Weekly Roberts Agricultural Commodity Market Report May 5, 2009

CORN futures on the Chicago Board of Trade (CBOT) closed down on Monday after several days running to the upside. MAY'09 corn futures closed at $3.980/bu; off 8.25¢/bu but 25.75+¢/bu higher than last week. The JULY'09 contract closed at $3.4.054/bu; down 8.25¢/bu but 24.75+¢/bu higher than last Monday. DEC'09 corn futures finished at $4.254/bu; off 7.75¢/bu but 24.0¢/bu over last report. Improved planting weather, chart based selling on profits in near overbought contract levels, lingering fears over swine flu hurting feed demand, and poor exports pressured prices. Exports were disappointing as USDA placed corn-inspected-for-export at 30.2 mi bu vs. expectations for between 31.17-34.0 mi bu. The slow planting pace buoyed futures somewhat. USDA late on Monday put U.S. corn seedings at 33% vs. a five year average at 50%. Cash corn in the U.S. Midwest was weaker amid increased farmer selling on the rally. Cash corn bids in the U.S. Mid-Atlantic States were off 3.0¢/bu – 10.0¢/bu due to the farmer selling pressure. Funds sold nearly 5,000 lots as large speculators slid into net-bear positions by 69 contracts. Consider pricing up to 50% of the '09 crop at this time. Old crop corn should be gone.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were mixed on Monday. MAY'09 soybean futures closed at $11.152/bu; up 13.25¢/bu and $1.346/bu higher than this time last week. The JULY'09 contract finished up 12.5¢/bu at $11.034; $1.064 over last Monday. The NOV'09 contract closed at $9.704/bu; down 0.5¢/bu but 66.0¢/bu higher than last report. The market is expecting acres originally planned for corn to yield to soybeans as corn planting is delayed. The run up in nearby contracts was supported by tight current supplies, good export numbers on fresh Chinese demand, lagging crop planting progress, and news that this year's Argentinean soybean crop will sink to 31.0 (1.13 bi bu) mi tonnes vs. a forecast of 34.0 (1.25 bi bu) mi tonnes. USDA put soybeans-inspected-for-export at 18.2 mi bu vs. expectations for between 12.0-16.0 mi bu. Late on Monday USDA put soybean seeding progress at 6% vs. a five-year average of 11% for this time of year. Funds bought about 3,000 lots while large speculators cut net bull positions by 13,600 contracts. Cash soybeans in the U.S. Midwest were steady to weak while those in the U.S. Mid-Atlantic States were 8.0¢/bu–12.0¢/bu higher. It's a very good idea to price up to 50% of the '09 crop if you haven't done so already.

WHEAT futures in Chicago (CBOT) closed down Monday. The MAY'09 contract closed at $5.384/bu; down 18.75¢/bu but 30.5¢/bu higher than this time last week. JULY'09 wheat futures finished off 19.0¢/bu at $5.551/bu but 35.75¢/bu higher than a week ago. Chart-based selling, good planting weather for the U.S. spring crop, and slow exports weighed on prices. The July/November spread was $1.33/bu. Better planting weather is expected to continue. USDA put wheat-inspected-for-export at 10.3 mi bu vs. expectations for between 14.0-17.0 mi bu. Weather concerns in Argentina were supportive. Funds sold 4,000 lots while large speculators increased net bear positions to 8,874 short contracts. The market expected a spring planting rate of 6% and they were right. USDA placed wheat planted acres at 6% vs. a five-year average of 11% for this time of year. It is a good idea to get up to 35% of the '09 crop priced at this time.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were mixed on Monday. The JUNE'09LC contract closed at $81.875/cwt; off $0.225/cwt. The AUG'09LC contract closed up $0.075/cwt at $82.100/cwt but $0.200/cwt lower than last Monday's close. DEC'09LC futures closed at $88.825/cwt; off $0.025/cwt and $0.450/cwt lower than last report. Weaker-than-expected cash markets pressured prices. However, the discounts of futures to cash and expectations for better beef demand were supportive. Cash cattle traded for $2/cwt lower as UDSA put the 5-area price at $85.715/cwt; $2.21/cwt lower than this time last week. Several floor sources said traders are expecting seasonal demand to kick in anytime. USDA on Monday put Choice Boxed Beef cutout at $148.31/cwt, down $0.190/cwt but $3.87/cwt over this time last Monday. H1N1 flu continues to pressure demand on secondary pressure from pork. According to HedgersEdge.com average packer margins were reduced $10.80/head from this time last week. The average processor margin was placed at a positive $6.70/head based on the average buy of $87.95/cwt vs. the average breakeven of $88.46/cwt. Hopefully feed needs for several weeks were bought on previous advice. Feed buyers should hold off on buying more feed needs at this time.

FEEDER CATTLE at the CME closed mixed on Monday. The MAY'09FC contract closed at $97.400/cwt; off $0.050/cwt. AUG'09FC futures finished at $98.675/cwt; up $0.225/cwt and $1.075/cwt lower than last report. Technical buying to cover short positions, buy stops, expectations for feeders to be coming off grass therefore moving into the feed lots, and lower corn prices weighed on prices. The discount to feeders in distant months and spreading into August out of May were supportive. The CME Feeder Cattle Index was placed at $99.52/cwt; off $0.32/cwt from last Friday and $0.59/cwt lower than last Monday. It probably would be a good idea to move feeders when ready this week.

LEAN HOGS on the CME took a shellacking on Monday amid lingering swine flu fears. I'll say it again, "You can't get sick from eating properly prepared pork!" The MAY'09LH contract closed at $55.975/cwt; down $2.500/cwt and $10.025/cwt lower than this time last week. The JUNE'09LH contract was off $1.800/cwt at $63.475/cwt; and $6.125/cwt lower than last Monday. May, June, and July futures registered new contract lows. On Monday Russia banned all U.S. meat imports from South Carolina but relaxed bans imposed on six other states. Reports of pigs on a Canadian swine farm getting sick with the A/H1N1 influenza from a worker who had recently been in Mexico got trader's attention. USDA placed Pork Carcass Cutout at $55.68/cwt, down $0.95/cwt and $4.105/cwt lower than last week at this time. The latest CME Lean Hog Index was placed at $60.40/cwt; down $1.15/cwt from Friday and $1.42/cwt lower than last Monday. Cash hogs were steady to lower while the expected Goldman Roll ramps up from May 7 through May 13. The Goldman Roll occurs when large speculators roll futures positions forward from an expiring contract month to the next one. According to HedgersEdge.com, the average pork plant margin was raised $6.25/head to a negative $3.85/head. This was based on the average buy of $40.74/cwt vs. the average breakeven price of $39.33/cwt. It would be a good idea to hold off on pricing more feed needs at this time and sell hogs when ready.

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Remember, when working with futures risk is involved. Past performance does not indicate a promise of future results.

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