

August 6, 2010

Friends:

THE BOTTOM PART OF THIS EMAIL ABOUT CORN/BEANS is pretty important in my view. Just didn't want you to miss it.

Well, it certainly is gratifying when things go as we expect. Of course, in any grain marketing program, the old saying..."you are only as good as your last decision" is very appropriate!

I have titled this "WHAT DO WE KNOW"...because as farmers we have some really good information that the market is mostly ignoring at this point. We used that superior knowledge to capitalize and exit the hedges in April and June. NOW, it is time to capitalize once again.

For those that attended our meeting I have tried to send out a daily update on selling triggers in the wheat. Needless to say, but still obviously, it needs to be noted that in a vertical weather spike driven by unlimited speculation, any rational sales trigger will be a long ways below the ultimate high. Today, the 3 day low trigger in July 2011 wheat would be 7.18, or a full 77 cents below yesterday's high. To be fair, it should be noted, that this is a trigger that was put in place to sell once WN11 hit 6.50, so it was 68 cents better than a price goal!

A few charts are attached, but it is really tough to know what anyone cares about, or even if the charts can be understood.

WHEAT:

1. I have attached the WN11 Sales Triggers Chart. For all of the triggers, they were hit this morning. So, for the 25% Sale planned for 6.50, IF you sold 1/5 of that on each trigger:

- 1/5 at 6.40 when the low on 7/19 was broken
- 1/5 last night at 7.47 when yesterday's low was broken
- 1/5 this morning at 7.23 on the Parabolic stop
- 1/5 this morning at 7.18 when the broken low of the past 3 days, (the low of 7.21 on 8/3 minus 3 cents)
- 1/5 this morning at 7.06 when the moving average of the last 10.5 days worth of lows was hit at 7.06.

2. I would never sell more than 25% in one day, when we are still BEFORE the timing date of 8/10. It can be a high, the center of a double top, or the high at a lower level than yesterday, but 25% in one day is enough. SO, we still have 50% that needs to be sold BECAUSE the MARKET HIT our 7.50 resistance point and blew through it. (5/8th of the normalized range we talked about). FOR this 50%, WE HAVE TO STAY FOCUSED!!! As such, for us, we would wait till tomorrow, and then use the same triggers, but with tomorrows values. SO, for wheat, just turn off the screen and go to the lake and fish or water ski. You, just sold 1/4 the 2011 wheat at a HUGE PROFIT margin. I know this is somewhat fluid...but it is REAL TIME and REAL LIFE...not some after the fact game they play in Minnesota :-)

3. Note the attached back-adjusted chart. The market spiked strong resistance. TIME TO IMPLEMENT YOUR SALES TRIGGERS.

4. Note the attached WZ10 chart and the time count with triggers. We are close enough to August 10th for it to be a high of importance. IMPORTANT: Since we would have un-priced

all the old wheat in April, you still have all of the 2010 Wheat crop to sell. NOTE THAT NO TRIGGERS HAVE BEEN HIT YET IN THE OLD CROP. This is quite normal and a good sign that there at least another push to the upside. SO, AGAIN, leave your orders to sell with your buyer for 25%, or more that's up to you, AND GO TO THE LAKE! Watching this during the day will only expend EMOTIONAL capital, that we will all NEED soon enough.

We will try to pick the highs later. This is just defensive, smart marketing.

CORN AND SOYBEANS:

WE ARE WAITING FOR THE AUG 10TH DATE. NO SALES TRIGGERS ARE IN AT THIS TIME.

SO BACK TO THE "WHAT DO WE KNOW" (in my view)

1. THE CORN YIELD REPORTED NEXT WEEK WILL BE THE HIGHEST ONE OF THE YEAR. FINAL YIELD WILL BE ABOUT 5 BU BELOW THIS AT BEST AND MAYBE 8 AT WORST. TOO MUCH RAIN AND TOO MUCH HEAT ALWAYS KILL GRAIN FILL.

2. THE FRINGE AREAS ARE A MESS THIS YEAR. NO WAY THE NATIONAL YIELD EXCEEDS LAST YEAR WHEN THE FRINGE AREAS WERE PERFECT OR BETTER THAN PERFECT. THIS APPLIES TO BOTH CORN AND BEANS. HEAT KILLS THE SHALLOW SOIL FRINGE AREAS YIELD EVERYTIME.

3. CORN ACREAGE IS VERY CLOSE TO WHAT HAS BEEN REPORTED.

4. BEAN ACREAGE MAY STILL BE A TOUCH HIGHER DUE TO EXCELLENT PLANTING CONDITIONS FOR DC.

5. JUST LOOKING AT THE RAINFALL ACCUM MAPS, 1/2 THE BEAN BELT HAS HAD AVG OR ABOVE AVG RAIN, YIELDS WILL EXCEED AVERAGE IN THAT AREA. IMPORTANTLY, 1/2 THE BEAN BELT HAS HAD LESS THAN 50% OF AVG RAINFALL. YIELDS WILL BE WELL BELOW AVG IN THAT 1/2.

6. WHEN YOU PULL ALL OF 5 TOGETHER, YOU REALIZE THAT THE BEAN YIELD REPORTED NEXT WEEK SHOULD BE CLOSE TO WHERE IT ENDS UP, WITH EASILY SOME DOWNSIDE OPENED UP BY THE HOT/DRY AREAS HAVING SIMPLY TERRIBLE YIELDS.

7. SO, WE HAVE A TIMING POINT THAT IS IMMEDIATELY FOLLOWED BY A REPORT THAT WILL BE COMPLETELY WRONG WHEN IT IS PRINTED. BOTTOM LINE, THERE MIGHT BE SOME GREAT OPPORTUNITIES IN THE NEXT FEW DAYS TO CAPITALIZE. WE WILL STAY 100% UNHEDGED CORN/SOY FOR 2010 AND BEYOND UNTIL THE MARKET GIVES A REASON TO GET CONCERNED. I AM JUST 100% CONVINCED PRICES FOR CORN WILL BE HIGHER THAN TODAY IN DECEMBER. LESS SO ON BEANS, BUT THE WEATHER IS HAMMERING BEANS. FOR FEED NEEDS, WE ARE 100% COVERED AND WILL STAY THAT WAY.

MORE TO FOLLOW IF SOMETHING STRIKES ME.

BTW....FOR ANY WHO LOCKED IN FUEL NEEDS A FEW WEEKS AGO....WE DID THAT WITH CASH CONTRACTS WITH THE COOP SO I AM NOT REALLY FOLLOWING THE ENERGIES. NOT ENOUGH EMOTIONAL CAPITAL TO KEEP ANY MORE IN MY HEAD.

FOR BEANS/CORN YOU HAVE TO SHIP AT HARVEST, I'D LOCK IN THE BASIS AS IT WILL ONLY GET WORSE REGARDLESS OF MARKET DIRECTION. ALSO, REALIZE THAT YOU PROBABLY SHOULD BE SELLING SOME JUST TO CAPTURE THE WINDFALL. USE THAT PROFIT TO BUILD SOME BINS TO AVOID THIS PREDICTAMENT IN THE FUTURE.

LASTLY, CORN AND BEANS ARE INVOLVED IN A WEATHER MARKET AND NO ONE KNOWS IT YET. STILL CAN SELL CORN PUTS AND BRING IN A BUNCH OF MONEY TO RAISE THE SELLING PRICE IF YOU ARE HEDGED.

Fire away with the questions.



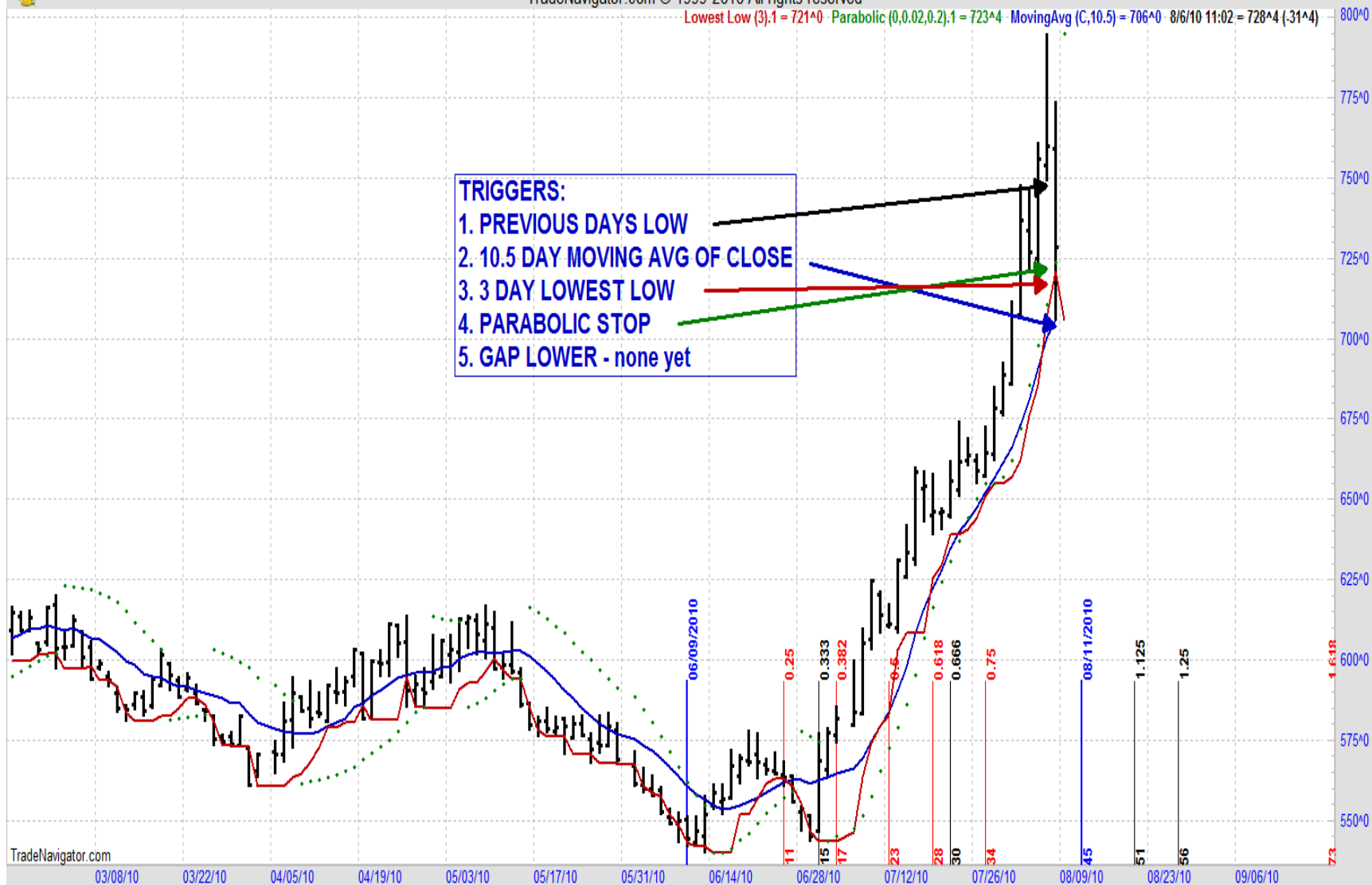
W2-201107: Wheat CBT (Comb) Jul 2011 (Daily bars)

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Lowest Low (3).1 = 721^0 Parabolic (0,0.02,0.2).1 = 723^4 MovingAvg (C,10.5) = 706^0 8/6/10 11:02 = 728^4 (-31^4)

TRIGGERS:

1. PREVIOUS DAYS LOW
2. 10.5 DAY MOVING AVG OF CLOSE
3. 3 DAY LOWEST LOW
4. PARABOLIC STOP
5. GAP LOWER - none yet





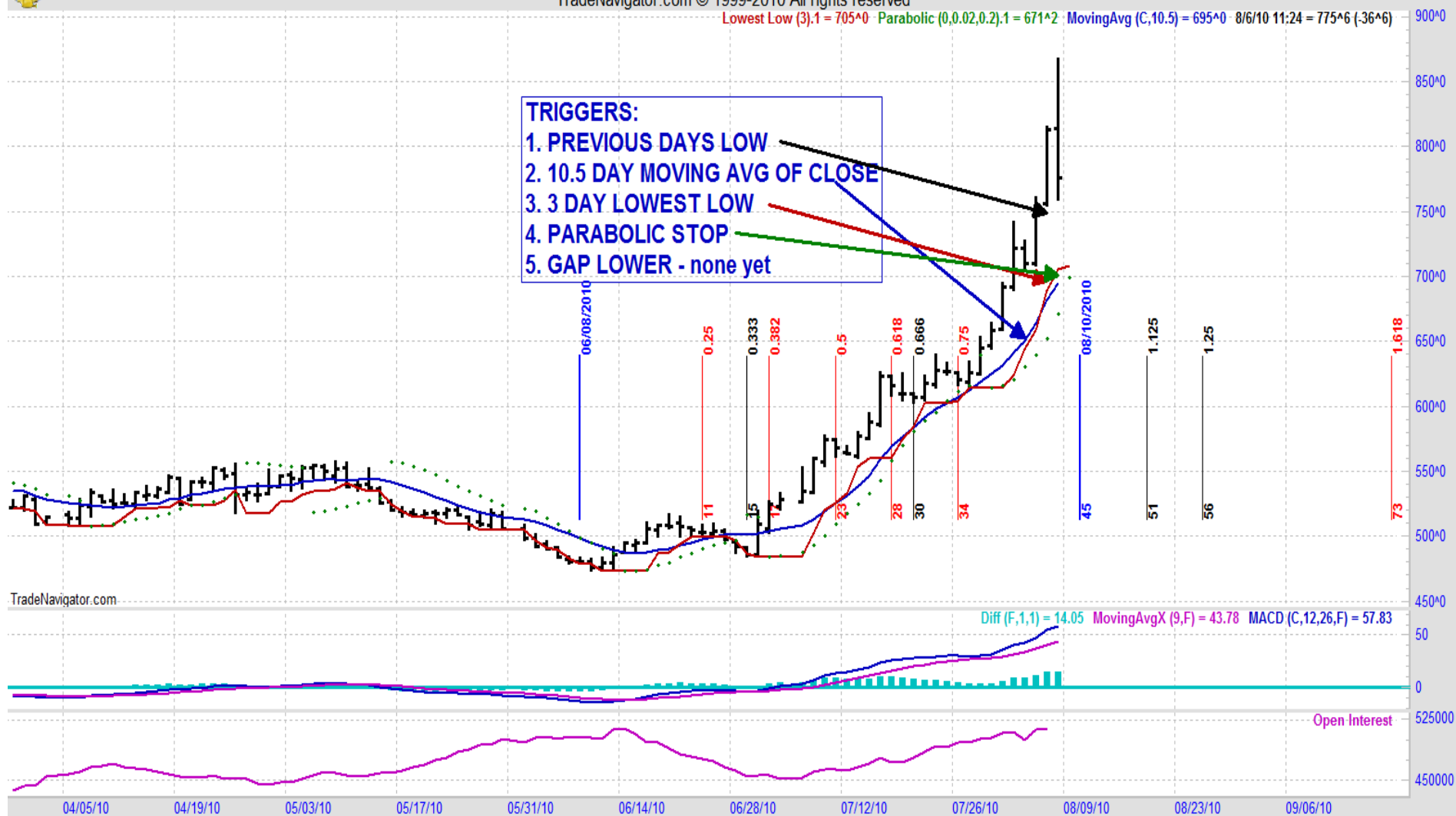
W2-201012: Wheat CBT (Comb) Dec 2010 (Daily bars)

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Lowest Low (3).1 = 705^0 Parabolic (0,0.02,0.2).1 = 671^2 MovingAvg (C,10.5) = 695^0 8/6/10 11:24 = 775^6 (-36^6)

TRIGGERS:

1. PREVIOUS DAYS LOW
2. 10.5 DAY MOVING AVG OF CLOSE
3. 3 DAY LOWEST LOW
4. PARABOLIC STOP
5. GAP LOWER - none yet





W2-065: Wheat CBT (Comb) Cadj 1st (Monthly bars)

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8/31/10 11:04 = 750*0 (+92*0)

**BACK-ADJUSTED
WHEAT FUTURES
1969 - 2010**

**INDEX FUNDS NOW
LONG ABOUT 1 BILLION
BUSHELS OF WHEAT**

**HOW LONG UNTIL
THEY FIGURE OUT
THIS CHART?!?!?**

**AMAZINGLY CONSISTENT
RETURNS FROM BEING
SHORT NEARBY WHEAT
\$13.50/bu SINCE 1970**

**CRITICAL FOR FARMERS TO
SELL THE CARRY**

**BEING LONG FUTURES IS
A TERRIBLE IDEA FOR FARMERS**

**780 is STRONG
RESISTANCE**

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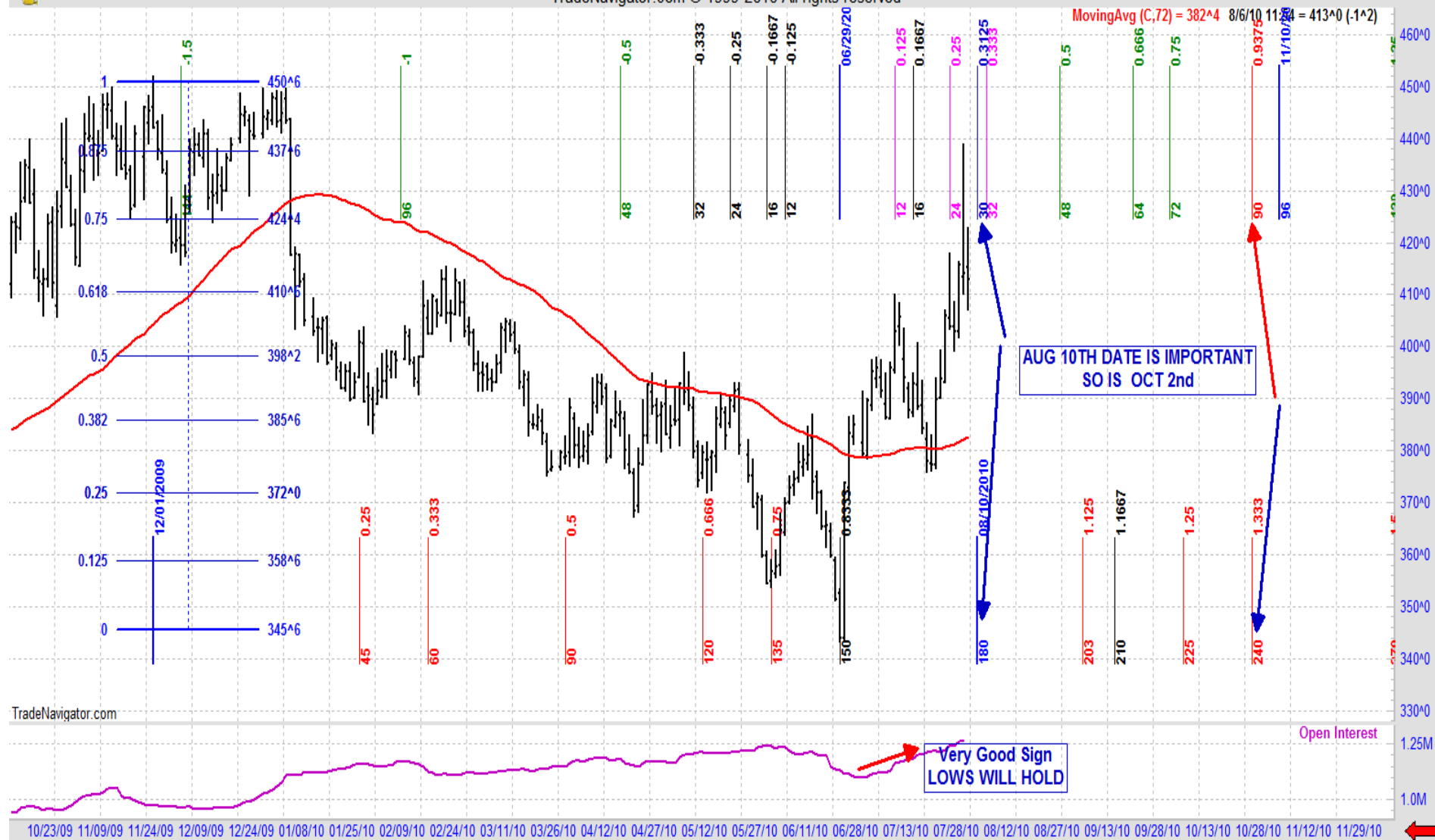
Open Interest = 406800

1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013



C2-201012: Corn CBT (Comb) Dec 10 (Daily bars)

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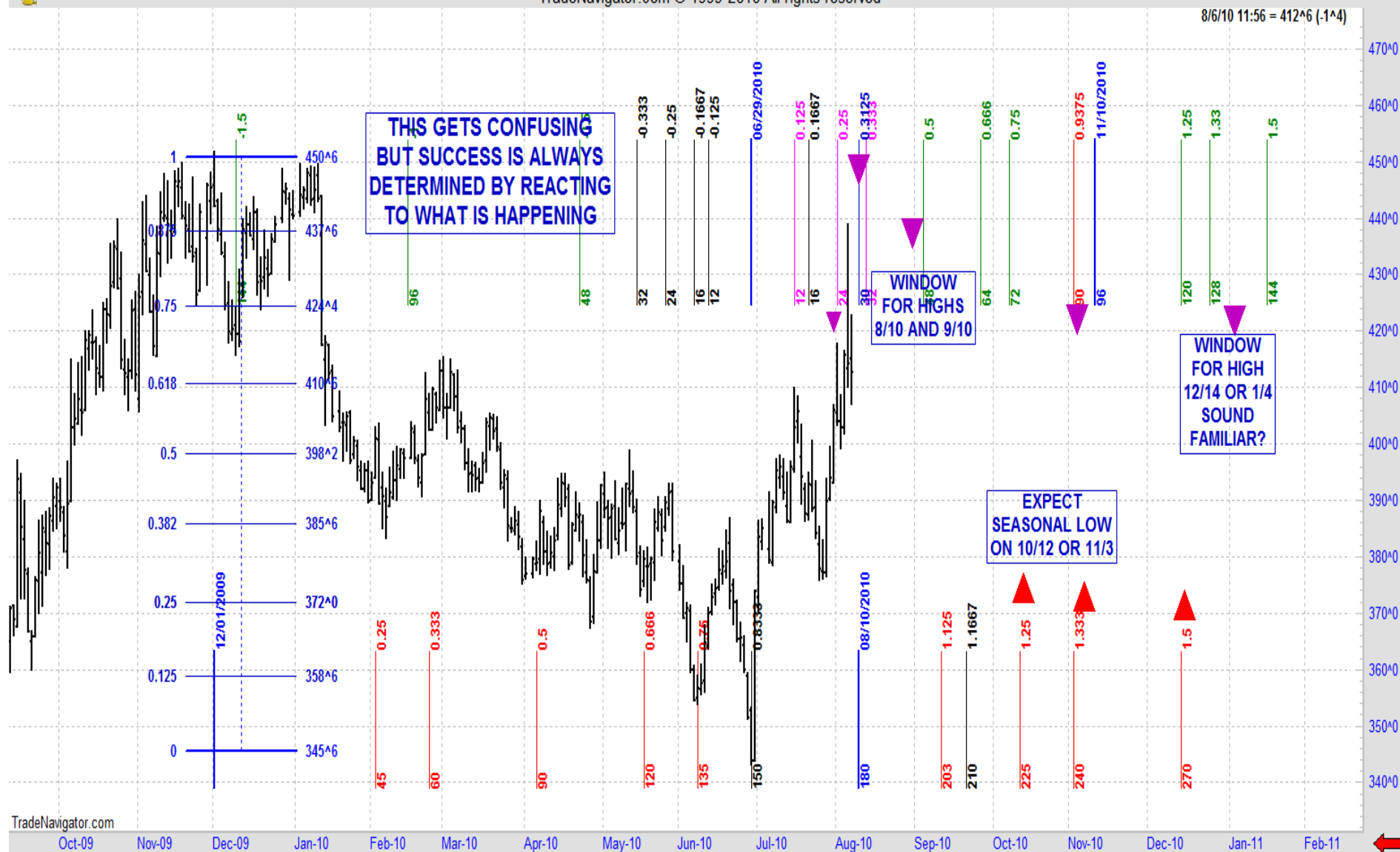




C2-201012: Corn CBT (Comb) Dec 2010 (Daily bars)

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8/6/10 11:56 = 412^6 (-1^4)



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S2-201011: Soybeans CBT (Comb) Nov 2010 (Daily bars)

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