

Weekly Roberts Agricultural Commodity Market Report May 19, 2009

CORN futures on the Chicago Board of Trade (CBOT) closed up on Monday. The JULY'09 contract closed at \$4.214/bu; up 4.25¢/bu and nearly even with last Monday. DEC'09 corn futures finished at \$4.420/bu; up 3.5¢/bu and 1.75+¢/bu over last report. A rally in soybeans led corn futures with support from gains in the stock market and crude oil. Gains were subdued by drier weather in corn-planting states. However, reports that U.S. corn yields will be lower due to late planting are beginning to emerge. USDA late Monday put the U.S. corn crop at 62% planted vs. the 5-year average of 85% for this time of year. The market expected this. Exports were mildly bearish to neutral with USDA reporting 31.024 mi bu of corn inspected for export vs. expectations for between 32-40 mi bu. This is 14.988 mi bu less than last week. Funds were 4,000 lot net buyers of corn while large speculators increased net bull positions in CBOT corn. Cash corn in the U.S. Midwest was flat while corn bids in the U.S. Mid-Atlantic States ranged 5.0-12.0¢/bu higher. Hopefully you have up to 60% of the '09 crop priced at this time.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were up on Monday. The JULY'09 contract finished up 16.0¢/bu at \$11.464; 30.5¢/bu over last Monday. The NOV'09 contract closed at \$9.870/bu; up 11.25¢/bu and 3.0¢/bu higher than last report. Bullish fundamentals and a rally in the U.S. stock market and crude oil fueled prices. Exports were supportive with China buying more U.S. soybeans further tightening stocks. USDA reported 15.679 mi bu inspected-for-export. China bought 4.26 mi bu while Egypt purchased 4.41 mi bu. USDA late on Monday put the U.S. soybean crop 25% planted vs. the 5-year average of 44% this time of year. Cash soybeans were steady to higher in the U.S. Midwest while cash beans in the U.S. Mid-Atlantic states were 16.0-25.0¢/bu higher in many places. Funds were net buyers of 3,000 contracts while large speculators increased net bull positions in CBOT soybean futures and options. It might be a good idea to another 10% of the '09 crop now getting to 60% priced.

WHEAT futures in Chicago (CBOT) closed up on Monday. JULY'09 wheat futures finished up 13.0¢/bu at \$5.904/bu nearly even with last week's report. The SEPT'09 wheat contract closed at \$6.164/bu; 12.5¢/bu higher than Friday. The rally in soybeans led corn and wheat to higher ground. Drought in Argentina's wheat producing areas is seen as reducing global wheat supply. Exports were supportive with USDA reporting 14.49 mi bu inspected-for-export. India, Pakistan, the Philippines, and Egypt were buyers as Russian exports ran into inspection problems with paper and bugs found in their shipments. USDA late Monday put the U.S. wheat crop at 56% headed vs. the 5-year average of 60% for this time of year. Funds bought around 3,000 lots as large speculators increased net bull positions in CBOT wheat. It might be a good idea to get another 5% of the '09 crop priced at this time taking that crop to 50% priced.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were up somewhat on Monday in. The JUNE'09LC contract closed at \$82.525/cwt; up \$0.150/cwt but \$0.750/cwt lower than last report. The AUG'09LC contract closed up \$0.600/cwt at \$83.125/cwt but \$0.775/cwt lower than last Monday's close. DEC'09LC futures closed at \$90.900/cwt; up \$0.375/cwt and \$0.075/cwt higher than last report. Short covering and spreaders buying August and October while selling June futures was supportive. The market is warily watching reports that a six-year-old dairy cow in Alberta has been confirmed as Canada's latest mad cow case. Higher cash cattle contributed to the price strength. The USDA 5-area average price was placed at \$85.12/cwt; \$1.08/cwt higher than this time last week with reports of cash cattle in Nebraska as much as \$2-\$3/cwt higher. USDA early Monday put the Choice Boxed Beef cutout at \$147.15/cwt; up \$0.16/cwt and \$2.01/cwt higher than a week ago. According to HedgersEdge.com average packer margins were raised \$28.35/head from this time last week. The average processor margin

was placed at a positive \$34.95/head based on the average buy of \$84.81/cwt vs. the average breakeven of \$87.58/cwt. Hopefully feed needs for several weeks were bought on previous advice.

FEEDER CATTLE at the CME finished mixed on Monday. The MAY'09FC contract closed at \$99.000/cwt; even from Friday and \$0.55/cwt lower than last Monday's close. AUG'09FC futures finished at \$101.825/cwt; up \$0.175/cwt and \$0.225/cwt higher than last report. The May contract will expire on May 21 as spreading into August out of the May was the play for the day. Pressure was put on feeders because of the expected numbers coming off spring wheat. However, cash feeders in Oklahoma City were \$1-\$2 over last report. The latest CME Feeder Cattle Index was placed at \$99.37/cwt; up \$0.31/cwt and \$0.40/cwt over last week at this time. With corn going higher it may be a good idea to hold feeders to heavier weights if you have the grass.

LEAN HOGS on the CME closed up on Monday with the exception of the July contract. The JUNE'09LH contract was up \$0.250/cwt at \$66.775/cwt; but \$1.000/cwt lower than last Monday. JULY'09LH futures closed at \$68.550/cwt; off \$0.025/cwt. Reports that Russia is back buying U.S. pork spurred prices. The July contract was pressured mostly by spreaders buying into June, August, and October while selling the July. Cash markets in the U.S. were mostly lower on Monday. USDA on Friday put the Pork Cutout at \$61.40/cwt; down \$0.45/cwt. The latest CME Lean Hog Index was placed at \$62.07; up \$1.49. According to HedgersEdge.com, the average pork plant margin was lowered \$8.15/head to a negative \$8.10/head. This was based on the average buy of \$46.56/cwt vs. the average breakeven price of \$43.56/cwt. It might be a good idea to keep selling hogs when ready.

July '09 Wheat, May 18, 2009



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

For comments or questions you may contact Mike Roberts at mrob@vt.edu or
804-733-2686 work 804-720-1993 cell.