Weekly Roberts Agricultural Commodity Market Report June 8, 2010

CORN futures on the Chicago Board of Trade (CBOT) closed down on Monday. The JULY'10 contract closed at $3.356/bu; off 4.25¢/bu. DEC'10 corn futures closed down 4.5¢/bu at $3.550/bu. The struggling European Union economy, fund selling, good growing weather, and weak exports weighed on prices. Fears over European Union economic woes kept traders from the bull pits as evidenced by follow-through selling from last Friday by large funds. Funds sold over 8,000 contracts as investment money left the corn market. USDA reported the U.S. corn crop late Monday at 76% good-to-excellent condition. According to several floor sources pit traders expected a rating of 77%. Excellent growing conditions are raising the potential for record yields. Also on Monday USDA placed corn-inspected-for-export at 31.742 mi bu vs. expectations for 36-40 mi bu. The absence of any fresh fundamental news is keeping buyers on the bench. Basis was firm due to very slow farmer selling on falling prices. USDA will issue its World Agriculture Supply Demand Estimates (WASDE) report this Thursday. Hopefully 70% of the 2010 corn crop has been priced on previous advice.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were mixed on Monday. The JULY'10 soybean contract closed at $9.350/bu; even with last Friday's close. SEP'10 soybean futures were down 1.5¢/bu at $9.042/bu while NOV'10 futures closed at $9.000/bu also even with last session's closing price. Tight cash markets limited the downside as farmers held onto supplies waiting for higher prices. USDA reported the U.S. soybean crop 84% planted, right on the money with the 5-year average. This was a little behind what pit traders expected. Also on Monday USDA put out their first soybean crop rating. The crop was rated at 75% in good-to-excellent shape vs. expectations for 70%. The market had a hard time putting anything together because of limited or no fresh news and the economic woes in Europe. Bearish fundamentals are still keeping the lid on prices as well. Cash soybean prices firmed trying to entice farmer selling. Early in the session some bull spreading was noted in nearby contracts until late position-evening smoothed things over. The market is in a "wait-and-see" mood right now and prices probably won't see too much movement until something like harsh weather or other fundamental news comes along. USDA put soybeans-inspected-for-export at 4.341 mi bu vs. expectations for 7-10 mi bu. Hopefully 70% of the crop has been sold on previous advice.

WHEAT futures in Chicago (CBOT) finished down on Monday. The JULY'10 wheat contract closed at $4.322/bu; off 3.5¢/bu. JULY'11 futures finished down 3.0¢/bu at $5.496/bu. Harvest continues to pressure prices weaker on already burdensome global stocks. Recent rains in the U.S. Plains have stopped the combines marching north but reports from the field indicate they will resume with vigor once the rain lets up. Exports were steady with USDA putting wheat-inspected-for-export at 14.379 mi bu vs. expectations for 13-17 mi bu. Argentina reports good prospects for 2010/11 wheat production to 11 mi tonnes (404.2 mi bu), up from 7.5 mi tonnes (275.6 mi bu) last year. Some short-covering can be expected ahead of the WASDE report due out this Thursday. Funds, now in heavy net-bear positions at 67,865 short-lots, may provide some temporary upward momentum this week amid short covering. Late Monday USDA placed the U.S. wheat crop at 66% in good-to-excellent condition vs. 65% last week. The good-to-excellent crop rating for the U.S. spring wheat crop was placed at 85%. Hopefully 70% of the 2010 crop has been sold. It also may be a very good idea to price up to 40% of the 2011 crop.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed down on Monday. JUNE'10LC futures were down $1.150/cwt at $89.800/cwt. The AUG'10LC contract closed at $87.725/cwt; off $0.900/cwt. Declining beef prices and spillover effects from hogs pressured prices. Cash prices were bid lower by packers on shrinking margins with USDA posting the 5-area average price at $94.53/cwt. Futures traders see nothing but weakness for cash prices at least for the next 10 days as fat cattle were bringing $2-2.50/cwt less than this time last week. USDA placed the choice price at $160.45/cwt; off $0.36/cwt. The struggling European economy looks like it is finally impacting U.S. beef sales even though some export markets are still supporting beef prices. Weakening processing margins could limit how much packers are willing to pay this week. According to HedgersEdge.com, the average packer margin was lowered $6.30/hd from last report to a positive $33.70/hd based on the average buy of $94.15/cwt vs. the average breakeven of $96.86/cwt.

FEEDER CATTLE at the CME closed down on Monday. AUG'10FC futures closed at $108.400/cwt; off $0.475cwt. Feeders followed cattle and other commodities lower. However, losses were cut short on lower corn prices. Compared to a week ago cash feeder prices were $2-$4/cwt lower. Demand is moderate for feeders and low for calves. Estimated volume in Oklahoma City was 13,200 head vs. 9184 this time last year. Last week no sales were held on Monday due to the holiday.

LEAN HOGS on the CME were off on Monday. The JUNE'10LH contract closed down $1.275/cwt at $77.775/cwt. AUG'10LH futures finished at $78.800/cwt; up $1.975/cwt. Weak chart signs amid active fund selling pressured prices. Funds abandoned live hogs on long-liquidating trades. However, some floor sources said that fund traders started buying on the oversold status near the close. This may contribute some strength on Tuesday. They went on to say that any buyer right now is a little bit nervous about overexposure in light of the wavering stock market. Slow pork movement on Monday indicates this week might be a slow one for pork prices. USDA put the average pork price at $84.78/cwt; off $0.59/cwt. The CME lean hog index was placed at $80.07/lb; off $0.04/lb. According to HedgersEdge.com, the average pork plant margin was raised $4.80/hd from last report to a positive $11.00/hd. This was based on the average buy of $56.80/cwt vs. the average breakeven price of $60.86/cwt.

November 2010 Soybeans, June 7, 2010

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

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