

Weekly Roberts Agricultural Commodity Market Report March 23, 2010

CORN futures on the Chicago Board of Trade (CBOT) were off on Monday. The MAY'10 contract closed at \$3.706; off 3.75[¢]/bu. DEC'10 corn futures closed off 4.25[¢]/bu at \$3.992/bu. Weather seen as slowing the U.S. spring planting and exports were supportive with USDA putting corn-inspected-for-export at 41.606 mi bu vs. expectations for 35-40 mi bu. In addition, spring corn harvest continues at the North Pole ☺. Thanks to Jim Ramm, a reader in Indiana, for passing along a photo of a cold, wet corn harvest near Spring, North Dakota (Red River Valley). That's ice-water splashing up and snow still on the ground. South American corn contributing to plentiful global feed stocks and fund selling pressured on prices. Cash corn bids were steady amid no-to-slow farmer selling (Not everyone still had corn to harvest). Funds sold over 3,000 contracts cutting net long positions by 28,600 to 8,944 lots. Some sales opportunities might crop up (no pun intended) this week as technical traders contribute to market volatility.



SOYBEAN futures on the Chicago Board of Trade (CBOT) gained on Monday. The MAY'10 soybean contract closed at \$9.684/bu; up 6.75[¢]/bu. NOV'10 futures finished even with Friday's close at \$9.456/bu up 3.75[¢]/bu. Short covering amid expanding fund positions contributed to market support. Funds bought over 4,000 contracts while large speculators expanded net short positions by 5,000 lots to 32,386 contracts. Exports were steady to firm influencers on price with USDA putting soybeans-inspected-for-export at 32.131 mi bu vs. expectations for 27-31 mi bu. According to several floor sources the market did not seem too concerned with the looming record-large South American soybean crop. Cash soybeans were steady amid slow farmer selling. It might be a good idea to price some of the 2010 crop if you are not already at 70% sold in 2010 soybeans.

WHEAT futures in Chicago (CBOT) were up on Monday. MAY'10 futures closed at \$4.864/bu; up 2.75[¢]/bu. The JULY'10 wheat contract closed at \$4.990/bu; up 2.5[¢]/bu. Short covering, exports, and outside markets were supportive. USDA put wheat-inspected-for-export at 18.846 mi bu vs. expectations for 11-14 mi bu. Large global stocks and rigorous export competition continue to be unsupportive. Funds bought right at 2,000 lots while large speculators increased net-bear positions 7,100 lots to 65,923 contracts. Cold, wet weather also provided some support as it slows spring planting. Here's another chance to get to 70% sold in the 2010 crop.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) tumbled in market correction on Monday. The APR'10LC contract finished at \$97.100/cwt; off \$0.875/cwt but \$1.450/cwt higher than last week at this time. JUNE'10LC futures were down \$1.050/cwt at \$94.075/cwt. The AUG'10LC contract closed at \$91.300/cwt; off \$1.175/cwt. Cash cattle selling near \$97/cwt instead of the expected \$98/cwt sent some traders for cover, according to a couple of floor sources. USDA put the 5-area average price at \$96.27/cwt for Monday, March 22. It really looks like there is plenty of room for downside movement as cattle begin to fatten on spring pastures and more come to market on cheaper feed. Late fund buying curtailed the downward price move near closing. On Monday USDA put the choice beef price at \$158.19/cwt; up \$1.55/cwt and \$7.40/cwt higher than a week ago. Friday's trading set another record open interest at 355,552 contracts. According to HedgersEdge.com, the average packer margin was raised \$27.25/hd from last report to a positive \$45.70/hd based on the average buy of \$93.48/cwt vs. the average breakeven of \$97.04/cwt. Looks like a significant top may have been registered.

FEEDER CATTLE at the CME were down on Monday. The MAY' 10FC contract closed up \$0.100/cwt at \$104.700/cwt. AUG' 10FC futures closed at \$110.400/cwt; off \$0.625/cwt. Price weakness in live cattle, profit taking, and overpriced contracts relative the CME feeder cattle index pressured feeders. Cash feeders in Oklahoma City were steady to firm bringing \$2/cwt higher prices in light trade but good demand. The CME feeder cattle index for March 18 was placed at \$103.82/lb; up \$0.60/lb and \$1.49/lb over last report. The USDA cattle report was not viewed as much of a market mover according to several floor sources.

LEAN HOGS on the CME finished mixed on Monday. APR' 10LH futures finished at \$71.300/cwt; down \$0.250/cwt. The MAY' 10LH contract closed down \$0.050/cwt at \$79.850/cwt. Late profit taking turned some contracts lower amid supportive fund buying. In other words, the market was mixed today. On Friday USDA put the average pork price at \$73.82/cwt; up \$1.14/cwt and only \$0.01/cwt lower than last report. News that China would again allow U.S. pork products into that country had little effect on prices. Floor sources said traders are waiting on poultry trade resumption with Russia to take some of the protein off the U.S. supply thereby helping pork prices here at home. The CME lean hog index was placed at \$72.01/lb, off \$0.49/lb and \$2.94/lb lower than last week at this time. According to HedgersEdge.com, the average pork plant margin was raised \$4.75/hd from last report to a positive \$4.20/hd. This was based on the average buy of \$51.18/cwt vs. the average breakeven price of \$52.75/cwt.

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Don't be the rabbit caught by the hawk of falling prices. It might be a good idea to place sell-stop-at-closing orders around \$91.00/cwt if prices go over \$91.50 or reach the measuring objective of \$91.752/cwt. Remember, when working with futures risk is involved. Past performance does not indicate a promise of future results.

For comments or questions you may contact Mike Roberts at mrob@vt.edu or
804-733-2686 work 804-720-1993 cell.