



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cattle futures were triple digits higher yesterday but faded as the day progressed. Lean hogs though held strong triple digit gains led by technical buying and pushed the July and August contracts into new contract highs. IA traded a few fed cattle yesterday at \$203 dressed and \$130 live, up \$5 from a week ago but so far the gap between asking prices and bids elsewhere remain wide.

Cattle slaughter from Thursday estimated at 109,000 head, down 4,000 from a week ago and even compared to a year ago.

Hog slaughter from Thursday estimated at 436,000 head, up 8,000 from a week ago and up 16,000 compared to a year ago.

Boxed beef cutout values firm to higher on moderate demand and heavy offerings for a total of 176 loads sold.

Choice Cutout__223.28 +.93

Select Cutout__201.41 +.24

Feeder Index:__145.27 +1.44

Lean Index.__76.68 -.45

Pork carcass cutout__86.37 +.75

IA-S.MN direct avg__75.91 +1.39

June live cattle hit \$122 yesterday with resistance up at \$122.70. The August contract posted a 2-week high on Thursday, but will find strong resistance up in the \$120 area. August feeders found support down at \$140 last week with resistance now from \$151-\$152 but really need to move and stay above \$154 to break the long term downtrend. June lean hogs only a week left until expiration

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and look hard pressed to break \$83 again. July already punched through \$84 though with a strong uptrend going back to mid-November.

Bull spreading in the soybean pit remains the main driving force as the US continues to push soybeans and meal into the export channel making up for South American issues. Brazil soybean exports are at a record pace and the delays in Argentine harvest have been the primary source of the issues. US prices are still competitive along with meal and available as South American sources continue to struggle getting shipments. July beans are rocketing higher after breaking the \$11 barrier, falling short of the \$11.50 mark. Nov got in the action breaking out of the recent downtrend and scoring a new recent high at \$10.88 ¼. The inverse from July to Nov closed at \$.62 ½ has basis levels at the Gulf and interior processors continue to strengthen as well. Corn was reluctant to push much higher yesterday but did hit new recent highs as well with both the July and Dec contracts above \$4.19. Wheat was supported as well with flooding in France, Germany, and Northern China.

Overnight the soybean rally continues up front with July up another \$.18 to \$11.63 and November up \$.08 hitting \$10.90. Corn finished 2 higher overnight and wheat 1 to 2 higher.

Export sales were released this morning with wheat right at expectations while both corn and soybeans exceeded the top end.

Wheat 3.9 MBU old crop, 14.1 MBU new crop

Corn 52.0 MBU old crop, 5.1 MBU new crop

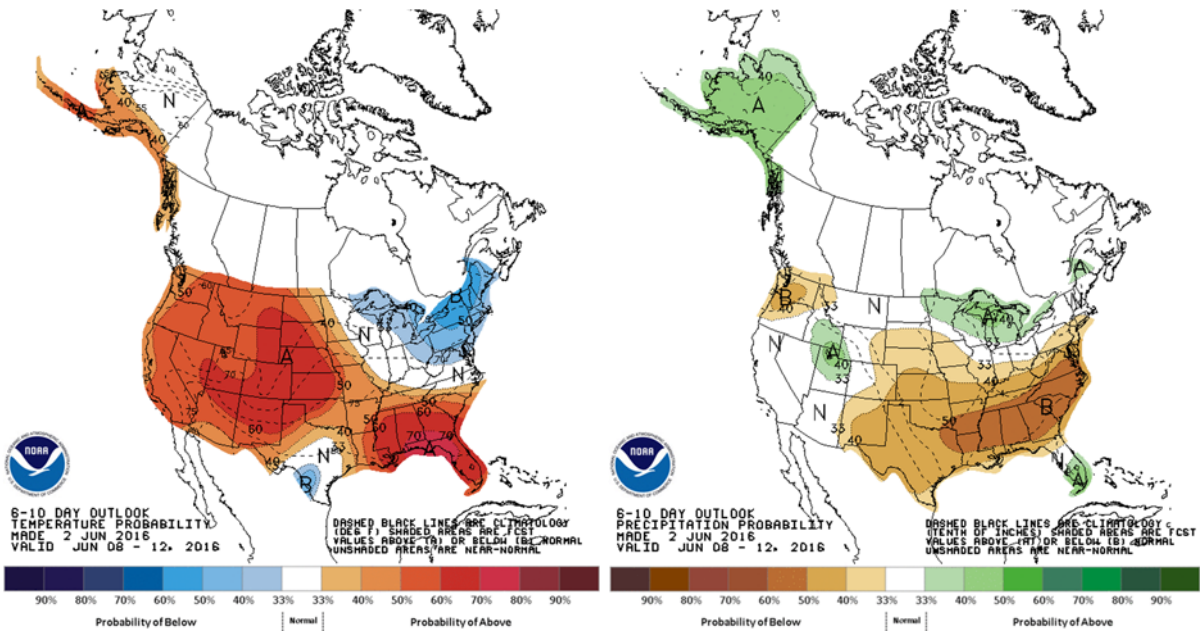
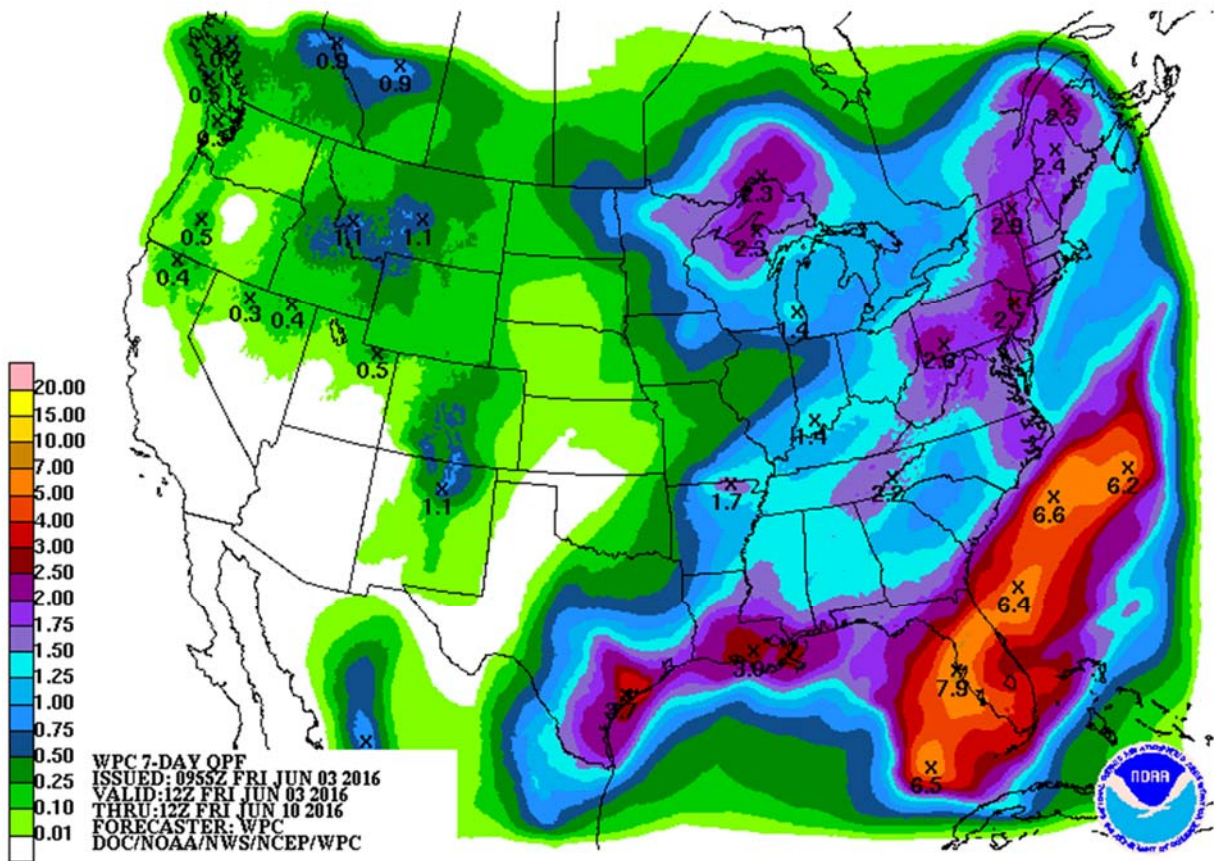
Soybeans 11.4 MBU old crop, 27.1 MBU new crop

Both July and December corn have resistance at \$4.20 going back to the highs from this past fall. July soybeans could post a \$1 gain this week with a strong close today and take a stab at the \$12 mark. The November contract finally reached into new recent highs and has the \$11 barrier to break next. Wheat contracts have now pushed above the May highs with resistance at \$4.80 for July KC and \$4.95 for July Chicago.

Only ½ to 1 inch is expected over the next few days scattered in the Corn Belt while over the next 7 days the heaviest rain is in FL and off the East Coast. The 6-10 day outlook shows normal to below normal precipitation except for the Great Lakes along with normal to above normal temps except for New England and the Great Lakes.

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