

October 12, 2010

Friends:

Hey, corn harvest is always tough because, like you, there is just not any time to spend in the harvest studying things.

Therefore, we fall back on our work from the summer time. At the meeting, we talked about Oct 10th being a very pivotal day in the markets. I think it has been. Right now it looks like a gap into what will be the last leg higher in this rally. This is a gift of utmost generosity from the market gods, or USDA manipulators depending upon your viewpoint.

As such, we sold another 1/4 and are now 50% sold 2011, also sold the first 10% 2012 yesterday. All using HTA's or Pacer Ultra's from Cargill. Of course, we are 100% sold 2010 from earlier. But we did sell the extra beans we grew yesterday at \$12 cash for May.

It is extremely unlikely CZ gets through \$6. As such, as a short-term hedge for 2010, we sold 620 calls yesterday for 21 cents. It has to get to 6.44 before Nov 24th for me to lose anything. IF it does, we sell another 25% of the 2011 over 5.40.

Just in passing, the bond market is looks like a VERY IMPORTANT hedge needs to be placed. We are selling some 136 calls for now and hoping they get exercised.

Back to the big green box.

By the way, DO NOT LIFT HEDGED NOW. Too late, convert to cash contracts if you must, but buying corn/beans/wheat here is just EXTREMELY risky.

Ken