

Ag Market Professional

Brugler Marketing & Management LLC

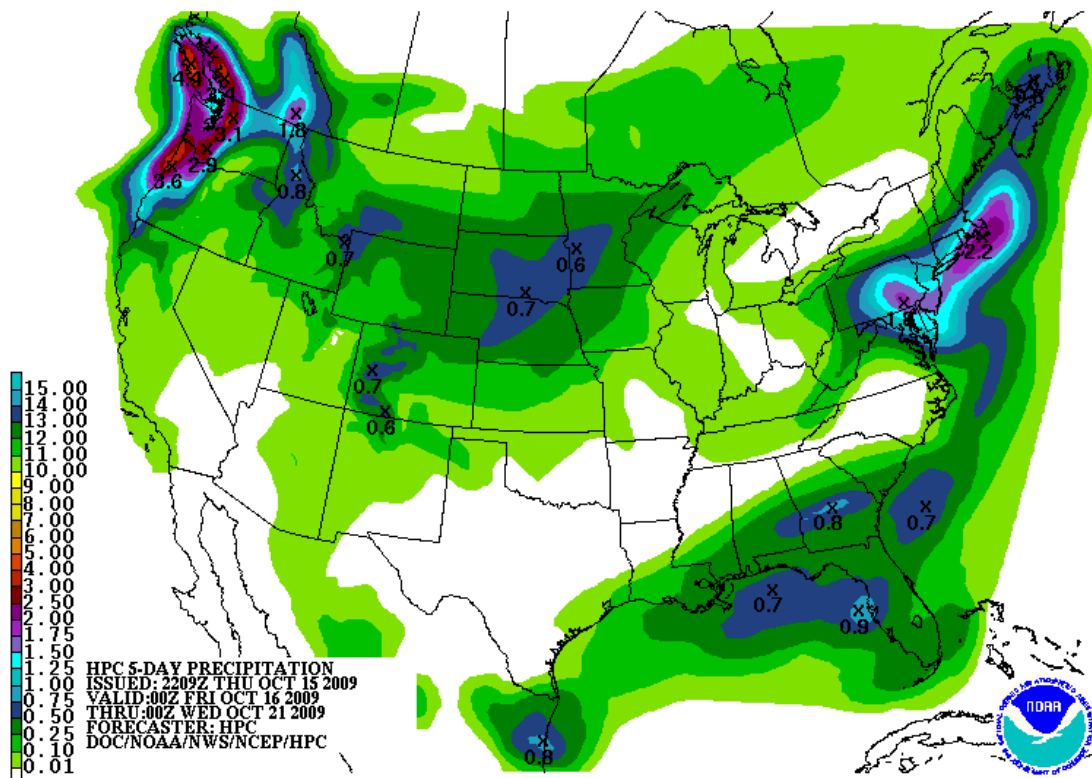
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MARKET TO MARKET: Alan will be this weekend's guest analyst on the PBS TV show *Market to Market*. Check your local listing for times. The show is also viewable on the internet after it airs tonight. You can see it at www.iptv.org/mtom, or click the link on our home page.

OUTSIDE MARKETS: The crude oil market moved to new highs this week, and is steady this morning after light profit taking. November is still quoted at \$77.61 as this is written. The dollar is stronger against the major floating currencies, and still pegged to the yuan by the Chinese at 6.8276:1. Gold is down \$4.50 at \$1046.10 after hitting all time highs earlier in the week.

WEATHER: Traders have been talking about a "window" of dry weather to facilitate harvest activity. You can see what areas they are talking about on the map below, which projects total rainfall accumulations for the next 5 days.



CORN: Futures took a well deserved break, backing off 5 ½ to 10 ¼ cents after the US dollar showed signs of life in the morning, and the weatherman showed a window of 4-5 days for much of the Corn Belt to get some harvesting done. Ethanol futures weren't helping corn, with ethanol

down 2.6 cents/gallon at \$1.856. USDA reported last week's net weekly export sales were 631,800 MT. Globex trade was UNCH to +2 ½ cents overnight, ahead of the report.

Chart Points: The weekly continuation chart has MACD and double hump stochastics buy signals. Weekly chart resistance is the upper Bollinger Band at \$3.91. The December daily chart hit the triangle breakout objective at \$3.87. The 50% retracement is at \$3.8775 and halted Wednesday's rally. Retracement support is at \$3.555, the 38% Fibonacci level. The 18-day moving average is at \$3.54.

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 (10/12). ***** Make sure that you have rolled the long put coverage up to the Dec 380 strike price (covering 50% of estimated production), and have made at least a 5% incremental cash or forward contract sale over the last couple days to reward the rally. You should still have short November 370 calls, Dec 340 puts and 290 puts.**

Feed User Recommendations: You are currently covered with cash ownership to December 1. Stand pat for the moment.

SOYBEANS: Futures were down 3 ½ to 11 cents per bushel, with nearby November the weakest. Crushers are rumored to be positioning to take delivery, but other players are nervous about the volatility and previous squeeze experiences. They prefer to get out before first notice day. The dollar ended the day lower, which allowed beans to pare early losses. Soy oil was also up 60 points, putting 7 cents per bushel on the bean value. Meal was down \$9.50/ton however and really pressured the crush margins. Futures were steady to up 1 ¾ cents overnight, with meal futures up 60 cents. USDA put net weekly export sales for last week at 654,500 MT, again within the range of trade estimates but on the lower end.

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 retracement resistance for the November contract is at \$10.26. MACD is bullish, but short term stochastics and candlestick chart action is bearish. The 38% retracement is support at \$9.61 1/4

Soybean Recommendations: 2009 Soybean Crop: See the MPT for the full position. Still short November 800 and 840 bean puts. ---You exited the long Nov puts for salvage value (10/). +++ You were to buy **December 980 serial puts vs. 25% of expected production, replacing the closed out and soon to expire November puts. Cancel this order. The total OI in that strike price is "1". ***Buy January 980 puts vs. 20% of expected production. ***Once filled, sell January 880 puts 1:1 vs. the long puts. ***If prices subsequently head below \$9.70, add short January 1080 calls vs. 20% of expected production and make it a 3-way spread.**

Soy Meal: The weekly chart is still bearish, with MACD pointed lower. Stochastics are still bearish, but oversold and looking for a trigger. The weekly chart broke out of a pinch to the downside a couple weeks ago. December futures have a stochastics sell signal.

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). *****Take profits on the long Dec futures if prices trade below the \$292.50. Not triggered on Thursday, as the low was \$293.**

WHEAT: Futures were down 8 to 11 ½ cents in CHI on Thursday, with some profit taking after hitting major chart resistance. See the Thursday SRR for details. KC was down a more modest 5 ¾ to 6 cents, and is also seeing some basis firmness. MPLS fell 10 to 12 ¼ cents. This morning, USDA put net weekly export sales at 480,200 MT for last week, on the lower end of the pre-report estimates. KC was -2 ½ to +2 overnight on Globex. MPLS was +1/4 to +4 ¾. CHI was up 2 ½ to 3 ½ cents.

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 \$5.20 (currently above that). December futures rallied to the 1/3 speedline and reversed from that resistance. For today, that speedline is at \$5.35. Moving average support is at \$4.84.

KC Wheat Recommendations: 2009 KC Wheat Crop: *****Exit the short Dec 550 puts left over from a previous strategy due to illiquidity. Optionvue shows no volume in these on Thursday.** ---You exited the long Dec 540 puts (10/13). *****Add short December 600 calls vs. 20% of production as a light hedge. Optionvue again shows no volume. Allow this order to expire.**

CBT SRW WHEAT: See yesterday's SRR for chart comments on weekly wheat. The December daily chart resistance is at \$5.29 ½. Moving average support is at \$4.71. The 13 day stochastics are giving us a sell signal.

CBT Wheat Recommendations: 2009 CBT Wheat Crop: See the MPT. *****Bump up forward contract sales 5% if Dec futures dip below \$5.00. There is a 19 cent carry to the March.** ---You took profits on the short Dec 580 calls, to prevent any potential zombie problem (10/12 @ \$.0325). --
-You exited the long Dec 480 puts for salvage value (10/14 @ \$.12). **---You replaced them with long Dec 500 puts vs. 20% of production (10/15 @ \$.21).**

2010 Crop: We do not wish to make cash forward sales at this time & price point. However, there is some risk that the thin July 10 contract will drop when DB sells their positions to get down to the spec limit. That starts next week. *****Hedgers can call July 10 futures vs. 20% of production, expecting to be out by the end of the month. The 18-day moving average at \$5.16 would be an objective for now. Your stop would have to be above \$5.62, the upper BB.**

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 \$5.03.

MGE Recommendations: 2009 Crop: ---You exited the long Dec 530 puts (10/13 @ \$.20 1/8). *Continue to hold the long Dec 560 puts for the moment.*

LIVE CATTLE: CME futures prices were up 7 to 55 cents out through June 2010, with the back months down by 10 cents. A firm continues to step up and take delivery of the October contracts, which are through early October buy dates now. Such strong hands are supportive to

October futures prices. Cash cattle trade was very limited on Thursday, with a few transactions at \$81.50 and \$126. Wholesale prices were mixed, with choice down 23 cents and select up 71 cents at \$131.96. Activity today will be mostly squaring up positions for the weekend and for the COF report. USDA weekly beef export sales were 8,500 MT. South Korea was the largest buyer at 2,100 MT, and has been gradually increasing purchases over the past couple months.

USDA will issue a monthly Cattle on Feed report this evening. Here is a summary of the published trade estimates ahead of the report, expressed as % of year ago:

	USDA Actual	Trade Ave. Guess	Range of Est's
On Feed October 1		100.3	98.9-101.2
Sep Placements		105.2	98.6-109.4
Sep Marketings		97.6	96.0-98.8

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. Moving average resistance for October is at \$83.975. December futures are trading more than 2 standard deviations above the down trend tendency that has controlled the market since July. MACD and stochastics are bullish and not yet overbought. The 40-day moving average is the next resistance, at \$86.05.

Cattle Recommendations: ---Prices were above \$85.40 in the last hour of trading, you cashed out those long Dec 88 puts out (10/14 @ \$3.60-3.65).

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: Prices rose 10 to 45 cents, with November feeders the strongest of the bunch. The CME Index rose 22 cents to \$93.25.

Chart Points: Prices are flirting with an uptrend support line from the December and Feb lows, around \$93.70 on the weekly continuation chart. RSI and stochastics are badly oversold. The lower BB support is at \$92.60. Lateral support is the February low at \$87.60. November futures support is at \$92.25. Stochastics and MACD have turned bullish, and prices have pulled away from the lower Bollinger Band. The upside target was the 18-day moving average at \$95.10. That was accomplished on Thursday, and halted the rally. There is a downside gap to clean up (fill) at \$94.30.

Feeder Cattle Recommendations:

Feeder sellers: ---You took profits on the long October 100 puts (10/13 @ \$6.60-7.00). ---You took profits on the short Jan 104 calls (10/13 @ \$.40). *****If prices take out a trendline at \$94.05, buy January 94 puts vs. 50% of expected January sales. ***If filled, sell January 84 or Jan 86 puts vs. 50% of expected sales as a covered write, converting the position into a bear put spread. Not triggered on Thursday. Repeating for today.**

Feedlots: See the MPT.

LEAN HOGS: The CME was up anywhere from 2 to 45 cents in all futures contracts except the May 2010. It was down 2 cents. Pork belly futures were \$1 or more lower. The lean pork cutout has been firming this week, and was up another 30 cents last night to \$56.20.

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. The upper BB resistance is at \$55.32. The main support is the 40-day moving average at \$49.47.

Hog Recommendations: See the MPT. ---Futures were higher after the first hour, so you exited the long October 52 puts for salvage value (10/14 @ \$1.50). ---The short October 56 and 60 calls and short October 44 puts expired worthless as planned. *****Roll the long Dec 48 puts to the Dec 54 strike price. This is on 50% of expected marketings. The other half is still unhedged.**

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