



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Date: 02.05.2015

Looking back at some past days this week, the highlight of Tuesday's grain markets was a very strong surge of buying that took grains out of their bearish technical trends on a sharp rise higher. A key point to keep in mind though is that bullish grain market specific news was nonexistent in the rally. Instead I think the vast majority of the strength if not all of it was fund buying sparked by a huge rally in crude and dramatic fall in the dollar index that were going on at the same time. Fast forward to yesterday and the dollar jumped back higher and crude fell off a cliff. The result..., lower grains, especially the beans where nearly 50% of Tuesday's rally was erased with the losses. Once again, 100% money flow, 0% actual grain market fundamentals.

Key point to take from this- don't get too caught up in the day to day action in the markets. Stepping back and taking a snapshot of the bigger picture gives a much better explanation of market movement reasoning, as well as the influence of fundamentals.

In today's market news, the CME announced yesterday that they will be closing the vast majority of the open outcry futures pits in early July. Most of the options pit action will remain for the time being. The migration of the futures trade away from the pits and to the screen was painful enough to watch for someone like me who has been involved in this industry for 23 years. Sad to see the historical era end...

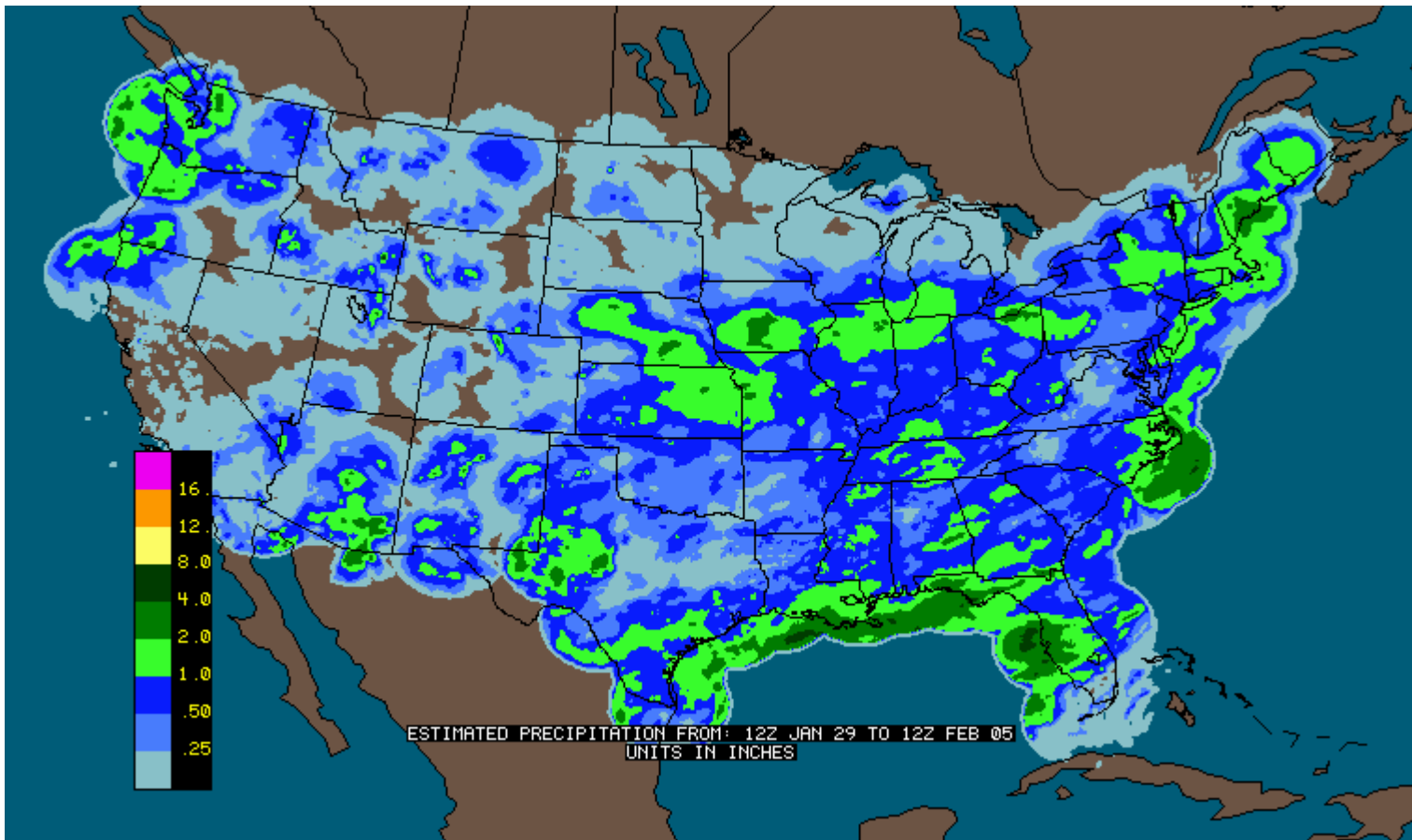
Next Tuesday we get February US S&D's and world numbers as well. Average guesses for ending stocks in the US are 1.879 bln corn versus 1.877 in January. Beans are pegged at 398 mln versus 410 last month. Wheat average guesses are at 689 mln versus 687 in the last report. South American production guesses are 94.6 mmt's for Brazil soybeans, down from 95.5 last month. Argentina beans are projected up ½ mln to 55.5 mmt's.

Export sales this morning were neutral corn, mildly friendly beans and bearish wheat. Corn sales were 33.3 mln old crop. Beans were 18 mln old crop. Wheat was 14.6 mln. I know that bean number doesn't look very big at only 18 mln, but keep in mind this is also the time of year

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when demand switches from US origin to South American as their harvest progresses. Positive numbers are good numbers.



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