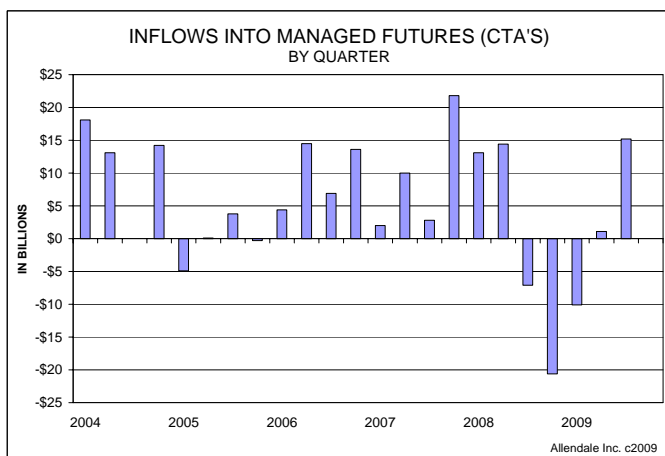


Allendale Wrap-Up for Business Day 12/21/09

Corn: There were few surprises in store for the corn market today. Slow trade was expected and that is exactly what we saw. Front month March corn had a volume of 64,000 in which 90,000 would be called “moderate”. There was a lack of fresh news on the corn as well so following the outside markets could also be expected. With crude starting the day higher and the dollar calm, corn actually surprised us by starting 7 higher. As the day went on we saw corn trade almost perfectly in step with changes in both crude and the dollar. Crude was trading about 80 lower on the grain close and the dollar 22 cents higher. This translated to corn ending just about 2 higher. Since October 13th, the corn has been stuck in a range that is between 420 and 380 in March. Today saw a settle just off the dead middle price of 400.

Government reports, like the weekly Export Inspections and Crop Progress, were put on hold today due to the snow storm. That made it a pretty slow news day. Given those type of inputs it is not much of a shock to see corn trade dead in the middle of the range prepared to go either way. One thing that is certain is that



should corn find a bounce to the resistance level, hedging should be active. Without news or trading volume it would be unlikely to see trading outside a very well established range. Low volume this week can translate into volatility so if buying opportunities near support or selling chances near resistance occur, either should be done aggressively. All corn needs to do is show us direction and we will make a trade. Right in the middle at 400 will keep us, and the rest of the market, very quiet. Keep in mind you cannot “push” a trade. Often you have to work with what a market gives you.

Direction: Once again corn settled right in the middle of the sideways range. On a move to 380 we will be buyers around support with stops close by. On a move back to resistance of 420 we want to be aggressive hedgers. A low volume week could result in a fast move to testing either the high or low levels. Even if a couple days are slow we have to keep watch in case a volatile move presents an opportunity...Ryan Ettner

Trade Idea(s):

- (12/15) Sell Mar 415 OCO buy 382, risk 12 from entry, objective 25 from entry.

Option Strategy(s):

- (11/19) Sold Jan 450 Call/sold Jan 390 Put 14, risk at 9, objective 0. Closed 1 3/8. (These January options expire on Thursday)

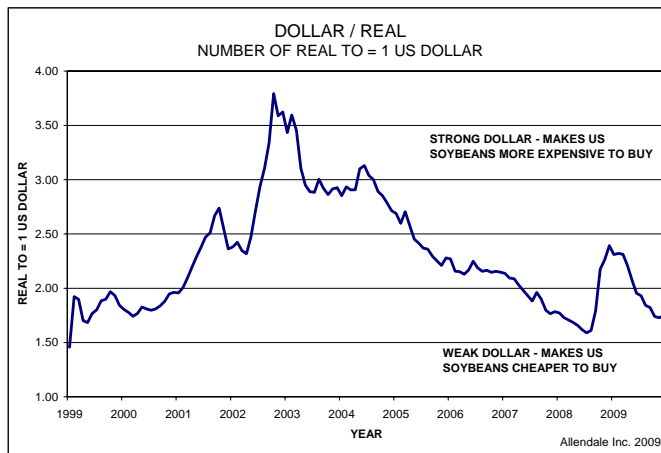
*****Disclaimer***** The commentary and trades below are derived from technical indicators provided in our Allendale Advanced Charts pages and may not correspond with the fundamental commentary above.

Advanced Charts Direction: Corn settled near the 20 day MA today, but this was off its session highs. The uptrend remains in place, as does the sideways trading range between 379 and 425. We have buy/sell orders placed accordingly...Monica Moehring

Vital Technical Indicator: the next projected major turn day is December 28.

Soybeans: For the last few days the bean market has made lower moves on only moderate volume. Today it made a similar move on very low volume. March beans saw a volume of only 33,000. The next two weeks may see continued low volume action. This can sometimes set the stage for big price moves. One thing to watch out for is if this low volume selling hits a fund stop level. There is nowhere near the

volume on the buy side needed to offset even a single sell stop order by the funds. If stops are to be found in March beans, a popular estimate would be the 100 day moving average at 991. Right now the main problem with going short this market is the fact that selling has all been light volume and could find a bounce at any time. On the other hand if this low volume selling continues, eventually finding the fund stops, selling opportunities will have passed us by. This light volume selling can take charge this week because there are no major support levels to stop the slide until the 100 day moving average. One way to be either long or short this market and take on less potential risk during this time of low volume is to put on a March/November spread. If fund stops are found, it is likely that selling will be much more aggressive in nearby months than deferred months. This will mean that if we sell March and buy November, March is likely to outpace November to the downside. This is all for half the margin requirement of a futures. This is a lower risk, lower margin way to still participate in a potential volatile market this week.



Direction: March beans continue to blaze lower into new territory for the recent moves. Next support would be the 100 day moving average of 991 which will act as support unless it is taken out where it could then be a selling point. With no other support levels, even low volume selling will be able to run this market lower. Right now we will choose to sell bounces and consider doing so in the spreads...Ryan Etnner

Trade Idea(s):

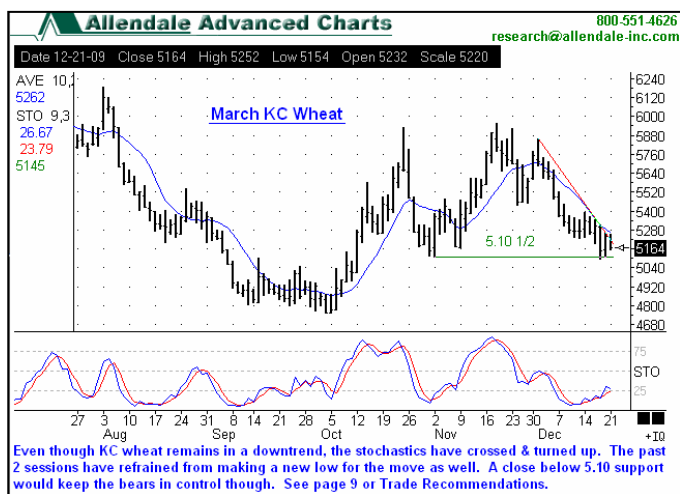
- (12/18) Sold Mar 1028, **move risk to 1035**, objective 996. Closed 1008 1/2.

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.
- (12/16) Sell Mar 1200 call 16, risk to 30, objective 0.

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Advanced Charts Direction: Beans settled below the 40 & 50 day moving averages and 38% retracement today. The key 1000 level was also broken during the session. This makes the chart look very



topy now. We got long at 1020 overnight & were stopped out at 10.05...Monica Moehring
Vital Technical Indicator: The next projected major turn day for soybeans is December 29, soybean meal is January 5, and soybean oil is January 11.

Wheat: As was talked about in the beans, in regards to the 100 day moving average, wheat has broken that line now making it resistance rather than support. This market is still technically oversold and is due for a bounce but we would expect that buying to be short lived. As if we were not cautious enough trading the wheat, it was also

the lowest volume trade today with the front month Chicago March trading just 18,000 contracts. We will stay with our sell recommendation in case it was not filled today, being the high of the day, and watch it closely.

Direction: March wheat made a high of 530 showing us that our sell price is placed at the right spot to get short this market. There is little reason to be bullish except for a technical bounce from being short term oversold...Ryan Ettner

Trade Idea(s):

- Chicago Wheat: (12/17) Sell Mar 530, risk 543, objective 511.
(12/21 – Today's high was 530, the same as our sell order. To be fair for all subscribers our policy is not to fill ourselves unless the market goes through our price. The only exception is if we overwhelmingly get fills on actual orders in our office. For now, we consider this order not filled...RN)

- KCBT Wheat: (12/21) Stand aside.
- MN Wheat: (12/17) Sold Mar 533, **move risk to 542**, objective 510. Closed 526 1/2.

Option Strategy(s):

- (12/10) Sold Mar KW 580 call 16 1/8, risk to 29, objective 0. Closed 11 1/8.

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Advanced Charts Direction: Even though KC wheat remains in a downtrend, the stochastics have crossed & turned up. The past 2 sessions have refrained from making a new low for the move as well. A close below 510 support would keep the bears in control though...Monica Moehring

Vital Technical Indicator: the next schedule projected major turn day in store for wheat is January 6.

Sugar: March sugar sold off today with very light volume due to the shortened week. We are still looking at getting our long options done on this pull back. The fundamental outlook is still bullish and today was mostly due to profit taking on light volume. Continue to find support on dips and look for higher prices as we get into the New Year.

Cocoa: March cocoa stayed in a very tight range today and finished 18 points higher. This week will be very light volume and I really don't think any new positions will be added this week. If we see early strength, it will most likely be met with selling by the end of the session. We are going to stand aside until we see more volume back in this market.

Cotton: March cotton finished 32 points lower. The 20 day moving average has been great support and proved that again today. Cotton is overbought and could see some profit taking this week. We are going to look at selling a rally near last weeks highs with a close stop just above. Choppy trade is expected this week and next week so we will look at taking advantage of spikes and sharp dips...Steve Georgy

Trade Recommendation(s):

- Sell **March Cotton** 76.40, Risk 76.75, Objective 74.75
- Buy **July Sugar** 25 cent calls / Sell **July Sugar** 32 cent calls at 100 points, Risk to 20 cents, Objective 620 points

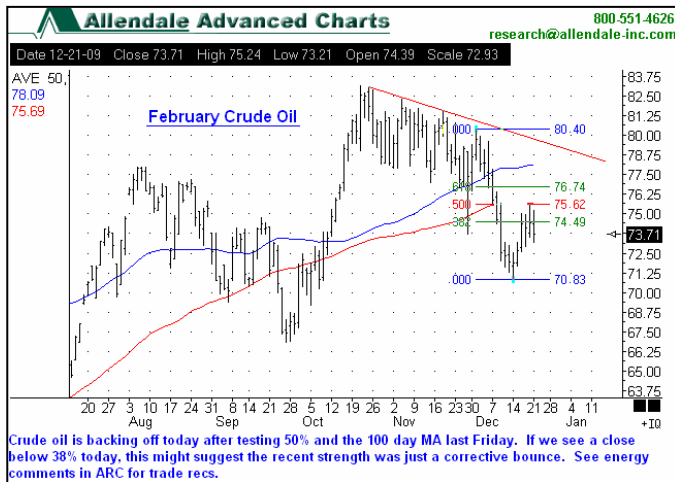
Working Trade(s):

- (12/16) Bought **January Lumber** 210.00, Risk 205.00, Objective 221.00

Technical Commentary: Lumber rallied early and sold off late. We feel this may happen all week long. We are going to move our objective to just below 220.00 this week and try to take advantage of a choppy market. Technically a close above 216.00 will look friendly but a close below 208.00 will not. Keep an eye on that throughout the week.

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Energies: February Crude settled \$0.70 lower today at \$73.72. Early gains in Crude were given up when the U.S. Dollar managed to reverse from trading lower on the session. We will see low volume and thin trade for the next two weeks as we move into 2010. This will generally provide either extremely quiet markets or the arena for low volume volatility if some major players throw big orders around. There isn't much to trade at this point as far as news goes since the excitement out of Iraq last week quickly fizzled when Iranian soldiers abandoned their positions at an oil well in Iraq...Brian Splitt

Working Trade(s):

- (12/16) **Bought February Crude Oil** (12/17) @ **\$73.25**. Risk to **\$70.25** with an objective of **\$79.25**. February Crude settled at \$73.72.

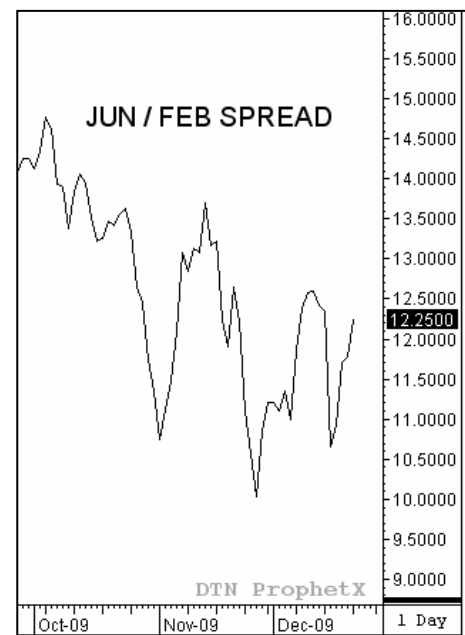
Trade Recommendation(s)

- (12/16) **Buy February Crude Oil** @ **\$75.70 stop**. Risk to **\$74.70** with an objective of **\$79.25**.

Technical Commentary: February Crude Oil is in a five month up trend and an eight week down trend. As long as February Crude doesn't violate the 200 Day M.A. near \$70.75, we feel this is a market to buy into. If we can manage to make a move above the 100 Day M.A. which put a lid on last week's trade, we will add to our long position. Close-in support is \$73.20, \$72.54 and \$70.83 will provide further support. Close-in resistance is \$75, \$75.68, \$77, \$78.15 and \$79.50 provide resistance up to psychological \$80 resistance. A move above \$80 could lead to new highs for the move. Stochastics are sideways.

Gold is slipping below the low from last week at 1095.70 right now, which may trigger some stops and pressure the market further. A close below this level would be a sell signal, but we'll give it another day before changing our order.

Lean Hogs: February futures closed at their lowest level since November 19. Cash hogs continued their lower trek as evidenced by the \$1.53 decline reported for Iowa/Minnesota negotiated bids on the AM report. We are a little surprised that traders are not interested in trying to limit price declines considering the storm set for later this week. One potential reason for this lack of concern is the idea the storm will hit in a holiday shortened timeframe anyway. There would have been no kill on Friday in the first place. Thursday's kill will be shortened with only a 175,000 to 200,000 head run being discussed. Even the Saturday run may be limited, compared with previous Saturday's, at 130,000 head according to Dow Jones newswire. Bottom line here is the trade does consider the potential bullish impact of a storm. However, due to the fact 1) it will hit when slaughter would normally be reduced and 2) the trade realizes the post-storm impact is usually negative, they are not getting too excited yet. For now we are taking a slightly negative viewpoint for the short term but do like the spring and summer 2010 price picture...Rich



Nelson

Trade Idea(s):

- (12/16) Bought June/sold Feb 10.92, **move risk to 10.10**, objective 14.12. Closed 12.27.

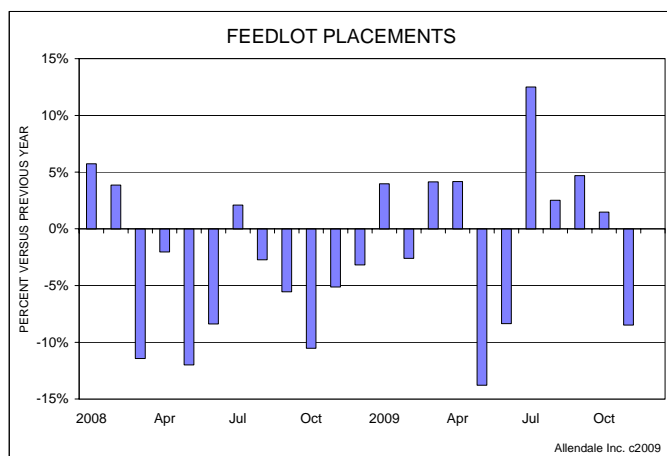
Option Strategy(s):

- (12/11) Stand aside.

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Advanced Charts Direction: Hogs dipped below the Dec. 10 low at 64.10 today, but closed just above it. The short-term uptrend has now been broken, but the 50 day MA is just below. If it can hold, the bulls may have another shot at a rally...Monica Moehring

Vital Technical Indicator: Next projected major turn day for lean hogs is December 30.



Live Cattle: USDA's summary report of last week's cash cattle action indicated an \$81.04 price for last week. That would indicate there were only a few of those \$82's that were traded later in the week. We are not going to discount the importance of those higher prices reported last week, it just not as good as expected. In other news...today's live cattle action ended only slightly better. Traders were keeping their bullish COF reaction under their hat. The key reason there is the large dumping of snow on the primary geographic demand area in the US (East Coast). While demand may have stabilized, the key issue right now is it is not

rebounding...yet. With that in mind we look for a sloppy trade for a few weeks...Rich Nelson

Trade Ideas(s):

- (12/14) Stand aside.

Option Strategy(s):

- (11/25) Sold Feb 82 Put/sell Feb 88 call 1.82, **move risk to 2.15**, objective 0. Closed 1.22.

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Advanced Charts Direction: Cattle left a 5-point gap today and managed to close above both the 40 & 50 day moving averages. The long-term downtrend is still intact, so until it gets taken out we cannot get bullish. We sold at 85.40 today...Monica Moehring

Vital Technical Indicator: Next projected major turn day for live cattle is January 7 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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