



MORNING COMMENTS

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Wednesday, August 24, 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

Futures Prices: New crop December 11 corn futures posting a new high at \$7.44, while November 11 Soybeans reached the top end of the trade range since February again at \$14.00 yesterday both historically very high prices.

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 Grain terminals have been evaluating the storage space available. The Western Corn Belt claims to have adequate storage space as commercial grain has plugged the end user market in recent weeks. Also, nearly every terminal in the Eastern Corn Belt claims they will have plenty of space for new crop grain, as many never went full last year due to a small crop. Given the low volume of grain in the supply line, it is thought that much of the early harvested corn and soybeans this fall will make it directly into the processing market rather than storage as well.

The U.S. export picture is somewhat mixed for both old and new crop. New crop sales of corn are already at a 10 year high, and soybean bookings are the greatest ever. While this seems positive, it is believed that the United States will carry several old crop sales into new crop delivery. This is especially true on soybeans where buyers such as China have been cancelling purchases in large volumes.

Pro Farmer The estimated rough yield for Nebraska is 153.70 bu./acre. The Tour estimated a 158.20 bu./acre yield for 2010 and 152.98 bu./acre is the three-year average. Chip Flory, Pro Farmer Editor and Western Tour Director for the Tour, says the reason corn yields are slightly below previous years was ear count. "I saw more blank stalks in Nebraska today than I'd see in the last five years. For the state, we're down 2% on ear counts. That's a significant drop."

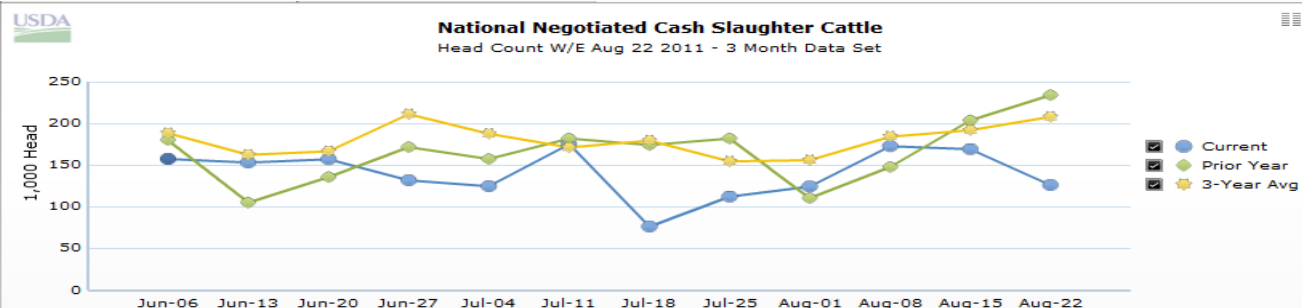
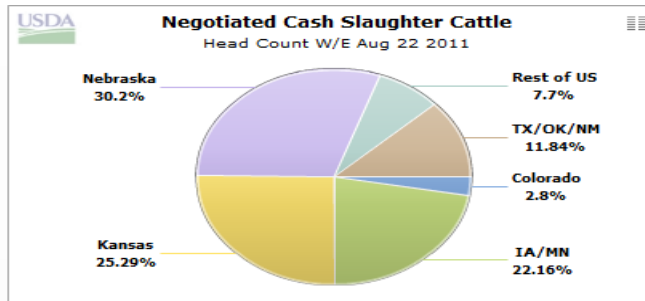
For 2011, the soybean pod count in a 3-foot by 3-foot square was 1,286.48, out of 200 samples. During the 2010 Tour, the average pods in a 3-foot by 3-foot square for Nebraska was 1,306.35, and the three-year average is 1,227.11.

Indiana numbers for the tour came in at 167.06. The 2011 tour shows yields at 143.10 bu./acre. the Illinois average was 143. A lot of stock rot. Our first four stops in Illinois averaged 106 bu./acre. Our pod counts on soybeans were really low. We were around 900 in Indiana. In Illinois we were even lower, around 850 I think."

Cattle Slaughter Facts for the Week Ending Aug 22, 2011

Negotiated Cash Slaughter Cattle				
Head Count W/E Aug 22 2011				
Region	Head Count	vs Year Ago	vs 3-Year Avg	
National	126,077	-46.1%	-39.4%	
5 Area	116,364	-43.7%	-37.2%	
Colorado	3,534	-48.0%	-55.0%	
IA/MN	27,933	-46.3%	-37.8%	
Kansas	31,890	-43.0%	-29.0%	
Nebraska	38,076	-39.8%	-35.9%	
TX/OK/NM	14,931	-48.2%	-47.3%	

Click a column header to sort



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National Direct Slaughter Cattle

Weighted Average Price - Live - W/E Aug 22 2011

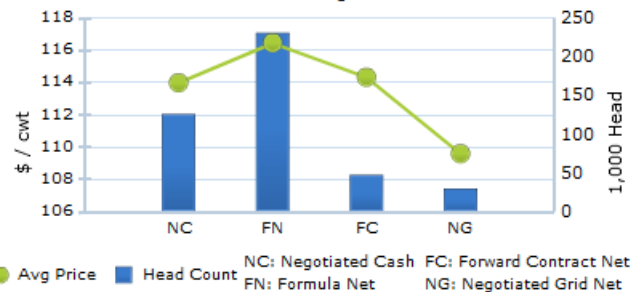
Purchase Type	W. Avg Price	vs Week Ago	vs Year Ago
Negotiated Cash	\$113.99	↓ -1.8%	↑ 15.6%
Formula Net	\$116.45	↑ 3.3%	↑ 21.1%
Forward Contract Net	\$114.34	↑ 0.3%	↑ 25.9%
Negotiated Grid Net	\$109.59	↑ 2.9%	↑ 18.3%

Click a column heading to sort



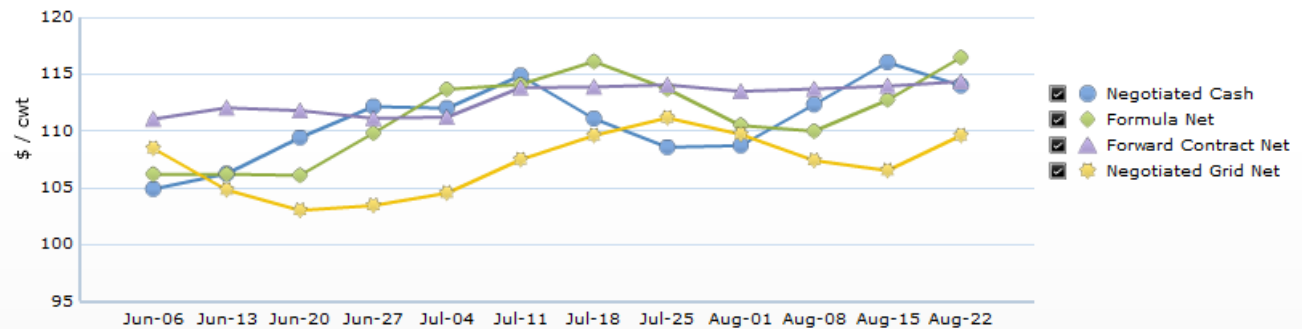
National Direct Slaughter Cattle

Weighted Average Price vs. Head Count
Live - W/E Aug 22 2011



National Direct Slaughter Cattle

Weighted Average Price - Live - W/E Aug 22 2011 - 3 Month Data Set



Outside Markets:

U.S. Dollar Index	73.915	-0.046	-0.06%	Euro FX	1.44300	+0.00100	+0.07%	Ethanol Futures	Sep 11	2.893p	+0.037
CRB CCI Index	653.00p	+2.00	+0.31%	Canadian Dollar	1.01090	+0.00030	+0.03%	Gasoline RBOB (E)	Sep 11	2.8766p	+0.0415
Gold	1844.0	-14.3	-0.77%	Japanese Yen	1.30650	+0.00290	+0.22%	Diesel Gulf (ULSD)	Sep 11	2.9952s	+0.0320
Silver	42.281p	-1.040	-2.4%	Australian Dollar	1.04480	-0.00210	-0.2%	Heating Oil (E)	Sep 11	2.9425s	+0.0318
DJIA	11141p	+294	+2.71%	Chinese Renminbi	0.156700	+0.000030	+0.02%	Crude Oil Brent (E)	Oct 11	109.20	-0.11
S&P 500 Index	1149.00	-9.60	-0.83%	Mexican Peso	0.080250	-0.000600	-0.74%	Natural Gas (E)	Sep 11	3.993p	+0.104
Nasdaq 100	2108.25	-15.75	-0.74%	1-Month Libor	99.7450p	0.0000	-	Polypropylene	Sep 11	0.8509s	0.0000
Russell 1000 Growth	541.30p	+18.90	+3.62%	T-Bond	139-04	+0-03	+0.07%	Polyethylene	Sep 11	0.6009p	0.0000
MSCI EMI Index	997.80	+31.30	+3.24%	3-Month T-Bill	992.7000s	0.0000	-	RME Biodiesel	Aug 11	1469.476p	-0.714
Nikkei 225	8650.00	-190.00	-2.15%	5-Year T-Note	123-130	+0-10	+0.03%	Coal Futures	Sep 11	76.60p	+0.65
Brazilian Real	0.62245p	+0.00025	+0.04%	10-Year T-Note	130-130	+0-25	+0.06%	Uranium	Aug 11	49.95p	0.00

Weather Southern MI received 1.6" rainfall last night. Northern OH and Fort Wayne Indiana also has 1.0" plus and expect more rainfall today. There corn will benefit from the precipitation as a lot of it was planted in early June.

Central Illinois:

Central Iowa:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02
Iso T-Storms	Sunny	Sunny	Sunny	M Sunny	Iso T-Storms	Sunny	P Cloudy	M Sunny	M Sunny
96° 60°	84° 59°	86° 62°	84° 61°	82° 60°	82° 59°	80° 60°	80° 64°	85° 63°	85° 62°

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02
Sunny	Sunny	P Cloudy	Sunny	Iso T-Storms	M Sunny	P Cloudy	P Cloudy	Sunny	PM T-Storms
90° 59°	86° 65°	85° 67°	83° 65°	81° 65°	80° 60°	79° 66°	82° 66°	84° 65°	81° 66°

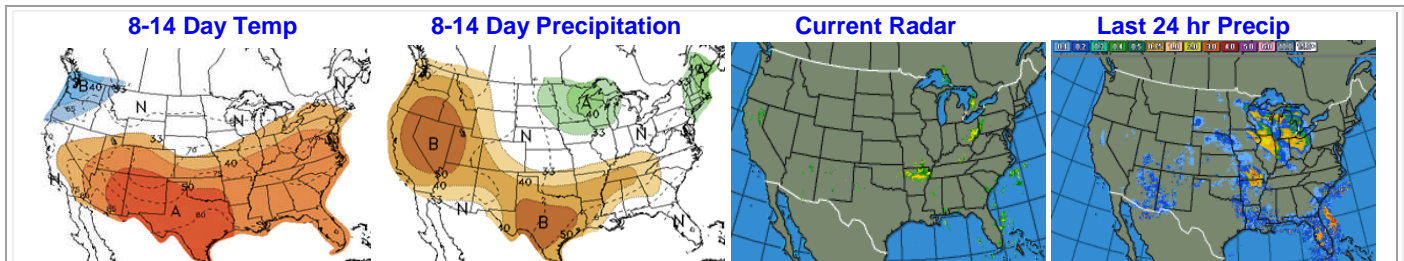
South Central Minnesota:

Central Indiana:

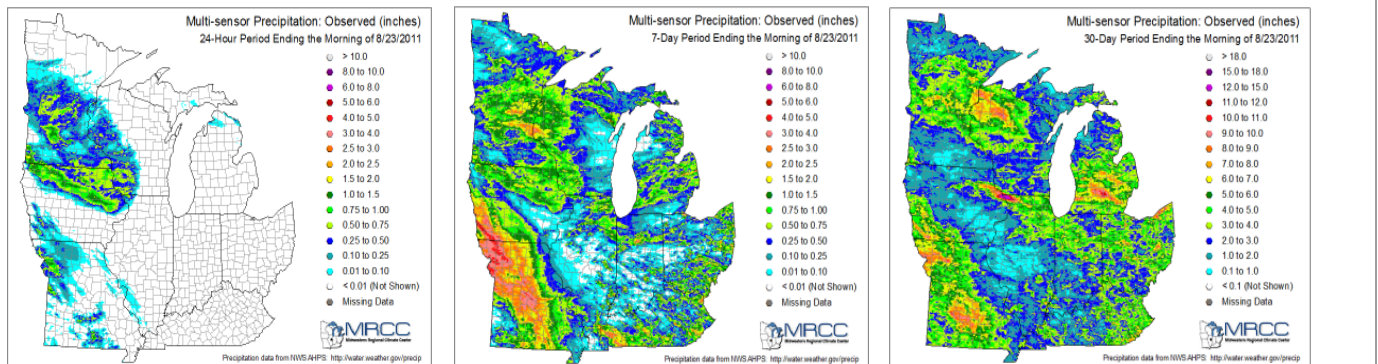
wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02
Sunny/Wind	Sunny	Iso T-Storms	Sunny	Set T-Storms	M Sunny	P Cloudy	Sunny	Sunny	Showers
83° 54°	85° 61°	88° 60°	78° 57°	76° 58°	77° 55°	74° 58°	77° 59°	81° 62°	76° 55°

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02
Strong Tlms	Sunny	Sunny	Sunny	Sunny	P Cloudy	M Sunny	P Cloudy	Sunny	Sunny
94° 66°	84° 58°	84° 61°	83° 63°	82° 60°	82° 59°	81° 61°	82° 63°	86° 65°	85° 66°

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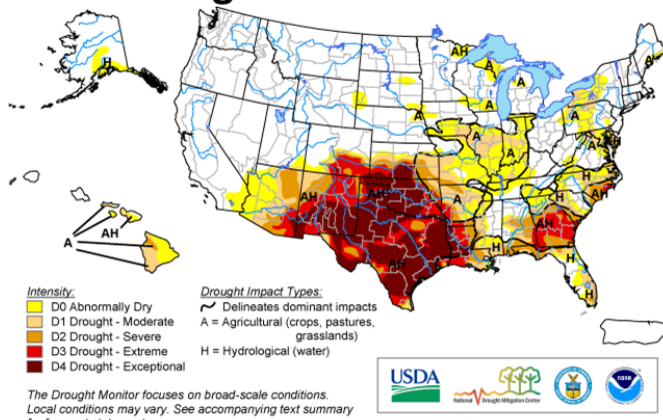
Official Weather Station -2011



U.S. Drought Monitor

August 16, 2011

Valid 8 a.m. EDT



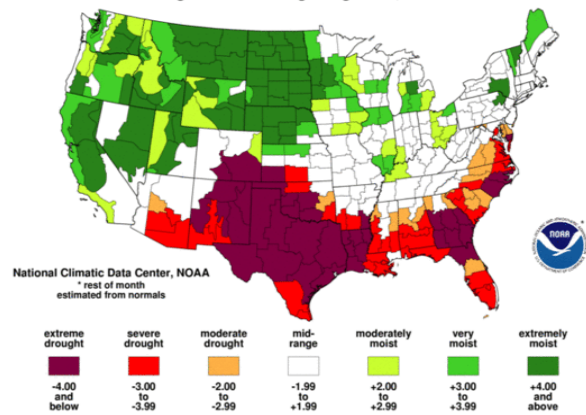
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://drought.unl.edu/dm>

Released Thursday, August 18, 2011

Author: Laura Edwards, Western Regional Climate Center

Palmer Drought Index Long-Term (Meteorological) Conditions August 2011: through August 13, 2011*



Corn: Morning: Sept 11 Corn is at \$7.29, down 1 ¼ cents, Dec 11 Corn closed at \$7.41 ¾, down 1 ¾ cents, Mar 11 corn closed at \$7.53 ½, down 1 ½ cents, July 12 Corn is at \$7.58 ¼, down 1 cent, Yesterday's Close: Sep 11 Corn closed at \$7.30 ¼, up 9 ¾ cents, Dec 11 Corn closed at \$7.43 ½, up 9 cents, Mar 12 Corn closed at \$7.55, up 8 cents Dec 12 Corn closed at \$6.59 1/2, up 4 cents

Corn futures posted new contract highs overnight closing higher and finishing within 1/2 cent of today's high on the close. Corn stocks at select export elevators and terminals were down 192,000 bushels from last week. Export inspections were below a year ago but then prices are \$3 higher than a year ago. Cumulative shipments for the marketing year are at 1.734 billion bushels vs. 1.811 billion last year. After the close yesterday, USDA reported that crop maturity is catching up. The % of the crop in dough stage matches the 5 year average at 73%. Denting is still slightly behind at 33% vs. 37%. Condition ratings declined, with the Brugler500 index dropping to 347 from 354 last week. It was 378 last year at this time. The new 40 cent limit on corn went into effect on Monday. Crop scouts on the Midwest tour estimate Ohio corn yields at 156.26 BPA on fields in central and eastern Ohio. Spot basis bid for corn at river terminals dropped substantially attributed to lack of demand by merchants. Elevators bids were steady to lower, Processors and Ethanol Plants were steady.

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Soybean Complex: Morning: Sept 11 Soybeans closed at \$13.87, down 2 ½ cents, Nov 11 Soybeans closed at \$13.94, down 3 ¼ cents, Jan 11 Soybeans closed at \$14.05, down 1 ½ cents, Jul 12 Soybeans closed at \$14.02 ½, down 3 ½ cents, Yesterday's Close: Sep 11 Soybeans closed at \$13.89 ½, up 13 cents, Nov 11 Soybeans closed at \$13.97 ¼, up 12 cents, Jan 12 Soybeans closed at \$14.06 ½, up 11 ¼ cents, Nov 12 Soybeans closed at \$13.38 ¾, up 1 ¼ cents, Sep 11 Soybean Meal closed at \$368.30, up \$5.60, Sep 11 Soybean Oil closed at \$55.62, up \$0.02

Soybean futures closed higher posting the highest close since the first week of June on new crop. Soybean stocks at select export terminals and elevators were down 1.211 million bushels from last week. Soybean export inspections for last week were 10.9 million bushels, which is fairly typical for mid-August and better than the revised 6.6 million bushels for last week. After the close yesterday, USDA did in fact report a drop in crop condition ratings, with the Brügler500 index dropping to 354. It was 378 last year at this time. They say 59% of the crop is in good/ex condition compared to 64% a year ago. Temperatures are forecast above normal until Saturday for most of the growing area but then cooler temps after that will also bring rains to the area. Midwest rains over the weekend covered about 65% with amounts around .35 inches. Cash basis levels were down 15 cents in Toledo OH and up 1 cent in Seneca IL; other river terminals were steady. Cash basis bids were steady at elevators and mixed at processors.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$7.54 ¼, down 3 cents, Sept 11 MGEX Wheat is at \$8.31, down 6 cents Yesterday's Close: Sep 11 CBOT Wheat closed at \$7.57 ¼, up 21 ¾ cents, Sep 11 KCBT Wheat closed at \$8.41, up 19 ¼ cents, Sep 11 MGEX Wheat closed at \$9.50 ¼, up 7 cents

Wheat futures closed double digits higher at the CBOT and KCBT and were also higher at the MGEX. Wheat stocks at select export elevators and terminals were up 2.759 million bushels from last week. White wheat harvest must be going fairly well in the PNW with wheat stocks up 3.117 million bushels from the previous week for that region; Gulf Point stocks were down 1.902 million bushels. Spring wheat harvest was only 29% compared to 56% for the five year average. Good progress was made last week however, with only 13% harvested the previous week. Spring wheat conditions slumped, with 62% now rated good/excellent vs. 66% last week. USDA weekly export inspections were 17.4 million bushels. Statistics Canada will post their first estimates for the 2011/12 crop tomorrow. The weather forecast is open for harvest of the mature crop until the weekend for the Dakotas and Minnesota. Cash basis levels are steady.

Cattle: Yesterday's Close: Aug 11 Cattle closed at \$114.100, down \$0.550, Oct 11 Cattle closed at \$115.050, down \$0.650, Dec 11 Cattle closed at \$116.900, down \$0.525, Aug 11 Feeder Cattle closed at \$133.725, up \$0.250 Sep 11 Feeder Cattle closed at \$133.625, down \$0.575 Oct 11 Feeder Cattle closed at \$134.350, down \$0.225

Cattle futures ended lower selling off gradually throughout the day and closing on or near today's lows. The Cold Storage report stated total pounds of beef in the freezer were down 3% from last month but up 8% from last year. Wholesale prices were mixed. Choice was up \$0.63 at \$187.42, while select boxes were \$.64 lower at \$183.05. The Cold Storage report showed total beef in storage up 8% from last year at this time, but down 3% from June 30. As of July 31st there were 410,849,000 pounds of beef in cold storage. Cash trade has yet to develop. Cattle sold for \$114 last week.

Hogs: Yesterday's Close: Oct 11 Hogs closed at \$88.225, down \$0.775, Dec 11 Hogs closed at \$84.325, down \$0.825 Feb 12 Hogs closed at \$87.200, down \$0.550

Lean hog futures closed lower but finished mid range on the day. The CME Lean Hog Index was \$104.31 down \$0.78 as of August 19th, a spread of \$16.10; the Index over the futures. The Cold Storage report released yesterday showed an 8% decline from last month for Total Pork, but inventory is still 16% larger than last year at 401,337,000 pounds. The USDA reported that the combined US and Canadian hog herd as of June 2011 was 76.9 million head. That was up 1% from last year, but still 3% below June 2009. The combined breeding herd is still smaller than last year at 7.1 million head but did increase from last quarter. Pork trading was at a standstill this morning with fresh pork cuts not yet reported. IA/MN hogs were \$2.53 higher at \$98.13 this morning but there were no reports as of this writing.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 105.14, down 147 points, Dec 11 Cotton closed at 105.24, down 121 points Dec 12 Cotton closed at 96.2, down 90 points

Cotton futures ended lower on the day, resisting against the forty day moving average. Certificated Stocks were up from the previous day at 15,558 bales. After the close yesterday, USDA indicated that 16% of the US crop has bolls open, matching the 5 year average pace. Crop condition ratings were close to UNCH at 31% good or excellent. That is the same combined score as last week. World cotton production is projected to be substantially higher than last year for 2011/12 at 122.71 million 480 pound bales.

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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

ZSZ11 - 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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