



## MORNING COMMENTS

[david@mnwestag.com](mailto:david@mnwestag.com)

Office 1-877-365-3744

[www.mnwestag.com](http://www.mnwestag.com)

Friday, August 19, 2011

**USDA Cattle on Feed Report Today.** Average estimates for August 1 COF are 107.5%, July Placement estimates are 116.9% and July Marketings average 96.3%.

**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:** 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.

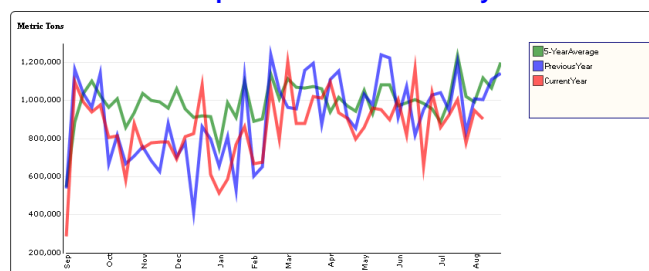
**Market Talk** The dollar is trading higher but gold is the safe haven focus trading at all time highs.

Corn was weaker all day yesterday on sharply lower equities, EU banking concerns, economic slowdown, etc., with futures closing 12-13 cents lower...but respecting recent technical support areas near 709 CZ (the day session low on day of the Aug 11 USDA crop report). Trade continues to believe that downside in the corn market remains limited (barring a total commodity collapse)...especially with national average yield ideas starting to slip below 150 bpa. Concerns continue about yields and the trade will be looking closely to the observations from the ProFarmer crop tour which travels the Corn Belt Mon-Thurs next week especially the findings for soybeans.

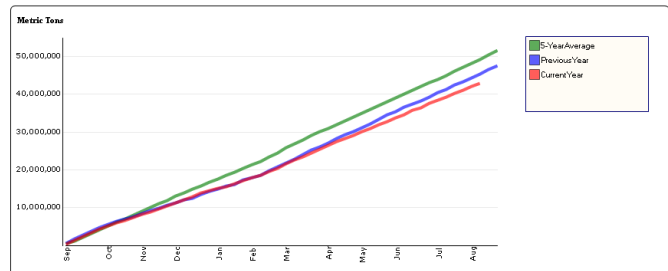
Friends confirmed this week that I-29 in Iowa and I-680 around the north side of Omaha are still closed due to high water on the Missouri River. The flooding that has taken place along the Missouri and Mississippi Rivers this year may have longer lasting implications on crop production than expected. Water levels have just started to recede in some of these locations, which means farmers will have a hard time starting any type of clean up prior to the onset of winter. As a result much of the debris will not be cleaned up until next spring. This could delay next year's plantings, and possibly eliminate them all together for the second consecutive season.

United States ethanol exports look to reach 750 million gallons this year, considerably above last year's 400 million gallons. Brazil is one of the largest buyers and has taken 120 million gallons through May, and is thought to want to take another 70 million gallons by October. Higher ethanol imports are the result of Brazil selling more raw sugar into the world market as the profitability on that commodity is higher than for ethanol. It is likely that if the United States suspends its ethanol subsidy program, ethanol exports could actually increase as several ethanol importers avoid product from the United States claiming supports give it an unfair advantage in the world market. Once these subsidies are removed our ethanol could trade more freely and demand could actually increase.

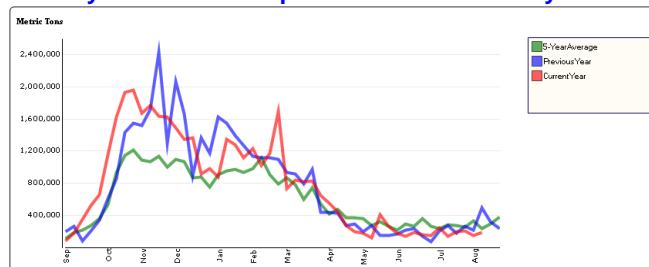
### US Corn World Exports 2010-11 Weekly



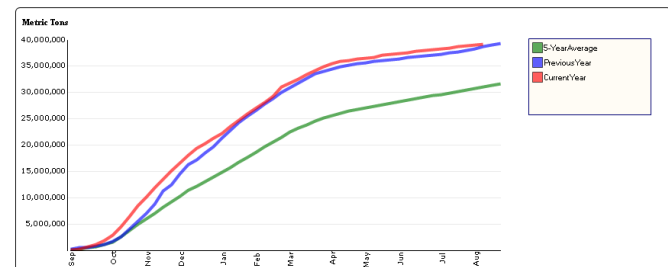
### Accumulated



### US Soybeans World Exports 2010-11 Weekly



### Accumulated



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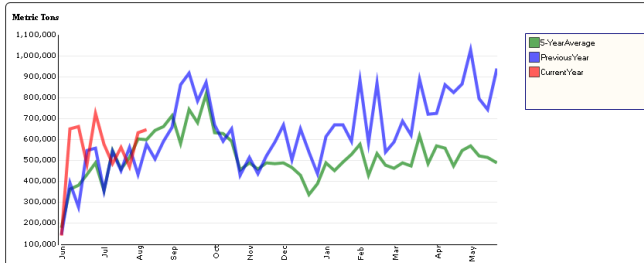
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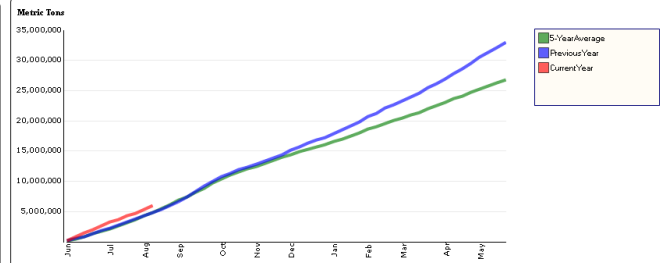
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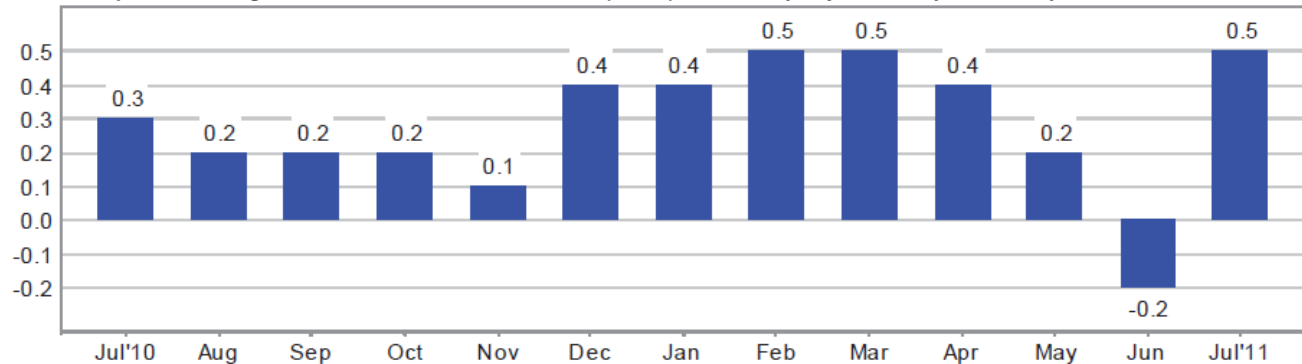
### US Wheat World Exports 2010-11 Weekly



### Accumulated

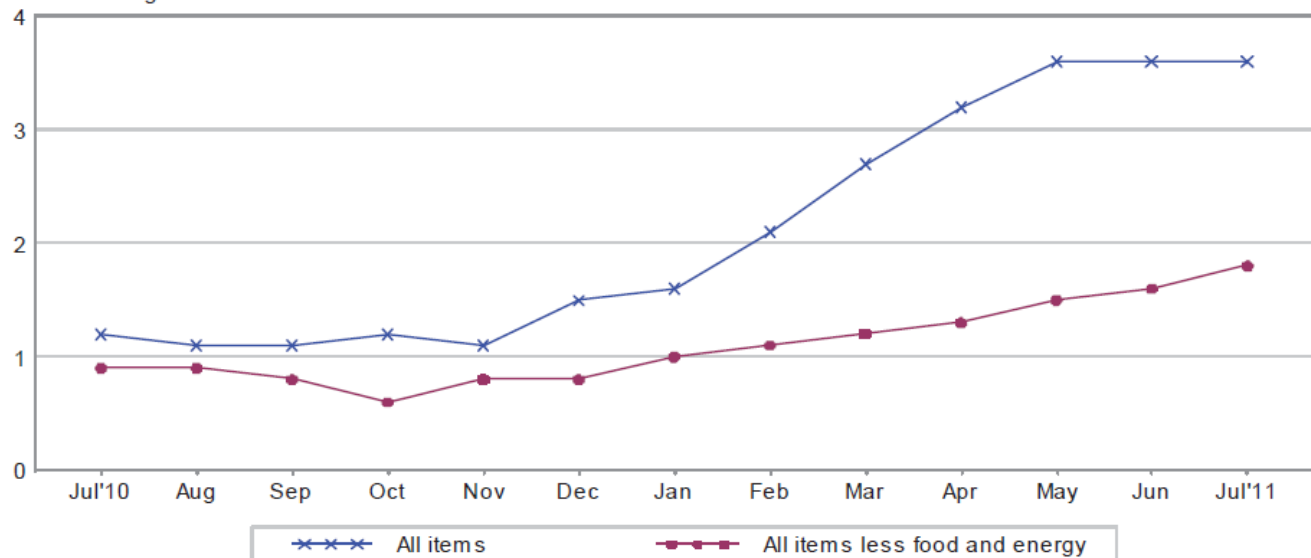


### One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, July 2010 - July 2011



The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.5 percent in July on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 3.6 percent before seasonal adjustment.

### 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, July 2010 - July 2011



The 12 month change in the all items index remained at 3.6 percent for the third month in a row. The change in the index for all items less food and energy continued its upward trend, rising to 1.8 percent in July, with the shelter and apparel indexes contributing notably to the acceleration. The energy index has risen 19.0 percent over the past year.

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### Outside Markets:

U.S. Dollar Index	74.250	-0.065	-0.09%	Euro FX	1.43390	+0.00190	+0.13%	Ethanol Futures	Sep 11	2.779p	-0.026
CRB CCI Index	640.00p	-6.00	-0.93%	Canadian Dollar	1.01120	+0.00210	+0.21%	Gasoline RBOB (E)	Sep 11	2.7832p	-0.0871
Gold	1862.8	+43.9	+2.41%	Japanese Yen	1.30650	-0.00080	-0.06%	Diesel Gulf (Ulsd)	Sep 11	2.9296s	-0.0895
Silver	40.687p	+0.337	+0.84%	Australian Dollar	1.03590	+0.00250	+0.24%	Heating Oil (E)	Sep 11	2.8748p	-0.0868
DJIA	11017p	-364	-3.2%	Chinese Renminbi	0.156750p	-0.000080	-0.05%	Crude Oil Brent (E)	Sep 11	109.45s	0.00
S&P 500 Index	1127.50	-16.00	-1.4%	Mexican Peso	0.081250	+0.000375	+0.46%	Natural Gas (E)	Sep 11	3.892p	-0.041
Nasdaq 100	2059.50	-22.50	-1.08%	1-Month Libor	99.7375	-0.0100	-0.01%	Polypropylene	Sep 11	0.8509s	0.0000
Russell 1000 Growth	529.40s	-26.50	-4.77%	T-Bond	139-15	-0-05	-0.11%	Polyethylene	Sep 11	0.6028p	0.0000
MSCI Emi Index	965.00	-18.80	-1.91%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Aug 11	1469.333p	-6.096
Nikkei 225	8680.00	-90.00	-1.03%	5-Year T-Note	123-2.5	-0-2.5	-0.11%	Coal Futures	Sep 11	75.83p	-1.12
Brazilian Real	0.62220p	-0.00625	-0.99%	10-Year T-Note	130-155	-0-095	-0.23%	Uranium	Aug 11	49.95p	0.00

**Weather** Showers and thunderstorms impacted eastern NE, the southwest 1/2 of IA and northern MO with totals of .25-.75", isolated to 1"+. Dry weather dominated the rest of the Midwest yesterday. Temps were on the warm side of average, with highs in the mid to upper 80's in most cases. **The forecast** sees a front to work through all of the region later today and into the weekend, bringing moderate to heavy totals to most of the region, with the only limited results occurring in MN and northern IA. Mainly dry weather will then take over for the early part of next week, with some more showers and thunderstorms bringing light to moderate amounts by the middle of next week. Temps for most of the next week to ten days will continue to hover close to average.

#### Central Illinois:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27	aug 28
M Sunny	PM T-Storms	AM Clouds	M Sunny	P Cloudy	Iso T-Storms	P Cloudy	Sct T-Storms	P Cloudy	Sunny
88° 68°	83° 65°	86° 65°	88° 68°	86° 70°	86° 69°	84° 64°	83° 64°	82° 65°	81° 61°

#### Central Iowa:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27	aug 28
M Sunny	Sct T-Storms	M Sunny	Iso T-Storms	Iso T-Storms	M Sunny	Sunny	Sunny	Sunny	P Cloudy
89° 70°	81° 64°	85° 67°	90° 71°	89° 69°	88° 69°	87° 68°	84° 66°	83° 67°	81° 64°

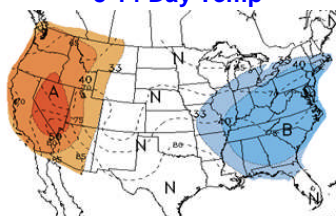
#### South Central Minnesota:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27	aug 28
M Sunny	P Cloudy	M Sunny	P Cloudy	P Cloudy	Sunny	Sunny	Sunny	Sunny	P Cloudy
82° 57°	80° 57°	85° 63°	85° 64°	90° 64°	89° 62°	84° 61°	82° 65°	84° 60°	77° 58°

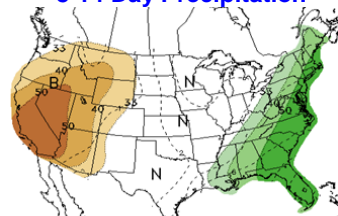
#### Central Indiana:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
aug 19	aug 20	aug 21	aug 22	aug 23	aug 24	aug 25	aug 26	aug 27	aug 28
Iso T-Storms	Iso T-Storms	Iso T-Storms	Sunny	P Cloudy	Iso T-Storms	P Cloudy	Sct T-Storms	Sct T-Storms	M Sunny
87° 66°	87° 68°	86° 65°	86° 65°	87° 71°	87° 70°	87° 67°	84° 66°	85° 66°	82° 62°

#### 8-14 Day Temp



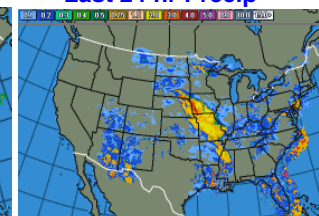
#### 8-14 Day Precipitation



#### Current Radar



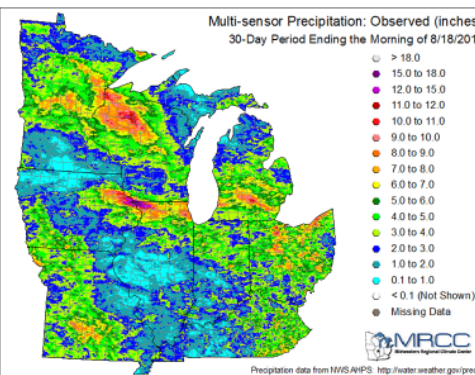
#### Last 24 hr Precip



## Official Weather Station -2011

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

	Monday, August 15	Tuesday, August 16	Wednesday, August 17	Thursday, August 18
<b>Air Temperature</b>	Max = 80; Min = 59	Max = 84; Min = 64	Max = 79; Min = 55	Max = 83; Min = 56
<b>Soil Temperature</b>				
2 inch	Max = 87; Min = 66; Ave = 76	Max = 90; Min = 87; Ave = 80	Max = 81; Min = 66; Ave = 73	Max = 91; Min = 66; Ave = 78
4 inch	Max = 79; Min = 65; Ave = 72	Max = 87; Min = 68; Ave = 77	Max = 78; Min = 67; Ave = 72	Max = 87; Min = 66; Ave = 76
8 inch	Max = 77; Min = 67; Ave = 72	Max = 79; Min = 69; Ave = 74	Max = 75; Min = 68; Ave = 71	Max = 78; Min = 67; Ave = 72
<b>Daily Precipitation</b>	0.00"	0.00"	0.00"	0.28"



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**Corn:** Morning: Sept 11 Corn is at \$7.02 ½ , up 3 ½ cents, Dec 11 Corn closed at \$7.16 ¼ , up 3 ¼ cents, Mar 11 corn closed at \$7.29 , up 3 cents, July 12 Corn is at \$7.33 , up 1 cents,  
Yesterday's Close: Sept 11 Corn closed at \$6.99, down 12 ½ cents, Dec 11 Corn closed at \$7.13, down 12 ½ cents, Mar 12 Corn closed at \$7.26, down 12 ½ cents Dec 12 Corn closed at \$6.40, down 10 ½ cents  
Corn futures closed lower after making new contract highs yesterday. There was a general sell off in commodities today along with equities. Pressure from European Financial crisis combined with recession fears in the U.S. contributed to the bearishness. There are also reports crop conditions have been improving with the recent more moderate weather. The weekly crop progress report will reveal the known truth. Export sales fell below the low end of trade estimates at 243,500 MT for 2010/11 and 280,300 MT for 2011/12 adding to the selling. Taiwan Maize Industry Procurement Assn. will tender for 48,000 MT of corn Friday. The cash market was softer with the futures. Corn basis bids were steady at elevators, mostly lower at river terminals and processing plants in the Midwest. Ethanol basis levels were steady to lower. Ethanol futures closed 2.7 cents lower. Precipitation remains below normal for most of the country west of the Mississippi through August 27th.

**Soybean Complex:** Morning: Sept 11 Soybeans closed at \$13.54 ¼ , up 2 ¼ cents, Nov 11 Soybeans closed at \$13.64 , up 3 cents, Jan 11 Soybeans closed at \$13.72 , up ¼ cents, Jul 12 Soybeans closed at \$13.80 , up ½ cents ,  
Yesterday's Close: Sept 11 Soybeans closed at \$13.52, down 4 ¾ cents, Nov 11 Soybeans closed at \$13.61, down 5 ¾ cents, Jan 12 Soybeans closed at \$13.71 ¾ , down 6 cents, Nov 12 Soybeans closed at \$13.29 ¾ , down 4 ½ cents, Sep 11 Soybean Meal closed at \$353.00, down \$1.50, Sep 11 Soybean Oil closed at \$55.27, down \$0.38  
Soybean futures closed lower but in the upper portion of the daily range supporting off the midpoint of this years price range. Sharply lower crude oil and a general sell off in assets along with weak export sales sent prices lower initially. A change in the forecast added some weather premium before the close. Temps reaching into the 90s are forecast for the next week for much of the growing area. The long range forecast is calling for normal to below normal precipitation for most of the country. The forecast for the country is about evenly split for temperatures for that period. States west of the Nebraska panhandle are above normal and states east of the Missouri at below normal and the forecast for everything in the center of the U.S. is normal. Export sales for 2010/11 were 224,400 MT and sales for 2011/12 were 197,100 MT, at the low end of trade estimates. Cash basis levels were steady at elevators, processing plants and river terminals.

**Wheat:** Morning: Sept 11 CBOT Wheat closed at \$7.10 ½ , up 2 ¾ cents, Sept 11 MGEX Wheat is at \$9.20 , up 9 ¼ cents  
Yesterday's Close: Sept 11 CBOT Wheat closed at \$7.07 ¾, down 19 ¾ cents, Sept 11 KCBT Wheat closed at \$7.95, down 28 1/4 cents, Sept 11 MGEX Wheat closed at \$9.10 ¾, down 6 cents  
Wheat futures are all lower with the KCBT down the hardest wiping out the last three days gains; the same situation for the CBOT wheat. MGEX wheat was lower but held onto much of earlier gains posted this week and is friendlier fundamentally. Wheat export sales were 548,800 MT at about midrange of trade estimates. Harvest conditions are good in spring wheat areas with ND about 2 weeks away from harvest.

**Cattle:** Yesterday's Close: Aug 11 Cattle closed at \$114.100, down \$1.750, Oct 11 Cattle closed at \$115.400, down \$2.000, Dec 11 Cattle closed at \$117.150, down \$1.975, Aug 11 Feeder Cattle closed at \$132.775, down \$1.725 Sep 11 Feeder Cattle closed at \$133.225, down \$2.200 Oct 11 Feeder Cattle closed at \$133.725, down \$2.625  
Cattle futures ended sharply lower for the second day. Producers may be hedging ahead tomorrows USDA monthly Cattle on Feed report but open interest was down 3,537 contracts from the previous day. So Commercials are most likely covering some shorts to accommodate the selling. Analysts are expecting a bearish report which could be in the market if the selling continues. Average estimates for August 1 COF are 107.5%, July Placement estimates are 116.9% and July Marketings average 96.3%. Cash cattle sold in TX and KS for mostly \$114 with later sales at \$113. NE cattle sold for \$114 and \$182 with Wednesday sales at topping out at \$186 in the dressed. Boxed beef was higher. Choice is up \$0.66 at \$186.60 and Select is up \$0.90 at \$183.14.

**Hogs:** Yesterday's Close: Oct 11 Hogs closed at \$86.825, down \$0.575, Dec 11 Hogs closed at \$83.125, down \$1.100 Feb 12 Hogs closed at \$85.925, down \$1.075  
Lean hog futures closed lower on follow through selling from the sharply lower close yesterday. The U.S. Census reported pork exports as of June 2011 totaled 2.4509 billion pounds, working toward a potential record for 2011. China and South Korea have been strong importers but unless South Korea raised their tariff free quota exports from here forward will be subject to the 22% tariff. Pork exports in 2012 are expected to continue to rise to total 5135 million pounds. Pork trading was moderate with light to moderate demand and offerings. Cash hogs in IA/MN are \$3.22 lower at \$97.98, WCB hogs are \$3.08 lower at \$98.08, ECB hogs are \$0.11 higher at \$100.68.

**Cotton:** Yesterday's Close: Oct 11 Cotton closed at 107.55, down 88 points, Dec 11 Cotton closed at 106.95, down 87 points Dec 12 Cotton closed at 96.94, up 3 points  
Cotton futures closed mildly lower, weighed on by all markets: ag, equity, energy and currency. Most of ag was down, crude tanked \$6, the S&P 500 was down 4.46% and the dollar was up 500 points. Cotton exports for the week ending August 11th played the roll game again with 2011/12 sales reduced 336,800 RB for upland and pima combined bringing sales for the 2012/13 marketing year to 388,100 RB. There is a 10 cent spread between Dec 2011 and Dec 2012 cotton futures with 2011 leading.

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**Sept 11 Corn Daily Chart**

ZCU11 - Corn (CBOT) - Daily OHLC Chart



**Dec 11 Corn Daily Chart**

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



**Sept 11 Soybean Daily Chart**

ZSU11 - 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



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