Ag Risk Managers Insurance Agency, LLC

Francis E. Felber, Lisa K. Schultz and Mark J. Prudhomme

Office (715) 637-3847 Fran (715) 340-5652 Lisa (715) 307-2386 Mark (651) 464-8122

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 integration of marketing 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 us know if we can do anything to serve you better. This newsletter is produced and written by Mark Prudhomme of Northland Financial.

May 10, 2009

MILK AND FEED USE MARKET LETTER

CORN

For the week, July corn gained 7 ¼ cents while the Dec gained 6 ½ cents. We also closed into the highest closing prices since we made the bottom at $2.90 ¼ on Dec 5th, 2008. From what I've seen and heard about, there has been a lot of new crop cash selling since Dec corn hit $3.85. This puts a lot of sales well below the current futures price and commercials have been the largest buyers of corn over the past two weeks. We are now poised to test last winters spike top of $4.28 and with the extended forecast calling for more rains in the east and cool temperatures we might see this level tested early this week.

Informa came out on Friday with their latest acreage guess and put corn plantings at 83.9 million acres. This was higher than their last guess but was still 1.07 million acres less than the USDA's number in March. If the USDA were to follow suit and lower their corn plantings number by one million acres, we would be looking at a total production number of 11.919 billion if we would use a yield of 155. Usage still looks like it will come in around the 12.10 billion bushel level so we still have plenty of corn around for the next 18 months according to the USDA but we could take carryout down 200 mbu to 1.500 billion. The 155 yield I'm using is a solid yield so if we produce 2 bpa less carryout is suddenly at 1.346 billion. There are a lot of weather market days ahead of us. Some will be bullish and others bearish so expect an up and down type of market but no major blowouts yet in either direction but any forecast that is not idea for growth will result in higher prices.

The trend in corn is definitely up for now. We have 5 of the 6 major MA's below the market and the top monthly MA is up at $4.84. The best congestion of support in corn is down at the $3.82-$3.87 levels with the daily stochs at 92%. That puts the short term studies in the over bought area, however the weekly stochs are currently at 89% and 78% and we typically don't turn a market lower when these two numbers are more than 10 points away from each other. We are running out of the most bullish timing and the pennant that I talked about is beginning to squeeze prices or will in the next 7-10 days as the weekly chart below shows.

May futures go off the board this week so a close in July futures by weeks end above the $4.28 level will give signals for a breakout on the charts for a move to $4.71? Last weeks range was $3.92-$4.40 and I put out a range of $3.90-$4.23 so I missed that one by a mile.

MEAL

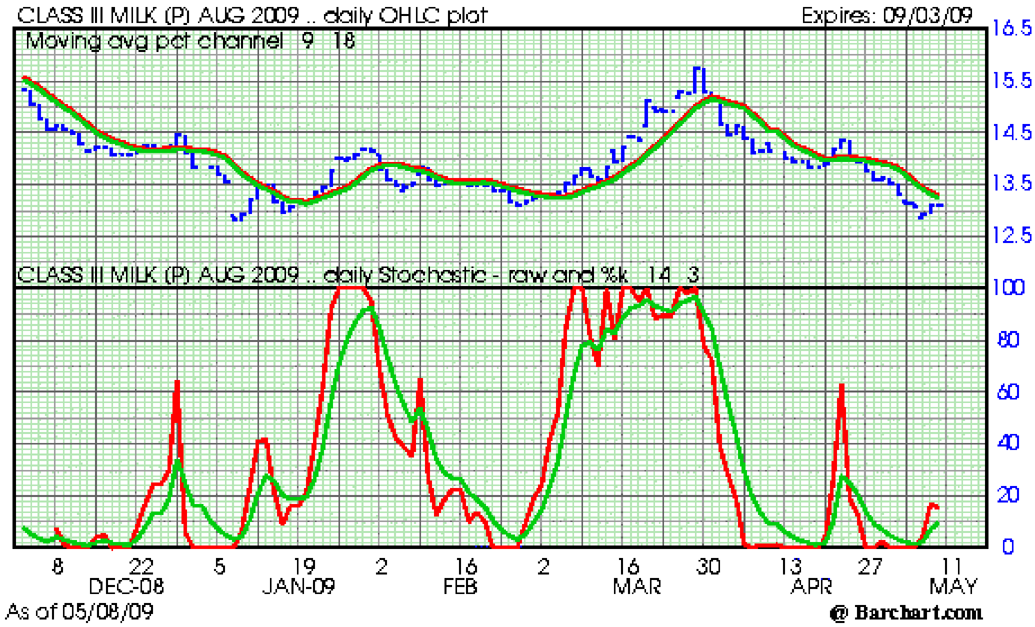
Meal closed up about $6 on the week as the beans market took a break from its 50-cent higher move in a week. There are two levels of resistance above the market that should provide a selling point to the meal market. The first level comes in at $371 or a 62% retracement of the drop we had last fall and winter. The congestion levels from $371-$382 should give us a pause and a break in meal back to the $3.54 area of support. The second level of resistance would come in at the spike tops we made last August at $388. All 6 of the major MA's are below the closing prices of Friday so we are in a new bull market in the meal. Our hope for end users is that we can catch a break in prices to help you guys buy some cash meal. We have about 40% covered way back at $280 but prices have gotten away from everyone as the front end of the bean market has exploded.

Looking forward, we need to find a place to get more meal bought and the studies are telling me we are deeply over bought. This should lead to a drop in the market in the weeks to come. A drop to the $320 level would be the first spot of major support and then something back around $300. That's a long way down but we should see some kind of solid decline in prices as we move closer to June.

MILK

We had a higher week in the milk market based on the August futures. The drop form the top in the market is approaching 9 months and is getting long in the tooth. Markets will only drop and stay down for so long and then there is a recovery that will last just as long as the drop. Unfortunately we aren't quit at the bottom yet according to my research but your time is coming. As you can see from the chart below we will run into some resistance as we move up toward the $13.30 level and the stochs (bottom half of chart) have moved up off the bottom. We need to see more of a base built from the $12-$13 levels and work the moving averages a bit lower first. Originally I thought we would see a bottom in this market by the third quarter of the year but the turn around in world economies have bottomed more quickly than I originally thought. This means we should see a bottom in milk prices by mid June or so and a rally back to the $16-$18 area should be realized by the end of the year.

Those that bought $15.50 puts should get those covered if we move below $12.50 or if the market would close above $14 you should get those puts covered.



The information provided in this marketing letter is not guaranteed for its accuracy. The views provided are those of Northland Financial and not those of Ag Risk Management (ARM). NFI is not responsible for losses taken when using this letter to market your own products and the reader should use this marketing letter to make their own determination as when to sell and what is in the best interest for their own situation. Trading futures and/or options carries large risks.