



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Another good day for cattle futures as the uptrend or breakout higher continues. Volume has been light though in Chicago and pushing feeders much further than \$150 or fats past \$118 seems to be a chore the past few days.

Oklahoma National Stockyards - Oklahoma City, OK - Close

Feeder Cattle Weighted Average Report for 8/8/2016

Actual Receipts: 5,879 Last Monday: 5,493 Year Ago Monday: 4,675

Compared to last week: Feeder steers 2.00 to 5.00 higher, instances up to 8.00 higher. Feeder heifers steady to 2.00 higher. Steer and heifer calves steady to 4.00 higher. Demand good for all classes. Quality mostly average.

Tulsa Livestock Auction - Tulsa, Oklahoma

Feeder Cattle Weighted Average Report for 08/08/2016

Receipts: 1614 Last Week: 2037 Year Ago: 1044

Compared to last week: Steers 6.00-9.00 higher. Heifers 3.00-5.00 higher.

Quality plain thru attractive. Demand good. Supply includes 33 percent over 600 lbs. and 48 percent heifers.

Cattle slaughter from Tuesday estimated at 114,000 head, even with a week ago and up 2,000 compared to a year ago.

Hog slaughter from Tuesday estimated at 433,000 head, also even with a week ago and up 9,000 from a year ago.

Boxed beef cutout values steady to firm on light to moderate demand offerings for a total of 143 loads sold.

Choice Cutout__199.89 +.72

Select Cutout__192.06 +.22

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Feeder Index: __147.17 +.69
Lean Index. __69.42 -1.06
Pork carcass cutout __76.40 -.69
IA-S.MN direct avg __62.72 -.26
National Average __61.60 -.59

August live cattle topping out the past 3 sessions at \$117.75 with support down at \$116. The October contract has support down at \$114 with resistance up at \$116. August feeders also breaking out of the downtrend last week with the next area of resistance in the \$152 area. The September contract has support at \$147 with resistance at \$150 which is only 1 tick above yesterday's high. The pressure continues on the hogs with the August lean hog contract scoring a new contract low at \$66.85. We should find some support at \$66.32, the nearby contract low back from this past April. The October contract has been able to hold above the \$58 level the past few sessions with the low from 8/4 down at \$57.57.

Over in the grains, trade was mixed to higher, pulling back some into the close as it looks like the path of least resistance is steady right now. Corn conditions fell 2 points and soybean sales have been active the past 2 weeks but just not enough without threatening weather to bet a big bounce higher. The market appears to be in a wait and see mode until this Friday's USDA Supply and Demand report. USDA will take its first educated guess at yields for the fall crops beyond just plugging in a trendline yield from the past few months. Corn basis levels are starting to pull back, especially at the Gulf, as harvest is underway in the South.

Overnight grains were steady to higher with support coming from the continued strong demand for corn and soybeans and the US\$ lower. The negative pressure though coming from the weather as the dry areas of the Eastern Corn Belt now forecasted for some rain. Soybeans finished 3 to 5 higher, corn 1 higher and wheat mixed a penny on either side.

CONAB, Brazil's equivalent to our USDA, issued their August crop report Tuesday morning lowering both corn and soybean production levels yet again. We will see on Friday if USDA makes any adjustments lower as well.

2015/16 Soybean production at 95.4 MMT vs. July at 95.5 MMT and last year's 96.2 MMT

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2015/16 Soybean exports estimated at 54.1 MMT vs. last year's 54.3 MMT
2015/16 Corn production 68.4 MMT vs. July at 69.1 MMT and last year's crop
of 84.6 MMT

2015/16 Corn exports estimated at 20.0 MMT vs. last year's 30.1 MMT

USDA announced a private sale this morning of 5.7 MBU of new crop corn sold to Mexico. There were no soybeans sales announced today so the run stopped at 10 days in a row and over 132 MBU sold to China and unknown destinations.

Storms moved across the Northern Plains yesterday with 1 to 2 inches expected across the entire Midwest by the weekend. They are still looking at major flooding over the Delta states over the balance of this week. Western heat should be out after the next couple days for all but the far south. 6-10 day forecasts last night showed normal temps across the Plains and most of the Corn Belt. Above normal temps sweep in from the West Coast up into the Northern Plains wrapping around to the East Coast. Precip is called normal to below normal West and Midwest with above normal South and East.

September corn still stuck in this very narrow \$3.20 to \$3.30 trading range. We have been able to stay above the \$3.19 lows which is the trigger for another leg down to test \$3.05 to \$3.00 area. December has a low at \$3.29 with resistance from \$3.40 to \$3.45. November soybeans reached down for a low last week at \$9.43 and finding resistance at the \$10 level. A push above last week's high at \$10.06 would get the market excited again. September KC wheat still holding above the \$4 level, chopping in a \$.30 range since late June. September Chicago did reach down below \$4 on 8/1 but since has carved out a dime range with resistance up at \$4.20 to \$4.23 ½.

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