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Date: August 19th, 2016

Well, my optimism for this week's negotiated cash feedlot trade was squashed yesterday when active trade from north to south was reported at $118, which is $1.00 lower than last week. I'm guessing another day of losses in futures contributed to that quite a bit as well. For hedged cattle feeders that were looking at the great basis more than half way through the delivery month, I can't blame them. What I don't like is that I think packers would have been willing to pay more if people would have dug their heels in a little better. Regardless, based on yesterday's futures settlement in the front month August live cattle, it was close to a $4.50 positive basis and from that perspective it's still an alright deal. Given the fact we're a week and a half from expiration of the contract, it's also a clear sign that convergence isn't working very well and the futures market is still broken and disconnected with the cash.

This afternoon we get monthly COF numbers released. Average guesses for the report are looking for an On Feed total on August 1 of 101.5% of a year ago. Placements in July are expected at 100.5% and marketings in July at 99.5%. Last year, both placements and marketings in July were the lowest since the new data series began in 1996. There's likely a lot of room for market movement if there's any large deviation from the estimates to the actual data.

Cattle slg.___ 113,000 unch wa +5k ya

Choice Cutout__200.86 -.89

Select Cutout___194.13 +1.00

Feeder Index:___148.32 -.45

Lean Index.__67.32 +.15

Pork cutout___73.66 -.70

IA-S.MN direct avg__63.53 -.55

Hog slg.___434,000 unch wa   +9k ya

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Grain and oilseed trade yesterday settle pretty flat and uneventful, yet with more higher quotes than lower. New crop beans were down a few ticks, but when you look at the rainfall in the month of August across a good portion of the Corn Belt, that shouldn't be a big surprise. Of course, balancing that out has been the near insatiable appetite for US soybean exports in recent weeks. That's also why we've had more up days than down recently.

Export sales data yesterday was a little bland in corn and beans and decent in wheat. New crop corn and bean sales were great. Old crop totals were 6.6 mln corn and 6.5 mln beans. Those are low numbers, but by the same token, this timeframe often has more cancellations or switching to new crop than new sales. The wheat total was 18 mln, which is still a couple mln shy of what I'd call friendly.

Today's 8a.m. export reporting showed 261k mt's of US new crop beans sold to unknown destination, joining a now very long list of daily bean sales in recent weeks. The vast majority of those sales have been new crop, which doesn't carry near the bullishness that old crop sales would, but it still adds to the total, which is very friendly. It has been a good run in recent weeks in both corn and soybean sales. Unfortunately, there hasn't been a single 100k mt or larger wheat sale in that same timeframe. What I'm trying to convey is that it's ok to get somewhat friendly to the corn and soybean demand side of the equation, but there's still zero reason to be friendly wheat. Tough news to swallow, but I'm just being honest. No need to sugar coat it…

6-10 day forecasts last night showed normal to below temps across the Plains and Corn Belt with just the extreme eastern edge out through the East Coast being above normal temps. Precip was above normal in all the major corn and soybean producing areas as well as through the Central and Southern Plains. That's good news for wheat production potential as that rainfall forecast could provide good field conditions for the upcoming winter wheat seeding.

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