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# Morning Ag Markets

## Matt Hines

Last week all commodities were lower for the week except hogs. Cash feedlot trade, beef prices and even cash feeders fell last week keeping the pressure on futures. Packers saved some money again last week paying $144 to $147 live with most done at an average of $145 which was another $3 lower than the week previous. In the North cash fed cattle traded in a range from $230 to $233 on a dressed basis with the average done at $232 which is $2 to $4 lower than a week ago.

After the close on Friday, the cattle on feed report was bearish but as expected with 102% cattle on feed compared to a year ago. Cattle and calves on feed for all feedlots totaled 12.1 million head and cattle on feed in feedlots with capacity over 1,000 head totaled 10,236,000 head. Marketings were right in line with average pre report estimates at 1,747,000 or 95% of year ago. Cattle placed on feed during June were reported at 1,481,000, 101% compared to a year ago which was above the average pre report guess. The largest year over year expansion came in the heaviest weight class, over 800 lbs., reported at 112.2% compared to a year ago. The lightest weight class, animals under 600 lbs., was reported smaller at 86.4% compared to a year ago. The July Cattle Inventory report showed greater expansion than the trade was expecting and is seen as an additional bearish factor. All cattle inventory was reported at 102% compared to last year.

For the week, Friday to Friday, August Live Cattle down $3.62, August Feeder Cattle down $5.52, August Lean Hogs up $2.00.

Cattle slaughter from Friday estimated at 96,000 head down 6,000 from a week ago and down 11,000 from a year ago. For the week, 539,000 head, up 1,000 from a week ago but down 33,000 from a year ago. Year to date difference did come in to 6.9% less than a year ago.

Boxed beef cutout values lower on Choice and firm on Select on light to moderate demand and offerings.
Choice Cutout__230.70 -1.89
Select Cutout__228.23 +.27
Feeder Index:__216.09 -.72

Hog slaughter from Friday estimated at 409,000 head, up 34,000 from a week ago and up 105,000 from a year ago. For the week, 2,107,000 head, up 25,000 from a week ago and up 244,000 compared to a year ago. The year to date difference still increasing now out to 7.3% more than a year ago.

Lean Index.__78.72 -.21
Pork carcass cutout__84.66 -.09
IA-S.MN direct avg__75.51 -.59
National Average__74.29 +.12

Opening calls are mixed for hog futures and steady to lower for cattle with cash calls steady to $1 lower for hogs and steady to $2 lower for cattle. As long as Spot Fed Cattle and Wholesale Beef values are under pressure, Live Cattle Futures will also be under pressure to ease lower. August live cattle broke the $144 support last week and have lost $9 so far this month. $142 is the next line of support with the contract low down at $138. August feeders back into a downtrending channel now and have lost over $18 since the highs in mid-June. Resistance will be in the $213 area with support near $206. August lean hogs gapped higher mid last week but after trying for 3 consecutive sessions they could not break the $79 resistance. It is a fairly tight window still with support at $76.
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The grains were again on the defensive for most of the week with Friday being one of the hardest hit days of the week. The markets continue to struggle with the macro jitters as well with weak economic stats out of China. USDA did announce some new crop sales late in the week but South Korea and Taiwan still opted for Brazilian corn at a 10% discount to U.S. values. New crop (15/16) corn bookings stand at just 3.86 MMT, almost half the 6.99 MMT booked this time last year.

After coming up for air yesterday and ending a long losing streak, the wheat market went right back to the short side to end the week. Even a friendly report from the Canadian Wheat Board, CWB, couldn't really get the wheat market going. The final results from last week's Canadian wheat tour by the CWB showed big reductions from last year's crop. Spring wheat yields were pegged at 38.9 BPA down from 45.7, which was a -15% cut. Durum yields were pegged at 27.8 down from 40.9, which was a 32% cut from last year bumper crop. Fundamentally, the market is still searching for something, anything bullish to grab hold of. World stocks and exports are weighing the market and weather has become more seasonal, which is putting pressure on corn/beans.

For the week, Friday to Friday, September Corn down $.27 ¾, December down $.28 ½, August Soybeans down $.23 ½, November down $.41 ¾, September KC Wheat down $.39 ¼, September Chicago Wheat down $.42 ¼.

Overnight, grains continued the downward spiral with corn finishing 10 lower, soybeans 10 to 13 lower and wheat 3 to 6 lower. Pressure continues with thoughts of improved crop conditions, steady to up 2% for this afternoon's crop progress and conditions report, non-threatening forecasts and continued worries over world demand.

This week's rain is spotty with 3+ inches forecasted for Montana and NW North Dakota, then 1 to 3 inches from Minnesota down through KS and into the Southwest. There is another 2 to 8 inches expected in the Southeast. The 6-10 day maps show normal to below normal temperatures and precipitation for the entire Corn Belt.

December corn has now retraced over 65% from the recent highs just 9 trading days ago at $4.54 with the contract low from mid-June at $3.62 ½. November soybeans look about the same with the recent high at $10.45 and contract low at $8.95 ¾. The September KC wheat contract low is at $4.95 ½ with September Chicago wheat at $4.69 ¼.

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