



## MORNING COMMENTS

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Wednesday, April 27, 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 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 in 2008, last Wednesday's high was \$6.84 and yesterday also posted a high of \$6.84 to leave a double top formation on the charts. Dec 11 corn closed this morning at \$6.66'6. This is a potential change of direction signal. If it weren't for weather delay's we would be making a recommendation to add to sales.**

**New crop Nov 11 soybeans high on April 11 of 14.11 ¼, we'd like to see that high taken out to add to new crop sales.**

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

**Market Talk:** Commodities in general are under pressure this morning as the trade is awaiting Fed activity today, although no rate or language changes are expected and fearing additional China rate hikes soon.

RJO'Brien pegging the 2010/11 corn carryout in May at 600 million down from USDA's 675 million last month and they put the 2011/12 corn carry out at 514 million bushels in their grain outlook down from USDA's 865 million used in Feb outlook forum. Meanwhile FCSStone estimates the 2010/11 corn carryout at 625 million bushels in May's USDA report.

Rain is falling in the drought stricken wheat growing regions of Germany and France pushing the European wheat market lower today. Also, Northern Texas panhandle caught a shower of less than .10" rainfall, not enough to impact the wheat crop conditions.

The southern portion of Missouri where wet conditions have been extreme, was 21-43% planted and is estimated to plant around .5 mln acres of the state's 3.3 mln corn acres. That part of the state also has final planting dates (for prevent plant insurance purposes) in May 10-15 range. With additional heavy rain for that region in the 10-day forecast, it looks like this area is a good candidate for the prevent plant insurance program. TN, at 34% planted vs 60 average, has a final planting date at May 20. KY, only 17% planted vs 45 average, still has time...with its final planting date for insurance purposes at May 31, the same as Minnesota.

Analysts now starting to talk of a 50-50% chance of the national corn yield being below trend line yields. However, others citing that over many decades the odds are only 1 in 4 or 1 in 5 of less than trend yields in late planting years with less than average planting pace of 60% on week May 8.

The US river system continues with problems from high with additional rainfall only serving to intensify the situation. Record levels along the Ohio and Lower Mississippi Rivers are expected in coming days. A levee south of Cairo, Illinois is expected to be intentionally broken over the weekend but the state of Missouri is suing to stop the break that could flood 1-200,000 acres of Missouri farmland. It will probably take months (at least) for river bottom land to dry out across much of the Eastern Corn Belt. This could mean more soybeans at the expense of corn.

**Stats Canada** released survey of Canadian farmers expected to plant all wheat of 24.7 million acres, up from the weather reduced 2010 area of 20.10 million acres, but in line with 24.5 and 25.0 in '09 and '08. They are expected to plant 5.1 million acres of durum wheat; a 60.3 percent increase from last years 3.2 million acres. Durum planting in the Prairies of Canada has a traditional wide flux. Durum acreage in Saskatchewan is expected to be up 57 percent to 4.4 million acres. Alberta producers are expected to plant 670,000 acres an increase of 86.1 percent. Durum is used to make pasta.

The canola market was pressed sharply lower in reaction to a larger than expected StatsCan acreage estimate. Canola futures finished \$9.00-\$9.90 lower, with the July closing at \$576.50/MT. StatsCan's first survey based acreage report projected that canola acres could exceed 19.2 million acres. The estimate was at the high end of expectations and 2.4 million acres above the previous record set last year.

**Celeres** reported harvest progress in Brazil has reached 91%, up from 85% last week and only slightly below the 94% harvested at this time last year. They report the farmer has sold 60% of the soybean crop vs. 47% last year and 58% on average.

**A CME Corn Limit proposal** is to widen the daily trading limit for corn from 30 to 50 cents per bushel, pending approval by the CFTC. The last change came in March 2008, when the limit went from 20 cents to the current 30 cents/bu. A new 50-cent limit would expand to 75 cents and then to \$1.10 in the event that two or more contracts close at a limit bid or offer.

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### Outside Markets:

U.S. Dollar Index	73.965	-0.060	-0.08%	Euro FX	1.46460	+0.00320	+0.22%	Ethanol Futures	May 11	2.645p	+0.014
CRB CCI Index	672.00p	-2.00	-0.3%	Canadian Dollar	1.04880	+0.00080	+0.08%	Gasoline RBOB (E)	May 11	3.3572p	+0.0343
Gold	1508.7	+5.7	+0.38%	Japanese Yen	1.21600	-0.00960	-0.78%	Diesel Gulf (Ulsd)	May 11	3.2711s	+0.0134
Silver	45.385	+0.315	+0.7%	Australian Dollar	1.07510	+0.00390	+0.36%	Heating Oil (E)	May 11	3.2111p	+0.0291
DJIA	12518p	+91	+0.73%	Chinese Renminbi	0.153730s	-0.000190	-0.12%	Crude Oil Brent (E)	Jun 11	123.97	-0.17
S&P 500 Index	1344.90	+4.00	+0.3%	Mexican Peso	0.086225s	+0.000250	+0.29%	Natural Gas (E)	Jun 11	4.444p	-0.008
Nasdaq 100	2397.75	+13.00	+0.55%	1-Month Libor	99.7900p	+0.0025	-	Polypropylene	May 11	0.8700s	0.0000
Russell 1000 Growth	619.20s	+4.50	+0.73%	T-Bond	121-27	-0-10	-0.26%	Polvethylene	May 11	0.6600p	0.0000
MSCI EmI Index	0.00	-1208.80	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Apr 11	1505.474p	+1.579
Nikkei 225	9730.00	+95.00	+0.99%	5-Year T-Note	119-2.5	-0-150	-0.39%	Coal Futures	Jun 11	78.78p	-0.10
Brazilian Real	0.64085p	+0.00270	+0.42%	10-Year T-Note	120-135	-0-080	-0.21%	Uranium	May 11	56.00p	0.00

**Weather:** Locally we received .35" of rainfall overnight. Rains fell across most of the Midwest again yesterday, with the heaviest totals falling generally to the north of I-80. Totals there were in the .35-1" range and isolated to 1"+. Totals to the south of I-80 as of midnight were generally under .35", although some significant rains have fallen in southern MO, most of IL and IN since midnight. Temps ran close to average across most of the Midwest, with highs in the 60's and lows in the 40's.

### Central Illinois:

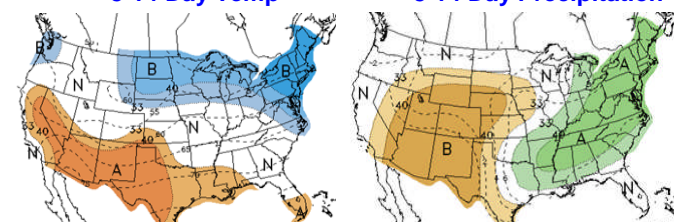
wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
apr 27	apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06
Shower	Shower/Wind	P Cloudy	Sct T-Storms	Shower	M Sunny	Sunny	M Sunny	Shower	Shower
59° 39°	57° 40°	67° 52°	72° 51°	59° 44°	61° 42°	63° 43°	65° 49°	63° 51°	63° 49°

### South Central Minnesota:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
apr 27	apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06
Shower	P Cloudy	M Cloudy	Shower	M Sunny	M Sunny	M Sunny	Shower	Shower	P Cloudy
45° 36°	58° 38°	67° 49°	53° 35°	51° 34°	53° 38°	61° 44°	56° 44°	55° 41°	59° 43°

### 8-14 Day Temp

### 8-14 Day Precipitation



### Central Iowa:

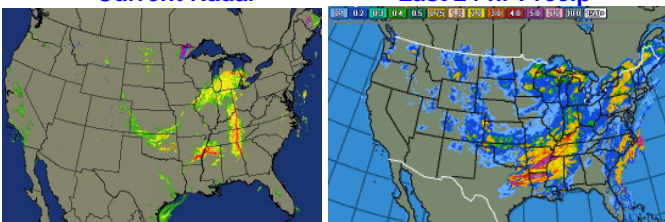
wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
apr 27	apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06
AM Clouds	PM Drizzle	P Cloudy	Shower	P Cloudy	M Sunny	Sunny	M Cloudy	Shower	P Cloudy
59° 42°	66° 41°	73° 57°	62° 43°	63° 41°	63° 44°	67° 50°	66° 52°	62° 49°	65° 48°

### Central Nebraska:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
apr 27	apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06
Strong Tlms	Shower/Wind	M Sunny	P Cloudy	Sct T-Storms	Few Showers	M Sunny	Sunny	Shower	Shower
65° 46°	56° 44°	64° 49°	74° 54°	60° 48°	63° 43°	61° 46°	65° 49°	60° 51°	67° 51°

### 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	Thursday, April 21	Friday, April 22	Monday, April 25	Tuesday, April 26
Air Temperature	Max = 45; Min = 30	Max = 45; Min = 34	Max = 40; Min = 33	Max = 44; Min = 29	Max = 47; Min = 32	Max = 62; Min = 33	Max = 62; Min = 38
Soil Temperature							
2 inch	Max = 51; Min = 34; Ave = 43	Max = 50; Min = 39; Ave = 44	Max = 47; Min = 39; Ave = 43	Max = 47; Min = 35; Ave = 41	Max = 47; Min = 36; Ave = 41	Max = 60; Min = 36; Ave = 48	Max = 56; Min = 40; Ave = 48
4 inch	Max = 45; Min = 35; Ave = 40	Max = 46; Min = 39; Ave = 42	Max = 43; Min = 40; Ave = 42	Max = 44; Min = 35; Ave = 40	Max = 44; Min = 35; Ave = 40	Max = 53; Min = 35; Ave = 45	Max = 51; Min = 40; Ave = 46
8 inch	Max = 43; Min = 36; Ave = 39	Max = 43; Min = 39; Ave = 41	Max = 42; Min = 39; Ave = 40	Max = 42; Min = 37; Ave = 41	Max = 41; Min = 37; Ave = 39	Max = 48; Min = 38; Ave = 43	Max = 47; Min = 41; Ave = 44
Daily Precipitation	0.14"	0.05"	0.12"	0.00"	0.28"	0.00"	0.53"

**Corn:** Morning: May 11 corn closed at \$7.57 ¼, down 9 cents, July 11 Corn is at \$7.64 ¼, down 8 ½ cents,

Sept 11 Corn is at \$7.15 ¾, down 8 ¾ cents, Dec 11 Corn closed at \$6.66 ¾ cents.

Yesterday's Close: May 11 Corn closed at \$7.66 ¼, up 3 ¾ cents, July 11 Corn closed at \$7.72 ¾, up 4 ¼ cents, Sep 11 Corn closed at \$7.24 ½, up ½ cent Dec 11 Corn closed at \$6.75 ¾, down 5 ¾ cents

Corn futures were higher on the old crop and lower on the new crop. Old crop corn usage of 13.5 billion would equate to an average usage of 1.125 billion bushels per month for the 2010/11 marketing year. On the last supply/demand report USDA said there was 6.5 billion

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bushels of corn left. In order for the market to maintain a minimum pipeline supply of 675 million bushels at the end of the marketing year, usage will have to be curbed to 970 million bushels per month for the remaining months. The spot contract closed above the \$7.65 resistance from the 2008 all time high in corn on a daily basis today. This is the fourth week prices have hit the old high. Planting is significantly behind the five year average and above normal rainfall is in the forecast for the next 6 to 10 days from May 1 to the 5th for Illinois, Indiana and Ohio. Southern and eastern Ohio is currently having storms. Cash basis levels were firm at river terminals but producers seem to be holding off selling their reserves until the new crop is in the ground.

**Soybean Complex:** Morning: May 11 Soybeans closed at \$13.67  $\frac{3}{4}$ , down 15 cents, Jul 11 Soybeans closed at \$13.73, down 16  $\frac{3}{4}$  cents, Sept 11 Soybeans closed at \$13.66  $\frac{1}{2}$ , down 14  $\frac{1}{4}$  cents, Nov 11 Soybeans closed at \$13.57  $\frac{3}{4}$ , down 17 cents, Yesterday's Close: May 11 Soybeans closed at \$13.82  $\frac{3}{4}$ , down 6  $\frac{3}{4}$  cents, Jul 11 Soybeans closed at \$13.89  $\frac{1}{4}$ , down 7  $\frac{1}{4}$  cents, Nov 11 Soybeans closed at \$13.74  $\frac{3}{4}$ , down 7  $\frac{3}{4}$  cents, May 11 Soybean Meal closed at \$359.80, down \$1.30, May 11 Soybean Oil closed at \$58.05, down \$0.16

Soybean futures ended lower on the day. Stats Canada reported an expected increase in canola acreage to 5.9 million up 8.1% from the 2010 record of 5.5 million acres. Canola is a competing product with soybeans for the veg oil. The USDA will begin reporting soybean planting progress next week for the major growing states. Louisiana has 43% of their soybeans planted compared to 30% for the five year average in that state. Corn planting is behind schedule which increases the potential for more soybean acres if the delays continue. Cash basis levels were higher at Midwest processing plants. Brazil is 91 percent harvested with 98 percent of the crop mature and 60 percent of the crop sold. Brazil is expected to harvest a record 70.56 million MT of soybeans according to Celeres. Soybean harvest is behind last year by 2 percent with expectations of a 49.2 MMT crop.

**Wheat:** Morning: May 11 CBOT Wheat closed at \$9.74  $\frac{1}{2}$ , down 16  $\frac{3}{4}$  cents, May 11 MGEX Wheat is at \$9.70, down 3  $\frac{1}{2}$  cents Yesterday's Close: May 11 CBOT Wheat closed at \$8.11  $\frac{1}{4}$ , down 14  $\frac{3}{4}$  cents, May 11 KCBT Wheat closed at \$9.50  $\frac{1}{4}$ , down 10  $\frac{1}{2}$  cents, May 11 MGEX Wheat closed at \$9.73  $\frac{1}{2}$ , down 7  $\frac{1}{4}$  cents Wheat futures ended lower on the day for all three exchanges. Wet weather in the Northern U.S. Plains and drought in the Southern U.S. Plains has kept wheat prices trending higher with prices hitting chart resistance today before backing off. Prices are above the 40 day moving averages however. Much of the dry land wheat is being abandoned in Texas and switched to other crops. Oklahoma wheat was rated 75% poor/very poor and 5% good/excellent. Kansas wheat was rated 44% poor/very poor and 22% good/excellent. The lack of rain has been a problem but the cooler temperatures have also contributed to the decline in crop progress. Protein premiums for rail car wheat to and through Kansas City jumped 10 to 25 cents a bushel for 11.4-12.8 percent protein.

**Cattle:** Yesterday's Close: Apr 11 Cattle closed at \$116.02, unchanged, Jun 11 Cattle closed at \$112.30, down \$0.50, Aug 11 Cattle closed at \$114.45, unchanged, May 11 Feeder Cattle closed at \$128.75, down \$1.22 Aug 11 Feeder Cattle closed at \$132.95, down \$1.00 Sep 11 Feeder Cattle closed at \$133.80, down \$1.30

Cattle futures closed mixed on the day. April and August cattle closed steady, June and October were lower and December cattle were higher. The bulk of the cattle sold for \$117 yesterday, \$2 lower than last week. Today cattle have sold for \$115 to \$117.50 on just over 31,000 head. Boxed beef prices were mixed. Choice beef is down \$0.79 at \$185.56 and Select is up \$1.15 at \$180.61. Beef supplies on Thursdays USDA Cold Storage report were at the highest level in at least the last 11 years. The question as to "why" may have spooked the futures market. Is demand drying up? Is beef being stocked because of upcoming demand? The lower dollar and higher stock market should contribute to increased usage both domestically and internationally if those trends continue. Feeder cattle futures also closed lower today with the August contract nearly filling the gap left after the March Cattle on Feed report. The October cattle crush closed at \$121 after falling from the \$150s in March.

**Hogs:** Yesterday's Close: May 11 Hogs closed at \$98.62, down \$2.02, Jun 11 Hogs closed at \$97.10, down \$1.42 Jul 11 Hogs closed at \$97.82, down \$1.42

Lean Hog futures gapped lower and closed sharply lower, the fourth down day in a row. Summer hogs closed below the 40 day moving average for the second day and fall and winter hogs closed under the average for the first day. The stock market ended higher and the U.S. dollar closed lower. The lean hog index was at \$94.90 for April 22nd, close to the all time high of \$96.74 in August of 2008. The spread of the spot futures contract has narrowed to \$3.30 versus the Lean Hog Index although the two are two days apart. Cash hogs ended \$1.51 lower in IA/MN, \$1.49 lower in the WCB and \$0.19 higher in the ECB at \$89.25, \$89.25 and \$91.81 respectively. Pork trading is slow to moderate with mostly light demand and mostly moderate offerings. The pork carcass is higher.

**Cotton:** Yesterday's Close: May 11 Cotton closed at 181.84, down 624 points, Jul 11 Cotton closed at 160.39, down 600 points Dec 11 Cotton closed at 129.44, down 452 points

Cotton futures closed sharply lower on concerns of slowing demand out of China and fresh supplies out of the southern hemisphere. Rumors of China possibly tightening their monetary policy more also weigh as well as positioning before the presentation by Bernanke tomorrow. Planting progress has been slow due to limited moisture which is necessary for planting.

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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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