

Weekly Roberts Agricultural Commodity Market Report June 29, 2010

The report will not be posted here due to my retirement from Virginia Tech. If you would like to keep receiving the report in a future format please contact Mike Roberts at mprobster@verizon.net or 804-720-7551.

Thanks ... Mike Roberts

CORN futures on the Chicago Board of Trade (CBOT) closed off on Monday for the sixth time in a row. The JULY'10 contract closed at \$3.336/bu; down 6.75[¢] /bu and 21.0[¢] /bu lower than a week ago. DEC'10 corn futures closed off 7.75[¢] /bu at \$3.526/bu and 22.0[¢] /bu lower than last report. Corn tumbled to an 8-month low on technical signs below \$3.35/bu. Further bear momentum, improved crop weather seen as fueling potential for another record crop, a steady-to-firming U.S. dollar, and weak outside markets in crude oil pressured prices. USDA will release its acreage report June 30 and its World Agriculture Supply Demand Estimates on July 9. On average analysts expect corn plantings to come in around 89.0-89.4 mi acres. I think it will be closer to 89.5 mi acres. Through the weekend 687 July \$3.40/bu corn options were exercised increasing pressure on corn futures prices. Conflicting reports regarding Chinese imports of U.S. corn have surfaced. The market pretty much ignored this. USDA put corn-inspected-for-export at 35.393 mi bu vs. expectations for 31-34 mi bu. Funds sold an estimated 12,000 contracts. Hopefully the rest of the 2010 crop and up to 20% of the 2011 crop were priced on advice from last report. If not, it would be advisable to sell the rest of the 2010 corn crop, any unsold 2009 crop, and hold off on selling any more of the 2011 crop.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up on Monday with the exception of the July and August contracts. The JULY'10 soybean contract closed at \$9.550/bu; off 2.0[¢] /bu and 8.0[¢] /bu lower than last week at this time. SEP'10 soybean futures finished up 5.5[¢] /bu at \$9.264/bu but 18.0[¢] /bu lower than a week ago. NOV'10 futures closed at \$9.184/bu, up 6.5[¢] /bu but 21.0[¢] /bu lower than last report. Slow farmer selling, firm cash bids, and news that China will increase imports were supportive while improved crop weather and spillover from wheat and corn kept the pressure on further gains. USDA placed soybeans-inspected-for-export at 4.556 mi bu vs. expectations for 4-8 mi bu. Unwinding bull spreads out of July and August positions pushed those contracts to negative numbers. Funds bought 1,000 lots. Hopefully 80% of the 2010 crop has been sold.

WHEAT futures in Chicago (CBOT) closed down on Monday. The JULY'10 wheat contract closed at \$4.494/bu; down 6.75[¢] /bu and 13.0[¢] /bu lower than a week ago. JULY'11 futures finished down 3.0[¢] /bu at \$5.553/bu and were 2.0[¢] /bu lower than last report. Harvest pressure showing a U.S. bumper crop is in the making, follow-through technical selling, a firm U.S. dollar, and ample global stocks weighed on prices. Russian and European harvests also pressured prices. Exports were supportive as of June 24 with USDA putting wheat-inspected-for-export at 16.011 mi bu vs. expectations for 12-15 mi bu. It would be a good idea to sell the rest of the 2010 crop having sold 70% on previous advice. It would also be prudent to sell another 10% of the 2011 crop taking you to 50% priced.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed up on Monday with exception of June and August 2011 contracts. JUNE'10LC futures were up \$0.25/cwt at \$91.200/cwt bu and \$1.08/cwt over last report. The AUG'10LC contract closed at \$89.675/cwt; up \$0.300/cwt and \$0.380/cwt higher than last week at this time. The June contract expires on Wednesday. Stable beef prices, higher feeder futures, and good news that Russia will let in poultry were supportive. Cash cattle

continued to sell around \$91.00/cwt as packers spurned bids for \$93.00/cwt. Next week will be a short processing week due to the holiday. USDA put the 5-area price at \$90.99/cwt; \$0.03/cwt lower than last report. USDA on Monday put choice boxed beef at \$154.47/cwt; up \$0.18/cwt from Friday and \$0.53/cwt over last report. According to HedgersEdge.com, the average packer margin was raised \$20.90/hd from last report to a positive \$36.85/hd based on the average buy of \$91.04/cwt vs. the average breakeven of \$93.95/cwt.

FEEDER CATTLE at the CME closed up on Monday. AUG' 10FC futures closed at \$113.975/cwt; up \$0.775cwt and \$2.28/cwt over last report. The OCT' 10FC contract finished up \$0.65/cwt at \$113.850/cwt and \$2.30/cwt over last week at this time. Lower corn futures and higher fat cattle prices were supportive. The latest CME feeder cattle index was put at 111.34; up 0.38 from Friday and 2.99 over last report. Late Monday the Oklahoma City National Stockyards estimated receipts for 7900 head vs. 6048 head last week and 11,617 head this time last year. Next week the auction market will be closed for the July 4th holiday. Feeders were steady to \$2.00/cwt higher amid moderate demand for feeders and good demand for calves.

LEAN HOGS on the CME closed down on Monday. The JULY' 10LH contract closed off \$1.200/cwt at \$79.925/cwt and \$2.08/cwt lower than last week at this time. AUG' 10LH futures finished at \$82.175/cwt; down \$1.750/cwt and \$2.18/cwt lower than last report. Packer demand is weak since next week is a short week. Packers are said to have plenty of supplies on hand to meet sales objectives next week. However, some plants in spotty areas of the country did bid hogs to \$1/cwt over last week. Technical selling and the weakened economy also pressured prices according to two Chicago floor sources. Friday's USDA hogs and pigs report is seen as neutral to barely bullish for hog futures. USDA reported last Friday that June 1 total hog supply was 96% of last year, the breeding herd was 97% of last year, and market hog supply was 96% of last year. The market expected 3-5% reductions and they were right. The latest CME lean hog index was placed at 81.15; up 0.18 but 2.05 higher than this time last week. USDA put the average pork price at \$83.85/cwt; down \$0.41/cwt from Friday but \$0.11/cwt higher than last report. According to HedgersEdge.com, the average pork plant margin was lowered \$2.90/hd from last report to a positive \$2.45/hd. This was based on the average buy of \$59.27/cwt vs. the average breakeven price of \$60.17cwt.

December 2010 Corn, June 28, 2010



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

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