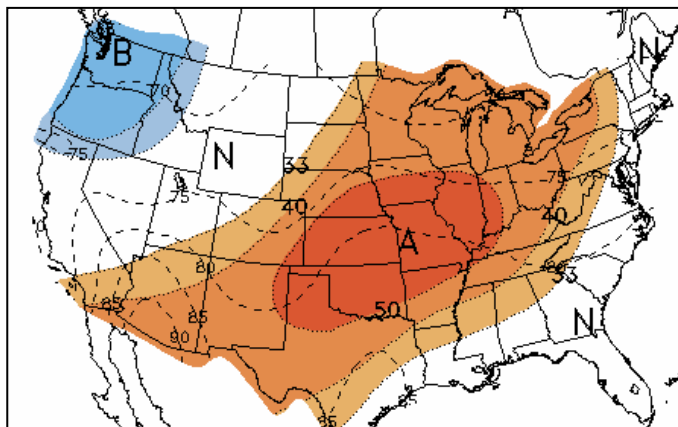


Allendale Wrap-Up for Business Day 07/12/10



Corn: Early thoughts today were lower on the opening with this week's weather. The outlook is ideal. Helping to keep prices supported was a large new crop 152,000 tonne sale to unknown (maybe China) and confirmation that a "ridge" was moving into the corn belt in the 10-16 day period. However, fund buying was not there today and futures struggled despite the forecast. Futures once again tried to penetrate 400 and failed. The stochastics are at 92% and with conditions that overbought, the market is vulnerable. Major support now exists at 375. A close above 400 projects a swing to 415.

Fundamentally, the 400 price area is reflecting a 163.4 bushel yield (bpa). Adverse weather and a reduction to 161 would justify a move to 415. A yield below 160 would justify a much higher move. Crop conditions today will provide new yield information for us and Rich's yield model will be updated tomorrow. If yield potential is greater than 164, then prices are very vulnerable. One thing noted at this afternoon's broker meeting was that USDA's May to July drop in new crop ending stocks, totaling 445 million bushels, is the largest May to July decline since 1993. In that year, prices rallied 16% into the second week of July and then sold off until pre-harvest. This year we have had a 16% rally and it is the second week of July 12. Seasonally the life of a rally is limited. Traders need to be cautious. We will buy on a good dip but will also sell against resistance. Producers should be getting to 100% sold via options and box structures. These can be put on for as little as 15 cents and protect you from the current market on down while leaving the upside open until 440-460 (depending on how the numbers work out for your farm). We are more than willing to discuss these positions with you so feel free to call...Bill Biedermann

Working Trades:

- (05/19) Sold September 330 put 8, risk to 15, objective 0. Closed 2.
- (07/01) Sold December 350 put 16, risk to 25, objective 7. Closed 10.

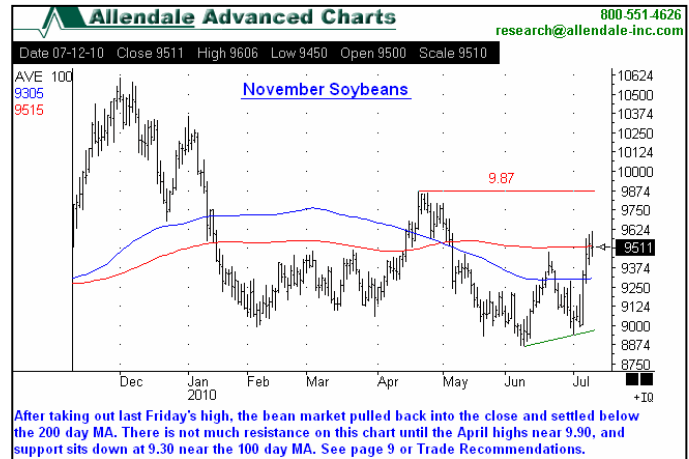
*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: Once again the corn market could not push through the key 400 level on the chart. The longer it takes this market to push through it, the more bearish the chart picture becomes. Therefore, we will keep a sell order in at 399...Monica Moehring

Soybeans: Today saw some volatile trade as there were both positive and negative influences seen. On the bullish side the market looked at the extended forecast and saw a high pressure ridge which was placed over most of the Midwest. That forecast is still in the 11 – 16 day range but still has potential to catch some attention, especially for the bean market heading into the end of July. On the bearish side the dollar was trading higher for the second straight day, easing some concern that it would break the 100 day moving average and thus keeping the funds on the sidelines today. With speculative trading funds estimated to be long 42,500 contracts it shows they have been a major supporter of this market recently. It was not more than two weeks ago that they were reported to be nearly flat. In the end, most of the support came from a squeeze being put on the old crop beans today. As the July trades its final two and a half days it is getting into crunch time for those who need in or out. This often spikes the volatility leading to a 15 cent spike when most other months attempted to stay even. When looking back at seasonal trades in beans, you can notice that during this time when July is on a spike higher it is also often a desirable time to hedge as well. Most years the November beans are known to start falling off when this old crop bean

market moves past the July expiration. If you are looking for a time to place a hedge then it would be strongly recommended to do so on any spike during the next two days.

Direction: Beans have made a small push past the 950 level recently but even with old crop support and potential weather down the road they have failed to target the next resistance of 980. This would suggest beans may begin to fall off quickly when the old crop support dries up Wednesday at noon. There is still potential for a short term spike from the volatile old crop but that does suggest long term support. It would be a good time to place a sale while above 950 levels can still be seen...Ryan Ettner



Trading Recommendation:

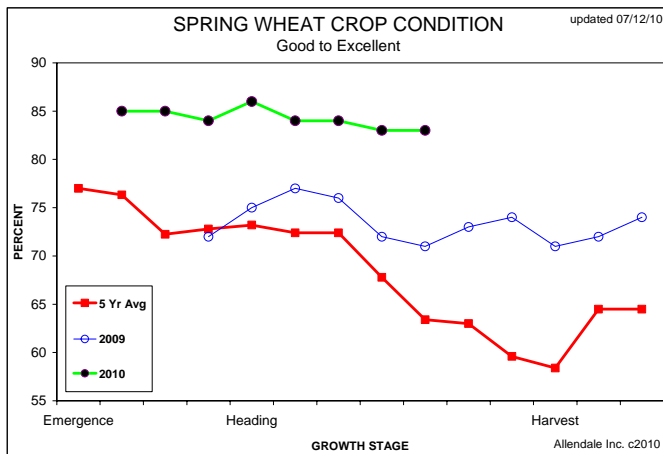
- (07/09) Buy Nov 943, risk 928, objective 969.

Working Trades:

- (04/15) Bought Nov 940 put, sold 1040 call, sell 800 put 18, risk at 5. Objective 100. Closed 15 1/4.

*****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: After taking out last Friday's high, the bean market pulled back into the close and settled below the 200 day MA. There is not much resistance on this chart until the April highs near 9.90, and support sits down at 9.30 near the 100 day MA...Monica Moehring



Wheat: 532 is key support with resistance of 550 per bushel for CBOT SRW wheat futures. A much bigger picture is talked about for the CBOT Sept SRW wheat futures of 550 down to 500 by the funds. Allendale is keenly aware the first quarter usage is the strongest with the subsequent quarters each smaller and we do not anticipate any change. The three year ave for first quarter use has been 909 million bushel with year ago first quarter at 779 million bushel (Jun-Aug). A fresh supply has convinced importers of US wheat as well as domestic end users to be proactive this first quarter. Producers, you may want to be a seller of cash

wheat near 550. If you do not need the cash be very aware the futures spread explains storage is still your best alternative at least until we hit our first seasonal peak in the month of October. Storage can only be captured by selling the deferred futures. Doing nothing and holding un-hedged cash in the bin does not put carry money in your pocket.

Direction: We have transitioned from neutral to bullish as of 7/9/10 for short term price expectations...Joe Victor

Trading Recommendation:

- (07/09) Buy Sep Chicago wheat 512, risk 498, objective 549.

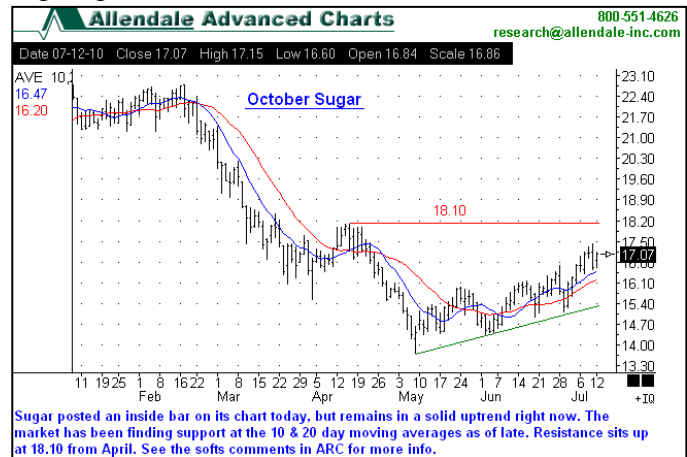
*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: KC wheat continues to hold the gains of the recent uptrend, yet it remains very overbought with an RSI value at 75. Last Thursday's high at 563 3/4 is first resistance, while support sits down at 539 1/4...Monica Moehring

Softs: The soft markets are rather tame today with light volume. Traders didn't have much news to trade on so the charts were in control. The dollar rallied today but most of the markets didn't care too much. No fund activity today but we feel they could be back to buy at some point this week.

Cotton: Cotton fell more than a full penny today but held last week's support at 73.55. The USDA report was bearish last week and traders are continuing to sell. We are going to look at selling cotton on a stop below last week's lows and look for a small breakout. We can see a push to the February lows if the support is violated. The trend is down and we are going to go with it.

Sugar: Sugar rallied again today but put in an inside day on the chart. We are short right now and look to remain that way. We are going to move our objective to the 20 day moving average near 16.20. With a close at the upper end of the range today we can see more buying tomorrow enter the market from the long side. This will give you another opportunity to get short against the trend line. We have put some charts in our weekly research meeting that would show our support and resistance. You have the opportunity to view this for free on our "Video and Blogs" page http://www.allendale-inc.com/rc_free/videosblogs.aspx.



Coffee: Coffee struggled early in the session as traders took profits on long positions. As the session progressed throughout the day coffee return to the highs and closed back above the 20 day moving average. We still feel we can see higher prices in the next few trading sessions and potentially push to the 190.00 area in the September contract. We are positioned for rallies right now and protected if the market breaks. We will be looking at moving up our 145.00 strike on our bear put spread later this week. Keep an eye on the dollar for market direction...Steve Georgy

Working Trade(s):

- (6/30) Sold **October Sugar** 17.30, risk 18.15, objective 16.25
- (6/25) Bought **September Coffee** 170.00 calls/Sold 180.00 calls at 2.30, risk 0, objective 7.50
- (6/14) Bought **September Coffee** 145.00 put/Sold 135.00 put at 3.40, risk 0, objective 7.00

Trade Recommendation(s):

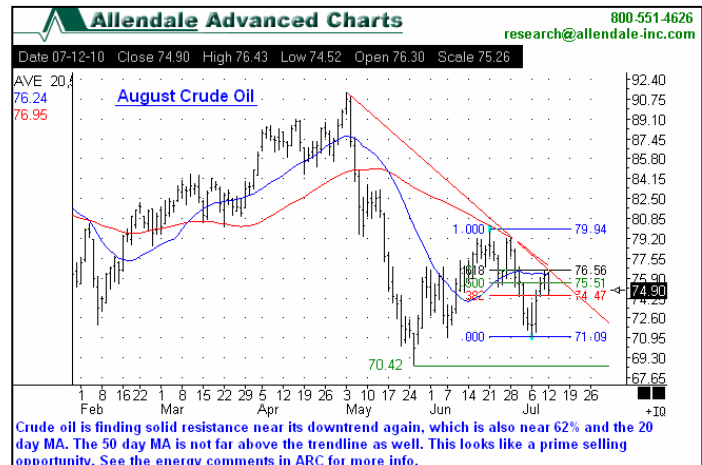
- (7/12) Sell **December Cotton** 73.50, Risk 75.15, Objective 70.50

Energies: August Crude Oil settled at \$74.95 which was \$1.14 lower on the session. The market saw some profit taking today ahead of some key economic data as quarterly earnings for U.S. companies will begin to help investors form opinions about the strength of the economy. The trade will also be waiting for the U.S. retail sales numbers for June which is expected to show easing consumer spending. Since Crude Oil hasn't had specific events in the past week or so to change price direction, the market continues to ebb and flow with the equity market. For this reason, quarterly earnings and retail sales this week will be a key driver for short term price movement in energies and could possibly shape the investor mindset for third quarter...Brian J. Splitt

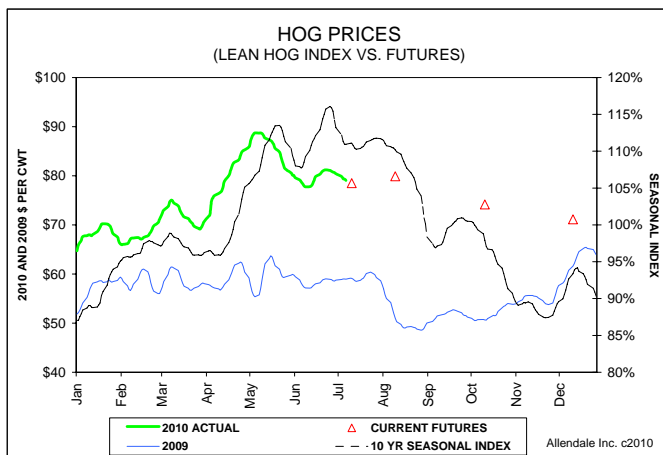
Trade Recommendation(s):

- (7/1) **Sell September Crude** 75.95. Risk 77.55, Objective 62.55.

Technical Commentary: Crude Oil is a market that is trending higher long term, but reaffirmed the downtrend from the May peak at the end of June. The June high for Crude Oil failed at 50% retracement of the move from the May high to the May low. So far, the recovery from the July low has been respecting 62% retracement of the move from the June high to the July low. Crude has also failed to close above the 20 Day Moving Average after two consecutive tests. With the downtrend from the May high coming in just above today and last week's high and the moving average resistance converging at the same area, we will stick to the sell side of this market. Close in support for September Crude is 74.95 with 73.75 and 72.60 providing further support. The June low of 71.92 and the July low of 71.47 will provide support above 70.00. Close-in resistance is 76.00 with last week's high of 77.03 as further resistance. 77.85, 78.90, 80.00 and last month's high of 80.82 add resistance.



Gold is pulling back from last Friday's high today, which is just under the 50 day MA. We have a buy order near the trendline at 1175.00, but also a buy stop order above the MA. For now the market remains in a holding pattern.



Lean Hogs: We had reported stability had shown in the market for both cash pork and cash hogs. While that is true for cash pork, which put its low in seven trading days ago, it is not as clear for cash hog prices. Today's lower cash hog prices pushed past the lows made last Tuesday. This is still about the right time for a stop to the recent downtrend on a seasonal basis. The market is not apparently ready for it. We still view anything under \$80 on the August contract as being undervalued. Last thing of interest is the July contract expiration which is set for Thursday. As of Friday's cash hog trading, the lean hog index is 79.05. Expected about a 30 cent

decline in prices in the next four days of cash hog trading would give an implied settlement price of 77.85...Rich Nelson

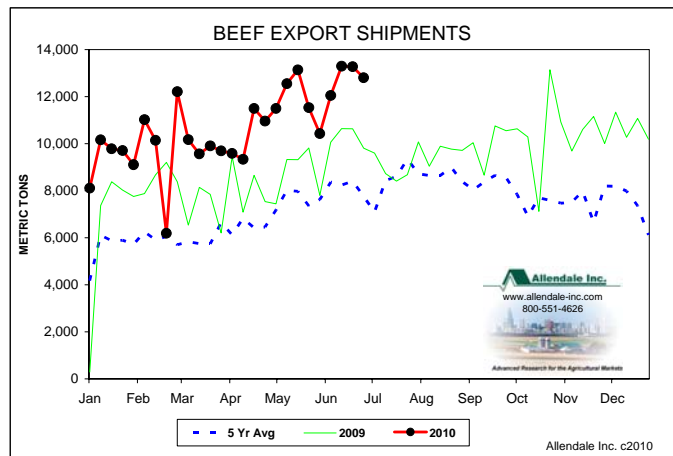
Working Trades:

- (06/04) Sold August 80 put 2.75, **move risk to 2.75**, objective 0. Closed 2.35.
- (07/09) Bought August 80.50, risk 79.35 filled 07/12 for **-\$460**.

*****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 closed below the long-term uptrend today, a bearish technical signal. This could pressure the market towards the June low at 78.20 next. We got long at 79.75, but will keep a stop in at 79.00...Monica Moehring

Live Cattle: This morning we highlighted two bullish stories out of Argentina. Not only has the government stopped issuing permits to export beef but meatpacking plant workers were blocking roads as they wanted promised government subsidies. Both of those pieces of information will help keep Argentina out of the export market. It is good news but is not a market mover because Argentina has not been an export player for months now. Angry farmers have been selling off herds for some time due to government policies. Through May, year to date slaughter has fallen by 22.5% compared with last year. Argentina's on-going problems are one reason why our beef exports are doing so well. Through April our beef exports are up 26%. Bottom line here is these stories are good news but nothing new. In other news for this week, feedlots are asking for \$94 for their cash cattle after getting \$92 in the later part of last week. We are still holding to the idea this market should expire between \$88 and \$91 on the August...Rich Nelson



Trade Recommendation:

- (07/09) Buy August 89.60, risk 88.40, objective 92.50.
- (07/09) Buy December 93.32, risk 92.30, objective 96.00.

Working Trades:

- (05/14) Sold August 98 call 1.20, risk to .67, objective 0. Closed .07.
- (05/27) Sold August 87 put 1.30, risk to 2.15, objective 0. Closed .37.

*****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 pulled back further today and settled back below the 38% retracement level at 90.40. This could lead to further weakness tomorrow, which might confirm a short-term top in the market. We will stand aside...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

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