



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Solid red across the entire ag complex made it kind of a nasty day for the grain and livestock trade. The worst action across the grain and oilseed markets was in wheat, where Minneapolis front end futures hit double digits lower and not far off 20 lower at one point. KC and Chicago were in the 5-8 cent lower range across all contract months. Bearish fundamentals have been a big nemesis for those wheat markets as well as huge net short futures positions by the managed money crowd with no real reason for them to switch those positions either. Reality is, there's too much wheat supply in the US, too much in the world and competing exporters are offering wheat at lower values than the US. Net result, basis is very weak and futures are still struggling.

Monday's crop condition tally in corn and beans resulted in g/ex corn conditions improving 1 point and soybeans flip flopped numbers, showing excellent gaining a point and good losing 1, but the g/ex total remaining the same. This is a very odd and interesting year with visual conditions from the road and in the field looking very good across the US, but pulling the husk back tells a different story. From pollination problems in the south from the extreme June heat and dryness, to excessive tipback in some Corn Belt areas, the thoughts that USDA can remain at 175 for a corn yield number are growing more pessimistic by the day.

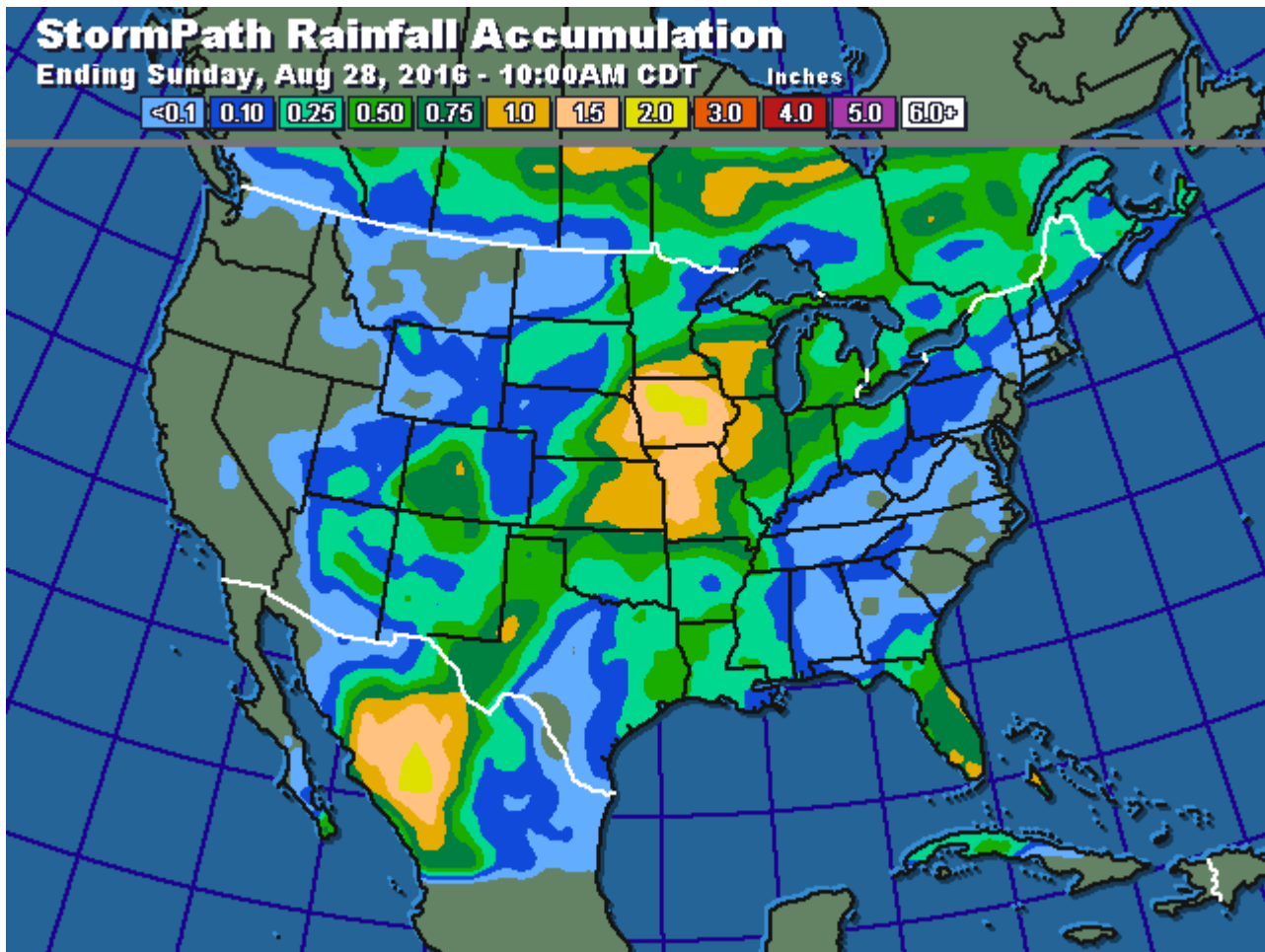
Soybeans on the other hand, have had very good growing conditions in August for most areas, so that yield may be headed up and not down like corn. Oddly enough though, soybean price versus corn on the spot months has the beans more than 3:1 higher in price. Part of that is the demand aspect of the recent super-strong export commitments for US beans. I'm not sure how long that can hold price up if crop size seems to be increasing...

6-10 day weather showed normal to mostly above normal precip in the Corn Belt and normal to mostly below normal in the Central and Southern Plains. Temperatures were above normal everywhere.

8a.m. export reporting showed a 101,600 mt sale of US new crop corn to unknown destination. No bean sales for the second day in a row.

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