



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

The hope for this week is steady cash feedlot trade as Tyson is said to be short bought on fat cattle for their plants, which usually is pretty supportive to the cash market. We did have some very light trade in KS yesterday at \$117 live and in NE at \$187 to \$188 dressed, \$3 lower than last week but not enough for a trend. Fed Cattle Exchange later this morning, 2,912 head consigned compared to 2,665 head last week of which 1,907 head sold from \$117 to \$118.75.

USDA announced an atypical case of BSE yesterday in an eleven-year old cow in Alabama. This animal never entered slaughter channels and at no time presented a risk to the food supply, or to human health in the United States. APHIS has determined that this cow was positive for atypical (L-type) BSE. The animal was showing clinical signs and was found through routine surveillance at an Alabama livestock market.

BSE is not contagious and exists in two types - classical and atypical. Classical BSE is the form that occurred primarily in the United Kingdom, beginning in the late 1980's, and it has been linked to variant Creutzfeldt-Jakob disease (vCJD) in people. The primary source of infection for classical BSE is feed contaminated with the infectious prion agent, such as meat-and-bone meal containing protein derived from rendered infected cattle. Regulations from the Food and Drug Administration (FDA) have prohibited the inclusion of mammalian protein in feed for cattle and other ruminants since 1997 and have also prohibited high risk tissue materials in all animal feed since 2009. Atypical BSE is different, and it generally occurs in older cattle, usually 8 years of age or greater. It seems to arise rarely and spontaneously in all cattle populations.

This is the nation's 5th detection of BSE. Of the four previous U.S. cases, the first was a case of classical BSE that was imported from Canada; the rest have been atypical (H- or L-type) BSE. The World Organization for Animal Health (OIE) has

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recognized the United States as negligible risk for BSE. As noted in the OIE guidelines for determining this status, atypical BSE cases do not impact official BSE risk status recognition as this form of the disease is believed to occur spontaneously in all cattle populations at a very low rate. Therefore, this finding of an atypical case will not change the negligible risk status of the United States, and should not lead to any trade issues.

USDA will release their monthly cattle on feed report at 2:00 pm CDT Friday afternoon. Analysts are forecasting the USDA to say cattle on feed as of July 1st was 103% of the year ago level. Expectations are for placements on feedlots during June at 106% of the year earlier level, while marketings in June are seen at 105% of the year ago period.

Cattle slaughter from Tuesday is estimated at 120,000 head, matching last Tuesday's total and up 7,000 compared to a year ago.

Hog slaughter from Tuesday is estimated at 441,000 head, up 6,000 from a week ago and up 10,000 compared to a year ago.

Boxed beef cutout values lower on light to moderate demand and moderate to heavy offerings for a total of 158 loads sold.

Choice Cutout__208.05 -1.00

Select Cutout__195.25 -.56

CME Feeder Index: __149.00 +.39

CME Lean Hog Index.__92.46 -.04

Pork Carcass Cutout__103.99 -.20

IA-S.MN Wtd Avg Carcass Base__85.90 -.51

National average Wtd Avg Carcass Base__85.58 -.21

August live cattle found support 2 weeks ago at the 100-day moving average, now at \$113.80 with the recent low down at \$112.42. Overhead resistance now at the 50-day moving average of \$118.95. A break above that and we look to fill the gap up at \$120.50. August feeders with a double top above \$161 and double bottom now around \$141. The first line of resistance is up at \$155 with nearby support at \$149.50. August lean hogs finding support near \$80 with strong support just below \$78 which was tested four times back in June, resistance up at \$84.

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It is all about the weather in the grains and all eyes will be in Iowa this week. Forecasts continue to go back and forth this week from 100+ highs and 80+ lows for Des Moines and no rain for the next week to models trying to pull 1 to 2 inches over the next couple days covering 80% of the state. MPLS was most certainly the leader again yesterday but faded late with KC and Chicago wheat settling lower for the day. Egypt purchased a total of 300,000 MT, 11 MBU, of wheat which included 2 cargoes from both Russia and Romania and 1 from France yesterday, no U.S. wheat even offered.

Grains were mixed overnight, starting lower by led higher by MPLS wheat and corn and both finishing 3 to 5 higher. Soybeans finished 3 higher while KC and Chicago wheat were steady to 1 lower.

Scattered rains moving across the Northern Plains this morning, light coverage across IA the past 24 hours, by light it looks like only 10-20% of the state. The rest of this week still has 3+ inches forecasted for MN and WI, but not much dipping south of that nearby or over this next week. The latest 6-10 and 8-14 day outlooks have above normal temps for the WCB and normal to below normal now for the ECB but still below normal precip.

September corn with a midpoint at \$3.80 with the 20, 50 and 100-day major moving averages converging. The volatile swings though lately have pushed past the \$4 barrier and down below \$3.70 in this past week. The December contract is similar, \$3.91 midpoint up to \$4.17 ¼ and down to \$3.81 ¾. August soybeans with support at \$9.70 ½, resistance at \$10.04 and last week's high up at \$10.32 ½. November with support at \$9.84, resistance at \$10.17 and last week's high at \$10.47. September KC wheat concerning now as it broke \$5 overnight. The uptrend is still holding from early June, but just barely. September Chicago wheat hit \$5.00 ¼ overnight for a low which needs to hold this week. September MPLS wheat with support at \$7.50 and resistance at \$8.

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