

Weekly Roberts Agricultural Commodity Market Report February 9, 2010

CORN futures on the Chicago Board of Trade (CBOT) ended up on Monday. The MAY'10 contract closed at \$3.674; up 4.5¢/bu but 2.75¢/bu lower than last week. DEC'10 corn futures closed up 4.0¢/bu at \$3.910/bu but 3.5¢/bu lower than last Monday. The market was near oversold as traders covered short positions prior to Tuesday's February 2010 World Agriculture Supply Demand Estimates (WASDE) report. USDA has promised it will be published at 8:30 a.m. regardless of the weather. According to several floor sources short sales are happening in anticipation of further weakness in corn prices after the WASDE report comes out. A weaker dollar and firmer crude oil prices were supportive. USDA placed corn-inspected-for-export at 27.102 mi bu vs. expectations for 25-29 mi bu. As of February 2, large managed funds continued to decrease net bull positions in CBOT corn ending at 34,472 contracts; down 21,700 lots from the previous week. Generally good weather in the South America corn growing areas continued to weigh on prices. Cash corn was firm amid slow farmer selling in both the U.S. Midwest and Mid-Atlantic States. There is some support near \$3.50/bu. Hopefully at least 60% of the 2010 corn crop is priced.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up on Monday. The MAR'10 soybean contract closed at \$9.294/bu; up 16.0¢/bu; and 19.75¢/bu higher than this time last week. NOV'10 futures were up 11.0¢/bu at \$9.114/bu and 2.75¢/bu higher than last report. Soybeans, like corn, are oversold and the rally kicked in on short-covering ahead of USDA's WASDE report. A weak U.S. dollar and stronger crude oil were supportive however the long-term outlook is still considered bearish with little fresh news. As of February 2, large managed funds increased net bear positions again this week, getting to 12,498 lots; 9,300 contracts. USDA placed soybeans-inspected-for-export at 39.568 mi bu. Good weather looks in store for South American soybean crops. Cash soybeans were mostly steady to firm in the U.S. Midwest. Hopefully the 2010 crop is 60% sold. Another 10% could be sold if you want to price 2010 soybeans near \$9.00/bu.

WHEAT futures in Chicago (CBOT) finished up on Monday. MAR'10 futures closed at \$4.840/bu; up 10.75¢/bu and 9.5¢/bu over last report. The JULY'10 wheat contract closed at \$5.114/bu; up 11.0¢/bu and 10.0¢/bu higher than last Monday. As with corn and soybeans, wheat is taking a technical bounce on near oversold futures as short positions are covered ahead of the USDA WASDE report. The same weakness in the U.S. dollar and higher outside markets that supported corn and soybeans supported wheat as well. USDA pegged wheat-inspected-for-export at 16.942 mi bu vs. expectations for 17-19 mi bu. As of February 2 large funds increased net bear positions in CBOT wheat to 66,355 lots. This leaves even more room for short covering which could support prices in the short term. The U.S. wheat growing region is seeing good moisture on the crop laid down. It would be a good idea to get another 10% of the 2010 crop sold at this time bringing the total amount sold to 50%.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) ended up on Monday. FEB'10LC futures closed up \$0.25/cwt at \$87.675/cwt; \$2.425/cwt over this time last week. The APR'10LC contract finished at \$90.800/cwt; up \$0.400/cwt and \$2.100/cwt over last report. Futures rose on higher cash and retail prices. Short covering kicked in prompting some fund buying. Bad weather conditions for cattle continued to stress production output. Cash cattle in Texas and Kansas were up \$1-\$2 with USDA putting the 5-area average at \$85.78/cwt. USDA on Friday put the choice boxed beef cutout at \$138.48/cwt; up \$0.58/cwt but \$2.01/cwt lower than last report. According to HedgersEdge.com, average packer margins were lowered \$24.35/hd from last report to a negative \$8.60/hd based on the average buy

of \$84.82/cwt vs. the average breakeven of \$84.14/cwt. Fundamentals show weakness in feed supplies & market rallies on technical short covering.

FEEDER CATTLE at the CME finished higher on Monday. MAR'10FC futures finished at \$99.225/cwt; up \$0.900/cwt and \$1.500/cwt higher than last report. The MAY'10FC contract closed up \$0.225/cwt at \$101.400/cwt and \$0.550 cents over last week at this time. Fund buying on short covering and spillover from live cattle were supportive. Feeders managed to make it above major moving averages on the charts. Higher corn futures kept the lid on. Cash feeders were steady with good movement through the Oklahoma City auction over the last few days. The CME feeder cattle index was placed at \$98.43/lb; up \$0.04/lb.

LEAN HOGS on the CME were gainers on Monday. APR'10LH futures finished at \$68.775/cwt; up \$0.875/cwt and \$2.625/cwt higher than a week ago. The MAY'10LH contract closed up \$2.225/cwt at \$74.700/cwt and \$3.400/cwt over last report. Technical trading set in and supported prices amid late fund buying. Early support was found on bad weather seen as limiting packer supplies. However, due to the large winter storm traders see retail demand down as people stay home from the restaurants. Scattered production units are reporting slow gains on poorer-than-normal corn quality and this too is seen as cutting into supply. The latest CME lean hog index was placed at \$65.96/lb; off \$0.15/lb and \$3.03/lb lower than last Monday. USDA on Friday put the average pork price at \$69.12/cwt; down \$0.03/cwt. According to HedgersEdge.com, the average pork plant margin was lowered \$1.25/hd from last report to a positive \$4.90/hd. This was based on the average buy of \$47.44/cwt vs. the average breakeven price of \$49.27/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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