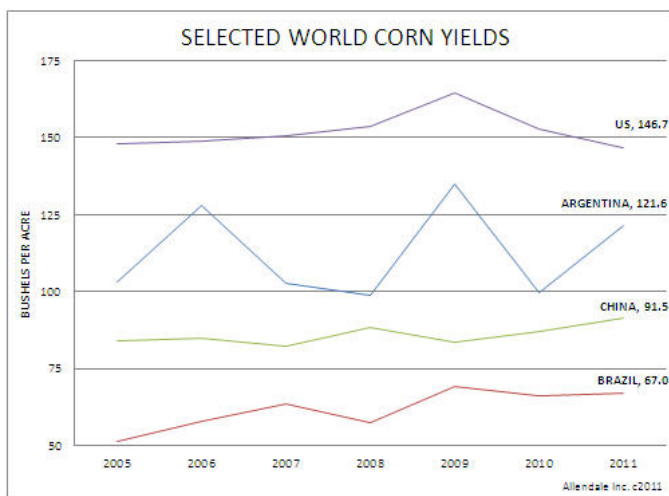


Allendale Wrap-Up for Business Day 12/19/11

Corn Fundamental Support: Two things common during holiday trade are volatile movements and support/resistance levels holding. This means that traders feel free to really move this market but tend to shy away from taking out important established levels. Trade of that type was seen very well today. March corn did take out top side resistance by 3/4 of a penny but quickly backed away after doing so. Support is expected in corn during this dry period in South America as it enters the key silking/pollinating time for corn in those dry areas. While talk may circulate weather is the reason for most of the day's bounce it is confusing to see KC wheat with the biggest bounce today and beans the least. Bulls are obviously excited about today's move and will quickly attribute the bounce on weather issues. We might be a little slower to jump on the bull bandwagon at least until today's bounce is backed up with more buying tomorrow. Bears sold at resistance today keeping the breakout above very small. If bears do find a turnaround tomorrow they also need to be careful expecting a major breakout lower during holiday trade. Expect more volatile trade to continue but we recommend giving every move at least two days before getting too excited either higher or lower at least until January...Ryan Ettner



Yield Discussion: Aside from the changing leadership in North Korea, the other factor for today was a focus on South America. This spring, Argentina is set to increase production to 29 million tonnes from last year's 22. USDA is basing that projection using 122 bushel per acre yields which would be the third highest. How much of that will be revised down? Brazil production is seen increasing to 61 million tonnes from last year's 57.5. That was made on a 67 bushel per acre estimate which would be the second highest ever...Rich Nelson

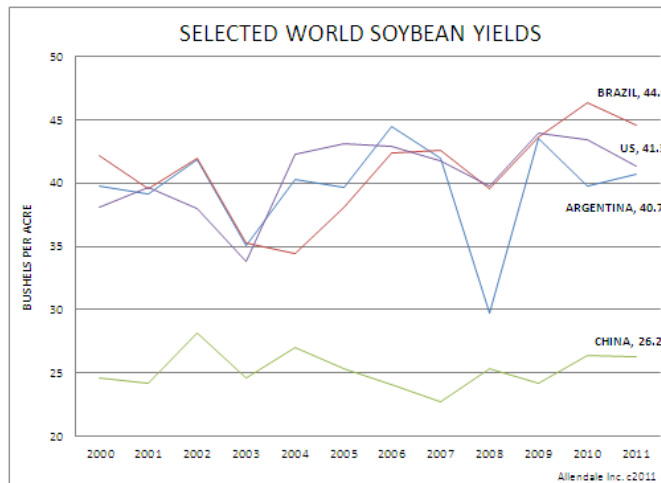
Working trades:

(12/19) Sold March corn 599, risk to 606, objective 580.

(12/19) Sold December 12 corn 555, risk 566, objective 540.

Soybean Fundamental Support: A gap higher in the beans Sunday night led to lack luster trade through the day on Monday. The talk of South American dryness is what has this market excited near term as the trade continues to talk about production losses. The trade will point to this lack of production in South America creating more demand for US beans on the global market. Several meteorologists have been debating about whether the La Nina pattern will continue to persist through January and into February which is a more important time frame for the beans. Like most major weather issues the trade is looking at the production side not demand which for beans have not been good this year. The other factor that can support this market is going to be the funds net position for the beans is short so covering into the end of the year could lead to support this market. The gap we left on the bean chart will be filled on a pullback to 1130 1/2. If we continue to hold this gap open and could see a close above 1158 1/2 it should start to look very good for the beans and we could see further upside. Continue to look for light volume holiday trade with January options expiring Friday that could lead to bigger ranges for the grains in the coming days as lighter volume trade could swing these markets around...Cordon Sroka

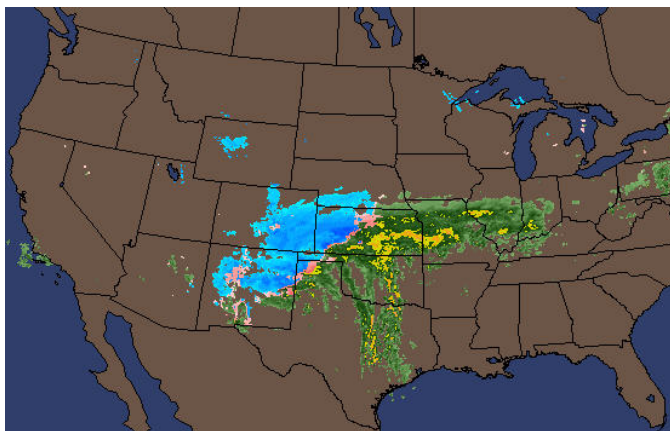
Yield Concerns: Brazil soybean production, at 75 million tonnes, is currently estimated using a 44.6 bushel per acre yield. That would be the second highest ever. Is the market now pricing in a slight decline? USDA's Argentina production estimate, at 52 mt, is made using a 40.7 yield estimate...Rich Nelson



Working Trade:

(12/12) Bought January beans 1102, objective 1145 filled 12/19 for +\$2,150.

Wheat Fundamental Support: Wheat rode the coattails of corn and soybeans higher. There really was no fundamental reason for today's strength for wheat. We will attribute some of today's rally to short covering by the funds as they still are carrying a near record short position. As of Friday's close the trade was estimating their short position at 47,000 contracts. With the other grains rallying, we would guess some of the short position holders liquidate those positions to lock in profits before years end. If we looked just at fundamentals today, we would have to call them bearish for wheat as the massive winter storm forming in the southwest will bring beneficial moisture in the form of rain and snow across most of the winter wheat belt. Export inspections came in 15.326 million bushels. This was slightly below last week's number of 16.781 million bushels. As for the price outlook for wheat, we look for a choppy to lower bias to this market as the world's trader's deal with an abundant supply of wheat. We would recommend not getting overly bearish at this time. With the funds carrying a near record short position we feel we could continue to see bouts of short covering profit taking, like we saw today as we wrap up the years trading...Jim McCormick

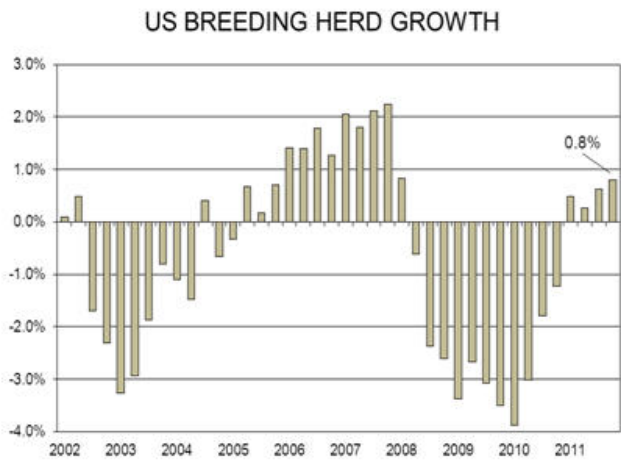


More Minn/KC Spreads?: In the past 30 days precipitation has run a little above normal for Western Oklahoma up to Northeast Kansas. Today's rain and snow, shown by the current radar snapshot, will help add to the perception that the long term drought is easing. Will this be even more reason for buying Minneapolis and selling Kansas City?...Rich Nelson

Working Trade:

(12/7) Bought 1 Minneapolis March wheat 815 1/2, risk 799 1/2, objective 844. Closed 827 1/4

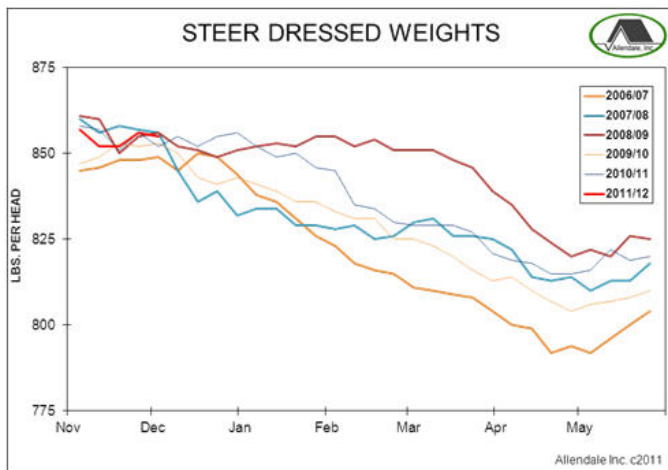
Lean Hog Fundamental Support: In the past two weeks we have noted the strong likelihood Friday's Hogs and Pigs report could show expansion is starting. Producers banked profits in 2010, 2011, and are set for good levels in 2012 due to falling grain prices. We see that increasing the total hog herd from 1.0% higher than last year, back in September, to now 1.3% higher. The breeding herd is seen moving from 0.6% higher to now 0.8% higher. The real kicker is with a 2% gain in pigs per litter, you are looking at higher pork production hitting in second half 2012 and first half 2013...Rich Nelson



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Trade Recommendation:
(12/19) Stand aside.

Live Cattle Fundamental Support: The expansion of the snow storm, from Friday's forecast to today, was a major issue of discussion. USDA gave a preliminary estimate suggesting the day's kill 14,000 head lower due to transportation issues. It is likely that will be revised down even more tomorrow. For longer term impact we must keep in mind these storms can set weight gains back quite a bit. Tonight's chart



shows the wide difference between early year carcass weights over the past five years. The difference between the years is mainly due to winter weather. Just one major blizzard has the potential to take 1% off beef production...Rich Nelson

Working Trades:

- (09/07) Sold 2 April 118 puts 2.57 each, risk to 3.00, objective 0. Closed 2.30.
- (11/23) Sold 1 February 118 put 1.60, risk to 2.72, objective 0. Closed 2.50.
- (11/23) Sold 1 April 122 put 2.67, risk to 4.20, objective 0. Closed 3.87.

[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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