



Loewen and Associates, Inc.
Commodity Consulting/Brokerage
Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700
www.loewenassociates.com

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Morning Ag Markets Pete Loewen

Following deep losses in Monday's trade in the cattle complex, the hopes for a turnaround Tuesday bounce didn't pan out very well. Futures thankfully only closed mildly lower and did trade higher at times, yet just couldn't fight off the technical, speculative selling.

Yesterday, when I covered the technical analysis aspects of the market I talked about the spot month August live cattle getting very close to making new recent lows and breaching solid support, but hadn't done it yet. October did tiptoe down into new recent lows two days ago and yesterday very solidly slid into new low ground. August fats are still holding on above that critical support level, which is good. If that is breached, I think the large fund money flow would very quickly lean heavily on the sell side, pushing another leg lower for the cattle complex.

MPR reported negotiated cash showed some very light volume yesterday at \$115-\$116 in Kansas, \$116 live and \$185 dressed in Nebraska and \$115-\$116 and \$184-\$186 dressed in Iowa/Minnesota. The Fed Cattle Exchange internet trade happens later this morning. Hopefully there will be some positive news from that action.

Cattle slg. ___ 119,000 unch wa +6k ya

Choice Cutout ___ 202.25 -.47

Select Cutout ___ 196.86 -.14

Feeder Index: ___ 149.37 -.40

Lean Index. ___ 85.76 -.34

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Pork cutout___95.43 -2.13

IA-S.MN direct avg__80.88 +.62

Hog slg.___446,000 unch wa +11k ya

Grain and oilseed trade was quiet yesterday. Closes had corn, KC and Chicago wheat mildly lower. Minneapolis wheat and soybeans were mildly higher. Crop condition ratings from Monday showed corn conditions slightly worse, soybeans slightly better and spring wheat slightly better as well. Theoretically, that should have led to a little lower beans, higher corn and lower Minneapolis wheat, but it was just the opposite. Good indication the trade didn't really care about crop condition ratings. Additionally, for the fall crop markets of corn and beans, when you look at average guesses for this coming Thursday's report, positioning ahead of those numbers should have corn higher and beans lower. That's counter to yesterday's trade as well.

All the news chatter this week is very solidly focused on the August Crop Production and Supply and Demand reports, slated for release at 11:00 a.m. on Thursday. The average DTN surveyed trade guess for corn showed yield at 166 bu/ac, resulting in production at 13.84 bln bushels. Ending stocks on new crop are pegged at 1.966 bln bushels. Old crop ending stocks are estimated at 2.366 bln. Yesterday's estimate I gave you for new crop ending stocks was over 2 bln, so as you can see, different surveys have different estimates.

Soybean yield is estimated at 47.4 bu/ac and production at 4.202 bln bushels. New crop ending stocks have an average guess at 426 mln and old crop at 401 mln. This is the first actual NASS surveyed yield numbers in corn and soybeans. Through the July report they were using trend line numbers of 170.7 bu/ac for corn and 48 bu/ac in beans. So, the expectations are for a pronounced drop in corn yield off that July number and just a mild drop in the beans.

Old crop wheat ending stocks guesses are 1.185 bln bushels and new crop stocks 907 mln. While both of those are large numbers, 907 is only mildly excessive, whereas anything over 1 bln is way too much wheat. That's good news for the wheat market to see that stocks tally getting trimmed finally.

8 a.m. export reporting showed unknown destination cancelling 130,000 mt's of old crop soybean sales.

6-10's last night showed continued below normal temperatures for the Corn Belt and the majority of the Plains states. The far north and far south were normal to above on temps. Precip was pegged at above normal from north to south across the Plains and below normal

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from far eastern Minnesota through northern Ohio, including northern Illinois and Indiana. Everything south of that is above normal.

Pete Loewen

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