Loewen and Associates
Commodity Consulting/Brokerage
Pete Loewen, Matt Hines
Doug Biswell, LaVell Winsor
866 341 6700
www.loewenassociates.com

Date: 5.21.14

Morning Ag Markets
Matt Hines

Tuesday was mostly a red day for futures with nearby feeders and deferred hogs the only green showing at the close. Feeders did reach up for new highs, August hit 197.90 and September with a new all-time high at 198.75, before peeling back lower. It appears all want to see a contract hit the magical $200 mark but I still feel it will be tough to push the nearby up that high or the cash index.

Bids are still slow to come from packers so far this week with asking prices at $147-148 in the South and $237 on a dressed basis in the North, all just hoping to hold steady again this week. Futures and products up so far this week should be supporting cash trade or at least keep us steady. We have seen some last minute retailer buyer heading into the Memorial Day weekend and packers are taking full advantage of any still caught short.

Chainspeeds so far are keeping pace on the cattle side but for hogs it appears we are slowing down again this week, already behind last week by 11,000 head.

Cattle slaughter from Tuesday estimated at 118,000 head, down 1,000 from a week ago and down 8,000 from a year ago.

Choice Cutout__230.23 +3.01
Select Cutout__219.03 +1.49
Feeder Index:__187.88 +.75

Hog slaughter from Tuesday estimated at 412,000 head, down 3,000 from last week and from a year ago.

Lean Index.__111.68 -.39
IA-S.MN average__111.32 +2.08
Pork carcass cutout__116.71 +2.04
National cash average__110.73 +3.46

****
Moving onto the grains…

Early Tuesday it appeared we would have a nice little turn around Tuesday for corn and wheat with everything higher, but shortly after the pits opened, futures started moving lower and never could stabilize. KC wheat contracts came the closest to holding on with losses less than a penny but this is also the wheat variety here within the US struggling the most to stay alive. Conditions reported Monday afternoon were 2% worse than a week ago and over 70% headed in OK and TX and KS at 36%. Bears continue to point to the potential for this week's precipitation chances as the last ditch saver.

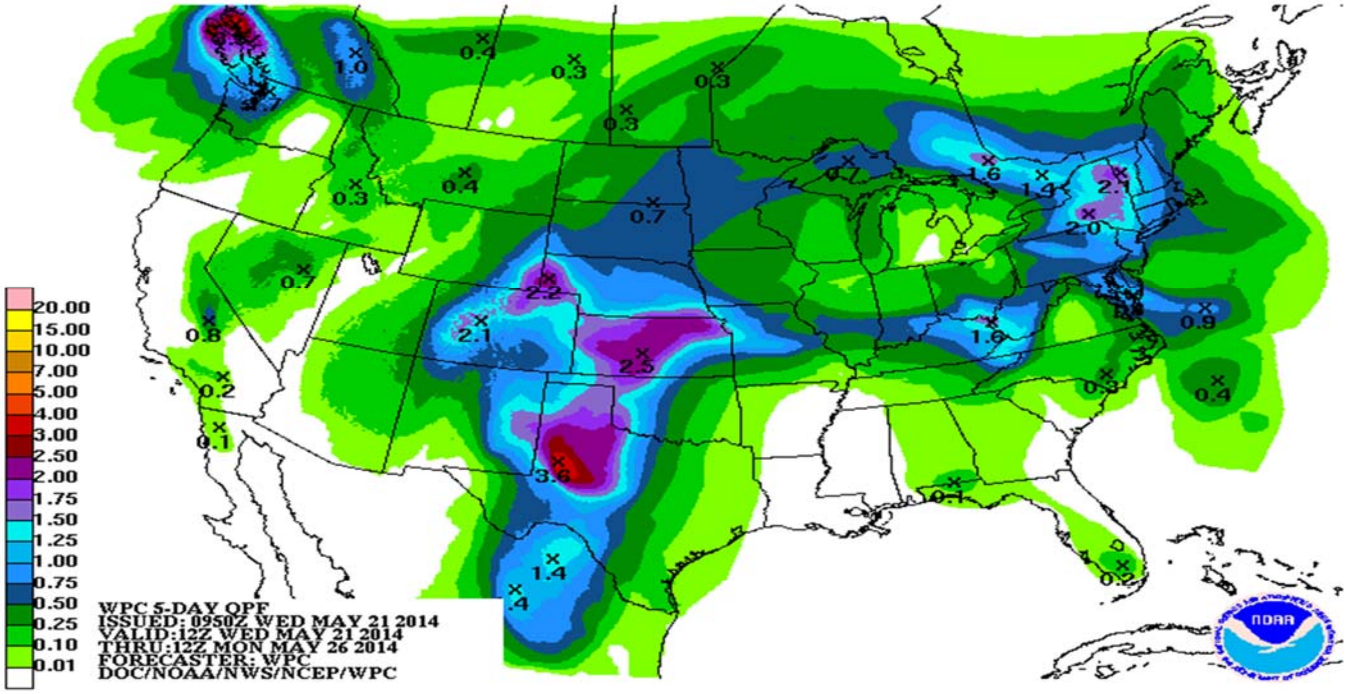
Soybeans reached up for some new highs but soon hit liquidation mode as well. The new crop November contract hit an eleven month high at 12.57 ¼, the contract high sits up at 13.33 from a couple years back.

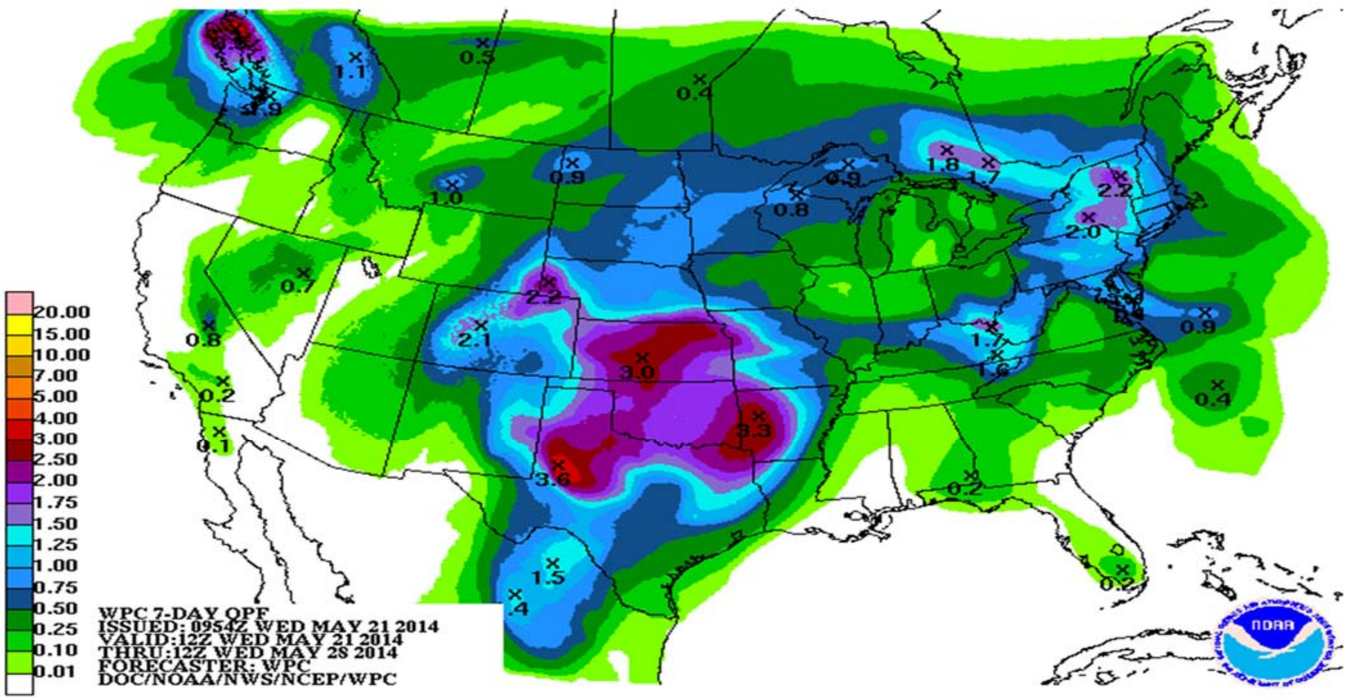
Overnight corn and wheat still just hanging on at a penny or less on both sides of unchanged. Soybeans finished up 6 to 8 and hit a dime higher at one point.

Baring weather bearish to wheat, the feel focus may be that prices here in the US are still uncompetitive in the world marketplace. Russia currently has the cheapest offers out there at $50/MT cheaper than the US in the latest tenders to Iraq.

Corn is still trading a tight range and what may seem surprising that we are this far below $5 this early in the crop year as others pointing to the following bearish facts…the crop is almost in, well ahead of last year's pace and equal to our long term average, weather looks ideal currently for most of the major producing areas and producer selling of old crop corn has been sizeable even with futures down now $.50 in the past 2 weeks.

China's official import data was released this morning showing a record high volume of DDGs imported in April over 613,000 MT, up 41% from last month and over 250% higher than a year ago as corn imports are down 78% from a year ago at 93,000 MT. April soybean imports were reported at 6.5 MMT up 63% compared to a year ago. Year to date imports are at 21.8 MMT up 41% from the same time period last year. Japanese soybean imports are also higher than ago by 20%.





Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700