



## MORNING COMMENTS

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Wednesday, June 8, 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

Carry Out	2010-11	USDA Grain Carry Out Estimates (billions/bu)				Carry Out	2011-12	USDA Grain Carry Out Estimates (billions/bu)			
	USDA June 10/11	Average Trade Est.	Range of Trade Est.	USDA May 10/11	USDA 09/10		USDA June 11/12	Average Trade Est.	Range of Trade Est.	USDA May 11/12	USDA Apr 11/12
Corn		0.715	0.565-0.780	0.730	1.708	Corn		0.817	0.548-0.900	0.900	NA
Soybeans		0.173	0.142-0.195	0.170	0.151	Soybeans		0.162	0.124-0.200	0.160	NA
Wheat		0.842	0.824-0.868	0.839	0.976	Wheat		0.678	0.495-0.742	0.702	NA

**Market Talk** Global buyers have backed away from old crop U.S. corn and soybeans in recent weeks due to price, and now are hesitant to book new crop as well. A possible reason is that the global market thinks U.S. corn and soybean values will decline between now and harvest, giving buyers better purchasing opportunities later.

Another concern is the potential for a late harvest in the U.S which would cause more grain will be needed domestically, during the current marketing year, thus reducing the amount that is available for export until later during the harvest season.

The world commodity market is paying close attention to activity in South America. The first production season is done in Brazil and nearly complete in Argentina and now is the time when those producers start to make decisions on how much land they should double crop. It is quite possible that given near perfect weather conditions, elevated futures and financial help from countries such as China we may see more double cropping than normal.

**MN Potholes:** Farmers in Southwestern MN who planted through mud holes early on are now replanting those spots where the corn seed rotted in the ground, while some just planted those areas for the first time. Others in a few isolated areas, extreme southern Renville County and an area west of Morris MN just started planting corn this past weekend.

**Unplanted Production at Risk** This table provides an indication of the number of potential unplanted acres in the major producing states as of Monday's USDA's planting progress report by using the acres of planting intentions from the March 31<sup>st</sup> report and then also uses a 5 year average yield to provide an estimate of the production that could be represented by the unplanted acres.

Planting Progress												
Corn Crop						Soybean Crop						
Major Crop Production States												
	Percent Planted This Week	Intended Acres 1,000	Unplanted Acres 1,000	5 Year Ave Yield Bu / Acre	Unplanted Production 1,000			Percent Planted This Week	Intended Acres 1,000	Unplanted Acres 1,000	5 Year Ave Yield Bu / Acre	Unplanted Production 1,000
Kansas	100%	5,100	-	125	-	Iowa		94%	9,400	564	50	28,200
Iowa	99%	13,900	139	171	23,769	Nebraska		91%	5,050	455	51	23,180
Nebraska	99%	9,500	95	164	15,580	Illinois		78%	9,100	2,002	47	94,094
Illinois	98%	12,800	256	170	43,520	Kansas		68%	4,000	1,280	36	46,080
Missouri	98%	3,300	66	140	9,240	Arkansas		66%	3,250	1,105	36	39,780
Minnesota	95%	7,900	395	165	65,175	Minnesota		75%	7,400	1,850	42	77,700
S Dakota	93%	5,400	378	128	48,384	Missouri		59%	5,300	2,173	40	86,920
Wisconsin	93%	4,050	284	146	41,391	S Dakota		57%	4,300	1,849	38	70,262
Indiana	82%	5,900	1,062	160	169,920	Indiana		49%	5,350	2,729	48	130,968
Ohio	58%	3,700	1,554	156	242,424	Ohio		26%	4,400	3,256	45	146,520
Totals		71,550	4,229		659,403	Totals			57,550	17,262		743,704

The indications are that the unplanted corn acres in the major producing states could be as many as 4,229,000 acres and they could represent as much as 659 million bushels of production. At question is the number of acres that may be switch to soybeans or left unplanted.

While still early, the unplanted soybean acres in the major producing states as of last Sunday could be as many as 17,262,000 acres and they could represent as much as 743 million bushels of production. Most of these acres have a good chance of getting planted.

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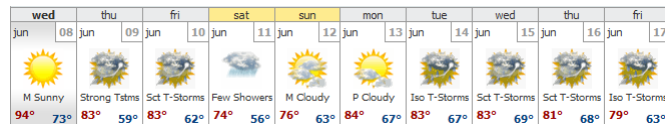
Wednesday, June 8, 2011

### Outside Markets:

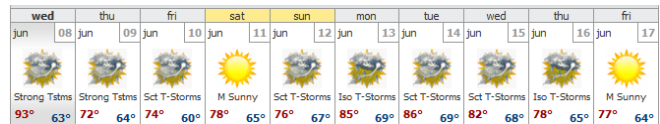
U.S. Dollar Index	73.860	+0.332	+0.45%	Euro FX	1.46060	-0.00860	-0.59%	Ethanol Futures	Jul 11	2.622p	+0.022
CRB CCI Index	651.00p	+2.00	+0.31%	Canadian Dollar	1.01930	-0.00750	-0.73%	Gasoline RBOB (E)	Jul 11	2.9919p	+0.0420
Gold	1532.6	-10.7	-0.69%	Japanese Yen	1.25280	+0.00450	+0.36%	Diesel Gulf (Ulsd)	Jul 11	3.1367s	+0.0572
Silver	36.720	-0.320	-0.86%	Australian Dollar	1.05970	-0.01300	-1.21%	Heating Oil (E)	Jul 11	3.0770p	+0.0596
DJIA	12072p	-15	-0.12%	Chinese Renminbi	0.154300p	-0.000010	-0.01%	Crude Oil Brent (E)	Jul 11	116.74	-0.04
S&P 500 Index	1278.30	-6.50	-0.51%	Mexican Peso	0.084525	-0.000750	-0.88%	Natural Gas (E)	Jul 11	4.831p	+0.004
Nasdaq 100	2258.00	-15.75	-0.69%	1-Month Libor	99.8100	+0.0025	-	Polypropylene	Jul 11	0.8650s	0.0000
Russell 1000 Growth	592.80p	0.00	-	T-Bond	126-22	+0-15	+0.37%	Polyethylene	Jul 11	0.6625p	0.0000
MSCI Emi Index	1148.80p	+12.50	+1.1%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1538.409p	+5.682
Nikkei 225	9415.00	0.00	-	5-Year T-Note	122-2.5	+0-7.5	+0.43%	Coal Futures	Jul 11	78.42p	+1.45
Brazilian Real	0.63070p	+0.00175	+0.28%	10-Year T-Note	124-315	+0-105	+0.26%	Uranium	Jun 11	57.00p	0.00

**Weather** After two days of temps over 100, and as warm as 105 degrees, much cooler temps are welcome. It is very hard to say, especially after 16 days of being unable to perform any field work during May, but soon we will want a nice shower to help the crop emerge.... Maybe next week!

### Central Illinois:



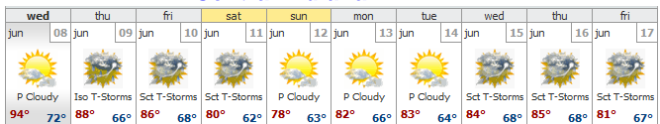
### Central Iowa:



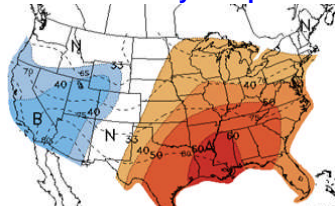
### South Central Minnesota:



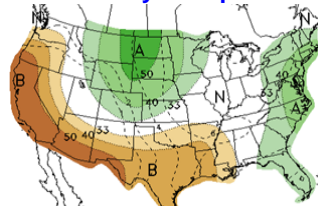
### Central Indiana:



### 8-14 Day Temp



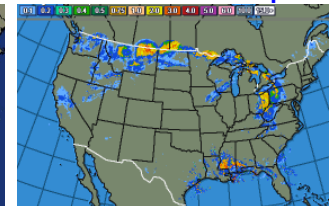
### 8-14 Day Precipitation



### 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
<b>Air Temperature</b>	Max = 66; Min = 55	Max = 90; Min = 59	Max = 69; Min = 47	Max = 77; Min = 56	Max = 87; Min = 64	Max = 89; Min = 65
<b>Soil Temperature</b>						
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
<b>Daily Precipitation</b>	0.31"	0.36"	0.00"	0.00"	0.06"	0.00"

**Corn:** Morning: July 11 Corn is at \$7.38 ½, up 2 cents, Sept 11 Corn is at \$7.17, unchanged, Dec 11 Corn closed at \$6.76 ¼, down ¼ cents. Mar 11 corn closed at \$6.88 ¼, down ¼ cents  
Yesterday's Close: Jul 11 Corn closed at \$7.36 ½, up 4 ½ cents, Sep 11 Corn closed at \$7.17, up 5 1/2 cents, Dec 11 Corn closed at \$6.76 ½, up 9 ½ cents Dec 11 Corn closed at \$6.76 ½, up 9 ½ cents  
Corn futures closed higher on the day supported by the 18 and 40 day moving averages after the two day sharp sell off in both old and new crop corn. Traders will be positioning ahead of Thursdays USDA monthly WASDE report. The average trade estimate is from the Dow Jones survey is 715 million bushels for ending stocks for 2010/11 and 817 million bushels for 2011/12 ending stocks. The deputy director of

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China's National Grain and Oils Information Center said China expects to import 1.6 MMT of corn in 2011/12 versus .5 MMT projected by the May USDA WASDE report. 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. This will result in some loss of corn acreage. Private exporters announced the sale of 548,640 MT of corn for 2011/12 delivery and 274,320 MT for 2012/13 delivery to Mexico. Mexico's 2011/12 purchase is unusual this far in advance of the next marketing year. The weather forecast is calling for precipitation to return to the Corn Belt starting Thursday and lasting through the weekend.

**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.88  $\frac{1}{4}$ , down 5  $\frac{1}{2}$  cents, Sept 11 Soybeans closed at \$13.79, down 8 cents, Nov 11 Soybeans closed at \$13.80  $\frac{1}{4}$ , down 5 cents, Jan 11 Soybeans closed at \$13.87  $\frac{1}{2}$ , 5  $\frac{1}{4}$  cents  
Yesterday's Close: Jul 11 Soybeans closed at \$13.94, up 10  $\frac{3}{4}$  cents, Aug 11 Soybeans closed at \$13.88, up 10  $\frac{1}{4}$  cents, Nov 11 Soybeans closed at \$13.85  $\frac{1}{4}$ , up 12  $\frac{1}{2}$  cents, Jul 11 Soybean Meal closed at \$368.00, up \$8.60, Jul 11 Soybean Oil closed at \$57.93, down \$0.10  
Soybean futures ended higher on the day recovering some of yesterday's sell off. Thursday the USDA will publish their latest U.S. and World production numbers. The average trade estimate for 2010/11 soybean ending stocks is 173 million bushels. Last month USDA estimated 170 million bushels. The average trade estimates for 2011/12 soybean ending stocks are 162 million bushels slightly higher than the May WASDE estimate of 160 million bushels. Wet conditions are still hampering planting in some key soybean growing areas in the north and rains are expected to return to the Corn Belt from Thursday through Sunday. The six to ten day forecast calls for continued above normal rainfall in the already saturated states of Montana, North and South Dakota. Several of the 18 major production states are behind in planting and emergence lowering the overall average when compared to the past five years. Above normal temperatures are projected to cover the southern and eastern portions of the U.S. all the way north to the Great Lakes. Above normal rainfall is forecast in much of the area minus the drought stricken states of TX and OK. The sharply lower dollar helped to underpin soybean prices today.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$7.33  $\frac{3}{4}$ , unchanged, Jul 11 MGEX Wheat is at \$9.83  $\frac{1}{2}$ , down 1  $\frac{1}{4}$  cents  
Yesterday's Close: Jul 11 CBOT Wheat closed at \$7.33  $\frac{3}{4}$ , down 10  $\frac{1}{4}$  cents, Jul 11 KCBT Wheat closed at \$8.74  $\frac{1}{2}$ , down 15  $\frac{1}{2}$  cents, Jul 11 MGEX Wheat closed at \$9.84  $\frac{3}{4}$ , down 57  $\frac{1}{4}$  cents  
Wheat futures finished lower with most of the pressure on the MGEX wheat. MGEX wheat made new contract highs before reversing direction Monday and closed near limit lower on the spot month. CBOT wheat and KC wheat have been in a sideways trading range for the last couple of months and are at the low end of that price range braking below support on the close today. Thursday the USDA will release the monthly WASDE report and U.S. Winter Wheat Production report. The average trade estimate for all wheat production for 2011/12 is 1.982 billion bushels. The USDA had projected 2011/12 all wheat production at 2.208 billion bushels on the May WASDE report. The drop in all wheat production is a result of the extreme weather conditions in the U.S. this year; wet in the north and hot and dry in the south. Traders are looking for wheat ending stocks for 2010/11 to come in at 842 million bushels and 2011/12 ending stocks to come in at 678 million bushels. Wheat planting is ahead of schedule in the Black Sea area and USDA is looking for Russian exports to move to 10 MMT from last year's drought impacted rate of 4 MMT; the Russian government permitting. The United Nations Food and Agriculture Organization is predicting world wheat production will increase by 3.2 percent this year.

**Cattle:** Yesterday's Close: Jun 11 Cattle closed at \$103.475, up \$1.075, Aug 11 Cattle closed at \$104.450, up \$1.125, Oct 11 Cattle closed at \$110.600, up \$1.000, Aug 11 Feeder Cattle closed at \$125.125, up \$1.025 Sep 11 Feeder Cattle closed at \$126.375, up \$1.200 Oct 11 Feeder Cattle closed at \$127.250, up \$1.000  
Cattle futures closed higher. Cattle futures have been trading in a back and forth wide range seesaw pattern over the last couple of days after reversing upward on June 1st. Cash cattle business has been priced steady so far with last week on not enough sales to really establish a market. Packer margins are very good. Market ready supplies are a bit tighter this week which could command better prices for feedlots. Mexico is expected to export 1.1 to 1.2 million head of cattle in 2011 for slaughter in the U.S. according to the Ag Ministry Director of Animal Health. Mexico exported 1.14 million head in 2010 according to Director Fragoso. Boxed beef prices dropped again today. Choice boxed beef was down \$1.28 at 175.41 and select was down \$1.10 at 169.09. Consumer's budgets have been challenged by higher fuel costs and overall higher food costs. Consumer outstanding credit was up by 6.25 billion dollars in April according to the Federal Reserve, a seventh straight month increase. Concerns for the general economy in the U.S. have been weighing on beef prices but good export sales have given support.

**Hogs:** Yesterday's Close: Jun 11 Hogs closed at \$89.625, down \$0.075, Jul 11 Hogs closed at \$89.500, up \$1.750 Aug 11 Hogs closed at \$90.300, up \$1.250  
Lean Hog futures were higher on all but the expiring June Hog contract on the close today. Hogs closed at the highest level in six days on the July contract bringing the cash market with it. Cash hog prices were higher in IA/MN trading up \$1.09 at \$87.25. WCB hogs were \$0.71 higher at \$86.78 and ECB hogs were \$0.74 lower at \$85.64. The lean hog index was at \$91.83 for June 3. This index is used to settle June futures at expiration next week. Pork trade was slow to moderate with mostly light demand and light to moderate offerings. The cutout bounced back with the Carcass closing \$0.77 higher. Wholesale prices have dropped around 10% since mid May.

**Cotton:** Yesterday's Close: Jul 11 Cotton closed at 148.63, down 700 points, Oct 11 Cotton closed at 138.83, down 700 points Dec 11 Cotton closed at 129.93, down 700 points  
Cotton futures closed the 700 point limit lower on old and new crop on contract rolling and concerns about cuts in use in this Thursdays

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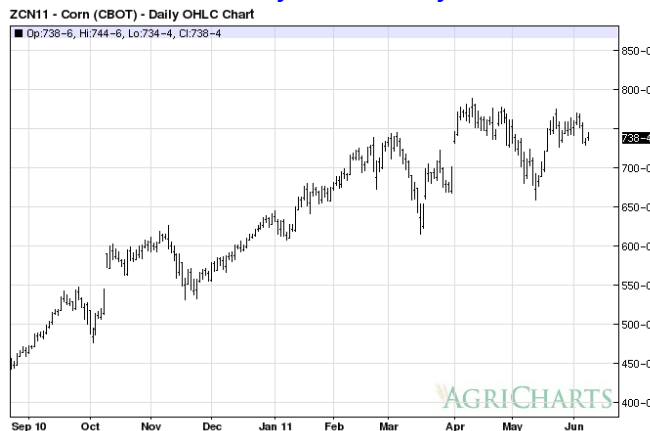
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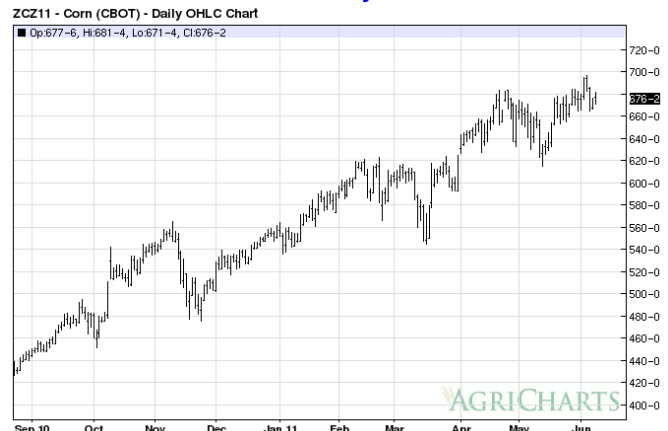
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USDA WASDE report. Texas remains in a drought pattern with above normal temperatures and below normal rainfall in the 6 to 10 day forecast. Old crop is being pressured by unwinding of longs ahead of options expiration and July futures deliveries. Cert stocks were low at 48,196 bales but up from yesterday's 43,057 bales.

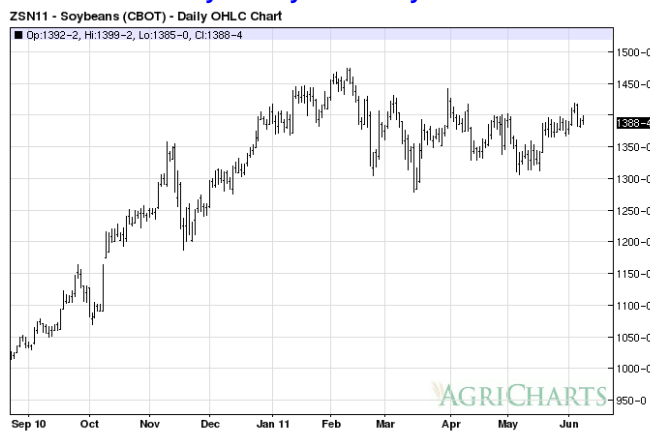
**July 11 Corn Daily Chart**



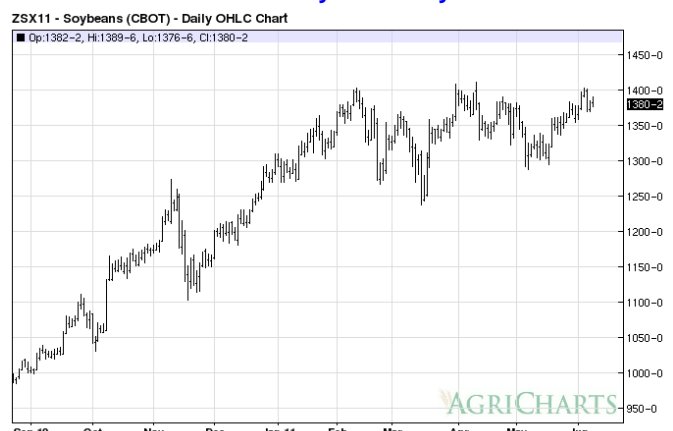
**Dec 11 Corn Daily Chart**



**July 11 Soybean Daily Chart**



**Nov 11 Soybean Daily Chart**



**July 11 Mpls Spring Wheat Daily Chart**



**Sept 11 Mpls Spring Wheat Daily Chart**



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