



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Meat complex futures finished moderately lower in hogs, mixed to mostly lower in the live cattle and mildly higher in the feeder cattle yesterday. I have spent some time recently talking about how the futures market over the last couple of weeks has at times influenced the resolve of the negotiated cash sellers on fed cattle and we saw a little bit of that happening yesterday. April live futures dipped below the \$132 mark, closing at \$131.75. Coming off of a \$134-\$136 cash peak last week with expectations of higher this week, the packer has picked up some leverage for not bidding up in this round. There was a very mild amount of \$131 live trade in Nebraska yesterday, along with \$215 dressed reported. That's all lower than last week. However, there was also unconfirmed bids reported at \$216, which matches the top from last week. I do think there's a chance at higher trade yet, but if a few hedged sellers decide to give in at lower money just because basis is strong, it could be detrimental to the rest of the trade.

In a nutshell, futures don't look very good, product trade has been strong this week and cash is a big question mark still, yet there has been some lower trade on light volume already. One other bright note was export sales data from yesterday morning that was friendly to both the beef and the pork. Net beef sales last week were up 23% from the 4 week average. Net pork sales were up 14%.

Cattle slg.\_\_\_\_ 110,000 +5k wa +6k ya

Choice Cutout\_\_224.43 +2.22

Select Cutout\_\_\_\_214.83 +2.30

Feeder Index:\_\_\_\_157.01 -1.01

Lean Index.\_\_\_66.71 +.01

Pork cutout\_\_\_\_78.16 +.04

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IA-S.MN direct avg\_\_63.26 -.11

Hog slg.\_\_\_437,000 +60k wa +6k ya

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In the grain and oilseed trade yesterday, everyone was waiting for that big continuation of the rally that brought 20 cent gains to the beans on Wednesday, but it never materialized. Soybeans settled mildly lower. Corn traded mildly lower a lot of the day, but closed mildly higher. Wheat was facing good rains still in the forecast for HRW wheat country, yet KC wheat closed fractionally higher, Chicago a little lower.

Export sales data yesterday morning was bullish corn and soybeans and bearish wheat. That obviously had very little bearing on market direction. The wheat sales total was 4.6 mln bushels which is terrible. Corn was 44.7 mln old crop and beans 16.8 mln. Those are great numbers!

Highlights for the week so far are big rains still in the forecast for HRW wheat country, an active Corn Belt planting pace getting ready to kick in and massive fund speculative buying in the soybeans. The rally on Wednesday brought active farmer selling in beans and corn as well, despite the fact the corn price still isn't appealing to most. Another potentially influencing development is heat and dryness over parts of Brazil and flooding in Argentina. Those are hot topics on a lot of the newswires, but for some reason we're not seeing reaction in the futures yesterday or today. I'm not sure how to digest that reaction, or lack of action I should say.

I still think this Plains moisture is going to be a very pivotal and maybe even somewhat confusing event. They haven't backed off the big moisture predictions for the High Plains into this weekend, or the progression into the Central Plains early next week. Productin-wise, this could be very beneficial for wheat, but the confusion lies in reports some of the wheat has been too dry for too long to bring it back and also that some of the previous freeze damage can't be reversed either. Once again, it's hard to gauge wheat crop potential until the combines roll, but that doesn't mean it won't be cussed and discussed at length. Keep in mind, moisture that's good for wheat production potential, is likely negative for price. That's an unfortunate reality for producers.

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