



Loewen and Associates
Commodity Brokerage/Consulting
Pete Loewen, Tim Strunk, Matt Hines
866 341 6700
www.loewenassociates.com

Date: 11.07.08

Morning Ag Markets

Pete Loewen

Well, it was right back to trading the movement of the DOW and the financial and outside markets on Thursday. Cattle were down heavily, deferred hogs were down by quite a bit and the grain markets got hit in corn and wheat, but beans came back on a late day run back closer to unchanged. You know, just when you thought it was safe to assume the livestock trade might have a shot at divorcing itself some from the outside markets, a day like yesterday gets thrown in there where the DOW is down big and there is just no doubt that the cattle complex, both feeders and fats, are down for the exact same reasoning. On Wednesday, fats were steady, the DOW was down and grains were down hard and feeders actually posted a really nice rally. It almost made me think we were back solidly to the true cattle market fundamentals, but that's just not so...

Beef packers no doubt gained a little psychological leverage against feedlots who have market ready cattle, with the big down in the futures markets yesterday. I was becoming increasingly convinced that a \$2.00 gain might have been in the cards, but that might be a tough gig to pull off with futures down well around \$1.00+. Nebraska reported some dressed trade at \$144-\$145 which is up \$2.00-\$3.00 in the meat from the previous week, but I didn't see any live market reporting- just on the rail. I still wouldn't rule out \$94 or \$95 as possibilities to the south and \$93 is a sure bet for the bottom end in my opinion and even that's \$1.00 higher than a week ago.

Cattle slg. __ 125,000 -3k wa -6k ya

Choice Cutout __ 149.03 +1.39

Select Cutout __ 141.34 +1.02

Feeder Index: __ 96.59 +.26

Lean Index. __ 57.30 -.44

Pork cutout __ 56.80 +.06

IA-S.MN direct avg __ 51.37 -.54

Hog slg. __ 435,000 unch wa +12k ya

Opening calls this morning in the hogs are mixed, with cash calls coming in somewhat lower. Cattle calls are 10-25 higher in anticipation of the higher cash trade that's going to happen today.

In the grains, export sales released prior to the opening bell were horrible for wheat and corn, but really good again in beans led by continued strong Chinese purchases. 32.9 mln bushels is a healthy number for beans and it was still smaller than the previous week. The cumulative

sales to date in soybeans are running 74 mln bushels over a year ago in a marketing year that only started on September 1. Corn sales on the other hand are 480 mln bushels behind a year ago at the same time and wheat sales are 271 mln bushels behind.

Whether that sales pace in beans underpinned the late day buying or not is still out with the jury, ..but it's a pretty good excuse nonetheless. Beans actually traded 22 lower at one point, but came back strong into the close.

Overnight E-CBT trade was__ higher with KC Wheat +7 to +7 ¼, Chicago +3 to +4 ¾, corn +4 ½ to +6 and soybeans +8 ½ to +14.

Monday morning, USDA will be taking their latest stab at Crop Production and S&D numbers with the releaste of the November report. The average guesses on the report raises corn yields by about half a bu to 154.4 bpa. Beans are estimated off about .25 to 39.24 bpa. Ending stocks are est off 10 in beans to 194 mil with corn stocks raised about 100 to 1.190 bil bu. Wheat ending stocks are tugged a little lower at 586 mil bu vs 601 in Oct.

Outside market action this morning is quieter and mixed with the DOW futures and S&P's spending quite a bit of time at slightly higher levels. I'll go along with the overnight upward bias of the grains and call corn 3-5 better, beans 5-10 higher and wheat 3-6 better.

Pete Loewen, Tim Strunk, Matt Hines

Loewen and Associates, Inc.

www.loewenassociates.com

peteloewen@cox.net

timstrunk@cox.net

866 341 6700

IMPORTANT—PLEASE NOTE

This does not 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.**