



## MORNING COMMENTS

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**Tuesday, June 7, 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** Uncertainty about the level of planted area (corn acres switched to soybeans and / or the insurance program prevented planting) is not going away. In Thurs' USDA S&D, some analysts expect them to reduce the planted area projection by at least 1 million acres and maybe as much as 2 million. However, the June 30 planted acres report would be a much more normal time frame for USDA to adjust acres.

There is precedent for USDA to lower the yield projection and that would be a much better possibility. Some analysts would make the point here is that there could a fairly bullish - looking S&D from the USDA on Thurs AM...further enforcing ideas that there is no margin for any further error in the upcoming growing season.

Some analysts think that USDA will need to reduce both corn export numbers and corn for ethanol grind sometime prior to the end of the marketing year. Some locations in the eastern corn belt have posted nearly \$8.00 cash corn prices in an effort to continue to source physical corn stocks.

The seasonal trend chart for corn shows both the 3 year and 5 year average highs converging to form a top this week of the year.

Soybean trend charts show both the 3 year and 5 year average highs converge on the charts a couple of weeks from now. See prior email.

**Planting Progress:** The trade expected US corn planting progress of around 95% in USDA's Planting Progress report and the results were 94% planted, 5 points below average.

Ohio Corn planting progress jumped 39% from only 19% up to 58% planted.

Trade estimates for the US Soybeans planting progress were in the 65-75% range and the report showed 68%, which is 14 percent below average.

Spring wheat planting was reported 79% complete down 19 percent from average of 98%. ND was 69% planted, MT 73% and MN 96%, the unplanted acres in those 3 states thought to totaled 2.74 million acres.

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.	99%	86%	94%	98.0%	U.S.	83%	51%	68%	82.0%
Kansas	99%	97%	100%	99.0%	Iowa	94%	87%	94%	93.0%
Iowa	99%	99%	99%	99.0%	Nebraska	93%	78%	91%	91.0%
Nebraska	100%	97%	99%	100.0%	Illinois	81%	59%	78%	76.0%
Illinois	100%	94%	98%	98.0%	Kansas	71%	56%	68%	68.0%
Missouri	99%	98%	98%	95.0%	Arkansas	81%	48%	66%	74.0%
Minnesota	100%	88%	95%	100.0%	Minnesota	98%	53%	75%	96.0%
S Dakota	95%	86%	93%	97.0%	Missouri	63%	36%	59%	63.0%
Wisconsin	99%	80%	93%	97.0%	S Dakota	78%	34%	57%	81.0%
Indiana	97%	59%	82%	94.0%	Indiana	79%	25%	49%	77.0%
Ohio	97%	19%	58%	99.0%	Ohio	77%	7%	26%	88.0%

### Crop Emergence:

US corn emergence at 79% in USDA's crop progress report as compared to 93% last year and 90% on average. Iowa leads the way with 96% of their corn emerged.

US Soybean emergence is reported at 44% this week as compared to 63% last year and 61% on average.

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.	93%	66%	79%	90.0%	U.S.	63%	27%	44%	61.0%	
Iowa	97%	90%	96%	94.0%	Iowa	79%	52%	78%	74.0%	
Kansas	91%	75%	91%	93.0%	Nebraska	71%	43%	65%	71.0%	
Illinois	97%	80%	90%	89.0%	Illinois	66%	30%	53%	56.0%	
Missouri	90%	86%	90%	87.0%	Arkansas	67%	37%	48%	60.0%	
Nebraska	94%	77%	88%	95.0%	Kansas	42%	28%	45%	44.0%	
Minnesota	97%	54%	79%	94.0%	Minnesota	80%	12%	38%	74.0%	
S Dakota	75%	46%	73%	80.0%	Missouri	38%	25%	35%	43.0%	
Wisconsin	89%	39%	64%	84.0%	Indiana	67%	13%	26%	57.0%	
Indiana	91%	42%	57%	83.0%	S Dakota	38%	8%	20%	44.0%	
Ohio	86%	9%	21%	88.0%	Ohio	62%	3%	9%	67.0%	

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### Outside Markets:

U.S. Dollar Index	73.695	-0.304	-0.41%	Euro FX	1.46520	+0.00670	+0.46%	Ethanol Futures	Jul 11	2.600p	-0.049
CRB CCI Index	0.00	-649.00	-100%	Canadian Dollar	1.02480	+0.00550	+0.54%	Gasoline RBOB (E)	Jul 11	2.9499p	-0.0432
Gold	1549.7	+3.2	+0.21%	Japanese Yen	1.24600	-0.00310	-0.25%	Diesel Gulf (Ulsd)	Jul 11	3.0795p	-0.0383
Silver	37.200	+0.424	+1.15%	Australian Dollar	1.06900	-0.00100	-0.09%	Heating Oil (E)	Jul 11	3.0174p	-0.0393
DJIA	12087p	-38	-0.31%	Chinese Renminbi	0.154310p	+0.000310	+0.2%	Crude Oil Brent (E)	Jul 11	114.48p	-1.36
S&P 500 Index	1289.80	+4.80	+0.37%	Mexican Peso	0.085300	+0.000225	+0.26%	Natural Gas (E)	Jul 11	4.827p	+0.120
Nasdaq 100	2283.50	+9.50	+0.42%	1-Month Libor	99.8050p	0.0000	-	Polypropylene	Jul 11	0.8650s	0.0000
Russell 1000 Growth	592.80p	-4.00	-0.67%	T-Bond	125-30	-0.13	-0.32%	Polyethylene	Jul 11	0.6625p	0.0000
MSCI Emi Index	0.00	-1137.10	-100%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1532.727p	-2.773
Nikkei 225	9460.00	+90.00	+0.96%	5-Year T-Note	121-7.5	-0.070	-0.18%	Coal Futures	Jul 11	76.97p	+0.27
Brazilian Real	0.62895p	-0.00330	-0.52%	10-Year T-Note	124-170	-0.070	-0.18%	Uranium	Jun 11	57.00p	0.00

**Weather** Locally we had 100 Degree temps yesterday. Mainly dry weather dominated the majority of the Midwest yesterday, with just a few scattered showers and thunderstorms occurring in WI. Temps were the bigger story yesterday, with highs in the 90's in most cases.

#### Central Illinois:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
07	08	09	10	11	12	13	14	15	16
Sunny	M Sunny	Iso T-Storms	Sct T-Storms	Sct T-Storms	P Cloudy	Iso T-Storms	Sct T-Storms	Sct T-Storms	Iso T-Storms
94°	71°	92°	71°	80°	55°	77°	63°	76°	61°

#### Central Iowa:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
07	08	09	10	11	12	13	14	15	16
Sunny/Wind	Iso T-Storms	Sct T-Storms	Sct T-Storms	Iso T-Storms	Iso T-Storms	Iso T-Storms	Sct T-Storms	Sct T-Storms	Iso T-Storms
94°	74°	90°	62°	71°	61°	69°	65°	73°	59°

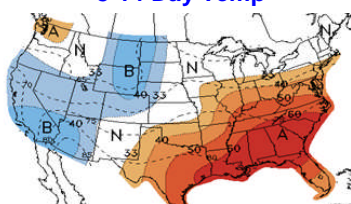
#### South Central Minnesota:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
07	08	09	10	11	12	13	14	15	16
P Cldy/Wind	P Cloudy	P Cloudy	Few Showers	Few Showers	Sunny	Sct T-Storms	Showers	Showers	Few Showers
95°	65°	70°	50°	62°	54°	70°	53°	74°	59°

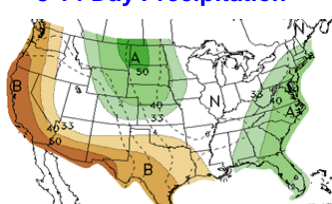
#### Central Indiana:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
07	08	09	10	11	12	13	14	15	16
M Sunny	M Sunny	Iso T-Storms	Sct T-Storms	Sct T-Storms	P Cloudy	P Cloudy	P Cloudy	Sct T-Storms	P Cloudy
93°	71°	94°	71°	85°	66°	82°	66°	81°	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	Thursday, June 2	Friday, June 3	Monday, June 6
Air Temperature	Max = 66; Min = 55	Max = 90; Min = 59	Max = 69; Min = 47	Max = 77; Min = 56	Max = 87; Min = 64	Max = 89; Min = 65
Soil Temperature						
2 inch	Max = 63; Min = 59; Ave = 61	Max = 74; Min = 60; Ave = 67	Max = 69; Min = 56; Ave = 62	Max = 72; Min = 57; Ave = 65	Max = 76; Min = 62; Ave = 69	Max = 88; Min = 67; Ave = 77
4 inch	Max = 62; Min = 56; Ave = 59	Max = 71; Min = 59; Ave = 65	Max = 63; Min = 55; Ave = 59	Max = 66; Min = 55; Ave = 61	Max = 71; Min = 59; Ave = 65	Max = 77; Min = 64; Ave = 70
8 inch	Max = 57; Min = 56; Ave = 57	Max = 64; Min = 56; Ave = 60	Max = 63; Min = 57; Ave = 60	Max = 64; Min = 56; Ave = 60	Max = 67; Min = 59; Ave = 63	Max = 74; Min = 64; Ave = 69
Daily Precipitation	0.31"	0.36"	0.00"	0.00"	0.06"	0.00"

**Corn:** Morning: July 11 Corn is at \$7.30 ¼, down 1 ¾ cents, Sept 11 Corn is at \$7.11, down ¼ cents, Dec 11 Corn closed at \$6.70 ¾, up 3 ¾ cents. Mar 11 corn closed at \$6.81 ¼, up 3 ¼ cents  
Yesterday's Close: Jul 11 Corn closed at \$7.32, down 22 cents, Sep 11 Corn closed at \$7.11 ½, down 19 ½ cents, Dec 11 Corn closed at \$6.67, down 19 ¼ cents Dec 11 Corn closed at \$6.67, down 19 ¼ cents  
Corn futures closed lower, weighed down by open weather in the Midwest which should have helped last minute planting. The USDA export inspections report showed 34.142 million bushels inspected for export for the week ending June 2nd with a total increase of 35 million bushels from last week after revisions to prior data. This is 695K bushels behind last years weekly pace. Flooding along the Missouri River is expected to get worse all week as the Army Corps of Engineers has to increase water releases from upstream dams. The increased flows mean lost corn and bean acres, particularly if any of the downstream levees fail or are overtopped.

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**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.86 ¼ , up 3 cents , Sept 11 Soybeans closed at \$13.81 ¼ , up 4 ¼ cents, Nov 11 Soybeans closed at \$13.76 ¾ cents, Jan 11 Soybeans closed at \$13.83 ¾ , up 3 ½ cents  
Yesterday's Close: Jul 11 Soybeans closed at \$13.83 ¼ , down 31 ¼ cents, Aug 11 Soybeans closed at \$13.77 ¾ , down 29 ¾ cents, Nov 11 Soybeans closed at \$13.72 ¾ , down 24 ¼ cents, Jul 11 Soybean Meal closed at \$359.40, down \$9.00, Jul 11 Soybean Oil closed at \$58.03, down \$0.70

Soybean futures closed lower, weighed by weakness in exports and broad commodity weakness. The USDA export inspections report showed 3.404 million bushels inspected for export for the week ending June 2nd with a total increase of 4.9 million bushels from last week after revisions to prior data. This is 633K bushels behind last years weekly pace and a big slow down from 10.8 million bushels last week. Wet conditions are still hampering planting in some key soybean growing areas. Celeres reported that Brazilian soybeans were 69% sold vs 67 last week and 61 last year. This was on track with the 5 year average.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$7.42 ¾ , down 1 ¼ cents, Jul 11 MGEX Wheat is at \$10.22 ½ , down 19 ½ cents  
Yesterday's Close: Jul 11 CBOT Wheat closed at \$7.4 , down 29 ¾ cents, Jul 11 KCBT Wheat closed at \$8.90, down 24 ¼ cents, Jul 11 MGEX Wheat closed at \$10.42, down 18 ½ cents

Wheat futures closed lower on wetter weather in Europe and the US and broad commodity weakness. The USDA export inspections report showed 22.364 million bushels inspected for export for the week ending June 2nd. This is 5.3 million bushels ahead of last years export inspections for this week. This report also marks the end of the export year for US wheat. We have 8.2 million bushels on the books for 2011/12. French wheat futures led the market down this morning on rain in Western Europe (which is unlikely to provide much help to already maturing wheat).

**Cattle:** Yesterday's Close: Jun 11 Cattle closed at \$102.400, down \$1.775, Aug 11 Cattle closed at \$103.325, down \$1.775, Oct 11 Cattle closed at \$109.600, down \$1.550, Aug 11 Feeder Cattle closed at \$124.100, down \$0.150 Sep 11 Feeder Cattle closed at \$125.175, down \$0.625 Oct 11 Feeder Cattle closed at \$126.250, down \$0.725

Cattle futures closed lower. Today was first notice day for June Cattle. The market is also sorting out positions inherited after the Friday expiration of the June cattle options and its \$104 peg. Choice boxed beef was down \$.79 at 176.69 and select was down \$1.10 at 170.19. Packer margins are excellent, while un-hedged margins at feedlots are horrid. Early cash calls for this week are \$1-2 higher. Those selling the board either disagree or don't care! Pasture condition as of June 5 was 53% good/excellent, down 2 points from last week and 18 points from last year.

**Hogs:** Yesterday's Close: Jun 11 Hogs closed at \$89.700, up \$0.475, Jul 11 Hogs closed at \$87.750, down \$0.100 Aug 11 Hogs closed at \$89.050, down \$0.425

Lean Hog futures closed mixed, weighed by broad commodity weakness, lower cash hogs, and a higher dollar. The lean hog index was at \$91.54 for June 2. This index is used to settle June futures at expiration next week. Cash hog prices were down sharply, \$2.17 in WCB, \$.30 in ECB and \$1.87 in IA/MN. The carcass cutout took a dive, down \$2.13. All cuts were down heavily except picnics and hams which were lower but nearly flat.

**Cotton:** Yesterday's Close: Jul 11 Cotton closed at 155.63, down 600 points, Oct 11 Cotton closed at 145.83, down 177 points Dec 11 Cotton closed at 136.93, down 177 points

Cotton futures closed lower with old crop leading the way on broad commodity weakness and contract rolling gearing up. Cert stocks were still low at 43,057 bales. India was supposed to decide on whether to increase their export cap today. In the USDA Planting Progress report as of June 5 cotton planted was 87% which was on par with the 5 year average. Cotton squaring was at 9%, a point ahead of the average.

US Dollar Weekly Chart

DX - U.S. Dollar Index (ICEFI) - Weekly OHLC Chart  
Op:73.770, Hi:74.085, Lo:73.565, Cl:73.705



Gold Weekly Chart

GC - Gold (COMEX) - Weekly OHLC Chart  
Op:1,542.9, Hi:1,553.9, Lo:1,542.0, Cl:1,545.2



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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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