

Weekly Roberts Agricultural Commodity Market Report April 17, 2007

Please join me in requesting a moment of silence and prayer for those families whose loved ones were either lost to death or wounded amid untold personal terror yesterday on the Virginia Tech campus ... my campus. In light of such a great tragedy, this report somehow seems so trivial. Remember, it is never too soon to tell those you love that you love them. Go to that brother, sister, mom, or dad with whom you might have a strained relationship and please make it right.

CORN on the Chicago Board of Trade (CBOT) closed mostly lower on Monday. The MAY'07 contract finished at \$3.642/bu, off 4.6¢/bu, almost even with last week at this time but slightly lower at 0.08¢/bu. The DEC'07 contract finished at \$3.902/bu, off 4.6¢/bu but up 3.8¢/bu from last week. DEC'08 futures finished up 2.2¢/bu at \$3.974/bu, even with last Monday's close. The market was supported somewhat on hopes that USDA would show an 8% planted crop. However, that was not the case late in the day. This market may find support on Tuesday and Wednesday on that news. Weather is delaying planting but is expected to clear while soil temperatures lag. USDA reported late on Monday that the crop is 4% seeded, up 1% from last week. This seeding rate is over 5% lower than last year at this time. The 5-year seeding average for corn plantings this time of year is a about 9%-10%. This is likely to keep corn prices lively. The crop needs to be planted by mid-May or acres committed to corn may revert to soybeans. Exports proved supportive. South Korea is seeking 495,000 tonnes (19.5 million bu) of U.S. corn for October and/or November delivery. Cash corn was mostly steady in the US Midwest. Cash bids were weaker to somewhat lower in the Mid-Atlantic States. Friday's CFTC Commitments of Traders report for futures and options combined had large speculators increasing long positions by 6,176 to 265,503 lots. Large speculators in short positions were off 2,647 at 65,620 contracts. Bullish index funds were off 2,896 contracts at 359,164 lots. Bearish index funds held 11,225 lots, down 4,261. Cash sellers should have considered being priced up to 40%-50% of next year's production by last week. If you didn't, you should seriously consider pricing corn on any short term rallies.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed slightly off on Monday in sideways trading. The MAY'07 was off 2.0¢/bu finishing at \$7.360/bu. NOV'07 futures closed off 1.2¢/bu at \$7.824/bu but 16¢/bu. Mild declines were seen after retreating from gains by made by midday. The market is waiting and watching to see how the weather affects corn seedings. The weather is supposed to dry some in the coming days but the market is wary now. USDA placed soybeans inspected for export for the week ended April 12 at 22.82 million bu. This was just over the expected range of between 15 – 20 million bu. Soybeans were pressured by lower corn prices. Cash soybeans were stable in the U.S. Midwest. In the Mid-Atlantic States cash beans were weaker to lower on a soft market. The CFTC Commitments of Traders report had large speculators slashing net long positions in CBOT soybeans by 16,000 lots to 58,372 for the week ended April 10. Index funds shaved net long positions to 136,017 contracts. Producers should have considered pricing up to 60% of the 2007 crop last week. If you didn't, there may still be time to take advantage of these prices.

WHEAT futures in Chicago (CBOT) were off on Monday. The MAY'07 contract closed at \$4.752/bu, off 3.2¢/bu but nearly even with last week at this time. JULY'07 wheat futures were off 1.6¢/bu at \$4.882/bu. Funds sold about 1,000 contracts amid very positive outlooks for improved U.S. corn planting weather. The market is trying to figure out what impact freeze damage will have on production. Damage estimates are ranging from 100 million – 200 million bu of Hard Red Winter wheat and between 25 million – 50 million bu of Soft Red Winter wheat. Trade was pretty boring waiting on the next USDA crop condition ratings report amid expectations that crop condition could be lowered by as much as 5% - 10%. Cool, wet weather was expected to remain over the U.S. wheat belt. Exports were quiet over the weekend within trade estimates. USDA put export inspections at 21.1 million bu, within the expected 18-22 million bu. CFTC Commitment of Traders report data for last Friday had large speculators cutting net

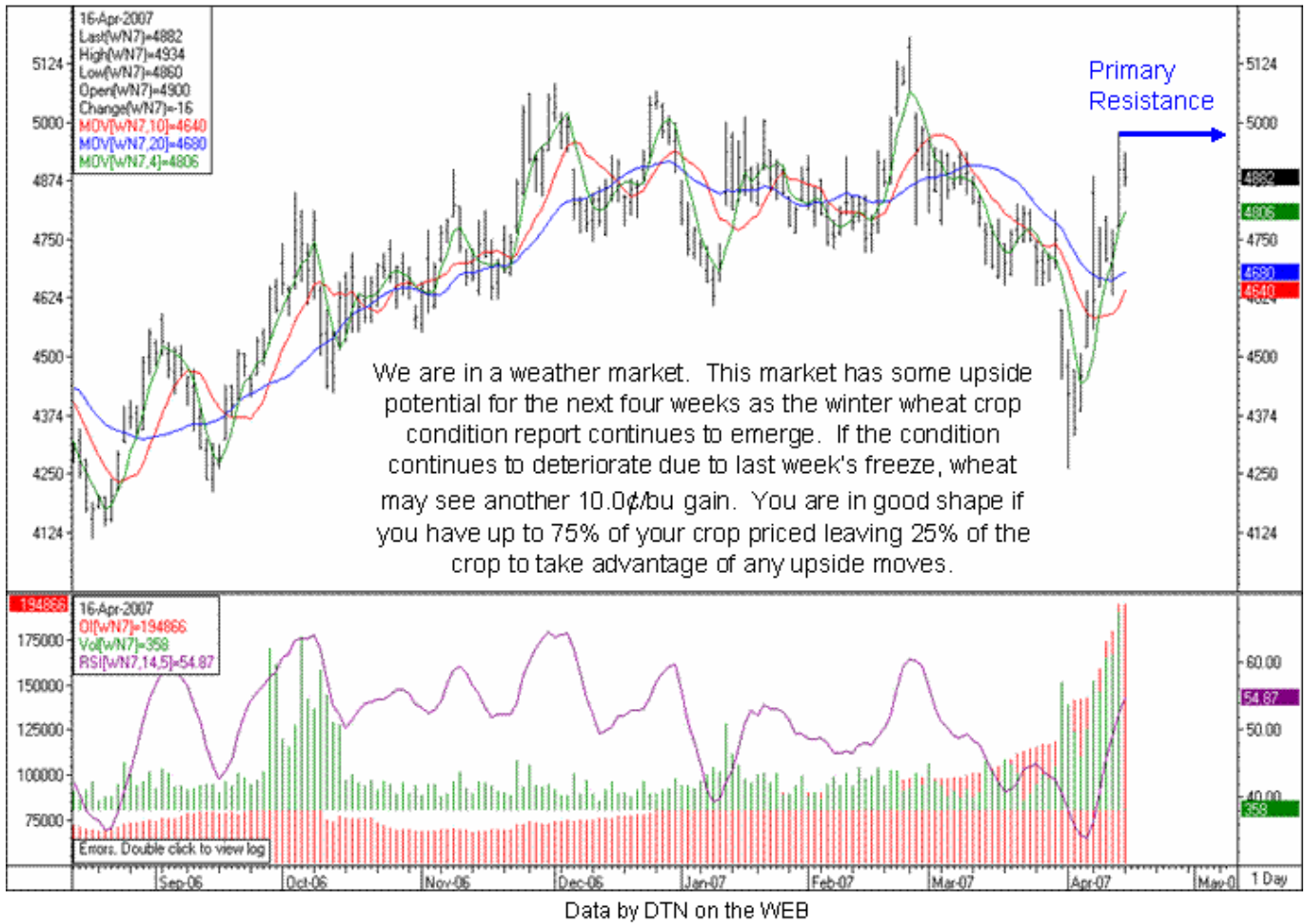
short positions in CBOT wheat to 30,321 lots. This was down almost 8,000 lots from the week ended April 10. Index funds were also seen cutting net long positions to 190,848 contracts. Producers who have priced between 60%-80% of the '07 crop are in good shape.

LIVE CATTLE on the Chicago Mercantile Exchange (CME) finished up on Monday. APR'07LC futures closed at \$97.30/cwt, up \$.250/cwt but \$3.600/cwt lower than last week at this time. The JUNE'07LC closed at \$92.90/cwt up \$0.20/cwt on the day but \$3.80/bu lower than last Monday. Short covering provided some support late in the day as futures recovered somewhat from last week's losses. Cash cattle are viewed as steady for this week and are expected to keep futures in a narrow trading range. Boxed beef prices lost ground but can be expected to gain back some as spring grilling picks up. Cash cattle traded lower last week with USDA placing the 5-area-weekly-weighted-cattle-price at \$99.97/cwt, up over \$4.00/cwt from the previous week. Prices reached highs not seen in 3 ½ years slowing cash sales toward the end of last week. USDA put the choice beef cutout at \$169.18/cwt, off \$0.49/cwt. According to HedgersEdge.com, the average beef plant margin for Monday was estimated \$12.45/head lower at \$18.95/head but \$5.35/head better than a week ago. Also supportive of prices are early estimates that cattle on feed numbers will be down 1.9%-3.6% of last year when USDA's Cattle on Feed report comes out on Friday. March placements are expected to range from 100.9%-112% of a year ago while marketings are expected to range from 95.5% -100% of a year ago. Lower corn futures provided support for fat cattle. The latest CME Feeder Cattle Index, for April 12, was off \$0.49/cwt at \$108.73/cwt. Cash sellers are still encouraged to push sales this week. Additionally, it is still a very good idea to forward price feed grain inputs this week.

FEEDER CATTLE at the CME finished up on Monday. Recovering from two week lows just posted, the APR'07FC contract closed up \$.475/cwt at \$107.725/cwt but \$4.175/cwt lower than last week at this time. The MAY'07 contract closed at \$108.050/cwt, up \$0.800/cwt and it too was \$4.70/cwt lower than last Monday's close. Feeder cattle futures found buyers among funds and other large speculators during the day on lower corn futures and the discount to the CME Feeder Cattle Index. The latest CME Feeder Cattle Index for April 12 was \$108.73/cwt. Cash sellers should keep feeder cattle sales current. As previously stated, it is a very good idea to forward price feed grain inputs this week.

LEAN HOGS on the CME closed higher on Monday. The APR'07LH contract closed at \$65.550/cwt, up \$0.075/cwt and \$0.525/cwt higher than last week at this time. MAY'07LH futures closed at \$76.65/cwt, up \$0.700/cwt and \$1.275/cwt higher than last Monday's close. As with last Monday's activity, the JUNE'07LH contract was the most actively traded on the day. It closed at \$77.850/cwt, up \$0.850/cwt. The June contract set a 5-week high on firm cash markets, fund buying, and lower feed grains. Cash markets are trending higher due to seasonal demand amid strong chart signals and rising moving averages. Two floor sources stated they expected continued support from a strong cash market. Strong packer demand indicates packers are selling retail cuts very well amid a tight supply of market-ready hogs. Cash hogs were called to \$0.50/cwt higher. Prices are running strong despite a reduction in pork exports. USDA reported that February exports declined 1.8%. Exports to Japan rose 11.5% and 0.9% to Canada but fell 21.3% to Mexico and 4% to Russia. Futures are seen as holding a very high premium to the CME Lean Hog Index and that is limiting upside potential. Hedges are being placed by large commercial fund accounts to take advantage of the premium. The CME Lean Hog Index was placed at \$64.27/cwt, up \$0.34/cwt. On Friday USDA raised the pork carcass cutout by \$1.73/cwt, up \$68.16/cwt. A firm product market has been very helpful in lifting packer profit margins. The average pork plant margin for Monday was estimated at a positive \$0.95/head, up \$1.35/head from Friday but \$1.20/head lower than one week ago, according to HedgersEdge.com. Cash sellers should try to push weight limits selling hogs off the finishing floors as soon as they are ready. Hog feeders, as with other grain users, should be pricing more grain inputs at this time.

July 2007 CBOT Wheat, April 16, 2007



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

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