



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Bullishness from last Friday's Cattle on Feed report numbers was trumped very handily by importing countries opening up their borders once again to Brazil beef. Last week, a lot of countries banned Brazil imports after reports surfaced of supposed inspection bribery and possible meat contamination. That is part of what fueled the surge higher in futures from the increased potential of US product filling in some of that gap. Over the weekend, China and several other countries announced a lifting of the ban however, so once again, the market went down instead of up, even though On Feed numbers were bullish.

The friendliness in the On Feed data came from a very aggressive marketing rate last month, as well as placement activity finally slowing down versus year ago levels. For three months straight, cattle placed in feedlots topped 10% more than previous year levels. January totaled 11% larger in-movement, December was up 18% and November 11% higher. Placements last month were 1% smaller than a year ago.

Marketings were expected to be at 103.5% of last year's level heading into the report numbers and the actual total came in at 104%. Given the fact there was one less business day in February compared to a year ago though, in terms of daily marketings, the data was actually around 8.5% larger. That currentness is what has helped propel cash to the upside lately and has kept a strong shelf of support under futures trade as well. Yesterday though, the Brazil export news fueled more selling than buying as fats finished over \$1 lower in the front three contract months and feeder cattle futures were down \$1-\$2+ across all contracts traded.

Cattle slg. ___ 116,000 unch wa +18k ya

Choice Cutout__219.91 -1.71

Select Cutout___213.62 -1.93

Feeder Index:___133.09 +.63

Lean Index.__70.24 -.67

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Pork cutout___79.12 +.64

IA-S.MN direct avg__63.81 -.56

Hog slg.___441,000 unch wa ++43k ya

Grain and oilseed trade spent most of the day under pressure on Monday. Corn found some late buying that brought prices closer to unchanged to just a shade higher on deferred months. Wheat and soybeans remained lower though as news flow was close to nonexistent. Mostly favorable South American weather has made the path of least resistance lower heading into the next round of significant news for the trade. That news is this coming Friday's quarterly stocks and first planting intentions reports.

Export inspections data had a friendly undertone across the board, with corn probably looking the most bullish. That may have also been what helped push corn back closer to unchanged at the finish with the late buying. Corn loadings last week were 61.3 mln bushels and that's a big number for corn. Soybeans were decent at 21.8 mln bushels. Wheat was decent as well at 19.9 mln. Milo sales were almost double what they were the previous week, but before making that sound friendly, they were also half what they were last year at the same time. Milo exports have been really bad this year, which explains very clearly why milo basis is still so poor in most areas.

National crop progress and condition reports are still not being released, but state-by-state data still comes out weekly. HRW wheat states got a little worse this week on the condition ratings. Texas wheat was rated 34% g/ex and 23% p/vp. That's unchanged from the previous week in their g/ex rating and 2 points worse in p/vp. Oklahoma wheat was rated 37% g/ex and 19% p/vp. Compared to the previous week their g/ex rating declined 3 points and p/vp gained 2. Kansas wheat ratings were 38% g/ex and 25% p/vp. G/ex was unchanged and p/vp gained 1 from a week ago.

Widespread rains over the High Plains and Panhandle regions the next couple of days should help change the declining trend in those conditions. There is very broad coverage expected across a big chunk of HRW wheat country and unfortunately that's probably going to keep pressure on futures trade.

6-10 day precip chances were showing above normal for all of HRW wheat country as well.

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Corn planting progress across southern states showed Texas 45% complete, Louisiana 80% done, Mississippi 30% complete and Arkansas at 19% done. All those numbers are significantly ahead of normal.

Bird Flu news had another case popping up in Georgia yesterday, bringing the total to four US states now. Kentucky, Alabama and Tennessee all have reported cases as well.

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