

September 20, 2010 (second email)

Friends:

Just to reiterate the email a couple of weeks ago, IT IS TIME TO ROLL DOWN long-term interest rates or lock in rates if you are variable. This includes your HOME MORTGAGE, or any other long-term asset loans. Might be good to even tell your neighbors as very few are paying attention.

So, now that we have covered the big money issues....

AN INTERESTING opportunity in corn....

You can sell a \$6.50 July corn call for around 25 cents. For corn you don't have priced, this is a great storage hedge in a way. I prefer to sell the 5.60 call for 40 cents merely because there is no way any end-user can take \$6 corn all the way till next July. None. This of course might take a lot of margin which is why we are doing Pacer's and let Cargill fund it.

ALSO of note, on the 5.90's we are using, they are 8 cents in the money, so we are only really paying a dime for the averaging, and it could average us up 50 cents like it did in 2008 if the world goes completely mad.

Ken

P.S. SELL SOMETHING is simple advice that cannot be wrong by much.