



## MORNING COMMENTS

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Thursday, August 25, 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:** Tuesday, new crop December 11 corn futures posted a new high at \$7.44 and then again Wednesday at \$7.48 <sup>3</sup>/<sub>4</sub>, while November 11 Soybeans reached the top end of the trade range since February again at \$14.00 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** A lot of money has been flowing out of the Gold market the last few days as the price has fallen \$184 or about 10%. This has some traders wondering where the money flow might go to. This could be important to the other commodity markets. It also reminds us that even a market that is trading fundamental concerns can make a sharp break.

GCQ11 - Gold (COMEX) - Daily OHLC Chart



Yesterday was a pretty active day of selling for farmers of new crop corn and soybeans, especially in the far eastern corn belt were they had been waiting to see if the late planted crop could mature. The recent rains have given them confidence that the crop can mature, although they would like to have frost free growing weather into the middle of October.

Corn Harvest is progressing into the southern Corn Belt, and as it does, we are seeing seasonal weakness develop in country basis. This is not uncommon as buyers begin filling needs with new crop deliveries. We are seeing more pressure than normal on corn this year though as freshly harvested deliveries are greater than usual given the inverse we are seeing in the cash market on that grain. If corn yield is as poor as some field scouts claim, basis weakness will be short lived however.

Eastern IA received 1.5 – 3.0" of rainfall overnight. Many farmers in eastern IA think that they may have their best soybean crop growing that they have ever seen.

We continue to hear that countries that normally buy U.S. corn or soybeans have been able to source their needs from other producers in the world market place at prices that are somewhat lower than offered by the U.S. .

**Pro Farmer:** Tour results for Illinois found an average corn yield of 155.99 bu. per acre and pod counts in a 3'x3' square totaled 1,196.04 pods. Eastern Tour consultant Mark Bernard explains, "We saw yields vary from a high of 227 Bu per acre in Marshall County. On the next stop in the same county, we also recorded our low yield for the day at 94 Bu per acre." Of what he describes as a "so-so" bean crop, Bernard notes, "The soybean pods we looked at today were slightly farther along than what we saw the previous two days. They may need to be as Illinois is subject to the cold air we Minnesotans like to send them after we're through with it."

Complete results for Iowa will not be released until this evening, but corn samples from Districts 1, 4 and 7 showed an average yield of 176.64 Bu, 172.96 Bu and 143.19 Bu per acre, respectively. Total pod counts for Districts 1, 4 and 7 in a 3'x3' square were came in at 1,104.27, 1,234.52, and 1,128.13 pods, respectively.

Pro Farmer Editor and western Tour director Chip Flory says what he saw in the southwest corner of Iowa (District 7) was sobering. He elaborates that he saw the absolute worst hail damage he's ever seen... anywhere. "This is the 19th Pro Farmer Midwest Crop Tour... and I went on four tours before we started running it. That means I've been on 23 crop tours... Tens of thousands of acres are impacted and some (more than some, really) will see absolutely zero yield. Those will be "new" Failed Acres on FSA Certified Acre report when they update the file in September," he says.

Western Tour consultant Terry Johnston says the extent of the damage was shocking. "The damage is not isolated; it covers several counties in southwest and south-central Iowa. I can't remember seeing this much serious storm damage over such a large area in all my years on the Crop Tour." As the Tour moved north, the corn crop did improve. Districts 4 and 1 showed average corn yields compared to year ago. But this is where Johnston says he disagrees with the Tour "just a bit." He explains, "The crop in the west central and northwest crop districts

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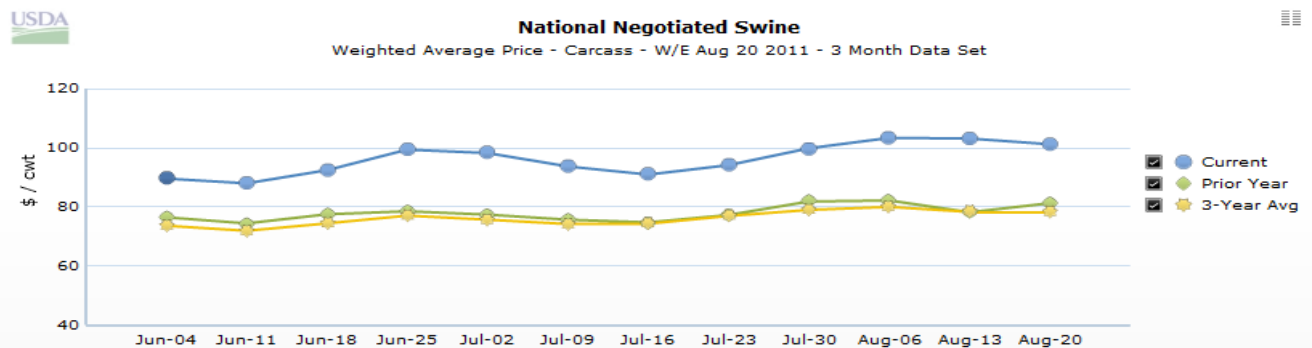
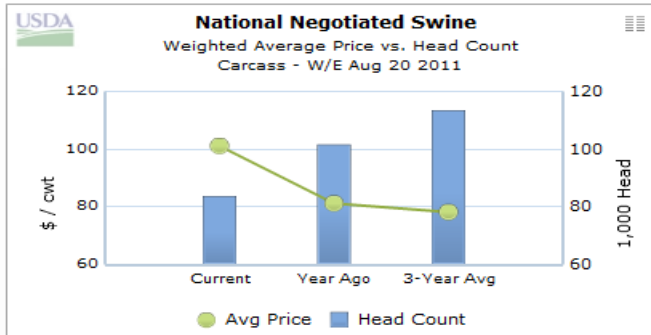
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has the potential to be better than last year. But it seems like there are too many 'nicks' to yield (wind damage, dry conditions, some disappointing ear counts). Those 'nicks' might keep the corn crop from equaling last year's corn yield. It just doesn't seem like the corn crop has the potential to equal last year."

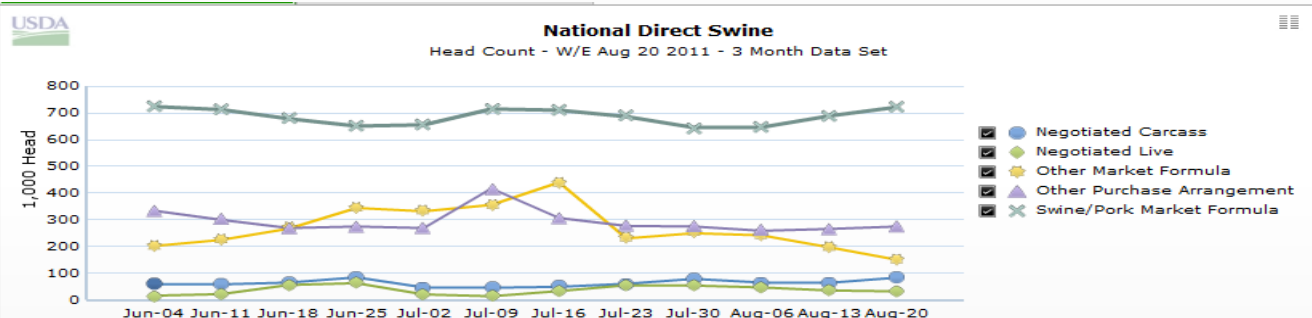
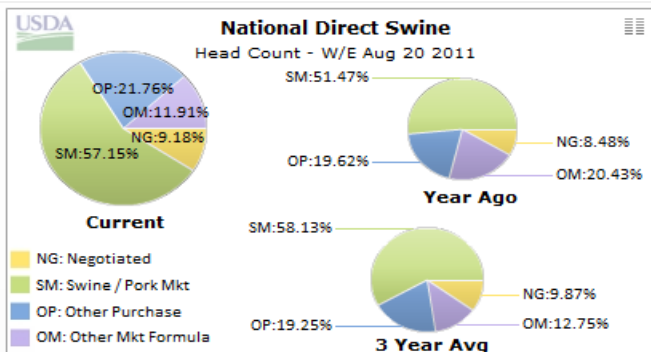
Negotiated Swine			
Weighted Average Price - Negotiated Carcass			
W/E Aug 20 2011			
Region	Avg Price	vs Year Ago	vs 3-Year Avg
National	101.18	↑ 24.6%	↑ 29.3%
Eastern Cornbelt	100.68	↑ 26.1%	↑ 30.6%
Western Cornbelt	101.50	↑ 23.7%	↑ 28.8%
Iowa/Minnesota	101.74	↑ 23.7%	↑ 29.0%

Click a column header to sort



National Direct Swine			
Head Count - W/E Aug 20 2011			
Purchase Type	Head Count	vs Year Ago	vs 3-Year Avg
Negotiated Carcass	83,752	↓ -17.6%	↓ -26.2%
Negotiated Live	32,273	↑ 42.0%	↑ 29.3%
Other Market Formula	150,405	↓ -49.8%	↓ -15.9%
Other Purchase Arrangement	274,919	↓ -4.5%	↑ 1.8%
Swine/Pork Market Formula	721,886	↓ -4.4%	↓ -11.5%

Click a column header to sort



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## Outside Markets:

<a href="#">U.S. Dollar Index</a>	74.100	+0.013	+0.02%	<a href="#">Euro FX</a>	1.44150	-0.00010	-0.01%	<a href="#">Ethanol Futures</a>	Sep 11	2.907p	+0.014
<a href="#">CRB CCI Index</a>	639.50p	-13.50	-2.07%	<a href="#">Canadian Dollar</a>	1.01550	+0.00440	+0.44%	<a href="#">Gasoline RBOB (E)</a>	Sep 11	2.8784p	+0.0018
<a href="#">Gold</a>	1729.2	-24.9	-1.42%	<a href="#">Japanese Yen</a>	1.29620	-0.00290	-0.22%	<a href="#">Diesel Gulf (ULSD)</a>	Sep 11	3.0090s	+0.0138
<a href="#">Silver</a>	39.157p	-3.124	-7.39%	<a href="#">Australian Dollar</a>	1.04600	+0.00310	+0.3%	<a href="#">Heating Oil (E)</a>	Sep 11	2.9607p	+0.0182
<a href="#">DJIA</a>	11268p	+127	+1.14%	<a href="#">Chinese Renminbi</a>	0.156720p	+0.000050	+0.03%	<a href="#">Crude Oil Brent (E)</a>	Oct 11	111.12	+0.97
<a href="#">S&amp;P 500 Index</a>	1179.40	+7.40	+0.63%	<a href="#">Mexican Peso</a>	0.080425	+0.000425	+0.53%	<a href="#">Natural Gas (E)</a>	Sep 11	3.922p	-0.071
<a href="#">Nasdaq 100</a>	2135.00	-4.00	-0.19%	<a href="#">1-Month Libor</a>	99.7600p	+0.0150	+0.02%	<a href="#">Polypropylene</a>	Sep 11	0.8509s	0.0000
<a href="#">Russell 1000 Growth</a>	546.20p	+4.90	+0.91%	<a href="#">T-Bond</a>	136-31	+0-04	+0.09%	<a href="#">Polyethylene</a>	Sep 11	0.6009p	0.0000
<a href="#">MSCI EMI Index</a>	980.00	-7.70	-0.78%	<a href="#">3-Month T-Bill</a>	992.7000s	0.0000	-	<a href="#">RME Biodiesel</a>	Aug 11	1469.739p	+0.263
<a href="#">Nikkei 225</a>	8825.00	+50.00	+0.57%	<a href="#">5-Year T-Note</a>	123-2.5	+0-7.5	+0.15%	<a href="#">Coal Futures</a>	Sep 11	76.27p	-0.33
<a href="#">Brazilian Real</a>	0.62035p	-0.00210	-0.34%	<a href="#">10-Year T-Note</a>	129-230	+0-045	+0.11%	<a href="#">Uranium</a>	Aug 11	49.95p	0.00

**Weather** Eastern IA received 1.5 – 3.0” of rainfall overnight. One round of showers and thunderstorms finished up across northern OH during the day yesterday and then a second round impacted eastern MI, northeast IN and most of OH late in the day and overnight. Totals with this activity were generally in the .25-.75” range, with some 1”+ amounts in areas of northern OH that were hit twice by the rains. The rest of the region was dry and temps yesterday were in the low to mid 80’s in the north, with some upper 80’s and even a few low 90’s in the south. **The forecast** sees dry weather to dominate the region for the rest of the week and into the weekend. The next rain event looks to occur by Sunday into Monday and looks to bring mainly light to moderate amounts and also looks to favor MN, IA and WI with the moisture, again leaving the driest areas of the Midwest in want of rainfall.

### Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02	sep 03
M Sunny	Sunny	M Sunny	M Sunny	Sct T-Storms	M Sunny	M Sunny	M Sunny	M Sunny	M Sunny
85° 59°	85° 63°	86° 57°	83° 59°	80° 59°	82° 63°	85° 64°	87° 66°	86° 68°	85° 65°

### Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02	sep 03
Sunny	M Sunny	M Sunny	Few Showers	P Cloudy	P Cloudy	Iso T-Storms	Sunny	M Sunny	AM Clouds
86° 64°	88° 68°	83° 60°	79° 64°	81° 65°	81° 65°	85° 69°	85° 68°	86° 68°	85° 68°

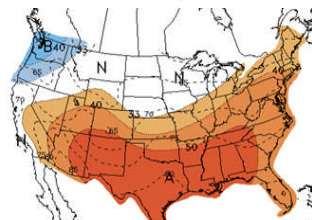
### South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02	sep 03
Sunny	P Cloudy	M Sunny	Rain/Thunder	P Cloudy	Iso T-Storms	Iso T-Storms	P Cloudy	P Cloudy	Sct T-Storms
84° 62°	85° 55°	81° 60°	76° 60°	79° 58°	79° 62°	80° 61°	82° 63°	80° 64°	82° 62°

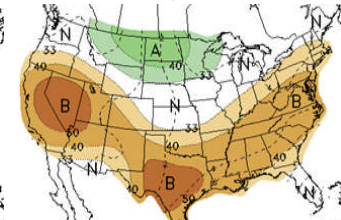
### Central Indiana:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01	sep 02	sep 03
M Sunny	Sunny	M Sunny	Sunny	P Cloudy	Sunny	Sunny	P Cloudy	M Sunny	Sunny
84° 58°	84° 61°	85° 60°	79° 59°	78° 61°	82° 62°	87° 64°	86° 66°	86° 67°	85° 67°

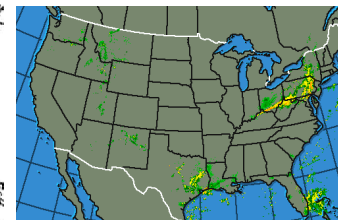
### 8-14 Day Temp



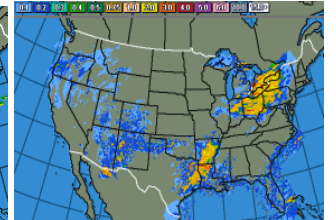
### 8-14 Day Precipitation



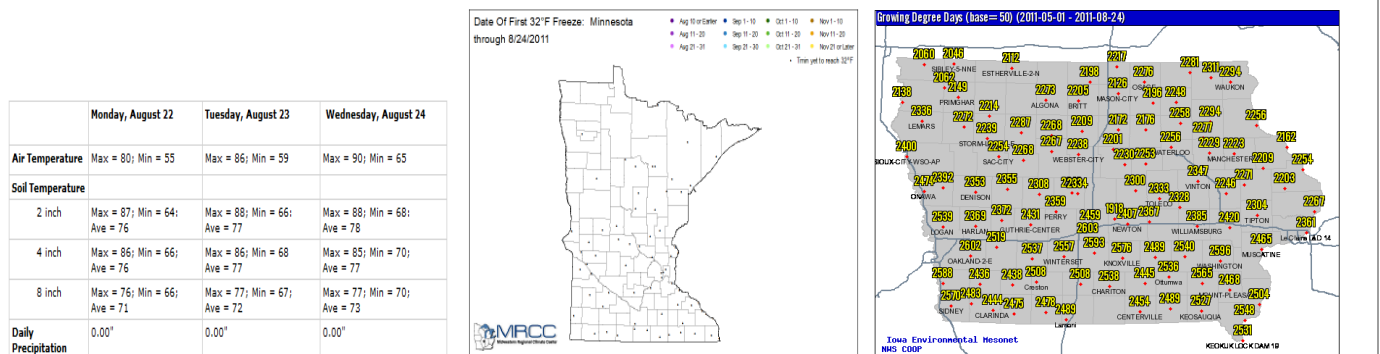
### Current Radar



### Last 24 hr Precip



## Official Weather Station -2011



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**Corn:** Morning: Sept 11 Corn is at \$7.28 , down 3 ¾ cents, Dec 11 Corn closed at \$7.39 , down 4 cents, Mar 11 corn closed at \$7.50 , down 4 cents, July 12 Corn is at \$7.55 , down 3 ¾ cents, Yesterday's Close: Sept 11 Corn closed at \$7.31 ¾ , up 1 ½ cents, Dec 11 Corn closed at \$7.43, down ½ cent, Mar 12 Corn closed at \$7.54, down 1 cent Dec 12 Corn closed at \$6.54 ¾ , down 4 ¾ cents  
Corn futures posted new contract highs for the fourth day but then shifted to lower money to close slightly lower on the new crop and slightly higher on the old crop. Trade estimates for tomorrows weekly export sales report range from 350 to 700 thousand MT. The dollar finished higher after being lower earlier in the session. Spot basis bid for corn at river terminals were down in IL, up in IA and steady at other locations. Elevators bids were steady to higher, Processors and Ethanol Plants were steady to slightly lower. Gulf bids were steady with export business slow ahead of harvest.

**Soybean Complex:** Morning: Sept 11 Soybeans closed at \$13.82 ¼ , dn 4 ¼ cents, Nov 11 Soybeans closed at \$13.89 , down 4 ½ cents, Jan 11 Soybeans closed at \$13.99 ¼ , down 4 ½ cents, Jul 12 Soybeans closed at \$14.02 , down 3 cents , Yesterday's Close: Sept 11 Soybeans closed at \$13.86 ½ , down 3 cents, Nov 11 Soybeans closed at \$13.93 ½ , down 3 ¾ cents, Jan 12 Soybeans closed at \$14.03 ¾ , down 2 ¾ cents, Nov 12 Soybeans closed at \$13.34, down 4 ¾ cents, Sep 11 Soybean Meal closed at \$367.00, down \$1.30, Sep 11 Soybean Oil closed at \$55.78, up \$0.16  
Soybean futures were trading higher earlier in the session but closed lower. Stats Canada projected the countries canola crop at 13.193 MMT up from 11.9 MMT in 2010. Trade estimates for tomorrows weekly export sales report range from 400 to 1100 thousand MT. Cash basis levels at elevators were steady to sharply lower, with bids at processors and river terminals mixed. Some farmers were waiting for \$14.00 futures on the November contract to finish cleaning out the old crop bins so we could see some grain movement today which could widen the basis.

**Wheat:** Morning: Sept 11 CBOT Wheat closed at \$7.45 , down 4 ¼ cents, Sept 11 MGEX Wheat is at \$9.12 , down 14 cents  
Yesterday's Close: Sept 11 CBOT Wheat closed at \$7.49 ¼ , down 8 cents, Sep 11 KCBT Wheat closed at \$8.35, down 6 cents, Sep 11 MGEX Wheat closed at \$9.26, down 24 ¼ cents  
Wheat futures closed lower on all three exchanges with the MGEX wheat taking the biggest loss, but then the MGEX wheat rallied more than the other two the previous two weeks. Trade estimates for weekly export sales report range from 400 to 950 thousand MT. Private exporters reported the sale of 133,500 MT of HRW wheat to unknown for 2011/12 delivery. Statistics Canada reported wheat production in the Prairies is expected to exceed 2010 production by .5 MMT to 21.5 MMT for the 2011 crop. Saskatchewan and Alberta farmers expect increased production of wheat also, but Manitoba anticipates a 30% decline because of weather problems on a preliminary survey. Preliminary estimates for total Canadian wheat production are 24.08 MMT up 3.9% from last year. Final production estimates for 2011 will be released December 6th. Revisions are possible for up to two years. Cash basis levels were steady to weaker.

**Cattle:** Yesterday's Close: Aug 11 Cattle closed at \$113.250, down \$0.850, Oct 11 Cattle closed at \$113.925, down \$1.125, Dec 11 Cattle closed at \$116.150, down \$0.750, Aug 11 Feeder Cattle closed at \$133.500, down \$0.225 Sep 11 Feeder Cattle closed at \$131.550, down \$2.075 Oct 11 Feeder Cattle closed at \$132.025, down \$2.325  
Cattle futures closed sharply lower breaking below support on the October contract. Cash cattle in NE sold for \$113 in the live and \$180 in the dressed; lower money than last weeks \$114 and \$184. Cattle in KS and TX/OK also sold for \$113. The Canadian cattle inventory was .8% lower than a year ago continuing the steady decline since 2006. The 2005 peak in Canadian cattle numbers posting 16.880 million head has declined steadily reaching an estimated 13.87 million head as of July 2011. Better pasture conditions and more profitable returns have provided incentive for western Canadian producers to consider rebuilding herds. Boxed beef prices in the U.S. were higher at midday. Wholesale beef closed mixed. Choice was up \$0.51 at \$187.62 and select boxes were \$0.47 lower at \$180.95.

**Hogs:** Yesterday's Close: Oct 11 Hogs closed at \$87.050, down \$1.175, Dec 11 Hogs closed at \$83.450, down \$0.875 Feb 12 Hogs closed at \$86.450, down \$0.750c  
Lean hog futures closed under pressure with prices lower out through next summer. The CME Lean Hog Index was down \$0.66 at \$103.65 as of August 20th. The spread between the futures and the Index closed at \$16.60. Cash hogs were \$2.07 lower in IA/MN at \$95.18, \$2.10 lower in the WCB at \$95.04 and the ECB was \$1.01 lower at \$97.38. The Canadian Hog and Pig inventory showed a .8% increase from a year ago to 11.895 million hogs for the estimated inventory. The Canadian breeding herd was down 1.2% which was somewhat of a surprise to the trade and shows the herd liquidation continued through the reporting period. Pork trading was slow to moderate with light to moderate demand and offerings. The Carcass was lower again today, closing at \$104.04, down \$1.53.

**Cotton:** Yesterday's Close: Oct 11 Cotton closed at 104.62, down 52 points, Dec 11 Cotton closed at 104.99, down 25 points Dec 12 Cotton closed at 96.7, up 50 points  
Cotton futures closed lower after trading above the 40 day moving average earlier in the session. Certificated Stocks were up at 15,639 from 15,558 bales the previous day. World cotton production is projected to be substantially higher than last year for 2011/12 at 122.71 million 480 pound bales compared to 114.59 a year ago. Ending stocks will also increase to 52.66 million bales from 44.99 million bales in 2010. The USDA will release the weekly export sales numbers tomorrow.

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**Sept 11 Corn Daily Chart**

ZCU11 - Corn (CBOT) - Daily OHLC Chart



**Dec 11 Corn Daily Chart**

ZCX11 - Corn (CBOT) - Daily OHLC Chart



December 11 corn posted a new high Wednesday at \$7.48 3/4

**Sept 11 Soybean Daily Chart**

ZSU11 - Soybeans (CBOT) - Daily OHLC Chart



**Nov 11 Soybean Daily Chart**

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



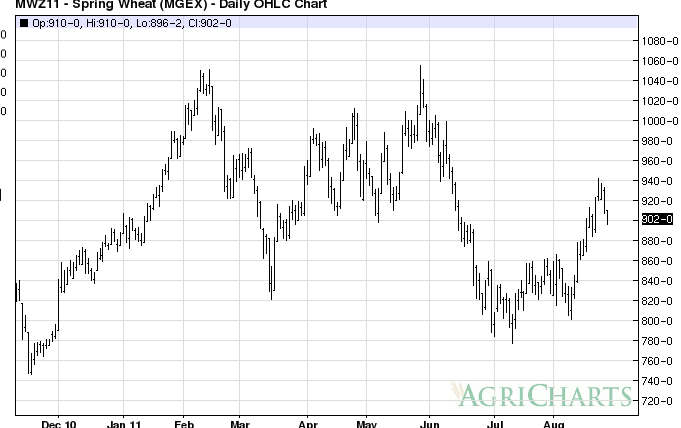
**Sept 11 Mpls Spring Wheat Daily Chart**

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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