



## MORNING COMMENTS

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Friday, April 29, 2011

**Recommendation:** For those with May HTA contracts. Set May corn HTA basis if you plan to deliver during May. 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.

**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 \$6.45. 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 1/4, we'd like to see that high taken out to add to new crop sales.

Back in 1996 we had a record \$1.75 July-Dec corn inverse that prompted a situation where no new net corn sales took place for the remainder of the year after May 1. Today, we have nearly a \$0.81 a bushel inverse with May at \$7.27 and Sept at \$6.91, only for 60 days from today to the August/Oct that may further slow, delay or restrain US export purchases.

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

**Market Talk** Corn trade limit expands to 45 cents today after 3 contracts trade limit down 30 cents yesterday. Heavy liquidation by funds taking place over the past few days and market prices hit sell stops yesterday. Talk that US corn is priced out of the world market at this time. China has reportedly cancelled one or two bean oil cargoes from Brazil this week. China importing 4.34 million tonnes of soybeans in April up 24% from March and 4.4 MMT in May nearly the same as last year.

China's National Development & Reform Commission reported a restructuring plan this week for the corn processing industry, restricting construction of new starch plants with annual capacity of up to 300k tonnes. This isn't seen as a measure for slowing corn demand overall, just a method to slow profits for large companies operating within the sector. The Chinese demand for corn starch is expected to grow 10% annually at twice the rate of increased Chinese corn production.

Russian spring grain planting reaching just 8% as of yesterday of a total of 30.2 million-hectare, a faster pace than last week but still at a record slow pace at nearly half a million hectares slower than last season.

Trade is expecting corn planting progress Monday to be between 15-17% as compared to more than 40% at this time last year.

**South America:** Dry weather dominated most of the Argentine and Brazilian, with some rains in western Argentine growing regions late in the day. Totals in La Pampa and Cordoba were in the .50-1" range. The forecast sees the current rain event to continue through Argentina today and impact S. Brazil today and tomorrow with amounts of .30-1" look to be fairly widespread in these areas, possible isolated heavier totals possible as well. Dry weather expected for the rest of the 10 day period. The northern Brazilian growing regions should be fairly dry in the next 10 days.

**Outside Markets:** The dollar continued lower reaching the lowest level in 3 years

U.S. Dollar Index	73.095	-0.216	-0.29%	Euro FX	1.48470	+0.00450	+0.3%	Ethanol Futures	May 11	2.563p	-0.072
CRB CCI Index	671.00p	+1.00	+0.15%	Canadian Dollar	1.05210	+0.00180	+0.17%	Gasoline RBOB (E)	Jun 11	3.3696p	+0.0114
Gold	1540.0	+9.2	+0.6%	Japanese Yen	1.23180	+0.00460	+0.37%	Diesel Gulf (Ulsd)	Jun 11	3.3069s	-0.0002
Silver	49.020	+1.500	+3.16%	Australian Dollar	1.08980	+0.00500	+0.46%	Heating Oil (E)	Jun 11	3.2459p	-0.0022
DJIA	12708p	+67	+0.53%	Chinese Renminbi	0.154070s	+0.000090	+0.06%	Crude Oil Brent (E)	Jun 11	125.44	+0.42
S&P 500 Index	1357.30	+2.40	+0.18%	Mexican Peso	0.086350s	-0.000050	-0.06%	Natural Gas (E)	Jun 11	4.571p	+0.163
Nasdaq 100	2405.00	+3.25	+0.14%	1-Month Libor	99.7900p	0.0000	-	Polypropylene	Jun 11	0.8500s	0.0000
Russell 1000 Growth	624.30s	+0.40	+0.06%	T-Bond	122-12	+0-08	+0.2%	Polyethylene	Jun 11	0.6713p	0.0000
MSCI Emi Index	0.00	-1198.20	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Apr 11	1505.053p	-0.473
Nikkei 225	9935.00	0.00	-	5-Year T-Note	119-010	+0-050	+0.13%	Coal Futures	Jun 11	78.90p	-0.03
Brazilian Real	0.63635p	-0.00330	-0.52%	10-Year T-Note	121-015	+0-030	+0.08%	Uranium	May 11	55.25p	-0.25

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



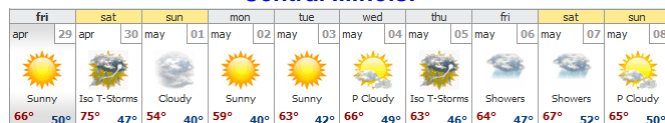
GC - Gold (COMEX) - Weekly OHLC Chart



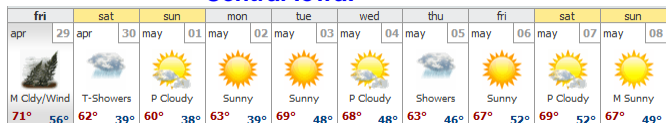
**Weather** Scattered showers in the eastern Midwest yesterday, with most totals in MN and areas east of the MS River less than .25". The exceptions were in NW IN, where totals of up to .50" fell and across most of MI, where totals were in the .25-1" range. Mostly dry in the rest of the region. Temperatures ran below average, with mostly highs in the 50's and some 60's in the south and west.

Forecast for MN has possible rain tonight and possible snow Saturday. The Midwest forecast sees mainly dry weather for today and most of tomorrow. The next rain system will arrive in the Midwest later Saturday and into Sunday and early Monday and changes have it bring moderate to heavy totals to the NW with mainly light rains in the central sections. Temps in the Midwest will bounce around a bit in the next 10 days, but will run a little below average overall.

### Central Illinois:



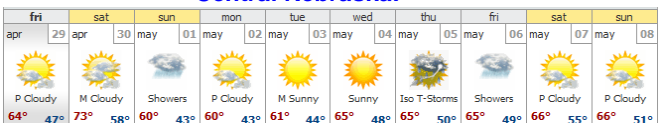
### Central Iowa:



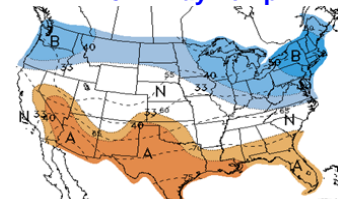
### South Central Minnesota:



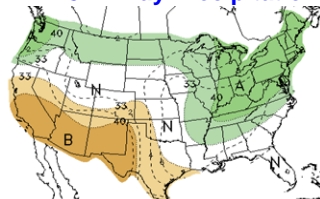
### Central Nebraska:



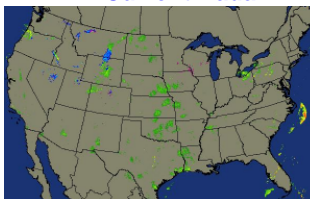
### 8-14 Day Temp



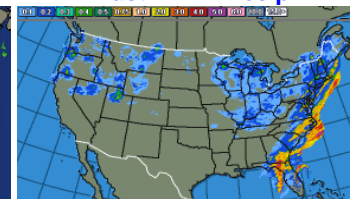
### 8-14 Day Precipitation



### 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
<b>Air Temperature</b>	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
<b>Soil Temperature</b>								
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 = 42; 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
<b>Daily Precipitation</b>	0.14"	0.05"	0.12"	0.00"	0.28"	0.00"	0.53"	0.07"

**Corn:** Morning: May 11 corn closed at \$7.27 , up 4 cents, July 11 Corn is at \$7.33 up 3 ¾ cents, Sept 11 Corn is at \$6.91 , up 6 ¾ cents, Dec 11 Corn closed at \$6.46 ¼ , up 8 ¾ cents.

Yesterday's Close: May 11 Corn closed at \$7.23, down 29 ¼ cents, Jul 11 Corn closed at \$7.29 ¼ , down 30 cents, Sep 11 Corn closed at \$6.84 ¼ , down 30 cents Dec 11 Corn closed at \$6.37 ½ , down 29 ¾ cents

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Corn futures closed limit to near limit lower today. There were rumors today that a commodity fund is being liquidated. Total open interest in corn was down 40,125 contracts on the sell off yesterday with a drop in the spot May contract of 50,785 contracts offset by the increase in other contract months. First notice day for May contract is tomorrow. The trade is estimating Funds sold another 40,000 corn contracts today. USDA reported export sales were significantly below trade expectations. Sales for 2010/11 were 349,000 MT and sales for 2011/12 were 94,700 MT; estimates ranged from 800,000 to 1,050,000 MT.

**Soybean Complex:** Morning: May 11 Soybeans closed at \$13.55  $\frac{1}{4}$ , up 5 cents, Jul 11 Soybeans closed at \$13.58, up 4  $\frac{1}{2}$  cents, Sept 11 Soybeans closed at \$13.51  $\frac{3}{4}$ , up 7  $\frac{3}{4}$  cents, Nov 11 Soybeans closed at \$13.44, up 6  $\frac{1}{4}$  cents, Yesterday's Close: May 11 Soybeans closed at \$13.50  $\frac{1}{4}$ , down 27  $\frac{3}{4}$  cents, Jul 11 Soybeans closed at \$13.53  $\frac{1}{2}$ , down 31 cents, Nov 11 Soybeans closed at \$13.37  $\frac{3}{4}$ , down 30  $\frac{3}{4}$  cents, May 11 Soybean Meal closed at \$348.70, down \$8.00, May 11 Soybean Oil closed at \$56.43, down \$1.43

Soybean futures closed sharply lower with the other grains. Selling was mostly attributed to Fund end of the month selling and reallocation. Bulls suggest that the selling in corn is most likely not due to better planting weather, because theoretically soybeans would then be higher because they'd be losing acreage to corn. The average Census crush estimate among traders surveyed by Reuters was 139.27 million bushels, up from 129.41 in February. Census put the number at 140.27 million bushels. Census meal stocks were smaller than the trade estimates, at only 325,136 tons. Soybean stocks were 3.4 billion pounds, an increase over February and last year. Trade estimates for the weekly export sales report ranged from 350 to 550 thousand MT. Sales came in at only 143,500 MT for 2010/11 and 55,700 MT for 2011/12 delivery. Sales for 2010/11 are at a three year low for this week.

**Wheat:** Morning: May 11 CBOT Wheat closed at \$7.44  $\frac{3}{4}$ , up 1  $\frac{3}{4}$  cents, Jul 11 MGEX Wheat is at \$9.22  $\frac{1}{2}$ , down 1  $\frac{1}{4}$  cents Yesterday's Close: May 11 CBOT Wheat closed at \$7.43, down 34 cents, May 11 KCBT Wheat closed at \$8.70  $\frac{1}{4}$ , down 42  $\frac{1}{4}$  cents, May 11 MGEX Wheat closed at \$9.16  $\frac{3}{4}$ , down 30  $\frac{3}{4}$  cents

Wheat futures were sharply lower again today, dropping about 80 cents to a dollar in the last three days on all three exchanges. Wheat volume was estimated at 150,000 contracts. The 30 day average volume has been around 111,000 contracts. Unlike the other grain markets export sales were within trade estimates. Wheat sales for 2010/11 delivery were 265,000 MT and sales for 2011/12 were 153,200 MT. Wheat export sales are above the last two years for current marketing year delivery and sales are running ahead of the past two years for next marketing year delivery. That would indicate good demand from our foreign customers; most likely helped by the U.S. dollar nearing the 2008 lows. EU futures were lower on scattered rains in France and more general moisture for Germany. The strong euro also makes EU wheat less competitive.

**Cattle:** Yesterday's Close: Apr 11 Cattle closed at \$117.15, down \$0.12, Jun 11 Cattle closed at \$113.17, down \$0.37, Aug 11 Cattle closed at \$115.80, down \$0.30, May 11 Feeder Cattle closed at \$131.37, up \$0.97 Aug 11 Feeder Cattle closed at \$136.12, up \$1.27 Sep 11 Feeder Cattle closed at \$136.95, up \$1.15

Cattle futures closed lower but rallied off earlier lows. April futures are in line with cash but April Live Cattle futures expire tomorrow. The June contract is \$4.00 lower than the April as of tonight's close which will leave a gap on the weekly continuation chart Monday unless the two contracts come together tomorrow. June would have to rally two bucks and April drop two bucks for that to become a reality and will not likely happen. Beef exports remain good with weekly sales coming in at 16,600 MT. Annual sales are up 33 percent for this week compared to last year. Afternoon boxed beef prices were lower. Choice beef is down \$0.59 at \$184.14 and Select is down \$1.71 at \$177.90. Feeder cattle futures prices closed higher on lower corn prices. The October cattle crush closed at \$134.00.

**Hogs:** Yesterday's Close: May 11 Hogs closed at \$96.80, down \$0.95, Jun 11 Hogs closed at \$96.50, down \$0.20 Jul 11 Hogs closed at \$97.50, down \$0.20

Lean Hog futures gapped to the downside on the open this morning and ended the day lower but closed at or near the high of the day. Lower cash led to the initial sell off and short covering led the buying. Cash hogs were down \$1.50 in IA/MN, down \$1.64 in the WCB and \$0.34 in the ECB. Cash hogs were \$90.28, \$89.68 and \$90.99 respectively. The lean hog index was at \$94.17 for April 26th, the second day decline after several up days. Open interest in Lean Hogs was down 3,789 contracts yesterday. The May Lean Hog contract had 4,462 in open interest and the June contract has 79,565 contracts in open interest coming in this morning. There are some concerns that that consumer dollar is being squeezed by higher gas prices and that could lead to less meat consumption.

**Cotton:** Yesterday's Close: May 11 Cotton closed at 172.82, down 207 points, Jul 11 Cotton closed at 152.02, down 137 points Dec 11 Cotton closed at 126.58, up 198

Cotton futures closed mixed with old crop lower and new crop higher. Concerns about the conditions of The US 2011 crop supported new crop. Export sales were reduced 43,900 RB for 2010/11 delivery. China did a lot of cotton switching and canceled 46,100 RB. Net Sales for 2011/12 were 66,300 RB. China was absent in sales for 2011/12. China was the main receiver of shipments however, taking 87,600 RB of the 352,900 bales shipped. Cotton on call sales were at 65,551 contracts as of April 22, down 8,538.

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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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