



MORNING COMMENTS

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Monday, April 11, 2011

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 price target of near \$16.00 soybeans. Recent high of \$14.55 was made on Feb 9th.

What to watch: For July corn HTA's we watching the basis to set it on the 20% that is open. We are targeting the time frame when planting is in full swing to potentially set the basis. Old crop corn is estimated to have unprecedented tight stocks and it is expected that the market needs to work higher, some think \$8.00 to \$8.50 is going to be necessary to slow usage. Soybeans prices are being tempered from South American new soybean stocks being available and the final supply is still somewhat up in the air but it is a good crop. New crop corn & soybeans have set new rally high's in anticipation of continued tightness of the 2011/12 S&D.

Sales thoughts: We will use this rally to add to new crop sales stay tuned. **Dec 11 corn has a prior top at \$6.60, last night's high was \$6.58. We are watching to see if this can be taken out or if we should use it as a resistance and sales point. Possible key reversal is shaping up on the chart, this can be a change in direction indicator.**

Next USDA Reports: Thursday April 21, 2011 Cattle on Feed & Cold Storage
Wednesday May 11, 2011 WASDE & Crop Production

Market Talk: Now that this report is out of the way, trade interest will turn back to weather and planting reports. There are still concerns in the market that planting will be delayed across much of the Corn Belt, even though it is early in the season.

The United States is starting to see heavier competition in the world market on soybean sales. South America's harvest has progressed to a point that more soybeans are becoming available at a sharp discount to U.S. offerings. This comes at the same time Chinese crushers are suffering from negative margins and have started to delay soybean deliveries and make cancellations. Heavier competition in the world market from alternative feed products such as distiller grain is also reducing soybean usage.

Not only is U.S. soybean demand being rationed in the world market, but domestically as well. Eastern Corn Belt soybean crushers in the United States have been slowing operations for the past several weeks, and some are now idling plants altogether. Normally this would have a bullish impact on the soybean complex, but increased availability of DDGs and high soy meal and oil inventories is limiting its impact.

There are also concerns that the United States may lose export business from grain availability. It is proven that a buyer will turn away from a market, regardless of price, if they feel the commodity will not be delivered in a timely manner. We have seen this happen several times in Brazil when port congestion delays their exports.

South America: Dry weather dominated most of the South American growing regions over the weekend, the exception being a few showers of generally less than .25" to Mato Grosso, Goias and Minas Gerais. Temps were in the 70's in Argentina, with 70's and 80's in most of the Brazilian growing regions. Weather for harvest should be generally favorable for the next 7-10 days in both Brazil and Argentina.

Seeking Changes in the Tax Code — Minnesota Senator Amy Klobuchar, Michigan Senator Debbie Stabenow, and Kansas Senators Pat Roberts and Jerry Moran have introduced legislation to simplify the tax code for farmers. This proposal would permanently set a five-year depreciation schedule for agricultural equipment. This change would put agriculture on equal footing with the depreciation schedule for construction equipment.

Mosaic Profits Increase — Higher prices for phosphate and potash offset a drop in volume, helping Mosaic Company post a better than expected third quarter profit. Mosaic earned \$542 million in the third quarter, up 143 percent from the same period last year. Phosphate sales were helped by a 62 percent price increase.

Outside Markets:

U.S. Dollar Index	75.200	-0.073	-0.1%	Euro FX	1.44300	+0.00160	+0.11%	Ethanol Futures	May 11	2.726p	+0.032
CRB CCI Index	674.00s	+6.00	+0.9%	Canadian Dollar	1.04360	+0.00080	+0.08%	Gasoline RBOB (E)	May 11	3.2607p	+0.0742
Gold	1475.5	+2.1	+0.14%	Japanese Yen	1.18040	+0.00110	+0.09%	Diesel Gulf (Ulsd)	May 11	3.3794s	+0.0998
Silver	40.970	+0.370	+0.91%	Australian Dollar	1.04720	+0.00350	+0.34%	Heating Oil (E)	May 11	3.3197p	+0.1137
DJIA	12326p	-25	-0.2%	Chinese Renminbi	0.153150p	+0.000180	+0.12%	Crude Oil Brent (E)	May 11	127.00	+0.35
S&P 500 Index	1325.60	+1.80	+0.14%	Mexican Peso	0.085200s	+0.000300	+0.35%	Natural Gas (E)	May 11	4.041s	-0.016
Nasdaq 100	2327.00	+9.00	+0.39%	1-Month Libor	99.7875p	+0.0075	+0.01%	Polypropylene	May 11	0.8500s	+0.0100
Russell 1000 Growth	605.90s	-2.80	-0.46%	T-Bond	118-03	-0.14	-0.37%	Polyethylene	May 11	0.6400p	-0.0025
MSCI Emi Index	0.00	-1206.00	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Apr 11	1505.000p	+3.000
Nikkei 225	9735.00	+5.00	+0.05%	5-Year T-Note	116-250	-0.25	-0.3%	Coal Futures	May 11	75.05p	+0.92
Brazilian Real	0.63430p	+0.00370	+0.59%	10-Year T-Note	118-055	-0.065	-0.17%	Uranium	Apr 11	59.00s	0.00

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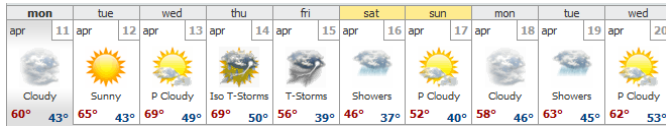
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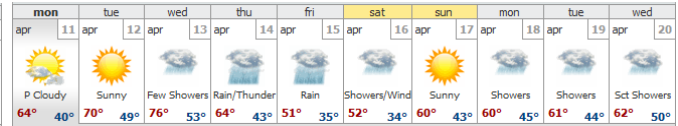
Monday, April 11, 2011

Weather: Locally we received 1.6" of rainfall over Saturday night with temps in the low 60's on Sunday. Several systems are indicated to track through the Plains and Midwest in the next week to ten days. None of these systems is currently indicated to bring much precip to most of KS, OK and TX. Each of these systems do look to bring fairly widespread precipitation to the northern Plains and most of the Midwest. Report this morning of no precip over the weekend in the Cedar Rapids IA area as rains split around them. NW IA had light rains. Fertilizing taking place in many regions of IA.

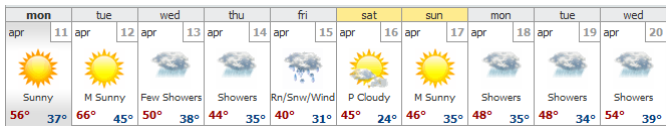
Central Illinois:



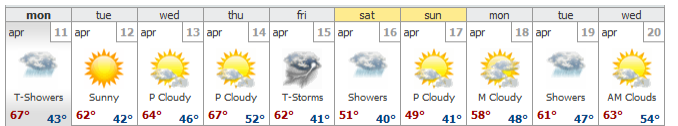
Central Iowa:



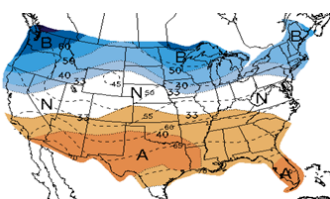
South Central Minnesota:



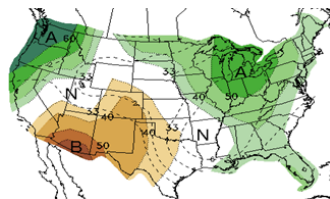
Central Nebraska:



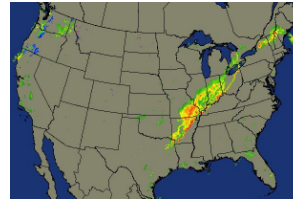
8-14 Day Temp



8-14 Day Precipitation



Current Radar



Last 24 hr Precip



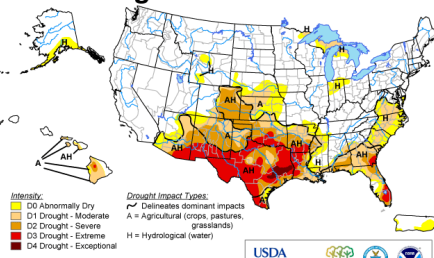
Official Weather Station -2011

SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

	Monday, April 4	Tuesday, April 5	Wednesday, April 6
Air Temperature	Max = 55; Min = 33	Max = 43; Min = 28	Max = 60; Min = 30
Soil Temperature			
2 inch	Max = 54; Min = 39; Ave = 46	Max = 48; Min = 34; Ave = 41	Max = 54; Min = 34; Ave = 44
4 inch	Max = 47; Min = 38; Ave = 42	Max = 44; Min = 34; Ave = 39	Max = 48; Min = 34; Ave = 41
8 inch	Max = 43; Min = 38; Ave = 41	Max = 41; Min = 36; Ave = 39	Max = 43; Min = 36; Ave = 39

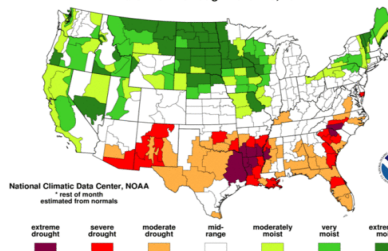
U.S. Drought Monitor

April 5, 2011
Valid 8 a.m. EDT



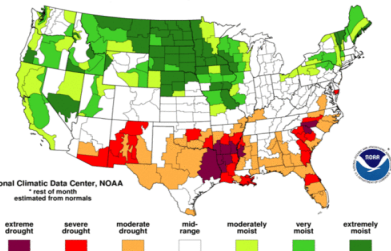
Palmer Drought Index Long-Term (Meteorological) Conditions

March 2011: through March 26, 2011*



Palmer Hydrological Drought Index Long-Term (Hydrological) Conditions

March 2011: through March 26, 2011*



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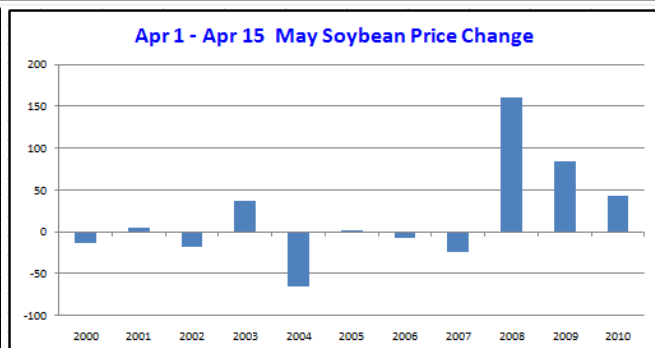
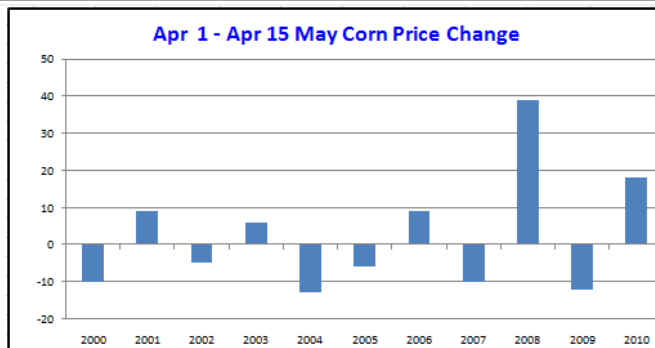
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Corn: Morning: May 11 corn closed at \$7.69 $\frac{3}{4}$, up 1 $\frac{3}{4}$ cents, July 11 Corn is at \$7.75 $\frac{1}{4}$, up 1 $\frac{1}{4}$ cents, Sept 11 Corn is at \$7.09, down 2 cents, Dec 11 Corn closed at \$6.49 $\frac{1}{2}$, down 3 $\frac{1}{2}$ cents.

Friday's Close: May 11 Corn closed at \$7.68, up 9 cents, Jul 11 Corn closed at \$7.74, up 7 $\frac{3}{4}$ cents, Sep 11 Corn closed at \$7.11, up 9 cents Dec 11 Corn closed at \$6.53, up 8 $\frac{3}{4}$ cents

Corn started lower and then shrugged off an 80 million bushel ending stocks surprise from the USDA to end higher. Corn ended up 32 cents higher for the week, or 4.35%. A sharply lower dollar and higher crude oil were supportive, keeping the commodity inflation buyers in the market. The budget still has not passed and the government is slated to shutdown tonight with one bank stating that they will downgrade the US AAA debt rating if that happens. The trade was looking for USDA to show 2010/11 ending stocks at 595 million bushels. USDA's actual figure this morning was unchanged at 675. Feed use was lowered 50 million bushels and ethanol was increased 50. The gap between low quarterly stocks and unchanged ending stocks is because USDA expects large scale wheat feeding in the 3rd and 4th quarters due to low wheat prices relative to corn. USDA lowered South African corn production by 500 TMT and increased Chinese imports and feed use for a net decrease in Chinese stocks of 1.4 MMT. The CFTC Disaggregated Futures and Options Report showed Managed money adding net longs as of Tuesday.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.81 $\frac{3}{4}$, dn 10 $\frac{1}{2}$ cents, Jul 11 Soybeans closed at \$13.93 dn 10 $\frac{3}{4}$ cents, Sept 11 Soybeans closed at \$13.92, down 9 cents, Nov 11 Soybeans closed at \$13.85 $\frac{1}{2}$, down 10 $\frac{3}{4}$ cents, Friday's Close: May 11 Soybeans closed at \$13.92 $\frac{1}{4}$, up 28 $\frac{3}{4}$ cents, Jul 11 Soybeans closed at \$14.03 $\frac{3}{4}$, up 28 $\frac{1}{4}$ cents, Nov 11 Soybeans closed at \$13.96, up 30 $\frac{1}{2}$ cents, May 11 Soybean Meal closed at \$357.20, up \$6.30, May 11 Soybean Oil closed at \$59.77, up \$1.45

Soybean futures closed much higher with support from higher crude and a lower dollar. Soybeans were down 2 cents or .11% for the week, meal was down \$3.70 or 1.03%, while oil was up \$1.09 or 1.86%. Friday morning, the USDA put Brazilian bean production at 72 MMT and Argentina unchanged at 49.5 MMT. The average trade estimate for USDA soybean ending stocks was 136 million bushels, down 4 million from last month. USDA put ending stocks at 140, decreasing exports and crush slightly, but increasing residual for a net of unchanged stocks. The CFTC Disaggregated Futures and Options Report showed Managed Money (big specs and funds) adding net longs as of Tuesday.

Wheat: Morning: May 11 CBOT Wheat closed at \$7.94 $\frac{3}{4}$, down 2 $\frac{3}{4}$ cents, May 11 MGEX Wheat is at \$9.43, down 10 $\frac{1}{4}$ cents

Friday's Close: May 11 CBOT Wheat closed at \$7.97 $\frac{1}{2}$, up 24 $\frac{1}{4}$ cents, May 11 KCBT Wheat closed at \$9.32 $\frac{3}{4}$, up 10 cents, May 11 MGEX Wheat closed at \$9.53 $\frac{1}{4}$, up 12 $\frac{1}{2}$ cents

Wheat finished much higher with CBOT wheat leading from the cheap wheat feeding story and the other two exchanges following. Most of that assumed feeding would be new crop wheat, however, as USDA left old crop feed wheat use UNCH. CBOT Wheat was 38 cents or 5% higher, KCBT 26 cents higher or 2.9% and MGEX 31 cents higher or 3.33%. The trade was looking for USDA to raise the projected June 1 ending stocks to 857 million bushels. USDA caught the trade off guard and put it lower at 839 million bushels. The CFTC Disaggregated Futures and Options Report showed Managed money adding net longs as of Tuesday for CBOT and KCBT.

Cattle: Friday's Close: Apr 11 Cattle closed at \$118.82, down \$1.07, Jun 11 Cattle closed at \$116.95, down \$0.70, Aug 11 Cattle closed at \$118.67, down \$0.40, Apr 11 Feeder Cattle closed at \$134.60, down \$0.52 May 11 Feeder Cattle closed at \$135.50, down \$0.22 Aug 11 Feeder Cattle closed at \$138.55, down \$0.50

Cattle futures closed lower again today. Live Cattle were down \$3.25 for the week or 2.66% and feeders were down \$3.50 or 2.53%. Most of the cash trade Thursday was in NE at \$194-198. Choice beef boxes were quoted at \$190.59 on Friday afternoon, down 34 cents. Select was up 25 cents at \$187.26. Friday morning's meat S&D report, USDA increased projected beef production for 2011 by 20 million pounds. The CFTC Disaggregated Futures and Options Report showed Managed money adding net longs as of Tuesday for live and feeder cattle.

Hogs: Friday's Close: Apr 11 Hogs closed at \$93.15, up \$0.40, May 11 Hogs closed at \$100.97, up \$0.52 Jun 11 Hogs closed at \$100.65, up \$0.55

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Hog futures closed mildly higher. Hogs were \$1.07 lower for the week or 1.14%. April continues to converge with the CME index, which rose to \$91.03. The pork cutout value was \$.32 higher. Friday morning's meat S&D report, USDA increased projected pork production for 2011 by 30 million pounds and decreased broilers by 25 million. Cash hogs were \$.07 higher in the ECB, \$1.08 higher in the WCB and \$1.53 higher in IA/MN. The CFTC Disaggregated Futures and Options Report showed Managed money adding net longs in the reporting week ending April 5.

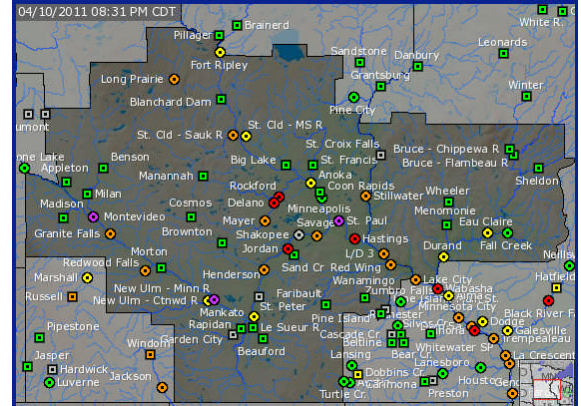
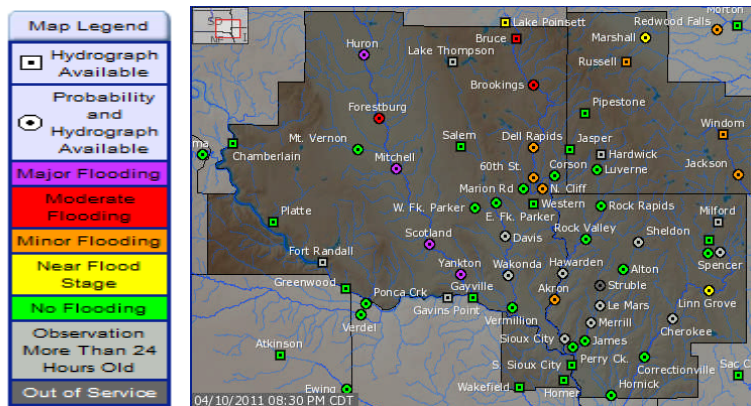
Cotton: Friday's Close: May 11 Cotton closed at 202.97, down 525 points, Jul 11 Cotton closed at 189.9, down 467 points Dec 11 Cotton closed at 138.08, up 14 points

Cotton futures closed lower on old crop with new crop slightly higher on sell the fact type behavior. Cotton was still up 742 points for the week or 3.79%. USDA put old crop cotton ending stocks at 1.6 million bales vs. 1.9 in their March estimate. They changed the average cash price estimate to 82.5 cents. Old crop 2010 production was lowered 220K bales due to updated ginning data. Global ending stocks are seen tighter than last month at 41.55 million bales.

National Weather Service Flood Warnings

E South Dakota, NW Iowa, SW Minnesota

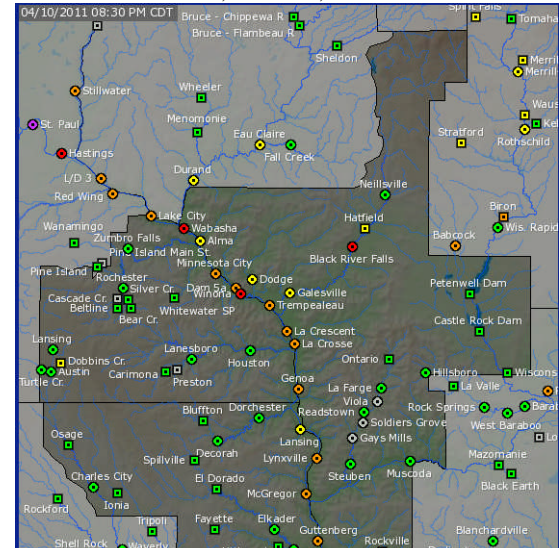
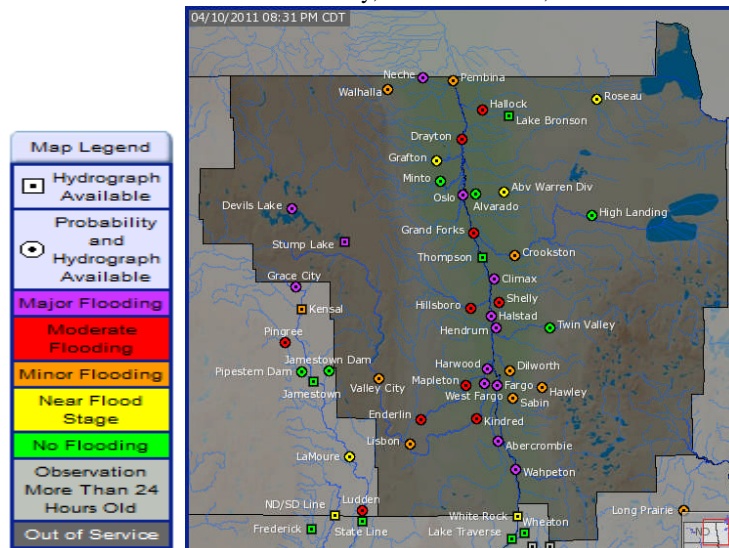
Southern Minnesota



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



Weekly Corn Chart

ZC - Corn (CBOT) - Weekly OHLC Chart



May 11 Soybean Daily Chart

ZSK11 - Soybeans (CBOT) - Daily OHLC Chart



Weekly Soybean Chart

ZS - Soybeans (CBOT) - Weekly OHLC Chart



May 11 Mpls Spring Wheat Daily Chart

MWK11 - Spring Wheat (MGEX) - Daily OHLC Chart



Sept 11 Mpls Spring Wheat Daily Chart

MW - Spring Wheat (MGEX) - Weekly OHLC Chart



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