



Loewen and Associates

Commodity Consulting/Brokerage

Pete Loewen, Matt Hines, Doug Biswell,

LaVell Winsor, Matt Burgener

866 341 6700

www.loewenassociates.com

Date: 6.3.15

Morning Ag Markets

Matt Hines

Feeders were under pressure most of the day with grains higher. Both beef prices were sharply lower and pork prices mixed but live cattle traded sideways all day and finished mixed while lean hogs shook off large losses early but still couldn't get back into positive territory by the close.

Cattle slaughter from Tuesday estimated at 114,000 head, down 1,000 from a week ago and down 5,000 from a year ago.

Boxed beef cutout values sharply lower on light to moderate demand and moderate to heavy offerings.

Choice Cutout__251.59 -2.69

Select Cutout__241.35 -3.27

Feeder Index:__223.06 +.35

Hog slaughter from Tuesday estimated at 422,000 head, down 9,000 from a week ago but up 15,000 from a year ago.

Lean Index.__82.15 +.09

Pork carcass cutout__87.37 +.27

IA-S.MN direct avg__80.39 -.55

National Average__79.72 +1.55

June live cattle have support at \$151 and resistance north of the \$154 area. August feeders up into prices not seen since January with support in the \$220.50 and \$219. The next line of resistance is up at the January high of \$226.75. June lean hogs did test the \$85 area late last week but unable to hold there. The support and resistance still remain at the edges of the \$4 range from \$81.30 to \$85.30.

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Over the grains wheat had another impressive day higher, so after collapsing 50 some cents last week, 2 days into this week and we get back about 2/3 of it. World weather seems to be most talked about with the recent freezing temps in Canada while either too dry in Australia or too wet in India continues to capture some headlines when prices rally. The collapse in the US\$ also sent funds buying all grains yesterday. Soybeans were due for a bounce higher after giving up 60 to 70 cents last month and progress now back to normal instead of ahead of average pace. Corn was the follower once again, but still the most active trading day this spring with conditions left unchanged while most expected at least 1-2% improvement.

South Korea purchased a couple cargos of corn yesterday for Oct-Dec shipment. Based on the prices reported, it will most likely be coming from South America with US new crop offers still some \$.20 to \$.30/BU higher than Brazil's. Brazil May corn exports were only 39,000 MT or 1.5 MBU vs. 159,000 MT or 6.3 MBU in April but their second corn crop harvest will begin here soon and most expected record production levels. US soybean offers are still some \$25/MT higher than Argentina and \$10/ MT higher than Brazil, or \$.70 to \$30/BU. Brazil reported a record 9.3 MMT or 341.7 MBU soybean exports for May and meal shipments were up slightly from April as well.

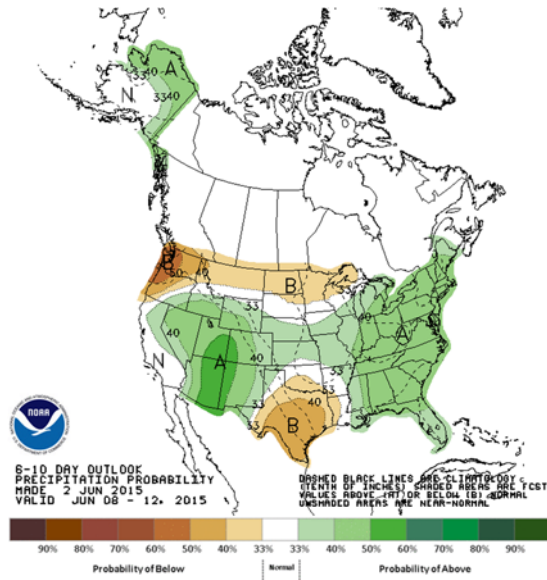
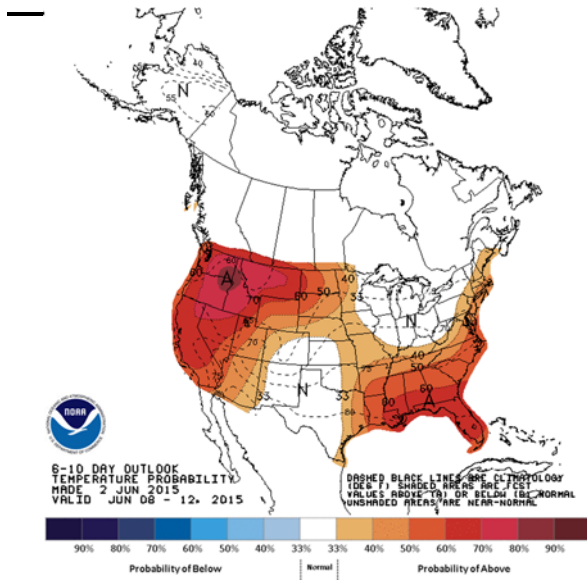
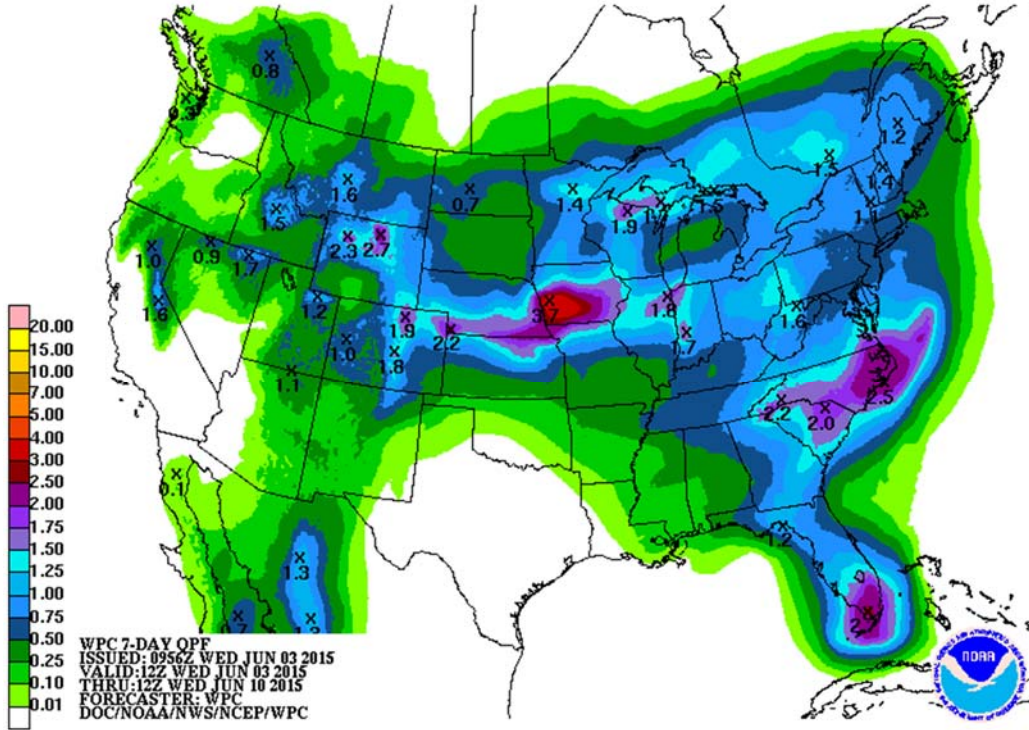
Grain news is very light this am. The US\$ getting a lot of talk though with commodities bouncing recently. The US\$ is a trigger point for some fund activity which we have seen along with adding or taking away weather premiums as of late. May weather will not make or break a US crop, although some areas want to start talking early yield hits from excessive rains. Look for at least 1 weather scare in June and always a chance for more to come in July.

Contract lows for corn have held so far with July corn at \$3.46 ³/₄ and the December contract at \$3.64 ¹/₄. The downtrending channel is still in place but nearby resistance was broke yesterday with the next line of strong resistance for July at \$3.72. July soybeans look similar even with new contract lows. They found support in the \$9.20 area with resistance now at \$9.50. To break the downtrend July soybeans would need to breach the \$9.80 area. Wheat charts flipped back and showing some strength yet again. July KC would need to top the \$5.64 highs in May though to get some additional support, July Chicago wheat would need to top the \$5.30 highs from May.

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The 7 day forecast shows a 3+ inch rain bulls eye centered on Iowa now. The 6-10 day forecasts show above normal precipitation for all except the PNW and Texas with above normal temps centered on the PNW and SE.



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Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor / Matt Burgener

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

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