



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets**

#### **Matt Hines**

An end of month selloff and evening up of positions seemed to control the livestock market on Friday except for the nearby live cattle contract which was able to climb higher. Most barns reported lower prices this past week with KS averaging \$4 to \$8 lower on feeder steers. Late in the day Friday cash feedlot finally got going and packers had to pay up to get needs met. Most in KS and NE traded at \$147 to \$148 on a live basis up \$2 to \$3 compared to a week ago and much better than just holding steady which is better than most expected for the week.

For the week, Friday to Friday, August Live Cattle up \$2.67, August Feeder Cattle up \$1.05, August Lean Hogs up \$.82.

Cattle slaughter from Friday estimated at 103,000 head up 7,000 from a week ago but down 12,000 from a year ago. For the week, 532,000 head, down 7,000 from a week ago and down 43,000 from a year ago. Year to date difference stayed the same at 6.9% less than a year ago.

Boxed beef cutout values steady on light to moderate demand and offerings.

Choice Cutout\_\_233.25 -.09

Select Cutout\_\_229.29 -.03

Feeder Index:\_\_215.95 +.50

Hog slaughter from Friday estimated at 396,000 head, down 7,000 from a week ago but up 135,000 from a year ago. For the week, 2,137,000 head, up 36,000 from a week ago and up 267,000 compared to a year ago. The year to date difference still increasing now out to 7.5% more than a year ago.

Lean Index.\_\_78.75 -.24

Pork carcass cutout\_\_87.48 +1.25

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IA-S.MN direct avg\_\_75.56 -1.25 from Wednesday  
National Average\_\_74.42 -.11

Opening calls are higher for both hogs and cattle futures this morning. Cattle expected to trade higher thanks to packer paying up last Friday and hogs expected to follow higher with some short covering to support. August live cattle attempted a run at \$142 last week. Support now at the 10-day moving average of \$144.67 and resistance at \$148. August feeders are still holding a downtrending channel. \$213 is the first line of resistance with more seen in the \$216 area. August lean hogs have a nice steady uptrend going with a full retracement possibly to the \$84 area.

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Over in the grains, the charts are still pointing down but the momentum has at least slowed this past week. USDA will give us an update on old crop demand as well as new crop supply and demand this Wednesday. Weather may push the market a bit more to start this week, but I wouldn't expect massive moves one way or the other until after the report.

For the week, Friday to Friday, September Corn down \$.21 ½, December down \$.21 ½, August Soybeans down \$.10 ½, November down \$.24 ¾, September KC Wheat down \$.15, September Chicago Wheat down \$.12 ½.

Overnight, grains continued the downward spiral with corn finishing 5 to 6 lower, soybeans 6 to 10 lower and wheat 4 to 7 lower. And not just lower, but near overnight session lows as pressure continues to build through the early morning hours from another weekend of nonthreatening weather. Outside commodities were also lower with metals and energies down while the U.S. dollar index posted a small rally.

There are quite a few private yield forecasts coming out this week with Doane's reported last Friday at 163.3 bpa compared to USDA's 166.8 for corn and 44.2 bpa for soybeans compared to 46.0 by USDA last month. These are not surprising to market with most within that range as well but we will have to wait and see what if any changes USDA will make on Wednesday. Supply totals will be less than a year ago but many fear demand is already heading lower to compensate with world prices still discount to U.S. values before the new crop is here.

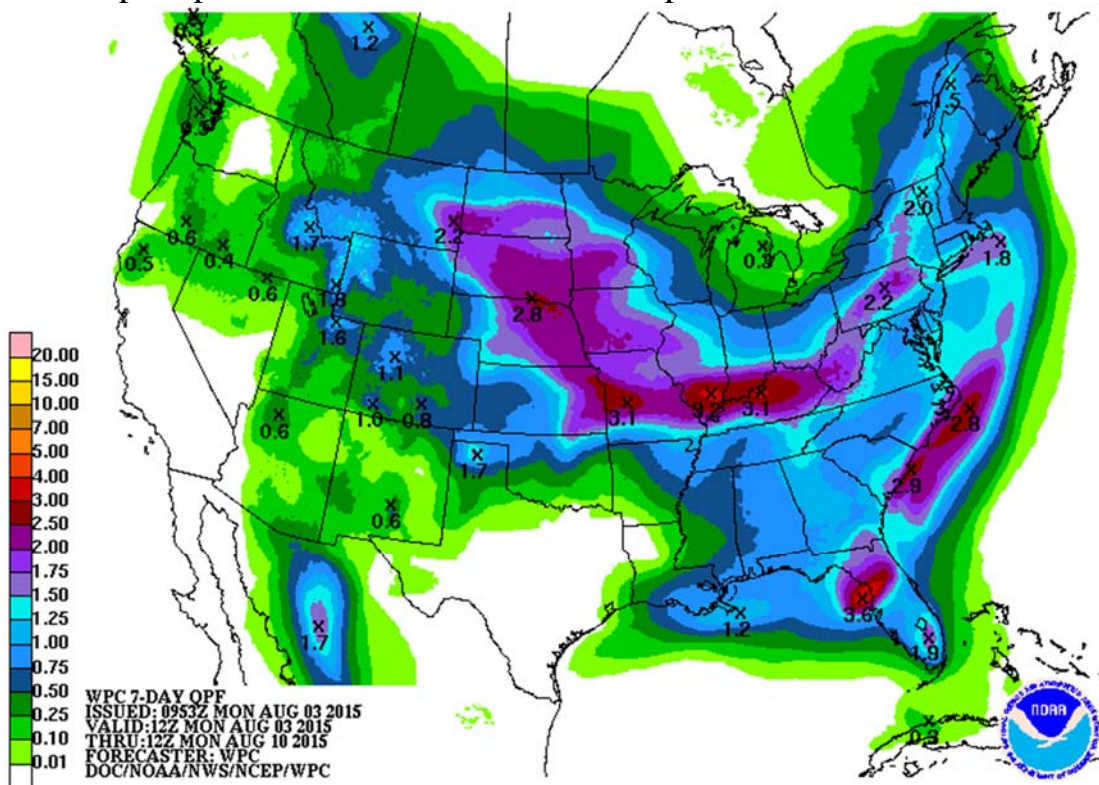
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Russia, Ukraine and Kazakhstan are all reporting this morning better yields, higher production totals on total grain output than a month ago and higher export totals than expected.

December corn is now only \$.13 away from the contract low at \$3.62 ½ set back in mid-June. Resistance is seen at \$3.88. November soybeans have around \$.35 to reach its contract low of \$8.95 ¾. Resistance there is seen at \$9.50. The September KC wheat broke through its contract low last week and continues to make new lows while the September Chicago wheat still has some \$.25 to go to reach the contact low at \$4.69 ¼.

This week's rain is forecasted at 1" to 3" from the North Dakota down into Kansas and then East over most of Corn Belt. The 6-10 day maps show mostly normal precipitation with below normal temperatures for the entire Corn Belt.



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