



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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Date: 7.30.14

### **Morning Ag Markets**

#### **Matt Hines**

Tuesday was a repeat day from Monday for livestock futures with feeders hitting a new contract high breaking above \$222 for the September and November contracts and finishing triple digits higher while live cattle were mixed and hogs lower again.

Monday in OKC, feeder steers & heifers were \$2 to \$6 higher and calves \$5 to \$10 higher on good demand compared to a week ago. In Joplin, feeder steers were \$8 to \$15 higher, with over 800 lbs \$5 to \$6 higher and calves \$5 higher on moderate demand but limited supply. In the past 2 days the CME feeder index is now up \$10.06 and almost \$3 higher than the spot futures contract.

Cattle slaughter from Tuesday estimated at 115,000 head, up 1,000 from a week ago but down 9,000 from a year ago.

Boxed beef cutouts sharply higher on good demand. Over this past week and half we have added nearly \$12 to choice and over \$16 to select cutouts.

Choice Cutout\_\_261.34 +2.04

Select Cutout\_\_259.03 +2.86

Feeder Index:\_\_224.19 +2.24

Hog slaughter from Tuesday estimated at 400,000 head which we haven't seen a day above the 400K for some time. Up 2,000 from a week ago but down 11,000 from a year ago.

Lean Index.\_\_128.91 -.85

Pork carcass cutout\_\_131.13 +.19

IA-S.MN direct avg\_\_122.04 -.34

National cash avg\_\_121.89 +.26

#### **IMPORTANT—PLEASE NOTE**

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Today we continue to see the same trend, feeders higher, breaking \$223 now. Fats are higher as well and hogs mixed.

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Turnaround Tuesday in the grain pits with soybeans & wheat down double digits, corn down 5 to 8 most of the day. Extended forecasts looked less threatening for the fall crops and deteriorating world wheat prices continue to pressure the US markets. Crop conditions did fall Monday afternoon but more important was the progress that confirmed more than  $\frac{3}{4}$  of the corn crop pollinated during the below normal temps and with decent moisture. Locally, last week's weather cooked some yield off the top of dryland acres and rain is desperately needed for both corn and beans but nationally and more importantly in the Corn Belt conditions continue to be better than normal.

New crop export sales of soybean and soy products continue at a strong pace but new crop corn sales are lagging. Yesterday's purchase of South African corn by Taiwan is just one example of US corn struggling in the world market. Current offers from Brazil, Argentina and Ukraine are all at a discount to US corn.

Old crop soybean basis is getting hit hard in many processing markets as well as the export market which was down \$.20 yesterday. Now most bids are posted versus the November contract already but this should lead to more pressure on the inverse. The August contract doesn't have much time left though with Thursday being first notice day.

After the close, Egypt announced another snap tender for wheat. Last week they purchased 235,000 MT of Black Sea wheat with not even a single offer from the US. Crop estimates continue to climb higher for both Ukraine and Russia but the round of most recent sanctions against Russia could impact the ag sector with some energy companies and the state-owned Russian Agricultural Bank targeted.

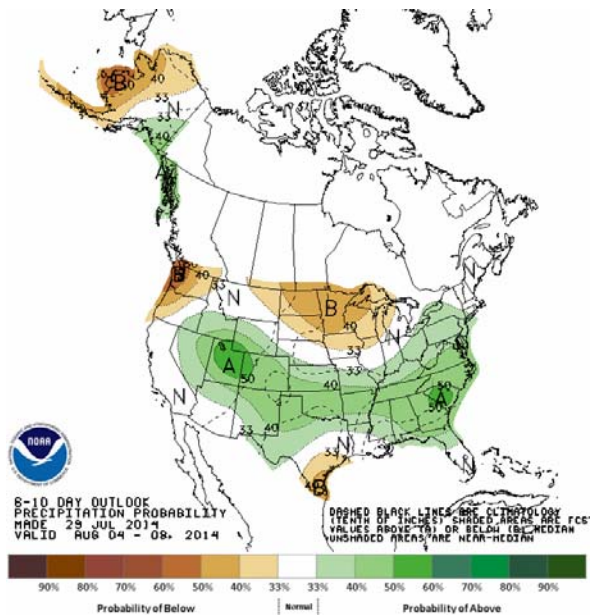
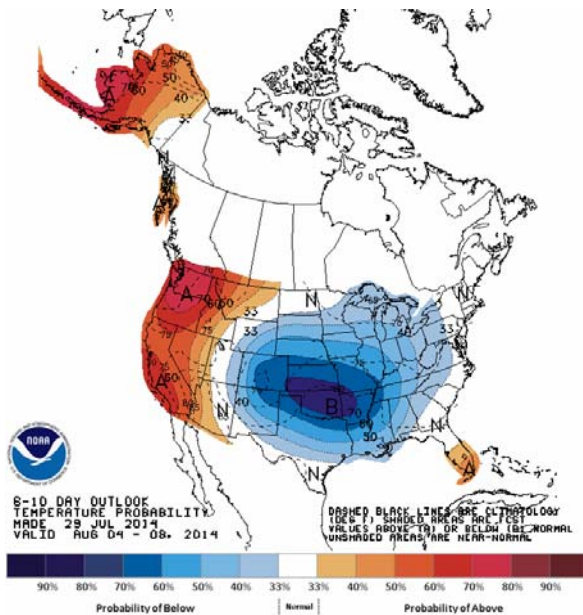
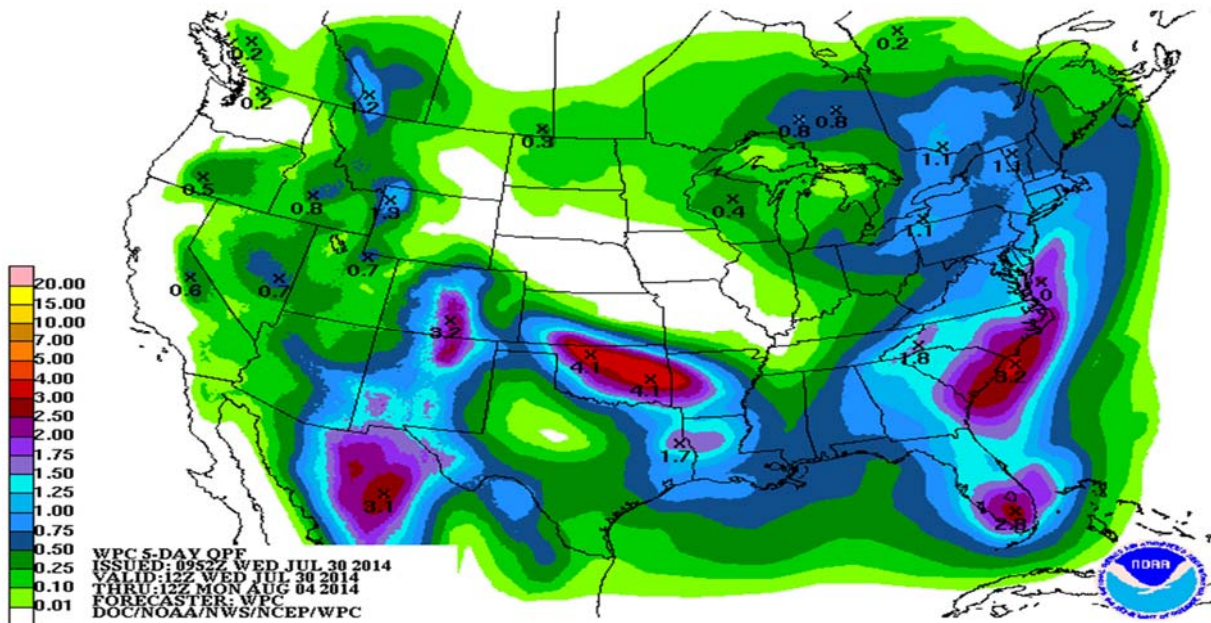
Overnight soybeans finished 5 to 8 lower with corn 2 lower. Wheat though was steady in Chicago, a penny higher in KC and 2 to 3 higher in Minneapolis.

Announced this morning by USDA was another wheat sell to Nigeria, this time for 205,500 MT, 151,500 HRW and 54,000 SRW and most for this current crop year but they actually stepped out and purchased some new crop and I mean for the 2015/16 crop year.

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Pressure continues this morning from the shift in weather forecasting rains for the Corn Belt next week while keeping temperatures below normal.



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