



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Overall we had a very good week for cattle futures. Friday was a reversal higher from Thursday's reversal lower in response to higher cash feedlot trade.

Thursday wrapped up most areas with steady to \$3 higher in TX & KS at \$118 live and most of the North trade at \$188 to \$190 on a dressed basis.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - WEEK ENDING 08/05/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	122,000	105,100	48,600	275,700
Last Week	115,500	52,900	147,700	316,100
Last Year	104,300	46,700	190,400	341,400

Compared to last week, feeder steers and heifers sold mostly 1.00 to 5.00 higher. Cattle producers got a shot in the arm this week as the CME cattle futures rallied to the highest level since Mid-May. The Live Cattle contracts followed a limit up day on Monday to close the week gaining 3.00 to 4.00 as the August contract closed the week around 117.50. The nearby Feeder Cattle contracts were on fire and gained 8.00 plus as the August and September contracts closed at 149.32 and 146.65 respectively. After that large CME move on Monday, optimism abounds at feeder cattle auctions throughout the country. Producers have been waiting a couple of months for the market to gain legs and inch upward; they just didn't think that a 5 percent plus gain in the market would happen in one week and it was much needed after a downturn. In Rushville, NE at Sheridan Livestock Auction on Wednesday, 3 loads of 917 lb steers changed hands at 150.00, about 2.50 higher than what the August Feeder Cattle contract closed at for the day. Feedyard managers continue to sell cattle above the board and this week fed cattle traded in the Southern 2.00 to 3.00 higher at 118.00-119.00, while the Northern Plains dressed trade was reported 1.00 to 3.00 higher at

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187.00-190.00. Packers continue to push cattle through the pipeline as this week's estimated harvest is reported at 579,000. Since April, packers have taken advantage of the profitable margins they are experiencing with cattle slaughter from April through June is 5.6 percent higher than 2015. Choice boxed beef prices appear to have bounced off of a low this week to close the week around 199.00 as consumers take advantage of the lowest prices in 7 months. Corn prices declined another 10-12 cents this week and anecdotes of country elevators reporting new crop bids under 3.00 is not uncommon. A considerable amount of farmers did not get enough of their crop contracted and are wondering what is the next step in their marketing plan. With such a large corn acreage to be harvested this year, analysts are trying to decipher how much on farm storage how much is available after this most recent decline in prices. Auction volume this week included 58 percent weighing over 600 lbs and 35 percent heifers.

For the week, Friday July 29th to Friday August 5th, August Live Cattle up \$4.60, October up \$3.80, August Feeders up \$9.60, September up \$8.62, August Lean Hogs down \$1.52, October down \$.75.

Cattle slaughter from Friday estimated at 107,000 head, down 5,000 from the week previous but up 1,000 compared to a year ago. For the week, 579,000 head, down 2,000 from the week previous but up 45,000 compared to a year ago.

Hog slaughter from Friday estimated at 421,000 head, up 27,000 compared to a week ago and up 24,000 from a year ago. For the week, 2,193,000 head, up 9,000 from the week previous and up 69,000 compared to a year ago.

Boxed beef cutout values weak on light to moderate demand offerings for a total of 103 loads sold.

Choice Cutout__199.00 -.26, +1.43 for the week

Select Cutout__190.20 -.65, +.60 for the week

Feeder Index:__146.03 +.39

Lean Index.__70.48 -.53

Pork carcass cutout__76.95 -1.14, -2.44 for the week

IA-S.MN direct avg__63.59 -1.08

National Average__62.84 -1.04

August live cattle still making a nice move higher on the charts clearing the 100-day moving average last week and breaking out of the downtrend. A move

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above \$118 here this week would help confirm that. August feeders also breaking out of the downtrend last week with the next area of resistance in the \$152 area. The pressure continues on the hogs with the August lean hog contract scoring a new contract low on Friday at \$67.35. We should find some support at \$66.32, the nearby contract low back from this past April.

Grains for most of the week were lower with the damages done to price from non-threatening forecasts. On Friday, traders added some weather premium in ahead of the weekend though. Futures have been in a steady decline, US corn prices have managed to stay competitive on the world market. Continued shortages in Brazil and significantly higher prices in Argentina have helped this. The only real competitive country is the Ukraine, but even they are a few dollars per metric ton higher than the US. Wheat futures were higher on Friday and enough so to pull the weekly changes higher as French wheat conditions continue to deteriorate.

For the week, Friday July 2⁹th to Friday August 5th, September Corn down \$.10 ¼, December down \$.08 ½, August Soybeans down \$.28 ¾, November down \$.28 ½, September KC Wheat up \$.02, December up \$.01 ¼, September Chicago Wheat up \$.08 ¼, December up \$.02 ¼.

Overnight we didn't pull the rug out like we have the past few Monday's. The weather forecasts are still holding together but strong demand for both corn and soybeans is seen as supportive here with both oversold. Soybeans finished 9 to 11 higher, corn 1 to 2 higher and wheat steady to 4 higher.

USDA announced a private sale this morning of 9 MBU of new crop soybeans sold to China making this the 10th consecutive day for announced soybean sales. There was also 6.4 MBU of new crop corn sold to Mexico.

Chinese customs data for July shows soybean imports for the month at 7.76 MMT or 285 MBU which was up 200,000 MT from June. So far in 2016, soybean imports estimated at 46.3 MMT vs. 44.7 MMT from January through July 2015.

Most are expecting crop conditions for both corn and soybeans to remain unchanged in this afternoon's weekly update.

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Moisture this week will be thin and scattered for most of the Midwest. There is 1-4 inches forecasted for N. MN and WI and another pocket in IN and OH. Heavy, flooding rains are expected this week for the Southeast. 6-10 day forecasts last night showed normal temps across the Plains and Corn Belt except for a small area of above normal forecasted for the eastern 1/2 of Nebraska, western 1/4 of Iowa through SD and extreme SW MN. Precip was above normal for the far Southern Plains, Delta and SE US, but normal to below normal for the Corn Belt, Central and Northern Plains.

December corn hit a new contract low last week at \$3.29 but able to stay above that level for the remainder of the week in a tight trading range. A breakout above \$3.45 would help get a rally going here. November soybeans reached down for a low last week at \$9.43 and high overnight at \$9.89. We would need to take out last week's high at \$10.06 to get the market excited again. September KC wheat still holding above the \$4 level, chopping in a \$.30 range since late June.

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