



MORNING COMMENTS

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Thursday, March 24, 2011

USDA Quarterly Hog & Pigs Report Tomorrow Friday March 25

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: Thursday March 31, 2011 Grain Stocks and Prospective Plantings.

Market Talk: Additional Sales of Corn to China? A Big question in Chicago is if this is rumor or fact. The rumors fail to fade away as about a year ago it took three weeks for confirmation of China's first corn purchase in about four years. Some traders think that the Chinese can be very good at keeping sales from being reported by using overseas accounts of U.S. grain exporters. It was the rumors of additional sales late last week that spurred the corn market to surge higher.

Ethanol production for last week was 913 thousand bbls per day compared to 895 the previous week. It was the second highest on record, the highest was 922 bbls per day. This rate of production equates to annual output near 14.2 bln gallons and an annual corn grind of about 5.170 billion bushels. This compares to the current USDA forecast of corn usage of 4.950 billion bushels. Since Sep 1, the average rate of weekly ethanol output has translated to annual corn grind near 5.020 billion bushels.

The northern production areas of Brazil are reported to continue to receive frequent rounds of showers and harvest continues to progress slowly in the hard hit regions but is progressing rapidly in other many areas. Trade production estimates have been lower from about 70-72 MMT to 68-70 MMT as weather problems and more data provide a clearer picture. SA basis levels have steadily moved lower and the inverse has come out of the market. Argentine basis levels have also come under considerable pressure as harvest begins. It appears that China has more than adequate coverage nearby and thus they are in no mood to extend coverage. This combination of slow demand and more aggressive selling from South America has basically taken the US completely out of the export market.

Russia reported Mar 1 grain stocks at a total of 28.4 mmt compared to 36.4 mmt a year ago. Spring fieldwork has started in southern areas.

Outside Markets:

U.S. Dollar Index	76.005	-0.041	-0.05%	Canadian Dollar	1.02170	+0.00370	+0.36%	Ethanol Futures	Apr 11	2.483p	-0.005
CRB CCI Index	664.00p	+3.00	+0.45%	Japanese Yen	1.23610	-0.00150	-0.12%	Gasoline RBOB (E)	Apr 11	3.0213p	+0.0168
Gold	1442.0	+4.1	+0.29%	Australian Dollar	1.00780	+0.00300	+0.3%	Diesel Gulf (Ulsd)	Apr 11	3.1319s	-0.0227
Silver	37.600	+0.398	+1.07%	Chinese Renminbi	0.152600	+0.000050	+0.03%	Heating Oil (E)	Apr 11	3.0550p	-0.0212
DJIA	12021p	+66	+0.55%	Mexican Peso	0.083450s	0.000000	-	Crude Oil Brent (E)	May 11	115.29	-0.26
S&P 500 Index	1301.30	+9.20	+0.71%	1-Month Libor	99.7475	+0.0050	+0.01%	Natural Gas (E)	Apr 11	4.335s	+0.081
Nasdaq 100	2287.25	+22.25	+0.98%	T-Bond	120-27	-0.14	-0.36%	Polypropylene	Apr 11	0.7900s	0.0000
Russell 1000 Growth	590.10s	+2.60	+0.44%	3-Month T-Bill	99.2700s	0.0000	-	Polylethylene	Apr 11	0.6500p	0.0000
MSCI Emi Index	0.00	-1125.70	-100%	5-Year T-Note	118-125	-0.75	-0.31%	Rme Biodiesel	Mar 11	1448.522p	-1.130
Nikkei 225	9440.00	-5.00	-0.05%	10-Year T-Note	119-200	-0.110	-0.29%	Coal Futures	Apr 11	77.37p	-0.18
Brazilian Real	0.60160p	+0.00165	+0.28%					Uranium	Mar 11	62.00p	+3.00

Weather: Rains and snows finished up yesterday across the Dakotas and northern and eastern Midwest, with additional snows of 3-7" across the eastern Dakotas, northern MN and far northern sections of WI and MI. No new snow in Southern MN over night. The 11-16 day outlook sees close to average precip to occur across the Plains and Midwest, with temps in the Plains to run average to above average and average to below in the Midwest.

Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
mar 24	mar 25	mar 26	mar 27	mar 28	mar 29	mar 30	mar 31	apr 01	apr 02
AM Clouds	Cloudy	Snow Showers	P Cloudy	M Cloudy	R/S Showers	M Sunny	P Cloudy	Showers	AM Clouds
39° 25°	41° 27°	39° 26°	38° 27°	40° 27°	41° 31°	48° 36°	53° 42°	56° 44°	60° 44°

Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
mar 24	mar 25	mar 26	mar 27	mar 28	mar 29	mar 30	mar 31	apr 01	apr 02
AM Clouds	Snow Showers	Snow Showers	M Cloudy	M Cloudy	P Cloudy	M Sunny	Showers	Showers	M Sunny
44° 30°	40° 29°	42° 27°	43° 27°	43° 27°	48° 33°	52° 41°	56° 42°	56° 43°	65° 47°

South Central Minnesota:

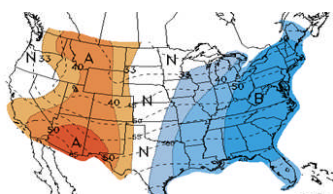
thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
mar 24	mar 25	mar 26	mar 27	mar 28	mar 29	mar 30	mar 31	apr 01	apr 02
Sunny	M Cloudy	P Cloudy	P Cloudy	M Sunny	M Sunny	P Cloudy	R/S Showers	R/S Showers	P Cloudy
22° 16°	26° 15°	24° 16°	26° 11°	27° 15°	35° 24°	42° 35°	42° 33°	45° 34°	49° 40°

Central Nebraska:

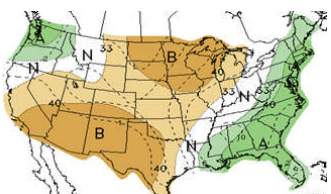
thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
mar 24	mar 25	mar 26	mar 27	mar 28	mar 29	mar 30	mar 31	apr 01	apr 02
P Cloudy	AM Rain/Snow	Cloudy	R/S Showers	P Cloudy	P Cloudy	M Cloudy	Showers	Showers	AM Clouds
48° 31°	44° 31°	39° 28°	43° 26°	43° 25°	55° 33°	53° 41°	54° 38°	58° 40°	68° 44°

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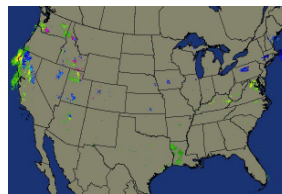
8-14 Day Temp



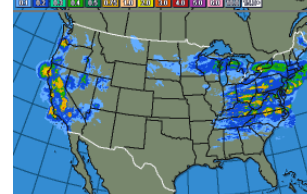
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



Corn: Morning: May 11 corn closed at \$6.81 $\frac{3}{4}$, up $\frac{3}{4}$ cents, July 11 Corn is at \$6.59, up $\frac{1}{2}$ cents, Sept 11 Corn is at \$6.4, up 2 $\frac{1}{2}$ cents Dec 11 Corn closed at \$6.13, up 3 $\frac{1}{4}$ cents.

Yesterday's Close: May 11 Corn closed at \$6.81, down 5 $\frac{3}{4}$ cents, Jul 11 Corn closed at \$6.88 $\frac{1}{2}$, down 5 $\frac{1}{2}$ cents, Sep 11 Corn closed at \$6.45 $\frac{1}{2}$, down $\frac{1}{4}$ cent Dec 11 Corn closed at \$6.09 $\frac{3}{4}$, down 2 $\frac{1}{2}$ cents

Corn futures ended lower on the day continuing a sideways pattern for the week. Spot basis levels for corn firmed on the Illinois River and at some Iowa ethanol plants. Farmer selling continues to be very slow ahead of March 31 planting intentions report. Early trade estimates for the March 31st acreage report are mostly between 91.2 to 93 million acres.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.54 $\frac{3}{4}$, up 2 $\frac{3}{4}$ cents, Jul 11 Soybeans closed at \$13.63 $\frac{1}{2}$, up 2 $\frac{1}{2}$ cents, Sept 11 Soybeans closed at \$13.43 $\frac{3}{4}$, down 1 $\frac{1}{4}$ cents, Nov 11 Soybeans closed at \$13.37, up 3 $\frac{3}{4}$ cents,

Yesterday's Close: May 11 Soybeans closed at \$13.51 $\frac{1}{4}$, down 14 $\frac{1}{4}$ cents, Jul 11 Soybeans closed at \$13.61, down 14 cents,

Nov 11 Soybeans closed at \$13.33 $\frac{1}{4}$, down 10 $\frac{3}{4}$ cents, May 11 Soybean Meal closed at \$360.00, down \$6.40,

May 11 Soybean Oil closed at \$55.48, down \$0.38

Soybean futures closed lower with the July/November soybean spread narrowing to 28 cents in favor of the July. Forecasters are looking for the U.S. Census Bureau to report the soybean crush at 130.6 million bushels on average, with soybean stocks at an average of 3.443 billion pounds and 457.2 thousand tons of soybean meal. February numbers were 153.9, 3.281 and 702.4 respectively. Trade estimates for the weekly export sales report range from 250 to 450 thousand MT. Private exporters announced the sale of 105,000 MT of soybeans for 2011/12 delivery to an unknown destination. The annual USDA acreage report will be out March 31st along with the quarterly grains stocks report. Analysts are looking for 75.3 to 79 million acres of soybeans to be planted in the U.S. Cash basis levels were mixed at processors in the Midwest this morning. Slow farmer sales kept basis levels firm in most locations.

Wheat: Morning: May 11 CBOT Wheat closed at \$7.16 $\frac{1}{2}$, up 2 $\frac{1}{4}$ cents, May 11 MGEX Wheat is at \$8.60, up 1 cent

Yesterday's Close: May 11 CBOT Wheat closed at \$7.14 $\frac{1}{4}$, down 8 cents, May 11 KCBT Wheat closed at \$8.30, down 15 cents, May 11 MGEX Wheat closed at \$8.59, down 7 cents

Wheat futures closed 6 to 15 cents lower on the day. Above normal moisture and below normal temperatures are forecast for Nebraska and Kansas wheat growing areas, bringing needed moisture, most likely in the form of snow. This could however present a threat to the wheat crop coming out of dormancy if temperatures drop below freezing. The United Nations food agency is projecting the world wheat production will increase in 2011. The USDA had raised world wheat production slightly but most significantly had increased carryout by 2.3% from the previous months estimate. Trade estimates for weekly wheat export sales range from 500 to 800 thousand MT. Last weeks sales were 858,700 MT. Cash wheat basis levels in the Midwest and the Gulf were steady. Analysts project U.S. wheat farmers will plant between 55.5 and 57.65 million acres of wheat for the upcoming annual USDA acreage report to be released March 31st.

Cattle: Yesterday's Close: Apr 11 Cattle closed at \$114.100, down \$0.17, Jun 11 Cattle closed at \$113.35, down \$0.50,

Aug 11 Cattle closed at \$115.35, down \$0.42, Mar 11 Feeder Cattle closed at \$129.95, down \$0.05

Apr 11 Feeder Cattle closed at \$131.50, up \$0.10 May 11 Feeder Cattle closed at \$132.92, down \$0.20

Cattle futures prices closed lower but recovered from earlier in the session to close on the upper end of the days trading range. The drop in price was initially attributed to the increase in red meat stocks on yesterdays monthly Cold Storage report. Total red meat was up 13 percent from last year. Frozen beef stocks were up 16 percent from last year as of February 28th and up 1 percent from the previous month. A combination of higher beef prices curtailing usage and anticipation of better demand for the grilling season attributed to an increase in stocks. Cash cattle trade had a good finish for midweek. TX cattle sold for \$113 to \$114, KS cattle sold for \$112 to \$114 and NE cattle sold for \$114 to \$115 in the live and \$182 to \$187 in the dressed. Boxed beef prices slumped this afternoon. Choice beef was down \$0.91 at \$188.14 and Select beef was down \$0.73 at \$185.27.

Hogs: Yesterday's Close: Apr 11 Hogs closed at \$90.07, up \$0.37, May 11 Hogs closed at \$99.50, down \$0.52

Jun 11 Hogs closed at \$100.52, down \$0.92

Lean Hog futures ended mixed on the day but technically finished in the upper end of today's price range leaving a positive picture for the daily charts. Yesterdays Cold Storage report showed an increase in total red meat with pork stocks up 12 percent from a year ago and up 7 percent from last month. Pork carcass prices are at the highest level since September of 2010 when Lean Hog futures were trading around \$80 and the carcass price was \$92.38. Lean Hog futures for the spot April closed above \$90 today and the pork carcass closed at \$92.78 this afternoon. Pork trading was slow to moderate with light to moderate demand and offerings. The Lean Hog Index settled at \$83.90 for March

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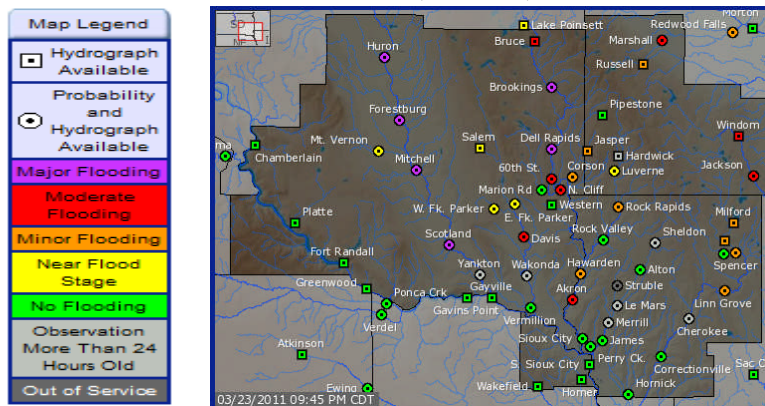
21st. Cash hogs in IA/MN were up \$.01 at \$81.62, the WCB closed down \$0.27 at \$81.12 and the ECB was up \$0.27 at \$80.90. The quarterly Hog and Pig report will be released Friday. Analysts estimates average 100% for All Hogs and Pigs as of March 1, 99.8% Kept for Breeding, 99.9% Kept for Marketing.

Cotton: Yesterday's Close: May 11 Cotton closed at 201.87, down 409 points, Jul 11 Cotton closed at 193.93, down 297 points Dec 11 Cotton closed at 126.67, down 160 points

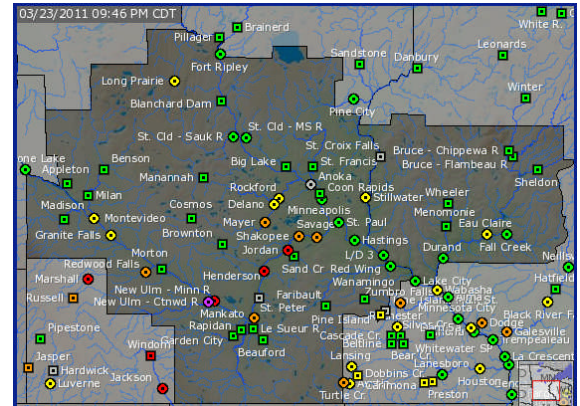
Cotton futures closed lower along with most of the ag sector, with a higher dollar and pressure of prices at these levels. There was decent but lower than average volume. Export sales reported tomorrow morning are estimated at 250-300K RB, net of potential cancellations.

National Weather Service Flood Warnings

E South Dakota, NW Iowa, SW Minnesota

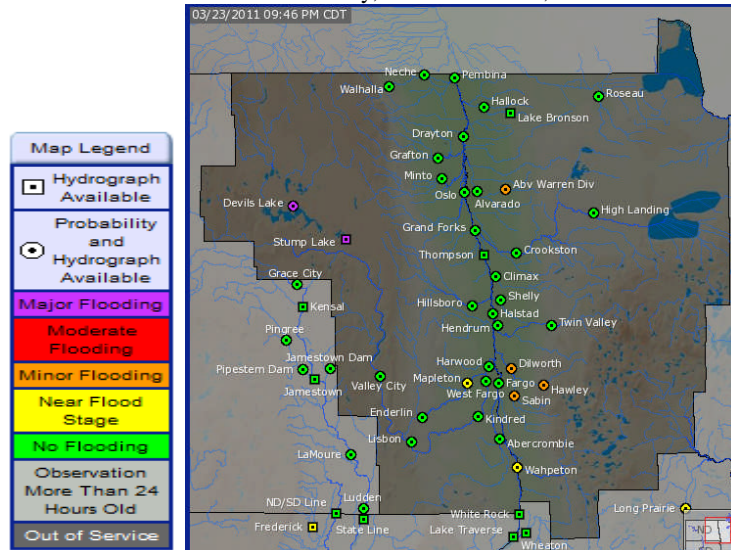


Southern Minnesota

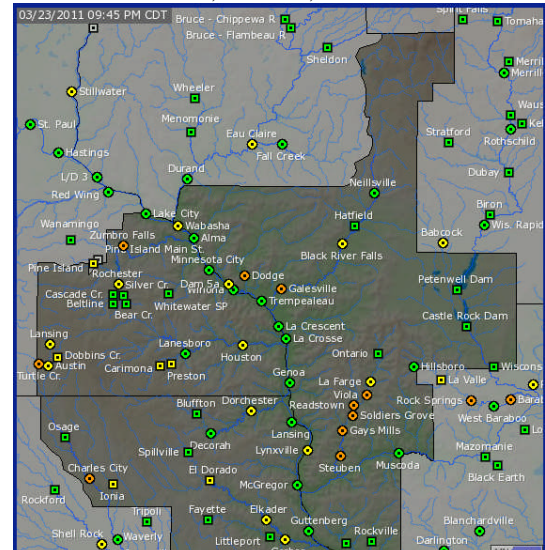


National Weather Service Flood Warnings

Red River Valley, E North Dakota, NW Minnesota



SE Minnesota, NE Iowa, SW Wisconsin



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May 11 Corn Daily Chart

ZCK11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



May 11 Soybean Daily Chart

ZSK11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



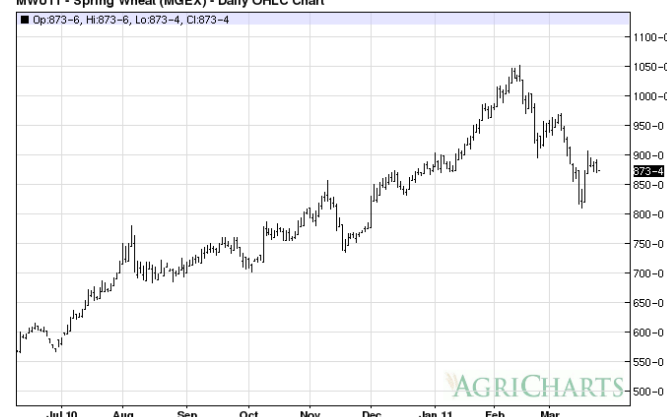
May 11 Mpls Spring Wheat Daily Chart

MWK11 - Spring Wheat (MGEX) - Daily OHLC Chart



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



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