Minnesota West Ag Services

MORNING COMMENTS
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Wednesday, May 4, 2011

Watch for recommendations that we may be making soon to add to sales.

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 ad to new crop sales stay tuned. Dec 11 corn had a prior top at $6.60 in 2008, a week ago Wednesday's high was $6.84 and last Tuesday also posted a high of $6.84 to leave a double top formation on the charts. Dec 11 corn closed this morning at $6.62'0. This is a potential change of direction signal.

New crop Nov 11 soybeans high on April 11 of 14.11 ¼ , prices this morning at $13.48 we'd would have liked to see that high taken out to add to new crop sales but doubt that we want to wait that long.

Put Options: Those with concerns about price levels that have considerable new crop sales in place should look at using put options. For soybeans Nov 11 $12.40 puts have been costing about $0.40 -.43 providing near a $12.00 futures floor with an expiration of Oct 21, 2011. For new crop corn Dec 11 $6.40 puts have been priced between $.56 - .61 providing about a $5.80 futures floor with an expiration date of Nov 25, 2011.

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

Market Talk While corn may have closed lower overnight, it is still vulnerable to again testing the recent high in December corn, which could pull July toward new highs as well. The US corn crop still needs to be planted and with little cushion to the 2011/12 US corn supply/usage balance anything that implies lower acreage or below average yields will be supportive.

Some in the trade now believes that soybean acres will increase as a result of exceptionally wet areas in the eastern, mid-south and delta corn growing areas. Others think that the price spread between soybeans and corn will lead to more corn acres in the regions that are able to plant within the ideal time frame window. They have concerns that additional acres could shock the market in June's revised acreage report.

Domestic soybean basis levels continue to slowly move higher as export business is pointed to South America. South American basis levels continue to hold steady with relatively slow farmer selling essentially offsetting a few bits and pieces of limited export interest.

One of the features this week will be reports coming out of the Wheat Quality Councils annual tour as it looks at production prospects across Kansas, Nebraska, Colorado and Oklahoma Tuesday through Thursday.

German farming association DBV is also warning about grain and rapeseed crop losses thanks to a dry April that followed a cold winter.

MN Planting Progress Reports from SW MN mostly south of US Hwy 14 near Lamberton are that about 20% of the corn has been planted in that area. The region would include southern Redwood and Cottonwood County. Considerable field work has taken place with some reporting some of the best ground conditions they have experienced in quite a few years.

South America: Oil World raised their 2011 Brazilian bean estimate by half a million tonnes, to a record 72.5 MMT, versus 72.0 MMT in April and 70.5 MMT in March, and 68.6 MMT last year. Conab had increased their official Brazilian soy figure to 72.2 MMT last month, while Celeres bumped their estimate to 72.55 MMT earlier this week. Oil World left their 2011 Argentine soybean estimate at 49.0 MMT, down from 53.9 MMT last season.

Outside Markets:

U.S. Dollar Index	73.440	+0.125	+0.17%
CRB CCI Index	665.00s	-8.00	-1.19%
Gold	1540.1p	-16.6	-1.07%
Silver	41.100	-1.476	-3.47%
DJIA	12749s	-15	-0.12%
S&P 500 Index	1347.00	-5.10	-0.38%
Nasdaq 100	2384.00	-5.75	-0.24%
Russell 1000 Growth	620.80s	-3.60	-0.58%
MSCI Emi Index	0.00	-1177.50	-100%
Nikkei 225	9880.00	-60.00	-0.6%
Brazilian Real	0.62705p	-0.00695	-1.1%

Euro FX	1.47690	-0.00340	-0.23%
Canadian Dollar	1.04700	-0.00040	-0.04%
Japanese Yen	1.23590	-0.00020	-0.02%
Australian Dollar	1.07490	-0.00360	-0.33%
Chinese Renminbi	0.154200s	-0.000110	-0.07%
Mexican Peso	0.086225s	-0.000550	-0.63%
1-Month Libor	99.7975p	+0.0050	+0.01%
T-Bond	123-13	+0-10	+0.25%
3-Month T-Bill	99.2700s	0.0000	-
5-Year T-Note	119-7.5	+0-2.5	+0.16%
10-Year T-Note	121-195	+0-055	+0.14%

Ethanol Futures	Jun 11	2.618p	-0.011
Gasoline RBOB (E)	Jun 11	3.3294p	-0.0185
Diesel Gulf (Ulsd)	Jun 11	3.2489s	-0.0655
Heating Oil (E)	Jun 11	3.1908p	-0.0613
Crude Oil Brent (E)	Jun 11	122.42	-0.03
Natural Gas (E)	Jun 11	4.670p	-0.023
Polypropylene	Jun 11	0.9100s	-0.0100
Polyethylene	Jun 11	0.6813p	0.0000
Rme Biodiesel	May 11	1487.000p	-10.000
Coal Futures	Jun 11	78.12p	-1.38
Uranium	May 11	56.00p	+0.75

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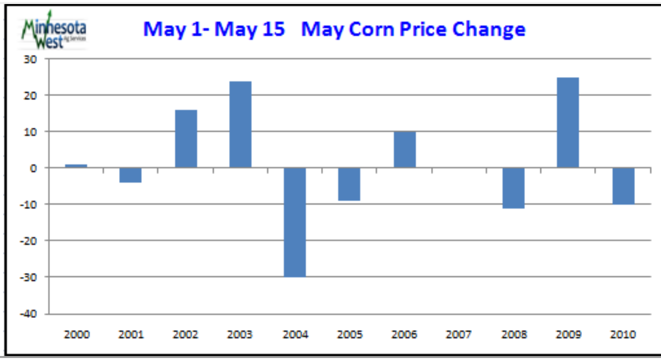
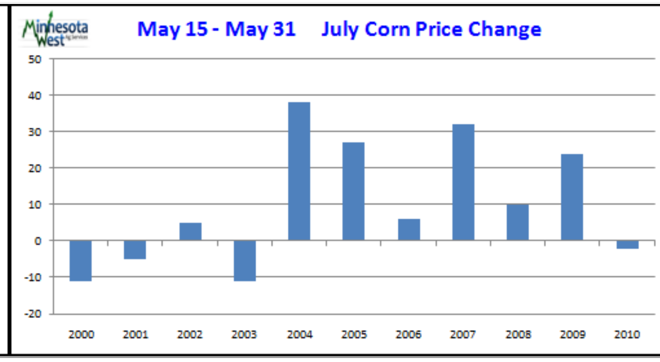
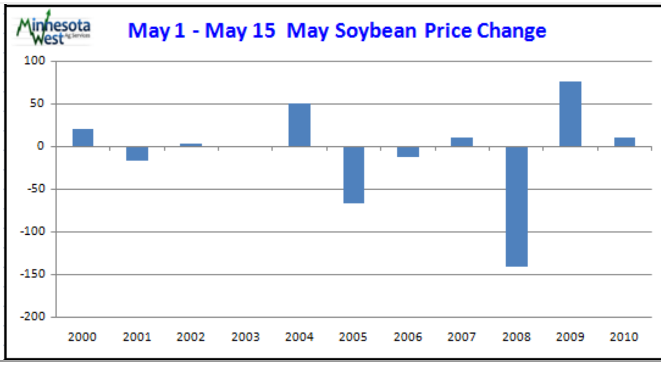
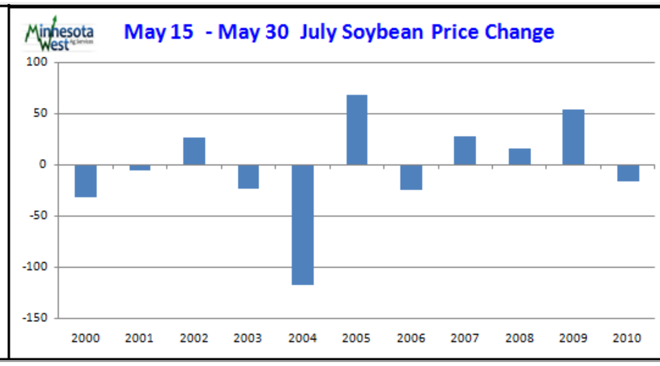








Weather Locally no precip yesterday, however, rains fell across the far SE Midwest yesterday, with most of the activity confined to SE IN and most of OH with totals in the .25-.75" range in most cases. Dry weather again dominated the rest of the Midwest and temps were below average in most of the region, with highs in the 50's. Changes have increased amounts and coverage with the rain event in the Midwest the middle of next week. Otherwise, some light rains are still seen for tomorrow and again over the weekend, but should be light enough to allow for better fieldwork progress to occur than has been seen so far this season.

Central Illinois:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
may 04	may 05	may 06	may 07	may 08	may 09	may 10	may 11	may 12	may 13
Sunny	PM Showers	P Cloudy	Showers	Iso T-Storms	Iso T-Storms	P Cloudy	Showers	Showers	AM Clouds
60° 41°	64° 46°	67° 51°	68° 51°	72° 58°	83° 63°	80° 59°	70° 56°	70° 50°	68° 50°

Central Iowa:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
may 04	may 05	may 06	may 07	may 08	may 09	may 10	may 11	may 12	may 13
P Cloudy	Sct T-Storms	M Sunny	P Cloudy	Iso T-Storms	P Cloudy	Sunny	Showers	Sunny	Sunny
66° 51°	66° 44°	74° 53°	74° 55°	76° 65°	82° 65°	75° 52°	69° 52°	70° 50°	68° 49°

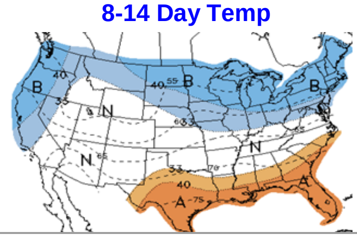
South Central Minnesota:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
may 04	may 05	may 06	may 07	may 08	may 09	may 10	may 11	may 12	may 13
P Cloudy	AM Showers	Iso T-Storms	P Cloudy	Showers	Sct T-Storms	Iso T-Storms	Showers	Sunny	Sunny
62° 44°	62° 41°	65° 48°	65° 51°	68° 57°	70° 56°	60° 47°	61° 45°	63° 41°	60° 47°

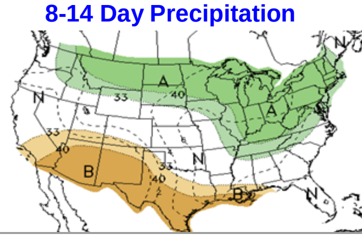
Central Nebraska:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
may 04	may 05	may 06	may 07	may 08	may 09	may 10	may 11	may 12	may 13
P Cloudy	P Cloudy	Showers	T-Showers	Iso T-Storms	Iso T-Storms	P Cloudy	Few Showers	Showers	AM Clouds
58° 40°	63° 49°	64° 50°	66° 56°	72° 60°	78° 68°	79° 63°	72° 57°	71° 52°	69° 51°

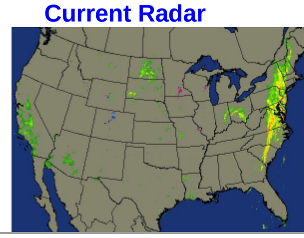
8-14 Day Temp



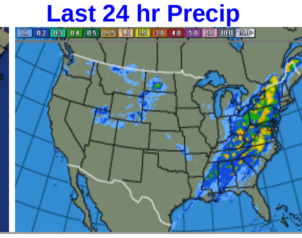
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



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Official Weather Station -2011

SW Research and Outreach Center
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Lamberton, MN 56152

	Monday, April 25	Tuesday, April 26	Wednesday, April 27	Thursday, April 28	Friday, April 29	Monday, May 2	Tuesday, May 3
Air Temperature	Max = 62; Min = 33	Max = 62; Min = 38	Max = 45; Min = 35	Max = 56; Min = 38	Max = 61; Min = 40	Max = 51; Min = 30	Max = 46; Min = 29
Soil Temperature							
2 inch	Max = 60; Min = 36; Ave = 48	Max = 56; Min = 40; Ave = 48	Max = 48; Min = 40; Ave = 44	Max = 55; Min = 41; Ave = 48	Max = 61; Min = 43; Ave = 52	Max = 50; Min = 37; Ave = 43	Max = 51; Min = 36; Ave = 43
4 inch	Max = 53; Min = 35; Ave = 45	Max = 51; Min = 40; Ave = 46	Max = 45; Min = 40; Ave = 43	Max = 50; Min = 40; Ave = 45	Max = 54; Min = 41; Ave = 48	Max = 46; Min = 38; Ave = 42	Max = 46; Min = 37; Ave = 42
8 inch	Max = 48; Min = 38; Ave = 43	Max = 47; Min = 41; Ave = 44	Max = 45; Min = 41; Ave = 43	Max = 47; Min = 41; Ave = 43	Max = 50; Min = 42; Ave = 46	Max = 45; Min = 40; Ave = 43	Max = 45; Min = 40; Ave = 42
Daily Precipitation	0.00"	0.53"	0.07"	0.00"	0.00"	0.00"	0.00"

Corn: Morning: May 11 corn closed at $7.19 , unchg, July 11 Corn is at $7.24 , up 1 cents, Sept 11 Corn is at $6.99 ½ , up ¾ cents, Dec 11 Corn closed at $6.62 , down ¼ cents.
Yesterday's Close: May 11 Corn closed at $7.19, down 11 ¾ cents, Jul 11 Corn closed at $7.23 ¾ , down 10 ¾ cents, Sep 11 Corn closed at $6.98 ¾ , down 4 ¾ cents Dec 11 Corn closed at $6.62 ¼ , up 1 cent
Corn futures closed down over a dime on old crop lower and slightly higher on new crop supported by new crop planting concerns. Weather does continue to be an issue with below normal temps and above normal rainfall remaining in the forecast for the eastern Corn Belt through at least May 12th after a few clear days this week. Planting progress is a genuine concern because it is so far behind the five year average. Farmers can get a lot done in a short amount of time with modern day equipment. Open Interest was down 7,269 contracts with the bulk of the liquidation in the first two contract months. September and December contracts showed an increase in open interest. Funds sold an estimated 15,000 contracts today. Cash basis bids were higher at ethanol plants, processors and river terminals in the Midwest. Grain movement was slow.

Soybean Complex: Morning: May 11 Soybeans closed at $13.55 ½ , down 3 ¾ cents, Jul 11 Soybeans closed at $13.60 ,down 3 ¾ cents , Sept 11 Soybeans closed at $13.51 ¾ cents, Nov 11 Soybeans closed at $13.48 ¾ , down 5 ½ cents,
Yesterday's Close: May 11 Soybeans closed at $13.59 ¼ , down 31 cents, Jul 11 Soybeans closed at $13.63 ¾ , down 29 ¼ cents, Nov 11 Soybeans closed at $13.54 ¼ , down 19 ½ cents, May 11 Soybean Meal closed at $349.50, down $7.30, May 11 Soybean Oil closed at $57.27, down $0.92
Soybean futures closed much lower on the day under pressure from delayed corn planting that could shift a portion of the corn acres to beans. Fund selling was estimated at 4,000 contracts. Soybeans have been in a sideways trading range for the past four months on the new crop and the past three months on the old crop. Supply and demand have been in balance for this period although at these price levels the range of balance is expanded. The range in the May and July contracts has been about $1.60 and the range for the new crop November has been about $1.70. Cash basis levels were mostly steady but firmed up at a central Illinois processor and on the Illinois River. The U.S. dollar closed positive after being lower part of the day.

Wheat: Morning: May 11 CBOT Wheat closed at $7.57 ¾ , down 3 cents, July 11 MGEX Wheat is at $9.25 ¾ , down 6 ½ cents
Yesterday's Close: May 11 CBOT Wheat closed at $7.60 ¾ , up 1 cent, May 11 KCBT Wheat closed at $8.89, up 7 ½ cents, May 11 MGEX Wheat closed at $9.43 ½ , down 6 ½ cents
Wheat futures were all over the map at the close. The CBOT wheat closed with a slight plus on the old crop a slight drop on the new crop. The KCBT wheat was higher on both old and new crop and the MGEX wheat was down on old crop and up on new. It appears there was some spreading between KC and MGEX wheat. Funds sold an estimated 1,000 contracts of CBOT wheat. The annual Wheat Quality Tour is underway. Winter wheat condition ratings are not good and spring wheat planting is extremely behind normal. A Rueters pre tour survey of analysts are predicting the KS HRW wheat crop to fall to a nine year low and the Oklahoma wheat crop to fall to a 40 year low. Crop scouts will assess 400 wheat fields before issuing their report. The focus will be on Kansas. The tour will also examine fields in OK, NE and CO. Spring wheat planting continues to be behind the five year average. Total seedings for the 6 states growing the majority of the spring wheat was at 10% compared to 43% for the five year average.

Cattle: Yesterday's Close: Jun 11 Cattle closed at $110.60, down $1.35, Aug 11 Cattle closed at $113.07, down $1.45, Oct 11 Cattle closed at $118.05, down $1.57, May 11 Feeder Cattle closed at $129.32, down $1.72 Aug 11 Feeder Cattle closed at $133.05, down $1.77 Sep 11 Feeder Cattle closed at $134.30, down $1.90
Cattle futures closed lower finishing on the bottom of the trading range after gapping lower on the open. Most of the cash business yesterday was done in the dressed. Cash steer dressed sales averaged $186.93 last week for 19,515 head of steers for the week. Cash cattle today were between $114-$115 in TX/OK and KS and between $115 -$116.50 in NE. Feeder steers were steady to $3 higher at Monday's Oklahoma City feeder cattle auction. Feeder Heifers were steady. Stocker cattle and calves were steady to $2 higher. Box beef prices closed mixed. Choice is up $0.37 at $182.16 and Select is down $0.05 at $176.33 this afternoon.

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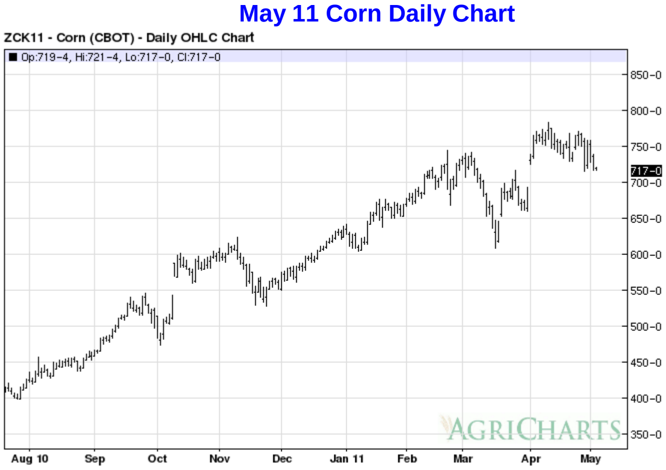
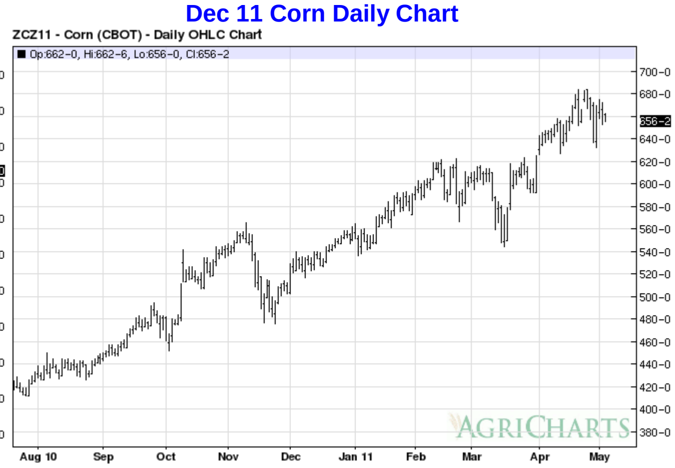
Hogs: Yesterday's Close: May 11 Hogs closed at $92.65, down $3.00, Jun 11 Hogs closed at $92.47, down $3.00 Jul 11 Hogs closed at $93.47, down $3.00
Lean Hog futures were down limit on the first five contracts pressured by lower cash and a concern about demand for pork with packer margins narrowing. Cash hogs were down $2.95 in IA/MN, $2.15 lower in the WCB and $0.60 lower in the ECB. Retail pork cuts were down again today. There were no cuts showing a plus. Pork trading is slow to moderate with mostly light demand and moderate to heavy offerings. The new pork commercials advertised recently are a good promotion for the pork industry but concerns that consumer disposable income is being challenged by higher fuel costs and generally higher food prices makes for sound reasoning, especially with pork prices recently at near record highs. The cooler weather to date has also slowed the grilling season limiting pork demand for outdoor cooking but it's still early in the year. The CME Lean Hog Index was at $94.17, down .03 as of April 29th.

Cotton: Yesterday's Close: May 11 Cotton closed at 179.21, up 330 points, Jul 11 Cotton closed at 157.51, up 306 points Dec 11 Cotton closed at 128.37, up 131 points
Cotton futures closed higher on continued dryness in Texas and slower planting than average. ICAC has changed its cotton forecast from a strong market to lower prices driven by increased world production. There were 1,489 contracts issued for delivery with the main stopper Term Commodities. Cotton planting on a national basis was at 18% as of May 1st compared with the five year average of 24%. Texas, the largest U.S. producer of cotton had seeded 16% of the crop versus a five year average of 23%.

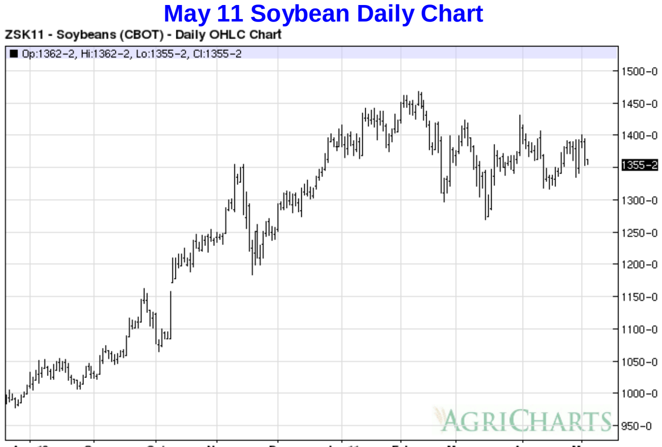
May 11 Corn Daily Chart



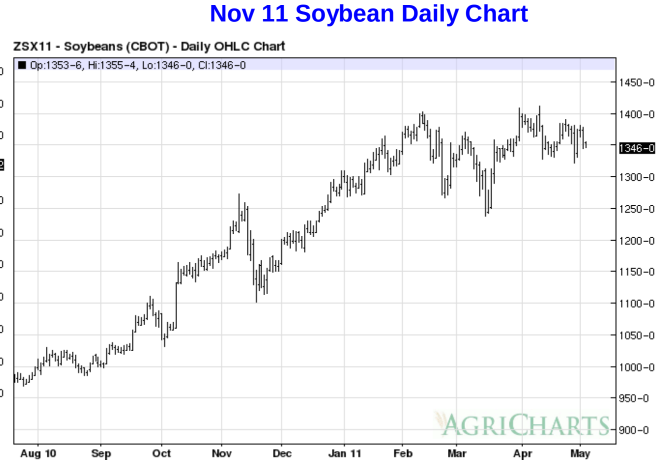
Dec 11 Corn Daily Chart



May 11 Soybean Daily Chart



Nov 11 Soybean Daily Chart



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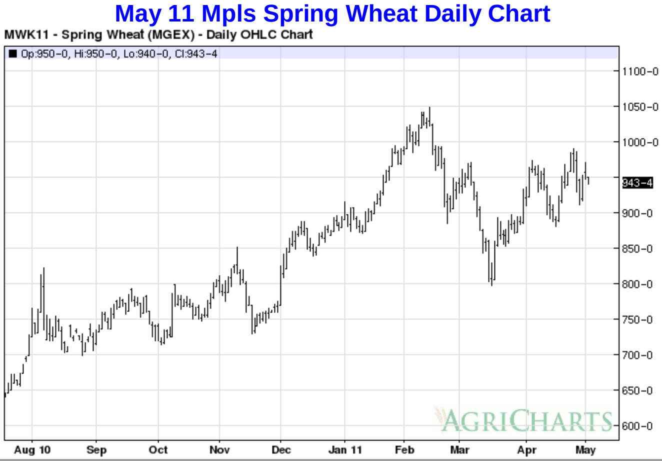
May 11 Mpls Spring Wheat Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart