



## **Loewen and Associates**

*Commodity Brokerage/Consulting*

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## **Morning Ag Markets**

**Pete Loewen**

Grain trade yesterday had the friendly news of bullish export sales data across the board to fuel a surge higher, but that surge really never happened. Everything opened on the plus side but faded as the day wore on with new crop beans taking the worst hit and being down in the double digits. Corn sales were 44.2 mln bushels which was above the top end of the expectations of 39.4. Wheat was 26.5 mln and the top end of that range was 16.5. Soybean expectations were in the range of 7.3-16.5 combined old and new crop and we had 11.3 mln old crop alone. Considering it was a negative 5 mln the week before, I would consider that pretty good news for the bean market. Traders obviously didn't buy into that thought process though based on the weaker close. Then again, when you look at the overall action for the day, the front end of the market in the July wasn't down nearly as hard as the new crop and beyond contracts.

Overnight E-CBT trade was \_\_ higher in corn and beans and mixed to mostly lower in the wheat. KC Wheat finished +1 to -1 3/4, Chicago +1 to -3/4, corn +1/4 to +1 and soybeans +2 to +6 3/4.

The grain market bulls that have been desperately searching for friendly news from the marketplace have been thrown a few scraps to feed off of recently. We have had two good weeks of wheat export sales. Bean export sales were horrible two weeks ago, but bounced back nicely this week. South American bean basis tightened up this week, which is positive to our future export potential as well. China started unloading the first vessel of US corn that was shipped and they are doing it without any fuss about GMO issues.

The other side of this equation though is still weighed down by very good crop conditions in corn and beans. There are reports of 90+ bushel wheat being harvested in far western Kansas and a lot of 50+ bushel wheat coming out of eastern Colorado. Wheat spreads and wheat basis are telling us that the wheat situation is still far more bearish than bullish and I think we should be cautious about thinking two weeks of improved export totals makes the wheat picture long term bullish at all. Keep in mind we still have close to a billion bushels of ending stocks potential staring us in the face and a world supply situation that is equally as menacing. Look at rallies as an opportunity to sell wheat, but don't look at them as an excuse to get bulled up. About the only caveat that can change that situation is summer weather and a rally in corn and beans for wheat to coat-tail on.

I'm calling wheat mixed, corn mixed to 1 1/2 higher and beans 2-4 better.

**Pete Loewen & Tim Strunk**

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