



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

**Pete Loewen, Matt Hines**

**Doug Biswell, LaVell Winsor**

**866 341 6700**

**www.loewenassociates.com**

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### **Morning Ag Markets**

Grains were higher again on Tuesday with livestock futures mixed.

Mixed also is the feelings on cash feedlot trade this week. I have now seen some looking for trade as early as today with packers paying up because they were short bought and others stating that packers will be holding off until the end of week and looking to save some money. Right now offers are \$147-\$148 live in the South and \$12 over the June in the North with the April contract going off the board today. Spot product sales have been sluggish but packers are increasing chainspeeds cover preexisting orders and hoping for increased consumer demand come May.

Hogs seem to be in a tug of war as of late with support from tightening pork supplies and pressure from collapsing carcass values and cuts. We anticipate weekly slaughter numbers will again be below 2 million head and reports are coming out that additional plants will be trimming schedules or even going dark for a day here in May.

Cattle slaughter from Tuesday estimated at 120,000 head, up 4,000 from a week ago and down 5,000 from a year ago.

Choice Cutout\_\_234.36 +1.19

Select Cutout\_\_220.42 -1.15

Feeder Index:\_\_\_179.59 +.73

Hog slaughter from Tuesday estimated at 415,000 head, up 4,000 from last week and down 1,000 from a year ago.

Lean Index.\_\_\_116.22 -.61

Pork carcass cutout\_\_\_115.07 -3.34

IA-S.MN direct average cash\_\_111.06 -1.27

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Soybeans and KC wheat led the charge higher yesterday, both double digit gainers. Day 1 of the KS wheat tour added some additional premium to KC with early reports out of north-central Kansas showing lower yields than a year ago caused by dry conditions and freeze damage. The average projected yield was 34.7 bushels per acre. Last year, the tour's average yield forecast for fields along the same route was 43.8 BU/A and in 2012 it was 53.4 BU/A. The tour will head to SW KS today and end up in Wichita tonight. Colorado projecting yields at 32 BU/A and NE in a range from 40-45 BU/A.

Overnight grains pulled back a little on profit taking with corn down 3 to 4, soybeans down 1 to 5 and wheat down 1-3.

Yesterday and today's trade will be a lot about position squaring up for month end. Wheat markets will wait to see what comes out of Day 2 of the KS tour along with any further developments in Ukraine. New crop spreads continue to come in with fears the HRW crop is shrinking and KC values vs. Chicago are now back up to yearly highs with no lack for moisture in the corn belt.

Corn markets will be looking for extended forecasts as we know this week was a wash for most to get back in the field. For a bump back up to nearby highs we would need to see cooler temps and additional moisture come through again next week. Just announced this morning, the Chinese will now start requiring US corn and DDG suppliers to issue certificates that shipments do not contain non approved genetically modified materials.

Just a reminder that tomorrow starts the new era of variable price limits in the grain markets. The corn limits are going from 40 cents down to 35 cents. Chicago wheat limits are going from 60 cents down to 45 cents, while KC wheat limits are going from 60 cents down to 50 cents. In the soy pits the limits are actually expanding. The bean limits are going from 70 cents to 1.00 dollar, bean oil limits are going from 250 points to 300 points and the soy meal limits are going from 20 dollars up to 30 dollars per ton.

**Loewen and Associates, Inc.**

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

[www.loewenassociates.com](http://www.loewenassociates.com)

[peteloewen@cox.net](mailto:peteloewen@cox.net)

[matthines1@cox.net](mailto:matthines1@cox.net)

**866-341-6700**

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