



MORNING COMMENTS

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Thursday, June 23, 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 ²		
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 ¹	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. Many analysts think the United States has lost about 2.5 million corn and 500,000 soybean acres from initial estimates. Much of this is a result of the flooding the Corn Belt has seen in recent weeks, but also from delays that have plagued the East and parts of the west since planting began. An accurate acreage total is hard to determine though, as field work has still been taking place.

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 Paris milling wheat down \$.60 per bushel yesterday. Russian and Ukraine wheat sales offerings are getting no takers and they continue to lower prices trying to get some interested buyers. Part of the issue may be lack of confidence that Russia and Ukraine will be able to deliver after they cut off buyers last year and left them high and dry without promised deliveries. This is a classic example of what happens when embargos are imposed, they buyer is unwilling to do business with you in the near future.

Collapse of the July/Dec corn spread has caused large margin calls for some funds and they have been liquidating to exit the positions.

FOMC meeting left the market almost shocked with their outlook of slowing US economic growth, coupled with the continued saga of European issues, mainly Greece, has funds on the defensive.

Colleagues Tour of Saskatchewan left him believing that between 4-6 million acres of Canola and Spring Wheat are left unplanted and wet soggy soils will likely prevent most of it from being planted.

Outside Markets:

U.S. Dollar Index	75.870	+0.682	+0.91%	Euro FX	1.41800	-0.01580	-1.1%	Ethanol Futures	Jul 11	2.658p	-0.069
CRB CCI Index	634.00p	-3.50	-0.55%	Canadian Dollar	1.02430	-0.00240	-0.23%	Gasoline RBOB (E)	Jul 11	2.9733p	+0.0907
Gold	1538.3	-14.6	-0.94%	Japanese Yen	1.24080	-0.00500	-0.4%	Diesel Gulf (Ulsd)	Jul 11	3.0632s	+0.1045
Silver	36.734p	+0.361	+0.99%	Australian Dollar	1.03950	-0.00790	-0.75%	Heating Oil (E)	Jul 11	2.9549p	+0.0649
DJIA	12023p	-65	-0.54%	Chinese Renminbi	0.154800p	+0.000140	+0.09%	Crude Oil Brent (E)	Aug 11	113.21	-1.00
S&P 500 Index	1270.40	-9.40	-0.73%	Mexican Peso	0.084850s	+0.000075	+0.09%	Natural Gas (E)	Jul 11	4.317p	-0.071
Nasdaq 100	2214.50	-15.00	-0.67%	1-Month Libor	99.7925	-0.0100	-0.01%	Polypropylene	Jul 11	0.7900s	-0.0300
Russell 1000 Growth	588.80s	-4.00	-0.67%	T-Bond	125-31	+0-19	+0.47%	Polyethylene	Jul 11	0.5900p	-0.0100
MSCI Emi Index	1104.50p	-9.70	-0.87%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1513.818p	-7.455
Nikkei 225	9570.00	-10.00	-0.1%	5-Year T-Note	121-7.5	+0-095	+0.25%	Coal Futures	Jul 11	77.20p	+0.45
Brazilian Real	0.62835p	+0.00035	+0.06%	10-Year T-Note	124-030	+0-140	+0.35%	Uranium	Jun 11	54.50p	0.00

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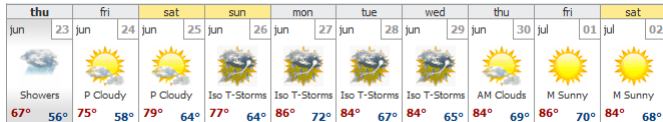
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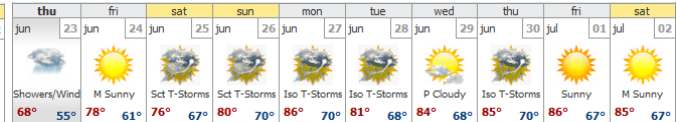
Thursday, June 23, 2011

Weather Locally another .40" of rainfall. Expectations are that an environmental abnormality will take place as we approach the weekend as it is expected that a large orange ball enters the sky from the eastern horizon and provide a bright light and considerable heat. Rumors have it that this can occur for several days in a row and even over an extended period of time. Some have doubts that this event will occur as forecasted.

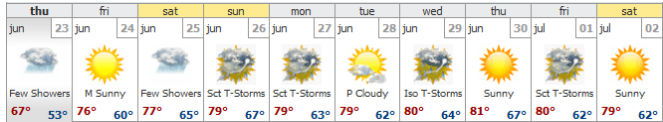
Central Illinois:



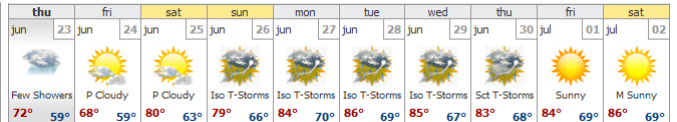
Central Iowa:



South Central Minnesota:



Central Indiana:



8-14 Day Temp

8-14 Day Precipitation

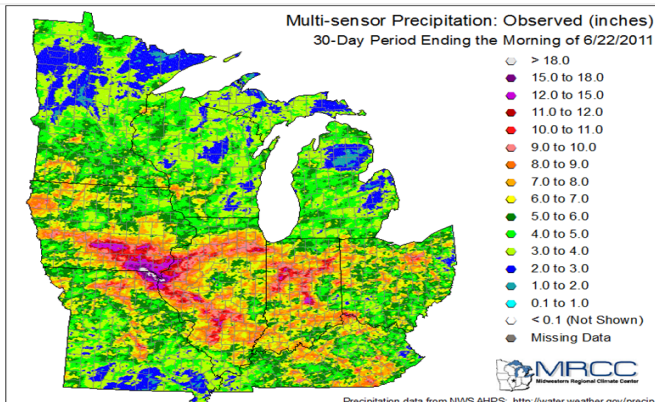
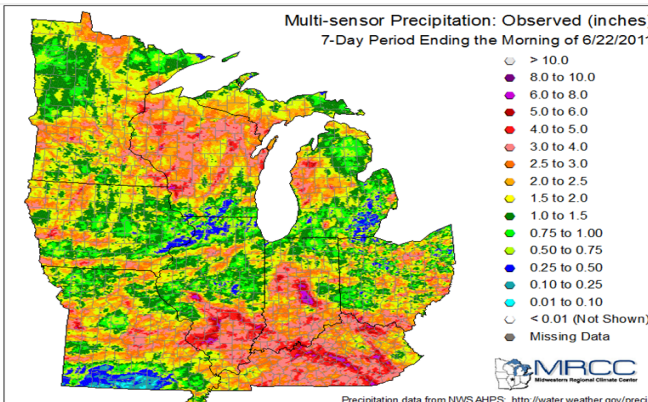
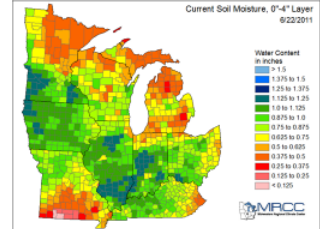
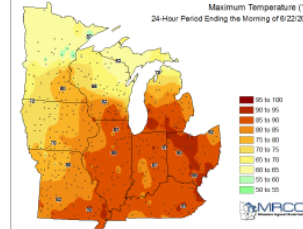
Current Radar

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	Wednesday, June 22
Air Temperature	Max = 81; Min = 62	Max = 73; Min = 62	Max = 75; Min = 60
Soil Temperature			
2 inch	Max = 91; Min = 73; Ave = 82	Max = 83; Min = 74; Ave = 78	Max = 86; Min = 74; Ave = 80
4 inch	Max = 79; Min = 63; Ave = 71	Max = 78; Min = 65; Ave = 71	Max = 77; Min = 63; Ave = 70
8 inch	Max = 72; Min = 64; Ave = 68	Max = 67; Min = 64; Ave = 65	Max = 67; Min = 64; Ave = 65
Daily Precipitation	0.00"	1.46"	1.15"



Corn: Morning: July 11 Corn is at \$6.67, down 10 1/2 cents, Sept 11 Corn is at \$6.61 1/4, down 11 cents, Dec 11 Corn closed at \$6.39 1/4, down 11 cents. Mar 11 corn closed at \$6.53 1/2, down 9 cents
Yesterday's Close: Jul 11 Corn closed at \$6.77 1/2, down 30 cents, Sep 11 Corn closed at \$6.72 1/4, down 30 cents, Dec 11 Corn closed at \$6.50 1/4, down 30 cents, Dec 12 Corn closed at \$6.03 1/4, down 24 3/4 cents

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Corn futures ended the day limit lower after being higher overnight. July corn had a high of \$7.14 and December \$6.85 before the selling began. This is despite the U.S. Grains Council president saying they have expectations the Chinese will import three to five million MT of corn in 2011/12. China has imported 555,476 MT of corn so far in the 2010/11 marketing year. A large part of the selling was attributed to end of quarter reallocation with Funds selling an estimated 30,000 contracts but also the fact that there has been no official corn purchase announced by China. Russia also sold feed wheat to Tunisia competing with exports for corn. The latest 6 to 10 day weather forecast is calling for above normal temperatures and normal to below normal rainfall over most of the corn and soybean belt until July 1st. Estimates for tomorrow's export sales report range from 600 to 1250 thousand MT.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$own 13.29 , dn 1 ¼ cents , Sept 11 Soybeans closed at \$13.28 , down 1 cents, Nov 11 Soybeans closed at \$13.30 , down 2 ½ cents, Jan 11 Soybeans closed at \$13.35 ¾ , down 6 ½ cents

Yesterday's Close: Jul 11 Soybeans closed at \$13.30 1/4, down 18 1/2 cents, Aug 11 Soybeans closed at \$13.31, down 17 3/4 cents, Nov 11 Soybeans closed at \$13.32 1/2, down 17 1/4 cents, Jul 11 Soybean Meal closed at \$347.10, down \$4.60,

Jul 11 Soybean Oil closed at \$56.15, down \$0.45

Soybean futures ended lower mostly under pressure from corn and wheat. The down side was limited by concerns for the Canadian Canola crop and higher crude oil prices. The weather forecast is calling for warmer temperatures and normal to below normal rainfall in much of the Midwest allowing soybean emergence to catch up and drying out some of the wetter areas. It will also allow for the wheat harvest to be completed in Tennessee, Kentucky and Arkansas so that beans can be planted. All three states were behind the five year average on Monday's crop progress report. The quarterly stocks report will be out June 30th and analysts are expecting inventory will be adequate because usage has been tapering off in 2011. Estimates for tomorrow's weekly export sales report range from 150 to 400 thousand MT. Census Crush will be reported tomorrow. Trade estimates average 127.56 million bushels for the crush, 407,600 short tons for meal and 3.326 billion pounds for soybean oil.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$6.36 ¼ , down 2 cents, Jul 11 MGEX Wheat is at \$8.56 , down 4 ½ cents

Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.38 1/4, down 36 cents, Jul 11 KCBT Wheat closed at \$7.70, down 33 1/2 cents, Jul 11 MGEX Wheat closed at \$8.60 1/2, down 42 1/4 cents

Wheat futures closed down sharply on all exchanges. Russia has returned to the export market selling feed wheat to Tunisia. Egypt has decided to wait for this year's wheat to be harvested before buying Russian wheat because of quality concerns. Russia sold the feed wheat delivered to Tunisia for less money than it would cost FOB to the U.S. for corn. Wheat at the CBOT came with 3 cents of limit lower during the trading session. The latest weather forecast should accommodate the completion of the winter wheat harvest although yields are down. China's wheat harvest is nearly complete with the crop expected to exceed 2010 despite an early drought this season. Crop ratings are also improving in Europe. Condition ratings in the U.S. remain pitiful at 36 for the good/excellent compared to 65 a year ago. Estimates for tomorrow's weekly export sales report range from 300 to 700 MT.

Cattle: Yesterday's Close: Jun 11 Cattle closed at \$111.275, down \$1.925, Aug 11 Cattle closed at \$111.700, down \$1.450,

Oct 11 Cattle closed at \$117.875, down \$1.075, Aug 11 Feeder Cattle closed at \$138.000, up \$0.175

Sept 11 Feeder Cattle closed at \$138.400, up \$0.050, Oct 11 Feeder Cattle closed at \$138.900, unch

Cattle futures closed nearly \$2 lower taking a break from the seven day up trend. This afternoon's Cold Storage Report showed an increase in beef supplies of 2 percent from last month and up 25 percent from last year. The June 9th WASDE report showed a declining trend in domestic consumption of all meat which is likely economically related. There was some minimal cash business to test the waters this afternoon but not enough to set a market trend. There were 107 head sold in NE for \$113, \$1 to \$2 higher than last week. Sales in KS were reported at \$178 in the dressed on 40 head. Cash cattle asking prices are \$115 to \$117. NE offers were at \$115 to \$117 this morning with bids at \$112.50. Packer margins are very profitable so feedlots expect them to pay what the cattle are worth. Slaughter is running on pace with a year ago and boxed beef prices was higher again this afternoon. Choice beef was \$1.65 higher at \$177.97 and Select beef is \$0.86 higher at \$173.01.

Hogs: Yesterday's Close: Jul 11 Hogs closed at \$98.275, down \$0.725, Aug 11 Hogs closed at \$97.325, down \$0.650

Oct 11 Hogs closed at \$89.700, down \$0.300

Lean Hogs finished lower with most of the other commodities this afternoon. Lean Hogs had recovered over 62 percent of the March/July price drop as of yesterday. This afternoon's Cold Storage report showed pork supplies were down 1 percent from last month and up 22 percent from last year. Pork Bellies in cold storage were 6 percent over last month and 28 percent higher than last year. Cash hog prices were up \$1.11 in IA/MN at \$101.65. The WCB was \$1.08 higher at \$101.49 and the ECB hogs were \$1.79 higher at \$96.83. Slaughter is estimated at 400,000 head on par a week ago. Weights are down from a year ago likely due to the high price of feed this year. The Lean Hog Index is at \$95.72, up \$1.17. Estimates for Friday's quarterly Hog and Pig report averaged 100.1 for All Hogs, 100.1 for Kept for Breeding, 100.1 for Market Hogs and 98.2 for Mar/May Farrowings. Pork trading is at a standstill. Fresh retail cuts were not yet tested.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 161.22, up 649 points, Oct 11 Cotton closed at 128.22, down 211 points

Dec 11 Cotton closed at 121.45, down 255 points

Cotton closed mixed with prices sharply higher on the July contract, just below limit and lower on new crop. Most ag commodities were lower today, in a fight the Fed move. Federal Reserve Chairman Ben Bernanke's report out this morning said the economy is at moderate

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pace but operating at a slower rate than the Fed had anticipated. The Fed will keep rates at near zero. Some areas of the economy are improving while other areas need to show improvement. The Fed will continue to invest the rest of the 600 billion of the QE2 program and is in favor of the U.S. raising the debt limit. South Texas received rain but the Lubbock area has not yet. It will have to receive a significant amount to make an impact so that it doesn't just evaporate.

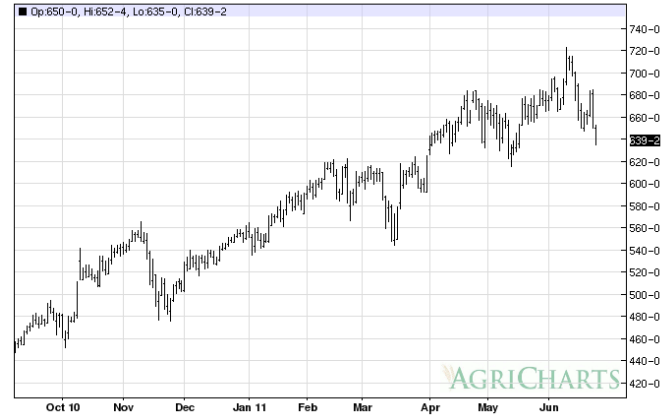
July 11 Corn Daily Chart

ZCN11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



July 11 Soybean Daily Chart

ZSN11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



July 11 Mpls Spring Wheat Daily Chart

MWN11 - Spring Wheat (MGEX) - Daily OHLC Chart



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



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