Minnesota West Ag Services

Morning Comments

david@mnwestag.com

Office 1-877-365-3744
www.mnwestag.com

Thursday, August 18, 2011

Position Management: The table shows how the Model Farm is positioned at this time. Individual recommendations may vary.

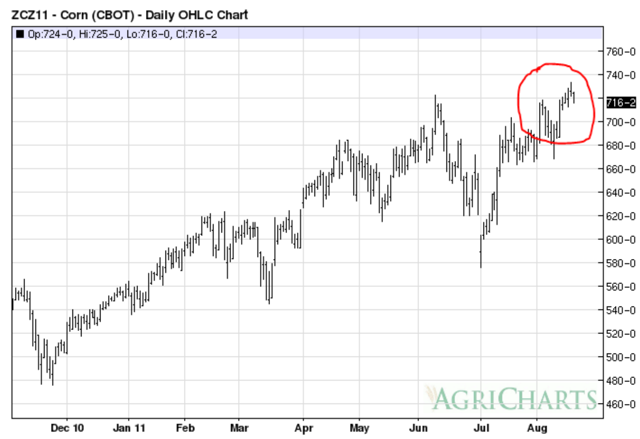
	2010 Crop	2011 Crop	2012 Crop
Corn	100% sold with basis set	50% sold HTA	30% sold HTA
Soybeans	100% sold with basis set	50% sold HTA	20% sold HTA
Wheat	100% sold with basis set	50% sold HTA	none

Prior Price Targets: The prior MNWestAg price targets have all been exceeded. 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 August 19 , 2011 Cattle on Feed**
Monday September 12, 2011 WASDE & Crop Production ; Friday September 30, 2011 Quarterly Grain Stocks

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.

Corn Comments



December Corn futures making new contract highs yesterday…but closed lower down 2-2 ½ cents and then 9 cents lower this morning.

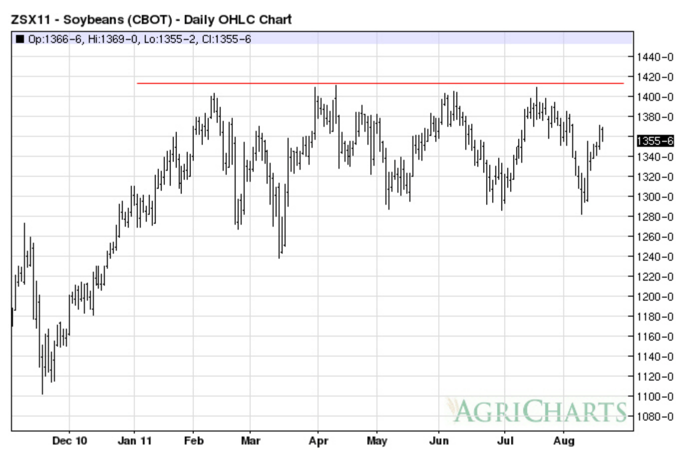
As a major firm stated, "The market tone is eerie." While corn prices are at near record high prices…trade seems rather orderly and the volume is light. There doesn't seem to be much passion and one does not feel all the emotion / euphoria that one usually senses when markets are moving into new contract highs. Option volatility is also declining…which is unusual in bull markets. Some are looking at this as a caution flag…i.e., it's not acting like a traditional bull market with the usual volatility and volume.

Then, there is another side of us that says maybe we are just starting the next leg and the more typical frothy bull market symptoms are still ahead.

We are reminded that December 2011 corn futures traded at $7.33 yesterday with only 16 cent carry to next July at $7.49 ¾. December 2012 corn futures traded at $6.53. If you have been looking for a place to make a sale this is a good price! or Consider Put Options

Some of the private crop tours from IL (USDA estimates IL 170 vs 157 last year) have been very pessimistic and there are concerns for IA (USDA estimates 177 vs 165 last year) won't be any better than year ago. If we leave everything else unchanged in the USDA August estimate and just lower IA and IL to last year's levels…the national average yield would be only 149 bushels per acre. (Wow)

Sovbean Comments



November Soybeans settled 15-18 cents higher and meal finished $3-4 higher yesterday. November futures hit buy stops just under $13.60 and had a short-covering feel throughout the rest of the session as the market simply ran out of selling. Unwind of long CZ/short SX trades was obviously a feature.

Soybeans have been range bound since last fall and traders are looking for yet another run to the upper end of the range. A breakout to the upside would have the trade looking for $15.00 while a breakout lower would have us looking for $12.40, $12.00 and then $11.00.

Trade has become increasingly concerned about lack of rainfall in key areas of southern MN, northern IA and central IL, and that has been contributing to the recent rally.

If you are looking for a place to make another sale the $14.00 area should be an achievable target or to buy put options

Yield and production concerns continue to support soybean and meal futures. Trade is beginning to accept that national yield may ultimately gravitate towards the USDA estimate of 41.4 bpa without increased rainfall over the next two weeks.

Morning Comments

david@mnwestag.com

Office 1-877-365-3744

www.mnwestag.com

Thursday, August 18, 2011

Outside Markets:

U.S. Dollar Index	74.070	+0.312	+0.42%
CRB CCI Index	646.00p	+6.00	+0.94%
Gold	1815.4	+24.2	+1.35%
Silver	40.350p	+0.529	+1.33%
DJIA	11381p	-6	-0.05%
S&P 500 Index	1162.60	-27.30	-2.29%
Nasdaq 100	2130.00	-45.25	-2.08%
Russell 1000 Growth	555.90p	-0.30	-0.05%
MSCI Emi Index	1000.00	-27.70	-2.7%
Nikkei 225	8840.00	-205.00	-2.27%
Brazilian Real	0.62845p	+0.00335	+0.54%

Euro FX	1.43790	-0.00670	-0.46%
Canadian Dollar	1.01370	-0.00540	-0.53%
Japanese Yen	1.30610	-0.00180	-0.14%
Australian Dollar	1.04170	-0.01000	-0.95%
Chinese Renminbi	0.156830p	-0.000110	-0.07%
Mexican Peso	0.081175	-0.000725	-0.89%
1-Month Libor	99.7600	-0.0025	-
T-Bond	139-09	+1-11	+0.97%
3-Month T-Bill	99.2700s	0.0000	-
5-Year T-Note	123-225	+0-070	+0.18%
10-Year T-Note	130-285	+0-170	+0.41%

Ethanol Futures	Sep 11	2.805p	+0.008
Gasoline RBOB (E)	Sep 11	2.8703p	+0.0165
Diesel Gulf (Ulsd)	Sep 11	3.0191s	+0.0270
Heating Oil (E)	Sep 11	2.9616p	+0.0290
Crude Oil Brent (E)	Sep 11	109.45s	-0.02
Natural Gas (E)	Sep 11	3.933p	+0.001
Polypropylene	Sep 11	0.8509s	0.0000
Polyethylene	Sep 11	0.6028p	-0.0012
Rme Biodiesel	Aug 11	1475.429p	+3.858
Coal Futures	Sep 11	76.95p	-0.45
Uranium	Aug 11	49.95p	0.00

Weather Locally we received just a very light sprinkle this morning. Dry weather dominated the majority of the Midwest yesterday, with just a few isolated showers bringing generally less than .10" to WI. Overnight, some showers and isolated thunderstorms have developed across southern MN into most of IA. Amounts have not been reported from this activity yet, but look to have been under .50" in most cases. Temps were close to average in most cases, with highs in the low to mid 80's. **The forecast** sees an area of fairly heavy rains to impact eastern NE, southwest IA and western MO in the next 24 hours and then another front to work through all of the region later tomorrow into the weekend, bringing moderate to heavy totals to MN, IA, MO and most of IL, IN and OH as well. Mainly dry weather will then take over for much of next week, with a few showers and thunderstorms possible in the central Midwest by the middle of next week.

Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 18	aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27
M Sunny	Sct T-Storms	Iso T-Storms	Sunny	M Sunny	P Cloudy	P Cloudy	Sct T-Storms	Sct T-Storms	M Sunny
88° 66°	85° 66°	85° 64°	86° 64°	88° 67°	88° 71°	87° 67°	84° 67°	83° 66°	84° 67°

Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 18	aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27
M Sunny	AM T-Storms	Sct T-Storms	Sunny	P Cloudy	P Cloudy	P Cloudy	M Sunny	Sct T-Storms	Sct T-Storms
88° 70°	87° 68°	82° 64°	85° 67°	88° 69°	89° 70°	88° 69°	86° 68°	84° 67°	84° 68°

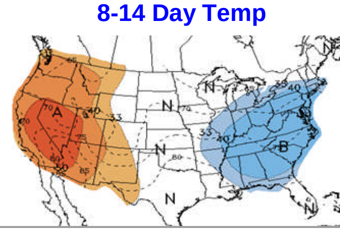
South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 18	aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27
AM Showers	P Cloudy	Iso T-Storms	Sunny	M Sunny	M Sunny	Sunny	Sunny	Sunny	M Sunny
87° 65°	81° 57°	78° 55°	84° 62°	85° 67°	88° 65°	88° 61°	86° 62°	82° 65°	81° 59°

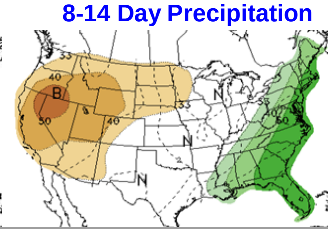
Central Indiana:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 18	aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27
P Cloudy	PM T-Storms	Iso T-Storms	Iso T-Storms	M Sunny	M Sunny	M Sunny	Sct T-Storms	M Sunny	M Sunny
88° 65°	88° 66°	89° 69°	85° 66°	84° 61°	82° 66°	86° 66°	85° 67°	84° 66°	83° 63°

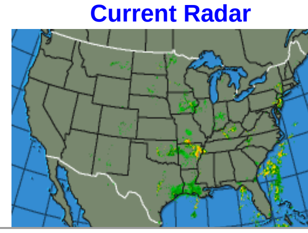
8-14 Day Temp



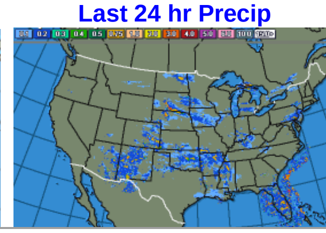
8-14 Day Precipitation



Current Radar



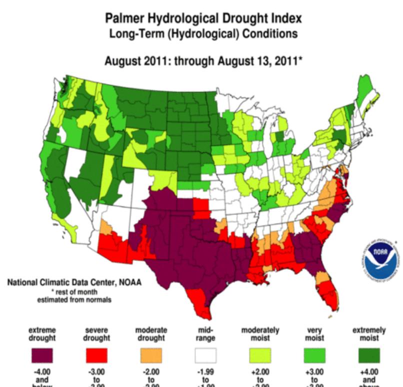
Last 24 hr Precip

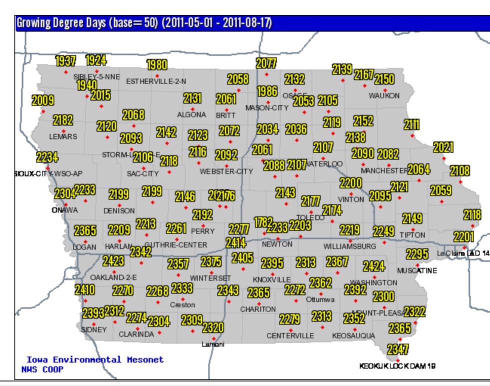


Official Weather Station -2011

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

	Monday, August 15	Tuesday, August 16	Wednesday, August 17
Air Temperature	Max = 80; Min = 59	Max = 84; Min = 64	Max = 79; Min = 55
Soil Temperature			
2 inch	Max = 87; Min = 66: Ave = 76	Max = 90; Min = 87: Ave = 80	Max = 81; Min = 66: Ave = 73
4 inch	Max = 79; Min = 65; Ave = 72	Max = 87; Min = 68; Ave = 77	Max = 78; Min = 67; Ave = 72
8 inch	Max = 77; Min = 67; Ave = 72	Max = 79; Min = 69; Ave = 74	Max = 75; Min = 68; Ave = 71
Daily Precipitation	0.00"	0.00"	0.00"





Morning Comments

david@mnwestag.com

Office 1-877-365-3744

www.mnwestag.com

Thursday, August 18, 2011

Corn: Morning: Sept 11 Corn is at $7.03 , down 8 ½ cents, Dec 11 Corn closed at $7.16 ½ , down 9 cents, Mar 11 corn closed at $7.29 ¼ , down 9 ¼ cents, July 12 Corn is at $7.35 , down 9 ¾ cents,
Yesterday's Close: Sep 11 Corn closed at $7.11 ½ , down 2 ½ cents, Dec 11 Corn closed at $7.25 ½ , down 2 cents, Mar 12 Corn closed at $7.38 ½ , down 1 ¾ cents Dec 12 Corn closed at $6.50 ½ , up ¼ cent
Corn futures reversed direction after making new contract highs on the new crop earlier in the session. Funds sold an estimated 5,000 contracts. Total open interest coming in this morning was 1,245,188 contracts. Total Volume for the month of July was 5,119,287 contracts up 5.3% from a year ago but down 58.7% from the previous month. YTD volume as of July 31st was 49,157,342 contracts up 40.6% from YTD 2010 Volume. Overall trade volume has been higher due to the uncertainty of available supplies from a year ago. Trade estimates for tomorrows weekly export sales report range from 600 to 1,250 thousand MT. Corn basis bids were steady to weaker at elevators and river terminals and stead to higher at processing plants in the Midwest. Precipitation remains below normal for most of the country west of the Appalachians through August 26th.

Soybean Complex: Morning: Sept 11 Soybeans closed at $13.45 ½ , dn 11 ¼ cents, Nov 11 Soybeans closed at $13.55 ¾ , dn 11 cents, Jan 11 Soybeans closed at $13.67 ¼ , down 10 ½ cents, Jul 12 Soybeans closed at $13.74 ½ , down 11 ½ cents ,
Yesterday's Close: Sep 11 Soybeans closed at $13.56 ¾ , up 16 ¾ cents, Nov 11 Soybeans closed at $13.66 ¾ , up 17 ¼ cents, Jan 12 Soybeans closed at $13.77 ¾ , up 17 ½ cents, Nov 12 Soybeans closed at $13.34 ¼ , up 15 ¾ cents, Sep 11 Soybean Meal closed at $354.50, up $3.20, Sep 11 Soybean Oil closed at $55.65, up $0.65
Soybean futures held their ground to close higher on the day. Trade estimates for tomorrows weekly export sales report range from 400 to 900 thousand MT. Soybean stocks at select export elevators and terminals were down 206 thousand bushels (6,181 MT) from last week. Cash basis levels were steady at elevators, steady to higher at processing plants and steady to lower at river terminals. The dollar ended the day lower challenging the July lows. The long range forecast is calling for below normal precipitation for most of the country west of the Appalachians from August 22 through the 30th. Temps are above normal west of the Nebraska panhandle which puts KS, OK and TX into a normal temperature range; a rare occurrence this year.

Wheat: Morning: Sept 11 CBOT Wheat closed at $7.11 ¼ , down 16 ¼ cents, Sept 11 MGEX Wheat is at $9.04 , down 12 ¾ cents
Yesterday's Close: Sep 11 CBOT Wheat closed at $7.27 ½ , up 2 ¾ cents, Sep 11 KCBT Wheat closed at $8.23 ¼ , up 5 ¾ cents, Sep 11 MGEX Wheat closed at $9.16 ¾ , up 20 ½ cents
Wheat futures closed higher again today with the MGEX wheat continuing the lead. MGEX wheat seeding was behind due to flooding in the spring. The USDA reported Spring wheat prevent plant acres at 2.623 million and planted acres at 11.737 million for a total of 14.329 million acres. Trade estimates for tomorrows weekly export sales report range from 400 to 700 thousand MT. Russia is on track to export up to 2.6 MMT of wheat this year. Russian wheat is 43% harvested. The PNW is getting a break from the cool weather with above normal temps forecast from August 22 through 30th. There is also a below normal precipitation forecast for most of the U.S. to the west of Chicago. Rain is needed to prepare the ground before winter wheat planting.

Cattle: Yesterday's Close: Aug 11 Cattle closed at $115.850, down $2.050, Oct 11 Cattle closed at $117.400, down $2.775, Dec 11 Cattle closed at $119.125, down $2.050, Aug 11 Feeder Cattle closed at $134.500, down $1.075 Sep 11 Feeder Cattle closed at $135.425, down $1.950 Oct 11 Feeder Cattle closed at $136.350, down $2.475
Cattle futures closed sharply lower ahead of the monthly Cattle on Feed report. Friday is the release date for the report. Analysts are expecting a bearish report. Average estimates for August 1 COF are 107.5%, July Placement estimates are 116.9% and July Marketings average 96.3%. Supplies for this quarter are expected to be adequate but will tighten in the fourth quarter. Beef production is projected to be over 300 million pounds less the last quarter of 2011 than the last quarter of 2010. Cash trading has been limited with 1,000 plus head sold in NE at $185.50 to $186 in the dressed. Cattle last week sold for $116 in the Southern Plains and $117 in the Northern Plains in the live and $185 in the dressed. Asking prices are $1-3 higher at $118 to $119 and bids are $114. Boxed beef values ended higher. Choice was $1.62 higher at $185.94 and Select is $1.23 higher at $182.24.

Hogs: Yesterday's Close: Oct 11 Hogs closed at $87.400, down $2.000, Dec 11 Hogs closed at $84.225, down $1.450 Feb 12 Hogs closed at $87.000, down $1.050
Lean hog futures closed sharply lower with the front two months under the most pressure. The USDA forecast pork exports for 2011 at 5012 million pounds that is up from 4872 million in the July report. China and South Korea have been strong importers. Pork exports in 2012 are expected to continue to rise to total 5135 million pounds. Pork trading was slow with light to moderate demand and offerings. Hams and Bellies were lower and other cuts higher leaving the Carcass unchanged. Cash hogs $1.48 lower in IA/MN at $101.42, $1.54 lower at $1001.32 in the WCB and $0.79 lower at $100.52 in the ECB.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 108.43, up 381 points, Dec 11 Cotton closed at 107.82, up 397 points Dec 12 Cotton closed at 96.91, up 266 points
Cotton futures closed higher, in a 1413 point rally from the Aug 8th lows on the Dec contract. The next high to beat is 108.62, set on August 2nd. Concerns over the Pakistani crop were the driver of today's strength. As much as 1.5 million bales are at risk according to Bloomberg. Tomorrow morning brings the Weekly Export Sales report to show whether or not there is any renewed demand. The Cotlook Forward A Index was at 114.50 is down 0.10 cents/pound from the previous day.

Morning Comments

david@mnwestag.com

Office 1-877-365-3744

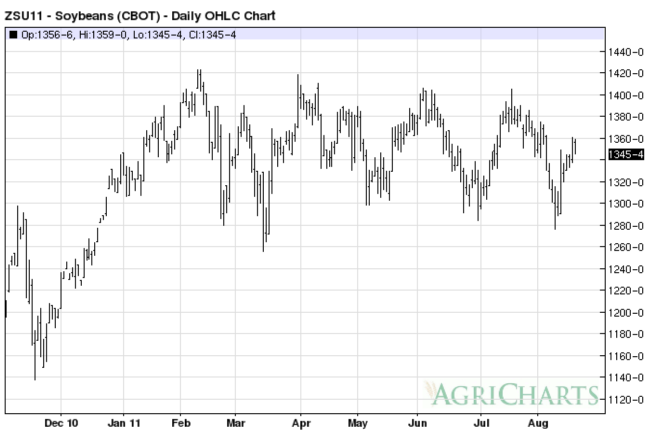
www.mnwestag.com

Thursday, August 18, 2011

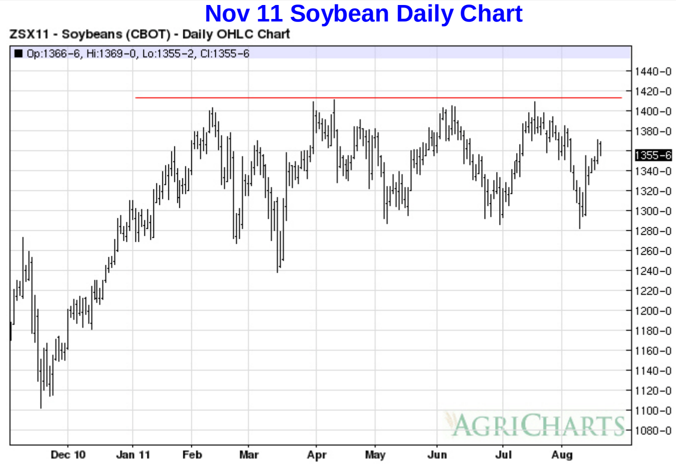
Sept 11 Corn Daily Chart

Dec 11 Corn Daily Chart

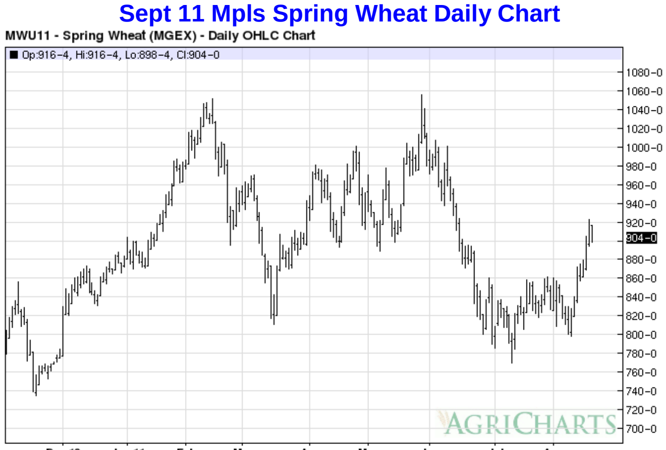
Sept 11 Soybean Daily Chart



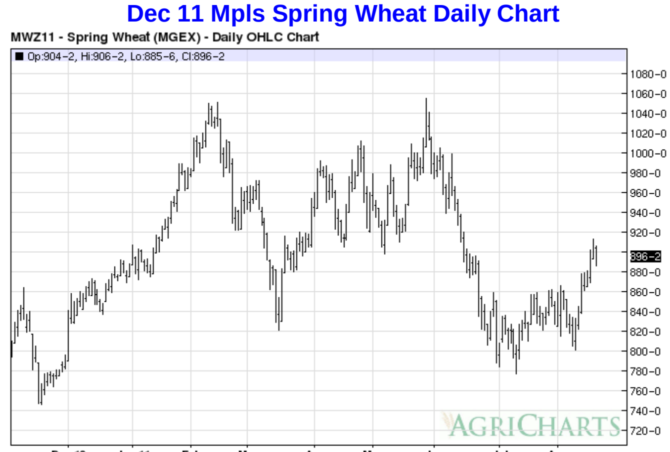
Nov 11 Soybean Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart



Dec 11 Mpls Spring Wheat Daily Chart



Morning Comments

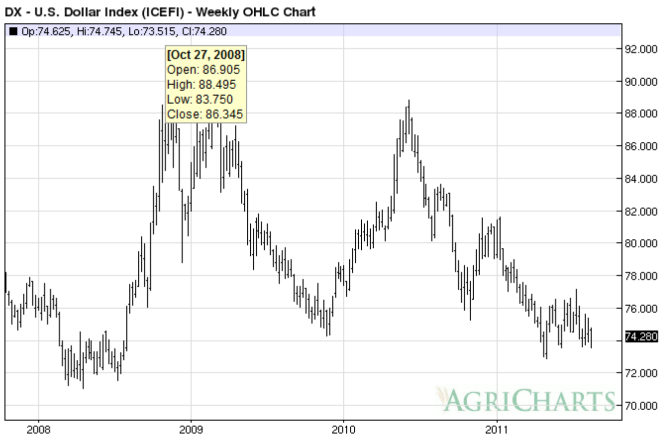
david@mnwestag.com

Office 1-877-365-3744

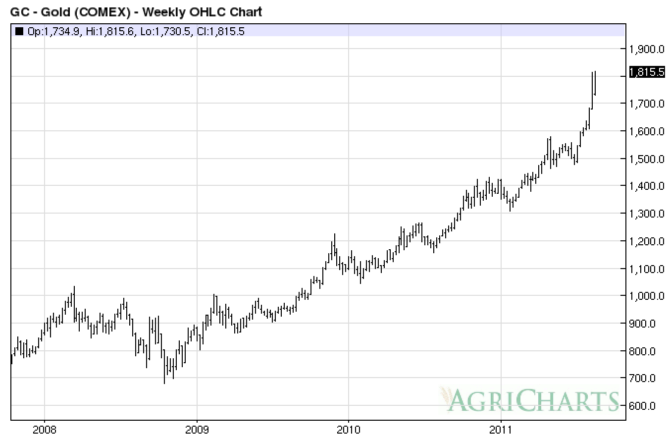
www.mnwestag.com

Thursday, August 18, 2011

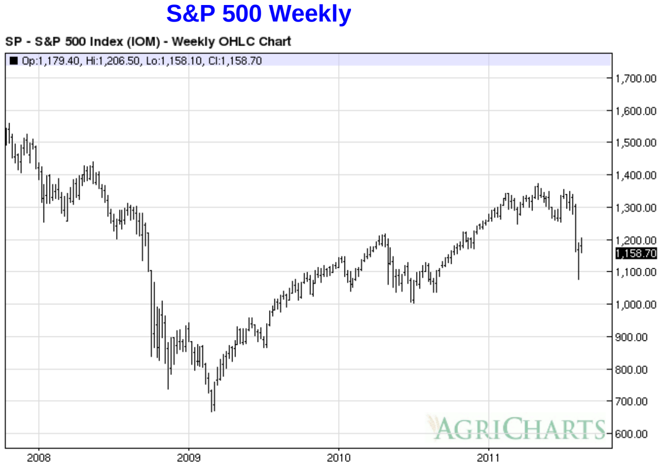
U.S. Dollar Index Weekly



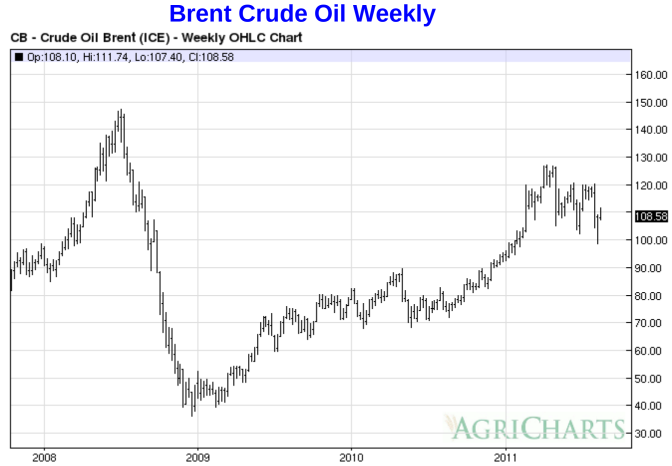
Gold Weekly



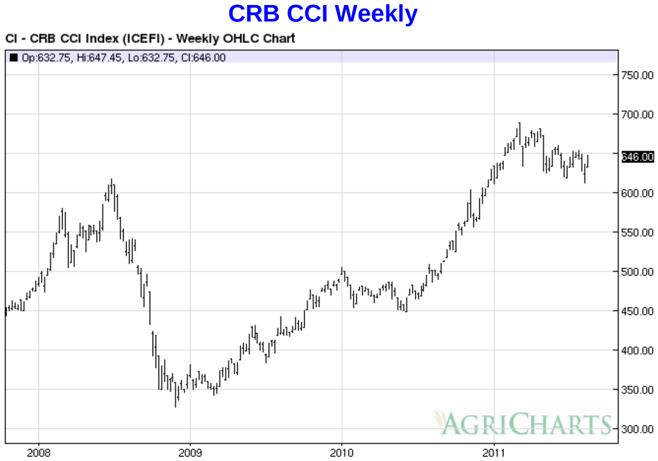
S&P 500 Weekly



Brent Crude Oil Weekly



CRB CCI Weekly



Libor 1 Month Weekly