



MORNING COMMENTS

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Wednesday, March 30, 2011

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

A survey of major market analysts indicates average planted acres estimates for planted corn area range from 91.0 to 92.6 million acres with an average estimate at 91.8 million acres. The average soybean acreage estimate is 76.7-76.9 million acres again depending on which service estimate is used. Spring seeding area estimates averaging 13.71 million acres with a range of 13.0-14.4 and compared to 13.7 yr-ago. and durum area estimates 2.55 million vs. 2.60 yr-ago, with total of all wheat at 57.3 million acres. Trade estimates for cotton planting intentions range from 12.8-13.5 million acres. These are very close to what the United States needs to satisfy grain demand.

Trade estimates for March 1 quarterly stocks range from 6.550 to 6.880 billion bushels with an average estimate at 6.690 billion. The average soybean quarterly stock estimate is somewhere in the 1.291-1.299 billion bushel range. Analysts' estimates averaged 1.399 billion bushel of wheat stocks with a range of 1.285-1.488 and compared to 1.356 yr-ago.

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.

Market Talk: Traders appear to be squaring up in anticipation of Thursday's reports. There continues to be a large amount of disagreement over actual grain exports this year, especially on corn. Export loadings of corn are up from a year ago, but are trailing projections, just the same as they did last year. This may not be from poor demand, but rather from the fact the United States is selling more corn products such as meat, Distiller Grain, and ethanol. This is a change in the traditional market structure that trade needs to start accounting for.

Talk from Washington continues to be that a vote may be coming soon to eliminate the Ethanol blenders credit this year. Soybean basis yesterday was down as much as 10 cents.

South America: Rains continued in most of Brazilian growing regions. Totals in RGDS and Santa Catarina and southern Parana were in the .25-1" range and then generally less than .50" fell up across areas to the north of Parana. Coverage in all of the Brazilian growing regions was around 75%. Dry weather again dominated the Argentine growing regions yesterday. Dry weather will dominate the Argentina growing regions through the next week to ten days. There is a chance for some isolated showers to occur, but totals look to be very light and scattered and will not interfere much with harvest activity.

Outside Markets:

U.S. Dollar Index	76.445	-0.057	-0.07%	Euro FX	1.40820	+0.00140	+0.1%	Ethanol Futures	Apr 11	2.492p	+0.007
CRB CCI Index	660.75p	-3.25	-0.49%	Canadian Dollar	1.02940	+0.00570	+0.56%	Gasoline RBOB (E)	May 11	3.0436p	+0.0160
Gold	1424.5	+8.3	+0.59%	Japanese Yen	1.20560	-0.00790	-0.65%	Diesel Gulf (Ulsd)	Apr 11	3.1158s	-0.0165
Silver	37.640	+0.656	+1.77%	Australian Dollar	1.02150	+0.00210	+0.21%	Heating Oil (E)	May 11	3.0573p	+0.0161
DJIA	12225p	+111	+0.92%	Chinese Renminbi	0.152570p	+0.000050	+0.03%	Crude Oil Brent (E)	May 11	115.16p	+0.36
S&P 500 Index	1322.30	+5.80	+0.44%	Mexican Peso	0.083625s	+0.000025	+0.03%	Natural Gas (E)	May 11	4.263s	-0.185
Nasdaq 100	2339.75	+17.25	+0.74%	1-Month Libor	99.7525p	+0.0050	+0.01%	Polypropylene	Apr 11	0.7900s	0.0000
Russell 1000 Growth	601.40s	+4.70	+0.79%	T-Bond	119-29	+0-05	+0.13%	Polyethylene	Apr 11	0.6500p	0.0000
MSCI Emi Index	1147.30p	+16.20	+1.43%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Mar 11	1452.435p	+1.261
Nikkei 225	9775.00	+265.00	+2.79%	5-Year T-Note	118-080p	-0-7.5	-0.31%	Coal Futures	May 11	76.20p	-0.90
Brazilian Real	0.60445p	+0.00210	+0.35%	10-Year T-Note	118-285	+0-040	+0.11%	Uranium	Apr 11	60.00s	-1.00

Weather: Some light rains in portions of the HRWW belt yesterday, mostly in KS, where totals of generally under .35" fell. However, a bit of light precipitation also fell into southern OK and north central TX, with totals of generally less than .10" there. The front has since moved to the OH River Valley with some light rains to those areas. Dry weather dominated the rest of the Plains and Midwest yesterday. Temps remained a bit below average in most of the HRWW belt and Midwest.

Central Illinois:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
mar 30	mar 31	apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08
AM Clouds	M Sunny	Showers	M Sunny	Few Showers	Few Showers	P Cloudy	Sunny	P Cloudy	P Cloudy
49° 28°	51° 35°	51° 34°	54° 42°	50° 44°	53° 35°	51° 35°	55° 42°	62° 43°	61° 42°

Central Iowa:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
mar 30	mar 31	apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08
M Sunny	R/S Showers	Showers/Wind	M Cloudy	Showers	M Cloudy	Sunny	Sunny	P Cloudy	P Cloudy
50° 34°	46° 39°	54° 37°	58° 45°	60° 41°	51° 34°	54° 38°	61° 43°	61° 43°	58° 41°

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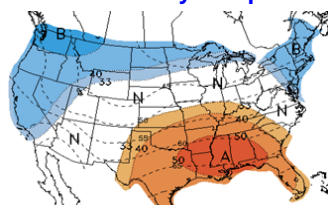
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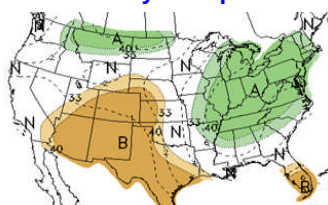
South Central Minnesota:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
mar 30	mar 31	apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08
M Sunny	R/S Showers	M Cldy/Wind	M Sunny	Showers	Snw Shwrs	P Cloudy	M Sunny	P Cloudy	Showers
43° 31°	43° 32°	44° 29°	48° 34°	40° 30°	39° 28°	46° 36°	51° 39°	49° 36°	46° 33°

8-14 Day Temp



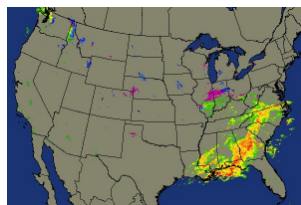
8-14 Day Precipitation



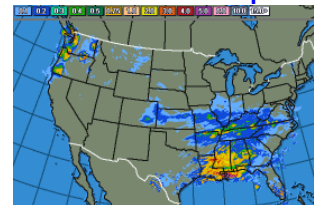
Central Nebraska:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
mar 30	mar 31	apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08
PM Showers	Showers	P Cldy/Wind	M Cloudy	M Cloudy	P Cldy/Wind	Sunny	Sunny	P Cloudy	P Cloudy
48° 35°	55° 38°	59° 35°	64° 44°	59° 37°	49° 31°	57° 38°	64° 41°	62° 42°	59° 38°

Current Radar



Last 24 hr Precip



Corn: Morning: Mar 11 corn closed at \$6.73, up 1 ¼ cents, July 11 Corn is at \$6.79 ½, up ¾ cents, Sept 11 Corn is at \$6.34 ¼, up 1 ¾ cents, Dec 11 Corn closed at \$6.03 ½, up 3 ¼ cents. Yesterday's Close: May 11 Corn closed at \$6.71 ¾, up ¾ cent, Jul 11 Corn closed at \$6.78 ¾, up ¾ cent, Sep 11 Corn closed at \$6.32 ½, up 1 ¼ cents Dec 11 Corn closed at \$6.00 ¼, up 3 ¼ cents. Corn futures closed slightly higher on both old and new crop on a classic turn around Tuesday after being down hard the past two trading sessions. Corn planting in LA is at 85% compared to the five year average of 68%, corn planting in TX is at 50% compared to the five year average of 48%. Many traders are moving to the sidelines ahead of Thursday's Grain Stocks and Acreage report. The average analyst outlook is for increased corn acres which the market needs to build stocks even if there are no weather problems this year but more critical if there are problems because of the limited stocks. Analysts are forecasting corn stocks as of March 1 at 6.69 billion bushels. Brazil weather continues to be wet but Argentina moisture is limited and harvest is progressing.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.64 ¾, up 3 ¼ cents, Jul 11 Soybeans closed at \$13.74 ¾, up 2 ½ cents, Sept 11 Soybeans closed at \$13.64 ¼, up 1 cent, Nov 11 Soybeans closed at \$13.57 ¼, up 3 cents. Yesterday's Close: May 11 Soybeans closed at \$13.61 ½, up 13 cents, Jul 11 Soybeans closed at \$13.72 ¼, up 13 cents, Nov 11 Soybeans closed at \$13.54 ¼, up 12 ¼ cents, May 11 Soybean Meal closed at \$358.60, up \$5.00, May 11 Soybean Oil closed at \$57.02, up \$0.49. Soybean futures closed higher on both old and new crop. Soybean stocks at select export elevators and terminals were down 370,000 bushels from the previous week. Cash soybean basis levels were firm at Midwest processors and elevators and weak at river points with farmers on the sidelines. Analysts on average are projecting soybean acres at 76.969 million down from 77.4 last year and soybean stocks as of March 1, at 1.295 billion bushels. If there are weather related planting problems soybeans could pick up more ground later in the spring. On the demand side China and the EU are expected to increase soybean imports from the U.S as wet weather in Brazil continues to challenge harvest progress. Good yields are making harvest delays in Brazil more palatable.

Wheat: Morning: May 11 CBOT Wheat closed at \$7.32, down 5 ¼ cents, May 11 MGEX Wheat is at \$8.92, up 3 ¾ cents. Yesterday's Close: May 11 CBOT Wheat closed at \$7.37 ¼, up 12 cents, May 11 KCBT Wheat closed at \$8.67, up 18 ½ cents, May 11 MGEX Wheat closed at \$8.88 ¼, up 13 ¼ cents. Wheat futures closed higher. Deteriorating crop conditions in major wheat growing areas are being credited for the rally. The HRW wheat crop in TX is rated 11% good/excellent and 62% poor/very poor with 2 percent of the crop headed versus the five year average of 6 percent. That compares to 14% good/excellent and 56% poor/very poor last week. Wheat stocks at select export elevators and terminals were down 701,000 bushels from the previous week. Cash basis levels are steady.

Cattle: Yesterday's Close: Apr 11 Cattle closed at \$118.37, up \$0.42, Jun 11 Cattle closed at \$117.90, up \$0.92, Aug 11 Cattle closed at \$119.20, up \$0.80, Mar 11 Feeder Cattle closed at \$132.70, up \$0.40 Apr 11 Feeder Cattle closed at \$135.70, up \$0.80 May 11 Feeder Cattle closed at \$137.57, up \$0.40. Cattle futures closed higher in pit trade and made new record highs in the electronic session this afternoon. April cattle hit \$120/cwt on strong cash making a new contract and historical high. There was cash business reported at \$196 in the dressed in NE this afternoon. Asking prices are at \$119 to \$120 on the live. Last week cash cattle prices moved higher as the market moved north, starting at \$113 in TX, \$114 in KS and \$115 in NE. Market ready cattle supplies are thought to be short continuing to support prices near term in TX and KS. Beef prices closed mixed. Choice beef was \$1.07 higher at \$187.47 and Select was down \$0.37 at \$185.01. Feeder cattle also closed higher. Feeder cattle at the Oklahoma City auction were \$1 to \$3 higher for steers and heifers on good demand for most classed.

Hogs: Yesterday's Close: Apr 11 Hogs closed at \$93.600, up \$1.000, May 11 Hogs closed at \$102.400, up \$0.525 Jun 11 Hogs closed at \$103.475, up \$0.225. Hog futures ended higher on the day with most of the gain on April, the spot month. The June contract made new contract highs by a nickel but closed on the lower end of the days range. The spread between April and June hogs is about \$10 in favor of the June contract and lean

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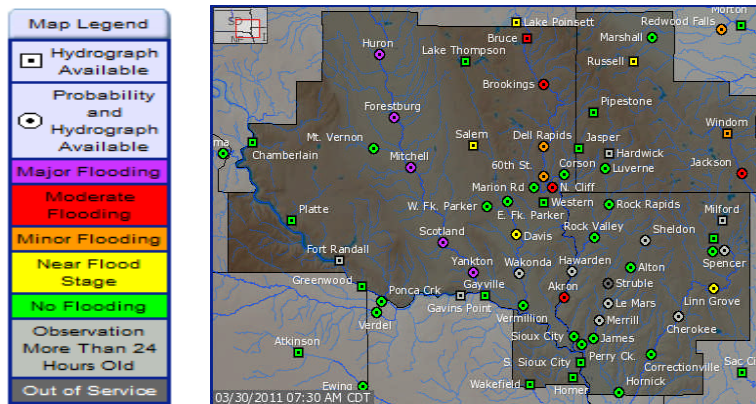
hog prices drop into the fall when compared to the summer months. April futures still have over an \$8 premium to the CME Lean Hog Index. The pork trade was moderate with mostly light to moderate demand and light to mostly moderate offerings. Hams ended the day lower and bellies were higher. Cash hogs were sharply higher closing up \$3.19 in IA/MN, \$2.99 in the WCB and up \$1.38 in the ECB.

Cotton: Yesterday's Close May 11 Cotton closed at 194.88, down 261 points, Jul 11 Cotton closed at 187.79, down 232 points Dec 11 Cotton closed at 124.97, up 52 points

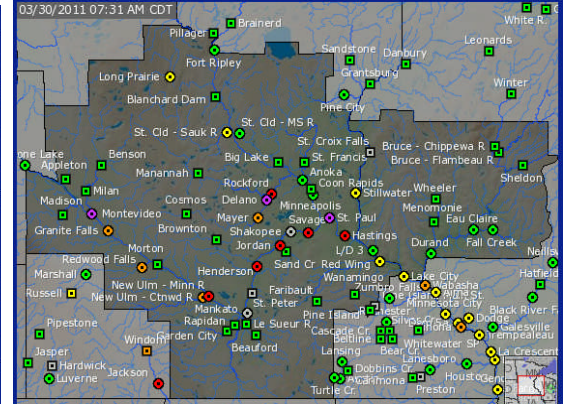
Cotton futures closed mixed with old crop lower and new crop slightly higher. USDA will give us the Planting Intentions for cotton as of March 1 on Thursday morning. Trade estimates range from 12.8-13.5 million acres. The USDA's last estimate was 13 million acres. Cotton planting in TX is at 8 percent compared to the five year average of 6%. The TX drought monitor is showing extreme drought in the east central and the west central portions of the state.

National Weather Service Flood Warnings

E South Dakota, NW Iowa, SW Minnesota

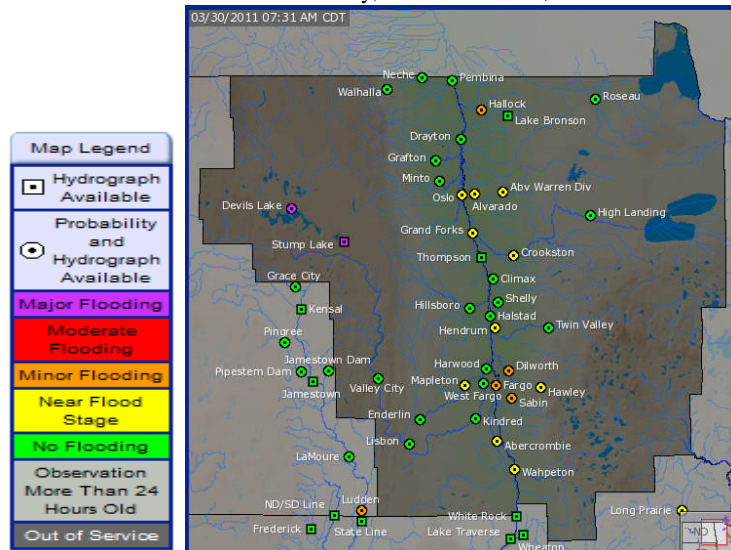


Southern Minnesota

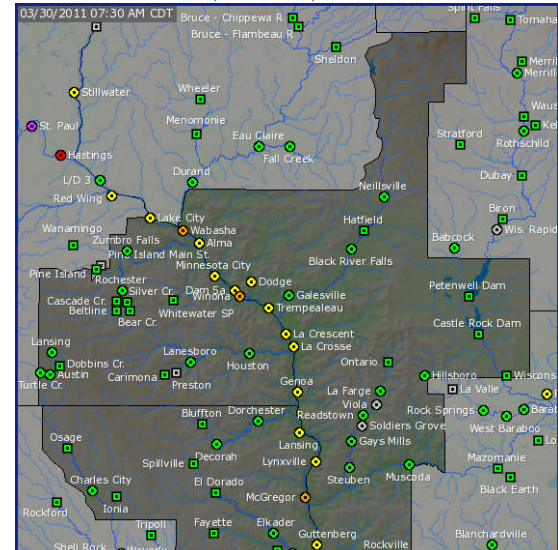


National Weather Service Flood Warnings

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

Op:672-2, Hi:675-0, Lo:671-4, Cl:673-0



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart

Op:600-0, Hi:605-0, Lo:598-4, Cl:603-4



May 11 Soybean Daily Chart

ZSK11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1362-0, Hi:1370-4, Lo:1359-6, Cl:1364-6



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1354-0, Hi:1361-0, Lo:1351-2, Cl:1357-2



May 11 Mpls Spring Wheat Daily Chart

MWK11 - Spring Wheat (MGEX) - Daily OHLC Chart

Op:887-0, Hi:892-6, Lo:887-0, Cl:890-6



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart

Op:902-6, Hi:908-0, Lo:902-6, Cl:904-4



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