

Weekly Roberts Agricultural Commodity Market Report September 1, 2009

CORN futures on the Chicago Board of Trade (CBOT) were mixed on Monday. The SEPT'09 contract closed at \$3.262/bu; up 5.25¢ /bu but 3.25¢ /bu lower than a week ago. DEC'09 corn futures finished at \$3.296/bu; up 0.75¢ /bu but 28.75+¢ /bu lower than last week at this time. The rest of the deferreds were down on falling soybean prices. Short covering, end-of-month fund buying to balance positions, and a zesty demand were supportive. Exports were somewhat bearish with USDA posting corn-inspected-for-export at 34.9 mi bu vs. estimates for between 37-42 mi bu. A drought in China's corn growing region helped prices. Cash corn in the U.S. Midwest were steady to weaker early on Monday while in the U.S. Mid-Atlantic States corn bids were 1.0¢ /bu – 2.0¢ /bu higher in most places. Deliveries are expected to remain light because of good basis levels. Funds bought 2,000 lots while large speculators sold contracts bringing their net bear position in CBOT corn to 21,500 shorts. Hopefully 70% of the '09 crop has been sold.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed down on Monday. The SEPT'09 contract closed off 35.75¢ /bu at \$11.000/bu but 20.0¢ /bu higher than a week ago. The NOV'09 contract closed at \$9.794/bu; down 31.5¢ /bu and 28.0¢ /bu lower than last Monday. Fears that Chinese owned firms will terminate derivative contracts for over-the-counter hedging services pressured the market. Prospects for good production weather also contributed to the bearish tone. Exports were bullish. USDA reported soybeans-inspected-for-export at 17 mi bu vs. expectations for between 7-11 mi bu. China bought 10.4 mi bu of those exports as drought persists in that country. Cash soybeans in the U.S. Midwest were strong with buyers in the U.S. Mid-Atlantic-states bidding 31.0¢ /bu -52.0¢ /bu lower. Funds sold 4,000 contracts while large speculators trimmed net bull positions by 3,700 lots. Up to 70-80% of the new crop should be priced at this time.

WHEAT futures in Chicago (CBOT) were up on Monday. SEPT'09 wheat futures finished up 4.0¢ /bu at \$4.710/bu. The JULY'10 wheat contract closed at \$5.434/bu; up 3.5¢ /bu. Large global supplies and brisk sales competition from Russia, France, and Canada pressured prices. Some end-of-month position squaring was noted. USDA placed wheat-inspected-for-export at 15.5 mi bu vs. expectations for between 11.0-16.0 mi bu. Drought in Argentina and New South Wales continues while monsoons in India destroy the wheat crop there. Large speculators increased net bear positions by 1,500 lots while funds bought an estimated 3,000 contracts. Today's short covering is viewed as a bounce at best. It would be a good consideration to stay at 30% new-crop sold for now.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were down on Monday. The OCT'09LC contract closed off \$0.025/cwt at \$86.675/cwt. DEC'09LC futures closed at \$86.825/cwt; down \$0.275/cwt and \$1.400/cwt lower than last report. The October contract came near an 11-week low while December futures fell to its lowest level in 6 months. End-of-month position squaring was noted. Losses in equities and weakness in energy markets was a noted influence. USDA last Friday put the Choice Beef cutout at \$143.44, down \$0.16/cwt but \$0.30/cwt higher than this time last week. Cash cattle traded \$1-\$1.50/cwt higher at auctions but demand is seen as weakening ahead of the Labor Day holiday and short processing week. USDA put the 5-area price at \$84.40/cwt; \$2.30/cwt higher than this time last week. According to HedgersEdge.com, average packer margins were lowered \$9.10/head from last week to a positive \$40.10/head based on the average buy of \$83.52/cwt vs. the average breakeven of \$86.59/cwt.

FEEDER CATTLE at the CME were off on Monday. The SEPT '09FC contract closed down \$0.90/cwt at \$97.250/cwt. The OCT'09FC contract closed at \$97.425/cwt; down \$0.625/cwt and \$3.025cwt lower than last report. DEC'09FC futures closed at \$98.025/cwt; off \$0.525/cwt. Sell stops; back-month bear premiums to the CME index; bear spreading; and lower live cattle pressured feeders the entire session. Cash feeders were steady to weak in Oklahoma City. The CME Feeder Cattle Index for Aug. 27, 2009 was placed at \$99.45/cwt, off \$0.20/cwt and \$1.21/cwt lower than last Monday. It is a good idea to sell feeders when ready.

LEAN HOGS on the CME were mixed on Monday. OCT'09LH futures finished up \$0.075/cwt at \$48.150/cwt; and \$1.325/cwt higher than a week ago. The DEC'09LH contract closed down \$0.225/cwt at \$46.225/cwt; but \$0.225/cwt higher than last report. Reports showing higher sow slaughter were supportive. A recent firmness in retail prices, steady cash hog calls, and higher processed numbers were supportive. USDA put the average pork cutout price at \$57.90/cwt; down \$0.67/cwt from the previous report but \$4.11/cwt higher than a week ago. The latest CME Lean Hog Index was placed at \$48.56/lb, down \$0.24/lb and \$0.48/lb lower than last Monday. According to HedgersEdge.com the average pork plant margin was raised \$8.00/head from last week to a positive \$17.25/head. This was based on the average buy of \$34.50/cwt vs. the average breakeven price of \$40.97/cwt. It is a good idea to move hogs when ready.

November 2009 Soybeans, August 31, 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.