Morning Comments

david@mnwestag.com

Office 1-877-365-3744

www.mnwestag.com

Friday, April 15, 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 ad 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

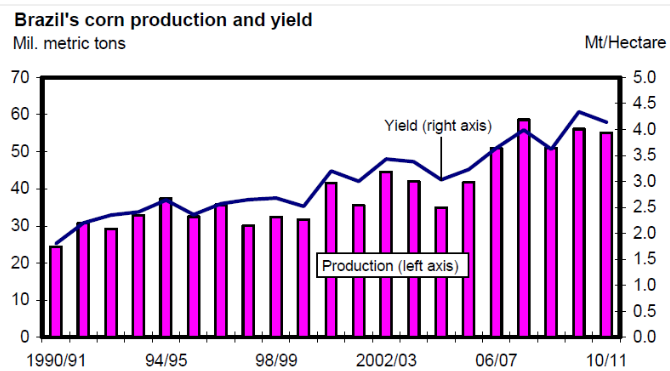
Market Talk: Goldman reiterated a bearish 3-6 mo. commodity outlook yesterday, despite a longer term bullish one-year outlook. They put their 2011 corn price at $7.00 and crude oil at $107.00. The market reacted with another session of consolidating trade and unwinding of long old / short new crop spreads. The weather outlook for the next two weeks remains wet across much of the Corn Belt. The trade appears to think that Dec corn won't go much lower considering the wet forecast. However, they are more cautious about the old crop considering the inability of cash markets to trade at delivery value and possible wheat substitution in feed rations.

March NOPA bean crush came in at 134.4 million bu yesterday, slightly above the average 133.2 mbu trade guess and above 124.9 mbu in Feb, but well below 149.6 mbu last March. Estimates ranged from 127.8-137.5 mbu. NOPA's March estimate implies March Census crush near 139.5 million bushels, which if realized would be 11% below last March. If realized, Sept-March crush would be down 8% with our annual estimate down 6% from last year.

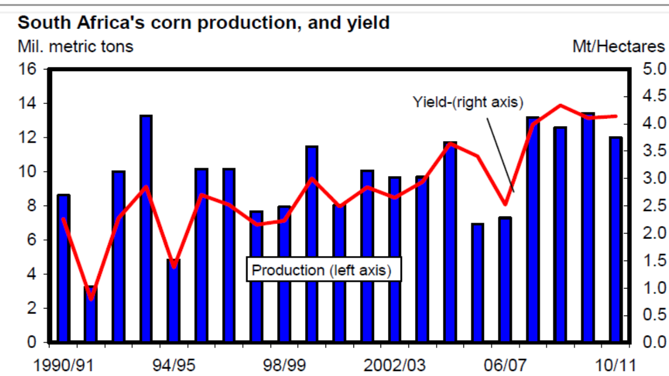
US cash markets were steady to better on Thursday. US gulf soybean basis levels were mostly steady in thin trade. Domestic basis levels continue to firm gradually. South American basis levels continue under pressure as Chinese crushers have attempted to cancel or roll existing cargoes back to a later shipment period. The Chinese market continues to struggle with excessive inventories that will become much more burdensome if the government goes through with their plans to move 3-5 MMT out of reserves prior to their fall domestic harvest.

South Korea is reported to have bought 55,000 tonnes of corn for July delivery. Their farm minister also said that they'll end an eight-year ban on Canadian beef imports before the end of June with the goal to fight rising prices.

Debate is increasing over what cuts need to be made in the next Federal Budget, and how they will impact agriculture. There is little doubt some U.S.D.A. programs will be cut, but opinions differ on which ones. One of the biggest cuts is forecast to happen to the environmental protection agency, which is expected to lose $1.6 billion. Another large cut is anticipated to happen to crop insurance subsidies, with reductions pegged at $35 million.



Source: USDA, World Agricultural Outlook Board, *WASDE*.



Source: USDA, World Agricultural Outlook Board, *WASDE*.

Larger Soybean Yields Expected in Brazil and Paraguay resulting from abundant moisture according to USDA Oilseeds outlook. USDA puts the global soybean output forecast for 2010/11 at 261 million metric tons, surpassing last season's record of 260.2 million. Year-to-year production gains for Brazil and Paraguay will offset smaller soybean crops in the United States and Argentina. The improved soybean crops are likely to push global stocks toward a 4-year high of nearly 61 million tons.

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In Brazil, record soybean yields are expected to raise its 2010/11 crop this month to 72 million tons from 70 million last month. The crop's superb performance is the result of frequent and prolific rains since mid-October. Much of the recent improvement can be attributed to superior yields in southern Brazil, particularly for the second and third-ranked states of Parana and Rio Grande do Sul. In Mato Grosso do Sul, however, excessive March rainfall (more than three times the usual amount) stalled harvesting and ruined crops in the field. Brazil's soybean harvest is proceeding well. Approximately 77 percent was completed by April 8, which is on par with last year.

Safras e Marcado yesterday estimated the 2010/11 Brazilian soybean crop at 72.0-72.5 MMT, up from 71.6 MMT estimated in March and in line with current trade estimates. They estimated crop harvest at about 80%, even with LY.

The main soybean-growing regions of Paraguay have benefited from the same kind of abundant moisture this year. A better soybean yield forecast for Paraguay this month raised its 2010/11 production estimate to 8.1 million tons, compared to 7.5 million previously. Favorably dry conditions in March advanced soybean harvesting in the country to about 90 percent complete. Paraguay's soybean crop had already been expected to fully occupy the country's limited crushing capacity, so the growing surplus will be exported. Soybean exports from Paraguay are forecast to rise in 2010/11 to a record 6 million tons. In the past, a majority of Paraguay's soybean exports were sent to Argentina, where processors were getting preferential tax treatment on the exports of soybean meal and oil derived from imported soybeans. After elimination of this provision in 2009, most soybean exports from Paraguay have instead gone to Europe.

The Buenos Aires Grains Exchange yesterday raised their 2010/11 Argentine soybean production forecast from 48.8 to 49.2 million tonnes; that's still below the USDA's current forecast at 49.5 MMT, and last season's 54.5 MMT crop. Soybean harvest was seen at 43% done as of yesterday, up 28% on the week but still 1% behind last year. Corn output was also bumped from 19.5 to 20.0 MMT, still below the current 22.0 MMT USDA and 22.8 MMT in 2009/10. Harvest of the crop hit 35% this week, up 5% from the previous week but still nearly 20% behind last season's pace.

Outside Markets:

U.S. Dollar Index	74.925	+0.037	+0.05%
CRB CCI Index	663.85s	+1.85	+0.28%
Gold	1477.0	+5.3	+0.36%
Silver	41.661p	+1.426	+3.54%
DJIA	12228s	+29	+0.24%
S&P 500 Index	1311.10	+0.90	+0.07%
Nasdaq 100	2303.75	+3.00	+0.13%
Russell 1000 Growth	601.60s	+0.40	+0.07%
MSCI Emi Index	0.00	-1185.10	-100%
Nikkei 225	9650.00	+20.00	+0.21%
Brazilian Real	0.63140s	+0.00445	+0.71%

Euro FX	1.44690	-0.00020	-0.01%
Canadian Dollar	1.03920	-0.00040	-0.04%
Japanese Yen	1.19520	-0.00380	-0.32%
Australian Dollar	1.04650	+0.00010	+0.01%
Chinese Renminbi	0.153140s	0.000000	-
Mexican Peso	0.085350s	+0.000400	+0.47%
1-Month Libor	99.7875s	-0.0025	-
T-Bond	119-20	-0-02	-0.05%
3-Month T-Bill	99.2700s	0.0000	-
5-Year T-Note	118-060	-0-2.5	-0.11%
10-Year T-Note	119-035	-0-030	-0.08%

Ethanol Futures	May 11	2.639s	-0.019
Gasoline RBOB (E)	May 11	3.2347s	-0.0077
Diesel Gulf (Ulsd)	May 11	3.2593s	-0.0152
Heating Oil (E)	May 11	3.1890s	-0.0138
Crude Oil Brent (E)	May 11	122.36s	-0.52
Natural Gas (E)	May 11	4.212s	+0.071
Polypropylene	May 11	0.8500s	0.0000
Polyethylene	May 11	0.6550s	0.0000
Rme Biodiesel	Apr 11	1499.000s	-2.381
Coal Futures	May 11	74.73s	+1.00
Uranium	Apr 11	58.50s	0.00

Weather: Wet weather will hamper any fieldwork activity in the northern Plains and most of the Midwest in the next 10 days, with a system still promising to bring needed rains to all of the HRWW belt by the end of next week.

Central Illinois:

fri apr 15	sat apr 16	sun apr 17	mon apr 18	tue apr 19	wed apr 20	thu apr 21	fri apr 22	sat apr 23	sun apr 24
PM T-Storms	Showers	P Cloudy	Showers	Sct T-Storms	Showers	Cloudy	Showers	Showers	AM Clouds
60° 47°	49° 38°	63° 47°	65° 49°	65° 50°	63° 44°	61° 45°	63° 48°	61° 46°	62° 46°

Central Iowa:

fri apr 15	sat apr 16	sun apr 17	mon apr 18	tue apr 19	wed apr 20	thu apr 21	fri apr 22	sat apr 23	sun apr 24
Rain/Wind	P Cldy/Wind	Iso T-Storms	Few Showers	Sct T-Storms	AM Clouds	Few Showers	Showers	Showers	AM Clouds
51° 38°	59° 36°	63° 44°	68° 47°	53° 38°	58° 44°	60° 47°	63° 47°	62° 47°	65° 48°

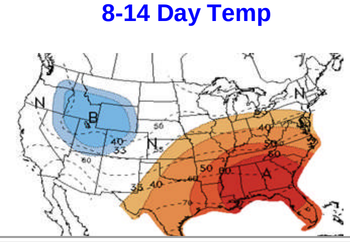
South Central Minnesota:

fri apr 15	sat apr 16	sun apr 17	mon apr 18	tue apr 19	wed apr 20	thu apr 21	fri apr 22	sat apr 23	sun apr 24
Showers	M Sunny	M Cloudy	Few Showers	Showers	M Sunny	Cloudy	M Cloudy	Showers	P Cloudy
48° 31°	48° 29°	48° 35°	52° 39°	45° 36°	51° 34°	49° 39°	56° 40°	53° 40°	58° 43°

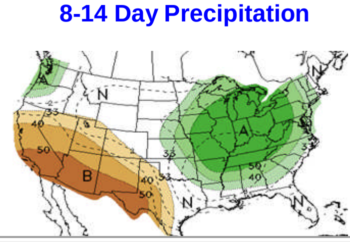
Central Indiana:

fri apr 15	sat apr 16	sun apr 17	mon apr 18	tue apr 19	wed apr 20	thu apr 21	fri apr 22	sat apr 23	sun apr 24
PM Rain	Showers	P Cloudy	Showers	Sct T-Storms	Showers	M Cloudy	Showers	Showers	AM Clouds
63° 53°	54° 40°	62° 52°	66° 54°	71° 59°	65° 47°	64° 49°	64° 52°	62° 49°	62° 45°

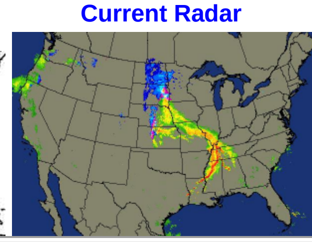
8-14 Day Temp



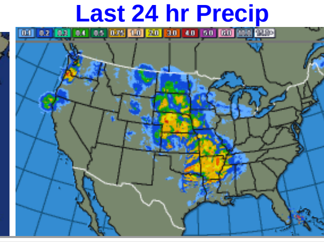
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



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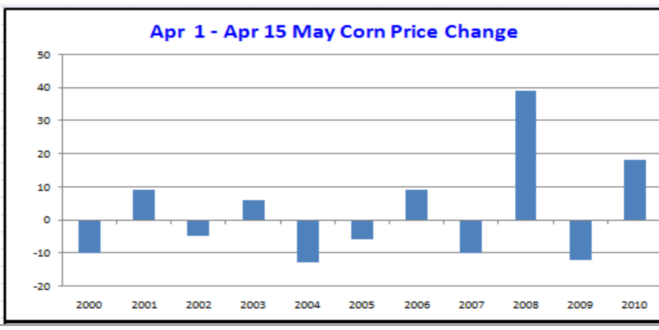
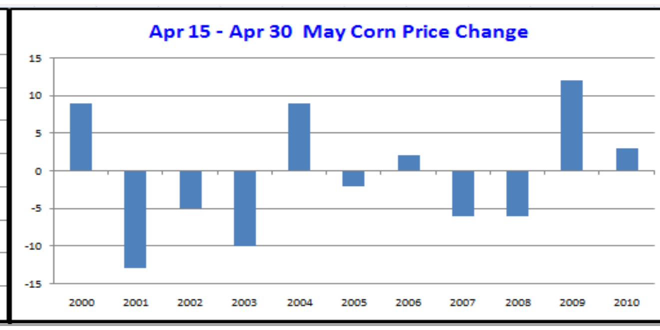
Official Weather Station -2011

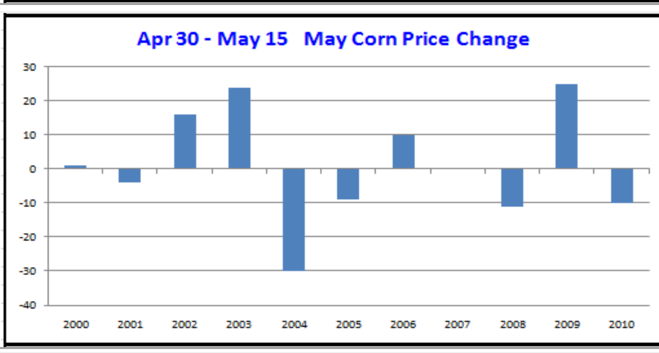
SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

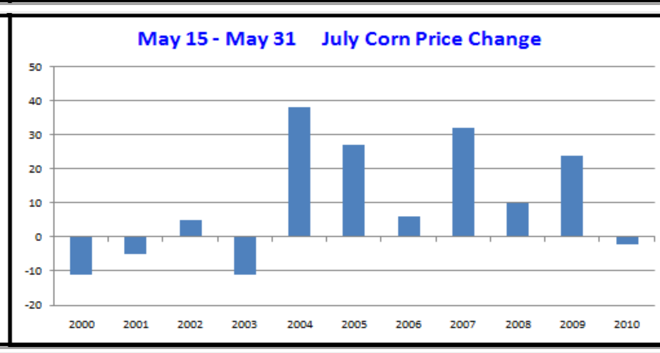
	Monday, April 4	Tuesday, April 5	Wednesday, April 6	Monday, April 11	Tuesday, April 12	Wednesday, April 13	Thursday, April 14
Air Temperature	Max = 55; Min = 33	Max = 43; Min = 28	Max = 60; Min = 30	Max = 52; Min = 39	Max = 60; Min = 35	Max = 73; Min = 41	Max = 73; Min = 41
Soil Temperature							
2 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	Max = 64; Min = 40; Ave = 52	Max = 50; Min = 41; Ave = 46
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	Max = 57; Min = 41; Ave = 49	Max = 51; Min = 42; Ave = 46
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	Max = 52; Min = 42; Ave = 47	Max = 47; Min = 43; Ave = 45

	CORN		SOYBEANS		Corn Nearby		Corn Harvest		Soybean Nearby		Soybean Harvest	
	Nearby	Harvest	Nearby	Harvest	Bid	Basis	Bid	Basis	Bid	Basis	Bid	Basis
12-Jan-2011	631.00	560.00	1415.00 H	1308.00	586.00	-45.00	500.00	-60.00	1350.00	-65.00	1238.00	-70.00
19-Jan-2011	641.25	568.25	1411.50	1336.00	591.00	-50.25	505.00	-63.25	1341.00	-70.50	1256.00	-80.00
26-Jan-2011	657.75	590.75	1385.50	1323.75	608.00	-49.75	526.00	-64.75	1305.00	-80.50	1244.00	-79.75
02-Feb-2011	669.25	597.75	1444.00	1375.00	619.00	-50.25	533.00	-64.75	1374.00	-70.00	1295.00	-80.00
09-Feb-2011	698.75	614.50	1451.00	1397.00	648.00	-50.75	544.00	-70.50	1386.00	-65.00	1312.00	-85.00
16-Feb-2011	690.50	592.00	1366.00	1328.75	640.00	-50.50	522.00	-70.00	1306.00	-60.00	1244.00	-84.75
23-Feb-2011	691.50	591.75	1320.00	1295.75	641.00	-50.50	522.00	-69.75	1260.00	-60.00	1211.00	-84.75
02-Mar-2011	714.00	605.50	1387.25	1345.70	654.00	-60.00	535.00	-70.50	1317.00	-70.25	1260.00	-85.70
09-Mar-2011	701.00 K	610.25	1349.00 K	1320.00	646.00	-55.00	540.00	-70.25	1284.00	-65.00	1240.00	-80.00
16-Mar-2011	616.50	549.25	1287.00	1250.75	566.00	-50.50	484.00	-65.25	1222.00	-65.00	1176.00	-74.75
23-Mar-2011	681.00	609.75	1351.25	1333.25	635.00	-46.00	545.00	-64.75	1286.00	-65.25	1258.00	-75.25
30-Mar-2011	663.25	595.25	1372.00	1363.50	620.00	-43.25	530.00	-65.25	1312.00	-60.00	1288.00	-75.50
06-Apr-2011	763.00	647.50	1376.50	1376.25	720.00	-43.00	582.00	-65.50	1316.00	-60.50	1301.00	-75.25
13-Apr-2011	755.50	645.00	1333.50	1351.50	714.00	-41.50	580.00	-65.00	1273.00	-60.50	1276.00	-75.50









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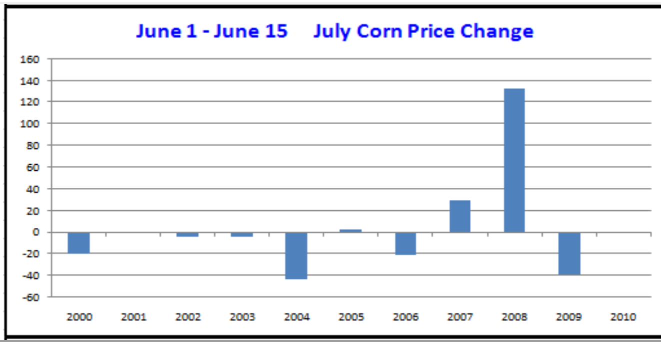

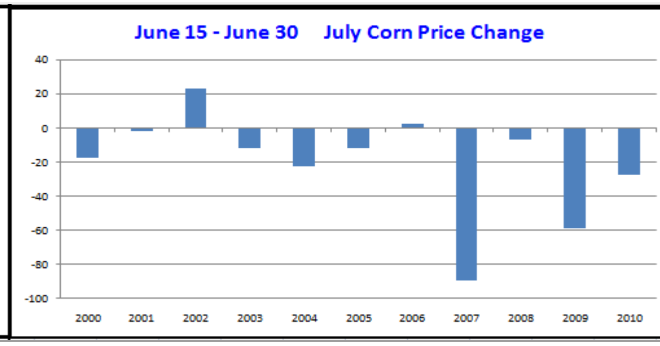

Corn: Morning: May 11 corn closed at $7.46 ½ , down 7 ¾ cents, July 11 Corn is at $7.53 ¼ , down 7 ¾ cents, Sept 11 Corn is at $7.01 , down 5 ½ cents, Dec 11 Corn closed at $6.53 ¼ , down 2 ¼ cents.
Yesterday's Close: May 11 Corn closed at $7.54 ¼ , down 1 ¼ cents, Jul 11 Corn closed at $7.61, unch, Sep 11 Corn closed at $7.06 ½ , up 4 cents Dec 11 Corn closed at $6.55 ½ , up 10 ½ cents
Corn futures rallied from lower overnight trade to close new crop corn higher on the day and old crop mixed. South Dakota, Nebraska, Kansas, Minnesota and Iowa are receiving rain with forecasts for above normal precipitation in the six to ten day outlook for most of the Corn Belt. Delayed planting will be the result. Most farmers like to have their corn planted by late April in the Midwest. This week's crop progress report showed corn planting on pace with the five year average. The moderate fall season allowed many farmers to prepare the fields for spring planting last year. Corn exports were up 37% from last week at 848,000 MT for 2010/11 delivery. Sales for 2011/12 delivery came in at 253,500 MT; 261,200 MT were for unknown but were offset by decreases in sales from Japan. South Korea is tendering for 110,000 MT of corn for July/August delivery. Cash basis levels were softer at river terminals but were higher at an Iowa ethanol plant.

Soybean Complex: Morning: May 11 Soybeans closed at $13.25 , down 6 cents, Jul 11 Soybeans closed at $13.37 , down 5 ¾ cents , Sept 11 Soybeans closed at $13.40 ¼ , down 4 ¾ cents, Nov 11 Soybeans closed at $13.37 ½ , down 7 ¾ cents,
Yesterday's Close: May 11 Soybeans closed at $13.31, down 2 ½ cents, Jul 11 Soybeans closed at $13.42 ¾ , down 2 ¼ cents, Nov 11 Soybeans closed at $13.45 ¼ , down 6 ¼ cents, May 11 Soybean Meal closed at $342.50, up $0.30, May 11 Soybean Oil closed at $56.87, down $0.49
Soybean futures closed lower but gathered strength from much lower prices as the day progressed when the U.S. dollar started to decline. Export sales fell below trade expectations as foreign buyers have moved to the southern hemisphere for beans. Net soybean exports for 2010/11 were 130,200 MT. China did buy 182,300 MT of U.S. soybeans for 2010/11 delivery but that along with purchases from Mexico, Japan and Indonesia were offset by a decrease from an unknown destination for 136,100 MT of soybeans. Soybean shipments were down 14% from last week and 29% from the four week average. Decreases for 2011/12 delivery left a net reduction of 50,871 MT for that marketing year. Wire service reports showed estimates for the monthly NOPA crush report for March to average 133 million bushels, with soy oil stocks expected to dip to around 2.97 billion pounds. The actual NOPA member crush for March was 134.4 million bushels. Soy oil stocks as of April 1 were put at 3.059 billion pounds; more crushing but less soy oil usage.

Wheat: Morning: May 11 CBOT Wheat closed at $7.36 ½ , down 4 cents, May 11 MGEX Wheat is at $8.84 , down 5 ¾ cents
Yesterday's Close: May 11 CBOT Wheat closed at $7.40 ½ , down 12 ¼ cents, May 11 KCBT Wheat closed at $8.64, down 21 cents, May 11 MGEX Wheat closed at $8.89 ¾ , down 14 ¼ cents
Wheat futures ended the day at lower money on all three exchanges. Rainfall in western NE and KS is bringing much needed moisture to the wheat crop and pressuring KC wheat prices the most. Wheat exports for 2010/11 were 443,615 MT and were 102,000 MT for 2011/12 delivery. Total sales were at the upper end of trade estimates with the range of estimates quite wide. Wheat sales have slowed in the EU with export licenses at a 2 month low however sales for the year are ahead of last year. The three month decline in the U.S. dollar has made U.S. wheat more attractive to foreign buyers. The USDA raised 2010/11 global ending stocks of wheat .93 MMT from last month mainly by increasing beginning stocks from 2009/10.

Cattle: Yesterday's Close: Apr 11 Cattle closed at $118.80, up $0.52, Jun 11 Cattle closed at $116.50, up $0.72, Aug 11 Cattle closed at $118.35, up $0.67, Apr 11 Feeder Cattle closed at $133.10, up $1.12 May 11 Feeder Cattle closed at $133.77, up $0.75 Aug 11 Feeder Cattle closed at $137.37, up $0.80
Cattle futures closed higher finishing on the upper end of todays trading range on all contracts. Cattle began a sell off April 5th that has lasted until prices began to stabilize yesterday and today. April cattle had dropped $5.70 and have recovered $1.90 from the low. A limited number of cash cattle have traded at $119 in KS and NE. That's four to five dollars lower than last week. Bids and offers are $3 apart at $117 and $120. Export beef sales were good at 19,100 MT with Japan taking 10,100 MT to replenish supplies following the effects of the March 11th earthquake. Boxed beef prices have been declining since early April ended lower this afternoon with Choice down $1.57 at $187.96 and Select down $1.01 at $184.33. The October Cattle Crush closed at $128.00.

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david@mnwestag.com
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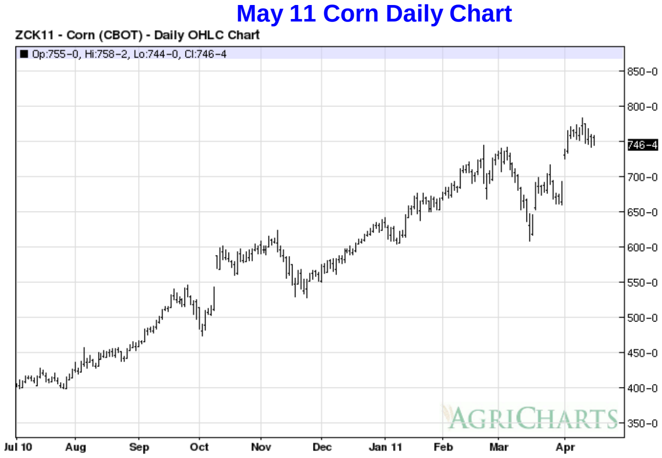
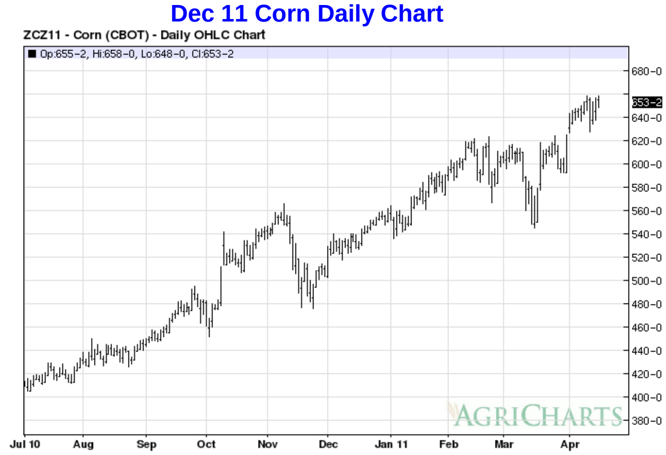
Hogs: Yesterday's Close: Apr 11 Hogs closed at $93.92, down $0.02, May 11 Hogs closed at $104.12, up $1.12 Jun 11 Hogs closed at $102.62, up $1.17
Lean Hog futures closed mixed with most of the nearby contracts closing over a dollar higher on the day. April hogs expired today at 93.925 and June is now the spot month at over $8.00 higher than the April contract went off the board. The CME Lean Hog Index is at $92.58 for April 12th so has two days to add $1.34 that would put the Index in line with the closing futures price. Cash hog prices were $0.76 lower in IA/MN, $0.94 lower in the WCB and $0.33 lower in the ECB at $91.64, $91.12 and $91.49 respectively. The Census Bureau released pork exports for February this week. Pork exports were 131,547 MT, up 8,840 MT from a year earlier. South Korea was the main buyer with growth in that country offset by declines in Canada, Taiwan and Mexico along with other countries that do not normally purchase as much. Pork trading was slow to moderate with light to moderate demand and offerings. Carcass prices were lower but continue to hold the trading range between $94.12 and $96.31 this month.

Cotton: Yesterday's Close: May 11 Cotton closed at 196.04, down 131 points, Jul 11 Cotton closed at 178, down 264 points Dec 11 Cotton closed at 132.45, down 225 points
Cotton futures closed lower but rallied off of the lows of the day around 10am CST. Export sales below trade estimates were the likely culprit with support from extremely dry conditions in the south which are causing many wildfires. Export sales were reduced by 96,300 RB as increased sales did not offset decreases from China, Viet Nam, Turkey, Indonesia and Pakistan. Sales for 2011/12 were 165,800 RB for upland cotton. Shipments were down 41 percent from last week and 27 percent from the four week average. Pima sales were up from the four week average at 3,200 RB for 2010/11 and 400 RB for 2011/12 delivery.

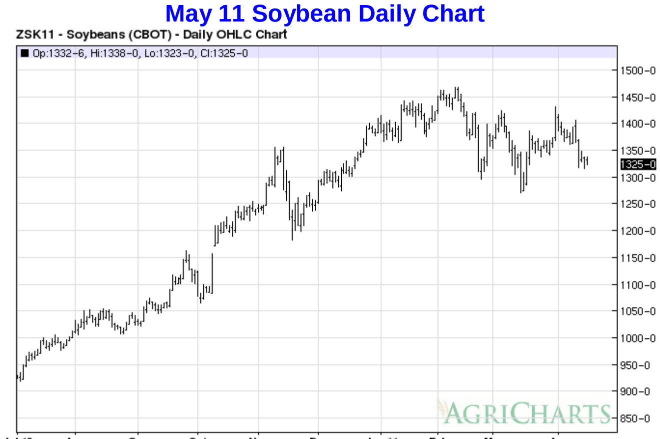
May 11 Corn Daily Chart



Dec 11 Corn Daily Chart



May 11 Soybean Daily Chart



Nov 11 Soybean Daily Chart