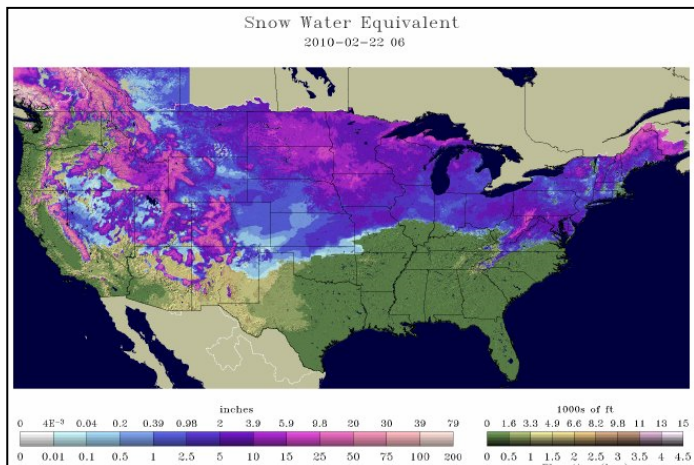


Allendale Wrap-Up for Business Day 02/22/10



Corn: There was initial support this morning from concerns about South American weather. That support started mainly in the beans but the second bounce higher came from corn. This was no small buying where we just couldn't find buyers either. Volume in May corn at the end of the day was over 150,000. It is too early to tell if heavy fund buying was involved but based on that size volume, one would certainly expect to see them coming back and adding to their long positions. It is likely that some setback can be expected due to the forecast for Argentina now looking to be rain free until Tuesday of next week.

Each passing day, conditions should look to get better in that area allowing for a steady easy pullback. We are now neutral to bullish corn. US ending stocks will decline again next month (see the chart on the Food for Thought page) and there are concerns wet conditions will impact a) remaining corn in the field and b) potential new crop plantings. While we do look for a pullback, it's important to note that technically we have opened the door to higher trade. Just today December corn bounced all the way back to 412 3/4. A hedge at 430 giving 400 cash corn is not far out of reach. As a first note of caution we want to point out that a run up to January highs is possible and should be taken full advantage of. There will be no doubt that once we reach those highs, someone will be claiming corn will move to 500. Let's always remember what levels we are profitable at and what levels we recently came from before holding off hedges, shooting for the moon.

Direction: May corn took out the 380 level that now projects to the 400. That has opened the door for a spring bullish move. Short term, we do look for some setback due to the quick nature of the run up. It looks as though we were given a glimpse of how quick this market would like to run up. Given another potential wet and cold spring, today's move can be expected again providing more hedging opportunities...Ryan Ettner

Trade Recommendation(s):

- (02/22) Buy May 378, risk 369, objective 395.
- (02/22) Sell 1 May 370 put 11, risk 17 3/4, objective 0.

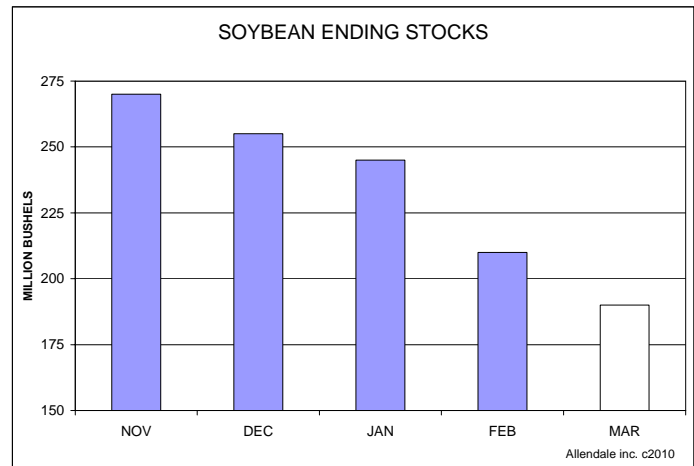
*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: Corn shot higher today and tested 38% retracement at 377. This strength stopped us out of our short, but we aren't getting too bullish just yet. There is plenty of resistance ahead near 50% with the gap & moving averages...Monica Moehring

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

Soybeans: First thing this morning beans looked to find good support from the heavy weekend rains in Argentina. There was an expected initial jump higher as the day session group came across the news for the first time. As expected there was a pullback shortly after. In beans the main difference today was that recent resistance levels were not taken out. Also, volume was not very impressive suggesting that beans could give back gains seen today easier than the corn. South American bean production still holds a potential for a very large crop. For that reason, it will be tough for this market to rally until we know something more about the crop. There were threats put out today about the crop seeing damage but we will really have to wait and see what we get at harvest. There is still plenty of time for drying with

improving conditions. A solid piece of fundamental news here is that US soybean end stocks will decline again next month. That makes four straight months of declines. May beans still need to take out 975 to open the door to higher prices. We will say that the low is in for winter and are neutral to bullish beans. Moves down to 930 in May should be seen as a buy looking for 975 to be taken out leading into the bean spring rally. We have been looking for more solid news to be bullish on. Continued reports of poor conditions in South America that actually result in crop damage is exactly the fuel needed for a bullish fire. Today was a good start to keep us slightly bullish, more news will quickly get our sights back onto hedging following a longer term run back up.



Direction: We will call the lows as our winter lows being in. There is potential to test near those lows once again but we will look for higher trade on good volume. Right now beans are still technically sideways but the market has shown us that it does prefer the upside...Ryan Ettner

Working Trade(s):

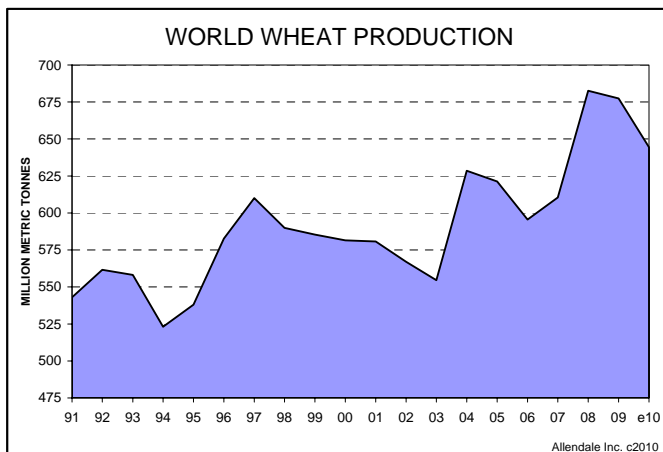
- (02/19) Bought May 950 3/4, **move risk to 943**, objective 975. Closed 969.

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Advanced Charts Direction: Beans also tested 38% retracement on the chart today and closed near session highs. Our sell order at 960 was filled on this move. The 40 day MA is just above 38%, but the short-term trend is bullish. A close above 38% could prompt a test of 50%...Monica Moehring

Vital Technical Indicator: The next projected major turn day for soybeans is February 24, soybean meal is tomorrow, and soybean oil is March 1.

Wheat: Officially, fundamental news was mixed for wheat this morning. Private market estimates for India wheat exports are slowing rising. Now they are seen up to 2.5 million metric tonnes. There are still no private market sales allowed, only government made deals. The USDA indicated 17.7 million bushels of wheat were shipped out last week. That was within expectations. Also, we see the Canadian Wheat



Board left its 2010 wheat production estimate unchanged at 24 million metric tonnes. That is still down from 26.5 posted last year. The general theme of slowly declining production continues.

2010 Improving: For 2010 information, an economist with the UN's FAO estimated 2010 wheat production would fall by 5%. These numbers fit right into Allendale's expectation for a 4.9% drop in 2010 wheat production. The general theme is that the burdensome stocks story is slowly improving. It won't affect stock levels much, due to the crushing carryover from 2009/10, but will help.

Direction: We are more neutral-bullish wheat...Rich Nelson

Trade Recommendation(s):

- (02/22) Buy May KC wheat/sell May Chicago wheat 4, risk to -3, objective 16.
- (02/22) Sell May KC 490 put 16, risk 28, objective 0.

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Advanced Charts Direction: Wheat remains trapped in a sideways range just below 38%. We were stopped out of our short at 4.90 for a small profit, but may look to sell again if this resistance holds. A close above 5.08 could trigger buy stops...Monica Moehring

Vital Technical Indicator: the next schedule projected major turn day in store for wheat is March 9.

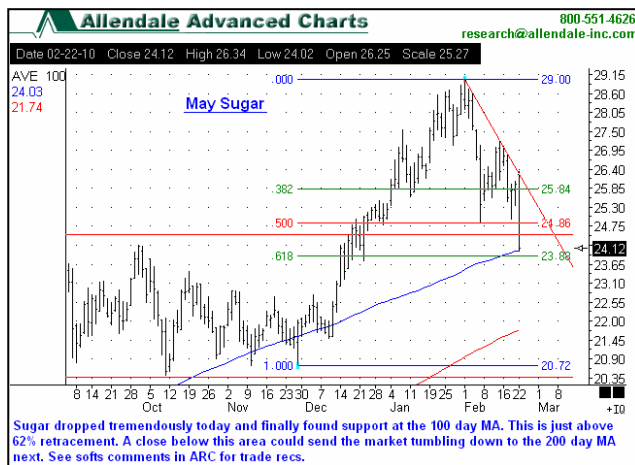
Softs: Sugar: Liquidation is the term of the day.

Funds were liquidating long positions after pushing through solid support. The technicals were running the show today with the fundamentals still remaining friendly. We are still buying bull call spreads on dips and we still feel bullish longer term. That is a very hard thing to say after 158 point loss but it won't take much for us to get that back if support can hold. Near term support is at 24.04 but below that is the 200 day moving average 21.75.

Cotton: Cotton continues its push higher with a 72 point gain and into new highs. We are still bullish cotton based on the fundamentals and also

based on the technicals for the time being. The over bought condition might bring setbacks but we will be looking at them as buying opportunities. Cotton stocks are still tight and the funds continue to buy.

Orange Juice: Orange Juice continues to form a triangle pattern on the charts. We are long OJ right now and are waiting for a breakout on either side. When this market breaks out we should see a \$13 move in that direction. The fundamentals are still friendly and charts continue to consolidate. We have a close stop if our order is wrong but watch your support and resistance over the next few sessions...Steve Georgy

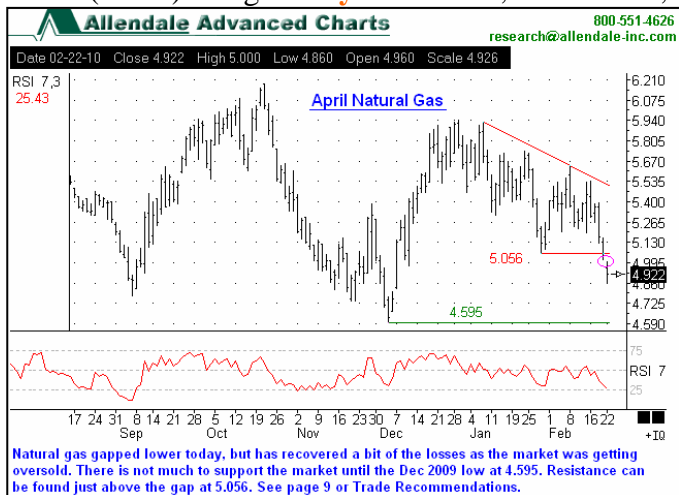


Trade Recommendation(s):

- Standing aside

Working Trade(s):

- (02/19) Bought **May OJ** 140.00, risk 136.50, objective 150.00, closed at 140.35



- (01/27) Bought **May sugar** 30 cent calls/sold **May sugar** 34 cent calls at 86 points, risk to 0, objective 386 points. Closed 23 points

Energies: March Crude Oil has closed higher in five consecutive sessions and in nine of the past ten sessions. Today's settlement was \$0.35 higher on the day at \$80.16 which is the first settlement above \$80 since January 13. We continue to see support from the refinery strike in France. To put into numbers what the strike is doing to supply, it is estimated that half of France's overall

production is currently halted. It is also estimated that France has seven more days of fuel supply available before it faces a shortage. The other subject on the forefront of energy traders' minds is the current situation regarding Iran and news that sites for ten additional nuclear enrichment plants have been earmarked with two possibly going into production sometime this year. These stories have helped Crude Oil rally despite strength in the U.S. Dollar versus other foreign currencies which will typically put pressure on commodities. We will continue to monitor the willingness of buyers to step in above \$80 to own Crude...Brian J. Splitt

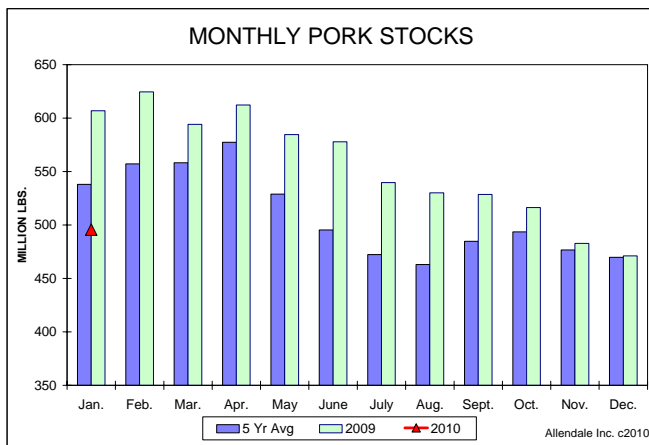
Trade Recommendation(s):

- Stand Aside

Technical Commentary: Last week's close above \$80 in April Crude was friendly. Continued strength could help April test \$83 before we start to see sellers emerge risking their trade to new contract highs above \$85. Close-in support is \$79.65 with \$78.54, \$77.55, \$76.13, \$75, \$74 and \$72.90 providing further support. Close-in resistance is today's high of \$80.78 with further resistance at \$81.50, \$82.30, \$84 and \$85. Stochastics are overbought but still pointing up. We feel a close below \$78 could confirm a short term buying exhaustion.

Although copper has taken out last Friday's high at 336.35, the market is now pulling back towards 62%. We will place a buy order at 326.00 since the uptrend remains firmly in place here. The moving averages are providing support just under 62%.

Lean Hogs: We cannot argue too much with this recent rally. While much of the gains are being made on perceptions of a pork deal with Russia being made, and not actually done, we will point out wholesale pork prices are doing well. For the sixth day in a row now, pork prices posted a gain.



Pork Stocks: The monthly Cold Storage report came close to expectations, but it is still good news. Typically during January, stocks of all pork increase by 66 million lbs. This time, they only increased by 24 million lbs to 495.610. We would even say this number is a little under the average guess of 497.1 and Allendale's 499.857. We consider our 499.857 number to be bullish so this is even better. Now, stocks are a full 18% smaller than last year's end of January number. The key point here is continued liquidation in the production sector and better than expected exports have brought stock levels down from the 2008 record levels down to "under normal".

Pork Belly Stocks: For the few that trade pork belly futures, today's report was slightly bearish. USDA suggested bacon stocks fell 3.2 million lbs to 53.586. That was higher than the average guess of 51.8 and Allendale's 52.945 estimate.

Direction: The Cold Storage report will keep the bulls in charge for now. We are working on our first hedges for the spring/summer period and will hold off on further levels...Rich Nelson

Working Trades:

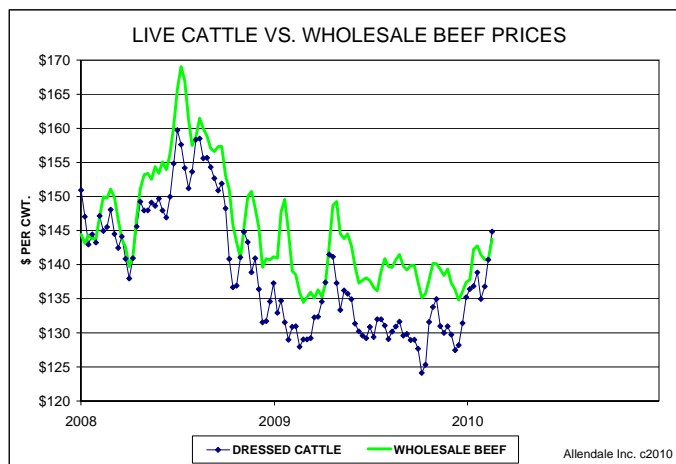
- (02/16) Sold May 68 put 1.32, risk 2.32, objective 0. Closed 1.00.
- (02/18) Bought June/sold April 9.40, risk 7.72, objective 11.50. Closed 9.37.

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Advanced Charts Direction: Hogs shot higher today as well and closed above the moving averages and 50% retracement. This stopped us out of our short. We may look to get short neat 62%, but will stand aside for a day to see if there is follow-through...Monica Moehring

Vital Technical Indicator: Next projected major turn day for lean hogs is March 5.

Live Cattle: April futures closed down 5 cents. Given the extreme price gains made in the past two weeks that almost seems bearish. At this point, the trade recognizes bulls are clearly in control. Open interest has posted continued gains based on new buyers. The southern plains got snow this week and have more coming. That will keep the supply argument intact. Having pointed out these facts there is nothing wrong with this market taking a little breather. Prices are at the higher end of our price estimates now. We are not selling for speculative though. This market typically is a bull one into mid March. For cattle feeders, these are prices to get some hedging work done...Rich Nelson



Trade Recommendation(s):

- (02/19) Sell April 92.00 stop, risk 1.20 from entry, 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 2.77.

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Advanced Charts Direction: Cattle also gapped higher today and closed fairly strong. The market is very overbought, so we will place a sell stop into the gap like with the feeders. Volume was also lower here today...Monica Moehring

Vital Technical Indicator: Next projected major turn day for live cattle is March 10 and for feeders is February 26.

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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