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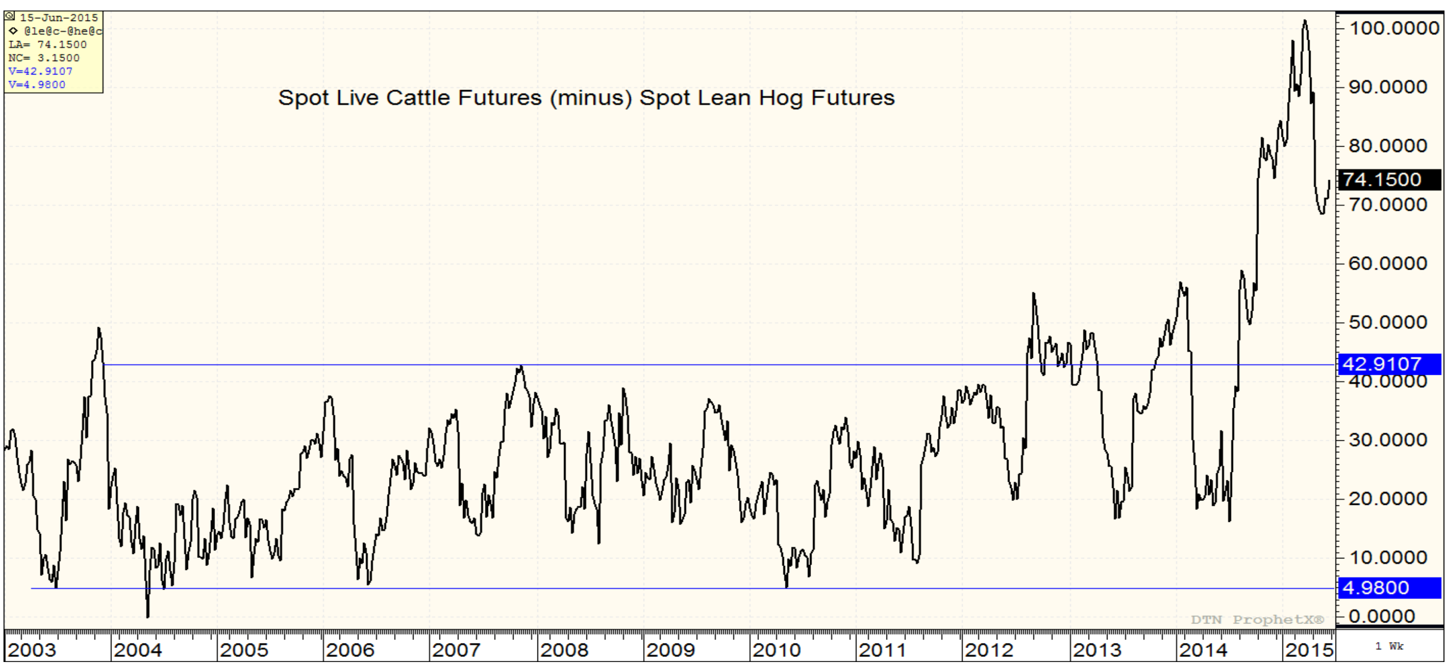
Date: June 17, 2015

Live and feeder cattle futures continued to try and claw their way back to higher money yesterday and they were successful at it in all but the spot June fed cattle contract. Front month August feeders closed very strong on the other hand, unlike their counterpart June live cattle.

Along with futures gains, the product market in both the choice and select found nice advances of more than $2.00 apiece. Basically, futures and product have been testing the waters of recovery after falling hard recently, but there are also some very apparent differences in the two. The product slump lasted from mid May until just recently and took a BIG hit on the way down. Futures trade actually made new recent highs just last week before getting hit with a steep drop coming into this week. With the way cash dropped last week, I would hope it can find some recovery as well, but that remains to be seen. Packers have cut back on kills considerably from the sheer lack of cattle compared to recent years, but that's not necessarily bullish. There is still much, much cheaper pork and poultry supplies out there to make up for the downturn in beef supply.



Cattle slg.___113,000 +1k wa   -3k ya
Choice Cutout__249.47 +2.14
Select Cutout___242.56 +2.10
Feeder Index:___226.69 +.83
Lean Index.__81.02 -.38
Pork cutout___86.03 +1.42
IA-S.MN direct avg__77.63 -.42
Hog slg.___424,000 +1k wa   +45k ya

Grain and oilseed trade found soybean futures on a tear higher led by concerns for 11 mln acres of beans left to plant yet in the US according to Monday's planting progress numbers, as well as big rains forecast through the Corn Belt to further delay planting. I don't know that it is late enough yet to get concerned about them not being planted at all, but there could certainly be some worry over late planted bean acres having some yield drag compared to what got planted in a timely fashion earlier. Regardless, the concern was enough to get the funds in short covering mode and small specs jumped in on the action as well.

Corn futures willingly followed the beans higher, albeit not for the same fundamental reasons. I think they were more exclusive in the short covering and small spec buying following. Wheat was completely resistant to the fall crop market gains though as KC and Chicago both floundered around at mildly lower money most of the day.   The reality for the wheat market is- there have been quite a few friendly domestic fundamentals relating to weather that have been thrown at this market with disease pressure and problems getting the southern HRW what crop out of the field this harvest. Unfortunately though, every time the futures market goes up, US wheat values move farther and farther away from being competitive in the world export trade. Yesterday in Iraq's tender for wheat, Russian offers of $231/mt were $53 cheaper than US wheat. We just can't get the export business, because we're not competitive.

Trade focus today will be on hopes the bean rally can be extended and gain even more following from the other crop markets. With the huge, excessive rainfall amounts forecasted from Texas north/northeast into the Corn Belt, that may be enough fundamental push from weather premium potential to keep the rally going for a little while.

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