Morning Comments

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Tuesday, May 31, 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 MNWestAg price targets have all been exceeded.
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

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

Market Talk Trade with be watching for today's crop progress report. Last week US had 79% of the corn crop planted and 41% of the US soybean crop was planted. For the US corn planting progress some analysts believe progress will be no greater than 85. If this is the case then it would leave 14 million acres of unplanted corn in the United States, twice the normal amount for this stage of the season.

US soybean planting is anticipated to hit 50-55% versus the 5-year average of 71%.

Celeres estimates that 67% of the Brazilian bean crop has been sold by growers, about the same as usual, but up from 59% last year.

Argentine workers at the main grain ports may strike tomorrow in a push for local workers to be hired to operate one of the terminals.

There is a situation developing in the commodity market, called a "short squeeze", that has led to elevated futures in the past. It is when traders have sold-short the market and are now forced to pay higher values to get out of these positions, often times they are forced to do so at a loss. Different this time is that many cash grain traders are in this position. These traders have sold end products such as ethanol or soybean meal, and are now having a hard time sourcing the raw grains needed for processing.

Outside Markets:

U.S. Dollar Index	74.715	-0.315	-0.42%	Euro FX	1.43760	+0.01080	+0.76%	Ethanol Futures	Jun 11	2.660p	+0.019
CRB CCI Index	653.50p	+5.50	+0.85%	Canadian Dollar	1.02790	+0.00440	+0.43%	Gasoline RBOB (E)	Jul 11	3.0313p	+0.0239
Gold	1535.8	-0.5	-0.03%	Japanese Yen	1.22680	-0.01070	-0.86%	Diesel Gulf (Ulsd)	Jul 11	3.0693s	+0.0763
Silver	38.600	+0.743	+1.96%	Australian Dollar	1.06340	-0.00550	-0.51%	Heating Oil (E)	Jul 11	3.0014p	+0.0080
DJIA	12428p	+19	+0.15%	Chinese Renminbi	0.154180	+0.000070	+0.05%	Crude Oil Brent (E)	Jul 11	116.26	+1.23
S&P 500 Index	1340.50	+10.60	+0.8%	Mexican Peso	0.086250	+0.000275	+0.32%	Natural Gas (E)	Jul 11	4.518p	+0.158
Nasdaq 100	2357.00	+24.50	+1.05%	1-Month Libor	99.8050p	0.0000	-	Polypropylene	Jul 11	0.8575s	+0.0025
Russell 1000 Growth	611.80s	0.00	-	T-Bond	125-19	-0-09	-0.22%	Polyethylene	Jul 11	0.6625p	0.0000
MSCI Emi Index	1149.00p	-0.80	-0.07%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	May 11	1479.857p	+2.507
Nikkei 225	9715.00	+225.00	+2.37%	5-Year T-Note	120-7.5	-0-7.5	-0.18%	Coal Futures	Jul 11	76.97p	+1.47
Brazilian Real	0.62565p	+0.00735	+1.19%	10-Year T-Note	123-220	-0-055	-0.14%	Uranium	Jun 11	57.50p	0.00

Weather Locally 1.6" rainfall over the weekend. It appears that we will go at least 16 days in a row starting from May 19th without being able to do any field work. Rains fell across a good portion of the Midwest over the weekend, with totals heaviest the further north and west you went. In general, most totals were in the .20-.60" range, with some isolated heavier amounts and coverage of around 85%. Temps were below average, with highs in the 60's and 70's in most cases. The much talked about change in the pattern to warmer and drier conditions will take place this week and continue into the first half of next week at least. Things will then quiet down in most of the Midwest and stay that way until later Thursday and Friday, when some rains look to be possible mainly to the north of I-80.

Central Illinois:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 31	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06	jun 07	jun 08	jun 09
Strong Tstms	M Sunny	Iso T-Storms	Sunny	P Cloudy	Sunny	Sunny	Sunny	M Sunny	P Cloudy
91° 62°	86° 63°	84° 67°	89° 67°	86° 63°	82° 63°	85° 63°	88° 64°	82° 64°	82° 61°

Central Iowa:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 31	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06	jun 07	jun 08	jun 09
AM T-Storms	P Cloudy	Sct T-Storms	M Sunny	Iso T-Storms	Sunny	Sunny	M Sunny	M Sunny	P Cloudy
82° 59°	85° 68°	89° 73°	91° 66°	83° 62°	85° 67°	89° 68°	87° 67°	80° 65°	81° 62°

South Central Minnesota:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 31	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06	jun 07	jun 08	jun 09
Showers/Wind	M Sunny	Sct T-Storms	Iso T-Storms	M Sunny	M Sunny	Sunny	Sct T-Storms	M Sunny	P Cloudy
69° 50°	75° 60°	83° 70°	80° 60°	76° 57°	79° 61°	82° 64°	79° 63°	73° 58°	72° 56°

Central Indiana:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
may 31	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06	jun 07	jun 08	jun 09
P Cloudy	P Cloudy	Iso T-Storms	M Sunny	M Sunny	M Sunny	Sunny	Sunny	M Sunny	P Cloudy
92° 69°	86° 62°	85° 67°	87° 71°	88° 68°	85° 67°	84° 63°	83° 67°	83° 66°	79° 60°

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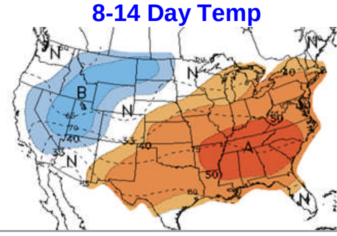
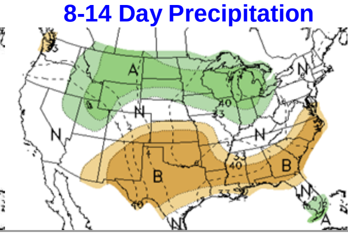
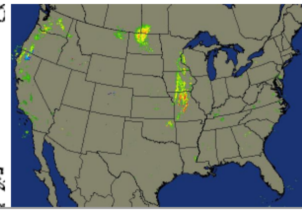
8-14 Day Temp



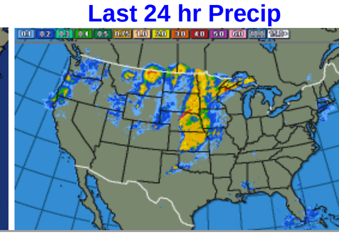
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



Official Weather Station -2011

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

	Monday, May 23	Tuesday, May 24	Wednesday, May 25
Air Temperature	Max = 69; Min = 57	Max = 73; Min = 54	Max = 68; Min = 50
Soil Temperature			
2 inch	Max = 70; Min = 60; Ave = 65	Max = 71; Min = 59; Ave = 65	Max = 67; Min = 57; Ave = 62
4 inch	Max = 62; Min = 56; Ave = 59	Max = 64; Min = 57; Ave = 60	Max = 63; Min = 55; Ave = 59
8 inch	Max = 60; Min = 56; Ave = 58	Max = 62; Min = 56; Ave = 59	Max = 60; Min = 56; Ave = 58
Daily Precipitation	0.00"	0.00"	0.32"

	Thursday, May 26	Friday, May 27
Air Temperature	Max = 62; Min = 42	Max = 68; Min = 46
Soil Temperature		
2 inch	Max = 62; Min = 51; Ave = 56	Max = 71; Min = 52; Ave = 62
4 inch	Max = 57; Min = 51; Ave = 54	Max = 63; Min = 51; Ave = 57
8 inch	Max = 56; Min = 52; Ave = 54	Max = 61; Min = 52; Ave = 56
Daily Precipitation	0.00"	0.00"

Corn: Morning: July 11 Corn is at $7.60 , up 1 ½ cents, Sept 11 Corn is at $7.25 ½ , down 2 ¾ cents, Dec 11 Corn closed at $6.79 ¾ , down 4 ¼ cents. Mar 11 corn closed at $6.89 ¾ , down 5 ¾ cents
Friday's Close: Jul 11 Corn closed at $7.58 ½ , up 13 cents, Sep 11 Corn closed at $7.28 ¼ , up 10 cents, Dec 11 Corn closed at $6.84, up 7 ¾ cents Dec 11 Corn closed at $6.84, up 7 ¾ cents
Corn futures closed higher with Dec corn closing 1/2 cent below the contract high which was set yesterday. Front month corn was slightly negative for the week, 1 cent lower or -.13% due mostly to liquidation of longs ahead of the 3 day weekend and the index roll period. Weather is still presenting challenges for the eastern Corn Belt with many producers in Ohio fighting a creeping deadline for prevent plant and maturity limits for their seed. Some expected dryness and warmer conditions could enable those last days of planting. Private exporters announced the sale of 168,000 MT of corn to Mexico for 2011/12. The CFTC Disaggregated Futures and Options Report showed Managed Money adding net longs to corn positions in the week ending last Tuesday.

Soybean Complex: Morning: Jul 11 Soybeans closed at $13.80 ¾ , up 1 cents , Sept 11 Soybeans closed at $13.71 ¼ , down ¾ cents, Nov 11 Soybeans closed at $13.69 ¼ , up ¾ cents, Jan 11 Soybeans closed at $13.74 ½ , down 3 cents
Friday's Close: Jul 11 Soybeans closed at $13.79 ¾ , down 5 cents, Aug 11 Soybeans closed at $13.75 ¾ , down 5 ¼ cents, Nov 11 Soybeans closed at $13.68 ½ , down 4 cents, Jul 11 Soybean Meal closed at $355.60, down $4.70, Jul 11 Soybean Oil closed at $58.61, down $0.09
Soybean futures closed lower on the day and a cent lower or down .04% for the week. Meal and oil were lower on the day. Canadas cool and wet weather has delayed canola planting intentions this year. The Chinese government continues to sell reserve soybeans to 5 favored crushers at prices 13% below the market in an effort to force the soybean market lower while maintaining price controls on veg oils. The Dalian futures market rallied veg oils once again because the poor crush margins for the vast majority of the plants paying open market prices for soybeans have reduced production. The CFTC weekly Disaggregated Futures and Options Report showed Managed Money adding net longs to soybean positions through Tuesday.

Wheat: Morning: Jul 11 CBOT Wheat closed at $8.02 ¼ , down 17 ½ cents, Jul 11 MGEX Wheat is at $10.45 ½ , down 10 ¾ cents
Friday's Close: Jul 11 CBOT Wheat closed at $8.19 ¾ , up 5 ¼ cents, Jul 11 KCBT Wheat closed at $9.43, up ¼ cent, Jul 11 MGEX Wheat closed at $10.56 ¼ , up 10 ½ cents
Wheat futures closed higher, led by MPLS wheat but off of the highs of the day. MPLS wheat was up 57 cents for the week, or 5.65% while CBOT were up 13 cents or 1.64% and KCBT were up 1.04% futures are up about 1.1%. MPLS wheat had its highest close since 2008. The market is jittery from the slow spring wheat planting progress. MPLS futures set life of contract highs yesterday but then settled back and today came within 7 1/2 cents of that upside target. Excess moisture and flooding in North Dakota, Manitoba and eastern Saskatchewan has lowered acreage expectations for spring wheat. The CFTC Disaggregated Futures and Options Report showed Managed Money adding net longs to Chicago and KC Wheat positions as of Tuesday.

Cattle: Friday's Close: Jun 11 Cattle closed at $104.100, up $0.075, Aug 11 Cattle closed at $105.050, up $0.475, Oct 11 Cattle closed at $110.600, up $0.300, Aug 11 Feeder Cattle closed at $122.725, down $0.300 Sep 11 Feeder Cattle closed at $124.250, up $0.100 Oct 11 Feeder Cattle closed at $125.100, up $0.200

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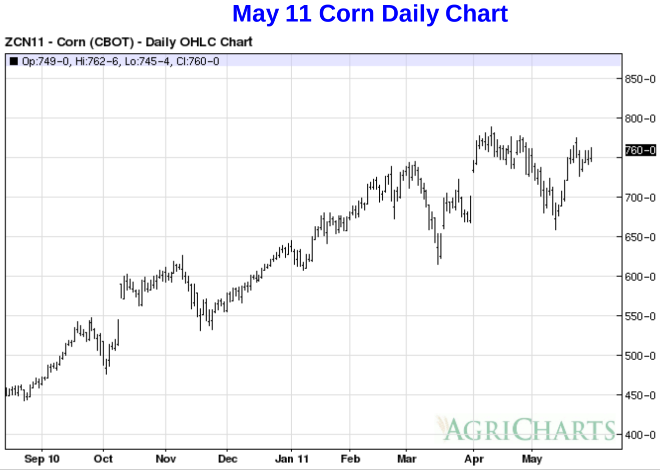
Cattle futures closed higher after sloshing around earlier. Cattle were down $.88 or .83% for the week. Cash volume was very light yesterday with not enough business to set a market trend. Wholesale prices were firm early in the week but down again on Friday. Choice boxed beef was lower at 177.15, down 1.29 and select was down .22 at 172.61. The CFTC Disaggregated Futures and Options Report showed Managed Money liquidating net longs in cattle and feeder cattle positions in the week ending May 24.

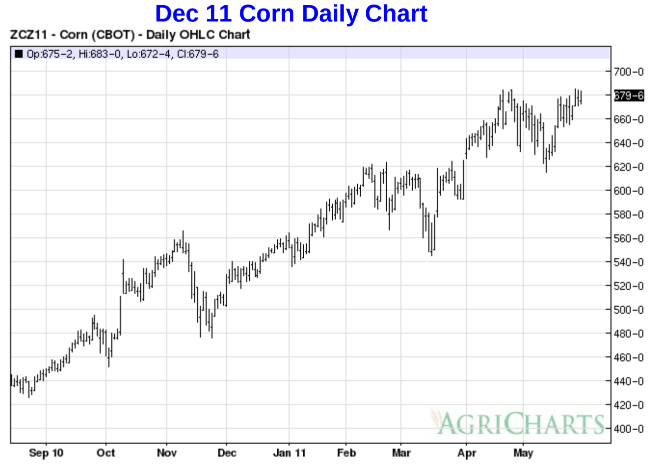
Hogs: Friday's Close: Jun 11 Hogs closed at $88.925, up $1.125, Jul 11 Hogs closed at $88.600, up $1.325 Aug 11 Hogs closed at $90.225, up $1.200
Lean Hog futures closed higher. For the week hogs were $3.05 lower or 3.32%. The Lean Hog Index for May 24th was at 94.07 down $0.62. That index will be used to settle the June futures at expiration. June is trading at $88.92 after today's rally. Cash hogs in WCB were much lower down $3.56 at $87.12. The shortened holiday week will limit plant production, briefly tightening pork supplies. The Carlot Carcass Value was up $.29 at $90.04 on Friday, with pork loin quotes rebounding after a reported $12 plunge on Thursday. The CFTC Disaggregated Futures and Options Report showed Managed Money liquidating net longs to hog positions as of Tuesday.

Cotton: Friday's Close: Jul 11 Cotton closed at 152.67, up 164 points, Oct 11 Cotton closed at 141.86, up 176 points Dec 11 Cotton closed at 129.5, up 193 points
Cotton futures closed higher. Cotton was down 294 points or 1.89% for the week. Dec open interest is now the highest of the cotton contracts. Certificated stocks were slightly higher at 190,030. The market will be looking forward to the crop progress report due out Tuesday for signs of improving conditions in Texas. The CFTC Disaggregated Futures and Options Report showed Managed Money adding some net longs to cotton positions in the reporting week ending Tuesday.

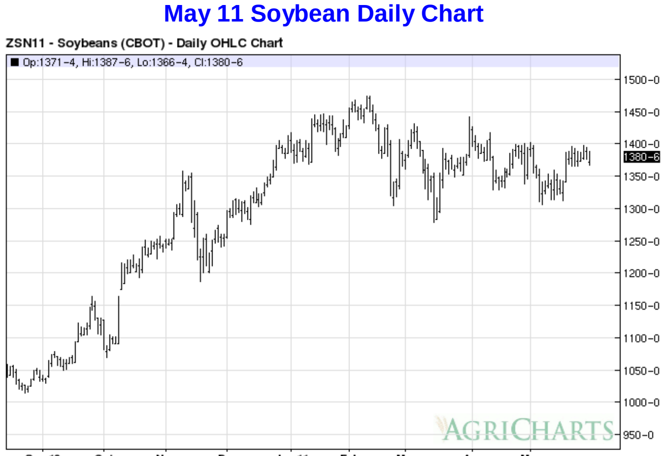
May 11 Corn Daily Chart



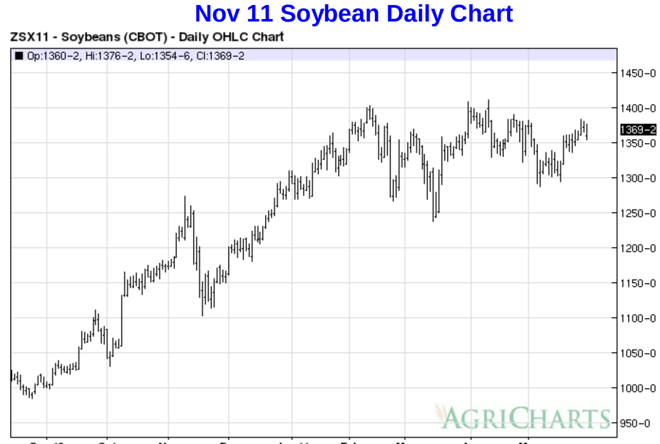
Dec 11 Corn Daily Chart



May 11 Soybean Daily Chart



Nov 11 Soybean Daily Chart



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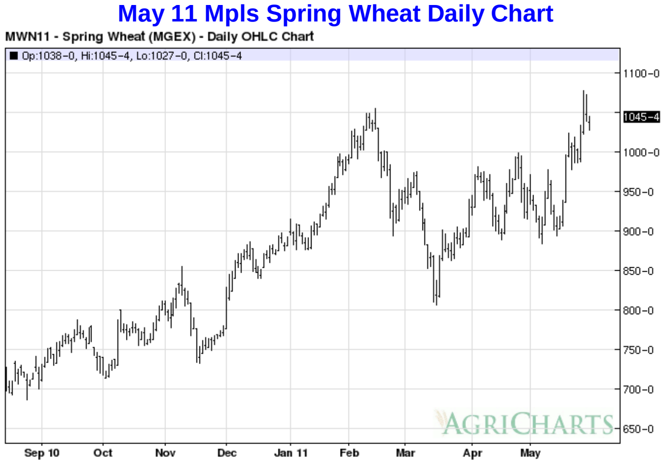
May 11 Mpls Spring Wheat Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart

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