



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Feeders started the week with new contract lows, racing higher for 3 days but then hammered lower to end the week. Live cattle ran the same course but were unable to get high enough midweek to keep gains for the week. Cash feedlot trade was mostly \$5 lower at \$116-\$117 live with dressed trade finally hitting in NE at \$190.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - WEEK ENDING 06/24/2016

| RECEIPTS: | Auctions | Direct | Video/Internet | Total |
|------------------|-----------------|---------------|-----------------------|--------------|
| This Week | 126,900 | 32,400 | 1,400 | 160,700 |
| This Week | 124,000 | 20,100 | 83,000 | 227,100 |
| Last Year | 130,100 | 65,500 | 59,200 | 254,800 |

Compared to last week, yearling feeder cattle sold mostly 5.00 to 10.00 lower. Steer and heifer calves traded mostly 2.00 to 5.00 lower. Areas seeing up to 10.00 to 15.00 declines. Market fundamentals remain negative early in the week, as cattle futures continue to sell-off, last week's fed cattle trade was lower and Summer made her presence known with temps in the 90's coupled with high humidity, heat indexes are rising well above 100. Very light feeder cattle receipts seen this week due to the extremely high temps and high humidity, deterred producers from working cattle as to limit any additional stress to livestock.

We ended the week with the trifecta of livestock reports... a bearish Quarterly Hogs and Pigs Report, Monthly Cold Storage with more poultry in freezers but less pork and beef compared to last month and last year and Cattle on Feed at the expected 102% compared to a year ago with placements at 110% and Marketings at 105%.

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The Cattle on Feed report turned out to be extremely well-anticipated with all three categories fitting perfectly with pre-report guesses. Chances are the trade will not give these numbers much consideration, especially given the ongoing influence of outside markets.

Placement weights breakdown (expressed as a % of previous year)

Under 600 lb 85%

600-699 lb 96%

700-799 lb 123%

Over 800 lb 120%

June 1 Quarterly Hogs & Pigs Report

United States inventory of all hogs and pigs on June 1, 2016 was 68.4 million head. This was up 2 percent from June 1, 2015, and up 1 percent from March 1, 2016. This is the highest June 1 inventory of all hogs and pigs since estimates began in 1964.

Breeding inventory, at 5.98 million head, was up 1 percent from last year, but down slightly from the previous quarter.

Market hog inventory, at 62.4 million head, was up 2 percent from last year, and up 1 percent from last quarter. This is the highest June 1 market hog inventory since estimates began in 1964.

The March-May 2016 pig crop, at 30.3 million head, was up 3 percent from 2015. This is the largest March-May pig crop since 1971.

Monthly Cold Storage (end of May)

- Total frozen poultry up 4% from the previous month and up 7% from year ago
- Total stocks of chickens down slightly from last month but up 9% from year ago
- Total red meat supply in freezers down 2% from last month and down 5% from year ago
- Total beef in freezers down 1% from last month and down 6% from year ago
- Total frozen pork down 4% from last month and down 6% from year ago
- Frozen pork bellies up 20% from year ago (bring on BLT season)

For the week, Friday June 17th to Friday June 24th, June Live Cattle down \$2.02, August down \$1.67, August Feeders up \$2.03, September up \$1.62, July Lean Hogs down \$2.12, August down \$4.20.

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Cattle slaughter from Friday estimated at 112,000 head, down 1,000 from the week previous and compared to a year ago. Weekly totals were estimated at 608,000 head, up 1,000 from the week previous and up 49,000 compared to a year ago.

Hog slaughter from Friday estimated at 402,000 head, up 20,000 from a week ago and unchanged compared to a year ago. Weekly totals were estimated at 2,103,000 head, down 57,000 from the week previous and down 38,000 compared to a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and offerings for a total of 119 loads sold.

Choice Cutout__213.86 -1.60, -7.97 for the week

Select Cutout__197.83 -.51, -1.78 for the week

Feeder Index:__141.27 +.41

Lean Index.__84.41 +.39

Pork carcass cutout__89.27 +.36, +1.57 for the week

IA-S.MN direct avg__82.03 -.58

National Average__81.00 -.30

June live cattle hit a new contract low last week at down at \$113.72 and August contract low now at \$109.57. Look for support there today and resistance at last week's high of \$114.22 for the August. August feeders continue the downtrend with resistance up at \$142.60 and trendline near the \$145 area. The contract low is at \$134.25. July lean hogs hit a new contract high 2 weeks ago at \$88.90 first pulling back to the \$86 support level and now with support at \$83.60.

Over in the grains, weather conditions were less threatening for the Midwest and a massive selloff hit last week for all the grains. Friday's news panicked investors with equities lower and US\$ sharply higher in response to Great Britain voting to exit the EU. The massive activity will continue in the grains with the USDA Acreage report coming this Thursday and the corn pollination window starting to open.

For the week, Friday June 17th to Friday June 24th, July Corn down \$.53 ¼, December down \$.54 ½, July Soybeans down \$.56 ½, November down \$.69 ¾, July KC Wheat down \$.38, September down \$.37 ½, July Chicago Wheat down \$.26 ½, September down \$.29 ¾.

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Overnight grains bounced back with some support from short covering and the markets a little overdone last Friday. Corn finished 4 higher, soybeans 10 to 19 higher and wheat 1 to 3 higher.

USDA announced this morning a private sale of 4.8 MBU of old crop soybeans and 660K new crop sold for unknown destinations.

With planting of the fall crops essentially wrapped up, conditions become the main focus now from the weekly USDA Crop Progress and Conditions report. Expectations for this afternoon's report are for a 1-3% decline in both corn and soybeans conditions.

Rainfall amounts over the weekend were scattered and light in some areas still needing additional. The forecast for the next 7 days shows heavy rains from Western NE through MO, light rains in the Corn Belt and 1 to 2 inches for the Southeast. The 6-10 day outlook shows normal to above normal precipitation for most, below normal for the PNW and Great Lakes. Temperatures are forecast below normal for the Midwest and East but above normal West and South.

July corn spent over a week trying to push through \$4.40 before crashing back to last week's low of \$3.73 ½. The December contract pushed up to \$4.49 2 weeks ago, coming back to \$3.82 ½ for a low last Friday. July soybeans did break the \$11 barrier on Friday but were able to close above it and November pushed down to \$10.72 ½. Wheat contracts are still chopping lower with new contract lows last week.

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