



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Favorable forecasts and favorable rains extracted a lot of money out of the corn and soybean markets yesterday. New crop corn forged new life of contract lows. Soybeans are a long way from their lows, but hit a new recent low, trading at their lowest levels since mid April. What I liked seeing yesterday was wheat futures resisting the heavy selling in corn and beans. Not that the wheat market is friendly, because it's not. It does act very willing to hold just above the \$4 mark in both KC and Chicago markets.

Bearishness yesterday came from three fronts; the weather, big crop production estimates out of FC Stone and crop condition ratings.

6-10's last night were showing normal temps for the Northern Plains, Central and Northern Corn Belt, but above normal from Kansas, Missouri and Central Illinois to the south. Precip was above normal in all the major crop areas though, including almost all of Kansas, Oklahoma and into east Texas. The Panhandle moisture map was normal.

FC Stone pegged the national corn yield yesterday at 175, with 15.1 bln production. Their bean yield was 48.8 with a 4.054 bln crop.

Crop condition ratings improved in both corn and soybeans. Corn g/ex ratings remained unchanged as a whole, but excellent gained one point, while good lost one. I guess on the flipside, fair lost a point to poor as well. G/ex corn ratings were still 76% compared to 70% last year at the same time. Corn was also 91% silking last week compared to 85% normally and 87% last year.

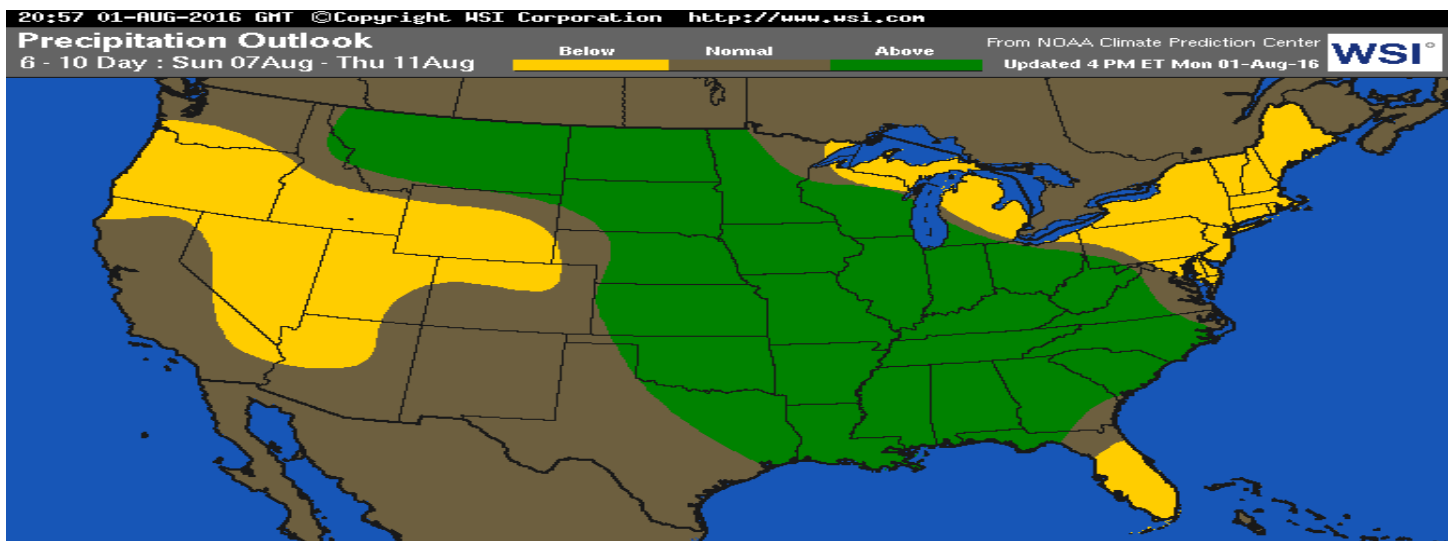
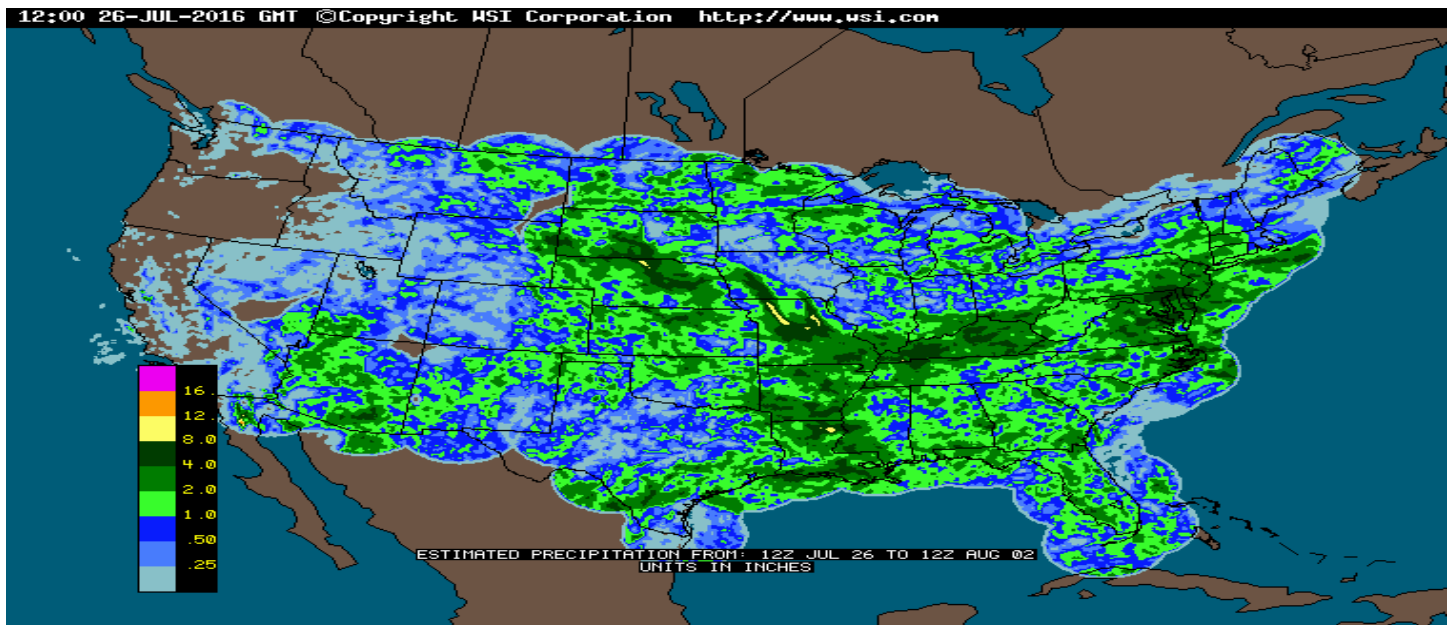
Soybean condition ratings dropped 1 point in fair, moving it to excellent, taking the g/ex total up to 72% versus 71% last week and 63% last year. Soybeans setting pods were 54% versus 44% on average. Blooming was 85% versus 79% normally.

So, we have a fall crop market that is ahead of normal in development and has a pretty good forecast in front of it from a moisture standpoint, not so much from temperatures. That's going to keep the bias for corn and beans on the defensive.

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Overnight export news showed 252k tonnes of US new crop beans sold to China. No old crop sales.



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