

November 11, 2007 (part 2)

Friends:

Most of you who received our annual marketing plan just received a note about wheat. This note is to update where we are in the corn and beans now that harvest has come and gone.

Corn: Yield 181. This is a full 15 higher than we expected and is directly the result of yields above 215 in our good soils that stayed alive until the 3" rain we received on 8/14. We have very "CHRISTMAS"-type yield maps. All dark green (>200) or bright red (<125). This data will be very valuable going forward as we evaluate planting rates for corn, spatial irrigation, variable N rates, etc. Great maps. Of special note, the 500 acres up north of Tipton that received rain yielded 208 avg. as we expected. IF you exclude those farms, the rest of our farms averaged 169, very close to our expected 165.

Beans: Yield 56.5. Same for corn above with the exception that the plan to plant full season beans late paid off once again. The new bean genetics Beck 321 & 342 & 399 really have taken yield potential in the good soils to a new level. Many areas over 75, and then 40 on the hills.

Corn marketing: We sit at about 30% sold. The plan was to exit those sales the first week of October. Well...we should have done that but with great yields and the market already rallying we just did not and will not now. So, 30% sold and now will wait to price more until I have time to do some serious timing calculations. With beans gapping into new highs and with follow through and with wheat having retraced 30%, corn could clearly continue to rally into early December. More to follow, but we are waiting and watching for now. If you don't have any sold, good luck.

REMEMBER, multi-decade time counts in Corn should top in 2008. Top will occur before 7/20/2008 most likely. CZ target is still \$5.40. Nearby corn target is also \$5.40. BUT, remember, just like in wheat, time will control the high, not price.

Bean marketing: We sit at about 50% sold at around \$8.75 average. Kind of frustrating really when looking back at it, but we are just too conservative. Above average yields and \$8.75 plus seed prem makes for a great year. :)

Beans have gapped into new highs, and now followed through. It would seem they should run higher and possibly by quite a bit. Re-owning is actually safe now and use a stop below last week's low. We will not be doing this just because we are stupid I guess but it is a safe place if you are so inclined.

2008 yields expectations to consider:

1) Wheat yields should be fantastic.

2) The SE drought should scare corn producers to death! This dry area should move west and center over Iowa next year. They deserve a good one once every 18 years or so. :)

3) The eastern belt will get late rains, so beans should be excellent.

Timing of the movement of the drought will be interesting. ALSO, note that 2008 could produce record yields only to be followed by the worst drought since 1934 in 2009. Odds of this are less than 10%, but be aware it could happen. Far more likely that the SE drought moves north and the end user is crucified (speaking as a hog feeder of course).

Next year's plan will include this data and will include a 3 year plan for multi-year marketing.

Best,  
Ken