

January 17, 2008

Fellow Prosperous Farmers:

I have updated our actions for this week. We are doing the entire 08.09.10 plan now. Oh well, this thing has forced decisions forward in time for better or worse.

PLAN IMPLEMENTATION

CORN: Selling all remaining 2007 corn and exiting all feed hedges. Also, sold 25% CZ09 & CZ10 @ 4.60: Sold 15% CZ08 to get to 20% sold at this time.

1/16/08 Update: Selling 30% Pacer Ultra - 5.30 floor. ALSO: Pricing the 15% Pacer Ultra above @ 5.30. SO, net sold is close to 20%, with a floor on 30% more @ 5.30. For 2009, & 2010: Did 50% Pacer Ultra @ 5.00 floors. SO, we are 50% floored on 3 years crops.

BEANS: Selling all remaining 2007 beans. Sold 15% SX08 to get to 20%. Also, sold 20% SX09 & SX10.

1/16/08 Update: Selling 30% Pacer Ultra @ 12.75 floor. ALSO, pricing all the PacUltra above @ 12.75. So, net sold is close to 20% @ about 12.40, plus 30% floored @ 12.75 = 50%. For 2009, & 2010, Did 30% Pacer Ultra @ 12.50 floors. So we are 50% floored on 3 years crops.

PLAN AHEAD: We will be doing another 25% on all years on or about 1/28/08. The end of the game approaches quickly.

ADVICE: No matter what you planned to do today, cancel, sit down, and get your marketing net position worksheet UPDATED. IF you are storing old crop, get it Pacer Ultra'd for a floor. Just like in old wheat in September, the end of the game approaches rapidly.

WHY: Demand is being eliminated, supply is being increased, and all that the market is now trading is this summer's drought. When the market trades drought fears it is usually time to sell something.

FINAL PLAN READY AROUND 1/31/08 but understand that our farm is the first priority and I am updating you as we go here. Very unusual times to work through.

PLEASE go pull up a chart of 1974. It is now late January. The move started a few weeks earlier than it did in 1971. When was the S&D issue top in 1974? (hint: not the actual weather induced high).

Wheat looks like the multi-decade high could easily be in place.

Hogs: We are extremely bullish LHZ08 hogs.

THREE TIMES FOR A HIGH - 12/10/07; 1/2/08; and 1/28/08. All have been highs so far. IF the last one is a high it should equate to the S&D driven high in 1974.

DEMAND is being creamed right now btw. Hog liquidation is real. Grind is being slowed in many places.

SUPPLY is plentiful. Beans basis has widened 30 cents, corn 20 cents. Corn is still piled ALL OVER THE PLACE around here. We are only 7 months from harvest in Texas and 2 months in Argentina. Just some stuff to remember.