



**No newsletter next week.**

**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	100% sold with basis set	50% sold HTA	30% sold HTA
Soybeans	100% 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** Unresolved US debt issue with possible default looming on Aug 2<sup>nd</sup> weigh on markets this morning. US credit rating could suffer if the issue is not resolved having a widespread impact on the economy. German government bonds are now preferred over US Bonds by some bond investors. Credit rating agencies though to be considering lack of credibility provided by US as a reason to down grade US ratings. Talk is also that some politicians are not afraid of a technical default by US citing long term issues as being more important and also citing a MN type of shutdown as not being that detrimental.

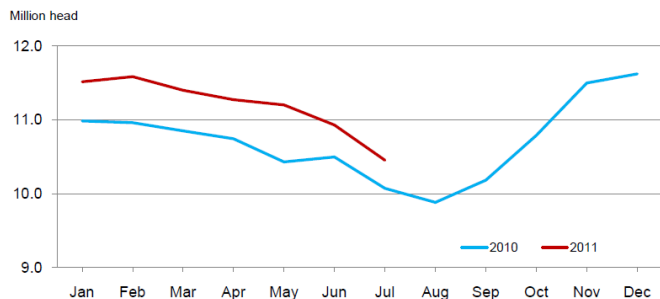
Informa over the weekend using a 162.5 US corn yield for 2011 crop and old crop corn carry over of 960 and a new crop carry over of 1.2 billion bu, both above what most of the trade is thinking. For contrast a high level executive with a publicly traded far eastern corn belt merchandiser, exporter, and ethanol producer whom I highly respect provides a plausible scenario for a 154.5 US corn yield that has 2011/12 corn at pipeline levels and the 2011/12 soybean carry out at 126 million.

Spring wheat tour starts today out of Fargo.

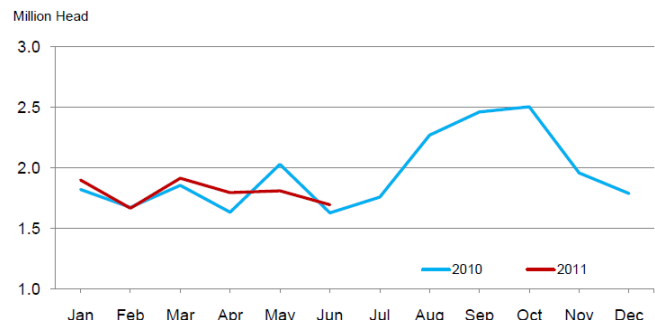
**United States Cattle on Feed** The survey results generally came in at or above pre report estimates. While in the short term the report could be construed as somewhat bearish for cattle prices, the report also confirmed that US cattle supplies will continue to decline in the next two to three years, paving the way to even higher beef prices. US cow-calf operators show no signs of herd rebuilding despite record cattle prices achieved in the first half of this year. The survey showed that July 1 cattle on feed inventory was 3.8% larger than a year ago, compared to pre-report estimates looking for a 2.7% increase. Producers placed 4.1% more cattle on feed compared to pre-report estimates looking for a 6.6% decline in placements.

**Cattle and calves on feed** for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 10.5 million head on July 1, 2011. The inventory was 4 percent above July 1, 2010. The inventory included 6.52 million steers and steer calves, up 4 percent from the previous year. This group accounted for 62 percent of the total inventory. Heifers and heifer calves accounted for 3.89 million head, up 3 percent from 2010. **Placements** in feedlots during June totaled 1.70 million, 4 percent above 2010. Net placements were 1.63 million head. During June, placements of cattle and calves weighing less than 600 pounds were 460,000, 600-699 pounds were 380,000, 700-799 pounds were 420,000, and 800 pounds and greater were 435,000. **Marketings** of fed cattle during June totaled 2.10 million, 5 percent above 2010.

**Cattle on Feed Inventory on 1,000+ Capacity Feedlots – United States**



**Number of Cattle Placed on 1,000+ Capacity Feedlots – United States**



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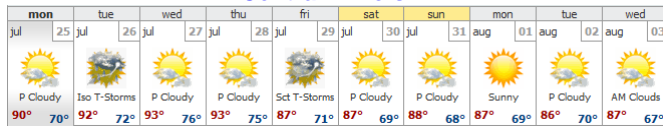
### Outside Markets:

U.S. Dollar Index	74.255	-0.157	-0.21%	Euro FX	1.43610	+0.00170	+0.12%	Ethanol Futures	Aug 11	2.942p	+0.047
CRB CCI Index	650.00p	+5.50	+0.85%	Canadian Dollar	1.05610	+0.00380	+0.36%	Gasoline RBOB (E)	Aug 11	3.1301p	+0.0306
Gold	1617.8	+16.5	+1.03%	Japanese Yen	1.27890	+0.00350	+0.27%	Diesel Gulf (Ulsd)	Aug 11	3.1990s	+0.0286
Silver	40.770	+0.657	+1.64%	Australian Dollar	1.07790	-0.00030	-0.03%	Heating Oil (E)	Aug 11	3.1280p	+0.0288
DJIA	12621p	-69	-0.54%	Chinese Renminbi	0.155120p	+0.000140	+0.09%	Crude Oil Brent (E)	Sep 11	117.15	-1.52
S&P 500 Index	1331.50	-9.50	-0.71%	Mexican Peso	0.085925s	-0.000225	-0.26%	Natural Gas (E)	Aug 11	4.399p	+0.004
Nasdaq 100	2414.75	-13.25	-0.55%	1-Month Libor	99.7950p	+0.0050	+0.01%	Polypropylene	Aug 11	0.8000s	+0.0075
Russell 1000 Growth	626.80s	+1.30	+0.21%	T-Bond	125-05	-0.22	-0.55%	Polyethylene	Aug 11	0.5700p	0.0000
MSCI Emi Index	1160.00p	+0.70	+0.06%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jul 11	1486.810p	-1.380
Nikkei 225	10080.00	-70.00	-0.69%	5-Year T-Note	120-2.5	-0.100	-0.26%	Coal Futures	Aug 11	77.60p	+0.10
Brazilian Real	0.64295s	+0.00045	+0.07%	10-Year T-Note	124-020	-0.085	-0.21%	Uranium	Aug 11	52.15p	-0.50

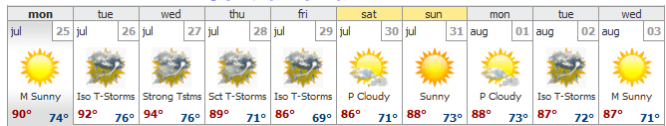
**Weather** Showers and thunderstorms occurred across much of the Midwest over the weekend. Activity on Friday impacted northeast IA, southern WI, northern IL, southern MI and northern IN with totals of around .20-.60", with some isolated heavier amounts. Saturday and early Sunday had showers and thunderstorms impact MN, WI, eastern IA, southern WI and northern IL with totals of around .20-.80", with some isolated heavier amounts and then the rest of Sunday saw rains work through most of IL, IN and OH, bringing totals of .25-.75", with some isolated heavier amounts. In a nutshell, amounts of .25-1" were common in most of the region, with some 1"+ amounts also occurring especially in eastern IA and northern IL. Chicago's O'Hare airport reported over 8" of rain.

Indianapolis airport reporting only .35" of rainfall during the month of July.

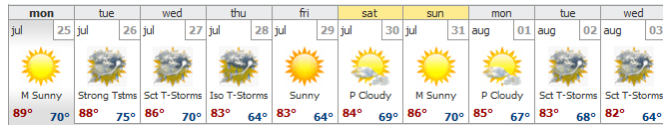
#### Central Illinois:



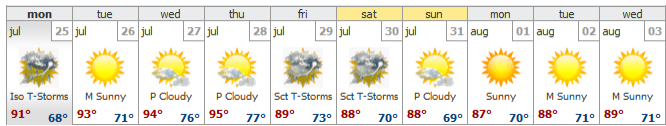
#### Central Iowa:



#### South Central Minnesota:



#### Central Indiana:

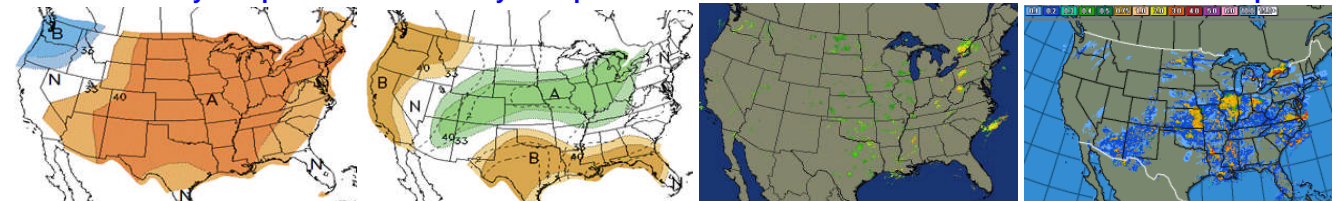


#### 8-14 Day Temp

#### 8-14 Day Precipitation

#### Current Radar

#### Last 24 hr Precip

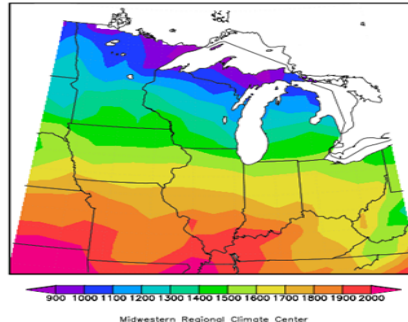


## Official Weather Station -2011

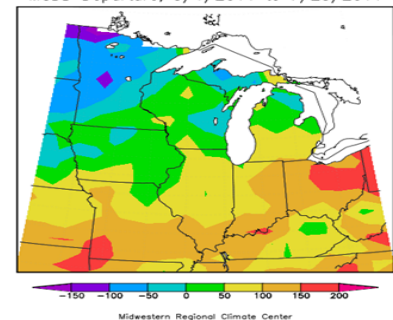
SW Research and Outreach Center  
University of Minnesota  
Lamberton, MN 56152

	Thursday, July 21	Friday, July 22
<b>Air Temperature</b>	Max = 94; Min = 61	Max = 84; Min = 66
<b>Soil Temperature</b>		
2 inch	Max = 101; Min = 75; Ave = 88	Max = 99; Min = 75; Ave = 87
4 inch	Max = 93; Min = 74; Ave = 83	Max = 92; Min = 73; Ave = 83
8 inch	Max = 87; Min = 77; Ave = 82	Max = 85; Min = 76; Ave = 81
<b>Daily Precipitation</b>	0.00"	0.00"

Total MGDD from 5/1/2011 to 7/23/2011



MGDD Departure, 5/1/2011 to 7/23/2011



**Corn:** Morning: Sept 11 Corn is at \$6.82 ¼, down 7 ¾ cents, Dec 11 Corn closed at \$6.77 ¾, down 7 ¾ cents,

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## MORNING COMMENTS

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Monday, July 25, 2011

Mar 11 corn closed at \$6.91 ¼, down 7 cents, July 12 Corn is at \$7.01, down 9 ½ cents, Friday's Close: Sep 11 Corn closed at \$6.90, up 10 ¾ cents, Dec 11 Corn closed at \$6.85 1/2, up 12 1/2 cents, Mar 12 Corn closed at \$6.98 1/4, up 12 1/2 cents, Dec 12 Corn closed at \$6.21 1/2, up 8 1/2 cents  
Corn futures ended higher for the day but were down 11 1/2 cents for the week. A temporary break in the weather into next week gave the market room to pause. The weather remains a concern with above normal temperatures blanketing the majority of the U.S. in the 6 to 14 day forecast and most of the rain restricted to the southeastern U.S. and the Northern Plains and Great Lakes region. The effects of the heat on the crop in the Northern Plains will be minimized by the rains. Much of the Midwest is pollinating right now with temps last week and early this week in the 100s but tempering into Tuesday of next week bringing replenishing rain. The crop size is a bigger mystery this year because of the extremes in weather and so the market has built in weather premium. Also, stocks from last year are tight so we are seeing cash prices hold firm. Cash basis levels actually fell yesterday however when higher bids were rejected by farmers holding the remaining stocks. Managed Money investors increased their net long corn position by 39,199 contracts from the previous week.

**Soybean Complex:** Morning: Sept 11 Soybeans closed at \$13.71 ½, dn 9 ½ cents, Nov 11 Soybeans closed at \$13.79 ½, dn 9 ½ cents, Jan 11 Soybeans closed at \$13.84 ½, down 13 ¼ cents, Jul 12 Soybeans closed at \$13.85, down 13 cents, Friday's Close: Aug 11 Soybeans closed at \$13.80 1/4, unch, Sep 11 Soybeans closed at \$13.81, down 1/4 cent, Nov 11 Soybeans closed at \$13.88 1/4, up 1/4 cent, Nov 12 Soybeans closed at \$13.44 3/4, up 3/4 cent, Aug 11 Soybean Meal closed at \$363.00, up \$0.30, Aug 11 Soybean Oil closed at \$56.51, up \$0.03  
Soybean futures were barely changed for the day and for the week. Soybeans were down 5 1/2 cents for the week. Futures prices have been bound in the price range established in February March, not trading above that range or below that range. Managed Money added 39,199 contracts to their net long position from the previous week on weather uncertainty. The market continues to bide time until further weather developments take place. Right now it looks like more of the same with above normal temperatures covering the majority of the U.S. and rainfall in the north and southeast. Cash basis levels are steady to weak with crush margins under pressure and export demand minimal because of bumper crops in South America. The dollar and crude oil closed higher on the day but the dollar was down hard for the week. Crude oil was up 2.42 for the week.

**Wheat:** Morning: Sept 11 CBOT Wheat closed at \$6.85 ½, down 6 ¾ cents, Sept 11 MGEX Wheat is at \$8.35 ½, down 3 cents  
Friday's Close: Sep 11 CBOT Wheat closed at \$6.92 1/4, up 15 cents, Sep 11 KCBT Wheat closed at \$7.80, up 5 3/4 cents, Sep 11 MGEX Wheat closed at \$8.38 1/2, up 4 3/4 cents  
Wheat futures finished the day on the plus side and were mixed for the week. CBOT wheat was lower for the week and the KCBT and MGEX wheat were higher for the week. Spot wheat and spot corn finished within 2 1/4 cent of each other, with wheat taking back the lead. Managed Money increased their net long in both KC and CBOT wheat from the previous week. Wheat usage for feed is up because of the relationship to corn prices and because of the quality of this year's wheat crop. The Argentine wheat region of Buenos Aires received some much needed rain for their wheat crop. The Argentine Ag Minister said the rain was timely and would help sprout the seeded wheat and encourage farmers to continue their wheat planting.

**Cattle:** Friday's Close: Aug 11 Cattle closed at \$110.550, up \$0.550, Oct 11 Cattle closed at \$115.400, unch, Dec 11 Cattle closed at \$119.150, up \$0.400, Aug 11 Feeder Cattle closed at \$136.400, up \$1.200  
Sep 11 Feeder Cattle closed at \$137.375, up \$1.575, Oct 11 Feeder Cattle closed at \$138.900, up \$1.900  
Cattle futures closed mostly higher on the day and were down a nickel for the week, which wasn't bad considering what the boxed beef did. Boxed beef prices have been lower every day this week. Choice was down another \$0.89 at 175.70 and Select was down \$1.17 at 170.11. Choice was down \$5.39 for the week and Select was down \$2.93 for the week. The Cattle on Feed report would have to be construed as bearish for the deferred months when compared to trade estimates for the on feed and placement number. The July 1 on feed was 103.8 percent with a guess of 102.7. The June placement number was 104.1 percent with an estimate of 93.4 percent (which could be directly correlated to pasture conditions.) June marketings at 105.3 percent is bullish the nearby with numbers pushed ahead. The Cold Storage report showed total beef in cold storage was up 16% from last year and down 3% from last month. No one feels much like grilling in 100 degree weather.

**Hogs:** Friday's Close: Aug 11 Hogs closed at \$100.825, up \$2.725, Oct 11 Hogs closed at \$92.575, up \$1.925  
Dec 11 Hogs closed at \$89.175, up \$1.800,  
Lean hog futures closed sharply higher on the day and were up \$1.87 for the week driven by higher cash. The Cold Storage Report showed total pork supplies were up 20% from a year ago but down 9% from last month. Cash hogs ended higher for the week. IA/MN hogs were up \$3.96 at \$99.55, WCB hogs were \$3.88 higher at \$99.36 and ECB hogs were up \$1.87 at \$93.63. Fridays slaughter is expected to be around 386,000 and Saturday a light 2,000. Pork trading is slow to moderate with very light to light demand and light to moderate offerings. The Carcass ended lower on the day, back below 100.

**Cotton:** Friday's Close: Oct 11 Cotton closed at 99.14, down 19 points, Dec 11 Cotton closed at 98.64, up 1 point  
Dec 12 Cotton closed at 94.15, down 46 points  
Cotton futures closed mixed with the front month down. Cotton was down 232 points for the week or 2.29%. The CFTC Disaggregated Futures and Options report showed Managed Money increasing net longs very slightly as of Tuesday. Domestic mills have covered most of

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their cotton needs through 2011 according to the USDA.

**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



**Natural Gas Weekly**

NG - Natural Gas (NYMEX) - Weekly OHLC Chart



**Lean Hogs Weekly**

HE - Lean Hogs (CME) - Weekly OHLC Chart



**Live Cattle Weekly**

LE - Live Cattle (CME) - Weekly OHLC Chart



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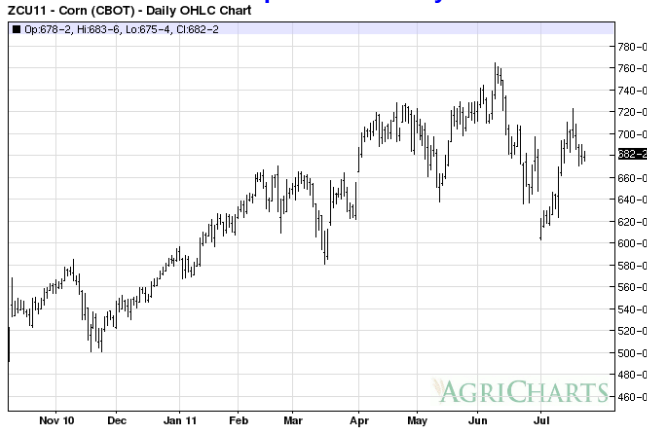
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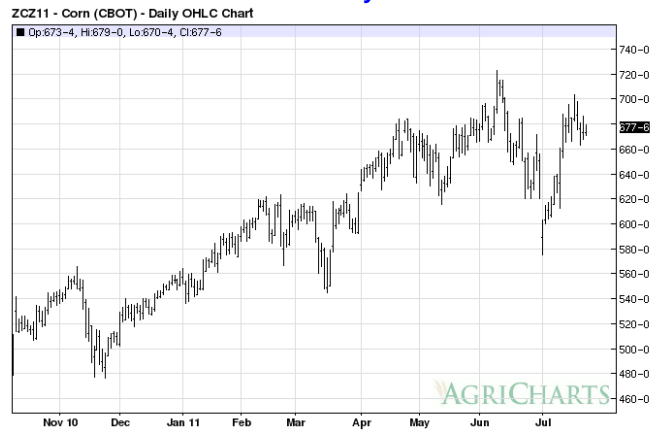
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Monday, July 25, 2011

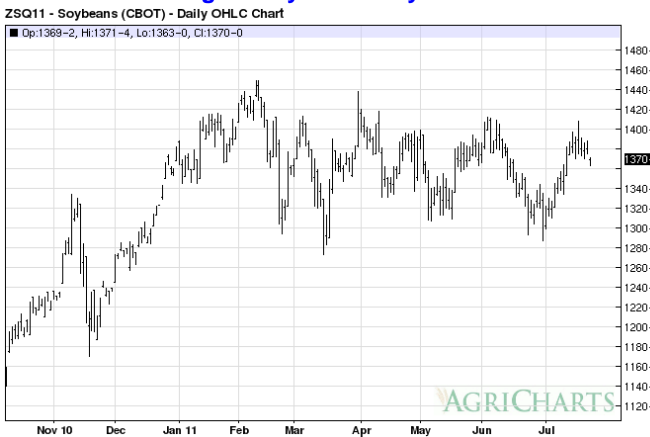
**Sept 11 Corn Daily Chart**



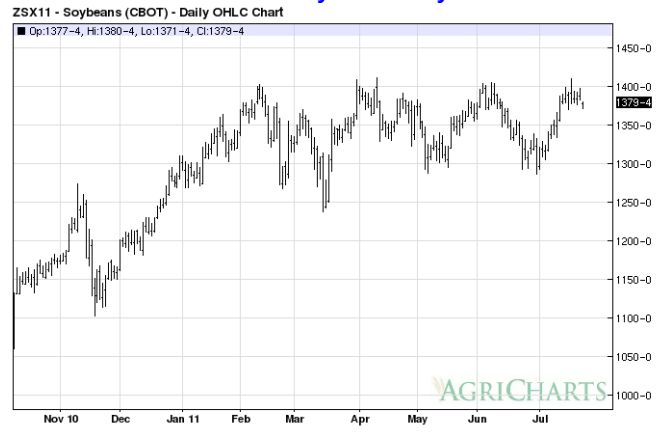
**Dec 11 Corn Daily Chart**



**Aug 11 Soybean Daily Chart**



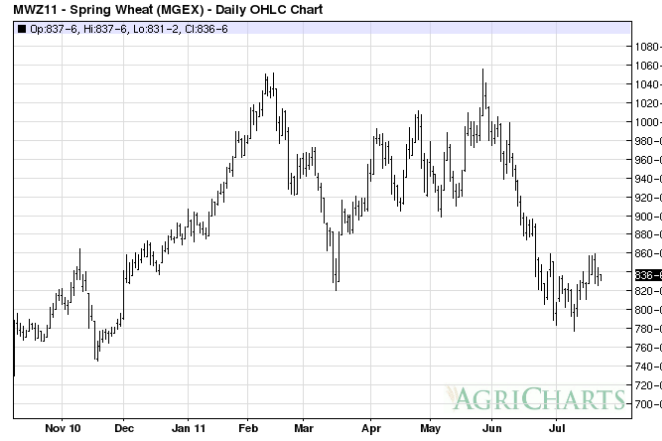
**Nov 11 Soybean Daily Chart**



**Sept 11 Mpls Spring Wheat Daily Chart**



**Dec 11 Mpls Spring Wheat Daily Chart**



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