



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

Date: July 28th, 2016

While the hog market sunk deep into new low territory, the cattle complex struggled on both sides of unchanged Wednesday and actually traded in a pretty narrow range. Fats closed mildly higher and feeders mixed to mostly lower. I was a little discouraged that the cattle on feed report induced rally from Monday and Tuesday couldn't extend more yesterday, but mildly higher is still better than sharply lower. 103% of year ago placements in June was below the 106.5% estimates, which is where the friendliness came from in that On Feed report. It wasn't wildly bullish by any means, despite the fact we had limit up closes Monday, but it was a friendly surprise. Because of that I'm still going to hold out hopes for more upside potential in the short term, but not a complete change of trend where the market starts going up for the long term. Just a little higher from here and the technicals will support more near term upward price potential.

There's a new concern brewing for the cattle and that's the significant downturn that hogs have been enduring. In the big macro picture, beef still needs to find some equilibrium with the competing meats of pork and poultry. With hog futures and pork product dropping like a rock, it makes it tougher to find support in beef product and potentially futures trade as well. That's another reason to believe cattle don't have massive upside potential from here. Mild to moderate potential is what I'm hoping to squeeze out of this week's rally with hopes it extends several more dollars.

Cattle slg.____ 112,000 -1k wa +7k ya

Choice Cutout__199.08 -.85

Select Cutout__190.05 -.77

Feeder Index:___139.26 ++.65

Lean Index.___74.89 --.76

Pork cutout___82.49 -4.02

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

IA-S.MN direct avg__68.28 -.24

Hog slg.___431,000 +6k wa +10k ya

In the grain and oilseed trade, extended forecasts included hotter temps again for the Corn Belt, which is more of a soybean influence now that the calendar is about to turn to August. Beans hit low double digit gains on most contract months with corn following at a distance and the wheat market closed flat, not going anywhere.

Wheat is on life support right now because of a monster US winter wheat crop and no real major threats in the world production either. EU soft wheat production estimates are lower than a year ago, but not a disaster by any stretch. Over the next 30-60 days the only hopes wheat has in my opinion is if corn is able to rally for some reason. That's a stretch as well considering the increasing talk of 170+ US corn yield potential. Corn and soybean crop condition ratings remaining close to unchanged and very good all summer so far, make rally potential tough. There's still about 5 weeks of critical weather potential yet though and days like yesterday in beans with the double digit gains was a reminder of that potential.

6-10's last night showed normal to above precip for the Corn Belt and normal to below for the Central and Southern Plains. Temperatures over the Plains and Corn Belt were all above normal.

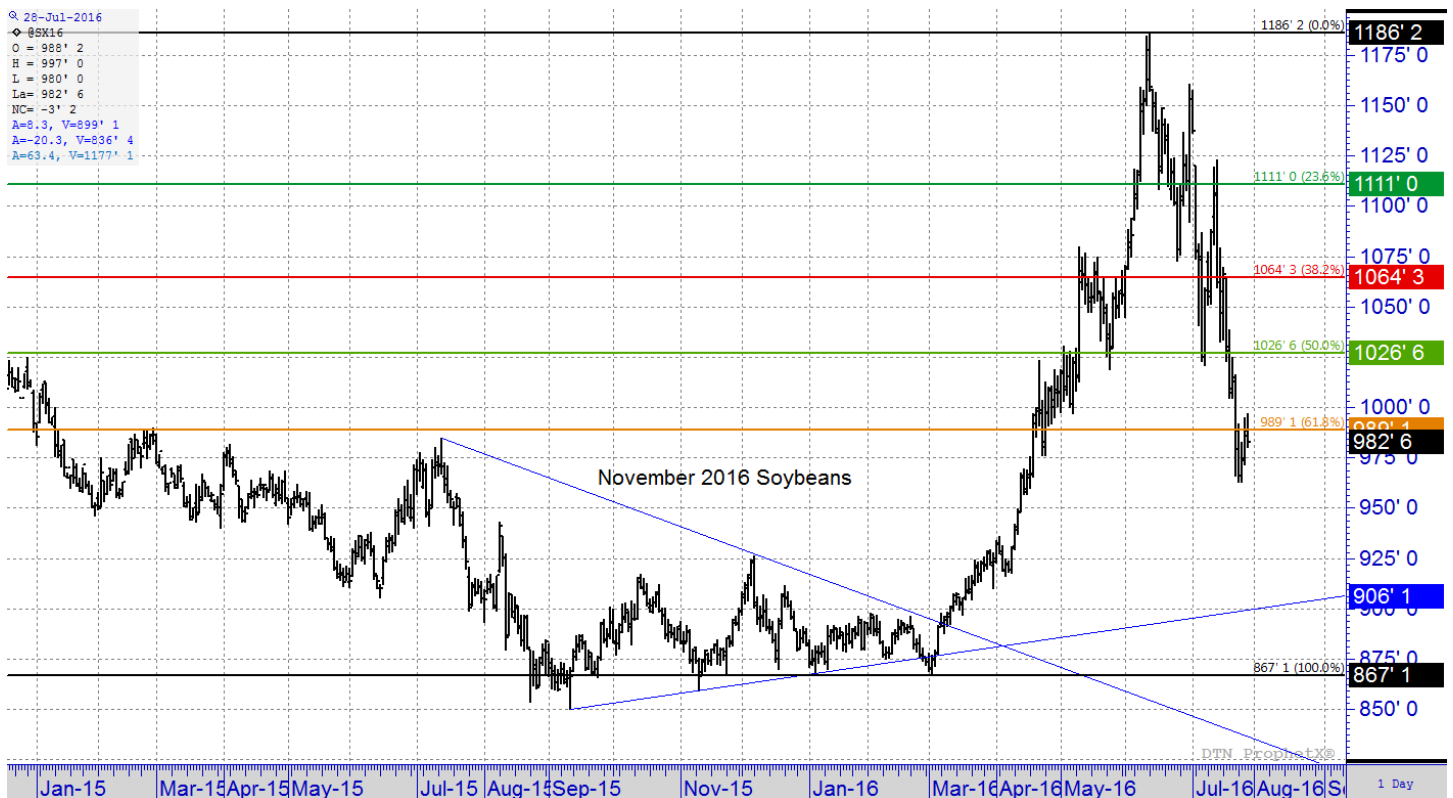
Weekly export sales data this morning was a mixed bag. Wheat sales were decent at 18.6 mln bushels, but I would still like to see them over 20 mln on a consistent basis. Soybean sales for old crop were a negative 100,000 bushels from unknown destination cancellations and switching to new crop sales. The new crop total was 24.9 mln. Corn sales were 17.3 mln old and 18.8 new crop. Combined with milo sales at 2.8 mln bushels, we had kind of a bearish sales tally for the two.

Regarding the soybean sales total and a negative number, USDA has total old crop sales for the marketing year that ends on the last day of August at 1.795 bln. Current cumulative sales are 1.910. In reality, there are a lot more bean sales for old crop that could be cancelled and beans could still meet the projection. That's why I'm not calling the bean sales tally bearish today.

8am export reporting showed two large US beans sales. 328k tonnes were reported sold to unknown with 65k old cro and 263k new. 129k metric tonnes were reported sold to China with 66k old crop and 63k new.

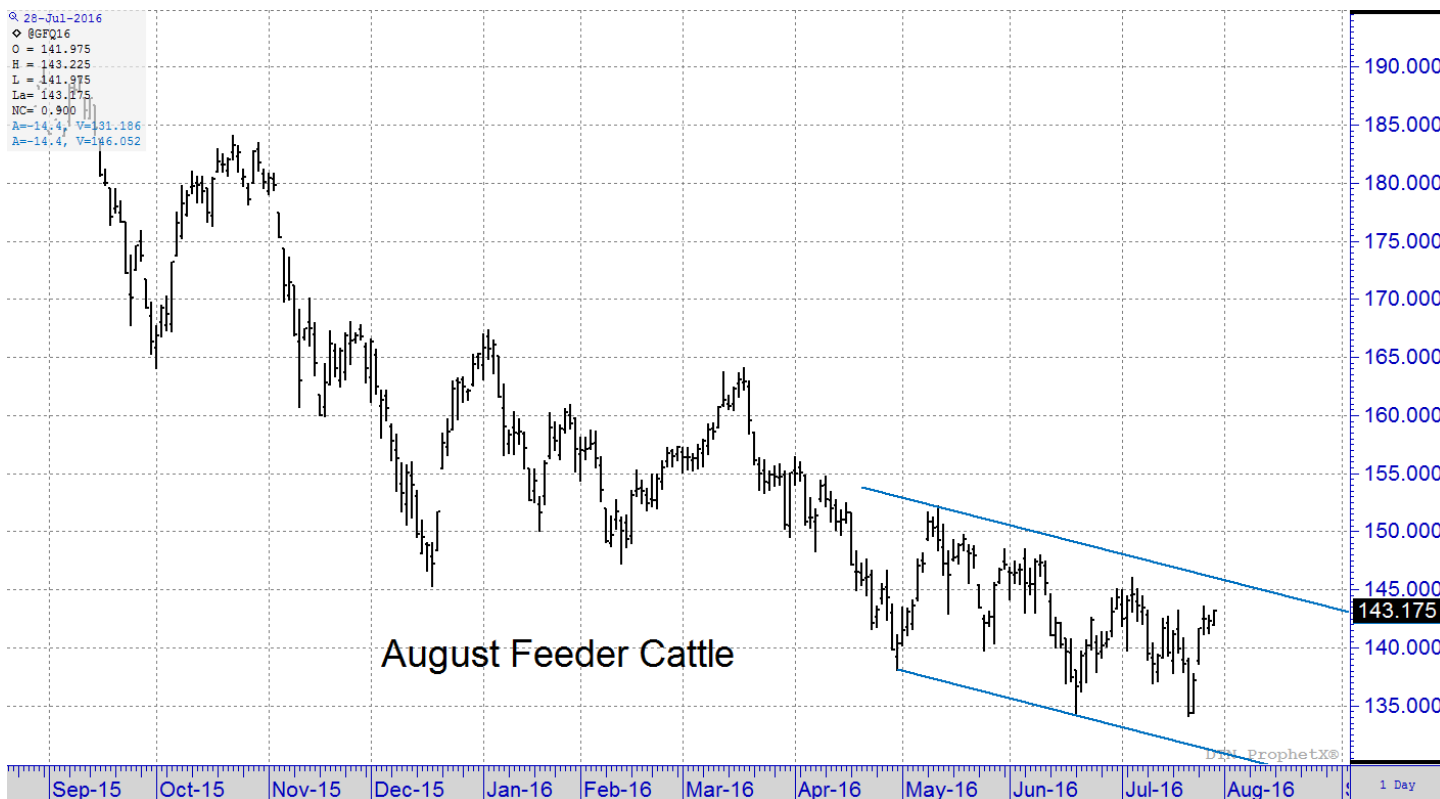
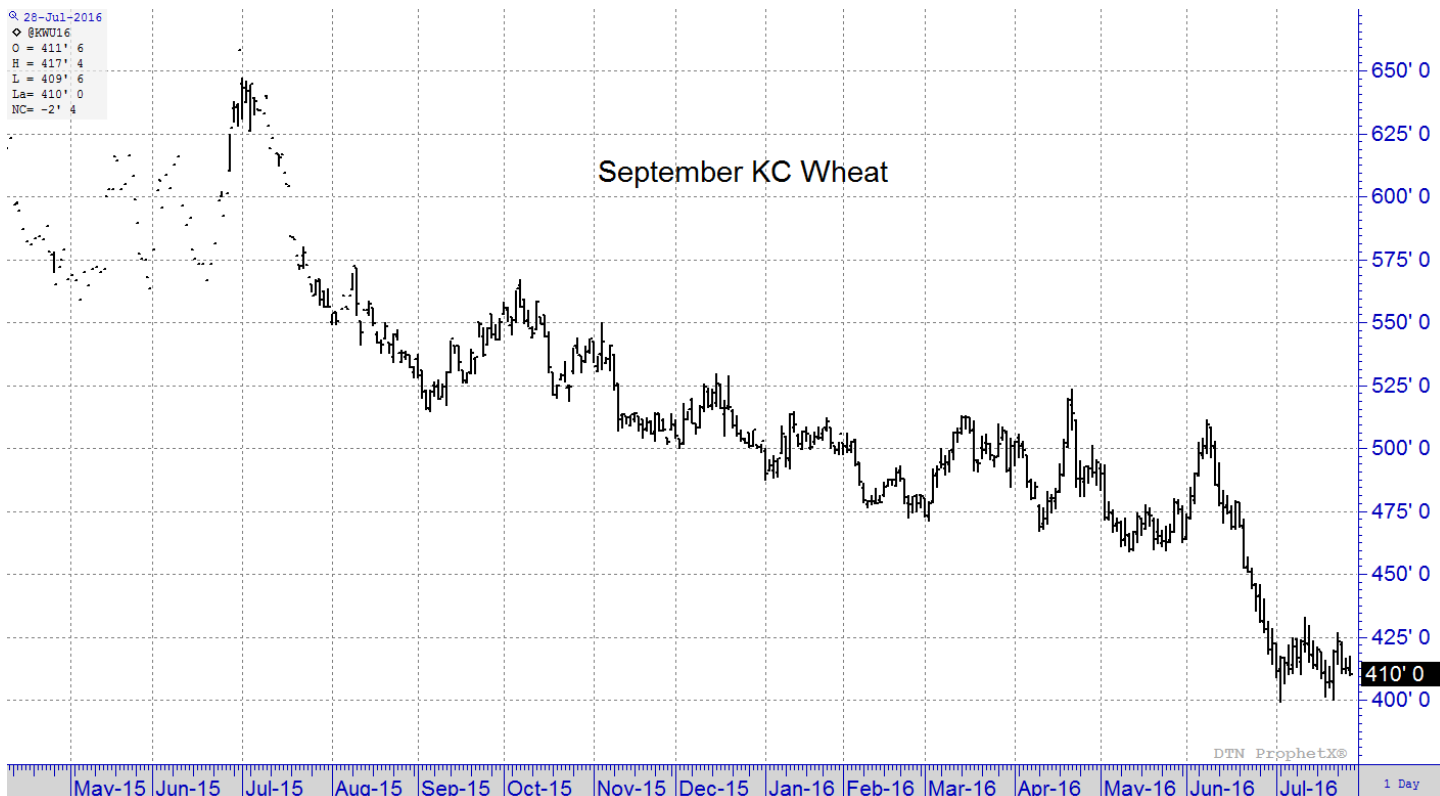
Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**



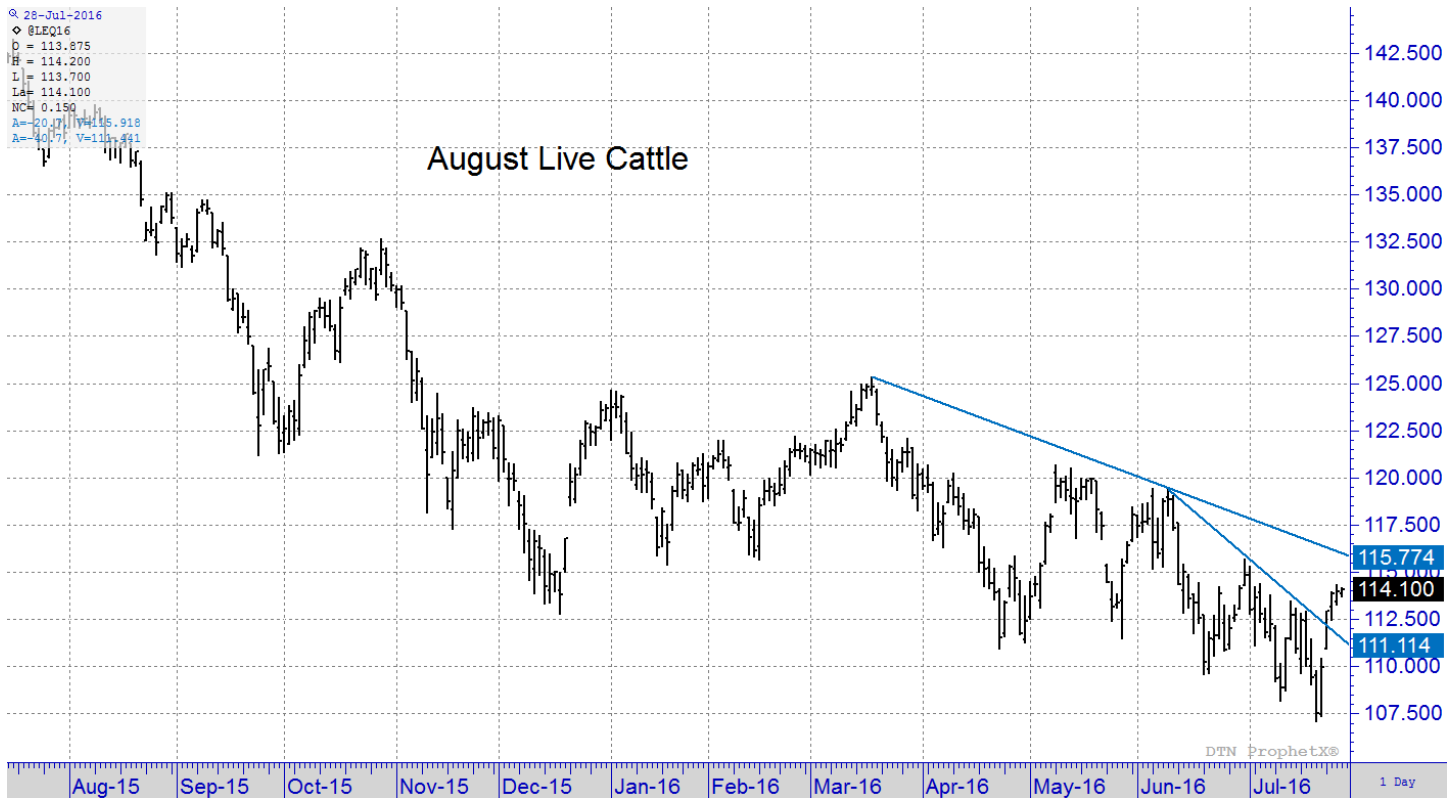
Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**



Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**



Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**