

Weekly Roberts Agricultural Commodity Market Report May 12, 2009

CORN futures on the Chicago Board of Trade (CBOT) closed mixed on Monday with some contracts up on technical trading. MAY'09 corn futures closed at \$4.134/bu; off 0.5¢ /bu but 15.5¢ /bu higher than last week at this time. The JULY'09 contract closed at \$4.212/bu; up 0.25¢ /bu and 80.75¢ /bu higher than last Monday. DEC'09 corn futures finished at \$4.402/bu; up 0.25¢ /bu and 14.75+¢ /bu over last report. Profit taking was seen ahead of Tuesday's USDA World Agriculture Supply Demand Estimates (WASDE) report that will be released at 8:30 a.m. EST. Higher crude oil prices, good exports, and a continued slow planting pace were supportive. Floor sources said pit traders expected USDA to put corn seedings between 45-50% and didn't expect it to get any better. Late on Monday USDA issued its crop progress report putting corn seedings at 48% vs. a 5-year average for this time of year at 71%. The corn-belt is expecting more rain this week. USDA put corn-inspected-for-export at 46.1 mi bu vs. expectations for between 30.0-35.0 mi bu. Funds bought about 2,000 lots. Consider pricing up to 60% of the '09 crop at this time leaving 40% to speculate with.

SOYBEAN futures on the Chicago Board of Trade (CBOT) were up on Monday with the exception of the May contract. MAY'09 soybean futures closed at \$11.300/bu; down 4.0¢ /bu but 14.75+¢ /bu higher than this time last week. The JULY'09 contract finished up 4.4¢ /bu at \$11.160; 12.75¢ /bu over last Monday. The NOV'09 contract closed at \$9.830/bu; up 3.5¢ /bu and 12.75¢ /bu higher than last report. Profit taking and surprisingly low exports pressured prices early on but recovering oil prices were supportive. Good prices near the end of last week saw traders putting money in their pockets on profit taking while news of the first outbreak of H1N1 flu in China rocked their markets. USDA put soybeans-inspected-for-export at 8.9 mi bu vs. expectations for between 15.0-20.0 mi bu. The market traded the US soybean crop between 14%-22% complete. Late on Monday USDA's crop progress report had 14% of the US soybean crop planted vs. the 11%; 5-year average. Old crop soybeans have become very tight in supply now and that is also very supportive. Funds bought right at 1,500 contracts while large speculators increased net bull positions by 19,200 lots. It is a good idea to hold off on pricing more of the '09 crop and stay at 50% priced for now.

WHEAT futures in Chicago (CBOT) closed just about unchanged on Monday ahead of the USDA WASDE report. The MAY'09 contract, which will expire on Thursday, closed at \$5.804/bu in light trade and even with Friday's close but 42.0¢ /bu higher than this time last week. JULY'09 wheat futures finished off 0.25¢ /bu at \$5.906/bu but 35.5¢ /bu higher than a week ago. Slow exports and choppy prices pressured prices all day. USDA put wheat-inspected-for-export at 11.4 mi bu vs. expectations for between 10.0-15.0 mi bu. Several nations are trimming wheat imports due to the weakened world economy. USDA put the US spring wheat crop at 35% planted vs. a 78% 5-year average for this time of year. Also, USDA put the US winter wheat crop good-to-excellent rating at 47%. Funds bought about 1,600 contracts as large speculators cut back on net bear positions buying CBOT wheat futures. It is a good idea to get up to 45% of the '09 crop priced at this time.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were up on Monday in solid gains. The JUNE'09LC contract closed at \$83.275/cwt; up \$0.300/cwt and \$1.400/cwt higher than last report. The AUG'09LC contract closed up \$0.300/cwt at \$83.900/cwt and \$1.800/cwt higher than last Monday's close. DEC'09LC futures closed at \$90.825/cwt; up \$0.700/cwt and \$2.000/cwt higher than last report. After a weak start on weak outside markets expectations for better cash prices later in the week rallied futures. Two floor sources said they were expecting another \$1/cwt for fat cattle later in the week. The

USDA 5-area average price was placed at \$84.04/cwt but \$1.675/cwt lower than this time last week. USDA on Monday put the Choice Boxed Beef cutout at \$145.14/cwt; up \$0.27/cwt but \$3.17/cwt lower last report. June/August bull spreads were supportive. According to HedgersEdge.com average packer margins were reduced \$0.10/head from this time last week. The average processor margin was placed at a positive \$6.60/head based on the average buy of \$85.22/cwt vs. the average breakeven of \$85.74/cwt. Hopefully feed needs for several weeks were bought on previous advice.

FEEDER CATTLE at the CME finished up on Monday. The MAY'09FC contract closed at \$99.550/cwt; up \$0.2000/cwt and \$2.15/cwt over last Monday's close. AUG'09FC futures finished at \$101.60/cwt; up \$0.900/cwt and \$2.925/cwt higher than last report. Live cattle were supportive as feeder calf buyers see grass coming along well now. Technical traders from a large speculative firm came in late buying heavily into the August supporting that contact. A higher CME Feeder Cattle Index was supportive being placed at \$99.71/cwt; up \$0.20/cwt from Friday but near even with last week at this time. It may be a good idea to hold feeders to a little heavier weight for now.

LEAN HOGS on the CME closed down on Monday amid lingering swine flu fears. The MAY'09LH contract closed at \$61.100/cwt; down \$0.025/cwt but \$5.125/cwt higher than this time last week. The JUNE'09LH contract was off \$0.425/cwt at \$67.775/cwt; but \$4.300/cwt higher than last Monday. Hogs are trying to make a comeback and most likely will as people become more informed about who and not what can give them the H1N1 flu. Traders expect bans other countries put on US hog imports will most likely fade by the end of the week. USDA put the Pork Cutout on Friday at \$59.30/cwt; up \$0.72/cwt. The latest CME Lean Hog Index was placed at \$55.39lb; down \$0.28/lb and \$5.01/lb lower than a week ago. According to HedgersEdge.com, the average pork plant margin was raised \$3.90/head to a positive \$0.05/head. This was based on the average buy of \$41.99/cwt vs. the average breakeven price of \$42.01/cwt. It might be a good idea to continue to sell hogs when ready while looking for feed buying opportunities.

2009 November Soybeans, May 11, 2009



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

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