Weekly Roberts Agricultural Commodity Market Report June 22, 2010

CORN futures on the Chicago Board of Trade (CBOT) finished down on Monday. The JULY'10 contract closed at $3.550/bu; down 5.75¢/bu. DEC'10 corn futures closed off 5.75¢/bu at $3.746/bu. Over bought conditions, a stronger U.S. dollar, and brisk farmer selling pressured prices. There was no fresh fundamental news. Cash corn prices held steady where elevators needed the commodity. That won't last long at the pace corn is leaving farm grain bins. Corn prices tended bullish on the opening amid news that China would let its currency float. However, buying enthusiasm waned quickly on ample supply side economics. Technical trading pushed declines lower toward the end of the session. Speculative funds sold nearly 14,000 contracts. Fund activity is a measure of investment money flow into or out of the market. Exports were bearish with USDA putting corn-inspected-for-export at 24.488 mi bu vs. expectations for 35-38 mi bu. Hopefully the rest of the 2010 crop and up to 20% of the 2011 crop were priced on advice from last report.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up on Monday. The JULY'10 soybean contract closed at $9.632/bu; up 2.25¢/bu. SEP'10 soybean futures finished up 6.25¢/bu at $9.440/bu. NOV'10 futures closed at $9.390/bu, up 8.5¢/bu. Excess rain on some areas is slowing planting and worries over hot dry weather in the Mississippi River Delta area added support on fears that the recently planted crop is suffering. USDA late Monday put the U.S. soybean crop at 93% planted and in 69% good-to-excellent shape vs. a 73% rating this time last week. The bearish influence of a stronger dollar was offset by news that China would have more buying power due to recent moves in its financial markets and decisions by their government to let the Chinese yuan float on market demand. Even though China confirmed a buy of 120,000 tonnes (4.41 mi bu) of old-crop U.S. soybeans it had little effect on the market. According to several floor sources this deal had been expected for several weeks and was factored into prices already. USDA put soybeans-inspected-for-export at 7.151 mi bu vs. expectations for 7-9 mi bu. Cash soybeans were steady to firm amid slow farmer selling. Funds bought over 4,000 lots of soybeans. Fund activity is a measure of investment money flow into or out of the market. Selling takes money out of the market and buying puts money in. It would be a good idea to sell another 10% of the 2010 soybean crop taking you to 80% sold.

WHEAT futures in Chicago (CBOT) finished lower on Monday with the exception of the July contract. The JULY'10 wheat contract closed at $4.620/bu; up 0.25¢/bu. JULY'11 futures finished down 1.25¢/bu at $5.5684/bu. Futures traded both sides until near the close. Traders noted that harvest-weather forecasts in Canada were the biggest price influencers on Monday. It is very wet there. Wheat supplies in the U.S. continue to come on line and influence supply amid very good harvest conditions. CBOT wheat was unable to find gains as wheat on the MGE and KCBT exchanges found some, even though they were small. Funds sold an estimated 2,000 contracts in Chicago. Exports had a bearish influence as Egypt and Saudi Arabia turned up their noses at sizable tenders for U.S. wheat this past weekend. Saudi Arabia booked 990,000 tonnes (36.38 mi bu) of German and Canadian wheat while Egypt bought 120,000 tonnes (4.41 mi bu) of Russian and Kazakh wheat. USDA put wheat-inspected-for-export at 11.465 mi bu vs. expectations for 12-14 mi bu. Last week Canada was seen as having production problems. They scored big this week on a wheat sale to Saudi Arabia with an effective price of $228.00/tonne ($6.205/bu). Hopefully 70% of the 2010 crop and up to 40% of the 2011 crop were priced last week.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed up on Monday. JUNE'10LC futures were up $0.825/cwt at $90.125/cwt bu. The AUG'10LC contract closed at $89.325/cwt; up $1.125/cwt. The June contract expires next week and is considered in "lame-duck" trading status. The DOW had a good day in New York on news of the changes in how the Chinese yuan will be priced. This was a bullish influence on beef prices. Several floor sources said that last Friday's USDA cattle report was good for prices as it did not contain any bearish news. The report showed an increase in cattle placements for May but according to interviewed floor sources that was expected and taken into account during last Thursday's trading. Short covering and bullish discounts to last week's cash markets were also rallying influences. Spreading was noted as October futures were bought and June, August, and February were sold. Cash cattle last week sold around $91/cwt vs. $92.50-93/cwt week before last. USDA on Monday put the 5-area average for cash cattle at $91.02/cwt even though it was noted that there were not enough sales in any feeding region to establish an adequate market trend. The choice beef cutout was raised to $153.94/cwt; up $0.47/cwt and $0.77/cwt higher than a week ago. According to HedgersEdge.com, the average packer margin was raised $29.60/hd from last report to a positive $15.95/hd based on the average buy of $91.76/cwt vs. the average breakeven of $93.03/cwt.

FEEDER CATTLE at the CME closed higher on Monday. AUG'10FC futures closed at $111.700/cwt; up $1.525cwt. The OCT'10FC contract finished up $1.60/cwt at $111.550/cwt. Fat cattle influenced feeders higher and falling corn prices added to gains. Cash feeders were up $1/cwt by the end of last week. No prices or volume numbers were obtained from Oklahoma City today. The latest CME feeder cattle index was placed at 108.35; down 0.36 and 1.59 lower than last week at this time.

LEAN HOGS on the CME closed up on Monday. The JULY'10LH contract closed up $1.125/cwt at $82.000/cwt and. AUG'10LH futures finished at $84.350/cwt; up $1.700/cwt. Higher cash pork prices, lower corn prices, the monetary policy change for the Chinese yuan, and a higher DOW Jones were supportive. Technical buying was triggered as futures extended gains. Floor sources believed that the better DOW performance had more to do with higher pork prices than other factors today. They said that better performing stock markets should support U.S. and overseas demand for the more expensive pork products. Spreading into the August out of both July and October futures was noted. Spreading involves trading two or more months at the same time while trying to capitalize on the price differences between them. USDA put the average pork price at $83.74/cwt; up $0.96/cwt from Friday and $0.25/cwt lower than a week ago. The CME lean hog index was placed at 79.10; up 0.73 and 1.17 over last report. According to HedgersEdge.com, the average pork plant margin was lowered $4.55/hd from last report to a positive $5.35/hd. This was based on the average buy of $58.17/cwt vs. the average breakeven price of $60.09cwt.

November 2010 Soybeans, June 21, 2010

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

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