



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Mixed to lower trading for livestock futures yesterday after cattle futures surged higher on Monday. The lack of follow through is disappointing but also not unexpected as new highs and new lows have not seen any additional follow through for some time now. Feedlots are hoping for steady money this week with the surge higher in futures Monday and boxed beef prices up the past week, but uncertainty in the cash market has kept futures from reaching up for new highs.

Cattle slaughter from Tuesday estimated at 113,000 head matching last Tuesday's total but down 2,000 from a year ago.

Boxed beef cutout values higher on choice and steady on select on moderate to fairly good demand and moderate offerings.

Choice Cutout__254.13 +1.09

Select Cutout__247.99 -.07

Feeder Index:__227.66 -.37

Hog slaughter from Tuesday estimated at 422,000 head, down 2,000 from a week ago but up 22,000 from a year ago.

Lean Index.__79.13 -.30

Pork carcass cutout__82.87 -1.83

IA-S.MN direct avg__75.69 +.08

National Average__74.93 -.01

There's a chance we see some cash feedlot trade develop today, at least we should start seeing some bids. Feedlots may hold out for higher money pushing trade back to the end of the week. Early reports from sale barns so far this week are steady to higher on feeder steers and heifers.

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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 now at \$153. 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 with resistance at \$227. July lean hogs have last over \$10 so far this month breaking the mid \$76 area support last week with the next support down at the contract low from Monday at \$73.15.

Grains finished mixed yesterday with wheat racing higher as the HRW harvest reports from Texas through Kansas continue to roll in. Yields have been impressive at times with some miracles out there but stripe rust did some significant damage to other areas. The biggest factor right now adding up is the low test weights coming in with an abundance of feed wheat stock piling up and what could turn into a decent basis rally as domestic millers look to secure their needs. Corn actually led its own path higher yesterday with the severe weather rolling through the corn belt as beans, which had already added some \$.60 from planting delays and weather concerns, decided to hang back and finished mixed.

Overnight all grains finished lower with corn down 2 to 3, soybeans down 5 to 6 and wheat down 1 to 3.

Old crop cash grain movement has picked up with corn up \$.20+ and soybeans up \$.60+ from their recent lows. Some profit taking is expected today in the futures pits.

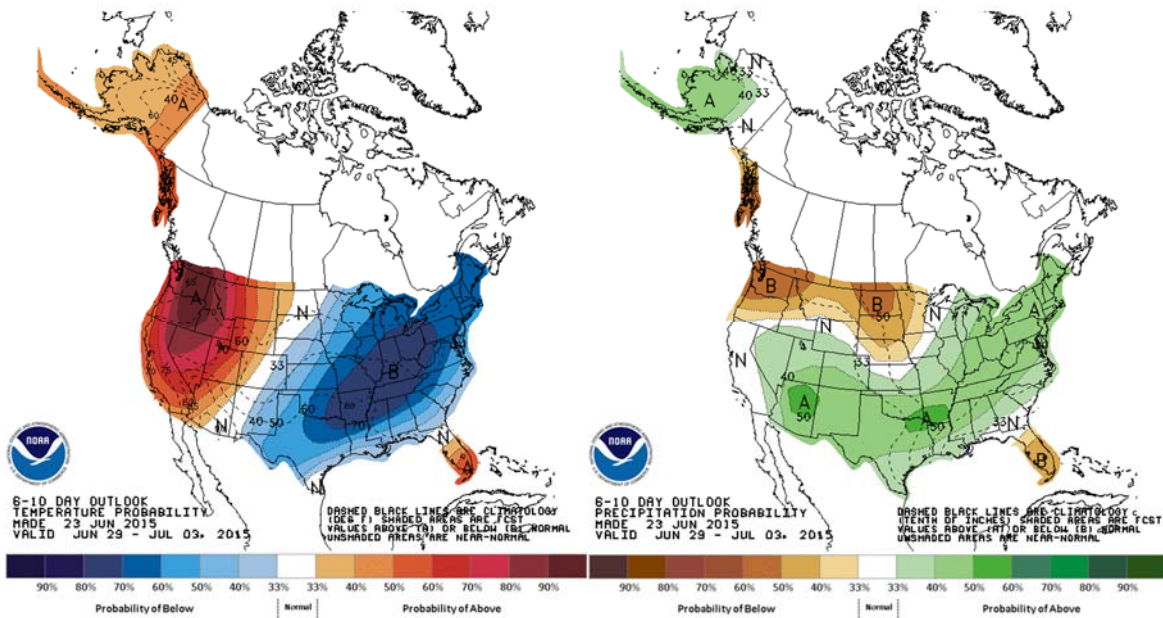
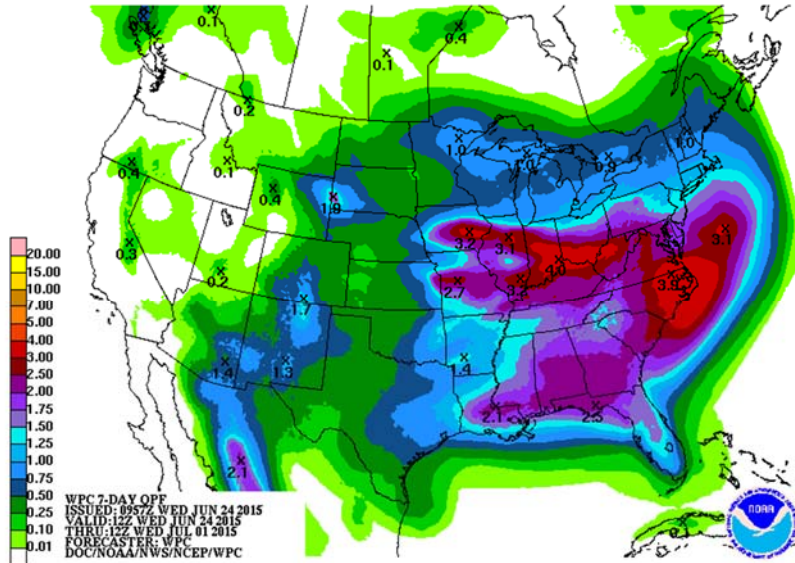
Mexico, South Korea, Egypt, Malaysia and Indonesia are all in the market for corn this week with some still looking at the US but also Brazil or optional origin corn being offered.

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, which we are back up to again, to the contract low at \$3.46 ³/₄. 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 the contract low is at \$4.85 ¹/₂, but still holding onto a downtrend while the July Chicago contract is still holding a small uptrend from the contract low at \$4.60 ³/₄.

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Extended forecasts looking good as we approach corn pollination. The next 7 days precipitation forecast shows a general 2-4” across the heart of the Corn Belt. The 6-10 day maps continue with normal to above normal precipitation for all except the Northern Plains and PNW with temperatures normal to below normal also.



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