



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets**

**Matt Hines**

The rally continues for cattle futures as early losses didn't last long on Tuesday. Limit higher moves Monday for both live and feeder cattle contracts were followed up yesterday with decent follow through gains. Even with the 2-day rally, the downtrend for both has yet to be taken out.

Oklahoma National Stockyards - Oklahoma City, OK - Close

Feeder Cattle Weighted Average Report for 07/25/2016

Actual Receipts: 5,059 Last Monday: 5,163 Year Ago Monday: 3,798

Compared to last week: Feeder steers and heifers 1.00-3.00 higher.

Demand good following the bullish Cattle on Feed Report, as well as 2 consecutive up days on the futures board. Steer and heifer calves not well tested. Quality average to attractive.

Tulsa Livestock Auction - Tulsa, Oklahoma

Feeder Cattle Weighted Average Report for 07/25/2016

Receipts: 1408 Last Week: 1811 Year Ago: 1176

Compared to last week: Steers mostly steady to 3.00 higher. Heifers 4.00-5.00 higher. Quality plain thru attractive. Demand good. Supply includes 27 percent over 600 lbs. and 51 percent heifers. Slaughter cows 3.00-4.00 higher.

Slaughter bulls 2.00 higher. A total of 278 cows and bulls sold with 82 percent going to packers.

Cattle slaughter from Tuesday estimated at 114,000 head, down 1,000 compared to a week ago but up 6,000 from a year ago.

Hog slaughter from Tuesday estimated at 424,000 head, down 6,000 from a week ago and up 3,000 compared to a year ago.

#### **IMPORTANT—PLEASE NOTE**

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Boxed beef cutout values higher on moderate to fairly good demand and moderate offerings for a total of 154 loads sold.

Choice Cutout\_\_199.93 +1.34

Select Cutout\_\_190.82 +1.38

Feeder Index:\_\_138.61 -.54

Lean Index.\_\_76.45 -.68

Pork carcass cutout\_\_86.51 -2.38

IA-S.MN direct avg\_\_68.52 -.66

National Average\_\_68.03 -.35

As I stated earlier the downtrends for both live cattle and feeders have yet to be taken out. August live cattle pushed up against the 50-day moving average yesterday but would need to get above \$116 to break the recent downtrend. August feeders still have a \$20 downtrending trading channel. A move above \$145 would be the first breakout. The first line of support is seen down at \$134. August lean hogs finally found some support with last week's low at \$73.82, just shy of the low back from December. Resistance is up at \$76 which has been tested the past two trading sessions.

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Grains reversed course from Monday's action as soybeans ran higher, wheat ran lower and corn still trading both sides of unchanged on Tuesday. Not much going on really, back and forth trading as the crop conditions and weather still look good at least in the near term for the fall crops. The EU will have some shortfalls this year in wheat but according to the Russian Ag ministry, harvest there is just past ¼ complete and yields are running 8% better than a year ago.

Overnight grains getting some support from extended forecasts showing some heat moving back into the Corn Belt. Soybeans finished 13 to 15 higher, corn 3 higher and wheat pulled along 2 to 4 higher.

USDA announced 2 private sales this morning...2.4 MBU old crop soybeans and 2.4 MBU new crop to China, 2.9 MBU old crop corn and 6.8 MBU new crop for unknown destinations.

Rains will be scattered over this next week with 1 to 2 inches in most of the Midwest and 2 to 4 inches South and East. The 6-10 day maps keeping to the normal to above normal temps but starting to show less above normal precip.

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September corn has a contract low at \$3.26  $\frac{3}{4}$  from last week and resistance up at \$3.57. The December contract got down to \$3.33  $\frac{1}{4}$  last week 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 holding above \$9.80 so far this week with resistance up near \$10.33. November got down to \$9.63, would need to push past the \$10.15 to \$10.25 area to get ramped up again. Wheat futures are trying to bottom out here. Holding above the \$4 level for September KC and \$4.07 for September Chicago will be the key the next few days. To really get a rally going, both would need to break their July highs, for KC \$4.33 and Chicago above \$4.50.

Soybeans will remain the leader here in the grains and looking for some weather premium to be added back in as we enter the critical August time period. Many have told us that one more shot of rain on their corn will just about finish it up there but please check your fields as some have found more tip back present than what was expected. Wheat really needs the US\$ to soften to get prices competitive again in the world marketplace. Russia and Ukraine will continue to be the quality supplier until supplies run out or if they try to slow shipments.

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