



MORNING COMMENTS

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Monday, May 23, 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

Market Talk European sovereign debt crisis impacting overnight markets, pushing dollar higher, crude lower, grains lower. Greece now rated as junk bonds, Italy now rated negative.

Argentine government reported soybean harvest at 88% done as of Thursday night, up 6% on the week but 2% behind last year's pace. Corn harvest was seen at 76% done, up 5% on the week and 4% ahead of LY.

United States Cattle on Feed Up 5 Percent and called somewhat bearish due placements and cattle on feed as compared to one year ago and pre-report estimates.

	Thous. Hd.		2011 as Pct. of 2010		
	2010	2011	Actual	Estimate*	Difference
On Feed, May 1	10,428	11,200	107.4	106.5	0.9
Placed on Feed in April	1,634	1,795	109.9	104.3	5.6
Fed Cattle Marketed, April	1,857	1,807	97.3	96.4	0.9

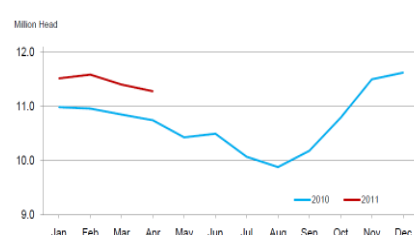
*DowJones Newswire

Source: USDA NASS

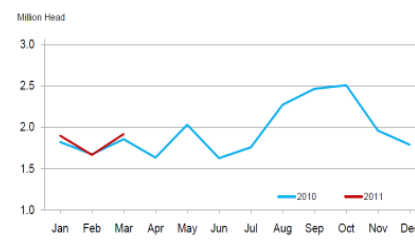
The most bearish number is April placements of 1.795 million head, 9.9% more than one year ago and much larger than the average expectation of +5.6% vs. last year. The 109.9% was nearly 3% larger than the HIGHEST estimate of the analysts surveyed by DowJones last week.

Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.3 million head on April 1, 2011. The inventory was 5 percent above April 1, 2010. The inventory included 7.12 million steers and steer calves, up 7 percent from the previous year. This group accounted for 63 percent of the total inventory. Heifers and heifer calves accounted for 4.10 million head, up 2 percent from 2010. **Placements** in feedlots during March totaled 1.92 million, 3 percent above 2010. Net placements were 1.87 million head. During March, placements of cattle and calves weighing less than 600 pounds were 380,000, 600-699 pounds were 360,000, 700-799 pounds were 588,000, and 800 pounds and greater were 590,000. **Marketings** of fed cattle during March totaled 1.99 million, 4 percent above 2010. This is the second highest fed cattle marketings for the month of March since the series began in 1996.

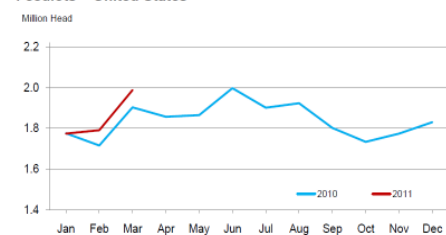
Cattle on Feed Inventory on 1,000+ Capacity Feedlots - United States



Number of Cattle Placed on 1000+ Capacity Feedlots - United States



Number of Cattle Marketed on 1,000+ Capacity Feedlots - United States



Outside Markets:

U.S. Dollar Index	76.415	+0.836	+1.11%	Euro FX	1.40060	-0.01920	-1.35%	Ethanol Futures	Jun 11	2.710	+0.041
CRB CCI Index	633.30	-8.70	-1.36%	Canadian Dollar	1.02090	-0.00730	-0.71%	Gasoline RBOB (E)	Jun 11	2.9358p	+0.0098
Gold	1508.5	-0.3	-0.02%	Japanese Yen	1.22280	-0.00290	-0.24%	Diesel Gulf (Ulsd)	Jun 11	2.9870s	+0.0235
Silver	34.395	-0.687	-1.96%	Australian Dollar	1.04820	-0.01850	-1.73%	Heating Oil (E)	Jun 11	2.9183p	+0.0236
DJIA	12466p	-125	-0.99%	Chinese Renminbi	0.153520p	-0.000150	-0.1%	Crude Oil Brent (E)	Jul 11	112.39p	+0.97
S&P 500 Index	1315.50	-12.30	-0.93%	Mexican Peso	0.085100	-0.000725	-0.84%	Natural Gas (E)	Jun 11	4.230p	+0.136
Nasdaq 100	2318.50	-25.00	-1.07%	1-Month Libor	99.7975	-0.0050	-0.01%	Polypropylene	Jun 11	0.8750s	0.0000
Russell 1000 Growth	611.60s	-5.20	-0.84%	T-Bond	125-15	+0.20	+0.5%	Polyethylene	Jun 11	0.6800p	0.0000
MSCI Emi Index	0.00	-1131.70	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	May 11	1465.950p	-0.050
Nikkei 225	9405.00	-130.00	-1.36%	5-Year T-Note	120-310	+0.25	+0.63%	Coal Futures	Jun 11	76.98p	+1.16
Brazilian Real	0.61770p	+0.00390	+0.64%	10-Year T-Note	123-100	+0.160	+0.41%	Uranium	May 11	57.50p	-1.00

Weather Locally we received just over 2.0" of rainfall since Friday morning, Mankato area reporting 1.1" over the weekend. Midwest rains are very light and widely scattered and increase again tomorrow and Wednesday across much of the southern half of the corn belt, producing half-inch or better rains through the rest of the work week in most areas, and plenty more 2-4" rains across NE, MO, IA, & IN. Rains will linger in the ECB right into the weekend.

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Central Illinois:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 23	may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01
Sct T-Storms	Sct T-Storms	Sct T-Storms	Showers	P Cloudy	Iso T-Storms	M Sunny	M Sunny	P Cloudy	P Cloudy
84° 62°	72° 55°	79° 54°	62° 42°	68° 52°	80° 58°	74° 58°	78° 59°	76° 62°	78° 62°

Central Iowa:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 23	may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01
AM Clouds	Sct T-Storms	Rain/Wind	M Sunny	P Cloudy	Sct T-Storms	P Cloudy	Showers	P Cloudy	P Cloudy
82° 60°	72° 56°	60° 50°	68° 49°	68° 54°	76° 60°	81° 58°	75° 59°	78° 61°	78° 62°

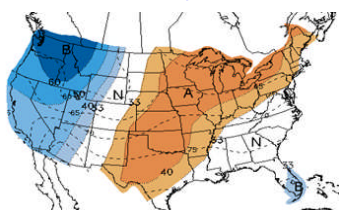
South Central Minnesota:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 23	may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01
Few Showers	P Cloudy	M Cloudy	Sunny	Few Showers	Few Showers	Iso T-Storms	M Sunny	M Sunny	Few Showers
71° 52°	68° 51°	66° 46°	64° 47°	64° 51°	71° 60°	80° 55°	74° 58°	73° 56°	71° 57°

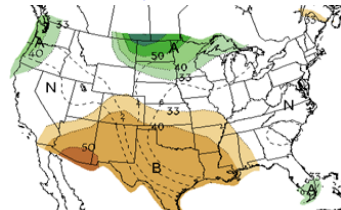
Central Indiana:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
may 23	may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01
Strong Tstms	Sct T-Storms	Sct T-Storms	Sct T-Storms	Showers	Iso T-Storms	M Sunny	Few Showers	P Cloudy	M Sunny
82° 64°	74° 63°	80° 64°	70° 55°	69° 56°	74° 58°	76° 60°	77° 62°	76° 64°	79° 63°

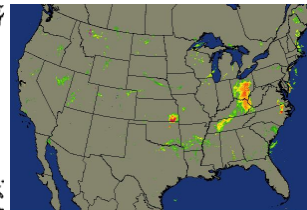
8-14 Day Temp



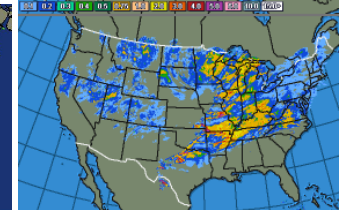
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



Official Weather Station -2011

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

	Monday, May 16	Tuesday, May 17	Wednesday, May 18	Thursday, May 19	Friday, May 20
Air Temperature	Max = 64; Min = 37	Max = 67; Min = 36	Max = 72; Min = 38	Max = 73; Min = 48	Max = 70; Min = 55
Soil Temperature					
2 inch	Max = 63; Min = 45; Ave = 54	Max = 69; Min = 45; Ave = 57	Max = 72; Min = 48; Ave = 60	Max = 73; Min = 50; Ave = 61	Max = 68; Min = 57; Ave = 62
4 inch	Max = 55; Min = 45; Ave = 50	Max = 60; Min = 45; Ave = 52	Max = 62; Min = 48; Ave = 55	Max = 62; Min = 50; Ave = 56	Max = 62; Min = 54; Ave = 58
8 inch	Max = 54; Min = 46; Ave = 50	Max = 57; Min = 47; Ave = 52	Max = 59; Min = 49; Ave = 54	Max = 60; Min = 51; Ave = 55	Max = 59; Min = 54; Ave = 56
Daily Precipitation	0.00"	0.00"	0.00"	0.00"	0.43"

Corn: Morning: July 11 Corn is at \$7.58 ¼, down 1 ¼ cents, Sept 11 Corn is at \$7.13 ½, down 4 cents, Dec 11 Corn closed at \$6.62, down 4 ½ cents. Mar 12 corn closed at \$6.72 ¼, down 4 ½ cents
Friday's Close: Jul 11 Corn closed at \$7.59 ½, up 11 ¼ cents, Sep 11 Corn closed at \$7.17 ½, up 6 cents, Dec 11 Corn closed at \$6.66 ½, up 4 ½ cents Dec 11 Corn closed at \$6.66 ½, up 4 ½ cents
Corn futures closed higher on the day and up \$0.77 for the week supported by continued planting delays in OH and IN. The forecast does not improve in terms of sunshine for those states except for about a 24 hour period in Ohio tomorrow. Hopefully it will be a nice day for graduation ceremonies in Ohio but the ground is most likely too wet for planting. The dollar finished higher on the day which was weighing on commodities across the board initially. The RFA announced that about 35 MMT of livestock feed (wet mill and dry mill product) was provided by ethanol producers in 09/10. They also said that this would be enough to produce 50 billion ¼ lb hamburgers or 7 patties for everyone on the planet. Corn open interest had dropped over 100,000 contracts in the last four weeks as of Tuesday the CFTC reporting date.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.73 ¾, dn 6 ½ cents, Sept 11 Soybeans closed at \$13.55 ¾, dn 4 ½ cents, Nov 11 Soybeans closed at \$13.47, down 3 ½ cents, Jan 12 Soybeans closed at \$13.53 ¾, down 5 cents
Friday's Close: Jul 11 Soybeans closed at \$13.80 ¼, up ¾ cent, Aug 11 Soybeans closed at \$13.71 ¾, unch, Nov 11 Soybeans closed at \$13.50 ½, up 1 cent, Jul 11 Soybean Meal closed at \$360.60, down \$0.80, Jul 11 Soybean Oil closed at \$57.46, unch,
Soybean futures closed basically steady on the day on both old and new crop and were up \$0.51 for the week on new crop. Rain coverage is going to be very wide spread over the Midwest and Plains in the next week with only a slight break in IN and OH on Saturday. Cool and unsettled weather in the Midwest will continue to disrupt and delay soybean planting. COPA, the Canadian Oilseed Processors Association showed 4.812 MMT canola crushed this marketing year, a record large number. The previous record was 4.787 MMT. If wet weather prevents corn planting producers could lean towards soybeans in the US, but producers we have talked with are inclined to plant corn until June 1 or later, due to the much larger revenue per acre that can be hedged at the present time.

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Wheat: Morning: Jul 11 CBOT Wheat closed at \$7.95 $\frac{3}{4}$, down 10 $\frac{3}{4}$ cents, Jul 11 MGEX Wheat is at \$9.96 $\frac{1}{2}$, down 3 $\frac{1}{4}$ cents
Friday's Close: Jul 11 CBOT Wheat closed at \$8.06 $\frac{1}{2}$, down 5 $\frac{1}{2}$ cents, Jul 11 KCBT Wheat closed at \$9.33 $\frac{1}{4}$, down 11 $\frac{1}{2}$ cents, Jul 11 MGEX Wheat closed at \$9.99 $\frac{3}{4}$, down 6 $\frac{1}{2}$ cents
Wheat futures closed lower on the day but were \$0.79 higher at the CBOT, \$0.64 higher at the KCBT and \$1.00 higher at the MGEX for the week. The CFTC weekly report showed a decrease in open interest for CBOT and KCBT wheat over the past four weeks and an increase in open interest for MGEX wheat. TX is finally going to get some rain but is it too little to late for the southern portion of the state? There does seem to be a shift in the weather pattern however as waves of moisture are forecast every other day reaching only as far south as Austin however. Too much moisture in the eastern part of the country has led to an increased use of fungicides to prevent vomitoxin in this years SRW wheat crop. Nitrogen leaching problems have also been reported. The U.S. is not the only country with weather issues, as illustrated by the new contract highs in MATIF wheat yesterday. The CME resumed regular shipping for most grain elevators on the Mississippi which had been allowed Force Majeure previously due to high water levels.

Cattle: Friday's Close: Jun 11 Cattle closed at \$104.97, up \$0.12, Aug 11 Cattle closed at \$107.10, down \$0.82, Oct 11 Cattle closed at \$113.57, down \$0.40, May 11 Feeder Cattle closed at \$125.45, down \$0.05 Aug 11 Feeder Cattle closed at \$125.75, down \$0.90 Sep 11 Feeder Cattle closed at \$127.07, down \$0.72

Cattle futures were mostly lower on the day and down \$4 for the week. June cattle have dropped nearly \$30.00 since the week of April 4th! The Cattle on Feed report showed the Placement number 4.3 points above the average trade estimate coming in at 109.9%. That was the highest placement number since 1996. Cattle have been moved into feedlots at a greater pace because the grazing areas in the southern U.S. and northern Mexico were hit by one of the worst droughts in several years. May 1st Cattle on Feed were at 107.4 percent and Marketings were at 97.31 percent, both above the average trade guess. The Cold Storage report showed total beef in cold storage as of April 30 at 442,792,000 pounds, up 20 percent from a year ago and down 1 percent from the previous month. Cash took a hit this week selling at \$109 in NE and \$108 in KS and TX/OK in the live which equaled the weekly drop in the futures, although there is a \$3 to \$4 spread between futures in favor of cash. Boxed beef was lower on the day. Choice was down \$0.32 at \$175.27 and Select was down \$1.103 at \$171.54.

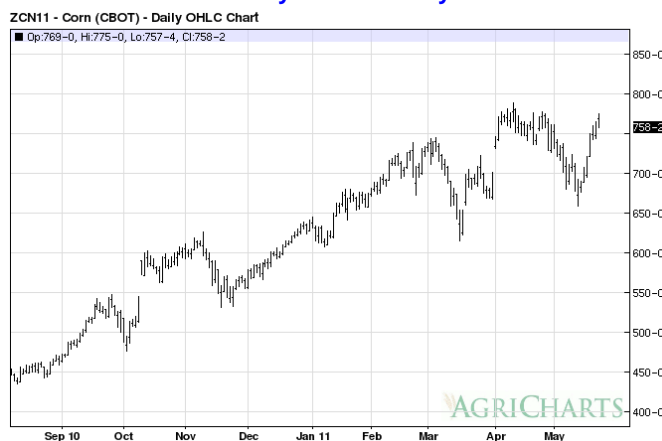
Hogs: Friday's Close: Jun 11 Hogs closed at \$91.97, up \$0.65, Jul 11 Hogs closed at \$92.32, up \$0.70 Aug 11 Hogs closed at \$93.50, up \$0.42

Lean Hog futures posted the first plus day for the week on the close but were down \$2.58 for the week. The Lean Hog Index was up \$0.34 at \$94.45 for May 18th. Cash hogs ended the afternoon \$2.53 lower in IA/MN, \$3.09 lower in the WCB and \$0.89 lower in the ECB. Tyson indicated in an analyst meeting in NY that retail meat interest has been better in May than it was in April. The pork carcass value was down almost \$1.09 per cwt after hitting an all time high on Monday at \$98.31. The monthly Cold Storage report showed an increase of 13% in total pork from last year as of April 30th and a 5% drop from the previous month. Dow Jones reports chicken production is not likely to slow as was expected, according to industry participants. Demand is also being seen as more sluggish than expected. Total poultry in the monthly Cold Storage report for April was up 6% from the previous year and up 8% from the previous month.

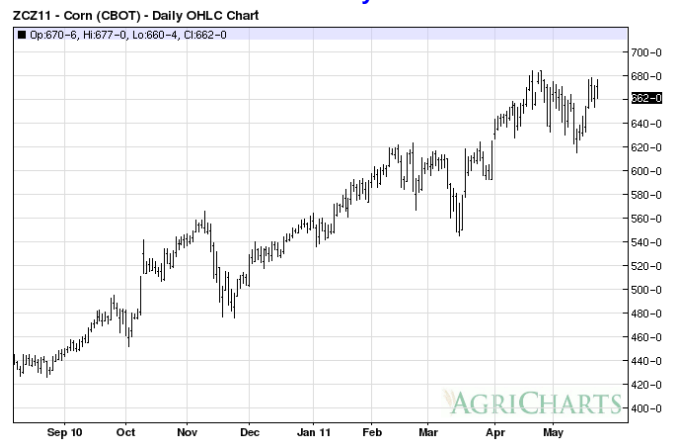
Cotton: Friday's Close: Jul 11 Cotton closed at 155.61, down 4 points, Oct 11 Cotton closed at 134.11, up 192 points Dec 11 Cotton closed at 119.76, up 57 points

Cotton futures closed mixed with the front month only 4 points lower and the next two months higher. Cotton futures finished the week higher, up 10.46 cents or 7.21%. According to David Anderson of Texas Agrilife Extension on Bloomberg, ag losses from the TX drought are \$1.5 billion and could go higher. Dryland corn has not received the needed rain and is in the pollination stage, if the corn crop has to be shredded producers may opt to plant cotton.

May 11 Corn Daily Chart



Dec 11 Corn Daily Chart



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May 11 Soybean Daily Chart

ZSN11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



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



US Dollar Index Weekly

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



Crude Oil Weekly

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



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