



MORNING COMMENTS

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Friday, September 2, 2011

Monday is Labor Day Markets are closed

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	100% sold with basis set	50% sold HTA	30% sold HTA
Soybeans	100% sold with basis set	50% sold HTA	20% sold HTA
Wheat	100% sold with basis set	50% sold HTA	none

Futures Prices: This week, new crop December 11 corn futures posted a new high at \$7.79 while new crop November 11 Soybeans also posted a new high at \$14.57. Both crops are posting values that are historically very high prices. See charts below.

Next Major USDA Reports: Monday September 12, 2011 WASDE & Crop Production ;
Friday September 30, 2011 Quarterly 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 FC Stone lowered their estimated soybean yield estimate to 41.05 bpa from 42.4. FC Stone estimated the U.S. corn yield will average 146.3 BPA and production at 12.35 billion bushels. The dollar was sharply higher yesterday but China the main U.S. soybean buyer has let their currency rise against the dollar recently so China's buying power is actually improved. That apparently hasn't stopped them from buying the remaining South American bean supplies for SON shipment.

Crop Insurance Wheat Harvest prices have been approved. Harvest Price Wheat - Spring MN/WI/IA/SD/ Harvest price is announced at \$8.90. Spring Price was \$9.89. Remember to figure the new bushel guarantee you will take the dollar guarantee per acre divided by the harvest price. This will give you the new guarantee. Bushels are paid out at the Harvest price.

Example to recalculate guarantee: APH 50 bu/ac coverage at 80% RP.

Original Guarantee: $\$395.60 / 9.89 = 40$ bushels/acre protected.

New Guarantee: Now since the price dropped to \$8.90 we would take $\$395.60 / 8.90 = 44.5$ or 45 bushels/acre protected.

Nonfarm payroll employment was unchanged (0) in August, and the **unemployment rate** held at 9.1 percent, the U.S. Bureau of Labor Statistics reported today. Employment in most major industries changed little over the month. Health care continued to add jobs, and a decline in information employment reflected a strike. Government employment continued to trend down, despite the return of workers from a partial government shutdown in Minnesota.

Chart 1. Unemployment rate, seasonally adjusted, August 2009 – August 2011

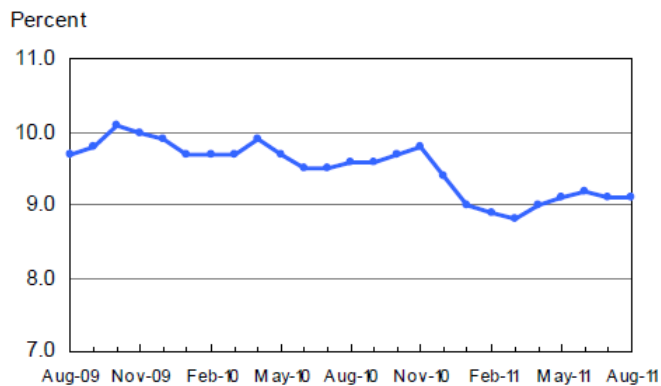
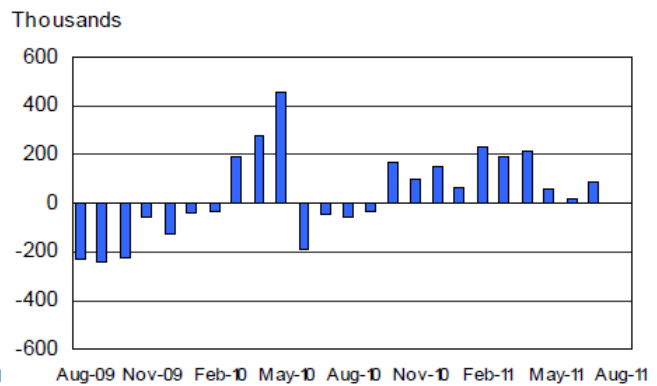


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, August 2009 – August 2011



The number of **unemployed persons**, at 14.0 million, was essentially unchanged in August, and the **unemployment rate** held at 9.1 percent. The rate has shown little change since April.

Among the **major worker groups**, the unemployment rates for adult men (8.9 percent), adult women (8.0 percent), teenagers (25.4 percent), whites (8.0 percent), blacks (16.7 percent), and Hispanics (11.3 percent) showed little or no change in August. The jobless rate for Asians was 7.1 percent, not seasonally adjusted.

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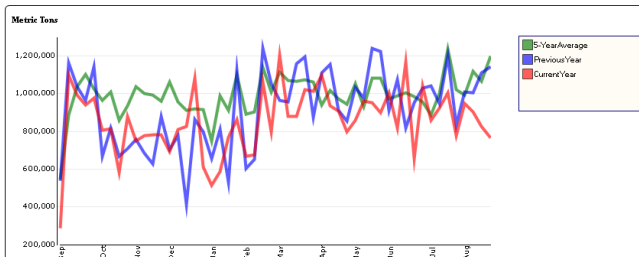
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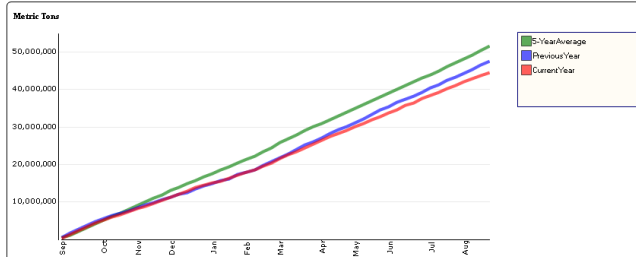
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US Corn Exports 2010-11

Weekly

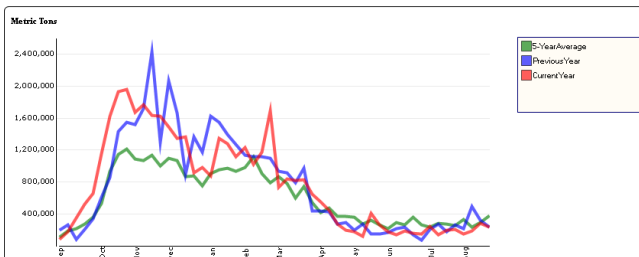


Accumulated

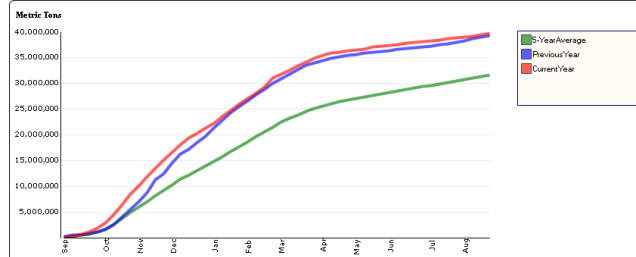


US Soybean Exports 2010-11

Weekly

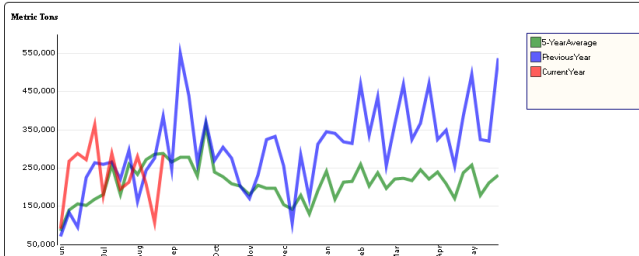


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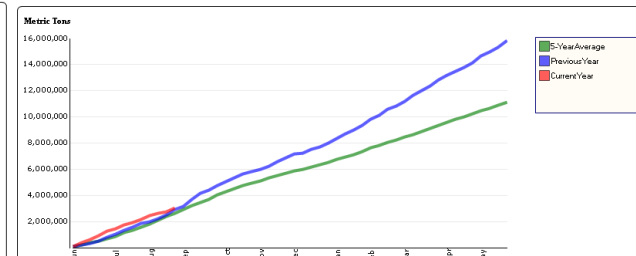


US All Wheat Exports 2010-11

Weekly



Accumulated



Outside Markets:

U.S. Dollar Index	74.535	-0.022	-0.03%	Euro FX	1.42550	-0.00150	-0.11%	Ethanol Futures	Sep 11	2.843p	-0.070
CRB CCI Index	648.00p	0.00	-	Canadian Dollar	1.02210	-0.00270	-0.26%	Gasoline RBOB (E)	Oct 11	2.8927p	+0.0164
Gold	1857.8	+31.8	+1.74%	Japanese Yen	1.30250	+0.00060	+0.05%	Diesel Gulf (ULSD)	Oct 11	3.0903s	-0.0296
Silver	42.680	+1.198	+2.89%	Australian Dollar	1.06830	-0.00400	-0.37%	Heating Oil (E)	Oct 11	3.0518p	-0.0322
DJIA	11465p	-138	-1.19%	Chinese Renminbi	0.156790p	-0.000020	-0.01%	Crude Oil Brent (E)	Oct 11	114.29p	-0.56
S&P 500 Index	1190.40	-10.90	-0.91%	Mexican Peso	0.080975	-0.000275	-0.34%	Natural Gas (E)	Oct 11	4.050p	-0.004
Nasdaq 100	2199.50	-17.75	-0.8%	1-Month Libor	99.7700	+0.0050	+0.01%	Polypropylene	Oct 11	0.8625s	0.0000
Russell 1000 Growth	562.70p	-7.60	-1.33%	T-Bond	139.04	+0.14	+0.32%	Polyethylene	Oct 11	0.6100s	+0.0050
MSCI EMI Index	1025.50	-5.40	-0.52%	3-Month T-Bill	992.7000s	0.0000	-	RME Biodiesel	Sep 11	1502.000p	-10.000
Nikkei 225	8910.00	-95.00	-1.05%	5-Year T-Note	123-255	+0.035	+0.09%	Coal Futures	Oct 11	76.53p	-0.55
Brazilian Real	0.61895s	-0.00780	-1.24%	10-Year T-Note	130-245	+0.050	+0.12%	Uranium	Sep 11	49.65p	+0.50

Weather Hot and dry weather dominated the majority of the Midwest again yesterday, with some rains falling in the eastern Dakotas and NW MN. Totals there were typically under .25", with some 1"+ amounts reported from northeast ND and northwest MN. Temps were above average again yesterday and were in the upper 80's to low 90's in most cases, with some upper 90's in the south and some 100's again over the dry soils of southern and central IL.

The forecast sees a cold front to work through over the weekend and produce rains across most of the region. Next week and the following weekend still look to be fairly quiet across the region. Temps will remain above average until the front passes through this weekend and then some below average temps look to build in for the first half of next week, but no cold air threats are seen. Temps then look to warm to average levels in most of the region by the end of next week.

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Central Illinois:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
sep 02	sep 03	sep 04	sep 05	sep 06	sep 07	sep 08	sep 09	sep 10	sep 11
M Sunny	Iso T-Storms	Sct T-Storms	Sunny	Sunny	Sunny	M Sunny	Sunny	Sunny	Sunny
101° 72°	95° 68°	77° 53°	71° 50°	73° 53°	78° 55°	79° 56°	78° 59°	81° 59°	80° 55°

Central Iowa:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
sep 02	sep 03	sep 04	sep 05	sep 06	sep 07	sep 08	sep 09	sep 10	sep 11
Sct T-Storms	Sct T-Storms	M Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny
90° 72°	81° 58°	72° 51°	73° 51°	73° 53°	75° 58°	77° 58°	78° 60°	80° 61°	79° 61°

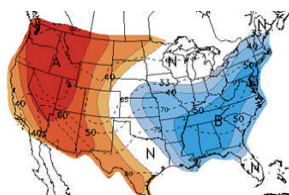
South Central Minnesota:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
sep 02	sep 03	sep 04	sep 05	sep 06	sep 07	sep 08	sep 09	sep 10	sep 11
Showers	Iso T-Storms	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	P Cloudy
78° 58°	74° 51°	71° 45°	74° 51°	77° 56°	80° 55°	78° 53°	77° 54°	79° 56°	74° 55°

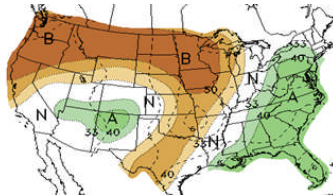
Central Indiana:

fri	sat	sun	mon	tue	wed	thu	fri	sat	sun
sep 02	sep 03	sep 04	sep 05	sep 06	sep 07	sep 08	sep 09	sep 10	sep 11
M Sunny	M Sunny	Sct T-Storms	P Cloudy	P Cloudy	P Cloudy	M Sunny	Sunny	Sunny	Sunny
99° 71°	97° 71°	80° 56°	73° 51°	73° 55°	78° 54°	79° 58°	78° 58°	81° 60°	81° 56°

8-14 Day Temp



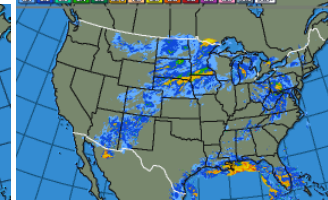
8-14 Day Precipitation



Current Radar



Last 24 hr Precip



Corn: Morning: Sept 11 Corn is at \$7.34 $\frac{1}{4}$, up 5 $\frac{1}{2}$ cents, Dec 11 Corn closed at \$7.43 $\frac{1}{2}$, up 5 cents, Mar 11 corn closed at \$7.55 $\frac{1}{4}$, up 4 $\frac{1}{2}$ cents, July 12 Corn is at \$7.65 $\frac{1}{4}$, up 5 $\frac{1}{2}$ cents, Yesterday's Close: Sept 11 Corn is at \$7.28 $\frac{3}{4}$, down 28 $\frac{3}{4}$ cents, Dec 11 Corn is at \$7.38 $\frac{1}{2}$, down 29 cents, Mar 12 Corn is at \$7.50 $\frac{3}{4}$, down 28 $\frac{1}{4}$ cents Dec 12 Corn is at \$6.46 $\frac{3}{4}$, down 18 $\frac{1}{4}$ cents
Corn futures broke sharply into the close on profit taking ahead of the three day weekend and the upcoming crop report. Funds sold an estimated 18,000 contracts. The dollar ended about 400 points higher on positive U.S. manufacturing data for August. FC Stone estimates the U.S. corn yield will average 146.3 BPA and production at 12.35000 billion bushels. Export sales for the 2010/11 marketing year were a net reduction of 320,299 MT. Previous unknown sales were claimed by China (116,000 MT) and Egypt (111,700 MT) but a decrease of 453,700 MT remained unknown. Net sales of 957,934 MT for 2011/12 delivery were mainly reported for an unknown (645,100 MT) destination. Appears they may have rolled 2010/11 purchases to the new marketing year that begins today. Basis levels fell sharply at river terminals but were steady at elevators, processors and ethanol plants.

Soybean Complex: Morning: Sept 11 Soybeans closed at \$14.29 $\frac{3}{4}$, up 5 cents, Nov 11 Soybeans closed at \$14.39 $\frac{3}{4}$, up 5 $\frac{1}{4}$ cents, Jan 11 Soybeans closed at \$14.49 $\frac{3}{4}$, up 4 $\frac{1}{2}$ cents, Jul 12 Soybeans closed at \$14.55, up 4 $\frac{3}{4}$ cents, Yesterday's Close: Sept 11 Soybeans are at \$14.24 $\frac{3}{4}$, down 24 $\frac{1}{4}$ cents, Nov 11 Soybeans are at \$14.34 $\frac{1}{2}$, down 23 cents, Jan 12 Soybeans are at \$14.45 $\frac{1}{4}$, down 22 cents, Nov 12 Soybeans are at \$13.83, down 9 cents, Sep 11 Soybean Meal is at \$376.60, down \$4.20, Sep 11 Soybean Oil is at \$57.71, down \$0.84
Soybean futures closed sharply lower pressured by the higher dollar and profit taking ahead of the three day weekend. The monthly crop report will also be out September 12th. FC Stone lowered their soybean yield estimate to 41.05 from 42.4. Export sales as of August 25th have shifted to new crop with sales for 2011/12 at 593,782 MT. China (257,000 MT) remains the big buyer with Unknown (140,000 MT) second in soybean export demand for the 2011/12 marketing year which begins today. Next weeks export sales report will wrap up the 2010/11 marketing year and include the remaining four days left unreported. U.S. cash basis levels were unchanged at elevators but were significantly lower at processors and river terminals. Most crush plants are thought to have sufficient supplies until harvest. Census bean oil stocks were 3.153 against the expected 3.065 billion pounds adding to the selling pressure in the soy complex. Canadian canola harvest is ahead of schedule in the Saskatchewan province. The dollar is sharply higher but China the main U.S. soybean buyer has let their currency rise against the dollar recently so China's buying power is actually improved.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$7.24 $\frac{1}{4}$, up 8 $\frac{3}{4}$ cents, Sept 11 MGEX Wheat is at \$ cents, Yesterday's Close: Sept 11 CBOT Wheat is at \$7.15 $\frac{1}{2}$, down 29 $\frac{3}{4}$ cents, Sept 11 KCBT Wheat is at \$8.48, down 23 cents, Sept 11 MGEX Wheat is at \$9.70 $\frac{3}{4}$, up 3 $\frac{3}{4}$ cents
Wheat futures closed much lower on chances of rain in Kansas and Oklahoma over the weekend. The exception was the spot MGEX contract which is in deliveries. Firm cash prices are supporting that month. The potential for rain in the Northern Plains over the weekend has moved S.E. into the Great Lakes, Iowa area. Wheat export sales were up 6% from the previous week at 369,200 MT. Shipments were up 30% from the previous week with Japan and Mexico the main delivery points. Taiwan Flour Millers Assn. bought 53,170 MT of U.S. origin wheat in a tender today. The EU granted export license for 276,000 MT of soft wheat. Libya bought 50,000 MT of Russian wheat. Another 1,195 contracts of wheat were delivered against the expiring CBOT September wheat contract.

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Cattle: Yesterday's Close: Oct 11 Cattle are at \$113.600, down \$0.425, Dec 11 Cattle are at \$115.425, down \$0.475, Feb 12 Cattle are at \$118.950, down \$0.925, Sep 11 Feeder Cattle are at \$132.750, up \$0.300 Oct 11 Feeder Cattle are at \$132.775, up \$0.075 Nov 11 Feeder Cattle are at \$133.950, unch,

Cattle futures closed lower across the board and feeder cattle ended on a high note. Export sales were 16,900 MT for 2011 delivery. Although cattle numbers are down exports are up. Cash trading remains at a standstill with not enough business to establish a trend. Cattle sold last week at mostly \$113 and \$180. The east coast holiday weekend weather will be relatively mild until Monday along with most of the rest of the country except for the south east should have good grilling weather. Chances of rain in KS and OK could help boost soil moisture but temps in the high 90s will also contribute to evaporation and cattle stress. Boxed beef closed mixed on the day. Choice was down \$0.99 at \$181.80 and Select was up \$0.30 at \$174.67.

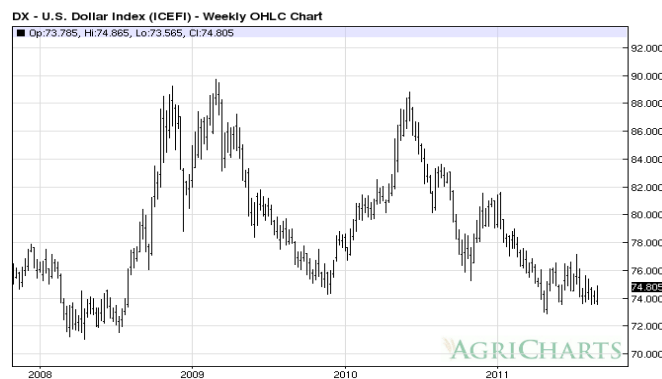
Hogs: Yesterday's Close: Oct 11 Hogs are at \$85.175, down \$0.325, Dec 11 Hogs are at \$82.000, down \$0.900 Feb 12 Hogs are at \$86.475, down \$0.375

Lean hog futures were lower pulled down by the falling cash market. Cash hogs in IA/MN hogs ended \$1.89 lower at \$83.50, WCB closed \$1.72 lower at \$83.60 and ECB hogs were \$2.32 lower at \$84.96. Temps have been above normal the past couple of days but a cool front will work its way as far south as the Oklahoma border by Monday. Pork trading is slow with light demand and light to moderate offerings. The Carcass cutout was down \$1.13 at \$95.35. The CME Index was down 2.07 at \$96.29.

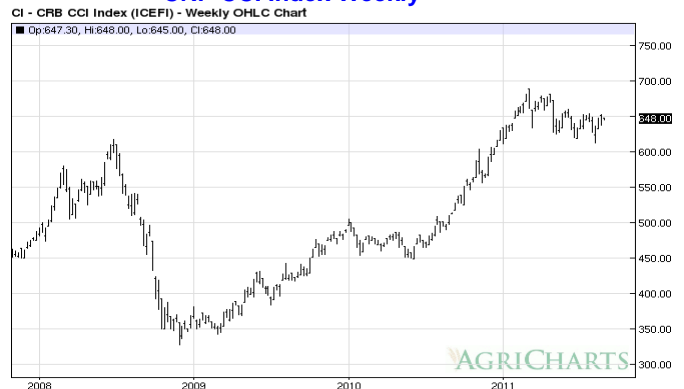
Cotton: Yesterday's Close: Oct 11 Cotton is at 106.08, up 20 points, Dec 11 Cotton is at 105.78, down 3 points Dec 12 Cotton is at 99.02, up 51 points

Cotton futures closed mixed with Dec and Mar down slightly and the rest up slightly, mostly dodging a higher dollar and red ink across ag markets before the long weekend. Supportive were healthy export sales reported this morning. Net export sales for Upland cotton were 227,000 RB for 2011/12 delivery. Net sales for 2012/13 were 2,800 RB. Mexico was the main destination for shipments with China second. Net Pima sales were decreased by 2,300 with China at a minus 2,100 RB. A new tropical storm in the Gulf will bring moisture into the Gulf States over the weekend. Certificated Stocks were down from the previous day at 16,320 bales.

US Dollar Index Weekly



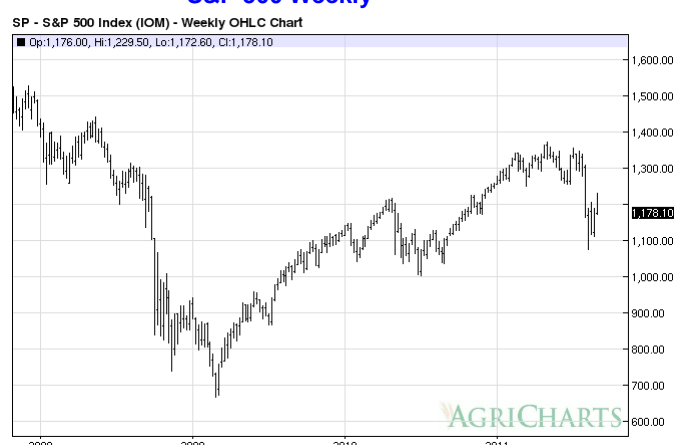
CRP CCI Index Weekly



Crude Oil Weekly



S&P 500 Weekly



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Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCX11 - Corn (CBOT) - Daily OHLC Chart



Sept 11 Soybean Daily Chart

ZSU11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



Sept 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart



Dec 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



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