



MORNING COMMENTS

david@mnwestag.com

Office 1-877-365-3744

www.mnwestag.com

Thursday, July 28, 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. You will need your account number starting with 356-

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: Thursday August 11, 2011 WASDE & Crop Production

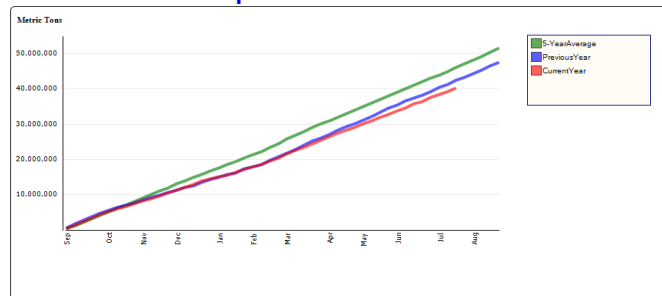
| 11/12 New Crop Corn Balance Sheet: Bushels | | | | | | | | | | 11/12 New Crop Soybean Balance Sheet: Bushels | | | | | | | | | |
|--|--------|-------|-------|--------|---------------------|--------|-------|--|--|---|--------|-------|-------|--------|---------------------|-------|------|--|--|
| Projected Use | 13,500 | | | | Projected Use 10/11 | 13,355 | | | | Projected Use | 3,264 | | | | Projected Use 10/11 | 3,315 | | | |
| Expected Carry In: | 880 | | | | Planted 10/11 | 88.2 | | | | Expected Carry In: | 200 | | | | Planted 10/11 | 76.6 | | | |
| Expected Imports | 20 | | | | Yield 10/11 | 152.8 | | | | Expected Imports | 15 | | | | Yield 10/11 | 43.5 | | | |
| Harvested % | 91.98% | | | | 2011 Est | | | | | Harvested % | 98.89% | | | | 2011 Est | | | | |
| Planted | 90.78 | 91.28 | 91.78 | 92.280 | 92.78 | 93.28 | 93.78 | | | Planted | 73.7 | 74.2 | 74.7 | 75.200 | 75.7 | 76.2 | 76.7 | | |
| Yield | -1.50 | -1.00 | -0.50 | | 0.50 | 1.00 | 1.50 | | | Yield | -1.50 | -1.00 | -0.50 | | 0.50 | 1.00 | 1.50 | | |
| 161.2 | 860 | 934 | 1008 | 1083 | 1157 | 1231 | 1305 | | | 44.1 | 184 | 206 | 228 | 250 | 272 | 294 | 316 | | |
| 160.7 | 818 | 892 | 966 | 1040 | 1114 | 1188 | 1262 | | | 44.1 | 166 | 188 | 209 | 231 | 253 | 275 | 297 | | |
| 160.2 | 777 | 850 | 924 | 998 | 1071 | 1145 | 1219 | | | 43.9 | 148 | 169 | 191 | 213 | 234 | 256 | 278 | | |
| 159.7 | 735 | 808 | 882 | 955 | 1029 | 1102 | 1176 | | | 43.6 | 129 | 151 | 173 | 194 | 216 | 237 | 259 | | |
| 159.2 | 693 | 766 | 840 | 913 | 986 | 1059 | 1132 | | | 43.4 | 111 | 133 | 154 | 175 | 197 | 218 | 240 | | |
| 158.7 | 651 | 724 | 797 | 870 | 943 | 1016 | 1089 | | | 43.1 | 93 | 114 | 136 | 157 | 178 | 200 | 221 | | |
| 158.2 | 610 | 682 | 755 | 828 | 901 | 973 | 1046 | | | 42.9 | 75 | 96 | 117 | 138 | 159 | 181 | 202 | | |
| 157.7 | 568 | 640 | 713 | 785 | 858 | 930 | 1003 | | | 42.6 | 56 | 78 | 99 | 120 | 141 | 162 | 183 | | |
| 157.2 | 526 | 598 | 671 | 743 | 815 | 888 | 960 | | | 42.4 | 38 | 59 | 80 | 101 | 122 | 143 | 164 | | |
| 156.7 | 484 | 556 | 628 | 701 | 773 | 845 | 917 | | | 42.1 | 20 | 41 | 62 | 83 | 103 | 124 | 145 | | |
| 156.2 | 443 | 514 | 586 | 658 | 730 | 802 | 874 | | | | | | | | | | | | |
| 155.7 | 401 | 472 | 544 | 616 | 687 | 759 | 831 | | | | | | | | | | | | |

Hedge: a means of protection against something, especially a means of guarding against financial loss

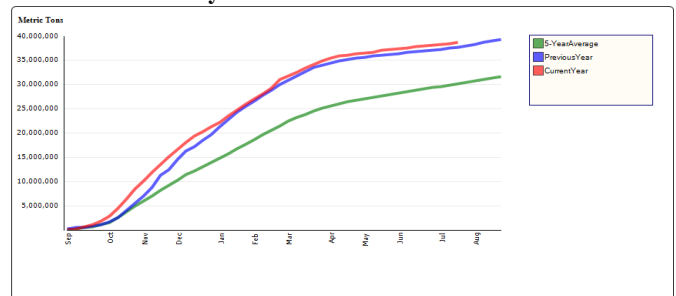
Speculate: to form a conjecture on the basis of incomplete facts or information, to engage in financial transactions that have an element of risk.

Market Talk Heat in the eastern corn belt and lack of rainfall in parts of that region are supportive factors. Chart support in Dec corn near \$6.50 if the market breaks & Nov Soybeans near \$13.00 prior to the Aug 11 WASDE & Crop report.

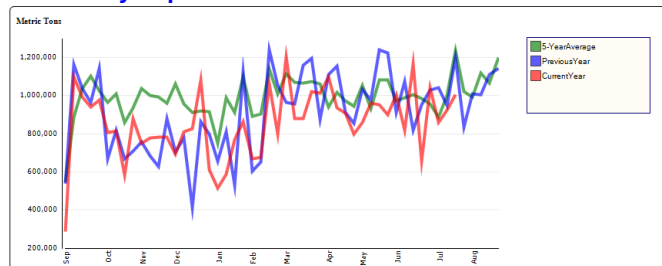
US Accumulated Exports: Corn - World Total 2010-11



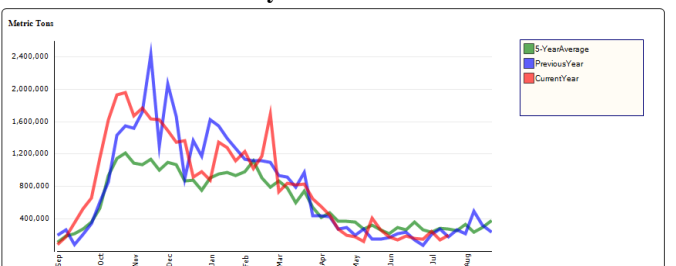
Soybean - World Total 2010-11



US Weekly Exports: Corn



Soybeans



(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.

Outside Markets: US Debt impasse...Aug 2nd dead line?

| | | | | | | | | | | | |
|---------------------|----------|----------|--------|-------------------|-----------|-----------|--------|---------------------|--------|---------|---------|
| U.S. Dollar Index | 0.074 | +0.217 | +0.29% | Euro FX | 0.00001 | -0.00930 | -0.65% | Ethanol Futures | Aug 11 | 0.003p | 0.000 |
| CRB CCI Index | 6.53p | 0.00 | - | Canadian Dollar | 0.00001 | +0.00190 | +0.18% | Gasoline RBOB (E) | Sep 11 | 0.0003p | -0.0154 |
| Gold | 161.9 | +3.7 | +0.23% | Japanese Yen | 0.00001 | +0.00480 | +0.37% | Diesel Gulf (Ulsd) | Aug 11 | 0.0003s | -0.0307 |
| Silver | 0.040 | -0.298 | -0.73% | Australian Dollar | 0.00001 | +0.00290 | +0.27% | Heating Oil (E) | Sep 11 | 0.0003p | -0.0307 |
| DJIA | 12244p | -188 | -1.51% | Chinese Renminbi | 0.000000p | +0.000070 | +0.05% | Crude Oil Brent (E) | Sep 11 | 1.18 | +0.48 |
| S&P 500 Index | 12.98 | -1.00 | -0.08% | Mexican Peso | 0.000000s | -0.000525 | -0.61% | Natural Gas (E) | Sep 11 | 0.004p | -0.013 |
| Nasdaq 100 | 23.58 | +0.50 | +0.02% | 1-Month Libor | 0.0100p | -0.0050 | -0.01% | Polypropylene | Aug 11 | 0.0001s | +0.0100 |
| Russell 1000 Growth | 6.05p | -14.70 | -2.37% | T-Bond | 126-19 | +0-12 | +0.3% | Polyethylene | Aug 11 | 0.0001p | +0.0125 |
| MSCI Emi Index | 11.41 | +3.60 | +0.32% | 3-Month T-Bill | 0.0099s | 0.0000 | - | Rme Biodiesel | Jul 11 | 1.486p | -0.428 |
| Nikkei 225 | 98.95 | -35.00 | -0.35% | 5-Year T-Note | 127-793 | +0-060 | +0.16% | Coal Futures | Sep 11 | 0.77p | -0.38 |
| Brazilian Real | 0.00001s | -0.00870 | -1.34% | 10-Year T-Note | 124-019 | +0-095 | +0.24% | Uranium | Aug 11 | 0.52p | 0.00 |

Weather Showers and thunderstorms fired up across MN, WI, MI, IA and northern sections of IL, IN and OH in two waves. One during the first half of yesterday and another overnight. Totals with the first wave of activity were in the .25-1" range in most cases, with areas of 1"+ also occurring. Totals with the second wave have not been reported yet, although some "train echoing" looks to have occurred in sections of northeast IA, southern WI, northern IL and southern MN and some locally heavy rains could have resulted in some of these areas. Temps were average to a bit above average to the south of the rains, with highs in the mid to upper 80's in most cases and some low 90's.

Central Illinois:

| thu | fri | sat | sun | mon | tue | wed | thu | fri | sat |
|--------------|--------------|--------------|---------|---------|----------|--------------|--------------|---------|----------|
| 28 jul | 29 jul | 30 jul | 31 jul | 01 aug | 02 aug | 03 aug | 04 aug | 05 aug | 06 aug |
| Iso T-Storms | Sct T-Storms | Iso T-Storms | M Sunny | M Sunny | P Cloudy | Sct T-Storms | Sct T-Storms | Sunny | P Cloudy |
| 96° 76° | 87° 72° | 89° 71° | 91° 73° | 91° 71° | 91° 72° | 87° 66° | 82° 67° | 85° 70° | 87° 72° |

Central Iowa:

| thu | fri | sat | sun | mon | tue | wed | thu | fri | sat |
|--------------|----------|---------|---------|---------|--------------|--------------|--------------|----------|--------------|
| 28 jul | 29 jul | 30 jul | 31 jul | 01 aug | 02 aug | 03 aug | 04 aug | 05 aug | 06 aug |
| Sct T-Storms | P Cloudy | M Sunny | M Sunny | Sunny | Iso T-Storms | Iso T-Storms | Sct T-Storms | P Cloudy | Iso T-Storms |
| 89° 73° | 90° 72° | 90° 73° | 90° 74° | 92° 75° | 91° 71° | 84° 67° | 83° 70° | 88° 73° | 88° 72° |

South Central Minnesota:

| thu | fri | sat | sun | mon | tue | wed | thu | fri | sat |
|----------|---------|---------|----------|--------------|--------------|---------|--------------|--------------|--------------|
| 28 jul | 29 jul | 30 jul | 31 jul | 01 aug | 02 aug | 03 aug | 04 aug | 05 aug | 06 aug |
| P Cloudy | Sunny | M Sunny | P Cloudy | Iso T-Storms | Sct T-Storms | M Sunny | Sct T-Storms | Sct T-Storms | Iso T-Storms |
| 86° 65° | 87° 67° | 88° 70° | 89° 71° | 89° 73° | 84° 62° | 79° 63° | 80° 65° | 82° 67° | 83° 65° |

Central Indiana:

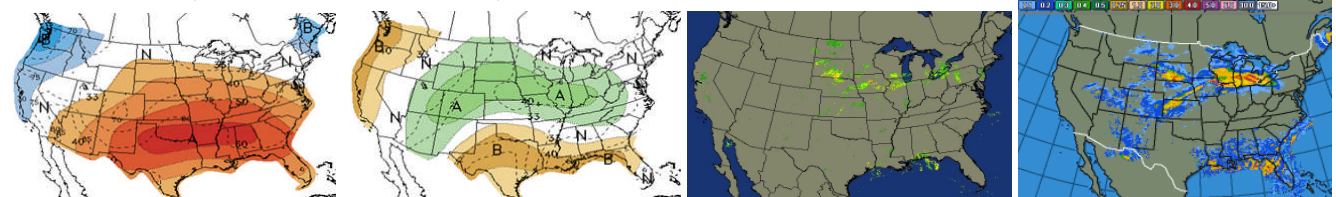
| thu | fri | sat | sun | mon | tue | wed | thu | fri | sat |
|----------|--------------|--------------|---------|---------|----------|----------|----------|---------|----------|
| 28 jul | 29 jul | 30 jul | 31 jul | 01 aug | 02 aug | 03 aug | 04 aug | 05 aug | 06 aug |
| P Cloudy | Iso T-Storms | Iso T-Storms | M Sunny | M Sunny | P Cloudy | P Cloudy | P Cloudy | M Sunny | P Cloudy |
| 96° 76° | 92° 74° | 90° 72° | 91° 72° | 91° 70° | 91° 72° | 90° 69° | 85° 68° | 87° 70° | 87° 73° |

8-14 Day Temp

8-14 Day Precipitation

Current Radar

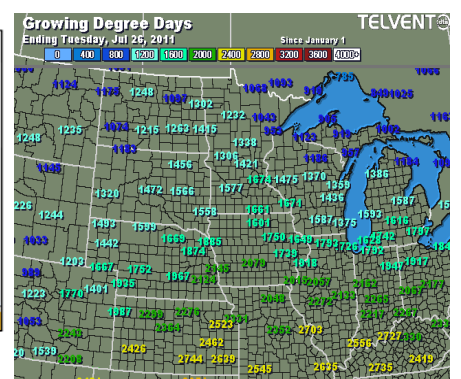
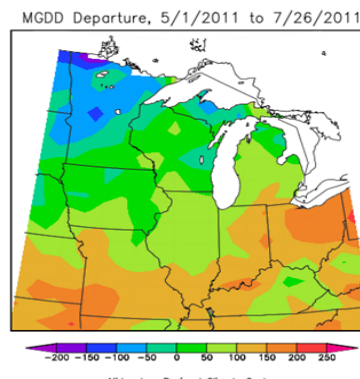
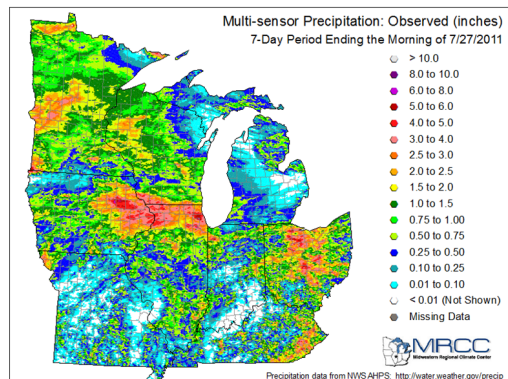
Last 24 hr Precip



Official Weather Station -2011

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

GROWING DEGREE DAYS (GDD):
2011 = 1511.5 GDD
2010 = 1262.5 GDD
AVERAGE¹ = 1379.5 GDD



(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

Office 1-877-365-3744

www.mnwestag.com

Thursday, July 28, 2011

Corn: Morning: Sept 11 Corn is at \$6.87 $\frac{3}{4}$, down 3 $\frac{3}{4}$ cents, Dec 11 Corn closed at \$6.88 $\frac{3}{4}$, down 2 $\frac{3}{4}$ cents, Mar 11 corn closed at \$7.01, down 3 cents, July 12 Corn is at \$7.13, down 2 cents, Yesterday's Close: Sep 11 Corn closed at \$6.91 $\frac{1}{2}$, up 1 $\frac{3}{4}$ cents, Dec 11 Corn closed at \$6.91 $\frac{1}{2}$, up 4 $\frac{3}{4}$ cents, Mar 12 Corn closed at \$7.04, up 4 $\frac{1}{2}$ cents Dec 12 Corn closed at \$6.41, up 8 $\frac{3}{4}$ cents

Corn futures closed slightly higher on the day after trading lower most of the session. The action is sideways waiting for further weather developments or more demand is seen from the export market. Estimates for tomorrow's weekly export sales range from 550 to 950 thousand MT for the week ending July 21st. This week's corn sales to Japan will not be in that number. Most of the outside market news in terms of the U.S. debt crisis has investors looking for best places to balance their portfolios. Investing a percentage in tangible assets pushed gold to new all time highs today before sellers came in and sold the gold to lower money. The fundamentals certainly warrant the possibility of a record tight corn stocks situation this year which in past years has been cause for rationing by price.

Soybean Complex: Morning: Sept 11 Soybeans closed at \$13.69, down 2 $\frac{3}{4}$ cents, Nov 11 Soybeans closed at \$13.77 $\frac{1}{4}$, down 3 $\frac{3}{4}$ cents, Jan 11 Soybeans closed at \$13.91 $\frac{3}{4}$, up 1 $\frac{1}{4}$ cents, Jul 12 Soybeans closed at \$13.99 $\frac{1}{2}$, up 2 $\frac{3}{4}$ cents, Yesterday's Close Aug 11 Soybeans closed at \$13.75 $\frac{3}{4}$, down 7 $\frac{1}{4}$ cents, Sep 11 Soybeans closed at \$13.71 $\frac{3}{4}$, down 8 $\frac{1}{2}$ cents, Nov 11 Soybeans closed at \$13.80 $\frac{1}{2}$, down 8 $\frac{1}{4}$ cents, Nov 12 Soybeans closed at \$13.44 $\frac{1}{2}$, down 5 $\frac{3}{4}$ cents, Aug 11 Soybean Meal closed at \$355.80, down \$4.70, Aug 11 Soybean Oil closed at \$56.40, down \$0.19:

Soybean futures closed lower on the day with selling weighing on the products as well. Soybean prices were at the upper end of the trading range of the past several months and attracted selling. Weather uncertainties could keep sellers cautious. Farmers may want to see more crop development before pricing grain also because of the extremes in this crop year's weather. Cash basis levels were steady at elevators and terminals in the Midwest in very thin trade. Estimates for tomorrow's weekly export sales report range from 550 to 850 thousand MT. The U.S. dollar rallied today bouncing off support from previous lows which could have pressured soybean prices.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$7.10 $\frac{1}{2}$, up 5 $\frac{3}{4}$ cents, Sept 11 MGEX Wheat is at \$8.57, up 6 cents Yesterday's Close: Sep 11 CBOT Wheat closed at \$7.04 $\frac{3}{4}$, up 10 $\frac{3}{4}$ cents, Sep 11 KCBT Wheat closed at \$7.88 $\frac{1}{4}$, up 7 $\frac{3}{4}$ cents, Sep 11 MGEX Wheat closed at \$8.51, up 12 cents

Wheat futures closed higher today with prices at the CBOT and KCBT meeting with moving average resistance. The MGEX wheat price is not quite at moving average resistance. Midwest dealers were noting steady delivery of newly harvested SRW wheat to terminals and processors in the east. The above normal heat covers most of the U.S. and stays arched up into Canada until August 6th in the 6 to 10 day forecast. The 8 to 14 day forecast into August 10th shows the system moving a bit south so the northern edge of the above normal heat is at the North and South Dakota border. Above normal precipitation in the SRW wheat area could cause harvest delays for the same period. The Wheat Quality Council crop scouts are noting a drop in spring wheat yields because of the weather extremes this year. Excessive snow melt and rain led to delayed planting and crop disease contributing to lower yields. The durum wheat planted area is at a 50 year low causing concern for pasta manufacturers. Estimates for tomorrow's weekly export sales report range from 300 to 500 thousand MT.

Cattle: Yesterday's Close: Aug 11 Cattle closed at \$111.075, down \$0.625, Oct 11 Cattle closed at \$115.450, down \$0.700, Dec 11 Cattle closed at \$118.725, down \$0.875, Aug 11 Feeder Cattle closed at \$135.375, down \$0.725 Sep 11 Feeder Cattle closed at \$136.925, down \$1.000 Oct 11 Feeder Cattle closed at \$138.075, down \$0.975

Cattle and feeder cattle futures remained under selling pressure to close lower on the day. Pressure from lower cash market in KS and outside markets has carried over into cattle futures. Cash sales in KS yesterday were at \$107 on an estimated 25,000 head, a dollar lower than last week. Extreme heat in the Southern Plains has impacted cattle gains and caused feeders to keep cattle moving without fighting adding the extra weight which doesn't happen in this heat. TX/OK bids at \$107 were rejected for the most part yesterday and today with offers at \$110 to \$111. Boxed beef was mixed this afternoon also in favor of Choice. Choice boxed beef was \$0.99 higher at \$175.73 and Select was down \$0.53 at \$170.41.

Hogs: Yesterday's Close: Aug 11 Hogs closed at \$101.925, up \$1.450, Oct 11 Hogs closed at \$91.425, down \$0.275 Dec 11 Hogs closed at \$88.300, down \$0.075

Lean hog futures ended the day with the spot month closing at the highest level since April 20th. The spread between the spot month and October, the next futures contract closed over \$10.00 this afternoon. The August contract goes off the board on August 12th. If that spread is maintained into expiration there will be significant technical damage on the weekly continuation charts. The lean hog index was at \$98.67, up \$1.17 for July 25th. Cash pork trade was very slow with light to moderate demand and mostly light offerings. The Carcass once again made all time highs at 102.34 this afternoon, so although trade is deemed slow, something is driving the cash! The summer heat wave has curtailed hog weights. IA/MN average live weights fell 2.9 pounds from the previous week and 4.7 pounds from last year to 263.7 pounds, the lowest since early July 2009. Cash hog prices ended lower but weighted average prices were higher in some cases. IA/MN hogs were down \$1.90 at \$100.31, WCB hogs were \$2.07 lower at \$99.97 and ECB hogs were \$0.19 lower at \$98.79.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 103.85, up 276 points, Dec 11 Cotton closed at 103.61, up 285 points Dec 12 Cotton closed at 95.2, up 84 points

Cotton futures closed higher again, shaking off a sharply higher dollar, lower crude and a lower equity market. The main driver is likely a possible storm which could come just at the wrong time over Texas. This would potentially damage the crops that actually made it through

(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

Office 1-877-365-3744

www.mnwestag.com

Thursday, July 28, 2011

the drought. Export sales will be reported tomorrow morning as well as Cotton Consumption. Export sales are expected to be weak again. Cotton stocks are headed into the traditional October seasonal low. Certificated stocks were lower from already rock bottom levels with stocks yesterday at 17,272 bales.

Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart

■ Op:690-2, Hi:690-4, Lo:685-6, Cl:687-6



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart

■ Op:689-6, Hi:691-0, Lo:685-2, Cl:688-6



Aug 11 Soybean Daily Chart

ZSQ11 - Soybeans (CBOT) - Daily OHLC Chart

■ Op:1373-2, Hi:1380-0, Lo:1370-4, Cl:1376-0



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart

■ Op:1378-4, Hi:1385-0, Lo:1375-0, Cl:1377-2



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart

■ Op:851-0, Hi:860-0, Lo:845-2, Cl:857-0



Dec 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart

■ Op:853-6, Hi:859-4, Lo:847-0, Cl:857-2



(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.