Weekly Roberts Agricultural Commodity Market Report June 2, 2009

CORN futures on the Chicago Board of Trade (CBOT) closed up on Monday. The JULY'09 contract closed at $4.456/bu; up 9.5¢/bu and 24.25¢/bu over week before last. DEC'09 corn futures finished at $4.692/bu; up 10.0¢/bu and 27.25¢/bu over last report. Wet weather still hindering planting, a weaker U.S. dollar, bullish action by large non-commercials, higher crude oil prices, and encouraging economic signs were supportive. Exports were neutral with USDA putting corn-inspected-for-export at 32.5 mi bu vs. estimates for between 31.0-35.0 mi bu. The crop progress and condition report was released late on Monday by USDA placing seedings at 93% vs. the five-year average of 97%. The first 2009 US corn-crop-condition report put the U.S. corn crop at 70% good-to-excellent condition vs. 63% this time last year. Funds bought over 10,000 lots holding 14,600 contracts in open interest. Large speculators increased net bull positions by over 15,000 lots for the week ended May 26. Cash corn in the U.S. Midwest was steady to firm as no one in particular wanted to price any more corn at the moment. Opening corn prices on Monday at elevators across the U.S. Mid-Atlantic states were firm ranging from 15.5¢/bu – 22.0¢/bu higher than Friday's closing average. Now would be a very good time to price 10% more of the '09 corn crop taking you to 70% priced.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were up on Monday. The JULY'09 contract closed 34.5¢/bu up at $12.184 and 72.0¢/bu over Monday before last. The NOV'09 contract closed at $10.860/bu; up 23.5¢/bu and 99.0¢/bu higher than last report. A weaker U.S. dollar, an uptick in the DOW, and Wet weather that would normally be supportive may pressure prices. There is more talk about acres normally planted to spring wheat going into soybeans. In addition, it is questionable how much of the remaining 7% of the yet-to-be-planed corn crop will go into soybeans. Also holding soybean prices back was talk that China canceled 2-3 shipments of soybeans. Poor crush margins in China and expectations that soybean basis will weaken has China backing out of several "almost-made" deals. Several floor sources stated they wouldn't be surprised if China canceled more shipments because of their near-record imports. USDA placed soybeans-inspected-for-export at 8.8 mi bu vs. expectations for between 12.0-16.0 mi bu. Late on Monday USDA put the U.S. soybean crop at 66% planted vs. the 5-year average of 79%. Cash soybeans in the U.S. Midwest were steady while sales for new crop soybeans in the U.S. Mid-Atlantic states were flat. Funds were net buyers of 5,000 contracts while large speculators added another 5,300 lots to already bullish positions. There is mild upside potential to this market given the pace of planting but should be fast closing on a top. It might be a good idea to get to 70% planted if you haven't done so by now.

WHEAT futures in Chicago (CBOT) closed up on Monday. JULY'09 wheat futures finished up 37.5¢/bu at $6.744/bu; 84.0¢/bu higher than last report. The SEPT'09 wheat contract closed at $7.010/bu; 37.5¢/bu higher than Friday and 84.75¢/bu higher than week before last. Spring wheat planting is being hindered by wet weather in the northern Plains. Short-covering on technical buying and dry weather in Argentina and Australia were supportive. U.S. exports were sluggish not being competitive enough with wheat from other global sources. USDA put wheat-inspected-for-export at 10.2 mi bu vs. expectations for between 15.0-18.0 mi bu. Late on Monday USDA placed the U.S. spring-wheat crop 89% planted vs. 5-year average of 98%. Funds bought about 6,000 contracts while large speculators decreased net bear positions to 14,700 lots; down from 18, 473 the previous week. It might be a very good idea to get another 10% of the '09 crop priced at this time taking you to 60% priced.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) struggled on Monday. The JUNE’09LC contract closed at $80.525/cwt; down $0.800/cwt and $2.000/cwt lower than last report. The AUG’09LC contract closed off $0.175/cwt at $81.650/cwt and $1.475/cwt lower than Monday before last. DEC’09LC futures closed at $89.875/cwt; down $0.150/cwt and $1.025/cwt lower than last report. Higher grain prices; lower beef cutout values; spreading out of June and October into the August contract; and seasonal trends weighed on prices. Early Monday USDA put the Choice Beef cutout at $142.88/cwt; off $1.23/cwt and $4.27/cwt lower than two weeks ago. Cash cattle were off a range of $0.50-$1.00/cwt. The USDA 5-area average was placed at $84.36/cwt on Monday. Feedlots are calculated to be losing from $3.50-$4.50/cwt; below the $89-$91/cwt needed to break even. According to HedgersEdge.com average packer margins were lowered $27.05/head from this time last week. The average processor margin was placed at a positive $7.90/head based on the average buy of $85.00/cwt vs. the average breakeven of $85.63/cwt. Wait another week or at least until profit taking in the corn market occurs later this week to price anymore feed.

FEEDER CATTLE at the CME finished down on Monday. AUG’09FC futures finished at $100.175/cwt; off $1.575/cwt and $1.650/cwt lower than last report. The OCT’09FC contract closed at $100.675/cwt; down $1.125/cwt. Sell stops amid profit taking, lower live cattle, soft cash feeders, and bear spreading pressured prices. The latest CME Feeder Cattle Index for May 28 was placed at $100.52/cwt; up $0.14/cwt and $1.15/cwt higher than week-before-last. It is still a good idea to hold feeders to heavier weights if you have good pasture.

LEAN HOGS on the CME closed mostly up on Monday with the exception of the June and July contracts. The JUNE’09LH contract was up $1.175/cwt at $62.750/cwt; but $4.025/cwt lower than Monday before last. JULY’09LH futures closed at $65.150/cwt; off $0.475/cwt and $3.400/cwt lower than two weeks ago. AUG’09LH futures were up $0.075/cwt at $66.050/cwt. Two floor sources said that the market most likely will not make any big moves until the June contract is closer to expiry. Fund liquidation of long positions and spreading from both June and July contracts into deferreds pressured prices in those months. The market is waiting expectantly on Russia to lift its ban on U.S. pork imports but a weak tone to U.S. pork continues to pressure prices. USDA on Friday put the Pork Cutout at $58.89/cwt; off $0.77/cwt and $2.51/cwt lower than week before last. The latest CME Lean Hog Index was off $0.19/lb at $59.26/lb; $2.81/lb lower than last report. Cash hog prices were steady to firm and are expected to remain so through Thursday of this week. Packers were seen as having to choose between steady product flow and unsteady money on slow wholesale pork movement. According to HedgersEdge.com, the average pork plant margin improved $3.35/head to a negative $4.75/head. This was based on the average buy of $43.46/cwt vs. the average breakeven price of $41.70/cwt. It is still a good idea to sell hogs when ready.

November 2009 Soybeans, June 1 2009

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

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