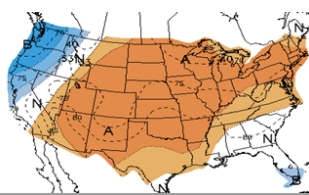
mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
11 Jul	12 Jul	13 Jul	14 Jul	15 Jul	16 Jul	17 Jul	18 Jul	19 Jul	20 Jul
Sct T-Storms	Iso T-Storms	Iso T-Storms	P Cloudy	P Cloudy	Iso T-Storms	Iso T-Storms	M Sunny	Iso T-Storms	P Cloudy
93° 76°	92° 70°	79° 64°	80° 65°	85° 69°	88° 72°	91° 71°	88° 72°	86° 71°	86° 70°

8-14 Day Temp

8-14 Day Precipitation

Current Radar

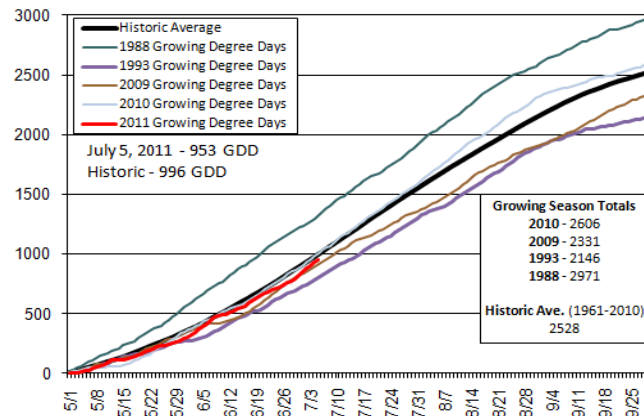
Last 24 hr Precip



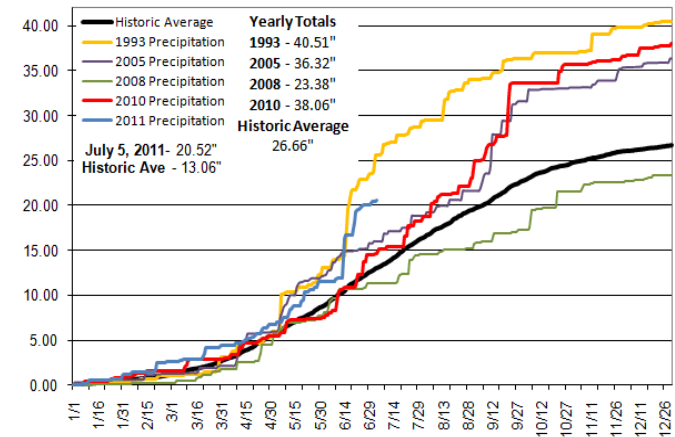
Official Weather Station -2011

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

1988, 1993, 2009-2011 Growing Degree Totals vs. Historic Average
Growing Season: May 1 - September 30
Historic Average: 1961-2010
Southwest Research & Outreach Center
Lamberton, MN



2005-2011 Yearly Precipitation Totals vs. Historic Average
Southwest Research and Outreach Center
Lamberton, MN



Corn: Morning: July 11 Corn is at \$6.69 ¼ , down 3 cents, Sept 11 Corn is at \$6.34 ½ , down 7 ¾ cents, Dec 11 Corn closed at \$6.28 , down 9 cents. Mar 11 corn closed at \$6.40 ¾ , down 8 ½ cents
Friday's Close: Jul 11 Corn closed at \$6.72 ¼ , up 22 ¼ cents, Sep 11 Corn closed at \$6.42 ¼ , up 17 ¼ cents, Dec 11 Corn closed at \$6.37, up 21 ½ cents Dec 12 Corn closed at \$6.14, up 12 ¼ cents
Corn futures closed much higher on the day on good weekly exports sales for old and new crop corn and yesterdays announcement of a corn purchase by China. Net sales for 2010/11 were 621,847 MT and sales for 2011/12 delivery were 868,784 MT. Sales for the next marketing year are considerably ahead of the past three years for this week. Corn was up 31.5 cents for the week. Managed Money decreased their net long corn position by 35,315 contracts from the previous week. The long range weather forecast also contributed to higher prices today. Temperatures are expected to be much above normal for most of the growing area through July 21st. Rainfall is predicted to move to the Northern Plains for the same period. The corn plant shuts down when daily temperatures average above 85 degrees. Starting the year with tight ending stocks due to reduced acres because of late planting and floods makes yield results even more critical for this crop. Cash basis levels were steady to firm at elevators and processors around the Midwest with ethanol plants outbidding. Ethanol plant margins are good. Federal legislative compromises will allow for a broader range of ethanol blends between E15 and E85 which will qualify more blender

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pumps and help expand the ethanol market.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.58 , up 6 cents , Sept 11 Soybeans closed at \$13.36 $\frac{3}{4}$, down 7 $\frac{3}{4}$ cents, Nov 11 Soybeans closed at \$13.39 , down 7 $\frac{3}{4}$ cents, Jan 11 Soybeans closed at \$13.50 , down 6 cents
Friday's Close: Jul 11 Soybeans closed at \$13.52, up 6 $\frac{1}{2}$ cents, Aug 11 Soybeans closed at \$13.46 $\frac{3}{4}$, up 6 cents, Nov 11 Soybeans closed at \$13.46 $\frac{1}{2}$, up 8 $\frac{3}{4}$ cents, Jul 11 Soybean Meal closed at \$346.30, up \$3.30, Jul 11 Soybean Oil closed at \$56.20, down \$0.27
Soybean futures closed modestly higher compared to corn for the day but were up 29 $\frac{3}{4}$ cents for the week. Managed Money decreased their net long soybean position by 3,929 contracts from the previous week. Export sales, although better than last week, were at a six year low when compared to the same week for other years for this crop year. Sales were a combined total of 434,657 MT for both marketing years. Export sales for the next marketing year are running ahead of the last three years. The dollar is higher today with pressure on the stock market from the increase in unemployment to 9.2%. Crude oil is closed lower under pressure with more people out of work limiting travel back and forth to their jobs and any unnecessary travel. Cash basis levels were steady at Midwest elevators and firm at processor locations. There were some cash sales reported with futures close to the \$13.50 level. With the carry in the market nonexistent because of new crop demand there is no incentive for farmers to hold onto cash grain. The long range forecast is calling for above normal temperatures to be locked in over the growing area through July 21st. Rainfall will be mostly in the Northern Plains where increased soybean acres were planted this year according to the June 30th acreage report. Those acres did not offset the drop in the other major producing states however.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$6.34 $\frac{3}{4}$, down 16 $\frac{1}{4}$ cents, Sept 11 MGEX Wheat is at \$7.96 $\frac{1}{4}$, down 20 $\frac{3}{4}$ cents
Friday's Close: Jul 11 CBOT Wheat closed at \$6.50 $\frac{1}{2}$, up 26 cents, Jul 11 KCBT Wheat closed at \$7.07 $\frac{3}{4}$, up 4 $\frac{1}{4}$ cents, Jul 11 MGEX Wheat closed at \$8.50, down 3 $\frac{1}{4}$ cents
Wheat futures sustained the rally to close on the plus side at the CBOT and KCBT but ended lower on the MGEX. For the week however, MGEX wheat came in second, closing up 19 cents for the week. CBOT wheat was up 66 cents and KCBT wheat was up 4 $\frac{3}{4}$ cents for the week. Managed Money decreased their net short CBOT wheat position by 8,640 contracts and decreased their net long 4,434 contracts for the KCBT wheat from the previous week. Harvest continues to move forward and should be close to wrapping up for HRW in KS. SRW wheat harvest in the eastern Midwest is also coming to a close. There is a good carry in the market, which is prompting some farmers to store wheat versus sell out of the field, firming basis levels in those locations. Wheat export sales at 424,150 MT were at the low end of trade estimates but shipments continue to run above the last four years. There's a 30 to 50 percent chance of rain over the next week for most of the remaining wheat harvest and growing area, delaying the former and benefitting the later.

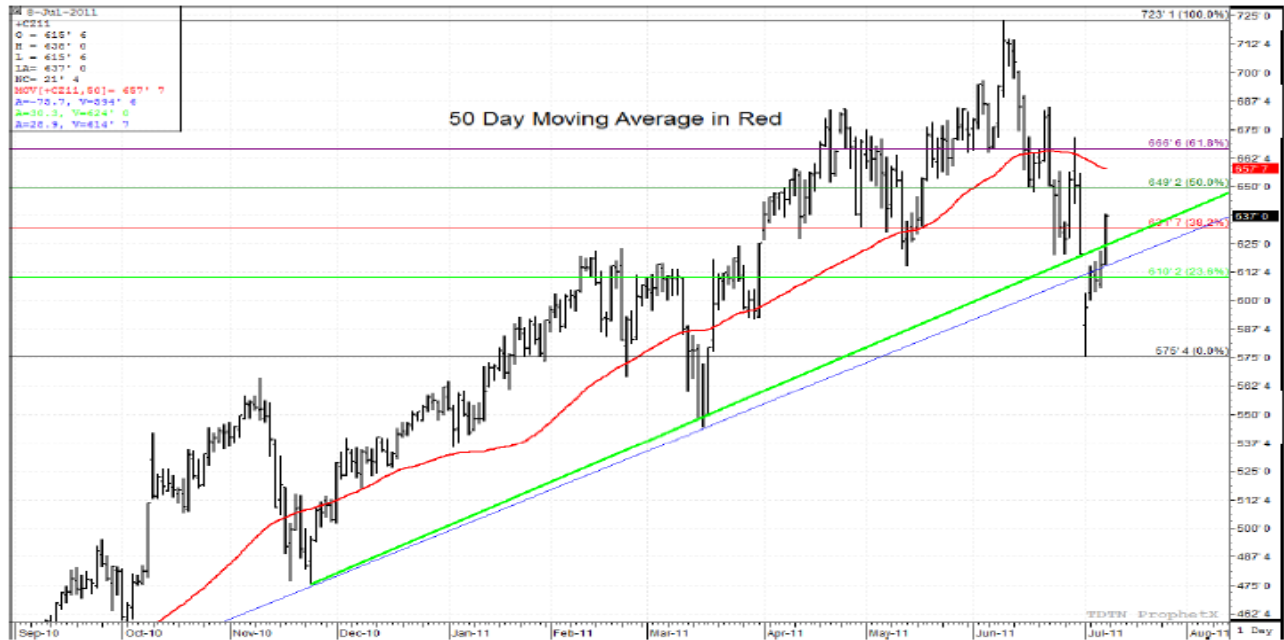
Cattle: Friday's Close: Aug 11 Cattle closed at \$114.650, down \$0.075, Oct 11 Cattle closed at \$120.200, down \$1.025, Dec 11 Cattle closed at \$124.550, unch, Aug 11 Feeder Cattle closed at \$143.600, down \$0.300 Sep 11 Feeder Cattle closed at \$144.400, down \$0.450 Oct 11 Feeder Cattle closed at \$145.475, up \$0.100
Cattle futures reversed direction from earlier in the session to close lower on the day. Cattle were up \$1.80 for the week and Feeder cattle were up \$3.12 for the week. Cash cattle business came in \$2 to \$3 higher than last week. Reported sales so far this afternoon were around 82,000 head. Managed Money increased their net long cattle position by 3,670 contracts and increased their net Feeder Cattle long by 1,763 contracts from the previous week. Beef exports continue to be stout with 13,800 MT of net sales for the week ending June 30th. The unemployment numbers were higher coming in at 9.2% which sent crude oil and gasoline prices lower leaving more consumer dollars for protein. The upcoming long range weather forecast could be a deterrent to beef consumption with above normal temperatures locking in over a large portion of the U.S. into July 18th. Whether or not it's a long term blocking ridge remains to be seen. Boxed beef prices ended mixed. Choice was down 48 cents a t \$179.19 and Select was up 5 cents at \$174.22.

Hogs: Friday's Close: Jul 11 Hogs closed at \$95.875, down \$1.275, Aug 11 Hogs closed at \$96.175, down \$0.100 Oct 11 Hogs closed at \$89.750, down \$0.125
Lean hog futures ended lower on the first three contracts and higher on the further out months. Cash hogs ended the day lower. IA/MN hogs were down \$0.98 at \$91.94, WCB hogs were \$0.83 lower at \$91.78 and ECB hogs were \$0.26 lower at \$92.24. The Managed Money net long in hogs is 32,426 contracts with the net Fund long at 78,745 contracts as of Tuesday the report ending date. Stocks recovered some from earlier pressure from the jobs economic data but still closed lower.. Crude oil futures were lower with the jobs data which could leave more disposable income for meat if the heat doesn't affect appetites. The Lean Hog Index was at \$99.30, down \$0.89 for July 6th. The spot July contract expires July 15th with the current spread between the CME Index and at about \$3. Pork trading was slow to moderate with light demand and offerings. The Carcass ended higher on the day with all cuts finishing on the plus side.

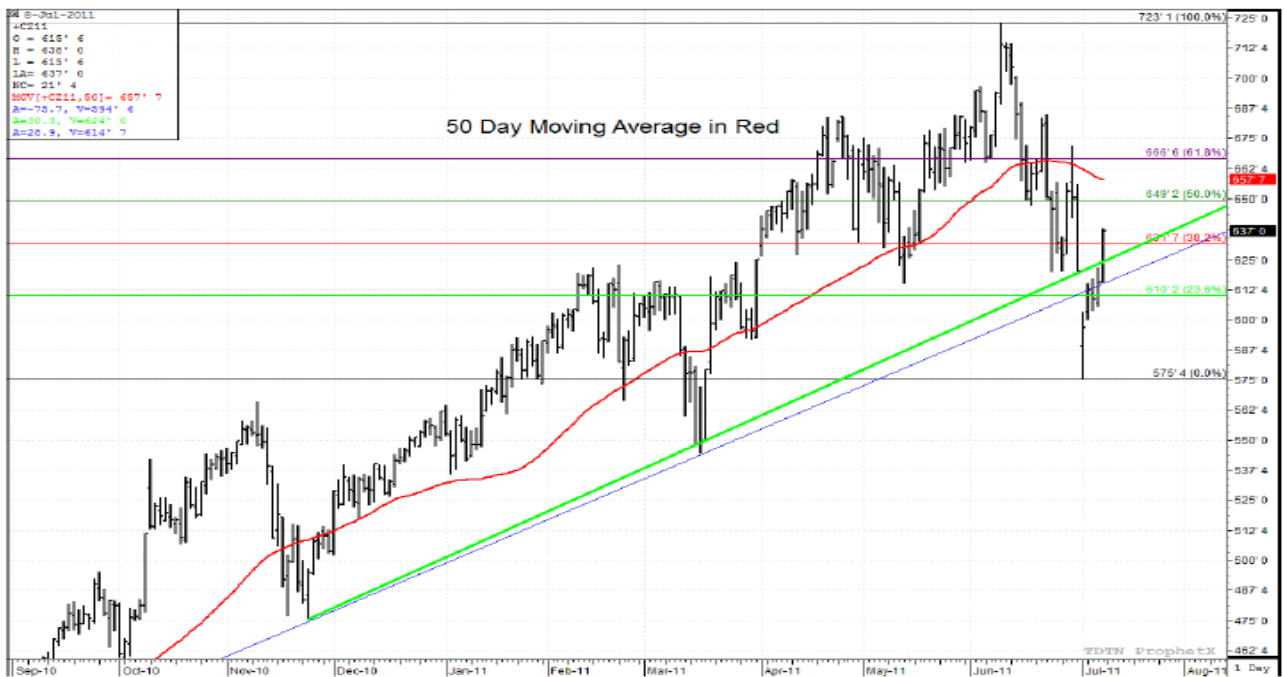
Cotton: Friday's Close: Oct 11 Cotton closed at 116.58, up 38 points, Dec 11 Cotton closed at 113.88, up 36 points Dec 11 Cotton closed at 113.88, up 36 points
Cotton futures ended slightly higher at day's end and were down 523 points for the week. Cotton exports for the current marketing year were a net reduction of 72,581 RB but new crop sales were at 425,506 RB. China was the main delivery destination purchasing 382,900 RB. India issued shipping permits for 170,000 tons of cotton for export which is the allotment for the current marketing year. India extended the allotment to Sept 2011 for shipment. Daily Certificated cotton stocks climbed a bit from yesterdays 53,975 bales to 56,461 bales. The CFTC Disaggregated Futures and Options report showed managed money liquidating some net longs as of Tuesday.

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December 2011 Corn Futures (Composite Daily)

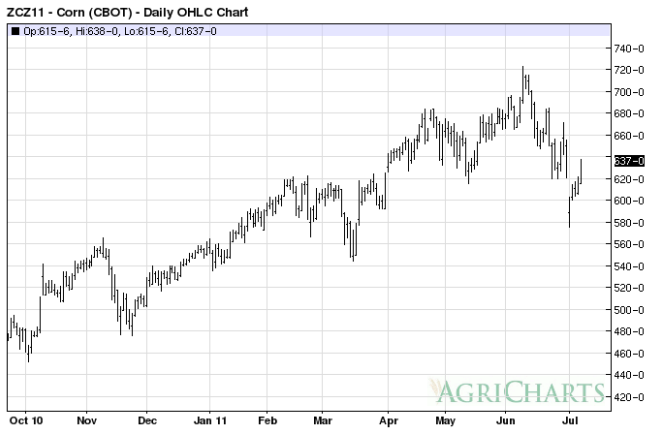


November 2011 Soybean Futures (Composite Daily)

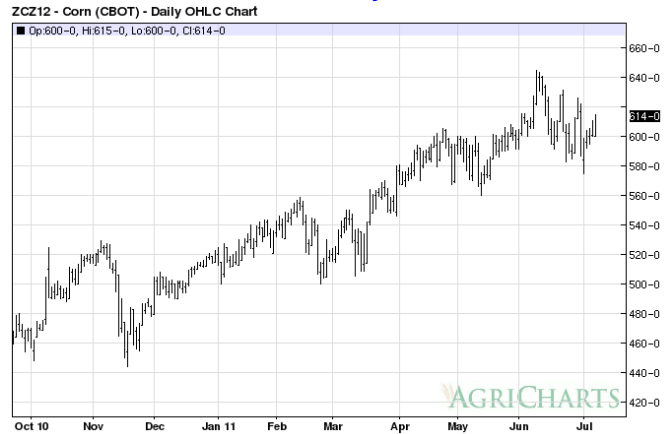


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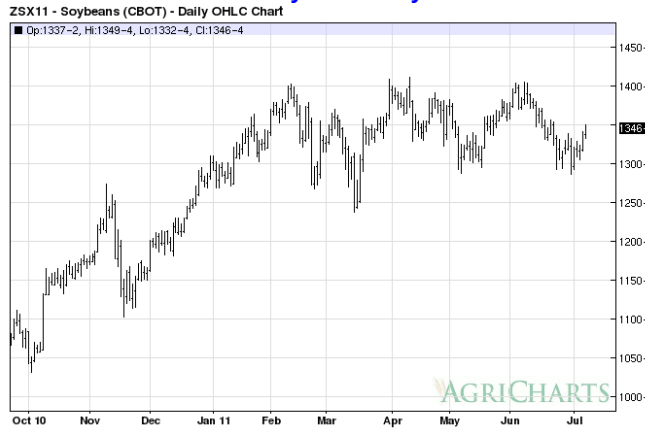
Dec 11 Corn Daily Chart



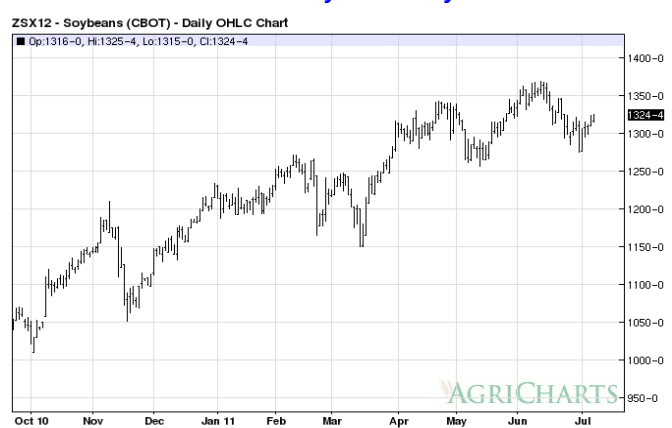
Dec 12 Corn Daily Chart



Nov 11 Soybean Daily Chart



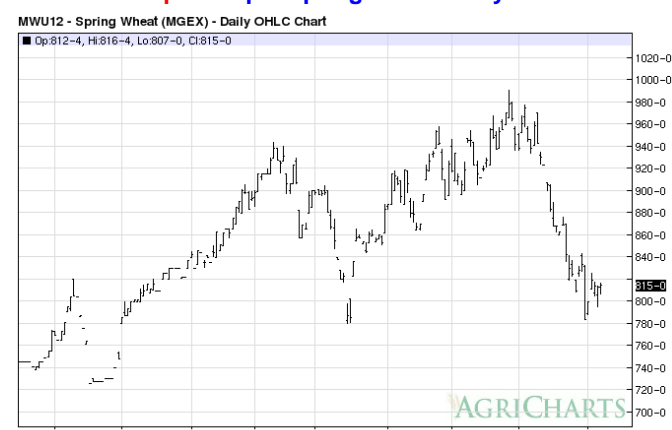
Nov 12 Soybean Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart



Sept 12 Mpls Spring Wheat Daily Chart



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