



MORNING COMMENTS

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Tuesday, August 30, 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: Yesterday, new crop December 11 corn futures posted a new high at \$7.79 while new crop November 11 Soybeans also posted a new high at \$14.52 ½ last night . Both crops are posting values that are historically very high prices. See charts below.

Next Major USDA Reports: Monday September 12, 2011 WASDE & Crop Production ;
Friday September 30, 2011 Quarterly Grain Stocks

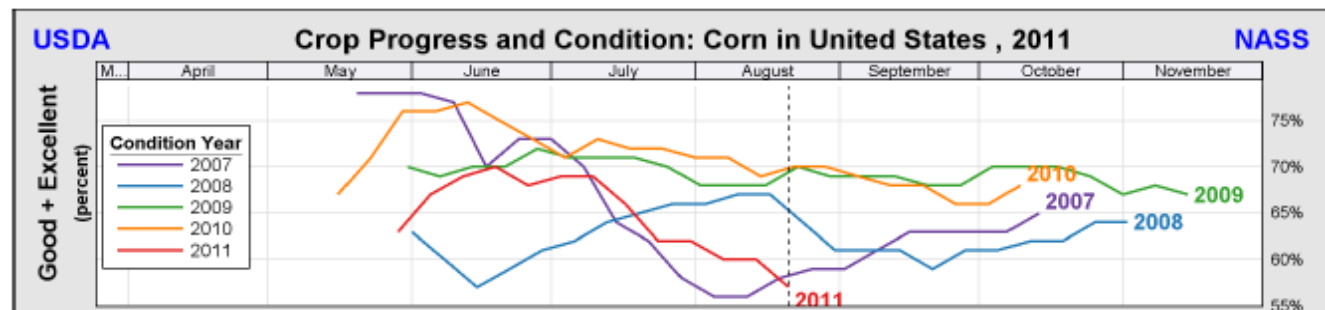
Hedge: a means of protection against something, especially a means of guarding against financial loss

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

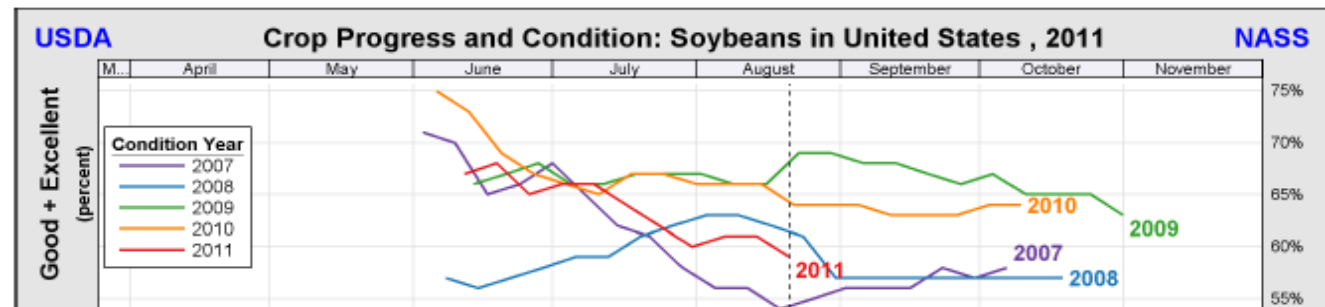
Market Talk Many analysts have projected a 150 bushel per acre corn yield for the United States, but what does this mean for the corn market. A corn yield that low with the current usage rate would lower new crop carryout to a minimal 465 million bu. Ending stocks this low would drive corn futures well into the \$8.00 range according to a report from F.C. Stone. While this is definitely possible, corn values this high will choke off a significant amount of demand as well.

Indiana & Illinois early April planted corn harvest has begun with moisture of 26-30% with 54# TW and reports of 140-165 bushels / acre. Indiana soybean harvest is at about 20% completed with yield reports that are inconclusive at this point.

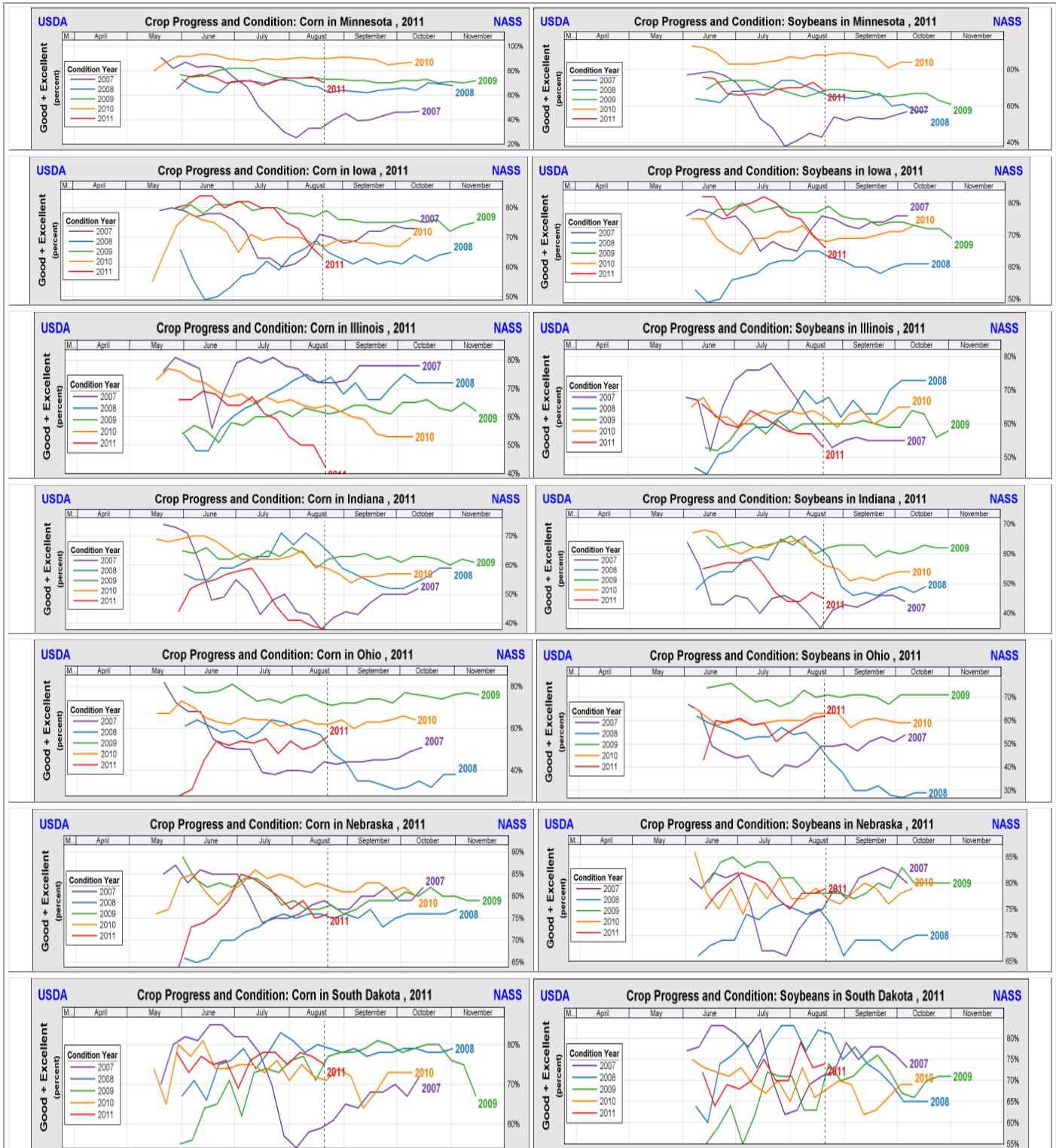
US Corn Crop Condition ratings were worse than expected. Overall corn condition was down 3 points from last week at 64% good /excellent with 12 (13) excellent, 42 (44) good, 27 (26) fair, 12 (11) poor, and 7 (6) very poor. IA, MN, and MO led the decline in ratings. A slight improvement in ratings was noted in NE, MI, and OH. Lower ratings were generally due to dryness...while IA also reported hail and wind damage. The USDA Crop Progress report showed corn dough at 88%, 3 points above average. Dented was at 53%, down a point from average. Mature was at 9%, down 2 points from average. USDA's chart below is one week behind so this week would show an additional decline of 3%.



US Soybean Crop Condition released after the close showed national soybean conditions declined by 2% to 57% in the G/E category. Conditions declined in 12 of the 18 major states, with notable declines in IL, KS, KY, MN, MS, MO, SD, and TN. IA and IN showed mild declines. Conditions held steady in 1 state and improved in just 5, with MI, ND, NE, and OH showing the best improvement (states that received timely rainfall). 93% of the crop nationally is setting pods vs. 94% avg. 2% is dropping leaves vs. 6% avg. The USDA Crop Progress report showed soybeans setting pods at 93%, down a point. Dropping leaves was at 2%, down 4 points from average. Condition was at 57% good/excellent, down 3 points. USDA's chart below is one week behind so this week would show an additional decline of 2%.



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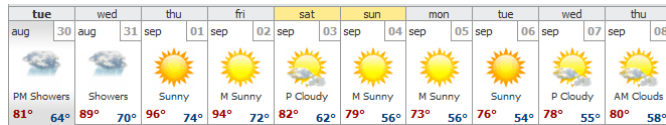
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Outside Markets:

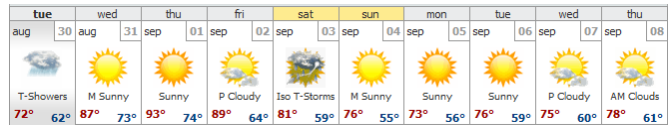
U.S. Dollar Index	73.715	-0.062	-0.08%	Euro FX	1.45200	+0.00170	+0.12%	Ethanol Futures	Sep 11	2.926p	-0.003
CRB CCI Index	646.00s	+2.00	+0.31%	Canadian Dollar	1.02390	+0.00260	+0.25%	Gasoline RBOB (E)	Sep 11	2.9064s	-0.0282
Gold	1795.2	+6.7	+0.37%	Japanese Yen	1.30110	+0.00060	+0.05%	Diesel Gulf (ULSD)	Sep 11	3.0598s	-0.0010
Silver	40.720	+0.174	+0.43%	Australian Dollar	1.06460	+0.00360	+0.34%	Heating Oil (E)	Sep 11	3.0102s	+0.0001
DJIA	11517s	+238	+2.11%	Chinese Renminbi	0.156940	+0.000130	+0.08%	Crude Oil Brent (E)	Oct 11	111.88p	+0.52
S&P 500 Index	1209.30	+1.20	+0.1%	Mexican Peso	0.080250	-0.000025	-0.03%	Natural Gas (E)	Oct 11	3.830s	-0.082
Nasdaq 100	2217.75	-2.25	-0.1%	1-Month Libor	99.7575p	0.0000	-	Polypropylene	Sep 11	0.8509s	0.0000
Russell 1000 Growth	564.50s	+14.60	+2.66%	T-Bond	137-17	+0-23	+0.53%	Polyethylene	Sep 11	0.6009s	0.0000
MSCI EMI Index	1012.50	+30.10	+3.06%	3-Month T-Bill	992.7000s	0.0000	-	RME Biodiesel	Aug 11	1471.318s	+0.361
Nikkei 225	9000.00	+50.00	+0.56%	5-Year T-Note	123-2.5	+0-035	+0.09%	Coal Futures	Oct 11	75.90s	+0.03
Brazilian Real	0.62825s	+0.00535	+0.86%	10-Year T-Note	129-300	+0-070	+0.17%	Uranium	Sep 11	49.15s	0.00

Weather Locally we were dry overnight except for a couple of drops of rainfall. Dry weather dominated most of the Midwest again yesterday, with some rains bringing totals of generally less than .30" to eastern SD, eastern NE and western IA early in the day. Overnight, some more rains have moved into these areas, with totals not reported yet and the rains still falling. Temps across the region were fairly close to average, with highs in the upper 70's in the north and low to mid 80's in the south. Lows were in the 50's in most cases. The forecast sees some rains to work through MN, IA, WI and northern sections of MO and IL in the next 2 days. A few scattered showers may fall elsewhere, but totals outside of those areas in the north and west will be light and scattered. Things then look to quiet down across the region for the end of the week and first part of the holiday weekend, with some rains seen by later in the holiday weekend. Totals with the weekend activity look to be in the moderate to heavy range in most cases. Things then look to quiet down in most areas for early next week, with some showers possible in the Great Lakes vicinity. Temps for the next week to ten days will not stray too far from average, with highs in the upper 70's to mid 80's in most locales.

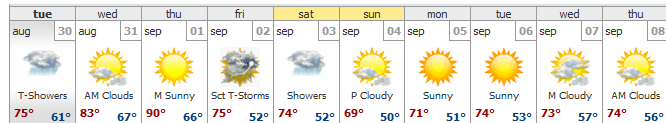
Central Illinois:



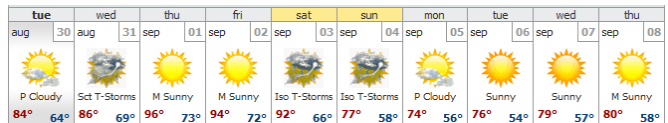
Central Iowa:



South Central Minnesota:



Central Indiana:

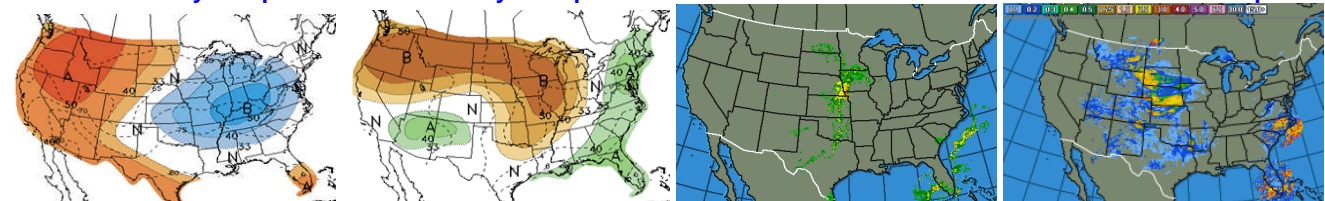


8-14 Day Temp

8-14 Day Precipitation

Current Radar

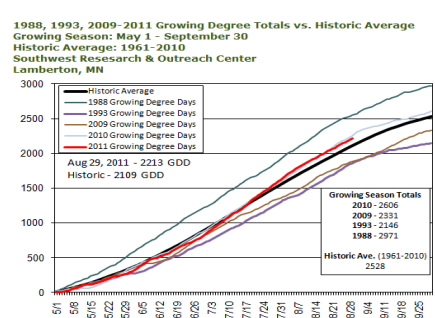
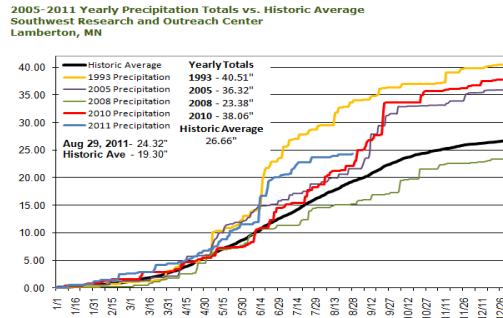
Last 24 hr Precip



Official Weather Station -2011

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

	Monday, August 29
Air Temperature	Max = 77; Min = 51
Soil Temperature	
2 inch	Max = 87; Min = 65; Ave = 76
4 inch	Max = 81; Min = 65; Ave = 73
8 inch	Max = 76; Min = 67; Ave = 71
Daily Precipitation	0.08"



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Corn: Morning: Sept 11 Corn is at \$7.47 ¼ , down 9 cents, Dec 11 Corn closed at \$7.60 ¼ , down 9 ¾ cents, Mar 11 corn closed at \$7.72 , down 9 ¾ cents, July 12 Corn is at \$7.79 ¼ , down 8 ½ cents, Yesterday's Close: Sep 11 Corn closed at \$7.56 ¼ , up 3 ¾ cents, Dec 11 Corn closed at \$7.70, up 3 cents, Mar 12 Corn closed at \$7.81 ¾ , up 3 ½ cents Dec 12 Corn closed at \$6.66 ½ , up 1 cent
Corn futures closed higher, hitting new 52 week highs on the front contracts through March 13. The USDA Export Inspections report this morning showed 27.314 million bushels inspected for export for the week ending August 25th with a total increase of 32.75 million bushels from last week after revisions to prior data. This is 20.6 million bushels behind last years weekly pace. Bloomberg reported that Argentine corn farmers will plant 17% more land to corn this year. The USDA Crop Progress report out this afternoon showed corn dough at 88%, 3 points above average. Dented was at 53%, down a point from average. Mature was at 9%, down 2 points from average. Condition was down 3 points from last week at 64% good/excellent.

Soybean Complex: Morning: Sept 11 Soybeans closed at \$14.30 , down 8 cents, Nov 11 Soybeans closed at \$14.38 ½ , down 8 ½ cents, Jan 11 Soybeans closed at \$14.49 , down 7 cents, Jul 12 Soybeans closed at \$14.41 ½ , down 10 ¾ cents , Yesterday's Close: Sep 11 Soybeans closed at \$14.38, up 23 ¼ cents, Nov 11 Soybeans closed at \$14.47, up 23 ½ cents, Jan 12 Soybeans closed at \$14.56, up 23 ¼ cents, Nov 12 Soybeans closed at \$13.73, up 19 ¾ cents, Sep 11 Soybean Meal closed at \$379.20, up \$3.20, Sep 11 Soybean Oil closed at \$58.00, up \$1.40
Soybean futures closed just off of the highs, hitting new 52 week highs on the front contracts through Nov 12. Nov 11 hit higher highs back in 2008. The USDA Export Inspections report this morning showed 8.244 million bushels inspected for export for the week ending August 25th with a total increase of 8.82 million bushels from last week after revisions to prior data. This is .24 million bushels ahead of last years weekly pace. The USDA Crop Progress report out this afternoon showed soybeans setting pods at 93%, down a point. Dropping leaves was at 2%, down 4 points from average. Condition was at 57% good/excellent, down 3 points.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$7.47 ¾ , down 9 ½ cents, Sept 11 MGEX Wheat is at \$9.38 , down 10 ¼ cents
Yesterday's Close: Sep 11 CBOT Wheat closed at \$7.57 ¼ , down 5 cents, Sep 11 KCBT Wheat closed at \$8.74, up 8 cents, Sep 11 MGEX Wheat closed at \$9.48 ¼ , down 8 cents
Wheat futures closed mixed, supported by the other grains and stronger Russian prices. The USDA Export Inspections report this morning showed 23.441 million bushels inspected for export for the week ending August 25th with a total increase of 25 million bushels from last week after revisions to prior data. This is 2.6 million bushels behind last years weekly pace. The USDA Crop Progress report out this afternoon showed winter wheat harvested at 97%, down 2 points from average. Spring wheat harvested was at 50%, down 21 points from average. Spring wheat condition was down a point at 63% good/excellent.

Cattle: Yesterday's Close: Aug 11 Cattle closed at \$113.500, down \$0.800, Oct 11 Cattle closed at \$114.600, down \$0.600, Dec 11 Cattle closed at \$116.750, down \$0.350, Sep 11 Feeder Cattle closed at \$132.325, down \$0.275 Oct 11 Feeder Cattle closed at \$132.700, down \$0.575 Nov 11 Feeder Cattle closed at \$133.550, down \$0.225
Cattle futures closed lower with packers likely loaded up for the holiday weekend and holding off on heavy cattle purchases for next week. With a short kill week coming up, packers were expected to start the week with less than ambitious cash bids. There was nearly no live cash trade reported today. Choice was down \$.10 at \$186.20 and Select beef was \$.13 lower at \$179.08. The USDA Crop Progress report out this afternoon showed pasture good/excellent condition down a point to 36%.

Hogs: Yesterday's Close: Oct 11 Hogs closed at \$86.400, down \$0.700, Dec 11 Hogs closed at \$83.675, down \$0.900 Feb 12 Hogs closed at \$87.500, down \$0.375
Lean hog futures closed mostly lower. The cash market looks weak, but futures are already discounting a substantial drop in values. Cash hogs in the WCB were \$2.08 lower, \$4.41 lower in WCB, and \$2.40 lower in IA/MN. Pork was slow with mostly light demand and mostly moderate offerings. The Carcass cutout was \$1.16 lower this afternoon. The lean hog index was lower as of Aug 25th @ \$100.74, down \$1.02 from the prior day.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 104.77, up 85 points, Dec 11 Cotton closed at 104.92, up 60 points Dec 12 Cotton closed at 97.02, up 42 points
Cotton futures closed higher: supported by positive sentiment in equity and commodity markets. Certificated Stocks were at 15,740. The USDA Crop Progress report out this afternoon showed 96% of cotton setting bolls, 2 points ahead of average and 27% bolls opening, 4 points ahead of average. Condition was down a point at 30% good/excellent.

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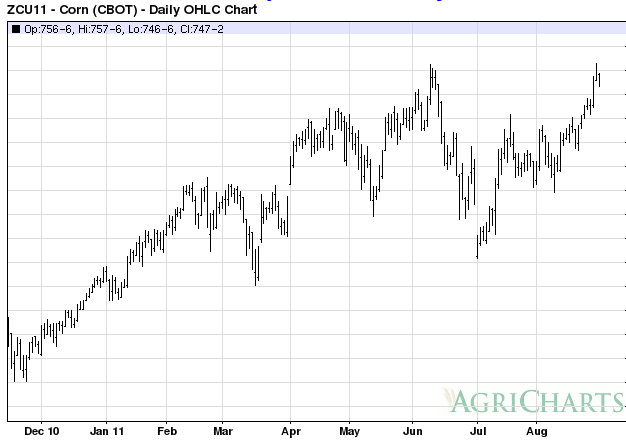
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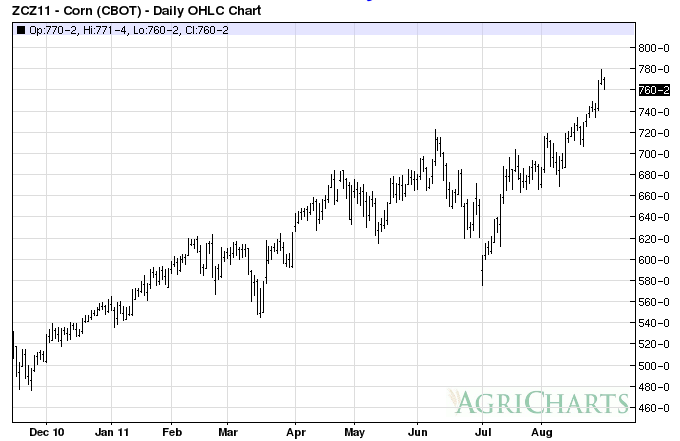
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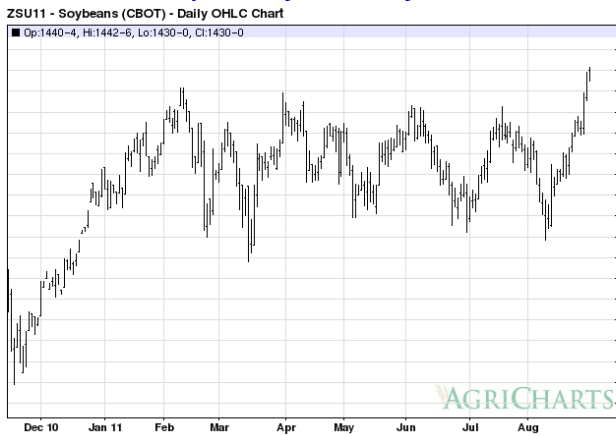
Sept 11 Corn Daily Chart



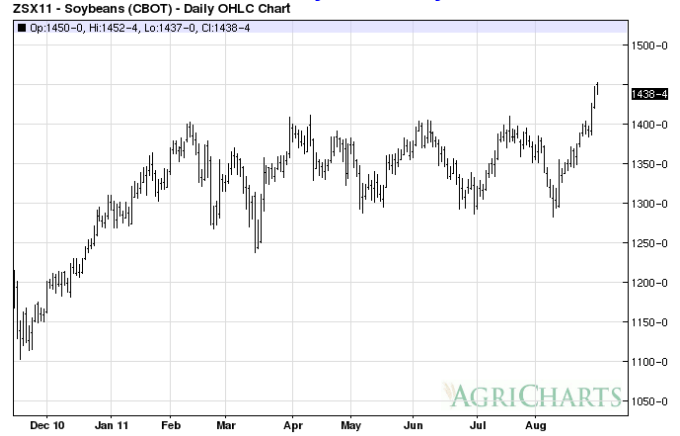
Dec 11 Corn Daily Chart



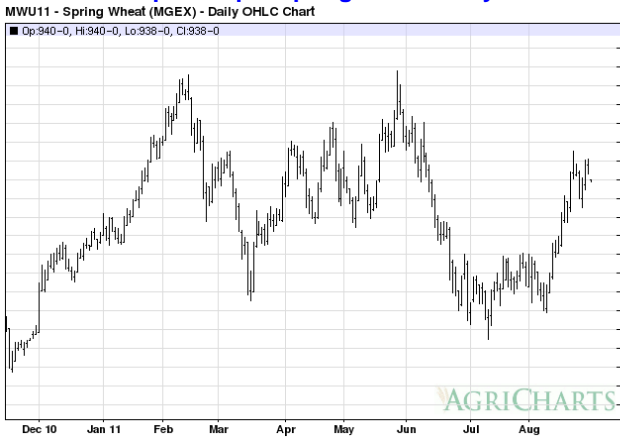
Sept 11 Soybean Daily Chart



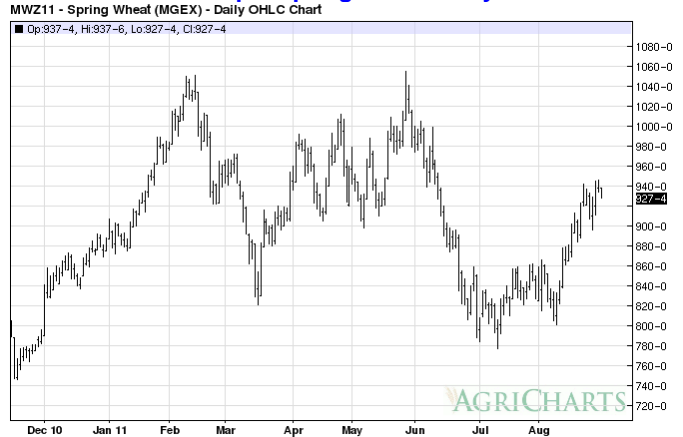
Nov 11 Soybean Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart



Dec 11 Mpls Spring Wheat Daily Chart



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