



## **Loewen and Associates**

**Commodity Brokerage/Consulting**

**Pete Loewen, Tim Strunk,**

**Matt Hines, Doug Biswell**

**866 341 6700**

**[www.loewenassociates.com](http://www.loewenassociates.com)**

Date: 05.24.10

## **Morning Ag Markets**

**Pete Loewen**

It was an ugly week for the livestock markets, which got caught in the downdraft of outside market turmoil, but the grains weathered the pressure very well considering. Choice cutouts in beef were down slightly over \$2.00 and pork cutouts were off just over \$3.00. Cash trade in both markets was under moderate pressure in hogs and heavy pressure in cattle.

Cattle On Feed numbers that came out on Friday afternoon were about as uneventful as they come. The On Feed total for May 1 came in at 97% compared to pre-report estimates of 96.7%. April Marketings were 99% which was 1.1% off the guesses. April Placements were 102% and that was .2% off the average guess. The placement weight breakdown showed 800+ pound cattle in-movement down 6% from a year ago. 7-8 weight placements were up 16%. 6-7 weight placements were down 5%. Under 600 pound placements were up 2.8%. There should be very little reaction in the futures today from these report numbers.

Cattle slg. \_\_\_ wtd 681,000 +10k -4k ya

Choice Cutout\_167.20 -.45

Select Cutout\_161.06 -.84

Feeder Index:\_\_\_111.03 -.12

Lean Index.\_\_\_86.87 -.28

Pork cutout\_\_57.53 -.23

IA-S.MN direct avg\_\_80.28 -1.43

Hog slg. \_\_\_ wtd 2.016 mln +68k wa -50k ya

Weekly closes in livestock had the June Live Cattle down 1.87, August down 1.37, May Feeders down 1.47, August Feeders down 2.82 and June Hogs down 2.10.

Calls this morning in the livestock markets are coming in mostly on the mixed side. However, the dollar has been very strong this morning, which could add some pressure to the start if that outside market volatility continues.

In the grains, Friday's futures were lower in beans, but higher everywhere else. China corn demand continues to command center stage in the news and it might bring some technical strength along with it if corn can muster another 5-10 cents worth of gains through the early

portion of this week. Friday's futures trade alone salvaged the week for corn, which otherwise was facing an unchanged to slightly lower weekly close. Commitment of traders data showed index funds adding quite a few longs to corn and beans last week, but they were butting heads with commodity funds (a.k.a. managed money) that was liquidating longs.

Weekly closes in the grains had July KC Wheat up 4 cents, July Chicago up  $\frac{1}{2}$ , Dec Corn up  $\frac{5}{4}$  and November Soybeans down  $18\frac{3}{4}$ .

Overnight E-CBT trade was\_\_ mixed which is surprising given what the dollar has been doing this morning. KC Wheat finished  $-3\frac{1}{2}$  to  $+3\frac{3}{4}$ , Chicago  $+3/4$  to  $-3$ , corn  $+1\frac{1}{2}$  to  $-1/4$  and soybeans  $+5$  to  $+7\frac{1}{2}$ .

Most of the Midwest got their first taste of summer-type temperatures over the weekend, but instead of hot temperatures being viewed as a friendly event, this one should be negative. Through the Corn Belt, most of the corn that had been in the ground for weeks had been sitting there in wet and cool conditions without the ability to really take off on a growth spurt. This heat was just the ticket.

Estimates for soybean plantings in this afternoon's report are looking for 55%-60% complete versus 38% last week. This would be slightly behind the average, but certainly nothing to be concerned about. With the 6-10 day forecast calling for normal to below normal precip and normal to above temps- that soybean seeding will be wrapped up sooner than you think.

Soybeans are likely still feeling the weight of very large South American oilseed crops that are nearly complete with their harvest. Granted, we had good export sales figures last week in old crop beans, but with Brazil and Argentina's supplies, that should not be a long term recurring event. In fact, we find it very difficult to be friendly to beans at all unless summer weather has a say in the picture.

It's the corn market that is getting mixed reviews. Most of the crop got planted at a near record pace. Most of the Corn Belt moisture profile is fantastic. After the weekend's warm weather, the crop really ought to "pop" into a huge growth spurt, so nothing is bullish on the production front! However, we continue to see stories on the newswire regarding the upside potential of the corn market. What is difficult to find is valid reasoning attached to these stories. Regardless of the driver, it would be great to see corn make an attempt at  $\$4.00+$  new crop futures again. We haven't seen  $\$4+$  since March and for everyone that missed it on the way down, it would be nice to see another opportunity for redemption. Don't pass it up this time because the fundamental cards are still stacked easily in favor of more longer term downside potential than upside risk. Once again, Mother Nature can change that tune, but that's not something that can be forecasted now is it???

I'm calling the grains mixed in corn and wheat and 3-6 better in beans. The dollar was up well over a full point early this morning, but is moderating some from that extreme at the moment. The DOW futures had some decent pressure early as well and they have moderated a lot too. Lots of volatility out there today, but it's also going in multiple directions!

**Pete Loewen & Tim Strunk**

**Loewen and Associates, Inc.**

[www.loewenassociates.com](http://www.loewenassociates.com)

[peteloewen@cox.net](mailto:peteloewen@cox.net)

[timstrunk@cox.net](mailto: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.**