



MORNING COMMENTS

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Monday, March 28, 2011

Next USDA Reports: Thursday March 31, 2011 Grain Stocks and Prospective Plantings. Poll estimates later this week.

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.

USDA's quarterly Hogs and Pigs report, released Friday afternoon, contained estimates of March 1 U.S. hog and pig inventories that were modestly higher than one year ago and, for the most part, slightly higher than analysts' pre-report estimates.

Category	2010	2010	2010 as Pct of 2009	Pre-Report Estimates	Actual - Estimate
Inventories on March 11					
All hogs and pigs	63,568	63,964	100.6	100.0	0.6
Kept for breeding	5,760	5,788	100.5	99.8	0.7
Kept for market	57,808	58,176	100.6	99.9	0.7
Under 50 lbs.	18,757	18,898	100.8	100.7	0.1
50-119 lbs.	15,993	16,225	101.5	100.1	1.4
120-179 lbs.	12,307	12,309	100.0	99.5	0.5
180 lbs. and over	10,742	10,744	100.0	99.2	0.8
Farrowings ²					
Dec-Feb sows farrowed	2,872	2,856	99.4	99.2	0.2
Mar-May Intentions	2,929	2,854	97.4	98.6	-1.2
June-Aug Intentions	2,944	2,867	97.4	99.5	-2.1
Dec-Feb Pig Crop ¹	27,597	27,986	101.4	100.9	0.5
Dec-Feb pigs saved per litter	9.61	9.80	102.0	101.7	0.3

Market Talk: The quarterly stocks and prospective planting report will be released this Thursday. While most attention has been placed on acres, the number in the report than may get the most attention is corn stocks. There are indications that ethanol, exports, and feed uses have been overestimated since this marketing year began. Some analysts also believe last year's corn crop was underestimated, which could have a significant impact on current corn stocks.

So America: It is becoming apparent that trade may have underestimated Argentine grain production this growing season. The growing season in Argentina did start out dry, but late season rains greatly benefitted developing crops. These rains were especially beneficial for corn, as field scouts now believe Argentina's corn crop this year will be larger than a year ago. Losses are still expected to the soybean crop, but these have been trimmed as well.

Outside Markets:

U.S. Dollar Index	76.665	+0.180	+0.24%	Euro FX	1.40130	-0.00380	-0.27%	Ethanol Futures	Apr 11	2.504p	-0.011
CRB CCI Index	671.00p	+1.50	+0.22%	Canadian Dollar	1.02000	+0.00260	+0.26%	Gasoline RBOB (E)	Apr 11	3.0445p	-0.0003
Gold	1426.1p	-8.7	-0.61%	Japanese Yen	1.22420	-0.00470	-0.38%	Diesel Gulf (Ulsd)	Apr 11	3.1323s	-0.0057
Silver	36.450	-0.608	-1.64%	Australian Dollar	1.01610	+0.00050	+0.05%	Heating Oil (E)	Apr 11	3.0548p	-0.0072
DJIA	12170p	+54	+0.45%	Chinese Renminbi	0.152670p	+0.000170	+0.11%	Crude Oil Brent (E)	May 11	114.78	-0.81
S&P 500 Index	1310.90	+0.90	+0.07%	Mexican Peso	0.083500s	-0.000150	-0.18%	Natural Gas (E)	May 11	4.490s	+0.163
Nasdaq 100	2320.50	+3.50	+0.15%	1-Month Libor	99.7475p	0.0000	-	Polypropylene	Apr 11	0.7900s	0.0000
Russell 1000 Growth	599.60s	+2.50	+0.42%	T-Bond	120-01	-0-07	-0.18%	Polyethylene	Apr 11	0.6500p	0.0000
MSCI Emi Index	0.00	-1139.20	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Mar 11	1450.696p	+2.870
Nikkei 225	9450.00	+35.00	+0.37%	5-Year T-Note	118-280p	+0-25	+0.69%	Coal Futures	May 11	77.63p	+0.90
Brazilian Real	0.60395p	+0.00140	+0.23%	10-Year T-Note	118-305	-0-075	-0.2%	Uranium	Apr 11	61.00s	-1.00

Weather: Temperatures are expected to remain colder than normal across northern portions of Corn Belt and in the far northeast hard wheat area. The forecast calls for warmer than normal conditions to prevail in the far south hard wheat region. Elsewhere, temperatures will be warmer in advance of these storms and then cooling as they press eastward.

Central Illinois:

Central Iowa:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
mar 28	mar 29	mar 30	mar 31	apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	mar 28	mar 29	mar 30	mar 31	apr 01	apr 02	apr 03
43° 26°	46° 31°	44° 29°	47° 35°	55° 39°	56° 43°	62° 50°	59° 41°	51° 39°	55° 42°	43° 30°	40° 30°	50° 34°	44° 40°	57° 40°	62° 46°	71° 46°

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South Central Minnesota:														Central Nebraska:											
mon	tue	wed	thu	fri	sat	sun	mon	tue	wed	thu	fri	sat	sun	mon	tue	wed									
mar 28	mar 29	mar 30	mar 31	apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08	apr 09	apr 10	apr 11	apr 12	apr 13									
Sct Flurries	Snw Shwrs	AM Snw Shwrs	R/S Showers	P Cloudy	M Sunny	Showers	Showers	Showers	R/S Showers	Snw Shwrs	Rain/Snow	M Cloudy	AM Clouds	P Cloudy	P Cloudy	AM Clouds									
32°	20°	39°	21°	41°	29°	39°	31°	43°	28°	48°	39°	45°	35°	42°	33°	45°									
8-14 Day Temp							8-14 Day Precipitation							Current Radar											
<p>Corn: Morning: Mar 11 corn closed at \$6.90 ¼, up ¾ cents, July 11 Corn is at \$6.96 ¾, up 1 ¼ cents, Sept 11 Corn is at \$6.49 ¼, up 4 ½ cents, Dec 11 Corn closed at \$6.10 up ½ cents. Friday's Close: May 11 Corn closed at \$6.89 ½, down 13 cents, Jul 11 Corn closed at \$6.95 ½, down 12 ½ cents, Sep 11 Corn closed at \$6.44 ¾, down 13 ¾ cents Dec 11 Corn closed at \$6.09 ½, down 9 ¼ cents Corn futures closed lower on Friday but up 6 cents for the week. Corn initially traded higher on a confirmation of the sale of 1.25 MMT of corn for 2010/11 delivery and 250,000 MT for 2011/12 delivery. The trade is guessing that the corn sale is to China but the USDA reported the buyer as unknown. Now that the corn purchase announcement has been made the market will again turn its focus to next week's grain stocks and acreage report and weather conditions. 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, specific poll results later. Managed Money showed another weekly decrease in their net long corn position from the previous week, dropping 17,745 contracts.</p>																									
<p>Soybean Complex: Morning: May 11 Soybeans closed at \$13.66, up 7 ¾ cents, Jul 11 Soybeans closed at \$13.75, up 6 ½ cents, Sept 11 Soybeans closed at \$13.66 ¾, up 8 ½ cents, Nov 11 Soybeans closed at \$13.57 ¼, up 7 cents, Friday's Close: May 11 Soybeans closed at \$13.58 ¼, up 3 ¾ cents, Jul 11 Soybeans closed at \$13.68 ½, up 4 cents, Nov 11 Soybeans closed at \$13.50 ¼, up 6 ¾ cents, May 11 Soybean Meal closed at \$357.20, down \$2.60, May 11 Soybean Oil closed at \$56.84, up \$0.72 Soybean futures were able to hold Friday's positive price but closed down \$0.04 cents for the week on the old crop but up \$0.16 on the new crop. The market continues to offer incentive to the uncommitted acres by offering a better price for new crop soybeans. The corn/bean ratio ended the week at 2.216. U.S. export shipments remain seasonally diminished. The South American crop is coming into the pipeline, slowly because of the weather disruptions in Brazil which are expected to continue for another week. Argentina, however looks to be in the clear weather wise. 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., specific poll results later. Managed Money added to their net long in soybeans from the previous week, holding a net long position of 114,839 contracts as of Tuesday the reporting period. Cash basis levels were mostly steady to firm across the Midwest with farmer selling minimal.</p>																									
<p>Wheat: Morning: May 11 CBOT Wheat closed at \$7.35 ¾, up 2 ½ cents, May 11 MGEX Wheat is at \$8.88 ¾, up 7 ¾ cents Friday's Close: May 11 CBOT Wheat closed at \$7.33 ¼, down 6 ¼ cents, May 11 KCBT Wheat closed at \$8.55, up 1 ¾ cents, May 11 MGEX Wheat closed at \$8.81, down 2 ¼ cents Wheat futures closed mixed on Friday and up 10 to 14 cents for the week. Managed Money has been decreasing their net long in KC wheat over the past four weeks but the Index Funds have been increasing their net long over the past two weeks. Once the current weather system moves east, moisture for the Midwest and Northern Plains goes away for March 30 to April 3 allowing fields to dry up some. Below normal temperatures will blanket most of the country east of the Rockies. 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.</p>																									
<p>Cattle: Friday's Close: Apr 11 Cattle closed at \$118.60, up \$2.77, Jun 11 Cattle closed at \$117.75, up \$2.975, Aug 11 Cattle closed at \$119.25, up \$2.77, Mar 11 Feeder Cattle closed at \$131.90, up \$1.10 Apr 11 Feeder Cattle closed at \$134.85, up \$2.22 May 11 Feeder Cattle closed at \$137.05, up \$2.97 Cattle futures closed near limit higher for the day and up \$6.95 for the week. Most of the cash cattle business was done on Wednesday this week at \$113 to \$115. The last couple of days there have been scattered sales at \$115 to \$116.50 in the live in NE and \$190 to \$191 in the dressed. Export business was good last week and expected to be good this week. According to a Bloomberg report Japan has asked farmers to keep cows and cattle in barns barring them from grazing near the Fukushima nuclear plant. The concern over the possibility of contaminated foods may create demand from other sources. Japan's beef imports from the U.S. for 2011 have nearly doubled last year for the same reporting period. Total beef exports were at 157,300 MT for the week ending March 17th compared to 106,100 for the same week in 2010. Boxed beef prices have dropped \$1.59 since last Friday for Choice beef. Choice beef ended \$0.90 lower at \$185.92 and Select closed down \$0.44 at \$185.12 this afternoon.</p>																									
<p>Hogs: Friday's Close: Apr 11 Hogs closed at \$92.47, up \$2.15, May 11 Hogs closed at \$101.72, up \$2.12 Jun 11 Hogs closed at \$103.70, up</p>																									

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\$2.52

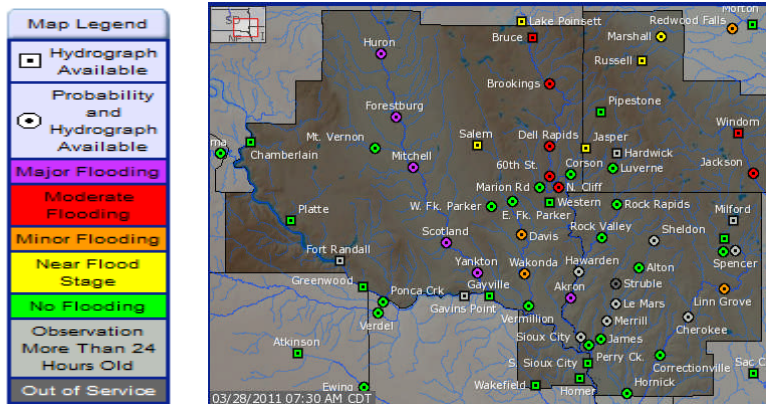
Lean Hog futures closed over \$2.00 higher on the day and up \$4.15 for the week. The July contract closed above the contract high. The Hog and Pig report is considered neutral to negative initially. Demand could alter the supply side fundamentals with all the events this past year for South Korea and Japan. All Hogs and Pigs as of March 1 came in at 100.6 with analysts average estimates at 100%. Kept for Breeding came in at 100.48% with analysts average estimate at 99.8%. Kept for Marketing came in at 100.63 with analysts average estimate at 99.8%. Pork trading was slow with light to moderate demand and offerings. The carcass was higher on the day and up \$0.97 for the week. Cash hogs in IA/MN were up \$3.02. The WCB was \$2.15 higher and the ECB was \$1.04 lower at the end of the day.

Cotton: Friday's Close: May 11 Cotton closed at 204.49, down 433 points, Jul 11 Cotton closed at 197.11, down 338 points Dec 11 Cotton closed at 127.92, up 11 points

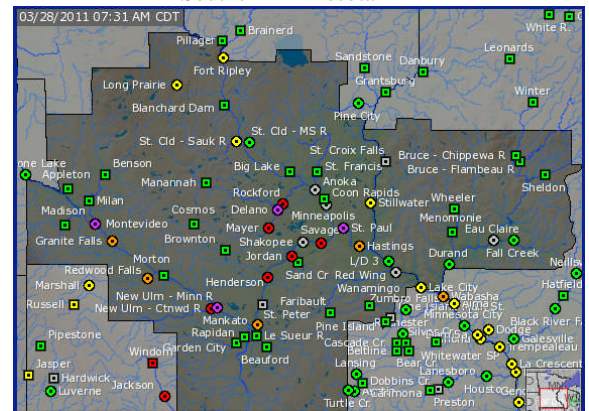
Cotton futures closed mixed after moving higher early in the session. Cotton was still up 537 points for the week. Cotton ginnings were reported at 18.1 million 480 pound bales in the 2010 marketing year compared to 12.17 in 2009 on the annual ginnings report. The USDA projected 2010/11 production at 18.32 million 480 pound bales. Index funds and Managed money were seen trimming net longs in the CFTC Disaggregated Futures and Options report as of Tuesday.

National Weather Service Flood Warnings At this point the worst flooding appears to be the eastern MN River as it approaches the Twin Cities, although the cold weather is thought to reduce the peak flood stage by as much as 1 foot. The worst flooding of the Red River is still thought to coming.

E South Dakota, NW Iowa, SW Minnesota

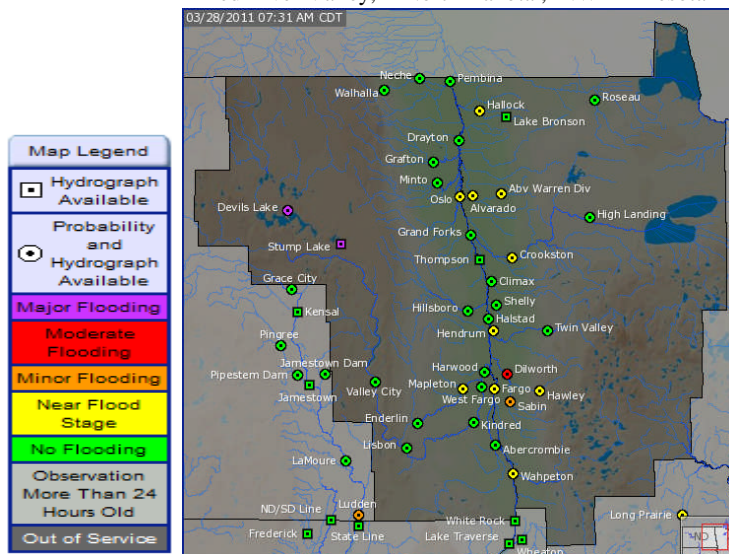


Southern Minnesota

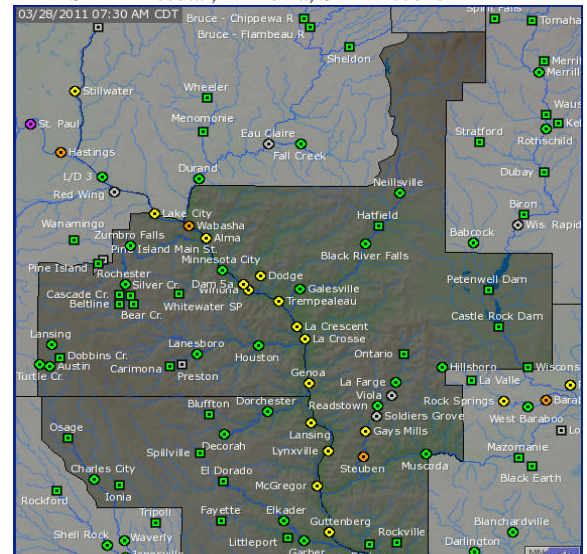


National Weather Service Flood Warnings

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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