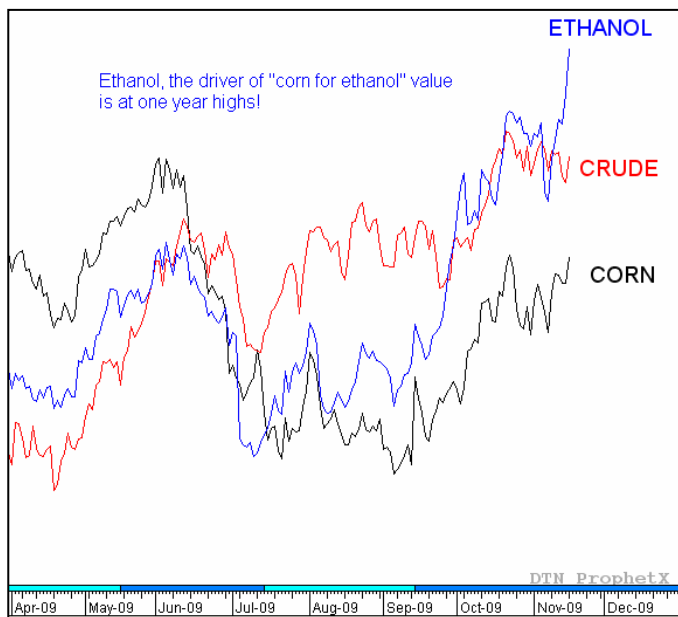


Allendale Wrap-Up for Business Day 11/16/09



Corn: Rain, outside markets, option open interest and ethanol prices are all reasons for a move higher today. To start off, the rain is the first and most obvious factor we can look at today. Areas of MO, southern IA, IL and IN are getting rains they definitely do not need. It has been raining over most of these areas for three days now and this system is not expected to move out for another two days at least. Harvest progress is likely to get even slower as they are already behind. After this system moves out, the extended forecast does not offer much for help either putting in continued chances for rain next week as well. Outside markets certainly offered support as well. With the dollar trading lower, even if the influence of outside markets does not give the support it used to, new contract lows in the dollar and \$3 higher crude

trade won't be ignored. Option open interest comes into play as well. In general, the market tends to gravitate to the strike with the most open interest. Right now both the 400 call and 400 put have the largest open interests of any other strike around. That means for this week the market is likely to try and gravitate to that level. We saw that happen today with moves above 400 finding little additional support and moves below it quickly bought. We should look for the trend to continue unless we get enough other information that can move this market far away from 4 dollars as slight adjustments will just end up moving back to \$400. Ethanol prices are at their highs for the year right now. See the ethanol price chart for yourself on the Food for Thought page of this Advisory Report. Even if supplies are large for corn, it shows that ethanol can pay higher prices for corn right now and still be profitable. We found our support from various areas and the options would suggest that corn can hold the 400 level for this week.

Direction: Now that corn has traded up to 400 we will look for the market to gravitate to that level. In order to break free from this we will need large enough news to spark a sizeable move. Otherwise, it is likely that corn will just move back to 400 again...Ryan Ettner

Trade Idea(s):

- (11/09) Sold Dec 383, risk 404, objective 364. Closed 402 1/4.

Option Strategy(s):

- (11/16) Sell Mar 450 Call/Sell Mar 390 Put 16, risk to 28, objective 0.

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

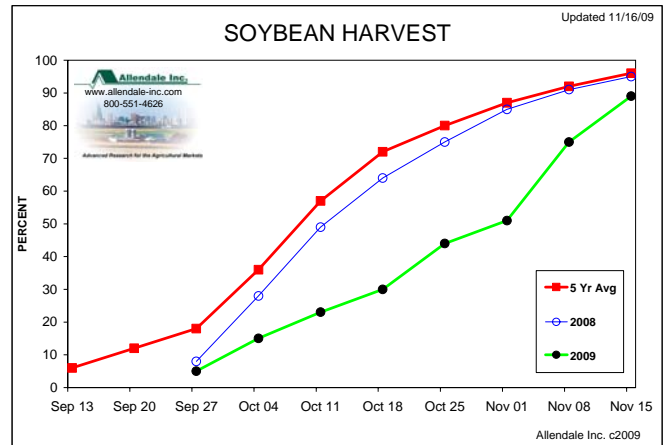
*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Corn Technical Commentary: Corn is bumping up against the long-term downtrend and last week's high at 403. Do the bulls have enough strength to push through? We are short from 397 since the downtrend has been in place longer.

Vital Technical Indicator: the next projected major turn day is November 30.

Soybeans: Today saw a round of active buying in beans that is not nearly as well supported fundamentally or technically as the corn. Trade took the beans to a high just over 1010 and right up to a

down trend resistance line. We have seen big runs higher in beans and large runs lower as well but overall the trend is lower with all this volatility. Given that trend moves above 1000 have provided good opportunities for selling. Now that harvest is coming to a close, fundamentals are backing up a sell order more than ever. There is little doubt that outside money is in this market once again and there is some influence from outside markets as well. Even given this buying, it is starting to look like there are fewer reasons to be bullish. Harvest delays obviously play only a small part in this market now even though it was talked about as one of the reasons for a higher call this morning. Dryness in western Argentina has been easing as they have recently saw rains as they were expected to receive. On Thursday through Saturday, the dry areas saw thunderstorms with some of them being intense. That has been of greater concern lately as focus will quickly shift to South America now. Even in that region the bullish fundamentals are fading. All of this helps to suggest the down trend line will hold. Recent rains will do little to help those finishing beans but it is just too small of an area to offset the good weather seen elsewhere and harvest progress that is already completed. Sales above 1000 have treated us well and we will continue to look at that level to sell. With the trending market lower, this 1000 level will continue to be harder to get to.



Direction: Our sell order at 1005 was filled. Support now stands at 945...Ryan Ettner

Trade Idea(s):

- (11/13) Sold 1005, risk 1021, objective 975. Closed 1010.

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.
- (11/16) Sold March 1140 call on 26 1/2 open price, risk to 42, objective 0.

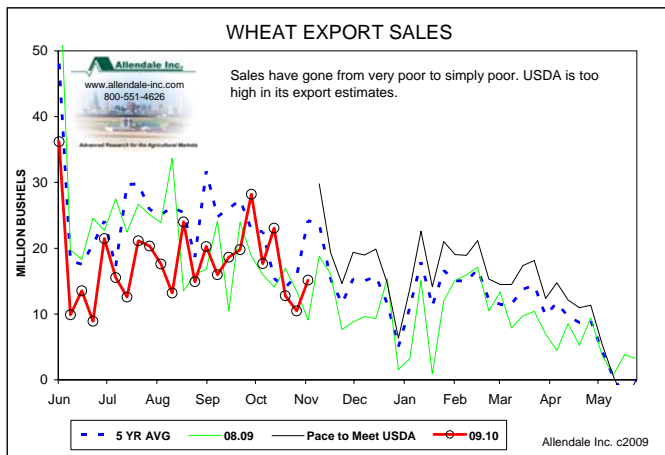
Allendale’s Rich Nelson will utilize fundamental and technical indicators to provide a full 2010 outlook for the soybean market at Allendale’s annual conference.

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Soybean Technical Commentary: Beans are also knocking on the door of their long-term downtrend. We are short near it at 1005. A push through this trendline could send the market up to 1022 - 1029 next. A pullback to the uptrend near 970 would be a buy signal.

Vital Technical Indicator: the next projected major turn day for soybeans is November 25, soybean meal is November 24, and soybean oil is November 27.

Wheat: You can not argue the trend in this market is higher. There is still no fundamental news to back it up but there is no reason to fight the trend of the market. There is obviously no doubt wheat wants to move higher. Once again it was likely supported by the falling dollar today as well as the grains moving lower. Once again this makes wheat nearly impossible to trade by just looking at wheat. In order to have an idea here we would first look at outside markets, then technicals and then in a distant third we would use fundamentals. For this reason we just don’t want to be anywhere other than spreads. Keep in mind the falling dollar – rising wheat exports argument sounds good but does not hold water at all. Look at the wheat export sales chart on the Special Reports section of our website.



Dec at 44, risk to 26, objective 68. Closed 45.

- Chicago Wheat: (11/16) Stand aside.
- KCBT Wheat: (11/16) Stand aside.
- MN Wheat: (11/16) Stand aside.

Option Strategy(s):

- (11/16) Stand aside.

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

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Wheat Technical Commentary: Wheat shot higher today and took out the long-term downtrend to make another case for the bulls. Next resistance can be found at 574 3/4 and 585. We may consider a sell order near these levels soon.

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

Softs: Sugar rallied right along with everything today with more of a macro attitude. We are still long the March contract but are looking to take profit on a small bounce tomorrow. Sugar is still in a range and could see a move near 24 cents this week. Fundamentals are still bullish and all of the outside markets are bullish right now as well. It seems the easy trade is to buy and that is what funds are doing.

Cocoa: December cocoa closed higher today and could have put in a short term bottom. We are friendly cocoa and will be looking at taking a long position in the March contract. Cocoa is luxury commodity and should get back to

following the stock market in the near term. The sell off that we had just seen was due to harvest pressure. Look at the recommendations for our entry and risk parameters.

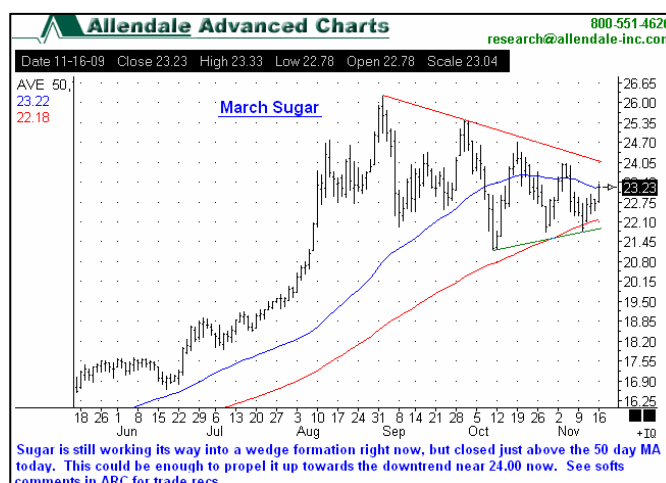
Cotton: December cotton bounced today due to a weaker dollar and strong outside markets. We are still friendly cotton and could see funds push cotton to retest the recent highs. We are still trying to take a long

Direction: We feel spreads look like the most promising trade right now...Ryan Ettner

2010 Hedge Alert: Orders have been placed to hedge 20% of expected winter wheat production using the July Chicago contract at 600 (or KC for hard red winter producers at the equivalent price).

Trade Idea(s):

- Chicago Wheat: (11/16) Buy Dec Chicago/sell Dec Kansas City market, risk 9 from entry, objective 22 from entry.
- Chicago Wheat (11/05) Bought July/sell



position but see the dip we had expected. If we are going to see the dollar continue to collapse cotton should continue to rally and stay strong throughout the week...Steve Georgy

Trade Recommendation(s):

- Buy **March Cocoa** 3160, risk 3095, Objective 3280
- Buy **March Cotton** 69.50, risk 68.50, Objective 72.00

Working Trade(s):

- (11/16) Sell **January Lumber** 223.50, risk 228.50, Objective 207.00 (**Stop was hit for a \$550 loss**)
- (11/10) Buy **March Sugar** at 22.00, risk 21.50, Objective 23.40, Closed at 22.69

Technical Commentary: Lumber rallied high enough to get us short and stop us out all in the same move. The technicals are very friendly with today's close and could project to near contract highs. We are going to stand on the sidelines for now but will reevaluate things later in the week. Next resistance is at 241.00 with support down to 217.60.

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 settled \$2.55 higher for the session at \$78.90. New contract lows in the U.S. Dollar definitely helped investors feel confident about buying commodities. The Federal Reserve Chairman, Ben Bernanke, spoke this afternoon regarding our economic recovery. The bottom line from his speech is that the economic recovery may not be as robust as previously hoped. So why did everything, including equities, rally from his speech that said the recovery isn't as good as we hoped? The market seems to know that this recovery has gone too far, too fast and that fundamentals don't jive with current prices. The problem is that the Federal Reserve has interest rates so low that investors continue to be rewarded by borrowing U.S. Dollars and moving that money into equities and commodities. Until this behavior hurts traders instead of rewards them, we should continue to probe higher. Looking ahead in the week, early polls for Wednesday's inventory data suggest a 100k barrel build in Crude stocks, a 200k barrel build in Gasoline stocks and an 800k barrel draw in Distillates...Brian Splitt

Trade Recommendation(s):

- (11/16) **Buy January Crude Oil at \$77.55.** Risk to a close below \$76 with an objective of \$80.45.

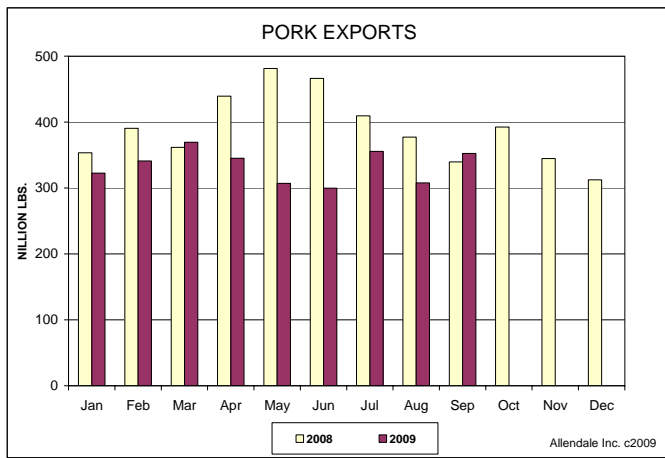
Working Trade(s):

- (11/13) **Bought January Natural Gas (11/16) at \$4.800.** Risk to \$4.500 with an objective of \$5.450. January Natural Gas settled at \$4.991.

Technical Commentary: December Crude Oil broke out of its recent sideways range to the downside last Friday but did not get any follow-through. Since we jumped right back into the range, another test of the high end of the range is reasonable and likely. Close-in support is \$77.75 with \$76, \$75, \$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 pointing up.

Since copper took out the most recent resistance on the daily chart today at 306.90, we now look to the weekly chart for further resistance. The market has retraced over 62% of the 2008 sell off. Can it keep going?

Lean Hogs: New trade data was released which may explain a part of the recent two month long rally.



September US Pork Trade: Pork exports for the month of September were surprisingly good. During July and August they were -13% and -18% compared with last year in the same month. September 2009 ended +4% over September 2008 levels. This resurging pork demand, after five months of lower readings, is supportive. It also sheds some light onto why packers were buying more aggressively than expected during September and October. On the import side though, we brought in 16% more pork during September versus last year. The two previous months only ran 5% and 8% increases. The net result of better exports

offset the negativity from bigger imports.

Direction: As of last week we are now 75% hedged for hogs using the December and February contracts. We are also calling for a top now that cash hogs peaked as well...Rich Nelson

Trade Idea(s):

- (11/12) Sold Dec 54.75, risk 56.25, objective 51.00. Closed 54.95.

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.

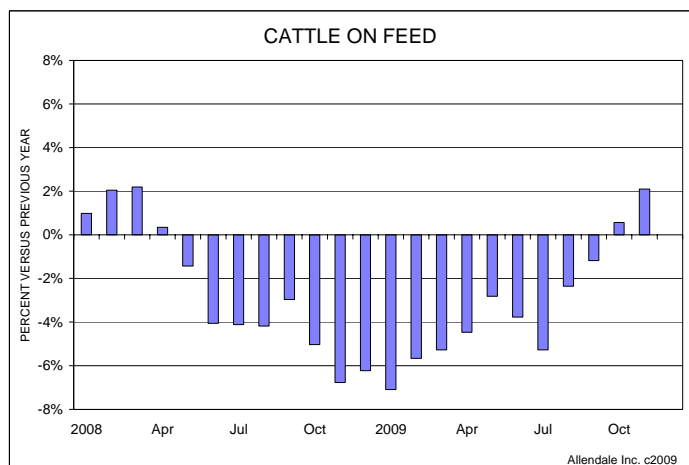
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Lean Hog Technical Commentary: Hogs continue to hover around the 55.00 level and the stochastics are starting to slightly turn upward. We are long from 55.00 since this is an area of consolidation back in October.

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

Live Cattle: The general theme of traders believing supplies will bulge and demand will weaken remains here. While we can agree there will be bulge in supplies in the coming months we are not sure about how much “worse” demand will get here.

Allendale Cattle on Feed: We look for Friday’s COF report to confirm four months in a row of bigger placements. The two reasons for this increase are 1) big feeders coming off grass and 2) these numbers are compared with 2008 levels. Fall/winter 2008 had lower than normal placements. This makes 2009 levels look big. With that in mind, do not be surprised to see November placements, reported on the December COF report, also include bigger placements. Cattle placed during October, which will be covered on Friday’s report, will be slaughtered from March through early August. With building placements, the total number of cattle on feedlots will go from .6% larger on September 1 to 2.1% larger on October 1. The net



result is this supply based report will indicate slaughter from feedlot style cattle will switch to above-last-year levels soon and remain there through March if not longer. Our estimates are COF 102.1%, Placements 105.0%, and Marketings 97.3% of last year levels.

September US Beef Trade: Beef exports have been weak for the three months in a row. The latest three months, including September, show -11%, -24%, and -19% respectively. This should be expected though. Keep in mind summer/early fall of 2008 saw a sharp increase due to renewed trade with South Korea. This should be no surprise. What is important is our weekly beef shipments during October have been over the average and also 2008. Imports in the most recent three months were +20%, +4%, and -5%. Falling beef imports in September is good news for the lower end of beef products...Rich Nelson

Trade Ideas(s):

- (11/11) Stand aside.

Option Strategy(s):

- (11/11) 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.

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Cattle Technical Commentary: Cattle finally stopped the bleeding a bit today with a rebound back above resistance at 83.50. The DB created last week may have helped spark this strength. We will stand aside, but may look to get long if 83.50 holds for a day or two.

Vital Technical Indicator: Next projected major turn day for live cattle is December 2 and for feeders is November 24.

[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

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