



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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With six out of the last seven trading days in live cattle resulting in lower price movement, the bullish momentum seems to be fading for the cattle complex. August fats closed back below the 100 day moving average yesterday after spending eleven days above that level. That really puts it in a precarious position from a fund spec money standpoint. Feeder cattle on other hand have been lower five out of six days, but look a lot different than the fats on the spot month chart. August feeders are still well above the 100 day moving average and decisively above the long term downtrend that was violated three weeks ago. Technically, they look better than the fats, yet I still have more short to intermediate upside hopes for both, just not long term.

Monthly COF numbers are coming Friday afternoon at 2:00. Average guesses for the report are looking for an August 1 On Feed total between 100.8% and 101.9% of a year ago. Placements in July are expected between 96.6% and 104.2% of a year ago, which is a typical, wide and controversial range of guesses. Marketings are expected between 99% and 100% of last year in July. Last year both the placements and marketing rate were the lowest since the new data series began in 1996. Coupled with the fact July had two less business days this year than last, a marketing rate at unchanged would actually be close to 9% larger than last year in real daily numbers. Hopefully we'll get some friendliness in the numbers.

Negotiated feedlot cash has included some mandatory reporting light trade at \$118 in Texas and \$117 in Nebraska this week. I hope that doesn't set the tone for the balance of the trade, but this week's lower futures trade isn't helping matters. In my opinion, it should be no worse than steady this week, but we'll see...

Cattle slg. \_\_\_ 113,000 unch wa +5k ya  
Choice Cutout \_\_\_ 201.75 -.09  
Select Cutout \_\_\_ 193.13 +.46  
Feeder Index: \_\_\_ 148.77 -.26  
Lean Index. \_\_\_ 67.17 +.25  
Pork cutout \_\_\_ 74.36 +.40  
IA-S.MN direct avg \_\_\_ 64.08 +.16  
Hog slg. \_\_\_ 431,000 -2k wa +11k ya

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Yesterday's close in the grain and oilseed trade was solid green across the board with beans double digits higher on the front end and just shy on the new crop. Corn and wheat showed mild gains, but nothing exciting.

8a.m. daily export reporting showed a 101,600 mt sale of US new crop corn to unknown, but no new bean sales.

Weekly sales numbers were a lot lower old crop numbers in corn and beans than recent weeks, yet still positive numbers. That's good considering we're just a few short weeks away from the end of the old crop marketing year. Corn sales were 6.6 mln bushels old crop and 41 mln new. Milo was 2.4 mln old and 300k new. Soybeans showed 6.5 mln old crop and 58.7 mln new. Wheat sales were decent, but not great with 18 mln old crop sales. My magic number for wheat is 20 mln plus each week, so 18 mln should be viewed as neutral.

There was talk that China bought 4-5 cargoes of US beans yesterday, but that didn't hit the 8a.m. reporting today. Keep your fingers crossed for tomorrow on that news. After getting bearish corn and soybean production numbers from last Friday's reports, the strong surge of recent export buying has the demand side friendliness balancing out supply bears very well right now. I think it's pretty critical we keep that pace up. Unfortunately, there's nothing friendly to talk about out there in wheat.

6-10 day weather was showing normal to below temps across the entire Plains and Corn Belt with above normal precip in the Central and Southern Plains, as well as the central, north and western parts of the Corn Belt. From Central Illinois east and in the far Northern Plains the moisture was normal to below.

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