



## MORNING COMMENTS

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**Tuesday, September 20, 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	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

**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.

**HTA Basis Targets:** For those with 2011 Dec corn HTA's that need a fall delivery and have not set the basis you should be talking to your elevator and negotiating the basis. Many So MN elevators have an Oct/Nov basis of -.45 with a few as wide as -.60 depending on their location and local market. Soybean basis remains slightly wider than many years but given the futures value seem somewhat reasonable. For 2011 Soybean HTA's that need a delivery you may need to accept a basis near -.80 if you need to have the cash flow, otherwise you could roll the Nov Soybean HTA out to Jan or March and wait to see if a more normal basis of near -.65 occurs. When futures have been over \$12.00 we have had limited opportunity for -.70 or better basis in Jan-Mar of 2010 and also in 2008.

**Next Major USDA Reports:** Friday September 23 Cattle on Feed; Wednesday September 28, Hog & Pigs  
Friday September 30, 2011 Quarterly Grain Stocks ; Wednesday October 12, 2011 WASDE & Crop Production ;

**Market Talk** The trade is still debating if higher prices have done the job to cause rationing of corn. It is usually difficult to see if demand rationing is occurring as it is slow to appear on supply and demand balance sheets. As we spoke about in yesterday's newsletter many are looking to the September 30th quarterly stocks report to see how quickly demand rationing is occurring. If the corn crop shrinks further it will have a huge impact on carryout if demand stays strong. Despite a usual harvest low in prices, competition for acres could come as we move closer to spring and could keep prices strong.

Ohio to Southern Michigan are experiencing a very good bean crop, perhaps a record yield. Paris Indiana there is a wide range of soybean quality in this area. Soybeans last weekend were yielding almost 60 bpa and averaging 12% moisture. Corn still seems to be a little wet, around 18-20% corn yields are thought to be lower than last year. Early East Central IA corn 150-190 bushels with moistures of 20-25%. So MN, Mountain Lake & Fairmont areas corn 165-170 bu range appears to be the norm for those who have taken some 20-25%.

**The USDA Crop Progress** report showed corn dented at 92%, a point ahead of average, mature at 46% and 2 points below average, harvested at 10%: a point below average. Condition was 2 points lower at 51% good/excellent. Minnesota called 92% dented and 28% mature.

The USDA Crop Progress report showed soybeans dropping leaves at 33%, 14% behind average while condition was down 3 points at 53% good/excellent. Minnesota reported as 41% dropping leaves vs. 64% last year and 74% on average. MN condition ratings down 10% to 51% G/E as compared to 87% G/E last year.

### Corn Harvested – Selected States

[These 18 States harvested 94% of the 2010 corn acreage]

State	Week ending			2006-2010 Average
	September 18, 2010	September 11, 2011	September 18, 2011	
	(percent)	(percent)	(percent)	(percent)
Colorado .....	3	(NA)	-	3
Illinois .....	35	(NA)	11	15
Indiana .....	25	(NA)	4	9
Iowa .....	6	(NA)	3	3
Kansas .....	37	(NA)	32	24
Kentucky .....	66	(NA)	32	36
Michigan .....	12	(NA)	-	3
Minnesota .....	1	(NA)	-	1
Missouri .....	32	(NA)	34	29
Nebraska .....	5	(NA)	2	3
North Carolina .....	80	(NA)	78	60
North Dakota .....	-	(NA)	-	1
Ohio .....	10	(NA)	-	3
Pennsylvania .....	15	(NA)	3	11
South Dakota .....	1	(NA)	-	2
Tennessee .....	82	(NA)	59	56
Texas .....	56	(NA)	63	66
Wisconsin .....	2	(NA)	-	1
18 States .....	18	(NA)	10	11

- Represents zero.

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### FFA MEMBERSHIP REACHES RECORD HIGH *Sept. 14, 2011* Source: FFA news release

In the past year, more than 17,000 new students have joined FFA, setting a new all-time high in the organization's membership since founded in 1928. During the 2010-11 school year, FFA membership grew to a record 540,379 students, up 17,070 students from 523,309 members in the 2009-10 school year. The number of FFA chapters in the U.S., Puerto Rico and the Virgin Islands also grew with the creation of 106 new, chartered FFA chapters.

Texas tops the list of states with the largest FFA membership with 81,694 students, followed by California with 70,555, Georgia with 31,616, Missouri with 25,096 and Oklahoma with 23,562. The 10 largest FFA chapters are all in California. Texas also tops all states for largest FFA membership growth during the 2010-11 school year, followed by California, North Carolina, Georgia and Utah. FFA chapters can now be found in 18 of the 20 largest U.S. cities, including New York City, Chicago and Philadelphia.

"We are excited to see that agricultural education continues to grow and flourish in this country. Agriculture plays an important role in our everyday lives and it's inspiring to experience this surge in FFA membership, which allows FFA to grow its impact on young lives," said National FFA Organization CEO Dwight Armstrong. "With more than 300 careers in agriculture, it comes as no surprise that students from all walks of life are interested in pursuing agricultural education. FFA members are students interested in developing a diverse set of skills and experiences that will equip them for careers in such fields as aquaculture and food science to production agriculture, forestry, research and more."

### PIONEER HI-BRED PROVIDES UPDATE FOR INVESTORS *Sept. 15, 2011* Source: DuPont news release

At the Credit Suisse Chemicals & Ag Conference Sept 15, DuPont confirmed its seed business, Pioneer Hi-Bred, will deliver another year of positive financial performance, including North America share gains in corn and soybeans. Based on USDA data, Pioneer added a solid 1 point share gain in North American corn and 4 points share gain in soybean, further demonstrating the value of Pioneer genetics and services. These results mark multiple years of share gains in both crops.

"New and loyal customers see the value of our innovative products and that is why we continue to see success," said Paul E. Schickler, president, Pioneer Hi-Bred, a DuPont business. "Our 'right product, right acre strategy' is winning and we are pulling ahead of the competition." "Based on what we are observing and hearing from farmers, we think our momentum will continue in 2012," said Schickler. "This year, growers planted nearly 4 million acres with Optimum AcreMax 1 and Optimum AcreMax RW products which will support increased penetration next year."

In addition, the recent approval of new products, Optimum AcreMax and Optimum AcreMax Xtra, expands the company's offerings of new insect protection solutions to benefit U.S. corn growers and continue to deliver value. "The delivery of these new products demonstrates our commitment to bring innovation to market," said Schickler. "We are proud to lead the industry by offering the broadest choice of integrated refuge solutions to farmers."

Looking to the future, the company plans to leverage new research facilities and resources to expand routes to global markets. As the world's demand continues to increase, Pioneer has responded through expansions, collaborations and through investments in local resources to work side-by-side with farmers.

Last December, DuPont announced its expectations to deliver sales at a compounded **annual growth rate of 8 to 10 percent** from 2010-15 and **increase pre-tax operating margins in the range of 19 to 21 percent** 2010 through 2015 for the Agriculture & Nutrition reporting segment, which included the seed, crop protection and nutrition and health businesses. In the aggregate, those expectations remain unchanged for these businesses. The preceding segment information does not reflect the recent Danisco acquisition either on a pro-forma or forward-looking basis. Market share growth is based on current USDA acreage estimates. Final USDA acreage assumptions for 2011 are issued in January 2012. The full presentation scheduled for 8 a.m. EDT is available in the Investor Center at [dupont.com](http://dupont.com).

### Outside Markets:

<a href="#">U.S. Dollar Index</a>	77.435	-0.204	-0.26%	<a href="#">Euro FX</a>	1.37110	+0.00530	+0.39%	<a href="#">Ethanol Futures</a>	<a href="#">Oct 11</a>	2.639p	-0.004
<a href="#">CRB CCI Index</a>	625.00p	-11.75	-1.85%	<a href="#">Canadian Dollar</a>	1.00740	+0.00030	+0.03%	<a href="#">Gasoline RBOB (E)</a>	<a href="#">Oct 11</a>	2.6965p	-0.0876
<a href="#">Gold</a>	1787.1	+10.7	+0.6%	<a href="#">Japanese Yen</a>	1.30740	-0.00150	-0.11%	<a href="#">Diesel Gulf (ULSD)</a>	<a href="#">Oct 11</a>	2.9783s	-0.0628
<a href="#">Silver</a>	39.530	+0.420	+1.07%	<a href="#">Australian Dollar</a>	1.01690	+0.01010	+1%	<a href="#">Heating Oil (E)</a>	<a href="#">Oct 11</a>	2.9447p	-0.0642
<a href="#">DJIA</a>	11323p	-123	-1.07%	<a href="#">Chinese Renminbi</a>	0.156540p	-0.000130	-0.08%	<a href="#">Crude Oil Brent (E)</a>	<a href="#">Oct 11</a>	115.10s	0.00
<a href="#">S&amp;P 500 Index</a>	1205.80	+8.00	+0.67%	<a href="#">Mexican Peso</a>	0.075725s	-0.000925	-1.21%	<a href="#">Natural Gas (E)</a>	<a href="#">Oct 11</a>	3.829p	+0.020
<a href="#">Nasdaq 100</a>	2323.75	+22.75	+0.99%	<a href="#">1-Month Libor</a>	99.7600	-0.0025	-	<a href="#">Polypropylene</a>	<a href="#">Oct 11</a>	0.8300s	0.0000
<a href="#">Russell 1000 Growth</a>	566.50s	-4.10	-0.72%	<a href="#">T-Bond</a>	142-12	-0-18	-0.39%	<a href="#">Polyethylene</a>	<a href="#">Oct 11</a>	0.5900s	0.0000
<a href="#">MSCI EMI Index</a>	958.60	+10.20	+1.08%	<a href="#">3-Month T-Bill</a>	992.7000s	0.0000	-	<a href="#">RME Biodiesel</a>	<a href="#">Sep 11</a>	1460.818p	-4.046
<a href="#">Nikkei 225</a>	8725.00	+25.00	+0.29%	<a href="#">5-Year T-Note</a>	123-285	-0-25	-0.11%	<a href="#">Coal Futures</a>	<a href="#">Oct 11</a>	75.22p	+0.50
<a href="#">Brazilian Real</a>	0.55840s	-0.02010	-3.47%	<a href="#">10-Year T-Note</a>	131-060	-0-075	-0.18%	<a href="#">Uranium</a>	<a href="#">Sep 11</a>	52.45p	0.00

**Weather** Rains exited the eastern Midwest yesterday, with totals across MN, MI, IN and OH generally in the .25-.75" range. Dry weather dominated the rest of the region and temps were close to average, with highs in the 70's in most cases and lows in the 50's. The forecast sees a few rains to work through MN, WI, MI, IN, OH and northeast IL later tonight through early Thursday, with totals of generally under .35". The upper air portion of the system will stall out in the western Great Lakes for the weekend and bring the chance for a few light showers

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across MI, IN and OH into the weekend, with dry weather elsewhere. By next week, dry weather looks to dominate all of the region. Temps will run below average from tomorrow into the rest of the week, with highs in the 60's in most cases and a few 70's possible in the far south. Lows look to run in the 40's in most cases, with some 30's possible in the north, but no cold air threats are seen.

## Central Illinois:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
sep 20	sep 21	sep 22	sep 23	sep 24	sep 25	sep 26	sep 27	sep 28	sep 29
P Cloudy	AM Showers	P Cloudy	M Sunny	Few Showers	P Cloudy	P Cloudy	Sunny	P Cloudy	Sunny
78° 58°	74° 47°	64° 47°	65° 45°	67° 48°	71° 50°	72° 53°	76° 52°	70° 48°	75° 51°

## Central Iowa:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
sep 20	sep 21	sep 22	sep 23	sep 24	sep 25	sep 26	sep 27	sep 28	sep 29
Sct T-Storms	M Sunny	M Sunny	M Sunny	P Cloudy	M Sunny	M Sunny	Sunny	P Cloudy	Sunny
79° 50°	70° 45°	64° 42°	68° 49°	69° 50°	77° 51°	76° 56°	75° 52°	70° 51°	75° 54°

## South Central Minnesota:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
sep 20	sep 21	sep 22	sep 23	sep 24	sep 25	sep 26	sep 27	sep 28	sep 29
Showers/Wind	Showers/Wind	Sunny	M Sunny	M Sunny	M Sunny	M Sunny	Sunny	Sunny	Sunny
66° 49°	53° 38°	60° 39°	69° 46°	73° 47°	77° 50°	80° 50°	72° 47°	71° 53°	72° 51°

## Central Indiana:

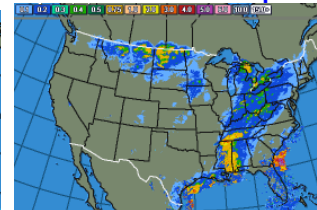
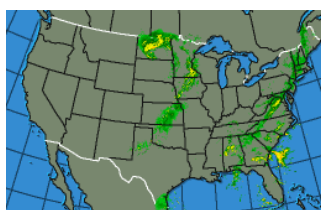
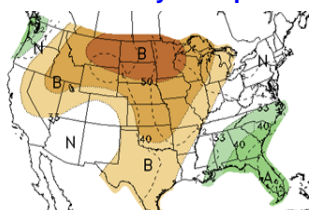
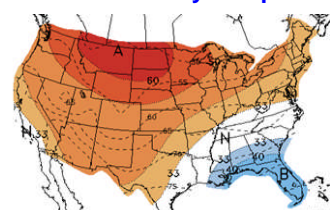
tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
sep 20	sep 21	sep 22	sep 23	sep 24	sep 25	sep 26	sep 27	sep 28	sep 29
P Cloudy	Sct T-Storms	P Cloudy	P Cloudy	Showers	Sct Showers	Few Showers	Showers	M Sunny	Sunny
75° 61°	78° 54°	70° 48°	66° 48°	64° 48°	67° 50°	71° 51°	73° 51°	69° 49°	74° 51°

## 8-14 Day Temp

## 8-14 Day Precipitation

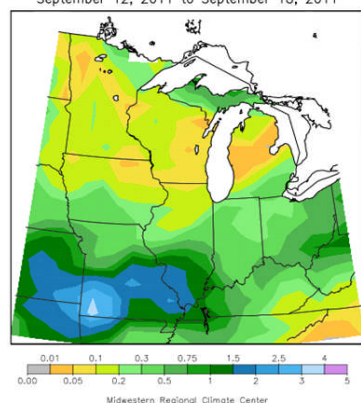
## Current Radar

## Last 24 hr Precip

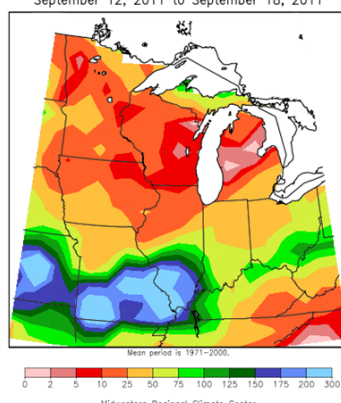


## Official Weather Station -2011

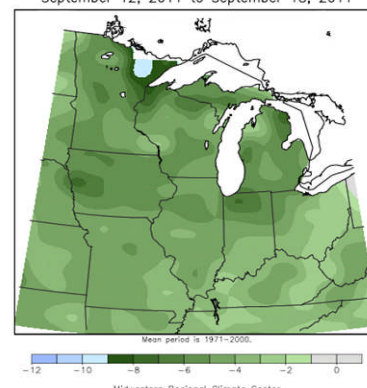
Total Precipitation (inches)  
September 12, 2011 to September 18, 2011



Total Precipitation: Percent of Mean  
September 12, 2011 to September 18, 2011



Average Min Temperature (°F): Departure from Mean  
September 12, 2011 to September 18, 2011



**Corn:** Morning: Dec 11 Corn closed at \$7.03 ½, up 11 ¼ cents, Mar 11 corn closed at \$7.15 ½, up 10 ½ cents, July 12 Corn is at \$7.26 ¾, up 10 ½ cents, Dec 12 Corn closed at \$6.24 ¼, up 6 ½ cents, Yesterday's Close: Dec 11 Corn closed at \$6.92 ¼, up ¼ cent, Mar 12 Corn closed at \$7.05, down ½ cent, May 12 Corn closed at \$7.13, down ½ cent Dec 12 Corn closed at \$6.17 ¾, down 8 ¼ cents  
Corn futures closed about flat, well off of the lows of the day. Today's low was the lowest since Aug 8th on the Dec contract. A higher dollar, lower equities market and other weaker ag markets were among the factors weighing on corn. The USDA Export Inspections report this morning showed 22.394 million bushels inspected for export for the week ending September 15th with a total increase of 24.671 million bushels from last week after revisions to prior data. The USDA Crop Progress report out this afternoon showed corn dented at 92%, a point ahead of average, mature at 46% and 2 points below average, harvested at 10%: a point below average. Condition was 2 points lower at 51% good/excellent.

**Soybean Complex:** Morning: Nov 11 Soybeans closed at \$13.49, up 13 cents, Jan 11 Soybeans closed at \$13.60, up 13 ¼ cents, Jul 12 Soybeans closed at \$13.80 ¾, up 14 cents, Nov 12 Soybeans closed at \$13.34 ½, up 12 ½ cents, Yesterday's Close: Nov 11 Soybeans closed at \$13.36, down 19 ½ cents, Jan 12 Soybeans closed at \$13.46 ¾, down 20 ¼ cents, Mar 12 Soybeans closed at \$13.54, down 21 ¼ cents, Nov 12 Soybeans closed at \$13.22, down 20 cents, Oct 11 Soybean Meal closed at \$344.40, down \$4.30, Oct 11 Soybean Oil closed at \$55.53, down \$1.02

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Soybean futures closed lower but off of the lows of the day. Today's low was the lowest since Aug 12th on the Nov contract. The USDA Export Inspections report this morning showed 10.007 million bushels inspected for export for the week ending September 15th with a total increase of 10.208 million bushels from last week after revisions to prior data. This is 2.66 million bushels behind last years weekly pace. US export inspections for soybeans typically accelerate rapidly into October as new crop soybeans become available. The USDA Crop Progress report out this afternoon showed soybeans dropping leaves at 33%, 14% behind average while condition was down 3 points at 53% good/excellent.

**Wheat:** Morning: Dec 11 CBOT Wheat closed at \$6.84 ½, up 11 ½ cents, Dec 11 MGEX Wheat is at \$8.52 ¾, up 11 cents  
Yesterday's Close: Dec 11 CBOT Wheat closed at \$6.73, down 15 ¼ cents, Dec 11 KCBT Wheat closed at \$7.68, down 16 cents, Dec 11 MGEX Wheat closed at \$8.41 ¾, down 14 ½ cents

Wheat futures closed lower but off of the lows of the day. Today's low was the lowest since July 12th on the Dec contract. The USDA Export Inspections report this morning showed 10.007 million bushels inspected for export for the week ending September 15th with a total increase of 10.208 million bushels from last week after revisions to prior data. This is 2.66 million bushels behind last year's weekly pace. The USDA Crop Progress report out this afternoon showed winter wheat planted at 14%, lagging 6 points from average. Spring wheat harvested was at 93%, up a point from average.

**Cattle:** Yesterday's Close: Oct 11 Cattle closed at \$117.625, down \$0.875, Dec 11 Cattle closed at \$117.950, down \$1.000, Feb 12 Cattle closed at \$120.900, down \$0.800, Sep 11 Feeder Cattle closed at \$134.500, down \$0.800 Oct 11 Feeder Cattle closed at \$136.350, down \$1.125 Nov 11 Feeder Cattle closed at \$138.550, down \$0.750

Cattle futures closed lower. There was light cash trade at 116 today in TX. Trade was thin, however, with feedlots current enough to hold onto cattle into this week. Initial calls for this week were steady to \$1 higher, which the Texas trade would not be. Cutout values have been a little weaker. Choice was down \$0.29 and Select was down \$0.47 today. The USDA Crop Progress report out this afternoon showed pasture condition at 31% good/excellent, down a point from last week.

**Hogs:** Yesterday's Close: Oct 11 Hogs closed at \$87.650, up \$0.300, Dec 11 Hogs closed at \$81.825, down \$0.900 Feb 12 Hogs closed at \$87.050, down \$0.625

Lean hog futures closed lower, weighed on by lower ag and outside markets. Cash hogs in IA/MN were \$0.89 higher this afternoon, WCB hogs were \$0.82 higher and ECB hogs were \$.41 lower. Slaughter is picking up seasonally, and was 425K today which was 10K ahead of last year at this time. Actual slaughter for Saturday was 174K. The lean hog index was up \$.76 as of 9/15. The pork cutout this afternoon was up \$.52.

**Cotton:** Yesterday's Close: Oct 11 Cotton closed at 104.08, down 500 points, Dec 11 Cotton closed at 105.52, down 500 points Dec 12 Cotton closed at 98, down 295 points

Cotton futures closed limit down in the front two contracts. Europe failed to make progress on the Greek debt issues over the weekend, weighing on world markets. Certificated stocks were flat at 29,088 bales. The USDA Crop Progress report out this afternoon showed cotton bolls opening at 69%, 15 points above average while cotton harvested was at 11%, a point above average and condition was down a point to 27% good/excellent.

### US Dollar Index Weekly

DX - U.S. Dollar Index (ICEFI) - Weekly OHLC Chart



### Crude Oil Weekly

CB - Crude Oil Brent (ICE) - Weekly OHLC Chart



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### Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



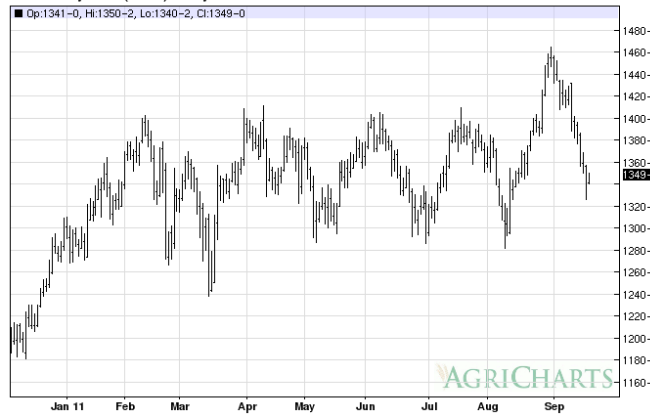
### Corn Weekly Chart

ZC - Corn (CBOT) - Weekly OHLC Chart



### Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



### Soybean Weekly Chart

ZS - Soybeans (CBOT) - Weekly OHLC Chart



### Dec 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart



### Mpls Spring Wheat Weekly Chart

MW - Spring Wheat (MGEX) - Weekly OHLC Chart



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