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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 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.

MILK AND FEED USE MARKET LETTER

We are now 100% purchased in meal for 2010 at an average futures price of $275.75.

June 7, 2010

CORN

Boy if you want ugly we've got ugly. Corn lost 18 ¾ cents on the week and we've lost 30 cents in the past two weeks, the Dow Jones lost 430 points from Thursday's high, wheat lost 40 cents in two weeks, crude oil dropped $3.20 a barrel on Friday and the Euro Dollar dropped over $5 last week to close at a new all time low. Put all that together and it spells UGLY.

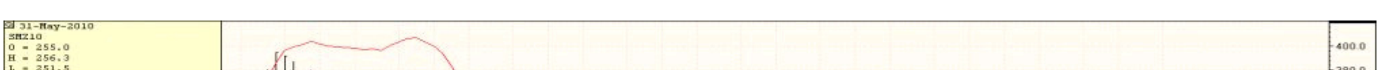
The one number last week that put a dagger in the heart of the corn market was the USDA reporting a 76% g/e rating and the second highest rating in history. That immediately brought out the 170+ yield guys and carryout now estimated in excess of 2.250 billion bushels. That's enough to see Dec corn drop to the $3.20 area if realized and if all the other numbers on the balance sheet stay the same. Then came the Dow drop on Friday alone with an export sales number of just 7.8 million bushels, half of what we needed to see. The monthly USDA report comes out next Thursday June 10th and there is little chance that this report will be bullish. Even if the USDA doesn't change yield next week the trade knows they will with the current crop rating at 76% so rallies will only come from over sold markets and then those will be tough to hold.

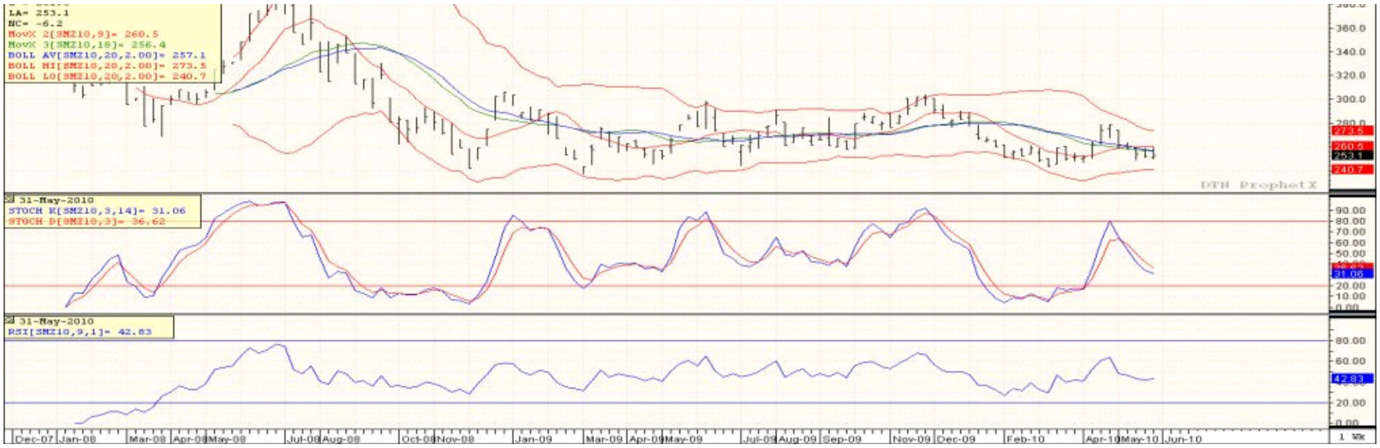
Corn closed below last winters and NFI's support level 4 months ago at $4.43 and this now opens the door for a drop to $3.31. With weekly stochs at 24% and 36% and an RSI at 39% we haven't seen the full bear flush on the corn market yet. The low end of the new crop cash corn market reported in last month's USDA report is now higher than the current cash market price by 15 cents. This means the trade is surely expecting the USDA to increase carryout and lower the cash price to farmers for new crop corn by at least 30 cents to $2.90 a bushel. If you're looking for a market that has "NO HOPE" written all over it then the corn market is front page news.

MEAL

July meal closed down $6.80 cents on Friday at $277.20 just above our average 2009 total meal purchases. The failure of all that we wrote about in the corn column weighed on the meal as it did in most commodities last week. Dec meal lost about the same but we should see further pressure on new crop 2010 meal in the weeks ahead. Because august is the month for beans to figure what yields might be, we should see Dec meal flounder around until we know more about how the bean production will shake out. Right now the trade is in bear mode with the belief of what we've seen happen to the new crop corn market will be duplicated in new crop beans and Dec meal.

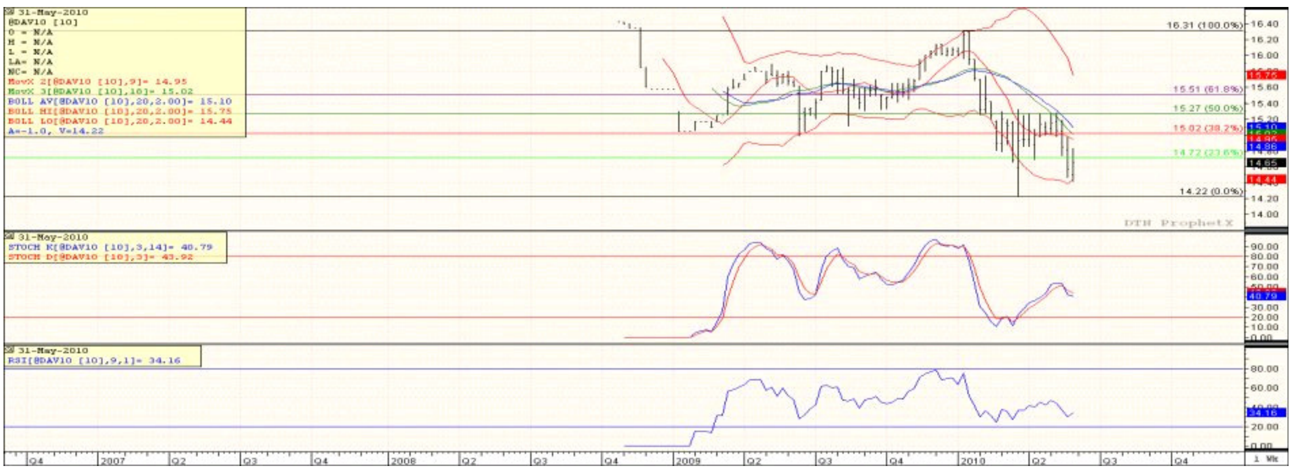
The bottom weekly Bollinger Band (BB) is down at $240 and timing is still negative with the weekly stochs turned down and the moving averages (MA's) at $256 and $260. The all time contract low for Dec is $236 and NFI believes we will see this level or lower before we would want to step in and buy the market for end users.





MILK

This market closed slightly higher for the week and continues to hold above the major spike low of $14.22 as NFI wrote about last week. Timing is still negative when looking at both the weekly and monthly indicators and RSI levels are in a neutral position with readings from 30%-40%. We still don't have the fundamental picture we'd like to see and the unemployment number last Friday showed a slight increase in jobs but was well below what the economists were telling us it would be and the Dow Jones dropped 323 points in honor of the report.



With what we think we know going forward the Oct milk market should continue in a range of $13.50- $15.50 for the foreseeable future. NFI doesn't see the fundamental change needed to propel the milk prices higher nor is there anything that would crush the market lower.