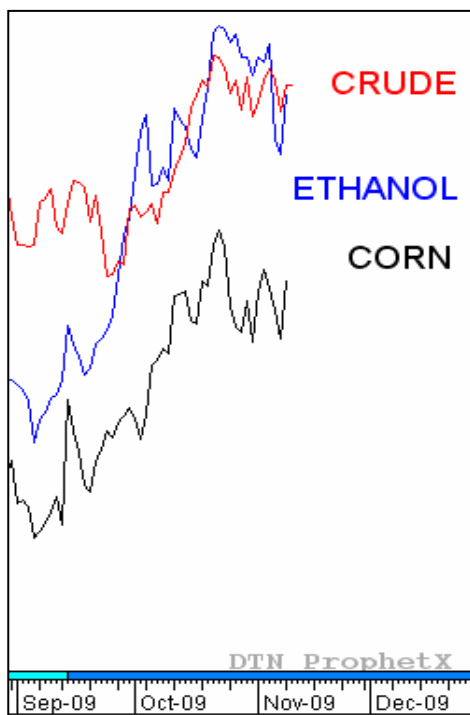


## Allendale Wrap-Up for Business Day 11/09/09



**Corn:** For about a week now grains have not followed the outside markets nearly as much as they had in the prior month. Today was a change from that trend. Corn started the day 5 cents higher, as was expected, seeing a small bounce after the fast sell off seen for most of last week. When corn opened, crude was working its way to being \$2.50 higher and the dollar had just made new contract lows. Even though corn had been trading more weather forecasts and early yield reports last week there was no way they could possibly ignore contract lows in the dollar. It was a good size bounce which was more of a slow work higher which would tend to give us better thoughts that it is more sustainable than our sudden jumps higher which are also quickly sold off later. Now we will see what the USDA gives us tomorrow. Trade estimates are looking for a yield of 163.7 which is a reduction of a half bushel from last month. It was that reduction which caused the early bounce in corn. With that estimate out there we now need to see a reduction to be neutral tomorrow. Part of the bounce today was factoring that in. There has been a good amount of talk that this report needs to be ignored as the numbers were put together before corn harvest had made much progress at all. What is normally a report that we can start to get a

real feel for is now just another prediction of yields and not solid numbers. It may be more important to see what the USDA does with acres and on the demand side. Funds were in buying again today so let's keep this in our mind. Some support came from expected yield pull back but most was fund money buying and is still subject to possible sell stops at any time given good or bad yields.

**Direction:** All said and done corn is now just slightly higher than the middle of a sideways choppy pattern formed since the 13th of last month. Corn will need to break the recent bounce of 398 3/4 before getting overly bullish or break support of 359 1/4 before expecting a large sell off. Today has been December 10 corn back to a level allowing for a good starting place for hedges...Ryan Ettner

### **Trade Idea(s):**

- (11/09) Sold Dec 383, risk 404, objective 364. Closed 386.

### **Option Strategy(s):**

- (10/29) Bought March 400 put/sell 420 call 17, risk at 8 filled 11/09 for -\$450.

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

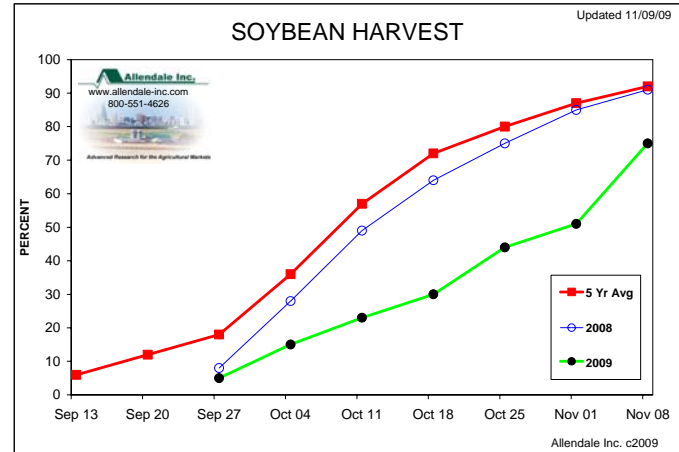
**\*\*\*Disclaimer\*\*\*** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

**Corn Technical Commentary:** Corn bounced off the uptrend today and closed well above 38% retracement. This could give the bulls some renewed hope for another test of the downtrend again soon. We will leave a buy order in at 364 for now.

**Vital Technical Indicator:** the next projected major turn day is November 11.

**Soybeans:** We were given a great week and weekend of harvest and the numbers show it. This afternoon we saw a bean harvest progress of 75%. Most of the producers we are talking to are talking about wrapping up bean harvest at some point this week for those not already done. What we saw at the start of the market was buying back some of the aggressive selling last week. That is fully expected as it is

more than common to see some position squaring right before a crop report. Outside market influence took care of the rest. It was evident that beans did not see the same percentage fun higher but this market is also looking for a slight yield increase tomorrow to 42.7. What we saw today was more of what we would like to see from outside market influence. Steady buying that was not overdone and warranted due to major moves in outside markets. This is a change from previous moves where grains react violently from only minor outside influence. It is easy to see from last week that what fund buying can give they can also take away. Today's rally only managed to get beans back into the low end of the sideways pattern seen recently. After the report comes out tomorrow, a good weather forecast and fast harvest progress will weigh on the markets. This is if the outside markets are not bullish suggesting more spec buying however. Fast harvest progress does not translate into better yields but we have to remember how much premium was built in this market just from slow harvest which needs to be taken out. In the end, funds hold the trump card and can play it at any time. What does not look good so far is on the last rally they failed to buy enough to even break the October 23<sup>rd</sup> high which does not give us great confidence that another surge of buying will do it either.



**Direction:** Overnight markets saw the recent sell off as overdone and the day trade did too. Instead of watching the USDA report for short term direction we should watch the outside markets. If they are not suggesting to buy then given the good weather it will be hard for fundamentals to warrant a move higher. Not at least until we get a report based on actual yields rather than speculation of yields as we will see tomorrow...Ryan Ettner

**Trade Idea(s):**

- (10/29) Sold Jan 1019, risk 1028 stop close only, objective 957. Closed 972.
- (11/09) Sell Jan 952 stop close only, risk 16 from entry, objective 30 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.
- (11/09) Sell March 1140 call 29 cents, risk to 39, objective 0.

**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.

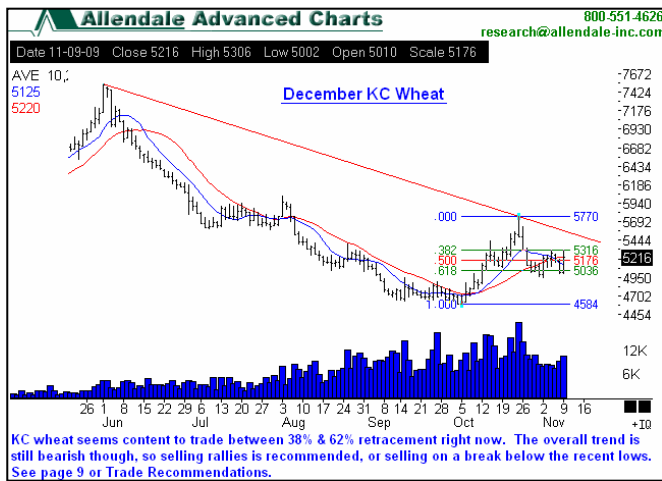
**Soybean Technical Commentary:** Beans dipped just below 50% and the 200 day MA today, only to rebound strong during the day session. The close was just shy of 38%. The overall trend here is still bearish though.

**Vital Technical Indicator:** the next projected major turn day for soybeans is November 12, soybean meal is tomorrow, and soybean oil is November 27.

**Wheat:** No surprise here, yet again, in wheat. If you see the dollar moving, the appropriate action to take in wheat is to do the opposite. There is still no reason to be bullish this market but as always the

dollar wins out over all in this market. While other grains have been influenced by outside market and other times not, wheat remains highly tied to the dollar. Any suggested trade needs to be backed up by the dollar or should otherwise be entered only with great caution.

**Direction:** We are willing to trade either side but spreads look like the most promising trade right now...Ryan Ettner



### Trade Idea(s):

- Chicago Wheat: (10/21) Buy Dec Chicago/sell Dec Kansas City -12, risk -22, objective +4.
- Chicago Wheat (11/05) Bought July/sell Dec at 44, risk to 26, objective 68. Closed 45 1/4.
- Chicago Wheat: (11/09) Sold Dec 523, risk 532, objective 491. Closed 520.
- KCBT Wheat: (11/09) Stand aside.
- MN Wheat: (11/09) Stand aside.

### Option Strategy(s):

- (11/09) 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 seems content to trade between 38% & 62% retracement right now. The overall trend is still bearish though, so selling rallies is recommended, or selling on a break below the recent lows.

**Vital Technical Indicator:** the next schedule projected major turn day in store for wheat is November 19.

**Softs: Sugar:** Sugar was quiet today with all the outside movement. The March contract closed 7 points lower and failed to close below the recent trend line. We should see support here and could return back to the 23.50 to 23.75 area. Fundamentals are still bullish but the funds are still in control of the sugar. If crude is higher and the dollar down tomorrow, we can see a spike higher in the morning.

**Cocoa:** December cocoa fell 7 points today but hit the 50 day moving average on the lows. With the oversold conditions we may see a rally if the dollar remains under pressure and we continue to see strength in the energies. We are looking at getting long near today's lows and looking for a significant bounce in the next few weeks.

**Cotton:** December cotton still closed within the sideways range it has been in for the last few weeks. Cotton is 44% harvested with a 5 year average at 59%. Harvest is still behind but with the good weather for the next few days things can pick up rather quickly. We are still short right now but need to watch the outside markets for early direction tomorrow...Steve Georgy

### Trade Recommendation(s):

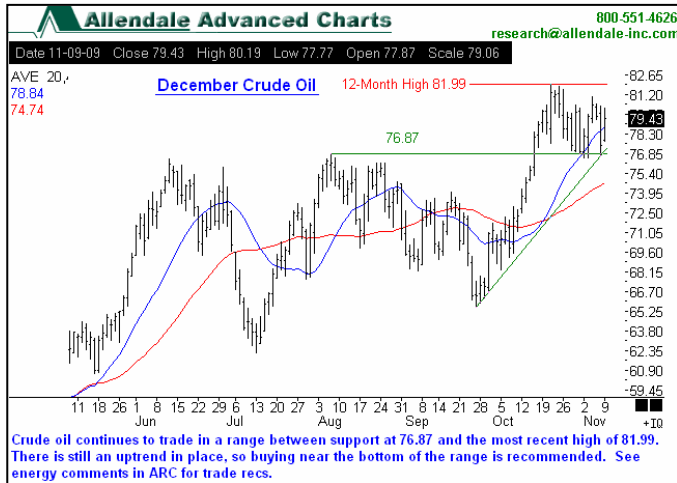
- Buy **December Cocoa** 3155, risk 3095, Objective 3290
- Buy **March Sugar** at 22.00, risk 21.50, Objective 23.40

### Working Trade(s):

- (10/20) Sold **December Cotton** at 67.50, risk 69.75, objective 64.20, closed at 67.57

**Technical Commentary:** OJ followed the 20 day moving average again today but still was not able to close above it. OJ sold off 10 points today and could be setting up for a larger pull back. Resistance comes in at 117.00 tomorrow with support near 115.15.

**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 took back almost all of Friday's losses finishing \$2.00 higher at \$79.43. Hurricane Ida got the market excited in early trade, but once it was downgraded to a Tropical Storm the market found support from new lows in the U.S. Dollar and another sharp rally in equities. The short-term supply impact of this storm for Crude is insignificant compared to the long term effects of a weak Dollar. Last Friday's unemployment data spoke directly to future demand prospects and the overall economic recovery; fundamentally this was a bearish development. The problem is with unemployment at these levels, the Federal Reserve can not raise interest rates; that means investors

will continue to take free money and invest it in risky assets because this is still a winning strategy. Until we see the market rush to exit the short Dollar trade, we will continue to see a generally higher bias...Brian Splitt

#### Trade Recommendation(s):

- Stand Aside

**Technical Commentary:** The double-bottom at \$76.55 will be a key area to watch and provided support at the session's low. A push through the recent highs at \$82 suggests a further rally to \$87-88 will follow. A move through \$76.50 would suggest a test of \$70. Close-in support is \$78.50 with \$76.50, \$76, \$74, \$71.25 and \$70 adding to support. Close-in resistance will be psychological resistance at \$80. \$81 and \$81.99 provide the resistance to our recent highs. If we manage to push through \$82, more resistance will show up at \$82.40, \$83 and \$84.50. Stochastics are sideways.

Copper remains in a long-term uptrend, but has recently pulled back from its October high of 306.90. We would like to try the long side again at 296.00 near the short-term uptrend. This is also near the 20 & 40 day MA.

**Lean Hogs:** While there is not definitive proof of a market top here we feel this market has rallied enough to finally catch our interest. While we have been wrong in speculative trading in recent weeks we have been spot on this market for hedging for some time. In August you may remember we exiting hedges with significant profits and replaced them with limited risk put spreads. This let us bank profits but still have some type of downside protection. It also allowed us to take advantage of a market rally. Since that time, there has been a significant rally which may have peaked on Thursday. This rally has been made on a mix of fund buying and actual interest in cash hogs and cash pork. With lean hog futures suggesting prices will be \$55 during December, we are now suggesting it is time to reapply hedges. We have recommended to start with 25% of expected marketings using the December and February futures. The trade wants to be bullish and we are respecting its request for now...Rich Nelson

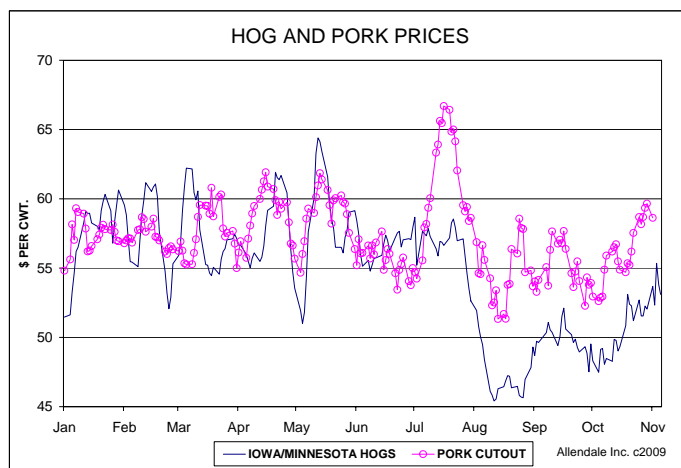
### Trade Idea(s):

- (11/09) Sell Dec at 59.00 or 54.75 stop, risk 1.50 from entry, objective 51.00.

### Option Strategy(s):

- (11/09) Stand aside.

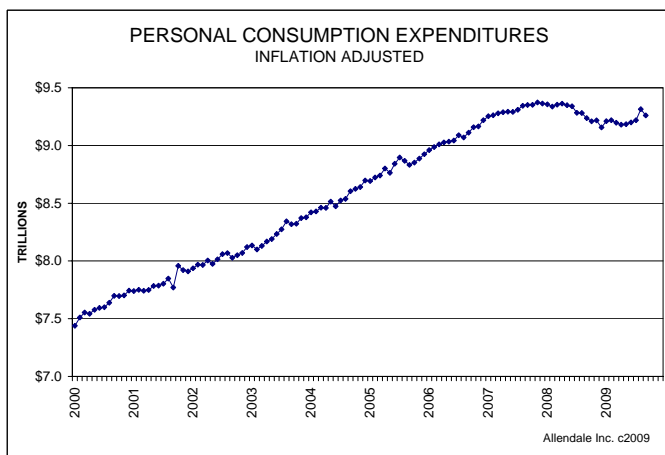
**Have we seen the end of the small producers in the hogs? Rich Nelson has the answers but you have to attend the 2010 Allendale Outlook Conference to find out.**



**\*\*\*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 traded in a very narrow range today, but held just above support at 54.80. We will leave a buy order near there at 55.00 since there is still an uptrend in place. A break in this support could lead to a test of the 100 day MA.

**Vital Technical Indicator:** Next projected major turn day for lean hogs is November 17.



**Live Cattle:** Friday's unemployment report changed our stance on cattle. While we still feel this market posted significant lows in early October, the quickness of a resulting rally is now called into question. A few more people unemployed than expected will hinder the price rebound in the coming two to four months. We all know placements in the fall will push slaughter to a little higher than last year from mid December into March or so. We had expected the slowly improving economy would overcome that supply issue. Now, we would say cash cattle will be locked in a sideways range into February. Keep in mind so

far, this market is concerned based on expectations and not reality. The reality is that so far, beef demand has not weakened much from its good run from summer into mid October...Rich Nelson

### Trade Ideas(s):

- (10/16) Bought Dec 85.10, risk at 84.75, objective 88.00. Closed 84.95.

### Option Strategy(s):

- (10/30) Stand aside.

**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:** After gapping lower late last week cattle have managed to hold around the 85.00 level for the past two closes. Friday's large dip in the market may have been a bit overdone as the market recovered quite a bit on the close.

**Vital Technical Indicator:** Next projected major turn day for live cattle is tomorrow and for feeders is November 12.

*[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. c2009