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## **Loewen and Associates**

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### **Morning Ag Markets**

**Matt Hines**

Livestock futures shot higher yesterday as the grains were under pressure for most of the day. Feedlots are offering fewer numbers this week especially in the South with early offers at \$152 plus. In the North, offers are starting at \$152 live and \$242+ on a dressed basis. Unless futures or product values absolutely tank we should at least hold steady this week on cash trade.

Cash feeders early this week have been moving at steady to higher, some instances \$7 to \$10 higher than last week. With futures well above \$210 now and the index closing in fast, will \$220 now be the next target or the rally killer?

Cattle slaughter from Tuesday estimated at 115,000 head, down 2,000 from a week ago and down 9,000 from a year ago.

Boxed beef cutout values higher on moderate demand

Choice Cutout\_\_243.66 +.89

Select Cutout\_\_238.34 +.99

Feeder Index:\_\_207.63 +1.09

Hog slaughter from Tuesday estimated at 399,000 head, up 19,000 from a week ago and down 3,000 from a year ago.

Lean Index.\_\_121.68 +1.29

Pork carcass cutout\_\_131.53 +1.77

IA-S.MN direct average cash\_\_126.56 +2.38

National average cash\_\_126.07 +4.41

#### **IMPORTANT—PLEASE NOTE**

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Moving onto the grains...

All red in the grains but at least we didn't score new lows and corn had a modest bounce of the day's lows. Monday afternoon's Crop Progress Report just wasn't enough for the bulls to step in and push prices higher. National corn condition ratings dropped to 2% to 74% good/excellent; that's still above 65% last year and the 67% five-year average number. Soybean ratings lost a point to 72% g/ex, still up from 65% LY and the 64% 5YA. Winter wheat harvest is progressing North as it can with all the recent rains and more forecasted this week. Hard Red wheat yields are coming up as we move North and vomitoxin continues to be present for the Soft Red crop.

Overnight corn and wheat were again under pressure with corn down 2 ½ to 2 ¾ and wheat 1 to 4 lower in all three pits. Soybeans tried to reach double digits higher but faded as the night progressed and finished ¾ of a penny lower nearby and 1 ½ higher in November.

Early this morning USDA announced a sale of 116,000 MT of Milo, half old crop and half new crop, sold to unknown destinations at this time. Also, a private sale of 217,400 MT of new crop corn for unknown destinations was announced.

China announced they would increase their domestic grain reserves by 25+ MMT to help keep a minimum of 6 month supply on hand. In that same announcement they plan to add over 50 MMT of grain storage over the next year and half.

Next Monday's Quarterly stocks report is a big one for Corn and Soybeans, but not as much for wheat. As of June 1, analysts are expecting US corn stockpiles at 3.72 bln bushels compared to the year ago quarter's 2.766 bln bushels, stocks on March 1, 2014 were 7.00 bln bushels. Acreage intentions are being pegged at 91.70 million vs the March number of 91.6 and last year at 95.36 million.

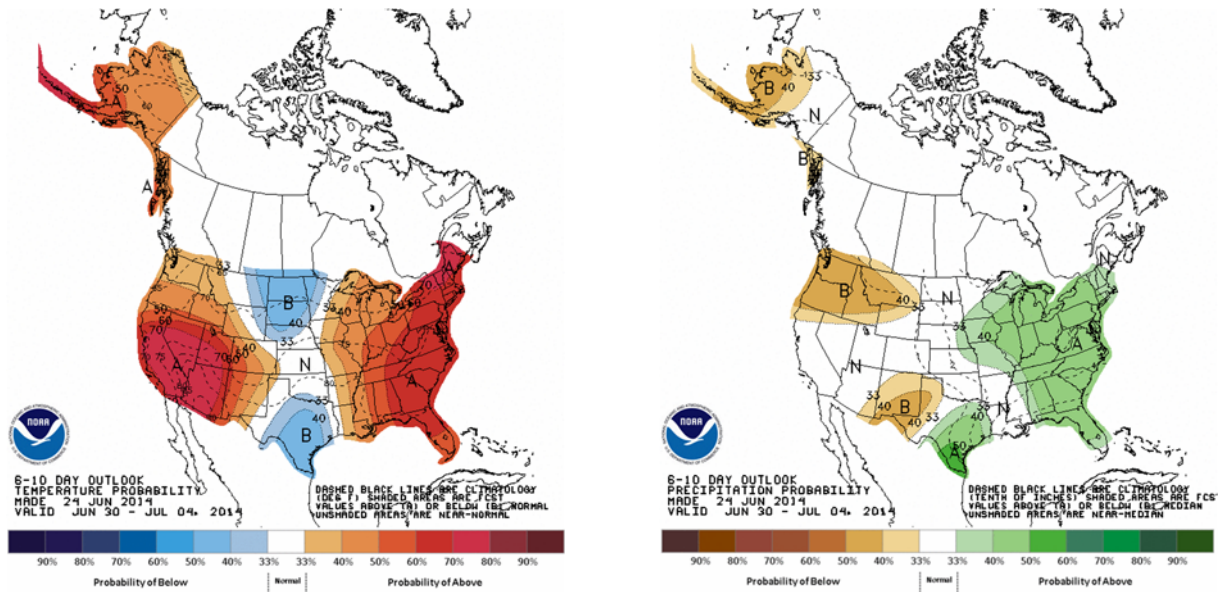
The average stocks guess for soybeans as of June 1 is 382 million bushels (range 334-440), which compares to the 2013 number of 435 and the March stocks number of 992. Acreage is being pegged at 82.21 million acres (range 81.3-84.0), up from 81.49 in March and up sharply from the 76.53 number in 2013.

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All wheat stocks are being pegged at 55.77 million bushels which is down just slightly from the March number of 55.81 and the 2013 number of 56.15 million.

Looking ahead this week, we'll get a Stats Can report on Friday morning. The trade is looking for all wheat acres at 24.37 million acres (range 23.6-25.7) down from the March estimate of 24.76.



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