

Weekly Roberts Agricultural Commodity Market Report March 2, 2010

CORN futures on the Chicago Board of Trade (CBOT) closed down on Monday. The MAY'10 contract closed at \$3.816; off 7.25[¢] /bu and 1.0[¢] /bu lower than last report. DEC'10 corn futures closed down 6.5[¢] /bu at \$4.064/bu and 1.75[¢] /bu down from last Monday. Exports were supportive while low trading volume; a stronger U.S. dollar; spillover from lower wheat and crude oil prices; and long-corn/short-soybean spread-unwinding pressured prices. The corn/soy spreads were a reversal from last week's trend. In addition, a bearish outside-day chart signal in both March and May futures added downside pressure. Thin trading volume added volatility in the market on Monday. An outside day completely encompasses the previous day's price range. It has a higher high and a lower low than the previous day. It is said to be bearish if the closing price is lower than the previous close and is in reverse of an uptrend. The opposite is true of a bullish outside day. Better-than-expected exports and worries that spring planting will be delayed by wet fields were supportive. USDA put corn-inspected-for-export at 38.861 mi bu vs. expectations for 27-33 mi bu. Funds sold 10,000 lots while large speculators returned to net-long positions in CBOT corn. Cash corn in the U.S. Midwest was steady-to-firm amid slow farmer selling. It is still a good idea to hold off selling on any more of the 2010 corn crop sales at this time; remaining at 60% sold.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up slightly on Monday. The MAR'10 soybean contract closed at \$9.524/bu; up 1.5[¢] /bu; but 9.0[¢] /bu lower than last week at this time. NOV'10 futures were up 1.5[¢] /bu at \$9.424/bu and 6.75[¢] /bu higher than last report. Exports and unwinding of long-corn/short-soy spreads provided support for soybean prices. USDA put soybeans-inspected-for-export at 40.126 mi bu vs. an expected 29-33 mi bu. Tumbling wheat prices and other bearish outside factors affecting commodities suppressed prices but were unable to keep soybean prices in the red. A huge potential South American soybean harvest is also hanging over global stocks. Funds bought almost 2,000 lots while cutting net-bear positions in CBOT soybeans. Cash soybeans in the U.S. Midwest were steady amid slow farmer selling. It would still be a good idea to hold off on any more sales at this time staying at 70% sold in 2010 soybeans. More selling opportunities may show up if the March 10 USDA World Agriculture Supply Demand Estimate (WASDE) report shows shorter ending stocks as some reports are now indicating.

WHEAT futures in Chicago (CBOT) tumbled on Monday. MAR'10 futures closed at \$4.926/bu; down 13.75[¢] /bu and 8.75[¢] /bu lower than last report. The JULY'10 wheat contract closed at \$5.166/bu; off 14.25[¢] /bu and 11.0[¢] /bu lower than last Monday. Light volume often accompanies volatility and today was no exception. Technical sell-stops were noted. A stronger U.S. dollar, a "snub" by Iraq to buy U.S. wheat, and a bearish outside-day for March and May futures pressured prices. Iraq announced it would buy 280,000 tonnes (10.3 mi bu) from Russia and 100,000 tonnes (3.7 mi bu) from Canada snubbing U.S. wheat offers. Large global stocks continue to weigh on wheat prices. Funds bought 5,000 lots cutting net bear positions. Hopefully 60% of the 2010 crop has been covered by this time. It wouldn't hurt to sell another 5%-10%.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were up on Monday with the exception of the March 2010 contract. The APR'10LC contract finished at \$91.725/cwt; off \$0.200/cwt and \$1.500/cwt lower than last week at this time. JUNE'10LC futures were up \$0.200/cwt at \$90.600/cwt. Traders' anticipation of the "Goldman Roll" - rolling positions into later months - and spreading into far months were supportive. The market lacked direction as prices in many contracts were noted both above and below the last close. Cash cattle were steady to somewhat lower in thin trade with

USDA putting the 5-area average at \$90.89/cwt; \$0.24/cwt lower than last week's report. Talking with several floor sources the give and take in prices comes amid a hope that the spot-April will provide support based on a price discount to last week's cash sales while those who see lower prices think abundant cattle for sale this week and the recent weakness in wholesale beef sales will weigh on prices. USDA on Monday put the choice beef cutout at \$150.16/cwt; up \$0.14/cwt and \$2.78/cwt over last report. According to HedgersEdge.com, the average packer margin was lowered \$1.60/hd from last report to a positive \$14.35/hd based on the average buy of \$91.23/cwt vs. the average breakeven of \$92.35/cwt. Feed buyers might have some buying opportunities prior to the March 10 WASDE report.

FEEDER CATTLE at the CME finished up on Monday. MAR'10FC futures finished at \$102.100/cwt; up \$1.050/cwt and \$0.275/cwt higher than last report. The MAY'10FC contract closed up \$1.050/cwt at \$104.500/cwt and \$0.450 cents over last Monday. Fund buying, lower corn prices, and the spot March-long-price-discount to the CME feeder cattle index were supportive influences. Cash feeders were steady-to-weak in light trade in Oklahoma City, down \$0.50-\$1/cwt. The CME feeder cattle index for February 25 was placed at \$101.36/lb; off \$0.12/lb and \$0.26/lb lower than last report. It might be a good idea to buy some feed on these lower corn prices.

LEAN HOGS on the CME finished up on Monday. APR'10LH futures finished at \$72.950/cwt; up \$0.150/cwt and \$2.650/cwt higher than last Monday. The MAY'10LH contract closed up \$0.550/cwt at \$78.475/cwt and \$1.575/cwt over last report. Improving pork fundamental and technical signs were supportive. Trade was light which limited gains. Some price pressure was exerted on the April contract as traders anticipated the Goldman roll in which funds will be shifting April bull positions primarily into June positions. Friday is the first official day of five-day roll period. Reports the U.S. / Russia poultry dispute could be settled by Tuesday were also supportive. USDA on Friday placed the average pork price at \$73.39/cwt; up \$1.20/cwt and \$2.47/cwt over last report. The latest CME lean hog index was placed at \$69.12/lb; up \$0.58/lb and \$1.96/lb higher than this time last week. According to HedgersEdge.com, the average pork plant margin was lowered \$2.10/hd from last report to a positive \$1.10/hd. This was based on the average buy of \$52.01/cwt vs. the average breakeven price of \$52.43/cwt. It might be a good time to price some feed before the March 10 WASDE report.

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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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