



MORNING COMMENTS

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Tuesday, August 23, 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

Prior Price Targets: The prior MNWestAg price targets have all been exceeded. 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: 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.

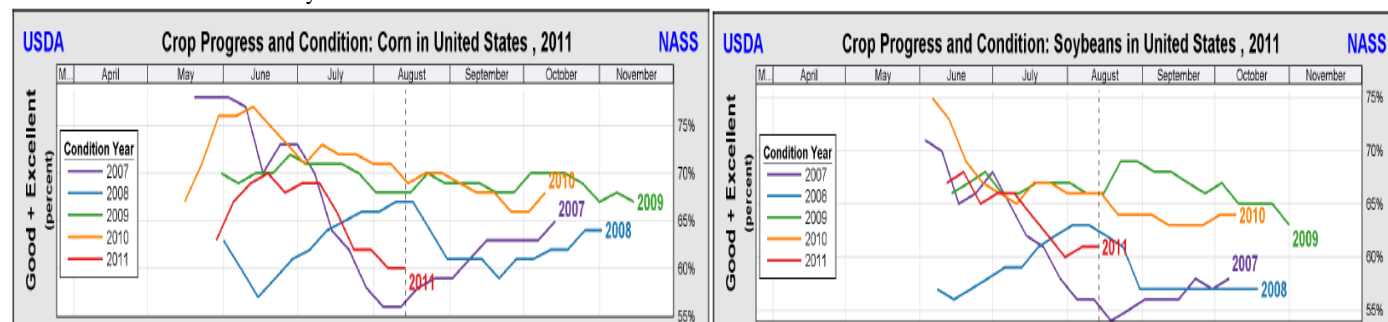
Market Talk Corn export inspections were on the light side at 29.5 million bushels, with the trade having estimated 28 to 35 million. The same week last year was over 44 million bushels. Cumulative shipments for the marketing year are at 1.734 billion bushels vs. 1.811 billion last year. Soybean export inspections for last week were 10.9 million bushels, which is fairly typical for mid-August.

Argentine officials released their corn crop estimates for this coming year and believe Argentina will produce a record 30 million metric tons of corn this year, primarily resulting from an increase in corn plantings. Argentina is forecasting a 16% increase for corn acres at 11.5 million this year.

Crop Progress: Corn Crop ratings declined rather sharply to 13 (14) exc, 44 (46) good, 26 (25) fair, 11 (10) poor, and 6 (5) very poor. IL and IA led to declines in ratings on continuing dryness. The only major Corn Belt state showing an improvement was OH due to recent rains.

National soybean condition ratings declined 2% in the G/E category to 59% G/E vs. 57% last week and 64% at this time last year. The crop condition index declined by 3 points. Conditions declined in 11 of the 18 major states, with the most significant declines coming in the dry states of IA, MN, TN, KY, and IL. Conditions held steady in 1 state and improved in 6 states, with the most notable increases in AR, KS, NE and SD where rainfall improved prospects last week. Conditions are now rated the 2nd lowest of the past 6 years nationally with IA and IL near the lowest for that time period.

Spring wheat conditions declined, especially in MT (at this time of year we suspect condition declines reflect disappointing yield results.) Spring harvest advanced to 29% from 13% – 5 yr-average harvest is 56%. Winter wheat harvest was 94% vs 97% avg-for-date – PNW states continue to harvest more slowly than normal.



Pro Farmer Midwest Crop Tour The first day of the Tour ended with results from South Dakota and Ohio being released. Tour results found an average corn yield of 141.10 bu. per acre for South Dakota and 156.26 Bu per acre for Ohio. Pod counts in a three-foot by three-foot (3' X 3') square totaled 1,106.66 pods in South Dakota and 1,253.21 pods in Ohio.

On the Western Tour, Chip Flory says, "I saw the best South Dakota corn crop I've ever seen on the Tour today! There... that's a great example of why you don't pay too close attention to one route!" Flory elaborates, "My first three stops in South Dakota today were in corn fields with yields between 190 Bu and 200 Bu per acre. These are dryland acres! That's awesome for South Dakota! But, when all 39 samples were averaged today, we had an average yield of 141.1 Bu per acre, down 1.7% from 2010 Tour results." The soybean crop, on the other hand, "was a real mystery." He notes that he pulled one of the best soybeans samples he's ever pulled on the Tour with "2,200-plus pods in a 3' X 3' square" and 15 miles down the road pulled a sample with only 650 to 700 pods.

On the eastern leg of the Tour sampled through Ohio, Eastern Tour consultant Mark Bernard notes that corn yields ranged from a low of 88 Bu per acre to a high around 240 Bu per acre. Soybean pod counts in the 3' by 3' square were also all over the board, ranging from 620 pods to more than 3,500 pods. Bernard says overall crop health in the state was "very good with disease pressure in corn and beans generally very light." But he did note, "One thing that stuck out in some of the soybean fields was the weed pressure that had possibly affected some of the pod counts in the drier areas. Of particular note were things like horseweed (marestail), common ragweed and giant ragweed escapes."

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United States and Canadian Cattle Inventory Down 1 Percent

All cattle and calves in the United States and Canada combined totaled 113.9 million head on July 1, 2011, down 1 percent from the 115.1 million on July 1, 2010. All cows and heifers that have calved, at 45.8 million head, were down 1 percent from a year ago.

All cattle and calves in the United States as of July 1, 2011, totaled 100.0 million head, 1 percent below the 101.1 million on July 1, 2010. All cows and heifers that have calved, at 40.6 million head, were down 1 percent from a year ago.

All cattle and calves in Canada as of July 1, 2011, totaled 13.9 million head, down 1 percent from the 14.0 million on July 1, 2010. All cows and heifers that have calved, at 5.18 million, were down 2 percent from a year ago.

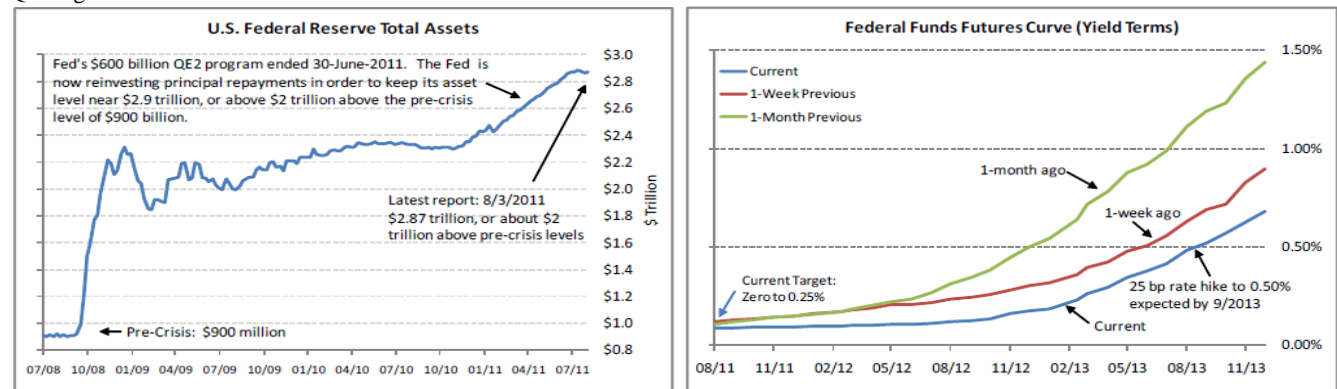
United States and Canadian Hog Inventory up 1 Percent

United States and Canadian inventory of all hogs and pigs for June 2011 was 76.9 million head. This was up 1 percent from June 2010, but down 3 percent from June 2009. The breeding inventory, at 7.10 million head, was down slightly from last year but up slightly from last quarter. Market hog inventory, at 69.8 million head, was up 1 percent from last year and up 2 percent from last quarter. The pig crop, at 35.7 million head, was down slightly from 2010 and down 2 percent from 2009. Sows farrowed during this period totaled 3.56 million head, down 2 percent from last year and down 5 percent from 2009.

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 but down 3 percent from June 1, 2009. The breeding inventory, at 5.80 million head, was up slightly from last year and last quarter. Market hog inventory, at 59.2 million head, was up 1 percent from last year, and up 2 percent from last quarter. The pig crop, at 28.9 million head, was up slightly from 2010 but down 1 percent from 2009. Sows farrowed during this period totaled 2.88 million head, down 2 percent from 2010 and down 5 percent from 2009.

Canadian inventory of all hogs and pigs on July 1, 2011 was 11.9 million head. This was up 1 percent from July 1, 2010 but down 1 percent from July 1, 2009. The breeding inventory, at 1.30 million head, was down 1 percent from last year and last quarter. Market hog inventory, at 10.6 million head, was up 1 percent from last year and last quarter. The pig crop, at 6.8 million head, was down 3 percent from 2010 and down 7 percent from 2009. Sows farrowed during this period totaled 678,000 head, down 4 percent from last year and down 8 percent from 2009.

Federal Reserve. The Fed is in Jackson Hole WY this week for their annual conference. The current financial atmosphere puts pressure on the Fed to do something. The ECB is in a similar position where it is forced to pick up the pieces after politicians repeatedly bungle fiscal policy. The Fed has already conducted two rounds of quantitative easing and has pushed its balance sheet assets up to \$2.9 trillion, which means there is already an enormous \$2 trillion of excess liquidity in the banking system. The Fed may eventually be pushed into a QE3 program if a new recession emerges and/or if the stock market continues to plunge. However, the Fed likely feels the situation is not bad enough to launch QE3 right now.



Outside Markets:

U.S. Dollar Index	73.855	-0.313	-0.42%	Euro FX	1.44390	+0.00720	+0.5%	Ethanol Futures	Sep 11	2.867	+0.011
CRB CCI Index	651.00p	+4.50	+0.7%	Canadian Dollar	1.01300	+0.00280	+0.28%	Gasoline RBOB (E)	Sep 11	2.8351p	-0.0061
Gold	1875.8	-12.9	-0.68%	Japanese Yen	1.30690	+0.00350	+0.27%	Diesel Gulf (ULSD)	Sep 11	2.9632s	+0.0033
Silver	43.915	+0.594	+1.37%	Australian Dollar	1.04470	+0.00610	+0.59%	Heating Oil (E)	Sep 11	2.9107p	+0.0062
DJIA	10847p	+27	+0.25%	Chinese Renminbi	0.156620p	+0.000060	+0.04%	Crude Oil Brent (E)	Oct 11	108.66	+0.30
S&P 500 Index	1131.90	+8.60	+0.77%	Mexican Peso	0.081075	+0.000325	+0.4%	Natural Gas (E)	Sep 11	3.889p	-0.051
Nasdaq 100	2062.25	+18.25	+0.89%	1-Month Libor	99.7450p	+0.0025	-	Polypropylene	Sep 11	0.8509s	0.0000
Russell 1000 Growth	522.40p	+0.90	+0.17%	T-Bond	139-08	-0.29	-0.65%	Polyethylene	Sep 11	0.6009p	0.0000
MSCI EMI Index	983.00	+16.50	+1.71%	3-Month T-Bill	992.7000s	0.0000	-	RME Biodiesel	Aug 11	1470.190p	-0.334
Nikkei 225	8730.00	+60.00	+0.69%	5-Year T-Note	123-2.5	-0.040	-0.1%	Coal Futures	Sep 11	75.95p	-0.38
Brazilian Real	0.62370	+0.00150	+0.24%	10-Year T-Note	130-105	-0.085	-0.2%	Uranium	Aug 11	49.95p	0.00

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Weather Locally we received a much needed 1.1" of rainfall over night. Sheldon IA reporting 1.7 to over 2.0" last night. Mainly dry weather dominated most of the Midwest during the day yesterday, with a few showers winding down across MO and far southwest IL. Totals there were generally less than .35". Overnight, an area of showers and thunderstorms has developed and tracked across southern MN and northern IA. Estimates in the .35-1" range, with some 1"+ amounts also occurring. With the current system to be heavier for the dry areas of S. MN, northern and eastern IA, central IL and western IN. Light to moderate rains will fall elsewhere. Things then look to quiet down across the region for the end of the week and weekend and changes have early next week remaining dry, with some rains seen by the middle to end of next week. Temps for the next week to ten days will run average to a bit below average, which will put low to mid 80's in across the heart of the region, with some 70's in the northern growing areas and some upper 80's in the far south. Overnight lows will also continue to run in the 50's and low 60's in most of the region.

Central Illinois:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
aug 23	aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01
Sct T-Storms	PM T-Storms	Sunny	Sunny	Iso T-Storms	Sunny	Sct T-Storms	P Cloudy	AM Clouds	P Cloudy
90° 70°	93° 62°	85° 60°	86° 63°	86° 62°	81° 61°	78° 58°	80° 61°	79° 63°	87° 66°

Central Iowa:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
aug 23	aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01
Iso T-Storms	P Cloudy	Sunny	M Sunny	M Sunny	Iso T-Storms	Iso T-Storms	P Cloudy	Sunny	PM T-Storms
94° 76°	92° 62°	85° 64°	86° 70°	83° 62°	77° 64°	79° 62°	80° 66°	84° 66°	85° 67°

South Central Minnesota:

tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
aug 23	aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01
M Sunny	Sunny	Sunny	Iso T-Storms	P Cloudy	Few Showers	Few Showers	P Cloudy	Sct Showers	M Cloudy
96° 67°	83° 53°	85° 63°	86° 60°	76° 55°	75° 59°	74° 57°	74° 57°	77° 61°	80° 59°

Central Indiana:

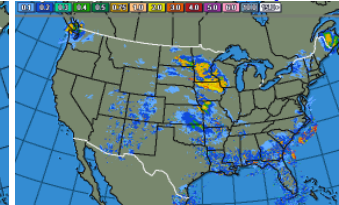
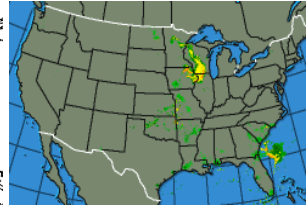
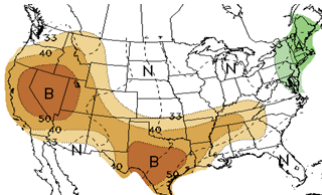
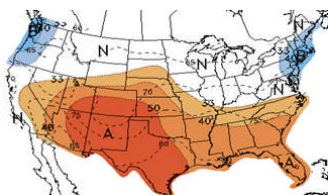
tue	wed	thu	fri	sat	sun	mon	tue	wed	thu
aug 23	aug 24	aug 25	aug 26	aug 27	aug 28	aug 29	aug 30	aug 31	sep 01
M Sunny	PM T-Storms	M Sunny	Sunny	P Cloudy	Sunny	Sct T-Storms	Sunny	Sunny	Sunny
86° 68°	91° 69°	85° 62°	85° 62°	86° 65°	82° 61°	79° 62°	81° 61°	81° 65°	83° 64°

8-14 Day Temp

8-14 Day Precipitation

Current Radar

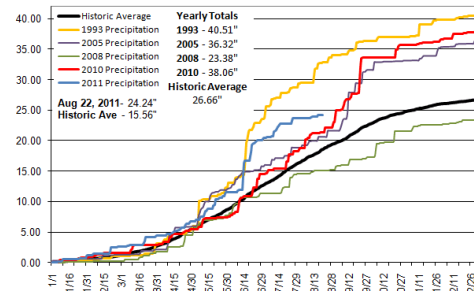
Last 24 hr Precip



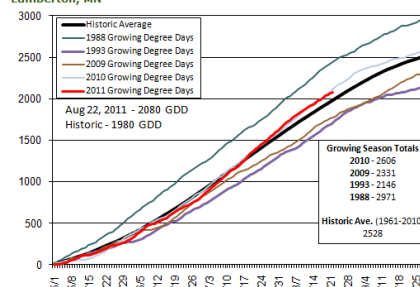
Official Weather Station -2011

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

2005-2011 Yearly Precipitation Totals vs. Historic Average
Southwest Research and Outreach Center
Lamberton, MN

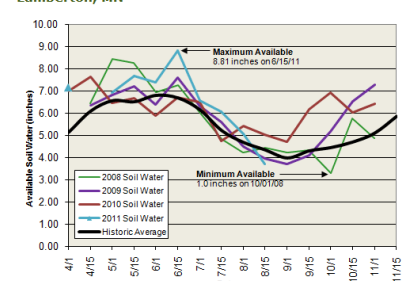


1988, 1993, 2009-2011 Growing Degree Totals vs. Historic Average
Growing Season: May 1 - September 30
Historic Average: 1961-2010
Southwest Research & Outreach Center
Lamberton, MN



2008-2011 Soil Water vs. Historic Average

Historic Average (1966 - 2010)
Southwest Research & Outreach Center
Lamberton, MN



Corn: Morning: Sept 11 Corn is at \$7.25 ¼, up 4 ¾ cents, Dec 11 Corn closed at \$7.38 ¾, up 4 ¼ cents, Mar 11 corn closed at \$7.50 ¼, up 3 ¼ cents, July 12 Corn is at \$7.54 ½, up 2 ¾ cents, Yesterday's Close: Sep 11 Corn is at \$7.20 ½, up 9 1/2 cents, Dec 11 Corn is at \$7.34 ½, up 9 ¼ cents, Mar 12 Corn is at \$7.47, up 9 cents Dec 12 Corn is at \$6.55 ½, up 8 ¾ cents
Corn futures closed higher today. Corn export inspections were on the light side at 29.5 million bushels, with the trade having estimated 28 to 35 million. The same week last year was over 44 million bushels. Cumulative shipments for the marketing year are at 1.734 billion bushels vs. 1.811 billion last year. After the close, USDA reported that crop maturity is catching up. The % of the crop in dough stage matches the 5 year average at 73%. Denting is still slightly behind at 33% vs. 37%.

Soybean Complex: Morning: Sept 11 Soybeans closed at \$13.86 ¾, up 10 ¼ cents, Nov 11 Soybeans closed at \$13.94 ¼, up 9 cents, Jan 11 Soybeans closed at \$14.03 ½, up 8 ¼ cents, Jul 12 Soybeans closed at \$14.04 ½, up 9 cents,

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Yesterday's Close: Sep 11 Soybeans are at \$13.76 1/2, up 16 3/4 cents, Nov 11 Soybeans are at \$13.85 1/4, up 16 3/4 cents, Jan 12 Soybeans are at \$13.95 1/4, up 16 1/2 cents, Nov 12 Soybeans are at \$13.37 1/2, up 3 cents, Sep 11 Soybean Meal is at \$362.70, up \$8.6, Sep 11 Soybean Oil is at \$55.60, up \$0.21

Soybean futures posted double digit gains today, anticipating a decline in weekly crop condition ratings from USDA because of insufficient moisture in the Midwest. Soybean export inspections for last week were 10.9 million bushels, which is fairly typical for mid-August and better than the revised 6.6 million bushels for last week. After the close, USDA did in fact report a drop in crop condition ratings, 57% of the crop is in good/ex condition.

Wheat: Morning: Sept 11 CBOT Wheat closed at \$7.44 1/4, up 8 3/4 cents, Sept 11 MGEX Wheat is at \$9.54, up 10 3/4 cents

Yesterday's Close: Sep 11 CBOT Wheat is at \$7.35 1/2, up 4 3/4 cents, Sep 11 KCBT Wheat is at \$8.21 3/4, up 2 3/4 cents, Sep 11 MGEX Wheat is at \$9.43 1/4, down 2 cents

Wheat futures closed mostly higher, but MPLS futures retreated into negative territory after trying to extend last week's gains in the morning. USDA weekly export inspections were 17.4 million bushels. Statistics Canada will post their first estimates for the 2011/12 crop August 24th. After the close, USDA reported that only 29% of the spring wheat is harvested. The 5 year average for this date is 56%. Spring wheat conditions also slumped, with 62% now rated good/excellent vs. 66% last week.

Cattle: Yesterday's Close: Aug 11 Cattle are at \$114.65, up \$0.35, Oct 11 Cattle are at \$115.70, up \$.20, Dec 11 Cattle are at \$117.42, up \$.10, Aug 11 Feeder Cattle are at \$133.47, up \$0.17 Sep 11 Feeder Cattle are at \$134.20, up \$.40 Oct 11 Feeder Cattle are at \$134.57, up \$0.47 Cattle futures closed higher, shaking off any negative aspects of the USDA COF report. They pretty much followed the script from the Friday night USDA Cattle on Feed report, but the back months rallied late in the session and closed higher with the nearby. Wholesale prices were mixed. Choice was up \$0.63 at \$187.42, while select boxes were \$.64 lower at \$183.05. The Cold Storage report showed total beef in storage up 8% from last year at this time, but down 3% from June 30.

Hogs: Yesterday's Close: Oct 11 Hogs are at \$89.00, up \$.625, Dec 11 Hogs are at \$85.15, up \$.275 Feb 12 Hogs are at \$87.75, up \$.20 Lean hog futures closed higher in most months. The cutout value of a carcass gave up the gain from Friday, losing 97 cents as weakness surfaced in fresh loins and seedless bellies ahead of the Cold Storage report. The USDA reported that the combined US and Canadian hog herd as of June 2011 was 76.9 million head. That was up 1% from last year, but still 3% below June 2009. The combined breeding herd is still smaller than last year at 7.1 million head but did increase from last quarter. The Cold Storage report released this afternoon showed an 8% decline from last month for Total Pork, but inventory is still 16% larger than last year.

Cotton: Yesterday's Close: Oct 11 Cotton closed at 106.61, down 15 points, Dec 11 Cotton is at 106.45, up 23 points Dec 12 Cotton is at 97.10, up 8 points

Cotton futures closed mixed, with October lower but the back months higher. Chinese Customs reported today that July imports were down 7% from July 2010, but up 31% from the June level. Year to date imports through July 31 were down 13% from last year at 1.48 MMT. The US, of course, is a major cotton supplier to China. After the close, USDA indicated that 16% of the US crop has bolls open, matching the 5 year average pace. Crop condition ratings were close to UNCH at 31% good or excellent. That is the same combined score as last week.

US Dollar Index

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



Crude Oil

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



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Sept 11 Corn Daily Chart

ZSU11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



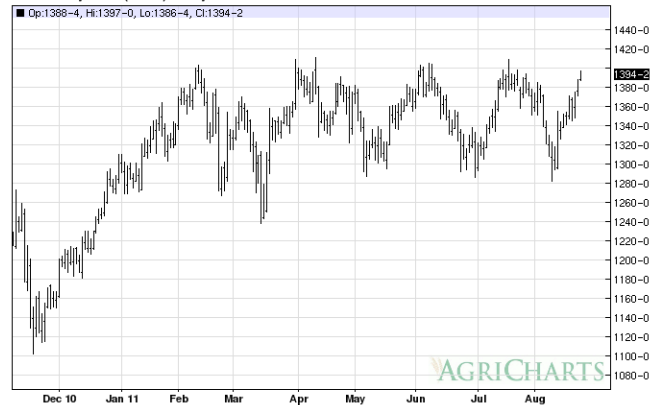
Aug 11 Soybean Daily Chart

ZSU11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



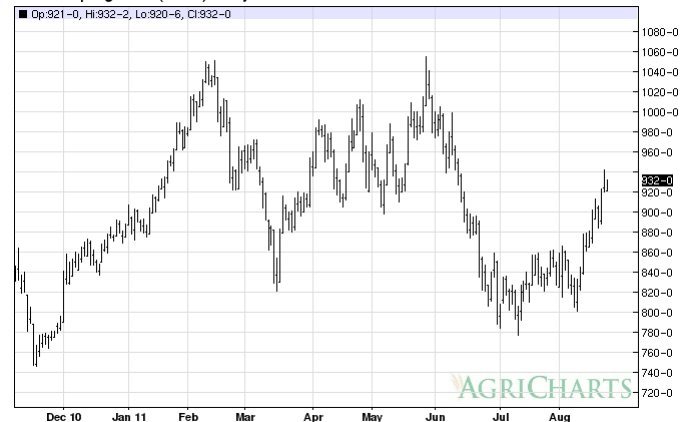
Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



Dec 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart



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