



MORNING COMMENTS

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Thursday, May 19, 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
The monthly Cattle on Feed report will be out Friday at 2:00. The average analyst estimate for May 1 on Feed is 106.5%, April placement estimates is 104.3% and April Marketing estimate is 96.4%.

Market Talk Strength in the cash market is believed to help old crop corn lead the market higher, corn spot basis are firming. This was a missing ingredient in prior corn price rally.

The Chicago-based Linn Group estimated U.S. corn plantings at 89.5 million acres yesterday, well below the USDA's 92.2 million acres, with soybean plantings at 75.1 million acres, also below the USDA's 76.6 million acre forecast on March 31.

China's National Bureau of Statistics reported the country's 2010 corn crop at a record 177.25 million tonnes, 3% higher than their early estimate, 5% above the current USDA figure, and a full 7% above the average estimate of 10 firms in a Reuters poll late last year.

Put Options: Higher new crop Dec corn futures at \$6.76 have softened the value of put options. For instance, Dec corn \$6.00 puts traded at \$.34 yesterday the lowest cost we have seen. The \$6.40 put traded at \$.51 while the \$6.60 Dec corn put traded for \$.60.

Nov Soybean futures back up to \$13.61 has the Nov soybean \$13.00 put trading at \$.60 and the \$13.40 trading at \$.80

Outside Markets:

U.S. Dollar Index	75.510	-0.122	-0.16%	Euro FX	1.42530	+0.00370	+0.26%	Ethanol Futures	Jun 11	2.648p	+0.064
CRB CCI Index	642.00p	+10.00	+1.58%	Canadian Dollar	1.03260	+0.00510	+0.5%	Gasoline RBOB (E)	Jun 11	2.9555p	+0.0362
Gold	1495.6p	+15.8	+1.07%	Japanese Yen	1.22090	-0.00490	-0.4%	Diesel Gulf (Ulsd)	Jun 11	2.9728s	+0.0615
Silver	35.520	+0.426	+1.21%	Australian Dollar	1.06230	+0.00450	+0.43%	Heating Oil (E)	Jun 11	2.9059p	+0.0608
DJIA	12532p	+95	+0.76%	Chinese Renminbi	0.154000	+0.000380	+0.25%	Crude Oil Brent (E)	Jun 11	112.66s	0.00
S&P 500 Index	1342.30	+3.70	+0.28%	Mexican Peso	0.085400	+0.000400	+0.47%	Natural Gas (E)	Jun 11	4.198p	+0.016
Nasdaq 100	2367.00	+5.50	+0.23%	1-Month Libor	99.8000p	-0.0050	-0.01%	Polypropylene	Jun 11	0.8900s	-0.0100
Russell 1000 Growth	615.20s	+6.20	+1.02%	T-Bond	124-14	-0-09	-0.23%	Polyethylene	Jun 11	0.6800p	-0.0013
MSCI Emi Index	0.00	-1150.00	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	May 11	1464.800p	+5.800
Nikkei 225	9660.00	-45.00	-0.46%	5-Year T-Note	119-7.5	-0-2.5	-0.29%	Coal Futures	Jun 11	75.12p	+0.79
Brazilian Real	0.61855p	+0.00755	+1.24%	10-Year T-Note	122-095	-0-075	-0.19%	Uranium	May 11	59.00p	+1.00

Weather Forecast to day has a slight chance of showers for MN that increases to 80% chance of rain Friday.

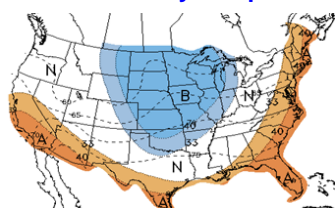
Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26	may 27	may 28
AM Fog	PM Showers	T-Storms	Sct T-Storms	Sct T-Storms	T-Showers	T-Showers	AM Clouds	Sunny	Few Showers
75° 57°	80° 62°	76° 64°	82° 66°	81° 64°	79° 65°	80° 59°	74° 56°	75° 60°	74° 58°

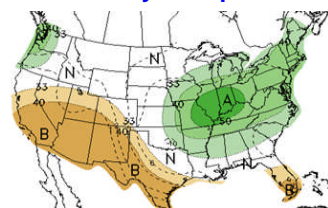
South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26	may 27	may 28
M Cloudy	T-Showers	Sct T-Storms	Iso T-Storms	P Cloudy	Showers	Showers	M Sunny	Showers	P Cloudy
71° 58°	70° 62°	73° 58°	73° 56°	68° 50°	64° 50°	60° 49°	65° 52°	65° 54°	67° 50°

8-14 Day Temp



8-14 Day Precipitation



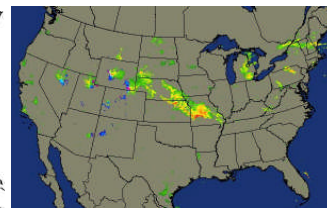
Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26	may 27	may 28
PM Showers	T-Showers	Sct T-Storms	P Cloudy	Iso T-Storms	T-Showers	Showers	M Sunny	P Cloudy	P Cloudy
71° 60°	75° 65°	78° 61°	82° 63°	82° 61°	77° 63°	74° 57°	70° 56°	74° 58°	73° 55°

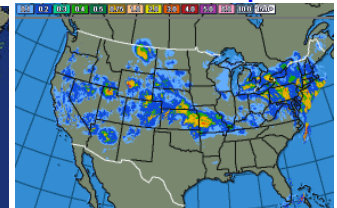
Central Indiana:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
may 19	may 20	may 21	may 22	may 23	may 24	may 25	may 26	may 27	may 28
PM Showers	P Cloudy	Sct T-Storms	Sct T-Storms	Sct T-Storms	Sct T-Storms	Sct T-Storms	M Cloudy	M Sunny	Sct Showers
71° 55°	80° 61°	79° 66°	81° 67°	80° 67°	83° 66°	79° 63°	72° 59°	76° 61°	76° 62°

Current Radar



Last 24 hr Precip



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Thursday, May 19, 2011

Official Weather Station -2011

SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

	Monday, May 16	Tuesday, May 17	Wednesday, May 18
Air Temperature	Max = 64; Min = 37	Max = 67; Min = 36	Max = 72; Min = 38
Soil Temperature			
2 inch	Max = 63; Min = 45; Ave = 54	Max = 69; Min = 45; Ave = 57	Max = 72; Min = 48; Ave = 60
4 inch	Max = 55; Min = 45; Ave = 50	Max = 60; Min = 45; Ave = 52	Max = 62; Min = 48; Ave = 55
8 inch	Max = 54; Min = 46; Ave = 50	Max = 57; Min = 47; Ave = 52	Max = 59; Min = 49; Ave = 54
Daily Precipitation	0.00"	0.00"	0.00"

Corn: Morning: July 11 Corn is at \$7.58 $\frac{3}{4}$, up 9 cents, Sept 11 Corn is at \$7.23, up 5 $\frac{1}{2}$ cents, Dec 11 Corn closed at \$6.76, up 3 $\frac{1}{4}$ cents. Mar 11 corn closed at \$6.84 $\frac{1}{2}$, up 2 $\frac{1}{4}$ cents
Yesterday's Close: Jul 11 Corn closed at \$7.49 $\frac{3}{4}$, up 29 $\frac{1}{2}$ cents, Sep 11 Corn closed at \$7.17 $\frac{1}{2}$, up 24 $\frac{3}{4}$ cents, Dec 11 Corn closed at \$6.72 $\frac{3}{4}$, up 19 $\frac{1}{2}$ cents Dec 11 Corn closed at \$6.72 $\frac{3}{4}$, up 19 $\frac{1}{2}$ cents
Corn closed within a half cent of limit higher on the spot month. The other contracts were also sharply higher. Open interest was up 5,902 contracts on yesterdays price rise. Funds bought an estimated 20,000 corn contracts today. Weather problems seem to be global this year in some of the main producing nations. A large area of the European Union is suffering a drought as well as northern Mexico and the south central U.S. Canada and the U.S. eastern Corn Belt have delayed planting with too much precipitation. According to the weekly forecast, most of the U.S. corn growing regions have rain predicted with a clearing on Saturday for Ohio and Indiana before rains resume into Tuesday the 24th. The six to ten day is still calling for above normal precipitation into the 27th for most of the Corn Belt. Weather related planting delays are expected to reduce U.S. corn production when carryover stocks are already at the tightest level in at least 13 years. Export estimates for tomorrows weekly export sales report range from 800,000 to 1,000,000 MT.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.88 $\frac{1}{2}$, up 9 cents, Sept 11 Soybeans closed at \$13.70, up 7 cents, Nov 11 Soybeans closed at \$13.61, up 7 $\frac{3}{4}$ cents, Jan 11 Soybeans closed at \$13.70, up 7 $\frac{1}{2}$ cents
Yesterday's Close: Jul 11 Soybeans closed at \$13.79 $\frac{1}{2}$, up 38 $\frac{1}{2}$ cents, Aug 11 Soybeans closed at \$13.72 $\frac{3}{4}$, up 36 $\frac{1}{2}$ cents, Nov 11 Soybeans closed at \$13.53 $\frac{1}{4}$, up 32 $\frac{3}{4}$ cents, Jul 11 Soybean Meal closed at \$361.00, up \$10.60, Jul 11 Soybean Oil closed at \$57.30, up \$1.26
Soybean futures ended much higher on the day along with soybean meal and oil. Some of the move was attributed to weather related and some to investment buying on weather and general economic concerns. Funds bought an estimated 9,000 soybean contracts, 3,000 meal contracts and 5,500 bean oil contracts. If farmers take prevent plant insurance on corn acres that were too wet to plant, the odds might not favor planting soybeans on those acres. Planting soybeans could potentially lower the producers five year corn average for those acres and could impact their business negatively in the future. Crude oil prices are up sharply which in turn translates to potential demand for Biofuels. Cash basis levels are steady to higher with farmers perhaps holding onto some of their old crop until planting is further along. Estimates for tomorrow's weekly sales report range from 200 to 400 thousand MT.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$8.31 $\frac{1}{2}$, up 14 $\frac{1}{2}$ cents, Jul 11 MGEX Wheat is at \$10.5, up 18 $\frac{3}{4}$ cents
Yesterday's Close: Jul 11 CBOT Wheat closed at \$8.17, up 53 cents, Jul 11 KCBT Wheat closed at \$9.38, up 43 $\frac{1}{2}$ cents, Jul 11 MGEX Wheat closed at \$9.96 $\frac{1}{4}$, up 60 cents
Wheat futures closed much higher on the day as weather related concerns over U.S. and global wheat production remain a factor. Investment money is also coming back into commodities. Fund buying was estimated at 8,000 contracts. Rain amounts in parts of the EU were under 40% of the long term average from February to April. Dryness is expected to continue at least to the first of June. Agritel a French analytical company is projecting a decline in Frances wheat output by 11.5% because of the drought with yields falling below the last two French drought years of 2003 and 2007. The U.S. has is also experiencing severe dry weather in south central U.S. with excess rains on the east side of the Mississippi. The Black Sea region is expected to have a production rebound this year which could compensate for the short fall in other countries. Estimates for tomorrows weekly export sales report range from 450 to 750 thousand MT.

Cattle: Yesterday's Close: Jun 11 Cattle closed at \$106.250, down \$1.500, Aug 11 Cattle closed at \$109.175, down \$0.125, Oct 11 Cattle closed at \$114.775, down \$0.075, May 11 Feeder Cattle closed at \$127.100, down \$0.550 Aug 11 Feeder Cattle closed at \$128.000, down \$1.925 Sep 11 Feeder Cattle closed at \$129.025, down \$2.100
Cattle futures closed sharply lower June contract and slightly lower and the next two months. Cash trade in NE was mainly in the dressed at \$175.00 and in the live in TX/OK at \$108 and in KS at \$109. Showlist numbers are up from last week. The bulk of last weeks cash traded at \$114 in the north and \$112 in the Southern Plains. Drought in the Southern Plains and northern Mexico has sent cattle to feed lots early because of poor grazing conditions. Boxed beef values ended mixed this afternoon. Choice was down \$0.96 at \$177.39 and Select was up \$0.20 at \$172.40. The September cattle crush ended at \$118 and the October cattle crush closed at \$111. Technically, cattle left the opening gap to the downside created with yesterdays price break.

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Hogs: Yesterday's Close: Jun 11 Hogs closed at \$91.65, down \$2.22, Jul 11 Hogs closed at \$91.55, down \$1.47 Aug 11 Hogs closed at \$93.05, down \$0.85

Lean Hog futures closed lower across the board with every other month closing at midrange or in the upper portion of the daily price range. The June contract closed below support. The Lean Hog Index was up \$0.72 at \$93.26 for May 16th. Cash hogs were \$0.38 lower in IA/MN at \$92.14, down \$0.32 in the WCB at \$91.97 and up \$0.62 in the ECB this afternoon. High feed prices have encouraged producers to remain current in their marketing. Pork trading was very slow, with light to moderate demand and offerings. Fresh retail cuts were mixed this afternoon.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 159.86, up 482 points, Oct 11 Cotton closed at 135.98, up 168 points Dec 11 Cotton closed at 122.98, up 185 points

Cotton futures closed higher, after sucking back some of the earlier gains. This happened yesterday as well. Concerns about drought and flooding in the US persist and now about a drought in China's cotton growing area. Prevent plant insures against conditions that prevent farmers from planting but is not a resource for drought conditions so farmers must plant and trust that the future will be better when it comes to the weather. Certificated stocks were at 188,041 bales compared to 179,090 bales the previous day. USDA's Export Sales report is due out tomorrow morning.

Europe: The German Farm Cooperatives Association reduced its 2011 grain crop estimate to 40.7 MMT yesterday, down from 44.1 MMT in April, and 8% lower than last year. The German wheat harvest was seen at 22.3 MMT, down from 25.5 MMT in April and 7% below last year's 24.0 MMT crop. Rapeseed output was seen at 4.4 MMT, down from 5.1 MMT in April and 23% below LY.

Private analysts Agritel estimated France's wheat crop at 31.7 MMT in its first official 2011/12 estimate yesterday, down 11.5% from last year. The majority of the trade currently has the crop in the 33-34 MMT range. Agritel sees France's wheat export potential at 6 MMT in 2011/12, half the level shipped in the current season.

May 11 Corn Daily Chart

ZCN11 - Corn (CBOT) - Daily OHLC Chart

Op:749-2, Hi:759-4, Lo:747-4, Cl:758-4



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart

Op:671-6, Hi:678-4, Lo:667-0, Cl:675-2



May 11 Soybean Daily Chart

ZSN11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1377-0, Hi:1388-4, Lo:1370-4, Cl:1387-6



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart

Op:1351-2, Hi:1360-6, Lo:1344-4, Cl:1361-0



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May 11 Mpls Spring Wheat Daily Chart

MWN11 - Spring Wheat (MGEX) - Daily OHLC Chart



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



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