



MORNING COMMENTS

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Monday, May 9, 2011

New recommendations were made on Wednesday May 4, 2011 to add to sales. See email previously sent.

Set Basis July Corn HTA's: For July corn HTA's we were watching the basis to set it on the 20% that the basis is open. We were targeting the time frame when planting is in full swing to potentially set the basis. **Some locations now offering a -.38 basis for June corn and -.36 basis for July corn.** We are recommending that you set the basis as it is an acceptable level and with the rain delay you have time to address it. We don't wish to have you distracted once planting resumes and we see little potential benefit from waiting. At the time we placed the HTA the basis was a -.75 for forward contracts so we have gained \$.39 less the HTA fee from decoupling the futures price and basis.

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.

Next USDA Reports: Wednesday May 11, 2011 WASDE & Crop Production. Many in the trade do not expect any change in USDA's old crop carryover forecast at 675 million bushels. It is possible that they will tweak their 2011 yield forecast a little lower (to 160 vs. 161.7 in the Outlook Conf) due to late planting. If they use Outlook Conf projected use at 13,560 million bushels, projected carryover would be a very snug 767 million bushels which is 5.7% of use.

Market Talk Trade Expectations are that for Monday's planting progress report the nationwide corn planting progress to be in the 25-30% range vs 13 last week and the 5-year average at 59%.

Informa released an updated acreage survey (conducted in late April / early May) and estimated that the total planted acres would 900,000 acres less than that reported by the USDA in the March intentions report. They put most of the reduction in the Northern Plains states of ND and SD due to the late spring. Reductions in overall acreage in the OH Valley and mid-South due to flooding. Corn planted area was estimated at 91.9 million acres... 300,000 acres less than the USDA March intentions of 92.2 million acres.

Informa projected US soybean acreage at just 76.0 million acres on Friday, down 0.6 million from the March 31 USDA projection. They cited that most of their reduction is in the northwest Corn Belt, with ND (down 250k), SD (down 100k) and MN (down 100k). Soybean acreage was also reduced in IL (down 100k) and IN (down 50k).

Informa updated their crop estimate reducing the winter wheat crop 55 million bushels vs. their April estimate to 1,441 million bushels (vs. 1,485 in 2010.) They made small changes in SRW and white-winter estimates (to 418 and 232 million bushels.) Their HRW was 848 in April – it fell to 792 million bushels this month. Another newswire survey put HRW the average HRW expectation at 767 million bushels in an extremely wide range of 650-960 million bushels.

South America: Informa lowered their Argentine production estimate by 2 MMT to 50 MMT which was virtually offset by a 1.6 MMT increase in their Brazil production estimate to 73.1 MMT. The Rosario Grains Exchange raised their Argentine production estimate by 0.5 MMT to 50.2 MMT.

Outside Markets:

U.S. Dollar Index	74.790	-0.290	-0.39%	Euro FX	1.43930	+0.00700	+0.49%	Ethanol Futures	Jun 11	2.522s	-0.058
CRB CCI Index	627.00p	-4.00	-0.63%	Canadian Dollar	1.03640	+0.00560	+0.54%	Gasoline RBOB (E)	Jun 11	3.0901s	-0.0053
Gold	1506.5	+15.3	+1.03%	Japanese Yen	1.23850	-0.00440	-0.35%	Diesel Gulf (Ulsd)	Jun 11	2.9094s	-0.0351
Silver	37.055	+1.772	+5.02%	Australian Dollar	1.07130	+0.00900	+0.85%	Heating Oil (E)	Jun 11	2.8457s	-0.0412
DJIA	12569p	-1	-0.01%	Chinese Renminbi	0.154190s	-0.000010	-0.01%	Crude Oil Brent (E)	Jun 11	109.13p	-1.67
S&P 500 Index	1339.40	+4.80	+0.36%	Mexican Peso	0.085725s	+0.000550	+0.65%	Natural Gas (E)	Jun 11	4.235s	-0.026
Nasdaq 100	2388.00	+14.50	+0.61%	1-Month Libor	99.8025p	-0.0025	-	Polypropylene	Jun 11	0.9050s	0.0000
Russell 1000 Growth	614.00s	-0.20	-0.03%	T-Bond	124-00	-0-10	-0.25%	Polyethylene	Jun 11	0.6813s	0.0000
MSCI Emi Index	1160.40p	+12.30	+1.07%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	May 11	1442.650s	+15.300
Nikkei 225	9815.00	+15.00	+0.15%	5-Year T-Note	120-2.5	+1-2.5	+1.03%	Coal Futures	Jun 11	73.80s	-0.22
Brazilian Real	0.61550p	+0.00280	+0.46%	10-Year T-Note	122-035	-0-055	-0.14%	Uranium	May 11	56.50s	0.00

Weather Locally we received .22" of rainfall Saturday Night / Sunday Morning, enough to halt field work and then another .32" after 4:00 am this morning for a total of .55" over the weekend. This will halt field work into at least Tuesday. Considerable field work and planting took place on Saturday afternoon but locations were spotty that were fit.

Rains finished up across the eastern Midwest on Friday, with totals of generally less than .35" in most cases, although some locales in the OH River Valley picked up as much as .50-1". Mainly dry weather dominated all of the region for Saturday and

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most of Sunday, although some showers and thunderstorms did fire up in IN and OH early Sunday morning and then up across MN Sunday. Temps were average to below, with 60's in most cases and some 70's in the west. Rains will continue to cause issues with planting across the Midwest in the next 7-10 day, but just like in the past 7 days, enough dry weather will occur to allow for some planting to get done. Rains will fall across areas generally to the north of I-80 through tonight, with most totals in the moderate range. Things will then quiet down in most of the Midwest until later Wednesday into Thursday and Friday, when rains will work through all of the region and produce more moderate totals.

Central Illinois:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 09	may 10	may 11	may 12	may 13	may 14	may 15	may 16	may 17	may 18
Iso T-Storms	Iso T-Storms	Sct T-Storms	Sct T-Storms	Showers	Showers	Few Showers	Showers	M Cloudy	Showers
78° 64°	88° 67°	85° 64°	82° 60°	73° 55°	69° 53°	63° 50°	64° 53°	69° 56°	70° 55°

Central Iowa:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 09	may 10	may 11	may 12	may 13	may 14	may 15	may 16	may 17	may 18
Iso T-Storms	AM Clouds	Sct T-Storms	Showers	Few Showers	Few Showers	P Cloudy	Sunny	M Sunny	P Cloudy
83° 70°	94° 68°	78° 66°	72° 55°	66° 53°	66° 51°	66° 50°	70° 52°	74° 56°	71° 52°

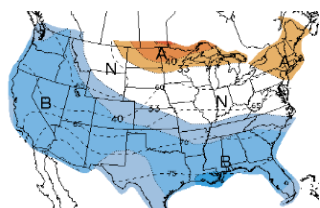
South Central Minnesota:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 09	may 10	may 11	may 12	may 13	may 14	may 15	may 16	may 17	may 18
T-Storms	M Cloudy	Iso T-Storms	Showers	Few Showers	AM Clouds	P Cloudy	Sunny	Sunny	M Sunny
68° 60°	80° 58°	75° 56°	64° 49°	57° 46°	57° 48°	64° 46°	66° 48°	66° 48°	66° 47°

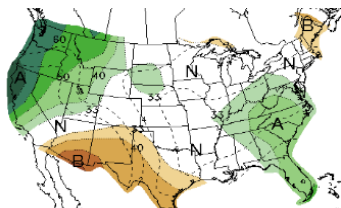
Central Nebraska:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 09	may 10	may 11	may 12	may 13	may 14	may 15	may 16	may 17	may 18
Iso T-Storms	Sct T-Storms	Iso T-Storms	Sct T-Storms	Showers	Showers	Showers	Showers	Showers	P Cloudy
76° 60°	84° 65°	85° 66°	81° 62°	70° 53°	68° 56°	65° 53°	65° 55°	65° 55°	69° 56°

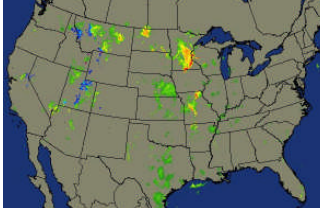
8-14 Day Temp



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	Thursday, May 5	Friday, May 6
Air Temperature	Max = 51; Min = 30	Max = 46; Min = 29	Max = 60; Min = 34	Max = 68; Min = 41	Max = 63; Min = 41
Soil Temperature					
2 inch	Max = 50; Min = 37; Ave = 43	Max = 51; Min = 36; Ave = 43	Max = 64; Min = 36; Ave = 50	Max = 61; Min = 43; Ave = 52	Max = 63; Min = 46; Ave = 54
4 inch	Max = 46; Min = 38; Ave = 42	Max = 46; Min = 37; Ave = 42	Max = 55; Min = 37; Ave = 46	Max = 54; Min = 42; Ave = 48	Max = 57; Min = 45; Ave = 51
8 inch	Max = 45; Min = 40; Ave = 43	Max = 45; Min = 40; Ave = 42	Max = 51; Min = 39; Ave = 45	Max = 50; Min = 44; Ave = 47	Max = 53; Min = 46; Ave = 50
Daily Precipitation	0.00"	0.00"	0.00"	0.22"	0.00"

Corn: Morning: May 11 corn closed at \$6.93 ¼, up 10 ½ cents, July 11 Corn is at \$6.96 ½, up 10 ¼ cents, Sept 11 Corn is at \$6.74 ½, up 6 ¼ cents, Dec 11 Corn closed at \$6.46 ¼, up 6 cents.
Friday's Close: May 11 Corn closed at \$6.82 ¾, down 22 ¼ cents, Jul 11 Corn closed at \$6.86 ¼, down 22 ½ cents, Sep 11 Corn closed at \$6.68 ¼, down 19 ½ cents Dec 11 Corn closed at \$6.40 ¼, down 15 ½ cents
Corn futures closed lower on the day and 71 cents (9.45%) lower on the week. Corn was weighed down by broad market pressures and a general consensus that funds are exiting commodities for the time being. Corn has been under pressure all week due to fund liquidation. Rains continue to plague the eastern Corn Belt but planting is progressing rapidly in Iowa, Nebraska, Kansas and Missouri. Because of technology and bigger equipment a lot of ground can be covered in a short time. Cash movement has slowed down seasonally. Basis levels were steady to higher in the Midwest. Friday afternoons CFTC Disaggregated Futures and Options report showed Managed Money running for the exits, liquidating more than 10% of net longs as of last Tuesday.

Soybean Complex: Morning: May 11 Soybeans closed at \$13.31 ¼, up 6 ¼ cents, Jul 11 Soybeans closed at \$13.34 ½, up 8 ¾ cents, Sept 11 Soybeans closed at \$13.23, up 6 ½ cents, Nov 11 Soybeans closed at \$13.16 ¼, up 7 ¾ cents,
Friday's Close: May 11 Soybeans closed at \$13.25, up 5 ¼ cents, Jul 11 Soybeans closed at \$13.26, up 4 ¼ cents, Nov 11 Soybeans closed at \$13.08 ½, up 1 ¾ cents, May 11 Soybean Meal closed at \$344.90, up \$2.20, May 11 Soybean Oil closed at \$55.37, up \$0.01
Soybean futures closed higher after seeing red most of the day. They ended the week 68 cents lower or 4.86%. Crude oil was supportive earlier, rebounding after yesterdays selloff before selling off some more. The weather is improving in the Midwest with rains continuing in

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the east. Rains are forecast to abate in Illinois and Indiana after May 15th but Ohio will still be seeing above normal rainfall. Production focused farmers have limited cash grain movement. Cash basis levels are steady to higher at Midwest processors and terminals. South American prices remain favorable when compared the U.S., driving importers of US grain to the southern hemisphere. Friday afternoons CFTC Disaggregated Futures and Options report showed Managed Money liquidating net longs as of last Tuesday.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$7.76 $\frac{3}{4}$, up 17 $\frac{1}{4}$ cents, Jul 11 MGEX Wheat is at \$9.23 $\frac{3}{4}$, up 20 cents Friday's Close: May 11 CBOT Wheat closed at \$7.24 $\frac{1}{2}$, up 2 cents, May 11 KCBT Wheat closed at \$8.68, up 20 cents, May 11 MGEX Wheat closed at \$9.10 $\frac{3}{4}$, up 4 $\frac{3}{4}$ cents

Wheat futures closed higher on Friday with KC leading the pack. CBOT wheat was 45 cents lower on the week or 5.82%, KCBT wheat was 25 lower or 5.82%, and MGEX was 35 lower for the week or 3.65%. Accumulated wheat exports are at 867,078 MT so far this year substantially exceeding the past two years. Wheat exports for this same week in the 08/09 marketing year were at 362,823 and were 278,343 in the 09/10 marketing year. The wheat tours finished up yesterday and scouts are projecting a significant drop in HRW wheat production for both Kansas and Oklahoma. Much of the drought stricken dryland HRW wheat will be abandoned in Texas but the anticipation of that has been in the market for a while. Cash basis levels are steady for HRW wheat with little cash grain movement as farmers focus on production of other crops. Friday afternoons CFTC Disaggregated Futures and Options report showed Managed Money liquidating net longs in KC and CBOT wheat as of last Tuesday

Cattle: Friday's Close: Jun 11 Cattle closed at \$109.85, up \$0.10, Aug 11 Cattle closed at \$111.57, down \$0.30, Oct 11 Cattle closed at \$116.95, down \$0.15, May 11 Feeder Cattle closed at \$129.12, up \$0.50 Aug 11 Feeder Cattle closed at \$132.77, up \$1.02 Sep 11 Feeder Cattle closed at \$133.60, up \$0.80

Cattle futures closed mixed and \$3.50 lower on the week or 3.09%. The bulk of the cash cattle sales were done early in the week at mainly \$2 lower than last week. TX/OK sold 21,957 head, KS sold 37,281 head and NE sold 50,717 head so far this week. Sales continue to occur on lighter numbers around \$115; steady money. Futures are at a substantial discount to cash cattle. Beef production for June, July and August is expected to reach the highest level for the year. That is also when demand is typically high. Box beef prices moved sharply lower today. Choice is down \$2.19 at \$177.15 and Select is down \$3.75 at \$170.48. Friday afternoons CFTC Disaggregated Futures and Options report showed Managed Money liquidating net longs as of last Tuesday.

Hogs: Friday's Close: May 11 Hogs closed at \$93.35, up \$1.77, Jun 11 Hogs closed at \$92.37, down \$0.05 Jul 11 Hogs closed at \$92.60, down \$0.67

Lean Hog futures closed mixed with May futures sharply higher as they near expiration and \$1.93 lower on the week or 2.02%. May hogs expire May 13th. The consumer dollar has been stretched this past year mostly from the increase in gas prices. Higher gas prices or higher transportation costs for distributors are passed on to the consumer via higher prices for goods and services. IA/MN hogs were lower, down \$1.03 at an average weighted price of \$88.76, WCB were \$1.10 lower and ECB were \$.47 lower. The CME Lean Hog Index was at \$92.42, down \$0.85 as of May 4th. Friday afternoons CFTC Disaggregated Futures and Options report showed Managed Money liquidating over 25% of their net longs in hogs during a single week ending May 3.

Cotton: Friday's Close: May 11 Cotton closed at 153.8, down 1156 points, Jul 11 Cotton closed at 145.56, down 130 points Dec 11 Cotton closed at 122.29, up 21 points

Cotton was sharply lower for the May contract as it expired 24.98 cents lower on the week or 13.97%. The other months were lower but not nearly as bad. Informa economics shows 13.08 million acres for 2011, which is higher than the USDA number of 12.566. This afternoons CFTC Disaggregated Futures and Options report showed Managed Money adding net longs as of last Tuesday.

US Dollar Index Weekly Chart

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

Op:74.900, Hi:75.125, Lo:74.605, Cl:75.125



Crude Oil Weekly Chart

CL - Crude Oil WTI (NYMEX) - Weekly OHLC Chart

Op:98.11, Hi:100.69, Lo:97.42, Cl:98.93



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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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