



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Date: 05.06.2014

Morning Ag Markets

Pete Loewen

Meat complex trade wasn't nearly as volatile yesterday as what it has been at times lately. The key features of the day were live and feeder cattle futures posting mild to moderate losses and hogs mixed on the front end and higher on the back.

After last week's cash feedlot trade being positive, sellers are coming into this week with a significant amount of optimism. Some of that is being fueled by the new contract highs in futures and the June contract's trade up to just below \$140 at Friday's peak. We still have to be cognizant of the fact feedlot supplies are on the uptick and product trade has been on the downtick again, plus there is still a huge discrepancy in basis between cash and spot futures prices. I'm a little reluctant to think that wide swath between \$138 June futures and \$146-\$149 cash will be made up by futures moving up to cash. I think it will be the other way around. Stranger things have happened over the last several months though and it hasn't paid to be a doubter of the bullish ability of cattle.

Cattle slg. ___120,000 +6k wa -3k ya

Choice Cutout __228.90 +.52

Select Cutout __215.45 -2.02

Feeder Index: __180.83 +1.27

Lean Index. __114.21 -.32

Pork cutout __116.02 +2.05

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IA-S.MN direct avg__113.31 +.98

Hog slg.___ 386,000 +42k wa -14k ya

Lean Hog futures / Pork Belly futures

Moving on to the grains, corn trade was stout yesterday, wheat trade was very stout and beans sunk mildly on the front end, but were higher in new crop. 107 degrees in Altus Oklahoma yesterday set the hottest temp in the nation and it is supposed to be 102 today. No rain and a lot of heat over a huge portion of HRW wheat country has been a huge bonus for wheat price, but as always- the double edged sword of quickly deteriorating production potential is accompanying and causing the price spike. 7 day forecast precip maps show some relief coming for eastern HRW wheat areas, but the far west and southwest still look pretty dry. In my opinion, the rally in KC wheat futures is definitely warranted and legit.

Looking at corn and soybean trade, beans in particular got the double whammy of a net negative export sales tally from last week along with more confirmation of South American beans destined for US ports. Big picture, those items aren't wildly bearish, because we're still going to have critically tight ending stocks, but those stories have been just enough to give us about a 75 cent break from the highs over the last several sessions.

8:00 USDA export reporting this morning showed 220,000 tonnes of corn cancellations with 100k coming from Spain and 120k from unknown destination. That tallies up to 8.66 mln bushels.

Crop progress and condition data from yesterday had a friendly undertone all the way around with the corn planting pace coming in at only 29% complete versus 19% the previous week and 42% the average for that date. Illinois sits at 43% done, Indiana at 20%, Minnesota only 8% and Iowa 23%. The normal for Iowa is 50% and Minnesota is 46%. Both those states are ahead of last year, but way behind normal obviously.

Soybean seedings were at 5% complete versus 11% on average.

Spring wheat seedings were 26% done, up from 18% last week and 41% on average. North Dakota is at a virtual standstill with only 5% done compared to

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28% normally. Rounding things out with wheat conditions, the winter wheat crop is rated 31% g/ex compared to 33% last week and 33% last year. P/vp increased 4 points from last week. 47% of the Kansas crop was rated p/vp and 73% of the Oklahoma crop, along with 64% of the Texas crop.

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