



MORNING COMMENTS

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Wednesday, June 15, 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 The US senate defeated an amendment to end ethanol blender's credit subsidies. The white house promises that another round of amendments will be forthcoming. This has been expected and should not cause a market panic, though it could be one of a number of factors that cause a correction.

Monday's USDA report showed 99% of intended corn acres planted. Traders debating whether this represents 99% of the original 92.2 million acres estimated in March or reflects reduced planting intentions due to late wet conditions. Some traders suggesting this might still project final plantings above USDA's pre-report adjusted 90.7 million in the June S&D update. June 30 survey will help clarify the situation. Informa is expected to provide acre estimates on Thursday. Of the corn condition ratings only Iowa was rated better than last year at 84% vs 76% last year. Current corn and soy ratings, if held stable or rated better upto July 1, would historically be associated with above trend yields. Some analysts modeling suggest a national corn yield near 99% of trend or near 162.3 is still possible.

Talk from Australia is that mice are having a hay day in the wheat crop and will cause significant yield losses in some areas. This has occurred in the past.

Outside Markets:

U.S. Dollar Index	75.465	+0.773	+1.03%	Euro FX	1.42530	-0.01730	-1.2%	Ethanol Futures	Jul 11	2.751p	-0.026
CRB CCI Index	648.50p	+0.50	+0.08%	Canadian Dollar	1.02800	-0.00280	-0.27%	Gasoline RBOB (E)	Jul 11	3.0646p	+0.0678
Gold	1515.0	-8.8	-0.58%	Japanese Yen	1.23770	-0.00540	-0.43%	Diesel Gulf (Ulsd)	Jul 11	3.1866s	+0.0204
Silver	35.305	-0.105	-0.3%	Australian Dollar	1.05420	-0.00230	-0.22%	Heating Oil (E)	Jul 11	3.1258p	+0.0200
DJIA	12087p	+134	+1.12%	Chinese Renminbi	0.154430p	+0.000150	+0.1%	Crude Oil Brent (E)	Jul 11	120.16p	+1.06
S&P 500 Index	1289.90p	+18.30	+1.44%	Mexican Peso	0.084700s	+0.000500	+0.59%	Natural Gas (E)	Jul 11	4.581p	-0.065
Nasdaq 100	2250.75p	+27.50	+1.24%	1-Month Libor	99.8000	+0.0025	-	Polypropylene	Jul 11	0.8200s	0.0000
Russell 1000 Growth	591.80p	+9.70	+1.67%	T-Bond	125-10	-0-04	+0.1%	Polyethylene	Jul 11	0.6200p	0.0000
MSCI Emi Index	1128.40	-12.20	-1.07%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jul 11	1531.273p	-1.818
Nikkei 225	9560.00	-55.00	-0.57%	5-Year T-Note	121-7.5	+0-7.5	+0.23%	Coal Futures	Jul 11	78.83p	-0.29
Brazilian Real	0.62990	0.00000	-	10-Year T-Note	124-050	+0-055	+0.14%	Uranium	Jun 11	55.00p	-0.50

Weather Locally we received a nearly perfect 1.00" of rainfall. However, most of south western MN got 3" or more with an area of southern Redwood County and Cottonwood county receiving as much as 4-6" yesterday. Showers and thunderstorms fired up across MN, IA, MO, southwest WI and the northern 2/3rds of IL in the past 24 hours. Totals as of midnight were generally in the .25-1" range, with some 1"+ amounts also occurring. Most rains have fallen since midnight in many of these areas. Temps remained a little below average in the east, with highs in the 70's in most cases, but rose to average in the west, with some 80's occurring. The forecast sees rains with the current system to work through the eastern Midwest in the next 24 hours, with slightly quieter weather for later this week.

Central Illinois:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24
AM T-Storms	Iso T-Storms	Iso T-Storms	P Cloudy	M Sunny	Iso T-Storms	P Cloudy	P Cloudy	AM Clouds	
77° 60°	84° 63°	84° 65°	84° 69°	91° 74°	93° 73°	87° 67°	82° 65°	76° 62°	77° 60°

South Central Minnesota:

wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24
Sct T-Storms	Iso T-Storms	Sct T-Storms	Sct T-Storms	Iso T-Storms	Iso T-Storms	Sct T-Storms	Showers	Showers	P Cloudy
78° 59°	84° 66°	78° 66°	76° 67°	78° 68°	82° 65°	72° 59°	68° 56°	67° 54°	73° 56°

Central Iowa:

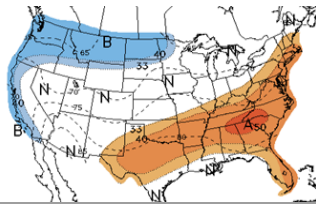
wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24
AM Showers	PM T-Storms	Sct T-Storms	Iso T-Storms	P Cloudy	P Cloudy	Sct T-Storms	M Sunny	Showers	AM Clouds
82° 63°	83° 69°	87° 72°	86° 74°	93° 76°	91° 69°	79° 65°	79° 63°	75° 63°	77° 62°

Central Indiana:

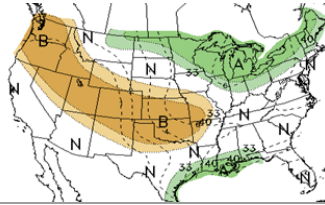
wed	thu	fri	sat	sun	mon	tue	wed	thu	fri
jun 15	jun 16	jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24
Hvy T-Storms	Iso T-Storms	Iso T-Storms	Sct T-Storms	Iso T-Storms	Sunny	M Sunny	Sct T-Storms	Sct T-Storms	P Cloudy
75° 61°	82° 64°	82° 64°	82° 69°	89° 73°	93° 75°	90° 70°	82° 67°	80° 63°	78° 63°

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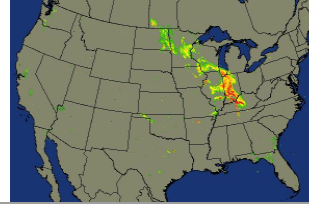
8-14 Day Temp



8-14 Day Precipitation



Current Radar



Last 24 hr Precip

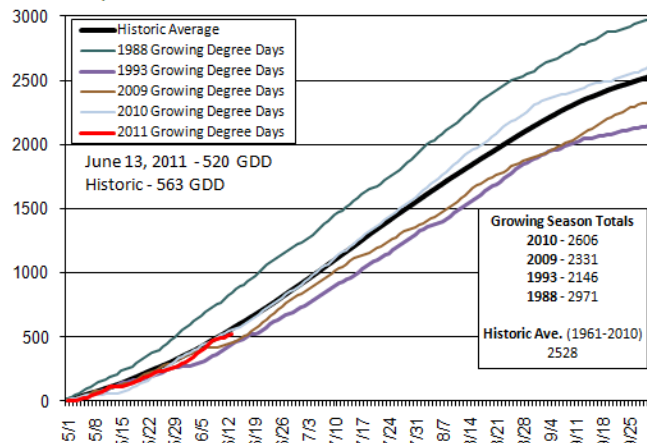


Official Weather Station -2011

SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

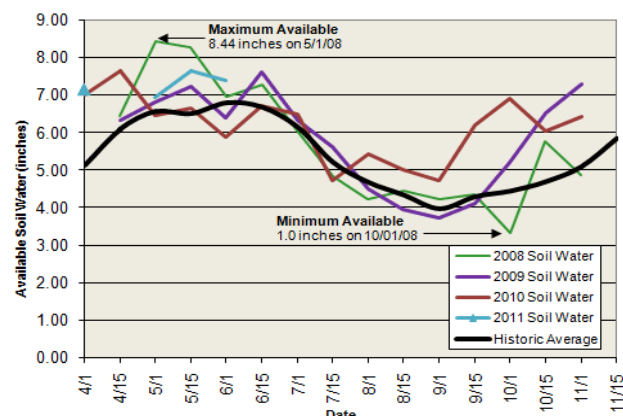
	Monday, June 6	Tuesday, June 7	Wednesday, June 8	Thursday, June 9	Friday, June 10	Monday, June 13	Tuesday, June 14
Air Temperature	Max = 89; Min = 65	Max = 101; Min = 75	Max = 97; Min = 64	Max = 69; Min = 51	Max = 65; Min = 52	Max = 71; Min = 54	Max = 77; Min = 57
Soil Temperature							
2 inch	Max = 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	Max = 81; Min = 61; Ave = 71
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	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	Max = 68; Min = 61; Ave = 64
Daily Precipitation	0.00"	0.00"	0.00"	0.00"	0.23"	0.01"	0.00"

1988, 1993, 2009-2011 Growing Degree Totals vs. Historic Average
Growing Season: May 1 - September 30
Historic Average: 1961-2010
Southwest Research & Outreach Center
Lamberton, MN



2008-2011 Soil Water vs. Historic Average

Historic Average (1966 - 2010)
Southwest Research & Outreach Center
Lamberton, MN



Corn: Morning: July 11 Corn is at \$7.51, down 4 ½ cents, Sept 11 Corn is at \$7.27 ¼, down 1 ¾ cents, Dec 11 Corn closed at \$6.83 ¾, down 1 ¼ cents. Mar 11 corn closed at \$6.94 ½, down 3 cents
Yesterday's Close: Jul 11 Corn closed at \$7.55 ½, down 27 cents, Sep 11 Corn closed at \$7.29, down 22 ¾ cents, Dec 11 Corn closed at \$6.85, down 19 ½ cents Dec 11 Corn closed at \$6.85, down 19 ½ cents
Corn futures closed nearly limit lower on the spot contract. A year ago the spot corn contract was trading around \$3.60 versus today's \$7.55. The Senate, voted against an amendment to end federal investment in ethanol leaving the subsidy in tact. CME open interest in the July contract was down 10,201 yesterday but up 18,762 on the September contract. Total open interest was up 20,319 contracts on yesterday's minor sell off. Cash basis levels were strong in the midst of tight pipeline supplies. Israeli private buyers are in the market for 27,000 MT of corn from the U.S., the EU or South America. Weather remains an issue in several parts of the main corn producing states. Missouri River flooding is worsening. Texas and the Southeast remain too hot and too dry with no relief in sight in the long range forecasts. Corn condition ratings improved 2 points in the good/excellent category from last week but lag a year ago by 8 points because of late planting and emergence.

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Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.69 $\frac{1}{4}$, up 1 $\frac{1}{4}$ cents, Sept 11 Soybeans closed at \$13.60, down $\frac{3}{4}$ cents, Nov 11 Soybeans closed at \$13.65, up 1 $\frac{1}{4}$ cents, Jan 11 Soybeans closed at \$13.73 $\frac{1}{2}$, down $\frac{1}{4}$ cents
Yesterday's Close: Jul 11 Soybeans closed at \$13.68, down 14 $\frac{3}{4}$ cents, Aug 11 Soybeans closed at \$13.62 $\frac{1}{2}$, down 15 cents, Nov 11 Soybeans closed at \$13.63 $\frac{3}{4}$, down 13 cents, Jul 11 Soybean Meal closed at \$358.70, down \$11.40, Jul 11 Soybean Oil closed at \$56.85, up \$0.03

Soybean futures finished lower on the day. Total open interest was up 4,033 contracts yesterday. The July futures dropped 9,459 contracts and the November added 10,179 contracts on slightly lower money yesterday. Wet weather in the Northern Plains will continue to delay planting. North Dakota is 16 points behind the five year average, South Dakota is 7 points behind, Minnesota is 5 points behind and Michigan is 11 points behind the five year average. Old crop beans closed on chart support and new crop closed above long term technical support. Cash basis levels for barge shipments to the Gulf are mostly steady. Demand from exporters is minimal but so is farmer selling. The NOPA crush report 120.3 million bushels of soybeans were crushed in May compared to 127.8 in May of 2010. Floods continue to disrupt truck transportation along Interstate 29. Five soybean processing plants are also potentially going to have to shut down, so no cash bids are available from those locations. The USDA Crop Progress report showed condition ratings, released for the first time for this marketing year, are 6 points behind a year ago in the good/excellent category and emergence 12 points behind the five year average.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$7.31, down $\frac{1}{4}$ cents, Jul 11 MGEX Wheat is at \$9.69 $\frac{1}{2}$, up 1 cents
Yesterday's Close: Jul 11 CBOT Wheat closed at \$7.31 $\frac{1}{4}$, down 11 $\frac{3}{4}$ cents, Jul 11 KCBT Wheat closed at \$8.39 $\frac{3}{4}$, down 11 $\frac{1}{4}$ cents, Jul 11 MGEX Wheat closed at \$9.68 $\frac{1}{2}$, down 16 $\frac{3}{4}$ cents

Wheat futures also closed lower challenging technical support and finishing near the lows of the day on the MGEX wheat and near mid range on the CBOT and KCBT wheat. Weather in the Northern Plains is expected to continue to bring above normal rainfall for the next 6 to 10 days delaying further spring wheat seeding. Spring wheat planting is 12 points behind the five year average and 21 points behind last year. The trade is projecting adequate carryover wheat supplies for the US despite the late planting and wheat feeding however. Minimum pipeline supplies are about 325 million bushels. USDA is projecting all wheat ending stocks at 687 million for 2011/12. Cash basis levels for SRW were steady. Egypt bought 120,000 MT of U.S. and French wheat, 60,000 MT each, for July 11-20 delivery. Algeria is seeking 50,000 MT of optional origin milling wheat for July shipment. Japan is in the market for 259,303 MT of food wheat from the U.S., Canada and Australia in their regular tender for August delivery. Japan purchases approximately 5 MMT of wheat a year for milling use.

Cattle: Yesterday's Close: Jun 11 Cattle closed at \$104.275, up \$1.075, Aug 11 Cattle closed at \$105.350, up \$1.325, Oct 11 Cattle closed at \$111.525, up \$0.800, Aug 11 Feeder Cattle closed at \$127.250, up \$2.475 Sep 11 Feeder Cattle closed at \$128.675, up \$2.375 Oct 11 Feeder Cattle closed at \$129.600, up \$2.450

Cattle futures ended higher on the 2011 contracts. Feeder cattle ended about fifty cents from limit higher on August, the spot contract. The cattle crush closed lower finishing at \$119 in the September and \$111 for the October crush. Friday the USDA will release the monthly Cattle on Feed report. Traders are expecting the June 1 on feed number to be 5.5% higher than last year and are thinking May placements will be down 7.5%. Traders believe higher cash feed prices will have curtailed expansion in the cattle industry. The cattle herd is the smallest since 1958 at 92.6 million head. The next semi-inventory report will be July 22nd. Cash cattle bids are coming in around \$104 with offers at \$106 to \$107 in TX. Prices last week ranged from \$105 in TX and KS and \$107 to \$108 in NE. Feeder cattle at the Oklahoma City auction were steady to \$2 higher on Monday. Demand for calves was diminished by unseasonably hot weather. Temps in the upper 90s and low 100s were frequent in TX and OK the last couple of days. Boxed beef prices were mixed on the close this afternoon. Choice beef was down \$0.18 at \$172.81 and Select beef was \$0.92 higher at \$166.67.

Hogs: Yesterday's Close: Jun 11 Hogs closed at \$91.850, down \$0.625, Jul 11 Hogs closed at \$94.450, up \$0.925 Aug 11 Hogs closed at \$94.000, up \$1.625

Lean Hogs were mostly higher with the exception of the expiring June contract and the December contract. The July contract was at a premium of \$2.60 to the June Lean Hogs on the close. July Lean Hogs are within 35 cents of the high posted the week of February 14, 2011, a technical resistance point. Cash hogs were sharply unchanged this afternoon. IA/MN hogs were \$0.05 lower at \$89.24, WCB hogs were \$0.04 higher at \$89.22 and ECB hogs were \$0.11 lower at \$89.18. Packer demand is good with margins still in the red but improving. The cutout was higher for all but the Hams.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 155.54, up 459 points, Oct 11 Cotton closed at 138.54, down 104 points Dec 11 Cotton closed at 131.78, up 20 points

Cotton futures closed mixed with July higher and the October lower. Continued dryness in Texas, a lower dollar and higher crude offered support. Any brief rains seen in troubled areas are not sticking around as they are just steamed off by the unseasonably hot temperatures. The lower U.S. dollar has not helped exports with cancellations reported for each week since March 10th. Price makes an excellent fertilizer with acres expected to increase by 1.64 million for the 2011/12 crop. A price discount offered in the new crop versus the old crop production is shifting export sales to the next marketing year. However, ending stocks are only increasing by .25 million bales from 2010/11.

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July 11 Corn Daily Chart



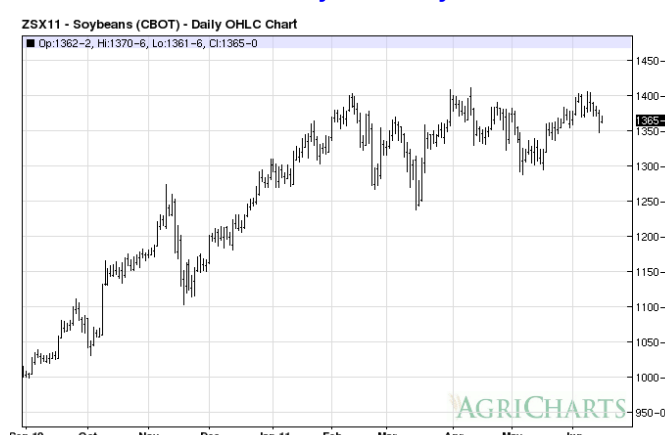
Dec 11 Corn Daily Chart



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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