



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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## **Morning Ag Markets**

**Pete Loewen**

It was a slow day for the meat complex trade with live cattle settling mixed on both sides of unchanged and feeders mildly higher across the board. Hogs were mixed and very flat. The highlight for the meats was a very bearish afternoon cutout report from Monday citing choice product down \$3.85 and that was the largest one day drop this month and the 8th lower quote in a row. Thankfully it didn't impact futures much as the spot October live contract was only mildly lower.

Tomorrow the USDA releases quarterly hog and pig report data. Average guesses for those numbers have the total inventory pegged at 3.4% lower than last year. The Sept 1 breeding herd has an average guess of 1.4% higher than last year. Market hog numbers are anticipated to be down 3.8%.

Cattle slg.\_\_\_\_114,000 +2k wa -9k ya

Choice Cutout\_\_239.13 -.04

Select Cutout\_\_226.31 -.98

Feeder Index:\_\_\_\_230.24 -.15

Lean Index.\_\_\_\_106.54 +.75

Pork cutout\_\_\_\_117.43 +.60

IA-S.MN direct avg\_\_107.61 +.62

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Hog slg.\_\_\_\_ 421,000 +11k wa -7k ya

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The grain market finally got a much needed bounce, but to be honest, I can't attribute it to anything other than a dead cat bounce. No doubt corn, beans and wheat were all three grossly oversold, but with Corn Belt yields still trickling in at levels that are exceeding even the loftiest projections in places, it is going to be hard to fight the bearish trend that is intact. In addition to the big supplies coming, the commercial attempts to move grain are being met with a lot of challenges. Barge freight shot higher yesterday in the river markets. Rail movement is still a disaster in quite a few areas. All of that makes the chance for basis to tank in those markets when harvest really hits the gut slot a lot greater than in a normal year. I don't think very many people in the heart of the Corn Belt are prepared for what that is going to do to flat price, even if futures aren't moving much. Case in point, futures settled higher yesterday, but in a lot of areas the cash bids actually dropped.

Weekly export sales came out this morning as well as the first stab at estimates for this coming Tuesday's quarterly grain and oilseed stocks report. With the huge daily announcements in soybean sales from last week, the anticipation was for a monster number this week. Bean sales were reported at 94.3 mln bushels, which is bullish obviously, but it shouldn't be a shock to anyone that watched the daily activity recently. Corn sales were 32.9 mln, which is being viewed as friendly. Wheat sales were 14.6 mln, which is being called bullish, but I have a hard time finding too much friendliness in wheat sales when they lag last year's cumulative sales pace by 178 mln bushels still.

Quarterly stocks estimates for the Tuesday report are 1.185 bln corn versus 821 last year. Soybeans are expected at 126 mln versus 141 last year. Wheat stocks are pegged at 1.880 bln versus 1.870 last year. Keep in mind, these quarterly stocks also end up becoming the ending stocks numbers for old crop corn and soybeans and in year's past they have thrown the market some big curveballs at times.

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