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### **Morning Ag Markets**

**Matt Hines**

Have we topped the cattle market or hit our near term low ready for another run to new highs? Fear is building in the marketplace as the drop this past week matched the pullback from July for feeders and more than doubles the drop in live cattle futures. Fats were actually back to the lows seen from the last dip by midweek but pulled back higher by feeders that had a nice weekly reversal to end the week. \$4-\$8 lower cash feedlot trade didn't help support things this week either. Nationwide, feeders and calves compared to a week ago were weak to 5.00 lower with spots 10.00 lower.

For the week, August live cattle -\$1.95, August feeders +\$1.90 and October lean hogs -\$4.37.

Cattle slaughter from Friday estimated at 112,000 head, down 2,000 from a week ago and down 5,000 from a year ago. For the week, 577,000 head, up 4,000 from a week ago but down 47,000 from a year ago. Our year to date difference remains at 7.0% less.

Boxed beef cutouts lower to steady on light demand

Choice Cutout\_\_255.54 -1.20

Select Cutout\_\_248.38 -.19

Feeder Index:\_\_222.21 -.57

Hog slaughter from Friday estimated at 395,000 head, up 50,000 from a week ago but down 28,000 from a year ago. For the week, we did pop back above 2 Million at 2,017,000 head, up 98,000 from the week previous but down 168,000 from a year ago. Year to date difference out to 4.9% less.

Lean Index.\_\_114.70 -1.72

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Pork carcass cutout\_\_111.80 -4.39  
IA-S.MN direct avg\_\_103.65 -1.03

Opening calls this morning are lower for hogs and higher for cattle futures. Hogs remain defensive with cash and products crashing while the end of week buying should spillover to this week for feeders especially in hopes to keep live cattle futures steady to higher as well.

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Friday was a mixed day in the grain pits. FSA released their estimates on Preventive Planting acres totaling 4.23 Million, 1.36 of which was wheat acres and 1.5 million each for soybeans and corn. Last year, preventive plant corn acres was 3.62 million. July NOPA crush came in better than expected at 119.6 MBU soybeans crushed domestically. Anything at or above 116 MBU would justify USDA to raise its estimate on the balance sheet for this old crop year. Wheat bounced up \$.20 at one point with Ukraine stating they had destroyed a convoy of Russian military vehicles that had crossed over the border. Even though shipments out of the Black Sea have yet to be interrupted, it was enough to give a wheat a boost. The milling quality concerns continue to build as well as now it is reported that over half of the French wheat is below milling quality standards.

For the week, December corn finished +13 ½, November soybeans -32 ¾, September KC wheat -9 ½, and September Chicago wheat +2.

Overnight grains were mixed, corn continues to creep higher finishing up 2 to 3 while wheat couldn't hold any support as the back and forth in the Black Sea seems to have calmed for a bit. Wheat finished 4 to 6 lower overnight. Soybeans traded both sides of unchanged last night and finished near unchanged.

Stats Canada will release its crop production estimates on Thursday with expectations for higher wheat production. The average estimate is at 28.5 MMT compared to July's 27.74 MMT but still well below last year's crop at 37.53 MMT.

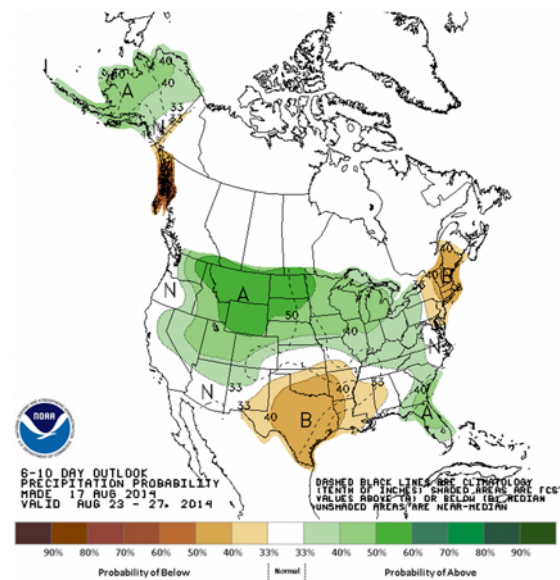
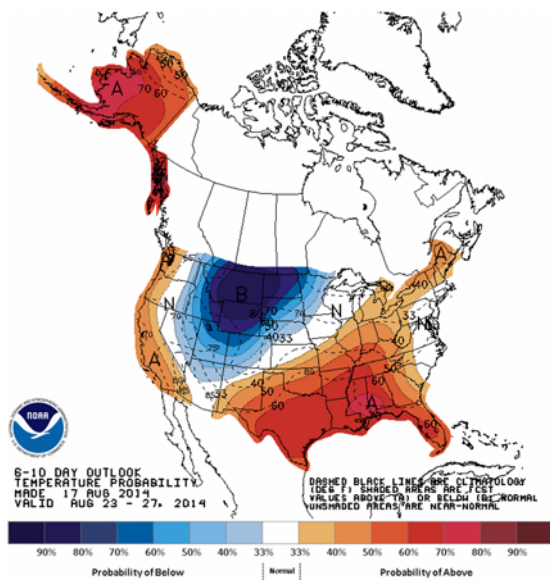
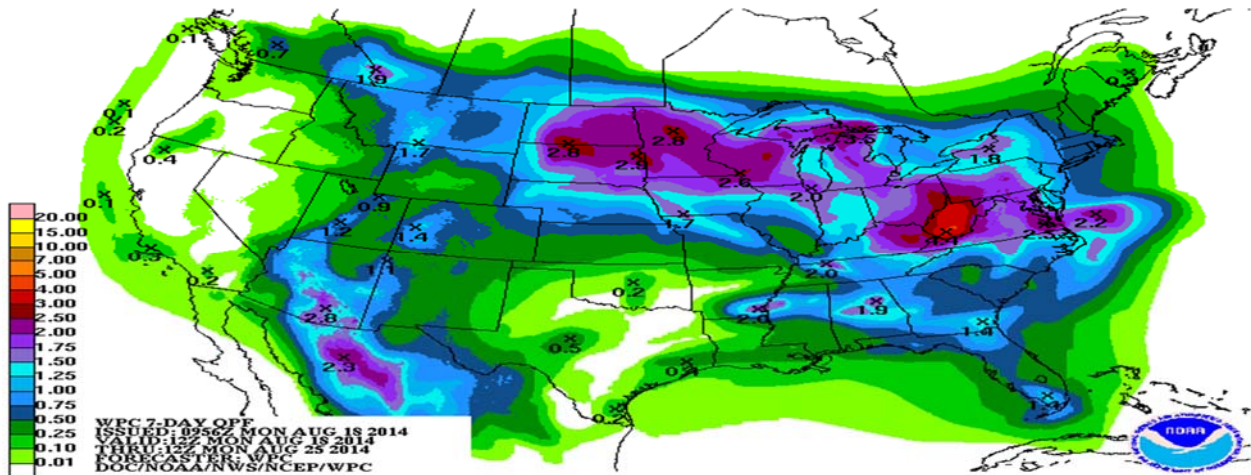
Crop conditions released later today could show improvement in the soybean crop which would be bearish to prices come Tuesday morning. December corn broke above the resistance and filled a gap at \$3.78 last week with the next line of resistance at \$3.95. November soybeans hit a new contract

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low at \$10.38 ¾ last week which is now the support line with the next at \$10. Resistance is up at \$10.69 and \$10.89. September KC wheat contracts broke the lows back from this past January to complete the full price retracement and are sitting just above them so far.

Weather wise it looks to be a bit warmer than it has been of recent. The above normal temperatures though will have above normal precipitation along with it. This next week, 1 to 2 inches is forecast for the northern plains wrapping around into to the Corn Belt.



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