



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Grains were stagnant yesterday but livestock futures sold off with heavy pressure on the lean hogs taking out all of Monday's gains. Live cattle futures spent some time below support levels but came back above. Feeders were pushed down to their support levels which held yesterday. Today should bring some lower trading as well throughout the complex thanks to the negative momentum and renewed technical selling. Surprisingly a few fat cattle traded yesterday in TX at \$118 live and in NE at \$187 on a dressed basis. Less than 300 head at each so not enough to garner much attention yet with bids still there but asking prices \$2 to \$5 higher.

Oklahoma National Stockyards - Oklahoma City,

Feeder Cattle Weighted Average Report for 8/15/2016

Receipts: 8,696 Week ago: 5,789 Year ago: 6,044

Compared to last week: Feeder steers mostly steady. Feeder heifers steady to 2.00 higher. Demand good for feeder cattle. Steer and heifer calves 1.00-3.00 higher. Quality plain to average but many cattle in thin to medium flesh.

Tulsa Livestock Auction - Tulsa, Oklahoma

Feeder Cattle Weighted Average Report for 08/15/2016

Receipts: 2835 Last Week: 1614 Year Ago: 1044

Compared to last week: Feeder steers 2.00-3.00 higher. Feeder heifers 3.00-4.00 lower. Demand good. Quality mostly plain, few attractive. Supply includes 28 percent over 600 lbs. and 50 percent heifers. Slaughter cows mostly steady to 2.00 higher. Slaughter bulls mostly steady to 2.00 lower. A total of 238 cows and bulls sold with 66 percent going to packers.

Cattle slaughter from Tuesday estimated at 113,000 head, down 1,000 from a week ago but up 3,000 compared to a year ago.

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Hog slaughter from Tuesday estimated at 433,000 head, even with a week ago and up 15,000 from a year ago.

Boxed beef cutout values steady on Choice and lower on Select on light to moderate demand and moderate to heavy offerings for a total of 164 loads sold.

Choice Cutout__201.84 +.17

Select Cutout__192.67 -1.51

Feeder Index:__149.03 -.48

Lean Index.__66.92 -.11

Pork carcass cutout__73.96 -2.51

IA-S.MN direct avg__63.92 -1.02

National Average__62.94 +.27

August live cattle topped out at \$117.75 last week and were pulled back into support levels. October busted through the \$113 support area yesterday but was able to close back above it. Additional support down at \$111 with resistance up near \$116. Feeders were able to reach the \$151+ level for August and just shy of \$150 for September finding a wave of sellers ready to hit the market at those levels. \$145 is the support level. October lean hogs trying to break out of the 2 month downtrend but slapped back lower yesterday. Resistance is up at the 38% retracement level at \$64 with support down at the contract low from 8/4 at \$57.57.

Fall crop conditions were left unchanged as expected and heavy rains with normal to below normal temps continue this week and into next. USDA tossed out some hefty early yields yet the grains have been able to stay afloat here hoping the lows the in. The impressive US export demand along with the flooding rains in the South up through parts of Corn Belt proved to be enough support to push soybeans back above the \$10 level and keep December corn above the \$3.30 line. Wheat was able to hold steady to higher with some weather worries in South America and both French and German wheat crop estimates continuing to be lowered.

Quiet trading overnight but firmer as corn traded in a 2 cent range, wheat 3 to 4 cent range and soybeans a dime range. With the report behind us and no hot and dry in the weather forecasts, volatility has fallen off a cliff. Corn finished steady, soybeans 3 higher and wheat steady to 1 lower.

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Head of Russian grain union suggested that this year's production could reach 114 to 116 MMT which would be the largest crop since the fall of the Soviet Union. Ukraine Ag Ministry forecasted total grain production up to 63 MMT vs. their previous estimate of 60 MMT. Last Friday, USDA already bumped up Russian wheat 7 MMT to 72 MMT and Ukraine up 2 to 27 MMT.

USDA announced a private sale this morning of 14 MBU of new crop soybeans sold to China and another 4.7 MBU of new crop soybeans sold for unknown destinations.

More rain yesterday and overnight from TX to MI with the system sticking around South. Over the next 7 days heavy rains continue in the SW and 1-2 inches forecasted from the Plains to the East Coast. The 6-10 day runs from last night show above normal temps for both coasts and normal to below normal for everyone else. Precipitation remains above normal for the SW and Southern Plains while below normal creeps in from the West wrapping around the Northern Plains and into the Great Lakes.

Corn futures reached down for new contract lows after the report on Friday but came back above the \$3.20 line for September and \$3.30 line for December. It is still a tight trading range for both and could be a struggle every nickel higher. December would need to push past the \$3.46 to \$3.50 area to get buyers excited again. November soybeans broke the \$10.00 resistance level this week now providing support. We should see sell targets every dime higher. A small inverted head and shoulders has formed which technically would show a target price now around \$10.60. September KC wheat still holding above the \$4 level, chopping in a \$.30 range since late June and a \$.15 range the past couple weeks. September Chicago did reach down below \$4 on 8/1 but since has rallied and held around the \$4.20 level with resistance up at \$4.27 ½.

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