

Weekly Roberts Agricultural Commodity Market Report December 1, 2009

CORN futures on the Chicago Board of Trade (CBOT) finished steady to firm on Monday. DEC'09 corn futures finished at \$4.026/bu; up 5.5¢/bu. The MAY'10 contract closed at \$4.272; up 3.25¢/bu. Higher month-end buying and strength from wheat, and a weaker dollar were supportive. Weak exports, short-hedge covering, and favorable harvest weather kept the lid on prices. USDA reported corn-inspected-for-export at 23.751 mi bu vs. expectations for 29-32 mi bu. Funds were near even at midday and bought almost 6,000 lots near the close. U.S. exports included 270,000 tonnes (10.6 mi bu) of U.S. corn. Cash corn in the U.S. Midwest was steady to firm amid scattered selling. Since the carry from December to July is increasing it might be a good idea to consider storing the unpriced 2010 crop or pricing it for delivery in July.

SOYBEAN futures on the Chicago Board of Trade (CBOT) finished up on Monday. JAN'10 soybean futures closed at \$10.604/bu; up 7.5¢/bu. The MAR'10 soybean contract closed at \$10.660/bu; up 7.25¢/bu. Strength in wheat, a weaker U.S. dollar, and end-of-month buying by large funds supported profits while exports were disappointing. Floor sources said that soybeans are benefitting from an anticipation of speculative fund buying heading into a new month and that is what is keeping sellers out. USDA reported soybeans-inspected-for-export at 41.268 mi bu vs. expectations for 55-65 mi bu. Funds bought just over 2,000 lots by midday. Cash soybeans were steady to firm amid scattered farmer sales. Since the carry is weak from January to July it would be a good idea to get the rest of the 2009 crop sold and consider selling 20% of the '10 crop at this time.

WHEAT futures in Chicago (CBOT) finished mixed Monday with deferreds losers and nearby gainers. DEC'09 futures closed at \$5.674/bu; up 18.75¢/bu. The JULY'10 wheat contract closed at \$6.102/bu; up 17.0¢/bu. Month-end buying and a weaker U.S. dollar were supportive. Exports were disappointing with USDA placing wheat-inspected-for-export at 14.674 mi bu vs. expectations for 15-18 mi bu. Prospects for better weather were supportive. Large speculators bought between 4,000 – 5,000 contracts. It would be an extremely good idea to price up to 20 - 30% of the 2010 wheat crop now if you haven't done so already.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) finished up on Monday. DEC'09LC futures closed at \$83.200/cwt; even with Friday's close. The APR'10 contract finished at \$88.125/cwt; up \$0.125/cwt. Technical buying was noted while talk that packers were cutting back due to slow consumer demand and lower outside markets kept the lid on prices. Consumer demand remains slow due to continued high unemployment and the cyclical trend to consume more turkey and pork this time of year. USDA put the 5-area average at \$83.26/cwt last Friday; \$0.545/cwt lower than two weeks ago. Early Monday USDA put the choice beef cutout at \$142.00/cwt; up \$0.57/cwt and \$2.15/cwt higher than last report. Preliminary polls indicate fewer cattle for sale this week. This is viewed as supportive. In addition, USDA on Friday estimated the average cattle weight down 6 lbs at 1,300 lbs. This indicates a tightening supply. According to HedgersEdge.com, average packer margins were raised \$50.10 from last report to a positive \$34.50/head based on the average buy of \$83.16/cwt vs. the average breakeven of \$85.80/cwt.

FEEDER CATTLE at the CME were up on Monday. NOV'09FC futures closed at \$92.950/cwt; up \$0.450/cwt. MAR'10FC futures finished at \$93.750/cwt; up \$0.600/cwt. Trading was thin but supported by an oversold market, short covering from Friday's steep sell off, and end-of-month fund buying. Floor sources said feeders were also supported by expectations for a large corn harvest and as a result, lower corn prices. The CME feeder cattle index for November 26 was placed at \$93.77/lb; up \$0.05/lb.

LEAN HOGS on the CME were lower on Monday. The DEC'09LH contract closed down \$0.425/cwt at \$58.600/cwt. FEB'10LH futures finished at \$66.875/cwt; off \$0.450/cwt. Expectations for higher retail prices on seasonal demand were supportive but futures fell on projections for weaker markets going into December. Spreaders sold February and bought December and April squaring positions. USDA on Friday put the average pork price at \$61.87/cwt; up \$0.26/cwt. The latest CME lean hog index was placed at \$55.93/lb; up \$0.93/lb. According to HedgersEdge.com, the average pork plant margin was raised \$1.45/head from last report to a positive \$4.95/head. This was based on the average buy of \$42.08/cwt vs. the average breakeven price of \$43.91/cwt.

December 2009 Corn, November 30, 2009



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

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