



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Just when everyone was starting to get optimistic to the cash cattle and futures markets from strong midweek gains, the rug got pulled out from under the market. Friday's futures trade was actually in the red across the entire ag sector, grain markets included, although live and feeder cattle futures took the deepest hits. There were a couple of days last week when it appeared the futures, especially in the live cattle were trying to get back into the mode of actual price discovery with futures advancing actively towards cash, but Friday kinda changed that picture again.

Beef packers came into the week bidding \$116, which was \$4 lower than the previous week. We really thought the push up in futures would result in no worse than \$118 and possible even better trade. Nebraska moved a few numbers at \$188 dressed as early as Tuesday. Lower futures resulted in cattle feeders surrendering to lower packer bids Friday afternoon. \$117 bought some numbers from north to south, but I don't know it was significant volume. Pretty frustrating when the cattle feeder feels like all leverage is lost with just one down day on the board...

Cash feeder cattle trade was reported steady to \$5 lower last week although volume from the previous week was scarce with a lot of sales dark from the holiday. Finding adequate demand may be challenging this week with scorching hot temps forecasted across the Plains. Fed cattle performance is going to be negatively impacted and nobody likes to move cattle in heavy heat either. Not that feeder prices **should be** lower, but they very well might be this week again regardless.

Cattle slg.\_\_\_\_ 107,000 fri 38k sat wtd 594,000 +84k wa +52k ya

Choice Cutout\_\_204.71 -.29

Select Cutout\_\_192.38 -.68

Feeder Index:\_\_\_143.67 -.19

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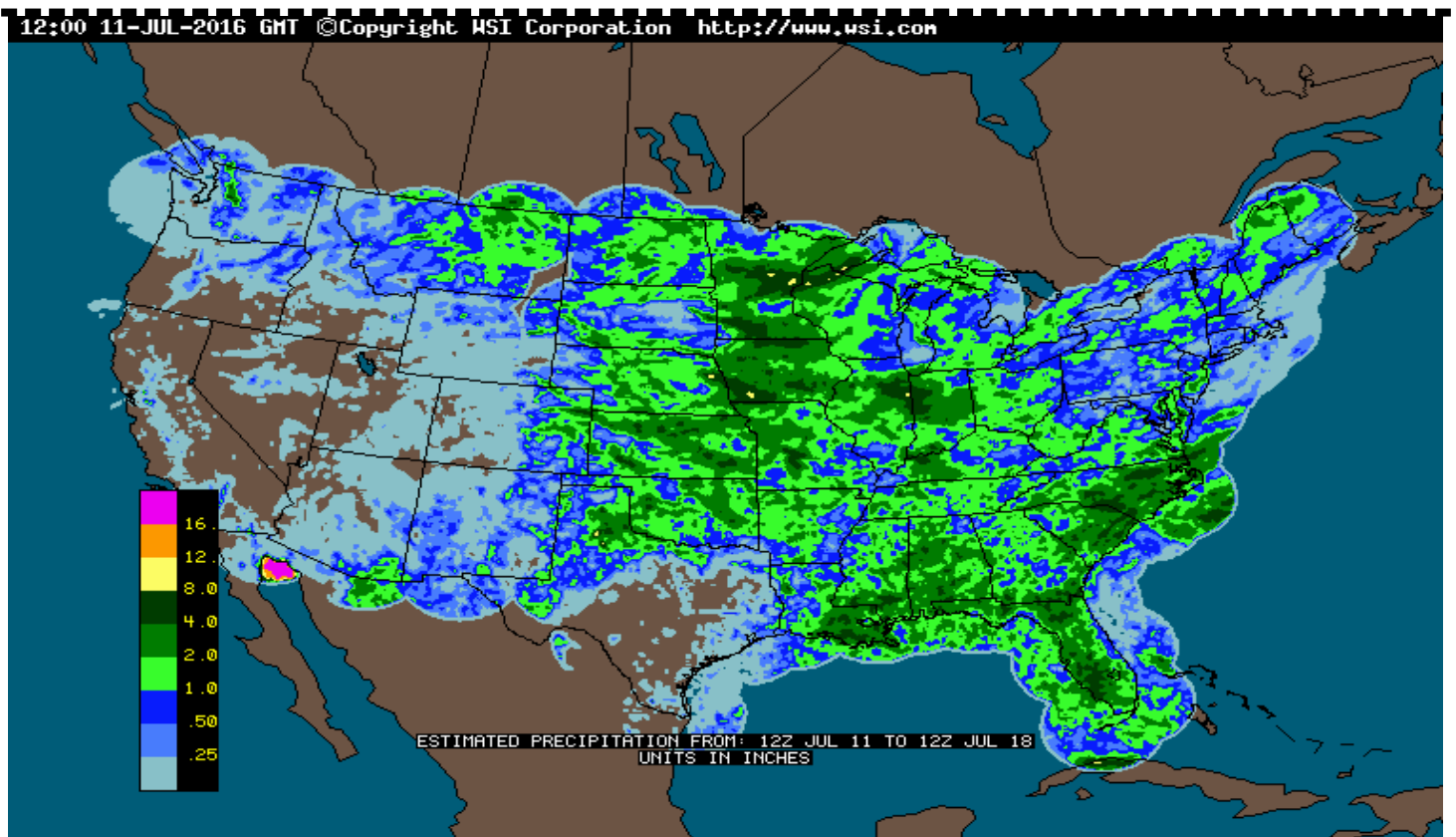
Lean Index.\_\_\_ 80.46 -.54

Pork cutout\_\_\_90.29 +.17

IA-S.MN direct avg\_\_\_73.00 -1.30

Hog slg.\_\_\_419,000 fri 16k sat wtd 2.121 mln +295k wa +41k ya

Weekly closes in the meats had august live cattle down 1.30, October down 2.47, August feeders down 3.87, September feeders down 4.10 and August lean hogs down 90 cents.



In the grain and oilseed trade a weekly recap for the markets showed the trade focused solely on weather as soon as Tuesday's report numbers were digested. Dome of Doom high pressure and hot temps were in the cards Tuesday and Wednesday's model run, but then were quick to break up in Thursday and Friday's weather model runs. The result was a very wide range of trade highlighted by heavy volatility, but weekly closes that seemed very boring in comparison. In other words, what was added in upside weather-market price movement Tues/Wed was extracted in downside weather-market price movement Thurs/Fri.

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Weekly closes in the grains had September Chicago wheat down 10 ¼, September KC wheat down 7 ½, next year's new crop July KC down 4 ¾, Dec Corn down 4 ¼ and Nov beans down ½ penny.

News influencing the grain and oilseed markets this morning → there were no 8:00am daily US sales to report in the export front this morning, although over the weekend Egypt's wheat tender resulted in 300k mt's of Russian and Romanian export sales in world wheat trade.

Crop conditions in corn and soybeans are expected be between unchanged and 1 point better in the g/ex category this afternoon. Two weeks ago some traders were talking about 170+ US corn yield potential and last week before the heat even hit, there were quite a few trying to guarantee that potential wasn't possible anymore. With a significant portion of the corn crop pollinating still, or still yet to pollinate, anything other than trendline is a foolish prediction yet.

6-10 day forecasts last night were looking for above normal temps for the Central Plains east through the Central Corn Belt. The far Southern Plains and northern Corn Belt were normal temps. Precip was below normal central and south and normal from Iowa and Nebraska north. Upper air maps had the high pressure backing out of the Corn Belt and to the Southwest on day 7 and out of the Central Plains by day 9. Once again I put very little faith in anything past 7 days, so I'm guessing we remain very volatile this week.

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