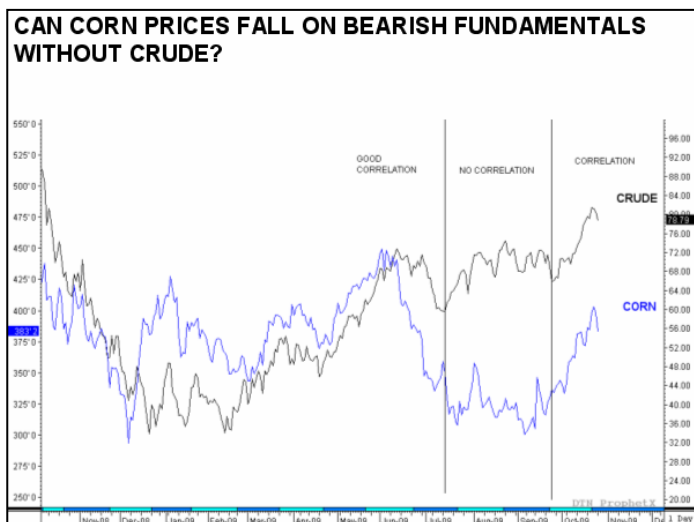


Allendale Wrap-Up for Business Day 10/26/09



Corn: There were a number of things to watch in the corn today. Early calls were for slightly higher trade following the overnight as well as the fact that outside markets were looking supportive.

That is until just before the grain opening. Shortly before the opening we saw a bounce back higher in the dollar index which may have put the funds on the sideline for the opening bell. Suddenly what might have been otherwise average selling was met with no one on the other side of those sell orders. It has been the funds that have been willing to buy this market even given large potential yields. When the dollar gave the signal for funds to stand aside that was all it took for some normal to slightly above average selling to

move the market. Shortly after that, corn reached the 200 day moving average where fund sell stops were found. Now given those stops and a continuing higher dollar we changed the funds from the major support to being sellers. Sources from the floor estimated the funds long about 218,000 contracts before the opening. Being that long in corn now makes this market more sensitive than ever to changes in the dollar. It may only have been two days in a row with a higher dollar but with this many long positions the reaction can be large. Weather does look to make some small improvements as well. This week is now expected to see less in the total amount of rain expected. We are also looking for another window for harvest after this weekend.

Direction: Today the trump card was played and we saw just where this market will go should the dollar continue higher. There is little doubt that fundamentals were thrown out the window today as corn was just one of the many commodities sold in relation to the dollar. Corn remains in an uptrend and the selling today was not enough to break it. One more day higher in the dollar could change that...Ryan Ettner

Trade Idea(s):

- (10/26) Bought 392, risk 385 filled 10/26 for -\$350.
- (10/26) Stand aside.

Option Strategy(s):

- (10/19) Stand aside.

2010 Allendale Outlook Conference: Bill Biedermann will deliver a corn outlook to help plan your marketing for the entire year.

*****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.

Corn Technical Commentary: Corn backed off enough to break the short-term uptrend today. The close was below the 200 day MA as well. This may still just be a correction though. We'll place a sell order up at 3.95 in case another bounce occurs.

Vital Technical Indicator: the next projected major turn day is November 10.

Soybeans: This morning most of the grain market talk was involved with just how much damage will be seen in the delta from all the rain seen down there. Estimates have been made as to how much damage we are talking about. In general thoughts have been for 40% damage in that area. There is also a large

amount of harvest yet to be done. Most of the producers that we are talking with are telling us on average they are half done. USDA gave us a harvest progress of 44%. We have been hearing talk of harvesting beans as high as 20% moisture. Recent forecasts are giving a small window at the end of the week. This could lead to quite a few beans to be harvested. If some producers are willing to take off 20% moisture beans it is a general sign of what many will do given another small window for harvest. Given the potential damage in the delta it must be mentioned that this market was also subject to selling due to a higher dollar. In all, when the slide was over today beans stayed within the over all sideways move it has been in. A break below 971 would be retracing the initial buying which started the entire grain rally in the first place. Much like many other commodities beans made new highs in the recent move on Friday only to find itself barely hanging on just one session later. Funds stay only in day session trading and if we take out the overnight market, today's selling looks like just a continuation of Friday.

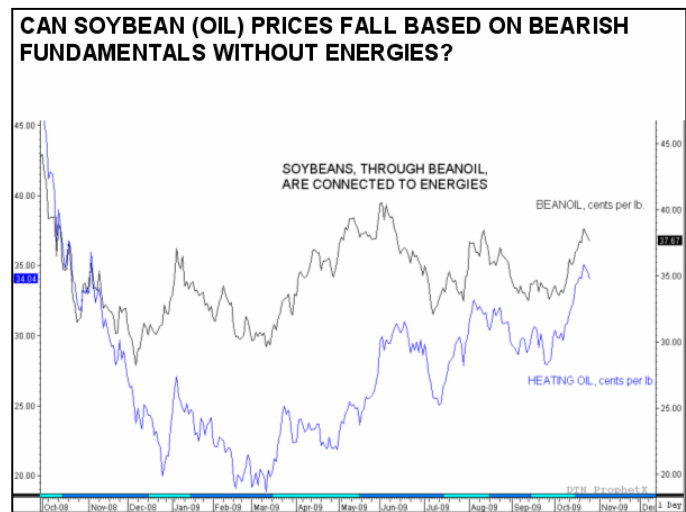
Direction: Still technically moving sideways, today's sell off has put the beans at risk of breaking out lower. We will need to watch 971. If we break that support there are few support levels to find below until the high 8's...Ryan Ettner

Trade Idea(s):

- (10/26) Sell Jan 976 SCO (stop close only), risk 16 from entry, objective 39 from entry.

Option Strategy(s):

- (10/08) Bought **Mar 920** put, sold 1020 call, sold 800 put for 10. Producer idea, there is margin required with this, but you are in a position to make 120/bu if the market breaks while leaving a 100/bu upside open before you are locked into a short.



Allendale's Rich Nelson will utilize fundamental and technical indicators to provide a full 2010 outlook for the soybean market at Allendale's annual conference.

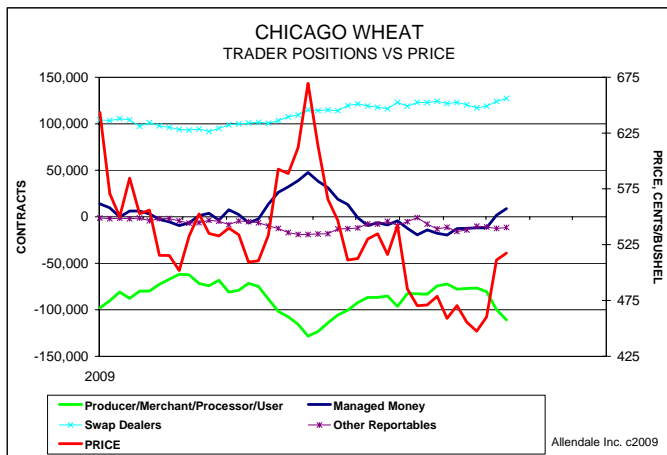
*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Soybean Technical Commentary: Beans tested both sides of the sideways trading range today and settled near the bottom. We will place a sell stop below this area at 969. Last Friday the market hit the downtrend that began back in June.

Vital Technical Indicator: the next projected major turn day for soybeans is October 29, soybean meal is November 18, and soybean oil is October 28.

Wheat: Proportionally the wheat saw the largest slide off all the grains. This should not come as a surprise as the dollar has moved this market violently higher and a bounce in that market will cause a fast move lower as well. Current forecasts call for snow in areas that need to get wheat planted. This still does not mean we are following weather as our guiding force for trading wheat. Australia wheat production is now seen to be 23 MMT based on good weather. Between production in other countries and the large amount of spec buying under fire with the change in the dollar this is a tough market to buy.

Direction: We will continue with our trade to buy Chicago and sell KC wheat as the only fundamental trade worth taking as both will see heavy fund influence. Even though both will potentially move violently the relationship between the two still suggests this to be a good trade. It is also relatively low risk in a volatile market...Ryan Ettner



Trade Idea(s):

- Chicago Wheat: (10/21) Buy Dec Chicago/sell Dec Kansas City -12, risk -22, objective +4.
- KCBT Wheat: (10/16) Stand aside.
- MN Wheat: (10/16) Stand aside.

Option Strategy(s):

- (10/16) Stand aside.

Will wheat stocks continue to grow in 2010? Attend the 2010 Allendale Outlook Conference to find out from Joe Victor.

*****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.

Wheat Technical Commentary: KC wheat backed off today and closed against the short-term uptrend. This was below the 100 day MA though. There was much lighter volume today, so this indicates today's weakness may not follow through tomorrow.

Vital Technical Indicator: the next schedule projected major turn day in store for wheat is November 7.

Softs: Sugar: Sugar closed lower today and it seems fund money may come out of certain markets quicker than others. Sugar has huge long positions built from the funds that could pull back near the 21.50 area in the March contract. The fundamentals are still bullish but the charts are in the driver's seat short term. Keep an eye on the dollar and energies for early direction tomorrow.

Cocoa: December cocoa closed at mid range today and found good support near the old highs. If we take out the highs tomorrow we could see a big sell off in this market due to a big number of long positions. We are standing aside for now but could look at selling near the highs on a turn around Tuesday attitude tomorrow.

Cotton: December cotton closed at the low end of the range today and could see a deeper move on the charts. We are short right now and will remain that way until the charts look can break out. Today's market action could find selling pressure this week if the funds spill over into the cotton market. This could bring the December contract back to the 64 cent area so keep an eye on outside money...Steve Georgy

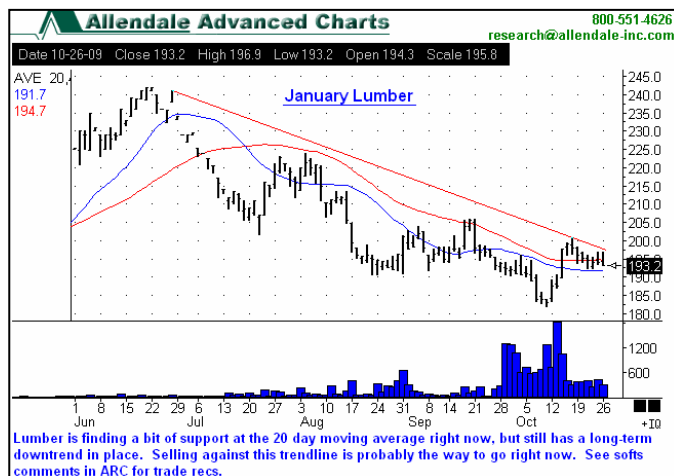
Trade Recommendation(s):

- Sell **January Lumber** at 198.50, risk a close above 205.00, objective at 185.00, closed 195.00

Working Trade(s):

- (10/20) Sell **December Cotton** at 67.50, risk 69.75, objective 64.20, closed at 67.41
- (10/19) Sold **December Cocoa** at 3300, risk 3395, objective 3160, closed at 3370 (Stopped for a \$950 loss)

Technical Commentary: Lumber bounced



today but wasn't high enough. We are still in a down trend and could look at these rallies as selling opportunities. We have good resistance is at 198.00 and 200.00 with solid support under the market near 192.60 and the 20 day moving average 191.79.

Allendale Outlook Conference: January 22-23, 2010 in Crystal Lake, IL
Grain, Livestock, Weather, and Economic Outlooks will be provided to help you plan a successful 2010 marketing year. [Get more info here...](#)

Energies: December Crude was down \$1.82 at settlement; last trade was \$78.68. Today was a day of broad-based selling as we saw many markets reverse from higher levels to finish sharply lower on the day as the U.S. Dollar found buyers at these lower levels. We feel that equities could be the key to the overall markets as we move through the 4th Quarter. The stock market's reversal today looks like it will possibly close below last week's low which will add to the bearish sentiment. With this in mind, refer to the front page of Allendale's site to view the charts for the Dow and S&P and why we are at a critical point in equity trade. As we look ahead in the week, early estimates for Wednesday's inventory data suggest a 1.4 million barrel build for Crude Oil while both Unleaded Gas and Distillates are expected to drop by unspecified amounts...Brian Splitt

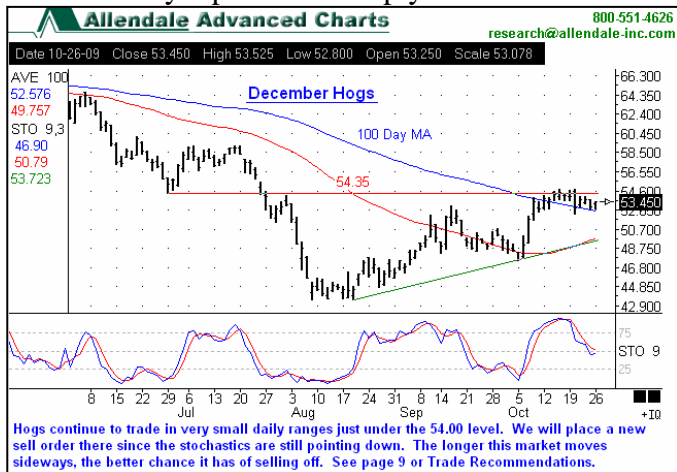
Trade Recommendation(s):

- Buy the **January Crude Oil \$75 put** for **\$2.50**. Risk the option to expiration with an objective of \$6.

Technical Commentary: The large bar from last Wednesday the 21st will give us an indication of the short term direction of the market when the high or low of that session is violated. A move above \$82 is bullish while a move below \$77.60 is bearish. Close-in support is \$78 with further support at \$76.50, \$74, \$71.25 and \$70. Close-in resistance will be \$80 with \$81.50, \$81.99, \$82.40, \$83 and \$84.50 providing further resistance. The market is overbought and stochastics are pointing down.

Gold has broken the 20 day MA today and now might be heading for support near 1025.00. The stochastics are still pointing down, but the long-term trend is still bullish. Buying near support is recommended.

Lean Hogs: There is a chance this market is making the transition from uptrend to downtrend but it sure is taking its time doing it. Last week we noted that daily trading volume was eroding. This suggests traders were getting bored of the 54.00 area on the December and were looking for direction. Wholesale pork prices were stronger last week but posted a 12 cent decline today. On the charts this market has flirted with our 53.10 support level in the past few days but has not posted a definitive close below it. We will point out priced posted a 52.87 close on the 20th but keep in mind that was after a strong rebound from that day's previous sharply lower trade at 52.10. In other words the market rejected those lower prices and was on its way back up. While we believe December futures are overpriced, we cannot say it is time to start an all out bearish campaign. We are working on moderately bearish trading positions but have not gone plain short futures yet ...Rich Nelson



While we believe December futures are overpriced, we cannot say it is time to start an all out bearish campaign. We are working on moderately bearish trading positions but have not gone plain short futures yet ...Rich Nelson

Trade Idea(s):

- (10/26) Buy Jun/sell Dec 20.00, risk to 18.92, objective 23.50.

Option Strategy(s):

- (10/20) Buy Dec 52 put/sell **Dec 56 call** for

.60 net, risk to -1.05, objective 3.60. Editor's Note - The two options settled at our entry price today but did not push it enough to fill the order. RN

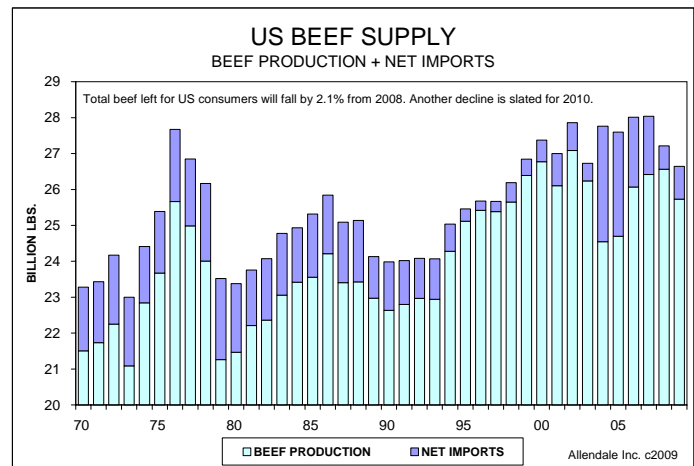
Have we seen the end of the small producers in the hogs? Rich Nelson has the answers but you have to attend the 2010 Allendale Outlook Conference to find out.

*****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.

Lean Hog Technical Commentary: Hogs continue to move sideways/lower just below resistance at 54.35. The stochastics have been pointing down for a few days now, but the market is holding steady. We will stand aside for more clear direction.

Vital Technical Indicator: Next projected major turn day for lean hogs is November 11.

Live Cattle: Wholesale beef prices are continuing their climb. Three weeks ago they bottomed at about the same price as was seen this past spring. Now we are back on the normal seasonal rally which happens from summer to winter. This afternoon's beef report showed choice up \$1.30 and select gaining \$1.00. It is interesting to hear one newswire doing an informal poll suggested \$88 cash cattle would be seen before the end of the year. That fits our general expectations pretty well. We still suggest the key issue right now is demand. Thursday's big quarterly GDP update should confirm the recession is finished and we are starting a moderate economic rebound. In the big picture we still expect December futures to hit 88.00 pretty easily in the coming weeks...Rich Nelson



Trade Ideas(s):

- (10/16) Bought Dec 85.10, risk 83.85, objective 88.00. Closed 87.50.

Option Strategy(s):

- (10/23) Sold Dec 86.00 put 1.00, risk to 1.70, objective 0. Closed 1.20.

How closely related are cattle and beef prices to the jobless rate and what does it mean to your operation? Find out from Rich Nelson at the 2010 Allendale Outlook Conference.

*****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.

Cattle Technical Commentary: Cattle poked above resistance at 87.65 and the 100 day MA, but could not close there. The recent rally is very steep, so we would not be surprised to see a pullback at any time, especially with a gap down near 86.50.

Vital Technical Indicator: Next projected major turn day for live cattle is tomorrow and for feeders is October 29.

[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. c2009