

February 20, 2010

Friends:

Trying to upgrade my computer skills on attaching the chart. First though, I have included a forward from Rodney about our use of cover crops so far. We and the industry have much to learn but taking the first steps is important. Rod was answering a friends question about our cover crop experience.

As to the attached corn chart, please remember the extreme importance of corn trading in 90 cent multiples. Noting that 4.50 is 90 cents below the 96 high of 5.40 is important. Obviously the next 90 down is 3.60.

The fibanocci ratios that have influenced corn the last year are very compelling. This means corn is at a serious crossroads here. The low so far in Feb needs to hold to avoid a further collapse. If you want to be bullish the market is set up fabulously for its run to the spring high around Easter or April 10th.

Point being that this is a very interesting place for long hedges for feed users with really tight stops. Minimum rally would get us back to the big gap down after the Jan report and then we see how long it took to get there to decide if that is all the market can muster. It really means the corn market should hold Friday's low and we can buy with a stop 2 cents below that level. Pretty low risk.

Hope it comes through.  
Ken

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Rodney's cover crop Q & A:

Ken forwarded your question to me for my best explanation.

So here goes:

2 years ago(f2007-s2008) we averaged 6-8 bushel with radish/oats ahead of corn in a year where nitrogen loss was important to yield. Because of this, we planted 600 acres+ of radish/oats F2008. To get that done we had a high schooler drive the 15' tye drill and I 'supervised.' The acres got planted but we did not leave check strips. The only thing I can tell you is that in all cases the fields that followed oats/radish were at the top of the yields of their variety (corn and beans both). For f2009 we switched to the 40' White 15" central fill bean planter. This allowed us to put oats and radish in alternating rows and cut seeding rate (cost) by 70%. It looked really good and we planted 800 acres fairly quickly. In addition, we planted 300 acres with aerial app. to see how that worked - nice stand, very expensive compared to 15" planter. On Oct. 10 we also switched to cereal rye for the balance of the acres (400 acres) - I put most of this ahead of beans as part of the long term plan to build OM - I cannot find any data that says we will get a positive yield response in corn from cereal rye - do risk yield loss from delayed planting if not controlled. I left several tests and if we manage to get them to yield we should have more good data next year. Bottom line for us is that with the 15" planter, the cost is so low for oats/radish (\$8/a) or bin run cereal rye (\$5/a) the soil benefits are good enough to do it without worrying about yield in the short term. Long term benefits of cover guarantee a return.

Hope that helps,  
Rodney Rulon



# C-056: Corn CBT (Pit) Cont Exp (Daily bars)

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