

## Weekly Roberts Agricultural Commodity Market Report February 2, 2010

Monday's market mantra, "Sell the rally!"

**CORN** futures on the Chicago Board of Trade (CBOT) ended up on Monday. The MAY'10 contract closed at \$3.702; up 2.5¢/bu but 8.5¢/bu lower than last week. DEC'10 corn futures closed up 3.75¢/bu at \$3.944/bu and 5.25¢/bu lower than last Monday. The market is consolidating in trade near four-month lows. This, along with exports, support from firm crude oil, oversold technical signals, and short covering are supporting prices. There is an abundant supply of corn on the market right now and that is keeping the pressure on prices. USDA reported corn-inspected-for-export at 36.784 mi bu vs. estimates for 28-33 mi bu. Managed funds were seen cutting net-long positions. Cash corn was mostly steady amid quiet farmer selling. Hopefully at least 60% of the 2010 corn crop is priced. If warmer weather comes and forces farmers to sell corn put up wet it will further depress prices.

**SOYBEAN** futures on the Chicago Board of Trade (CBOT) closed down on Monday. The MAR'10 soybean contract closed at \$9.096/bu; down 4.25¢/bu; 30.75¢/bu lower than last week and over \$1.00/bu lower than three weeks ago. NOV'10 futures were down 2.5¢/bu at \$9.086/bu and 16.75¢/bu lower than last report. A short-covering follow-through just couldn't be maintained after soybeans made session highs. Providing pressure on prices were expectations that South American soybeans are still expected to reach record production levels and rumors circulating that China is switching from U.S. soybeans to South American ones because of price. USDA placed soybeans-inspected-for-export at 40.037 mi bu vs. expectations for 40-45 mi bu. Funds moved to net short positions in CBOT beans selling over 2,000 lots. Cash soybeans were mostly steady amid slow farmer sales holding out for higher prices. It doesn't look like soybeans are going to have the same bounce as corn did. It would be a good idea to price another 10% of the 2010 crop taking you to 60% sold.

**WHEAT** futures in Chicago (CBOT) were up on Monday. MAR'10 futures closed at \$4.746/bu; up 0.75¢/bu but down 23.75¢/bu from last week at this time. The JULY'10 wheat contract closed at \$5.014/bu; up 1.25¢/bu but 22.0¢/bu lower than last report. Technical factors were supportive providing a bounce from last week's prices. Exports and outside market prices were also supportive. USDA placed wheat-inspected-for-export at 17.843 mi bu vs. estimates for 10-15 mi bu. U.S. wheat ending stocks are still at a 22-year high. The harsh weather in the U.S. was seen as mildly supportive due to crop development slowing. It would be a good idea to get 40% of the of the 2010 wheat crop priced.

**LIVE CATTLE** futures on the Chicago Mercantile Exchange (CME) ended down on Monday. FEB'10LC futures closed down \$0.55/cwt at \$85.250/cwt; \$0.950/cwt lower than last week at this time. The APR'10LC contract finished at \$88.700/cwt; off \$0.675/cwt and \$1.475cwt lower than last report. Cattle traded lower, as expected, amid bearish reactions to the recent USDA Cattle Inventory report. Cash cattle also traded steady to weak being as much as \$1/cwt lower. USDA put the 5-area average on Monday at \$84.400/cwt; \$0.51/cwt lower than last Monday. USDA on Friday put the choice boxed beef cutout at \$140.49/cwt; off \$0.24/cwt and \$2.72/cwt lower than last report. According to HedgersEdge.com, average packer margins were lowered \$21.60 from last report to a positive \$15.75/head based on the average buy of \$84.66/cwt vs. the average breakeven of \$85.66/cwt. Corn should come down or remain in a sideways pattern.

**FEEDER CATTLE** at the CME finished lower on Monday. MAR'10FC futures finished at \$97.725/cwt; off \$1.150/cwt and \$1.050/cwt lower than last report. The MAY'10FC contract was off \$0.950/cwt at \$100.850/cwt but \$0.300 cents higher than last week at this time. Feeders followed live cattle lower while corn prices pressured feeder prices. Volume in cash cattle was light due to winter storms. The feeder market in Oklahoma City was closed due to the weather. As a result, there was no published CME feeder cattle index for Monday.

**LEAN HOGS** on the CME were off on Monday. APR'10LH futures finished at \$66.150/cwt; down \$2.125/cwt and \$2.225/cwt lower than last Monday. The MAY'10LH contract closed off \$2.350/cwt at \$71.300/cwt and \$3.050/cwt lower than last report. Cash and futures started lower at the outset. Selling sped up by mid-morning. Processors look to have plenty of supply for the week. The latest CME lean hog index was placed at \$68.99/lb; off \$0.72/lb and \$0.53/lb lower than last Monday. Fresh export talk that U.S. may be near a deal with Russia was supportive. According to HedgersEdge.com, the average pork plant margin was lowered \$7.70/head from last report to a positive \$6.15/head. This was based on the average buy of \$47.03/cwt vs. the average breakeven price of \$49.30/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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