



MORNING COMMENTS

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Wednesday, July 27, 2011

No Newsletters next week as I will be on vacation. I am not sure that I will have cell phone access as I will be at Glacier National Park. For assistance with brokerage call Walsh Trading at 800-993-5449.

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 Today a MN type of budget impasse seems more likely at the federal government level, however, many analysts believe the consequences could be much more severe than just a shutdown and project cost increases. It is believed to be highly likely that credit rating agencies that were criticized for not making rating changes at the first signs of home mortgage issues will be willing to downgrade US debt given a reason and the opportunity on August 2nd if the stalemate continues past the deadline.

Outside Markets:

U.S. Dollar Index	0.074	+0.286	+0.39%	Euro FX	0.00001	-0.00720	-0.5%	Ethanol Futures	Aug 11	0.003p	+0.085
CRB CCI Index	6.53p	+6.00	+0.93%	Canadian Dollar	0.00001	-0.00020	-0.02%	Gasoline RBOB (E)	Aug 11	0.0003p	+0.0272
Gold	162.1	+4.5	+0.28%	Japanese Yen	0.00001	+0.00050	+0.04%	Diesel Gulf (Ulsd)	Aug 11	0.0003s	+0.0019
Silver	0.041	+0.276	+0.68%	Australian Dollar	0.00001	+0.00750	+0.69%	Heating Oil (E)	Aug 11	0.0003p	+0.0056
DJIA	12432p	-118	-0.94%	Chinese Renminbi	0.000000p	+0.000170	+0.11%	Crude Oil Brent (E)	Sep 11	1.18	-0.73
S&P 500 Index	13.22	-4.10	-0.31%	Mexican Peso	0.000000s	+0.000350	+0.41%	Natural Gas (E)	Sep 11	0.433p	-2.400
Nasdaq 100	24.17	-6.50	-0.27%	1-Month Libor	0.0100p	+0.0025	-	Polypropylene	Aug 11	0.0001s	0.0000
Russell 1000 Growth	6.20s	-3.60	-0.58%	T-Bond	127-11	-0-03	-0.07%	Polyethylene	Aug 11	0.0001p	+0.0075
MSCI Emi Index	11.56	-3.90	-0.34%	3-Month T-Bill	0.0099s	0.0000	-	Rme Biodiesel	Jul 11	1.486s	-0.048
Nikkei 225	100.40	-30.00	-0.3%	5-Year T-Note	121-001	0-000	-	Coal Futures	Sep 11	0.78p	+0.32
Brazilian Real	0.00001s	+0.00300	+0.46%	10-Year T-Note	124-019	0-000	-	Uranium	Aug 11	0.52p	0.00

Weather Locally we received rainfall last night of .47" after just .60" yesterday morning. We still have water available free for the taking, just come with your tanks, pumps and remove from potholes!

Central Illinois:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
27 jul	28 jul	29 jul	30 jul	31 jul	01 aug	02 aug	03 aug	04 aug	05 aug
P Cloudy	Sct T-Storms	Sct T-Storms	Iso T-Storms	P Cloudy	P Cloudy	P Cloudy	Sct Showers	Sct T-Storms	P Cloudy
94° 76°	96° 75°	88° 72°	87° 71°	89° 74°	91° 74°	90° 70°	85° 68°	85° 71°	87° 73°

Central Iowa:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
27 jul	28 jul	29 jul	30 jul	31 jul	01 aug	02 aug	03 aug	04 aug	05 aug
Iso T-Storms	Sct T-Storms	Sct T-Storms	P Cloudy	Iso T-Storms	Sunny	Iso T-Storms	Sunny	Sct T-Storms	P Cloudy
95° 77°	90° 74°	86° 72°	90° 74°	90° 75°	92° 75°	88° 68°	85° 70°	86° 72°	88° 74°

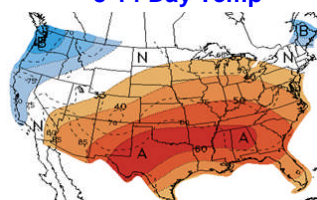
South Central Minnesota:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
27 jul	28 jul	29 jul	30 jul	31 jul	01 aug	02 aug	03 aug	04 aug	05 aug
Sct T-Storms	P Cloudy	Iso T-Storms	Iso T-Storms	Iso T-Storms	P Cloudy	Sunny	M Sunny	Iso T-Storms	
87° 68°	88° 68°	87° 70°	88° 72°	87° 69°	89° 70°	83° 63°	82° 64°	82° 68°	82° 66°

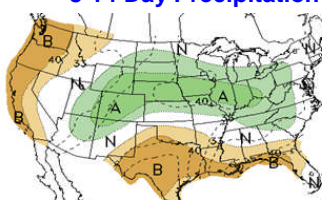
Central Indiana:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
27 jul	28 jul	29 jul	30 jul	31 jul	01 aug	02 aug	03 aug	04 aug	05 aug
P Cloudy	P Cloudy	AM T-Storms	Sct T-Storms	P Cloudy	P Cloudy	P Cloudy	Iso T-Storms	P Cloudy	Iso T-Storms
94° 74°	98° 76°	93° 74°	87° 73°	90° 72°	90° 74°	91° 70°	87° 69°	86° 71°	88° 74°

8-14 Day Temp



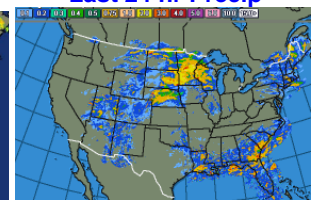
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



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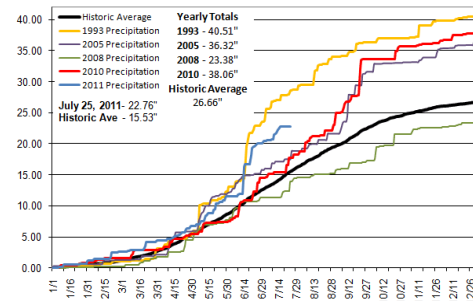
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Official Weather Station -2011

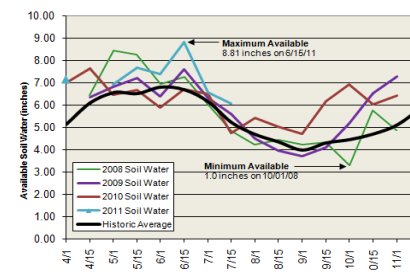
SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

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

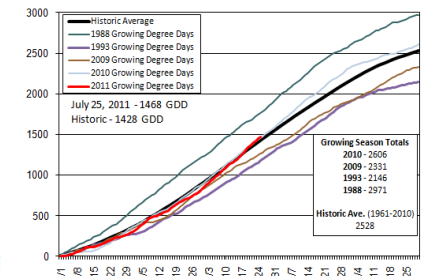


2008-2011 Soil Water vs. Historic Average

Historic Average (1966 - 2010)
Southwest Research & Outreach Center
Lamberton, MN



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



Corn: Morning: Sept 11 Corn is at \$6.84, down 5 3/4 cents, Dec 11 Corn closed at \$6.81 1/2, down 5 1/4 cents, Mar 11 corn closed at \$6.94 3/4, down 5 1/4 cents, July 12 Corn is at \$7.06, down 5 1/4 cents, Yesterday's Close: Sep 11 Corn closed at \$6.89 3/4, up 11 cents, Dec 11 Corn closed at \$6.86 3/4, up 12 1/4 cents, Mar 12 Corn closed at \$6.99 1/2, up 12 1/4 cents Dec 12 Corn closed at \$6.32 1/4, up 11 1/2 cents
Corn futures held their gains to close higher on the day with Funds buying an estimated 11,000 contracts. There doesn't seem to be a break in the excessive heat in the U.S. with the long range forecast projecting much above normal temperatures for most of the country except for the PNW through August 9th. There are also forecasts for above normal rainfall for most of the west and east Corn Belt. The crop progress report showed the heat has taken a toll on the crop with the good/excellent rating dropping 4 points from last week and running 10 points behind last year. Private exporters announced the sale of 200,000 MT of corn to Japan for 2011/12 delivery this morning. That brings the total announcements for Japan to 305,156 MT for the week. Corn stocks at export elevators and terminals were up 60,000 bushels from last week at 38.845 million bushels. Cash corn bids are mostly steady with processors and ethanol plant bids above the market.

Soybean Complex: Morning: Sept 11 Soybeans closed at \$13.79 1/2, down 3/4 cents, Nov 11 Soybeans closed at \$13.87 1/2, dn 1 1/4 cents, Jan 11 Soybeans closed at \$14.03, up 1/2 cents, Jul 12 Soybeans closed at \$14.02 3/4, up 1 1/2 cents, Yesterday's Close: Aug 11 Soybeans closed at \$13.83, up 17 1/2 cents, Sep 11 Soybeans closed at \$13.80 1/4, up 15 3/4 cents, Nov 11 Soybeans closed at \$13.88 3/4, up 16 3/4 cents, Nov 12 Soybeans closed at \$13.50 1/4, up 18 cents, Aug 11 Soybean Meal closed at \$360.50, up \$4.70, Aug 11 Soybean Oil closed at \$56.59, up \$0.49
Soybean futures closed higher at the upper end of today's trading range after bouncing off the 40 day moving average Monday. Soybean stocks at select export elevators and terminals were down 954,000 bushels from last week. Weather this year has been less than ideal for soybean production with forecasts calling for much above normal temps into August 9th. An interesting picture of the heat dome on this afternoon's long range weather update shows the bans of above normal temps continues to blanket most of the growing area in the U.S. Yield development for soybeans in the US is primarily a function of August weather. The heat has already affected crop progress however with ratings in the good/excellent category dropping two points from last week. Ratings in the good/excellent category are also five points behind last year for the same week. Soybean prices were also supported by the lower U.S. dollar under pressure from concerned investors worried about a debt downgrade.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$6.92 1/2, down 1 1/2 cents, Sept 11 MGEX Wheat is at \$8.40 3/4, up 1 3/4 cents Yesterday's Close: Sep 11 CBOT Wheat closed at \$6.94, up 5 1/2 cents, Sep 11 KCBT Wheat closed at \$7.80 1/2, up 10 cents, Sep 11 MGEX Wheat closed at \$8.39, up 8 1/4 cents
Wheat futures closed higher with the other grains after being lower the first half of the morning trade. Wheat futures have gone into a consolidation pattern over the last 10 days trading sideways. Wheat stocks at select export elevators and terminals were up 449,000 bushels from last week. Egypt's GASC bought 120,000 MT of Russian wheat for August 21-31 delivery. US export inspections YTD are 40 million bushels ahead of last year, but it will be tough to maintain that lead without winning some Egyptian or at least North African tenders. The lower U.S. dollar could help with pricing. The dollar challenged the May lows today. Several states have completed the winter wheat harvest ahead of the five year average including Indiana, Missouri, Oklahoma and Texas. Although the wheat market has a substantial carry built in, most farmers do not store wheat on farm.

Cattle: Yesterday's Close: Aug 11 Cattle closed at \$111.700, up \$1.050, Oct 11 Cattle closed at \$116.150, up \$1.250, Dec 11 Cattle closed at \$119.600, up \$0.800, Aug 11 Feeder Cattle closed at \$136.100, up \$0.050 Sep 11 Feeder Cattle closed at \$137.925, up \$0.550 Oct 11 Feeder Cattle closed at \$139.050, up \$0.850

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Cattle futures closed higher on the day and feeder cattle followed suit to close higher too. Short term technical indicators turned higher for cattle with today's price action. The spread between Choice and Select beef narrowed in the boxes with prices ended mixed. Choice boxed beef was down \$0.60 at \$174.74 and select was up \$0.72 at \$170.94. Compared to last week feeder steers at the Oklahoma City auction were steady to \$2 lower and feeder heifers were steady. Steer calves were \$3 to \$5 higher and heifer calves were steady. Cash cattle trade is inactive on light demand in Texas. Cattle trade in KS was moderate with good demand but sales were \$1 lower than last week at \$107. Cash cattle trading in the Northern Plains and Western Corn Belt is at standstill. Sales in NE last week were \$108 to \$109. The heat and humidity show no signs of lifting with long range forecasts predicting out through August 9th.

Hogs: Yesterday's Close: Aug 11 Hogs closed at \$100.475, down \$0.450, Oct 11 Hogs closed at \$91.700, down \$0.775 Dec 11 Hogs closed at \$88.375, down \$0.425

Lean hog futures closed lower on the day but closed at the upper end of the trading range after testing technical support. Cash hogs were \$0.10 lower in IA/MN at \$97.72. WCB hogs were \$0.24 higher at \$97.64 and ECB hogs were up \$3.08 at \$98.06. The Cold Storage Report on Friday showed total red meat supplies were up 17% from last year. Belly stocks were up 33% from last year but were down 18% from last month. Pork prices fell in China for the first weekly decline since April after posting record high prices this year. The Chinese Minister of Commerce said supplies have increased slightly and demand has turned weaker. There are still expectations for U.S. traders that China will purchase more U.S. pork before the end of 2011. Pork trading in the U.S. was moderate, with mostly moderate demand and light to moderate offerings. The Carcass was up \$1.03 at \$101.31. The lean hog index was at \$97.50, up \$1.02 for July 22nd.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 101.09, up 400 points, Dec 11 Cotton closed at 100.76, up 400 points Dec 12 Cotton closed at 94.36, up 199 points

Cotton futures closed limit higher, supported by strength in commodities and a sharply lower dollar. The front month hit lows of 93.50 before swinging up to close limit higher. The Cotton Consumption report will be out Thursday morning. The Cotlook Forward A Index is at 112.05 cents/pound, down 2.40.

Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart

Op: 689-4, Hi: 689-6, Lo: 683-2, Cl: 684-0



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart

Op: 686-2, Hi: 686-6, Lo: 680-6, Cl: 681-4



Aug 11 Soybean Daily Chart

ZSQ11 - Soybeans (CBOT) - Daily OHLC Chart

Op: 1383-0, Hi: 1388-0, Lo: 1382-0, Cl: 1382-4



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart

Op: 1388-6, Hi: 1394-4, Lo: 1387-0, Cl: 1387-0



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Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



Dec 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart



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



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



July 17th winds cause 35-70% green snap... however; higher winds on July 1st of 102 MPH caused only 2-5% green snap due to smaller plants that were more resilient. We offer crop insurance products that insure against loss from wind for lodging or green snap with premiums of only \$2-3 per acre.



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