April 6, 2010

Friends:

As many of you know, we have been 100% sold the 2010 crop since May 2008. At some point, the time for the down will have passed and the risk to the upside will increase.

So, for many technical, timing, seasonal, and historical reasons, we will be lifting 1/3 of hedges (actually Focal Pointing Cargill HTA's) on triggers in the corn and, if we had any, the wheat markets.

For corn, we will lift 1/3 if the May corn exceeds 3.505 Stop

For wheat, we would lift 1/3 if the July wheat exceeds 4.7525 Stop

Since we remain 66% hedged, and since we have already declined below the deductibles on crop insurance, and since we expect lows of substance either right now, May 10th, or June 10th, it is rather easy to take off 1/3 now and hope for further declines.

This is the first of 3 timing windows in the next 8 weeks, so it is very likely that we are early. As you know, we were early in 2008 by 4 to 8 weeks, so this is the reason for doing 1/3. Hedges being lifted in corn avg $4.97, so being early wasn't a completely bad thing.

For beans, I just don't like the feel of the beans, they have been stronger than corn and wheat and this is bullish, I would just like to cover on a breakdown to new lows. A bear trap. If not, we may have to lift higher, or just eat the $11.95 sales and deliver on them.

We get really busy tiling this time of year, so no more time for commentary.
Ken