



## MORNING COMMENTS

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Wednesday, April 20, 2011

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

**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 9<sup>th</sup>.

**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, Last night's high was \$6.83.**

**Market Talk:** U.S. dollar index nearing multi-year lows and crude oil again pushing the \$110/bbl only added fuel to the weather-induced market overnight.

Just over 90% of the Brazilian soybean harvest is completed, it will takes another 2 weeks or so for the harvest to be completed. South American basis values have been quiet this week. However, while South American line-ups at the ports remain large, there was a notable reduction to Brazil's soybean line-up from just 2 weeks ago.

China's Ministry of Finance suspended the VAT tax deduction previously was allowed to corn processors for their corn purchases. It is thought that this is an effort to slow the expansion/growth of corn sweeteners, starch, and ethanol. In addition, reports are that the gov't has asked banks to stop making any new loans to processors for buying corn from farmers.

Wheat futures showing strong gains vs corn yesterday. Weather and crop conditions were again the news, both in the US and in Europe where dryness in much of UK, France, Germany and into Poland.

India's Farm Minister this morning suggested lifting a ban on wheat and rice exports ASAP, following a record domestic food grain output of 235.9 million tonnes this year and given ample wheat and rice stocks. At least 2 MMT of each of those is seen available for export.

Private analysts SovEcon weighed in with their view on Russian grain exports yesterday, expecting the country to ship out 5-10 million tonnes of grain (mostly wheat) in the 2011/12 season, mostly to improve low domestic prices and profits ahead of this year's elections.

### Outside Markets:

<a href="#">U.S. Dollar Index</a>	74.610	-0.639	-0.85%	<a href="#">Euro FX</a>	1.44980	+0.01770	+1.24%	<a href="#">Ethanol Futures</a>	May 11	2.621p	-0.010
<a href="#">CRB CCI Index</a>	676.75	+7.75	+1.16%	<a href="#">Canadian Dollar</a>	1.04990	+0.00620	+0.59%	<a href="#">Gasoline RBOB (E)</a>	May 11	3.2331p	-0.0197
<a href="#">Gold</a>	1503.0	+8.5	+0.57%	<a href="#">Japanese Yen</a>	1.20830	-0.00560	-0.46%	<a href="#">Diesel Gulf (Ulsd)</a>	May 11	3.2280s	-0.0241
<a href="#">Silver</a>	44.780	+0.861	+1.96%	<a href="#">Australian Dollar</a>	1.05990	+0.01520	+1.45%	<a href="#">Heating Oil (E)</a>	May 11	3.1585p	-0.0243
<a href="#">DJIA</a>	12226p	+86	+0.71%	<a href="#">Chinese Renminbi</a>	0.153560p	-0.000020	-0.01%	<a href="#">Crude Oil Brent (E)</a>	May 11	122.36s	0.00
<a href="#">S&amp;P 500 Index</a>	1326.60	+18.00	+1.38%	<a href="#">Mexican Peso</a>	0.085425s	+0.000450	+0.53%	<a href="#">Natural Gas (E)</a>	May 11	4.262p	+0.124
<a href="#">Nasdaq 100</a>	2339.25	+28.25	+1.22%	<a href="#">1-Month Libor</a>	99.7900p	+0.0025	-	<a href="#">Polypropylene</a>	May 11	0.8700s	+0.0200
<a href="#">Russell 1000 Growth</a>	599.90p	+2.80	+0.47%	<a href="#">T-Bond</a>	120-30	-0.17	-0.44%	<a href="#">Polyethylene</a>	May 11	0.6600p	+0.0050
<a href="#">MSCI Emi Index</a>	0.00	-1172.80	-100%	<a href="#">3-Month T-Bill</a>	99.2700s	0.0000	-	<a href="#">Rme Biodiesel</a>	Apr 11	1500.048p	+4.143
<a href="#">Nikkei 225</a>	9715.00	+200.00	+2.1%	<a href="#">5-Year T-Note</a>	118-2.5	-0.75	-0.62%	<a href="#">Coal Futures</a>	May 11	75.82p	+1.15
<a href="#">Brazilian Real</a>	0.63625p	+0.00610	+0.97%	<a href="#">10-Year T-Note</a>	119-275	-0.125	-0.32%	<a href="#">Uranium</a>	Apr 11	58.00s	0.00

**Weather:** Light drizzle with .10" precip and a dusting of snow in parts of So MN. Precip finished up across the eastern Plains and continued across most of the Midwest yesterday. Rains were pushing through the far eastern Midwest early this morning, but most totals in the Midwest were in the .50-1" range, with some 1"+ amounts also occurring. The precip did fall as mainly snow from NE IA into SE MN and central WI, with 3-7" falling there.

Dry weather throughout most of the Argentine and Brazilian growing regions yesterday, with a few showers falling in RGDS and Santa Catarina with amounts generally under .35", with coverage of around 45%. The forecast sees mainly dry weather to occur across both the Argentine and most of the Brazilian growing regions through the next week to ten days.

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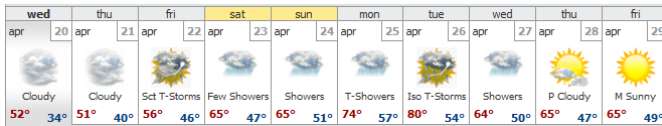
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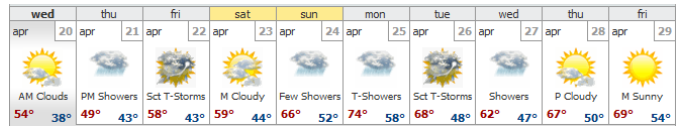
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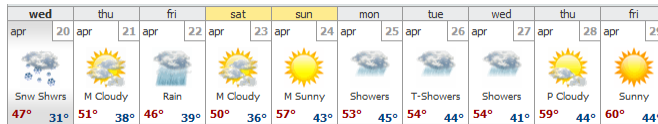
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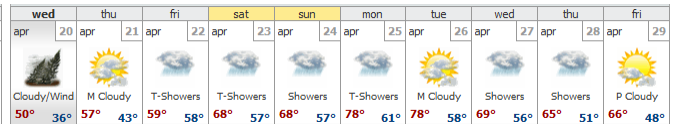
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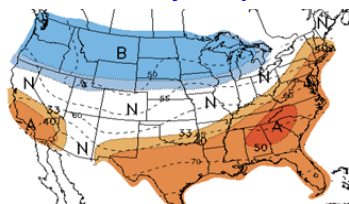
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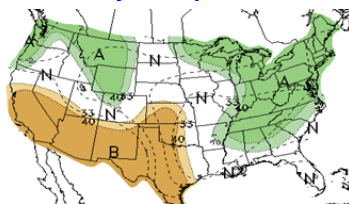
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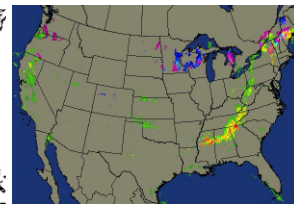
### 8-14 Day Temp



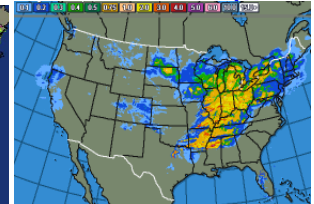
### 8-14 Day Precipitation



### Current Radar



### Last 24 hr Precip



## Official Weather Station -2011

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

	Monday, April 11	Tuesday, April 12	Wednesday, April 13	Thursday, April 14	Friday, April 15	Monday, April 18
<b>Air Temperature</b>	Max = 52; Min = 39	Max = 60; Min = 35	Max = 73; Min = 41	Max = 73; Min = 41	Max = 42; Min = 34	Max = 45; Min = 30
<b>Soil Temperature</b>						
2 inch	Max = 53; Min = 41; Ave = 47	Max = 59; Min = 40; Ave = 49	Max = 64; Min = 40; Ave = 52	Max = 50; Min = 41; Ave = 46	Max = 43; Min = 39; Ave = 41	Max = 51; Min = 34; Ave = 43
4 inch	Max = 51; Min = 42; Ave = 46	Max = 54; Min = 41; Ave = 47	Max = 57; Min = 41; Ave = 49	Max = 51; Min = 42; Ave = 46	Max = 43; Min = 39; Ave = 41	Max = 45; Min = 35; Ave = 40
8 inch	Max = 47; Min = 43; Ave = 45	Max = 49; Min = 42; Ave = 46	Max = 52; Min = 42; Ave = 47	Max = 47; Min = 43; Ave = 45	Max = 43; Min = 40; Ave = 41	Max = 43; Min = 36; Ave = 39

**Corn:** Morning: May 11 corn closed at \$7.63 , up 14 cents, July 11 Corn is at \$7.71 , up 14 cents,

Sept 11 Corn is at \$7.24 , up 8 1/2 cents, Dec 11 Corn closed at \$6.80 3/4 , up 4 3/4 cents.

Yesterday's Close: May 11 Corn closed at \$7.49, down 2 3/4 cents, Jul 11 Corn closed at \$7.57, down 2 1/2 cents, Sep 11 Corn closed at \$7.15 1/2 , up 3 1/2 cents Dec 11 Corn closed at \$6.76, up 7 3/4 cents

Corn futures ended the day lower on old crop and higher on new crop. The six to ten day forecast is calling for above normal precipitation and above normal temperatures for states east of the Mississippi including Illinois, Indiana and Ohio. The western half of the Northern Plains is forecast to receive above normal precip and below normal temps. Corn planting is 1 point behind the five year average at 7% planted. The decline in ending stocks this year makes weather factors even more critical than in other years when stocks were higher. China is suspending the value added tax deduction for corn processors in an effort to curb development of that sector of the economy. Cash basis levels are steady to higher for U.S. Midwest corn.

**Soybean Complex:** Morning: May 11 Soybeans closed at \$13.56 1/4 , up 14 1/4 cents, Jul 11 Soybeans closed at \$13.67 3/4 , up 13 3/4 cents , Sept 11 Soybeans closed at \$13.70 , up 15 cents, Nov 11 Soybeans closed at \$13.69 3/4 , up 15 3/4 cents,

Yesterday's Close: May 11 Soybeans closed at \$13.42, down 2 1/4 cents, Jul 11 Soybeans closed at \$13.54, down 1 3/4 cents, Nov 11 Soybeans closed at \$13.54, up 4 3/4 cents, May 11 Soybean Meal closed at \$346.40, down \$1.40, May 11 Soybean Oil closed at \$57.53, up \$0.14

Soybean futures traded on both sides of steady today and closed slightly lower on old crop and slightly higher on new crop. Soybean meal ended lower and bean oil higher. China confirmed the cancellation of six to eight South American soybean cargos this past month and moved forward about 20 shipments into July-September delivery. Crushers are trying to minimize losses after Beijing agreed to release about 3 MMT of state soy reserves at lower money to tame food inflation in trade for a freeze in retail soyoil prices. Cash soybean prices were steady to higher but there were not enough gains to entice farmer selling. A western Iowa crusher pushed the basis 9 cents. Bids on the Illinois River eased on increasing barge freight.

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**Wheat:** Morning: May 11 CBOT Wheat closed at \$8.02  $\frac{3}{4}$ , up 17 cents, May 11 MGEX Wheat is at \$9.60  $\frac{1}{2}$ , up 17  $\frac{1}{2}$  cents  
Yesterday's Close: May 11 CBOT Wheat closed at \$7.85  $\frac{3}{4}$ , up 10  $\frac{3}{4}$  cents, May 11 KCBT Wheat closed at \$9.26, up 30 cents, May 11 MGEX Wheat closed at \$9.43, up 29 cents  
Wheat futures are closed double digits higher, CBOT wheat however sold off some at the end of the session to close about a dime off earlier highs. Snow and rain delaying spring wheat planting in the Northern Plains, dryness preventing plant development in the Southern Plains and wet weather in the soft red winter area are all contributing factors to higher prices. The Southern Plains stay dry in the 6 - 10 day forecast for the most part but eastern TX and OK are forecast to receive above normal precipitation. China reserve wheat sales total 353,072 MT since the government began selling from the reserves last month. Cash basis levels in the U.S. were mostly firmer.

**Cattle:** Yesterday's Close: Apr 11 Cattle closed at \$119.25, up \$1.07, Jun 11 Cattle closed at \$117.17, up \$1.37, Aug 11 Cattle closed at \$118.17, up \$0.87, Apr 11 Feeder Cattle closed at \$132.85, up \$0.22 May 11 Feeder Cattle closed at \$134.47, up \$1.25 Aug 11 Feeder Cattle closed at \$138.22, up \$1.35  
Cattle futures closed higher on follow through buying after yesterday's higher close correcting some of the oversold condition of the market. Feeder cattle also closed higher. Feeder steers at the Oklahoma City auction were steady to \$3 lower on Monday. Feeder Heifers were \$2 to \$5 lower. Dry weather in western and central Oklahoma is pushing cattle to feedlots early. Drought stressed spring pastures have encouraged supplemental feeding of protein and minerals to the livestock. Texas ranges and pastures are rated 31 good/excellent and 69% poor/very poor. The cash cattle market is basically at a standstill with not enough sales to establish an adequate market trend. Boxed beef ended mixed. The Choice beef was up sharply closing \$2.07 higher at \$188.95 and Select was lower, down \$0.08 at \$183.30.

**Hogs:** Yesterday's Close: May 11 Hogs closed at \$103.02, up \$0.42, Jun 11 Hogs closed at \$102.02, up \$0.75 Jul 11 Hogs closed at \$101.72, up \$0.60  
Lean Hog futures closed higher reversing earlier direction. The lean hog index was at \$93.98 for April 15th. The spread between the spot futures contract and the Lean Hog Index remains wide. Cash hogs were \$0.03 lower in IA/MN at \$91.73, \$0.12 lower in the WCB at \$91.28 and \$0.51 lower in the ECB at \$90.93. Pork trading is slow to moderate with light to moderate demand and offerings. Retail pork demand is thought to be good ahead of the Easter holiday and upcoming Mothers Day.

**Cotton:** Yesterday's Close: May 11 Cotton closed at 189.82, down 663 points, Jul 11 Cotton closed at 171.16, down 700 points Dec 11 Cotton closed at 128.73, down 190 points  
Cotton futures closed sharply lower with front month the weakest on contract rolling. First notice for May cotton is Monday and Friday is a holiday so that leaves 2 trading days to get out. Ample supplies of cotton coming to the world market right now seem to be meeting demand. Texas cotton planting is on par with a year ago at 12% but is behind the 16% five year average. California cotton planting is at 35% vs. 49% for the five year average. Dry weather in south Texas is stressing the crop there and moisture is needed in west Texas where field preparation is underway. There are no significant weather concerns for India or Pakistan at this time.

### Crude Oil Weekly

CB - Crude Oil Brent (ICE) - Weekly OHLC Chart



### US Dollar Index

DX - U.S. Dollar Index (ICEFI) - Monthly OHLC Chart



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### May 11 Corn Daily Chart

ZCK11 - Corn (CBOT) - Daily OHLC Chart



### Dec 11 Corn Daily Chart

ZCZ11 - 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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