



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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With a mild to moderately bearish COF report from Friday now out of the way, hopes will be the reaction doesn't last very long and cattle complex futures can get back to acting like they did in late July and early August, which was sharply higher. Two weeks now of lower price action on the futures end, finally provided some pressure on cash last week as well. Trade from north to south was in the \$118 range, down \$1 from the previous week.

The On Feed supply on August 1 came in at 102% of a year ago, compared to pre-report expectations of 101.5%. Placements in July were 102% of last year compared to estimates at 100.5%. That's the bearish side of the report. Marketings last month were 99% versus guesses of 99.5%. Close granted, but still below the estimates. That provides a mildly negative undertone as well. However, when you dig deeper into the data, two fewer business days this year compared to last tames the marketing data down considerably, taking the number well over year ago numbers instead of below, but it also skews placement data to the upside as well. In real terms the marketing rate was 8.3% larger than a year ago, not lower.

This afternoon we get monthly Cold Storage data and I'm in the camp those numbers should have a friendly undertone.

Finally, feeder cattle and calf market prices started the week at higher week-to-week levels, but faded along with the futures trade from the midpoint towards the end. Continued cheap feedgrain values should keep buyers in the hunt, but by the same token I'm guessing pencils are getting sharper and sharper given the equity loss in the industry over the last year plus. I've said it for a long, long time- money is made or lost on cattle when they are bought, not when they are sold. A lot of people still don't understand or operate under that mentality and their equity position has suffered tremendously as a result.

Cattle slg.\_\_\_\_ 112,000 fri wtd 599,000 +21k wa +54k ya

Choice Cutout\_\_200.07 -.79

Select Cutout\_\_193.60 -.53

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Feeder Index:\_\_\_148.07 -.25

Lean Index.\_\_\_ 67.22 -.10

Pork cutout\_\_\_74.56 +.90

IA-S.MN direct avg\_\_\_63.50 -.03

Hog slg.\_\_\_428,000 fri wtd 2.291 mln +55k wa +60k ya

Weekly closes in the meats had August live cattle down 2.77, October down 4.27, August feeders down 3.00, September down 3.70 and October lean hogs up 1.92.

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Despite the fact the grain and oilseed trade had strong weekly closes, especially in the fall crop markets, Friday's trade had new crop beans down in the double digits. Odd trade considering the demand side news has been outpacing the supply side for a couple of weeks. That's been highlighted by near daily 100k mt or larger 8a.m. USDA reported US new crop bean export sales announcements. That strong export push helped Nov beans top the \$10 mark again last week. It probably could have been even stronger had the Corn Belt not has such a good August from a rainfall and soybean production potential perspective.

Weekly closes in the grains had December corn up 10 <sup>3</sup>/<sub>4</sub>, Nov beans up 22 <sup>3</sup>/<sub>4</sub>, Dec KC wheat up 2 <sup>1</sup>/<sub>2</sub>, Dec Chicago up 4 <sup>3</sup>/<sub>4</sub> and July KC Wheat up 1 <sup>3</sup>/<sub>4</sub>.

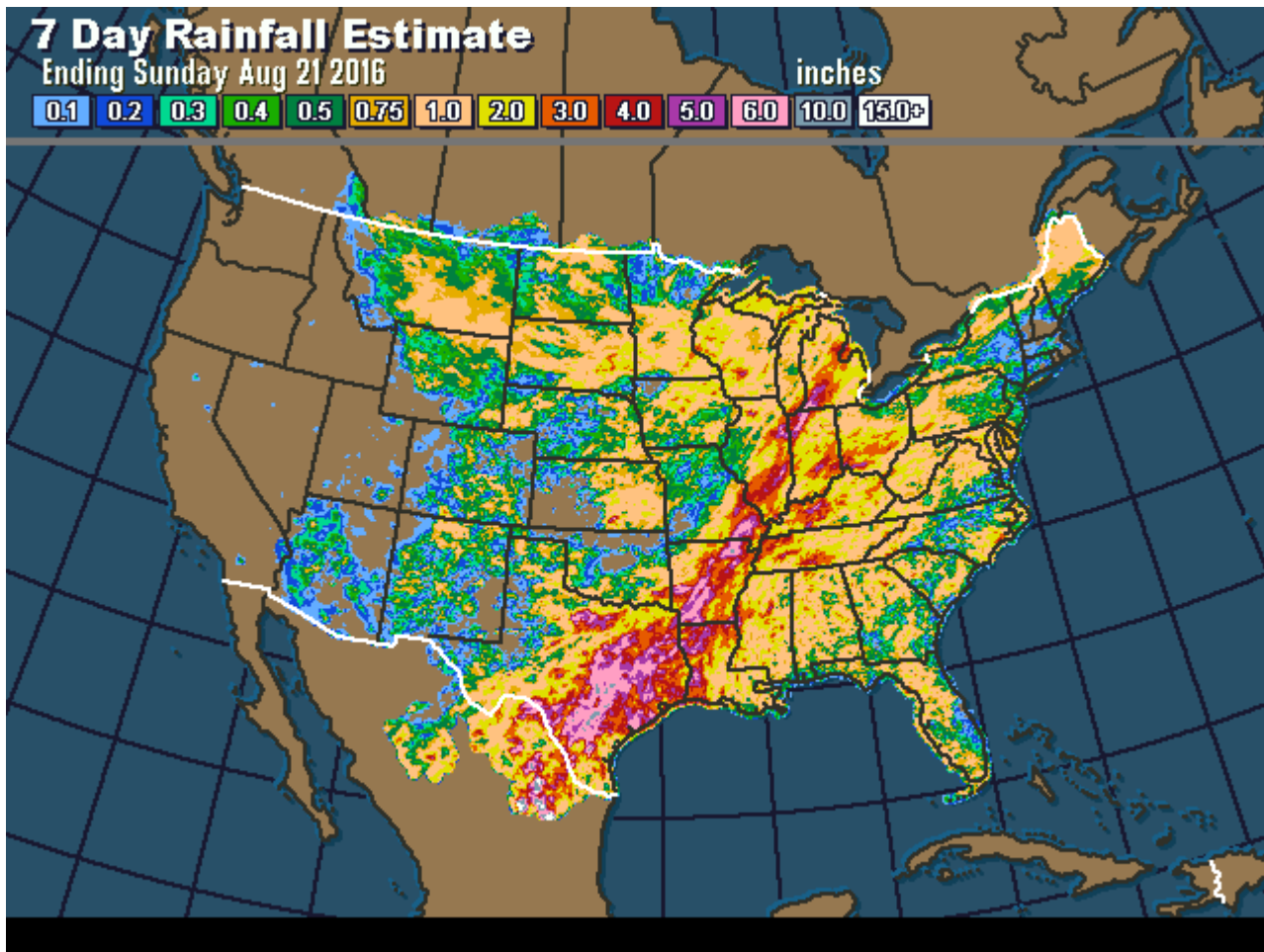
Overnight trade in the grains finished\_\_\_\_\_ down 2-3 cents in corn, 3-4 lower beans and 2-7 lower in wheat between the KC and Chicago contracts.

6-10 day weather forecasts last night swung back to warmer and drier, compared to cool temps in the offering everywhere last week. Temps through the entire Plains and Corn Belt were normal to above, with a lot more above than normal. Precip was above normal in Iowa, Minnesota and northern Illinois, normal around that area and below normal in the far south and west. Most of the High Plains area was showing below normal rainfall.

8:00 a.m. export reporting today showed 120k metric tonnes of US new crop beans sold to unknown destination. Fall crop demand news is friendly right now, the extended weather forecasts have a little friendlier undertone than last week. Plus, the big crop tour starts today and they have a knack for beating the bullish drum pretty hard as well considering their target audience. Last year they were 4.1 bushels below the final USDA corn yield number.

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