



MORNING COMMENTS

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Thursday, March 17, 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	80% sold-20% basis open July	40% sold HTA	20% sold HTA
Soybeans	80% sold with basis set	40% sold HTA	12% sold HTA
Wheat	100% sold with basis set	50% sold HTA	none

Prior Price Targets: The prior price targets have all been exceeded.

New York bank three month corn price projection to \$7.15 reached with the Feb 22nd high of \$7.24 ½

New York bank three month price target of near \$16.00 soybeans. Recent high of \$14.55 was made on Feb 9th.

Next USDA Reports: Friday March 18, 2011 Cattle on Feed

Thursday March 31, 2011 Grain Stocks and Prospective Plantings.

Market Talk: Investor Flight to safety may continue in the wake of the Japanese earthquakes send tsunami. For U.S. Agriculture the concern is to unload US corn cargos in Japan.

News wire headline yesterday talked about 9 vessels that were unable to unload, in reality it was 2 vessels in port waiting their turn, 2 vessels rerouted to other ports, and the others were put on slow steam to arrive at a later time. Infrastructure to move goods away from the ports is more likely to become a problem that offloading capabilities. In addition, if radioactive releases mount and impact other ports regions it is likely that ships will be unwilling to take on cargo destined for Japan. Japan was on pace to import 15 mmt of U.S. corn, thoughts are that maybe imports are cut by ½ to 1 or even 2 mmt as a result of the disaster. Japan will feed their people so food and feedstuffs will remain a priority for them in the months and years to come.

Yesterday FC Stone released an alarmist's type of estimated soybean supply/demand outlook using planting acres of 76.7 million and carry out of only 64 million bushels. USDA has been using 78 million planted acres. Historically double crop bean acre grow to a very large number with high values. Over 7 million acres of double crop planted in 2008 and just 2.8 million last spring.

Middle East region has been the forgotten story this past week. That region remains very unstable. Watch crude values for a key as to which direction that corn values could move. Longer term, wheat tends to lead corn, especially if feed wheat for exports is sought over corn.

Informa is expected to release their latest acreage survey this Friday.

Outside Markets:

Ethanol Futures	Apr 11	2.297p	-0.048	U.S. Dollar Index	76.260	-0.726	-0.94%	Russell 1000 Growth	575.10p	-9.20	-1.57%
Gasoline RBOB (E)	Apr 11	2.8437p	+0.0408	CRB CCI Index	634.00p	-0.50	-0.08%	MSCI Emi Index	1079.30p	-17.00	-1.55%
Diesel Gulf (Ulsd)	Apr 11	3.0772s	+0.0464	Gold	1393.6	-2.4	-0.17%	Nikkei 225	8730.00	+200.00	+2.34%
Heating Oil (E)	Apr 11	2.9972p	+0.0434	Silver	34.405	-0.066	-0.19%	Brazilian Real	0.59735p	-0.00095	-0.16%
Crude Oil Brent (E)	Apr 11	110.62p	+2.10	DJIA	11641p	-212	-1.79%	Euro FX	1.40020	+0.01200	+0.86%
Natural Gas (E)	Apr 11	3.938s	-0.003	S&P 500 Index	1258.70p	-21.40	-1.67%	Canadian Dollar	1.01080	+0.00460	+0.46%
Polypropylene	Apr 11	0.7900s	+0.0400	Nasdaq 100	2211.00p	-36.50	-1.62%	Japanese Yen	1.27330	+0.02450	+1.96%

Weather:

Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
17	18	19	20	21	22	23	24	25	26
P Cloudy	PM Showers	M Cloudy	Showers	Sct T-Storms	Sct T-Storms	P Cloudy	P Cloudy	Showers	Few Showers
69° 50°	56° 35°	53° 41°	47° 46°	64° 51°	59° 42°	53° 35°	45° 36°	49° 38°	50° 39°

Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
17	18	19	20	21	22	23	24	25	26
Cloudy	PM Showers	M Cloudy	Showers	Showers	Showers	P Cloudy	P Cloudy	M Sunny	P Cloudy
67° 41°	51° 30°	54° 42°	54° 50°	63° 44°	57° 39°	54° 36°	50° 36°	53° 37°	53° 38°

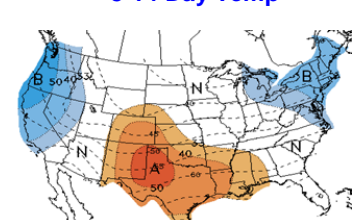
South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
17	18	19	20	21	22	23	24	25	26
AM Showers	M Cloudy	P Cloudy	Showers	Few Showers	Showers	Snw Shwrs	M Cloudy	Snw Shwrs	M Cloudy
48° 28°	40° 22°	46° 36°	45° 36°	44° 33°	41° 30°	39° 29°	39° 26°	41° 30°	46° 30°

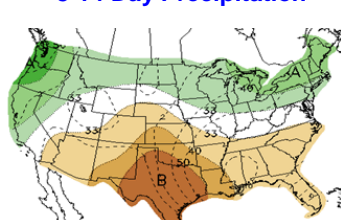
Central Nebraska:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
17	18	19	20	21	22	23	24	25	26
P Cloudy	PM Showers	Few Showers	Few Showers	Few Showers	Sct T-Storms	P Cloudy	P Cloudy	P Cloudy	P Cloudy
64° 38°	56° 32°	56° 41°	58° 43°	61° 44°	59° 35°	53° 32°	55° 35°	60° 37°	58° 34°

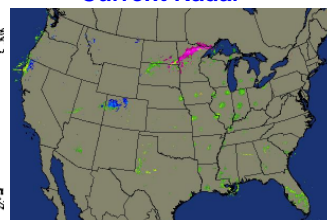
8-14 Day Temp



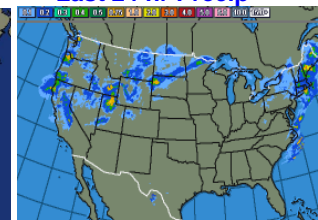
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



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Corn: Morning: May 11 corn closed at \$6.29 $\frac{3}{4}$, up 13 $\frac{1}{4}$ cents, July 11 Corn is at \$6.37 $\frac{1}{2}$, up 13 $\frac{3}{4}$ cents,

Dec 11 Corn closed at \$5.67 $\frac{3}{4}$, up 17 cents.

Yesterday's Close: May 11 Corn closed at \$6.16 $\frac{1}{2}$, down 19 $\frac{1}{2}$ cents, Jul 11 Corn closed at \$6.23 $\frac{3}{4}$, down 18 $\frac{3}{4}$ cents, Sep 11 Corn closed at \$5.83, down 11 cents Dec 11 Corn closed at \$5.49 $\frac{1}{4}$, up 1 $\frac{1}{4}$ cents

Corn futures failed to hold onto earlier gains closing lower on the old crop in volatile spread trading between new crop and old crop. The Japan crisis has created uncertainty for the U.S. corn prices. Another negative factor to price is the potential for corn usage numbers to be adjusted down because of wheat feeding and also because of the disruption to trade in Japan. Cattle placements are expected to be up again on the monthly report. Estimates for weekly export sales range from 550 to 750 thousand MT and likely will not include numbers that are impacted by the Japanese disaster. Open interest in corn dropped 9,016 contracts on yesterdays sell off. Cash basis levels were higher at processors, ethanol plants and river terminals in the Midwest.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.08 $\frac{1}{2}$, up 21 $\frac{1}{2}$ cents, Jul 11 Soybeans closed at \$13.16, up 20 $\frac{3}{4}$ cents, Nov 11 Soybeans closed at \$12.70 $\frac{1}{2}$, up 19 $\frac{3}{4}$ cents,

Yesterday's Close: May 11 Soybeans closed at \$12.87, up 17 cents, Jul 11 Soybeans closed at \$12.95 $\frac{1}{4}$, up 17 $\frac{1}{4}$ cents,

Nov 11 Soybeans closed at \$12.50 $\frac{3}{4}$, up 12 $\frac{3}{4}$ cents, May 11 Soybean Meal closed at \$344.50, up \$3.70,

May 11 Soybean Oil closed at \$52.96, up \$0.08

Soybean futures ended higher on the day, but closed towards the lower end of the trading range. Heavy rains over the weekend in Brazil nearly stopped delivery of grain to Paranagua, the number 2 export port but the port storage was full to capacity allowing ships to be loaded for now. The port was only able to load 25 percent of their normal rate yesterday. A main road damaged by a mudslide is in process of being cleared. Rain is expected to continue through the week however. Argentine weather is dry and allowing early maturing soybeans to be harvested. Oil World also cut Brazils soybean output to 70 MMT because of the rain but output is still projected higher than last years 68.6 MMT. Estimates for tomorrows weekly export sales report range from 350 to 450 thousand MT. Cash bids were mostly steady to firm with spot basis stronger because of tight supplies.

Wheat: Morning: May 11 CBOT Wheat closed at \$ cents, May 11 MGEX Wheat is at \$ cents

Yesterday's Close: May 11 CBOT Wheat closed at \$6.62, down 5 $\frac{3}{4}$ cents, May 11 KCBT Wheat closed at \$7.78 $\frac{1}{4}$, up 1 $\frac{1}{4}$ cents, May 11 MGEX Wheat closed at \$8.06, down 1 $\frac{1}{2}$ cents

Wheat futures closed mixed with the CBOT wheat under the most pressure to the down side. KC wheat closed higher because of weather. The weather in TX, OK and western KS continues to stress the HRW crop. Above normal rainfall is predicted in the 6 to 10 day forecast for eastern KS and OK but below normal rainfall is forecast for TX and the western portion of OK and KS. Above normal temperatures are predicted for the Gulf States. Japan bought 28,135 MT of feed wheat and 163,435 MT of feed barley in todays EU tender. Japan is also tendering for 32 thousand MT of Canadian wheat. Estimates for tomorrows weekly export sales report range from 400 to 600 thousand MT. Cash bids are steady with a quiet cash market.

Cattle: Yesterday's Close: Apr 11 Cattle closed at \$110.50, down \$3.00, Jun 11 Cattle closed at \$110.65, down \$3.00,

Aug 11 Cattle closed at \$112.05, down \$2.65, Mar 11 Feeder Cattle closed at \$126.50, down \$1.40 Apr 11 Feeder Cattle closed at \$127.70, down \$2.95, May 11 Feeder Cattle closed at \$129.500, down \$3.00

Cattle futures failed to hold the 40 day moving average support and closed limit lower. This is the second day cattle closed below the 40 day moving average on the other 2011 contracts. Cattle also traded below trendline support off the recent lows. Trade rumors that Japan was seeking packaged pork products versus beef to restock stores added to bearish sentiment. The monthly Cattle on Feed report is out Friday at 2:00 CDST. Estimates for the report average 105% for March 1 On Feed, 98.3% for Placements and 103.2% for February Marketings. Cash cattle sales were between \$114 and \$115 yesterday in the live and \$184 to \$185 in the dressed and sold for \$113 in TX today. Boxed beef remains strong closing higher again today with only a dollar spread between Choice and Select. Choice boxed beef was up \$1.13 at \$187.63 and Select was up \$2.03 at \$186.61 this afternoon. The stock market closed down hard on bearish economic news.

Hogs: Yesterday's Close: Apr 11 Hogs closed at \$85.300, up \$0.425, May 11 Hogs closed at \$94.500, up \$0.300 Jun 11 Hogs closed at \$95.350, up \$0.600

Lean Hog futures closed with a slight plus on the day bouncing from oversold conditions on the technical indicators. Lean hogs were under pressure from the sell off in the stock market but supported by rumors Japan will restock stores with packaged pork. Japan imported 1.285 billion pounds of U.S. pork in 2010. The downside was limited also by higher cash hogs. Cash hogs finished \$0.73 higher IA/MN, \$0.43 lower in the ECB, \$0.51 higher in the WCB. Pork trading was slow with light to moderate demand and offerings. Pork prices were higher except for Picnics.

Cotton: Yesterday's Close: May 11 Cotton closed at 185.12, down 582 points, Jul 11 Cotton closed at 175.46, down 379 points Dec 11 Cotton closed at 116.69, down 40 points

Cotton finished lower, although off of limit on generally bearish market sentiment from uncertainty around the Japanese scenario. This was after seeing a positive upside before reversing. The decline comes after the huge run-up cotton had. Traders will be eying the export sales report tomorrow morning for any changes in trend.

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Corn Daily Chart

ZCK11 - Corn (CBOT) - Daily OHLC Chart



Soybean Daily Chart

ZSK11 - Soybeans (CBOT) - Daily OHLC Chart



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