



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Morning Ag Markets

Pete Loewen

End of the month commodity fund cleanup and positioning didn't really have the effects on the market that were anticipated as grains in particular moved much more in tune with market fundamentals. Livestock trade was more of the same with hogs extremely volatile and touching limit down several times during the session. Feeders made new life of contract and record all time highs once again, while the live market sat back and didn't move much accordingly.

I read a few comments yesterday that packers so far had been pretty disappointed with the Memorial Day wholesale beef buying. Since shortly before Easter, choice and select quotes shot up with strong gains, adding over \$10 in each since the lows set the 2nd week of April. Yesterday was only the second lower quote for choice in the last 13 sessions and we need to pin some hopes on warmer temps in the forecast helping clear some product off the grocery store shelves. Thankfully for the beef market, pork prices are still relatively high- brought on by PEDvirus related reduction in slaughter. If it weren't for the extreme rally in hog prices this spring, I don't think there is any way beef would still be trading at the current elevated levels.

Cattle slg.___120,000 +5k wa -5k ya

Choice Cutout__233.10 -1.26

Select Cutout__222.29 +1.87

Feeder Index:___179.62 +.03

Lean Index.___115.62 +.40

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Pork cutout__115.80 +.73

IA-S.MN direct avg__111.91 +.85

Hog slg.___ 411,000 -7k wa -5k ya

Moving on to the grains, Kansas wheat tour reports and the numbers being posted on the internet by and large have been very friendly, causing wheat to act accordingly with a couple days of strong gains. Corn and soybean trade was a lot more flat, mildly lower and lacked much drive.

Day 1 of the wheat tour on Tuesday moved through some of the better wheat areas this year between north central and northwest Kansas, yet yields were still considerably lower than prior year's tours. Yesterday's start was through probably the worst areas of southwest Kansas and then into some of the largest wheat producing counties in the state in the south central parts. The average yields from yesterday's stops was 30.8 bushels/acre, down from 37.1 the previous year's tour results. First day numbers were down 9.1 bushels/acre from the same routes the previous year, so the underlying message is very clear that Kansas is struggling. Add to that the fact we've seen estimates coming out of Oklahoma in the 60-70 mln bushels production range and it's no wonder wheat pushed up through the \$8.00 mark again here recently. The Oklahoma wheat commission pegged their crop at 66.5 mln, down about 37% from last year. After one of the best starts in quite a few years last fall, it has quickly become evident in recent weeks that not only is the drought not over, but there was some legitimate freeze damage in some areas down south as well, notably in parts of west central Oklahoma.

Weekly export sales finally showed a negative old crop bean number with 600,000 bushels of cancellations the net number. We can safely call that a bearish bean number today. Wheat sales were a little on the paltry side as well with 7.9 mln old crop and 8.1 new. The corn sales total was 36.9, which makes corn the only highlight in the numbers.

6-10 day weather maps showed above normal temps for the central and southern parts of the Corn Belt, but below normal in the northern reaches. Precip chances didn't look very good for far southwestern parts of the HRW wheat belt. For the rest of the major producing areas, including the Corn Belt, above to

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much above precip was in the offering. We'll see how much progress can be made in the short window between this week's wet and cool into this weekend and early next week's warmer and drier forecast before things have a chance to get wet again...

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