



MORNING COMMENTS

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Thursday, April 28, 2011

Recommendation: Set May corn HTA basis if you plan to deliver. There is little incentive to roll out to July unless delivery is an issue.

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 in 2008, last Wednesday's high was \$6.84 and Tuesday also posted a high of \$6.84 to leave a double top formation on the charts. Dec 11 corn closed this morning at \$6.62'6. 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: Talked with an individual who traveled US Hwy 71 from Redwood Falls down into mid Iowa near I-80 yesterday and only saw 2 fields worked.

Wheat Quality Council's HRW crop tour will be next week. USDA's first winter wheat production report is scheduled for Wednesday, May 11th with private estimates are expected next week.

US soybean and meal basis levels continue to narrow. Processors have found soybeans harder to buy and have been able to move meal basis higher. Crush is slowing with more plant downtime anticipated in coming months.

Ukraine's Agriculture Ministry increased their 2011 grain production forecast to 45 million tonnes, up about 3 MMT with exports in 2011/12 of 19-20 MMT as compared to 13.5 MMT last year. The exports will be mostly 8-9 MMT of wheat, only 4 MMT of corn, and about 5-6 MMT of Barley. Ukraine is in the process of lifting grain export quotas put in place last October; their total exports have been just 8.1 MMT over the past nine months, down from an 18.7 MMT pace a year ago.

Japan bought 342,518 tonnes of food wheat in their normal weekly tender this morning, which including 164k from the U.S. for June and 86k from Canada, with 92k from Australia.

South America: Dry weather dominated most of the Argentine and Brazilian growing regions. The forecast still sees mainly dry weather to occur across both the Argentine and most of the Brazilian growing regions through most of the next week to ten days.

South American basis levels have held relatively stable to slightly higher over the past week. New business has been slow but harvest is winding down in Brazil and movement has slowed. Oil World is reported as raising their Brazilian soybean production estimate to 72.5 MMT. Most trade estimates are now in the 72-72.5 MMT range. Brazilian domestic Soymeal demand is expected to increase by about 7% this next year as a result of increased demand from the poultry industry.

Argentina Soybean yields are now expected to be slightly lower than previously expected with harvest about 55% complete.

Outside Markets: The Fed is leaving interest rates unchanged and following through with the \$600 billion bond buying program into June as planned. The Fed believes the pickup in inflation will be temporary. The Fed is expected to begin raising rates later this year or early next year to reduce borrowing and spending according to economists.

U.S. Dollar Index	73.410	-0.281	-0.38%	Euro FX	1.47800	+0.00590	+0.4%	Ethanol Futures	May 11	2.635p	-0.010
CRB CCI Index	670.00p	-2.00	-0.3%	Canadian Dollar	1.05090	+0.00180	+0.17%	Gasoline RBOB (E)	Jun 11	3.3582p	+0.0510
Gold	1532.3	+15.7	+1.04%	Japanese Yen	1.22350	+0.00700	+0.58%	Diesel Gulf (Ulsd)	May 11	3.2914s	+0.0203
Silver	48.325	+2.367	+5.15%	Australian Dollar	1.08320	+0.00490	+0.45%	Heating Oil (E)	Jun 11	3.2481p	+0.0208
DJIA	12641p	+123	+0.98%	Chinese Renminbi	0.153980s	+0.000250	+0.16%	Crude Oil Brent (E)	Jun 11	125.01	-0.12
S&P 500 Index	1349.80	-1.20	-0.09%	Mexican Peso	0.086400s	+0.000175	+0.2%	Natural Gas (E)	Jun 11	4.408p	-0.036
Nasdaq 100	2405.00	-4.00	-0.17%	1-Month Libor	99.7900p	0.0000	-	Polypropylene	May 11	0.8700s	0.0000
Russell 1000 Growth	623.90s	+4.70	+0.76%	T-Bond	121-27	+0-15	+0.39%	Polyethylene	May 11	0.6700p	+0.0100
MSCI Emi Index	0.00	-1206.90	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Apr 11	1505.526p	+0.052
Nikkei 225	9885.00	+150.00	+1.54%	5-Year T-Note	118-230	-0-7.5	-0.57%	Coal Futures	Jun 11	78.93p	+0.15
Brazilian Real	0.63965p	-0.00120	-0.19%	10-Year T-Note	120-275	+0-140	+0.36%	Uranium	May 11	55.50p	-0.50

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Weather Locally we had just .05” of rainfall since yesterday morning. Rains fell across the eastern Midwest yesterday, with totals in the .50-1.5” range to the east of a line from St. Louis to Chicago. Things to the west of that line were a little quieter, with just a few showers bringing totals of generally less than .25”. Temps ran below average in the western Midwest, with highs in the 40’s and 50’s. Temps in the east were a bit above, with highs in the 60’s. The next rain system will arrive in the Midwest later Saturday and into Sunday and bring moderate to heavy totals to most areas. Yet another precip is seen possible by the time we get to the second half of next week. Temps in the Midwest will run a little below average, but will be mainly the result of all the clouds and precip.

Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06	may 07
PM Showers	Sunny	Iso T-Storms	Showers	M Sunny	Sunny	P Cloudy	P Cloudy	Showers	M Sunny
56° 38°	66° 49°	75° 49°	51° 40°	59° 41°	65° 45°	67° 50°	67° 48°	64° 47°	65° 47°

Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06	may 07
P Cldy/Wind	P Cldy/Wind	Sct T-Storms	M Cloudy	Sunny	Sunny	P Cloudy	Showers	Sunny	M Sunny
66° 43°	70° 56°	64° 43°	58° 38°	67° 42°	68° 49°	69° 51°	64° 45°	66° 47°	66° 50°

South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06	may 07
AM Showers	P Cldy/Wind	AM Showers	Sunny	Sunny	P Cloudy	P Cloudy	P Cloudy	Sunny	M Sunny
60° 39°	65° 47°	52° 33°	53° 32°	57° 39°	67° 47°	62° 42°	55° 40°	58° 41°	59° 45°

Central Nebraska:

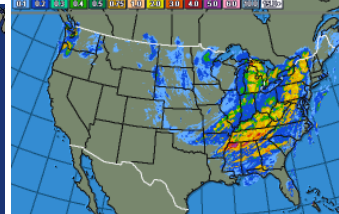
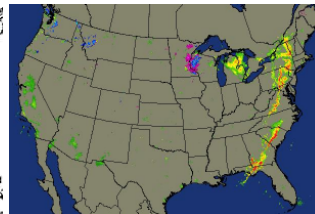
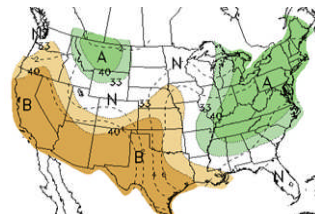
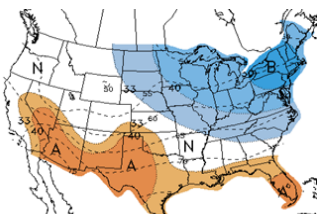
thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
apr 28	apr 29	apr 30	may 01	may 02	may 03	may 04	may 05	may 06	may 07
Sct T-Storms	P Cloudy	M Cloudy	Rain/Thunder	Few Showers	Sunny	M Sunny	P Cloudy	Showers	M Sunny
57° 42°	64° 47°	69° 57°	59° 45°	58° 42°	62° 44°	66° 50°	68° 52°	65° 50°	66° 50°

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	Thursday, April 21	Friday, April 22	Monday, April 25	Tuesday, April 26	Wednesday, April 27
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	Max = 45; Min = 35
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	Max = 48; Min = 40; Ave = 44
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	Max = 45; Min = 40; Ave = 43
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	Max = 45; Min = 41; Ave = 43
Daily Precipitation	0.14"	0.05"	0.12"	0.00"	0.28"	0.00"	0.53"	0.07"

Corn: Morning: May 11 corn closed at \$7.55 ¼ , up 3 cents, July 11 Corn is at \$7.62 ¾ , up 3 ½ cents, Sept 11 Corn is at \$7.16 , up 1 ¾ cents, Dec 11 Corn closed at \$6.62 ¾ , down 4 ½ cents.
Yesterday's Close: May 11 Corn closed at \$ 7.52 ¼ , down 14 cents, Jul 11 Corn closed at \$7.59 ¼ , down 13 ½ cents, Sep 11 Corn closed at \$7.14 ¼ , down 10 ¼ cents Dec 11 Corn closed at \$6.67 ¼ , down 8 ½ cents
Corn futures ended the day lower pressured by drier weather in NE, KS, MN, IA and MO next week. Cool temperatures remain in the forecast for the next 6 to 10 days for most of the PNW and Northern Plains. Above normal precipitation for the same period is forecast for the eastern Corn Belt. Cash basis levels fell at river terminals due to higher barge freight. Midwest sales are light with processor bids slightly higher. The Taiwan Sugar corp is tendering for 23,000 MT of corn tomorrow. Trade estimates for the weekly export sales report range from 800,000 to 1,050,000 MT. Traders were moving to the sidelines ahead of the Fed policy meeting report this afternoon with Funds selling an estimated 15,000 contracts. First notice day for the May contract is April 29th.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.85 ¾ , up 7 ¾ cents, Jul 11 Soybeans closed at \$13.92 ¾ , up 8 ¼ cents , Sept 11 Soybeans closed at \$13.81 ¼ , up 5 ¾ cents, Nov 11 Soybeans closed at \$13.74 , up 5 ½ cents,
Yesterday's Close: May 11 Soybeans closed at \$13.78, down 4 ¾ cents, Jul 11 Soybeans closed at \$13.84 ½ , down 4 ¾ cents, Nov 11 Soybeans closed at \$13.68 ½ , down 6 ¼ cents, May 11 Soybean Meal closed at \$356.70, down \$3.10, May 11 Soybean Oil closed at \$57.86, down \$0.19
Soybeans ended lower on the day but closed at the midrange of today's trading range. The Census Bureau will release the soy crush data in

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the morning. The average crush estimate among traders surveyed by Reuters was 139.27 million bushels, up from 129.44 in February. Trade estimates for tomorrow's weekly export sales report range from 350 to 550 thousand MT. The weather forecasts are calling for temperatures to remain below normal in the north and above normal in the southwest. The eastern Corn Belt forecasts are calling for above normal precipitation but the Midwest, including KS, NE, MN, IA and MO are expected to be drier than normal. The USDA will begin reporting soybean planting progress beginning Monday of next week for the major growing states. Cash basis levels were lower at river terminals and mostly unchanged in the Midwest. The U.S. dollar failed to hold earlier gains and closed lower with the Fed announcement that rates will not be raised and lower GDP this quarter is transitory. Crude oil prices were higher on the close.

Wheat: Morning: May 11 CBOT Wheat closed at \$7.73, down 4 cents, May 11 MGEX Wheat is at \$9.47 ½ cents
Yesterday's Close: May 11 CBOT Wheat closed at \$7.77, down 34 ¼ cents, May 11 KCBT Wheat closed at \$9.12 ½, down 37 ¾ cents, May 11 MGEX Wheat closed at \$9.47 ½, down 26 cents
Wheat futures closed sharply lower on all three exchanges. There was some rain reported in KS, OK, east TX and the TX panhandle in the last 24 hours. Amounts were a tenth to an inch in west KS and northwest OK with amounts up to 2 inches in portions of east TX. Chances of a tenth of an inch continue for the area each day over the next four days. Cool and wet weather in the PNW and northern Plains is hampering spring wheat planting. Traders stepped to the sidelines ahead of today's Fed Policy news release. Private Exporters announced the sale of 100,000 MT of HRW wheat for delivery to unknown destinations for 2011/12 marketing year. The 2011/12 marketing year begins June 1st. Saudi Arabia's state grain buyer bought 275,000 MT of wheat from the U.S. Canada and Germany in a tender on Friday. Trade estimates for tomorrow's export sales report range from 350 to 550 thousand MT.

Cattle: Yesterday's Close: Apr 11 Cattle closed at \$117.27, up \$1.25, Jun 11 Cattle closed at \$113.55, up \$1.250, Aug 11 Cattle closed at \$116.10, up \$1.65, May 11 Feeder Cattle closed at \$130.40, up \$1.65 Aug 11 Feeder Cattle closed at \$134.85, up \$1.90 Sep 11 Feeder Cattle closed at \$135.80, up \$2.00
Cattle futures recovered some of the losses made earlier this week to close higher. The Five Area Weighted Cattle prices for Tuesday were mostly at \$116.50 in the live and mostly \$187 for the dressed, a \$2.50 drop from the bulk of last week's live cattle sales. There were about 3,500 head sold today from \$116 to \$119 in the live and \$183.50 to \$188 in the dressed. Boxed beef prices finished the day lower. Choice beef was down \$0.83 at \$184.73 and Select was down \$1.00 at \$179.61. Feeder cattle futures also recovered some of the drop posted earlier this week to close higher. The October cattle crush closed at \$129 today gaining value from the lower corn price and higher live cattle prices.

Hogs: Yesterday's Close: May 11 Hogs closed at \$97.75, down \$0.87, Jun 11 Hogs closed at \$96.70, down \$0.40 Jul 11 Hogs closed at \$97.70, down \$0.12
Lean Hog futures ended lower on the day. The lean hog index was at \$94.58 for April 25th, dipping for the first time in several days. Open interest in Lean Hogs was down 2,421 contracts. The May Lean Hog contract has 4,907 in open interest and the June contract has 82,994 contracts in open interest coming in this morning. Cash hogs got a boost today closing \$2.11 higher in IA/MN at an average price of \$91.41 this afternoon. WCB hogs were \$1.58 higher at \$90.88 and ECB hogs were \$0.42 lower at \$91.35. Carcass prices were slammed. The cutout was down \$2.38. Pork trading was slow with very light to light demand and moderate to heavy offerings.

Cotton: Yesterday's Close: May 11 Cotton closed at 174.89, down 695 points, Jul 11 Cotton closed at 153.39, down 700 points Dec 11 Cotton closed at 124.6, down 484 points
Most of Texas remains dry with eastern Texas getting some moisture in the past 24 hrs.

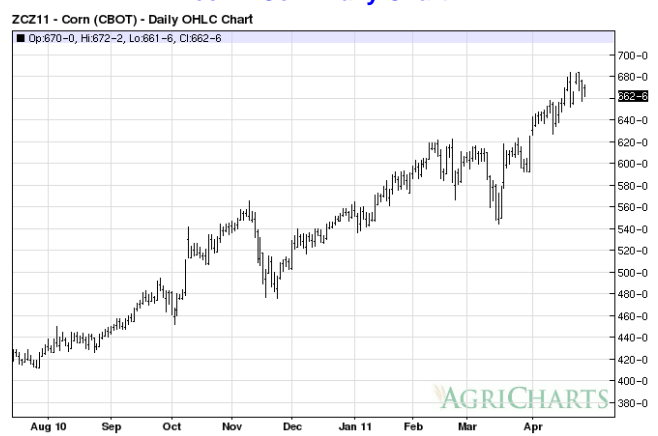
New Corn Carry Out Commingling: Some thoughts that the volume of corn that may be harvested during the old crop marketing year is being underestimated by trade. According to Advanced Trading, 11 southern states tend to harvest corn prior to September first. It is possible that they could easily deliver 475 million bushel of new crop corn during the old crop months. If that were to happen then the corn inventory on September 1st could be closer to 1 billion bushel mark than the 600 million bushels some analysts are predicting.

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May 11 Corn Daily Chart



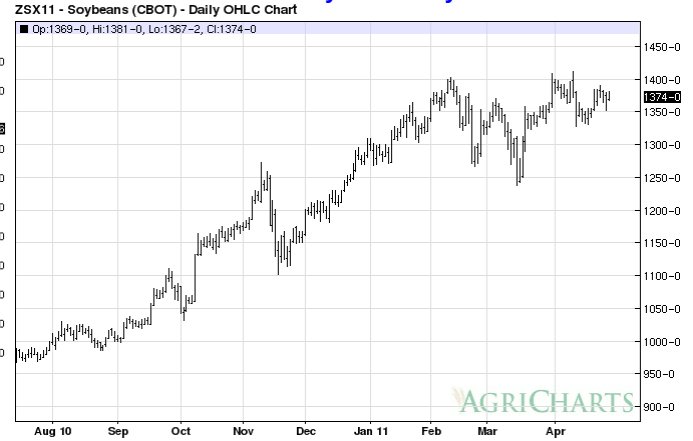
Dec 11 Corn Daily Chart



May 11 Soybean Daily Chart



Nov 11 Soybean Daily Chart



May 11 Mpls Spring Wheat Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart



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