



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Livestock futures opened the week with \$1+ gains but faded into midday with a swift collapse around 11:30. Feeders dipped down to \$3 to \$4 lower during that time and struggled to crawl back out of the hole. Huge key reversals no show on the both the live and feeder cattle charts.

Joplin Regional Stockyards

Feeder Cattle Weighted Average Report for 6/6/2016

Receipts: 9109 Last Reported (5/23/2016): 5808 Year ago: 5600

Compared to 2 weeks ago, steer calves 2.00 to 5.00 higher, heifer calves 5.00 to 10.00 higher, following the last sale sharply lower trade. Yearlings 3.00 to 8.00 higher. Demand good, supply heavy. Trade active for calves and yearlings.

**Oklahoma City, OK Mon Jun 06, 2016 USDA-OK Dept of Ag Market News
Oklahoma National Stockyards - Oklahoma City, OK - Close**

Feeder Cattle Weighted Average Report for 06/06/2016

Estimated Receipts: 6,000 Last Monday: Holiday Year Ago Monday: 12,331

Compared to two weeks ago: Feeder steers and heifers 3.00-8.00 higher, instance up to 10.00 higher. Demand good for feeder cattle. Steer and heifer calves 2.00-4.00 higher with moderate to good demand. Supply includes several light weight cattle. Cattle futures lower, however a week worth of limited numbers due to a holiday has feedyards looking for cattle. Quality average to attractive.

Cattle slaughter from Monday estimated at 113,000 head, only 3,000 last Monday being Memorial Day, up 3,000 from a year ago.

Hog slaughter from Monday estimated at 410,000 head, only 2,000 a week ago and down 8,000 from a year ago.

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Boxed beef cutout values higher on moderate demand and light to moderate offerings for a total of 137 loads sold.

Choice Cutout__224.10 +1.49

Select Cutout__200.08 +1.72

Feeder Index:__148.71 +1.50

Lean Index.__76.79 +.11

Pork carcass cutout__86.81 +.89

IA-S.MN direct avg__77.65 +.04

National Average__75.66 +.57

June live cattle scored a solid week last week pushing into the \$122 area with the next resistance area from \$122.50 to \$122.70. Breaking those should lead to a test of the April and May highs at \$124.67 and \$124.90 but the reversal from yesterday could lead to test of the May lows below \$117. August feeders found support down at \$140 last week with resistance now from \$151-\$152 but really need to move and stay above \$154 to break the long term downtrend. The key reversal lower from yesterday really looks ugly on the feeder charts and contract lows sub \$140 could be tested. June lean hogs only have a week left until expiration and look hard pressed to break \$83 again. July and August though are off to the races with contract highs 3 days in a row now and look to continue higher.

Grains surged higher overnight and in the early morning hours on Monday but little follow through was seen during the day session. Soybeans pulled back from their highs but held support levels while corn futures for both old and new crop closed right at their highs for the day. The bull spreading, buying the nearby and selling the deferred contracts has been unwinding the past few days with the July to Nov inverse out to \$.76 last week now back to \$.32 ½ July premium to November. Support came from the forecast for heat moving into the Corn Belt later this week and continued talk the U.S. will see more exports due to Argentine harvest issues and meal production and Brazil basis levels now pushing prices some \$.40 to \$.50 higher than US values. Wheat continues to be pulled higher by the fall crops and short covering.

Export inspections for the week ending June 2nd were disappointing for soybeans, as expected for wheat and grain sorghum and impressive once again for corn. All the talk lately about US soybeans price competitive with Brazil sure has not translated to stellar shipments as of late and this past week's total was disappointing 3.6 MBU. Wheat shipments totaled 14.3 MBU and grain

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sorghum totaled 2.6 MBU. Corn shipments jumped back over the 1 MMT mark at 42 MBU, right on pace with what is needed to meet USDA's current marketing year estimate.

For yesterday's afternoon Crop Progress and Conditions report, corn planted near complete at 98% and emergence at 90% now with only the ECB still wrapping up. Conditions improved 3 points to now 75% good to excellent. Another 10% of the soybean crop was planted last week, now at 83% complete with 65% emerged and both still ahead of last year and the average pace. Conditions were released for the first time this crop year at 72% good to excellent compared to 69% last year. Grain sorghum planted gained 14% this past week to now 58% complete. Winter wheat harvest is underway with 2% complete nationwide a little behind compared to 10% 5-year average. Arkansas is at 3%, Oklahoma at 5% and Texas at 16% harvested.

Overnight, grains were mixed with soybeans 3 to 7 higher but corn finished 1 lower and wheat 1 to 2 lower. Pressure coming from good crop ratings and support from the hot temps this week although the extended forecasts cool down with some rain chances.

This next week looks dry for most areas but 1-2 inches is forecasted over the weekend and into the early part of next week from KS to OH. The 6-10 day outlook places above normal moisture back in the mix for the Midwest and normal to below for the High Plains with above normal temps for all.

Corn has pushed through the highs from this past fall setting up a test of the \$4.38 to \$4.40 area for both the July and December contracts. July soybeans reversed course last Friday and would need to clear the \$11.69 high to get excited once more. The November contract though reached up for new highs yesterday, cleared the \$11 barrier and was able to hold above that during the day session. The contract high is up at \$11.65 back from June 2014. Wheat contracts have now pushed above the May highs with resistance at \$4.90 for July KC. July Chicago wheat pushed above \$5 again but let's hope this just isn't a spike high like back in April. If that contract can hold above \$5 this week, it will break the long term downtrend.

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