



Loewen and Associates

Commodity Consulting/Brokerage

Pete Loewen, Matt Hines

Doug Biswell, LaVell Winsor

866 341 6700

www.loewenassociates.com

Date: 7.28.14

Morning Ag Markets

Matt Hines

What a week for the cattle complex, futures & cash trade rocketed higher this past week. For the week, August live cattle were up \$7.47 and August feeders were up \$6.60. Cash feedlot trade was \$5 to \$8 higher live and \$11 to \$14 higher on a dressed basis peaking at \$1.62 in the South and \$1.65 live and \$2.62 dressed in the North. The most active trade was in the North with southern volumes limited and very few cattle traded in the Panhandle.

Cattle on feed reported as of July 1st was neutral to friendly on Friday after the close as well with 98% on feed, and marketings at 98% compared to a month ago. Both were in line with expectations but cattle placements at 94% were less than expected at 96%. Looking into the placement weights you can see why the cash markets for calves remains so hot, they are heading straight into the feedlots...

Placements Weights as a % of previous year

Under 600 lb 127%

600-699 lb 108%

700-799 lb 74%

Over 800 lb 82%

Semiannual cattle inventory was also reported on Friday at 95 million head which is 3% below our last inventory numbers back on January 1, 2012. If you may remember, inventory numbers were not reported in 2013 due to federal budget cuts. The 2014 calf crop is estimated at 33.6 million, down 1% from 2013 and down 2% from 2012.

Cattle slaughter from Friday estimated at 107,000 head, down 7,000 from a week ago and down 16,000 from a year ago. For the week, 571,000 head, down 6,000 from the week previous and down 69,000 from a year ago. Our year to date difference now at 6.9% less.

IMPORTANT—PLEASE NOTE

This does 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.**

Boxed beef cutouts higher on moderate demand

Choice Cutout__257.38 +1.82

Select Cutout__254.33 +1.49

Feeder Index:___214.13 +1.15

Hog slaughter from Friday estimated at 303,000, up 21,000 from a week ago but down 91,000 from a year ago. For the week, 1,862,000 head, up 29,000 from the week previous but down 128,000 from a year ago. Year to date difference remains at 4.7% less now.

Lean Index.__130.33 -.86

Pork carcass cutout__131.79 +.48

IA-S.MN direct avg__125.56 -.82

Opening calls this morning are higher for both cattle and hog futures, cattle \$1 to \$3 higher and hogs 20 to 50 cents higher. With the recent run up in cash I would expect to see some follow through buying today which could spillover and get the hogs back in green as well.

Moving on to the grains,

Over in the grain pits, Friday's futures were all higher but mixed is the best way to recap the week. Corn took a hit early and chopped sideways for the balance of the week. Wheat futures had a big gain late in the week pulling Chicago futures back positive for the week but not quite in KC. Nearby soybeans had the biggest gains this week with continued Chinese demand and China banning US DDG's. New crop contracts though were chopping sideways.

For the week, September corn finished -8 ¼, December -6 ¾, August soybeans +35 ½, November -1 ¾, September KC wheat -2 ½, September Chicago wheat +5 ¾.

Overnight soybeans were the leader again with double digit gains as soon as they opened. Corn was pulled 2 to 3 higher but wheat could not find any traction finishing 3 to 5 lower in all three pits.

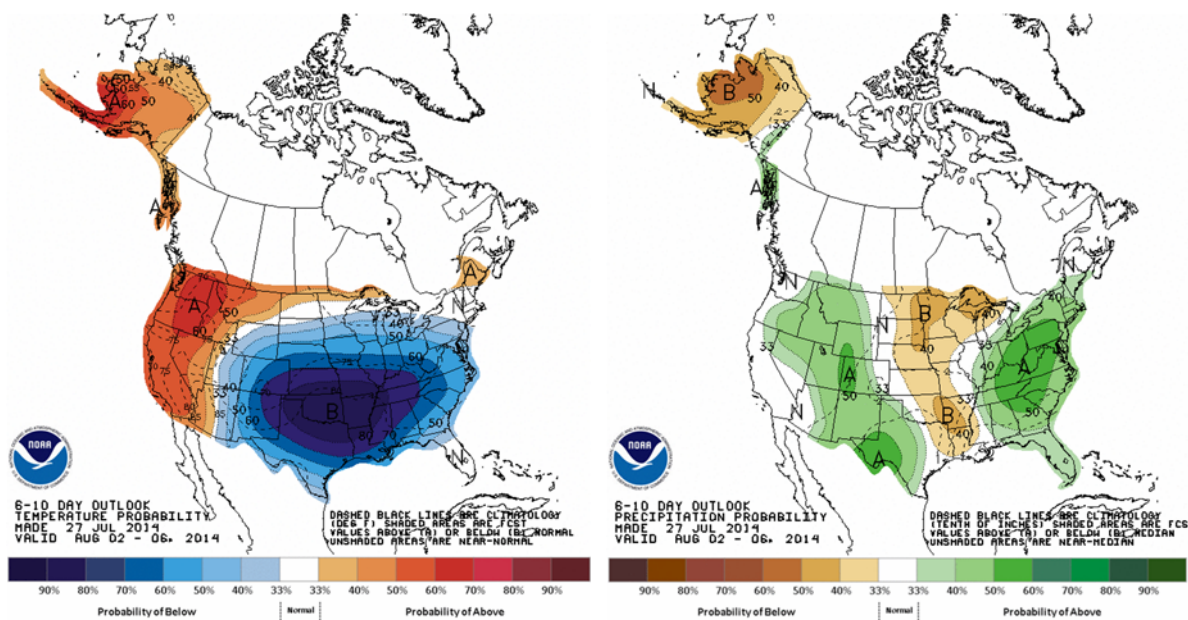
IMPORTANT—PLEASE NOTE

This does 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.**

A Reuters poll of 20 grain analyst projected a US Corn yield of 170.4 bpa compared to USDA's July estimate at 165.3 bpa. The highest estimate was 176.0 and the lowest 166.0 bpa. The average estimate for Soybeans was 45.4 bpa just slightly above USDA's 45.2 bpa with the highest at 46.8 and the lowest at 44.2 bpa.

USDA announced this morning 486,000 MT of new crop soybeans sold to China with 420,000 from the US and 1 cargo optional origin. Also announced, 101,000 MT of wheat sold to Nigeria, 61,000 MT HRW and 40,000 MT SRW.

This week weather will be the main market mover again with desperately needed rains for the Plains and the Corn Belt could use some more coverage as well. Extended forecasts remain cool but below normal precipitation is forecasted for this week and into next which could help support the soybeans as we move into the make or break month of August. December corn has support at \$3.64 with resistance at \$3.77. November soybeans have support at \$10.55 with resistance at \$11.07. September KC wheat is holding onto a low so far at \$6.19 with resistance at this past week's high of \$6.35.



Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

IMPORTANT—PLEASE NOTE

This does 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.**