



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Livestock futures finished the week under pressure although cash markets for both cattle and hogs were higher for the week. The disconnect between cash and futures is beyond troublesome as well as confusing to all market players as of late. Friday's cash cattle trade was a light to moderate with the best volume surfacing in parts of the North. Sales in the South were generally steady at \$128 while in the North early sales were \$2 to \$4 higher, \$208 to \$210 on a dressed basis but faded later in the day down to a range from \$202 to \$206.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - WEEK ENDING 06/10/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	182,400	39,600	47,000	269,000
Last Week	101,000	25,400	700	127,100
Last Year	168,500	34,600	73,100	276,200

Compared to last week, feeder steers and heifers sold mostly steady to 4.00 higher with instances 7.00 to 10.00 higher. Demand for feeder cattle was moderate to good across the country as feedyards were eager to fill empty pens and early week auctions got back on their normal schedules after the Memorial Day holiday last week. The bigger runs of cattle coming off wheat pastures are long gone, however they are still coming out of the woodwork with many auctions close to or above year ago receipt levels.

For the week, Friday June 3rd to to Friday June 10th, June Live Cattle up \$.45, August down \$.45, August Feeders down \$1.12, September down \$1.05, June Lean Hogs down \$.02, July down \$.27.

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Cattle slaughter from Friday estimated at 110,000 head, down 2,000 from the week previous but up 2,000 from a year ago. Weekly totals were estimated at 591,000 head, up 71,000 from the week previous and up 51,000 compared to a year ago.

Hog slaughter from Friday estimated at 394,000 head, down 36,000 from a week ago and down 15,000 from a year ago. Weekly totals were estimated at 2,086,000 head, up 187,000 from the week previous but down 35,000 compared to a year ago.

Boxed beef cutout values higher on light to moderate demand and offerings for a total of 109 loads sold.

Choice Cutout__227.67 +.82, +5.06 for the week

Select Cutout__204.30 +1.46, +5.94 for the week

Feeder Index:__148.91 +.26

Lean Index.__79.76 +.74

Pork carcass cutout__86.32 -1.18, +.40 for the week

IA-S.MN direct avg__78.63 -.05

National Average__77.39 +.17

June live cattle have yet to break the \$124 resistance and test the May high at \$124.67. Support is down at \$121.60 and \$119.25. August feeders have been chopping sideways so far this month with support down at \$143 and resistance up around \$148.50. June lean hogs expire tomorrow. The July contract topped out last week at \$87.75 after 4 days of consecutive higher and new contract highs. Support is down near \$84.75.

Over in the grains, Friday was report day with friendly numbers for corn and soybeans while bearish numbers for wheat. USDA increased export estimates for both corn and soybeans, lowering ending stocks for this current marketing year as well as next. Winter wheat production is forecast at 1.51 billion bushels, up 6% from the May 1 forecast and up 10% from 2015. Based on June 1 conditions, the United States yield is forecast at 50.5 bushels per acre, up 2.7 bushel from last month and up 8 bushels from last year. If realized, this will be the highest yield on record for the United States.

Both corn and soybeans world ending stocks were lowered for this current crop and next as well while world wheat stocks were steady with a month ago. USDA left Argentina's corn and soybean production estimates unchanged but

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lowered Brazil's. Corn production in Brazil was reduced 3.5 MMT to 77.5 while Brazil's CONAB has it at 76.2 MMT. Soybean production in Brazil down 2 MMT to 97 MMT and Brazil's CONAB down to 95.6 MMT.

For the week, Friday June 3rd to Friday June 10th, July corn up \$.04 ³/₄, December up \$.11, July Soybeans up \$.46 ¹/₄, November up \$.77 ¹/₂, July KC Wheat down \$.05 ¹/₂, September down \$.04 ¹/₄, July Chicago Wheat down \$.02 ¹/₄, September down \$.00 ¹/₄.

Overnight, corn and soybeans shooting higher again, testing recent highs with corn finishing 12 to 13 higher and soybeans 11 to 15 higher. Wheat was pulled higher as well finishing 3 to 5 higher.

USDA announced this morning a private sale of 4.5 MBU of old crop grain sorghum for unknown destinations.

For this afternoon's Crop Progress and Conditions report, we are looking for USDA to show soybeans planted at 92% to 94% complete vs. 83% last week and 87% average for the date. Crop conditions for both corn and soybeans are expected to be unchanged, 70 to 75% good to excellent.

Throughout the Midwest, as high pressure recedes off to the east, southerly winds on the back side of the departing high pressure bring a quick renewal of very warm, rather humid air back into the area. The next few days should bring 1-3 inches with the heaviest in the northern Corn Belt. The 6-10 day outlook shows above normal temps and below normal precipitation.

July corn hit a high at \$4.39 ¹/₄ last week with support down at \$4.20. The December contract had a high at \$4.44 which was taken out overnight and the first line of support is down near \$4.27. July soybeans broke the \$12 barrier last Friday and have now rallied over \$3.40 since early March. The November contract cleared the \$11.65 contract high back from June 2014 and as rallied \$3 since March. Wheat contracts were looking good the first week of June but crashed hard to end last week finding support at \$4.65 for the July KC contract and \$4.95 for the July Chicago.

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