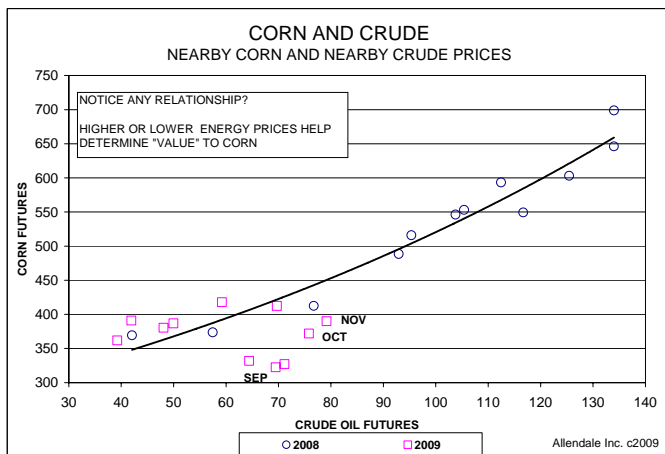


Allendale Wrap-Up for Business Day 11/23/09



Corn: We need to check our calendar today because it definitely felt like a Wednesday. For the last 3 weeks the funds have finished up their buying for the week allowing selling to take over and have the market slowly grind lower. Once again, as was the case last week, corn had troubles staying above 400. When the fund buying was present early on in trade it looked as though corn could finally move past that level and find new highs for the move if the buying continued through the week. What if today actually was our typical Wednesday though? What does that leave us with for the rest of the week? Corn closing lower than all of last weeks

lows on a Monday does not look positive for this market at all. For the rest of the week we can expect lower than average volume which often allows for small orders to make a big difference. This means that hedges and commercial selling could force this market quickly lower. For 3 weeks now the corn market has relied on the fund buying through half the week. If we don't see it reappear tomorrow then we should quickly see what we have in store without that buying. In December corn the 200 day moving average comes in at 385 which was also the low for today. We have been watching the index funds lately rather than the trading funds but a technical level such as the 200 day moving average could hold some sell stops for corn from that group. support is over leaving sellers in charge. Funds may have taken the sidelines for today and bulls had better hope they come back tomorrow. Given the potential setback if the index funds do take the week off we want to once again emphasize the need to put on additional hedges for next year at the prices we see now.

Direction: December options are gone allowing corn to trade more freely. That free trade chose to take the lower direction today. Watch the 200 day moving average which is today's lows. If we break that level watch for more aggressive selling to step in...Ryan Ettner

Trade Idea(s):

- (11/20) Buy Mar 394 OCO (one cancels other) sell 420, risk 13 from entry, objective 25 from entry.

Option Strategy(s):

- (11/19) Sold Jan 450 Call/sold Jan 390 Put 14, risk to 20, objective 0. Closed 12 3/4.

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 posted an outside day down on the chart today with a settlement near the 20 day MA. The longer it takes this market to take out the Oct high at 413 1/2, the more chance the bears have at taking it down again.

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

Soybeans: What started off as a big run higher turned into a disappointing day that barely held the steep uptrend line. Looking back at the resistance level of 1068 we now need to see what happened when we failed at that level. What we found when this happened in August is an overnight high of 1068 with a

close three days later at 952 1/4. Today both the overnight trade and the day session tested that resistance. Another day of selling tomorrow would break the uptrend line which could spark even more selling. Those who are bullish this market will need China to step in with more significant buying. A good export sales report this week is almost essential to hold on to current prices. As with other markets the beans will likely see very thin trade. An old saying would suggest that the bulls eat turkey on Thanksgiving and the bears eat it at Christmas. While it is a saying that suggests buying through this week, if we break the trend line that may seriously be in jeopardy this week. There are quite a few levels where selling could step in just below current levels. This market needs to see active buying tomorrow or it is setting up for what could be an active sell off.

Direction: Next resistance is still 1068 but we failed to pass that level today. This would suggest that we need to start hedges soon before a larger sell off occurs. Hedging at just below the highs for the year in November 10 can't be seen as a bad trade...Ryan Ettner

Trade Idea(s):

- (11/23) Bought Jan 1054, risk 1037, objective 1064. Closed 1042.

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 26 1/2, risk to 42, objective 0. Closed 36.

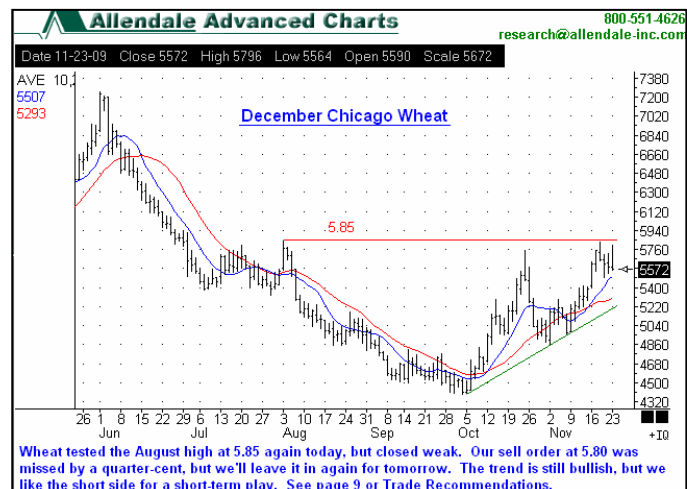
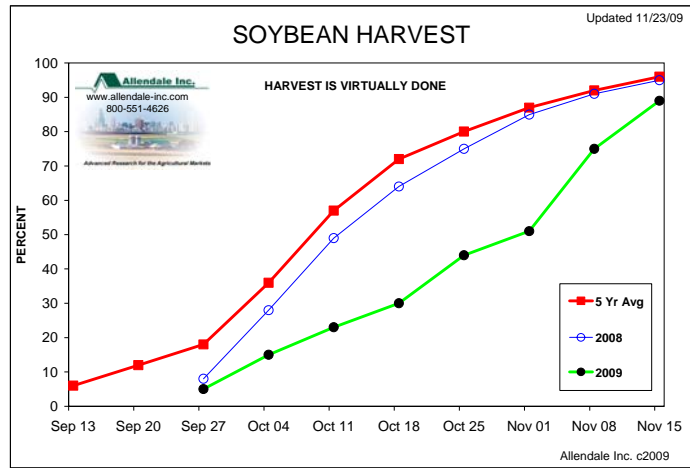
Allendale's Rich Nelson will utilize fundamental and technical indicators to provide a full 2010 outlook for the soybean market at Allendale's annual conference.

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Soybean Technical Commentary: Beans nearly hit the Aug high at 1068 today, but it was a short-lived rally as the market headed south quickly and closed over 20 cents off the high. This looks like a buying exhaustion to us so we'll place a sell order at 1060.

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

Wheat: Wheat tried to hold on to early gains due to the dollar getting hit hard this morning but after corn and beans dropped far enough the wheat finally followed. Seeing as how this has become a strictly technical market we must see that the 858 level has acted as resistance a couple times now so moves up to that level again can be seen as a sell. As we mentioned on previous directional trades it would more than help to see



the dollar higher before putting in sell orders no matter how well backed up that trade may be technically.
Direction: Remain standing aside with spreads as our only interest. Farmers should start buying a put and selling a call (this is a Box)...Ryan Ettner

Trade Idea(s):

- Chicago Wheat: (11/16) Buy Dec Chicago/sell Dec Kansas City on -3/4 open, risk to -5, objective 10. Closed 3 1/4.
- Chicago Wheat (11/05) Bought July/sell Dec at 44, risk to 26, objective 68. Closed 43 1/4.
- Chicago Wheat: (11/16) Stand aside.
- KCBT Wheat: (11/16) Stand aside.
- MN Wheat: (11/23) Sell Mar 597, risk 608, objective 575.

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 tested the August high at 585 again today, but closed weak. Our sell order at 580 was missed by a quarter-cent, but we'll leave it in again for tomorrow. The trend is still bullish, but we like the short side for a short-term play. **Vital Technical Indicator:** the next schedule projected major turn day in store for wheat is Dec 3.

Softs: Sugar: March sugar hit the 100 day moving average today but closed in the middle of the range. Sugar also held the wedge formation it has been forming for the last few weeks. We feel we can see a bounce early next week that could take us back to the upper end of the range. We will be looking to buy dips on Sunday night for an early rally next week.

Cocoa: December cocoa found strength today even with a weak stock market. Cocoa was up 81 points and closed strong for the week. The December contract was up 172 points for the week and could see more follow through strength next week. We are long right now and look to stay that way until middle of next week.



Cotton: December cotton closed above 70 cents today and was the highest close since October 2008. This is a friendly close on the charts and could spark more funds buying next week. Today's strength was mostly due to the funds and not from and fundamentals. We are going to stand on the sidelines for now and until we see more market direction next week...Steve Georgy

Trade Recommendation(s):

- Sell **January Lumber** 233.00, Risk 250.20, Objective 224.00

Working Trade(s):

- (11/17) Bought **March Cocoa** 3160, risk 3095, Objective 3280 (**Filled at the open at 3156**)

- (11/16) Sold **January Lumber** 223.50, risk 228.50, Objective 207.00 (**Stop was hit for a \$550 loss**)
- (11/10) Bought **March Sugar** at 22.00, risk 21.50, Objective 23.40, Closed at 22.69 (**Profit hit today for a \$1,568.00 gain**)

Technical Commentary: Lumber pulled back again today with a drop of \$4.50 in the January contract. We tried to get short again today but missed the selling opportunity we are not going to change our order right now but we expect volatility next week with no markets on Thursday. Support comes in on Monday near 223.00 and 222.00 with resistance at yesterday's lows 227.00. Have a great weekend.

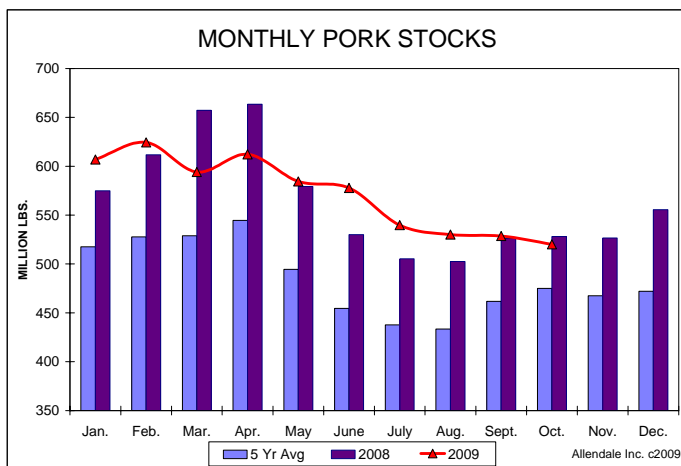
Allendale Outlook Conference: January 22-23, 2010 in Crystal Lake, IL
Grain, Livestock, Weather, and Economic Outlooks will be provided to help you plan a successful 2010 marketing year. [Get more info here...](#)

Energies: January Crude Oil was up \$0.09 at the close settling at \$77.56. We saw aggressive buying early in the session based on a weak U.S. Dollar and positive economic data this morning, both overseas and abroad. Chinese oil demand was 10% above year ago levels for the month of October and sales of previously owned U.S. homes jumped aggressively in October. But today's rally eroded throughout the session as Crude Oil failed to find new buyers the closer it traded to \$80; this week's low holiday volume could keep trade choppy. There hasn't been a lot of news to trade lately and the market continues to play off of equity and Dollar influence. The trend is still up and playing the trend is what continues to make money, but we don't want to risk much of this year's profits buying at this level so our risk will be tight...Brian Splitt

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 \$4.791.
- (11/16) Bought **January Crude Oil (11/20)** at **\$77.55**. Risk to a close below \$76 with an objective of \$79.75. January Crude settled at \$77.56.

Technical Commentary: January Crude Oil is still in a nine-month up trend and a one month down trend. The weekly chart put in an inside bar last week, so this week's light volume holiday trade could fuel a longer term move if key areas of support/resistance are violated. Close-in support is \$76.75 with psychological support at \$75. \$73.80 and \$71.15 provide further support above \$70. Close-in resistance will be \$78.50 with psychological resistance at \$80. \$80.50 seems to provide further resistance as we continue to see selling just above \$80. Stochastics are pointing down.



Lean Hogs: As expected, better trade was posted for CMEGroup lean hog futures. Friday's Cold Storage report indicated a drop in total pork stocks during a month when they typically increase. Part of the decline is being attributed to exports. We already knew September pork exports pushed just above 2008 levels (after many months below). Friday's Cold Storage report could imply October exports were good as well.

Direction: Some areas saw better interest in cash hog pricing today. For the week cash hog prices were down. Wholesale pork was up \$1.27 this afternoon though. That puts this week's net change in cash pork prices was 83 cents. With some

disagreement in cash markets we will simply look at HOW futures are trading right now. This week posted a good jump in open interest and held onto it. Along with the higher prices posted for futures we will simply point out bulls are back in control. Traders should wait for a good high volume price break lower before being convinced this market is ready to break below 62.00 on the February. We are happy to be working on hedges at these prices for producers but will not suggest traders sell this market yet...Rich Nelson

Trade Idea(s):

- (11/19) Stand aside.

Option Strategy(s):

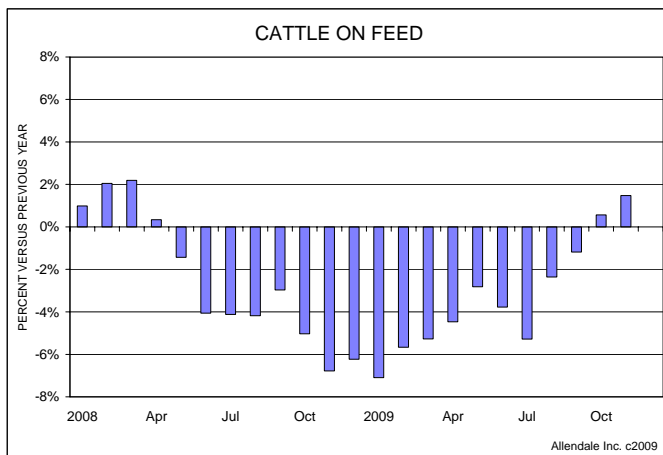
- (11/19) Stand aside.

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: The hog chart is beginning to look like swiss cheese as the market gapped higher for the second day in a row today. Resistance at 59.15 from July is not far ahead, so we'll place a sell order near it in case the market decides to fill some of these gaps.

Vital Technical Indicator: Next projected major turn day for lean hogs is December 3.



Live Cattle: The mixed action in futures this morning more or less fit what you would have expected. Friday's Cattle on Feed report showed a smaller than expected increase in October Placements. Offsetting that good news are continued concerns over holiday beef demand. Those concerns are valid but they are already known. The market has priced in some steep cuts in demand already. Something of interest is the daily wholesale beef number. There were some lower prices reported last week but this afternoon's report showed some stability.

Direction: The market believes we will have

higher supplies in recent weeks at the same time as demand remains weak. While we agree on the supply end the real question is still demand. A respected economist group today indicated they looked for unemployment to finally peak out at some point in the first quarter. In the big picture, we probably made significant two year lows a few weeks ago. On the other hand, though we made those big lows, this market is in no hurry to come off them ...Rich Nelson

Trade Ideas(s):

- (11/20) Buy Apr 87.35, risk 86.00, objective 89.25.

Option Strategy(s):

- (11/19) Sell Feb 82 Put/sell Feb 88 call 2.00, risk to 3.00, objective 0.

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 found enough strength to push above last week's high at 84.15 today. This move stopped us into a long at 84.25 as it now looks as though we may have a short-term bottom in place. The 20 day MA is just overhead though at 84.86.

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

[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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