# Loewen and Associates

***Commodity Consulting/Brokerage***

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# Morning Ag Markets

## Matt Hines

Yesterday all commodities in the Ag sector stayed in the red after Monday's morning run lower and turnaround to finish higher. The outside markets were fairly quiet yesterday except for the rallying dollar which is back to its highest level since this past March. Cattle futures continue to look for direction but the trend continues lower while lean hog futures continue to collapse now near the lows back from this past April. With the pressure on corn it is still a struggle when feeders are unable to grab any support here. Even though beef prices continue to slide, pork prices have as well and that ratio between the two has at least come back to competitive levels again over these past couple months. This is long term friendly for beef to try and gain back some previously lost demand.

We did have some midweek cash feedlot trade in the North at $186 to $187 on a dressed basis which is steady to $1 lower. There were a few deals in Kansas also yesterday at $115 live which is $2 lower than last week.

Cattle slaughter from Tuesday estimated at 113,000 head, down 1,000 compared to a week ago but up 3,000 from a year ago.

Hog slaughter from Tuesday estimated at 430,000 head, up 3,000 from a week ago and up 9,000 compared to a year ago.

Boxed beef cutout values weak on Choice and higher on Select on light to moderate demand and heavy offerings for a total of 168 loads sold.
Choice Cutout__202.28 -.29
Select Cutout__192.36 +1.25
Feeder Index:__141.35 -.24
Lean Index.__79.90 -.56
Pork carcass cutout__91.14 unchanged

IA-S.MN direct avg__72.36 -.70
National Average__71.71 -.35

August live cattle have a range now from $108 to $114. August feeders recent range is $136 to $146 with the downtrending channel lines at $127 to $147. Aguust lean hogs completed the retracement last week but have extended into new recent lows so far this week. $77.12 will the first line of support followed by the $76 area.

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In the grains, same as cattle with futures down hard after the back and forth trading to start the week. Weather continues to call for hot and dry in the Plains and Western Corn Belt here this week but looks to back off the temps heading into the weekend and next week. It is also not pushing the dome into the 3 I states which have received beneficial to some excessive rain over these past few days and forecasted to receive up to 2+ inches over the next few days as well. Looking at the crop conditions here this week, it is certainly impressive to see the top 4 corn producing states at or above 80% good to excellent in mid-July.

Overnight in the grains action was very calm with prices mostly steady. This morning brought a little more volume in and pushed corn 1 to 2 higher, wheat 2 to 3 higher, but soybeans down ¾ to 1 higher. Grains are oversold with some short covering seen today as we continue to test recent lows.

The trucker strike in Argentina continues and starting to concern exporters now. If it continues much longer exports could be impacted as all are pulling from grain inventories to keep shipments going but those stocks are dwindling.

Basis levels for both corn and soybeans domestically and at the Gulf continue to firm as cash grain movement as slowed considerably with futures down. If you have any hedged old crop bushels left this could be an opportunity to take advantage of and especially so if grains kick back higher, stirring up grain movement again and kicking basis back lower.

Hot temps continue here for the Plains with as far north as South Dakota hitting over 100 for the next couple days. It isn't so much the highs during the days mostly in the western portion of KS, NE and SD, but the overnight temps above 75 which are forecasted into MN, IL and IA. Most of the Corn Belt has good moisture though offsetting some of the impacts of this heat.

The 7-day precip map is showing 1-2 inches for most major growing areas. The 6-10 day forecast is still showing below normal precip chances though with below normal temps.

September corn contract low is at $3.39 from earlier this month with the first line of resistance near $3.57. December got down to $3.46 with resistance up near $3.64 but would really need to break out above $3.80 to see a rally get going again. August soybeans so far holding the $10.41 support with resistance up at $10.75. November pulled back to the 50% retracement level finding support at $10.21. Wheat contracts are flirting with contract lows again in KC and Chicago as MPLS punched through for a new contract low yesterday.

To see much more selling pressure during this hot temp spell mid-week would surprise me but based on the extended forecasts and as we get closer to end of this week we could see futures dip into new lows.

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