



Loewen and Associates

Commodity Consulting/Brokerage

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Date: 7.14.14

Morning Ag Markets

Matt Hines

Livestock futures finished mixed on Friday with grains down hard yet again. Feeders lost the most ground last week down \$7.25 and the index is now off \$2.62 so far this month. Cash feedlot trade was lower last week with Texas and Kansas \$2-\$3 lower at \$155-\$156 live. In the North, packers purchased cattle at mostly \$156 live and \$245 to \$246 on a dressed basis which is \$4-\$5 than the previous week. Packers look to be slowing the chains moving forward with demand expected to slow as well as we enter the dog days of summer.

For the week, August fats -5.25, August feeders -7.25, and July hogs +1.08

Cattle slaughter from Friday estimated at 111,000 head, compared to 122,000 last year. For the week, 576,000 head compared to 641,000 a year ago. Our year to date difference now at 6.6% less.

Boxed beef cutouts mixed on light demand

Choice Cutout__251.79 -.38

Select Cutout__244.84 +1.32

Feeder Index:___214.58 -.24

Hog slaughter from Friday estimated at 275,000 head compared to 401,000 a year ago. For the week, 1,859,000 head compared to 2,042,000 a year ago. Year to date difference out to 4.5% less now.

Lean Index.___132.38 +.75

Pork carcass cutout___135.33 +.57

IA-S.MN direct avg__131.28 +1.43

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Opening calls this morning are 25-50 higher for both cattle and hog futures with cash calls \$1-\$2 higher as well. For those that are asking if the cattle market has topped out, this week will give us that answer. Friday's higher close in live cattle has made me stop before calling it over and if we can open and trade higher today, this may have just been a healthy pullback before we leg higher again.

Moving on to the grains, the report from USDA on Friday was not overly bearish but enough so to confirm more selling and send prices for all three commodities into new contract lows. Ending stocks for corn and beans estimated at 1.8 BBU and 415 MBU respectively for new crop were both higher than anticipated. The world ending stocks at 188 MMT up from 182 MMT for corn and 85.2 MMT up from 82.8 MMT for soybeans were the most bearish. These major increases in US inventories along with increases in world exporter stocks makes it unlikely the US is able to accomplish the projected exports of corn, beans, or products estimated by USDA. Look for adjustments in coming months. There is also a very real chance the USDA will eventually have to increase yields in corn. Beans are less sure but if current weather patterns hold, bean yields will also improve along with corn.

USDA estimated all wheat production at 1.992 BBU which was up 50 MBU and slightly larger than anticipated. World wheat production was increased 3.5 MMT to 705 MMT. Increases in Australia offset losses in Canada while increases in Ukraine offset losses in Kazakhstan.

Canadian Oilseed Processors Association on Friday pegged Soybean crush for the week ending July 9th at 24,359 MT down -32.6%, and brings the season to date total to 1.469 MMT nearly unchanged compared to a year ago. Canola crush for the week ending July 9th at 155,146 MMT, brings the season to date total to 6.477 MMT vs the year ago period's 6.357 MMT.

On Friday, a worker federation for Argentine truckers announced they intend to begin a nationwide strike July 21st. The group is seeking better port security and better freight rates. Not only grain deliveries to ports will be affected, but the lack of export taxes if prolonged would put further pressure on the Argentine government public finances.

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For the week September Corn -31 ¼, December -30 ½, August Soybeans -1.04, November -58 ½, September KC Wheat -51, September Chicago Wheat -53 ½

Overnight wheat and soybeans crept higher but corn was unable to catch hold finishing down 2-3. Soybeans finished 9 higher nearby and 4 higher in November. Wheat was 1-3 higher in all three pits.

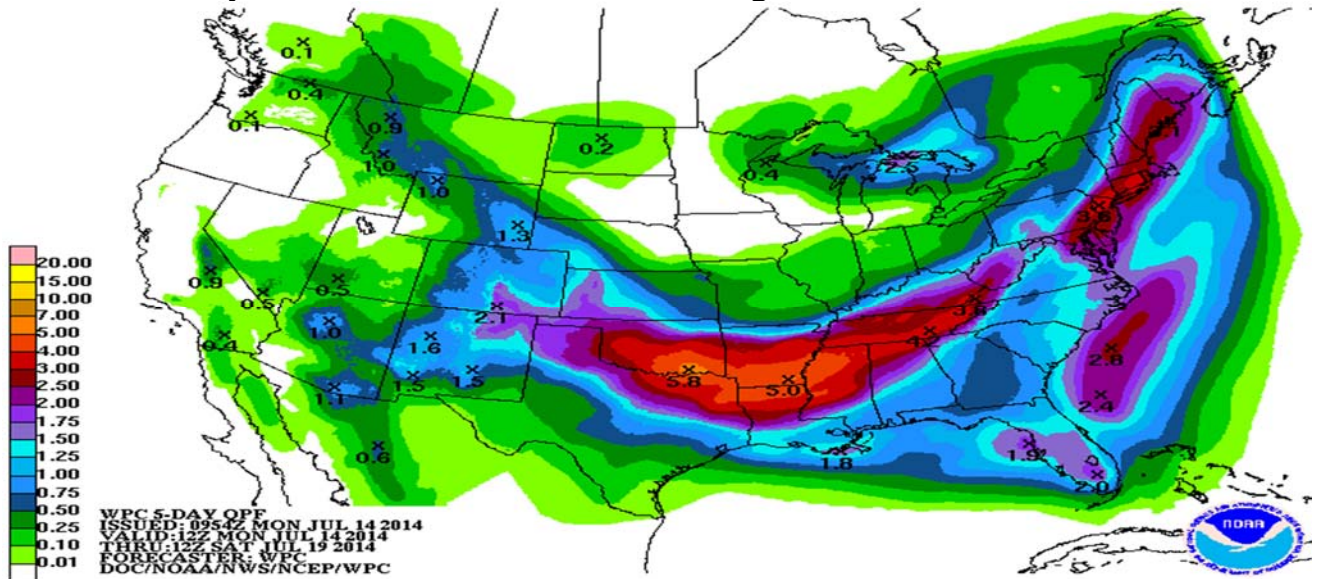
NOPA crush report will be released Tuesday, the average estimate for June crush is around 119.5 MBU vs. 128.8 MBU in May.

China's President will travel and visit with top Brazilian gov't officials this coming week, and expectations are for the two countries to announce a number of cooperative endeavors, including infrastructure funding, especially in transportation, energy and commodity sectors. Last year China bought nearly \$22 billion worth of Brazil exports including soybeans.

Today is the last trading day for July grain contracts. This doesn't mean a whole lot for cash prices but is always watched closely and reflects the roll of nearby futures when looking at long term charts.

Later this morning export inspections will be released and we will see if they can stay on pace to hit USDA's corn and bean projections for the old crop year.

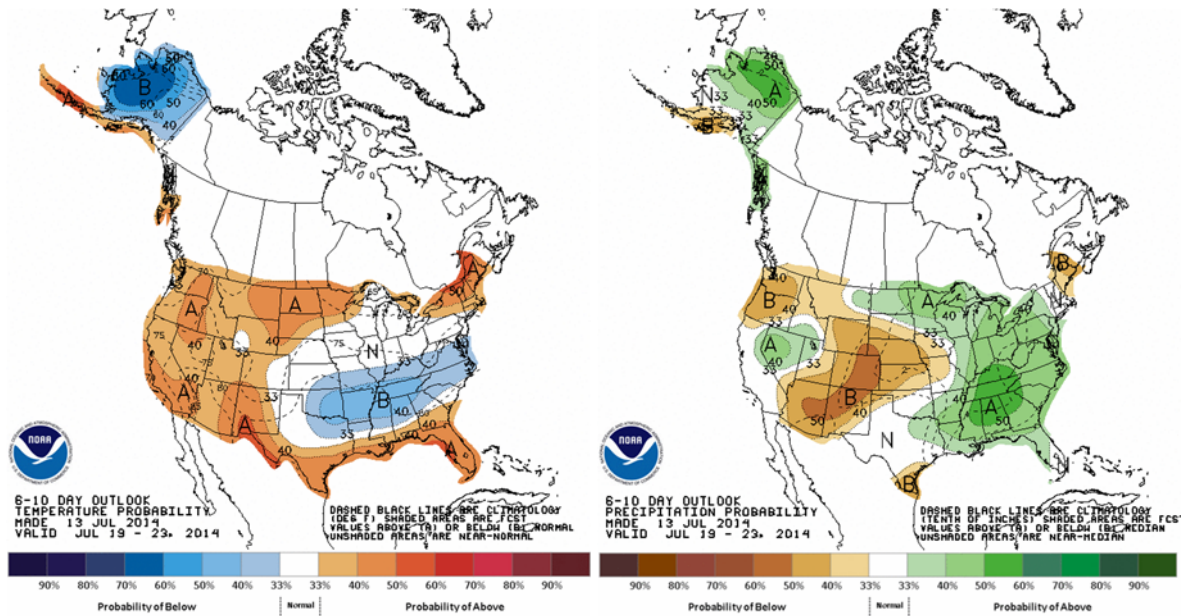
This afternoon crop progress and conditions will be updated with most looking for corn and soybean conditions to remain unchanged.



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Weather looks to remain benign this week again. The 6-10 maps have above normal temps forecasted for the northern Corn Belt but normal to below for the rest of the growing area. Precipitation is normal to above normal for the most of the Corn Belt.



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