



WEEKLY COMMENTS

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Friday, September 30, 2011

Position Management: The table shows how the Model Farm is positioned at this time. Individual recommendations may vary.

	2011 Crop	2012 Crop
Corn	50% sold HTA. If fall delivery needed basis is set.	30% sold HTA
Soybeans	50% sold HTA. If fall delivery needed basis is set.	20% sold HTA
Wheat	50% sold HTA. If fall delivery needed basis is set.	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: Today, Friday September 30, 2011 Quarterly Grain Stocks ; Wednesday October 12, 2011 WASDE & Crop Production ;

Weekly Newsletters will continue during harvest at least through October and likely into November.

Price Targets: We have made all the sales that we are comfortable with prior to harvesting a crop. For those with corn put options we will continue to hold them for now. However, the November Soybean put options will expire Friday October 21 and all those positions being held are in the money. For example, the 13.60 strikes are now \$1.35 in the money with profits of over 80 cents. We will want to monitor the soybean market closely over the next week to establish an exit price target. With the recent drop in value of Nov Soybeans of \$2.36 we may want to take the profits sooner rather than wait too long.

Market Talk Much of the trade is calling the stocks report negative for corn citing larger corn stocks of 210 million bushel than USDA's Sept estimate and lower feed usage than expected. The soybean stocks are estimated at 10 million bushels less than in September, however today the trade appears to be discounting the reduction citing harvest reports of very good soybean yields as a gauge of a bigger crop for 2011 than USDA has been estimating. At times the trade seems to find a reason to justify their thoughts or position and in soybeans it could be the case if the market trends lower. We are due for a dead cat bounce in soybeans after the huge sell off.

Hard Red Spring wheat stocks are at a critically low level and expectations are for Canadian HRS to make its way into the US to meet the milling needs. However, it would be doubtful that the shortage of HRS can lift the prices of the other wheat classes.

Quarterly Grain Stocks Reports

PRE-REPORT SURVEY RESULTS -- USDA GRAIN STOCKS

(Million bushels)

	USDA		Dow Jones				Reuters			Bloomberg	
	1-Sep-10	1-Jun-11	Average	Range	N	Average	Range	N	Average	Range	
Corn	1.708	3.670	0.962	0.820-1.050	16	0.964	0.835-1.050	13	0.942	0.750-1.050	
Soybeans	0.151	0.619	0.255	0.202-0.240	16	0.225	0.202-0.2400	14	0.224	0.202-0.250	
Wheat	2.450	0.861	2.046	1.959-2.247	14	2.035	1.959-2.143	13	2.071	1.959-2.300	

Corn: Old crop corn stocks in all positions on September 1, 2011 totaled 1.13 billion bushels, down 34 percent from September 1, 2010. Of the total stocks, 315 million bushels are stored on farms, down 35 percent from a year earlier. Off-farm stocks, at 813 million bushels, are down 33 percent from a year ago. The June - August 2011 indicated disappearance is 2.54 billion bushels, compared with 2.60 billion bushels during the same period last year.

USDA's estimated corn stocks of 1.13 billion bushels are about 168 million bushels more than the trade had estimated.

While the September USDA WASDE estimated corn 2010-11 corn carry out at 920 million bushels the additional 210 million of corn stocks indicate that perhaps usage was at a slower pace than USDA had been estimating. Some analysts indicate that corn feeding may have been as low as 562 million bushels during the 4th quarter.

Soybeans: Old crop soybeans stored in all positions on September 1, 2011 totaled 215 million bushels, up 42 percent from September 1, 2010. Soybean stocks stored on farms totaled 48.5 million bushels, up 37 percent from a year ago. Off-farm stocks, at 166 million bushels, are up 44 percent from last September. Indicated disappearance for June - August 2011 totaled 405 million bushels, down 4 percent from the same period a year earlier.

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USDA's estimated soybean stocks of 215 million bushels are about 10-40 million bushels less than the various trade estimates. While the September USDA WASDE estimated the 2010-11 soybean carry out at 225 million bushels the subtraction of 10 million bushels of soybean stocks indicate that perhaps usage was at a slightly faster pace than USDA had been estimating.

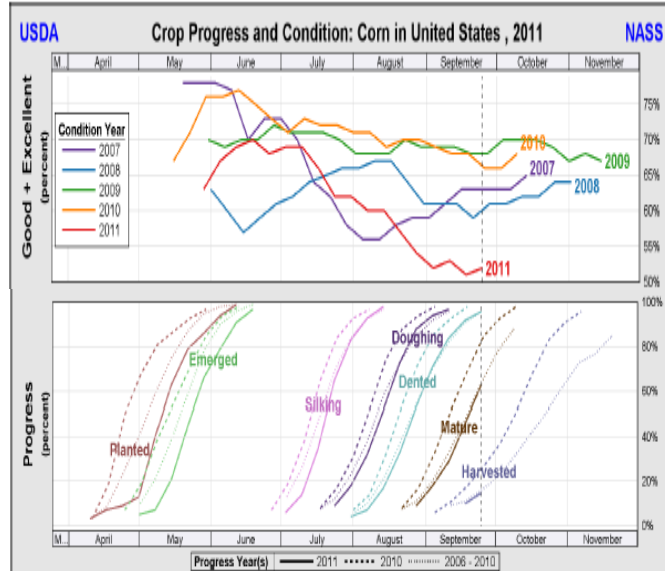
Based on an analysis of end-of-marketing year stock estimates, disappearance data for exports and crushings, and farm program administrative data, the 2010 soybean production is revised down fractionally from the previous estimate. USDA revised the harvested 2010 crop area down 6,000 acres.

Wheat: All wheat stored in all positions on September 1, 2011 totaled 2.15 billion bushels, down 12 percent from a year ago. On-farm stocks are estimated at 642 million bushels, down 21 percent from last September. Off-farm stocks, at 1.51 billion bushels, are down 8 percent from a year ago. The June - August 2011 indicated disappearance is 720 million bushels, down 2 percent from the same period a year earlier.

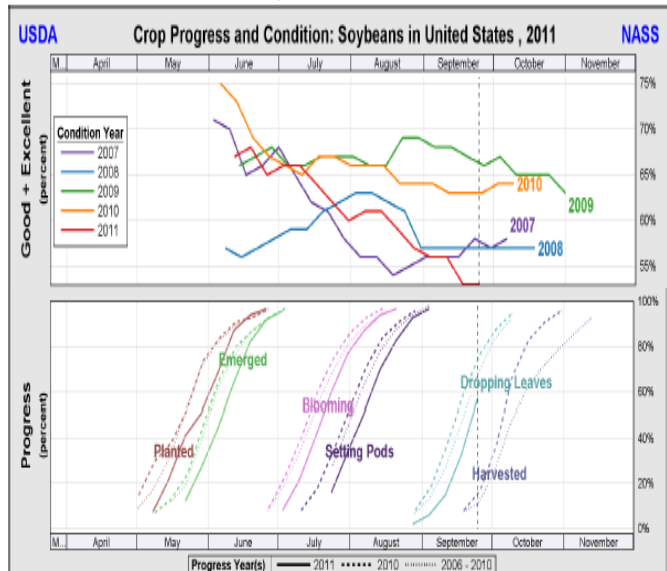
USDA's estimated wheat stocks of 2.15 billion bushels are about 10 million bushels more than the trade had estimated. While the September USDA WASDE estimated the 2010-11 wheat carry out at 861 million bushels the implied addition of 10 million of wheat stocks indicate that perhaps feed usage was at a slower pace than USDA had been estimating.

Crop Progress

Corn



Soybeans

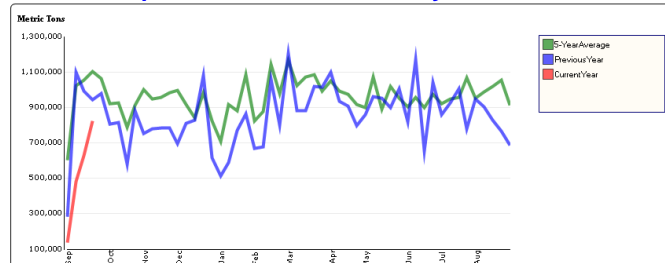


US Corn is now reported as 96% dented vs. 96% on average with 63% reported as mature as compared to 64% on average. USDA estimates that 15% of corn is harvested vs. 16% on average and 26% last year.

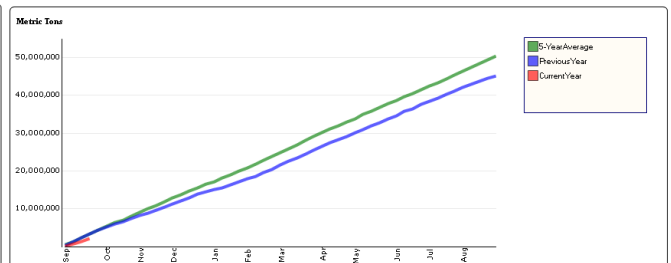
US Soybeans are now reported as 58% dropping leaves vs. 68% on average and 74% last year. The harvest pace is estimated at 5% complete as compared to 11% last year and 15% on average.

US Corn Exports 2011-12

Weekly



Accumulated



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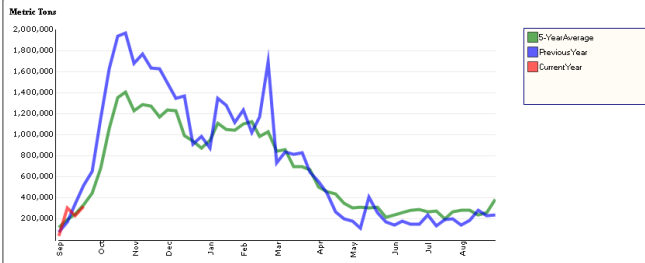
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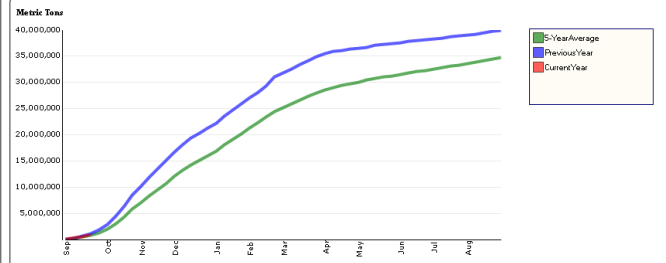
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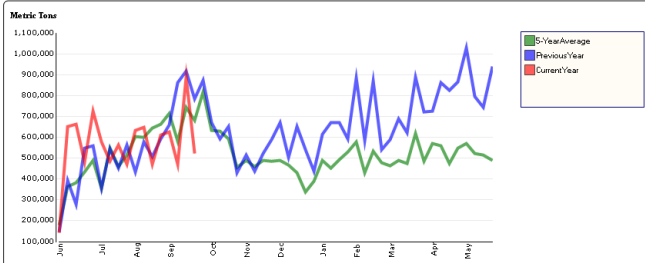
US Soybean Exports 2011-12 Weekly



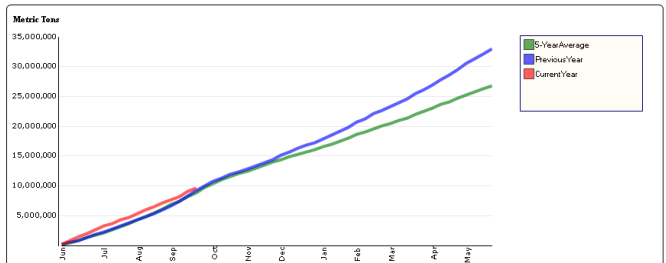
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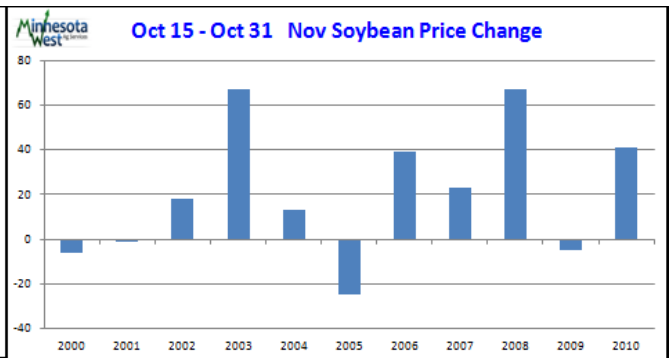
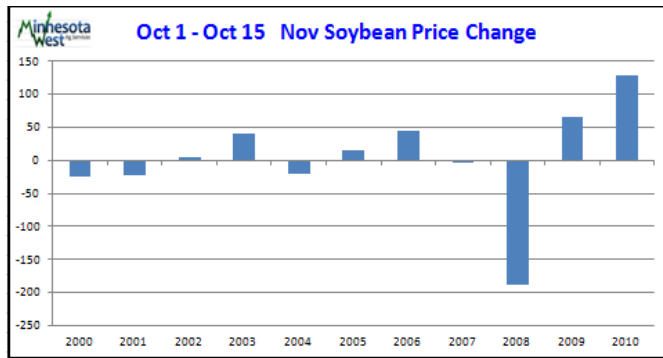
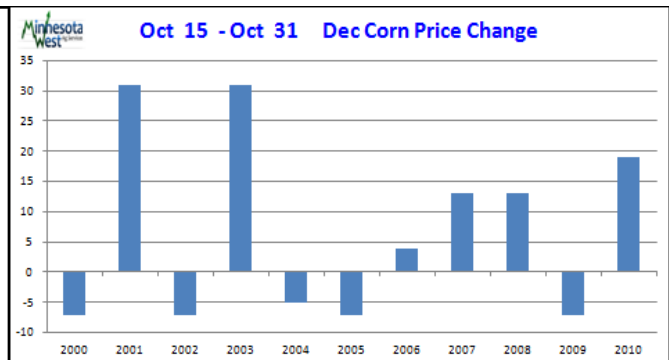
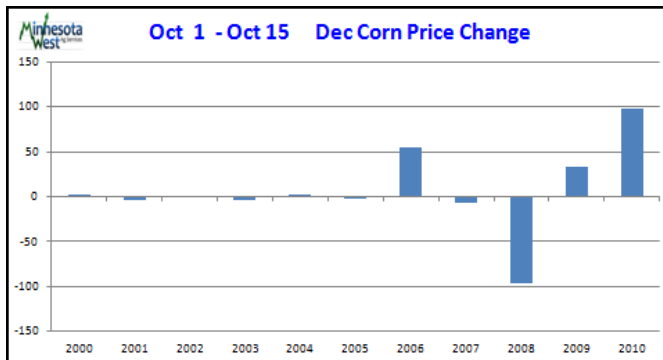
US All Wheat Exports 2011-12 Weekly



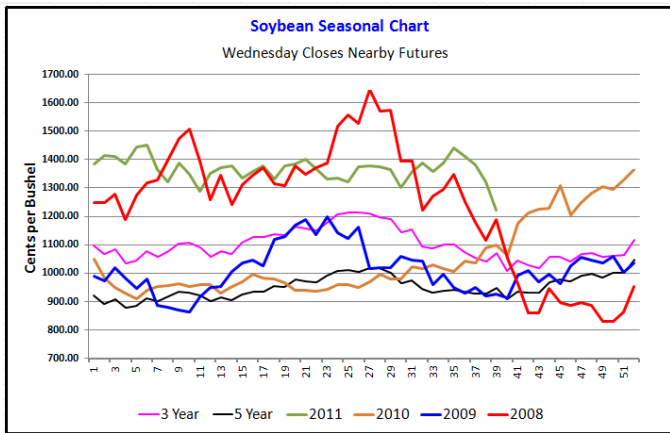
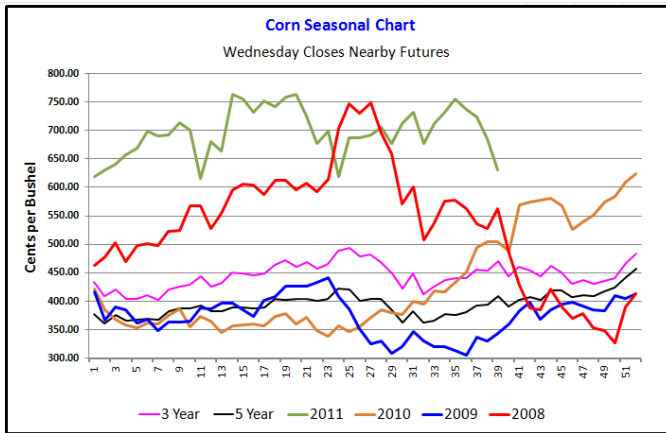
Accumulated



Bi-Weekly Seasonal Price Change Charts



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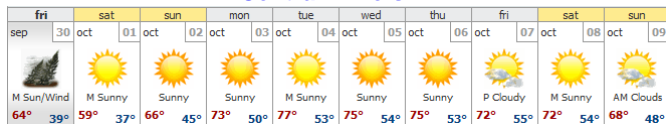


Outside Markets:

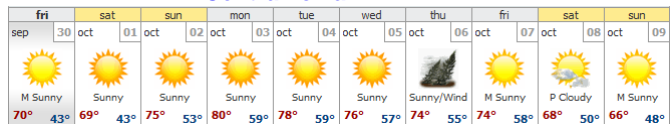
U.S. Dollar Index	78.860	+0.257	+0.33%	Euro FX	1.34900	-0.00660	-0.49%	Ethanol Futures	Oct 11	2.547p	+0.013
CRB CCI Index	582.50	+2.00	+0.34%	Canadian Dollar	0.95640	-0.00450	-0.47%	Gasoline RBOB (E)	Nov 11	2.5586p	-0.0167
Gold	1615.4	-0.1	-0.01%	Japanese Yen	1.30360	-0.00130	-0.1%	Diesel Gulf (ULSD)	Nov 11	2.8498s	-0.0046
Silver	30.472p	+0.388	+1.29%	Australian Dollar	0.96390	+0.00060	+0.06%	Heating Oil (E)	Nov 11	2.8266p	-0.0005
DJIA	11099p	+123	+1.12%	Chinese Renminbi	0.156620p	-0.000140	-0.09%	Crude Oil Brent (E)	Nov 11	103.95p	+0.14
S&P 500 Index	1142.80	-13.50	-1.17%	Mexican Peso	0.072925s	-0.001125	-1.52%	Natural Gas (E)	Nov 11	3.747p	-0.052
Nasdaq 100	2167.00	-22.50	-1.03%	1-Month Libor	99.7450p	+0.0025	-	PG*1	No data		
Russell 1000 Growth	538.00s	-0.80	-0.15%	T-Bond	142-12	+0-09	+0.2%	PJ*1	No data		
MSCI EMI Index	872.20	-15.00	-1.69%	3-Month T-Bill	992.7000s	0.0000	-	RME Biodiesel	Sep 11	1452.318p	-1.318
Nikkei 225	8640.00	-95.00	-1.09%	5-Year T-Note	122-7.5	+0-015	+0.04%	Coal Futures	Nov 11	74.37p	-0.05
Brazilian Real	0.53625p	-0.00745	-1.37%	10-Year T-Note	130-040	+0-045	+0.11%	Uranium	Oct 11	52.05p	0.00

Weather A front worked through all of the Midwest yesterday and brought some rains to MN, eastern IA, most of WI, northeast IL and most of MI, IN and OH. Totals were generally under .25" in most cases. Temps were close to average, with highs in the 60's and low 70's in most cases. The forecast sees a few wrap around showers to impact MI, OH and eastern IN today, with dry weather elsewhere. Dry weather will then overtake all of the region by tomorrow and continue it through the weekend and into most of next week and then some rains are seen for the western Midwest by the very end of next week or following weekend and then into the east after that. Temps will run below average across the eastern 1/2 of the region through the weekend and there is still a chance for some frost in WI, MI and northern sections of IN and OH tomorrow morning. Temps by early next week will be warming to above average in much of the region and stay there through the rest of the week.

Central Illinois:



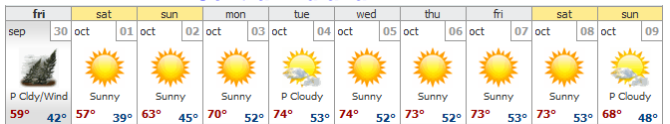
Central Iowa:



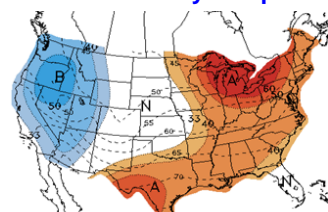
South Central Minnesota:



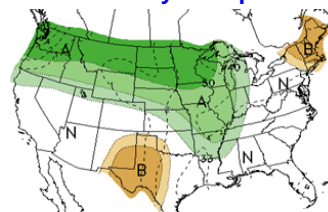
Central Indiana:



8-14 Day Temp



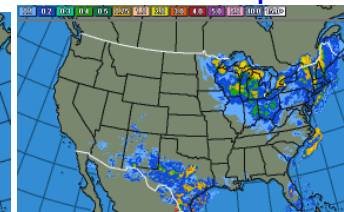
8-14 Day Precipitation



Current Radar



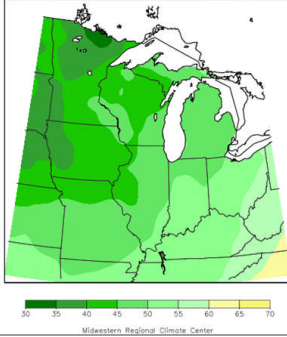
Last 24 hr Precip



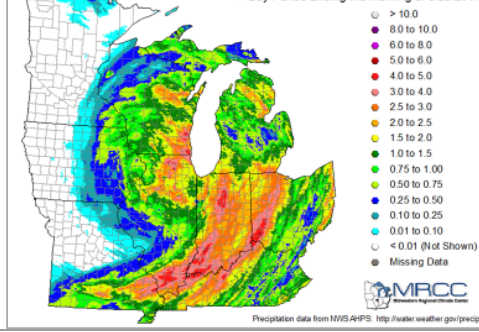
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Weather Station

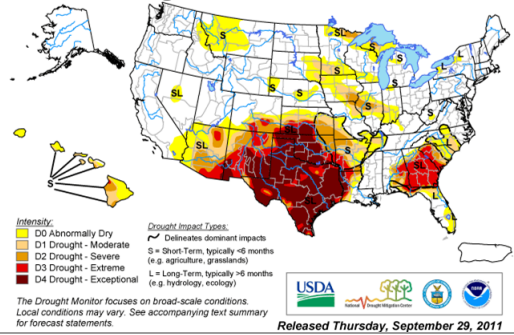
Average Min Temperature (°F)
September 22, 2011 to September 28, 2011



Multi-sensor Precipitation: Observed (inches)
7-Day Period Ending the Morning of 9/29/2011



U.S. Drought Monitor September 27, 2011
Valid 6 a.m. EDT



Corn: Morning: Dec 11 Corn closed at \$6.28 1/2, down 4 cents, Mar 11 corn closed at \$6.41 1/2, down 4 1/4 cents, July 12 Corn is at \$6.53 1/2, down 5 cents, Dec 12 Corn closed at \$5.79 1/2, down 4 cents, Yesterday's Close: Dec 11 Corn closed at \$6.32 1/2, up 1 3/4 cents, Mar 12 Corn closed at \$6.45 3/4, up 1 3/4 cents, May 12 Corn closed at \$6.53 1/4, up 1 1/2 cents Dec 12 Corn closed at \$5.83 1/2, up 2 1/4 cents
Corn futures were able to finish the day on the plus side ahead of tomorrow's USDA Quarterly Grain Stocks report. Analysts on average anticipate corn stocks as of September 1st at .964 billion bushels. June 1st stocks for the previous quarter were 3.67 billion bushels and September 2010 stocks were 1.708 billion bushels. Funds bought an estimate 7,000 contracts out of the estimated 17,000 sold yesterday. December corn prices have dropped \$1.56 since the August 29th high to today's low. Weekly export sales were in line with trade guesses totaling 812,900 MT for both marketing years. The long range weather forecast through October 6th is favorable for harvesting in most of the central and eastern Corn Belt. Above normal precipitation is projected from the 6th through the 12th for the PNW, MT, WY, ND, SD, MN, IA, WI and northern IL and NE. Cash basis levels are steady to higher around the Midwest with farmers focused on harvesting the crop and looking for a price rally after the 30 day price decline.

Soybean Complex: Morning: Nov 11 Soybeans closed at \$12.25 1/4, down 4 3/4 cents, Jan 11 Soybeans closed at \$12.37, down 4 1/4 cents, Jul 12 Soybeans closed at \$12.62 1/4, down 2 1/4 cents, Nov 12 Soybeans closed at \$12.34 1/4, down 5 1/4 cents, Yesterday's Close: Nov 11 Soybeans closed at \$12.30, up 6 1/2 cents, Jan 12 Soybeans closed at \$12.41 1/4, up 5 3/4 cents, Mar 12 Soybeans closed at \$12.49 3/4, up 6 cents, Nov 12 Soybeans closed at \$12.39 1/2, up 8 cents, Oct 11 Soybean Meal closed at \$316.90, up \$1.50, Oct 11 Soybean Oil closed at \$51.63, up \$0.08
Soybean futures closed higher and finished in the upper portion of today's trading range. Soybeans have dropped over \$2 since the August 31st high taking out 10 month lows overnight before finishing higher on the close. Export sales were sharply above trade estimates with China taking 845,600 MT of the 1,033,500 MT of net sales. Trade estimates were between 550 and 750 thousand MT. Private exporters also announce the sale of 65,000 MT of soybeans to Mexico for 2011/12 delivery and 40,000 MT of soybeans for 2012/13 delivery. Soybean exports seasonally increase over the next five weeks. The next major USDA report is out in the morning at 7:30 central time. Analyst's estimates for the Quarterly Grain Stocks report average .225 billion bushels, an increase over year ago levels. Stocks on June 1, 2011 were .619 billion and stocks on September 1st 2010 were .151 billion bushels. U.S. cash basis levels were steady at elevators, steady to sharply higher at Processors and steady at river terminals. Soybean oil was also higher after posting a technical double bottom on the daily chart. Farmer selling is on the sidelines after the recent price drop. Crude oil prices closed higher.

Wheat: Morning: Dec 11 CBOT Wheat closed at \$6.55, up 3/4 cents, Dec 11 MGEX Wheat is at \$8.96, up 1/2 cents
Yesterday's Close: Dec 11 CBOT Wheat closed at \$6.54 1/4, up 15 1/2 cents, Dec 11 KCBT Wheat closed at \$7.40, up 13 1/4 cents, Dec 11 MGEX Wheat closed at \$8.95 1/2, up 34 1/4 cents
Wheat futures closed double digits higher with spot MGEX wheat closing within a nickel of the \$9.00 mark. Long range weather forecasts are showing above normal precipitation for the PNW and Northern Plains from October 4 - 12th. Wheat exports were below the low end of trade estimates at 428,900 MT. Traders were looking for the weekly export sales to show 450 to 550 thousand MT of wheat sold. Taiwan Flour Millers Assn bought 52,920 MT of U.S. wheat. Egypt bought 240,000 MT of Russian and Kazakhstan wheat. Egypt is also planning to increase the percent of corn in their bread from 10 to 20% to lower the price for subsidized bread. Milling wheat is more expensive than corn.

Cattle: Yesterday's Close: Oct 11 Cattle closed at \$120.400, unch, Dec 11 Cattle closed at \$121.250, up \$0.400, Feb 12 Cattle closed at \$123.200, up \$0.175, Sep 11 Feeder Cattle closed at \$132.975, up \$0.325 Oct 11 Feeder Cattle closed at \$139.400, down \$0.225 Nov 11 Feeder Cattle closed at \$141.900, down \$0.025
Cattle futures were mostly higher on the close with the October contract finishing at steady money. Cash asking prices are at \$120, \$4 higher than last week with packers bidding \$116 or steady money with last week. Trading has yet to develop. Projected slaughter is 128,000 for

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today. Cattle numbers are tight right now and are not expected to increase until Dec/Jan. Boxed beef prices closed higher. Choice beef was 26 cents higher and Select beef was 46 cents higher. Beef exports were stout again this week at 12,100 MT but at the lower end of the range for the past several weeks.

Hogs: Yesterday's Close: Oct 11 Hogs closed at \$90.375, up \$1.600, Dec 11 Hogs closed at \$85.975, up \$2.500 Feb 12 Hogs closed at \$89.950, up \$2.250

Lean hog futures opened higher and closed higher along with a higher cash trade this afternoon. Cash hogs were \$1.58 higher in IA/MN, \$1.76 higher in the WCB and \$1.75 higher in the ECB. The USDA quarterly Hogs & Pigs report was slightly negative when compared to trade estimates with All Hogs as of September 1 at 101.0%, Kept for Breeding at 100.6% and Kept for Marketing at 101.0%. Although the pig herd has expanded from a year ago, the herd is still below 2007, 2008 and 2009 numbers for the September 1 report. Pork trading was slow with light to moderate demand and offerings. The Carcass cutout was up \$0.30.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 100.97, up 264 points, Dec 11 Cotton closed at 102.22, up 269 points Dec 12 Cotton closed at 94.13, up 166 points

Cotton closed nicely higher, supported by positive economic data and trade data this morning with an upward revision of Q2 US GDP. The October contract has not traded with expiration just around the corner. Export sales were at 222.6K RB, a sharp increase over the previous three week. Shipments were 82.6K RB, the highest in the last 4 weeks. Equity indices were higher with Germany agreeing to help bail out Greece. Cotton has been trading between the 38 and 62 percent Fibonacci points on the December cotton chart for the past several weeks. Certificated stocks were up at 31,120 bales up from yesterdays 30,915 bales. The Cotlook A Index was at 111.35. China cotton production is forecast to increase 7.5%.

US Dollar Index Weekly

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



Crude Oil Weekly

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



Lean Hogs Weekly

HE - Lean Hogs (CME) - Weekly OHLC Chart



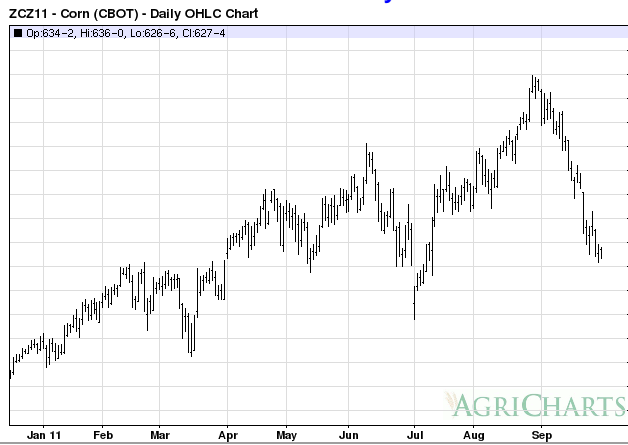
Live Cattle Weekly

LE - Live Cattle (CME) - Weekly OHLC Chart

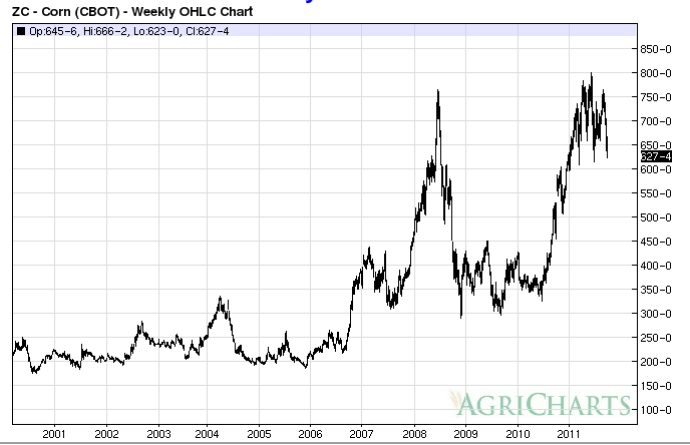


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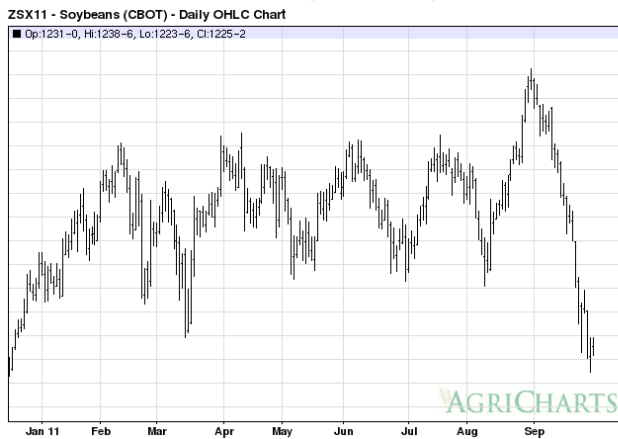
Dec 11 Corn Daily Chart



Corn Weekly Chart



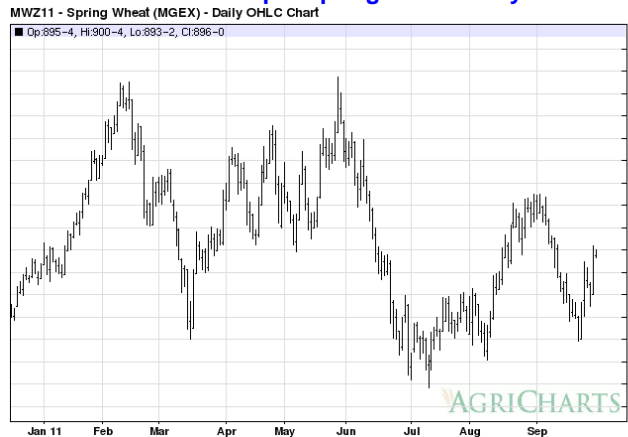
Nov 11 Soybean Daily Chart



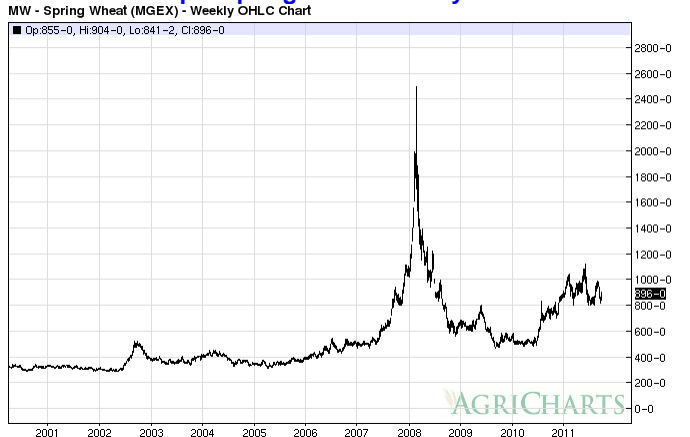
Soybean Weekly Chart



Dec 11 Mpls Spring Wheat Daily Chart



Mpls Spring Wheat Weekly Chart



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