

Weekly Roberts Agricultural Commodity Market Report July 12, 2010

CORN futures on the Chicago Board of Trade (CBOT) closed off on Monday. The JULY'10 contract closed at \$3.712/bu; down 4.0¢/bu. DEC'10 corn futures closed off 3.5¢/bu at \$3.916/bu. After the recent tremendous run-up in prices the contra-seasonal rally may be slowing. Good growing weather, lower crude oil prices, and a stronger U.S. dollar took the wind out of corn futures. Spreading and commercial selling was noted. According to floor sources traders will not push prices further unless a weather scare drives it. "The momentum seems to be running out of steam." USDA put corn-inspected-for-export at 34.519 mi bu. Funds sold over 6,000 lots. It would be a good idea to take advantage of these higher prices while they last.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed mixed on Monday with near-bys gainers and deferred prices moving down. The JULY'10 soybean contract closed at \$10.316/bu; up 6.25¢/bu. SEP'10 soybean futures finished even 0.0¢/bu at \$9.664/bu. NOV'10 futures closed at \$9.510/bu, down 2.25¢/bu. Old crop sales were encouraged by sluggish farmer selling, higher cash markets, and rumors that China would be buying more U.S. soybeans. New crop prices suffered from pressure from overall good weather. Weather markets are in the making now. Funds bought 3,000 contracts. 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 \$5.212/bu; down 2.25¢/bu. JULY'11 futures finished down 2.5¢/bu at \$6.124/bu. After a good run in prices an absence of bullish news in Friday's USDA WASDE report proved bearish for wheat showing growing stocks amid already large world inventories. Corn & wheat spreading was noted among several floor sources. Funds sold over 2,000 contracts. It would be a great idea to get to 60% sold in the 2011 crop.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed down on Monday. The AUG'10LC contract closed at \$90.075/cwt; down \$0.125/cwt. While the October 2010 contract finished even with its close the DEC'10LC contract closed down \$0.175/cwt at \$91.400/cwt. Cattle futures are following the swings in the stock market as demand for higher end cuts continue to fluctuate with money flows in the DOW. Cash beef prices were steady to firm with USDA putting the 5-area price at \$91.88/cwt and choice boxed beef at \$154.37/cwt; off \$0.24/cwt. In international news Argentina stopped beef exporting permits in an effort to control local supply and tame native steak prices. At the same time news wires report renewed South American courting of European import buyers. If the former situation continues it could prove bullish for U.S. beef exports. Unwinding bear spreads offset 8,000 index fund rolls of long August into October. Hot weather is seen as slowing cattle gains and griller's appetite for outside cooking over a hot fire. A survey of packers shows that many have supplies well in hand while according to HedgersEdge.com, the average packer margin was lowered \$13.00/hd from two weeks ago to a positive \$23.85/hd based on the average buy of \$91.68/cwt vs. the average breakeven of \$93.55/cwt.

FEEDER CATTLE at the CME closed off on Monday. AUG'10FC futures closed at \$112.675/cwt; down \$0.525cwt. The OCT'10FC contract finished off \$0.75/cwt at \$112.800/cwt. Long liquidation stepped up the pace on expectations that large numbers of feeders will be coming off grass in the coming weeks. Local unwinding of bear spreads proved supportive for August as Goldman/Sachs rolled between 400-500 contracts. The latest CME feeder cattle index was put at 113.94; even with last close. Late Monday the Oklahoma City National Stockyards estimated receipts for 9200 head vs. 11,698head this time last year. No sale was conducted last week due to the holiday. Feeders were called steady to \$2.00/cwt higher amid moderate demand.

LEAN HOGS on the CME closed mixed on Monday with nearbys down and deferreds up. The JULY' 10LH contract closed off \$0.500/cwt at \$78.125/cwt. AUG' 10LH futures finished at \$79.450/cwt; down \$0.575/cwt. The FEB' 11LH contract closed up \$0.325/cwt at \$74.550/cwt. Technical selling was noted in nearby contracts as non-commercials migrated positions into later months. Futures were pressured by weaker cash prices, unwinding bear spreads, and a stronger U.S. dollar. A stronger dollar is seen as limiting exports. In international news swine fever in Cameroon has caused the government there to destroy 10,450 pigs over the last two weeks. The state-run news agency reported a disease break in May.

August 2010 Feeder Cattle, July 12, 2010



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 mprobster@verizon.net or 804-720-7551 personal cell