BOWER TRADING INC.

800/533-8045

EARLY CALLS: BEANS up 3-5; CORN up 5-7; WHEAT up 10-12;

March Dollar Index 79-16 down 14 March Euro 131-42 up 16

WEATHER CONDITIONS

SOUTHERN PLAINS: Once the late week storm diminishes the central and southern Plains will be free of significant precipitation again for the balance of the coming ten days. Some livestock stress is possible from the rain and snow event in the Plains Friday into Saturday. There may also be some transportation delay, but most of the precipitation that falls will be extremely welcome and sufficient in lifting topsoil moisture after recent weeks of net drying.

BRAZIL: Crop stress will increase in the driest areas from southern Paraguay into Rio Grande do Sul until "significant" rain returns. Mostly favorable crop conditions are likely elsewhere in Brazil over the coming ten days. A beneficial period of restricted rain will occur today into Wednesday from Mato Grosso do Sul into Sao Paulo and southern Mains Gerais. Net drying and warmer temperatures in the interior southern portions of Brazil will be welcome after recent abundance of rainfall. No area will become too dry and the end result should translate into better early season crop maturation and harvest progress.

ARGENTINA: Showers and thunderstorms will bring additional rain to much of Argentina this week and crops will benefit from the increased soil moisture. Showers and thunderstorms will continue Saturday through Feb. 9 with central Argentina seeing the most concentrated shower activity. Rain will increase in coverage Feb. 10-12 and as long as today's forecast verifies soil moisture throughout Argentina should be high enough to meet the needs of crops. Southern La Pampa into southern Buenos Aires will be the one region to monitor for a lack of soil moisture. Parts of this region are too dry today and this area will be disfavored for the greatest rain during the next two weeks.

AUSTRALIA: **Eastern New South Wales and southeastern Queensland**: The continuing onslaught of frequent rainfall over already saturated soil conditions will promote localized flooding in some key sorghum and cotton areas for the remainder of the week. Areas that endure the most persistent rain can expect some minor crop damage as moisture totals through the end of the week range from 1.50 to 3.50 inches most often. Overall coverage and intensity of the persistent showers and thunderstorms will decrease through the weekend and most of next week allowing slightly drier conditions to become more prevalent. **Western Australia:** Tropical Storm Iggy is currently 260 miles west of Learmonth, Australia tracking south-southwestward at 9 mph. The system will encounter cooler water as it moves southward causing a gradual decrease in overall intensity. The primary threat in crop areas will be an increase in precipitation Friday and Saturday before dissipating completely Sunday over the southern portions of Western Australia. Amounts will depend on the exact track of the main circulation center but a general soaking of 1.00 to 2.00 inches will be likely for most locations

I will be leaving Friday to ride in a 2 day cutting horse event over the weekend at the Pennington County Fairgrounds in Rapid City, South Dakota. Hope to see some of you there.

ENERGY USAGE

Even though January is going to finish out being a much warmer than normal month, I suspect the finish to winter and early spring may paint a different picture.

The initial onset of colder air will develop in Canada and north-central U.S. initially and then there will be a fair chance of cold air penetrating more deeply into the United States later in the month of February and lingering into early spring based upon what our #1 meteorologist sees as of now.

THE ARCTIC OSCILLATOR

The Arctic Oscillation index has fallen into a negative phase and this should last for a few weeks, which in turn should produce a cold finish to winter and a similar start to spring.

We are long March Natural Gas and for those interested in entering this market, might consider the March contract at 2-62 OB on a G.T.C. open order (see graphic below) – we can do Minis or Regulars.

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If you have interest in the natural gas contracts as a partial hedge against fertilizer and/or urea prices, or simply as a speculator given the recent chart action, please contact us at 800-533-8045.

NOTE: We can break down the natural gas contracts into anhydrous and/or urea equivalents (nurse tanks)!

OVERNIGHT

In a reversal type session in the overnight, most commodity and stock prices are inching higher on the heels of a weaker dollar and fresh news out of the Eurozone.

The March Euro currency is up 72 points at 131-99 as I write this morning's letter on hopes of a pending deal that will free up the next tranche of aid for Greece.

Keep in mind however that just as Greece's problems move towards some type of resolution, there are again growing concerns that Portugal might need a "2nd" bailout as borrowing costs continue to soar out of control.

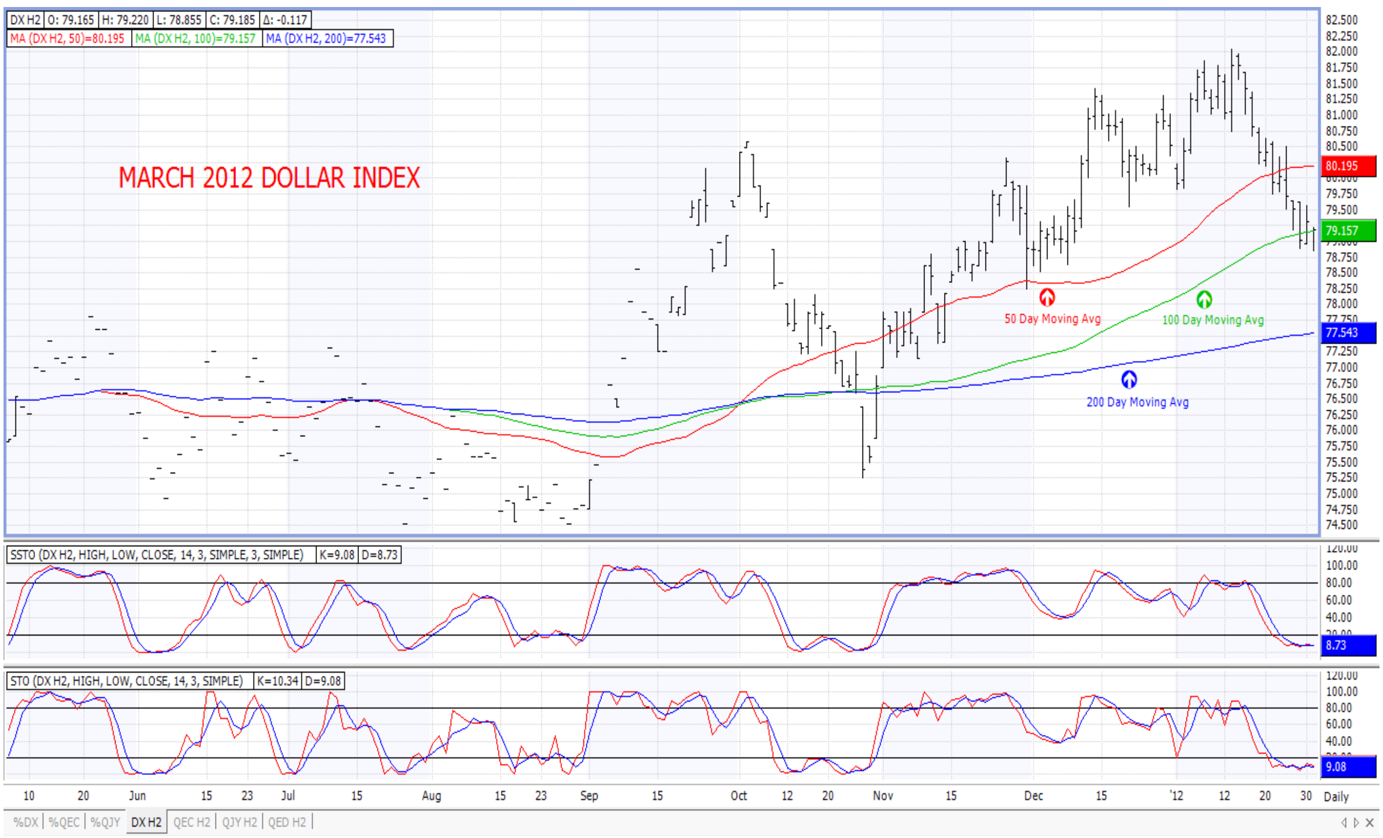
JAPAN

There is chatter this morning that the Bank of Japan, in order to prevent further gains in the Yen, may intervene to prevent further increases.

THE DOLLAR

The dollar is trading near a 3 month low at 78-87, down 43 points as I write today's letter. (See Trade Updates)

We are looking for a place to go long the U.S. Dollar Index. (See Trade Updates)



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RICE

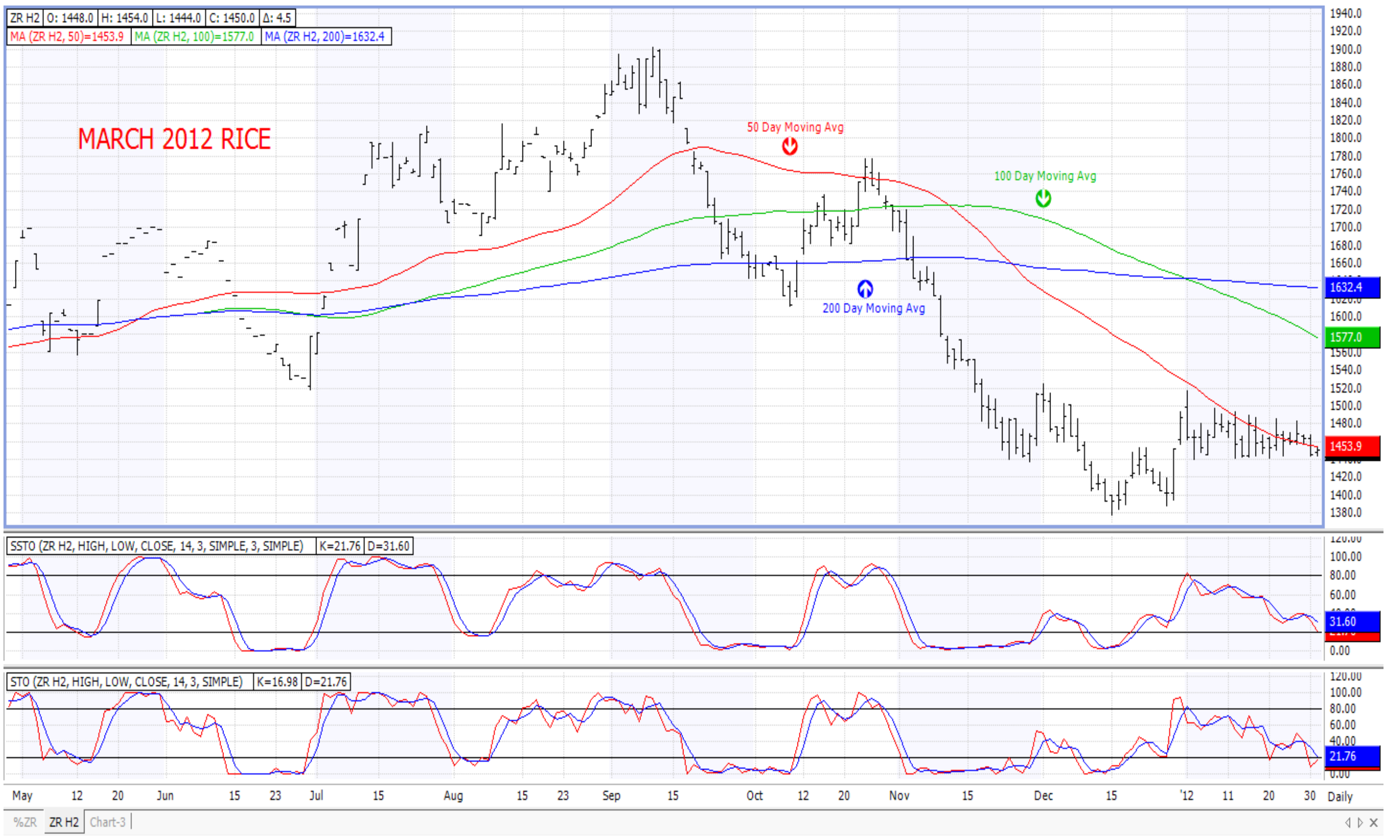
We are aside the rice market at present, but are considering going long on a further technical correction.

As you know, rice is a very international market and to get the trade right, one must look at many different overall factors. (Rice was however a very good market for us last year)

We prefer to "scalp" trade this market as opposed to position trade, so be prepared for recommendations on short notice and/or **"Special Alerts".**

We continue to hear from U.S. growers that unless the U.S. price begins to appreciate – U.S. rice acreage will be down (perhaps substantially) from last year's area planted.

If you are interested in the rice trades, please let us know as this market can move like a ride on a zip line.



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CATTLE

August feeder cattle are now only a breath away from the 160-00 mark and this market acts like it is on a "fundamental" mission to slow the demand for beef, not only here but overseas as well.

The Beef Industry has done a great job in promoting their product and slowing demand may prove to be an exceptional challenge for the marketplace but the supply of beef continues to dwindle.
As of January 1st, 2012, there were 90.769 million cattle and calves on U.S. farms and ranches.

That number is 2.1% lower than a year ago and is a bit of a surprise to many (not all) analysts.

The beef cow herd on January 1st, 2012 is sharply lower than one year earlier.

The beef cow herd is 3.1% lower than a year earlier and is the largest decline since 1986.

The beef cow herd decline of 967,000 head was driven almost entirely by the reduction of the nation's two largest state beef cow herds in Texas and Oklahoma due to the drought.

"Nebraska" seems to be the benefactor of some of those Texas and Oklahoma reductions as mama cows were moved northward to more ample supplies of grass.
Note: Nebraska's beef cow herd was 6% larger on January 1st.

We continue to hear however that heifers being held for replacements are increasing, especially in the northern and southeastern states.

The 2011 calf crop is now estimated at 35.313 million head, 1.8% smaller than last year and the smallest calf crop since the data base starting in 1951.

The supply of feeder cattle outside of feedlots on January 1st appears to be approximately 3.9% lower at 25.845 million head.

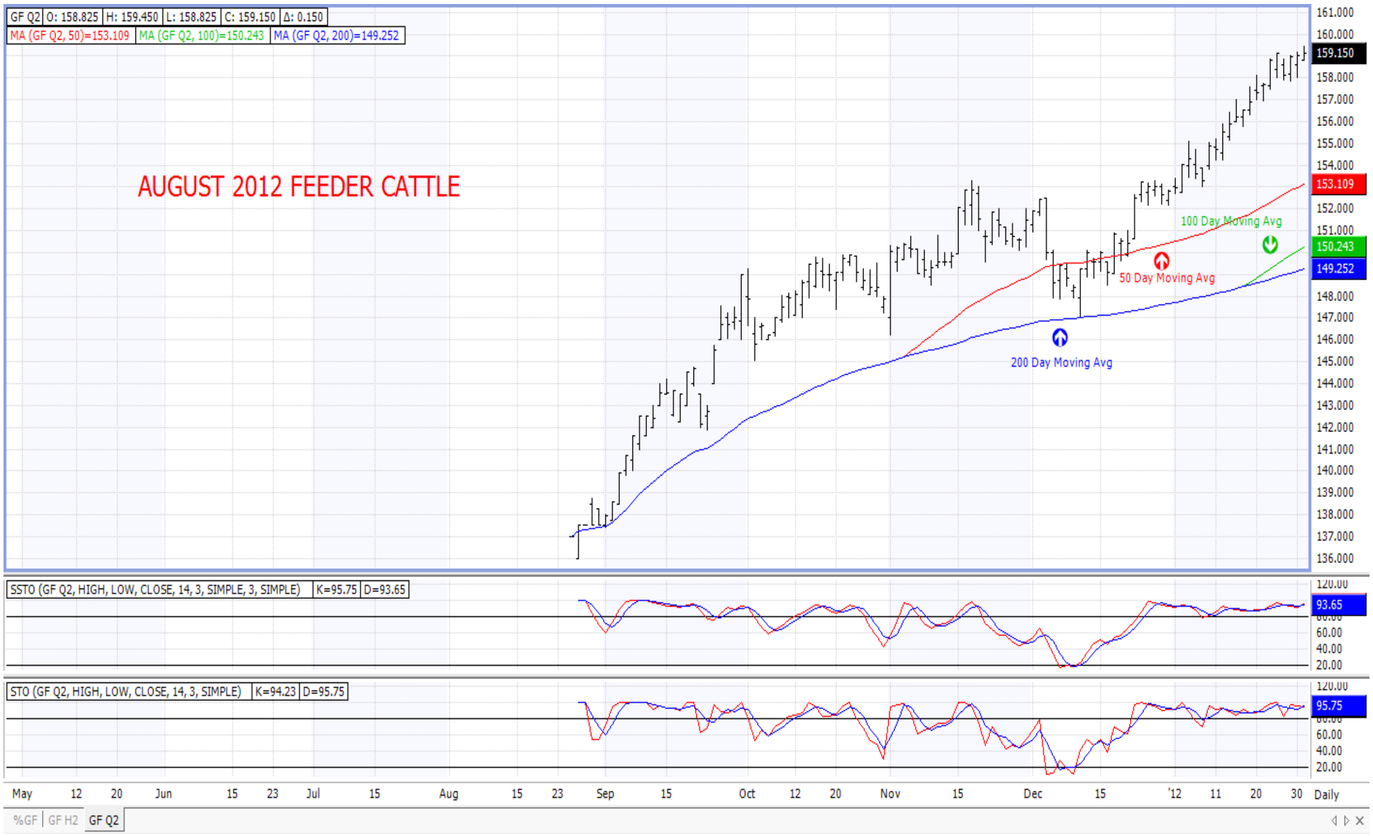
The number cattle on feed in all feedlots was up 0.8% on January 1st.

That number compares to +3% for lots that hold 1,000 head or more.

Small lots have reduced their inventories from 2.499 million head to 2.27 million head (9.2%) as feeder cattle prices have soared.

There is absolutely no question the supplies of beef are low and continues to dwindle, but as with all markets, **"high prices cure high prices"** and this market in the final analysis of this current bull market will be no different.

We will look for opportunities to "scale-up" hedges and/or write out-of-the-money calls as these levels of price or higher are "quite lucrative" for producers with inventories either on hand or projected.



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TRADE UPDATES

We will not accept orders and/or instructions for the purchase or sale of a commodity via an e-mail transmission

SPECULATORS:

We have sold (underwrote) 2 units of March 670 Strike Corn Calls at 8 cents ($400.00).

We have sold (underwritten) 2 units of March 650 Strike Corn Calls at 7 cents. We may look to add to this position or move to higher strike levels depending on weather forecasts for South America.

We are long 65 units of March 2012 Corn versus short 65 units of March 2013 Corn on a "bull spread" at a differential of 40½ cent premium the March 2012.

We are long 10 units of July 2012 Beans versus short 10 units of November 2012 Beans at 18½ cents July premium to November on the "Bull Spread".

We are long 4 units of March 2012 Kansas City Wheat versus short 4 units of March 2012 Chicago Wheat at an average price of 55½ premium to Kansas City. We want Kansas City Wheat to gain relative to Chicago.

We are now long 10 units of March Oats at $2.88. (Positional Trade)

We are long 1 unit (regular size) of March Natural Gas at 2-52.

We are long 4 units of March Emini Natural Gas at 2-52.

We are short 7 units of March Euros (currency) at 130-40. (Positional Trade)

Buy (go long) 2 units of the March Dollar Indexes at 77-97 OB on a G.T.C. (open) order.

HEDGERS / GRAIN PRODUCERS:

CASH CORN PRODUCERS: We have previously placed orders to sell (underwrite) "March" 2012 $6.90 Strike Corn Calls at 10 cents OB ($500.00) on G.T.C. (open) orders. Change the premium price from 10 cents to 8 cents and leave on G.T.C. orders. We will look to "strip" the premiums to the client (producer) for 30% of the 2011 cash corn crop (inventories on hand). Any questions, call 800-533-8045.

CASH CORN PRODUCERS: We have sold (underwrote) March 2012 $6.70 Strike Corn Calls at 8 cents ($400.00) on an additional 20% of 2011 cash corn inventories. (See section on "Strategy")

CASH CORN PRODUCERS: **We will add 30¼ cents for 40% of the corn crop once the balance of the 2011 crop is repriced. Short hedges for cash corn producers were lifted off at 579¾ basis December 2011 futures on 9/31/11.**

CASH CORN PRODUCERS: **We have previously sold 30% of the 2011 cash corn crop at $6.68. We still have 70% to price yet in the cash market. (See additional trades)**

CASH SOYBEAN PRODUCERS: **Our average price for the 2011 cash soybean crop is $13.25 at "0" basis. We will now concentrate on the pricing of the 2012 cash soybean crop.**

CASH WHEAT PRODUCERS: **We have sold 80% of the expected 2011 CASH Wheat production at an average price of $7.67 basis the July '2012 Kansas City contract. (Offers the producer with storage a lot of time to play the basis).**

CASH WHEAT PRODUCERS: **We have sold (hedged) 25% of expected "2012" cash wheat production at $7.04 basis the September 2012 Kansas City (HRW) Wheat contract.**

CASH FEEDER PRODUCERS: **We have sold (priced) 40% of 2012 cash feeder inventory at an average price of 155-00 basis the August 2012 feeder cattle contracts.**

CASH FEEDER PRODUCERS: **We have sold (underwrote) the August 2012 164-00 Strike Feeder Cattle Calls at 150 points for 20% of expected 2012 cash inventory. We will then either be exercised on at a 164-00 sell price basis August "OR" be given the 150 points ($750.00) as the underwriter. Any questions, please call 800-533-8045.**

FERTILIZER END USERS: **We are long 4 units of March Emini Natural Gas at 2-52.**

TRADING POINT: **"The cool thing about being famous is traveling. I have always wanted to travel across the seas, like to Canada and stuff."**
Britney Spears

Jim

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