



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Livestock futures were under pressure to end the week from disappointing cash feedlot trade and some aggressive long liquidation. Thursday there was some very light trade at \$155 live in Kansas, \$245 to \$246 on a dressed basis in Nebraska and up to \$248 in Iowa, all of which steady with a week ago. On Friday though, movement picked up and prices fell back \$2 to \$3 lower at mostly \$243-\$244 dressed up North and \$152 to \$153 live in the South. Not even steady to higher beef prices for the week helped stem any additional buying or paying up by packers.

For the week, Friday to Friday, June Live Cattle down \$.37, August Feeder Cattle up \$1.55, expiring June Lean Hogs down \$.22, but July Lean Hogs down \$3.07

Cattle slaughter from Friday estimated at 107,000 head up 6,000 from a week ago but down 8,000 from a year ago. For the week, 542,000 head, down 8,000 from a week ago and down 64,000 from a year ago pushing the year to date difference out to 7.2% less now.

Boxed beef cutout values weak to lower on light demand and light to moderate offerings.

Choice Cutout__245.72 -1.47

Select Cutout__240.42 -.24

Feeder Index:__226.40 +.66

Hog slaughter from Friday estimated at 409,000 head, down 2,000 from a week ago but up 112,000 from a year ago. For the week, 2,128,000 head, up 8,000 from a week ago and up 214,000 compared to a year ago. The year to date difference out to 6.1% more than a year ago.

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Lean Index.__81.67 -.24
Pork carcass cutout__84.86 -1.64
IA-S.MN direct avg__78.07 +.23
National Average__78.29 +.42

Opening calls are 25 to 50 lower for both cattle and hog futures with early cash calls steady to \$2 lower for cattle and steady to \$1 lower for hogs. Uncertainty in the cash markets, follow through selling, difficult fundamentals are culprits providing pressure to start the week.

New highs for the year for both live cattle and feeders last week did not come with any follow through buying. June live cattle topped out at \$156.47 with all the support built up last week snapped on Friday. The next area of support is at \$151. August feeders got up to \$227.80 last week with support still at \$222 and then in the \$219 area. July lean hogs are not the front month trading and have lost over \$6 so far this month. \$85 remains the resistance area with support in the \$76 area and the contract low at \$73.45.

Grains were mixed heading into the weekend with the weather and more rain coming to soaked areas leading the markets. Midweek was a bearish USDA wheat report but harvest delays continue in the Southern Plains. Argentina announced Friday another 1 MMT of wheat available for export. Egypt purchased 180,000 MT or 6.6 MBU of wheat from Russian and Romania at steep discounts compared to US prices yet again. The Western Corn Belt should have made some soybean planting progress this past week but will it be enough and will the rains continue this week?

For the week, Friday to Friday, July Corn down \$.07 ½, December down \$.08 ½, July Soybeans up \$.02 ¼, November down \$.10, July KC Wheat down \$.09 ¼, July Chicago Wheat down \$.13 ¼.

Based on the overnight trade, the rains were less than expected and forecasts not as heavy with corn finishing 2 lower, soybeans down 4 to 7 and 7 to 8 lower in KC with Chicago down 5 to 6.

USDA announced a private sale of 120,000 MT or 4.7 MBU of old crop corn to Japan.

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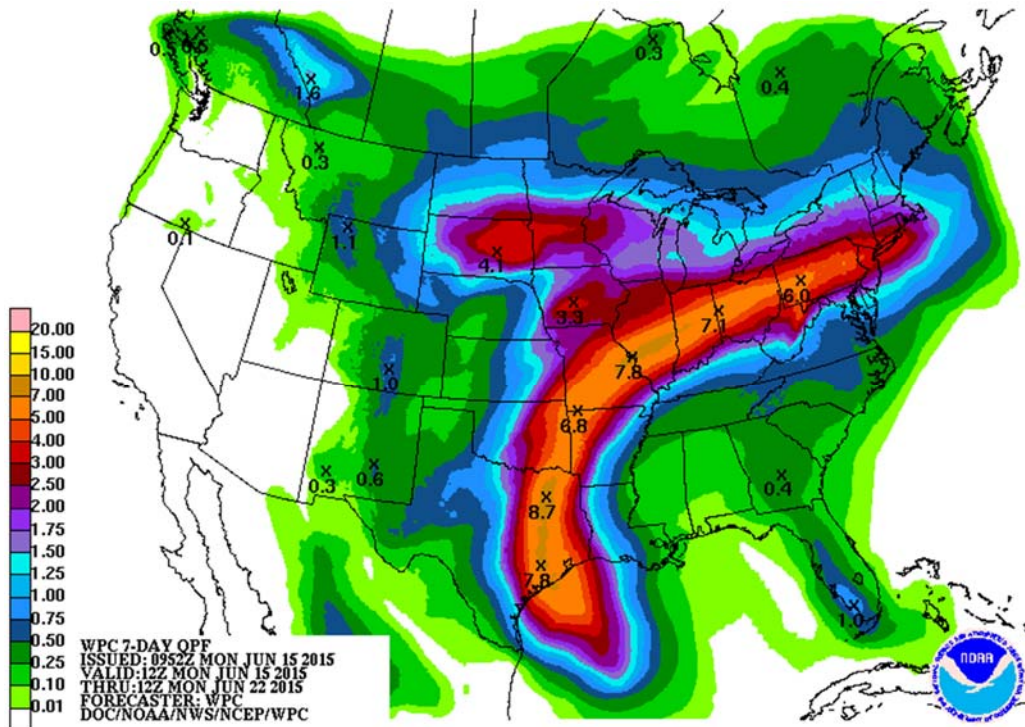
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NOPA crush will be released later this morning with the average trade guess at 147.3 MBU crushed domestically for May. This compares to April's 150.4 MBU and last May's 128.8 MBU. The record for May is at 144 MBU. Oil stocks are expected to come down some 40 to 50 Mil lbs.

Fall crop conditions are expected to remain unchanged with Soybean plantings the key to watch for this afternoon. We expect to see 85% complete. 18 Mil acres were left to go as of 6/8, now all double crop yield potential. If 4-5 Mil acres were planted this past week and another 7 Mil acres as double crop after wheat, that still leaves some 4-5 Mil acres to get in the ground.

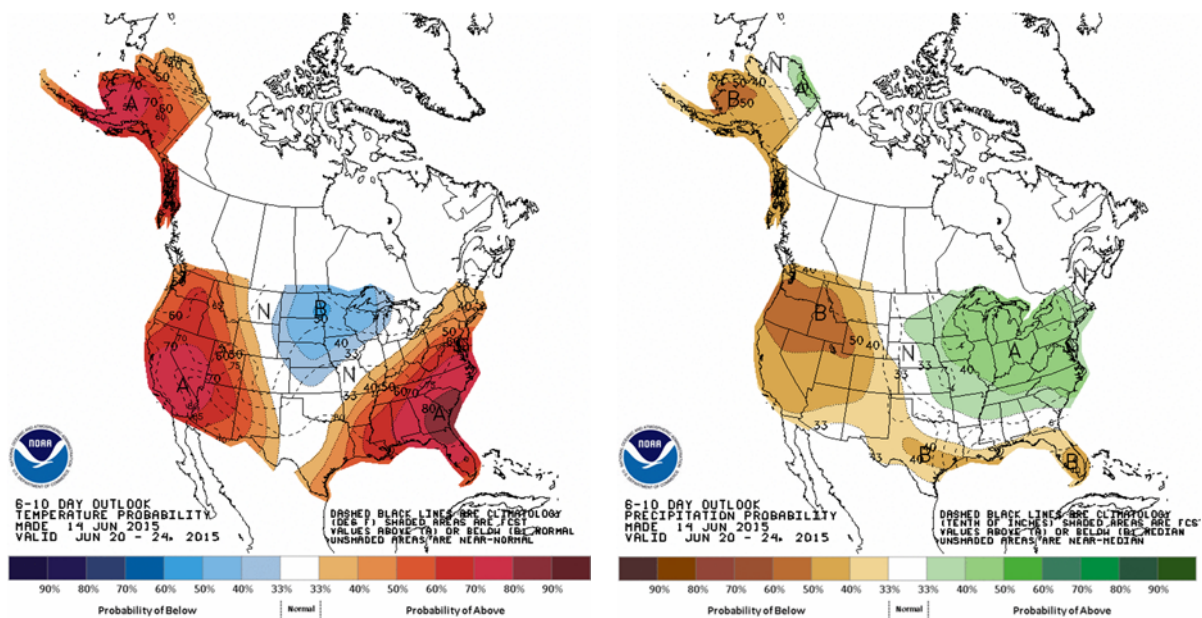
Contract lows are both a target now for corn and soybeans with July corn low at \$3.46 ³/₄ and July soybeans contract low at \$9.20 ¹/₂. The volatile wheat markets will continue with harvest trying to progress. The July KC contract has support at \$5.00 with the July Chicago contract support at \$4.80.

I know I sound like a broken record here but more rain coming here with the next 7 days showing 6" to 8" sweeping up from the Gulf and hammering the Corn Belt from Tropical Storm Bill. The 6-10 day maps continue with above normal precipitation and temperatures normal to above on both coasts with below normal in the Northern Plains.



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