

Weekly Roberts Agricultural Commodity Market Report December 15, 2009

**CORN** futures on the Chicago Board of Trade (CBOT) ended up somewhat on a technical rally Monday. DEC'09 corn futures finished at \$3.920/bu; up 2.75¢/bu and 23.5¢/bu higher than last report. The MAY'10 contract closed at \$4.180; up 2.5¢/bu and 23.5¢/bu higher than last week at this time. Bullish chart signals; spillover strength from soybeans; a weaker dollar; and continued wet/snowy weather conditions in the west and north have rallied corn. Exports were neutral with USDA placing U.S. corn-inspected-for-export at 28.088 mi vs. expectations for 27-32 mi bu. USDA put the corn harvest at 92% complete vs. traders' expectations of 94%. Estimates show that nearly half-a-billion bushels of corn lay beneath snow covered fields. Fund buying was strong near the close but not enough to finish above net long even as the funds bought just over 6,000 lots in fresh buying. Cash corn in the U.S. Midwest was steady to firm amid slow farmer selling. Cash bids for corn in the U.S. Mid-Atlantic states were steady to firm up 6.0 – 18.0¢/bu. There is strong enough carry through July to warrant storing 2009 corn. 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) were mixed on Monday with nearby futures up and deferreds into 2011 lower. JAN'10 soybean futures closed at \$10.560/bu; up 21.0¢/bu and 3.0¢/bu higher than last Monday's close. The MAR'10 soybean contract closed at \$10.600/bu; up 17.0¢/bu but 1.0¢/bu lower than a week ago. Bullish demand is a supportive fundamental. Nearby contracts expanded into buy-stops on a weakening dollar amid expectations that new fund buying would start up in 2010. Good crush numbers were also supportive. The National Oilseed Processor Association reported the U.S. November soybean crush was a record 160.259 mi bu. Meanwhile there was some news that China would begin to export out of soy stocks to ease prices on cooking oil. That is not confirmed and the market is watching for developments. Exports were neutral with USDA placing soybeans-inspected-for-export at 53.609 mi bu vs. expectation for 53-57 mi bu. Deferreds into 2011 were suppressed with good weather in store for South American soybean acres. Funds managed to trim net long positions while buying 6,000 contracts. Cash soybeans in the U.S. Midwest were steady to weak amid scattered farmer selling. Cash soybeans in the U.S. Mid-Atlantic states were firm to brisk ranging 20.0¢/bu -30.0¢/bu higher. Hold off on pricing any more of the 2010 crop. You should be priced up to 30% of the '10 crop at this time.

**WHEAT** futures in Chicago (CBOT) finished down on Monday. DEC'09 futures closed at \$5.250/bu; up 5.75¢/bu but 1.5¢/bu lower than last report. The JULY'10 wheat contract closed at \$5.666/bu; up 6.5¢/bu and 4.75+¢/bu lower than last Monday. Export sales were bearish but the market rallied on chart-based buying, the weakening U.S. dollar, and spillover strength from soybeans. USDA placed wheat-inspected-for-export at 13.035 mi bu vs. expectations for 14-17 mi bu. Favorable crop weather is reported for most of the U.S. winter wheat crop. Even though funds bought 3,000 lots they trimmed net short positions. It would still 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 higher on Monday. DEC'09LC futures closed at \$81.050/cwt; up \$0.900/cwt but \$0.075/cwt lower than last Monday's close. The APR'10LC contract finished at \$87.325/cwt; up \$0.900/cwt and \$1.000/cwt higher than last report. OCT'10LC finished at \$87.400/cwt; off \$0.200/cwt. USDA on Monday put the choice beef cutout at \$138.25/cwt; up \$1.70/cwt and \$1.80/cwt over last week at this time. Cash cattle were \$2-\$3 higher as USDA put the 5-area average at \$79.28/cwt. This was \$2.46/cwt lower than this time last week.

According to HedgersEdge.com, average packer margins were raised \$14.65 from last report to a positive \$25.90/head based on the average buy of \$80.44/cwt vs. the average breakeven of \$82.42/cwt. It would be a good idea to hold off pricing feed right now.

**FEEDER CATTLE** at the CME finished near even on Monday. JAN'10FC futures closed at \$92.850/cwt; off \$0.500/cwt. MAR'10FC futures finished at \$91.900/cwt; up \$0.325/cwt but \$2.050/cwt higher than last report. Feeder prices were challenged on increasing corn prices. Demand for feeders remains slack. Cash feeders were \$1-\$2 higher in Oklahoma City. The CME feeder cattle index was placed at \$92.69/lb; off \$0.44/lb and \$1.20/lb lower than last week at this time. Hopefully feed was priced last week.

**LEAN HOGS** on the CME were up again on Monday. The DEC'09LH contract expired today and finished at \$64.575/cwt; up \$0.575/cwt and \$2.375/cwt over last Monday's close. FEB'10LH futures finished at \$65.875/cwt; off \$0.200/cwt but \$0.657/cwt lower than last Monday's close. Fund buying near the close was supportive. USDA on Friday raised the pork cutout price \$1.97/cwt to \$70.09/cwt. Cash hogs were mostly steady as processors cleared lines clogged by last week's storms. Better-than-expected exports were noted with the exception of Russia whom is known for banning U.S. pork when prices are high but removes when prices ease. The latest CME lean hog index was placed at \$63.00/lb; up \$0.80/lb and \$4.48/lb higher than last Monday's report. According to HedgersEdge.com, the average pork plant margin was raised \$0.60/head from last report to a positive \$7.35/head. This was based on the average buy of \$47.26/cwt vs. the average breakeven price of \$49.99/cwt. Hopefully feed was locked in last week.

November 2010 Soybeans, December 14, 2009



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

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