



MORNING COMMENTS

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Wednesday, August 10, 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	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** The report will include a revision to planted acreage numbers for the states of Minnesota, North and South Dakota and Montana.

Yield Estimate	2011/12	USDA US Yield Estimates (in bu per acre)			
	USDA Aug 11/12	Average Trade Est.	Range of Trade Est.	USDA Jan 10/11	2010 Yield
Corn		155.20	151.0-158.0	158.70	152.8
Soybeans		42.80	42.0-43.4	43.40	43.5

Trade has concerns about the US corn crop as indicated by the average trade guess of 155.2 bushels /acre for Thursday's USDA report vs. USDA at 158.7 last month. Trade soybean estimate is 42.8 vs. 43.40 for USDA's soybean yield last month.

Production Estimate	2011/12	USDA US Production Estimates (in bushels)			
	USDA Aug 11/12	Average Trade Est.	Range of Trade Est.	USDA Jul 11/12	
Corn		13.083	12.775-13.356	13.470	
Soybeans		3.174	3.119-3.225	3.329	
All Wheat		2.085	2.015-2.134	2.106	
All Winter Wheat		1.483	1.400-1.505	1.492	
Hard Red Winter		0.795	0.779-0.809	0.762	
Soft Red Winter		0.457	0.446-0.465	0.458	
Other Spring		0.550	0.515-0.577	0.551	
Durum		0.062	0.058-0.064	0.064	

Carry Out	2010-11	USDA Grain Carry Out Estimates (billions/bu)		
	USDA Aug 10/11	Average Trade Est.	Range of Trade Est.	USDA July 11/12
Corn		0.923	0.880-1.005	0.880
Soybeans		0.223	0.200-0.235	0.200

Carry Out	2011-12	USDA Grain Carry Out Estimates (billions/bu)		
	USDA July 11/12	Average Trade Est.	Range of Trade Est.	USDA July 11/12
Corn		0.741	0.527-0.986	0.870
Soybeans		0.172	0.110-0.222	0.175
Wheat		0.671	0.629-0.762	0.670

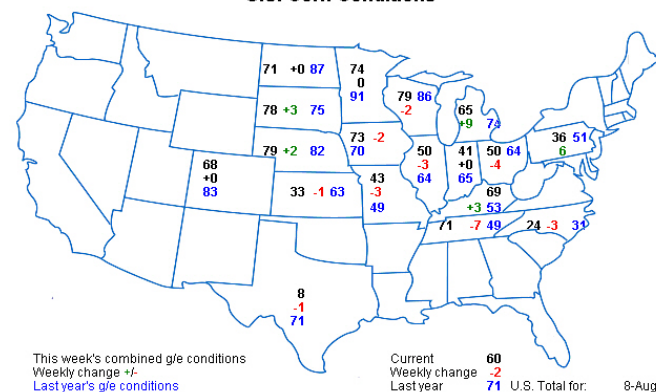
Hedge: a means of protection against something, especially a means of guarding against financial loss

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

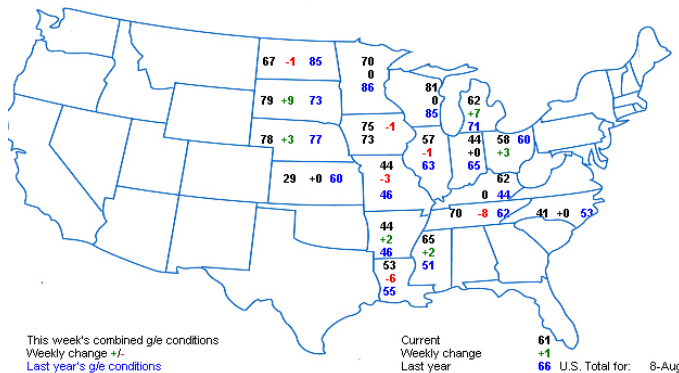
Market Talk Soybean futures hit a five-month low Tuesday as improved weather conditions show signs of improving crop potential. Some of the weather premium has been removed as needed rain has fallen in some key soybean growing regions. August weather has a very big impact on how the soybean crop finishes maturing. The improved weather conditions recently made a modest improvement on crop condition ratings Monday. This was enough to keep the negative pressure on soybean prices as corn and wheat rallies on improved financial markets on the day.

Topsoil moisture in Iowa and Illinois are much drier than they were a year ago. Iowa is reported at 38% short vs. 2% last year, while Illinois is reporting 55% short vs. 26% last year. Central Illinois continues to miss scatter rains and has not seen significant rainfall since late June. Topsoil conditions from Kansas to Texas are reported at 60 to 100% short. It's estimated that 12-18 inches of rain are needed in some areas of the southwest to replenish soil moisture.

U.S. Corn Conditions



U.S. Soybean Conditions



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Outside Markets:

U.S. Dollar Index	74.465	-0.259	-0.35%	Euro FX	1.42530	+0.00440	+0.31%	Ethanol Futures	Sep 11	2.674p	+0.009
CRB CCI Index	614.50p	+1.50	+0.24%	Canadian Dollar	1.00950	+0.00450	+0.45%	Gasoline RBOB (E)	Sep 11	2.6676p	-0.0240
Gold	1760.3	+20.3	+1.17%	Japanese Yen	1.30890	+0.01120	+0.86%	Diesel Gulf (Ulsd)	Sep 11	2.8263s	-0.0351
Silver	38.420	+0.543	+1.43%	Australian Dollar	1.02270	+0.01960	+1.95%	Heating Oil (E)	Sep 11	2.7648p	-0.0369
DJIA	11194p	+468	+4.36%	Chinese Renminbi	0.155480p	+0.000110	+0.07%	Crude Oil Brent (E)	Sep 11	104.58	+2.01
S&P 500 Index	1149.00	-22.70	-1.94%	Mexican Peso	0.080550s	-0.000625	-0.77%	Natural Gas (E)	Sep 11	3.994p	+0.059
Nasdaq 100	2109.25	-45.75	-2.12%	1-Month Libor	99.7775p	0.0000	-	Polypropylene	Sep 11	0.8600s	0.0000
Russell 1000 Growth	546.20p	+27.20	+5.24%	T-Bond	137.22	+0.16	+0.36%	Polyethylene	Sep 11	0.5950p	-0.0125
MSCI Emi Index	980.70	-15.50	-1.56%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Aug 11	1472.333p	+4.523
Nikkei 225	8920.00	-205.00	-2.25%	5-Year T-Note	123.2.5	+0.025	+0.06%	Coal Futures	Sep 11	74.28p	-0.22
Brazilian Real	0.60900	-0.00050	-0.08%	10-Year T-Note	129.285	+0.020	+0.05%	Uranium	Aug 11	51.15p	0.00

Weather

Central Illinois:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 10	aug 11	aug 12	aug 13	aug 14	aug 15	aug 16	aug 17	aug 18	aug 19
M Sunny	Sunny	P Cloudy	Sct T-Storms	M Sunny	Sunny	PM T-Storms	Iso T-Storms	Sunny	P Cloudy
78° 59°	82° 60°	83° 67°	79° 63°	77° 60°	80° 62°	80° 65°	84° 67°	84° 67°	82° 64°

Central Iowa:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 10	aug 11	aug 12	aug 13	aug 14	aug 15	aug 16	aug 17	aug 18	aug 19
P Cloudy	M Sunny	Sct T-Storms	M Sunny	Sunny	M Sunny	Iso T-Storms	Iso T-Storms	Sunny	Sct T-Storms
79° 58°	82° 62°	82° 65°	81° 62°	80° 61°	80° 65°	83° 68°	83° 69°	84° 70°	84° 68°

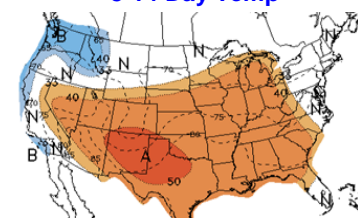
South Central Minnesota:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 10	aug 11	aug 12	aug 13	aug 14	aug 15	aug 16	aug 17	aug 18	aug 19
M Sunny	M Sunny	Sct T-Storms	P Cloudy	Sunny	P Cloudy	Sct T-Storms	Sct T-Storms	P Cloudy	Sct T-Storms
80° 57°	82° 61°	79° 62°	78° 57°	79° 59°	80° 64°	82° 65°	80° 62°	81° 63°	80° 64°

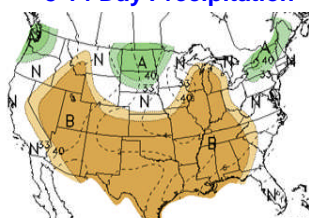
Central Indiana:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 10	aug 11	aug 12	aug 13	aug 14	aug 15	aug 16	aug 17	aug 18	aug 19
M Sunny	M Sunny	M Sunny	Sct T-Storms	Iso T-Storms	Sunny	M Sunny	Sct T-Storms	Sct Showers	P Cloudy
80° 59°	82° 61°	84° 66°	79° 65°	77° 62°	81° 63°	82° 65°	85° 67°	85° 67°	82° 66°

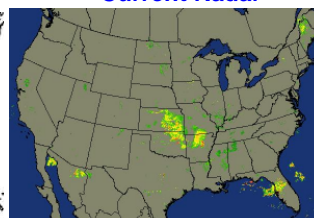
8-14 Day Temp



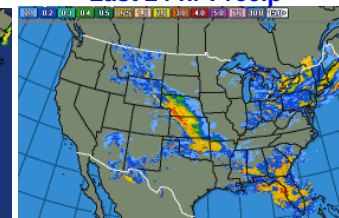
8-14 Day Precipitation



Current Radar

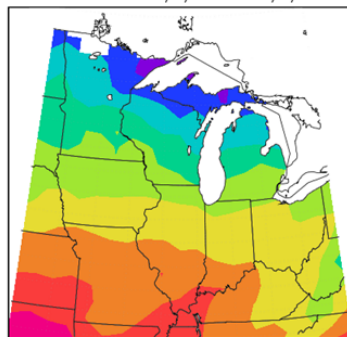


Last 24 hr Precip



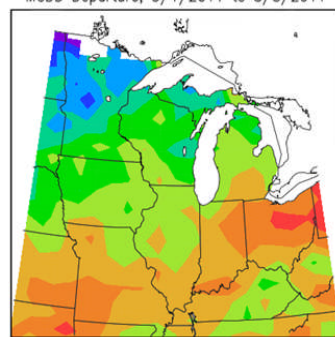
Official Weather Station -2011

Total MGDD from 5/1/2011 to 8/8/2011



Midwestern Regional Climate Center

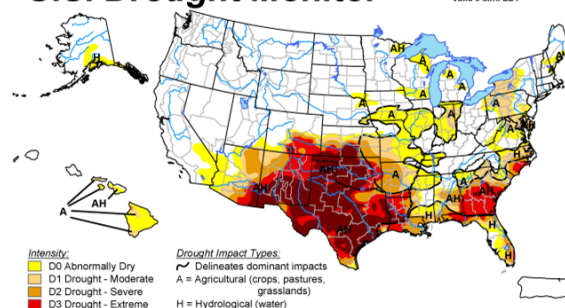
MGDD Departure, 5/1/2011 to 8/8/2011



Midwestern Regional Climate Center

U.S. Drought Monitor

August 2, 2011
Valid 8 a.m. EDT



Intensity:

D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional

Drought Impact Types:

~ Delineates dominant impacts
A = Agricultural (crops, pastures, grasslands)
H = Hydrological (water)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



Released Thursday, August 4, 2011

Corn: Morning: Sept 11 Corn is at \$6.88 ½, up 10 ¼ cents, Dec 11 Corn closed at \$6.99, up 10 ½ cents, Mar 11 corn closed at \$7.12 ½, up 10 ¼ cents, July 12 Corn is at \$7.20, up 9 ¾ cents, Yesterday's Close: Sep 11 Corn closed at \$6.78 ¼, up 3 cents, Dec 11 Corn closed at \$6.88 ½, up 2 ½ cents, Mar 12 Corn closed at \$7.02, up 2 1/2 cents Dec 12 Corn closed at \$6.21, down 2 cents
Corn futures closed slightly higher finishing 20 cents off overnight lows. The CFTC raised the limit on corn futures to 40 cents as of August

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22nd because of the volatility associated with historically low ending stocks, growing demand and investment money. The expanded limit is expected to result in fewer daily limit moves and help ensure an effective means for risk management and price discovery. Analysts on average are estimating corn ending stocks for 2010/11 at 922 million bushels and 2011/12 ending stocks at 751 million bushels. Analysts on average are looking for an increase in global corn stocks by half a million metric tonne to 114.068 MMT. South Korea is seeking 55,000 MT of U.S. corn for October shipment. Funds bought an estimated 10,000 corn contracts.

Soybean Complex: Morning: Sept 11 Soybeans closed at \$13.08 $\frac{1}{4}$, up 16 cents, Nov 11 Soybeans closed at \$13.15 $\frac{3}{4}$, up 16 cents, Jan 11 Soybeans closed at \$13.25, up 14 cents, Jul 12 Soybeans closed at \$13.38, up 13 cents, Yesterday's Close: Aug 11 Soybeans closed at \$12.98 $\frac{3}{4}$, down 10 $\frac{1}{2}$ cents, Sep 11 Soybeans closed at \$12.93 $\frac{1}{4}$, down 11 $\frac{1}{4}$ cents, Nov 11 Soybeans closed at \$12.99 $\frac{3}{4}$, down 11 $\frac{3}{4}$ cents, Nov 12 Soybeans closed at \$12.77 $\frac{1}{4}$, down 12 $\frac{3}{4}$ cents, Aug 11 Soybean Meal closed at \$338.00, down \$2.10, Aug 11 Soybean Oil closed at \$53.03, down \$0.79
Soybean futures dropped to the low end of this past years trading range overnight and then rallied to the highs of the day before backing off to close lower on the day. Private exporters announced the sale of 25,000 MT of soybean oil to an unknown destination for 2010/11 delivery but that did nothing to support bean oil prices that were under pressure from lower crude oil prices heading into the grain close. Crude oil rallied late in the day with the stock market. Improving weather for soybean production this week pressured prices. The weekly Crop Progress report showed pod setting was at 51%, down 12 points from average due to the recent heat. The USDA will release the monthly supply demand figures this Thursday morning. Estimates for U.S. ending stocks for 2010/11 are 218 million bushels and estimates for 2011/12 ending stocks are 168 million bushels. Analysts also expect World stocks for 2011/12 to decline to 61.823 MMT from the estimated 66.464 MMT in 2010/11.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$ cents, Sept 11 MGEX Wheat is at \$ cents

Yesterday's Close: Sep 11 CBOT Wheat closed at \$6.71 $\frac{3}{4}$, up 15 $\frac{1}{4}$ cents, Sep 11 KCBT Wheat closed at \$7.63, up 7 $\frac{3}{4}$ cents, Sep 11 MGEX Wheat closed at \$8.16 $\frac{3}{4}$, up 11 $\frac{1}{2}$ cents
Wheat futures closed higher but off the days highs. MGEX margins were reduced to \$3,210 from \$3,445 for initial spec margin and \$2,500 from \$2,650 maintenance margin. Hedge margin will drop to \$2,500 from \$2,650. Reuters average trade estimates for wheat in the USDA report Thursday are 2.079 billion bushels all wheat, 1.491 all winter, 541 million other spring and 61 million durum. Trade estimates for 2011/12 ending stocks range from 578 to 762 million bushels with an average guess of 671 million bushels. Global ending stocks for 2010/11 are expected to come in at 189.195 MMT on average and estimates for 2011/12 wheat stocks average 182.747 MMT showing a decline in world stocks. Egypt bought 60,000 MT of Russian soft wheat for September shipment.

Cattle: Yesterday's Close: Aug 11 Cattle closed at \$114.725, up \$0.625, Oct 11 Cattle closed at \$117.825, up \$0.225, Dec 11 Cattle closed at \$119.900, up \$0.350, Aug 11 Feeder Cattle closed at \$133.225, up \$0.650 Sep 11 Feeder Cattle closed at \$134.750, up \$1.100 Oct 11 Feeder Cattle closed at \$135.700, up \$1.225
Cattle futures posted across the board pluses on the close with the spot month leading the way. Prices are expected to trade higher on tight supplies and stronger demand. Cattle are priced \$114 to \$115 in TX/OK and KS, that's \$1 to \$2 higher than last week and in line with futures prices. Boxed beef closed higher this afternoon. Choice was up \$0.69 at \$174.94 and Select was \$1.33 higher at \$171.10. Packers are buying for the nicer weather and Labor Day weekend when consumers typically do their holiday grilling. Much of the countries livestock are getting a break from the heat with temperatures more moderate in KS and NE this week. There is no let up in the heat for TX/OK. Oklahoma set a new record for the highest monthly average temperature in the U.S. ever, beating their 1954 record. Texas also had record heat. Pasture condition were rated 39% good/excellent, down 2 points and 18 points below last year. Feeder steers at the Oklahoma City auction were \$2 to \$4 lower and heifers were steady to \$2 lower. Steer calves were steady and heifer calves were steady to \$2 higher.

Hogs: Yesterday's Close: Aug 11 Hogs closed at \$105.400, up \$0.475, Oct 11 Hogs closed at \$89.125, down \$1.200 Dec 11 Hogs closed at \$85.850, down \$1.250
Lean hog futures closed higher on the spot month which expires Friday and lower on the back months. Strong export sales and record carcass prices have buoyed the lead month of futures. Pork supplies are forecast to increase from July through the end of 2012 however putting pressure on the distant contracts. Pork trading was moderate on 108.5 loads with moderate demand and offerings. The Carcass set another record Monday at \$110.19 but closed down 66 cents today. Cash hogs were higher across the country. Hogs were \$1.37 higher in IA/MN at \$105.21. WCB hogs were \$1.33 higher at \$104.97 and ECB hogs were \$0.80 higher at \$102.70. Equities turned higher after the livestock closed.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 97.26, down 175 points, Dec 11 Cotton closed at 95.8, down 192 points Dec 12 Cotton closed at 91.13, down 116 points
Cotton futures closed lower across all contracts, weighed by reports of economic weakness and market uncertainty. The S&P500 equity index whipsawed around today ending the day 53 points higher after a large drop yesterday. In yesterday's Crop Progress report cotton squaring was shown at 95%, down a point from average while setting bolls was at 79%, up 5 points from average. Bolls opening were seen at 9%, a point above average. Condition was unchanged at 30% good/excellent, 35% lower than last year. Certificated Stocks are at 14,377 bales.

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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 Index Weekly

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



Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



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Aug 11 Soybean Daily Chart

ZSQ11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



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



Lean Hogs Weekly

HE - Lean Hogs (CME) - Weekly OHLC Chart



Soybean Meal Daily

ZMQ11 - Soybean Meal (CBOT) - Daily OHLC Chart



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Feeder Cattle Weekly

GF - Feeder Cattle (CME) - Weekly OHLC Chart



Live Cattle Weekly

LE - Live Cattle (CME) - Weekly OHLC Chart



Corn Weekly

ZC - Corn (CBOT) - Weekly OHLC Chart



Corn Monthly

ZC - Corn (CBOT) - Monthly OHLC Chart



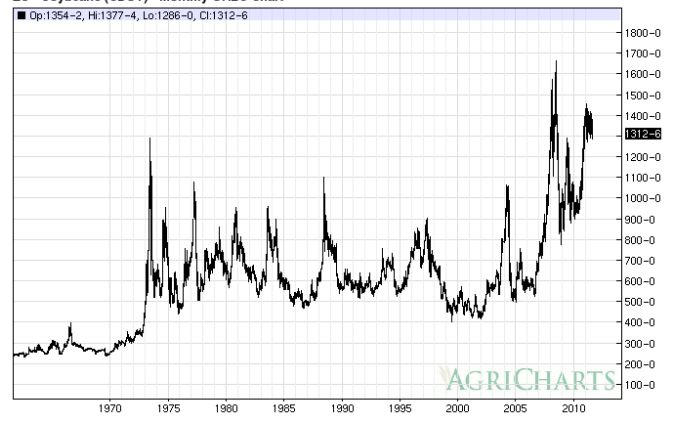
Soybean Weekly

ZS - Soybeans (CBOT) - Weekly OHLC Chart



Soybean Monthly

ZS - Soybeans (CBOT) - Monthly OHLC Chart



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