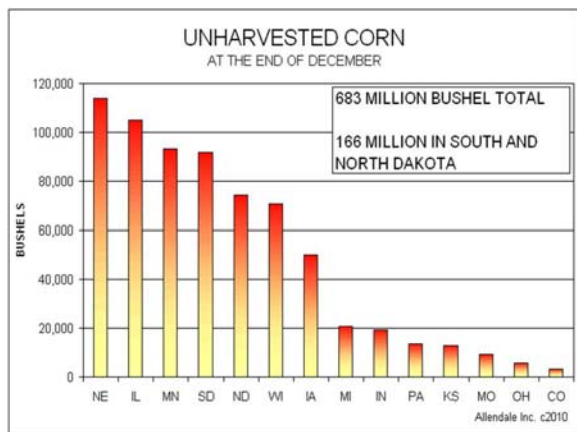


Allendale Wrap-Up for Business Day 03/08/10

Corn: Friday's commentary from Bill was very meaningful. In that commentary, a chart showing unleaded gas (RBOB) was overlaid with one of ethanol. Instead of mirroring each other, unleaded gas was rallying while ethanol was tanking. This is very important for us to monitor. The price of corn fluctuates directly with the changes in ethanol. If a link in the crude-unleaded (RBOB)-ethanol-corn chain is temporarily broken, we will continue to trade grain-only fundamentals.

Wednesday: Everyone agrees that one change USDA will make on Wednesday's report is to lower their corn export forecast. One area of disagreement will be with the big revision in old crop production. The chart here shows there was a significant amount of corn out in the fields at the end of December. USDA successfully surveyed four of their intended six states on how much would be eventually harvested. They did not survey the Dakota's, or know when they could start with them though. How will USDA handle that? At this point, the trade expects the drop in exports to pretty much offset the drop in production that is coming.



Direction: Right now the market has to prove to us we will get corn acres. Allendale's corn acreage estimate calls for a stout 4.3 million acre increase. Even with that big number, we expect ending stocks to decline for new crop. What if

late plantings or farmer resistance limits corn planting? Then you have a valid argument for a bull market. Allendale is neutral to bullish corn based on these concerns. Though our stop was filled on the long trading position on Friday, note that the risk was minimal. Your job in trading right now is to limit risk while we have some sloppy markets. That way you're still in the game to capture the big moves.

Planting Survey Is Now: Keep in mind, a lot rides on the upcoming acreage news. Producers, your vote counts in this annual planting survey. We want both long time clients as well as people looking at our product for the first time to tell us your planting thoughts. Talk to a live person at 800-262-7538 or fill it out on our homepage www.allendale-inc.com. For your participation, you get the results first!...Rich Nelson

Working Trade (s):

- (03/03) Bought May 381, risk 375 filled 03/05 for **-\$300**.

03/08 Editor's Note - Thursday afternoon's report indicated a risk at 375 on this position. That stop was filled during Friday's trade but was not updated on Friday afternoon's wrap up report...Rich Nelson

- (02/23) Sold 1 May 370 put 12 3/8, risk 19, objective 0. Closed 12 7/8.

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Advanced Charts Direction: Corn tested the bottom part of the wedge formation today and settled below the 20 day MA. The further the market moves into the wedge, the less chance for a big breakout. We remain short from 3.86...Monica Moehring

Vital Technical Indicator: the next projected major turn day is March 23.

Soybeans: It was interesting to see soybeans act as the strong market today. Officially, a lower US end stock number set for Wednesday could be overshadowed by an increase in South American production for big picture items. Also, traders are concerned about planting delays possibly pushing acres into corn.

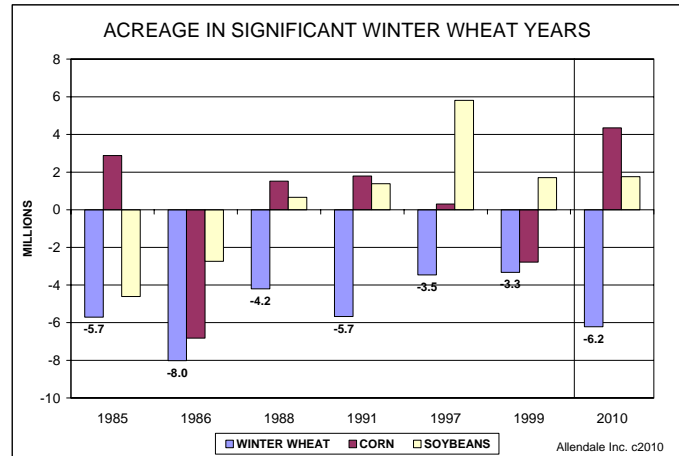
Lower Wheat Plantings: One thing we talked about at this afternoon's weekly broker meeting that perhaps we will not get a major influx of acres. In the past six years of large declines in winter wheat

plantings, there was only one where soybean acreage ballooned. The resulting changes in soybean acres were as follows...-4.6, -2.7, +0.7, +1.4, +5.8, +1.7. We will note the first two years found here were in the '85 to '87 timeframe where government programs influenced acres. However, the key thing with this chart is just because winter wheat acres declined sharply this past fall, it does not mean corn and soybean acres will increase that amount.

South American Changes: Last week we pointed out the additions in South American production on Wednesday's report could overshadow the US decline. Allendale's expectation of a 1 million metric tonne increase for South America equates to a 37 million bushel increase. One other firm's expectation for a 2.5 mmt increase equates to a 91 million bushel increase.

Brazil Harvest Progress: Celeres, the private market group which monitors crop progress for Brazil, estimates harvest is 32% complete. That is a gain from last week's 26% and last year's 26% found in the similar week.

Direction: We are officially neutral right now. When planting decisions are solidified, in a few months, we cannot see much upside for new crop. We expect a 1.8 million acre increase in soybean plantings to push soybean stocks from 190 million bushels old crop to 356 new crop. If there is late planting and more soybean acres, that even worsens the outlook. We will keep the risk on speculative trades tight ahead of Wednesday's report...Rich Nelson



Working Trade(s):

- (03/01) Sold May 930 put/sell May 1030 call 32 3/4, risk 58, objective 0. Closed 30 1/8.
- (03/03) Bought May 948 3/4, risk 935, objective 968. Closed 948.

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Advanced Charts Direction: Even though there is a downtrend in place on the bean chart, the market is holding support near 9.35 very well. Our buy order at 9.42 got filled overnight. A close below 9.35 could send the market towards 9.11...Monica Moehring

Vital Technical Indicator: The next projected major turn day for soybeans is March 23, soybean meal is March 12, and soybean oil is March 23.

Wheat: Fundamental news is a little sparse these days for wheat. On the world side, in the coming days we will hear more talk that India will temporarily lift its ban on exportation of wheat. That has been in place since 2007. The only real question left is deciding how much to export. On the US side, we will see USDA make a small adjustment to old crop ending stocks on Wednesday. The average guess suggests a slide revision from 981 to 971 million bushels. That move will be made as USDA ups their export estimate. Whether they tell us ending stocks are 991, 981, or even 961 really does not matter though. These are still the largest wheat stocks since 1987.

Direction: Support on the May Chicago is 492 with immediate resistance of 526. We are neutral wheat. For trading, we are looking at low- risk positions into this week's report...Rich Nelson

Trading Recommendations:

- (03/08) Buy May Kansas City/Sell May Minneapolis -15, risk to -21, objective -3.

Working Trade(s):

- (02/23) Bought May KC wheat/sell May Chicago wheat 4, risk to 0, objective 16. Closed 7.
- (02/23) Sold May KC 490 put 18 5/8, risk 28, objective 0. Closed 17 3/4.

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Advanced Charts Direction: KC wheat remains in a downtrend, but has recently been moving sideways near 5.00. There is key support at 4.92 1/4 and resistance near 5.20 where the downtrend crosses...Monica Moehring

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

Softs: Sugar: We feel sugar is approaching a very significant support area for the May contract. Last weeks lows will be the first area at 21.12, and then last November's lows at 20.75. The funds have been getting out of long positions due to the lack of physical demand for sugar mixed with technical selling. We had seen Egypt and Iran buying sugar today so it seems we could see more buyers within the next few days. Also, China's sugar output drop in expectations by 6.7%. This may give a boost to sugar and could see the International Sugar Organization start talking about a projected deficit this year. Watch these support areas. If we take them out the downside could be steep.

Cotton: Cotton had seen a second day of profit taking ahead of the USDA report on Wednesday. The charts right now are forming a wedge formation and could lead to another leg up if the highs are taken out once again. The fundamentals are bullish and the charts are still in an uptrend. We are going to look at buying cotton on a stop above the highs. If we see bullish numbers again the next move could be just as severe.

Orange Juice: Orange Juice had a big range today and closed 50 points lower. We are still trying to buy dips in this market so watch for pullbacks. The fundamentals are still strong with potential damage still looming. The charts look like we broke out to the upside of the wedge formation and could retest the highs set a few months ago. Watch for the 20 day moving average as good support over the next few sessions. ...Steve Georgy

Trade Recommendation(s):

- (3/8) Buy **May Cotton** 83.50 stop, Objective 90.00, risk 81.50
- (3/8) Buy **May Sugar** 21.15, Objective 24.00, Risk 20.30
- (3/4) Buy **May OJ** at 144.00, objective 156.00, risk 138.50
- (2/24) Sell **May Cocoa** at 3050, objective 2905, risk 3118

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 15 points

Energies: April Crude Oil was up \$0.37 today; settlement was \$81.87. Last week's unemployment data continues to provide support for equity markets and in turn, the energies. Last week's Commitment of Traders report shows that managed money again increased their net long position in Crude Oil which is supportive of the recent rally. Since the beginning of 2010, we have maintained a tight correlation between equity and energy trade. With all of the weekly inventory data and fundamental supply and demand debate aside, it looks as though the measure of demand the market is using is equity trade. If the market is confident enough to buy equities, this gives the impression that the economy is continuing to improve and therefore energy demand will improve with it. If we see equity markets march above the January high, we feel that it will be a leading indicator of the perception of better energy demand to come...Brian J. Splitt

Trade Recommendation(s):

- (3/8) **Stand Aside**

Technical Commentary: Last Friday provided a bullish close on the weekly chart with April Crude settling above the previous week's high and above the highs of the previous four sessions. The weekly chart for April Crude will have resistance at \$84 and \$85. If we look to the continuous chart for some information, \$84 looks like our next target for a continued rally. A move above \$84 would be a breakout on the continuous chart and a move above \$85 would be a breakout on the April chart. Close-in support for April Crude is \$81.23 with \$80.78 and \$80 just below. \$79.65, \$78.54 and \$78 will be further areas of support. \$77.05, \$76.13, \$75, \$74 and \$72.90 are all longer term bear targets if we see a failure at current levels. Close-in resistance is \$82.41 with \$83, \$84 and \$85 providing further resistance. Stochastics are overbought and pointing up.

Silver has slipped below the 100 day MA again, but is holding above key support at 16.950. Therefore, we will leave a buy order in at 17.00. The 200 day MA is just below this support, making it a very key level to watch.

Lean Hogs: There are some growing signs this hog rally may be ending. Much of the recent rally in prices had been made on hopes for both pork and poultry deals with Russia. The Russians confirmed a deal was reached on the pork side on Wednesday. On the poultry end though, it appears we will have a period of weeks to get something hammered out. With nothing left to "dream about" is it time for this market to return to reality?

Wholesale Pork: Pork prices reached to as much as 37% over last year last week! This astounding rally was made due to export hopes, hopes for an overall meat consumption rebound, and smaller than expected slaughters. How much is enough though? It appears, without anything left to "hope" on, this market has topped. Wholesale pork fell 20 cents on Friday and a more meaningful 99 cents today.

Tyson's Logansport Plant: This morning the trade was under the assumption Tyson would be operating its Indiana plant's kill line as early as tomorrow. It appears it will be a few days before those hopes come true. The processing side was able to operate on Saturday but we will have kill disruptions through this week. This should have moderate impact on prices.

Direction: Futures rallied past our upside price target and now appear ready to moderate. We will start with a light sold call recommendation then move to straight short futures when we feel more comfortable. For hedging, we are 50% covered through August...Rich Nelson

Trade Recommendations:

- (03/08) Sell April 73 call 1.80, risk to 2.55, objective 0.

Working Trades:

- (02/16) Sold May 68 put 1.32, risk 1.90, objective 0. Closed .60.
- (02/18) Bought June/sold April 9.40, risk 7.72, objective 11.50. Closed 8.65.

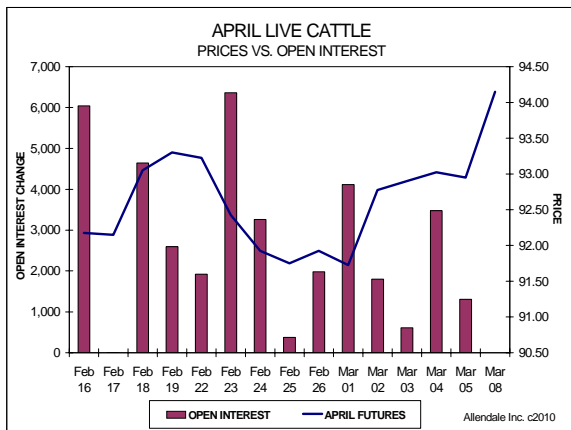
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Advanced Charts Direction: Hogs turned south today after failing to push through the Jan high at 74.30. We are short from 74.00 since the market has become overbought recently. A pullback to support at 70.95 would not surprise us...Monica Moehring

Vital Technical Indicator: Next projected major turn day for lean hogs is March 23.

Live Cattle: Right now, we have a great example of a market trading expectations vs. reality. New buying, increasing open interest has poured into this market for weeks. Subscribers to Allendale on our homepage are encouraged to view the Commitment of Traders section on the Special Reports page. We have record longs for the trading funds (Managed Futures). Monitoring this information on a daily basis has kept us from calling a top in this market too

soon. Seasonally, cash cattle peaks in mid March. The chart in this section shows bars which represent a day's gain in open interest and also April live cattle futures. Every day, for weeks, new gains in open interest have been made!



Reality: We have no problems with letting markets run on hopes and dreams. There is a bullish argument to be made for cattle and that is factored into current prices. Wholesale beef is flirting with this psychological \$150 per cwt. level! Last year at this time it was \$135. The “reality” of current beef fundamentals is aside from fund buying, we do not have corresponding beef news to back it up. Cash cattle traded at \$92 last week. That makes it three weeks in a row where \$92 has limited things. Also, wholesale beef was down Wednesday, Thursday, Friday, and again today. It appears this \$150 level is holding. We do like the idea of buying into beef on the improving economy story. However, it appears beef demand will take moderate steps

right now and now leaps and bounds.

Direction: We cannot call a top in cattle yet. Bulls are still running this show. What is important is we are not seeing actual beef fundamentals of wholesale beef or cash cattle join in with this last move now. We expect bulls to still run the show for another couple of weeks. For cattle feeders, today we got our last hedge order filled. We are now 75% covered through August...Rich Nelson

Working Trade(s):

- (01/29) Sold April 86 put/sell April 92 call 2.30, risk 2.70 filled 03/08 for **-\$120**.
- (03/01) Sold June 93 call 1.67, risk 2.15, objective 0. Closed 2.12.

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Advanced Charts Direction: Cattle finished the week on a neutral note as the market traded sideways in nearly the same range the past 3 sessions. This is above the 10 day MA, but below the recent high at 93.50...Monica Moehring

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

[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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