

## Weekly Roberts Agricultural Commodity Market Report October 20, 2009

**CORN** futures on the Chicago Board of Trade (CBOT) finished higher on Monday. DEC'09 corn futures finished at \$3.862/bu; up 14.25<sup>¢</sup> /bu and 5.0<sup>¢</sup> /bu higher than last Monday. The MAY'10 contract closed at \$4.070; up 14.5<sup>¢</sup> /bu and 6.0<sup>¢</sup> /bu higher than last Monday. Corn futures were supported by a weaker dollar and prospects for colder, wet weather in the U.S. Corn Belt. A cheap U.S. dollar makes U.S. exports like corn cheaper to overseas buyers and attracts investment buying in commodities as a hedge against inflation. The rally ran out of steam near the close as recent weather forecasts improved to more farm friendly conditions. Late Monday USDA published its crop progress report. Corn was placed at 83% vs. 92% this time last year and the five year average of 97%. USDA put the U.S. corn harvest at 17% complete vs. 28% this time last year and the five year average of 48%. Exports were bearish with USDA reporting corn-inspected-for-export at 24.569 mi bu vs. estimates between 30-35 mi bu. Cash corn bids were up amid slow farmer sales. Farmers are waiting on better prices. Cash corn bids in the U.S. Mid-Atlantic states ranged of 14.0<sup>¢</sup> /bu – 23.0<sup>¢</sup> /bu higher. Funds sold almost 7,000 contracts with large speculators increasing net bull positions by 33,400 lots. It might be a good idea to sell another 10% of the '09 crop taking you to 80% sold.

**SOYBEAN** futures on the Chicago Board of Trade (CBOT) closed higher on Monday. NOV'09 soybean futures closed at \$9.962/bu; up 18.75<sup>¢</sup> /bu but 2.75+<sup>¢</sup> /bu lower than last report. The MAR'10 soybean contract closed at \$10.030/bu; up 17.75<sup>¢</sup> /bu and 2.75<sup>¢</sup> /bu over last report. Exports and weather concerns were supportive. USDA placed soybeans-inspected-for-export at 39.092 mi bu vs. expectations for 18-25 mi bu. China purchased 30.885 mi bu of total U.S. exports. Late on Monday USDA placed the U.S. soybean harvest at 30%. According to many floor traders this was expected. The five-year average for the U.S. harvest is 72% for this time of year. Cash soybean prices were steady to firm amid slow farmer selling. Funds bought just over 4,000 contracts while large speculators switched to net bull positions by 38,052 lots. Consider getting the '09 crop 80% sold.

**WHEAT** futures in Chicago (CBOT) were up on Monday. DEC'09 futures closed at \$5.176/bu; up 19.0<sup>¢</sup> /bu and 32.0<sup>¢</sup> /bu higher than last report. The JULY'10 wheat contract closed at \$5.400/bu; up 23.75<sup>¢</sup> /bu and 23.75<sup>¢</sup> /bu cents higher than last Monday. Corn/wheat spreading was noted. USDA put wheat-inspected-for-export at 18.672 mi bu vs. expectations for 17-20 mi bu. Egypt tendered for over 50,000 tonnes (1.8 mi bu) while Bangladesh tendered for 100,000 tonnes (3.6 mi bu). Drought is becoming extreme in Australia while U.S. weather has turned good for new crop development and storage. Weather conditions are just right for U.S. farmers. Funds bought about 4,000 contracts while large speculators cut bear positions by 12,600 lots. It is a very good idea to get another 10% of the '10 crop priced taking you to 80% priced at this time.

**LIVE CATTLE** futures on the Chicago Mercantile Exchange (CME) were up on Monday. The OCT'09LC contract, scheduled to expire on October 30, closed up \$0.600/cwt at \$84.700/cwt; \$2.500/cwt higher than this time last week. DEC'09LC futures closed at \$86.450/cwt; up \$0.650/cwt and \$1.150/cwt over last report. The 5-area USDA average price was placed at \$80.86/cwt; \$1.37/cwt lower than this time last week. Position squaring was noted ahead of Friday's USDA Cattle-on-Feed report. Analysts estimate cattle-on-feed numbers to be 100.3% of last year's figures. September placements are expected to average 105.2% of last year. September marketings are estimated at 96% - 98.8% of this time last year. USDA put the choice beef cutout at \$135.87/cwt; up \$0.50/cwt and \$1.95/cwt higher than last report. Cash cattle are expected to trade \$0.50 - \$1.00/cwt higher by Wednesday. According to HedgersEdge.com, average packer margins were raised \$23.15 from a week ago to a positive \$7.75/head

based on the average buy of \$81.09/cwt vs. the average breakeven of \$81.68/cwt. It is a good idea to sell cattle when ready.

**FEEDER CATTLE** at the CME finished mixed on Monday. The OCT'09FC contract closed at \$94.800/cwt; up \$0.250/cwt but \$0.775/cwt higher than a week ago. NOV'09FC futures closed at \$95.525/cwt; up \$0.400/cwt and \$1.350/cwt higher than last Monday. MAR'10FC futures finished at \$96.700/cwt; off \$0.350/cwt. Feeders followed live cattle higher in nearby contracts. The firmer tone to live cattle is expected to stimulate additional interest later this week. Cash feeders at the closely watched Oklahoma City auction were steady. The CME feeder cattle index for October 14 was placed at \$93.25/cwt; up \$0.22/cwt but \$0.30/cwt lower than this time last week. Look for corn prices to remain steady to firm for this week.

**LEAN HOGS** on the CME were mixed on Monday. The DEC'09LH contract closed off \$0.050/cwt at \$54.050/cwt but \$0.225/cwt higher than a week ago. FEB'10LH futures finished at \$60.850/cwt; up \$0.025/cwt. Steady cash hogs are expected to be steady to firm this week. On Thursday USDA placed the average pork cutout at \$56.20/cwt; up \$0.08/cwt and \$3.25/cwt over last report. The latest CME lean hog index was placed at \$50.95/cwt; up \$0.33/cwt but \$0.20/cwt lower than this time last week. Bear spreads were tied to pre-weekend position squaring and market uncertainty into next week. According to HedgersEdge.com the average pork plant margin was raised \$4.85/head from last week to a positive \$8.55/head. This was based on the average buy of \$36.74/cwt vs. the average breakeven price of \$39.94/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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