



MORNING COMMENTS

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Tuesday, June 14, 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

Hedge: a means of protection against something, especially a means of guarding against financial loss

Speculate: to form a conjecture on the basis of incomplete facts or information, to engage in financial transactions that have an element of risk.

Market Talk Some domestic corn and soybean processors are evaluating their needs ahead of the upcoming harvest. Some of these buyers have needs covered from now through the end of the old-crop marketing year, and are either reducing or pulling their bids as a result. This is most noticeable in the soy complex, where processors have to shut down for annual maintenance ahead of the harvest season anyway. If crush margins remain depressed, these processors may let plants sit idle until cheaper new crop soybeans become available. In MN this typically takes place in August as old crop soybean supplies are depleted.

Congress is expected to vote on renewable fuel subsidies, and it is quite likely we will see considerable changes from present incentives. We also heard today that some ethanol plants in the Eastern Corn Belt are going to process what corn they have booked and then halt manufacturing until profitability returns.

As previously discussed, there has been talk of feed wheat displacing corn in the global market. We are aware of some of this happening in the domestic market, especially in the Texas Panhandle and also reportedly in the Southeast. At the present time feed wheat is being offered for \$1.30 less than corn in this region, compared to 60 cents just two weeks ago. This shifting has the possibility of displacing a large amount of corn demand.

USDA report showed 99% of US corn is planted, on par with average. Perhaps in part because planting ceased because of the late date. Reuters survey had the trade expecting soybean planting at 82% in the Crop Progress report. Other sources projected 86-90% done. The report showed 87% planted, 2 points below average.

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.	100%	94%	99%	99.0%	U.S.	90%	68%	87%	89.0%	
Kansas	100%	100%	100%	100.0%	Iowa	97%	94%	98%	96.0%	
Iowa	99%	99%	100%	100.0%	Nebraska	96%	91%	98%	96.0%	
Nebraska	100%	99%	100%	100.0%	Illinois	90%	78%	92%	84.0%	
Illinois	100%	98%	99%	99.0%	Kansas	83%	68%	85%	79.0%	
Missouri	100%	98%	100%	97.0%	Arkansas	91%	66%	82%	83.0%	
Minnesota	100%	95%	99%	100.0%	Minnesota	99%	75%	94%	99.0%	
S Dakota	100%	93%	98%	99.0%	Missouri	70%	59%	77%	72.0%	
Wisconsin	100%	93%	98%	100.0%	S Dakota	89%	57%	83%	90.0%	
Indiana	100%	82%	96%	98.0%	Indiana	87%	49%	78%	86.0%	
Ohio	100%	58%	97%	100.0%	Ohio	85%	26%	77%	94.0%	

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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.	97%	79%	91%	96.0%	U.S.	78%	44%	64%	76.0%	
Iowa	99%	96%	99%	98.0%	Iowa	97%	78%	92%	88.0%	
Kansas	97%	91%	98%	98.0%	Nebraska	83%	65%	84%	86.0%	
Illinois	98%	90%	97%	95.0%	Illinois	79%	53%	76%	71.0%	
Missouri	95%	90%	97%	93.0%	Arkansas	80%	48%	56%	70.0%	
Nebraska	98%	88%	98%	98.0%	Kansas	64%	45%	65%	63.0%	
Minnesota	100%	79%	90%	99.0%	Minnesota	94%	38%	67%	90.0%	
S Dakota	93%	73%	82%	93.0%	Missouri	56%	35%	58%	57.0%	
Wisconsin	97%	64%	83%	94.0%	Indiana	78%	26%	54%	73.0%	
Indiana	96%	57%	81%	92.0%	S Dakota	62%	20%	39%	65.0%	
Ohio	96%	21%	57%	97.0%	Ohio	75%	9%	29%	83.0%	

Traders surveyed by Reuters estimated the corn crop to be 68% good/excellent and planting 97% completed in USDA's Crop Progress report. Condition was at 69% good/excellent, up 2 points from last week and down 8 points from last year. Soybean condition was at 67%, down 5 points from last year.

Crop Condition										
Corn Crop					Soybean Crop					
% of Crop USDA estimates condition as Good or Excellent										
	Last Year	Last Week	This Week	Average		Last Year	Last Week	This Week	Average	
U.S.	72%	67%	69%	67.0%	U.S.	73%	NA	67%	63.0%	
Kansas	75%	61%	58%	64.0%	Iowa			82%	69.0%	
Iowa	76%	81%	84%	71.0%	Nebraska	78%		75%	74.0%	
Nebraska	81%	73%	74%	76.0%	Illinois	68%		66%	53.0%	
Illinois	72%	66%	69%	57.0%	Kansas	68%		57%	63.0%	
Missouri	49%	61%	62%	58.0%	Arkansas	67%		42%	51.0%	
Minnesota	94%	75%	79%	72.0%	Minnesota	92%		76%	69.0%	
S Dakota	81%	73%	77%	71.0%	Missouri	53%		65%	52.0%	
Wisconsin	86%	78%	80%	71.0%	S Dakota	73%		72%	67.0%	
Indiana	70%	52%	54%	58.0%	Indiana	68%		55%	57.0%	
Ohio	65%	31%	72%	63.0%	Ohio	62%		72%	61.0%	

The USDA Crop Progress report showed winter wheat headed at 85%, up 6 points from last week and down 6 points from average. Winter wheat condition was at 35%, up a point from last week and down 31% from last year. Spring wheat planted was 88%, up 9 points from last week and 12 points below average. Spring wheat condition was 68% good/excellent, 18 points below last year.

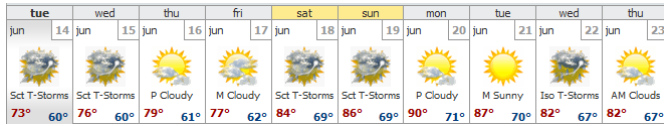
Outside Markets:

U.S. Dollar Index	74.725	-0.149	-0.2%	Euro FX	1.44090	+0.00370	+0.26%	Ethanol Futures	Jul 11	2.777p	+0.001
CRB CCI Index	648.00p	-6.00	-0.92%	Canadian Dollar	1.02450	+0.00290	+0.28%	Gasoline RBOB (E)	Jul 11	2.9968p	-0.0209
Gold	1519.4	+4.4	+0.29%	Japanese Yen	1.24700	-0.00050	-0.04%	Diesel Gulf (Ulsd)	Jul 11	3.1662p	-0.0024
Silver	34.830	+0.094	+0.27%	Australian Dollar	1.05160	+0.00240	+0.23%	Heating Oil (E)	Jul 11	3.1058p	+0.0007
DJIA	11953p	+12	+0.1%	Chinese Renminbi	0.154280p	0.000000	-	Crude Oil Brent (E)	Jul 11	119.10p	+0.32
S&P 500 Index	1271.60p	+2.40	+0.19%	Mexican Peso	0.084200s	+0.000125	+0.15%	Natural Gas (E)	Jul 11	4.646p	-0.111
Nasdaq 100	2223.25p	+2.00	+0.09%	1-Month Libor	99.7950p	0.0000	-	Polypropylene	Jul 11	0.8200s	-0.0200
Russell 1000 Growth	582.10s	-0.80	-0.14%	T-Bond	126-10	-0.12	-0.3%	Polyethylene	Jul 11	0.6200p	-0.0200
MSCI Emi Index	1138.20	+15.60	+1.39%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1533.091p	+1.591
Nikkei 225	9545.00	+110.00	+1.17%	5-Year T-Note	121-7.5	-0.75	-0.1%	Coal Futures	Jul 11	79.12p	+0.69
Brazilian Real	0.62710p	+0.00250	+0.4%	10-Year T-Note	124-180	-0.065	-0.16%	Uranium	Jun 11	55.50p	0.00

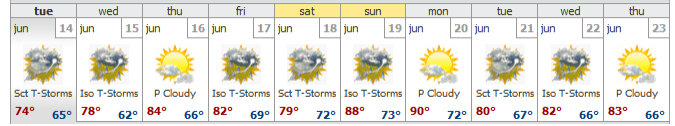
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Weather Showers and thunderstorms fired up across the southwest 1/2 of IA into the northeast 1/2 of MO and southwest IL in the past 24 hours. Totals as of midnight were in the .20-.60" range, but more rains have fallen since. Mainly dry weather occurred across the rest of the Midwest yesterday and temps were a little below average, with highs in the 70's in most cases. The forecast sees rains to occur in all of the region in the next 2-3 days, with slightly quieter weather for later this week. Some scattered showers and thunderstorms look to occur over the weekend, with mainly light amounts indicated and a southerly bias seen. 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.

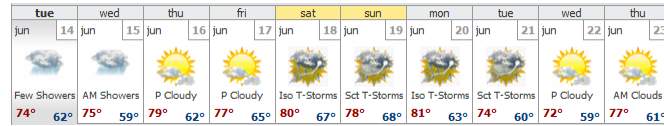
Central Illinois:



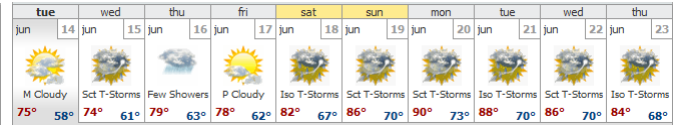
Central Iowa:



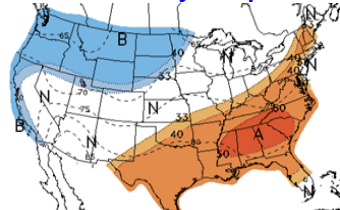
South Central Minnesota:



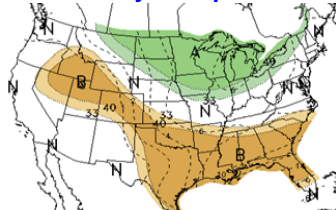
Central Indiana:



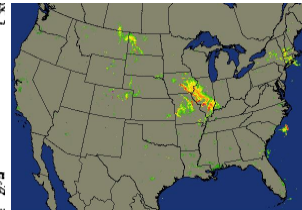
8-14 Day Temp



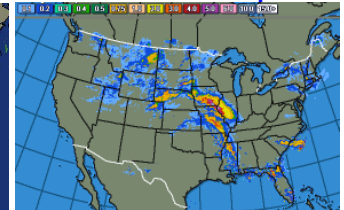
8-14 Day Precipitation



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	Friday, June 10	Monday, June 13
Air Temperature	Max = 89; Min = 65	Max = 101; Min = 75	Max = 97; Min = 64	Max = 69; Min = 51	Max = 65; Min = 52	Max = 71; Min = 54
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	Max = 74; Min = 60; Ave = 67	Max = 79; Min = 61; Ave = 70
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	Max = 73; Min = 60; Ave = 67
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	Max = 67; Min = 61; Ave = 64
Daily Precipitation	0.00"	0.00"	0.00"	0.00"	0.23"	0.01"

Corn: Morning: July 11 Corn is at \$7.71 3/4, down 10 3/4 cents, Sept 11 Corn is at \$7.40, down 11 3/4 cents, Dec 11 Corn closed at \$6.91 1/2, down 13 cents. Mar 11 corn closed at \$7.02 3/4, down 13 1/2 cents
 Yesterday's Close: Jul 11 Corn closed at \$7.82 1/2, down 4 1/2 cents, Sep 11 Corn closed at \$7.51 3/4, down 4 1/4 cents, Dec 11 Corn closed at \$7.04 1/2, down 8 cents Dec 11 Corn closed at \$7.04 1/2, down 8 cents
 Corn futures closed lower on expected improved corn conditions and lower crude oil. The USDA Export Inspections report this morning showed 32.084 million bushels inspected for export for the week ending June 9th with a total increase of 35.7 million bushels from last week after revisions to prior data. This is 6 million bushels behind last years weekly pace and well off the pace needed to meet USDA projections for the year ending August 31. Weather remains an issue in several parts of the main corn producing states. Missouri River flooding will get worse, both due to the increased releases from the dams this week and because of weekend rains. A levee south of Hamburg, IA failed today, prompting a flood alert for the town and surrounding crops. Texas and the Southeast remain too hot and too dry.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.78 1/2, dn 4 1/2 cents, Sept 11 Soybeans closed at \$13.69 1/2, dn 5 3/4 cents, Nov 11 Soybeans closed at \$13.72, down 4 3/4 cents, Jan 11 Soybeans closed at \$13.88 1/2, up 2 cents
 Yesterday's Close: Jul 11 Soybeans closed at \$13.82 3/4, down 4 1/2 cents, Aug 11 Soybeans closed at \$13.77 1/2, down 4 3/4 cents, Nov 11 Soybeans closed at \$13.76 3/4, down 5 cents, Jul 11 Soybean Meal closed at \$370.10, down \$3.20, Jul 11 Soybean Oil closed at \$56.82, down \$0.03
 Soybean futures closed lower, weighed down by expectations for good conditions reported in this afternoon's Crop Progress report, lower grains and crude oil. The USDA Export Inspections report this morning showed 6.78 million bushels inspected for export for the week

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ending June 9th with a total increase of 8 million bushels from last week after revisions to prior data. This is on par with last year's weekly pace. Floods have disrupted truck transportation along Interstate 29 that parallels the Missouri River. Five soybean processing plants are also potentially going to have to shut down.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$7.41 ¼ , dn 1 ¾ cents, Jul 11 MGEX Wheat is at \$9.79 , down 6 ¼ cents
 Yesterday's Close: Jul 11 CBOT Wheat closed at \$7.43, down 16 ¼ cents, Jul 11 KCBT Wheat closed at \$8.51, down 17 cents, Jul 11 MGEX Wheat closed at \$9.85 ¼ , down 14 ¾ cents

Wheat futures closed lower on the 3 exchanges, hurt by weakness in the other grains and selling pressure from the Paris market. The USDA Export Inspections report this morning showed 23.930 million bushels inspected for export for the week ending June 9th with a total increase of 23.949 million bushels from last week after revisions to prior data. This is 9.9 million bushels ahead of last years weekly pace. Weather is still delaying spring wheat seeding with above normal precipitation forecasted for the Northern Plains in the 6 to 10 day forecast.

Cattle: Yesterday's Close: Jun 11 Cattle closed at \$103.200, up \$0.475, Aug 11 Cattle closed at \$104.025, up \$0.550, Oct 11 Cattle closed at \$110.725, up \$0.575, Aug 11 Feeder Cattle closed at \$124.775, up \$1.150 Sep 11 Feeder Cattle closed at \$126.300, up \$1.125 Oct 11 Feeder Cattle closed at \$127.150, up \$1.025

Cattle futures closed higher. Cash cattle business was higher last week, ranging from \$105 in TX and KS and \$107 to \$108 in NE and \$172 to \$174 in the dressed. Asking prices are \$106-107 for this week. Boxed beef was higher today with Choice beef was up \$1.44 at \$172.99 and Select beef was up \$.38 at \$165.75. The USDA Crop Progress report showed pasture condition at 53% good/excellent, unch from last week and down 19 points from last year.

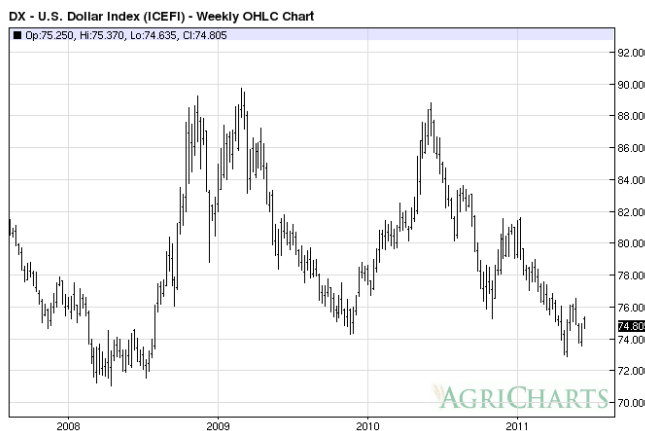
Hogs: Yesterday's Close: Jun 11 Hogs closed at \$92.475, up \$0.775, Jul 11 Hogs closed at \$93.525, up \$0.300 Aug 11 Hogs closed at \$92.375, down \$0.450

Lean Hogs closed mixed. The lean hog index was at \$90.58, up \$.07. South Korea increased the amount of U.S. pork they intend to import to 260,000 MT (573.2 million pounds) tariff free. This is supportive to the wholesale market by removing supply that US consumers would otherwise have to consume. Census data shows April exports dipped 14% from the torrid March pace. Cash hogs were all lower on Monday. IA/MN hogs were \$2.17 lower, WCB hogs \$1.97 lower and ECB hogs \$1.29 lower. The carcass cutout was at \$91, up \$.67. Thus, packer margins improved.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 150.95, up 92 points, Oct 11 Cotton closed at 139.58, down 9 points Dec 11 Cotton closed at 131.58, down 207 points

Cotton futures closed mixed with old crop leading and aided by a sharply weaker US dollar index. The Chinese Yuan is not in the index, but it is 5.1% stronger vs. the dollar than it was one year ago. That gives the mills some buying power, but they are still having trouble selling yarn based on these cotton prices. Significantly higher amounts of required working capital are limiting purchases. US Certificated stocks were at 55,867 bales. The USDA Crop Progress report showed cotton planting at 95%, ahead of average by a point. Condition was 28% good/excellent, down 34% from last year.

US Dollar Index Weekly



Crude Oil Weekly



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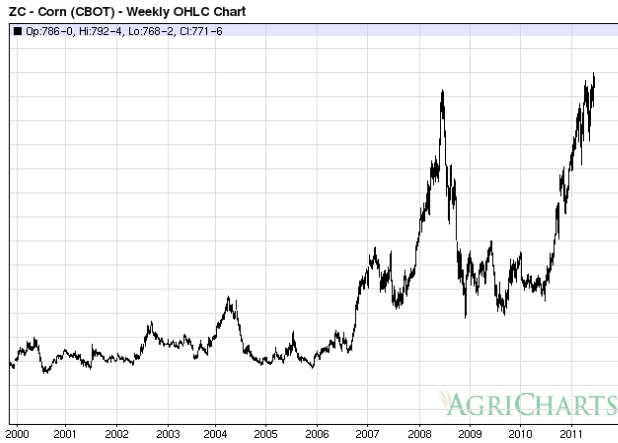
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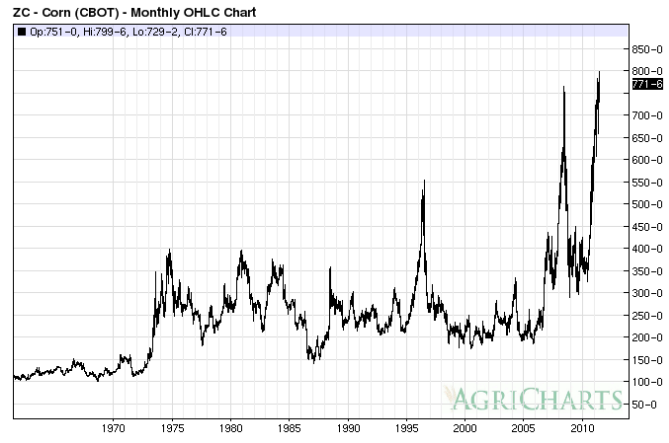
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Corn Weekly Chart



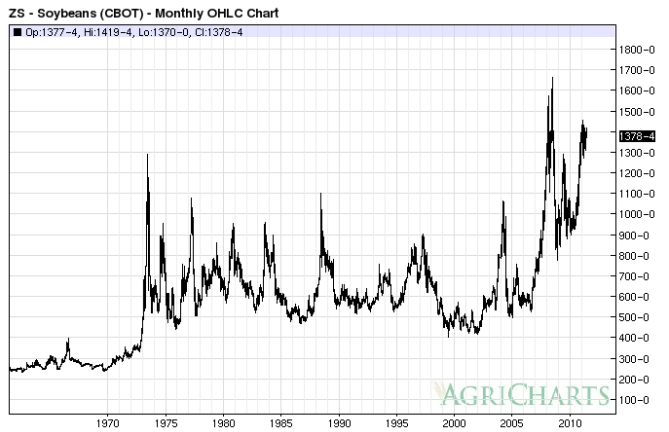
Corn Monthly Chart



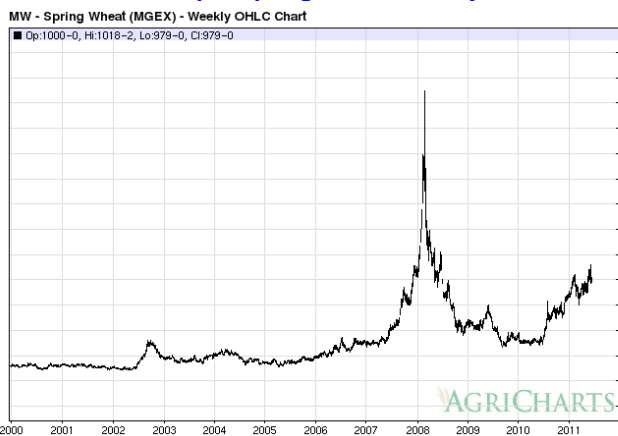
Soybean Weekly Chart



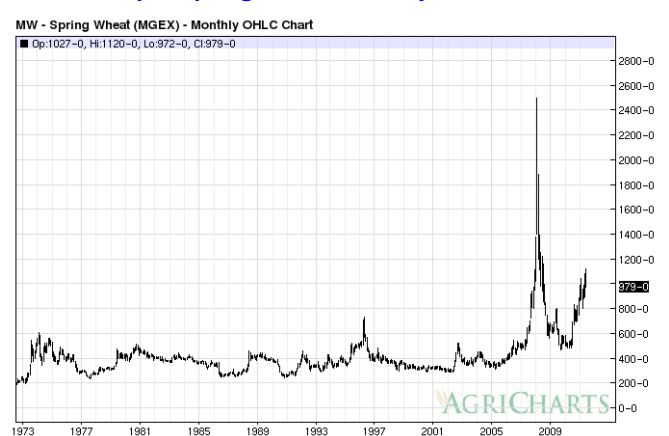
Soybean Monthly Chart



Mpls Spring Wheat Weekly Chart



Mpls Spring Wheat Monthly Chart



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