

September 1, 2010

Friends:

Not much time as I am moving our daughter back in to Northwestern today, leaving in a few minutes.

The Bigger Picture:

Since exiting the hedges in early June it has clearly been a great ride. For our farm it is time to take some more of the chips off the table. Notwithstanding the fact that we think the highs for year will come in early December, playing defense entering harvest is usually a great idea. To that end,

CORN: We will re-price another 15% at 4.46 OB cz, and do another 10% on a stop below today's low. This will get us back to 75% hedged 2010 corn. We will plan to get to 100% re-hedged on Thursday/Friday, which looks like a ideal TIME for a high, it might be today though. IF you are so inclined, selling Oct calls looks like a great play to me as well if you are not going to sell bushels.

BEANS: I just think the bean yields in many areas will be huge. We are already 75% resold, so we will go to 100% between now and Friday. Odds of getting above 10.60 are very low and we are out of time. Beans made the high centered on 8/10, this is a failure rally and must be sold.

WHEAT: Sure looks like the 45 day count become a high. Open Interest has crashed which is very surprising to me IF there was a real shortage of wheat. There is not, so I'd sell more 2010 and wait on the 2011. Only sell on triggers, meaning sell if wheat breaks below last week's low for example. Another 20 days down in wheat could be a pretty good fall. So, up to you. Maybe sell some October calls would be a great strategy.

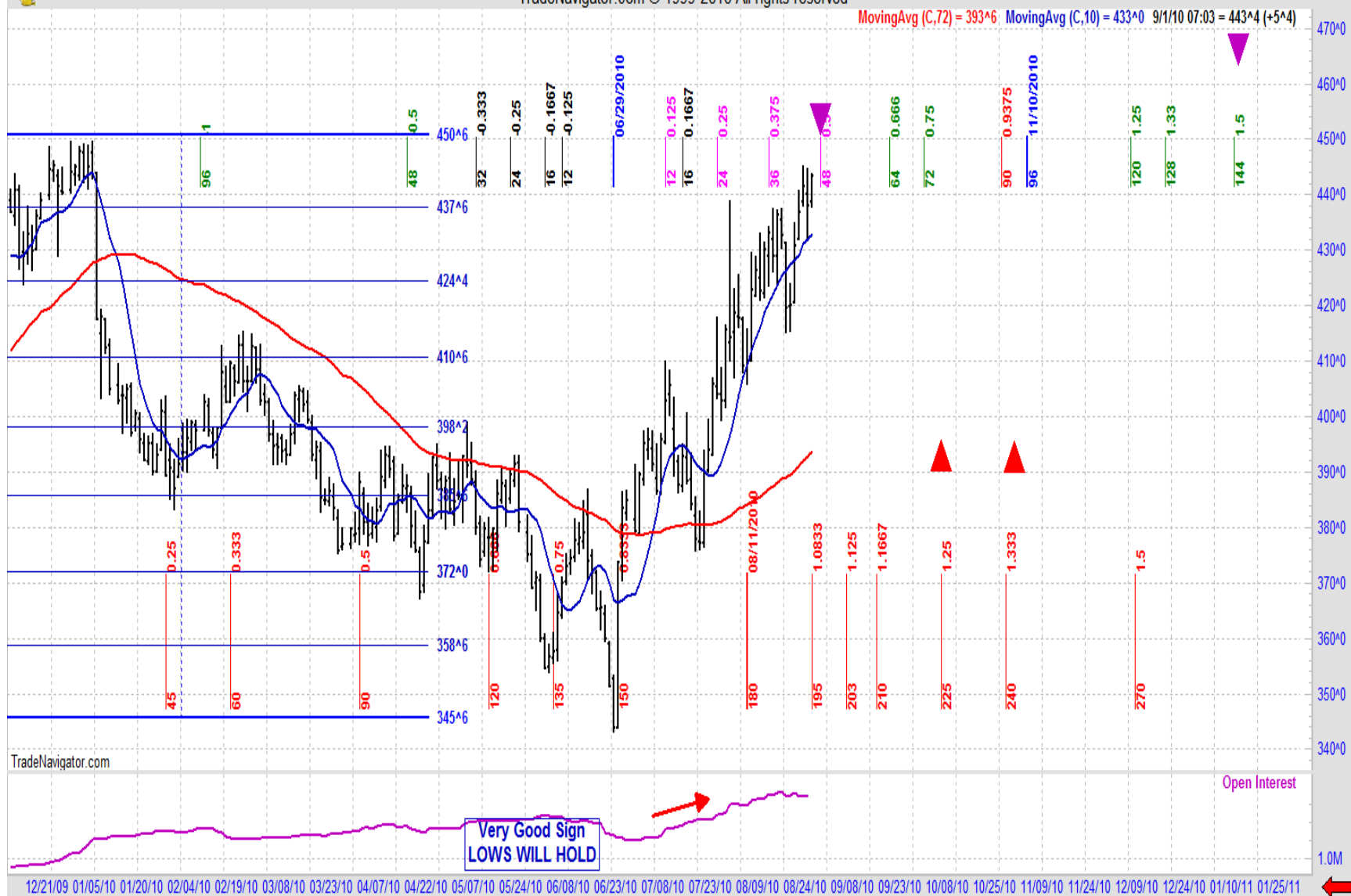
A DISASTER PLAN: Just noted that PoorFarmer has sold a bunch of hogs for 2011, but did not cover the feed costs. That is a potential disaster plan by any way of looking at it. Unless corn breaks back below \$4, they have locked in losses for many months. PLUS, we still expect \$1.05 hogs next June, so those hedges could be \$25 to low.

Take care,
Ken



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

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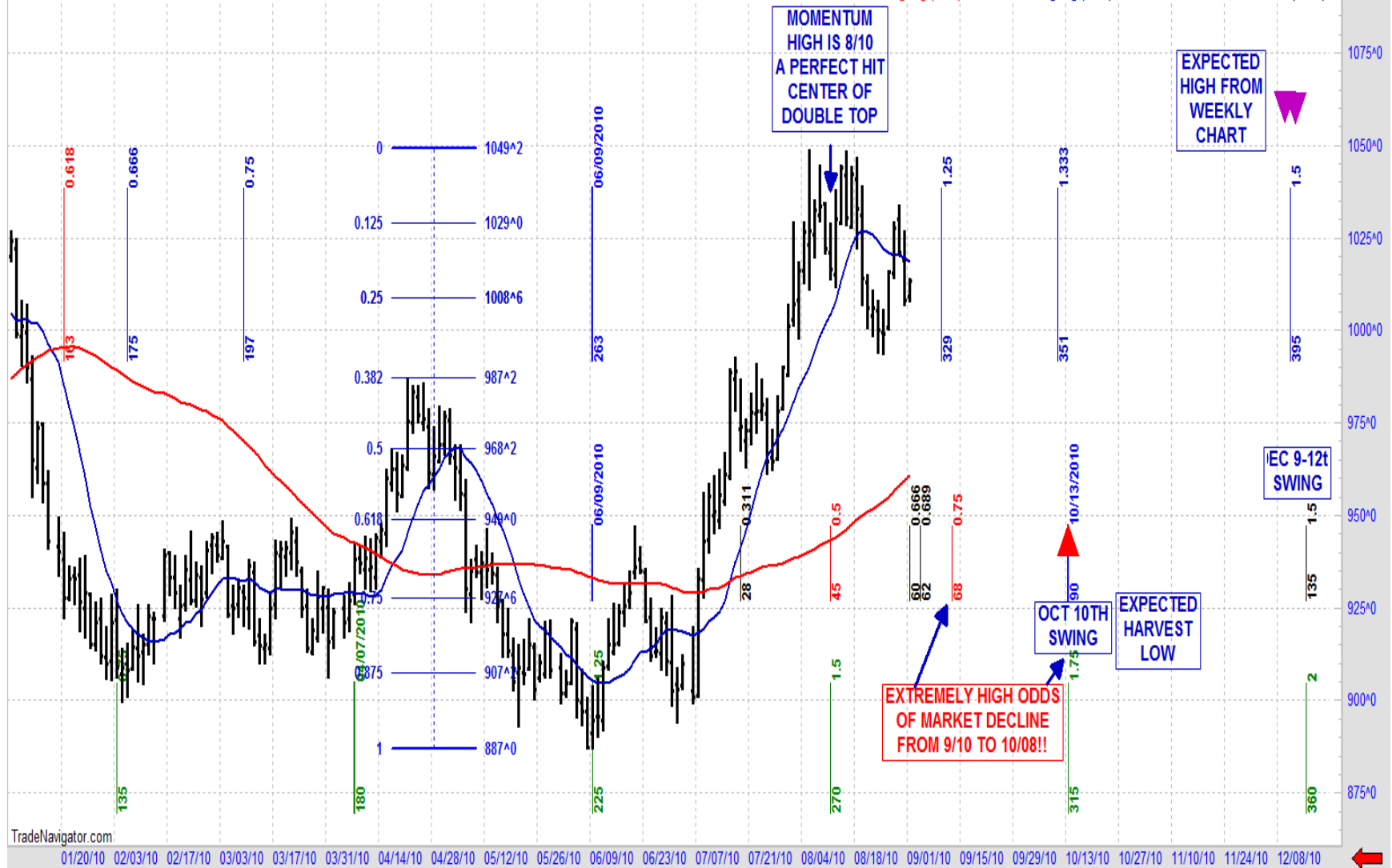




S2-201011: Soybeans CBT (Comb) Nov 2010 (Daily bars)

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MovingAvg (C,72) = 960^6 MovingAvg (C,14) = 1018^4 9/1/10 07:13 = 1013^4 (+5^4)





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

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Lowest Low (3).1 = 695^0 - Parabolic (0,0.02,0.2).1 = 685^4 - MovingAvg (C,10.5) = 703^2 9/1/10 03:27 = 705^6 (+6^6)

TRIGGERS:

1. PREVIOUS DAYS LOW
2. 10.5 DAY MOVING AVG OF CLOSE
3. 3 DAY LOWEST LOW
4. PARABOLIC STOP
5. GAP LOWER
6. WAIT FOR RETEST OF HIGHS IN DECEMBER

RALLY = 2X
BASING PATTERN
PRETTY NORMAL
.618 OF 45 DAYS
20/20 HINDSIGHT

SINCE MARKET IS
RESPECTING 45
DAY RHYTHM

LOW SHOULD BE
ON DAY 45 TO
COMPLETE 28
DAY SPIKE

SUPPORT
AT 6.65 AND
AT 6.40

14 DAY
BASING
PATTERN

SEPT 21st
SWING
EQUINOX

2T 10'
SWING

NEW RECORD
OPEN INTEREST
DEMAND HAS BEEN
BROUGHT FORWARD

OPEN INT
CRASH WOW

Open Interest

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