

## Weekly Roberts Agricultural Commodity Market Report September 29, 2009

**CORN** futures on the Chicago Board of Trade (CBOT) finished off on Monday. DEC'09 corn futures finished at \$3.86/bu; up 4.75¢/bu and up 22.75¢/bu from last report. The MAY'09 contract closed at \$3.602; up 4.75¢/bu. Trading continued sideways in a choppy pattern. Support came from gains in crude oil and wet weather delaying frost. Exports were neutral to bearish as USDA placed corn-inspected-for-export at 29.6 mi bu vs. 40.9 mi bu last week vs. 41.8 this time last year (-29% of last year). The market seems to have factored in any frost scares. Funds bought over 4,000 contracts while large speculators trimmed 6,400 lots to 3,400 contracts. Cash corn bids were steady to weak in the U.S. with those in the U.S. Mid-Atlantic states coming in at 4.0¢/bu – 6.0¢/bu higher in many places. Several floor sources said they expect the corn market to plunge after Wednesday's grain stocks report. Get up to 70% of the '09 crop sold if you haven't already.

**SOYBEAN** futures on the Chicago Board of Trade (CBOT) closed down on Monday. The NOV'09 contract closed at \$9.194/bu; off 6.5¢/bu but 6.0¢/bu over last report. NOV'09 soybean futures closed at \$8.936/bu; 12.75¢/bu lower than last Friday. Preliminary numbers from early harvesting are indicating very good yields. This combined with waning frost worries weighed on prices. Traders also expect USDA's Wednesday grain report to show a slight decrease in use numbers. Prices remain in a consolidative range, trading sideways, with a bearish technical analysis bias. USDA confirmed a sale of 225,000 tonnes (8.3 mi bu) of U.S. soybeans to China for later delivery. USDA reported soybeans-inspected-for-export at 7.427 mi bu. Cash soybean bids in the U.S. Midwest were steady to firm while those in the U.S. Mid-Atlantic states ranged 6.0¢/bu -14.0¢/bu lower. In long liquidation large speculators turned net bear for the week ended 9/22 by 846 lots decreasing bull positions by 9,790 contracts. Additionally, funds sold 2,000 lots. If you haven't priced your crop it probably will pay to wait until harvest or store. The small carry does not justify any more sales at this time.

**WHEAT** futures in Chicago (CBOT) were up on Monday. DEC'09 futures closed at \$4.556/bu; up 6.0¢/bu. The JULY'10 wheat contract closed at \$5.052/bu; up 4.5¢/bu and 5.75+¢/bu cents higher than last Monday. Floor sources said things were ripe for a rebound from oversold conditions even though fundamentals did not support it. Also pressuring the market are expectations that USDA will raise its forecast for the '09 U.S. wheat crop by as much as 10 mi bu. This comes amid good wheat growing weather in Argentina. USDA placed wheat-inspected-for-export at 24 mi bu vs. expectations for between 18-23 mi bu. Egypt tendered for 55,000 – 60,000 tonnes (2.0-2.2 mi bu) of any-origin wheat while Iraq issued a tender for 100,000 tonnes (3.67 mi bu) of any-origin wheat. USDA said that the U.S. spring wheat crop is 94% harvested vs. the 5-year average of 98%. Funds bought about 3,000 lots while large speculators cut net bear positions by almost 1,500 lots to 63,500 contracts. It might be a good idea to get up to 60% of the '10 crop priced at this time.

**LIVE CATTLE** futures on the Chicago Mercantile Exchange (CME) were up on Monday. The OCT'09LC contract closed up \$0.050/cwt at \$86.100/cwt; \$0.850/cwt higher than this time last week. DEC'09LC futures closed at \$85.770/cwt; up \$0.425/cwt and \$1.220/cwt higher than last report. There are reports of heavy cattle coming off feedlots resulting in some discounts. Futures volume was light because of the Yom Kippur holiday. Futures never had a chance following weakness in cash beef markets. Beef retail prices were up as USDA early Monday put the choice beef cutout at \$138.80/cwt; up \$0.25/cwt but \$2.770/cwt lower than last report. Cash cattle did trade steady with USDA putting the 5-area average at \$83.54/cwt; \$0.21/cwt lower than last week at this time. According to HedgersEdge.com, average packer margins were lowered \$15.30 to a negative \$4.30/head based on the average buy of

\$83.63/cwt vs. the average breakeven of \$83.30/cwt. Continue to sell cattle when ready as it doesn't pay to take them to heavier weights.

**FEEDER CATTLE** at the CME were off on Monday. The OCT'09FC contract closed at \$96.450/cwt; down \$0.150/cwt and \$0.275/cwt lower than a week ago. NOV'09FC futures closed at \$96.550/cwt; off \$0.175/cwt and \$0.15/cwt lower than last Monday. Trading volume was very thin amid scattered selling and a general lack of buying interest. Cash feeders in Oklahoma City were \$1-\$3/cwt lower last week. The CME feeder cattle index for 9/24 was placed at \$96.87/cwt, down \$0.12/cwt and \$1.29/cwt lower than a week ago.

**LEAN HOGS** on the CME finished up again on Monday with the exception of the October contract. OCT'09LH futures finished down \$0.075/cwt at \$49.875/cwt and \$0.275/cwt lower than last report. The October contract met resistance amid large numbers of heavy hogs coming to market. The DEC'09LH contract closed down \$0.700/cwt at \$49.725/cwt and \$0.350/cwt higher than a week ago. Prices rallied on a technically defensive move by large speculators protecting long positions and last week's USDA report showing a small drop in the herd size and increased fund buying. Weak export prospects and an endless supply of market hogs kept the lid on. USDA on Friday put the U.S. hog herd down 2% from last year at 66.626 mi head. The reproductive herd was placed at 5.874 mi head, down 3%. However, the number of pigs per litter increased 102% of a year ago. Pigs weighing 60 lbs or less showed a 96% reduction in numbers. This was more than traders expected. USDA put the average pork price at \$54.75/cwt; up \$1.12/cwt but \$2.04/cwt lower than a week ago. The latest CME lean hog index was placed at \$52.43/lb, off \$0.14/lb and \$0.16/lb lower than last report. According to HedgersEdge.com the average pork plant margin was lowered \$0.75/head to \$6.30/head. This was based on the average buy of \$36.28/cwt vs. the average breakeven price of \$38.64/cwt.

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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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