Weekly Roberts Agricultural Commodity Market Report July 7, 2009

The report will not be published for July 13 or July 20. I will be in France, partly on holiday and partly on work. I am taking my wife of 38 years on our "first" honeymoon. She has said it is okay if we go into the French country to meet with some French agriculture ministry officials to tour some farms while there. I may have material for a report or two when I get back.

Thanks for reading … Mike R.

CORN futures on the Chicago Board of Trade (CBOT) were down again in on Monday after a weak open. The JULY'09 contract closed at $3.432/bu; off 2.4¢/bu and 33.75+¢/bu lower than last Monday. DEC'09 corn futures finished at $3.442/bu; down 13.25¢/bu and 53.0¢/bu under last report. Good crop weather, bull spreading, a strengthening U.S. dollar causing exports to slow, and lower crude oil prices pressured the corn market. Support was found in tight supplies on slow farmer selling. Israel and South Korea were among export buyers as USDA reported corn-inspected-for-export at 31.1 mi bu vs. expectations between 30.0-35.0 mi bu. USDA placed the U.S. corn crop at 71% good-to-excellent condition vs. 62% this time last year. Funds sold about 12,000 contracts as large speculators continue to increase net bear positions. It looks like the December '09 corn chart may have posted an exhaustion gap while technically oversold with a Relative Strength Index (RSI) of 24.18. An RSI at or below 30 is considered oversold while an RSI at or above 70 is considered overbought. These prices may be too low for large specs and funds to resist. Hopefully the '09 crop is 70-80% sold.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were down on Monday. The JULY'09 contract closed off 43.0¢/bu at $12.000/bu and 15.0¢/bu under last report. The NOV'09 contract closed at $9.630/bu; off 43.0¢/bu and 20.5¢/bu lower than Monday a-week-ago. The same negative factors affecting corn worked on soybeans: ideal crop weather; a firm U.S. dollar; and a sharp drop in crude oil prices. Exports were supportive as USDA put soybeans-inspected-for-export at 14.1 mi bu vs. expectations between 10.0-13.0 mi bu. Basis remained firm amid quiet farmer sales. USDA placed soybeans in good-to-excellent condition at 66% vs. 68% last week and 58% this time last year. Funds sold about 3,000 lots in positions squaring. Hopefully 70% of the '09 crop has been priced.

WHEAT futures in Chicago (CBOT) were off on Monday. JULY'09 wheat futures finished off 9.75¢/bu at $4.904/bu; 38.0¢/bu lower than last report. The SEPT'09 wheat contract closed at $5.192/bu; off 9.75¢/bu and 38.5¢/bu lower than this time last Monday. Nearby wheat futures fell to four-month lows. Good harvest numbers on rising global supply are proving bearish for prices. In addition, bearish outside markets and a stronger U.S. dollar weighed on price. Exports were neutral with USDA placing wheat-inspected-for-export at 12.1 mi bu vs. expectations between 11.00-14.0 mi bu. Saudi Arabia bought 440,000 tonnes (16.17 mi bu). Late Monday USDA placed the U.S. wheat crop at 72% good-to-excellent condition vs. 76% last week and 69% this time last year. Sinking U.S. prices pressured prices in Europe while heat stress on the crop in northern France was supportive. Reports from early wheat harvest in the center-west of France indicated acceptable yields and very good milling quality wheat. Funds sold 3,000 contracts. As suggested last week, it would be a good idea to finish pricing the '09 crop at this time. It will not pay to store wheat this year.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were mixed Monday with nearbys off and deferreds up. The AUG'09LC contract closed off $0.450/cwt at $84.425/cwt; $0.200/cwt lower than this time last week on hedge selling and jitters over the U.S. economy. DEC'09LC futures closed at

$89.875/cwt; down $0.175/cwt and $0.375/cwt lower than last report. The February contract broke even. Slow retail sales amid a weaker U.S. economy pressured prices. Traders don't see any let up in the near future. Beef demand is off on the highest unemployment in 26 years noting more hamburger grillers than steak grillers this past holiday. Tight supplies and higher cash cattle were supportive. USDA put the Choice Beef Cutout at $137.98/cwt, up $0.09/cwt but $1.40/cwt lower than this time last week. Cash cattle traded $1.00-1.50/cwt higher as USDA put its 5-area average at $82.81/cwt; up $1.18/cwt from last report. According to HedgersEdge.com, average packer margins were lowered $11.75/head to a positive $1.80/head based on the average buy of $81.64/cwt vs. the average breakeven of $81.78/cwt. It is still a good idea to hold cattle to heavier weights if you can. It might be a good idea to lock in near-term feed needs.

FEEDER CATTLE at the CME were up again Monday on support from lower grain and tight supplies. AUG'09FC futures finished at $103.80/cwt; up $0.350/cwt and $2.075/cwt higher than last report. The OCT'09FC contract closed at $102.925/cwt; up $0.450/cwt and $1.600/cwt higher than this time last week. Cash feeders were $2/cwt higher in Oklahoma City. The latest CME Feeder Cattle Index was placed at $98.93/cwt, up $0.41/cwt and $1.26/cwt higher than a week ago. It might be a good idea to hold feeders to heavier weights.

LEAN HOGS on the CME were mostly up on Monday with the exception of the May 2010 contract. JULY'09LH futures closed at $60.65/cwt; up $0.675/cwt and $2.625/cwt higher than this time last week. AUG'09LH futures were up $0.900/cwt at $62.050/cwt and $3.425/cwt higher than last report. The DEC'09LH contract gained $0.750/cwt to $59.000/cwt and $3.675/cwt over last Monday's report. Prices were supported by strong chart signals and the lifting of the Russian pork import ban. Funds bought on lower CBOT corn futures. The weak U.S. economy and higher crude prices were somewhat bearish. USDA put the average pork cutout at $55.00/cwt, up $1.23/cwt but $0.28/cwt lower than this time last week. Several floor sources noted position adjustment ahead of the official Goldman Roll that will begin on Wednesday. This is a shifting of nearby month's positions into the next month in a relation to the Standard & Poor's Goldman Sachs Commodity Index. The latest CME Lean Hog Index was placed at $58.75/lb vs. $59.03/lb this time last week. Packer demand is expected to be unaffected due to the fire at Smithfield Food's plant fire in Wisconsin. A spokesperson for SFDS said that other plants would take up the processing slack. According to HedgersEdge.com, the average pork plant margin declined $2.65/head from this time last week to a negative $10.40/head. This was based on the average buy of $42.74/cwt vs. the average breakeven price of $38.83/cwt. It would be a good idea to put a few extra pounds on those finishing hogs before letting them go.

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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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