



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

Livestock futures finished mixed but mostly lower yesterday with nearby feeders and fats down \$1 or more for most of the day. On the retail beef side, volume has been very light so far this week. Buyers are pretty cautious about taking on too much inventory going into the “dog days of summer” at current price levels and this has the industry thinking that packer margins are going to deteriorate throughout the week. Rumors have already started that packers may have to reduce chainspeeds by the week’s end and look to hold the market steady this week based on futures to date Showlists are considerably larger than the past few weeks and but feedlots are holding strong so far with early asking prices higher at \$160-162 live and \$254 plus on a dressed basis.

The feeder cash index since topping at \$217.20 is now off over \$3 and futures since topping at \$220+ for the September and October contract have pulled back a few dollars as well. The cash feeder cattle market was steady/higher Monday. Receipts were light in Oklahoma City and Joplin, MO but both those auctions called their respective markets fully steady on the yearling cattle and \$3-\$5 higher on the lightweight cattle weighing less than 500 lbs. We’ll get a pretty good test of the market this week as Superior Livestock is holding their annual “Week In The Rockies” video sale with over 200,000 calves and yearlings on offer.

Cattle slaughter from Tuesday estimated at 117,000 head, up 2,000 from a week ago and down 4,000 from a year ago.

Boxed beef cutouts higher on light demand

Choice Cutout\_\_249.98 +1.80

Select Cutout\_\_242.62 +1.39

Feeder Index:\_\_\_213.85 -.73

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Hog slaughter from Tuesday estimated at 403,000 head, down 8,000 from a week ago and up 2,000 from a year ago.

Lean Index. \_\_130.08 +.83  
Pork carcass cutout \_\_134.33 -.19  
IA-S.MN direct avg \_\_130.40 -.41  
National cash avg \_\_130.06 +1.58

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Moving on to the grains,

Corn and wheat took a little breather yesterday but still finished lower, beans though were pushed considerably lower again even after we rallied prices overnight. Volume was light in the grain pits and no bullish news was out there offering support as we closed the 6<sup>th</sup> straight session of lower prices in the grain pits. Wheat harvest pressure seems to be the main excuse for the continued pressure on a very oversold market. For corn and beans, the shellshock from USDA on soybean acreage and continued good weather for crop development.

After the close Egypt announced a snap tender for wheat to be delivered in August. Last time there was over 900,000 MT offered, only 1 cargo from the U.S., with Egypt purchasing 240,000 MT from France, Romania and Russia. This time around they are seeking 60,000 MT of milling wheat that should come from the Black Sea region again as U.S. prices are still at a disadvantage but only by \$10/MT now it seems.

Overnight the grains continued lower with corn down 1 to 2, soybeans down 6 to 11 and wheat down 1 to 5 in all three pits.

Brazil's CONAB now forecasting higher production numbers than they did back in June for wheat, corn and soybeans. The 2014 wheat crop is now forecasted at 7.4 MMT, up 30,000 MT. Corn and soybean production estimates are considerably higher with corn up 310,000 MT to 78.2 MMT and soybeans up 220,000 MT to 86.27 MMT.

USDA announced 2 new crop corn sales, 101,600 MT sold to Japan and 107,696 MT sold for unknown destinations. Combined that is over 8 MBU.

This Friday, USDA will update supply and demand tables. Acreage for the 2014/15 crops will now be from the June planted acres report so adjustments to

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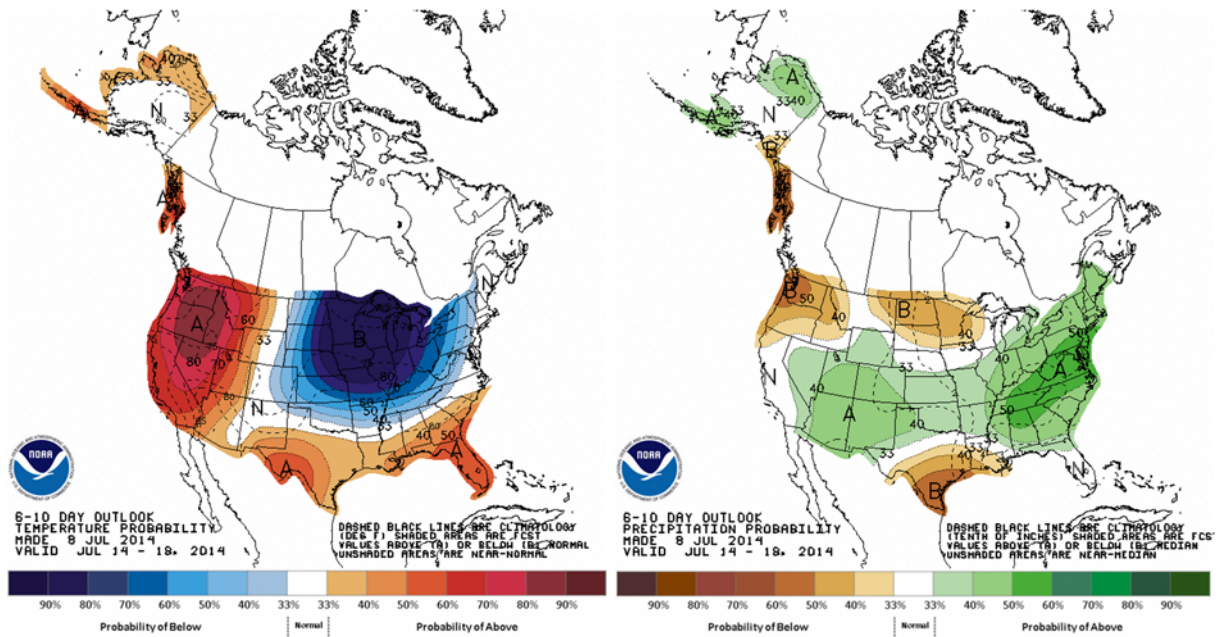
yield and demand will be watched closely. The average trade estimate for Corn yield for this report is 166.1 bpa. vs. 165.0 bpa last month and for soybeans 45.1 bpa. vs. 45.2 bpa last month

The average estimates for ending stocks are as follows...

2013/14 Corn 1.232 vs. 1.146 last month Soybeans 128 vs. 125 last month

2014/15 Corn 1.774 vs. 1.726 last month Soybeans 418 vs. 325 last month

Wheat 591 vs. 574 last month



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