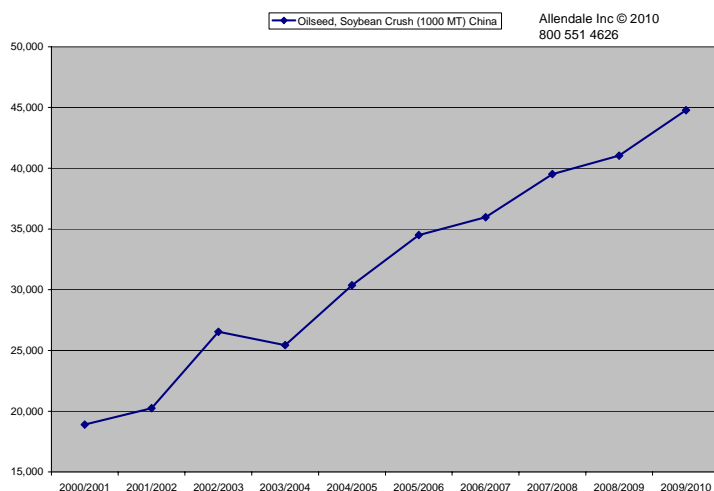


Soybean End Stocks:

Right now, the value of the US Dollar, crude oil and precious metals are controlling the present value of soybeans. Technical and fundamental outlooks for soybean meal and soybean oil also play a role in the overall value of soybeans.

Fundamentally, we must first consider the developments to soybean exports. We simply are not content to export 35 to 37% of the annual production, as we did mid decade, but rather 41 to 43%. Our number one soybean export client is China as imports from the US have risen from 9.7 million metric tonnes in 2005/06 to a 20 MMT for 2009/10. It is more realistically 21.04 MMT. Chinese production of soybeans is locked in a range of 14 to 17.4 MMT with 2009/10 at 14.5 MMT.

Allendale Inc is well aware that per capita, veg oil consumption for the United States (population: 309 million) is 83.7 pounds vs 83.4 pounds in 2005/06. Chinese consumption (population: 1.336 billion) is at 37.7 pounds vs 32.6 pounds in 2005/06. Who will grow enough veg oils to fully westernize China? Certainly not China as it has proven it is more concerned with holding the majority of the share of world stocks of wheat (31%), corn (36%), rice (50%) and even cotton (34%). When it comes to soybean end stocks, Argentina and Brazil own the majority with US and Chinese ownership held to a lesser degree. In the last two marketing years, China has started to take over the #3 soybean end stocks ownership from the United States and shows very little signs of relenting. China now owns 16% of the world end stocks and Allendale Inc continues to suggest, food is the most powerful weapon in the world. For comparison sakes, China is projected to own 9.7 million tonnes of the 59.8 MMT of world end stocks with the US holding 6.67 MMT.



Take a look at the chart of the China trend of soybean crush and you will be able to see first hand that in just the past decade the level has increased from 18.9 MMT to 44.78 MMT with only a momentary pause in 2003/04. China soybean production remains constant but total imports are higher along with China end ownership and ultimately crush is higher.

Here are a few questions you need to ask yourself as we enter this year, keeping in mind your corn-soybean rotation. Are you economically more likely to plant more corn than beans? For the first time dating back to

2006, will US stocks to use go double digits? Will world stocks to use venture into 20%? Your biggest concern should relate to futures and basis levels for your particular business. How will you hedge-market the soybeans you intend to plant in 2010?

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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