



Loewen and Associates

Commodity Brokerage/Consulting

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Date: 03.22.10

Morning Ag Markets

Pete Loewen

If I were to throw one word out there as a recap of the cattle market from last week, “Dynamic” is probably the best description of the action that happened. Cash was \$3.00 higher in the Southern Plains with a \$98 top reported as the peak in Texas. Dressed trade in the northern feeding areas was as much as \$7.00 better. Choice cutouts were up \$7.00 and Select up \$6.50. Futures jumped nearly \$3.00 on the front end of the live market.

All that was needed to parlay the perfect week for the cattle market bulls was a friendly surprise in the On Feed report, but unfortunately that didn't occur. In a general sense the On Feed data was in fact friendly, but the numbers really didn't come in much different than the pre-report trade expectations. Therefore, we probably shouldn't expect much reaction to the numbers. The On Feed total was down 3% from a year ago, which was dead even with the average expectation. Placements were 1% below last year and that was 1 point higher than the average trade guess. Marketings in February were 2% larger than last year and that was right at the average guess.

In the placement weight breakdown, 800+ lb cattle were up 6% from a year ago. The other three weight categories ranged from unchanged to as much as 5% lower. What was confirmed (and of course already known) regarding the placement data over the last several months is that there are considerably less cattle available from packers in the April and beyond timeframe. Granted, what the placement models suggest and what might actually be available to the packer could be two very different numbers when that timeframe rolls around as well. Performance robbing weather was a big issue that pulled enough pounds off the market that it pushed more cattle into that timeframe than the data suggests. That's not to say the available supply numbers still aren't friendly during the next several months, but perhaps a lot of that friendliness is what is currently being priced into the market.

Cattle slg. ___ wtd 616,000 -2k wa -2k ya

Choice Cutout_156.64 +1.77

Select Cutout_155.00 +2.02

Feeder Index: ___103.82 +.60

Lean Index. ___ 72.50 -.63

Pork cutout ___73.82 +1.14

IA-S.MN direct avg ___68.55 -.11

Hog slg.____wtd 2.166 mln +34k wa +8k ya

Weekly closes in the livestock had april live cattle up 2.87, march feeders up 1.80, august feeders up 1.85 and April Hogs up 70 cents.

Opening calls in the livestock complex this morning are in the range of 10-40 higher across the board. From a cattle market perspective, you have to continue to feed the bull and that task will be exclusively up to the commodity and index funds to carry on, as the fundamentals were surpassed long ago in the price battle. They have done a remarkable job of keeping the fire stoked though, so who knows where this could take us??

In the grains, it was a quiet week for the wheat market and a higher one for corn and beans. We're currently in this "tweener" timeframe sandwiched in the middle of the March report and the first planting intentions numbers that will be released on the last day of the month next week. Informa came out with their acreage guesses with 88.4 mln corn acres and 78.6 mln beans. Both of those numbers are still above last year's actual plantings, but their corn number was slightly smaller than their last guess. There is still a lot of pessimism floating around the trade regarding total acreage base with most still counting on conditions being too wet to get everything accomplished and all the acres planted. Then again, perhaps some of those are the wanna-be bulls trying their best to coax the market higher after missing the much earlier, better sales targets too??

Grain weekly closes had the july kc wheat down 2 ½ cents, july Chicago down 1 ½, dec corn up 9 ¾ and nov beans up 28 cents.

Overnight E-CBT trade was__ mixed with KC wheat unchanged to 3 ¾ higher, Chicago -1/2 to +3 ¼, corn -1 to -3 and soybeans +1 ¾ to -4.

Opening calls this morning are pretty quiet. When I mentioned that "tweener" timeframe earlier, the point I was trying to make was geared towards the inability of these grain markets to decisively move outside of either end of the tight range of trade most of the contracts have been in since the late January / early February timeframe. Acreage and quarterly stocks numbers could be big market movers next week. Outside markets will have some bearing. Weather is going to play an increasingly important role as well. On that weather front, hopefully we get some warm and windy days coming soon to ease the planting and fieldwork fears some. Those days will be good for the farmer attitudes, but they might not be so good for price.

Outside markets are \$1.00+ lower in crude, quiet in the DOW and mildly higher for the dollar.

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