



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, LaVell Winsor
866 341 6700**

www.loewenassociates.com

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Morning Ag Markets

Pete Loewen

One thing is for sure regarding the cattle market direction these days..., if it is heading hard in a direction opposite of where you want it to go, just stick around another day or two and the odds are it will be headed right back in your favor. \$2.00+ to the upside of \$2.00+ lower and an occasional limit move are becoming a common occurrence in the feeders and just slightly to a lesser extent in the fats. Front end live cattle made new contract highs yesterday, but the feeders are holding back at levels quite a ways off the highs.

Cattle fundamentals are also improving slowly but surely with expectations for cash being easily higher this week at the feedlot gate and product slowly but surely advancing on the choice cuts. Once again though there is a very strong divergence developing between cattle fundamentals and hog fundamentals with pork cutouts posting deep, deep losses over the last two weeks and cash hogs coming under fire at times as well. If pork takes a big hit on the grocery store shelves and cutouts once again drop back below the \$100 mark (they are in the \$106 range now), that will peel a lot of bullish potential away from the cattle market. At the moment though, beef packers are ignoring it, pushing product up and like I said previously, they'll probably push cash up again this week.

The flipside of the live market friendliness though is calf and feeder market cash taking some hits with the stellar gains of previous weeks now being mixed with choppy and sometimes quite a bit weaker trade in some reports. Joplin's Monday report was heavily mixed. Oklahoma City prices were mostly lower.

Cattle slg. ___ 114,000 unch wa -10k ya

Choice Cutout ___ 249.84 +.68

Select Cutout ___ 235.17 +.39

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Feeder Index:___241.84 -1.48
Lean Index.___106.78 -1.43
Pork cutout___106.46 -4.55
IA-S.MN direct avg___97.33 -.94
Hog slg.___ 429,000 +2k wa -3k ya

Moving on to the grains, corn and wheat finished Monday's trade very flat and the bean market was mildly lower logging approximately 7 ½ cent losses across almost every contract month.

With harvest back into full swing, I would have thought that both the beans AND the corn would have seen enough commercial hedge pressure yesterday for red ink to be the theme on the screen all day. The fact corn was able to ward off the bears was impressive, although last night that came home to roost a little bit with a flat to lower close.

If the corn and soybean markets can fight off the bearishness of the next 7-10 days worth of forecasts, I'll be impressed. Hot and mostly dry this week along with 6-10's last night that were showing above normal temps and below normal precip again for next week leave a wide open window to take off a lot of acres of corn and bean harvest in the near future. That's why I think it will be a hard fight for the bulls over the next two weeks.

Crop progress and condition numbers yesterday afternoon showed corn conditions unchanged at 74% g/ex. Soybean conditions were unchanged as well at 73% g/ex. Harvest progress was 53% complete in beans versus 66% on average for that date. Corn was 31% versus 53% normally. Winter wheat planting was 76% complete, 1 point below average for the date and emergence is 56%, which is 6 points ahead of normal.

Pete Loewen

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www.loewenassociates.com

peteloewen@cox.net

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