



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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## **Morning Ag Markets**

**Pete Loewen**

Yesterday's meat complex trade provided a nice bounce higher in hogs, although I'm not going to give it any credit for being anything other than a dead cat bounce in a very bearish looking market. Feeder cattle and live futures made half-hearted attempts to follow along to the upside and the front three contract months in the fats were mildly higher in the face of some of the deferreds being down \$1.00 or more. In the feeders the spot August finished higher, but most of the rest were lower to the tune of \$2.00 or more on some contracts. With the index still \$3.00 over August futures and falling pretty slowly, it is tough to imagine that contract taking a much heavier hit without an acceleration in cash market losses since it expires soon.

COF numbers come out at 2:00 this afternoon. Average guesses for that report have the August 1 On Feed total pegged at 97.5%. Placements in July are expected to come in around 90.5% of a year ago and had an 8 ½% range in the guesses from 86.5 up to 95%. Marketings could tame the friendliness of the On Feed and Placement numbers with a bearish 92% number expected. Given the progressive increases in carcass weights compared to prior years over the last month, feedlots have either slowed their marketing pace some, or performance has been fantastic, because the extra pounds provided by the current heavy carcass weights go quite a ways to filling the void left by fewer numbers being slaughtered.

Cattle slg. \_\_\_112,000 +1k wa -12k ya  
Choice Cutout \_\_\_250.46 -1.09  
Select Cutout \_\_\_240.82 -2.25  
Feeder Index: \_\_\_218.27 -1.19  
Lean Index. \_\_\_107.19 -2.06

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Pork cutout\_\_\_106.18 -1.07  
IA-S.MN direct avg\_\_\_95.89 -.79  
Hog slg.\_\_\_406,000 unch wa -19k ya

In the grains, old crop soybeans and continued bull spreading pushed the Sept/Nov inverse right up against the \$1.00 mark yesterday with that spread gaining another 16 ¼ cents. Corn finished the day in solid green, albeit only mild gains. Wheat was all higher in Chicago and mixed in KC. Soybeans were up on the Sept and Nov contracts, but mildly lower on the rest.

Part of the gains yesterday could have been coming from bullish Stats Canada production estimates that came out early in the morning showing smaller than anticipated wheat and canola numbers. Their all wheat number, oats, barley and canola not only came in well below last year, but they were also below even the low range of the pre-report estimates.

Also thrown into the friendly mix were corn tour numbers that were big, but I don't think big enough to satisfy the hard core 170+ national yield bears out there that were looking for even stronger yields coming out of the field. On the other hand, the bean pod counts have been very strong in a lot of areas putting even more emphasis on this new crop / old crop spread in beans. Anyone holding cash old crop beans seems to be unwilling to sell regardless of basis quotes in some areas approaching \$4 over Nov futures. The big question is whether the users bidding up for these beans will continue to push, or just suck it up and wait for new crop and the huge supply that is coming when the combines roll. The crop tours final numbers come out today sometime.

Overnight export news showed 120k tonnes of new crop beans sold to China. 6-10's last night showed below normal temps north and west and above normal east, south and southeast. Precip was listed as above to much above for the entire Corn Belt, north, central and southern Plains, but just normal to above for the High Plains.

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