



## Dairy Keeper's Barn Report

### March 5, 2009

### Report #1

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**Reference Source:** Agricultural US Commodity Market Report by Mike Roberts, Commodity Marketing Agent, Virginia Tech.

**Barn Report Topic:** Weekly Robert's Report

**LIVE CATTLE** futures on the Chicago Mercantile Exchange (CME) finished down Monday on sell stops, Wall Street troubles, and chart signals. The APR'09LC contract closed at \$83.950/cwt; down \$1.975/cwt. The AUG'09LC contract was down \$1.275/cwt at \$82.950/cwt. Declines in outside markets and the other commodities were just too heavy on the market. The commodity markets are not immune to what's happening in the stock market. Higher cash cattle last week and on Monday were not enough to lift futures. Fund and speculative selling accelerated as futures declined on weak money flows into fund's pockets. The Dow Jones industrial average fell below 7000 for the first time since 1997. The USDA 5- area average was placed at \$81.455/cwt as cash cattle were \$0.50/cwt - \$1.00/cwt higher. USDA on Monday put Choice Boxed beef at \$132.21/cwt, down \$0.44./cwt. According to HedgersEdge the average packer margin was placed at a negative \$22.10/head based on the average buy of \$79.75/cwt vs. the average breakeven of \$78.06/cwt. It would be a good idea to hold off pricing short term corn needs at this time. If the economy continues to weaken opportunities to price feed will be better in a week or two. Cattle fundamentals are in place to hold at least current levels for a bit.

**FEEDER CATTLE** at the CME closed off on Monday. MAR'09FC futures were off \$1.150/cwt to \$91.450/cwt. The APR'09FC contract closed at \$92.350/cwt; down \$1.525/cwt. Feeders followed live cattle lower in light trading with all the bearish outside influences being major players. Normally bullish lower corn futures couldn't help feeders finish in the positive column. Cash cattle in Oklahoma were off \$4-\$8/cwt on fears of a very shaky economy. Some profit taking was noted on chart based selling. The premium to the CME Feeder Cattle index and spreading of May into March were also contributors to the pullback in feeders. If you can afford to wait for a week or two to price corn you are in good shape.

**CORN** futures on the Chicago Board of Trade (CBOT) closed off on Monday. MAR'09 corn futures closed at \$3.434/bu; off 7.25 ¢ /bu. The JULY'09 contract closed at \$3.594/bu; down 9.0 ¢ /bu. DEC'09 corn futures finished at 3.802/bu; down 10.75 ¢ /bu. A drop in crude oil, plunging equity markets, and gains in the US dollar pressured prices. Japan placed an order to import corn for feed from Romania over the US for the first time in ten years. USDA placed corn inspected for export at 31.39 mi bu vs. expectations for between 24.0-30.0 mi bu. Corn exports are shown off last year's pace in the table below.

Period		
Ended	Corn	% chg
YTD 08/09	774,575	-39.5
YTD 07/08	1,280,038	NA
-2009-		
Feb 26	31,390	10.1
Feb 19	28,500	-17.4
Feb 12	34,522	15.8

Cash corn in the US Midwest was steady to firm. Cash corn in the U.S. Mid-Atlantic states were 11.0- 15.0 lower. Funds were net sellers having sold over 6,000 lots. A couple of floor traders said most traders think the CBOT corn market is overpriced. Ethanol futures closed off 3.0 ¢ /gal finishing at \$1.510/gal. New surveys show that many producers have '08 corn still in the bin. It would be a very good idea to get it sold at this time. It might be a good idea to price up to 45 per cent of the 2009 crop.

**SOYBEAN** futures on the Chicago Board of Trade (CBOT) closed down on Monday. MAR'09 soybean futures closed at \$8.484/bu; off 26.0 ¢ /bu. The NOV'09 contract closed at \$7.930/bu; down 34.5 ¢ /bu. The same market influencers plus one weighed in on soybeans. The additional factor pushing soybeans lower is the news that the Argentinean government is interested in taking over their large soybean industry so they may regulate prices to their own buyers. USDA put soybeans-inspected-for-export at 27.22 mi bu vs. expectations for between 25.0 – 28.0 mi bu. It was reported that China will shift its business to South America from the US. This should pressure US prices as 64 per cent of this week's US export total belonged to China and is typical of the last few weeks. The table below illustrates how exports have fallen off pace.

Period		
Ended	Soybeans	% chg
YTD 08/09	821,975	12.9
YTD 07/08	728,073	NA
-2009-		
Feb 26	27,219	-10.1
Feb 19	30,283	-37.6
Feb 12	48,550	0.2

Large specs are in net bear positions by about 1,400 lots as of Feb. 24. Cash soybeans are steady to stronger. It might be a good idea to get all old crop beans sold and price up to 25 per cent of the '09 crop.

**WHEAT** futures in Chicago (CBOT) closed down on Monday. The MAR'09 contract closed at \$4.496/bu; off 15.75 ¢ /bu. JULY'09 wheat futures finished down 15.25 ¢ /bu at \$5.180/bu. The same outside markets weighing on other commodities pressured the wheat markets. There are reports that Iran will need to import 7 million tonnes (257 mi bu) this coming year. Spain is said to import more wheat from the Black Sea area after delays in current orders. Two floor sources stated that the market is waiting on word from an Iraq tender that closed over the weekend to see who got the bid. However, they acknowledged that Canada and Russia are expected to get the bulk of the order as US wheat is too expensive. There is some fundamental support as rain is needed in the US Plains wheat growing area. However, the main focus on the wheat market this week will continue to be focused on the floundering US stock market and crude oil. US wheat exports were off with USDA placing wheat-inspected-forexport at 8.66 mi bu vs. expectations for between 13.0 – 16.0 mi bu. The table below shows year-to-date running behind last year at this time.

Period	Wheat	% chg
Ended		
YTD 08/09	775,149	-19.9
YTD 07/08	967,359	NA
-2009-		
Feb 26	8,664	-16.4
Feb 19	10,359	-2.3
Feb 12	10,604	-45.0

For large speculators net positions remained short by 2,539 lots for the week of Feb. 24. It would be a good idea to hold off selling any more of the '09 wheat crop as wheat demand will most likely remain inelastic (stable) for food demand.

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