Weekly Roberts Agricultural Commodity Market Report April 20, 2010

CORN futures on the Chicago Board of Trade (CBOT) were off Monday. The MAY'10 contract closed at $3.476; down 16.25¢/bu and 0.75¢/bu lower than this time last week. DEC'10 corn futures closed down 16.25¢/bu at $3.780/bu and 2.75¢/bu down from last report. Good crop weather, a strong U.S. dollar making U.S. corn less attractive to importers, falling crude oil prices, and profit taking after last week's run up in prices proved bearish. News that Goldman Sachs is being investigated for fraud and market manipulation drove them from an active role in commodities today. Goldman Sachs is a large commodity investor. Floor sources said traders expected USDA to show the U.S. corn crop 19% planted. USDA came through with that news in its 4:00 p.m. crop progress report. Exports were supportive. USDA placed corn-inspected-for-export at 37.699 mi bu vs. expectations for 30-35 mi bu. Losses were limited by reports that 230,000 tonnes (9.05 mi bu) of U.S. corn had been sold today to South Korea and another unnamed buyer. Cash corn was steady to weaker amid slow farmer selling. Farmers are in the fields planting vs. selling grain. Funds sold 16,000 contracts trimming net short positions to 62,386 lots. Hopefully 70% of the 2010 crop has been priced. It looks like seasonal price weakness may be have settled in.

SOYBEAN futures on the Chicago Board of Trade (CBOT) finished off on Monday. The MAY'10 soybean contract closed at $9.766¢/bu; down 9.5¢/bu but 16.75¢/bu more than last Monday. NOV'10 futures closed at $9.560/bu off 1.5¢/bu but 21.0¢/bu higher than last report. As with corn, similar bearish outside market influencers were noted. Soybeans appeared headed toward consolidation trading off last week's gains amid no fresh fundamental news. Speaking of fundamentals, China put off some soybean purchases from the U.S. to next year. China is sourcing more soybeans from South America as they become available. However, rains in the Brazil are slowing harvest while dry weather is aiding the Argentinean harvest. USDA announced Monday that China had cancelled a sizeable order of 165,000 tonnes (6.063 mi bu) of U.S. soybeans. USDA put soybeans-inspected-for-export at 15.729 mi bu vs. expectations for 11-14 mi bu. Cash soybeans were steady to weaker in the U.S. Midwest. Funds sold 6,000 contracts near the end of trading while going from a 11,568 net-bull position to a 17,418 net-bear position. Hopefully you have priced 70% of the 2010 crop.

WHEAT futures in Chicago (CBOT) were lower on Monday. Pressure was put on prices as traders took profits off last week's rally which was later held up by short-covering. MAY'10 futures closed at $4.676/bu; down 22.75¢/bu from Friday but even with this time last week. The JULY'10 wheat contract closed at $4.794/bu; off 23.00¢/bu from Friday's close and 1.0¢/bu lower than a week ago. The same factors limiting corn and soybeans affected wheat. Exports were neutral with USDA placing wheat-inspected-for-export at 17.678 mi bu vs. estimates for 16-20 mi bu. Algeria tendered to buy 50,000 tonnes (1.84 mi bu); Russia is holding on to its wheat supply while Iran announced it had sold 2 mi tonnes (73.5 mi bu) to three Arab neighbors. Cash wheat in the U.S. was steady-to-firm. Funds were bullish trimming net-bear positions by 4,400 contracts to 69,846 lots in short positions. Hopefully 70% of the 2010 crop has been priced. If not, price on the rally.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed down on Monday with the exception of the nearby April. April futures seem fairly priced compared to last week's cash cattle market. Spreading was noted as traders bought June and sold August. Spreads involve trading two or more contracts simultaneously while taking advantage of price differences between them. Deferreds are at a discount to April on expectations cash prices will trend lower into summer. The APR'10LC contract finished at $98.950/cwt; up $0.200/cwt and $0.05 since last report. JUNE'10LC futures were down

$0.150/cwt at $94.500/cwt but $0.45/cwt higher than last report. The AUG'10LC contract closed at $92.725/cwt; off $0.250/cwt but even with last Monday's close. Lower outside markets and weak packer cash bids pressured prices. USDA put choice beef at $167.11/cwt; up $0.21/cwt and $1.84/cwt over last report. USDA put the 5-area price at $99.51/cwt; $0.28/cwt lower than a week ago. According to HedgersEdge.com, the average packer margin was raised $24.93/hd from last report to a positive $27.10/hd based on the average buy of $99.88/cwt vs. the average breakeven of $102.05/cwt.

FEEDER CATTLE at the CME finished up on Monday. The May'10FC contract closed up $0.375/cwt at $113.050/cwt; but $2.00/cwt lower than last week at this time. AUG'10FC futures closed at $116.025/cwt; up $0.750/cwt but $0.450/cwt lower than last report. Feeders were supported on lower corn futures and bull activity by funds triggered buy orders. Several floor sources said when corn prices are good, cattle numbers are down, and pastures are flush traders think (at least for that day) heifers will be held back for breeding and steers will be in demand to fill empty pens. I'm not that convinced but tight feeder supplies remain supportive. Fund buying in the August contract offset the bearishly weak tone to cash feeders. Cash calves in Oklahoma City struggled to get even with last week's prices. USDA said early Monday that steers were down $2/cwt while heifers were $1-$2/cwt off. The higher finish to futures was mainly due to speculative buying. The CME feeder cattle index was down $0.15/lb at $113.45/lb but $1.77/lb higher than this time last week.

LEAN HOGS on the CME were up on Monday with the exception of the August contract. The MAY'10LH contract closed up $0.100/cwt at $86.525/cwt and $3.425/cwt higher than last report. AUG'10LH futures finished at $86.200/cwt; off $0.050/cwt. Good cash markets, lower feed input prices, and a good premium to the CME lean hog index were supportive. Processors are ponying up the cash for supplies amid profitable margins and improving exports. Cash hogs late last week were very strong, reaching 20-month highs. Cash hogs on Monday were $1-$1.5/cwt higher on strong packer demand. Profit-taking limited gains near the end of Monday's session. USDA put the average pork price at $85.34/cwt, up $0.09/cwt and $5.83/cwt over last report. The CME lean hog index was placed at $77.72/lb; up $0.84/lb and $2.20/lb higher than this time last week. According to HedgersEdge.com, the average pork plant margin was raised $0.30/hd from last report to a positive $4.25/hd. This was based on the average buy of $59.75/cwt vs. the average breakeven price of $61.28/cwt.

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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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