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**Morning Ag Markets**  
Pete Loewen

The cattle complex imploded on Monday, sinking to limit lower on at least one contract month in the live market and \$4.00+ lower in feeders at times before settling just off the lows of the day.

Showlists are up in all regions this week, product trade is down, but I was pretty impressed by the cash feedlot trade pushing up to \$118 last week, as well as futures settling \$2.55 higher in August Fats and \$3.90 higher in August feeders in the weekly close on Friday. I definitely didn't roll into the office yesterday morning expecting deep triple digit losses at the close. Granted, I'm not very positive to market fundamentals heading into late summer and early fall, but that was a gut check yesterday.

Looking at the chart technicals, neither the August Feeders, nor the August Live market were able to fill the gap left on the chart earlier this month. They both got to within 20 cents or so of completing the task and then yesterday happened. At the close, the charts didn't look too terrible on the front months. The October live cattle, which is the second month out, made new recent lows and that looks nasty on the charts. If the front months push into new recent low territory as well, I'd look for speculative money flow to hit the accelerator on the selling.

Cattle slg. \_\_\_ 118,000 +7k wa +7k ya

Choice Cutout \_\_\_ 202.72 -.89

Select Cutout \_\_\_ 197.00 -.31

Feeder Index: \_\_\_ 149.77 -2.22

Lean Index. \_\_\_ 86.10 -.59

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Pork cutout\_\_\_97.56 +1.79

IA-S.MN direct avg\_\_80.26 -.35

Hog slg.\_\_\_374,000 -48k wa -62k ya

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Grain and oilseed trade had a solid close. Soybeans managed double digit higher prices, along with the front month Minneapolis wheat. The rest of the wheat complex and the corn market were a nickel plus higher. Not unlike the cattle, not a lot of rhyme or reason in the movement, so I'll chalk it up to money flow more than anything else.

Export inspections that came out midmorning were solid in everything. Corn was 38.5 mln bushels, soybeans 25.2 mln and wheat 21.5 mln bushels. In the fall crop markets of corn and soybeans, those sales are a solid enough pace to meet USDA export projections for the marketing year that ends on the last day of this month. There's also potential to exceed the pace.

6-10's last night continued the theme of wet for the Central and Southern Plains, Delta and into the eastern US. The Dakota's were normal to above on precip, but NE Iowa, about half of Minnesota and into Northern Illinois and Wisconsin were below normal on moisture. Temperatures were below to much below normal in the center of the US, below normal through the Corn Belt and normal to above on all the outside fringes, meaning the coastal areas.

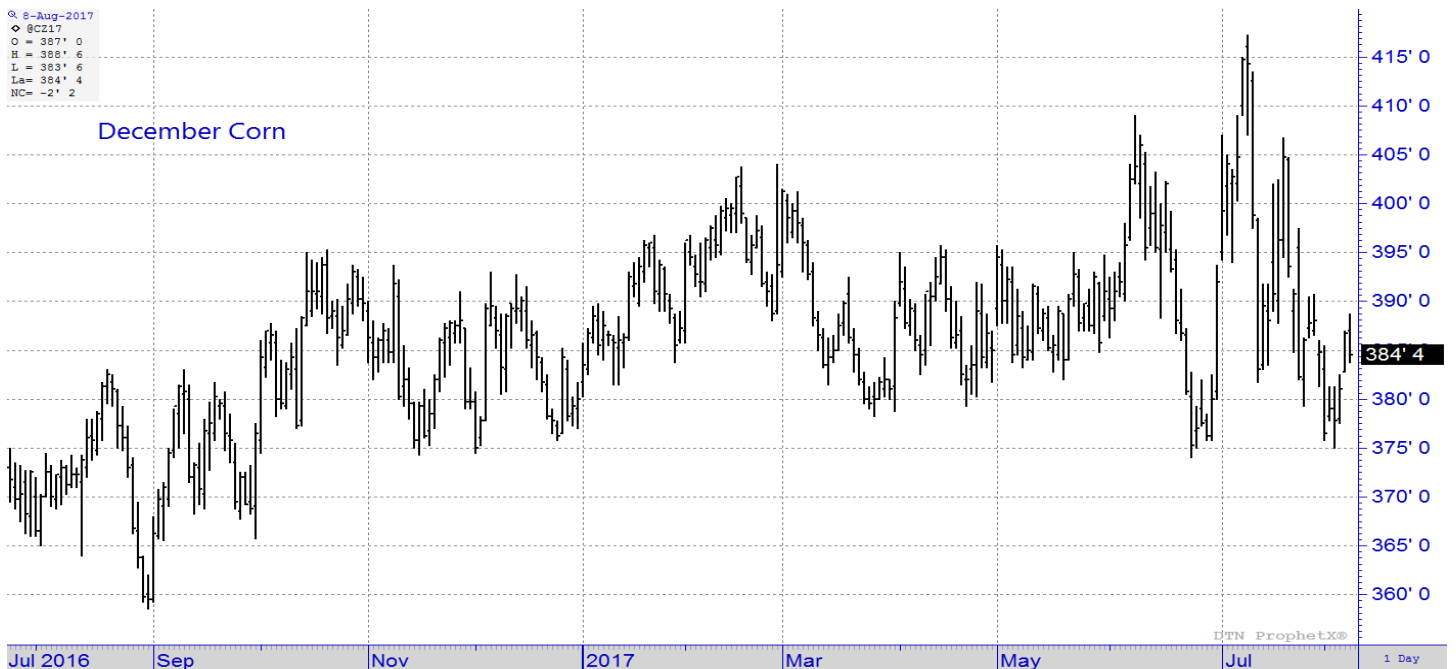
Thursday is the August USDA Crop Production and S&D reports. The average trade guess for all wheat production is 1.711 bln bushels, which would be down 49 mln from July. Spring wheat specifically is expected to drop 30 mln to 393 mln. The average corn yield guess is 166.2 bu/ac with production at 13.855 bln. The average guess on new crop ending stocks off of that production is 2.003 bln bushels. Soybean yield is pegged at 47.5 bu/ac and production 4.212 bln bushels. New crop ending stocks for beans have an average estimate of 424 mln. New crop wheat ending stocks are projected at 907 mln. Historically, 400+ mln beans and 900+ mln wheat are big numbers. Corn at 2 bln+ is comfortable, but if it slips down below 2 bln, that gives us a good chance at \$4+ corn again.

Crop conditions that were released yesterday afternoon slipped a little in corn and got better in soybeans. Nationwide corn rated g/ex was 60%, off 1 point from last week. Last year we were 74% g/ex on the same date. Soybean conditions were 60% g/ex as well, up from 59% g/ex last week, but still well below the 72% g/ex number last year at the same time.

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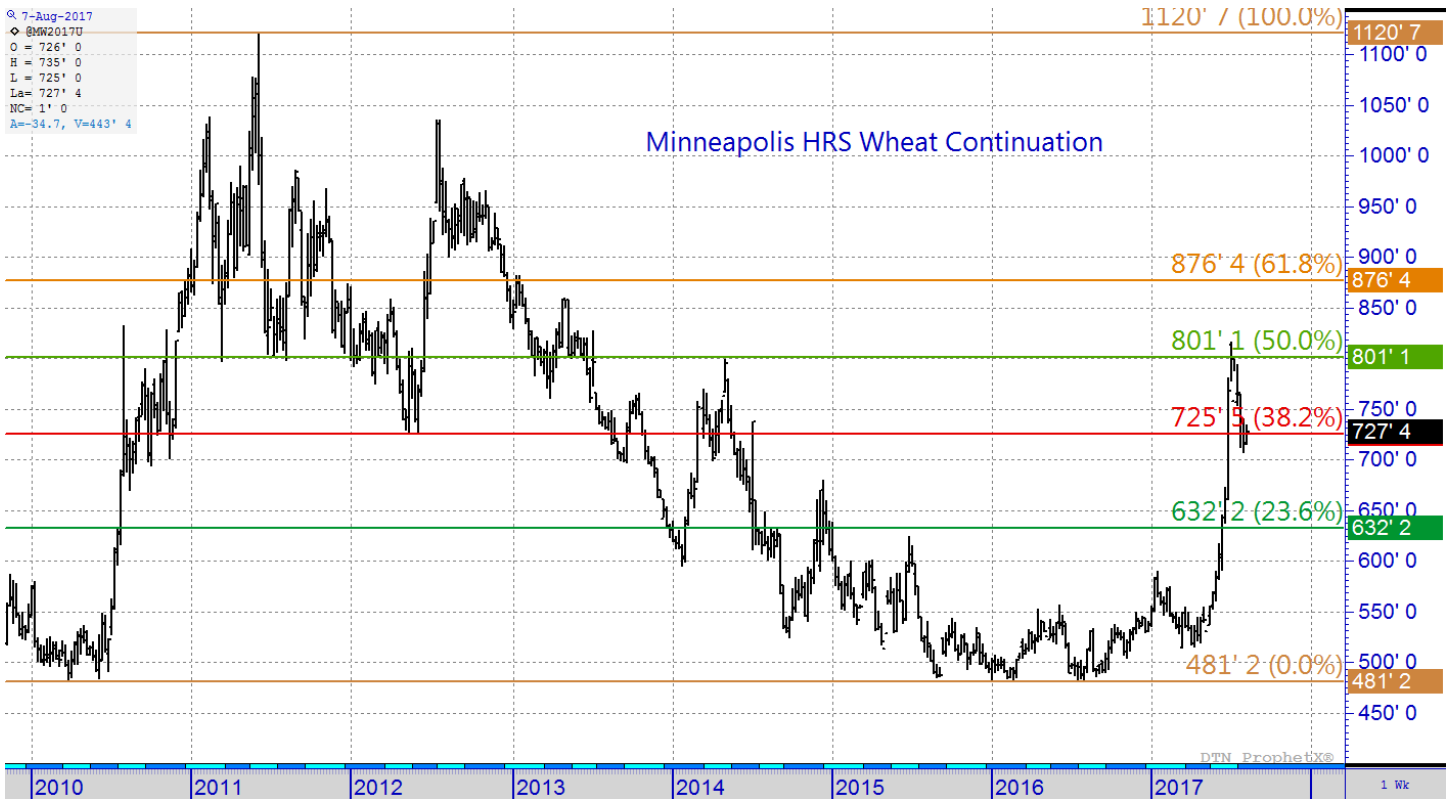
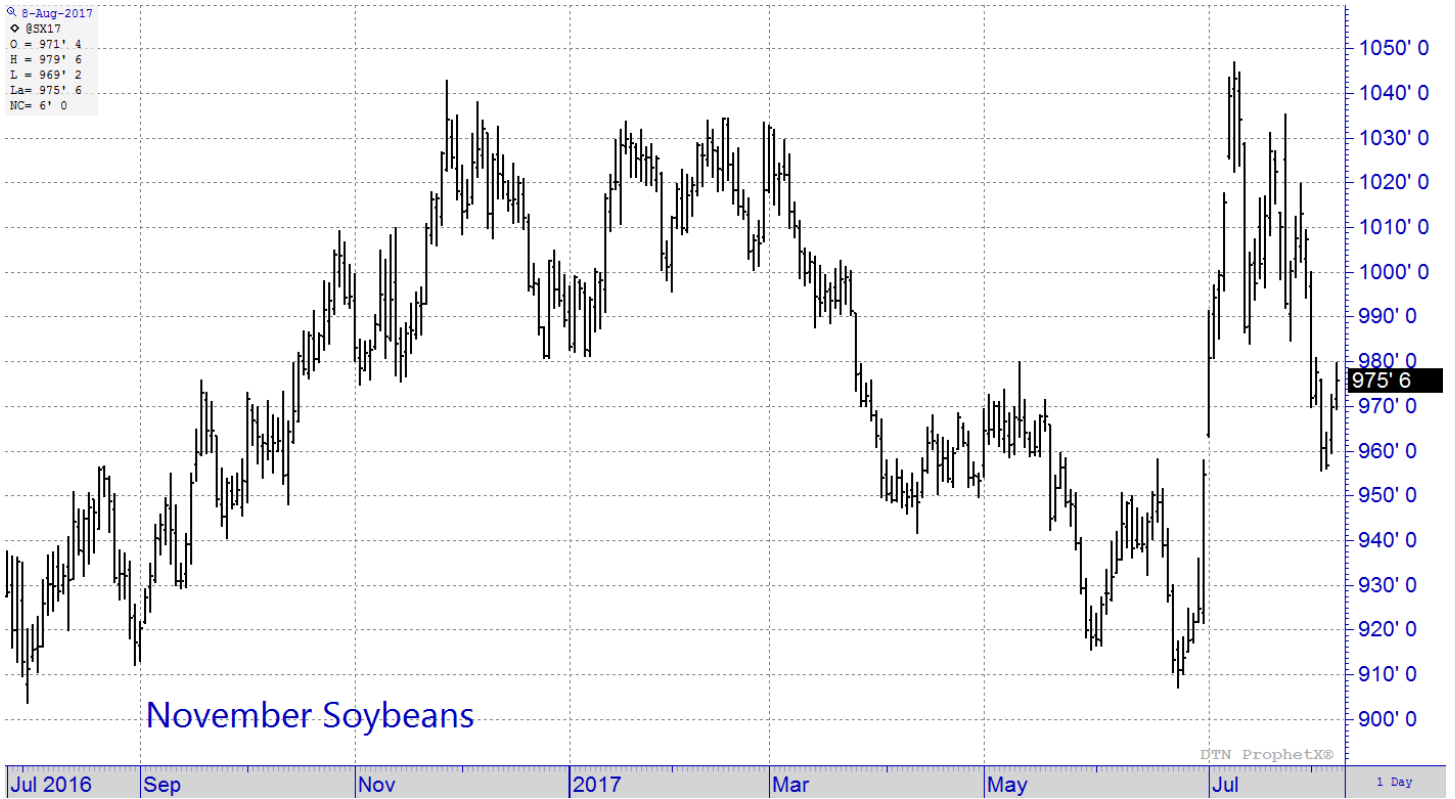
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Winter wheat harvest is 94% complete and spring wheat is 24% done versus 21 on average. Minnesota has 9% of their spring wheat out, Montana 33%, North Dakota 16% and South Dakota was 65% done. Crop condition for spring wheat actually got better, which is an indication the harvest yields might be coming in a little better than expected. 32% of the crop was rated g/ex versus 31% a week ago and 68% g/ex last year. 63% of Montana's crop is rated p/vp, 40% in North Dakota and 75% of South Dakota's crop is in that p/vp category. Overall ratings may have improved, but it's still obviously a very poor crop in most areas. Minnesota is the exception with 3% p/vp and 85% g/ex.



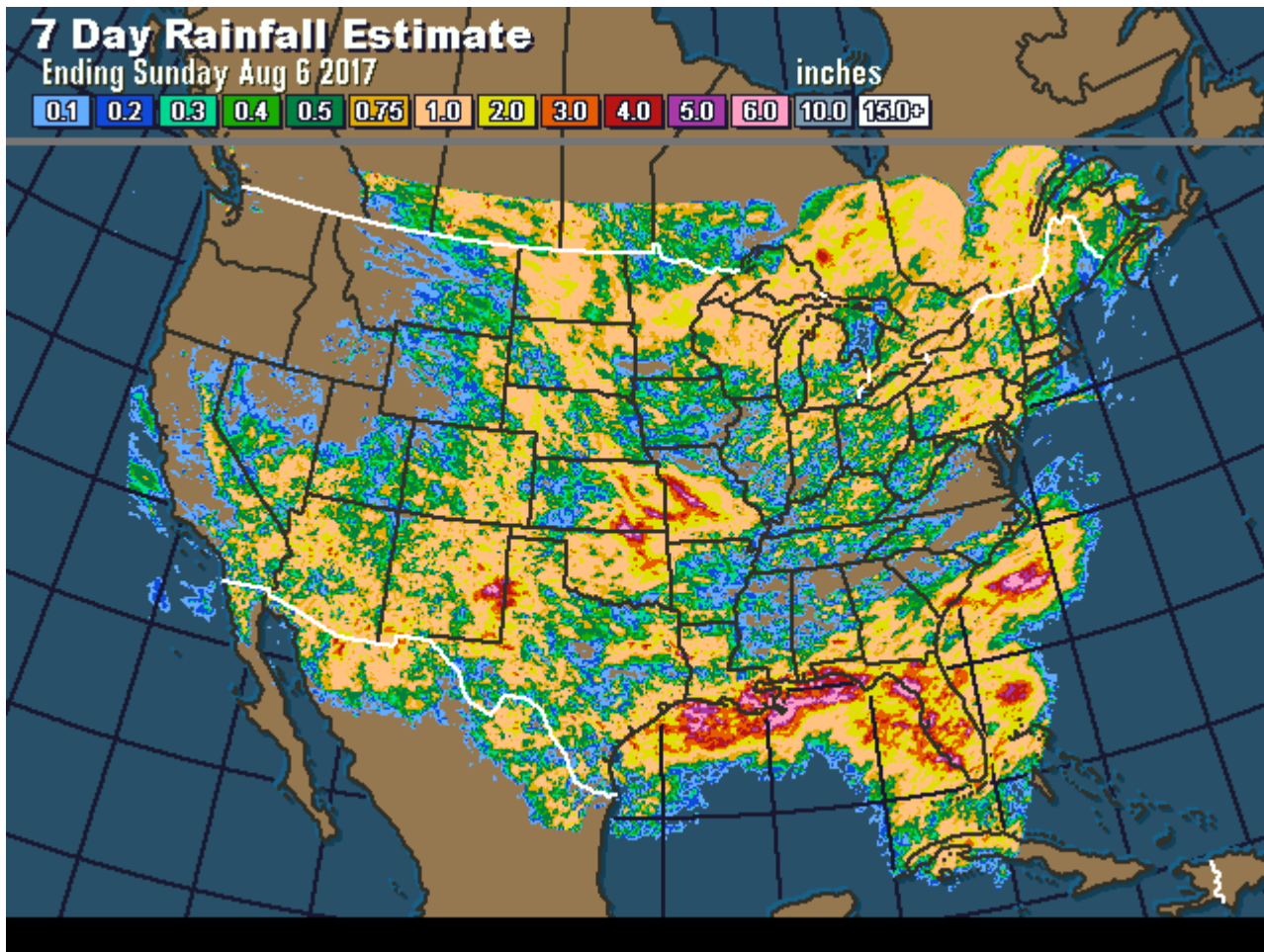
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