



## MORNING COMMENTS

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Thursday, June 2, 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

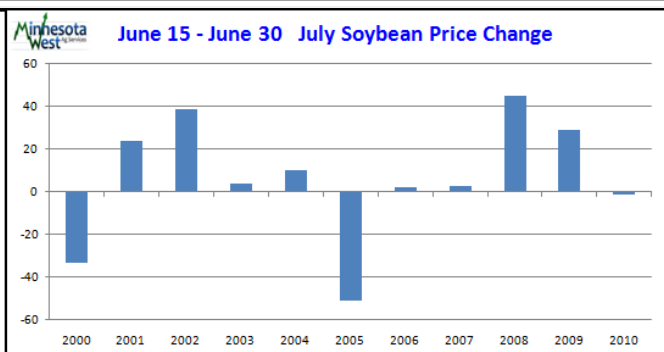
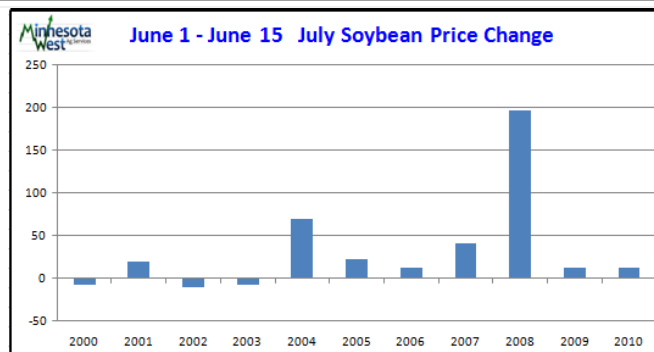
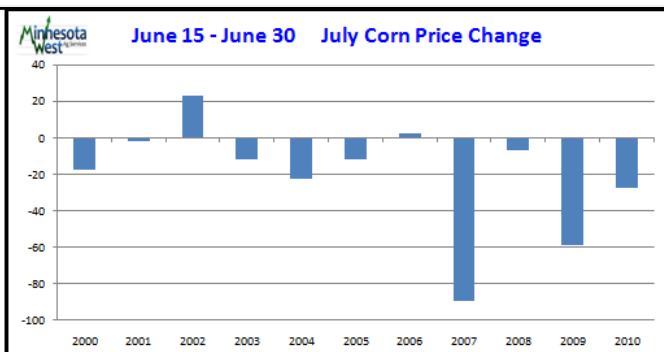
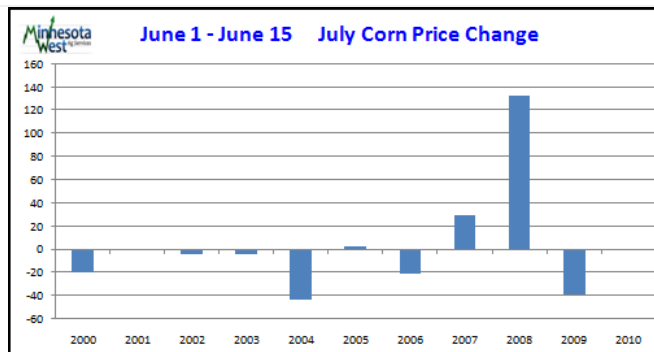
**Prior Price Targets:** The prior MNWestAg price targets have all been exceeded.

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** Cash markets firming amid shrinking acres and yield potential may provide the backdrop to push commodities high and potentially test prior highs for new crop. Expectations are that rainfall this weekend shuts down Indiana and Ohio planting again. July corn price of \$7.75 is thought to be a resistance point, if corn can break that price level, then it is thought that soybeans could also find strength to test the \$14.50 area.



### Outside Markets:

U.S. Dollar Index	74.520	-0.211	-0.28%	Euro FX	1.44430	+0.00740	+0.51%	Ethanol Futures	Jun 11	2.642p	0.000
CRB CCI Index	649.00p	-8.00	-1.22%	Canadian Dollar	1.02130	-0.00430	-0.42%	Gasoline RBOB (E)	Jul 11	2.9773p	-0.0730
Gold	1539.2	-3.2	-0.21%	Japanese Yen	1.23870	+0.00240	+0.19%	Diesel Gulf (Ulsd)	Jul 11	3.0718p	-0.0471
Silver	36.820	-0.869	-2.31%	Australian Dollar	1.06290	-0.00090	-0.08%	Heating Oil (E)	Jul 11	3.0087p	-0.0443
DJIA	12255	-19	-0.15%	Chinese Renminbi	0.154330p	-0.000050	-0.03%	Crude Oil Brent (E)	Jul 11	115.17	+0.64
S&P 500 Index	1313.00	+0.90	+0.07%	Mexican Peso	0.085625	+0.000025	+0.03%	Natural Gas (E)	Jul 11	4.629p	-0.037
Nasdaq 100	2329.00	+9.50	+0.41%	1-Month Libor	99.8050p	+0.0025	-	Polypropylene	Jul 11	0.8650s	+0.0075
Russell 1000 Growth	606.70	+1.20	+0.2%	T-Bond	126-28	-0.12	-0.29%	Polyethylene	Jul 11	0.6625p	0.0000
MSCI Emi Index	1156.20	+5.90	+0.51%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1527.091p	+4.091
Nikkei 225	9565.00	+10.00	+0.1%	5-Year T-Note	121-180	-0.25	-0.03%	Coal Futures	Jul 11	76.50p	-0.58
Brazilian Real	0.62670p	-0.00255	-0.41%	10-Year T-Note	124-220	-0.015	-0.04%	Uranium	Jun 11	57.00p	-0.50

### Weather

#### Central Illinois:

#### Central Iowa:

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thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
02	03	04	05	06	07	08	09	10	11
Sct T-Storms	P Cloudy	Iso T-Storms	Iso T-Storms	P Cloudy	Sunny	P Cloudy	Sunny	Sunny	P Cloudy
84° 65°	91° 70°	90° 65°	83° 62°	82° 70°	89° 71°	89° 69°	85° 68°	80° 65°	83° 62°

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
02	03	04	05	06	07	08	09	10	11
Sct T-Storms	P Cldy/Wind	Sct T-Storms	M Sunny	P Cloudy	M Sunny	Sunny	Sunny	Sunny	M Sunny
83° 72°	92° 70°	84° 66°	85° 68°	90° 72°	89° 70°	89° 68°	81° 65°	79° 66°	77° 64°

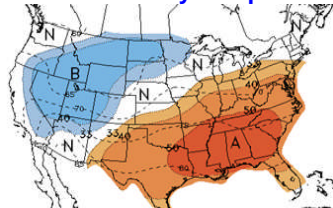
### South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
02	03	04	05	06	07	08	09	10	11
M Cldy/Wind	Iso T-Storms	M Sunny	P Cloudy	P Cloudy	P Cloudy	M Sunny	M Sunny	Sunny	Showers
79° 69°	81° 59°	78° 60°	80° 64°	89° 70°	88° 67°	85° 63°	73° 58°	69° 56°	72° 57°

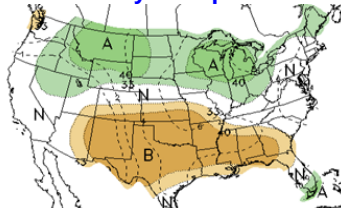
### Central Indiana:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
02	03	04	05	06	07	08	09	10	11
P Cloudy	P Cloudy	P Cloudy	Iso T-Storms	M Sunny	M Sunny	P Cloudy	Iso T-Storms	Sct T-Storms	P Cloudy
81° 62°	88° 70°	93° 68°	84° 64°	83° 69°	89° 73°	90° 70°	86° 71°	85° 67°	82° 66°

### 8-14 Day Temp



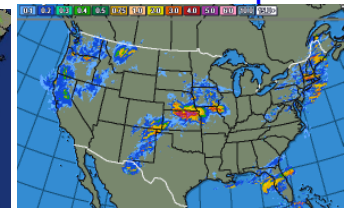
### 8-14 Day Precipitation



### Current Radar



### Last 24 hr Precip



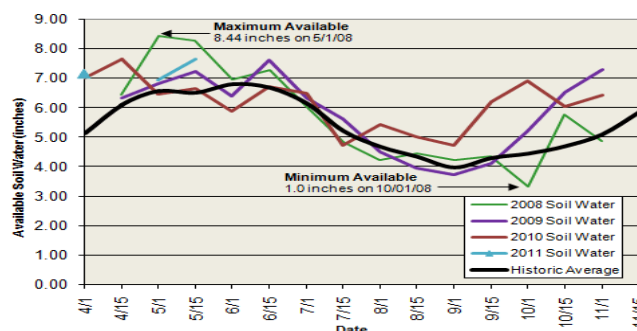
## Official Weather Station -2011

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

	Monday, May 30	Tuesday, May 31	Wednesday, June 1
<b>Air Temperature</b>	Max = 66; Min = 55	Max = 90; Min = 59	Max = 69; Min = 47
<b>Soil Temperature</b>			
2 inch	Max = 63; Min = 59; Ave = 61	Max = 74; Min = 60; Ave = 67	Max = 69; Min = 56; Ave = 62
4 inch	Max = 62; Min = 56; Ave = 59	Max = 71; Min = 59; Ave = 65	Max = 63; Min = 55; Ave = 59
8 inch	Max = 57; Min = 56; Ave = 57	Max = 64; Min = 56; Ave = 60	Max = 63; Min = 57; Ave = 60
<b>Daily Precipitation</b>	0.31"	0.36"	0.00"

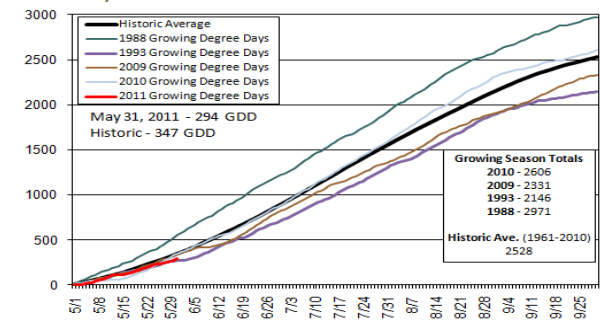
### 2008-2011 Soil Water vs. Historic Average

Historic Average (1966 - 2010)  
Southwest Research & Outreach Center  
Lamberton, MN



### GDD Growing Season

1988, 1993, 2009-2011 Growing Degree Totals vs. Historic Average  
Growing Season: May 1 - September 30  
Historic Average: 1961-2010  
Southwest Research & Outreach Center  
Lamberton, MN



**Corn:** Morning: July 11 Corn is at \$7.57  $\frac{3}{4}$ , down  $\frac{3}{4}$  cents, Sept 11 Corn is at \$7.27  $\frac{3}{4}$ , down  $\frac{1}{2}$  cents, Dec 11 Corn closed at \$6.80, up  $\frac{1}{2}$  cents. Mar 11 corn closed at \$6.89, down 2 cents  
Yesterday's Close: Jul 11 Corn closed at \$7.58  $\frac{1}{2}$ , up 11 cents, Sep 11 Corn closed at \$7.28  $\frac{1}{4}$ , up 10  $\frac{3}{4}$  cents, Dec 11 Corn closed at \$6.79  $\frac{1}{2}$ , up 6  $\frac{1}{2}$  cents Dec 11 Corn closed at \$6.79  $\frac{1}{2}$ , up 6  $\frac{1}{2}$  cents  
Corn futures closed higher bouncing off a five day base after recovering from lower prices overnight. Funds bought an estimated 11,000 corn contracts. Corn planting remains behind the five year average. Indiana and Ohio have an opportunity for planting progress this week as above normal temperatures and below normal rainfall blanket most of the country east of the Rockies until June 15th. Some intra

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commodity spreading against the wheat kept corn prices firm. Higher basis levels at Midwest terminals are supported the spot month of corn but the higher dollar kept a lid on the rally. Tight old crop supplies along with delayed planting for the new crop are the underlying supportive fundamental factors in corn. Ethanol futures were higher and other energy futures were lower.

**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.91 ½, up 5 ¼ cents, Sept 11 Soybeans closed at \$13.82 ¾, up 5 cents, Nov 11 Soybeans closed at \$13.77 ¼, up 2 ¼ cents, Jan 11 Soybeans closed at \$13.85 ¼, up 2 cents  
Yesterday's Close: Jul 11 Soybeans closed at \$13.86 ¼, up 10 ¼ cents, Aug 11 Soybeans closed at \$13.82, up 10 cents, Nov 11 Soybeans closed at \$13.74 ¾, up 11 ¼ cents, Jul 11 Soybean Meal closed at \$360.70, up \$5.40, Jul 11 Soybean Oil closed at \$58.43, down \$0.06  
The soybeans and soybean meal closed higher and soybean oil lower on the day. Spot soybean futures have been in a trading range the past ten days supporting on the 40 day moving average. Soybean oil prices were under pressure from lower crude oil. Crude oil is trading 300 points lower as of this writing. Soybean planting at 51 percent is behind the five year average of 71 percent. Above normal temps and below normal rainfall over the next two weeks in much of the growing area (except for the Northern Plains) should aid planting. Brazil finished their soybean harvest producing a record 72 MMT. Brazil soybean exports were strong in May but lagged year ago levels. Cash basis levels are steady to lower, easing on the Mississippi and Illinois River with exports sluggish.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$7.68 ¾, up 9 ½ cents, Jul 11 MGEX Wheat is at \$13.13 ¼, up 7 ¾ cents  
Yesterday's Close: Jul 11 CBOT Wheat closed at \$7.59 ¼, down 23 cents, Jul 11 KCBT Wheat closed at \$8.91 ½, down 16 ½ cents, Jul 11 MGEX Wheat closed at \$10.05 ½, down 19 ½ cents  
Wheat futures traded higher for awhile after last nights open on Globex but could not sustain the rally during the session and opened and closed lower on the day session. Follow through selling from Saturday's announcement by Prime Minister Putin kept pressure on prices. Russia announced on Saturday that they intend to export wheat starting July 1st. A German analyst estimates Russia could export up to 10 MMT of wheat in the 2011/12 marketing year, the same number USDA forecast in the last WASDE report. Wheat production problems in the U.S., Western Europe and Australia can potentially lower global ending stocks. Although all wheat exchanges closed lower, the MGEX wheat has the strongest technical picture of the three exchanges. The most likely reason is the Northern Plains are too wet with below normal temperatures in the long range forecast. The French and German wheat yield is threatened because of drought. Western Australia has been in a drought for 16 months but did receive just over a 1/2 inch of rain over the weekend, which was beneficial but does not necessarily call an end to their drought.

**Cattle:** Yesterday's Close: Jun 11 Cattle closed at \$102.150, down \$1.600, Aug 11 Cattle closed at \$103.925, down \$1.450, Oct 11 Cattle closed at \$110.050, down \$1.025, Aug 11 Feeder Cattle closed at \$123.875, down \$0.500 Sep 11 Feeder Cattle closed at \$124.950, down \$1.025 Oct 11 Feeder Cattle closed at \$126.200, down \$0.750  
Cattle futures were sharply lower on the day but finished at the upper end of the trading range after being limit lower during the session. Weekend beef movement exceeded expectations showing good demand. The cash cattle trade was active today. There were an estimated 23,572 head trade in TX/OK and 27,282 head in KS at \$103 to \$104, steady to \$1 lower than last week. Over 24,500 head sold in NE between \$104 and \$107. Market ready cattle are expected to be plentiful this week but packers are aggressively buying on Wednesday. The stock market closed sharply lower along with crude oil prices. Australia banned live cattle sales to some packing plants in Indonesia due to animal cruelty. Boxed beef prices closed mixed. Choice boxed beef was higher this afternoon at \$178.24, up \$0.78 and select was down \$0.66 at \$172.73.

**Hogs:** Yesterday's Close: Jun 11 Hogs closed at \$89.775, down \$0.400, Jul 11 Hogs closed at \$89.150, down \$0.775 Aug 11 Hogs closed at \$90.300, down \$0.925  
Lean Hog futures closed lower but finished at the high end of today's trading range. Disappointing jobs data and lower than expected manufacturing output sent the stock market lower and created an overall bearish attitude for meat. The Lean Hog Index for May 31st was at 93.33, down \$0.45. That index will be used to settle the June futures at expiration. Direct cash hogs in IA/MN rebounded from yesterday, trading \$1.80 higher at a weighted average of \$88.77 this afternoon. WCB hogs were \$1.32 higher at \$88.29 and ECB hogs were \$1.35 lower at \$87.59. Pork trading was moderate with very light to light demand and mostly moderate offerings. Carcass prices were down \$1.70 this afternoon.

**Cotton:** Yesterday's Close: Jul 11 Cotton closed at 160.97, up 230 points, Oct 11 Cotton closed at 149.75, up 281 points Dec 11 Cotton closed at 137.27, up 177 points  
Cotton futures managed to finish higher on the old and new crop this afternoon. The International Cotton Advisory Committee said world cotton stocks will rebound in 2011/12 as increased production is ahead of mill use by 1.6 MMT. World ending stocks are expected to rise to 10.2 MMT by the end of July 2012 and rebound the stocks to use ratio by 40 percent. The Cotlook A Index was at 168.95 up 4.20 cents a pound. Certificated stocks were slightly higher at 194,715. The far west portion of Texas is expecting about 1/2 an inch of rain on Thursday but the long range forecast is calling for a continued hot and dry pattern through June 14th. East Texas has a chance of precipitation Monday and Tuesday morning. Drought conditions in China are also a concern.

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### July 11 Corn Daily Chart

ZCN11 - Corn (CBOT) - Daily OHLC Chart



### Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



### July 11 Soybean Daily Chart

ZSN11 - Soybeans (CBOT) - Daily OHLC Chart



### Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



### July 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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### Soybean Meal Daily

ZMN11 - Soybean Meal (CBOT) - Daily OHLC Chart



### Soybean Oil Daily

ZLN11 - Soybean Oil (CBOT) - Daily OHLC Chart



### S&P 500 Index Daily

SPM11 - S&P 500 Index (IOM) - Daily OHLC Chart



### Dow Jones Daily

DJM11 - DJIA (CBOT) - Daily OHLC Chart



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