

Friends:

As you know, June was an extremely positive month for our plan to manage risk. Our best month and year ever hedging in 22 short tdays. And, as you have all experienced in your own lives, great times or decisions are normally followed by set-backs, retracements, or periods when the normal statistics just don't fulfill. This is exactly where we find ourselves today in my view.

So, unlike any other market analyst that I read, we prefer to step back after the 4th of July holiday and REVIEW the past and focus on the big picture. To that end, I've attached a few charts, but more importantly, discuss the big picture below.

FIRST, everyone is now pretty familiar with the 60 year cycle in commodities. IF not, subscribe to PPF and print off his charts. The data is very good and very instructive. Summarized, the 60 year cycle informs that:

High of May 12, 1951 (High in February for wheat and beans..familiar?)

- Decline to October, 1951
- Rally into April, 1952
- Decline into November 1952
- Another Rally into early 1954 (some markets new highs)

HIGH in 1954 is not exceeded for 18 years. (after 2032 for us)

TAKEAWAY: The highs in 2011 are long-term and critical for farmers to take advantage of as producers. We may or may not get one more shot at high prices in 2013/2014.

SECOND, everyone is also familiar with the 30 year cycle in commodities. Again, PPF, or Harmonic Timing are great data sources. They are not great risk management advisors, but great data sources.

Summarized, the 30 year cycle informs that:

High of April 10, 1981 (High in December, 1980 for some grains)

- Decline to October, 1981
- Rally into April, 1982
- Decline into November 1982
- Another Rally into early 1984 (most markets test highs)

HIGH in 1980 is not exceeded for 27 years. (after 2037 for us)

TAKEAWAY: The highs in 2011 are long-term and critical for farmers to take advantage of as producers.

THIRD, balancing the "TIME" with the "WEATHER".

In terms of time, this year has been very similar to 1951 so far.

In terms of weather, this year has been very similar to 1974 so far.

Therefore, it is important for us to look at 1974 charts so as to gauge when the weather actually impacted the market price. I have attached charts of 1974. The foreshadowing seems eerie indeed.

TRY TO THINK OF THIS as 2011 becoming a BLEND of 1981 and 1974. As such, it has the timing of 1981, it has the end of a commodity speculative wave like 1981, it has the BIZARRELY STUPID monetary policy of 1981, but it has the weather of 1974. As a commodity USER this is indeed a "PERFECT STORM." Watch the movie tonight, it is a good analog of how the users of grain are being beaten up by the waves around us.

Try to grasp if you can, what happens after a perfect storm. It is calm for years. Yes, years not weeks.

You could also view this as being a BLEND of 1981 and 1983. Both are similar with very similar outcomes. Afterwards it is calm for years. Yes, years not weeks.

So, the point it is....prepare for 1974..and expect 1981.

The fattest cats in the world right now are grain farmers. The "World" ALWAYS, and for emphasis, ALWAYS gets even with the fat cats. Plan accordingly.

It is funny really....or sad....soybean farmers want higher prices but the ONLY, again ONLY way prices are going higher is a serious drought...so to get what some want, we have to have lower yields and thus lower profits...GEEZZZZZ!

Every farmer in America should be praying for an early hurricane to drench the Midwest...but many I know are hoping for a drought. Shortsighted beyond belief.

THIS IS IMPORTANT...

The statistics say that a drought is a LIVE FIRE event as long as the gap up AFTER July 8th holds. We have the gap in play....until the market declines below the gap, last week's low, we must respect it. Once it declines below the July 8th gap...MR. GANN's "Tunnel through the Air.. or vacuum, will be for real and corn and soy will decline vertically which is the normal occurrence after a short-crop year. CZ 6.25 and SX 13.05 is the line that cannot be breached.

As someone once said..."These are the times that try Men's souls"
In reality...today...these are the times that TEMP men's souls.

With insurance, we have been guaranteed amazing profits.

Respect the market, if it fails, it is going to fail VERTICALLY.
IF we have a drought, (frankly bring it on...I'm ready) well it WILL go VERTICAL for the next 22 tdays...and THEN IT WILL FAIL VERTICALLY.

I hope you find this helpful.

To close...we all have been given many gifts...take a step and do something to help your community...many are struggling and you or I can spare the price of making a difference. Enough said...just take the first the step.

Charts for 1974, 1983, 1981 attached.