



## ***Loewen and Associates***

***Commodity Brokerage/Consulting***

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### **Morning Ag Markets**

The cattle complex closed out a week of lower trade with more of just that, as we saw moderate losses Friday in both the fats and feeders, with the live market showing the most weakness. That was the case throughout the week as we finally saw a correction after a couple weeks of incredibly strong trade. The correction also hit the cash fed cattle trade, starting last Monday at mostly a dollar lower in the south at \$97. When it was all said and done some of the clean up trade ended up as low as \$95, a \$3 drop from the week before. The cash trend was pretty much \$2 to \$3 lower in all feeding regions on the week. Despite the board and cash weakness, cutouts did continue to rise most of the week up until Friday. The flip side of that is the fact we still can't move any decent amount of product. Something's got to give on that front, and it wouldn't surprise me to see cutouts back off a bit this week in order to hopefully coax a few more buyers into the game. The onset of some better spring weather may help as well, as everyone should be pretty anxious to get the grills out after a brutal winter. Now we just have to wait and see if consumers will turn to beef or continue to look at cheaper meat supplies when it comes to their grilling needs.

The quarterly hogs and pigs report released Friday held some nice bullish surprises for the hog guys, with the snout count showing all hogs March 1<sup>st</sup> at 97% of a year ago, 2 points below the average guess at 99%. The kept for breeding number also fell below expectations, coming in at 96% after most expected around 97.5%. Basically all of the other numbers were a percentage point or two below the average guesses and we don't have time to hit on all the data, but it should be viewed as pretty friendly to the hog market and I would look for that to show at the open this morning.

Cattle slaughter Friday 104,000 -2k week ago +16k year ago  
Choice Cutouts: 162.69 -.09 Select Cutouts: 160.33 -.43  
For the week last week, April live cattle were down \$3.95 and April feeders \$1.47 lower.  
CME Feeder Index: 106.32 +.25 Lean Hog Index 70.52 -.30  
Pork carcass cutout value 70.76 -1.52  
Hog slaughter Friday 425,000 unch week ago +26k year ago

Calls this morning in the cattle complex are going to be a little stronger in the wake of last week's pullback, with some support likely also coming from the pork complex. I would imagine we will see the hog market open with triple digit gains after last Friday's bullish Hogs and Pigs report, with some of that likely spilling over into the cattle markets. Early week cash cattle guesses are nothing better than steady, as we keep an eye on product values and watch for any improvements on the movement side of things. Hopefully the nicer weather this week jump starts that spring grilling demand and maybe we start to see some more respectable load counts, as so far it has been unimpressive. For the open on the board this morning, I will call both live and feeder cattle futures maybe 15 to 30 cents higher.

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Moving over to the grain markets, we closed out the week with some mixed trade as soybeans found a little bit of buying late in the session Friday to finish stronger while corn futures were fairly subdued throughout the day. The wheat markets were stuck in lower territory after falling to new contract lows last week and no news to generate any type of a rebound to finish out the week.

For the week last week, December corn was 18 cents lower, November beans 24 cents lower, and July KC wheat 16 ½ cents lower.

Overnight electronic trade last night was mostly higher with corn ½ lower to 1 higher, beans 4 ¼ to 7 higher, and Kansas City wheat 1 to 2 ¼ higher.

Well we have made it to another report week with all eyes on Wednesday morning's acreage estimates from the USDA. The average corn acreage guess for the report is 89.08 million, compared to 86.5 million last year. The bean guess is 78.5 million, about 1 million more acres than we saw planted last year. All wheat acres are guessed at 53.34 million, down from 59.13 million last year. So nearly 6 million less wheat acres, with only 3.5 million of that going to corn or beans, according to the average guesses. I wouldn't be surprised to see a corn acreage figure closer to 90 million and who knows, the bean acreage figure could be even larger as well. The markets gave plenty of opportunity to lock in decent profits on both for most producers and as long as weather allows, something is going to get planted. The potential is there for some market-moving numbers Wednesday morning, but keep in mind these numbers are changeable-either through market action or if spring weather dictates it. We have seen major changes in recent years from the March planting intentions report to the June final acreage report, so this week's numbers aren't gospel-just a starting block for plenty of debate.

The other numbers out Wednesday morning will be quarterly stocks data, which is used to gauge disappearance over the last quarter. Corn stocks on March 1 are guessed at 7.504 billion bushels, up from 6.954 billion last March. The average bean guess is 1.204 billion, down from 1.302 last year. Lastly, wheat stocks were guessed at 1.354 billion, well over last year's 1.04 billion March number. Most in the trade feel if there is any surprise, it could come by way of a little smaller corn stocks number than expected due to the quality issues in this year's corn causing more bushels be fed to get normal gains. Couldn't really argue with that point too much, but I'm not sure the USDA will make any major adjustments at this point.

Well it does look like we are finally going to see some more spring-like conditions this week, with warmer temperatures, sunshine, and wind coming to much of the Midwest. We should see some active drying across much of the region before the rains return again late this week, about the time many would be thinking about getting back in the field. The longer term forecast are still calling for a period of warmer and drier weather in the coming weeks, but you all know how we feel about any forecast out there more than a day or two. We should hopefully see some fieldwork underway in some areas this week, and I would imagine there will be a corn planter rolling somewhere in the state of Kansas over the next few days.

Other news this morning is pretty light with the slightly higher overnight trade brought on by some outside market support and some likely short covering ahead of Wednesday's reports. The potential is there between the acreage intentions and stocks reports to see some market moving news later this week and we could easily see some money pulled off the table heading into those reports. There wasn't much South American news over the weekend, with harvest still progressing and no indications of any major work stoppages or big problems at their ports that would influence the market. Their crops are still big and will still be a major influence on prices over the coming months.

Calls this morning will be a shade higher for the most part, in line with the overnight session as crude oil is still hanging moderately higher and the dollar is weaker. Other than that, news is pretty light and pre-report positioning will likely be the biggest feature for now. For the open this morning, I will call corn futures mixed to 1 or 2 better, beans 3 to 6 higher, and Kansas City wheat 1 to 3 higher as it looks like we could be headed for another choppy, mixed session in the grains today.

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