

August 10, 2010

Friends:

A friend called me last night to wonder why I didn't put this in the email because he knows I have spoken many times about it. Well, some of you are new and probably need a quick review.

STOPS BELOW THE LOW OF THE PREVIOUS DAY: TACTICS

For our farm, unless we specifically are trading a timing thing that is very precise, we ALWAYS let the market open in the day session, trade for 10 minutes, and then put in stops 2 cents below the previous day's low, or today's low after 10 minutes, WHICHEVER IS LOWER.

So, we will let the market fearfully open this morning, and then put the stops in after 10 minutes. (Well actually Cargill or RJO does it for me.) Yes, this could cost us some price, but MOST OFTEN it keeps us out of the herd's way. Sometimes has rewarded us hugely, like 90 cents in beans, for example.

Best,

Ken