



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Volume was light yesterday and profit taking was the main focus early in the livestock pits but futures did climb back off their lows and found some slightly higher trade in live cattle pits. Cash cattle trade is still quiet for the week but feedlots are optimistic for higher cash again this week and cash calls so far are still holding steady to \$2 higher. Product prices may have stabilized some here after falling double digits the past few weeks. Exports are slipping as well with the increased value of the \$US and continued strikes at West Coast ports. Funds continue to liquidate here keeping the lid on any major sustaining rallies.

Cattle slaughter from Tuesday estimated at 109,000 head, down 3,000 from a week ago and compared to a year ago.

Boxed beef cutout values steady on Choice and higher on Select on light to moderate demand and offerings.

Choice Cutout__238.43 -.05

Select Cutout__233.56 +1.26

Feeder Index:__208.90 +.24

Hog slaughter from Tuesday estimated at 435,000 head, up 2,000 from a week ago and up 18,000 from a year ago.

Lean Index.__65.78 -.87

Pork carcass cutout__72.54 -1.16

IA-S.MN direct avg__59.58 -1.01

National Average__58.54 -1.16

All livestock futures are still in a downtrend but live cattle have the best shot a breaking that here this week. We probably need to see higher cash feedlot trade again this week and futures rally another \$2-\$3 before it breaks out of the

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channel though. March feeders would need a \$7 to \$10 rally from here to break its downtrend as well.

Over in the grain pits, it was report day and quite the mixed bag. US corn ending stocks projected at 50 MBU lower and US soybean stocks 25 MBU lower both friendly to higher prices while US wheat stocks only 5 MBU higher which was expected due to the miserable export pace. World stocks were not as friendly with world corn stocks slightly higher due to production increases in Argentina, Mexico, Ukraine and the EU countries. World soybean stocks lower reflecting the change in US ending stocks lower. Argentina's production was raised 1 MMT while Brazil's was lowered 1 MMT with both still projected to produce record crops. The most bearish news came from the world wheat picture with ending stocks raised 1.85 MMT. Production was increased in Argentina, Kazakhstan and Ukraine. Overall world stocks won out along with a higher \$US.

Overnight grains were again weaker with corn and soybeans down 2 and wheat steady to 6 lower.

USDA market news service had some issues late yesterday and overnight sending repeat after repeat of market news stories to any subscribers. For those using a DTN, you will see a mass of repeated stories and for those that signed up for emails, your inbox is now full.

South Korea purchased 128,000 MT or 5 MBU of option origin corn and 1 cargo of feed wheat to be shipped this summer/fall.

Looking at the charts, yesterday's move did not really help or hurt them any when looking at the nearby contracts. March soybeans maybe the most with the settlement below the 10 day moving average now and signs pointing to a test of the recent low at \$9.55. Both KC and Chicago March wheat contracts are sitting just above their 10 day moving averages. March corn has some good support in the \$3.81 to 3.80 range.

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