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Commodity Consulting/Brokerage

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Morning Ag Markets

Pete Loewen

Solid day of gains for most of the meat complex contacts yesterday with live and feeder markets higher in all contracts with a few feeder contracts up in the triple digits. Hogs had some triple digit gains on front end contracts, but some triple digit losses on some of the deeper deferreds.

There is still a big disparity between front end live cattle trade and cash feedlot activity that has basis \$8.00+ positive. June futures have actually fallen a little over \$2.50 since the high on the first day of the month, but cash hasn't, which I find very intriguing. Bigger year over year supplies in May/June combined with lighter than expected demand at the consumer level have my analysis pointing towards a slip in cash this month, but the packer hasn't been able to gain any leverage in the trade thus far. I'm not complaining, I would rather see cash well supported like it is, but I still think cash will come down more than futures go up into June expiration.

COF numbers come out Friday afternoon. Estimates for the On Feed total on May 1 range from 98.9% of a year ago up to 99.6%. April placement guesses are in the range of 90% to 100% of a year ago. Marketing guesses are from 96% up to 98.1% in the month of April.

Cattle slg.____117,000 -3k wa -7k ya

Choice Cutout____225.08 -1.53

Select Cutout____215.46 -.07

Feeder Index:____184.21 +.15

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Lean Index.___112.91 -.41

Pork cutout___112.92 +1.30

IA-S.MN direct avg___109.33 -.79

Hog slg.___ 411,000 +5k wa -2k ya

Moving on to the grains, corn and wheat trade floundered at lower levels yesterday, but the beans held on to mild gains into the close despite being lower early. The market that continued to amaze me between the three yesterday was wheat. Those futures have been in a tailspin of long liquidation and it is happening while crop conditions continue to deteriorate, not get better. I think these cooler temps, along with the minor amounts of precip received in some areas is allowing wheat to hold on at the moment, but I'm not sure we'll see an improvement in this coming Monday's HRW wheat conditions in the next crop progress report.

Export sales numbers this morning had a neutral to bearish undertone for corn and wheat and bullish numbers for beans. Old crop corn sales were 13.5 mln bushels and 1.9 new. Wheat sales were 2 mln old and 7.2 new. Soybean sales were 2.7 mln old and 11.9 new. Plus, there were only 85.1 mln bushels unshipped in the total commitments for beans that are at 1.642 bln, so the cancel/roll potentials aren't very large regardless.

Daily sales announcements today showed 120k tonnes of new crop beans reported sold to China and 104.4k mts of old crop corn to Mexico.

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