



## MORNING COMMENTS

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

Office 1-877-365-3744

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

Friday, July 15, 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

**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** A potential heat ridge during tasseling has the markets concerned and has allowed some risk premium to be put back on commodities. August corn harvest in northern Kentucky will be more of an isolated event this year as compared to more of a regional norm in recent past years. Northern OH corn is near 10% tasseled at this point. Some parts of Indiana are now showing corn at 60-70% tasseled. Champaign IL corn 35-45% tasseled with the next wave of planted corn about to start showing tassels.

The global economy remains a predominant driving factor in today's commodity market. While other factors such as weather and demand are causing daily market movement, the economy is a steady influence. Unfortunately, the stability of the global economy is becoming more questionable every day. Not only have we seen countries back away from high priced commodities, but many cannot afford to buy them if they wanted to at today's levels.

This concern was verified in the latest United States trade report showing a huge deficit for the month of May. During May the trade deficit hit \$50.2 billion as the United States imported high priced crude oil and saw a drop in demand for finished goods. This is the second largest monthly deficit in history. The most noticeable decline in business was with China, who imported the least amount of goods in 20 months during May.

### Outside Markets:

<a href="#">U.S. Dollar Index</a>	75.530	-0.032	-0.04%	<a href="#">Euro FX</a>	1.41180	+0.00100	+0.07%	<a href="#">Ethanol Futures</a>	<a href="#">Aug 11</a>	2.837p	-0.007
<a href="#">CRB CCI Index</a>	648.00p	-5.00	-0.77%	<a href="#">Canadian Dollar</a>	1.04220	+0.00230	+0.22%	<a href="#">Gasoline RBOB (E)</a>	<a href="#">Aug 11</a>	3.1248p	-0.0268
<a href="#">Gold</a>	1589.0p	+3.8	+0.24%	<a href="#">Japanese Yen</a>	1.26400	-0.00020	-0.02%	<a href="#">Diesel Gulf (Ulsd)</a>	<a href="#">Aug 11</a>	3.1527s	-0.0210
<a href="#">Silver</a>	38.220	-0.469	-1.21%	<a href="#">Australian Dollar</a>	1.05860	-0.00370	-0.35%	<a href="#">Heating Oil (E)</a>	<a href="#">Aug 11</a>	3.0849p	-0.0148
<a href="#">DJIA</a>	12382p	-43	-0.35%	<a href="#">Chinese Renminbi</a>	0.154810p	+0.000260	+0.17%	<a href="#">Crude Oil Brent (E)</a>	<a href="#">Aug 11</a>	118.32p	-0.46
<a href="#">S&amp;P 500 Index</a>	1311.20	+4.50	+0.34%	<a href="#">Mexican Peso</a>	0.085325s	-0.000350	-0.41%	<a href="#">Natural Gas (E)</a>	<a href="#">Aug 11</a>	4.378p	-0.025
<a href="#">Nasdaq 100</a>	2344.75	+10.75	+0.46%	<a href="#">1-Month Libor</a>	99.8100p	0.0000	-	<a href="#">Polypropylene</a>	<a href="#">Aug 11</a>	0.7925s	+0.0200
<a href="#">Russell 1000 Growth</a>	607.10s	-4.80	-0.78%	<a href="#">T-Bond</a>	125-22	-0-04	-0.1%	<a href="#">Polyethylene</a>	<a href="#">Aug 11</a>	0.5825p	0.0000
<a href="#">MSCI Emi Index</a>	1136.00	+4.40	+0.39%	<a href="#">3-Month T-Bill</a>	99.2700s	0.0000	-	<a href="#">Rme Biodiesel</a>	<a href="#">Jul 11</a>	1486.524p	+4.476
<a href="#">Nikkei 225</a>	10010.00	+70.00	+0.7%	<a href="#">5-Year T-Note</a>	121-185	+0-2.5	+0.16%	<a href="#">Coal Futures</a>	<a href="#">Aug 11</a>	76.57p	-0.30
<a href="#">Brazilian Real</a>	0.63220s	-0.00125	-0.2%	<a href="#">10-Year T-Note</a>	124-165	+0-025	+0.06%	<a href="#">Uranium</a>	<a href="#">Jul 11</a>	53.65p	0.00

**Weather** Showers and thunderstorms impacted MN and northern IA yesterday, with totals in the .20-.60" range isolated to 1"+. Temps remained a bit below average in much of the region, with 70's in the north and 80's in the south. **The forecast** sees some showers and thunderstorms to occur in the north for the next few days, but ridging still looks to take over the weather across the region and produce little in the way of rainfall and the hottest temps of the season by later in the weekend and most of next week. The ridging across the region still looks to break down some by the very end of next week and following weekend, allowing temps to cool some and some rains to fall. Most of the models indicate the rains to be on the light side in most cases and the European model has even thrown in a twist and indicates new ridging to build in by later next weekend. Temps will start to warm across the region and by later in the weekend will be in the 90's in most cases and will stay there through most of next week. Some 95 degree + temps possible by next week- especially in the south and west.

### Central Illinois:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
15	16	17	18	19	20	21	22	23	24
88°	67°	91°	72°	92°	74°	92°	76°	93°	74°

### Central Iowa:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
15	16	17	18	19	20	21	22	23	24
92°	74°	93°	75°	94°	76°	95°	76°	93°	73°

(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

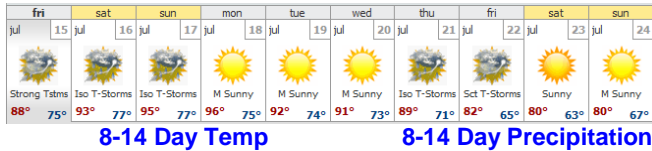
[david@mnwestag.com](mailto:david@mnwestag.com)

Office 1-877-365-3744

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

Friday, July 15, 2011

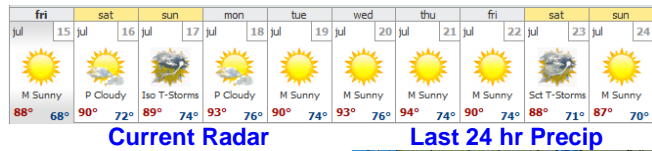
### South Central Minnesota:



8-14 Day Temp

8-14 Day Precipitation

### Central Indiana:



Current Radar

Last 24 hr Precip

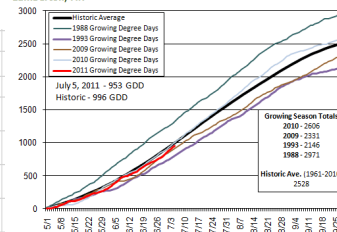
## Official Weather Station -2011

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

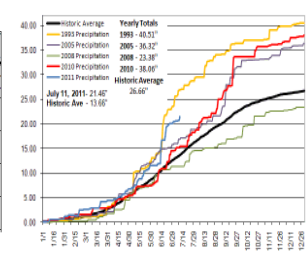
	Monday, July 11	Tuesday, July 12	Wednesday, July 13
Air Temperature	Max = 91; Min = 67	Max = 84; Min = 66	Max = 84; Min = 66
Soil Temperature			
2 inch	Max = 105; Min = 75; Ave = 90	Max = 91; Min = 73; Ave = 82	Max = 91; Min = 73; Ave = 82
4 inch	Max = 99; Min = 73; Ave = 86	Max = 85; Min = 73; Ave = 79	Max = 85; Min = 73; Ave = 79
8 inch	Max = 84; Min = 73; Ave = 78	Max = 81; Min = 73; Ave = 77	Max = 81; Min = 73; Ave = 77
Daily Precipitation	0.72"	0.21"	0.10"

	Thursday, July 14
Air Temperature	Max = 74; Min = 61
Soil Temperature	
2 inch	Max = 82; Min = 66; Ave = 74
4 inch	Max = 76; Min = 66; Ave = 71
8 inch	Max = 73; Min = 67; Ave = 70
Daily Precipitation	0.43"

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



2009-2011 Yearly Precipitation Totals vs. Historic Average  
Southwest Research and Outreach Center  
Lamberton, MN



**Corn:** Morning: Sept 11 Corn is at \$6.96, up 5 1/4 cents, Dec 11 Corn closed at \$6.83 3/4, up 5 1/4 cents.

Mar 11 corn closed at \$6.95, up 4 3/4 cents, July 12 Corn is at \$7.03 1/4, up 3 cents

Yesterday's Close: Jul 11 Corn closed at \$7.16 1/2, down 10 1/4 cents, Sep 11 Corn closed at \$6.90 3/4, up 4 cents, Dec 11 Corn closed at \$6.78 1/2, down 1 1/4 cents Dec 12 Corn closed at \$6.26 1/2, down 11 3/4 cents

Corn futures closed mostly lower, weighed on by weakness in wheat. This comes despite strong net combined corn export sales of 1.68 MMT for the week ended July 7 which came within the range of estimates. Of the sales 481 TMT were for this year and 1.199 MMT were for next year. Shipped were 860 TMT. China took 540 TMT of the new crop and 74.6 TMT of old crop. There were 43 delivery notices vs. July corn ahead of expiration today. The senior economist at the UN Food and Agriculture Organization estimates China will buy 5 MMT to ease domestic inflation according to Bloomberg.

**Soybean Complex:** Morning: Sept 11 Soybeans closed at \$13.84, up 5 cents, Nov 11 Soybeans closed at \$13.89 3/4, up 5 3/4 cents, Jan 11 Soybeans closed at \$13.97, up 4 3/4 cents, Jul 12 Soybeans closed at \$13.93, up 3 3/4 cents,

Yesterday's Close: Jul 11 Soybeans closed at \$13.90 1/2, up 3 1/2 cents, Aug 11 Soybeans closed at \$13.82, up 7 1/4 cents, Nov 11 Soybeans closed at \$13.84, up 4 1/4 cents, Jul 11 Soybean Meal closed at \$355.50, up \$2.30, Jul 11 Soybean Oil closed at \$57.45, unch, Soybean futures closed higher, bucking the other grains. USDA put the total weekly export sales for last week at 656 TMT, above expectations. Chinese futures were higher, led by soybean meal. The Chinese government plans to subsidize expansion of the sow herd and also large scale hog operations will take more soybean meal. The NOPA crush came in at 117.718 million bushels, lower than last month but it normally is due to the loss of a member plant. Oil stocks were lower as well at 2.588 billion lbs. The combined meal and oil yields imply that crushers are squeezing just about every ounce of those soybeans.

**Wheat:** Morning: Sept 11 CBOT Wheat closed at \$7.01 1/4, down 5 3/4 cents, Sept 11 MGEX Wheat is at \$8.26, down 3 cents

Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.91 1/4, down 10 3/4 cents, Jul 11 KCBT Wheat closed at \$7.46, up 5 cents, Jul 11 MGEX Wheat closed at \$8.42, up 20 3/4 cents

Wheat futures closed lower but off of their earlier lows as the July contracts expired. Trade estimates for the USDA weekly export sales from last week ran from 350 to 650 TMT. USDA says the actual total was 519 TMT. A French analysis firm raised projected soft wheat production for the EU by 3.3 MMT. Japan bought 139,411 MT of US, Canadian and Australian wheat at the regular Thursday MOA tender.

**Cattle:** Yesterday's Close: Aug 11 Cattle closed at \$110.550, down \$2.850, Oct 11 Cattle closed at \$117.200, down \$2.700, Dec 11 Cattle closed at \$121.575, down \$2.625, Aug 11 Feeder Cattle closed at \$136.925, down \$2.975 Sep 11 Feeder Cattle closed at \$137.950, down

(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)

Friday, July 15, 2011

\$2.600 Oct 11 Feeder Cattle closed at \$138.750, down \$2.900

Cattle futures closed sharply lower despite strong exports and wholesale prices and saw sharply lower cash sales. Traders are concerned about above normal temperatures effecting consumer demand for beef. Boxed beef prices were mixed in the afternoon report with choice down \$.22 at 181.75 and Select \$.06 higher at 176.76. The extended weather forecast is calling for much above normal temperatures through July 27th. Packers were happy today with flat wholesale prices and much lower cash prices. There was 11k sold in KS at about \$110.70, 12K sold in NE at about \$178.70, 4K sold in TX at about \$111, 2.5K at about \$111.50, 1.1K sold in IA at about \$180. USDA reported strong weekly beef export sales through July 7 at 17,100 MTs.

**Hogs:** Yesterday's Close: Jul 11 Hogs closed at \$95.100, down \$0.500, Aug 11 Hogs closed at \$98.175, down \$1.100 Oct 11 Hogs closed at \$91.575, down \$1.650

Lean hog futures closed lower, weighed on by weak cattle and concerns about demand. August hogs will become spot month when July hogs go off the board tomorrow. Cash hogs were mixed: IA/MN hogs were \$.97 higher, WCB hogs were \$1.11 higher and ECB hogs were \$0.29 lower. The Lean Hog Index is at \$95.78 for July 12th and rapidly converging with the July futures ahead of expiration. The pork carcass cutout was up \$.85.

**Cotton:** Yesterday's Close: Oct 11 Cotton closed at 106.35, down 400 points, Dec 11 Cotton closed at 104.46, down 400 points Dec 12 Cotton closed at 93.65, down 285 points

Cotton futures closed limit down, hammered by a risk off weakness in commodities today. USDA reported weekly export sales were net negative 47,600 running bales, with cancellations of 91,400 RB of old crop upland cotton not offset by new crop sales. Wall Street Journal reported that clothing stores will be increasing prices 10-15% in an attempt to recover sharp increases in cotton over the past year.

Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart

Op:690-6, Hi:696-6, Lo:686-6, Cl:695-6



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart

Op:678-4, Hi:683-6, Lo:673-0, Cl:683-6



Aug 11 Soybean Daily Chart

ZSQ11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1382-0, Hi:1388-4, Lo:1376-4, Cl:1387-4



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1384-2, Hi:1390-0, Lo:1378-2, Cl:1389-4



(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.