



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

Date: June 9, 2016

Meat complex trade was solid green yesterday just like the grains. The live cattle market started under mild pressure and with higher corn that meant heavy pressure in feeders. When that live market found strong buying though, it brought everything up. Some live contracts closed more than \$2 higher and most feeders well over \$1 better, but not \$2.

It had been a really tough week for the cattle complex up till yesterday. Last week's \$3-\$4/cwt rally in the negotiated feedlot trade had the vast majority of the fundamental traders heading into Monday and Tuesday's action with high hopes there would be a huge jump up in futures price. After all, we're into deliveries now against the spot June live futures and futures were \$10 or more below that cash at Monday's close, along with a giant bearish key reversal on the charts, because the market did start quite a bit higher, but then fell out of bed. Thankfully the cattle found some willing buyers yesterday and if it can be carried through again today there's a chance that bearish reversal can be nullified. If the futures fail at taking out that Monday high this week or early next, it's not going to look good.

Cattle slg. ___ 112,000 unch wa +22k ya

Choice Cutout __ 225.10 +.83

Select Cutout __ 200.55 -.61

Feeder Index: __ 148.33 +.15

Lean Index. __ 79.02 +.85

Pork cutout __ 88.74 +2.40

IA-S.MN direct avg __ 78.78 +.92

Hog slg. ___ 430,000 -6k wa +14k ya

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.**

In the grain and oilseed trade, the big money leaned heavily on the buy side of the soybean market again on Wednesday with soybean futures pushing 40+ higher at one point and closing over the 30 better mark all the way out through the January contract. Wheat and corn followed, but it was at a very cautious distance, meaning single digits higher in all but some of the Chicago contracts.

The only thing holding wheat higher is the reported threat of too much making it into feed channels. That legitimately probably holds very little merit though given the size of the HRW wheat crop. Harvest activity is picking up some steam into Kansas now. Weakening basis is a pretty clear indication the commercial isn't believing wheat has bullish potential and if price continues higher, that basis is going to get even worse.

Monday's crop progress report showed corn planting and emergence ahead of normal. Condition ratings were better than last year as well. Soybean seedings are 6% ahead of normal with emergence ahead by 8% and g/ex ratings 3 points better than last year at the same time. Winter wheat heading and condition ratings are significantly better than last year, yet harvest progress is behind both last year and the average. That's a strong indication of an excellent crop that has been allowed to mature slowly, which is adding bushels. That's a pretty decent load of negative news and yet the futures market trend is very decisively bullish.

Weekly export sales data that was released at 7:30 this morning was very friendly to corn and soybeans and once again very bearish wheat. Wheat sales were 8.2 mln bushels. Corn sales were 61.4 mln bushels old crop and 4.7 mln new. Milo was mildly friendly at 4.7 mln old. Soybeans were great at 27.9 mln old and 17.5 mln new.

Tomorrow morning we get monthly S&D numbers out from USDA. Average guesses on old crop wheat ending stocks are 980 mln bushels, up 2 mln from last month. I think the number will come in larger than the 980 guess. Corn old crop stocks are estimated at 1.770 bln, versus 1.803 last month and beans at 386 mln versus 400 a month ago. That bean number could very well be smaller, but it still won't be bullish in the big picture. New crop stocks guesses have corn at 2.112 bln, beans 298 mln and wheat 1.045 bln. None of that justifies current price levels either.

Finally, the winter wheat production guesses have total wheat at 2.018 bln versus 1.988 bln from USDA last month. HRW wheat specifically is pegged at 1.454 bln versus 1.430 last month. I think there's a good chance it will end up over 1.5 bln in coming months.

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 last night showed hot everywhere and dry for HRW wheat country, but above normal precip for the Central, Southern and Eastern Corn Belt. North and West Corn Belt areas were dry.

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.**