



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cash market uncertainty in the cattle market as well as weakness in outside markets kept cattle futures under pressure for most of the week. After an extremely volatile week, the stock market did close higher on Friday though supported by the EU decision to provide Greece with a new bail out. Corn futures diving lower on Wednesday should have helped support feeders but overall concerns and technical selling kept both fats and feeders looking for direction. We assume that formulated totals increased at least enough to fund slaughter needs over the next several days because cash trade was very light. A few deals were made late Friday in the North at \$236 dressed and \$150-151 live. Cash feeders and heifers were mostly steady with a week ago throughout Kansas.

Late Friday some pressure also came from the announcement by Tyson Foods stating they would be closing the Denison, IA beef processing plant for good, the move would affect up to 400 workers at the plant, but they are being given an opportunity to apply at other Tyson locations. The company said dwindling herds in the US plains have left fewer cattle for processing and still over capacity in various regions despite closure of other companies' packing plants in recent months. Hogs on the other hand have rebounded nicely since this past week after falling off and testing support areas the week prior.

For the week, Friday to Friday, August Live Cattle down \$1.12, October down \$1.67, August Feeder Cattle down \$.22, September down \$1.05, October Lean Hogs up \$1.22.

Cattle slaughter from Friday estimated at 103,000 head down 4,000 from a week ago and down 11,000 from a year ago. For the week, 540,000 head, down 5,000 from a week ago and down 40,000 from a year ago. Year to date difference stayed the same at 6.9% less than a year ago.

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Boxed beef cutout values weak on Choice for the first time in over a week but firm on Select on light to moderate demand and offerings.

Choice Cutout__244.72 -.37

Select Cutout__235.44 +.31

Feeder Index:__216.71 +.02

Hog slaughter from Friday estimated at 409,000 head, up 14,000 from a week ago and up 17,000 from a year ago. For the week, 2,218,000 head, up 92,000 from a week ago and up 202,000 compared to a year ago. The year to date difference still increasing now out to 7.7% more than a year ago.

Lean Index.__78.53 +.08

Pork carcass cutout__89.36 -.06

IA-S.MN direct avg__77.41 +.68

National Average__75.48 -.09

Opening calls are steady to higher for both hogs and cattle futures this morning. Both September feeders and October live cattle pushed highs last Friday up to but not through the 10-day moving average, \$210.50 and \$148.15. Support sits at \$208 and \$146 respectively. October lean hogs made a run at the \$62 support area early last week then bounced up \$4. Resistance is present at \$66, mid \$67 area and mid \$68 level.

Over in the grains, we will continue to debate the higher corn and soybean yields and ending stocks estimated by USDA last Wednesday with early corn harvest getting underway in the more southern growing areas and make or break weather now on the soybean crop. We look for conditions to be steady on this afternoon's report. After hitting new contract lows both in KC and MPLS and Chicago with a new recent low, wheat futures are searching for a bottom as world prices continue to decline as well and still carry steep discounts to US values.

For the week, Friday to Friday, September Corn down \$.08 ³/₄, December down \$.08 ¹/₄, September Soybeans down \$.50 ¹/₄, November down \$.46 ³/₄, September KC Wheat down \$.03 ¹/₄, September Chicago Wheat down \$.04.

Overnight, grains traded lower but found some support from the release of the FSA acreage numbers early this morning. Corn and soybeans both finished 2 to 3 higher while wheat finished mixed.

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USDA Farm Service August 2015 Prevent Plant and Subsidy Crop Acres Headline Recap

USDA Farm Service August 2015 Corn Prevent Plant Acreage: 2.300 mln acres compared to Aug 2014 1.540 mln acres and Jan 2015 1.607 mln acres

USDA Farm Service August 2015 Soybean Prevent Plant Acreage: 2.173 mln acres compared to Aug 2014 827,131 acres and Jan 2015 842,367 acres

USDA Farm Service August 2015 Wheat Prevent Plant Acreage: 0.6926 mln acres compared to Aug 2014 1.360 mln acres and Jan 2015 1.380 acres

NOPA July crush report will be out later this morning 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.

The next 7 day precip forecast shows 1-4 inches throughout all major growing areas, still heavier in the North and only an inch for IL through OH. The 6-10 day maps show mostly normal precipitation with below normal temperatures.

On the charts, grains still looking for support while pressured by decent weather forecasts. 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. December corn has resistance at \$3.81, \$3.94 and \$4. September KC and Chicago wheat look to trade ranges of \$4.80 to \$5 and \$4.90 to \$5.20 respectively. 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.

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