



Loewen and Associates

Commodity Consulting/Brokerage

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Date: 6.22.15

Morning Ag Markets

Matt Hines

Livestock futures continue to bounce around with the sharp losses from Thursday for cattle futures followed up by triple digit gains on Friday. Boxed beef values firmed every day last week helping support higher futures heading into the weekend. Hogs were steady for the week up until Friday's gap lower and triple digit losses. Oversupply concerns continue to build through the end of the year and well into next year.

Light to moderate cattle trade developed in most areas by Friday. Feedlots were generally forced to accept lower packer bids of \$150 in the South and \$238 to \$242 in the North (mostly \$240). Packers saved another \$3 to \$4 last week compared to the week previous.

The Cattle on Feed report from Friday afternoon was neutral compared to trade expectations but overall bullish with 101% on feed compared to a year ago at 10.56 million head and marketings at 92%, 1.71 million. May placements did turn out to be somewhat smaller than generally thought, a fact that could possibly support deferred live cattle futures. Marketings for last month totaled 1.71 million, the smallest since the data series began in 1996.

For the week, Friday to Friday, June Live Cattle down \$.55, August Feeder Cattle down \$.02, July Lean Hogs down \$2.30

Cattle slaughter from Friday estimated at 109,000 head up 2,000 from a week ago but down 8,000 from a year ago. For the week, 549,000 head, up 7,000 from a week ago but down 65,000 from a year ago pushing the year to date difference out to 7.4% less now.

Boxed beef cutout values firm to higher on moderate demand and light to moderate offerings.

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Choice Cutout__251.32 +.49
Select Cutout__246.23 +1.50
Feeder Index:__225.64 -.09

Hog slaughter from Friday estimated at 407,000 head, down 2,000 from a week ago but up 54,000 from a year ago. For the week, 2,140,000 head, up 12,000 from a week ago and up 254,000 compared to a year ago. The year to date difference out to 6.4% more than a year ago.

Lean Index.__79.80 -.31
Pork carcass cutout__82.65 -1.29
IA-S.MN direct avg__75.61 -1.08
National Average__75.32 -.89

Opening calls are steady to higher for cattle futures and steady to lower for hog futures this morning with early cash calls steady to \$2 lower for both. June live cattle topped out at \$156.47 two weeks ago and hit \$150.17 for a new recent low last Thursday. Support is seen at the \$150 level with resistance in the \$152 area which was tested twice last week. August feeders got up to \$227.80 two weeks ago and down to \$221.57 last week. Additional support should be found at \$221 and then in the \$219 area. July lean hogs have last over \$9 so far this month breaking the mid \$76 area support last week with the next support down at the contract low of \$73.45.

Over in the grains, Friday was mostly lower with profit taking and weather premiums built in faded heading the weekend and the remnants of Tropical Storm Bill were not producing the mass amounts of rains previously forecasted on crop areas.

Informa released their updated acreage and production estimates. They had soybean acres at 86.8 million, which was down .4 from their previous estimate, but still well above the USDA at 84.6 million. They see production at 3.871 BBU, using a 45.0 yield which is 21 MBU above the most recent USDA projection which is using 46.0 bpa. They now estimate 2015 US corn acres to be at 88.8 million, slightly larger than last month's 88.737, with a corn yield of 166.4 bpa for a corn crop of 13.56 BBU. They raised their 2015 US all wheat acres forecast to 56.2 mil acres, up from last month's 55.947. They also raised US spring wheat acres to 13.47 mil acres from 13.219 mil acres last month.

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For the week, Friday to Friday, July Corn up \$.00 ¼, December down \$.00 ¾, July Soybeans up \$.31 ½, November up \$.35 ½, July KC Wheat down \$.22 ¾, July Chicago Wheat down \$.15 ¼.

Overnight, grains firmed with soybeans continue to be the leader finishing 6 to 7 higher, wheat 4 to 6 higher and corn steady to 1 higher.

Fall crop conditions are expected to drop 1 to 2% in this afternoon's crop progress and conditions report. Wheat harvest is expected to pick up 10 to 15% with additional advances made this week. Early harvest reports continue to show subpar test weights with yields average to good and protein levels normal.

After this week's dry and warm weather come through for the Plains the 6-10 day maps show below normal temps here stretching up through the Corn Belt with normal to above normal precipitation for all except the Northern plains and PNW.

High waters continue to force barge loading delays or even shut downs. The Mississippi River at St. Louis is forecast to crest today at 37.1 ft.

The bounce higher last week in the soy complex took July soybeans out of the downtrend with resistance now at \$9.95 and support at \$9.57. July corn stuck in a range now of approximately \$.20 from the June highs to the contact low. We would need to see it break \$3.72 to get more excitement going to the upside. The volatile wheat markets will continue with harvest progressing. The July KC contract has a double bottom at \$4.96 and contract low at \$4.85 ½ while the July Chicago contract is still holding a small uptrend from the contract low at \$4.60 ¾.

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