

May 26, 2009

Friends:

Just to reiterate, the bean timing is very strong in here. The price action so far is indicative of a high. We would raise the sales triggers to a Friday's lows for both new corn and beans. Even will sell some futures on the open and use a stop above last night's high. Please reread the comments on beans below. Again this is all new crop.

We had very rapid planting in IN until noon yesterday. Maybe 80% of corn got done, and 50% of the beans. We planted 1300 acres c in 4.5 days with a 24 row, still have 33% left to plant.

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Re-read comments on beans from May 19:

Friends:

SEASONAL SALES DATES HAVE PASSED - MAKE SURE YOUR SALES TRIGGERS ARE IN PLACE

Corn: The seasonal in NEW corn is very strong. It tops April 10th and then has a secondary top right around May 10th. The market this year is following the seasonal perfectly it would seem. We have had the planting rally and lots of other bullish news, including USDA reports that are extremely optimistic on demand.

We would counsel to be 100% sold for 09 on this rally. The sales triggers that have a lot of statistical prowess behind them that I like are: Parabolic Time/Price stop using a 66day count at this point. For CZ09 the stop today is 4.29 and increasing at about 3 cents per day at an increasing rate.

The other sales trigger I like is a sell stop below the low of the previous week by 3 cents. For cz9 that stop is 4.36 this week. TACTICALLY however we do not have stops entered on the open trading range. IF the market trades below the stop when it opens we then enter the stop below the low of the day, so the way CZ traded on Monday, we waited until after the opening and then entered our stops for this week at 4.32 below the opening range.

Beans: The story is the same for soybeans BUT we have that "STAR OF LIFE" formed on March 30th. Wow...what a great tool that one is to have in the tool box. The date for a sale after a star of life would be MAY 25th in this case. (40td's after the STAR). So, we would be a little more patient on beans. The seasonal sale date is May 10th so we would still have some sales triggers in place in SX09 using the above tools.

Stops for SX sales triggers: Parabolic using a 66 day count is 9.48 and raising 4 cents a day. Weekly low trigger would be 9.60.

PLEASE DO NOT UNDERESTIMATE THE IMPORTANCE OF THE 10.45 TO 10.60 PRICE LEVEL IN SX09. The odds we exceed this price level in SX are extremely low. ALL OLD CROP BEANS SHOULD BE SOLD WHEN SX TOUCHES 10.40. All of our old crop was sold long ago, just saying that if we had old crop left, this is how we would manage it.

CAVEAT: We are being very conservative and locking in very large profits. Our FEAR is driven by our experience raising hogs the past 3 years. Grain will pay a price for destroying its users, just maybe not today. Our cost to grow corn is \$3 and beans is \$8, so you can see we are locking in one of our farms best years financially of all time.

THE NEWS: Many second shoes are yet to fall. For example, swine flu seems to keep getting bigger and not smaller. Sooner or later it will be found in a US herd and then it will probably be found to spread the virus to humans, so just be forewarned as a grain producer and think of what the impact of that might be.

Also, on the economy, even in 1930/31, we experienced a major recovery rally. We are doing so again. I don't think a depression is in the works, but we will see much higher interest rates which will SEVERELY limit economic expansion.

TIME: This time of year is NEVER a good time to get bullish. Just relax and follow the market higher with sales triggers. You have insurance in place as well. It will be a great financial year with some timely decision making.

REMEMBER: do your own S&D tables if you like to follow that stuff. Be sure and plug in a 170 corn yield and a 45 bushel bean yield to get a fair range. The western belt is planted in 1994 fashion and the east will only be 10 days late. Of course, you can do some drought yields but odds of that this year seem extremely low, and even if it happens it will be a 1983 type of drought, so you need to be sold now and defend those sales after July 1st.

As far as S&D, the beans are experiencing a good old fashioned weather market rally. They typically last 20 td's short-term or 60 td's long term, which both come in May 25th. As well, there is huge harmonic significance to June 3rd.

SO THE POINT.....it time to get a sales strategy in place.

We hope to plant tomorrow. It is too late now to do any mudding in, so we'll bury some more tile today. Be safe!!

Ken