



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Feeders led the cattle complex higher yesterday with strong triple digit gains holding throughout the session. It most certainly helped feed costs with corn and wheat 8 to 12 lower for the day. The ability to keep prices well supported each day this week is bringing additional confidence that recent support will hold. Although to this point overall open interest has not seen a significant jump, indicating that traders still remain extremely cautious. Live cattle followed the feeders higher and all indications point for higher cash feedlot trade with the June contract expiring today and currently at \$2 to \$3 higher than last week's average live trade in the South.

Cattle slaughter from Wednesday estimated at 113,000 head, up 1,000 compared to a week ago and a year ago.

Hog slaughter from Wednesday estimated at 426,000 head, up 1,000 from a week ago and compared to a year ago.

Boxed beef cutout values firm on Choice and weak on Select on light to moderate demand and offerings for a total of 177 loads sold.

Choice Cutout__208.57 +.53

Select Cutout__195.88 -.56

Feeder Index:__141.27 +.60

Lean Index.__85.03 +.17

Pork carcass cutout__88.69 -2.17

IA-S.MN direct avg__80.16 -.43

National Average__79.51 -.53

August live cattle have rallied back from the contract low last week down at \$109.57. We took a run at last week's high and did trade a couple ticks above it yesterday but were unable to hold there. The 20-day moving avg is at \$114.40

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and the 50-day at \$115.47. August feeders continue in the downtrending channel with the bottom trendline support in the \$130 area and upper in the \$150 area. We did break last week's high and hit the 50-day moving average with the next area of resistance from \$148 to \$148.50. July lean hogs hit a new contract high 2 weeks ago at \$88.90 first pulling back to the \$86 support level and now finding support around \$83.

Over in the grains, the weather premium or recent fire in prices is quickly being extinguished. Grains were under pressure for most of the day with corn fading as the day went on after increased chances for rain appeared in the extended forecast. The forecast is cool in the near term with better rains called for the Kansas, Missouri, southern Illinois, and southern Indiana area that have been shortchanged recently. Soybeans held steady for most of the session but also faded into the close. Wheat continues under harvest pressure with historically high yields being reported. Finding the bottom or finding buyers both domestically and on the export front is the real task at hand now for wheat.

Overnight grains steady to higher with soybeans finishing 3 higher, wheat 2 to 3 higher and corn steady to 1 higher.

Weekly Export Sales

Soybeans – 26.8 MBU old crop, 29.3 new crop = 56.1 MBU with expectations 36.7 – 58.8, half of the total going unknown destinations

Corn – 18.4 MBU old crop, 21.1 new crop = 39.5 MBU with expectations 39.3 – 59.0, South Korea purchased 10.2 MBU, Japan 5.5 MBU but unknown destinations cancelled 18.2 MBU

Wheat – 23.7 MBU, expected 12.9 – 25.7, major buyers were South Korea and Columbia, unknown destinations cancelled 3.1 MBU

USDA announced this morning a private sale of 3.2 MBU of new crop corn and 1.6 MBU corn for the 17/18 crop year sold to Mexico.

Weather models continue to have some differences but overall the nearby forecast mostly normal to below temps with widespread rains covering some of the drier fall crop areas. The 7-day cumulative precip map shows over 6 inches from NE KS to Western IL. The 6-10 day maps from NOAA now show above normal temps for all but still have normal to above normal preicp stretching

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from the Northern Plains down to SE covering the major fall crop growing areas.

Planted Acres June 1 (Million Acres)

	USDA	Private Estimates		USDA Estimates	
	30-Jun-16	Average	Range	March Int	Final 2015
Corn		92.781	91.5 - 94.0	93.60	88.00
Soybeans		83.947	82.6 - 85.7	82.24	82.65
Sorghum		7.307	7.0 - 7.8	7.22	8.46
All Wheat		49.741	48.8 - 53.9	49.60	54.64
Winter		36.384	36.0 - 38.7	36.22	39.46
Spring		11.486	10.8 - 12.1	11.35	13.25
Durum		2.001	1.8 - 2.2	1.995	1.936

Quarterly Stocks as of June 1 (Billion Bushels)

	USDA	Private Estimates		USDA Estimates	
	30-Jun-16	Average	Range	June 2015	March 2016
Corn		4.52	4.44 - 4.65	4.453	7.808
Soybeans		0.831	.735 - .890	0.627	1.531
All Wheat		0.983	.953 - 1.00	0.753	1.372

July corn spent over a week trying to push through \$4.40 before crashing back to last week's low of \$3.73 ½ which was taken out yesterday. The next area of support is down at \$3.68, the May low and then the contract low from April 1st at \$3.51 ¼. The December contract looks the same except we did not punch through last week's low, only matched it. Support lies down at \$3.76 and \$3.64. July soybeans found support around \$11 last week with resistance up at \$11.65. November pushed down to \$10.72 ½ and fell just shy of \$11.40 for a high on Tuesday. Wheat contracts are still chopping lower with new contract lows, basis levels getting wider and protein discounts increasing. July KC wheat down \$.95 since June 8th and Chicago off \$.90. KC wheat is down at 10 year lows and while Chicago wheat hit \$4.25 back in 2009 and 2010.

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