

Interstate Mills Strategy Update

ISM Grain Merchandising - (800) 290-2449 Country Hedging - (800) 433-4385

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CORN

2010 Crop-Futures: You are hedged 70% at \$4.64 versus December futures. Hedge 5% at \$4.75 versus December futures. Consider rolling 25% of the December hedges to July at a 28 cent carry. Currently the carry is about 22 cents. December closed 9/7 at \$4.66 1/4.

2010 Crop-Options: Consider buying a December \$4.50 put and selling a \$5.40 call for a cost of 11 cents. Call office for details.

2011 Crop-Futures: You have hedged 20% at \$4.48 versus the December. Consider hedging 5% at \$4.70 versus December futures. December closed 9/7 at \$4.50 1/4.

2012 Crop-Futures: You are hedged 10% at \$4.58 versus December futures. Consider hedging 5% at \$4.49 versus December. December closed 9/7 at \$4.42 1/4.

2013 Crop-Futures: Hedge 5% at \$4.50. December closed 9/7 at \$4.40 1/4.

Market movers: Corn was rated at 69% good/excellent, 20% fair, and 11% poor/very poor. Corn in the dent stage is estimated at 86% versus 48% last year versus 71% on the five year average. Corn mature is estimated at 33% versus 8% last year. Corn harvested is estimated at 6% versus 4% on the five year average. China's JCI raised its estimate for this year corn by 10 mmt to 158.70 mmt. Illinois is 7% harvested with yield results from 15-40 bpa under last year.

Trend is sideways/higher.

Export sales last week -1.2 mb versus 1.7 mb previous week.

Export inspections 38.1 mb versus 45.3 mb last week

Funds were estimated long 319,700 futures contracts versus long 311,800 last week.

BEANS

2010 Crop-Futures: You are hedged 65% at \$10.93 versus November. Hedge 5% at \$10.95 versus November futures. Consider rolling 50% of the November hedges to January at a 13 cent carry. Closed 9/7 at \$10.52.

2010 Crop-Options: Consider buying a November \$10.50 put and selling a November \$11.40 call for a cost of about 23 cents. Call office for details.

2011 Crop-Futures: You are hedged 25% at \$9.87 versus November futures. Hedge 10% at \$10.50 versus November futures. Closed 9/7 at \$10.34.

2012 Crop-Futures: You are hedged 10% at \$10.25 versus November. Consider hedging 5% at \$10.50 versus November. Closed 9/7 at \$10.29 1/2.

2013 Crop-Futures: You are hedged 5% at \$10.00 versus November futures. Hedge 5% at \$10.50 versus November futures. Closed 9/7 at \$10.27 1/4.

Market movers: Soybeans are rated at 64% good/excellent, 24% fair and 12% poor/very poor. MN is rated at 89% G/E. Soybeans dropping leaves are estimated at 19% versus 7% last year versus 15% on the five year average. A Chicago based group estimates the soybean yield at 43.6 bpa.

Trend is sideways/higher.

Export sales last week 0.0 mb versus 6.2 mb previous week.

Export inspections 13.9 mb versus 7.2 mb last week.

Funds were estimated long 114,700 future contracts versus long 104,600 last week.

For more information call Tim Donelan 800-433-4385

Item in bold print are weekly changes.

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