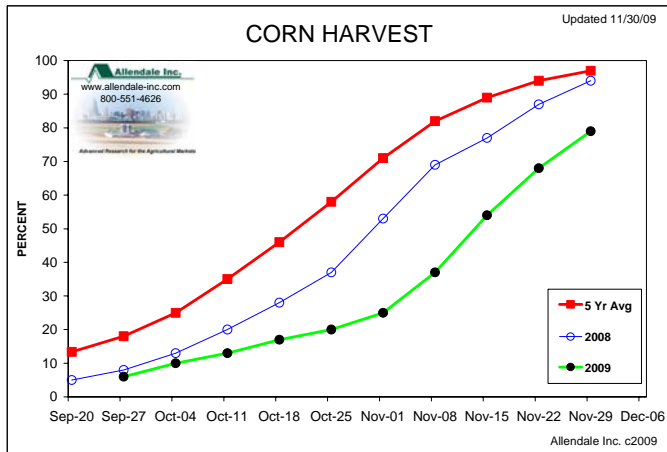


Allendale Wrap-Up for Business Day 11/30/09



Corn: Not much was expected from corn this morning after the rally seen on Friday. There were not many who were expecting funds to back up that buying with more this morning. For most of the day, that is what we saw. Normally without fund support we have been seeing a moderate setback from the market drifting lower. Today, however, the market stayed well supported. All eyes are focused on whether the EPA will approve of the max blending rate for ethanol to be raised as much as 15%. That news is supposed to be released tomorrow. Many feel that the EPA will simply suggest they need more time before making a

decision. It is the chance of giving an approval to the increased blend rate that kept the market supported today. Late in the session more active buying came in running corn just short of resistance. This buying was active but had more of a trading fund feel to it than the index fund buying we have seen the last few weeks. Buying that came in, was sudden and quickly set back, just about to even on the day within 15 minutes. News from ethanol other than the blending rate has been positive so far. Price for ethanol has increased which should keep good support in the corn market fundamentally as well as the production being up 13%. Weather looks to hold up for harvest progress. With precip holding off for a week, combines will continue to move at the pace of drying. Colder temps are expected late this week which will also be beneficial as combines will get the chance to drive where they can't go right now from standing water and mud. For these reasons expectations are high that corn harvest should make good progress during the next two weeks. There is early talk of heavier snows coming in the middle of next week but confidence in that forecast remains low. We will have to keep a close eye on the EPA to see if they will give more fuel for this bullish fire. As it comes to hedging of next year's crop it should be noted that December 2010 corn did not participate in the rally seen in other months today, leaving hedges harder to come by than current months might suggest. We continue to suggest producers take part in current prices at least in some scale.

Direction: Our buy of March corn reached its objective today and just in time. If the EPA delays their decision and funds do not back up, this market we can expect more grinding lower through the week...Ryan Ettner

Trade Idea(s):

- (11/24) Bought Mar 394, objective 419 filled 11/30 for +\$1,250.

Option Strategy(s):

- (11/19) Sold Jan 450 Call/sold Jan 390 Put 14, risk to 20, objective 0. Closed 11 3/8.

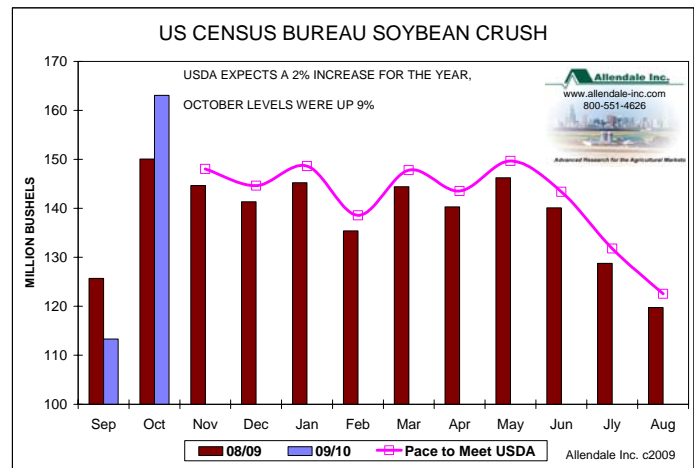
2010 Allendale Outlook Conference: Bill Biedermann will deliver a corn outlook to help plan your marketing for the entire year.

*****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: March corn closed strong today and looks to be heading towards the recent highs at 4.25. We will try a short-term sale at 4.22 and risk to 4.29 since this area of resistance seems to be holding well right now.

Vital Technical Indicator: the next projected major turn day is December 15.

Soybeans: On Friday there was only thin volume trade in beans, so there was not the same buying as seen in corn. That left the bean market to play catch up this morning. Even with the corn called to start the day steady, there was a good size rally which beans needed to catch up to. Fundamentally supply is looking good as South America still looks to have a good weather setup. Estimates for their production continue to rise. On the demand side both crush and exports are ahead of the USDA expected pace. Going over to the technical side the Jan beans had a major level of resistance that many were watching out for. That



level was 1068 and on a bounce that is exactly where beans stopped. That left thoughts of just how high could the beans go if we were to break that level. Shortly after that, 1068 was taken out with very little additional buying to keep beans running higher. Without that support, the beans gave back a good amount of earlier gains and suddenly didn't like quite so bullish. There is no doubt that an uptrend is still in place but large buying on breaking resistance did not surface. Without that buying it now looks that if beans are to head higher from here it could happen much slower than the bulls could have hoped for. As with the corn, the deferred months of beans such as November 10 did not take part in the rally nearly to the extent of front month contracts. November 10 barely managed to trade at 1055 and even ended up closing lower on the day. That contract continues to move to new high territory making additional rallies unable to translate to gains in the deferred months. This means that those looking for \$12 beans are not likely to find them anytime soon for next November.

Direction: The slow reaction of the deferred months to react to gains in the nearby months show that a hedger can take advantage of current gains with better confidence to not be quickly margined out of a position. These prices are high and offer great opportunity for long term traders and hedgers...Ryan Ettner

Trade Idea(s):

- (11/30) Sell Jan 1067, risk 1078, objective 1030.

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 37 5/8.

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 traded just above the August high at 10.68 today, but closed well off this level, making it look like a selling opportunity. We did just that at 10.60 and will keep a stop at 10.70. Support remains down at 10.29 1/4.

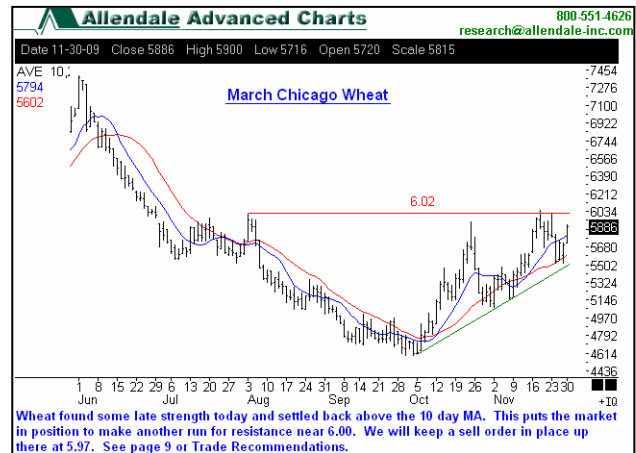
Vital Technical Indicator: The next projected major turn day for soybeans is December 9, soybean meal is December 4, and soybean oil is December 4.

Wheat: With the choppy trade seen in wheat lately, it should come as no surprise that this market was once again the leader to the upside. March wheat is approaching its recent resistance of 604 3/4 and only

those willing to take on a high amount of risk should sell at that level. Options or spreads are still the way to go for this market. There was some small talk this morning of concern that winter wheat acres will not be as high as expected. This likely will not come as much of a surprise to most and probably reflects only a couple cents out of the 15 higher move seen in this market today. If you want to sell this market then the 6 dollar level has been good resistance but again, we would recommend options.

Direction: Resistance is found around 6 dollars.

High volatility provides more benefit to those who sell options but those are of course subject to margin risk. Buying options in high volatility require a high price. Even the sale of a far out-of-the-money option can provide a good premium as volatility is high...Ryan Ettner



Trade Idea(s):

- Chicago Wheat: (11/16) Bought Dec Chicago/sold Dec Kansas City -3/4, risk to -5, **exit on 11/30 night trade on open.** Closed 7.
- Chicago Wheat (11/05) Bought July/sell Dec at 44, risk to 26, objective 68. Closed 42 3/4.
- Chicago Wheat: (11/25) Stand aside.
- KCBT Wheat: (11/25) 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 found some late strength today and settled back above the 10 day MA. This puts the market in position to make another run for resistance near 6.00. We will keep a sell order in place up there at 5.97.

Vital Technical Indicator: the next schedule projected major turn day in store for wheat is December 3.

Softs: Sugar: March sugar closed within the range we have been in for the last few weeks. We are looking sell strength this week near last week's highs. Our feeling is that the March contract could continue to chop around but we feel comfortable playing this from the short side only. Check the recommendations for our risk and entry points.

Cocoa: December cocoa only feel 8 points today but looks a little over done to the upside. We are going to try and sell rallies right now and look for profit taking throughout the week. Fundamentals have been very quite lately with the funds rebalancing there positions. We are in Holiday market mode so we can expect to see big swings in these markets.

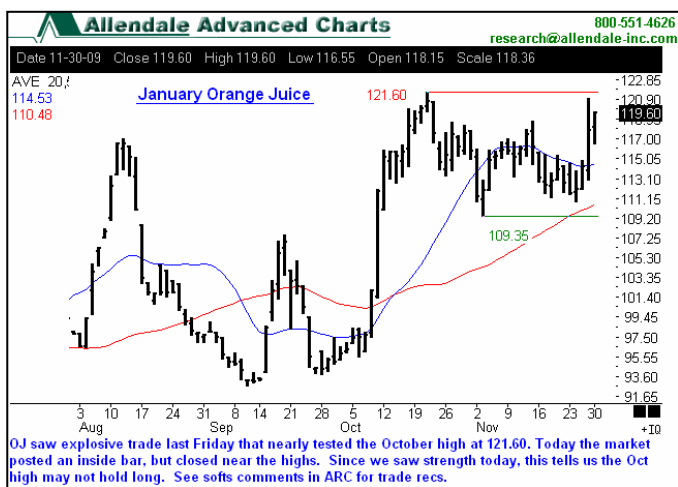
Cotton: March cotton closed higher today but is giving us a chance to sell near the short term resistance. Cotton is over bought and looks like it can turn short term. The recent high is 75.74 and we feel could be a good spot to get short for the week. Keep an eye on the trade recommendations for our entry points...Steve Georgy

Trade Recommendation(s):

- Sell **March Sugar** at 23.30, Risk 23.70, Objective 22.00
- Sell **March Cotton** at 75.50, Risk 76.00, Objective 72.50

Working Trade(s):

- (1124) Sold **January Lumber** 233.00, Risk 241.00, Objective 224.00 (**Stop hit for a \$880.00 loss**)



Technical Commentary: Lumber hit our stop today and looks very strong on the close. It seem for the past few weeks we had seen a 2 day rally (Monday and Tuesday) with Wednesday as a turnaround day, followed by profit taking Thursday and Friday. This week is setting up to be the same way. Resistance now is near 246.60 (old highs) and support at 239.80 (last weeks highs).

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 \$1.23 on the close; last trade was \$77.28. Lower trade in the U.S. Dollar may have added some support, but the sharp rally near mid-session today looked like it was made independent of the U.S. Dollar. It's hard to say what exactly fueled this move, but most news wires are citing tensions regarding Iran's nuclear program in conjunction with reports that Iran's Navy seized a yacht carrying 5 U.K. nationals. Whenever geopolitical issues arise with Iran as one of the involved parties, the market will add risk premium just in case something more develops. Moving beyond this news, the market is still trying to figure out what long term impact the situation with Dubai may have on global financial markets. With the United Arab Emirates taking steps to sooth investor worries, the issue looks to have jumped to the back burner relatively quickly. Looking ahead to Wednesday's inventory data, early polls suggest unchanged inventories for Crude Oil. Gasoline stocks likely rose 900k barrels while Distillate stocks are expected to show a 400k barrel draw...Brian Splitt

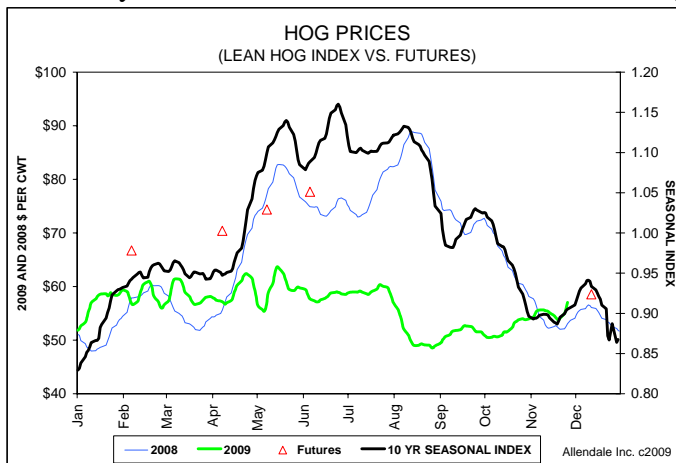
Working Trade(s):

- (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 \$4.848.
- (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 \$77.28.

Technical Commentary: January Crude Oil is still in a nine-month up trend and a one month down trend. Financial news changed the chart last Friday, but if we remove that day from the chart the pattern we have been trading in continues. Close-in support is \$76.75 with \$75.50 and psychological support at \$75 as further support. \$73.80 and \$71.15 provide good support above \$70. Close-in resistance will be \$78.50; psychological resistance is \$80. \$80.50 seems to provide further resistance as we continue to see selling on minor pushes just above \$80. Stochastics are pointing up.

Although gold has an inside bar on the chart today, the market is holding the recent gains and shows no signs of a top yet. Therefore, we'll keep a buy order at 1160.00 since this is near support. The market is overbought and needs to correct.

Lean Hogs: There have been some questions regarding this apparently wide cash hog to December futures spread. Futures will expire in two weeks on the 14th. They appear to be holding a good sized \$3.85 premium to the latest CME lean hog index (58.85 vs. 55.00). That sounds like something to get alarmed about but we must first clarify this lean hog index issue. The CME lean hog index is a two day weighted average that is based off government reports. The government report released this morning now gives us cash hog trading through Friday. The index based off this report, which the CME will release Tuesday morning is 57.05. Making it brief, December futures are not holding that large of a premium to current hog prices. And if you consider the fact cash hogs were higher this morning that narrows the premium even more. Our overall position is neutral to a little positive. Now that H1N1 influence is completely over we can go back to old fashioned fundamentals. On that subject we see slaughter and production numbers that are lower than last year combined with pork exports that are running better. That makes for less pork put on the US consumer's plate. That means hog prices should be (and now are) at prices a little higher than last year. The table below, shows futures make good gains the day after Thanksgiving.



Thanksgiving Day Effect: Change from the day before to the day after Thanksgiving.

February Lean Hogs		\$/cwt
15 Year Average		+ .40
Actual 2009		- .32
Up Years	13/15	+ .52
Down Years	2/15	- .35

On Wednesday we released the table above showing February futures rallied in 13 of the last 15 years over Thanksgiving. It was interesting to see that did not work this year...Rich Nelson

Trade Idea(s):

- (11/30) Buy Feb 64.90, risk 63.25, objective 68.50.

Option Strategy(s):

- (11/30) Sell Dec 58.00 put 1.00, risk to 1.50, objective 0.

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.

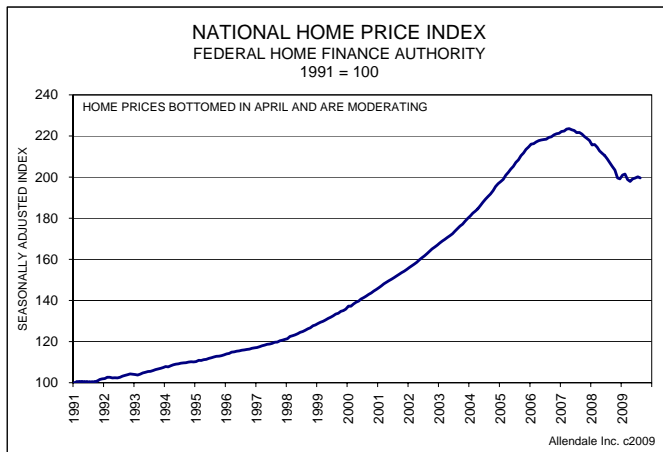
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Lean Hog Technical Commentary: Hogs have gapped higher 3 times within the past week now. Today's close above previous resistance at 59.15 now opens the door to next resistance at 60.10. This is a key psychological level as well.

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

Live Cattle: The big contrast here is perceptions of what may happen and what is happening right now. The beef trade believes beef demand will continue to deteriorate in the coming months. This "second wave" of lower beef demand is based on the idea unemployment will still grow for another couple months or so. The actual thing that is happening "right now" is beef demand has stabilized. Wholesale beef prices closed up last week and were mixed today (20 higher for choice and 42 lower for select). Packers were bidding steady \$83 this morning in Kansas. If packers start the week (very early) bidding steady money then there is a good chance higher prices will be seen. We still believe the worst of this beef demand issue

is over. We still do not see a need for this market to retest the summer lows in cash cattle of \$80/\$81. For the near term we will look for this market to post a sloppy trade. We think the next move will be higher. When that happens depends entirely on when the market feels unemployment has hit its worst...Rich Nelson



Trade Ideas(s):

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

Option Strategy(s):

- (11/25) Sold Feb 82 Put/sell Feb 88 call 1.82, risk to 3.00, objective 0. Closed 1.72.

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 saw quiet trade today in a very narrow range. The close was above the 10 day MA for the second consecutive day though. We will stand aside through the holiday tomorrow.

Vital Technical Indicator: Next projected major turn day for live cattle is December 2 and for feeders is December 7.

[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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