July 14, 2009

Friends:

Please find attached the email where our sales triggers were hit for reference. This morning we find ourselves still at 100% hedged.

Today, on the open, despite the fact that my lifting hedges is always early, we are going to lift between 35 and 50% of our hedges in both corn and beans. The market should have a nice gap higher opening. We will immediately enter orders to re-hedge below this week's lows in both corn and beans. Why? Well, there is an interesting wrinkle in time today, but it is only a wrinkle, not a wave.

As you will remember, I have mentioned very often that the only thing that can derail an amazing result from our plan was a 1983 type weather event. Well, to be fair, it is really a 1991, 1983, 1997, or 1999 type weather/market event. Those are the only 4 years since 1958 (note that is less than a 5% likelihood) where the market established lows in early July following a May/June high. The similarities of these years is just simply amazing. ALL rallied for 20/21 Trading Days, then most resumed a downtrend, or chopped sideways to no gain until expiration.

As well, if you like S&D allusions of knowledge, it has gotten real dry in a pretty big area of the corn belt. As of today, for our farm, we still have 100% yield potential versus trend, or more, but with 4 tenths since June 8th, we are depleting the soil profile with pollination just around the corner, and a forecast that is cool to normal temps and dry to very dry. There is a chance of rain on Wednesday. IF we get 1.2" we could easily have trend corn yields, if we get close to nothing, well conditions will decline quickly now, especially since we are planted late. OF course, remember the only important thing about the forecast is that it is NOT accurate and will change.

So, you see, we are willing to gamble a few cents of our outsized hedge gains on forcing it to rain Wednesday :-)

Note: If the lows do not hold there is no instance where the market bottomed before mid-August...so if this doesn't work, there is a good reason to get resold.

I read in Farm Futures that the most profitable farms were selective hedgers...but that selective hedging rarely works...now there is some valuable research for you. Like who didn't already know that if you are reading FF. Good risk managers are the most profitable but people who try to use tools good managers use, and use them poorly, will produce poor returns. Wow.....Mr. Obvious strikes again. :-)

So, we will take some price risk back and see if we can force a great crop out of the equation. Note that with crop insurance in place we still have some protection, BUT more importantly, we are only risking a few cents to force the trend to continue.

---------------------------- Original Message

Subject: PLAN IMP: Trigger hit in nc
Corn/Soy
From: "Ken Rulon"
<ken@rulonenterprises.com
>
Date: Tue, June 9, 2009 8:33 am
To: gdaleboruff@winco.net

The sales triggers using the parabolic 66 day parameter where hit yesterday in nc corn and nc soybeans. The trigger using last week's low has not yet been hit.

For old crop soy if you are playing home run derby have not yet been hit, the Pb66 today would be at 11.96.

To be fair, I am being conservative but the last thing farmers need is a bullish advisor normally.

IT is IMPORTANT to note that crude oil should rally to the $79.75 area on this run, so it has another $9 to the upside. This should provide some support. As well, Gold is in the process of establishing a very pivotal double-top that has not yet completed. In addition, old meal is likely going to run to test its highs at $450. If and after that occurs look for meal to drop $150 in about 3 weeks. (just like beans last year)

Some very interesting data I saw yesterday calculates that M3 has only been growing at 8% per annum despite all the trillions the feds have thrown at this thing. Debt default which equals currency destruction has offset the fed slosh. So, the point being that the odds of hyper-inflation might be far lower than some of the pundits fear. As well, since M3 is not negative it seems quite unlikely we have a depression at this time. All of that could change of course with a few well placed warheads in the Mideast.

Just thought this data might be of interest.

It seems the hog market might finally be in the process of bottoming. IF you are a grain farmer, sell some CN10 and buy some LHJ10 for a very nice low risk hedge of your financial future.

Ken