



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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There was some major selling across several commodity complexes on Wednesday with the energies down hard, the DOW see-sawing back and forth in wild swings and bonds driving hard to the upside, which means interest rates were dropping. The cattle complex took somewhat of an unwarranted bearish hit and it was a drop that lacked any real fundamental backing. Feeders dropped more than \$3.00 in quite a few contracts and the live market was down \$2.00+ in some.

From a technical analysis standpoint, a lot of the live and feeder contracts are getting really close to testing the July lows, which is major support for these markets. Some of the deferred feeder contracts blew right through the July lows though and look like they stepped off a cliff on their charts. I place a lot more credibility in futures chart action on the front months than the deferreds though, so for the moment I'll hold on to the belief that those July lows will be support levels for the market. If they are broken, it might be Katy bar the door with specs and funds jumping on the short side into new lows. In situations like that, markets often completely ignore fundamentals, just like they appeared to be doing yesterday.

COF numbers come out tomorrow afternoon and there are some very broad ranges in the guesses for both the On Feed and the Placement numbers. Marketings are expected to be disappointing. The average guess for marketings in the month of July are from 96.4% to 97.9% of a year ago. Placements are pegged in a range from 94% up to 105.2% of a year ago during July. The August 1 On Feed total has a range of estimates from 100.6% up to 103.5%.

Cattle slg.\_\_\_\_107,000 +6k wa -10k ya

Choice Cutout\_\_246.78 +1.70      Select Cutout\_\_236.44 +.19

Feeder Index:\_\_\_\_216.72 +.18

Lean Index.\_\_\_\_78.93 +.13      Pork cutout\_\_\_\_88.27 -1.85

IA-S.MN direct avg\_\_76.43 -.67

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Hog slg.\_\_\_\_425,000 unch wa +20k ya

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Grain and oilseed trade had wheat and soybeans solidly lower most of the day. KC wheat, Minneapolis wheat and soybeans were into new contract low territory as well. Wheat managed to move back closer to unchanged at the close, but beans remained in double digit lower territory on most contracts. Corn spent most of the day higher and closed there. There was a mixed bag of reporting coming from crop tour participants trekking through Iowa and Illinois with some posting huge yields and others a little disappointing compared to the expectations of everything being good. That may have been what helped corn keep the positive undertone. Today it's Iowa and Minnesota where the reports will be coming from.

Yesterday's yield numbers on the corn stops showed Illinois at 171.6 bpa compared to USDA's 172. Western Iowa was pegged at 179.8, which is right about even with their checks from a year ago, but well above the three year tour average of 164.9 for the same area. Once again, in an overall sense, the tour yields have been somewhat below USDA's August report numbers in the state by state data, which is helping keep corn supported.

Export sales numbers in the weekly report this morning were a mixed bag. Corn sales of 11.1 mln old crop were disappointing, along with zero milo sales in old crop. There were 22.7 mln new crop corn and 2.2 mln new crop milo sales booked though, which is decent. Soybeans were positive 1.7 mln old crop and 28.8 mln new. The fact we're back to positive old crop numbers is encouraging, so I'll call the bean number mildly friendly. Wheat sales were 11.6 mln and that's bearish wheat.

6-10 day forecasts last night had above normal temperatures across all of the central and eastern US again. Precip chances were above normal in the far north, like Minnesota and the northern 2/3rds of the Dakotas. Below normal precip was pegged for the rest of the Corn Belt, Plains and Delta.

Overnight export news had a 193k tonne new crop sale of corn to Mexico.

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