Weekly Roberts Agricultural Commodity Market Report June 15, 2010

CORN futures on the Chicago Board of Trade (CBOT) finished up on Monday. The JULY'10 contract closed at $3.3536/bu; up 4.25¢/bu and 18.0¢/bu higher than a week ago. DEC'10 corn futures closed up 4.0¢/bu at $3.750/bu; 20.0¢/bu cents higher than last report. Corn was helped by the rally in wheat and short covering by large funds. In addition, China announced its latest purchase of U.S. corn at 120,000 tonnes (4.72 mi bu) amid talk that hot, dry weather hurting the Chinese corn crop. U.S. exports were neutral with USDA putting corn-inspected-for-export at 37.075 mi bu vs. expectations for 35-39 mi bu. Weather and the potential for larger ending stocks kept the lid on prices. Funds bought between 5,000-6,000 lots. If possible price some of the 2010 corn crop at this time. It would also be a good idea to price up to 20% of the 2011 crop.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up on Monday. The JULY'10 soybean contract closed at $9.514/bu; up 5.25¢/bu and 16.5¢/bu over this time last week. SEP'10 soybean futures finished up 9.5¢/bu at $9.202/bu; 16.0¢/bu over last report. NOV'10 futures closed at $9.162¢/bu, up 7.0¢/bu and 16.25¢/bu over last Monday. Soybean prices were helped by higher crude oil, stronger-expected-wheat, and weakness in the U.S. dollar. Soybean exports were neutral as well with USDA putting soybeans-inspected-for-export at 7.384 mi bu vs. expectations for 5-9 mi bu. Gains in other commodities and chart-based buying fueled better price signals encouraging buyers while others covered short positions. Funds bought between 3,000 and 4,000 lots. Hopefully 70% of the crop has been sold on previous advice.

WHEAT futures in Chicago (CBOT) finished higher on Monday. The JULY'10 wheat contract closed at $4.514/bu; up 10.75¢/bu and 19.25¢/bu higher than this time last week. JULY'11 futures finished up 6.0¢/bu at $5.582/bu and 8.75¢/bu over last report. Wheat has been a gainer for three straight trading days. Poor planting weather in Canada is fueling the rally. The Canadian Wheat Board last week estimated that farmers in the western part of the country would leave up to 12.5 mi acres unplanted due to rain. Canada's woes are seen as U.S. opportunities. The same wet weather slowing the U.S. wheat harvest and a weaker U.S. dollar were supportive. Exports were neutral with USDA placing wheat-inspected-for-export at 14.040 mi bu vs. estimates for 12-16 mi bu. Last Monday USDA increased the good-to-excellent rating for the U.S. spring wheat crop by 2% to 86%. In addition, USDA left the winter wheat crop rating in good-to-excellent shape at 66%; unchanged from last week. USDA said that the U.S. winter wheat harvest is 9% complete; up from 3% last week but 3% behind the 5-year average of 12%. Hopefully 70% of the 2010 crop has been sold. It also may be a very good idea to price up to 40% of the 2011 crop.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed up on Monday. JUNE'10LC futures were up $0.275/cwt at $89.775/cwt but $0.025/cwt under last report. The AUG'10LC contract closed at $88.125/cwt; up $0.850/cwt and $0.40/cwt higher than last Monday. A stronger stock market; higher commodities; and short covering were all supportive factors. The weaker U.S. dollar is also seen as supportive for U.S. beef exports. The increasing DOW is signaling traders that people are doing a little better now and will be able to afford higher end beef cuts. Lower cash cattle last week put a drag on Monday's prices. Cattle in U.S. Plains feedlots last week traded lower to $92-$93/cwt. USDA on Monday put the 5-area average price at $92.68/cwt. The choice beef cutout plunged to $153.17/cwt; off $1.99/cwt and $7.28/cwt lower than a week ago. Activity was noted in the June and August months because of continued discounts to last week's cash. According to HedgersEdge.com, the average packer margin was lowered $47.35/hd from last report to a negative $13.65/hd based on the average buy of $93.60/cwt vs. the average breakeven of $92.51/cwt.

FEEDER CATTLE at the CME closed higher on Monday. AUG'10FC futures closed at $110.425/cwt; up $0.350cwt and $2.025/cwt over this time last week. The OCT'10FC contract finished up $0.40/cwt at $110.375/cwt. Short covering and higher fat cattle were supportive even though feed prices rose. Cash feeder sales in Oklahoma City were delayed due to flooding and power outages. Compared to relative data from the latest sales feeders heifers were steady to $2 higher while steers were steady to $4 higher. It was estimated that even though the sales got off to a rocky start receipts would be around 8,200 head compared to last week's 12,751 and 10,280 sold this time last year. The latest CME feeder cattle index was placed at $109.94/lb; up $0.31/lb.

LEAN HOGS on the CME closed up on Monday. The JUNE'10LH contract expired at noon closing up $0.150/cwt at $77.925/cwt and $0.15/cwt higher than this time last week. AUG'10LH futures finished at $81.775/cwt; up $1.425/cwt and $2.975/cwt over last report. The rally in prices was mainly driven by late news that cash prices in primary Midwest markets were higher. Other factors helping prices was a weaker U.S. dollar seen to help exports and a higher stock market at the open even though it (the DOW) finished off for the day. The DOW was up at the opening of the trading day but turned lower near the end of the session. According to floor sources the bulls are taking over for a bit as they see improved economic weather ahead. Traders also think that cash and futures both will trade higher this week. I am skeptical. Spreading into July out of August and December was the most active trade for the day. Spreads involve trading two or more contracts at the same time while taking advantage of the price differences between them. USDA put the average pork price at $83.99/cwt; up $0.37/cwt from Friday but $0.79/cwt lower than last report. The CME lean hog index was placed at $77.93/lb; down $0.46/lb and $2.14/cwt lower than last Monday. According to HedgersEdge.com, the average pork plant margin was lowered $1.10/hd from last report to a positive $9.90/hd. This was based on the average buy of $56.63/cwt vs. the average breakeven price of $60.28/cwt.

There is no chart this week. They were pretty boring.

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

For comments or questions you may contact Mike Roberts at mtrobert@ncsu.edu or
804-720-7551 personal cell