



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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The entire meat complex settled under mild to moderate pressure to start off the week. Live cattle futures were down a nickel shy of \$1 on the front end August with the big fund roll pressuring that contract versus the deferred months. That's something we will likely be seeing most of the week. Ironically, feeder cattle were down less on the front two months than the live cattle futures. With corn up close to a dime most of the day, I consider that to be a great performance in feeders. A big jump in corn price and a lower live cattle market could have very easily led to \$2+ losses in feeders. They were down in the triple digits at times, but settled just mildly weaker.

Beef product trade continues to struggle hard with choice cutouts down triple digits again yesterday. In the last 19 business days, since the high water mark was posted on choice cutouts on June 12th, there has been only one day with a higher quote. The rest have been lower and most of those deep in the triple digits lower. Over that 19 day span, choice has dropped \$34.98, averaging \$1.84/day and on two different occasions was over \$4 lower.

With the hot days of summer baking the country and the next big holiday being Labor Day, which is a long way off, it's going to be tough to gain traction in that product trade. I could foresee the slide slowing down dramatically as it approaches \$200, but I don't think there's any big rally on the horizon unless it's coming from an even bigger jump in the export trade. Despite huge numbers being exported in late spring and May exports increasing 3.2% over year ago levels, the US was still a net importer of beef. One bright spot there though is the fact imports did show a 2.8% decline versus last year.

Cattle slg.____ 119,000 +11k wa +7k ya

Choice Cutout__217.54 -1.30

Select Cutout__202.67 +.16

Feeder Index:___149.98 +1.79

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Lean Index.___ 92.46 unch

Pork cutout___104.93 -.03

IA-S.MN direct avg___87.84 +.37

Hog slg.___ 439,000 +75k wa +32k ya

Grain and oilseed trade had a stellar day for the weather bulls. Corn blew into new recent high territory and finished double digits higher new crop. Soybeans were 20+ higher. Wheat was just short of 30 higher on the front end of the Minneapolis spring wheat futures and low double digits in KC and Chicago markets.

Weekly export inspections were solid across the board. Wheat shipments were 19.6 mln bushels, bringing the marketing ytd total up to 123 mln compared to 98 mln at the same time last year. Keep in mind, that's a marketing year that started on June 1. Corn shipments were 39.8 mln and the mktg ytd total now exceeds last year by 525 mln bushels. The marketing year for corn and beans ends on the last day of August. Milo shipments were 4.1 mln which is good, but mktg ytd milo shipments are also only 202 mln bushels compared to 303 the previous mktg year. It's going to take a lot of much larger weeks to get that ship righted properly... Soybean inspections were 17.5 mln and that brought mktg ytd totals up to 293 mln over last year at the same time. USDA has soybean exports for the marketing year pegged at 2.050 bln and that's only 103 mln away. Corn is 266 mln bushels away from meeting USDA's projection.

Crop condition ratings declined across the board yesterday. Soybeans dropped 2 points out of g/ex down to 62%. Corn was down 3 points to 65% g/ex. Spring wheat was down 2 points to 35% g/ex, while p/vp jumped 6 points up to 39%. Montana specifically is sitting at 62% p/vp, North Dakota 35% p/vp and South Dakota 72% p/vp.

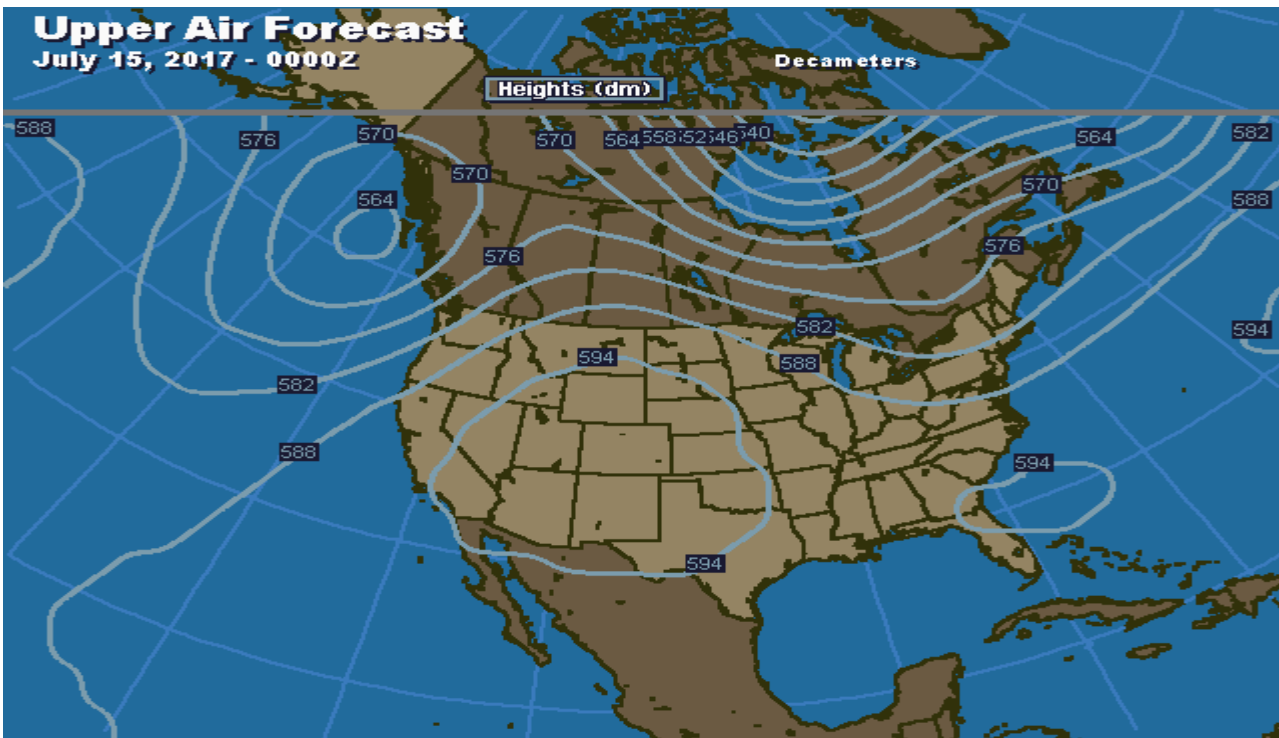
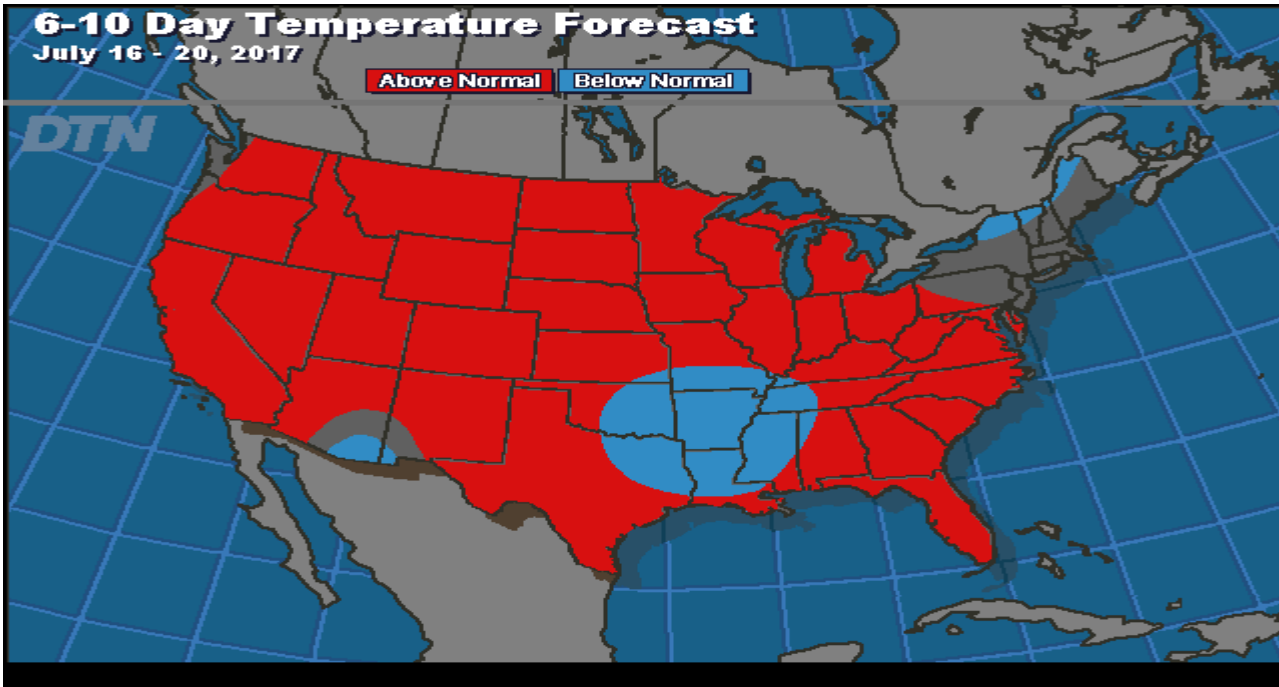
Tomorrow morning is the July crop production report. This is the first report that USDA/NASS utilizes the June final planted numbers in the S&D's and production data. The average trade guess for all wheat production is 1.784 bln bushels versus 1.824 bln in June. Spring wheat is pegged at 416 mln and durum at 135. This will be the first estimates for those crops. The average corn yield guess is 169.6 compared to 170.7 last month. Average bean yield guess is 47.9 versus 48 last month. It's a little unusual for USDA to change yield from June to July. The first actual surveyed yield data we'll get this summer is in next month's report.

New crop ending stocks versus June are estimated to come in 71 mln higher in corn at 2.181 bln, 48 mln lower in wheat at 876 mln and 22 mln lower beans at 473 mln. Realistically, all three of those are neutral to bearish numbers in the big picture, even in wheat.

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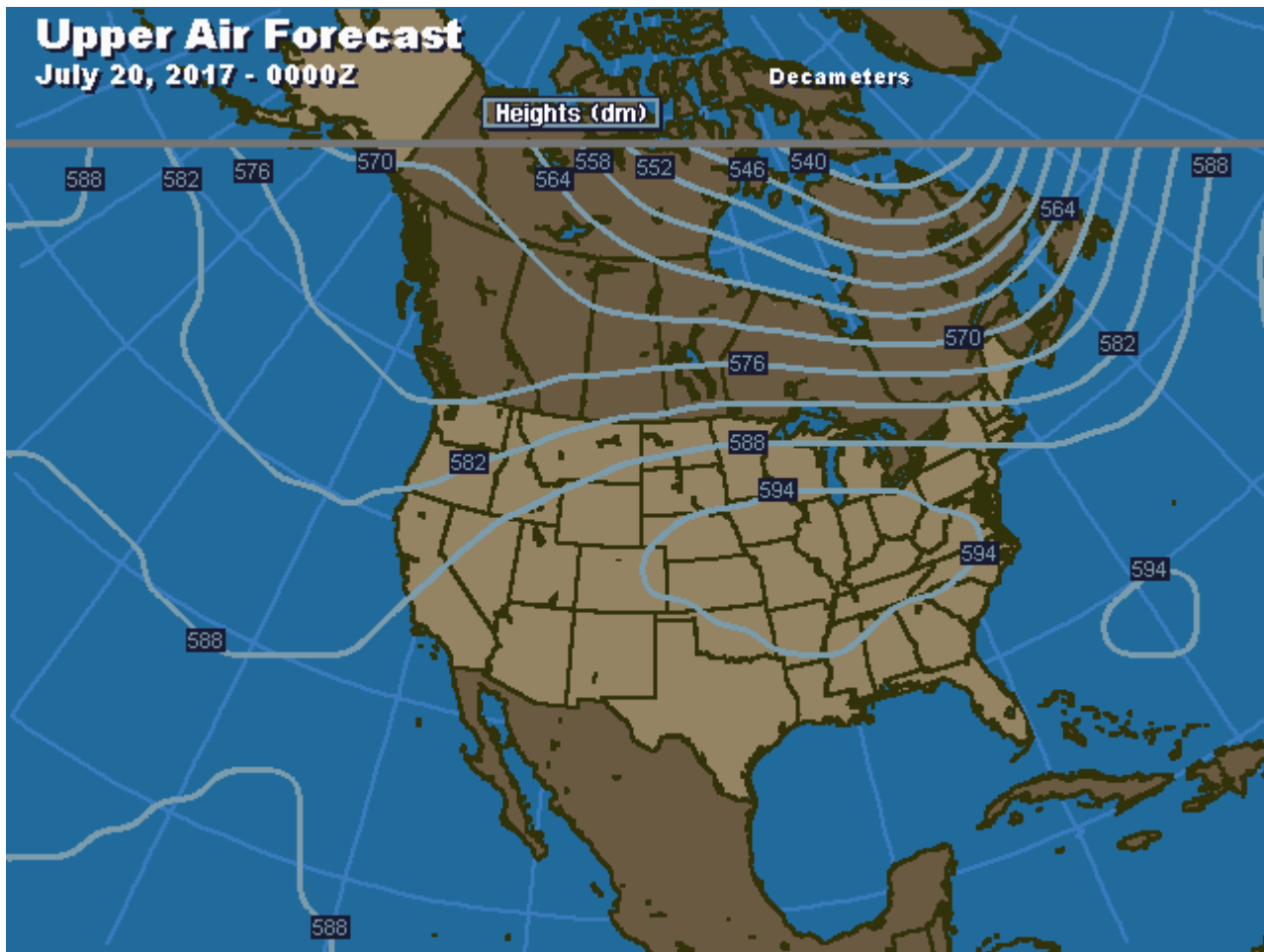
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6-10's last night were blazing hot for the entire Plains and Corn Belt. Precip was below normal over the whole Corn Belt and all the way south to central Oklahoma, then above normal south of that line. The below normal precip extended through the Dakota's and most of Montana wheat country. The dome of doom is still very much prevalent in the upper air forecast maps out through 10 days and yet last night's price action was still solid red ink.



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#FIREBALL

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