**Loewen and Associates, Inc.**
*Commodity Consulting/Brokerage*
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Thursday's session in the meats closed solidly lower in hogs with most contracts down in the triple digits. Feeders were mixed with mild gains on the front three months and mild losses on everything beyond. The live cattle trade closed moderately higher across the board though and that was a welcome sign in the face of a product market that has been under heavy pressure for the last two weeks.

Choice cutout quotes have fallen from the $265 area in mid-May down to $248.48 in the afternoon quote yesterday. So far the only obvious bearish influence or repercussion that has placed on the trade is a significant decline in packer margins. One would think the packer would be trying everything possible to pull cash prices they are paying for cattle down with it, but they haven't been able to pull that one off just yet. With the vast majority of the negotiated trade slated to happen today or into the weekend, we'll see how that pans out and if they have any success. For the sake of cattle feeders I would love to see prices hang in this $160 area where it's been for the last couple of weeks. Next week begins the delivery period against spot June futures though, which also means we should see some convergence beginning to take place between futures and the cash market that continues to trade significantly above futures. With product moving rapidly lower one would rationally think it would be cash that moved closer to the June futures by coming down, but the cattle market has been far from rational in recent months with the discrepancy between cash and futures since all the way back in December.

Cattle slg.___110,000 -6k wa -7k ya

Choice Cutout__248.48 -.80

Select Cutout___240.51 +.71

Feeder Index:___224.46 +.85

Lean Index.__82.47 +.08

Pork cutout___86.86  +.34

IA-S.MN direct avg__79.50  -.61

Hog slg.___421,000  +15k wa   +8k ya

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Grain trade finished yesterday's session with very nice gains in wheat across all contract months, beans were up in the double digits on the front three months and corn ended just shy of nickel gains across the board.  Yesterday I talked about wheat volatility kicking it up several notches over the last month, so double digit gains or losses haven't been out of the norm for that market.  However, seeing double digit gains when weekly export sales numbers were bearish was a welcome sight for the farmer.  Old crop wheat export sales were a negative 700,000 bushels yesterday, soybeans were friendly at 4.8 mln old crop and corn was bearish at 18.3 mln bushels of old crop.  Obviously the sales numbers had no bearing on market direction.  Commodity fund buying was the feature of the day with estimates at 7000 contracts of beans, 6000 corn and 7000 wheat.

In world news this morning, Ukraine's Ag Minister raised their estimate for 2015 winter wheat production to 23 mmt's, up from 21.5 mmt's earlier.  That's still below last year's 24.1 mmt number.  The Argentine Grain Exchange raised their soybean production estimate up to 60.8 mmt's on the heels of Informa putting it at 60 even earlier this week.  They left corn unchanged at 25 mmt's.

Next Wednesday is the next USDA S&D and crop production reports.  Old crop ending stocks estimates are at 339 mln beans versus 350 in May, 1.859 bln corn versus 1.851 in May nad 712 mln wheat versus 709 last month.  New crop stocks are pegged by the analysts at 487 mln beans, 1.779 bln corn and 798 mln wheat.

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