

Weekly Roberts Agricultural Commodity Market Report March 4, 2008

CORN on the Chicago Board of Trade (CBOT) was up on Monday. The MAR'08 contract finished up 9.4¢/bu at \$5.554/bu; up 22.2 (4.2%) from last week and 52.0¢/bu (10.3%) higher than two weeks ago. The DEC'08 contract closed up 11.2¢/bu at \$5.760/bu; 18.8¢/bu (3.4%) more than Monday before last and 9.5% higher than two weeks ago. Highs came on a broad rally in the commodities, including gold and crude oil. New money in the fund pockets meant buying today on spiking volume and overbought contracts. A contract is said to be overbought with a Relative Strength Index (RSI) of 70 or higher. The 10-day RSI for the December '08 contract was at 74.99. The July'09 contract found a record high \$5.91/bu before settling at \$5.87/bu. USDA put corn-inspected-for-export at 47.098 mi bu vs. expectation for between 40-45 mi bu. Syria bought 150,000 tonnes (5.91 mi bu). March corn deliveries were brisk. There was some speculation that USDA's corn planted acres are too low. That is yet to be seen. Argentina is experiencing wetter weather as harvest gears up. Yields are expected to be lower than last year. The supplement to Friday's CFTC Commitment of Traders report showed large funds decreasing net bull positions by 5,600 contracts to 249,526 lots. You should not have any '07 corn in the bin but in case you do, it would be a good idea to sell all of it now. It would also be a good idea to consider pricing up to 30% of next year's crop.

SOYBEAN futures on the Chicago Board of Trade (CBOT) closed up on Monday. The MAR'08 contract finished at \$15.444/bu up 22.4.0¢/bu from last Friday and up \$0.9240/bu from a week ago while gaining 16.5% on Monday before last. The NOV'08 soybean contract ended at \$14.474/bu, up 21.4¢/bu and 12.5% higher than Monday before last. Some contracts were bid to record highs during the day at nearly \$16.000/bu. Chinese demand for soybeans and soyoil fueled the soy-market. There was some scattered delivery. USDA put soybeans-exported-for-export at 32.589 mi bu vs. expectations for between 20-25 mi bu. Many expectations for soybean plantings are around 74 mi ac vs. the 71 mi ac published by USDA. Soybean maturity in Argentina is being helped by beneficial rains. The supplement to Friday's CFTC Commitment of Traders report had large funds decreasing bull positions in CBOT soybeans by 5,700 contracts to 111,610 lots. Even though these are record times for soybeans it is still a good idea to consider pricing up to 40% of the '08 crop. Predicted earlier in this report, \$15.00/bu beans have now become a reality.

WHEAT futures in Chicago (CBOT) were up on Monday. Trading limits reverted to 60.0¢/bu on Monday as trading on Friday failed to maintain limit moves. Mar'08 futures closed at \$10.930/bu, up 20.0¢/bu; but 16.4¢/bu lower than two weeks ago. The JULY'08 contract closed at \$10.190¢/bu, up 19.0¢/bu but 27.4¢/bu lower than Monday before last. Profit taking and skittish liquidation drove the market last week as it tried to recover on Monday. Tight global supplies and strong world demand are still driving the markets and world decision makers. USDA placed U.S wheat-inspected-for-export at 16.298 mi bu, vs. expectations for between 15-20 mi bu. Egypt bought 125,000 tonnes (4.8 mi bu) of wheat as Russian domestic prices soared. Taiwan bought 75,000 tonnes (2.8 mi bu) of U.S. wheat while data show that Tunisia bought 1.731 mi tonnes (63.6 mi bu) for all of 2007. This was up 24% from last year. Deliveries were light on the CBOT March contract and no deliveries were reported in Kansas City or Minneapolis. The supplement to the Friday CFTC Commitment of Traders report had funds in net bull positions. Rain was helpful on the plain. It is a good idea to get to 40% of the '08 crop priced if not there already. It still wouldn't hurt to see if 10% of the 2009 crop and 10% of the 2010 crop could be priced at this time.

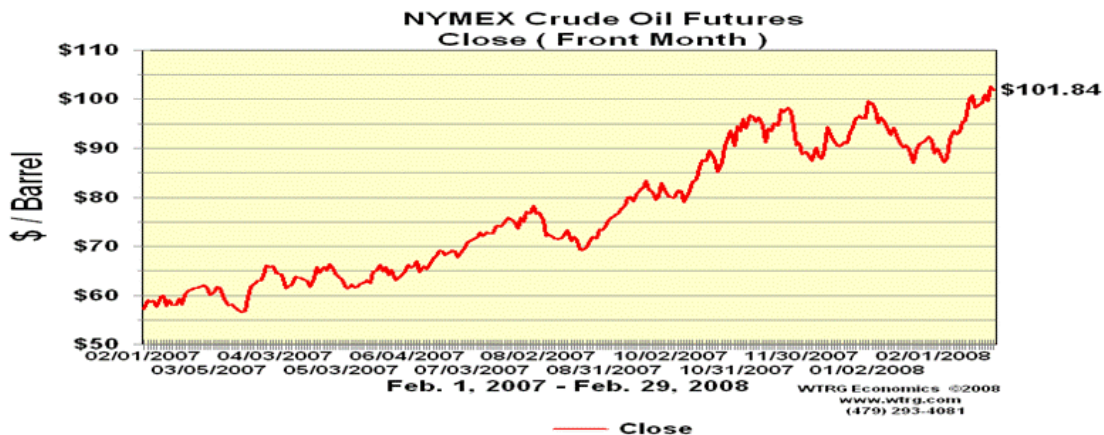
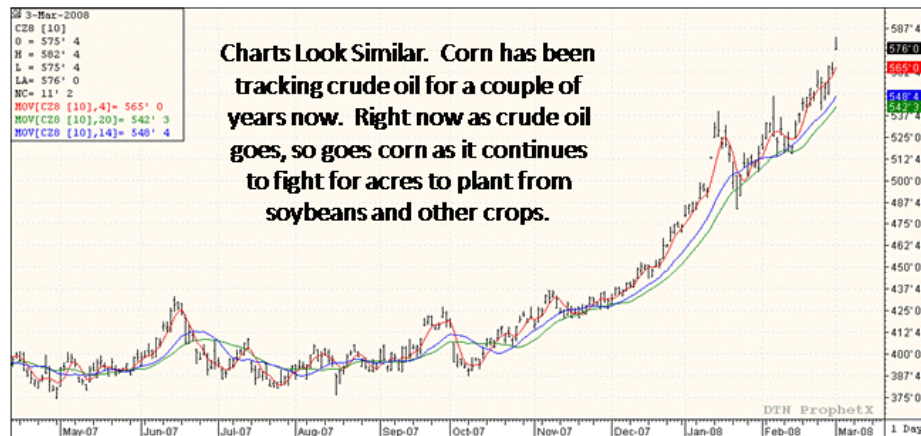
LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were mixed on Monday with nearbys up and deferreds down. The APR'08LC contract closed at \$92.65/cwt, off \$1.675/cwt and \$2.175/cwt lower than Monday before last. JUNE'08LC futures were up \$0.950/cwt at \$94.375/cwt but \$0.65/cwt lower than a week ago. The October contract broke even with the deferreds beyond that point reporting gains. The nearbys suffered because of higher grain prices and technical selling. June/April spreading was noted in positioning ahead of rolling positions in the next few days. Cash cattle were \$1-\$1.50/cwt higher last week as USDA put the 5-area price at \$93.00/cwt on Monday. Also on Monday USDA put the choice cutout at \$151.24/cwt, up

\$1.43/cwt. In export news, Japan has halted beef imports from Smithfield in Arizona. According to HedgersEdge.com, estimated packer margins were put at \$8.30/head, up \$0.90/head from a week ago. Estimated breakeven price was placed at \$92.24/cwt with the average buy at \$91.58/cwt. Cash sellers should sell cattle on rallies. It might be a good idea to hold off pricing corn inputs at this time.

FEEDER CATTLE at the CME were down on Monday. MAR'08FC futures closed at \$101.675/cwt, off \$1.975/cwt and \$2.525/cwt lower than a weeks ago. MAY'08FC futures were down \$0.150/cwt \$104.950/cwt; \$2.000/cwt lower than Monday before last and \$5.550/cwt lower than two weeks ago. As with fat cattle, feeders were influenced by higher grain prices. Cash feeders were holding firm though. The latest CME Feeder Cattle Index for February 28 was placed at \$103.42/cwt, down \$0.03/cwt. It might not be such a good idea to price corn inputs until later in the week. It is a good time to hold onto cattle.

LEAN HOGS on the CME were mixed on Monday. APR'08LH futures were off \$1.150/cwt at \$58.80/cwt; \$1.700/cwt lower than a weeks ago. The MAY'08LH contract closed at \$69.875/cwt, off \$0.925/cwt and \$0.875/cwt lower than last Monday. Spreading by the bears buying nearbys and selling deferreds was noted and due to higher grain and technical conditions. Pork plants were still buying hogs but were noted as not wanting to push red ink again as HedgersEdge.com estimated the average pork plant profit margin per head at a positive \$3.05/head. USDA on Friday put the pork cutout value at \$60.05/cwt, down \$0.18/cwt. It might be a good idea to sell market ready hogs while not pricing any more corn at this time..

December 2008 Corn, March 3, 2008



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

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