DAILY SOY COMPLEX COMMENTARY
02/26/10

Big crops on the way and China demand shifting south; weak

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +2.0, **BEAN OIL** +0.3, **SOYMEAL** +0.6

OVERNIGHT DEVELOPMENTS: May soybeans were up 3/4 of a cent late in the overnight session. Palm oil futures in Malaysia were closed today and China soybean futures were down.4% in overnight action. Outside market forces are a bit more positive today with a firm US dollar and a positive tone from energy and metal markets.

NEAR-TERM MARKET FUNDAMENTALS: Selling pressures yesterday came on bearish demand news, lower equities and crude oil, and weaker than expected jobs data. In addition, expectations for record crop harvests in Brazil and Argentina over the near-term helped to pressure as traders expect increased hedge pressures over the near-term. In addition, there was 249,000 tonnes of soybeans cancelled in the weekly sales report and traders think this might be China switching to cheaper South American soybeans. Weekly export sales were below expectations for soybeans and soybean meal. Net sales for soybeans came in at 242,000 tonnes which pushed cumulative soybean sales to 35.7 million tonnes which is 93.7% of the USDA forecast for the entire 2009/2010 season as compared with the 5 year average of 80.2% sold. Sales need to average 86,000 tonnes each week to reach the USDA forecast. Weekly meal sales were just 81,900 tonnes as compared with 53,000 tonnes needed each week to reach the USDA forecast. Net oil sales were well above trade expectations at 40,200 tonnes with the lead buyers well distributed throughout the world including the Dominican Republic, Mexico, India, Morocco and Algeria. Sales need to average 12,000 tonnes each week to reach the USDA forecast. The January Census Crush report showed slower than expected demand for soybeans and traders expect a further drop in February through May as exports taper off. January crush was just 167.2 million bushels, down substantially from December's total of 173.1 million bushels. Despite the reduced crush rate, stocks of meal and oil rose to 3.239 billion pounds for oil and 630,000 short tons for meal. Traders indicated that very slow bio-diesel production in January may have helped push oil stocks higher. Oil stocks are now up 11.4% from last year and as compared with the USDA forecast that oil stocks will eventually fall to 18.8% below last year by the end of the season. May soybeans pushed to well below Wednesday's lows to sharply lower on the day yesterday before recovering somewhat into the close. Today is first notice day for the March contracts with soybean deliveries coming in above trade expectations at 430 contracts. There were no meal deliveries and oil deliveries were heavy at 4,936 contracts. Taiwan is tendering next week to buy 40,000-60,000 tonnes of US or Brazil soybeans. Argentina looks dry for the next five days which will likely help improve crop conditions.

TODAY'S GUIDANCE: We remain bearish and believe bounces are still selling opportunities. Selling resistance for July soybeans is at 965 1/2 with 946 3/4 as light support. The move under the uptrend channel yesterday leaves 893 as downside objective. Use 881 3/4 as next downside objective for November soybeans.

TODAY'S MARKET IDEAS:
July meal resistance moves down to 271.60 with 251.50 as objective. July oil looks vulnerable to a set-back to at least 38.44.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:

1) Long 1 May soybean 920 put from an effective price of 9 cents. Hold for now and risk to 15 cents. 2) Long July soybean 940/840 bear put spread from 34 3/4 with an objective of 66. Risk to 26 3/4.

SOYBEAN COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

SOYBEANS (MAY) 02/26/2010: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside target is now at 929 3/4. The next area of resistance is around 961 and 973 3/4, while 1st support hits today at 939 and below there at 929 3/4.

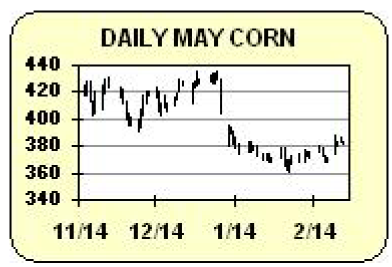
SOYBEAN OIL (MAY) 02/26/2010: The close below the 60-day moving average is an indication the longer-term trend has turned down. A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 38.07. Daily studies pointing down suggests selling minor rallies. The next area of resistance is around 39.48 and 40.12, while 1st support hits today at 38.46 and below there at 38.07.

SOYMEAL (MAY) 02/26/2010: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 262.2. The next area of resistance is around 270.2 and 274.2, while 1st support hits today at 264.2 and below there at 262.2.

DAILY CORN COMMENTARY

02/26/10

The corn market is grinding higher. Don't get in the way.



OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +4.4

OVERNIGHT DEVELOPMENTS: May corn was 2 3/4 cents higher late in the overnight session. The dollar was lower overnight. Deliveries against the March corn contract were 2,027 contracts. Today is First Notice Day.

NEAR-TERM MARKET FUNDAMENTALS: The May corn contract managed to tick through the February high in the overnight session. Traders said that support is coming from a lower dollar as well as corn's relatively limited weakness yesterday in the face of fund selling, poor economic news and somewhat sharper breaks in other key markets. Traders will continue to look at economic news including today's Existing Home Sales report for January. Corn also managed to hold up in the face of a weaker than expected weekly export sales total at just 451,300 tonnes. The biggest buyers were South Korea and Japan. Cumulative corn sales stand at 61.5% of the USDA forecast for 2009/2010 versus a 5 year average of 65.1%. Sales need to average 702,000 tonnes each week to reach the USDA forecast. The International Grains Council raised its world corn production forecast by 6 million tonnes today to a new record high 797 million tonnes. A feed maker in South Korea bought up to 110,000 tonnes of corn yesterday for July and August arrival. A buyer in Taiwan is tendering for 42,000 to 60,000 tonnes of US or South American corn next week. While traders are beginning to adjust export projections lower, ethanol usage continues to come in well above expectations. The Energy Information Agency released its latest ethanol production data for December this week. They pegged total ethanol production for the month at 24.424 million barrels, up from 23.592 million barrels in November and 20.342 in December, 2008. Corn used to produce this much ethanol is estimated at a record 375.2 million bushels as compared with 358.3 million needed each month to reach the USDA's projection of 4.3 billion bushels for ethanol production in 2009/10. This may cause the USDA to raise ethanol demand in future reports. The Buenos Aires Grains Exchange raised its estimate of the Argentine corn crop yesterday to a whopping 20.2 million tonnes versus 19.3 million on last week's report and compared with the USDA estimate at 17.2 million tonnes.

TODAY'S GUIDANCE: A broad sell off yesterday failed to push the May corn contract below the previous day's low. This suggests a gradual rally to near the 395 to 403 level in the May contract will continue. First support remains near 379 and 375 in the May contract. Resistance is at 390, 395 and 403.

TODAY'S MARKET IDEAS:
Stick with the long side as specs may need to cover shorts after the market's failure to break in the face of some very negative news this week. Use 416 1/2 and 424 1/4 as next upside objectives for December corn.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
Long 3 Sept corn 460 calls from 18 cents each and short one Sept corn from 390 3/4. Exit short futures at 367 and hold long calls until Sept corn hits 473. Risk a total of 12 cents on the entire position.

CORN TECHNICAL OUTLOOK:
Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

CORN (MAY) 02/26/2010: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 389. The next area of resistance is around 386 1/4 and 389, while 1st support hits today at 380 1/4 and below there at 377 1/4.

DAILY WHEAT COMMENTARY
02/26/10

Wheat has tried to rally this week, but it is running out of gas.

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
WHEAT +2.4

OVERNIGHT DEVELOPMENTS: May wheat was 1 1/2 cents higher overnight. The dollar was moderately lower. Today is First Notice Day. Deliveries against the March wheat contract were somewhat lighter than expected at 1,313 contracts.

NEAR-TERM MARKET FUNDAMENTALS: The wheat market saw a moderately large sell off yesterday and it managed only a modest gain overnight despite a lower dollar. Funds were sellers yesterday, and one analyst suggested that Non-Commercial, No CIT fund traders may not be as concerned with their large net short position as they were to start the week. Demand remains firm on the export front, but world supplies are ample and a widely-followed trade forecaster raised its production number this week to add to the supply worries. Traders indicate that wheat is not as directly impacted by weak economic news from the US and Europe, although this could contribute to liquidation in other markets and that in turn could pull wheat lower. Export sales were about in line with trade expectations in wheat yesterday. Net sales came in at 375,700 tonnes for the current marketing year and 33,300 for the next marketing year for a total of 409,000. As of February 18, cumulative wheat sales stand at 86.7% of the USDA forecast for 2009/2010 versus a 5 year average of 86.1%. Sales need to average 202,000 tonnes each week to reach the USDA forecast. The International Grains Council added to the negative tone yesterday with an increase in its 2010 world wheat crop estimate to 659 million tonnes. This is up 6 million tonnes from their previous estimate. Flour millers in Taiwan bought 40,950 tonnes US wheat today. This included dark northern spring and hard red winter wheat.

TODAY'S GUIDANCE: Wheat does not have a good reason to make an extended rally, and it is unlikely to do so in coming days and weeks unless we see a major setback in the dollar and a broad rally in the commodity market sector. Look for wheat to start moving in the direction of the February low which sits at 480 3/4 in the May contract. First weak support remains near 499 to 501 1/2. Next support is at 490 to 492 and then at 480 3/4. Resistance is at 523 1/4 to 527 3/4.

TODAY'S MARKET IDEAS:
None.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
Long May KC wheat/Short May Chicago wheat at +1 KC with an objective of +25 cents premium KC. Risk 9 cents from entry.

WHEAT TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

WHEAT (MAY) 02/26/2010: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 493 1/2. The next area of resistance is around 510 and 518 1/4, while 1st support hits today at 497 1/2 and below there at 493 1/2.

KC WHEAT (MAY) 02/26/2010: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 498. The next area of resistance is around 513 1/4 and 520 3/4, while 1st support hits today at 501 3/4 and below there at 498.

MINN WHEAT (MAY) 02/26/2010: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 508 1/2. The next area of resistance is around 521 and 527 1/2, while 1st support hits today at 511 1/2 and below there at 508 1/2.

RICE (MAY) 02/26/2010: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 13.414. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 13.777 and 13.963, while 1st support hits today at 13.503 and below there at 13.414.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
GRAIN COMPLEX										
CNAK0	383 1/4	57.31	52.37	71.79	80.06	382.75	377.31	373.39	391.36	396.15
CNAZ0	406 3/4	57.20	52.56	72.80	78.24	406.81	401.94	397.69	413.16	418.16
SSAK0	950	45.99	45.44	69.52	64.12	960.38	960.33	946.81	979.37	998.51

SSAN0	957 1/2	46.16	45.60	69.74	64.66	967.19	967.47	954.54	985.64	1004.59
SMAK0	267.2	39.93	40.94	56.31	47.16	272.25	272.88	269.78	281.35	287.20
BOAK0	38.97	53.23	52.57	84.49	82.41	39.14	39.08	38.53	38.80	39.25
WHAK0	503 3/4	47.36	46.53	63.18	63.11	509.63	508.00	502.28	524.32	533.82
WHAN0	516 1/4	47.39	46.62	64.83	64.28	522.13	520.64	514.75	536.03	545.15
RCAK0	13.640	27.50	32.53	28.74	20.85	13.83	14.04	14.32	14.59	14.94
KWAK0	507 1/2	46.76	46.41	48.00	46.91	513.13	512.11	508.35	525.23	532.03
MWAK0	516 1/4	45.06	44.98	46.23	42.94	522.13	521.47	519.96	536.27	543.86
OTAK0	229 1/2	28.18	32.88	49.01	33.97	233.00	238.75	238.97	251.95	256.00

Calculations based on previous session. Data collected 02/25/2010

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAK0	Corn	377	380 1/4	383	386 1/4	389
CNAZ0	Corn	401	404	406 1/2	409 1/2	412
SSAK0	Soybeans	929 3/4	939	951 3/4	961	973 3/4
SSAN0	Soybeans	938 1/4	947	959 1/4	968	980 1/4
SMAK0	Soymeal	262.2	264.2	268.2	270.2	274.2
BOAK0	Soybean Oil	38.06	38.45	39.09	39.48	40.12
WHAK0	Wheat	493 1/2	497 1/2	506	510	518 1/2
WHAN0	Wheat	506	510	518 1/4	522 1/2	530 1/2
RCAK0	Rice	13.413	13.502	13.688	13.777	13.963
KWAK0	KC Wheat	498	501 3/4	509 1/2	513 1/4	521
MWAK0	MINN Wheat	508 1/2	511 1/2	518	521	527 1/2
OTAK0	Oats	221 1/2	225 1/2	229 1/4	233 1/2	237

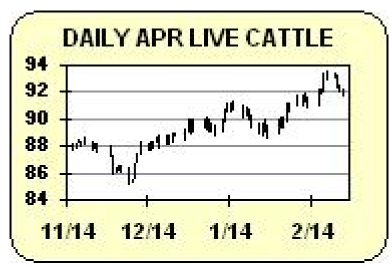
Calculations based on previous session. Data collected 02/25/2010

Data sources can & do produce bad ticks. Verify before use.

DAILY CATTLE COMMENTARY

02/26/10

Poor feedlot weather to hold weights down and support tighter supply



A series of weather problems in the plains should keep stress on cattle and keep weights down which should keep beef production down as well. This has been a positive force for the market and more sloppy and muddy conditions ahead could help provide underlying support. Southwest Kansas looks to get hit with 2-3 inches of snow Thursday/Friday and there is snow/rain mix headed for the Texas panhandle region on Sunday. Average dressed steer weights for the week ending February 13th came in at 831 pounds, down from 833 the previous week and down from 852 pounds last year. Beef production for the same week came in at 467.3 million pounds, down 3.81% over year ago. April cattle traded both sides of unchanged yesterday but headed lower into the close despite sharply higher hog trade and news of meetings next week with Russia and US trade officials on the poultry situation. Concerns about the overbought condition, a stronger dollar and slow export sales pressured the market. Traders may have also been disappointed with weekly beef export sales which showed that for the week ending February 18 sales came in at 8,100 metric tonnes, down from 9,800 the previous week and below the 4-week average of 11,475 tonnes. Cumulative sales for 2010 have reached 135,100 metric tonnes, up 34.6% from last year's pace. The estimated cattle slaughter came in at 120,000 head yesterday which was below trade expectations and could be a sign of weakening packer demand. This brings the total for the week so far to 490,000 head, up from 484,000 last week at this time and up from 488,000 a year ago. Boxed beef cutout values were up 25 cents at mid-session yesterday and closed 47 cents higher at $150.39. This was up from $144.91 a week ago and is the highest beef price since April 29th, 2009. Cash traded at $92.00 this week and there are mixed views for next week as there are contracted cattle for March available next week but the higher beef trade gives packers incentive to own inventory. There were 7 new deliveries posted overnight which pushed the month-to-date total to 23.

TODAY'S GUIDANCE: Sloppy feedlot conditions could keep a bullish tilt to the supply ahead. Demand is a bit uncertain but beef prices are strong and Russia may be importing poultry again soon. The next upside objectives for April cattle come in at 93.80 and then 94.27 with support at 91.05 and 90.30. Uptrend channel support is back at 90.35 today.

TODAY'S MARKET IDEAS:
Breaks look like buying opportunities.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
Long 2 June cattle 92.00 calls from 140 each and short 1 June futures from 88.05. We took a gain of 45 points on one of the calls and took a loss of 222 points on a June futures position. Hold calls for now.

CATTLE COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

LIVE CATTLE (APR) 02/26/2010: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 91.400. The next area of resistance is around 92.375 and 92.600, while 1st support hits today at 91.775 and below there at 91.400.

FEEDER CATTLE (MAR) 02/26/2010: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is 10027.000. The next area of resistance is around 10120.000 and 10145.000, while 1st support hits today at 10062.000 and below there at 10027.000.

DAILY HOGS COMMENTARY

02/26/10

News of Russia/US meetings next week may support but still overbought

The lack of poultry exports to Russia or China have not had much impact on hogs or cattle and now there is talk that officials will meet next week with a possible end to the trade dispute. Slaughter has been running well under trade expectations but seems to be picking up this week so traders will be monitoring average weights to see if some hogs may be backed-up in the country. If trade disputes get resolved and slaughter remains slow, the uptrend is likely to continue. April hogs broke out of a week-long consolidation yesterday and traded to their highest level since January 22nd. The July and August contracts traded to new contract highs. The market apparently found support from expectations (hopes?) that a resolution will be reached soon that will allow the US to resume exporting poultry to Russia. This probably stemmed from an announcement that Russian officials have agree to meet with representatives from the US in Moscow next week. This happened despite declines in the pork cutout value on Wednesday.

Cash hogs traded $0.50-$1.00 higher yesterday and are expected to trade $.50 higher today. Profit margins for packers have been pinched somewhat this week as the surge higher in cash markets have helped narrow the margins. The CME Lean Hog Index as of February 23rd came in at 68.14, up 38 cents from the previous session and up from 67.35 the week before. The estimated hog slaughter came in at 428,000 head yesterday which was above trade expectations. This brings the total for the week so far to 1.706 million head, up from 1.670 million last week at this time and up from 1.705 million a year ago. While a higher slaughter is usually seen as a bullish force (indicating strong packer demand), the turn up in slaughter now after slaughter has been running well under trade expectations off of the last USDA report could indicate that poor feed slowed weight gains and that slaughter could play "catch up" in the weeks ahead. Actual US pork production for the week ending February 13th came in at 434.7 million pounds, up from 433.3 the previous week and down -4.4% from a year ago. The last Hogs and Pigs report would suggest that slaughter should be running near 2% under last year. Pork cut out values, released after the close yesterday, came in at $72.19, up 77 cents from Wednesday and up from $69.46 the previous week.

TODAY'S GUIDANCE: The market is overbought and holding a big premium to the cash market. New buyers might wait for a good correction. April hog support is back at 71.05 and 69.97 with 73.52 and 74.30 resistance.

TODAY'S MARKET IDEAS:
None.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
None.

PORK COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

LEAN HOGS (APR) 02/26/2010: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 73.906. The next area of resistance is around 73.337 and 73.906, while 1st support hits today at 71.213 and below there at 69.657.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
MEAT COMPLEX										
GLEJ0	92.075	55.49	57.90	82.05	74.43	92.41	92.34	91.42	90.28	89.44
FCH0	10090.000	55.16	58.39	79.06	71.99	101.26	101.39	100.02	98.30	97.07
HEJ0	72.275	69.13	62.70	75.46	86.11	70.59	69.78	68.57	69.88	69.97

Calculations based on previous session. Data collected 02/25/2010
Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
MEAT COMPLEX						
GLEJ0	Live Cattle	91.399	91.774	92.000	92.375	92.600
FCH0	Feeder Cattle	10025.000	10060.000	10085.000	10120.000	10145.000
HEJ0	Lean Hogs	69.656	71.212	71.781	73.337	73.906

Calculations based on previous session. Data collected 02/25/2010
Data sources can & do produce bad ticks. Verify before use.