June 22, 2011

Friends:

Please find attached the updated chart for WN11. It is covered with notes to try and help communicate what we have seen over the last year. It is a perfect example for a textbook on timing. The weaknesses and the positives.

As you can see, now that everyone is getting bearish wheat, the timing is telling a far different story, or at least a very neutral one.

With the massive insurance profits most of you have about to be locked into place, there is limited reason to keep the 2011 hedged. We are keeping the 2012 hedged because the weekly lows are not due till next year but expect it to bounce higher going into fall. But for now, on the 2011, getting neutral after such a windfall hedge experience, makes a lot of sense. Selling puts to assure a large insurance payment also makes sense.

Also, find the WN12 chart attached. I call this one a half-mil chart. As in half a million in profits. It was just a real easy short there a few weeks ago. Everything we look for in a hedging opportunity. Just everything. It will become a tutorial to introduce people to the concept of "time".

As to corn and soy, wheat leads (USUALLY).

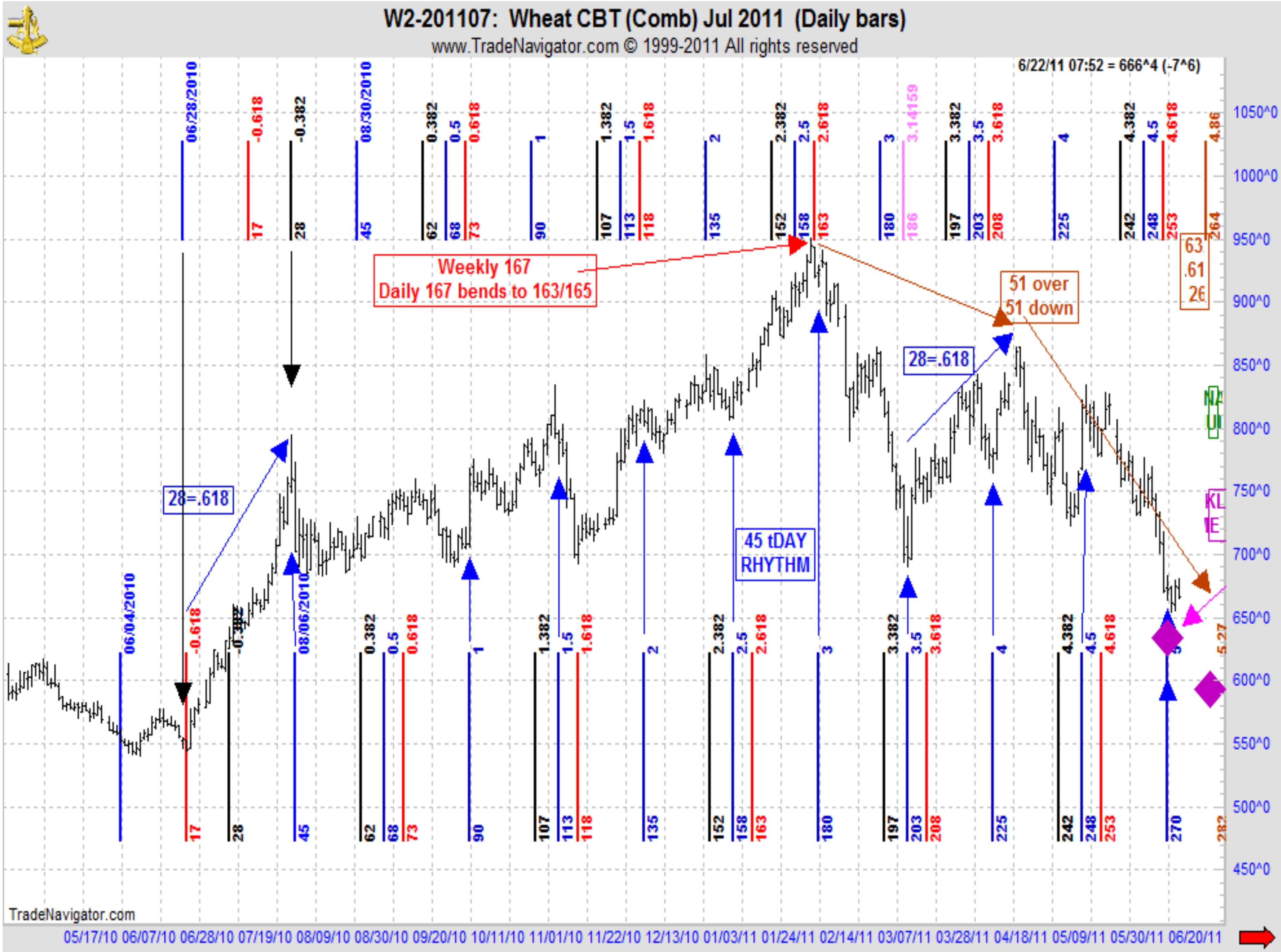
The weather is terrible, but remember it is ALL in the price already.

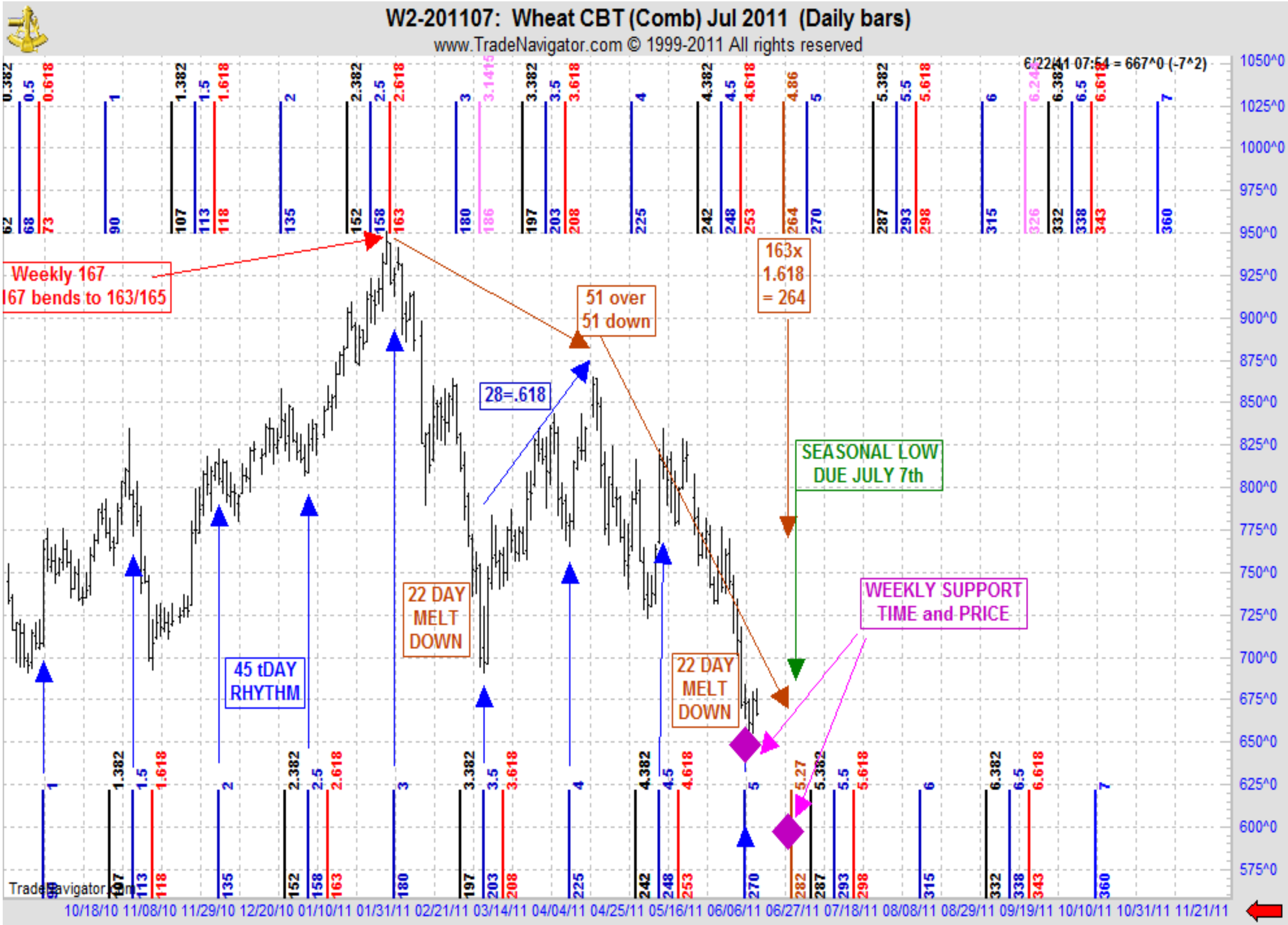
The time and price analysis would suggest corn topped at $8 in the July but that does not mean that it can't have one more push higher to test that high. As well, the weather pattern is almost identical to 2010, so 2011 yields will indeed disappoint, but how much of that is in the price...quite a bit.

IMPORTANT: The markets seem to be following the 60 year cycle far too close for comfort. If this continues, beans should decline 35% in the next 12 weeks and not recover for months. Corn however should recover to test the highs in the Dec sometime in December. It is really the only market's supply effected by the weather negatively at this point.

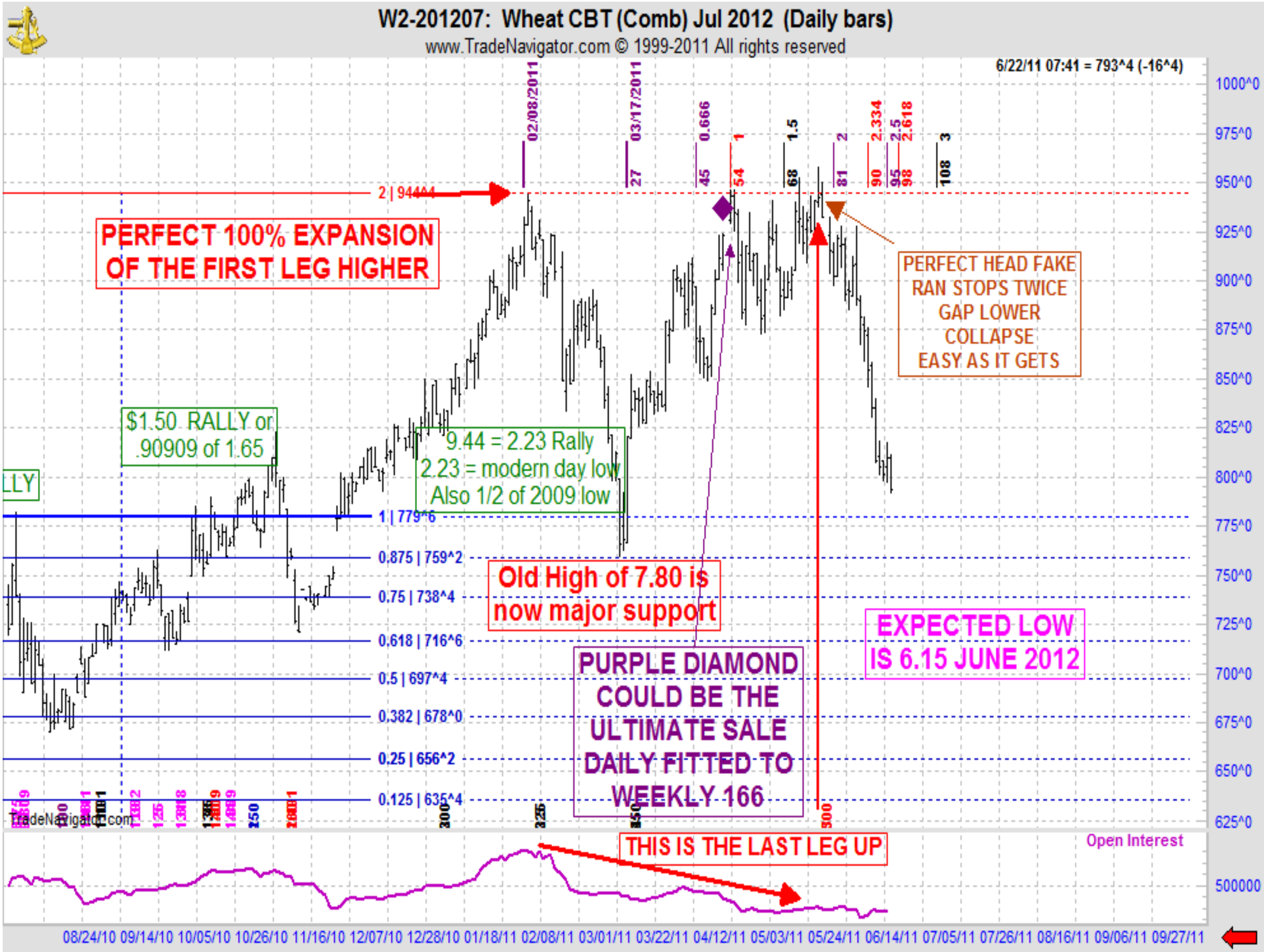
The soybean acreage report "could" be a real bearish SHOCK...be prepared if it is. Puts have low volatility in beans and as such are very cheap for protection if you don't want to risk margin. I happen to really like the Cargill product information I emailed you last week. For beans going into this report, it is a nice fit for a producer to manage downside risk. Great tool to catch up if you are lightly protected.

Ken


W2-201107: Wheat CBT (Comb) Jul 2011 (Daily bars)
www.TradeNavigator.com © 1999-2011 All rights reserved
6/22/11 07:52 = 666^4 (-7^6)
Weekly 167
Daily 167 bends to 163/165
51 over
51 down
28=.618
28=.618
45 tDAY
RHYTHM
06/28/2010
08/30/2010
06/04/2010
08/06/2010
TradeNavigator.com
05/17/10 06/07/10 06/28/10 07/19/10 08/09/10 08/30/10 09/20/10 10/11/10 11/01/10 11/22/10 12/13/10 01/03/11 01/24/11 02/14/11 03/07/11 03/28/11 04/18/11 05/09/11 05/30/11 06/20/11
1050^0
1000^0
950^0
900^0
850^0
800^0
750^0
700^0
650^0
600^0
550^0
500^0
450^0



W2-201107: Wheat CBT (Comb) Jul 2011 (Daily bars)
www.TradeNavigator.com © 1999-2011 All rights reserved
6/22/11 07:54 = 667^0 (-7^2)
Weekly 167
167 bends to 163/165
51 over
51 down
163x
1.618
= 264
28=.618
SEASONAL LOW
DUE JULY 7th
22 DAY
MELT
DOWN
45 tDAY
RHYTHM
22 DAY
MELT
DOWN
WEEKLY SUPPORT
TIME and PRICE
10/18/10 11/08/10 11/29/10 12/20/10 01/10/11 01/31/11 02/21/11 03/14/11 04/04/11 04/25/11 05/16/11 06/06/11 06/27/11 07/18/11 08/08/11 08/29/11 09/19/11 10/10/11 10/31/11 11/21/11
1050^0
1025^0
1000^0
975^0
950^0
925^0
900^0
875^0
850^0
825^0
800^0
775^0
750^0
725^0
700^0
675^0
650^0
625^0
600^0
575^0
TradeNavigator.com



W2-201207: Wheat CBT (Comb) Jul 2012 (Daily bars)
www.TradeNavigator.com © 1999-2011 All rights reserved
6/22/11 07:41 = 793^4 (-16^4)
PERFECT 100% EXPANSION OF THE FIRST LEG HIGHER
$1.50 RALLY or .90909 of 1.65
9.44 = 2.23 Rally
2.23 = modern day low
Also 1/2 of 2009 low
Old High of 7.80 is now major support
PURPLE DIAMOND COULD BE THE ULTIMATE SALE DAILY FITTED TO WEEKLY 166
PERFECT HEAD FAKE
RAN STOPS TWICE
GAP LOWER
COLLAPSE
EASY AS IT GETS
EXPECTED LOW IS 6.15 JUNE 2012
THIS IS THE LAST LEG UP
2 | 944^4
1 | 779^6
0.875 | 759^2
0.75 | 738^4
0.618 | 716^6
0.5 | 697^4
0.382 | 678^0
0.25 | 656^2
0.125 | 635^4
02/08/2011
03/17/2011
Open Interest