

Weekly Roberts Agricultural Commodity Market Report August 18, 2009

CORN futures on the Chicago Board of Trade (CBOT) closed down on Monday. The SEPT'09 contract closed at \$3.142/bu; off 5.0 ¢/bu. DEC'09 corn futures finished at \$3.216/bu; down 6.0 ¢/bu. Pressure from falling stock prices, lower crude oil futures, a higher U.S. dollar, weak exports, and good corn-growing weather all weighed on prices. Sell stops were noted in December 2009 futures. USDA placed corn-inspected-for-export at 40.881 mi bu vs. expectations for 44-48 mi bu. The latest Pro Farmer Midwest Crop tour is finding a good crop growing in the fields. Cash corn was steady in both the U.S. Midwest and U.S. Mid-Atlantic states. Large speculators added 2,126 contracts to net bull positions while funds sold between 8-10 thousand contracts. Hopefully 70% of the 2009 crop has been sold.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed off again on Monday. The SEPT'09 contract closed down 36.5 ¢/bu at \$9.880/bu. The NOV'09 contract closed at \$9.544/bu; off 27.0 ¢/bu. The same pressures affecting corn weighed on soybeans. Funds and other non-commercials noted long-liquidation, selling over 5,000 lots. Exports were disappointing with USDA reporting soybeans-inspected-for-export at 5.620 mi bu vs. expectations between 6-13 mi bu. The U.S. crop tour kicked off this week expecting to see a good crop. Speculators added to net bull positions as cash soybean prices plummeted in the country. Up to 70-80% of the new crop should be priced at this time.

WHEAT futures in Chicago (CBOT) were off on Monday. SEPT'09 wheat futures finished down 10.0 ¢/bu at \$4.710/bu. The JULY'10 wheat contract closed at \$5.412/bu; off 9.5 ¢/bu. Futures are technically weak with contract lows posting in many months. Exports were neutral with USDA posting wheat-inspected-for-export at 13.915 mi bu vs. expectations for between 11-17 mi bu. Funds sold about 4,000 lots while large speculators added to net bear positions posting 54,196 sold contracts as of August 11.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were down on Monday. The AUG'09LC contract closed down \$0.350/cwt at \$84.300/cwt. DEC'09LC futures closed at \$87.850/cwt; off \$0.200/cwt. Some deliveries against the August contract were noted. A lower stock market, a higher U.S. dollar, and lower outside markets kept the lid on fat prices. Early estimates ahead of USDA's Friday Cattle-on-Feed report an spreading out of the October into the August and Decembers contracts were bearish for prices. However, higher cash cattle prices last week and demand for deliveries helped prices. USDA on Monday put the Choice Boxed Beef cutout at \$142.65/cwt, up \$1.36/cwt from the previous close and \$1.81/cwt higher than this time last week. Cash cattle ranged from \$1-\$1.5/cwt higher with USDA placing its 5-area average price at \$81.92/cwt; \$0.75/cwt higher than this time last week. According to HedgersEdge.com, average packer margins were raised \$19.30/head to a positive \$49.90/head based on the average buy of \$81.38/cwt vs. the average breakeven of \$85.17/cwt. Sell cattle when ready.

FEEDER CATTLE at the CME were mixed on Monday. AUG'09FC futures finished at \$100.675/cwt; off \$0.025/cwt. The August contract will expire on August 27. The OCT'09FC contract closed at \$100.225/cwt; down \$0.050/cwt. Feeders followed the commodities lower. Cash feeders in Oklahoma City were mostly steady to \$2/cwt lower. Steer and heifer calves were in high demand. Reports show 7300 head were sold today vs. 6611 a week ago and 6105 this time last year. The CME Feeder Cattle Index for August 13 was placed at \$100.48/cwt, down \$0.23/cwt.

LEAN HOGS on the CME were off on Monday with the exception of the nearby October. OCT09LH futures finished up \$0.050/cwt at \$44.700/cwt. The DEC09LH contract closed down \$0.250/cwt at \$44.575/cwt. While lower commodities and outside influences put a drag on prices short-covering and bull spreading made up for the a mixed bag of prices. In addition, lack of any fresh news regarding increased sow slaughter, expectations for persistent large hog supplies, and slow exports continued to pressure prices. USDA on Friday put the average pork price at \$52.52/cwt, off \$2.05/cwt from this time last week. The latest CME Lean Hog Index was placed at \$49.73/lb, down \$0.56/lb. Canada is reportedly offering to pay producers to stop raising hogs by offering loans to help restructure and paying a premium of \$500.00 C per sow to the producer. Cash hog prices were generally steady with HedgersEdge.com lowering the average pork plant margin \$1.00/head to a positive \$6.25/head. This was based on the average buy of \$34.65/cwt vs. the average breakeven price of \$36.99/cwt. Move market hogs when ready.

December 2009 Corn, August 17, 2009



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

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