



## MORNING COMMENTS

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Monday, June 13, 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 30, 2011 Planted Acres & Grain Stocks, Tues July 12, 2011 WASDE and Crop Production.

**Market Talk** Friday's trade was mixed for much of the session due to conflicting fundamentals and technicals. July corn futures were the leader with speculative buying providing support. **July corn futures reached a high of \$7.99 ¾ and caused selling, the same level stopped the corn rally in June of 2008.**

Texas feedlots are sourcing soft red winter wheat from the eastern corn belt at \$1.00 over CBOT values as a less expensive feedstuff that corn. U.S. corn is quickly becoming over-priced in the world market. Asian buyers can book feed wheat from Australia for \$90 per ton less than U.S. corn. Early reports of winter wheat crop yields are between 70-80 bushels per acre.

Trade is expecting USDA to report corn planting basically complete and soybeans planting nearing 80% complete. We are now going to see market attention shift from planting to crop condition. Last week the corn crop rating increased 4 points as weather turned quite favorable across the Corn Belt. The only area that USDA showed of concern was Illinois, where reports of standing water caused the rating to post a minimal decline. However, significant areas of MN are also of concern. Some soybeans were planted in ground that dried out and need a rain for germination.

Table 6--Wheat: National average prices received by farmers by class (dollars per bushel), 6/13/2011

Month	Hard red winter		Soft red winter		Hard red spring		White	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
June	5.96	3.93	4.69	4.51	6.72	4.63	5.21	4.30
July	5.36	4.38	4.37	4.77	6.00	4.74	4.99	5.29
August	4.84	5.43	4.04	5.77	5.59	5.49	4.68	5.52
September	4.32	5.82	3.63	5.89	4.87	6.03	4.14	5.69
October	4.28	5.86	3.86	5.96	5.04	6.20	4.30	5.67
November	4.68	6.11	4.21	5.46	5.24	6.41	4.39	5.85
December	4.68	6.50	4.52	6.77	5.21	6.60	4.74	6.09
January	4.73	6.51	4.49	6.32	5.33	7.21	4.59	6.04
February	4.54	7.07	4.37	7.09	5.06	7.73	4.56	6.83
March	4.48	7.10	4.14	6.70	5.06	8.06	4.52	6.65
April	4.16	7.50	4.26	7.27	4.92	8.74	4.34	7.06
May	4.16		4.38		4.62		4.35	

Source: USDA, National Agricultural Statistics Service, Agricultural Prices.

Table 3--Cash feed grain prices, 6/13/2011

Mkt year and month	Corn, No. 2 yellow, Central IL (dollars per bushel)			Corn, No. 2 yellow, Gulf ports, LA (dollars per bushel)			Sorghum, No. 2 yellow, Plainview to Muleshoe, TX (dollars per cwt)			Sorghum, No. 2 yellow, Gulf ports, LA (dollars per cwt)		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Sep	5.00	3.10	4.51	5.94	3.82	5.23	8.19	4.48	7.74	9.55	6.86	9.79
Oct	3.69	3.52	5.19	4.65	4.25	5.99	5.85	5.53	8.54	7.40	7.86	10.40
Nov	3.42	3.62	5.33	4.18	4.36	6.05	5.26	6.31	8.78	6.55	8.24	10.75
Dec	3.33	3.59	5.65	4.02	4.18	6.36	4.63	6.25	9.62	6.69	8.21	11.10
Jan	3.61	3.52	6.10	4.39	4.25	6.73	5.13	5.95	10.46	6.85	8.05	11.91
Feb	3.46	3.39	6.69	4.15	4.11	7.44	4.81	5.64	11.42	6.56	7.58	12.63
Mar	3.60	3.40	6.59	4.18	4.04	7.38	5.18	5.71	11.45	6.92	7.62	12.64
Apr	3.69	3.36	7.33	4.29	3.99	8.11	5.28	5.50	12.78	6.78	7.34	13.68
May	3.98	3.43	7.08	4.58	4.15	7.82	5.94	5.77	12.22	7.56	7.49	
Jun	3.97	3.24		4.56	3.88		5.90	5.36		7.78	7.19	
Jul	3.22	3.49		3.86	4.15		4.23	5.76		6.64	7.98	
Aug	3.21	3.77		3.87	4.46		4.83	6.56		6.94	8.46	
Mkt year	3.68	3.45		4.39	4.14		5.44	5.73		7.18	7.74	

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### Outside Markets:

U.S. Dollar Index	75.055	-0.131	-0.17%	Euro FX	1.43380	+0.00260	+0.18%	Ethanol Futures	Jul 11	2.776p	+0.018
CRB CCI Index	654.00p	-5.00	-0.76%	Canadian Dollar	1.02450	+0.00090	+0.09%	Gasoline RBOB (E)	Jul 11	3.0177p	-0.0221
Gold	1530.0	+1.4	+0.09%	Japanese Yen	1.24500	-0.00040	-0.03%	Diesel Gulf (Wsd)	Jul 11	3.1686s	-0.0312
Silver	35.625	-0.701	-1.93%	Australian Dollar	1.04490	+0.00110	+0.11%	Heating Oil (E)	Jul 11	3.1051p	-0.0327
DJIA	11941p	-172	-1.42%	Chinese Renminbi	0.154280p	-0.000080	-0.05%	Crude Oil Brent (E)	Jul 11	119.18	+0.40
S&P 500 Index	1269.20p	-18.20	-1.41%	Mexican Peso	0.084075s	-0.000700	-0.83%	Natural Gas (E)	Jul 11	4.757p	+0.083
Nasdaq 100	2221.25p	-31.25	-1.39%	1-Month Libor	99.7950	0.0000	-	Polypropylene	Jul 11	0.8400s	0.0000
Russell 1000 Growth	582.90p	-9.30	-1.57%	T-Bond	126-17	-0.14	-0.34%	Polyethylene	Jul 11	0.6400p	0.0000
MSCI Emi Index	1130.60	+7.10	+0.63%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jul 11	1531.500p	-17.273
Nikkei 225	9475.00	+25.00	+0.26%	5-Year T-Note	121-2.5	-0.155	-0.4%	Coal Futures	Jul 11	78.43p	-0.02
Brazilian Real	0.62460p	-0.00230	-0.37%	10-Year T-Note	124-205	-0.090	-0.23%	Uranium	Jun 11	55.50p	0.00

**Weather** Locally we received .10" rainfall over the weekend. Showers and thunderstorms occurred across the eastern Midwest later Friday and into Saturday, bringing totals of .35-.75 to most areas with some 1"+ totals also occurring- especially in southern IL. On Sunday, some showers and some thunderstorms moved into the western Midwest. Totals with that activity were generally less than .50" and fell in the western 1/2 to 2/3rds of MN, IA and MO. Temps were below average, with highs in the 60's and 70's. The forecast sees the next batch of rains to occur in all of the region by Tuesday into Wednesday and Thursday and totals look to be fairly healthy in most cases with that activity. Some scattered showers and thunderstorms look to occur over the weekend, with mainly light amounts indicated. Then as we head into the early to middle of next week, another widespread and fairly meaningful rain event looks to occur across the region.

#### Central Illinois:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 13	jun 14	jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22
P Cloudy	Sct T-Storms	Sct T-Storms	P Cloudy	Iso T-Storms	Sct T-Storms	Iso T-Storms	Sunny	Sct T-Storms	P Cloudy
76° 58°	76° 59°	75° 62°	80° 62°	81° 65°	83° 66°	85° 70°	86° 69°	85° 69°	83° 67°

#### Central Iowa:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 13	jun 14	jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22
Cloudy	T-Showers	P Cloudy	P Cloudy	Sct T-Storms	Iso T-Storms	Iso T-Storms	Sct T-Storms	Sct T-Storms	P Cloudy
76° 64°	67° 65°	75° 63°	82° 66°	82° 69°	83° 67°	86° 72°	84° 69°	81° 66°	82° 65°

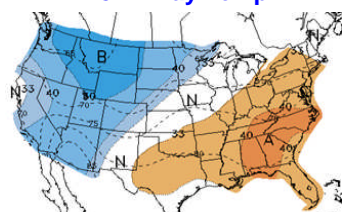
#### South Central Minnesota:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 13	jun 14	jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22
Sct T-Storms	Sct T-Storms	Sct T-Storms	P Cloudy	Iso T-Storms	Iso T-Storms	Iso T-Storms	Sct T-Storms	P Cloudy	P Cloudy
74° 62°	72° 63°	74° 61°	76° 62°	75° 62°	77° 63°	78° 64°	76° 64°	74° 60°	73° 57°

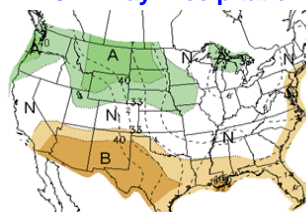
#### Central Indiana:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 13	jun 14	jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22
AM Clouds	P Cloudy	Sct T-Storms	Iso T-Storms	P Cloudy	Sct T-Storms	Iso T-Storms	Sunny	Sct T-Storms	AM Clouds
77° 58°	76° 59°	72° 63°	81° 63°	81° 66°	84° 68°	86° 70°	87° 72°	88° 72°	86° 69°

#### 8-14 Day Temp



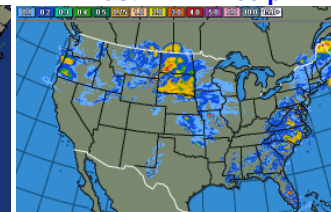
#### 8-14 Day Precipitation



#### 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	Friday, June 10
<b>Air Temperature</b>	Max = 89; Min = 65	Max = 101; Min = 75	Max = 97; Min = 64	Max = 69; Min = 51	Max = 65; Min = 52
<b>Soil Temperature</b>					
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	Max = 74; Min = 60; Ave = 67
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	Max = 72; Min = 61; Ave = 66
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	Max = 68; Min = 62; Ave = 65
<b>Daily Precipitation</b>	0.00"	0.00"	0.00"	0.00"	0.23"

**Corn:** Morning: July 11 Corn is at \$7.88 1/2, up 1 1/2 cents, Sept 11 Corn is at \$7.54 1/2, down 1 1/2 cents, Dec 11 Corn closed at \$7.08, down 4 1/2 cents. Mar 11 corn closed at \$7.17 3/4, down 5 1/4 cents  
Friday's Close: Jul 11 Corn closed at \$7.87, up 1 1/2 cents, Sept 11 Corn closed at \$7.56, up 2 cents, Dec 11 Corn closed at \$7.12 1/2, down 1 1/2 cents Dec 11 Corn closed at \$7.12 1/2, down 1 1/2 cents  
Corn futures closed with out much change at the end of the day but were up 33 cents for the week with most of that price rise done yesterday

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**Monday, June 13, 2011**

following the monthly WASDE report. Both new and old crop corn hit new contract highs yesterday. The trade was surprised by USDA reducing new crop acres which typically would not have been done until the Production report on June 30th. The other surprise was the USDA setting new crop at ending stocks at 695 million bushels down from the 900 million bushels in the May report. The USDA also raised the on farm cash price by \$0.50 to average \$6.50 a bushel, an historically high price level. Weather remains an issue in several parts of the main corn producing states. The corn wheat spread traded at the widest level in 15 years on the spot contracts today.

**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.84 , down 3 ¼ cents , Sept 11 Soybeans closed at \$13.76 ½ , down 3 cents, Nov 11 Soybeans closed at \$13.77 , down 4 ¾ cents, Jan 11 Soybeans closed at \$13.86 , down 5 ¼ cents

Friday's Close: Jul 11 Soybeans closed at \$13.87 ¼ , down 6 ½ cents, Aug 11 Soybeans closed at \$13.82 ¼ , down 5 cents, Nov 11 Soybeans closed at \$13.81 ¾ , down 5 cents, Jul 11 Soybean Meal closed at \$373.30, up \$0.40, Jul 11 Soybean Oil closed at \$56.85, down \$0.55

Soybean futures closed lower on the day and down 27 cents for the week. The recent price trend in Soybean futures has been sideways in just over a dollar price range for the last six months on the new crop November soybeans. Old crop beans have been sideways for about three months in a wider price range. The USDA increased soybean ending stocks for both 2010/11 and 2011/12 on yesterdays report and raised World ending stocks from last month, however world stocks are still declining from the last two years. 2011/12 stocks are .75 MMT lower than a year ago projected at 2.38 MMT from 3.13 MMT. Flooding along the Mississippi and Missouri Rivers have had an impact on production but the facts will not be known until harvest. Floods have disrupted truck transportation along interstate 29 that parallels the Missouri River. Railroads and barge transportation is also affected. Flood delaying transportation problems have kept basis levels firm. The CFTC Disag report indicates there has been some cash movement with commercials increasing their net short positions in the futures and options and Managed Money increasing their net longs.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$7.63 ½ , down 4 ¼ cents, Jul 11 MGEX Wheat is at \$10.04 ¾ , down 4 ¾ cents

Friday's Close: Jul 11 CBOT Wheat closed at \$7.59 ¼ , up 14 ¼ cents, Jul 11 KCBT Wheat closed at \$8.68, down 3 ¼ cents, Jul 11 MGEX Wheat closed at \$10.00, down 20 ¾ cents

Wheat futures closed mostly lower with the exception of the first two CBOT wheat contracts. Wheat futures were down 14 ½ cents on the CBOT, down 46 ¼ cents on the KCBT and down 60 ½ cents on the MGEX for the week. There appeared to be spread unwinding between CBOT and MGEX wheat during the session. This has been a tough growing year for the U.S. wheat crop and the USDA dropped winter wheat production 35 million bushels from last year. All wheat ending stocks were dropped 30 million bushels from the May report. Weather is still impacting spring wheat seeding with above normal precipitation forecasted for the Northern Plains in the 6 to 10 day forecast. The corn price relative to wheat could prompt more wheat feeding if livestock operations are able to lock in that spread for a period of time. The spread disappears in the September contracts.

**Cattle:** Friday's Close: Jun 11 Cattle closed at \$102.725, down \$1.900, Aug 11 Cattle closed at \$103.475, down \$1.950, Oct 11 Cattle closed at \$110.150, down \$1.725, Aug 11 Feeder Cattle closed at \$123.625, down \$1.700 Sep 11 Feeder Cattle closed at \$125.175, down \$1.600 Oct 11 Feeder Cattle closed at \$126.125, down \$1.550

Cattle futures ended sharply lower on the day after rallying to resistance yesterday and closed \$1.45 lower for the week. Cash cattle business was higher this week ranging from \$105 in TX and KS and \$107 to \$108 in NE and \$172 to \$174 in the dressed. The dollar rallied sharply higher and the stock market ended nearly 175 points lower on the day, closing below 12000 for the first time in nearly three months. Boxed beef closed lower with the futures. Choice beef was down \$1.03 at \$171.55 and Select beef was down \$2.01 at \$165.37. The CFTC report showed a lightening of positions as of June 7th for all traders.

**Hogs:** Friday's Close: Jun 11 Hogs closed at \$91.700, up \$1.250, Jul 11 Hogs closed at \$93.225, up \$0.250 Aug 11 Hogs closed at \$92.825, up \$0.275

Lean Hogs were mostly higher on the close and were up \$2.47 for the week. USDA increased 2011 pork exports to 4,872 million pounds from 4,675 million pounds and lowered total supply on the WASDE yesterday when compared to the May report. South Korea increased the amount of U.S. pork they intend to import to 260,000 MT (\$73.2 million pounds) tariff free. As of April 30 South Korea had purchased nearly 234 million pounds of pork. Cash hogs finished the week on a high note. IA/MN hogs were \$1.68 higher at \$91.41, WCB hogs were \$1.38 higher at \$91.10 and ECB hogs were \$3.19 higher at \$90.18. Pork trading was slow to moderate with light to moderate demand and offerings. The carcass was lower today but up \$2.24 for the week. The net position of traders remained relatively the same as last week according to the CFTC report.

**Cotton:** Friday's Close: Jul 11 Cotton closed at 150.03, down 102 points, Oct 11 Cotton closed at 139.67, up 111 points Dec 11 Cotton closed at 133.65, up 66 points

Cotton futures closed mixed with new crop up slightly and old crop lower. Front month was down 11.6 cents/lb for the week or 7.18%. The CFTC Disaggregated Futures and Options report showed managed money liquidating net longs as of Tuesday.

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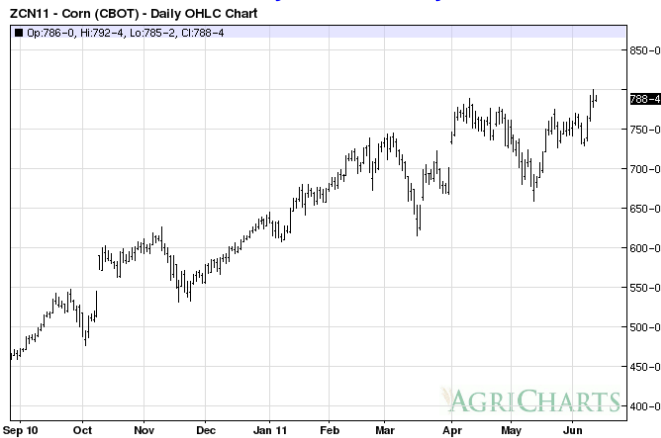
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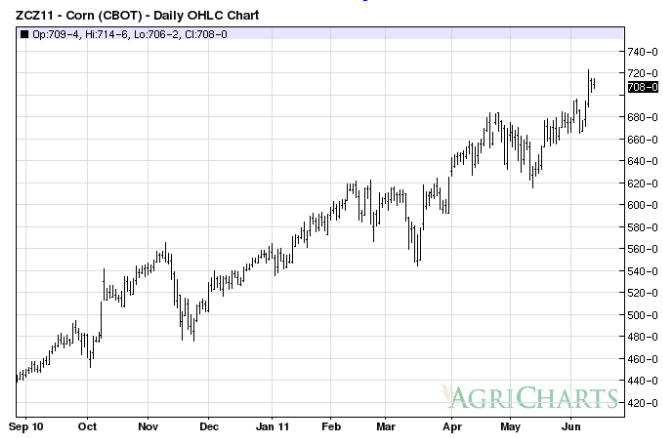
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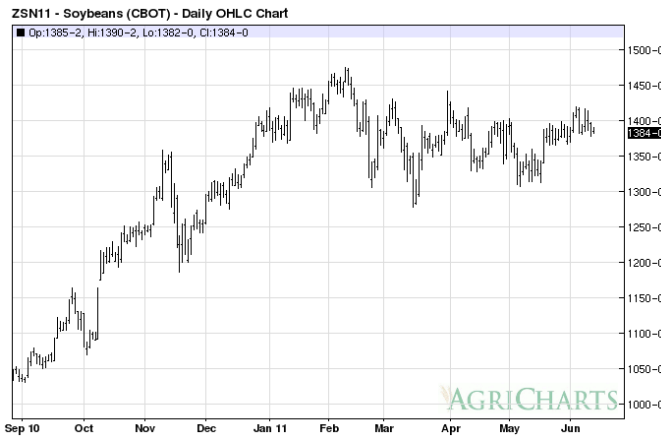
### July 11 Corn Daily Chart



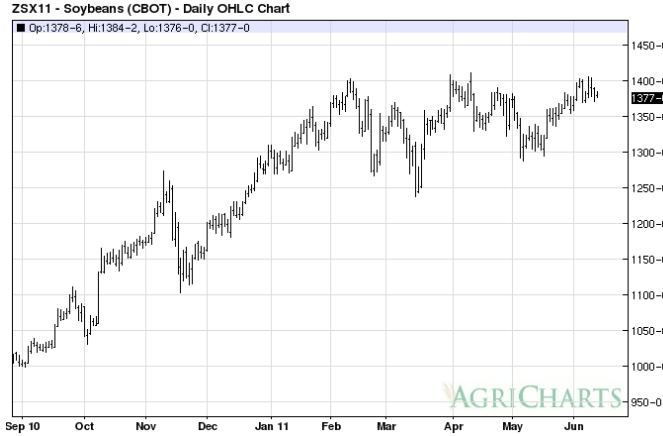
### Dec 11 Corn Daily Chart



### 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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