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GRAIN STOCKS

ANALYSIS OF GRAIN STOCKS AND PROSPECTIVE PLANTINGS

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SOYBEAN PLANTED ACRES UP 6 PERCENT FROM 2005

Minnesota **SOYBEAN** acreage increased to an estimated 7.3 million acres, up 6 percent from 2005, but unchanged from the acreage planted in 2004. Acreage planted to principal crops is estimated at 19,451,000 acres, up slightly from 19,377,000 acres in 2005.

CORN acreage in Minnesota is estimated at 7.3 million acres planted for all purposes, unchanged from 2005. Acres to be harvested for grain are estimated at 6.8 million. Corn and soybeans account for 75 percent of principal crops planted in the state.

SPRING WHEAT planted in Minnesota is estimated at 1.6 million acres, down 11 percent from last year. **WINTER WHEAT** acres are estimated at 35,000 acres, an increase of 15,000 acres from 2005. **SUGARBEETS** account for an estimated 500,000 acres, an increase of 9,000 acres from 2005.

OAT estimated plantings, of 280,000 acres, is down 10 percent from last year. An estimated 190,000 acres of oats will be harvested for grain. **BARLEY** acreage decreased 8 percent from last year with an estimated 115,000 planted acres. If realized, this acreage would be a record low for Minnesota.

CANOLA growers planted 30,000 acres, down 25,000 acres from last year. The state's **ALL SUNFLOWER** acreage, of 90,000 acres, is down 33 percent from 2005. **FLAXSEED** acreage is estimated at 8,000 acres, down 5,000 acres from last year.

ALFALFA is estimated at 1.3 million acres for harvest, down 4 percent from last year. **OTHER HAY** acreage is estimated at 720,000 acres, up 3 percent from 2005.

CROP SUMMARY: AREA PLANTED, MINNESOTA and UNITED STATES

CROP	Minnesota			United States		
	2005	2006	% Change Previous Year	2005	2006	% Change Previous Year
	--- 1,000 Acres ---		Percent	--- 1,000 Acres ---		Percent
Corn	7,300	7,300	0	81,759	79,366	-3
Soybean	6,900	7,300	+6	72,142	74,930	+4
All Wheat	1,820	1,635	-10	57,229	57,873	+1
Spring	1,800	1,600	-11	14,036	14,595	+4
Durum 1/	--	--	N/A	2,760	1,885	-32
Winter	20	35	+75	40,433	41,393	+2
Barley	125	115	-8	3,875	3,496	-10
Oats	310	280	-10	4,246	4,312	+2
Sugarbeets	491	500	+2	1,300	1,362	+5
Dry Beans	145	135	-7	1,665	1,562	-6
Canola	55	30	-45	1,159	1,018	-12
All Sunflowers	135	90	-33	2,709	1,900	-30
Oil	75	55	-27	2,104	1,575	-25
Non-Oil	60	35	-42	605	325	-46
Flaxseed	13	8	-38	983	718	-27
All Hay 2/	2,050	2,020	-1	61,649	62,697	+2
Alfalfa 2/	1,350	1,300	-4	22,389	22,407	0
Other 2/	700	720	+3	39,260	40,290	+3

1/ Durum Wheat acres discontinued in 2005.
2/ Harvested Acres.

BIOTECHNOLOGY VARIETIES

The National Agricultural Statistics Service conducts the June Agricultural Survey in all States each year. Randomly selected farmers across the United States were asked if they planted corn or soybeans that, through biotechnology, is resistant to herbicides, insects, or both. Conventionally bred herbicide resistant varieties are excluded. Insect resistant varieties include only those containing bacillus thuringiensis (Bt). These Bt varieties include those that contain more than one gene that can resist different types of insects. Stacked gene varieties only include those containing biotech traits for both herbicide and insect resistance.

BIOTECHNOLOGY VARIETIES, SELECTED STATES AND UNITED STATES, PERCENT OF ALL PLANTED ACRES, 2005-2006

STATE	Corn								Soybeans	
	Insect Resistant (Bt) Only		Herbicide Resistant Only		Stacked Gene Varieties		All Biotech Varieties		Herbicide Resistant Only	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
	Percent		*Percent*		*Percent*		*Percent*		*Percent*	
IA	35	32	14	14	11	18	60	64	91	91
MN	**33**	**28**	**22**	**29**	**11**	**16**	**66**	**73**	**83**	**88**
ND	21	29	39	34	15	20	75	83	89	90
SD	30	20	31	32	22	34	83	86	95	93
WI	22	22	18	18	6	10	46	50	84	85
US	26	25	17	21	9	15	52	61	87	89

MINNESOTA JUNE 1 ALL SOYBEAN STOCKS LEVEL LARGEST SINCE 1987

The Minnesota June 1 Grain Stocks Survey estimated **SOYBEANS** stored in all positions at 130.6 million bushels, up 73 percent from a year earlier, and is the largest June 1 all soybean stocks level since 1987. On-farm storage of 91 million bushels, the largest on record, accounted for 70 percent of the total. **CORN** stocks in all positions totaled 569.5 million bushels, up 5 percent from a year earlier. On-farm storage of 420 million bushels accounted for 74 percent of the total. **ALL WHEAT** stocks in all positions totaled 23.5 million bushels, down 14 percent from June 1, 2005. On-farm stocks, at 9.2 million bushels, accounted for 39 percent of the total. **BARLEY** stocks in all positions totaled 14.7 million bushels, down 26 percent from a year earlier. On-farm stocks, at 1.1 million bushels, accounted for 7 percent of the total and is the lowest June 1 on-farm barley stocks level since 2003. **OAT** stocks in all positions totaled 12.9 million bushels, up 5 percent from a year earlier. On-farm stocks, at 3.3 million bushels, accounted for 25 percent of the total.

JUNE 1 MINNESOTA & U.S. GRAIN STOCKS

COMMODITY	ON FARM		OFF FARM		TOTAL ALL POSITIONS		% CHANGE PREVIOUS YEAR
	2005	2006	2005	2006	2005	2006	
			-1,000 BUSHELS-				
			MINNESOTA				
CORN	415,000	420,000	129,486	149,515	544,486	569,515	+5
SOYBEANS	51,000	91,000	24,323	39,587	75,323	130,587	+73
ALL WHEAT	13,000	9,200	14,242	14,310	27,242	23,510	-14
BARLEY	1,600	1,100	18,176	13,588	19,776	14,688	-26
OATS	2,800	3,300	9,477	9,649	12,277	12,949	+5
			UNITED STATES				
CORN	2,462,300	2,350,500	1,858,513	2,012,020	4,320,813	4,362,520	+1
SOYBEANS	356,100	495,500	343,174	494,640	699,274	990,140	+42
ALL WHEAT	161,275	111,010	378,825	456,833	540,100	567,843	+5
BARLEY	41,100	30,770	87,317	77,261	128,417	108,031	-16
OATS	25,350	25,190	32,592	27,401	57,942	52,591	-9

JUNE 1 HOG AND PIG INVENTORIES UP IN MINNESOTA

Minnesota hog producers had an inventory of 6,700,000 hogs and pigs on June 1, 2006, up 2 percent from last year and up 5 percent from the March 1, 2006, figure. Breeding hogs totaled 590,000, down 2 percent from a year earlier and market hogs and pigs, at 6,110,000, were up 2 percent from a year ago. Market hogs in the under 60 pound weight group were up 1 percent from last year. The 60-119 pound weight group were up 4 percent. Hog numbers in the 120-179 pound group were up 6 percent from last year, while the 180+ pound group was down 4 percent from a year ago.

Minnesota's March-May 2006 pig crop totaled 2,604,000 head, down 2 percent from a year earlier, but up 6 percent from the December 2005-February 2006 pig crop. The 280,000 sows that farrowed averaged 9.30 pigs per litter, up from 9.15 a year ago. This is a new record litter rate for the March-May quarter.

Hog producers in Minnesota intend to farrow 280,000 sows during the June-August 2006 quarter. If realized this would be unchanged from the same period in 2005. Producers intend to farrow 280,000 sows during the September-November 2006 quarter. If realized, this would also be unchanged from the same period in 2005.

FARROWING INTENTIONS

	Sows To Farrow			
State	June - Aug. 2006	As % of 2005	Sept.- Nov. 2006	As % of 2005
	1,000	Pct.	1,000	Pct.
AR	41	93	40	95
CO	85	105	85	105
IL	215	105	215	108
IN	145	104	150	111
IA	450	98	450	99
KS	83	100	83	99
MI	48	100	49	104
MN	**280**	**100**	**280**	**100**
MO	165	97	165	94
NE	180	103	180	103
NC	550	98	550	100
OH	80	103	80	99
OK	180	90	185	97
PA	48	102	47	100
SD	84	118	82	101
TX	48	107	44	100
WI	26	104	26	96
Other Sts 1/	214	104	213	103
US	2,922	100	2,924	101

1/ Individual State estimates not available for the 33 other States.

JUNE 1, 2006 HOG INVENTORIES and MARCH-MAY 2006 FARROWINGS

State	TOTAL		BREEDING		MARKET HOGS & PIGS						SOWS FARROWED March - May 2006			
	Number	2006 As % of 2005	Number	2006 As % of 2005	Under 60 Pounds	60-119 Pounds	120-179 Pounds	180+ Pounds	TOTAL Number	TOTAL 2006 As % of 2005	Number	2006 As % of 2005	Pigs Per Litter	Pig Crop 1/
	1,000	Pct.	1,000	Pct.	1,000	1,000	1,000	1,000	1,000		1,000	Pct.	Number	1,000
AR	275	95	85	100	140	15	15	20	190	93	41	98	9.60	394
CO	820	105	150	107	350	85	90	145	670	105	81	105	8.90	721
IL	4,150	101	430	100	1,350	910	820	640	3,720	101	205	98	9.05	1,855
IN	3,200	103	320	107	1,080	760	550	490	2,880	103	135	100	8.90	1,202
IA	16,300	101	1,080	101	4,760	4,160	3,410	2,890	15,220	101	455	103	8.95	4,072
KS	1,800	107	160	103	575	345	295	425	1,640	107	81	98	9.10	737
MI	960	105	100	100	325	195	170	170	860	106	46	102	9.20	423
MN	**6,700**	**102**	**590**	**98**	**2,430**	**1,500**	**1,290**	**890**	**6,110**	**102**	**280**	**97**	**9.30**	**2,604**
MO	2,700	95	350	103	1,135	490	420	305	2,350	94	170	100	9.10	1,547
NE	2,900	104	365	103	1,000	670	490	375	2,535	104	180	103	9.15	1,647
NC	9,600	97	1,020	100	3,540	1,960	1,690	1,390	8,580	97	550	100	9.10	5,005
OH	1,580	100	165	103	580	350	300	185	1,415	100	79	103	9.00	711
OK	2,340	98	360	100	920	320	260	480	1,980	98	185	97	8.90	1,647
PA	1,070	100	100	100	320	280	205	165	970	100	46	98	9.10	419
SD	1,440	103	160	110	465	305	260	250	1,280	102	82	109	9.35	767
TX	950	102	105	105	265	215	200	165	845	102	44	98	9.25	407
WI	420	98	55	110	145	95	70	55	365	96	27	108	8.70	235
Other Sts 2/	3,722	100	465	99	1,218	787	660	593	3,257	100	210	102	9.09	1,908
US	60,927	100	6,060	101	20,598	13,442	11,195	9,633	54,867	100	2,897	101	9.08	26,301

1/ Number of pigs born March-May that were on hand June 1, or had been sold.
2/ Other State estimates include 33 remaining States.

ANALYSIS OF GRAIN STOCKS AND ACREAGE REPORT

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The grain stocks report released on June 30, 2006, indicated an increase in stocks of grain. Corn stocks increased the least with a total of 4.36 billion bu., up only 1% from one year ago. The corn held on farms was reported at 2.35 billion bu., down 5%, with the off-farm stocks at 2.01 billion bu., up 8%. Soybean stocks were reported at 990 million bu., up 42% from one year ago. It should be noted that this is the largest June 1 soybeans stocks total, eclipsing the 1986 record by 17%. Most of the soybeans are stored on-farm with a total of 496 million bu., up 39%; off-farm stocks of soybeans were 495 million bu., up 44%. The stocks of wheat were reported at 568 million bu., up 5% from one year ago. On-farm stocks of wheat were 111 million bu., down 31%, and off-farm stocks of wheat were 457 million bu., up 21%. In other grains, durum wheat stocks were up 8%; barley stocks were down 16% at 108 million bushels; oat stocks were also down 9% at 52.6 million bu. The acreage number for corn, at 79.37 million, was about 400,000 acres below trade estimates and 2.4 million acres below last year. The corn stocks number was close to trade estimates. Soybean acreage was down 236,000 acres from trade estimates. The soybean stocks, at 990 million bu., were below trade estimates of 1,016 billion bu. Spring wheat acres were slightly above that expected and overall wheat stocks were about 20 million bu. above trade estimates.

Balancing the increased stocks of grain was a change in the disappearance or use of these crops. Corn disappearance over the March to May period increased slightly to 2.62 billion bu. from 2.44 billion bushels, amounting to a 7% increase. Soybean disappearance was slightly lower at 679 million bushels. Wheat disappearance was down 9% at 404 million bushels.

Corn prices rose about $.04/bu. on the open today with bullish signals on acreage and use factors. Soybean prices rallied about $.10/bu. on acreage news and the lower level of stocks. Wheat prices were steady to mixed. Using templates from the U. of Illinois, these changes signal the following market actions. Corn fundamentals show a season average price of $2.37-$2.50 based on a stocks to use ratio of 10.5 or lower. With normal season price ranges of $.40 -.50 /bu., this signals pricing opportunities in Minnesota at about $2.40 or higher, with the range extending to $2.75-3.00 into next year. With more ethanol plants coming online (31 are under construction), the use pattern will be more robust. Many newspaper articles in the midwest are discussing spot corn shortages in some areas with carryover reduced to just over 1 billion bu. New crop corn development, however, signals a good crop on the way. Soybean prices look to be about $5.15 with a wide range of up to $1.25 per bu. due to weather uncertainties. Many soybeans in the midwest are just average at this point. Pricing opportunities for $5.40 to $5.70 should be captured with more opportunities on rallies into the lower $6 range.

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