



Loewen and Associates

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines
Doug Biswell, LaVell Winsor
866 341 6700**

www.loewenassociates.com

Date: 8.4.14

Morning Ag Markets **Matt Hines**

Last week cattle markets were all over the board, feeders broke new contract highs for 3 days in a row topping out last Wednesday above \$224. Thursday turned into a massive sell off and throughout the session Friday it appeared to be day 2 with futures down the limit \$3 at one point. Volatility continues though with feeders bouncing off those lows, still finishing lower and deferred contracts triple digits lower. All the moves higher in the cattle futures strongly supported by cash trade and products screaming higher this past few days to week plus.

So we have one of the following or combination of pressuring cattle now...

1 – Simply end of the month/beginning of the month position squaring and/or commission churning

2 – Argentina credit rating tanking into default stage that pressured the equity markets and rolled into the cattle markets

3 – Packers paid \$10 higher over a week ago and this past week it took until the final hours of the week to see some cash feedlot trade at steady to \$3 lower.

Feedlots had hoped for another \$2 to \$5 higher trade.

For the week, August feeders +\$2.02, August live cattle -\$1.80 and August lean hogs -\$5.60.

Cattle slaughter from Friday estimated at 114,000 head, up 7,000 from a week ago but down 3,000 from a year ago. For the week, 574,000 head, up 3,000 from the week previous but down 48,000 from a year ago. Our year to date difference remains at 6.9% less.

Boxed beef cutouts weak on light demand

Choice Cutout__263.13 -.53

Select Cutout___258.12 -2.48

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.**

Feeder Index:___225.22 +.16

Hog slaughter from Friday estimated at only 263,000, down 40,000 from a week ago and down 139,000 from a year ago. For the week, 1,867,000 head, up 5,000 from the week previous but down 160,000 from a year ago. Year to date difference remains bumped out to 4.8% less.

Lean Index.___125.82 -1.01

Pork carcass cutout___127.32 -1.71

IA-S.MN direct avg___119.56 -1.93

In the grain pits, prices were very choppy all week reflecting the ever changing extended forecasts. December corn was trading a tight a 13 ½ cent range the past 9 sessions but Friday broke into a new low. Below normal temps look to continue and now precipitation forecasted for the Corn Belt into the weekend and late next week was enough pressure to push us into new contract lows. November soybeans have been even more volatile trading a range of 63 ¾ cents over the past 17 sessions and ended last week near the bottom of the range. Wheat actually showed some resiliency the end of last week rallying due mainly to oversold conditions and concerns staring to build for high quality milling wheat in the world marketplace. There is plenty of feed wheat out there and that along with world corn prices deteriorating continue to feed off each other in a spiral lower.

For the week, September corn finished -10 ½, December -9 ½, August soybeans +2 ¾, November -25, September KC wheat +1 ½, September Chicago wheat -3 ¾.

Overnight grains all finished higher after a mixed to lower open last night. Volume was light for corn but heavy for soybeans and wheat. Corn finished up 3, soybeans up 11 to 13 and wheat 6 to 11 higher in all three pits.

Weather models are not in agreement this morning and moisture is needed for many on fall crops. Below normal temps are still forecasted for this week and into next though. Some of the run up last night coming from those saying we did not receive enough or as much as expected rain over the weekend with chances weakening this week.

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.**

Crop conditions released later today are expected to decline slightly for both corn and soybeans. Seasonally we expect corn conditions to start to deteriorate heading into August.

Announced this morning by USDA were 102,000 MT of new crop soybeans sold to Taiwan and 110,000 MT of new crop soybeans sold to China.

Private estimates are building ahead of next week's supply and demand report with the most recent now estimating corn yields at 172+ BPA and soybean yields in the upper 45's BPA.

December corn has support at \$3.60 with resistance at \$3.77. November soybeans have support at \$10.54 with resistance at \$11.07. September KC wheat is holding onto a low so far at \$6.11 with resistance at this past week's high of \$6.42.

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.**