Loewen and Associates, Inc.
Commodity Consulting/Brokerage
Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700
www.loewenassociates.com

Date: June 25, 2015

Meat complex trade yesterday had the front two months in hogs higher, the next two lower and the rest higher. Quarterly hog and pig report numbers come out tomorrow with some extremely bearish expectations, but the big money is a major short already. Position squaring ahead of those numbers may very well mean a little more higher trade yet. Estimates for the report are showing the total hog inventory on June 1 at 107.8% of a year ago. Kept for breeding numbers are pegged at 102.1%. Market hog numbers are 108.5%. With last week's kill coming in at around 13% higher than last year at the same time, it's probably the market hog total that spooks me the most for bearish report potential.

Granted, you also have to keep in mind the hog futures have been stuck in a major downtrend since early last winter. That drop off the cliff took July hogs from on top of $98 down to sub $74 from November to March. They rebounded back up to $85+ by May, but made new contract lows just three sessions ago again. With that drop one would assume a lot of the bearish potential from the report would already be baked into the market, but you never know…

Unlike the quiet trade in hogs from yesterday, cattle complex futures were all down in the triple digits. To add some decent confusion to the mix, we're smack dab in the middle of some really nice gains in the product trade as the really light kill totals have allowed packers to attempt pushing values higher on what they're selling. Two weeks ago when new recent highs were scored the product market was taking a beating to the downside and now with futures down, product is going up. That's where the confusion comes into play. Of course, futures are now trading premium to cash as the basis made a major shift last week. That makes it tough for futures to rally unless and until feedlots are successful in coercing packers into paying better money.

Cattle slg.___104,000 +8k wa -13k ya

Choice Cutout__256.12 +1.99

Select Cutout___250.39 +2.40

Copyright © Loewen and Associates, Inc.
This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Feeder Index:___227.88 +.22

Lean Index.__78.93 -.20

Pork cutout___83.55 +.68

IA-S.MN direct avg__74.50 -1.19

Hog slg.___418,000 -7k wa   +23k ya

****

In the grains, it appeared that Wednesday was going to be a decent day for the markets with a good part of the session spent at higher money in most contracts. Late selling brought all the closes down to red ink, although nothing was down more than mildly. I wouldn't say there was any technical chart damage done with the lower closes though. All in all the last several days have looked pretty good on the charts, especially considering a week and a half ago new contract lows were being made in soybean and corn markets. When I say "looking good" I'm talking about the short term picture on the charts, not the big picture because we're not too far off contract lows in anything!

Weekly export sales data released this morning at 7:30 was a mixed bag affair. Soybean sales at 4.4 mln bushels is without a doubt bullish to old crop beans considering it has been a long time since we had a negative number in bean sales from more cancellations than new commitments. Cumulative commitments for the year stand at 1.856 bln bushels and USDA has the total projection for the marketing year at 1.810 bln. Granted, there are still 70 mln bushels of beans yet to ship to meet the 1.810 projection, but the fact the commitments are well ahead and still growing is friendly.

Corn export sales this week were 19.6 mln, which I view as neutral to a little negative. Unlike the beans, corn commitments for the year are still 50 mln bushels below the total projection, plus the actual shipments are 440 mln bushels away from meeting the projection. It is still possible to accomplish that task, but the big picture for old crop specifically regarding exports is that corn and beans are two different animals. It's possible we may not make it in corn, but I think we'll surpass the current USDA projection in beans by the end of August when the marketing year ends.

Wheat sales this morning were 16 mln bushels, which was better than I expected considering our export offering prices are well above a lot of other exporting countries. In the big picture it still wasn't very good.

Copyright © Loewen and Associates, Inc.
This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

6-10 day forecasts for the Corn Belt last night were calling for below normal temps and normal to above precip. The translation to that is more flooding in areas that are already too wet, rain chances in other areas that are getting a little dry and temperatures that will be VERY conducive to excellent pollination on any corn that's ready for it by next week!

Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

peteloewen@cox.net

866 341 6700

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**