



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Red was the color of the day in the pits following the long Memorial Day weekend. Weather was the main driver in the grain pits to start this week pressuring corn and beans primarily as wheat futures tagged along for the ride South. Livestock futures were mixed yesterday with only feeders higher at the pit close.

Cash feedlot trading lower last week is certainly not helping support things in the cattle market. Yesterday afternoon we saw some light cash trade in Nebraska at \$143 live which is down another \$1-\$2. Holiday clearance of products appears to be somewhat above average and helped push the beef cutouts higher though. This should be supportive to live cattle futures along with the continued steep cash to futures premium. Beef production is still running some 6-7% behind last year with weights 1-2% heavier. Same can be said for pork production levels but weights are now up to 5.8% higher than a year ago.

Cattle slaughter from Tuesday estimated at 119,000 head, up 1,000 from a week ago and down 6,000 from a year ago.

Choice Cutout\_\_233.12 +1.14

Select Cutout\_\_222.65 +1.75

Feeder Index:\_\_191.95 +2.60

Hog slaughter from Tuesday estimated at 424,000 head, up 12,000 from last week and down 1,000 from a year ago.

Lean Index.\_\_111.22 -.33

Pork carcass cutout\_\_112.89 -2.17

IA-S.MN direct average cash\_\_108.32 +.72

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Moving onto the grains...

Pressure came as soon as the overnight's opened Monday night with corn down 5-6, soybeans down double digits and wheat lower as well. We did receive some very beneficial rains over the holiday weekend, but still the majority did not touch the major wheat producing areas stricken by severe drought from the Texas high plains into Oklahoma and SW Kansas. Central and Eastern regions did see some relief but in my mind not near enough to turn this crop around.

After the close, the weekly crop conditions and progress report was released by USDA with corn and soybean plantings now at or ahead of 5 year averages. National corn plantings was reported at 88% complete, right on the 5 year average, compared to 73% last week and 84% at this time last year. The only states still behind pace are in the North and East with Wisconsin at 67%, Michigan at 53%, Minnesota at 81%, North Dakota at 67%, Ohio at 69% and Pennsylvania at 63%. All of the northern states made some huge progress last week though jumping some 20-50%. Emergence now at 60% compared to 34% last week, 49% last year and a 5 year average of 64%.

Soybean plantings at 59% are 3% ahead of the 5 year average now with almost 1/3 of the crop planted last week. 25% of the crop has emerged compared to 9% reported a week ago and 12% last year. Spring wheat advanced some 25% last week as well now at 74% complete compared to 77% last year and a 5 year average of 82%.

Winter wheat conditions finally stabilized nationwide with poor to very poor unchanged at 44% of the crop and good to excellent picking up a point from the fair rating now at 30% of the crop. Texas crop even improved slightly, Oklahoma was unchanged from last week and Kansas conditions worsened. Poor to very poor ratings for the Southern Plains are still near record levels with Texas at 65%, Oklahoma at 78% and Kansas at 61%.

Overnight, soybeans turned around finishing up 8 ½ nearby and up 3 in November. Corn and wheat remain under pressure though with corn down 1 to 2 and wheat 1 to 4 lower in all 3 pits.

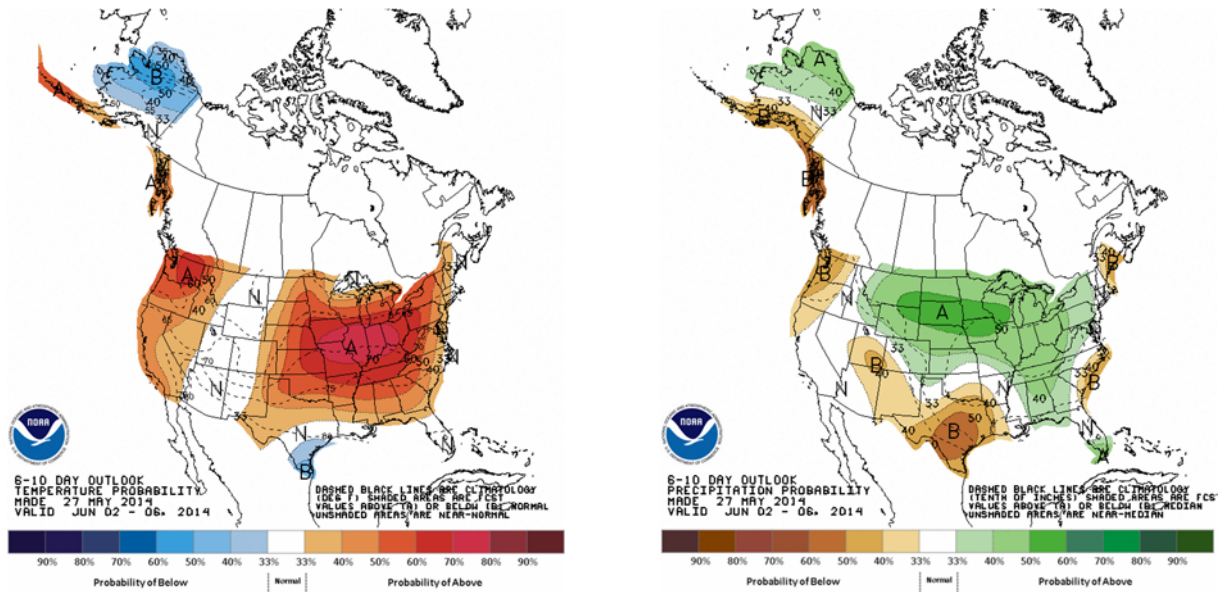
USDA reported this morning 110,000 MT of new crop soybeans sold China and 172,000 MT of new crop soy meal sold to the Philippines. China continues to

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sell corn and soybeans out of government reserves. There are quite a few tenders out this week for all 3 commodities, corn the most desired right now from the U.S.

Other news was light overnight as weather will continue to be the market mover. The 6 to 10 day maps show normal to above normal temps across the entire United States. Above normal looks to be parked directly over the Corn Belt centered in Illinois. The 6 to 10 day precipitation maps are also forecasting normal to above normal centered over South Dakota and covering most of the Northern belt states.



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