

## ***Ag Market Professional***

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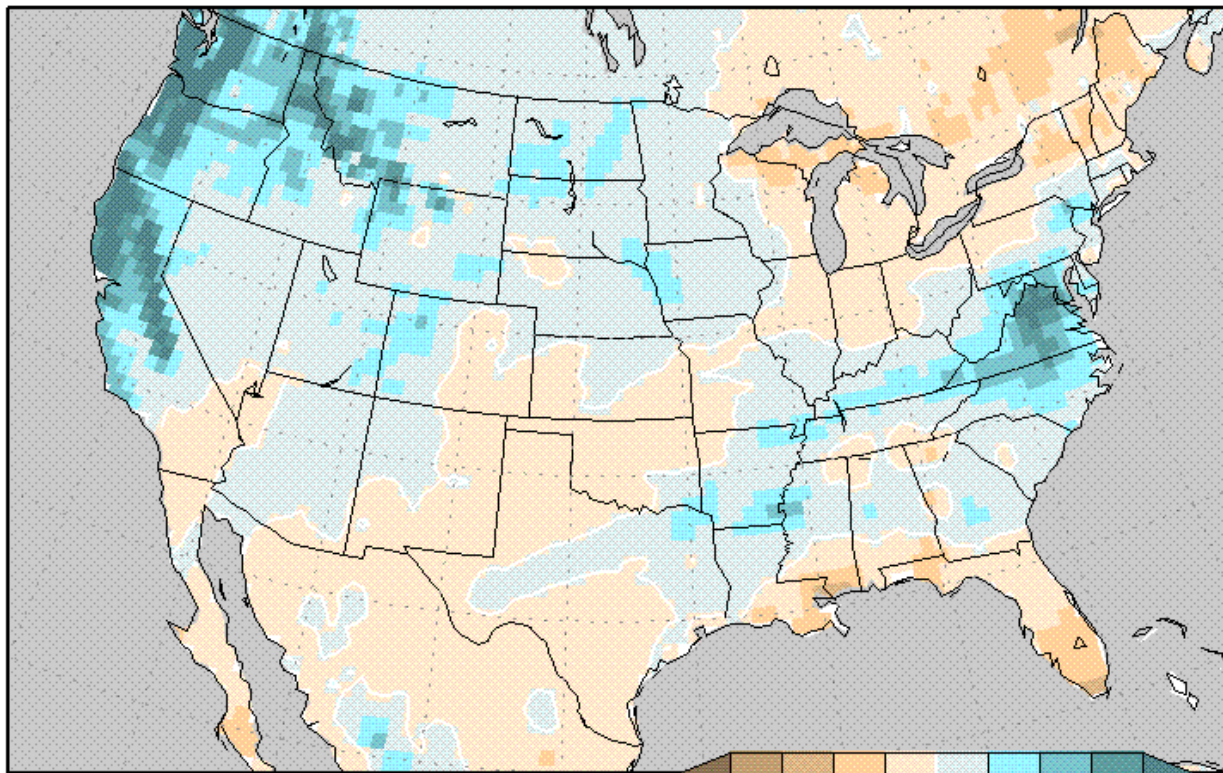
**New Master Position Table Released 10/12/09. It does not include transactions from 10/12, which are shown below. All prior recommended transactions have been migrated to the MPT from the AMP.**

**OUTSIDE MARKETS:** The dollar dropped sharply at about 4 am EDT, reversing overnight weakness in the grains. Gold is now up \$9 to another new all time high at \$1065.90. Crude oil is also higher, up 90 cents at \$74.17.

**WEATHER:** With the freeze event behind us for the most part, attention turns back to harvesting progress for corn and soybeans and sorghum, with the main variable being soil moisture. The map below shows a general drying trend for most of the ECB, but muddier conditions developing in the WCB as rainfall amounts are larger than the evaporation rate when daytime temps are mostly in the 40's and 50's. The NC/VA area also sees a lot wetter field conditions if current weather forecasts hold up. This is a 7 day net change forecast.

## Forecast Soil Moisture Change

Tue, 13 OCT 2009 at 00Z -to- Tue, 20 OCT 2009 at 12Z



Soil Moisture forecasts are issued by the National Centers for Environmental Prediction.  
GRADS: CDLA/IGES

-8 -6 -4 -2 0 2 4 6 8  
Centimeters

**CORN:** Futures jumped 13 ¼ to 19 cents on Monday, aided by the margin clerks and a perceived need to pump up the weather premiums because of harvest delays. Ethanol futures surged 7.6 cents per gallon to \$1.90, aided by higher energy futures prices. Preliminary open interest data showed net new buying of 3,279 contracts yesterday, focused on the March 2010 contract. Prices were down 1 to 2 ¼ cents overnight on Globex.

Chart Points: The weekly continuation chart has MACD and double hump stochastics buy signals. Short term resistance is the upper Bollinger Band at \$3.91. The December daily chart has a White Army of candlesticks, coupled with a triangle breakout that counts to the \$3.87 area. Stochastics are overbought, but ADX shows a trending move and MACD is bullish. The 50% retracement is the next resistance level, at \$3.87 ¾. The 18-day moving average is support at such time as prices move away from pushing the upper BB. It is down at \$3.45.

Corn Recommendations: See the MPT. **---You exited the short Nov 360 calls (10/12). ---December futures were above \$3.80, triggering the roll up of the long Dec 360 puts to the Dec 380 strike price (10/12). ---You sold Dec 340 puts as a covered write vs. 20% of production to help pay for the roll up on the Dec 360 puts (10/12).** We continue to be opposed to pricing any 2010 crop corn, as we believe prices are too low from a seasonal perspective and uncertainty too high. See last week's SRR for more details on the strategy. A Turnaround Tuesday downside correction is still a distinct possibility, if the morning weakness in the dollar is reversed.

**Feed User Recommendations:** You are currently covered with cash ownership to December 1.

**SOYBEANS:** Futures surged 29 ¼ to 35 cents, led by nearby November. Speculative buying was a feature, due in part to the sharply weaker US dollar. Most banks were closed, as was USDA. That limited the potential for fresh news to ruin the bull party. Soybean meal was up \$12.50/ton, supported by the sharp advance in corn and DDG prices. Soy oil was also sharply higher, up 1.39. That added 16 cents per bushel to bean value by itself. Malaysia reported that palm oil production was up 4.1% last month to 1.56 MMT. Exports were down, however, causing a rise in ending stocks to 1.58 MMT. This isn't terribly burdensome, but implies they have to inventory to move to China or other regional destinations after the price pop of the past few days.

Chart Points: The 78.6% retracement is support on the weekly chart at \$8.86 ½. Weekly MACD and stochastics show buy signals. The 38% retracement is the overhead objective, at \$10.36 ¼. The next retracement resistance for the November contract is at \$10.26. MACD is bullish. Preliminary OI data shows that yesterday's rally was driven by shorts bailing out of the November contract ahead of the delivery period. Net OI was down 4,340 contracts, but about 75% of those exiting Nov were putting on positions in the Jan.

Soybean Recommendations: 2009 Soybean Crop: See the MPT for the full position. Still short November 800 and 840 bean puts. Continue to hold off on cash sales, as we anticipate that either basis or futures will have to go higher in order to pull sufficient numbers of bushels away from producers to meet export and crush requirements. **---You exited the long Nov puts for salvage value (10/12 @ \$.055 on the 920's, \$.0325 on the 900 puts). They will be replaced with a higher strike price.**

Soy Meal: The weekly chart is still bearish, with MACD pointed lower. Stochastics are still bearish, but oversold and looking for a trigger. Last week's bullish engulfing line is impressive, as is the beginning of an attempt to break out of a BB pinch to the upside on the daily chart. The weekly chart broke out of a pinch to the downside a couple weeks ago. Make no mistake, rising corn prices are a key component, an enabler, of this rally in the meal.

Positions: See the MPT. **---You rolled the short Dec 300 calls up to the Dec 320 strike price, giving your long futures or long Dec 270 calls more room to run (10/12).**

**WHEAT:** Futures posted double digit gains at all three exchanges. CHI was up 22 ¼ to 26 ¼ cents, with nearby December the strongest. KC was up 25 ½ to 26 cents. MPLS gained 20 ¼ to 21 ½. Open interest was up 3,527 contracts in CHI yesterday, net new buying for a change.. KC saw basis improvement at the low end, despite the futures rally. Proteins between 11 and 11.8 saw firmer bids by 2-3 cents per bushel.

**KCBT HRW WHEAT:** The weekly chart appears to be building a base, about 6 weeks old at this point. Support is \$4.56. Moving average resistance is at \$5.26. MACD and stochastics are both bullish on the December daily chart. Prices have broken out of the regression channel. The 18-day moving average is support at \$4.73 ¾. Old support at \$5.49 ½ becomes the initial resistance.

KC Wheat Recommendations: 2009 KC Wheat Crop: **\*\*\*Exit the short Dec 550 puts left over from a previous strategy due to illiquidity, and also exit the long Dec 540 puts.**

**CBT SRW WHEAT:** The weekly chart has moved away from the lower BB support at \$4.07 ¼, signaling an attempt at the midline of \$4.86. That was accomplished yesterday. *Weekly MACD and stochastics have turned bullish.* On the December daily chart, BB resistance is at \$4.91 ¼. The market is bending the band. The 38% retracement resistance is at \$4.95, with the 50% at \$5.12.

CBT Wheat Recommendations: 2009 CBT Wheat Crop: See the MPT. **---You took profits on the short Dec 580 calls, to prevent any potential zombie problem (10/12 @ \$.0325).**

**MGE HRS WHEAT:** The December chart is trying to expand a Bollinger pinch to the upside. Retracement resistance is at \$5.41 ½. The 18-day moving average is support at \$4.95 ¾.

MGE Recommendations: 2009 Crop: **\*\*\*Roll the long Dec 560 puts down to the Dec 520 strike price. \*\*\*Exit the long Dec 530 puts. Optionvue shows no volume in the Dec 530 or 560 puts on Monday. Repeating for today.**

**LIVE CATTLE:** Futures were 15 to 35 cents higher, with the exception of nearby October. That contract was down 42 cents as packers continue to be leery of taking deliveries of the heavy cattle currently being pushed through the futures delivery mechanism. Wholesale trade on Monday's is rarely indicative for the week, but it was 2 to 4 cents higher on moderate demand and offerings.

Chart Points: Prices continue to be in a trading range between \$79 and \$89 on the long term charts. The lower BB support is \$80.65. This applies to October futures. Stochastics and MACD are still bearish. The December daily chart has buy signals from last week's action. The upper regression channel has controlled action and suppressed rallies since July. That resistance is at \$85.32. A spike above it yesterday did not hold. The upper BB is also resistance at \$86.32. Support is at \$83.50.

Cattle Recommendations: **\*\*\*If prices are above \$85.40 in the last hour of trading, cash those long Dec 88 puts out. Optionvue showed no trading volume in the 88 puts during the last hour on Monday.**

**Cattle Crush Spreads:** ---You initiated October cattle crush spreads vs. 50% of expected October placements (9/3). ---You took profits on the October cattle crush spreads (9/29 @ \$146.46) for a net of approximately \$13.95 per head. **---You exited the short cattle as well, ending the futures side of those September spreads (10/12 @ \$86.00).**

**FEEDER CATTLE:** Higher corn weight on feeders, but higher cattle prices were supportive. On balance, feeder futures were UNCH to 32 cents lower. The CME Index is at \$92.35, losing \$1.20 from the previous day.

**Chart Points:** The weekly continuation chart has trendline support at \$93.35. Prices spiked it last week but closed above it. MACD is still bearish. Stochastics are oversold, but not showing any bullish signs yet. The October daily chart has pulled away from the lower BB. That offers a chance (or risk) that prices will rally to the 18-day moving average at \$95.42. Support is at \$92.35. MACD has turned bullish on a high ADX. We suspect corn has to pull back before feeders can really take off on that signal.

Feeder Cattle Recommendations:

**Feeder sellers: \*\*\*Exit the long October 100 puts. \*\*\*Exit the short Jan 104 calls.**

**Feedlots:** See the MPT.

**LEAN HOGS:** October futures were down 72 cents, but the other contracts were up anywhere from 12 to 105 cents. December was the strongest. The pork carcass cutout rose 29 cents to \$53.24.

Chart Points: Weekly chart support is at \$43.57. Resistance is at \$54. Last week was a bullish engulfing line on the candlestick chart. MACD is bullish, but momentum is weak. Retracement resistance on the December chart is at \$54.82. Both MACD and stochastics show buy signals. Friday was a harami, followed on Monday by a bullish white candle. The main support is the 40-day moving average.

Hog Recommendations: See the MPT. **\*\*\*Exit the long October 52 puts (previously rolled down from higher levels) at \$2.25 or better.**

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