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Solid losses rocked the entire ag complex on Monday with live and feeder cattle futures having numerous contracts down in the triple digits. Hogs were moderately lower. Wheat futures were only mildly lower, but the fall crop markets of corn and soybeans were thumped pretty hard, closing close to 20 lower corn and more than 30 lower in beans.

Given the sharp losses in corn, one could have assumed feeder cattle in particular might find some good supportive buying in reaction to the cheaper feed price action. That definitely wasn't the case though as feeders lost even more than the live cattle market. The downfall that has now brought several of the deferred feeder contracts down below the \$200 mark has provided quite a bit of pressure to the cash feeder and calf market trade as well.

Weaker cash on that end, weaker cash being paid by packers at the feedlot gate and a sharp drop in product values this month have all been fodder for the bears and an omen for the bulls. Friday's monthly On Feed and Inventory reports didn't help the bulls either. The On Feed total was ½ point larger than the trade guesses at 102%, placements were 1% larger than last year and marketings were 5% lower. Inventory report numbers showed the total herd up ½ point over the average trade guess at 102% of a year ago. Beef cow numbers were 3% above last year and beef replacement heifer numbers were up 7%. Relying on packer fighting for numbers because of overcapacity of shackle space versus available supplies or the overcapacity of feedlot bunk space relative to supplies causing a little irrational exuberance on that end buying feeders at times as well has been overruled lately by sour demand fundamentals like last week's 30% increase in frozen stocks of beef versus year ago levels.

The one factor the cattle market does have going for it though is a very oversold technical picture that should make things ripe for a nice bounce.

Cattle slg.____108,000 -2k wa unch ya
Choice Cutout__232.27 +1.57
Select Cutout__228.88 +.65
Feeder Index:___215.70 -.39

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Lean Index. __78.53 -.19
Pork cutout __84.86 +.20
IA-S.MN direct avg __74.14 -1.37
Hog slg. __421,000 +37k wa +28k ya

Grain market action yesterday had new crop corn and soybeans closing in on the June contract lows very rapidly. New crop corn is solidly below \$4 again and just over 22 cents above the lows which are in the low \$3.60 range. November soybeans traded solidly below \$9.50 and settled less than 40 cents from contract lows. Front end September KC wheat was less than 3 cents from making new contract lows at yesterday's bottom. In the case of the wheat market, the month of July was nearly a carbon copy reversal of June. Futures rallied just over \$1.00 in just 8 sessions to close out June. They have fallen well over \$1.00 so far in July, pushing down below \$5.00 futures at yesterday's lows.

At the peak right at the end of June, large fund action had liquidated a significant amount of their short futures and gone long. A combination of fund selling and general fear over China's equity market collapse have both helped fuel the break to some extent.

Crop progress and condition data from yesterday afternoon showed 78% of the nation's corn crop silking versus 77% on average for that date. 14% was in the dough stage versus 17% normally. G/ex crop conditions improved one point to 70%, taking one out of fair and moving it to good. Soybean conditions were unchanged at 62% g/ex and 11% p/vp. Good and excellent exchanged 1 point with excellent improving to 13%, so overall that should be viewed as a slight improvement in beans. Spring wheat improved 1 point to 71% g/ex, with harvested at 2% versus 5% on average. Winter wheat harvested stands at 85% versus 80% normal.

Overnight export news had 120k mt's of milo sold to China, split 50/50 between old and new crop.

6-10 day forecasts last night showed above normal precip in the central US from east to west and below in the far north and south. Temperatures were pegged at below normal from Nebraska and Iowa north, normal in Ks, Mo and northern Ok and above in the south, delta and SE US.

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