Weekly Roberts Agricultural Commodity Market Report April 13, 2010

CORN futures on the Chicago Board of Trade (CBOT) were up on Monday. The MAY'10 contract closed at $3.482; up 2.5¢/bu. DEC'10 corn futures closed up 2.0¢/bu at $3.806/bu. Short-covering, a weak U.S. dollar, and talk of a Chinese corn-buying deal were supportive while exports and good corn-planting weather limited gains. Seedings were on yearly pace with USDA reporting late Monday a planting rate of 3% compared to a 4% average for this time of year. Floor sources said the market was expecting 5-6%. USDA placed corn-inspected-for-export at 31.975 mi bu vs. trade estimates for 39-42 mi bu. Spreading was noted in May/July with a volume of 64,000 contracts. Even though funds bought about 6,000 lots they remained in a net-bear position. Fund activity is considered a measure of investment money flow in the market. Cash corn was steady to firm in the U.S. Midwest and Mid-Atlantic states amid slow farmer selling. Hopefully 70% of the 2010 crop has been priced.

SOYBEAN futures on the Chicago Board of Trade (CBOT) finished mixed on Monday with deferreds past November '10 futures finishing in negative territory. The MAY'10 soybean contract closed at $9.600/bu; up 7.75¢/bu. NOV'10 futures closed at $9.350/bu off 1.5¢/bu. Bull spreading in July/November futures, slow farmer selling in the U.S. and South America, a weaker U.S. dollar, and reports of new sales deals for old-crop soybeans with China were supportive. Weakness in the dollar supports commodity prices due to perceptions that it increases investor's willingness to buy and makes U.S. grain cost less in world markets. A bull spread refers to being long a nearby contract and short a deferred contract. It is called a bull spread because these spreads most often perform best in bullish, demand-driven markets. In cases where a commodity is in short supply, nearby contracts can go to significant premiums over the deferred and outer contracts may lag as they expect deliveries from future production. USDA placed soybeans-inspected-for-export at 13.398 mi bu compared to estimates for 17-20 mi bu. Favorable harvest weather in South America kept a lid on prices. Large funds turned net-bearish. Cash soybeans were steady to firm in the U.S. Midwest and Mid-Atlantic States as farmers were busy getting fields ready for planting rather than selling. Hopefully you have priced 70% of the 2010 crop.

WHEAT futures in Chicago (CBOT) were up on Monday. MAY'10 futures closed at $4.676/bu; even up 2.0¢/bu. The JULY'10 wheat contract closed at $4.804/bu; up 1.25¢/bu from Friday's close. Wheat was supported by a weak U.S. dollar, short covering, and spillover strength from corn and soybeans. Good growth and development weather limited gains. May/July spreading was noted to the tune of 55,000 lots. Exports were neutral with USDA placing wheat-inspected-for-export at 17.090 mi bu vs. expectations for 17-20 mi bu. Funds are still hugely bearish on the wheat market. Hopefully 70% of the 2010 crop has been priced. If not, it may be wise to do before too much longer.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed down on Monday. The APR'10LC contract finished at $99.000/cwt; down $0.650/cwt. JUNE'10LC futures were down $0.700/cwt at $94.050/cwt. The AUG'10LC contract closed at $92.725/cwt; off $0.500/cwt. Profit taking and higher feed prices pressured live cattle. Spreading out of June into August weighed the heaviest on the market. Spreads involve the simultaneous trade of two or more months with the intent of capitalizing on the price differences. Additional spreaders were noted in May/April futures. The April contract saw overbought status during the day. This caused a sell down as well. When the relative strength index (RSI) of a contract meets or exceeds 70 it is considered over bought. April's RSI looked at 77 during trading. Cash cattle were up in larger show-lists with starting bid prices ranging from $102-$104/cwt; $2-$3/cwt. USDA put the 5-area price at $99.79/cwt. In addition, USDA put the choice beef price at $165.27/cwt; up $0.32/cwt but $4.50/cwt. Not many packers were buying off high-priced show-lists amid sliding margins. According to HedgersEdge.com, the average packer margin was lowered $27.15/hd from last report to a positive $24.50/hd based on the average buy of $98.73/cwt vs. the average breakeven of $100.69/cwt.

FEEDER CATTLE at the CME finished off somewhat on Monday. The MAY'10FC contract closed off $0.325/cwt at $115.050/cwt. AUG'10FC futures closed at $116.475/cwt; down $0.450/cwt. Profit taking and live-cattle-selling were a drag on better prices. Funds rolled May positions into August late in the session as the Goldman roll picked up steam. Stronger cash feeder markets are keeping demand for replacements up. Lower corn prices are helping. The CME feeder cattle index was placed at $111.68/lb, up $0.84/lb.

LEAN HOGS on the CME were down on Monday with the exception of the nearby April contract. APR'10LH futures finished at $76.375/cwt; up $0.150/cwt. The MAY'10LH contract closed off $0.775/cwt at $83.100/cwt. Cash hogs were steady-to-firm amid slow producer selling after last week's rally in cash prices. Producers seem to be holding out for higher cash prices. Spreading was noted as traders sold June futures and bought April and December contracts. Sell orders were initiated when buyers left the action mid-session. According to a floor source traders were taking a "wait-and-see" approach wanting to see what will happen to the June and July contracts when the April expires. USDA put the average pork price at $79.51/cwt, up $0.20/cwt. The CME lean hog index was placed at $75.52/lb; up $0.63/lb. According to HedgersEdge.com, the average pork plant margin was raised $1.35/hd from last report to a positive $3.95/hd. This was based on the average buy of $55.49/cwt vs. the average breakeven price of $56.96/cwt.

No Chart this week

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

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