<u>*Loewen and Associates, Inc.*</u>
Commodity Consulting/Brokerage
Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700
www.loewenassociates.com

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Sour day for the cattle complex yesterday as feeders sunk to $2.00+ losses at one point, but settled much closer to $1.00 lower. Live cattle futures were under moderate pressure on the front end and a little more aggressive triple digit losses out in the Feb and April 16' contracts. The hog market finished mixed on both sides of unchanged. Corn started the day considerably higher, which is partly what I'm attributing the down in feeders to, but corn also finished pretty flat and feeders stayed down, unable to find much buying.

With live cattle futures lower and product back on the slide lower as well, the fact the negotiated cash trade has had no notable activity has created a lot of uneasiness. That cash market has held up remarkably well in recent weeks, fending off the repercussions of relatively poor holiday beef clearance in addition to lower export demand data as well. Basis flopping back from negative when the June contract expired to positive through July on the now spot August contract again AND widening, makes cash market prediction feel somewhat fruitless. Packer margins have weakened significantly, yet almost nothing would surprise me regarding what they'll end up paying this week. I'm guessing though it will end up being lower than last week.

Cattle slg.___111,000 unch wa -7k ya

Choice Cutout__233.95 -.99

Select Cutout___230.82 -2.89

Feeder Index:___222.92 -1.20

Lean Index.__80.55 -.04

Pork cutout___82.65 +.10

IA-S.MN direct avg__76.10 -.70

Hog slg.___422,000 +6k wa   +28k ya

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Grain and oilseed market action yesterday looked really promising at times, then looked pretty bad at times as well. The day started out really good with overnights heading into Thursday morning being up nicely, but things started to fall apart as the day progressed.

Export sales numbers on the weekly report were bearish corn, milo and wheat, but mildly bullish beans. Corn sales were only 13 mln old crop, 10.7 mln wheat sales and zero milo. Soybeans at a positive 1.7 old crop should have been supportive. It was early, but that support faded hard as the trading day wore on. Part of the fade specifically in beans was due to rumors of at least 2 cargos of Argentine meal solid into the Southeast US for late summer/fall delivery.

6-10's last night continued to forecast wet in the far north and dry central and south. Temps were above normal everywhere with the biggest above normal temp threats in the southern Corn Belt. That forecast is somewhat of a double edged sword. Too wet from Missouri and Illinois on east previously should benefit from hotter and drier, but I'm sure we'll have some in the trade wanting to beat the "dome of doom" or "drought" drums thinking it will persist.   Like all weather markets though, the sometimes tremendous inaccuracy of weather forecasts often lends itself to really volatile markets as people want to trade the forecasts, trade the changes in forecasts and then trade the actual events. Dangerous time for speculators right now, but this recent rise in prices has been a great thing for producers that didn't get much crop priced earlier on the way down.

The big picture of these markets from a domestic fundamental standpoint is weighted on the bearish side for wheat, but for corn and beans it's a toss-up at the moment because we're in a full-fledged weather market. Great crops in the north are being balanced out or offset by struggling waterlogged crops in Ohio, Indiana, Illinois and some of the surrounding states. It will be an interesting report in August when NASS does their first actual field surveys for yield data…

Pete Loewen

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peteloewen@cox.net

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