Minnesota West Ag Services

Morning Comments

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www.mnwestag.com

Wednesday, June 29, 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** USDA will report intended plantings as of June 1, this number will be different than actual planted acres because not all the intended acres have been planted. At some point USDA will have to resurvey to find actual planted acres.

June 1	2011	USDA Planting Intentions (in millions of acres)			
	USDA June 1 2011	Average Trade Est.	Range of Trade Est.	USDA Mar 2011	USDA 2010
Corn		90.776	89.50-91.50	92.178	88.192
Soybeans		76.476	75.50-77.19	76.609	77.407
All Wheat		56.607	55.00-57.60	58.021	53.603
Winter Wheat				41.229	37.335
Spring Wheat		13.324	12.50-14.00	14.427	13.698
Durum Wheat		1.980	1.31-2.80	2.365	2.570

Trade estimates for Thurs' June 1 Stocks report for Corn range from 2998 to 3915 million bushel with an average estimate at 3324. Trade expects June 1 soybean stocks to be reported near 590 million bushels. Average estimates of June 1st wheat stocks were 825 and 826 million bushel in a range of 791 to 878 million bushel June 1 ,2010 stocks were 976 million bushel.

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 government approved E15 labels today warning against use in older vehicles.
The first 3 tiers of counties in southern Michigan are expected to double crop soybeans after winter wheat which is just being harvested. This is not the usual practice for that area and they can't buy crop insurance for those soybeans. Farmers in So MI have sold very little of the 2011 crop as is their practice, thoughts are that with their crop shaping up that they will price some after Thursday's USDA's report. Ohio farmers do double crop soybeans often after winter wheat and are expected to continue with the practice in an aggressive manner, they are eligible for crop insurance. Northern Kentucky winter wheat harvest is near complete as is much of the double cropping of soybeans, this is normal for that region.

Outside Markets: Greek parliament votes today on a new debt default prevention package. If passed then members of the European Union have stated they will provide the needed short term capital to prevent defaults on Greek debt. Greek parliament will need to pass 2 votes for the measures to be enacted. Failure to pass the measures will likely send capital markets into a down spin.

U.S. Dollar Index	75.050	-0.440	-0.58%	Euro FX	1.44100	+0.00790	+0.55%	Ethanol Futures	Jul 11	2.670p	+0.060
CRB CCI Index	633.00	+5.00	+0.8%	Canadian Dollar	1.02870	+0.01290	+1.27%	Gasoline RBOB (E)	Aug 11	2.8156p	+0.0712
Gold	1507.9	+8.2	+0.55%	Japanese Yen	1.23550	+0.00240	+0.19%	Diesel Gulf (Ulsd)	Jul 11	2.9326s	+0.0599
Silver	34.410	+0.772	+2.3%	Australian Dollar	1.05340	+0.01040	+1%	Heating Oil (E)	Aug 11	2.8415p	+0.0601
DJIA	12141p	+151	+1.26%	Chinese Renminbi	0.154520p	+0.000150	+0.1%	Crude Oil Brent (E)	Aug 11	110.50	+1.72
S&P 500 Index	1303.00	+8.50	+0.66%	Mexican Peso	0.084575s	+0.000550	+0.65%	Natural Gas (E)	Aug 11	4.354p	+0.090
Nasdaq 100	2289.25	+5.25	+0.23%	1-Month Libor	99.7950p	+0.0050	+0.01%	Polypropylene	Jul 11	0.7838s	0.0000
Russell 1000 Growth	598.90p	+10.70	+1.82%	T-Bond	123-30	-0-09	-0.23%	Polyethylene	Jul 11	0.5850p	-0.0050
MSCI Emi Index	1132.60	0.00	-	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1504.864p	-1.818
Nikkei 225	9855.00	+70.00	+0.72%	5-Year T-Note	121-260	-0-075	-0.19%	Coal Futures	Aug 11	77.55p	+0.67
Brazilian Real	0.63325p	+0.00755	+1.21%	10-Year T-Note	122-305	-0-120	-0.3%	Uranium	Jul 11	54.00p	-0.50

Weather Dry weather dominated the Midwest yesterday, with temps running a few degrees below average. Highs were in the upper 70's in the north and low 80's in the south. The forecast sees ridging to dominate the region for the rest of this week and weekend and bring mainly dry weather and warming temps. By the first half of next week, the ridge still looks to break down and be replaced by a NW flow. Rainfall with the breaking down of the ridge still looks to be on the light and scattered side, but temps will cool significantly with the NW flow.

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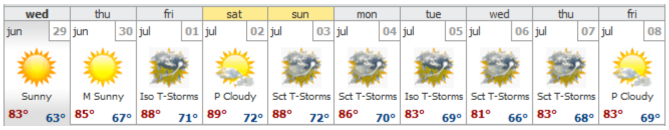
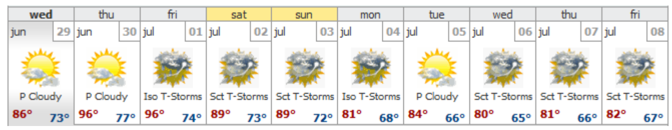
Temps this week will be climbing their way through the 80's and into the 90's in much of the Midwest. Most temps will remain at or below 95, although some 95 degree + readings are possible in the far western Midwest by the end of the week. Temps will then cool into the 70's and 80's as we work into the first half of next week.

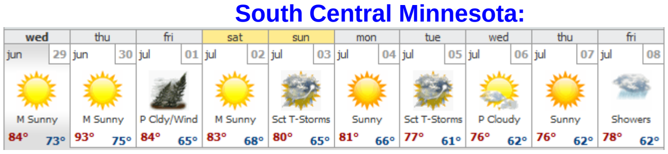
Central Illinois:



Central Iowa:



South Central Minnesota:



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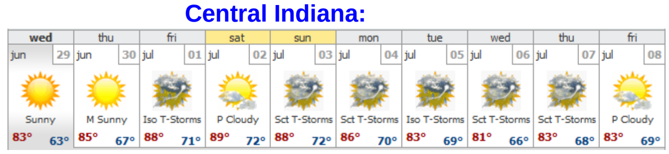
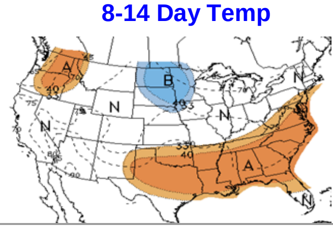
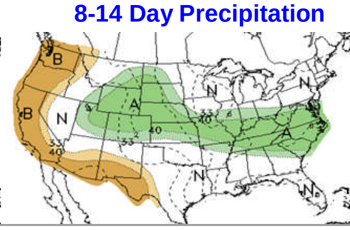


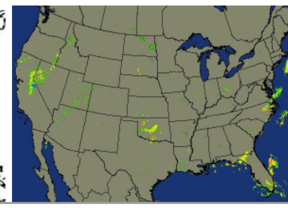
8-14 Day Temp



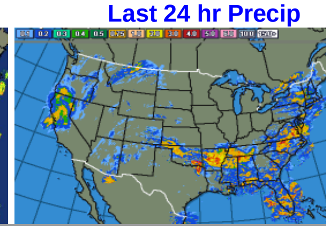
8-14 Day Precipitation



Current Radar



Last 24 hr Precip

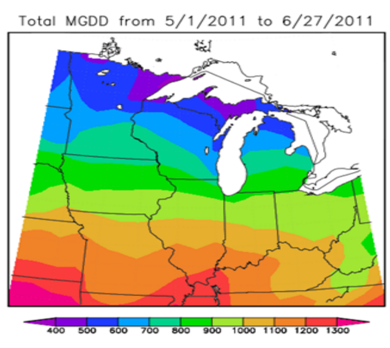


Official Weather Station -2011

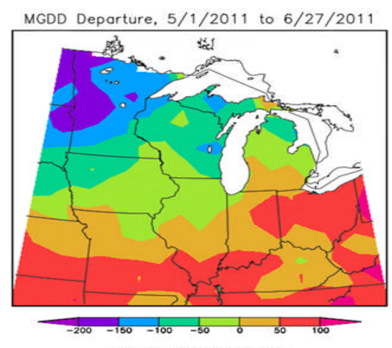
SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

	Monday, June 27	Tuesday, June 28
Air Temperature	Max = 75; Min = 62	Max = 75; Min = 56
Soil Temperature		
2 inch	Max = 99; Min = 75; Ave = 87	Max = 90; Min = 66; Ave = 78
4 inch	Max = 74; Min = 62; Ave = 68	Max = 74; Min = 61; Ave = 67
8 inch	Max = 67; Min = 63; Ave = 65	Max = 70; Min = 62; Ave = 66
Daily Precipitation	0.07"	0.00"

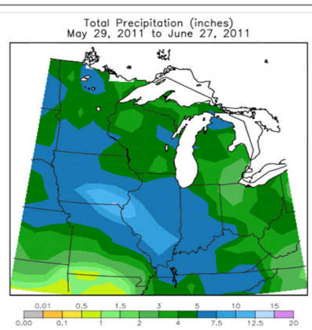
Total MGDD from 5/1/2011 to 6/27/2011

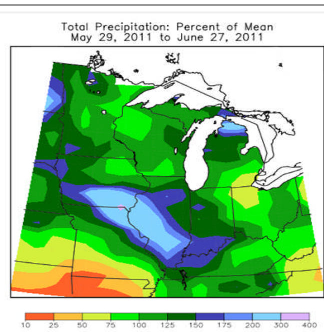


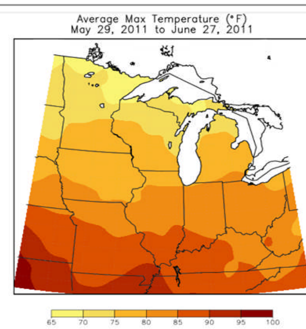
MGDD Departure, 5/1/2011 to 6/27/2011

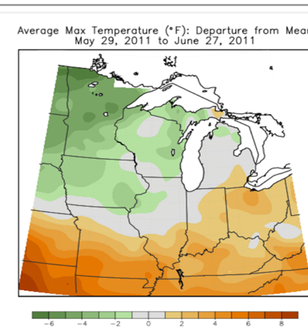


Modified Growing Degree Days are similar to Growing Degree Days with several temperature adjustments. If the daily maximum temperature is above 86°F, it is reset to 86°F. If the daily minimum temperature is below 50°F, it is reset to 50°F. Modified Growing Degree Days are typically used to monitor the development of corn, the assumption being that development is limited once the temperature exceeds 86°F or falls below 50°F. For example, if the high for the day was 92°F and the low 68°F, the average for use in the Modified GDD calculation would be 86 + 68 = 154 / 2 = 77.









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Corn: Morning: July 11 Corn is at $7.06 ½ , up 23 ½ cents, Sept 11 Corn is at $6.92 ¾ , up 22 ¾ cents, Dec 11 Corn closed at $6.69 ½ , up 16 ½ cents. Mar 11 corn closed at $6.82 , up 14 ¼ cents
Yesterday's Close: Jul 11 Corn closed at $6.83, up 22 ¼ cents, Sep 11 Corn closed at $6.70, up 25 ¾ cents, Dec 11 Corn closed at $6.53, up 26 ¼ cents Dec 12 Corn closed at $6.11, up 25 ¾ cents
Corn futures closed higher, supported by the crop progress report last night, a lower dollar and higher crude oil. Chinese futures were 9 cents per bushel lower on Tuesday, with 169,258 MT sold out of government reserves to feed mills and livestock operators. Dow Jones survey estimates for Quarterly Grain Stocks show 3.324 billion bushels, down from last year's 4.31. Average trade estimate for planted acres is at 90.767 million. This total will likely include recently flooded acres which were planted before flooding.

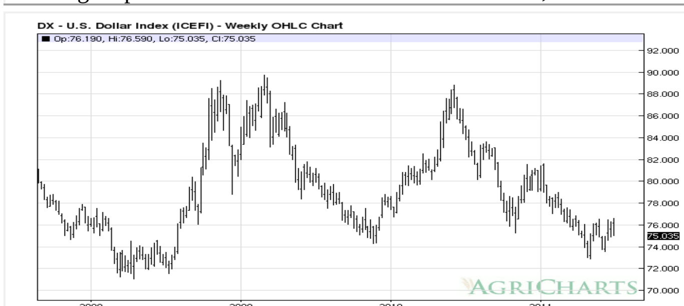
Soybean Complex: Morning: Jul 11 Soybeans closed at $13.45 , up 14 ¼ cents , Sept 11 Soybeans closed at $3.35 , up 14 cents, Nov 11 Soybeans closed at $13.34 ¼ , up 15 ¼ cents, Jan 11 Soybeans closed at $13.44 , up 14 ¾ cents
Yesterday's Close: Jul 11 Soybeans closed at $13.30 ¾ , up 1 cent, Aug 11 Soybeans closed at $13.24 ½ , up 1 ¾ cents, Nov 11 Soybeans closed at $13.19, up 4 cents, Jul 11 Soybean Meal closed at $338.90, down $4.10, Jul 11 Soybean Oil closed at $55.34, up $0.43
Soybean futures closed higher, supported by the other grains and a friendly Crop Progress report. The average trade estimate (Bloomberg) for June 1 soybean stocks on Thursday morning is 592 million bushels. Estimates for acres were around 76.476 million acres. Wetness is still a concern for soybeans and the main driver of the lower condition rating reported yesterday.

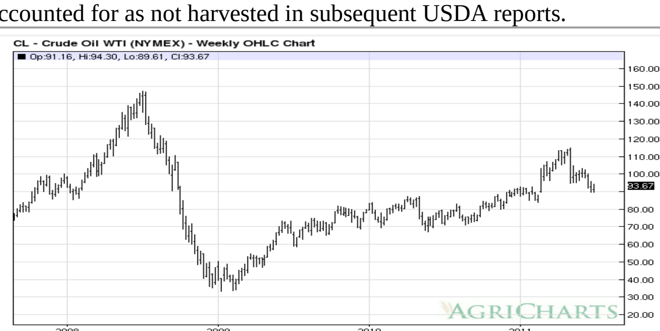
Wheat: Morning: Jul 11 CBOT Wheat closed at $6.54 ¾ , up 14 ½ cents, Jul 11 MGEX Wheat is at $8.55 , up 16 cents
Yesterday's Close: Jul 11 CBOT Wheat closed at $6.40 ¼ , up 17 ½ cents, Jul 11 KCBT Wheat closed at $7.43 ¾ , up 15 ¼ cents, Jul 11 MGEX Wheat closed at $8.39, up 33 ¼ cents
Wheat futures closed higher. Paris wheat futures were sharply higher on Tuesday after declining 18% in two weeks. The Greek austerity measures vote on Wednesday morning is still making EU traders nervous and there were demonstrations in Athens today that required tear gas. Wheat export loadings since June 1 are 74.6 million bushels, 20 million ahead of last year. The lead is expected to die out in the next 30-60 days. Dow Jones survey estimates for Quarterly Grain Stocks show .825 billion bushels, down from last year's 976. This number will also be the year end carryover figure in the July WASDE report.

Cattle: Yesterday's Close: Jun 11 Cattle closed at $112.350, up $0.850, Aug 11 Cattle closed at $111.750, up $0.375, Oct 11 Cattle closed at $118.550, up $0.775, Aug 11 Feeder Cattle closed at $137.875, up $0.650 Sep 11 Feeder Cattle closed at $138.675, up $0.425 Oct 11 Feeder Cattle closed at $138.800, up $0.400
Cattle futures closed higher, supported by strength in ag commodities generally today and higher boxed beef prices. No cash cattle trade was reported yet this week. Initial asking prices for this week are thought to be in the $114-115 range. Choice boxed beef was $0.31 higher at $178.79 and Select boxed beef was $0.51 higher at $173.47.

Hogs: Yesterday's Close: Jul 11 Hogs closed at $94.375, up $0.225, Aug 11 Hogs closed at $92.350, unch, Oct 11 Hogs closed at $86.800, up $0.225
Lean Hogs closed higher. The Lean Hog Index was at $102.11, up $1.13 for June 24th. Cash hog prices for WCB hogs were $1.28 higher with IA/MN $1.18 higher and ECB $1.41 lower, starting to see some benefit of higher finished product. The pork carcass cutout value posted a new record high on Monday then tanked $3.37 today to $97.37. This trims packer margins after they had widened out for the last few days. The decline is likely the result of full packing plants putting the brakes on due to completed holiday buying and planned downtime.

Cotton: Yesterday's Close: Jul 11 Cotton closed at 160.91, down 109 points, Oct 11 Cotton closed at 128.01, up 7 points Dec 11 Cotton closed at 122.01, up 2 points
Cotton futures closed mixed. Certificated stocks were at 87,439. There were only 7 delivery notices vs. July futures overnight. The Crop Progress report showed Cotton Condition improved a point at 27% good/excellent. This is still well below last year. Squaring was seen at 32%, down 7 points from average. Traders on average are looking for USDA to show 13.26 million cotton acres in Thursday's Planted Acreage report. This will include failed acres in Texas, which will be accounted for as not harvested in subsequent USDA reports.





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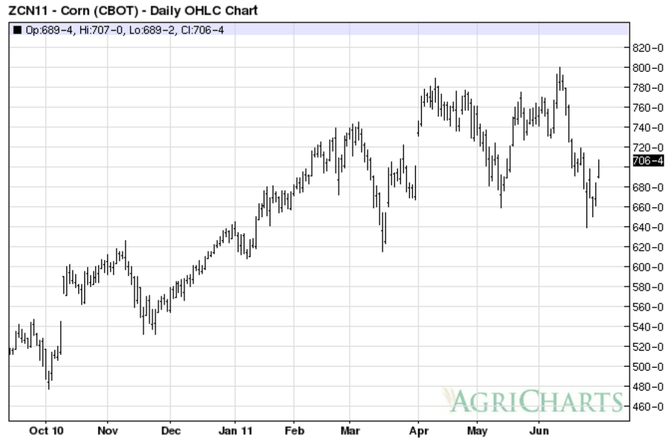
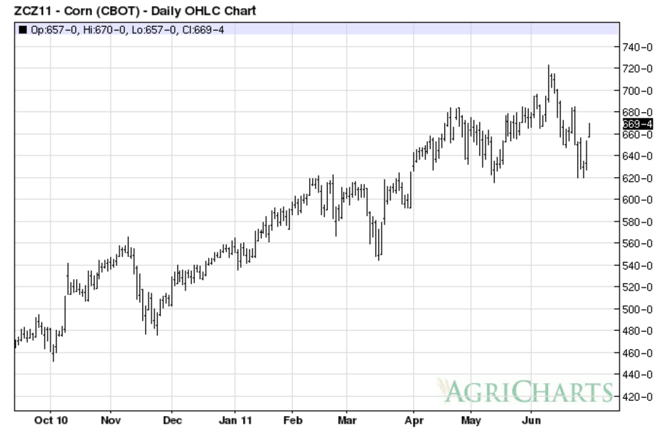
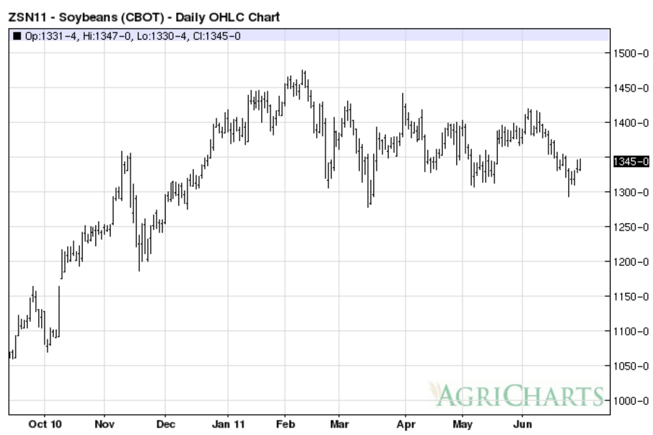
July 11 Corn Daily Chart



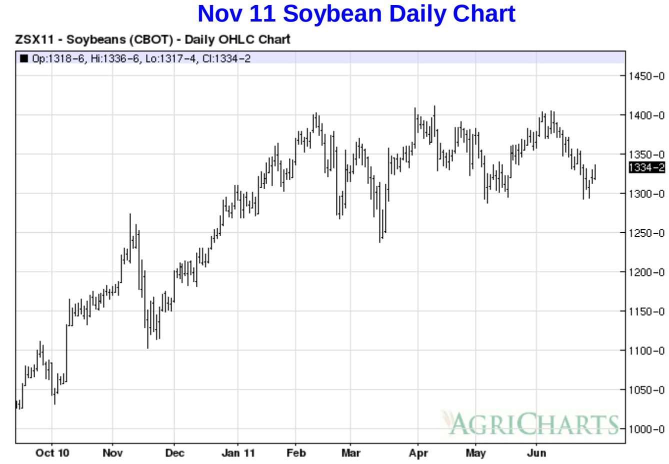
Dec 11 Corn Daily Chart



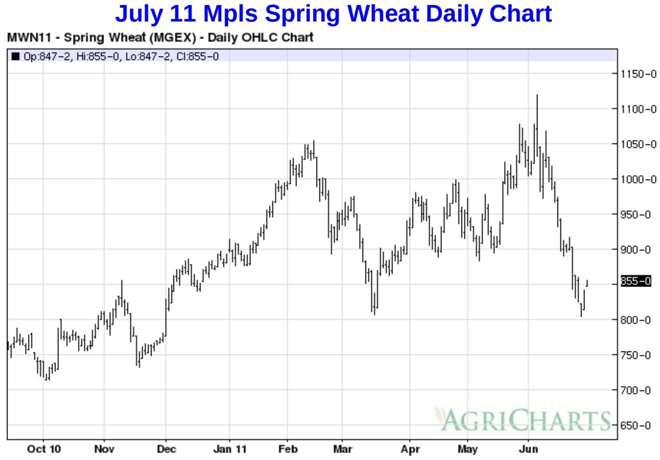
July 11 Soybean Daily Chart



Nov 11 Soybean Daily Chart



July 11 Mpls Spring Wheat Daily Chart



Sept 11 Mpls Spring Wheat Daily Chart