



MORNING COMMENTS

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Friday, June 17, 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 (reached Friday June 10) and lowered their Soybean forecast from \$15 to \$14 per bushel, (reached June 8), 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 European economic crisis in could continue to have more of an impact on the U.S. commodity market. It is believed that up to 44% of money market funds in the United States have financial interest in European debt. Some of these funds are in Greece, who is considering a total default. The funds that have money invested in Europe are now being forced to liquidate their U.S. commodity positions to cover these potential losses.

Informa's June survey put planted corn area at 90.6 million acres vs USDA March intentions at 92.2 and the recent USDA June Wasde at 90.7 million acres. Relative to the USDA March intentions, Informa found more corn acres in IA, NE, KS and IL, while acres were lower in the North Plains, mid-South, and the ECB. All the stats seemed in line with trade expectations and the trade is now content to wait for the USDA survey on June 30.

Informa estimated national soybean acreage at 76.4 million acres, 0.2 million below the USDA March intentions but 0.4 million above their May estimate. They see soybean acreage above USDA March intentions in Ohio (+150), Wisconsin (+150), Minnesota (+100), Kansas (+200), and by minor amounts in Tennessee, Arkansas, and Indiana. They see acreage below USDA March intentions in Illinois (-200), Iowa (-200), North Dakota (-250), South Dakota (-100) and by minor amounts in Missouri, Nebraska, Kentucky, Mississippi, and Louisiana. However, Informa's yield projection is 0.7 bpa above the USDA projection. Thus, their production estimate of 3322 million is 37 million bushels above USDA.

Informa put other spring planted area at 13.3 million acres (12.51 million red plus 773 thousand-acres white spring) vs the Mar 31st Prospective Planting's 14.43 million acres. Informa put harvest-area at 12.98 (we're 11.88 million) and projected the other spring crop at 549 million bu (vs 616 yr-ago with our current projection 503 million bu.) Informa did trim area vs the Prospective Plantings, but their numbers looked cautious.

Wheat harvest is progressing through the United States, and as it does, reports are coming in of better than expected yields. One of the biggest surprises is in Illinois, where wheat yields are being reported from 10 to 15 bushels per acre more than expected.

Ethanol Bill After the close, by a 73-27 vote, the Senate approved an amendment to an authorization bill that would repeal ethanol's 45ct/gal tax incentive and 54ct/gal import tariff by June 30. The measure is now scheduled to be added to a bill renewing a federal economic development program. Some feel that the vote was symbolic and will ultimately be removed from the bill before it is voted on. Earlier Thursday, the White House issued a statement that it was against the amendment. "With respect to incentives, the administration is open to new approaches that meet today's challenges and save taxpayers money. As we have made clear, the administration opposes a straight repeal of the Volumetric Ethanol Excise Tax Credit [the ethanol tax incentive], as well efforts to block programs that will give consumers more access to biofuels," the statement noted.

Cattle on Feed: The USDA will release the monthly Cattle on Feed report today after the close. Traders are expecting the June 1 on feed number to come in at 105.4%, the wire service average guess for May placements is at 92.2% and May Marketings estimates are at 103.2% on average.

Summary of COF Estimates. Dow Jones Survey

	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Jun 1	105.5%	11,072	104.3% - 106.8%
Placed on Feed in May	92.5%	1,878	87.2% - 95.1%
Marketed in May	103.2%	1,925	102.1% - 104.0%

LE - Live Cattle (CME) - Weekly OHLC Chart



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Outside Markets:

U.S. Dollar Index	75.660	-0.564	-0.74%	Euro FX	1.42290	+0.01260	+0.89%	Ethanol Futures	Jul 11	2.634p	-0.054
CRB CCI Index	631.50p	-6.50	-1.02%	Canadian Dollar	1.01890	+0.00770	+0.76%	Gasoline RBOB (E)	Jul 11	2.9494p	+0.0259
Gold	1527.7	-1.6	-0.1%	Japanese Yen	1.24600	+0.00600	+0.48%	Diesel Gulf (Ulsd)	Jul 11	3.0704s	+0.0245
Silver	35.195	-0.358	-1.01%	Australian Dollar	1.04940	+0.01120	+1.08%	Heating Oil (E)	Jul 11	3.0038p	+0.0190
DJIA	11899p	+68	+0.57%	Chinese Renminbi	0.154310p	-0.000090	-0.06%	Crude Oil Brent (E)	Jul 11	117.20s	+0.10
S&P 500 Index	1274.80	+11.30	+0.89%	Mexican Peso	0.083225s	-0.000375	-0.45%	Natural Gas (E)	Jul 11	4.412p	-0.165
Nasdaq 100	2210.25	+14.75	+0.67%	1-Month Libor	99.7900	+0.0275	+0.03%	Polypropylene	Jul 11	0.8200s	0.0000
Russell 1000 Growth	578.80s	-0.20	-0.03%	T-Bond	126-31	-0-21	-0.51%	Polyethylene	Jul 11	0.6200p	0.0000
MSCI Emi Index	1106.20	+7.80	+0.71%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1523.091p	-7.136
Nikkei 225	9420.00	0.00	-	5-Year T-Note	122-2.5	+0-280	+0.72%	Coal Futures	Jul 11	76.72p	-0.65
Brazilian Real	0.61880p	-0.00460	-0.74%	10-Year T-Note	125-040	-0-145	-0.36%	Uranium	Jun 11	55.00p	0.00

Weather Mainly dry weather dominated the majority of the Midwest, with some showers and thunderstorms finishing up across MI and OH. Totals there were generally under .50". Temps were in the 80's in most cases, with some 70's in WI, MI and OH. The forecast sees the next system to bring rains to most of the region for today and the weekend, with fairly meaningful amounts to occur with that activity. Another widespread and fairly meaningful rain event still looks to occur across the region by the middle of next week, with some quieter weather briefly seen by the very end of next week, but more rains seen for the following weekend. Temps will continue to run running average to a bit below average in much of the region for the next day or so, with highs in the 70's and some low 80's. As we head through the weekend, temps look to warm some, but do not look to get way out of hand, with mainly 80's to occur and some low 90's scattered into the west and south. Cooler temps are seen for most of next week.

Central Illinois:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24	jun 25	jun 26
Iso T-Storms	Iso T-Storms	Sct T-Storms	Iso T-Storms	Sct T-Storms	Sct T-Storms	P Cloudy	Sunny	Sct T-Storms	P Cloudy
85° 70°	88° 69°	85° 67°	85° 71°	87° 69°	82° 62°	78° 61°	77° 67°	82° 65°	80° 65°

Central Iowa:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24	jun 25	jun 26
Sct T-Storms	Iso T-Storms	Iso T-Storms	Strong Tstms	Strong Tstms	P Cloudy	M Sunny	P Cloudy	P Cloudy	P Cloudy
82° 69°	83° 68°	84° 72°	88° 74°	82° 66°	77° 63°	78° 63°	77° 68°	80° 67°	81° 64°

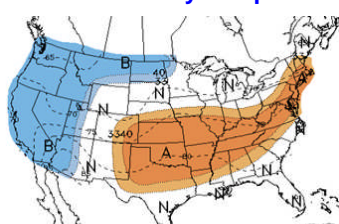
South Central Minnesota:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24	jun 25	jun 26
Sct T-Storms	P Cloudy	P Cloudy	Sct T-Storms	Sct T-Storms	Showers	P Cloudy	Showers	Showers	Showers
78° 64°	80° 63°	82° 66°	77° 67°	78° 61°	69° 57°	72° 56°	71° 62°	77° 64°	74° 59°

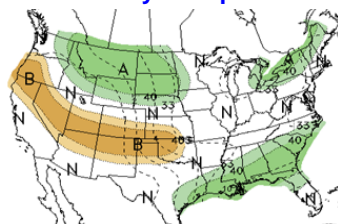
Central Indiana:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
jun 17	jun 18	jun 19	jun 20	jun 21	jun 22	jun 23	jun 24	jun 25	jun 26
Iso T-Storms	Sct T-Storms	Sct T-Storms	Iso T-Storms	P Cloudy	Sct T-Storms	Iso T-Storms	Sunny	Sct T-Storms	P Cloudy
85° 70°	85° 69°	84° 67°	86° 71°	88° 72°	83° 66°	79° 63°	80° 68°	83° 67°	82° 68°

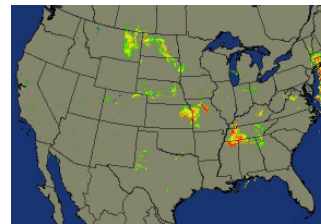
8-14 Day Temp



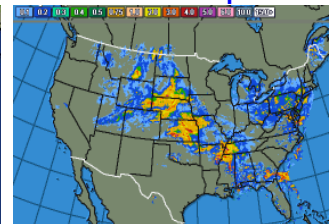
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



Official Weather Station -2011

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

	Monday, June 13	Tuesday, June 14	Wednesday, June 15
Air Temperature	Max = 71; Min = 54	Max = 77; Min = 57	Max = 70; Min = 58
Soil Temperature			
2 inch	Max = 79; Min = 61; Ave = 70	Max = 81; Min = 61; Ave = 71	Not Available
4 inch	Max = 73; Min = 60; Ave = 67	Max = 73; Min = 60; Ave = 67	Max = 83; Min = 58; Ave = 71
8 inch	Max = 67; Min = 61; Ave = 64	Max = 68; Min = 61; Ave = 64	Max = 64; Min = 60; Ave = 62
Daily Precipitation	0.01"	0.00"	4.42"

Corn: Morning: July 11 Corn is at \$7.11, up 9 1/2 cents, Sept 11 Corn is at \$6.93, up 8 1/2 cents, Dec 11 Corn closed at \$6.60 1/2, up 7 1/2 cents. Mar 11 corn closed at \$6.71 1/2, up 6 cents

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Yesterday's Close: Jul 11 Corn closed at \$7.01 ½, down 24 ¼ cents, Sep 11 Corn closed at \$6.84 ½, down 20 ¼ cents, Dec 11 Corn closed at \$6.53, down 13 cents Dec 11 Corn closed at \$6.53, down 13 cents
Corn futures closed lower for the fourth day in a row dropping almost a dollar this week on the July contract. The Senate voted 73-27 to cut the 45 cents given to refiners for every gallon of ethanol blended with gasoline. The amendment would also cut the 54 cent per gallon tariff on imported ethanol from Brazil and other countries. The proposed savings to the annual budget is \$6 billion dollars. The amendment is attached to an economic development bill that will have a difficult time passing the Senate. Another portion of the bill eliminates federal funding for building ethanol blender pumps or storage facilities. Iowa Senator suggests a gradual reduction of subsidies beginning in 2012. Cash basis levels at several ethanol plants in Indiana were fifty cents above the July futures because of tight old crop supplies, a record high in some cases. Weekly export sales were 295,800 MT for 2010/11 delivery and 598,900 MT (Mexico) with average trade estimates between 700 and 1,200 thousand MT.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.55, up 4 ½ cents, Sept 11 Soybeans closed at \$13.52 ¾, up 4 ¾ cents, Nov 11 Soybeans closed at \$13.53 ¾, up 3 ½ cents, Jan 11 Soybeans closed at \$13.64, up 4 ¼ cents
Yesterday's Close: Jul 11 Soybeans closed at \$13.50 ½, down 17 ½ cents, Aug 11 Soybeans closed at \$13.50, down 14 ¾ cents, Nov 11 Soybeans closed at \$13.50 ¼, down 16 ½ cents, Jul 11 Soybean Meal closed at \$353.70, down \$6.30, Jul 11 Soybean Oil closed at \$56.32, down \$0.73

Soybean futures closed lower with the rest of the grain complex today. Improving growing conditions for soybeans in areas that have been planted added pressure but cool and wet weather in the Northern Plains is underpinning price. Informa raised their estimate of soybean planted acres for 2011/12 marketing year to 76.394 million acres. USDA is projecting 76.6 million acres. Weekly export sales were up 49 percent from the previous week and 35 percent from the four week average at 179,400 MT for 2010/11 delivery. Japan was the main buyer. Sales for 2011/12 were 6,000 MT for mainly Indonesia. Soybean exports are following the seasonal pattern of minimal shipments. Renewable fuel legislation is under budget scrutiny. The Senate voted to eliminate ethanol subsidies today and to end the 54 cent a gallon tariff on ethanol imports. That would be a boon to major ethanol producing countries that make ethanol from sugarcane like Brazil. Brazils volume of sugarcane per hectare is down 10 % to 21% from initial estimates, depending on the region but should improve to an overall 7% shortfall by the end of harvest if conditions improve over the next few months.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$6.79 ¾, up 6 ½ cents, Jul 11 MGEX Wheat is at \$9.00, down ¼ cents
Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.73 ¼, down 35 ¼ cents, Jul 11 KCBT Wheat closed at \$7.98, down 21 ¼ cents, Jul 11 MGEX Wheat closed at \$9.00 ¼, down 36 ¾ cents
Wheat futures ended the day sharply lower taking out the March lows on the July CBOT wheat contract and challenging the March low on the KCBT July wheat. July CBOT wheat has lost \$1.57 since May 27th. US Weekly export sales for the week ending June 9th were 455,500 MT compared to the average trade estimates of 400 to 800 thousand MT. The EU granted export licenses for 151,000 MT of soft wheat. EU soft wheat exports are .5 MMT ahead of a year ago at 18.0 MMT. Weather in the Northern Plains of the U.S. is expected to continue to bring above normal rainfall for the next 6 to 10 days delaying further spring wheat seeding. There are more than 1 million acres of spring wheat still unplanted, and likely to stay that way. Canada has also had a wet and cool planting season. The trade is projecting adequate overall carryover wheat supplies for the US despite the late planting and stepped up wheat feeding. MGEX wheat basis levels are \$1 to \$1.50 over the futures and millers are saying they will not pay that amount and will use higher protein HRW wheat.

Cattle: **Yesterday's Close:** Jun 11 Cattle closed at \$107.200, up \$3.000, Aug 11 Cattle closed at \$107.850, up \$3.000, Oct 11 Cattle closed at \$114.025, up \$3.000, Aug 11 Feeder Cattle closed at \$129.975, up \$3.000 Sep 11 Feeder Cattle closed at \$131.250, up \$3.000 Oct 11 Feeder Cattle closed at \$132.150, up \$3.000
Cattle futures closed limit higher today on higher cash cattle trade and robust beef export sales. Beef exports totaled 15,800 MT for the week ending June 9th. Cattle actively traded in NE at \$111 to \$112 this afternoon, up \$4.50 to \$5.00 from last week. Dressed cattle sold for \$178 in NE, up \$4 to \$6 from last week. Cattle in TX and KS sold for \$108 with some trade at \$109, \$3 to \$4 higher than last week. Packer margins are still excellent but have been declining this week. Boxed beef prices were higher for the first time this week. Choice beef was up \$0.22 at \$172.16 and Select beef was \$1.07 higher at \$167.08.

Hogs: **Yesterday's Close:** Jul 11 Hogs closed at \$95.500, up \$0.250, Aug 11 Hogs closed at \$95.225, up \$0.700 Oct 11 Hogs closed at \$88.225, up \$0.100
Lean Hogs were higher on the close with most of the gains in the August contract. Cash hogs took back some of yesterday afternoon's sharp increase in price. Cash hogs ended \$2.57 lower in IA/MN at \$92.40 and WCB hogs were \$1.38 lower at \$93.38. ECB hogs were \$1.45 higher at \$91.68 playing catch up with the other markets from yesterday. Packers are gearing up for the upcoming fourth of July business despite declining plant margins today. Pork trading was very slow with light to moderate demand and mostly light offerings. The cutout was lower today.

Cotton: **Yesterday's Close:** Jul 11 Cotton closed at 145.96, down 600 points, Oct 11 Cotton closed at 127.46, down 599 points Dec 11 Cotton closed at 120.18, down 562 points
Cotton futures closed limit lower on July and nearly that on Dec. Weakness in commodities and fears about weak yarn demand are weighing on cotton. The house passed a bill to stop the \$147 million/yr payment to Brazil to appease the WTO ruling. Weekly export sales for last

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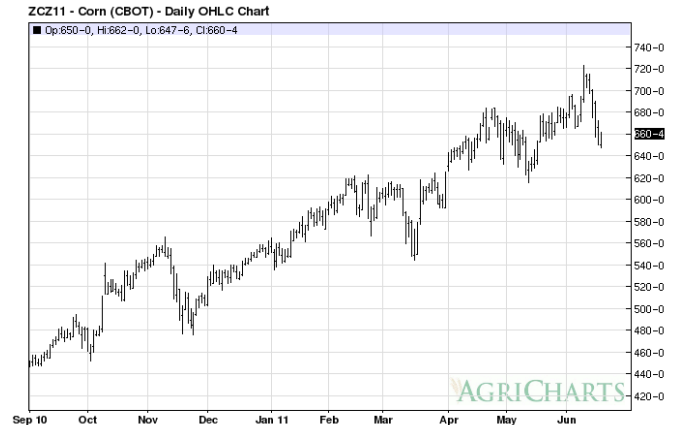
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week were 10,200 RB for 2010/11 delivery and 37,400 RB for 2011/12 delivery, compared to trade estimates of 20,000 to 40,000 RB. There were no net sales reductions for this reporting week for the first time in the last 12 weeks for the 2010/11 crop year. The long range forecast for Texas remains a bleak continued hot and dry.

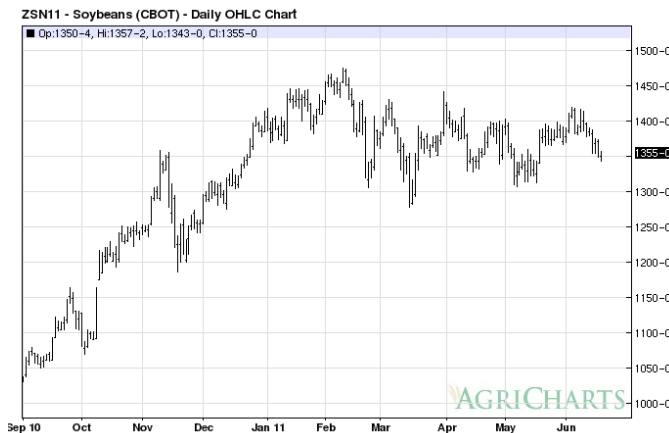
July 11 Corn Daily Chart



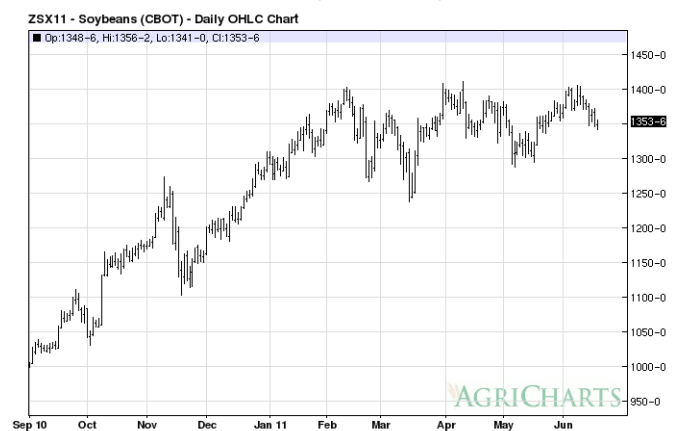
Dec 11 Corn Daily Chart



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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