



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

Futures finished last week mixed to lower, red across the board for the meats though.

Cash feedlot trade was higher at \$150 live in the South and steady with the week previous at \$150 live and 237-\$238 on a dressed basis in the North. The aggressive buying last week from packers may be a little surprising but margins appear to be decent with products rallying this past week.

Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 10.6 million head on June 1. The inventory was 2 percent below June 1, 2013.

Placements in feedlots during May totaled 1.91 million, 7 percent below 2013. During May, placements of cattle and calves weighing less than 600 pounds were 435,000, which is 110% of last year's total, 600-699 pounds were 290,000, 93.5%, 700-799 pounds were 477,000, 86%, and 800 pounds and greater were 710,000, 89%.

Marketings of fed cattle during May totaled 1.87 million, 4 percent below 2013. May marketings are the lowest for the month since the series began in 1996.

Overall it appears to be neutral to mildly friendly. On Feed and Placement totals came in fractionally smaller than the average trade guess. With COF reports, there are the big picture aspects and the immediate reactions. Big picture, the report is bullish as numbers are well under year ago levels. That however, is already priced into the market at current levels. The immediate reaction is based on the actual report data compared to the average guesses which were all in line with each other.

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For the week June Fats  $-.50$ , August Feeders  $-1.28$ , June Hogs  $+.82$

Cattle slaughter from Friday estimated at 116,000 head, up 3,000 from week ago and down 7,000 from a year ago. For the week, 613,000 head compared to 605,000 a week ago and 660,000 head last year. Year to date percentage difference remains at 6.3% less.

Choice Cutout\_\_240.46  $+.92$   
Select Cutout\_\_233.09  $+1.04$   
Feeder Index:\_\_\_204.92  $+1.10$

Hog slaughter from Friday estimated at 356,000 head, up 57,000 from a week ago and down 36,000 from a year ago. For the week 1,899,000 hogs down 16,000 from a week ago and down 79,000 from a year ago. Year to date difference at 4.2% less.

Lean Index.\_\_119.44  $+.98$   
Pork carcass cutout\_\_127.48  $-.62$   
IA-S.MN direct avg\_\_122.78  $+2.95$

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Moving on to the grains,

Friday's trade was very lethargic again, with choppy low volume trade to finish out the week. There was some excitement in the Soy Meal pit to end the week with the spot contract jumping \$20 higher at the close but it wasn't enough to pull nearby soybeans higher.

There is still talk about the soaking storms in Northern Corn Belt flooding some acres but also helping others with beneficial rains. Some corn and soybean acres will be lost but as of now it doesn't appear to be enough to impact the overall crop size.

For the week, July Corn  $+6 \frac{1}{4}$ , Dec  $+4 \frac{1}{2}$ , July Beans  $-10$ , Nov  $+10 \frac{1}{4}$ , July KC  $+7 \frac{1}{2}$  and July Chicago Wheat  $-\frac{3}{4}$

Overnight the grains were mixed with corn steady to  $-\frac{3}{4}$ , soybeans up 16 nearby and a dime higher in November. Wheat finished 2 to 7 higher in all three pits.

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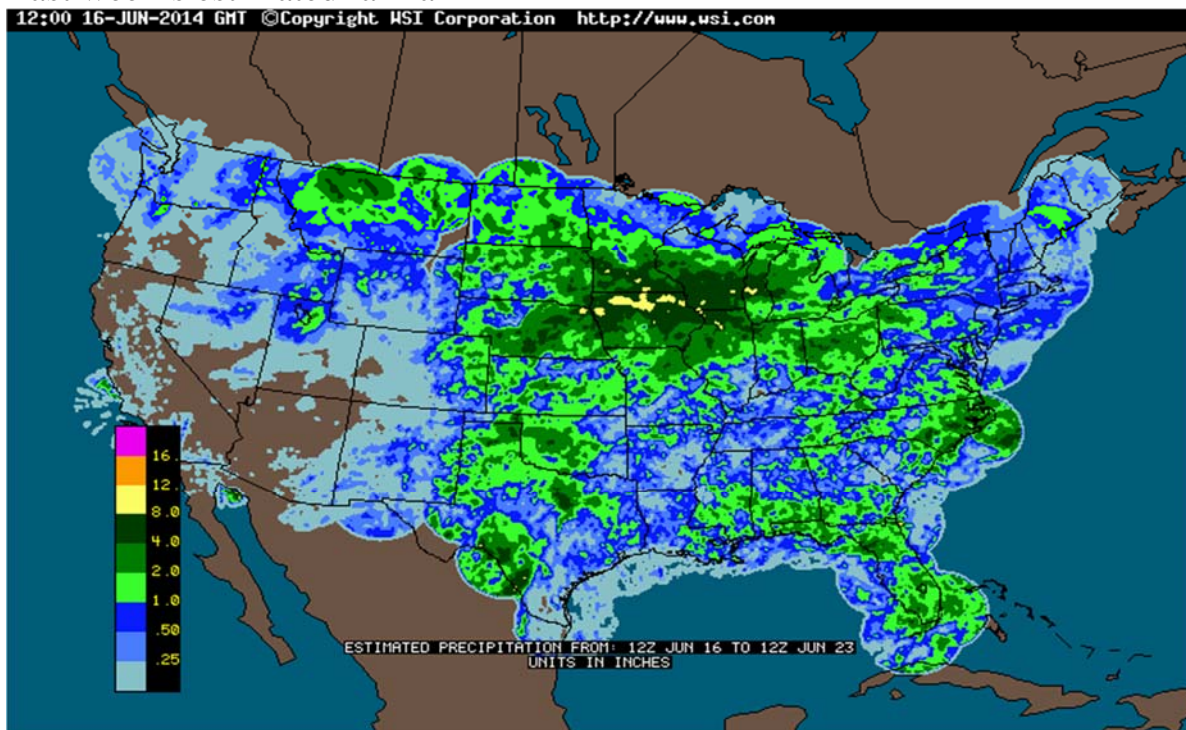
Chinese customs data suggests their economy may be on the rebound now and we have seen additional activity on new crop beans over this past week helping confirm these thoughts.

Wheat buyers are out in plentiful numbers this past week and heading into this week. Black Sea origins are still running the cheapest values but U.S. wheat may get some of the business. Egypt picked up 180,000 MT over the weekend as well as Pakistan buying 55,000 MT from Russian and Romania at \$20/MT cheaper than the U.S. offer. Saudi Arabia purchased a whopping 780,000 MT of optional origin wheat, 660,000 MT HRW.

Recent and continued heavy rains in Texas and Oklahoma are helping support wheat prices this morning with fears of sprouting and quality damage on what remains of the poor HRW crop. SRW harvest reports have indicated a spike in vomitoxin levels already as well.

Expectations are for conditions to slip a little for corn and soybeans in this afternoon's USDA crop progress and condition report but most still expect conditions to remain above the long term average.

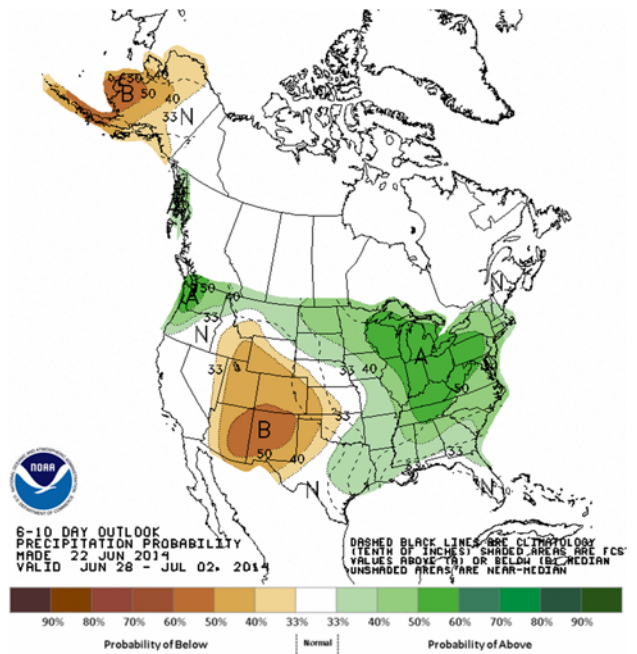
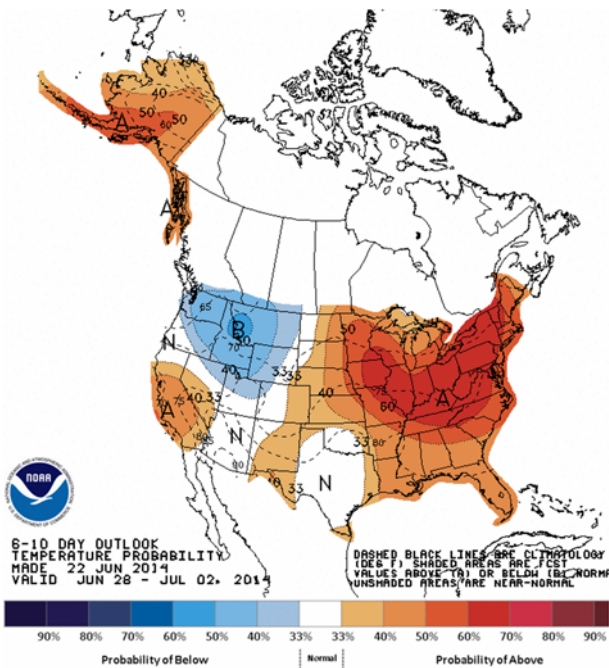
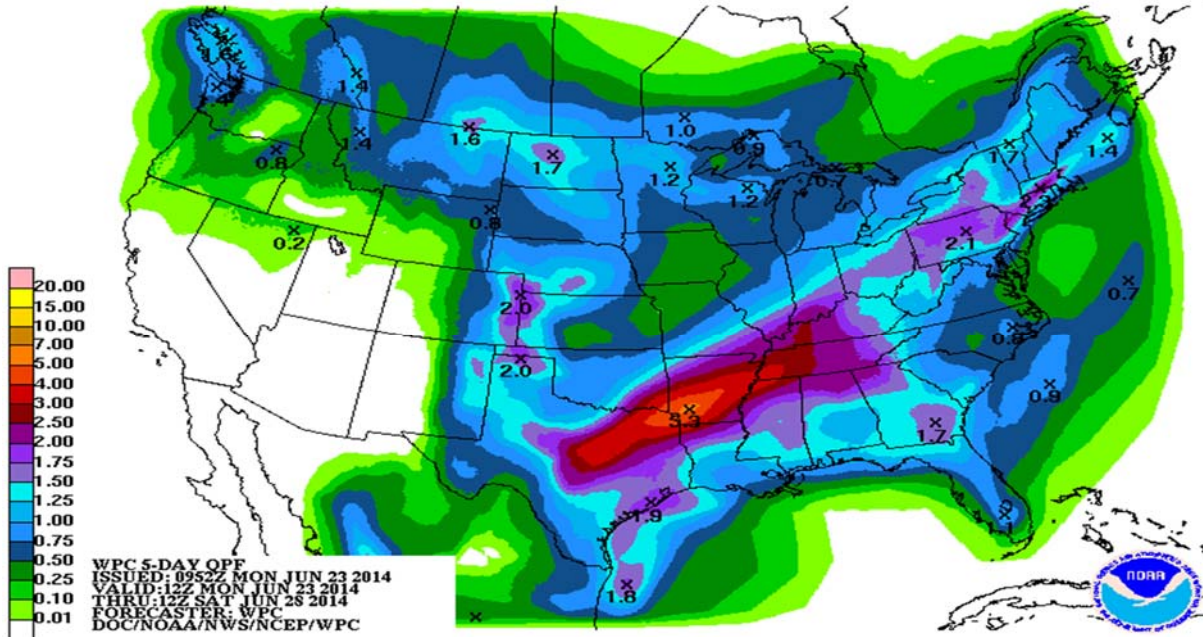
#### Last week's estimated rainfall



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# 5 day forecasted precipitation



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