

September 1, 2007

Friends:

Just a quick note to share that there is an extremely large number of reasons for wheat to make a decade long high in the August/September 2007 window in time.

Lots of 21's, 34's, 58's, 65's, 110's, and 138's in the timing counts on the monthly charts.

If you would review the 1968 to 1974 market you will find some very similar timing occurred.

As to price, July wheat has double-topped against the 1996 high and is at a very unique moment in time.

You know that I turned bullish corn in October 2005, maybe a few weeks early. We may be a few weeks early here as well, but as a producer, a few weeks early when wheat is in the upper 95% of its lifetime-high price is ok with us...

The NEXT similar MOMENT in time would be DECEMBER 2008. We would expect that to be a low that is around 4.50 at the highest. IF - and all things are possible - IF, the wheat market does go inflation crazy and runs higher all the way out to DEC 08, rest assured that by July of 2010 it will be back under \$4 again for many many years.

WN07 will not get above 6.40 this year even if the nearby goes even higher. So, as a producer, locking in prices above \$6 put you in the upper 10% of the "EXPECTED" price range. There are too many places on earth that can grow \$6 wheat, in my humble opinion.

Take care,

Ken