



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Grain and oilseed markets settled under pressure yesterday and the deepest losses were in the wheat. Most of the KC and Chicago contracts were near or over the 10 lower mark. Export inspections that came out midmorning were friendly corn and beans and borderline friendly for wheat as well, obviously with no positive influence on the futures price. Corn export loadings were 57.5 mln bushels, up from 29.1 mln the previous week. Soybeans were 25.9 mln, which was off from 38.8 last week, yet still a pretty good number. Wheat inspections were 19.8 mln bushels. I called that borderline friendly because 20 mln or better is the number I like to see to be considered bullish and 19.8 is definitely knocking at the door of 20 mln bushels.

Even though the national level crop condition reports haven't started yet, state level reports are still released. Kansas ag statistics cited the winter wheat ratings at 21% p/vp, 36% fair and 43% g/ex. Topsoil was rated 55% short to very short, 45% adequate and zero surplus. Subsoil was 56% short to very short, 44% adequate and zero surplus.

Oklahoma HRW wheat conditions cited 15% of the crop p/vp, 42% fair and 43% g/ex. 65% of the wheat crop is currently being grazed in that state, which is 15% higher than last year and 25% above the average.

Texas wheat crop ratings were 21% p/vp, 46% fair and 34% g/ex. The crop index rating is 63% right now which is 5 points lower than last year at the same time.

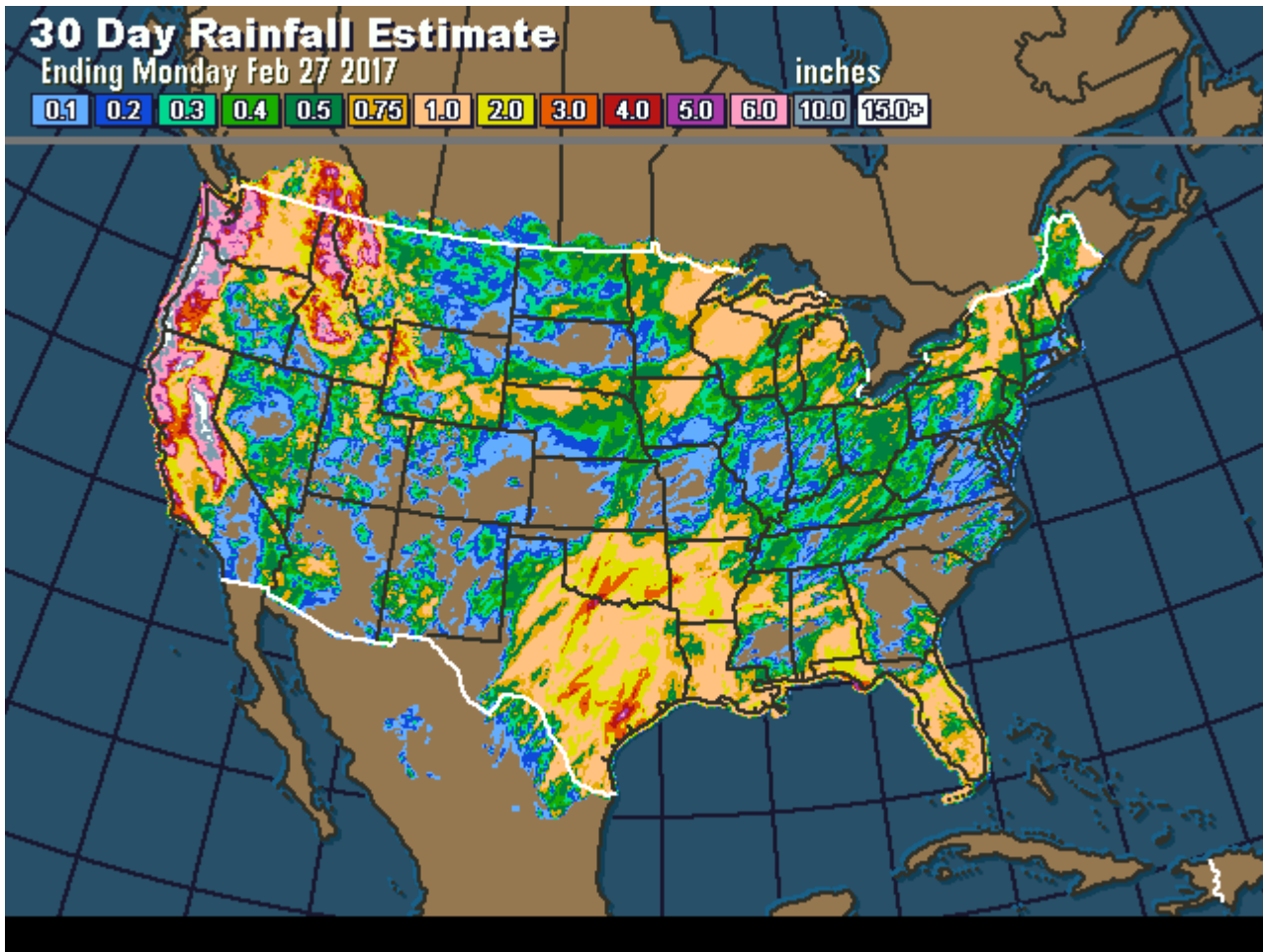
Rounding out the HRW wheat reports was Nebraska with 10% p/vp, 46% fair and 44% g/ex.

Compared to a year ago in the g/ex category; Kansas wheat was 43% g/ex versus 59% last year, Oklahoma 43% g/ex, versus 68% a year ago, Texas 34% versus 40% last year and Nebraska 44% versus 59% a year ago. Not only are there fewer HRW wheat acres planted versus last year, but in states like Oklahoma, more of it is being grazed. Additionally, the crop is in worse shape, as noted by these condition report numbers. Given the fact world wheat supplies as well as US supplies are very burdensome and bearish, the odds of decreased production this year are high, which tames some of that excess from last year's crops, making it a little less bearish.

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6-10's last night showed above normal temps across the entire Plains and Corn Belt. Precip was below normal all through HRW wheat country into the central Corn Belt and normal to above east and in the far north and south.



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