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The following newsletter is being provided as an extended service to you for being a client of **A**g **R**isk **M**anagers Insurance Agency. ARM Insurance believes that the int into your crop insurance is vitally important for your long-term financial success. We at ARM Insurance are committed to adding value to your business. Be sure to let u anything to serve you better. This newsletter is produced and written by Mark Prudhomme of Northland Financial.

MILK AND FEED USE MARKET LETTER

July 25, 2010

CORN

The corn market got blister last week dropping 23 cents on improved rainfall and the thoug heat will move out and rains will continue. Exports were not overly impressive, we have ecli USDA's annual export sales level for the year with 6 weeks remaining but shipments lag by million bushels. We need 56 million bushels to be shipped each week through Sept 1st to hit projection. Not really too sure how the USDA will handle this with more sales but less shipp August report. The CRB index closed above it's down trend line on Friday which would sug commodities are breaking out to the upside.

The debate is heating up as to what yields will be by harvest. Most analysts are increasing t projections over the 165 bpa level. A 2 bpa increase would take carryout back toward the 1. and a similar decrease in yield would take carryout to 1.200 billion. With a good finish to th season, NFI is guessing that the USDA will increase yield to 164 bpa, reduce exports by 50 n cut ethanol use by 100 million to give us an ending carryout for the 2010 crop year of 1.563 bushels. With current growing conditions mixed, NFI doesn't believe rallies over $4.21 will and that we will see another drop in prices to $3.59-$3.64 if $3.78 is taken out basis Dec futu believe the lows the market put in a few weeks ago at $3.43 ½ are the lows through harvest.

The weekly Dec corn chart shows the market breaking out to the upside with a close above MA's for the first time since Jan 4th. The market is ready to test the MA support this comin will be very important for Dec corn to hold the $3.78 level and close away from the weekly and $3.82. The 5:00 pm updated weather report we get this afternoon will hold the key to th direction and if we hold support and continue a move back to the $4.10 highs or if the mark support and heads back to $3.60.

NFI is sticking to the technical breakout analysis that the time spent on the weekly stochs b translate to more time spent with the stochs above 65% and therefore higher prices are still least another test of the $4.10 highs. The weather reports will be the final determining facto

MEAL

Dec meal lost about $7 last week and the rally in meal is beginning to lose its steam. The ral as quite a surprise to most bearish traders with the large estimates in new crop bear carryo slowing of the weekly crush numbers. New crop beans should be available to supply the ma weeks as the Delta begins to harvest what should produce a decent crop but not a record on area. The thought that record bean yields by many analysts is still present so without a hot forecast we should see meal move lower in the weeks ahead.

We are pressing the top weekly BB on the Dec meal study and this typically represents solic and a correction should occur. Timing suggests that we will not have enough strength to mo the major resistance points at $300 and $304. We do however have a solid base built on the the trend has definitely turned bullish.

At this time the best support is at the $267 level and the daily studies suggest we will see a g coming on the market. With no meal purchased yet for end users, this level of support shou entry point to begin our 2011 needs purchase.

MILK
Cattle Inventory report reflected the 4th consecutive year of falling US cattle numbers. The cattle herd was reported at 100.8 Mil head and is the smallest July 1 inventory number sinc began reporting the data in 1973. The report reflects a contracting beef industry and a flaili apparently optimistic dairy industry. In the last year, US beef producers have liquidated 50 cows and based on reduced replacement heifer numbers there are no ongoing plans to expa industry. Beef replacement heifer numbers declined by 100,000 head to 4.4 Mil – also a recc number. Dairy producers cut their herds by 100,000 head from a year earlier, but the dairy still 20,000 head larger than in January. Replacement dairy heifers were also 2.5% larger tl and were also the largest since 1988. It's not exactly what we wanted to see since the crash c resulted in a more meaningful recovery in prices.

We continue to press the resistance on the weekly Oct milk chart at $15.00-$15.22 with littl breaking through. There is plenty of bullish timing on the weekly studies and the lows arou level look solid right now. It's just a market that doesn't have anything going for it with the unemployment the way they are. We have about 3 weeks of good timing to get the market a or another downdraft in prices will occur.

Thank You,
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