

July 18, 2010

Friends:

Just a quick update before I head to church. I'll do a very complete email in the morning, but tonight's trade should be interesting.

Specifically, on old crop anyone has left in the bin, you are really pushing the window. Might make sense to protect the downside if Dec corn opens back below \$4 tonight. If it does that, we have a 2 day island gap false breakout above \$4. While I still think we will get at least 2 more chances to sell at this level, and with bad weather even \$4.50 easily, this pattern is a great place to defend yourself. For the stuff that has to be sold out of the field, you are betting against a really strong seasonal. Details of why I say these things, will be following, but there is no time today for me to write it all down.

REMEMBER, I am not going to write notes about every time anyone should sell something, it is your farm and your responsibility.

The 14 day rally in corn is very similar to 2001. Look it up. Also, 95,83, 93, 91. None of those rallies lasted longer than 30 days. 14 days is roughly half. So, this is a good place to be afraid and if weather is good, a major buying low around 8/10, or if weather is bad, a major high around 8/10. So, we are staying un-hedged on new crop but admit that is risky. For old crop, it is worse odds than Vegas IF corn gaps back below \$4. If it does, hedge and exit on a new high for the move. Just an easy place to play defense.

Just quick thoughts.

Ken