



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Morning Ag Markets

Pete Loewen

Meat complex trade had a lot of triple digit net changes at the close on Wednesday, yet wasn't nearly as volatile as trade has been in recent sessions. Thankfully the close this time was higher, especially in hogs where product, cash and futures have seen a lot more sharp downside collapsing recently than bullish action. When I was talking on Tuesday about pork cutouts having risk being at \$100 or below, they were in the \$106 range at the time. Yesterday afternoon the quote was all the way down to the low \$101 area. Hard to believe futures looked so good yesterday in the face of the beating the product market has taken recently. Not only that but yesterday's hog kill surpassed last year's total at the same time and I honestly can't remember the last time on a normal, non-holiday kill when that happened. If hogs have any recovery potential to the upside it will be hard fought. In my opinion, futures look weak still.

Tomorrow afternoon we get COF numbers after the close. The range of guess for the On Feed total are from 98.9% to 100.6%. Placements are expected in a range from 97.5% up to 107% of a year ago. Marketings from 98.5% to 99.6%.

Cold storage was released yesterday and showed frozen poultry supplies down 10% from a year ago, frozen beef supplies down 16% and pork down 4% from a year ago. Not much to gather from those numbers that already wasn't expected by the trade.

Cattle slg. ___112,000 +4k wa -12k ya

Choice Cutout__251.00 +1.16

Select Cutout___235.07 +.14

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Feeder Index:___240.46 -.34

Lean Index.___104.17 -1.28

Pork cutout___101.16 -2.88

IA-S.MN direct avg___92.32 -3.54

Hog slg.___429,000 +1k wa +4k ya

Just a reminder that Monday morning we get the new revised trading hours starting in the meat complex. Trading will begin at 9:05 Monday morning and close at 4:00 each afternoon through Thursday. Friday's close is 1:55. Tuesday through Friday the meats open at 8:00 am. The changes to these hours have the exact same closing times as meats have had for quite awhile now. However, there is no overnight trade anymore, so the closes at 4:00 that used to have the market reopening at 5:00 pm for the night trade are no more. We just have daytime trading now! This was definitely a step in the right direction for the CME, although I would still contend that having the market open after 1:00 pm is a waste and still detrimental to market liquidity and volume.

Grains started the day higher and finished there in wheat, but corn and beans encountered heavy selling right into the close that quickly turned BIG early day gains into red ink at the settlement. Chart technicals turned very sour with the reversal lower and along with warm temps, little rain in the extended forecast still and an active harvest pace, might make it a challenge to extend the recent gains anymore.

Weekly export sales data was fairly neutral for corn, very bullish beans and bearish wheat. The wheat total was 11 mln bushels, which wasn't very far off the last two week's numbers, but if you remember, I wasn't very impressed with the last two weeks either. Spring wheat sales exceeded HRW this time as well and that hasn't happened in quite a while. Corn sales were 40.6 mln. Beans were 79.6 mln, which is HUGE! That brought the total commitments to date up to 1.204 bln for beans, although 83% of that total remains unshipped and just on the books as commitments.

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The western and northern Corn Belt caught a little rain last night and this morning that will stall out harvest progress in a few areas, but the 6-10 last night still showed above normal temps and normal to below precip. I'm guessing with the pace already this week ahead of these rains, there will be a strong uptick in corn and bean harvest progress in next Monday's report.

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