Loewen and Associates

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Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Last week was decent for livestock futures but Friday was a mass selloff day throughout the complex. Longs decided to take some profits heading into the weekend, month end trade also hit and beef demand was under pressure to end the week.

Light to moderate business developed late Friday in most areas of cattle country with fed sales generally steady on a dressed basis at $251 to $253 in Nebraska. Midweek there were some light sales in Nebraska and Iowa in the $247 to $250 range. Live cattle in the South were mostly marked at $160, steady to $1 lower than the previous week's weighted average.

For the week, Friday to Friday, June Live Cattle up $.20, August Feeder Cattle up $3.95, June Lean Hogs up $.10

Cattle slaughter from Friday estimated at 115,000 head up 6,000 from a week ago but down 5,000 from a year ago. For the week, 525,000 head, down 41,000 from a week ago and down 15,000 from a year ago. The year to date difference still coming in, now at 7.0% less.

Boxed beef cutout values sharply lower on light demand and moderate offerings.
Choice Cutout__254.99 -4.26
Select Cutout__243.83 -2.91
Feeder Index:__222.66 -.21

Hog slaughter from Friday estimated at 422,000 head, up 11,000 from a week ago and up 10,000 from a year ago. For the holiday shortened week, 1,856,000 head, down 286,000 from a week ago but up 113,000 compared to a year ago. The year to date remained at 5.7% more than a year ago.

Lean Index.__82.18 -.02
Pork carcass cutout__86.80 +2.17
IA-S.MN direct avg__79.76 with no comparison since Thursday's unavailable
National Average__78.14 -1.40

Even with Friday's collapse the charts still look bullish with uptrends holding. June live cattle have support at $151 and resistance north of the $154 area. August feeders up into prices not seen since January with support in the $219 area and the next line of resistance up at the January higher of $226.75. June lean hogs did test the $85 area late in the week but unable to hold there. The support and resistance still remain at the edges of the $4 range from $81.30 to $85.30.

Opening calls for futures and early cash calls are mixed with cattle called steady to lower and hogs steady to higher. The cattle complex looks for additional follow through selling this morning and concerns building about beef demand with prices cratering both Thursday and Friday last week. Showlists are expected to grow as well as we move through June.
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Over in the grains, it was a mixed week and mixed day Friday with wheat losing the most ground. With the Egyptian tender late last week, we got a reminder just how far out US offers are and on this round SRW is still some $1.10/BU too high. Quality will be a concern again this year with excessive rains in the Southern Plains and some feed quality old crop still around. This overall could be pressuring corn and other feedstuffs moving forward this summer. Corn futures tested contract lows last week and with crops getting, conditions looking great and still large amount of old crop in the producers' hands it is hard to find fundamental reasons for a rally right now. Soybeans and meal were supported most of the week by the ongoing strikes in Argentina. Late Friday Argentine Rosario Soybean Crushers reached an agreement with the Soyoil Workers Federation settling on a 27.8% pay raise. On Saturday the Rosario port workers union announced they had canceled a scheduled strike that was to begin today. Port officials said 41 boats had been delayed from loading since last Tuesday.

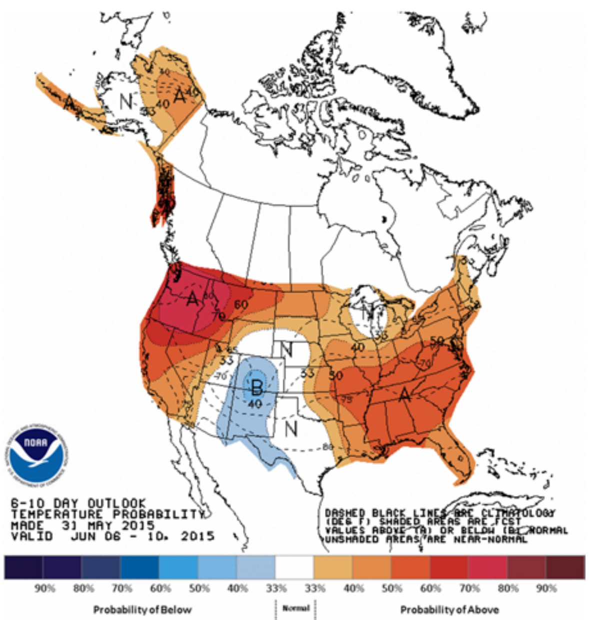
For the week, Friday to Friday, July Corn down $.08 ½, December down $.09 ¾, July Soybeans up $.09 ¾, November down $.01 ¼, July KC Wheat down $.47 ¾, July Chicago Wheat down $.38 ¼.

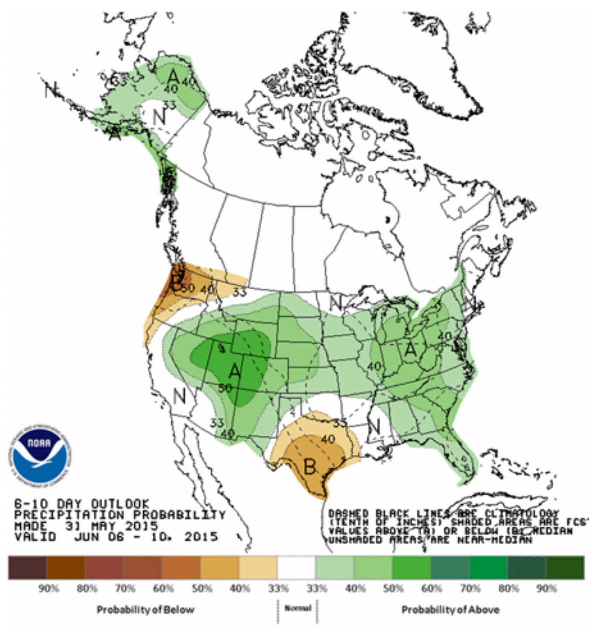
Overnight soybeans finished 4 to 6 lower with corn ½ cent lower and wheat 1 higher with the US$ showing additional strength to start the week.

This afternoon's USDA weekly crop report is expected to show soybean planting at 74% to 78% complete vs. 61% last week, 75% last year and 74% average pace. Corn conditions are expected to be unchanged to 1% better.

Contract lows for corn have held so far with July corn at $3.46 ¾ and the December contract at $3.64 ¼. Resistance is at $3.57 for July and $3.75 for December. July soybeans have found support in the $9.20 area with the November contract breaking the $9 barrier. The next line of support is the $8.80 area going back to the fall of 2010. Wheat charts look very bearish now breaking the range bound trade from mid-May. We will see if the selling slows down as we approach the contract lows at $4.60 for the July Chicago contract and $4.85 ½ July KC contract.

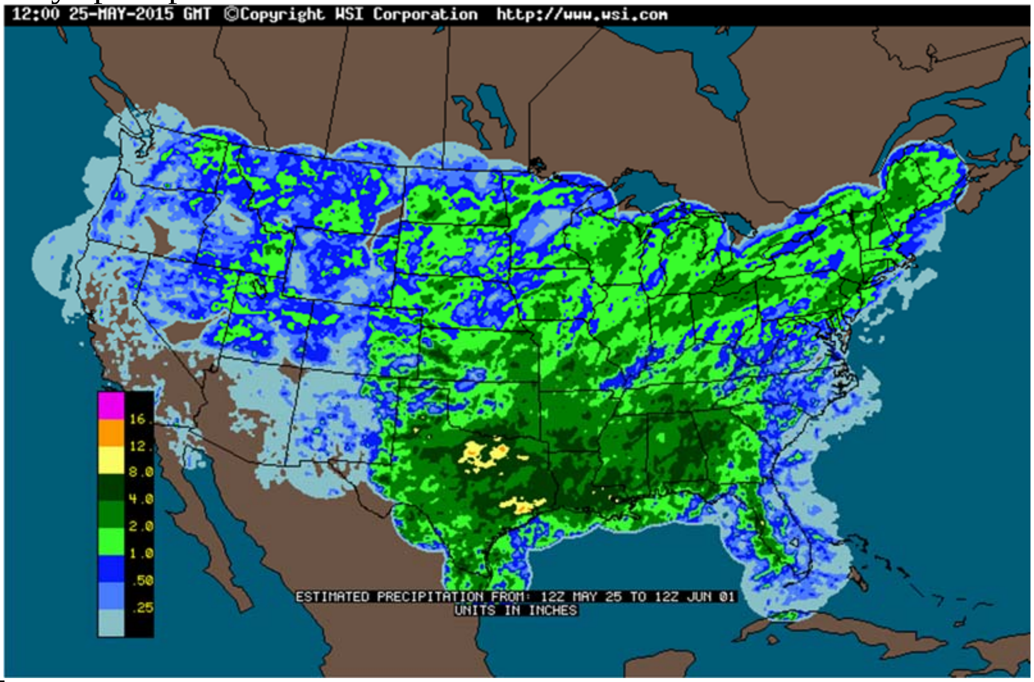
Above normal temperatures will come back in this week and still forecasted on the 6-10 day maps. Isolated systems are possible locally with above normal precipitation staying North and East this week and then covering most of the US on the 6-10 outlook.



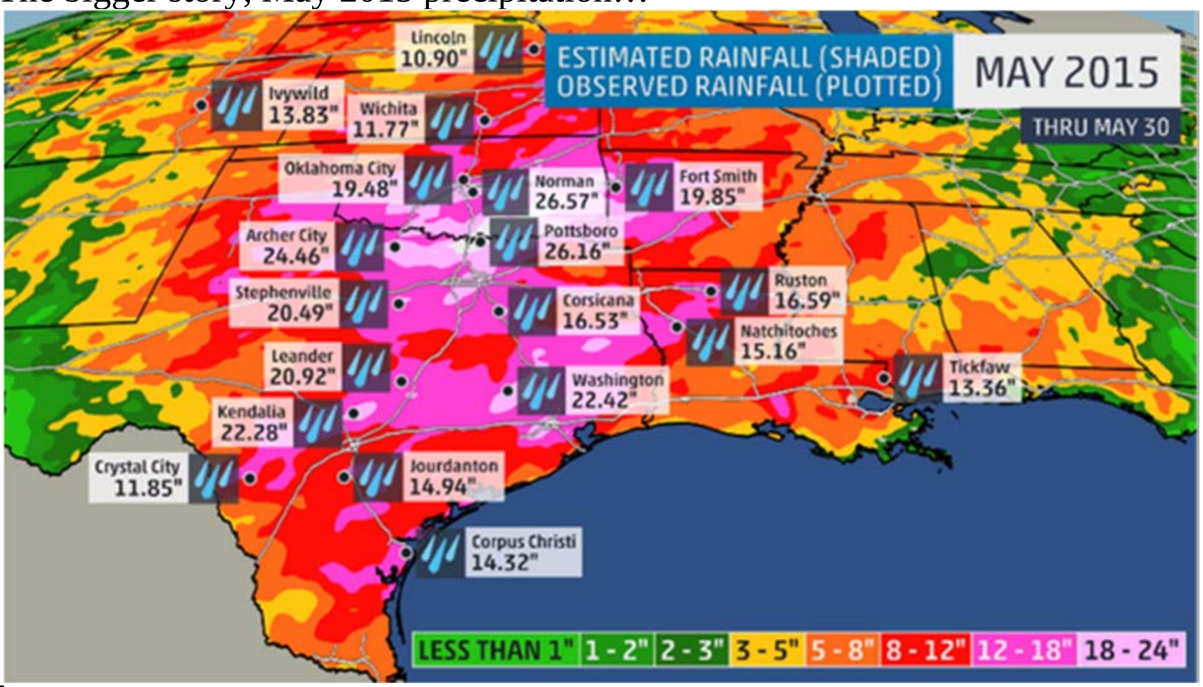


IMPORTANT—PLEASE NOTE

Past 7 days precipitation…



The bigger story, May 2015 precipitation…



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