

## Weekly Roberts Agricultural Commodity Market Report November 3, 2009

**CORN** futures on the Chicago Board of Trade (CBOT) rallied on Monday. DEC'09 corn futures finished at \$3.822/bu; up 16.25<sup>¢</sup> /bu and 4.25<sup>¢</sup> /bu higher than last Monday. The MAY'10 contract closed at \$4.046; up 16.25<sup>¢</sup> /bu and 6.0<sup>¢</sup> /bu higher than last report. Late Monday USDA put the U.S. corn crop at 25% harvested vs. the 5-year average of 71%. Exports had a bearish tone with USDA reporting 23.367 mi bu inspected for export vs. expectations for 16-32 mi bu. Supporting the market were news reports that the European Union commission in charge of grain approved three types of GMO corn for import and concerns over corn toxins developing in the U.S. corn crop from wet weather. Cash bids for corn were weak on Monday amid expectations that harvest would gear up shortly. Funds bought about 11,000 contracts while large speculators registered net bull positions at 5,300 lots. Now is a good time to consider selling the rest of the '09 corn crop.

**SOYBEAN** futures on the Chicago Board of Trade (CBOT) closed up on Monday. NOV'09 soybean futures closed at \$9.974/bu; up 19.5<sup>¢</sup> /bu and 11.5<sup>¢</sup> /bu higher than this time last week. The MAR'10 soybean contract closed at \$10.000/bu; up 25.0<sup>¢</sup> /bu and 11.75+<sup>¢</sup> /bu cents over last report. A weaker dollar and strong exports underpinned the market. USDA placed soybeans-inspected-for-export at 63.675 mi bu vs. estimates for 39-48 mi bu. Late Monday USDA put the amount of U.S. soybeans harvested at 51% vs. the 5-year average of 87% this time of year. Cash soybean prices were weaker early Monday amid harvest pressure. Funds bought about 6,000 lots while large speculators cut net bull positions by 2,800 contracts. Hopefully 80% of the '09 crop has been sold. It might be a good idea to sell more on the rally.

**WHEAT** futures in Chicago (CBOT) closed higher on Monday. DEC'09 futures closed at \$5.166/bu; up 22.5<sup>¢</sup> /bu but 10.5<sup>¢</sup> /bu lower than a week ago. The JULY'10 wheat contract closed at \$5.594/bu; up 22.25<sup>¢</sup> /bu but 7.75<sup>¢</sup> /bu lower than last report. Fund buying and a weaker dollar were supporting features, however, exports and the large global supply of wheat continued to pressure prices. USDA placed wheat-inspected-for-export at 11.933 mi bu vs. expectations for 15-18 mi bu. Funds bought 5,000 contracts while large speculators decreased net bear positions by 4,600 lots. Pricing would be advisable on these technical bounces.

**LIVE CATTLE** futures on the Chicago Mercantile Exchange (CME) were up on Monday. DEC'09LC futures closed at \$86.225/cwt; up \$0.550/cwt but down \$0.925/cwt from last report. The APR'10LC contract finished at \$89.350/cwt; up \$0.70/cwt. Short covering, a weaker U.S. dollar, higher cash cattle, and gains in the Dow-Jones and other outside markets were supportive. The USDA 5-area average price was placed at \$86.86/cwt; \$2.27/cwt over last Monday's price. Several floor sources said today they expected short-term cash prices to peak mid-week. There were no takers today on cash tenders for \$90.00/cwt. USDA on Friday put the choice beef cutout at \$140.83/cwt; down \$0.33/cwt but \$0.90/cwt higher than a week ago. According to HedgersEdge.com, average packer margins were lowered \$14.60 from a week ago to a negative \$17.85/head based on the average buy of \$86.08/cwt vs. the average breakeven of \$84.71/cwt.

**FEEDER CATTLE** at the CME finished strong on Monday. NOV'09FC futures closed at \$95.125/cwt; up \$0.325/cwt but \$0.750/cwt lower than last Monday. MAR'10FC futures finished at \$96.475/cwt; \$0.875/cwt over last Friday's close but \$0.200/cwt lower than this time last week. Feeders continued to get support from pricing levels that fuel hedging against deferred live cattle futures. Higher corn prices can be expected to put a lid on feeder prices later in the week. Cash feeders in Oklahoma City were

steady last week. The latest CME feeder cattle index was placed at \$93.25/cwt; up \$0.320/cwt from Friday but \$0.02/cwt under last report. If you have some hay or grass in this mild weather it may pay to hold feeders to heavier weights before moving them to feedlots.

**LEAN HOGS** on the CME were higher on Monday. The DEC'09LH contract closed up \$1.025/cwt at \$57.725/cwt and \$3.725/cwt over last week at this time. FEB'10LH futures finished at \$64.600/cwt; up \$1.000/cwt and \$3.775/cwt higher than last report. Could the hard times be over? Even if they are, it will take some time for farmers to recover. Bull spreading and gains in the Dow-Jones and other commodities were supportive while heavier slaughter weights were problematic. In addition, expectations that China will soon announce intentions to lift restrictions on pork imports and pork-production troubles in other parts of the world were helpful for U.S. pork prices. On Friday USDA put the average pork cutout at \$58.17/cwt; down \$0.51/cwt but \$2.82/cwt over last report. The latest CME lean hog index was placed at \$53.84/lb; down \$0.01/lb but \$0.43/lb higher than this time last week. Cash hog prices were steady. According to HedgersEdge.com, the average pork plant margin was raised \$4.30/head from last week to a positive \$6.90/head. This was based on the average buy of \$38.61/cwt vs. the average breakeven price of \$41.17/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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