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Date: 03.12.10

Morning Ag Markets

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Without any significant cash trade happening and with feedlots apparently digging their heels in this week with higher asking prices, the live cattle futures trade took a breather from the midweek drop and settle mixed both in the live and feeder market. The Goldman Roll has been trimming spot April Live open interest heavily, but ironically the contract is still holding in there at a $1.00-$2.00 premium to the last cash action and that is helping sway some leverage into the cash sellers hands for the moment.

I'll still argue that technical weakness on the charts after watching Tuesday's rally fail to make new highs in April fats will be a heavy burden on the overall undertone. However, I also stated yesterday that the best fix for taking that undertone out is a quick run over the $95.15 resistance that has been there since last May. Without that shot of confidence happening very soon, the attitudes of technical and speculative traders is going to be growing more pessimistic and bearish by the day, despite what might happen to cash this week.

Cattle slg.___122,000 -4k wa +5k ya

Choice Cutout_149.07 -.42

Select Cutout_148.37 -.83

Feeder Index:___102.28 -.02

Lean Index.__ 74.57 +.86 Pork cutout__74.11 +.16

IA-S.MN direct avg__71.51 -1.88

Hog slg.___414,000 -11k wa -1k ya

Overnight electronic trade in the livestock complex has been mixed to mostly higher so far, so that is leading to pening calls this morning that are a little better as well. With cash expectations in hogs once again lower, those contracts may find some pressure this morning at some point. Cattle calls are mixed and I think it's going to be a fight between weak technicals and steady to higher cash expectations at the feedlot level that dictate where things land at the close.

In the grain complex, a negative export sales total in the soybeans yesterday morning hammered on the bean pit throughout the day, leading to numerous contracts finishing in the

20+ lower range. Corn and wheat were mixed to only mildly lower and surprisingly were able to ward off the bearishness of what was going on in the oilseed markets. Wednesday's report data was neutral to the beans and negative to corn and wheat, so it was refreshing to see them able to resist that weakness.

Overnight E-CBT trade was__ higher with KC Wheat +3 to +4 ¾, Chicago +1 to +5 ¼, corn +3/4 to +2 and soybeans +3 ¾ to +7 ½.
With the March report now behind us leaving a bearish aftertaste, a negative week of bean sales now on the books and South America's bean crop growing by the day, the mentality of the trade is going to get more and more negative in the near term. The next potential for support will have to come from weather and wet field conditions, but that's only if it keeps raining. 6-10 day forecasts from last night were for normal to below normal precip in all but the far northern plains states.

I still believe the true weakness in the trade will be led by soymeal and wheat. It's hard to overcome a 1 bln+ carryout and the largest supply in over 2 decades with a price that's too high still to be competitive in the world.

And, for all of you out there that hate listening to all the bearish banter- I challenge you to look back at what has transpired in these markets since the January 12th crop report. These markets have spoken very, very clearly since that time. You might find that sometimes it's alright to look at true fundamental bearishness as an opportunity to lock in some risk management and not so much a reason to sit there and do nothing but watch it go down. You have to learn to be Pro-active and not Re-active, or in denial all the time.

Grains were higher overnight and will open stronger this morning, but the tide has turned again and things are going to be weaker in the near term.

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