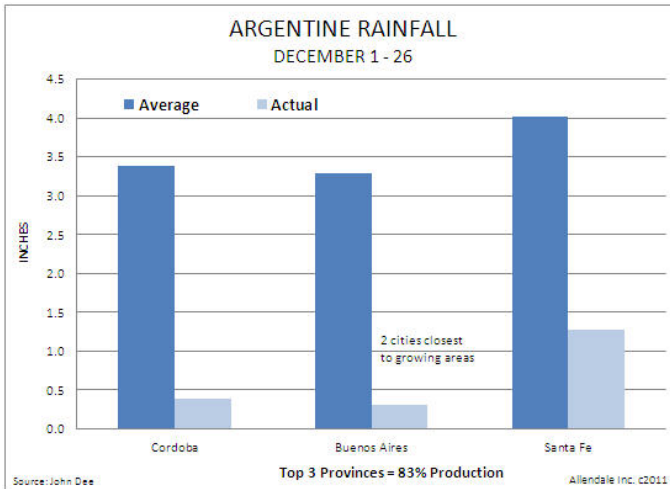


[Allendale Wrap-Up for Business Day 12/27/11](#)

Corn Fundamental Support: Today featured yet another round of fund buying which will actually turn out to be more welcome than South American weather worries. Key growing areas in South America were missed by the weekend rains. We can look back and notice that the last five years in a row have seen December rallies for this market. If funds continue buying going into this report, bulls can continue with confidence going into that report. If fund buying slows after the first of the year and we see a bearish report, corn bulls have good reason to be concerned, possibly until April. South American weather is supportive but may not be important as money flow in the current market...Ryan Ettner



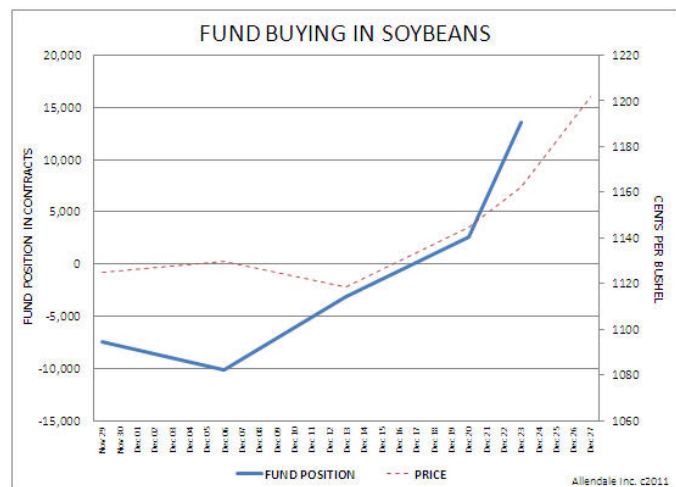
Problematic Conditions: There are really only three provinces we need to monitor with Argentina. There three have shown significant dryness. This news is coinciding at the same time as renewed general investment mindset. Based on current forecasts, we look for 650 March corn...Rich Nelson

Trade recommendations:
Stand aside

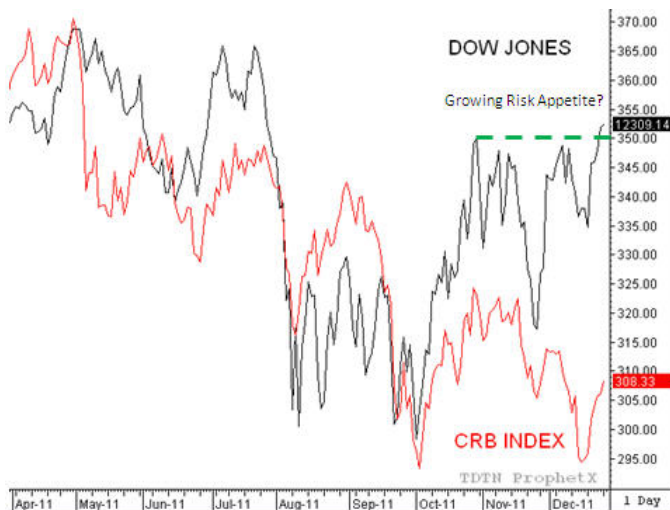
Soybean Fundamental Support: Beans closed above 1200 for the first time in more than a month. China bought 115,000 tonnes of beans today. They bought 55,000 tonnes from the US and another 60,000 tonnes from optional origin. This really wasn't the biggest story of the day. South American weather is still friendly and the markets are continuing to watch the maps close. The mid-day weather models are still dry and are getting closer to a crucial time for the beans. Looking at stocks to use numbers from the last USDA report we should be near 1118. Beans have put on nearly 80 cents of weather premium due to the dry conditions. Volume was very light today and could remain that way all week. We feel a rally to 1225-1250 is not out of the question since the funds have been buyers and continue to buy. They bought another 7,000 contracts today and have bought 13 out of the last 18 days since December 1st. They are clearly buying this month and could continue for the rest of the week. We are showing a chart of the fund positions and how much they have increased since December 1st. With today's purchase we have seen more than a 25,000 contract swing in 18 trading sessions. South American weather continues to spark buying from funds and could see more buying if this dry weather continues. News will be light all week so watch the maps closely...Steve Georgy

Fund Buying: Another 7,000 contracts, on top of Friday's position, would put funds (the solid blue line) up to 20,600 net long....Rich Nelson

Trade Recommendation:
(12/20) Buy March Beans 1188, risk 1160, objective 1240.



Wheat Fundamental Support: Last week the wheat market had a nice Santa Claus rally. Today, coming out of the three day weekend, we started what could develop into a New Year's rally. The rally was fueled by a weaker U.S. dollar, spillover strength from the other grains, and short covering by the funds. The dollar is weaker as the market's appetite for risk is increasing. The stock market has rallied back to prices not seen since July while the CRB commodity index has not done much. This shows the CRB has some ground to gain if the market's risk appetite continues to increase. Today's consumer confidence rating came in at 64.5. This was way higher than the expected number of 59 and up dramatically for November's 55.2. This should be friendly to the markets as a higher consumer confidence should lead to increased consumer spending. This is important for the economy as consumer spending makes up close to 2/3 of the U.S. GDP. If the GDP grows this should lead to more confidence in the economy and this will be bullish commodities. Some of the fuel for today's rally is the continued near record short position held by the funds. As of Friday's close they were short an estimated 36,900 contracts. Like we mentioned during last week, some funds do look like they are covering some of their short trades to book profits before the end of the year. The other grain markets were up shortly on dryness concerns in Argentina. This also gave wheat buyers a reason to jump back into the market. Today's export inspections come in at 13.466 million bushels. This was below the trade's anticipated range of 15 to 20 million bushels. As we wrap up the year's trading, we look for this short covering rally to continue as funds lock in profits. Once the profit taking has run its course we believe the massive supply of wheat in the world will weigh on prices.... Jim McCormick

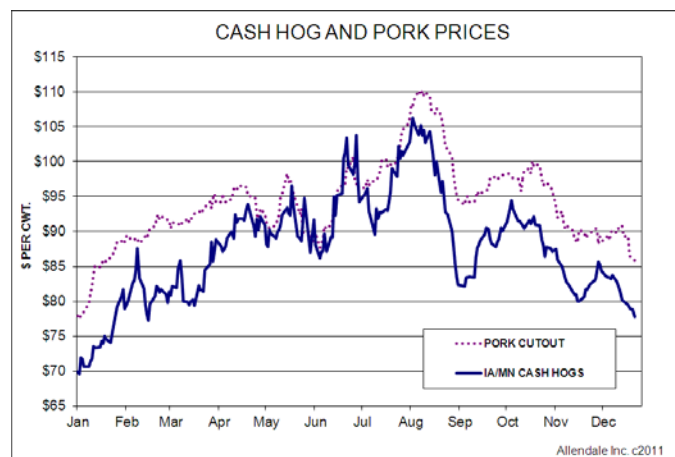


Commodities in the Mix: Wall Street has included commodities as simply another asset class in its mix of equity and debt offerings. This means they are correlated strongly with this year's risk-on/risk-off actions. Will the rallying stock market also mean more interest for commodities?...Rich Nelson

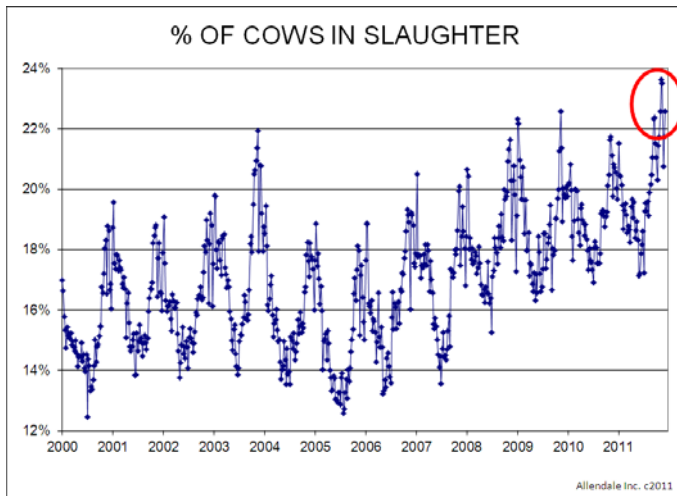
Working Trade:
(12/23) Sold March Chicago 627, risk 637 filled 12/27 for **-\$500**.

Lean Hog Fundamental Support: Friday's Hogs and Pigs report was a bullish one. It reduced the size of the breeding herd. However, that will not affect supplies until the fourth quarter of 2012. For the short term, this market is still trying to find a bottom for cash hog and pork prices. This will not affect futures too much as they are trying to guess cash hog prices at various points in the future when seasonally, this market should be stronger...Rich Nelson

Working Trade:
(12/21) Bought 1 Feb lean hog future and sold 1 Feb 87.00 call, risking 2.00 from entry, objective 3.50 from entry. Futures bought at 83.50 and settled today at 85.75. Call sold for 1.20 and settled today at 1.72. Current position +1.72.



Live Cattle Fundamental Support: This chart shows the clear sign of liquidation. Massive cows slaughter from the Southern Plains has brought the cow herd to stringently tight numbers. This will be a focus of the trade with the upcoming Cattle report, informally known as the “Cattle Inventory”. For the short term live cattle market we look for a week or so of potential trouble due to bulging showlists.



Certainly by mid to late January this market will be seeing some of the bullish effects from last week's moderate storm...Rich Nelson

Trade Recommendation:

(12/22) Buy February 120.50, risk 118.90, objective 125.00

Working Trades:

(09/07) Sold 2 April 118 puts 2.57 each, risk to 2.75, objective 0. Closed 1.02.

(11/23) Sold 1 February 118 put 1.60, risk to 2.10, objective 0. Closed 0.62.

(11/23) Sold 1 April 122 put 2.67, risk to 3.15, objective 0. Closed 1.87.

[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

The thoughts expressed and the basic data from which they are drawn are believed to be reliable but cannot be guaranteed. Any opinions expressed herein are subject to change without notice. Hypothetical or simulated performance results have certain inherent limitations. Simulated results do not represent actual trading. Simulated trading programs are subject to the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. Commodity trading may not be suitable for recipients of this publication. This is not a solicitation of the purchase or sale of any commodities. Those acting on this information are responsible for their own actions. Any republication, or other use of this information and thoughts expressed herein without the written permission of Allendale, Inc., is strictly prohibited. Allendale Inc. c2011