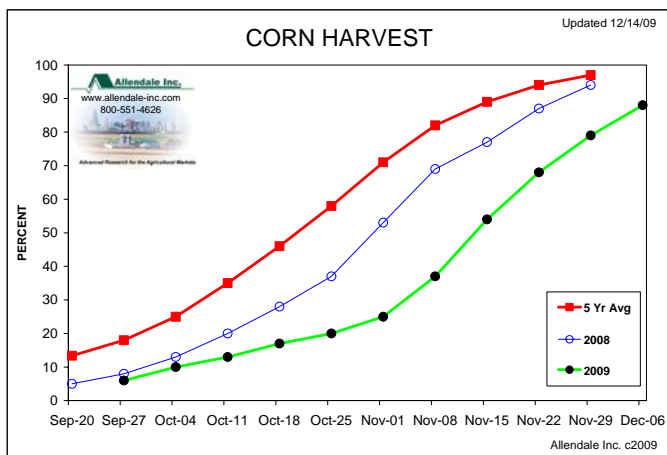


Allendale Wrap-Up for Business Day 12/14/09



Corn: To start a new week, the buyers that we have seen in corn had a problem running this market up. Buying over in the bean market added some outside market support but now the corn market is approaching resistance in March of 420. This time, as corn approaches the resistance level, it is doing so with crude far lower than it was the last time we were here. On December 1st, when corn made its last high of 421 1/4 the crude was making highs of 79.04. This time on a bounce in corn, crude is nearly \$10 lower than it was making that resistance all the more worth selling from. Current estimates on damage from the winter storm come in

between 50 – 100 million bushels. This damage is supportive to the corn market but in the end it has been crude oil which has kept underlying support in this market. Reports we have been hearing is that some producers are back to the harvest, while others still have a good while to wait with some snow drifts as tall as the corn around the headlands. New hedgers should take advantage of current prices right now while those with positions already on can look to build new positions near resistance. Keep in mind you can lock in high prices by selling futures, using options, or selling cash corn. Do not sell cash corn for current delivery (at this wide basis). If you do not use futures or options, sell only for deferred delivery where you capture some of the tightened basis. Looking again at outside market influence, it can be said that crude has been oversold lately. This might bring just enough support into corn to get our hedges put on. Corn did not have good volume buying on Friday's bounce. It is likely that without support coming from the beans, we would have seen that support disappear today with corn trading lower. If crude puts together a bounce or if beans stay strong then we will be given a chance to hedge once again.

Direction: Corn could find support buying come in at any point as we saw on Friday. March corn has traded close to 420 eight times since late October and through it twice. Each time we made these runs they were short lived and open working orders were those that benefited the most. Right now corn looks to test resistance before testing support so hedging is where our attention has turned for now...Ryan Ettner

*****Hedge Advice Alert***:** On the Hedge Advice page of this report, available to full subscribers of the Advisory Report, we have placed important new information for the newly harvested 2009 corn crop. Joe Victor is in charge of recommendations for hedging grains on that Hedge Advice page. He has done well with only 35% hedged and 65% of the crop held un-hedged. We are now advising to sell 50% of the crop for March delivery to the cash market and exiting the original 35% hedge. We all know basis is typically widest in the fall and tightens into the spring. This move (March delivery contracting) has captured most of that tightening...Rich Nelson

Trade Idea(s):

- (12/11) Sold Mar 396, risk 408 filled 12/14 for -\$600.

Option Strategy(s):

- (11/19) Sold Jan 450 Call/sold Jan 390 Put 14, risk to 20, objective 0. Closed 2 3/8.

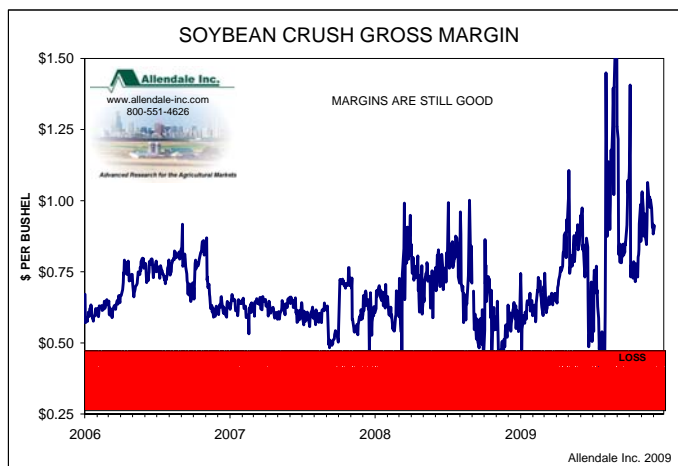
2010 Allendale Outlook Conference: Bill Biedermann will deliver a corn outlook to help plan your marketing for the entire year.

*****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.

Advanced Charts Direction: Corn found more strength today and settled above the 20 & 40 day moving averages. Will the bulls be able to push the market up towards the recent highs near 425? We will place a sell order at 420 just in case...Monica Moehring

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

Soybeans: In a reverse of Friday, it was the corn market which followed the bean market today. Some quick buying came into the beans based on strong crush numbers. USDA is looking for a 2% gain in crush this year but current numbers are already showing a pace for 4% gain. This morning's report, for the month of November, showed a 15% increase! Other news in beans turned out bearish today. Much like corn, the beans may find good resistance at recent levels that have stopped this market. Weather in South America still looks good with dry weather for most of this week without excessive heat



which is then followed by good rains late in the week. There was also talk of China releasing some amounts of stocks to help keep prices down for cooking oil as well. There are more reasons for support in this market recently but the window for hedging might not be all that large. China typically starts looking at South American beans some time around mid January. When it comes to hedges, we will need some continued support as the November contract did not follow current months very well today. Jan beans were up 20 on the day, yet November was only 10 higher. This leaves us well short of our target for hedging as just last week November was over 1040 and even after the bounce today it only was able to manage 1028. Upon reaching the 1040 level or slightly higher we will once again look to be aggressive hedgers of beans.

Direction: For shorter term trades we look to be sellers of Jan around the 1060 level. Hedgers will have to wait a little longer than that as November did not follow lead contracts well today. We will choose to sell Jan just slightly higher than current levels as well as look to sell March 1300 calls for 10 cents. It is possible that March beans may not manage enough of a bounce to reach 10 cents for this strike but currently we can sell the 1260 call for around the 10 cent level. These are options we only need to hold onto until Feb 19...Ryan Ettner

Trade Idea(s):

- (12/11) Sold Mar 1048, risk 1063 filled 12/14 for -\$750.

Option Strategy(s):

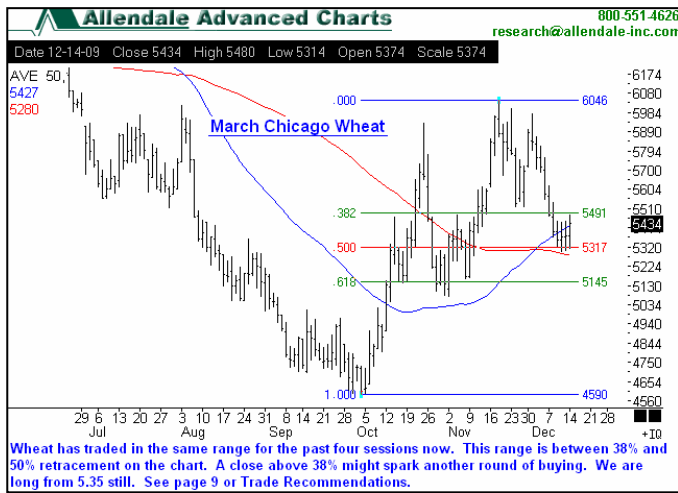
- (10/08) Bought **Mar 920** put, sold 1020 call, sold 800 put for 10...producer idea. There is margin required with this, but you are in a position to make 120/bu if the market breaks while leaving a 100/bu upside open before you are locked into a short.

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.

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Advanced Charts Direction: Bean shot higher today after testing last week's low in the overnight session. The close was strong as well, so we would not be surprised to see the recent highs tested near 1070. We will place a sell order at 1065 and risk to 1080...Monica Moehring

Vital Technical Indicator: The next projected major turn day for soybeans is December 29, soybean meal is December 18, and soybean oil is December 21.



Wheat: Once again affected by outside markets, the wheat was happy to follow along with the row crop bounce today. For the fourth session in a row, the 100 day moving average looks to be a line of support. Wheat has traded down close to this line but has not broken it, making it a good area to buy from. Today this line comes in at 528 in the March. Opportunities have been thin in this market recently trading more calm than it has for quite some time now. This 100 day moving average is looking more like either a level to buy from or to have a “stop in” sell order just below it.

Direction: Should wheat break the 100 day moving

average the next support will come in at a double bottom price of 507 1/2. Either of these are buy areas both having objectives of nearly 600...Ryan Ettner

Trade Idea(s):

- Chicago Wheat: (12/10) Sell Mar 549, Risk 562, objective 511.
- KCBT Wheat: (12/14) Stand aside.
- MN Wheat: (12/14) Sell Mar 533 stop, risk 547, objective 510.

Option Strategy(s):

- (12/10) Sold Mar KW 580 call 16 1/8, risk to 29, objective 0. Closed 16 1/2.

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.

Advanced Charts Direction: Wheat has traded in the same range for the past four sessions now. This range is between 38% and 50% retracement on the chart. A close above 38% might spark another round of buying. We are long from 5.35 still...Monica Moehring

Vital Technical Indicator: the next schedule projected major turn day in store for wheat is December 17.

Sugar: March sugar rallies again! We are looking for a larger move in the next few sessions. Sugar closed 128 points higher today and looks like we will test the contract highs in a matter of no time. The spec community is interested in tight stocks once again and has pushed sugar significantly higher. Fundamentals are bullish with the charts now pointing higher as well. We will be looking for dips as buying opportunities with a target on the March contract near 27 – 30 cents.

Cocoa: March cocoa closed 16 points higher but has remained very quiet for the past few weeks. We feel this attitude will continue with most of the



traders books closed for the holidays. We are still short but running a tight stop if things get crazy. Keep an eye on the stock market for direction in the next few weeks.

Cotton: March cotton rallied 146 points today with early strength. Cotton made new highs but was not able to close into them. We feel we can see some profit taking this week now that we have tested the recent highs. We are now short cotton with a tight stop and will look for a retest of the recent lows...Steve Georgy

Trade Recommendation(s):

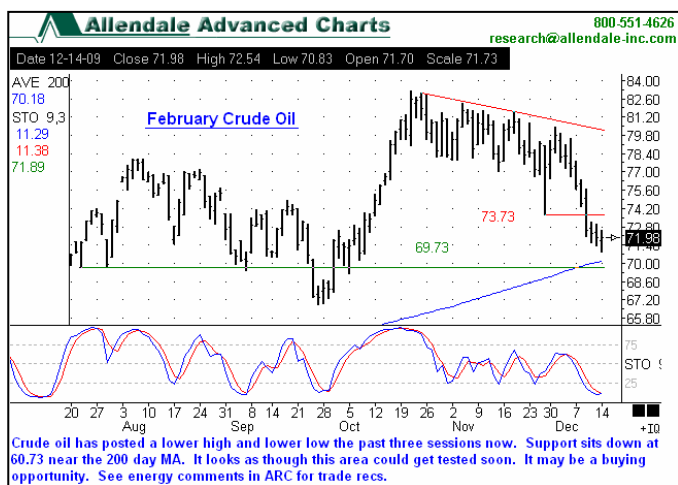
- Buy **January Lumber** 210.00, Risk 205.00, Objective 221.00

Working Trade(s):

- (12/14) Sold **March Cotton** at 75.30, Risk, 76.30, Objective 72.20

Technical Commentary: Lumber has finally caught its self on the charts. We are looking for a bounce short term as the dollar seems to weaken up. Lumber has good support at last weeks lows (213.20). We are still looking to buy pull backs but we just haven't hit our target yet. Resistance comes in tomorrow at 217.90 and 219.00. . .Steve Georgy 800-262-7538

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 settled \$0.36 lower on the session at \$69.51 which now brings us to nine consecutive sessions of lower settlements. Even though the U.S. Dollar was down today, poor technical signals and ongoing demand concerns are still keeping this market down. We also feel that fund reallocation activity is keeping pressure on Crude Oil as we see funds reduce the percentage that energies account for in their investment models...Brian Splitt

Working Trade(s):

- (12/9) **Bought January Crude Oil** (12/10) @ **\$69.51**. Risk to **\$68.43** with an objective

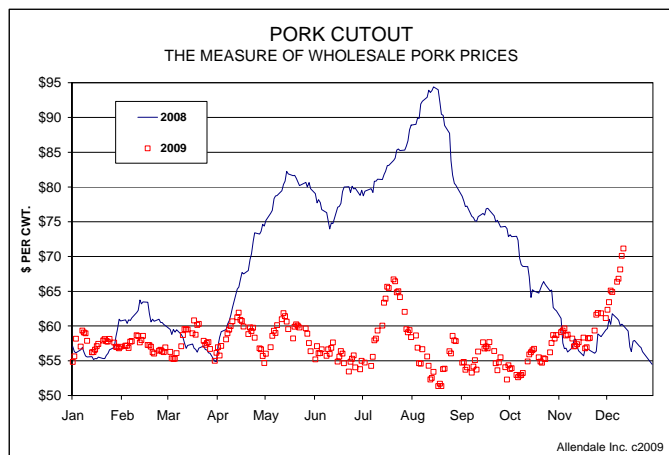
of **\$73.30**. January Crude Oil settled at \$69.51.

Technical Commentary: January Crude Oil is in a five month up trend and a one month down trend. The chart has breached numerous levels of support over that past few weeks and breached the 10 month uptrend last Wednesday. The spike low of \$72.39 from the Dubai debt news is actually where the long term up trend was violated which turned the chart bearish. Close-in support is \$69.30 with \$68.20 and \$66.10 providing support above \$65. Close-in resistance is psychologically at \$70 with \$71.15, \$72.39, \$73.70 and \$74.85 providing further resistance. Stochastics are sideways and are very oversold.

Copper continues to trade just above the uptrend, which was enough to fill our buy order at 312.00 today. The close was up near the 20 day MA. The 40 day MA is just below the trendline providing more support.

Lean Hogs: We have talked in previous commentaries about the idea that seasonally, this market has rallied faster, and longer, than normal. Subscribers to Allendale's research via the website can access the chart of cash hog prices in the Special Reports tab on the left. That chart shows cash hog prices are running about 4% higher than last year at this time. However, to make sure all subscribers can see

something of interest we have posted a chart of wholesale pork prices on the Food for Thought page of this report. While cash hogs are 4% higher than last year, wholesale pork is 23% higher! Take a look at



the chart for yourself. While we are inclined to begin looking for a top we cannot stand in front of a market with this type of rally going on. In the short term we will happily keep our hand in our pocket for now. In other news, for the Outlook Conference each year, we like to go through a few larger picture charts covering the world situation. This year we have got some great stuff on the world need for proteins. How will rising populations/incomes and needs balance against the supply situation in the next few years? We've heard this story from the outside industry people (the new Wall Street types). Now, let's see the real story with a little more reasonable balance...Rich Nelson

Trade Idea(s):

- (12/11) Stand aside.

Option Strategy(s):

- (12/11) Stand aside.

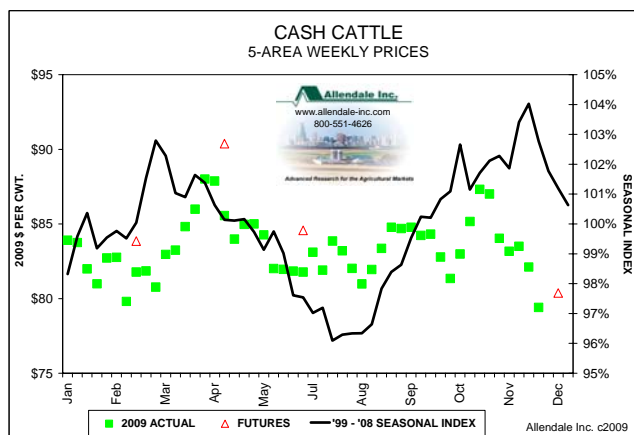
Have we seen the end of the small producers in the hogs? Rich Nelson has the answers but you have to attend the 2010 Allendale Outlook Conference to find out.

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Advanced Charts Direction: Hogs saw a modest rebound today, but it's enough to keep the uptrend intact. We remain long from 64.30 to stay with this trend. Do the bulls have enough pull to get this market back up to the late Nov highs though?...Monica Moehring

Vital Technical Indicator: Next projected major turn day for lean hogs is December 15.

Live Cattle: So, wholesale beef has rallied in the past two days (+\$3.74 for choice and +\$1.77 for select) and February live cattle has picked up \$1.77. Now the onus is on cash cattle. We noted this morning that bears were still talking of steady to potentially lower trade this week. Given the numbers above, that is hard to believe. Last week cash cattle traded evenly between \$79 and \$80 with an average of \$79.41. Last week's trade broke the summer lows and even the lows posted in the heart of the recession. The first quarter of this year posted a \$79.81 average for the week. We have said this last leg down in cattle prices is at best outlandish. Now that we are getting better information in hand for all phases of demand (exports, rising unemployment soon to end, economic growth) can we finally call a bottom in this market?...Rich Nelson



Trade Ideas(s):

- (12/14) Stand aside.

Option Strategy(s):

- (11/25) Sold Feb 82 Put/sell Feb 88 call 1.82, risk to 3.00, objective 0. Closed 1.47.

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.

Advanced Charts Direction: Cattle have recovered nearly all of last week's losses now. Next resistance can be found at 84.25. We got short at 84.00 because we feel this rally may have been too much too quickly...Monica Moehring

Vital Technical Indicator: Next projected major turn day for live cattle is December 16 and for feeders is December 22.

[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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