Weekly Roberts Agricultural Commodity Market Report December 8, 2009

CORN futures on the Chicago Board of Trade (CBOT) ended off on Monday. DEC'09 corn futures finished at $3.686/bu; off 5.0¢/bu and 34.0¢/bu lower than last report. The MAY'10 contract closed at $3.946; down 4.25¢/bu and 32.75¢/bu lower than last week at this time. Lower crude oil, weak fundamentals, and slow exports weighed on the market. USDA reported corn-inspected-for-export at 25.92 mi bu vs. expectations for 23-35 mi bu. USDA's World Agriculture Supply\/Demand Estimate (WASDE) report is due out Thursday. Many expect corn ending stocks to grow. The average estimate for corn ending stocks was placed at 1.646 bi bu; up 21 mi bu from the last WASDE report. Providing some support were weather reports showing the U.S. Midwest will see its first major snow storm this week before harvest is completed. USDA late Monday put the U.S. corn crop at 88% harvested. The U.S. corn crop is usually harvested by now. The market traded 90% harvested all day. Funds sold almost 7,000 contracts but remained net bulls in CBOT corn for the week ended last Tuesday, December 1. Chart signals show a bearish trend with Friday's losses offsetting an uptrend and today's action a likely continuation of last week's poor showing. Cash bids for corn early Monday were weak in the U.S. Mid-Atlantic states. Corn growers should have up to 30% of the 2010 corn crop priced on last week's uptick.

SOYBEAN futures on the Chicago Board of Trade (CBOT) finished up on Monday. JAN'10 soybean futures closed at $10.530/bu; up 10.0¢/bu but 7.5¢/bu lower than last Monday's close. The MAR'10 soybean contract closed at $10.610/bu; up 10. 5¢/bu but 5.0¢/bu lower than a week ago. Trade rumors that China has all the U.S. soybeans it needs for the next two months proved false. China established strong soybean support on its Dalian soybean futures. Support also came from strong exports, higher crude oil prices, tightening ending stocks, and the season's first major snow storm. Many analysts expect USDA's WASDE report due out Thursday to show lower U.S. soybean stocks as wheat and corn stocks build. The average ending stocks estimate is 235 mi bu; down 35 mi bu from last month's report. USDA late Monday put the U.S. soybean crop at 94% harvested. That may be all we'll see this year. Strong fundamentals for soybeans look to be in place until South America begins to publish planting intentions. USDA on Monday put soybeans-inspected-for-export at 58.284 mi bu vs. expectations for 41-45 mi bu. As always, most of those went to China. China has good demand for U.S. soybeans. I made a grain and soybean outlook presentation to some visiting Chinese officials last week and they were very interested in any information I could give them about soybeans. Funds bought 5,000 lots and are net bulls in soybeans. It is a good idea to consider selling up to 30% of the '10 crop at this time.

WHEAT futures in Chicago (CBOT) finished down on Monday. DEC'09 futures closed at $5.264/bu; off 10.25¢/bu and 41.0¢/bu lower than last report. The JULY'10 wheat contract closed at $5.714/bu; down 9.5¢/bu and 38.75+¢/bu lower than last Monday. Disappointing exports and large global supplies are still pressuring wheat futures. USDA placed wheat-inspected-for-export at 12.982 mi bu vs. estimates for 13-18 mi bu. The average analysts' estimate for 2009/10 U.S. wheat ending stocks is 887 mi bu vs. 885 mi bu last month. The USDA WASDE report will be published on Thursday. Technical selling was noted. Funds sold about 3,000 contracts and are still net bearish in CBOT wheat. It would be an extremely good idea to price up to 20 - 30% of the 2010 wheat crop now if you haven't done so already.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) finished mixed with deferreds lower on Monday. DEC'09LC futures closed at $81.125/cwt; up $0.125/cwt but $2.075/cwt lower than last Monday's close. The APR'10LC contract finished at $86.325/cwt; up $0.250/cwt but $1.800/cwt lower than last report. OCT'10LC finished at $87.400/cwt; off $0.200/cwt. Weather forecasts for bitter cold snow were supportive. The cold weather will not only make it difficult to get cattle to market but will stress them so their daily gain is not so good. Technical support on the February chart is seen in the oversold contract. When a contract's Relative Strength Index (RSI) is at or below 30 it is seen as oversold. When the RSI is at or above 70 it is considered overbought. Weakness in outside markets and strength in the U.S. dollar limiting exports weighed on futures. USDA on Friday put the choice beef cutout at $137.17/cwt; down $0.28/cwt and the lowest it's been since October 21. Cash cattle were $1.5-$2.0 lower as USDA put the 5-area average at $81.74/cwt; $1.52/cwt lower than this time last week. According to HedgersEdge.com, average packer margins were lowered $23.25from last report to a positive $11.25/head based on the average buy of $82.48/cwt vs. the average breakeven of $83.34/cwt. It would be a good idea to take advantage of these lower feed prices.

FEEDER CATTLE at the CME were down on Monday. JAN'10FC futures closed at $92.850/cwt; off $0.500/cwt. MAR'10FC futures finished at $93.950/cwt; down $0.600/cwt but $0.200/cwt higher than last report. Prospects for bad weather and weaker outside markets did not help prices. However, lower corn futures were supportive. Cash feeders in Oklahoma City were steady to $2/cwt higher on good demand at the beginning of the session. Demand faded near the close. The CME feeder cattle index was placed at $93.83/lb; up $0.31/lb but $0.06/lb lower than this time last week. It would be a good idea to price feed this week.

LEAN HOGS on the CME were mixed on Monday with deferreds up. The DEC'09LH contract finished up $1.050/cwt and $3.600/cwt higher than a week ago closing at $62.200/cwt. FEB'10LH futures finished at $66.550/cwt; off $0.200/cwt and $0.320/cwt lower than last Monday's close. Good cash sales; seasonal demand; stronger export prospects; and lower corn prices were supportive. On Friday USDA put the average pork price at $65.10/cwt; up $1.68/cwt and $3.23/cwt higher than last report. A stronger U.S. dollar may slow exports. The latest CME lean hog index was placed at $58.52/lb; up $0.37/lb and $2.59/lb higher than last Monday's report. According to HedgersEdge.com, the average pork plant margin was raised $0.80/head from last report to a positive $5.75/head. This was based on the average buy of $44.16/cwt vs. the average breakeven price of $46.30/cwt. It might be a good idea to price some near-term feed needs now.

February 2010 Lean Hogs, December 7, 2009

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

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