



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Morning Ag Markets

Pete Loewen

Mixed bag of trade across the meat complex on Wednesday as all three markets traded on both sides of unchanged and settled in opposite directions. Live cattle were lower, feeders mixed- closing higher on the front end and lower on back months. Hogs finished higher across the board, but not from anything other than corrective bounce in an otherwise very bearish market in my opinion.

Ia-S.Mn cash hog trade still maintains the string of lower trade every single day this month. Pork cutouts got a reprieve on Tuesday, trading 48 cents higher and then got thumped yesterday with a \$2.98 drop. That's 10 out of 12 sessions lower. As a side note, the belly primal in the afternoon cutout report finally dropped below \$100 for the first time in a long, LONG time. Given the fact bellies in cold storage have been running significantly higher than year ago totals for a couple of months now, that's a welcome change for the bacon lovers. I'm relatively sure though that the retail price won't drop until well after BLT season has wrapped up...

Unless and until the hog market can find some legitimate support from the near freefall they have been experiencing since early July, I continue to think that is going to limit live and feeder cattle gain potential. I'm not necessarily talking about a daily pressure, but more of a big picture, macro pressure from a strong competing meat on the demand side getting hammered lower in relentless fashion, like hogs have been. Export and domestic buyers aren't oblivious to what's going on.

Cattle slg.____114,000 -2k wa -9k ya

Choice Cutout____247.41 -1.07

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Select Cutout___237.60 -.88

Feeder Index:___217.35 -.33

Lean Index.___100.34 -1.57

Pork cutout___100.18 -2.98

IA-S.MN direct avg___92.31 -1.28

Hog slg.___ 411,000 +10k wa -22k ya

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n the grains, corn and soybean futures struggled to hold early gains and finished mostly flat to lower on all months except the spot month beans. The old crop / new crop soybean inverse has cratered lower in recent sessions, so this was likely just a correction back wider as new crop southern harvest is rapidly beginning to fill the export pipeline again. Wheat finished higher in KC and Chicago and flat in spring wheat futures. Minneapolis has the strongest fundamentals with continued crop quality concerns from vomitoxin and other “too much moisture” related problems, but definitely wasn’t the leader higher yesterday. That left the fundamental analysts scratching their heads.

Weekly export sales data had a bearish old crop bias this morning. Old crop corn sales were -1.3 mln, while new crop was 27.4. Soybean old crop sales were -2.3 mln and 47.4 mln new. The wheat sales tally was 14.8 and that isn’t anything to brag about either. With the new marketing year starting Sept 1 on corn and soybeans these old crop shipments are coming down to the wire in making it into this year or being rolled to new crop. There still remains over 100 mln bushels of unshipped corn and 58 mln beans that are committed and not yet shipped. This isn’t the last sales report of the year though as these numbers today were sales as of last week. Next week’s numbers will pretty much wrap up this marketing year.

Weather-wise, the 6-10’s last night were normal to above on temps and normal to above on precip. With the calendar about to turn to September, strictly from a Corn Belt standpoint, I would say the bean crop did pretty well on both moisture and temps during this critical month. A lot of chatter around now about SDS

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popping up more frequently and over a broader area than normal, but I still think we're headed towards a monster bean crop.

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