

Ag Risk Managers Insurance Agency, LLC

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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.

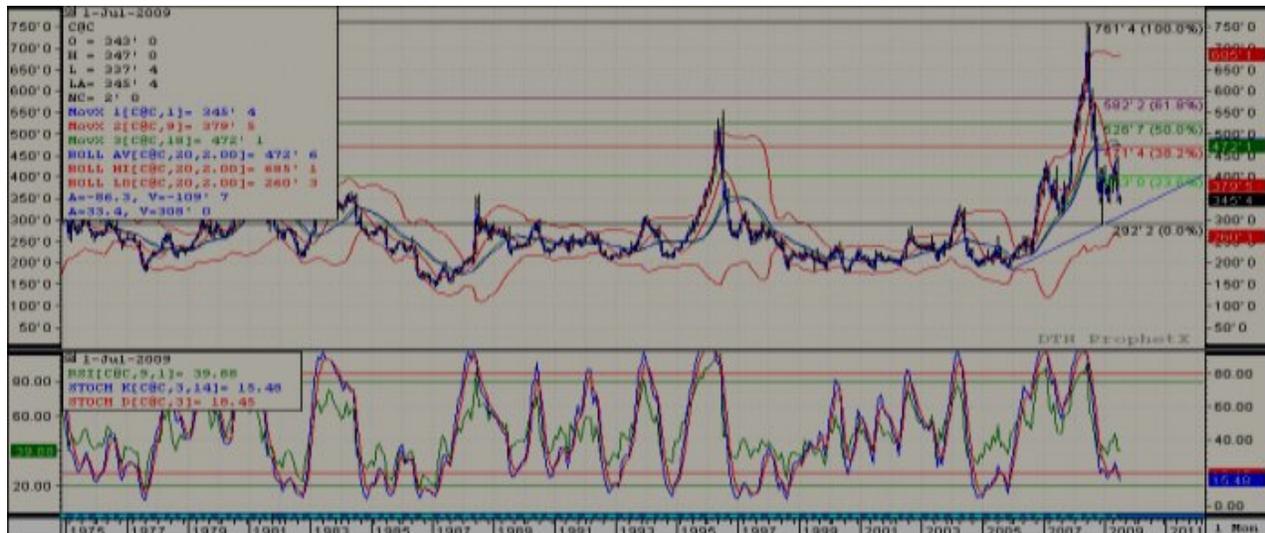
MILK AND FEED USE MARKET LETTER

July 12, 2009

CORN

We've seen the corn market drop more than \$1.30 in just 22 trading days with the negative affects coming from the USDA's larger than expected acreage number, talks of market price manipulation from commodity funds, a rally in the Dollar due to complete uncertainty in the market place and massive fund liquidation. This sell off in corn meal was a miniature replica of last years massive sell off from the \$8 highs. Most of the underlying reasons were the same as 2008.

The Monthly corn continuation chart shows that we are much closer to a bottom in corn than we are about to turn the market into another new long-term down trend. With corn carryout now at 1.550 billion bushels, up from last months 1.090 billion, we have reason to believe that corn is headed lower for quite some time. However, the monthly Dec corn chart below shows that we aren't turning the market down from 90% stoch but instead turning the market down with stochs at 9.09% and 14.45%. We can still see lower prices ahead but the next long-term move in corn is going to be up. Just how high we can go is undeterminable at this time but an early guess would be at least to this years highs of \$4.73. One should be setting up a plan to by corn needs for the next 12 months as prices decline.



MEAL

As I wrote several weeks ago, I was looking for a drop in meal prices and advising not to chase the market with large purchases but only by hand-to-mouth and we should see lower prices ahead. This is now coming

true with the Sept meal contract dropping from \$368 to a low last week of \$309. I believe we will see meal drop deeper toward the \$280 level where we will need to pay close attention to getting meal bought.

MILK

Milk futures are now in the thirteenth month of dropping from the highs with only one minor recovery back in March of this year. Slightly lower lows were made in all contracts last week but only by pennies. One has to look at milk prices as having limited downside potential from current levels. With the costs in running a milk operation you have to know that the prices we see before us today are only going to create a catastrophe in this industry if things don't change quickly. The ability to survive the next several months is going to be critical for most. If you can get past this unyielding price decline you will be able to withstand just about anything this market can dish out in the future. Monthly stochs are 2% and 5% and looking at any other market that has encountered such monthly numbers the lows can't be too far away.



Each day that goes by we are one day closer to the markets recovery. I know anything I wrote here isn't helping much but in times like this it's important to keep as positive an attitude as possible. Things will get better and higher prices will surface again. Such events in past history in other markets have lead to prices one would never have expected. Hang in there.

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