



MORNING COMMENTS

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Friday, May 6, 2011

New recommendations were made on Wednesday May 4, 20011 to add to sales. See email previously sent.

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	90% sold-20% basis open July	50% sold HTA	30% sold HTA
Soybeans	90% sold with basis set	50% sold HTA	20% 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.

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

Market Talk Results of delayed corn plantings on the final national yield are mixed. Historically, if 40% of the nation's corn crop is planted by the first week of May, there is still a possibility of above trend yields. History tells us that the US national corn yield has never reached trend if planting is less than 60% complete by the second week of May.

Commodity markets in general have been in a liquidation phase. Crude Oil, precious metals, CRB all lower. Silver had hit very high prices and then started to break lower. As a result the board has ratcheted up margin requirements almost daily, causing huge margin calls and additional liquidation by those unwilling or unable to meet the new margin requirements. One would think that margin requirements would increase proportionately as prices spike higher, but apparently they didn't. Then the board realized that brokerage houses were becoming too much at risk and started to adjust margin requirements up fueling the frenzy as prices plummeted.

CME Daily Livestock Report Writes: The first major indication of a move back to expansion in the pork industry came last week when Cargill announced that it was buying the shuttered Smithfield Foods operations near Dalhart, TX. Those units were built by Premium Standard Farms before it was acquired by Smithfield and their closure was part of the downsizing that Smithfield initiated in 2009. We understand that the units have a capacity of 20,000 sows at present but several observers tell us that the buildings could likely house about 30,000 sows if present finishing buildings are converted to breeding-gestation facilities and present nurseries are converted to farrowing barns. Cargill says they plan to ship the pigs to the Midwest for feeding, so the nursery and finishing facilities should be available for conversion. The company expects the first pigs to come north in 2012. According to Successful Farming magazine's 2010 Pork Powerhouse rankings, Cargill will have roughly 139,000 to 149,000 sows after re-populating the site. The growth would Cargill the #4 or #5 largest U.S. sow owner. Assuming a reasonably normal output level for such modern facilities, 30,000 sows will producer 750,000 to 850,000 pigs per year.

Outside Markets:

U.S. Dollar Index	74.400	+0.025	+0.03%	Euro FX	1.44880	-0.00200	-0.14%	Ethanol Futures	Jun 11	2.580p	-0.062
CRB CCI Index	631.00p	-23.00	-3.52%	Canadian Dollar	1.03650	+0.00600	+0.58%	Gasoline RBOB (E)	Jun 11	3.0954p	-0.2271
Gold	1483.3	+2.4	+0.16%	Japanese Yen	1.24490	-0.00190	-0.15%	Diesel Gulf (Ulsd)	Jun 11	2.9445s	-0.2561
Silver	33.940	-2.291	-6.32%	Australian Dollar	1.06300	+0.00990	+0.94%	Heating Oil (E)	Jun 11	2.8869p	-0.2561
DJIA	12570p	-102	-0.8%	Chinese Renminbi	0.154200s	-0.000070	-0.05%	Crude Oil Brent (E)	Jun 11	108.56	-2.24
S&P 500 Index	1337.90	+2.90	+0.22%	Mexican Peso	0.085175s	-0.000800	-0.93%	Natural Gas (E)	Jun 11	4.261p	-0.316
Nasdaq 100	2381.00	+2.00	+0.08%	1-Month Libor	99.8050p	+0.0075	+0.01%	Polypropylene	Jun 11	0.9050s	0.0000
Russell 1000 Growth	614.20s	-2.40	-0.39%	T-Bond	124-10	+0-01	+0.03%	Polvethylene	Jun 11	0.6813p	0.0000
MSCI Emi Index	0.00	-1148.10	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	May 11	1427.350p	-45.400
Nikkei 225	9840.00	+70.00	+0.72%	5-Year T-Note	120-010	-0-050	-0.13%	Coal Futures	Jun 11	74.02p	-3.50
Brazilian Real	0.61270p	-0.00685	-1.11%	10-Year T-Note	122-010	-0-010	-0.03%	Uranium	May 11	56.50p	0.00

Weather A dry night in West Central and Southern MN!. Dry weather dominated the eastern Midwest yesterday. Temps stay below average across the region, with highs in the 60's in most cases. No major changes. some light rains will finish up in the east today again Saturday, with a stronger low to produce one round of moderate rains for Sunday and early Monday and another round of moderate rains for Wednesday and Thursday. The current round of rain showers will finish up in the eastern Midwest today, producing light and scattered

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results. Another weak system looks to bring light rains to much of the region by tomorrow. A larger system will develop rains in the northern 1/2 of the region for Sunday and early Monday and the same system looks to bring more rains to all of the Midwest for Wednesday and Thursday. Amounts with the Sunday and the Wed/Thur activity look to be heavy enough to stall fieldwork for a day or two. Mainly dry looks to return for Friday of next week and continue through the following weekend.

Central Illinois:

Day	May 06	May 07	May 08	May 09	May 10	May 11	May 12	May 13	May 14	May 15
Weather	M Sunny	T-Showers	P Cloudy	Sct T-Storms	M Clody/Wind	Iso T-Storms	Sct T-Storms	M Cloudy	Sunny	Showers
Temp	68° 52°	68° 50°	69° 53°	72° 60°	82° 65°	82° 64°	66° 51°	66° 49°	65° 51°	61° 51°

Central Iowa:

Day	May 06	May 07	May 08	May 09	May 10	May 11	May 12	May 13	May 14	May 15
Weather	M Sunny	P Cloudy	Sct T-Storms	Sct T-Storms	P Cloudy	Sct T-Storms	Showers	Showers	M Sunny	P Cloudy
Temp	73° 53°	76° 52°	72° 58°	77° 66°	84° 66°	79° 62°	69° 49°	67° 50°	66° 50°	63° 49°

South Central Minnesota:

Day	May 06	May 07	May 08	May 09	May 10	May 11	May 12	May 13	May 14	May 15
Weather	P Cloudy	P Cloudy	T-Showers	Sct T-Storms	M Clody/Wind	Sct T-Storms	Showers	M Sunny	P Cloudy	P Cloudy
Temp	69° 47°	68° 50°	62° 52°	60° 55°	70° 55°	69° 52°	59° 45°	61° 44°	62° 42°	55° 43°

Central Nebraska:

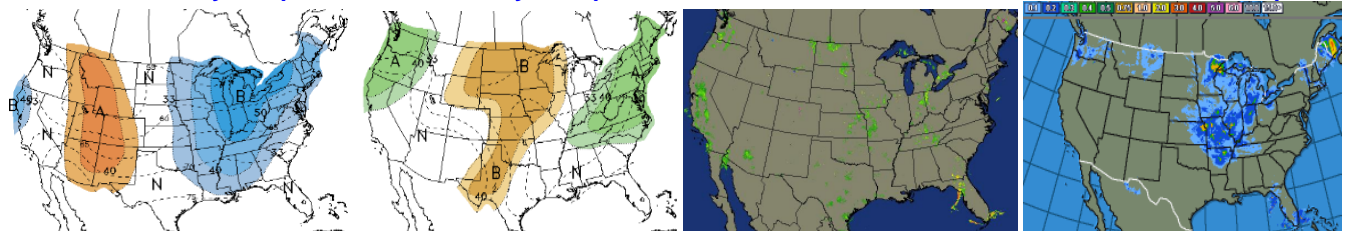
Day	May 06	May 07	May 08	May 09	May 10	May 11	May 12	May 13	May 14	May 15
Weather	AM Showers	T-Showers	M Cloudy	Sct T-Storms	Iso T-Storms	Iso T-Storms	Sct T-Storms	Showers	Sunny	Showers
Temp	66° 50°	65° 53°	68° 52°	72° 59°	79° 66°	81° 68°	70° 55°	68° 53°	66° 52°	63° 52°

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, May 2	Tuesday, May 3	Wednesday, May 4
Air Temperature	Max = 51; Min = 30	Max = 46; Min = 29	Max = 60; Min = 34
Soil Temperature			
2 inch	Max = 50; Min = 37; Ave = 43	Max = 51; Min = 36; Ave = 43	Max = 64; Min = 36; Ave = 50
4 inch	Max = 46; Min = 38; Ave = 42	Max = 46; Min = 37; Ave = 42	Max = 55; Min = 37; Ave = 46
8 inch	Max = 45; Min = 40; Ave = 43	Max = 45; Min = 40; Ave = 42	Max = 51; Min = 39; Ave = 45
Daily Precipitation	0.00"	0.00"	0.00"

Corn: Morning: May 11 corn closed at \$6.95 1/2, down 9 1/2 cents, July 11 Corn is at \$6.98 1/2, down 10 1/4 cents, Sept 11 Corn is at \$6.77, down 10 3/4 cents, Dec 11 Corn closed at \$6.44 3/4, down 11 cents.
 Yesterday's Close: May 11 Corn closed at \$7.05, down 21 1/2 cents, Jul 11 Corn closed at \$7.08 3/4, down 20 3/4 cents, Sep 11 Corn closed at \$6.87 3/4, down 15 3/4 cents Dec 11 Corn closed at \$6.55 3/4, down 9 1/2 cents
 Corn futures started lower last night and the selling continued throughout the day to close both old and new crop corn lower. The general sell off in todays market was more Fund and dollar related than weather. The eastern Corn Belt and the Midwest are predicted to receive above normal rain until the 10th of May. There has been substantial corn planting this week in western NE and MO however. The corn market closed below the 40 day moving average in the old crop but held the moving average on the new crop as of todays close. Weekly export sales were 284,200 MT for 2010/11 with no new crop sales reported. Export shipments were stronger, at 798,500 MT but were 19% below the 4 week moving average and that was negative for the market. According to Reuters, China does not intend to purchase more U.S. corn for their reserves at this time.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.18, down 1 3/4 cents, Jul 11 Soybeans closed at \$13.18 3/4, down 3 cents, Sept 11 Soybeans closed at \$13.08 1/4, down 4 cents, Nov 11 Soybeans closed at \$13.00 1/4, down 13.00 1/4, down 6 1/2 cents,
 Yesterday's Close: May 11 Soybeans closed at \$13.19 3/4, down 30 3/4 cents, Jul 11 Soybeans closed at \$13.21 3/4, down 30 1/4 cents, Nov 11 Soybeans closed at \$13.06 3/4, down 31 3/4 cents, May 11 Soybean Meal closed at \$342.70, down \$4.90, May 11 Soybean Oil closed at \$55.36, down \$1.40
 Soybean futures closed sharply lower taking out the previous low posted April 15th on the May contract. Prices have dropped roughly 80

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cents so far this week. Prices are also trading below moving average support. Most of the weather focus has been on the inability to plant corn and a possible shift to soybean acres in the U.S. but today's price drop also involved the general sell off in commodities along with the higher dollar. USDA reported exports for 2010/11 at 21,200 MT, with only 200 tonnes of new crop sold. This week's shipments are at a six year low for this marketing year week.

Wheat: Morning: July 11 CBOT Wheat closed at \$7.55, up 1 cent, July 11 MGEX Wheat is at \$8.92 ¼, down 3 ¼ cents
 Yesterday's Close: May 11 CBOT Wheat closed at \$7.22 ½, down 18 ½ cents, May 11 KCBT Wheat closed at \$8.48, down 19 ¾ cents,
 May 11 MGEX Wheat closed at \$9.06, down 17 cents

Wheat futures continued the sell off that started the first of the week to close lower on the day. Wheat is down about 75 cents so far this week. Wheat prices were above the 40 day moving average until yesterday but closed below it today. As expected wheat yields are dropping as the Wheat Tour moves further west and south. Reported production as of the end of the tour was estimated at 256.7 million bushels for Kansas this compares to last year's tour estimate of 333.5 million and USDA's production estimate of 360 million bushels for 2010. An independent tour of Oklahoma estimates wheat production at 67.65 million bushels that compares to last year's tour estimate of 141 million and the USDA 2010 estimate of 121 million bushels. The final 2010 production numbers will be published by USDA in January of 2011 until then we have estimates to compare. The combined old crop and new crop export sales were on the upper end of the range at 549,600 MT. The sharply higher dollar and general commodity sell off fought off any rally on prices.

Cattle: Yesterday's Close: Jun 11 Cattle closed at \$109.75, down \$0.80, Aug 11 Cattle closed at \$111.87, down \$1.07, Oct 11 Cattle closed at \$117.10, down \$1.12, May 11 Feeder Cattle closed at \$128.62, down \$0.65 Aug 11 Feeder Cattle closed at \$131.75, down \$1.17 Sep 11 Feeder Cattle closed at \$132.80, down \$1.40

Cattle futures closed lower but finished at midrange price range after gapping to the downside on the open. Cattle were included in the general sell off in commodities. There was no help to bolster the futures with cash lower this week. The bulk of the cash cattle sales were done early in the week at \$1 to \$3 lower than last week. Sales continue to occur on less numbers and at steady to lower prices than earlier in the week. Box beef prices ended the afternoon lower as has been the trend this week. Choice was down \$1.60 at \$179.34 and Select was down \$0.79 at \$174.23. Weekly beef export sales were very good at 17,100 MT. Japan, South Korea, Mexico, Canada and Hong Kong were the buyers this past week as is typical. Increased unemployment claims and higher food and energy prices have been squeezing the consumer disposable income. The dollar is sharply higher but is still at historically low levels.

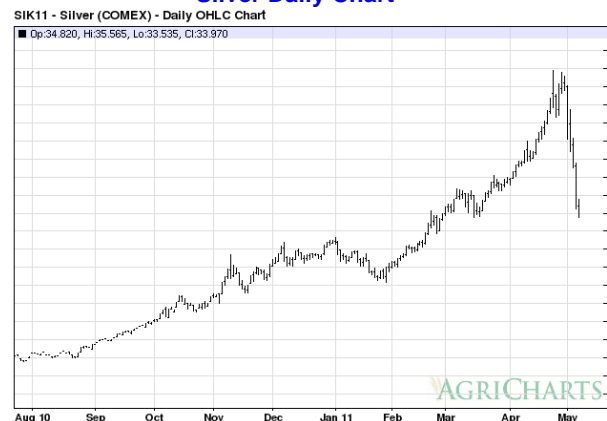
Hogs: Yesterday's Close: May 11 Hogs closed at \$91.57, up \$0.97, Jun 11 Hogs closed at \$92.42, up \$0.27 Jul 11 Hogs closed at \$93.27, up \$0.40

Lean Hog futures were about the only commodity market to post gains today, other than the dollar rally. Hogs had dropped over \$13 on the spot month in the last two weeks but closed \$1.70 off today's low. The stock market fell along with crude oil prices. Cash hog prices are rebounding from yesterday in the west. IA/MN hogs were up \$2.06 at an average weighted price of \$89.79, WCB hogs were \$1.88 higher at \$89.24 and ECB hogs were \$0.41 lower at \$86.83. Pork trading was slow to moderate with mostly light demand and moderate offerings. Hams and Picnics were the only cuts showing a gain this afternoon. The carcass was lower.

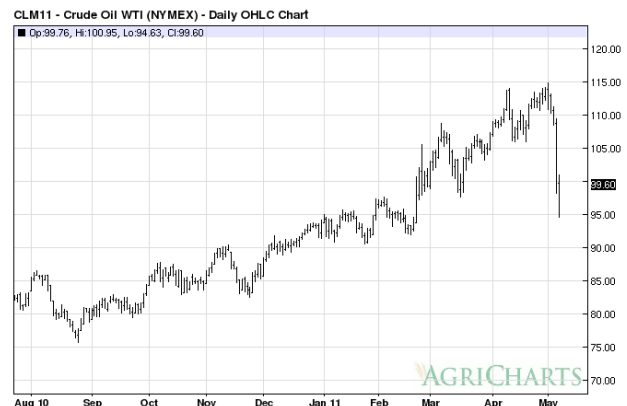
Cotton: Yesterday's Close: May 11 Cotton closed at 165.36, down 783 points, Jul 11 Cotton closed at 146.86, down 465 points Dec 11 Cotton closed at 122.08, down 351 points

Cotton was limit down earlier and is still suffering from broad market weakness and a sharply higher dollar. USDA reported weekly Export Sales through last Thursday at 69,500 RB of combined upland and pima. Once again old crop sales were net negative due to cancellations. Chinese mills are reported to be taking extended down time due to a lack of orders. India has restricted cotton yarn exports to 845 million KG for the 2011-12 financial year.

Silver Daily Chart

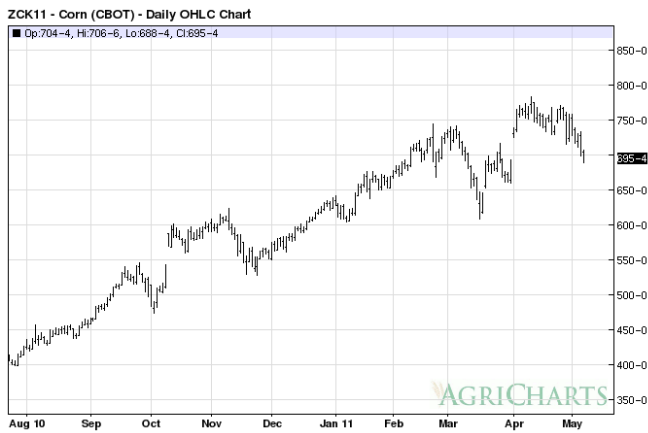


Crude Oil Daily Chart

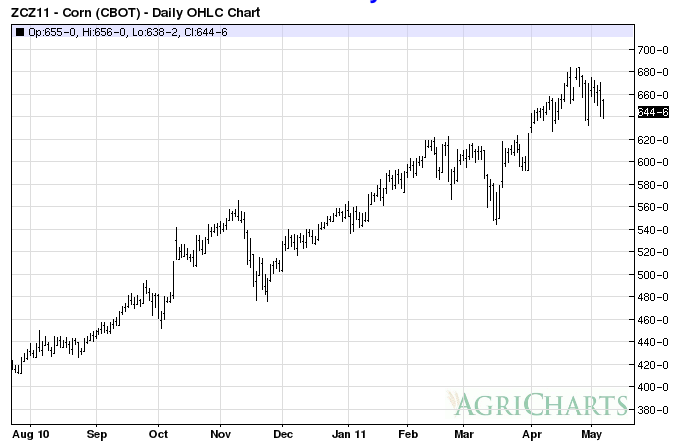


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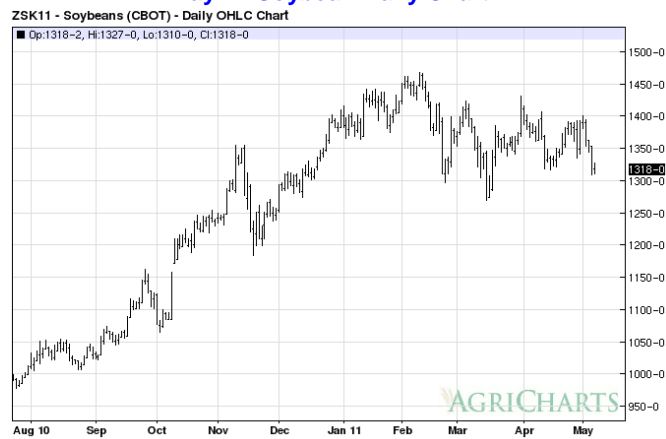
May 11 Corn Daily Chart



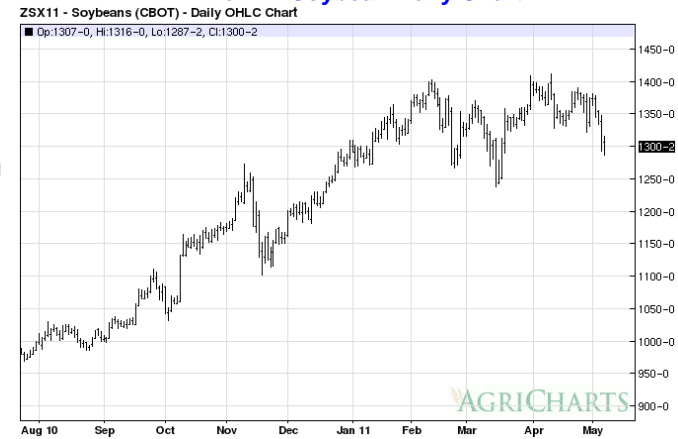
Dec 11 Corn Daily Chart



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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