Weekly Roberts Agricultural Commodity Market Report August 9, 2010

CORN futures on the Chicago Board of Trade (CBOT) closed down Monday. The SEPT'10 contract closed at $4.030/bu; off 2.0¢/bu but 13.0¢/bu higher than last report. DEC'10 corn futures closed off 2.0¢/bu at $4.180/bu but 14.0¢/bu higher than last Monday. The DEC'11 contract closed at $4.390/bu; down 1.5¢/bu but 8.0¢/bu higher than a week ago. Spillover weakness from profit taking in the wheat market was the primary influencer of lower corn prices on Monday. Good corn-crop weather also contributed pressure to prices. USDA late Monday put the U.S. corn-crop good-to-excellent rating at 71% - the same as a week ago. Several floor sources said traders expected a lower rating due to heat stress and more than enough rain. Little fresh fundamental news was available on Monday. Weather is now the primary fundamental market mover. Traders are looking forward to the next USDA World Agriculture Supply Demand Estimate (WASDE) report due out Thursday, August 12. It will most likely take a bullish USDA report to keep corn from sliding further. Funds sold almost 7,000 lots. USDA put corn-inspected-for-export at 41.986 mi bu vs. expectations for 38-40 mi bu. It wouldn't be a bad idea to get 100% of the 2010 crop sold. Last week recommendations were made to price up to 30%of the 2011 crop as well. It would not be imprudent to price another 10% taking you to 40% sold.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up on Monday with the exception of the August '10 and September '10 contracts as traders unwound spreads ahead of Thursday's WASDE report. The AUG'10 soybean contract closed at $10.484/bu; off 10.5¢/bu and 5.0¢/bu lower than a week ago. SEP'10 soybean futures finished down 4.5¢/bu at $10.344/bu but 15.0¢/bu higher than last report. NOV'10 futures closed at $10.350/bu, up 1.5¢/bu and 25.0¢/bu higher than a week ago. NOV'11 soybean futures closed up 3.5¢/bu at $10.214/bu; 24.0¢/bu over last report. New crop futures were supported by strong demand from China. USDA put soybeans-inspected-for-export at 7.131 mi bu vs. expectations for 6-9 mi bu. China bought 280,000 tonnes (10.29 mi bu) from U.S. shippers for delivery in '10/'11. Soybean shippers in Argentina reported that workers there plan on continuing their strike over wages for another 48 hours. According to USDA the U.S. soybean crop in good-to-excellent condition is unchanged from last week at 66%. Spreading in soyoil and soymeal, as well as gains in crude oil prices provided some support. Reports showed funds buying 3,000 lots. Cash soybean prices and nearby futures were pressured by brisk farmer selling. Argentinean markets were lack-luster on slow demand. Soybean news regarding Brazil's 2010/2011 crop show Brazilian producers are expecting to increase production to a record 24 mi hectares (9.7 mi acres). Last year's crop was grown on 23.5 mi hectares (9.47 mi acres). Brazilian agriculture officials say the increase is not expected from "new" ground but from lower corn plantings. No yield estimates were readily available for Brazil. It would be a good idea to get 90% of the 2010 crop priced and up to 20% of the 2011 crop priced if you haven't already.

WHEAT futures in Chicago (CBOT) were mixed on Monday with deferreds showing gains while nearby's posting declines. The SEPT'10 wheat contract closed at $7.124/bu; off 13.25¢/bu but 73.0¢/bu higher than this time last week. JULY'11 futures finished up 11.5¢/bu at $7.144/bu but 25.0+¢/bu cents lower than last report. Bear spreading and position squaring by funds ahead of the Thursday WASDE report pressured nearby's. The opportunity to take profits on positions overrode production concerns from Russia and nearby wheat producing countries. Russian Prime Minister, Vladimir Putin said on Monday there would not be a quick lifting of the grain export ban. Last Friday wheat futures volume registered an all-time high of 316,053 lots vs. the old record of 263,120 contracts. Open interest did not change as much as expected indicating fund activity amid a transfer of ownership. That is, those who were "long" wheat became sellers and vice versa. Egypt bought 240,000 tonnes (8.82 mi bu). USDA put wheatinspected-for-export at 14.248 mi bu vs. expectations for 10-12 mi bu. If you haven't priced at least 80% of the 2011 wheat crop yet it still is a very good idea to do so.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) closed up on Monday with the exception of the October 2010. The AUG'10LC contract closed at $93.100/cwt; up $0.325/cwt and $0.930/cwt over last report. The DEC'10LC contract closed up $0.175/cwt at $97.575/cwt; $1.650/cwt higher than this time last week. The APR'11LC contract closed at $100.600/cwt, up $0.050/cwt and $1.13/cwt higher than last report. Higher retail prices, gains in outside markets, and short covering on technical positions were supportive. USDA put the box beef price at $152.74/cwt; up $1.95/cwt from Friday and $2.04/cwt over last report. On Monday USDA put the 5-area price at $93.05/cwt; $0.12/cwt over this time last week. Total open interest fell last Friday due to settled positions in the August contract ahead of delivery notices as that contract gets ready to come to a close. In other news, Argentinean beef exports slacked off on government limits and tight supply. Between January and June of 2010 Argentina exports were off 44% from last year. According to HedgersEdge.com, the average packer margin was lowered $3.40/hd from last week to a negative $14.50/hd based on the average buy of $92.78/cwt vs. the average breakeven of $91.66/cwt.

FEEDER CATTLE at the CME finished mixed on Monday. AUG'10FC futures closed at $112.275/cwt; off $0.125cwt and $0.325/cwt off last report. The OCT'10FC contract finished off $0.225/cwt at $113.000/cwt and $0.725/cwt lower than last week at this time. Rising grain prices had a negative impact on feeder prices. Spreaders sold September and bought August while others sold October and bought September. Also weighing on September futures were Goldman traders and others rolling positions out of the August contract. The CME feeder cattle index was placed at 113.00/lb; unchanged from Friday but 0.23/lb higher than last report. The Oklahoma National Stockyards in Oklahoma City, OK estimated Monday receipts at 6,000 head vs. 6,266 last week and 6,611 a year ago. Compared to last week's prices feeder steers were steady to 1.00/cwt lower while feeder heifers were steady to 2.00/cwt lower.

LEAN HOGS on the CME closed down on Monday. AUG'10LH futures finished at $81.200/cwt; down $0.825/cwt and $5.700/cwt lower than this time last week. The FEB'11LH contract closed down $0.725/cwt at $74.300/cwt and $2.480/cwt lower than last Monday. Wholesale prices declined for the fourth day in a row with USDA putting the wholesale pork price at $90.05; down $0.58/cwt from the previous and $0.60 lower than this time last week. Cash hogs on Monday were off $1-1.50/cwt. Chart selling and some spreading into October 2010 futures from August and September futures pressured prices. The latest CME lean hog index was placed at 85.82/lb; up 0.21/lb and 1.88/lb over last report. According to HedgersEdge.com, the average packer margin was raised $0.75/head to a positive $11.50/hd based on the average buy of $60.47/cwt vs. the average breakeven of $64.76/cwt.

July 2011 Wheat, August 9, 2010

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

For more risk management information visit: http://www.fmxconnect.com/robertsreport or http://www.fmxconnect.com

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