Weekly Roberts Agricultural Commodity Market Report March 9, 2010

CORN futures on the Chicago Board of Trade (CBOT) closed mixed on Monday with nearbys through July lower and deferreds from that point on even or higher. The MAY'10 contract closed at $3.750; off 4.0¢/bu and 6.75¢/bu lower than last week. DEC'10 corn futures closed up 4.0¢/bu at $4.030/bu but down 3.5¢/bu from last Monday. Exports were somewhat supportive. The USDA World Agriculture Supply Demand Estimate (WASDE) report due out on Wednesday, March 10 is expected to be neutral on the markets as both supply and demand are expected to be lower in a match-case scenario. USDA put corn-inspected-for-export at 34.1 mi bu vs. expectations for 32-36 mi bu. U.S. corn exports are 19.5 mi bu ahead of this time last year but 23.4 mi bu behind where USDA forecast '09/'10 corn exports to be by now. Short-covering and a weaker U.S. dollar this Monday provided underlying strength amid weak chart signals. Wet weather was supportive as it is seen slowing spring fieldwork. Cash corn in the U.S. Midwest and Mid-Atlantic states was steady to weaker as farmers moved some corn to market. Funds ended even on the day. 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 on Monday. The MAR'10 soybean contract closed at $9.404/bu; up 5.75¢/bu; but 12.0¢/bu lower than last Monday. NOV'10 futures were up 6.0¢/bu at $9.310/bu but 11.5¢/bu lower than last report. Soybeans found support from short-covering in technical trading; good cash demand; and expectations that the U.S. bean crop will be slow to get planted again this year due to the wet winter. Gains were hindered by early reports from South America showing the potential for a record large crop there. Exports were bearish on price as USDA put soybeans-inspected-for-export at 30.9 mi bu vs. expectations for 35-38 mi bu and almost 10 mi bu off the recent weekly pace of around 40 mi bu. Even though soybean exports are 283.3 mi bu ahead of last year's pace they are still 24% behind USDA's projections for the year. Cash soybeans in the U.S. Midwest and Mid-Atlantic states were steady to firm. It might be a good idea to hold at 70% sold in 2010 soybeans unless a closing at or near $10.00/bu futures occurs. More selling opportunities may show up if the March 10, USDA WASDE report shows shorter ending stocks as some reports continue to predict.

WHEAT futures in Chicago (CBOT) finished up on Monday. MAR'10 futures closed at $4.844/bu; up 2.25¢/bu but 8.25¢/bu lower than last report. The JULY'10 wheat contract closed at $5.076/bu; up 2.0¢/bu but 9.0¢/bu lower than last Monday. Exports, a weaker U.S. dollar, technical signs, and higher corn prices were supportive for wheat prices. U.S. wheat exports were 7% higher than other nations this week with USDA putting wheat-inspected-for-export at 20.4 mi bu vs. expectations for 14-18 mi bu. However, U.S. wheat exports still lagged behind this time last year by 151.1 mi bu. Total U.S. wheat exports are 640, 958 mi bu vs. 792,100 mi bu this time last year. In addition, large U.S. and global wheat stocks continue to weigh on prices. Decent wheat-crop weather in the U.S. winter wheat belt is shaping up for a good U.S. winter wheat crop. Analysts are expecting USDA to increase demand in its WASDE report due out at 8:30 a.m. (EST), March 10. Hopefully 60% of the 2010 crop has been covered by this time. It wouldn't hurt to sell another 5%-10% before the report comes out.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were up on Monday. The APR'10LC contract finished at $94.200/cwt; up $1.250/cwt and $2.475/cwt higher than last week at this time. JUNE'10LC futures were up $0.700/cwt at $92.275/cwt and $1.675/cwt over last Monday's close. Light cattle weights, stronger cash cattle, hedge lifting, and fund buying were supportive. Cash cattle bought last week had cattle owners buying back short hedges. Fund rolling and spreading then developed. This was price supportive. Funds spread June/April nearly 5,000 times two floor sources said. Funds were also seen moving longs to June and most likely will continue that activity through Thursday. On Monday USDA put the 5-area average cash price at $90.95/cwt; $0.06/cwt higher than this time last week. Also on Monday USDA put the choice beef cutout price at $149.43/cwt; off $0.16/cwt and $0.73/cwt lower than last report. According to HedgersEdge.com, the average packer margin was raised $13.50/hd from last report to a positive $27.85/hd based on the average buy of $90.37/cwt vs. the average breakeven of $92.51/cwt. Cattle prices may be near a high (See this week's chart). Feed buyers might consider buying near-term feed needs on these corn price dips. It wouldn't be a good idea to try and lock down long-term prices right now.

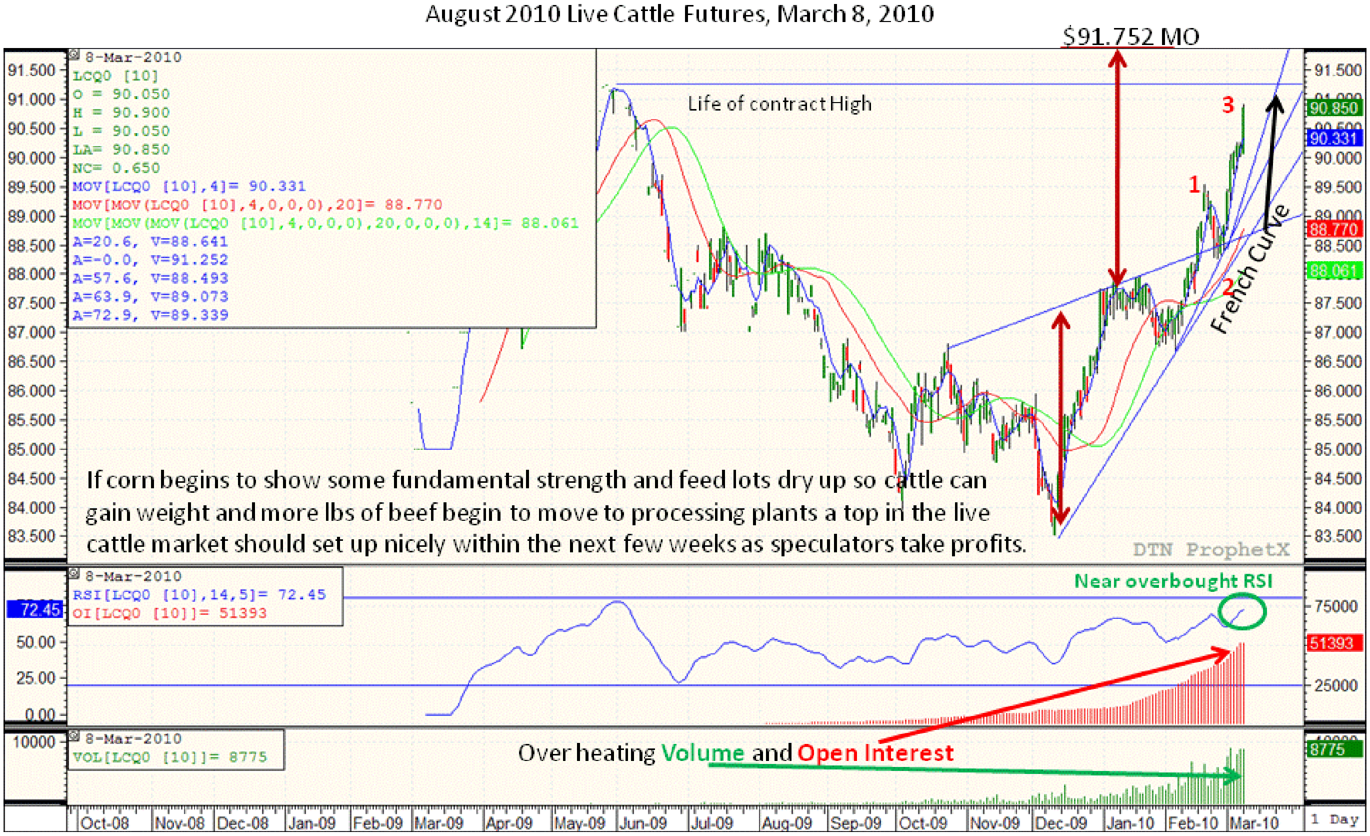
Cattle will begin coming out of the deepfreeze soon.

FEEDER CATTLE at the CME finished up on Monday. MAR'10FC futures finished at $102.525/cwt; up $0.325/cwt and $0.425/cwt higher than last report. The MAY'10FC contract closed up $0.400/cwt at $106.625/cwt and $2.125 cents over last Monday. Feeders followed live cattle higher on lower corn prices and pre-set buy-orders kicking in. Several floor sources said not only did the pre-set buys kick in but spreaders were buying April and selling the March and May contracts. Cash feeders in Oklahoma City were steady to $1 lower in light trade. The latest CME feeder cattle index was up $0.26/lb at $102.08/lb while $0.72/lb higher than last report.   It might be a good idea to buy short-term feed needs on these bouncing corn prices.

LEAN HOGS on the CME closed down on Monday with the exception of December 2011 futures and beyond. APR'10LH futures finished at $72.800/cwt; down $0.300/cwt and $0.150/cwt lower than last Monday. The MAY'10LH contract closed down $0.225/cwt at $78.800/cwt but $0.325/cwt higher than last report. Stronger cash markets amid fewer-than-expected swine supplies were supportive. Lower corn prices were also helpful. Overbought conditions could trigger fund profit taking this week. One major factor weighing on prices was the news that Tyson Foods of Logansport, Indiana temporarily suspended processing at its 15,000 head-per-day facility. The plant was damaged by fire on Friday and may not get up and running until late this week or early next week. When the plant starts back up prices should rebound. Spreading in the June/April was also noted putting pressure on the nearbys. On the other hand, news late last week indicated that Russia will soon start buying U.S. pork products again. However, much of that strength was factored into prices last Thursday and Friday according to my floor sources. USDA on Friday put the average pork price at $75.71/cwt; down $0.20/cwt but $2.32/cwt over last report. The latest CME lean hog index was placed at $72.38/lb; up $0.69/lb and $3.26/lb higher than this time last week. According to HedgersEdge.com, the average pork plant margin was lowered $0.65/hd from last report to a positive $0.45/hd. This was based on the average buy of $53.97/cwt vs. the average breakeven price of $54.15/cwt. It might be a good time to price short-term feed needs at this time.

Note: The chart is a little busy this week but for good reason. There are several signs (both technical and fundamental) signaling that live cattle are near a top. I tried to be concise in my comments on the chart as I think they are well worth noting if profits are to be had. A slew of sell-stop orders will likely be placed at the $91.00/cwt price point if prices go over $91.50/cwt. I believe when live cattle break, they will break at least $3.00/cwt back to around $89.00/cwt. Could be even more if corn prices follow through to the upside and beef production increases out of the feedlots in the spring weather.

August 2010 Live Cattle Futures, March 8, 2010



Several chart signs are signaling ***that we may be getting near a high***. All live cattle charts are showing similar signs. **1)** The chart is approaching the **measuring objective of $91.752** off the reverse head-and-shoulders formation (which will be pressured by the life of contract high); 2) A **French curve** indicates prices are accelerating at an unsustainable pace; 3) The Monday close *looks like* the **3rd wave of a 5-wave sell signal set up**; 4) The **RSI is near overbought**; and 5) both *volume* and *open interest* are heating up.

Don't be the rabbit caught by the hawk of falling prices. It might be a good idea to place sell-stop-at-closing orders around $91.00/cwt if prices go over $91.50 or reach the measuring objective of $91.752/cwt.

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

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