Weekly Roberts Agricultural Commodity Market Report July 20, 2010

CORN futures on the Chicago Board of Trade (CBOT) closed down on Monday. The SEPT'10 contract closed at $3.814/bu; down 13.25¢/bu. DEC'10 corn futures closed off 13.25¢/bu at $3.940/bu but 2.0¢/bu higher than last Monday. The DEC'11 contract closed at $4.196/bu; down 8.5¢/bu. Weather markets were the feature on the day for grain traders in Chicago as they were last week. In addition to prospects for good production weather slowing buyer enthusiasm, larger-than-expected long positions by funds in corn weighed on prices. Funds sold 10,000 contracts in technical selling and profit taking after aggressive buying on dry weather forecasts last week. The market really lacks strong fundamental support to maintain last week's gains. USDA placed the U.S. corn crop in good-to-excellent rating at 73%. Cash corn was mostly steady to firm in the U.S. Midwest. USDA on Monday put corn-inspected-for-export at 39.913 mi bu vs. expectations for 32-38 mi bu. China is seen at a tipping point in its supply and demand situation for corn that could lead to higher annual imports of 2 – 3 million tonnes (78.7 – 118.4 mi bu) in the near term and as much as 10 – 15 mi tonnes (393.7-590.5 mi bu) in as little as five years. It is a good idea to sell up to 70% of the 2010 crop and consider selling 20% of the 2011 crop.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed down on Monday. The AUG'10 soybean contract closed at $10.080/bu; off 11.5¢/bu. SEP'10 soybean futures finished down 11.75¢/bu at $9.862/bu but 20.0¢/bu higher than last report. NOV'10 futures closed at $9.720/bu, down 13.0¢/bu but 21.0¢/bu higher than a week ago. It should be noted that China is seen as becoming a net importer of soybeans now and that usually over ½ of their imports now come from the U.S. Exports were a neutral influence with USDA on Monday reporting soybeans-inspected-for-export at 6.851 mi bu vs. expectations for 4-7 mi bu. Good growing weather for soybeans in the offing and technical selling on profit taking by large non-commercials pressured prices. Funds sold 4,000 lots after establishing long positions on weak fundamentals over the last two weeks. Late Monday USDA put the U.S. soybean crop in good-to-excellent condition at 67% vs. 65% last week. Several floor sources said traders generally expected USDA to place the rating at 64%. Cash soybeans were steady to weaker amid respectable farmer selling. Hopefully 80% of the 2010 crop has been sold on last week's price run up. It looks like the head of a head-and-shoulders may be forming going into the latter stages of crop development. Unless something happens these prices may not hold.

WHEAT futures in Chicago (CBOT) closed down on Monday. The SEPT'10 wheat contract closed at $5.822/bu; down 5.0¢/bu. JULY'11 futures finished down 6.25¢/bu at $6.476/bu but 35.0¢/bu cents higher than this time last week. Losses in corn and soybeans sparked similar technical selling on profit taking in CBOT wheat after last week's run up in prices. Funds sold over 3,000 contracts. Exports were supportive as USDA reported wheat-inspected-for-export at 22.449 mi bu vs. expectations for 17-20 mi bu. Iraq bought 350,000 tonnes (12.86 mi bu) from multiple sources including 100,000 tonnes (3.67 mi bu) from the U.S. Even though extreme drought conditions grip the Russian wheat belt that country still expects to export over 20 mi tonnes (734.9 mi bu). Cash wheat basis continued to weaken. Hopefully up to 60% of the 2011 crop has been priced. It would be a good idea to price up 70% at this time.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed up on Monday. The AUG'10LC contract closed at $93.125/cwt; up $0.85/cwt and $3.05/cwt higher than last report. The DEC'10LC contract closed up $0.500/cwt at $96.150/cwt and $4.75/cwt over last week at this time. Fund buying was fueled by chart signals and expectations for steady to higher cash cattle and heat stress slowing gains and causing heat-induced feed lot deaths. Lower corn prices were supportive. USDA's Cattle-on-Feed report is to be released on Friday and is expected to show larger-than-year-ago feedlot supplies and larger placements of younger cattle, although the supply of fat cattle is still low. Most of last week's cash cattle sold in the $94/cwt range compared to $92/cwt a week before last. USDA placed the 5-area price at $93.43/cwt; $1.55/cwt over last week at this time. Tighter packer margins are expected to slow cattle sales somewhat this week. USDA on Monday put the boxed beef price at $153.52/cwt; off $0.35/cwt and $0.85/cwt lower than a week ago. According to HedgersEdge.com, the average packer margin was lowered $18.80/hd from last week to a positive $5.05/hd based on the average buy of $93.00/cwt vs. the average breakeven of $93.40/cwt.

FEEDER CATTLE at the CME closed up on Monday. AUG'10FC futures closed at $114.425/cwt; up $1.325cwt and $1.75/cwt over last report. The OCT'10FC contract finished off $1.325/cwt at $114.125/cwt; $1.33/cwt higher than last week at this time. Feeders gained on carry over support from fat cattle, lower corn futures and higher cash cattle. Estimated receipts for the Oklahoma City auction were placed at 7,000 head vs. 9,148 head last week and 10,565 head a year ago. Steers and heifers were called steady to $1/cwt higher while calves were bid steady to $2/cwt lower. Demand waned for fleshy un-weaned calves as heat begins to take its toll while demand for long, lean weaned calves that are seen as more heat tolerant remained steady. The latest CME feeder cattle index was put at 112.70; up 0.03 but 1.24 lower than last report.

LEAN HOGS on the CME closed down on Monday with the exception of the October contract. AUG'10LH futures finished at $81.625/cwt; down $0.075/cwt but $2.18/cwt higher than this time last week. The FEB'11LH contract closed down $0.725/cwt at $74.000/cwt and $0.55/cwt lower than last Monday. Futures gained early support on fund buying but lost those gains near the end of trading in profit taking. Weaker cash prices fueled the profit taking late in the day. The latest CME lean hog index was placed at 77.96; down 0.16 and 1.37 lower than a week ago. According to HedgersEdge.com, the average packer margin was placed at a positive $3.60/hd based on the average buy of $56.46/cwt vs. the average breakeven of $57.78/cwt.

November 2010 Soybeans, 7/19/2010

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