



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

Cattle futures began the day mixed yesterday but finished with another strong day higher. Hogs have also been impressive so far this week with 2 days in a row now of triple digit gains. Cash prices for feeders, calves and even hogs have not been that impressive though so far this week. OKC reported steady to lower steer and heifer feeders with higher prices paid for calves. Iowa/Southern Minnesota cash average has lost \$6 the past week and almost \$26 so far this month. But buyers have stepped into the pits and have given both cattle and hog futures a needed charge higher. August live cattle broke above the 2 week high and settled just 1 tick shy. October lean hogs topped last week's high and finished \$.40 from the top.

Cattle slaughter from Tuesday estimated at 116,000 head, up 1,000 from last week but down 9,000 from a year ago.

Boxed beef cutouts values weak to lower on light to moderate demand.

Choice Cutout\_\_248.48 -1.21

Select Cutout\_\_238.48 -.59

Feeder Index:\_\_217.68 +.04

Hog slaughter from Tuesday estimated at 416,000 head up 9,000 from a week ago but down 16,000 from a year ago.

Lean Index.\_\_101.91 -1.41

Pork carcass cutout\_\_103.16 +.48

IA-S.MN direct avg\_\_93.59 -.58

National cash avg\_\_93.34 +.04

#### **IMPORTANT—PLEASE NOTE**

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Overnight livestock futures were steady to higher again led by the lean hogs with cash calls steady now also. Cattle may find some resistance at these levels and midweek profit taking. Cash feedlot trade has yet to take place for the week with current bids at \$150 and offers at \$155.

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Over in the grain pits yesterday most contracts stayed in the red pressured by continued historically high fall crop ratings, rain moving through the Corn Belt and a reminder that US wheat is still not competitive in the world market even at these low levels. Egypt snapped up 60,000 MT from Romania and 115,000 MT from Russia with no offers from the US yet again. One offer of French wheat was \$5/MT higher and US values would be equivalent to \$14/MT higher FOB or \$40 to \$45 higher on a delivered basis than what Egypt paid. Looking at world corn values, we are around \$10/MT too high there as well.

New crop soybeans roared back higher compared to the lone old crop September contract which was down \$.50. It appears some Eastern US processors and the export channel is covered until new crop with basis levels crashing \$1 to \$2 since peaking Monday afternoon. Southern US soybeans are starting to roll in with reports of 60-100 bpa averages in Louisiana and Mississippi. Corn yields are normal to slightly above there but hearing reports of 40-50 bpa higher than normal yields from some areas in the Southern Plains.

Overnight grains finished mixed with corn down 2 to 3 while soybeans and wheat held on to positive territory 1 to 4 higher.

There no new sales announced by USDA this morning. Taiwan passed on 100,000 MT of US milling wheat overnight citing high prices.

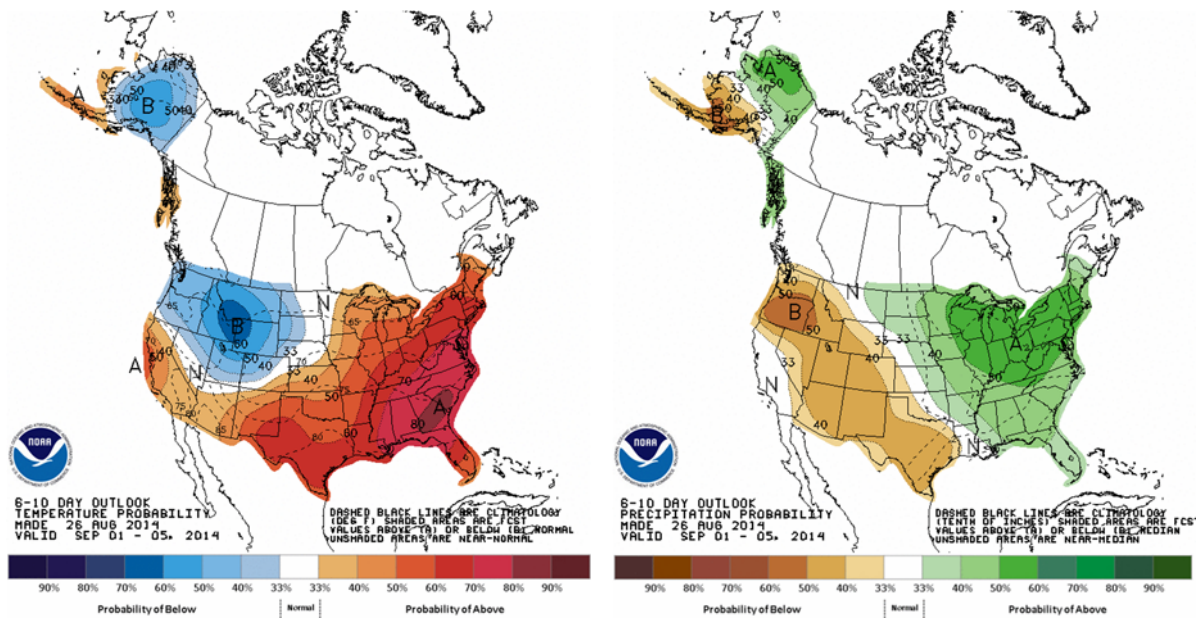
Russian crops continue to improve as their top grain official is now saying that total grain production is expected at 104 MMT up from their previous estimates of 100 MMT. He went on to say that with continued favorable weather conditions it could even top the record 108 MMT set back in the 2008/2009 crop year. All grain exports have also been raised to 30 MMT.

December corn remains range bound between \$3.60 and \$3.80, but has continued to drift towards that lower end. \$3.58 is the support line with \$3.50 the next below that. November soybeans hit a new contract low at \$10.20 ½ yesterday and continue to eye the \$10.00 mark. September KC also range bound like corn, sitting right in the middle now.

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The 6-10 day maps have normal to above normal temps for the Southern Plains and entire Corn Belt but along with that is above normal precipitation for the eastern half of the US. Current rains in the Corn Belt have been excessive in some parts and more forecasted for the remainder of this week with up to 4 to 5 inches centered in NE and IA over the next 5 days. As we get ready to enter September, frost and freeze will be a couple words watched for closely for the Northern Corn Belt areas, but as of now nothing in the works.



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