

## Weekly Roberts Agricultural Commodity Market Report January 12, 2010

**CORN** futures on the Chicago Board of Trade (CBOT) ended down on Monday. Technical trading and profit taking were the feature of the day in light of no fresh fundamental news. The closing bell (normally extended 1.0 minute) was extended 30 seconds to allow large funds to finish trades. The MAY'10 contract closed at \$4.330; off 0.25<sup>¢</sup> /bu but 4.5<sup>¢</sup> /bu higher than last report. DEC'10 corn futures closed down 1.5<sup>¢</sup> /bu cents at \$4.447/bu and 0.05<sup>¢</sup> /bu cents lower than last week. The USDA World Agriculture Supply Demand Estimate (WASDE) report is due out tomorrow morning. It is expected to show large stocks and traders are taking profits today. In addition, the continued cold weather is expected to slow feed demand; a double whammy on price today. Believe it or not, several producers with corn still in snow covered fields in Nebraska and Illinois said they would be trying to get the remaining bits of harvest done if snow would just hold off. The average forecast for the U.S. corn crop is a record 13.5 bi bushels. Exports were disappointing with USDA placing corn-inspected-for-export at 20.6 mi bu vs. expectations for 23.0-28.0 mi bu. Argentina is ramping up export activities with their President pushing corn exports at 9 mi tonnes (354 mi bu)! U.S. cash corn prices were steady amid "no" farmer selling. Funds added to net bull positions. There is still not enough carry through July to warrant storing 2009 corn any longer. Growers should consider cleaning out the '09 crop and pricing up to 50% of the 2010 corn crop on any up-tick.

**SOYBEAN** futures on the Chicago Board of Trade (CBOT) closed down on Monday. JAN'10 soybean futures closed at \$10.016/bu; off 11.25<sup>¢</sup> /bu and 47.75<sup>¢</sup> /bu lower than last report. The MAR'10 soybean contract closed at \$10.104/bu; down 11.5<sup>¢</sup> /bu and 47.75<sup>¢</sup> /bu lower than a week ago. Chart trading amid technical selling continued for the fourth straight day in Chicago. "Fundamentals for U.S. soybeans just do not look good." locals said. Funds sold about 4,000 contracts. There will be global competition for soybean pricing as the South American bumper crop is harvested and exported. Exports were neutral with USDA placing soybeans-inspected-for-export at 41.0 mi bu. Vs expectations for 39.0-46.0 mi bu. It might be a good idea to get up to 50% of the 2010 crop sold at this time. A client in the office last Friday asked me last week what to do with his beans on his truck. I said sell them! He came in today and told me he got busy and didn't sell them. Shame on him! They are worth over \$0.50/bu less today than they were last Friday. It would be a good idea to get 50% of the '10 crop sold.

**WHEAT** futures in Chicago (CBOT) finished up on Monday. MAR'10 futures closed at \$5.724/bu; up 4.0<sup>¢</sup> /bu. The JULY'10 wheat contract closed at \$5.944/bu; up 4.0<sup>¢</sup> /bu and 12.75<sup>¢</sup> /bu higher than last report. Fund buying and inter-market spreading supported prices as the market expects USDA's WASDE report to show more favorable fundamentals in Tuesday morning's report. Analysts expect the USDA report to show U.S. farmers planting 2.4 less acres of wheat this year in response to lower prices. Technical buying and a lower U.S. dollar were supportive. Exports were bearish with USDA placing wheat-inspected-for-export at 11.0 mi bu vs. expectations for 14.0-17.0 mi bu. French July-November wheat exports fell to 6.5 mi tonnes (238.8 mi bu). It would be a good idea to hold off pricing any more of the 2010 wheat crop.

**LIVE CATTLE** futures on the Chicago Mercantile Exchange (CME) ended weaker on Monday. FEB'10LC futures closed down \$0.775/cwt at \$85.050/cwt and \$0.325/cwt lower than a week ago. The APR'10LC contract finished at \$89.225/cwt; off \$0.575/cwt but \$0.150/cwt higher than last report. Even though cash prices were weaker weather concerns and lower corn prices supported cattle futures. Funds continued to rebalance portfolios and roll bull positions from February futures into the April contract. This supported deferreds. Packers continued to stay on the sidelines today. Cash cattle traded \$1/cwt higher in light Kansas City trade. USDA put the 5-area average at \$84.23/cwt; \$0.05/cwt higher than last

report. On Friday USDA put the choice boxed beef cutout at \$142.10/cwt; up \$1.40/cwt and \$7.98/cwt higher than a week ago. This is the highest this figure has been since September 16, 2009. According to HedgersEdge.com, average packer margins were raised \$38.25 from last report to a positive \$26.10/head based on the average buy of \$84.39/cwt vs. the average breakeven of \$86.36/cwt. Hold off on buying long-term feed needs. Corn prices could weaken.

**FEEDER CATTLE** at the CME finished lower on Monday. JAN'10FC futures closed at \$96.275/cwt; down \$0.075/cwt but \$0.400/cwt higher than last week. MAR'10FC futures finished at \$96.400/cwt; off \$0.250/cwt and \$0.075/cwt higher than last report. The MAY'10FC contract was off \$0.275/cwt at \$98.325/cwt and 0.025 cents lower than last week. Lack of cattle movement to packers pressured feeders. Cash feeders in Oklahoma City were steady to \$2/cwt higher. The CME feeder cattle index for Jan 7 was placed at \$94.90/lb; up \$0.21/lb and \$1.60 higher than last report. It might be a good idea to price some short-term feed needs.

**LEAN HOGS** on the CME were mixed on Monday. FEB'10LH futures finished at \$66.675/cwt; down \$0.575/cwt and \$0.825/cwt lower than last Monday's close. The MAY'10LH contract closed off \$0.325/cwt at \$75.625/cwt but \$0.20/cwt higher than this time last week. July, August, and October futures finished higher. Technical trading and spreading was noted. USDA put the average pork price at \$71.06/cwt; up \$0.74/cwt and \$3.76/cwt over last week at this time. Funds continued to roll bull February positions in April futures and completed between 6,000 and 8,000 April/February spreads. The latest CME lean hog index was placed at \$66.86/lb; up \$0.43/lb and \$3.82/lb over last Monday's report. According to HedgersEdge.com, the average pork plant margin was raised \$0.55/head from last report to a positive \$3.80/head. This was based on the average buy of \$49.28/cwt vs. the average breakeven price of \$50.71/cwt. It might be a good idea to get some feed bought.

July 2010 Wheat, January 11, 2010



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

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