



Loewen and Associates

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

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Morning Ag Markets

Matt Hines

In cash fed cattle trading Wednesday USDA reported 3,393 head of fat cattle that sold in Colorado for \$153 live, which would be fully steady with last week. In Nebraska and Iowa yesterday a few scattered sales were reported at \$236-\$240 on a dressed basis. The Nebraska sales would be mostly steady with last week and the Iowa cattle would be considered steady to slightly weaker with the bulk of trade last week. Still quiet so far in Sothern Plains. The WASDE report didn't show any major changes in the meat trade with only slight reductions posted in beef and chicken production and unchanged pork production. The one item I did notice is per capita consumption of all poultry is forecasted to be higher than the per capita consumption for beef and pork combined for the first time. Beef export sales yesterday were 12,300 MT for 2015 which were up noticeably from the previous week and 46% higher from the prior 4-week average. Futures finished mostly higher although cattle traded in the red for part of the day as well. Hogs continue to add to gains with cash prices higher as well. I keep forgetting to mention that August live cattle are in delivery but obviously there haven't been any deliveries against the contract given cash is still premium to where August is priced at.

Cattle slaughter from Thursday estimated at 109,000 head matching last week but down 3,000 from a year ago.

Boxed beef cutout values higher on Choice for the 7th day in a row and weaker on Select on light to moderate demand and offerings.

Choice Cutout__245.09 +1.07

Select Cutout__235.13 -.32

Feeder Index:__216.69 -.14

Hog slaughter from Wednesday estimated at 427,000 head, 3,000 more than a week ago and 21,000 head more than a year ago.

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Lean Index. __78.45 -.22
Pork carcass cutout __89.42 -.66
IA-S.MN direct avg __76.73 +.76
National Average __75.57 +.91

\$214 for nearby feeders is still a good spot and \$208 to \$212 is our current range for the September contract with \$206 the next line of support below that. October live cattle have a range bound trade now from \$146 to \$150 whereas October lean hogs have strong support in the \$62 area and resistance in the mid-\$67 to mid-\$68 area.

Over in the grains, the crop report is behind us and the markets were a bit overdone so yesterday's soybeans led the way higher on mostly short covering. Weather is still not threatening and the 6-10 day maps are improving with rains forecasted for all major growing areas into next week. Export sales for corn yesterday were the highest new crop sales number to date but total new crop sales are still running 40% behind last year's pace. Soybean sales were also on the top end but also behind a year ago by 47%. Egypt's tender for 55,000 MT or 2 MBU of wheat yesterday resulted in a purchase of 115,000 MT or 4.2 MBU of wheat from Ukraine and 60,000 MT or 2.2 MBU from Russia at \$3 cheaper than a week ago.

Overnight grains pulled back the gains with corn finishing 3 lower, soybeans 10 to 11 lower and wheat steady to 2 lower.

China's government has only sold 3.73 MMT of corn out of reserves which is reported to be only 4.8% of the total volume offered meaning huge stockpiles exist ahead of this year's harvest.

NOPA July crush report will be out on Monday with the average estimate at 141.4 MBU crushed domestically vs. 142.4 MBU in June and 119.6 MBU last July. This represents down time equal to only 3.5% of capacity due mostly to great margins this year.

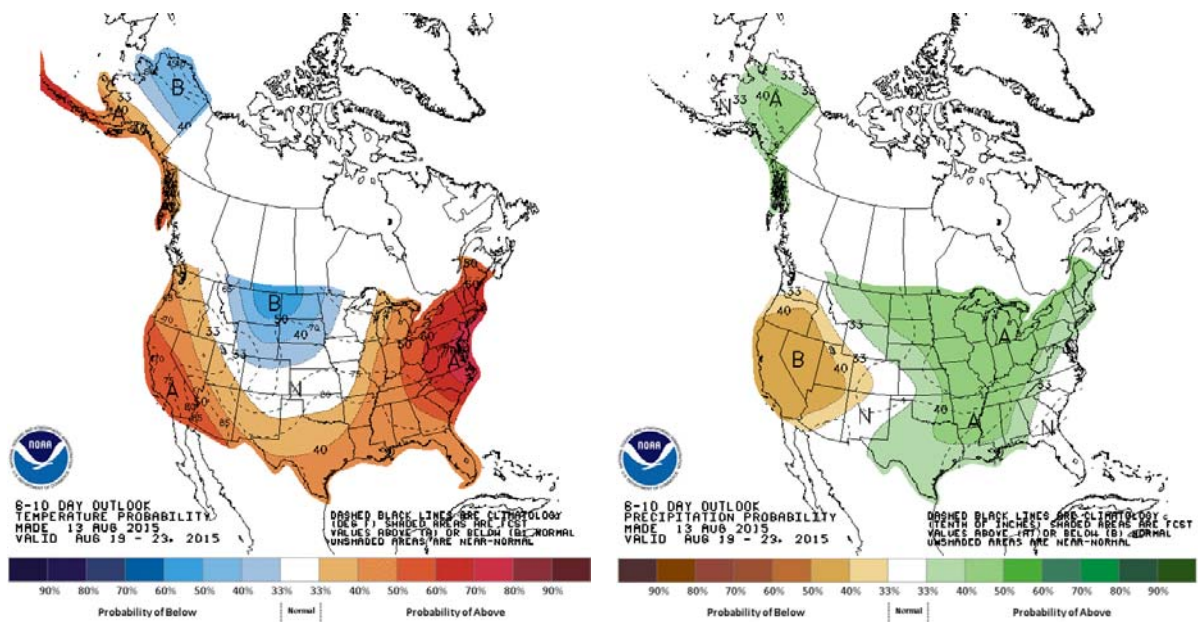
Also looking ahead to next week, Argentina's farmers plan a 5 day strike or halt in selling grain to try and send a message to presidential candidates they need to remove curbs on corn, wheat exports and cut taxes on grain exports.

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On the charts, not much a change with the rally yesterday beyond that we did not go back and test the lows. December corn contract low is at \$3.57 ½, September KC wheat is at \$4.69 ¼ and September MPLS at \$5.05 ¼. September Chicago wheat contract low is still some \$.30 away. November soybeans were not able to reach a new contract low Wednesday due to trading limits but \$9.01 ½ was hit and the \$9.00 to \$8.95 support remains in place with \$9.40 the area of resistance.

Forecasted rain over the next seven days remains mostly for the northern Corn Belt but is up to 3 plus inches now. The 6-10 day maps now show above normal precipitation for all major growing areas though and below normal temperatures still hanging around the Northern Plains with above normal creeping into the Northeast.



Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

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