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## **Morning Ag Markets**

### **Pete Loewen**

Wild rollercoaster ride on Wednesday as live cattle futures made new contract highs, plunged downhill and caused nothing but motion sickness amongst most traders looking for reasoning. There were HUGE trading ranges in most of the live and feeder cattle contracts. August live cattle had a \$2.95 trading range in the opening 40 minutes of pit trading. Hogs just sunk, finishing limit down across multiple contract months.

Cash indications at the feedlot level were heating up with feedlots solidly in the driver's seat on leverage. The earliest report negotiated trade this week was \$255 dressed business in Nebraska and some \$160+ live action by regional packers in the western Corn Belt. There was also some unconfirmed \$160 trading to a major up north late in the day as well as some reports of \$161. There is a lot more action ahead yet in that arena.

Tomorrow afternoon we get month COF numbers. Total on feed numbers have an average guess of 98.3%. Placements in the month of June are expected around 96.6% of a year ago. Marketings in June have been pegged at 98%.

Cattle slg. \_\_\_114,000 -2k wa -7k ya

Choice Cutout \_\_\_252.59 -.21

Select Cutout \_\_\_248.71 +2.92

Feeder Index: \_\_\_210.64 +.16

Lean Index. \_\_\_132.04 -.53

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Pork cutout\_\_\_132.60 -1.24

IA-S.MN direct avg\_\_125.23 -.79

Hog slg.\_\_\_ 395,0000 unch wa -6k ya

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Grains finally caught a breather and a higher finish with beans leading the charge, recouping all and a little more of Tuesday's new crop losses. With weather still conducive to large production though, these rallies are becoming fewer and farther between. The rally so far on the corn and wheat charts looks just like a small blip in a long down trend, but beans are beginning to look a lot better.

Searching for bullish reasoning across the market, the only strong factor I can point out is a big recent boost in old crop bean basis bids as processors and commercials try to peel the dwindling supply of old crop out of farmer's hands in an effort to keep enough beans in the pipeline to last until new crop supplies start to show up in the south.

Interestingly enough, even though there is a significant difference in the current fundamentals between old and new crop soybeans, the gains were very comparable across most contract months regardless of whether they were old or new yesterday. The same pattern held true in the very strong overnight action as well. If the push was based on old crop tightness, bull spreading and higher trade on the front versus the back months would be prevalent, but that isn't the case. I'm still trying to decipher that action to make logical sense.

Weekly export sales were in my opinion very bullish for beans and neutral to corn and wheat, maybe even slightly bearish. The old crop corn total was 11.5 mln, but a 45 mln new crop number was a good one. Wheat sales came in at 16.3 mln old crop and that isn't very good. Soybean sales posted a 8.3 mln bushel old crop tally which is HUGE for an old crop number in July. 90.1 mln new crop was a giant as well, but that number was widely anticipated already because of the big new crop sales reportings last week in the 8a.m. reports. Cumulative bookings in old crop beans are now 1.684 bln versus USDA's projection of 1.620 and according to my calculations there are only 11 mln bushels left to ship to meet the 1.620 total. Surely we can get that accomplished

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plus some between now and the end of the marketing year on the last day of August.

Two final notes; 6-10's showed cool and dry in the offering which is a mixed bag for a forecast. There are definitely some areas needing a shower soon, but the cooler weather should keep deep stress at bay for the moment. Secondly, the Day 2 report from the North Dakota wheat tour showed average yield checks of 48.4 bu/ac versus 45 last year and 44.7 as the 5 year average. That's a negative for wheat.

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