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Morning Ag Markets

Matt Hines

Mixed markets to end the week with cattle futures and soybeans lower while hogs were sharply higher and modest gains for corn and wheat last Friday.

Cash feedlot trade last week in the South was \$4 to \$5 higher at \$154 to \$155 live and in the North mostly \$245 on a dressed basis which is \$7 higher than the week previous. New highs both live and feeder cattle for the week but Friday's trade was technical pull back/relaxation of the market it seems to end the week.

Traders guessed right as the June hogs and pigs report was bullish. All hogs as of June 1st reported at 95% compared to a year ago with expectations at 97%. Kept for breeding 2 points under expectations at 100% and kept for marketing also 2 points under expectations at 95%. This along with the gap higher move into new highs early last week point to higher prices as well.

For the week June Fats +4.70, August Feeders +7.45, July Hogs +3.07

Cattle slaughter from Friday estimated at 116,000 head, even with a week ago and down 10,000 from a year ago. For the week, 615,000 head compared to 613,000 a week ago and 654,000 head last year. Year to date percentage difference remains at 6.3% less.

Choice Cutout__245.98 +.97

Select Cutout__237.75 +.19

Feeder Index:___213.37 +2.14

Hog slaughter from Friday estimated at 317,000 head, down 39,000 from a week ago and down 77,000 from a year ago. For the week 1,910,000 hogs up 11,000

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from a week ago and down 109,000 from a year ago. Year to date difference remains at 4.2% less.

Lean Index. __126.08 +1.43

Pork carcass cutout __132.99 +1.18

IA-S.MN direct avg __125.13 -.87

Calls this morning are higher, cattle futures 20-90 higher with hogs \$1-\$2 higher. Cash calls are steady to \$2 higher for both.

Moving on to the grains,

In the grain pits Friday traders were mostly evening up positions ahead of today's quarterly stocks and acreage report. Old crop beans continue to be supported better than new crop with a supper tight ending stocks this year versus the potential for a massive crop this coming year. Last week, Wheat tried to press into new lows and was not able to hold them. Chi Jly was 18 cents off the lows made early in the week but closed unchanged in flat price for the week. KC did not make new lows but tested the 7.00 lows hard. That market bounced off the lows by 25 cents but closed only 5 cents higher on the week. Corn tried to rally early in the week on bad weather in the western Corn Belt. That did not work with a 20 cent break to the lows and then sideways trade since. Beans tried to short cover all week getting buy stops along the way when the highs from the previous week were exceeded.

For the week, July Corn -10 ¼, Dec -4 ¾, July Beans +16 ¼, Nov -3 ½, July KC +5 ¼ and July Chicago Wheat unchanged

Overnight the grains were mixed to lower. Corn was off another 3 to 4, nearby beans up 1 ½ and November down ¾ of a penny. July KC wheat was up 2 but 2 to 5 lower in all three pits beyond that.

The June 1 stocks and acreage estimates will be released at 11 am today. The tables below show the Bloomberg collected estimates. The total acreage estimates have been a contentious item since Dec as the USDA has seemed to under-estimate total acres. The large number of prevent plant acres from last year has been typically blamed for the difficulty in coming to a consensus on these estimates. The delays this spring were limited to the northern states where prevent plant numbers are expected but the balance of the Midwest has been

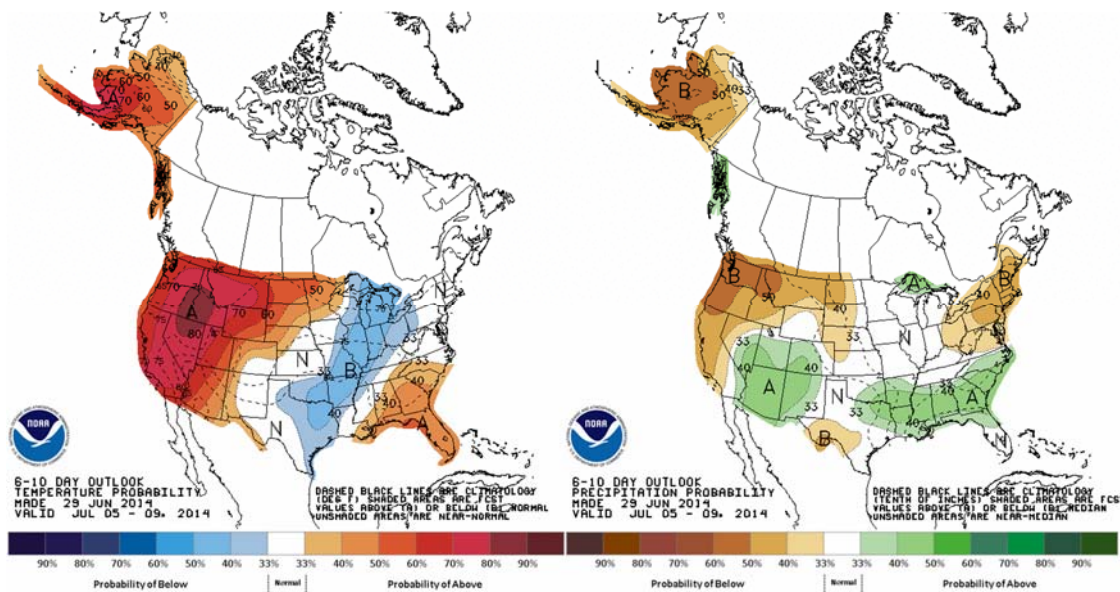
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able to get most all acres planted. This leaves the stocks estimate as the most important part of this report. Beans will get a lot of attention as most in the trade feel the bean usage to date has been much heavier than the paper calculation of stocks would allow. The trade will watch the stocks estimates for some indication that the USDA will have to increase the crop estimate for last year. For corn the market, some are still much lower on their feed estimate this year with both cattle and hog numbers lower.

Just a reminder that today is also first notice day for July Grain contracts, which means they have no limits in place on a report day.

Weather looks very mild this week, normal to below normal temps and precipitation for the 6-10 day outlook. It is shocking that early July local temps are forecasted in the upper 70's to mid 80's.



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