



## MORNING COMMENTS

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**Tuesday, May 24, 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 MNWestAg prior price targets have all been exceeded.

This morning Goldman Sachs cut their three-month corn price forecast to \$8/bushel and lowered their Soybean forecast from \$15 to \$14 per bushel, with the six and 12-month soybean price forecasts also down from \$15.75 to \$14.75 per bushel.

Thoughts for 2012 crop, the only price floor we have today for 2012 is loan rate of \$1.85 corn and \$4.90 soybeans. If you were an ag lender looking to finance next year's crop inputs, what price would you be willing to place in a cash flow?

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

**Planting Progress:** Trade estimates for the USDA Corn Planting Progress Report were in the 78-85% range. The actual USDA number was 79%, compared to the adjusted 5 year average of 87%. MN planted nearly 34% of their corn crop this past week while WI planted 28%. OH has just 11% planted.

Traders were looking for USDA to show soybean planting between 38 and 45% done. The actual USDA figure was 41%, compared to 51% on average.

Planting Progress											
Corn Crop					Soybean Crop						
% of Crop USDA estimates has been Planted											
	Last Year	Last Week	This Week	Average		Last Year	Last Week	This Week	Average		
U.S.	92%	63%	79%	87.0%	U.S.	51%	22%	41%	51.0%		
Iowa	98%	92%	98%	94.0%	Iowa	72%	47%	78%	68.0%		
Nebraska	95%	84%	94%	95.0%	Nebraska	60%	40%	68%	64.0%		
Kansas	91%	84%	93%	92.0%	Illinois	46%	16%	47%	43.0%		
Illinois	97%	69%	90%	85.0%	Kansas	28%	30%	46%	34.0%		
Missouri	86%	79%	88%	82.0%	Arkansas	54%	32%	39%	50.0%		
Minnesota	98%	47%	81%	93.0%	Minnesota	76%	9%	38%	68.0%		
S Dakota	74%	44%	73%	78.0%	Missouri	21%	21%	33%	32.0%		
Wisconsin	87%	35%	63%	82.0%	S Dakota	30%	5%	21%	36.0%		
Indiana	88%	29%	49%	76.0%	Indiana	49%	6%	17%	43.0%		
Ohio	87%	7%	11%	80.0%	Ohio	48%	3%	4%	54.0%		

### Crop Emergence:

USDA shows 45% of the corn crop emerged, vs. the 59% on average. IA, MO and KS all show more than 60% of their corn crop emerged.

USDA has 12% of the Soybeans crop as emerged as compared to 19% on average. The four states of IL, AR, IA and NE all show 20% or more of the soybean crop emerged.

Crop Emergence										
Corn Crop					Soybean Crop					
% of Crop USDA estimates has Emerged										
	Last Year	Last Week	This Week	Average		Last Year	Last Week	This Week	Average	
U.S.	32%	6%	20%	38.0%	U.S.	22%	0%	12%	19.0%	
Iowa	81%	33%	74%	67.0%	Illinois	25%	0%	25%	36.0%	
Missouri	71%	50%	69%	63.0%	Arkansas	47%	0%	25%	36.0%	
Kansas	60%	43%	62%	63.0%	Iowa	25%	0%	21%	19.0%	
Illinois	86%	24%	56%	66.0%	Nebraska	14%	0%	20%	18.0%	
Nebraska	56%	21%	55%	61.0%	Missouri	13%	0%	13%	12.0%	
Indiana	78%	4%	20%	54.0%	Kansas	11%	0%	13%	10.0%	
Minnesota	74%	1%	23%	60.0%	Indiana	32%	0%	3%	18.0%	
S Dakota	32%	2%	18%	32.0%	Minnesota	20%	0%	1%	17.0%	
Wisconsin	48%	0%	14%	40.0%	Ohio	30%	0%	1%	26.0%	
Ohio	72%	1%	2%	58.0%	S Dakota	3%	0%	1%	6.0%	

USDA reported that 54% of the spring wheat had been planted, compared to the 5 year average pace of 89%. They also reported 86% of the Sugarbeet crop as planted compared to 96% on average.

### Spring Wheat Planted - Selected States

[These 6 States planted 99% of the 2010 spring wheat acreage]

State	Week ending			2006-2010 Average
	May 22, 2010	May 15, 2011	May 22, 2011	
	(percent)	(percent)	(percent)	(percent)
Idaho	95	78	88	95
Minnesota	100	39	80	88
Montana	87	37	49	90
North Dakota	84	15	34	85
South Dakota	95	84	89	98
Washington	99	87	93	99
6 States	89	36	54	89

### Sugarbeets Planted - Selected States

[These 4 States planted 84% of the 2010 sugarbeet acreage]

State	Week ending			2006-2010 Average
	May 22, 2010	May 15, 2011	May 22, 2011	
	(percent)	(percent)	(percent)	(percent)
Idaho	100	100	100	100
Michigan	100	95	96	100
Minnesota	100	31	80	95
North Dakota	100	27	80	93
4 States	100	52	86	96

**Market Talk:** One individual who works for a firm export in the business of loading ships with grains for export commented to me about the expected projections of lower U.S. production, "We are expected to grow less of a crop that no one in the world wants" as he summed up his feelings about what was currently taking place in a very dismal export market.

Export loadings of cargos of corn and soybeans last week were all below what is needed to meet U.S.D.A. yearly projections. Last week's corn cargos loaded reached 35.8 million bushel while soybeans were 7.8 million bushel and wheat reached 30.2 million bushel. While export loadings have slowed recently, soybean shipments are 40 million bushel ahead of a year ago and wheat shipments are up 400 million

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bushel. Corn loadings have the trade the most concerned, as they trail a year ago by 35 million bushel.

R.J. O'Brien's vice president of research, Rich Feltes, has seen estimates of corn acres anywhere from one, to 2.5 million less than the March intentions. Feltes says the corn market is nervous about pushing prices to new highs until more is known about the yield. "One thing seems certain is we're not on as warm a temperature trajectory as we were spring last year, and people are connecting the dots, including the climate meteorologists, suggesting that we're not going to be nearly as hot as we were last year." With good soil moistures and moderate temperatures, Feltes says farmers "may have a chance to duplicate what they did in both '08 and '09, both late planted years for corn, but both years in which we were fairly close to trendline performance."

A survey by the Linn Group projects declines in both corn and soybean acres from the March intentions. Linn pegs US corn acreage at 89.5 million acres, 2.7 million below the March intentions. Soybean acres are put at 75.1 million, 1.6 million less than USDA's Prospective Plantings estimate. Linn attributes the declines to rain and flooding that have delayed planting and caused some acreage abandonment.

The Energy Information Administration reports US ethanol production rose more than four percent in the latest reporting week. Production totaled 900,000 barrels per day for the week ended May 13<sup>th</sup>, up 38,000 barrels per day from the previous week. Corn use for ethanol is lagging USDA's forecast. Last week, 94.5 million bushels was used for ethanol, but needs to average more than 101 million bushels a week to hit the USDA forecast.

China's National Grain and Oils Information Center put its first forecast of the 2011 corn crop at a record 181.50 million tonnes, up 2.4% from a year ago. They put the planted area up 2% to 33.15 million hectares. 2011 soybean production is seen down 8% to 14 MMT, thanks to a 7% drop in plantings to 8.2 mln ha. Wheat output was pegged at 115.5 MMT for the coming year, up 0.3% from 2010, with area down 0.3% to 24.25 million tonnes.

Deere & Company reports a 65 percent boost in second quarter earnings compared to the previous year. Net income totaled \$904 million, or \$2.12 per share. For the first nine months of the year, net income was \$1.4 billion, up 79 percent from the previous year. Equipment sales jumped 27 percent in the third quarter. Deere says sales of large farm machinery, particularly in the US, Canada and Brazil, are continuing to support its performance.

## Outside Markets:

U.S. Dollar Index	76.120	-0.114	-0.15%	Euro FX	1.40840	+0.00300	+0.21%	Ethanol Futures	Jun 11	2.650s	-0.019
CRB CCI Index	634.00p	-8.00	-1.25%	Canadian Dollar	1.02200	-0.00130	-0.13%	Gasoline RBOB (E)	Jun 11	2.9381s	+0.0023
Gold	1515.3p	+6.5	+0.43%	Japanese Yen	1.22020	-0.00040	-0.03%	Diesel Gulf (Ulsd)	Jun 11	2.9122s	-0.0748
Silver	35.635	+0.734	+2.1%	Australian Dollar	1.05420	+0.00440	+0.42%	Heating Oil (E)	Jun 11	2.8471s	-0.0712
DJIA	12362p	-104	-0.83%	Chinese Renminbi	0.153220p	-0.000300	-0.2%	Crude Oil Brent (E)	Jul 11	110.10p	-2.29
S&P 500 Index	1319.80	+4.60	+0.35%	Mexican Peso	0.085200	+0.000150	+0.18%	Natural Gas (E)	Jun 11	4.346s	+0.116
Nasdaq 100	2318.75	+3.25	+0.14%	1-Month Libor	99.7950p	-0.0075	-0.01%	Polypropylene	Jun 11	0.8750s	0.0000
Russell 1000 Growth	604.80s	-6.80	-1.11%	T-Bond	124-26	-0-09	-0.22%	Polyethylene	Jun 11	0.6800s	0.0000
MSCI Eml Index	0.00	-1109.30	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	May 11	1466.450s	+0.500
Nikkei 225	9520.00	+110.00	+1.17%	5-Year T-Note	120-7.5	-0-2.5	-0.24%	Coal Futures	Jun 11	75.07s	-1.91
Brazilian Real	0.61085p	-0.00685	-1.11%	10-Year T-Note	122-265	-0-055	-0.14%	Uranium	May 11	57.50s	0.00

## Weather

### Central Illinois:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01	jun 02
PM Showers	Strong Tstms	Rain/Thunder	M Cloudy	Sct T-Storms	Iso T-Storms	P Cloudy	M Sunny	Sunny	M Sunny
79° 60°	80° 60°	65° 46°	68° 56°	72° 55°	77° 63°	81° 66°	82° 64°	81° 66°	80° 64°

### Central Iowa:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01	jun 02
PM T-Storms	Strong Tstms	AM Showers	Iso T-Storms	Sct T-Storms	Iso T-Storms	P Cloudy	Sunny	Sunny	M Sunny
79° 60°	65° 50°	66° 48°	67° 56°	73° 57°	79° 67°	82° 61°	79° 64°	80° 62°	81° 64°

### South Central Minnesota:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01	jun 02
PM Showers	Showers/Wind	P Cloudy	Few Showers	Iso T-Storms	Sct T-Storms	Iso T-Storms	M Sunny	M Sunny	P Cloudy
68° 52°	63° 47°	64° 47°	60° 48°	68° 51°	72° 61°	75° 56°	73° 59°	74° 56°	75° 61°

### Central Indiana:

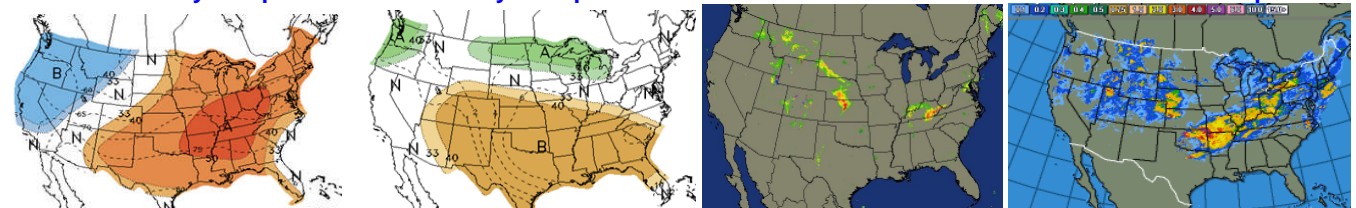
tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 24	may 25	may 26	may 27	may 28	may 29	may 30	may 31	jun 01	jun 02
PM T-Storms	Strong Tstms	T-Storms	Showers	Sct T-Storms	Iso T-Storms	P Cloudy	M Sunny	Sunny	M Sunny
77° 64°	81° 65°	73° 57°	65° 58°	72° 59°	75° 62°	81° 65°	83° 67°	83° 66°	83° 65°

### 8-14 Day Temp

### 8-14 Day Precipitation

### Current Radar

### Last 24 hr Precip



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**Tuesday, May 24, 2011**

### 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		Monday, May 23
<b>Air Temperature</b>	Max = 51; Min = 30	Max = 46; Min = 29	Max = 60; Min = 34	<b>Air Temperature</b>	Max = 68; Min = 41	Max = 63; Min = 41	<b>Air Temperature</b>	Max = 69; Min = 57
<b>Soil Temperature</b>				<b>Soil Temperature</b>			<b>Soil Temperature</b>	
2 inch	Max = 50; Min = 37; Ave = 43	Max = 51; Min = 36; Ave = 43	Max = 64; Min = 36; Ave = 50	2 inch	Max = 61; Min = 43; Ave = 52	Max = 63; Min = 46; Ave = 54	2 inch	Max = 70; Min = 60; Ave = 65
4 inch	Max = 46; Min = 38; Ave = 42	Max = 46; Min = 37; Ave = 42	Max = 55; Min = 37; Ave = 46	4 inch	Max = 54; Min = 42; Ave = 48	Max = 57; Min = 45; Ave = 51	4 inch	Max = 62; Min = 56; Ave = 59
8 inch	Max = 45; Min = 40; Ave = 43	Max = 45; Min = 40; Ave = 42	Max = 51; Min = 39; Ave = 45	8 inch	Max = 50; Min = 44; Ave = 47	Max = 53; Min = 46; Ave = 50	8 inch	Max = 60; Min = 56; Ave = 58
<b>Daily Precipitation</b>	0.00"	0.00"	0.00"	<b>Daily Precipitation</b>	0.22"	0.00"	<b>Daily Precipitation</b>	0.00"

**Corn:** Morning: July 11 Corn is at \$7.49 , down 5 cents, Sept 11 Corn is at \$7.16 ¾ , down 3 cents, Dec 11 Corn closed at \$6.72 , up 1 ½ cents. Mar 11 corn closed at \$6.81 ½ , down 1 ½ cents

Yesterday's Close: Jul 11 Corn closed at \$7.54, down 5 ½ cents, Sep 11 Corn settled at \$7.19 ¾ , up 2 ¼ cents Dec 11 Corn settled at \$6.70 ½ , up 4 cents

Corn futures closed mostly higher, shaking off selling in the outside markets due to concern about planting progress and more significantly the possibility that some of that intended corn is never planted. The USDA export inspections report this morning showed 35.801 million bushels vs. a revised 37.673 million last week and 45.342 million the same week of 2010.

**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.80 ¼ , up 6 ½ cents , Sept 11 Soybeans closed at \$13.66 , up 7 ¾ cents, Nov 11 Soybeans closed at \$13.58 ¼ , up 7 ½ cents, Jan 11 Soybeans closed at \$13.68 ¼ , up 10 cents

Yesterday's Close: Jul 11 Soybeans closed at \$13.73 ¾ , down 6 ½ cents, Nov 11 Soybeans are at \$13.50 ¾ , up ¼ cent, Jul 11 Soybean Meal is at \$358.80, down \$1.80, Jul 11 Soybean Oil is at \$57.22, down .24

Soybean futures made a run at higher money, and the November managed to hang on to a fractional gain for the day. The USDA export inspections report this morning showed 7.77 million bushels inspected for export last week. YTD shipments are 45 million bushels ahead of last year. The strong US dollar this morning limited buying interest in the grains, but was not able to offset the concern about fundamentals.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$7.97 , down 6 cents, Jul 11 MGEX Wheat is at \$9.99 , down 2 cents

Yesterday's Close: Jul 11 CBOT Wheat closed at \$8.03, down 3 ½ cents, Jul 11 KCBT Wheat is trading at \$9.31, down 2 ¼ cent, Jul 11 MGEX Wheat closed at \$10.01, up 1 ¼ cents

Wheat futures were mixed on Monday. The USDA export inspections report this morning showed 30.159 million bushels inspected for export for the week ending 5/11/11. Cumulative shipments (including revisions) are 1.226 billion bushels, with 12 days remaining to meet the USDA forecast for the year. Winter wheat condition ratings dropped 1% in the poor/very poor end, with the good/ex UNCH at 32%.

**Cattle:** Yesterday's Close: Jun 11 Cattle closed at \$102.15, down \$2.82, Aug 11 Cattle are at \$104.10, down \$3.00 Oct 11 Cattle are at \$110.57, down the \$3.00 limit May 11 Feeder Cattle are at \$123.80, down \$1.65 Aug 11 Feeder Cattle settled at \$122.75, down \$3.00 Cattle futures were just plain crushed, with old bulls stampeding for the exits and ignoring the firmer midday tone in the beef. The firmer dollar weighed on the market, as did the bearish Cattle on Feed report from Friday. The COF report showed the largest May 1 on feed inventory since 2007, and larger than expected April placements. The dollar did back off after the cattle pit had halted for the day. Boxed beef values were sharply higher on Monday, paying more attention to the Cold Storage decline than to the futures. Choice quotes were up \$2.06 and Select was up \$1.17 per cwt. The May cattle crush spread plunged more than \$25 per head in a single day. The more active fall contracts still dropped \$12 or more.

**Hogs:** Yesterday's Close: Jun 11 Hogs closed at \$89.25, down \$2.72 Jul 11 Hogs closed at \$89.32, locked limit down \$3.00

Lean Hog futures were limit down in the July and August contracts, and showed triple digit losses across the Board. The Peoria auction market was steady this morning at \$65 for barrows and gilts. Missouri direct hogs were reported \$1-2 higher. There was concern about a weak dollar leading to a slow down of record pork exports, but much of the futures selling was of the get me out variety. The IA/MN afternoon report showed cash hogs \$4.85 lower at a weighted average of \$89.09. The pork carcass value dropped less, losing \$2.06 to \$93.46.

**Cotton:** Yesterday's Close: Jul 11 Cotton settled at 153.89, down 172 points Dec 11 Cotton settled at 119.76, UNCH for the day Cotton futures traded mixed, with nearby futures lower on strong dollar type selling but December and other new crop months steady to higher because of the ongoing heavy rains and flooding that are taking away some of the potential acreage. Chinese Customs reported that Chinese cotton imports for April were down 35% from year ago, at 210,418 metric tonnes. For Jan 1-April 30, imports were 1.1 MMT, a drop of 9.1% from the previous year period. After the close, USDA showed that 57% of the US cotton crop has now been planted, vs. the 5 year average pace of 61%.

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Tuesday, May 24, 2011

### May 11 Corn Daily Chart

ZCN11 - Corn (CBOT) - Daily OHLC Chart



### Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



### 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



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