

February 11, 2008

Just a quick note:

Based upon my calculations, today is THE day to sell wheat for the next 2 years minimum.

Yes, I have been wrong up to this point in terms of new crop, not old crop, but new for sure. I have said in the past that the time to sell is when prudent risk managers have been so wrong that they are laughable. Well, now is that time.

Today you could sell a \$18MWH8 call for \$1.25. This is just bizarre and bizarre is never maintained for long.

Just a few moments ago we sold some WN8 @ 9.80 and used a 10.06 buy stop to cover it. Today is the day to risk 26 cents.

Maybe no one cares, but there is a time to transfer price risk. I really feel that today is that day. Same could be said for corn and beans but I just got back from vacation and have not done the math yet.

Why not next week on 2/22? Well it is just my feeling that the day is today based upon the fact the first high was 1/15 or 1/16 and not the perfect date of 1/28.

IF you have not sold any new corn or beans, it would be a good time to get caught up I think.

We are price fixing the rest of our Focal Points to get to a hard floor at today's level. For example, the CZ08 Focal done on 12/31 has an averaging floor of \$4.28. We fixed the un-priced balance to get to a net floor of around \$5. The ones that have a floor at \$5 we are not fixing and will just let them keep averaging.

Good Luck, it is the wild west with no regulatory oversight. Managing Risk will one day soon be rewarded again.

Ken