



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Grains were wildly mixed this past Friday with livestock futures mostly higher even with steady cash feedlot again last week. In Texas and Kansas we saw trade at \$146 live with a few at \$146.50 and in the North packers paid \$147-\$148 live and \$237-\$238 on a dressed basis. Chainspeeds on both fat cattle and hogs were lower than a week ago totals as the products for both continue to slide south.

Feeders continue their run higher, still led by the cash market with feeders and stocker cattle \$5-\$10 higher than a week ago and in many areas steers weighing 700-750 lbs and heifers weighing 600-650 lbs are passing the 2.00 mark on a regular basis. Last Monday's pasture and range condition report noted that 39 percent of pastures were in good/excellent condition which is still below the 10 year average.

For the week, June fats unchanged, August +.85, May feeders +1.07, August +1.05, May hogs -2.55 and June -2.05

Cattle slaughter from Friday estimated at 112,000 head, down 6,000 from week ago and down 5,000 from a year ago. For the week, 597,000 head compared to 608,000 a week ago and 629,000 a year ago. Year to date percentage difference improved slightly now at 6.0% less.

Choice Cutout__223.26 -2.39

Select Cutout__212.21 -.30

Feeder Index:__182.72 +.90

Hog slaughter from Friday estimated at 374,000 head, down 38,000 from a week ago and down 30,000 from a year ago. For the week 2,016,000 hogs down 3,000 from a week ago and down 68,000 from a year ago. Year to date difference still sitting at 4.2% less.

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Lean Index. __114.30 +.01
Pork carcass cutout __111.73 -.35
IA-S.MN direct avg __108.27 -3.52

USDA's crop report released Friday morning was a reminder of how tight old crop supplies for corn and soybeans are but may have surprised the market a little with bigger than expected production numbers and ending stocks for new crop on both.

US Corn 13/14 Carryout at 1.146 BBU, estimates at 1.31 BBU, April at 1.331 BBU, exports increased 150 MBU, ethanol increases 50 MBU and Food/Seed increased 35 MBU

US Soybean 13/14 Carryout: 130 MBU, estimates at 130 MBU, April at 135 MBU, exports increased 20 MBU, crush increased by 10 MBU offset by imports increased 25 MBU

US Corn 14/15 Carryout at 1.726 BBU versus estimates at 1.67 BBU

US Soybean 14/15 Carryout at 330 MBU versus estimates at 310 MBU

World 13/14 Corn Carryout at 168.4 MMT versus last month's 158 MMT, major production increases in Brazil and a surprising adjustment to the beginning stocks or from 2 years ago!

World 14/15 Corn Carryout at a massive 181.7 MMT versus pre report estimates at 159.4 MMT

World 13/14 Soybeans Carryout at 67 MMT versus last month's 69.4 MMT with production levels left unchanged in South America but world traded increased

World 14/15 Soybeans Carryout at 82.2 MMT versus pre report estimates at 80.3 MMT, US production at 98.93 MMT, Brazil at 91 MMT and Argentina at 54 MMT

Wheat estimates were only slightly changed with this current crop size decreased but also expected. Futures were pressured with the ending stocks left

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unchanged and hope for rains through the weekend which did come through for some areas.

US Wheat 13/14 Carryout left unchanged at 583 MBU

US 2014 All Wheat Production at 1.963 BBU, estimates at 2.05 BBU and last year's crop at 2.13 BBU, 14/15 carryout projected at 540 MBU

World 13/14 Wheat Carryout at 186.5 versus last month's 186.7 MMT

World 14/15 Wheat Carryout at 187.4 MMT higher than the pre report estimates at 184.5 MMT

For the week July Corn +8, December +4 $\frac{3}{4}$, July Soybeans +16 $\frac{1}{4}$, November Soybeans +3 $\frac{3}{4}$, July KC Wheat +7 and July Chicago Wheat +6 $\frac{1}{2}$

The Senate Agriculture Committee, which has oversight over the CFTC, will hold a hearing on high-frequency trading and automated trading in futures markets on Tuesday, May 13. The meeting will examine what the CFTC can do to help ensure market integrity.

CME Group adjusted ag commodity initial margins last week and went into effect after the close of business Friday, May 9th. Changes included spec initial corn margins at \$2,025 from \$2,363; spec initial soybean margins at \$4,050 from \$3,375; spec initial wheat margins at \$1,553 from \$1,823; spec initial wheat margins at \$2,025 from \$1,890.

Weather will be the market mover here this week now that we are passed the May crop report. Later this afternoon we will see how much planting progress was made for corn and soybeans and just how bad the wheat crop conditions deteriorated. The market is looking for 60% complete on corn and 15-20% on soybeans.

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