



## MORNING COMMENTS

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Monday, June 27, 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 30, 2011 Planted Acres & Grain Stocks, Tuesday July 12, 2011 WASDE & Crop Prod

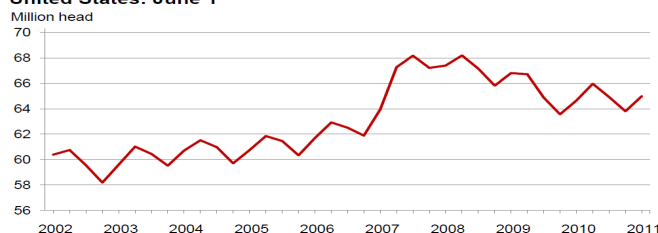
**Hedge:** a means of protection against something, especially a means of guarding against financial loss

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

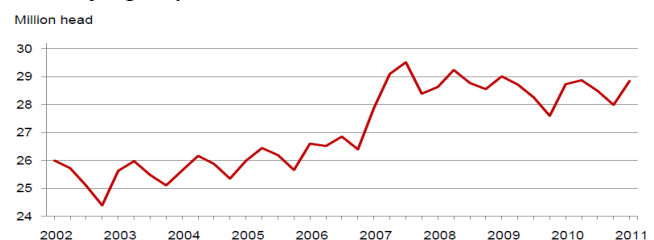
**Market Talk** The trade also has been very responsive to crude oil prices as a release from government reserves sent crude oil prices plunging and took corn along for the ride. Another point of interest for the trade is exports are starting to resume again in Japan after the massive earthquake and tsunami in February. Parts of northern Japan experienced another 6.7 earthquake on Thursday. The long run of the bull market seen in commodities is adding some uncertainty to the market. Strong demand and production issues all over the world have led to a very tight balance sheet. High prices are starting to do their job and curb some demand. U.S. policymakers are also playing a role with the recent steps to repeal the blender's credit for ethanol. Another alternative that policymakers may look at to help reduce spending is government program subsidies and reducing enrollment in the CRP program.

**United States Hog Inventory up 1 Percent** United States inventory of all hogs and pigs on June 1, 2011 was 65.0 million head. This was up 1 percent from June 1, 2010, and up 2 percent from March 1, 2011. **Breeding inventory**, at 5.80 million head, was up slightly from last year, and up slightly from the previous quarter. **Market hog inventory**, at 59.2 million head, was up 1 percent from last year, and up 2 percent from last quarter. **The March-May 2011 pig crop**, at 28.9 million head, was up slightly from 2010 but down 1 percent from 2009. Sows farrowing during this period totaled 2.88 million head, down 2 percent from 2010 and down 5 percent from 2009. The sows farrowed during this quarter represented 50 percent of the breeding herd. The average pigs saved per litter was a record high 10.03 for the March-May 2011 period, compared to 9.81 last year. Pigs saved per litter by size of operation ranged from 7.50 for operations with 1-99 hogs and pigs to 10.10 for operations with more than 5,000 hogs and pigs. **United States hog producers** intend to have 2.87 million sows farrow during the June-August 2011 quarter, down 3 percent from the actual farrowings during the same period in 2010, and down 3 percent from 2009. Intended farrowings for September-November 2011, at 2.85 million sows, are down 1 percent from 2010 and down 2 percent from 2009.

**Quarterly Hogs and Pigs Inventory – United States: June 1**



**Quarterly Pig Crop – United States**



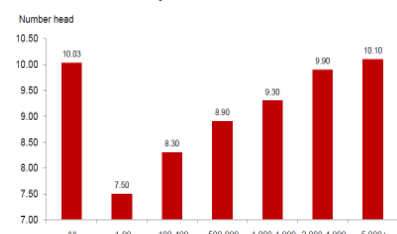
**Quarterly Sows Farrowed – United States**



**Quarterly Litter Rate – United States**



**Pigs per Litter by Size of Operation – United States: March-May 2011**



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**Mississippi River Lock & Dam No. 7 near La Crosse** Week end travels to SE MN afforded a chance to visit the mighty Mississippi River Valley. While I saw plenty of corn and soybean fields I just couldn't put a picture of nearly perfect crops in the newsletter after the spring troubles we experienced. We traveled down Hwy 52 from the Twin Cities to south of Rochester near Caledonia. While the corn is slightly behind normal maturity at 24-36 inches tall the corn crop looks nearly perfect with many corn fields having canopied the rows over. Soybeans are typically 6 inches tall or more with good color and vegetation. We saw very little evidence of mudding the crop in. Even the very water sensitive green pea crop looks perfectly uniform across 160 acre fields.



## Outside Markets:

U.S. Dollar Index	76.200	-0.010	-0.01%	Euro FX	1.41680	+0.00300	+0.21%	Ethanol Futures	Jul 11	2.633p	-0.014
CRB CCI Index	620.00p	-4.00	-0.64%	Canadian Dollar	1.00810	-0.00160	-0.16%	Gasoline RBOB (E)	Jul 11	2.7766p	-0.0610
Gold	1499.3	-1.2	-0.08%	Japanese Yen	1.23800	-0.00570	-0.46%	Diesel Gulf (Ulsd)	Jul 11	2.8635s	+0.0074
Silver	33.955	-0.686	-1.98%	Australian Dollar	1.03210	-0.00620	-0.6%	Heating Oil (E)	Jul 11	2.7503p	-0.0314
DJIA	11881p	-95	-0.79%	Chinese Renminbi	0.154550p	-0.000030	-0.02%	Crude Oil Brent (E)	Aug 11	104.25	-0.87
S&P 500 Index	1265.40	+1.50	+0.12%	Mexican Peso	0.084050s	-0.000075	-0.09%	Natural Gas (E)	Aug 11	4.250p	+0.033
Nasdaq 100	2213.25	+5.50	+0.25%	1-Month Libor	99.7875	+0.0075	+0.01%	Polypropylene	Jul 11	0.7838s	-0.0062
Russell 1000 Growth	581.00p	-7.90	-1.34%	T-Bond	126-15	-0-04	-0.1%	Polyethylene	Jul 11	0.5900p	0.0000
MSCI Emi Index	1104.40	+0.90	+0.08%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1509.364p	-0.181
Nikkei 225	9620.00	+10.00	+0.1%	5-Year T-Note	123-7.5	+0-7.5	+0.04%	Coal Futures	Aug 11	76.30p	-0.20
Brazilian Real	0.62300p	-0.00325	-0.52%	10-Year T-Note	124-265	+0-030	+0.08%	Uranium	Jul 11	54.75p	0.00

**Weather** Locally .20" of rainfall over the weekend. Showers and thunderstorms fell across much of the Midwest over the weekend, with the heaviest amounts falling across eastern IA and into northern MO and southwest sections of IL and IN. Totals there were in the .50-1" range, with some isolated heavier totals occurring as well. Coverage across all of the Midwest was around 75%. The forecast sees showers and thunderstorms to work through areas of the Midwest generally to the east of the Midwest today. Things will then quiet down by tomorrow and look to remain fairly quiet for the rest of the week and weekend as some ridging builds into the central US. By the first half of next week, the ridge looks to break down and be replaced by a NW flow. Right now rains look to be on the light and scattered side as the ridge breaks, but temps will cool significantly with the NW flow. Temps this week will be climbing their way through the 80's and into the 90's in much of the Midwest. Most temps will remain at or below 95, although some 95 degree + readings are possible in the far western Midwest by the end of the week.

### Central Illinois:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 27	jun 28	jun 29	jun 30	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06
Strong Tsms	Sunny	Sunny	Sunny	M Sunny	Iso T-Storms	Sct T-Storms	Sct T-Storms	Sunny	P Cloudy
85° 62°	81° 60°	80° 63°	85° 69°	91° 74°	86° 69°	83° 69°	84° 68°	80° 64°	79° 64°

### Central Iowa:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 27	jun 28	jun 29	jun 30	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06
Sct T-Storms	Sunny	P Cloudy	Sunny	P Cloudy	Iso T-Storms	Iso T-Storms	Sunny	M Sunny	AM Clouds
85° 60°	81° 64°	86° 73°	91° 77°	90° 72°	84° 70°	83° 69°	82° 65°	81° 65°	80° 67°

### South Central Minnesota:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 27	jun 28	jun 29	jun 30	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06
AM Clouds	M Sunny	P Cloudy	P Cloudy	P Cloudy	M Sunny	Iso T-Storms	Sunny	M Sunny	Sunny
78° 56°	78° 63°	85° 74°	91° 73°	83° 64°	82° 66°	80° 64°	76° 61°	75° 61°	76° 62°

### Central Indiana:

mon	tue	wed	thu	fri	sat	sun	mon	tue	wed
jun 27	jun 28	jun 29	jun 30	jun 01	jun 02	jun 03	jun 04	jun 05	jun 06
Strong Tsms	P Cloudy	Sunny	Sunny	M Sunny	Iso T-Storms	Iso T-Storms	Sct T-Storms	Iso T-Storms	P Cloudy
84° 68°	80° 60°	80° 62°	82° 66°	89° 72°	89° 71°	84° 68°	83° 68°	83° 67°	81° 67°

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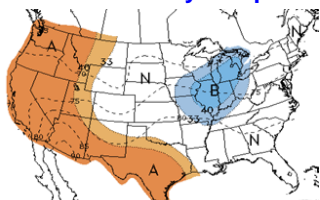
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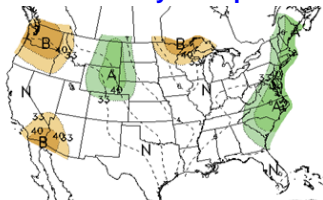
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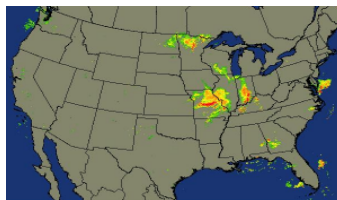
8-14 Day Temp



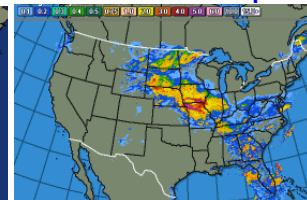
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



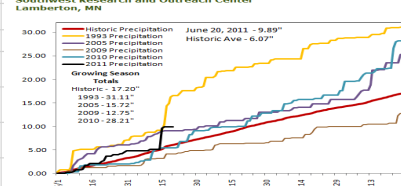
### Official Weather Station -2011

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

	Monday, June 20	Tuesday, June 21	Wednesday, June 22
<b>Air Temperature</b>	Max = 81; Min = 62	Max = 73; Min = 62	Max = 75; Min = 60
<b>Soil Temperature</b>			
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
<b>Daily Precipitation</b>	0.00"	1.46"	1.15"

	Thursday, June 23
<b>Air Temperature</b>	Max = 65; Min = 57
<b>Soil Temperature</b>	
2 inch	Max = 80; Min = 71; Ave = 75
4 inch	Max = 66; Min = 59; Ave = 63
8 inch	Max = 65; Min = 61; Ave = 63
<b>Daily Precipitation</b>	0.33"

2005-2011 Growing Season Precipitation Totals vs. Historic Average  
May 1 - September 30  
Southwest Research and Outreach Center  
Lamberton, MN



**Corn:** Morning: July 11 Corn is at \$6.64 1/2, down 5 1/2 cents, Sept 11 Corn is at \$6.48 3/4, down 8 1/4 cents,

Dec 11 Corn closed at \$6.26 1/2, down 5 1/2 cents. Mar 11 corn closed at \$6.38 1/2, down 5 3/4 cents

Friday's Close: Jul 11 Corn closed at \$6.70, down 10 1/2 cents, Sep 11 Corn closed at \$6.57, down 11 cents, Dec 11 Corn closed at \$6.32, down 14 cents Dec 12 Corn closed at \$5.91, down 8 cents

Corn futures closed sharply lower after showing some strength earlier in the day, still a little shaken after yesterdays whipsaw action and caught up in options expiration today. Crude oil has dropped following the IEA news release yesterday and the gasoline/ethanol spread shrank to only 12 cents on the August contracts. Front month gasoline futures were at the lowest levels yesterday since March 15th. The US Grains Council said the first US corn shipments of the year to China have arrived. New crop futures are being held down by warmer and drier forecasts for the central US through July 4. Jul 11 Corn closed down 30 1/4 cents or -4.32 % for the week. The Disaggregated Futures and Options Report showed Managed Money liquidating net long positions in a big way while Commercials lifted net shorts in the week ending June 21.

**Soybean Complex:** Morning: Jul 11 Soybeans closed at \$13.15 1/4, down 5 cents, Sept 11 Soybeans closed at \$13.06 1/4, down 4 1/2 cents, Nov 11 Soybeans closed at \$13.04 1/4, down 5 cents, Jan 11 Soybeans closed at \$13.17 1/2, down 2 cents

Friday's Close: Jul 11 Soybeans closed at \$13.20 1/4, up 2 1/2 cents, Aug 11 Soybeans closed at \$13.15, down 1 cent, Nov 11 Soybeans closed at \$13.09 1/4, down 8 cents, Jul 11 Soybean Meal closed at \$339.90, down \$0.70, Jul 11 Soybean Oil closed at \$55.22, up \$0.07

Soybean futures closed mixed, weighed down by the large two day drop in crude and the other grains and yesterdays reduction in exports for the 2010/11 marketing year. Options expiration added to this volatility. The weather forecast in the U.S. is calling for above normal temperatures and normal to below normal rainfall in much of the Midwest. 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. The EU implemented new rules today regarding imports of GMO animal feed (soymeal). It will allow trace amounts of GMO material in imports. That is somewhat friendly to US exports. Jul 11 Soybeans closed down 12 3/4 cents or -.96 % for the week. The Disaggregated Futures and Options Report showed Managed Money liquidating net long positions in a big way while Commercials lifted net shorts as of Tuesday.

**Wheat:** Morning: Jul 11 CBOT Wheat closed at \$6.25, down 10 3/4 cents, Jul 11 MGEX Wheat is at \$8.19, down 7 cents

Friday's Close: Jul 11 CBOT Wheat closed at \$6.35 3/4, down 13 1/4 cents, Jul 11 KCBT Wheat closed at \$7.48 1/2, down 11 1/2 cents, Jul 11 MGEX Wheat closed at \$8.26, down 18

Wheat futures closed lower, accelerating towards the end of the session. Paris wheat futures closed mixed after dropping near their March lows on Thursday. Even with good rains in Europe, some areas may have been too far gone to be saved. Toepfer did revise its estimate upward, but still below last year. According to Bloomberg pasta prices could surge following low stocks of durum after extreme wetness in the upper Midwest and Canada prevented durum planting this spring. Pasta is already at the highest prices since 1980. Jul 11 CBOT Wheat closed down 36 1/2 cents or -5.43 % for the week. Jul 11 KCBT Wheat closed down 56 cents or -6.96 % for the week. Jul 11 MGEX Wheat closed down 71 1/4 cents or -7.94 % for the week. The Disaggregated Futures and Options Report showed Managed Money adding net short positions for CBOT wheat as of Tuesday.

**Cattle:** Friday's Close: Jun 11 Cattle closed at \$113.050, up \$0.800, Aug 11 Cattle closed at \$113.500, up \$0.775, Oct 11 Cattle closed at \$119.750, up \$0.900, Aug 11 Feeder Cattle closed at \$138.600, up \$0.750 Sep 11 Feeder Cattle closed at \$139.525, up \$0.850 Oct 11

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Feeder Cattle closed at \$139.700, up \$0.850

Cattle futures closed higher, bouncing around throughout the day. Cash cattle business was active today with KS doing almost 16k head at \$110-112, NE with a few at \$178, TX with 15.6k head at \$108-112.50, CO with some at \$112 and IA with some at \$174-178. Beef export sales through June 16 were a whopping 23,100 MT with shipments at 17,100 MT. That was the largest weekly sale since February. Choice beef was \$0.27 lower at \$178.19 and Select beef was \$0.22 higher at \$173.51. Jun 11 Cattle closed up \$3.300 or 3.01 % for the week. Aug 11 Feeder Cattle closed up \$5.950 or 4.49 % for the week. The Disaggregated Futures and Options Report showed Managed Money adding net long cattle positions in a big way while Commercials added net shorts as of Tuesday.

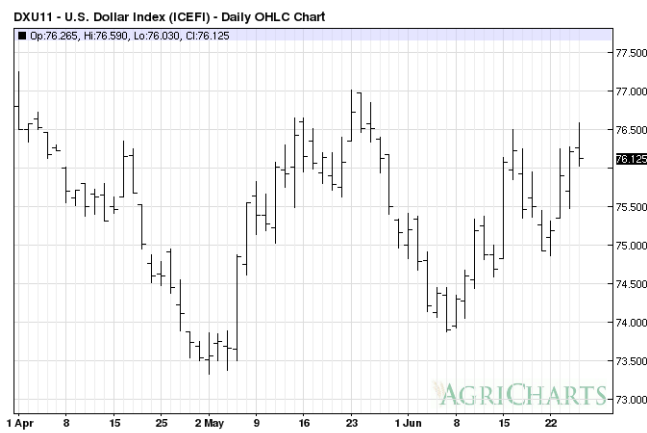
**Hogs:** Friday's Close: Jul 11 Hogs closed at \$96.000, down \$1.000, Aug 11 Hogs closed at \$95.200, down \$0.700 Oct 11 Hogs closed at \$88.675, up \$0.625

Lean Hogs closed lower, accelerating later in the session. Estimates for the USDA Hogs & Pigs report this afternoon were 100.1% of year ago for All Hogs, 100.1 for Kept for Breeding, 100.1 for Market Hogs and 98.2 for Mar/May Farrowings. The farrowing number was a direct hit. USDA put the other numbers at 100.5% for All Hogs, 100.3% for Breeding and 100.6% for Market hogs. The Lean Hog Index is at \$99.16 up \$1.72 for June 22st. Cash hog prices for ECB hogs were \$3.73 lower, WCB \$3.47 lower and ECB \$.62 lower. The pork carcass cutout value posted a new record high on Thursday. Jul 11 Hogs closed up \$0.350 or .37 % for the week. The Disaggregated Futures and Options Report showed Managed Money adding net long positions, over doubling their position while Commercials added net shorts as of Tuesday.

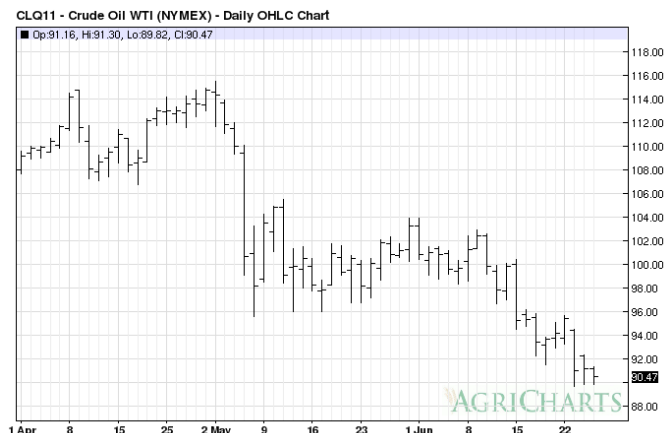
**Cotton:** Friday's Close: Jul 11 Cotton closed at 165.22, up 67 points, Oct 11 Cotton closed at 126.92, up 192 points Dec 11 Cotton closed at 121.92, up 252 points

Cotton futures closed mildly higher, supported by continued dryness in Texas. A stronger US dollar index was a drag on commodities prices in general today. Crude oil was weaker again in the wake of the IEA action from Thursday, and that keeps synthetic fiber prices on the defensive. Dec took the lead after July has been leading lately. Certificated stocks were at 79,097 as delivery notices being. Jul 11 Cotton closed up 2004 points, or 13.8 % for the week. The Disaggregated Futures and Options Report showed Managed Money liquidating net long positions while Commercials lifted net shorts as of Tuesday.

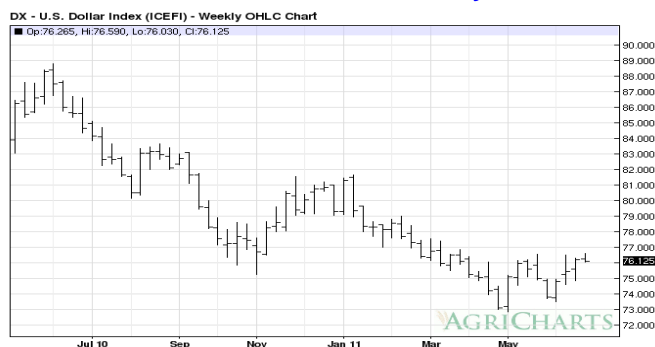
### US Dollar Index Daily Chart



### Crude Oil Daily Chart



### US Dollar Index Chart Weekly



### Crude Oil Chart Weekly



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### 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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