Weekly Roberts Agricultural Commodity Market Report May 25, 2010

Due to the Memorial Day holiday there will be no report next week. Hope everyone has a good holiday with friends and family. On another note … please let me know via my contact information below if you would like to continue to receive the Roberts Commodity report after July 1, 2010.

CORN futures on the Chicago Board of Trade (CBOT) finished up on Monday. The JULY'10 contract closed at $3.710/bu; up 2.0¢/bu and 1.5¢/bu over last week at this time. DEC'10 corn futures closed up 3.75¢/bu at $3.890/bu and 12.75¢/bu lower than last report. Good Chinese demand continued to buoy corn futures while prospects for good weather, a strengthening dollar, jitters over the worsening European Union economic situation, and bear spreading limited gains. Good weather helped corn seedings as late Monday USDA placed the U.S. corn crop at 93% planted vs. the 5-year average of 89%. USDA placed corn-inspected-for-export at 39.970 mi bu. vs. estimates for 34-38 mi bu. Cash corn was steady to firm due to slow farmer selling. Funds bought 5,000 lots while spreading an additional 3,000 contracts in December/July. Large funds continue to narrow bull positions to 28,453 lots. Overhead resistance is placed at $3.73 while support is at $3.6525/bu. Cash corn was steady-to-firm amid slow farmer selling. Up to 70% of the 2010 corn crop has been priced on previous advice. If not, it might be a good idea to get there on these upticks.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were up on Monday with the exception of the nearby July contract. The JULY'10 soybean contract closed at $9.404/bu; down 0.5¢/bu and 0.75¢/bu lower than a week ago. NOV'10 futures closed at $9.154/bu up 8.0¢/bu but 1.0¢/bu lower than last report. Unwinding of bull-spreads limited July and some other nearbys while supporting deferreds. Rumors and talk that buyers will switch from South American soybeans to U.S. beans was supportive but will not support the market long term unless more U.S. exports materialize. Argentine farmers are hoarding millions of tonnes of soybeans as they hold out for higher prices and a weaker peso. This is forcing Argentinean crushers to pay a premium to get hold of beans in a situation that may last for months. Additional support came from reluctant farmer selling resulting in firm cash markets. BUNGE in the port of Rosario has reportedly been running at 60% of capacity. Lower-than-expected exports, a stronger U.S. dollar, and good cropping weather hindered gains. USDA put soybeans-inspected-for-export at 3.901 mi bu vs. expectations for 7-10 mi bu. USDA on Monday put U.S. soybean seedings at 53% vs. the 5-year average of 58% for this time of year. Several floor traders said pit traders expected USDA to place planting progress at 56%. This news might help prices somewhat for the rest of the week. Funds turned net-bears holding 10,684 short positions. Hopefully 70% of the crop has been sold on previous advice.

WHEAT futures in Chicago (CBOT) were down on Monday. The JULY'10 wheat contract closed at $4.674/bu; off 4.5¢/bu and 1.75¢/bu lower than a week ago. JULY'11 futures finished down 2.75¢/bu at $5.774/bu; 3.75¢/bu lower than this time last week. Exports and some short-covering were supportive while large world supplies and a stronger U.S. dollar continue to be burdensome on wheat prices. USDA on Monday placed wheat-inspected-for-export at 20.308 mi bu vs. expectations for 13-17 mi bu. Funds grew new-bear positions to 56,650 lots amid light selling action. Reports from Europe and France indicate hot, dry weather is threatening yields there. Late Monday USDA gave the U.S. winter wheat crop a 66% good-to-excellent condition rating. Hopefully 70% of the 2010 crop was sold on previous advice allowing room to speculate with the rest of the crop. It also may be a very good idea to price up to 30% of the 2011 crop.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed down again on Monday. JUNE'10LC futures were down $0.250/cwt at $91.125/cwt and $1.375/cwt lower than last report. The AUG'10LC contract closed at $91.800/cwt; off $0.800/cwt and a $3.275/cwt under last Monday's close. Spreading was noted particularly by one large fund. It bought June and sold August more than 1,000 times trimming June losses before that action ran out of steam. Volume was light as interest was low. Friday's USDA cattle on feed report showed May 1 supplies at a six-year low. Up-to-date market information from USDA was slow coming all day due to a computer glitch at USDA. USDA place the choice price at $167.05/cwt, down $0.15/cwt from Friday and $2.21/cwt lower than this time last week. Cash cattle on Monday brought lower bids. The USDA 5-area-average price on Monday was placed at $97.14/cwt:$2.73/cwt lower than a week ago. A few cash bids of $93/cwt were noted on Monday but cash sales were mainly quiet. Additional pressure was put on by the seasonal trend to lower prices for beef about this time of year as retailers have already bought what they think they will sell for the Memorial Day holiday. Traditionally sales fall off this time of year but some traders are optimistic they will hang tough because of lower inventory numbers this year. According to HedgersEdge.com, the average packer margin was raised $6.50/hd from last report to a positive $40.00/hd based on the average buy of $98.05/cwt vs. the average breakeven of $101.27/cwt.

FEEDER CATTLE at the CME closed down on Monday. The May'10FC contract closed down $0.675/cwt at $108.075/cwt; and $1.575/cwt lower than last week at this time. AUG'10FC futures closed at $108.850/cwt; off $1.300cwt and $3.200/cwt under last report. Feeders finished lower on sell orders triggered when nearbys fell below recent low prices. Spreading was noted as traders bought the May and sold the August contracts. Lower live-cattle, funds wary of the European economic situation, and small gains in corn prices pressured feeders. Funds liquidated long positions, especially in August feeders. The latest CME feeder cattle index was placed at $110.06/lb; down $0.97/lb and $2.49/lb lower than a week ago. Volume for feeder cattle was firm compared to last week. Estimated receipts were placed at 11,600 head compared to the actual count of 9,541 last Monday. The Oklahoma National Stockyards will be closed Monday, May 31, 2010 for Memorial Day. Sales will resume on Tuesday. Compared to last week feeder cattle were $1-$3/cwt lower with the least decline on steers over 900 lbs and heifers over 800 lbs. Demand for all classes was steady.

LEAN HOGS on the CME were gainers on Monday. The JUNE'10LH contract closed up $0.425/cwt at $81.875/cwt and $0.375/cwt over last report. AUG'10LH futures finished at $82.650/cwt; up $0.325/cwt and $1.150/cwt higher than a week ago. Bull spreading was noted. Spreads involve trading two or more contracts at the same time while capitalizing on the price differences between them. Hogs started lower but closed on the uptick in late buying encouraged by USDA's Cold Storage report of last Friday showing U.S. pork supplies at their lowest point in six years. The USDA report showed there were 482.5 mi lbs of pork in U.S. warehouses as of April 30; down 21% from a year ago. U.S. pork production was down 4.4% for 2010 because of lower herd numbers on farms. Smithfield Foods Inc. the largest U.S. hog producers said last week it had no plans to rebuild its hog herd to previous levels. Expectations for higher export possibilities were also supportive. Despite this higher finish prices should go lower after the seasonal buying for the holiday. Packers mostly bought all they needed late last week and today. USDA put the average pork price at $87.53/cwt; off $0.23/cwt and $4.28/cwt lower than this time last Monday. The CME lean hog index was placed at $86.38/lb; off $0.49/lb and $1.80/lb lower than last report. According to HedgersEdge.com, the average pork plant margin was lowered $0.75/hd from last report to a positive $6.20/hd. This was based on the average buy of $60.62/cwt vs. the average breakeven price of $62.90/cwt.

November 2010 Soybeans, May 24, 2010

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

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