



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

Date: August 30th, 2016

It was a sour start to the week for the cattle complex with everything in the red except the front month August fats. Still carrying a \$4.25 discount to the bulk of last week's cash didn't leave any room for downside with expiration for the August live coming tomorrow on the last day of the month. \$115 cash from north to south happened last Wednesday, but there was some MPR reported stuff that showed up on light numbers yesterday at \$110-\$111 in Nebraska, which is par with the board.

Usually when the August live contract expires the next month out, which is October is carry several dollars premium in price. This year is very counter seasonal with more than a \$5.50 discount, meaning October is \$5.50+ lower than August futures. That doesn't bode well for cash optimism in coming weeks. What's even worse, the farther out you look the deeper the discount. August 2017 live cattle yesterday broke through the triple digit handle and closed at \$99.12, which was \$11.87 under the current August 2016 price based on yesterday's close.

With such heavy losses on current cattle, plus the lower deferred futures prices and enormous equity drain in the cattle finishing sector, one would think feeder cattle versus the live market would start to balance out, meaning feeder futures and cash would lose more value relative to the live market. It has improved some since a year ago, but first cost losses are still being bought which to me is completely insane! Money is made or lost on cattle when they are bought, not when they are sold, but the folks who haven't figured that out yet obviously haven't lost enough money to want to learn how that works yet. Feel free to call me if you don't know what I'm talking about.

Cattle slg. ___ 112,000 unch wa +2k ya

Choice Cutout ___ 198.42 -1.06

Select Cutout ___ 192.34 -1.23

Feeder Index: ___ 144.30 -1.81

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Lean Index.___ 66.61 -.29

Pork cutout___77.14 +.75

IA-S.MN direct avg___61.03 unch

Hog slg.___424,000 -11k wa -6k ya

In the grain and oilseed trade, yesterday's markets looked terrible. Corn and wheat both moved strongly into new contract lows, which actually brought the front month September corn to less than a dime from a "2" handle at the low point of the day.

For wheat, I don't want to sound like I'm rooting for it, but we need to keep in mind that the lower US wheat prices move now and the weaker basis gets, the closer this market is to finding value in world export trade. Export demand for US wheat helps clear the burdensome stocks, which would lead to more upside potential somewhere down the road. If we don't get competitive now, those ending stocks stay excessively large.

Crop progress and condition data yesterday was bearish corn and soybeans because condition ratings remained very good. Corn g/ex ratings were 75%, which was unchanged from last week and 7 points better than last year. Soybean ratings improved 1 point from last week up to 73% g/ex. Last year it was 58% at the same time. I think the trade was looking for unchanged in both. Keep in mind, unchanged or better this time of year is bearish. Generally as crops mature, ratings drop.

Harvest progress in corn isn't being reported yet nationwide, but some individual states put out their data. Texas reported 60% harvested, Miss. 30%, Louisiana 59%, Arkansas 22%, Alabama 26%, Georgia 72% and South Carolina 70%.

There were some very excessive rains over parts of the Corn Belt last night with a few reported 2" and 3"+ totals in an hour in places. Rain makes grain usually, but there's no way rain like that makes anything but problems.

6-10 day forecasts last night showed above normal temps over the entire Corn Belt and most of the Plains. Precip was above normal central and north and below normal south. Should be a beneficial forecast for harvest progress in the south and for continued positive soybean development and finishing in the central and northern areas.

Pete Loewen

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine “risk” funds should be used.**