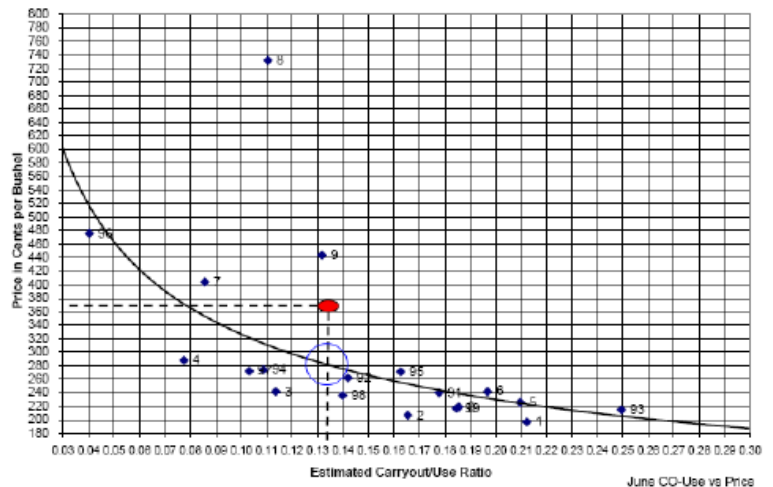


Corn Prices: We are receiving numerous phone calls from producers regarding old crop corn with questions of what to do with it. Questions such as: *“What is the potential for old crop corn?”* *“Should we continue to store or should it be sold?”* *“If it is sold should ownership be retained and, if so, how would be the best way to do that?”* Generally speaking all of those questions are basically the same, *“Do you think prices are going up or down?”*

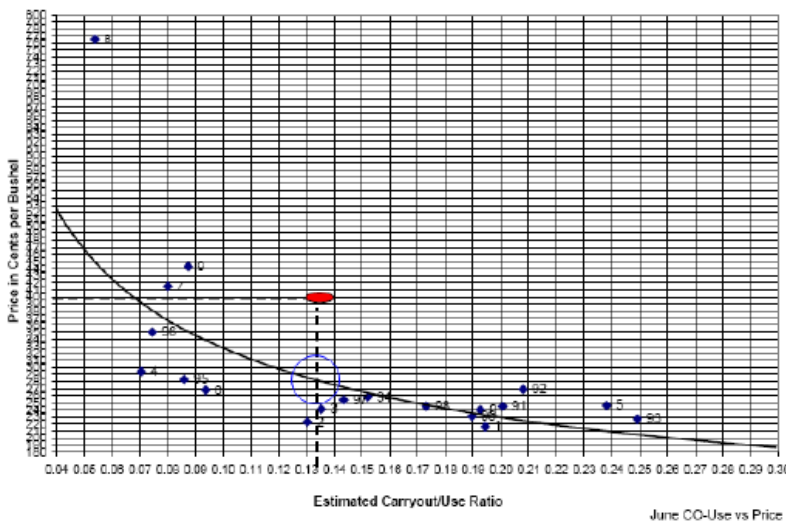
We wish we knew, but, nobody does. First of all prices could go up. We have had price support and strength on actual (and rumored) Chinese buying. We are seeing stories comparing this year to the 1988 crop year, which was one of the most severe (and the last major) droughts in history. Maybe it is maybe it isn't. Or, there could even be a development(s) that no-one is even remotely considering at this time. Only time will tell.

These two graphics were generated by our contact at FC Stone. They plot current projected USDA carryout, as a percent of usage, (horizontal axis) against the prices (vertical axis) of the respective contracts at the time of the June USDA reports. The graph in the upper right is for the old crop corn and new crop is shown in the lower left.

**CORN PRICE ANALYSIS
June USDA Supply/Demand**



**CORN PRICE ANALYSIS
June New Crop USDA Supply/Demand**



We have added the “blue” circle showing the current estimated carry-out/usage where it crosses the regression line. This line represents where we would expect to see prices given a “normal” relationship between prices and carry-out/use.

There have been years where prices and stocks/use have seen a dramatic divergence, more so in the old crop than new. This data would seem to suggest that unless there is something that develops threatening trend-line yield there is possibly some downside price risk.

Producers should strongly consider their current level of sales/protection to ensure that they have the degree of protection in place that they are comfortable with.