Weekly Roberts Agricultural Commodity Market Report July 27, 2010

CORN futures on the Chicago Board of Trade (CBOT) closed down on Monday. The SEPT'10 contract closed at $3.640/bu; down 7.25¢/bu and 17.5¢/bu lower than last report. DEC'10 corn futures closed off 6.5¢/bu at $3.780/bu and 16.0¢/bu lower than last Monday. The DEC'11 contract closed at $4.144/bu; down 2.5¢/bu and 5.25 cents lower than a week ago. Commodities were pressured on profit-taking by commercials and non-commercials, lower outside markets in crude oil, gold, and good corn-growing weather. A weaker dollar was supportive as it encourages exports. Large hedge funds liquidated long positions after Friday's CFTC report showed a huge increase in net-long fund positions. The report was a shock to the market showing that funds had grown long positions by 170,000 contracts in just 3.7 weeks. Funds sold over 12,000 lots and farmers sold plenty in the cash market as well until buyer bins were full and the barge traffic halted all transport. Heavy rains have raised the Mississippi River so high that barge traffic has come to a halt. USDA reported corn-inspected-for-export at 42.421 mi bu vs. expectations of 35-40 mi bu. It should be noted that Ethanol groups are lobbying the EPA to approve at least a 12 percent ethanol blend. The current mandate is 10%. If approved, this would increase demand for corn and support prices. However, those opposed to a higher ethanol mandate are concerned that automobile engines are not designed to burn that much ethanol and engine problems will increase negatively impacting drivers' wallets. After the close USDA reported that 72% or the U.S. corn crop was in good-to-excellent condition. Hopefully up to 70% of the 2010 crop and 20% of the 2011 crop were sold on last week's advice.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed down on Monday with nearbys taking the biggest hit. The AUG'10 soybean contract closed at $9.998/bu; off 18.75¢/bu and 8.25¢/bu lower than a week ago. SEP'10 soybean futures finished down 16.25¢/bu at $9.746/bu and 11.75¢/bu lower than last report. NOV'10 futures closed at $9.660/bu, down 15.5¢/bu and 6.0¢/bu lower than a week ago. Soybeans suffered under mostly the same pressures as corn, lower outside markets, technical profit taking, and good growing weather. The CFTC report did not show as large an increase in soybean future longs. However, funds sold over 4,000 lots. Exports and recent sales were supportive. USDA confirmed a sale to China of 226,000 tonnes (8.3 mi bu) of U.S. soybeans. USDA also reported soybeans-inspected-for-export of 6.595 mi bu. The Chinese order will be shipped later but one can see how important they are to US exports. Their one order was larger than the whole U.S. export amount this week. Late Monday USDA put the soybean crop in good-to-excellent condition at 67%, unchanged from a week ago. Cash soybeans were down due to vigorous farmer selling and slow-to-none barge traffic. In the main grain markets of Rosario, Argentina, soy prices tumbled 3.5% under heavy losses in the Chicago futures market. Buyers tried to get farmers to sell at lower prices because of that but Argentinean farmers weren't going for it. Hopefully 80% of the 2010 crop has been sold on recent price increases.

WHEAT futures in Chicago (CBOT) closed down on Monday. The question several floor traders were asking today is how much further will they go? The SEPT'10 wheat contract closed at $5.894/bu; down 6.75¢/bu but 7.25¢/bu higher than this time last week. JULY'11 futures finished down 3.5¢/bu at $6.661/bu but 18.5¢/bu cents higher than last report. Indications that drought was expanding in eastern Europe was supportive. However, EU wheat prices were down as crop concerns eased on good early harvest numbers in France, Germany, and Belgium. Profit taking pressured prices after last week's rally. Extreme drought remains a problem in Russia and western Kazakhstan and looks like it will expand to include the eastern Ukraine over the next 10 days. On the other hand, good weather was boosting prospects for U.S. spring wheat yields. Funds sold 2,000 lots. USDA put wheat-inspected-for-export at

15.409 mi bu vs. expectations for 13-17 mi bu. Bangladesh issued two tenders on Monday for 100,000 tonnes (3.67 mi bu) combined. Late Monday USDA put the U.S. spring wheat crop rating of good-to-excellent at 83%, up 1% from a week ago. USDA also put the U.S. winter wheat harvest at 79% complete. The 5-year average for this time of year is 82%. It would be a very, very good idea to price up to 80% of the 2011 crop at this time.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed down on profit taking Monday. The AUG'10LC contract closed at $92.650/cwt; off $0.775/cwt and $0.475/cwt lower than last report. The DEC'10LC contract closed down $0.50650/cwt at $95.825/cwt; $0.325/cwt lower than this time last week. Three CME floor sources noted that the cattle reports of last week were really neutral to pit traders and the lack of bullish news helped fuel the selling. It should be noted that August cattle probably peaked last week. Cash cattle trade was light on slack packer demand due to shrinking profit margins. USDA put the 5-area price at $94.80/cwt on Monday. This was a $1.46/cwt lower than last Monday. Choice beef cutout was placed at $154.66/cwt; $0.62/cwt lower than last Friday but $1.14/cwt higher than a week ago. According to HedgersEdge.com, the average packer margin was lowered $9.60/hd from last week to a negative $4.55/hd based on the average buy of $94.34/cwt vs. the average breakeven of $93.98/cwt.

FEEDER CATTLE at the CME were mixed on Monday. AUG'10FC futures closed at $114.950/cwt; off $0.225cwt but $0.525/cwt over last report. The OCT'10FC contract finished up $0.150/cwt at $115.400/cwt; $1.275/cwt higher than last week at this time. Lower corn and feed prices were supportive enough to counter bearish market influencers of the commodity sell-off. USDA's cattle inventory report showed smaller herd numbers and fewer feeder cattle in the pipeline outside of feedlots. The latest CME feeder cattle index was placed at 111.93/lb, down 0.15/lb from last Friday and off 0.77/lb from a week ago. In Oklahoma City estimated receipts were put at 6,000 amid light demand. Last week's receipts came in at 7,243 while this time last year 9,336 head changed hands. Compared to last week feeder steers and heifer prices were steady to $1/cwt higher, steer calves steady and heifer calves $3/cwt higher. Demand was considered good for all classes. Quality was plain to average.

LEAN HOGS on the CME closed down on Monday. AUG'10LH futures finished at $82.000/cwt; down $1.225/cwt but $0.375/cwt higher than this time last week. The FEB'11LH contract closed down $1.175/cwt at $74.625/cwt but $0.625/cwt higher than last Monday. Profit taking by long funds weighed on prices as sell stops kicked in on key support level dissolution. Cash hog markets were steady amid slow buying activity on the heels of last week's good demand. Higher cash hogs, good chart signals, and sound fundamentals on last Thursday's Cold Storage report showing a six-year low in June frozen pork stocks limited losses. USDA put the latest pork cutout at $85.26/cwt; down $0.25/cwt from Friday but up $4.65/cwt from last Monday. The latest lean hog index was place at 79.03/lb, up 0.95/lb from Friday and 1.07/lb over last week at this time. According to HedgersEdge.com, the average packer margin was raised $3.30/head to a positive $6.90/hd based on the average buy of $58.64/cwt vs. the average breakeven of $61.22/cwt.

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

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