



MORNING COMMENTS

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Thursday, April 21, 2011

No Markets on Good Friday

Next USDA Reports: Wednesday May 11, 2011 WASDE & Crop Production

Thursday April 21, 2011 USDA Cattle on Feed & Cold Storage Report

Pre-Report Estimates -- USDA Cattle On Feed

April 21, 2011

	Range of Estimates	Average of Estimates
	(Percent of year ago)	
On Feed, April 1	104.2 - 106.2	105.2
Placed in March	98.4 - 108.8	104.0
Marketed in March	102.5 - 105.1	103.1

Source: DowJones

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.

Corn futures reached with the recent high of \$7.83 ½ on Mon April 11, 2011

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 in 2008, Yesterday's high was \$6.84.**

Market Talk: No clear reasons for yesterday's corn selloff have been noted by any of a number of major market analysts. Some talk of spread unwinding, lower weekly ethanol production, covering positions prior to a 3 day weekend, potentially more favorable weather conditions leading to planting progress resuming. Also, reports of Eastern corn belt elevators and processors being plugged full of corn at the moment and the basis has weakened. Few eastern corn belt locations in Indiana talking about weather issues with current rain forecasts likely preventing corn planting until week of May 8th.

Ethanol production for the week of April 15 was down rather sharply at 856 thousand bbls / day vs. 898 in the previous week and at the lowest level since last September. This is an annual production pace near 13.3 billion gallons and translates into an annual corn grind near 4,840 million bushels, the current USDA forecast is 5,000 million bushels.

Talk by the trade that a forecasted tight US ending stocks to use ratio of five percent with little or no actual demand rationing as forecasted by USDA is a far less critical situation than what was experienced back during the 1996 shortage. When compared to the 1996 tightness, the market needed to decrease over 800 million bushels of yearly demand to end up with a similar year end five percent carryout to use ratio. This year projections are to make it into new crop with some demand restraint or deferral of use/exports enticed with a 90+ cents 60 day inverse in pricing.

History shows that we can still have an above trend corn yield if the US can be 40 pct planted by the first week of May but we have never had an above trend yield if not at least 60 pct planted by the second week of May.

Outside Markets:

U.S. Dollar Index	74.085	-0.482	-0.65%	Euro FX	1.45790	+0.00820	+0.57%	Ethanol Futures	May 11	2.569p	-0.052
CRB CCI Index	671.00p	+2.00	+0.3%	Canadian Dollar	1.05380	+0.00740	+0.71%	Gasoline RBOB (E)	May 11	3.2773p	+0.0442
Gold	1507.2	+8.9	+0.59%	Japanese Yen	1.22140	+0.00750	+0.62%	Diesel Gulf (Ulsd)	May 11	3.2577s	+0.0297
Silver	45.900	+1.435	+3.23%	Australian Dollar	1.06880	+0.00840	+0.79%	Heating Oil (E)	May 11	3.2214p	+0.0629
DJIA	12396p	+170	+1.39%	Chinese Renminbi	0.153810s	+0.000250	+0.16%	Crude Oil Brent (E)	Jun 11	124.15	+0.30
S&P 500 Index	1335.10	+6.80	+0.51%	Mexican Peso	0.085925s	+0.000500	+0.59%	Natural Gas (E)	May 11	4.310p	+0.048
Nasdaq 100	2380.25	+25.25	+1.07%	1-Month Libor	99.7875p	-0.0025	-	Polypropylene	May 11	0.8700s	0.0000
Russell 1000 Growth	611.40s	+11.50	+1.92%	T-Bond	121-11	+0-11	+0.28%	Polyethylene	May 11	0.6600p	0.0000
MSCI Emi Index	0.00	-1202.90	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Apr 11	1505.190p	+5.142
Nikkei 225	9705.00	+15.00	+0.15%	5-Year T-Note	118-110	+0-7.5	+0.1%	Coal Futures	May 11	77.33p	+1.51
Brazilian Real	0.63885p	+0.00260	+0.41%	10-Year T-Note	120-005	+0-035	+0.09%	Uranium	Apr 11	56.25s	-1.75

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Weather: Precipitation 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. Temps were above average in the southern HRWW belt, with 70's and 80's.

Dry weather dominated much of the Argentine and Brazilian growing regions yesterday. A few showers falling in RGDS and Santa Catarina, with totals generally under .35", and 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.

Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 21	apr 22	apr 23	apr 24	apr 25	apr 26	apr 27	apr 28	apr 29	apr 30
Cloudy	Strong Tstms	Cloudy/Wind	Showers	Sct T-Storms	Sct T-Storms	Sct T-Storms	Few Showers	Few Showers	AM Clouds
54° 42°	58° 44°	61° 48°	63° 49°	70° 57°	73° 50°	59° 46°	64° 49°	66° 48°	64° 50°

Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 21	apr 22	apr 23	apr 24	apr 25	apr 26	apr 27	apr 28	apr 29	apr 30
Rain	Strong Tstms	M Cloudy	P Cloudy	Sct T-Storms	Sct T-Storms	Few Showers	P Cloudy	P Cloudy	P Cloudy
52° 44°	56° 43°	59° 44°	64° 48°	66° 52°	67° 46°	62° 45°	68° 51°	68° 50°	66° 49°

South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 21	apr 22	apr 23	apr 24	apr 25	apr 26	apr 27	apr 28	apr 29	apr 30
PM Showers	Rain	AM Rain/Snow	P Cloudy	Few Showers	Showers	Showers	M Sunny	Showers	P Cloudy
48° 38°	45° 38°	49° 36°	57° 40°	57° 46°	52° 40°	58° 42°	60° 45°	58° 40°	57° 42°

Central Nebraska:

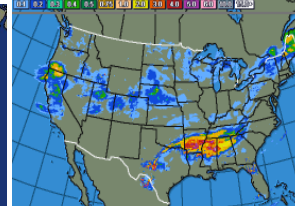
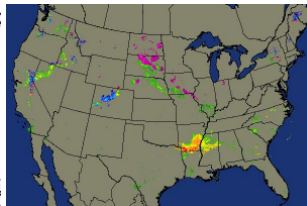
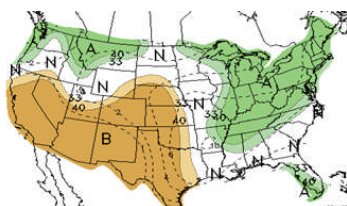
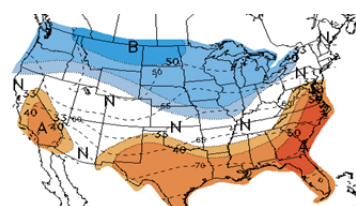
thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 21	apr 22	apr 23	apr 24	apr 25	apr 26	apr 27	apr 28	apr 29	apr 30
M Cloudy	Rain/Thunder	Few Showers	Showers	Sct T-Storms	Sct T-Storms	Showers	Showers	AM Clouds	AM Clouds
58° 44°	58° 55°	66° 55°	63° 59°	73° 62°	70° 54°	63° 51°	64° 50°	65° 51°	66° 50°

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 18	Tuesday, April 19	Wednesday, April 20
Air Temperature	Max = 45; Min = 30	Max = 45; Min = 34	Max = 40; Min = 33
Soil Temperature			
2 inch	Max = 51; Min = 34; Ave = 43	Max = 50; Min = 39; Ave = 44	Max = 47; Min = 39; Ave = 43
4 inch	Max = 45; Min = 35; Ave = 40	Max = 46; Min = 39; Ave = 42	Max = 43; Min = 40; Ave = 42
8 inch	Max = 43; Min = 36; Ave = 39	Max = 43; Min = 39; Ave = 41	Max = 42; Min = 39; Ave = 40
Daily Precipitation	0.14"	0.05"	0.12"

Corn: Morning: May 11 corn closed at \$7.39 1/2, up 6 3/4 cents, July 11 Corn is at \$7.46 3/4, up 6 1/4 cents,

Sept 11 Corn is at \$7.02, up 4 3/4 cents, Dec 11 Corn closed at \$6.60 1/4, up 4 3/4 cents.

Yesterday's Close: May 11 Corn closed at \$7.32 3/4, down 16 1/4 cents, Jul 11 Corn closed at \$7.40 1/2, down 16 1/2 cents, Sep 11 Corn closed at \$6.97 1/4, down 18 1/4 cents Dec 11 Corn closed at \$6.55 1/2, down 20 1/2 cents

Corn prices began the day higher but broke sharply after hitting overhead resistance to close lower. Corn longs took advantage of higher prices to decrease their longs heading into the three day weekend. Markets will be closes in observance of Good Friday on the 22nd. The rain has moved out of the Corn Belt with a couple of days reprieve before the precipitation returns. The 8 to 14 day forecast is bringing drier weather into the western Corn Belt but more precipitation in the eastern Corn Belt delaying planting in the east but allowing some progress in Iowa, Nebraska and Kansas. Analysts weekly export sales estimates range from 802,000 to 1,100,000 MT as of April 14th. Cash basis levels were steady to higher in the Midwest. Sales have slowed down with farmers focused on planting. The rally in stocks may also have influenced the sell off in corn and other commodities.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.63, up 5 1/4 cents, Jul 11 Soybeans closed at \$13.74 1/4, up 5 1/4 cents, Sept 11 Soybeans closed at \$13.74 3/4, up 6 1/4 cents, Nov 11 Soybeans closed at \$13.72 3/4, up 6 3/4 cents,

Yesterday's Close: May 11 Soybeans closed at \$13.57 3/4, up 15 3/4 cents, Jul 11 Soybeans closed at \$13.69 1/4, up 15 1/4 cents, Nov 11 Soybeans closed at \$13.66, up 12 cents, May 11 Soybean Meal closed at \$349.20, up \$2.80, May 11 Soybean Oil closed at \$58.14, up \$0.61

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Soybean futures closed higher but ended the day at mid range. The sharply lower dollar and stronger cash basis levels supplied enough evidence for buyers. But profit taking ahead of the three day weekend prompted selling. Soybean stocks at select export elevators and terminals were down 946 thousand bushels from the previous week. Analyst's estimates for soybean weekly export sales range from 200 to 400 thousand MT. Competing against higher prices in the U.S. are increased production levels coming out of South America and China's determination to curb food inflation. Argentine harvest is estimated at 54% complete with the crop size increasing on every report out of the Argentine Ag Ministry's office.

Wheat: Morning: May 11 CBOT Wheat closed at \$7.89 , up 4 cents, May 11 MGEX Wheat is at \$9.49 , up 10 ¼ cents
Yesterday's Close: May 11 CBOT Wheat closed at \$7.85, down ¾ cent, May 11 KCBT Wheat closed at \$9.20, down 6 cents, May 11 MGEX Wheat closed at \$9.38 ¾ , down 4 ¼ cents
Wheat futures reversed direction on all three exchanges dropping from higher prices earlier to close lower on most contracts. Trade estimates for weekly export sales range from 400 to 800 thousand MT. Crop conditions still remain a concern with much of the country at extremes weather wise; to wet and cold in the north and to dry and hot in the south. The 6 to 10 day forecast looks like more of the same with the exception of east Oklahoma and east Texas getting some much needed rain with temperatures heading to above normal but then in the 8 to 14 day forecast precipitation falls below normal and temps above normal in TX. There was a basis push for SRW in Cincinnati of 39 cents with cash basis at other locations steady. Wheat stocks at select export elevators and terminals were up 1.684 million bushels from last week.

Cattle: Yesterday's Close: Apr 11 Cattle closed at \$119.00, down \$0.25, Jun 11 Cattle closed at \$116.50, down \$0.67, Aug 11 Cattle closed at \$117.70, down \$0.47, Apr 11 Feeder Cattle closed at \$132.70, down \$0.15 May 11 Feeder Cattle closed at \$134.30, down \$0.17 Aug 11 Feeder Cattle closed at \$138.47, up \$0.250
Cattle futures reversed earlier direction and closed lower but finished at midrange. The monthly cattle on feed report will be released after the close, the last trading day for the week. Trade estimates average 105.2% for April 1st on feed, 104% for March placements and 103.1% for March marketings. Canadian beef production is down significantly from 2010 somewhat offsetting world numbers. China has been investing significantly in the expansion of beef and poultry in Brazil, adding 5 more firms to its approved list of beef suppliers bring the list to 8 firms. A formal announcement is forthcoming. Brazil is the worlds second highest producer of beef and veal behind the U.S. Beef and Veal production is estimated at 9.365 MMT for 2011 for Brazil and 11.946 MMT for the U.S. Boxed beef prices ended mixed with Choice down slightly and Select up slightly. Choice ended at \$188.89 and Select closed at \$183.37.

Hogs: Yesterday's Close: May 11 Hogs closed at \$102.90, down \$0.12, Jun 11 Hogs closed at \$101.40, down \$0.62 Jul 11 Hogs closed at \$101.17, down \$0.55
Lean Hog futures ended the day lower. The lean hog index was at \$94.17 as of April 18th. The spread between the spot futures contract and the Lean Hog Index is roughly \$8.70 now. Cash hogs got a jump on the upcoming three day weekend to close higher. Cash hog prices were up \$1.77 in IA/MN closing at \$93.31. WCB hogs were \$1.47 higher at \$92.61 and ECB hogs were up \$0.05 at \$90.98 this afternoon. Pork trading was slow with light to moderate demand and offerings. Carcass prices were steady. Foreign demand for U.S. meat is encouraged by the sharply lower dollar relative to other currencies.

Cotton: Yesterday's Close: May 11 Cotton closed at 183.17, down 665 points, Jul 11 Cotton closed at 167.06, down 410 points Dec 11 Cotton closed at 128.8, up 7 points
Cotton futures closed sharply lower on the front month on continued contract rolling while Dec was a tad higher. Cotton was higher earlier in the day with a Bloomberg report out of China of lower than expected plantings. First notice for May cotton is Monday and Friday is a holiday so that leaves only 1 more trading day to get out. Ample supplies of cotton coming to the world market right now seem to be meeting demand.

South America: The Argentine Ag Ministry increased their soybean estimate from 50.0 to 50.4 million tonnes (the USDA is at 49.5 MMT), and raised the corn production slightly from 20.8 to 20.9 MMT, USDA has been reporting 22.0 MMT. The Buenos Aires Exchange kept soybean production at 49.2 MMT and corn production at 20.0 MMT this week, while pegging the soybean harvest at 54% done, up 11.5% from LW.

The International Grains Council yesterday increased the 2011/12 global grain production forecast to 1.808 billion tonnes, up by 3 million tonnes from last month and 4.5% ahead of the last growing season. Corn output was pegged at a record 847 MMT, up about 5% from 2010/11's 841 MMT, and wheat production of 672 MMT was estimated down 1 MMT from March.

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May 11 Corn Daily Chart

ZCK11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCC11 - 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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