Weekly Roberts Agricultural Commodity Market Report August 11, 2009

CORN futures on the Chicago Board of Trade (CBOT) closed steady to slightly higher on Monday amid unchanging fundamentals. The SEPT'09 contract closed at $3.242/bu; up 2.2¢/bu but 33.75+¢/bu lower than this time last week. DEC'09 corn futures finished at $3.304/bu; up 4.0¢/bu but 38.75¢/bu lower than last Monday. Adjustments in the more than 3-to-1 soybean/corn spread, short covering, and fund buying were supportive amid position adjustment prior to the August 12 release of USDA's World Agriculture Supple Demand Estimate (WASDE) report. Lower than expected exports held back optimism. USDA reported corn-inspected-for-export at 35.0 mi bu vs. expectations for between 44.0-48.0 mi bu. Exporters did report a sale of 120,000 tonnes (4.72 mi bu) to Egypt. Good weather is forecast for the developing U.S. corn crop. This is expected to further weigh on futures this week. Late Monday USDA placed the U.S. corn crop in good-to-excellent condition at 68%, the same as a week ago. The market expected a 1-2% decline. Funds turned net bullish after buying over 5,000 lots. Cash corn was steady in the U.S. cornbelt while bids for corn in the U.S. Mid-Atlantic States ranged 8.0-15.0¢/bu lower. It is a very good idea to have up to 70% of the 2009 crop sold on any upticks at this time.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed off on Monday. The SEPT'09 contract closed down 14.0¢/bu at $11.704/bu but 82.5¢/bu higher than this time last week. The NOV'09 contract closed at $10.100/bu; off 28.5¢/bu and 20.5¢/bu lower than a week ago. Position adjustment in soybean/corn spreading, long-liquidation, and profit-taking pressured prices. Exports were neutral with USDA reporting soybeans-inspected-for-export at 9.6 mi bu vs. expectations for between 6.0-13.0 mi bu. Late Monday USDA met market expectations for crop condition by lowering the good-to-excellent rating 1% to 66%. Hot weather forecast for the U.S. Midwest is seen as hastening crop development casting off frost worries. Cash soybeans in the U.S. Midwest were steady amid slow farmer sales. Cash bids for soybeans in the U.S. Mid-Atlantic States ranged from 9.0-19.0¢/bu higher. Funds added to net bull positions buying over 3,000 contracts. Up to 70-80% of the new crop should be priced on these upticks.

WHEAT futures in Chicago (CBOT) were up Monday. SEPT'09 wheat futures finished up 4.75¢/bu at $4.942/bu; but 55.0¢/bu lower than last report. The JULY'10 wheat contract closed at $5.620/bu; up 2.5¢/bu but 56.75¢/bu lower than last report. Short covering and positioning ahead of the USDA WASDE report supported futures. Exports were neutral with USDA reporting wheat-inspected-for-export at 14.4 mi bu vs. expectations for between 11.0-17.0 mi bu. A stronger U.S. dollar held back exports. France increased its wheat crop production estimate to 36.08 mi tonnes (1.3 bi bu). I have to admit the French wheat crop really looked good when I passed through there a week ago. It was hard to even drive across country with so many loaded wheat carts on those narrow French roads. Taiwan is expected to tender for wheat on Friday while Bangladesh issued a new tender for 100,000 tonnes (3.67 mi bu) on Monday. Good weather persists for the final harvesting of the U.S. Winter wheat crop. The Urals and Kazakh are seeing significant wheat crop losses due to drought there. Funds bought about 2,000 contracts while large speculators added 540 short contracts to net bear positions ending at 50,378 short contracts. Now would be a very good time to consider getting 40% of the 2010 crop priced.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were off on Monday. The AUG'09LC contract closed down $0.575/cwt at $83.275/cwt; $1.175/cwt lower than this time last week. DEC'09LC futures closed at $88.150/cwt; off $0.525/cwt and $1.450/cwt lower than a week ago. Weak cash sales again last week, higher corn prices, and worries over potential deliveries in the August contract pressured prices. The August premium to cash ahead of first delivery notices are expected to draw some deliveries. Cash were off $1 at $81/cwt in the southern plains with USDA reporting the 5-area average at $81.17/cwt; $1.44/cwt lower than this time last week. Expected tight fed cattle supplies ahead were mildly supportive. Early Monday USDA placed Choice Boxed Beef at $140.84/cwt; up $0.14/cwt but $1.99/cwt lower than a week ago. News reports of 27 people ill with salmonella resulting in the recall of 800,000 lbs of ground beef from 12 states was not much of a factor in today's trading. According to HedgersEdge.com, average packer margins were raised another $7.60/head to a positive $30.60/head based on the average buy of $81.96/cwt vs. the average breakeven of $84.31/cwt. Wait until after the USDA WASDE report to look at pricing any feed. Sell cattle when ready.

FEEDER CATTLE at the CME were down on Monday. AUG'09FC futures finished at $100.425/cwt; off $0.925/cwt and $1.575/cwt lower than last report. The OCT'09FC contract closed at $100.625/cwt; down $0.950/cwt; $1.375/cwt lower than a week ago. Feeders followed live cattle on weaker cash markets despite smaller herd numbers. Cash feeders were $1-$1.50/cwt lower in Oklahoma City. The CME Feeder Cattle Index for Aug. 6 was $0.83/cwt lower than a week ago at $100.78/cwt. It is still a very good idea to sell feeders on the heavy side if you have grass as feeder buyers will want to buy as little grain as possible.

LEAN HOGS on the CME were mixed on Monday. AUG'09LH futures closed off $0.500/cwt at $48.30/cwt; $6.650/cwt lower than a week ago and a whopping $10.875/cwt lower than week before last. This is an 18.4% price loss in two weeks! The hog industry is hurting so bad now that governors from 9 hog producing states have written a letter requesting intervention to President Obama. They are calling the President to ask USDA to spend $50 million buying up U.S. hog supplies for public consumption. The DEC'09LH contract slid $0.250/cwt to $44.600/cwt; $7.100/cwt lower than last Monday's report. The weak cash market is still killing hog prices as feed inputs climb. Short covering provided some support late in trading. Futures were oversold but gained after October fell to a near seven-year low and all months put up contract lows. The market still expects future hog herd liquidation due to low prices and that is keeping a lid on prices. One bright spot; Russia lifted the ban on meat imports from Florida, the last remaining state where restrictions were put on over fears from the H1N1 flu virus. USDA on Friday put the average pork price at $54.57/cwt, off $0.07/cwt and the lowest since early July. The latest CME Lean Hog Index was placed at $54.21lb; off $0.82/lb and $5.62/lb lower than last Monday. According to HedgersEdge.com, the average pork plant margin increased $0.20/head to a positive $7.25/head. This was based on the average buy of $35.78/cwt vs. the average breakeven price of $38.51/cwt. It would be a good idea to sell hogs when ready.

2009 November Soybeans, August 10, 2009

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

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