Weekly Roberts Agricultural Commodity Market Report February 23, 2010

CORN futures on the Chicago Board of Trade (CBOT) ended up on Monday. The MAY'10 contract closed at \$3.826; up 11.0¢/bu and 15.25¢/bu higher than last report. DEC'10 corn futures closed up 9.25¢/bu at \$4.080/bu and 1.75¢/bu higher than two weeks ago. Pushing through highs, technical momentum and trader's expectations for good demand were supportive. Weather forecasts for heavy rains hurting the South American crop and the potential for heavy flooding after winter snows in the U.S. corn-belt provided additional support in Chicago. Several floor traders said today that they think this corn market might be finished with the downtrend and may be turning for the spring run-up. Funds were optimistic also buying 20,000 lots taking them to near even in short vs. long positions. USDA put corn-inspected-for-export at 43.189 mi bu, exceeding export expectations of 27-31 mi bu. Cash corn was steady in both the U.S. Midwest and the Mid-Atlantic states. It might be wise to hold off on any more 2010 corn crop sales at this time.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up on Monday. The MAR'10 soybean contract closed at \$9.614/bu; up 16.5¢/bu; and 3.25¢/bu higher than last report. NOV'10 futures were up 9.75¢/bu at \$9.356/bu and 24.25¢/bu higher than week before last. Short covering on profit taking and fundamental worries over harvest delays in South America supported prices. Flooding expected from a record snow pack in the U.S. Midwest also drove traders to buy soybean futures. Exports were neutral as USDA put soybeans-inspected-for-export at 34.990 mi bu vs. expectations for 30-35 mi bu. Outside market weakness in crude oil and gold limited gains. Funds bought 6,000 contracts cutting net short positions to 17,988 lots, down 252 contracts. Cash beans in the U.S. Midwest were steady to firm on slow farmer selling. It would be a good idea to hold off on any more sales at this time.

WHEAT futures in Chicago (CBOT) finished up on Monday. MAR'10 futures closed at \$5.012/bu; up 11.5¢/bu and 17.25¢/bu over last report. The JULY'10 wheat contract closed at \$5.276/bu; up 11.0¢/bu and 16.25¢/bu higher than two weeks ago. Higher corn and soybean markets, as well as technical buying on short covering were supportive. However, several floor sources today told me they didn't think that the gains could be sustained amid continued burdensome global stocks and massive short positions held by speculative funds. Funds were net short 65,303 lots as of Feb. 16; down from a record 74,767 contracts. Exports were neutral with USDA placing wheat-inspected-for-export at 17.708 mi bu vs. expectation for 14-18 mi bu. It definitely would be a good idea to get another 10% of the 2010 crop sold at this time bringing the total amount sold to 60%.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were mixed on Monday with nearbys down and deferreds gaining. FEB'10LC futures closed down \$0.725/cwt at \$92.050/cwt but \$4.375/cwt higher last report. The June contract was up slight while the APR'10LC contract finished at \$93.225/cwt; off \$0.075/cwt but \$2.425cwt over last report. Liquidating longs pressured the nearbys. Two floors sources stated, "Spreading in selling both the August & October and buying June indicated traders need to wait on cash totals for sale this week." Friday's USDA Cattle on Feed report showed the lowest Feb. 1 number on feed in 7 years. Nearby's were also in overbought Relative Strength Index (RSI) territory at 76. Anything equal to or greater than 70 is considered overbought. An RSI of 30 or below is considered technically oversold. Cash cattle were firm to higher \$2.50-\$3.00 in the Southern Plains. USDA's 5-area average for Monday, Feb. 22 was placed at \$91.13/cwt; \$5.35/cwt over week before last. USDA early Monday put the choice beef cutout at \$147.38/cwt; up \$0.67/cwt and \$8.90/cwt higher than last report. According to HedgersEdge.com, average packer margins were raised \$24.85/hd from last report to a positive \$15.95/hd based on the average buy of \$89.09/cwt vs. the average breakeven of

$90.33/cwt. Feed buyers should consider buying feed supplies now as grains and oilseeds trade sideways before the spring run-up.

FEEDER CATTLE at the CME finished lower on Monday. MAR'10FC futures finished at $101.825/cwt; off $0.775/cwt but $2.600/cwt higher than last report. The MAY'10FC contract closed down $0.475/cwt at $104.050/cwt but $2.650 cents over week before last. Profit taking on technical signs and overvalued feeder contracts compared to the CME index pressure prices. Higher feed prices also contained feeder futures in light volume. Floor sources said traders were expecting greater numbers of feeders to come off wheat pastures soon and that too weighed on prices. Futures were overbought in the 76-77 RSI range. However, cash feeders were firm in Oklahoma City amid small numbers making it to market. The CME feeder cattle index for Feb. 18 was placed at $101.62/lb; up $0.51/lb and $3.19/lb lower than last report. If you need to buy feed it would be a good idea to get it bought now.

LEAN HOGS on the CME finished up on Monday. APR'10LH futures finished at $70.300/cwt; up $0.650/cwt and $1.525/cwt higher than two weeks ago. The MAY'10LH contract closed up $0.800/cwt at $76.900/cwt and $2.200/cwt over last report. June finished a one-month high. Consumers continue to drive strong retail pork demand as the U.S. economy continues to struggle and people continue in their unemployment. Fund buying was somewhat supportive. USDA on Friday put the average pork price at $70.92/cwt; up $1.46/cwt and $1.80/cwt over last report. The latest CME lean hog index was placed at $67.16/lb; up $0.03/lb and $1.20/lb over week before last. According to HedgersEdge.com, the average pork plant margin was lowered $1.70/hd from last report to a positive $3.20/hd. This was based on the average buy of $49.40/cwt vs. the average breakeven price of $50.61/cwt. It would be a good idea to check on buying feed at this time as corn and soybeans are seen preening for a spring-time run up.

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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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