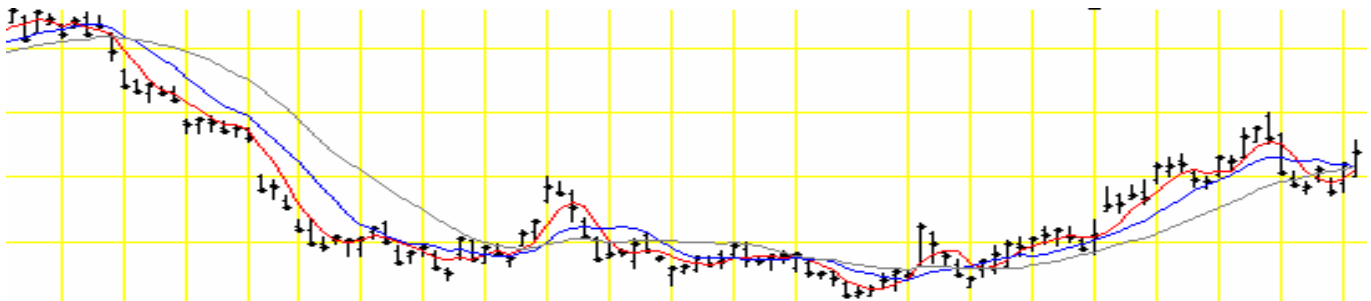


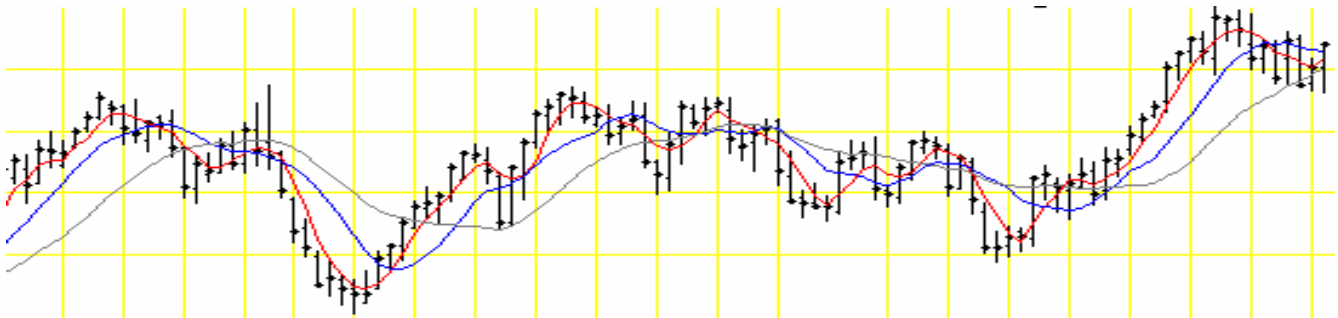
## Corn and Soybean Observations....

Allendale, Inc. strongly advises to cash forward your corn, sell the soybeans off the combine and utilize the “present” tradable markets. We understand the pace of the 2009 corn and soybeans harvest and 2009 winter wheat plantings are slower than normal. Allendale cannot find a year since 1985 when harvest of corn and soybeans has been as slow as this year. This year’s corn harvest is running 65% behind the five year average with soybeans down 42%. Winter wheat plantings are running 13% behind and are skewed hard based on a few states which are battling rain to remove corn and soybeans. We need to mention Allendale will publish its official lower winter wheat planting estimate on January 23<sup>rd</sup>, 2010. The delayed harvest is fundamentally supportive to the soybean and corn futures, not cash, but only to a degree with the contra-seasonal rally primarily coming from the outside markets.

Take a serious look at the following chart to view a commodity which has rallied 36.8% from its recent low to high, yes more than a third.



Now look at another commodity chart which has rallied 25.1% from recent low to high and it may be difficult to ascertain the difference between the two commodities but both have been in an uptrend for more than a month.



The list is endless when it comes to the commodities which have experienced a rally but they do include some of the following; crude oil up 25.1%, corn up 36.8%, soybeans up 17.1%, wheat up 31.1%, cotton up 21.9%, coffee up 20.8% and cocoa up an astonishing 61.1%! Let us not forget the base metal tangible assets of silver up 15.3%, copper up 16.2%, gold making new highs of 9.9% and the seasonal lumber of 18.7%.

What do all have in common? They are tangible assets which investors are securing as a hedge against inflation and you need to take advantage of both from a trading and cash grain standpoint. Each farming enterprise has its unique, fixed cost. However, in this particular case, we will use central Illinois where there is zero cash carry for the soybeans. As of today, the cash price of soybeans is \$9.80/bushel vs \$9.85/bushel for delivery in the month of January. The interest alone from early Nov to the first of Jan 2010 is 13.6 cents per bushel for soybeans and the cash market is only offering 5 cents for a sum loss of 8.6 cents per bushel. For corn the cash market is offering 7 cents from today until the first week of Jan and it will cost you 6.8 cents per bushel to store the corn. You have managed to make enough money to fully pay for the corn plus add to your merchandizing revenue. Based on Allendale’s seasonal research, we understand the

corn futures can rally 9.5% into the month of March. The cash bid for March 2010 is 28 cents better than Nov for a per month increase of 5.6 cents and would more than cover the per month cost to store.

We welcome your questions and comments.....Joe Victor

Allendale Inc welcomes any questions you may have by calling 800-551-4626 or email [research@allendale-inc.com](mailto:research@allendale-inc.com)

### [Allendale's Annual Conference Information and Registration](#)

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