Morning Comments

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Friday, April 1, 2011

Stocks Estimates & Planting Intentions - see yesterday's report for more details.

The corn stocks are 167 million bushels less than the average trade estimate. The soybean stocks are 51 million bushels less than the average trade estimate and 18 million below the lowest estimate. The wheat stocks are 26 million bushels above the average trade estimate.

	Mar 31	QTRLY USDA US Grain Stocks (in billions of bushels)			
	USDA Mar 11	Average Trade Est.	Range of Trade Est.	USDA Dec 10	USDA Mar 10
Corn	6.523	6.690	6.552-6.880	10.040	7.694
Soybeans	1.248	1.299	1.266-1.366	2.277	1.270
Wheat	1.425	1.399	1.275-1.488	1.928	1.356

USDA planted acres estimates are within the range of trade guesses. Watch to see if spring wheat acres migrate into soybean acres as beans offer potentially greater profits.

	2011	USDA Planting Intentions (in millions of acres)			
	USDA Mar 2011	Average Trade Est.	Range of Trade Est.	USDA Outlook	USDA 2010
Corn	92.178	91.839	91.000-92.600	92.000	88.192
Soybeans	76.609	76.870	75.000-78.500	78.000	77.407
All Wheat	58.021	57.289	56.000-58.400	57.000	53.603
Winter Wheat	41.229	41.104	40.200-40.900		37.335
Spring Wheat	14.427	13.728	13.000-14.310		13.698
Durum Wheat	2.365	2.552	2.400-2.800		2.570

In our early look S&D tables we have been using a corn planted acres estimate of 92.0 million acres or more for the 2011/12 crop since last summer. In the early look S&D tables for soybeans we have been using between 77.4-78.0 million acres and think that those acres could still be planted. For all wheat we had been using a planted acres estimate between 56.0 and 58.0 million acres in the early look, we feel that the odds favor less spring wheat and more soybeans that the planting intentions indicate.

Position Management: The table shows how the Model Farm is positioned at this time. Individual recommendations may vary.

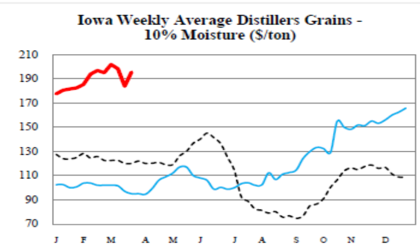
	2010 Crop	2011 Crop	2012 Crop
Corn	80% sold–20% basis open July	40% sold HTA	20% sold HTA
Soybeans	80% sold with basis set	40% sold HTA	12% sold HTA
Wheat	100% sold with basis set	50% sold HTA	none

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, April 8th , 2011 Crop Production and WASDE

Market Talk: Tighter corn stocks surprised the trade. However, we have noted that little evidence if any has indicated lower corn for feed usage by the livestock sector as most every segment (cattle, hogs, turkeys, and other poultry) appears to have been profitable with profits projected through much of the summer as feed needs appear to be mostly covered. Ethanol margins have been positive from either a net profit or full coverage of variable cost with almost complete coverage of fixed costs for most of the past year. Thus, the incentive has been for ethanol plants to run at high levels.

3/31/2011	Estmated MN Ethanol Crush Margins									
Month	Corn Futures Price/Bu.	Expected Basis / Bushel	Ethanol Futures CBOT	Revenue Ethanol	DDGS $/Ton	Total Revenue	Gross Margin Per Bushel	Operating and other costs / bu	Net Profit (loss) Per Bu	Net Profit (loss) Per Gallon
May	$ 6.93	$ (0.60)	$ 2.63	$ 7.36	$ 200.00	$ 9.11	$ 2.78	$ 2.10	$ 0.68	$ 0.24
July	$ 7.01	$ (0.58)	$ 2.61	$ 7.31	$ 200.00	$ 9.06	$ 2.63	$ 2.10	$ 0.53	$ 0.19
Sept	$ 6.55	$ (0.51)	$ 2.50	$ 7.00	$ 175.00	$ 8.53	$ 2.49	$ 2.10	$ 0.39	$ 0.14
Dec	$ 6.25	$ (0.70)	$ 2.39	$ 6.69	$ 165.00	$ 8.14	$ 2.59	$ 2.10	$ 0.49	$ 0.17
Mar	$ 6.35	$ (0.70)	$ 2.40	$ 6.72	$ 170.00	$ 8.21	$ 2.56	$ 2.10	$ 0.46	$ 0.16



Outside Markets:

U.S. Dollar Index	76.305	+0.233	+0.31%
CRB CCI Index	667.00s	+7.00	+1.06%
Gold	1431.0	-7.9	-0.55%
Silver	37.500	-0.372	-0.98%
DJIA	12252s	-34	-0.28%
S&P 500 Index	1322.80	+1.80	+0.14%
Nasdaq 100	2345.00	+8.75	+0.37%
Russell 1000 Growth	606.30s	+0.50	+0.08%
MSCI Emi Index	0.00	-1167.90	-100%
Nikkei 225	9765.00	+30.00	+0.31%
Brazilian Real	0.61415s	+0.00190	+0.31%

Euro FX	1.41410	-0.00400	-0.28%
Canadian Dollar	1.02940	-0.00120	-0.12%
Japanese Yen	1.19720	-0.00680	-0.56%
Australian Dollar	1.02390	-0.00340	-0.33%
Chinese Renminbi	0.152850s	+0.000200	+0.13%
Mexican Peso	0.084125s	+0.000275	+0.33%
1-Month Libor	99.7575p	0.0000	-
T-Bond	120-05	-0-01	-0.03%
3-Month T-Bill	99.2700s	0.0000	-
5-Year T-Note	117-7.5	-0-2.5	-0.51%
10-Year T-Note	118-260	-0-070	-0.18%

Ethanol Futures	Apr 11	2.656p	+0.180
Gasoline RBOB (E)	May 11	3.1077s	+0.0504
Diesel Gulf (Ulsd)	May 11	3.1758s	+0.0544
Heating Oil (E)	May 11	3.1125s	+0.0591
Crude Oil Brent (E)	May 11	117.36p	+2.23
Natural Gas (E)	May 11	4.389s	+0.034
Polypropylene	May 11	0.7800s	0.0000
Polyethylene	May 11	0.6500s	0.0000
Rme Biodiesel	Mar 11	1455.130s	+2.217
Coal Futures	May 11	77.75s	+1.42
Uranium	Apr 11	59.00s	0.00

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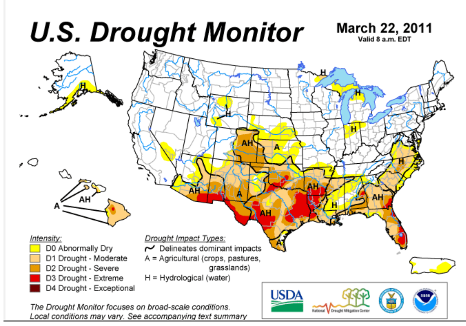
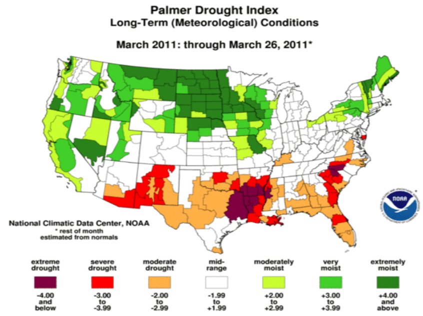
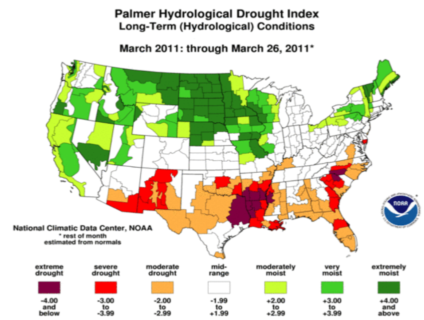
Drought Monitor & Index:







Weather: Cold and wet is the continued forecast for much of the Midwest. Rain is welcomed by most to help speed the thaw and take the frost out of the ground. An early planting is now out of the question. Corn planting in 2 weeks??? Doesn't look likely but then mother nature has surprised us in the past.

Central Illinois:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08	apr 09	apr 10
Showers	M Sunny	Sct T-Storms	Sct T-Storms	P Cloudy	P Cloudy	M Cloudy	Showers	P Cloudy	Showers
52°	57°	63°	62°	52°	58°	62°	61°	61°	60°
32°	39°	54°	39°	35°	40°	48°	46°	45°	42°

Central Iowa:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08	apr 09	apr 10
AM Clouds	P Cloudy	T-Showers	P Cloudy	P Cloudy	P Cloudy	M Cloudy	Showers	P Cloudy	Few Showers
56°	57°	60°	51°	50°	61°	68°	60°	58°	57°
35°	45°	47°	33°	39°	45°	47°	42°	44°	40°

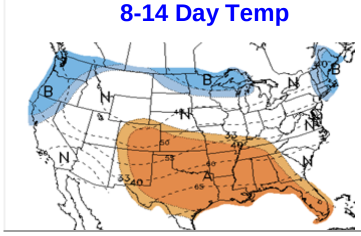
South Central Minnesota:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08	apr 09	apr 10
P Cloudy	P Cloudy	Rain/Snow	R/S Showers	P Cloudy	Sunny	M Cloudy	Showers	P Cloudy	R/S Showers
40°	48°	40°	39°	45°	50°	50°	47°	49°	43°
28°	33°	31°	26°	31°	33°	39°	35°	32°	32°

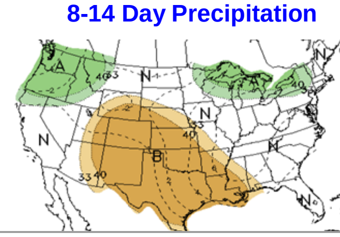
Central Nebraska:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
apr 01	apr 02	apr 03	apr 04	apr 05	apr 06	apr 07	apr 08	apr 09	apr 10
AM Showers	M Cloudy	Cloudy	Cloudy/Wind	P Cloudy	M Sunny	Cloudy	Showers	M Sunny	Showers
59°	59°	62°	46°	51°	67°	67°	61°	59°	56°
35°	45°	39°	30°	40°	44°	43°	40°	39°	38°

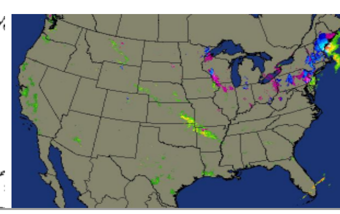
8-14 Day Temp



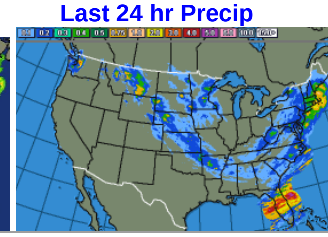
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



Corn: Morning: May 11 corn closed at $7.34 ¾ , up 41 ½ cents, July 11 Corn is at $7.41 , up 40 cents, Sept 11 Corn is at $6.75 ½ , up 20 ¼ cents, Dec 11 Corn closed at $6.33 ¾ , up 8 ½ cents.
Today's trade limit is 45 cents.
Yesterday's Close: May 11 Corn closed at $6.93 ¼ , up 30 cents, Jul 11 Corn closed at $7.01, up 30 cents, Sep 11 Corn closed at $6.55 ¼ , up 30 cents Dec 11 Corn closed at $6.25 ¼ , up 30 cents
Corn futures closed limit higher into 2012. A decrease in corn stocks on the quarterly grain stocks report surprised the trade that was looking for 160 million more bushels than what the USDA projects at 6.5228 billion bushels. USDA said that farmers intended to plant 92.2 million acres of corn as of March 1. Corn would need to yield an average of 159.7 bushels to the acre to maintain carry out levels into 2011/12. USDA weekly export sales were 1,919,900 MT, a marketing year high for 2010/11. Net sales for 2011/12 were 316,500 MT. Shipments were 1,020,000 MT. Ethanol finished 18 cents a gallon higher with crude oil up just over a nickel a gallon. Ethanol stocks for the week were steady at 20.1 million barrels.

Soybean Complex: Morning: May 11 Soybeans closed at $14.05 ¼ , down 5 cents, Jul 11 Soybeans closed at $14.15 ½, down 5 ½ cents , Sept 11 Soybeans closed at $14.01 ¾ , down 5 ½ cents, Nov 11 Soybeans closed at $13.89 ¼ , down 5 ½ cents,
Yesterday's Close: May 11 Soybeans closed at $14.10 ¼ , up 38 ¼ cents, Jul 11 Soybeans closed at $14.21, up 38 ¼ cents, Nov 11 Soybeans closed at $13.95, up 31 ½ cents, May 11 Soybean Meal closed at $370.70, up $10.20, May 11 Soybean Oil closed at $58.78, up $1.46
Soybean futures finished the day higher getting support from declining stocks and farmers saying they will plant less soybeans than the trade expected. Analysts on average were projecting soybean acreage intentions at 76.786 million. USDA put the number at 76.6. That compares to 77.4 million last year. Soybean stocks as of March 1 were estimated on average at 1.291 billion bushels. The USDA quarterly Grain

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Stocks report put the number at 1.2488 billion bushels. Of that total, 505 million was on farm and 743.9 million was off farm. A year ago farmers held 609.2 million bushels as of March 1. Weekly export sales were far below the trade estimates. USDA put the sales total for the week ending March 24 at 144,800 for 2010/11 and 113,000 for 2011/12 delivery. Shipments were 828,500 MT. Argentine soybean harvest has been moving forward with the clearing weather but is still behind a year ago. Rain amounts will vary over the next 7 days for Argentina.

Wheat: Morning: May 11 CBOT Wheat closed at $7.63 ½ , up ¼ cents, May 11 MGEX Wheat is at $9.25 ¼ , up 1 ½ cents
Yesterday's Close: May 11 CBOT Wheat closed at $7.63 ¼ , up 36 cents, May 11 KCBT Wheat closed at $9.08, up 46 cents, May 11 MGEX Wheat closed at $9.23 ¾ , up 37 ¾ cents.
Wheat futures rallied in conjunction with corn and soybeans on all three exchanges although the March 1 stocks number was on par with trade estimates. The average trade guess for March 1 wheat stocks was 1.4 billion bushels. USDA's Grain Stocks report put the figure in line with trade estimates at 1.424 billion bushels. Planting intentions were 58.021 million for all wheat, 14.427 million for other spring wheat and 2.365 million for durum. The average trade estimate for all wheat planted acres was 57.239 million acres, with the other spring wheat estimate at 13.708 million and durum at 2.555 million acres. All wheat intentions are up 8% from last year. The weekly export sales fell below the low end of guesses at 271,500 MT for 2010/11 and 138,000 MT for 2011/12 delivery. Export shipments were 888,400 MT.

Cattle: Yesterday's Close: Apr 11 Cattle closed at $121.55, up $1.000, Jun 11 Cattle closed at $120.97, up $1.400, Aug 11 Cattle closed at $122.17, up $1.875, Mar 11 Feeder Cattle closed at $134.02, up $0.47 Apr 11 Feeder Cattle closed at $137.80, up $0.32 May 11 Feeder Cattle closed at $139.37, up $0.57
Cattle futures closed sharply higher across the board with the fall months closing over $2.00 higher. Is the air thinning at this altitude? Futures once again made new contract and historical highs today with cash business the driver and continued export demand in the sidecar. Weekly beef export sales for the week ending March 24 were 15,300 MT according to USDA. Cash trade was light today. Cattle in NE sold for $124 in the live and $200 in the dressed yesterday. TX and KS cattle sold for $120 to $121 on average. Boxed beef prices were up this afternoon. Choice beef was up $0.23 at $188.41 and Select was up $0.31 at $185.22. The temporary tightness in ready cattle numbers, seasonally reduced weights that are still 6 pounds lighter than a year ago as producers are encouraged to move cattle by higher corn prices and packer demand to fill orders have driven cash and futures historically higher.

Hogs: Yesterday's Close: Apr 11 Hogs closed at $93.72, up $0.17, May 11 Hogs closed at $103.07, up $0.57 Jun 11 Hogs closed at $103.87, up $0.72
Hog futures closed higher along with the other ag commodities today and were also up for 5% for the month and 17% for the quarter. Although hog numbers appear to be adequate near term the perception is that with corn prices continuing the upward momentum there will be no expansion in the herd and supplies will be tight in the summer. In other words high priced corn equals high priced hogs. U.S. pork exports are expected to increase 94,000 MT over last year and demand for pork is good right now. Today's pork trade was slow to moderate on higher carcass prices. Cash hog prices were up $1.76 in IA/MN at 87.54, up $2.14 in the WCB at $87.82 and $0.80 lower in the ECB at $86.87. The Lean Hog Index was up $1.09 as of March 29th from the previous day at 87.21.

Cotton: Yesterday's Close: May 11 Cotton closed at 200.23, up 656 points, Jul 11 Cotton closed at 192.9, up 605 points Dec 11 Cotton closed at 132.5, up 700 points
Cotton futures closed limit up on new crop and near limit on old crop on very high volume. This morning USDA reported farmers intend to plant 12.56 million acres of cotton the largest number of cotton acres since 2005. The average trade estimate for U.S. cotton planting was 13 million acres for 2011. Global plantings are sharply higher, from Brazil to China to help offset world demand. The average trade guesses for the weekly USDA export sales report were 150-220K RB. USDA put the actual exports at a net reduction for 2011/12 of 32,500 RB and 309,400 RB for 2011/12 for upland which combined were above the high end of trade estimates. Pima sales were reduced 6,400 RB for 2010/11 and net sales were at 8,500 RB for 2011/12 delivery.

MN Dept of Ag Budget: Cuts appear to be judicious as the department budget is just ½ of 1% of the state budget. It does call for the last of the State Ethanol Producers credit payments to be made this year. This has been a long lived program that was originally set to expire in 1998 after a 10 year payout that was designed to help reduce the risk of building the first few unproven corn ethanol plants.

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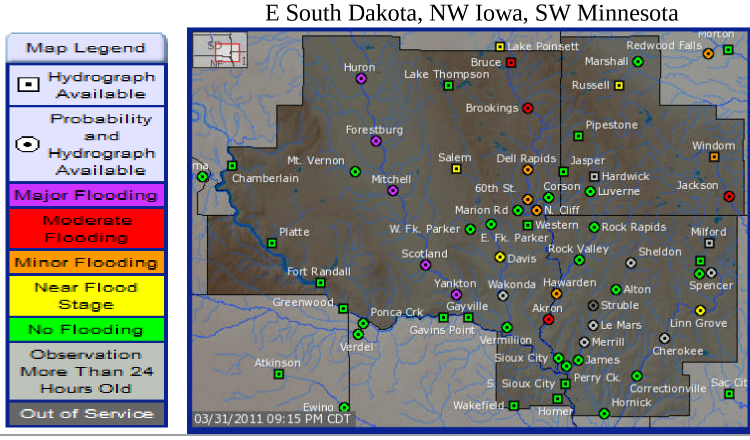
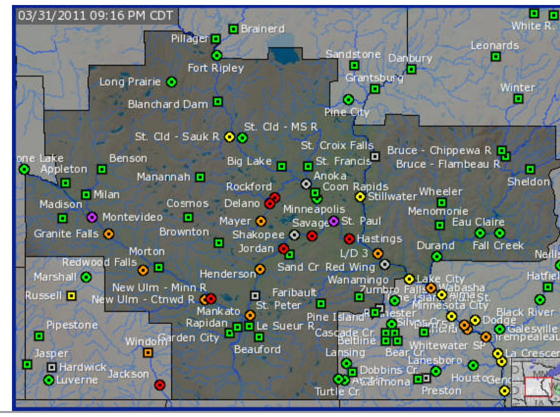
National Weather Service Flood Warnings Flood watching on the pedestrian suspension bridge over the MN River in Granite Falls will provide an up close feel to the rushing water which is just 1 foot below the bridge. Yes, the bridge remains open for tourists and on lookers as downtown Granite Falls has not flooded. Nothing is quite like feeling that roar of rushing water just below your feet. Last week's crest was just below last year's crests, a second crest is expect at a later date.

E South Dakota, NW Iowa, SW Minnesota

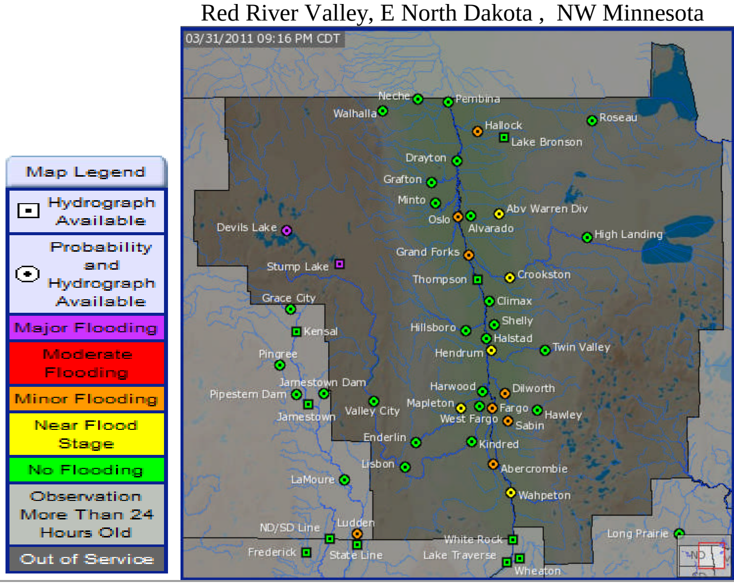


Southern Minnesota

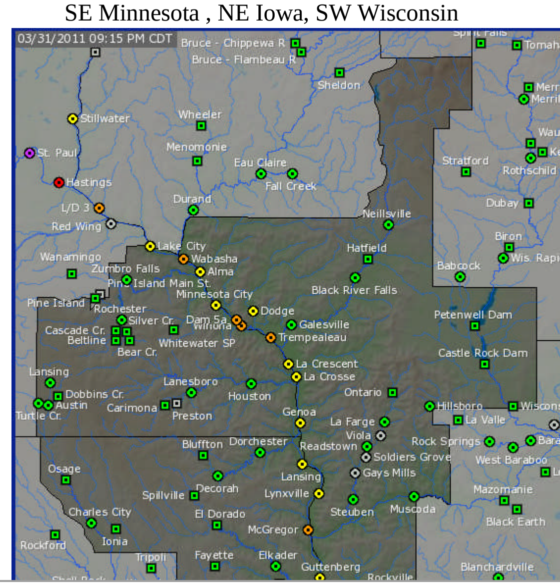


National Weather Service Flood Warnings.

Red River Valley, E North Dakota , NW Minnesota



SE Minnesota , NE Iowa, SW Wisconsin



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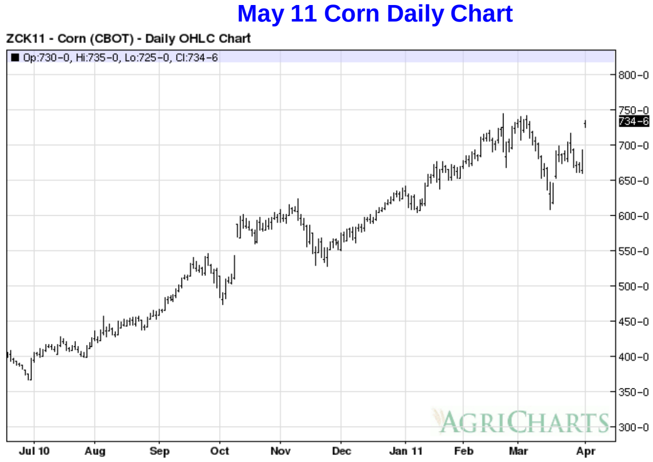
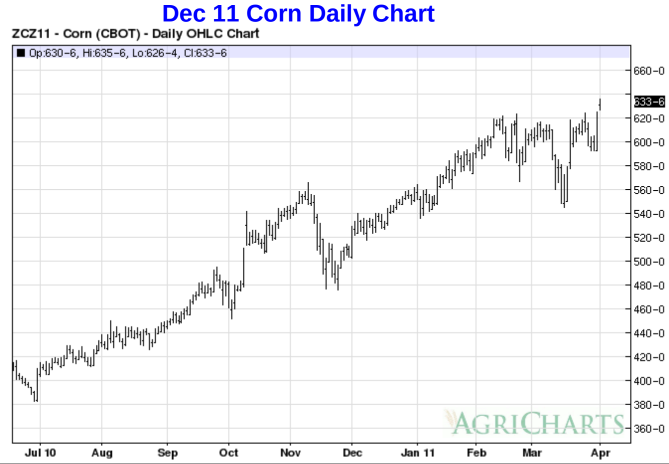
May 11 Corn Daily Chart

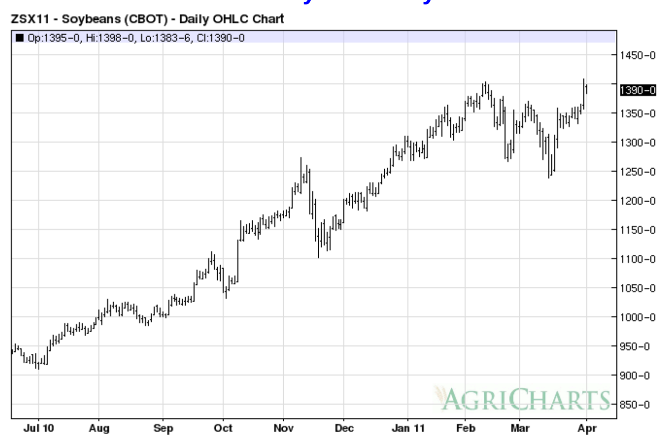


Dec 11 Corn Daily Chart

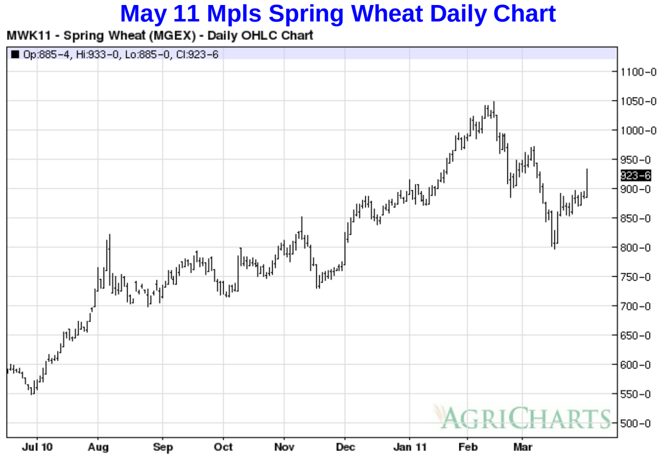


May 11 Soybean Daily Chart

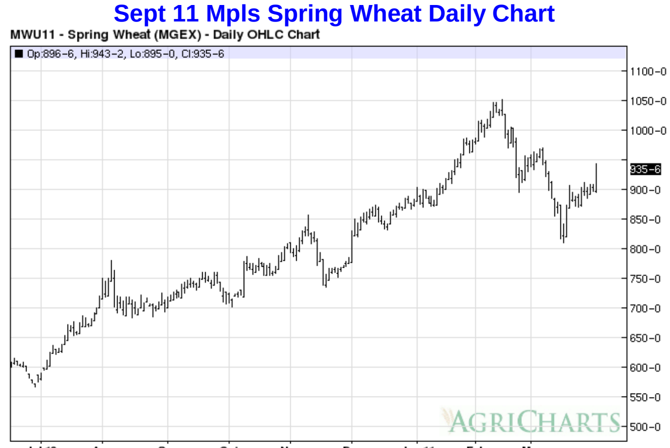
Nov 11 Soybean Daily Chart



May 11 Mpls Spring Wheat Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart



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