

**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:** Thursday June 9, 2011 WASDE & Crop Production, Thursday June 30, 2011 Planted Acres & Grain Stocks

**Market Talk:** In May of 2008, the new crop carryout was estimated at 763 million bushels or a carryout to use ratio of 5.9%. Today, USDA is forecasting a 2011/12 carryout at 900 million which is a 6.7% ratio. In 2008, the August S&D the carryout was projected at 833 million bushels and a carryout to use ratio of 6.6%, similar to that projected today. By August that year futures had collapsed to near \$5.00. This may suggest continued extreme volatility and a possible price range of \$5.00 to \$8.00 or even more during the remainder of spring and summer.

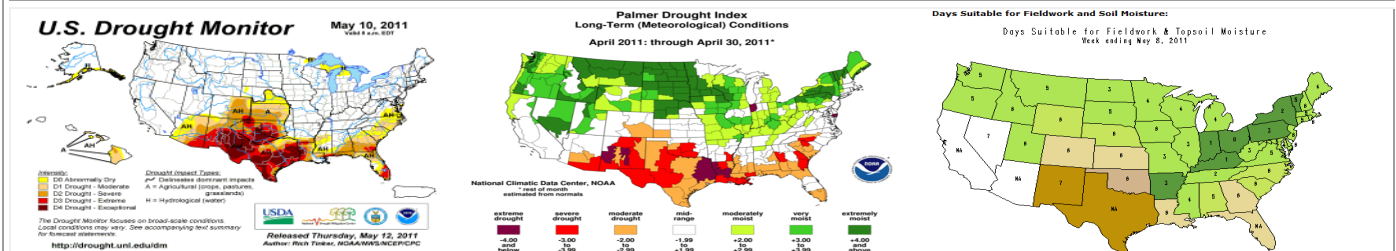
While in 2008 MN had 32% of the corn crop planted on May 11<sup>th</sup>, this year as of May 8<sup>th</sup> MN has just 28% of the corn crop planted. While some in extreme southern MN have completed planting corn and have nearly one half of their soybeans in the ground. Others in some of the prime row crop counties have yet to put the planter in the field. As a result the frustration can be heard in their voices as almost desperation is becoming more apparent especially as they consider that they had almost all of last year's corn crop planted some 24 days earlier than today's date. My personal record is 7 trips to one 160 acre field with the planter to finish planting it, that was soybeans. It looks like I could met that record again this year on the field of corn that I started almost 1 1/2 weeks ago. Greenville OH region has about 5% of their corn planted. Climbers IN has nearly 55% corn planted and some can be rowed, nearly 20% soybeans are in the ground. Champaign IL 50% corn planted with a few finished, soybeans 5-10% planted. Waterloo IA corn finished, Sheldon IA corn 100% and Beans 70%.

In May 2008 USDA forecasted new crop soybean carryout at 185 million bushels with a carryout to use ratio near 6%. This year USDA estimates carryout at 160 million bushels and a carryout to use ratio of 4.8%. **This is the tightest new crop May S&D forecast ever.** Prices today strikingly similar to those on this date in 2008. With crude oil rallying in 2008, soy futures rallied to near \$16.00 but collapsed to near \$12.00 by August. The August 2008 carryout was estimated at a tight 135 with a carryout to use ratio of 4.5%. Eventually however carryout was seen at 205 in Oct/Nov of 2008 with prices collapsing to \$8.50.

About 3 million acres of U.S. crop land have been flooded by the Mississippi River, according to the farm bureaus of Arkansas, Tennessee, and Mississippi, which each lost about a million acres. Significant activity in those areas is likely to be impossible until June 1 at the very earliest. Meanwhile, Dr. Michael Cordonnier sees total U.S. corn plantings reduced by 1.0 million acres thanks to that flooding, as well as slow plantings in the ECB and Dakotas

**South America:** Conab, the Brazilian government crop supply agency, increased their 2010/11 soybean estimate to a record 73.6 million tonnes, up from 72.2 MMT in April and 68.7 MMT last season. Average yields are estimated at 3.047 tonnes per hectare (45.3 bushels per acre), with top soybean state Mato Grosso at 3.19 tonnes per ha (47.4 bpa). Conab also increased their corn number to 56.0 MMT, up from 55.6 MMT last month and even with LY.

Oil World raised their Brazilian soybean estimate from 72.5 to 73.0 MMT and they also increased their Argentine estimate by half a million tonnes, to 49.5 MMT, though that's still behind 53.9 MMT last year.



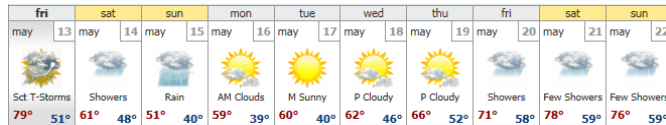
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**Outside Markets:**

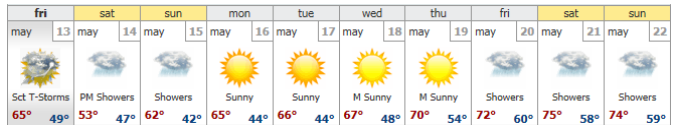
<a href="#">U.S. Dollar Index</a>	75.190	-0.227	-0.3%	<a href="#">Euro FX</a>	1.42810	+0.00620	+0.44%	<a href="#">Ethanol Futures</a>	Jun 11	2.492p	+0.011
<a href="#">CRB CCI Index</a>	630.00p	-1.00	-0.16%	<a href="#">Canadian Dollar</a>	1.03760	+0.00020	+0.02%	<a href="#">Gasoline RBOB (E)</a>	Jun 11	3.0639p	-0.0589
<a href="#">Gold</a>	1510.9	+4.3	+0.29%	<a href="#">Japanese Yen</a>	1.23880	+0.00280	+0.23%	<a href="#">Diesel Gulf (Ulsd)</a>	Jun 11	2.9866s	+0.0183
<a href="#">Silver</a>	35.595	+0.802	+2.31%	<a href="#">Australian Dollar</a>	1.06460	+0.00310	+0.29%	<a href="#">Heating Oil (E)</a>	Jun 11	2.9137p	+0.0154
<a href="#">DJIA</a>	12672p	+75	+0.6%	<a href="#">Chinese Renminbi</a>	0.154010s	-0.000070	-0.05%	<a href="#">Crude Oil Brent (E)</a>	Jun 11	112.98p	+0.41
<a href="#">S&amp;P 500 Index</a>	1349.80	+2.30	+0.17%	<a href="#">Mexican Peso</a>	0.085850s	+0.000200	+0.23%	<a href="#">Natural Gas (E)</a>	Jun 11	4.194p	+0.013
<a href="#">Nasdaq 100</a>	2407.00	0.00	-	<a href="#">1-Month Libor</a>	99.8050p	0.0000	-	<a href="#">Polypropylene</a>	Jun 11	0.9000s	0.0000
<a href="#">Russell 1000 Growth</a>	621.50p	+4.30	+0.7%	<a href="#">T-Bond</a>	123-31	+0-05	+0.13%	<a href="#">Polyethylene</a>	Jun 11	0.6813p	0.0000
<a href="#">MSCI Emi Index</a>	0.00	-1154.40	-100%	<a href="#">3-Month T-Bill</a>	99.2700s	0.0000	-	<a href="#">Rme Biodiesel</a>	May 11	1465.850p	+1.450
<a href="#">Nikkei 225</a>	9690.00	-85.00	-0.87%	<a href="#">5-Year T-Note</a>	120-2.5	+1-140	+1.21%	<a href="#">Coal Futures</a>	Jun 11	73.13p	-0.37
<a href="#">Brazilian Real</a>	0.61400p	+0.00025	+0.04%	<a href="#">10-Year T-Note</a>	122-050	-0-005	-0.01%	<a href="#">Uranium</a>	May 11	58.00p	+1.00

**Weather** Locally we received .75" of very unwelcome rainfall. A considerable number of farmers have yet to put the planter in the field and the frustration is very evident in the sound of their voices.

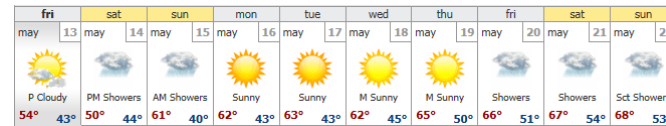
**Central Illinois:**



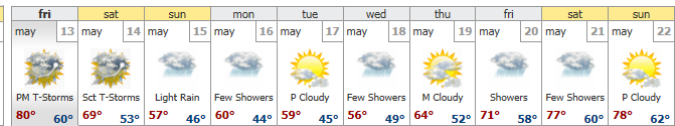
**Central Iowa:**



**South Central Minnesota:**



**Central Nebraska:**

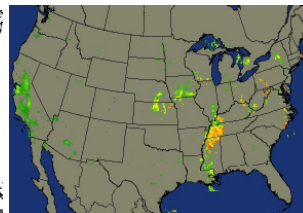
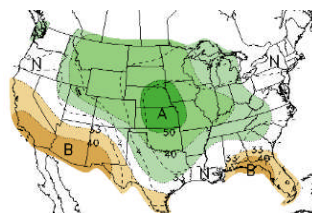
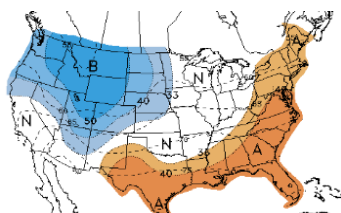


8-14 Day Temp

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, May 9	Tuesday, May 10	Wednesday, May 11	Thursday, May 12
<b>Air Temperature</b>	Max = 71; Min = 53	Max = 70; Min = 54	Max = 89; Min = 58	Max = 78; Min = 53
<b>Soil Temperature</b>				
2 inch	Max = 66; Min = 55; Ave = 61	Max = 67; Min = 56; Ave = 61	Max = 75; Min = 56; Ave = 66	Max = 75; Min = 59; Ave = 67
4 inch	Max = 59; Min = 53; Ave = 56	Max = 60; Min = 53; Ave = 57	Max = 67; Min = 53; Ave = 60	Max = 65; Min = 57; Ave = 61
8 inch	Max = 56; Min = 52; Ave = 54	Max = 57; Min = 53; Ave = 55	Max = 62; Min = 53; Ave = 58	Max = 62; Min = 56; Ave = 59
<b>Daily Precipitation</b>	0.46"	0.00"	0.01"	0.07"

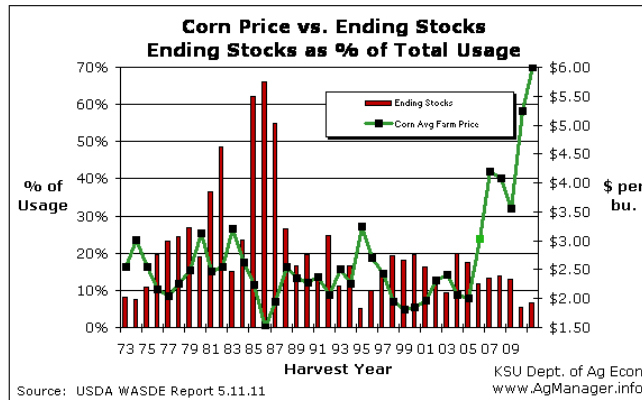
**Ukraine** reportedly will export up to 2 million tonnes of corn in the next two months, after canceling export quotas last month. Egypt has been the leading buyer of Ukrainian corn so far in 2010/11, at 533k tonnes, with Iran second at 382k tonnes.

**Eastern Winter Wheat** crop looks to be in excellent shape and they are thrilled with the condition and yield prospects.

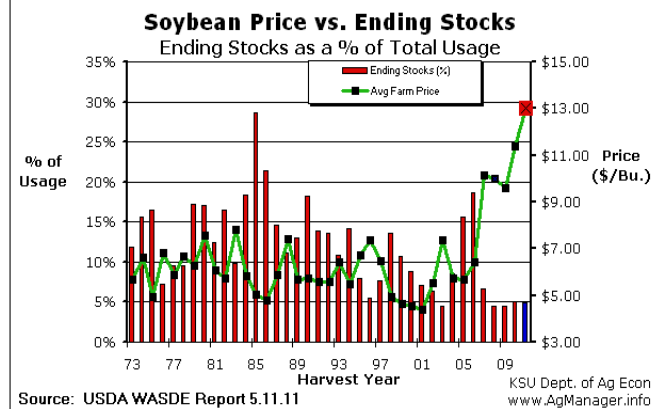
**China** announcement interest in U.S. corn but it was only reportedly interested in 4 million bushels, and not until next marketing year. Another reason is that the business could not be confirmed, if so it would at least indicate our new crop corn is competitive in the world market.

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**U.S. Corn Price vs. Ending Stocks**



**Soybean Price vs. Ending Stocks**



**Corn:** Morning: May 11 corn closed at \$6.85 ¾, up 4 ½ cents, July 11 Corn is at \$6.87, up 6 ½ cents, Sept 11 Corn is at \$6.60 ½, up 7 ½ cents, Dec 11 Corn closed at \$6.35 ¾, up 5 ¼ cents.

Yesterday's Close: May 11 Corn closed at \$6.81 ¼, up 12 ½ cents, Jul 11 Corn closed at \$6.80 ½, up 3 ¼ cents, Sep 11 Corn closed at \$6.53, up 1 ¾ cents Dec 11 Corn closed at \$6.30 ½, up 4 ½ cents

Corn futures were able to rally after opening lower this morning. Coming in this morning there were 1,246 contracts of open interest left in the May contract. The USDA reported 433,800 MT of corn was sold for 2010/11 delivery and 23,700 MT was sold for 2011/12 delivery. Japan was the main buyer for both marketing years. Japan, Mexico, Egypt, Taiwan and Saudi Arabia were the main destinations for 860,300 MT of export shipments. Shipments were up 8 percent from last week and down 8 percent from the four week average. The long range weather forecast has changed to a cooler and wetter pattern than normal for the eastern Corn Belt through May 21st. Some producers may have to alter their planting intentions if situations don't improve soon. Strategic Grain cut the EU corn crop by 0.4 MMT to 59.1 MMT which is still up 4.6 MMT from a year ago.

**Soybean Complex:** Morning: May 11 Soybeans closed at \$13.51 ½, up 6 ¼ cents, Jul 11 Soybeans closed at \$13.51 ½, up 8 ¾ cents, Sept 11 Soybeans closed at \$13.41, up 8 cents, Nov 11 Soybeans closed at \$13.35, up 8 ¾ cents,

Yesterday's Close: May 11 Soybeans closed at \$13.45 ¼, up 11 ¾ cents, Jul 11 Soybeans closed at \$13.42 ¾, up 11 cents, Nov 11 Soybeans closed at \$13.26 ¼, up 5 ¼ cents, May 11 Soybean Meal closed at \$349.10, up \$5.00, May 11 Soybean Oil closed at \$56.21, up \$0.14

Soybean futures started the day out lower but were able to recover to the plus side on both old and new crop. Relentless rains in the eastern Corn Belt could cause farmers to shift their plans to other crops. Soybeans would be a number one contender in some areas. Export sales for 2010/11 were 59,000 MT despite the reduction of 49,000 MT from China. Net sales were 3,300 MT for 2011/12 delivery. Soybean export sales continue to come in at seasonally low levels. Lower U.S. supplies for 2011/12 and increased South American production this year caused USDA to lower 2011/12 soybean exports to 1.54 billion bushels which is slightly below 2010/11 levels. The USDA believes there will be an increase in global demand that will be led by China. Soybean oil and meal sales were also down from the four week averages. Soybean open interest was up on yesterdays drop in price.

**Wheat:** Morning: July 11 CBOT Wheat closed at \$7.43 ¾, up 8 ¼ cents, July 11 MGEX Wheat is at \$9.16 ½, up 11 ¾ cents

Yesterday's Close: May 11 CBOT Wheat closed at \$7.00 ½, down 27 ¼ cents, May 11 KCBT Wheat closed at \$8.69, down 36 cents, May 11 MGEX Wheat closed at \$9.19 ¼, down 17 ¾ cents

Wheat futures were unable to rally with the other grains and closed lower under selling pressure from adequate world supplies and spread activity. Weekly export sales remain strong continuing to outpace the last couple of years on both old and new crop sales. Net sales for 2010/11 were 320,603 MT, up 15% from the four week average. Net sales for 2011/12 were 229,884 MT. Shipments were a marketing year high of 1,026,543 MT up 25% of the four week average. Strategic Grains cut the EU wheat crop 3.6 MMT to 131.5 MMT putting wheat production 5.1 MMT higher than last year. Wire services report that Algeria bought 400,000 MT or more of new crop wheat overnight, but this is thought to be European origin. The EU granted export licenses for 264,000 MT of soft wheat this week. Countries facing food inflation and political unrest are working to ease those issues by importing wheat.

**Cattle:** Yesterday's Close: Jun 11 Cattle closed at \$109.85, up \$0.80, Aug 11 Cattle closed at \$111.42, up \$0.77, Oct 11 Cattle closed at \$116.55, up \$0.25, May 11 Feeder Cattle closed at \$129.52, up \$0.70 Aug 11 Feeder Cattle closed at \$133.92, up \$0.90 Sep 11 Feeder Cattle closed at \$134.50, up \$0.50

Cattle futures closed higher on the day. June and August cattle supported on Fibonacci 38% correction of the entire contract range. Weekly



beef export sales continue to be ahead of last year. Total sales for the week ending May 5th were 16,700 MT. USDA is projecting 2011 exports at 2.475 billion pounds and 2012 exports at 2.45 billion pounds. USDA increased beef production for 2011 to 26.221 billion pounds from 26.095 billion pounds in April in the WASDE. USDA is projecting the average steer price for all grades at \$111 to \$115 for 2011 and \$111 to \$120 for 2012. Cash cattle traded at \$111 to \$115 for all steer grades on the live and \$178 to \$185.50 for all steer grades in the dressed. Heifer live sales were at \$112 to \$114 and dressed Heifer sales were at \$178 to \$187. Cattle sold last week for \$115 in the live and \$182 in the dressed. Boxed beef values were lower this afternoon. Choice was down \$2.41 at \$174.58 and Select was down \$0.42 at \$170.56.

**Hogs:** Yesterday's Close: May 11 Hogs closed at \$92.62, up \$0.60, Jun 11 Hogs closed at \$94.20, up \$0.97 Jul 11 Hogs closed at \$94.150, up \$0.72

Lean Hog closed higher on the day out through 2012 contracts. The USDA is projecting pork exports for 2011 will be 4.675 billion pounds for 2011 and 4.775 billion pounds for 2012. The USDA put 2011 pork production at 22.625 billion pounds versus 22.595 billion pounds on the April WASDE report. Barrow and Gilt prices for 2011 are estimated at \$62 to \$65 and \$60 to \$64 for 2012. Cash hogs were \$0.98 higher in IA/MN at \$91.16, \$1.01 higher in the WCB at \$90.82 and \$0.20 higher in the ECB this afternoon. Pork trading today was slow to moderate with mostly moderate to good demand and mostly light offerings. All the cuts were higher.

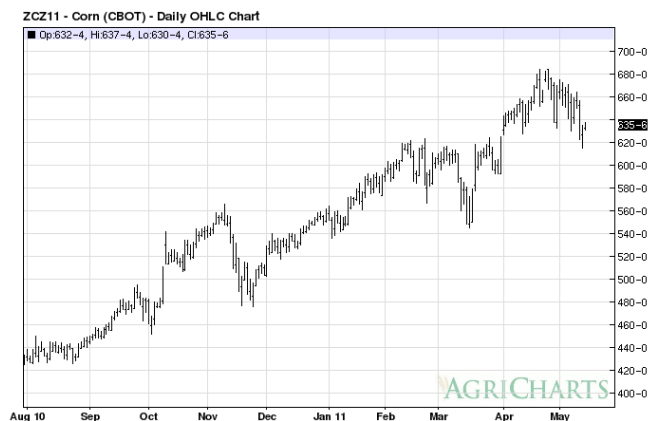
**Cotton:** Yesterday's Close: Jul 11 Cotton closed at 144.3, down 600 points, Oct 11 Cotton closed at 129.3, down 600 points Dec 11 Cotton closed at 119.19, down 600 points

Cotton closed limit down, weighed by continued weakness in commodities and weak export sales. Weekly export sales for 2010/11 delivery for upland and pima combined were a net reduction of 1,600 RB and sales for 2011/12 were a combined total of 76,000 RB. Cotton on call positions were down 717 to 61,968. China may reduce imports by as much as 10% this year due to higher prices and borrowing costs according to Bloomberg.

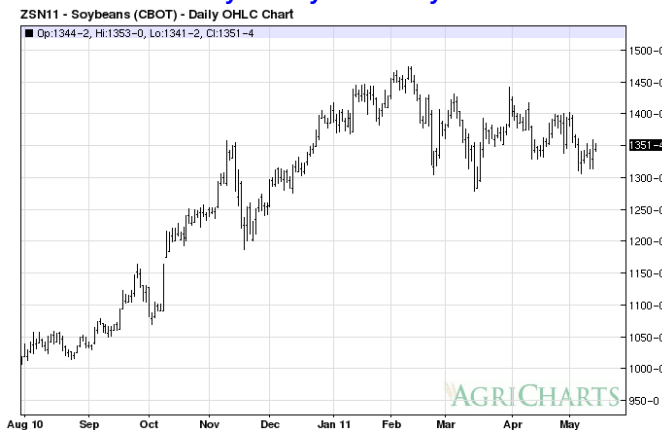
**May 11 Corn Daily Chart**



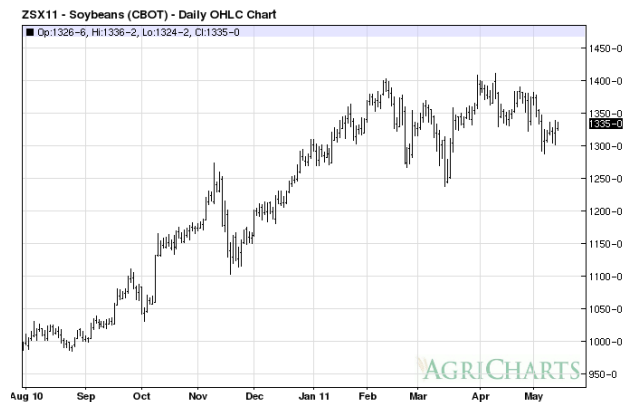
**Dec 11 Corn Daily Chart**



**May 11 Soybean Daily Chart**



**Nov 11 Soybean Daily Chart**



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# MORNING COMMENTS

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Friday, May 13, 2011

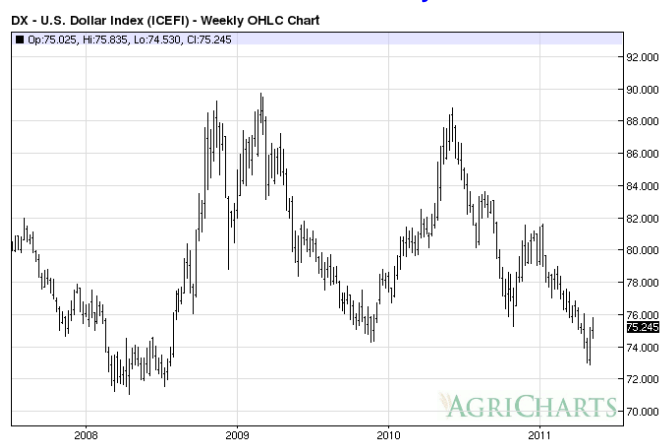
### May 11 Mpls Spring Wheat Daily Chart



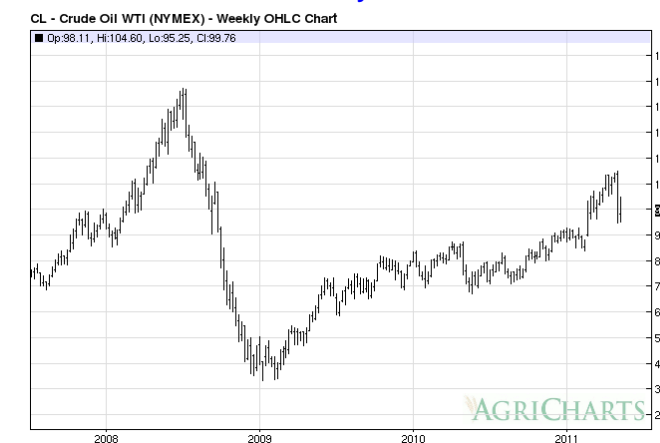
### Sept 11 Mpls Spring Wheat Daily Chart



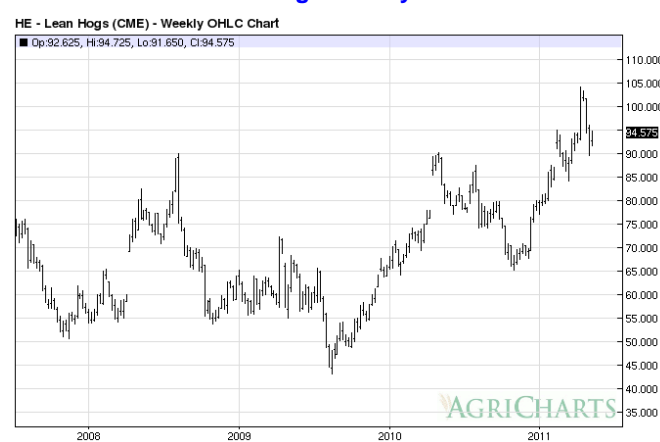
### US Dollar Index Weekly



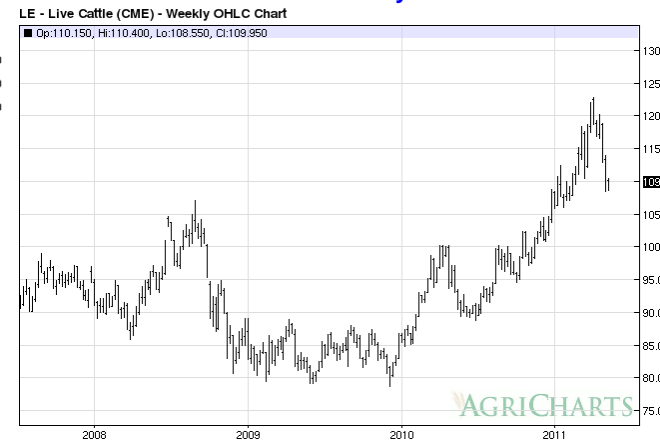
### Crude Oil Weekly



### Lean Hogs Weekly



### Live Cattle Weekly



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