



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

All green across the board last Friday except for the spot hog contract. Cattle futures were on fire all week with the live cattle futures finally catching up to the cash market trade and supported by a stronger cash and products market. The feeder market is just on fire, no fundamental support there just buyers still wanting in. Cash feeders continue higher but there may be a point here soon where feedlots start backing off.

Last week's cash fed cattle market got pretty exciting with packers reaching up and paying \$3-\$4 higher for front-end inventory supposedly led by Tyson who was reportedly short bought on near term kill needs. Cattle ended up trading \$147 to mostly \$148 live and \$233 dressed in Texas and Kansas. In the north fed cattle sold for mostly \$150 live and \$235-\$239 dressed with a weighted average at \$237.

Cash hog bids chugged higher every day last week, with the national net price of hog slaughtered advancing nearly \$4.00 on the week. Calls are for bids to remain strong this week as packers compete for tightening hog numbers. Slaughter last week was 1.915 mill head, and is expected to drop very close to 1.9 mill head this week. Hog slaughter was down 1.8% from last year on the week, but the heavy slaughter weights resulted in a 3.4% increase in the estimated pork production.

For the week June Fats +7.47, August Feeders +7.62, June Hogs +1.32

Cattle slaughter from Friday estimated at 113,000 head, down 4,000 from week ago and down 11,000 from a year ago. For the week, 605,000 head compared to 614,000 a week ago and 644,000 head last year. Year to date percentage difference remains at 6.3% less.

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Choice Cutout__231.87 +.98
Select Cutout__223.72 +.12
Feeder Index:___198.91 +.73

Hog slaughter from Friday estimated at 299,000 head, down 20,000 from a week ago and down 42,000 from a year ago. For the week 1,915,000 hogs down 15,000 from a week ago and down 35,000 from a year ago. Year to date difference at 4.1% less.

Lean Index.__114.75 +1.06
Pork carcass cutout___121.68 -1.77
IA-S.MN direct avg__116.50 -.16

Moving on to the grains,

Grains had a small rebound Friday but overall a lower week in total. Good fall crop weather continues. This week will be important for wheat as harvest moves North but also with futures sitting not far from what could be some strong support levels or if we break through it, a trigger for more liquidation selling.

Informa updated their crop acreage late Friday with corn acreage up slightly to 91.58 million acres and soybean acreage down slightly from 82.07 to 81.78 million acres.

For the week, July Corn -12, Dec -10 ¼, July Beans -31 ¼, Nov +2 ½, July KC - 22 ¼ and Sept KC Wheat -24 ¾

Overnight the grains were mixed with corn finishing steady to 1 ¾ higher, soybeans up a nickel nearby and down a penny in November. Wheat finished 4 to 6 higher in all three pits.

The market is looking for this afternoon's weekly USDA crop progress and conditions to report Soybean planting 92% to 95% complete vs. 83% last year on this date. Corn and Soybean conditions are expected to come in unchanged to slightly better.

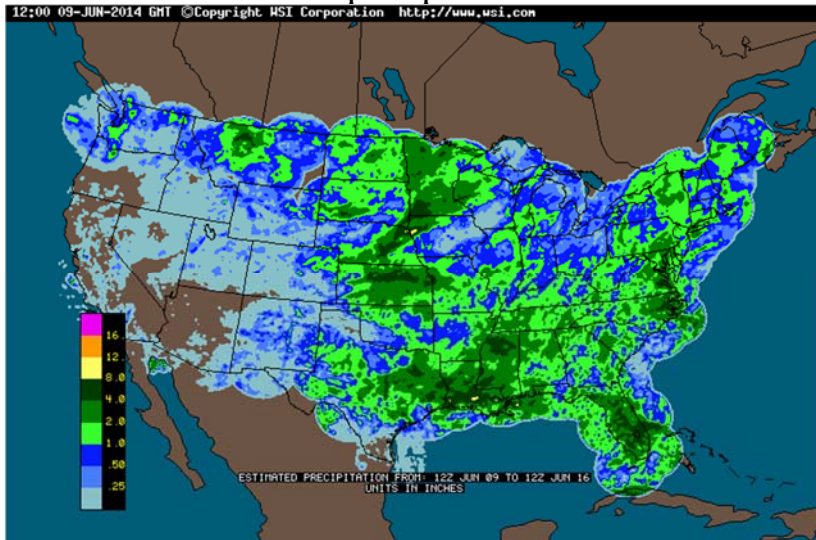
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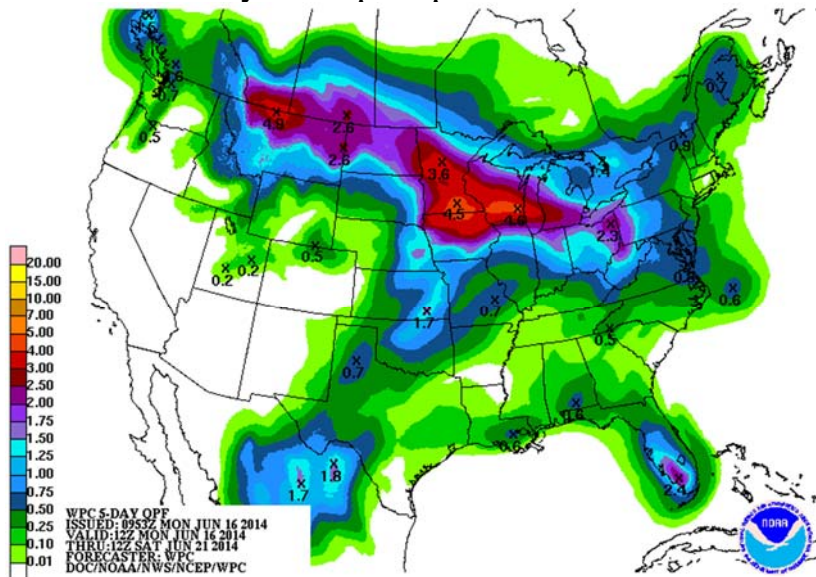
There are some new tenders for wheat out this week with the U.S. likely to secure sales to Taiwan and Japan, but the Middle East is still untouchable with Egypt buying last week from Romania and Russia and Lebanon buying a small amount from Ukraine.

NOPA crush data to be reported later this morning with expectations of a lower amount of soybeans crushed in May versus April. The average estimate is 126.9 MBU which would still be bullish compared to last year's 122.6 MBU.

Last week's estimated precipitation...

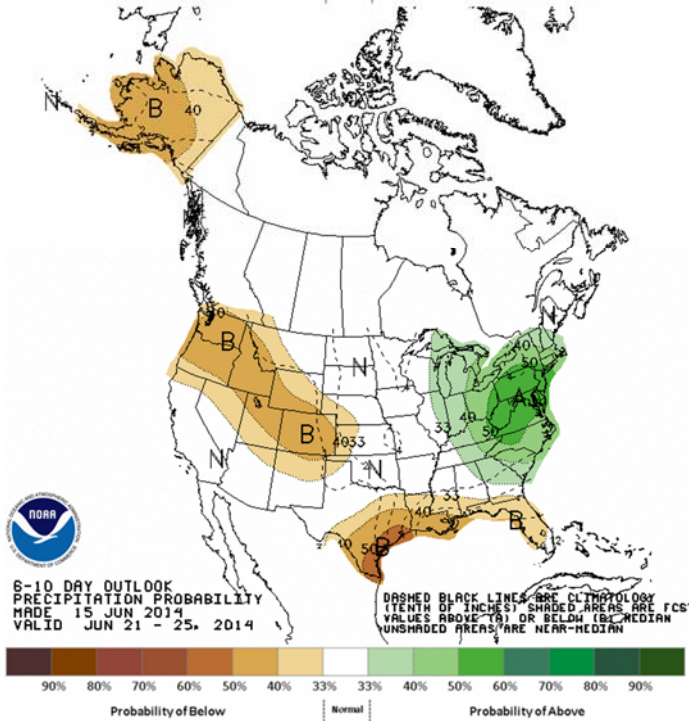
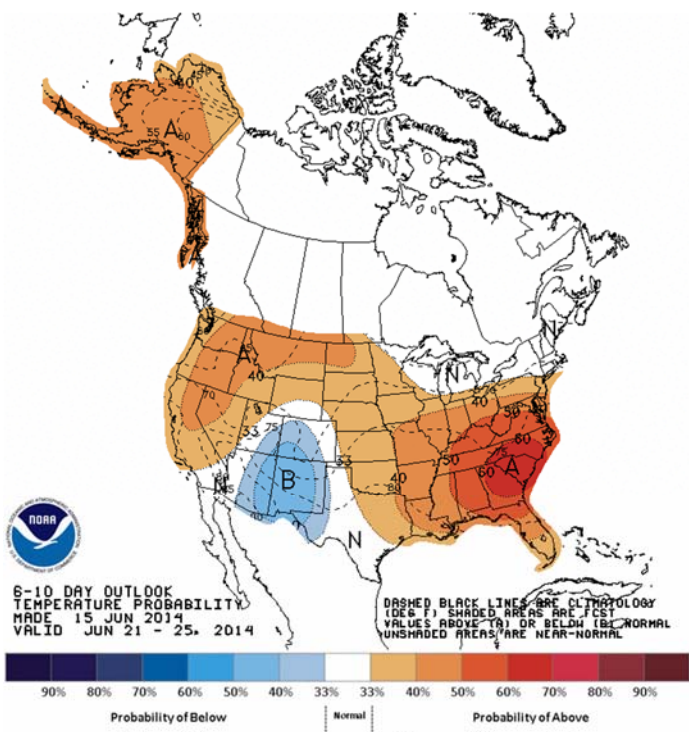


Forecasted 5 day Total precipitation...



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