



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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There was a lot of red ink across the ag sector on Wednesday. Live and feeder cattle futures both had contracts down in the triple digits lower. Hogs were lower on the front two months, but higher on the deferred months from December on out. Mid-morning some negotiated cash feedlot trade developed at \$115 which is another \$2 lower than last week. Later in the day, northern trade broke loose at \$115-\$115.50 live and \$184.50-\$186 dressed. At the time the Southern Plains trade was developing, the futures market was up a little, but the front end August faded into the close hitting close to \$1 lower and leaving basis at \$5.00+ cash over futures.

Monthly Cattle on Feed numbers are coming out tomorrow afternoon at 2:00 and there are big expectations in the placement and marketing categories. The range of estimates for the July 1 On Feed total are from 101.1% of a year ago up to 102.2%. Placement guesses for the month of June are from 103.8% up to 109.9%. Marketings in June are pegged at 107% to 110.1%. The actual average of the estimates was 101.6% on Feed, 106.4% placements and 109.5% marketings.

Placements through the first six months of the year should be up over 6% from last year. It is critical that marketing pace remain aggressive and weights in check to avoid bearish supply news. Strongly discounted futures relative to feedlot cash will make great strides in keeping both under control.

Cattle slg. ___ 113,000 unch wa +9k ya

Choice Cutout ___ 201.31 -.97

Select Cutout ___ 191.01 -1.35

Feeder Index: ___ 141.28 -.07

Lean Index. ___ 78.38 --.75

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Pork cutout___89.56 -1.58

IA-S.MN direct avg___71.55 -.80

Hog slg.___425,000 unch wa +4k ya

High pressure pushing in and out of the Corn Belt on the next two week's forecasts keeps the heat intact for a good part of US corn and soybean areas. Good rains have fallen over a huge portion of the Corn Belt recently though and along with unchanged g/ex ratings in corn and beans from Monday's crop condition report, it has extracted even more weather premium out of the market.

Overnight trade in the grains finished_____ fractionally mixed in corn, 9 higher beans and 1-4 better in most of the wheat contracts. All markets faded lower just after the open this morning.

Weekly export sales report numbers were a little disappointing. Wheat sales were 17.6 mln bushels, which I view as a little bearish. I'd like to see 20 mln+ per week and we weren't far off that, but yet didn't quite make either. Soybean sales were 11.9 mln old and 36.8 mln new crop. That new crop number is great, but a little light on old crop. I'm calling the bean numbers neutral. Corn sales were 13.6 mln old and 19.9 mln new. That is a bearish corn number. Milo sales were 2.1 old and zero new and that's bearish. Marketing year to date milo sales are lagging a year ago by 19 mln bushels.

6-10 day weather forecasts last night showed normal to above precip over the entire Corn Belt and Plains states, except the High Plains that were normal to below. Temperatures were pegged at normal in the Central and Northern Plains and above normal over the entire rest of the country. I guess for Kansas and Nebraska though, "normal" in late July still means HOT.

One last interesting item to watch this morning is the Nov bean futures and the 100 day moving average. It was violated to the downside and closed below it for the first time since March. Of course the market closed back above it last night, but chart watchers will still be eyeing the \$1.16 ¼ mark today as being bearish if the market gets below that handle.

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