



## MORNING COMMENTS

[david@mnwestag.com](mailto:david@mnwestag.com)

Office 1-877-365-3744

[www.mnwestag.com](http://www.mnwestag.com)

Wednesday, June 22, 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:**

**Hog & Pigs Friday June 24, 2011**  
**USDA Quarterly Hogs and Pigs Report**  
**Market Analysts' Pre-Report Estimates**

USDA Hogs & Pigs Report June 24, 2011	Percent of June 1, 2010	
	Range	Average
Inventories on June 11		
All hogs and pigs	99.7 - 100.9	100.1
Kept for breeding	99.0 - 100.8	100.1
Kept for market	99.7 - 100.9	100.1
Under 50 lbs.	99.0 - 100.1	99.4
50-119 lbs.	99.8 - 101.1	100.5
120-179 lbs.	100.0 - 102.0	101.0
180 lbs. and over	98.5 - 101.4	100.0
Farrowings <sup>2</sup>		
Mar-May sows farrowed	97.4 - 99.2	98.2
Jun-Aug Intentions	97.0 - 99.4	98.0
Sep-Nov Intentions	97.5 - 101.3	99.2
Mar-May Pig Crop <sup>1</sup>	98.9 - 100.3	99.5
Mar-May pigs saved per litter	101.0 - 102.0	101.5

Source: DowJones Newswire

Thursday June 9, 2011 WASDE & Crop Production, Thursday June 30, 2011 Planted Acres & Grain Stocks

The USDA will publish the final acreage report on June 30th. Intended acres are supposed to be reported as of June 1 but often reports will not be received until the 5, 6 or 7th. If a producer intended to plant but had not as of the reporting date, those acres will still be in the report.

**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** Rumors of China interest for new crop corn did surface as the market rallied. The recent flat price break in the US market and continued firm trend in the Chinese market brought back an import margin if VAT taxes and import duties were waived...which supported the rumors. The fact that the CIF Gulf barge market was weaker, even in the new crop positions, works against the rumors ... unless, it was done off the PNW.

The EPA set the 2012 renewable biofuel (mostly corn-based ethanol) standard at 13.2 billion gallons...as mandated previously by Congress. This was viewed as a formality.

South America has been selling soybean cargoes to China for July-October shipment over the past week, with virtually nothing flowing to the US. South American basis levels have firmed in this time period, but remain well below the US basis. Brazil's lineup to load soybeans is 3.0 MMT vs. 2.9 MMT a year ago. Their meal lineup is 0.8 MMT vs. 1.1 MMT last year. Argentina's lineup to load soybeans is 1.4 MMT vs. 1.3 MMT last week and 1.5 MMT last year. Their meal lineup is 1.3 MMT vs. 1.4 MMT last week and 1.6 MMT last year. Brazilian farmers are going to increase their grain production through better farming practices. In the first 5 months of this calendar year Brazilian farmers purchased 24% more fertilizer than the same period a year ago. Improved yields and higher commodity values have increased the Brazilian farmers' buying power and allowed for these purchases.

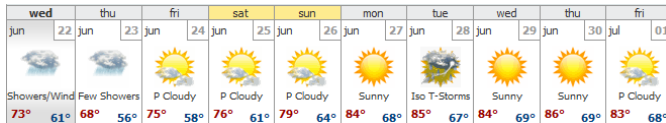
### Outside Markets:

<a href="#">U.S. Dollar Index</a>	75.110	+0.179	+0.24%	<a href="#">Euro FX</a>	1.43620	-0.00180	-0.13%	<a href="#">Ethanol Futures</a>	<a href="#">Jul 11</a>	2.727p	+0.061
<a href="#">CRB CCI Index</a>	637.50p	+4.50	+0.71%	<a href="#">Canadian Dollar</a>	1.02560	-0.00180	-0.18%	<a href="#">Gasoline RBOB (E)</a>	<a href="#">Jul 11</a>	2.8826p	-0.0289
<a href="#">Gold</a>	1544.4	-1.6	-0.1%	<a href="#">Japanese Yen</a>	1.24860	-0.00020	-0.02%	<a href="#">Diesel Gulf (Ulsd)</a>	<a href="#">Jul 11</a>	2.9587s	-0.0372
<a href="#">Silver</a>	36.190	-0.183	-0.5%	<a href="#">Australian Dollar</a>	1.04780	-0.00140	-0.13%	<a href="#">Heating Oil (E)</a>	<a href="#">Jul 11</a>	2.8900p	-0.0420
<a href="#">DJIA</a>	12088p	+75	+0.62%	<a href="#">Chinese Renminbi</a>	0.154680p	+0.000180	+0.12%	<a href="#">Crude Oil Brent (E)</a>	<a href="#">Aug 11</a>	111.17	+0.22
<a href="#">S&amp;P 500 Index</a>	1286.00	-1.90	-0.15%	<a href="#">Mexican Peso</a>	0.084775s	+0.000600	+0.71%	<a href="#">Natural Gas (E)</a>	<a href="#">Jul 11</a>	4.388p	+0.071
<a href="#">Nasdaq 100</a>	2241.75	-2.25	-0.1%	<a href="#">1-Month Libor</a>	99.8000p	+0.0075	+0.01%	<a href="#">Polypropylene</a>	<a href="#">Jul 11</a>	0.8200s	0.0000
<a href="#">Russell 1000 Growth</a>	592.80s	+10.30	+1.77%	<a href="#">T-Bond</a>	125-25	+0.12	+0.3%	<a href="#">Polyethylene</a>	<a href="#">Jul 11</a>	0.6000p	-0.0100
<a href="#">MSCI Emi Index</a>	1114.20	0.00	-	<a href="#">3-Month T-Bill</a>	99.2700s	0.0000	-	<a href="#">Rme Biodiesel</a>	<a href="#">Jun 11</a>	1521.273p	-2.000
<a href="#">Nikkei 225</a>	9605.00	+65.00	+0.68%	<a href="#">5-Year T-Note</a>	121-150	+0.2.5	+0.34%	<a href="#">Coal Futures</a>	<a href="#">Jul 11</a>	76.75p	+0.28
<a href="#">Brazilian Real</a>	0.62800p	+0.00250	+0.4%	<a href="#">10-Year T-Note</a>	123-305	+0.100	+0.25%	<a href="#">Uranium</a>	<a href="#">Jun 11</a>	54.50p	0.00

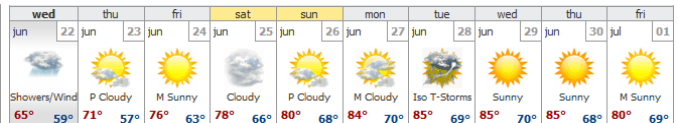
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**Weather** Locally .40" of rainfall. Sheldon IA (South of Worthington) area received 6-8" of rainfall since yesterday. Showers and thunderstorms fired up across much of the Midwest yesterday. The heaviest amounts fell from MN into eastern IA, most of WI, MI and northern IL, where .50-1" were common and isolated to 1"+. Totals elsewhere were generally in the .20-.60" range. Temps were in the 80's for highs in most of MO, IL, IN and OH, with 70's elsewhere. The forecast sees rains with the current system to slowly finish up in the next day or two and then things will be fairly quiet in most of the region as we head through the weekend and early part of next week, with some rains likely in the far south and far west. Ideas are still mixed as we head into the second half of next week, with the European still indicating ridging to bring dry weather and above average temps, while the GFS indicates a fairly zonal flow to bring some rains- especially to the north, with the Canadian indicating a NW flow.

## Central Illinois:



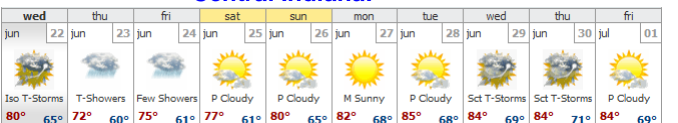
## Central Iowa:



## South Central Minnesota:



## Central Indiana:



## 8-14 Day Temp

## 8-14 Day Precipitation

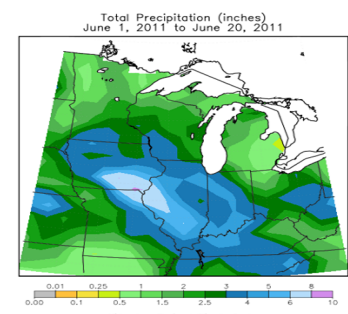
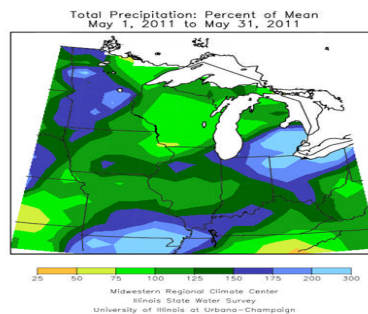
## Current Radar

## Last 24 hr Precip

## Official Weather Station -2011

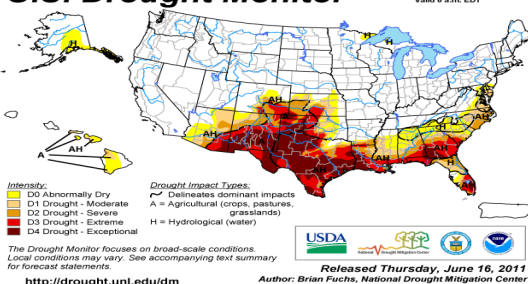
SW Research and Outreach Center  
University of Minnesota  
Lamberton, MN 56152

	Monday, June 20	Tuesday, June 21
<b>Air Temperature</b>	Max = 81; Min = 62	Max = 73; Min = 62
<b>Soil Temperature</b>		
2 inch	Max = 91; Min = 73; Ave = 82	Max = 83; Min = 74; Ave = 78
4 inch	Max = 79; Min = 63; Ave = 71	Max = 78; Min = 65; Ave = 71
8 inch	Max = 72; Min = 64; Ave = 68	Max = 67; Min = 64; Ave = 65
<b>Daily Precipitation</b>	0.00"	1.46"

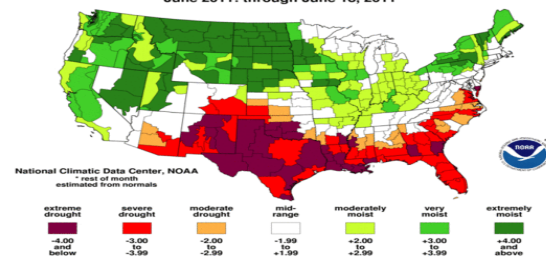


## U.S. Drought Monitor

June 14, 2011  
Valid 8 a.m. EDT



## Palmer Hydrological Drought Index Long-Term (Hydrological) Conditions June 2011: through June 18, 2011\*



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**Corn:** Morning: July 11 Corn is at \$7.04 , down 3 ½ cents, Sept 11 Corn is at \$6.96 ¾ , down 5 ½ cents, Dec 11 Corn closed at \$6.72 , down 8 ¼ cents. Mar 11 corn closed at \$6.84 , down 8 ½ cents  
Yesterday's Close: Jul 11 Corn closed at \$7.07 1/2, up 7 cents, Sep 11 Corn closed at \$7.02 1/4, up 14 3/4 cents, Dec 11 Corn closed at \$6.80 1/4, up 19 3/4 cents, Dec 12 Corn closed at \$6.28, up 19 cents  
Corn futures closed higher with most of the gains in the new crop, continuing to narrow the July December corn spread. The spread has narrowed \$1.06 since the first of March. USDA showed a slight change in the crop condition ratings yesterday afternoon. The good/excellent category was 5 points worse than last year which is not encouraging to production when considering the crop short fall that occurred last year. Cash corn basis levels were weak at river terminals around the Midwest due to high waters and were weak at ethanol plants. Bids were firmer at processors along the Missouri after recent softness in the basis due to flooding. Some farmers are waiting for crops to further develop before selling more. Grain stocks at select export terminals and elevators were down 4.019 million bushels from last week. The Grain Stocks report on June 30th will provide further information as to how much of the corn crop is still in the farmers hands. July options expire Friday. Open interest in the July corn was down 14,675 contracts leaving a balance of 313,484 contracts in the July.

**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.41 ¾ , down 7 cents , Sept 11 Soybeans closed at \$13.39 ¼ , dn 7 ¾ cents, Nov 11 Soybeans closed at \$13.42 ¾, down 7 cents, Jan 11 Soybeans closed at \$13.52 ¼ , down 7 ¼ cents  
Yesterday's Close: Jul 11 Soybeans closed at \$13.48 ¾ , up 13 cents, Aug 11 Soybeans closed at \$13.48 ¾ , up 12 ¾ cents, Nov 11 Soybeans closed at \$13.49 ¾ , up 14 1/4 cents, Jul 11 Soybean Meal closed at \$351.70, up \$1.70, Jul 11 Soybean Oil closed at \$56.60, up \$0.58  
Soybean futures closed higher finishing above midrange for the day. Prices were supported by concerns for the Canadian Canola crop, the lower dollar and higher crude oil prices although crude oil prices tapered off near the close. China has increased their grain and edible oils storage capacity in an effort to control rising food prices and cover deficits in poor harvest years. State grain storage capacity was at 390 MMT at the end of 2010 or about 70 percent of annual domestic consumption. China soybean imports were up 4 percent in May at 4.56 MMT according to China's General Administration of Customs. Accumulated year to date U.S. soybean exports to China are 10 percent ahead of last year at 23.898 MMT. The U.S. crop is 94 percent planted, that's one point ahead of last year and the five year average. U.S. condition ratings improved a point in the good/excellent category from last week. Open interest in the July contract was down 2,463 contracts with 120,041 contracts remaining. July options expire on Friday. Cash basis levels were 5 cents higher at an eastern NE processor and steady throughout most of the Midwest. Soybeans in storage at select export terminals and elevators were up 869,000 bushels from last week.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$6.67 ¼ , down 7 cents, Jul 11 MGEX Wheat is at \$8.88 ½ , down 14 ¼ cents  
Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.74 ¼ , up 15 cents, Jul 11 KCBT Wheat closed at \$8.03 ½ , up 2 ½ cents, Jul 11 MGEX Wheat closed at \$9.02 ¾ , up 2 ¼ cents  
Wheat futures closed higher on the day. Winter wheat harvest is ahead of a year ago with Texas far ahead of the game. Texas harvest was previously uninterrupted due to drought conditions. That state was 71 percent harvested versus a five year average of 51 percent but thunder storms are currently blanketing a large portion of the state, with nearly 30 percent still left to harvest. Yields are down per acre in many areas. The Canadian Wheat Board said wheat seeding for the Prairie crop has reached about 87 percent complete with any additional seeding more than likely not going to happen. Besides the widespread rains taking farmers out of the field, yesterday was the insurance deadline for seeding across the Prairies. Spring wheat in the U.S. is 83 percent emerged compared to 99 percent a year ago with condition ratings at 68 percent versus 84 percent last year. Most of the good wheat has been harvested. Basis levels for Spring wheat are still over the board price. Wheat stocks at select export terminals and elevators were up 3.966 million bushels from last week.

**Cattle:** Yesterday's Close: Jun 11 Cattle closed at \$113.200, up \$1.375, Aug 11 Cattle closed at \$113.150, up \$1.175, Oct 11 Cattle closed at \$118.950, up \$1.150, Aug 11 Feeder Cattle closed at \$137.825, up \$2.325  
Sep 11 Feeder Cattle closed at \$138.350, up \$1.775, Oct 11 Feeder Cattle closed at \$138.900, up \$1.850  
Cattle futures continue to climb closing up over a dollar on all the 2011 contracts. The majority of the open interest has moved into the August contract with 7.135 contracts left in the June, which expires June 30th. The bullish USDA Cattle on Feed report continue to fuel the rally. The report showed cattle were more current than previously thought. Prices are within \$0.70 of reaching the gap left with the expiration of the April contract on the weekly continuation chart. June or August cattle futures would need to reach \$115.67 to close the gap. Cash cattle asking prices are \$3 to \$6 higher than last week with no bids reported yet and Plains show lists up about 15,000 over last week. Packer margins are in the black by \$45 according to some published margin assessments. Feeder steers and heifers sold for \$6 to \$10 higher at the Oklahoma City auction Monday on good demand for all classes. The supply included 71 percent over 600 pounds and 46 percent heifers. Boxed beef prices are higher this morning with Choice beef \$1.48 higher at \$176.32 and Select beef \$2.07 higher at \$172.15.

**Hogs:** Yesterday's Close: Jul 11 Hogs closed at \$99.000, up \$1.450, Aug 11 Hogs closed at \$97.975, up \$1.300  
Oct 11 Hogs closed at \$90.000, up \$0.600  
Lean Hogs are trading higher having recovered over 62 percent of the March/July price drop, that's rallying a dollar a day on average since June 6th. Cash hogs in IA/MN were up \$5.22 this afternoon at \$100.69, WCB hogs were up \$5.13 at \$100.51 and ECB hogs were \$0.98 higher at \$94.94. The Lean Hog Index is at \$94.55, up \$0.87 and close to ECB prices. Packers are wrapping up 4th of July transactions at

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the wholesale level this week, which could help current margins improve. Pork trading is slow with mostly moderate demand and light offerings. Carcass hogs were basically steady on the close.

**Cotton:** Yesterday's Close: Jul 11 Cotton closed at 154.73, up 600 points, Oct 11 Cotton closed at 130.33, up 104 points

Dec 11 Cotton closed at 124, down 7 points

Cotton closed mixed with Dec lower and July limit up. Much of the state of Texas could see some rain this week. New crop cotton prices in Karachi, Pakistan were higher today.. First notice for July cotton is Friday. Certificated stocks are at 67,859 bales versus 65,803 bales yesterday. Home sales were down 3.8 percent in May leaving consumers with a wait and see attitude in terms of spending. The US dollar closed lower breaking support from the moving averages which is also supportive to cotton prices.

July 11 Corn Daily Chart

ZCN11 - Corn (CBOT) - Daily OHLC Chart

■ Op:709-0, Hi:714-0, Lo:701-4, Cl:704-0



Dec 11 Corn Daily Chart

ZCX11 - Corn (CBOT) - Daily OHLC Chart

■ Op:681-2, Hi:685-0, Lo:669-2, Cl:672-4



July 11 Soybean Daily Chart

ZSN11 - Soybeans (CBOT) - Daily OHLC Chart

■ Op:1348-6, Hi:1351-6, Lo:1338-4, Cl:1341-6



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart

■ Op:1350-2, Hi:1353-6, Lo:1340-2, Cl:1342-6



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