



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Livestock futures finished mostly lower Friday and mixed for the week. Wholesale boxed beef prices struggled all week which kept pressure on and kept live cattle futures from breaking into new highs. Cash feedlot trade was very thin last week with scattered sales at \$157 live, down \$3 from the week previous, and a handful traded at \$246 on dressed basis in Nebraska, down \$6. Both sides walked away last week with small numbers offered and packer margins struggling.

For the week, Friday to Friday, June Live Cattle up \$.50, August Feeder Cattle down \$1.05, June Lean Hogs down \$2.15

Cattle slaughter from Friday estimated at 101,000 head down 14,000 from a week ago and down 17,000 from a year ago. For the week, 550,000 head, up 25,000 from a week ago but down 66,000 from a year ago. The year to date difference back out to 7.1% less.

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

Choice Cutout\_\_244.65 -4.26, -10.34 for the week

Select Cutout\_\_237.57 -2.91, -6.26 for the week

Feeder Index:\_\_224.48 +.02

Hog slaughter from Friday estimated at 411,000 head, down 11,000 from a week ago but up 92,000 from a year ago. For the week, 2,124,000 head, up 286,000 from a week ago and up 198,000 compared to a year ago. The year to date difference out to 5.9% more than a year ago.

Lean Index.\_\_79.46 -.03

Pork carcass cutout\_\_85.56 -1.30

IA-S.MN direct avg\_\_79.30 -.20

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National Average\_\_78.56 -.04

June live cattle have support at \$151 and resistance north of the \$154 area. August feeders have pulled back \$4 since the run up a couple weeks ago. Support still in the \$219 area and the next line of resistance up at the January high of \$226.75. June lean hogs did test the \$85 area in late May but this could be a double top forming as they have fallen back and now look to test the lows from mid-May. The support and resistance still remain at the edges of the \$4 range from \$81.30 to \$85.30.

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Over in the grains, selling pressure pushed all the grains lower Friday but still held impressive gains for the week. World weather and the US\$ still affecting the grains and specifically wheat the most lately. Farmer selling has been spotty, with most saying they expected more grain to flow with last week's rally and basis the fall apart. Dry conditions continue in Australia and Canadian wheat areas with the EU and Black Sea regions forecasted hot and dry this week as well.

For the week, Friday to Friday, July Corn up \$.09, December up \$.10, July Soybeans up \$.03 ¾, November up \$.06 ¾, July KC Wheat up \$.36 ½, July Chicago Wheat up \$.40.

Overnight grains were mostly higher after a lower start with corn 1 to 2 higher, soybeans finished 2 to 6 higher and wheat 3 to 5 higher. The US\$ is lower and additional support coming from talk that some areas of the western Corn Belt could see some prevent plant acres due to wet weather and continued worries over yield damage to winter wheat

Preliminary customs data from China show soybean imports in May totaled 6.13 MMT, 225 MBU, up 2.7% from last May and up 15.4% from last month. Since January, China has imported 27.07 MMT, 994.6 MBU which is down 2.7% from a year ago.

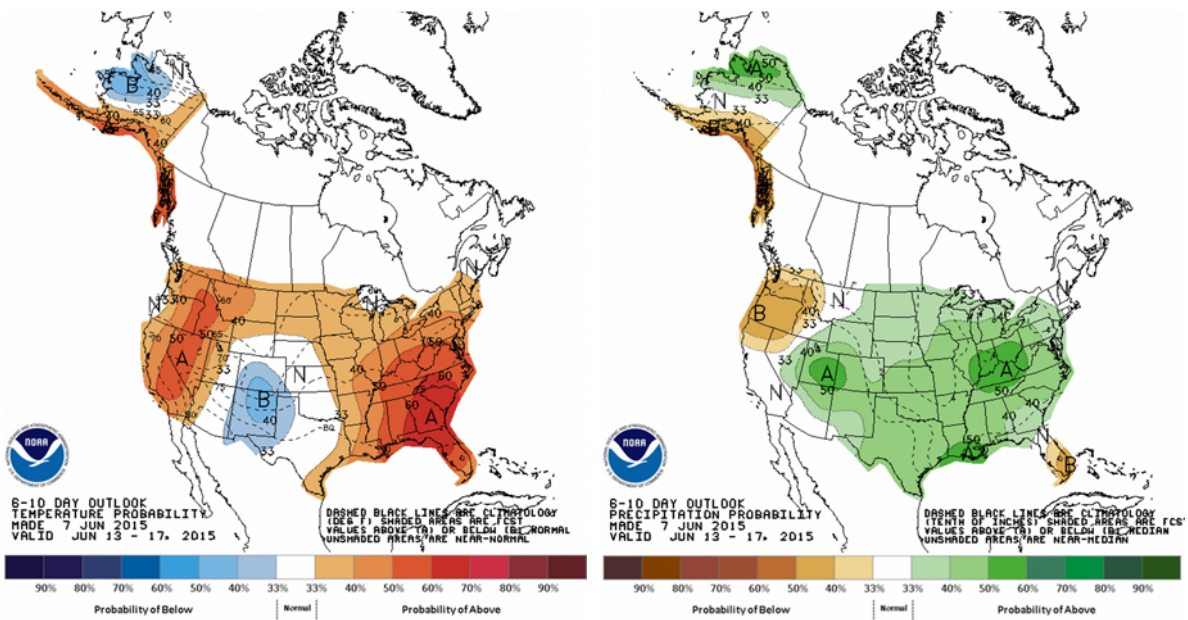
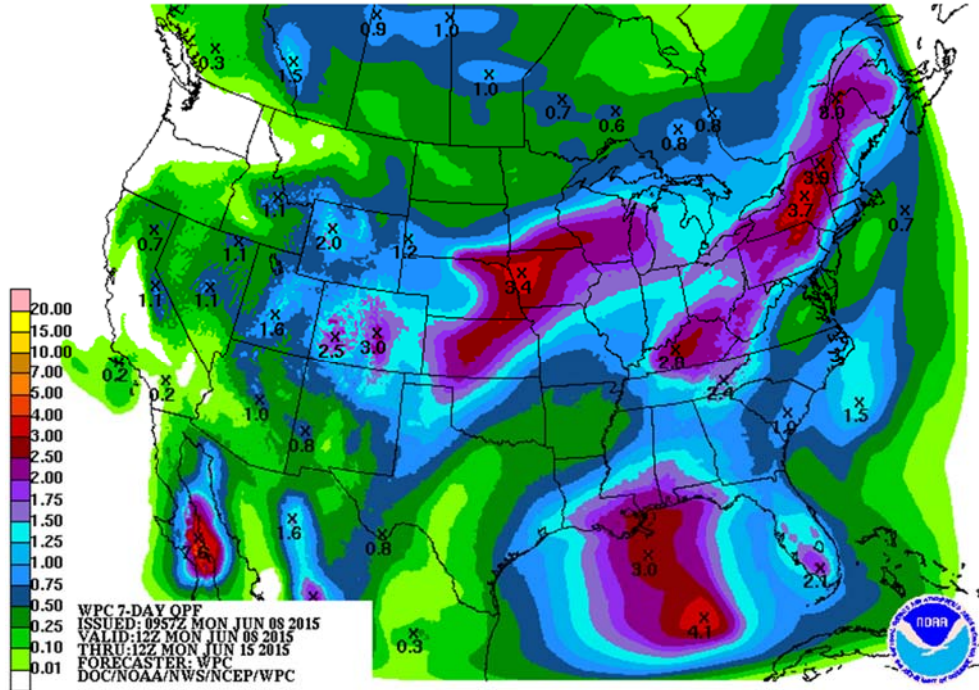
Traders say the market is looking for this afternoon's USDA progress report to show Soybean planting 79% to 83% complete vs. 86% last year and compares to 83% average. The USDA should issue its first Soybean conditions report this afternoon. The market is looking for 70% good to excellent compared to 74% a year ago and 66% average. Traders say this afternoon's USDA weekly

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conditions report is expected to put Corn rating near unchanged from last week's 74% good to excellent.

More rain coming here with the next 7 days showing 2" to 3" centered on Western Iowa now. The 6-10 day maps continue with above normal precipitation and temperatures normal to above for all expect the Southwest.



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Contract lows for corn have held so far with July corn at \$3.46 <sup>3</sup>/<sub>4</sub> and the December contract at \$3.64 <sup>1</sup>/<sub>4</sub>. We rallied above the 10-day moving average now providing support at \$3.56 <sup>1</sup>/<sub>2</sub> for the July contract and resistance will be at the May high at \$3.71 <sup>1</sup>/<sub>2</sub>. July soybeans found support in the \$9.20 area and have rallied some \$.20 since. Support is at \$9.34 with resistance at \$9.64. Wheat futures have been the most volatile as of late, now turning back to technically bullish. July KC has support at \$5.24 and looks to test the May highs at \$5.64. July Chicago wheat already took out the May high last week with support at \$5.10 and resistance in the \$5.40 area.

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