



MORNING COMMENTS

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Friday, March 25, 2011

USDA Quarterly Hog & Pigs Report Today 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: MN Fed steers top out at a sale barn record price \$125.75 / cwt this week at a south eastern MN auction market! That was a value of over \$1,886 per head for the well finished 1,500+ lb black steers.

South America soybeans are \$0.50 per bushel cheaper than U.S. soybeans, with reports of CIF beans trading at 80 cents above the May futures which would be \$14.40 cash. Should SA port problems or another issue cause importers to come back to the US gulf market for soybeans it could become very interesting to see how the market reacts. However, the Argentine soybean harvest is just getting under way, traditionally they have strikes that stop loading of cargos.

Middle east tensions have been somewhat of a back story to the Japanese nuclear radiation release but as comfort levels become more prevalent the market story likely will have more focus on air strikes and middle east.

Wild cards for next week's USDA grain stocks are generally thought to be feed and residual areas of the corn portion of the report. Argentina reported that corn harvest was 18% complete as compared to 10% last week and 33% last year.

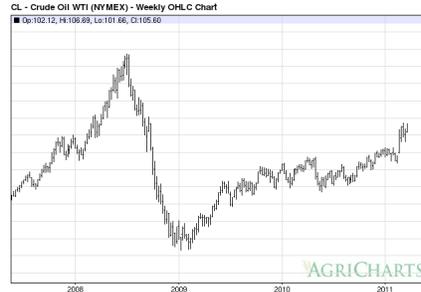
Outside Markets: A suspected breach in the reactor core at one unit of a stricken Fukushima nuclear plant could mean more serious radioactive contamination, Japanese officials said Friday. Suspicions of a possible breach were raised when two workers waded into water 10,000 times more radioactive than is typical and suffered skin burns, the Nuclear and Industry Safety Agency said.

U.S. Dollar Index	75.930	+0.042	+0.06%	Euro FX	1.41540	-0.00100	-0.07%	Ethanol Futures	Apr 11	2.515p	+0.032
CRB CCI Index	669.50s	+5.50	+0.83%	Canadian Dollar	1.02260	+0.00030	+0.03%	Gasoline RBOB (E)	Apr 11	3.0448s	+0.0235
Gold	1434.8p	-3.1	-0.22%	Japanese Yen	1.23510	-0.00090	-0.07%	Diesel Gulf (Ulsd)	Apr 11	3.1380s	+0.0061
Silver	37.430	+0.042	+0.11%	Australian Dollar	1.01080	-0.00170	-0.17%	Heating Oil (E)	Apr 11	3.0620s	+0.0070
DJA	12116s	+95	+0.79%	Chinese Renminbi	0.152500s	-0.000050	-0.03%	Crude Oil Brent (E)	May 11	115.72p	+0.17
S&P 500 Index	1308.50	+3.30	+0.25%	Mexican Peso	0.083650s	+0.000200	+0.24%	Natural Gas (E)	Apr 11	4.244s	-0.091
Nasdaq 100	2317.00	+8.50	+0.37%	1-Month Libor	99.7475s	+0.0050	+0.01%	Polypropylene	Apr 11	0.7900s	0.0000
Russell 1000 Growth	597.10s	+7.00	+1.19%	T-Bond	120-25	+0-01	+0.03%	Polyethylene	Apr 11	0.6500s	0.0000
MSCI Emi Index	0.00	-1139.10	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Mar 11	1447.826s	-0.696
Nikkei 225	9480.00	-75.00	-0.78%	5-Year T-Note	118-7.5p	-0-225	-0.59%	Coal Futures	Apr 11	77.57s	+0.20
Brazilian Real	0.60255s	+0.00095	+0.16%	10-Year T-Note	119-175	+0-015	+0.04%	Uranium	Mar 11	62.00s	0.00

US Dollar Index



Crude Oil

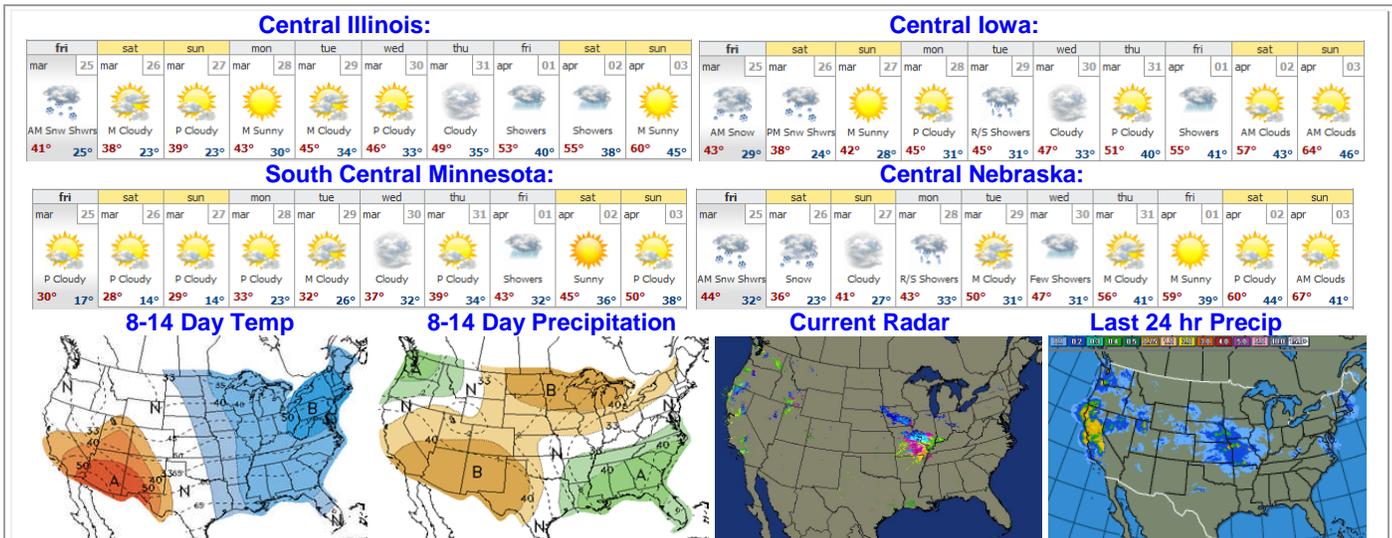


Gold



Weather: Winter wheat problems persisting in Texas with dry weather expected to continue in the high plains keeping crop conditions poor for the time being. Disappointing precipitation amounts are supporting the rally in wheat prices. However, the five day forecast is predicting a half to one and half inches for NE, central and eastern KS and OK. TX is even forecast to get some measurable precipitation. The below normal temperatures are also a concern with overnight temps forecast into the 20s the end of next week as far south as central KS. Argentina will be relatively clear over the next 7 days but Brazil will continue to receive heavy amounts of rain for the same period.

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Corn: Morning: Mar 11 corn closed at \$7.12 ³/₄, up 10 ¹/₄ cents, July 11 Corn is at \$7.17 ³/₄, up 9 ³/₄ cents, Sept 11 Corn is at \$6.63, up 4 ¹/₂ cents, Dec 11 Corn closed at \$6.21 ¹/₂, up 2 ³/₄ cents. Yesterday's Close: May 11 Corn closed at \$7.02 ¹/₂, up 21 ¹/₂ cents, Jul 11 Corn closed at \$7.08, up 19 ¹/₂ cents, Sep 11 Corn closed at \$6.58 ¹/₂, up 13 cents Dec 11 Corn closed at \$6.18 ³/₄, up 9 cents. Corn futures closed above the \$7.00 mark on the spot month today. Global events that triggered risk aversion for a couple of weeks have stabilized for the moment. Export sales for the week ending March 17th came in at 894,968 MT for 2010/11 and 51 MT for 2011/12 on this morning's report. Japan purchased 221,700 MT and South Korea 290,100 MT. Analyst estimates for the March 31st acreage report have a general consensus for corn planting to come in at 91.2 to 93 million acres. Ethanol output for the week ending March 18th was at 913,000 barrels a day versus 895,000 the previous week and 893 thousand for the four week average.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.61, up 6 ¹/₂ cents, Jul 11 Soybeans closed at \$13.70 ³/₄, up 6 ¹/₄ cents, Sept 11 Soybeans closed at \$13.59 ³/₄, up 7 cents, Nov 11 Soybeans closed at \$13.49 ³/₄, up 6 ¹/₄ cents, Yesterday's Close: May 11 Soybeans closed at \$13.54 ¹/₂, up 3 ¹/₄ cents, Jul 11 Soybeans closed at \$13.64 ¹/₂, up 3 ¹/₂ cents, Nov 11 Soybeans closed at \$13.43 ¹/₂, up 10 ¹/₄ cents, May 11 Soybean Meal closed at \$359.80, down \$0.20, May 11 Soybean Oil closed at \$56.12, up \$0.64. Soybean futures ended higher with new crop gaining more than old crop. The market is still offering incentive to the uncommitted acres. Weekly export sales were reported at 264,516 MT for 2010/11 delivery and 234 MT for 2011/12 delivery. The trade was looking for 250,000 to 450,000 MT. Shipments for the month of March have been running about half of what they were for February at 815,752 MT. 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.

Wheat: Morning: May 11 CBOT Wheat closed at \$7.48 ¹/₄, up 8 ³/₄ cents, May 11 MGEX Wheat is at \$8.93 ¹/₂, up 10 ¹/₄ cents. Yesterday's Close: May 11 CBOT Wheat closed at \$7.39 ¹/₂, up 25 ¹/₄ cents, May 11 KCBT Wheat closed at \$8.53 ¹/₄, up 23 ¹/₄ cents, May 11 MGEX Wheat closed at \$8.83 ¹/₄, up 24 ¹/₄ cents. Wheat futures closed sharply higher. Weekly export sales were 659,741 MT for 2010/11 and 86,027 MT for 2011/12 delivery. Sales were in the middle of trade estimates. Shipments to Japan totaled 57,900 MT. Japan did not show up as a primary buyer for the reported week buying only 5,403 MT for 2010/11 delivery. Cash SRW wheat bids were a dime higher in eastern Indiana. Analysts project U.S. wheat farmers will plant between 55.5 and 57.65 million total wheat acres for the upcoming annual USDA acreage report to be released March 31st.

Cattle: Yesterday's Close: Apr 11 Cattle closed at \$115.82, up \$1.72, Jun 11 Cattle closed at \$114.77, up \$1.425, Aug 11 Cattle closed at \$116.47, up \$1.12, Mar 11 Feeder Cattle closed at \$130.80, up \$0.85 Apr 11 Feeder Cattle closed at \$132.62, up \$1.12 May 11 Feeder Cattle closed at \$134.07, up \$1.15. Cattle futures prices rallied into the close to finish the day higher overcoming resistance on several of the contracts. The spot April contract came with 17 cents of closing the gap left March 15th. Cash cattle prices have traded from \$113 to \$115 this week, in line with spot futures prices. Cash cattle in NE sold at \$191 in the dressed on about 1300 head. Feeder cattle were also higher but 20 cents a bushel higher corn did not help the crush. Beef export sales for the week ending March 17th were 14,400 MT and export shipments were 15,300 MT. Japan purchased 3,900 MT and shipments to Japan totaled 1,900 MT for the same period. Boxed beef prices closed mixed this afternoon. Choice

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beef ended \$1.32 lower at \$186.82 and Select closed up \$0.29 at \$185.56.

Hogs: Yesterday's Close: Apr 11 Hogs closed at \$90.32, up \$0.25, May 11 Hogs closed at \$99.60, up \$0.10 Jun 11 Hogs closed at \$101.17, up \$0.65

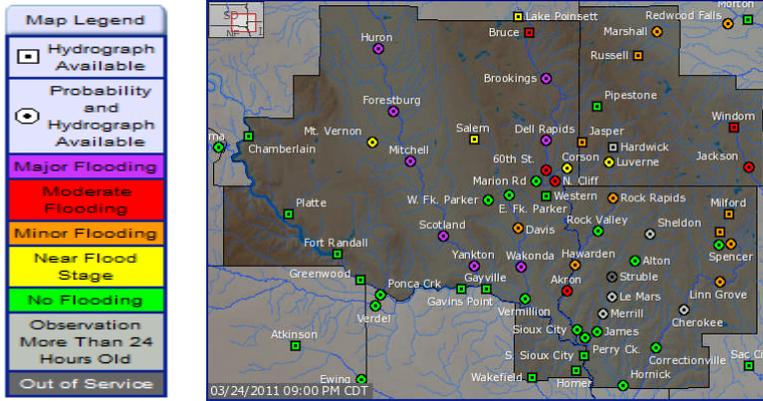
Lean Hog futures closed higher into 2012 contracts closing at the upper end of this weeks trading range. Market action has been sideways this week with traders evening up ahead of the quarterly Hog and Pig report that will be released Friday afternoon. Analysts estimates average 100% for All Hogs and Pigs as of March 1, 99.8% Kept for Breeding, 99.9% Kept for Marketing. The Lean Hog Index settled at \$84.27 for March 22nd. The pork carcass was up 44 cents. Cash hogs were down \$0.07 in IA/MN at \$81.49, WCB hogs were \$0.75 lower at \$81.49 and ECB hogs were \$0.81 higher at \$81.71. Cash is \$9 below futures, seasonally wide. Pork trading was slow to moderate with light to moderate demand and offerings.

Cotton: Yesterday's Close: May 11 Cotton closed at 208.82, up 695 points, Jul 11 Cotton closed at 200.49, up 656 points Dec 11 Cotton closed at 127.81, up 114 points

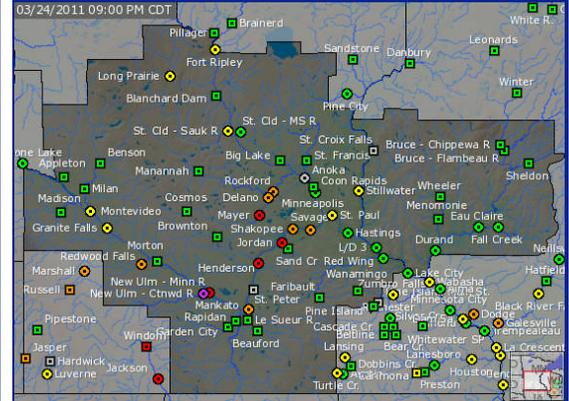
Cotton futures closed nearly limit higher after dabbling there earlier in the day on strong export sales, blowing past expectations and renewing concerns of tight supplies with persistent dryness in Texas, the producer of half of US cotton. Weekly export sales were 331,100 RB for 2010/11 delivery and net sales for 2011/12 were 213,800 RB. Reports are that China took 42.500 RB and Turkey was reported at 41,700 RB.

National Weather Service Flood Warnings

E South Dakota, NW Iowa, SW Minnesota

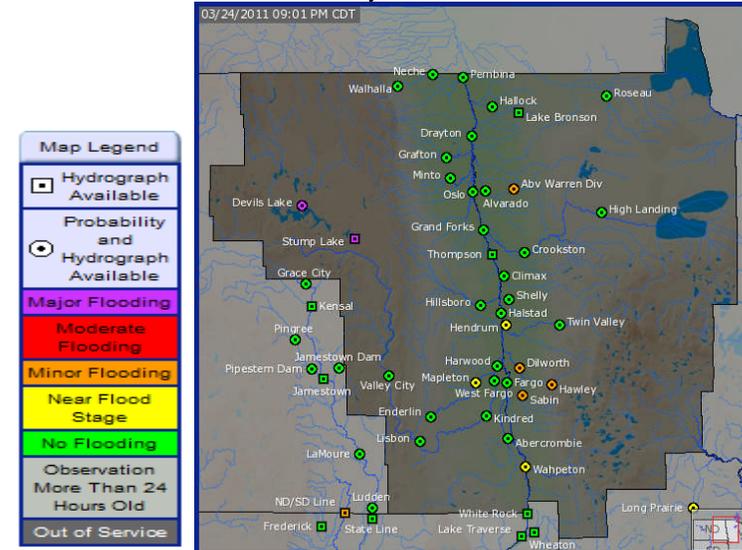


Southern Minnesota

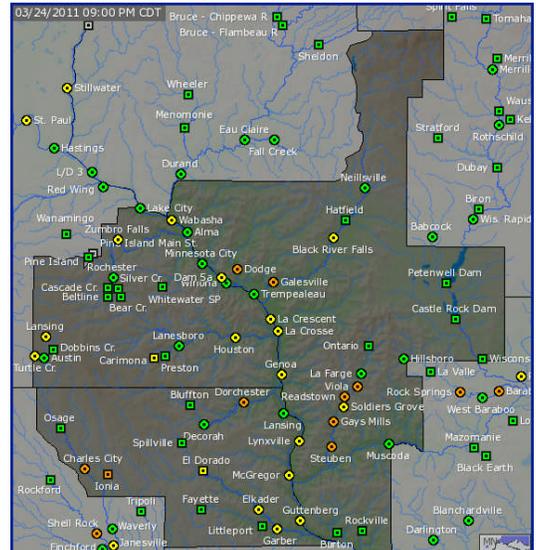


National Weather Service Flood Warnings

Red River Valley, E North Dakota, NW Minnesota

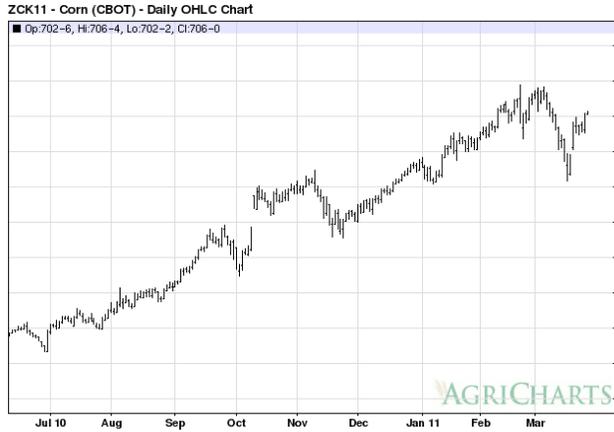


SE Minnesota, NE Iowa, SW Wisconsin



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May 11 Corn Daily Chart



Corn Weekly Chart



May 11 Soybean Daily Chart



Soybean Weekly Chart



May 11 Mpls Spring Wheat Daily Chart



Mpls Spring Wheat Weekly Chart



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