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Date: 3.30.10

Morning Ag Markets

The cattle complex was sharply higher Monday to kick off the week, with most of the initial support coming from the pork complex, which saw limit gains for the most part in the wake of last Friday's bullish Hogs and Pigs report. Throw in some outside market support and the mix was there for the funds to go on a buying spree, which drove us to the big gains. No activity in feedlot country yet this week, as the early week routine seems to be back after we saw trade already under way last week at this time. With that April contract hovering between \$95 and \$96, most cash guesses for now seem to be in that neck of the woods, maybe \$96, putting us in the middle of last week's range. Board direction will still play a big role, but for now I am comfortable with a fully steady guess. Cutouts were up again Monday but once again we did not move much beef, even for a Monday. That has to change at some point, and maybe by later this week it will, but it is still tough to cite the product trade as a supporting factor, even though cutouts have stayed well supported.

The feeder market saw nice gains Monday as well, sending us back within reach of the highs scored a couple weeks ago. Feeders withstood the pressure last week a little better than the fats, as the cash feeder trade remains solid. Joplin was another \$2 to \$5 higher this week on the 5 to 7 weights, with everything else called steady to \$2 higher. The nicer weather brought out the buyers in Oklahoma City as well, with the stocker steers running \$2 to \$5 higher there as well. The true feeders were steady to a buck higher on the steers and \$2-\$3 higher on the heifers. As you can see, the lighter steers destined for grass remain the hot ticket, with 5 weights bring an average of around \$130 or higher on the medium and large 1's.

Cattle slaughter Monday 126,000 +5k week ago +3k year ago
Choice Cutouts: 163.69 +1.00 Select Cutouts: 160.51 +.18
CME Feeder Index: 106.32 +.25 Lean Hog Index 70.52 -.30
Pork carcass cutout value 71.94 +1.18
Hog slaughter Monday 430,000 +5k week ago +12k year ago

Calls this morning in the cattle complex are mixed to maybe a little higher as we saw some light follow through buying in the electronic session last night into this morning before turning just mixed. The pork complex has slowed its gains after yesterday limit jump, but the deferred hog contracts should still be pretty strong this morning. Probably shouldn't see much activity in feedlot country today, with the guesses for this week's trade still around steady money for the most part, unless we can build on Monday's board strength throughout the week or somehow see a big uptick in the wholesale trade. For the open this morning, I will call live cattle 10 lower to 10 higher and feeders similar, maybe mixed to 10 or 20 higher on the front end.

Moving over to the grain markets, soybeans had about the only story Monday, with the front end of that market seeing some big gains on reports of labor problems in Argentina leading to some port closures. This seems to happen every year and is usually good for one or two big up days in beans, which we saw Monday. The outside markets were strongly supportive as well, although that didn't help corn or wheat much as they both finished mixed to mostly lower.

Overnight electronic trade last night was higher with corn $\frac{3}{4}$ to $1\frac{1}{2}$ higher, beans $2\frac{1}{2}$ to 4 higher, and Kansas City wheat $3\frac{1}{2}$ to $3\frac{3}{4}$ higher.

Well it was a fairly interesting start to the week for the grain markets, with corn and wheat staying fairly quiet while soybeans caught a bit of a bounce. As I mentioned earlier, the outside markets were very supportive, with the weaker dollar helping drive the big gains in the energy markets. The soybean strength came on talk out of Argentina about more labor problems, with two ports now reported as closed and force majeure being declared on some contracts. No confirmation of this and no amounts were given, it just came from an exporter. Most traders in South America think these issues can be cleared up in a few days and things will be back to normal. We should all be accustomed to this by now as it happens every year, but it always seems to be good for a pop in the market. Apparently no one is overly concerned about it yet, as there weren't many bids around for barges of U.S. beans for the short term. If importing countries were truly concerned, they would be coming after our cash beans. For now it just looks like the talk spurred some short covering that pushed us higher Monday, led by the front months.

With the calendar about to turn over to April, it is time for many to get serious about getting some corn in the ground. Unfortunately Mother Nature has slowed that pace in several areas, although this week's weather will do a lot to help. We do have another storm system headed our way this weekend, but as a whole the forecasts don't look overly threatening. That has put some pressure on new crop corn futures lately and helped beans stay a little bit better supported. A long stretch of favorable planting weather could lead to more corn acres than previously thought and the bean market will be careful to protect some of those acres if need be. I don't think we're too that point yet, but it is a possibility.

Weekly state by state crop condition reports yesterday showed continued improvement in the wheat crop, with Kansas coming all the way up to 70% good to excellent from 64% last week and well above the 42% rated good to excellent last year at this time. The Oklahoma crop was rated 69% good to excellent, up 2 points from last week. Texas made a 7% jump to 60% good to excellent as the Southern Plains continues to be head and shoulders above last year when it comes to wheat production potential. For what it's worth, Texas corn planting was at 39% complete, compared to 50% on average, while Arkansas was at 21% planted compared to 31% normally by this time. Louisiana on the other hand was 80% planted, well ahead of the 63% normally done by now. We are still a few weeks away from the weekly recap of all states and their planting progress as well as crop condition, but this early data gives us a pretty good idea of where we are for now. For reference, last year the USDA released the first corn planting progress report on April 13, showing 2% planted vs. an average for that date of 6%. If we could have 2 weeks of weather like we are seeing now, I am fairly confident that number would be a lot higher for that date this year, but unfortunately, as I mentioned earlier, the rains come back later this week into early next week. The Eastern Corn Belt continues to look the driest, allowing for more active fieldwork in that region while we still battle frequent storm systems in the west. Still nothing to be overly worried about as far as planting delays, but definitely not what most producers wanted to see after a pretty trying run of weather already this year.

Well I'm sure there are some other little stories out there that we could talk about this morning, but in the end it all boils down to tomorrow morning's report numbers. The trade has been waiting on these numbers for a while and volume has been pretty light leading up to the report. With the short side being a little more popular lately it won't be too surprising to see some additional short covering today as we head into the report, but I don't think the action should get too crazy until everyone gets a glimpse at what the USDA is thinking tomorrow morning.

Calls this morning will be just a shade higher for the most part after the overnight session, with the U.S. dollar a little weaker again while crude oil was hanging just slightly higher. There isn't much major news this morning and as I mentioned, report positioning will likely be the key feature today with another rather slow, sideways session expected. For the open, I will call corn futures 1-2 higher, beans 1 to 4 better, and Kansas City wheat 1 to 3 higher, although it should probably be called lower as every week for the past month the wheat crop has improved.

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