

What is Right?

We need to spend some time with wheat as it is offering an opportunity for 2009 into 2010. This leads us into our first question as to what is right with the wheat, why is it rallying. Could it be wheat has found a rally because of poor quality wheat conditions within Brazil, smaller than expected crop in Argentina, delayed soft red winter plantings in Illinois or the fact corn, beans, soymeal and soyoil has rallied and now its wheat's turn? All of the preceding has been discussed within the industry well before the 200 day

Moving Average of \$5.60/bushel December and \$5.96/bu July futures were penetrated. Domestic old crop stocks are at 885 million bushels, which is the largest dating back to 1999. Coupled with global stocks of 188 million tonnes vs 2001's 202 million tonnes the following spread has been created, which is twice the normal amount of carry.

Spread traders of new crop July wheat vs corn have witnessed old resistance of \$1.60 per bushel become new support with new resistance now found at \$2.00 per bushel. Allendale Inc is well aware of the present 5 year wheat index which implies an 11.3 % rally as well as other "outside"

influences such as a rally in base metals and crude oil with a channel decline in the US dollar futures.

The increasing futures, whether old crop or new crop, is offering an opportunity to price old crop supplies, as well as begin new crop hedging. Allendale was fortunate enough to hedge its first 20% of new crop wheat this week because of the opportunity presented and will respect the seasonal index as well

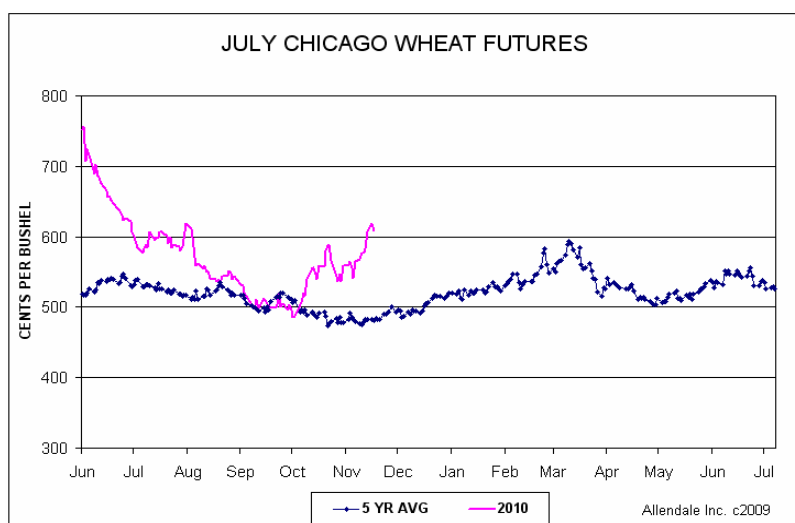
WZ09 - WH10 Daily Spread



as other outside influences for the anticipated 2010 production. We are well aware of the softness presented by weak year-over-year fertilizer prices and other inputs but the hedge, spread and host of trading opportunities are numerous and we must act now.

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

Allendale Inc welcomes any questions you may have by calling 800-551-4626 or e-mail research@allendale-inc.com



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