



MORNING COMMENTS

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Friday, June 10, 2011

See World Stocks Charts on last page

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 30, 2011 Planted Acres & Grain Stocks, Tues July 12, 2011 WASDE and Crop Production.

USDA's WASDE – See yesterday's report for more complete details. USDA's WASDE report yesterday left the 2010/11 U.S. corn carryout unchanged at 730 million bushels. However, USDA estimates the 2011/12 U.S. corn planted acres at 90.7 million acres, 1.5 million acres lower than the March intentions. USDA estimates the 2011/12 U.S. corn carryout at 695 million bushels, down 205 million bushels. USDA increased the 2010/11 U.S. soybean carryout by 10 million bushels to 180 million bushels and also increased the 2011/12 U.S. soybean carryout by 30 million bushels to 190 million bushels. USDA decreased the 2010/11 U.S. wheat carryout by 30 million to 839 million bushels and decreased the 2011/12 U.S. wheat carryout by 15 million to 687 million bushels.

Carry Out	2010-11					2011-12				
	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	
Corn	0.730	0.715	0.565-0.780	0.730	1.708	0.695	0.817	0.548-0.900	0.900	
Soybeans	0.180	0.173	0.142-0.195	0.170	0.151	0.190	0.162	0.124-0.200	0.160	
Wheat	0.809	0.842	0.824-0.868	0.839	0.976	0.687	0.678	0.495-0.742	0.702	

Tightened corn supply should help keep corn values at elevated levels. The trade is well aware that any further decline in yield or lost acres could have a significant impact on prices. The trade also recalls that too high of prices can destroy a demand base, particularly exports and livestock usage. It should be noted that corn exports during the 2010/11 marketing year at 1.9 billion bushels total are expected to be just 78% of what they were in the 2007/08 marketing year while ethanol usage is up by about 2 billion bushels to 5 billion bushels. At the same time corn for feed usa is already down 850 million bushels, with a portion of that being replaced by additional feeding of DDG's.

Market Talk Reports of ethanol plants in the Eastern Corn Belt paying as much as 70-80 cents over July futures for nearby corn seemed to set the tone for flat price, the strength in cash markets is being led by the domestic user as export markets are quiet.

Concerns are building over the volume of unshipped soybean sales the United States has on the books. The majority of these are with China, who has 67 million bu. Followed closely is the "unknown buyer" category though at 43 million bu. If even half of these are washed out or just delayed it will have a significant impact on old crop carryout and possibly new crop as well.

Ethanol production in the week ending June 3 was the second highest on record at 915 thousand bbls / day vs. 909 in the previous week and 9% higher than last year. The latest production pace translated to annual production near 14.2 billion gallon (RFS is 12.6) and annual corn grind near 5,175 million bushels, the USDA forecast is 5,000 million bushels. Since the beginning of the crop year on Sept 1, average weekly ethanol production rates have translated to annual corn grind near 5,030 million bushels.

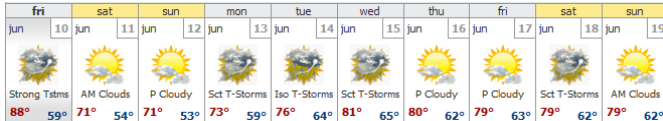
Outside Markets:

U.S. Dollar Index	74.280	+0.079	+0.11%	Euro FX	1.44810	-0.00280	-0.19%	Ethanol Futures	Jul 11	2.758p	+0.074
CRB CCI Index	659.00p	+6.00	+0.92%	Canadian Dollar	1.02920	+0.00230	+0.22%	Gasoline RBOB (E)	Jul 11	3.0398p	+0.0611
Gold	1540.1	-2.0	-0.13%	Japanese Yen	1.24840	+0.00320	+0.26%	Diesel Gulf (Ulsd)	Jul 11	3.1998s	+0.0427
Silver	37.460	+0.037	+0.1%	Australian Dollar	1.06130	-0.00290	-0.27%	Heating Oil (E)	Jul 11	3.1378p	+0.0441
DJIA	12113p	+83	+0.69%	Chinese Renminbi	0.154080p	-0.000260	-0.17%	Crude Oil Brent (E)	Jul 11	119.57p	+1.72
S&P 500 Index	1287.40p	+10.40	+0.81%	Mexican Peso	0.084825	-0.000075	-0.09%	Natural Gas (E)	Jul 11	4.674p	-0.173
Nasdaq 100	2252.50p	+4.50	+0.2%	1-Month Libor	99.8100p	0.0000	-	Polypropylene	Jul 11	0.8400s	0.0000
Russell 1000 Growth	592.20p	+3.80	+0.65%	T-Bond	126-28	+0-12	+0.3%	Polyethylene	Jul 11	0.6400p	-0.0225
MSCI Emi Index	1133.90	-12.70	-1.11%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1548.773p	+3.228
Nikkei 225	9515.00	-25.00	-0.26%	5-Year T-Note	122-140	+0-155	+0.4%	Coal Futures	Jul 11	78.45p	-0.57
Brazilian Real	0.62690p	-0.00280	-0.44%	10-Year T-Note	124-280	+0-070	+0.18%	Uranium	Jun 11	55.50p	-1.00

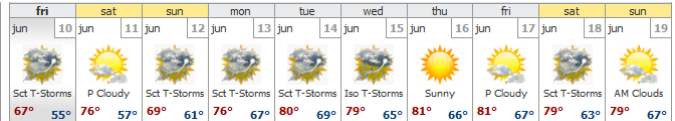
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Weather Locally we received .10" of rainfall yesterday evening. Showers and thunderstorms fired up across the central Midwest yesterday, bringing some fairly heavy rains to IA, northern IL and portions of northern IN. Totals in these areas were in the 1-2" range in many cases, with some areas seeing as much as 4 and 5 inches of rain. Some lighter totals (generally less than .50") fell in southern MN, southern WI and southern lower MI. Dry weather dominated the rest of the region yesterday and temps were below average in the north and above average in the south. Highs in the north were in the 60's and highs in the south were in the upper 80's to low 90's. Forecasts continue to look rather benign for the Corn Belt for the next 2 weeks with cooler temps and rain through the upcoming weekend and then a more normal pattern for next week.

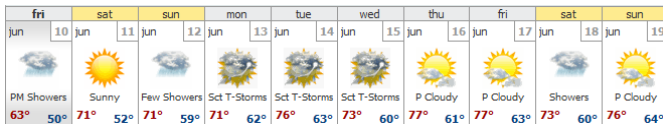
Central Illinois:



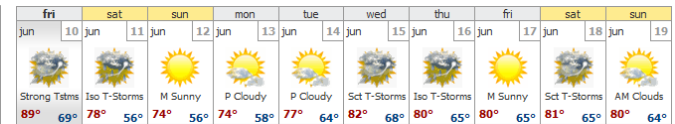
Central Iowa:



South Central Minnesota:



Central Indiana:

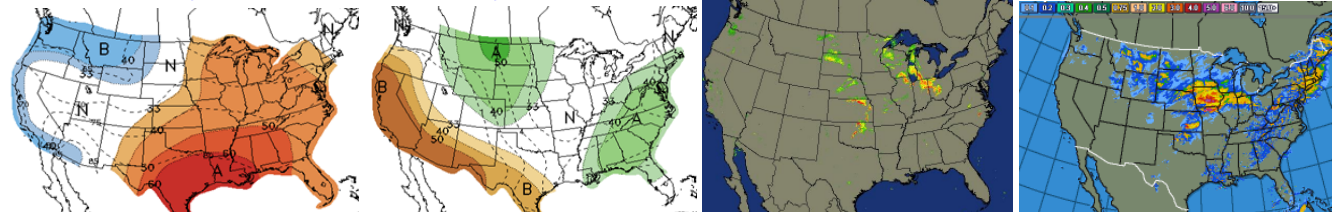


8-14 Day Temp

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, June 6	Tuesday, June 7	Wednesday, June 8	Thursday, June 9
Air Temperature	Max = 89; Min = 65	Max = 101; Min = 75	Max = 97; Min = 64	Max = 69; Min = 51
Soil Temperature				
2 inch	Max = 88; Min = 67; Ave = 77	Max = 95; Min = 72; Ave = 84	Max = 91; Min = 70; Ave = 80	Max = 87; Min = 65; Ave = 76
4 inch	Max = 77; Min = 64; Ave = 70	Max = 82; Min = 68; Ave = 75	Max = 81; Min = 68; Ave = 75	Max = 77; Min = 64; Ave = 70
8 inch	Max = 74; Min = 64; Ave = 69	Max = 78; Min = 68; Ave = 73	Max = 78; Min = 70; Ave = 74	Max = 76; Min = 66; Ave = 71
Daily Precipitation	0.00"	0.00"	0.00"	0.00"

Corn: Morning: July 11 Corn is at \$7.80 ¾, down 4 ¾ cents, Sept 11 Corn is at \$7.50, down 4 cents, Dec 11 Corn closed at \$7.06 ½, down 7 ½ cents. Mar 11 corn closed at \$7.17 ¾, down 6 ½ cents
Yesterday's Close: Jul 11 Corn closed at \$7.85 1/2, up 21 1/2 cents, Sep 11 Corn closed at \$7.54, up 18 cents, Dec 11 Corn closed at \$7.14, up 20 1/4 cents
Corn futures rallied to 29 cents higher out of the gate this morning and then pulled back off of the highs. Both July and Dec set new life of contract highs, driven by tight stocks expectations. USDA released Crop Production and World Supply Demand reports this morning, leaving old crop corn carryover the same as the May report at 730 million bushels but surprised the trade y setting the new crop ending stocks at 695 million bushels. This left stocks use at 5.2%, only slightly above 1995/96 stocks use of 5.0%. They also raised the on farm cash price by \$0.50 to average \$6.50 a bushel. Weekly export sales came in at 350,190 MT, well below trade expectations. The large sale to Mexico announced earlier this week will go in next week's report. Ethanol futures hit 3 year highs.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.85 ¾, down 8 cents, Sept 11 Soybeans closed at \$13.76, down 9 ¼ cents, Nov 11 Soybeans closed at \$13.79, down 7 ¾ cents, Jan 11 Soybeans closed at \$13.86 ½, down 7 ¾ cents
Yesterday's Close: Jul 11 Soybeans closed at \$13.93 ¾, down 7 ¾ cents, Aug 11 Soybeans closed at \$13.87 ¼, down 7 cents, Nov 11 Soybeans closed at \$13.86 ¾, down 5 ¾ cents, Jul 11 Soybean Meal closed at \$372.90, up \$0.10, Jul 11 Soybean Oil closed at \$57.40, down \$0.54
Soybean futures closed lower after trying to make gains earlier in the day. USDA raised the 2010/11 carry out 10 million bushels to 180 million, above average trade estimates. CONAB raised projected Brazilian production to 75 MMT. USDA left 2011/12 Brazilian production

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at 72.5 MMT but raised 2010/11 to 74.5 MMT. Weekly export sales again fell below trade expectations at 120.6 TMT. Processing plants and soybean growers along the Missouri River are preparing for anticipated flood waters. Processors have backed off cash bids. Feed users are working to allocate feed supplies ahead of the disruption to transportation and meal production expected as a result of the flooding. Soybean meal basis has firmed as plant downtime could reduce crush by 18-20 million bushels per month and thus cut meal production.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$7.40 1/2, down 4 1/2 cents, Jul 11 MGEX Wheat is at \$10.10, down 10 3/4 cents
 Yesterday's Close: Jul 11 CBOT Wheat closed at \$7.45, down 3 cents, Jul 11 KCBT Wheat closed at \$8.71 1/4, down 13 3/4 cents, Jul 11 MGEX Wheat closed at \$10.20 3/4, down 3/4 cent

Wheat futures closed lower after some brief strength earlier in the day. USDA put all wheat production at 2.058 billion bushels this morning, above trade estimates. The USDA reduced planted and harvest acres but raised estimated yields. Traders were looking for wheat ending stocks for 2010/11 to come in at 842 million bushels but USDA lowered 2010/11 ending stocks to 809 million. The 2011/12 ending stocks are estimated at 687 million bushels as a result of the drop in the 2010/11 carryover. HRW wheat production came in at the high end of estimates at 776.8 million. SRW came in at the high end of the range, 433.7 million. Export sales for 2011/12 came in at 477.7 TMT with 1.816 MMT carryover from the previous marketing year moved to 2011/12.

Cattle: Yesterday's Close: Jun 11 Cattle closed at \$104.625, up \$0.625, Aug 11 Cattle closed at \$105.425, up \$0.875, Oct 11 Cattle closed at \$111.875, up \$1.125, Aug 11 Feeder Cattle closed at \$125.325, up \$0.525 Sep 11 Feeder Cattle closed at \$126.775, up \$0.600 Oct 11 Feeder Cattle closed at \$127.675, up \$0.700

Cattle futures closed higher but well off of the highs on the back months. There was light cash cattle trade in Nebraska, Kansas, and Iowa. NE sales were \$172 to \$176 in the dressed. Concern about a dip in US economic growth has weighed on beef prices but the lower U.S. dollar has supported good export sales counter balancing U.S. sales and keeping good margins for the packer. Beef exports for the week ending June 2nd were 9.1 TMT. Total exports for the year are at 317.3 TMT, 50% of the 2010 total with 7 months left in the marketing year. USDA lowered beef export projections for both 2011 and 2012 in the morning WASDE report. Choice boxed beef was down again at \$172.58, off \$1.57 and select was at \$167.38, down \$.80.

Hogs: Yesterday's Close: Jun 11 Hogs closed at \$90.450, up \$0.750, Jul 11 Hogs closed at \$92.975, up \$1.625 Aug 11 Hogs closed at \$92.550, up \$1.650

Lean Hogs closed higher but off of the highs of the day. Carcass prices were \$1.83 higher this afternoon at \$90.71. Cash hogs were up \$2.24 in IA/MN, \$2.14 in the WCB and \$1.15. Estimated slaughter was 397,000 compared to 408,000 last year. The lean hog index was at \$90.42, down \$.72 for June 7th. This index is used to settle the Lean Hog futures contracts at expiration. June futures expiration is next Tuesday, June 14th. USDA increased projected 2011 pork exports to 4.872 billion pounds from 4.675 and lowered total supply in the monthly WASDE report this morning.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 151.05, up 600 points, Oct 11 Cotton closed at 138.56, up 106 points Dec 11 Cotton closed at 132.99, up 284 points

Cotton futures closed higher with the front month limit up. The USDA WASDE report released this morning put US cotton ending stocks at 2.5 million bales on lower exports than expected. World ending stocks were slightly higher. US Harvested acres for 2011/12 were lowered another 600,000 and production cut 1 million bales, on continued extreme dryness in the Southwest. Weekly Cotton exports had a net reduction of 143,200 RB for 2010/11. Sales for 2011/12 were 24,500RB. Shipments were down 24 percent from the four week average at 211,000 RB.

Ethanol Monthly Chart

AK - Ethanol Futures (P) (CBOT) - Monthly OHLC Chart



Natural Gas Monthly Chart

NG - Natural Gas (NYMEX) - Monthly OHLC Chart



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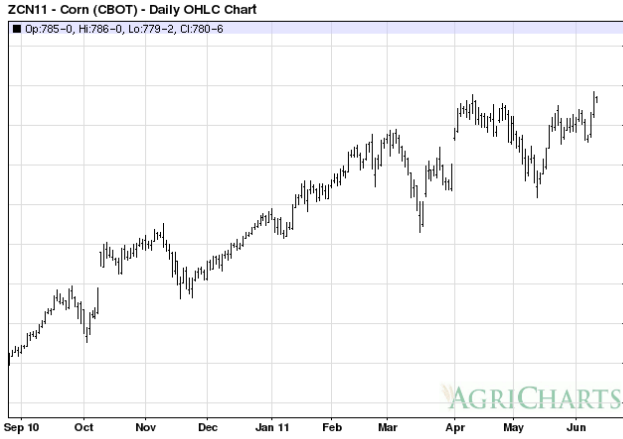
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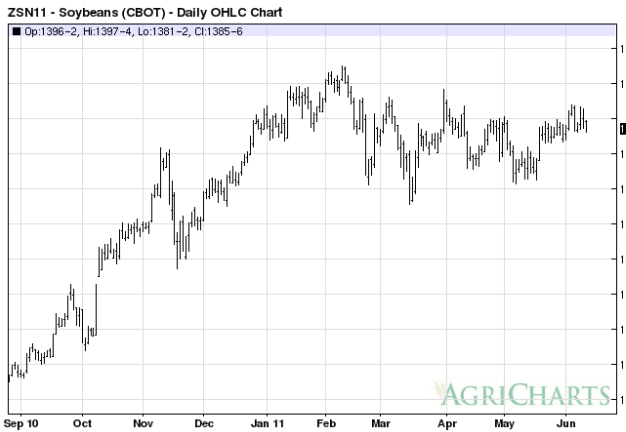
July 11 Corn Daily Chart



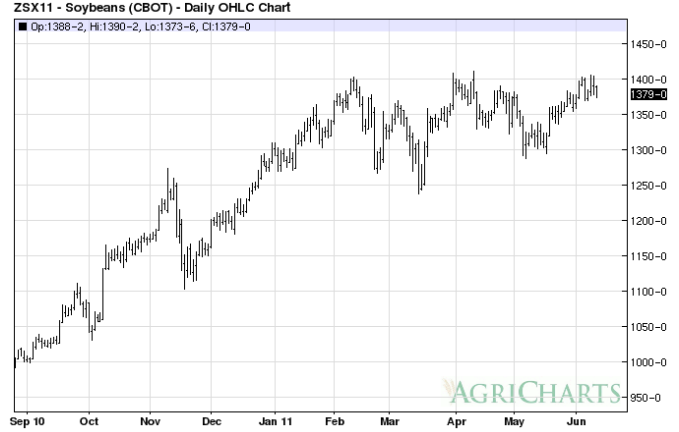
Dec 11 Corn Daily Chart



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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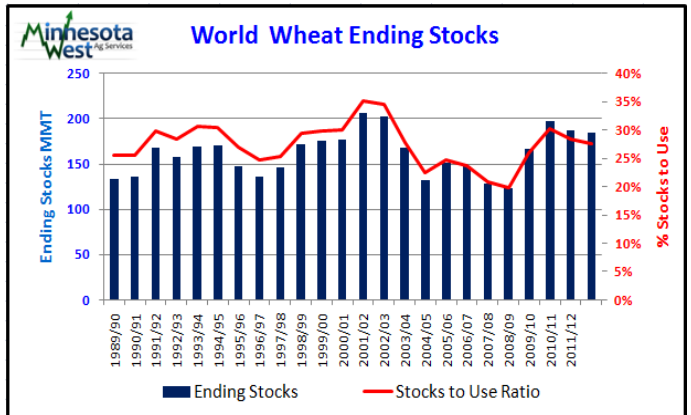
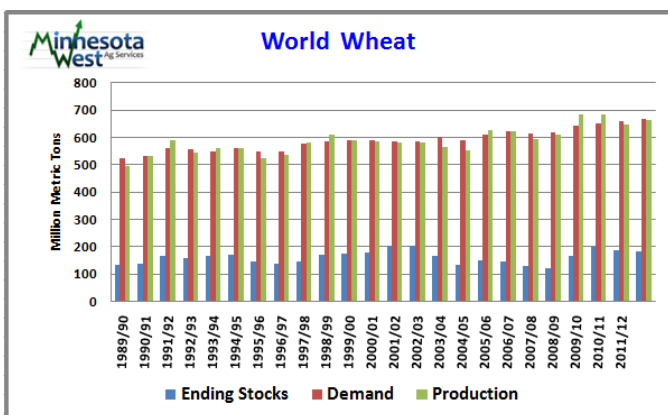
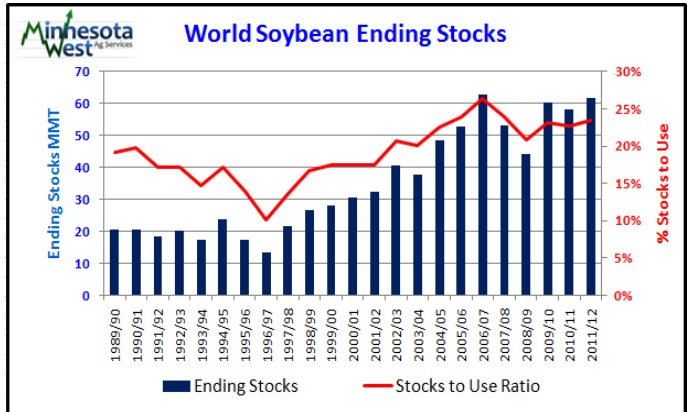
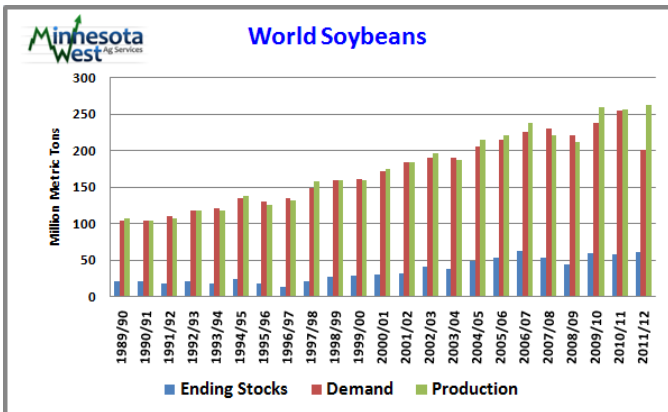
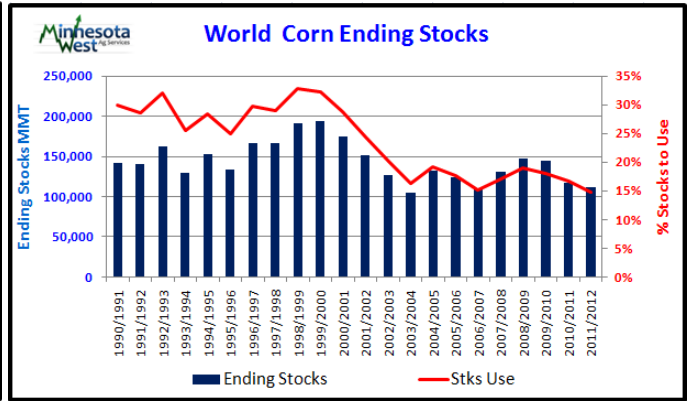
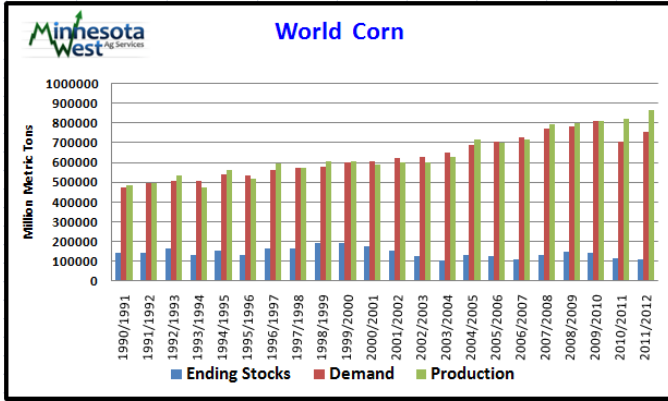
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