



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Quite the volatile week for all the markets from the outside frenzy over China. Overall markets were lower at the first part of week and higher towards the end of the week as equities stabilized. Cattle futures were lower most of the week but Friday were sharply higher as hogs were higher most of the week and pulled back some on Friday. Light-to-moderate cash cattle trading developed in parts of the North with most dressed prices marked at \$228.00, \$4 lower than last week's weighted average basis Nebraska. Nebraska also reported some live sales at \$145, also \$4 lower than last week. KS and TX were quiet and we will have to await the mandatory price reported released later today for any trade info.

For the week, Friday to Friday, August Live Cattle up \$1.10, October up \$.12, September Feeders up \$.07, October Lean Hogs up \$3.60.

Cattle slaughter from Friday estimated at 105,000 head, even with last Friday but down 10,000 from a year ago. For the week, 545,000 head, up 5,000 from a week ago but down 43,000 from a year ago. Year to date remains at 7.0% less than a year ago.

Boxed beef cutout values lower on Choice and steady on Select on light demand and offerings.

Choice Cutout\_\_243.22 -.99

Select Cutout\_\_232.95 -.17

Feeder Index:\_\_209.85 -1.20

Hog slaughter from Friday estimated at 402,000 head, down 4,000 from a week ago but up 70,000 from a year ago. For the week, 2,214,000 head, down 12,000 from a week ago but up 227,000 compared to a year ago. The year to date difference still increasing now out to 7.9% more than a year ago.

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Lean Index. \_\_78.28 -.40  
Pork carcass cutout \_\_84.53 -.16  
IA-S.MN direct avg \_\_72.20 -1.05  
National Average \_\_71.38 -1.20

Opening calls are mixed for both cattle and hog futures with early cash calls steady to lower. September feeders scored a new contact low last Monday that at least for the time being has not be taken out so support remains in the \$196 area. The gap from last week has now been filled and we have reached up to the resistance point just above \$203. October live cattle also did not retest the lows in the mid-\$140 range. Some choppy trade is expected from \$143 to \$145 with resistance above at \$148. October lean hogs couldn't quite make it the \$68 mark last week so sideways trade continues from \$62 to \$68. The 100-day moving average is still overhead at \$68.14.

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Over in the grains, China took advantage of lower prices booking up to 30 cargoes of new crop soybeans. Wheat and corn trade though was not taking place as US prices remain uncompetitive. Harvest is moving into southern Illinois and yield reports are sporadic so far. This should be a good week for harvest to progress northward.

For the week, Friday to Friday, September Corn down \$.02, December down \$.02 ¼, September Soybeans down \$.12, November down \$.04, September KC Wheat down \$.13 ¼, September Chicago Wheat down \$.22 ½.

Overnight all grains were lower with outside pressure again. Corn finished 2 lower, soybeans 6 to 9 lower and wheat 3 to 4 lower. Corn futures were sharply lower at China's Dalian Exchange as rumors made the rounds that the Chinese government would lower the state support price for Corn in October. China holds huge stocks of government Corn reserves and has been unsuccessful in selling any large amounts in recent state auctions.

Egypt purchased another cargo of wheat form Ukraine late last week and the lowest offer for a cargo of hard wheat into Iraq came from Australia over the weekend.

USDA did just announce a sale of 125,000 MT or 4.6 MBU of new crop soybeans for unknown destinations.

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Canadian Oilseed Processing Association weekly crop report on Friday pegged Canola crush at 129,676 MT up +3.8% from the prior week, that brings the season to date total to 488,606 mt compared to the 501,766 mt in the year earlier period. Soybean crush was reported at 44,887 mt off -6.3% from the prior week, that brings the season to date total to 152,825 mt compared to the 84,652 mt in the year earlier period. Stats Canada will update their grain and oilseed stockpile data for July 31 this Thursday.

Weekend rains were concentrated over Eastern Iowa, Southern Wisconsin, and Northern Illinois. Totals were 1 to 3 inches. The rains deteriorated as the system moved east into Michigan, Indiana, and Ohio. There were also rains over Florida moving into Georgia and Alabama. There will be more rains there as the remnants of the hurricane moved ashore. The expected storm on the PNW also move inland with heavy rains for Washington and Montana. Was beneficial for firefighting efforts but heavy winds were still there to make problems. Rains for the next 5 days look limited and scattered over the northern plains. The 6-10 day forecasts show above normal temperatures for all except in the Rockies and above normal precipitation for except the West Coast.

December corn contract low is at \$3.57 ½ with the market trying to hold steady and 10-day moving average at \$3.76 ¾. November soybean contract low is at \$8.55 with the 10-day moving average up at \$8.85 ¼. On the wheat charts, both KC and MPLS continue to tail lower making new contract lows last week while the September Chicago wheat contract low at \$4.69 ¼ is within reach this week. It tried to hold the \$5.00 area for about a month but pressure continues from world prices creeping lower.

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