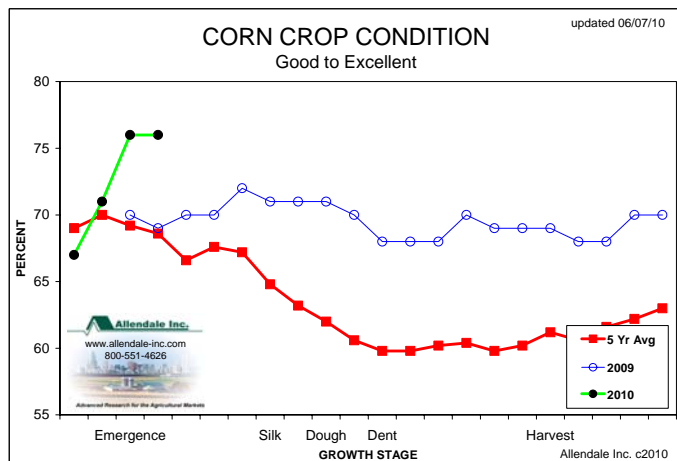


## Allendale Wrap-Up for Business Day 06/07/10



**Corn:** It looks like this market wanted to continue the trend from last week. While selling was in the corn again, there has not yet been a test of last support on the December at 352 3/4. It can be called last support because that level is our low from last year (on the December 2010 contract). What may be even more shocking is the fact before September '09 the last time we saw 352 was February 14<sup>th</sup> of 2007. Last year when we touched this level we started getting talk of what to do should we run into LDP and the like but within six trading days the price was back just shy of 400. Right after the opening and then again mid

morning there were attempts to sell the corn off but each time was met with good support making our last support level never really tested today. Looking forward now we have a potential "turnaround Tuesday" for tomorrow. There is one good reason to believe that may come true. Last week China disappointed this market by not making their usual Wednesday announcement of a purchase. This week they would be picking up corn at a 15 cent discount to last week if they make a purchase. Speculators are bound to attempt a front run at this purchase meaning they should be buying tomorrow. What better time to take a shot at being long anyway? Buying near the most solid chart support level with hopes China will reward that trade is a good decision to be made by anyone. Looking at the spec month of July a buy based on today's settlement with a risk to support means the risk would only be 2 cents. This has to be attractive to speculators. Extended weather forecasts are now calling the 16 day forecast non-threatening which is a change from last week where it was looking hot and dry. That means weather has turned slightly more bearish. This was likely the reason for today's slide. This also means we need China to be buying more than ever. Going into this week we have one bearish factor with weather and two bullish factors. One being chart support levels with the other being potential China buying. Speculative traders can look to buy overnight or first thing tomorrow morning. Hedgers need to wait until Wednesday to see if China shows up or not.

**Direction:** Support is now 333 3/4 July and 352 3/4 December. Today had those supports tested only slightly but have so far held well. If China buys, this market looks to bounce quickly and if not support will be tested. Should support be taken out look for corn to follow wheat trends which is a slow grind lower where small bounces are to be sold...Ryan Ettner

### **Trade Recommendations:**

- (06/04) Sell July 346, risk 353, objective 330.

### **Working Trades:**

- (05/19) Sold September 330 put 8, risk 15, objective 0. Closed 12 3/8.

**\*\*\*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.

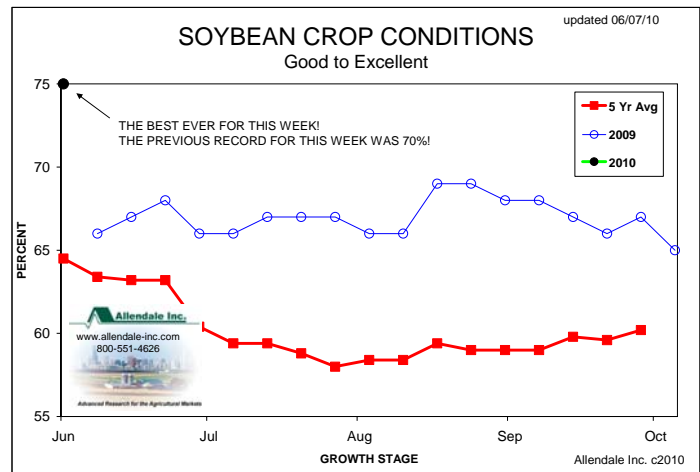
**Advanced Charts Direction:** Corn broke down further today and headed towards support from last September at 333 3/4. We don't want to chase this market lower, so we will keep a sell order up at 360 in case a rebound occurs...Monica Moehring

**Soybeans:** Beans closed unchanged as outside markets consolidated. July continues to hold the 928-930 support but relentless pounding against any chart point usually wears it out. WE do expect support to fail and for beans to move towards our 914 objective later this week unless there is a sell off in the dollar.

Weather remains good unless you live between MO and OH where wet weather has hampered planting and damaged the existing crops. Crop progress shows 84% of the crop planted vs. 84% normal. Only MO and OH were significantly behind. Emergence was 66% versus 64% normal. Crop conditions at 75% good to excellent vs. 70% expected. This is a record for this week! It is also the best start of any year. Thus a little negative to process but the most important factor right now is trader attitude and right now that is cautious at best or negative.

**Direction:** Seasonally the market bottoms the last week of June and rallies into 2<sup>nd</sup> week of July.

We want to review all positions ahead of the seasonal low so please call us. We are not ready to buy yet. We remain short and expect our objective to be hit and then a short term low. Long term price projections are for 800 this fall. There should be a summer rally in between those lows ...Bill Biedermann



### Working Trades:

- (04/15) Bought Nov 940 put, sold 1040 call, sell 800 put 18, risk at 5. Objective 100. Closed 46 1/4.
- (05/17) Sold July 944 1/2, risk 958 1/2, objective 914 1/2. Closed 935.

**\*\*\*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:** Although beans remain in a downtrend, they have developed a wide sideways trading range between 956 and 930 recently. We remain short near the top of this range at 950 and would look to take profits at 928...Monica Moehring



**Wheat:** Phone in at 800-262-7538 or e mail [research@allendale-inc.com](mailto:research@allendale-inc.com) your winter wheat harvest results. Allendale Inc is not in the camp which suggests neither short term harvest delays nor a large fund short position suggest a reason to take out an existing downtrend in July or Dec wheat. Spreads continue to weaken if wheat vs. wheat or wheat vs. corn. Wheat is a starch comparable to corn and rice which all three are bearish to price. Can wheat vs. corn get weaker, you bet it can. The present opportunity is for the end user as new crop is harvested and blended with old crop to make the FIGIS grade. Opportunity knocks for the farmer when the calendar shows the months Oct and Dec for winter wheat and next Feb when we hit the month of Feb. Allendale Inc price projections for corn, beans and wheat are out there for the world to see via a Wall Street Journal article, months after

you had them to work with. Rallies are to be sold as wheat is harvested.

**Direction:** We remain bearish to CBOT SRWW with a nearby range of 429 to 459 vs the July contract. Resistance for the July KCBT wheat is 483 with support at 461 and MGEX July resistance at 506 and support at 481...Joe Victor

### Trade Recommendations:

- (06/04) Sell July Chicago 440, risk 447 1/2, objective 420.

### Working Trades:

- (04/12) Sold July Chicago 440 put/sold 520 call for 24, risk 20, objective 0. Closed 13 1/4.
- (05/27) Sold September Chicago 520 call 16, risk 29, objective 0. Closed 5 3/4.

**\*\*\*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 fell to another new contract low today at 461 3/4. New resistance can be found at the early April low of 472 3/4. We still favor selling any rebounds here since this downtrend has been in place for many months...Monica Moehring

**Softs:** The softs were mostly mixed today with the dollar giving some direction. Sugar, coffee and lumber we lower with cotton, cocoa, and OJ higher. We are still short coffee and cotton but look for lower prices as the week moves on.

**Cotton:** Cotton rallied late in the session as traders were short covering. As the charts approached the 200 day moving average traders had bought back short positions. We feel this is a one day bounce and should continue to see pressure to meet the head and shoulder objective. Rallies are still selling opportunities in our opinion and we look for more technical pressure if we see a recovery.

**Sugar:** Sugar fell 19 points and stayed in a 40 point range all day. We are looking for a bounce to the 50 day moving average to retest the downtrend. The fundamentals are quiet but the charts should be sold on rallies. The dollar has giving good indication on price direction over the last few weeks and we think it will keep doing that. The dollar is in a big uptrend that should continue to pressure any recovery in sugar.

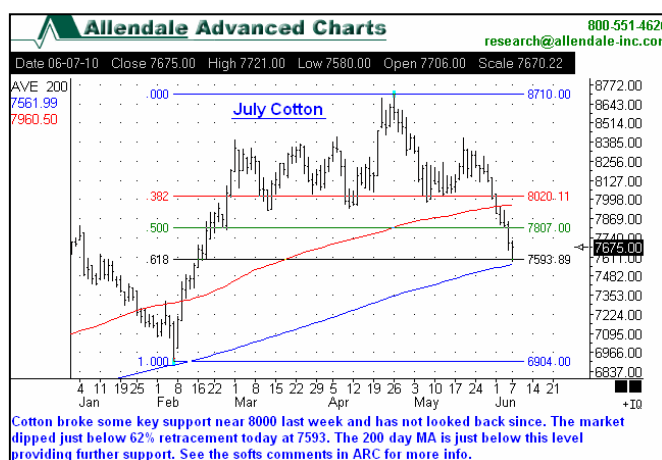
**Coffee:** Coffee fell another 65 points today as the dollar gained 19 points. We are in a big sideways range between 131.00 on the low end and 138.00 on the high end. We are short from 137.00 and getting close to our profit order. We are going to move our profit order up \$1 to 132.00 for the overnight session. We are advising to keep a sell stop below the 130.00 support for a deeper break to the 115.00 to 120.00 area. Keep an eye on the dollar...Steve Georgy

### Working Trade(s):

- (6/4) Sold **July Cotton** 78.30, risk 80.20, objective 72.00
- (6/1) Sold **July Coffee** 137.00, Risk 139.00, Objective 131.00

### Trade Recommendation(s):

- (6/1) Sell **July Sugar** 15.00, risk 15.80, objective 13.85
- (5/25) Buy **December/Sell July** at 6 cents premium July, Risk 8 cents, Objective 2.50
- (5/10) Sell **July Coffee** 129.50 stop, risk 133.50, objective 123.50



**Energies:** July Crude Oil settled at \$71.44 which is \$ 0.07 higher for the session. Today's move should be looked at as a day of consolidation after Friday's hard sell off. As we mentioned in Fridays commentary, last week's sell off was based on renewed concerns about the European debt crisis as well as our own domestic economic recovery. On Friday, the spokesman for Hungary's Prime Minister described the country's economy as being in a "grave" situation. Over the weekend Hungary's Economic Minister said his country is not in the same situation as Greece but did say there are some worrying signs over its debt. This seemed to help slow the slide the Euro which slowed the rally in the US dollar. At this time it seems that the investor is content to take risk off the table. This should continue to put pressure on the energy markets and support the US dollar. We are currently short our trade recommendations looking to take profit on further weakness....Jim McCormick

**Working Trade(s):**

- (6/3) **Aggressive Sold July Crude** 74.60. Risk 76.10, Objective 69.10. Closed 71.51.

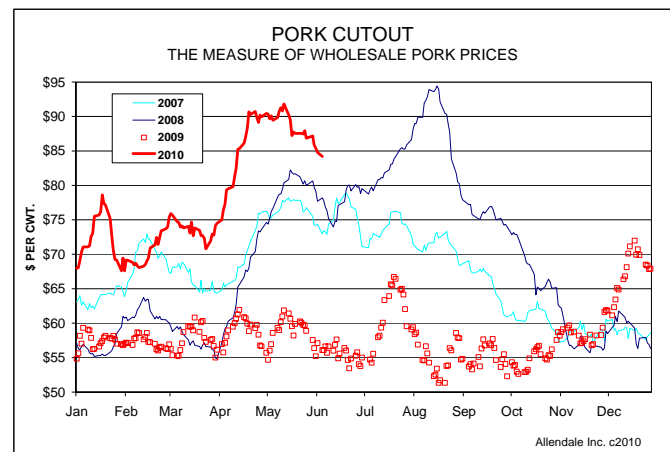
**Trade Recommendation(s):**

- (5/24) **Conservative Sell July Crude** 78.70. Risk 81.70, Objective 70.70.

**Technical Commentary:** Crude Oil is a market that is trending higher long term, but trending lower in the short term. Last week's rally failed at 38% retracement of the break from the 89.77 high in early May to the 67.15 low made last week. Close in support for July Crude Oil is 70.67 and 70.00 while 68.85 and 67.15 provide further support. 66.10 is a further bear target if the liquidation continues. Close-in resistance is 71.64 with 73.13 and 73.95 above. 75.00 and 75.72 will provide resistance with 77.50 and 79.00 providing resistance up to 80.00. 80.80, 82.00, and 84.50 will provide resistance on a push through 80.00. Stochastics are sideways.

Silver is working on an outside day up on the chart today and is testing the 50 day MA. This is just below the current downtrend and could be a prime selling opportunity. We will place an order at 18.000 or better.

**Lean Hogs:** In May we discussed downside targets for the seasonal break lower into early June. We looked for cash pork to reach to \$85 with a targeted bottom of June 7 then a rebound to \$95 later summer. The first half of that outlook worked very well as the cutout hit \$84.78. Given the new information on the Russian poultry issue, which we have discussed in the two previous commentaries, we are revising that summer rally down to \$92. For lean hogs, dressed cash hog prices, we are bringing that end down to \$86. This implies an \$83 to \$84 upside target for July and August futures.



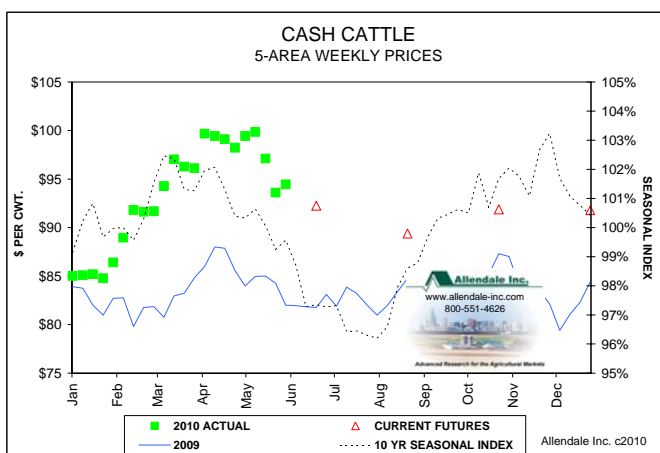
**Short Term:** Instead of a June 7 target for a bottom in cash hogs we are looking for one at the end of this week. Futures on Friday posted a sharp price decline made on good sized volume. Look for another couple days of pressure before thinking about catching the seasonal run higher...Rich Nelson

**Working Trades:**

- (06/04) Sold August 80 put 2.75, risk to 3.97, objective 0. Closed 3.72.

**\*\*\*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 dropped sharply again today and settled below 62% retracement at 78.89. The 200 day MA is not far below today's low and should provide good support. We will stand aside until this market becomes less volatile...Monica Moehring



**Live Cattle:** For four days in a row, wholesale beef prices have fallen for both choice and select. This is due not just to seasonal pressure (beef and cattle prices fall into mid July) but also due to renewed concerns about demand. Instead of a slightly rebound from summer into the end of the year, due to a rebounding economy) the trade is now wondering if it will stagnate instead. Cash cattle prices posted a rebound to \$95 last week but we look for the general downtrend, in cash cattle and beef prices, to continue. Cash cattle should hit \$90 for the summer low but we still contend summer futures have that factored in. We will look for August to

trade an \$88 to \$91 range...Rich Nelson

### Working Trades:

- (05/05) Sold June 98 call 1.25, expired worthless 06/07 for +\$500.
- (05/14) Sold August 98 call 1.20, risk to 1.30, objective 0. Closed .22
- (05/27) Sold August 87 put 1.30, risk to 2.15, objective 0. Closed 2.02.

**\*\*\*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 closed below 62% retracement at 88.14 today, further extending the current downtrend. This was also below the 200 day MA at 88.24. We were stopped out of our long at 88.10 and will stand aside for a day...Monica Moehring

[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](mailto: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. c2010