Weekly Roberts Agricultural Commodity Market Report June 9, 2009

CORN futures on the Chicago Board of Trade (CBOT) ended lower on Monday. The JULY'09 contract closed at $4.350/bu; off 9.0¢/bu and 10.75¢/bu under last Monday. DEC'09 corn futures finished at $4.580/bu; down 9.5¢/bu and 11.25¢/bu under last report. USDA will issue the June World Agriculture Supply Demand Estimate (WASDE) report Wednesday, June 10. Support for corn came from traders thinking acres intended for corn will soon go to soybeans. Lower crude oil, a weaker U.S. stock market and a firming U.S. dollar pressured Monday's prices. The market traded expectations that USDA would put corn-planting progress at 95%. Late Monday USDA placed corn seedings at 97% vs. the 5-year average of 99% for this date last year. USDA put corn-inspected-for-export at 25.967 mi bu vs. expectations for between 26.0-31.0 mi bu. Some good export news did crop up. China offered a 5% export tax rebate on corn; Brazil put it's '08/'09 corn crop at 49.9 mi tonnes (1.96 bi bu) vs. a previously announced 51.4 mi tonnes (2.02 bi bu). Israel tendered an offer for 40,000 tonnes (1.57 mi bu) while Taiwan's Maize Group will issue a tender on Wednesday. Cash corn was steady in the U.S. Midwest while bids in the U.S. Mid-Atlantic states were 3.0-5.0¢/bu lower. The CFTC Commitment of Traders report showed funds selling between 7,000-8,000 contracts while large speculators added 22,090 lots to net bull positions. Hopefully up to 60-70% of the '09 crop has been sold in the cash market.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were off on Monday with the exception of July '09 futures. The JULY'09 contract closed up 7.0¢/bu at $12.324 and 14.0¢/bu over last week at this time. The NOV'09 contract closed at $10.516/bu; off 10.0¢/bu and 34.5¢/bu lower than last report. The July contract was supported on tight supplies as deferreds were under pressure from an expected movement of corn acres shifting into soybeans. However, lower crude oil prices, a slow DOW Jones, and a firmer U.S. dollar weighed on prices. Traders were noted as positioning ahead of USDA's WASDE report to be released on Wednesday, June 10. The market traded expectations for 80% planted. However, late on Monday USDA put the soybean planted progress at 78% vs. the 5-year average of 87%. Rains are delaying just-planted corn and making it difficult to get soybeans seeded. USDA on Monday put soybeans-inspected-for-export at 7.982 mi bu vs. expectations for between 10.0-15.0 mi bu. China announced it would cut the May, soybean import forecast while increasing the June import forecast. Brazil lowered its '08/'09 soybean crop to 57.1 mi tonnes (2.09 bi bu) vs. 57.6 mi tonnes (2.12 bi bu). This news provided some support. Funds bought right at 2,000 contracts while large speculators decreased bull positions by 840 lots. Early Monday cash soybean opening bids were 5.0-8.0¢/bu weaker in the U.S. Midwest while 4.0-20.0¢/bu off in the U.S. Mid-Atlantic states on Monday. Farmers were reluctant to make many sales. It is a good idea not to price any more of the '09 crop.

WHEAT futures in Chicago (CBOT) plunged on Monday. JULY'09 wheat futures finished off 25.0¢/bu at $5.980/bu; 76.5¢/bu lower than last report. The SEPT'09 wheat contract closed at $6.260/bu; 25.0¢/bu lower than Friday and 75.0¢/bu lower than this time last Monday. Lower grains combined with a lower DOW Jones and weak crude oil prices pressured prices. Bearish supply fundamentals were not supportive either. Export sales were off. USDA placed wheat-inspected-for-export at 17.454 mi bu vs. 10.302 mi bu last week and expectations for between 19.0-21.0 mi bu. Iraq bought 250,000 tonnes (9.2 mi bu) of Canadian and Australian wheat while issuing a tender for another 50,000 tonnes (1.8 mi bu). Egypt suspended grain contracts with Egypt Traders Co. while sending quarantined wheat back to Russia. Algeria tendered an offer to buy 50,000 tonnes (1.8 mi bu) of optional-origin milling wheat. Good crop weather is slated for the U.S. Plains HRW wheat crop region. Funds sold 5,000 contracts while large speculators decreased net bear positions by 7,900 lots to 6,793 contracts for the week ended June 2. Hopefully you have priced up to 60% of the ’09 crop.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) fell on Monday. The JUNE’09LC contract closed at $79.425/cwt; down $0.725/cwt and $1.100/cwt lower than last report. The AUG’09LC contract closed off $0.525/cwt at $80.625/cwt and $1.025/cwt lower than this time last week. DEC’09LC futures closed at $88.600/cwt; down $0.325/cwt and $1.275/cwt lower than last report. Losses in other commodities, a lower DOW Jones, and a sell-off in feeder cattle futures weighed on prices. Cash cattle were bid $2-$2.50/cwt lower to $82/cwt in the Plains while sellers priced animals between $84-$85/cwt. Trading was slow and is expected to remain spotty across the country as packers partially fill processing lines. USDA placed the 5-area price at $82.06/cwt and Choice Beef Cutout at $139.96/cwt, up $0.31/cwt. Last Friday Russia lifted its ban on U.S. beef and poultry from California but retained its ban on fresh and frozen pork. According to HedgersEdge.com average packer margins were lowered $21.45/head to a negative $13.55/head based on the average buy of $83.54/cwt vs. the average breakeven of $82.46/cwt. It is a good idea to go ahead and sell cattle when ready. Feed prices are waiting on the USDA WASDE report to react.

FEEDER CATTLE at the CME were off on Monday. AUG’09FC futures finished at $95.850/cwt; off $0.775/cwt and $4.325/cwt lower than last report. The OCT’09FC contract closed at $96.775/cwt; down $0.800/cwt and $3.900/cwt lower than this time last week. Feeders are technically weak in spite of being near oversold status as fund selling increases, especially near the close of today’s session. Cash feeders remain weak on losses in fat cattle. Feeder cattle in Oklahoma City were $2/cwt lower last week. The latest CME Feeder Cattle index for June 4 was placed at $98.75/cwt; off $0.23/cwt and $1.77/cwt lower than last report. It is still a good idea to hold feeders to heavier weights if you can. Feeder cattle buyers who don’t have to risk feed inputs on lighter cattle are willing to pay more.

LEAN HOGS on the CME closed lower on Monday with the exception of the June contract. The JUNE’09LH contract was up $0.400/cwt at $57.575/cwt; but $5.175/cwt lower than last Monday. JULY’09LH futures closed at $59.500/cwt; off $0.575/cwt and $5.650/cwt lower than this time last week. AUG’09LH futures were off $1.000/cwt at $61.525/cwt; $4.525/cwt lower than last report. Deferreds were lower on profit taking while short covering supported the nearby. The July contract was oversold at a 14-day Relative Strength Index (RSI) of 23.60. A contract is thought to be oversold below an RSI of 30 and overbought with an RSI over 70. The July contract managed to close lower even though local traders unwound bear spreads as large speculators rolled July positions into August futures. The market is betting on further weak cash markets as producers liquidate more herd numbers amid persistent losses. The recession; slack demand on the H1N1 flu scare; and high feed prices have hurt U.S. hog production and profitability. Last Friday USDA put the Pork Cutout at $56.07/cwt, off $1.02/cwt and $2.82/cwt lower than last report. Although Washington is working to restore pork trade with Russia there are no signs of a thaw in exports at this time. The latest CME Lean Hog Index was off $0.34/lb at $59.42/lb but $0.16/lb higher than last report. According to HedgersEdge.com, the average pork plant margin improved $1.55/head from this time last week to a negative $3.20/head. This was based on the average buy of $40.79/cwt vs. the average breakeven price of $39.62/cwt. It is a good idea to sell hogs when ready amid these volatile feed prices.

July 2009 wheat, June 8, 2009

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

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