



MORNING COMMENTS

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Monday, July 18, 2011

New Recommendation: For the remainder of the both the 2010 corn and soybeans crop we are going to sweep the bins and sell the remaining 10% at the market. Cash corn bids are near \$6.80 to over \$7.00 across southern MN while cash soybean are priced between \$13.20 and \$13.50 at most locations.

Reasons: Forecast is calling for cooler temps and wetter conditions over the next few weeks. US Dollar is uncertain and could disrupt markets pending the Aug 2nd US debt default deadline. Seasonal trends show the markets are usually choppy now through the end of September. Nearby corn has rallied from a low of \$6.16 to \$7.37 a move of \$1.21, new crop corn has also rallied from \$5.75 to \$6.96 also up \$1.21 from the July 1st low. Nearby soybeans have moved from \$12.95 to \$13.96 up \$1.01 while new crop soybeans have gone from \$12.86 back up to \$13.98 also up \$1.02 since June 30th. Basis has been improving for both corn and soybeans and now is more defensive in regions of the corn belt.

New crop corn basis has narrowed some with a few locations at -.45 while others are still -.64 under December futures. New crop soybean basis varies from -.85 to -.75 at local elevators with processors at -.55 November futures. We are waiting to set new crop HTA basis for fall delivery at this point. We would like both new crop corn and new crop soybean basis to narrow another .10 to set the basis, if this doesn't occur by mid Aug we will likely recommend setting the basis on those bushels that need a fall delivery.

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 Risk premium in markets has allowed for an impressive rally in both corn and soybeans. Cooler temp outlook for the next few weeks should allow for the pressure to come off the markets. Good portion of corn is expected to tassel or start to tassel in the next 2-3 weeks. Crop ratings are only expected to slip 2-3% this week. Trade expectations are that it would be another week or two before ratings could slip further in regions that are starting to get short of moisture and could use a rain.

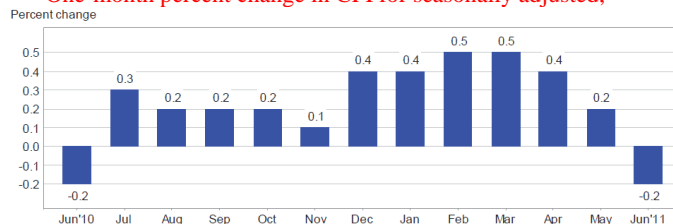
Egypt bought wheat from the Russians at a price \$50 mmt delivered price below what was offered from US. French wheat was also offered at \$35 per ton higher than the Russian offering.

Gold prices reach a new all time high at \$1,603.80 per oz.

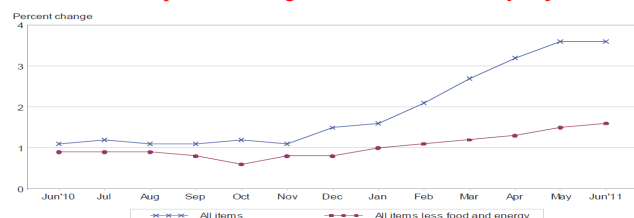
The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.2 percent in June on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported Friday, July 15, 2011. Over the last 12 months, the all items index increased 3.6 percent before seasonal adjustment. The gasoline index declined sharply in June, falling 6.8 percent. The index for all items less food and energy increased 0.3 percent for the second consecutive month. The indexes for shelter, apparel, new vehicles, used cars and trucks, and medical care all continued to rise in June. The food index increased as well, although the 0.2 percent rise was the smallest of the year. The index for food at home increased 0.2 percent, with major grocery store food groups mixed. The indexes for fruits and vegetables and for meats, poultry, fish, and eggs both declined, and while the other major grocery store food group indexes all increased, none rose more than 0.6 percent. The 12 month change in the all items index remained at 3.6 percent. The change in the index for all items less food and energy edged up to 1.6 percent, its highest level since January 2010. The food index has increased 3.7 percent over the last 12 months while the energy index rose 20.1 percent.

All Urban Consumers (CPI-U), June 2010 - June 2011

One-month percent change in CPI for seasonally adjusted,



12-month percent change in CPI not seasonally adjusted,



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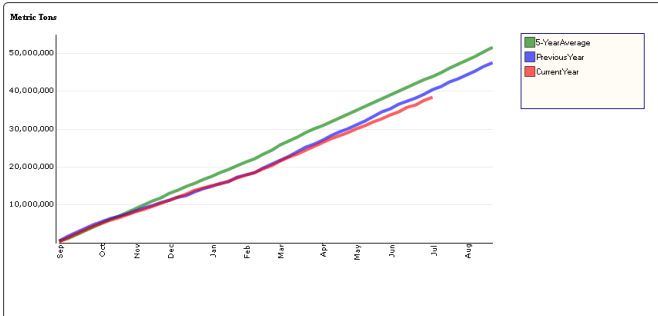
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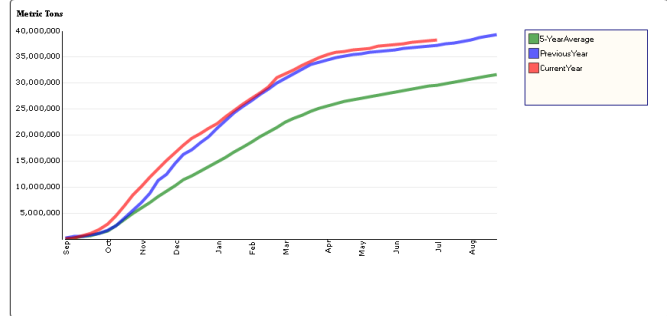
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US Corn Accumulated Exports



US Soybean Accumulated Exports



Commitments of Traders Analysis - Futures and Options

Futures and Options - 7/5/2011 - 7/12/2011

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains							
Corn	249,581	+17,727	-167,652	-11,342	-81,929	-6,384	
KC Wheat	29,518	-3,310	-22,534	+4,092	-6,986	-785	
Minn Wheat	13,148	-3,237	-13,305	+3,134	157	+103	
Oats	1,929	-369	-2,979	+172	1,050	+197	
Rice	1,920	+616	-4,549	-986	2,629	+370	
Soybeans	72,887	+19,413	-47,445	-28,679	-25,442	+9,266	
Soymeal	8,971	+5,446	-15,264	-7,611	6,292	+2,164	
Soyoil	27,493	+16,070	-31,119	-18,312	3,625	+2,241	
Wheat	-22,573	+1,208	41,984	-1,450	-19,412	+240	
Livestock							
Feeder Cattle	13,041	+1,370	1,911	-223	-14,952	-1,148	
Hogs	34,135	+9,023	-19,750	-8,350	-14,386	-674	
Cattle	74,088	+13,086	-31,410	-13,769	-42,680	+681	

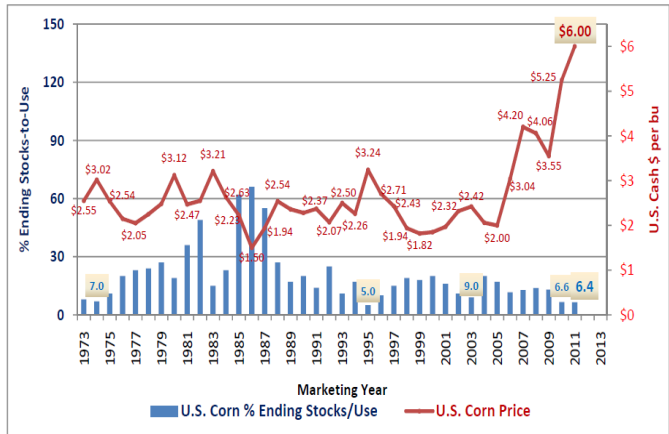
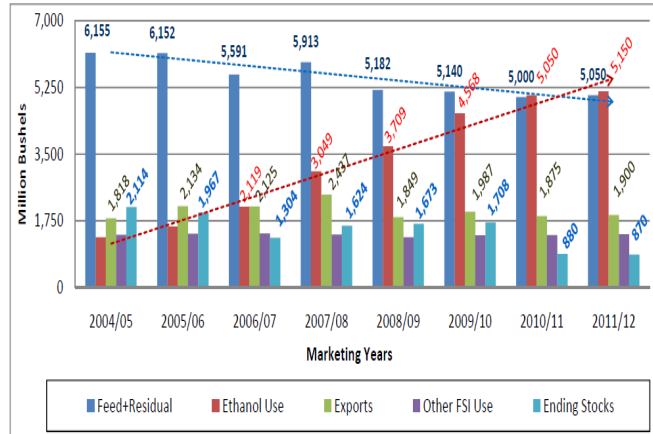
Commitments of Traders Analysis - Futures and Options - CIT Supplemental

Futures and Options Supplemental CIT - 7/5/2011 - 7/12/2011

	Non-Commercial		Non-Commercial No CIT		Commercial		Commercial No CIT		Commodity Index Trader	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains										
Corn	249,581	+17,727	161,625	+19,829	-167,652	-11,342	-453,471	-7,614	373,776	-5,830
KC Wheat	29,518	-3,310	17,789	-3,760	-22,534	+4,092	-49,636	+3,292	38,831	+1,250
Soybeans	72,887	+19,413	40,150	+19,201	-47,445	-28,679	-183,392	-28,048	168,683	-421
Soyoil	27,493	+16,070	10,960	+15,784	-31,119	-18,312	-96,592	-18,979	82,008	+956
Wheat	-22,573	+1,208	-48,481	+2,774	41,984	-1,450	-145,460	-791	213,352	-2,225
Livestock										
Feeder Cattle	13,041	+1,370	7,339	+1,495	1,911	-223	-2,840	-140	10,453	-208
Hogs	34,135	+9,023	11,941	+7,947	-19,750	-8,350	-101,787	-10,286	104,231	+3,012
Cattle	74,088	+13,086	42,926	+13,573	-31,410	-13,769	-144,395	-14,017	144,149	-237

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Trends in U.S. Corn Use, Ending Stocks and Price:



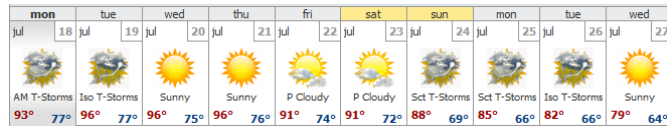
Charts by: Daniel O'Brien – Extension Agricultural Economist, K-State Research and Extension

Outside Markets:

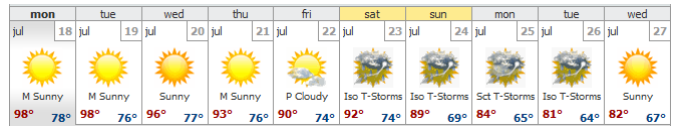
U.S. Dollar Index	75.885	+0.365	+0.48%	Euro FX	1.40290	-0.00790	-0.56%	Ethanol Futures	Aug 11	2.873p	+0.036
CRB CCI Index	647.60p	-0.40	-0.06%	Canadian Dollar	1.04140	-0.00310	-0.3%	Gasoline RBOB (E)	Aug 11	3.1293p	+0.0045
Gold	1594.3	+4.5	+0.28%	Japanese Yen	1.26520	-0.00020	-0.02%	Diesel Gulf (Ulsd)	Aug 11	3.1857s	+0.0330
Silver	40.200	+1.137	+2.91%	Australian Dollar	1.05330	-0.00070	-0.07%	Heating Oil (E)	Aug 11	3.1180p	+0.0331
DJIA	12452p	+70	+0.57%	Chinese Renminbi	0.154700p	-0.00080	-0.05%	Crude Oil Brent (E)	Aug 11	118.34s	+0.02
S&P 500 Index	1306.10	-8.80	-0.67%	Mexican Peso	0.085025s	-0.000100	-0.12%	Natural Gas (E)	Aug 11	4.546p	+0.168
Nasdaq 100	2340.50	-15.00	-0.64%	1-Month Libor	99.7650p	-0.0075	-0.01%	Polypropylene	Aug 11	0.7925s	0.0000
Russell 1000 Growth	614.00s	+6.90	+1.14%	T-Bond	126-14	+0-13	+0.32%	Polyethylene	Aug 11	0.5750p	-0.0075
MSCI Emi Index	1140.10p	+8.50	+0.75%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jul 11	1487.381p	+0.857
Nikkei 225	9900.00	-115.00	-1.15%	5-Year T-Note	122-2.5	+0-2.5	+0.29%	Coal Futures	Aug 11	76.75p	+0.18
Brazilian Real	0.63285s	+0.00065	+0.1%	10-Year T-Note	125-035	+0-080	+0.2%	Uranium	Jul 11	53.65p	0.00

Weather Welcome to the rain forest or at least humidity equal to the rain forest. Heat index of 110-115 over the weekend. With 90+ degree temps and upwards of 81% humidity the only place in the western hemisphere with a higher heat index was the Amazon Rain Forest.

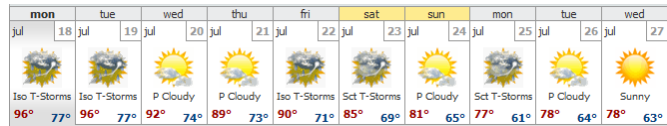
Central Illinois:



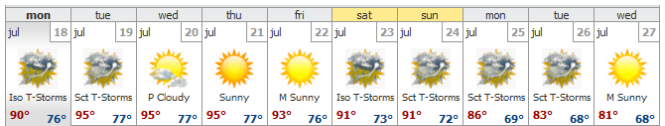
Central Iowa:



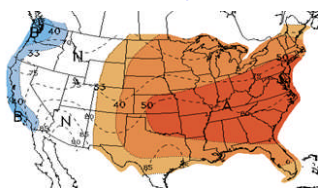
South Central Minnesota:



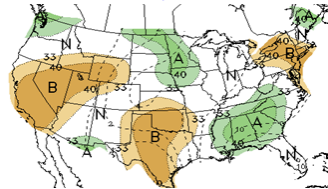
Central Indiana:



8-14 Day Temp



8-14 Day Precipitation



Current Radar



Last 24 hr Precip



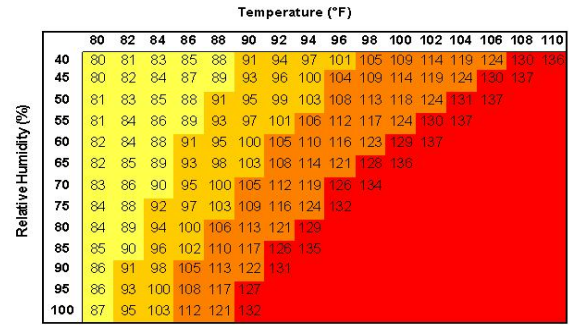
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Official Weather Station -2011

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

	Monday, July 11	Tuesday, July 12	Wednesday, July 13	Thursday, July 14
Air Temperature	Max = 91; Min = 67	Max = 84; Min = 66	Max = 84; Min = 66	Max = 74; Min = 61
Soil Temperature				
2 inch	Max = 105; Min = 75; Ave = 90	Max = 91; Min = 73; Ave = 82	Max = 91; Min = 73; Ave = 82	Max = 82; Min = 66; Ave = 74
4 inch	Max = 99; Min = 73; Ave = 86	Max = 85; Min = 73; Ave = 79	Max = 85; Min = 73; Ave = 79	Max = 76; Min = 66; Ave = 71
8 inch	Max = 84; Min = 73; Ave = 78	Max = 81; Min = 73; Ave = 77	Max = 81; Min = 73; Ave = 77	Max = 73; Min = 67; Ave = 70
Daily Precipitation	0.72"	0.21"	0.10"	0.43"



Likelihood of Heat Disorders with Prolonged Exposure or Strenuous Activity
 Caution Extreme Caution Danger Extreme Danger

Corn: Morning: Sept 11 Corn is at \$6.87 1/2, down 13 3/4 cents, Dec 11 Corn closed at \$6.70 1/2, down 14 1/2 cents. Mar 11 corn closed at \$6.81, down 14 1/4 cents, July 12 Corn is at \$6.90 3/4, down 13 3/4 cents, Friday's Close: Sep 11 Corn closed at \$7.01 1/4, up 10 1/2 cents, Dec 11 Corn closed at \$6.85, up 6 1/2 cents, Mar 12 Corn closed at \$6.95 1/4, up 5 cents Dec 12 Corn closed at \$6.25 1/4, down 1 1/4 cents
 Corn futures closed higher on pre-weekend weather insurance buying, but off of earlier highs. Prices tried negative for a bit and sprung back to positive. Corn is shaking off competition from lower wheat prices, as spot September corn is still at a premium to September wheat. It is another summer weekend, with higher than normal temps predicted during pollination in the Corn Belt. Come Sunday night we could see that the weather has broken or find out that the heat now extends into August. September futures are also trying to close the chart gap left by the July expiration on Thursday. Sep 11 Corn closed up 59 cents or 9.19 % for the week. In the CFTC Disaggregated Futures and Options report the Managed Money traders were seen adding net longs as of Tuesday.

Soybean Complex: Morning:, Sept 11 Soybeans closed at \$13.74, down 9 cents, Nov 11 Soybeans closed at \$13.76 3/4, dn 10 1/4 cents, Jan 11 Soybeans closed at \$13.87, down 8 3/4 cents, Jul 12 Soybeans closed at \$13.84 3/4, down 6 1/2 cents
 Friday's Close: Aug 11 Soybeans closed at \$13.85 3/4, up 3 3/4 cents, Sep 11 Soybeans closed at \$13.83, up 3 1/4 cents, Nov 11 Soybeans closed at \$13.87, up 3 cents, Nov 12 Soybeans closed at \$13.49 1/2, up 4 1/2 cents, Aug 11 Soybean Meal closed at \$360.30, up \$3.30, Aug 11 Soybean Oil closed at \$57.35, up \$0.04
 Soybean futures closed slightly higher, supported by corn, the weather forecast and higher crude oil. Soy oil stocks in the NOPA report yesterday were below expectations, suggesting another month of improved biodiesel use. Stocks of imported soybeans at the ports in China are reported to be over 7 MMT. They need to import about 4 MMT per month. Hot and mostly dry weather continues through the July 29 forecasts for the central US. Meal futures rallied \$12 per ton for the week, boosting product value and supporting bean futures. Aug 11 Soybeans closed up 40 3/4 cents or 3.03 % for the week. In the CFTC Disaggregated Futures and Options report Managed Money were seen adding net longs as of Tuesday.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$6.80, down 14 3/4 cents, Sept 11 MGEX Wheat is at \$8.11 3/4, down 12 cents
 Friday's Close: Sep 11 CBOT Wheat closed at \$6.94 3/4, down 12 1/4 cents, Sep 11 KCBT Wheat closed at \$7.64 1/2, down 3/4 cent, Sep 11 MGEX Wheat closed at \$8.23 3/4, down 5 1/4 cents
 Wheat futures closed lower, weighed on by the purchase of Russian wheat by Egypt. This is the second round of cheap wheat out of Russia. The Egyptian government importer GASC bought 180 TMT. Russian wheat to be shipped August 11-20 for about \$246.6/ton + \$17 freight according to Dow Jones. The European market took it pretty well, looking to the US because of the expected heat forecast. Sep 11 CBOT Wheat closed up 43 1/2 cents or 6.68 % for the week. Sep 11 KCBT Wheat closed up 37 1/4 cents or 5.12 % for the week. Sep 11 MGEX Wheat closed up 6 3/4 cents or .83 % for the week. In the CFTC Disaggregated Futures and Options report Managed Money were seen liquidating a net short positions for Chicago, and liquidating net longs in KC as of Tuesday.

Cattle: Friday's Close: Aug 11 Cattle closed at \$110.600, up \$0.050, Oct 11 Cattle closed at \$116.850, down \$0.350, Dec 11 Cattle closed at \$120.850, down \$0.725, Aug 11 Feeder Cattle closed at \$135.700, down \$1.225 Sep 11 Feeder Cattle closed at \$136.800, down \$1.150 Oct 11 Feeder Cattle closed at \$137.825, down \$0.925
 Cattle futures closed mostly lower. The collapse in cash cattle prices yesterday was fully reflected in the August Board price, so August closed only a nickel different than it did on Thursday. Some bearish traders are concerned about above normal temperatures affecting consumer demand for beef. Boxed beef prices were lower on Friday with choice down \$.87 at 180.88 and Select \$2.25 lower at 174.51. Cash cattle traded sharply lower on Thursday. There was light trade today in KS and NE at \$110 and \$177. Aug 11 Cattle closed down

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\$4.050 or -3.53 % for the week. Aug 11 Feeder Cattle closed down \$7.900 or -5.5 % for the week. In the CFTC Disaggregated Futures and Options report Managed Money were seen adding net longs as of Tuesday for live and feeders.

Hogs: Friday's Close: Jul 11 Hogs closed at \$95.150, up \$0.050, Aug 11 Hogs closed at \$98.950, up \$0.775 Oct 11 Hogs closed at \$91.650, up \$0.075

Lean hog futures closed mildly higher, making this week net positive now. July hogs expired today. The pork carcass cutout was up \$1.41, leading futures upward. Cash hogs were mostly higher this afternoon: IA/MN hogs were \$.08 lower, WCB hogs were \$.16 lower and ECB hogs were \$0.85 higher. Jul 11 Hogs closed down \$0.725 or -.76 % for the week. In the CFTC Disaggregated Futures and Options report Managed Money were seen adding net longs as of Tuesday.

Cotton: Friday's Close: Oct 11 Cotton closed at 101.46, down 489 points, Dec 11 Cotton closed at 99.46, down 500 points Dec 12 Cotton closed at 92.75, down 90 points

Cotton futures closed limit down on Dec and Oct nearly that. Cotton is having a hard time recovering as foreign mill demand has tapered off due to limited yarn demand. Early harvesting has begun in Southern Texas. Reuters reported India's cotton area will be 5.9 million hectares, down from 8.44. Certificated stocks were higher at 51,261 bales. Oct 11 Cotton closed down 1512 points or -12.97 % for the week. In the CFTC Disaggregated Futures and Options report Managed Money were seen liquidating net longs as of Tuesday.

US Dollar Index Weekly

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



Gold Weekly

GC - Gold (COMEX) - Weekly OHLC Chart



Crude Oil Weekly

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



S&P 500 Weekly

SP - S&P 500 Index (IOM) - Weekly OHLC Chart



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Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart

Op:701-6, Hi:703-2, Lo:685-0, Cl:687-4



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart

Op:684-4, Hi:684-4, Lo:667-0, Cl:670-4



Aug 11 Soybean Daily Chart

ZSQ11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1385-6, Hi:1391-6, Lo:1370-0, Cl:1377-0



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1388-2, Hi:1393-0, Lo:1370-0, Cl:1376-6



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart

Op:823-6, Hi:824-0, Lo:811-6, Cl:811-6



Dec 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart

Op:828-0, Hi:828-0, Lo:815-0, Cl:815-6



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