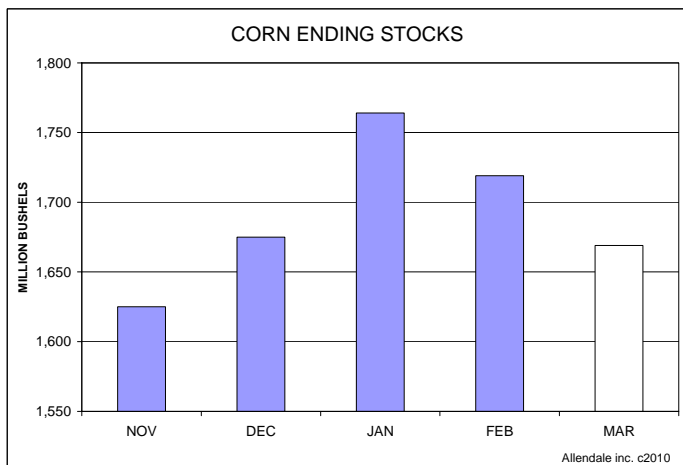


Allendale Wrap-Up for Business Day 02/16/10



Corn: Funds bought approximately 10,000 contracts today as the dollar fell 74 points following news the EU was confident that a workout plan for Greece will be approved by March 16. The weaker dollar lent support to all commodities with crude rallying over 3.00 to 77.14 which provided support from an energy/corn relationship and also from a fund allocation perspective. Talk that USDA's upcoming March report will reduce ending stocks for the 2nd month in a row and could fall below 1.7 billion bushels as they account for corn left in the field. There was also talk of poor livestock

performance due to light test weight corn suggesting more corn will be used than previously thought. However, this is already factored into USDA's 6% increase in feed use as "grain consuming animal units" are actually -2%. That 8% swing accounts for 52# test weight. Other issues related to quality are showing up in exports with South Korea nearly rejecting a vessel which they later unloaded but at a renegotiated price. Japan has also turned to South America for an expected 1.0 million metric tonne of corn this marketing year. This is not unusual and is probably more a story to sell news. The market got close to our economic low and has turned north. The question is whether or not the market has bottomed for the spring or if there is one more move down to complete the spring low. If the dollar and crude can provide momentum this week, look for the May futures 395-403 gap to act like a technical magnet. Yet we need to point out that we do not expect strong end user buying beyond 400. Thus without strong speculative support to provide momentum, the market feels well priced in a range between 360 and 405.

Direction: We are willing to trade from either side. Short term momentum still feels positive.

Trade Recommendation(s):

- (02/16) Buy May 374 1/2, risk 366, objective 390.

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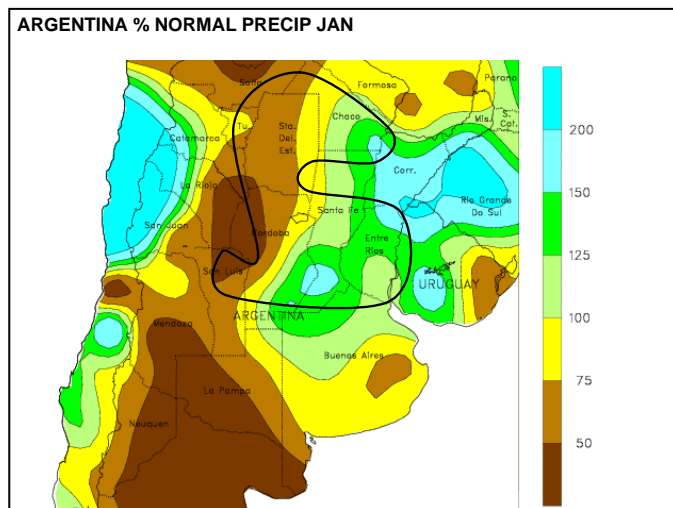
Advanced Charts Direction: Corn traded both sides of unchanged today and in between the 10 & 20 day moving averages. This was a neutral finish to the week. We remain short from 368, with a stop at 375...Monica Moehring

Vital Technical Indicator: the next projected major turn day is February 24.

Soybeans: Early market wires mentioned that today was showing little in the way of fresh fundamental news, leaving beans open to outside market influence. It could not be a better day to be watching those markets. There was heavy support from the crude trading around \$3 higher and the dollar correcting back to major support of 79.65. Following outside markets may not be the type of news we want to start buying off of looking for a longer term turnaround but it has made some large impacts on the bean chart. It takes a good recovery to start looking bullish after the slide we just saw. Today gives the impression that we could have seen the low. Early talk is circulating that there are concerns about the large amounts of rain seen in eastern Argentina. Harvest is still far enough away to keep this as concern only if heavy rains continue. Harvest runs from April through May. Crush estimates will be released tomorrow and expectations are high. Export pace has been high to start the marketing year which has helped to cushion the selling that might normally be seen from news of Chinese cancellations (last week they canceled some new crop). Right now, as outside markets guide bean trade, the only thing we can be sure of is that trade

will be volatile. Those outside markets can give support as easy as they can take it away. Right now the most important fact to keep in mind is that while we don't have enough reason to be bullish, we also have reason to believe a continued slide past our lows is necessary. We are neutral to slightly positive the bean market. If the rest of this week will be guided by outside markets as was suggested this morning, then short term trades are about the best we can have confidence in. Be cautious this week with bean movement only based on the outside markets.

Direction: [Allendale's](#) downside targets have been met and we are neutral to slightly positive soybeans. Today's trade looks very good on a chart for future bullish moves. With China on their lunar holiday this week, we look for choppy sideways trade while following outside markets...Ryan Ettner



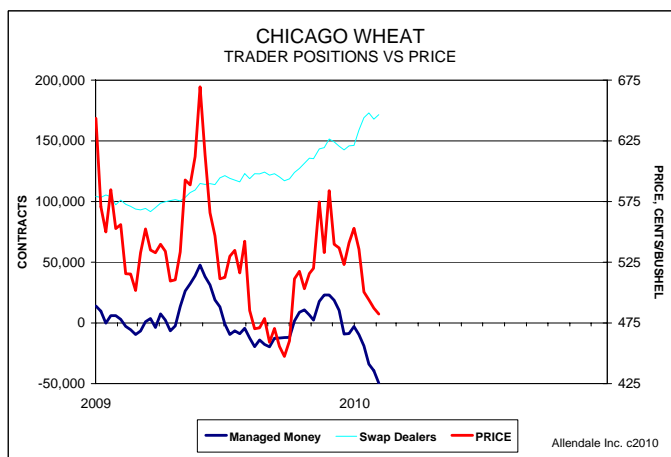
Working Trade(s):

- (01/26) Sold March 970 soybean call 12, risk to 19, objective 0. Closed 8 3/4.
- (02/02) Sold May 1000 call 19, risk to 33 filled 02/16 for **-\$700**.
- (02/12) Bought May 947 1/2, objective 970 filled 02/16 for **+\$1,125**.

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Advanced Charts Direction: Beans tested 38% retracement today and closed very near it. This could lead to further buying tomorrow and possibly a run towards 50% near 987. We were stopped out of our short and will stand aside for now...Monica Moehring

Vital Technical Indicator: The next projected major turn day for soybeans is February 24, soybean meal is February 23, and soybean oil is February 18.



Wheat: Funds bought an estimated 5,000 contracts today. The lower US dollar was a key factor (at the time of this writing it is down 74). Also supportive, during the trading session it was announced Morocco purchased 103,000 tonnes of US wheat for mid April delivery. For trading positions, the objective on the long March wheat/short March corn futures spread was filled today. The [floor reported](#) that spread reached to 140 1/2 which was enough get our 139 target done. For hedging, we are currently covered on 50% of the crop at 579 in the March contract. Adding up the revenue from the two previous

rolls, Sep to Dec then [Dec to Mar](#), the actual position is short at 647. Nearing the end of the usable life on the March we will soon evaluate rolling again into the May (currently a 14 1/2 cent premium).

Direction: The downtrend is broken. The current price target for upside comes to 546 on the July now that we feel better about the early month low...Rich Nelson

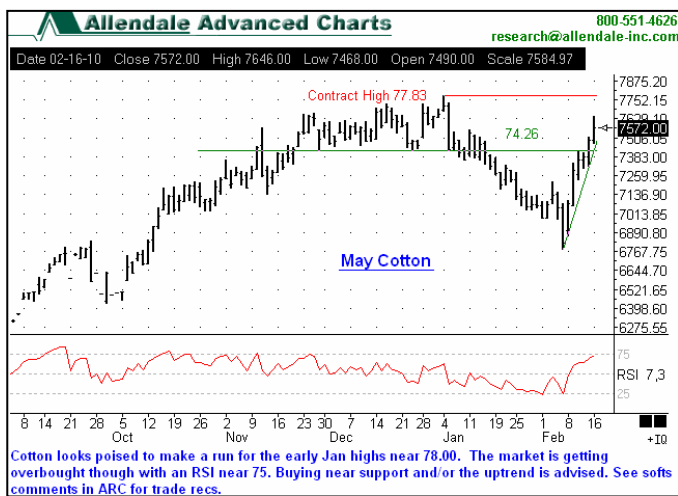
Working Trade(s):

- (12/10) Sold Mar KC wheat 580 call 16 1/8, risk to 18, objective 0. Closed 1/8. (This option expires Friday.)
- (01/29) Bought March Chicago wheat /sold March corn 120, objective 139 filled 02/16 for +\$950.
- (02/11) Bought May Chicago 503, **move risk to 502**, objective 530. Closed 519 1/2.

*****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: Spring wheat traded above resistance at 5.25 by a quarter cent today, but couldn't close there. This keeps the market in a sideways range for now. The 40 day MA is just above resistance. A close above 5.25 might be a buy signal...Monica Moehring

Vital Technical Indicator: the next schedule projected major turn day in store for wheat is February 22.



Softs: Sugar: Today's inside day on the charts should provide for a volatile week. We are bullish right now and still feel there are higher highs to come. If we take out 27.25 tomorrow we should see the next resistance almost 100 points higher. Sugar is a very whippy market so we are looking to stay long with options. The charts are looking friendly and the fundamentals are still bullish but the dollar has been the king. When the dollar is down sugar is up and if the dollar is up we see sugar pull back. So keep an eye on the dollar for an early indicator tomorrow.

Cotton: Cotton continues its path to the current highs. The may contract finished 135 points higher

today and could see higher prices throughout the week. We are looking for a slight pullback as a buying opportunity. Cotton has been straight up for the last week or so due to a bullish USDA report. The charts are pointing higher and fundamentals are bullish so we will look at taking advantage of that. Support comes in tomorrow near 75.60 and 73.60 with resistance at 77.27 and 77.83.

Orange Juice: Orange Juice bounced \$3.15 today with the dollar falling apart. The dollar has been a great indicator for the last few weeks. We are still bullish OJ on strong fundamentals but the market was not able to get low enough for us to get long. We are going to reevaluate our buy order and move it to the 50 day moving average for the next few days. The charts are over sold right now and we feel this market is still bullish and could retest the highs...Steve Georgy

Trade Recommendation(s):

- (2/16) Buy **May Cotton** 74.00, risk 73.00, objective 77.30
- (02/09) Buy **May OJ** 139.50, risk 136.50, objective 150.00

Working Trade(s):

- (01/27) Bought **May sugar** 30 cent calls/sold **May sugar** 34 cent calls at 86 points, risk to 0, objective 386 points. Closed 60 points

Energies: March Crude Oil was up \$2.88 at the close today; settlement was \$77.01. Today was a day of broad-based rallying in commodities and equities. There seems to be a renewed appetite for risk since there is a perception that the bailout package for Greece will contain the European Union sovereign debt problem. This optimism was accompanied by some mildly friendly economic data that showed manufacturing activity in the state of New York rose in February. We see the U.S. Dollar as a key variable in the next few sessions. It appears that a move below last week's low in the U.S. Dollar will bring additional pressure to the Greenback which in turn could buoy commodity prices. If support hold in

the Dollar, we should see more of a “Turnaround Tuesday” type mentality develop for tomorrow’s session. Weekly inventory data will be delayed this week until Thursday; expectations are for builds in Crude Oil and Gasoline inventories and a draw in Distillate inventories...Brian J. Splitt

Working Trade(s):

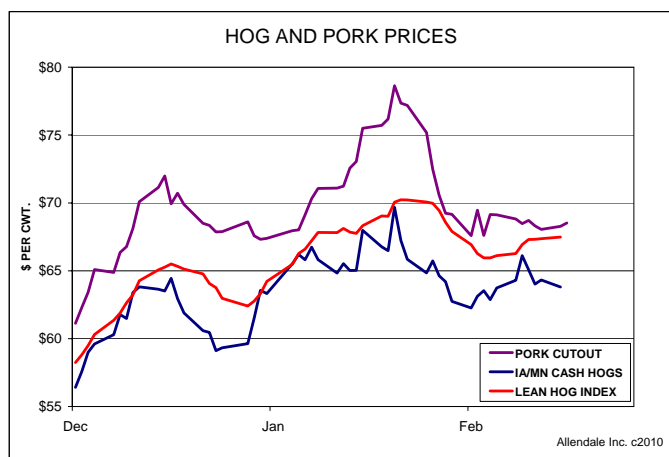
- (2/16) Sold **April Crude Oil** 77.35, risk 79.35 Stop Close Only (SCO), objective 71.35. Closed 77.42.

Trade Recommendation(s):

- (2/8) Sell **April Crude Oil** 69.75 stop, risk \$71 Stop Close Only (SCO), objective 65.05.

Technical Commentary: In April Crude, the 50 and 100 Day. M.A.s are just above current levels providing resistance just below \$78. Close-in support is last week’s high of \$76.13 with \$75, \$74 and \$72.90 providing support above psychological \$70 support. Close-in resistance is \$78 while 78.55 and \$79.25 provide resistance below psychological \$80 resistance. Stochastics are pointing up.

Silver has taken out resistance at 16.015 today, but the 20 day MA is not far above near 16.400. We got short on this strength at 16.000 and have a stop at 16.300. A close below 16.015 would be negative.



Lean Hogs: Things are pretty quiet right now on wholesale pork side. The pork cutout has been locked in about a \$2 trading range since late January. It is not unusual for a general sideways range in cash hogs and cash pork until mid April. Near term fundamentals point to fewer pork supplies than expected but also more competition from the poultry sector.

Direction: We are still neutral to futures. Today’s failure on futures to hold their morning gains is seen as a rejection sign.

Meat Export/Import Numbers Delayed: USDA/Department of Commerce meat trade

statistics, covering the month of December, will be released tomorrow...Rich Nelson

Trade Recommendation(s):

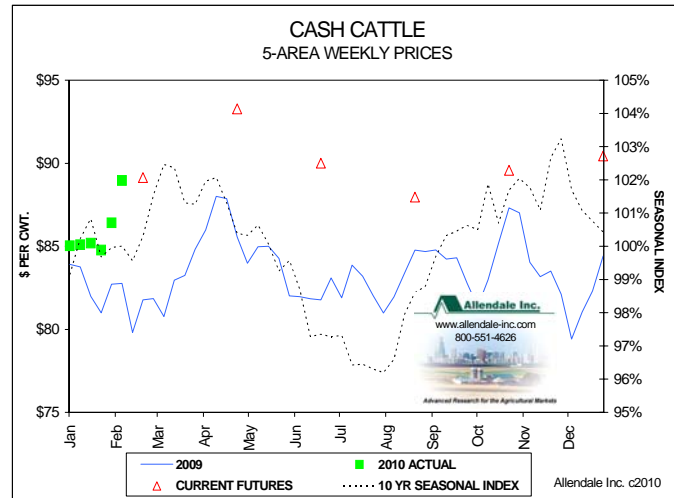
- (02/16) Sell Apr 68.50, risk 69.75, objective 66.90.
- (02/16) Sold May 68 put 1.32, risk 2.32, objective 0. Closed 1.32.

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Advanced Charts Direction: Hogs rebounded a bit today and closed near the highs of the session. We will move our sell order down just under 38% at 68.90 since the market has retreated from the early week highs...Monica Moehring

Vital Technical Indicator: Next projected major turn day for lean hogs is February 18.

Live Cattle: Last week's (Friday) average live cash cattle trade was \$89. The average dressed price, traded in the northern plains, was \$141. As noted on Friday's comments, these are the highest prices since the last week of November of 2008! Supplies have been less than expected. Though we are getting the expected slaughter numbers, the lower weights they are being marketed helps lessen the blow. Also guesses for Cattle on Feed, due to be released on Friday, are being released to newswires. It appears another month of lower than last year placements may have been seen in January. The supply flow of slaughter ready cattle will remain higher than last year into March or April then fall to below last year. For trading, we view 92.00 as the higher end of the potential trading range on the April. Though the market has gotten to 92.00 quicker than we expected, the trading position is still positive right now. For hedges, we got our first April's done today at 92.00. This little bull market typically lasts into mid March or so, let's not get carried away. We will not stand in front of it will speculative short futures yet though. We would imagine volume and open interest numbers will show today's move was valid and strong....Rich Nelson



Trade Recommendation(s):

- (02/16) Sell April 90.75 stop, risk 91.80. objective 89.50.

Working Trade(s):

- (01/29) Sold April 86 put/sell April 92 call 2.30, risk to 3.20, objective 0. Closed 2.20.

*****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: After sitting above 62% retracement for most of the week, cattle pulled back to finish the week below 62%. This might be a sign of a near-term top. The moving averages aren't far below the market now...Monica Moehring

Vital Technical Indicator: Next projected major turn day for live cattle is February 19 and for feeders is February 26.

[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

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