Morning Comments

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Tuesday, May 17, 2011

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 with basis set	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 Major USDA Reports: Thursday June 9, 2011 WASDE & Crop Production, Thursday June 30, 2011 Planted Acres & Grain Stocks

Planting Progress: USDA released the Weekly Planting Progress report showing 63% of corn planted as of May 15th, up 23 % from last week. Trade estimates ran from 57 to 65%. This is still 12 % behind average and 24 % behind last year. USDA released the Weekly Soybean Planting Progress report this afternoon showing 22% planted nationally as of May 15th, up 15 % from last week. Trade estimates ran at 20%. This is still 9 % behind average and 15 % last year. USDA released the Weekly Spring Wheat Planting Progress showing Spring Wheat 36% planted as of May 15th, up 14 % from last week. This is still 40 % behind average and 42 % last year. The % of the winter wheat crop in Good/excellent condition was 32%, down 1 % from last week and 34 % lower than last year.

Planting Progress

% of Crop USDA estimates has been Planted

Corn Crop	Last Year	Last Week	This Week	Average	Soybean Crop	Last Year	Last Week	This Week	Average
U.S.	87%	40%	63%	75.0%	U.S.	37%	7%	22%	31.0%
Iowa	96%	69%	92%	84.0%	Iowa	52%	10%	47%	38.0%
Kansas	83%	66%	84%	79.0%	Nebraska	41%	15%	40%	35.0%
Nebraska	87%	57%	84%	83.0%	Arkansas	50%	21%	32%	38.0%
Missouri	85%	59%	79%	70.0%	Kansas	24%	11%	30%	16.0%
Illinois	96%	34%	69%	74.0%	Missouri	17%	7%	21%	17.0%
Minnesota	95%	28%	47%	81.0%	Illinois	41%	2%	16%	28.0%
S Dakota	55%	17%	44%	55.0%	Minnesota	46%	2%	9%	38.0%
Wisconsin	77%	16%	35%	67.0%	Indiana	44%	0%	6%	30.0%
Indiana	85%	4%	29%	66.0%	S Dakota	8%	1%	5%	13.0%
Ohio	83%	2%	7%	70.0%	Ohio	44%	0%	3%	44.0%

OH corn planting is the most significant laggard at only 7% done vs 70 average. While, ND follows at only 14 planted vs 55 average IN has increased to 29 planted from 4 last week but is still well behind their 66 average as is MN at 47% compared to 81% on average.

Sugarbeets Planted - Selected States
[These 4 States planted 84% of the 2010 sugarbeet acreage]

State	Week ending May 15, 2010	Week ending May 8, 2011	Week ending May 15, 2011	2006-2010 Average
	(percent)	(percent)	(percent)	(percent)
Idaho	100	90	100	100
Michigan	100	45	95	98
Minnesota	100	17	31	81
North Dakota	100	14	27	81
4 States	100	33	52	87

Spring Wheat Planted - Selected States
[These 6 States planted 99% of the 2010 spring wheat acreage]

State	Week ending May 15, 2010	Week ending May 8, 2011	Week ending May 15, 2011	2006-2010 Average
	(percent)	(percent)	(percent)	(percent)
Idaho	90	66	78	91
Minnesota	99	18	39	76
Montana	78	18	37	80
North Dakota	66	7	15	68
South Dakota	91	59	84	93
Washington	96	72	87	96
6 States	78	22	36	76

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Market Talk Local corn processor basis now -.28 for July delivery and soybean processor at -.10 for July delivery.

The NOPA crush report produced a surprisingly low soyoil stocks total of 2.694 billion pounds, nearly 300 million below trade estimates. However, it was announced that South Dakota Soy Processors stopped reporting their crush and stocks totals to NOPA.

Some analysts think we are at a critical time of the year for corn planting and potential yield. Tthe University of Illinois has released data indicating corn planted on May 20th can yield as much as 18 bushels per acre less than corn planted on May 6th. Concerns include that corn planted this late in the spring can be more likely to be impacted by an early frost in the fall. Others are not as concerned though, and are quick to point out that summer growing conditions can be just as critical to final yield as planting is, and in some cases, even more of a factor.

Outside Markets:

U.S. Dollar Index	75.810	+0.159	+0.21%
CRB CCI Index	628.00p	-1.00	-0.16%
Gold	1489.8	-0.6	-0.04%
Silver	34.000	-0.129	-0.38%
DJIA	12509p	-47	-0.37%
S&P 500 Index	1327.40	+1.80	+0.14%
Nasdaq 100	2334.00	-0.50	-0.02%
Russell 1000 Growth	610.10s	-4.80	-0.78%
MSCI Emi Index	0.00	-1129.70	-100%
Nikkei 225	9590.00	+60.00	+0.63%
Brazilian Real	0.61090p	+0.00055	+0.09%

Euro FX	1.41610	-0.00190	-0.13%
Canadian Dollar	1.02560	-0.00150	-0.15%
Japanese Yen	1.22610	-0.01230	-0.99%
Australian Dollar	1.05510	-0.00080	-0.08%
Chinese Renminbi	0.153860p	-0.000240	-0.16%
Mexican Peso	0.084950	0.000000	-
1-Month Libor	99.8050p	0.0000	-
T-Bond	124-29	-0-02	-0.05%
3-Month T-Bill	99.2700s	0.0000	-
5-Year T-Note	120-030	+0-025	+0.07%
10-Year T-Note	122-250	+0-010	+0.03%

Ethanol Futures	Jun 11	2.535p	+0.032
Gasoline RBOB (E)	Jun 11	2.9311s	-0.1433
Diesel Gulf (Ulsd)	Jun 11	2.9486s	-0.0709
Heating Oil (E)	Jun 11	2.8744s	-0.0678
Crude Oil Brent (E)	Jun 11	112.73s	-1.10
Natural Gas (E)	Jun 11	4.318s	+0.072
Polypropylene	Jun 11	0.9000s	0.0000
Polyethylene	Jun 11	0.6813s	0.0000
Rme Biodiesel	May 11	1469.200s	+1.700
Coal Futures	Jun 11	72.95s	+0.42
Uranium	May 11	58.00s	0.00

Weather

Central Illinois:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 17	may 18	may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26
M Sunny	M Cloudy	P Cloudy	P Cloudy	Sct T-Storms	Sct T-Storms	Sct T-Storms	P Cloudy	Sct T-Storms	M Cloudy
61° 45°	63° 49°	67° 51°	76° 58°	78° 61°	83° 64°	83° 62°	79° 65°	81° 56°	74° 54°

Central Iowa:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 17	may 18	may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26
Sunny	M Sunny	Few Showers	Showers	Sct T-Storms	Iso T-Storms	Iso T-Storms	Sct T-Storms	Showers	AM Clouds
67° 44°	73° 52°	72° 60°	76° 63°	80° 60°	84° 64°	80° 65°	79° 61°	78° 54°	69° 51°

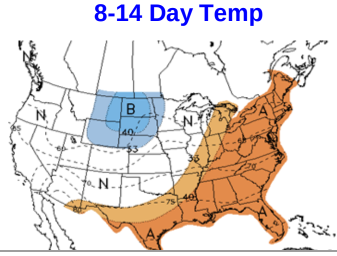
South Central Minnesota:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 17	may 18	may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26
Sunny	M Sunny	M Cloudy	Showers	T-Showers	Sct T-Storms	Iso T-Storms	Showers	Showers	AM Clouds
67° 43°	68° 52°	66° 58°	70° 59°	74° 58°	74° 59°	79° 60°	73° 52°	67° 48°	65° 47°

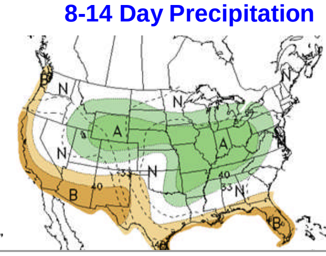
Central Nebraska:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 17	may 18	may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26
Few Showers	Few Showers	P Cloudy	P Cloudy	Few Showers	Sct T-Storms	Sct T-Storms	M Sunny	Sct T-Storms	Showers
55° 49°	64° 52°	68° 54°	74° 58°	76° 62°	79° 63°	80° 64°	80° 66°	78° 60°	75° 57°

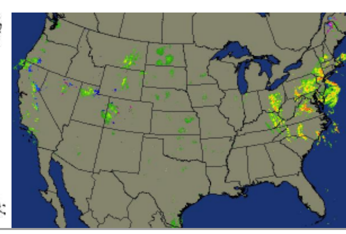
8-14 Day Temp



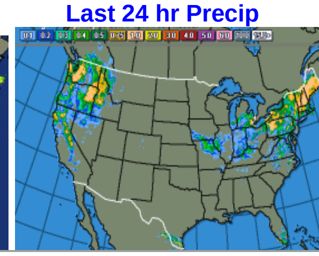
8-14 Day Precipitation



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
Air Temperature	Max = 71; Min = 53	Max = 70; Min = 54	Max = 89; Min = 58
Soil Temperature			
2 inch	Max = 66; Min = 55; Ave = 61	Max = 67; Min = 56; Ave = 61	Max = 75; Min = 56; Ave = 66
4 inch	Max = 59; Min = 53; Ave = 56	Max = 60; Min = 53; Ave = 57	Max = 67; Min = 53; Ave = 60
8 inch	Max = 56; Min = 52; Ave = 54	Max = 57; Min = 53; Ave = 55	Max = 62; Min = 53; Ave = 58
Daily Precipitation	0.46"	0.00"	0.01"
Cumm Precip Beginning 1/1/11	7.53"	7.53"	7.54"
Cumm GDD Beginning 5/1/11	61	73	95

	Thursday, May 12	Friday, May 13
Air Temperature	Max = 78; Min = 53	Max = 53; Min = 41
Soil Temperature		
2 inch	Max = 75; Min = 59; Ave = 67	Max = 60; Min = 49; Ave = 54
4 inch	Max = 65; Min = 57 Ave = 61	Max = 57; Min = 48; Ave = 53
8 inch	Max = 62; Min = 56 Ave = 59	Max = 57; Min = 51; Ave = 54
Daily Precipitation	0.07"	0.79"
Cumm Precip Beginning 1/1/11	7.61"	8.40"
Cumm GDD Beginning 10/1/10	110	112

	Monday, May 16
Air Temperature	Max = 64; Min = 37
Soil Temperature	
2 inch	Max = 63; Min = 45; Ave = 54
4 inch	Max = 55; Min = 45; Ave = 50
8 inch	Max = 54; Min = 46; Ave = 50
Daily Precipitation	0.00"
Cumm Precip Beginning 1/1/11	8.85"
Cumm GDD Beginning 5/1/11	119

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Corn: Morning: July 11 Corn is at $7.04 , up 6 ½ cents, Sept 11 Corn is at $6.78 ¼ , up 6 ¾ cents, Dec 11 Corn closed at $6.40 ¾ , up 5 ¼ cents, Mar 11 Corn closed at $6.50 ½ , up 4 ¼ cents.
Yesterday's Close: Jul 11 Corn closed at $6.97 ½ , up 15 ½ cents, Sep 11 Corn closed at $6.71 ½ , up 17 ¾ cents, Dec 11 Corn closed at $6.35 ½ , up 8 ½ cents Dec 11 Corn closed at $6.35 ½ , up 8 ½ cents
Corn futures closed higher. A lower dollar was supportive. The gasoline/ethanol spread has come in from 81 cents in late April to 38.20 cents today as ethanol is higher and gasoline has dropped to $2.92 on the June contract. The USDA export inspections report this morning showed 36.911 million bushels inspected for export for the week ending May 12th with a total increase of 38.926 million bushels from last week after revisions to prior data. Weather continues to disrupt corn planting in different regions of the country.

Soybean Complex: Morning: Jul 11 Soybeans closed at $13.30 ¾ , up 4 ¼ cents , Sept 11 Soybeans closed at $13.19 ¼ , up 5 cents, Nov 11 Soybeans closed at $13.13 , up 6 ¾ cents, Jan 11 Soybeans closed at $13.20 ½ , up 5 ½ cents.
Yesterday's Close: Jul 11 Soybeans closed at $13.26 ½ , down 3 cents, Aug 11 Soybeans closed at $13.22 ½ , down 4 cents, Nov 11 Soybeans closed at $13.06 ¼ , down 4 ½ cents, Jul 11 Soybean Meal closed at $345.70, up $0.30, Jul 11 Soybean Oil closed at $55.91, down $0.23
Soybean futures closed lower after strength earlier in the day. The USDA export inspections report this morning showed 5.149 million bushels inspected for export for the week ending May 12th with a total increase of 6.295 million bushels from last week after revisions to prior data. This is behind last years pace during this period by about 3.26 million bushels. The NOPA monthly crush report for April was released this morning, and was termed disappointing at 121.3 million bushels. Soy oil stocks were drawn down during April but ultimately the slide in HO/diesel had more impact on price. Meal production was the smallest for the month in 5 years.

Wheat: Morning: Jul 11 CBOT Wheat closed at $7.37 ½ , up 1 cents, Jul 11 MGEX Wheat is at $9.11 , up ¾ cents
Yesterday's Close: Jul 11 CBOT Wheat closed at $7.36 ½ , up 8 ¾ cents, Jul 11 KCBT Wheat closed at $8.76, up 6 ½ cents, Jul 11 MGEX Wheat closed at $9.10 ¼ , up 10 cents
Wheat futures closed higher on support from a lower dollar, strong export inspections and drought conditions in parts of the US and Europe. The USDA export inspections report this morning showed 30.040 million bushels inspected for export for the week ending May 12th with a total increase of 32.2 million bushels from last week after revisions to prior data. This is 18.9 million bushels more than was shipped in the same week last year. Cumulative shipments are at 1.196 billion bushels, with two weeks remaining in the marketing year. USDA has projected 1.275 billion bushels for the year.

Cattle: Yesterday's Close: Jun 11 Cattle closed at $108.32, down $0.67, Aug 11 Cattle closed at $109.75, down $0.80, Oct 11 Cattle closed at $114.92, down $0.57, May 11 Feeder Cattle closed at $127.95, down $0.75 Aug 11 Feeder Cattle closed at $131.22, down $1.22 Sep 11 Feeder Cattle closed at $131.95, down $1.07
Cattle futures closed lower, reversing earlier action. Cash is still above the futures with first notice day for June futures three weeks away. Boxed beef values were up this morning, taking back some of last week's dip. Early cash price estimates are around $114/187. Wholesale prices reversed course. Choice boxed beef was up $2.73 at $177.52 and Select was up $1.14 at $171.88. The USDA released the Weekly Planting Progress report this afternoon showing pasture good/excellent condition at 52%, up 4 points from last week and down 12 points from last year.

Hogs: Yesterday's Close: Jun 11 Hogs closed at $93.60, down $0.95, Jul 11 Hogs closed at $92.55, down $1.30 Aug 11 Hogs closed at $93.42, down $1.05
Lean Hog futures closed lower, accelerating into the close. The futures ignored a host of bullish fundamental news items. Retail is getting prepared for the grilling season to kick off with Memorial Day. The Lean Hog Index was up $.32 at $92.09 for May 12th. Cash hogs were $1.17 higher in the WCB, $.73 higher in the ECB and $1.18 higher in IA/MN. Today's carcass cutout value of $98.31 was a new modern day record, topping the previous record set in August 2010.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 151.15, up 60 points, Oct 11 Cotton closed at 130.81, up 326 points Dec 11 Cotton closed at 120.03, up 442 points
Cotton futures closed limit higher on the front month on light volume on the triple threat of continued dryness, flooding effecting cotton acres and short cotton stocks. Western Texas still has less than 2 inches of rain on average year to date. Indian producers are clamoring for an increase in the export cap there due to a massive drop in prices. The USDA released the Weekly Planting Progress report this afternoon showing 42% planted as of May 15th, up 16 points from last week. This is now only 2 points behind average and 4 points behind last year.

South America: Private analysts Celeres puts the Brazilian soybean harvest as essentially complete this week, with 99% of the crop harvested, compared to 97% last week. Reports have forward sales of the crop at 64%, up a % on the week, 1% below of the five-year average pace, and 10% ahead of last season.
The Argentine government indicates that the 2010/11 soy crop at 82% harvested as of Thursday, up 8% on the week but 3% behind last season. The Argentine corn harvest came in at 71% complete, up 7% on the week and 3% ahead of last year.
Word from Chinese trade overnight are that Argentina's plan is to clear corn exports to China and will have zero effect on demand for U.S. corn—those that expect China to import see substantial numbers, more than the 2 MMT Argentina can provide, and more than the U.S.

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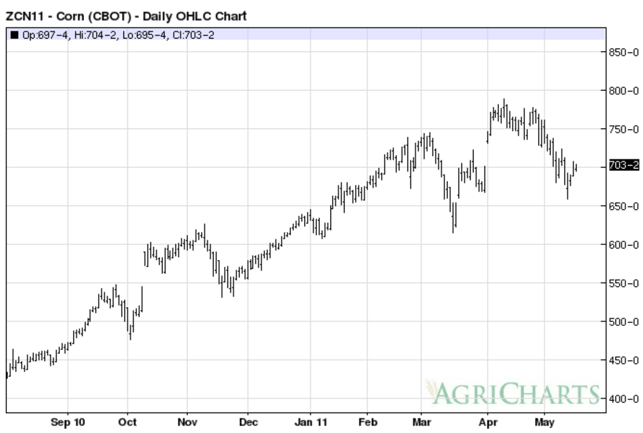
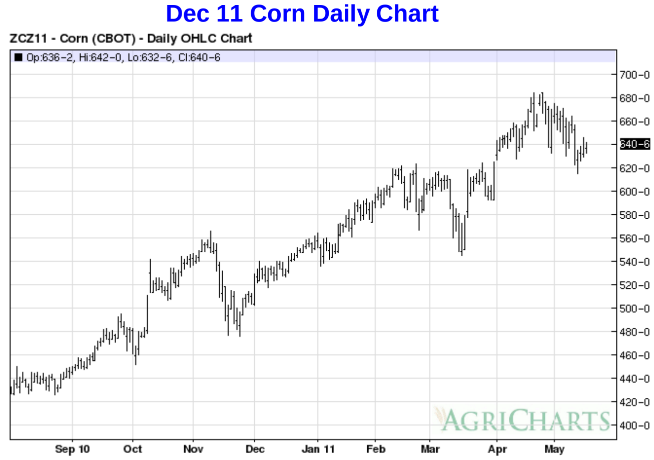
has available in the near future prior to harvest.

May 11 Corn Daily Chart

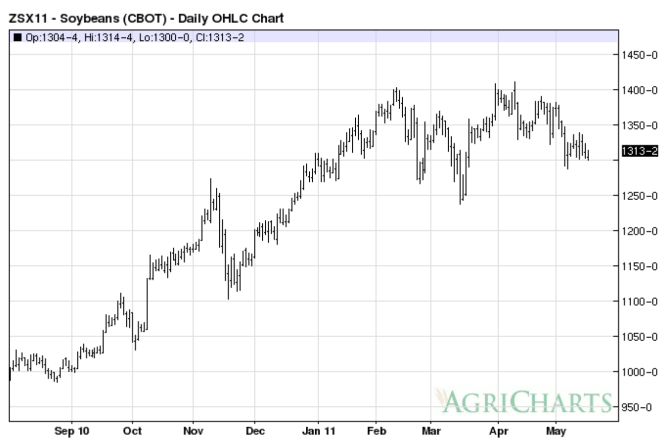


Dec 11 Corn Daily Chart

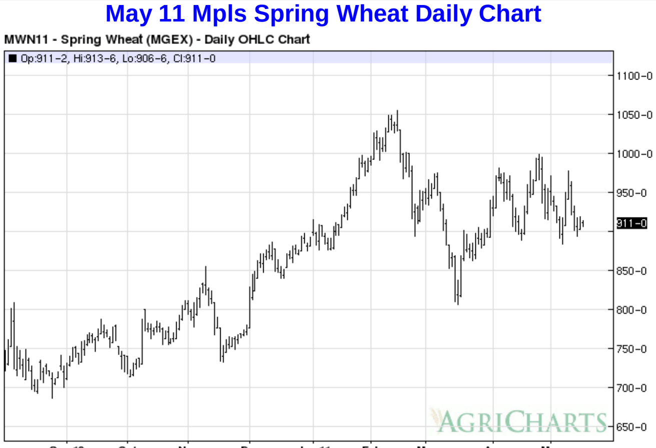


May 11 Soybean Daily Chart

Nov 11 Soybean Daily Chart



May 11 Mpls Spring Wheat Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart