



# FuturesCom

Bi-Weekly Agricultural Outlook # 354

September 09, 2010

Grains • Livestock • Softs

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Saturday September 10 2010

11:00 PM South Florida Beach Time

"Among the hazards of speculation the happening of the unexpected -I might even say the unexpected - ranks high. There are certain chances that the most prudent man is justified in taking - chances that he must take if he wishes to be more than a mercantile mollusk--"  
-Reminiscences of a Stock operator-

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On Friday the U.S. Department of Agriculture released its all-important harvest projections for corn, soybeans and wheat. The agency reduced its month-old corn projection by 3.8% and yield to a 15 year low. The lower new crop corn production follows on the heels of the higher than expected old crop corn carryover in the September Grain Stocks report released on September 30. Thus , traders had expected a far smaller reduction of supplies ....**Corn** was limit bid at the contract high of 528 1/4 at the open of trading , indications from option related trading showed prices near 550.

The USDA Corn yield reduction was the largest in percentage terms since 1995, the lowest ending stocks since 1997 and the largest reduction in bushel terms since at least the 1970s.

USDA now forecasts an average farm price for this year's corn crop of \$5.00/bushel give or take 40 cents( the actual estimate is 4.60 to 5.40 up 60 cents from September ). For reference the current record high price is \$4.20 , which occurred with the 2007 crop.

Seasonally corn normally makes a low in October and muddles around into late October before ascending to it its strongest period in the early spring.. **Buy Dips..**

**Wheat** 2010 acreage and yields were also adjusted downward for 2010-2011 to 2.224 billion bushels from the previous estimate of 2.265 billion bushels. Wheat ending stocks were cut from 902 million bushels to 853 million bushels. In addition World wheat 2010-11 carryover was reduced from 177.79 mmt (September) to 174.66 mmt (October), which is down substantially from the previous year's carryover of 196.53 mmt. The USDA's 2010 wheat price forecast avg rose from \$5.20 to \$5.80

The USDA on Friday also cut the projection for the U.S. **soybean** crop by 2% to 3.41 billion bushels, Soybean futures also opened limit bid at 1143, with indications of 1155 to 1160 during options related trading. Soymeal and Soy oil were also up the limit on the open. .. The USDA forecast 2010-11 soybean price range was increased 85 cents and is now expected to range from \$10.00 to \$11.50, 65 cents above the record price of the 2007 crop. Seasonally Soybeans rise into December.. **Buy Dips** and stay tuned for flashes

The data influenced cascade buying of later dated futures in Lean Hogs, which closed up the limit and sharply higher Live cattle prices. This week's **cattle** slaughter totaled 664,000 head, up 1.2% from the previous week and up 5.1% compared to the same week last year. December cattle closed at \$98.87 up 52 cents from the previous Friday. February closed at \$101.20. The October feeder cattle futures contract lost \$4.08 this week to settle at \$107.72.. .

The national weighted average carcass price for negotiated **hogs** Friday morning was \$71.35/cwt, \$4.80 lower than the previous Friday.. The October lean hog futures contract ended the week at \$74.52/cwt, down \$1.85 from the previous Friday. The December contract settled at \$73.85 up 98 cents for the week. February closed the week \$1.83 higher at \$77.95/cwt. Fresh pork bellies are an incredible \$45.00 cwt lower than last week. This is by far the biggest one-week price drop since 1997. Bellies lost a fraction over one-third of their value in the last 7 calendar days. Pork belly prices are down 41% from 3 weeks ago. The end of summer usually means lower belly prices; rarely is the drop this dramatic. This week's hog slaughter totaled 2.253 million head, up 4.5% from the week before but down 1.7% compared to slaughter during the same week last year. This is the closest hog slaughter has been to the year-earlier level since mid-July. Seasonally the back end firms against the front this time of year ... BW Traders should Buy April and Sell Feb at mkt on open Monday and Sell Dec Hogs at mkt on Monday. Traders should also be prepared to sell rallies in Dec into mid-October for a decline towards month end.. . In addition we want to buy June and back for the 'Pull' into next summer..

Coffee typically begins to firm up in October and November.. Buy dips...

**Stay tuned for additional Flashes and Updates.**

# THE GRANDE' GRAINS

## JANUARY SOYBEANS

**Resistance** should appear 1164 to 1169 , a close over augurs for a test of the 1192 to 1203 region  
Beyond that sellers should appear near 1232 to 1238 .

**Support** should appear near 1136.00 to 1130.00 and the 1101 to 1096 region.

Traders should go long if a close over 1170 occurs

## DECEMBER SOYMEAL

**Resistance** should appear near 319.4 to 321.3, a close over is friendly and augurs for a test of 326.1 to 327 and eventually 337.7 to 338.6.

**Support** should appear near 315.7 to 314.8 and 310.2 to 309.2.. Below that buyers should appear near 310.2 to 309.2 .. Buy dips

## DECEMBER BEAN OIL

**Resistance** should appear near 4695 to 4717 and the 4775 to 4785 region. Beyond that a test of 4845 to 4856 is likely

**Support** should appear near 4650 to 4639 and the 4582 to 4571 region..

Traders can buy at 4572 and hold for higher prices.. risk a close under 4501 for three days in a row.

## DECEMBER CORN

**Resistance should** appear near  $541 \frac{3}{4}$  to  $543$ . Beyond that a test of  $555 \frac{1}{4}$  to  $557 \frac{3}{4}$  is likely.

A close over is friendly and augurs for a test of  $579 \frac{1}{4}$  to  $580 \frac{1}{2}$

**Support should** appear  $513 \frac{3}{4}$  to  $512 \frac{3}{4}$  and the  $506 \frac{3}{4}$  to  $505 \frac{3}{4}$  region. Traders can buy at  $513 \frac{3}{4}$  and risk a close under  $505 \frac{3}{4}$  for three days in a row. Below that  $499 \frac{1}{2}$  to  $497 \frac{1}{4}$  should hold.

## DECEMBER WHEAT

**Resistance** should appear near  $732 \frac{3}{4}$  to  $734 \frac{1}{4}$  .. Beyond that a test of  $748 \frac{3}{4}$  to  $751 \frac{3}{4}$  and the  $776 \frac{1}{4}$  to  $777 \frac{3}{4}$  region is likely.

**Support** should appear near  $708 \frac{3}{4}$  to  $707 \frac{1}{2}$  and the  $700 \frac{1}{4}$  to 699 region Below that buyers should appear near  $691 \frac{1}{4}$  to  $690 \frac{3}{4}$  and the  $683 \frac{3}{4}$  to  $680 \frac{3}{4}$  region. .

Stay tuned for flashes in the Grains

# THE LIVELY LIVESTOCK

## DECEMBER CATTLE

**Support** should appear near 9837 to 9822 and the 9737 to 9707 region. Traders can buy at 9742 and risk a close under 9617 for three days in a row. Below that buyers should appear near 9542 to 9527

**Resistance** should appear near 9922 to 9937 and the 10022 to 10037 region Beyond that a test of 10102 to 10137 is likely.

## FEBRUARY CATTLE

**Support** should appear near 10037 to 10021 and the 9937 to 9922 region .. Below that 9837 to 9822 should hold.

**Resistance** should appear near 10320 to 10360 and the 10580 to 10680 region.

Stay tuned for flashes

## DECEMBER HOGS

**Resistance** should appear near 7412 to 7427 and the 7587 to 7512 region. Beyond that sellers should appear near 7672 to 7692 and the 7762 to 7777 region

**Support** should appear near 7257 to 7242 and the 7172 to 7142 region. Below that a test of 7087 to 7072 is likely

## FEBRUARY HOGS

**Resistance** should appear near 7937 to 7957 and the 8027 to 8047 region . Beyond that sellers should appear near 8297 to 8317 region

**Support** should appear near 7777 to 7762 and the 7692 to 7672 region. Below that buyers should appear near 7607 to 7587

## APRIL HOGS

**Resistance** should appear near 8117 to 8137 and the 8300 to 8317 region. Beyond that sellers should appear near 8392 to 8407 region

**Support** should appear near 7957 to 7937 and the 7867 to 7837 region . Below that a test of 777 to 7762 region is likely

# THE SATISFYING SOFTS

## DECEMBER COFFEE

**Support** should appear near 17800 to 17740. Below that buyers should appear near the 17380 to 17310 region

**Resistance should** appear near 18580 to 18650 and the 19020 to 19090 region. Beyond that a test of 19460 to 19530 region is likely

## DECEMBER COCOA

**Support** should appear near 2775 to 2758 and the 2672 to 2663 region. Below that a test of 2568 to 2552 is likely

**Resistance** should appear near 2928 to 2937 and 3036 to 3045. Beyond that sellers should appear near 3092 to 3102

## MARCH SUGAR

**Resistance** is at 2663 to and the 2716 to 2724 region. Beyond that a test of 2820 to 2829 is likely.

**Support** should appear near 2620 to 2612 and the 2568 to 2552 region. Below that buyers should appear near 2519 to 2511 and the 2469 to 2461 region. Traders can buy at 2471 and hold for higher prices.. risk a close under 2351 for three days in a row.

## DECEMBER COTTON

**Resistance** should appear near 10960 to 11010 and the 11300 to 11360 region.

**Support** should appear near 10680 to 10580 and the 10360 to 10320 region. Below that buyers should appear near 10136 to 10104 .

**-A Ship in Harbor is Safe...But that is not what ships are built for --**

**Happy Trading! Bill [wil@futurescom.com](mailto:wil@futurescom.com)**

**Sunday September 10<sup>th</sup> 2010 04:15 AM, South Florida Beach Time**

Traders should stay tuned for additional recommendations

## **FuturesCom BW Agricultural Open Positions 10-09-2010**

**LONG JAN SOYBEANS 1081**

**LONG DEC COFFEE 17770**

**LONG JULY HOGS 8210**

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