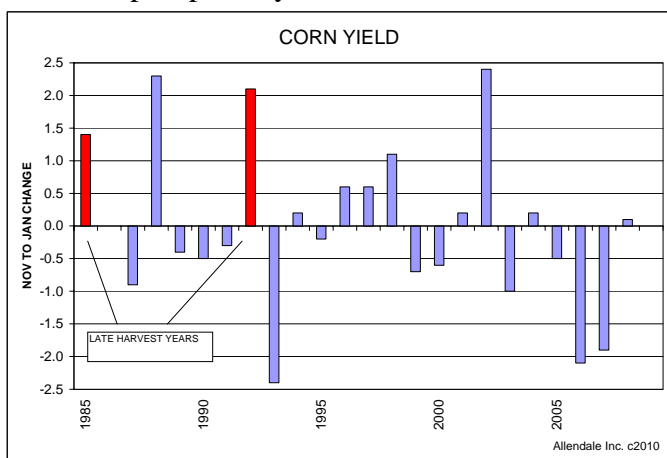


Allendale Wrap-Up for Business Day 01/11/10

Corn: Disappointing would be the best way to describe the end of trade for those looking for new highs to hedge at. It is not as if the funds let us down. Volume near the close was large and much of that were the funds rebalancing. We have had nearly 3 weeks of spec buying that has held this market supported, all looking for a chance to sell once the funds came in with their buying. Many people have asked why the funds would want to let everyone know they are about to buy. One thing that they want to avoid is having their own buy orders run the market up. Each purchase they make forces their next purchase to be higher. As we have seen the last two afternoons, when sellers are ready for upcoming buying little total market movement is the result. These index funds are long term investors and sellers are helping to keep their costs down. Coming into this week the list of those waiting to sell was long. Recent speculative buyers are ready to sell back their March contracts. Hedgers are also willing and active sellers in the December contract. Everyone looks to have seen this fund buying the same way, as an open and obvious time to be a seller. Moves to new levels higher will take more than just funds now. A bullish USDA report tomorrow would help, especially if it were to cause a break above resistance without fund help. Average trade



estimates for tomorrow have corn yield 162.5 which is 0.4 bu decrease from December. We are one group that is looking for an increase in yield tomorrow to 163.9. This fund talk has caused us to look at the 450 floor but without significant help from the USDA report we will once again look at the 440 instead. There is no doubt that any hedges to be done early in the year need to be done this week. Call in to fine tune the option strikes to be used with 3 way hedges including using a market break to raise the price of a sold \$3 put. This will mean that a market break can actually reduce the total cost of our hedge. However, you want to put

on the hedge the most important part is that it needs to be done this week.

Direction: Overnight buying took corn right to the resistance of 425. Day trading never managed to get back to that level which reaffirms it as major resistance. Recent buying has been unable to break 425 which would suggest corn is more likely to test support of 379 rather than break to new recent highs...Ryan Ettner

Trade Idea(s):

- (12/28) Sold Mar 415, risk 427, objective 396. Closed 422 1/2.

Option Strategy(s):

- (01/04) Stand aside.

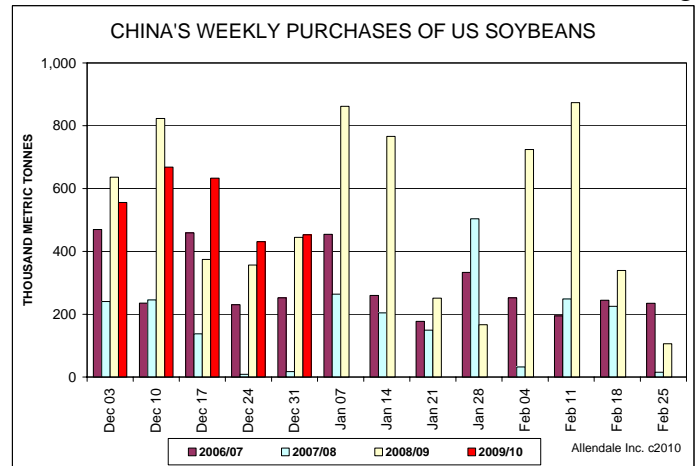
*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: Corn continues to test the 425 resistance area, but has yet to post a close above it. We remain short from 420 for this reason. The trend is still bullish, but the longer the market stalls out here, the more chance it has for a sell-off...Monica Moehring

Vital Technical Indicator: the next projected major turn day is January 14.

Soybeans: It is coming up on mid January and that is the time we start to find China moving elsewhere with purchases. Last year their buying stayed here in the US due to production issues in South America. This year, that is not an issue with weather continuing to look supportive to ideas the South American

crop will be large. Selling was active once again today, becoming even more active right into the fund rebalancing. That makes two days in a row that the bean market sold off going into the end of the session. Right now, the picture continues to look bleak for a bounce before a larger sell off breaks support at the 100 day moving average of 993 1/2. If there is any bounce found in the beans it would be seen as a selling opportunity. Originally, we were looking for a bounce back to recent highs near 1070 but the trade is showing us that it would prefer to take beans lower. It is hard to argue with that idea as many factors we have looked at the last two weeks have been bearish fundamentally. Tomorrow's report lacks expectations for a rally as well. Yield expectations have beans coming in at 43.4 which is 0.1 bu increase from December. There is an expectation of a slight carryout reduction which may be slightly supportive. Watch the report tomorrow for a bounce and if it brings one let's be ready with our sell orders.



There are very few who are looking for a sizeable bounce for this market.

Direction: Buying is hard to be found. Rather than waiting for a bounce it is looking like a better trade to sell now (or buy a put) and ride out a bounce. Funds are not looking likely to reach previous highs at this point. If you want to wait for a bounce it needs to happen tomorrow on the report or Thursday from a surprise number showing China still buying actively...Ryan Ettner

Trade Idea(s):

- (01/11) Sold March 1009, risk 1027, objective 950. Closed 1010.

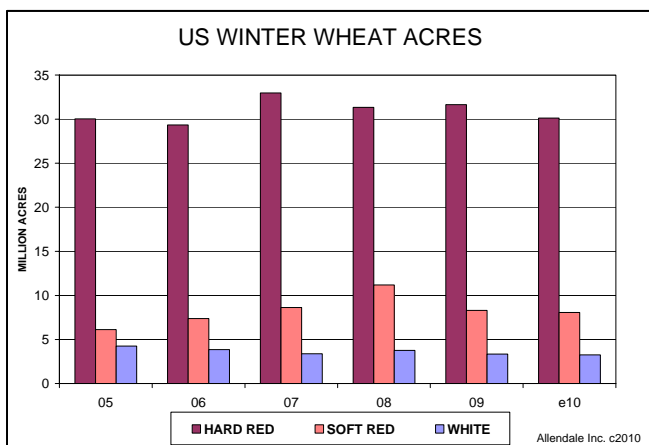
Option Strategy(s):

- (10/08) Bought **Mar 920** put, sold 1020 call, sold 800 put for 10...producer idea. There is margin required with this, but you are in a position to make 120/bu if the market breaks while leaving a 100/bu upside open before you are locked into a short.
- (01/05) Stand aside.

*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: Beans broke the uptrend today and settled just above 38% retracement at 1009 1/4. We are long from 1015 with a stop just under 1000. If the market is able to rebound back above the trendline tomorrow it could re-ignite the bulls...Monica Moehring

Vital Technical Indicator: The next projected major turn day for soybeans is January 15, soybean meal is January 15, and soybean oil is January 29.



Wheat: Today had generally calmed buying ahead of the funds and ahead of tomorrow's report. There is an expectation for 3 million acres to be taken out of winter wheat seedings tomorrow which may help give wheat another push higher tomorrow. This market, like the beans, is short on supportive fundamentals except for that planting number just mentioned. World carryover numbers still look large and should be watched more than the US winter seedings. March Chicago wheat is starting to approach 600 again which would suggest a sell but

for now we want to be small buyers of this market looking for a little support from the report tomorrow.
Direction: After an initial jump higher tomorrow selling might be advised as a sell order would only have to weather a couple more days of fund buying before fundamentals and technical turned bearish again...Ryan Ettner

Trade Idea(s):

- Chicago Wheat: (01/11) Buy March 555, risk 542, objective 583.
- KCBT Wheat: (01/04) Stand aside.
- MN Wheat: (01/04) Stand aside.

Option Strategy(s):

- (12/10) Sold Mar KW 580 call 16 1/8, risk 25, objective 0. Closed 21 7/8.

*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: KC wheat closed above 62% retracement today, which should now open the door to the November 2009 highs near 600. But can the bulls take us there now? If the market retreats quickly, we would suggest getting short...Monica Moehring

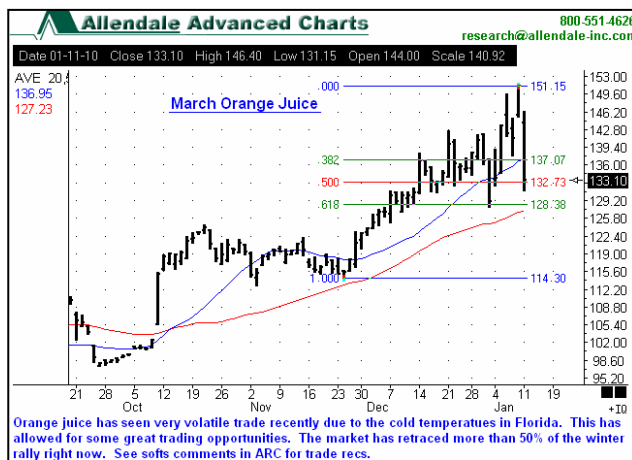
Vital Technical Indicator: the next schedule projected major turn day in store for wheat is January 28.

Softs: Sugar: Sugar sold off again today as the funds are finishing up on their rebalancing. We are approaching good support just below today's lows. If the support holds we will be looking for a bounce due to strong fundamentals. Keep in mind this is a time of year that we typically see commodities set back and sugar could follow suit. We are in a spread that is working great but we will look at moving our stop into a profitable area. Look for support near the 20 day moving average with resistance near 27.50.

Cocoa: Cocoa rallied 44 points today as the stock market firmed as well. Cocoa is forming a little up trend and looks like it wants to rally to 3437 and possibly 3510. Fundamentals are light but the stock market has been a great indicator for market direction. We will be looking at taking a short position if we can test the highs in the next few days. Technically we are getting over bought and could see profit taking ahead of the long weekend.

Cotton: Cotton closed strong today as the dollar slipped. The market used the 20 day moving average as good resistance today. Cotton held the longer term uptrend and could see us return to the recent highs (76.77). We are going to try a long position from the uptrend if we can retest support. No fundamental news to report on today but keep an eye on the energies and the dollar for early direction tomorrow.

Orange Juice: Orange Juice was met with significant profit taking today now that we have seen most of the freeze behind us. The March contract was down 18.05 today and took advantage of the expanded limits. OJ will go back to the normal limits tomorrow. Even with the expectations of a seasonal break right now, we feel the damaging effect from the cold will keep support under the markets for now. We will be looking a buying opportunity on more of a pull back...Steve Georgy



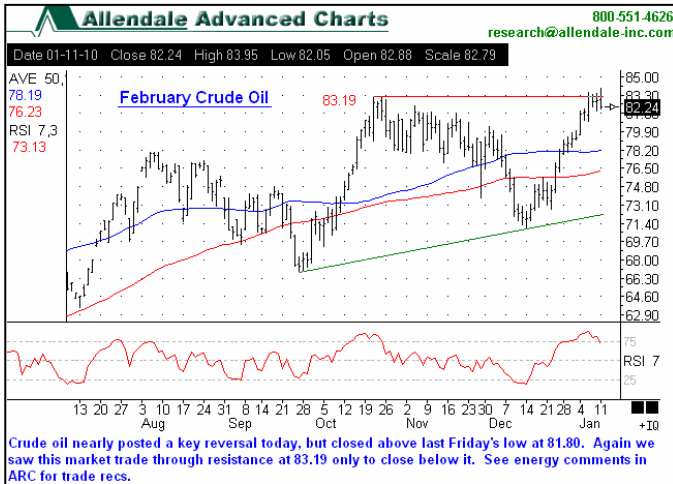
Trade Recommendation(s):

- Buy **March OJ** 127.20, Risk 221.00, Objective 151.00
- Buy **March Cotton** 72.65, Risk 71.65, Objective 76.30

- Sell **March Cocoa** 3430, Risk 3530, Objective 3250
- Buy **July Sugar** 25 cent calls / Sell **July Sugar** 32 cent calls at 100 points, Risk to 20 cents, Objective 620 points

Working Trade(s):

- (12/29) Bought **May Sugar** / Sold **March Sugar** at 204, Risk close above 130, Objective 75, Closed at 110



Energies: February Crude settled \$0.23 lower today at \$82.52. Buyers were active early in the session when news that China's Crude Oil imports were up nearly 25% in December. Milder temperatures ahead seem to be limiting gains while Crude is trading at the highest levels in 15 months. The disappointment for Crude bulls comes from the fact that Crude Oil has been successful in making new highs for the move, but unsuccessful in closing into new highs (or even higher on the day) with support from a sharply lower U.S. Dollar and the China import news. The CFTC will be a key factor in the psychology of the market later this week, especially if position limits are imposed on funds.

Crude Oil may start to look pricey on balance sheets if we continue to fail at closing into new highs in the current overbought status. Looking ahead at Wednesday's inventory data, early polls suggest a build of 1 million barrels for Crude Oil and 900k barrels for Unleaded Gasoline. Distillates stocks are seen dropping by 1.7 million barrels...Brian J. Splitt

Working Trade(s):

- (1/4) **Sold February Crude Oil** (1/6) @ **\$82.30**. Risk to a close above **\$83.30** with an objective of **\$78.30**. February Crude settled at \$82.52.

Trade Recommendation(s):

- (1/4) **Buy February Crude Oil** @ **\$76.30**. Risk to **\$72.70** with an objective of **\$82.30**.

Technical Commentary: February Crude Oil is in a ten month up trend. Close-in support is \$82 with \$80.95 and \$80 psychological support just below. \$78.15, \$77, \$75.65 and \$75 provide further support. Close-in resistance is \$83.50 and \$84. The continuous chart will show further resistance at \$85.80-\$86.25. Stochastics are pointing sideways and are overbought.

Gold surged higher today and headed towards 62% retracement of the December sell-off. This strength stopped us out of our short at 1145.00. We may consider selling again if 62% holds near 1170.00 in the coming sessions.

Lean Hogs: With one of the bullish factors that has helped this recent uptrend (weather) now out of the way, the trade is wondering just how much of a bearish reaction will come. Cash hog prices traded \$1 lower in the western cornbelt and mostly steady in the east. Wholesale pork continued its run of higher prices by posting its seventh day up. However, we will note today's increase was a mild 3 cents. We would imagine that direction may change tomorrow. We are already hearing talk of steady to lower bids lined up for all cash hog areas tomorrow. While we do not expect a massive downtrend to start, it would not be too far out of line to look for lower cash and futures action this week. It appears the February contract may be a little overvalued right now...Rich Nelson

Trade Idea(s):

- (01/11) Sell Feb 67.10, risk 68.40, objective 65.00.
- (01/07) Bought June/sold Feb 12.17, **move risk to 11.00**, objective 13.60. Closed 12.67.

Option Strategy(s):

- (01/05) Sold Apr 64 put 1.40, risk to 2.10, objective 0. Closed 1.17.

*****Disclaimer***** the commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: Hogs pulled back a bit further today as the stochastics have crossed and turned down. We could see this market head towards the 40 & 50 day moving averages near 65.00, or possibly even the long-term uptrend near 64.00...Monica Moehring

Vital Technical Indicator: Next projected major turn day for lean hogs is January 15.

Live Cattle: Those cattle in Texas that did not trade last week will be pushed onto this week's showlists. Southern feedlots, which have had pricing power in recent weeks, may have found a brick wall. We contend this cash cattle market has shown price improvement recently more due to storm problems than any new beef demand. If we now have clearer skies and warming temps that could take some of the bullishness off the lower weight = bullish prices arguments. While we like the idea of being generally long in 2010 we will have to do it right...Rich Nelson

Trade Ideas(s):

- (01/11) Bought Feb 85.20, risk 83.50, objective 87.20. Closed 85.05.

Option Strategy(s):

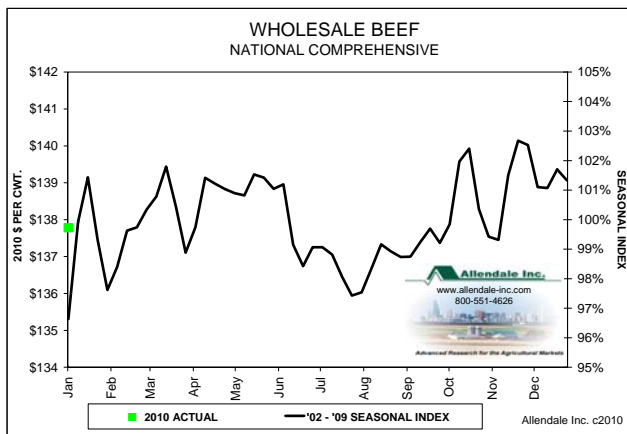
- (11/25) Sold Feb 82 Put/sell Feb 88 call 1.82, risk to 1.70, objective 0. Closed .67.

*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: Cattle filled the gap down to 85.25 today, but pulled back further to close below the 50 day MA. Support can now be found at 84.60. We were stopped out of our long at 85.00 on this weakness...Monica Moehring

Vital Technical Indicator: Next projected major turn day for live cattle is January 28 and for feeders is January 13.

[For more technical information, including charts and trade recommendations, please visit the Advance Charts section of the Allendale Research Center.](#)



As always, if you have questions or comments, please call 800 551 4626 to discuss or send an e mail to research@allendale-inc.com

The thoughts expressed and the basic data from which they are drawn are believed to be reliable but cannot be guaranteed. Any opinions expressed herein are subject to change without notice. Hypothetical or simulated performance results have certain inherent limitations. Simulated results do not represent actual trading. Simulated trading programs are subject to the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. Commodity trading may not be suitable for recipients of this publication. This is not a solicitation of the purchase or sale of any commodities. Those acting on this information are responsible for their own actions. Any republication, or other use of this information and thoughts expressed herein without the written permission of Allendale, Inc., is strictly prohibited. Allendale Inc. c2009