



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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While negotiated cash still remains at a standstill this week in the feedlot trade, futures gave up yesterday, dropping to triple digit losses in all feeder cattle contracts and all the live cattle, outside of the first two contract months. I got pretty excited this week when Monday's trade hit limit up and we got decent follow through on Tuesday as well. Hopes for a short term bottom in the cattle were dashed a little bit yesterday with a big outside day, bearish key reversal on the charts. We need to see that taken out in short order to hold any hopes of a more extended rally on the horizon.

I indicated yesterday that the major failure in the hog market could act like an anchor, dragging down cattle gain potential. Whether it was a helper yesterday or not, hogs were down almost \$3 on the front end and \$1+ losses on all the rest. Since just the 15th of June, the front end August hog contract has lost \$21.57. It also is very solidly into new contract lows now and is getting zero help from cash or product trade. They were both double digits lower yesterday as well.

Cattle slg. ___ 111,00 -2k wa +2k ya
Choice Cutout ___ 198.76 -.32
Select Cutout ___ 189.71 -.34
Feeder Index: ___ 141.05 +1.79

Lean Index. ___ 74.47 -.42
Pork cutout ___ 80.17 -2.32
IA-S.MN direct avg ___ 67.17 -1.11
Hog slg. ___ 412,000 -18k wa -12k ya

Yesterday's trade in the grain and oilseed was prefaced by weekly export sales that showed a decent wheat number at 18.7 mln bushels, neutral to bearish corn at 17.3 mln and a little negative beans at -100k bushels for old crop. 8am daily reporting showed two good sized bean sales that tempered some of the bearishness of the weekly numbers. In the end the bears still won out with everything closing lower in the big three of corn, beans and wheat, albeit thankfully only mildly lower.

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8:00am export reporting had another soybean sale in the offering. 129k metric tonnes of US beans were sold to unknown destination. 66k of the total was old crop with the balance new. Of the two large daily reported sales yesterday, 66k and 65k tonnes were old crop sales. Old crop bean sales commitments are already 1.910 bln bushels compared to a USDA projection for the year at 1.795. The big question at this point is, what bushels of that old crop total will be cancelled or switched to new crop sales over these final four weeks of the marketing year?? So far, 1.674 bln have been shipped of the 1.910 commitments. That's 121 mln+ that need inspected for export between now and the end of August. So, it's easy and possible to get bullish to bean exports, but yet it is also still possible they could come in at or below that 1.795 USDA projection.

There's volatility from that export number and how it influences old crop ending stocks and a LOT of volatility in the next 4-6 weeks of key soybean production weather to influence new crop. Don't write the bean market off yet. 6-10 day weather forecasts last night showed above normal temps for most of the Corn Belt, Central and Southern Plains. Normal to below temps for the western 2/3's of Nebraska on north. Precip was pegged at normal to above in the High Plains and normal to below in the Central Plains and Corn Belt.

For the wheat market today, the Wheat Quality Council concluded their annual spring wheat tour yesterday with yield pegged at 45.7 bu/ac and cited a "good crop, not a record crop". Last year's tally was 49.9 and the five year average is 45.9, so this year's total is .2 below average and 4.3 under last year's findings.

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