



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Soybeans poked into new recent low territory again yesterday with active losses, while the corn avoided making new contract lows and closed fractionally mixed. Wheat futures were mildly higher and showed nice follow through from the bullish key reversals on Friday. It would have been nice to see a little steeper gains in wheat considering that bullish technical development. However, when corn and soybeans aren't providing any help, the bearish fundamental situation in wheat makes even small gains a labored accomplishment. For a long time our feeling was that the only hope wheat had for a post-harvest rally was if corn and beans were in the middle of a weather rally. That hope is fading rapidly based on continued very favorable crop conditions in both of those fall crop markets.

Crop progress and condition data yesterday afternoon was a strong disappointment for the bulls since we got confirmation of being one week closer to a bumper corn crop. Corn crop ratings remained unchanged from last week with 76% of the crop rated g/ex and only 5% p/vp. Last year's g/ex rating was 70%. Illinois corn is rated 82% g/ex, Iowa 82%, Mn 84% and Nebraska 79% g/ex. That's the big 4 in corn production. Corn silking was at 79% versus 70% on average. The good news for corn is that production potential looks very good in most areas. The bad news is that good production potential means bearish price potential as long as these good/exc crop conditions are maintained.

Soybean condition ratings were 71% g/ex nationwide, unchanged from last week and 9% higher than last year. Excellent gained 1 point, taking it from good, meaning the total ratings improved slightly. Illinois beans are 77% g/ex and Iowa 81% g/ex. Soybeans setting pods increased to 35%, from 18% last week and 26% on average. Of course we're just now getting into the critical weeks for soybean crop potential, so they have a long road ahead and a lot of volatility potential in both directions depending on August rainfall and temps.

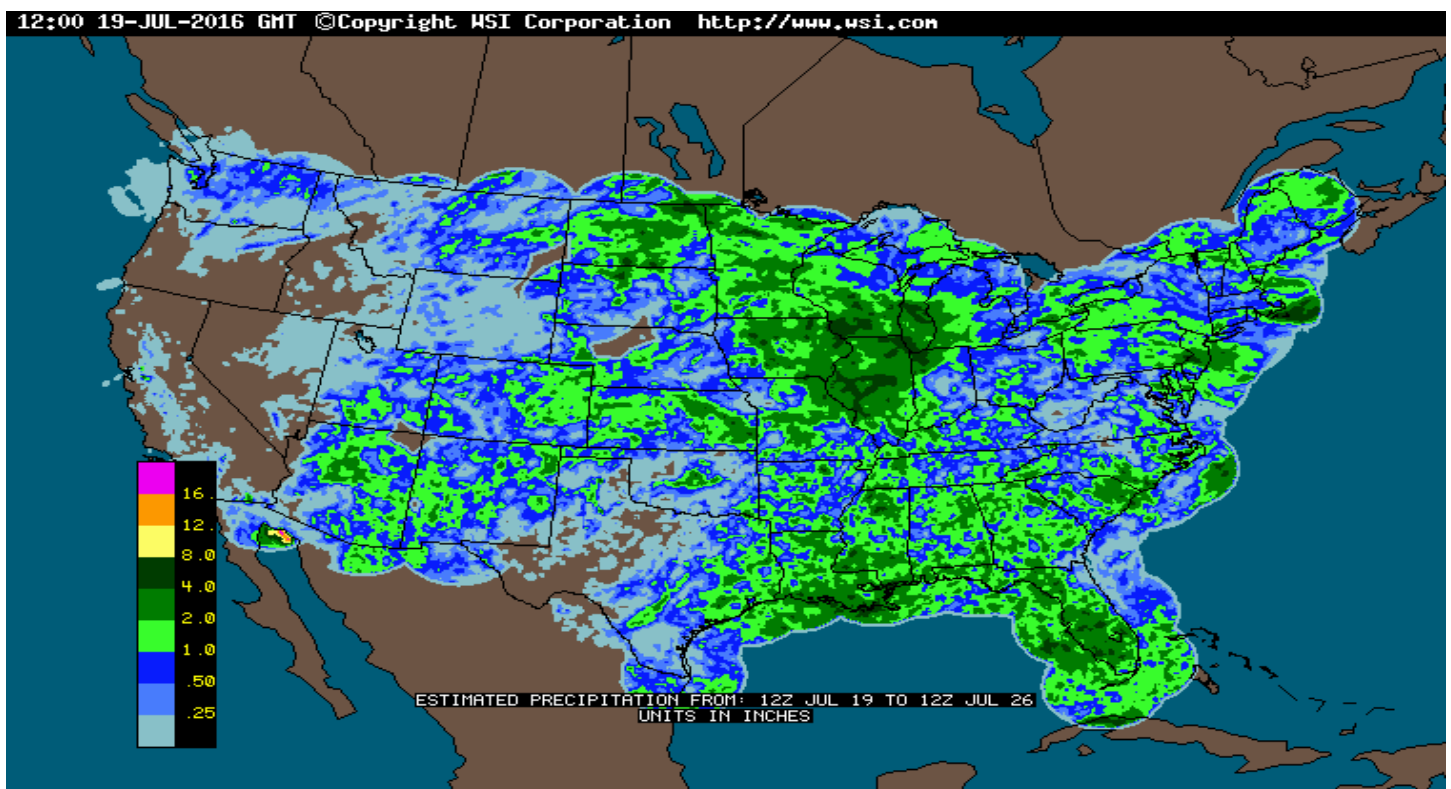
Winter wheat harvest was listed at 83% complete versus 79 on average. Spring wheat crop condition ratings dropped 1 point down to 68% g/ex, but that's still ahead of last year's 61% number at the same time.

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The continued releases of unchanged corn ratings is causing some analysts to start raising their corn production estimates. Occasionally we'll see a 170+ yield prediction and a lot of companies are holding in the high 160 range. The upcoming August crop production report will be USDA's first shot at objective yield estimates. It will be interesting to see where they come in relative to the current 168 corn yield and 46.7 bu/ac bean yield numbers when actual field surveys are entered into the mix??

6-10 day weather forecasts last night showed above normal temps and above normal precip all through the Corn Belt. Precip in the High Plains down through the Panhandle region was pegged at below normal. Basically there's no threatening weather on tap for the Corn Belt states unless night time temps begin to push the upper 70's to 80 in key corn areas. That's probably the biggest threat in the forecast. I don't see high daytime temps being any kind of threat as long as there's adequate moisture.



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