

Weekly Roberts Agricultural Commodity Market Report June 30, 2009

CORN futures on the Chicago Board of Trade (CBOT) were down on Monday. The JULY'09 contract closed at \$3.770/bu; off 7.2 ¢/bu and 8.25 ¢/bu lower than last Monday. DEC'09 corn futures finished at \$3.972/bu; down 7.0 ¢/bu and 8.2 ¢/bu under last report. Good growing weather, lower-than-expected exports, and large speculators backing off bullish positions pressured prices. USDA put corn-inspected-for-export at 27.667 mi bu vs. expectations between 30.0-35.0 mi bu. This was 14.935 mi bu off last week's pace. Traders were adjusting positions prior to Tuesday's USDA June-plantings and quarterly stocks report. Average estimates for corn seedings were placed at 84.158 mi acres vs. USDA's March report at 84.986 mi acres. Cash corn bids were weaker amid slow farmer selling. USDA rated the U.S. corn crop at 72% good-to-excellent condition. The market expected a 68%-70% rating as several floor sources said this time of year crop condition starts to drop. Funds sold about 4,000 contracts as large speculators decreased net bull positions in CBOT corn. Hopefully up to 60-70% of the '09 crop has been priced. It would be good to consider selling another 10% bringing the '09 crop to 70-80% sold. Corn continues to submit to seasonal declines.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were down on Monday with the exception of the July contract. The JULY'09 contract closed up 14.0 ¢/bu at \$12.15/bu and 63.75 ¢/bu over last report. The NOV'09 contract closed at \$9.834/bu; off 7.5 ¢/bu but 2.5 ¢/bu higher than Monday. Bull spreads in the July/August on tight supplies were supportive while good crop weather, expectations that USDA will lift soybean acres, and so-so exports held prices back. Trade expectations for soy-planted acres average 78.305 mi acres, up 2.281 mi acres from the March estimate. USDA put soybeans-inspected-for-export at 12.934 mi bu vs. trade expectations between 10.0-15.0 mi bu. Cash soybeans were steady-to-firm amid slow grower sales. Funds sold 2,000 lots while large speculators sold right at 4,000 contracts. If you didn't get the '09 crop priced to 70% now is a good time. If you have beans left in the bin, it would be a good to consider selling them.

WHEAT futures in Chicago (CBOT) were down again on Monday. JULY'09 wheat futures finished off 5.75 ¢/bu at \$5.284/bu; 17.75 ¢/bu lower than last report. The SEPT'09 wheat contract closed at \$5.576/bu; off 5.25 ¢/bu and 17.5 ¢/bu lower than this time last Monday. Heavy global stocks, sluggish exports, and harvest activity weighed on prices. USDA put wheat-inspected-for-export at 10.126 mi bu vs. estimates between 13.0-17.0 mi bu. Harvest progress was placed at 36% vs. the five-year average of 46% and 45% of the U.S. wheat crop was rated good-to-excellent. Funds and large speculators increased bearish positions. It would be a good idea to finish pricing the '09 crop at this time.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) gained on short covering and buy stops Monday. The AUG'09LC contract closed up \$2.150/cwt at \$84.625/cwt; \$1.775/cwt higher than this time last week. DEC'09LC futures closed at \$90.250/cwt; up \$1.575/cwt and \$2.425/cwt higher than last report. Action was brisk with approximately 400 limit-up bids unfilled in the August contract at the close. Early buying sparked the advance and fueled fast action at times, according to floor sources. Beef demand looks better with slaughter still up placed at 130,000 head last week vs. 127,000 this time last year. Cash cattle prices were level with last week's trade and several traders said they expect them to strengthen going against the seasonal slump in beef prices. However, tight supplies on negative producer margins have decreased stocks. Packers may pick up the buying pace this week to keep processing lines full but the shortened processing week may keep the lid on. USDA's 5-area price average was placed at \$81.63/cwt. Early Monday USDA put the Choice Boxed Beef cutout at \$139.38/cwt, up \$0.45/cwt but \$1.71/cwt lower than a week ago. A beef recall of 421,000 lbs did not seem to affect trading. According

to HedgersEdge.com average packer margins were raised \$4.85/head to a positive \$13.55/head based on the average buy of \$81.51/cwt vs. the average breakeven of \$82.57/cwt. It is still a good idea to hold cattle to heavier weights if you can. If you need corn now is good time to buy near-term needs.

FEEDER CATTLE at the CME rose sharply on Monday. AUG'09FC futures finished at \$101.725/cwt; up \$2.750/cwt and \$2.800/cwt higher than last report. The OCT'09FC contract closed at \$101.325/cwt; up \$2.750/cwt and \$2.275/cwt higher than this time last week. Live cattle and lower feed costs on top of short covering and buy-stops were very supportive. October/January bull spreads were noted. The latest CME Feeder Cattle Index was placed at \$97.67/cwt, up \$0.44/cwt and \$1.30/cwt higher than a week ago. It is a very good idea to move feeders when ready.

LEAN HOGS on the CME were mixed on Monday. JULY'09LH futures closed at \$58.025/cwt; up \$1.325/cwt but \$2.425/cwt lower than this time last week. AUG'09LH futures were up \$0.925/cwt at \$58.625/cwt but \$2.225/cwt lower than last report. The DEC'09LH contract fell \$0.525/cwt to \$55.325/cwt. Bull spreads in the July/December and the October/February were the plays for the day. In addition, several floor sources said today's gains were the result of short covering in contracts that had taken a beating recently on slow pork sales and weak cash prices. USDA's Hogs and Pigs report last Friday was viewed as bearish. Deferreds are pressured by the slower-than-expected pace of herd liquidation. USDA put the June 1, U.S. swine herd at 98% of a year ago or 66.079 mi head. The breeding herd was reduced only 3% to 5.967 mi head but higher pigs-per-litter numbers at 102% of a year ago offset previous expectations for lower hogs-to-market. USDA on Friday put the average pork cash price at \$55.28/cwt, up \$0.42/cwt. Packer demand is expected to slack off due to the Friday holiday and ample hog supplies. USDA on Monday placed the average pork cutout at \$55.77/cwt, up \$0.49/cwt. According to HedgersEdge.com, the average pork plant margin declined another \$2.10/head from this time last week to a negative \$7.75/head. This was based on the average buy of \$41.90/cwt vs. the average breakeven price of \$39.03/cwt. The latest CME Lean Hog Index was placed at \$59.03/lb, up \$0.09/lb and \$1.00/lb higher than a week ago. It would be a good idea to sell hogs when ready.

December 2009 Corn, June 29, 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.