



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Turnaround Tuesday for the livestock futures with live cattle and feeders getting back about half of Monday's losses and hogs higher throughout the session.

Cash prices for hogs were up \$1 to \$2 yesterday and bids already starting surfacing from packers for cattle with rumors they may still need inventory this week with all the contracted cattle for April delivered. Margins should be in the black and kills may top 550,000 head this week. April live cattle and feeders both expire tomorrow

Cattle slaughter from Tuesday estimated at 115,000 head up 5,000 from a week ago but down 6,000 from a year ago.

Boxed beef cutout values steady to firm on moderate demand and offerings.

Choice Cutout__257.72 +.83

Select Cutout__247.98 unchanged

Feeder Index:__214.90 +.55

Hog slaughter from Tuesday estimated at 429,000 head, down 3,000 from a week ago but up 14,000 from a year ago.

Lean Index.__65.83 +.44

Pork carcass cutout__71.02 +.16

IA-S.MN direct avg__68.51 +1.79

National Average__66.91 +2.30

As of this morning, bird flu has hit 5 more large chicken farms in Northwest Iowa housing over 9 million birds total. Four more turkey farms in Minnesota have been confirmed as positive with the H5N2 virus as well. The losses to the turkey industry in Minnesota are now up to 3.11 mill birds, and that doesn't

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include some farms where information is still being collected. Total poultry count is somewhere between 20 and 25 million now.

June live cattle staying above the \$149 support may have been key for this week to sustain higher trade both in the futures pits and cash. Feeders have support in the \$211 to \$210 area and again at \$205 with resistance now at in the \$215 area. Lean hogs have a nice uptrend going in which we have added \$6 to \$7 over this past month. The May contract still has some gaps to fill moving up with resistance at \$78. The June contract does not have any gaps to fill and resistance much closer at \$82.

A much softer turnaround Tuesday in the wheat market yesterday but we did finish a dime off daily lows. Soybeans added to their recent rally and corn hovered around unchanged for the day. Weather is shaping up nice this week for some massive headway on planting and keeping pressure on the grains while the dollar has weakened as of late, now at a 6 week low, with some trying to point to that for possible strength in the grains. The system that sat over Texas and Oklahoma spilling out 2+ inches is moving east with additional rains forecasted for the Plains next week. The EU and Black Sea regions are also forecasted to receive additional moisture in the near future. Russian news is being watched closely. Signs that the export tax will be removed or extended past June continue to be debated. If the tax is removed it would certainly be seen as a bearish, suggesting their crop is in better shape than reported early this spring.

Overnight grains were fairly quiet, corn speaking the loudest though. Corn was steady to up 1 most of the night but finished 3 higher. Soybeans trading both sides of unchanged and finished steady to down 1. Wheat was 1 to 3 higher for all three pits.

Yesterday's corn purchase by Taiwan was confirmed by USDA this morning. It was at the top end expected, 5.1 MBU, but is for new crop delivery not this summer as initially thought.

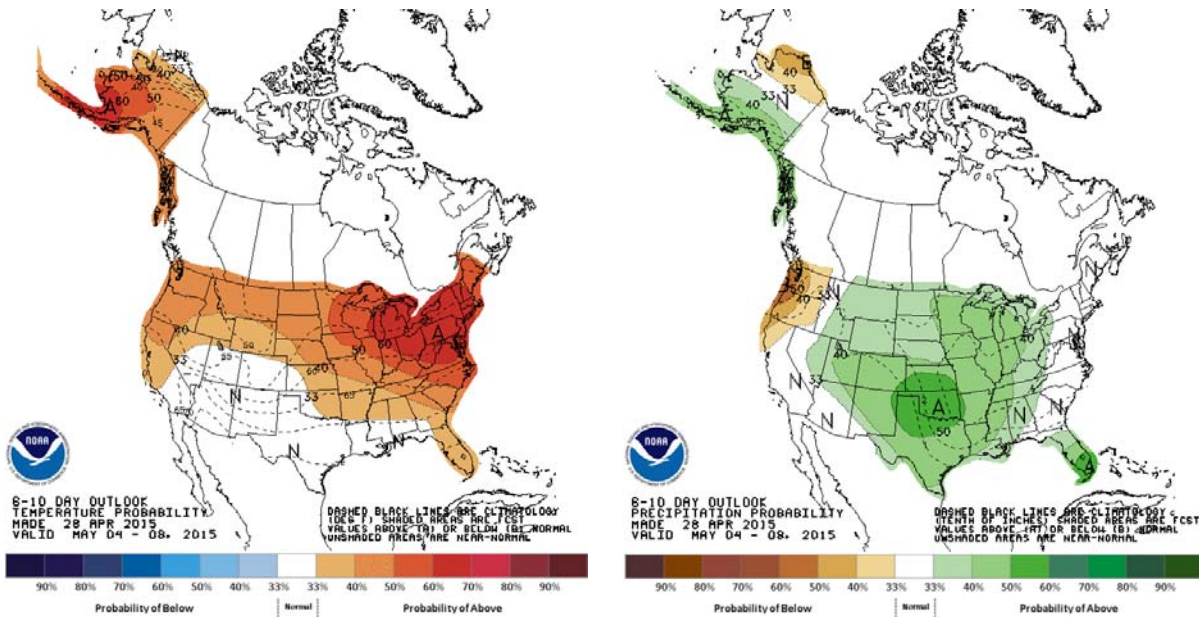
South Korean companies were active overnight purchasing 1.2 MBU of US milling quality wheat, 2.5 MBU of optional origin feed wheat and 5.2 MBU of either US or South American corn. One company is still seeking 2.7 MBU of optional origin corn this morning while another passed completely on 2.5 MBU of optional origin feed wheat.

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May corn has found some support at \$3.60, the bottom side of the downtrending channel, resistance will be met at the 10 day average of \$3.70. May soybeans have tacked on 30+ cents the past 2+ weeks with the 10 day moving average now moving higher and providing the underlying support at \$9.73. The first area of resistance will be the range from \$9.88 to the high back in early April at \$9.93 with additional resistance at the \$10 level. The May KC wheat contract has chart resistance at the 10-day moving average at \$5.11. We hit new contract lows in all three wheat pits on Monday though even though we are very oversold. Since then, all 3 wheat markets have stabilized and we shall see if the lower US\$ can stimulate any additional export sales.

The 6-10 maps show the above normal temps pushing Northeast but above normal precipitation sticking around and centered now on the Southern Plains.



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