



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cattle futures broke higher to end last week after trading mostly sideways for the week. Strong buying came in by midday without any cash feedlot trade and boxed beef prices still sliding lower. Tight supplies are still at the forefront of traders' minds to fill both domestic and export needs. Cash feedlot trade was very light and most stating not enough to establish a market. For those light numbers sold though it was another \$1-\$2 less than a week ago.

Hog and Pig report showed all hogs or inventory at 65.4 million head, down 2% from last year or 98% of last year but expectations were at 96.7%. Kept for breeding was 102% vs 101.7% expected showing more retention. Kept for marketing was 97% vs 96.2% expected and up 7% from last quarter. Farrowing intentions for the next two quarters were both up 4% vs expectations for up 2 to 3 pct. These are all negative for the markets and flat price.

For the week, October live cattle finished up \$2.83, October feeders up \$4.38 and October lean hogs up \$.55.

Cattle slaughter from Friday estimated at 104,000 head, down 2,000 from a week ago and down 6,000 from a year ago. For the week, 572,000 head up 1,000 from last week but down 53,000 from a year ago. Our year to date difference remains at 7.0% less but carcass weights at a record high level with steer dressed weights up 2.5% from last year and overall cattle dressed weights up 3.3%.

Boxed beef cutout values lower on Choice and steady on Select on light to moderate demand and moderate offerings.

Choice Cutout__237.66 -1.45

Select Cutout__225.48 +.14

Feeder Index:__230.48 +.15

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Hog slaughter from Friday estimated at 368,000 head, down 1,000 from a week ago and down 47,000 from a year ago. For the week, 2,095,000 head, up 45,000 from the week previous but down 92,000 from a year ago. Year to date difference remains at 5.3% less.

Lean Index. __107.64 +.56
 Pork carcass cutout __118.63 -.28
 IA-S.MN direct avg __108.95 +1.22

Opening calls this morning are mixed for cattle and sharply lower for hogs. Light cash feedlot trade last week could mean packers are short bought heading into this week but Wednesday is a new month and contracts could fill in an additional needs.

In the grains, yields continue to impress, weather remains benign and logistical problems continue to build. Corn and soybeans finished last week at or near new contract lows yet again. Adding to the pressure is our US dollar at its highest price since 2011.

For the week, December corn finished down \$.08 ½, November soybeans down \$.46 ¾, December KC wheat up \$.03 ½, and December Chicago wheat down \$.00 ¼.

Overnight grains didn't stray too far from unchanged. Corn and wheat traded both sides and finished steady to a penny higher in corn, KC wheat up 1 to 2. Chicago SRW and Minneapolis HRS both finished 2 to 5 higher. Soybeans traded lower all night and finished steady to down a penny.

Quarterly stocks will be updated tomorrow along with an update on US wheat production. The average trade estimate for all wheat production is 2.037 BBU, slightly higher than USDA's last estimate at 2.03 BBU. Grain stocks in BBU as of September 1st are as follows...

	Wheat	Corn	Soybeans
Average Trade Estimate	1.880	1.185	.126
USDA June 1, 2014	1.980	1.350	.150
USDA Sept 1, 2013	1.870	.821	.141

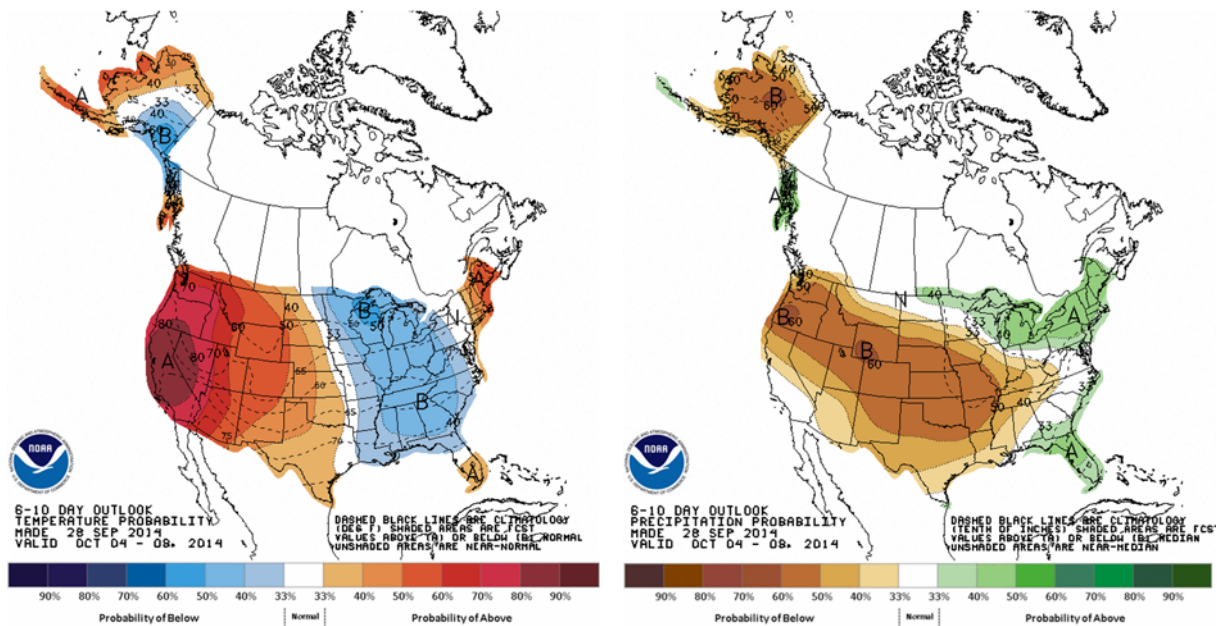
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Corn and soybean harvest progressed well in many areas over the weekend. Look for corn harvest to be 15-20% complete in today's crop progress and conditions report. Soybean harvest should be 10-15% complete.

Support levels have been broke as we chased into new lows for corn and soybeans this past week. December corn broke the 2010 low at \$3.24 ½ and hit \$3.22 overnight. 2009 lows were from \$3.04 to \$2.96 and the low in December 2008 was at \$2.90. November soybeans still cruising lower and eying the \$9 mark. In 2009 futures got down to \$8.43 and in 2008 down to \$776 ¼. Wheat in all three pits is trading sideways in a tight \$.10 to \$.20 range. Chicago support is down at \$4.50 and the lows from 4 years ago at \$4.25. December KC wheat has support at \$5.50 and the 2010 lows are all the way down at \$4.55.

The 6-10 day weather maps show normal to above normal temps for the Western half of the US with below normal for the eastern half. Below normal precipitation is forecasted for all except in the Great Lakes, New England and Florida.



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