



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

There was not much going on for the livestock side but grains have been very active for the past few days. It was very light mixed trade for both cattle and hogs futures yesterday. On Monday, USDA reported 367 head of beef fats that sold in Iowa for \$152.25 live and a load of Holsteins that sold for \$142 live. Beyond that, the cash feedlot trade remains quiet. Undertones of the market are steady/higher this week depending on how well the boxed beef market acts. Some are looking for beef gains of \$3-\$5 this week, which along with strengthening futures could be supportive to the cash fed cattle trade. Hog futures continue to slide with the cash market down the past week as well.

Cattle slaughter from Tuesday estimated at 112,000 head up 3,000 from a week ago but down 5,000 from a year ago.

Boxed beef cutout values sharply higher on fairly good demand and light to moderate offerings.

Choice Cutout\_\_240.93 +2.41

Select Cutout\_\_234.80 +2.88

Feeder Index:\_\_216.68 +.02

Hog slaughter from Tuesday estimated at 423,000 head down 1,000 from a week ago but up 13,000 compared to a year ago.

Lean Index.\_\_78.79 -.11

Pork carcass cutout\_\_90.77 +.57

IA-S.MN direct avg\_\_74.49 +.24

National Average\_\_73.59 -.01

\$150 live cattle and \$214 for feeders appears to be a good resting spot for the time being for the August contracts. October live cattle have support at \$148

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and resistance at \$150. September feeders have support at \$209.50 and resistance at \$212. Hogs have pulled back some \$5 this month. The uptrend has been breached but will see if the support can hold around the \$62 area or if the contract low at \$59.45 will be tested for the October contract.

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The story of the week is in the grains with weather, China and USDA crop report all impacting the markets this week. First off weather premium was added in late last week and on Monday. After the close USDA left both corn and soybean conditions unchanged as most were expected a 1-2% drop. Yesterday, China devalued its currency, most thinking a one-time thing, to try and kickstart what many have feared a slowing economy. It was a 1.9% devaluation making all commodities they purchase now that much more expensive and bearish to soybeans the most. And later today will be the USDA supply and demand estimates for both old crop and new crop.

Overnight grains were choppy with corn finishing a penny higher, soybeans 1 to 2 lower and wheat 2 to 3 higher.

Additional news coming from China this morning, the Chinese Commerce Ministry will begin requiring importers to register their purchases of grain sorghum, barley and DDGS under a new system starting September 1<sup>st</sup> in a bid to better monitor imports.

Today at 11 am, USDA will release their estimates for US and world supply and demand. The biggest impacting numbers or the most talked about are for new crop corn and soybeans. The average trade guess for new crop corn yield is at 164 with production at 13.327 BBU. Soybean average pre report estimate is 44.7 BPA for a production of 3.724 BBU. The report will also include the acreage resurvey for corn, bean and grain sorghum for KS, MO, OK and TX. In wheat, trade is looking for all wheat production at 1.45 billion bushels, which would be in line with last month's 1.456 number. Spring wheat estimates are up 12 from last month to 629 million bushels. Ending stocks are expected to jump from 842 to 858 with a big range of estimates from (742-913). World ending stocks are expected to slip from 219.8 to 218.1. In corn, expectations vary quite widely, with US production ranging from around 13.01 to 13.76 vs USDA July at 13.53. The average of estimates suggests most expect a modest downtick from July. Still, carryout estimates are expected to hold fairly steady, as most expect some downside adjustments in demand as corn faces competition from every

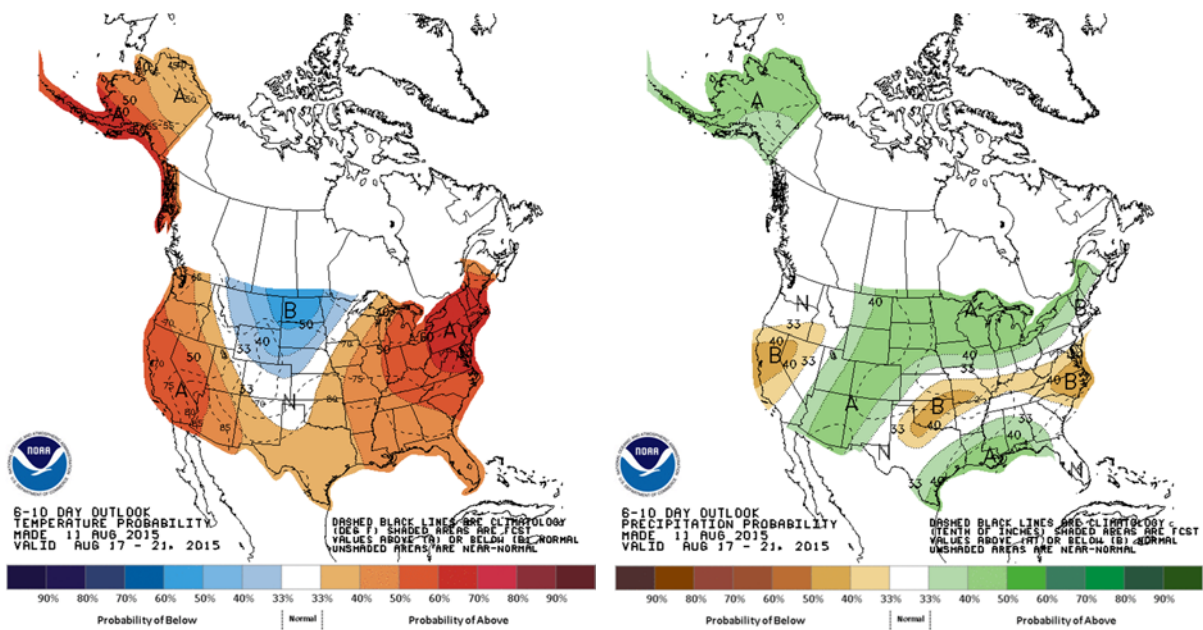
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angle and origin. The 15/16 world carryout is expected to inch lower thanks to changes in Europe, the FSU, and maybe the USA.

December corn opened up the range the past few sessions with resistance now at \$4.02 and support at \$3.84 and \$3.74. November soybeans did the same now in the \$9.50 to \$10.00 range. The wheat market has stabilized with KC contracts drifting sideways near the contract lows while the Chicago contracts have added about dime from its recent lows and currently trading in the \$5.00 to \$5.20 range.

Forecasted rain over the next seven days remains mostly for the northern Corn Belt. The 6-10 day maps show above normal precipitation to continue for that same area while below normal stretches from Oklahoma east to the Carolina's. Temperatures are forecasted below normal for the Northern Plains and normal to above for the rest of the country.



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