

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 Ag Risk Managers 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.

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MILK AND FEED USE MARKET LETTER

CORN

Friday wasn't a good way to close out the week in corn. For the week July corn lost 18 ½ cents while Dec corn lost 19 ¾ cents. Those that trade seasonal patterns in corn were eyeing the fact that this coming week is traditionally the top of the winter and spring corn rally and we generally turn the markets down until early fall. This could have been one reason the market took such a large drop in the Friday before the historical week that corn tops. Another thing could have been the fact that the funds were long over 200,000 contracts of corn and corn couldn't break above \$4.50, which we've hit three times in the past two weeks. If the central part of the corn belt can get some dryer and warmer weather in the coming weeks it will help dry out the soils there, which are saturated with weekend rains and we can get some heating degree days back into the formula. Friday's massive sell off looks over done to me.

A few months ago I read an article that said we can't produce \$5 corn; you can feed it, you can't export it, and the ethanol industry can't profit from it. Make one think of what will happen long-term without export use. However, the weekly continuation chart below shows that corn, even with the debacle on Friday, is still in an up trend. Based on July futures the weekly MA's are below the close on Friday (\$425 ½) at \$4.14 and \$3.94. We have turned the weekly stochs negative so an intermediate top is now in place at \$4.50 and the weekly RSI, which turned negative this week at 58%, looks to be headed toward 40%.



Timing next week looks negative but as you can see from the chart above, there are many layers of support based on a Fib study. July corn from \$4.03-\$3.94 will be well supported and the \$4.50 level is now the top resistance area. Look for the corn market this week to find resistance at \$4.38 and support at \$4.05. Corn needs a sideways break to be able to move higher. Lets hope we get sideways and hold \$4.03 longer-term. Dec corn could trade a range this week of \$4.57-\$4.62 for resistance and \$4.35-\$4.28 for support.

MEAL

Meal studies look just the way they do on the bean studies. Front-end meal demand is very strong and should continue to be strong for the next 3 weeks or so. China's massive and consistent buying looks to be coming to a close but there is strength there yet. Timing would suggest that by the first week of July upside moves in both beans and meal will be met from a timing standpoint. Weeks ago I said meal could move to \$4.25 or \$35 higher at the time and that objective has been met and we traded as high as \$4.32. By any measurement meal is about \$45 over bought from a measurement standpoint and that is wide. Meal has retraced almost 100% of the down move experienced in last years credit crisis mess and that hard to believe when no other market has retraced this much.



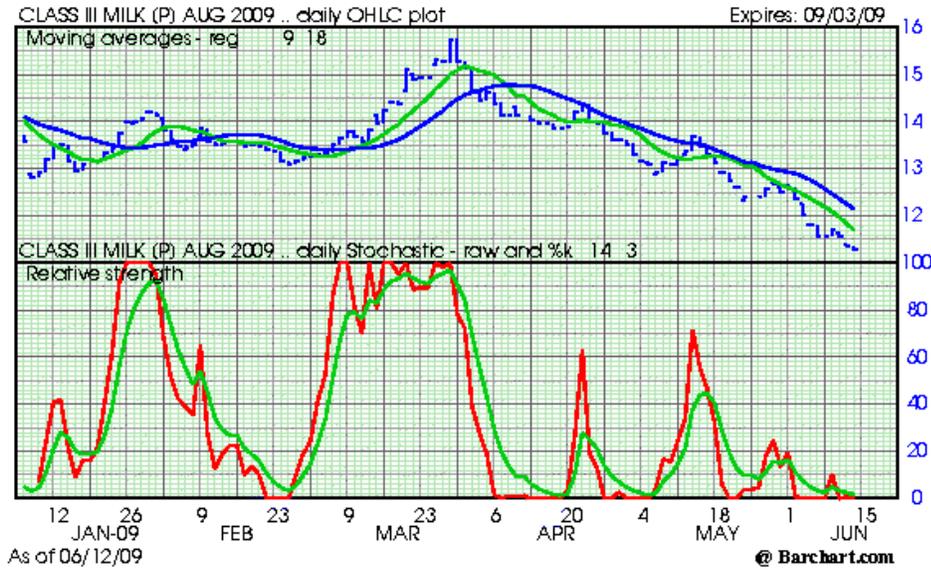
I expect a top in the front end of meal over the next 2-3 weeks and a down market to take July or August meal back to \$343-\$356. This should be an area that endusers will want to get some coverage at.

MILK

The on slot of selling continued again last week much to my dismay. It doesn't take a rocket scientist to know that milk is in a liquidation phase that just can't and will not last forever. The longer this liquidation last the stronger and sharper the rally will be when these idiots are done playing around. We know milk traded into the low \$20 area so from a speculative standpoint if we know milk can't get to 0 and it's been \$13 higher than where we are today; the risk reward is on the side of anyone wanting to be bullish.

Months ago I wrote that this bottom in milk would come the end of the third quarter of 2009 and that timing looks to be right on. I don't know what you milk folks do to prepare yourselves for what could be a major even but now is the time to make a plan for higher prices and what you can do to increase the bottom line for your business in the even of a huge rally. Buying the market in futures, selling put premium, holding off on cash milk sales should all be part of the plan you should be working on. If we think milk prices could get as low as \$8 but we know they won't get to \$5 we have a general idea that we have \$3 worth of risk and profit potential of \$5-\$8 at least.

Technical indicators are buried with bearishness and each day that goes by without a move higher will build twice as bullish emotion when it turns up.



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