



MORNING COMMENTS

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Wednesday, April 13, 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 had a prior top at \$6.60, Monday 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.**

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

Market Talk: China cancelled 3 cargos of soybeans yesterday and appear to be trying to cancel or defer up to 10 more cargos. China is reported to be offering 3 mmt of soybeans out of their domestic reserve with the goal to counter food inflation. Poor crush margins also weighing in on the decision to cancel or defer cargos. The cancelled cargoes amount to around 150,000-180,000 tonnes, a tiny part of China's monthly imports of around 3 to 5 million tonnes.

Yesterday Goldman Sachs, a Long-term commodity bull Goldman advised its clients to take profits as there is a strong chance that commodity prices may reverse. The Reuters/Jefferies CRB index has gained nearly 10 percent since the start of 2011, and is up 66 percent in the past two years on a mix of easy money and surging demand from China. Concern however has grown that rising commodity prices are hurting demand prospects. Goldman Sachs noted "nascent signs of oil demand destruction in the United States" that could drag prices down.

Corn, soybeans and wheat all posted sizable losses yesterday, with corn touching limit down early in the session. This action was the result of technical profit taking and concerns we will see commodity demand slow in the Asian market. Reports that the nuclear situation in Japan is as bad as the one in Chernobyl back in 1996 compounded the day's losses. The market did take light support from weather outlooks, and how conditions could start to impact final yield and acres.

Some signs that price rationing has started to work; not just in the United States, but around the world. Several processors and grain users in the United States have slowed their operations, mainly ethanol manufacturers and soybean crushers. Apparently rationing is taking place in countries such as Russia as well, as officials claim grain reserves are climbing. This means the world commodity market may have finally found price equilibrium between supply and demand.

Outside Markets:

U.S. Dollar Index	75.025	-0.040	-0.05%	Euro FX	1.44760	+0.00100	+0.07%	Ethanol Futures	May 11	2.660p	-0.070
CRB CCI Index	661.00p	-11.00	-1.64%	Canadian Dollar	1.03860	-0.00030	-0.03%	Gasoline RBOB (E)	May 11	3.1641p	-0.0364
Gold	1460.8	+7.9	+0.54%	Japanese Yen	1.19040	-0.00440	-0.37%	Diesel Gulf (Ulsd)	May 11	3.2407s	-0.0742
Silver	40.210	+0.152	+0.38%	Australian Dollar	1.04140	+0.00240	+0.23%	Heating Oil (E)	May 11	3.1726p	-0.0799
DJIA	12193p	-128	-1.04%	Chinese Renminbi	0.152980p	-0.000090	-0.06%	Crude Oil Brent (E)	May 11	120.92p	-3.06
S&P 500 Index	1316.80	+8.50	+0.65%	Mexican Peso	0.084625s	-0.0000575	-0.67%	Natural Gas (E)	May 11	4.098s	-0.010
Nasdaq 100	2310.50	+17.50	+0.76%	1-Month Libor	99.7900p	+0.0025	-	Polypropylene	May 11	0.8500s	0.0000
Russell 1000 Growth	598.50p	-5.30	-0.88%	T-Bond	118-31	-0-12	-0.31%	Polyethylene	May 11	0.6550p	+0.0050
MSCI Eml Index	0.00	-1168.20	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Apr 11	1491.524p	-14.666
Nikkei 225	9675.00	+155.00	+1.63%	5-Year T-Note	118-7.5	-0-075	-0.2%	Coal Futures	May 11	73.73p	-0.49
Brazilian Real	0.62870p	-0.00225	-0.36%	10-Year T-Note	118-290	-0-060	-0.16%	Uranium	Apr 11	59.00s	0.00

Weather: Temperatures yesterday in the Plains and most of the Midwest running on the warm side of average in both regions with highs in the HRWW belt were in the 70's and 80's, with lows in the 30's and 40's. Rains still look to impact most of KS, NE and SD as well as all of the Midwest in the next several days, with rains also seen for much of the HRWW belt and Midwest again by next week.

Mainly dry weather dominated the Argentine growing regions yesterday, with a few showers bringing totals of generally less than .25" to the Brazilian growing regions. Coverage in all of the Brazilian growing regions was around 65%. Temps were in the 80's in both Argentina and the Brazilian growing regions. Harvest weather in S. America looks be pretty good in the next week to ten days, although some rains will fall in both Argentina and Brazil.

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Central Illinois:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
13	14	15	16	17	18	19	20	21	22
P Cloudy	P Cloudy	Rain/Wind	Showers/Wind	P Cloudy	Few Showers	T-Showers	Showers	Sct Showers	P Cloudy
67° 46°	68° 46°	58° 48°	48° 34°	54° 41°	63° 50°	59° 46°	57° 44°	61° 43°	60° 45°

Central Iowa:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
13	14	15	16	17	18	19	20	21	22
P Cloudy	M Cldy/Wind	Rain/Wind	Cloudy/Wind	P Cloudy	M Cloudy	Showers	Showers	Sct Snn Shwr	P Cloudy
73° 51°	63° 45°	50° 35°	48° 31°	58° 42°	62° 51°	59° 42°	57° 41°	49° 41°	62° 45°

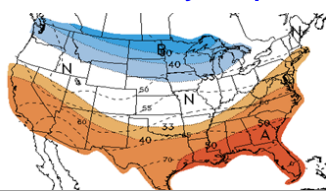
South Central Minnesota:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
13	14	15	16	17	18	19	20	21	22
Showers	Showers	Rain/Wind	Snn Shwrs	P Cloudy	M Cloudy	Cloudy	Showers	Sct Snn Shwr	P Cloudy
51° 34°	45° 32°	39° 30°	38° 27°	43° 33°	46° 37°	52° 38°	48° 34°	49° 36°	56° 40°

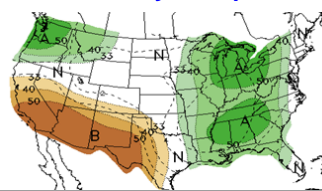
Central Nebraska:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
13	14	15	16	17	18	19	20	21	22
P Cloudy	P Cloudy	Rain/Thunder	Showers	M Sunny	Few Showers	Sct T-Storms	Showers	Sct Showers	M Sunny
67° 45°	69° 48°	59° 52°	53° 39°	55° 42°	63° 53°	66° 53°	61° 49°	60° 44°	61° 47°

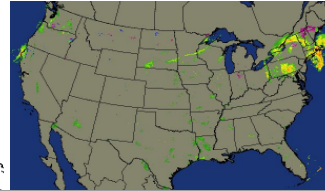
8-14 Day Temp



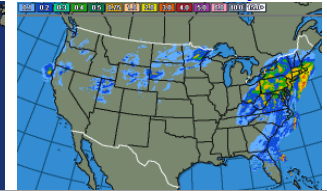
8-14 Day Precipitation



Current Radar



Last 24 hr Precip

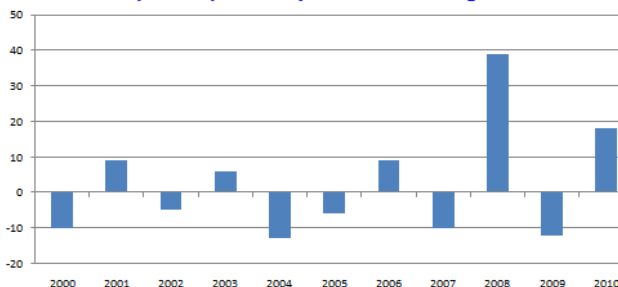


Official Weather Station -2011

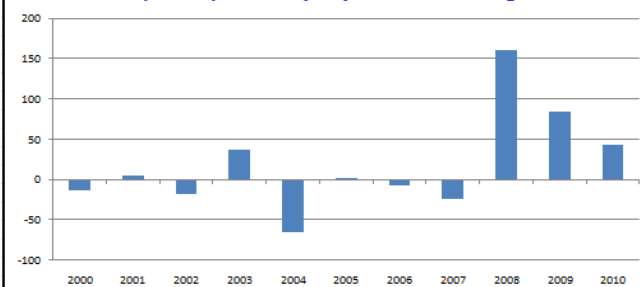
SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

	Monday, April 4	Tuesday, April 5	Wednesday, April 6	Monday, April 11	Tuesday, April 12
Air Temperature	Max = 55; Min = 33	Max = 43; Min = 28	Max = 60; Min = 30	Max = 52; Min = 39	Max = 60; Min = 35
Soil Temperature					
2 inch	Max = 54; Min = 39; Ave = 46	Max = 48; Min = 34; Ave = 41	Max = 54; Min = 34; Ave = 44	Max = 53; Min = 41; Ave = 47	Max = 59; Min = 40; Ave = 49
4 inch	Max = 47; Min = 38; Ave = 42	Max = 44; Min = 34; Ave = 39	Max = 48; Min = 34; Ave = 41	Max = 51; Min = 42; Ave = 46	Max = 54; Min = 41; Ave = 47
8 inch	Max = 43; Min = 38; Ave = 41	Max = 41; Min = 36; Ave = 39	Max = 43; Min = 36; Ave = 39	Max = 47; Min = 43; Ave = 45	Max = 49; Min = 42; Ave = 46

Apr 1 - Apr 15 May Corn Price Change



Apr 1 - Apr 15 May Soybean Price Change



Corn: Morning: May 11 corn closed at \$7.57 ¾, up 5 ¼ cents, July 11 Corn is at \$7.62 ¼, up 4 ¾ cents, Sept 11 Corn is at \$7.01 ½, up 5 cents, Dec 11 Corn closed at \$6.44, up 7 ½ cents.

Yesterday's Close: May 11 Corn closed at \$7.52 ½, down 23 ½ cents, Jul 11 Corn closed at \$7.57 ½, down 23 ¾ cents, Sep 11 Corn closed at \$6.96 ½, down 22 cents Dec 11 Corn closed at \$6.36 ½, down 20 ¾ cents,

Corn futures accelerated into the close, finishing lower than the open but off of the lowest levels. A note from Goldman telling clients to lighten their commodity exposure was a likely culprit, triggering a flight to the sidelines for most commodities. Also weighing on corn was an increase in the ranking of the Japanese nuclear disaster to put it on par with Chernobyl. With possible flooding and cooler weather some corn growing areas in the Midwest could have trouble getting planted. May corn was at a premium to wheat earlier in the day on a nominal basis for the first time since 1996, while July corn maintained a discount. The collapse of that spread encourages wheat feeding at the expense of corn.

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Soybean Complex: Morning: May 11 Soybeans closed at \$13.39 $\frac{3}{4}$, up 10 cents, Jul 11 Soybeans closed at \$13.51, up 10 cents, Sept 11 Soybeans closed at \$13.49 $\frac{1}{2}$, up 10 $\frac{1}{4}$ cents, Nov 11 Soybeans closed at \$13.54 $\frac{1}{2}$, up 10 $\frac{1}{4}$ cents, Yesterday's Close: May 11 Soybeans closed at \$13.29 $\frac{3}{4}$, down 38 $\frac{3}{4}$ cents, Jul 11 Soybeans closed at \$13.41, down 38 $\frac{3}{4}$ cents, Nov 11 Soybeans closed at \$13.44 $\frac{1}{4}$, down 36 cents, May 11 Soybean Meal closed at \$342.40, down \$7.30, May 11 Soybean Oil closed at \$57.24, down \$1.58

Soybean futures closed sharply lower, off of the lows on broad weakness. Soybeans were weighed down by the large drop in crude oil and the other grains with the S. American crop as a background story. The Chinese first quarter balance of trade was negative for the first time in seven years. Chinese imports were down 0.7% in the first quarter, with further slowing expected in April and/or May. Since China is the destination for approximately 58% of all of the global soybean export trade, this matters.

Wheat: Morning: May 11 CBOT Wheat closed at \$7.65, up 5 $\frac{1}{2}$ cents, May 11 MGEX Wheat is at \$9.19, up 7 $\frac{1}{4}$ cents Yesterday's Close: May 11 CBOT Wheat closed at \$7.59 $\frac{1}{2}$, down 38 $\frac{3}{4}$ cents, May 11 KCBT Wheat closed at \$8.94, down 25 cents, May 11 MGEX Wheat closed at \$9.11 $\frac{3}{4}$, down 24 cents

Wheat is lower with CBOT weaker on broad market weakness, dipping below corn earlier in the day on the front month. Poor winter wheat conditions due to extreme dryness mixed with the wheat feeding idea pushed by the USDA in the recent report are some things working in wheat's favor. There is also some speculation about the Russians lifting their ban on exports early, or the Indians choosing to allow a couple million tonnes to be exported. China sold 131,720 MT low quality wheat for feeding due to high corn prices.

Cattle: Yesterday's Close: Apr 11 Cattle closed at \$117.67, down \$1.35, Jun 11 Cattle closed at \$115.60, down \$1.30, Aug 11 Cattle closed at \$117.40, down \$1.32, Apr 11 Feeder Cattle closed at \$131.80, down \$2.07 May 11 Feeder Cattle closed at \$132.25, down \$2.62 Aug 11 Feeder Cattle closed at \$135.40, down \$2.22

Cattle futures closed lower. With recent record highs they were seen as ripe for profit taking along with most of ag. Choice beef boxes were quoted at \$190.32, up 32 cents. Select was up \$.39 at \$186.56. That would normally be somewhat supportive for cash cattle prices and by extension the April futures. Asking prices for cash cattle this week appear to be around \$198 in the north and \$124 in the South. Feeder futures were lower, squeezed between the higher corn market and the lack of strength in the cattle. South Korea lowered the alert level on Foot and Mouth Disease.

Hogs: Yesterday's Close: Apr 11 Hogs closed at \$93.45, up \$0.20, May 11 Hogs closed at \$100.20, down \$1.30 Jun 11 Hogs closed at \$99.350 down \$1.70

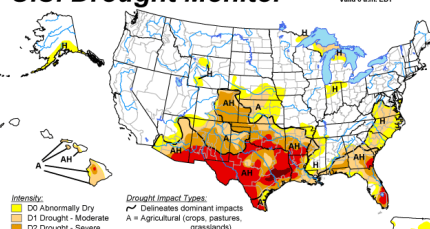
Hog futures closed mostly lower on the broad commodity weakness and profit taking, with the front month holding up. April expires Thursday, and needs to converge with the CME Index. The CME Index is at \$91.61. Cash hogs were \$.79 higher in the WCB, \$.23 lower in ECB and \$.48 higher in IA/MN. The pork cutout carcass jumped \$1.44 today, with ribs \$5 higher. Japan is leaning harder into chilled meat because of problems with power but there are limited export supplies available for the sudden increased demand.

Cotton: Yesterday's Close: May 11 Cotton closed at 199.73, down 485 points, Jul 11 Cotton closed at 185.57, down 534 points Dec 11 Cotton closed at 135.56, down 362 points

Cotton futures closed trading lower. With just about everything lower in a risk off behavior, cotton is following and the supply/demand details will be sorted out afterwards.

U.S. Drought Monitor

April 5, 2011
Valid 6 a.m. EDT

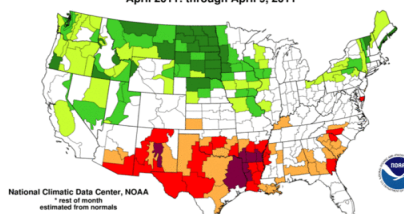


The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Released Thursday, April 7, 2011
Author: Mark Svoboda, National Drought Mitigation Center

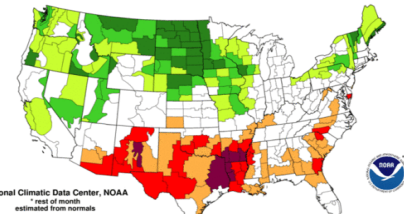
<http://drought.unl.edu/dm>

Palmer Drought Index Long-Term (Meteorological) Conditions April 2011: through April 9, 2011*



extreme drought: -4.00 and below
severe drought: -3.00 to -3.99
moderate drought: -2.00 to -2.99
mid-range: -1.99 to +1.99
moderately moist: +2.00 to +2.99
very moist: +3.00 to +3.99
extremely moist: +4.00 and above

Palmer Hydrological Drought Index Long-Term (Hydrological) Conditions April 2011: through April 9, 2011*



extreme drought: -4.00 and below
severe drought: -3.00 to -3.99
moderate drought: -2.00 to -2.99
mid-range: -1.99 to +1.99
moderately moist: +2.00 to +2.99
very moist: +3.00 to +3.99
extremely moist: +4.00 and above

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May 11 Corn Daily Chart

ZCK11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCG11 - 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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