



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

Hogs reached up for some new recent highs while cattle futures finished mixed last Thursday. Cash feedlot trade got wrapped up mostly Wednesday but some light trade in the North was reported as high as \$242 on a dressed basis which was \$2 higher than Wednesday and \$4 to \$5 higher than a week ago.

The cattle market seems to have bottomed for the summer, though bears point out that we are entering the dog days of summer, and that beef prices often sag during July and August. Still, cattle numbers remain historically tight and packer margins should remain in the black this week even after they pay up for cattle. It sounds as though packers want to kill big numbers this week as well, and that should continue to support cattle prices.

For the week, Friday to Thursday, August Live Cattle up \$2.70, August Feeder Cattle up \$.20, July Lean Hogs up \$3.32

Cattle slaughter from Thursday estimated at 113,000 head up 1,000 from a week ago but down 4,000 from a year ago. Week to date, we will have to await this afternoon's update for final weekly numbers, 451,000 head, up 14,000 from a week ago but down 17,000 from a year ago.

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

Choice Cutout\_\_250.12 -2.17

Select Cutout\_\_248.05 -1.21

Feeder Index from 7/1\_\_ 224.82 -3.45

Hog slaughter from Thursday estimated at 424,000 head, up 6,000 from a week ago and up 25,000 from a year ago. Through Thursday, 1.696,000 head, up 21,000 from a week ago and up 65,000 compared to a year ago.

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Lean Index from 7/1\_\_77.04 -.11

Opening calls are mixed to lower as most think we come back from holiday weekend a little cautious at first. The charts are looking a little better now, August live cattle topped out at \$154.40 on June 10<sup>th</sup> and have found support the past few sessions at \$147.85. Another higher day today would break our current downtrend. August feeders got up to \$227.80 on June 10<sup>th</sup> and trying to hold the \$214 support area. It does still have a long term uptrend holding from the contract lows back in late February. July lean hogs have added some \$5+ since a new contract low in mid-June at \$73.15. The next line of resistance will be at \$79.70.

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Over in the grains, it was another week full of weather premium added and funds liquidating short positions. The acreage and stocks report was not a bullish kicker but the wet weather sure has been with extended forecasts looking better. Thursday's export sales were within expectations for wheat and corn but quite a few old crop soybean cancellations kept that pit mixed to lower for the day.

Egypt picked up one cargo of Romanian wheat in their latest snap tender paying \$212.47/MT. This is up roughly \$12/MT (or 37 cents/bu) from what traded just 3 weeks ago, when the U.S. was still \$50/MT uncompetitive. In that time U.S. wheat has rallied at least 70 cents a bushels which still leaves the U.S. at a steep premium into Egypt.

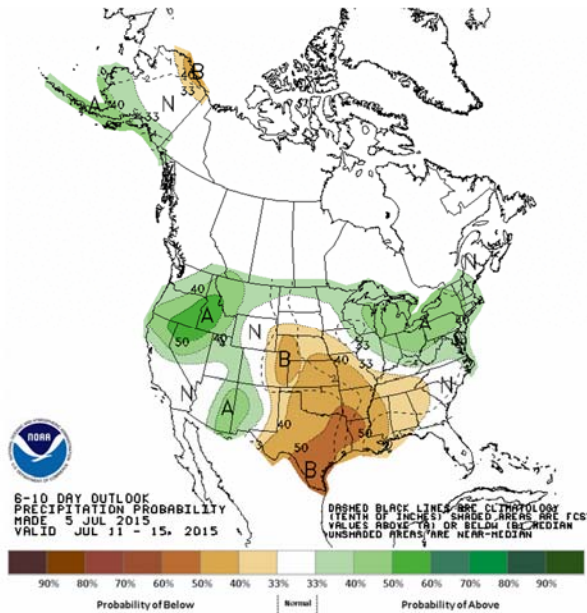
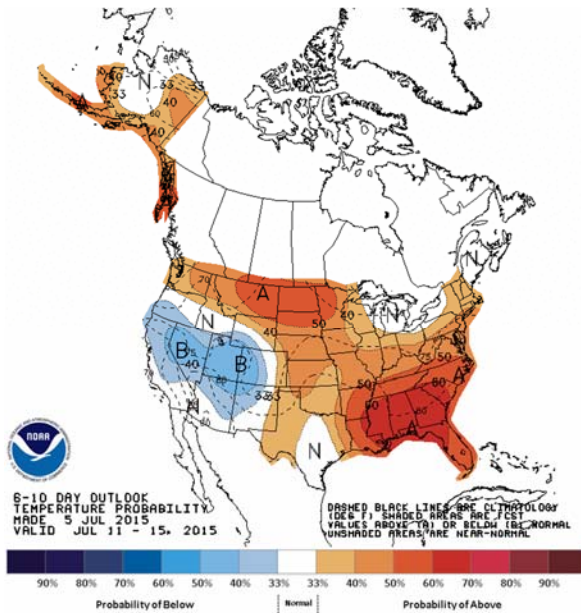
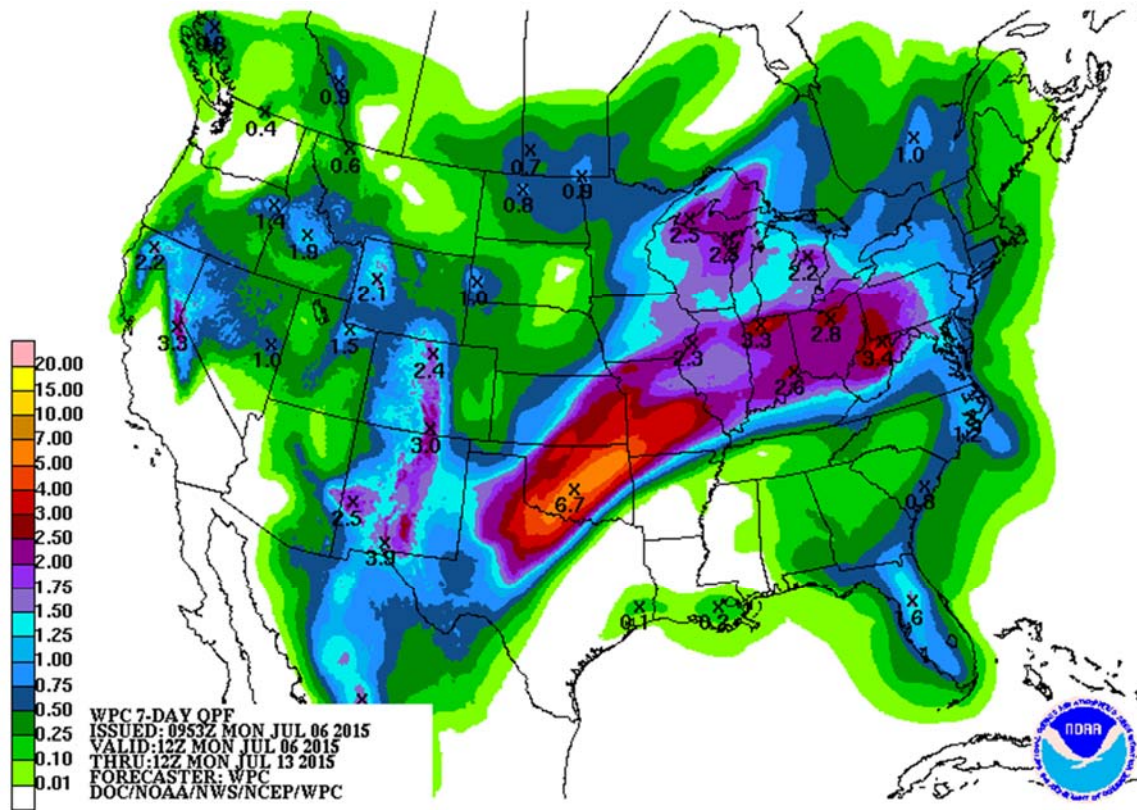
For the week, Friday to Thursday, September Corn up \$.36, December up \$.35 ¼, August Soybeans up \$.40 ½, November up \$.44 ¼, September KC Wheat up \$.22 ¾, September Chicago Wheat up \$.22 ½.

Overnight, grains set back hard coming off the 3 day weekend with weather forecasts looking much better now and the no vote in Greece hitting all markets now. Corn finished down 9 with soybeans down 20 and wheat down 14 to 17

This week's precipitation is looking heavy again with a bullseye centered on Oklahoma stretching up into the Corn Belt for another 2-3". The 6-10 day maps though warm up with normal to above normal temperatures and mostly normal to below normal precipitation.

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