



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cattle futures started under pressure last Friday but quickly recovered thanks to some short covering. Lean hogs though finished under moderate pressure. August live cattle broke the \$146 support line with a new recent low at \$145.52. Packers saved some money this week with beef prices down for the most of the week as well. Live sales were done at \$148 average, down \$2 from the week previous and on a dressed basis in the North at \$234-236, down \$4 to \$6.

For the week, Friday to Friday, August Live Cattle down \$.82, August Feeder Cattle up \$3.95, August Lean Hogs up \$2.02.

Cattle slaughter from Friday estimated at 102,000 head down 6,000 from a week ago and down 11,000 from a year ago. For the week, 538,000 head, down 13,000 from a week ago and down 46,000 from a year ago. Year to date numbers now at 7.0% less than a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and offerings.

Choice Cutout__233.30 -.65

Select Cutout__229.39 -1.43

Feeder Index:__223.03 -.11

Hog slaughter from Friday estimated at 383,000 head, down 5,000 from a week ago but up 100,000 from a year ago. For the week, 2,090,000 head, up 47,000 from a week ago and up 253,000 compared to a year ago. The year to date difference out to 7.2% more than a year ago.

Lean Index.__76.82 -.69

Pork carcass cutout__82.42 -.23

IA-S.MN direct avg__75.61 -.49

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National Average__75.05 -.54

Opening calls are mixed for cattle and hog futures with cash calls steady to \$1 lower for hogs and steady to \$2 lower for cattle. We should see a combination of follow through buying and summer doubt centered on cash markets. August live cattle broke the \$146 support with \$144 the next line of support and \$148 the resistance. August feeders broke the recent downtrend by mid-week with resistance now around the \$219 area. August lean hogs have been consolidating the past few sessions with the 10 day moving average providing support and \$77.27 the high this month the target to take out on the top side.

The grains were defensive for most of the week and Friday was no different. Weather models looking a little better here recently even though crop conditions are getting worse in the ECB. The high US dollar, South American grains coming into the US and missing some export business last week kept pressure on the grains as well.

Beans continue to retreat from the recent high with better weather conditions seen in the forecasts and ideas of crop conditions stabilizing helping to pressure price. Crop production has been reduced, no doubt, but at this point it is impossible to quantify by how much and the bull needs to be fed so the market is struggling to sustain its gains and correcting its overbought conditions. The domestic cash market is red hot with nearby crushing margins north of \$1.20/bushel encouraging processors to pay some decent premiums over the published bid. Talk of 2 cargoes of Argentine meal sold to the US for Aug/Sept/Oct while China remains active for Sept/Oct/Nov beans out of the Southern Hemisphere as a hedge against US production issues.

Despite a rally in European wheat late last week, our markets were unable to hold early strength and settled back lower into the close, quietly notching a 7th consecutive lower close in Chicago and a 10th consecutive lower close in KC, the longest streak since January. Exports have been stagnant and don't seem to be improving. There was confirmation Thursday morning, that Mexico booked a couple cargoes of French wheat for nearby shipment. There had been rumors circulating for a couple days, but firm confirmation didn't surface until Thursday. This certainly speaks to the premium of U.S. wheat on the global market. For Mexico to book French boats, in our back yard, in the heart of harvest, is certainly not healthy.

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For the week, Friday to Friday, September Corn down \$.14 ½, December down \$.13 ¾, August Soybeans down \$.17 ¼, November down \$.15 ½, September KC Wheat down \$.25 ¾, September Chicago Wheat down \$.22 and August Soybean Meal up \$5 ½ per ton.

Overnight, grains continued to push lower with soybeans down 14 to 15, corn down 9 and wheat down 8 to 11. Forecasts continue to show better conditions for the ECB and no long lasting extreme heat.

Fall crop conditions are expected to drop another 1 to 2% in this afternoon's crop progress and conditions report. East conditions should continue to show deterioration while the west should show some continued improvement.

This week's rain is centered on southern Missouri forecasted to get 3+ inches and stretching SE to Florida. The 6-10 day maps show normal to above normal temperatures for the Plains states with the highest above normal centered on the SE. Precipitation is normal for the Corn Belt and below normal for most of the western half of US.

September corn took a nose dive breaking out of this month's range with \$4.10 the next line of support. August soybeans are back to the \$10 level with the July lows at \$9.87 ¼ and further support at \$9.72. Both KC and Chicago wheat with their consecutive lower sessions going should find some support around the \$5.25 area.

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