Weekly Roberts Agricultural Commodity Market Report March 30, 2010

The Roberts report will not be published next Monday because of the Easter Holiday.

CORN futures on the Chicago Board of Trade (CBOT) were up somewhat on Monday in light volume. The MAY'10 contract closed at $3.570; up 0.75¢/bu. DEC'10 corn futures closed up 1.00¢/bu at $3.864/bu. Both contracts finished about 13.0¢/bu lower than last report. A weaker dollar, higher crude oil prices and a rally in soybeans were supportive. Prospects for better planting weather limited gains. Exports were neutral with USDA putting corn-inspected-for-export at 37.854 mi bu vs. expectations for 35-38 mi bu. Floor sources said they were waiting on Wednesday's planting intentions and quarterly stocks report before committing too much. Short-covering in the oversold market helped prices most of the day. Funds sold about 1,000 lots moving to a net-short position in CBOT corn. If USDA reports fewer than 88 mi acres in the planting intention report some upside potential exists for corn prices. If 90 mi acres are reported … look out for lower prices.

SOYBEAN futures on the Chicago Board of Trade (CBOT) gained on Monday. The MAY'10 soybean contract closed at $9.674/bu; up 15.5¢/bu but not quite even with last report. NOV'10 futures finished even with Friday's close at $9.254/bu up 7.5¢/bu but not even with prices reported here two weeks ago. As with corn a weaker U.S. dollar and higher crude oil prices were helpful. Also proving helpful was the threat of a producer strike in Argentina amid spreading labor protests. Bull spreading was a main feature as buyers shift their bids to other countries they know can get them the beans after they've been bought. Exports were not much support with USDA putting soybeans-inspected-for-export at 29.291 mi bu vs. estimates for 29.291-33 mi bu. Rainfall in Brazil slowing harvest there was supportive. It might be a good idea to price some of the 2010 crop if you are not already at 70% sold in 2010 soybeans.

WHEAT futures in Chicago (CBOT) were steady-to-weak on Monday. MAY'10 futures closed at $4.664/bu; even with Friday's close but 2.0¢/bu under last report. The JULY'10 wheat contract closed at $4.780/bu; also even with its last close but down 21.0¢/bu from last week. The weak U.S. dollar and technical short-covering were supportive. USDA's planting intentions report due out Wednesday is expected to show fewer acres planted to wheat. Exports were bearish with USDA reporting wheat-inspected-for-export at 14.776 mi bu vs. expectations for 16-20 mi bu. Russia continues to export acceptable wheat worldwide. Weather over the weekend helped spring growth in U.S. wheat. Fundamentals for wheat haven't changed much as there are still ample global stocks. Hopefully 70% of the 2010 crop has been sold.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed up on Monday. The APR'10LC contract finished at $95.375/cwt; up $1.350/cwt but $1.725/cwt lower than last report. JUNE'10LC futures were up $1.325/cwt at $92.900/cwt but $1.175/cwt lower than last week. The AUG'10LC contract closed at $90.800/cwt; up $1.550/cwt but $0.50/cwt lower than a week ago. Live cattle were pulled up by lean hogs' limit surge. Cash cattle were generally $2-$2.5/cwt lower than last week in thin trade as USDA put the 5-area average at $96.03/cwt; $0.24/cwt lower than last week at this time. Unexpected production increases appear to have come from U.S. imports from Canada and increased cow slaughter thereby decreasing packer needs. On Monday USDA put the choice beef price at $162.69/cwt; off $0.09/cwt but $4.50/cwt higher than this time last week. According to HedgersEdge.com, the average packer margin was raised $5.95/hd from last report to a positive $51.65/hd based on the average buy of $96.20/cwt vs. the average breakeven of $100.29/cwt. Those who have been short cattle futures can take some profits now … and several did today. Traders also bought April and sold June on spreads near the end of the day. Looks like the right shoulder of the formation in the August contract may be materializing now.

FEEDER CATTLE at the CME finished up on Monday. The MAY'10FC contract closed up $1.750/cwt at $109.900/cwt; and $5.20/cwt higher than a week ago. AUG'10FC futures closed at $113.375/cwt; up $1.575/cwt and $2.975/cwt over last report. Feeders finished higher in response to higher trending prices in neighboring pits. Cash markets were firm-to-higher as buyers began filling empty pens. The CME feeder cattle index was placed at $106.32/lb; up $0.25/lb and $2.50/lb higher than this time last week.

LEAN HOGS on the CME soared on Monday with all but the April contract limit up! APR'10LH futures finished at $71.875/cwt; up $2.200/cwt. Don't get too excited though this was only $0.575/cwt higher than this time last week. The MAY'10LH contract closed up $3.000/cwt at $79.550/cwt but $0.30/cwt lower than a week ago. USDA's hog report last Friday surprised the market by being surprisingly bullish. USDA's numbers seem to be proving that producers continue to trim herd numbers after over 2 years of losses. USDA on Friday put the U.S. hog herd down 3% at 63.988 mi head. In addition, hogs-kept-for-breeding were down 4% of this time last year. According to several floor sources those who had been bearish turned bullish as they grabbed profits near the close. Technical buying was sparked when both the April and the June contracts burst through their 100-day and 40-day moving averages. This kicked in buy orders placed just above the market and things took off from there and never looked back. Fundamentals are looking pretty good with grilling season about to kick off. USDA put the average pork price at $70.76/cwt; down $1.52/cwt. The CME lean hog index was placed at $70.21/lb, off $0.31/lb and $1.80/lb lower than last week at this time. According to HedgersEdge.com, the average pork plant margin was lowered $1.60/hd from last report to a positive $2.60/hd. This was based on the average buy of $49.52/cwt vs. the average breakeven price of $50.49/cwt.

December 2010 Corn, March 29, 2010

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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