

The futuresone.com Weekly Ag Market Breakdown

By David M. Fiala
Thursday, July 2nd, 2009

CORN



Sept Support:	323	Resistance:	408
Dec09 Support:	336	Resistance:	420

Corn trade is sharply lower on the week due to bearish USDA acreage numbers. After three days of trade, the weekly net change is 33 lower on the July contract and December is down 35. We are down over \$1 from the June highs. The outside markets have been choppy; crude is lightly higher, the dollar is 30 lower, and the DOW is 100 higher for the week. Weather has remained fairly neutral with a chance of heat stress in the extended forecasts. The main market mover this week was the USDA Quarterly Stocks and Acreage Reports. The corn acreage number came in at 87.035 acres which was up from the 85 million March number and 3 million above the average trade guess. The Quarterly Grain stocks number was at 4.266 billion which was above the average estimate. Using an 80 million acre harvested acreage number and a national yield between 153 and 160 with some small increases in usage the carryover estimate for new crop corn should now range between 1.4 to 1.95 billion with the July report likely to be 1.75 billion bushel area. Trade was limit down on Tuesday following the report which did some technical damage; the trade is below all major moving averages and we printed a new low for the move. Nearby support on the December contract is down at the \$3.49 low printed back in December. The trade should see demand items pick up with the recent move lower. Ethanol margins are now the highest they have been in a year and the meal/corn spread is historically wide which should provide cattle feeders and incentive to blend more corn into rations. It will be important for crude to hold up or the increased corn grind for ethanol may slow and liquidation could resume. The weekly crop ratings came in at 72% good to excellent versus 70% a week ago. The weekly export sales came in at 1.15 million tons of old crop and 117,000 tons of new crop, combined they were above expectations. Hedgers call with questions.

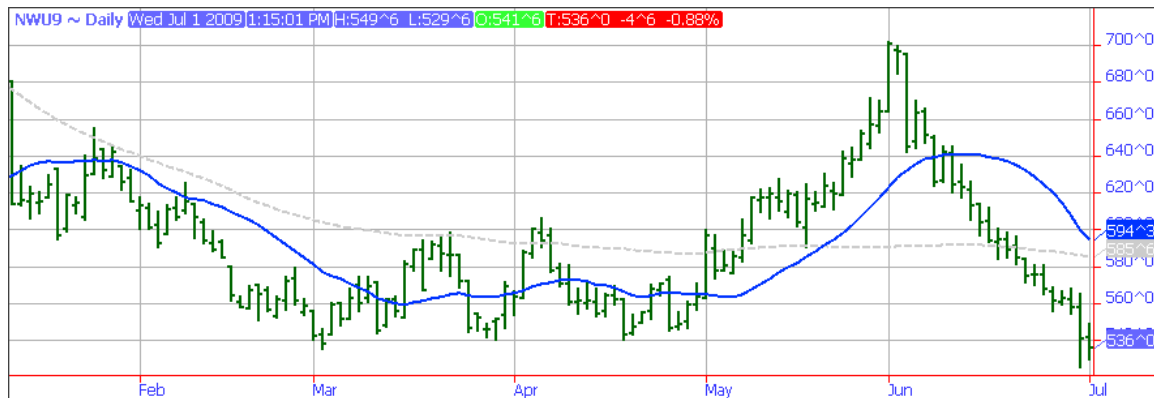
SOY COMPLEX



Aug Support:	1067	Resistance:	1212
Aug Meal:	348	Resistance:	408
Aug Oil:	3392	Resistance:	3762

Soybean trade has been mixed with some profit taking ahead of the USDA reports this week, but the bull move and bull spread activity is back on the positive move. Heading into Thursday, the weekly net changes are 57 higher on the July contract and November is up 24; December meal is \$9.70 higher and soybean oil is down 19 points. Bull spreading has been the feature this week, with the July/November spread settling at 243 on Wednesday. This was a new high close for the spread, so we should see this activity continue to finish out the week, but the spreads should be running out of steam, especially as the July contract approaches the last trading day on the 14th. The USDA released the Quarterly stocks and Planted Acreage report on Tuesday. The soybean numbers were mixed with soybean acreage at 77.48 million versus an average trade guess of 78.3 million, which was up approximately 1.5 million from the March USDA report. This means we found an additional 5 million more acres than in March, which should limit upside near-term. The June 1 soybean stocks number was at 597 million bushels. This is still very tight and concerns over limited supplies were noted for the rally on Wednesday. It's likely the outside markets will need to stay firm or move to higher levels to justify higher trade. The weekly crop ratings improved by 1% up to 68% good to excellent. The crop progress listed plantings at 96% complete which is 2% behind the 5-year average. The weekly soybean export sales came in at 193,500 tons of old crop and new crop sales of 250,100 which were within expectations. Meal sales showed net cancelations of 23,000 tons of old crop and new crop exports were 303,800 tons which were above expectations. Soybean oil sales were high at 69,400 tons. We look for the active trade to continue with range bound trade likely ahead of the report. Look for outside markets to continue to dictate trade. Hedgers call to discuss your individual risk plan.

WHEAT



Chicago Sept:	Support: 500	Resistance: 586
Kansas City Sept:	Support: 539	Resistance: 621
Minneapolis Sept:	Support: 598	Resistance: 690

Wheat trade has continued the price slide this week due to the bearish USDA report and continued chart selling. After three days of trade, the weekly net changes are 28 lower in Chicago, KC is down 27, and Minneapolis is down 34. On the July Chicago chart, wheat continues to look poor and there is little support below the current market. Wheat trade is oversold on the chart, but we will need fresh supportive news for wheat do anything more than a short-term bounce. The USDA Quarterly Stocks and Acreage Report has been the main market mover this week. The wheat June 1 stocks came in at 667 million bushels which was virtually in line with expectations at 670. The spring wheat acreage was larger than expected at 13.77 million acres versus the average trade guess of 13.1 million; this number was above the March number and above the high side of expectations. The total wheat planted acreage came in at 59.78 million which was above the high side estimate by just under a million acres and above the average trade guess by 1.5 million. The crop progress report listed 40% of the winter wheat crop as harvested which is 6% behind the 5-year average, spring wheat is 15% headed which is 25% behind the 5-year average. Crop ratings were unchanged for winter wheat at 45% good to excellent, spring wheat conditions were actually down 1% at 76% good to excellent. The weekly export sales number was at 241,900 tons which was just below expectations. The bigger acreage and improved weather in Canada along with our very poor 2009 export story provides bearish fundamentals for this market. It appears the rally in May was somewhat supported by a few friendly items, but the bottom line was it was more of a short squeeze with limited selling interest due to the timing of the rally. We will likely see bounces over the next month, but we will likely not seriously challenge the early June highs anytime over the next year without a fresh weather issue. Hedgers call with questions.

CATTLE



Support on August : 8132 Resistance: 8820
Support on Aug Feeders: 9705 Resistance: 10735

Live cattle trade has been higher this past week due to chart buying and concern over death loss and stress with upcoming summer heat. Heading into Thursday, the weekly net changes are 335 higher on August and October is up 265. Our recent rally is still more of a positive chart item which should carry through the week and squeeze some shorts out ahead of the holiday weekend. Cash trade has been slow to develop this week with bids still firm at \$84/\$134. The cutout finished lower on Wednesday with choice down 118 at \$138.19 and select was down 63 at \$132.48; with the choice below \$140, the marketplace is looking for cash trade to stay in the lower \$80 area for now. Poor processing margins should limit big upside in the cash market this month. How stressful the weather appears should direct trade next week along with how much retail level beef disappearance occurred over the weekend. Hedgers call with questions, you should look at getting some protection in place, call us to discuss.

LEAN HOGS



Support on Aug: 5605 Resistance: 6342
 Support on Oct: 5290 Resistance: 5900

Lean hog trade has been higher this week due to profit taking by market shorts and spillover support from the cattle pit. After three days of trade, the weekly net change was 255 higher on the July contract and August is up 300. The market is in a recovery mode due to some profit taking by market shorts and some longer term buyers that believe we have seen some liquidation and the path of least resistance is now up. I'm still in the camp we have not see the liquidation push needed to both put in a bottom and bulk up the prices for next year just yet. Cash trade has been flat this week, but processing margins are still which should limit packer willingness to pay steady money. The quarterly Hogs and Pigs report was released on Friday. Total hogs came in at 98% which was inline with expectations. Kept for breeding was reported at 97% and kept for market was 98%. The rising grain prices and lower hog prices the past few months took a big toll on many producers which should have many operations in trouble that may have been scaling back breeding herds more than expected.

You can reach me at 1-800-488-5121 or email us at fiala@futuresone.com.

FUND POSITIONS

	Current FuturesOne Fund Estimate w/Options	CFTC with options 06/23
Corn	194k	124 k
Beans	114k	106 k
Chi wheat	25 k	6 k
Live Cattle	-1 k	12 k
Lean Hogs	-17 k	-17 k

Cash

Wed Jul 1, 2009 08:09 AM CDT

USDA Terminal Prices/Adjustments												07/01 06:00	
MKT	HRW	HRS	SRW	SWW	HAD	CORN	BRLY	OATS	SOY	GRSO	6/30		
AMA	5.10					3.67						Beans(NSI)	11.5516
CIN			4.63			3.60		0.00	12.53	5.26		Corn (NCI)	3.2299
EVN			4.27									'09 CCC INT-JUL	0.500
GLF	6.40		4.78			3.92	3.24	0.00	12.69	6.21		'96 CCC INT-JUL	1.500
KCM	5.75		4.89			3.38	2.89	0.00	11.84				
LOS					6.45								
MEM			4.51			3.45			12.00	5.25			
MIN	5.63	6.14			7.55	3.31	2.69	2.25	11.89				
NCD											5.23		
PNW	6.00	5.99		5.56	7.88	4.24	3.27	2.74	12.51				
SCD											4.96		
TOL			4.18	4.08		3.58		0.00	12.04				
TKO						3.63			11.81				
WCD	5.90			5.36	6.65	4.45	3.92				7.44		

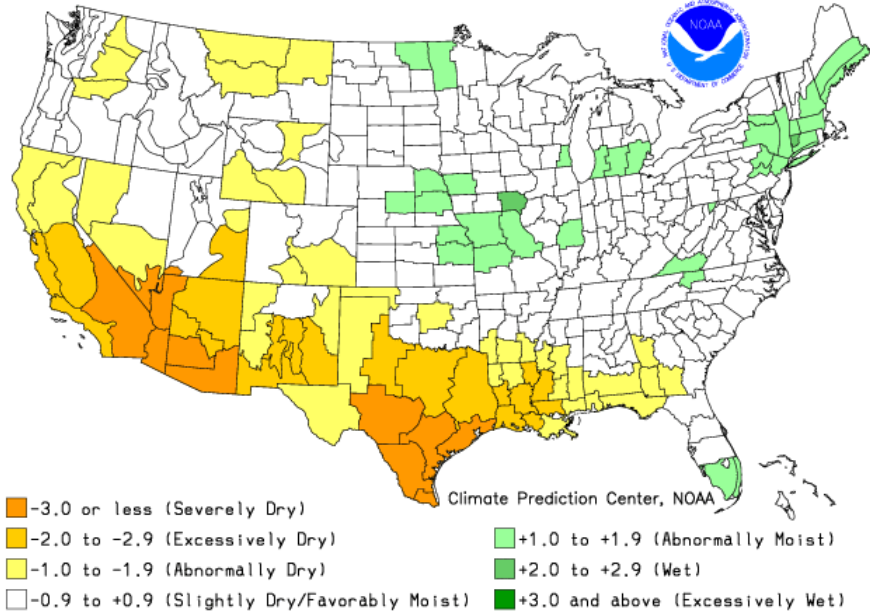
Adjustments:

Hrw AMA +0, GLF-48, KCM-42, MIN+0, PNW+0, WCD-25;
Hrs MIN-55, PNW-11;
Srw CIN-33, EVN-20, GLF-19, KCM-49, MEM-12, TOL+0;
Sww TOL+0;
Had LOS+0, MIN+0, PNW+0, WCD+0;
PNW CO add extra +0
Crn AMA+0, CIN-15, GLF-20, KCM+0, MEM+0, MIN+3, PNW-34, TKO-13, TOL-14, WCD-40;
GLF MS, LA & AL add extra +0, GLF MN add extra +2;
AMA KS +0, TKO WI add -3, GLF TX add +0, PNW SD add +0
PNW MN add +0
Bar GLF-20, KCM-25, MIN-7, PNW-19, WCD-61;
PNW MT add 0, WCD MT add 0, MIN MT add -9,
PNW ID add 0, WCD ID add 0, MIN WY add -5
Oat CIN+0, GLF+0, KCM+0, MIN-14, PNW-54, TOL+0;
Soy CIN-66, GLF-49, KCM+0, MEM-10, MIN-18, PNW-20, TKO+0, TOL-40;
GLF MN add extra +5, GLF KS, OK & MO add extra +0,
MIN SD add extra +0, MIN ND add extra +0, TKO TN add +0
MIN WI add +6, TKO IL add +0, GLF LA, AL & MS add +5
Gsr CIN-10, GLF-65, MEM+0, NCD-27, SCD+15, WCD-1.15;
GLF KS add +0, GLF TX add extra +0;

Weather

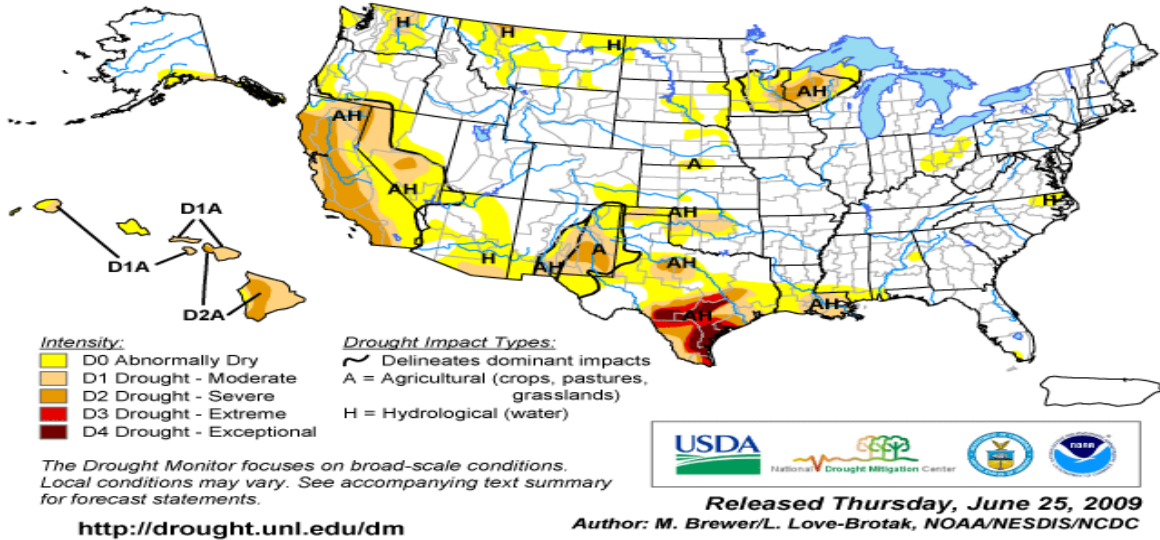
The weather items are mostly neutral. There is a chance of a ridge developing over the next 8 to 14 days which could bring prolonged heat to most of the Midwest.

Crop Moisture Index by Division
Weekly Value for Period Ending JUN 27, 2009
Short Term Need vs. Available Water in 5 Ft Profile



U.S. Drought Monitor

June 23, 2009
Valid 8 a.m. EDT



DOLLAR INDEX

The dollar has been choppy this week and has been in a sideways to lower trend.



Natural Gas

Nat Gas is in a sideways to lower trend since after failing to sustain the recent rally.



Crude Oil

Crude has been choppy and is holding the sideways trend.

