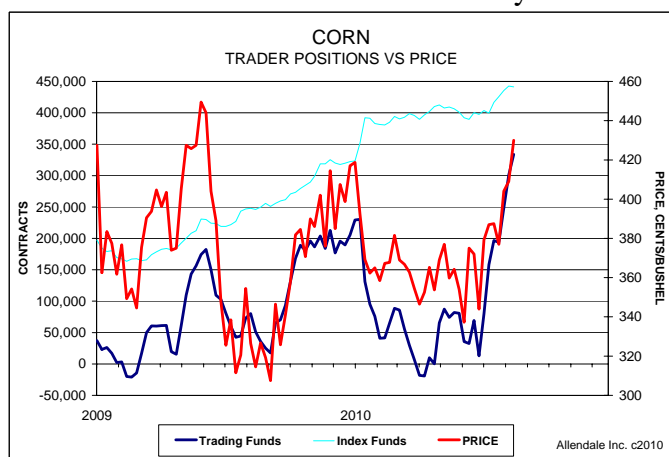


Allendale Wrap-Up for Business Day 08/23/10

Corn: Futures closed 3-4 lower today following the crop tour's projected yield of 164.1 bushels per acre (bpa) which exceeded most traders' expectations of 159-162. Even though it was below USDA's latest 165 bpa, it would still produce an ample crop. Allendale's farm survey is the next big number to come out. We hope that all of you reading this have either filled out a form on line or called one of our professionals to complete a survey. The number one issue in this market is the yield debate. A 2-3 bushel swing in yield is the difference between adequate to tight supplies. Aside from the big yield debate is extremely large demand. Sales were announced today to Japan and unknown destinations. Weekly export inspections were strong at 31 mil.bu. However, new crop harvest is getting started and cash markets are starting to reflect this. Many cash markets were 1-3 cents lower than futures today while deferred delivery was actually up 1 cent in many locations. This means that the cash market is expecting a large crop and does not want all of it delivered to the market at once...they are willing to pay the farmer more money to store it for later delivery. Crop conditions were expected to drop 1-2 percent and they actually came in at 70% versus 69% last week. Corn rose by 1% while soybeans fell by 2%.



Fund Positions: Funds have a record long position and this speculative group is starting to show some signs of "maximum capacity." Index and trading funds are long a total net position of 775,000 contracts or 3.875 billion bushels. Many traders are wondering if the big "financial regulation bill" will start to take hold on position limits. Today funds were sellers of 5,000 contracts. Since these funds trade mostly from a technical model, we think they will continue to hold their position until 424 support in Dec corn is taken out. If this does fail, then expect a large volume liquidation. Until 424 fails, we suspect there will be continued talk about

a 460 objective.

Direction: The market is still in a position of technical strength with 438 as key resistance and 424 key support. Seasonally, the market tops by August 10 and so far the 438 high was put in on 08/05. If this high remains in place, then the current rally is simply confirming that the summer high is "in" and the chart will develop a double top. Fundamentally, we are bearish based on our assumption that the yield is +164 but our survey will shed tremendous light on that. We sold into the rally this week and will not risk much since the short term trend is still up. Producers (hedgers) are completing all box strategies for a cost of 6-20 cents for the 2010 crop and some have poked at some "flat price" sales (futures) on this rally. We are also seeing some great profits locked in with a BOX on 2011 at a cost of 10-26 cents (today the 450-500 box was 22 cents). If you have any questions about this, call us – we are normally in the office until 9pm Monday-Thursday...Bill Biedermann

Ethanol: One thing we discussed in the office after the weekly meeting with the brokers were prospects for ethanol's future. As you know, the current blenders credit subsidy is expected to expire at the end of the year. Lawmakers are still holding off from building any momentum to renew it. Separately, the EPA is set to rule on the prospect of raising the maximum blending rate from 10% on up to 15% next month. Company president, Paul Georgy, wisely discussed the prospect of nothing getting done. With voters just plain mad over wasteful government spending, 98% of whom are not farmers, would you expect lawmakers to renew this law before November elections? Additionally, it is a possibility the administration could insure the EPA delays a decision yet again....Rich Nelson

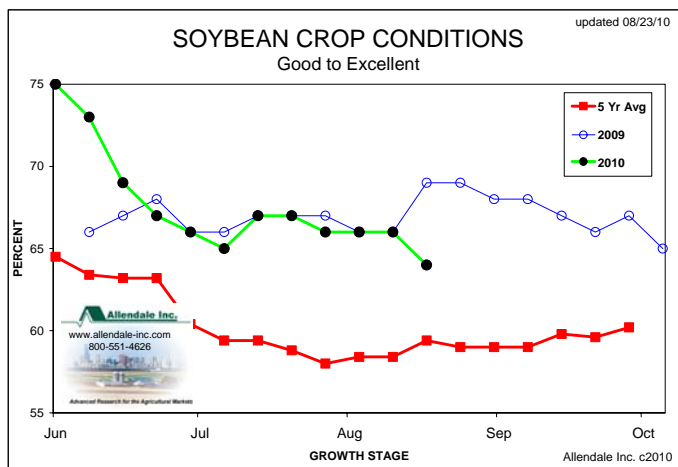
Trade Recommendation:

- (08/12) Sold December 432, risk 440, objective 410. Closed 432 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: Corn continues to find support against the current uptrend, but is struggling to get through resistance at 438 3/4. We remain short from 435 since this is near the top of the range the market has seen over the past year...Monica Moehring

Soybeans: In a market that was traded a little more on the calm side today there were some important developments today. First of all, we noticed that the near daily sales of beans continued this morning with another 213,000 tonnes sold. Of that number 108,000 tonnes went to Mexico and 105,000 went to “unknown” which, of course, is likely China. More daily sales will likely make for another impressive total when Thursday comes around. These daily sales are continuing to help this market out that is otherwise beginning a new downward trend. To start the day the beans found just enough selling to put in lower lows than what we saw Saturday. That means even with a settlement in the green, a downtrend is continuing. A psychological support level of 1000 was held Friday only to be quickly taken out today. All we can really find are light support levels until 960. For that reason, an option trade of buying a 970 put and selling a 1060 call for near even money still looks to be a quite worth while trade. Let’s say that with harvest approaching you want to have some coverage but don’t want a position that needs to be watched every day. In that case, you can look to buying a put outright. If looking for a move to 960 then just buy that put. At a cost of around 16 cents, today we are looking at an \$800 investment for a trade that will never ask for more margins while we all out busy harvesting. Simply listening to quotes on the radio will be enough for this trade if you are busy until our 960 initial objective is reached. This is a market that is in a downtrend and was even given impressive yield numbers from the commonly bullish Pro Farmer. Their yield number of 44.9 bu/acre is supplying fuel to a bearish fire. That also means we need to get our own estimates in this week during our own crop survey. We are still taking in yield estimates through this week and the more numbers we can get the better. Be sure to call in so we can have the most accurate results possible and you will see the results first.



approaching you want to have some coverage but don’t want a position that needs to be watched every day. In that case, you can look to buying a put outright. If looking for a move to 960 then just buy that put. At a cost of around 16 cents, today we are looking at an \$800 investment for a trade that will never ask for more margins while we all out busy harvesting. Simply listening to quotes on the radio will be enough for this trade if you are busy until our 960 initial objective is reached. This is a market that is in a downtrend and was even given impressive yield numbers from the commonly bullish Pro Farmer. Their yield number of 44.9 bu/acre is supplying fuel to a bearish fire. That also means we need to get our own estimates in this week during our own crop survey. We are still taking in yield estimates through this week and the more numbers we can get the better. Be sure to call in so we can have the most accurate results possible and you will see the results first.

Direction: Once again the trend was confirmed to continue thanks to early trade putting in lower lows than the previous day. This is a pattern that we expect to continue until the more solid 960 support level is reached. It would take a turn above 1011 1/2 to begin looking even sideways...Ryan Ettner

Working Trade:

- (08/19) Sold November 1008, risk 1021, objective 984. Closed 1005 1/2.

Working Trade:

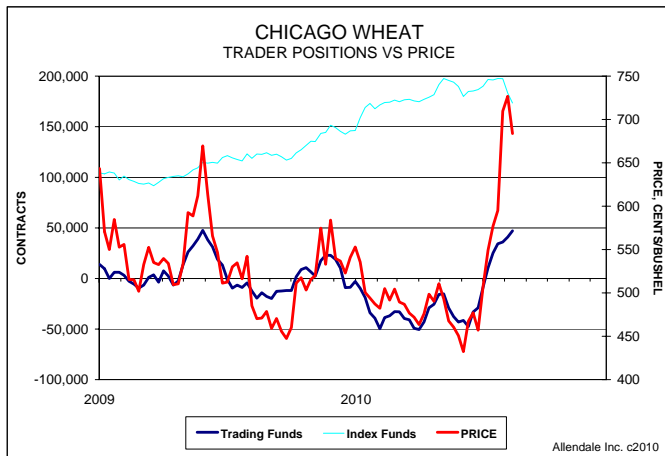
- (08/19) Sold November 1008, risk 1021, objective 984. Closed 1005 1/2.

*****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: Beans broke the key 1000 level today, but closed back above it. The market is now finding new resistance at 1011, which is just below the 20 day MA. The objective on our short position was hit last Friday at 1001...Monica Moehring

Wheat: Renewed talk on the Russian situation supported futures prices today. One official suggested the crop was near 50% harvested and that production would be down around 38% from last year. There is still speculation they may need to import quantities of wheat later on this year. Traders are also looking for further signs that the US will pick up a few extra sales in the coming months in order to fill the hole from FSU countries. Though short term news items are supportive we cannot suggest this moderate rebound will retake the highs. We are bearish.

Crop Condition: USDA left the good to excellent rating for the spring wheat crop unchanged at 82%. This is still far above normal. Harvest progress is 53% complete. The five year average is 60%. North Dakota, the top spring wheat state, is 53% complete. That is right next to the 55% normal rate. Winter wheat, as you would expect, is virtually complete with the summer harvest (96%)...Rich Nelson



Working Trade:

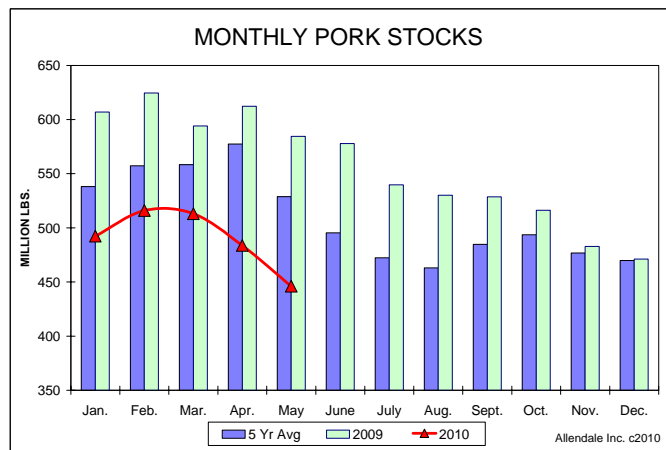
- (08/09) Sold 1 Dec Chicago 900 call 29, risk to 47, objective 0. Closed 22.
- (08/11) Sold 1 Dec Chicago 870 call 26 5/8, risk to 44 5/8, objective 0. Closed 26 1/8.

*****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: Chicago wheat is still holding an uptrend right now, but a break

below the 50% level would be a sell signal. For now we will stand aside, but may consider a sell stop under 50% soon. The market has been hovering around 38% lately...Monica Moehring

Lean Hogs: Futures made a good rebound this afternoon. Traders were happy to see Friday's monthly Cold Storage report indicated tight stocks of pork and meat supplies as a whole. Wholesale pork closed to 97.79, up 2.30. That makes it new highs...ever for cash pork. Look for higher prices tomorrow. In the big picture we do not look for these prices to hold as much of this rally is from the "marketing hole" that has shown up this month. We will not try to pick a top for speculative trading yet...Rich Nelson



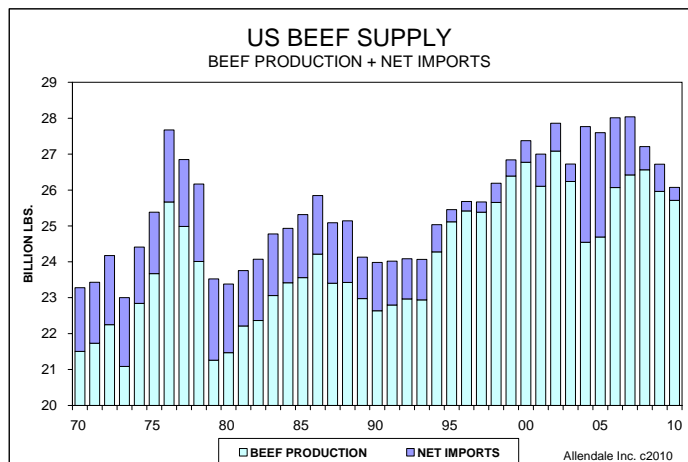
Trade Recommendations:

- (08/19) Stand aside.

*****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 have traded rather choppy as of late, but bounced off support at 77.37 today to close near the highs of the session. We will keep a sell order in place at 79.75 since this is near the top of the range...Monica Moehring

Live Cattle: The highest close for this uptrend was posted today. Friday's Cattle on Feed report was seen as slightly bearish. Traders however focused on the fact wholesale beef continued higher. Today it posted gains of over \$1 for both choice and select.



Long Term Update: One of the general stories we have been laying out for long term pricing is the idea supplies have slowly contracted. Liquidation in the cow/calf industry started in 2006 and will likely continue into next year. At the same time, the amount of net beef imports (we are still net importers) has shrunk. The result is the amount of beef offered to US consumers is the lowest since 1997. From the peak in 2007, we look for 2010 supplies (production + net beef imports) to be down 7%. Now, you see why we are so darn excited about 2011 and beyond. WHEN the economy recovers and the US consumer wants beef, there will not be much

around. Judging by recent price action we are suggesting consumers are already in action...Rich Nelson

Working Trade:

- (08/19) Sold December 95 put 1.35, risk 2.80, objective 0. Closed 1.15.

*****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 tested the 100.00 high from last Thursday again today. This market is very overbought now with an RSI at 86. We will place a sell stop under Friday's low for a short-term trade since the current uptrend is very steep and may need to correct soon...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